



PetraDiamonds

Cullinan, South Africa



Trading Update (Year to 30 June 2011)

19 July 2011

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FY 2011 Key Highlights



- Gross mine revenue up 24% to US\$221 million (FY 2010: US\$178 million)
 - Adjusting for exceptional sale of 507 carat Cullinan Heritage diamond for US\$35 million in FY 2010, revenue would have been up by 55%
- Agreement reached with De Beers in January 2011 to acquire the Finsch mine in South Africa
 - Will more than double Petra's annual carat production
 - Will increase Group resource base to over 300 million carats valued at circa US\$56.5 billion¹
- Equity raising of US\$325 million in January 2011
 - Primarily to finance Finsch acquisition cost of ca. US\$210 million
 - Also strengthened the Company's balance sheet
- Increasingly positive outlook for the diamond market
 - Evidenced by the significant strengthening of diamond prices

¹ Internal estimate calculated by reference to the average tender prices achieved during H2 FY 2011

FY 2011 Highlights – Sales & Production



Sales

- Gross mine revenue up 24% to US\$220.6 million (FY 2010: US\$177.7 million) due to:
 - steady increase in rough prices from October 2010
 - H1 FY 2011 revenue of US\$90.0 million; H2 FY 2011 revenue of US\$130.6 million
- Gross carats sold up 4% to 1,174,825 (FY 2010: 1,125,098)

Production

- Gross production down 4% to 1,116,965 carats (FY 2010: 1,164,856 carats)
- Production relatively flat for Period due to:
 - strategic focus on 'value production' as opposed to 'volume production' – led Petra to raise the bottom-cuts in the treatment plants of Cullinan, Koffiefontein and Kimberley Underground in H1 FY 2011
 - planned cessation of main pit production at Williamson (whilst expansion plan underway)
 - planned depletion of high grade Optical Sort Plant material at Cullinan
 - lower than expected volumes from Kimberley Underground due to initial commissioning difficulties at the Joint Shaft plant
 - unseasonably heavy rainfall in South Africa – particularly affected stockpile and tailings material

FY 2011 Highlights – Corporate

Strong balance sheet

- Cash at bank as at 30 June 2011: US\$319.5 million (30 June 2010: US\$34.5 million)
 - US\$210 million held in escrow (Finsch acquisition consideration)

Board Changes

- Petra actively looking to appoint new Non-Executive Directors
 - Priority for Petra Board
 - Part of Company's corporate development strategy

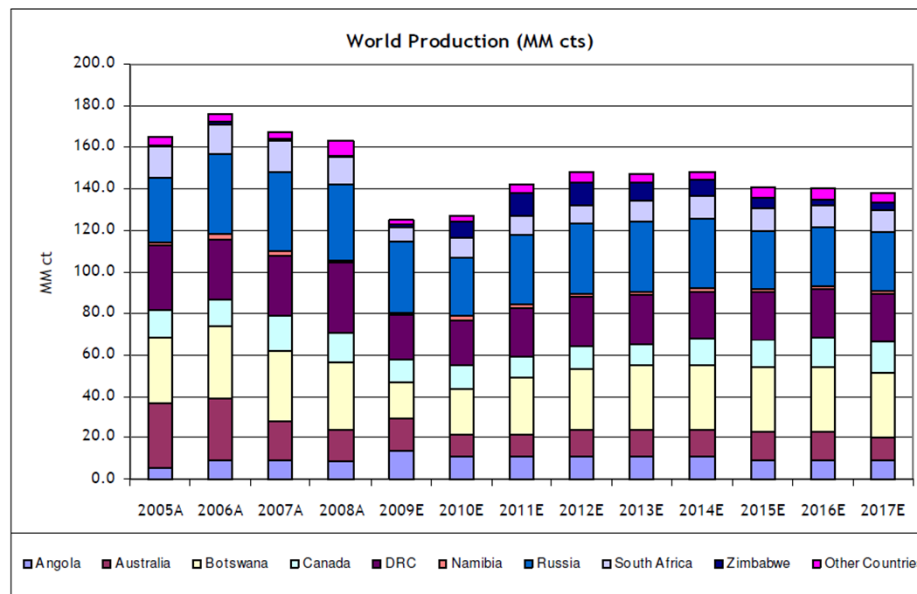
Move to Main Board of London Stock Exchange

- Process to step up to Main Board well progressed
- Timetable – by end calendar 2011
- Benefits:
 - Raise company profile and promote positive fundamentals of diamond market
 - Petra targeting to enter FTSE 250 – will attract investment from numerous tracker funds
 - Main market quotation will further increase liquidity

Exposure To Strong Diamond Market

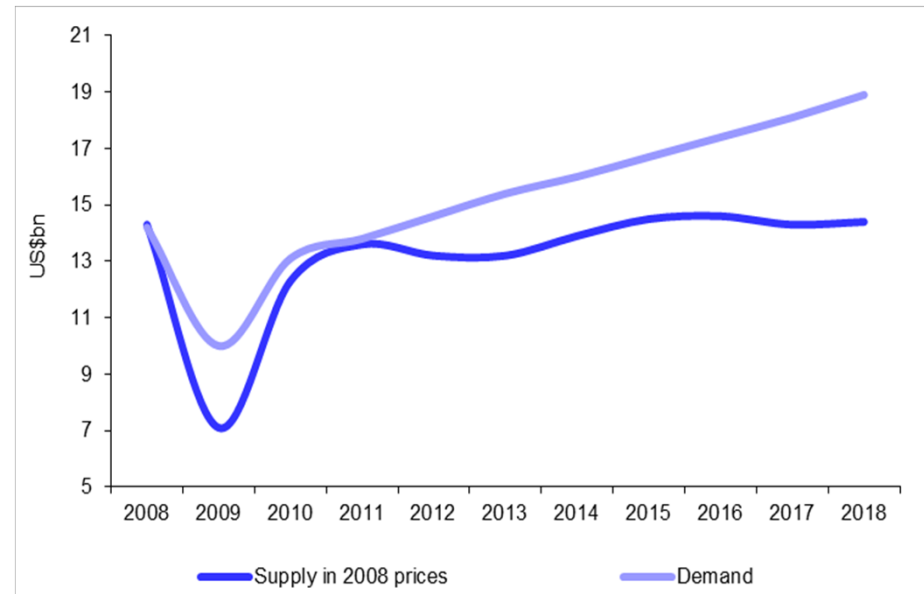
- Very healthy market in 2011 underscored by firm retail demand (both new and established markets)
- Rough prices in all categories rose substantially but small gem diamonds saw exceptional growth – trend to use smalls across wide range of luxury goods, particularly watches
- Re-stocking in pipeline and strong demand causing supply shortfall in many categories
- Liquidity continues to improve; lends confidence to rough market

Supply Constraints



Source: RBC Capital Markets, May 2011

Emerging Deficit



Source: Deutsche Bank, April 2011

Diamond Prices



Actual tender prices:

Mine	Average price for H2 FY 2011 (US\$)	Average price for H1 FY 2011 (US\$)	Average price for FY 2011 (US\$)	Average price for FY 2010 (US\$)
Cullinan	178	120	148	141 (101 excluding the Cullinan Heritage)
Koffiefontein	756	470	564	402
Kimberley Underground	355	285	333	n/a
Fissures	289	192	244	185
Williamson	314	264	302	157

* Prices given are the average of ROM and tailings as Petra tenders mine production on a mixed parcel basis

Management is using the following per carat prices in calculating the updated Group resource and for FY 2012 pricing assumptions:

Mine	ROM (US\$)	Tailings / Other (US\$)
Cullinan	170	100
Koffiefontein	600	480 – Ebenhaezer 200 – Tailings
Kimberley Underground	325	150
Fissures	230	n/a
Williamson – Main Pit	230	n/a
Finsch	180	95

Cullinan – FY 2011

	Unit	Year ended 30 June 2011	Year ended 30 June 2010	Variance
<u>Sales</u>				
Revenue	US\$M	140.2	127.0 ²	+10%
Diamonds sold	Carats	944,405	903,861	+4%
Average price per carat	US\$	148	141 ²	+5% ²
<u>ROM Production</u>				
Tonnes treated	Tonnes	2,323,403	2,160,907	+8%
Diamonds produced	Carats	850,633	841,293	+1%
Grade	Cpht	36.6	38.9	-6%
<u>Tailings Production</u>				
Tonnes treated	Tonnes	575,605	248,380	+132%
Diamonds produced	Carats	44,246	86,638	-49%
Grade	Cpht	7.7	34.9	-78%
<u>Total Production</u>				
Tonnes treated	Tonnes	2,899,008	2,409,287	+20%
Diamonds produced	Carats	894,879	927,931	-4%

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

² Revenue for FY 2010 included the sale of the 507 carat Cullinan Heritage diamond for US\$35.3 million; without this exceptional sale, average value for FY 2011 was US\$101 (average for FY 2011 is up 47% in comparison)

- ROM grade lower due to increase of bottom cut and excessive rainfall
- Tailings grade to improve to ~10 cpht once re-crush system incorporated into processing (FY 2012)
- C-Cut development programme:
 - Decline to access new production level has passed 839m level; breakaway for 830m undercut level has been established
 - New drawpoints established in BB1E and AUC South sections of the pipe to provide gap filler tonnes whilst new block cave established
 - Grade will eventually rise to ~50 cpht once new block delivers access to fresh, undiluted ore

Koffiefontein – FY 2011



	Unit	Year ended 30 June 2011	Year ended 30 June 2010	Variance
Sales				
Revenue	US\$M	30.8	22.8	+35%
Diamonds sold	Carats	54,640	56,707	-4%
Average price per carat	US\$	564	402	+40%
ROM Production				
Tonnes treated	Tonnes	712,988	884,058	-19%
Diamonds produced	Carats	35,139	53,026	-34%
Grade	Cpht ²	4.9	6.0	-18%
Tailings / Ebenhaezer Production				
Tonnes treated	Tonnes	675,147	243,714	+177%
Diamonds produced	Carats	12,817	7,234	+77%
Grade	Cpht	1.9	3.0	-36%
Total Production				
Tonnes treated	Tonnes	1,388,135	1,127,772	+23%
Diamonds produced	Carats	47,956	60,260	-20%

¹ Petra has a 70% interest in Koffiefontein; BEE partners 30%. Petra has a further 4% interest in the Koffiefontein Mine Unincorporated JV via its 13.33% shareholding in Re Teng Diamonds (Pty) Ltd (held by Petra's wholly owned subsidiary Blue diamond Mines (Pty) Ltd), taking its total interest in the Koffiefontein Mine Unincorporated JV to 74%

- Very high average value per carat despite effect of higher volume of lower value tailings
- ROM production down due to greater level of waste ingress from remnant columns at 48 Level (gap filler tonnes) – lower tonnages made up to some extent by tailings production
- Tonnage shortfalls exacerbated by stoppages after fatality in January 2011 – resulted in low tonnages from higher grade 52 Recovery Level in H2 FY 2011
- Development work to access undiluted ore at 58 Level expedited and expected by Q3 FY 2013 – will increase grade to ~8.7 cpht

Kimberley Underground – FY 2011



	Unit	Year ended 30 June 2011	Year ended 30 June 2010 ²	Variance
<u>Sales</u>				
Revenue	US\$M	18.2	n/a	n/a
Diamonds sold	Carats	54,733	n/a	n/a
Average price per carat	US\$	333	n/a	n/a
<u>Total Production (all ROM)</u>				
Tonnes treated	Tonnes	443,655	9,141	n/a
Diamonds produced	Carats	57,132	1,362	n/a
Grade	Cpht	12.9	14.9	n/a

¹ Petra has a 74% interest in Kimberley Underground; BEE partners 26%

² The acquisition of Kimberley Underground completed in May 2010 & therefore there were no results prior to this date

- FY 2011 – 1st year of operation under Petra management
- Good quality production – US\$333 average value exceeded expectations
- Commissioning difficulties at Joint Shaft plant now overcome – expected to produce 88,000 carats in FY 2012
- Grade expected to revert to 14 cpht during FY 2012 due to oversize circuit being brought into production
- Revised business plan for Wesselton plant due to Joint Shaft plant commissioning issues:
 - Mobile pan plant (40,000 tpm) to be commissioned in Sep 2011
 - Main plant (additional 40,000 tpm) to be commissioned in April 2012
 - Wesselton expected to contribute ~50,000 carats in FY 2012

Williamson – FY 2011



	Unit	Year ended 30 June 2011	Year ended 30 June 2010	Variance
Sales				
Revenue	US\$M	9.5	14.4	-34%
Diamonds sold	Carats	31,555	91,901	-66%
Average price per carat	US\$	302	157	+92%
ROM Production				
Tonnes treated	Tonnes	n/a	1,334,656	n/a
Diamonds produced	Carats	n/a	84,241	n/a
Grade	Cpht	n/a	6.3	n/a
Alluvial Production				
Tonnes treated	Tonnes	530,689	423,665	+25%
Diamonds produced	Carats	29,510	16,830	+75%
Grade	Cpht	5.6	4.0	+40%
Total Production				
Tonnes treated	Tonnes	530,689	1,758,321	-70%
Diamonds produced	Carats	29,510	101,071	-71%

¹ Petra has a 75% interest in Williamson; Government of the United Republic of Tanzania 25%

- No production from the main pit whilst the expansion plan is underway
- Management is very encouraged by quality of diamonds
- Original plant (3 Mtpa) now subject to substantial rebuild, rather than just 'refurbishment'
 - Opportunity to create further world-class processing facility at mine (in addition to new 10 Mtpa plant)
 - Commissioning has commenced – expected to be in production by end of Q2 FY 2012
 - Will treat ca. 1.5 Mt in FY 2012 at expected grade of 6 cpht for 90,000 carats
- Stockpile increased to ca. 900,000 tonnes, estimated to contain 50,000 carats

Conclusion

- Closure of Finsch acquisition expected in the coming weeks
- Production to more than double in FY 2012
- Resource base to increase to +300 Mcts valued at US\$56.5 billion
- Strong balance sheet will ensure successful roll-out of expansion plans
- Petra to move to Main Board of LSE by end of 2011
- Exceptional growth profile; Petra on track to reach:
 - 4 Mcts pa by FY 2014
 - +5 Mcts pa by FY 2019



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