



PetraDiamonds

Petra product mix and diamond market update

28 June 2023



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Petra is the leading independent natural diamond miner



We primarily supply the manufacturing industry with gem/near gem quality natural diamonds safely and to the highest ethical standards

Our mines produce a range of diamonds, from very large, highest quality gemstones spanning Type II white to yellow, champagne, pink and blue, to smaller size fractions

1

Cullinan Mine 

FY22 REVENUE CONTRIBUTION

55%

(FY21: 62%)

FY22 EMPLOYEES

1,281

(FY21: 1,260)

Potential mine-life: 2050+

Renowned for: Type IIa white and blue diamonds



2

Finsch 

FY22 REVENUE CONTRIBUTION

28%

(FY21: 30%)

FY22 EMPLOYEES

944

(FY21: 1,003)

Potential mine-life: 2040+

Renowned for: A consistent producer of sought after octahedral diamonds



3

Williamson 

FY22 REVENUE CONTRIBUTION

13%

(FY21: 1%)

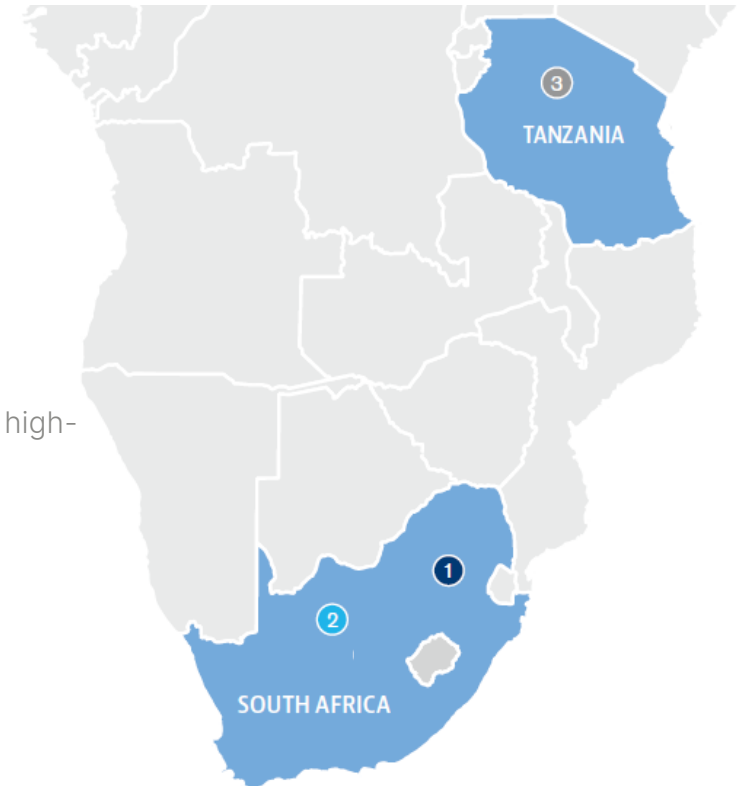
FY22 EMPLOYEES

505

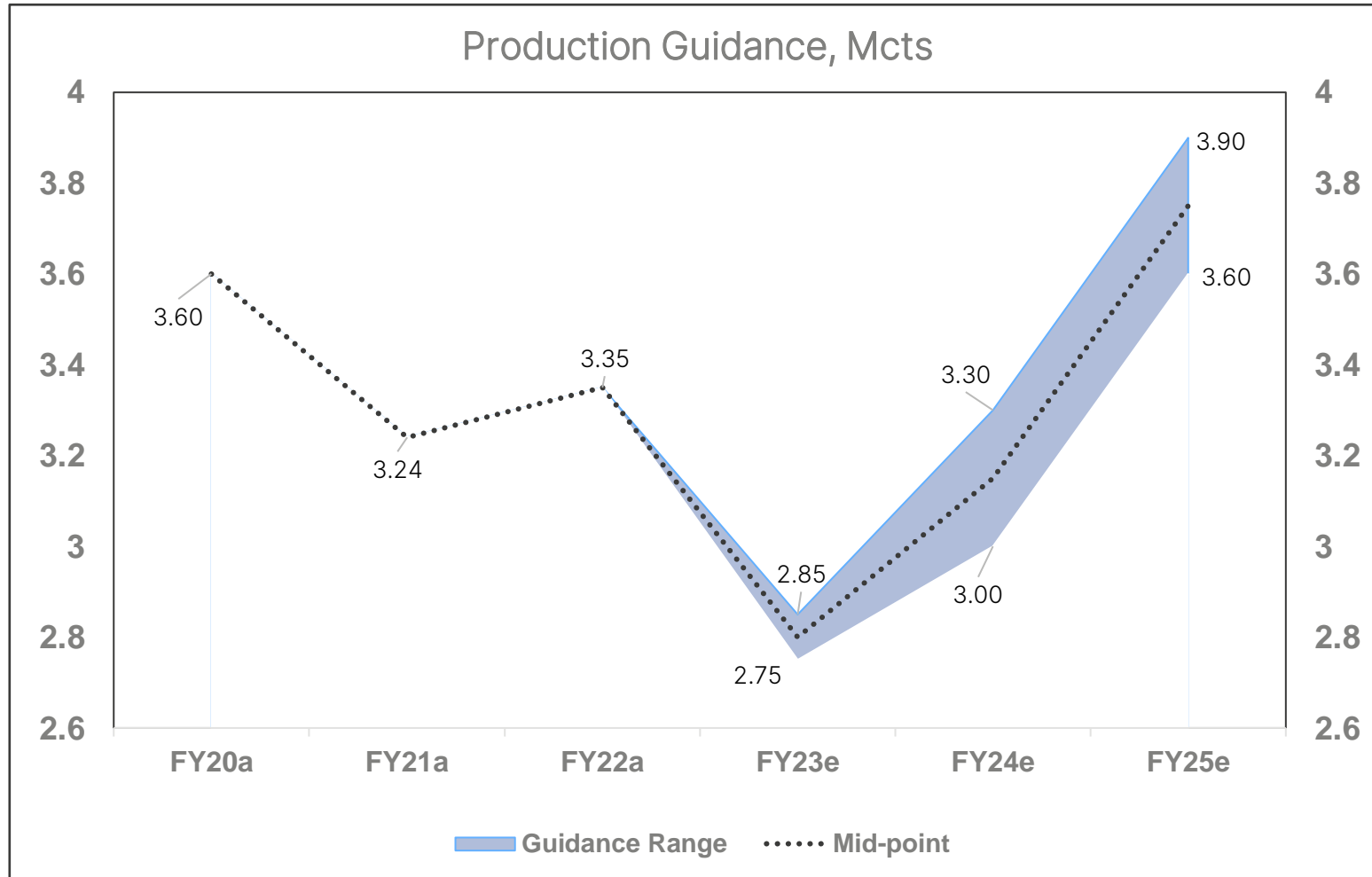
(FY21: 501)

Potential mine-life: 2050

Renowned for: A reliable source of high-value pink diamonds



Annual production on track for a substantial increase from FY23



Expected Group production FY 23 to FY 25

- Cullinan Mine
 - Projects underway to optimise orebody and mitigate impact of C-Cut waste ingress
- Finsch
 - Steps undertaken to increase throughput
- Williamson
 - Production anticipated to resume in Q1 FY 2024

Note 1: FY23 – FY25 numbers as per production guidance issued in February 2023

A consistent producer of some of the world's most valuable diamonds



The Cullinan Heritage
507.5ct rough, 104ct polished
sold for \$35.3m
Cullinan Mine, 2009



The Blue Moon of Josephine
29.6ct rough, 12.0ct polished
Rough sold for \$25.5m (\$862k/ct)
and polished sold for \$48.5m
(+\$4m/ct = world record)
Cullinan Mine, 2014



32.3ct pink diamond
sold for \$15.0m (\$463k/ct)
Williamson, 2016



The Cullinan Dream
122.5ct rough, 24.1ct polished
Rough sold for \$27.6m
Cullinan Mine, 2014



The Legacy of the Cullinan
Diamond Mine
424.8ct rough sold for
\$15.0m
Cullinan Mine, 2019



20.0ct blue diamond
sold for \$14.9m (\$741k/ct)
Cullinan Mine, 2019



The Letlapa Tala Collection
sold for \$40.36m
Cullinan Mine, 2020

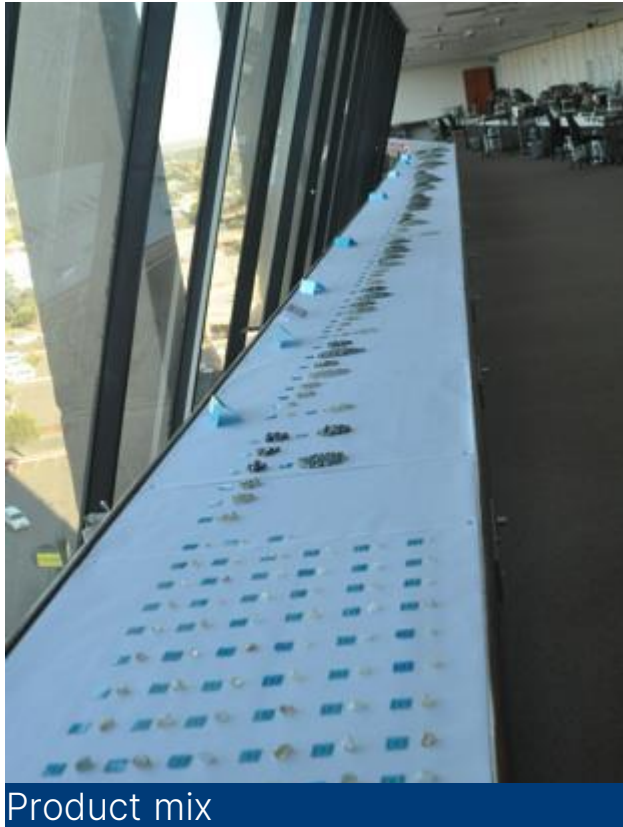


39.34ct blue diamond
sold for \$40.2m (\$1,021,357/ct - the
highest price Petra has received for a
single stone)
Cullinan Mine, 2021

Cullinan Mine diamond profile



- The world's foremost source of rare and high value Type IIb blue diamonds and famed for its large Type IIa colour diamonds
- More recently we have seen the emergence of stunning vivid yellow diamonds - more than likely a product of the C-Cut
- High 'makeable'¹ content in top-end colours and a popular production profile for Indian manufacturers



Product mix



+10.8 carat single stones



2-10 carat



3-4carat



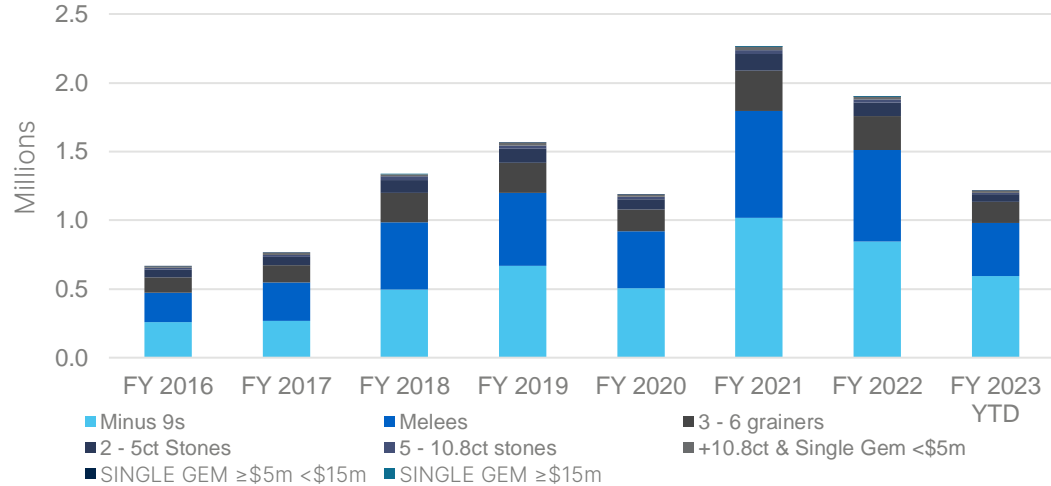
2-2.5 carat

Note 1: A 'makeable' stone is the name given to diamonds whose shape lends itself to having one large diamond cut from it

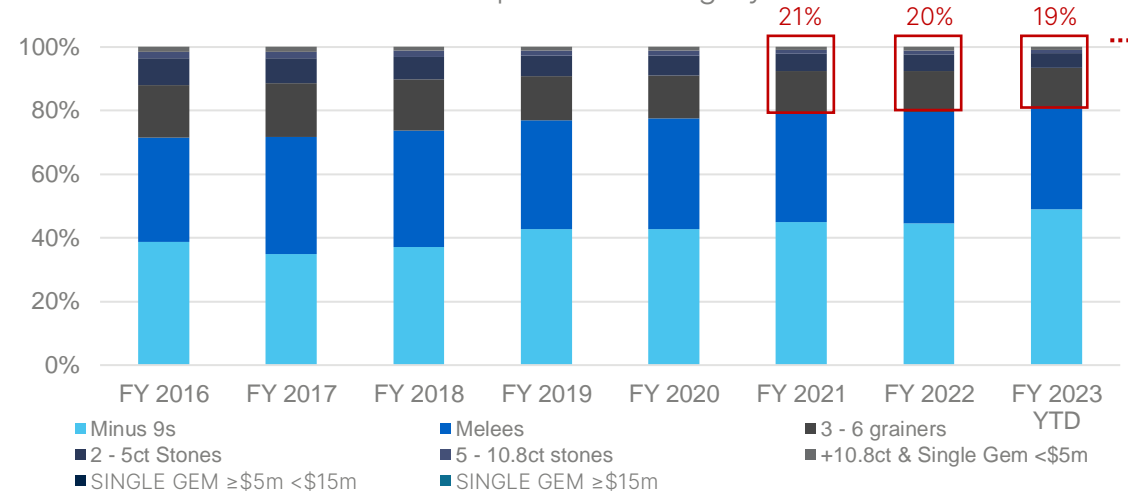
Cullinan Mine diamond product mix and pricing



Carats per Size Category

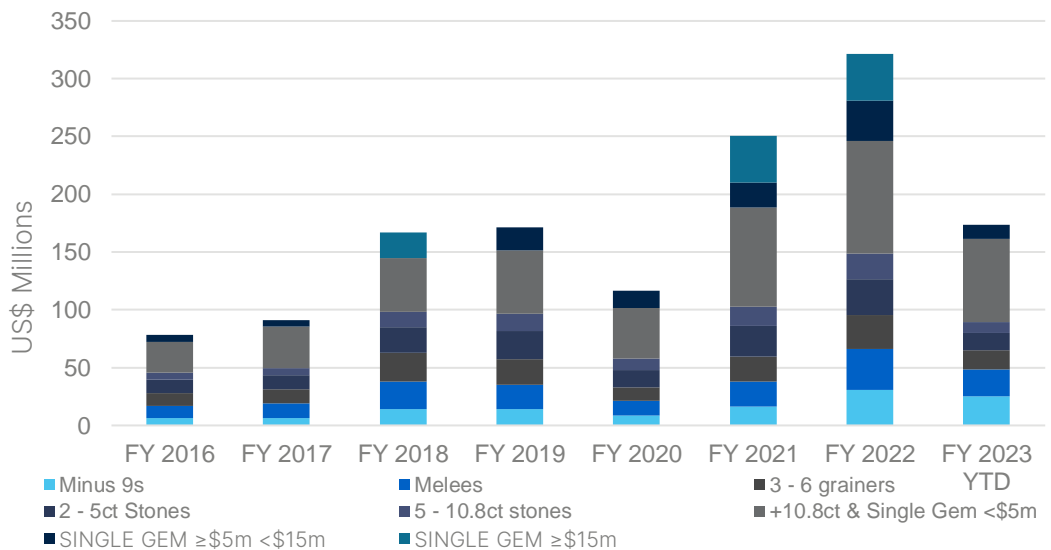


Carats per Size Category

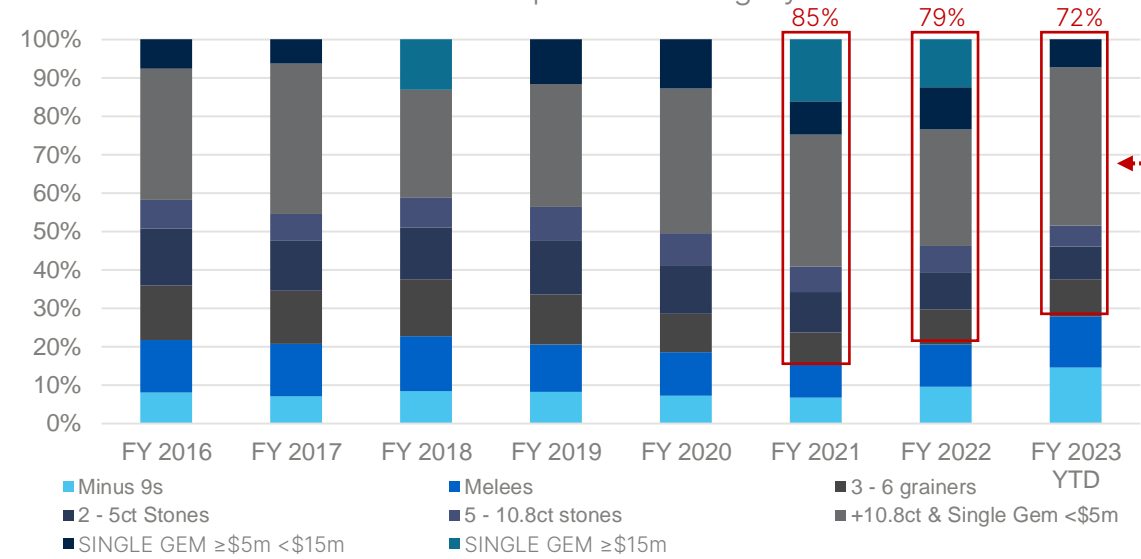


High-value product mix: c.80% of revenues from c.20% of volume

Revenue per Size Category



Revenue per Size Category



With regular contribution from Exceptional Stones¹



TOTAL				
Financial Yr	+US\$5m (EXCEPTIONALS)			
	No of Stones	Total Carats	Total US\$	US\$/Ct
FY2009	2	48.26	\$ 17,271,412	\$ 357,883
FY2010	2	675.56	\$ 41,580,000	\$ 61,549
FY2011	0	-	\$ -	\$ -
FY2012	0	-	\$ -	\$ -
FY2013	1	25.50	\$ 16,890,180	\$ 662,360
FY2014	2	156.02	\$ 34,073,555	\$ 218,392
FY2015	2	354.57	\$ 43,911,490	\$ 123,844
FY2016	1	121.26	\$ 6,000,000	\$ 49,480
FY2017	1	138.57	\$ 5,696,765	\$ 41,111
FY2018	1	40.59	\$ 24,000,000	\$ 591,279
FY2019	2	434.65	\$ 19,992,667	\$ 45,997
FY2020	1	20.08	\$ 14,888,889	\$ 741,479
FY2021	7	396.72	\$ 62,068,707	\$ 156,455
FY2022	5	849.67	\$ 75,237,257	\$ 88,549
FY2023 YTD	2	371.48	\$ 12,611,111	\$ 33,948
Grand Total	29	3,632.93	\$ 374,222,033	\$ 103,008
AV - FY09 to FY23 YTD	1.9	242.20	\$ 24,948,136	\$ 103,008
5 YEAR AV - FY19 to FY23 YTD	3.4	414.52	\$ 36,959,726	\$ 89,163
3 YEAR AV - FY21 to FY23 YTD	4.7	539.29	\$ 49,972,358	\$ 92,663

Note 1: Petra classifies "Exceptional Stones" as rough diamonds which sell for US\$5 million or more each



Revenue contribution from Cullinan Mine's Exceptional Stones¹

- Exceptional Stones represent some of the rarest and most exquisite diamonds in the world
- Validation of investment to support Exceptional Stone recovery

Contribution of Exceptional Stones from Cullinan Mine

Date	Cullinan Mine
FY 2023 YTD	US\$12.6 million
FY 2022	US\$75.2 million
3 years average (FY21 to FY23 YTD)	US\$50.0 million per year
5 years average (FY19 to FY23 YTD)	US\$37.0 million per year



Note 1: Petra classifies "Exceptional Stones" as rough diamonds which sell for US\$5 million or more each



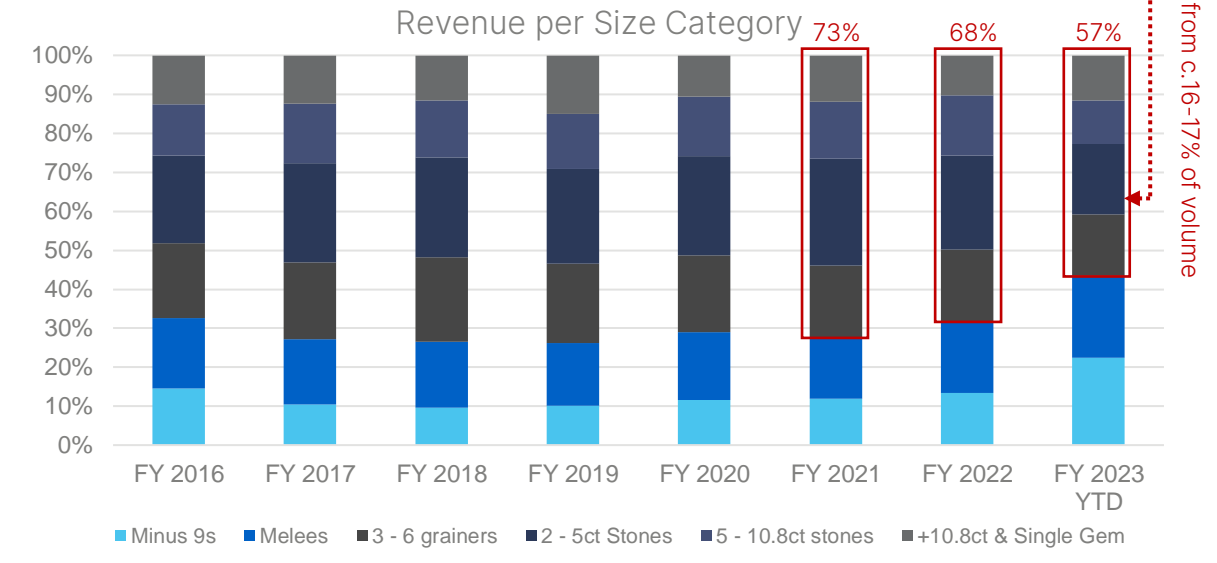
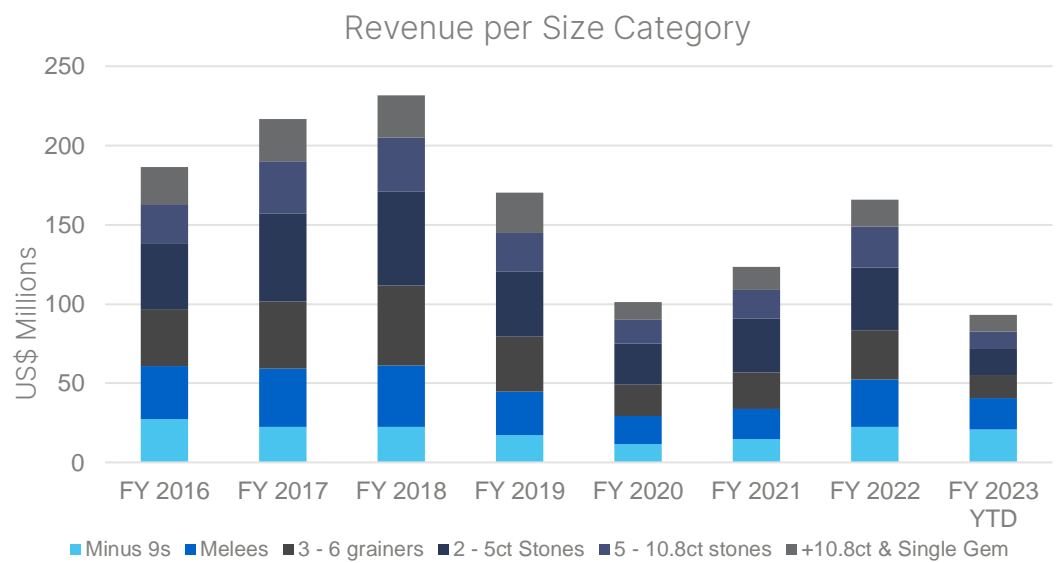
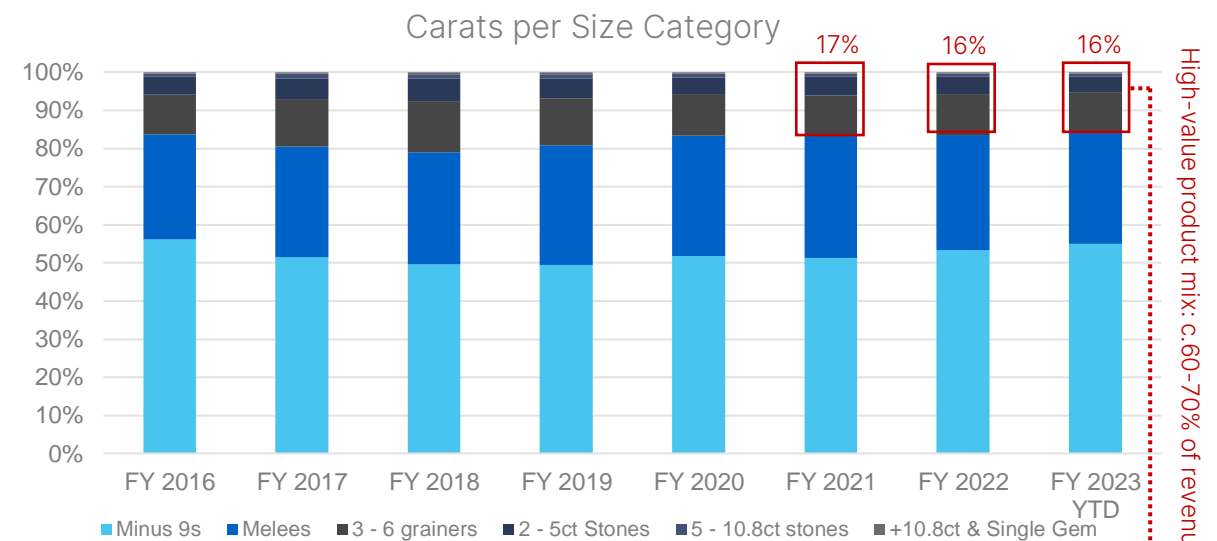
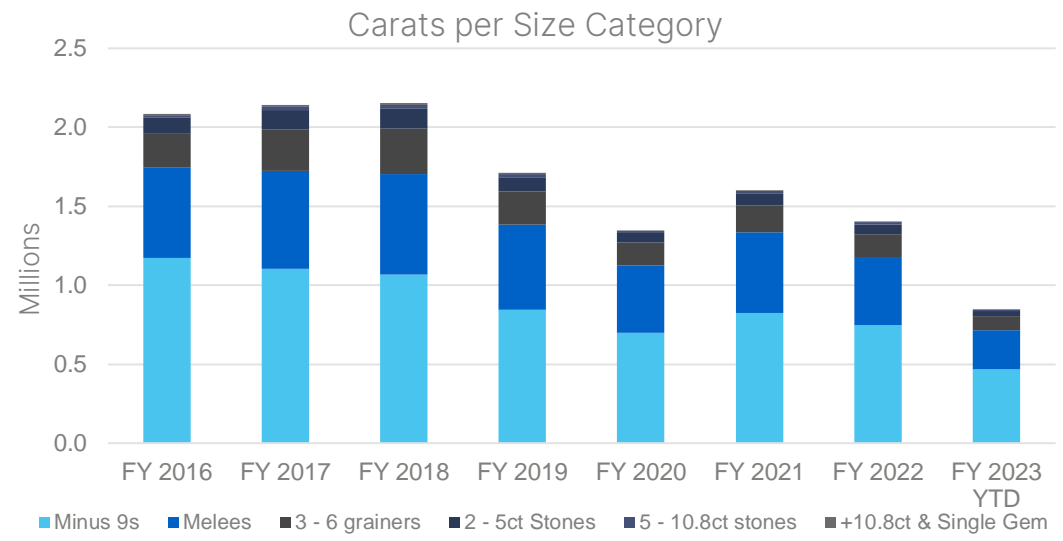
Finsch diamond profile

- High proportion of 'sawable'¹ goods which attract higher pricing given they deliver a better yield than makeable goods in the polished
- High quality commercial colours and 2-10 carat 'sawable' material, popular with manufacturers worldwide



Note 1: 'Sawable' stones are diamonds which can be cut in half in order to create two smaller diamonds

Finsch diamond product mix and pricing



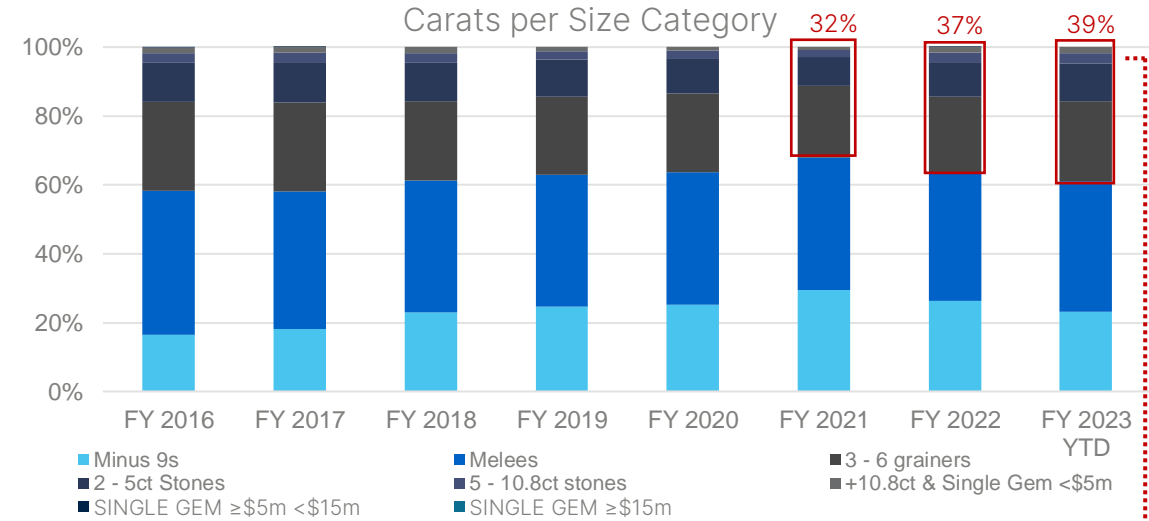
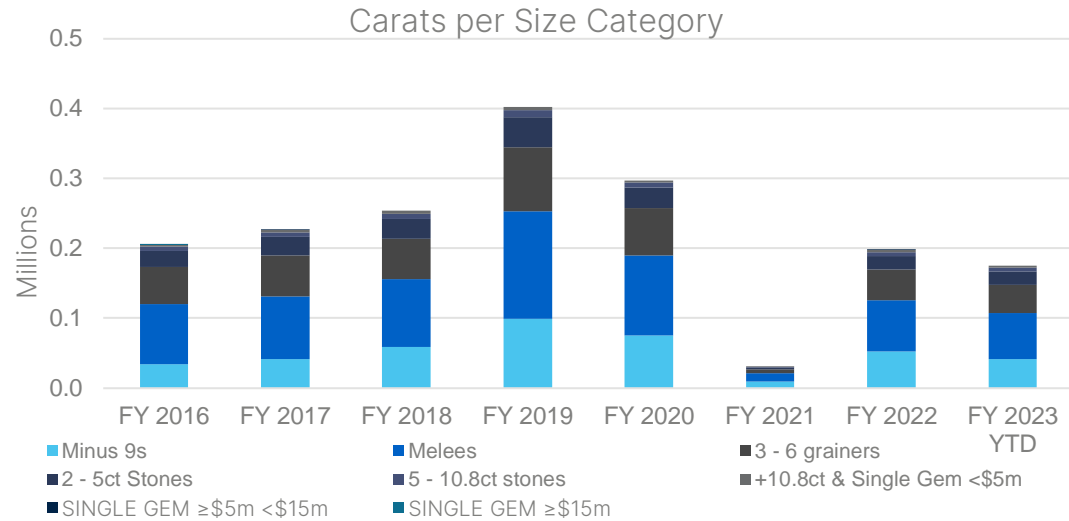
Williamson diamond profile



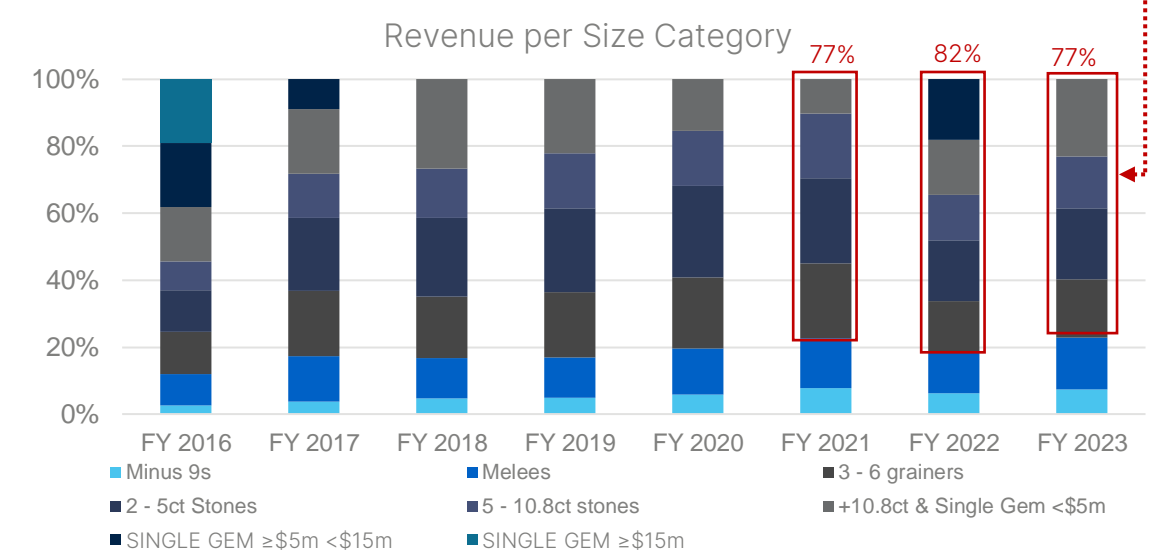
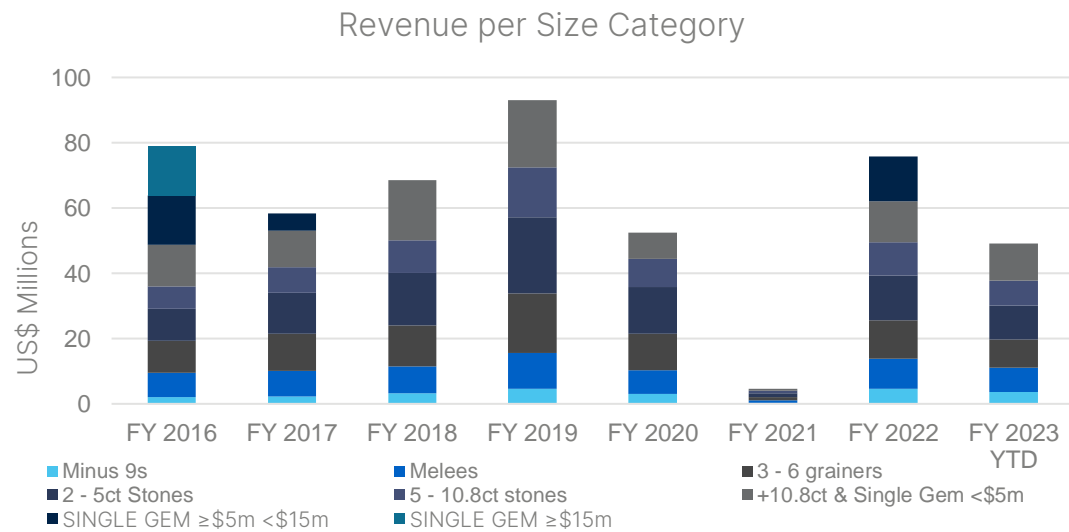
- One of the most reliable sources of high value pink diamonds
- High yielding rounded goods



Williamson diamond product mix and pricing



High-value product mix: c. >70% of revenues from c. 30-40% of volume





Diamond market

Richard Duffy, Greg Stephenson

Peace of Mined – A Story of Provenance

Boodles Cullinan Brochure 2022

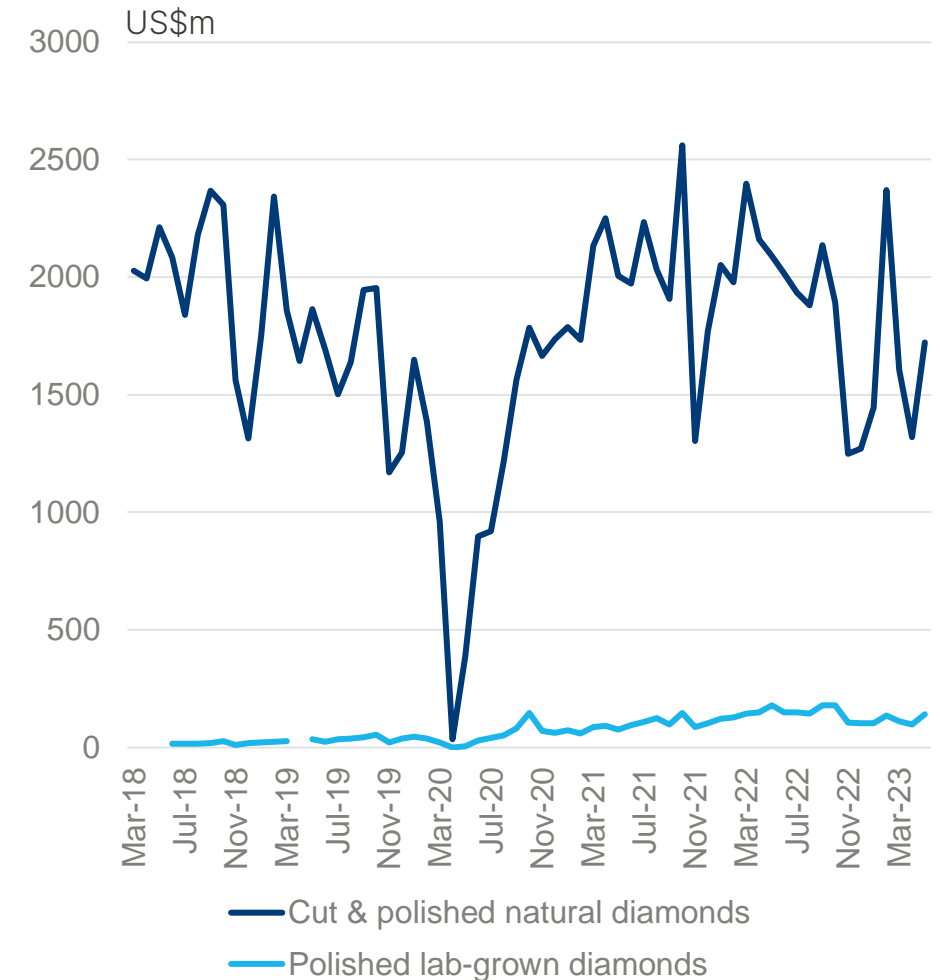


Recent natural diamond market commentary



- **Upstream seeing temporary softening of demand:**
 - In May, Okavango Diamond Company, the Botswana government's independent selling arm of Debswana goods, sold \$56 million worth of rough at auction, in what was the company's lightest sale since the midst of the pandemic in mid-2020 –only 68% of the lots offered were sold; a sampling of price changes showed that most categories were down a mid-to-high single digit percentage relative to a month ago.
 - DeBeers is reportedly combining its near-term auctions (not to be confused with its primary Sights), in essence reducing the number of sales this year given the current lackluster market demand for rough
 - Petra defers its Tender 6 from June until August with the expectation of stronger seasonal demand. This follows the withdrawal of a portion of its Tender 5 goods in May that were predominantly higher value goods
- **Midstream inventory high during period of typically lower seasonal demand**
 - Diamond mid-stream technology and equipment provider, Sarine, said its calendar-Q1 revenue fell 12% year-over-year to \$12 million; management attributed the softer quarter in part to: "the inventory of polished diamonds rising significantly...(which led to a decrease) in the flow of new rough diamonds into the pipeline"
- **Downstream remaining robust:**
 - Richemont, the luxury conglomerate and parent of high-jewelers Cartier, Van Cleef & Arpels and Piaget, posted another record quarter, with jewelry sales growing 27% in calendar-Q1; management said "there is this very strong demand in jewelry, especially branded jewelry, and we expect this to continue to grow."

Indian exports from March 2018¹



Note 1: GJEPC India

Balance sheet strength enabling flexibility at sales tenders



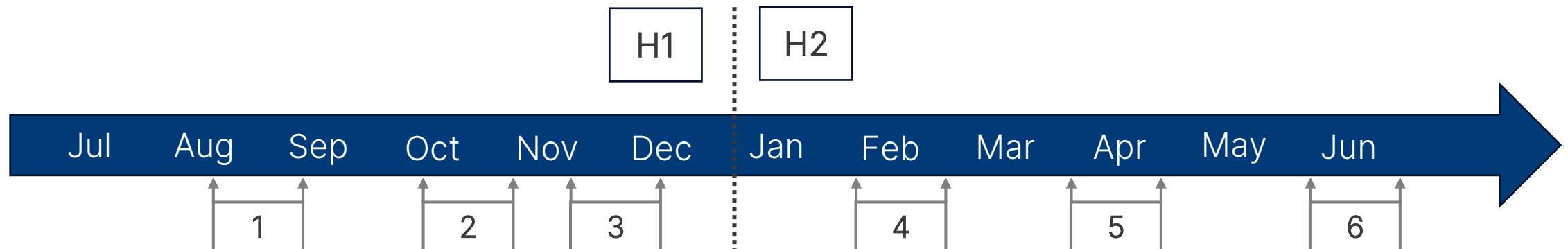
Approach to sales

- In-house sales
- Competitive tender process – “price takers” allow us to achieve the best possible price
- Typically sell all accumulated production at the tender cycles
- Product mix is highly sought after and attracts a wide range of clients, further stimulating bidding
- High value stones sell as individual lots and may be subject to independent sales process

Tender process

- Petra typically holds 6 tenders per year, but the number and timing remains flexible in response to market and other conditions - avoiding religious holidays, the festive season and the European summer
- In FY2023 we only held 5 tenders with the 6th tender deferred from June until August which is seasonally stronger
- Volumes sold throughout the year are typically weighted 40%-45% H1 and 55%-60% H2 due to the production cut-off in December around the Christmas holidays

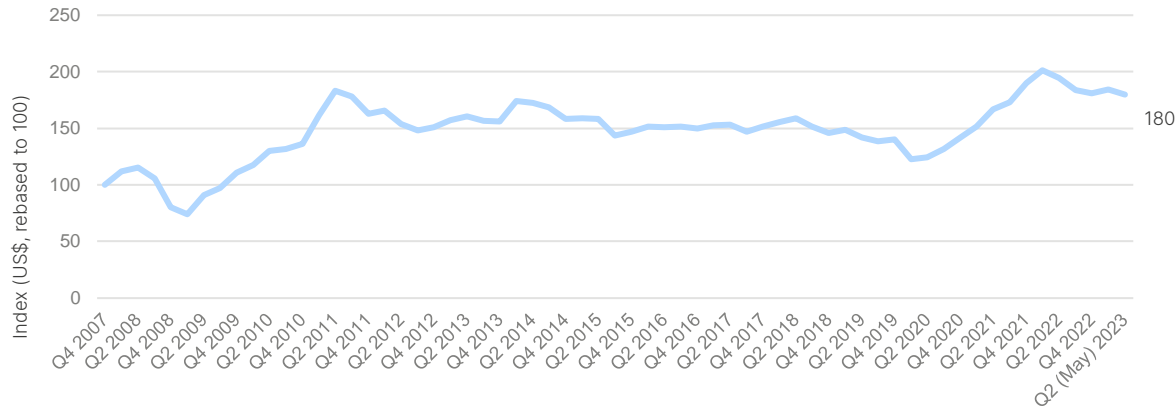
A typical year (in FY 2023 there were 5 tenders)



Longer-term pricing resilience, supported by high value stones

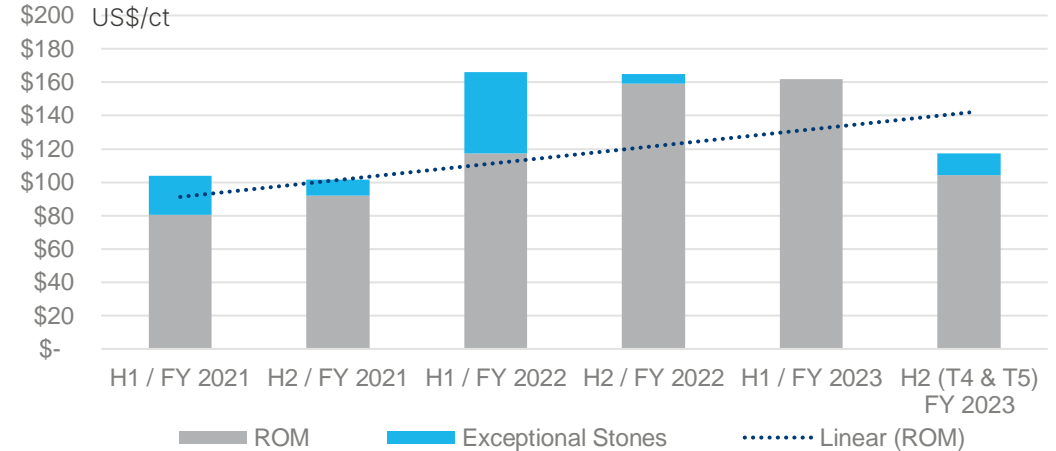


Pricing resilient despite economic uncertainties¹



Note 1: The Zimnisky Global Rough Diamond Price Index. Starting Index value 100 as of end-2007. More information can be found at www.paulzimnisky.com/roughdiamondindex

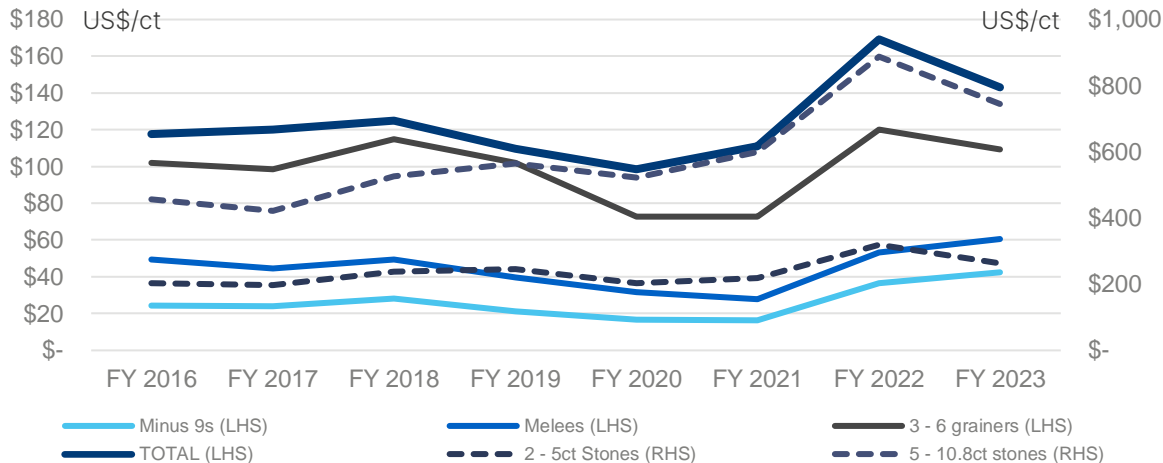
Petra's av. price split by run-of-mine (ROM) and Exceptional Stones^{1,2,3}



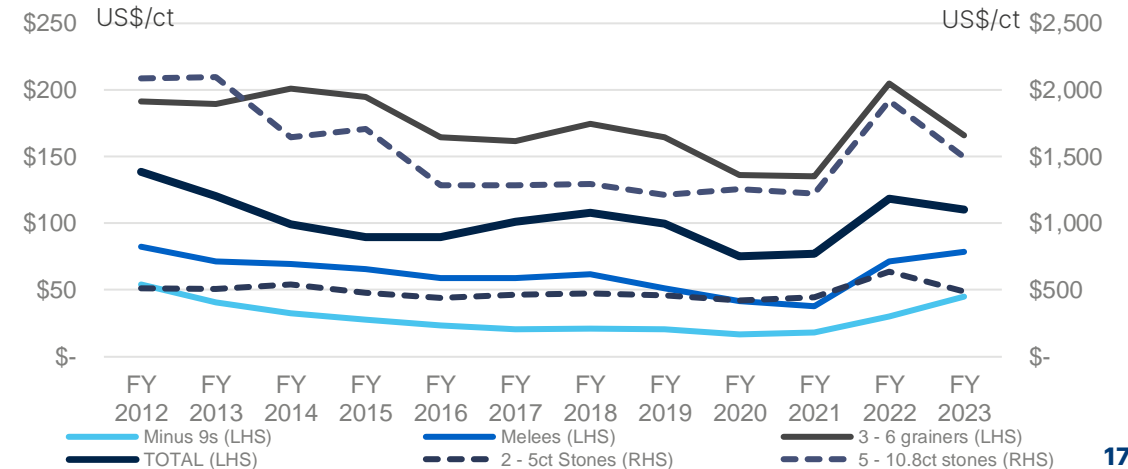
Note 1: H2 (T4 & T5) FY2023 average prices impacted by withdrawal from sale of higher valued diamonds, product mix and softening prices

Note 2 ROM prices are US\$/ct achieved without the contribution from Exceptional Stones

Pricing per size category – Cullinan Mine (excl single stones)



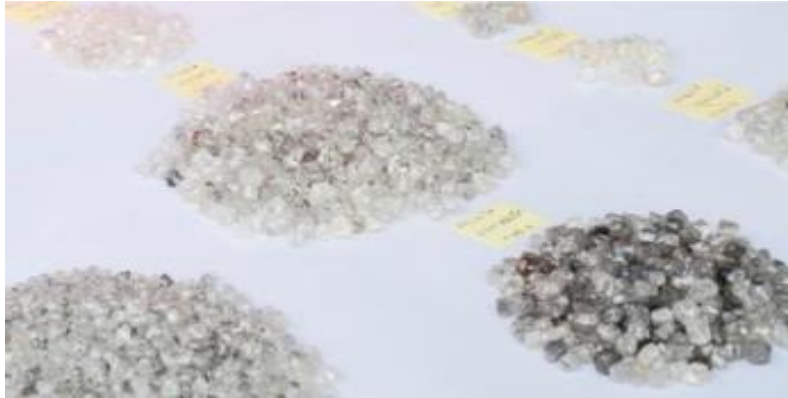
Pricing per size category – Finsch (excl single stones)



Our product mix is geared to robust growth demographics...



Mass market goods



High-end goods



Ultra collectibles

FORBES > LIFESTYLE > WATCHES & JEWELRY

11.15-Carat Williamson Pink Star Diamond Fetches \$57.7 Million, A World Record Price

Anthony DeMarco Senior Contributor @

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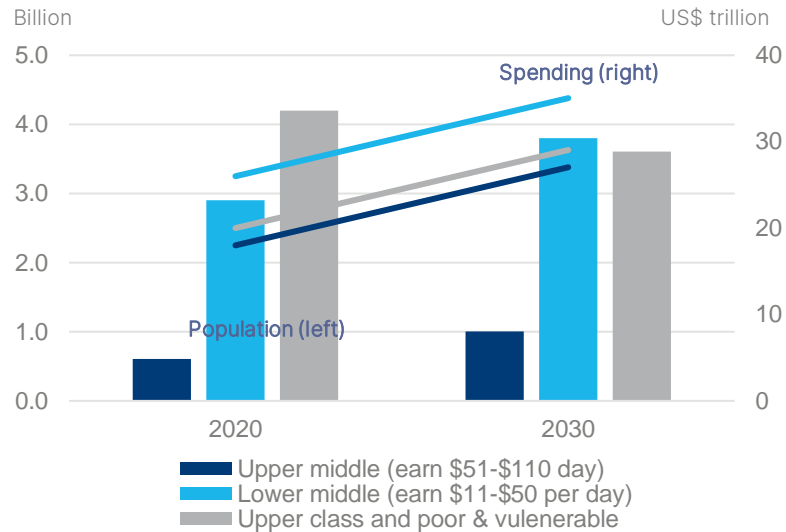
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Oct 7, 2022, 09:51am EDT



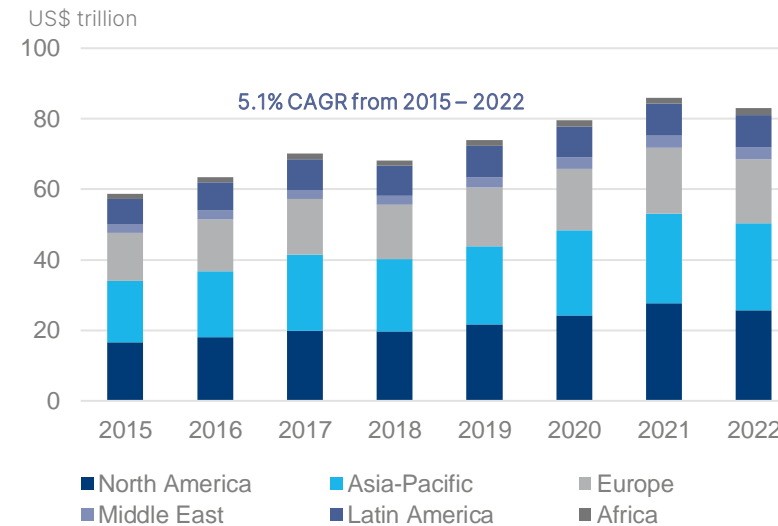
The 11.15-carat The Williamson Pink Star diamond fetches more than \$57 million. SOTHEBY'S

Middle-class to increase by 700m people by 2030



Brookings, 2021

HNWI financial wealth, 5.1% CAGR since 2015



Capgemini Research for Financial Services Analysis, 2023 (HNWI have investible assets of US\$1m, excluding primary residence, collectibles, consumables and consumer durables)

Forbes, 2022



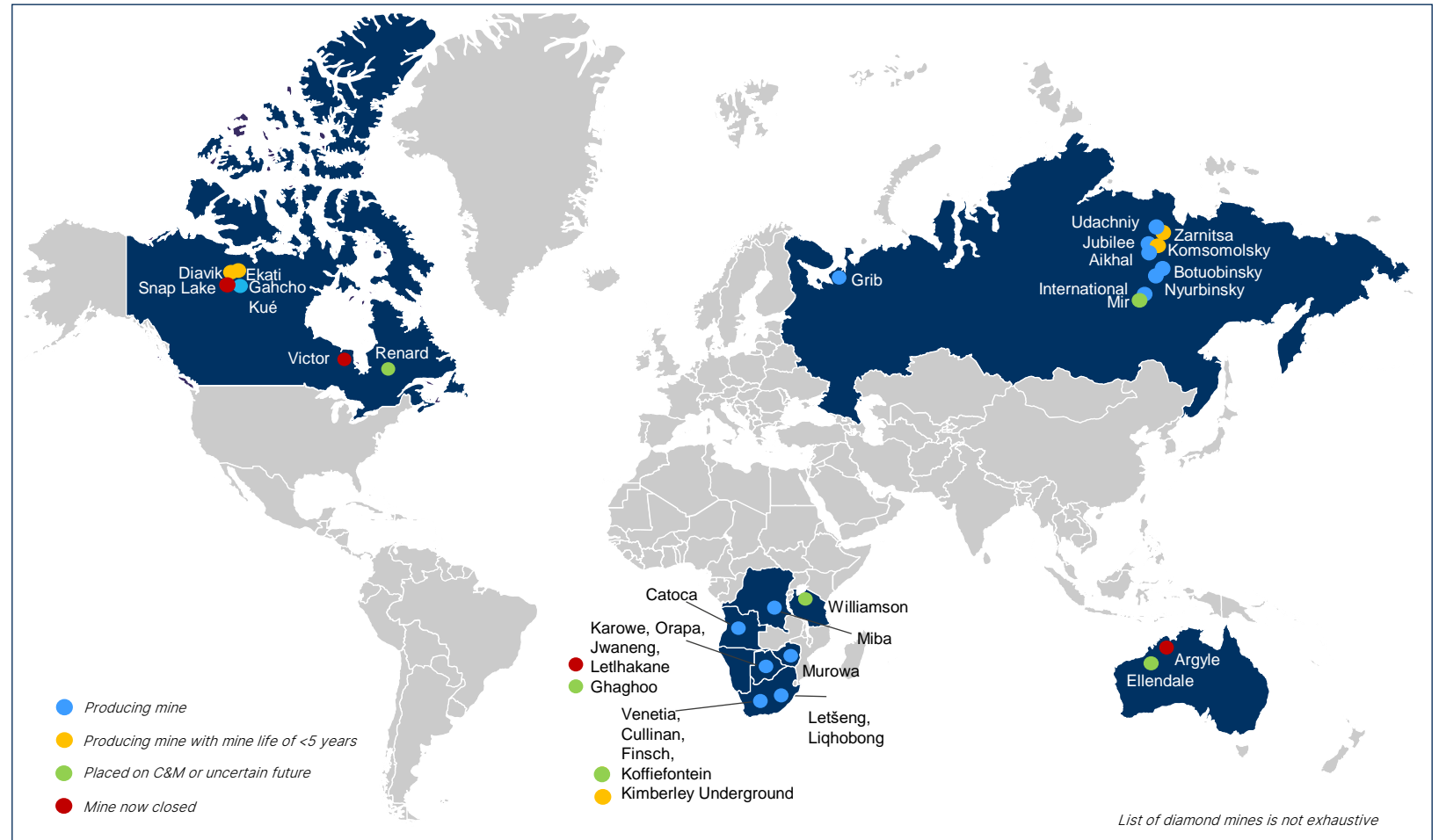
...while the number of producing diamond mines globally continues to contract

Planned closures and new mines

- Major mines accounting for 15% of supply (Ekati, Diavik, Nyurbinskaya and Almazy-Anabara) expected to be depleted by the end of the decade
- Smaller Koffiefontein and Zarnitsa mines on care & maintenance and expected to close by the middle of the decade
- Luaxe in Angola is the only major new mine under construction and expected to come on stream in 2023/24

Exploration trends

- Global exploration investment is estimated to be at multi-decade lows



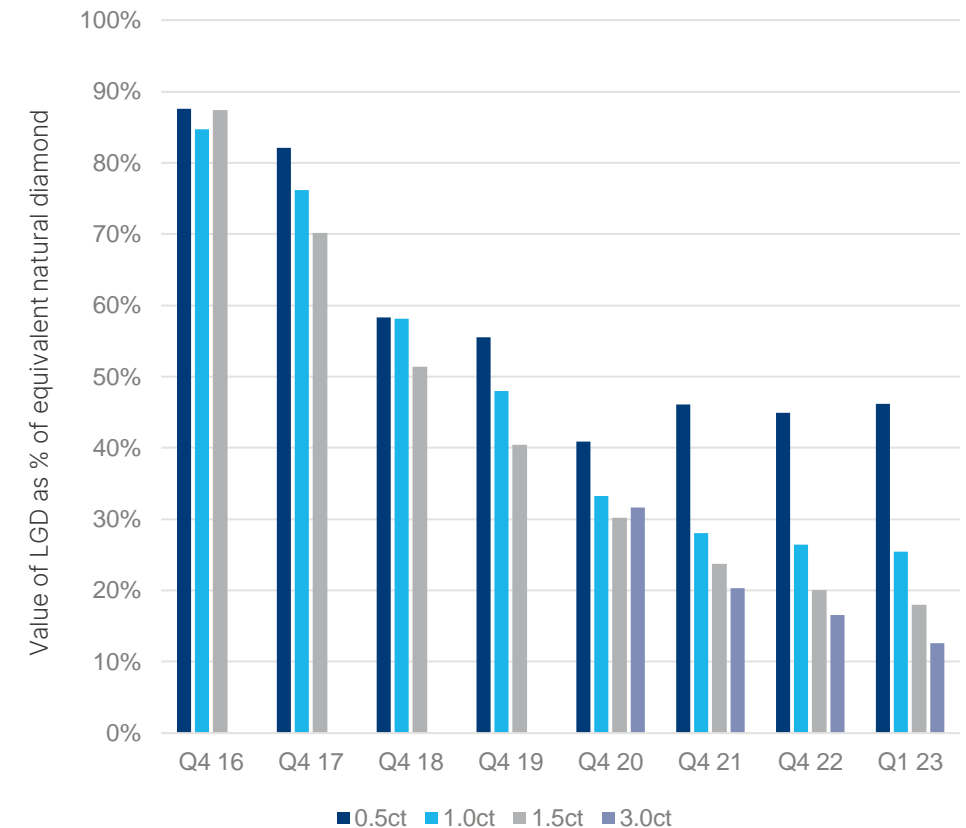


Laboratory-grown gem diamonds continue to diverge as a separate product category with a lower price point

LGDs and natural diamonds can together grow the overall diamond market, but they are two distinct product categories

- Production capacity of LGD has increased significantly in recent years and will likely continue for at least the next few years
- As a result, **prices have decoupled** from natural diamonds and declined in-line with scaled up production and lower production costs
- Lab-grown jewellery demand grew an estimated 38% while **like-for-like prices retreated 20% in 2022¹**
- Especially at lower price points - **lab-grown diamonds are creating incremental demand** that would not otherwise exist

Pricing divergence continues for larger categories²



Note 1: Paul Zimnisky

Note 2: Data Paul Zimnisky, graph Petra Diamonds



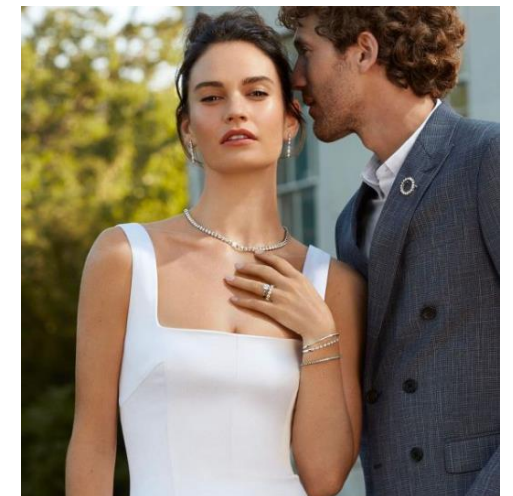
Considerations beyond pricing and value

Laboratory-grown diamonds are manufactured within weeks

- Two manufacturing processes exist ('Chemical Vapour Deposition' and 'High pressure High Temperature')
- Both manufacturing processes are energy-intensive¹. In areas reliant on fossil fuels, the CO₂e footprint is significant
- Over 60% of laboratory-grown diamonds are produced in China and India¹
- As a manufacturing process, the opportunities for job creation and supporting local communities are different to natural diamonds
- Precedent with other gemstones where man-made or other 'treated' versions exist, but sell at a considerable discount to the natural stones

Natural diamonds were formed billions of years ago and each one is unique and rare

- Diamond-bearing kimberlites are very uncommon - of 6,800 sampled kimberlites, only sixty are economic and seven including Cullinan Mine are Tier-1 (>US\$20bn reserves)²
- The annual recovery of 1 carat diamonds would fill an exercise ball, while 5 carats would fill a basketball¹
- Their, rarity, natural beauty and strength has made them the ultimate gift of love



Lily James "To Treasure Now and Forever" NDC campaign

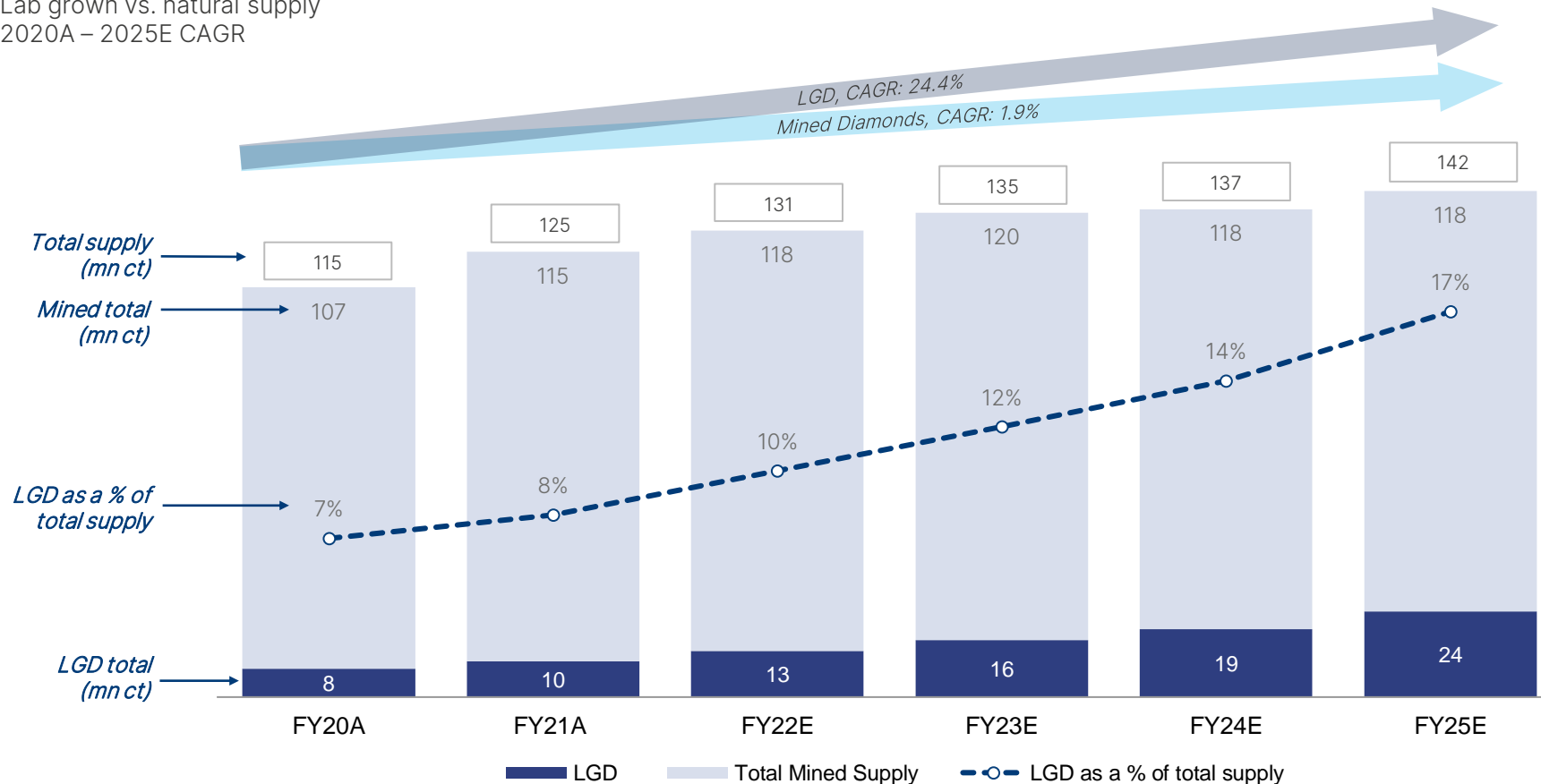
Note 1: Natural Diamond Council
Note 2: Natural Diamond Council (De Beers data)

Laboratory-grown vs. natural diamond supply

Lab grown diamond supply is expected to accelerate, but not at the expense of natural diamonds

Lab grown vs. natural supply forecasts, 2020A – 2025E

Lab grown vs. natural supply
2020A – 2025E CAGR



Commentary

- Lab grown diamonds have continued to diverge into a separate, more affordable jewellery category
- Supply of lab grown and natural diamonds is expected to vary significantly in coming years, with lab grown having the potential to become a significant part of total global diamond supply
- Supply of natural diamonds expected to remain relatively stable in the near-term
- Factors enhancing lab grown supply include production scaling by current producers, new producers and advancements in production technology which are improving yields and reducing production costs
- Lab grown demand is being driven by the lower relative pricing point as larger lab grown diamonds are being sold at the same price as smaller natural diamonds



Diamond mining and sustainability

Diamonds are a consumer product and Petra embraces its ethical and social responsibilities

Examples of Petra's stakeholder beneficiaries

59%

Of procurement spend with local suppliers in South Africa

5,265

Petra employees across 4 countries

2 of our 3

Operating mines are the primary economic contributor to their district or region

14%

SA mines owned by historically disadvantaged South Africans and 12% by employees

- Petra is a founding member of the **Natural Diamond Council (NDC)** which promotes the positive benefits of natural diamonds
- **Kimberley Process (KPCS)** – is the diamond industry's regulatory framework and international standards



Your natural diamond helped fund more than 400 women-owned businesses across Africa.

The inclusion and participation of women in the diamond jewelry industry, particularly at a senior level, is fundamental to advancing gender equality. To learn more about the big, bold moves that women are making around the globe, [click here](#).

← NDC →
Initiatives



Lily James, NDC ambassador, at Livingstone House primary school, Botswana



Thank you

The sort house at Finsch

