29 September 2009 **AIM: PDL**

Petra Diamonds Limited

Preliminary Results Announcement for the year ended 30 June 2009 (unaudited)

Good results in a very difficult trading environment

Recovery of 507 carat diamond at Cullinan

Petra Diamonds Limited ("Petra" or "the Company" or "the Group"), the international diamond mining group, announces its preliminary results (unaudited) for the year ended 30 June 2009 ("the Period").

Today the Company is also pleased to announce the recovery at Cullinan of an extraordinary white diamond of 507.55 carats, as well as three other special white diamonds of 168.00, 58.50 and 53.30 carats. At 507 carats, the diamond ranks as one of the top 20 largest high quality rough diamonds ever found.

Operational and financial highlights for the Period

- Production of 1,099,367 carats, a fivefold increase (2008: 200,287 carats)
- Mine gross revenue: US$94.4 million, a 22.2% increase (2008: US$77.3 million)
- Group revenue* US$69.3 million (2008: US$76.9 million)
- Profit from mining activity* (before depreciation) US$7.8 million (2008: US$38.8 million);
- EBITDA (adjusted) loss* US$8.6 million (2008: US$25.5 million); 2009 EDITDA (adjusted) before exploration expenditure of US$13.7 million (now largely discontinued) would have been US$5.1 million, a strong result given the very weak diamond prices for much of the Period
- Net increase in production and sales largely due to Cullinan mine coming on stream in July 2008 and Williamson in November 2008, offset by the falls in rough diamond prices across all operations in line with market conditions
- Petra took over operations at Cullinan 16 July 2008 and all integration and initial project objectives were met. 888,595 carats were produced, including two very rare and valuable blue diamonds. A 39.19 carat blue diamond sold as a rough stone in October 2008 achieved US$8.8 million, and a 7.03 carat blue diamond sold as a polished stone (cut from a 26.58 carat rough) achieved US$9.4 million (US$1,349,752 per carat) on auction in May 2009, establishing a new auction record price per carat and the highest auction price for a fancy vivid blue diamond
- Petra acquired a 75% interest in the Williamson mine in Tanzania for US$10 million effective 10 November 2008; results from the ongoing expansion feasibility study support the development of the resource to a large tonnage operation
- Group resource update of 262 million carats (FY 2008: 265 million carats)
- Petra announced its withdrawal in December 2008 from all exploration activities in Angola (Alto Cuilo and Luangue), reducing annual exploration spend by US$25 million

Current trading

- The US$20 million convertible bond due to mature in September 2009 was extended to March 2011

- The first Petra tenders of FY 2010 held in July and September recorded good prices, and reaffirmed management's opinion that prices achieved in June are holding firm and that a sustained recovery in diamond prices is probable
- In early September 2009 the Kimberley Underground new order mining right was registered and Petra is confident that the remaining conditions (note to this announcement 5.c) to complete the Kimberley Underground acquisition will be met in the near future

* In accordance with IFRS, Petra accounts for its interest in Cullinan under the gross method of proportional consolidation, recognising 50% of total revenue which includes a 13% minority interest. The Group has therefore proportionately consolidated 50% (joint venture interests held 50% Petra, 50% Al Rajhi Holdings W.L.L.) of the results of the Cullinan mine, which after the deduction of 13% in respect of the BEE minority interests gives the 37% attributable to the Group. Gross revenue and gross production is 100% Cullinan, attributable numbers are as noted above.

Adonis Pouroulis, Chairman, said, "This has been a remarkable period for the Group, in which we have grown our diamond production fivefold to surpass one million carats, a core strategic milestone. The Petra business is now geared for further growth, managing as we do one of the world's largest diamond resources. As the diamond market continues to show positive signs of recovery, we are well placed to benefit from the economic potential of our quality mining assets."

SUMMARY OF RESULTS (unaudited)

	12 months to 30 June 2009 US$ million	12 months to 30 June 2008 US$ million
Revenue [1]	**69.3**	76.9
Mining and processing costs	**(64.0)**	(37.7)
Other direct income / (costs)	**2.5**	(0.4)
Profit from mining activity [2]	**7.8**	38.8
Other operating income	**3.2**	1.1
Exploration expense [2]	**(13.7)**	(9.5)
Corporate overhead [2]	**(5.9)**	(4.9)
EBITDA [3]	**(8.6)**	25.5
Impairments	**(75.2)**	-
Depreciation	**(11.6)**	(7.1)
Amortisation	**(3.3)**	(3.8)
Share based expense	**(2.3)**	(1.6)
Unrealised foreign exchange gain/(loss)	**13.4**	(4.6)
Net finance (expense)/income	**(6.3)**	0.8
Profit/(loss) from discontinued operations	**1.6**	(1.4)
Tax credit/(charge)	**3.4**	(5.9)
Net (loss)/profit after tax - Group[4]	**(88.9)**	1.9
Basic and diluted loss per share attributable to the equity holders of the parent company – cents[4]	**(49.37)**	(3.93)
Cash at bank	**11.05**	37.4

Notes:

1. The results for the Period are all for the full year other than in respect of the Cullinan mine (from 15 July 2008, the effective date of acquisition of the mine by the Petra Diamonds Cullinan Consortium) and the Williamson mine (from 10 November 2008, the effective date of the acquisition of a 75% interest in the mine)
2. Stated before depreciation, amortisation of intangibles, interest paid, foreign exchange gains and losses, asset impairment charges and share based payments
3. EBITDA disclosures are "adjusted EBITDA", being stated before share based expense, foreign exchange gains and losses and asset impairment charges.
4. Stated after minority interests (BEE partners Cullinan, Koffiefontein and Sedibeng) of US$1,931,222

Analyst presentation and webcast

A presentation for analysts will be held at 9:30am on 29 September 2009 at the offices of Buchanan Communications, 45 Moorfields, London EC2Y 9AE.

A live webcast of the analyst presentation will be available on Petra's website at www.petradiamonds.com and a recording of this will be available on the website hereafter.

To download photos or video footage of the remarkable 507 carat diamond recovered at Cullinan, please visit http://media.buchanan.uk.com/petra_diamonds.htm.

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Notes to Editors:

About Petra Diamonds

Petra Diamonds is a leading supplier of rough diamonds. A number of acquisitions have established Petra as one of the world's largest independent diamond groups by resources, with a total resource base of 262 million carats. Petra has seen its annual production rise fivefold in the year to June 2009 to over 1 million carats and the Company's objective is to continue to increase supply and develop its stature as a world-class diamond group.

In South Africa, Petra has interests in five producing mines – Cullinan, Koffiefontein, Helam, Sedibeng and Star - and has also agreed to acquire, from De Beers, the Kimberley Underground mines. In Tanzania, Petra has a 75% interest in the Williamson mine. These mines are noted for the production of valuable diamonds, but in particular the Cullinan mine is famed as the source of the largest rough gem diamond ever found. More recently an internally flawless, fancy vivid blue diamond of 7.03 carats from the Cullinan mine sold for US$9.4 million in May 2009, the highest price ever paid for any gemstone sold at auction, and a white diamond of over 507 carats was recovered in September 2009.

Petra conducts all its operations according to the highest ethical standards, and will only work in countries which are members of the Kimberley Process.

The Company is quoted on the AIM market of the London Stock Exchange (AIM: PDL).
www.petradiamonds.com

CHAIRMAN’S STATEMENT

I am pleased to provide a review of Petra Diamonds’ results for the 2009 financial year, a transformational period in which we increased Group production fivefold from 200,000 carats to over 1 million carats, a remarkable achievement set against the background of very challenging trading conditions in the diamond industry.

I am also very proud to report that on 24 September 2009 a historic diamond of 507.55 carats, together with stones of 168.00 carats, 58.50 and 53.30 carats, were recovered at the Cullinan mine in South Africa. We have, since we acquired the mine, stated our objectives and expectations at Cullinan and the management team can now show to shareholders the results of their efforts and unwavering focus. This extraordinary stone, together with the two very rare and valuable blues that were recovered last year, bear testimony to the unique quality of Cullinan. We look forward to reporting further such recoveries over the months and years to come.

Petra Diamonds operates a portfolio of six producing diamond mines. The Group’s production has grown rapidly and substantially over the last two years and, excluding the “majors” (De Beers, Alrosa, BHP Billiton and Rio Tinto), Petra is now one of the world’s largest diamond producers by carats and value. We also manage, outside the majors, the world’s largest diamond resource base, with a total Group resource of 262 million carats.

Petra has displayed its ability to manage its enlarged operational base successfully, a key factor to this success being the strength of our management teams and their core operational expertise, which has been built up from many years’ experience in the management of mines in Africa.

Focus on production

In just two years Petra has, due to the acquisition and integration of several major producing mines, transformed its profile and stature within the diamond market. As the Company has grown, our management and project focus has rightly shifted to our cash-generative production portfolio.

In line with this strategic focus, and in order to further effectively manage our cost base once the severity of the global economic downturn and its impact on the diamond market became apparent in the second half of 2008, the Board decided to dramatically scale down exploration activity and associated expenditure by:

- withdrawing from all exploration activities in Angola (the Alto Cuilo and Luangue projects);
- agreeing with our Kono joint venture partners Stellar Diamonds that they would take over sole funding of the Kono project (later in the Period the project was placed on care and maintenance); and
- reducing Petra’s annual exploration spend in Botswana to US$500,000, down from US$2 million previously.

Despite the external challenges presented by the global economic downturn, we acted decisively to reposition the Group’s exploration activities and these decisions reduced Group exploration expenditure by approximately US$25 million per annum.

This strategic decision to focus on cash-generative diamond production is important to Petra, given the value that can be realised via the development of our substantial resources base by focusing on our producing mines, as production will now be the value driver of the Group.

Cullinan – an iconic mine

A key highlight for the year was the successful acquisition (as a member of the Petra Diamonds Cullinan Consortium) and integration of the Cullinan mine, one of the world’s most famous diamond mines and the world’s only reliable source of highly prized blue diamonds.

At 507 carats, the diamond recently recovered at Cullinan, which has not yet been named, joins a long list of illustrious gems to have been recovered at this celebrated mine. Cullinan has a special place in the history of diamonds as it remains the source of the world's largest gem diamond ever recovered, the 'Cullinan' at 3,106 carats rough. It has also produced a further two of the world's largest diamonds, the Golden Jubilee at 755 carats rough and the Centenary at 599 carats rough, and many other famous gems including the Taylor-Burton (69 carats polished).

We were also very encouraged to recover two significant blue diamonds during the year, of 39.19 and 26.58 carats respectively. The first blue realised a price of US$8.8 million when sold as a rough stone in October 2008 and the second achieved US$9.4 million when auctioned by Sotheby's Geneva as a polished stone in May 2009, a world record price per carat ever paid at auction and the highest price ever paid for a fancy vivid blue at auction.

The second blue, which was named by the buyer 'The Star of Josephine', has joined the ranks of the highly valuable blue diamonds to be found in the history of this mine. We chose to work with Sotheby's on the sale and formed a strong and mutually valuable partnership with the auction house, which will be of value with regards to future sales of rare and important polished stones.

Targeting further production growth for 2010 onwards

A further notable achievement during the year was the acquisition of a 75% interest in the Williamson mine in Tanzania. Williamson is the world's largest economic open cast kimberlite diamond mine and Petra looks forward to working with its partners, the Government of the United Republic of Tanzania, to develop the mine to its full potential. Williamson produces high quality gem diamonds, being famous for its 'Williamson Pinks'.

Petra is targeting further group production growth over the next few years and integral to this plan is a substantial upgrade of production capacity at Williamson, from around 2 million tonnes per annum ("mtpa") to a potential 10 mtpa. Since the effective date of the acquisition in November 2008, Petra has been operating the mine whilst carrying out a feasibility study to establish the revised economics under Petra management. This study is important in terms of evaluating the future mine upgrade parameters.

Despite an environment of lower diamond prices we held three tenders of Williamson production at our newly opened diamond office in Antwerp. The average value attained of US$126 per carat is an exceptional achievement in the circumstances and significantly exceeded management's expectations in these diamond market conditions, a very encouraging indicator for the mine's future in a more buoyant market.

Petra is also in the final stages of planning substantial production growth at its Cullinan mine with the current level of underground production of 2 mtpa expected to increase to 2.4 mtpa by the 2011 financial year and ramping up to 4 mtpa by 2019, by deepening the current mine. In addition, a tailings treatment plant is being designed, and this will unlock the value in the sizeable 165 million tonne tailings resources at Cullinan.

At Kimberley Underground we have continued to operate the three mines (Bultfontein, Dutoitspan and Wesselton) under care and maintenance whilst we await the required regulatory approvals from the South African Department of Mineral Regulation. Whilst it has been a long process to complete this transaction due to the specifics of the mining right and environmental conversions, approval is expected soon. Material hoisted during the care and maintenance period has been stockpiled and awaits treatment by the new plants, the first of which was commissioned in August.

When all approvals are received we will be able to immediately commence full scale diamond production. Kimberley Underground has produced some spectacular diamonds in its history and we are excited about the potential to enhance our high quality output.

At Koffiefontein, the longer than anticipated time to achieve production “caving status” in newly opened blocks on 49 and 52 levels affected output in the year under review, but these issues have been resolved, production has largely returned to normal levels, and we will be completely back on track in the very near future. We have completed important changes to the production plant, which is now ready to receive increased tonnages both from underground, main plant tailings and potentially from the satellite Ebenheazer pipe, where we are currently evaluating the economic potential.

Financing

Petra does not consider that cutting development capital expenditure (“Capex”) programmes to a level where the future viability of the Group is affected, in an industry where there is a medium term shortage of rough diamonds to the market, would be in the interests of shareholder value, and therefore we take a very balanced view with regards to the development of our medium and long term capital projects.

Petra’s treasury, US$11.1 million at year end, whilst sufficient to fund the ongoing trading of the operations, does not allow for the medium term capital development of our mines, most materially Cullinan and Williamson. However, there is a high degree of flexibility as to how and when we commence the development programmes, and obviously the potential revenue from the sale of the 507 carat and other exceptional diamonds recovered on 24 September 2009 at Cullinan makes a substantial difference to Cullinan’s financing requirements. Whilst too soon to put a firm value on these stones, their combined sale revenue has the potential to cover most if not all of Cullinan’s expansion capital for the next two years. With regards to the balance of the Group’s development programmes (mainly Williamson) and working capital, our expectation at this time is a requirement of up to US$30 million, and we are in discussions with development banks as to the project financing of Williamson, in order to minimise the issuance of any new Petra equity by way of a fund raising.

In summary, whilst Petra may undertake a small fundraising in the near future to top up its working capital treasury, we have a high degree of flexibility as to if and when we raise a more significant amount of money for capital development, and will make that decision based on market conditions at the time and the value we can deliver to shareholders by the development of our major mines and the enhanced production that would flow from these capital developments.

Management and partnerships

Whilst this has been a most challenging year, I would like to once again thank the Petra team, which has demonstrated exceptional commitment and determination to succeed against adversity. The innovative and entrepreneurial drive at all levels of our Group continues to produce extraordinary results, and it is most remarkable to have recorded these very special operational and corporate achievements during a year when we have had to contend with the most difficult trading conditions in the Company’s history.

I would also like to thank our partners for their support during the year: The South African Department of Mineral Regulation, the Government of the United Republic of Tanzania and our black economic partners (“BEE”) partners in South Africa – Thembinkosi Mining Investments, the Petra Diamonds Employee Trust, Sedibeng Mining, Bokone Properties and Re-Teng Diamonds.

The path to recovery

Throughout this difficult financial trading period, we have demonstrated that the Petra Group is built upon solid foundations, underscored as it is by a world-class mine portfolio. It is the Petra approach to our assets, with the integral focus on efficiencies and the maximisation of diamond recoveries, which has ensured their success and we are ideally placed to benefit as the diamond market continues its recovery.

Adonis Pouroulis
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

I am pleased to provide a review of what has been a remarkable year, during which Petra has again recorded a number of major wins, despite facing substantial external challenges.

The most significant achievement was reaching our goal to surpass one million carats production for the 2009 financial year, affirming Petra's place as an important global diamond producer. Setting and reaching tough but realistic operational targets is core to our method of doing business, and we have built up a solid track record of delivery.

Key to Petra's success is an innovative and entrepreneurial approach to our assets, which enables us to keep our mining costs low, whilst never compromising the quality or safety of our operations. As the global financial downturn took hold, our well managed cost culture ensured that we were well prepared to withstand fluctuations in the diamond market, as demonstrated by the fact that we did not have to close any of our producing mining operations, despite an environment from October 2008 to April 2009 of substantially lower diamond prices.

Results & Financial Review

Petra Diamonds operates six diamond mines, being Cullinan, Koffiefontein and the three fissure mines (Helam, Sedibeng and Star) in South Africa, as well as the Williamson mine in Tanzania. The full year results comprise results from Cullinan (from 16 July 2008), Koffiefontein, the fissure mines, the feasibility study at Williamson (from 10 November 2008) and the care and maintenance costs of Kimberley Underground (pre completion of this acquisition).

Petra has an effective 37% interest in Cullinan and in accordance with IFRS, the Group has proportionately consolidated 50% (joint venture interests held 50% Petra, 50% Al Rajhi Holdings W.L.L. ("Al Rajhi")) of the results of the Cullinan mine, which after the deduction of 13% in respect of the BEE minority interests gives the 37% attributable to the Group.

Revenue for the Period of US$69.3 million was recorded, 10% lower than US$76.9 million for 2008. Gross carat production increased substantially by 449% to 1,099,367 carats (2008: 200,287 carats)**,** but the weakening of diamond prices in the second quarter of the Period had a major effect on average diamond prices and revenue. Had this adjustment to prices not occurred, Petra would have reported another substantial increase in revenue, and this observation bodes well for the future as diamond prices continue their recovery.

Despite the revenue being so affected by the weakening in diamond prices, sound control of mining costs meant that a profit from mining activity (before depreciation) of US$7.8 million (2008: US$38.8 million) was achieved, again a notable result given the rough diamond market and again reflecting strongly for the Group's prospects when a recovery in diamond prices takes place.

Adjusted EBITDA (stated before share based expense, foreign exchange gains and losses and asset impairment charges) of US$8.6 million loss (2008: US$25.5 million profit) was impacted by Petra's decision to take up control and sole funding of the Alto Cuilo and Luangue joint ventures earlier in the year, following BHP Billiton's decision to withdraw. Petra withdrew from both projects effective 31 December 2008 and all cash spend for the Period and withdrawal expenses have been fully accrued for in the exploration spend of US$13.7 million.

The Group loss for the Period of US$88.9 million (2008: US$1.9 million profit) is largely due to the impairment charge as fully discussed below. The loss is stated after charging:

(i) impairment charges on Luangue, Alto Cuilo, Helam, Star and Kono of US$75.2 million. The impairments are once off, all non-cash and the details are fully disclosed further down in this results section;

(ii) depreciation of US$11.6 million (2008: US$7.1 million). The higher charge is due to the Cullinan and Williamson assets brought onto the balance sheet;

(iii) amortisation of intangibles of US$3.3 million (2008: US$3.8 million), which is in respect of the Botswana prospecting licences. The licences are now recorded at the net amortised cost of US$1.0 million in Petra's books, and this will be the final amortisation charge in the 2009/10 financial year;

(iv) share based expenses of US$2.3 million (2008: US$1.6 million);

(v) exchange gains of US$13.4 million (2008: US$4 million loss), the majority of which are due to unrealised foreign exchange gains on the annual restatement of foreign subsidiary inter-company loans;

(vi) the profit on disposal of Calibrated Diamonds (US$1.6 million), which the Group disposed of in September 2008 for a consideration of R47 million (US$5.9 million), in line with the focus on the Group's core production activities; and

(vii) a tax credit of US$3.4 million, being tax payable of US$2.6 million relating to Koffiefontein and Sedibeng, deferred tax credits for Kimberley Underground, Cullinan and Sedibeng of US$2.6 million, a prior year deferred tax under provision of $2.0 million on Koffiefontein, Sedibeng and Star and an additional deferred tax credit due to the impairment of Helam and Star of US$5.4 million.

The Group prides itself in its well managed cost culture, as clearly illustrated in the central corporate overhead expense of US$5.9 million (2008: US$4.9 million), remarkably low for a Group of Petra's size and asset spread, and especially taking into account our growth of the last two years. Although the central corporate, finance and administrative team is small and lean, it provides all of the required support to the business, as evidenced by our successful closure of many often complex transactions.

The costs of the Williamson feasibility study of US$15.6 million have been offset against the diamond revenues of US$9.4 million. The net balance of US$6.2 million has been capitalised under IFRS6 as exploration and development costs.

Although debt has increased in Petra's balance sheet, this is largely due to the Petra share of the liability for the US$80 million loan from Al Rajhi in respect of the Cullinan acquisition. The loan is ring-fenced to Cullinan and only repayable out of the future cash flows from the mine. The original loan made by Al Rajhi in July 2008 was US$95 million, and US$15 million has already been repaid.

As required in accordance with IAS 36 "Impairment of Assets", as announced when the interim results were published, the directors reviewed the carrying value of assets to determine whether their carrying value is higher than recoverable value. Recoverable value is estimated on a value in use basis by calculating the present value of the future cash flows expected to be derived from the asset. An impairment charge of US$75.2 million has been recognised in the Period and is comprised of the following:

Withdrawal from Luangue	US$37.0 million
Withdrawal from Alto Cuilo, write down of interest in Moyoweno	US$6 million
Impairment of Helam mine based on IAS36 review	US$12.9 million
Impairment of Star mine based on IAS36 review	US$10.8 million
Impairment of 51% interest in Kono project	US$ 8.5 million

Luangue – due to the withdrawal from Luangue effective 31 December 2008, the net investment in Luangue of US$37 million has been fully impaired in the Period and there is no residual value in Petra's balance sheet. The investment in Luangue arose due to the acquisition of Frannor Investments Limited (which was the foreign partner in the Luangue concession contract) by Petra in 2007 in a US$60 million all-share transaction, less an amount of US$23 million paid to Petra by BHP Billiton to acquire a 25% interest in Frannor and associated costs. BHP Billiton's interests in Luangue reverted to Petra prior to Petra's withdrawal from Luangue.

Alto Cuilo – Petra had previously acquired a 40% shareholding in Moyoweno, one of the other parties at Alto Cuilo exploration, for a cash consideration of US$6 million. This interest in Moyoweno had increased Petra's interest in the Alto Cuilo kimberlite contract from 36% to 41.2%. Petra withdrew from Alto Cuilo effective 31 December 2008 and has therefore fully impaired the investment in Moyoweno, as it is not expected that there will be any value recovered from Moyoweno's residual interest in Alto Cuilo.

The impairments at Helam and Star follow Petra's announcement in December 2008 that it was undertaking operational reviews due to the weakening of rough diamond prices. Although it has been decided that the mines will not be put onto care and maintenance, but rather operated at lower levels of production, impairment charges still arose under the IAS36 review.

The impairment charge for the Kono project is the 51% interest in that project that Petra held in its balance sheet. Although Petra is optimistic that the project will develop into a successful economic fissure mine, at current diamond prices and given Petra's decision to stop funding from 1 January 2009, the directors consider it more prudent to expense what has to date been capitalised exploration spend. Stellar Diamonds Limited ("Stellar"), our JV partners at Kono, are now operating and sole funding the project and Petra continues to provide technical support.

Financing

Cash at bank at the Period end was US$11.1 million (30 June 2008: US$37.5 million). The lower cash balance was mainly due to several once off payments such as Petra's contribution to the consortium funding of the Cullinan acquisition, the purchase of the 75% interest in Williamson, Kimberley Underground development / plant construction and cash exploration costs in Angola.

On 18 September 2009 Petra announced that the maturity date of the US$20 million unsecured convertible bond that was issued to Al Rajhi Holdings W.L.L. ("Al Rajhi") on 18 September 2006 has been extended until 18 March 2011.

The details of the extension were:

(i) For the period from 19 September 2009 to 18 December 2009 only, a coupon of 9.5% per annum (payable in cash, calculated to the earlier of 18 December 2009, conversion by Al Rajhi, or repayment by Petra) will be applied on the US$20 million principal bond amount.

(ii) During the period from 19 September 2009 to 18 December 2009 the US$20 million principal may be converted, at Al Rajhi's election, into Petra shares at a strike price of 85 pence per share.

(iii) If Petra does not repay the US$20 million principal by 18 December 2009 and Al Rajhi does not convert at the 85 pence per share as noted above, then the US$20 million convertible bond will be automatically extended. The terms from 19 December will be that the 2009 Convertible will be extended for an additional 15 month period, from 18 December 2009 until 18 March 2011, the total extension being 18 months. During this further 15 month period the Convertible will carry no coupon, the strike price from 18 December 2009 will be 65 pence per share and Petra will grant to Al Rajhi warrants over six million shares, exercisable at 65 pence per share and exercisable until 18 March 2011. If Petra repays the US$20 million principal after 18 December 2009 but before March 2011, or if Al Rajhi converts the 2009 Convertible into Petra shares, the 2009 Warrants will remain in place until 18 March 2011.

The warrants over two million Petra ordinary shares exercisable at a price of 130 pence, that were granted to Al Rajhi in 2006, will expire on 5 October 2009.

Strength of the Rand

With our operations mainly in South Africa, but our diamond sales based in dollars, the volatility and movement in the Rand is a significant factor to the Group. In the Period under review, the Rand initially weakened significantly to a low of R11.85/$1 in October 2008 only to then claw its way back to R7.88/$1 by year-end 2009.

The Diamond Market

The difficulties facing the diamond market over the past year have been well documented by independent commentators. We began our financial year with record high prices, as were being experienced across the commodities market as a whole. This high price environment came abruptly to an end when the global economic crisis took hold in September/October 2008, having an immediate, severe impact upon the rough diamond industry and causing prices to fall in the region of 60% (as compared to the averages achieved in the last financial year).

The critical issue facing the market was lack of liquidity in the diamond pipeline, which relies on financial credit as its life blood, causing participants to destock their inventories, thus driving rough prices lower. Consumer confidence was likewise damaged by the developments in the global financial system, combined with wider economic uncertainty. However demand remained underpinned to a certain extent by the intrinsic link between diamonds and the jewellery used to celebrate bridal and other special occasions. Subsequently, Petra's rough diamond tenders throughout the year remained well attended and all goods on offer were sold, though at lower prices.

To counter lower prices and a lack of liquidity, the major producers responded with deep cuts in diamond supply, which served to set the market on the path to recovery. Prices achieved by Petra have recovered from the lows experienced in the first quarter of 2009 and our production is now selling, on average, at 30% to 35% lower than the averages achieved for the year to June 2008. We remain cautiously optimistic that we have seen a bottom of the market and that, over the medium term, we will continue to see a further improvement in the prices of our rough production. However we remain mindful that the market recovery is likely to be susceptible to volatility.

Over the medium to long term, the fundamentals of the diamond industry are compelling, characterised as they are by growing demand and falling supply. World production this year is expected to be in the region of 115 million carats (source: RBC Capital Markets August 2009), down from 162 million carats, worth US$12.7 billion in 2008 (source: Kimberley Process Certification Scheme) due to the supply cuts mentioned above. Whilst annual world production could have been considered to be around peak capacity in 2008, many of the world's largest producing diamond mines are already in decline. There has been no new major economic discovery over the last decade to replace these depleting resources and supply constraints will be exacerbated by delayed capital expenditure programmes and lack of funds for exploration.

There are now positive indicators that the worst of the economic downturn is behind us, with several major economies reporting that they have officially left recession and slight signs of improvement across the consumer confidence indices. In terms of global demand, although the US market continues to be the most important consumer of diamonds, it is evident that we will continue to see growth in emerging markets, notably China and India, where the urbanisation trend is set to deliver millions of new consumers to the middle classes. China has now become the world's third largest diamond consumer, following the U.S. and Japan, and it was recently reported that total diamond imports increased by 6.9% in the first half of 2009 compared to the same period last year (source: IDEX July 2009). Certainly demand from the Far East has held up very well over the summer and into autumn, with the strong presence of buyers from India and China noted at various trade fairs.

The affect of the global economic downturn upon a market already in flux has been far reaching, but we foresee a number of crucial benefits as the industry is forced to focus on efficiencies and rationalisation. At the rough diamond end of the pipeline, our area of expertise, world production is falling but demand is set to resume its growth. Faced with a constriction in global supply, our strategy to acquire producing diamond mines complemented by substantial resources will place us in a strong position when the supply constraints manifest themselves.

The Company has recently opened an office in Antwerp, the world diamond hub, and held two tenders (Williamson production) there in May and June 2009, with good prices being achieved. Petra will continue to hold tenders in both Johannesburg and Antwerp going forward. Tenders post period end have confirmed the much firmer trend in the market experienced in June 2009.

PRODUCTION

Combined Production and Sales summary:
Cullinan, Koffiefontein, Fissure Mines, Williamson and Kono

	Unit	Year ended 30 June 2009	Year ended 30 June 2008	Change
Production				
Diamonds produced (gross, 100% Cullinan*)	Carats	1,099,367	200,287	448.9%
Sales				
Revenue (gross, 100% Cullinan **)	US$M	94.4	77.3	22.2%
Diamonds sold (gross, 100% Cullinan)	Carats	1,011,707	230,172	339.5%
Average price per carat	US$	93***	336	-72.2%

* Net group production for IFRS reporting (adjusted to 50% Cullinan consolidated before minorities), 655,069 carats
** Net group revenue from mining for IFRS reporting (adjusted to 50% Cullinan consolidated before minorities), US$68.7 million
*** Decrease in average value per carat due to Cullinan production coming on stream at a lower average value per carat

Group production for the Period was 1,099,367 carats, a transformational increase on the 200,287 carats achieved in the 2008 financial year. Surpassing one million carats annual production was a significant milestone for Petra, and we will now build on this platform as we further develop our world-class asset base.

We are busy finalising future expansion plans, with regards to our producing mines and the various substantial tailings deposits, and delivering further production growth is a core objective for the Group. To this end, plans exist to grow production to deliver two million carats per annum within the next five years. Further plans indicate that three million carats per annum will be produced by 2019, all from existing operations.

Cullinan – South Africa

Cullinan mine (gross numbers)

	Unit	Year ended 30 June 2009 *	Year ended 30 June 2008	Change
Production				
Diamonds produced	Carats	888,595	n/a	n/a
Grade	Cpht	41.0	n/a	n/a
Sales				
Revenue	US$M	51.2	n/a	n/a
Diamonds sold	Carats	780,663	n/a	n/a
Average price per carat	US$	66 **	n/a	n/a

* The Petra Diamonds Cullinan Consortium ("PDCC") completed the acquisition of the Cullinan mine on 16 July 2008 and therefore results are from that date.
** Prior to the fall in rough diamond prices, the first Cullinan post completion tender in September 2008 recorded US$100 per carat.
Petra currently has a 37% net interest in PDCC, which owns 100% of the Cullinan mine. The other members of the PDCC are Al Rajhi Holdings W.L.L. (37% initial interest) and PDCC's BEE partners (26% interest). Based on the performance of the mine and pre-agreed option payments, Petra can at its option increase its interest in PDCC up to 60%.
The BEE partners are Thembinkosi Mining Investments (Pty) Ltd ("Thembinkosi") (14% interest) and a broad based Petra Diamonds Employee Trust (12% interest).

We recorded for the Period just under a full year's production at the Cullinan mine, which was acquired by the Petra Diamonds Cullinan Consortium ("PDCC") on 16 July 2008. Cullinan has produced many of the world's largest and most famous diamonds, and the mine once again made headlines around the world with the recovery of the two spectacular blue diamonds in the second half of 2008.

The potential of the second of these blue diamonds was immediately evident due to its internal clarity and the intensity of its colour, and Petra saw the opportunity to capture some of the downstream 'value-add' by taking the diamond from the rough to the polished stage. To maximise interest and public recognition for such an exceptional and rare gem, Petra partnered with Sotheby's auction house, which identified the stone, The 'Star of Josephine', as it is now known, as one of the most important blue diamonds ever to be offered for sale.

Petra produced 888,595 carats for the Period (16 July 2008 to 30 June 2009) at Cullinan, outperforming substantially against our initial target of between 600,000 and 750,000 carats. However revenues suffered due to the fall in rough diamond prices in September 2008, shortly after Petra commenced operations at the mine. The 'special' stones recovered at Cullinan, particularly the two blue diamonds noted above, meant that the average value of production was enhanced and the mine recorded an average price for the 2009 financial year of US$66 per carat. It is nevertheless encouraging to note that the first Cullinan tender in September 2008, before the collapse of prices, achieved US$100 per carat, which was higher than our original expectations.

During the Period, the total on-mine unit cost totalled R169 (US$19) per tonne. This cost per tonne was achieved due to increased production, lower overheads, Petra's flat management structures and in-sourcing of activities which were traditionally conducted by contractors. Capital expenditure ("Capex") for the year amounted to R108 million (US$12 million), most of which was spent on the plant refurbishment programme.

The future of Cullinan

Mining

The current level of 1.99 mtpa will now be ramped up to our interim target of 2.4 mtpa (1.0 million carats) from underground mining to year 2014. To achieve this sustainable production over the next five years, new tunnels are being established on the 747 level for the AUC and the BA West blocks. In addition, “gap filler” tonnes are being derived from the BA 5 block on the 630 level, where previously abandoned areas have been rehabilitated.

Significant advances have been made in studies to take advantage of the 204 million carat resource base that exists at Cullinan. It is anticipated that running concurrently with the previously mentioned Capex programmes, an expansion programme to gain access to the first portions of the C-Cut will be put in place. This envisages upgrading (and simplifying) of the total material handling infrastructure which, amongst other things, includes the upgrading of existing winders and deepening of existing shafts for production from the 858 metre level so as to reach full production of 4 mtpa at an anticipated grade of 55 carats per hundred tonnes (“cpht”) to recover 2.2 million carats by 2019. The higher grade of 55 cpht is due to the mining of the higher grade western block at the deeper levels.

Processing

To process these enhanced run-of-mine (“ROM”) tonnes, significant Capex has been undertaken in the plant, where we have made some major changes. A key change has been to move away from using grease as the sole recovery technique and x-ray diamond recovery machines have been installed and commissioned. With the installation of these machines, Petra is now able to recover most diamonds larger than 4mm by x-ray and the original grease recovery method has become the back-up rather than the primary method. These changes should further augment the recovery grade, which stabilised at 39.5 cpht ROM for the past financial year, as well as the value of diamonds retrieved, including the specials for which Cullinan is famous. Work on the refurbishment of the large diamond recovery plant has progressed well and is on track to be commissioned by October 2009. In addition, changes effected in the Optical Sort Plant (“OSP”) plant resulted in a full year average grade of 58.6 cpht.

Tailings

In order to bring to account the large tailings resource of 165 million tonnes (16.7 million carats), design work for a new tailings treatment facility is being finalised. This will cater for treatment of 1 million tonnes (100,000 carats) per annum by 2012, ramping up to 4 million tonnes (400,000 carats) per annum by 2014. Resources are sufficient to sustain this level of treatment for a period of 40 years.

This roll-out will result in the current level of diamond production of 888,595 carats increasing to 2.6 million carats per annum by 2019**.**

Funding

To achieve the above Capex programmes, Petra’s in-house planning shows that an estimated R2,9 billion (US$357 million) (2009 money) will be spent over the 10 year life of the expansion programme until 2019.

Current cash flow estimates indicate that approximately US$30 million of Capex funding will be required during the period to 2012, whereafter it is expected that the mine will generate sufficient cash flow to fund the remaining Capex programme. This leaves Petra with the flexibility to consider various other funding mechanisms to ensure maximum cash flow to Petra’s shareholders.

Koffiefontein – South Africa

Koffiefontein mine (gross numbers)

	Unit	Year ended 30 June 2009	Year ended 30 June 2008	Change
Production				
Diamonds produced	Carats	52,089	89,622	-41.9%
Grade	Cpht	6.6	9.1	-27.5%
Sales				
Revenue	US$M	18.3	51.0	-64.0%
Diamonds sold	Carats	72,809	105,479	-31.0%
Average price per carat	US$	252	484	-47.9%

Petra has a 70% interest in the Koffiefontein mine; BEE Partners, Re-Teng Diamonds (Pty) Ltd 30%.

The Koffiefontein mine remains one of the world's top kimberlite mines by average value per carat, recording US$252 for the 2009 financial year, despite the environment of lower diamond prices. This is in comparison to the 2008 world average of US$78 per carat (source: Kimberley Process Certification Scheme).

A number of 'special' diamonds were recovered in the Period: a 74 carat white sold for over US$1 million, a 53 carat white sold for US$550,000, a 56 carat white diamond sold for US$400,000 and a four carat pink sold for US$226,666.

The number of carats produced for the Period reduced to 52,089, as compared to 89,622 in the 2008 financial year. This decrease was due to delays in bringing into production new sections of the front cave on 49 and 52 level. This delay resulted from the greater than expected competency of the kimberlite, which delayed the early achievement of hydraulic fracturing radius whereby natural caving is induced. As a consequence, more waste diluted, finer and lower grade ore was extracted from the more mature sections of the cave, reducing the recovered ROM grade.

Costs and Capex were both in line with management expectations. The cash costs at Koffiefontein ran at approximately R96 (US$10) per tonne, a level which (other than inflation based increases) we expect to maintain going forward. Capex for the Period was R42.4 million (US$4.7 million).

Petra has carried out significant refurbishment of several sections of the plant, which is now capable of treating a consistent 1.5 million tonnes annually. This extra capacity will be used to treat either ore from the satellite Ebenheazer pipe or tailings from the 'Escom' dump. Therefore, a tailings conveyor belt of 1.5 kilometres has been constructed from the dump to the plant locality.

Many engineering projects have also been completed, most noteworthy of which has been the installation of two 1.6 MVA new power generating sets which allow for continued ventilation of the mine and thus continuous production during power outages.

The Future of Koffiefontein

Current production levels of 948,000 tonnes per annum ("tpa") will be maintained from the east and west extensions and the 52 level recovery section of the main pipe. Grades are expected to remain at current levels with a gradual increase to 8.7 cpht by the time the 58 level block comes into production. The programme to access the 58 level production area is well advanced. It is anticipated that annual tonnage production will exceed one million tonnes within three years and reach 1.2 mtpa within five years. By continuing the deepening process to the 68 level, production at 1.2 mtpa will sustain a life of mine in excess of 20 years, delivering 104,000 ROM carats per annum.

The 65 million tonnes (estimated 1.42 million carats) of tailings resource will be treated to fill the plant capacity to a total throughput of 1.6 mtpa, yielding in excess of 10,000 carats per annum over the life of mine. Further investigation will be conducted to establish the feasibility of a dedicated tailings treatment facility.

There is a resource of 30 million tonnes (1 million carats) available at Ebenhaezer, a large undeveloped opencast resource adjacent to the main kimberlite pipe. The limited tonnes treated confirm a grade in excess of 3 cpht with the occurrence of good quality pink diamonds. Some 240,000 tonnes have been included in the 2010 and 2011 mining plans. The results of the treatment will assist in determining the optimal extraction rate, delivering diamonds in addition to the 114,000 carat production level stated above.

Total Capex over the next ten years is estimated at R300 million (US$37 million), all of which will be funded from operational cash flows from the mine.

Kimberley Underground mines – South Africa

Kimberley Underground comprises Wesselton, Dutoitspan and Bultfontein. These mines were integral to the economic development of South Africa as their output effectively financed development of the nascent gold industry, and their quality is evident in that they were kept in operation by De Beers until 2005. The mines are renowned, amongst other things, for the historical production of large and fancy yellow diamonds, including the famous yellow Oppenheimer diamond which was 253.7 carats rough.

Petra first assumed operational control of the mines in September 2007, when the agreement to acquire Kimberley Underground was reached with De Beers. The Company is currently operating the assets under care and maintenance until all mining approvals are received from the South African Department of Mineral Regulation.

The care and maintenance period has been invaluable as it has enabled Petra to complete a large proportion of the necessary preparations in order to ramp up to full production. During this period, Petra’s intensive rehabilitation work underground involved re-establishing the draw points, underground tunnels and drifts, extensive refurbishment of winches, cables, pump stations and winders. This enabled the Company to extract ore for stockpiling which by the end of the Period totalled some 286,000 tonnes of ore (in excess of 40,000 carats). All three mines are now ready to commence production, and will be ramped up to our business plan levels of 1 mtpa after the licences are granted.

During the care and maintenance period, we have been custom-building a new plant at the Joint Shaft area, servicing both Bultfontein and Dutoitspan. Considerable cost savings are delivered to the Group by carrying out such construction work in-house wherever possible, and some innovative design concepts were incorporated by the Petra engineering team in order to cater for the larger and high value diamonds known to occur at these mines. The first plant has been undergoing commissioning trials, with all systems working well, and the second plant, to be constructed at Wesselton mine, is anticipated to be operational by the end of 2010.

To date, approximately R151 million (US$16.7 million) has been spent on the construction of the plant at Joint Shaft, underground refurbishment and other capital. Care and maintenance costs over the Period amounted to approximately R19 million (US$2.1 million). Future Capex includes approximately R180 million (US$22.5 million) for the underground development at both Dutoitspan and Wesselton to access new production areas and the construction of a further diamond recovery plant at Wesselton shaft.

Petra will initially operate Kimberley Underground at around 100,000 carats per annum, with the infrastructure in place to substantially increase production over time. Our current mine plan, which envisages production of 1 mtpa for at least 12 years, will be revisited and probably revised upwards in due course. Large amounts of the resource are not included in the current life of mine plan; some of these areas have been earmarked for possible re-sampling and inclusion in future mining plans.

With the re-opening of Kimberley Underground mines, Petra has created over 400 new jobs and secured a sustainable and prosperous future for one of South Africa's most famous mining assets.

Fissure Mines – South Africa

Fissure Mines (Sedibeng, Star, Helam) – (gross numbers)

	Unit	**Year ended 30 June 2009**	**Year ended 30 June 2008**	**Change**
Production				
Diamonds produced	Carats	71,274	110,665	-35.6%
Grade	Cpht	37.7	41.9	-10.0%
Sales				
Revenue	US$M	15.3	26.3	-42.0%
Diamonds sold	Carats	82,126	124,693	-34.1%
Average price per carat	US$	186	211	-11.9%

Petra has a 100% interest in the Helam and Star mines, and a 74.5% interest in the Sedibeng mine (BEE partners: Sedibeng Mining (Pty) Ltd, Bokone Properties (Pty) Ltd 25.5%).

At the three fissure mines – Helam, Sedibeng and Star – our focus for the Period shifted from volume of carats produced to optimisation of revenues by placing emphasis on grade and final recovery. This ensured that the average value per carat of US$186 achieved for the Period was relatively unaffected by the slump in the market, in comparison to the US$211 average value achieved in the 2008 financial year, and the fissure mines remain high value producers in comparison to the world average. A number of exceptional diamonds were recovered in the Period, including a 126.69 carat diamond which sold for US$5.25 million.

Production for the year was lower at 71,274 carats, in line with Petra's decision to operate the Helam and Star mines at decreased levels of production due to the difficult diamond market conditions experienced in the Period. Staff reductions at all three fissure mines were undertaken during the year. At Helam and Star this was achieved via a retrenchment programme, with a concomitant reduction of approximately 50% in staff levels. At the Sedibeng mine, no retrenchments were necessary but strict application of non replacement due to attrition has resulted in a decrease of staff levels, whilst maintaining full production. A significant number of employees at the fissure operations also availed themselves of the voluntary separation packages offered.

At the Star and Helam mines, the restructuring processes carried out in the Period were appropriate given that several years of capital investment have laid the platform for the mines to become less labour intensive. As a result, at the Star mine the main shaft has been commissioned to 16 level and the existing sub-vertical shaft has been decommissioned. Similarly, at Helam, the main John shaft has been commissioned to 23 level and the east and west sub-shafts have been decommissioned. Also, at Helam the existing Edward sub-shaft has undergone an upgrade and is now capable of hoisting ore from 26 level. The abovementioned alterations have assisted both these mines to be able to run as cash positive operations in the future, even though initially at reduced tonnages.

At the Sedibeng mine, the major emphasis (amongst many other alterations) has been the deepening of the Dancarl shaft. Here, the pilot hole drilling and reaming of the shaft from 16 to 21 level has been completed. The slyping of the shaft to full dimensions has progressed well and is approximately 20% complete.

Our current life of mine plans incorporate Sedibeng at 13 years, Star at 18 years and Helam at 22 years. Diamond production is estimated at 126,000 carats for 2010 and increasing to 165,000 carats by 2015. Thereafter it will remain stable until 2022 when Sedibeng is depleted, with production gradually dropping off. The Sedibeng life of mine is based on the current resource statement which only accounts for 6 levels and can be increased once new levels are added on.

On-mine costs were adversely affected by the separation packages paid to employees. The cash operating unit cost across the fissure mines amounted to R550 per tonne (US$61 per tonne). Management is confident that the unit cost will be improved upon in 2010 as a result of savings due to the reduction of staff, as well as improved production performances from these mines.

Williamson – Tanzania

Williamson Mine (gross numbers)

	Unit	**Year ended 30 June 2009***	**Year ended 30 June 2008**	**Change**
Bulk sampling				
Diamonds produced	Carats	84,486	n/a	n/a
Grade	Cpht	5.7	n/a	n/a
Sales				
Revenue	US$M	9.4	n/a	n/a
Diamonds sold	Carats	75,045	n/a	n/a
Average price per carat	US$	126	n/a	n/a

* Petra completed the acquisition of its interest in the Williamson mine effective 10 November 2008 and therefore results are from that date.
Petra has a 75% interest in the Williamson mine, Government of the United Republic of Tanzania 25%.

On 10 November 2008, Petra completed the acquisition of a 75% stake in Tanzania's renowned Williamson mine from De Beers for a cash consideration of US$10 million. The transaction was in line with Petra's strategy to acquire major producing mines, and Williamson is complemented by a substantial and valuable resource base of some 40 million carats.

At 146 hectares, Williamson is the largest kimberlite pipe ever to be mined economically, having been operated continuously as an open pit mine for almost 70 years. The mine regularly produces large, high quality stones and is a source of rare and extremely valuable fancy pink diamonds, such as the Williamson Pink, a 54.5 carat rough diamond which was recovered in 1947.

The Williamson mine is a large open-pit operation (maximum present mining depth of 90 metres) with a very low stripping ratio. The infrastructure acquired comprised of the open-pit mine feeding the main plant with an approximate capacity of 3.2 mtpa. Since November Petra has, in line with its initial strategy, been undertaking a feasibility study in order to establish the new economics of the mine, including grade, value per carat, cost per tonne and overall production capacity of the infrastructure.

For the period from November 2008 to June 2009, 1.5 million tonnes of ore was extracted from the pit. The only facility to treat the ore during this feasibility study was the plant currently in place, and this treatment yielded an average ROM grade of 5.65 cpht at a bottom cut of 1.6 mm. 84,486 carats were recovered from the feasibility testing operations in the period November 2008 to June 2009.

The value of the parcels sold thus far has averaged US$126 per carat which is an exceptional achievement and almost equivalent to our expectations before the diamond market fell in September/October 2008. Petra was also very encouraged to recover a 47.15 carat Type II white diamond in the Period, which was sold in June 2009 for US$637,000, illustrating the potential for high value production from this mine.

The future of Williamson

The following conditions are unique to Williamson:

- an immensely large resource located within an open pit lending itself to economies of scale;
- low stripping ratio;
- a soft ore that lends itself to autogenous milling; and
- the ore contains sufficient grinding material in the form of granite.

Petra is of the opinion that the appropriate expansion plan for the Williamson mine is to increase throughput to between 7.5 and 10 mtpa, yielding an estimated annual production of some 500,000 to 600,000 carats and a mine life of 19 years, whilst targeting unit operating costs of US$9 per tonne. This will only take mining to a depth of approximately 260 metres below surface, extracting just 170 million tonnes of the 992 million tonnes total resource.

Also, Petra estimates that there are at least 40 million tonnes of main plant tailings material at the mine. Whilst further work needs to be done, earlier bulk sampling programmes totalling 122,000 tonnes have returned an average grade in excess of 3 cpht with an average diamond size of 0.36 carats and 50% of the stones recovered were above 0.75 carats. At this stage, the treatment of the tailings resource is not included in the life of mine plan.

The expansion programme will include:

- the re-shaping of the open pit to cater for a 10 mtpa extraction rate;
- the installation of an autogenous mill to maximise liberation of the clay-rich RVK material; and
- an enhanced diamond recovery system catering for Type II diamonds.

The current plant will be refurbished for initial limited production prior to the commissioning of the mill, whereafter it will be utilised to treat the 40 million tonnes tailings resource.

The autogenous mill has been manufactured, paid for from Petra treasury (capital cost US$5 million) and is in the process of being delivered to site. The Capex programme is envisaged to be completed within a three year period following final approval by the Williamson board and the Tanzanian mining authorities. During the initial stage of the programme, it is anticipated that no production will be undertaken from the main pit due to the re-shaping of the pit and the refurbishment of the current plant.

The total Capex for this programme is estimated at US$45 million to US$50 million. It is envisaged at this stage that this will be funded by a mixture of development agency project finance together with a contribution from Petra's treasury. Advanced stage financial modelling indicates the anticipated payback period to be between two and three years.

EXPLORATION

In November 2008, a strategic review of the Group's exploration activities was carried out. The review took into account the global weakness in financial markets, the appropriate risk-weighted allocation of capital across Petra's assets, and the medium term production and revenue growth that could be achieved by investment into the Group's world class production portfolio, as compared with continued spend on early stage exploration.

Petra announced the results of this review in January 2009 and the decision was made to relinquish Petra's capital intensive exploration projects, namely the Alto Cuilo and Luangue projects in Angola, and substantially reduce the programme and commensurate spend in Botswana. At the same time Petra's joint venture partner at Kono in Sierra Leone, Stellar, elected to assume sole funding of the project. These measures combined to deliver US$25 million in annual savings to the Group.

Kalahari Diamonds – Botswana

Petra's only remaining exploration spend of US$500,000 per annum is now allocated to Botswana. Despite the reduced funding directed to our Botswana exploration programme, we have made significant progress. During the past year we have discovered three new kimberlites (BK1 South – Orapa field, Ki Sek 1- Kikao field, and Kx 36 – new field) which have been petrographically described as either having moderate or high diamond bearing potential. However, all three kimberlites are relatively small, having geophysically interpreted sizes of less than five hectares. All three kimberlites have returned promising mineral chemistry data whilst Kx 36 has also been proven to be diamondiferous.

In addition, mineral chemistry and micro-diamond investigation of the two kimberlites in our Jwaneng project area have been received. Mineral chemistry analysis of the DK 6 kimberlite, which is geophysically estimated to be 1.5 hectares in size, indicates that it is diamondiferous. This has been supported by micro-diamond results, suggesting a grade of 16 cpht.

Since the decision was made to redirect our exploration expenditures, the latter half of the financial year has been used by our Botswana division as a period of consolidation. As a result, large tracts of well explored ground have been relinquished and significant tracts of new ground have been applied for. During the first half of the 2010 financial year, this consolidation process will continue, but we are in a strong position having the advantage of our extensive geophysical database, integrated with our mineral chemistry database. Our considerable expertise and years of local knowledge and research also ensures that we are at the forefront of diamond exploration in Botswana.

Kono – Sierra Leone

Kono project

	Unit	Year ended 30 June 2009*	Year ended 30 June 2008	Change
Production				
Diamonds produced	Carats	2,923	n/a	n/a
Grade	Cpht	40.0	n/a	n/a
Sales				
Revenue	US$M	0.1	n/a	n/a
Diamonds sold	Carats	1,064	n/a	n/a
Average price per carat	US$	128	n/a	n/a

* Results above reflect only those results pre 31 December 2008, the period during which Petra was still funding and exercising management control of the project.

In May 2009, we made a decision with our joint venture partner Stellar to place the Kono kimberlite fissure project on temporary care and maintenance. This decision will be reviewed by both parties when the rough diamond market improves sufficiently to achieve a more reasonable sales value for the Kono trial mining production.

The Kono project is currently sole-funded by Stellar and is at an advanced stage of exploration, with underground trial mining having been undertaken at the Pol-K and Bardu kimberlites. Despite the encouraging grades and diamond quality encountered at Kono, it was not considered sustainable to maintain the development and trial mining until diamond prices return to a more appropriate level.

A total of 4,213 carats of diamonds have been produced from trial mining at Kono to date. Of these, the Pol-K shaft has yielded 3,209 carats and the Bardu shaft 867 carats. The balance came from other kimberlites that were tested, but have not yet been developed further.

In September 2008 the first, small parcels of 810 carats from Pol-K and 253 carats from Bardu were sold at average prices of US$152 and US$52 per carat respectively, or a combined average of US$128 per carat. In May 2009, a sale of 2,694 carats was completed, represented by Pol-K (2,163 carats) and Bardu (531 carats). This parcel realised an average of only US$46 per carat, a significant discount to the September 2008 sale and symptomatic of the weakness of the diamond market. In June 2009 a smaller parcel of 271 carats was sold for an average of US$85 per carat, indicating slightly improved market conditions.

The Kono project is a joint venture between Petra (51%) and Stellar (49%). Petra has until 31 December 2009 to elect to refund Stellar for the 51% of the exploration incurred since 1 January 2009 or alternatively to dilute its corresponding interest in Kono. The project has no carrying value in Petra's balance sheet and therefore there are no impairments to be recognised by Petra with regards to the care and maintenance decision.

Reserves and resources

No new resources have been added to Petra's resource statement of September 2008, and the Group's total carat base remains virtually unchanged at 262 million carats. The most significant changes to the resource statement were due to;

(i) depletion by production at the individual operations; and
(ii) a reduction in the reserve grade at Cullinan due to the re-introduction of the historical modifying factors relating to the current Cullinan plant. Reserve grades will be re-assessed upwards once plant improvements have been finalised.

The following table summarises the resource and reserve status of Petra's various operations as at 30 June 2009:

SUMMARY OF RESERVES AND RESOURCES BY STATUS – TOTAL COMBINED OPERATIONS

	Gross			**Net attributable**		
Category	Tonnes (millions)	Grade (cpht)	Contained Diamonds (Mcts)	Tonnes (millions)	Grade (cpht)	Contained Diamonds (Mcts)
Diamond reserves per asset						
Proven	19.266	7.19	1.385	13.819	8.41	1.162
Probable	40.256	23.63	9.514	24.156	21.69	5.241
Sub-total	**59.522**	**18.31**	**10.899**	**37.975**	**16.86**	**6.402**
Diamond resources per asset						
Measured						
Indicated	363.683	51.89	188.699	175.144	41.22	72.201
Inferred	1208.946	5.18	62.655	838.742	4.89	41.049
Sub-total	**1572.629**	**15.98**	**251.354**	**1013.886**	**11.17**	**113.250**
Total Carat Base			**262.253**			**119.652**

"cpht" – carats per hundred tonnes; "mcts " – millions of carats

Challenges

Petra's low cost culture is mainly pressured by the following two external challenges:

Rising costs
Inflationary pressures on costs can mainly be ascribed to electricity prices increasing significantly in excess of South African inflation, with the National Energy Regulator recently approving a price increase in excess of 30% to the local electricity provider. Petra's electricity accounted for approximately 10% of cash on-mine cost for the Period under review. In addition, recent wage settlements of between 6% and 10% also added to the upward pressure on operating unit costs as labour accounts for approximately 45% of cash on-mine costs at the pipe mines and 65% of the cash on-mine costs at the fissure mines. Various alternatives are being considered and implemented to further improve operating efficiencies across all operations.

Energy
The high profile power shortages that struck South Africa in the 2008 financial year largely abated in the Period under review. However, as mentioned above, the increasing cost of electricity in South Africa is adding pressure on mining companies to look at more energy efficient processes in their operations.

Black Economic Empowerment ("BEE")

Petra is committed to the tenets and objectives of BEE legislation in South Africa and the Group is already fully compliant with the required regulations. As a way to further stimulate diversification of mineral ownership in South Africa, we have entered into partnerships with various different BEE groups, including a number of BEE consortiums. This ensures that diverse minority groups, such as women's empowerment groups, can also participate in the ownership structure. I would like to thank each of our valued BEE partners for their contribution in what has been a remarkable year for the Group operationally – namely Thembinkosi Mining (Pty) Limited, Sedibeng Mining (Pty) Limited, the Petra Diamonds Employee Trust, Bokone Properties (Pty) Limited and Re-Teng Diamonds (Pty) Limited.

Sustainable Development

We have plans in place for long-life, sustainable operations at each of our producing mines, and the most important socio-economic contribution we can make is the provision of secure employment to our workforce. The Petra Group now encompasses some 4,000 people in Africa and we have active social development programmes in place to provide a meaningful impact upon the lives of our employees and their families.

First and foremost is the aim to nurture and develop our skills-base internally. The Petra culture offers an environment of progression and we provide various training programmes to help our employees advance their careers. Given the wide range of activities carried out by the Petra Group internally, ranging from mining, construction and engineering to sorting and marketing, there are numerous opportunities for employees to train and gain diverse practical experience.

We also have a number of projects in place at all of our mining operations which strive to positively impact upon the wider local community. These projects are selectively chosen to provide assistance where it is most needed and are operated in a way to stimulate local development, rather than act purely as charitable donations.

In addition, Petra recognises and acknowledges the need to conduct environmentally sustainable prospecting, mining and related activities. We are dedicated to promoting and maintaining high standards of environmental management within all of our operations by means of advocating environmental awareness to our employees, as well as implementing sound and solid procedures and monitoring processes.

Health and Safety

Petra has maintained an excellent health and safety record, demonstrating the particular importance we place upon the promotion of a zero harm culture in our workplaces. Training on safety awareness is a key priority for our workforce and I would like to thank our mine management teams for their commitment to continuous improvement in this vital matter.

Outlook

I would like to extend my thanks to our Board, management team and all of our employees for the tremendous efforts which have resulted in the delivery of superior operational results.

With world diamond production falling but demand set to resume its growth, our strategy to acquire producing diamond mines complemented by substantial resources will place us in a strong position as the shortfall emerges.

Petra is now one of the few sizeable quoted diamond companies and we believe our evident growth profile offers an attractive proposition for those who believe that the diamond industry will recover and eventually emerge stronger than before.

Johan Dippenaar
Chief Executive Officer

PETRA DIAMONDS LIMITED – PRELIMINARY RESULTS

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

(UNAUDITED)

	Notes	**2009**	2008
		US$	US$
Revenue		**69,291,900**	76,974,897
Other income		**3,235,682**	1,150,513
Total income		**72,527,582**	78,125,410
Mining and processing costs		**(72,954,900)**	(43,498,407)
Other direct income / (costs)		**2,591,158**	319,192
Explorations expenditure		**(19,736,982)**	(14,484,792)
Impairment charges		**(75,274,714)**	-
Corporate expenditure		**(8,298,391)**	(7,416,575)
Total costs		**(173,673,829)**	(65,080,582)
Financial income		**20,759,852**	3,081,991
Financial expense		**(13,530,988)**	(6,833,796)
Net financing income / (costs)	6	**7,228,864**	(3,751,805)
(Loss) / profit before tax		**(93,917,383)**	9,293,023
Income tax credit / (expense)		**3,424,624**	(5,925,821)
(Loss) / profit for the period from continuing operations		**(90,492,759)**	3,367,202
Profit / (loss) on discontinued operations (net of tax)	8	**1,557,974**	(1,388,902)
(Loss) / profit for the year		**(88,934,785)**	1,978,300
Attributable to:			
Equity holders of the parent company		**(90,866,007)**	(7,209,338)
Minority interest		**1,931,222**	9,187,638
		(88,934,785)	1,978,300
(Loss) / profit per share attributable to the equity holders of the parent during the year:			
From continuing operations			
Basic (loss) – US cents	7	**(50.23)**	(3.17)
Diluted (loss) – US cents	7	**(50.23)**	(3.17)
From continuing and discontinued operations			
Basic (loss) – US cents	7	**(49.38)**	(3.93)
Diluted (loss) – US cents	7	**(49.37)**	(3.93)

PETRA DIAMONDS LIMITED – PRELIMINARY RESULTS

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2009

(UNAUDITED)

	Notes	2009	2008
		US$	US$
Exchange differences on translation of foreign operations		**(17,026,322)**	(3,351,183)
Profit / (loss) on hedges recognised directly in equity		**138,299**	(138,299)
Net (loss) recognised directly in equity		**(16,888,023)**	(3,489,482)
(Loss) / profit for the year		**(88,934,785)**	1,978,300
Distribution paid to minorities		**(994,651)**	-
Total recognised income and expenses for the year		**(106,817,459)**	(1,511,182)
Attributable to:			
Equity holders of the parent company		**(107,754,030)**	(10,698,820)
Minority interest (net of distribution paid)		**936,571**	9,187,638
		(106,817,459)	(1,511,182)

PETRA DIAMONDS LIMITED - PRELIMINARY RESULTS
CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2009
(UNAUDITED)

	Notes	2009 US$	Restated 2008 US$
ASSETS			
Non-current assets			
Property, plant and equipment		**176,736,536**	90,902,372
Intangible assets		**1,031,900**	41,781,946
Investment in associate		**-**	6,636,292
Loans and other receivables		**19,637,999**	138,177
Total non-current assets		**197,406,435**	139,458,787
Current assets			
Inventories		**14,794,341**	11,778,572
Trade and other receivables		**18,923,102**	40,115,305
Cash and cash equivalents		**11,058,285**	37,469,370
Non-current assets classified as held for sale	8	**-**	3,681,868
Total current assets		**44,775,728**	93,045,115
Total assets		**242,182,163**	232,503,902
EQUITY AND LIABILITIES			
Equity			
Share capital		**33,519,068**	33,519,068
Share premium account		**212,897,937**	212,897,937
Foreign currency translation reserve		**(6,931,002)**	9,538,638
Hedging reserve		**-**	(138,299)
Share-based payment reserve		**1,816,726**	3,142,465
Other reserves		**4,003,682**	4,016,968
Accumulated loss		**(197,541,526)**	(109,766,931)
Attributable to equity holders of the parent company		**47,764,885**	153,209,846
Minority interest		**9,589,063**	9,187,638
Total equity		**57,353,948**	162,397,484
Liabilities			
Non-current liabilities			
Loans and borrowings		**44,258,418**	1,859,679
Trade and other payables		**19,073,118**	4,898,336
Provisions		**26,045,900**	12,140,783
Deferred tax liabilities		**7,359,359**	13,041,589
Total non-current liabilities		**96,736,795**	31,940,387
Current liabilities			
Loans and borrowings		**57,410,619**	19,854,722
Trade and other payables		**12,983,253**	12,564,790
Derivative financial liabilities		**-**	138,299
Current tax payable		**2,782,000**	1,420,783
Liabilities directly associated with non-current assets classified as held for sale	8	**-**	81,646
Provisions		**14,915,548**	4,105,791
Total current liabilities		**88,091,420**	38,166,031
Total liabilities		**184,828,215**	70,106,418
Total equity and liabilities		**242,182,163**	232,503,902

PETRA DIAMONDS LIMITED - PRELIMINARY RESULTS
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009
(UNAUDITED)

	Notes	2009 US$	2008 US$
Profit / (loss) before taxation for the year from continuing and discontinued operations		**(92,359,409)**	7,904,121
Depreciation of property, plant and equipment - exploration		**2,698,153**	1,159,072
Depreciation of property, plant and equipment - mining		**8,928,718**	5,772,464
Depreciation of property, plant and equipment - other		**74,679**	142,017
Amortisation of intangible assets		**3,286,243**	3,803,634
Write-off of investment held for sale		**-**	96,593
Impairment charge on assets		**75,274,714**	-
(Profit) / loss on sale of subsidiary		**(7,993)**	-
(Profit) / loss on sale of property plant and equipment		**232,659**	3,047
Finance income		**(3,498,077)**	(2,484,965)
Finance expense		**9,592,093**	2,239,386
Present value adjustment of rehabilitation provision - accretion		**(1,068,593)**	133,277
Present value adjustment of rehabilitation provision - change in assumptions		**(4,628,882)**	-
Share based payment provision		**2,322,355**	1,629,783
Foreign exchange (gain) / loss		**(13,498,002)**	4,594,410
Operating (loss) / profit before working capital changes		**(12,651,342)**	24,992,839
Decrease / (increase) in trade and other receivables		**25,199,020**	(25,292,582)
(Decrease) / increase in trade and other payables		**(10,671,040)**	4,810,330
Decrease / (increase) in inventories		**807,228**	(2,878,040)
Cash generated from operations		**2,683,866**	1,632,547
Finance expense		**(4,869,795)**	(862,335)
Taxation paid		**(1,420,783)**	-
Net cash (utilised in) / generated from operating activities		**(3,606,712)**	770,212
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**389,408**	919,655
Proceeds from sale of intangibles		**-**	22,354,768
Disposal of subsidiary net of cash		**1,407,222**	-
Acquisition of subsidiary net of cash		**(8,765,000)**	-
Acquisition of assets at Cullinan net of cash		**(62,500,000)**	-
Finance income		**3,498,077**	2,484,965
Increase in long term receivables		**(19,499,822)**	-
Acquisition of investment in associate		**-**	(6,636,292)
Acquisition of property, plant and equipment		**(30,398,941)**	(16,664,852)
Development expenditure		**(3,003,326)**	(4,211,646)
Net cash utilised in investing activities		**(118,872,382)**	(1,753,402)
Cash flows from financing activities			
Net proceeds from the issuance of share capital		**-**	2,966,654
Increase/ (decrease) in current borrowings		**38,932,672**	(9,197,589)
Increase in non-current borrowings		**57,011,313**	416,466
Net cash generated from / (utilised in) financing activities		**95,943,985**	(5,814,469)
Net decrease in cash and cash equivalents		**(26,535,109)**	(6,797,659)
Cash and cash equivalents at beginning of the year		**37,469,370**	44,124,829
Effect of exchange rate fluctuations on cash held		**124,024**	142,200
Cash and cash equivalents at end of the year		**11,058,285**	37,469,370

1. ACCOUNTING POLICIES

The financial information set out in this preliminary announcement does not constitute the Group's annual report for the years ended 30 June 2009 or 30 June 2008. The financial information presented for the year ended 30 June 2008 is derived from the full annual report for that year. The auditors reported on the annual report and their report was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report. The audit of the annual report for the year ended 30 June 2009 is not yet complete. The annual report for the year ended 30 June 2009 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. The Company will publish a full annual report that complies with IFRS in October 2009.

The financial information for the year ended 30 June 2008 has been extracted from the statutory accounts for that period and has been re-presented to show separately the results of operations which have been classified as discontinued in the current period.

2. PRIOR YEAR ADJUSTMENT TO SHARE CAPITAL AND SHARE PREMIUM

During the year, the Group changed its accounting policy in respect of the translation of share capital and share premium into US Dollar. Under the previous accounting policy share capital and share premium were translated into US Dollars at the closing rate on the reporting date and unrealised exchange gains and losses were reflected in the foreign currency translation reserve. Under the revised accounting policy, transactions on share capital and share premium accounts are to be converted at the prevailing US Dollar/ Sterling spot rate at the date of the transaction, ie they are translated at the historic rate and accordingly no exchange gains or losses will arise on these balances in future. The adjustment has no impact on net assets or (loss)/profit before and after tax.

The revised accounting policy better reflects the substance of the share capital and share premium US Dollar balances of the Group.

A prior year adjustment has been raised to state the share capital and share premium at historic exchange rates.

	Share capital	Share premium account	Foreign currency translation reserve
	US$	US$	US$
At 1 July 2008 as previously stated	36,698,062	228,745,618	(9,488,037)
Prior year adjustment	(3,178,994)	(15,847,681)	19,026,675
Restated balance at 1 July 2008	33,519,068	212,897,937	9,538,638

3. DIVIDENDS

No dividends were proposed or paid during the Period.

4. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning assets and revenue, interest-bearing borrowings and expenses and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period. Eliminations comprise transactions between group companies that are eliminated on consolidation. The results are not materially affected by seasonal variations.

Business and Geographical segments

The Group activities for the year comprised the following business segments:

Mining – the extraction and sale of rough diamonds from mining operations in South Africa and Tanzania.

Exploration – exploration activities in Angola, Botswana and Sierra Leone. The Group exited from exploration activities in Angola in December 2008.

Beneficiation - cutting and polishing of rough diamonds. The Group exited from the beneficiation segment when it sold its interest in Calibrated Diamonds (Pty) Limited in September 2008. The results from beneficiation activities represent those activities disclosed under discontinued operations in Note 9.

Business segments	**Mining**	**Exploration**	**Beneficiation**	**Inter-segment**	**Consolidated**
	2009	2009	2009	2009	2009
	US$	US$	US$	US$	US$
Revenue	68,679,184	612,716	975,893	(975,893)	69,291,900
Segment result	(4,275,718)	(5,445,461)	(896)	-	(9,722,075)
Operating (loss) / profit	(8,241,272)	(23,081,293)	(992,781)	5,470,987	(26,844,359)
Impairments	(23,232,101)	(52,042,613)	-	-	(75,274,714)
Profit on sale of assets	-	-	2,530,800	-	2,530,800
Financial income	12,180,118	14,022,614	20,453	(5,463,333)	20,759,852
Financial expense	(13,231,927)	(5,764,562)	(498)	5,465,999	(13,530,988)
Income tax credit / (expense)	4,121,676	(697,052)	-	-	3,424,624
Minority interest	(1,931,222)	-	-	-	(1,931,222)
(Loss) / profit for the year	(31,433,219)	(66,464,415)	1,557,974	5,473,653	(90,866,007)
Segment assets	335,155,932	474,724,955	-	(567,698,724)	242,182,163
Total assets	335,155,932	474,724,955	-	(567,698,724)	242,182,163
Segment liabilities	120,525,614	82,265,682	-	(17,963,081)	184,828,215
Total liabilities	120,525,614	82,265,682	-	(17,963,081)	184,828,215
Cash flows from operations	(7,957,799)	4,767,932	(416,845)	-	(3,606,712)
Cash flows from investing	(129,687,169)	10,813,700	1,087	-	(118,872,382)
Cash flows from financing	42,199,385	51,199,114	2,545,486	-	95,943,985
Capital expenditure	32,024,025	1,378,242	-	-	33,402,267
Impairment losses	23,232,101	52,042,613	-	-	75,274,714
Share-based payments	522,754	1,799,601	-	-	2,322,355
Depreciation and amortisation	8,928,718	6,058,180	895	-	14,987,793

Geographical segments	Angola	Botswana	Sierra Leone	South Africa	Tanzania	Jersey	Consolidated
	2009	2009	2009	2009	2009	2009	2009
	US$	US$	US$	US$	US$	US$	US$
Revenue	-	-	282,103	59,561,510	9,448,287	-	69,291,900
Segment assets	1,610,091	1,233,793	-	194,088,078	29,068,199	16,182,002	242,182,163
Segment liabilities	2,822,391	53,974	-	110,872,144	18,452,546	52,627,160	184,828,215
Cash flows from operations	(5,392,229)	(1,414,408)	(696,190)	20,508,657	(8,710,838)	(7,901,704)	(3,606,712)
Cash flows from investing	(1,110,930)	(32,607)	(3,003,326)	(71,091,696)	(45,492,434)	1,858,611	(118,872,382)
Cash flows from financing	-	-	-	64,113,698	31,830,287	-	95,943,985
Impairment losses	44,206,808	-	7,835,805	23,232,101	-	-	75,274,714
Share-based payments	-	-	-	522,754	-	1,799,601	2,322,355
Capital expenditure	1,117,882	37,925	3,003,326	23,990,322	5,213,119	39,693	33,402,267

Business segments	Mining	Exploration	Beneficiation	Inter-segment	Consolidated
	2008	2008	2008	2008	2008
	US$	US$	US$	US$	US$
Revenue	77,295,691	-	827,039	(1,147,833)	76,974,897
Segment result	37,199,561	(5,010,511)	(188,579)	(1,817,805)	30,182,666
Operating profit/(loss)	28,727,290	(14,113,915)	(1,292,899)	(1,664,550)	11,655,926
Impairments	-	-	-	-	-
Profit on sale of assets	-	-	-	-	-
Financial income	752,464	2,407,773	12,534	(90,780)	3,081,991
Financial expense	(812,956)	(5,912,303)	(108,537)	-	(6,833,796)
Income tax credit / (expense)	(5,925,821)	-	-	-	(5,925,821)
Minority interest	(9,187,638)	-	-	-	(9,187,638)
Profit / (loss) for year	13,553,339	(17,618,445)	(1,388,902)	(1,755,330)	(7,209,338)
Segment assets	95,818,569	132,552,544	4,132,789	-	232,503,902
Total assets	95,818,569	132,552,544	4,132,789	-	232,503,902
Segment liabilities	54,144,288	15,880,484	81,646	-	70,106,418
Total liabilities	54,144,288	15,880,484	81,646	-	70,106,418
Cash flows from operations	39,420,437	(33,604,992)	(5,045,233)	-	770,212
Cash flows from investing	(14,262,677)	12,496,741	12,534	-	(1,753,402)
Cash flows from financing	(13,419,335)	2,966,654	4,638,212	-	(5,814,469)
Capital expenditure	15,397,513	5,333,003	145,982	-	20,876,498
Share-based payments	857,587	772,196	-	-	1,629,783
Depreciation and amortisation	5,772,464	5,010,511	94,212	-	10,877,187

Geographical segments	Angola	Botswana	Sierra Leone	South Africa	Tanzania	Jersey	Consolidated
	2008	2008	2008	2008	2008	2008	2008
	US$	US$	US$	US$	US$	US$	US$
Revenue	-	-	-	76,974,897	-	-	76,974,897
Segment assets	46,006,982	5,085,096	13,450,364	117,915,289	-	50,046,171	232,503,902
Segment liabilities	1,570,231	114,656	5,172,288	42,239,954	-	21,009,289	70,106,418
Cash flows from operations	(7,822,959)	9,423	(423,744)	14,510,668	-	(5,503,176)	770,212
Cash flows from investing	9,517	(93,807)	(4,211,646)	(13,556,961)	-	16,099,495	(1,753,402)
Cash flows from financing	-	84,384	4,211,646	(9,834,485)	-	(276,014)	(5,814,469)
Share-based payments	-	-	-	857,587	-	772,196	1,629,783
Capital expenditure	-	103,449	4,211,646	16,561,403	-	-	20,876,498

The Group commenced activities in Tanzania effective 10 November 2008 with the acquisition of Willcroft Company Limited, which owns a 75% equity interest in Williamson Diamonds Limited. Therefore there are no comparative numbers for the year ended 30 June 2008 related to the Tanzanian operations.

5. ACQUISITIONS

5 (a) Investment in Cullinan Diamond Mine ("Cullinan")

On 15 July 2008 Petra Diamonds Limited, as a member of the Petra Diamonds Cullinan Consortium ('PDCC'), acquired Cullinan for a consideration of ZAR1 billion (US$125 million), from De Beers Consolidated Mines Limited ("De Beers"). The members of PDCC are Petra Diamonds Limited (37% interest), Al Rajhi Holdings W.L.L (37% interest) and PDCC's Black Economic Empowerment partners (26% interest). Petra's share of the consideration was R370 million (US$46.25 million) for an effective stake in Cullinan of 37%.

Effect of the acquisition

The acquisition had the following effect on the Group's assets and liabilities.

Cullinan Diamond Mine net assets at acquisition date:	Book Values	Fair Value Adjustments	Fair Values
	US$	US$	US$
Fair value of net assets of entity acquired			
Mining property, plant & equipment	119,886,470	12,165,393	132,051,863
Land	3,247,650	-	3,247,650
Mineral properties	-	8,013,467	8,013,467
Trade and other receivables	9,630	-	9,630
Inventory	1,417,993	-	1,417,993
Environmental liabilities	(13,789,405)	-	(13,789,405)
Employee related payables	(3,902,661)	-	(3,902,661)
Trade and other payables	(2,048,537)	-	(2,048,537)
Consideration amount satisfied in cash	104,821,140	20,178,860	125,000,000

Petra on acquisition share of net assets acquired (37%)	46,250,000

The fair value adjustment of US$20,178,860 arose as a result of the premium attributable to the mining property, plant and equipment and mineral properties purchased from De Beers. The Group has a 50% interest in and jointly controls Cullinan Investment Holdings Limited ('CIHL'). CIHL has a 74% interest in and controls the Cullinan operations; CIHL consolidates the Cullinan operations within its books and reflects a 26% minority interest. The Group has used the gross method of proportional consolidation and therefore reflects 50% of the Cullinan operating results, assets, and liabilities and a 13% minority interest. The net interest attributable to the Group is 37%, as stated above.

5 (b) Acquisition of subsidiary Williamson Diamond Mine ("Williamson")

On 10 November 2008 Petra acquired the entire share capital of Willcroft Company Limited ("Willcroft") from Cheviot Holdings ("Cheviot"), a wholly owned subsidiary of De Beers Société Anonyme ("De Beers") for a cash consideration of US$10 million. The total cash consideration of US$10 million was funded entirely from Petra's internal cash resources.

Willcroft owns 75% of Williamson Diamonds Limited, the sole owner and operator of the Williamson mine, and the Government of the United Republic of Tanzania owns the remaining 25%. The results of Willcroft are consolidated into the Group accounts.The Group reflects within its accounts 100% of Williamson Diamonds Limited operating results, assets and liabilities and a 25% minority interest in attributable profits where applicable. In the 8 months to 30 June 2009, Williamson incurred a loss of US$2,791,736. If the acquisition had occurred on 1 July 2008, the Group's loss for the period ending 30 June 2009 would have increased by US$6,850,948.

Effect of the acquisition

The acquisition had the following effect on the Group's assets and liabilities.

Williamson Diamond Mine net assets at acquisition date:	**Book Values**	**Fair Value Adjustments**	**Fair Values**
	US$	US$	US$
Fair value of net assets of entity acquired			
Mining property, plant & equipment	18,799,000	-	18,799,000
Mineral properties	-	5,751,200	5,751,200
Trade and other receivables	4,841,000	(839,000)	4,002,000
Inventory	6,899,000	(3,785,000)	3,114,000
Cash assets	1,235,000	-	1,235,000
Deferred tax	-	(1,327,200)	(1,327,200)
Environmental liabilities	(11,032,000)	-	(11,032,000)
Trade and other payables	(8,322,000)	(2,220,000)	(10,542,000)
Inter-group loans	(97,992,000)	97,992,000	-
Consideration amount satisfied in cash	(85,572,000)	95,572,000	10,000,000

The fair value adjustment of US$5,751,200 to mineral properties arose as a result of the premium attributable to the mineral properties purchased (grossed up for deferred taxation) from De Beers. The fair value adjustment to other receivables reflects VAT that is unlikely to be recovered. The fair value adjustment to inventory is to write down the value to its fair value. The fair value adjustment to other payables is to provide for taxes that had not been properly provided. The fair value adjustment of US$97,992,000 arose as a result of inter-group loans acquired from Cheviot on acquisition of Willcroft for which there is no future external liability.

Since acquisition the Company has embarked on a feasibility study at the Williamson mine through an intensive bulk sampling programme with a view to better understanding of the ore-body. This is being done to optimise the design of the treatment plant to further increase production in the future. To date all direct costs net of associated revenue have been capitalised towards the Williamson mine expansion project. The results of the feasibility will be published in due course.

5 (c) Acquisition of Kimberley Underground Mines assets

On 14 September 2007, the Company entered into a conditional agreement with De Beers Consolidated Mines Limited ('De Beers') to acquire the mining and associated assets previously used by De Beers in the operation of the Kimberley Underground diamond mines ("Kimberley Underground"), which are situated near Kimberley, South Africa.

The consideration is R78.5 million (US$9.9 million). The consideration is to be settled by Petra assuming De Beers' rehabilitation obligations with regards to Kimberley Underground of R63.5 million (US$8.0 million),and the payment in cash by Petra to De Beers of R15 million (US$1.9 million). An extension letter has been signed by the Company and De Beers to allow additional time to satisfy the conditions precedent within the agreement. De Beers have confirmed their on-going commitment to the sale of Kimberley Underground assets.

The acquisition has not been completed as at 30 June 2009 as the agreement is conditional upon the remaining conditions (the old order mining right held by De Beers has been converted and registered as a new order mining right):

(i) the amendment of the new order mining right to subdivide the Kimberley Underground mines from other rights to be retained by De Beers;

(ii) DMR consenting to the cession to Petra of the new order mining right in respect of Kimberley Underground;

(iii) the DMR consenting to the cession, transfer and delegation of the rehabilitation obligations and liabilities in respect of Kimberley Underground from De Beers to Petra;

(iv) other related sale assets being sub-divided as required, and all regulatory approvals or consents being obtained in that regard;

(v) issue of appropriate guarantees to De Beers; and

(vi) all other regulatory approvals as may be required.

Fair values of the assets and liabilities have not been disclosed as the agreement has not yet been completed. For the period ending 30 June 2009, care and maintenance costs of R18,962,677 (US$2,095,687) have been expensed, costs related to ore stock piles of R22,621,737 (US$2,870,014) and fixed assets costs of R46,141,466 (US$5,853,956), have been included in inventory and fixed assets respectively.

	2009 US$	2008 US$
6. NET FINANCING INCOME/(COSTS)		
Interest expense on bank loans and overdrafts	**(682,476)**	(861,563)
Other debt finance costs	**(7,479,134)**	(1,377,823)
Unwinding of rehabilitation costs	**(1,068,593)**	-
Realised foreign exchange losses on the settlement of forward exchange contracts	**(361,891)**	-
Unrealised foreign exchange losses	**(3,938,894)**	(4,594,410)
Financial expense	**(13,530,988)**	(6,833,796)
Realised foreign exchange gains on the settlement of forward exchange contracts	**83,631**	597,026
Other unrealised foreign exchange gains on inter-company loans	**17,436,895**	-
Interest received on loans and other receivables	**2,084,817**	52,561
Interest received bank deposits	**1,154,509**	2,432,404
Financial income	**20,759,852**	3,081,991
	7,228,864	(3,751,805)

7. EARNINGS PER SHARE

	Continuing operations 2009 US$	**Discontinued operations 2009 US$**	**Total 2009 US$**	Continuing operations 2008 US$	Discontinued operations 2008 US$	Total 2008 US$
Numerator						
(Loss) / Profit for the year	**(92,423,981)**	**1,557,974**	**(90,866,007)**	(5,820,436)	(1,388,902)	(7,209,338)
Denominator						
	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS						
As at 1 July	**184,005,523**	**184,005,523**	**184,005,523**	181,448,193	181,448,193	181,448,193
Effect of shares issued during the period	**-**	**-**	**-**	1,813,457	1,813,457	1,813,457
As at 30 June	**184,005,523**	**184,005,523**	**184,005,523**	183,261,650	183,261,650	183,261,650
	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Weighted average number of ordinary shares in issue used in diluted EPS	**184,005,523**	**184,005,523**	**184,005,523**	183,261,650	183,261,650	183,261,650
	US cents	**US cents**	**US cents**	US cents	US cents	US cents
Basic (loss) / profit per share – cents	**(50.23)**	**0.85**	**(49.38)**	(3.17)	(0.76)	(3.93)
Diluted (loss) / profit per share – cents	**(50.23)**	**0.84**	**(49.37)**	(3.17)	(0.76)	(3.93)

The number of potentially dilutive ordinary shares in respect of employee share options, convertible loan note and warrants is 24,452,000. These potentially dilutive ordinary shares may have a dilutive effect on future earnings per share.

8. DISCONTINUED OPERATION

Calibrated Diamonds Investment Holdings (Pty) Limited ("CDIH")
On 22 September 2008, the Group disposed of the entire ordinary share capital of CDIH together with associated assets for a total cash consideration of R47.0 million (US$5.9 million). On initial reclassification of the operation as held for sale in the results for the year ended 30 June 2008, the Group did not recognise any impairment losses. The results of the discontinued operation included in the income statement and the cash flows from discontinued operations included in the statement of cash flows are set out below.

CDIH net assets at:	As at 22 September 2008	30 June 2008
	US$	US$
a) Net assets :		
Property, plant and equipment	14,767	158,160
Trade and other receivables	23,136	1,002,038
Inventories	178,022	2,546,151
Other financial assets	-	339,928
Cash	42,626	86,512
Intangible assets	3,183,780	3,183,780
Net loans from group companies	-	(5,996,775)
Trade and other payables	(154,309)	(81,646)
Net assets disposed	3,288,022	1,238,148

	US$	US$
b) Result of discontinued operation:		
Revenue	975,893	827,039
Cost of sales	(975,893)	(921,406)
Gross loss	-	(94,367)
Expenses other than finance costs	(992,781)	(1,198,532)
Profit on sale of assets	2,530,800	-
Finance income	20,453	12,534
Finance costs	(498)	(108,537)
Tax expense	-	-
Profit / (loss) for the year	1,557,974	(1,388,902)
Attributable to:		
- Equity holders of the parent	1,557,974	(1,388,902)
- Minority interest	-	-
	1,557,974	(1,388,902)
Basic profit / (loss) per share (US cents)	0.85	(0.76)
Dilutive profit / (loss) per share (US cents)	0.84	(0.76)

c) Post-tax profit on disposal of discontinued operation	**As at 22 September 2008 US$**
Consideration received on disposal	1,478,726
Less: transaction costs	(563,590)
Less: Net assets disposed	(3,288,022)
Less: Foreign currency translation recycled on disposal	1,671,162
Pre-tax profit on disposal of discontinued operation	(701,724)
Deferred taxation recycled	709,717
Post-tax profit on disposal of discontinued operation	7,993

d) The cash flow statement includes the following amounts relating to discontinued operations:	As at 22 September 2008	30 June 2008
	US$	US$
Operating activities	(416,845)	(5,045,233)
Investing activities	1,087	12,534
Financing activities	2,545,486	4,638,212
Net cash from /(used in) discontinued operations	2,129,728	(394,487)

9. POST BALANCE SHEET EVENT

Extension of US$20 million Convertible Bond

On 18 September 2009, the Group, announced that the maturity date of the US$20 million convertible bond that was issued to Al Rajhi Holdings W.L.L. ("Al Rajhi") on 18 September 2006 ("the 2006 Convertible") had been extended until 18 March 2011 on the amended terms highlighted below ("the 2009 Convertible").

Amended terms of the extension are as follows:

For the period from 19 September 2009 to 18 December 2009 only, a coupon of 9.5% per annum (payable in cash, calculated to the earlier of 18 December 2009, conversion by Al Rajhi or repayment by Petra) will be applied on the US$20 million principal bond amount.

During the period from 19 September 2009 to 18 December 2009 the US$20 million principal may be converted, at Al Rajhi's election, into Petra shares at a strike price of 85 pence per share.

If Petra does not repay the US$20 million principal by 18 December 2009 and Al Rajhi does not convert at the 85 pence per share as noted above, then the US$20 million convertible bond will be automatically extended and the terms from 19 December 2009 will be:

- the 2009 Convertible will be extended for an additional 15 month period, from 18 December 2009 until 18 March 2011 (therefore the total extension will be 18 months). During this 15 month period the Convertible will carry no coupon;

- the strike price from 18 December 2009 will be 65 pence per share; and

- Petra will grant to Al Rajhi warrants over six million shares, exercisable at 65 pence per share and exercisable until 18 March 2011 ("the 2009 Warrants"). If Petra repays the US$20 million principal after 18 December 2009 but before March 2011, or if Al Rajhi converts the 2009 Convertible into Petra shares, the 2009 Warrants will remain in place until 18 March 2011.

10. ANNUAL REPORT AND ACCOUNTS

The Annual Report and Accounts for the year ended 30 June 2008, which includes an unqualified Audit Report, are available from the Company's headquarters at Elizabeth House, 9 Castle Street, St. Helier, Jersey JE4 2QP. Copies of the audited Report and Accounts for the year ended 30 June 2009 will be posted to shareholders during October 2009.