16 September 2013 LSE: PDL

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

Preliminary Results Announcement for the Year ended 30 June 2013 (unaudited)

Petra Diamonds Limited announces its preliminary results (unaudited) for the year ended 30 June 2013 ("the Year" or "FY 2013").

Financial Highlights

- Revenue up 27% to US$402.7 million (FY 2012: US$316.9 million).
- Profit from mining activity[1] up 34% to US$138.6 million (FY 2012: US$103.3 million).
- Adjusted EBITDA[2] up 36% to US$122.4 million (FY 2012: US$90.3 million).
- Net profit after tax of US$27.9 million (FY 2012: US$2.1 million loss).
- Adjusted net profit after tax[3] up 22% to US$48.3 million (FY 2012: US$39.6 million).
- Adjusted operating cashflow[6] up 57% to US$132.8 million (FY 2012: US$84.6 million).
- Basic EPS: 6.30 cents per share (FY 2012: 0.48 cents per share loss).
- Adjusted EPS[5]: 10.31 cents per share (FY 2012: 7.82 cents per share).
- Cash at bank: US$26.2 million (30 June 2012: US$47.3 million).
    - Diamond debtors (all settled shortly after Year end) of US$74.8 million (FY 2012: US$25.1 million).
    - Diamond inventories of US$31.5 million (FY 2012: US$24.5 million).
- Loans and borrowings: US$147.0 million (FY 2012: US$69.2 million).
    - Facilities undrawn (net of US$3.6 million utilised for foreign exchange settlement lines (30 June 2012: US$nil)) and available to the Group of US$71.3 million (30 June 2012: US$66.3 million); net debt in line with management's expectations.

Operations Highlights

- Production up 21% to 2,668,305 carats (FY 2012: 2,208,862 carats).
- Rand (South Africa) and US$ (Tanzania) on-mine unit cash costs (per total tonne treated) well controlled with above inflationary cost increases offset by increased throughput.
- Capex invested (including capitalised finance costs) at operations of US$198.3 million (FY 2012: US$138.0 million), in accordance with the roll-out of the Group's expansion programmes.

2013 Resource Statement

- The Group's 30 June 2013 Resource Statement has been published today and the full statement can be accessed at http://www.petradiamonds.com/operations/reserves-and-resources
    - Gross Resources (inclusive of Reserves) increased 2.5% to 309.6 Mcts (30 June 2012: 302.1 Mcts) due to higher grade for Finsch life of mine; and
    - Gross Reserves increased 14.3% to 54.4 Mcts (30 June 2012: 47.6 Mcts) due to new areas brought into production and detailed mine planning at Cullinan.

Corporate Highlights

- Restructure and optimisation of debt facilities undertaken in November 2012 increased the Group's ZAR debt and working capital facilities by R900 million to R1.6 billion, with the US$ portion of the debt facilities (US$60 million) remaining unchanged.
- Board changes: Tony Lowrie appointed as Senior Independent Non-Executive Director in September 2012; Dr Omar Kamal stepped down as a Non-Executive Director in February 2013.
- Further to the termination of the sales process for the Fissure Mines, the Sedibeng and Star mines have been placed onto care and maintenance post Year end, whilst the Helam mine continues to be operated within the Group on a normal commercial basis.

Health and Safety

- Group Lost Time Injury Frequency Rate ("LTIFR") for the Year reduced to 0.67 (FY 2012: 1.13). This is an encouraging trend considering the increase in activities as the capital programmes progress.

Outlook

- Certain of Petra's South African mines were affected by industrial action which commenced on Thursday 29 August 2013. The industrial action has now ended and normal operations are expected to recommence at the affected mines from Monday 16 September.
- Based on the strong production run rate with which Petra commenced FY 2014, and partial production during the industrial action, the Company remains on track for full year production to increase ca. 12% to 3.0 Mcts in FY 2014.
- Expansion plans remain on target to increase production to 5 Mcts by FY 2019.
- Rough diamond market expected to remain steady in FY 2014 due to constrained supply and a firmer US market, the world's major market for polished diamonds, as well as continued growth in China, albeit at a lower rate than over recent years.

Johan Dippenaar, CEO, said:

"FY 2013 marked a further year of solid growth in terms of production, revenue and the underlying profitability of the Group, as well as the acceleration of our major expansion programmes at Finsch and Cullinan, in line with expectations. We have kept our costs and capital expenditure well controlled, maintaining our robust financial position. We continue to deliver on our strategy to build a world-class diamond group, with production of circa 3 million carats expected for FY 2014, rising to 5 million carats by FY 2019."

Results presentation

A presentation for analysts will be held at 9:30am BST on 16 September 2013 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN.

A live webcast of the presentation will be available on Petra's website at www.petradiamonds.com and on: http://www1.axisto.co.uk/webcasting/investis/petra-diamonds/analyst-presentation-2013/

A recording will be available from 1:00pm BST on 16 September 2013 on the same links.

SUMMARY OF RESULTS (unaudited)

	Year ended 30 June 2013 ("FY 2013") US$ million	Year ended 30 June 2012 ("FY 2012") US$ million
Revenue	402.7	316.9
Adjusted mining and processing costs[1]	(270.3)	(222.6)
Other direct income	6.2	9.0
Profit from mining activity[1]	**138.6**	**103.3**
Exploration expense	(4.8)	(3.0)
Corporate overhead	(11.4)	(10.0)
Adjusted EBITDA[2]	**122.4**	90.3
Depreciation	(42.8)	(41.0)
Share-based expense	(3.3)	(1.0)
Net finance (expense)/income	(3.4)	1.8
Tax expense	(24.6)	(10.5)
Adjusted net profit after tax[3]	**48.3**	**39.6**
Retrenchment costs[4]	(2.6)	-
Impairment charges[4]	(12.6)	-
Transaction costs	(0.5)	(3.1)
Net unrealised foreign exchange losses	(4.7)	(38.6)
Net profit / (loss) after tax – Group	**27.9**	**(2.1)**
Basic profit / (loss) per share attributable to the equity holders of the Company – US$ cents	**6.30**	**(0.48)**
Diluted profit / (loss) per share attributable to the equity holders of the Company – US$ cents	6.13	(0.48)
Adjusted basic earnings per share attributable to the equity holders of the Company – US$ cents[5]	**10.31**	**7.82**
Adjusted diluted earnings per share attributable to the equity holders of the Company – US$ cents[5]	10.03	7.61

Notes:

The Group uses several non-GAAP measures above and throughout this report, including adjusted mining and processing costs, profit from mining activities, adjusted EBITDA, adjusted net profit after tax, adjusted earnings per share and adjusted operating cashflow. As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Company's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies.

1. Stated before retrenchment costs, depreciation and share-based expense.
2. Adjusted EBITDA is EBITDA (profit before interest, tax and depreciation) stated before share-based expense, net unrealised foreign exchange losses, retrenchment costs, non-recurring transaction costs and impairment charges.
3. Stated before retrenchment costs, impairment charges, non-recurring transaction costs and net unrealised foreign exchange losses.
4. Retrenchment costs of US$2.6 million and Impairment charges of US$12.6 million (FY 2012: nil in each case) are due to the Group's decision to place the Sedibeng and Star mines on care and maintenance. Refer the Financial Review for further detail.
5. Stated before retrenchment costs, net unrealised foreign exchange movements, non-recurring transaction costs and impairment charges.
6. Adjusted operating cashflow is Operating cashflow stated before the movement in Year end diamond debtors, excluding unrealised foreign exchange translation movements. Refer the Financial Review for further detail.

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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 six producing mines: five in South Africa (Finsch, Cullinan, Koffiefontein, Kimberley Underground and Helam) and one in Tanzania (Williamson). It also maintains an exploration programme in Botswana.

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

I am pleased to report that FY 2013 marked a further progression of our strategy to develop a world class diamond mining group. The key successes of the Year were the delivery of further substantial growth in production (+21% to 2.67 Mcts) and revenue (+27% to US$402.7 million), alongside the acceleration of our expansion programmes, all of which were achieved with an improved safety performance, demonstrating our focus on this key area.

However, the Year was not without challenges and our performance was impacted by a delay in the roll-out of the Cullinan tailings project, the volatility of the ROM grade at Cullinan due to the mature nature of the current working areas and the labour relations climate in South Africa. Despite this, the focus that we apply to addressing such challenges meant that in Q4 FY 2013 we recorded very strong production (772,103 carats), which bodes well for further production growth in FY 2014.

Petra's expansion programmes are now progressing apace, as evidenced by the substantial uplift in development metres recorded at both Finsch and Cullinan for the Year. The development will continue to accelerate in FY 2014, with access being established to the Finsch Block 5 Sub Level Cave during FY 2014 and initial production tonnages from FY 2015. Access to the Cullinan C-Cut Phase 1 is on schedule for FY 2015, with initial production tonnages from FY 2016.

As the production profile at both these major mines gradually switches over from diluted to undiluted ore, the diamond content of the ore mined will increase significantly. At the same time as we gain access to these higher grade tonnages, our unit costs will become more manageable due to higher volumes and increased efficiencies, particularly in the ore-handling systems, and we therefore expect to substantially increase our operating margins in the coming years.

Petra's approach is to continually seek opportunities to optimise our mine plans. The most important concepts in mining are access to the orebody and maximum production flexibility; these focus areas will ensure that a mine can withstand foreseen or unforeseen production issues (including grade volatility), as well as take advantage of opportunities, such as the potential for future ramp-ups. This thinking was evident in the refinements we announced in our Market Guidance update on 12 August 2013, with a particular emphasis on optimisation of ore-handling systems, establishing ways to access undiluted ore as early as possible and maximising access to an orebody's footprint, thereby enhancing all-important production flexibility.

Petra continues to demonstrate expertise in the recovery of diamonds through the optimal configuration of our processing plants. No two diamond kimberlites are the same and we always look to ensure recovery of the full value spectrum afforded by a particular orebody. This was demonstrated by our decision to lower the bottom-cut at Finsch to recover more diamonds in the small size ranges, which are of particularly high value at that mine. Our successful recovery of 'specials' also attests to this expertise and it was particularly encouraging to sell the first +US$1 million stones from both Kimberley Underground and Williamson under Petra management during the Year, following the in-house construction/refurbishment and commissioning of the plants at both operations.

Structural changes continue in our industry and we note the recent move of De Beers' marketing operations from London to Gaborone in Botswana as a positive for both the region and for Petra. Southern Africa is becoming a major rough diamond hub and we are well positioned to benefit from the heightened activity, particularly given the ever increasing number of diamond buyers coming to the region.

THE DIAMOND MARKET

The rough diamond market was stable in FY 2013, with less volatility than has been experienced over recent years. Rough diamond prices were essentially flat during H1 of FY 2013, whilst firmer prices were seen during H2.

We expect prices to remain stable for FY 2014, with the potential for pricing upside, due to constrained supply and a firmer US market, the world's major market for polished diamonds, as well as continued growth in China, albeit at a lower rate than over recent years. Recent economic data for the luxury goods sector suggests robust demand in most major markets, as well as some indicators of green shoots in Europe.

The supply side of the rough market remains tight, with only around 30 kimberlite diamond mines of significance in the world today, many of which are now past their peak production. In some cases, these major mines are making the transition from open pit to underground, which further limits the potential volumes available. This highly concentrated market is compounded by there being no 'Tier 1' discoveries over the last 20 years.

On the demand side, growth continues to be driven by urbanisation and the growing middle classes in emerging markets. In particular, Asian consumers show a natural affinity to diamonds and there is exciting potential as new markets (such as China and India) continue to develop. China's leading jewellery retailer, Chow Tai Fook, noted at an industry conference in August 2013 that despite the high growth rates witnessed in recent years, China's average jewellery consumption per capita still lags far behind developed countries; China has an estimated jewellery consumption per capita of US$44, compared to Japan with US$91 and the US with US$242 (source: Rapaport 16 August 2013).

Evidence suggests that the Chinese and Indian markets are therefore starting to follow the US trend, with retailers stating that these markets will be driven by 'mass luxury' – i.e. affordable diamond jewellery ranging from US$200 to +US$2,000 per item. This trend ties in with Petra's direct sales experience, as there has been a noticeable outperformance in the second to third quality diamond categories over the last few years, indicating a growing demand for such 'mass market' items.

Prices achieved for FY 2013 were largely in line with Petra's guidance for the Year and the Company's pricing guidance for FY 2014, as published on 12 August 2013, is listed below. The price guidance below excludes revenue from +US$5 million diamonds. Taking into account variation from year to year, on an average annual basis such stones have added in excess of US$16 million per annum over the last five years.

Mine	Guidance Weighted Average[1] (US$/ct) FY 2014	Guidance ROM (US$/ct) FY 2014	Guidance Tailings / Other (US$/ct) FY 2014	Actual Weighted Average[1] (US$/ct) FY 2013	Actual Weighted Average[1] (US$/ct) FY 2012
Finsch	113[2]	140	60	120	138
Cullinan	139	150	67	163[3]	128
Koffiefontein	518	650	380	471	487
Kimberley Underground	301	301	n/a	295	320
Helam	145	145	n/a	140[4]	255[4]
Williamson	254	255	190	254	236

Notes:
1. The weighted average prices 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.
2. The average expected value at Finsch is guided lower due to the increase in recovery of smaller diamonds as noted above.
3. The FY 2013 average value at Cullinan includes the 25.5 carat blue diamond sold for US$16.9 million; the average value for FY 2013 excluding this stone was US$142 per carat.
4. Prior guidance and actual results relate to the 'Fissure Mines' as a combined business unit, whereas FY 2014 relates to the Helam mine only, as Sedibeng and Star are both now on care and maintenance.

Petra's focus on optimising recoveries is evident in the number of high value diamonds sold, with the majority, as usual, coming from Cullinan. The Company sold 13 stones for US$1 million or more each during the Year, for total revenue of US$39.5 million (FY 2012: eight stones valued at US$14.4 million).

Mine	Diamond type	Total price (US$m)	Price per carat (US$)
Cullinan	25.5 carat blue	16.9	663,144
Cullinan	68.7 carat white	3.5	50,245
Cullinan	58.0 carat white	3.1	53,741
Cullinan	69.8 carat white	3.1	44,787
Cullinan	6.3 carat blue	2.5	394,322
Cullinan	34.4 carat white	1.7	49,433
Cullinan	35.1 carat brown	1.5	42,642
Cullinan	13.2 carat white	1.5	111,996
Finsch	76.6 carat yellow	1.3	16,833
Williamson	35.9 carat white	1.3	36,930
Kimberley Underground	95.0 carat white	1.1	11,054
Finsch	103.0 carat yellow	1.1	10,401
Cullinan	144.2 carat white	1.0	6,932

FINANCIAL REVIEW

Revenue

Gross mine revenue increased 27% to US$402.7 million (FY 2012: US$316.9 million), primarily due to increased volumes coupled with the sale of the exceptional 25.5 carat blue diamond from Cullinan for US$16.9 million in May 2013.

Mining and processing costs

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 costs[1] US$m	Diamond royalties US$m	Inventory movement US$m	Group technical, support and marketing costs[2] US$m	Adjusted mining and processing costs US$m	Depreciation US$m	Share based expense US$m	Retrench-ment costs US$m	Total mining and processing costs (IFRS) US$m
FY 2013	263.4	3.7	(13.6)	16.8	270.3	42.4	1.4	2.6	316.7
FY 2012	234.3	1.4	(19.4)	6.3	222.6	40.7	0.6	-	263.9

Notes:
1. Includes all direct cash operating expenditure at operational level, i.e. labour, consumables, utilities and on-mine overheads.
2. Certain technical, support and marketing activities are conducted on a centralised basis; results include Petra's SPV set up to partially fund its mining rehabilitation obligations.

On-mine cash costs increased by 12%, due to:
- inclusion of Finsch for 12 months (FY 2012: nine months) (8% of the increase);
- inflationary increases, including the impact of electricity and labour costs (9% of the increase);
- treatment of higher tonnages across the operations versus FY 2012 (9% of the increase);
- offset by a depreciating ZAR against the US Dollar (*less* 14%).

Certain cost categories in South Africa have increased in excess of South African inflation (South African CPI stood at 5.5% at 30 June 2013). 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 16% during the Year and a further increase of ca. 9% has been approved by the South African National Energy Regulator for FY 2014. Petra's electricity usage accounted for approximately 14% of South African 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.

In South Africa, labour accounted for approximately 41% of on-mine cash costs at the pipe mines and 68% of on-mine cash costs at the Fissure Mines. As in the past, the Company anticipates that future labour cost increases will continue to be slightly above inflation.

As the bulk of Petra's operating costs are incurred in ZAR, the 14% weakening of the average ZAR exchange rate against the US Dollar (FY 2013 R8.839/US$1 versus FY 2012 R7.768/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.

With regards to FY 2014, on 12 August 2013 the Company provided operational and corporate guidance, which can be accessed at http://www.petradiamonds.com/investors/analysts/analyst-guidance.

Mining profit
The Company's profit from mining activity increased 34% to US$138.6 million (FY 2012: US$103.3 million), further to the increased production and sales for the Year, combined with a stable environment for diamond pricing. Despite mining being currently limited to mature and diluted areas at most of the operations, profit from mining activity for the Group reflected an overall margin of ca. 34% for the Year (FY 2012: ca. 33%).

Adjusted operating cashflow
Adjusted operating cashflow (IFRS operating cashflow adjusted for the cash effect of the increase in Year end diamond debtors) of US$132.8 million, was considerably higher than FY 2012 (US$84.6 million), due to the growth recorded in revenue and profit from mining activity.

Operating cashflow per the Consolidated Statement of Cashflows was US$73.0 million (FY 2012: US$77.2 million) but management consider the adjusted figure to be a more useful view of the underlying growth in operating cashflow as the increase in diamond debtors (30 June 2013: US$74.8 million, versus 30 June 2012: US$24.5 million) of ca. US$50 million year on year (due to the large tender that closed shortly before Year-end) reduced the underlying increase in operating cashflow. This movement includes non-cash foreign exchange translation and so the cashflow impact exceeds US$50 million.

Exploration
Petra maintains a focused exploration programme in Botswana. Exploration expenditure (before depreciation) for the Year of US$4.8 million (FY 2012: US$3.0 million) increased due to Petra's work programme at the KX36 kimberlite and the surrounding area (refer to the Exploration section of this report for further detail on exploration activities). Petra expects exploration spend to be ca. US$4.5 million in FY 2014.

Corporate overhead – General and Administration
Corporate overhead (before deprecation, share based payments and transaction costs) increased to US$11.4 million for the Year (FY 2012: US$10.0 million), in line with the Group's continued growth and development.

For FY 2014, the corporate G&A overhead is expected to be ca. US$12.0 million; management will continue to keep these central costs well controlled and managed.

Transaction Costs
Transaction costs of US$0.5 million (FY 2012: US$3.1 million), which were of a non-recurring nature, relate to the disposal process for the Fissure Mines, which was carried out during the Year but did not conclude in a sale. The prior year costs relate to the professional fees and expenses associated with the London Stock Exchange Main Market step-up (US$2.7 million) and the Finsch acquisition (US$0.4 million).

Depreciation
Depreciation for the Year increased to US$42.8 million (FY 2012: US$41.0 million), mainly due to a full 12 months of depreciation on the Finsch assets and an overall production increase at the other operations.

Net unrealised foreign exchange loss
Effective 1 July 2012, the Group reorganised its intra-Group funding arrangements and restructured its treasury structure. This has removed significant foreign exchange translation exposure from the Consolidated Income Statement, as the Rand loans are now held between entities with Rand functional currencies. This served to significantly reduce the Group's net unrealised foreign exchange loss for FY 2013 to US$4.7 million (FY 2012: US$38.6 million loss).

Net finance expense
Net finance expense of US$3.4 million (FY 2012: US$1.8 million income) is comprised of interest received on the Group's cash balances of US$0.4 million, net interest receivable from BEE partners' loans of US$1.0 million and net realised foreign exchange gains of US$2.8 million, offset by various finance expenses, being:

- a charge for the unwinding of the present value adjustment for Group rehabilitation costs of US$2.6 million; and
- interest on i) the Group's working capital facility of US$0.1 million, and ii) the Group's Absa/RMB/IFC debt facilities of US$4.9 million (stated after the capitalisation of interest of US$12.3 million associated with the funding of assets under development).

Tax charge
The tax charge of US$24.6 million (FY 2012: charge of US$10.5 million) arises due to deferred tax (net of charges and credits), reflecting the utilisation of certain capital allowances, predominantly at Finsch and Cullinan, during the Year.

Impairment and retrenchment costs
During the Year, the Group decided to put both Sedibeng and Star on care and maintenance subsequent to the disposal process which did not yield an acceptable offer. Management reviewed the carrying value of operational assets at each mine and recognised an overall impairment loss of US$12.6 million (FY 2012: US$ nil), being management's assessment of the higher of fair value less cost to sell and value in use of the mines. Further details are provided in note 6. The Group has also provided U$2.6 million (FY 2012: US$ nil) for retrenchment costs at Sedibeng and Star, as these mines have been put on care and maintenance.

Adjusted net profit
An adjusted net profit after tax of US$52.3 million (refer note 17) was recorded for the Year (FY 2012: US$39.2 million), adjusted for unrealised foreign exchange movements, retrenchment costs, impairment charges and transaction costs. The Company recorded an adjusted profit of 10.31 cents per share (FY 2012: 7.82 cents per share profit). These adjusted profit figures are considered to be more appropriate in comparing results year on year.

Group profit
A net profit after tax of US$27.9 million was recorded for the Year (FY 2012: US$2.1 million loss), reflecting the impact of the Group's solid trading for the Year. The prior year's results were substantially impacted by the non-cash, unrealised loss on foreign exchange of US$38.6 million, which was significantly lower for FY 2013 due to the restructuring of the Group's treasury structure (as noted in '*Net unrealised foreign exchange loss*' above).

Cash and Diamond Debtors
As at 30 June 2013, Petra had cash in hand of US$26.2 million (30 June 2012: US$47.3 million) and diamond debtors of US$74.8 million (FY 2012: US$25.1 million), which were settled in the normal course of business shortly after Year end. Of the cash balances, US$14.1 million was held as unrestricted cash, US$10.3 million was 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$1.8 million was held by Petra's bankers as security for other environmental rehabilitation bonds lodged with the Department of Mineral Resources in South Africa.

Diamond debtors of US$74.8 million related to the June 2013 tender and were significantly higher than FY 2012 levels, due to the June tender being the largest held by Petra to date, again due to the strong production levels of Q4 FY 2013.

Diamond Inventories
As at 30 June 2013, the Company had diamond inventories of ca. US$31.5 million (ca. 348,403 carats) (30 June 2012: US$24.5 million (ca. 221,748 carats)), due to the increased production levels in Q4 FY 2013 compared to the comparative period.

BEE Loans receivable
The BEE loans of US$85.2 million (FY 2012: US$89.4 million) due to Petra arise from:

- Petra having financed the BEE partners' share of the purchase consideration 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 decrease in the BEE loans over FY 2012 is due to the retranslation of the Rand based loans into US Dollars (FY 2013: R9.88/US$1 versus FY 2012: R8.16/US$1), partially offset by interest accrued. The BEE loans are included in 'Loans and other receivables' under 'Non-current assets' on the face of the Balance Sheet.

Loans and Borrowings
The Group had loans and borrowings at Year end of US$147.0 million (FY 2012: US$69.2 million).

In November 2012, Petra completed an increase and reorganisation of its existing debt structure by agreeing revised debt facilities with FirstRand Bank Limited (acting through its Rand Merchant Bank ("RMB") and First National Bank ("FNB") divisions), Absa Corporate and Investment Banking ("Absa") (a division of Absa Bank Limited and a member of Barclays) and the International Finance Corporation ("IFC") (a member of the World Bank Group). This served to increase the Group's ZAR debt and working capital facilities by R900 million to R1.6 billion, with the US$ portion of the debt facilities (US$60 million) remaining unchanged.

The revised facilities comprise of an amortising term facility ("ATF") of R800 million (US$81.0 million) and US$35 million, a revolving credit facility ("RCF") of R300 million (US$30.4 million) and US$25 million and a working capital facility ("WCF") of R500 million (US$50.6 million).

At 30 June 2013 the Group had undrawn borrowing facilities of US$71.3 million (30 June 2012: US$66.3 million), net of US$3.6 million utilised for foreign exchange settlement lines (30 June 2012: US$ nil).

Other Liabilities
Other than trade and other payables of US$64.7 million (comprising US$23.8 million trade creditors, US$17.4 million employee related accruals and US$23.5 million other payables), 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.

Capex
Operations Capex for the Year was US$198.3 million (FY 2012: US$138.0 million), split as to US$138.8 million on expansion Capex (FY 2012: US$102.5 million) (included in the applicable mine by mine results tables), US$12.3 million on capitalised borrowing costs with regards to the expansion Capex (FY 2012: US$6.3 million) and US$47.2 million on sustaining Capex (FY 2012: US$29.2 million). Refer note 4 'Segmental Information' for a breakdown of Capex for the Year and a reconciliation of corporate and Helam Projects timing eliminations to the US$191.2 million 'Property, Plant and Equipment' note.

Expansion Capex increased in line with the roll-out of the Group's expansion programmes, mainly at Finsch and Cullinan; refer to mine by mine sections below for more detail.

The increased level of sustaining Capex was largely due to Finsch being included for a full 12 month period, coupled with planned major equipment replacements. Sustaining Capex was also allocated for new trackless equipment purchased in relation to the project to open up access to additional ore on the 645 Level at Cullinan from FY 2014 onwards (one of the initiatives to manage the ROM grade at Cullinan until the new block cave is in place in the C-Cut).

Group Capex includes US$4.4 million for the Year (FY 2012: US$11.1 million), which was incurred by the Group's internal projects facility in terms of projects/equipment under construction and which will be reflected as "on-mine" Capex once these projects are finalised and invoiced to the respective operation.

PRODUCTION

Combined operations:

	Unit	FY 2013	FY 2012	Variance
Sales				
Revenue	**US$m**	**402.7**	**316.9**	**+27%**
Diamonds sold	Carats	2,539,844	2,084,429	+22%
Production				
Total tonnes treated	Tonnes	14,853,762	10,367,722	+43%
ROM diamonds	Carats	2,038,115	1,872,120	+9%
Tailings & alluvial diamonds	Carats	630,190	336,742	+87%
Total diamonds	**Carats**	**2,668,305**	**2,208,862**	**+21%**
Opex				
On-mine cash cost	US$m	263.4	234.3	+12%
Capex				
Expansion	US$m	138.8	102.5	+35%
Sustaining	US$m	47.2	29.2	+62%
Borrowing Costs Capitalised	US$m	12.3	6.3	+95%
Total	**US$m**	**198.3**	**138.0**	**+44%**

FY 2013 diamond production increased 21% to 2.67 Mcts, slightly above the previously revised market guidance of 2.65 Mcts. The year on year increase was mainly due to Finsch's contribution for a full 12 month period (FY 2012 included circa nine months production from the date of acquisition) and Williamson successfully achieving the planned levels of production following the commissioning of its rebuilt plant at the end of FY 2012.

Revenue increased 27% to US$402.7 million (FY 2012: US$316.9 million), primarily due to increased volumes coupled with the sale of the 25.5 carat blue diamond from Cullinan for US$16.9 million in May 2013. Carats sold increased 22% to 2,539,844 (FY 2012: 2,084,429), in line with the increasing trend of production.

Finsch

	Unit	FY 2013	FY 2012[1]	Variance
Sales				
Revenue	US$m	160.6	136.9	+17%
Diamonds sold	Carats	1,336,418	989,101	+35%
Average price per carat	US$	120	138	-13%
ROM Production				
Tonnes treated	Tonnes	2,609,935	2,260,842	+15%
Diamonds produced	Carats	890,360	832,396	+7%
Grade	Cpht	34.1	36.8	-7%
Tailings Production				
Tonnes treated	Tonnes	2,600,611	1,600,170	+63%
Diamonds produced	Carats	522,106	272,222	+92%
Grade	Cpht	20.1	17.0	+18%
Total Production				
Tonnes treated	Tonnes	5,210,546	3,861,012	+35%
Diamonds produced	Carats	1,412,465	1,104,618	+28%
Costs				
On-mine cash cost per tonne treated	ZAR	139	134	+4%
Capex				
Expansion Capex	US$m	33.5	8.7	+285%
Sustaining Capex	US$m	10.6	3.3	+221%
Borrowing Costs Capitalised	US$m	4.5	-	n/a
Total Capex	US$m	48.6	12.0	+305%

Note:
1. The acquisition of the Finsch mine completed on 14 September 2011; therefore results for FY 2012 only represent ca. 9 months.

Finsch performed strongly for the Year, contributing 1,412,465 carats (FY 2012: 1,104,618 carats) and revenue of US$160.6 million (FY 2012: US$136.9 million).

In line with Petra’s strategy to optimise recoveries from each asset, the plant cut-off was reduced at Finsch towards the latter part of the Year to increase recovery of the high quality smaller goods produced by the Finsch orebody, with a resultant increase in both ROM and tailings grades in Q4 over the previous quarter. Although this plant change resulted in a reduced average value per carat, due to the increased volumes of the smaller diamonds, it served to increase gross revenues and contained value per tonne.

ROM grades for FY 2013 declined to 34.1 cpht (FY 2012: 36.8 cpht) due to the increasing dilution of the current mature Block 4 working areas, however the plant changes noted above are expected to provide some positive effect on ROM grade before the development plan provides first access to undiluted ore (from FY 2015 onwards).

Costs:
The weighted average unit operating cost of R139/t (FY 2012: R134/t) at Finsch is in line with management's expectations. Above-inflationary cost pressures associated with labour and electricity were partially offset by increased levels of throughput resulting in a 4% unit cash cost increase compared to SA CPI of 5.5%.

Development plan:
Petra's expansion plan at Finsch will take production from ca. 1.4 Mctpa to 1.8 Mctpa by FY 2016 and then increasing to ca. 2 Mctpa by FY 2019. With gross resources of 50.9 million carats, Petra's initial mine plan has a life of 17 years, but resources in residual Block 6 and the Precursor kimberlite are expected to prolong the actual life of mine ("LOM") for considerably longer.

Production is currently entirely from Block 4, which is a mature block that has mostly been mined out, meaning that the ore is by this point heavily diluted with waste rock. In order to provide earlier access to undiluted ore before the main Block 5 Cave is put in place, Petra will use the sub level cave ("SLC") mining method over four levels from the 710 metre level ("mL") to 780 mL at a rate of 3.2 Mtpa. Once the transition is then made from mining the SLC to the main Block 5 Cave, which is currently planned at the 900 mL, tonnages will increase to 3.5 Mtpa from FY 2021.

On 12 August 2013, Petra announced enhancements to the expansion plan at Finsch, which focus on revisions to the ore-handling system (including the implementation of a conveyor system which can transfer 710 – 780 mL SLC material to the existing loading and hoisting infrastructure on 650 mL), a further enlarged footprint of the Block 5 SLC and the doubling up of crusher capacity to complement the enhanced ore-handling and engineering infrastructure planned at the SLC and the Block 5 Cave (originally planned on the Block 5 Cave elevation only).

These measures will serve to improve production flexibility, give the ability to more efficiently manage grades and enable the earlier decommissioning of the Block 4 automated ore-handling infrastructure, resulting in long term savings in operating costs, as well as the added benefit of production efficiencies.

ROM throughput is guided at 2.83 Mt for FY 2014 at a grade of ca. 32 – 33 cpht. As the mine's production profile gradually changes from diluted to undiluted ore, the ROM grade is expected to increase to ca. 36 cpht by FY 2015, to ca. 43 cpht by FY 2016 and to ca. 56 cpht by FY 2017 (up from previous guidance of 47 cpht, assisted by the aforementioned plant changes), when full production is sourced from undiluted ore.

The development of the declines and access tunnels, which are key deliverables at this stage of the project, are progressing in line with expectations and the development and drilling contractor services have been put in place. The successful progression of the programme is demonstrated by the significant increase in development metres achieved for the Year (2,311 metres in FY 2013 versus 169 metres in FY 2012). Raiseboring activities also commenced during Q4 FY 2013 and yielded 165 metres.

Treatment of the 'Pre 79 Tailings' is planned at 2.65 Mt for FY 2014 and expected to be mined for a further two to three years (including FY 2014) at a grade of ca. 21 – 22 cpht (increased from prior guidance as a result of the abovementioned plant changes). Once the 'Pre 79 Tailings' have been depleted, treatment of the 'Post 79 Tailings' will continue until FY 2020, at a lower estimated grade of approximately 10 cpht.

Capex:
Capex of US$48.6 million for the Year (FY 2012: US$12.0 million) reflects a full 12 month period of sustaining Capex for operating Finsch, as well as the progression of the expansion project and associated underground development in FY 2013, as mentioned above. The majority of sustaining Capex was spent on the replacement of equipment reaching the end of its useful life.

Cullinan

	Unit	FY 2013	FY 2012	Variance
Sales				
Revenue	US$m	133.0	112.0	+19%
Diamonds sold	Carats	816,611	876,384	-7%
Average price per carat	US$	163[1]	128	+27%
ROM Production				
Tonnes treated	Tonnes	2,595,004	2,504,137	+4%
Diamonds produced	Carats	795,370	833,285	-5%
Grade	Cpht	30.7	33.3	-8%
Tailings Production				
Tonnes treated	Tonnes	1,485,889	668,534	+122%
Diamonds produced	Carats	73,605	34,495	+113%
Grade	Cpht	5.0	5.2	-4%
Total Production				
Tonnes treated	Tonnes	4,080,893	3,172,671	+29%
Diamonds produced	Carats	868,975	867,780	+0%
Costs				
On-mine cash cost per tonne treated	ZAR	158	177	-11%
Capex				
Expansion Capex	US$m	64.0	42.4	+51%
Sustaining Capex	US$m	17.2	7.5	+129%
Borrowing Costs Capitalised	US$m	7.8	4.5	+73%
Total Capex	US$m	89.0	54.4	+64%

Note:

1. The FY 2013 average value at Cullinan includes the 25.5 carat blue diamond sold for US$16.9 million; the average value for FY 2013 excluding this stone was US$142 per carat.

Cullinan's revenue increased to US$133.0 million (FY 2012: US$112.0 million) despite flat production, due to a higher contribution from 'specials'. Cullinan is renowned as an important source of large top-quality white diamonds (Type IIa) and very rare top-quality blue diamonds (Type IIb), and in FY 2013 nine diamonds (including the exceptional 25.5 carat blue diamond) were each sold for more than US$1 million.

FY 2013 production of 868,975 carats (FY 2012: 867,780 carats) was impacted by a combination of the lower ROM grade and the delay in the roll-out of the tailings expansion project. The lower ROM grade of 30.7 cpht (FY 2012: 33.3 cpht) was due to the increased dilution of the current mining areas.

As part of the Company's ongoing initiatives to manage the lower ROM grade prior to accessing the C-Cut, Petra has been working to open up access to tonnages in the BA5 production area on the 645 mL, which had formerly been closed down. This part of the orebody has a historically proven higher frequency of high value stones, and increased pillar mining from this area in Q4 contributed towards both a strengthening ROM grade (to ca. 33.0 cpht) and an increased number of special stone recoveries (H2 FY 2013 revenue of US$84.4 million versus H1 FY 2013 revenue of US$48.6 million).

Petra will continue to support ROM grade in FY 2014 by mining Block B pillar tonnes and accessing higher grade undiluted tonnes on the BA5 645 mL. Given this approach, Petra is guiding ROM production of ca. 2.75 Mt for FY 2014, at a grade of ca. 31 – 32 cpht.

Tailings production disappointed in FY 2013, as only 1.5 Mt were treated (at a grade of 5.0 cpht) versus expectations of ca. 2.7 Mt. This lower throughput was caused by various delays during the commissioning phase.

During the Year, Petra revised its plans for the tailings operation at Cullinan due to early production results and grades achieved being below expectations. Further investment in tailings treatment facilities has been put on hold whilst further analysis is undertaken. Tailings production is currently planned to increase to ca. 2.7 Mtpa for FY 2014 at a grade of ca. 5 – 6 cpht and to remain at this level, rather than ramping up to the previous forecast of 4 Mtpa. However, the grade is expected to increase to ca. 7.5 cpht from FY 2015, due to continuous plant improvements, including re-crush facilities.

Costs:

Unit cash operating costs at Cullinan decreased by 11% to R158/t (FY 2012: R177/t) mainly due to the increased volumes of tailings throughput. 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 200.8 Mcts (including 17.0 Mcts in tailings), and the Company is capitalising on this by undertaking an expansion programme at the mine to take annual production to 2.2 Mcts by FY 2019 (comprising 2.0 Mcts ROM and 0.2 Mcts tailings). This expansion plan, known as C-Cut Phase 1, 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 17 years, but the major residual resources at the mine indicate that the actual LOM could be in excess of 50 years.

As at Finsch, the development plan will enable the tonnage profile to gradually switch from diluted to undiluted ore. Petra therefore expects the ROM grade to increase in future years to ca. 35 cpht by FY 2015, ca. 37 cpht by FY 2016 and to in excess of 50 cpht by FY 2019, when the C-Cut Phase 1 block cave is in full production.

C-Cut Phase 1 is on track, with the development of the declines, access tunnels and shaft deepening all progressing in line with expectations. Tunnel development activity ramped up significantly for the Year, yielding a total of 4,147 metres for FY 2013 (FY 2012: 771 metres), while raiseboring, which commenced during the Year, delivered 626 metres (FY 2012: nil).

During FY 2013, a number of refinements were approved to allow for increased flexibility in delivery of Cullinan's expansion project and to equip the mine's infrastructure to handle tonnages from across the whole footprint of the orebody (16 hectares versus the 5 hectare block which will be accessed for C-Cut Phase 1), should there be a future decision to ramp up the underground operation above the current planned 4 Mtpa rate.

These refinements followed progress with detailed planning, design and costing work, which resulted in additional capital requirements to cater for enhanced engineering requirements, specifically:

- the upgrading of support specifications to cater for the anticipated longer life of the block cave;
- the inclusion of a permanent batching plant to deliver concrete to shaft and production infrastructure, freeing up shaft time and reducing potential production disruptions; and
- the optimisation of the 880 mL ore-handling systems (including crushers, conveyors and the shaft barrel from 581 mL to 930 mL), allowing for potential future production ramp-ups utilising the entire C-Cut footprint.

Capex:
Capex of US$89.0 million for the Year (FY 2012: US$54.4 million) 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. Sustaining Capex included new trackless equipment purchased in relation to the BA5 project to open up access to ore on the 645 mL.

Koffiefontein

	Unit	FY 2013	FY 2012	Variance
Sales				
Revenue	US$m	16.6	18.9	-12%
Diamonds sold	Carats	35,168	38,798	-9%
Average price per carat	US$	471	487	-3%
ROM Production				
Tonnes treated	Tonnes	239,161	498,412	-52%
Diamonds produced	Carats	14,356	24,569	-42%
Grade	Cpht	6.0	4.9	+22%
Tailings / Ebenhaezer Production				
Tonnes treated	Tonnes	1,242,360	967,538	+28%
Diamonds produced	Carats	20,444	15,548	+32%
Grade	Cpht	1.6	1.6	0%
Total Production				
Tonnes treated	Tonnes	1,481,521	1,465,950	+1%
Diamonds produced	Carats	34,800	40,117	-13%
Costs				
On-mine cash cost per tonne treated	ZAR	136	125	+9%
Capex				
Expansion Capex	US$m	10.9	6.1	+79%
Sustaining Capex	US$m	9.5	5.4	+76%
Total Capex	US$m	20.4	11.5	+77%

Koffiefontein is one of the world's top kimberlite mines by average value per carat, achieving US$471 for FY 2013, despite the fact that the overall average has to some extent been reduced by the higher proportion of lower value Ebenhaezer production in the total sales mix.

Diamond production for FY 2013 declined by 13% to 34,800 carats (FY 2012: 40,117 carats). Underground production continues to be supplemented with production from the Ebenhaezer satellite pipe, where mining of initial lower grade areas progressed in Q4 FY 2013, with the Company now establishing access to higher grade ore. Koffiefontein is now in a position to deliver improved results for FY 2014.

Costs:
Due to the high contribution from the lower-cost Ebenhaezer open pit, the on-mine cash operating unit cost of R136/t remained relatively low (FY 2012: R125/t), despite production constraints and cost pressures associated with electricity and labour increases.

Development Plan

Petra's expansion plan at Koffiefontein is expected to increase production from 34,800 ctpa in FY 2013 to ca. 105,000 ctpa by FY 2017. Petra will therefore be ramping up ROM production to 1.1 Mtpa by FY 2017. The current mine plan has a life of 12 years, but the orebody remains open at depth so the actual LOM could be considerably longer.

ROM throughput of 0.33 Mt is planned for FY 2014, consistent with H2 FY 2013 ROM production. ROM grade is guided at ca. 9 – 10 cpht, due to an increased contribution of tonnages from higher grade areas.

Surface mining of the Ebenhaezer satellite pit will continue in FY 2014, with ca. 1.2 Mt planned to be treated at a grade of ca. 2.7 cpht, and it is expected to continue for two to three years (including FY 2014), whilst mining of underground ROM tonnes is ramped up.

Petra's mine plan involves the installation of a SLC between 560 mL and 580 mL, before installing a new block cave at 690mL. The revised mining lay-out for the SLC (which will accelerate access to fresh kimberlite ore) was finalised in FY 2013 and detailed design work commenced. Development work on the underground tunnel infrastructure is underway, while ore-handling conveyor installations servicing the SLC are in the final stages of commissioning.

In FY 2013, a revision to the mine design has led to ca. 450 kt more tonnes being accessible from the Koffiefontein SLC, as well as an expected increase in the average grade from 8.7 cpht to 9 – 10 cpht (due to the focus on higher grade areas). The new targeted areas are expected to produce a significant number of Type IIa diamonds (for which Koffiefontein is well known), which should have a positive impact on the average US$/carat values.

Capex:

Capex for the Year of US$20.4 million was primarily focused on underground development and purchasing of plant, mining and surface equipment.

Kimberley Underground

	Unit	FY 2013	FY 2012	Variance
Sales				
Revenue	US$m	33.4	19.8	+69%
Diamonds sold	Carats	113,383	61,895	+83%
Average price per carat	US$	295	320	-8%
Total Production (all ROM)				
Tonnes treated	Tonnes	804,725	587,065	+37%
Diamonds produced	Carats	115,400	68,422	+69%
Grade	Cpht	14.3	11.7	+23%
Costs				
On-mine cash cost per tonne treated[1]	ZAR	265	295	-10%
Capex				
Expansion Capex	US$m	17.6	15.4	+14%
Sustaining Capex	US$m	4.0	5.6	-29%
Total Capex	US$m	21.6	21.0	+3%

Note:

1. On-mine cash costs exclude costs assigned to ROM stockpiles.

The Kimberley Underground operation comprises three kimberlite pipe mines: Bultfontein and Dutoitspan (serviced by the Joint Shaft and the Joint Shaft plant) and Wesselton (serviced by the Wesselton Shaft and the Wesselton plant) – both plant facilities were constructed and commissioned by Petra's in-house team, following takeover of the operation. A substantial stockpile of ore at each plant was built up while the Joint Shaft and Wesselton treatment plants were being constructed (estimated to be ca. 500 Kt at Year end).

At Kimberley Underground, the ramp up of plant throughput continued throughout the Year, with total carats produced increasing by 69% to 115,400 carats (FY 2012: 68,422 carats). The ROM grade of 14.3 cpht was in line with guidance. Petra continues to be encouraged by the quality of the Kimberley Underground production and during the Year a 95.0 carat white diamond sold for US$1.1 million, being the first +US$1 million stone from the operation under Petra management.

Costs:
Unit costs of R265 /t (FY 2012: R295/t) improved as expected due to an increase in tonnages treated.

Development plan:
Petra's mine plan at Kimberley Underground is to take production to an annual average steady state of ca. 130,000 ctpa by FY 2016.

Planned ROM tonnes mined for FY 2014 and FY 2015 are 800 Kt and 900 Kt respectively, whereas planned plant throughput for FY 2014 and FY 2015 is 1.1 Mt (augmented by material from the stockpiles at surface). Underground ROM tonnes are planned to ramp-up to in excess of 1 Mtpa by FY 2016, by which point the stockpiles will have been depleted.

Capex:
Capex of US$21.6 million for the Year (FY 2012: US$21.0 million) mainly related to the Wesselton plant and additional mining and engineering infrastructure.

Fissure Mines (Sedibeng, Star, Helam)

	Unit	FY 2013	FY 2012	Variance
Sales				
Revenue	US$m	17.1	17.7	-3%
Diamonds sold	Carats	72,941	69,097	+6%
Average price per carat	US$	235	255	-8%
ROM Production				
Tonnes treated	Tonnes	160,758	167,794	-4%
Diamonds produced	Carats	72,287	70,593	+2%
Grade	Cpht	45.0	42.1	+7%
Tailings Production				
Tonnes treated	Tonnes	-	8,203	-100%
Diamonds produced	Carats	-	281	-100%
Grade	Cpht	-	3.4	-100%
Total Production				
Tonnes treated	Tonnes	160,758	175,997	-9%
Diamonds produced	Carats	72,287	70,874	+2%
Costs				
On-mine cash cost per tonne treated	ZAR	1,344	999	+35%

Capex				
Expansion Capex	US$m	n/a	n/a	n/a
Sustaining Capex	US$m	2.6	5.8	-55%
Total Capex	US$m	2.6	5.8	-55%

On 31 July 2012, the Company announced that it had, in conjunction with its BEE partners, decided to undertake a sales process in respect of the Fissure Mines (Helam, Sedibeng and Star). This sales process did not result in any acceptable offers being submitted and therefore the Sedibeng and Star operations were placed onto care and maintenance post Year end; Helam continues to operate within the Group on a normal commercial basis.

The Fissure Mines FY 2013 results were impacted by the sales process and therefore do not represent steady state production results.

Petra's plan for Helam is to take production to 112,500 tpa by FY 2017, which at a grade of ca. 70 cpht is expected to deliver ca. 79,000 carats.

Williamson

	Unit	FY 2013	FY 2012[2]	Variance
Sales				
Revenue	US$m	41.9	11.6	+261%
Diamonds sold	Carats	165,324	49,153	+236%
Average price per carat	US$	254	236	+7%
ROM Production				
Tonnes treated	Tonnes	2,730,133	826,699	+230%
Diamonds produced	Carats	150,342	42,855	+251%
Grade	Cpht	5.5	5.2	+6%
Alluvial Production				
Tonnes treated	Tonnes	385,186	278,328	+38%
Diamonds produced	Carats	14,035	14,195	-1%
Grade	Cpht	3.6	5.1	-29%
Total Production				
Tonnes treated	Tonnes	3,115,319	1,105,027	+182%
Diamonds produced	Carats	164,376	57,050	+188%
Costs				
On-mine cash cost per tonne treated[1]	US$	12	18	-33%
Capex				
Expansion Capex	US$m	8.4	18.8	-55%
Sustaining Capex	US$m	3.3	1.6	+106%
Borrowing Costs Capitalised	US$m	-	1.8	-100%
Total Capex	US$m	11.7	22.2	-47%

Notes**:**
1. On-mine cash costs exclude costs assigned to ROM stockpiles.
2. Further to the development programme underway at Williamson for the last few years, ROM production operations recommenced in Q4 FY 2012.

Williamson is an open pit operation, based upon the mining of the 146 hectare Mwadui kimberlite. Since taking over the mine in early 2009, Petra has implemented the Phase 1 development programme, which involved a substantial rebuild of the existing plant and major pit reshaping work, with production successfully recommencing in Q4 FY 2012.

Williamson delivered 150,342 carats of ROM production in FY 2013 (FY 2012: 42,855 carats), supplemented by 14,035 carats of alluvial production (which is carried out by contractors). Petra continues to be encouraged by the high quality of the Williamson production and it is positive to note that a 35.8 carat Williamson stone sold for US$1.3 million during the June 2013 tender, being the first +US$1 million stone from Williamson under Petra's stewardship.

Costs:
The on-mine cash cost per total tonnes treated reduced to US$12/t (FY 2012: US$18/t) as the mine moved out of the start-up phase.

Development Plan:
On 12 August 2013, Petra announced plans to increase ROM production to ca. 3.6 Mt in FY 2014, before steadily ramping up to ca. 5 Mtpa by FY 2017, which at a grade of ca. 6.0 cpht will deliver 300,000 carats. This is an increase from previous guidance of 3.6 Mtpa, due to a focus on the plant design to deliver energy efficiency and water recovery circuit improvements, resulting in the ability to increase throughput.

Petra will continue to consider approaches to increase production beyond 5 Mtpa, but an expansion plan above this level is dependent upon security of appropriate electricity and water supplies. The Company will provide an update on this when appropriate.

Petra's current mine plan for Williamson has a life of 20 years, but given that the Mwadui kimberlite hosts a major resource of 39.4 Mcts, there is potential to extend the LOM considerably.

Capex:
Capex reduced to US$11.7 million for the Year (FY 2012: US$22.2 million) and 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.

EXPLORATION

Petra's exploration programme is focused in Botswana, which 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 21,520 km^2, all of which is "on craton".

Petra's focus at present remains the evaluation of the KX36 kimberlite discovery and an intensified search for other kimberlites in the surrounding area.

Following the completion of the final processing of the KX36 mini bulk sample material in mid February 2013, with a total of ca. 285 carats recovered (including three stones of approximately 5 carats, two of which were of gem quality), detailed analysis of all micro/macrodiamond results and the petrographic and mineral chemistry data obtained from the +800 tonnes of kimberlite and calcrete processed was completed.

In analysing possible reasons for the realised diamond grade to be lower than previously predicted, two main factors were identified: diamond breakage and the relatively fine diamond size frequency distribution ("SFD") obtained. A diamond damage study undertaken by Dr Paddy Lawless indicated significant breakage for stones larger than the 3 DTC diamond sieve size. Diamond breakage would have occurred during the drilling process, with diamond fragments smaller than 1mm being lost to the undersize material. The quantified diamond breakage translates into a potential 'up-grade' factor of 1.36 for all large diameter drill ("LDD") holes, in terms of total carats recovered.

The fine diamond SFD is possibly related to diamond breakage, or the fact that LDD samples are not large enough to recover a representative quantity of larger diamonds. Both these issues will be addressed through an additional underground bulk sampling programme of between 10,000 and 15,000 tonnes, currently being planned for FY 2014.

A third phase of a narrow diameter drilling ("NDD") programme, involving eight inclined HQ core boreholes of between 250 m and 400 m, is nearing completion. The objective of this programme is to improve delineation of the KX36 pipe and to provide additional geological and geotechnical information. It is anticipated that all information available to date will be integrated in H1 FY 2014 to establish an initial resource model and classification for KX36.

In late FY 2012, a detailed deflation (soil) sampling programme was commenced to investigate the immediate surrounds of KX36 for other kimberlites that, together with KX36, may form a kimberlite cluster. To date, ca. 6,000 deflation samples have been collected and despatched for analysis. This programme is now nearing completion. Initial results indicate a zone of anomalous kimberlite indicator minerals ("KIM") extending south west from KX36.

In addition to the sampling campaign, Petra has carried out a ca. 3,900 line km airborne electromagnetic survey over the KX36 region and the final processed data was received in H2 FY 2013. The geo-electrical signature of KX36 is clearly identifiable in the survey data and some additional high interest targets with similar signatures in the immediate area had been identified by Year end. All geophysical and soil sampling data will be used to select a final set of priority drill targets in the vicinity of KX36. The first exploration drilling is planned to commence in H1 FY 2014.

On a more regional scale, geophysical, geological, soil sampling and drilling data are being compiled into one new comprehensive regional geographic information system ("GIS") database for regional target generation. The Company continues to review its exploration holdings in Botswana and further desktop studies led to the identification of three new prospecting licences covering 1,140km^2 of prospective ground contiguous to the Kokong kimberlite field. An application for these licences was submitted in late FY 2013.

CORPORATE AND GOVERNANCE

Board changes

On 12 September 2012, Tony Lowrie joined the Petra Board as Senior Independent Non-Executive Director. Mr Lowrie has brought a wealth of relevant expertise to the Company, having an association of over 35 years with the equities markets and more recently through his role as a non-executive director of Kenmare Resources plc, also a FTSE 250 mining company.

On 4 February 2013, Dr Omar Kamal stepped down as a Non-Executive Director. Dr Kamal is a senior executive with the Al Rajhi Group of companies ("Al Rajhi"), Petra's largest shareholder, and had served on the Petra Board since February 2010 as Al Rajhi's representative.

Increase in effective interests in South African operations

Effective 1 January 2013, the Group increased its effective interest in each of its South African operations, by acquiring a 49.24% interest in Nelesco 651 (Pty) Limited, which in turn provided a 49.24% effective interest in Sedibeng Mining (Pty) Ltd ("Sedibeng Mining"), one of Petra's South African empowerment partners.

SAFETY

The health and safety of all employees is of the utmost importance to the Company and Petra has a wide range of initiatives, training and awareness programmes in place to foster a zero harm workplace.

The Group's LTIFR for the Year reduced to 0.67 (FY 2012: 1.13), which is an encouraging trend considering the increase in activities as the capital programmes progress.

Petra's annual Sustainability Report provides further information on its sustainable development policies and practices, covering areas such as Health and Safety, Environment, Community and Employment. It is available on the Petra website at www.petradiamonds.com/sustainability.

GROSS RESERVES & RESOURCES

Petra manages 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 in place at each operation, or could support significantly higher production rates.

Gross Reserves and Resources

As at 30 June 2013, the Group's gross Diamond Resources (inclusive of Reserves) had increased by 2.5% to 309.6 Mcts, from 302.1 Mcts as at 30 June 2012. This is mainly due to an increase in gross Resources at Finsch as a result of decreasing the bottom cut off used in the Resource estimation from 1.5mm to 1mm. This is in line with the decrease to the bottom cut off at the Finsch production plant, effected by Petra during FY 2013, thereby serving to increase the grade and recoverable carats over the life of mine.

The Group's gross Diamond Reserves increased 14.3% to 54.4 Mcts (30 June 2012: 47.6 Mcts), mainly due to an increase in gross Reserves at Cullinan. This has resulted from the increased number of new tunnels that have been brought into production and the detailed mine plans being run through the PCBC block cave scheduling and simulation software, thereby allowing for a more representative Reserves figure to be calculated. PCBC is a highly sophisticated software package commonly used by companies involved in block caving for mine planning purposes.

The following table summarises the gross Reserves and Resources status of the combined Petra Group operations as at 30 June 2013. The full 2013 Resource Statement can be accessed at http://www.petradiamonds.com/operations/reserves-and-resources.

	Gross		
Category	**Tonnes (millions)**	**Grade (cpht)**	**Contained Diamonds (Mcts)**
Reserves			
Proved	1.8	39.1	0.71
Probable	127.3	42.1	53.66
Sub-total	**129.1**	**42.1**	**54.36**
Resources			
Measured	14.7	8.4	1.24
Indicated	452.4	49.5	224.09
Inferred	1251.3	6.7	84.25
Sub-total	**1718.5**	**18.0**	**309.58**

General notes on reporting criteria

1. Resources are reported inclusive of Reserves.
2. Tonnes are reported as millions; contained diamonds are reported as per million 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 and this has been taken into account in the applicable statements.
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 Petra 2013 annual Resource Statement as shown above 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 33 years' relevant experience in the diamond mining industry, who was appointed as an independent consultant by the Company for this purpose.

OUTLOOK

Whilst economic conditions continue to remain challenging, we believe that the long-term outlook for the Group is positive. Petra has compiled a high quality portfolio of producing assets and will continue to significantly increase production in the years to come, supplying into what is expected to be a buoyant diamond market. True sustainability remains central to the way we structure all projects, ensuring that all our stakeholders benefit from our future success.

None of this would be possible without the hard work and motivation of our team, as well as our valued partnerships with our Government and BEE partners. I would like to thank you all for your individual contribution to realising our strategy.

Johan Dippenaar
CEO
16 September 2013

Notes

1. The following exchange rates have been used for this announcement: US$: ZAR9.88 (FY 2012: US$: ZAR8.16); average for the Year: US$: ZAR8.84 (FY 2012: US$: ZAR7.76)
2. The following definitions were used in this announcement:
   a. cpht: carats per hundred tonnes
   b. ctpa: carats per annum
   c. Kt: thousand tonnes
   d. Mctpa: million carats per annum
   e. Mcts: million carats
   f. Mt: million tonnes
   g. ROM: run-of-mine
   h. /t: per tonne

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

US$ million	Notes	**2013**	2012
Revenue		**402.7**	316.9
Mining and processing costs		**(316.7)**	(263.9)
Other direct income		**6.2**	9.0
Exploration expenditure		**(4.9)**	(3.1)
Corporate expenditure	7	**(14.1)**	(13.7)
Impairment charge	6	**(12.6)**	-
Total costs		**(342.1)**	(271.7)
Other financial income		**12.7**	19.1
Unrealised foreign exchange gain		**2.0**	-
Other financial expense		**(16.1)**	(17.3)
Unrealised foreign exchange loss		**(6.7)**	(38.6)
Financial income	8	**14.7**	19.1
Financial expense	8	**(22.8)**	(55.9)
Profit before tax		**52.5**	8.4
Income tax charge		**(24.6)**	(10.5)
Profit/(loss) for the year		**27.9**	(2.1)

Profit/(loss) for the year attributable to:			
Equity holders of the parent company		**32.0**	(2.4)
Non-controlling interest		**(4.1)**	0.3
		27.9	(2.1)

Earnings per share attributable to the equity holders of the parent during the year			
From continuing operations:			
Basic profit/(loss) – US$ cents	16	**6.30**	(0.48)
Diluted profit/(loss) – US$ cents	16	**6.13**	(0.48)

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

US$ million	**2013**	2012
Profit/(loss) for the year	**27.9**	(2.1)
Exchange differences on translation of the share-based payment reserve	**0.2**	0.2
Exchange differences on translation of foreign operations	**(97.9)**	(34.4)
Exchange differences on non-controlling interest	**(4.7)**	(4.9)
Valuation loss on available for sale financial asset	**(0.1)**	(0.2)
Total comprehensive expense for the year	**(74.6)**	(41.4)

Total comprehensive income and expense for the year attributable to:		
Equity holders of the parent company	**(65.8)**	(36.8)
Non-controlling interest	**(8.8)**	(4.6)
	(74.6)	(41.4)

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

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 equity
At 1 July 2012	85.7	651.1	(45.1)	10.3	(0.7)	(63.7)	637.6	27.4	665.0
Profit / (loss) for the year	—	—	—	—	—	32.0	32.0	(4.1)	27.9
Other comprehensive (expense) / income	—	—	(97.9)	0.2	(0.1)	—	(97.8)	(4.7)	(102.5)
Non-controlling interest purchased (note 5)	—	—	—	—	—	(8.9)	(8.9)	(2.3)	(11.2)
Transfer between reserves for exercise of options and warrants	—	—	—	(0.5)	—	0.5	—	—	—
Equity settled share-based payments	—	—	—	3.9	—	—	3.9	—	3.9
Allotments during the year:									
– Share options exercised	0.2	1.0	—	—	—	—	1.2	—	1.2
– Warrants exercised	0.4	2.7	—	—	—	—	3.1	—	3.1
At 30 June 2013	**86.3**	**654.8**	**(143.0)**	**13.9**	**(0.8)**	**(40.1)**	**571.1**	**16.3**	**587.4**

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

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 equity
At 1 July 2011	84.8	645.6	(10.7)	9.7	(0.5)	(61.9)	667.0	32.0	699.0
(Loss) / profit 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 options and 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
UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2013

US$ million	Notes	**2013**	2012
ASSETS			
Non-current assets			
Property, plant and equipment	13	**735.6**	740.5
Available-for-sale financial assets		**0.1**	0.2
Deferred tax asset		**5.9**	9.3
Loans and other receivables		**85.4**	89.6
Total non-current assets		**827.0**	839.6
Current assets			
Inventories		**53.7**	47.8
Trade and other receivables		**93.7**	56.5
Cash and cash equivalents (including restricted amounts)	10	**26.2**	47.3
Total current assets		**173.6**	151.6
Total assets		**1 000.6**	991.2
EQUITY AND LIABILITIES			
Equity			
Share capital	11	**86.3**	85.7
Share premium account		**654.8**	651.1
Foreign currency translation reserve		**(143.0)**	(45.1)
Share-based payment reserve		**13.9**	10.3
Other reserves		**(0.8)**	(0.7)
Retained losses		**(40.1)**	(63.7)
Attributable to equity holders of the parent company		**571.1**	637.6
Non-controlling interest		**16.3**	27.4
Total equity		**587.4**	665.0
LIABILITIES			
Non-current liabilities			
Loans and borrowings	9	**109.9**	46.9
Trade and other payables		**65.3**	66.6
Provisions	12	**67.3**	85.0
Deferred tax liabilities		**64.1**	54.4
Total non-current liabilities		**306.6**	252.9
Current liabilities			
Loans and borrowings	9	**37.1**	22.1
Trade and other payables		**64.7**	49.0
Provisions	12	**4.8**	2.2
Total current liabilities		**106.6**	73.3
Total liabilities		**413.2**	326.2
Total equity and liabilities		**1 000.6**	991.2

PETRA DIAMONDS LIMITED – PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2013

US$ million	Notes	**2013**	2012
Profit before taxation for the year from continuing operations		**52.5**	8.4
Depreciation of property, plant and equipment	13	**42.8**	41.0
Impairment	6	**12.6**	—
Decrease in other provisions		**(0.2)**	(0.7)
Provision for retrenchments		**2.6**	—
Other finance income	8	**(12.7)**	(19.1)
Unrealised foreign exchange gain	8	**(2.0)**	—
Other finance expense	8	**16.1**	17.3
Unrealised foreign exchange loss	8	**6.7**	38.6
Present value adjustment of rehabilitation provision – change in assumptions		**(1.9)**	(4.8)
Profit on sale of property, plant and equipment		**—**	(0.1)
Share-based payment provision		**3.3**	1.0
Acquisition costs in respect of Finsch[1]		**—**	0.4
Operating profit before working capital changes		**119.8**	82.0
(Increase) / decrease in trade and other receivables		**(57.3)**	4.5
Increase in trade and other payables		**28.6**	4.3
Increase in inventories		**(15.5)**	(11.6)
Cash generated from operations		**75.6**	79.2
Finance expense		**(2.6)**	(2.0)
Taxation paid (corporate income tax)		**—**	—
Net cash generated from operating activities		**73.0**	77.2
Cashflows from investing activities			
Acquisition of assets at Finsch net of cash		**—**	(192.0)
Acquisition costs in respect of Finsch assets and liabilities		**—**	(0.4)
Acquisition of property, plant and equipment (including cash interest paid and capitalised of U$9.3 million (30 June 2012 US$6.3 million))		**(190.6)**	(135.5)
Payments for acquisition of increased interest in the Group's South African mines	5	**(0.6)**	(11.2)
Dividend received	5	**6.6**	—
Proceeds from sale of property, plant and equipment		**—**	1.4
Finance income		**0.4**	1.8
Transfer from restricted cash deposits		**3.9**	212.0
Net cash utilised in investing activities		**(180.3)**	(123.9)

UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2013

Cashflows from financing activities		
Proceeds from the issuance of share capital	**4.3**	6.4
Increase in borrowings	**98.9**	-
Repayment of borrowings	**(9.2)**	(20.0)
Net cash generated by/(utilised in) financing activities	**94.0**	(13.6)
Net decrease in cash and cash equivalents	**(13.3)**	(60.3)
Cash and cash equivalents at beginning of the year	**31.3**	96.9
Effect of exchange rate fluctuations on cash held	**(3.9)**	(5.3)
Cash and cash equivalents at end of the year	**14.1**	31.3

[1]The prior year US$2.7 million transaction costs of admission to the Main Market of the London Stock Exchange have been reallocated from 'Cashflows from financing activities' to 'Cash generated from operations' as this is considered a more appropriate classification.

1. GENERAL INFORMATION

Petra Diamonds Limited (the "Company"), a limited liability company listed on the Main Market of the London Stock Exchange, is registered in Bermuda with its Group management office domiciled in Jersey. The consolidated preliminary financial statements of the Company for the year ended 30 June 2013 comprise the Company and its subsidiaries and associates (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 unaudited preliminary report is to be read in conjunction with the Annual Report for the year ended 30 June 2012, and any public announcements made by the Group during the reporting period. The annual financial report for the year ended 30 June 2012 was prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") and the accounting policies applied in this preliminary report are consistent with the policies applied in the annual financial report for the year ended 30 June 2012 unless otherwise noted.

Basis of preparation

After a 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.

The unaudited consolidated preliminary financial statements for the year ended 30 June 2013 do not constitute statutory accounts and have been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ended 30 June 2013, which are not expected to be significantly different to those set out in note 1 to the Group's audited financial statements for the year ended 30 June 2012.

The financial information for the year ended 30 June 2012 has been extracted from the statutory accounts for that period. The auditors' report for the year ended 30 June 2012 was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report.

Changes in accounting policies:

In the current financial period, the Group has adopted the following new standards, amendments to standards and interpretations applicable from 1 July 2012 but none have had a material impact on the Group's reporting. Those that apply to the Group from 1 July 2012 are as follows:

IAS 12	Amendment – Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 1	Amendment – Presentation of Items of Other Comprehensive Income	1 July 2012

Critical estimates and judgements:

The preparation of the consolidated preliminary financial statements 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 discussed below.

Life of mine and ore reserves and resources

There are numerous risks inherent in estimating ore reserves and resources and the associated current life of mine plan. The life of mine plan is the current approved management plan for ore extraction that considers specific resources and associated capital expenditure. The life of mine plan frequently includes less tonnes than the total reserves and resources of the mine that are set out in the Reserves and Resources Statement and which management may consider to be economically viable and capable of future extraction.

Management must make a number of assumptions when making estimates of reserves and resources, 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 resources and may ultimately result in the restatement of the ore reserves and resources and potential impairment to the carrying value of the mining assets.

The current life of mine plan is used to determine the ore tonnes and capital expenditure in the impairment tests.

Ore reserves and resources, both those included in the life of mine and certain additional tonnes which form part of reserves and resources considered to be sufficiently certain and economically viable, also impact the depreciation of mining assets depreciated on a unit of production basis. Ore reserves and resources further impact the estimated date of decommissioning and rehabilitation.

Impairment reviews

While conducting an impairment review of its assets, the Group exercises judgement in making assumptions about future rough diamond prices, volumes of production, ore reserves and resources included in the current life of mine plans, feasibility studies, future development and production costs and macroeconomic factors such as inflation and discount rates. Changes in estimates used can result in significant changes to the 'Consolidated Income Statement' and 'Statement of Financial Position'. The Group prepares value in use impairment models and assesses mining assets for impairment. The carrying value of the Helam and Kimberley Underground mining assets are sensitive to rough diamond prices, foreign exchange rates, forecasted growth in production rates and the successful exploitation of orebodies.

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 5.6%–7.9% (30 June 2012: 7.7%–8.9%), estimated rehabilitation timing of 9 to 49 years (30 June 2012: 10 to 50 years) and an inflation rate range of 1.8%–5.9% (30 June 2012: 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. The carrying value of rehabilitation provisions at the reporting date is US$56.3 million (30 June 2012: US$73.2 million).

Deferred tax

Judgement is applied in making assumptions about recognition of deferred tax assets. Judgement is required in respect of recognition of such deferred tax assets, including the timing and value of estimated future taxable income, as well as the timing of rehabilitation costs and the availability of associated taxable income.

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 and the appropriate units of production tonnes. The assumptions are reviewed at least annually by management.

Valuation of share options and share-based incentives

In determining the fair value of share-based incentives made during the year to employees and Directors, a number of assumptions have been made by management. Significant judgements include the determination of appropriate inputs to valuation models and assessment of the likelihood of vesting. The details of these assumptions are set out in more detail in the 2013 Annual Report.

Pension scheme

The Company operates a defined benefit scheme and a defined contribution scheme. The pension charge or income for the defined benefit scheme is regularly assessed in accordance with the advice of a qualified actuary using the projected unit credit method and was updated for 30 June 2013. The most important assumptions made in connection with the charge or income are the return on the funds, the average yield of South African Government long dated bonds, salary increases and the current South African consumer price index.

Post-retirement medical fund

Post-retirement medical fund, the Company operates a post-employment health care liability scheme. The benefit liability for the post-employment health care liability scheme is regularly assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The most recent actuarial valuation was at 30 June 2012 and the Directors have reviewed the assumptions at 30 June 2013 and consider them to remain materially appropriate. The most important assumptions made in connection with the charge or income are the health care cost of inflation rate, the average yield of South African Government long dated bonds and salary increases.

Net investments in foreign operations

Management assess the extent to which intra-group loans to foreign operations that give rise to unrealised foreign exchange gains and losses are considered to be permanent as equity or repayable in the foreseeable future. The foreign exchange on permanent as equity loans are recorded in ‘Foreign currency translation reserve’ until such time as the operation is sold, whilst the foreign exchange on loans repayable in the foreseeable future are recorded in the ‘Consolidated Income Statement’.

3. DIVIDENDS

No dividends were proposed or paid during the year (30 June 2012: nil). The Directors recognise that it is important that a mining company such as Petra aims to introduce a dividend policy when appropriate in the Company’s development. The Board will formalise the Group’s dividend policy when the Group’s free cashflow, currently being reinvested in expanding its key operations, is sufficient to support the ongoing payment of a dividend.

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 revenue, interest-bearing borrowings and expenses and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the financial year 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 Johannesburg, South Africa and Antwerp, Belgium 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$730.0 million (30 June 2012: US$741.7 million), Tanzania US$96.5 million (30 June 2012: US$95.6 million), Botswana US$0.4 million (30 June 2012: US$0.5 million) and Jersey US$0.1 million (30 June 2012: US$1.8 million).

The Group's property, plant and equipment included in non-current assets are located in South Africa US$638.7 million (30 June 2012: US$644.4 million), Tanzania US$96.5 million (30 June 2012: US$95.6 million) and Botswana US$0.4 million (30 June 2012: US$0.5 million).

4. SEGMENTAL INFORMATION (continued)

Operating segments	South Africa – Mining activities					Tanzania - Mining activities	Botswana	Jersey		
US$ million	**Cullinan**	**Finsch**	**Koffiefontein**	**Kimberley Underground**	**Fissure Mines**	**Williamson**	**Exploration**	**Corporate administration**	**Inter-segment**	**Consolidated**
	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013
Revenue	133.0	160.6	16.6	33.4	17.2	41.9	—	—	—	402.7
Segment result[1]	49.5	61.2	(9.4)	(0.2)	(12.1)	(3.8)	(4.9)	(14.1)	0.8	67.0
Impairment charge	—	—	—	—	(12.6)	—	—	—	—	(12.6)
Other direct income	1.7	3.0	0.6	0.2	0.3	0.4	—	—	—	6.2
Operating profit/(loss)[2]	51.2	64.2	(8.8)	—	(24.4)	(3.4)	(4.9)	(14.1)	0.8	60.6
Other financial income										12.7
Unrealised foreign exchange gain										2.0
Other financial expense										(16.1)
Unrealised foreign exchange loss										(6.7)
Income tax expense										(24.6)
Non-controlling interest										4.1
Profit attributable to equity holders of the parent company										32.0
Segment assets	542.8	241.5	92.2	87.9	85.9	121.1	0.9	1,824.8	(1,996.5)	1 000.6
Segment liabilities	322.9	186.0	88.2	106.1	131.9	240.0	31.7	877.1	(1,570.7)	413.2
Capital expenditure	89.0	48.6	20.4	21.6	7.0[3]	11.7	—	5.4	(12.5)	191.2

[1] Total depreciation of US$42.8 million, comprises depreciation incurred at Cullinan US$11.2 million, Finsch US$15.8 million, Koffiefontein US$2.2 million, Kimberley Underground US$9.0 million, Helam US$1.2 million, Sedibeng US$0.4 million, Star US$0.1 million, Williamson US$2.5 million, Exploration US$0.1 million and Corporate administration US$0.3 million.

[2] Operating profit is equivalent to revenue of US$402.7 million less total costs of US$342.1 million as disclosed in the 'Consolidated Income Statement'.

[3] Capital expenditure at the Fissure Mines includes work in progress of US$4.4 million in respect of the manufacture of plant and equipment for other mines within the Group. Other direct income in respect of the Fissure Mines includes US$35.9 million of revenue and US$36.9 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.

4. SEGMENTAL INFORMATION (continued)

Operating segments	**South Africa – Mining activities**					**Tanzania - Mining activities**	**Botswana**	**Jersey**		
US$ million	**Cullinan**	**Finsch[4]**	**Koffiefontein**	**Kimberley Underground**	**Fissure Mines**	**Williamson**	**Exploration**	**Corporate administration**	**Inter-segment**	**Consolidated**
	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[1]	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)[2]	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[3]	22.2	0.5	0.3	-	138.8

[1] Total depreciation of US$41.0 million comprises depreciation incurred at Cullinan US$14.4 million, Finsch US$14.2 million, Koffiefontein US$2.0 million, Kimberley Underground US$5.2 million, Helam US$1.1 million, Sedibeng US$2.0 million, Star US$0.2 million, Williamson US$1.6 million, Exploration US$0.1 million and Corporate administration US$0.2 million.

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

[3] Capital expenditure at the Fissure Mines includes work in progress of US$11.1 million in respect of the manufacture of plant and equipment for other mines within the Group. Other direct income in respect of the Fissure Mines includes US$38.4 million of revenue and US$39.3 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 of cash costs capitalised in respect of the plant rebuild and expansion programme.

[4] The Group acquired Finsch effective 14 September 2011.

5. ACQUISITION OF 49.24% OF NELESCO 651 (PTY) LTD

With effect from 1 January 2013, the transaction whereby the Group acquired a 49.24% interest in Nelesco 651 (Pty) Ltd ("Nelesco") completed. Nelesco owns 100% of the shares of Sedibeng Mining (Pty) Ltd ("Sedibeng Mining"). Sedibeng Mining has direct and indirect interests in each of Petra's South African operations. Sedibeng Mining has no further investments other than its interests in these mines. Petra consolidated the mines prior to the increase in its effective interest.

The total cash consideration paid by Petra was US$17.8 million. The total included US$11.2 million paid as consideration for the Group's acquisition of the interest in its non-controlling interests and US$6.6 million consideration paid to acquire Nelesco as an equivalent amount of cash was retained in Nelesco at completion and was wholly attributable to the Group. The Company paid US$0.6 million in the current year with all other amounts having been paid to the vendor in prior periods (which were classified under trade and other receivables in the 'Consolidated Statement of Financial Position'). On completion of the transaction, the Group became entitled to a dividend of US$6.6 million from Nelesco and received US$6.6 million in cash.

Effect of the acquisition

The purchase had the following effect on the Group:

US$ million	
Book value of effective % interest acquired	(2.3)
Fair value of consideration paid:	
Settled in cash	11.2
Excess of carrying value of effective % interest purchased over fair value consideration paid	(8.9)

The acquisition has been treated as a change in the Group's ownership interests that does not result in a change of control and has been accounted for as an equity transaction with the existing shareholders, reflecting the economic objective of the transaction which was to increase the Group's effective ownership of its mines.

The carrying value of the effective percentage interest acquired of US$2.3 million as at 1 January 2013 has been deducted from the Group's non-controlling interest balance relating to Group's mines. The US$8.9 million deficit of the carrying value of the effective percentage acquired in the Group's mines over the fair value consideration of US$11.2 million has been recognised directly in equity and attributed to the Group. The initial investment in associate value of US$6.6 million was reduced to US$nil by the US$6.6 million dividend on completion. Nelesco has no significant other profits or losses since the Group acquired its interest.

Sedibeng Mining is one of Petra's BEE partners and holds direct interests in the Kimberley Underground, Helam, Sedibeng and Star mines and indirect interests in Finsch, Cullinan and Koffiefontein through its shareholding in Thembinkosi, Senakha Diamonds Investments (Pty) Ltd ("Senakha") and Re Teng Diamonds (Pty) Ltd respectively. The Group has a non-current receivable due from Sedibeng Mining of US$19.0 million (30 June 2012: US$16.7 million) and a non-current payable due to Sedibeng Mining of US$4.6 million (30 June 2012: US$2.8 million). Included in 'Net finance expense' (note 8) the Group has finance income due from Sedibeng Mining of US$1.7 million (30 June 2012: US$1.8 million) and finance expense payable to Sedibeng Mining of US$0.7 million (30 June 2012: US$0.8 million). These sums arise due to the funding that the Group has provided to Sedibeng Mining to finance its interests in the Koffiefontein (through Re Teng Diamonds (Pty) Ltd), Kimberley Underground and Sedibeng mines.

Senakha, another of Petra's BEE partners, holds a 21% direct interest in the Finsch mine. The Group has a non-current receivable due from Senakha of US$36.7 million (30 June 2012: US$40.0 million) and a non-current payable due to Senakha of US$36.7 million (30 June 2012: US$40.0 million). Included in 'Net finance expense' (note 8) the Group has finance income due from Senakha of US$4.1 million (30 June 2012: US$3.5 million) and finance expense payable to Senakha of US$4.1 million (30 June 2012: US$3.5 million). These sums arise due to the funding that the Group has provided to Senakha to finance its interests in Finsch.

Re Teng Diamonds (Pty) Ltd, another of Petra's BEE partners, holds a 30% direct interest in the Koffiefontein mine. The Group has an interest free receivable due from Re Teng of US$1.2 million (30 June 2012: US$1.2 million).

6. IMPAIRMENT OF OPERATIONAL 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 over its useful economic life. 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 for those mines for which value in use exceeds fair value less cost to sell.

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 as set out in note 2. Any change in these assumptions can have a significant effect on the recoverable amount and could lead to a revision of recorded impairment losses.

At 31 December 2012, the Group had, in conjunction with its BEE partners, decided to undertake a sale process in respect of its fissure mine operations, comprising the Helam, Sedibeng and Star mines in South Africa (the "Fissure Mines"). On initial reclassification of the Fissure Mines as held for sale, the Group recognised Consolidated Income Statement charges of US$17.8 million, being management's re-measurement to fair value less costs to sell the discontinued Fissure Mines in a disposal group, allocated to property, plant and equipment. During H2 FY 2013, the sale process was concluded without an acceptably funded offer being received. The mines were declassified out of held for sale status accordingly and the fair value adjustment of US$17.8 million was reversed to the extent of the lower of carrying value (adjusted for depreciation that would have arisen), value in use and fair value less cost to sell of each mine as assessed following the end of the sale process. The reversal totalled US$5.2 million.

Accordingly, the Group recognised an impairment loss for the Year relating to operational assets at Sedibeng and Star of US$12.6 million (30 June 2012: US$ nil). The Group has decided to put both Sedibeng and Star on care and maintenance, meaning that they will not be actively mined until the economic viability of those mines improves. Management reviewed the Helam operational assets for indicators of impairment and following the assessment no impairment of property, plant and equipment was considered appropriate. Details of the impairment test assessments are shown below.

Impairment (US$ million)	**Asset class**	**Segment**	**Impairment**	**Carrying Value**
Sedibeng	Property, plant & equipment	Fissure mines	11.8	1.8
	Mineral Properties		3.4	
	Underground development		3.4	
	Buildings		0.9	

	Mining property, plant & equipment		4.1	
Star	Property, plant & equipment	Fissure mines	0.8	0.5
	Mineral Properties		—	
	Underground development		0.2	
	Buildings		—	
	Mining property, plant & equipment		0.6	
Sub-total			12.6	2.3

30 June 2012

During the year ended 30 June 2012, the Group had reviewed the carrying value of its investments 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 years were considered appropriate.

US$ million	**2013**	2012
7. CORPORATE EXPENDITURE		
Auditors' remuneration		
- Audit services[1]	**0.7**	0.5
- Non-audit services	**-**	0.1
Depreciation of property, plant and equipment	**0.3**	0.2
Operating lease rentals – buildings	**0.7**	0.6
Other charges	**4.2**	3.6
Share-based expense – Directors	**1.4**	0.3
Share-based expense – Senior Management	**0.5**	0.1
Other staff costs	**5.8**	5.2
Total staff costs	**7.7**	5.6
Transaction costs[2]	**0.5**	3.1
	14.1	13.7

[1] Audit fees for the year ended 30 June 2013 stated above refer to fees for the FY 2012 audit and audit fees for the year ended 30 June 2012 refer to fees for the FY 2011 audit.

[2] In FY 2013, transaction costs comprise those costs incurred when the Group was considering the disposal of the Fissure Mines together with other costs associated with the Group's refinancing. In the prior period, transaction costs comprised Finsch acquisition costs (US$0.4 million) and costs related to the step up from AIM to the Main Market of the London Stock Exchange (US$2.7 million). The costs in respect of the step up to the Main Market included US$0.7 million paid to the auditors for non-audit services in their capacity as reporting accountants.

US$ million	**2013**	2012
8. FINANCING (EXPENSE) / INCOME		
Gross interest on bank loans and overdrafts	**(17.3)**	(7.7)
Interest on bank loans and overdrafts capitalised	**12.3**	6.3
Net interest expense on bank loans and overdrafts	**(5.0)**	(1.4)

Other debt finance costs, including BEE loan interest and facility fees	**(8.2)**	(9.8)
Unwinding of present value adjustment for rehabilitation costs	**(2.6)**	(5.9)
Realised foreign exchange losses on the settlement of forward exchange contracts	**(0.3)**	(0.2)
Unrealised foreign exchange losses[1]	**(6.7)**	(38.6)
Financial expense	**(22.8)**	(55.9)
Realised foreign exchange gains	**3.1**	7.6
Unrealised foreign exchange gains	**2.0**	—
Interest received on BEE loans and other receivables	**9.2**	9.7
Interest received bank deposits	**0.4**	1.8
Financial income	**14.7**	19.1
	(8.1)	(36.8)

[1]In prior years, foreign exchange movements on retranslation of Rand denominated loans, not classified as permanent as equity under IFRS, by companies in the Group which did not have a Rand functional currency were recognised in the 'Consolidated Income Statement'. Effective 1 July 2012, the Group reorganised its intra-Group funding arrangements and restructured its treasury structure, which has removed significant foreign exchange translation exposure as the Rand loans are now held between entities with Rand functional currencies.

9. LOANS AND BORROWINGS

New debt facilities

On 16 November 2012 the Group entered into agreements with FirstRand Bank Limited (acting through its Rand Merchant Bank ("RMB") and First National Bank ("FNB") divisions), Absa Corporate and Investment Banking ("Absa") (a division of Absa Bank Limited and a member of Barclays) and the International Finance Corporation ("IFC") (a member of the World Bank Group) with regards to new Group debt facilities. These new facilities replace all of the Group's previous bank debt and working capital facilities.

The facilities comprise of an amortising term facility ("ATF") of R800 million (US$81.0 million) and US$35 million, a revolving credit facility ("RCF") of R300 million (US$30.4 million) and US$25 million, and a working capital facility ("WCF") of R500 million (US$50.6 million).

The ATF is available for draw-down up to December 2013. The ATF interest rates are JIBAR (ZAR facility)/LIBOR (US$ facility) plus 4.0% margin. The ATF is repayable in five semi-annual payments commencing March 2016, with the final payment due in March 2018.

The RCF is available for draw-down up to August 2018. The RCF interest rates are JIBAR (ZAR facility)/LIBOR(US$ facility) plus 5.5% margin. The RCF is repayable by September 2018.

The WCF is subject to annual review. The WCF bears interest at the South African prime lending rate less 0.5%.

The facilities are secured on the Group's interests in Finsch, Cullinan, Koffiefontein, Kimberley Underground and Williamson. No warrants have been issued in connection with the new debt facilities.

At 30 June 2013 the Group had undrawn debt facilities of US$71.3 million (30 June 2012: US$66.3 million), net of US$3.6 million utilised for foreign exchange settlement lines (30 June 2012: US$nil).

10. CASH AND CASH EQUIVALENTS

Cash at bank comprises unrestricted cash and restricted cash balances of US$14.1 million and US$12.1 million (rehabilitation deposits and amounts held in insurance cell captives) respectively (30 June 2012: US$31.3 million and US$16.0 million respectively).

As security for the Group's rehabilitation obligations at the Sedibeng and Star mines, the Company has ceded US$1.8 million (30 June 2012: US$6.0 million) in a fixed deposit. The restricted cash will return to the Group's sole control when the abovementioned operations are transferred to the Group's rehabilitation insurance product, which currently includes the Cullinan, Finsch, Koffiefontein, Kimberley Underground and Helam mines. The insurance product has secured cash assets of US$10.3 million (30 June 2012: US$10.0 million) held in a cell captive.

11. SHARES AND WARRANTS ISSUED

Allotments during the year were in respect of the exercise of warrants over 2,100,000 ordinary shares by IFC and the exercise of share options over 1,846,618 ordinary shares by employees and Directors.

12. PROVISIONS

The net movement in non-current and current provisions for the year is a decrease of US$15.1 million (30 June 2012: US$21.9 million increase). The decrease is primarily as a result of the movement in the US$/ZAR foreign exchange rate resulting in a foreign exchange decrease on Rand based provisions of US$11.4 million (30 June 2012: US$11.1 million) and a decrease in the environmental rehabilitation provision due to a change in estimates of US$10.2 million (30 June 2012: US$ 3.3 million), which is off-set by a non-recurring retrenchment provision of US$2.6 million at Sedibeng and Star (30 June 2012: US$29.0 million rehabilitation and post–retirement medical fund provisions acquired through acquisition of Finsch), current year provision for unwinding of present value adjustment of environmental rehabilitation of US$2.6 million (30 June 2012: US$5.9 million) and provision for post-retirement medical fund of US$1.3 million (30 June 2012: US$1.4 million

13. PROPERTY, PLANT AND EQUIPMENT

The net movement in property, plant and equipment for the year is a reduction of US$4.9 million (30 June 2012: US$239.1 million). This is primarily as a result of increases in property, plant and equipment from capital expenditure of US$191.2 million (30 June 2012: US$138.8 million), the fair value of assets purchased on the acquisition of Finsch of US$ nil (30 June 2012: 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 Rand based assets of US$132.1 million (30 June 2012: US$80.7 million decrease), depreciation of US$42.8 million (30 June 2012: US$41.0 million), impairment of Sedibeng and Star of US$12.6 million (30 June 2012: US$ Nil), reduction in rehabilitation asset of US$8.3 million (30 June 2012: US$ nil) and assets of US$0.3 million (30 June 2012: US$0.8 million) disposed of during the year.

14. CAPITAL COMMITMENTS

As at 30 June 2013, the Company has committed to future capital expenditure totalling US$87.2 million (30 June 2012: US$28.5 million): Finsch, Cullinan and Koffiefontein account for US$82.4 million of the future capital commitments and Kimberley Underground, Helam and Williamson account for the remaining US$4.8 million.

15. RELATED PARTY TRANSACTIONS

During the year, a subsidiary of the Group paid US$1.7 million (R14.9 million) (30 June 2012: US$2.7 million (R22.3 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 (R85.5 million) (30 June 2012: US$8.6 million (R70.6 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.

During the year, the Group paid an additional US$0.6 million (30 June 2012: US$11.2 million) to Sirius Resource Fund 1 Ltd ("Sirius") as part of a transaction whereby the Company acquired from Sirius 49.24% of the share capital of Nelesco. The cumulative amount paid to Sirius is US$17.8 million, refer note 5 for detail regarding the transaction. Mr Pouroulis is a director of Sirius Investment Management LP which provides investment advisory services to Sirius.

Umnotho weSizwe Group (Pty) Ltd ("Umnotho"), one of Petra's BEE partners, holds a 36% interest in the Cullinan mine BEE holding company, Thembinkosi Mining Investments (Pty) Ltd ("Thembinkosi"). The Group has a non-current receivable due from Thembinkosi of US$25.9 million (30 June 2012: US$29.6 million) and a non-current payable due to Thembinkosi of US$23.9 million (30 June 2012: US$26.6 million). Included in 'Net finance expense' (note 8) the Group has finance income due from Thembinkosi of US$2.5 million (30 June 2012: US$3.2 million) and finance expense payable to Thembinkosi of US$1.2 million (30 June 2012: US$2.4 million). These sums arise due to the funding that the Group has provided to Thembinkosi to finance its interests in Cullinan. Mr Abery is a director of Umnotho. Mr Pouroulis and Mr Abery are beneficiaries of a trust that is a shareholder in Umnotho.

16. EARNINGS PER SHARE

	Total 2013 US$	Total 2012 US$
Numerator		
Profit /(loss) for the year	**32,008,858**	(2,409,520)
Denominator		
	Shares	Shares
Weighted average number of ordinary shares used in basic EPS		
As at 1 July	**505,654,430**	499,874,009
Effect of shares issued during the year	**2,362,221**	2,013,545
As at 30 June	**508,016,651**	501,887,554
	Shares	Shares
Dilutive effect of potential ordinary shares	**14,093,941**	-
Weighted average number of ordinary shares in issue used in diluted EPS	**522,110,592**	501,887,554
	US$ cents	US$ cents
Basic profit / (loss) per share – US$ cents	**6.30**	(0.48)
Diluted profit / (loss) per share – US$ cents	**6.13**	(0.48)

In the current year, the number of potentially dilutive ordinary shares, in respect of employee share options, Executive Director and Senior Management share award schemes and warrants is 14,093,941. These potentially dilutive ordinary shares may have a dilutive effect on future earnings per share. In the prior year the impact of 14,411,634 potentially dilutive ordinary shares was anti-dilutive. Therefore they were excluded for the prior year diluted earnings per share calculation. There have been no significant post balance sheet changes to the number of options and warrants to impact the dilutive number of ordinary shares.

17. ADJUSTED EARNINGS PER SHARE

In order to show earnings per share 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 considers 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 2013 US$	Total 2012 US$
Numerator		
Profit /(loss) for the year	**32,008,858**	(2,409,520)
Adjustments:		
Net unrealised foreign exchange loss	**4,670,690**	38,604,888
Transaction costs (note 7)	**536,248**	3,070,563
Retrenchment costs	**2,603,377**	-
Impairment charges	**12,560,534**	-
Adjusted profit for the year	**52,379,707**	39,265,931
Denominator		
	Shares	Shares
Weighted average number of ordinary shares used in basic EPS		
As at 1 July	**505,654,430**	499,874,009
Effect of shares issued during the year	**2,362,221**	2,013,545
As at 30 June	**508,016,651**	501,887,554
	Shares	Shares
Dilutive effect of potential ordinary shares	**14,093,941**	14,411,634
Weighted average number of ordinary shares in issue used in diluted EPS	**522,110,592**	516,299,188
	US$ cents	US$ cents
Adjusted basic profit per share – US$ cents	**10.31**	7.82
Adjusted diluted profit per share – US$ cents	**10.03**	7.61

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 2013 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 variations in grade, 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 circa 5 million carats by FY 2019. Actual annual production may vary from prior estimates of future production for a variety of reasons and it should be noted that 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, withholding tax and political risks, and are potentially subject to rapid change.
Labour	The Group's production, and to a lesser extent its project development activities, is dependent on a stable and productive labour workforce. Petra remains highly focused on managing labour relations and on maintaining open and effective communication channels with the appropriate union representatives at its operations.
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.
Health and safety, social 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 profit of the Group for the year; and

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

By order of the Board

Johan Dippenaar
CEO

David Abery
Finance Director