



PetraDiamonds

8 May 2013

LSE: PDL

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

Interim Management Statement and Q3 FY 2013 Production and Sales Report

Petra Diamonds Limited announces its Interim Management Statement ("IMS") for the period from 1 January 2013 to 7 May 2013, covering production and sales from 1 January 2013 to 31 March 2013 ("Q3 FY 2013").

HIGHLIGHTS

- Production for Q3 FY 2013 up 4% to 647,248 carats (Q3 FY 2012: 622,509 carats).
- Production for 9 months to 31 March 2013 up 20% to 1,894,767 carats (9 months to 31 March 2012: 1,576,061 carats); Petra on track to meet FY 2013 production target of circa 2.65 million carats.
- The rough diamond market continued the firmer trend experienced since November/December 2012; revenue for Q3 FY 2013 up 8% to US\$105.7 million (Q3 FY 2012: US\$98.0 million).
- As usual, revenue will be weighted towards the full FY 2013 H2 period due to the seasonal timing of Petra's diamond sales; two more tenders are to take place between the date of this IMS and financial year-end.
- On 17 April 2013, Petra announced the recovery of a 25.5 carat blue diamond at the Cullinan mine in South Africa; the Company is considering the various routes to market for this exceptionally rare and valuable high quality stone and will update the market in due course.

Q3 Production and Sales – Summary¹

	Unit	Q3 FY 2013	Q3 FY 2012	Variance	Nine months to 31 March 2013	Nine months to 31 March 2012	Variance
Production							
ROM ² diamonds	Carats	485,916	522,934	-7%	1,466,769	1,340,094	+9%
Tailings and alluvial diamonds	Carats	161,332	99,574	+62%	427,998	235,967	+81%
Total diamonds	Carats	647,248	622,508	+4%	1,894,767	1,576,061	+20%
Sales							
Diamonds sold	Carats	668,193	626,958	+7%	1,734,855	1,305,730	+33%
Gross revenue	US\$M	105.7	98.0	+8%	262.0	199.3	+31%

Notes:

1. For mine by mine production and sales data, please refer to the appendix to this announcement.
2. 'ROM' = run of mine.

Johan Dippenaar, Chief Executive Officer, commented:

“The Company has delivered a solid operational performance in Q3, and we are focused on achieving our stated full year production target for FY 2013. Likewise, we are encouraged by the firmer trend within the rough diamond market, giving a positive outlook for the remainder of this financial year.”

CONFERENCE CALL

The Company will host a conference call on 8 May 2013 at 9:30am BST to discuss the IMS with investors and analysts. Participants may join the call by dialling one of the following three numbers shortly before the call:

From UK (toll free): 0808 237 0040
From South Africa (toll free): 0800 222 290
From rest of the world: +44 20 3428 1542
Participant passcode: 30236264#

A replay of the conference call will be available by dialling one of the following numbers:

From UK (toll free): 0808 237 0026
From rest of the world: +44 20 3426 2807
Playback pin code: 638183#

COMMENTARY

Production

- Q3 production up 4% to 647,248 carats (Q3 FY 2012: 622,508), illustrating the continued growth in combined production across Petra’s operations.
- Finsch delivered a solid performance, contributing 343,988 carats in Q3. ROM tonnes for Q3 were down on Q3 FY 2012 due to scheduled underground maintenance work. Though ROM grade was down 5% to 34.9 carats per hundred tonnes (“cpht”) (Q3 FY 2012: 36.9 cpht), it is above that recorded for H1 (31.3 cpht) and remains above guidance of 30 cpht for FY 2013. During Q3, the tailings grade increased by 23% to 20.9 cpht (Q3 FY 2012: 17.0 cpht).
- Cullinan’s recorded ROM grade of 29.5 cpht (Q3 FY 2012: 31.5 cpht) remained in line with ROM grades achieved in H1 FY 2013. The Company is managing the lower ROM grades by maximising ROM tonnages mined and treated and by developing access to tonnages from other production areas across the orebody. During Q3 FY 2013, mining of the BA5 pillars commenced with a positive impact on ROM grades rising to levels above 30 cpht. ROM grades are expected to remain variable until FY 2015, when the C-Cut expansion programme provides access to the new block of undiluted ore.
- Petra is also ramping up the tailings operations at Cullinan, which will assist in gradually growing production until the new C-Cut underground block comes into operation. Throughput of tailings material increased during Q3 as part of the production ramp-up from the newly commissioned plant. Although grades were lower than previous guidance, an improvement in tailings grade is expected once the re-crush system has been incorporated into the new tailings plant. A grade comparison with Q3 FY 2012 is not appropriate as the new bulk treatment tailings plant is now in operation.
- At Koffiefontein, ROM production remains constrained from the underground operations and is being supplemented with production from the Ebenhaezer satellite pipe. Production from this opencast pit continued to increase throughout Q3 as planned although recovered grades have not yet achieved the planned 2 cpht. Increased access to higher grade Ebenhaezer ore is being established through waste stripping activities in and around the pit.
- At Kimberley Underground, the ramp up of plant throughput continued throughout Q3. The ROM grade of 15.1 cpht was up 40% (Q3 FY 2012: 10.8 cpht) and above guidance of 14.3 cpht for FY 2013.

- At Williamson, ROM production continued as planned, following commissioning of the rebuilt treatment plant, with ROM tonnages treated improving significantly during Q3 while the ROM grade of 5.6 cphd remained in line with guidance of 5.5 cphd.

Expansion projects and exploration programme

- Given the long-term nature of the Group's expansion projects at Finsch, Cullinan and Koffiefontein and the exploration programme in Botswana, quarterly updates are not relevant or practical; going forward the Company will give half yearly expansion project and exploration programme updates within its January and July Trading Updates.

Diamond market and sales

- The rough diamond market continued the firmer trend witnessed since November/December 2012.
- Constrained global diamond supply and steady consumer demand supports this firmer trend.
- Revenue for Q3 was up 8% to US\$105.7 million (Q3 FY 2012: US\$98.0 million).
- Carats sold up 7% to 668,193 carats (Q3 FY 2012: 626,958).
- Petra sold two 'special' stones exceeding US\$1 million each during Q3 (one from Cullinan and one from Finsch) for total revenue of US\$3.8 million.
- As usual, revenue will be weighted towards the full FY 2013 H2 period, with two more tenders to take place between the date of this IMS and financial year-end.
- The Company is considering the various routes to market for the exceptionally rare and valuable 25.5 carat blue diamond recovered in April 2013 and will update the market in due course.
- The table below sets out the average diamond prices achieved for Q3 by mine against comparative periods and original FY 2013 guidance. Prices are broadly in line or better than guidance, with the exception of Koffiefontein due to the current mix of production (decreasing contribution from underground), while Finsch's price declined compared to Q3 FY 2012 as a result of the increased contribution from tailings resources in line with expectations.

Mine	Average US\$/carat	Average US\$/carat	Average US\$/carat	Management guidance
	Q3 FY 2013	Q3 FY 2012	9 months to 31 March 2013	FY 2013
Finsch	131	151	125	129
Cullinan	138	125	135	129
Koffiefontein	381	551	416	475
Kimberley Underground	315	355	285	300
Fissures	260	263	208	n/a
Williamson	248	n/a	248	220

Note:

All sales (both ROM and tailings/alluvials) including 'specials' (stones above US\$1 million in value) were used to calculate the above average values.

Financial:

- As at 31 March 2013, Petra had cash at bank of US\$35.3 million (31 March 2012: US\$66.4 million) and diamond inventories of circa US\$40 million (380,294 carats) (31 March 2012: US\$37 million, 372,105 carats). Diamond inventory carrying values are stated at the lower of cost of production on the weighted average basis or estimated net realisable value.

- Loans and borrowings as at 31 March 2013 were US\$122.9 million (31 March 2012: US\$71.3 million), comprising bank loans and borrowings of US\$122.4 million and utilisation of US\$0.5 million of foreign exchange settlement lines; facilities undrawn and available to the Group at 31 March 2013 of US\$110.8 million.

Corporate – Update re. the Fissure Mines:

- As previously announced, Petra and its black economic empowerment partners have undertaken a sales process with regards to the Fissure Mines (Helam, Sedibeng and Star), which are no longer core to the Group's portfolio.
- The formal sales process has now run its course and unfortunately has not resulted in any offers for the mines which are acceptable to Petra, taking into account mining expertise, funding capacity and other related issues.
- Petra will now downscale its Sedibeng and Star operations. The Helam mine will continue to be operated within the Petra Group on a normal commercial basis. Petra will consider any further offers that may be received from suitable buyers following the conclusion of the formal process.

Health and safety:

- Group LTIFR for Q3 improved to 0.43 (Q3 FY 2012: 1.00).
- Health and safety remains the number one priority for Petra and all of the Company's efforts and initiatives in this regard are striving for a zero harm workplace.

Note

1. The following exchange rate has been used for the purposes of this announcement: 31 March 2013 R9.2251/US\$1.

For further information, please contact:

Petra Diamonds, London
Cathy Malins

Telephone: +44 20 7494 8203
cathym@petradiamonds.com

Buchanan
(PR Adviser)
Bobby Morse
Louise Mason
Cornelia Browne

Telephone: +44 20 7466 5000
bobbym@buchanan.uk.com
louisem@buchanan.uk.com
corneliab@buchanan.uk.com

RBC Capital Markets
(Joint Broker)
Martin Eales
Jonathan Hardy

Telephone: +44 20 7653 4000
martin.eales@rbccm.com
jonathan.hardy@rbccm.com

Canaccord Genuity Limited
(Joint Broker)
Andrew Chubb

Telephone: +44 20 7523 8000
achubb@canaccordgenuity.com

~ Ends ~

About Petra Diamonds Limited

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

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

APPENDIX – MINE BY MINE PRODUCTION TABLES

Finsch – South Africa

	Unit	Q3 FY 2013	Q3 FY 2012	Variance	Nine months to 31 March 2013	Nine months to 31 March 2012	Variance
<u>ROM Production</u>							
Tonnes treated	Tonnes	600,341	710,588	-16%	1,987,408	1,501,303	+32%
Diamonds produced	Carats	209,410	262,066	-20%	629,469	567,280	+11%
Grade	cpht	34.9	36.9	-5%	31.7	37.8	-16%
<u>Tailings Production</u>							
Tonnes treated	Tonnes	644,322	476,378	+35%	1,891,512	1,118,468	+69%
Diamonds produced	Carats	134,578	80,985	+66%	357,172	190,333	+88%
Grade	cpht	20.9	17.0	+23%	18.9	17.0	+11%
<u>Total Production</u>							
Tonnes treated	Tonnes	1,244,663	1,186,966	+5%	3,878,920	2,619,771	+48%
Diamonds produced	Carats	343,988	343,051	+0%	986,641	757,613	+30%
<u>Sales</u>							
Diamonds sold	Carats	355,332	338,770	+5%	896,060	558,178	+61%
Average price per carat	US\$	131	151	-13%	125	142	-12%
Revenue	US\$M	46.4	51.1	-9%	112.3	79.3	+42%

Cullinan – South Africa

	Unit	Q3 FY 2013	Q3 FY 2012	Variance	Nine months to 31 March 2013	Nine months to 31 March 2012	Variance
<u>ROM Production</u>							
Tonnes treated	Tonnes	636,152	676,301	-6%	1,918,161	1,901,418	+1%
Diamonds produced	Carats	187,889	213,180	-12%	572,035	639,937	-11%
Grade	cpht	29.5	31.5	-6%	29.8	33.7	-12%
<u>Tailings Production</u>							
Tonnes treated	Tonnes	441,415	142,310	+210%	1,010,344	512,654	+97%
Diamonds produced	Carats	18,955	9,016	+110%	43,573	26,299	+66%
Grade	cpht	4.3	6.3	-32%	4.3	5.1	-16%
<u>Total Production</u>							
Tonnes treated	Tonnes	1,077,567	818,611	+32%	2,928,505	2,414,072	+21%
Diamonds produced	Carats	206,844	222,196	-7%	615,608	666,236	-8%
<u>Sales</u>							
Diamonds sold	Carats	202,623	244,718	-17%	566,456	624,612	-9%
Average price per carat	US\$	138	125	+10%	135	127	+6%
Revenue	US\$M	27.9	30.6	-9%	76.5	79.3	-4%

Koffiefontein – South Africa

	Unit	Q3 FY 2013	Q3 FY 2012	Variance	Nine months to 31 March 2013	Nine months to 31 March 2012	Variance
<u>ROM Production</u>							
Tonnes treated	Tonnes	50,333	122,991	-59%	140,043	408,457	-66%
Diamonds produced	Carats	3,023	5,929	-49%	9,217	20,292	-55%
Grade	cpht	6.0	4.8	+25%	6.6	5.0	+32%
<u>Tailings Production</u>							
Tonnes treated	Tonnes	283,318	237,249	+19%	982,118	711,373	+38%
Diamonds produced	Carats	4,337	3,974	+9%	16,672	11,148	+50%
Grade	cpht	1.5	1.7	-12%	1.7	1.6	+6%
<u>Total Production</u>							
Tonnes treated	Tonnes	333,651	360,240	-7%	1,122,161	1,119,830	+0%
Diamonds produced	Carats	7,360	9,903	-26%	25,889	31,440	-18%
<u>Sales</u>							
Diamonds sold	Carats	9,459	11,657	-19%	26,259	26,854	-2%
Average price per carat	US\$	381	551	-31%	416	480	-13%
Revenue	US\$M	3.6	6.4	-44%	10.9	12.9	-16%

Kimberley Underground – South Africa

	Unit	Q3 FY 2013	Q3 FY 2012	Variance	Nine months to 31 March 2013	Nine months to 31 March 2012	Variance
<u>ROM Production¹</u>							
Tonnes treated	Tonnes	182,211	100,544	+81%	606,265	387,731	+56%
Diamonds produced	Carats	27,592	10,903	+153%	86,896	45,654	+90%
Grade	cpht	15.1	10.8	+40%	14.3	11.8	+21%
<u>Sales</u>							
Diamonds sold	Carats	37,982	16,387	+132%	83,758	42,782	+96%
Average price per carat	US\$	315	355	-11%	285	326	-13%
Revenue	US\$M	12.0	5.8	+107%	23.9	13.9	+72%

Note:

1. Petra only produces from ROM (underground) operations at Kimberley Underground.

Williamson – Tanzania

	Unit	Q3 FY 2013	Q3 FY 2012	Variance	Nine months to 31 March 2013	Nine months to 31 March 2012 ¹	Variance
<u>ROM Production</u>							
Tonnes treated	Tonnes	713,520	255,925	+179%	1,995,979	255,925	+680%
Diamonds produced	Carats	39,873	13,559	+194%	112,662	13,559	+731%
Grade	cpht	5.6	5.3	+6%	5.6	5.3	+6%
<u>Alluvial Production</u>							
Tonnes treated	Tonnes	87,619	107,432	-18%	270,134	167,206	+62%
Diamonds produced	Carats	3,462	5,424	-37%	10,581	8,011	+32%
Grade	cpht	4.0	5.0	-20%	3.9	4.8	-19%
<u>Total Production</u>							
Tonnes treated	Tonnes	801,139	363,357	+120%	2,266,113	423,131	+436%
Diamonds produced	Carats	43,335	18,983	+128%	123,243	21,570	+471%

Sales							
Diamonds sold	Carats	42,426	-	n/a	114,598	5,044	n/a
Average price per carat	US\$	248	-	n/a	248	298	n/a
Revenue	US\$M	10.5	-	n/a	28.4	1.5	n/a

Note:

1. No diamond sales took place in Q3 FY 2012 whilst the mine's phase 1 development plan was underway.

Fissure mines – South Africa

	Unit	Q3 FY 2013	Q3 FY 2012	Variance	Nine months to 31 March 2013	Nine months to 31 March 2012	Variance
<u>ROM Production</u>							
Tonnes treated	Tonnes	34,648	35,240	-2%	125,352	127,271	-2%
Diamonds produced	Carats	18,129	17,297	+5%	56,490	53,371	+6%
Grade	cpht	52.3	49.1	+7%	45.1	41.9	+8%
<u>Tailings Production</u>							
Tonnes treated	Tonnes	-	5,988	-100%	-	5,988	-100%
Diamonds produced	Carats	-	175	-100%	-	175	-100%
Grade	cpht	-	2.9	-100%	-	2.9	-100%
<u>Total Production</u>							
Tonnes treated	Tonnes	34,648	41,228	-16%	125,352	133,259	-6%
Diamonds produced	Carats	18,129	17,472	+4%	56,490	53,546	+5%
<u>Sales</u>							
Diamonds sold	Carats	20,372	15,425	+32%	47,724	48,260	-1%
Average price per carat	US\$	260	263	-1%	208	257	-19%
Revenue	US\$M	5.3	4.1	+29%	9.9	12.4	-20%