



**Petra**Diamonds

# Introducing the new Petra

Investor Day 22 February 2022



# Disclaimer



- This presentation contains certain forward-looking statements, which are subject to the risk factors and uncertainties associated with the diamond mining industry.
- Whilst Petra believes the expectations set out in this presentation are reasonable in light of the information currently available to it, the actual outcome may be materially different, owing to factors within and outside its control.
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# Agenda and Format

09:30	Introduction
09:40	Interim results
09:50	Market backdrop
10:05	Resetting Petra
<b>10:15</b>	<b>Coffee refill</b>
10:20	Sustainability Framework
10:40	Operational update
11:15	Financial Framework
11:25	Our strategy
11:30	Q&A
<b>11:45</b>	<b>Lunch available</b>

**The Q&A will be managed at the end of the presentation**

How to register questions:

**In person:**

- We will take questions from the floor in the first instance - please raise your hand

**Conference call:**

- Those on the conference call will then be offered the opportunity to ask questions; this will be managed by the Operator

**Webcast:**

- There is an option to submit your question clearly identified at the bottom of the screen - you can do this throughout the presentation
- These questions will be read out and answered by the Petra team at the end of the Q&A session



# Your hosts for today | Brief Introduction



**Richard Duffy**  
Chief Executive Officer



**Jacques Breytenbach**  
Chief Financial Officer



**Juan Kemp**  
Chief Technical Officer



**Rupert Rowland-Clark**  
General Counsel &  
Company Secretary



**Jill Sheratt**  
Head of Investor Relations



**Vivek Gadodia**  
Corporate Development



**Jaison Rajan**  
Chief Operating Officer

Joining online from  
the Johannesburg  
office



**Thashmi Doorasamy**  
Human Resources &  
Public Affairs



# Petra is a mid-tier, multi-asset diamond producer with strong sustainability credentials in a transformative phase

<b>3.3 Mcts</b> <b>LTM Production</b>	<b>\$493.5m</b> <b>LTM Revenue</b>	<b>\$200.3m</b> <b>LTM Adj. EBITDA</b>	<b>\$152.3m</b> <b>31 Dec 2021</b> <b>Consolidated net debt</b>
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LTM – Last 12 months

- Proven leadership and new operating model transforming performance
- Stabilised operations and improving cash generation
- Balance sheet significantly stronger
- Production profile incorporating the full range of diamonds
- One of the world’s largest diamond resources of 230 million carats
- Pure-play exposure to the exciting supply/demand diamond market dynamics



**Cullinan**  
Stake acquired 2008  
South Africa  
Resource: 149.8 Mcts



**Finsch**  
Stake acquired 2011  
South Africa  
Resource: 37.7 Mcts



**Koffiefontein**  
Stake acquired 2007  
South Africa  
Resource: 5.2 Mcts

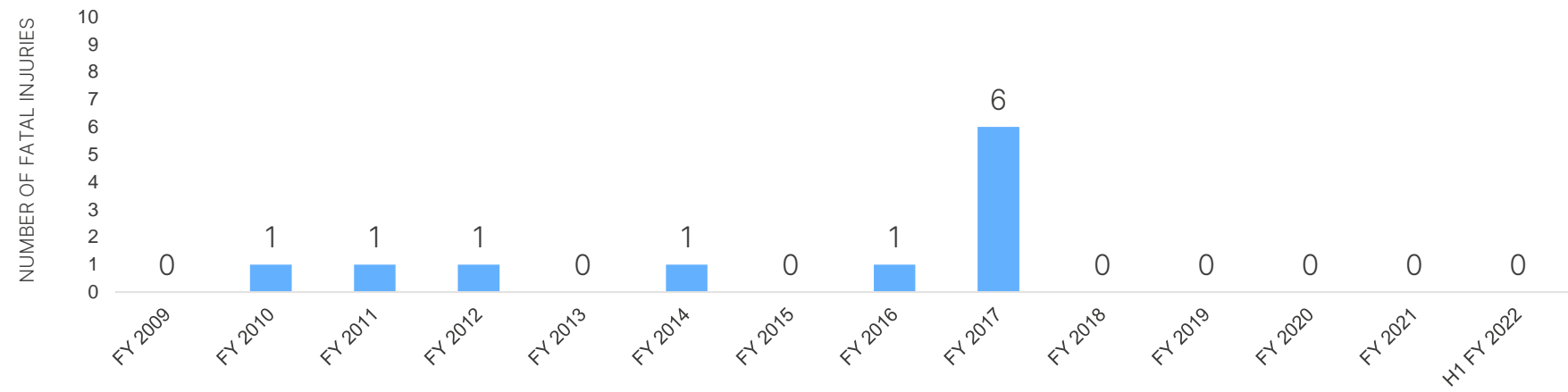


**Williamson**  
Stake acquired 2009  
Tanzania  
Resource: 37.9 Mcts



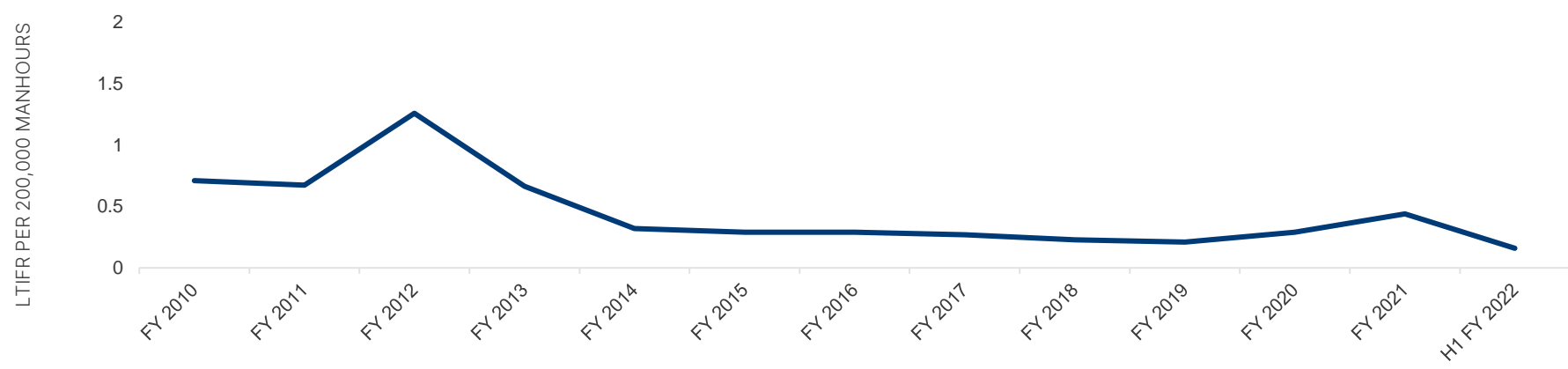
# Safety remains our number one priority

## Fatal Accidents FY 2010 – H1 FY 2022



4.5 years fatality free

## Lost Time Injury Frequency Rate FY 2010 – H1 FY 2022



LTIs down 57% in H1 FY 2022 vs H1 FY 2021

LTIFR down 64% from 0.50 to 0.18 in H1 FY 2022 vs H1 FY 2021



# Resilience against COVID-19

**We believe our mitigation interventions will continue to allow us to achieve our production and sales targets**





# Summary of Interim Results

6 months to 31 December 2021

The 39.34 carat blue diamond from the Cullinan mine sold for \$40.2m (\$1m per carat) in July 2021 – believed to be the highest price per carat on record for a rough diamond

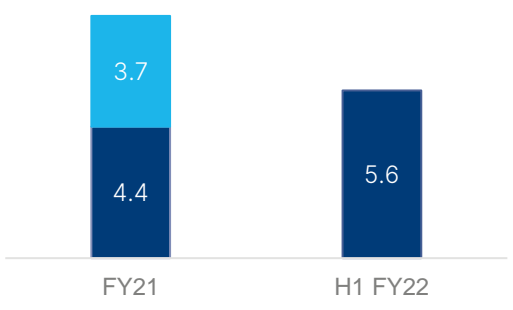






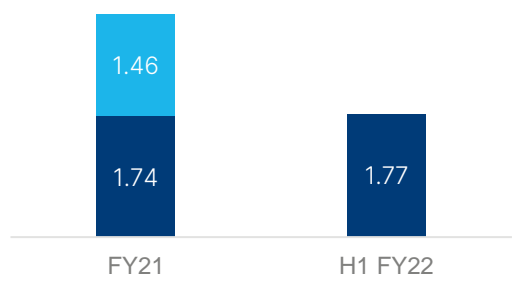
# H1 FY 2022 - strong improving trajectory

Tonnes



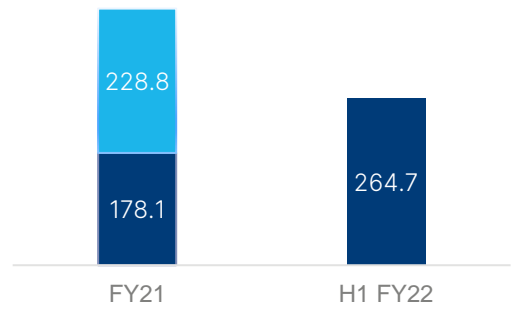
**Ore processed up 27%**

Mcts



**Production up 2%**

US\$m



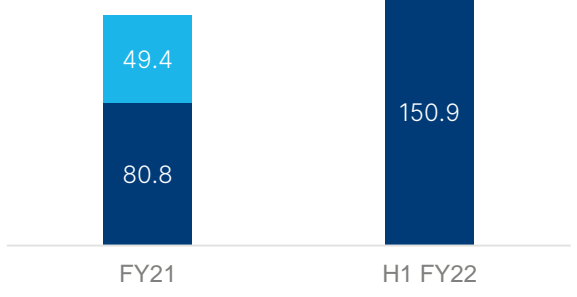
**Revenue up 64%**

**Key**

H2 ■

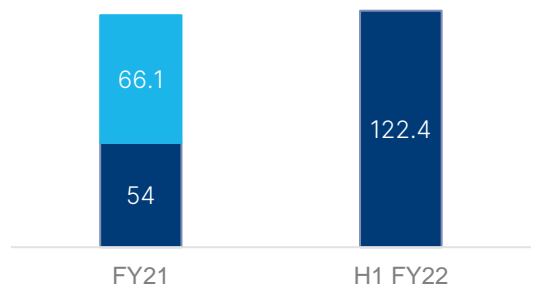
H1 ■

US\$m



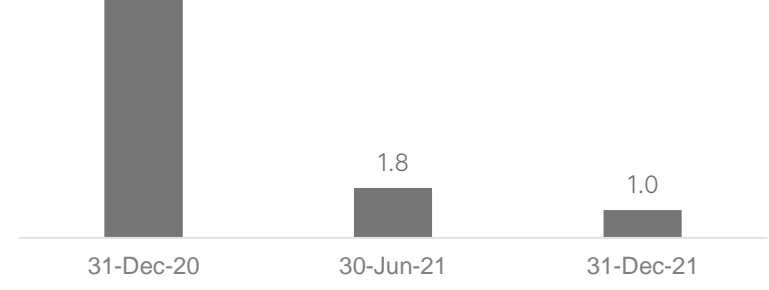
**Adjusted EBITDA up 87%**

US\$m



**Operational free cash flow up 127%**

8.7



**Consolidated net debt: EBITDA down to 1.0x**

# H1 FY 2022 - summary of results



## Solid operational performance

- Largely regained steady state throughput at our mines, delivering on our targets
- On-mine costs in line with expectations despite inflationary pressures
- Complemented by significant contribution from Exceptional Stones

## Strong market recovery

- YOY increase of c. 45% on \$/ct supported by product mix
- 16% LFL price increase compared to H2 FY 2021

## Improved cash generation and balance sheet strength

- Ending the period on a net debt:EBITDA of 1.0x

	H1 FY 2022 (US\$m)	H1 FY 2021 (US\$m)	FY 2021 (US\$m)
<b>Revenue</b>	<b>264.7</b>	<b>178.1</b>	<b>406.9</b>
Contribution from Exceptional Stones	77.9	40.4	62.0
<b>Adjusted EBITDA</b>	<b>150.9</b>	<b>80.8</b>	<b>130.2</b>
Adjusted EBITDA margin	57%	45%	32%
<b>Adjusted PBT</b>	<b>91.1</b>	<b>6.5</b>	<b>(18.3)</b>
<b>Adjusted Net profit after tax</b>	<b>66.4</b>	<b>2.7</b>	<b>(25.5)</b>
Adjusted profit / (loss) per share (US cents)	29.01	4.23	(36.20)
<b>Net profit after tax</b>	<b>49.1</b>	<b>67.6</b>	<b>196.6</b>
Basic profit per share (US cents)	22.29	315.29	260.70
<b>Operational free cash flow</b>	<b>122.4</b>	<b>54.0</b>	<b>120.1</b>
<b>Consolidated net debt</b>	<b>152.3</b>	<b>700.4</b>	<b>228.2</b>
<b>Unrestricted cash</b>	<b>256.7</b>	<b>92.4</b>	<b>147.7</b>

- Refer to H1 2022 interim results dated 22 February 2022 for notes and explanations regarding non-IFRS adjusted disclosures
- Williamson has been consolidated and FY 2021 figures now include Williamson as the mine was no longer held for sale at 31 December 2021; Consolidated net debt and cash balances for FY 2021 have not been adjusted

# H1 FY 2022 summary of results



	H1 FY 2022 (US\$m)	H1 FY 2021 (US\$m)	Restated FY 2021 (US\$m)
Revenue	264.7	178.1	406.9
Adjusted mining and processing costs <sup>1</sup>	(109.8)	(99.2)	(276.1)
Other direct income	0.3	5.1	6.8
<b>Profit from mining activity<sup>1</sup></b>	<b>155.2</b>	<b>84.0</b>	<b>137.6</b>
Other corporate income	0.6	-	-
Adjusted corporate overhead <sup>1</sup>	(4.9)	(3.2)	(7.4)
<b>Adjusted EBITDA<sup>1</sup></b>	<b>150.9</b>	<b>80.8</b>	<b>130.2</b>
Depreciation & Amortisation	(43.5)	(38.2)	(80.8)
Share-based expense	(0.1)	(0.2)	(0.5)
Net finance expense	(16.2)	(35.9)	(67.2)
<b>Adjusted profit/(loss) before tax</b>	<b>91.1</b>	<b>6.5</b>	<b>(18.3)</b>
Tax expense (excl. taxation credit/charge on impairment charge and unrealised foreign exchange gain/(loss)) <sup>1</sup>	(24.7)	(3.8)	(7.2)
<b>Adjusted net profit/(loss) after tax<sup>1</sup></b>	<b>66.4</b>	<b>2.7</b>	<b>(25.5)</b>
Impairment reversal/(charge) – operations & other receivables <sup>1</sup>	0.1	(0.2)	(38.4)
Impairment of BEE loans receivable – expected credit loss release	-	4.6	5.8
Gain on extinguishment of Notes net of unamortised costs	-	-	213.3
Profit on disposal of subsidiary <sup>1</sup>	-	14.7	14.7
Reversal / (costs) and fees relating to investigation & settlement of human rights abuse claims	0.2	-	(12.7)
Provision for unsettled and disputed tax claims	-	-	(19.5)
Net unrealised foreign exchange (loss)/gain	(28.7)	65.1	74.6
Taxation credit/(charge) on unrealised foreign exchange (loss)/gain	11.1	(19.3)	(19.9)
Taxation credit on impairment charge	-	-	4.2
<b>Net profit after tax</b>	<b>49.1</b>	<b>67.6</b>	<b>196.6</b>

<sup>1</sup> Refer to interim results announcement dated 22 February 2022 for detailed notes and explanations regarding non-IFRS adjusted disclosures

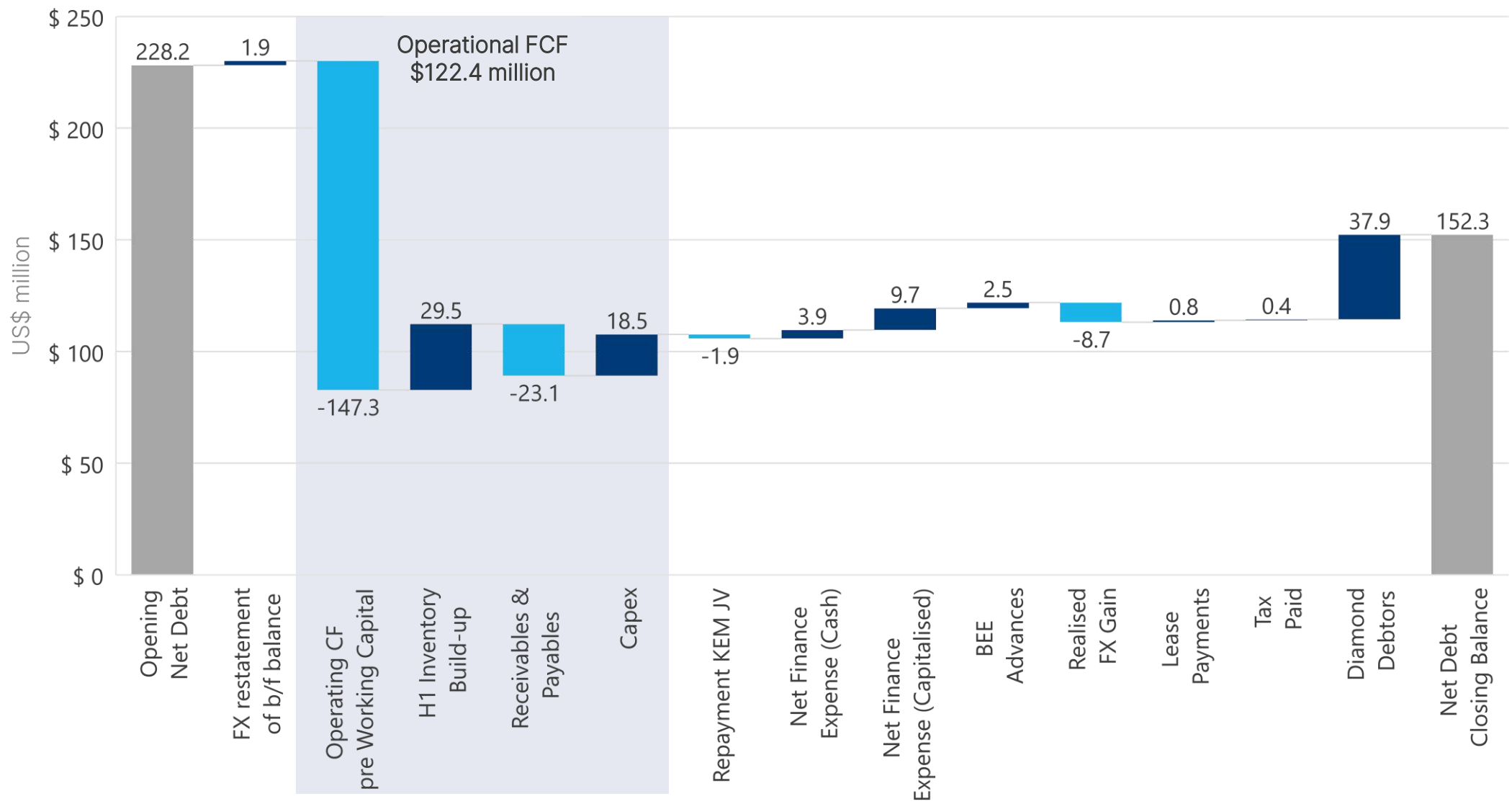


# Summary balance sheet

	<b>31 Dec 2021 (US\$m)</b>	<b>31 Dec 2020 (US\$m)</b>	<b>30 Jun 2021 (US\$m)</b>
Cash at bank (including restricted amounts)	272.3	106.3	173.0
Diamond debtors	0.4	3.7	38.3
Diamond inventories	79.6 0.82 Mcts	105.0 1.39 Mcts	56.5 0.64 Mcts
US\$336.7 million loan notes (net of unamortised costs)	346.4	-	327.3
US\$650 million loan notes	-	702.0	-
Bank loans and borrowings	78.6	61.2	103.0
BEE partner bank facilities	-	47.2	-
Consolidated net debt	152.3	700.4	228.2
Bank facilities undrawn and available	0.6	-	7.7



# Consolidated net debt movement in H1 FY 2022





# Market backdrop

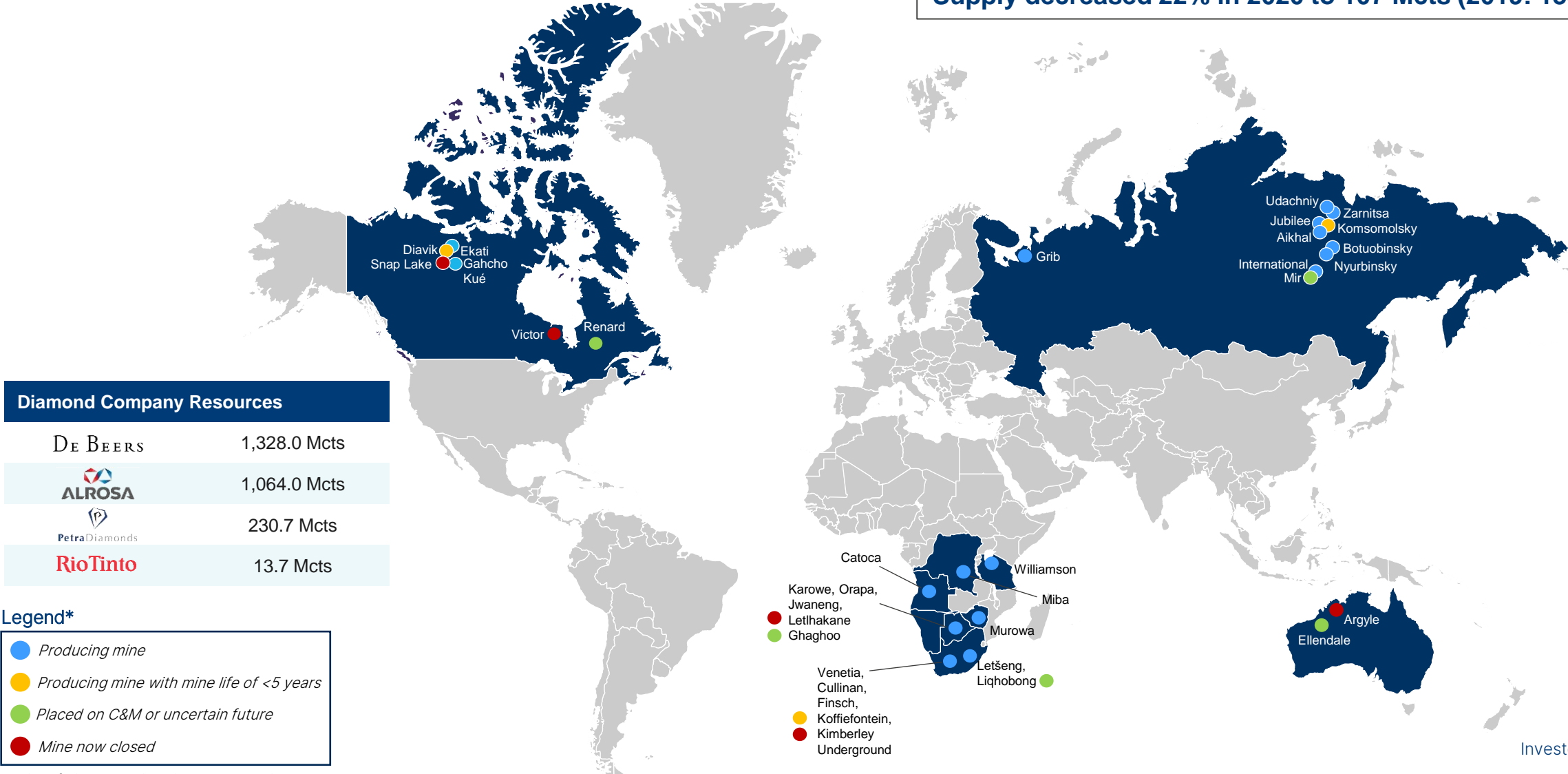
A still from the Natural Diamond Council's generic marketing campaign, starring brand ambassador Ana de Armas, which was carried out in September 2021 in order to support the market as it moved into the festive selling season





# The number of producing diamond mines globally continues to contract

Supply decreased 22% in 2020 to 107 Mcts (2019: 138 Mcts)<sup>1</sup>



Diamond Company Resources	
DE BEERS	1,328.0 Mcts
ALROSA	1,064.0 Mcts
PetraDiamonds	230.7 Mcts
RioTinto	13.7 Mcts

**Legend\***

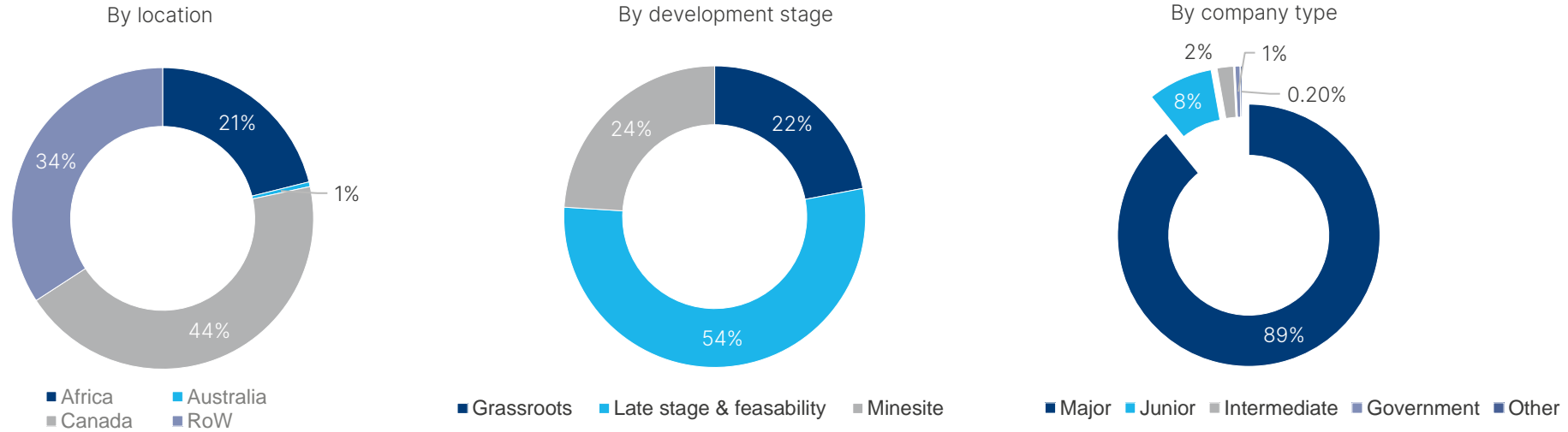
- Producing mine
- Producing mine with mine life of <5 years
- Placed on C&M or uncertain future
- Mine now closed

\* List of diamond mines is not exhaustive 1. Source: Kimberley Process Statistics



# Global exploration spend heavily suppressed

## Global Diamond Exploration Budget of US\$274m in 2020, US\$m



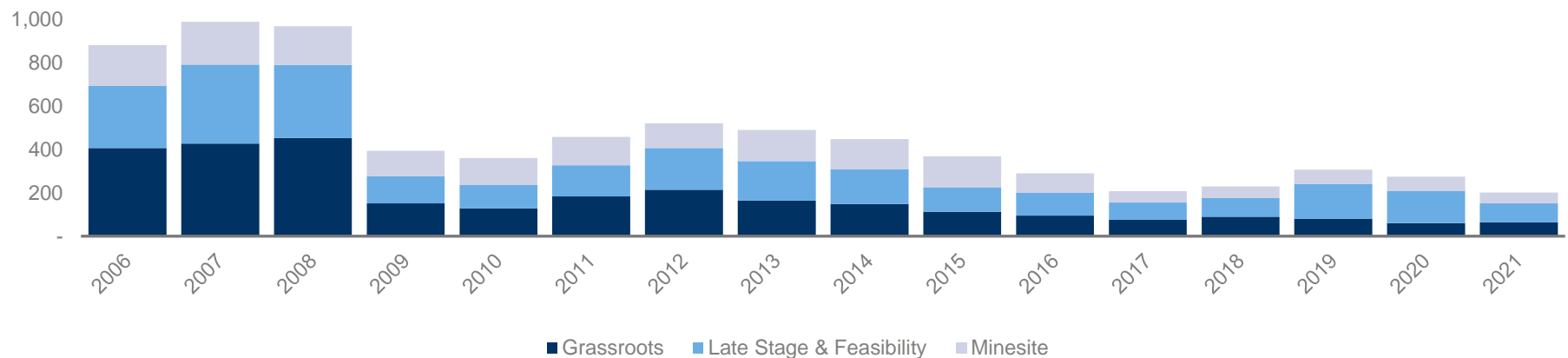
**\$274m**  
Global diamond exploration budget in 2020

**c.\$64m**  
2020 spend on grassroots exploration, mostly in Canada

**<1%**  
Percentage of kimberlites that are economic

**1990s**  
Last major exploration success in diamonds

## Exploration budget trends 2006-2020, US\$m



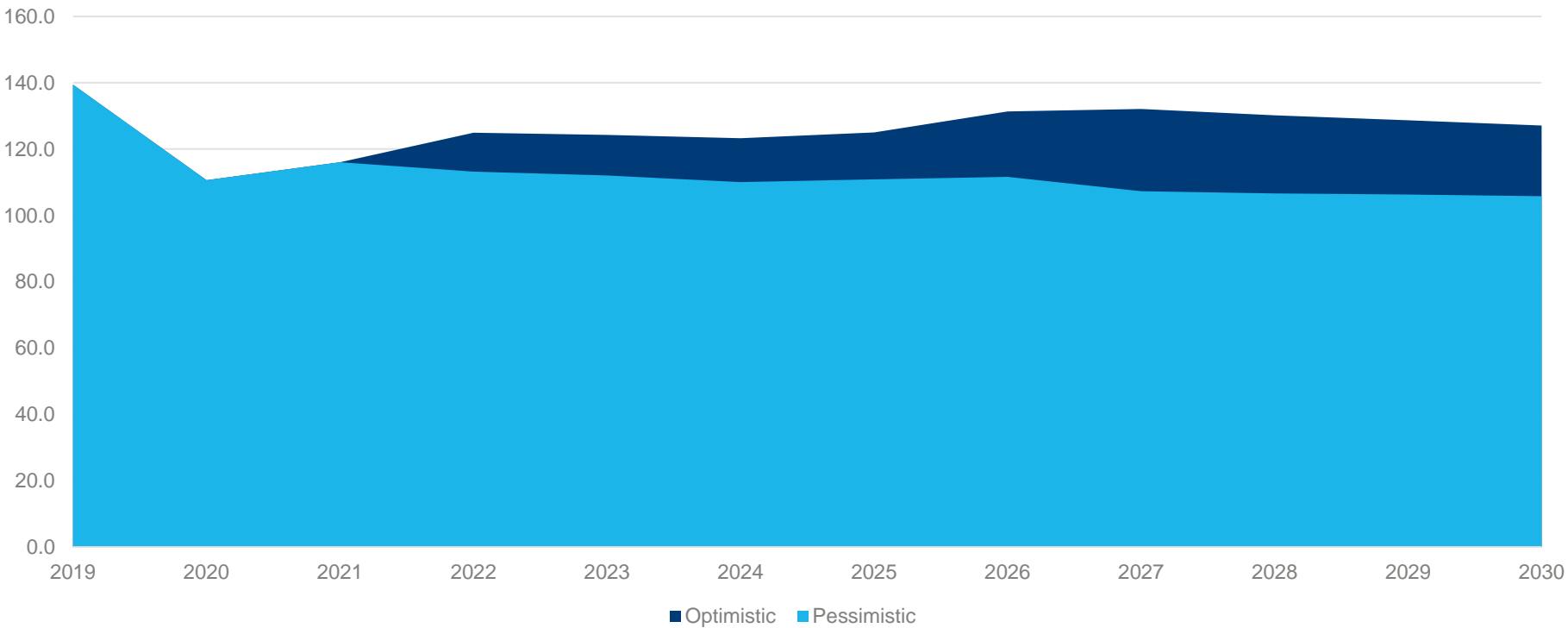
Source: S&P Global Market Intelligence





# Supply is expected to be almost flat over the next 10 years, with very few new projects coming online

## Global diamond supply outlook



“Major new projects have not been announced and investments in exploration are limited, so production growth will likely stay at 1% to 2% per year during the next half-decade

Bain Report  
The Global Diamond Industry 2021 – 2022

Source: AWDC Bain Report – The Global Diamond Industry 2021 – 2022



# Diamonds and jewellery emerged as winning consumer categories as the pandemic progressed

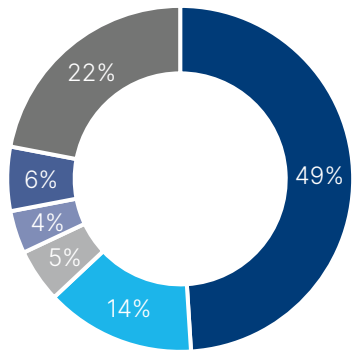
- Increased disposable income for diamonds, due to lack of competition from categories such as travel
- Emphasis on personal relationships, leading to increased meaningful gifting, as well as self-rewarding / treating
- Delayed wedding boom currently underway
- 2021 was the strongest holiday season the diamond trade has seen in over a decade and some commentators are predicting record jewellery sales for 2021 (Bain: market +29% to ca. \$84bn)



“What a year! It’s what dreams are made of,” said Eileen Eichhorn, owner of 56-year-old Eichhorn Jewelry, in Decatur, USA, adding that her customers were ready to splurge on “diamond anything.”

*Source: INSTORE magazine survey  
US Independent Jewelers Report ‘Crazy’ Good Holiday Season*

**Global consumer demand split**



■ US ■ China ■ India ■ Japan ■ Gulf ■ RoW  
Source: Morgan Stanley Research

Company	Country	Period	Sales growth
SIGNET JEWELERS		Holiday 2021 vs Holiday 2020	+30%
周大福		3 mths to 31 Dec 21 vs 3 mths to 31 Dec 20	+31%
LVMH		Watches & Jewellery 2021 vs 2020	+167%
RICHMONT		Jewellery Maisons 3 mths to 31 Dec 21 vs 3 mths to 31 Dec 20	+37%
TITAN		Jewellery 3 mths to 31 Dec 21 vs 3 mths to 31 Dec 20	+37%



# Lower supply vs higher demand cleared out excess inventories both upstream and midstream

## Upstream

- Improved market conditions allowed for the release in 2021 of excess inventories accumulated in prior years and during the pandemic
- Supply of rough will now remain constrained by lower production levels

## Midstream

- Increased polished prices led to improved profit margins
- Supply shortages developed as consumer demand outperformed expectations

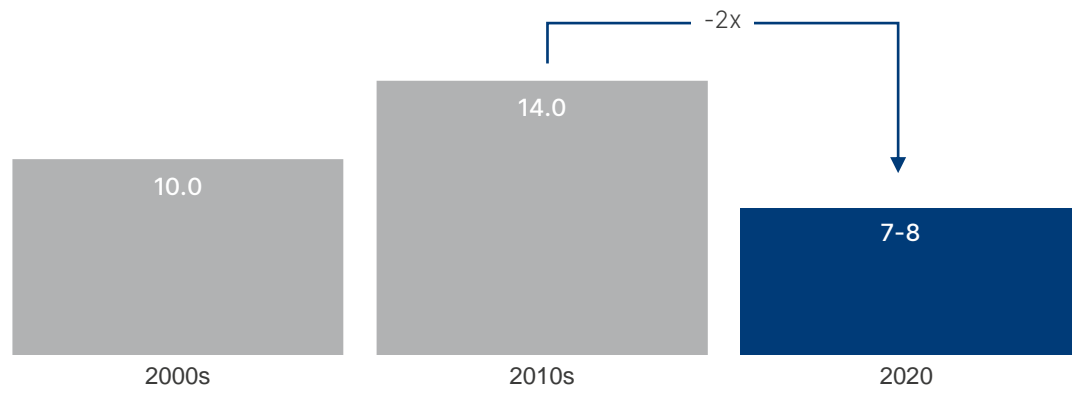


Our inventories remain at rock bottom since mid-2021

ALROSA – 13 Jan 2022

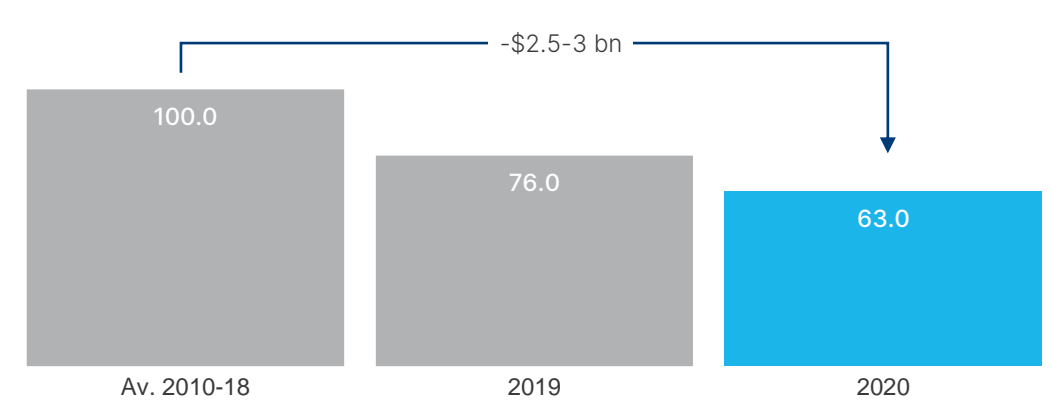
## Midstream has significantly deleveraged

\$bn, level of outstanding debt



## Midstream has significantly destocked

Indexed value, inventories

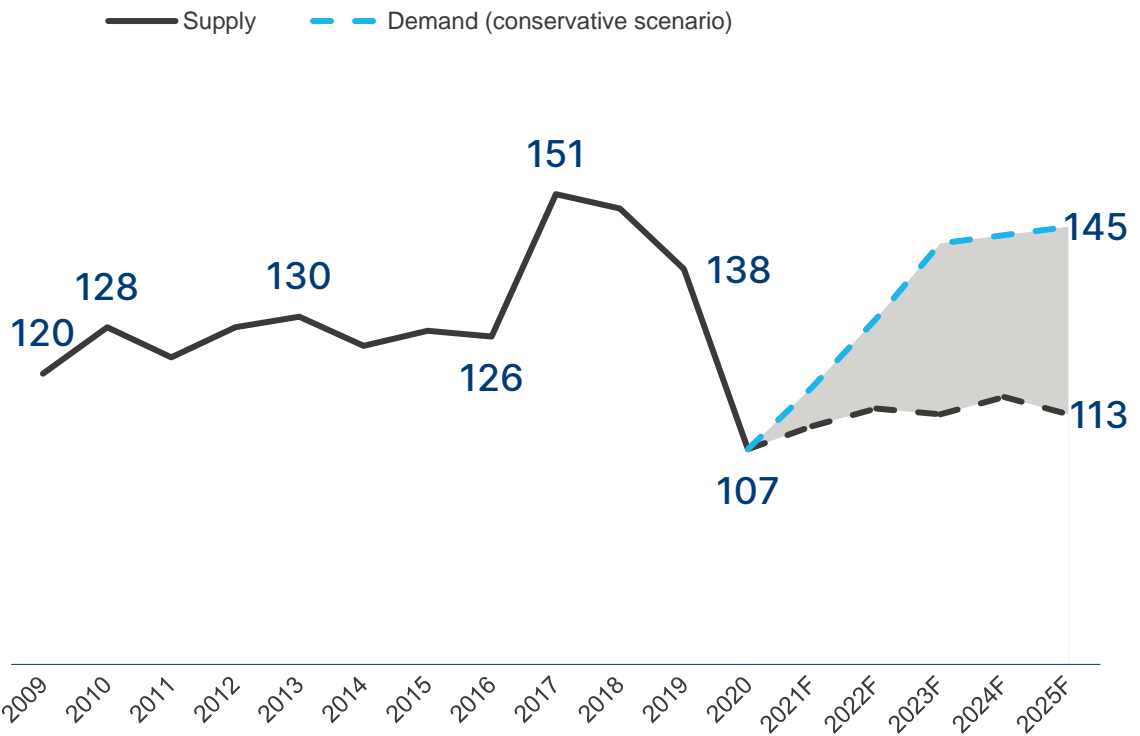


Source: ALROSA analysis, AWDC Bain report "The Global Diamond Industry 2020-21"

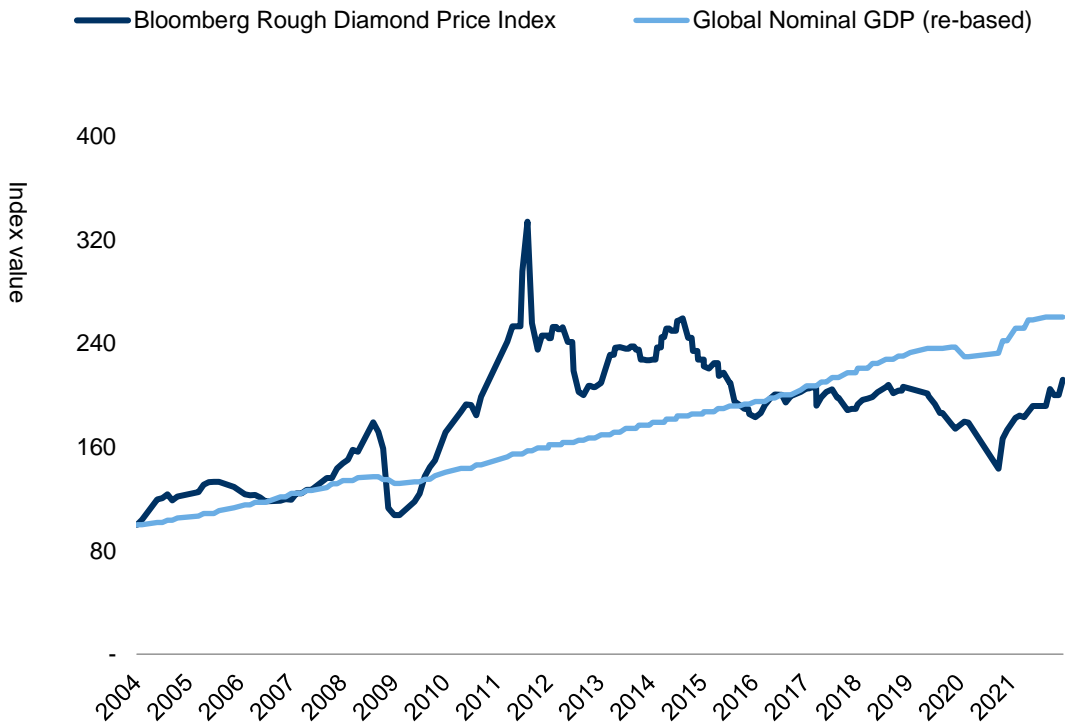


# Inflection point - the predicted supply / demand shortfall has begun to manifest

**Supply dropped structurally on depletions / lack of new mines, while demand is forecast to continue to rise**



**Pricing has recovered well as supply shortages manifested, but remains below earlier peaks**



Source: ALROSA company data and analysis, Kimberley Process, AWDC Bain report "The Global Diamond Industry 2020-21"  
 Note: 1. Conservative scenario for rough diamond demand is based on 10% YoY change in 2021-23 and 1% in 2024-25



# Lab-grown gem diamonds continue to diverge as a separate product category with a lower price point

## LGDs and natural diamonds can together grow the overall diamond market, but they are two distinct product categories

- LGD production has continued to gather momentum, reaching 6-7 million carats in 2020
- Biggest producers are China, the US and Singapore; the process remains energy intensive and it takes weeks to grow larger gem-quality stones
- By contrast, ca. 15 billion carats of lab-grown diamonds are produced annually for industrial purposes
- LGDs sell at a lower price but offer attractive profit margins across the value chain
- As technology advances and supply increases, the price differential of a 1 carat polished LGD versus a natural diamond has more than halved and continues to widen
- Precedent with other gemstones where man-made or other ‘treated’ versions exist, but sell at a considerable discount to the natural stones

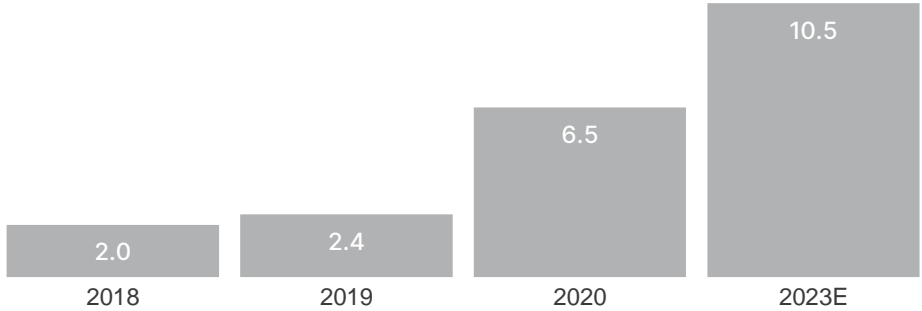
## Retail price discounts (LGDs vs natural)

Price of polished lab-grown diamond as a percentage of polished natural diamond (1 carat G VS polished)

Q4 2017	Q4 2018	Q4 2019	Q4 2020	Q4 2021
<b>65%</b>	<b>50%</b>	<b>50%</b>	<b>35%</b>	<b>30%</b>

Source: Morgan Stanley Research and Bain

## LGD (gem) production outlook (Mcts)



Source: Morgan Stanley Research



# The Natural Diamond Council plays an important role in stimulating future demand

Petra is one of the founder members of the NDC

The NDC aims to advance the integrity of the modern diamond jewellery industry and inspire, educate and protect the consumer

Since launch, its consumer brand 'only Natural Diamonds' has become the number 1 global luxury media brand for natural diamonds

Driving engagement with a youthful, influential and adventurous audience



**120m**  
unique website visitors annually

**849.5k**  
Site visits to campaign webpage

**11.2m**  
Engagements with content across platform to date

**17.5m**  
YouTube Video Views

**48.6MM**  
Online / streamed campaign video views



The NDC's latest advertising campaign starring Ana de Armas, wearing 150cts of diamonds, launched in September 2021 in time to support the retail holiday period



'Thank you, by the way' campaign to raise awareness about the positive impact of the natural diamond industry to consumers



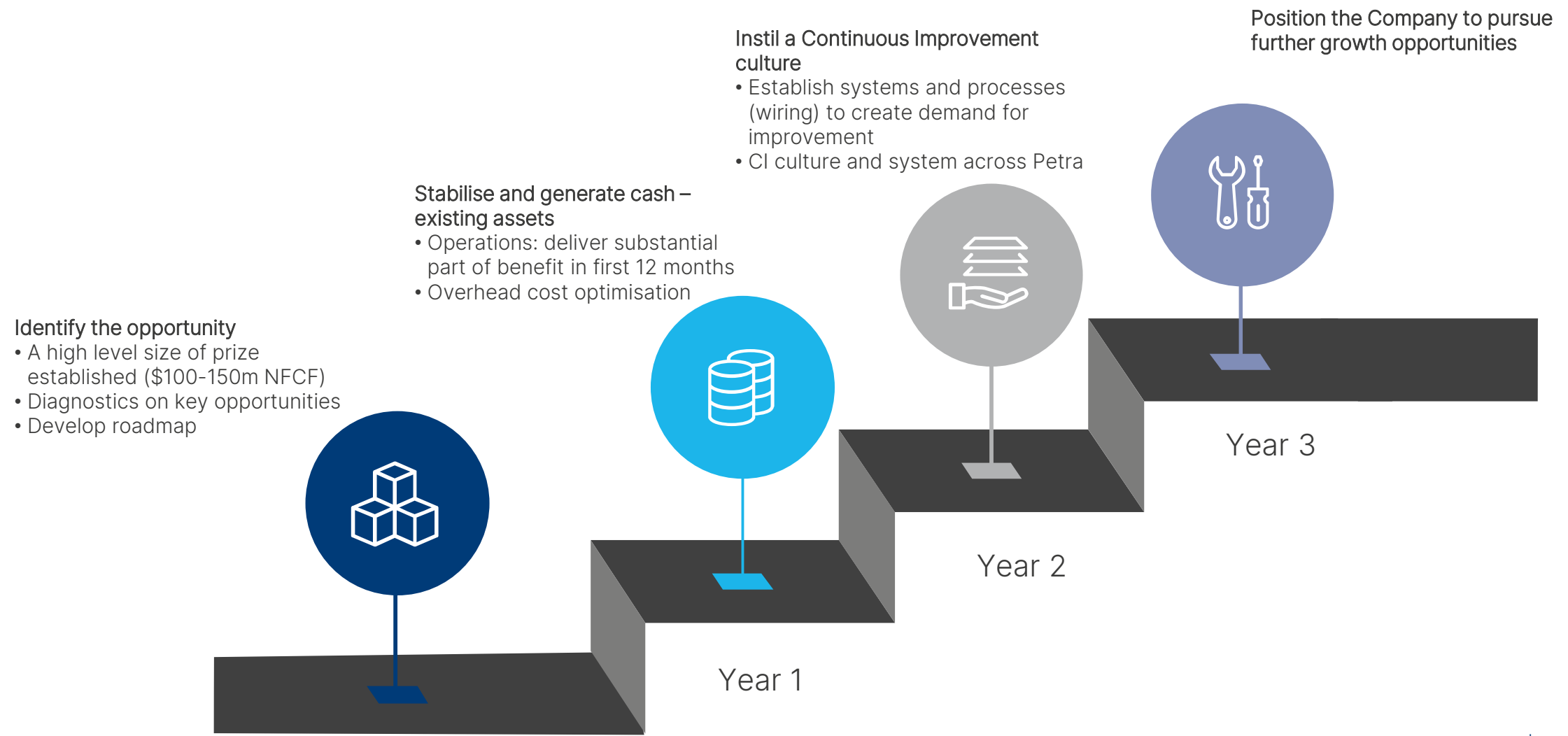
# Resetting Petra



At 25.75cts, this stone is the largest of the Letlapa Tala Collection of five blue diamonds from the Cullinan mine, that sold as a collective for \$40.4 million in November 2020



# Project 2022 was initiated in 2019 to significantly improve net FCF and instill a culture of continuous improvement

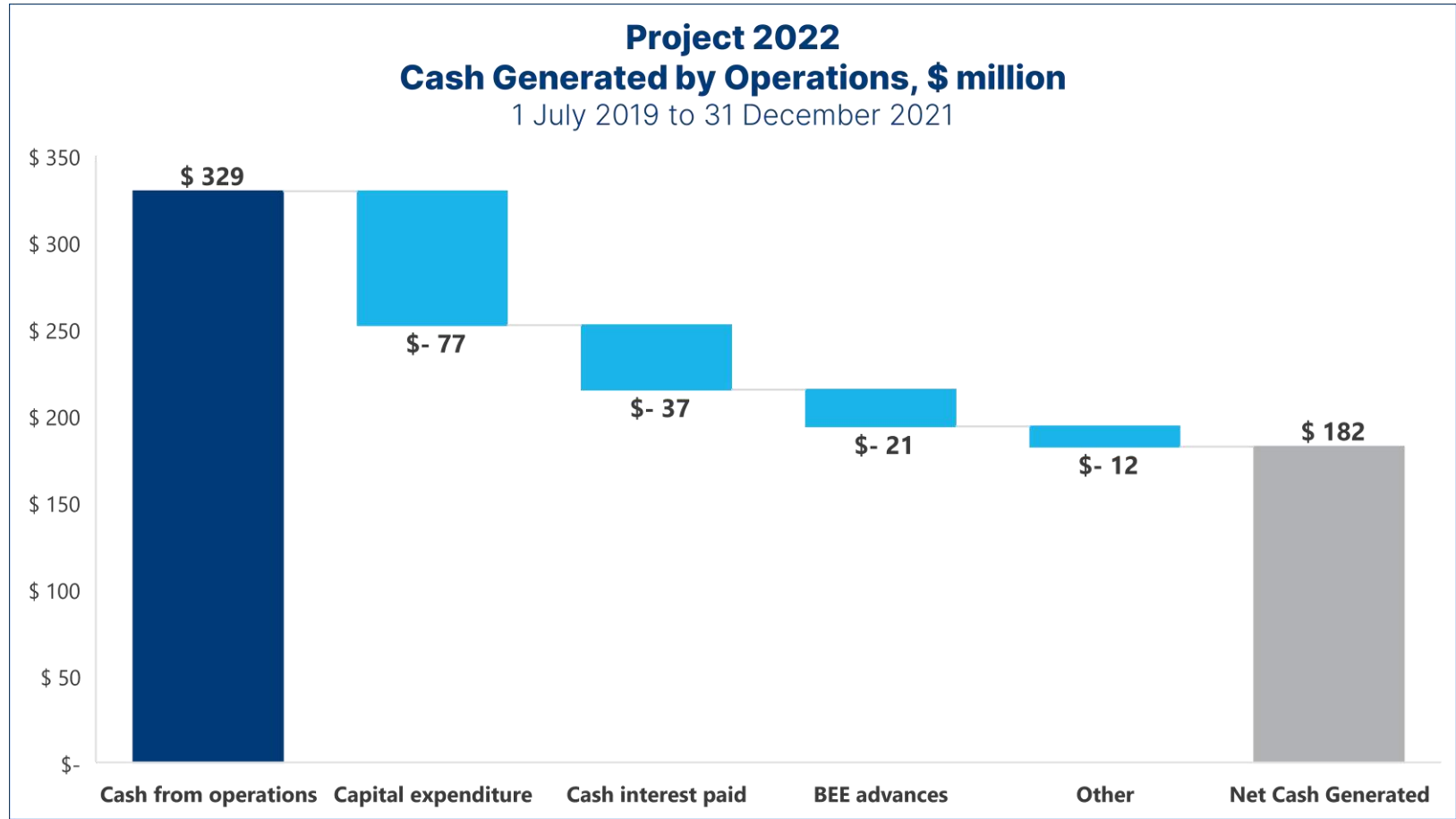






# Project 2022 has delivered stellar results

**Project 2022 to date delivered \$182 million net free cash flow and is on track to exceed \$200 million by end June 2022, against target of \$100 – 150 million**



## Major Business Improvement Initiatives

1. Throughput
2. Opex efficiencies
3. Capex efficiencies
4. Organisational design

P2022 has successfully embedded a continuous improvement culture



# We have been on a journey to refresh Petra’s culture

## Main elements of Petra’s culture reset



## Petra’s Inspirational Culture

- Driving Zero Harm
- Working together towards Petra’s strategy and business priorities
- Empowered people with clear accountabilities
- Cross functional high performing teams
- Values driven leadership
- Behaviours : “Doing the right thing”

## Desired outcome





# Our Operating Model

## Petra is structured around service delivery to Operations from Group and Functions

A consistent and simple operating model provides clear accountability and authority, with the correct number of organisational layers and the right work at the right levels, thereby empowering people to deliver on the Company's strategy

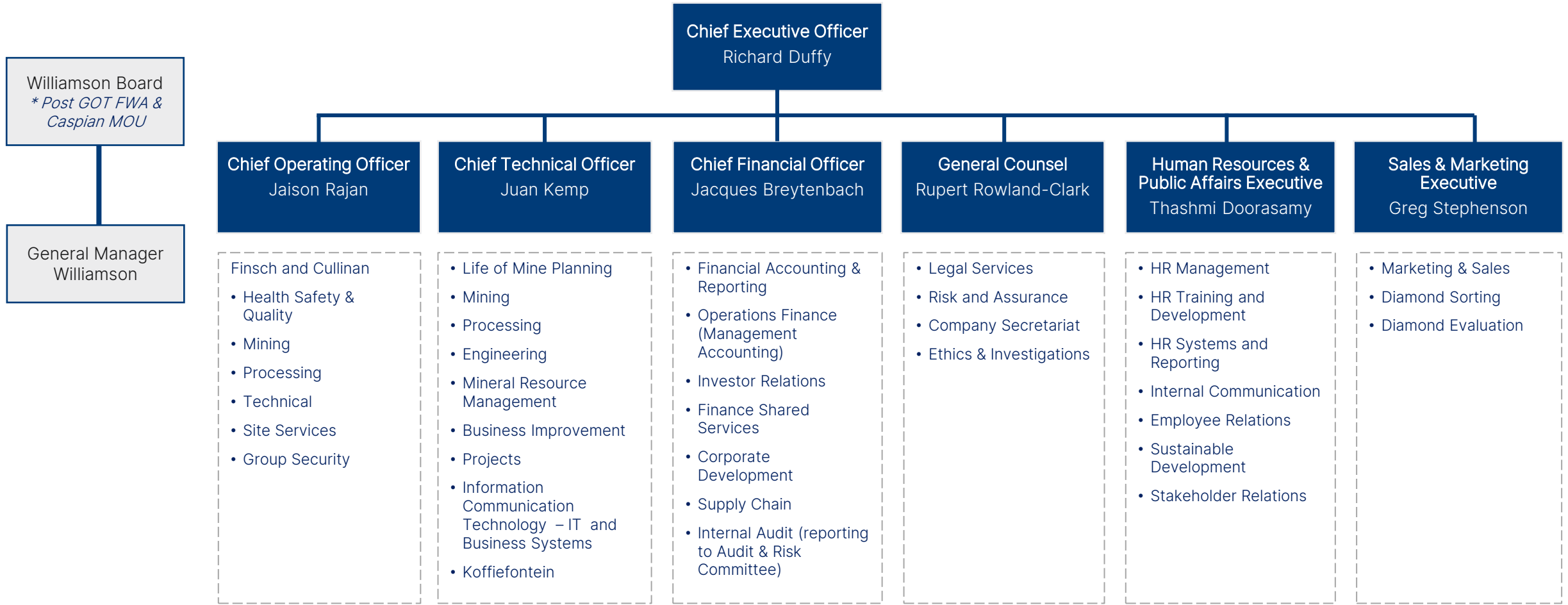
**Enabled and Driven by People**

<b>Group</b>	<ul style="list-style-type: none"> <li>Develop the Petra Diamonds Strategy and overall delivery</li> <li>Portfolio management</li> </ul>	<ul style="list-style-type: none"> <li>Governance and Compliance</li> <li>Business performance management</li> </ul>	<ul style="list-style-type: none"> <li>Organisational transformation</li> </ul>
<b>Operations</b>	<ul style="list-style-type: none"> <li>Deliver safe and reliable production</li> <li>Ensure operational performance through effective and safe management, in line with medium and long-term integrated planning</li> </ul>	<ul style="list-style-type: none"> <li>Achieve established targets on HSE, costs and production</li> <li>Maintain our social licenses to operate</li> </ul>	<ul style="list-style-type: none"> <li>Analyse performance and initiate improvements in accordance with strategy</li> <li>Utilise functional capabilities to enable operations to achieve and exceed safety, production and cost KPIs</li> </ul>
<b>Functions</b>	<ul style="list-style-type: none"> <li>Develop policies, procedures, standards and controls to achieve standardisation</li> <li>Verify compliance to standards</li> </ul>	<ul style="list-style-type: none"> <li>Specialist work with mandated authority and accountability</li> <li>Drive integrated medium and long-term planning and improvement across the business</li> </ul>	<ul style="list-style-type: none"> <li>Define functional performance metrics, measurement approach and provide performance analysis</li> <li>Organisational capability – ensure capacity and bench strength in functional talent pool</li> </ul>

**Clear Accountability and Authority**



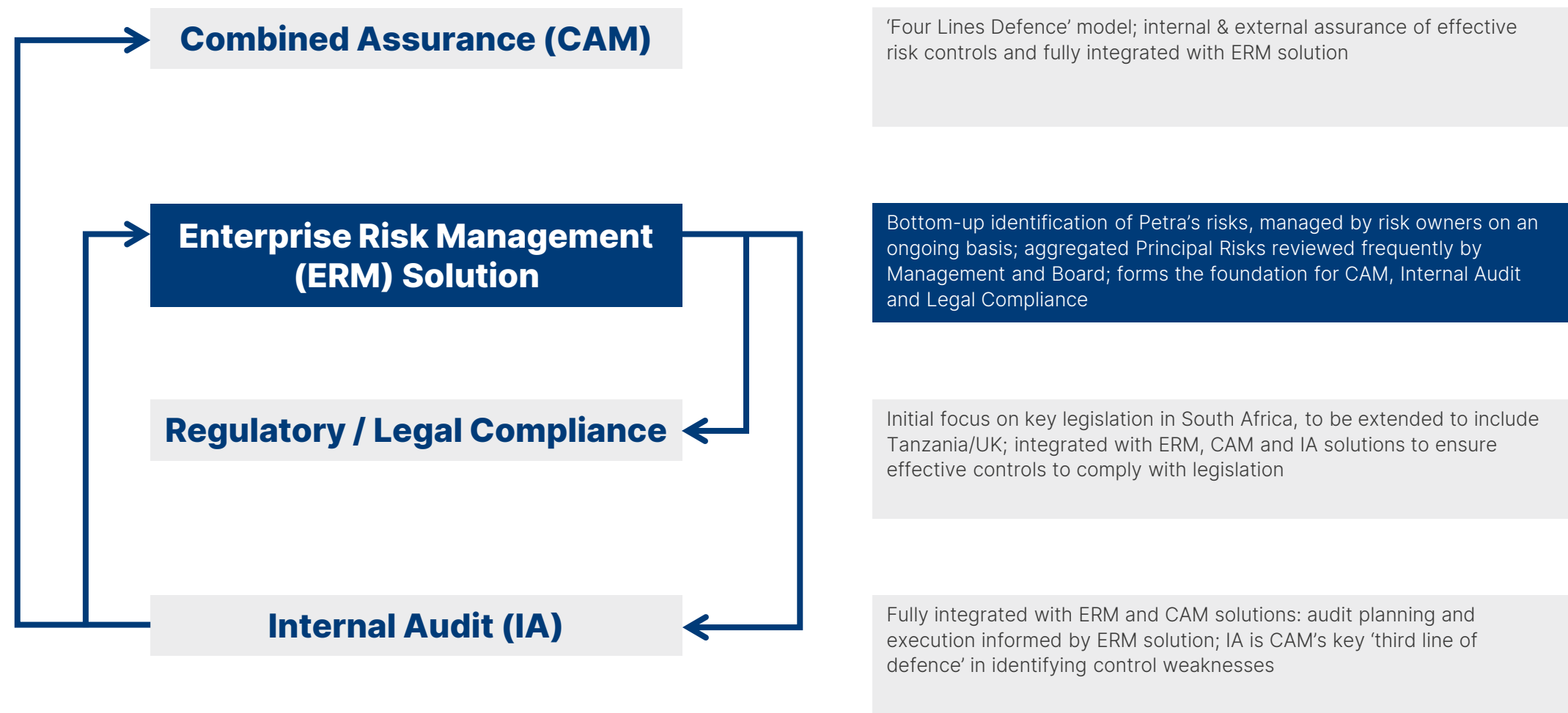
# Redesigned organisational structure



Group EXCO



# Petra's integrated Risk and Assurance approach





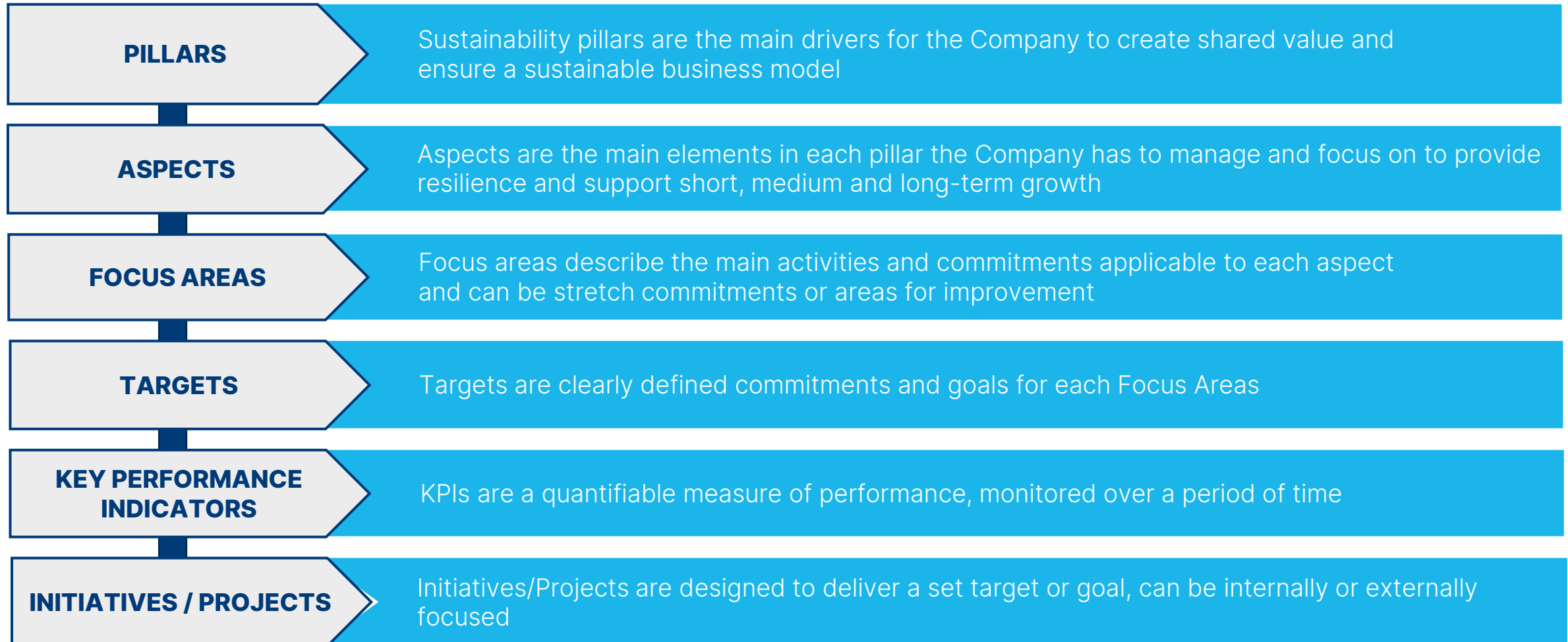
# Sustainability Framework

Refilwe Mafiri was appointed as Petra's first female Mining Manager at the Finsch mine in June 2021





# We are establishing a well-structured Sustainability Framework





# Sustainability Framework development timeline



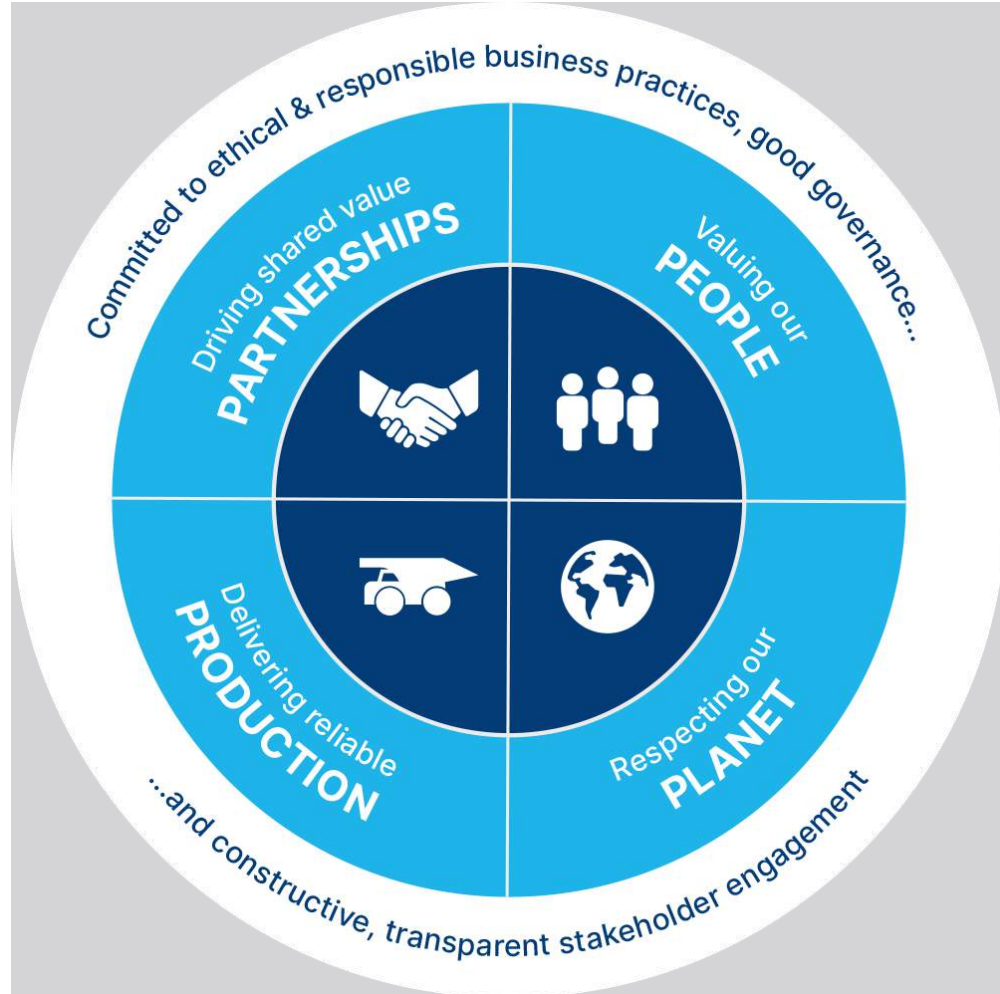




# Sustainability Framework underpinned by four pillars

This will inform balanced day-to-day decision making, while ensuring a sustainable long-term future for Petra

Instilling an Inspirational Culture and embedding a continuous business improvement mind-set



to ensure delivery of our business objectives



# Sustainability pillars and associated aspects

 <p><b>Valuing our PEOPLE</b></p> <ul style="list-style-type: none"> <li>• Safety</li> <li>• Health, hygiene &amp; wellness</li> <li>• Diversity &amp; inclusion</li> <li>• Training, development and upskilling</li> </ul>	 <p><b>Respecting our PLANET</b></p> <ul style="list-style-type: none"> <li>• Climate change</li> <li>• Water Management</li> <li>• Circular Economy</li> <li>• Biodiversity</li> </ul>	 <p><b>Driving shared value PARTNERSHIPS</b></p> <ul style="list-style-type: none"> <li>• Stakeholder relations</li> <li>• Community and social investment</li> <li>• Responsible sourcing</li> </ul>	 <p><b>Delivering reliable PRODUCTION</b></p> <ul style="list-style-type: none"> <li>• Mining to plan</li> <li>• Processing to plan</li> <li>• Asset reliability</li> <li>• Capex and Opex efficiencies</li> </ul>
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**Continuous Business Improvement**

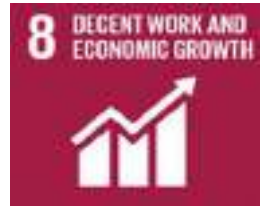
Production Efficiency / Business Processes Improvements / Digitalisation & Innovation

**Ethical & responsible business practices, good governance and constructive, transparent stakeholder engagement**



# Petra's Selected Sustainable Development Goals

The following have been identified as the Group's main SDGs, aligned with our pillars and aspects



Promote inclusive and sustainable economic growth, employment and improve living standards



Encourages more sustainable consumption and production patterns (water, waste, energy)



Focuses on managing forests sustainably, reducing degraded natural habitats and ending biodiversity loss



Seeks to ensure health and well-being for all, at every stage of life

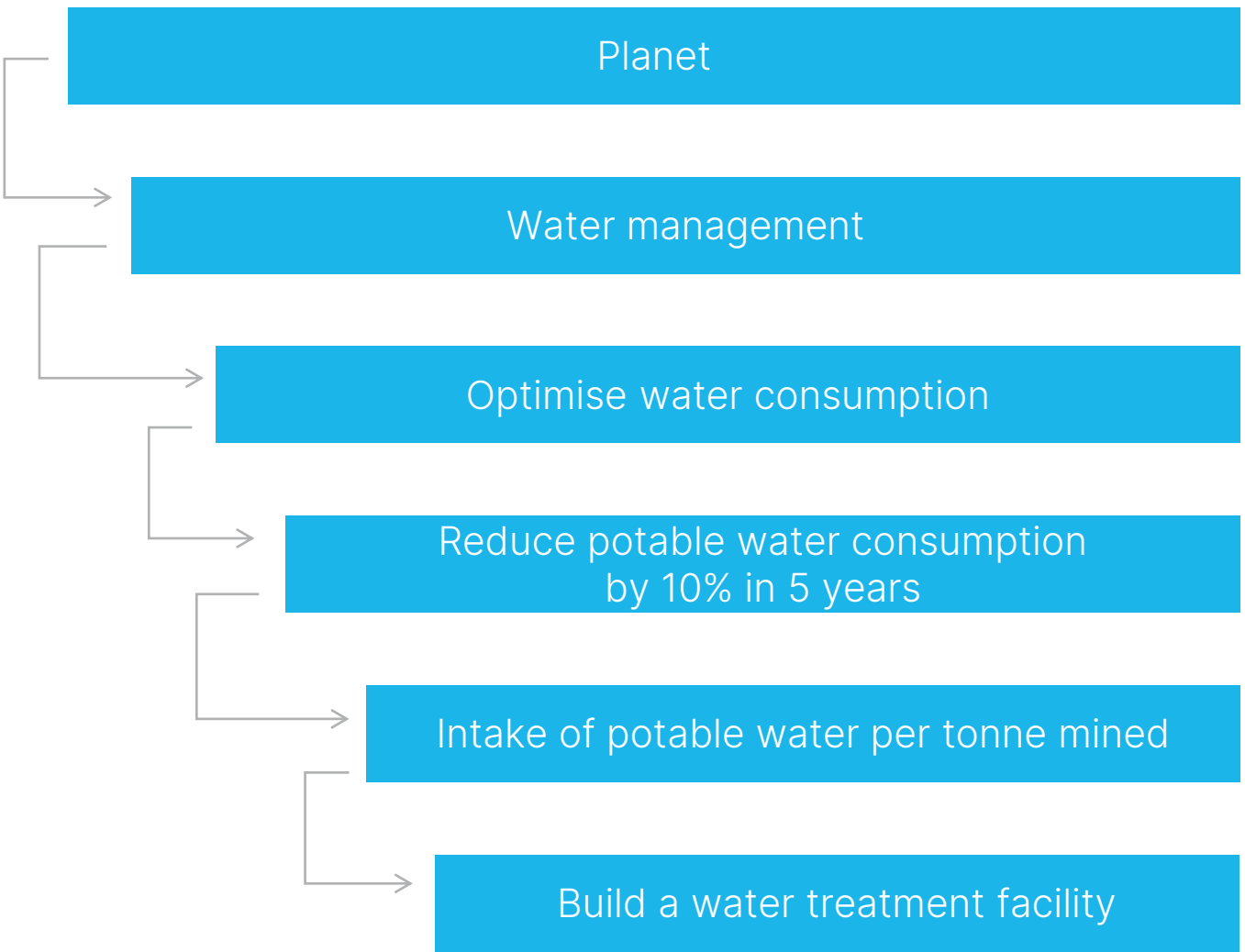
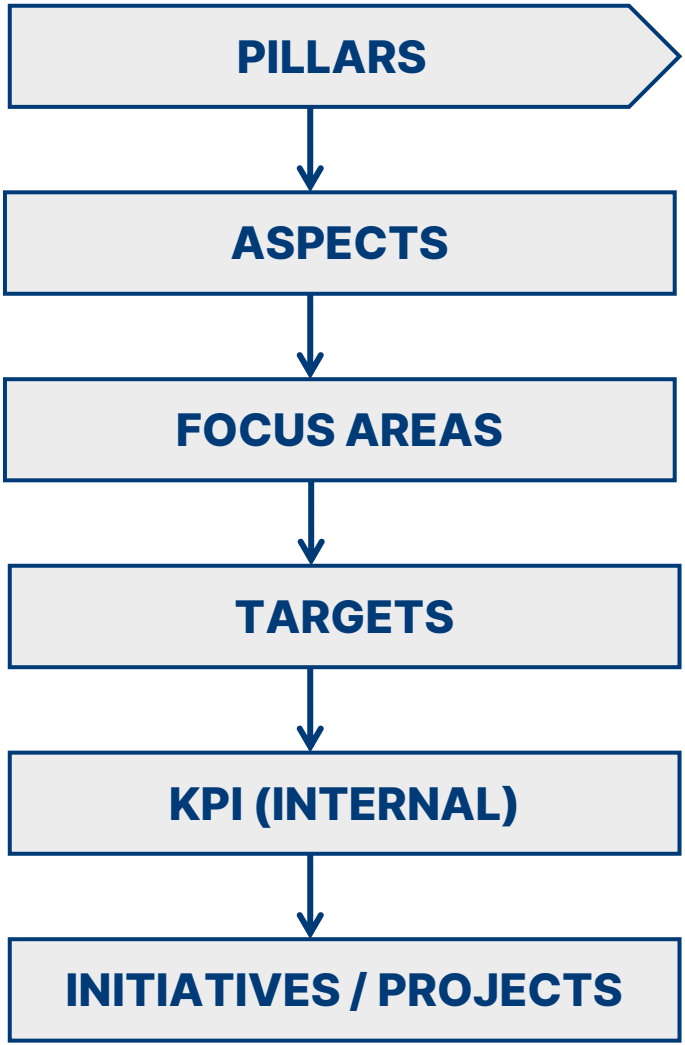


Aims at ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all

Our identified aspects and chosen focus areas also contribute to other SDGs; Petra will report on contributions to all SDGs where relevant and applicable but will focus on the 5 selected SDGs



# An illustration of how we will unpack our Sustainability Framework





# Our Climate Change ambitions

We recognise the impacts of Climate Change and support the Paris Agreement and the Nationally Determined Contributions of the jurisdictions we operate in

## Petra's Climate Change context

- GHG emissions (FY 2019 base year):
  - Scope 1: 37,214 tCO<sub>2</sub>-e
  - Scope 2: 438,118 tCO<sub>2</sub>-e
- Our emissions profile is heavily weighted to our Scope 2 emissions (c. 89% of total emissions) in South Africa
- Our operations remain vulnerable to Climate Change induced events

## Our Climate Change pledge

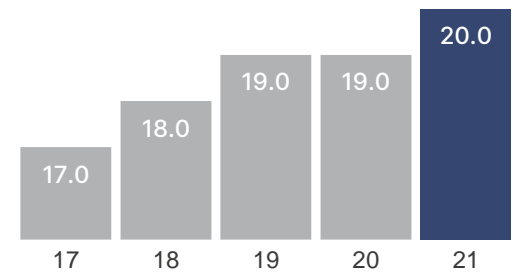
- **Committed to net zero by 2050, but aspire to reach this goal by 2040 or earlier for Scope 1 and 2 emissions**
- Emissions reduction targets (for Scope 1 and 2 emissions) for 2030 will be announced in our 2022 Annual Report in October 2022
- Scope 3 reduction ambition to be pursued once the Scope 1 and 2 reductions roadmap has been developed
- Progressing the implementation of our Climate Change Adaptation Strategy



# Petra's ESG performance

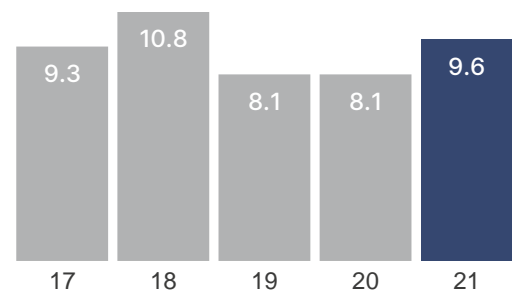
## Women in the workforce

20%



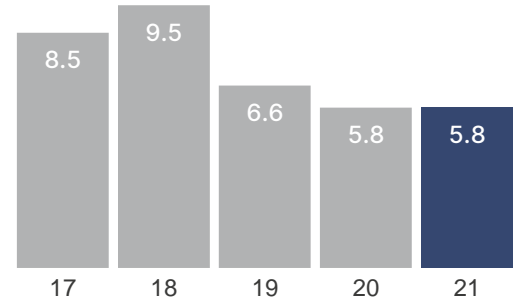
## Staff turnover

9.6%



## Training spend

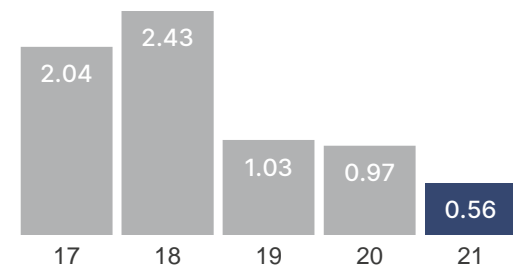
\$5.8m



## Water efficiency<sup>1</sup>

M<sup>3</sup>/t

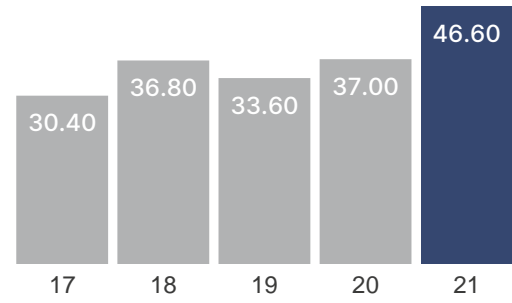
0.56



## Energy efficiency<sup>1</sup>

kWh/t

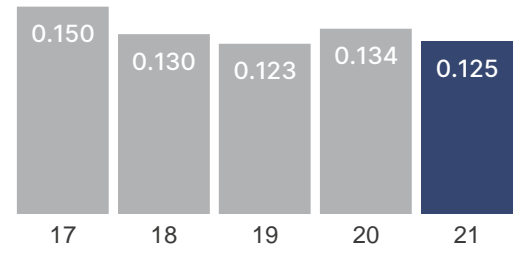
46.6



## Carbon intensity<sup>1</sup>

tCO<sub>2</sub>-e/ct

0.125



**83%**

HDSA<sup>2</sup> Leadership Development Candidates

**33%**

Female Leadership Development Candidates

**\$1m**

Social investment and community training spend

**\$63m**

Procurement spend with local suppliers in South Africa

**0**

Major or High environmental incidents for 11 years

*All figures above for FY21*

<sup>1</sup> FY 2021 metrics are affected by Williamson being on care and maintenance

<sup>2</sup> HDSA: Historically Disadvantaged South Africans



# Petra remains committed to transparent engagement and disclosures as we continue on our sustainability journey

## Our sustainability disclosure journey:

<p><b>2008</b> Petra produces its first standalone Sustainability Report and adopts GRI as its framework</p>	<p><b>2013</b> Petra commences climate change disclosure with CDP</p>	<p><b>2017</b> Petra's Sustainability Report becomes partially assured</p>	<p><b>2019</b> Petra commences development of its Climate Change Adaptation Strategy</p>
<p><b>2020</b> Petra produces its inaugural GHG Emissions Report</p>	<p><b>2020</b> Petra commences water security disclosure with CDP</p>	<p><b>2021</b> Petra publishes its inaugural TCFD Report</p>	<p><b>2022</b> Selection of UN SDGs</p>

### Key sustainability engagements

## This year's priorities:

<p><b>2022</b> Petra's Group Sustainability Framework being operationalised</p>	<p><b>2022</b> Petra is assessing the adoption of the Global Industry Standard on Tailings Management</p>	<p><b>2022</b> Process started to becoming a certified member of the Responsible Jewellery Council</p>	<p><b>2022</b> Emissions reduction targets for 2030</p>
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# Operational Update

A Load Haul Dumper preparing to offload ore into the ore pass feeding the primary crusher on 839L production level in the C-Cut Block Cave at Cullinan





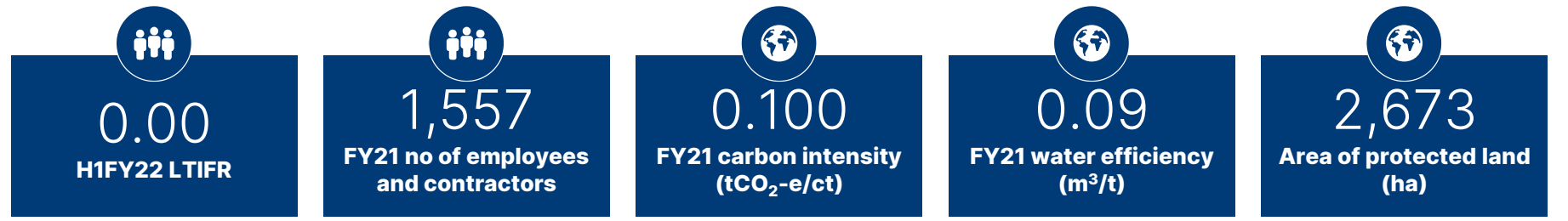
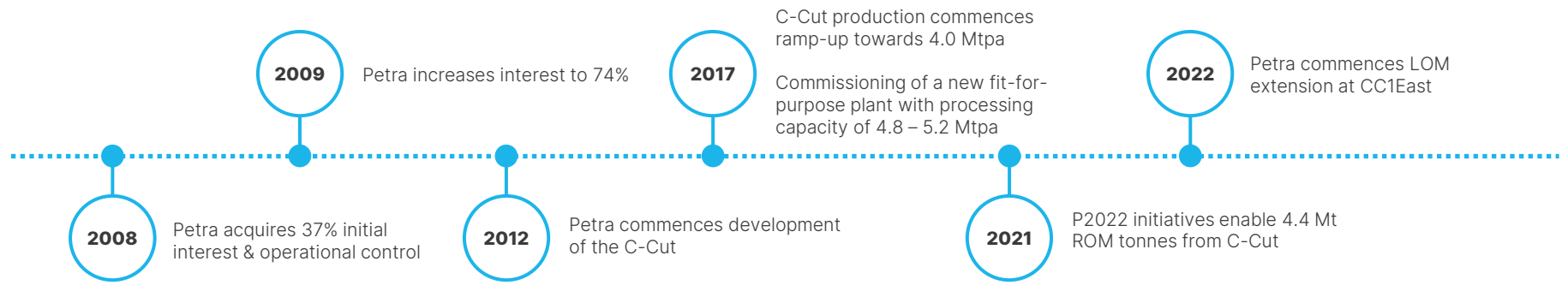


# Cullinan



Cullinan is one of the world’s most celebrated diamond mines. It is the source of the 3,106ct Cullinan diamond, which remains the largest gem diamond ever discovered and was cut to form the two largest diamonds in the British Crown Jewels.

It is renowned as a source of very rare and highly valuable Type II blue diamonds as well as very large high- quality Type II white diamonds. At just under 150 Mcts, it contains one of the world’s largest diamond resources.



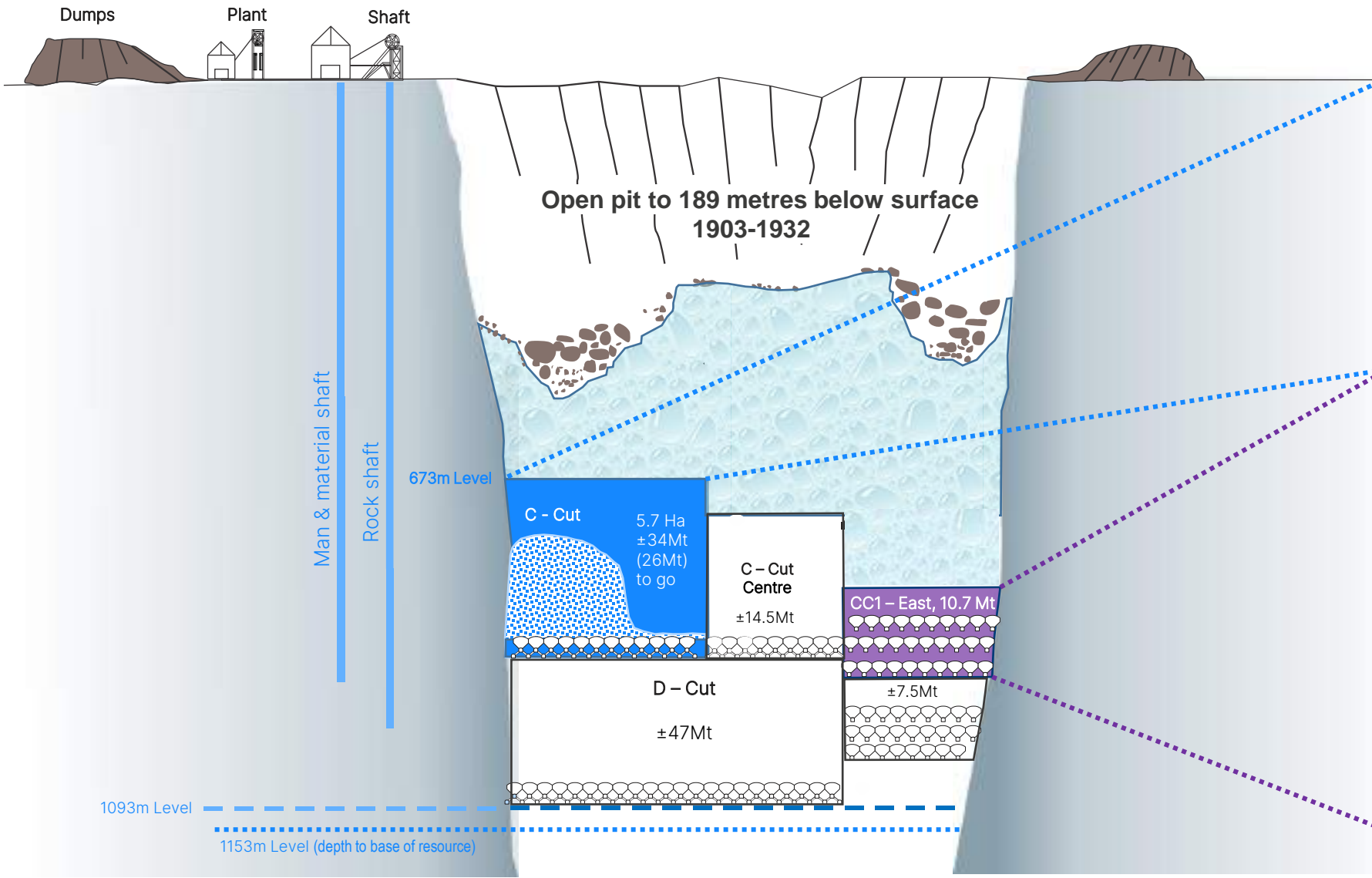
**Ownership:**  
 Petra Diamonds: 74%  
 Kago Diamonds: 14%  
 Itumeleng Petra Employee Trust: 12%

**Mining Method:**  
 Underground block cave and sub level cave

Mine plan to 2031 with potential to extend



# Cullinan Mine stabilised and optimised

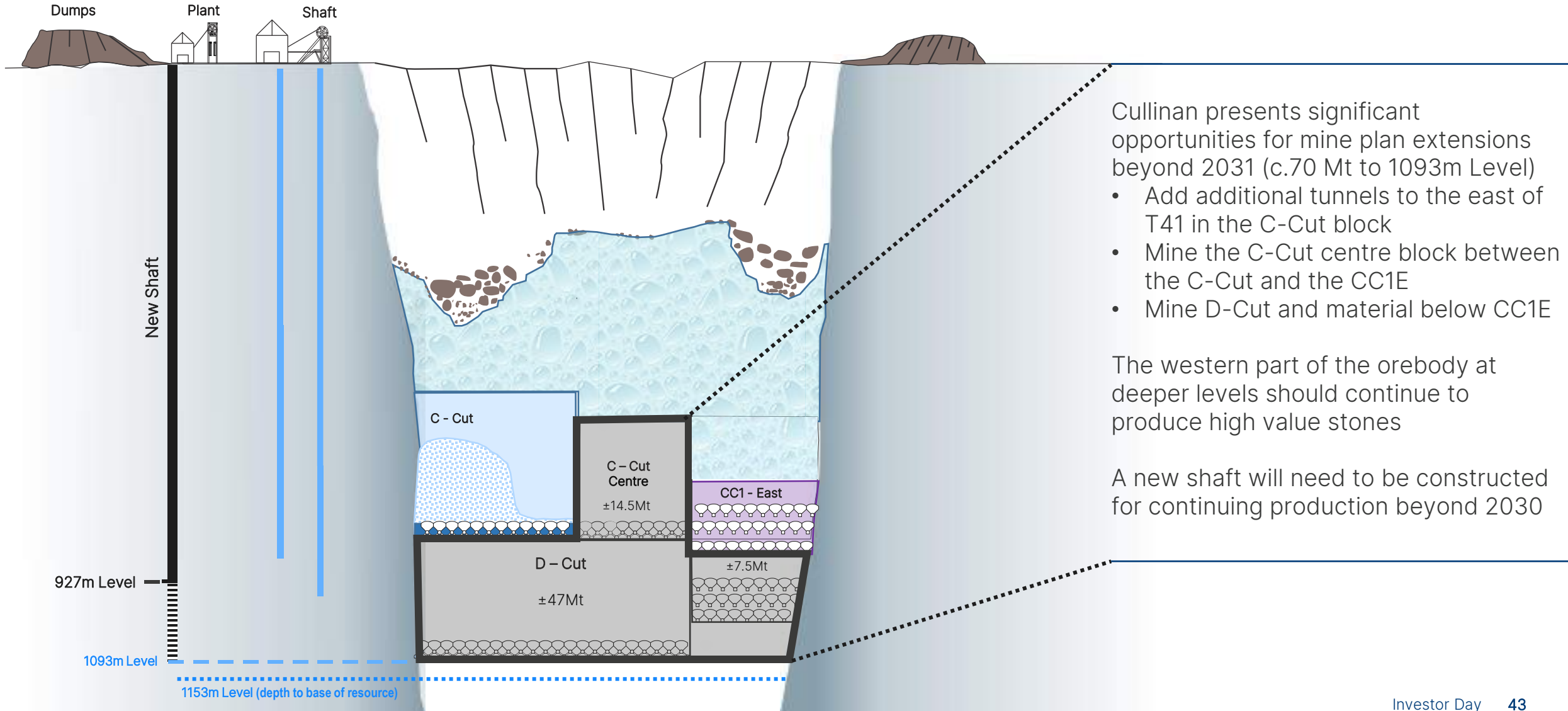


- C-Cut Block (western side)
- Sole source of Cullinan tonnes until CC1E contributes from FY 2024
  - Known to contain high value Type II stones
  - Convergence in southern part of Tunnel 41 in September 2021 largely mitigated

- Board approved the CC1E project in Nov 2021
- Capital spend commenced during H1 FY 2022
  - Production contribution from FY 2024, ramping up to steady state by FY 2026
  - Mine plan extension to 2031
  - Total project cost of \$173 million (real)
  - Project IRR >30%
  - Incremental project NPV >\$70 million



# Cullinan presents long term opportunities



Cullinan presents significant opportunities for mine plan extensions beyond 2031 (c.70 Mt to 1093m Level)

- Add additional tunnels to the east of T41 in the C-Cut block
- Mine the C-Cut centre block between the C-Cut and the CC1E
- Mine D-Cut and material below CC1E

The western part of the orebody at deeper levels should continue to produce high value stones

A new shaft will need to be constructed for continuing production beyond 2030

# Cullinan guidance



Description	Unit	FY 2022 (Previous Guidance)	FY 2022E	FY 2023E	FY 2024E	FY 2025E
ROM tonnes Treated	(Mt)	4.2 - 4.4	4.3 - 4.4	4.1 - 4.3	4.3 - 4.5	4.3 - 4.5
ROM Grade	(cpht)	37 - 39	36.1 - 36.9	36.5 - 38.5	36.7 - 38.8	40.4 - 42.7
ROM Carats	(Kcts)	1 554 - 1 716	1 543 - 1 618	1 485 - 1 650	1 565 - 1 740	1 720 - 1 915
Tailings tonnes Treated	(Mt)	0.44	0.4 - 0.5	0.56 - 0.59	0.68 - 0.72	0
Tailings Grade	(cpht)	36 - 37	47.4 - 48.5	22.3 - 22.9	14.0 - 14.6	0
Tailings Carats	(Kcts)	158 - 163	212 - 222	125 - 135	95 - 105	0
Total Carats Recovered	(Kcts)	1 712 - 1 879	1 756 - 1 841	1 610 - 1 785	1 660 - 1 845	1 720 - 1 915
Cash on-mine cost (REAL)	(ZARm)		1 508 - 1 547	1 413 - 1 486	1 433 - 1 506	1 555 - 1 633
	(US\$m)	95 - 105	100.5 - 103.0	94.2 - 99.1	95.5 - 100.4	103.7 - 108.9
Depreciation	(ZARm)		R729 - R739	R810 - R830	R845 - R870	R845 - R870
	(US\$m)	50m	48.6 - 49.2	54.0 - 55.4	56.3 - 58.0	56.3 - 58
Expansion Capital (REAL)	(ZARm)		557 - 577	889 - 934	1 007 - 1 059	784 - 824
	(US\$m)	37 - 41	37.1 - 38.4	59.3 - 62.3	67.2 - 70.6	52.3 - 54.9
Sustaining Capital (REAL)	(ZARm)		168 - 174	175 - 183	167 - 176	148 - 155
	(US\$m)	11 - 13	11.2 - 11.6	11.7 - 12.2	11.1 - 11.7	9.8 - 10.3
Total Capital (REAL)	(ZARm)		725 - 751	1 064 - 1 118	1 175 - 1 235	932 - 979
	(US\$m)	48 - 54	48.3 - 50.0	70.9 - 74.5	78.3 - 82.3	62.1 - 65.3

## Guidance notes

1. Real amounts stated in FY 2022 money terms
2. US\$ amounts converted at exchange rate of USD1:ZAR15
3. Remaining tax shield @ 31 Dec 2021 = ZAR 5.6 billion
4. Environmental closure liability = ZAR 268 million
5. Expansion capital includes provision for CC1East and currently unapproved infrastructure projects (c. ZAR700 million for infrastructure projects in the guidance period)
6. Post guidance period, the capital required to complete the expansion projects is c. ZAR 540 million up to FY 2029

# Finsch



**Ownership:**  
 Petra Diamonds: 74%  
 Kago Diamonds: 14%  
 Itumeleng Petra Employee Trust: 12%

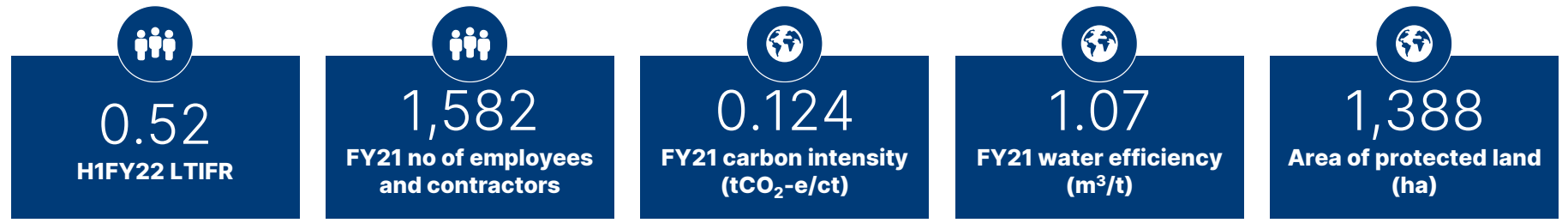
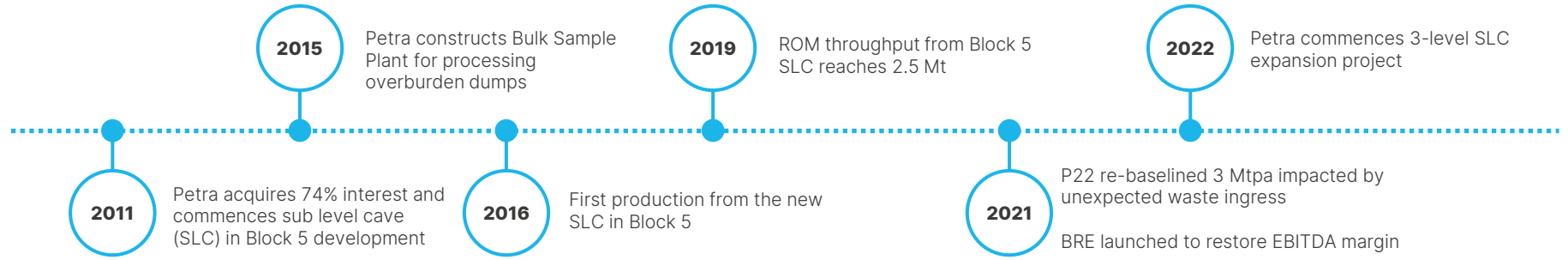
**Mining Method:**  
 Underground sub level cave

Mine plan to 2030 with potential to extend



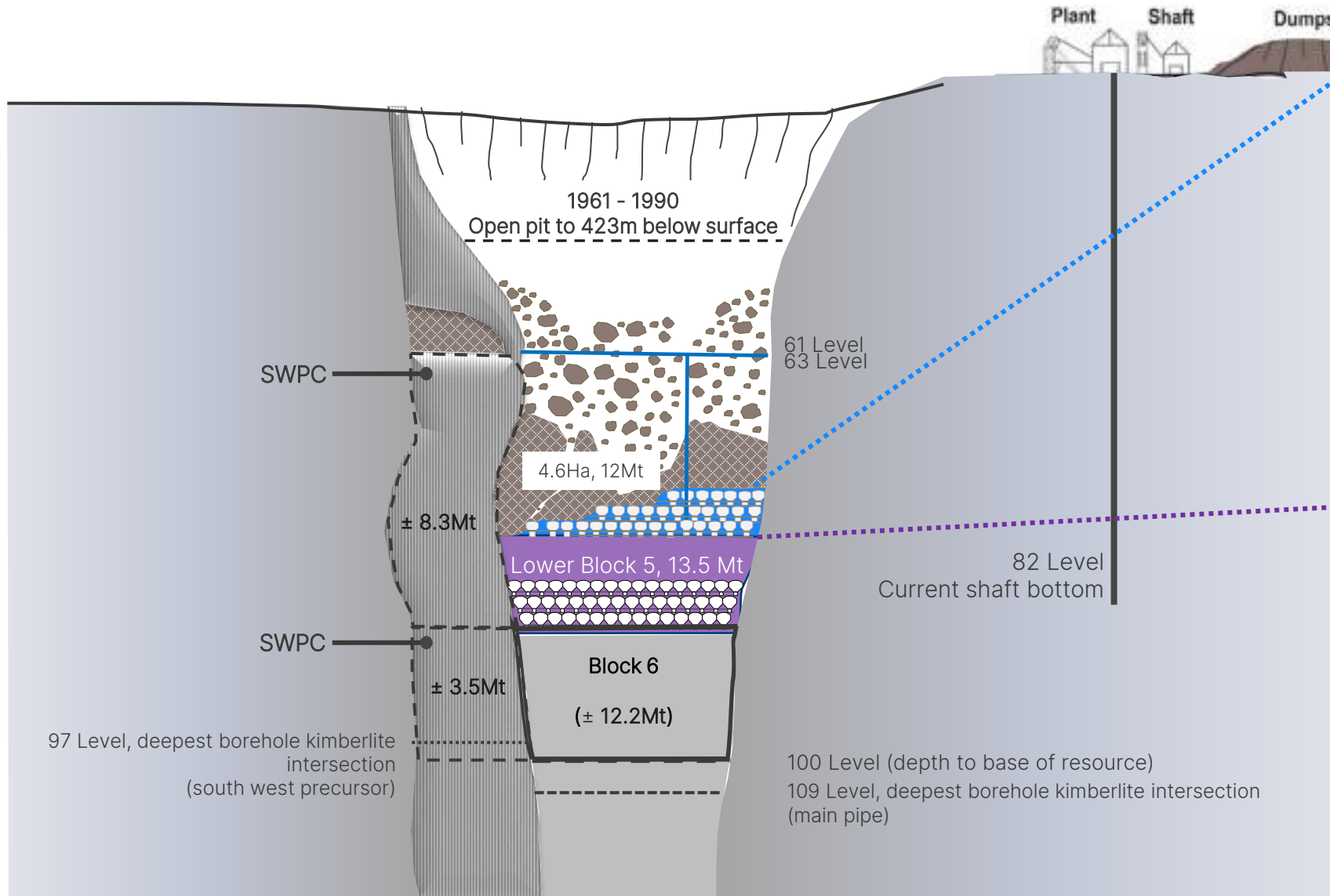
The Finsch kimberlite was originally discovered in 1960 and the mine was opened in 1967. Open pit mining ceased in 1990 and has since operated as an underground operation.

Finsch is known for highly commercial goods of +5 carats and is rich in gem quality smaller diamonds. Large diamonds are also a feature of the orebody, with a number of +50 carat stones recovered at the mine annually. The mine can also produce very rare fancy yellow diamonds.





# Finsch ore supplied from Upper Block 5 SLC since 2019



Current mine plan production from 4-level Upper Block 5 SLC; steady state since FY 2019

Very significant rainfall Dec 2020 – Feb 2021 and unexpected waste ingress impacted operations in FY 2021

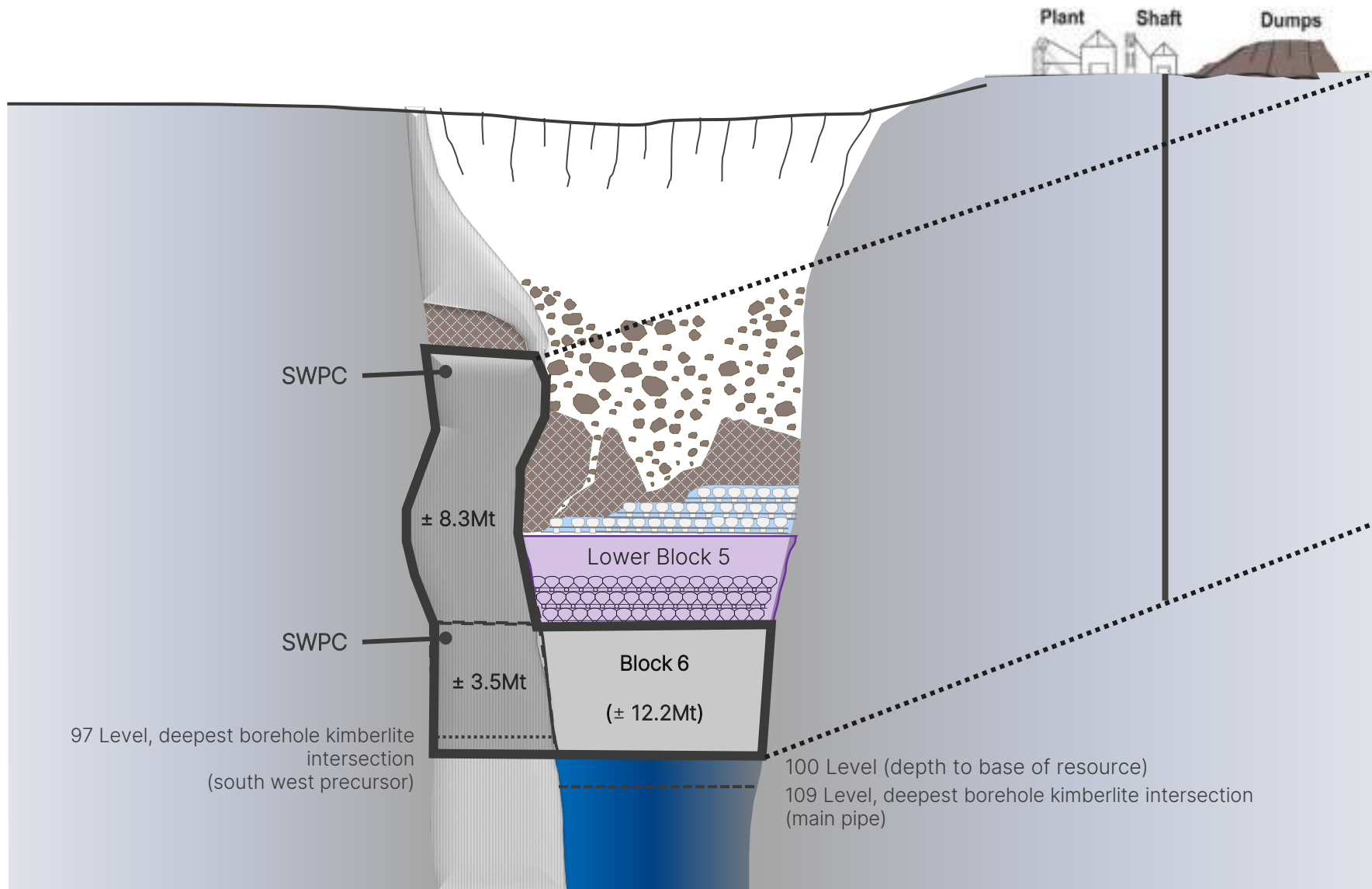
- Mitigation steps taken to improve resilience of mine integrity against future adverse weather events
- Business re-engineering project launched to restore EBITDA margin

Board approved the Lower Block 5 3-level project in February 2022

- Capital spending to commence during FY 2023
- Production contribution from FY 2025 onwards
- Mine plan extension to 2030
- Total project cost of \$216 million (real)
- IRR > 30%
- Incremental project NPV > \$90 million



# Finsch presents long term opportunities



Finsch presents opportunities for mine plan extensions beyond 2030 (circa 24 Mt to 100 level)

- Mining of area below lower block 5
- Mining of the upper and lower precursor on the western side of the orebody
- Further resource delineation work required to improve resource confidence

# Finsch guidance



Description	Unit	FY 2022 (Previous Guidance)	FY 2022E	FY 2023E	FY 2024E	FY 2025E
ROM tonnes Treated	(Mt)	2.75 - 2.85	2.75 - 2.80	2.9 - 3.0	2.9 - 3.0	3.0 - 3.1
ROM Grade	(cpht)	48 - 50	47.3 - 48.2	43.6 - 46.0	43.4 - 45.6	43.0 - 45.2
ROM Carats	(Kcts)	1 320 - 1 425	1301 - 1352	1 265 - 1 380	1 260 - 1 368	1 290 - 1 400
Tailings tonnes Treated	(Mt)	0.07	0.04 - 0.04	0.06 - 0.06	0	0
Tailings Grade	(cpht)	16 - 17	12.5 - 13.3	17.4 - 24.5	0	0
Tailings Carats	(Kcts)	11	5 - 6	10 - 15	0	0
Total Carats Recovered	(Kcts)	1 332 - 1 436	1 306 - 1 358	1 276 - 1 395	1 260 - 1 368	1 290 - 1 400
Cash on-mine cost (REAL)	(Rm)		1 354 - 1 387	1 293 - 1 359	1 250 - 1 314	1 308 - 1 374
	(US\$m)	90 - 98	90.2 - 92.4	86.2 - 90.6	83.3 - 87.6	87.2 - 91.6
Depreciation	(Rm)		391 - 396	450 - 460	475 - 485	550 - 565
	(US\$m)	28	26.0 - 26.4	30.0 - 30.7	31.7 - 32.3	36.7 - 37.7
Expansion Capital (REAL)	(Rm)		144 - 151	731 - 769	916 - 963	936 - 982
	(US\$m)	13 - 16	9.6 - 10.0	48.8 - 51.2	61.1 - 64.2	62.4 - 65.5
Sustaining Capital (REAL)	(Rm)		105 - 126	128 - 134	121 - 127	124 - 130
	(US\$m)	8 - 9	7.0 - 8.4	8.5 - 9.0	8.1 - 8.5	8.3 - 8.7
Total Capital (REAL)	(Rm)		249 - 277	859 - 903	1 037 - 1 090	1 060 - 1 112
	(US\$m)	21 - 25	16.6 - 18.4	57.3 - 60.2	69.2 - 72.6	70.7 - 74.1

## Guidance notes

1. Real amounts stated in FY 2022 money terms
2. US\$ amounts converted at exchange rate of USD1=ZAR15
3. Tax shield @ 31 Dec 2021 = ZAR300 million
4. Environmental closure liability = ZAR312 million
5. Post guidance period, the capital required to complete these expansion projects is c. ZAR 400 million up to FY 2028



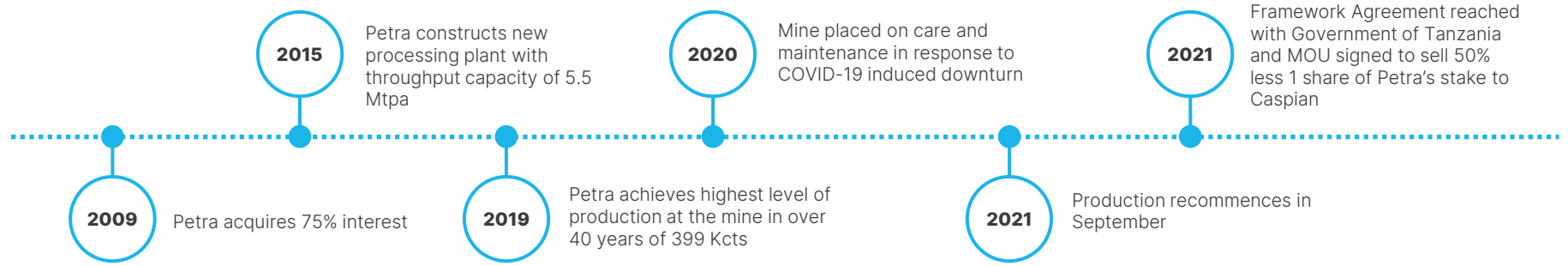


# Williamson



The Williamson mine was discovered in 1940 and is based on the Mwadui kimberlite. At 146 hectares, this is one of the largest economic kimberlites in the world and it still retains a major resource of 37.9 million carats.

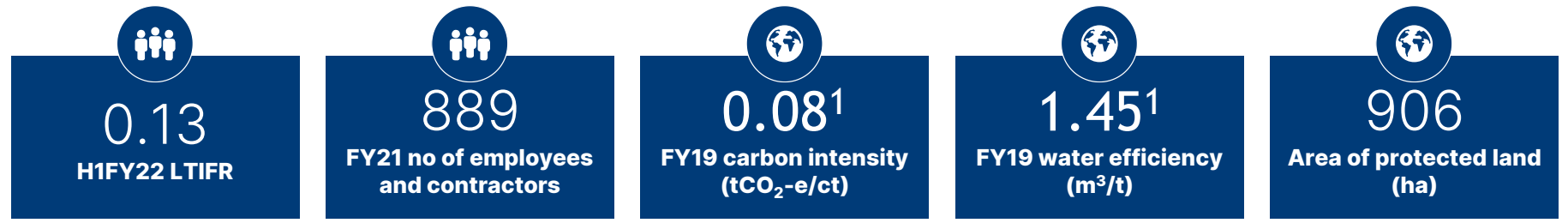
Williamson is renowned for ‘bubblegum’ pink diamonds, including the Williamson Pink, which is considered one of the finest pink diamonds ever discovered. The mine also produces beautifully rounded white diamonds of high quality



Current Ownership:  
Petra Diamonds: 75%  
Government of Tanzania: 25%

Mining Method:  
Open pit

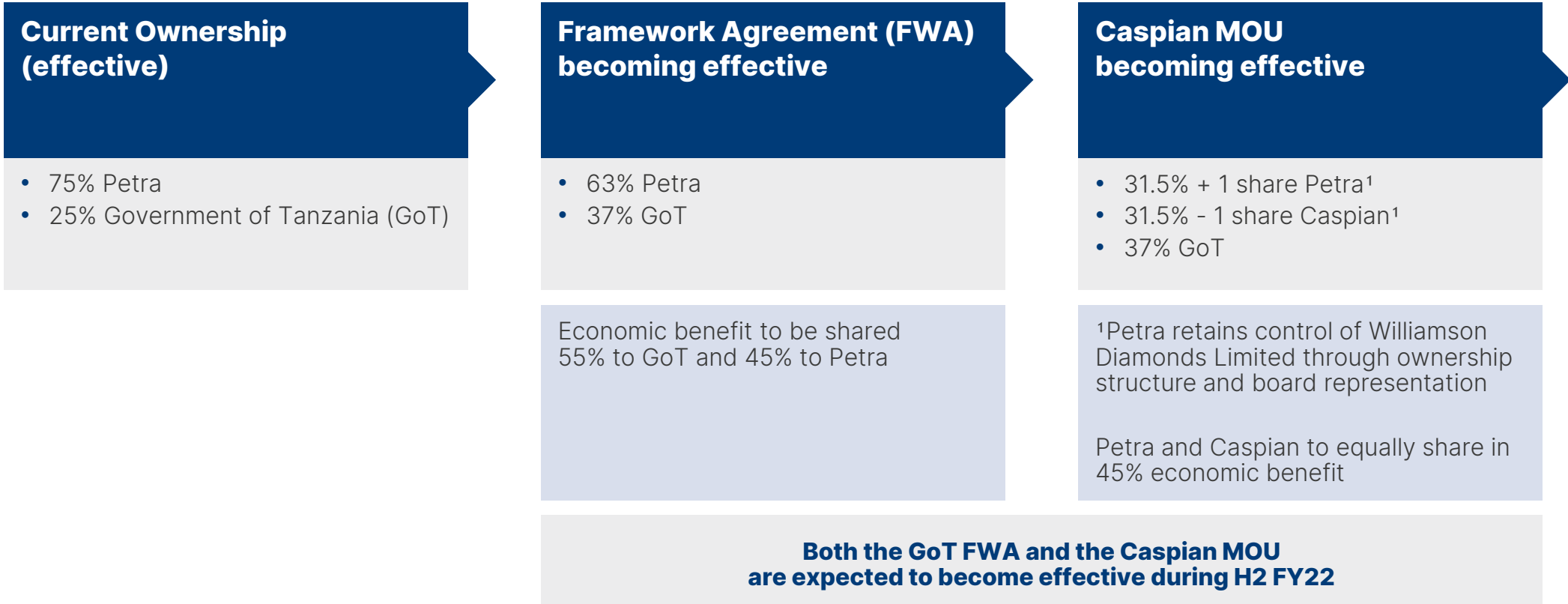
Mine plan to 2030, reflecting remainder of Special Mining License (SML), with significant further potential



1. Last full year of operation prior to care and maintenance period

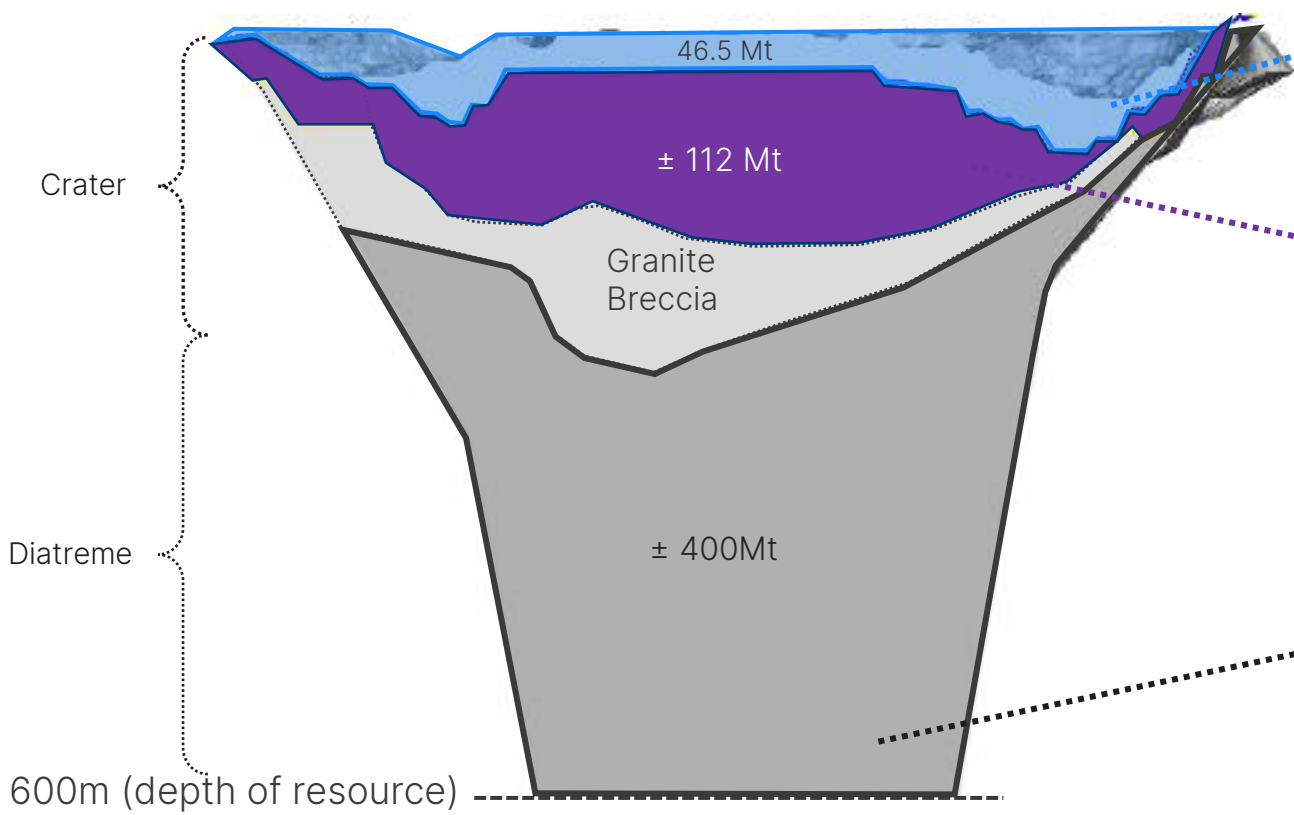


# Williamson's evolving ownership structure





# Williamson presents long-term opportunities



Williamson to continue with current mine plan to 2030, as per SML (46.5 Mt)

- Focus on achieving steady state and transitioning to the new ownership structure

Williamson presents further open-pit mining opportunity of up to 112 Mt to the top of Granite Breccia

- Additional crushing will be required to cater for increased granite in the ore as mining gets deeper

Further resource potential of c. 400 Mt of ore below the Granite Breccia in the diatreme (pipe section of orebody)

# Williamson guidance



Description	Unit	FY 2022 (Previous Guidance)	FY 2022E	FY 2023E	FY 2024E	FY 2025E
ROM tonnes Treated	(Mt)	3.6 - 4.0	3.6 - 3.8	5.2 - 5.5	5.2 - 5.5	5.2 - 5.5
ROM Grade	(cpht)	6.2 - 6.7	6.0 - 6.2	6.1 - 6.5	5.9 - 6.3	7.0 - 7.5
ROM Carats	(Kcts)	223 - 268	220 - 235	319 - 358	306 - 344	363 - 410
Cash on-mine cost (REAL)	(US\$m)	52 - 56	46 - 48	66 - 69	66 - 69	67 - 70
Depreciation	(US\$m)	12	5.1	8.4	8.5	8.6
Expansion Capital (REAL)	(US\$m)	0	0	0	0	0
Sustaining Capital (REAL)	(US\$m)	8 - 10	9 - 10	9	9	8
Total Capital (REAL)	(US\$m)		9 - 10	9	9	8

## Guidance notes

1. Real amounts stated in FY 2022 money terms
2. Tax shield @ 31 Dec 2021 = USD 100 million
3. Environmental closure liability = USD 5.7 million
4. 71,654 carat blocked diamond parcel expected to be sold in H2 FY2022



# Koffiefontein

Ownership:  
 Petra Diamonds: 74%  
 Kago Diamonds: 14%  
 Itumeleng Petra Employee Trust: 12%

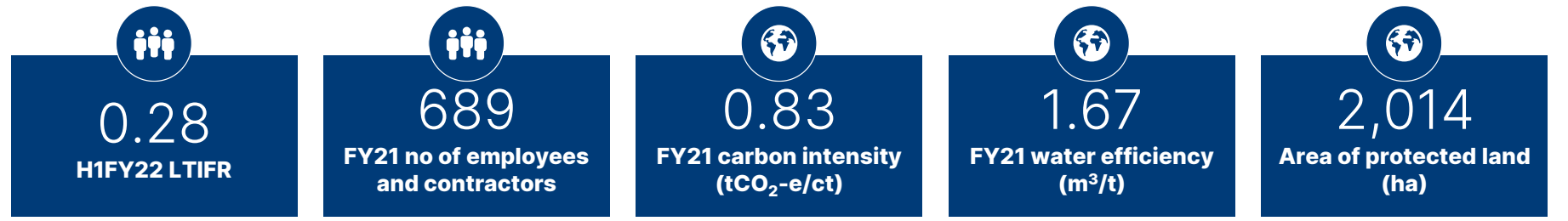
Mining Method:  
 Underground sub level cave

Mine plan to 2025

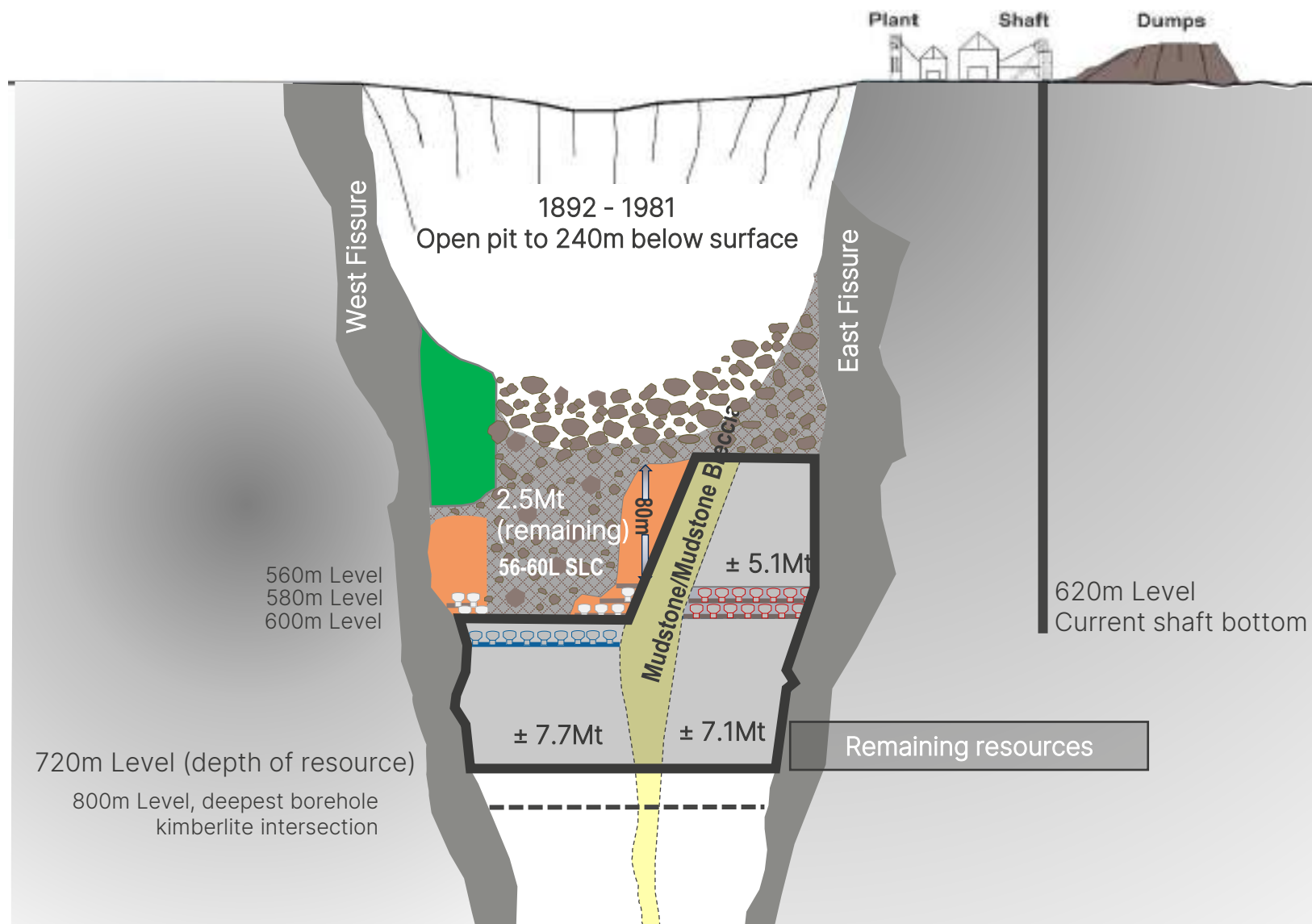


The Koffiefontein kimberlite was first discovered in 1870, with diggings on individual claims, before formalised mining started with the open pit in 1892. The mine commenced underground operations in 1982.

It is a low grade mine, but the average value of its diamond production is very high. The mine produces white stones of exceptional quality, a regular proportion of which are of between 5 and 30 carats, and occasional fancy pink diamonds.



# Koffiefontein



- Koffiefontein's current mine plan (56-60 level SLC) to deplete remaining reserves by FY 2025
- Business re-engineering launched at Koffiefontein to minimise cash shortfall
- Petra considering potential exit opportunities

# Koffiefontein guidance



Description	Unit	FY 2022 (Previous Guidance)	FY 2022E	FY 2023E	FY 2024E	FY 2025E
ROM tonnes Treated	(Mt)	0.72 - 0.75	0.64 - 0.66	0.60 - 0.63	0.58 - 0.62	0.44 - 0.46
ROM Grade	(cpht)	8.0 - 8.5	7.5 - 7.7	7.9 - 8.3	7.7 - 8.0	6.6 - 6.9
ROM Carats	(Kcts)	57 - 64	48 - 51	47 - 52	45 - 49	29 - 32
Cash on-mine cost (REAL)	(Rm)		513 - 526	415 - 437	362 - 381	308 - 324
	(US\$m)	30 - 34	34.2 - 35.1	27.7 - 29.1	24.1 - 25.4	20.5 - 21.6
Depreciation	(Rm)		20.9 - 21.9	29.1 - 30.1	27.4 - 28.3	6.0 - 6.0
	(US\$m)	0.5	1.4 - 1.5	1.9 - 2.0	1.8 - 1.9	0.4 - 0.4
Expansion Capital (REAL)	(Rm)		0	0	0	0
	(US\$m)	0 - 1	0	0	0	0
Sustaining Capital (REAL)	(Rm)		15 - 16	23 - 24	21 - 22	0
	(US\$m)	1 - 2	1.0 - 1.1	1.5 - 1.6	1.4 - 1.5	0
Total Capital (REAL)	(Rm)		15 - 16	23 - 24	21 - 22	0
	(US\$m)	1 - 3	1.0 - 1.1	1.5 - 1.6	1.4 - 1.5	0

## Guidance notes

1. Real amounts stated in FY 2022 money terms
2. US\$ amounts converted at exchange rate of USD1:ZAR15
3. Tax shield @ 31 Dec 2021 = ZAR2 billion
4. Environmental closure liability = ZAR104.4 million



# Guidance summary

\$m	FY22E	FY23E	FY24E	FY25E
Total carats recovered	3.3 – 3.6	3.3 – 3.6	3.3 – 3.6	3.6 – 3.9
Cash on-mine costs and G&A, \$	300 - 310	300 – 320	300 – 320	300 – 320
Expansion capex, \$	47 – 50	105 – 115	125 – 135	115 – 120
Sustaining capex, \$	28 – 30	30 – 32	30 – 32	26 – 28

*Note: Opex and Capex guidance above is stated in FY 2022 real terms and based on an exchange rate of USD1:ZAR15*



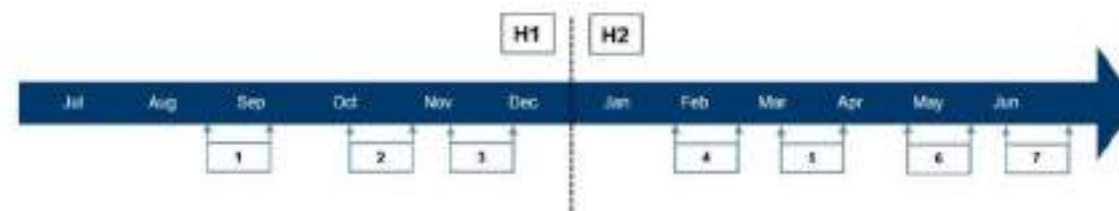


# Our diamond marketing and sales process

- South African goods are continuously prepared for sale (cleaned and sorted) at our facility in Kimberley
- Petra typically sells all accumulated production at the ensuing tender cycles in either South Africa or Antwerp
- Petra offers up to 10% of its rough production to the State Diamond Trader in South Africa, with fair market pricing verified by the Government Diamond Valuator
- Petra carries out its sales in-house and uses a competitive tender process – “price takers” – allowing us to achieve the best possible price at a specific point in time
- Our product mix is highly sought after and attracts a wide range of clients further stimulating bidding
- High value stones sell as individual lots and may be subject to independent sales process
- Diamond sales are typically weighted 40% H1 and 60% H2 due to the production cut-off in December around the Christmas holidays
- During the pandemic, South African sales were moved to Antwerp to optimise client attendance, but such sales have now reverted to Johannesburg as of February 2022



Petra typically holds 7 tenders per year, but the number and timing remains flexible in response to market and other conditions, including avoiding certain religious holidays observed by our client base





# Record recovery of Exceptional Stones in H1 FY2022

- Petra’s mines produce some of the most beautiful and rare diamonds in the world
- Validation of strategy to position new block cave in the western side of the Cullinan orebody and construction of the new plant
- Williamson continues to be the world’s most important source of large pink diamonds

## Contribution of Exceptional Stones

Year	Cullinan	Williamson
H1 FY 2022	\$64.1 million	\$13.8 million
FY 2021	\$62.1 million	-
Last 3 years average	\$47 million per year	\$4.6 million
Last 5 years average	\$37 million per year	\$2.8 million





# Financial Framework

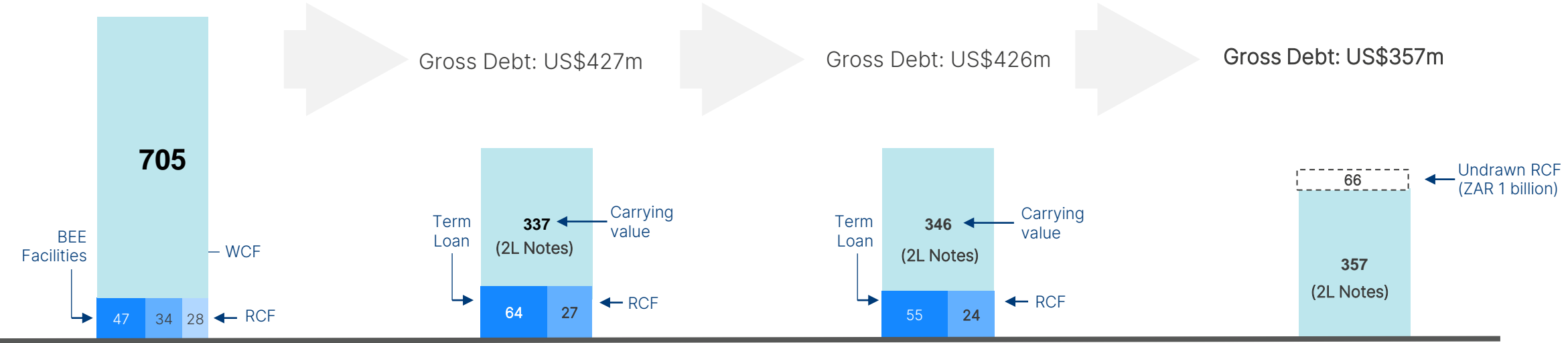
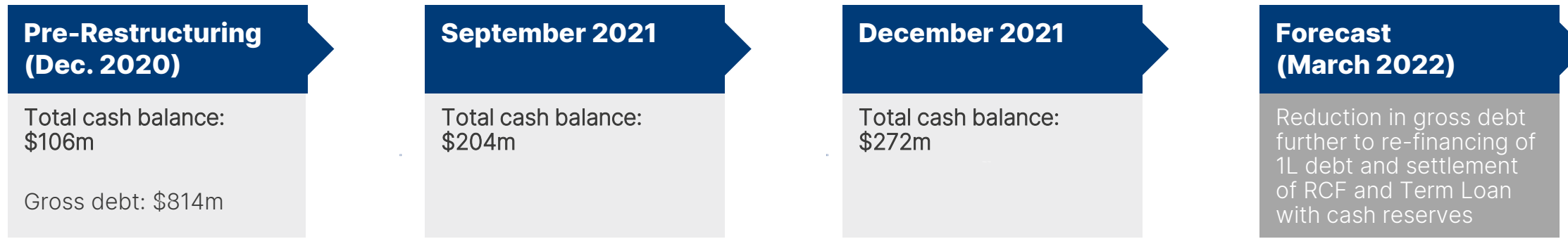
Marketing Manager Greg Stephenson examining the  
Letlapa Tala Collection in Antwerp





# Petra has been right-sizing its balance sheet

## Capital structure evolution





# We will follow a well-structured capital allocation approach





# Strengthening of the capital structure

- Current capex projects to be internally funded
- Committed to further reducing gross debt levels
- Opportunities to improve on our 2L debt structure
- Maintain leverage below 1.5x
- Disciplined capital allocation to maximise value generation
- Generate sufficient balance sheet headroom to pursue further growth opportunities

... leading to attractive shareholder returns



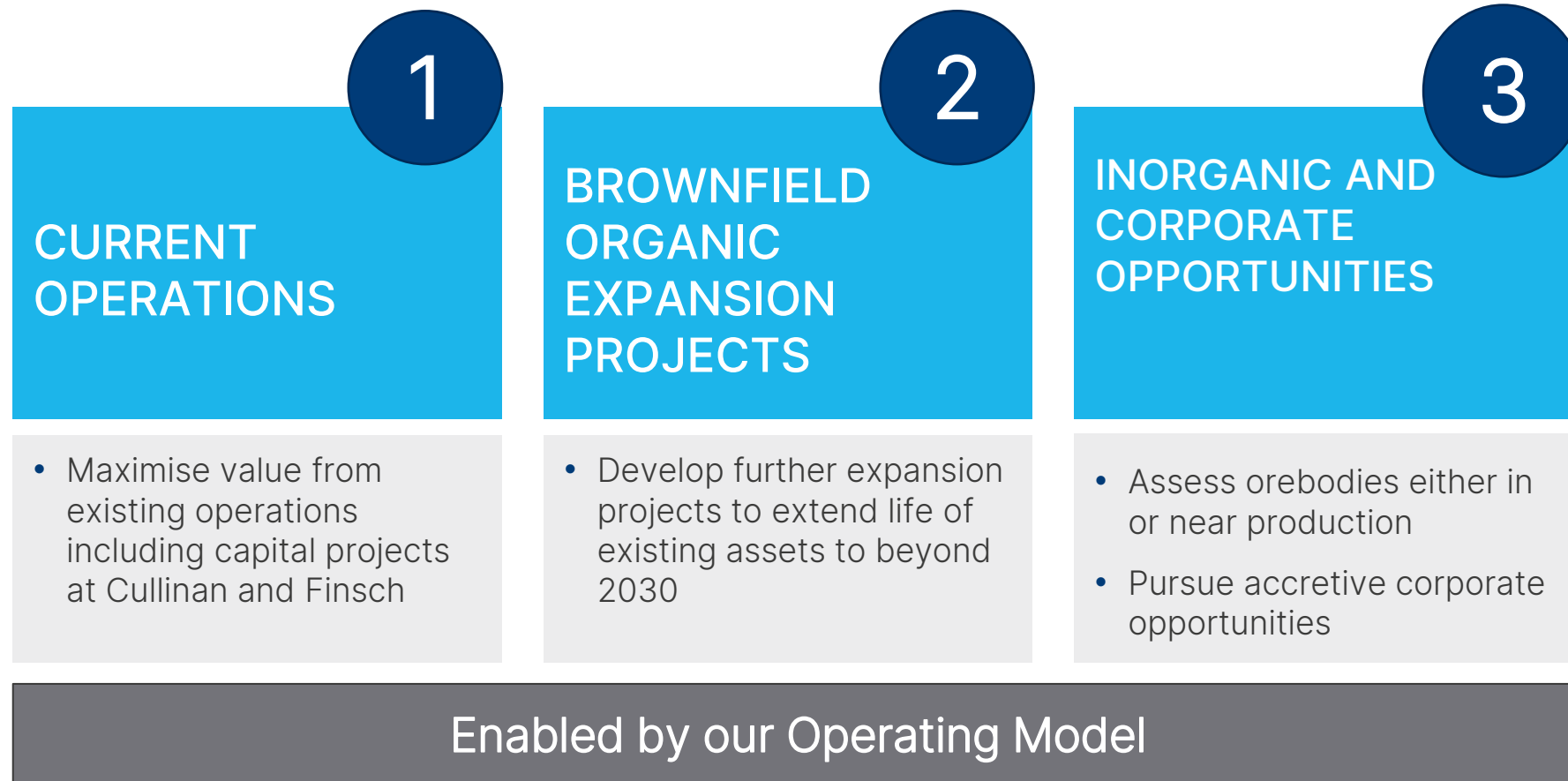
# Our strategy



A Type IIa white diamond and a Type IIb blue diamond typical of the Cullinan mine orebody



# Pursuing a value driven growth strategy







# Eight key strengths to leverage in executing our growth strategy



Diamond mining at scale



Sales and marketing capabilities



M&A and partnering credibility



Agile, entrepreneurial mindset



Bulk mining skills



Experience operating in challenging environments



Established in the SA mining ecosystem

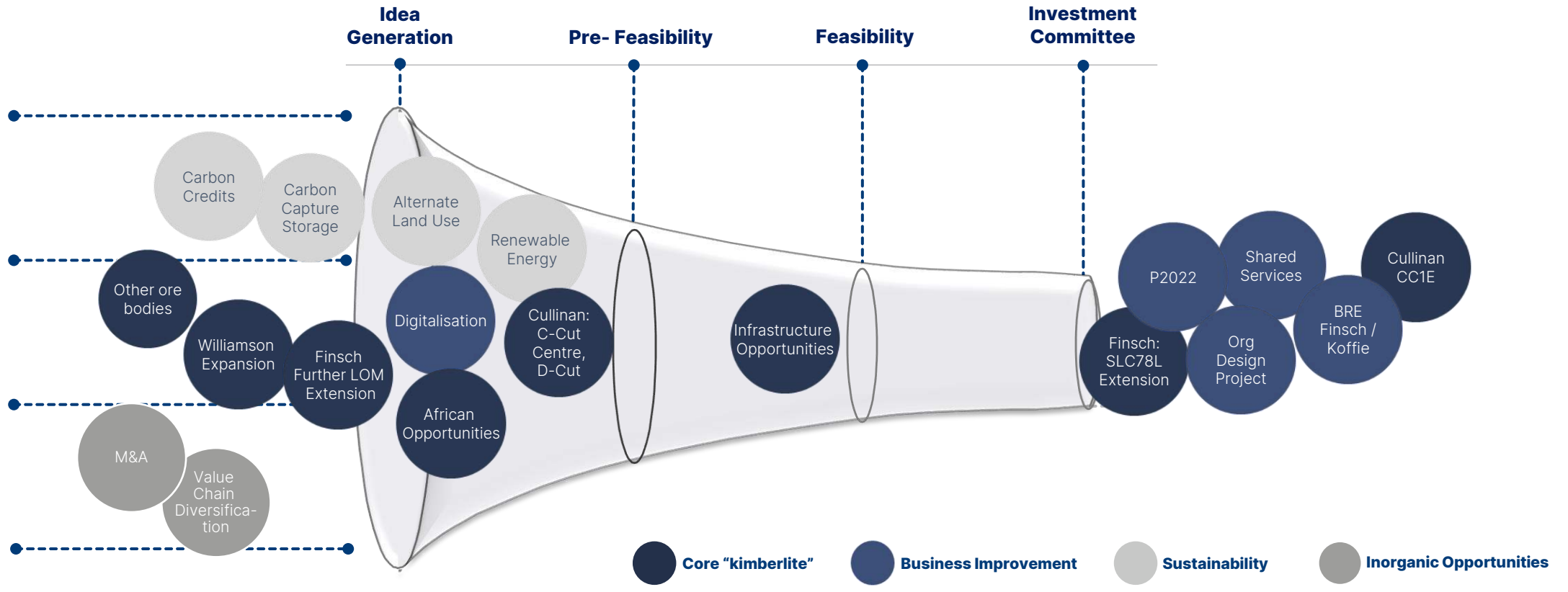


Identifying and turning around assets



# Desired outcome – a healthy project funnel

ILLUSTRATIVE, NOT EXHAUSTIVE





# Value proposition

## Robust operations and growth potential

- Best-in-class safety performance
- New sustainability framework
- Third largest global diamond resource - further expansion and life extension
- Cullinan and Finsch internally funded capital projects expected to deliver +30% returns
- Implementation of operating model delivering stable, predictable performance
- Value driven growth strategy encompassing organic and inorganic opportunities

## Strengthened financial platform

- Strong cash generation through 3-year Project 2022
  - Net free cash flow to exceed \$200 million by FY 2022
- Net debt down \$548 million at H1 FY 2022
  - Balance sheet reset delivering \$343 million
  - \$205 million cash generated by the business
- Disciplined capital allocation approach to further reduce debt and enhance shareholder returns



**Supported by a robust diamond market  
with structural supply shortages projected for the next decade**



# Appendix

The Finsch mine in South Africa



# Board of Directors



**Peter Hill**

Non-Executive Chairman  
Nomination (Chair) and  
Investment (Chair)  
Committees



**Richard Duffy**

Chief Executive  
Executive, HSE, SED and  
Investment Committees



**Jacques Breytenbach**

Finance Director  
*Executive and  
Investment Committees*



**Varda Shine**

Senior Independent NED  
*Remuneration (Chair),  
Audit & Risk, Nomination,  
HSE and SED Committees*



**Bernard Pryor**

Independent NED  
*HSE (Chair), Audit &  
Risk, Remuneration,  
Nomination and  
Investment  
Committees*



**Octavia Matloa**

Independent NED  
*Audit & Risk, SED (Chair),  
Remuneration,  
Nomination and  
Investment Committees*



**Deborah Gudgeon**

Independent NED  
*Audit & Risk (Chair),  
Remuneration, Nomination  
and Investment Committees*



**Jon Dudas<sup>1</sup>**

Independent NED  
*Audit & Risk, Remuneration,  
Nomination and Investment  
Committees*



**Matthew Glowasky**

Non-Independent NED<sup>1</sup>  
*Investment Committee*  
<sup>1</sup>*Nominated by Monarch*



**Johannes Bhatt**

Non-Independent NED<sup>1</sup>  
*HSE and Investment  
Committees*  
<sup>1</sup>*Nominated by Monarch*



**Alexandra Watson**

Non-Independent NED<sup>1</sup>  
*SED and Investment  
Committees*  
<sup>1</sup>*Nominated by Franklin  
Templeton*

## Board Stats as at 1 March 2022

**36%**

Female

**50%**

Independent  
(excluding the Chair)

South African: 4/11

British: 5/11

American: 1/11

German: 1/11

0-3 years: 64%

4-9 years: 36%

10-22 years: 0%

1. Mr Dudas' appointment will become effective on 1 March 2022
2. Mr Marius Kraemer was appointed as a Board Observer on 1 July 2021, having been nominated by Monarch

# Capital Structure



## Share price (6 months to 18 February 2022)



## Shareholder

## % of voting rights

Vontobel Holding AG	17.83
Monarch Master Funding 2 (Luxembourg) S.a.r.l.	12
Invesco Ltd.	8.43
Franklin Templeton Investment Management Ltd.	6.37
The Terris Fund	5.51

## Listing

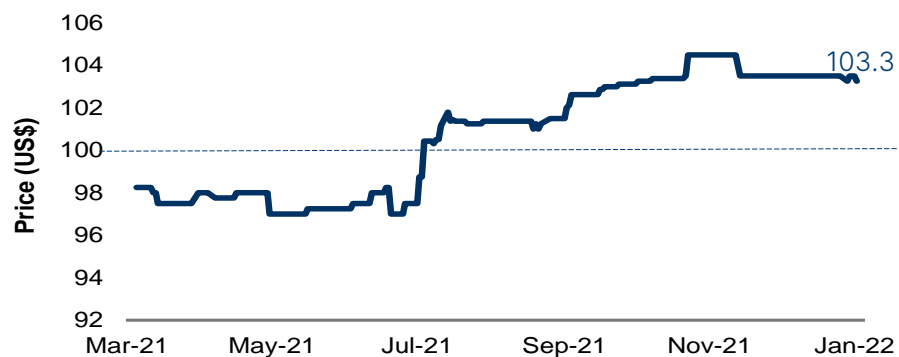
## LSE: PDL

Average daily trading volume across all platforms (shares) – (LTM)	216,071
Shares in issue	194,201,785
Market cap @ 106p (18 February 2022)	£205.85m



# Petra Corporate Bond

## Petra's bond trading history (Since re-instatement)



Source Bloomberg Financial Markets, Thomson One Analytics, and Factset.

## Petra Diamonds Corporate Bond

Issue date:	09 March 2021
Issue size:	US\$337million
Coupon:	10.5% – 9.75%
Maturity:	08 March 2026

## Petra's credit & bond ratings (March/April 2021)

**1** **MOODY'S**

**Outlook:** Positive

**LT rating:** Caa2

**2** **S&P Global**

**Outlook:** n.a.

**LT rating:** B-

**Petra is currently engaged with both Moody's & S&P for a ratings review**



# Impact of ZAR/USD movement on Petra

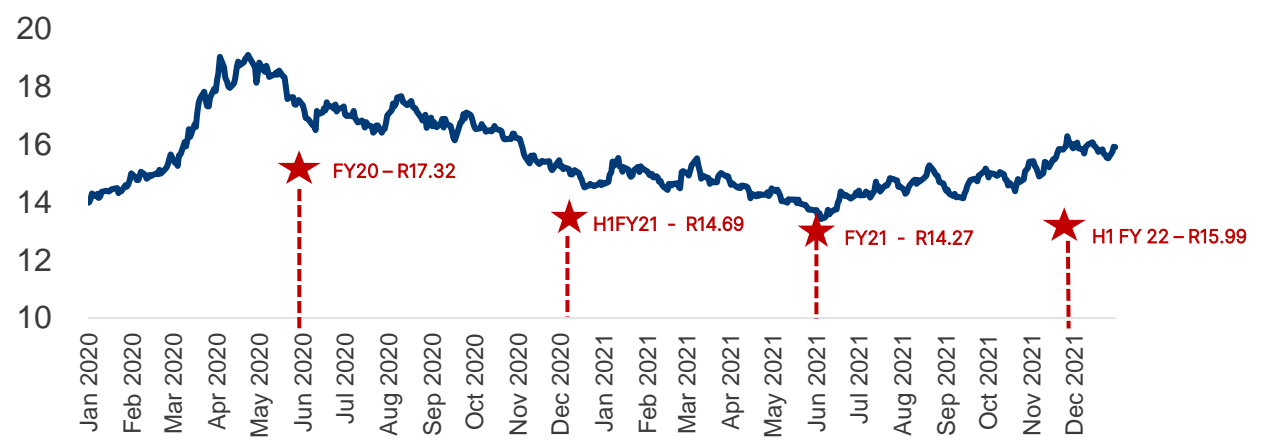
## Exchange rate volatility over the past 24 months:

- ZAR weakness in first half of 2022 impacted by COVID19 and global sentiment
- ZAR strength / USD weakness experienced over the past 18 months
- H1 FY 2022 closing exchange rate (US\$1:ZAR15.99) ca. 12% weaker compared to FY 2021 (US\$1:ZAR14.27)

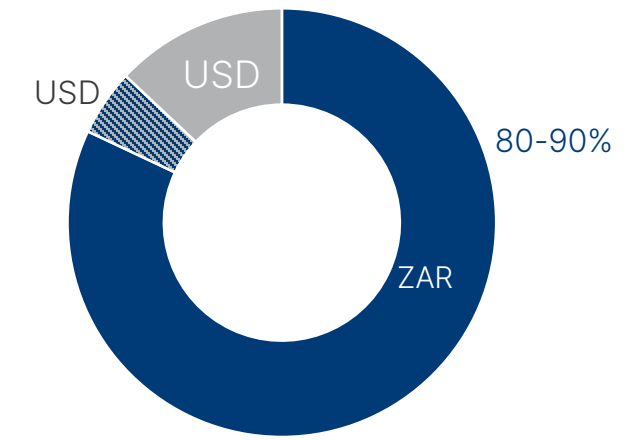
## Increase / decrease of ZAR1 equates to:

- ca. US\$8 – 10 million on EBITDA
- ca. US\$8 – 10 million on operational FCF

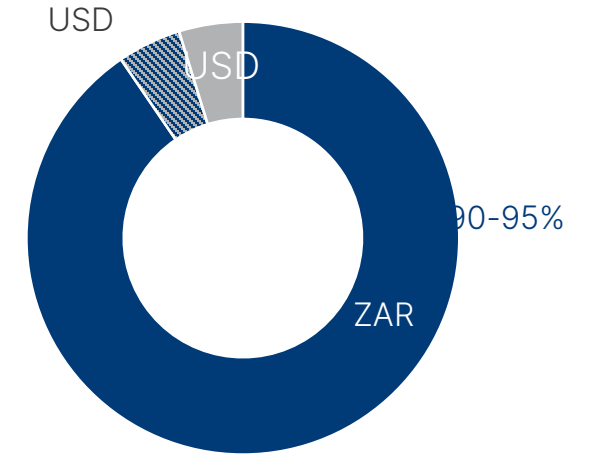
## Closing USD:ZAR exchange rate – 1 January 2020 to 31 December 2021



## 80-90% of operating costs are ZAR denominated\*



## 90-95% of Capex is ZAR denominated\*



\* Williamson recommenced operations during H1 FY 22





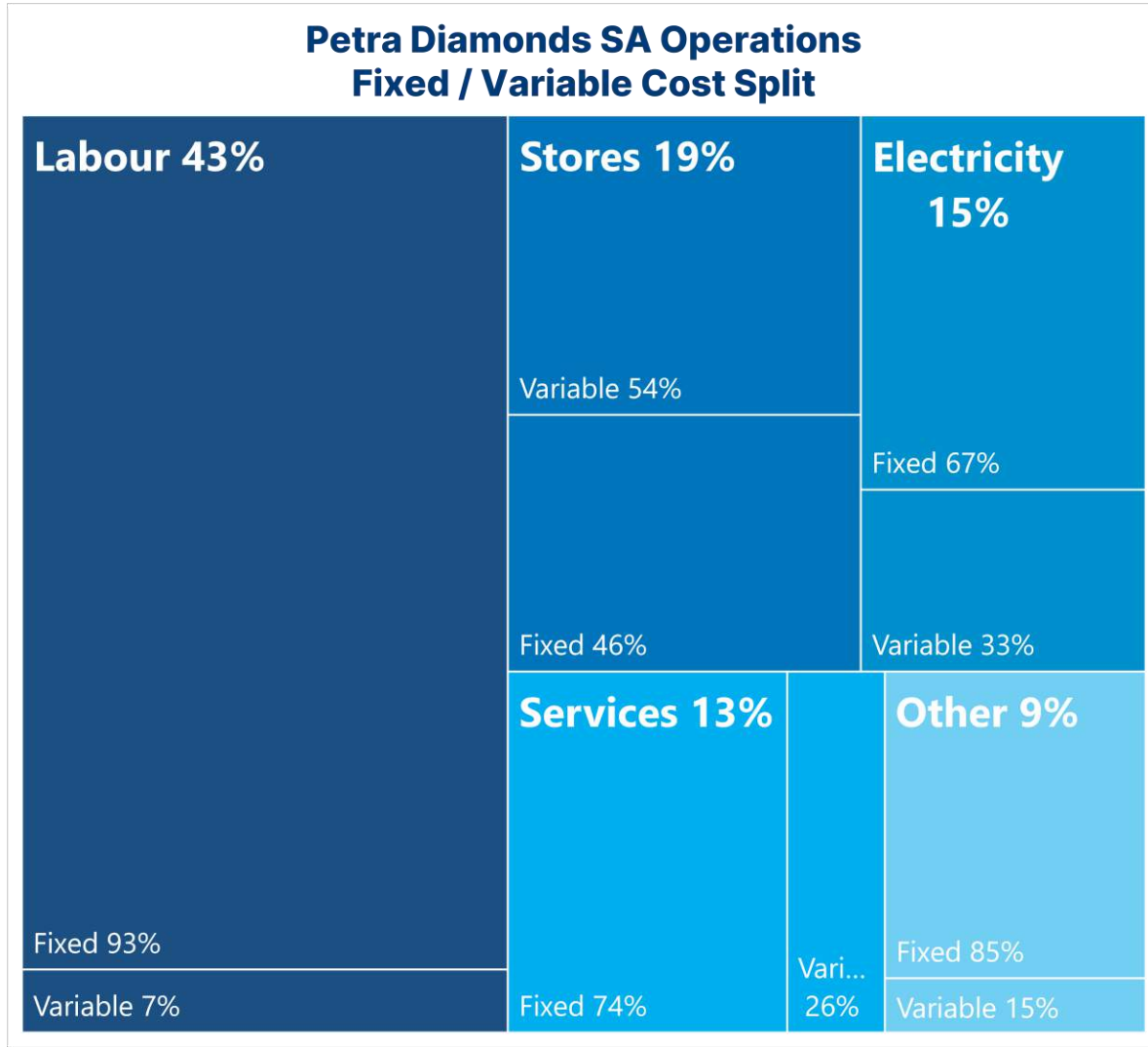
# Binding term sheet to refinance its 1L debt facility at more favourable terms

	Previous terms	New terms
Facility	R560m RCF (R400m current) R1200m term loan (R850m current)	R1000m RCF
Maturity Date	March 2024	December 2025
Lenders	Absa Nedbank RMB	Absa
Margin	JIBAR + 525 bps	JIBAR + 415 bps
Commitment Fee	210 bps per annum	125 bps per annum
Notes Repayment / Redemption	As per Clause 22.15(c) of Senior Facilities Agreement	Up to US\$25m allowed per year (in aggregate with amounts allowed under Clause 22.15(c))
Covenants	Debt Service Cover Ratio (DSCR), Min Liquidity	Cascaded Net Debt/EBITDA, Interest Cover Ratio (ICR) requirements, Min Liquidity > US\$20m

New Covenants	FY22 H2	FY23 H1	FY23 H2	FY24 H1	FY24 H2	FY25 H1	FY25 H2	FY26 H1
Net Debt/EBITDA (maximum)	4.00	4.00	3.50	3.50	3.25	3.25	3.00	3.00
ICR (minimum)	1.85	1.85	2.50	2.50	2.75	2.75	3.00	3.00

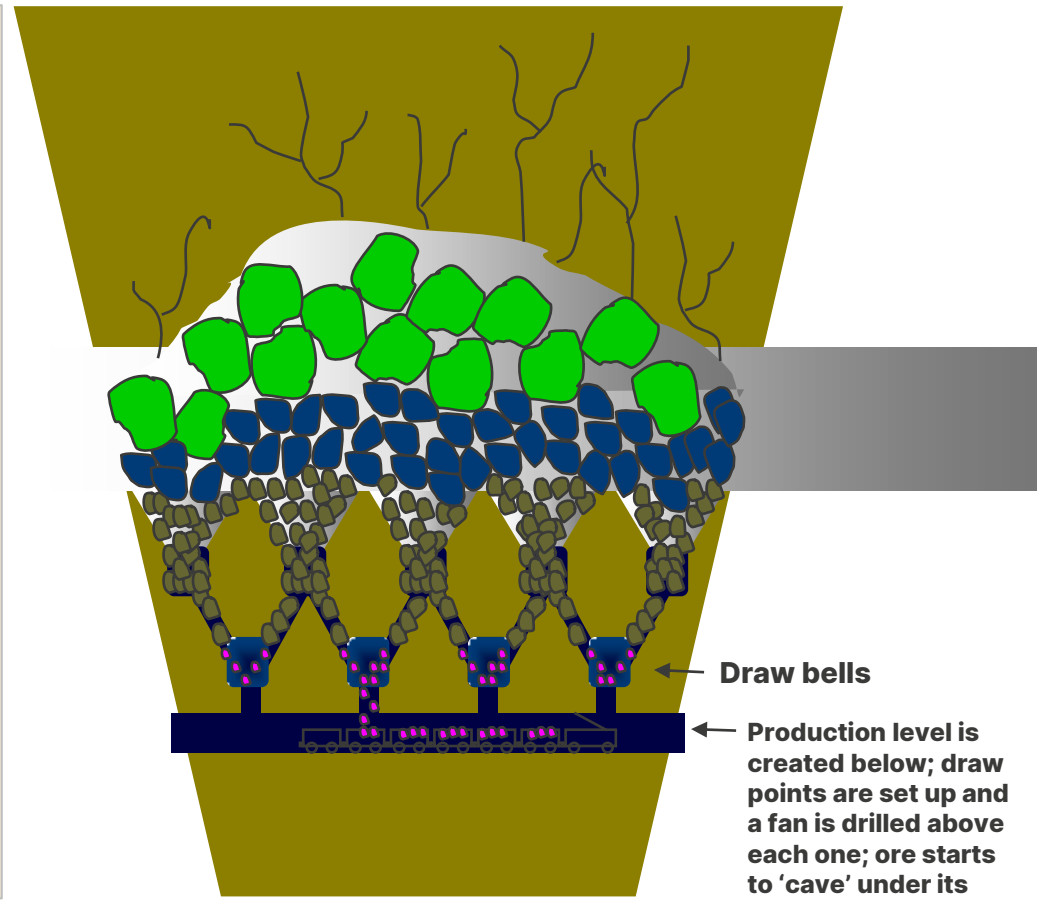
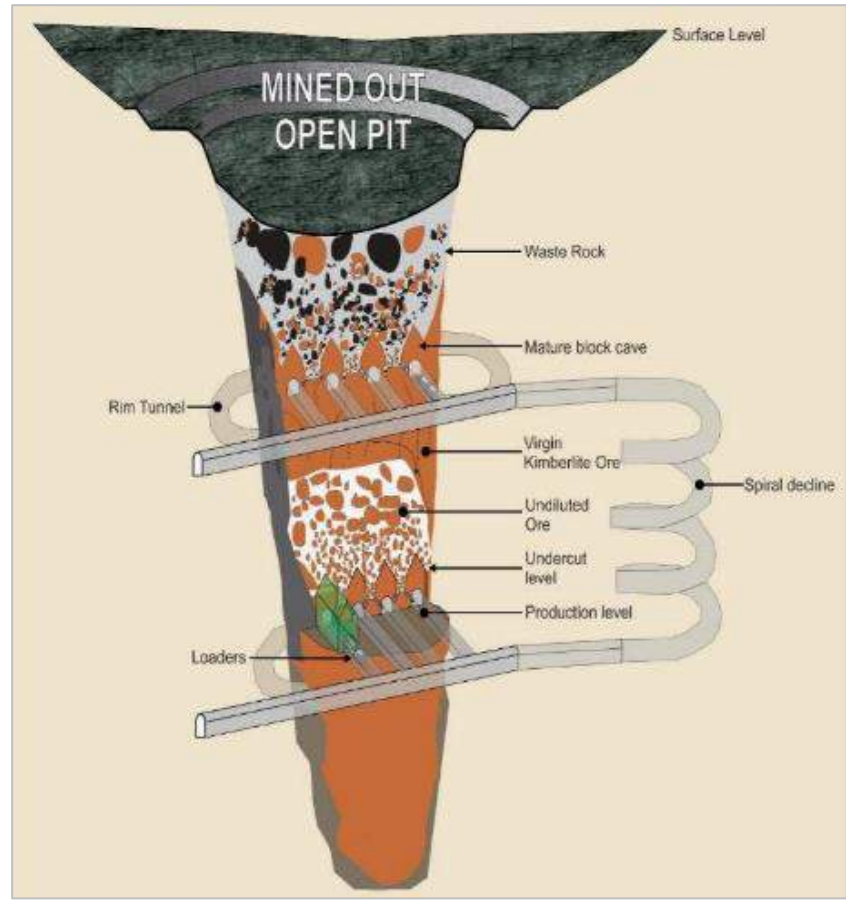


# Cost breakdown – fixed (77%) and variable (23%)





# Block caving simplified



**Draw bells**

**Production level is created below; draw points are set up and a fan is drilled above each one; ore starts to 'cave' under its own weight and is removed from draw points with loaders**



# Sub-level caving overview

**A cave where most of the recovered rock is drilled, charged and blasted**

The face must continuously advance:

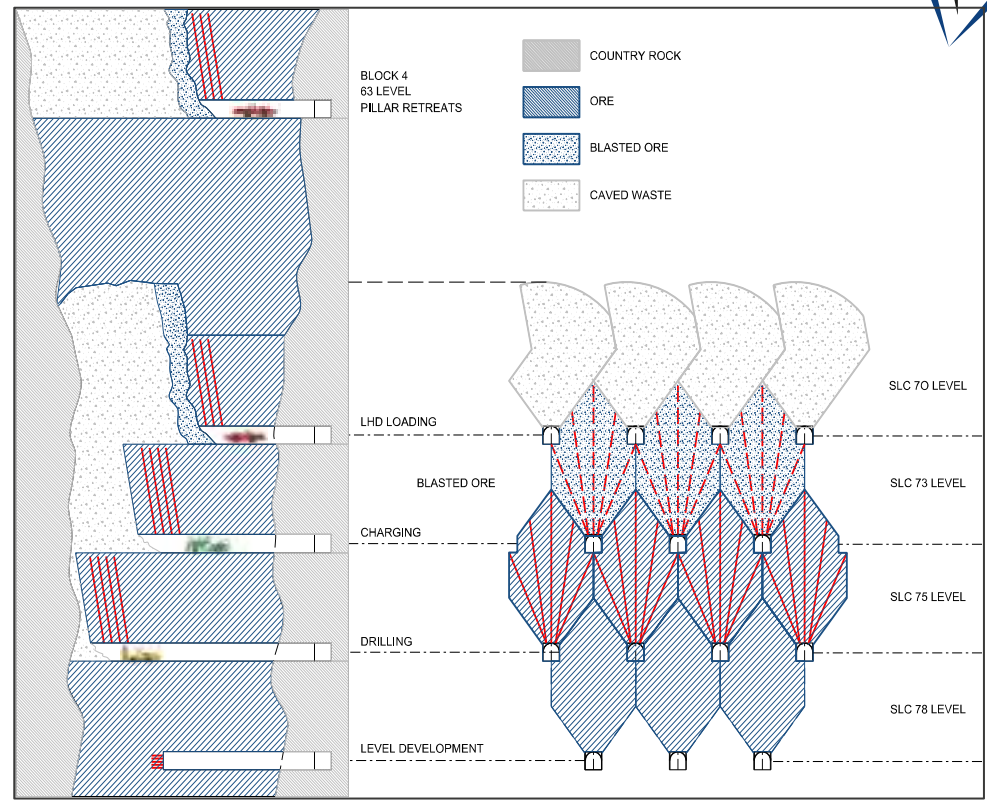
- To disturb the column above
- To manage the damaged brows

**Performance is highly dependent on:**

- Extraction sequencing and disciplined following of it
- Drill and blast
- Draw control

**Expected ore recovery:**

- 66% to 80% on top level
- 90% to 130% on second level
- 150% + on subsequent levels



**Long hole drilling**



**Charging & Blasting**



**Loading & Tipping**