

16 April 2024

LSE: PDL

Petra Diamonds Limited
(Petra or the Company)

Q3 FY 2024 Operating Update and Final Sales Results for Tender 5 FY 2024

Richard Duffy, Chief Executive Officer of Petra, commented:

"Production for the quarter is consistent with the preceding quarter and in-line with expectations. At Finsch, the first of the 78-Level Phase II production tunnels was successfully commissioned in March 2024, with commissioning of the remaining six tunnels expected to be completed by June 2024. We confirm our FY 2024 production guidance of 2.75 – 2.85 Mcts.

Our fifth tender cycle yielded US\$49 million from the sale of 362kcts. Average prices per carat received were 22% higher than Tender 4, supported by the sale of a 14.76ct exceptional colour and clarity blue diamond for US\$8.2 million. Like-for-like¹ prices were relatively flat through this seasonally weaker period, being 0.8% lower than Tender 4.

We continue to update our life of mine plans to support our transition to a smoother capex profile. This includes a replanned ramp-up of the deferred capital projects from Q1 FY 2025.

On 8 April 2024, we announced the signing of a definitive transaction agreement for the sale of Koffiefontein which is expected to result in Petra avoiding closure-related costs of US\$15-18 million included in the Company's 31 December 2023 balance sheet provisions. We also announced an increased cost savings target of more than US\$30 million per annum that will sustainably lower our cost base. Around half of these savings are expected to come through a rebasing of fixed and variable costs in-line with reduced throughput at Finsch, with the remaining half as savings across operating costs and overheads at the Group level and Cullinan Mine.

During the quarter we repaid US\$23m of our RCF to reduce interest costs and had available liquidity of US\$104 million at the end of Q3 FY 2024. While net debt had increased at the end of Q3 FY 2024, proceeds from the recently-closed Tender 5 have more than offset this increase. Together with the actions taken to sustainably reduce costs, this further enhances our business resilience."

[1] Like-for-like refers to the change in realised prices between tenders and excludes revenue from all single stones and Exceptional Stones, while normalising for the product mix impact

Highlights vs Q2 FY 2024

- LTIFR and LTIs are 0.20 and 3 respectively (Q2 FY 2024: 0.18 and 3 respectively)
- Ore processed reduced marginally to 2.9Mt from 3.0Mt with the continued ramp-up of production at Williamson and a steady quarter at Cullinan Mine offset by lower volumes at Finsch due to the previously announced winter issues, which have since been resolved
 - The 18% improvement in grades at Finsch is largely ascribed to first production tonnes from 78-Level Phase II
 - Lower diamond production at Cullinan Mine is due to reduced tailings volume and grade variations, in-line with expectations
- Revenue amounted to US\$66 million (Q2 FY 2024: US\$90 million) with the decrease due to the lower production and the timing of receipts from Tender 5
- Support from South African Rand weakness continued throughout the period, with the Rand averaging ZAR18.95:US\$1 (Q2 FY 2024: ZAR18.99:US\$1)
- Capital expenditure for Q3 FY 2024 totalled US\$15 million, in-line with updated guidance announced earlier following the decision to defer certain capital project expenditure
- Partial settlement of the withdrawn amounts under the ZAR1.75 billion (US\$93 million) Revolving Credit Facility with Absa Bank, leaving an outstanding balance of ZAR450 million (US\$24 million) at 31 March 2024, down from ZAR850 million (US\$47 million) at 31 December 2023
- Consolidated net debt increased to US\$232 million as at 31 March 2024 (31 December 2023: US\$212 million) due to the timing of closing Tender 5, noting the balance of sales receipts yielded US\$32 million shortly after period-end which exceeded the increase in net debt

Final sales results for Tender 5 FY 2024

The sales of the fifth tender cycle of FY 2024 closed this week with 362kcts sold yielding US\$49 million, with average prices increasing 22% over Tender 4, noting a marginal 0.8% decrease in like-for-like prices. Around 48kcts of Tender 5 goods were sold in Q3 FY 2024 yielding some US\$17 million.

These results include a 14.76ct exceptional colour and clarity blue gemstone recovered from the Cullinan Mine which the Company sold into a partnership agreement with sale proceeds of US\$8.2 million.

Rough diamond sales results for the respective periods are set out below:

	Tender 5 FY 2024 Apr-24	Tender 4 FY 2024 Feb-24	Variance	Tender 5 FY 2023 May-24	YTD FY 2024 Tenders 1-5	YTD FY 2023 Tenders 1-5
Diamonds sold (carats)	362,132	428,860	-16%	468,817	2,450,613	2,237,010
Sales (US\$ million)	49	48	3%	42	285	316
Average price (US\$/ct)	136	112	22%	90	116	141

Revenue from Exceptional Stones ¹ (US\$ million)	0	0	0%	0	0	0
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Note 1: Exceptional Stones are defined as rough diamonds for US\$15 million or more each.

Sales

Total revenue YTD FY 2024 from rough diamond sales is US\$285 million, compared to US\$316 million in the first five tenders of FY 2023, excluding Koffiefontein. Year-on-year volume variances were affected by the deferral of certain FY 2023 sale parcels sold as part of Tender 1 of FY 2024.

Mine by mine average prices for the respective periods are set out in the table below:

US\$/carat	Tender 5 FY 2024 Apr-24	Tender 4 FY 2024 Feb-24	YTD FY 2024 Tenders 1-5	YTD FY 2023 Tenders 1-5	FY 2023
Cullinan Mine	157	98	115	143	139
Finsch	95	101	99	110	110
Williamson	177	220	200	280	280

Like-for-like prices

Like-for-like rough diamond prices decreased marginally by 0.8% on Tender 4 FY 2024. Prices for plus 2ct goods remained solid, while prices for smaller goods showed some seasonal weakness contributing to the overall decline. Average like-for-like prices for the first five tenders of FY 2024 were down 8.5% year-to-date compared to the equivalent five tenders of FY 2023. Pricing assumptions for the remainder of the year remain unchanged.

US\$ per carat	FY 2024
Cullinan Mine	105 – 125
Finsch	95 – 110
Williamson	200 – 225

Future diamond prices are influenced by a range of factors outside of Petra's control and so these assumptions are internal estimates only and no reliance should be placed on them. The Company's pricing assumptions will be considered on an ongoing basis and may be updated as appropriate.

Product Mix

The balance of price movements is attributable to product mix, with Cullinan Mine benefiting from the 14.76ct blue stone which sold for US\$8.2 million in this cycle. Williamson's average price was impacted by reduced prevalence of higher-valued single stones, ascribed to the mining areas currently accessed and expected to be temporary in nature.

Operating Summary

		Three months				Nine months YTD		
		Q3 FY 2024	Q2 FY 2024	Var.	Q3 FY 2023 Restated ³	FY 2024	FY 2023 Restated ³	Var.
Safety								
LTIFR	-	0.20	0.18	+11%	0.47	0.16	0.26	-39%
LTIs	Number	3	3	-	8	8	14	-43%
Sales								
Diamonds sold	Carats	476,730	727,189	-34%	463,224	2,136,350	1,768,179	+21%
Revenue ¹	US\$m	66	90	-27%	67	253	274	-8%
Contribution from Exceptional Stones ²	US\$m	-	-	-	-	-	-	-
Production								
ROM tonnes	Mt	2,851,469	2,875,410	-1%	1,654,267	8,444,365	6,810,390	+24%
Tailings and other tonnes	Mt	75,100	96,235	-22%	110,431	262,343	297,684	-12%
Total tonnes treated	Mt	2,926,569	2,971,645	-2%	1,764,698	8,706,708	7,108,074	+22%
ROM diamonds	Carats	643,350	694,884	-7%	593,120	1,990,255	1,924,936	+3%
Tailings and other diamonds	Carats	22,227	36,018	-38%	60,009	102,863	121,572	-15%
Total diamonds	Carats	665,577	730,902	-9%	653,128	2,093,118	2,046,508	+2%

¹ Revenue reflects proceeds from the sale of rough diamonds and excludes revenue from profit share arrangements

² Petra classifies "Exceptional Stones" as rough diamonds which sell for US\$15 million or more each

³ Re-presented to exclude Koffiefontein which is classified as a discontinued operation

INVESTOR WEBCASTS

Webcast presentation for institutional investors and analysts at 09:30am BST today

Petra's CEO, Richard Duffy, and CFO, Jacques Breytenbach, will host a live virtual presentation including Q&A for institutional investors and analysts at 09:30 BST today to discuss this operating update.

To join: <https://events.teams.microsoft.com/event/cfe4e98b-bdfa-4060-847a-2549a20f9fbe@3c08cd12-de9b-4814-9ea3-392066758217>

Link for recording (available later in the day):
<https://www.petradiamonds.com/investors/results-reports/>

Investor Meet Company webcast at 14.30pm BST today

Petra's CEO, Richard Duffy, and CFO, Jacques Breytenbach, will also present these results live on the Investor Meet Company platform, predominantly aimed at retail investors. To join: <https://www.investormeetcompany.com/petra-diamonds-limited/register-investor>

FURTHER INFORMATION

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Notes:

The following definitions have been used in this announcement:

- a. *cpht*: carats per hundred tonnes
- b. *LTIs*: lost time injuries
- c. *LTIFR*: lost time injury frequency rate, calculated as the number of LTIs multiplied by 200,000 and divided by the number of hours worked
- d. *FY*: financial year ending 30 June
- e. *CY*: calendar year ending 31 December
- f. *Q*: quarter of the financial year
- g. *ROM*: run-of-mine (i.e. production from the primary orebody)
- h. *m*: million
- i. *Mt*: million tonnes
- j. *period*: the third quarter of FY 2024

ABOUT PETRADIAMONDS

Petra Diamonds is a leading independent diamond mining group and a supplier of gem quality rough diamonds to the international market. The Company's portfolio incorporates interests in three underground mines in South Africa (Cullinan Mine, Finsch and Koffiefontein) and one open pit mine in Tanzania (Williamson). The Koffiefontein mine is currently on care and maintenance in preparation for a possible sale following the execution of a definitive sales agreement as announced on 8 April 2024.

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 which supports the potential for long-life operations.

Petra strives to conduct all operations according to the highest ethical standards and only operates 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 loan notes due in 2026 are listed on the Irish Stock Exchange and admitted to trading on the Global Exchange Market. For more information, visit www.petradiamonds.com.

Corporate and financial summary as at 31 March 2024

	Unit	As at 31 March 2024	As at 31 December 2023	As at 30 September 2023	As at 30 June 2023
Cash at bank – (including restricted amounts) ¹	US\$m	37	75	74	62
• Petra Group (excl. Williamson)	US\$m	42	85	73	61
• Williamson	US\$m	(5)	(10)	1	1
Diamond debtors	US\$m	11	8	33	9
Diamond inventories ^{2,3}	US\$m	71	54	52	66
	Carats	671,989	483,142	479,430	715,222
2026 Loan Notes ⁴	US\$m	256	249	255	248
Bank loans and borrowings ⁵	US\$m	24	47	45	-
Consolidated Net Debt ⁶	US\$m	232	212	192	177
Bank facilities undrawn and available ⁵	US\$m	69	8	8	53

Note: The following exchange rates have been used for this announcement: average for 9MFY 2024 US\$1: ZAR18.75 (H1 FY2024: US\$1: ZAR18.69; FY 2023: US\$1: ZAR17.77; 3MFY 2024: US\$1: ZAR18.65); closing rate as at 31 March 2024 US\$1: ZAR18.92 (31 December 2023: US\$1: ZAR18.28; 30 June 2023: US\$1: ZAR18.83 and 30

Notes:

1. The Group's cash balances excluding Williamson comprise unrestricted balances of US\$24 million (31 December 2023: US\$67 million), and restricted balances of US\$18 million (31 December 2023: US\$19 million).
2. Recorded at the lower of cost and net realisable value.
3. Post period-end, the Company completed the balance of Tender 5 with the sale of 314,439 carats from Cullinan Mine and Finsch, yielding US\$32 million which will be recorded in Q4 FY 2024.
4. The 2026 Loan Notes, originally issued following the capital restructuring (the "Restructuring") completed during March 2021, have a carrying value of US\$256 million which represents the outstanding principal amount of US\$210 million (after the debt tender offers as announced in September and October 2022) plus US\$54 million of accrued interest and is stated net of unamortised transaction costs capitalised of US\$8 million.
5. Bank loans and borrowings represent the Group's upsized ZAR1.75 billion (US\$93 million) revolving credit facility. In December 2023, the Group announced that Absa Bank had approved an increase in the commitments under the Group's revolving credit facility by ZAR750 million, bringing the total commitments under the facility to ZAR1.75 billion (US\$93 million). This increase in the facility is now fully available following execution and completion of the associated amendment agreement on 15 February 2024. The amended facility's existing covenants, margin, fees, and maturity date remain unchanged. A total of ZAR450 million (US\$24 million) is currently drawn leaving a further balance of ZAR1.3 billion (US\$69 million) available for drawdown under the upsized facility.
6. Consolidated Net Debt is bank loans and borrowings plus loan notes, less cash and diamond debtors.

Mine-by-mine tables:**Cullinan Mine – South Africa**

	Unit	Three months				Nine months YTD		
		Q3 FY 2024	Q2 FY 2024	Var.	Q3 FY 2023	FY 2024	FY 2023	Var.
Sales								
Revenue	US\$m	32	46	-30%	48	129	151	-15%
Diamonds sold	Carats	233,460	345,867	-33%	310,300	1,098,689	979,027	+12%
Average price per carat	US\$	137	131	+4%	154	117	154	-24%
ROM Production								
Tonnes treated	Tonnes	1,164,009	1,078,409	+8%	1,025,056	3,379,853	3,256,249	+4%
Diamonds produced	Carats	319,490	331,349	-4%	322,724	969,100	1,019,657	-5%
Grade ¹	Cpht	27.4	30.7	-11%	31.5	28.7	31.3	-8%
Tailings Production								
Tonnes treated	Tonnes	75,100	96,235	-22%	110,431	262,343	250,182	+5%
Diamonds produced	Carats	22,227	36,018	-38%	60,009	102,863	115,010	-11%
Grade ¹	Cpht	29.6	37.4	-21%	54.3	39.2	46.0	-15%
Total Production								
Tonnes treated	Tonnes	1,239,109	1,174,644	+5%	1,134,487	3,642,196	3,506,431	+4%
Diamonds produced	Carats	341,717	367,367	-7%	382,732	1,071,963	1,134,667	-6%

Note 1: Petra 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	Three months				Nine months YTD		
		Q3 FY 2024	Q2 FY 2024	Var.	Q3 FY 2023	FY 2024	FY 2023	Var.
Sales								
Revenue	US\$m	16	28	-44%	19	83	74	+11%
Diamonds sold	Carats	152,984	298,889	-49%	152,924	827,088	614,041	+35%
Average price per carat	US\$	104	94	+10%	124	100	121	-17%
ROM Production								
Tonnes treated	Tonnes	470,706	635,872	-26%	629,211	1,650,718	1,724,765	-4%
Diamonds produced	Carats	242,543	276,842	-12%	270,396	779,249	764,763	+2%
Grade ¹	Cpht	51.5	43.5	+18%	43.0	47.2	44.3	+6%
Tailings Production								
Tonnes treated	Tonnes	-	-	-	-	-	47,502	-
Diamonds produced	Carats	-	-	-	-	-	9,562	-
Grade ¹	Cpht	-	-	-	-	-	13.8	-
Total Production								
Tonnes treated	Tonnes	470,706	635,872	-26%	629,211	1,650,718	1,772,267	-7%
Diamonds produced	Carats	242,543	276,842	-12%	270,396	779,249	771,325	+1%

Note 1: Petra 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.

Williamson – Tanzania

	Unit	Three months				Nine months YTD		
		Q3 FY 2024	Q2 FY 2024	Var.	Q3 FY 2023	FY 2024	FY 2023	Var.
Sales								
Revenue	US\$m	18	17	+8%	-	42	49	-14%
Diamonds sold	Carats	90,285	82,432	+10%	-	210,574	175,124	+20%

Average price per carat	US\$	198	201	-1%		200	280	-29%
ROM Production								
Tonnes treated	Tonnes	1,216,754	1,161,129	+5%	-	3,413,794	1,829,376	+87%
Diamonds produced	Carats	81,317	86,693	-6%	-	2241,905	140,516	+72%
Grade ¹	Cpht	6.7	7.5	-10%	-	7.1	7.7	-8%
Total Production								
Tonnes treated	Tonnes	1,216,754	1,161,129	+5%	-	3,413,794	1,829,376	+87%
Diamonds produced	Carats	81,317	86,693	-6%	-	241,905	140,516	+72%

FY 2024 Capital expenditure breakdown

US\$m	Q3 FY 2024			YTD Q3 FY 2024			FY 2023
	Extension	Stay-in-Business	Total	Extension	Stay-in-Business	Total	Total
Cullinan Mine	6	3	9	28	8	36	53
Finsch	3	1	4	14	5	19	43
Williamson	—	2	2	—	9	9	19
Total	9	6	15	42	22	64	115