24 September 2012 **LSE: PDL**

Petra Diamonds Limited
("Petra" or "the Company" or "the Group")

Preliminary Results Announcement for the Year ended 30 June 2012 (unaudited)

Petra Diamonds Limited announces its preliminary results (unaudited) for the year ended 30 June 2012 ("the Year" or "FY 2012").

Financial Highlights

- Revenue[1] up 44% to US$316.9 million (FY 2011: US$220.6 million)
- Profit from mining activity[1&2] up 35% to US$103.3 million (FY 2011: US$76.4 million)
- Operating cashflow up 57% to US$79.9 million (FY 2011: US$50.9 million)
- Adjusted EBITDA[3] up 35% to US$90.3 million (FY 2011: US$67.1 million)
- Adjusted EPS[6]: 7.82 cents per share profit (FY 2011: 8.41 cents per share profit)
- Basic EPS: 0.48 cents per share loss (FY 2011: 12.83 cents per share profit)
- Loss after tax: US$2.1 million (FY 2011: US$59.2 million profit), affected by unrealised foreign exchange losses of US$38.6 million and non-recurring transaction costs of US$3.1 million
- Cash at bank[8] (30 June 2012): US$47.3 million (FY 2011: US$324.9 million)
- Bank debt: US$65.4 million (FY 2011: US$69.6 million); available but undrawn bank facilities (30 June 2012): US$66.3 million (FY 2011: US$19.9 million)
- Diamond inventory (30 June 2012): US$24.5 million (FY 2011: US$13.3 million)

Operations Highlights

- Production up 98% to 2,208,862 carats (FY 2011: 1,117,795)
- Capex of US$138.8 million (FY 2011: US$110.9 million) (including interest capitalised), within the Company's expectations and in accordance with the roll-out of the Group's expansion programmes
- Large Diameter Drilling on kimberlite KX36 in Botswana completed; treatment and analysis underway

Corporate Highlights

- Completion of the acquisition of world-class Finsch mine for R1.425 billion (ca. US$192 million) on 14 September 2011
- Step-up from AIM to the Main Market of the London Stock Exchange in December 2011 and subsequent inclusion in the FTSE 250 Index in March 2012
- Appointment of Dr Patrick Bartlett and Mr Gordon Hamilton as independent Non-Executive Directors and, post Year end, appointment of Mr Tony Lowrie as Senior Independent Non-Executive Director
- Additional debt facilities totalling ca. US$46.5 million put in place, comprising ZAR200 million (ca. US$24.5 million) from RMB and, post Year end, US$25 million from IFC;

additional working capital facilities of ZAR100 million (ca. USS12.2 million) put in place through RMB
- Commencement, post Year end, of a public disposal process to sell the Fissure Mines which are no longer core to Petra's portfolio

Outlook

- Expansion plans on target to increase production to 5 Mcts by FY 2019; Group production expected to increase ca. 30% to ca. 2.85 Mcts in FY 2013, further to a full year's contribution from Finsch and Williamson, plus increased output at Kimberley Underground
- The review of the Group's debt requirements is progressing well and the syndicate banks have given their provisional commitments (subject to completion of due diligence and legal documentation) to the debt requirements and structure requested by Petra, which will see the Group fully funded through to the conclusion of its expansion programmes; it is expected that the process, including full form signed documentation, will complete in Q2 FY 2013
- Whilst the rough diamond market remains under pressure as the current economic uncertainty continues, Petra believes the medium to long-term outlook remains positive due to the strong supply/demand fundamentals

Johan Dippenaar, CEO, said,

"2012 has seen Petra further consolidate its position as London's largest listed diamond mining group. The successful acquisition and integration of Finsch, the step up from AIM to the Main Market of the London Stock Exchange, and the delivery on production targets all demonstrate Petra's progression to the next stage of its development.

"Though the rough diamond market continues to experience volatility, Petra has been encouraged by its trading results in these difficult markets. In view of the declining medium and long term supply of rough diamonds, combined with the advancement of our development programmes to increase production to 5 million carats in FY 2019, Petra is poised to continue its rapid development as a market leading diamond mining company."

SUMMARY OF RESULTS (unaudited)	**12 months to 30 June 12 (US$ million)**	**12 months to 30 June 11 (US$ million)**
Revenue[1]	**316.9**	**220.6**
Mining and processing costs	(222.6)	(146.9)
Other direct income	9.0	2.7
Profit from mining activity[1&2]	**103.3**	**76.4**
Exploration expense	(3.0)	(1.3)
Corporate overhead	(10.0)	(8.0)
Adjusted EBITDA[3]	**90.3**	**67.1**
Transaction costs	(3.1)	-
Net impairment charges and reversals	-	6.5
Depreciation	(41.0)	(22.4)
Share based payment expense	(1.0)	(1.9)
Net unrealised foreign exchange (loss) / gain[4]	(38.6)	18.6
Net finance income / (expense)[5]	1.8	(3.5)
Tax expense	(10.5)	(5.2)
Net (loss) / profit after tax – Group	**(2.1)**	**59.2**

Adjusted basic earnings per share attributable to the equity holders of the Company – US$ cents[6]	**7.82**	**8.41**
Adjusted diluted earnings per share attributable to the equity holders of the Company – US$ cents[6]	7.61	8.09
Basic (loss) / earnings per share attributable to the equity holders of the Company – US$ cents[7]	**(0.48)**	**12.83**
Diluted (loss) / earnings per share attributable to the equity holders of the Company – US$ cents[7]	(0.48)	12.35
Cash at bank[8]	**47.3**	**324.9**

Notes:

1. Revenue and profit from mining activity only includes Finsch from 14 September 2011, when the acquisition closed.
2. Stated before corporate overheads, exploration expenditure, net impairment charges and reversals, depreciation, share based expense, net finance income / (expense), unrealised foreign exchange gains and losses and non-recurring transaction costs (admission to Main Market US$2.7 million and the Finsch acquisition US$0.4 million).
3. EBITDA disclosures are "adjusted EBITDA", being stated before net impairment charges and reversals, share based expense, unrealised foreign exchange gains and losses and non-recurring transaction costs.
4. Net unrealised foreign exchange losses are explained in the Financial Review section of this report.
5. Net finance income of US$1.8 million (30 June 2011: US$3.5 million expense) is comprised of the income and expenses as disclosed in note 8, excluding unrealised foreign exchange movements.
6. Stated after non-controlling interests (representing the Group's BEE partners' interests) of US$0.3 million profit (30 June 2011: US$6.0 million profit), and before unrealised foreign exchange movements and non-recurring transaction costs (admission to Main Market and Finsch acquisition). Refer to note 15.
7. Stated after non-controlling interests (representing the Group's Black Economic Empowerment ("BEE") partners' interests) of US$0.3 million profit (30 June 2011: US$6.0 million profit). Refer to note 14.
8. Cash at bank comprises unrestricted cash and restricted cash balances of US$31.3 million and US$16.0 million (rehabilitation deposits) respectively (30 June 2011: US$96.9 million and US$228.0 million (rehabilitation deposits and escrowed Finsch purchase consideration)).

Results presentation

A presentation for analysts will be held at 9:30am BST on 24 September 2012 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN.

Participants may join the live conference call and webcast of the results presentation by dialling one of the following numbers, approximately 10 minutes before the start of the call:

From UK (toll free): 0800 368 1895
From South Africa (toll free): 0800 983 097
From rest of the world: +44 20 3140 0693
Participant passcode: 628917#

A live webcast of the results presentation will be available on Petra's website at www.petradiamonds.com and on the link below:

http://mediaserve.buchanan.uk.com/2012/petra240912/registration.asp

A recording will be available from 11:30am BST on 24 September 2012 on the Petra website and on the same link.

For further information, please contact:

Petra Diamonds, London	Telephone: +44 20 7318 0452
Cathy Malins	cathym@petradiamonds.com
Buchanan	Telephone: +44 20 7466 5000
(PR Adviser)	
Bobby Morse	bobbym@buchanan.uk.com
Louise Mason	louisem@buchanan.uk.com
Cornelia Browne	corneliab@buchanan.uk.com
RBC Capital Markets	Telephone: +44 20 7653 4000
(Joint Broker)	
Martin Eales	martin.eales@rbccm.com
Pierre Schreuder	pierre.schreuder@rbccm.com
Canaccord Genuity Limited	Telephone: +44 20 7523 8000
(Joint Broker)	
Rob Collins	rcollins@canaccordgenuity.com
Andrew Chubb	achubb@canaccordgenuity.com

About Petra Diamonds Limited

Petra Diamonds is a leading independent diamond mining group and an increasingly important supplier of rough diamonds to the international market. The Company has interests in eight producing mines: seven in South Africa (Finsch, Cullinan, Koffiefontein, Kimberley Underground, Helam, Sedibeng and Star) and one in Tanzania (Williamson). It also maintains an exploration programme in Botswana.

The Company has recently commenced a disposal process in respect of the Helam, Sedibeng and Star mines (the Fissure Mines), which are no longer core to the Group's portfolio.

Petra offers an exceptional growth profile, with a core objective to steadily increase annual production to 5 million carats by FY 2019. The Group has a major resource base in excess of 300 million carats.

Petra conducts all operations according to the highest ethical standards and will only operate in countries which are members of the Kimberley Process. Petra is quoted with a premium listing on the Main Market of the London Stock Exchange under the ticker 'PDL' and is a member of the FTSE 250.

For more information, visit the Company's website at www.petradiamonds.com

CEO'S REVIEW

FY 2012 was a further year of significant progress for Petra, with the Company delivering strong revenue growth and doubling production to 2.2 million carats ("Mcts"). The year also marked two very important milestones in Petra's development, namely the completion of the acquisition of the Finsch mine in South Africa and the Company's step-up from AIM to the Main Market of the London Stock Exchange and subsequent inclusion in the FTSE 250 index.

Finsch is one of the world's important diamond mines and has brought a further major reserves and resources base to the Group. The integration of the mine into the Petra Group ran smoothly; it is already a major contributor to Petra's total annual production, and will contribute significantly to the Company's longer term target to increase annual production to 5 Mcts by FY 2019.

Accessing deeper, undiluted ore blocks at Finsch, Cullinan and Koffiefontein, from which we expect to deliver substantial increases in production grade, is central to the Group's expansion plans. Mining is a long-term business and our development programmes run over the course of several years. From FYs 2016 and 2017, we expect to start to see the positive effects of the access to undiluted, higher grade ore.

Our balanced and diverse portfolio of mining operations provides important flexibility in terms of how the Group achieves its targets. As with all portfolios, it is important to regularly assess the right mix and balance and as management has increasingly focused time and resources on its flagship operations, the Fissure Mines have become non-core contributors to the Group and we have therefore, since the Year-end, commenced a sales process.

As previously reported, the Company has been working on restructuring the Group's debt requirements. Most of the Group's current debt facilities were put in place before Finsch was acquired and the cashflows from this mine are highly relevant with regards to debt planning and servicing. At the same time, the volatility in rough diamond prices during FY 2012 and the outlook for the next year or so, when prices are expected to remain flat or show a small increase, means that the Group has reviewed its financing requirements to ensure that it is fully funded to deliver on the capital expansion programmes. The process with the syndicate banks is progressing well and they have given their provisional commitment (subject to completion of due diligence and legal documentation) to the debt requirements and structure requested by Petra, which will see the Group fully funded through to the conclusion of its expansion programmes. The Company will update shareholders once the formal process, including full form signed documentation, has been completed (expected to be in Q2 FY 2013).

In line with our increased stature as a FTSE 250 company and London's largest listed diamond mining group, Petra continues to evolve corporately. We were delighted to welcome Dr Patrick Bartlett and Mr Gordon Hamilton to the Board during the Year as independent Non-Executive Directors, and Mr Tony Lowrie to the Board as Senior Independent Non-Executive Director following the Year end. Petra is grateful for the contribution of its independent Non-Executive Directors and we now benefit from a Board with a broad range of expertise across a range of complementary and highly relevant disciplines.

THE DIAMOND MARKET

The diamond market's performance in FY 2012 was characterised by volatility, in line with uncertain global economic conditions. After reaching new highs in June 2011, prices declined from July to December 2011; a temporary recovery was seen in Q3 FY 2012 to 31 March, before prices weakened again towards the Year end. Whilst in the short-term, the market is expected to remain under pressure, due to the prevailing climate of economic uncertainty, the medium to long-term outlook for the supply/demand balance in the rough diamond industry is considered to be robust, with demand generally forecasted by all commentators to exceed supply.

On the supply side, there are fewer than 30 diamond mines of significance in the world today and there have been no notable exploration successes since the finds in Canada in the 1990's. The majority of the major diamond producers have now been in operation for decades and cannot maintain previous high levels of output. In certain cases, open pit operations are having to move underground, which naturally limits the volumes that can be extracted from the orebody. In order to extend the lives of these assets, major capital expenditure and development programmes are required.

Whilst certain new mines are coming on stream in the next few years, there is nothing of significant size to make up for this downward trend in production, leading some to believe that it will not be possible to again reach the peak production levels of ca. 176 million carats achieved in 2005/2006. In 2011, some 124 million carats of rough diamonds were produced globally, a decrease in volume of ~3% from 2010's total of 128 million carats (source: Kimberley Process Certification Scheme). This is considerably lower than market participants were expecting, suggesting that previous forecasts on future production levels could be optimistic.

Whilst demand growth may have slowed for now, demand for diamonds continues to rise in both established markets, such as the US and Japan, and new markets, such as China, as global wealth and consumer spending increase. An additional small but growing segment of demand is driven by interest in diamonds as a hard asset investment class, and a number of new investment products have been launched to provide exposure to diamonds.

The table below sets out the per carat price assumptions that management is using as an annual average for FY 2013 business plans (as set out in the FY 2013 Market Guidance announcement dated 15 August 2012). Following the recent announcement of the sale process, the Fissure Mines have not been included in the table below.

Mine	**Guidance Average US$/ct FY 2013**	**Actual Average US$/ct FY 2012**	**Actual Average US$/ct FY 2011**
Finsch	129	138	n/a
Cullinan	129	128	148
Koffiefontein	475	487	564
Kimberley Underground	300	320	333
Williamson	220	236	302[2]

Note 1: the actual FY 2012 and FY 2011 prices above are the average of the mix of ROM and tailings production, as Petra tenders production from each mine on a mixed ROM/tailings parcel basis.

Note 2: due to the break in ROM production at Williamson during FY 2011, FY 2011 values are not directly comparable to FY 2012 values as the FY 2011 values reflect results related to the sale of alluvial stones only.

The Company's first tender of FY 2013 was concluded in early September and revenues of US$50.9 million were achieved on the sale of 318,687 carats; a summary of the results achieved by mine is set out below. The Company's FY 2013 guidance for per carat price assumptions (as published on 15 August 2012) remains in place without revision.

Mine	Weighted Average Achieved US$/ct	Comment
Finsch	133	In line with FY 2013 guidance.
Cullinan	149	In line with FY 2013 guidance of US$129/carat; tender included a 68 carat stone which sold for US$3 million.
Koffiefontein	566	Above guidance, due to higher ROM to tailings mix; FY 2013 guidance of US$475/carat remains in place.
Kimberley Underground	236	Lower than guidance due to plant commissioning (surface tonnes treated) and start-up of Joint Shaft scrubber. FY 2013 guidance of US$300/carat remains in place.
Williamson (excl. alluvials)	243	Above guidance; FY 2013 guidance of US$220/carat (excluding alluvials) remains in place.

RESULTS & FINANCIAL REVIEW

Further to Petra's guidance announcement of 15 August 2012, included in this announcement is additional FY 2013 guidance on certain areas of the Group. For clarity, the Company has also added a further sheet ("Additional Guidance 24 September 2012") to its detailed guidance documents, which can be downloaded from Petra's website at: http://www.petradiamonds.com/investors/financial-reports-and-results/analyst-guidance-15-aug-12.aspx.

Revenue
Revenue of US$316.9 million was recorded for the Year, an increase of 44% on the US$220.6 million revenue recorded for FY 2011. The increase in revenue was primarily due to the contribution from Finsch, which added an additional US$136.9 million to revenue for the Year, even though the Finsch acquisition only completed part way through the Year on 14 September 2011. The contribution from Finsch was offset by weaker diamond prices experienced during the Year, as covered in The Diamond Market review above.

Mining and processing costs
Gross mining and processing cash costs for the South African operations (before diamond royalties and diamond inventory movements), annualised for the inclusion of Finsch from 14 September 2012, increased by 16% on a ZAR basis, due to;

- upwards pressure on electricity and labour costs (9% of the increase); and
- treatment of higher tonnages across the operations versus FY 2011 (7% of the increase).

Certain cost categories in South Africa have increased in excess of South African inflation (South African CPI stood at 5.5% at 30 June 2012). Petra's cost focus, coupled with higher tonnage throughput, enabled the Group to partially mitigate the direct effect of inflationary pressures. Two key areas where costs escalated at a higher level than South African CPI are electricity and labour.

Electricity prices rose by 22% during the Year and a further increase of ca. 16% has been approved by the South African National Energy Regulator for FY 2013. Petra's electricity usage accounted for approximately 16% of cash on-mine costs. Petra endeavours to manage its electricity consumption as the Group's production profile increases and the Company has achieved good success in this area.

Labour currently accounts for approximately 40% of on-mine cash costs at the South African pipe mines and 59% of on-mine cash costs at the Fissure Mines. Going into FY 2013, the Company anticipates that labour cost increases will continue to be slightly above inflation.

As the bulk of Petra's operating costs are incurred in ZAR, the 11% weakening of the average ZAR exchange rate against the US Dollar (FY 2012 R7.7685/US$1 vs FY 2011 R7.0076/US$1) negated some of the increased costs in Rand terms as mentioned above.

Unit costs on a mine by mine basis are covered in the operational review below.

The mining and processing costs for the Year are, as in past periods, comprised of on-mine cash costs as well as other operational expenses. A breakdown of the total mining and processing costs for the Year is set out below.

On-mine cash cost US$m	Diamond royalties US$m	Inventory movement US$m	Centralised operating cost US$m	Other US$m	Mining and processing cost US$m	Depreciation US$m	Share based expense US$m	Total Mining and Processing Costs US$m
234.3	1.4	(19.4)	11.6	(5.3)	222.6	40.6	0.7	263.9

With regards to FY 2013, the Company provided guidance for both tonnages/on-mine cash costs per tonne and depreciation on 15 August 2012, and that guidance can be accessed on the Company's website.

As noted below under 'Cash and Diamond Inventory', management expects diamond inventories as at end June 2013 to be circa 20% higher in US Dollar terms at the end of FY 2013 versus FY 2012.

For FY 2013, the Company expects the cost of the Group central technical and support services to be ca. R120 million, an increase on FY 2012 (R98.7 million) in line with the increased size of the Group after the acquisition of Finsch and other Group support structures.

Mining profit
The Company's profit from mining activity increased 35% to US$103.3 million (FY 2011: US$76.4 million), reflecting the introduction of Finsch into the Group from 14 September 2011, but mitigated by the weaker diamond prices as noted above. Even though the Group is in expansion and development at some of its operations, profit from mining activity for the Group reflected an overall margin of ca. 33% for the Year (FY 2011: ca. 35%). The margin for FY 2012 was achieved against a background of volatile diamond prices.

Operating cashflow
Petra's management is focused on cashflow generation from its operations. Operating cashflows of US$79.9 million were generated for the Year (FY 2011: US$50.9 million).

Exploration
Petra maintained its focused exploration programme in Botswana. Exploration expenditure (before depreciation) for the Year of US$3.0 million (FY 2011: US$1.3 million) increased due to Petra's work programme at the KX36 kimberlite and the surrounding area. Refer to the Botswana operations section in this report for comment on exploration activities.

Further to the guidance published on 15 August 2012, which didn't include exploration spend, the Company currently expects exploration spend in Botswana to be ca. US$5 million in FY 2013.

Corporate overhead – General and Administration
Corporate overhead increased to US$10.0 million for the Year (FY 2011: US$8.0 million). The increase over the prior year is due to staff costs, general corporate costs and professional fees commensurate with the Group's enlarged size.

For FY 2013, the corporate G&A overhead is expected to remain at ca. US$10 million and management will continue to keep these central costs well controlled and managed.

Transaction Costs
Transaction costs, which were of a non-recurring nature, incorporate the professional fees and expenses associated with the Main Market step-up (US$2.7 million) and the Finsch acquisition (US$0.4 million).

Depreciation
Depreciation for the Year was US$41.0 million (FY 2011: US$22.4 million). The increase was mainly attributable to nine months of depreciation on the Finsch assets (US$14.2 million), Kimberley's increased production (US$2.0 million) and commissioning of the rebuilt plant at Williamson (US$1.5 million).

Net unrealised foreign exchange loss
Net unrealised foreign exchange losses of US$38.6 million (FY 2011: US$18.6 million gain) are mainly due to unrealised foreign exchange movements on the retranslation of foreign subsidiary intercompany loans as a result of the significant movement in R/US$ rate from R6.84 at the start of the Year to close at R8.16 at the end of the Year.

The Group's foreign subsidiary intercompany loan balances are substantial due to the funding provided by the holding company to its subsidiaries, mainly with regards to the acquisition consideration of the Cullinan and Finsch mines. Under IFRS, foreign exchange movements on loans that management do not consider will be repaid in the medium term are recorded to equity within the Foreign Currency Translation Reserve, whilst other foreign exchange movements are taken to the Income Statement.

Net finance income
Net finance income of US$1.8 million (FY 2011: US$3.5 million expense) is comprised of interest received on the Group's cash balances, net of interest receivable from BEE partners' loans of US$3.0 million and net realised foreign exchange gains of US$7.4 million, offset by various finance expenses, being:

- a charge for the unwinding of the present value adjustment for Group rehabilitation costs of US$5.9 million;
- interest on i) the Group's working capital facility of US$1.9 million, ii) the Group's IFC/RMB debt facility of US$1.4 million (stated after the capitalisation of interest of US$6.3 million associated with the funding of assets under development) and iii) the Al Rajhi/Cullinan deferred cash consideration (amount outstanding fully settled in March 2012) of US$0.1 million; and
- interest accretion on the Al Rajhi/Cullinan deferred cash consideration of US$1.1 million.

Tax charge
The tax charge of US$10.5 million (FY 2011: charge of US$5.2 million) arises due to deferred tax (net of charges and credits), reflecting the utilisation of certain capital allowances during the Year.

Adjusted Group profit
An adjusted net profit after tax of US$39.2 million (refer note 15) was recorded for the Year (FY 2011: US$34.9 million), adjusted for unrealised foreign exchange movements and transaction costs. The Company recorded an adjusted profit of 7.82 cents per share (FY 2011: 8.41 cents per share profit). The adjusted results before the non-cash unrealised foreign exchange movements and non-recurring transaction costs is considered to be more appropriate in comparing results year on year.

Group loss
A net loss after tax of US$2.1 million was recorded for the year (FY 2011: US$59.2 million profit). These results were substantially impacted by the non-cash, unrealised loss on foreign exchange noted above (US$38.6 million), which is why the Company considers that the adjusted Group profit, of US$39.2 million (FY 2011: US$34.9 million) (refer note 15), provides for greater comparability year on year of underlying performance.

Cash and Diamond Inventory
As at 30 June 2012, Petra had cash in hand of US$47.3 million (30 June 2011: US$324.9 million). The movement in cash balances over the Year is primarily attributable to:

(i) settlement of the Finsch acquisition purchase price of US$192 million;
(ii) cash Capex spend of US$134.6 million; and
(iii) settlement of the Al Rajhi deferred consideration of US$20 million

offset by the positive net cash generated from operations of US$79.9 million.

US$31.3 million is held as unrestricted cash, US$10 million is held by Petra's reinsurers as security deposits on the Group's cell captive insurance structure (with regards to the Group's environmental guarantees) and US$6.0 million is held by Petra's bankers as security for other environmental rehabilitation bonds which are lodged with the Department of Mineral Resources in South Africa.

The Company had diamond inventories of ca. US$24.5 million (2011: US$13.3 million). The production cut-off for the last tender of the Year was end May 2012 and it will be a similar date going forward. However, due to the expected increase in production for FY 2013, some of which will be back ended to the second half of the year, diamond inventories are expected to be circa 20% higher in US Dollar terms at the end of FY 2013 versus FY 2012.

BEE Loans receivable
The BEE loans of US$89.4 million (FY 2011: US$50.9 million) due to Petra arise from:

- Petra having financed the BEE partners' share of the purchase considerations of the Finsch, Cullinan, Koffiefontein and Kimberley Underground acquisitions; and
- Petra having financed the BEE partners' share of the working and development capital that has been required for certain of the mines.

The increase in the BEE loans over FY 2012 is mainly due to Petra having financed the BEE partners' share of the purchase consideration of the Finsch mine during the Year.

All BEE loans are repayable out of free cashflow from the operations, with Petra having the first call on such cash until the BEE loans are repaid. The BEE loans are included in 'Loans and other receivables' under 'Non-current assets' on the face of the Balance Sheet.

Loans and Borrowings
Loans and borrowings at 30 June 2012 (current and non-current) were US$69.0 million (FY 2011: US$90.1 million), comprising drawn-down IFC/RMB facilities of US$65.4 million (IFRS 2 adjusted for facility and warrant costs) (US$69.2 million gross before IFRS 2 adjustment) and loans due to associates of US$3.6 million (2011: US$1.8 million).

During the Year, the Company settled the Al Rajhi deferred consideration liability of US$20.1 million (US$20 million capital and US$0.1 million interest)

At the end of November 2011, Petra put in place further debt facilities of ca. US$37 million with RMB. The facilities comprise a revolving credit facility of R200 million (US$24.5 million) and a working capital facility of R100 million (ca. US$12.2 million). Post Year end, an additional US$25 million revolving credit facility was put in place with IFC, also secured on Finsch, so that the lenders together provided ca. US$50 million in revolving credit facilities to Petra (refer notes 10 and 16 for details).

Other than the revolving credit and working capital facilities above, Petra also has working capital (overdraft) facilities with RMB/FirstRand Bank Limited of approximately US$9.8 million (R80 million).

As at 30 June 2012, undrawn bank facilities of US$66.3 million (FY 2011: US$19.9 million) were available to the Group.

An update with regards to the review of Petra's longer-term debt requirements is covered in the CEO's Review above.

Other Liabilities

Other than trade and other payables of US$49 million (comprising US$17.2 million trade creditors, US$18.8 million employee related accruals and US$13.0 million other payables) (these balances all increased substantially due to the acquisition of Finsch), the remaining liabilities on the balance sheet mainly comprise provisions for rehabilitation liabilities, amounts owing due to the financing of the minorities, post retirement employee related provisions and deferred tax.

Capital Expenditure ("Capex")

Capex for the Year was US$138.8 million (FY 2011: US$110.9 million), being cash Capex of US$135.5 million (refer to the Production section below for Capex spend by operation) and non-cash items mainly in respect of the capitalisation of Capex-related borrowing costs of US$3.3 million. This increased cash Capex spend reflects the progression of the Company's development programmes, most notably at Cullinan, Finsch, Kimberley Underground and the commissioning of the Williamson plant.

Petra's guidance for the Year (issued September 2011) was total Capex of US$188.9 million, split as to expansion/projects Capex of US$166.6 million and sustaining Capex of US$22.3 million. The underlying cash spend is mainly Rand-based at the Group's South African projects; guidance was calculated at R6.75/US$ but the actual average rate for the Year of R7.77/US$ led to an exchange rate saving on guidance of US$18.2 million.

The exchange rate adjusted under-spend of ca. US$35 million was mainly due to the deferment of the phase 2 expansion programme at Williamson and US$14 million due to the mining scope changes at Finsch.

PRODUCTION

Combined operations:

	Unit	Year ended 30 June 2012	Year ended 30 June 2011	Variance
Sales				
Revenue	**US$M**	**316.9**	**220.6**	**+44%**
Diamonds sold	Carats	2,084,429	1,174,825	+77%
Production				
ROM[1] diamonds	Carats	1,872,120	1,027,609	+82%
Tailings & alluvial diamonds	Carats	336,742	90,186	+273%
Total diamonds	**Carats**	**2,208,862**	**1,117,795**	**+98%**
Capex[2]				
Expansion	US$m	108.8	59.1	+84%
Sustaining[3]	US$m	29.2	51.6	-43%
Total	**US$m**	**138.0**	**110.7**	**+25%**

Note:
1. "ROM" = run-of-mine
2. Group Capex includes US$11.1 million for the Year (FY 2011: US$11.0 million), which was incurred by the Group's internal projects facility in terms of projects/equipment under construction and which will reflect as "on-mine" Capex once these projects are finalised and invoiced to the respective operation. Therefore the Capex figures stated in the mine by mine tables below, plus the US$11.1 million internal projects Capex and Fissure Mines Capex, add together to provide the Capex total in the table above.
3. Excludes US$0.8 million of Capex for Group/corporate/exploration that is not in the mine by mine tables below.

Production effectively doubled for the Year further to the acquisition of Finsch, which contributed 1.1 Mcts in FY 2012, although revenue growth was affected by the volatility of the diamond market and overall weaker prices.

Carats sold were up 77% to 2,084,429 (FY 2011: 1,174,825). Carat sales were lower than carats produced due to the inclusion of Finsch into closing inventory for the first time; going forward the effects of Finsch should level out.

Petra sold eight stones exceeding US$1 million each during the Year, for total revenue of US$14.4 million.

SOUTH AFRICA

Finsch

FY 2012 - gross numbers

	Unit	FY 2012 Actual	FY 2011[2] Actual
Sales			
Revenue	US$M	136.9	n/a
Diamonds sold	Carats	989,101	n/a
Average price per carat	US$	138	n/a
ROM Production			
Tonnes treated	Tonnes	2,260,842	n/a
Grade	Cpht[3]	36.8	n/a
Diamonds produced	Carats	832,396	n/a
Tailings Production			
Tonnes treated	Tonnes	1,600,170	n/a
Grade	Cpht	17.0	n/a
Diamonds produced	Carats	272,222	n/a
Total Production			
Tonnes treated	Tonnes	3,861,012	n/a
Diamonds produced	Carats	1,104,618	n/a
Costs			
On-mine cash cost per total tonne treated	ZAR	134	n/a
Capex			
Expansion Capex	US$M	8.7	n/a
Sustaining Capex	US$M	3.3	n/a
Total Capex	US$M	12.0	n/a

Note:
1. Petra has a 74% interest in Finsch; BEE partners 26%
2. The acquisition of the Finsch mine completed on 14 September 2011; therefore there are no results for FY 2011
3. ‘Cpht’: carats per hundred tonnes

Finsch performed well during the Year, contributing to half of Petra's production by volume and 43% by value, a solid result given management of the mine was only assumed during September 2011. The mine produces a regular proportion of high quality gem diamonds, including fancy colours. During the Year, two stones were sold in excess of US$1 million each, being a 32.0 carat diamond which sold for US$1.56 million and a 57.3 carat diamond which sold for US$1.49 million.

Production during the Year focused on mining ore from the existing Block 4 horizon. With Petra's experience and focus on diamond recoveries, a ROM grade of 36.8 cpht was achieved for the Period. Similarly, the Company was encouraged that the mine recorded the highest frequency of +50 carat stones per million ROM carats recovered since 2003; this is an important reflection of Petra's focus on recoveries and 'value production'.

For FY 2013 and FY 2014, the block depletion model indicates that the Block 4 ROM grades are expected to vary due to the increased dilution of this mature mining area. Petra will manage the expected reduction in grade during this period by supplementing Block 4 tonnages with higher grade material from the Block 4 Pillars and the early sub level cave ("SLC") development tonnes, with an overall expected ROM grade at Finsch for these years of ca. 30 cpht.

The treatment of the Pre-79 tailings dumps yielded a grade of 17.0 cpht, in line with expectations. Petra is currently ramping up the tailings programme from 2.8 Mt in FY 2013 to 3.5 Mtpa by FY 2014. Treatment of the Pre-79 dumps is planned to continue until FY 2015/FY 2016, followed by treatment of the Post-79 dumps until FY 2020, which would be at a lower estimated grade of approximately 10 cpht.

Costs:
The weighted average unit operating costs of R134 per tonne ("/t") at Finsch are in line with management's expectations.

Development plan:
Petra is implementing an expansion plan at Finsch to take production from ca. 1.4 million carats per annum ("Mctpa") to nearly 2 Mctpa by FY 2017. This will be achieved by accessing the undiluted orebody below the current Block 4, as well as the ramp-up of the tailings treatment programme.

Whilst the key objective of this expansion plan has not changed, in August 2012 Petra announced a revision of the short-term mining approach at Finsch (covering years FY 2013 to FY 2016), as management had used on-the-ground experience gained from operating the mine since the time of the takeover to reconsider the provisional plans arrived at during the due diligence period.

The Company's geotechnical studies have concluded that instead of mining the South West Precursor (which would have increased geotechnical risks to the current Block 4 cave), the footprint of the SLCs should be enlarged, thereby increasing tonnes to be mined from the SLCs from ca. 4 Mt to 10 Mt. Petra will gain access to development tonnes from the SLCs in FY 2014, with first production from FY 2015, ramping up to full production by FY 2017. This change of scope will result in earlier access to undiluted ore, improving the mine's long term economics and optimising the production plan from a geotechnical and mining perspective. It has the additional benefit of reducing expansion Capex at Finsch by ca. R570 million (ca. US$71 million) (in comparable FY 2013 money terms) for the period to FY 2016.

As the main Block 4 production area depletes it will gradually be replaced by the SLCs with grades expected to gradually increase to ca. 33 cpht (FY 2015), 40 cpht (FY 2016), and then increasing further to ca. 47 cpht when ROM ore is primarily drawn from the undiluted Block 5 SLCs.

This change of scope has enabled the deferral of the development of the Block 5 cave, which will now be established at ca. 900 mL (rather than at 880 mL as previously planned) and will be operating at full capacity from FY 2020 (rather than FY 2017). The deferral of the Block 5 cave is more than compensated by accessing Block 5 SLC tonnages, which will provide earlier access to undiluted ore and which are therefore expected to operate at a similar grade to the Block 5 cave.

Petra has mobilised contractors to commence with development of the declines. The shaft deepening tender process has progressed and this contract will be awarded shortly.

With gross resources of 42.3 million carats, Petra's initial mine plan has a life of 18 years, but resources in residual Block 6 and the Precursor kimberlite are expected to prolong the actual life of mine ("LOM") for considerably longer.

Capex:
Capex of US$12.0 million for the Year mainly entailed investment in mining and development equipment and was an exchange rate adjusted under-spend of ca. US$14 million due to the mining scope changes.

The capital spend will increase with the progression of the expansion project and associated underground development in FY 2013. Detailed guidance with regards to future Capex at Finsch as well as Petra's operations was provided at the time of the Company's Market Guidance announcement of 15 August 2012 and is available on the Company's website at: http://www.petradiamonds.com/investors/financial-reports-and-results/analyst-guidance-15-aug-12.aspx

Cullinan

FY 2012 - gross numbers

	Unit	**FY 2012 Actual**	**FY 2011 Actual**	**Variance**
Sales				
Revenue	US$M	112.0	140.2	-20%
Diamonds sold	Carats	876,384	944,405	-7%
Average price per carat	US$	128	148	-14%
ROM Production				
Tonnes treated	Tonnes	2,504,137	2,323,403	+8%
Grade	Cpht	33.3	36.6	-9%
Diamonds produced	Carats	833,285	851,193	-2%
Tailings Production				
Tonnes treated	Tonnes	668,534	575,605	+16%
Grade	Cpht	5.2	7.7	-32%
Diamonds produced	Carats	34,495	44,246	-22%
Total Production				
Tonnes treated	Tonnes	3,172,671	2,899,008	+9%
Diamonds produced	Carats	867,780	895,439	-3%
Costs				
On-mine cash cost per total tonne treated	ZAR	177	164	+8%
Capex				
Expansion Capex	US$M	46.9	11.5	+308%
Sustaining Capex	US$M	7.5	22.4	-67%
Total Capex	US$M	54.4	33.9	+60%

Note:
1. Petra has a 74% interest in Cullinan; BEE partners 26%

Cullinan's revenue decreased to US$112.0 million (FY 2011: US$140.2 million) due to lower diamond prices for the Year and a 7% reduction in the number of carats sold.

Cullinan is renowned as an important source of large and high value Type II diamonds and in its history has produced four of the world's top 20 high quality large diamonds, over 750 stones of +100 carats and more than a quarter of all diamonds of +400 carats. In FY 2012, the following diamonds were each sold for more than US$1 million:

- a 129.6 carat white diamond (sold for US$3.35 million);
- a 61.7 carat white diamond (sold for US$2.60 million);
- a 208.0 carat white diamond (sold for US$1.75 million)
- a 4.8 carat blue diamond (sold for US$1.45 million, being US$301,500 per carat);and
- a 124.2 carat white diamond (sold for US$1.06 million).

As part of Petra's strategy to maintain underground production until the expansion programme opens up a new block of undiluted ore, Cullinan has established 11 additional drawpoints in the AUC South production area. ROM grade for the Year decreased to 33.3 cpht (FY 2011: 36.6 cpht), due to the ongoing dilution of the current working areas. This lower ROM grade was partially addressed by an 8% increase in throughput of ROM tonnes (2.50 Mt in FY 2012 versus 2.32 Mt in FY 2011).

ROM grades at Cullinan are expected to remain between 34 and 36 cpht until Petra's expansion programme delivers access to undiluted ore. For the period until FY 2016, Petra's strategy to manage this is to continue to treat higher ROM tonnages (giving a cumulative increase from FY 2013 to FY 2016 of ca. 1 Mt). Grades will start to gradually increase from FY 2016 to in excess of 50 cpht by FY 2018, when the new C-Cut block cave will be fully established.

The ramp-up of Cullinan's tailings programme continued, with a 16% increase in volumes achieved. However, the number of carats recovered reduced, further to the decreased grade. The grade is expected to increase to ca. 10 cpht by FY 2014, once a re-crush system of material larger than 6mm has been incorporated into the operation.

Costs:
Unit cash operating costs at Cullinan increased by 8% to R177/t (FY 2011: R164/t), indicating firm cost control in the South African inflationary environment. Longer-term, once the development plan has significantly progressed in the years to come, unit cost efficiencies are expected to be driven by initiatives such as a simplified ore-handling system underground and further streamlining of the plant.

Development Plan
Cullinan contains a world-class diamond resource of 202.1 Mcts (including 16.5 Mcts in tailings), and the Company is capitalising on this by undertaking an expansion programme at the mine to take annual production to 2.4 Mcts by FY 2019 (comprising 2.0 Mcts ROM and 0.4 Mcts tailings). This expansion plan will establish a new block cave on the western side of the orebody in the upper portion of the major C-Cut resource (estimated to contain some 133 Mcts in total) and will also involve a large tailings operation. Petra's current mine plan has a life of 18 years, but the actual LOM could be in excess of 50 years, given the major residual resources.

The C-Cut development programme is on track and the shaft deepening contractor, Murray & Roberts Cementation, has commenced work on site. Petra has advanced the South Decline to access the new production levels and work on the North Decline has commenced; the additional decline has the potential to fast-track the kimberlite development of the new block cave and subsequent production build-up.

Petra is ramping up the tailings operation at Cullinan to treat the 165 Mt tailings deposit. The commissioning of the new tailings plant has commenced, with the re-crush section to follow later in FY 2013. The Company plans to treat 2.7 Mt in FY 2013, gradually increasing to circa 4 Mt from FY 2015 (a year later than originally planned due to the later introduction of the re-crush circuit).

Capex:
Capex of US$54.4 million for the Year was in line with the progression of Cullinan's development programme. The majority of the capital was spent on underground development and infrastructure, the commencement of the shaft deepening project and the continued construction of the tailings treatment facility.

Koffiefontein

FY 2012 - gross numbers

	Unit	FY 2012 Actual	FY 2011 Actual	Variance
Sales				
Revenue	US$M	18.9	30.8	-39%
Diamonds sold	Carats	38,798	54,640	-29%
Average price per carat	US$	487	564	-14%
ROM Production				
Tonnes treated	Tonnes	498,412	712,988	-30%
Grade	Cpht	4.9	4.9	0%
Diamonds produced	Carats	24,569	35,139	-30%
Tailings / Ebenhaezer Production				
Tonnes treated	Tonnes	967,538	675,147	+43%
Grade	Cpht	1.6	1.9	-16%
Diamonds produced	Carats	15,548	12,817	+21%
Total Production				
Tonnes treated	Tonnes	1,465,950	1,388,135	+6%
Diamonds produced	Carats	40,117	47,956	-16%
Costs				
On-mine cash cost per total tonne treated	ZAR	125	115	+9%
Capex				
Expansion Capex	US$M	6.1	0.0	n/a
Sustaining Capex	US$M	5.4	11.0	-51%
Total Capex	US$M	11.5	11.0	5%

Note:
1. Petra has a 74% interest in Koffiefontein; BEE partners 26%

Koffiefontein is one of the world's top kimberlite mines by average value per carat, achieving US$487 for FY 2012, despite the fact that the overall average has to some extent been reduced by the higher proportion of lower value tailings production in the total sales mix. During the Year, a 63.3 carat white diamond was sold for US$1.1 million.

Revenue for FY 2012 fell by 39% to US$18.9 million, due to the weaker diamond market during the Year and lower ROM production. ROM production levels were reduced in line with Petra's business plan to address higher levels of dilution in the current underground mining areas, while developing access to the new blocks. Lower underground tonnages were offset by increased production from surface resources (Ebenhaezer open pit satellite pipe and tailings) utilising available plant capacity.

Costs:
Increased production from the lower-cost Ebenhaezer open pit saw cash operating unit costs of R125/t, despite production constraints and cost pressures associated with electricity and labour increases.

Development Plan Update
Similar to Cullinan, Petra's development plan at Koffiefontein will in time establish new production levels where the Company will have access to undiluted ore. Once this has been achieved, Petra expects the overall ROM grade at Koffiefontein to improve to ca. 8 cpht.

Due to increased tonnages from Ebenhaezer in FY 2013 to FY 2015, the combined Ebenhaezer and tailings grade is expected to improve to ca. 2.6 cpht, reducing again to 2.0 cpht from FY 2016, when only tailings tonnages will be mined.

Petra's expansion plan at Koffiefontein is expected to increase production from ca. 40,000 carats per annum ("ctpa") in FY 2012 to ca. 100,000 ctpa (ROM and tailings) by FY 2016. Petra will therefore be ramping up ROM production from ca. 0.26 Mt in FY 2013 to 1 Mtpa by FY 2016 and on to 1.2 Mtpa by FY 2018. The current mine plan has a life of 13 years, but the orebody remains open at depth so the actual LOM could be considerably longer.

Capex:
Capex for the Year of US$11.5 million was primarily focused on underground development and purchasing of plant, mining and surface equipment.

Kimberley Underground

FY 2012 - gross numbers

	Unit	FY 2012 Actual	FY 2011 Actual	Variance
Sales				
Revenue	US$M	19.8	18.2	+9%
Diamonds sold	Carats	61,895	54,733	+13%
Average price per carat	US$	320	333	-4%
Total Production (all ROM)				
Tonnes treated	Tonnes	587,065	443,655	+32%
Grade	Cpht	11.7	12.9	-9%
Diamonds produced	Carats	68,422	57,402	+19%
Costs				
On-mine cash cost per total tonne treated	ZAR	295	191	+54%
Capex				
Expansion Capex	US$M	15.4	1.8	+756%
Sustaining Capex	US$M	5.6	11.2	-50%
Total Capex	US$M	21.0	13.0	+62%

Notes:
1. Petra has a 74% interest in Kimberley Underground; BEE partners 26%
2. On-mine cash costs exclude costs assigned to ROM stockpiles

The Kimberley Underground operation comprises three kimberlite pipe mines: Bultfontein and Dutoitspan (serviced by Joint Shaft and the newly built Joint Shaft plant) and Wesselton (serviced by the Wesselton Shaft, where a new main plant is currently in the commissioning phase). A substantial stockpile of ore at each plant, estimated to be ca. 700,000 tonnes combined, has been built up while the Joint Shaft and Wesselton treatment plants were being constructed.

Despite the weaker diamond market during the Year, the Company was again particularly encouraged by the high value of Kimberley Underground's production, with prices only down 4% on FY 2011.

Tonnages treated and grades for the Year were affected due to the plant processing constraints. In order to address this, the scrubber section of the Joint Shaft plant is now operational and the new main plant at Wesselton will enable higher throughput.

In FY 2013, mining will continue at both Wesselton and Joint Shaft at a combined rate of ca. 760,000 tonnes per annum ("tpa"), with underground mining ramping up steadily to 1 Mtpa from FY 2016 onwards. Ore treatment in FY 2013 will be ca. 370,000 tpa higher than tonnages mined, due to the treatment of the ROM stockpiles. The remaining 330,000 tonnes of stockpile will be treated by FY 2015.

Costs:
Unit costs of R295/t were significantly higher due to the increased cost base and lower tonnages being treated versus the FY 2012 business plan. Management expects the unit costs to improve once the Wesselton plant is fully operational; an increase in tonnages treated in FY 2013 is expected to lead to a significant decline in unit costs to below R200/t.

Development plan:
Petra is implementing a development plan at Kimberley Underground that is expected to take production from 68,000 ctpa in FY 2012 to an annual average steady state of ca. 135,000 ctpa by FY 2016. The Company's mine plan has a life of 10 years, but the residual resource could further extend the LOM.

Capex:
The majority of the Capex for the Year related to the construction of the main plant at Wesselton and underground development. Over and above the on-mine Capex stated in the table above, a further US$8.85 million was incurred during the Year at Petra's projects division (based at the Helam mine) for the construction of the main plant. This expenditure will be transferred to Kimberley Underground when the commissioning of the Wesselton main plant is completed.

Fissure Mines (Sedibeng, Star, Helam)
Post Year end, Petra announced that it had, in conjunction with its BEE partners, decided to undertake a sale process in respect of the Fissure Mines, as they have become non-core to the Group, both in terms of their revenues (ca. 5.6% of Group revenues FY 2012) and resource base. Petra is of the view that the Fissure Mines have the potential to deliver strong returns under the ownership of an operator to whom they would be core assets.

Given the sale process and the immateriality of the Fissure Mines' numbers to the enlarged Petra Group, detailed reporting of the Fissure Mines' results for the Year has not been supplied for FY 2012.

TANZANIA

Williamson

FY 2012 - gross numbers

	Unit	FY 2012	FY 2011	Variance
Sales				
Revenue	US$M	11.6	9.5	+22%
Diamonds sold	Carats	49,153	31,555	+56%
Average price per carat	US$	236	302	-22%
ROM Production				
Tonnes treated	Tonnes	826,699	n/a	n/a
Grade	Cpht	5.2	n/a	n/a
Diamonds produced	Carats	42,855	n/a	n/a
Alluvial Production				
Tonnes treated	Tonnes	278,328	530,689	-48%
Grade	Cpht	5.1	5.6	-9%
Diamonds produced	Carats	14,195	29,510	-52%
Total Production				
Tonnes treated	Tonnes	1,105,027	530,689	+108%
Diamonds produced	Carats	57,050	29,510	+93%
Costs				
On-mine cash cost per total tonne treated	US$	18	n/a	n/a
Capex				
Expansion Capex	US$M	20.6	34.8	-41%
Sustaining Capex	US$M	1.6	1.8	-11%
Total Capex	US$M	22.2	36.6	-39%

Notes:
1. Petra has a 75% interest in Williamson; Government of the United Republic of Tanzania 25%.
2. On-mine cash costs exclude costs assigned to ROM stockpiles.
3. Further to the development programme underway at Williamson for the last few years, there was only limited alluvial production carried out during FY 2011; ROM production operations recommenced in Q4 FY 2012.

Williamson is an open pit operation, based upon the mining of the 146 hectare Mwadui kimberlite. Over the past two years, Petra has been implementing the Phase 1 development programme, which involved a substantial rebuild of the existing plant and major pit reshaping work, and the Company successfully recommenced production at Williamson in Q4 FY 2012.

For the brief operating period in FY 2012, the mine contributed 42,855 carats from the main pit at a grade of 5.2 cpht. Although the initial ROM grade is lower than management’s expectations (6.0 cpht), the overall quality of the production observed to date was encouraging. The re-crush circuit in the plant will commence commissioning in Q2 FY 2013 and it is anticipated that this, along with other continual improvements on plant efficiency, will lead to an improvement in ROM grade.

Production guidance for Williamson (excluding alluvials) is ca. 2.5 Mtpa for FY 2013, climbing to 3.6 Mtpa by FY 2016. Contract mining of alluvial diamonds is planned to contribute ca. 14,000 carats for FY 2013, with production levels thereafter to be reviewed annually.

Tonnes treated will exceed tonnes mined from FY 2013 to FY 2016 further to the processing of the ROM stockpile (estimated to be ca. 700,000 tonnes and to contain ca. 40,000 carats), which was established by Petra during the pit-shaping operations of the development plan.

Costs:
Petra achieved a cost of US$18/t during the initial start-up year, but this is anticipated to reduce to US$11/t in FY 2013. Longer-term, operating costs are expected to reduce to US$9.5/t in FY 2014 and US$9/t from FY 2017 onwards due to increased tonnages diluting the mine's fixed cost base.

Development Plan:
Petra's current mine plan at Williamson is to ramp up ROM production from ca. 2.5 Mt in FY 2013 to ca. 3.6 Mt by FY 2016, following the introduction of a recrush system into the plant circuit.

The mine's Phase 2 expansion project, which was initially planned to take the mine to 10 Mtpa, is currently on hold, though Petra continues to consider approaches to further significantly increase production beyond 3.6 Mtpa. An expansion plan above this level will be dependent upon appropriate electricity and water supply, as well as the results recorded from treatment by the rebuilt plant of main pit material over the medium term. The Company will update the market in due course when its internal studies are completed.

Petra's current mine plan for Williamson has a life of 18 years, but given that the Mwadui kimberlite hosts a major resource of 39.6 Mcts, there is potential to extend the LOM considerably.

Capex:
Expansion Capex of US$20.6 million for the Year was predominantly spent on finalising the rebuilt plant and on other production related activities, including pit shaping/shale removal, haul road construction and slimes/tailings handling facilities. Due to the deferral of the Phase 2 expansion, ca. US$25 million of previously planned Capex was not spent in FY 2012.

The deferral of the original Phase 2 expansion programme has also resulted in expansion Capex savings in FY 2013 of ca. US$29 million (in comparable FY 2013 money terms).

EXPLORATION

Botswana – Petra Diamonds Botswana

Botswana offers an exceptional basis for diamond exploration in that it ranks highly with regards to prospectivity, has a low risk profile and an attractive fiscal regime. The Company has diamond prospecting licences in country covering approximately 12,725km^2, all of which is "on craton".

Petra's focus at present is to evaluate the KX36 kimberlite discovery. Results from an initial drilling and microdiamond sampling campaign were highly encouraging, with indications of a potentially high grade (between 75 and 180 cpht at a bottom-cut of 1mm) and a relatively coarse diamond size distribution. The kimberlite is estimated to have a surface area of ca. 5 hectares under ca. 78m of Kalahari overburden, hosting a potential deposit of between 28 Mt and 34 Mt to a vertical depth of 516m below surface.

The next phase in the work programme was a 1,550m large diameter drilling ("LDD") programme which commenced in early May 2012 (comprising five 24 inch vertical holes down to a depth of 310m), to obtain an initial mini-bulk sample and to ascertain further information with regards to grade and an indication of diamond value.

As at the date of this report, all five LDD boreholes had been completed (ca. 818 tonnes of kimberlite) and the bulk sample material has been transported to Petra's bulk sampling plant in Kimberley, South Africa. Preliminary results from analysis of the bulk sampling material are expected in Q2 FY 2013.

The first phase (shallow) of a narrow diameter drilling ("NDD") programme, designed to improve on current geological and geotechnical information, has been completed (~ 1,170m) and the results will now be modelled.

Based on the premise that KX36 might be one of several kimberlites within a new kimberlite field (given that kimberlites generally occur in clusters), a high resolution regional soil sampling programme (250m x 250m grid) covering kimberlite KX36 and its immediate surrounds has commenced. To date, 818 Heavy Mineral samples have been collected and despatched for analysis. The first results are expected to become available H1 FY 2013.

Following positive results obtained from several ground electromagnetic surveys conducted over kimberlite KX36, a decision was also taken to deploy an airborne EM survey in the KX36 region. This survey will cover an area of ca. 300 to 400 km^2 and is expected to be completed by the end of Q3 FY 2013.

In the Lebu West project area, a 29,200 line kilometre Hi-Res Airborne Magnetic Gradiometer Survey covering some 2,656km^2 was successfully completed at the end of Q1 FY 2012. Following the interpretation of this high quality data, 24 priority targets were identified, of which six have been drilled with negative results. The remaining targets will be systematically followed up.

During the Year, the Company was granted a six month extension for a part of the prospecting licence hosting kimberlite BK1S (the portion of the kimberlite body BK1 (15 - 20%) that falls outside the Debswana Mining Lease and within Petra's prospecting licence). Following discussions with regards to the analysis and evaluation of this shared orebody, a decision was taken to formally relinquish this licence on expiry as it is not considered to offer economic potential as a stand-alone operation.

CORPORATE

Disposals of the Fissure Mines

Post Year end on 31 July 2012, the Company announced that it had, in conjunction with its BEE partners, decided to undertake a sale process in respect of the Fissure Mines.

Due to Petra's focus on the development of its major assets, the Group has evolved into a successful producer from underground and surface (Williamson), high-tonnage kimberlite pipe mines. The Fissure Mines have therefore become non-core to the Group, both in terms of their revenues and resource base, and Petra is of the view that the Fissure Mines have the potential to deliver strong returns under the ownership of an operator to whom they would be core assets.

On 7 September Petra announced that the disposal process had formally commenced and that Petra had appointed QuestCo (Pty) Limited, a South Africa-based corporate finance adviser with prior experience in the successful sale of other diamond assets in South Africa, to manage the sale process. Although in the early stages, the sale process is progressing well and the Company will provide a further update as and when appropriate, although the nature of such sale processes is they run for several months at a confidential level.

Potential transactions arising from the sale process will be subject to detailed scrutiny and, apart from financial objectives, Petra will consider prospective purchasers' approach to employment, health and safety, environmental management and other issues fundamental to the long term success of the Fissure Mines for all stakeholders.

Strengthening the Board
During the Year, Petra appointed Dr Patrick Bartlett and Mr Gordon Hamilton to the Board as independent Non-Executive Directors and, post Year end, Mr Tony Lowrie as the Senior Independent Non-Executive Director.

Increase in effective interests in South African operations
As announced in February 2012, the Company has entered into an agreement whereby it can acquire a 49.24% effective interest in Sedibeng Mining (Pty) Ltd ("Sedibeng Mining"). Sedibeng Mining is one of Petra's South African empowerment partners, with varying interests in all of Petra's South African operations.

The total consideration payable by Petra for the acquisition of the effective 49.24% holding in Sedibeng Mining is US$17.8 million. To date, the Company has paid US$17.2 million in respect to this agreement (refer note 13). It is expected that the agreement will complete in the near future and the balance of the consideration of US$0.6 million will then be paid by the Company.

SAFETY

The health and safety of all employees remains the Company's number one priority and Petra is highly focused on this area. In addition to appropriate risk management processes, Petra has strategies, systems and training in place to promote a safe working environment. Management's focus on a zero harm environment requires a zero tolerance approach for any action that results in potential injury to employees, and Petra seeks to instill a systemic culture of safety.

It is with deep regret that Petra experienced a fatality on 22 January 2012 at the Kimberley Underground operation. The Company and its management team express their sincere condolences to the family and friends of the deceased.

The Group's Lost Time Injury Frequency Rate for the Year was 1.13 (FY 2011: 0.80). The Company's ongoing initiatives will endeavour to lower the LTIFR in line with its policy of zero harm.

Petra produces an in-depth report annually on its sustainable development policies and practices, covering areas such as Health and Safety, Environment, Community and Employment. The 2012 report will be made available once published on the Petra website at www.petradiamonds.com.

GROSS RESERVES & RESOURCES

The Petra Group controls one of the world's largest diamond resources. This major resource suggests that the potential mine lives of Petra's assets could be considerably longer than the current mine plans at each operation.

Gross Reserves and Resources
As at 30 June 2012, the Group's total Diamond Resources (inclusive of Reserves) were 302.1 Mcts (including the Fissures); Diamond Resources were significantly boosted by the acquisition of Finsch, which contributed an additional 42.3 Mcts.

The Group's total Diamond Reserves have increased to 47.6 Mcts, again primarily due to the acquisition of Finsch.

Attributable Reserves and Resources
The Group's attributable total Diamond Resources (including Reserves) were 224.0 Mcts and the Total Diamond Reserves were 35.2 Mcts.

The following table summarises the Reserves and Resources status of the combined Petra Group operations (inclusive of the Fissures) as at 30 June 2012.

Category	Gross			Net attributable		
	Tonnes (millions)	Grade (cpht)	Contained Diamonds (Mcts)	Tonnes (millions)	Grade (cpht)	Contained Diamonds (Mcts)
Reserves						
Proved	14.4	7.25	1.05	10.7	7.25	0.77
Probable	112.0	41.54	46.51	82.9	41.54	34.42
Sub-total	**126.4**	**37.62**	**47.56**	**93.6**	**37.62**	**35.19**
Resources						
Measured	15.1	8.46	1.27	11.1	8.47	0.94
Indicated	460.2	48.13	221.46	341.5	48.00	163.93
Inferred	1250.8	6.35	79.41	934.5	6.33	59.11
Total Resources inclusive of Reserves	**1726.1**	**17.50**	**302.14**	**1287.1**	**17.40**	**223.98**

Notes:
1. Resources are reported inclusive of Reserves
2. Tonnes are reported as millions; contained diamonds are reported as millions of carats
3. Tonnes are metric tonnes, and are rounded to the nearest 100,000 tonnes; carats are rounded to the nearest 10,000 carats; rounding off of numbers may result in minor computational discrepancies
4. Resource tonnages and grades are reported exclusive of internal waste, unless where otherwise stated
5. Reserve tonnages and grades are reported inclusive of external waste, mining and geological losses and plant modifying factors; reserve carats will generally be less than resource carats on conversion
6. Reserves and Resources have been reported in accordance with the South African code for the reporting of mineral reserves and mineral resources (SAMREC 2007).
7. The 2012 Resource Statement is based on information compiled internally within the Group under the guidance and supervision of Jim Davidson, Pr. Sci. Nat. (reg. No.400031/06). Jim Davidson has over 30 years' relevant experience in the diamond industry and is a full-time employee of Petra.
8. All Reserves and Resources have been independently reviewed and verified by John Kilham, Pr. Sci. Nat. (reg. No. 400018/07), a competent person with 32 years' relevant experience in the diamond mining industry, who was appointed as an independent consultant by the Company for this purpose.

SOUTH AFRICAN MINING ENVIRONMENT

Over recent weeks, labour unrest in South Africa’s platinum industry has been widely reported in the media. With regards to Petra, it is important to note that the majority of the Group’s employees are skilled and semi-skilled workers, as block cave mining is a highly mechanised process.

Petra has a strong track record of stable labour relations and has not over recent months experienced any disturbances related to employee unrest or external intimidation of employees. The Company is continually monitoring this situation as well as the trade union membership profile at our mines; there has not recently been a change in the trade union membership across our South African operations. Petra remains focused on the ongoing dialogue which the Company has always practised with the representative unions.

OUTLOOK

Whilst current economic conditions are challenging, Petra is well placed to withstand market conditions, due to the quality of our assets and our management team. Our focus on the key areas of our business has been honed over many years of operating underground diamond mines, including through other challenging periods in both the diamond market and global financial conditions.

We are focused on continuing to increase production, with the ultimate objective of taking annual output to 5 Mcts by FY 2019. We have built up a solid track record of meeting our targets and our team's experience and working knowledge of the Group's mines is essential to delivering the Company's future success.

Finally, I would like to thank the Petra team for the hard work and resilience which continues to drive the Group forward. I would also like to thank our valued Government and BEE partners, whose support underpins Petra's long-term prospects.

Johan Dippenaar
CEO
24 September 2012

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012
(UNAUDITED)

US$ million	Notes	**2012**	Audited 2011
Revenue		**316.9**	220.6
Mining and processing costs		**(263.9)**	(169.7)
Other direct income		**9.0**	2.7
Exploration expenditure		**(3.1)**	(1.4)
Corporate expenditure	6	**(13.7)**	(9.4)
Impairment reversal	7	**-**	11.7
Impairment charge	7	**-**	(5.2)
Total costs		**(271.7)**	(171.3)
Other financial income		**19.1**	8.4
Other financial expense		**(17.3)**	(11.9)
Unrealised foreign exchange (loss) / gain		**(38.6)**	18.6
Financial income	8	**19.1**	27.0
Financial expense	8	**(55.9)**	(11.9)
Profit before tax		**8.4**	64.4
Income tax charge		**(10.5)**	(5.2)
(Loss) / profit for the year		**(2.1)**	59.2
(Loss) / profit for the year attributable to:			
Equity holders of the parent company		**(2.4)**	53.2
Non-controlling interest		**0.3**	6.0
		(2.1)	59.2
(Loss) / profit per share attributable to the equity holders of the parent during the year:			
From continuing operations			
Basic (loss) / profit – US$ cents	14	**(0.48)**	12.83
Diluted (loss) / profit – US$ cents	14	**(0.48)**	12.35

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012
(UNAUDITED)

		Audited
US$ million	**2012**	2011
(Loss) / profit for the year	**(2.1)**	59.2
Exchange differences recognised on translation of the share based payment reserve	**0.2**	0.2
Exchange differences on translation of foreign operations	**(34.4)**	15.4
Exchange differences on non-controlling interest	**(4.9)**	4.0
Valuation loss on available for sale financial asset	**(0.2)**	(0.4)
Total comprehensive (expense) / income for the year	**(41.4)**	78.4
Total comprehensive income and expense for the year attributable to:		
Equity holders of the parent company	**(36.8)**	68.4
Non-controlling interest	**(4.6)**	10.0
	(41.4)	78.4

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012
(UNAUDITED)

	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Retained losses	Attributable to the parent	Non-controlling interest	Total
US$ million									
At 1 July 2011	84.8	645.6	(10.7)	9.7	(0.5)	(61.9)	667.0	32.0	699.0
Loss for the year	-	-	-	-	-	(2.4)	(2.4)	0.3	(2.1)
Other comprehensive (expense) / income	-	-	(34.4)	0.2	(0.2)	-	(34.4)	(4.9)	(39.3)
Transfer between reserves for exercise of employee options and third party warrants	-	-	-	(0.6)	-	0.6	-	-	-
Equity settled share based payments	-	-	-	1.0	-	-	1.0	-	1.0
Allotments during the year:								-	
- Share options exercised	0.4	1.1	-	-	-	-	1.5	-	1.5
- Warrants exercised	0.5	4.4	-	-	-	-	4.9	-	4.9
At 30 June 2012	85.7	651.1	(45.1)	10.3	(0.7)	(63.7)	637.6	27.4	665.0

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012
(UNAUDITED)

US$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Retained losses	Attributable to the parent	Non-controlling interest	Total
At 1 July 2010	61.4	347.5	(26.1)	4.6	(0.1)	(130.0)	257.3	33.6	290.9
Profit for the year	-	-	-	-	-	53.2	53.2	6.0	59.2
Other comprehensive income	-	-	15.4	0.2	(0.4)	-	15.2	4.0	19.2
4% non-controlling interest purchased – Koffiefontein	-	-	-	-	-	0.9	0.9	(1.7)	(0.8)
26% disposal of Helam[2]	-	-	-	-	-	6.0	6.0	(6.0)	-
26% disposal of Star[2]	-	-	-	-	-	3.9	3.9	(3.9)	-
Transfer between reserves for exercise of options and warrants	-	-	-	(4.1)	-	4.1	-	-	-
Equity settled share based payments	-	-	-	1.9	-	-	1.9	-	1.9
Share based payments cancelled[3]	-	-	-	(0.8)	-	-	(0.8)	-	(0.8)
Equity warrants issued[1]	-	-	-	7.9	-	-	7.9	-	7.9
Allotments during the year:									
- Fund raising	21.7	304.2	-	-	-	-	325.9	-	325.9
- Share options exercised	0.4	1.3	-	-	-	-	1.7	-	1.7
- Warrants exercised	1.3	10.2	-	-	-	-	11.5	-	11.5
Share issue costs	-	(17.6)	-	-	-	-	(17.6)	-	(17.6)
At 30 June 2011	84.8	645.6	(10.7)	9.7	(0.5)	(61.9)	667.0	32.0	699.0

[1] The fair value of warrants granted during the prior year were in respect of debt facilities arranged with RMB and IFC.
[2] During the prior year, the Group disposed of 26% of its shareholdings in Helam and Star to Petra's BEE partners, which represented a change in ownership interest in which the Group retained control.
[3] Employees received cash payments of US$0.8 million during the prior year in respect of options cancelled; the Company settled the option gains in cash and did not issue the underlying shares. The payments equate to the fair value at the date of cancellation and the Group recognised a charge to equity in accordance with IFRS 2 together with the acceleration of the remaining unamortised fair value in respect of the options of US$0.1 million in the income statement.

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2012
(UNAUDITED)

US$ million	Note	2012	Audited 2011
ASSETS			
Non-current assets			
Property, plant and equipment	9	**740.5**	501.4
Available for sale financial assets		**0.2**	0.4
Deferred tax asset[1]		**9.3**	5.1
Loans and other receivables		**89.6**	51.1
Total non-current assets		**839.6**	558.0
Current assets			
Inventories		**47.8**	32.9
Trade and other receivables		**56.5**	49.8
Derivative financial asset		**-**	6.0
Cash and cash equivalents – unrestricted		**31.3**	96.9
Cash and cash equivalents – restricted		**16.0**	228.0
Total current assets		**151.6**	413.6
Total assets		**991.2**	971.6
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**85.7**	84.8
Share premium account	11	**651.1**	645.6
Foreign currency translation reserve		**(45.1)**	(10.7)
Share-based payment reserve		**10.3**	9.7
Other reserves		**(0.7)**	(0.5)
Retained losses		**(63.7)**	(61.9)
Attributable to equity holders of the parent company		**637.6**	667.0
Non-controlling interest		**27.4**	32.0
Total equity		**665.0**	699.0
Liabilities			
Non-current liabilities			
Loans and borrowings	10	**46.9**	71.4
Other payables		**66.6**	29.0
Provisions		**85.0**	63.1
Deferred tax liabilities[1]		**54.4**	42.8
Total non-current liabilities		**252.9**	206.3
Current liabilities			
Loans and borrowings	10	**22.1**	18.7
Other current liabilities – firm commitment		**-**	6.0
Trade and other payables		**49.0**	39.4
Provisions		**2.2**	2.2
Total current liabilities		**73.3**	66.3
Total liabilities		**326.2**	272.6
Total equity and liabilities		**991.2**	971.6

[1] The 2011 deferred tax has been reclassified to show the deferred tax asset separately from the deferred tax liability to provide greater comparability to the 2012 unaudited condensed statement of financial position. There has been no effect on profit or equity from this reclassification. Accordingly no statement of financial position at 30 June 2010 has been presented. There was no deferred tax asset at 30 June 2010.

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2012
(UNAUDITED)

US$ million	Note	2012	Audited 2011
Profit before taxation for the year from continuing operations		**8.4**	64.4
Depreciation of property plant and equipment – exploration		**0.1**	0.1
Depreciation of property plant and equipment – mining		**40.7**	22.2
Depreciation of property plant and equipment – other		**0.2**	0.1
Transaction and acquisition costs		**3.1**	0.3
Reversal of impairment		**-**	(11.7)
Impairment		**-**	5.2
Loss / (profit) on sale of property plant and equipment		**(0.1)**	0.3
(Decrease) / increase in provisions		**(0.7)**	1.4
Present value adjustment of rehabilitation provision – change in assumptions		**(4.8)**	-
Other finance income	8	**(19.1)**	(8.4)
Other finance expense	8	**17.3**	11.9
Unrealised foreign exchange loss / (gain)	8	**38.6**	(18.6)
Share based payment provision		**1.0**	1.9
Operating profit before working capital changes		**84.7**	69.1
Decrease / (increase) in trade and other receivables		**4.5**	(25.6)
Increase in trade and other payables		**4.3**	12.5
Increase in inventories		**(11.6)**	(3.5)
Cash generated from operations		**81.9**	52.5
Finance expense		**(2.0)**	(1.2)
Taxation paid		**-**	(0.4)
Net cash generated from operating activities		**79.9**	50.9
Cash flows from investing activities			
Acquisition of assets at Finsch net of cash	5	**(192.0)**	-
Acquisition costs for the purchase of Finsch assets		**(0.4)**	(0.3)
Acquisition of additional assets at Kimberley Underground net of cash		**-**	0.3
Acquisition of 4% interest in Koffiefontein		**-**	(0.8)
Acquisition of property, plant and equipment		**(135.5)**	(105.2)
Proceeds from sale of property, plant and equipment		**1.4**	0.1
Loans advanced to Black Economic Empowerment partners		**-**	(8.7)
Deposits paid for increased working interest in the Group's South African operations	13	**(11.2)**	-
Finance income		**1.8**	2.2
Transfer from / (to) restricted cash deposits		**212.0**	(218.3)
Net cash utilised in investing activities		**(123.9)**	(330.7)
Cashflows from financing activities			
Proceeds from the issuance of share capital		**6.4**	339.1
Payment of share placing costs		**-**	(17.6)
Transaction costs of admission to the Main Market of the London Stock Exchange		**(2.7)**	-
Increase in non-current borrowings		**-**	75.6
Repayment of non-current borrowings		**-**	(15.0)
Increase in current borrowings		**-**	-
Repayment of current borrowings	10	**(20.0)**	(32.3)
Net cash (utilised in) / generated by financing activities		**(16.3)**	349.8

Net (decrease) / increase in cash and cash equivalents	**(60.3)**	70.0
Cash and cash equivalents at beginning of the year	**96.9**	24.8
Effect of exchange rate fluctuations on cash held	**(5.3)**	2.1
Cash and cash equivalents at end of the year	**31.3**	96.9

During the Year non-cash transactions were recorded, being a non-current receivable due from Senakha Diamonds Investments (Pty) Ltd ("Senakha") (the Group's main BEE partner at Finsch) of US$38.0 million and a non-current payable due to Senakha of US$38.0 million. These amounts arose due to the funding that the Group provided to Senakha to finance its interests in Finsch Diamond Mine (Pty) Ltd.

1. GENERAL INFORMATION

Petra Diamonds Limited (the "Company") is a company registered in Bermuda, with its group management office in Jersey, Channel Islands. The consolidated preliminary financial statements of the Company for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

2. ACCOUNTING POLICIES

The preliminary results, which are unaudited, do not include all the notes of the type normally included in an annual financial report. Accordingly, this condensed report is to be read in conjunction with the Annual Report for the year ended 30 June 2011, which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"), and any public announcements made by the Group during the reporting period. The accounting policies adopted in the year ending 30 June 2012 are consistent with those applied in the year ending 30 June 2011 except for the application of the following new standards, amendments to standards and interpretations applicable from 1 July 2011, although none have had a material effect on the Group's reporting. Those that apply from 1 July 2011 are as follows:

		Effective periods commencing on or after:
IAS 24	Revised – Related Party Disclosures	1 January 2011
IFRIC 14	Amendment – IAS 19 Limit on a Defined Benefit Asset	1 January 2011
	Improvements to IFRS's	1 January 2011
IFRS 7	Transfer of Financial Assets	1 July 2011

Critical assumptions and judgements:

The preparation of the results on which the preliminary financial statements are based requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets and liabilities, reported revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the preliminary financial statements. Estimates and judgements are continually evaluated and based on management's historical experience and other factors, including future expectations and events that are believed to be reasonable. The estimates and assumptions and judgements that have a significant risk of causing a material adjustment to the financial results of the Group in future reporting periods are listed below:

Judgements:

Life of mine and ore reserves

There are numerous risks inherent in estimating ore reserves and the associated life of a mine. Therefore management must make a number of assumptions in making those estimates, including assumptions as to exchange rates, rough diamond and other commodity prices, recovery and production rates. Any such estimates and assumptions may change as new information becomes available. Changes in exchange rates, commodity prices, recovery and production rates may change the economic viability of ore reserves and may ultimately result in the restatement of the ore reserves and potential impairment to the carrying value of the mining assets and life of mine. The determination of the life of mine and ore reserves also impacts the depreciation of mining assets depreciated on a unit of production basis and the expected timing of rehabilitation.

Impairment reviews

While conducting an impairment review of its assets, the Group exercises judgement in making assumptions about future rough diamond prices, ore reserves, rehabilitation costs, feasibility studies, future development and production costs. Changes in estimates used can result in significant changes to the preliminary financial statements. The Group prepares value in use impairment models and assesses mining assets for impairment. The carrying value of the Kimberley Underground mining assets are sensitive to rough prices, production and the assessment of additional orebodies. The carrying value of assets at Sedibeng and Helam are sensitive to rough diamond prices and the growth in production rates.

Taxation judgement

The Group has received a number of historical tax claims in respect of its mining operations, relating to the period prior to the operations being acquired by the Group. Judgement is applied by management, having consulted with local tax advisors, on the probability of payments being made to settle the claims. Where the claim is considered probable the Group has raised the provision in respect of the claim.

Finsch fair value adjustments

Judgement was applied in determining the fair value adjustments in respect of the Finsch acquisition. The fair value adjustments to property, plant and equipment, trade and other receivables, inventory and consumable stores, environmental liabilities and medical aid provisions was to ensure these amounts were reflected at fair value.

Capitalisation of feasibility and development costs at the Williamson mine

Judgement has been applied by management during prior periods in determining whether feasibility expenditure should be capitalised or expensed. The Group embarked on a feasibility study at the Williamson mine through an intensive bulk sampling programme with a view to better understanding the orebody. This was done to optimise the design of the treatment plant to further increase production in the future. Based on management's judgements, direct expenditure was considered to be capital in nature and was capitalised on the basis that the future economic benefits of the mining assets were expected to flow to the Group in line with guidance from IAS 16. All other costs are expensed as care and maintenance costs. During the current Period, the Group incurred costs as part of its refurbishment and expansion project to upgrade the plant. All direct costs incurred by the Group, including internal development costs, which are directly attributable to bringing the asset into use and which increase the future economic benefits that will flow to the Group, have been capitalised. During FY 2012, the Group commenced production; costs ceased to be capitalised and depreciation of the previously capitalised assets commenced.

Assumptions and estimates:

Provision for rehabilitation

Significant estimates and assumptions are made in determining the amount attributable to rehabilitation provisions. These deal with uncertainties such as the legal and regulatory framework, timing and future costs. In determining the amount attributable to rehabilitation provisions, management used a discount rate range of 7.66% - 8.93%, current life of mine plans and mine works programmes of 10 to 50 years and an inflation rate range of 5.6% - 6.9%. The Group estimates the cost of rehabilitation with reference to approved environmental plans filed with the local authorities. Changes to estimates are recognised when such plans are approved given uncertainties which may exist until the point of approval.

Deferred tax

Judgement is applied in making assumptions about future taxable income, including diamond prices, production, rehabilitation costs and expenditure to determine the extent to which the Group recognises deferred tax assets. The Statement of Financial Position includes deferred tax assets of US$9.3 million and utilisation is over two years at Kimberley Underground in line with the current business plan following the commissioning of the Wesselton plant.

Inventory and inventory stockpile

Judgement is applied in making assumptions about the value of inventories and inventory stockpiles, including diamond prices, production grade and expenditure to determine the extent to which the Group values inventory and inventory stockpiles.

Depreciation

Judgement is applied in making assumptions about the depreciation charge, including estimated useful life of individual assets and residual values, the life of mine, tonnes associated with specific areas of the orebodies identified and allocation of assets to the areas of the orebodies which they will be used to mine.

Basis of preparation

After review of the Group's operations, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the unaudited preliminary financial statements.

While the information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS. Financial statements for the year ended 30 June 2012 will be finalised based on the information presented in this announcement. The Independent Auditors report will be based on those financial statements once complete.

The financial information for the year ended 30 June 2011 has been extracted from the audited financial statements for that period. The auditors' report for the year ended 30 June 2011 was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report.

3. DIVIDENDS

No dividends were proposed or paid during the Year.

4. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's operating and geographical segments:
Mining – the extraction and sale of rough diamonds from mining operations in South Africa and Tanzania.
Exploration – exploration activities in Botswana.

Segments are based on the Group's management and internal reporting structure. Management reviews the Group's performance by reviewing the results of the mining activities in South Africa and Tanzania, reviewing the results of exploration activities in Botswana and reviewing the corporate administration expenses in Jersey. Each segment derives, or aims to derive, its revenue from diamond mining and diamond sales, except for the corporate and administration cost centre.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment results are calculated after charging direct mining costs, depreciation and other income and expenses. Unallocated items comprise mainly interest-earning assets and finance income, 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 cancelled on consolidation. The results are not materially affected by seasonal variations. Revenues are generated from tenders held in South Africa and Antwerp for external customers from various countries, the ultimate customers of which are not known to the Group.

The Group's non-current assets are located in South Africa US$741.7 million (30 June 2011: US$477.6 million), Tanzania US$95.6 million (30 June 2011: US$79.9 million) and Jersey US$2.3 million (30 June 2011: US$0.5 million).

Operating segments	South Africa – Mining activities					Tanzania - Mining activities	Botswana	Jersey		
	Cullinan	Finsch	Koffiefontein	Kimberley Underground	Fissure Mines	Williamson	Exploration	Corporate administration	Inter-segment	Consolidated
US$ million	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012
Revenue	112.0	136.9	18.9	19.8	17.7	11.6	-	-	-	316.9
Segment result	25.1	60.2	(6.7)	(6.1)	(10.7)	(9.1)	(3.1)	(13.7)	0.3	36.2
Other direct income	4.2	1.2	0.7	3.1	(0.5)	0.3	-	-	-	9.0
Operating profit / (loss)[1]	29.3	61.4	(6.0)	(3.0)	(11.2)	(8.8)	(3.1)	(13.7)	0.3	45.2
Other financial income										19.1
Other financial expense										(17.3)
Unrealised foreign exchange loss										(38.6)
Income tax expense										(10.5)
Non-controlling interest										(0.3)
Loss attributable to equity holders of the parent company										(2.4)
Segment assets	379.1	234.4	49.6	89.3	110.3	108.1	13.7	1,154.1	(1,147.4)	991.2
Segment liabilities	200.9	199.8	33.3	107.3	137.7	225.9	35.2	452.8	(1,066.7)	326.2
Capital expenditure	54.4	12.0	11.5	21.0	16.9	22.2	0.5	0.3	-	138.8

The Group acquired Finsch effective 14 September 2011, therefore there are no comparative figures presented for the year ending 30 June 2011 in respect of the Finsch operating segment.

Capital expenditure at the Fissure Mines includes work-in-progress of US$11.1 million (30 June 2011: US$11.0 million) in respect of the manufacture of plant and equipment for other mines within the Group. Other income in respect of the Fissure Mines includes US$38.4 million (30 June 2011: US$21.2 million) of revenue and US$39.4 million (30 June 2011: US$21.4 million) of costs in respect of the projects division at Helam for the manufacture of plant and equipment for other mines within the Group. Segment assets and liabilities include inter-company receivables and payables which are eliminated on consolidation. Capital expenditure at Williamson includes US$19.5 million (30 June 2011: US$35.8 million) of cash costs capitalised, in respect of the plant rebuild and expansion programme.

[1] Operating profit is equivalent to revenue of US$316.9 million less total costs of US$271.7 million as disclosed on the Consolidated Income Statement.

Operating segments	South Africa – mining activities				Tanzania - mining activities	Botswana	Jersey		
	Cullinan	Koffiefontein	Kimberley Underground	Fissures	Williamson	Exploration	Corporate administration	Inter-segment	Consolidated
US$ million	2011	2011	2011	2011	2011	2011	2011	2011	2011
Revenue	140.2	30.8	18.2	21.8	9.5	-	-	0.1	220.6
Segment result	53.5	2.8	3.3	(4.4)	(6.0)	(1.5)	(9.4)	1.8	40.1
Other income / (expense)	1.9	0.5	(0.4)	0.4	0.3	-	-	-	2.7
Operating profit / (loss)[1]	55.4	3.3	2.9	(4.0)	(5.7)	(1.5)	(9.4)	1.8	42.8
Reversal of impairment - Fissures				11.7					11.7
Impairments - Fissures				(5.2)					(5.2)
Other financial income									8.4
Other financial expense									(11.9)
Unrealised foreign exchange gain									18.6
Income tax expense									(5.2)
Non-controlling interest									(6.0)
Profit attributable to equity holders of the parent company									53.2
Segment assets	409.7	57.7	76.6	110.1	90.0	8.8	1 000.7	(782.0)	971.6
Segment liabilities[2]	199.3	30.1	83.0	140.5	196.0	27.2	320.2	(723.7)	272.6
Capital expenditure	33.9	11.0	13.0	16.2	36.6	-	0.2		110.9

Capital expenditure at the fissures includes work-in-progress of US$11.0 million in respect of the manufacture of plant and equipment, primarily for other mines within the Group. Other income in respect of the Fissure mines includes US$21.2 million of revenue and US$21.4 million of costs in respect of Helam projects for the manufacture of plant and equipment, primarily for other mines within the Group. Segment assets and liabilities include inter-company receivables and payables which are eliminated on consolidation. Capital expenditure at Williamson includes US$35.8 million of costs capitalised in respect of the plant refurbishment and expansion programme.

[1] Operating profit is equivalent to revenue of US$220.6 million less total costs of US$177.8 million (before net impairment reversals of US$6.5 million) as disclosed on the Consolidated Income Statement.

[2]The 2011 deferred tax has been reclassified to show the deferred tax asset separately from the deferred tax liability to provide greater comparability to the 2012 unaudited condensed statement of financial position. There has been no effect on profit or equity from this reclassification.

5. ACQUISITION OF FINSCH

On 21 January 2011, the Company announced that it, together with its Finsch BEE partners, had entered into an agreement to acquire the Finsch mine in South Africa as a going concern (assets and assumed liabilities) from De Beers for R1.425 billion, via Finsch Diamond Mine (Pty) Ltd ("FDM") (previously named Afropean Diamonds (Pty) Ltd), in which the Company has a 74% interest and the Finsch BEE partners a 26% interest. On 14 September 2011, the Company announced the completion of the Finsch acquisition, which represented the date the Group acquired control of the mine. As part of the transaction, the Company funded the Finsch BEE partners' share of the R1.425 billion consideration through loans to the BEE partners. The final cash consideration paid in US$ terms was US$192 million reflecting the benefit of an effective hedging strategy to hedge the foreign exchange risk on the firm commitment to acquire Finsch.

It is not practical to obtain the turnover and operating results for the Finsch mine for the period 1 July 2011 to date of acquisition, as the Finsch turnover and operating results were previously treated as a branch within a larger corporate by the vendor and are not available to the Group. The Finsch mine generated revenue since the date of acquisition to 30 June 2012 of US$136.9 million. Costs of US$0.4 million associated with the acquisition have been expensed in full in the consolidated income statement.

Effect of the acquisition

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

Finsch net assets at acquisition date: US$ million	**Book values**	**Fair value adjustments**	**Fair values**
Mining property, plant & equipment	235.3	(13.2)	222.1
Land	0.7	-	0.7
Inventory consumables and stores	4.1	(0.7)	3.4
Trade and other receivables	1.6	(1.6)	-
Environmental liabilities	(16.2)	(7.5)	(23.7)
Medical aid and provisions	(5.1)	(0.2)	(5.3)
Employee related payables	(2.7)	0.6	(2.1)
Trade and other payables	(3.2)	0.1	(3.1)
Net assets acquired	214.5	(22.5)	192.0

Satisfied as follows:	
Cash consideration paid by the Company	142.1
Cash consideration advanced by the Company to the Finsch BEE partners	49.9
	192.0

US$ million	**2012**	2011
6. CORPORATE EXPENDITURE		
Auditors' remuneration – audit services[1]	**0.5**	0.4
Auditors' remuneration – non-audit services	**0.1**	0.1
Depreciation of property, plant and equipment	**0.2**	0.1
Operating lease rentals – buildings	**0.6**	0.4
Staff costs	**5.2**	4.3
Other charges	**3.6**	2.5
Transaction costs[2]	**3.1**	0.3
Share-based payments		
- Directors	**0.3**	0.6
- Senior Management	**0.1**	0.7
	13.7	9.4

[1] Audit services for the year ended 30 June 2012 refer to fees for the 2011 audit.

[2] Transaction costs comprise Finsch acquisition costs (US$0.4 million) and costs relating to the step-up to the Main Market of the London Stock Exchange (US$2.7 million). The Main Market step-up costs include $0.7 million paid to the auditors for non-audit services.

7. Impairment and reversal of impairments of operational assets and investments

In accordance with IAS 36 "Impairment of Assets", when events or changes in market conditions indicate that tangible or intangible assets may be impaired, such assets are reviewed in detail to determine whether their carrying value is higher than their recoverable value, which could lead to recording an impairment loss (recoverable value is the higher of value in use and fair value less costs to sell). Value in use is estimated by calculating the present value of the future cashflows expected to be derived from the asset. Fair value less costs to sell is based on the most reliable information available (market statistics, recent transactions, etc.) The discounted cashflow basis has been used to calculate a value in use for the mining operations.

Impaired assets are reviewed annually to determine whether any substantial change to their fair value amounts previously impaired would require reversal.

When determining recoverable values of investments and property, plant and equipment, assumptions and estimates are made, based primarily on historical performance, market outlooks, obsolescence and sale or liquidation disposal values. Any change in these assumptions can have a significant effect on the recoverable amount and could lead to a revision of recorded impairment losses.

During the year ended 30 June 2012, the Group has reviewed the carrying value of its investments and operational assets for indicators of impairment and operational assets for indicators of impairment and following the assessment no impairment of investments, property, plant and equipment or reversal of impairment gains in prior periods are considered appropriate.

30 June 2011

During the year to 30 June 2011, the Group had reviewed the carrying values of its investments and operational assets for indicators of impairment and following that assessment, a reversal of a prior impairment to Helam's property, plant and equipment and a further impairment to Star's property, plant and equipment were considered to be appropriate. The reversal of previous impairment charges at Helam reflected improved diamond prices, production and cashflows and were determined net of depreciation which would have arisen if the asset had not been impaired. The additional impairment to Star reflected continued production levels which were insufficient to support the carrying value on a value in use basis. The impairment of Star was determined based on fair value less costs to sell which was considered to exceed value in use. Impairment reversals of US$11.7 million (30 June 2010: US$nil) were recorded in the income statement for 2011 in respect of Helam's assets. Impairment charges of US$5.2 million were recorded in the income statement in respect of Star's assets for 2011 (30 June 2010: US$ nil).

Impairment reversal (US$ million)	Asset class	Segment	Net book value[1]	Reversal of impairment[2]	Carrying Value
Helam	Property, plant & equipment	Fissure mines	9.0	15.2	24.2
	Mineral Properties			7.4	
	UG Development			4.8	
	Buildings			1.0	
	Mining property, plant & equipment			2.0	
	Forex movement		-	(3.5)	(3.5)
Sub -total			9.0	11.7	20.7

[1] Net book value refers to the carrying value of the assets including the previous impairments.

[2] Helam's assets were previously impaired in December 2008 by US$12.9 million (R114.5 million) using an exchange rate of US$/R 8.87. In FY 2011 the initial impairment of R114.5 million was reversed less depreciation that would have been incurred had the impairment never taken place. The resulting impairment reversal was US$15.2 million (R103.7 million) using an exchange rate of US$/R 6.83. US$3.5 million of the reversal was recognised in the foreign currency translation reserve to take into account the movement in the

foreign exchange rate from the date of the initial impairment to the date of the reversal when translating the rand value to US dollars; with US$11.7 million recognised as an income statement gain.

Operational assets impaired (US$ million)	**Asset class**	**Segment**	**Net book value**	**Impairment raised**	**Carrying Value**
Star Diamonds (Pty) Ltd	Property, plant & equipment	Fissure mines	7.0	(5.2)	1.8
	Underground development			(1.7)	
	Land & buildings			(2.1)	
	Mining property, plant & equipment			(1.4)	
Sub -total			7.0	(5.2)	1.8
Net impairment reversal – Helam and Star				6.5	

US$ million	**2012**	2011
8. NET FINANCING (EXPENSE) / INCOME		
Net interest expense on bank loans and overdrafts	**(1.4)**	(1.0)
Gross interest expense on bank loans and overdrafts	**(7.7)**	(4.5)
Interest expense on bank loans and overdrafts capitalised	**6.3**	3.5
Other debt finance costs	**(9.8)**	(6.7)
Unwinding of present value adjustment for rehabilitation costs	**(5.9)**	(3.8)
Realised foreign exchange losses on the settlement of forward exchange contracts	**(0.2)**	-
Other foreign exchange losses realised	**-**	(0.4)
Unrealised foreign exchange losses[1]	**(38.6)**	-
Financial expense	**(55.9)**	(11.9)
Realised foreign exchange gains	**7.6**	0.7
Other unrealised foreign exchange gains[1]	**-**	18.6
Net change in fair value of hedged item and instrument	**-**	-
Net change in fair value of hedged item in a fair value hedge	**-**	(6.0)
Net change in fair value of hedging instrument in a fair value hedge	**-**	6.0
Interest received on loans and other receivables	**9.7**	5.5
Interest received bank deposits	**1.8**	2.2
Financial income	**19.1**	27.0
	(36.8)	15.1

[1] The 30 June 2011 comparatives have been amended to combine unrealised foreign exchange gains and losses into a single unrealised foreign exchange gain to provide consistency with 30 June 2012 and to better reflect the underlying nature of the transactions.

9. PROPERTY, PLANT AND EQUIPMENT

The net movement in property, plant and equipment for the Year is US$239.1 million (30 June 2011: US$130.4 million). This is primarily as a result of increases in property, plant and equipment from capital expenditure of US$138.8 million (30 June 2011: US$110.9 million), the fair value of assets purchased on the acquisition of Finsch of US$222.8 million, which are off-set by the movement in the US$/ZAR foreign exchange rate resulting in a foreign exchange decrease on ZAR based assets of US$75.7 million (30 June 2011: US$45.9 million), depreciation of US$41.0 million (30 June 2011: US$22.4 million) and assets of US$5.8 million (30 June 2011: US$5.2 million) disposed of during the Year.

10. LOANS AND BORROWINGS

Completion of IFC / RMB debt facilities

On 29 November 2011, the Company, (through its wholly owned subsidiary FDM) entered into an agreement with Rand Merchant Bank ("RMB") (a division of FirstRand Bank Ltd) with regards to new debt facilities of ZAR400 million (US$49.0 million). The debt facilities are secured over the assets of the Finsch mine.

The facilities comprise a revolving credit facility ("RCF") of ZAR300 million (US$36.8 million) and a working capital facility ("WCF") of ZAR100 million (US$12.2 million).

The RCF is available for draw-down for up to 22 months from 30 November 2011 (the date of financial close of the transaction) subject to the RCF commitment amount being reduced by 25% on 1 July 2013. The RCF bears interest at the South African three month JIBAR rate plus 2.5% margin. The RCF is repayable 24 months from financial close of the transaction, being 30 November 2011.

The WCF is available for draw-down for a period of 11 months from financial close and is subject to annual review. The WCF bears interest at the South African three month JIBAR rate plus 2.4% margin. The WCF is repayable 12 months from financial close of the transaction, being 30 November 2011 (subject to annual review).

At 30 June 2012 the Group had not drawn down on the RCF facility and the WCF facility balance was nil. Refer to note 16 for post year end amendments to the facility structure.

Repayment of Al Rajhi loan deferred consideration

During the Year, the Company settled the Al Rajhi deferred consideration liability of US$20.1 million (US$20.0 million capital and US$0.1 million interest), which was due for repayment in full on or before 31 March 2012 (subsequent to the liability being renegotiated during the Year) and accrued interest at 7% per annum.

11. SHARES AND EMPLOYEE SHARE AWARDS MADE

Allotments during the Year, in respect of the exercise of warrants over ordinary shares, amounted to 3,464,259 exercised by RBC Europe (1,364,259) and RMB (2,100,000). Allotments during the Year, in respect of the exercise by employees of share options under the share option scheme, amounted to 2,316,162. During the Year, 1,200,000 and 764,332 ordinary shares were awarded to the Directors under the 2011 Long Term Share Plan ("LTIP") and the 2012 Performance Share Plan ("PSP") respectively. The awards under the LTIP and PSP shall only vest subject to performance conditions being met, full detail of which will be presented in the Company's 2012 Annual Report.

12. CAPITAL COMMITMENTS

At 30 June 2012, the Company had future commitments in respect of capital expenditure of US$28.5 million (30 June 2011: US$11.6 million). The developments at Finsch, Cullinan, Koffiefontein and Kimberley Underground account for US$27.5 million of the future capital commitments and the Fissure Mines account for the remaining US$1.0 million.

13. RELATED PARTY TRANSACTIONS

During the Year, the Company paid an additional US$11.2 million to Sirius Resource Fund 1 Ltd ("Sirius") as part of a transaction whereby the Company intends to acquire from Sirius an increased interest in the Group's South African operations. The cumulative amount paid to Sirius is US$17.2 million and is shown under trade and other receivables in the Consolidated Statement of Financial Position. Mr Pouroulis is a director of Sirius Investment Management LP which provides investment advisory services to Sirius.

Sedibeng Mining (Pty) Ltd ("Sedibeng"), one of Petra's BEE partners, is indirectly owned by Sirius. Sedibeng holds direct interests in the Kimberley Underground, Sedibeng, Star and Helam mines and indirect interests in Cullinan, Koffiefontein and Finsch through its shareholding in Thembinkosi Mining Investments (Pty) Ltd, Senahka and Re-Teng Diamonds (Pty) Ltd respectively. The Group has a non-current receivable due from Sedibeng of US$16.7million and a non-current payable due to Sedibeng of US$2.8 million in respect of funding provided to the BEE partner to finance the acquisition of its interest in the mines. These sums arise due to the funding that the Group has provided to Sedibeng to finance its interests in the Kimberley, Sedibeng JV and Koffiefontein mines.

During the Year, a subsidiary of the Company paid US$2.7 million (R22.3 million) (30 June 2011: US$5.6 million (R39.2 million)) to Zeren (Pty) Ltd ("Zeren") in respect of an exclusivity agreement covering specialised plant and equipment. The cumulative amount paid to Zeren is US$8.6 million (R70.2 million) (30 June 2011: US$7.0 million (R47.9 million)) and is shown under property, plant and equipment in the Consolidated Statement of Financial Position. The equipment was supplied to a subsidiary of the Company at Zeren's cost and, given its specialised nature, on an exclusive basis. Mr Dippenaar, Mr Davidson and Mr Abery are all Directors of the Company and are also directors and shareholders of Zeren.

Umnotho weSizwe Group (Pty) Ltd ("Umnotho"), one of Petra's BEE partners, holds a 36% interest in the Cullinan mine BEE holding company, Thembinkosi. The Group has a non-current receivable due from Thembinkosi of US$29.6 million and a non-current payable due to Thembinkosi of US$26.6 million. Included in net finance expense (note 8) the Group has finance income due from Thembinkosi of US$3.2 million and finance expense payable to Thembinkosi of US$2.4 million. These sums arise due to the funding that the Group has provided to Thembinkosi to finance its interests in Cullinan mine. Mr Abery is a director of Umnotho. Mr Pouroulis and Mr Abery are beneficiaries of a trust that is a shareholder in Umnotho.

During the Year, the Company settled the Al Rajhi deferred consideration liability of US$20.1 million (refer to note 10). Dr Kamal is the Managing Director of Investments for Al Rajhi, one of Petra's largest shareholders. Dr Kamal is also a Non-Executive Director of Petra.

During the Year, Mr Dippenaar and Mr Davidson exercised an option to acquire the Helam game farm from the Company for US$0.3 million (R2.5 million).

14. EARNINGS PER SHARE

	Total 2012 US$	Total 2011 US$
Numerator		
(Loss) / profit for the year	**(2,409,520)**	53,193,664
Denominator		
	Shares	Shares
Weighted average number of ordinary shares used in basic earnings per share		
As at 1 July	**499,874,009**	352,803,021
Effect of shares issued during the year	**2,013,545**	61,912,017
As at 30 June	**501,887,554**	414,715,038
	Shares	Shares
Dilutive effect of potential ordinary shares	**14,411,634**	16,034,806
Weighted average number of ordinary shares in issue used in diluted earnings per share	**516,299,188**	430,749,844
	US cents	US cents
Basic (loss) / profit per share – US$ cents	**(0.48)**	12.83
Diluted (loss) / profit per share – US$ cents	**(0.48)**	12.35

Due to the Group's loss for the Year, the diluted loss per share is the same as the basic loss per share. The total number of potentially dilutive ordinary shares in respect of employee share options and warrants is 14,411,634 (30 June 2011: 16,034,806). These potentially dilutive ordinary shares may have a dilutive effect on future earnings per share.

15. ADJUSTED EARNINGS PER SHARE

In order to show results from operating activities on a consistent basis, an adjusted earnings per share is presented which excludes certain items as set out below. It is emphasised that the adjusted earnings per share is a non-GAAP measure. The Petra Board consider the adjusted earnings per share to better reflect the underlying performance of the Group. The Company's definition of adjusted earnings per share may not be comparable to other similarly titled measures reported by other companies.

	Total 2012 US$	Total 2011 US$
Numerator		
(Loss) / profit for the year	**(2,409,520)**	53,193,664
Adjustments:		
Net unrealised foreign exchange loss / (gain)	**38,604,888**	(18,600,253)
Transaction costs (note 6)	**3,070,563**	273,385
Adjusted profit for the year	**39,265,931**	34,866,796
Denominator		
	Shares	Shares
Weighted average number of ordinary shares used in basic earnings per share		
As at 1 July	**499,874,009**	352 803 021
Effect of shares issued during the year	**2,013,545**	61,912,017
As at 30 June	**501,887,554**	414,715,038
	Shares	Shares
Dilutive effect of potential ordinary shares	**14,411,634**	16,034,806
Weighted average number of ordinary shares in issue used in adjusted diluted earnings per share	**516,299,188**	430,749,844
	US cents	US cents
Adjusted basic profit per share – US$ cents	**7.82**	8.41
Adjusted diluted profit per share – US$ cents	**7.61**	8.09

16. POST BALANCE SHEET EVENTS

IFC revolving credit facility

On 16 July 2012, the Company announced that its subsidiary FDM had entered into a revolving credit facility agreement (the "IFC Agreement") with IFC (a member of the World Bank Group) with regards to a new revolving credit facility of US$25 million secured on the assets of FDM in respect of the Finsch diamond mine in South Africa ("Finsch") and the Company's interest in FDM.

The new facility has been put in place in addition to the ZAR300 million (approximately US$36.9 million) RMB revolving credit facility that was announced on 30 November 2011. On completion of the IFC Agreement, the ZAR300 million RMB facility reduced to ZAR200 million (approximately US$24.6 million), so that the lenders together provide circa US$49.6 million in revolving credit facilities to Petra.

Proposed sale of fissure mines

On 31 July 2011, the Company announced that it had, in conjunction with its BEE partners, decided to undertake a sale process in respect of its fissure mine operations, comprising the Helam (excluding Helam Projects), Sedibeng and Star mines in South Africa (the "Fissure Mines") which form the Fissures operating segment. The Group has appointed professional advisors and commenced a formal sale process subsequent to the Year end.

Through the Company's focus on the development of its major assets, Petra has evolved into a successful producer from underground and surface (Williamson), high-tonnage kimberlite pipe mines. The Fissure Mines have therefore become non-core to the Company, both in terms of their revenues and resource base, and Petra is of the view that the Fissure Mines have the potential to deliver strong returns under the ownership of an operator to whom they would be core assets.

Principal Risk Factors and Uncertainties

The Group is exposed to a number of risks and uncertainties which could have a material impact on its long-term development and performance and management of these risks is an integral part of the management of the Group. The Board has identified the following as being the principal strategic and operational risks (in no order of priority). A full analysis of the Group's risk factors as well as its risk management processes will be provided in the 2012 Annual Report.

Risk	Description
Mining and production	The mining of diamonds from underground kimberlite deposits involves an intrinsic degree of risk from various factors, including geological, geotechnical and seismic factors, industrial and mechanical accidents, unscheduled plant shutdowns, technical failures, ground or water conditions and inclement or hazardous weather conditions.
Diamond prices	The Company's financial performance is closely linked to diamond prices which are influenced by numerous factors beyond the Company's control, including international economic conditions, world production levels and consumer trends.
Expansion and project delivery	Petra has set out a clear and transparent growth profile to increase annual production to 5 million carats by FY 2019. Actual production may vary from estimates of future production for a variety of reasons and it should be noted that long term assumptions may be subject to change as the Company continually evaluates its projects to optimise efficiency and production profitability.
Retention of key personnel	The successful achievement of the Group's strategies, business plans and objectives depends upon its ability to attract and retain certain key personnel.
Financing	Petra has a significant capex programme over the years to FY 2019. The Company plans to finance this capex from operating cashflows and debt finance. Lack of adequate available cashflows could delay development work.
Country and political risk	Petra's operations are predominantly based in South Africa, with lesser exposure to Tanzania and Botswana. Emerging market economies could be subject to greater risks, including legal, regulatory, economic and political risks, and are potentially subject to rapid change.
Currency	With Petra's operations mainly in South Africa, but diamond sales based in US dollars, the volatility and movement in the rand is a significant factor to the Group. Also, the Group undertakes transactions in a number of different currencies. Fluctuations in these currencies may have a significant impact on the Group's performance.
Labour, social, safety and environmental	The Group's success may depend upon its labour, social, safety and environmental performance, as failures can lead to delays or suspension of its mining activities.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the preliminary financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and loss of the Group for the year; and

(b) the preliminary management report for the year includes a fair review of the information required by FSA's Disclosure and Transparency Rules (DTR 4.1.8 R and 4.1.9 R).

By order of the Board

Johan Dippenaar
Chief Executive Officer

David Abery
Finance Director