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Petra Diamonds Limited
17 September 2018

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

Preliminary Results Announcement for the Year ended 30 June 2018 (unaudited)

Petra Diamonds Limited announces its preliminary results (unaudited) for the year ended 30 June 2018 ("the Year" or "FY 2018").

Note: Unless stated otherwise, the financial results in this announcement are adjusted to exclude the results of KEM JV, which has been reclassified as a discontinued operation for FY 2018 and FY 2017. An appendix has been included on page 25 to show operational results prior to its reclassification, for reference only.

Financial Highlights

- Revenue up 25% to US$495.3 million (FY 2017: US$394.8 million).
- Adjusted EBITDA[3] up 37% to US$195.4 million (FY 2017: US$142.6 million); adjusted EBITDA margin of 39% (FY 2017: 36%).
- Profit from mining activities up 33% to US$205.1 million (FY 2017: US$153.9 million).
- Previously reported Koffiefontein impairment charge of US$66 million.
- Total loss on discontinued operations relating to KEM JV of US$104.3 million (US$52.0 million impairment passed in H1 FY 2018, further impairments of US$40.7 million in H2 FY 2018, and a trading loss of US$11.6 million for the Year).
- Net loss after tax of US$203.1 million (FY 2017 net profit after tax: US$20.7 million), including KEM JV.
- Adjusted EPS[6] from continuing operations: 0.50 US$ cents per share (FY 2017: 5.50 US$ cents per share).
- Basic loss per share from continuing operations: 15.85 US$ cents per share, as a result of Koffiefontein impairment charges (FY 2017 basic profit per share from continuing operations: 3.14 US$ cents per share).
- Adjusted operating cashflow[13] up 7% to US$157.0 million (FY 2017: US$147.0 million), despite the negative impact of the blocked Williamson parcel and overdue VAT receivables in Tanzania.
- Net debt reduced to US$445.7 million (US$520.7 million net of diamond debtors of US$75.0 million) further to the receipt of Rights Issue net proceeds (30 June 2017: US$522.7 million (US$555.3 million net of diamond debtors of US$32.6 million)).
- Excluding the effect of cash inflow from the Rights Issue, net debt reduced to US$615.7 million at 30 June 2018 from a peak of US$644.7 million at 31 December 2017.
- Depreciation increased to US$128.0 million (FY 2017: US$63.3 million) due to the commissioning of new infrastructure, coupled with accelerated depreciation of US$25.2 million relating to old mining areas at Cullinan and Finsch and the old Cullinan plant.

Current Trading

- Total production of 718,635 carats for July and August; on track to achieve previously stated guidance of 3.8 - 4.0 Mcts for FY 2019 (excluding KEM JV).
- Grades recovered in FY 2019 to date are in line with expectations, with Cullinan recording a ROM grade of 40.6 cpht in the financial year to date.
- Previously reported turnaround at Koffiefontein being maintained, in line with FY 2019 targeted throughput.
- Sales of ca. US$78 million from the September tender, with prices down ca. 5% on a like-for-like basis, compared with H2 FY 2018, affected by seasonal weakness as in previous years. Cullinan average price in the lower end of historical price ranges. Six further tenders planned for FY 2019.
- Current ZAR:USD weakness is expected to have positive impact on ZAR cashflows.

Operational Highlights

- Safety: Group Lost Time Injury Frequency Rate ('LTIFR') improved to 0.23 (FY 2017: 0.27).
- Production excluding KEM JV up 19% to 3.8 Mcts (FY 2017: 3.2 Mcts); including KEM JV, up 15% to 4.6 Mcts (FY 2017: 4.0 Mcts).
- Operational Capex (excluding capitalised borrowing costs) of US$129.6 million (FY 2017: US$226.2 million), reflecting the declining trend due to the advanced stage of the Group's expansion programmes.
- In Rand terms, the Group achieved absolute on mine costs in line with expectations, however the strength of the Rand in FY 2018, as well as the effect of accelerated depreciation, has had a negative impact on US Dollar reported operating costs.

Corporate

- Net proceeds of ca. US$170 million raised via the Rights Issue; ca. US$107 million used to fully pay down outstanding drawn indebtedness with the South African Lending Group post Year end, whilst retaining both facilities.
- Binding Heads of Agreement reached post Year end with regards to the disposal of the Company's interest in the KEM JV to Petra's joint venture partner Ekapa Mining (Pty) Ltd ("Ekapa Mining").
- As noted in the FY 2018 Trading Update, the Nomination Committee is currently in year two of its three year succession plan and is continuing to review its Board, board committee and senior management structures. Good progress is being made with plans to make additional changes in FY 2019 in order to ensure the Company has the right mix of expertise and skills. New non-executive appointments are currently being confirmed with a view to making an announcement in this regard in October 2018.
- As part of the Nomination Committee Succession plan, a process to identify a successor for the CEO position has now commenced. In line with the Company's development from a phase of intensive capital expenditure and expansion to a focus on steady state operations, Johan Dippenaar will be stepping down from the role when an appointment has been made.
- No covenant measurement required for June 2018, further to the South African lender group agreeing to waive this covenant measurement period.

Outlook

- Focus on operational cost efficiencies; total FY 2019 absolute on-mine cash costs are expected to remain largely flat compared to FY 2018 costs in ZAR local currency.
- FY 2019 Capex (excluding capitalised borrowing costs) is guided at ca. US$93 million, continuing the declining trend since peak Capex was reached in FY 2016.
- The recent ZAR:USD weakness has provided favourable hedging opportunities and the Board is reviewing the potential to take a longer view and increase percentages of US Dollar denominated sales covered.
- Whilst noting the typical seasonal weakness experienced at the first tender of FY 2019, the Company expects prices to be broadly stable in FY 2019.

Johan Dippenaar, CEO, said:
"FY 2018 yielded good operational results, the highest on record to date, in spite of the challenges experienced in FY 2017 and H1 FY 2018, and this was underpinned by strong safety performance across the Group.

Learning from past challenges, the Group's focus is to regain investor confidence by the continued optimisation of operations, thereby delivering consistent production output with efficient operating and capital expenditure. Petra remains on track to generate free cash flow, enabling the Company to achieve a reduction in leverage to its target of two times or less consolidated net debt to consolidated EBITDA by the end of FY 2020."

Commenting on the Succession Plan announcements, Adonis Pouroulis, Chairman, said:
"Johan has led Petra through a long period of significant growth, taking the Company's annual production from approximately 175,000 carats in FY 2006 to 4.6 million carats in FY 2018, and establishing the Company as a leading independent diamond producer. As Petra now approaches the final stage of its expansion plans, it is positioned to reap the benefits and, in line with the Nomination Committee's Succession Plan, a successor for the CEO position will be appointed in due course. Johan will continue in the role of CEO until this time and will work closely with the Board to ensure an efficient handover. I would like to take this opportunity to express the Board's sincere gratitude for all that he has done for Petra.

We look forward to updating the market with new non-executive appointments in October."

Results Presentation, Webcast and Conference Call

Presentation:
A presentation for analysts will be held at 9:30am BST on 17 September 2018 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN.

Webcast:
A live webcast of the presentation will be available on Petra's website at www.petradiamonds.com and on: https://www.investis-live.com/petra-diamonds/5b88fe18a2d81c0a0082b43c/pdpr.
A recording will be available from 1:00pm BST on 17 September 2018 on the same link.

A conference call line will also be available to allow participants to listen to the webcast by dialling one of the following numbers shortly before 9:30am BST:

From the UK (toll free): 0808 237 0040
From South Africa (toll free): 0800 222 290
From the rest of the world: +44 20 3428 1542
Participant passcode: 72931911#

Conference Call
A conference call with management to cater for North American and other international investors will be held at 4:00pm BST on 17 September 2018. Participants are advised to view the results presentation webcast in advance of the call, as the full management commentary on the results will not be repeated.

From the United States (toll free): 1866 928 7517
From the rest of the world: +44 203 428 1542
From the UK (toll free): 0808 237 0040
Participant passcode: 72472759#

SUMMARY OF RESULTS (unaudited)

	Year ended 30 June 2018 ("FY 2018") US$ million	Restated[8] Year ended 30 June 2017 ("FY 2017") US$ million
Revenue	495.3	394.8
Adjusted mining and processing costs[1]	(291.4)	(242.6)
Other direct income	1.2	1.7
Profit from mining activity[2]	**205.1**	**153.9**
Exploration expense	(0.6)	(0.6)
Corporate overhead	(9.1)	(10.7)
Adjusted EBITDA[3]	**195.4**	**142.6**
Depreciation	(128.0)	(63.3)
Share-based expense	(0.6)	0.1
Net finance expense (excluding net unrealised foreign exchange gain and bond redemption premium and accretion of unamortised costs)	(59.6)	(22.7)
Tax expense (excluding taxation charge on reduction of unutilised Capex benefits)	(5.6)	(26.9)
Adjusted net profit after tax[4]	**1.6**	**29.8**
Impairment charge[5]	(66.0)	-
Net unrealised foreign exchange (loss) / gain	(26.2)	8.6
Taxation charge on reduction of unutilised Capex benefits	(8.2)	-
Bond redemption premium and acceleration of unamortised costs[7]	-	(22.3)
(Loss) / profit from continuing operations	(98.8)	16.1
(Loss) / profit on discontinued operations, net of tax[8]	(104.3)	4.6
Net (loss) / profit after tax	**(203.1)**	**20.7**
Earnings per share attributable to equity holders of the Company - US$ cents		
Basic (loss) / profit - from continuing and discontinued operations	**(31.29)**	**3.14**
Basic (loss) / profit per share - from continuing operations	**(15.85)**	**3.14**
Adjusted profit per share - from continuing operations[6]	**0.50**	**5.50**

	Unit	As at 30 June 2018 (US$ million)	As at 30 June 2017 (US$ million)
Cash at bank - (including restricted amounts)	US$m	236.0	203.7
Diamond debtors	US$m	75.0	32.6
Diamond inventories	US$m	54.0	42.3
Diamond inventories	Carats	529,054	493,296
US$650 million loan notes (issued April 2017)[9]	US$m	650.0	650.0
Bank loans and borrowings[10]	US$m	106.7	109.0
Net debt[11]	US$m	520.7	555.3
Bank facilities undrawn and available	US$m	2.6	5.6
Consolidated net debt for covenant measurement purposes[12]	US$m	531.6	618.5*
Consolidated net debt to consolidated EBITDA ratio	X	2.7	3.9*

Including KEM JV

The following exchange rates have been used for this announcement: average for the Year US$1:ZAR12.86 (30 June 2017: US$1: ZAR13.59); closing rate as at 30 June 2018 US$1:ZAR13.73 (30 June 2017 US$1:ZAR13.05).

***Notes*:**

The Group uses several non-GAAP measures above and throughout this report to focus on actual trading activity by removing certain non-cash or non-recurring items and discontinued operations. These measures include adjusted mining and processing costs, profit from mining activities, adjusted EBITDA, adjusted net profit after tax, adjusted earnings per share, adjusted US$ loan note and net debt. As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Group's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies. The Board believes that such alternative measures are useful as they exclude one-off items such as the impairment of mines and non-cash items to help portray a clearer understanding of the underlying trading performance of the Group.

1. *Adjusted mining and processing costs are mining and processing costs stated before depreciation and share-based expense.*
2. *Profit from mining activities is revenue less adjusted mining and processing costs plus other direct income.*
3. *Adjusted EBITDA is stated before depreciation, share-based expense, net finance expense (excluding net unrealised foreign exchange gain), tax expense (excluding taxation charge on unutilised Capex benefits), loss / profit on discontinued operation, impairment charge, net unrealised foreign exchange gains and losses, taxation charge on reduction of unutilised Capex benefits and bond redemption premium and acceleration of unamortised cost.*
4. *Adjusted net profit after tax is net profit after tax stated before loss / profit on discontinued operation, impairment charge, net unrealised foreign exchange gains and losses, taxation charge on reduction of unutilised Capex benefits and bond redemption and acceleration of unamortised costs.*
5. *Impairment charge of US$66.0 million is due to the Group's impairment review of the Koffiefontein operation. Refer to note 16 for further details.*
6. *Adjusted EPS from continuing operations is stated before the, impairment charge, net unrealised foreign exchange gains and losses, taxation charge on reduction of unutilised Capex benefits and bond redemption premium and acceleration of unamortised costs.*
7. *Bond redemption premium and acceleration of unamortised costs represent those costs incurred as a result of the early redemption of the US$300 million loan notes in April 2017.*
8. *The (loss) / profit on discontinued operation reflect the results of the KEM JV (net of tax), including impairment (FY 2017 results have been amended for comparability) as per the requirements of IFRS 5, refer to Note 17.*
9. *The US$ loan note represents the gross capital of US$650 million (30 June 2017: US$650 million), excluding transaction costs.*
10. *Subsequent to Year end, the Company repaid the RCF (capital plus interest) of US$73.1 million and WCF (capital plus interest) of US$33.6 million in full, however the facilities were not cancelled.*
11. *Net debt is the US$ loan notes and bank loans and borrowings net of cash at bank (including restricted cash).*

12. *Consolidated Net Debt is bank loans and borrowings plus loan notes, less cash, less diamond debtors and includes the BEE guarantees of ca. US$85.9 million (ZAR1,179 million) (FY2017: US$104.7 million (ZAR1,366)) issued by Petra to the lenders as part of the BEE financing concluded in December 2014.*
13. *Adjusted operating cashflow is cash generated from operations adjusted for the cash effect of the movement in diamond debtors.*

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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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 producing mine in Tanzania (Williamson). It announced in July 2018 the proposed disposal of its interest in the Kimberley Ekapa Mining JV in South Africa. It also maintains an exploration programme in Botswana and South Africa.

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. 290 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' and is a constituent of the FTSE4Good Index. For more information, visit www.petradiamonds.com.

CEO'S REVIEW
The number one priority of any business like ours is safety and this sits at the heart of everything we do. We are therefore greatly encouraged by the strong performance in this area over the Year, with the Group reporting an LTIFR of 0.23 (FY 2017: 0.27). Whilst this is a noteworthy achievement, reaching a zero-harm workplace remains our key priority and we strive towards this goal.

Based on production recorded in the first two months of FY 2019, the Group is on track to achieve its FY 2019 target of 3.8 - 4.0 Mcts (excluding KEM JV). Grades recovered to date are also in line with expectations, with Cullinan recording a ROM grade of 40.6 cpht in the first two months of the year.

Taking into account the operational delays we experienced in FY 2017, including bringing the new plant at Cullinan on stream and a slower than anticipated ramp up of the new Sub Level Cave ("SLC") at Finsch, coupled with the business challenges in H1 FY 2018, relating to strikes in South Africa (resolved after two weeks) and the parcel of ca. 72,000 carats from Williamson in Tanzania that remains blocked from export, we achieved solid operational results for the Year which is testament to the continued hard work of our team.

Excluding KEM JV, group production saw an increase of 19% to 3.8 Mcts and revenue grew by 25% to US$495.3 million. As a result of the increased revenue achieved, we recorded a 33% increase in profit from mining activities of US$205.1 million (FY 2017: US$153.9 million), which, coupled with a continued tight control on overheads, resulted in a healthy adjusted EBITDA margin of 39% (FY 2017: 36%). Optimisation of the new plant at Cullinan is ongoing and the recovered ROM grade achieved in Q4 FY 2018 demonstrated the progress being made, and was in line with guidance at 39 cpht.

Reflecting the advanced stages of the Group's expansion programmes, the growth in diamond production for the Year was driven by an increase in higher value carats from ROM operations, with the contribution from lower value diamonds from surface tailings operations decreasing as planned. ROM carats represented 95% of the overall production profile in FY 2018, increasing from 86% in the prior year.

In Rand terms, the Group achieved absolute on mine costs in line with expectations (excluding KEM JV, where expenditure relating to security and other measures associated with illegal mining activities inflated costs), however the strength of the Rand, as well as the effect of accelerated depreciation, has had a negative impact on US Dollar reported operating costs. Driving cost efficiencies across our asset portfolio will be a focus for the Company going forward.

Operational Capex (excluding capitalised interest) decreased 46% as a result of our reducing capital profile, and in line with budget, and we expect this trend to continue with ca. US$93 million of Capex in FY 2019 (excluding KEM JV and capitalised borrowing costs) and ca. US$72 million in FY 2020[1].

Taking into account the lower levels of capital expenditure going forward, Petra's future focus will be on the continued optimisation of operations and the generation of free cash flow. A key part of the Company's strategy going forward will be to drive operational efficiencies throughout the portfolio, with an emphasis on value-over-volume production.

Petra completed a Rights Issue in June 2018 to raise net proceeds of ca. US$170 million, in which all directors who are shareholders took up their full allocation of rights amounting to ca. 14.4 million shares. The Rights Issue enabled a reduction in leverage to 2.7x Consolidated Net Debt to Consolidated EBITDA at 30 June 2018 (30 June 2017 2017: 3.9x). The Board has set a target to further reduce this ratio to a more sustainable level of 2x or less by the end of FY 2020.

Another important element of the Company's strategy is the ongoing review of its assets to maximise return on capital. In H1 FY 2018, Koffiefontein and KEM JV were subject to impairments totalling a combined US$118.0 million, due to the fact that each of the operations has a high level of sensitivity to the strengthening of the Rand on the US Dollar operating costs, coupled with execution risk related to their remaining expansion targets, as well as lower than forecast pricing for KEM JV, as a result of a higher than anticipated proportion of smaller, low value goods, and revised lower pricing at Koffiefontein. In response to the unsatisfactory performance at these operations, a number of management interventions were implemented, including the relocation of key personnel to local management positions, as well as restructuring capital and operational costs.

We are pleased to note that Koffiefontein saw improvements towards the end of the Year, as a result of the commissioning of the new ground handling system in Q3 FY 2018; this improved operational delivery was also evident in the first two months of FY 2019. We believe that we have now put the right conditions in place for this mine to start making a positive contribution to the Group in the current financial year.

Shortly after Year end, we announced the proposed disposal of KEM JV, demonstrating the effective rationalisation of the Group's portfolio. The operation will be transferred to the sole ownership of Ekapa Mining, thereby ensuring its sustainable future, under the stewardship of an operator best suited to maximise its value.

We continue to review our Board, Board committees and senior management structures in line with the Company's development from a phase of intensive capital expenditure and expansion to a focus on steady state operations. As part of this process, Jacques Breytenbach was appointed as Finance Director during the Year. As previously announced, Jim Davidson retired from his position as Petra's Technical Director at the end of FY 2018. As per the Nomination Committee Succession plan, I will be stepping down from the Company but will be working closely with the Board to ensure a smooth transition and handover.

Turning to labour relations, whilst we saw a short period of disruption at the Company's South African mines (except for Cullinan) in September 2017, the new three year wage agreement agreed at the end of that month provided for a more stable environment going forward and the Group continues to enjoy good relations.

Petra makes a valuable economic contribution to the countries in which we operate and a vital part of this is to maintain supportive relationships and open communication with our host governments and regulators. Petra is in ongoing dialogue with the Government of Tanzania and local advisers in relation to recent legislative developments. In South Africa, a revised draft Mining Charter was published for public comments in June 2018 and the Company subsequently worked with the Minerals Council South Africa to provide submissions. We welcome ongoing engagement in relation to the finalisation of the Mining Charter in due course.

DIVIDEND

Distribution covenants were not met for the measurement period to 30 June 2018. Petra will not declare a dividend for FY 2018.

Returns to shareholders remain a priority for the Board and as the Company becomes increasingly cash generative, it intends to resume dividend payments. The decision as to whether to pay a dividend is reviewed by the Board regularly and the market will be updated on this when appropriate.

THE DIAMOND MARKET

The diamond market was stable throughout FY 2018, though subject to normal seasonal fluctuations in pricing, with Petra's prices on a like-for-like basis were up ca. 2% for the Year, compared to FY 2017. The market saw seasonal weakness in July to October 2017, with Petra prices on a like-for-like basis down approximately 5% before recovering approximately 1.5% in December 2017, and since increasing by approximately 5% in H2 FY 2018. Such fluctuations in part reflect the seasonal nature of the rough market, due to the fact that retailers are ready to restock after the festive selling season, which includes Thanksgiving in the U.S., Christmas, Chinese New Year and Valentine's Day, thereby serving to introduce fresh liquidity into the diamond pipeline and draw down inventory levels of polished diamonds.

The start of FY 2019 saw typical seasonal weakness during Petra's first tender of the year with prices down ca. 5% on a like-for-like basis, compared with H2 FY 2018, mainly due to softer prices in smaller size ranges. The Company expects the diamond market to be broadly stable during FY 2019. The Company will hold two more tenders during H1 FY 2019 and four tenders in H2 FY 2019, as usual.

An important factor in the long-term sustainability of our market is the Diamond Producers Association ("DPA"), of which Petra is a founder member and which aims to support consumer demand for diamonds. The DPA committed a significantly increased investment of US$70 million to generic marketing for 2018 to enabling the expansion of its efforts in the major US market, where it is focussing on female self-purchasing, as well as in India (where it launched in November 2017) and China (initiating in the summer of 2018). The DPA's media campaigns have shown a strong performance in terms of influencing consumer sentiment and a study published on the efficacy of the "Real is Rare" campaign noted the successful achievement of its objective to drive perceptions and affinity towards diamonds.

Global jewellery demand grew 2% in 2017 to reach US$82 billion, with the US once again showing the fastest growth in terms of consumer demand (+42% to US$43 billion), according to the De Beers Diamond Insight Report 2018.

On the supply side, global diamond output increased by 19% in 2017 to 150.9 Mcts (2016: 126.4 Mcts), however this still remains below the high of 177 Mcts in 2005, which is believed by many to represent world 'peak diamond' supply. The rise in production was driven by new mines coming into production (Renard and Gahcho Kue in Canada and Liqhobong in Lesotho), as well as increases from Russia, Botswana, South Africa, the DRC and Australia.

The world's largest diamond mines are maturing and past their peak production levels, particularly as some open pit producers have to transition to be underground operations. Furthermore, the success rate in diamond exploration is estimated to be less than 1% and there have been no significant finds this century and exploration expenditure has been cut worldwide. Therefore, despite the three new mines coming on stream in late 2016, they are not large enough to impact the overall constrained supply picture.

Petra sales and prices:
Petra experienced strong attendance at all of its sales throughout the Year, with steady demand generally across all assortments (sizes, colours and qualities). Carats sold by Petra increased 19% to ca. 3.8 Mcts, but revenue increased by 25% to US$495.3 million, due to the slightly better like-for-like pricing for the Year, as well as an improving average product mix due to the higher proportion of ROM versus tailings carats in comparison to FY 2017.

As announced in the FY 2018 Trading Update, following an assessment of the level of guidance provided by the Company, future price guidance has been removed. Petra will continue to report actual prices achieved accompanied by additional commentary as required to highlight any anomalies.

Mine	**Actual[3]** **US$/ct** **FY 2018**	**Actual[3]** **US$/ct** **FY 2017**
Finsch	108[1]	101
Cullinan	125[2]	120
Koffiefontein	525[1]	506
Williamson	270[3]	258

Notes:

1. *In line with expectations*
2. *Below historical annual averages (see below) due to lower incidence of higher value stones*
3. *Higher average value achieved due to higher incidence of high value stones*

Due to the variability in Cullinan's achieved prices, the following historical price information is provided, which is based on the sale of 7,883,301 carats over the nine year period FY 2010 to FY 2018 for an average of US$144 per carat:

- on an annual basis, a high of US$185 per carat and a low of US$120 per carat was achieved (FY 2018: US$125 per carat);
- on a half yearly basis, a high of US$247 per carat and a low of US$87 per carat was achieved (FY 2018: high of US$140 and low of US$118); and
- on a quarterly basis, a high of US$293 per carat and a low of US$63 per carat was achieved (FY 2018: high of US$157 and low of US$97).

FINANCIAL REVIEW

Revenue
Revenue increased 25% to US$495.3 million (FY 2017: US$394.8 million), due to the number of carats sold for the Year increasing 19% to 3,793,799 carats (FY 2017: 3,184,893 carats) and an improving average product mix due to the higher proportion of ROM versus tailings carats.

Diamond inventory as at 30 June 2018 was 529,054 carats / US$54.0 million (FY 2017: 493,296 carats / US$42.3 million).

Mining and processing costs
The mining and processing costs for the Year are comprised of on-mine cash costs as well as other operational expenses. A breakdown of the total mining and processing costs for the Year is set out below.

	On-mine cash costs[1]	Diamond royalties	Diamond inventory and stockpile movement	Group technical, support and marketing costs[2]	Adjusted mining and processing costs	Depreciation[3]	Share based expense	Total mining and processing costs (IFRS)
	US$m	US$m	US$m	US$m	US$m	US$m	US$m	US$m

FY 2018	261.4	14.2	(9.5)	25.3	291.4	127.2	-	418.6
FY 2017	218.4	4.6	(1.7)	21.3	242.6	62.3	0.1	305.1

Notes:

1. *Includes all direct cash operating expenditure at operational level, i.e. labour, contractors, consumables, utilities and on-mine overheads.*
2. *Certain technical, support and marketing activities are conducted on a centralised basis.*
3. *Excludes exploration and corporate / administration.*

Absolute on-mine cash costs in FY 2018 remained in line with expectations, despite ongoing inflationary pressures. On-mine cash costs increased by 20% compared to FY 2017, mainly due to:

- increase in production / volumes treated (8% increase);
- inflationary increases, including the impact of electricity and labour costs (7% increase); and
- the effect of translating ZAR denominated costs at the South African operations at a stronger ZAR/USD exchange rate (5% increase).

Profit from mining activities

Profit from mining activities increased 33% to US$205.1 million (FY 2017: US$153.9 million), due to the increase in revenue and other direct income, partially offset by a 20% increase in costs.

Corporate overhead - General and Administration

Corporate overhead (before depreciation and share based payments) decreased to US$9.1 million for the Year (FY 2017: US$10.7 million).

Adjusted EBITDA

Adjusted EBITDA, being profit from mining activities less exploration and corporate overhead, increased by 37% to US$195.4 million (FY 2017: US$142.6 million), representing an adjusted EBITDA margin of 39% (FY 2017: 36%) driven by an improved product mix.

Depreciation

Depreciation for the Year increased to US$128.0 million (FY 2017: US$63.3 million), mainly due to:

- the commencement of depreciation relating to newly commissioned assets associated with the expansion programmes;
- accelerated depreciation of US$25.2 million associated with the old Cullinan plant and older mining areas at Finsch and Cullinan no longer in the mining plan (most notably Finsch's South West Precursor above 63L), as noted in the Company's trading update and guidance in July 2018; and
- the strengthening of the Rand during the Year.

Historical depreciation (FY 2009 to FY 2018) amounted to ca. US$473 million. Depreciation for FY 2019 expected to be ca. US$90 million.

Impairment charge

As a result of the impairment review carried out at Koffiefontein during the Year, the Board recognised an overall impairment charge of US$66.0 million (FY 2017: US$nil million). Further details are provided in Note 16.

Loss on discontinued operations - KEM JV

The loss on discontinued operations of US$104.3 million relates to the reclassification of KEM JV as a discontinued operation following a decision by the Board to sell the KEM JV at 30 June 2018 and subsequent binding offer from its joint venture partner Ekapa Mining, to purchase the operation from the Company and its BEE partners, and consists of:

- an impairment charge attributable to property, plant and equipment and trade receivables of US$92.7 million comprising:
  - US$52.0 million impairment charge recognised during H1 FY 2018;
  - US$40.7 million impairment charge recognised during H2 FY 2018;
    - US$4.2m impairment of property, plant and equipment in relation to the Bultfontein assets damaged as a result of the mud rush in May 2018;
    - US$36.5 million (net of anticipated proceeds receivable from the offer to purchase of US$18.6 million) impairment in respect of property, plant and equipment and certain receivables.

- a US$11.6 million charge attributable to KEM JV's net loss for the period 1 July 2017 to 30 June 2018. For comparative purposes, the prior period results for KEM JV have been restated, which show a profit after tax of US$4.6 million. Refer to note 17 for the detailed breakdown.

Net financial expense

Net financial expense of US$85.8 million (FY 2017: US$36.4 million) comprises:

- interest received on bank deposits of US$3.5 million (FY 2017: US$1.7 million); and
- net realised foreign exchange gains on settlement of forward exchange contracts of US$0.9 million (FY 2017: US$nil million);

offset by:

- interest on the Group's debt and working capital facilities of US$47.5 million (FY 2017: US$3.9 million) (stated after the capitalisation of interest of US$15.2 million (FY 2017: US$44.1 million) associated with the funding of assets under development); the year on year increase is as a result of expansion programmes transitioning to production phases;
- net interest payable on the BEE partners' loans of US$12.4 million (FY 2017: US$12.8 million);
- net realised foreign exchange losses of US$nil million (FY 2017: US$3.9 million) on the settlement of forward exchange contracts;
- net unrealised foreign exchange losses of US$26.2 million (FY 2017: US$8.6 million gain) representing (i) the unrealised foreign exchange gains on the foreign currency retranslation of cross border loans considered to be

repayable in the foreseeable future, (ii) unrealised losses on forward exchange contracts and (iii) unrealised foreign exchange losses on Rights Issue proceeds (refer to note 6 for further detail);

- a charge for the unwinding of the present value adjustment for Group rehabilitation costs of US$4.1 million (FY 2017: US$3.8 million); and
- non-recurring costs of US$nil million (FY 2017: US$22.3 million associated with the refinancing and early redemption of the US$300 million loan notes, comprising acceleration of unamortised costs (US$7.3 million previously capitalised) and early redemption premium of US$15.0 million to settle the US$300 million loan notes).

Tax charge

The tax charge of US$13.8 million (FY 2017: US$26.9 million), comprised deferred tax of US$3.3 million (FY 2017: US$24.6 million), and an income tax charge of US$10.5 million (FY 2017: US$1.2 million credit), including the one-off settlement with the South African Revenue Service ("SARS") on the right to claim a deduction on unutilised capital allowances (US$8.2 million), resulted in an increase of US$5.2 million in the Group's deferred tax liabilities and an additional US$3.1 million in current taxation payable.

The current period effective tax rate is higher than the South Africa tax rate of 28% (the Group's primary tax paying jurisdiction) predominantly due to:

- the one-off settlement to SARS as detailed above;
- permanent difference as a result of the Koffiefontein impairment charge;
- loss making companies where deferred tax assets are not recognised; and
- loss making companies within the Group based in tax jurisdictions with a 0% tax rate (which, when consolidated, reduces the Group's overall net profit resulting in an increased effective tax rate).

The tax charge for FY 2018 arises due to deferred tax (net of charges and credits), reflecting principally the utilisation of certain capital allowances, predominantly at Cullinan and Finsch during the Year, and South African current taxation payable at Finsch.

Group loss / profit

The Group's net loss after tax is US$203.1 million (FY 2017 net profit: US$20.7 million).

Earnings per share

Adjusted basic earnings per share from continuing operations (adjusted for the Koffiefontein impairment charge, net unrealised foreign exchange gains and losses, taxation charge on reduction of unutilised Capex benefits, bond redemption premium and acceleration of unamortised costs and loss on discontinued operations) of 0.50 US$ cents was recorded (FY 2017: 5.50 US$ cents).

Basic loss per share from continuing operations of 15.85 US$ cents was recorded (FY 2017 basic earnings per share: 3.14 US$ cents).

Adjusted operating cashflow

Adjusted operating cashflow for the Year increased 7% to US$157.0 million (FY 2017: US$ 147.0 million), in line with the increase in Adjusted EBITDA and the outflow from net working capital changes (excluding the cash effect of the movement of diamond debtors) of US$39.0 million (FY 2017: US$19.0 million outflow), impacted by issues in Tanzania (as noted above).

Cash and Diamond Debtors

As at 30 June 2018, Petra had cash at bank of US$236.0 million (30 June 2017: US$203.7 million). Of these cash balances, US$221.6 million was held as unrestricted cash (30 June 2017: US$190.2 million), US$13.6 million was held by Petra's reinsurers as security deposits on the Group's cell captive insurance structure (with regards to the Group's environmental guarantees) (30 June 2017: US$12.6 million) and US$0.8 million was held by Petra's bankers as security for other environmental rehabilitation bonds lodged with the Department of Mineral Resources in South Africa (30 June 2017: US$0.9 million).

Diamond debtors at 30 June 2018 were US$75.0 million (30 June 2017: US$32.6 million). These related to the June 2018 tenders which closed at the very end of the financial Year and were settled shortly after Year end.

Loans and Borrowings

The Group had loans and borrowings (measured under IFRS) at Year end of US$754.8 million (30 June 2017: US$757.1 million), comprised of the loan notes plus accrued interest of US$648.1 million (30 June 2017: US$648.1 million) and bank loans and borrowings of US$106.7 million (30 June 2017: US$109.0 million). At 30 June 2018, the Group had debt facilities undrawn and available to the Group of US$2.6 million (30 June 2017: US$5.6 million), in addition to cash at bank of US$236.0 million. In accordance with one of the core objectives of the Rights Issue, the Company fully paid down outstanding drawn indebtedness with its South African Lending Group post Year end, following receipt of the Rights Issue proceeds, however the facilities remain available.

Covenant Measurements attached to banking facilities

The Group has a number of covenants related to its banking facilities, which can be found on Petra's website at: www.petradiamonds.com/investors/fixed-income-investors/banking-covenants/.

Covenant ratios are measured bi-annually on a rolling 12 month period to 30 June and 31 December respectively, with the formal measurement taking place three months after the period end. In the Company's Rights Issue launch announcement on 24 May 2018, it announced that no covenant measurement will be taken for June 2018, further to the South African lender group agreeing to waive this covenant measurement period following the completion of the Rights Issue. The Company has since been engaging with the South African lender group in order to simplify the financing agreements with regards to covenants and BEE partner debt.

The Group closely monitors and manages its liquidity risk, and cash forecasts are regularly produced and run for different scenarios, indicating that the Group has sufficient cash reserves, without the need to utilise available banking facilities, to meet its working capital and capital development requirements under its forecasts including sensitivities.

The Company expects to be compliant with its financial covenants going forward, but the situation remains sensitive to changes in diamond prices, exchange rates and expected production from the Group's mines, including total carats and mix.

BEE loans receivable and payable

BEE loans receivable of US$64.7 million (FY 2017: US$35.0 million) relate to the acquisition and financing of the Koffiefontein and KEM JV mines by Petra on behalf of its BEE partners, advances provided to the BEE partners to enable the BEE partners to discharge interest and capital commitments under the BEE Lender facilities and other advances to the BEE partners which have enabled IPDET to make distributions to their beneficiaries. During the Year, the Group advanced US$31.0 million (FY 2017: US$9.2 million) to facilitate the servicing of loan repayments (capital plus interest) by the BEE partners and distributions by the BEE partners to the beneficiaries.

The BEE loans payable of US$110.5 million (FY 2017: US$99.5 million) relate to the initial acquisition loan funding advanced by the Group's BEE partners to the operations to acquire their investments in Finsch and Cullinan. The repayment of these loans by the mines to the BEE partners will be from future free cashflows generated by the mining operations.

Refer to note 12 for further detail on BEE loans receivable and payable.

Other Liabilities

Other than trade and other payables of US$130.8 million (comprising US$34.9 million trade creditors, US$15.5 million employee related accruals and US$80.4 million other payables) (FY 2017: US$136.7 million), the remaining liabilities on the balance sheet mainly comprise provisions for rehabilitation liabilities, post retirement employee related provisions and deferred tax.

Capex

Total Group Capex for the Year was US$145.5 million (FY 2017: US$271.7 million), further to peak Capex being reached in FY 2016, comprising:

- US$110.7 million expansion Capex (FY 2017: US$206.4 million);
- US$18.9 million sustaining Capex (FY 2016: US$19.8 million);
- US$15.2 million capitalised borrowing costs with regards to the expansion Capex (FY 2017: US$44.1 million); and
- Corporate / exploration Capex of US$0.7 million (FY 2017: US$1.4 million).

Capex	**Unit**	**FY 2018**	**FY 2017**
Finsch	US$M	54.0	85.6
Cullinan	US$M	73.9	151.2
Koffiefontein	US$M	12.3	18.8
Williamson	US$M	4.6	15.0
Subtotal - Capex incurred by operations	US$M	144.8	270.6
Petra internal projects division - Capex under construction / invoiced to operations[1]	US$M	-	(0.3)
Total Operational Capex	US$M	144.8	270.3
Corporate / exploration	US$M	0.7	1.4
Total Group Capex[2]	US$M	**145.5**	**271.7**

Notes:

1. *The Group (Petra internal projects division and Other Corporate) incurs capital spend on behalf of the operations and although this spend is reported in the Group's total Capex, it is policy not to account for it on a specific mine's Capex until the work completed is invoiced to the relevant operation.*
2. *Capex for the Year includes US$15.2 million (FY 2017: US$44.1 million) capitalised borrowing costs, which is also included in the applicable mine-by-mine tables below.*
3. *Petra's annual Capex guidance is cash-based and excludes capitalised borrowing costs. Given that the majority of Petra's expansion and development programmes are primarily complete, Petra's guidance is to assume that the majority of interest and financing fees will be expensed through the income statement from FY 2019.*

OPERATIONAL REVIEW

Combined operations (Excluding KEM JV)

	Unit	FY 2018	FY 2017	Variance
<u>**Sales**</u>				
Diamonds sold	Carats	3,793,799	3,184,893	+19%
Revenue	**US$M**	**495.3**	**394.8**	**+25%**
<u>**Production**</u>				
ROM tonnes	Mt	12.1	9.4	+29%
Tailings & other tonnes	Mt	1.6	2.6	-39%
Total tonnes treated	**Mt**	**13.7**	**12.0**	**+14%**
ROM diamonds	Carats	3,649,704	2,761,464	+32%
Tailings & other[2] diamonds	Carats	186,132	451,315	-59%
Total diamonds	**Carats**	**3,835,836**	**3,212,779**	**+19%**
On mine cash costs	**US$M**	**261.4**	**218.4**	**+20%**
<u>**Capex**</u>				
Expansion	US$M	110.7	206.4	-47%
Sustaining	US$M	18.9	19.8	-5%
Borrowing Costs Capitalised	US$M	15.2	44.1	-65%
Total operational capex	**US$M**	**144.8**	**270.3**	**-47%**

FY 2018 diamond production excluding KEM JV increased 19% to 3.8 Mcts (FY 2017: 3.2 Mcts). Including KEM JV, production increased 15% to 4.6 Mcts, (FY 2017: 4.0 Mcts) in line with revised guidance, of 4.6 - 4.7 Mcts, and representing record levels for the Group. The increase was due the underground expansion programmes continuing to ramp up and the resultant higher contribution of undiluted ore from the new mining areas, together with the ongoing ramp-up of the new Cullinan plant.

The commentary below mainly relates to operational results for the Year and a brief overview of the outlook. Further detailed operational guidance, as published on 23 July 2018, is available on the Company's website at: https://www.petradiamonds.com/investors/analysts/analyst-guidance/. Guidance for FY 2019 remains as published, including cost guidance.

Finsch - South Africa

	Unit	FY 2018	FY 2017	Variance
<u>**Sales**</u>				
Revenue	US$M	231.9	216.7	+7%
Diamonds sold	Carats	2,152,786	2,141,885	+1%
Average price per carat	US$	108	101	+7%
<u>**ROM Production**</u>				
Tonnes treated	Tonnes	3,084,395	3,212,169	-4%
Diamonds produced	Carats	1,926,467	1,818,454	+6%
Grade[1]	Cpht	62.5	56.6	+10%
<u>**Tailings Production**</u>				

Tonnes treated	Tonnes	794,973	1,651,089	-52%
Diamonds produced	Carats	147,010	331,442	-56%
Grade¹	Cpht	18.5	20.1	-8%
Total Production				
Tonnes treated	Tonnes	3,879,368	4,863,258	-20%
Diamonds produced	Carats	2,073,477	2,149,896	-4%
Costs				
On-mine cash cost per tonne treated	ZAR	329	253	+30%
Capex				
Expansion Capex	US$M	42.3	58.4	-28%
Sustaining Capex	US$M	7.7	9.1	-15%
Borrowing Costs Capitalised	US$M	4.0	18.1	-78%
Total Capex	US$M	54.0	85.6	-37%

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.*

ROM production increased 6% to 1,926,467 carats (FY 2017: 1,818,454 carats) driven by a higher average ROM grade of 62.5 cpht (FY 2017: 56.6 cpht), positively impacted by the treatment of higher-grade surface ROM material, coupled with the increase in undiluted tonnes from the new Block 5 SLC.

This partially offset the underperformance of ROM tonnage throughput due to lower tonnes from the South West Precursor ancillary orebody ("SW Precursor"), where production was curtailed further to intermittent caving leading to safety concerns around the stability of the ground conditions in the vicinity of the mining area. This has necessitated continual reassessment of the manner in which the SW Precursor orebody can be accessed, as described further below.

Overall production decreased 4% to 2,073,477 carats (FY 2017: 2,149,896 carats), with the increase in ROM production being offset by the planned reduction in tailings production, which decreased to 147,010 carats (FY 2017: 331,442 carats). Block 5 SLC ramped up further and delivered ca. 1.65 Mt in FY 2018 compared to 0.75 Mt in FY 2017.

Revenue increased by 7% to US$231.9 million (FY 2017: US$216.7 million) mainly due to the greater weighting of higher value ROM carats (as opposed to lower value tailings carats) in the overall production profile and the resultant 7% improvement in the average value per carat to US$108 (FY 2017: US$101).

Costs:
The on-mine cash unit cost of ZAR329/t, an increase of 30% from FY 2017 (ZAR 253/t), but lower than guidance mainly due to the planned reduction of treatment of lower cost tailings tonnes and an increase in drilling and blasting activities associated with SLC mining.

As the mine transitions from a capital-intensive expansion phase into a steady state production phase, the right sizing and streamlining of the cost structure at Finsch will be a priority focus in FY 2019.

Capex:
FY 2018 Expansion Capex of US$42.3 million was mainly spent on underground development and infrastructure relating to the Block 5 SLC.

Development Plan:
Petra's development plan at Finsch is due to increase higher value ROM throughput from 3.1 Mt in FY 2018 to 3.2 Mt in FY 2019. The Company will continue to assess plans to achieve its longer term throughput target of 3.5 Mtpa at Finsch by investigating options to safely reintroduce the SW Precursor from 73 Level or increasing throughput rates from the Block 5 SLC. FY 2019 planned tonnage from the SLC is ca. 2.7 Mt, with the remaining tonnes to be sourced from the ROM overburden dumps.

The SW Precursor is a smaller ancillary orebody (ca. 1.2 ha in size, compared to the main orebody of ca. 4.7 ha), which contains ca. 3 Mt of ore above 63 Level and another ca. 3 Mt between 63 Level and 73 Level. The relatively small size and its proximity to the main pipe affects the ability to induce continuous caving and the stability of the rim tunnel.

Finsch's ROM grade of 62.5 cpht in FY 2018 was higher than guidance primarily due to the contribution of high grade surface overburden dumps. The ROM grade is expected to reduce to within the guidance range of 56 - 59 cpht for FY 2019, mainly due to the depletion of these high grade overburden dumps from FY 2019, although partially offset by the increased ramp up of the Block 5 SLC.

Limited tailings production of ca. 200,000 tonnes is planned for FY 2019, which includes mostly remnants from the higher grade pre-79 tailings. While tailings production post FY 2019 does not form part of the current mine plan, lower grade post-79 tailings material remains available to supplement the underground operations in the future.

Mining is currently ramping up in the new Block 5 SLC over four levels from 70 Level to 78 Level and this is expected to deliver ca. 2.7 Mt in FY 2019.

Cullinan - South Africa

	Unit	FY 2018	FY 2017	Variance
Sales				
Revenue	US$M	167.0	91.3	+83%
Diamonds sold	Carats	1,335,669	760,957	+76%
Average price per carat	US$	125	120	+4%
ROM Production				
Tonnes treated	Tonnes	3,741,086	1,882,911	+99%
Diamonds produced	Carats	1,342,020	679,622	+97%
Grade[1]	Cpht	35.9	36.1	-1%
Tailings Production				
Tonnes treated	Tonnes	412,749	506,176	-18%
Diamonds produced	Carats	26,700	106,887	-75%
Grade[1]	Cpht	6.5	21.1	-69%
Total Production				
Tonnes treated	Tonnes	4,153,835	2,389,087	+74%
Diamonds produced	Carats	1,368,720	786,509	+74%
Costs				
On-mine cash cost per tonne treated	ZAR	239	316	-24%
Capex				
Expansion Capex	US$M	56.2	120.9	-54%
Sustaining Capex	US$M	6.5	4.3	+51%
Borrowing Costs Capitalised	US$M	11.2	26.0	-57%
Total Capex	US$M	73.9	151.2	-51%

Notes:

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.*

Cullinan's production increased 74% to 1,368,720 carats (FY 2017: 786,509 carats) mainly due to a 97% increase in ROM carat production as the new C-Cut Phase 1 block cave continued to ramp up and the new plant operated at planned throughput rates. Production from the undiluted C-Cut mining areas (including CC1E) increased to ca. 2.46 Mt in FY 2018 (FY 2017: ca. 1.2 Mt).

Plant optimisation is ongoing, with the recovered ROM grade improving from ca. 33 cpht achieved in H1 FY 2018 to 37.8 cpht for H2 FY 2018, with Q4 FY 2018 yielding a grade of 39.3 cpht, in line with revised guidance of 37 - 42 cpht for H2. A total of 0.4 Mt of tailings were treated with an average grade of 6.5 cpht.

Cullinan's revenue increased by 83% to US$167.0 million for the Year (FY 2017: US$91.3 million), due to higher sales volumes following the commissioning of the new plant coupled with an increase in underground tonnes mined.

Costs:
The on-mine unit cash cost per total tonne treated was ZAR239/t, a decrease of 24% from FY 2017 (ZAR316/t), mainly due to the increase in total tonnes treated as a result of the new plant being fully commissioned in FY 2018.

Capex:
FY 2018 Expansion Capex of US$56.2 million was mainly spent on the C-Cut Phase 1, CC1E and finalisation of the new plant. FY 2019 expansion capex for Cullinan is guided at ca. US$45 million, primarily relating to the installations of the final C-Cut Phase 1 drawpoints and the shaft / plant interface.

Development Plan:
1.0 Mt ROM were hoisted and treated in Q4 FY 2018, which demonstrates the strong progress and capability of the Cullinan operations. However, the Company is guiding for a range of 3.7 - 4.0 Mt to be treated during FY 2019, due to the continued ramp-up of C-Cut Phase 1, the depletion of the old B Block mining areas and the switch-over period required for the implementation of the new shaft / plant interface, which is scheduled to be completed by Q3 FY 2019. This will aid in alleviating constraints with the link between the underground hoisting system and the plant.

The C-Cut Phase 1 project is planned to contribute ca. 3 Mt for FY 2019. A further 0.7 - 1.0 Mt will be sourced predominantly from the CC1E mining area, as well as from other B Block tonnes. Steady state production of 4.0 Mtpa will be delivered from C-Cut Phase 1 and CC1E from FY 2020 onwards.

The ROM grade at Cullinan is expected to remain in the 38 - 42 cpht range from FY 2019 onwards. Tailings production is planned at ca. 1.5 - 1.7 Mt yielding 6 - 7 cpht, whilst the plant optimisation (total throughput in relation to mill settings and recirculating load) is ongoing. Longer term steady state tailings production is expected to be ca. 2 Mtpa, yielding 6 - 7 cpht.

Cullinan contains a 'Tier 1' diamond resource of 190.3 Mcts (including 17.3 Mcts in tailings) and the Company will on an ongoing basis investigate the optimal plan to utilise the full extent of the large Cullinan orebody (ca. 16 ha at current production depths).

Koffiefontein - South Africa

	Unit	FY 2018	FY 2017	Variance
Sales				
Revenue	US$M	27.2	28.4	-4%
Diamonds sold	Carats	51,936	56,068	-7%
Average price per carat	US$	525	506	+4%
ROM Production				
Tonnes treated	Tonnes	649,259	667,821	-3%
Diamonds produced	Carats	52,537	51,173	+3%
Grade	Cpht	8.1	7.7	+6%
Total Production				
Tonnes treated	Tonnes	649,259	667,821	-3%
Diamonds produced	Carats	52,537	51,173	+3%
Costs				
On-mine cash cost per tonne treated	ZAR	596	532	+12%

Capex				
Expansion Capex	US$M	9.6	13.3	-28%
Sustaining Capex	US$M	2.7	5.5	-51%
Total Capex	US$M	12.3	18.8	-35%

ROM production at Koffiefontein increased 3% to 52,537 carats (FY 2017: 51,173 carats) further to the commissioning of the new ground handling system during Q3 FY 2018, which enabled the subsequent ramp up of tonnages in Q4 and allowed the mine to reach its revised guidance of ca. 0.65 - 0.7 Mt for FY 2018.

During May and June 2018, ca. 187,000 tonnes were hoisted, in line with the mine's FY 2019 annualised targeted throughput of 1.0 Mtpa. Tonnages achieved in the first two months of FY 2019 were also in line with this target.

Revenue decreased 4% to US$27.2 million (FY 2017: US$28.4 million) for the Year due to lower production and sales volumes.

Costs:
The on-mine cash unit cost of ZAR596/t, an increase of 12% from FY 2017 (ZAR 532/t), mainly due to a reduction in the treatment of ROM tonnes and the effect of a high fixed cost base associated with mining operations.

Capex:
Capex of US$12.3 million mainly relate to the SLC project. FY 2019 expansion capex is guided at ca. US$5 million, primarily relating to blue (kimberlite) tunnel development in the SLC.

Development Plan:
Petra's current mine plan has a life to 2031, but the residual resources at the mine indicate that the actual LOM could be in excess of 20 years.

Koffiefontein's expansion programme entails the development of an SLC from 560mL to 600mL, before putting in place a new block cave at approximately 720mL. However, the Company's ongoing review of its future capital requirements may result in a continuation of the SLC to deeper levels, in preference to the installation of the block cave currently included in the Company's mine plan. The SLC is expected to maintain the throughput rates achieved in May and June 2018 and deliver ROM throughput of ca. 1.0 Mtpa at an average grade of 7.5 - 8.0 cpht for FY 2019.

Williamson - Tanzania

	Unit	FY 2018	FY 2017	Variance
Sales				
Revenue	US$M	68.5	58.4	+17%
Diamonds sold	Carats	253,524[1]	226,110	+12%
Average price per carat	US$	270	258	+5%
ROM Production				
Tonnes treated	Tonnes	4,659,563	3,667,781	+27%
Diamonds produced	Carats	328,681	212,215	+55%
Grade	Cpht	7.0	5.8	+22%
Alluvial Production				
Tonnes treated	Tonnes	385,721	403,811	-4%
Diamonds produced	Carats	12,421	12,987	-4%
Grade	Cpht	3.2	3.2	-
Total Production				

Tonnes treated	Tonnes	5,045,284	4,071,592	+24%
Diamonds produced	Carats	341,102	225,202	+51%
Costs				
On-mine cash cost per tonne treated	US$	10.7	11.6	-8%
Capex				
Expansion Capex	US$M	2.6	14.1	-82%
Sustaining Capex	US$M	2.0	0.9	+122%
Total Capex	US$M	4.6	15.0	-69%

Note:

1. *Negatively impacted by the 71,654 carat parcel blocked for export.*

The mine performed well operationally with production up 51% to 341,102 carats (FY 2017: 225,202 carats), being the highest level of production achieved by the mine in over 40 years. This is despite operations being negatively impacted by liquidity constraints due to the parcel of 71,654.45 carats that remains blocked for export and the overdue VAT receivables with a carrying value of ca. US$20.3 million.

Revenue increased 17% to US$68.5 million (FY 2017: US$58.4 million) due to higher production and sales.

Costs:
The on-mine cash cost of US$10.7/t (FY 2017: US$11.6/t), reduced by 8%, mainly due to the increase in volumes treated having a positive impact due to the high fixed cost base associated with mining operations.

Capex:
FY 2018 capex of US$4.6 million mainly related to waste stripping and the construction of the slimes dam. Total capex is guided at US$5 million for FY 2019, primarily related to waste stripping. This level of capex is funded from the mine's own cashflow and could be adjusted when issues relating to the blocked parcel and VAT are resolved.

Development Plan:
ROM throughput is planned at ca. 4.7 Mt at a grade of ca. 6.75 - 7 cpht for FY 2019, supplemented by alluvial production of ca. 0.4 Mt at a grade of ca. 2.5 cpht.

KEM JV - South Africa *(all figures reflect Petra's 75.9% attributable share)*

A binding Heads of Agreement was reached post Year end with regards to the disposal of the Company's interest in the KEM JV to the Company's joint venture partner Ekapa Mining for ca. ZAR300 million (ca. US$18.6 million), receivable in instalments from January 2019 to December 2020.

	Unit	**FY 2018[1]**	**FY 2017**	**Variance**
Sales				
Revenue	US$M	81.6	82.3	-1%
Diamonds sold	Carats	756,493	821,963	-8%
Average price per carat	US$	108	100	+8%
ROM Production				
Tonnes treated	Tonnes	768,776	597,025	+29%
Diamonds produced	Carats	82,246	87,783	-6%
Grade	Cpht	10.7	14.7	-27%

Tailings Production				
Tonnes treated	Tonnes	6,050,991	6,153,657	-2%
Diamonds produced	Carats	693,399	712,651	-3%
Grade	Cpht	11.5	11.6	-1%
Total Production				
Tonnes treated	Tonnes	6,819,767	6,750,682	+1%
Diamonds produced	Carats	775,645	800,434	-3%
Costs				
On-mine cash cost per tonne treated	ZAR	153	133	+15%
Capex				
Expansion Capex	US$M	10.1	23.9	-58%
Sustaining Capex	US$M	3.7	4.5	-18%
Total Capex	US$M	13.8	28.4	-51%

Notes:

1. *Data represent Petra's 75.9% attributable share (including both ROM production from Kimberley Underground and Tailings production).*

Petra's attributable production decreased 3% to 775,645 carats for the Year (FY 2017: 800,434 carats), with ROM production decreasing 6% to 82,246 carats (FY 2017: 87,783 carats). This was below guidance due to a combination of factors including the labour disruption experienced in Q1 FY 2018, project delays and the mud rush incident at Bultfontein which has led to the early closure of this underground mining area.

Tailings production decreased 3% to 693,399 carats (FY 2017: 712,651 carats) further to the severe rain storms during Q3 FY 2018 restricting access to higher grade dumps.

Revenue saw a very slight decrease, of 1% to US$81.6 million (FY 2017: US$82.3 million) as a decrease in sales was offset by an 8% increase in the average price per carat to US$108 (FY 2017: US$100).

Costs:
The on-mine cash unit cost increased 15% to ZAR153/t (FY 2016: ZAR133/t), higher than expected due to additional security and other costs associated with illegal mining activities which effected certain of KEM JV's surface operations.

Capex:
Capex of US$13.8 million was in line with guidance.

EXPLORATION

As Petra continued to focus on the ramp up of its development programmes at its producing operations, only limited budget was committed to exploration in FY 2018 of US$0.6 million (this was also the case in FY 2017, with US$0.6 million spent). All exploration programmes are currently under review.

SAFETY

Petra's overriding concern is the health and safety of both its employees and contractors and the Company is committed to achieving a zero harm work environment. Petra aims to have a deeply-ingrained safety culture, backed up by effective systems and processes, with managers through all levels of the business leading by example.

The Group's LTIFR for the Year improved to 0.23 (FY 2017: 0.27).

GROSS RESERVES & RESOURCES

Petra manages one of the world's largest diamond resources of ca. 290 million carats. This major resource implies that the potential mine lives of Petra's core assets could be considerably longer than the current mine plans in place at each operation, or could support significantly higher production rates.

Gross Resources
As at 30 June 2017, the Group's gross Diamond Resources (inclusive of Reserves) decreased 4.8% to 290.48 Mcts (30 June 2017: 304.97 Mcts), due to depletion by mining activity at all operations and the proposed disposal of Petra's interest in KEM JV. A new Resource estimation exercise for Cullinan is currently in progress.

Gross Reserves
The Group's gross Diamond Reserves decreased 16.1% to 42.92 Mcts (30 June 2016: 51.13 Mcts) due to depletions at all operations, the exclusion of the KEM JV Reserves, and a reduction in the recovered grade in the Cullinan Life Of Mine ("LOM") planning, as a result of the revised grade guidance issued at the time of the H1 FY 2018 Trading Update.

The following table summarises the gross Reserves and Resources status of the combined continuing Petra Group operations as at 30 June 2018.

	Gross		
Category	**Tonnes (millions)**	**Grade (cpht)**	**Contained Diamonds (Mcts)**
Reserves			
Proved	-	-	-
Probable	93.9	45.7	42.92
Sub-total	**93.9**	**45.7**	**42.92**
Resources			
Measured	0.2	263.9	0.60
Indicated	396.1	52.9	209.50
Inferred	1,308.6	6.1	80.38
Sub-total	**1,704.9**	**17.0**	**290.48**

Note:
See www.petradiamonds.com for mine by mine detail.

CORPORATE

Rights Issue
On 24 May 2018, the Company announced a 5 for 8 Rights Issue to raise net proceeds of ca. US$170 million via the issuance of 332,821,725 Rights Issue Shares at an Issue Price of 40 pence per share. The main driver for the fundraise was to accelerate a reduction in leverage to a more sustainable level, with the Board setting a target of Consolidated Net Debt to Consolidated EBITDA of 2x or less by the end of FY 2020, and to enable management to focus on ongoing operational delivery and optimisation, as well as to assist in mitigating short-term issues relating to currency volatility and other ongoing business challenges.

On 13 June 2018, shareholders approved the Rights Issue, with over 99% of votes cast in favour of the transaction and on 29 June 2018, the Company announced that it had received valid acceptances representing ca. 95% of the total number of Rights Issue Shares offered to shareholders. The remaining ca. 5% of Rights Issue Shares were subsequently placed with institutions on the same day at a price of 52.25 pence per share. Petra's number of shares in issue is now 865,336,485. All directors who are shareholders took up their rights in full and hold 3.8% of the Company's issued share capital.

Further to the receipt of the funds from the Rights Issue, the Company utilised ca. US$107 million to fully pay down outstanding drawn indebtedness with its South African Lending Group post Year end, (thereby realising cash interest savings of ca. US$10 - 12 million per annum), whilst retaining both of these facilities.

South African Mining Legislation
On 15 June 2018, the South African Department of Mineral Resources gazetted a revised draft Mining Charter which was open for comments from stakeholders until 31 August 2018. The Minerals Council South Africa, which represents the South African mining industry and of which Petra is a member, has provided submissions in relation to the draft Charter. Petra welcomes ongoing engagement with the Minister through the Minerals Council in relation to the finalisation of the Mining Charter.

On 22 August 2018 the Minister of Mineral Resources informed Parliament's Mineral Resources Portfolio Committee of his intention to withdraw the Mineral and Petroleum Resources Development Amendment Bill. Removal of the uncertainty around changes to legislation in this regard has been endorsed by the mining industry.

Update on Tanzania
In Tanzania, Petra is in ongoing dialogue with the Government and local advisers in relation to recent legislative developments and overdue VAT receivables. Petra also continues to communicate with the Government in relation to the blocked parcel of diamonds from Williamson.

AGM
In advance of the AGM on 23 November 2018, Petra would like to remind shareholders that the Company has decided to move to a more digital approach to voting and therefore requests that all shareholders vote electronically. The

Company will not be sending paper proxy forms and instead, shareholders can vote either via the shareholder portal or, for CREST holders, via the CREST Network. Voting in this way is cost effective, efficient and mitigates the risk of lost items via postal systems thus ensuring your vote is received and recorded. Shareholders who still wish to receive a hard copy proxy card should contact Link Market Services to obtain this. Link's contact details can be found here: https://www.petradiamonds.com/investors/advisers/.

OUTLOOK

The Company's capital programmes have required major underground development work at each of the South African assets, significant pit re-shaping at Williamson in Tanzania and substantial processing changes across each of the mines, including the construction of a new fit-for-purpose plant at Cullinan and the rebuilding of the existing plant at Williamson. Over the period FY 2006 to FY 2018, Petra has produced a total of 27.4 million carats, generating revenue of approximately US$3.6 billion, operating cashflow of US$1.2 billion and thereby facilitating capital investment of approximately US$1.7 billion. This significant investment period has resulted in the Company's annual production growing from circa 175,000 carats to 4.6 Mcts and its annual revenue growing from US$21.0 million to US$576.4 million (including KEM JV).

As Petra now approaches the final stage of its expansion plans, it is positioned to reap the benefits of this capital intensive phase by moving the focus to cost efficient production from the new undiluted mining blocks, with a reduced capital spend profile. Petra remains on track to generate free cash flow, enabling the Company to achieve a reduction in leverage to its target of two times or less consolidated net debt to consolidated EBITDA by the end of FY 2020.

Johan Dippenaar
Chief Executive
17 September 2018

Notes

1. *The following exchange rates have been used for this announcement: average for the Year US$1:ZAR12.86 (30 June 2017: US$1: ZAR13.59); closing rate as at 30 June 2018 US$1:ZAR13.73 (30 June 2017 US$1:ZAR13.05).*
2. *The following definitions have been used in this announcement:*
   a. *ct: carat*
   b. *cpht: carats per hundred tonnes*
   c. *Mctpa: million carats per annum*
   d. *Mcts: million carats*
   e. *mL: metre level*
   f. *Mt: million tonnes*
   g. *Mtpa: million tonnes per annum*
   h. *ROM: run-of-mine, i.e. relating to production from the primary orebody*
   i. *SLC: sub-level cave, a variation of block caving*

APPENDIX

The below operational results include KEM JV and are provided for reference only:

Combined operations (Including KEM JV)

	Unit	FY 2018[1]	FY 2017[1]	Variance
Sales				
Diamonds sold	Carats	4,550,292	4,006,856	+14%
Revenue	**US$M**	**576.4**	**477.0**	**+21%**
Production				
ROM tonnes	Mt	12.9	10.1	+29%
Tailings & other tonnes	Mt	7.7	8.7	-12%
Total tonnes treated	**Mt**	**20.6**	**18.8**	**+10%**
ROM diamonds	Carats	3,731,951	2,849,247	+31%
Tailings & other[2] diamonds	Carats	879,531	1,163,966	-24%
Total diamonds	**Carats**	**4,611,482**	**4,013,213**	**+15%**
On mine cash costs	**US$M**	**341.6**	**287.3**	**+19%**
Capex				
Expansion	US$M	120.8	230.5	-48%

Sustaining	US$M	22.6	24.1	-6%
Borrowing Costs Capitalised	US$M	15.2	44.1	-64%
Total operational capex	**US$M**	**158.6**	**298.7**	**-47%**

Note:

1. *Production, sales and Capex stated on an attributable basis, including 75.9% of KEM JV*
2. *'Other' represents alluvial diamond mining at Williamson.*

PETRA DIAMONDS LIMITED - PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2018

US$ million	Notes	2018	Restated 2017[1]
Revenue		**495.3**	394.8
Mining and processing costs		**(418.6)**	(305.1)
Other direct income		**1.2**	1.7
Exploration expenditure		**(0.7)**	(0.8)
Corporate expenditure	5	**(10.4)**	(11.2)
Impairment charge - Koffiefontein	16	**(66.0)**	-
Total operating costs		**(494.5)**	(315.4)
Financial income	6	**8.5**	11.4
Financial expense	6	**(94.3)**	(47.8)
(Loss) / profit before tax		**(85.0)**	43.0
Income tax charge		**(13.8)**	(26.9)
(Loss) / profit for the year from continuing operations		**(98.8)**	**16.1**
(Loss) / profit on discontinued operations including associated impairment charges (net of tax)	17	**(104.3)**	4.6
(Loss) / profit for the Year		**(203.1)**	20.7
Attributable to:			
Equity holders of the parent company		**(166.9)**	18.3
Non-controlling interest		**(36.2)**	2.4
		(203.1)	20.7
(Loss) / profit per share attributable to the equity holders of the parent during the Year:			
From continuing operations:			
Basic (loss) / profit per share - US$ cents	13	**(15.85)**	3.14
Diluted (loss) / profit per share - US$ cents	13	**(15.85)**	3.11
From continuing and discontinued operations:			
Basic (loss) / profit - US$ cents	13	**(31.29)**	3.14
Diluted (loss) / profit - US$ cents	13	**(31.29)**	3.11

[1] Comparative results have been amended to reflect the results of the KEM JV within the loss on discontinued operations (net of tax) as per the requirements of IFRS 5, refer to Note 17.

PETRA DIAMONDS LIMITED - PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

US$ million	2018	2017
(Loss) / profit for the Year	**(203.1)**	20.7
Exchange differences on translation of the share-based payment reserve	**1.3**	(0.4)
Exchange differences on translation of foreign operations[1,2]	**(41.3)**	68.7
Exchange differences on non-controlling interest[1]	**(5.3)**	9.3
Total comprehensive (expense) / income for the Year	**(248.4)**	98.3
Total comprehensive income and expense attributable to:		
Equity holders of the parent company	**(206.9)**	86.6
Non-controlling interest	**(41.5)**	11.7
	(248.4)	98.3

[1] These items will be reclassified to the consolidated income statement if specific future conditions are met.

[2] The Company has disclosed the net assets of the KEM JV under non-current assets held for sale and liabilities directly associated with non-current assets held for sale in the Statement of Financial Position. Upon completion of the transaction, amounts included in the foreign currency translation reserve of US$4.5 million in relation to KEM JV will be reclassified to the Consolidated Income Statement and subject to the terms and structure of the final disposal, the non-controlling interest will be removed.

PETRA DIAMONDS LIMITED - PRELIMINARY ANNOUNCEMENT

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2018

US$ million	Notes	2018	2017
ASSETS			
Non-current assets			
Property, plant and equipment	7	**1 244.2**	1 441.3
Deferred tax asset		-	5.9
BEE loans and receivables	12	**64.7**	35.0
Other receivables		**20.3**	17.8
Total non-current assets		**1 329.2**	1 500.0
Current assets			
Trade and other receivables		**99.4**	75.5
Inventories		**78.1**	75.6
Cash and cash equivalents (including restricted amounts)		**236.0**	203.7
Total current assets		**413.5**	354.8
Non-current assets classified as held for sale	17	**46.5**	-
Total assets		**1 789.2**	1 854.8
EQUITY AND LIABILITIES			
Equity			
Share capital	8	**133.4**	89.6
Share premium account		**790.2**	666.0
Foreign currency translation reserve		**(344.7)**	(303.4)
Share-based payment reserve		**7.7**	12.8
Other reserves		**(0.8)**	(0.8)
Accumulated (loss) / retained earnings		**(30.4)**	129.5
Attributable to equity holders of the parent company		**555.4**	593.7
Non-controlling interest		**11.2**	52.7
Total equity		**566.6**	646.4
Liabilities			
Non-current liabilities			
Loans and borrowings	9	**601.2**	598.5
BEE loans payable	12	**110.5**	99.5
Provisions		**59.5**	72.0
Deferred tax liabilities		**139.2**	143.1
Total non-current liabilities		**910.4**	913.1
Current liabilities			
Loans and borrowings	9	**153.6**	158.6
Trade and other payables		**130.8**	136.7
Total current liabilities		**284.4**	295.3
Liabilities directly associated with non-current assets classified as held for sale	17	**27.8**	-
Total liabilities		**1 222.6**	1 208.4
Total equity and liabilities		**1 789.2**	1 854.8

PETRA DIAMONDS LIMITED - PRELIMINARY ANNOUNCEMENT

UNAUDITED CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 30 JUNE 2018

US$ million	Notes	2018	2017
(Loss) / profit before taxation for the Year from continuing and discontinued operation		**(183.2)**	46.5
Depreciation of property plant and equipment		**135.7**	79.6
Impairment charge	16	**66.0**	-
Impairment charge in relation to discontinued operation	17	**92.7**	-
Movement in provisions		**(3.0)**	(0.6)
Fair value uplift on Kimberley Ekapa Mining Joint Venture		**-**	(4.1)
Financial income	6	**(8.9)**	(14.2)
Financial expense	6	**95.6**	49.5
Profit on disposal of property, plant and equipment		**-**	(0.3)
Share based payment provision		**0.6**	0.2
Operating profit before working capital changes		**195.5**	156.6
(Increase)/ decrease in trade and other receivables		**(76.8)**	18.5
Increase/ (decrease) in trade and other payables		**14.2**	(5.4)
Increase in inventories		**(18.8)**	(9.5)
Cash generated from operations		**114.1**	160.2
Net realised gains / (losses) on foreign exchange contracts		**0.2**	(3.8)

Finance expense	**(38.9)**	(3.9)
Income tax paid	**(7.5)**	-
Net cash generated from operating activities	**67.9**	152.5
Cashflows from investing activities		
Acquisition of property, plant and equipment (including capitalised cash interest paid of US$13.3 million (30 June 2017 US$34.7 million))	**(175.4)**	(282.9)
Proceeds from sale of property, plant and equipment	**0.6**	0.9
Loans advanced to BEE partners	**(31.0)**	(12.9)
Repayment from BEE partners	**-**	0.5
Finance income	**3.9**	1.8
Net cash utilised in investing activities	**(201.9)**	(292.6)
Cashflows from financing activities		
Proceeds from the issuance of share capital (net of cash issue costs paid of US$6.5 million)	**166.9**	1.1
Increase in borrowings	**35.6**	798.8
Repayment of borrowings	**(32.8)**	(508.8)
Net cash generated from financing activities	**169.7**	291.1
Net increase in cash and cash equivalents	**35.7**	151.0
Cash and cash equivalents at beginning of the Year	**190.2**	36.7
Effect of exchange rate fluctuations on cash held	**(2.9)**	2.5
Cash and cash equivalents at end of the Year[1]	**223.0**	190.2

The cashflows specific to the discontinued operation (net of tax) are included in the amounts above and are disclosed in Note 17.

[1] Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of US$14.4 million (30 June 2017: US$13.5 million) and unrestricted cash of US$221.6 million (30 June 2017: US$190.2 million) and excludes unrestricted cash attributable to KEM JV of US$1.4 million (refer to note 17).

PETRA DIAMONDS LIMITED - PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

(Unaudited) US$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Hedging and other reserves	Retained earnings	Attributable to the parent	Non-controlling interest	Total equity
At 1 July 2017	89.6	666.0	(303.4)	12.8	(0.8)	129.5	593.7	52.7	646.4
Loss for the Year	-	-	-	-	-	(166.9)	(166.9)	(36.2)	(203.1)
Other comprehensive income / (expense)	-	-	(41.3)	1.3	-	-	(40.0)	(5.3)	(45.3)
Transfer between reserves for exercise of employee options and warrants	-	-	-	(7.0)	-	7.0	-	-	-
Equity settled share based payments	-	-	-	0.6	-	-	0.6	-	0.6
Allotments during the Year:									
- Ordinary shares - Rights issue (net of US$7.4 million issue costs)	43.7	124.1	-	-	-	-	167.8	-	167.8
- Share options exercised	0.1	0.1	-	-	-	-	0.2	-	0.2
At 30 June 2018	133.4	790.2	(344.7)	7.7	(0.8)	(30.4)	555.4	11.2	566.6

PETRA DIAMONDS LIMITED - PRELIMINARY ANNOUNCEMENT
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

US$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Hedging and other reserves	Retained earnings	Attributable to the parent	Non-controlling interest	Total equity
At 1 July 2016	88.6	665.2	(372.1)	14.4	(0.8)	109.1	504.4	42.4	546.8
Profit for the Year	-	-	-	-	-	18.3	18.3	2.4	20.7
Non-controlling interest acquired	-	-	-	-	-	1.4	1.4	(1.4)	-
Other comprehensive income / (expense)	-	-	68.7	(0.4)	-	-	68.3	9.3	77.6
Transfer between reserves for exercise of options	-	-	-	(0.7)	-	0.7	-	-	-
Equity settled share based payments	-	-	-	0.2	-	-	0.2	-	0.2
Allotments during the Year:									
- Share options exercised	0.3	0.8	-	-	-	-	1.1	-	1.1
- LTSP share grants	0.7	-	-	(0.7)	-	-	-	-	-
At 30 June 2017	89.6	666.0	(303.4)	12.8	(0.8)	129.5	593.7	52.7	646.4

NOTES TO THE CONDENSED CONSOLIDATED PRELIMINARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

1. GENERAL INFORMATION

Petra Diamonds Limited (the "Company"), a limited liability company listed on the Main Market of the London Stock Exchange, is registered in Bermuda with its Group management office domiciled in the United Kingdom (effective 01 May 2017).) The Consolidated Preliminary Financial Statements of the Company for the year ended 30 June 2018 comprise the Company and its subsidiaries, joint operations and associates (together referred to as the "Group").

2. ACCOUNTING POLICIES

The preliminary results, which are unaudited, do not include all the notes of the type normally included in an annual financial report. Accordingly, this unaudited preliminary report is to be read in conjunction with the Annual Report for the year ended 30 June 2017, and any public announcements made by the Group during the reporting period. The annual financial report for the year ended 30 June 2017 was prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS's") and the accounting policies applied in this preliminary report are consistent with the polices applied in the annual financial report for the year ended 30 June 2017 unless otherwise noted.

Accounting policy for Non-current assets held for sale and discontinued operations

Where an operation within the Group is separately identified or forms part of a separate reporting structure, the Group will classify the asset as held for sale, in accordance with IFRS 5, if management has committed to a plan to sell, the operation is available for sale, an active search for a buyer is in place, the disposal is highly probably within 12 months of classifying as held for sale and completion of the disposal is unlikely to significantly change. The KEMJV and Botswana exploration operations met the criteria mentioned above and as such have been classified as held for sale. The assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition. Non-current assets classified as held for sale and the assets of an operation classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of an identified operation classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Unrealised foreign exchange gains and losses on historic retranslation of the subsidiaries results into US Dollars are recycled to the consolidated income statement upon completion of the disposal. The non-controlling interest attributable to minority shareholders is recycled to the consolidated income statement upon completion of the disposal. The Group designates the results of discontinued activities, including those of disposed subsidiaries, separately in accordance with IFRS and reclassifies the results of the operation in the comparative period from continuing to discontinued operations. The Group does not consider mines held on care and maintenance to be discontinued activities unless the mine is abandoned.

Basis of preparation including going concern

Background

The Company's results for Year were adversely impacted due to the impairments at Koffiefontein and KEM JV at the end of H1 FY 2018, strike action at Petra's South African operations (except Cullinan) in Q1 FY 2018, the Williamson parcel which remains blocked for export and therefore unsold, and the delays in ramp-up of projects at Cullinan and Finsch.

As announced on 9 October 2017, the Group highlighted that it was due to breach its EBITDA maintenance covenant measurements related to its senior debt facilities for the period ending, and as at, 31 December 2017. A waiver was received for the 31 December 2017 measurement period after calendar year end from the Company's lender group (comprising Absa Bank Limited (acting through its Corporate and Investment Banking division), FirstRand Bank Limited (acting through its Rand Merchant Bank division), Investec Asset Management Proprietary Limited and Nedbank Limited (acting through its Corporate and Investment Banking division) (together, the "Lender group"), coupled with the following:

- an increase of 1% in the interest rate charged on the banking facilities in the event that the Company's Consolidated Net Debt is greater than 2.5x but less than 3x Consolidated EBITDA and
- an increase of 2% in the interest rate charged on the banking facilities in the event that the Company's Consolidated Net Debt is less than or equal to 3x Consolidated EBITDA.

This applied retrospectively to the six month period ending 30 June 2018 and six monthly thereafter. Covenants for the 30 June 2018, 31 December 2018 and 30 June 2019 measurement periods with reference to the Group's forecasts at date of this report, are outlined below:

Covenant	30 June and 31 December 2018	30 June 2019
Consolidated Net Debt to Consolidated EBITDA	Not more than 3.5x	Not more than 2.5x
Consolidated EBITDA to Consolidated Net Finance Charges	Not less than 3.0x	Not less than 4.0x

During May 2018, as part of the Rights Issue process, a written undertaking was received from the Lender group for the waiver of the 30 June 2018 covenant measurement.

Forecasts and associated risks

The following have been key considerations for the Board during the Year and to the date of this report:

- the ongoing roll-out and ramp-up of the Group's expansion projects, specifically the new Cullinan plant and C-Cut and the Finsch SLC;
- the initial production results from the Cullinan plant, and the resultant impact on value and grade expectations (which remain subject to the ongoing plant optimisation);
- the impact of the Rand volatility on both liquidity and financial results;
- the production shortfalls at Koffiefontein;
- the impact of labour disruptions at certain of the Group's South African mines; and
- the uncertainty surrounding the outlook for sale of the blocked Williamson parcel.

To address the above forecasts, associated risks, future operational cashflows to be used to service debt repayments and potential future covenant breaches, the Company raised funds in the form of a 5 for 8 Rights Issue, wherein the Company issued 332,821,725 ordinary shares to shareholders at 40 pence. Post the Year end, the proceeds of the Rights Issue were used to repay the Revolving Credit and Working Capital facilities due to the Group's Lender group post Year end, although these facilities were not cancelled and remain available.

The Board has reviewed the Group's forecasts and sensitivities for a period of at least 12 months from the date that the Preliminary Financial Statements were approved, including both forecast cashflows and covenants. In doing so, careful consideration was given to potential risks to the forecasts, including the matters above as applicable, with scenarios subsequently assessed for: a) reduced diamond prices; b) reduced value at Cullinan during the ramp up of the C-cut and optimisation of the plant; c) potential volatility in the Rand; or d) increased operating costs.

The forecasts indicate that the Group retains sufficient liquidity from existing cash resources and operating cashflows, without the need to utilise existing facilities, to meet its liabilities as they fall due under the forecasts and reasonably possible sensitivities. Under the base case, the Company forecasts to maintain headroom against its financial covenants going forward. Base case forecasts assume an average exchange rate of ZAR13.40:US$1 but excludes the proceeds from the sale of the blocked Williamson parcel during the forecast period.

Conclusion

The Board is cognisant of the scope and significance of the projects undertaken to date, and the ongoing risks around ramp-up and commissioning, coupled with the significant debt financing that has been required to accompany this transformational expansion programme alongside the macro-economic factors relating to the industry.

However, subsequent to the receipt of the Rights Issue proceeds, with the Cullinan plant having achieved nameplate capacity, and Cullinan's C-Cut and Finsch's SLC in place and ramping up, the Board is of the opinion that the fundamental business plan of the Group is intact, given that the operations will be mining the majority of their ROM tonnes from new, undiluted areas from FY 2019 onwards.

Based on this, alongside the Group's existing cash resources and facilities, the Board remains satisfied that the liquidity headroom remains adequate under the Group's current base case and reasonable sensitivities. Furthermore, the Board recognises the Company has some ability to preserve cash should it be required in the short-term (for example, by deferring non-essential cash payments, maintaining very tight control over costs and overhead, and by potentially deferring certain elements of its capital expenditure that are not essential to the current ramp-up plans).

Accordingly, the Board has concluded that the going concern basis in the preparation of the unaudited condensed preliminary financial statements remains appropriate and that there are no material uncertainties that would cast doubt on that basis of preparation.
The unaudited consolidated preliminary financial statements for the year ended 30 June 2018 do not constitute statutory accounts and have been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ended 30 June 2018, which are not expected to be significantly different to those set out in notes 1 - 37 of the Group's audited financial statements for the year ended 30 June 2017, except in relation to the accounting policy for non-current assets held for sale and discontinued operations.

The financial information for the year ended 30 June 2017 has been extracted from the statutory accounts for that period. The 30 June 2017 statutory accounts have been restated to reflect the results of the KEM JV within the loss on discontinued operations (net of tax) in the Consolidated Income Statement as per the requirements of IFRS 5, refer to Note 17. The auditors' report for the year ended 30 June 2017 was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report.

New standards and interpretations applied

The IASB has issued no new standards, amendments to published standards and interpretations to existing standards with effective dates on or prior to 1 July 2017 which have a material effect on the Group.

New standards and interpretations not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 July 2018 or later periods, which the Group has decided not to adopt early or which are yet to be European Union endorsed.

The only standards which are anticipated to be significant or relevant to the Group are:

IFRS 15 Revenue from Contracts with Customers

The Group is required to apply IFRS 15 for the reporting period beginning 1 July 2018. Management have assessed the core principle of IFRS 15, that the Group will recognise revenue to depict the transfer of promised diamond sales to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the diamond sales.

Diamond sales are made through a competitive tender process. Diamond sales are recognised when significant risks and rewards of ownership are transferred to the buyer, costs can be reliably measured and receipt of tender proceeds probable - this is deemed to be the point at which the tender is awarded. The Group has reviewed the terms and conditions of the current tender contract entered into with each of the buyers and are satisfied that, based on the terms of the current contracts, there is no change to the timing of revenue recognition on tender sales under IFRS 15.

Where the Group makes rough diamond sales to customers and retains a vested right in the future sale of a polished diamond, the Group will record such revenue only at the date when the polished diamond is sold (and only its interest therein). The Group has reviewed the terms and conditions of its current contracts pertaining to such scenarios and is satisfied that there is no change, based on the terms of the current contracts, to the timing of revenue recognition on such sales under IFRS 15.

IFRS 16 Leases

IFRS 16 introduces a single lease accounting model. This standard requires lessees to account for all leases under a single on-balance sheet model. Under the new standard, a lessee is required to recognise all lease assets and liabilities on the balance sheet; recognise amortisation of leased assets and interest on lease liabilities over the lease term; and separately present the principal amount of cash paid and interest in the cashflow statement. The requirements of IFRS 16 extend to certain service contracts, such as mining contractors in which the contractor provides services and the use of assets, which may impact the Group. Accordingly, the Group is performing a review of relevant contracts to complete an impact assessment.

IFRS 9 Financial Instruments

IFRS 9 "Financial instruments" addresses the classification and measurement of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cashflow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. It is noted that VAT receivables are outside the scope of this standard. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The impact of IFRS 9 will be largely affected by the Group's hedge accounting policies in place together with the assessment of expected credit losses on financial assets such as the BEE trade receivables. The Group is finalising its assessment however Management do not expect IFRS 9 to have a material impact.

Significant assumptions and judgements:

The preparation of the condensed consolidated preliminary financial statements requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets and liabilities, reported revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the preliminary financial statements. Estimates and judgements are continually evaluated and based on management's historical experience and other factors, including future expectations and events that are believed to be reasonable. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results of the Group in future reporting periods are discussed below.

Key estimates and judgements:

Impairment reviews

The Group prepares impairment models and assesses mining assets for impairment. While conducting an impairment review of its assets using value in use impairment models using the current life of mine plans, the Group exercised judgement in making assumptions about future rough diamond prices, foreign exchange rates, volumes of production, ore reserves and resources included in the current life of mine plans, future development and production costs and factors such as inflation and discount rates. Changes in estimates used can result in significant changes to the 'Consolidated Income Statement' and 'Statement of Financial Position'.

Koffiefontein

The impairment test at Koffiefontein resulted in the recognition of an impairment charge of US$66.0 million on a carrying value of property, plant and equipment of US$118.2 million. For further details of the inputs, assumptions and sensitivities in the impairment model refer to note 16.

KEM JV

See separate section below for details of the impairment charge in relation to the KEM JV upon its classification to an asset held for sale under IFRS 5.

Cullinan, Finsch and Williamson

The impairment test for Cullinan, Finsch and Williamson as at 30 June 2018 did not result in any impairment on the carrying value of property, plant and equipment. For further details of the inputs, assumptions and sensitivities in the impairment models refer to note 16.

Recoverability of diamond parcel in Tanzania

The Group holds diamond inventory valued at lower of cost and net realizable value of US$12.5 million (30 June 2017: US$ nil) in the Statement of Financial Position in respect of the Williamson mine's confiscated diamond parcel. During the Year, an investigation into the Tanzanian diamond sector by a parliamentary committee in Tanzania was undertaken to determine if diamond royalty payments were being understated. In connection with this, Petra announced on 11 September 2017 that a parcel of diamonds (71,654.45 carats) from the Williamson mine in Tanzania (owned 75% by Petra and 25% by the Government of the United Republic of Tanzania ("GoT")) had been blocked for export to Petra's marketing office in Antwerp.

The assessment of the recoverability of the diamond parcel required significant judgement. In making such a judgement, the Group considered their ongoing discussions with the GoT, confirmation received from the GoT post Year-end that they still hold the diamond parcel of 71,654.45 carats, an assessment of the internal process used for the sale and export of diamonds confirming such process is in full compliance with legislation in Tanzania and the Kimberley Process and legal advice received from the Group's in-country attorneys which supports the Group's position,.

During the Year, Petra received authorisation from the GoT to resume diamond exports and sales from Williamson and all subsequent parcels of diamonds have been exported from Tanzania, for eventual sale at the Company's marketing office in Antwerp. While a resolution has not yet been reached with regards to the parcel of diamonds that was blocked from export, based on the above judgements and assessment thereof, management remain confident that the diamond parcel will be released by GoT and will be available for future sale.

Recoverability of VAT in Tanzania

The Group holds VAT receivables carried at US$20.3 million (30 June 2017: US$15.8 million) in the Statement of Financial Position in respect of the Williamson mine, all of which is past due and the receivables have been classified, after providing for a time-value of money provision, as non-current given the potential delays in receipt. Of the total VAT receivable, US$12.7 million (30 June 2017: US$15.8 million) relates to historic VAT pre July 2017. The assessment of the carrying value of the VAT receivable under the historic VAT legislation required significant judgement over the timing of future payments, progress and finalisation of VAT audits, ongoing discussions with the relevant authorities in Tanzania and the wider operating environment.

A further US$7.6 million of VAT is receivable which relates to VAT under the current legislation, effective from July 2017. The assessment of the carrying value of the VAT receivable under the current VAT legislation required significant judgement over the timing of future payments, the definition of raw minerals under the new VAT legislation, ongoing discussions with the relevant authorities in Tanzania, legal advice and the wider operating environment. Management have considered the current legislation and consider that input VAT can continue be recovered in relation to the export of rough diamonds, however note that the current legislation is unclear. As such, Management consider the VAT receivables under the new VAT legislation to be valid. Accordingly, the Group is pursuing near term payment in accordance with legislation.

While the total VAT balance is considered receivable, uncertainty exists regarding the timing of receipt. Accordingly, the receivable has been discounted by US$3.9 million (30 June 2017: US$2.7 million) which required estimates as to the timing of future receipts. A discount rate of 9.0% has been applied to the expected cash receipts. A 1% increase in the discount rate would increase the provision by US$0.3 million and a one year delay would increase the provision by US$1.7 million.

Kimberley Ekapa Mining Joint Venture (30 June 2018)

In line with IFRS 5 and the Group's accounting policy for assets held for sale and discontinued, the Kimberley Ekapa Mining Joint Venture ("KEM JV") was classified as held for sale at the Year-end. Judgement was required in determining the fair value adjustment on reclassification of the KEM JV to non-current assets held for sale, with regards to the purchase offer, received from Ekapa Mining, for the Company's and its black economic empowerment ("BEE") partners' 75.9% interest. The fair value adjustment to property, plant and equipment, non-current trade and other receivables and trade and other receivables was to ensure the asset values of the KEM JV were reflected at fair value based on the consideration receivable under the purchase offer if the transaction completes. The accounting treatment involved consideration of the structure of the arrangement, the legal form and the contractual agreements between the parties. Refer to note 17 for further details.

Kimberley Ekapa Mining Joint Venture (30 June 2017)

Judgement was applied in determining the fair value adjustments in respect of the Kimberley Ekapa Mining Joint Venture ("KEM JV") acquisition in the prior Year. The fair value adjustments to mineral properties were to ensure the asset values for Petra's incremental share in Ekapa Minerals (Pty) Ltd ("Ekapa Minerals") and Petra's interest in Super Stone were reflected at fair value. The Group has joint control over the KEM JV and recognises its share of the assets, liabilities, income and expenses. The accounting treatment involved consideration of the structure of the arrangement, the legal form and the contractual agreements between the parties.

BEE guarantee

The BEE partners obtained bank financing from ABSA, RMB and Investec (the "BEE Lenders") to refinance amounts owing by the BEE partners to Petra, which had provided funding to the BEE partners to enable them to acquire their interests in Finsch and Cullinan. As part of the refinancing the Group provided a guarantee to the BEE Lenders over the repayment of loans advanced to the Group's BEE partners. The BEE partners will settle their loan obligations with the BEE Lenders from their share of future operational cashflows, either through repayment of the amounts owing to the BEE partners by Petra or through recoverable advances provided by Petra from Group treasury.

Judgement has been applied by management is assessing the risk of the BEE partners defaulting under their obligations to the BEE Lenders. Management have considered the Group's future cashflows forecasts and its ability to meet planned forecast BEE partner distributions. Accordingly management are of the opinion the risk of default by the BEE partners to the BEE Lenders is remote (refer to note 12 for further details).

Other key estimates and judgements

In addition to the key estimates and judgements disclosed above, the following estimates and judgements have not significantly changed from those disclosed in the FY 2017 Annual Report and will be discussed in further detail in the FY 2018 Annual Report:

- Life of mine and ore reserves and resources
- Capitalisation of borrowing costs
- Provision for rehabilitation
- Inventory and inventory stockpile
- Depreciation
- Pension and post-retirement medical fund schemes
- Net investments in foreign operations

3. DIVIDENDS

No dividends have been declared in respect of the current Year under review (30 June 2017: US$nil).

4. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's operating and geographical segments:
Mining - the extraction and sale of rough diamonds from mining operations in South Africa and Tanzania.
Exploration - exploration activities in Botswana.
Corporate - administrative activities in United Kingdom.

Segments are based on the Group's management and internal reporting structure. Management reviews the Group's performance by reviewing the results of the mining activities in South Africa and Tanzania, reviewing the results of exploration activities in Botswana and reviewing the corporate administration expenses in United Kingdom. Each segment derives, or aims to derive, its revenue from diamond mining and diamond sales, except for the corporate and administration cost centre.

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Segment results are calculated after charging direct mining costs, depreciation and other income and expenses. Unallocated items comprise mainly interest-earning assets and revenue, interest-bearing borrowings and expenses and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period. Eliminations comprise transactions between Group companies that are cancelled on consolidation. The results are not materially affected by seasonal variations. Revenues are generated from tenders held in South Africa and Antwerp for external customers from various countries, the ultimate customers of which are not known to the Group.

4. SEGMENTAL INFORMATION (continued)

Operating segments	**South Africa - Mining activities**				**Care and maintenance**	**Tanzania - Mining activities**	**Botswana**	**United Kingdom**	**South Africa**		
US$ million	**Cullinan**	**Finsch**	**Koffiefontein**	**KEM JV**[4,5]	**Helam**	**Williamson**	**Exploration**[4]	**Corporate and treasury**	**Beneficiation**[3]	**Inter-segment**	**Consolidated**
	2018	**2018**	**2018**	**2018**	**2018**	**2018**	**2018**	**2018**	**2018**	**2018**	**2018**
Revenue	167.0	231.9	27.2	-	-	68.5	-	-	25.5	(24.8)	495.3
Segment result[1]	14.2	67.7	(12.5)	-	(1.7)	13.0	(0.7)	(10.4)	(1.0)	(3.0)	65.6
Impairment charge	-	-	(66.0)	-	-	-	-	-	-	-	(66.0)
Other direct income	(0.2)	0.3	-	-	(0.4)	0.4	-	-	-	1.1	1.2
Operating profit / (loss)[2]	14.0	68.0	(78.5)	-	(2.1)	13.4	(0.7)	(10.4)	(1.0)	(1.9)	0.8
Financial income											8.5
Financial expense											(94.3)
Income tax expense											(13.8)
Loss on discontinued operation (net of tax) 5											(104.3)
Non-controlling interest											36.2
Loss attributable to equity holders of the parent company											(166.9)
Segment assets	727.3	557.4	135.8	-	7.2	211.3	-	3 323.8	13.0	(3 186.6)	1 789.2
Segment liabilities	653.3	281.8	291.0	-	50.1	302.5	-	2 304.5	14.1	(2 702.6)	1 194.7
Capital expenditure	73.9	54.0	12.3	-	-	4.6	-	0.7	-	-	145.5

[1] Total depreciation of US$128.0 million included in the segmental result, comprises depreciation incurred at Finsch US$41.7 million, Cullinan US$66.1 million, Koffiefontein US$9.1 million, Williamson US$9.5 million, Helam US$0.7 million, Exploration US$0.1 million and Corporate administration US$0.8 million.

[2] Operating profit is equivalent to revenue of US$495.3 million less total costs of US$494.5 million as disclosed in the Consolidated Income Statement.

3 The beneficiation segment represents Tarorite, a cutting and polishing business in South Africa, which can on occasion cut and polish select rough diamonds.

4 Assets of US$46.5 million and liabilities of US$27.8 million in respect of KEM JV and the exploration assets in Botswana have been classified as non-current assets held for sale (refer to note 17).

5 The operating results in respect of KEM JV have been reflected within loss on discontinued operation (refer to note 17).

4. SEGMENTAL INFORMATION (continued)

Operating segments (Restated)	**South Africa - Mining activities**				**Care and maintenance**	**Tanzania - Mining activities**	**Botswana**	**United Kingdom**[4]	**South Africa**		
US$ million	**Cullinan**	**Finsch**	**Koffiefontein**	**KEM JV**[6]	**Helam**	**Williamson**	**Exploration**	**Corporate and treasury**	**Beneficiation**[5]	**Inter-segment**	**Consolidated**
	2017	**2017**	**2017**	**2017**	**2017**	**2017**	**2017**	**2017**	**2017**	**2017**	**2017**
Revenue	91.3	216.7	28.4	-	-	58.4	-	-	0.3	(0.3)	394.8
Segment result[1]	4.8	101.2	(11.0)	-	(2.5)	(3.4)	(0.8)	(11.2)	1.1	(0.6)	77.6
Other direct income	-	0.5	0.1	-	0.3	0.5	-	-	-	0.4	1.8
Operating profit / (loss)[2]	4.8	101.7	(10.9)	-	(2.2)	(2.9)	(0.8)	(11.2)	1.1	(0.2)	79.4
Financial income											11.4
Financial expense											(47.8)
Income tax expense											(26.9)
Profit on discontinued operation (net of tax) 6											4.6

Non-controlling interest											(2.4)
Profit attributable to equity holders of the parent company											18.3
Segment assets	828.7	661.6	248.0	212.1	5.0	171.1	0.9	3 214.0	7.4	(3 494.0)	1 854.8
Segment liabilities	694.3	394.6	265.6	220.7	50.9	277.8	44.2	2 178.8	8.0	(2 926.5)	1 208.4
Capital expenditure	151.2	85.6	18.8	28.4	-[3]	15.0	-	1.4	-	(0.3)[3]	300.1

[1] Total depreciation of US$79.6 million included in the segmental result, comprises depreciation incurred at Finsch US$14.6 million, Cullinan US$31.6 million, Koffiefontein US$8.9 million, KEM JV US$16.3 million, Williamson US$6.6 million, Helam US$0.6 million, Exploration US$0.2 million and Corporate administration US$0.8 million.

[2] Operating profit is equivalent to revenue of US$394.8 million less total costs of US$315.4 million as disclosed in the Consolidated Income Statement.

[3] Inter segment capital expenditure represents work-in-progress at Helam of US$0.3 million in respect of the manufacture of plant and equipment for other mines within the Group.

[4] With effect from 01 May 2017 the Company was domiciled in the United Kingdom.

[5] The beneficiation segment represents Tarorite, a cutting and polishing business in South Africa, which can on occasion cut and polish select rough diamonds.

[6] The operating results in respect of KEM JV have been reflected within loss on discontinued operation (refer to note 17).

US$ million	2018	2017
5. CORPORATE EXPENDITURE		
Corporate expenditure includes:		
Depreciation of property, plant and equipment	**0.7**	0.8
London Stock Exchange and other regulatory expenses	**1.4**	1.1
Share-based expense - Directors	**0.6**	(0.3)
Other staff costs	**3.6**	3.8
Total staff costs	**4.2**	3.5

6. FINANCING EXPENSE

US$ million	2018	Restated 2017
Net unrealised foreign exchange gains	-	8.6
Interest received on BEE loans and other receivables	**4.1**	1.1
Interest received bank deposits	**3.5**	1.7
Realised foreign exchange gains on the settlement of foreign loans and forward exchange contracts[2]	**0.9**	-
Financial income	**8.5**	11.4
Gross interest on bank loans and overdrafts	**(62.7)**	(48.0)
Interest on bank loans and overdrafts capitalised	**15.2**	44.1
Net interest expense on bank loans and overdrafts	**(47.5)**	(3.9)
Bond redemption premium and acceleration of unamortised bond costs[1]	-	(22.3)
Other debt finance costs, including BEE loan interest and facility fees	**(16.5)**	(13.9)
Unwinding of present value adjustment for rehabilitation costs	**(4.1)**	(3.8)
Net unrealised foreign exchange losses[2]	**(26.2)**	-
Realised foreign exchange losses on the settlement of foreign loans and forward exchange contracts	-	(3.9)
Financial expense	**(94.3)**	(47.8)
Net financial expense	**(85.8)**	(36.4)

[1] During FY 2017, the bond redemption premium and acceleration of unamortised bond costs of US$22.3 million were in respect of costs associated with the refinancing and early redemption of the US$300 million Bond comprising unamortised upfront costs (US$7.3 million previously capitalised) and make-whole premium (US$15.0 million).

[2] The Group predominantly enters into hedge contracts where the risk being hedged is the volatility in the South African Rand, Pound Sterling and US Dollar exchange rates affecting the proceeds in South African Rand of the Group's US Dollar denominated diamond tenders. In the event of a capital raising, as was the case with the recent Rights Issue, the Group may also enter into short dated hedges to facilitate the conversion between functional currencies across the Group as was the case with the settlement of the South African lender facilities out of the Pound Sterling Rights Issue proceeds shortly after Year end. The fair value of the Group's hedges as at 30 June are based on Level 2 mark-to-market valuations performed by the counterparty financial institutions. The contracts are all short dated in nature and mature within the next 12 months. An unrealised loss of US$26.2 million (FY 2017: US$8.6 million gain) in respect of foreign exchange contracts held at year end were mainly attributable to hedging the proceeds of the Rights Issue and a realised foreign exchange gain of US$0.9 million (FY 2017: US$3.9 million loss) in respect of foreign exchange contracts closed during the year is included in the net finance and expense amount.

7. PROPERTY, PLANT AND EQUIPMENT

The net movement in property, plant and equipment for the Year is a decrease of US$197.1 million (30 June 2017: US$362.0 million). This is primarily as a result of:

- an increase in property, plant and equipment from capital expenditure of US$159.3 million (30 June 2017: US$300.1 million), which includes US$13.8 million (30 June 2017: US$28.4 million) additions attributable to KEM JV;
- an increase in the rehabilitation asset of US$2.7 million (30 June 2017: US$nil), and

- the recognition of the incremental assets attributable to the Group from the KEMJV of US$nil(30 June 2017: US$14.7 million)

offset by:

- the movement in the US$/ZAR foreign exchange rate resulting in a foreign exchange decrease on Rand based assets of US$62.5 million (30 June 2017: US$127.4 million decrease);
- depreciation of US$128.0 million (30 June 2017: US$79.6 million, including US$16.3 million attributable to KEMJV);
- the impairment of the Koffiefontein assets of US$66.0 million (30 June 2017: US$nil);
- the impairment of the KEMJV assets of US$77.0 million (30 June 2017: US$nil);
- the transfer of the remaining KEMJV assets to non-current assets held for sale, of US$19.8 million (30 June 2017: US$nil);
- the transfer of the exploration assets of US$0.7 million (30 June 2017: US$nil) to non-current assets held for sale; and
- assets of US$5.1 million (30 June 2017: US$0.6 million) disposed of during the Year.

8. SHARES ISSUED

Allotments during the Year ending 30 June 2018 were in respect of:

(i) the issue of 332,821,725 ordinary shares to shareholders pursuant to the Rights Issue. The Company raised gross proceeds of US$175.2 million (£133.1 million) comprising share capital of US$43.7 million (£33.3 million) and share premium of US$131.5 million (£99.8 million). The costs of US$7.4 million associated with the Right Issues have been capitalised against share premium;

(ii) the award to the Executive Directors of 136,519 ordinary shares granted under the 2012 Performance Share Plan, in receipt of performance measured over the period 1 July 2014 to 30 June 2017;

(iii) the award to the Executive Directors of 135,545 ordinary shares granted under the 2015 deferred share awards based on the annual performance bonus plan;

(iv) the exercise of 135,821 share options under the 2005 Executive Share Option Scheme by Directors and Senior Management; and

(v) the award to David Abery (as per FY 2016 Remuneration Committee minutes) share awards of 10,163 under the 2012 Performance Share Plan, in receipt of performance measured over the period 1 July 2014 to 30 June 2017 and 110,494 ordinary shares granted under the 2015 and 2016 deferred share awards based on the annual performance bonus plan.

Further details with regards to the Group's share plans will be provided in the Group's 2018 Annual Report.

9. LOANS AND BORROWINGS

US$ million	2018	2017
Non-current liabilities		
Loans and borrowings - Senior secured second lien notes	**601.2**	598.5
	601.2	598.5
Current liabilities		
Loans and borrowings - Senior secured lender debt facilities	**106.7**	109.0
Loans and borrowings - Senior secured second lien notes	**46.9**	49.6
	153.6	158.6
Total loans and borrowings - bank facilities	**754.8**	757.1

a) Senior Secured Lender Debt Facilities

The Group's lending group (Absa Corporate and Investment Banking ("Absa"), FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB"), and Nedbank Limited) and lending facilities are detailed in the table below. There have been no amendments to the facilities during the Year under review other than those changes relating to the covenant ratios discussed below.

The Group's debt and hedging facilities are detailed in the table below:

Senior Lender Debt Facilities	**30 June 2018 Facility amount**	30 June 2017[1&2] Facility amount
ZAR Debt Facilities:		
ZAR Lenders Amortising term facility (ATF)[1]	ZARnil	ZARnil
ZAR Lenders Revolving credit facility (RCF)	ZAR1,000 million	ZAR1,000 million
ZAR Lenders Working capital facility (WCF)	ZAR500 million	ZAR500 million
Absa/RMB - FX Hedging facilities	ZAR300 million	ZAR300 million
US$ Debt Facilities:		
IFC - Amortising term facility (ATF)[1]	US$nil	US$nil
IFC - Revolving credit facility (RCF)[1]	US$nil	US$nil

[1] The ZAR Lenders ATF, the IFC ATF and RCF facilities were all repaid during April 2017 (refer to b) below).

[2] The facilities were amended with effect from 12 April 2017.

The repayment terms and interest rates remained unchanged. The terms and conditions will be detailed in the Group's FY 2018 Annual Report.

The facilities are secured on the Group's interests in Finsch, Cullinan, Koffiefontein, KEMJV and Williamson.

Subsequent to Year end, the revolving credit facility and working capital facility were settled in full (refer note 18).

Covenant ratios

On 9 September 2017, agreement was reached with Petra's Lender group to waive the two EBITDA maintenance measurement covenant tests relating to its senior debt facilities for the 12-month period to, and as at 30 June 2017. The lender group further agreed to revised covenant ratios relating to EBITDA for the 12-month measurement period to 31 December 2017 as follows:

(i) the interest cover ratio is changed to no less than 2.7x (previously 3.85x); and

(ii) the net debt to EBITDA ratio is changed to no more than 4.0:1 (previously 2.80:1).

As announced on 9 October 2017, the Group highlighted that it was due to breach its EBITDA maintenance covenant measurements related to its senior debt facilities for the period ending, and as at, 31 December 2017 and a waiver was received for the 31 December 2017 measurement period after calendar year end from the Company's Lender group, coupled with the following:

- an increase of 1% in the interest rate charged on the banking facilities in the event that the Company's Consolidated Net Debt is greater than 2.5x but less than 3x Consolidated EBITDA and
- an increase of 2% in the interest rate charged on the banking facilities in the event that the Company's Consolidated Net Debt is less than or equal to 3x Consolidated EBITDA.

This will apply retrospectively to the six month period ending 30 June 2018 and six monthly thereafter, as applicable.

Furthermore, covenants for the 30 June 2018, 31 December 2018 and 30 June 2019 measurement periods, were set at the following levels:

Covenant	30 June and 31 December 2018	30 June 2019
Consolidated Net Debt to Consolidated EBITDA	Not more than 3.5x (revised from 2.5x)	Not more than 2.5x
Consolidated EBITDA to Consolidated Net Finance Charges	Not less than 3.0x (revised from 4.0x)	Not less than 4.0x

As part of the Rights Issue in June 2018, the Company requested and was granted a waiver from the Lender group in respect of the Consolidated EBITDA to Consolidated Net Finance Charges covenant and the Consolidated Net Debt to Consolidated EBITDA covenants for the 12 month measurement period to 30 June 2018 should a breach of either or both of these covenants be anticipated. In the event of a breach the existing Senior Lender Debt Facilities would remain available to the Group.

Refer to the 'Financial Results' section within the CEO's Review for discussion with regards to covenants.

b) US$650 million Senior Secured Second Lien Notes

During FY 2017, a wholly owned subsidiary of the Company, Petra Diamonds US$ Treasury Plc, issued debt securities consisting of US$650 million five-year senior secured second lien notes with a maturity date of 01 May 2022 (the "2022 Notes"). The 2022 Notes carried a coupon of 7.25% per annum, which is payable semi-annually in arrears on 1 May and 1 November of each year. The 2022 Notes are guaranteed by the Company and by the Petra Diamonds Group's material subsidiaries and are secured on a second lien basis on the assets of the Petra Diamonds Group's material subsidiaries.

Proceeds from the 2022 Notes were used to refinance the Petra Diamonds Group existing US$300 million 8.25% senior secured second lien notes due 31 May 2020, to repay certain bank facilities (refer to a) above), and primarily to fund capital expansion projects.

Further details about the 2022 Notes (including security) will be included in the FY 2018 Annual Report.

10. COMMITMENTS

As at 30 June 2018, the Company has committed to future capital expenditure totalling US$24.4 million (30 June 2017: US$25.6 million), mainly comprising Cullinan US$16.9 million (30 June 2017: US$6.8 million), Finsch US$6.3 million (30 June 2017: US$13.8 million), Koffiefontein US$1.2 million (30 June 2017: US$2.6 million), KEM JV US$nil (30 June 2017: US$1.9 million) and Williamson US$nil (30 June 2017: US$0.5 million).

11. RELATED PARTY TRANSACTIONS

The Group's related party BEE partners, Kago Diamonds (Pty) Ltd ("Kago Diamonds") and Sedibeng Mining (Pty) Ltd ("Sedibeng Mining"), and their gross interests in the mining operations of the Group are disclosed in the table and 'Group restructuring' paragraph below.

Mine	Partner and respective interest as at 30 June 2018 (%)	Partner and respective interest as at 30 June 2017 (%)
Finsch	Kago Diamonds (14%)	Kago Diamonds (14%)
Cullinan	Kago Diamonds (14%)	Kago Diamonds (14%)
Koffiefontein	Kago Diamonds (14%)	Kago Diamonds (14%)
Kimberley Ekapa Mining JV	Kago Diamonds (8.4%)	Kago Diamonds (8.4%)
	Ekapa Mining (24.1%)	Ekapa Mining (24.1%)
Helam	Sedibeng Mining (26%)	Sedibeng Mining (26%)

The non-current loans receivable, non-current loans payable, finance income and finance expense due from and due to the related party BEE partners and other related parties are disclosed in the table below:

US$ million	**1 July 2017 - 30 June 2018**[3]	1 July 2016 - 30 June 2017[3]
Non-current receivable		
Sedibeng Mining	**0.9**	1.0
Kago Diamonds[1 & 2]	**26.2**	11.8
Ekapa Mining[3]	**-**	2.0
	27.1	14.8
Non-current payable		
Kago Diamonds[1& 2]	**59.5**	53.6
	59.5	53.6
Finance income		
Kago Diamonds[1]	**1.8**	0.7
Ekapa Mining	**0.2**	0.2

	2.0	0.9
Finance expense		
Kago Diamonds	**6.7**	5.8
Ekapa Mining[3]	**0.2**	0.2
	6.9	6.0

¹ Umnotho weSizwe Group (Pty) Ltd ("Umnotho"), holds a 16.34% interest in Kago Diamonds. Mr Dippenaar is directly or indirectly a beneficiary of a trust that is a shareholder in Umnotho.

² Included in non-current receivables and payables are amounts advanced during the Year of US$13.4 million (30 June 2017: US$3.4 million).

³ Additionally, included in current trade and other receivables and current trade and other payables are amounts of:

- US$nil (30 June 2017: US$10.6 million) receivable from and US$nil (30 June 2017: US$nil) payable to Ekapa Mining (Pty) Ltd relating to working capital loans with the Group. The Ekapa Mining (Pty) Ltd receivable had no value attributable to it as part of the proposed KEMJV sale proceeds and was therefore reduced from US$15.7m to US$nil.

Kago Diamonds is one of the BEE partners which obtained bank financing from ABSA, RMB and Investec (the "BEE Lenders") to acquire its interests in Finsch and Cullinan. The Group has provided a guarantee to the BEE Lenders for repayment of loans advanced by to the Group's BEE Partners (refer to note 12 for further detail).

Rental income receivable

The Group received US$nil (30 June 2017: US$nil) of rental income from Pella Resources Ltd and US$0.4 million (30 June 2017: US$0.3 million) from Alufer Mining Ltd. The Group has US$0.3 million (30 June 2017: US$0.3 million) receivable from Pella Resources Ltd and US$0.4 million (30 June 2017: US$0.1 million) receivable from Alufer Mining Ltd, both companies of which Mr Pouroulis is a director.

Group restructuring

On 1 July 2016, the Company completed the restructuring of the Group and its BEE Partner structures, allowing for a simplified Group structure. The IPDET now owns a 12% interest in each of the Group's South African operations, with Petra's commercial BEE Partners holding the remaining 14% interest through their respective shareholdings in Kago Diamonds, in which Petra has a 31.46% interest. The effect of the restructuring for shareholders at 1 July 2016 was an increase in the equity attributable to the shareholders of the Company as the non-controlling interest in the underlying net assets of the operations decreased by US$1.4 million. This decrease reflects the non-controlling interest's increased share of cumulative profits at Finsch, a reduction in the share of the cumulative profits at Cullinan and an increased share of cumulative losses at Kimberley Underground, Koffiefontein and Helam. The increase of US$1.4 million, attributable to the Group's shareholders, excludes the effect of the KEMJV transaction in note 15. The effective interest percentages attributable to the Group's shareholders are disclosed in the table below:

Mine	Resultant Group's effective interest % - Pre restructuring	Resultant Group's effective interest % - Post restructuring
Finsch	82.38	78.4
Cullinan	77.03	78.4
Koffiefontein	81.39	78.4
Kimberley Underground / KEMJV	86.80	58.3[1]
Helam	86.80	74.0

¹The 58.3% effective interest in KEMJV post restructuring reflects both the Group's interest in KEMJV following the transaction in note 15 and the impact of the BEE restructuring.

12. BEE LOANS RECEIVABLE AND PAYABLE

US$ million	**30 June 2018**	30 June 2017
Non-current assets		
Loans and other receivables	**64.7**	35.0
Non-current liabilities		
Trade and other payables	**110.5**	99.5

BEE Loans Receivable

The non-current BEE loans receivable represents those amounts receivable from the Group's BEE partners (Kago Diamonds, Sedibeng Mining and the IPDET) in respect of financing their interests in the KEMJV(the BEE receivable of KEMJV will still be due to the Group subsequent to the KEMJV disposal) and Koffiefontein mines, advances provided to the BEE partners to enable the BEE partners to discharge interest and capital commitments under the BEE Lender facilities (refer below guarantee provided by the Company) and other advances to the BEE partners which have enabled the BEE to make distributions to their beneficiaries (Petra directors do not qualify as beneficiaries under the IPDET Trust Deed).

As a result of delays in the Cullinan plant ramp-up and the Finsch SLC ramp-up, the Group has elected to advance the BEE partners funds using Group treasury to enable the BEE partners to service their interest and capital commitments under the BEE Lender facilities (refer below). As a result the BEE loans receivable due to Petra have increased. The BEE partners are also required to settle future interest and capital repayments under the BEE Lender facilities and Petra may, at its discretion, elect to advance the BEE partners funds to enable the BEE partners to service those future interest and capital commitments. These loan advances will be recoverable from the BEE's share of future cashflows from the underlying mining operations.

US$ million	**30 June 2018**	30 June 2017
As at 1 July	**35.0**	28.8
Foreign exchange movement on opening balance	**(3.7)**	3.6
Discretionary advance - capital and interest commitment (BEE Lender facility)	**24.3**	-
Discretionary advance - distributions to beneficiaries	**6.7**	9.2

Interest receivable	**2.4**	1.2
Restructuring of BEE partner structures and reclassification	**-**	(7.8)
As at 30 June	**64.7**	35.0

BEE loans payable

BEE loans payable represent those loans advanced by the BEE partners to the Group to acquire their interest in Finsch and Cullinan. Details of the movements are set out below.

US$ million	**30 June 2018**	30 June 2017
As at 1 July	**99.5**	84.6
Foreign exchange movement on opening balance	**(1.5)**	10.6
Interest payable	**12.5**	10.8
Restructuring of BEE partner structures and reclassification	**-**	(6.5)
As at 30 June	**110.5**	99.5

Group guarantee provided to BEE Lenders

The BEE partners obtained bank financing from ABSA, RMB and Investec (the "BEE Lenders") to refinance amounts owing by the BEE partners to Petra, which had provided funding to the BEE partners to enable them to acquire their interests in Finsch and Cullinan. As part of the refinancing the Group provided a guarantee to the BEE Lenders over the repayment of loans advanced to the Group's BEE partners. The BEE partners will settle their loan obligations with the BEE Lenders from their share of future operational cashflows, either through repayment of the amounts owing to the BEE partners by Petra or through recoverable advances provided by Petra from Group treasury.

As at 30 June 2018 the BEE lender facility for which Petra stands surety was US$85.9 million (30 June 2017: US$104.7 million) with interest and capital commitments as detailed below:

US$ million	**Interest repayments**	**Capital repayments**	**Balance**
BEE Lender facility as at 30 June 2018			85.9
Due and payable within 12 months	(9.9)	(29.9)	(39.8)
Due and payable in 1 - 2 years			46.1

The BEE Lender facility forms part of Petra's Consolidated Net Debt for Petra's covenant measurement purposes and is subject to the same covenant requirements (refer to note 9 for further detail).

The BEE Lender facility bears interest at SA JIBAR plus 6.5%, is repayable in bi-annual instalments (capital plus interest) in November and May with a final repayment date in May 2020. The probability of repayment default by the BEE Partners to Absa, Investec and RMB and any subsequent call by the Lender Group on the guarantee provided by Petra is considered remote.

13. EARNINGS PER SHARE

	Continuing operations 30 June 2018 US$	**Discontinued operations 30 June 2018 US$**	**Total 30 June 2018 US$**	(Restated) Continuing operations 30 June 2017 US$	(Restated) Discontinued operations 30 June 2017 US$	(Restated) Total 30 June 2017 US$
Numerator						
(Loss) / profit for the Year	**(84,562,428)**	**(82,312,465)**	**(166,874,893)**	18,315,283	14,914	18,330,197
Denominator						
	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS						
Brought forward	**531,986,218**	**531,986,218**	**531,986,218**	524,172,967	524,172,967	524,172,967
Effect of shares issued during the Year	**1,248,794**	**1,248,794**	**1,248,794**	4,397,609	4,397,609	4,397,609
Effect of FY 2018 Rights issue on prior Year	**-**	**-**	**-**	53,996,512	53,996,512	53,996,512
Carried forward	**533,235,012**	**533,235,012**	**533,235,012**	582,567,088	582,567,088	582,567,088
	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	**2,011,279**	**-**	**2,011,279**	5,904,758	-	5,904,758
Weighted average number of ordinary shares in issue used in diluted EPS	**535,246,291**	**533,235,012**	**535,246,291**	588,471,846	582,567,088	588,471,846
	US$ cents	**US$ cents**	**US$ cents**	US$ cents	US$ cents	US$ cents
Basic (loss) / profit per share - US$ cents	**(15.85)**	**(15.44)**	**(31.29)**	3.14	-	3.14
Diluted (loss) / profit per share - US$ cents	**(15.85)**	**(15.44)**	**(31.29)**	3.11	-	3.11

Due to the loss for the Year, the diluted loss per share is the same as the basic loss per share. The number of potentially dilutive ordinary shares, in respect of employee share options, Executive Director and Senior Management share award schemes is 2,011,279 (30 June 2017: 5,904,758).

These potentially dilutive ordinary shares may have a dilutive effect on future earnings per share.

The prior year basic and diluted profit per share have been restated and adjusted by the bonus factor of 1.10 to reflect the bonus element of the June 2018 Rights Issue, in accordance with IAS 33 Earning per Share. Amounts as originally stated were 3.46 cents basic and 3.43 cents dilutive profit per share.

14. ADJUSTED EARNINGS PER SHARE (non-GAAP measure)

In order to show earnings per share from operating activities on a consistent basis, an adjusted earnings per share is presented which excludes certain items as set out below. It is emphasised that the adjusted earnings per share is a non-GAAP measure. The Petra Board considers the adjusted earnings per share to better reflect the underlying performance of the Group. The Company's definition of adjusted earnings per share may not be comparable to other similarly titled measures reported by other companies.

	Continuing operations 30 June 2018 US$	**Discontinued operations 30 June 2018 US$**	**Total 30 June 2018 US$**	(Restated) Continuing operations 30 June 2017 US$	(Restated) Discontinued operations 30 June 2017 US$	(Restated) Total 30 June 2017 US$
Numerator						
(Loss) / profit for the Year	**(84,562,428)**	**(83,312,465)**	**(166,874,893)**	18,315,283	14,914	18,330,197
Net unrealised foreign exchange loss / (gain)	**26,233,603**	**-**	**26,233,603**	(8,608,330)	(1,299,850)	(9,908,180)
Impairment charge*	**54,232,200**	**67,306,108**	**121,538,308**	-	-	-
Taxation charge on reduction of unutilised Capex benefits*	**6,736,719**	**-**	**6,736,719**	-	-	-
Kimberley Ekapa Mining JV fair value adjustment	**-**	**-**	**-**	-	(4,140,552)	(4,140,552)
Bond redemption premium and accelerated unamortised bond costs	**-**	**-**	**-**	22,347,670	-	22,347,670
Adjusted profit for the Year attributable to parent	**2,640,094**	**(15,006,357)**	**(12,366,263)**	32,054,623	(5,425,468)	26,629,155
*Portion attributable to equity shareholders of the Company						
Denominator						
	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS						
As at 1 July	**531,986,218**	**531,986,218**	**531,986,218**	524,172,967	524,172,967	524,172,967
Effect of shares issued during the Year	**1,248,794**	**1,248,794**	**1,248,794**	4,397,609	4,397,609	4,397,609
Effect of FY 2018 Rights issue on prior Year	**-**	**-**	**-**	53,996,512	53,996,512	53,996,512
Carried forward	**533,235,012**	**533,235,012**	**533,235,012**	582,567,088	582,567,088	582,567,088
	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	**2,011,279**	**-**	**2,011,279**	5,904,758	-	5,904,758
Weighted average number of ordinary shares in issue used in diluted EPS	**535,246,291**	**533,235,012**	**535,246,291**	588,471,846	582,567,088	588,471,846
	US$ cents	**US$ cents**	**US$ cents**	US$ cents	US$ cents	US$ cents
Adjusted basic (loss) / profit per share - US$ cents	**0.50**	**(2.81)**	**(2.32)**	5.50	(0.93)	4.57
Adjusted diluted (loss) / profit per share - US$ cents	**0.49**	**(2.81)**	**(2.32)**	5.45	(0.93)	4.52

The prior year basic and diluted profit per share have been restated and adjusted by the bonus factor of 1.10 to reflect the bonus element of the June 2018 Rights Issue, in accordance with IAS 33 Earning per Share. Amounts as originally stated were 5.03 cents basic and 4.98 cents dilutive profit per share.

15. ACQUISITION

Kimberley Ekapa Mining Joint Venture (30 June 2017)

On 8 July 2016, Petra and Ekapa Mining entered into a joint venture agreement (effective 1 July 2016) to combine the operations they owned in the Kimberley area into an unincorporated joint venture named the Kimberley Ekapa Mining Joint Venture ("KEM JV"). The operations contributed by the joint venture partners are detailed below. Petra has joint control of the KEM JV under the terms of the shareholders' agreements and recognise its share of revenue, costs, assets and liabilities.

The operations owned and operated by the joint venture partners comprise:

- Kimberley Underground mines (via Petra's subsidiary Crown Resources (Pty) Ltd) ("Crown Resources"). At 30 June 2016, 24.1% of the Kimberley Underground mines (being Ekapa Mining's effective interest in the newly formed joint venture) were classified as held for sale in the Statement of Financial Position in accordance with IFRS 5;
- Tailings operations (via Ekapa Mining's subsidiaries, Super Stone and Kimberley Miners Forum (Pty) Ltd); and
- Kimberley Mines tailings operations (via Ekapa Minerals, owned 50.1% Ekapa Mining and 49.9% Petra).

Prior to the transaction, Petra controlled and consolidated Kimberley Underground mines with a non-controlling interest shown separately and Petra also held a 49.9% jointly controlled interest in the Kimberley Mines tailings operations.

Subsequent to the transaction, Petra and its BEE Partners have a 75.9% jointly controlled interest in KEM JV, held through Crown Resources and Ekapa Minerals, with Ekapa Mining owning the remaining 24.1%. Petra and its BEE Partners effectively contributed 24.1% of their interest in Kimberley Underground mines in return for a 75.9% interest in the tailings operations contributed by Super Stone and Kimberley Miners Forum (Pty) Ltd and a 26% increase in the interest in the Kimberley Mines tailings operation.

Effect of the transaction

The transaction had the following effect on the Group's assets and liabilities:

Summary of net fair value gain recognised

US$ million	Table	Fair values
Fair value uplift for 26% incremental interest in Ekapa Minerals	a)	2.2
Fair value uplift for 75.9% interest in Super Stone	b)	8.5
Derecognition of 24.1% net book value of Kimberley Underground Mines	c)	(6.6)
Net fair value gain recognised in the consolidated income statement (refer to note 17)		4.1

a) Ekapa Minerals

US$ million	Book values	Fair value adjustments	Fair values
Mining property, plant and equipment	18.9	-	18.9
Mineral property	-	3.7	3.7
Cash and cash equivalents, inventory and trade and other receivables	6.9	-	6.9
Environmental liabilities and trade and other payables	(21.0)	-	(21.0)
Net assets at 1 July 2016	4.8	3.7	8.5
Recognition of Petra's 26% incremental interest in Ekapa Minerals	1.2	1.0	2.2

b) Super Stone

US$ million	Book values	Fair value adjustments	Fair values
Mining property, plant and equipment	7.4	-	7.4
Mineral property	2.0	0.9	2.9
Cash and cash equivalents, inventory and trade and other receivables	2.5	-	2.5
Environmental liabilities and trade and other payables	(1.6)	-	(1.6)
Net assets at 1 July 2016	10.3	0.9	11.2
Recognition of Petra's 75.9% interest in Super Stone	7.8	0.7	8.5

c) Kimberley Underground Mines

US$ million	Book values
Partial disposal of 24.1% of Kimberley Underground Mines	(6.6)

The US$4.1 million gain recorded on the formation of KEM JV represents Petra's newly recognised incremental 26% share of the fair value of Ekapa Minerals assets and liabilities and its 75.9% share of the fair value of Super Stone's assets and liabilities, less the 24.1% of the net book value assets and liabilities of Kimberley Underground mine relinquished by Petra as part of the transaction.

16. IMPAIRMENT CHARGE

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of value in use and fair value less cost to sell.

Impaired continuing operations
Impairment indicators were identified at Koffiefontein and a detailed impairment test was performed. The results of the impairment tests performed are detailed below. For impairment considerations at KEM JV refer to note 17.

Given the recent production volumes and costs, as well as engineering and pricing challenges, indicators of impairment were deemed to exist. Whilst conducting an impairment review of the Koffiefontein assets using a value in use impairment model, the Group exercises judgement in making assumptions about future exchange rates, rough diamond prices, volumes of production, ore reserves and resources included in the current life of mine ("LOM") plans, feasibility studies, future development and production costs and macro-economic factors such as inflation and discount rates.

Impairment of property, plant and equipment was considered appropriate given the outcome of the impairment review exercise and the Group recognised a Consolidated Income Statement charge of US$66.0 million, being management's estimate of value in use of the Koffiefontein assets.

Koffiefontein
The key assumptions used in the Koffiefontein impairment review are set out in the table below:

Key assumptions	Explanation
LOM and recoverable value of reserves and resources	Economically recoverable reserves and resources are based on Management's expectations based on the availability of reserves and resources at Koffiefontein and technical studies undertaken in-house and by third party specialists. Resources remaining after the current LOM plans have not been included in impairment testing for the operations.
LOM - capital expenditure	Management has estimated the timing and quantum of the capital expenditure

	based on Koffiefontein's current LOM plans. There is no inclusion of capital expenditure to enhance the asset beyond exploitation of the LOM plan orebody.
Diamond prices	Diamond prices of US$543 per carat in FY 2019 rising to US$573 per carat in FY 2020 (reflecting product mix and a short term price escalator) used in the impairment test have been set with reference to recent achieved pricing and market trends, product mix as a result of increased undiluted ore, increased volumes and diamond price escalators. Diamond prices are increased at a long-term diamond price escalator reflecting the Group's assessment of market supply/demand fundamentals post FY 2019 of 3.0% (30 June 2017: 4.0%) above a long-term US inflation rate of 2.5% (30 June 2017: 2.5%).
Discount rate	A discount rate of 8.5% was used and was calculated based on a nominal weighted cost of capital including the effect of factors such as market risk and country risk as at the Period end.
ROM	An increase in ROM throughput of 76% for FY 2019 which takes account of the completion of the SLC expansion project. The steady state ore production has been reduced to reflect a more conservative outlook compared to earlier guidance.
Cost inflation rate	Long-term South African inflation rate of ca. 7.5% (30 June 2017: ca. 7.5%) was used for Opex and Capex escalators.
Exchange rates	Exchange rates are estimated based on an assessment of current market fundamentals and long-term expectations. The US$/ZAR exchange rate range used commenced at ZAR12.75 (30 June 2017: ZAR13.25), further devaluing at 3.9% (30 June 2017: 3.5%) per annum for a period of three years, reverting to 3.4% per annum thereafter.
Valuation basis	Discounted present value of future cashflows.

Sensitivity analysis:
The impairment charge recognised has been calculated on the basis of management's best estimates, however any adverse change in any of the above assumptions would lead to an additional impairment charge. At Koffiefontein, Management consider that future development of new areas below the current SLC, increased production and expansion capital, exchange rates and diamond prices are the most sensitive assumptions. For example, a 5% reduction in carat production would result in a further impairment of US$7 million, a 5% strengthening of the South African Rand to the US Dollar would result in a further impairment of US$7 million, a 5% reduction in diamond prices would result in a further impairment of US$8 million and a 5% increase in operating costs would result in a breakeven NPV. To address the production sensitivities, management is currently focusing on increasing the average tonnes per day hoisted and undertaking a detailed Capex review which will also determine whether the Group will access areas below current SLC in the existing LOM plan; the outcomes of such reviews will be assessed once completed.

Detail of the impairment assessment is shown below.

Impairment (US$ million)	**Asset class**	**Carrying value pre impairment**	**Impairment**	**Carrying value post impairment**
Koffiefontein	Property, plant & equipment	118.2	66.0	52.2
Total		118.2	66.0	52.2

Non- impaired continuing operations
The Group performs impairment testing on an annual basis of all operations and when there are potential indicators of impairment. The results of the impairment testing performed did not result in any impairments on the mining operations other than for Koffiefontein as disclosed above. The key assumptions used in determining the recoverable value calculations, determined on a value in use basis, are listed in the table below:

Group assumptions:

Key assumptions	Explanation
LOM and recoverable value of reserves and resources	Economically recoverable reserves and resources are based on management's expectations based on the availability of reserves and resources at mine sites and technical studies undertaken in house and by third party specialists. Resources remaining after the current LOM plans have not been included in impairment testing for the operations.
LOM - capital expenditure	Management has estimated the timing and quantum of the capital expenditure based on the Group's current LOM plans for each operation. There is no inclusion of capital expenditure to enhance the asset beyond exploitation of the LOM plan orebody.
Diamond prices	The diamond prices used in the impairment test have been set with reference to recent achieved pricing and market trends, and long-term diamond price escalators reflect the Group's assessment of market supply/demand fundamentals. A long-term inflation rate of 3.0% (30 June 2017: 4.0%) above a long-term US inflation rate of 2.5% (30 June 2017: 2.5%) per annum was used for US$ diamond prices.
Discount rate	A discount rate of 8.5% (30 June 2017: 9.0%) was used for the South African operations and 9.0% (30 June 2017: 9.0%) for Williamson. Discount rates calculated based on a nominal weighted cost of capital including the effect of factors such as market risk and country risk as at the Year end.

Cost inflation rate	Long-term inflation rates of 3.5%-7.5% (30 June 2017: 3.5%-7.5%) above the long-term US$ inflation rate were used for Opex and Capex escalators.
Exchange rates	Exchange rates are estimated based on an assessment of current market fundamentals and long-term expectations. The US$/ZAR exchange rate range used, for all South African operations, commenced at ZAR12.75 (30 June 2017: ZAR13.00), further devaluing at 3.9% (30 June 2017: 3.5%) per annum a period of three years, reverting to 3.4% per annum thereafter.
Valuation basis	Discounted present value of future cashflows.

Specific assumptions and sensitivity analysis

South African mines

At Cullinan specific assumptions were made in relation to grade and pricing as production from the C-cut Phase 1 ramps up and ongoing plant optimisation continues. At Finsch specific assumptions were made in relation to the reduction in certain operation costs such as outsourced services, automation of processes and reduction in processing of tailings and overburden dump material. The impact of applying sensitivities on the key inputs is noted below:

	Finsch headroom %	Cullinan headroom %
Base case headroom	19%	24%
Increase in discount rate by 2%	6%	13%
Reduction in pricing by 5%	5%	14%
Reduction in short-term production by 10%	14%	19%
Increase in Opex by 5%	14%	19%

Williamson - Tanzania

At Williamson, the key judgement is around the recoverability of the VAT receivable under the new legislation effective 20 July 2018. As detailed in note 2, Management consider the VAT to be fully recoverable. However, if the VAT were not to be recoverable the impact would be to reduce the base case headroom from 44% to 19%.

17 NON-CURRENT ASSETS HELD FOR SALE

a) KEM JV Assets held for sale

At Year end, the Group was in active negotiations to dispose of the KEM JV operation and on 5 July 2018 entered into a binding Heads of Agreement with regards to the disposal of the Company's and its black economic empowerment ("BEE") partners' 75.9% interest in the KEM JV to the Company's joint venture partner Ekapa Mining (Pty) Ltd ("Ekapa Mining") for a gross cash consideration of ca. ZAR300 million (US$18.6 million) (the "Disposal").

The Disposal will be on a going concern basis, with Ekapa Mining taking on all of the Company's financial, employee, environmental, health, safety and social obligations with regards to the KEM JV operation. The ca. ZAR300 million gross purchase consideration will be payable in 24 monthly instalments; 40% by way of equal instalments paid over the period 1 January 2019 to 31 December 2019 and 60% by way of equal instalments paid over the period 1 January 2020 to 31 December 2020.

The rationale for the Disposal is to ensure a sustainable future for KEM JV by placing the operation under the sole stewardship of an operator best suited to maximise its value. Ekapa Mining's extensive experience of operating specifically within Kimberley and its ability to solely focus on these assets is expected to provide the right fit for the operation, thereby ensuring continuation of diamond mining employment and related economic activity in this renowned diamond centre.

Completion of the Disposal will be subject to a number of conditions, including:

- approval by the South African Competition Commission;
- Section 11 Ministerial consent in terms of the South African Mineral and Petroleum Resources Development Act, 2002 in respect of the underground mining operations;
- the consent of Petra's South African lender group and the release of relevant securities in relation to the KEM JV; and
- the passing of resolutions approving the Disposal by the relevant boards.

The Disposal is expected to effectively complete in Petra's H1 FY 2019.

As a result of this transaction, the assets and liabilities of the KEM JV mining operation (being Petra's effective of 75.9% interest) have been classified as held for sale in the Statement of Financial Position at 30 June 2018, in accordance with IFRS 5. The financial results of the KEM JV for the Year have been disclosed in the Consolidated Income Statement in Loss on discontinued operation. The KEM JV mining operation is a separate operating segment for the purposes of the Group's segmental reporting.

Effect of the transaction

The transaction had the following effect on the Group's assets and liabilities:

i) Net assets:

US$ million	Book value prior to reclassification as held for sale	Impairment	Book value 30 June 2018
Mining property, plant and equipment	96.8	(77.0)'	19.8

Non-current trade and other receivables	1.9	(1.9)	-
Trade and other receivables	25.8	(13.8)	12.0
Inventory	12.6	-	12.6
Cash and cash equivalents	1.4	-	1.4
Non-current assets held for sale	**138.5**	**(92.7)**	**45.8**
Environmental liabilities and other non-current trade and other payables	(14.2)	-	(14.2)
Trade and other payables	(13.0)	-	(13.0)
Non-current liabilities associated with non-current assets held for sale	**(27.2)**	**-**	**(27.2)**
Net assets			**18.6**

[1] This includes US$52.0 million impairment recognised in H1 FY2018 and US$4.2 million impairment of assets damaged in the mudrush during H2 FY2018.

ii) Result of discontinued operation:

US$ million	**01 July 2017 - 30 June 2018**	01 July 2016 - 30 June 2017
Revenue	**81.6**	82.3
Cost of sales	**(86.1)**	(83.9)
Gross loss	**(4.5)**	(1.6)
Financial income	**0.4**	2.7
Financial expense	**(1.3)**	(1.7)
Loss before tax	**(5.4)**	(0.6)
Income tax (charge) / credit	**(6.2)**	1.1
(Loss) / profit after tax before impairment charge	**(11.6)**	0.5
Kimberley Ekapa Mining JV fair value adjustment (refer to note 15)	**-**	4.1
Impairment charge	**(92.7)**	-
Net (loss) / profit for the Year	**(104.3)**	4.6

The US$92.7 million impairment loss recorded on the KEM JV assets represents the difference between the fair value of the assets and liabilities and the consideration receivable upon the proposed completion of the transaction. An impairment charge of US$56.2 million was recognised in respect of assets written down to carrying values in accordance with IAS 36 Impairment of assets. This includes US$52.0 million impairment recognised in H1 FY2018 and US$4.2 million impairment of assets damaged in the mudrush during H2 FY2018.In addition, a further impairment charge of US$36.5 million has been recognised to reduce assets of the KEM JV to equal the fair value less costs to sell, being the fair value of the consideration receivable. Upon completion of the transaction, amounts included in the foreign currency translation reserve of US$4.5 million in relation to KEM JV will be reclassified to the Consolidated Income Statement and subject to the terms and structure of the final disposal, the non-controlling interest will be removed.

iii) The consolidated cashflow statement includes the following amounts relating to discontinued operations:

US$ million	**01 July 2017 - 30 June 2018**	**01 July 2016 - 30 June 2017**
Operating activities	**(0.5)**	(9.4)
Investing activities	**(23.4)**	(36.0)
Net cash utilised in discontinued operations	**(0.6)**	(0.9)

b) Botswana (exploration)

During the Year, the Company took the decision to sell its exploration assets held in Botswana and subsequently considered from potential purchasers, offers to purchase its exploration assets held in Botswana. As such, the assets and liabilities of the Botswana exploration operation have been classified as held for sale in the Statement of Financial Position at 30 June 2018, in accordance with IFRS 5.

US$ million	30 June 2018
Mining property, plant and equipment	0.6
Trade and other receivables	0.1
Non-current assets held for sale	**0.7**

Trade and other payables	(0.6)
Non-current liabilities associated with non-current assets held for sale	**(0.6)**
Net assets	**0.1**

18. POST BALANCE SHEET EVENTS

RCF and WCF settlement

On 09 July 2018, the Company settled its RCF loan (capital plus interest) of US$73.1 million with its lending group.

On 13 July 2018, the Company settled its WCF loan (capital plus interest) of US$33.6 million with its lending group.

As at date of this report, both the RCF and WCF remain undrawn.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the preliminary financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and give a true and fair view of the assets, liabilities, financial position and profit of the Group for the Year; and

(b) the preliminary management report for the Year includes a fair review of the information required by the FCA's Disclosure and Transparency Rules (DTR 4.1.8 R and 4.1.9 R).

By order of the Board

Johan Dippenaar
Chief Executive Officer
17 September 2018

[1] Future Capex figures are provided in FY 2019 money term, at an exchange rate of US$1:ZAR12.75

END

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