

Petra Diamonds Limited

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

Trading Update

Petra Diamonds Limited is pleased to provide the following trading update for the three (Q3) and nine-month (9M) periods ending 31 March 2021.

Highlights:

- Financials:
 - Q3 revenue up 16% to US\$106.0m (Q3 FY 2020: US\$91.3m), as prices recovered to pre-COVID-19 levels
 - 9M revenue of US\$284.2m, in-line with prior year (9M FY 2020: US\$285.2m)
- Operations:
 - Q3 production of 704,498 carats (Q3 2020: 932,456 carats) and 9M production of 2,445,360 carats (9M FY 2020: 3,002,697 carats)
 - Post period end an exceptional 11.82 carat blue stone was sold for US\$9.5m and an exceptional 39.34 carat blue stone was recovered, to be sold via special tender
- Health & Safety:
 - Improving trend in FY 2021, with the Lost Time Injury Frequency Rate for the 9M decreasing to 0.47, from 0.50 in H1, and 0.65 in Q1 (9M FY 2020: 0.27) ascribed to a behaviour-based intervention programme
 - Total injuries, including LTIs, for the 9M decreased to 30 (9M FY 2020: 37)
- Balance Sheet:
 - Completion of capital restructuring strengthening the balance sheet, with consolidated net debt reduced to US\$290.7m at 31 March 2021 (31 December 2020: US\$700.4m)
 - Unrestricted cash of US\$139.8m at 31 March 2021 (31 December 2020: US\$92.4m), with undrawn banking facilities available of US\$10.8m
 - Diamond inventory valued at US\$75.5m at 31 March 2021 (31 December 2020: US\$105.0m)

Q3 and 9M FY 2021 Production and Sales – Summary

	Unit	Q3 FY 2021	Q3 FY 2020	Variance	9 months to 31 March 2021	9 months to 31 March 2020	Variance
Gross revenue	US\$M	106.0	91.3	+16%	284.2	285.2	0%
Total production	Mt	1.8	3.4	-48%	6.1	10.9	-44%
Total diamonds	Carats	704,498	932,456	-24%	2,445,360	3,002,697	-19%

1. 'Other' includes alluvial diamond mining at Williamson.

Richard Duffy, Chief Executive of Petra Diamonds, commented:

"We are seeing encouraging signs of a recovery in the diamond market, supporting better pricing, reflected in the third quarter revenue numbers. Post completion of the capital restructuring, Petra is in a far stronger position, with a solid platform for future growth and development. Production during the period reflected continued out-performance from Cullinan, with remedial action to address waste ingress at Finsch delayed as a result of excessive rainfall levels, which also negatively impacted Koffiefontein, whilst the Williamson mine remains on care and maintenance. We expect to see improved performance from Finsch as underground water ingress reduces and the remediation steps are implemented."

Conference Calls

Petra's Chief Executive, Richard Duffy, and Finance Director, Jacques Breytenbach, will host a conference call at 9:30am and at 4pm BST today to discuss the Trading Update with investors and analysts. Please see below for details.

Trading Update**Health and safety**

The Lost Time Injury Frequency Rate (LTIFR) continued to fall in FY 2021, decreasing to 0.47 for the 9M, from 0.50 in the first half and 0.65 in Q1 FY 2021. The total number of injuries during the nine-month period, which includes LTIs, decreased to 30 (9M FY 2020: 37).

This trend reflects the benefit of the Company's behaviour-based intervention campaign, targeting a zero-harm working environment. The campaign follows the higher level of LTIFR compared to the same nine-month period last year, with 20 lost-time injuries recorded,

compared to 16 in FY 2020.

COVID-19 continues to pose a significant risk to the health and safety of the Group's workforce. Petra has implemented systems and strategies across all its operations aimed at preventing and/or containing the spread of the virus. To date, the Company has had 340 confirmed cases. More information on the Company's response to the pandemic is available on its website:

<https://www.petradiamonds.com/sustainability/health-and-safety/our-response-to-covid-19/>.

Production and Operations

Q3 production decreased 24% to 704,498 carats (Q3 FY 2020: 932,456 carats), with production for the nine-month period decreasing 19% to 2,445,360 carats (9M FY 2020: 3,002,697 carats).

Q3 production reflected a strong performance from Cullinan, with production up 9% to 436,703 carats, combined with 43% lower production at Finsch, at 253,607 carats, an 18% decrease in production at Koffiefontein, to 14,188 carats, and Williamson remaining on care and maintenance.

Cullinan continues to recover some exceptional diamonds, including a 299.3ct type IIa white stone and a 11.82ct type IIb blue stone during the period as well as an exceptional 39.34ct type IIb blue stone, post the period end.

Production at Finsch was impacted by measures taken to curtail waste ingress. Production at Finsch and Koffiefontein was also affected by the high level of rainfall during Q3 FY 2021.

Discussions with the Government of Tanzania in relation to various issues at the Williamson mine, including the overdue VAT receivables and the blocked diamond parcel, are ongoing and are expected to conclude during Q4 FY2021.

The Company intends to provide its feedback on the Company's conclusions and next steps following the investigation into allegations of human rights abuses at the Williamson mine around the end of April 2021. The investigation is being undertaken by an external independent advisor, in conjunction with the Company's legal advisors.

Diamond market

Improved demand for rough diamonds continued in Q3, due to robust demand for jewellery driving continued purchasing by the midstream. Retail demand is expected to remain positive as economies re-open; albeit the industry has entered its period of typically lower demand and the resurgence of COVID-19 in some countries poses some risk to logistics and the timing of sales for the remainder of FY 2021.

Diamond pricing has been supported by supply discipline, driving a better supply / demand balance in the midstream, which remains a key factor in the health of the market in 2021. Due to the impact of COVID-19 and the closure of the Argyle mine in Australia in 2020, rough diamond production is expected to have contracted significantly in 2020 and may continue to decline.

Diamond Sales

Q3 revenue increased 16% to US\$106.0m (Q3 FY 2020: US\$91.3m). This increase was driven by improved pricing, the sale of a 299.3 carat exceptional diamond in February for US\$12.2m and the carryover of 382 Kcts, of mostly lower value stock from H1 FY 2021, sold during January 2021. On a like for like basis, realised diamond prices increased ca.12% from those achieved in H1 FY 2021.

Post the period end, an exceptional 11.82 carat blue stone, recovered during the period from the Cullinan mine, was sold for US\$9.5m. The Company also announced the recovery of an exceptional 39.34 carat blue stone, also from the Cullinan mine, which will be sold via a special tender.

Project 2022 Update

Throughput ideas remain the largest contributor to growing operational cash flow and Cullinan remains on track to deliver its throughput stretch target for FY 2021. As previously outlined, due to reduced throughput at Finsch, Koffiefontein and Williamson, the annualised contribution from throughput initiatives is now expected to be in the region of US\$50m, versus previous expectations of US\$70m.

Initiatives undertaken to drive cost efficiencies are expected to deliver an annualised run rate of US\$20m going in to FY 2022. The decrease of US\$2m in cost efficiencies over previous guidance in H1 FY 2022 relates to higher than anticipated electricity pricing in South Africa, combined with the postponement of some moveable asset sales into FY 2022.

Corporate and Financial

The recapitalisation of the Group was completed during the period, significantly strengthening the balance sheet, with consolidated net debt reducing to US\$290.7m, from US\$700.4m at the end of December 2020.

Petra Diamonds had unrestricted cash of US\$139.8m, available undrawn banking facilities of US\$10.8m and diamond inventory valued at US\$75.5m as at 31 March 2021. At 31 December 2020, unrestricted cash was US\$92.4m, the Company had fully drawn bank facilities and the diamond inventory was valued at US\$105.0m.

Board

Following completion of the capital restructuring, the appointment of Mr. Matthew Glowasky as a Non-Executive Director of the Company became effective. Matthew's prospective appointment was initially announced on 22 December 2020.

~ Ends ~

Conference Call:

Participants may join the call by dialling one of the following numbers shortly before the call:

First Call - 9:30am BST

From the UK: 0330 606 1118

From South Africa (toll free): 80 006 4593

From the rest of the world: +44 330 606 1118

Room Number: 406885

Participant passcode: 0580

A replay of the conference call will be available on the following numbers:

From the UK: 0330 606 1118

From the US (toll free): (877) 890-2416

From South Africa (toll free): 80 006 4593

From the rest of the world: +44 330 606 1118

Playback passcode: 119099

Second Call – 4:00pm BST

An additional conference call to cater for North American and other international investors will be held at 4:00pm BST today. Participants are advised to listen to the replay of the first conference call in advance of this call.

From the United States (toll free): (877) 890-2416

From the rest of the world: +44(0) 333 300 0804

From the UK: 0330 606 1118

From South Africa (toll free): 80 006 4593

From the rest of the world: +44 330 606 1118

Room Number: 406885

Participant passcode: 0580

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Notes:

1. *The following definitions have been used in this announcement:*
 - a. *Exceptional Stones: diamonds with a valuation and selling price of US\$5m or more per stone*
 - b. *cpht: carats per hundred tonnes*
 - c. *Kcts: thousand carats*
 - d. *Kt: thousand tonnes*
 - e. *LOM: life of mine*
 - f. *LTI: lost time injury*
 - g. *LTIFR: lost time injury frequency rate*
 - h. *Mcts: million carats*
 - i. *Mt: million tonnes*
 - j. *FY: financial year*
 - k. *Q: quarter of the financial year*
 - l. *ROM: run-of-mine (i.e. production from the primary orebody)*
 - m. *SLC: sub level cave*
 - n. *m: million*

About Petra Diamonds Limited

Petra Diamonds is a leading independent diamond mining group and a consistent supplier of gem quality rough diamonds to the international market. The Company has a diversified portfolio incorporating interests in three underground producing mines in South Africa (Finsch, Cullinan and Koffiefontein) and one open pit mine in Tanzania (Williamson).

Petra's strategy is to focus on value rather than volume production by optimising recoveries from its high-quality asset base in order to maximise their efficiency and profitability. The Group has a significant resource base of ca. 243 million carats, which supports the potential for long-life operations.

Petra conducts all operations according to the highest ethical standards and will only operate in countries which are members of the Kimberley Process. The Company aims to generate tangible value for each of its stakeholders, thereby contributing to the socio-economic development of its host countries and supporting long-term sustainable operations to the benefit of its employees, partners and communities.

Petra is quoted with a premium listing on the Main Market of the London Stock Exchange under the ticker 'PDL'. The Company's US\$337 million loan notes due in 2026 will be listed on the Global Exchange market of the Irish Stock Exchange. For more information, visit www.petradiamonds.com.

APPENDIX – CORPORATE & FINANCIAL AND PRODUCTION & SALES TABLES

	Unit	31 March 2021	31 December 2020	30 June 2020	31 March 2020
<i>Closing exchange rate used for conversion</i>		<i>R14.77:US\$1</i>	<i>R14.69:US\$1</i>	<i>R17.32:US\$1</i>	<i>R17.84:US\$1</i>
Cash at bank (including restricted cash)	US\$m	153.8	106.3	67.6	77.0
Diamond inventories ¹	US\$m	75.5	105.0	84.1	61.3
	Carats	1,020,973	1,385,402	1,357,584	842,144
Diamond debtors	US\$m	2.6	3.7	4.8	14.9
US\$336.7 million loan notes (issued March 2021) ²	US\$m	338.7	-	-	-
US\$650 million loan notes (issued April 2017) ³	US\$m	-	702.0	676.9	650.0
Bank loans and borrowings ⁴	US\$m	108.4	61.2	52.1	28.0
BEE partner bank facilities ⁴	US\$m	-	47.2	40.0	40.9
Bank facilities undrawn and available ⁵	US\$m	10.8	-	-	22.4
Consolidated net debt ⁷	US\$m	290.7	700.4	693.2	627.0

Notes:

1. Recorded at the lower of cost and net realisable value.
2. The US\$336.7 million loan notes represents the gross capital of US\$336.7 million of notes, plus accrued interest until the end of the Period, issued following the Restructuring which completed on 10 March 2021.
3. The US\$650 million loan notes represents the gross capital of US\$650 million of notes issued on April 2017, plus accrued and unpaid interest for the relevant periods; these loan notes were settled in full following the Restructuring which completed on 10 March 2021.
4. Bank loans and borrowings represent amounts drawn under the Group's refinanced South African bank facilities as part of the Restructuring, and comprises the ZAR1.2 billion term loan (US\$81.3 million) and ZAR400 million (US\$27.1 million) drawn under the ZAR560 million (US\$37.9 million) revolving credit facility. During the Period and as part of the Restructuring, the BEE partner bank facilities (which comprised the BEE guarantees) were settled by the Group through proceeds of the ZAR1.2 billion term loan.
5. Consolidated Net Debt is bank loans and borrowings plus loan notes, less cash, less diamond debtors and includes the Black Economic Empowerment guarantees of US\$nil (ZARnil) as at 31 March 2021 (ca. US\$47.2 million (ZAR692.8 million) as at 31 December 2020, ca. US\$40.0 million (ZAR693.6 million) as at 30 June 2020) ca. US\$40.9 million (ZAR729.0 million) as at 31 March 2020).

Group Production and Sales

Unit	Q3 FY 2021	Q3 FY 2020	Variance	Nine months to 31 March	Nine months to 31 March	Variance
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					2021	2020	
<u>Sales</u>							
Diamonds sold	Carats	1,069,205	1,082,937	-1%	2,782,002	2,826,744	-2%
Gross revenue	US\$M	106.0	91.3	+16%	284.2	285.2	0%
<u>Production</u>							
ROM tonnes	Mt	1.7	3.2	-49%	5.8	10.2	-43%
Tailings & other ¹ tonnes	Mt	0.1	0.2	-38%	0.3	0.7	-57%
Total tonnes treated	Mt	1.8	3.4	-48%	6.1	10.9	-44%
ROM diamonds	Carats	656,461	913,017	-28%	2,301,307	2,908,529	-21%
Tailings & other ¹ diamonds	Carats	48,037	19,439	+147%	144,053	94,168	+53%
Total diamonds	Carats	704,498	932,456	-24%	2,445,360	3,002,697	-19%

1. 'Other' includes alluvial diamond mining at Williamson.

Cullinan – South Africa

	Unit	Q3 FY 2021	Q3 FY 2020	Variance	Nine months to 31 March 2021	Nine months to 31 March 2020	Variance
<u>Sales</u>							
Revenue	US\$M	62.9	31.2	+102%	170.2	112.9	+51%
Diamonds sold	Carats	651,268	426,283	+53%	1,546,026	1,157,130	+34%
Average price per carat	US\$	97	73	+32%	110	98	+13%
<u>ROM Production</u>							
Tonnes treated	Tonnes	1,054,978	1,016,653	+4%	3,394,451	3,311,850	+2%
Diamonds produced	Carats	388,666	391,235	-1%	1,302,292	1,246,606	+4%
Grade	cpht	36.8	38.5	-4%	38.4	37.6	+2%
<u>Tailings Production</u>							
Tonnes treated	Tonnes	105,825	37,412	+183%	327,210	154,524	+112%
Diamonds produced	Carats	48,037	9,307	+416%	144,053	43,722	+229%
Grade	cpht	45.4	24.9	+82%	44.0	28.3	+56%
<u>Total Production</u>							
Tonnes treated	Tonnes	1,160,803	1,054,065	+10%	3,721,661	3,466,374	+7%

Diamonds produced	Carats	436,703	400,542	+9%	1,446,345	1,290,328	+12%
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Note:

1. The Company is not able to precisely measure the ROM / tailings grade split because ore from both sources is processed through the same plant; the Company therefore back-calculates the grade with reference to resource grades.

Finsch – South Africa

	Unit	Q3 FY 2021	Q3 FY 2020	Variance	Nine months to 31 March 2021	Nine months to 31 March 2020	Variance
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Sales

Revenue	US\$M	31.4	34.9	-10%	86.2	96.5	-11%
Diamonds sold	Carats	391,921	529,443	-26%	1,160,568	1,313,406	-12%
Average price per carat	US\$	80	66	+22%	74	73	+1%

**Total ROM
Production**

Tonnes treated	Tonnes	460,057	724,690	-37%	1,783,057	2,258,945	-21%
Diamonds produced	Carats	253,607	437,537	-42%	948,915	1,318,244	-28%
Grade	cpht	55.1	60.4	-9%	53.2	58.4	-9%

**Tailings
Production**

Tonnes treated	Tonnes	0	37,373	-100%	0	211,541	-100%
Diamonds produced	Carats	0	7,041	-100%	0	39,890	-100%
Grade	cpht	0	18.8	-100%	0	18.9	-100%

Total Production

Tonnes treated	Tonnes	460,057	762,063	-40%	1,783,057	2,470,486	-28%
Diamonds produced	Carats	253,607	444,578	-43%	948,915	1,358,134	-30%

Note:

1. The Company is not able to precisely measure the ROM / tailings grade split because ore from both sources is processed through the same plant; the Company therefore back-calculates the grade with reference to resource grades.

Koffiefontein – South Africa

	Unit	Q3 FY 2021	Q3 FY 2020	Variance	Nine months to 31 March 2021	Nine months to 31 March 2020	Variance
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Sales

Revenue	US\$M	11.7	8.9	+32%	22.9	23.6	-3%
Diamonds sold	Carats	26,007	25,151	+3%	44,951	59,314	-24%
Average price per carat	US\$	451	352	+28%	509	398	+28%

ROM Production

Tonnes treated	Tonnes	130,494	236,350	-45%	624,155	797,646	-22%
Diamonds produced	Carats	14,188	17,307	-18%	50,101	61,852	-19%
Grade	cpht	10.9	7.3	+48%	8.0	7.8	+4%

Total Production

Tonnes treated	Tonnes	130,494	236,350	-45%	624,155	797,646	-22%
Diamonds produced	Carats	14,188	17,307	-18%	50,101	61,852	-19%

Williamson – Tanzania

	Unit	Q3 FY 2021	Q3 FY 2020	Variance	Nine months to 31 March 2021	Nine months to 31 March 2020	Variance
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Sales

Revenue	US\$M	0	16.4	-100%	4.6	52.3	-91%
Diamonds sold	Carats	0	102,060	-100%	30,339	296,894	-90%
Average price per carat	US\$	0	161	-100%	150	176	-15%

ROM Production

Tonnes treated	Tonnes	0	1,225,429	-100%	0	3,880,335	-100%
Diamonds produced	Carats	0	66,939	-100%	0	281,827	-100%
Grade	cpht	0	5.5	-100%	0	7.3	-100%

**Alluvial
Production**

Tonnes treated	Tonnes	0	94,802	-100%	0	293,500	-100%
Diamonds produced	Carats	0	3,090	-100%	0	10,555	-100%
Grade	cpht	0	3.3	-100%	0	3.6	-100%

Total Production

Tonnes treated	Tonnes	0	1,320,231	-100%	0	4,173,835	-100%
Diamonds produced	Carats	0	70,029	-100%	0	292,382	-100%