

6 December 2018

LSE: PDL

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

Disposal of Helam Mining (Pty) Ltd and Related Party Transaction

Petra Diamonds Limited announces that it has entered into a Sale of Shares and Claims Agreement with regards to the disposal of the Company's and its black economic empowerment ("BEE") partners' interest in Helam Mining (Pty) Ltd ("Helam") to Lindleys Mining (Pty) Ltd ("Lindleys Mining") for a nominal consideration of ZAR200 with immediate effect.

The Helam mine was put on care on maintenance by the Company during FY 2015, following previous attempts to source a suitable purchaser, and no mining activities have been conducted by Petra since then.

The rationale for the disposal is to support the South African Government's intention to prolong the lives of mines facing closure by facilitating opportunities for emerging miners to the benefit of entrepreneurs, host communities and local employment. The disposal is also in line with Petra's strategic priorities, which include that the Board continues on an ongoing basis, to review the asset portfolio of the business with a view to maximising return on capital and to ensure that all assets are in a position to contribute positive cash flow to the business.

The Board has determined to enter into a Sale of Shares and Claims Agreement based on the following benefits to Petra:

- whilst Helam has the potential to be a small-scale sustainable and economic diamond producer, it is better suited to an operator with an owner-manager approach that is able to solely focus on the optimisation of these assets; and
- it will reduce cash outflow with existing care and maintenance expenditure amounting to ca. US\$2million per annum.

Lindleys Mining will take on all of the Company's environmental obligations with regards to Helam, currently estimated at ca. ZAR23 million excluding VAT (ca. US\$1.7 million). As part of the disposal, agreement has been reached for the joint use of the processing plant at Helam, which has historically been utilised to conduct resource and production sampling and analyses for the Petra Group. Lindleys Mining have agreed to continue with such sampling and analyses for a period of up to two years. Petra intends to establish appropriate sampling facilities elsewhere in the Group which, once commissioned, will replace the need to continue with this arrangement.

Due to Helam being the owner of an old-order mining right, the sale is not conditional upon ministerial consent; the transaction will thus become unconditional with immediate effect.

Smaller related party transaction

1. Jim Davidson, former technical director of Petra who retired from the Company on 30 June 2018, was approached by the existing owners of Lindleys Mining to be a co-shareholder in this venture given his extensive experience with Helam and to maximise their chances of success. Jim has agreed to subscribe to 49% of the shares in Lindleys Mining. As such, Jim Davidson is considered to be a related party of the Company under Listing Rule 11.1.4R.

The Disposal falls within Listing Rule 11.1.10R (smaller related party transactions) and this announcement is made in accordance with Listing Rule 11.1.10R(c).

2. As disclosed in the Company's FY 2012 annual report, Mr. Johan Dippenaar, CEO, and Mr. Jim Davidson, former technical director, exercised an option to acquire the Helam game farm from the Company for R2.5 million (ca. US\$0.3 million at the prevailing exchange rate) granted in 2004. Although Mr Dippenaar and Mr Davidson duly paid the option price, the transfer of the properties has to date not been effected. In the interest of the Disposal, and to ensure the surface rights (including the mining right area and the Helam game farm) are

transferred without any encumbrance to the new owners, Helam entered into a cancellation agreement with Mr Dippenaar and Mr Davidson prior to the Disposal as announced above, to unwind the exercise of the original option through the repayment of the original option price of R2.5 million (US\$0.2 million at current exchange rates), the "Option Cancellation". The Option Cancellation is classified as a small transaction as defined in Listing Rule 11 Annex 1.

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 also maintains an exploration programme in Botswana and South Africa, which is currently under review.

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.

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