



31 July 2012

LSE: PDL

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

Trading Update for the Year ended 30 June 2012

Petra Diamonds Limited announces the following trading update (unaudited) for the year ended 30 June 2012 (the "Year" or "FY 2012"), further to the IMS published on 9 May 2012.

The Company will be publishing FY 2013 analyst guidance on Wednesday, 15 August 2012 and management will host a conference call to discuss the guidance on the same day. Details of this conference call will follow in due course.

Petra will announce its full financial results for the Year on 24 September 2012.

HIGHLIGHTS

- Further strong production growth to 2,208,862 carats for the Year, an increase of 98% over the previous year (FY 2011: 1,117, 795 carats); FY 2012 production target of over 2 million carats ("Mcts") achieved.
- Revenue of US\$316.9 million, an increase of 44% over FY 2011 (US\$ 220.6 million).
- Cash operating unit costs/tonne remained well controlled (details to be provided in Petra's financial results on 24 September 2012).
- Capital expenditure ("Capex") of US\$134.0 million (FY 2011: US\$110.6 million), is within the Company's expectations and in accordance with the roll-out of the Group's expansion programmes.
- Cash at bank at year end of US\$37.4 million (FY 2011: US\$324.9 million) and diamond inventory at year end of circa US\$24.3 million (FY 2011: circa US\$13.3 million).
- Loans and borrowings at year end of US\$69.2 million (FY 2011: US\$75.5 million); facilities undrawn at 27 July 2012 and available to the Group of US\$79.0 million.
- The Company's discussions with its bankers with regards to the restructure of the Group's optimal debt requirements are progressing well and the Company expects to provide a further update within its full year results on 24 September; as previously announced, it is an opportune time to revisit debt facilities, terms and structure, given that Finsch was not part of the Group when the original financing was put in place.

FY 2012 Sales, Production and Capex – Summary

	Unit	Year ended 30 June 2012	Year ended 30 June 2011	Variance
Sales				
Revenue	US\$M	316.9	220.6	+44%
Diamonds sold	Carats	2,084,429	1,174,825	+77%
Production				
ROM diamonds	Carats	1,872,120	1,027,609	+82%
Tailings & alluvial diamonds	Carats	336,742	90,186	+273%
Total diamonds	Carats	2,208,862	1,117,795	+98%

Capex²				
Expansion	US\$m	106.6	59.0	+81%
Sustaining	US\$m	27.5	51.6	-47%
Total	US\$m	134.0	110.6	+21%

Note 1: For mine by mine production, sales and Capex data, please refer to the appendix to this announcement.

Note 2: Group Capex includes US\$9.5 million for the Year (FY 2011: US\$11.0 million), which was incurred by the Group's internal projects facility in terms of projects/equipment under construction and which will reflect as "on-mine" Capex once these projects are finalised and invoiced to the respective operation. Therefore the mine by mine tables in the appendix, plus the US\$9.5 million internal projects Capex, will add together to make the Capex total in the table above.

Johan Dippenaar, CEO of Petra Diamonds, commented:

"Petra continues to deliver on the Group's stated growth plan, with a doubling in production recorded for FY 2012 to 2.2 million carats, driven mainly by the completion of the Finsch acquisition in September 2011.

"The Group's various expansion projects have also progressed according to plan during the year and this, together with the production growth recorded, puts the Group in a strong position to deliver on its longer term objectives.

"Whilst we expect the rough diamond market to be challenging in the short term, the medium to long term fundamentals remain firmly in place."

CONFERENCE CALL

Petra's CEO, Johan Dippenaar, and Finance Director, David Aberly, will host a conference call at 9:30am BST today to discuss the Trading Update with investors and analysts. Participants may join the call by dialling one of the following three numbers shortly before the call:

From the UK (toll free): 0800 368 1895
 From South Africa (toll free): 0800 983 092
 From the rest of the world: +44 20 3140 0693
 Participant passcode: 837341#

A replay of the conference call will be available on the following numbers from 12:00pm BST on Tuesday 31 July 2012:

From UK (toll free): 0800 376 5689
 From South Africa and the rest of the world: +44 20 7075 6589
 Playback passcode: 386010#

COMMENTARY

Production

- Petra achieved its stated guidance and doubled production from 1.1 million carats (FY 2011) to 2.2 million carats (FY 2012).
- Q4 FY 2012 production up 143% to 632,800 carats (Q4 FY 2011: 260,169 carats), primarily due to the contribution from Finsch.
- Finsch contributed 1,104,618 carats for the Year and 347,004 carats in Q4 FY 2012. Grades of 36.8 carats per hundred tonnes ("cpht") for ROM and 17.0 cpht for tailings were achieved, a solid result given management of the mine was only assumed during September 2011. Going forward, due to the dilution of the current Block 4 production areas, ROM grades are expected to vary between 26 and 30 cpht until the new Block 5 cave is operational, providing access to undiluted ore.

- Cullinan recorded a ROM grade for the Year of 33.3 cpht (FY 2011: 36.6 cpht), due to the on-going dilution of the current working areas. This lower ROM grade was partially addressed by treating higher tonnages of 3.17 Mt (FY 2011: 2.90 Mt), leading to ROM production of 833,285 carats for the Year. ROM grades at Cullinan will remain a challenge due to dilution until the new block cave is established from FY 2015 onwards as part of the C-Cut development programme.
- At Koffiefontein, ROM production was reduced in line with the business plan, due to the high levels of dilution in the current underground mining areas and focus on developing access to the new blocks for FY 2014. The lower underground tonnages have been offset by increased production from surface (Ebenhaezer satellite pipe and tailings).
- At Kimberley Underground, tonnages treated and grades for the Year were affected due to plant processing constraints. In order to address this, the scrubber section of the Joint Shaft plant is now operational and commissioning of the main plant at Wesselton is underway.
- Petra successfully recommenced production at Williamson in Q4 FY 2012 and the mine contributed 42,855 carats from the main pit at a ROM grade of 5.2 cpht. Although the initial ROM grade is lower than management's expectations (6.0 cpht), the overall quality of the production observed to date is encouraging. The re-crush circuit in the plant will commence commissioning in Q2 FY 2013 and it is anticipated that this will lead to an improvement in ROM grade.

Sales

- Gross mine revenue for FY 2012 was up 44% to US\$316.9 million (FY 2011: US\$220.6 million), primarily due to the contribution from Finsch.
- Revenue growth was affected by the volatility of the diamond market and overall weaker prices (refer Diamond Market below).
- Carats sold were up 77% to 2,084,429 (FY 2011: 1,174,825).
- Carat sales were lower than carats produced due to the inclusion of Finsch into closing inventory for the first time; going forward the effects of Finsch should level out.
- Petra sold eight stones exceeding US\$1 million each during the Year, for total revenue of US\$14.4 million.

Diamond market and prices

- The rough diamond market has been volatile during the Year, with prices declining from July to December 2011; a temporary recovery was seen in Q3 FY12 to 31 March, before prices weakened again, further to deteriorating global economic conditions.
- The rough diamond market is expected to remain under pressure in the short term. However, Petra's view is that the medium to long term outlook for diamond prices remains positive due to the well reported supply/demand fundamentals.
- The table below shows the average prices achieved for FY 2012:

Mine	Average US\$/ct Q4 FY 2012	Average US\$/ct H2 FY 2012	Average US\$/ct H1 FY 2012	Average US\$/ct FY 2012	Average US\$/ct FY 2011
Finsch	134	141	129	138	n/a
Cullinan	130	128	128	128	148
Koffiefontein	502	526	426	487	564
Kimberley Underground	306	329	308	320	333
Fissures	251	256	255	255	244
Williamson	229	229	298	236	302 ¹

Note 1: Due to the break in ROM production at Williamson during FY 2011, FY 2011 values are not directly comparable to FY 2012 values as they reflect results related to the sale of alluvial stones only.

Expansion projects

- The Group's expansion projects at Finsch, Cullinan and Koffiefontein are progressing well.

- At Finsch, the expansion programme is in the detailed planning and design phase. Petra has mobilised contractors to commence with development on the declines, the shaft deepening tender process has progressed and this contract will be awarded shortly.
- At Cullinan, the shaft deepening contractor has commenced development work on site, with the first blasts having taking place. Development work on the new northern decline has commenced and the south decline is well advanced. The construction of the new tailings plant is nearing completion and is on track for commissioning in Q1 FY 2013, with the re-crush section to follow later in the year.
- At Koffiefontein, the revised mining lay-out has been finalised and detailed design has commenced. Development work on the underground tunnel infrastructure is on-going.
- At Williamson, in line with Petra's previous statements, the Company continues to revisit the Phase 2 expansion project, which will be dependent upon appropriate water and electricity supply, as well as the results recorded from treatment by the current plant of main pit material over a medium term production period.

Capex

- Capex spend for the Year was US\$134.0 million (FY 2011: US\$110.6 million), split as to US\$106.6 million on expansion and development project Capex (FY 2011: US\$59.0 million) and US\$27.5 million on sustaining Capex (FY 2011: US\$51.6 million).
- The Company's guidance for the Year (issued September 2011) was total Capex of US\$188.9 million, split as to expansion/projects Capex of US\$166.6 million and sustaining Capex of US\$22.3 million.
- The underlying cash spend is mainly Rand based at the Group's South African projects; guidance was calculated at R6.75/US\$ but the actual average rate for the Year of R7.77/US\$ led to an exchange rate saving on guidance of US\$18.2 million.
- The exchange rate adjusted under spend of US\$36.7 million is mainly due to the deferment of the phase 2 expansion programme at Williamson (circa US\$25 million – refer Williamson comment above) and US\$14 million due to scope changes at Finsch; taking into account these items and movements to the R/US\$ exchange rates, Capex spend was materially in line with guidance.

Health and Safety

- Group LTIFR for the Year was 1.13 (FY 2011: 0.80).
- The health and safety of all employees is of the utmost importance to the Company and Petra is highly focused on this area; the Company continues to strive for zero harm across its operations.

Exploration (Botswana)

- Bulk sampling on kimberlite KX36 is on track and the Company will announce results later in the year.

Financial

- As at 30 June 2012, Petra had cash at bank of US\$37.4 million (FY 2011: US\$324.9 million).
- Diamond inventory at Year end was circa US\$24.3 million, 221,748 carats (FY 2011: circa US\$13.3 million, 97,875 carats).
- Loans and borrowings at Year end were US\$69.2 million (FY 2011: US\$75.5 million); undrawn debt facilities at Year end were US\$54.0 million (FY 2011: US\$19.7 million) (these numbers exclude the IFC US\$25 million facility put in place post Year-end).
- As of 27 July 2012, Petra's total bank debt facilities (including the IFC facility noted above) amounted to circa US\$148.2 million, with US\$79.0 million undrawn and available to the Group.
- Petra has commenced discussions with its bankers with regards to the longer term restructure of the Group's optimal debt requirements. As previously announced, it is an opportune time to revisit debt facilities, terms and structure, given that Finsch was not part of the Group when the original financing was put in place.

Corporate and Governance

- The Company has, with external consultants, undertaken a search process for further independent Non-Executive Directors, who will bring complementary experience and skills to the Group. It is expected that an appointment will be made before the Group's year end results announcement on 24 September 2012.
- The transaction whereby Petra is acquiring a 49.24% effective interest in its main black economic empowerment ("BEE") partner, Sedibeng Mining (Pty) Limited, is on track and expected to complete shortly.

Notes

1. The following exchange rates have been used for this announcement: average for the year US\$1: R7.77; 30 June 2012 US\$1: R8.16; 27 July 2012 US\$1: R8.18.

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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 eight producing mines: seven in South Africa (Finsch, Cullinan, Koffiefontein, Kimberley Underground, Helam, Sedibeng and Star) and one in Tanzania (Williamson). It also maintains a highly focused 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 its 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'.

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

APPENDIX – MINE BY MINE PRODUCTION TABLES

Finsch – South Africa

	Unit	H2 FY 2012	H1 FY 2012	FY 2012	FY 2011
<u>Sales</u>					
Revenue	US\$M	108.6	28.3	136.9	n/a
Diamonds sold	Carats	769,694	219,408	989,101	n/a
Average price per carat	US\$	141	129	138	n/a
<u>ROM Production</u>					
Tonnes treated	Tonnes	1,470,127	790,715	2,260,842	n/a
Diamonds produced	Carats	527,181	305,215	832,396	n/a
Grade	Cpht	35.9	38.6	36.8	n/a
<u>Tailings Production</u>					
Tonnes treated	Tonnes	958,080	642,090	1,600,170	n/a
Diamonds produced	Carats	162,874	109,348	272,222	n/a
Grade	Cpht	17.0	17.0	17.0	n/a
<u>Total Production</u>					
Tonnes treated	Tonnes	2,428,207	1,432,805	3,861,012	n/a
Diamonds produced	Carats	690,055	414,563	1,104,618	n/a
<u>Capex</u>					
Expansion Capex	US\$M	8.1	0.6	8.7	n/a
Sustaining Capex	US\$M	2.5	0.7	3.2	n/a
Total Capex	US\$M	10.6	1.3	11.9	n/a

Note:

1. The acquisition of Finsch completed on 14 September 2011 and therefore there are no results prior to this time.

Cullinan – South Africa

	Unit	H2 FY 2012	H1 FY 2012	FY 2012	FY 2011
<u>Sales</u>					
Revenue	US\$M	63.4	48.6	112.0	140.2
Diamonds sold	Carats	496,490	379,894	876,384	944,405
Average price per carat	US\$	128	128	128	148
<u>ROM Production</u>					
Tonnes treated	Tonnes	1,279,020	1,225,117	2,504,137	2,323,403
Diamonds produced	Carats	406,528	426,757	833,285	851,193
Grade	Cpht	31.8	34.8	33.3	36.6
<u>Tailings Production</u>					
Tonnes treated	Tonnes	298,190	370,344	668,534	575,605
Diamonds produced	Carats	17,212	17,283	34,495	44,246
Grade	Cpht	5.8	4.7	5.2	7.7
<u>Total Production</u>					
Tonnes treated	Tonnes	1,577,210	1,595,461	3,172,671	2,899,008
Diamonds produced	Carats	423,740	444,040	867,780	895,439

Capex					
Expansion Capex	US\$M	28.2	17.7	45.9	11.5
Sustaining Capex	US\$M	4.4	3.0	7.4	22.4
Total Capex	US\$M	32.6	20.7	53.3	33.9

Koffiefontein – South Africa

	Unit	H2 FY 2012	H1 FY 2012	FY 2012	FY 2011
Sales					
Revenue	US\$M	12.4	6.5	18.9	30.8
Diamonds sold	Carats	23,602	15,196	38,798	54,640
Average price per carat	US\$	526	426	487	564
ROM Production					
Tonnes treated	Tonnes	212,946	285,466	498,412	712,988
Diamonds produced	Carats	10,206	14,364	24,569	35,139
Grade	Cpht	4.8	5.0	4.9	4.9
Tailings / Ebenhaezer Production					
Tonnes treated	Tonnes	493,414	474,124	967,538	675,147
Diamonds produced	Carats	8,374	7,174	15,548	12,817
Grade	Cpht	1.7	1.5	1.6	1.9
Total Production					
Tonnes treated	Tonnes	706,360	759,590	1,465,950	1,388,135
Diamonds produced	Carats	18,580	21,538	40,117	47,956
Capex					
Expansion Capex	US\$M	3.5	2.6	6.1	0.0
Sustaining Capex	US\$M	3.6	1.8	5.4	11.0
Total Capex	US\$M	7.1	4.4	11.5	11.0

Kimberley Underground – South Africa

	Unit	H2 FY 2012	H1 FY 2012	FY 2012	FY 2011
Sales					
Revenue	US\$M	11.7	8.1	19.8	18.2
Diamonds sold	Carats	35,501	26,395	61,895	54,733
Average price per carat	US\$	329	308	320	333
Total Production (all ROM)					
Tonnes treated	Tonnes	299,878	287,187	587,065	443,655
Diamonds produced	Carats	33,671	34,751	68,422	57,402
Grade	Cpht	11.2	12.1	11.7	12.9

Capex					
Expansion Capex	US\$M	9.9	5.5	15.4	1.7
Sustaining Capex	US\$M	2.9	2.7	5.6	11.2
Total Capex	US\$M	12.8	8.2	21.0	12.9

Note:

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

Fissure mines – South Africa

	Unit	H2 FY 2012	H1 FY 2012	FY 2012	FY 2011
Sales					
Revenue	US\$M	9.3	8.4	17.7	21.8
Diamonds sold	Carats	36,262	32,835	69,097	89,491
Average price per carat	US\$	256	255	255	244
ROM Production					
Tonnes treated	Tonnes	75,763	92,031	167,794	183,506
Diamonds produced	Carats	34,519	36,074	70,593	83,876
Grade	Cpht	45.6	39.2	42.1	45.7
Tailings Production					
Tonnes treated	Tonnes	8,203	-	8,203	52,389
Diamonds produced	Carats	281	-	281	3,612
Grade	Cpht	3.4	-	3.4	6.9
Total Production					
Tonnes treated	Tonnes	83,966	92,031	175,997	235,895
Diamonds produced	Carats	34,800	36,074	70,874	87,488
Capex					
Expansion Capex	US\$M	n/a	n/a	n/a	n/a
Sustaining Capex	US\$M	2.2	2.1	4.3	5.2
Total Capex	US\$M	2.2	2.1	4.3	5.2

Williamson – Tanzania

	Unit	H2 FY 2012	H1 FY 2012	FY 2012	FY 2011
Sales					
Revenue	US\$M	10.1	1.5	11.6	9.5
Diamonds sold	Carats	44,109	5,044	49,153	31,555
Average price per carat	US\$	229	298	236	302
ROM Production					
Tonnes treated	Tonnes	826,699	-	826,699	n/a
Diamonds produced	Carats	42,855	-	42,855	n/a
Grade	Cpht	5.2	-	5.2	n/a
Alluvial Production					
Tonnes treated	Tonnes	218,554	59,774	278,328	530,689
Diamonds produced	Carats	11,608	2,587	14,195	29,510
Grade	Cpht	5.3	4.3	5.1	5.6

<u>Total Production</u>					
Tonnes treated	Tonnes	1,045,253	59,774	1,105,027	530,689
Diamonds produced	Carats	54,463	2,587	57,050	29,510
<u>Capex</u>					
Expansion Capex	US\$M	17.3	3.6	20.9	34.8
Sustaining Capex	US\$M	1.2	0.4	1.6	1.8
Total Capex	US\$M	18.5	4.0	22.5	36.6

Note:

1. During FY 2011 and H1 FY 2012, there was no production from the main pit at Williamson while the development programme was underway. Therefore the results for the comparative periods only represent alluvial and limited tailings production only and do not reflect conditions associated with normal production.