



31 March 2005

Petra Diamonds Limited (“Petra” or “the Company”)

Chairman’s Statement and Interim Results to 31 December 2004

The period since my last Chairman’s letter, published in December 2004, has been very productive for the Company as we have moved significantly closer to achieving our goal of building a diamond group that combines successful producing mines with quality exploration assets. With exciting prospects ahead of us, I report the interim results for the six months to 31 December 2004.

Results

The loss for the period amounted to £4,197,050 (2003: loss £1,799,734) stated after operating charges of £3,646,031 (2003: £1,458,980) and net financing costs of £551,019 (2003: £340,754).

The increased loss over the comparative period was due to the level of activity and associated expenditure at the Alto Cuilo project for the six month period, which led to significant exploration developments. The Company’s expenditure on Alto Cuilo will not remain at these levels from January 2005 due to an important development with regards to the joint venture with BHP Billiton World Exploration Inc (“BHP Billiton”) as set out below.

Net financing costs arose due to exchange movements on the restatement of borrowings within the Petra group.

Proposed Merger with Crown Diamonds

On 8 February Petra Diamonds announced its proposed merger with Australian listed Crown Diamonds NL (“Crown”). This transaction is a significant step towards our long-term objective of becoming a significant player in the diamond industry with a combination of quality producing mines and an impressive exploration base. On completion of the merger, the enlarged Petra group will be dual listed on AIM and the ASX, enhancing liquidity and aiming to increase the scope of institutional investor interest due to asset base and market capitalisation.

As noted when the proposed merger was announced, the transaction constitutes a Reverse Takeover under the AIM rules. The Company’s shares are currently suspended from trading on AIM until such time as an AIM Admission document relating to the proposed merger is published. Work is progressing well on the preparation of the various documents and we will publish the AIM document and return to trading in the near future.

Crown’s current producing diamond assets are all situated in South Africa. They encompass Helam, Star and the Messina/Dancarl joint venture. All three of these diamond operations are kimberlite fissure mines with life of mine in excess of 15 years each and all three produce high quality diamond gem stones. It is estimated that the Crown operations will produce in excess of 167,000 carats of gem quality stones in 2005.

Crown has also agreed a joint venture with AIM and TSX listed Mano River Resources Inc concerning the Kono diamond project in Sierra Leone, a kimberlite project with several identified fissures from which small scale production is envisaged during the next twelve months. Initial indications show good geochemical results with a fissure strike length greater than Crown’s current producing mines.

Crown also brings with it an experienced management team which is highly skilled in diamond mining production in South Africa. The two management teams together will have the depth and knowledge to develop diamond opportunities anywhere on the African continent.

Alto Cuilo and BHP Billiton

Further, I am pleased to announce an important development with regards to the joint venture with BHP Billiton regarding the Alto Cuilo diamond project in north eastern Angola.

The joint venture agreement between Petra and BHP Billiton included an option with regards to BHP Billiton's funding of the project, and I am delighted to advise you that BHP Billiton have formally elected to fund the Alto Cuilo kimberlite exploration programme, with this funding taking effect from 1 January 2005. The election by BHP Billiton represents important progress for the project and for Petra and we look forward to working with BHP Billiton in moving the exploration programme ahead over the coming months.

Drilling continues at Alto Cuilo and as at the end of February 2005 diamond core drilling had been completed at 43 sites, with a total 6,436 metres having now been drilled.

Since commissioning of the diamond recovery plant (MB100 and DMS) in September 2004, alluvial gravels from the Luangue river and kimberlitic material from the AC2 complex continued to be treated by the plant and as of 26 February 2005, 4,927 macro diamonds have been recovered with a total mass of 1,241 carats.

Conclusion

Petra Diamonds is at a pivotal stage in its development and considerably closer to achieving its objective of becoming a significant producer of diamonds with a balanced portfolio of cash flow positive, producing mines combined with the "blue sky" of high quality exploration assets. The merger with Crown and the support of BHP Billiton puts the Company in a strong position to create a geographically diversified diamond group with a substantial asset base and market capitalisation, giving the Company the potential to become a niche mid-tier producer of rough diamonds.

Adonis Pouroulis, Chairman
31 March 2005

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PETRA DIAMONDS LIMITED

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2004**

	Unaudited 1 July 2004- 31 December 2004 £	Unaudited 1 July 2003- 31 December 2003 £	Audited 1 July 2003- 30 June 2004 £
Other operating income	-	-	4,424
Other operating charges	(3,646,031)	(1,458,980)	(3,978,460)
Group operating loss	(3,646,031)	(1,458,980)	(3,974,036)
Net financing costs	(551,019)	(340,754)	(245,827)
Loss before and after taxation for the financial period	(4,197,050)	(1,799,734)	(4,219,863)
Basic and diluted loss per share - pence	(6.17)	(3.48)	(7.45)

**UNAUDITED CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2004**

	Unaudited 1 July 2004- 31 December 2004 £	Unaudited 1 July 2003- 31 December 2003 £	Audited 1 July 2003- 30 June 2004 £
Loss for the financial period	(4,197,050)	(1,799,734)	(4,219,863)
Exchange adjustments on translation of subsidiary and branch undertakings recognised directly in equity	475,979	293,229	153,094
Total recognised gains and losses relating to the financial period	(3,721,071)	(1,506,505)	(4,066,769)

PETRA DIAMONDS LIMITED
UNAUDITED CONSOLIDATED BALANCE SHEET
 AT 31 DECEMBER 2004

	Unaudited 31 December 2004	Unaudited 31 December 2003	Audited 30 June 2004
	£	£	£
ASSETS			
Property, plant and equipment	2,301,919	493,033	1,782,408
Intangible assets	80,281	78,440	79,576
Investment in associates	—	—	—
Total non-current assets	2,382,200	571,473	1,861,984
Other receivables	615,970	306,917	550,838
Cash at bank and in hand	452,466	285,828	3,766,852
Total current assets	1,068,436	592,745	4,317,690
Total assets	3,450,636	1,164,218	6,179,674
EQUITY AND LIABILITIES			
Equity			
Issued capital	6,926,954	5,184,997	6,784,998
Share premium account	19,746,615	12,920,899	18,834,587
Foreign currency translation reserve	2,115,057	1,779,213	1,639,078
Accumulated loss	(27,775,175)	(21,157,996)	(23,578,125)
Total equity	1,013,451	(1,272,887)	3,680,538
Minority interests	—	—	—
Liabilities			
Trade and other payables	2,000,000	2,082,176	2,013,620
Total non-current liabilities	2,000,000	2,082,176	2,013,620
Trade and other payables	437,185	354,929	485,516
Total current liabilities	437,185	354,929	485,516
Total liabilities	2,437,185	2,437,105	2,499,136
Total equity, minority interests and liabilities	3,450,636	1,164,218	6,179,674

PETRA DIAMONDS LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2004

1. The interim results, which are unaudited, have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The unaudited interim financial statements for the six months ended 31 December 2004 do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 and have been drawn up using accounting policies and presentation consistent with those applied in the audited accounts for the year ended 30 June 2004.

The financial information for the year ended 30 June 2004 has been extracted from the statutory accounts for that period, the auditors report on those accounts was unqualified.

2. No dividends were proposed or paid during the period.
3. The calculation of basic loss per share is based on a loss for the interim period of £4,197,050 and on a weighted average of 68,010,371 ordinary shares of 10p each in issue during the period.
4. Due to losses incurred no taxation has been provided for. Deferred tax assets on losses have not been recognised as it is not foreseeable with sufficient certainty that the related tax benefit will be realised.