



1st August 2005

PETRA DIAMONDS LIMITED

QUARTERLY ACTIVITIES REPORT FOR THE THREE MONTH PERIOD ENDED 30 JUNE 2005

Petra Diamonds Limited ("Petra" or "the Company"), the AIM-quoted and ASX-listed diamond mining group, announces its quarterly activities report as required by the ASX for the three month period ended 30 June 2005.

As this is a quarterly report and, to assist with full disclosure, this report includes the operational performance of the Helam, Star and Messina/Dancarl mines for the full three month period, notwithstanding that Petra's effective date of control of the mines was 1 June 2005. The consolidated financial report reflects the cash flow for Petra Diamonds Limited for the three and twelve month periods to 30 June 2005 and the consolidated Crown Diamonds NL cash flow for the one month period commencing on 1 June 2005.

CORPORATE

Highlights

- Merger with Crown Diamonds NL completed
- Placing undertaken for a total of £17.1 million at a placing price of 85p per share to primarily UK institutional investors
- Enlarged Petra reports positive Net Operating Cash Flow for the quarter

The merger with Crown Diamonds NL was completed effective from the 31 May 2005 with the issue of 37,962,256 Petra shares for 303,695,868 Crown Diamonds NL shares pursuant to an order of the Supreme Court of Western Australia. Concurrent with the merger, a total of 20,084,352 shares were placed with institutional investors at 85 pence raising £17,071,699 (before costs).

The cash flow movement for the quarter is set out in the attached Appendix 5B.

REVIEW OF OPERATIONS

Alto Cuilo, Angola

Highlights

- BHP Billiton elects to fund all exploration at Alto Cuilo
- 59% of the 73 holes drilled to date intersect kimberlite - a very encouraging success rate
- Review of geological and geophysical data with BHP Billiton identifies additional targets
- Drilling identifies further kimberlite deposits
- 115m tonne deposit now confirmed as diamondiferous
- Higher kimberlite diamond valuation than previously expected

BHP Billiton Joint Venture

BHP Billiton has now elected to sole fund all kimberlite and alluvial exploration and related costs on behalf of Petra Diamonds Alto Cuilo Limited ("PDAC", the Petra/BHP Billiton JV vehicle) for the entire Alto Cuilo concession.

From 1 January 2005 (the date at which BHP Billiton elected to fund kimberlite exploration within the ML Complex) to the end of June 2005, BHP Billiton has advanced funding of approximately US\$3.6m to PDAC in respect of exploration at Alto Cuilo. BHP Billiton will start earning a direct interest in PDAC when it has advanced funding of US\$7.5m, which is expected to be the case later this year.

Drilling

Drilling in excess of 8,895m on 73 holes has been undertaken to date, with 43 of these holes intersecting kimberlite - a success rate of 59%. Drilling results indicate the presence of kimberlites with preserved crater zones that have undergone very little erosion, thus underscoring the potential for large size discoveries. Some holes have intersected kimberlite to vertical depths of 280m, where drilling was stopped due to limitation of drilling capacity but the kimberlite continued.

Re-classification of the geophysical and drilling data by Petra and BHP Billiton has confirmed that 11 of the aeromagnetic anomalies tested are related to kimberlite pipes, with other targets prioritised for drilling.

The current drilling programme will continue on the anomalies in the ML Complex that have not yet been drilled with the expectation of significantly increasing the number of kimberlite discoveries.

Sample analysis

The results from the sample of over 1,000kg of kimberlitic material sent for micro diamond analysis at Lakefield Research Centre in Canada have now been received. These samples were taken from three of the eleven kimberlite groupings, including the 115m tonne deposit (announced by the Company on 7/12/04) and the kimberlite from which the 40 tonne bulk sample was previously taken and which yielded a grade of 47 carats per hundred tones ("cph") (as announced by the Company on 8/9/04).

The results indicate that the macro and micro diamond populations do not fit "typical" micro diamond grade estimate curves, in that recoveries are skewed toward the macro population. All three kimberlites were certified as being diamondiferous in nature and a full suite of kimberlite indicator minerals was recovered for each kimberlite intersection for mineral chemistry assessments. The presence of high chrome sub-calcic G10s and high sodium eclogitic garnets indicates that lithologies typically associated with peridotitic and eclogitic diamond sources have been sampled by these kimberlite pipes.

The 65 tonnes per hour ("tph") diamond recovery plant (MB100 and DMS) continues to be used mainly for the treatment of alluvial samples. A total of 4,987 diamonds totaling 1,255 carats at an average stone size of 0.25 carats have been recovered to date. A pitting and trenching programme on the river flats and hillsides has started in order to further evaluate the potential for economically viable alluvial deposits within the ML Complex.

BHP Billiton has completed a valuation of the diamonds recovered from the kimberlite and alluvial sampling. Based on a preliminary result obtained from 310 carats, the diamonds recovered from the kimberlite samples averaged US\$295 per carat. This is in excess of Petra's previous estimates of US\$200 per carat.

Aeromagnetic programme

A Midas low-level helicopter aeromagnetic survey is underway. It is expected that, due to the sophistication of this system compared to the 1998 fixed wing survey executed by Petra and the use of twin sensors at closer line spacing, additional magnetic anomalies are likely

to be detected. The aeromagnetic survey aims to assist in the discovery of further kimberlite deposits as well as to accurately define the magnetic signatures of the kimberlites discovered to date and of the untested anomalies identified in the 1998 high-level aeromagnetic programme.

Kono Project, Sierra Leone

Highlights

- A 200kg sample taken by Petra returned a gem quality 0.22 carat diamond, supporting the previously indicated average grade of 94 cpht from Mano River Resources's sampling
- Manufacture of 75 tph production plant to be completed by September 2005, to be commissioned on site during Q1 2006
- Diamond production from treatment of bulk samples expected Q1 2006
- Petra plans to accelerate expenditure and development of the project so as to bring production on line as early as possible

Exploration developments

Petra personnel visited the Kono site in April 2005 to plan for the establishment of the 75 tph production plant as well as to undertake further geological work on the dykes. Dykes were opened up to depths of 10m and samples taken.

The strike length of the Kono kimberlite dykes exceeds the total strike length of Petra's South African kimberlite dyke operations and Petra believes the Kono project has the potential to yield high grades of approximately 100 cpht.

Site establishment

The necessary equipment to establish initial facilities on site will be shipped from South Africa and is on track to be commissioned on site by Q4 2005. Petra's site establishment team will transfer to Sierra Leone in August and the site facilities should be fully established by November.

Exploration/Production plans

Petra is currently manufacturing the 75 tph production plant (DMS and crushing circuit) at its facility in South Africa. Petra plans to ship the plant in October and it should be commissioned on site in Q1 2006.

South African Operations

Highlights

- All mines achieve record US\$ diamond prices
- Strong carat sales and revenue for the 6 months to June 2005
- Operations on track to achieve production and revenue targets

Star Mine, Theunissen District, Free State Province

A total of 8,256 ROM fissure tons was delivered to the plant and returned 5,723 carats at a grade of 69 cpht for the quarter. In the June 2004 quarter the ROM delivered to the plant was 9,698 tons, from which 4,314 carats were recovered to yield a grade of 45 cpht.

During the quarter, 5,641 carats were sold for an average price of \$US240 per carat. June 2005 sales of 2,126 carats averaged selling prices of \$US287 per carat. In calendar year 2004, the average price achieved was \$US182 per carat.

A 15th level at both Wynandsfontein and Burns has been established and both are in good ground conditions. At Burns the raise to the west has holed and stoping has commenced whilst the raise to the east should hole during the first month of the next quarter. At Wynandsfontein the zero cross-cut has intersected fissure and raising in both directions has begun. Stope production of fissure should commence during the next quarter. The establishment of these two levels has greatly enhanced our ability to achieve our production targets.

The Burns 13E return ventilation airway holing to the 10 level has been established through the bad ground conditions. This holing suffered temporary collapse due to wet and poor ground during the quarter. It has however been reopened, dried and robustly supported and should not suffer any further collapse.

Additional ventilation is being planned in the form of raisebore holings so as to further secure the ventilation of the mine. The raiseboring operation should commence during the next quarter. The ventilation holing from 10 to 9 level suffered continual collapse and has been abandoned.

On 14 level the horizontal distance remaining between Burns east drive and Wynandsfontein west drive is 645 metres (distance between the two shafts is 1,400m). This represents approximately another 18 months before these two tunnels meet and we can abandon the high maintenance 10 level drive in the shales.

Helam Mine, Swartuggens District, North West Province

A total of 29,662 ROM fissure tons was delivered to the plant and returned 26,907 carats at a grade of 90 cpht. An additional 797 tons of tailings was treated, delivering 104 carats giving a total of 27,011 carats for the quarter.

During the quarter, 27,148 carats were sold for an average price of \$US88 per carat. June 2005 sales of 10,162 carats averaged selling prices of \$US92.90 per carat. In 2004, the average price achieved since July 2004 was \$US74 per carat.

The mechanisation programme is progressing well, with the John main shaft now equipped to the 18th level. The pilot raise from 20 to 19 level has been completed and slyping has commenced. The pilot raise from 21 to 20 level is now 70% completed. All other aspects of this capital program are on schedule.

The re-establishment of Second Lease as a separate mining entity is also progressing well and on schedule. It is expected to see the first production from this program during the last quarter of this year.

At the Edward shaft the mechanisation process is progressing well, with all previously planned ore passes having been completed and commissioned. In addition to the originally planned programme, two ore passes have been established between 13 and 14 level on the main shaft. This increases our hoisting flexibility and ability to produce increased tonnes. Modifications to the single-drum sub-shaft are being investigated so as to fill up the capacity created by establishment of the abovementioned ore passes.

The plant upgrades are complete and no further changes are envisaged in the near future.

Messina and Dancarl Mines, Warrenton District, Northern Cape Province

Mining at Sedibeng Joint Venture has progressed well with the delivery of 31,081 ROM fissure tonnes from the combined operation, which were treated through the Messina plant, delivering 5,685 carats at a ROM grade of 18 cpht. Messina's share of the delivered carats was 4,235.

The decreased production and grade at Sedibeng has been due to a number of unforeseen circumstances:

1. the redevelopment of 20 level necessitated the drawdown of large amounts of waste in the stop to re-establish ventilation
2. the re-establishment of 14 level on Dancarl also necessitated the drawdown of large amounts of waste-bearing material so as to re-establish ventilation, and
3. 14 level north on Dancarl only produced stringers for the first 30m of mining.

These problems have now all been overcome and production is returning to the projected levels.

In the June 2004 quarter the ROM delivered was 26,114 tons, from which 6,018 carats were recovered at a grade of 23 cpht.

During the quarter, 6,324 carats were sold from the combined operation for an average price of \$US271 per carat. June 2005 sales of 1,994 carats averaged selling prices of US\$330 per carat. In calendar year 2004, the average price achieved was \$US259 per carat.

At the Messina section, 23 level has been established and stope production has commenced. Sinking of the shaft to 24 level has commenced and should be complete by year-end. On 20 level, development into the Dancarl section has progressed well with seven cross-cuts now on fissure. Now that ventilation has been re-established, production from this stope can commence.

At the Dancarl section, progress has been good with the main and sub-shafts having been cleared to 15 level. Fissure raising to 14 level has begun and production should commence during the third quarter. The Dancarl tailings plant is now running at a comfortable 10,000tpm and yields a grade of approximately 6cpht. A new 928G Caterpillar FEL has been purchased and is now operation in feeding this tailings plant. The throughput of this plant will now be gradually increased.

Plans are being put in place to upgrade the Messina plant so as to take the total combined increased production from both Messina and Dancarl.

DIAMOND PRODUCTION

The combined diamond production for the fourth quarter to 30 June 2005 and the six months to the 31 December 2004 is as follows:-

Three month period to	Total Tonnes Hoisted	Tonnes Treated	Total Diamonds Recovered (carats)	Carats per 100 tonnes
31 Mar 05 – mined*	92,709	67,127	39,004	58
31 Mar 05 - tailings	-	10,517	1,054	-
30 June 05 – mined*	96,778	68,999	38,315	55
30 June - tailings	-	797	157	-
Total 2005	189,487	147,440	78,530	
30 Dec 04	87,014	60,812	33,221	55
30 Sep 04	86,887	62,032	31,922	51
Total 2004	173,901	122,844	65,143	

*This includes all the production at the Messina/Dancarl Mines.

JOHAN DIPPENAAR CHIEF EXECUTIVE OFFICER

The information in this quarterly report that relates to Mineral Resources or Ore Reserves is based on information compiled by Jim Davidson who is a Member of the Geological Society of South Africa (Registered Natural Scientist), a 'Recognised Overseas Professional Organisation' ('ROPO'), included in a list promulgated by the ASX from time to time. Jim Davidson is a full-time employee of the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Jim Davidson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

FURTHER INFORMATION

Queries may be directed to Johan Dippenaar, the Company's Chief Executive Officer, or David Abery, the Company's Finance Director, during business hours.

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Rule 5.3

Appendix 5B

Mining exploration entity quarterly report*

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98,30/9/2001.

Name of entity

Petra Diamonds Limited

ACN or ARBN

114474574

Quarter ended ("current quarter")

30 June 2005

Consolidated statement of cash flows*

		Current quarter £'000	Year to date £'000 12 Months
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	846	846
1.2	Payments for		
	a) exploration and evaluation	63	(3,061)
	b) development	-	-
	c) production	(155)	(155)
	d) administration	(614)	(2,612)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	36	43
1.5	Interest and other costs of finance paid	(104)	(198)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		72	(5,137)
Cash flows related to investing activities			
1.8	Payment for		
	a) prospects	-	-
	b) equity investments	-	-
	c) other fixed assets	(268)	(1,333)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	168	168
1.10	Loans to other entities	(12)	(12)
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
Net investing cash flows		(112)	(1,177)
1.13	Total operating and investing cash flows (carried forward)	(40)	(6,314)

* This consolidated financial report reflects the cash flow for Petra Diamonds Limited for the 3 and 12 month periods to 30 June 2005 and the consolidated Crown Diamonds NL cash flow for the 1 month period commencing on 1 June 2005.

1.13	Total operating and investing cash flows (brought forward)	(40)	(6,314)
Cash flows related to financing activities			
1.14	Subscription for shares and notes – net of costs	15,164	18,108
1.14	Proceeds from capital raisings	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from long term borrowings	179	179
1.17	Repayment of borrowing	(414)	(414)
1.18	Dividends paid	-	-
1.19	Other (provide details if material – see attached)	-	-
Net financing cash flows		14,929	17,873
Net increase (decrease) in cash held		14,889	11,559
1.20	Cash at beginning of quarter/year to date	492	3,822
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	15,381	15,381

Payments to directors of the entity and associates of the directors.

Payments to related entities of the entity and associates of the related entities

		Current quarter £'000
1.23	Aggregate amount of payments to the parties included in item 1.2	131
1.24	Aggregate amount of loans to the parties included in item 1.17	Nil

1.25 Explanation necessary for an understanding of the transactions

Included in payments for administration is £62,000 for expenses paid during the quarter by Crown Diamonds NL for the proposed merger with Petra Diamonds Limited via a Scheme of Arrangement.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the quarter 85,000 Crown Diamonds NL November 2005 Convertible Notes (\$A15,300) were converted to 12,883 ordinary Petra Diamonds Limited shares.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available £'000	Amount used £'000
3.1 Loan facilities	900	395
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	£'000
4.1 Exploration and evaluation	380
4.2 Development	Nil
Total	380

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter £'000	Previous quarter £'000
5.1 Cash on hand and at bank	3,776	492
5.2 Deposits at call	12,000	-
5.3 Bank overdraft	(395)	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	15,381	492

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			N/A
6.2 Interests in mining tenements acquired or increased	N/A			N/A

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (pence)	Amount paid up per security (see note 3) (pence)
7.1 Preference securities (description)				
7.3 *Ordinary securities	130,949,455	130,949,455	-	-
7.4 Changes during quarter				
(a) Increases through issues and conversions for which quoted	37,962,565	37,962,565	61.2 pence	Scheme of Arrangement Placement Conversion of Con Note
(b) Decreases through returns of capital, buy-backs	20,084,352	20,084,352	85.0 pence	
	12,883	12,883	50.6 pence	
7.5 *Convertible debt securities 11% pa Nov 2005	16,078,191	16,078,191	\$A0.18	
7.6 Changes during quarter				
(a) Increases through issues	Nil			
(b) Decreases through conversion	85,000			
7.7 Options (description and conversion factor – see details below)	6,397,625	Nil	See below	
7.8 Issued during quarter	2,250,000	Nil	85 pence	
7.9 Exercised during quarter	Nil	Nil	Nil	
7.10 Expired during quarter	Nil	N/A		

	Options
200,000	Options exercisable in 50,000 tranches at 30p, 35p, 40p and 45p by 22 July 2005
276,375	Employee Incentive Options expiring various dates, exercisable at \$A1.12 each
86,250	Employee Incentive Options expiring various dates, exercisable at \$A1.36 each
400,000	Director incentive Options expiring 11 April 2007 with exercise price of 30p, 35p, 40p and 45p for each 100,000 tranche.
1,500,000	Director incentive Options expiring 5 September 2013 with exercise price of 44p.
750,000	Director incentive Options expiring 28 June 2014 with exercise price of 54.5p.
2,250,000	Director incentive Options expiring 16 June 2015 with exercise price of 85p.
385,000	Employee incentive Options expiring 5 September 2013 with exercise price of 44p
500,000	Employee incentive Options expiring 28 June 2014 with exercise price of 54.5p
50,000	Employee incentive Options expiring 13 September 2014 with exercise price of 56.75p

Warrants over ordinary shares		
	Exercise Price	Expiry
1,500,000	30p	31 December 2007
1,000,000	100p	31 December 2007
1,666,666	55.85p	14 August 2006

Petra and Societe Diamantaire Finkelstein Ch & CO NV have granted each other a mutual put and call option for Finkelstein to subscribe for \$US1.75 million of Ordinary shares. The options are exercisable once the market value of Petra exceeds 75 p for 15 consecutive days. The subscription price will be equal to a 5% discount to that market price. The option is renewable at the Company's choice on an annual basis.