Petra Diamonds

Shaping our future

Petra Diamonds Limited
Annual Report and Accounts 2015

‘The Cullinan Dream’

Front cover image: Our front cover star this year is an exceptional 122.52 carat blue diamond recovered at the Cullinan mine in South Africa in June 2014. The incredible rarity of a blue diamond of this magnitude sets it apart as a truly significant find.

In September 2014, the rough stone was sold for a value equivalent to US$27.6 million, with Petra retaining a 15% share in the net proceeds of the polished yield.

Image above: The rough stone was entrusted to a master cutter and, after lengthy analysis, the best yield was determined to be four polished diamonds, each of notable size.

The largest of the stones is a dazzling 26 carat radiant cut diamond of intense fancy blue. This magnificent diamond has been named The Cullinan Dream, reflecting its ethereal beauty. The polished stones are, from left to right: an 11.3 carat pear, a 26 carat radiant, a 10.3 carat radiant and a 7.0 carat cushion.

The Cullinan Dream and its related stones are yet to be sold, but the exceptional rarity of blue diamonds, along with their rich history and heritage, has today made them one of the world’s most highly valuable and collectable items.

Petra Diamonds is a leading independent diamond mining group and a growing supplier of rough diamonds to the international market.

FY 2015 marked a further progression of our mission to develop a world-class diamond mining group.

Why Invest
Page 2

Chief Executive's Statement
Page 10

Our Strategy
Page 20

Overview

Strategic Report

The Strategic Report should be read in conjunction with the Corporate Governance Statement.

Corporate Governance

Financial Statements

Supplementary Information

Discover more about Petra online
petradiamonds.com

See our Sustainability Report online
petradiamonds.com/sustainability

With a high growth profile, long-life operations, an industry-leading team and one of the world's largest diamond resources of over 300 million carats, Petra offers a unique and high quality investment opportunity, providing direct exposure to diamonds.

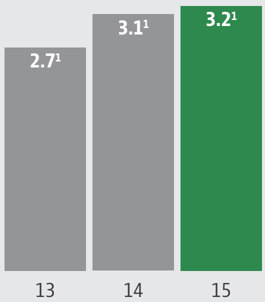
A strong operational track record

Petra's fast development has established the Company as London's largest quoted diamond mining group. The Company has acquired five of the world's most important diamond mines and has increased production from circa 0.1 Mcts in FY 2005 to circa 3.2 Mcts in FY 2015.

PRODUCTION million carats

3.2

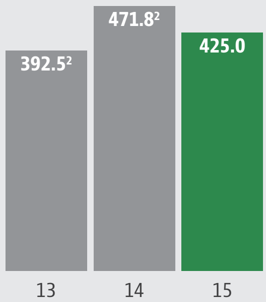
+2%



REVENUE US$ million

425.0

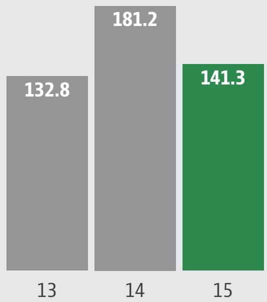
-10%



ADJUSTED OPERATING CASHFLOW[1] US$ million

141.3

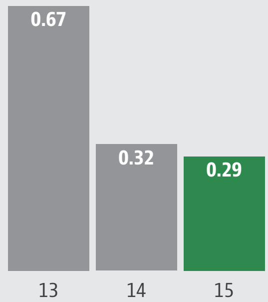
-22%



GROUP LTIFR Lost time injury frequency rate

0.29

-9%



1. Production volumes include 6,229 carats (FY 2014: 36,287 carats; FY 2013: 72,287 carats) relating to the Fissure Mines (Helam, Sedibeng and Star).
2. Revenues for FY 2014 and FY 2013 exclude revenue generated by the Sedibeng and Star operations, which has been reclassified to loss on disposal of discontinued operations.
3. All the above form part of Petra's key performance indicators.

Financial highlights

US$ million	FY 2015	FY 2014	% change
Revenue	**425.0**	471.8	-10%
Profit from mining activities	**154.5**	201.1	-23%
Adjusted EBITDA	**139.3**	187.7	-26%
Adjusted net profit after tax	**62.8**	93.7	-33%
Net profit after tax	**59.6**	67.5	-12%
Basic continuing EPS (cents)	**9.46**	12.80	-26%
Adjusted basic continuing EPS (cents)	**10.09**	14.82	-32%
Net debt	**171.7**	124.9	+37%
Cash at bank	**166.6**	34.0	+390%
Diamond debtors	**57.6**	55.4	+4%
Diamond inventories	**33.5**	27.0	+24%
Bank loans and borrowings	**35.0**	158.9	-78%
US$ Loan Notes and accrued interest	**303.0**	—	n/a

Refer to page 135 and the Financial Review for definition of non-GAAP measures.

Financial Review **Page 24**

FY 2015 highlights

- Production increased to 3.2 Mcts
- Gross diamond resources increased 2.5% to 308.6 Mcts
- US$300 million financing via Notes Issue
- Debt facilities increased to US$290.1 million
- Intention to construct a modern plant at Cullinan
- Improvement of safety performance
- Appointment of Ms Octavia Matloa as an independent Non-Executive Director
- Maiden dividend declared of 3.0 US cents per share
- Capex of US$274.1 million
- Re-financing of US$98 million Black Economic Empowerment Partner loans

Chief Executive's Statement **Page 10**

From a diversified portfolio

Petra's portfolio provides flexibility in terms of meeting targets and ensures that Petra is not reliant on the performance of any one operation.

At a Glance **Page 6**

...with a major resource base

Petra has compiled one of the world's largest diamond resources with a focus on sustainable, long-life mining operations.

Operational Review **Page 28**

PRODUCING MINES number	ORE PROCESSED IN FY 2015 million tonnes	PROFIT FROM MINING ACTIVITIES US$ million	FY 2015 DIVIDEND US cents
5	17.1	154.5	3.0

Leading to an exceptional growth path with a low cost focus

Petra has an organic growth path to circa 5 million carats per annum by FY 2019, which is supported by an effective low cost focus, well suited to maximising returns from its assets.

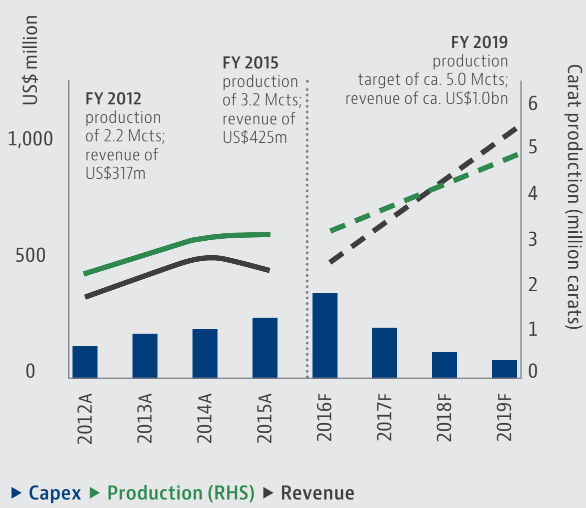
FY 2016 PRODUCTION TARGET million carats	FY 2019 PRODUCTION TARGET million carats
3.3–3.4	circa 5.0

Outlook

- Petra is in a robust position with a strong balance sheet, efficient cost base and increasing operating margin profile
- Undiluted ore from the new mining areas at Finsch and Cullinan are expected to contribute meaningfully to the production profile from H2 FY 2016 onwards
- Expansion plans remain on track to increase production to circa 5 Mcts by FY 2019
- Petra has made a solid start to FY 2016 in terms of production, with the operations as a whole performing according to expectations, including achieved grades at Finsch and Cullinan
- For FY 2016, the Company's financial results are expected to be favourably impacted should the ongoing weakness in the Rand continue

Our Strategy **Page 20**

Growth and margin expansion



Note: All forecasts for Capex, revenue and production are management estimates. Capex is in nominal terms; diamond prices are calculated using a 4% real price increase.

Chairman's Statement

Shaping our future

We believe we have the right team in place to unlock the value of our assets.

Dear shareholder,

It is my pleasure to introduce Petra's 2015 Annual Report, which as always sets out a fair, balanced and understandable account of the business, its performance over the last year and its future prospects.

A transitional year

While the Group delivered further annual production growth to 3.2 million carats in FY 2015, it was a challenging year for Petra, due to both internal and external factors, which meant we had to revise market expectations with regards to revenue and therefore earnings for the Year.

Operationally, it was expected to be a transitional period, while the majority of production continued to be sourced from mature and diluted mining areas in block caves at the end of their life cycles. This led to greater variability in the grade and product mix at Cullinan than anticipated; read more on pages 32 and 33.

However, it is important to highlight that this is expected to be a short-term issue while production transitions from the old to the new mining areas, and it was encouraging that factors directly within management's control, such as throughput, cost control and Capex roll-out, were achieved.

Our team continues to make good progress in keeping the expansion project development work on track and within budget. The longer-term investment case for the business and our strategic target to reach annual production of circa 5 Mcts by FY 2019 therefore remain fully achievable.

The operational challenges experienced during the Year were compounded by a weaker diamond market leading to diamond pricing being circa 10% lower than FY 2015 on a like-for-like basis. While the market continues to face short-term headwinds, retail demand for diamonds has remained stable and has continued to show positive growth, particularly in the major US market. The medium to longer-term outlook for our market continues to be positive, given the forecast constrained supply versus sustained growth in demand. Read more on pages 13 to 17.

Financing

Petra significantly strengthened its balance sheet during the Year through an inaugural Notes Issue which served to raise US$300 million, predominantly from UK and North American investors. Approximately half of the funds raised are being used to construct a modern processing plant at Cullinan, which is expected to significantly enhance recoveries from this world-class mine. The remaining funds were used to settle the majority of our debt facilities, which remain available to the Group, and will be employed to further the Group's expansion projects. The Board supported the bond financing, given the financial flexibility it would provide to the Company and the surety it should provide to the delivery of our expansion programmes.

Returns to shareholders

Commensurate with Petra's objective to generate value for its shareholders, the Board decided it was the appropriate time to introduce a progressive and sustainable dividend policy. The Company will pay its maiden dividend this year (in respect of FY 2015) of 3.0 US cents per share, equating to a total dividend payment of US$15.7 million, being payable on 7 December 2015 to shareholders registered at the close of business on 16 October 2015.

Importantly, alongside paying a dividend, the Company will continue to adopt a prudent capital management strategy in relation to excess capital generated from operations, with the reinvestment in the business required to promote its growth and long-term sustainability, whilst maintaining rigorous capital discipline and cost control.

"Our team continues to make good progress in keeping the expansion project development work on track and within budget."

Commitment to corporate governance

Petra is committed to maintaining high levels of corporate governance and to ensuring the correct structures and systems of control are in place to enable the business to operate successfully, safely and sustainably as it continues on its growth path.

An effective and experienced Board is essential to the governance of the Company and we were delighted to welcome Octavia Matloa to the Board as an independent Non-Executive Director and as a member of the Audit Committee in November 2014. Ms Matloa brings extensive financial and audit experience to the Company, as well as knowledge of the mining sector and the South African business environment.

Read more about our governance policies and practices in our annual Governance Statement on pages 48 to 88.

Our partners and people

Central to the successful operation of Petra's business is constructive and transparent engagement with all our stakeholders and I would particularly like to thank our host Governments of South Africa, Tanzania and Botswana, our BEE Partners, our Trade Union partners and our community stakeholders for their continued support and co-operation.

Finally, on behalf of the Board, I would like to thank all of Petra's employees for their tireless dedication and commitment to achieving our goals.

Shaping our future

Our role as a Board is to guide the Company towards a successful and sustainable future. We believe we have the right foundations in place, having put together a portfolio of high quality, long-life assets, a team with the expertise to unlock the value of these assets, and the capital to invest in their further development.

By delivering on Petra's growth strategy and by managing the business responsibly, our aim is to generate significant value for all of our stakeholders over a long period of time. In so doing, we will be able to contribute significantly to our employees, host communities and governments in South Africa and Tanzania, with the potential also to contribute to Botswana, depending on the success of our exploration programmes there.

Our vision is to continue building a leading independent diamond producer and to responsibly serve the diamond supply chain from beneficiation to jeweller over the years ahead. This will allow the Company to continue to unearth our product, one of nature's most special, rare and enduring treasures.

Adonis Pouroulis
Chairman
16 October 2015

Sustainability **Page 40**

Corporate Governance **Page 48**

Itumeleng Petra Diamonds Employee Trust ("IPDET")

Petra has structured its Black Economic Empowerment ("BEE") partnership holdings in its South African operations so that a portion is held by the IPDET. This provides the opportunity for all of Petra's South African employees to directly share in the successful development of the mine in which they work.

Employee distributions from the IPDET are expected to be a compelling motivator to drive enhanced employee productivity and accountability, thereby ensuring that both Company and employee goals are aligned. As such, it is an important component of Petra's labour relations strategy.

"The IPDET is one of our most important stakeholders and we are delighted that it made its first distributions to the trust beneficiaries in FY 2015."

Adonis Pouroulis Chairman

At a Glance

Petra mines and sells rough diamonds from its diversified portfolio of producing mines in South Africa and Tanzania, and is also exploring for diamond deposits in Botswana and South Africa.

Finsch

A major producer with top-quality infrastructure.

Operational Review **Page 30**

Cullinan

One of the world's most celebrated diamond mines.

Operational Review **Page 32**

Koffiefontein

One of the world's top mines by average value per carat.

Operational Review **Page 34**

Kimberley Underground

These mines were at the heart of South Africa's early diamond rush.

Operational Review **Page 35**

Williamson

Tanzania's only important diamond producer.

Operational Review **Page 36**

Exploration

The search for new economic deposits.

Operational Review **Page 37**

EMPLOYEES WORLDWIDE Number	CONTRACTORS WORLDWIDE Number	GROUP RESOURCES Mcts	GROUP RESERVES Mcts
4,428	3,843	308.6	49.8

Project appraisal

Central to our approach is the identification of the right assets, where we can add value.

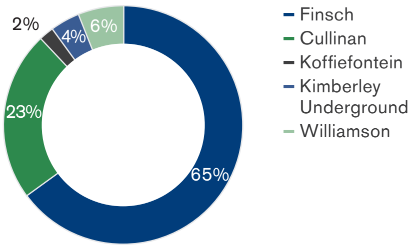
Mining and development

Petra's operations are focused on 'hard rock' kimberlite pipe orebodies.

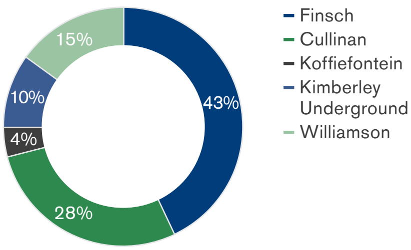
Sustainability

1. Safety is our number one priority and ingrained in everything we do
2. We invest in our people to develop their full potential

% OF PRODUCTION PER MINE – FY 2015



% OF REVENUE PER MINE – FY 2015



CAPEX FY 2015	EXPLORATION SPEND	PAYMENTS TO EMPLOYEE TRUST	SALARIES, WAGES AND BENEFITS
US$ million	US$ million	US$ million	US$ million
274.1	5.7	4.9	141.0

Processing

Ore is passed through the processing plant to extract the diamonds from the rock.

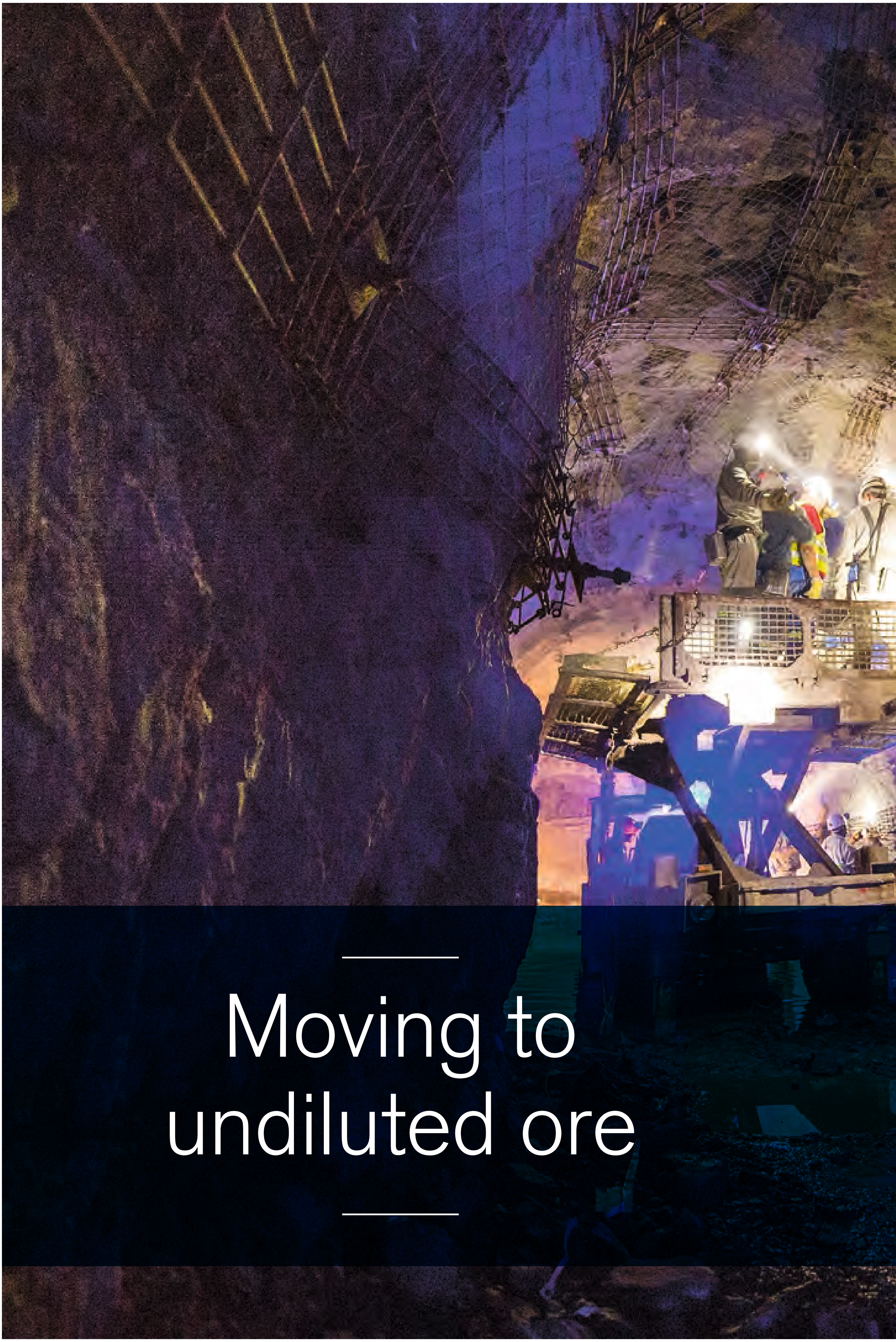
Sorting and sales

Rough diamonds are sorted into 'lots' and then made available for viewing, and then sold through a competitive tender process.

3 We are striving to protect the environment and curb our emissions

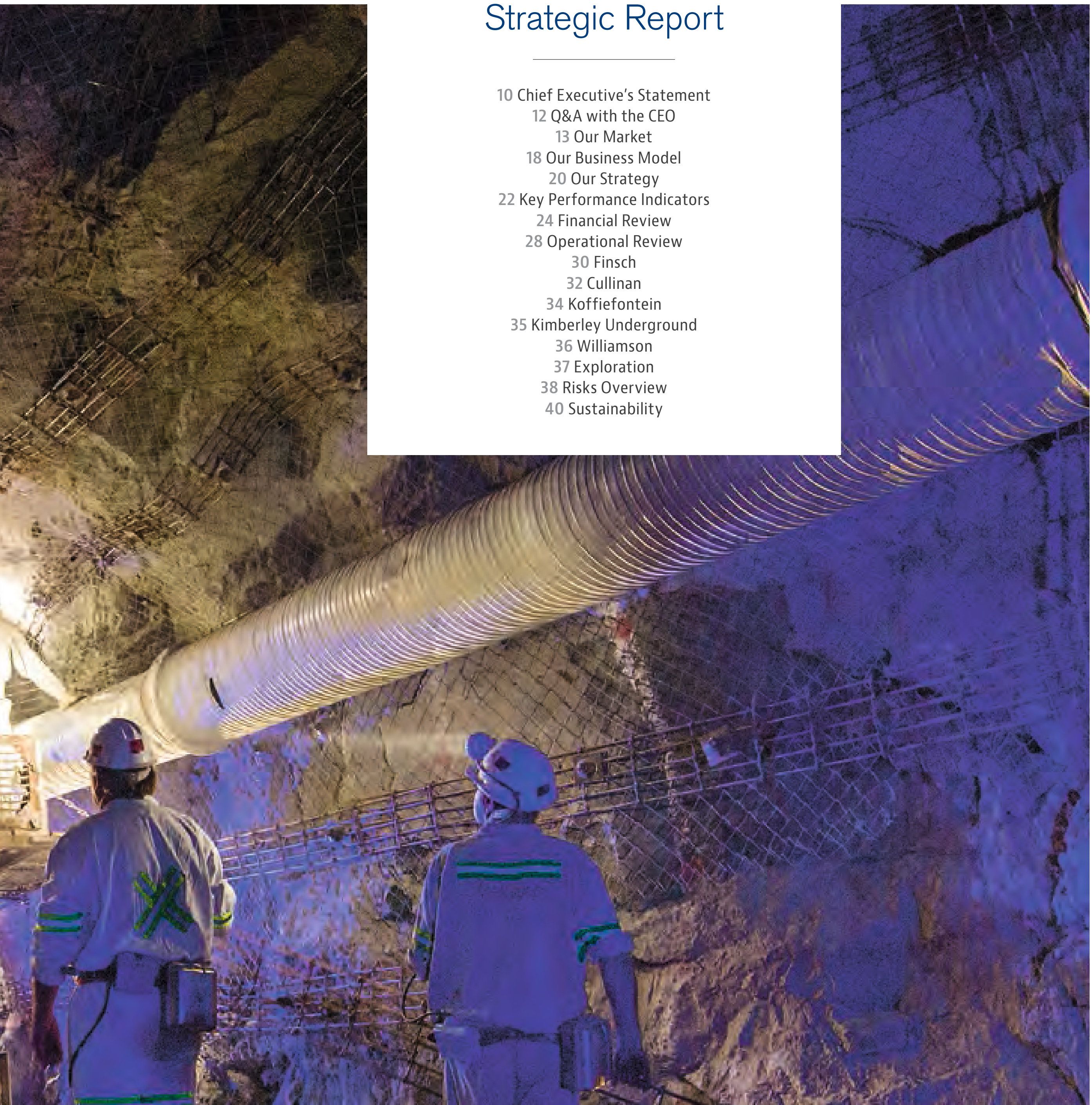
4 Engagement with communities is part of our focus on local development

+ **Sustainability Report**
petradiamonds.com/sustainability



Moving to undiluted ore

Strategic Report



Petra's business will be transformed as our expansion programmes open up access to new blocks of undiluted ore, thereby lifting grades and significantly increasing margins.

Petra is currently in a transitional period as the Company moves from old mining areas in our underground mines, which are by now heavily diluted with waste rock, into new, undiluted kimberlite through the delivery of our expansion programmes.

The shift to the new mining areas will see the economics of the business improve significantly as undiluted kimberlite ore becomes an ever increasing percentage of our tonnages.

What this means for Petra

1. Increasing grade
2. Higher quality diamonds
3. Rising margins

petradiamonds.com/ our-operations/ moving-to-undiluted-ore

Chief Executive's Statement

Dealing with adversity

FY 2015 was a challenging period, both operationally and in terms of the softer diamond market.

Review of FY 2015

Despite the challenging operating conditions experienced by Petra during the Year, FY 2015 saw further growth in production to 3.2 million carats and throughput of 17.1 million tonnes, representing record production levels and tonnages for the Group.

Our financial results for the Year, however, were impacted by the reliance of production at our underground mines in South Africa on the mature, diluted mining blocks, which led to variability in both the ROM grade and product mix. This was especially an issue for the Cullinan mine, where performance was also hampered by the impact of handling high density development waste material through the plant. These factors led to the Cullinan grade significantly underperforming for the Year, as well as the average quality and size of the diamonds recovered (product mix) being below normal production expectations for the mine. Mitigating initiatives to manage the grade profile at Cullinan started to yield successful results from Q4 FY 2015.

In addition to these operational difficulties, results were impacted by diamond prices being down circa 10% for the Year, due to a number of short-term headwinds currently facing the market. Despite the fact that the impact of lower pricing was partially hedged by the positive impact of the weaker Rand (down 10% against the Dollar) on our cost base, the operational and market issues led to Petra revising market expectations during the Year with regards to revenue and underlying profitability.

To put FY 2015's performance into context, Petra first set out its growth plan in FY 2009, with an initial ten-year programme to grow production to circa 3 million carats by FY 2019. This growth target was then increased to circa 5 million carats following the acquisition of Finsch in 2011. Our long-term strategy has therefore remained consistent and I am pleased to note that our 2019 target is still firmly in place.

Having delivered more than half of this growth plan to date, the Company is in a transitional period as the shift from the old mining areas in our underground mines is made into new, undiluted kimberlite blocks. Given that these old mining areas have by now become heavily diluted with waste rock (especially at Cullinan), it is this changeover which will see the economics of the business improve significantly as the majority of material will increasingly be mined from undiluted ore in the new production areas.

Due to the fact that our expansion programmes have remained on track, we are anticipating undiluted ore from the new mining areas to start contributing significantly to our production profile from H2 FY 2016 onwards. For this reason, we expect FY 2015 to have been the toughest year operationally on our growth path; however, it is encouraging that we still recorded an operating profit margin of 36%.

A notable development during the Year was the raising of US$300 million in May 2015 further to an inaugural senior secured second lien Loan Notes Issue by the Company ("the Notes Issue"). The catalyst for this process was the financing of a new modern processing plant at Cullinan, which is an important part of our strategy to optimise the mine's unique production profile, thereby maximising value from this world-class orebody. The new plant, which will be fully operational by the end of FY 2017, will improve the chances of successfully recovering the large and exceptional diamonds for which the orebody is known, as well as increasing overall recovered grade and significantly reducing operating costs.

The capital required for the new plant is circa ZAR1.6 billion (circa US$142.8 million). The funds from the Notes Issue were applied to settle (but not cancel) the majority of the Group's existing debt facilities, and the balance of the funds will be used to finance the new Cullinan plant and to further the Group's expansion projects. At the same time as the Notes Issue, our lender group (Absa, RMB, and IFC) agreed to increase the debt facilities available to Petra by circa US$77.2 million to a total of circa US$290.1 million.

> "To put FY 2015's performance into context, Petra first set out its growth plan in FY 2009, with an initial ten-year programme to grow production to circa 3 million carats by FY 2019. This was then increased to circa 5 million carats and I am pleased to note the target is still firmly in place."

Maintaining a healthy treasury headroom and a highly efficient cost structure is important, particularly while we are in a period where our capital spend is at its highest. Our strong balance sheet means we are well placed to withstand diamond market volatility without compromising the delivery of our expansion programmes, which is the biggest driver of value to all our stakeholders.

Dividend

Petra was pleased to declare a maiden dividend of 3.0 US cents per share for the Year, marking a major milestone in the development of the Company. This dividend is in line with the progressive dividend policy announced earlier this year, commencing with a conservative initial payment which will be reviewed as the Company moves through the phase of significant capital spend and into increasing free cashflow.

The timetable for the dividend for the Year is as follows:

- 15 October – Ex-dividend date
- 16 October – Record date
- 12 November – Dividend Reinvestment Plan ("DRIP") election date
- 30 November – AGM – dividend proposed to shareholders for approval
- 7 December – Payment date

Safety

The health and safety of all employees is of the utmost importance to the Company and Petra has a wide range of initiatives, training and awareness programmes in place to foster a zero harm workplace.

The Group's LTIFR for the Year reduced to 0.29 (FY 2014: 0.32), which is a good achievement in comparison to international industry standards and to other mining companies in South Africa, particularly for underground operations.

However, it is with deep regret that Petra experienced a fatality post-Year end at the Tailings Treatment Plant at Cullinan. The incident was equipment related and happened whilst maintenance work was being conducted. The Company and its management team express their sincere condolences to the family and friends of the deceased.

An investigation into the accident was conducted in conjunction with the Department of Mineral Resources in South Africa and the outcomes shared with all operations in the Group.

Labour relations

Petra remains highly focused on managing labour relations and I am pleased to report that labour relations were stable throughout FY 2015 and up to the date of this Report.

We believe that dialogue is the key to management of labour relations and we are therefore focused on continuing to communicate openly with our employees, trade unions and local community representatives. To continue to develop employee relations, we have made a number of improvements with regards to our communications with both employees and representative unions.

Two additional components of our labour relations strategy are the three-year wage agreement with NUM (agreed in September 2014) and the commencement of annual distributions to IPDET beneficiaries (in December 2014).

Commitment to excellence

Finsch's stringent approach to safety was recognised in November 2014 at the Northern Cape Mine Managers' Association when the mine won first place in the underground mines division.

Concurrently the mine reached an important milestone on its journey to achieving 'zero harm' when it reached 2 million fatality-free shifts on 20 November 2014.

Chief Executive's Statement
continued

Helam
Further to the business review carried out on the mine in FY 2014, Helam was placed on care and maintenance in H2 FY 2015. While retrenchments as part of this process could not be avoided, portable skills training was provided to a substantial number of employees in order to increase their chances of re-employment.

Sustainability
It has been a very active year for the Group across the key sustainability areas, namely safety, governance, development of our people, environmental management and community engagement.

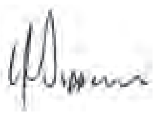
I chair the Group's HSSE Committee, which reports directly to the Board and plays an important role in the management of all the material sustainability issues and opportunities related to our operations.

An overview of our sustainability performance and some of the key initiatives for the Year is included on pages 40 to 45. We also publish an annual Sustainability Report, which provides more detail on our sustainable development policies and practices. It is available on the Petra website at www.petradiamonds.com/sustainability.

Outlook
At this pivotal stage in our development, it has been heartening to see how hard the whole team at Petra has been working to achieve our targets, thereby shaping the future success of the business. As we start to see a meaningful and increasing contribution from undiluted ore at our underground operations, the economics of our operations will substantially improve, with an increase in average value per carat, diamond grade and associated operating margins.

I would like to extend my thanks to each and every Petra employee for their dedication and also to our stakeholders, including our host Governments, BEE partners, representative trade unions and community stakeholders, whose support enables us to continue on our strategy of building a leading independent diamond mining group.

Petra's robust financial position and its continued focus on operational performance places the Company in a strong position to further optimise its assets and capitalise on the positive long-term outlook for the industry.



Johan Dippenaar
Chief Executive
16 October 2015

Operational Review
Page 28

Q&A with the CEO

What are the key events in Petra's history that you see as most significant in making the Company what it is today?

Undoubtedly the restructuring of De Beers is the major event that has enabled Petra to be the Company it is today. Due to our strong track record of operating diamond mines to a high ethical standard and our ability to access capital, Petra was able to acquire five mines from De Beers over the period 2007 to 2011, being in chronological order: Koffiefontein, Cullinan, Williamson, Kimberley Underground and Finsch.

These are all high quality assets with significant resources remaining, suggesting that they should have long mine lives ahead under our stewardship. They produce the full spectrum of diamonds, across all the size, quality and colour ranges.

You will be growing organically to 5 Mcts per annum, but have you considered M&A opportunities?

Fortunately, there are opportunities for further organic growth beyond 5 Mcts from the assets already in our portfolio, due to the size and scale of the orebodies we are mining – particularly Cullinan, Finsch and Williamson – but we will make sure that we have carried out all the proper work before releasing plans beyond FY 2019 to the market.

While delivering our current plan is our focus, we will continue to evaluate M&A opportunities as and when they arise. We believe it is our duty to our shareholders to do this because there are so few opportunities for growth in our space. We believe we have some of the best people in the business, with leading operational expertise and a highly effective cost culture that could be applied to add value to other mines worldwide. However, it would have to be an asset of significant scale and, of course, be available at the right value.

We will also continue to explore for new kimberlites, but we are mindful that the probability of finding a new economic diamond deposit is very low.

What other plans and goals does Petra have in the longer term?

Right now we are highly focused on our strategy to reach annual production of 5 million carats by FY 2019.

In the years to come, we hope the Company will be considered a premier equity investment for those wishing to gain exposure to the positive fundamentals of the diamond market, where demand is forecast to outstrip supply. To this end, we will be seeking to broaden our investor base internationally.

In order to achieve this, we need to deliver on our expansion and production plans, maintain high levels of governance, manage the business with its long-term sustainability in mind, and communicate transparently and effectively with the market.

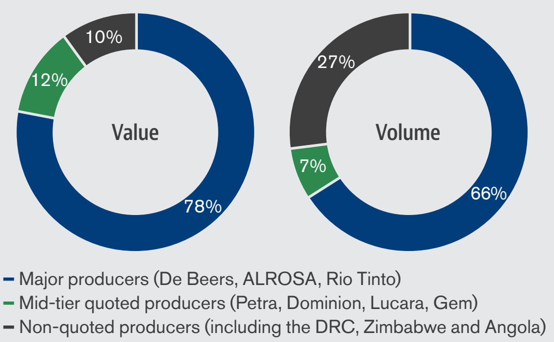
What is your ultimate aspiration for the Company?

Petra will continue to develop its stature as a highly cost-effective diamond producer, with a focus on quality and sustainable mining operations producing some of the world's most beautiful diamonds.

The diamond market experienced challenging conditions in FY 2015; however, the longer-term outlook remains positive given rising consumer demand in developed and developing markets set against constrained supply. Petra's diversified portfolio of operating mines and its strong growth profile positions the Company to benefit from these market dynamics.

Petra's Market Position

World diamond production



Source: Kimberley Process Statistics, company reports

De Beers, ALROSA and Rio Tinto ("the Majors") remain the dominant players in the diamond market, accounting for circa 66% by volume but circa 78% by value in 2014.

Beneath the Majors there are only four sizeable quoted diamond producers, being:

- Petra, Dominion, Lucara, and Gem.

Based on FY 2015 production of 3.2 Mcts and sales of US$425.0 million, Petra accounted for 2.6% of world supply by volume and 2.7% by value.

Petra's world-class resource of 308.6 Mcts ranks fourth by size (after the Majors). This factor, combined with the significant size of Petra's orebodies, suggests relatively long lives for the Company's mining operations (in particular, Cullinan and Williamson have the potential to be in production for over 50 years to come).

Global production by volume

124.8 Mcts

Source: Kimberley Process Statistics

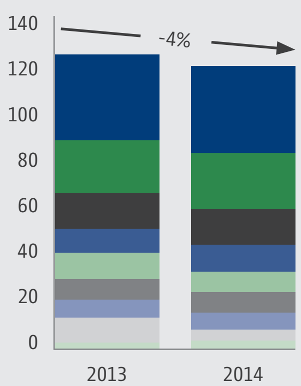
Global production by value

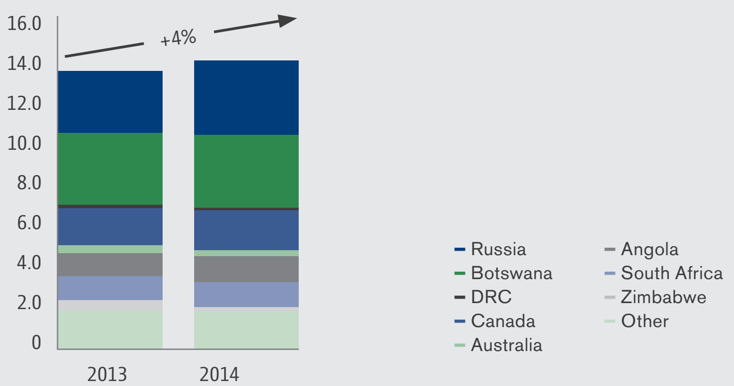
US$14.5 bn

Source: Kimberley Process Statistics

Petra focuses on Africa, producer of 52% of the world's diamonds by volume and 58% by value.

Rough diamond production by main producing country





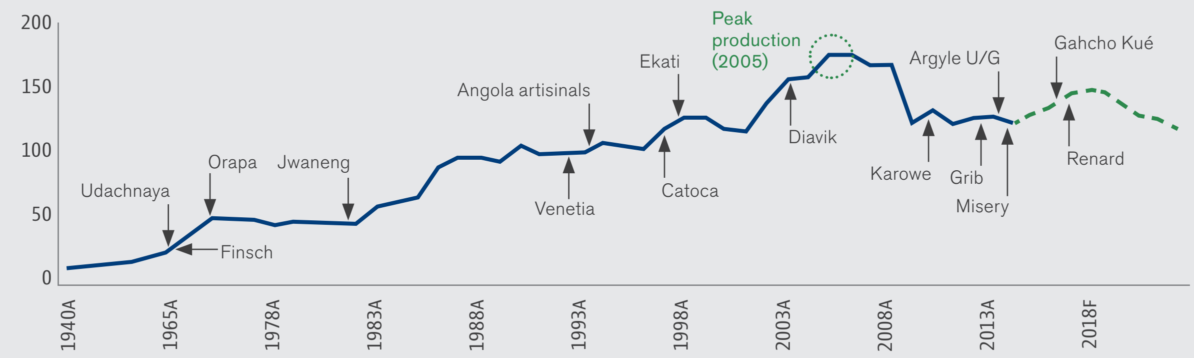
Source: Kimberley Process Statistics

Our Market
continued

Supply

"A key characteristic of economic diamond deposits is their scarcity, in contrast to many other commodities."

Global diamond supply: historical and forecast rough production
million carats per annum



Source: Kimberley Process Statistics/RBC Capital Markets

Global diamond supply:

- global rough diamond supply decreased 4% in 2014 mainly due to significantly lower production from Zimbabwe and lower production from the Argyle mine in Australia as it transitioned to underground;
- the world's largest diamond mines are maturing and past their peak production levels;
- potentially the world has already seen peak diamond production of circa 177 Mcts in 2005;
- De Beers' significant production shutdowns during the 2008 and 2009 global economic downturn have never been fully replaced;
- some new projects are coming on stream in the next few years, but none of these are of major size; and
- supply forecast to increase by a CAGR of 3.5–4% from 2013–2019, before declining by 1.5–2% from 2019 (Bain & Co).

"Petra is one of the few diamond producers with a significant growth profile."

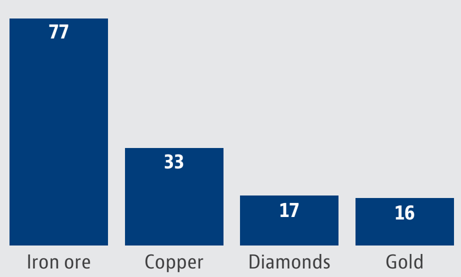
Significant mines are scarce:

- there are fewer than 30 significant diamond mines in production today;
- only seven mines in the world are considered to be Tier 1 deposits (+US$20 billion in reserves), including Cullinan;
- the success rate of finding an economic diamond orebody is less than 1%; and
- at current rates of production, Macquarie estimates that there are only 17 years of diamond reserves available.

Our strategy Petra has grown by acquisition and does not commit material funds to exploration

More information at **petradiamonds.com/our-industry/industry-overview**

Short mine life based on existing global diamond reserves
Years of mine production



Source: Macquarie research, USGS, Bain Diamond Report, December 2014

Demand

"Demand is expected to continue to rise in both developed and developing markets around the world."

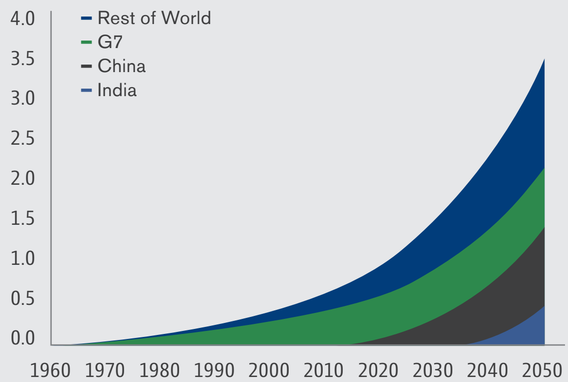
Key demand drivers:

- continued economic recovery in the major US market; very strong diamond buying culture;
- continued urbanisation, growing middle classes and rising wealth in emerging markets, particularly China and India;
- diamonds are a 'late cycle' commodity, benefiting from the later stages of a country's economic development;
- brides in developing countries such as China and India increasingly desire diamonds in their bridal jewellery, as well as traditional gold;
- mass luxury (i.e. affordable jewellery items priced from US$200 to US$2,000+) expected to drive the market; and
- trend to use diamonds across a wide range of luxury goods, from watches and accessories to pens and digital devices.

Our strategy Petra's mines supply the full range of diamonds, a large proportion of which are suitable for the mass luxury market

Middle class is growing rapidly

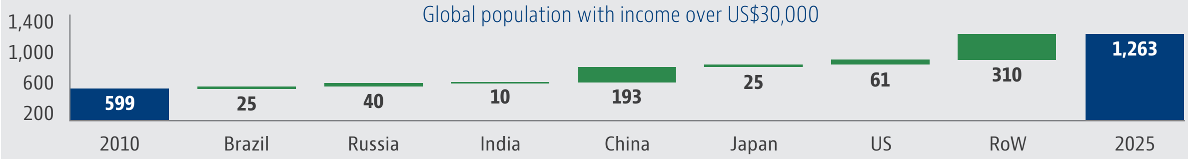
Global population (bn) with income over US$30,000



Source: Goldman Sachs Global Investment Research/IMF

China contributes circa 30% of additional middle class population by 2025E

Global population with income over US$30,000

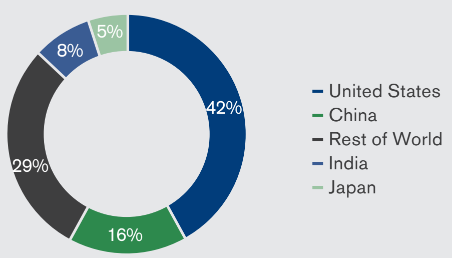


Source: Goldman Sachs Global Investment Research/IMF

"Global diamond jewellery sales increased 3% to over US$80 billion for the first time."

Share of world polished diamond consumption in value

US$ polished wholesale price



Source: De Beers (September 2015)

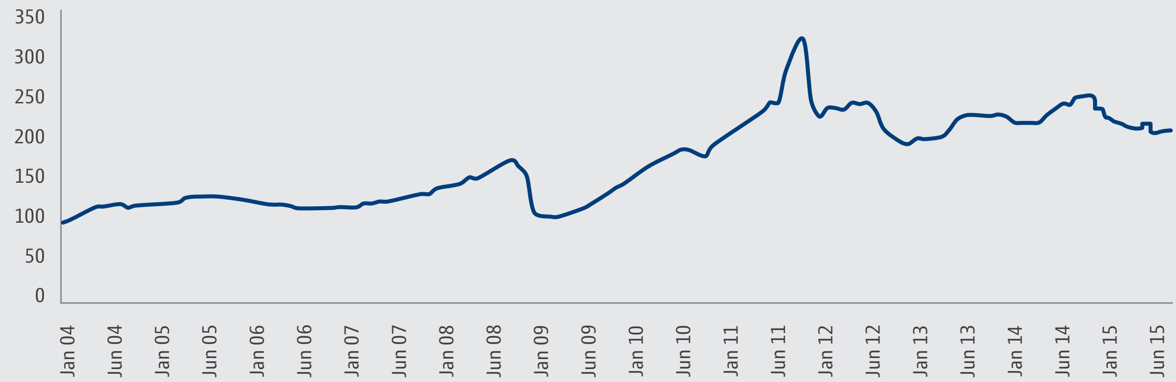
World polished diamonds consumption in 2014:

- polished diamonds contained within jewellery grew 3% to circa US$25 billion;
- the major US market recorded the strongest growth rate of 7% and increased its market share to 42%;
- growth in China in local currency grew 6%, a slower rate than last year (see page 17);
- growth in India in local currency grew 3%, a higher rate than last year due to improved economic conditions;
- the diamond market in all regions remains underpinned by the engagement and bridal markets; and
- De Beers estimates that global diamond jewellery demand in 2015 will remain flat compared with 2014.

Market Performance in FY 2015

Bloomberg Rough Diamond Index

The Bloomberg Composite Rough Diamond Index increased with a nominal CAGR of 7.1% per annum (real growth of circa 4.6% per annum) from 1 January 2004 to 30 June 2015



Source: Bloomberg, company reports

Petra rough diamond pricing

On 27 July 2015, Petra announced 2016 diamond pricing guidance with the assumption that pricing would remain flat in FY 2016 versus the pricing achieved for H2 FY 2015. Since then, volatility in the broader rough diamond market has been widely reported and these uncertain market conditions may result in deviations from Petra's previously guided prices.

It should be noted that:

(i) price variability may be witnessed from tender to tender due to specific parcel make-up and, especially at Cullinan, variability in the mix of diamonds recovered from the diluted ore (as reported during H2 FY 2015); and

(ii) Petra expects a higher weighted average price for FY 2016, due to an increased proportion of ROM versus tailings/other carats to be mined (weighted towards H2 FY 2016). See www.petradiamonds.com/investors/analysts/analyst-guidance for the breakdown of guidance for pricing of ROM versus tailings/other carats at each operation.

Rough diamond prices achieved by Petra and guidance

Mine	Guidance US$/ct FY 2016	Actual US$/ct[1] FY 2015	Actual US$/ct[1] FY 2014
Finsch	**94**	**90**	99
Cullinan	**126**[2]	**174**[3]	185[4]
Koffiefontein	**570**[5]	**386**	542
Kimberley Underground	**327**	**302**	303
Williamson	**303**	**298**	303

1. All sales including exceptional diamonds were used to calculate average values.
2. Does not include guidance for exceptional diamonds.
3. Excluding exceptional diamonds, the average value for FY 2015 was US$119 per carat.
4. Excluding exceptional diamonds, the average value for FY 2014 was US$146 per carat.
5. The significant increase in the guided average value for Koffiefontein relates to the ramp-up of production from higher value underground carats in FY 2016.

More information at
petradiamonds.com/investors/analysts/analyst-guidance

Launch of the Diamond Producers Association ("DPA")

In May 2015, Petra became a founding member of the DPA, along with six of the world's leading diamond mining companies (De Beers, ALROSA, Rio Tinto, Dominion, Lucara and Gem).

The DPA's objective is to support the positive development of the diamond mining sector and its remit will include maintaining and enhancing consumer demand for and confidence in diamonds (including joint category marketing), providing a reliable source of industry information, acting as a unified voice of the diamond producers and sharing best practices with regards to ESG matters.

Petra's Chief Executive, Johan Dippenaar, represents Petra on the board of the DPA.

MEMBER OF
DIAMOND
PRODUCERS
ASSOCIATION

The rough diamond market experienced challenging conditions in FY 2015, with pricing achieved by Petra down circa 10% on a like-for-like basis.

The main factors to weigh on the market:

1. Challenges for the midstream industry participants (cutters and polishers/manufacturers)

Specific issues relate to the availability of financing following the closure of the Antwerp Diamond Bank (though new sources of financing from India and the Middle East are reported to be becoming available), the transition to modern banking standards (including increased disclosure/transparency and reporting to international standards) and profitability challenges relating to poor margin operations.

Petra's view: In line with similar processes occurring across other industries/products, the diamond pipeline is continuing to evolve and contract, notably due to increased levels of vertical integration. Some rationalisation is an inevitable consequence of this process and while this may cause growing pains, we expect the pipeline to end up on a stronger and more sustainable footing in the future.

2. Polished diamonds in the pipeline

Further to increased demand for certification, a backlog of goods had built up for processing through the GIA, the industry's leading certification body. This backlog started to be cleared through in 2014, causing excess polished inventory.

It is Petra's opinion that global economic uncertainty has also led to better inventory management in recent years, with retailers inclined to maintain rather than increase stock levels. This is particularly the case for the Chinese jewellers pursuing high growth strategies, who had been buying aggressively in order to fill newly established stores, whereas the pace of new openings has now slowed and consumer demand has been muted (see point 4 to follow).

Petra's view: The GIA backlog is expected to have been cleared through by now and Chinese retailers do continue to open new stores, particularly focusing on the lower tier cities, though at a slower rate than previously.

While it is difficult to exactly measure polished inventory levels, the responsible actions of the Majors to restrict supply to the market (both De Beers and ALROSA have allowed for lower sales volumes this year), the forthcoming festive retail period (including Christmas and Chinese New Year) and an initiative by De Beers to make a 'major investment' in an additional end of year marketing programme focused on driving holiday diamond sales could see an improvement in operating conditions.

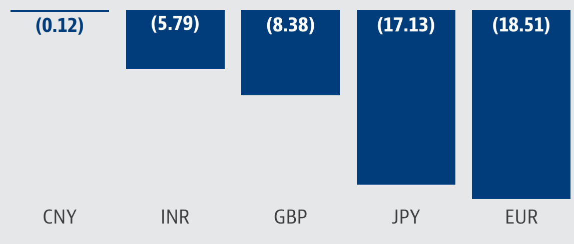
3. The impact of the strong US Dollar

A strong US Dollar always puts pressure on US Dollar denominated goods and commodities, as it makes them more expensive in non-Dollar denominated regions.

Petra's view: The strong US Dollar remains a concern in relation to consumer demand, though it does not impact the major US market.

12-month performance relative to USD since 1 July 2014

%



4. A slowdown in retail demand in China

A number of factors caused retail demand to slow considerably, namely a dramatic slowdown in the Hong Kong retail market (due to the pro-democracy movement and a fall in the number of shoppers from the mainland), the continuing anti-graft movement (causing wealthier consumers to limit the conspicuous consumption of luxury goods) and the overall slowing growth of the Chinese economy.

While Hong Kong and Macau suffered in particular, the main Chinese jewellers still recorded growth in sales of gem-set jewellery in mainland China, with consumer demand underpinned by the bridal market. Reports also suggest that some of the sales which normally occur in China happened elsewhere (particularly Japan and Europe) as increasing numbers of Chinese tourists are now travelling and shopping worldwide.

Petra's view: While the slowdown in China is concerning, the urbanisation trend and growth in the middle class is firmly in place. With consumption per capita way below that of the developed US market, there is good potential for continued future growth.

In summary

While the market continues to face the headwinds noted above, it is encouraging to note that retail demand remains stable worldwide, with steady demand in the major US market and growth still registering in other key emerging markets, though at lower levels than previously. Petra still therefore expects a positive medium to long-term outlook for the industry, given the supply/demand fundamentals.

Our Business Model

Petra focuses on mining, processing, sorting and selling rough diamonds. Through the responsible and efficient development of our assets, we aim to unlock value for all stakeholders.

FUNDAMENTALS ACROSS THE VALUE CHAIN

GOVERNANCE AND INTEGRITY

CAN-DO COMPANY CULTURE

FINANCIAL DISCIPLINE

RISK MANAGEMENT

INPUTS AND THEIR BENEFITS TO PETRA

Responsible leadership
- Sustainable operations
- Uphold the high value placed on diamonds

People and skills
- Productive workforce
- Specialist skills

High quality assets
- Major resources
- Long-term mine lives
- Diverse product range

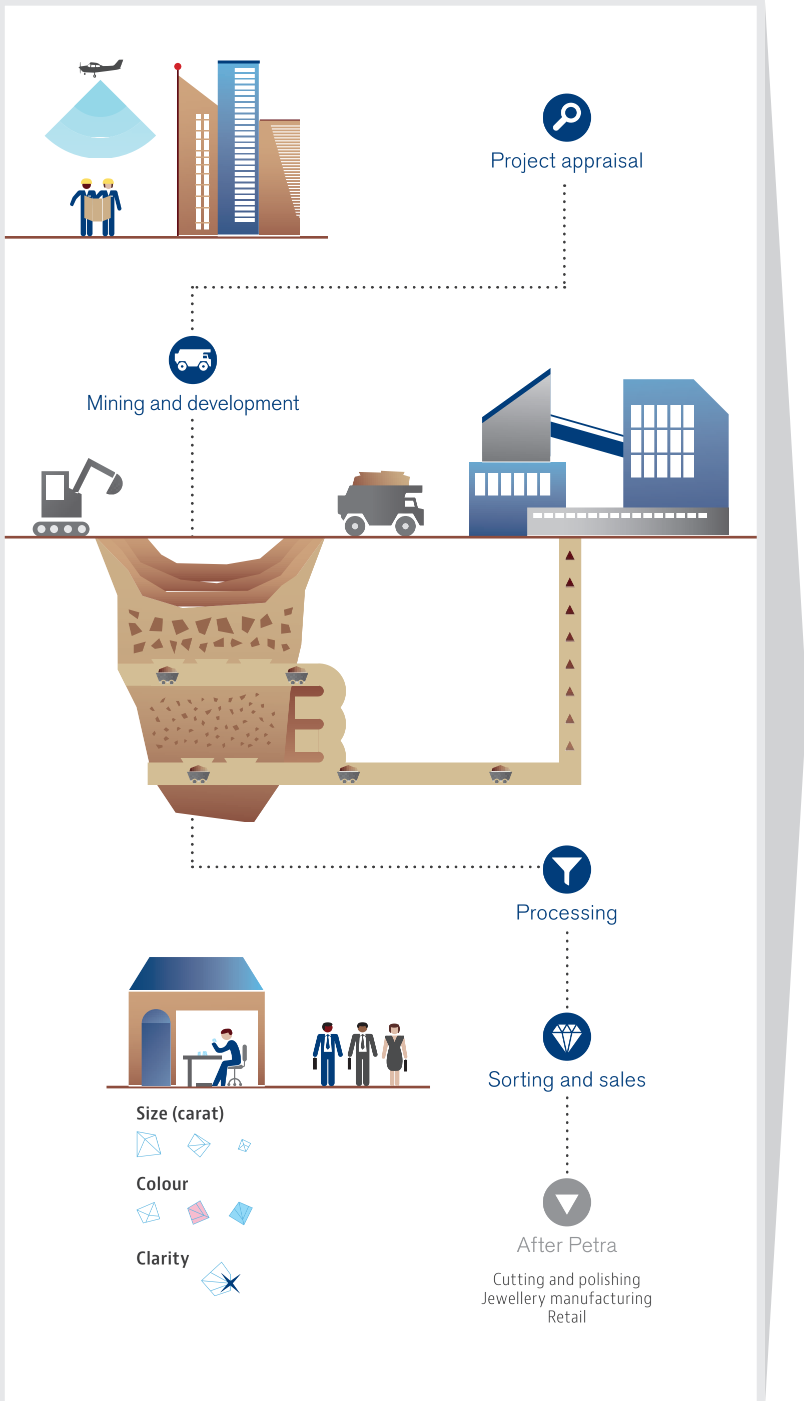
Financial capital
- Robust balance sheet
- Access to diversified sources of capital

Relationships
(including Governments, trade union partners, local communities and BEE partners)
- Licence to operate

Energy and water
- Sustainable access to energy and water

Technology and equipment
- Extension of mine lives
- Optimisation of operations

WHAT WE DO



DIVERSE PORTFOLIO | INNOVATIVE TECHNOLOGY | STAKEHOLDER ENGAGEMENT | FOCUS ON SAFETY | ENVIRONMENTAL MANAGEMENT

STAKEHOLDER VALUE CREATION

Employees
- Focus on safety
- Sustainable employment
- Culture of empowerment
- Skills development
- Itumeleng Petra Diamonds Employee Trust
- Employee wellbeing initiatives

LTIFR **0.29**

EMPLOYEES **4,428**

CONTRACTORS **3,843**

FUNDING PROVIDED TO EMPLOYEE TRUST **US$4.9m**

TRAINING AND DEVELOPMENT PROGRAMME EXPENDITURE **US$6.7m**

SALARIES, WAGES AND OTHER BENEFITS **US$141.0m**

Customers
- Quality and regular product offering
- Confirmed provenance and heritage

CONFLICT-FREE PRODUCTION **100%**

MATERIAL GOVERNANCE ISSUES **0**

MILLION CARATS SOLD **3.17**

Shareholders
- Growth profile
- Returns to shareholders

MAIDEN DIVIDEND **3.0 US cents**

PRODUCTION GROWTH SINCE FY 2011 **ca.185%**

GROWTH IN PRODUCTION TO FY 2019 **ca.60%**

Local stakeholders
- Socio-economic upliftment
- Taxes and royalty payments
- Community health initiatives

TAXES AND ROYALTIES **US$21.0m**

CSI **US$1.7m**

% OF SOUTH AFRICAN EMPLOYEES FROM LOCAL COMMUNITIES **up to 92%**

Environment
- Efficient and responsible use of natural resources

DECREASES PER TONNE (%)

ENERGY USAGE **-4%**

WATER USAGE **-10%**

CARBON EMITTED **-3%**

Suppliers
- Benefits to local businesses and suppliers
- Policy of local procurement where possible

PAID FOR GOODS AND SERVICES **US$145.1m**

HDSA SUPPLIERS **57%**

Our Strategy Page 20

Sustainability Page 40

Our Strategy

Increase output

Targeting circa 5 million carats by FY 2019

How we achieve this

- Ensure we have the right people and skills in place
- Achieve annual production targets, with a long-term objective to reach circa 5 million carats by FY 2019 organically
- Manage ROM grade volatility until expansion programmes access deeper, 'undiluted' ore
- Improve financial performance in line with increased production and higher margins, ensuring opportunities for returns to shareholders
- Evaluate further growth opportunities – both organic and via M&A

Progress in FY 2015

- Petra achieved production target of 3.2 million carats
- Grade and product mix volatility was worse than anticipated at Cullinan and impacted financial results for FY 2015
- The expansion programmes remain on track to reach circa 5 million carats by FY 2019

KPIs

- Production
- Revenue
- Capex
- Profitability
- Staff turnover
- Training spend
- TSR

Risks

- Mining and production
- Financing
- Retention of key personnel
- ROM grade volatility
- Expansion and project delivery
- Safety
- Country and political
- Labour relations
- Licence to operate
- Rough diamond prices
- Currency
- Access to energy

Remuneration

- Production performance measures
- Expansion and project delivery performance measures
- TSR performance measures

Optimise recoveries

Improving operating margins at each mine

How we achieve this

- Apply the expertise of Petra's team, which has developed an enviable track record in the management of diamond mining operations
- Commit the necessary investment in order to extend the lives of our assets
- Maintain a robust balance sheet and financial discipline
- Prioritise 'value' over 'volume' production via optimal process plant settings
- Empower our operational management and employees
- Approach Capex in a phased way to achieve low capital intensity

Progress in FY 2015

- Capital spend was in accordance with the roll-out of the expansion programmes
- US$300 million Notes Issue further strengthened balance sheet and provided flexibility
- Decision to construct a modern processing plant at Cullinan to optimise recoveries from this world-class orebody

KPIs

- Profitability
- Safety
- Capex
- Staff turnover
- Training spend
- Local employment
- TSR

Risks

- Mining and production
- Retention of key personnel
- Financing
- Expansion and project delivery
- Cost control and capital discipline

Remuneration

- Profit and costs performance measures
- TSR performance measures

Drive efficiencies

Maintaining a culture of effective cost control

How we achieve this

- Decentralise operations, simplify management structures and share services across mines
- Maintain disciplined cost control on-mine and efficient central overhead structure
- Drive efficiencies, particularly in terms of the usage of energy, water and labour
- Upgrade and simplify ore-handling systems
- Increase operating margins over time
- Use new technology where appropriate to drive improvements

Progress in FY 2015

- Operating costs and central overhead remained well controlled
- New Cullinan plant designed to deliver a cost saving of ZAR20–25/tonne due to increased energy and water efficiency, smaller footprint and higher automation
- Decrease the Group's water and carbon emitted per tonne for the Year

KPIs

- Profitability
- Water usage
- Energy usage
- Carbon emissions
- Staff turnover
- TSR

Risks

- Retention of key personnel
- Financing
- Expansion and project delivery
- Labour relations
- Cost control and capital discipline
- Access to energy

Remuneration

- Profit and costs performance measures
- TSR performance measures

Work responsibly

Committed to responsible development

How we achieve this

- Strive for a zero harm workplace
- Foster a dynamic company culture in which employees are encouraged to fulfil their true potential
- Develop strong relationships with our stakeholders and go beyond compliance to support our licence to operate
- Protect and enhance our environment
- Uphold the high value placed on diamonds
- Strive to go beyond compliance by meeting and/or exceeding best practice

Progress in FY 2015

- Our safety record improved due to a continued focus on this most important area
- No major environmental incidents recorded for the Year
- Petra continued to develop its stakeholder engagement strategy and processes

KPIs

- Safety
- Staff turnover
- CSI
- Training spend
- Local employment
- Diversity
- Energy usage
- Water usage
- Carbon emissions
- TSR

Risks

- Retention of key personnel
- Safety
- Country and political
- Licence to operate
- Labour relations

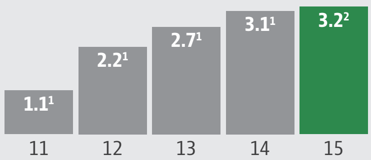
Remuneration

- HSSE performance measures
- TSR performance measures

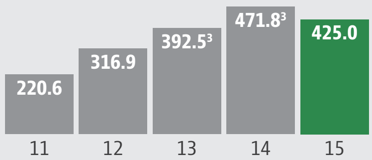
Key Performance Indicators

Petra uses various financial and non-financial performance measures, which are linked to our strategic objectives, to help evaluate the ongoing performance of the business. The following measures are considered by management to be some of the most important in evaluating the overall performance of the Group year on year.

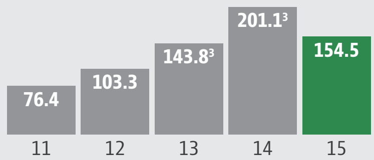
ROUGH DIAMOND PRODUCTION
Million carats
3.2 +2%



REVENUE
US$ million
425.0 -10%



PROFIT FROM MINING ACTIVITIES
US$ million
154.5 -23%



Performance and targets

Production increased in line with Company guidance due to increases at Finsch, Kimberley Underground and Williamson, offset by reductions at Cullinan, Koffiefontein and Helam. Production is forecast to increase to 3.3–3.4 Mcts in FY 2016.

Revenue decreased 10%, primarily due to the negative impact on ROM grade/product mix of operating in heavily diluted mining areas, as well as the weaker diamond market. Revenue is expected to rise in FY 2016, dependent on diamond pricing.

Profit from mining activities decreased due to lower revenue, partially offset by the continuing focus on cost control and the positive impact of the weaker Rand. Petra recorded a margin of 36%.

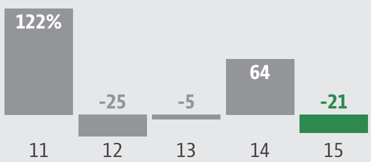
Risk management

Realistic operational targets, based on detailed mine production planning, with production performance monitored closely.

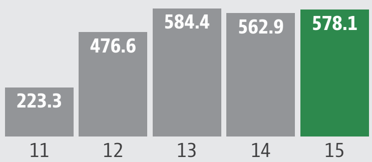
The key factors affecting revenue growth are delivery on production targets and diamond prices (which are outside of the Group's control).

Rigorous operational and financial discipline involving a comprehensive, Board-approved annual budgeting process and monthly monitoring.

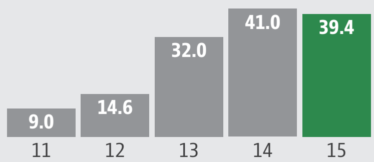
TOTAL SHAREHOLDER RETURN (TSR)
Percentage change
–21 -133%



CARBON EMISSIONS
Thousand tCO_2-e
578.1 +3%



WATER USAGE
Million m^3
39.4 –4%



Performance and targets

Factors impacting the share price included the revision of market expectations of Petra's performance for the Year, as well as concerns about the macroeconomic environment for diamonds.

Total carbon increased 3% in line with the expansion projects. However Petra's carbon intensity per tonne decreased 3% due to Petra's focus on energy efficiency. Petra is targeting a 1% reduction in total carbon emissions over the five years from FY 2013.

Water usage decreased 4% despite the increase in tonnages processed, attributable to heightened awareness on water conservation, the implementation of recycling initiatives and the improved reporting of consumption. Petra is targeting a medium-term reduction in water consumption to 1.55m^3/t.

Risk management

Petra places great importance on communication to ensure that its strategy and future prospects are well understood.

The Group endeavours to continually reduce its reliance on fossil fuel energy sources and to minimise overall energy usage where possible.

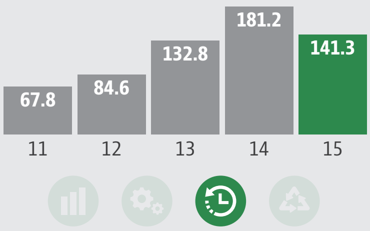
The Group endeavours to continually improve, develop and implement water efficiency measures to reduce the consumption per tonne processed.

Notes:
1. Production volumes include carats from Sedibeng and Star.
2. Production volumes include carats from Helam.
3. Revenues and profit from mining exclude amounts generated by the Sedibeng and Star operations, which has been reclassified to loss on disposal of discontinued operations.

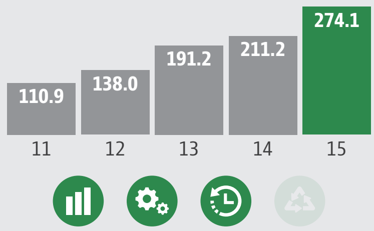
Strategic objectives

Output | Recoveries | Efficiencies | Responsibility

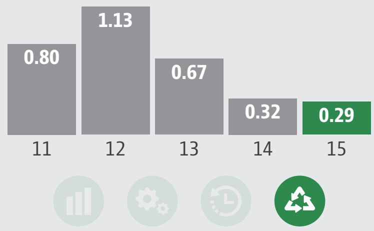
ADJUSTED OPERATING CASHFLOW
US$ million
141.3 –22%



CAPEX
US$ million
274.1 +30%



SAFETY
LTIFR
0.29 –9%



Performance and targets

Adjusted operating cashflow decreased predominantly due to the lower revenue and profit from mining activities. Petra will continue to focus on controlling costs and driving efficiencies.

Capex was ca. US$45m above guidance, mainly due to the bringing forward of spend at both Finsch and Cullinan as well as additional spend on the new Cullinan plant, Finsch bulk sampling plant and Koffiefontein. FY 2016 Capex forecasted of ZAR3.45bn in South Africa and US$20m in Tanzania.

Group LTIFR reduced to 0.29, a commendable achievement in comparison to international industry standards, particularly for underground operations. Petra is targeting a minimum 10% improvement in LTIFR annually.

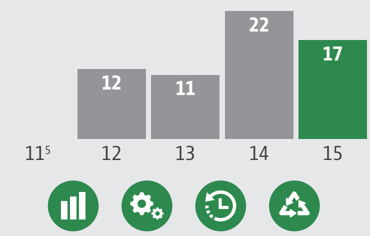
Risk management

Strong financial and operational management, disciplined cashflow forecasting and strong banking and equity relationships assist in managing liquidity.

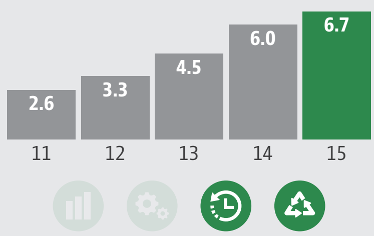
The Group's annual budgeting includes detailed Capex per operation and is Board approved. Capex is monitored and cashflow continually reviewed.

Management's focus on a zero harm environment requires a zero tolerance approach for any action that results in potential injury to employees.

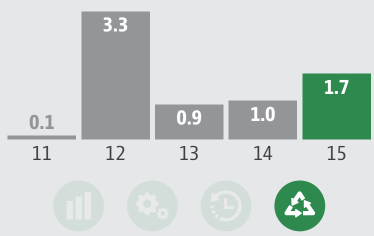
STAFF TURNOVER
%
17 –23%



TRAINING SPEND
US$[4] million
6.7 +12%



CSI SPEND
US$[4] million
1.7 +70%



Performance and targets

Staff turnover decreased, but was still higher than normal due to retrenchments at Helam mine. Excluding this impact, our turnover rate improved to 9%. Petra will endeavour to maintain turnover rates consistent with industry/national norms.

Training spend increased, accounting for 6.8% of operations payroll. The South African Mining Charter requires for at least 5%, which Petra endeavours to exceed.

Expenditure represented 2.8% of NPAT. The increase was due to increased LED expenditure in South Africa as new SLP cycles took effect, and increased central CSI spend. Petra targets base case spend of 1% of NPAT.

Risk management

The Group's employment policies and remuneration strategy are designed to attract, incentivise and retain individuals of the right calibre, as well as retain key management for the longer term.

Petra maintains compliance with the regulatory framework and supports a number of different training and development programmes.

Petra maintains compliance with the regulatory framework, as well as continual liaison and co-operation with social and institutional stakeholders.

4. As expenditure is usually in local currency the above figures are translated into US$ and are therefore approximate.

5. FY 2011 staff turnover figures not available.

A robust position

During the Year we significantly strengthened our balance sheet via an inaugural Notes Issue and an increase in our debt facilities.

During the Year we significantly strengthened our balance sheet, via a US$300 million Notes Issue and with an increase of our debt facilities by our lender group. We also maintained our strong focus on controlling costs and capital expenditure.

Revenue

Group revenue for FY 2015 decreased 10% to US$425.0 million (FY 2014: US$471.8 million) due to lower pricing (down circa 10% on a like-for-like basis) achieved for the Year, as well as the negative impact on ROM grade and product mix of operating in the near end-of-life caves, most notably at Cullinan. Exceptional diamonds contributed US$38.7 million in FY 2015 (FY 2014: US$34.1 million).

Two exceptional diamonds were sold during the Year, being a 232 carat white diamond which sold for US$15.2 million and a 122 carat blue diamond which was sold into a beneficiation partnership agreement, with Petra receiving US$23.5 million for an 85% share in the stone, and retaining a 15% interest in the polished yield. The blue diamond yielded four magnificent polished stones which will be sold in due course (read more on the inside front cover).

Mining and processing costs

The mining and processing costs for the Year are, as in past periods, 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 opposite.

Operating costs in FY 2015 remained in line with expectations, despite the ongoing inflationary pressures. On-mine US$ cash costs increased by 2%, due to:

- the treatment of higher tonnages across the operations versus FY 2014 (2% increase); and
- inflationary increases, including the impact of electricity and labour costs (7% increase); positively offset by:
  - the depreciating ZAR against the USD (7% decrease).

Unit costs on a mine-by-mine basis are covered in the operational review to follow.

Certain cost categories in South Africa, in particular electricity and labour, increased in excess of South African inflation (South African CPI stood at circa 5% at 30 June 2015), but Petra's cost focus, coupled with higher tonnage throughput, enabled the Group to partially mitigate the direct effect of inflationary pressures on a cost-per-tonne basis.

The Group continues to focus on energy efficiency across the Group, and important developments during the Year include the installation of backup generator power at the South African operations, which can keep the mines running in the event of a request by Eskom for a load reduction. In addition Petra is incorporating energy efficiency into its development projects wherever possible. Electricity prices in South Africa rose by 13% during the Year and a further increase in electricity prices of 10–13% is expected for FY 2016. Petra's electricity usage accounted for approximately 15% of South African cash on-mine costs for FY 2015 (FY 2014: 15%).

In September 2014, the Company agreed a three-year wage agreement with NUM, which fixed wage increases for NUM members at 10% per annum up to FY 2017, thereby providing stability on this significant (36%) contributor to the cost base. Due to lower increases for management and skilled labour, the overall salary increase for the Year was circa 8%. Labour relations remain an area of key focus for the Company and have remained stable throughout the Year.

As the bulk of Petra's operating costs are incurred in ZAR, the weakening of the average ZAR exchange rate against the US Dollar (FY 2015: ZAR11.45/US$1 versus FY 2014: ZAR10.34/US$1) negated some of the increased costs in Rand terms as mentioned above.

"The Group continues to focus on energy efficiency and is incorporating efficiency initiatives into its development projects wherever possible."

Mining and processing costs

	On-mine cash costs[1] US$m	Diamond royalties US$m	Diamond inventory and stockpile movement US$m	Group technical, support and marketing costs[2] US$m	Adjusted mining and processing costs US$m	Depreciation[3] US$m	Share-based expense[3] US$m	Total mining and processing costs (IFRS) US$m
FY 2015	**253.4**	**4.7**	**(6.0)**	**20.6**	**272.7**	**37.5**	**3.7**	**313.9**
FY 2014	248.9	4.5	3.8	20.2	277.4	41.1	1.6	320.1

1. Includes all direct cash operating expenditure at operational level, i.e. labour, 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.

Profit from mining activities

The Company's profit from mining activities (before depreciation, share-based payments and impairments) decreased 23% to US$154.5 million (FY 2014: US$201.1 million), due to the lower revenue for the Year, partially offset by the continuing cost control on-mine coupled with the weaker Rand and its positive impact on the Dollar-reported mining and processing costs.

Profit from mining activities for the Group reflected an overall margin of 36% for the Year (FY 2014: 43%), which was a solid achievement given that the Company was predominantly mining from old mining blocks near the end of their lives.

Adjusted operating cashflow

Adjusted operating cashflow (IFRS operating cashflow adjusted for the cash effect of the movement in diamond debtors between each financial year end, excluding unrealised foreign exchange translation movements) was down 22% to US$141.3 million (FY 2014: US$181.2 million), due predominantly to the fall in profit from mining activities.

Operating cashflow was US$132.7 million (FY 2014: US$196.1 million) but management considers the adjusted figure to provide a more useful view of the underlying growth in operating cashflow as the IFRS figure does not reflect the level of diamond debtors at Year end of US$57.6 million (30 June 2014: US$55.4 million) – refer to the "Cash and diamond debtors" section.

Exploration

Exploration expenditure (before depreciation) increased to US$5.7 million (FY 2014: US$2.8 million) due to the work programme underway at KX36 in Botswana, including the costs to relocate and commission the bulk sampling plant at site. Petra expects exploration spend to remain at circa US$5.0 million in FY 2016, which will include both the Botswana work programmes as well as field and other work relating to the Reivilo project in South Africa, as covered in "Exploration" on page 37.

Corporate overhead – general and administration

Corporate overhead (before depreciation and share-based payments) decreased 9% to US$9.6 million for the Year (FY 2014: US$10.6 million). Given that the Group's corporate overhead is predominantly denominated in ZAR, with some expenditure in GBP, the impact of the weaker Rand for the Year benefited overhead costs. Excluding this impact, overhead costs still remained tightly controlled.

Depreciation

Depreciation for the Year decreased to US$38.3 million (FY 2014: US$41.7 million), mainly due to the impact of the weaker Rand.

Net financial expense

Net financial expense of US$9.4 million (FY 2014: US$3.5 million) comprises:

- unrealised foreign exchange losses of US$3.2 million (FY 2014: US$3.6 million gain) representing the net effect of foreign currency retranslation of cross border loans considered to be repayable in the foreseeable future, at the Year end closing rate; and
- interest received from Petra's BEE partners and other receivables of US$7.0 million (FY 2014: US$10.4 million), bank interest received of US$1.5 million (FY 2014: US$0.3 million) and realised foreign exchange gains on forward exchange contracts of US$1.3 million (FY 2014: US$0.2 million), offset by:
  - interest payable on the Group's Absa/RMB/IFC debt and working capital facilities of US$2.0 million (FY 2014: US$1.7 million) (stated after the capitalisation of interest of US$14.7 million (FY 2014: US$9.7 million) associated with the funding of expansion projects/assets under development);
  - interest payable on the BEE partner loans and the post-retirement pension and medical aid scheme charges of US$10.8 million (FY 2014: US$9.4 million); and
  - a charge for the unwinding of the present value adjustment for Group rehabilitation costs of US$3.2 million (FY 2014: US$3.8 million).

Tax charge

The tax charge of US$25.4 million (FY 2014: US$41.0 million), comprising deferred tax of US$26.3 million and income tax refunds of US$0.9 million arises due to the utilisation of certain capital allowances, predominantly at Finsch and Cullinan, during the Year and the recoupment of prior period income tax provisions.

Adjusted net profit after tax

An adjusted net profit after tax of US$62.8 million was recorded for the Year (FY 2014: US$93.7 million), adjusted for impairment charges, net unrealised foreign exchange gains and losses and loss on discontinued operations. These adjusted profit figures are considered to be more appropriate in comparing results year on year.

Group profit

The Group's net profit after tax decreased 12% to US$59.6 million (FY 2014: US$67.5 million).

Earnings per share

A basic earnings per share from continuing operations of 9.46 US$ cents was recorded (FY 2014: 12.80 US$ cents). An adjusted basic earnings per share from continuing operations (stated before impairment charges, net unrealised foreign exchange gains and losses and loss on discontinued operations) of 10.09 US$ cents was recorded (FY 2014: 14.82 US$ cents).

Cash, diamond inventories, diamond debtors, net debt and facilities available

Key financial disclosures are set out in the table below.

	Unit	**30 June 2015**	30 June 2014
Period end exchange rate used for conversion	R/US$1	**12.16**	10.63
Cash at bank (including restricted amounts)	US$m	**166.6**	34.0
Diamond inventories[1]	US$m	**33.5**	27.0
	Carats	**339,489**	321,948
Diamond debtors	US$m	**57.6**	55.4
US$ Loan Notes (including US$3.3 million accrued interest)[2]	US$m	**303.3**	—
Bank loans and borrowings	US$m	**35.0**	158.9
Net debt[3]	US$m	**171.7**	124.9
Bank facilities undrawn and available	US$m	**255.1**	37.5

1. Recorded at the lower of cost and net realisable value.
2. Excludes transaction costs and is a non-GAAP measure.
3. Net debt is the US$ Loan Notes and bank loans and borrowings net of cash at bank; it excludes diamond debtors and diamond inventories.

Cash and debtors

As at 30 June 2015, Petra had cash at bank of US$166.6 million (30 June 2014: US$34.0 million). Of these cash balances, US$153.5 million was held as unrestricted cash (30 June 2014: US$20.2 million), US$11.6 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 2014: US$12.1 million) and US$1.5 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 2014: US$1.7 million).

Diamond debtors (relating to the June 2015 tenders and settled shortly after Year end) at 30 June 2015 were US$57.6 million (30 June 2014: US$55.4 million).

Loans and borrowings

The Group had gross loans and borrowings at Year end (before the capitalisation of costs relating to the US$300 million Notes Issue) of US$338.3 million (30 June 2014: US$158.9 million), comprised of the Notes Issue plus accrued interest of US$303.3 million and bank loans and borrowings of US$35.0 million, which comprises a loan from the IFC that was the only bank loan not repaid out of the Notes Issue.

Refinancing of black economic empowerment partner loans

On 25 November 2014, Petra announced that the Company and its BEE partners at the Finsch and Cullinan mines (the "BEE partners") had entered into agreements with Absa Corporate and Investment Banking ("Absa") and FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB") to directly finance the BEE Partners in respect of the loans due to Petra of ZAR1,078 million (circa US$98 million) relating to the original acquisition of the BEE Partners' interests in Finsch and Cullinan.

The BEE Partners will repay Absa and RMB from their share of free cashflows from Finsch and Cullinan, meaning that the loans due by the BEE Partners to Petra have been settled some three to four years ahead of the previously planned repayment schedule. The refinancing transaction completed on 5 December 2014 and Petra applied the funds flowing from the refinancing to its Group treasury, further strengthening the Company's balance sheet.

One of Petra's BEE partners is the Itumeleng Petra Diamonds Employee Trust ("IPDET"). The BEE loan refinancing also enabled Petra to advance loan funding to the IPDET, in order for the IPDET to pay, in December 2014, the first distributions to the IPDET beneficiaries. These annual employee distributions from the IPDET are an integral part of the Company's labour relations strategy.

BEE loans receivable and payable

BEE loans receivable of US$29.6 million relate to the acquisition and financing at the Koffiefontein and Kimberley Underground mines by Petra on behalf of its BEE partners, following the refinancing of the BEE partners' loans at Cullinan and Finsch.

The BEE loans payable of US$94.0 million relate to the initial acquisition loan funding advanced by the Group's BEE partners to the operations to acquire their investments in the Cullinan, Finsch, Koffiefontein and Kimberley Underground mines. The repayment of these loans by the mines to the BEE partners will be from future free cashflows generated by the mining operations.

Other liabilities

Other than trade and other payables of US$79.3 million (comprising US$25.9 million trade creditors, US$24.4 million employee-related accruals and US$29.0 million other payables), 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$274.1 million (FY 2014: US$211.2 million), in line with the roll-out of the Group's expansion programmes. The total Capex figure comprised operational Capex of US$266.7 million (FY 2014: US$211.6 million), corporate/exploration Capex of US$7.2 million (FY 2014: US$2.1 million), plus Group internal projects division Capex of US$0.2 million (FY 2014: minus US$2.5 million).

Operations Capex for the Year of US$266.7 million (FY 2014: US$211.6 million) comprised US$211.8 million on expansion Capex (FY 2014: US$157.5 million), US$40.2 million on sustaining Capex (FY 2014: US$44.4 million) and US$14.7 million on capitalised borrowing costs with regards to the expansion Capex (FY 2014: US$9.7 million).

Capex incurred by the operations for FY 2015 was circa US$45 million above guidance for the Year, mainly due to the timing of spend at both Finsch and Cullinan being brought forward due to certain aspects of the projects running ahead of schedule (circa US$20 million), capital spent on the new Cullinan plant (circa US$9 million), the Finsch bulk sampling plant (circa US$7 million) and additional capital at Koffiefontein (circa US$6 million).

David Abery
Finance Director
16 October 2015

Capex summary

US$ million	FY 2015	FY 2014
Finsch	**88.0**	67.8
Cullinan	**121.5**	93.1
Koffiefontein	**26.8**	30.7
Kimberley Underground	**13.9**	10.1
Williamson	**16.2**	8.9
Helam	**0.3**	1.0
Subtotal – Capex incurred by operations	**266.7**	211.6
Petra internal projects division – Capex under construction/invoiced to operations	**0.2**	(2.5)
Corporate/exploration	**7.2**	2.1
Total Group Capex	**274.1**	211.2

1. Capex for the Year includes US$14.7 million (FY 2014: US$9.7 million) of capitalised borrowing costs, which is also included in the applicable mine-by-mine figures above.
2. Petra's annual Capex guidance is cash based and excludes capitalised borrowing costs. Given that the majority of Petra's debt funding is in relation to its expansion and development programmes, Petra guidance is to assume that the majority of interest and financing fees will be capitalised for the duration of the project phase and not expensed through the income statement.

See Group Capex requirements to FY 2019 on our website
petradiamonds.com/investors/analysts/analyst-guidance

US$300 million Notes Issue

In May 2015, Petra raised US$300 million further to an inaugural senior secured second lien Notes Issue, due 2020, with a coupon of 8.25%. The Notes Issue was supported by fixed income investors predominantly in the UK and North America and received excellent demand, being approximately four times oversubscribed.

The catalyst for the Notes Issue was the circa ZAR1.6 billion (circa US$142.8 million) financing of a new modern processing plant at Cullinan, with the remaining funds allocated to settle (but not cancel) the majority of the Group's existing debt facilities (except the US$35 million amortising facility with the IFC), as well as to pay fees and expenses associated with the Notes Issue.

Concurrent to the Notes Issue, our lender group agreed to increase debt facilities available to Petra by circa US$77.2 million to a total of circa US$290.1 million, along with certain amended availability and repayment terms, thereby providing the Company with a significant level of headroom, as appropriate to this stage of our development.

At 30 June 2015, the Group had debt facilities undrawn and available to the Group of US$255.1 million (30 June 2014: US$37.5 million).

The Notes Issue required that the Company go through an extensive due diligence process, which culminated in its first credit ratings from Moody's (B2 Company rating and B1 Notes ratings) and Standard & Poor's (B+ Company and Notes ratings).

Strategic objective: **Increase output**

What this means for Petra

1. Balance sheet strength
2. Financial flexibility
3. Insurance against diamond market volatility

petradiamonds.com/investors/fixed-income-investors

Optimising our assets

Despite a challenging year, the Group recorded record tonnage and carat production.

Despite a challenging year due to the reliance on the old mining areas, the Group recorded production growth and record tonnage throughput levels, plus we finalised plans and arranged the financing to build a modern processing plant at Cullinan which was essential in order to optimise recoveries and reduce diamond breakage of our valuable Type II diamonds at this world-class mine.

FY 2015 diamond production increased 2% to 3.2 Mcts, in line with market guidance, due to increases at Finsch, Kimberley Underground and Williamson, partially offset by reductions at Cullinan, Koffiefontein and Helam.

Finsch and Cullinan

In terms of our flagship operations, Finsch performed very well for the Year, with regards to both production and its expansion programme. The mine has now reached production levels of circa 2 million carats, mainly due to an improving grade profile, as undiluted kimberlite is becoming available from our SLC tunnel development. Overall carat production will not increase significantly this year, but we will see a more favourable product mix over the next two years, due to the increasing proportion of undiluted tonnes, as well as the decrease in tailings production (presently 29% of the total carats). As this shift takes place, we will see the average value per carat achieved at Finsch rise, with ROM carats being worth significantly more than tailings carats.

Cullinan had a challenging year, as noted in previous quarterly updates, with production 11% lower due to the reduced ROM grade. It is encouraging, however, to see the mitigating efforts at Cullinan, such as our initiatives to access higher grade, undiluted areas in the B-Cut, starting to take effect, particularly in Q4 when a grade of 23.1 cpht was achieved, thereby arresting the prior grade decline. This turnaround was further assisted due to the fact that the C-Cut Phase 1 is now at an advanced stage of development (with 80% of the 'waste' development into the host rock already completed), and further to the total re-engineering of the final recovery system to combat the issue of high density luminescent waste. As with Finsch, the expansion programme for Cullinan is progressing to plan, with the key deliverables all on track.

Accessing undiluted ore

The main contributor to rising operating margins over the next few years from 36% in FY 2015 to over 50% in FY 2019 is the shift in Petra's production profile from mostly diluted to mostly undiluted ore at Finsch and Cullinan.

Due to the advanced nature of the expansion programmes at both Finsch and Cullinan, we are expecting a significant input of undiluted ore from H2 FY 2016 onwards.

2015 Resource Statement

Petra manages one of the world's largest diamond resources of over 300 million carats. This major resource suggests that the potential mine lives of our assets could be considerably longer than the current mine plans in place at each operation, or could support significantly higher production rates.

As at 30 June 2015, the Group's gross diamond resources (inclusive of reserves) increased 2.5% to 308.6 Mcts (30 June 2014: 301.1 Mcts), while the Group's gross diamond reserves decreased 9.9% to 49.8 Mcts (30 June 2014: 55.2 Mcts).

Jim Davidson
Technical Director
16 October 2015

petradiamonds.com/our-operations/moving-to-undiluted-ore

Read Petra's full 2015 Resource Statement
Pages 140 to 143

FY 2015 production – combined operations

	Unit	FY 2015	FY 2014	Variance
Sales				
Revenue	US$m	**425.0**	471.8	-10%
Diamonds sold	Carats	**3,168,650**	3,131,830	+1%
Production				
Total tonnes treated	Tonnes	**17,141,268**	15,731,075	+9%
ROM diamonds	Carats	**2,276,168**	2,173,697	+5%
Tailings and other[2] diamonds	Carats	**910,307**	935,988	-3%
Total diamonds	Carats	**3,186,475**	3,109,685	+2%

Detailed mine-by-mine results tables
Page 137

	Unit	FY 2015	FY 2014	Variance
Opex				
On-mine cash cost	US$m	**253.4**	248.9	+2%
Capex				
Expansion	US$m	**212.0**	155.0	+37%
Sustaining	US$m	**47.4**	46.5	+2%
Borrowing costs capitalised	US$m	**14.7**	9.7	+52%
Total	US$m	**274.1**	211.2	+30%

1. The combined table above includes results from the Helam mine, which was placed on care and maintenance in H2 FY 2015.
2. 'Other' includes mining of the Ebenhaezer satellite kimberlite pipe at Koffiefontein and alluvial diamond mining at Williamson.

A modern plant for Cullinan

In April 2015, Petra announced that it would be constructing a modern, fit-for-purpose plant at Cullinan, which is an important component of our strategy to optimise the mine's unique production profile, thereby maximising value from this world-class orebody.

A primary objective of the new plant will be to improve the chances of successfully recovering the large and exceptional diamonds for which the Cullinan orebody is known. It will achieve this by incorporating gentler diamond processing technology, including autogenous milling and high pressure grinding rolls, thereby moving away from high impact traditional crushing.

The new plant will replace the existing processing facility, which was originally commissioned in 1947 and had undergone numerous refurbishments over the years. This had led to it covering a large footprint of some 26 ha encompassing 151 conveyor belts spanning 15km, meaning it had become complex and costly to operate. The new plant will cover an efficient footprint of circa 5 ha, with the number of conveyor belts reduced to 22 spanning just 3km.

The new plant is estimated to improve revenue per tonne by 6–8% by increasing liberation of the full spectrum of diamonds (including large diamonds), as well as by lowering processing costs by ZAR20–25 per tonne further to: increased energy efficiency, improved water consumption, reduced circulation and maintenance requirements.

The new plant, which will be fully operational by the end of FY 2017, importantly provides strong standalone economics, with an IRR of 25% and a payback period of circa three years.

Strategic objective: **Optimising recoveries**

What this means for Petra

1. Increased efficiency
2. Improved diamond recovery
3. Lower operating costs

petradiamonds.com/our-operations/our-mines/cullinan

Finsch

Finsch is a world-class mine which benefits from top-quality infrastructure, including a modern processing plant.

REVENUE CONTRIBUTION	CARAT CONTRIBUTION	PRODUCTION CARATS[1]	REVENUE	AVERAGE PRICE PER CARAT
43%	65%	2,065,875 +10%	US$185.4m +1%	US$90 -9%

1. ROM + tailings.

Output
Production increased by 10% due to a 13% increase in ROM grade.

Recoveries
Smaller, higher value stones captured due to lower plant bottom cut-off.

Efficiencies
New bulk sampling plant has commenced sampling overburden dumps.

Responsibility
Finsch supports local enterprise development at the Kgatelopele Small Business Hub.

Performance in FY 2015

Finsch recorded another strong year, with production rising 10% to 2,065,875 carats (FY 2014: 1,885,160 carats) mainly due to a 13% increase in ROM grade.

Despite the increase in production, revenue remained relatively flat at US$185.4 million (FY 2014: US$183.7 million) due to the decrease in the average value per carat to US$90, which was caused by a combination of the softer diamond market as well as the increased recovery of smaller diamonds (in line with the increased grade).

Costs

The on-mine cash cost of ZAR164/t (FY 2014: ZAR146/t) at Finsch was largely in line with management's expectations, although representing a year-on-year increase of circa 12%, due to:

- inflationary cost increases, including the impact of electricity and labour costs (circa 7%);
- operating costs associated with the newly constructed bulk sampling plant (circa 3%); and
- operational costs associated with the kimberlite development in the sub-level cave ("SLC") and additional contractor and labour-related expenditure (circa 2%).

Development plan

Petra's development plan at Finsch is due to increase higher value ROM production from 1.3 Mcts in FY 2015 to circa 2 Mctpa by FY 2018, by which point there is no longer planned to be any tailings production included in the mine's output.

Petra's initial mine plan has a life to 2030, but resources in Block 6 and the adjacent precursor kimberlite, which sits next to the main body of the Finsch kimberlite pipe, are expected to prolong the actual life of mine ("LOM") for considerably longer. The mine has a significant gross resource of 49.1 Mcts.

Mining is currently transitioning from the block cave on the 630 metre level ("mL") to an SLC over four levels from 700mL to 780mL. The new Block 5 Cave will then be installed at 900 mL.

The SLC project is progressing well, with the kimberlite development in three out of four levels now complete and all associated support and engineering services on track. SLC production is expected to commence from the end of H1 FY 2016, when the first rings will be blasted.

Waste development yielded a total of 4,217 metres for FY 2015 (FY 2014: 4,055 metres), while raiseboring delivered 376 metres (FY 2014: 302 metres). Kimberlite development commenced, with 1,038 metres developed preparing the Block 5 SLC (FY 2014: nil metres).

Petra is guiding a ROM grade of 46 cpht for FY 2016 and ROM throughput of 3.0 Mt, which is expected to rise to 3.2 Mtpa by FY 2017 and 3.5 Mtpa from FY 2018 onwards. As the mine's underground production profile gradually changes from diluted to undiluted ore, the ROM grade is expected to increase to approximately 58 cpht from FY 2017 onwards.

Treatment of the Pre 79 Tailings is planned at 2.4 Mt at a grade of 27 cpht for FY 2016 and 1.4 Mt at a grade of 24 cpht for FY 2017. Treatment of the Pre 79 Tailings is expected to come to an end after FY 2017.

A new bulk sampling plant was constructed and commissioned at Finsch during the Year in order to treat the dumps of overburden material at the mine. The overburden material currently being sampled represents the original (and, until now, unprocessed) material excavated from the upper 10 metres of the Finsch kimberlite, before the pipe itself was mined. Although results from the sampling of the overburden dumps commenced in H2 FY 2015, more tonnes will need to be treated before the Company can take a view on larger scale treatment of these dumps.

Capex

Capex of US$88.0 million was circa US$17 million above guidance mainly due to the bringing forward of spend due to certain aspects of the project running ahead of schedule (circa US$4 million), as well as spend on the bulk sampling plant (circa US$7 million).

A schematic of the Finsch mine and orebody is available on Petra's website
petradiamonds.com/investors/analysts/analyst-guidance

More detail online
petradiamonds.com/operations/operating-mines/finsch

Developing local arts and crafts

Finsch is proud to support Indeeva, a Pretoria-based organisation which trains communities to develop skills in arts and crafts. Blasting wire from the mine is used to create a variety of ornaments and furniture by hand, such as woven baskets.

This project not only ensures that rural communities receive skills and training, it also provides a creative outlet and creates much needed jobs.

Cullinan

Cullinan is one of the world's most celebrated diamond mines and the source of the two largest diamonds in the British Crown Jewels.

REVENUE CONTRIBUTION	CARAT CONTRIBUTION	PRODUCTION CARATS[1]	REVENUE	AVERAGE PRICE PER CARAT
28%	23%	729,496 -11%	US$122.2m -25%	US$174[2] -6%

1. ROM + tailings.
2. Excluding exceptional diamonds, the average value for FY 2015 was US$119 per carat.

Output
Production declined due to ROM-grade volatility.

Recoveries
Decision to construct modern processing plant to optimise recoveries.

Efficiencies
New plant estimated to have ZAR20–25/t processing cost saving.

Responsibility
Portable skills training provided to a number of employees and community members.

Performance in FY 2015

Cullinan underperformed expectations for the Year, with revenue down 25% to US$122.2 million (FY 2014: US$162.8 million) due to lower production, as well as a decrease in the average value per carat.

Production decreased 11% to 729,496 carats (FY 2014: 823,619 carats) due to the declining ROM grade as a result of predominantly mining from mature, severely diluted production areas in the B-Cut. This issue was exacerbated by having to process high volumes of development waste material through the plant, as there are no separate waste handling facilities available at the mine.

The average value per carat of US$119 (excluding exceptional diamonds) was also impacted due to the finer nature of the material in the mature mining areas at Cullinan, meaning that diamonds were smaller and lower value than the mine's normal production profile.

Despite these difficulties, Cullinan ended the Year with an improving production profile. The previously announced mitigating measures to access higher grade production areas yielded successful results in Q4 FY 2015, with an increased ROM grade of 23.1 cpht achieved.

Costs

On-mine cash costs remained flat at ZAR154/t (FY 2014: ZAR154/t) mainly due to the increased volumes of lower-cost tailings throughput. Longer-term unit cost efficiencies are expected to be driven by initiatives such as a simplified ore-handling system underground and streamlining of the new plant.

Development plan

Cullinan contains a world-class diamond resource of 195.4 Mcts (including 17.3 Mcts in tailings), and Petra is capitalising on this by undertaking an expansion programme at the mine to take annual production to circa 2.4 Mcts by FY 2019 (comprising 2.2 Mcts ROM and 0.2 Mcts tailings).

This expansion plan will establish a new block cave (C-Cut Phase 1) on the western side of the orebody in the upper portion of the major C-Cut resource (estimated to contain some 133 Mcts in total) and will also involve a large tailings operation. Petra's current mine plan has a life to 2030, but the major residual resources indicate it could be in excess of 50 years.

The C-Cut Phase 1 project progressed well during the Year, with the first rings in the undercut having been blasted in June 2015, the deepening of the men-and-material shaft completed and the deepening of the ore shaft on track for completion and commissioning during H1 FY 2017. Waste development yielded a total of 4,282 metres for FY 2015 (FY 2014: 5,597 metres), while raiseboring delivered 614 metres (FY 2014: 854 metres). Kimberlite development to prepare the new block cave yielded 2,285 metres (FY 2014: 72 metres).

Due to the declining ROM grade experienced during FY 2015, management carefully reassessed the short-term Cullinan mine plan with the focus on maximising the mine's economics until production shifts to a higher percentage of undiluted ore, shifting focus to grade control as opposed to maximising volumes. FY 2016 ROM tonnes treated are guided at circa 2.3 Mt, down from previous guidance of 2.9 Mt. This is only a short-term reduction in tonnages; as the C-Cut Phase 1 project starts ramping up, the longer-term plan of 4.0 Mtpa by FY 2019 remains in place.

Due to the advanced status of Cullinan's expansion programme, together with the initiatives to access production from undiluted mining areas on the BA5 645mL, BA5 673mL and BB1E 763mL, FY 2016 is expected to see the majority of ROM tonnes being sourced from undiluted areas from H2 onwards. The C-Cut Phase 1 development work is transitioning from waste tunnelling in the host rock to tunnelling and undercut level development into the kimberlite, thereby delivering undiluted kimberlite tonnes, which is expected to lead to a further improvement in the ROM-grade profile during H2 FY 2016.

ROM grade is expected to increase to circa 31 cpht (annual average) in FY 2016 (H1: circa 25 cpht; H2: circa 36 cpht) in line with the increased contributions from undiluted production areas. ROM grade is expected to increase further to circa 38 cpht by FY 2017, circa 50 cpht by FY 2018 and to circa 55 cpht by FY 2019, when Cullinan's C-Cut Phase 1 block cave is in full production.

FY 2016 tailings treatment is planned at 2.3 Mt, continuing at 2.3–2.5 Mtpa from FY 2017 onwards. Tailings grades of 4–5 cpht are expected in FY 2016 and FY 2017, increasing to circa 7–8 cpht from FY 2017 onwards, due to increased diamond liberation associated with the new Cullinan plant.

Capex

Capex of US$121.5 million was circa US$24 million above guidance mainly due to the bringing forward of spend due to certain aspects of the project running ahead of schedule (circa US$12 million) and initial Capex required for the new Cullinan plant (circa US$9 million).

Read about the new Cullinan plant
Page 29

A schematic of the Cullinan mine and orebody is available on Petra's website
petradiamonds.com/investors/analysts/analyst-guidance

More detail online
petradiamonds.com/operations/operating-mines/cullinan

Careers development

One of Petra's key priorities in its corporate social investment strategy is to focus on education and careers development as it is vital that we foster relevant skills within our local communities.

Cullinan held a careers exhibition in April 2015 which exposed students to the careers available across the diamond mining value chain, including prospecting, mining, processing, polishing, jewellery manufacturing and sales.

Koffiefontein

Koffiefontein is one of the world's top diamond mines by average value per carat.

REVENUE CONTRIBUTION	CARAT CONTRIBUTION	PRODUCTION CARATS[1]	REVENUE	AVERAGE PRICE PER CARAT
4%	2%	45,384 –10%	US$17.8m -33%	US$386 -29%

1. ROM + Ebenhaezer.

Output
Production decreased 10% due to lower ROM production than planned.

Recoveries
Average value per carat lower due to larger contribution of Ebenhaezer carats.

Efficiencies
Civil groundworks issues of the 62 Level crusher were addressed.

Responsibility
Conservation partnership to protect the secretary bird.

Performance in FY 2015

Production decreased 10% to 45,384 carats (FY 2014: 50,375 carats), due to the depletion of higher grade recovery tailings (treated in FY 2014), partially offset by increased ROM production from the 52 Level mining area and the commencement of production from the 56 Level SLC in Q4 FY 2015.

Revenue decreased 33% to US$17.8 million (FY 2014: US$26.7 million) due to lower production and lower pricing levels. This was as a result of the weaker diamond market, as well as the average product quality being depressed by the large contribution of lower value Ebenhaezer pipe carats (mined to utilise spare plant capacity).

Underground production did not reach planned levels due to civil groundworks problems at the 62 Level crusher. These issues have now been addressed.

Costs

The shortfall against planned production levels resulted in unit costs exceeding expectations at ZAR303/t (FY 2014: ZAR293/t). Fixed costs were incurred in anticipation of underground production ramp-up, which did not materialise as planned.

Development plan

Koffiefontein's expansion plan will increase production from 45,384 ctpa in FY 2015 to circa 100,000 ctpa by FY 2017 (underground only). Petra's current mine plan has a life to 2025, but the residual resources indicate that the actual LOM could be in excess of 20 years.

Before putting in place a new block cave, the SLC mining method will be used over three levels from 560 mL to 600 mL. Production has now commenced on the 560 mL.

During FY 2016 the 52L Western Fissure will come into production to supplement ore mined from SLC Phase 1 on 560 mL. ROM grade is guided at circa 9 cpht. The increased contribution from undiluted underground ROM production has the potential to increase recovery of the larger and more valuable stones for which Koffiefontein is known.

Capex

Capex of US$26.8 million was circa US$6 million above guidance mainly due to additional spend on underground mining equipment to increase production flexibility.

A schematic of the Koffiefontein mine is available on Petra's website petradiamonds.com/investors/analysts/analyst-guidance

Kimberley Underground

Kimberley Underground is located in Kimberley, the heart of South Africa's early diamond rush.

REVENUE CONTRIBUTION	CARAT CONTRIBUTION	PRODUCTION CARATS[1]	REVENUE	AVERAGE PRICE PER CARAT
10%	4%	137,226 +8%	US$41.8m +8%	US$302 +0%

1. ROM only.

Output
8% increase in production to 137,226 carats.

Recoveries
18% reduction in grade due to throughput of lower grade surface resources.

Efficiencies
Planned steady state treatment of 1.2 Mt was reached in FY 2015.

Responsibility
Petra volunteers cleaned the streets of Kimberley on Mandela Day.

Performance in FY 2015

The Kimberley Underground operation comprises three kimberlite pipe mines: Bultfontein and Dutoitspan (serviced by the Joint Shaft and the Joint Shaft plant) and Wesselton (serviced by the Wesselton Shaft and the Wesselton plant).

FY 2015 production increased 8% to 137,226 carats (FY 2014: 126,917 carats), with planned steady state treatment being reached for the Year of 1.2 Mt (FY 2014: 908,498 tonnes). This was partially offset by an 18% reduction in ROM grade due to increased throughput of the lower grade surface resources, sourced from the east blow pipe and tailings.

Revenue increased 8% to US$41.8 million due to the higher production for the Year, while the high average value per carat achieved remained steady at US$302.

Costs

The on-mine cash cost decreased to ZAR264/t (FY 2014: ZAR301/t), assisted by the production ramp-up achieved.

Development plan

Petra's mine plan at Kimberley Underground will take steady state production to 170,000 ctpa from FY 2016 and has a life to 2026.

ROM tonnes throughput of circa 1.2 Mtpa is planned from FY 2016 onwards at a grade of 13–15 cpht.

Capex

Capex of US$13.9 million was in line with guidance for the Year.

A schematic of the Kimberley Underground mines and orebodies is available on Petra's website
petradiamonds.com/investors/analysts/analyst-guidance

Williamson

Williamson is Tanzania's only important diamond producer and is based upon the 146 hectare Mwadui kimberlite pipe.

REVENUE CONTRIBUTION	CARAT CONTRIBUTION	PRODUCTION CARATS[1]	REVENUE	AVERAGE PRICE PER CARAT
15%	6%	202,265 +7%	US$62.1m +15%	US$298 -2%

1. ROM and alluvial

Output
Continued ramp-up in tonnage throughput led to a 7% increase in production.

Recoveries
Plant modifications to improve throughput and diamond liberation.

Efficiencies
Plant enhancements expected to yield a 7–10% increase in revenue per tonne.

Responsibility
Williamson manufactured hand cycles to assist disabled village members.

Performance in FY 2015

Production increased 7% in FY 2015 to 202,265 carats (FY 2014: 188,465 carats), mainly due to the increase in ROM tonnes treated.

Revenue increased 15% to US$62.1 million (FY 2014: US$53.9 million) due to the higher proportion of ROM versus alluvial diamonds for the Year. The high average value per carat of this mine remained relatively in line with the prior year at US$298 (FY 2014: US$303).

Costs

The on-mine cash cost of US$12/t (FY 2014: US$11/t) was in line with guidance.

Development plan

Petra's expansion plan at Williamson will see tonnage throughput ramp up to circa 5 Mtpa from FY 2018, which, at a grade of circa 7.0 cpht, is expected to deliver 350,000 ctpa. Petra's current mine plan for Williamson has a life extending to 2033, but given that the Mwadui kimberlite hosts a major resource of 33.1 Mcts, there is potential to extend the LOM considerably.

A decision was taken by management in FY 2015 to carry out plant modifications at Williamson in order to improve throughput and diamond liberation. This is a particularly relevant strategy at this lower grade operation and the modifications are planned to enable the mine to reach throughput of 5 Mtpa by FY 2018 at a grade of circa 7 cpht (previously guided circa 6 cpht). Such an increase in ROM grade, partially offset by a finer diamond size population, is expected to yield a 7–10% increase in revenue per tonne.

The plant enhancements will include the introduction of an additional crusher circuit and two autogenous mills, with construction commencing in FY 2016 and commissioning of the crusher planned for FY 2016 and installation and commissioning of the two autogenous mills planned for H1 FY 2017.

ROM throughput is planned at 3.8 Mt during FY 2016, lower than previous guidance of 4.5 Mt due to downtime associated with the aforementioned plant modifications.

Capex

Capex of US$16.2 million for the Year (FY 2014: US$8.9 million) was in line with expectations.

A schematic of the Williamson mine and Mwadui orebody is available on Petra's website
petradiamonds.com/investors/analysts/analyst-guidance

Exploration

Petra continues to search for new economic kimberlites in Botswana and South Africa.

In Botswana, Petra's exploration programme remains focused on the evaluation of the KX36 discovery, as well as the search for and assessment of other kimberlites in its 100%-held prospecting licences and those held via its exploration co-operation agreement with Manica Minerals Ltd ("Manica").

During the Year, the Company also took on exploration ground in South Africa in the vicinity of the Finsch mine.

Botswana

As at the date of this announcement, the Company (via its subsidiary Petra Diamonds Botswana (Pty) Ltd) was the 100% holder of diamond prospecting licences totalling 14,492 km^2 in Botswana.

KX36

Petra commenced a second phase of large diameter drilling ("LDD") bulk sampling in Q2 FY 2015 with the aim of obtaining circa 720 carats for a diamond parcel of circa 1,000 carats (circa 285 carats were obtained earlier through the Phase One LDD bulk sampling programme), which will be used for further resource modelling and diamond value determination.

As at the end of the Year, circa 2,300m of LDD, constituting circa 65% of the programme, had been successfully completed with all boreholes having been calliper surveyed. All LDD was preceded by paired narrow diameter drilling ("NDD"), with detailed lithological (facies) logging, dilution, magnetic susceptibility and wet density measurements completed on the drill core obtained from these pilot/cover holes. The drilling programme is expected to be completed towards the end of Q1 FY 2016.

Treatment of the first bulk samples commenced early in Q3 FY 2015, following the successful relocation and commissioning of the modular 10 tonnes per hour bulk sampling plant at site. As at the end of the Year, circa 415 carats had been recovered and the programme is well on track to obtain the required carats from this phase towards the end of H1 FY 2016.

Further to the work carried out to date, a Maiden Inferred Resource of 24.9 Mt at a grade of 35.2 cpht containing 8.8 Mcts has been identified for KX36. However, it should be noted that there is no guarantee that the Company will elect to proceed with the development of KX36 into a mine at this point in time.

KX36 surrounding area

Following a review by external consultants of all KX36 region exploration work carried out and data acquired to date (a combination of SkyTEM Heli-borne Electromagnetic data, geological and geophysical data), 17 targets in relatively close proximity to KX36 were put forward for consideration. Towards the end of the Year, eight of these targets were drilled to a cumulative depth of 1,309m, bringing the total number of targets drilled in the indicator mineral plume area to 24. No new kimberlites were discovered.

Kokong Field

Following interpretation and analyses of all geological and geophysical data acquired over these licence areas, no obvious kimberlite-type magnetic anomalies have been clearly visible. This data will be further studied before any further work is considered.

Manica Co-operation Agreement

Petra is involved in a diamond exploration co-operation agreement ("Agreement") with Manica, which is led by Dr Peter Hildebrand and Dr John Gurney. The Agreement brings together the exploration expertise of both Petra and Manica, thereby applying some of the world's leading thinkers on kimberlite exploration techniques, and provides the Company with access to an additional circa 22,340km^2 of land holdings in the Orapa and Jwaneng areas of Botswana.

The current work programme is specifically focused on the re-evaluation of known kimberlites in the highly prospective Orapa area. Priority targets are drilled and then tested using a proprietary Mantle Mapper™ (sampling of kimberlite indicator minerals) process. While there have been no discoveries of economic kimberlites to date, results are outstanding on various targets (expected in FY 2016) and new targets continue to be defined. In the Jwaneng area, the current focus is the identification and delineation of specific areas within the ground holdings with the potential to host intra-formational circa 240 Ma Jwaneng type deposits.

South Africa

Reivilo

During the Year, Petra (via its subsidiary Finsch Diamond Mine (Pty) Ltd) took on a new prospecting right in South Africa covering 148km^2, which is situated approximately 110km north-east of the Finsch mine and known to host a kimberlite that was discovered in the 1960s.

A high resolution airborne magnetic survey flown by Petra in June 2015 confirmed the position of the kimberlite under calcrete cover and the resultant geophysical anomalies indicate a multi-lobe body with potential for a surface area of up to seven hectares. Reconnaissance soil sampling over the geophysical anomalies has recovered both peridotitic and eclogitic paragenesis Kimberlite Indicator Minerals ("KIM") which are currently being analysed for a preliminary assessment of the diamond potential of the kimberlite.

A detailed ground magnetic and gravity survey is planned in the coming weeks to more accurately assess the size of the kimberlite body, and to produce a geophysical model that will be used to position boreholes to recover kimberlite for further KIM analysis and microdiamond sampling for an initial diamond grade estimate.

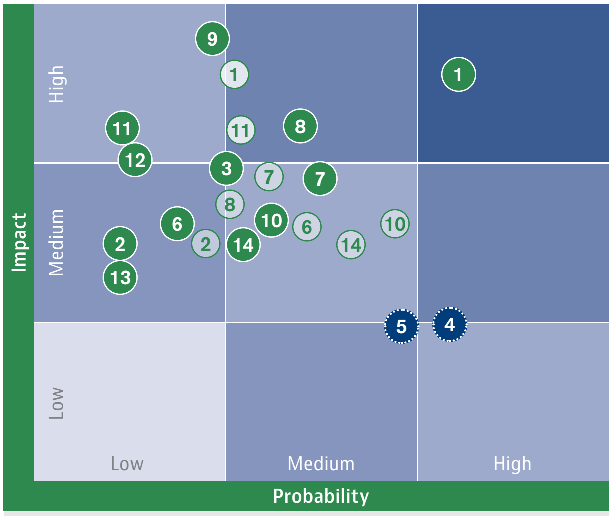
Principal risks and uncertainties

The Group is exposed to a number of risks and uncertainties which could have a material impact on its performance and long-term development. The effective identification, management and mitigation of these risks and uncertainties is a core focus of the Group, as they are key to the Company's strategy and objectives being achieved.

Central to Petra's approach to risk management is having the right Board and Senior Management team in place, with such members combining extensive experience of the specialist worlds of diamond mining and exploration, health and safety, finance, corporate governance and risk management, as well as in-depth knowledge of the local operating conditions in South Africa, Tanzania and Botswana and the regulatory environments of all of the countries, in which Petra operates or has a corporate presence.

Petra is continually strengthening its risk management processes. During the Year the Company established an Internal Audit department, headed by the Group Risk and Internal Audit Manager and staffed by two internal auditors, all of whom are experienced in the African mining industry and the risks specific to that environment. The Internal Audit team is in the process of carrying out the detailed Internal Audit plan agreed with the Audit Committee, which includes an ongoing review of the Company's risk management and internal control systems. For further information, please see page 67.

Given the long-term nature of the mining business, particularly taking into account the long life of Petra's assets, the majority of the Group's previously identified risks are unlikely to alter significantly on a yearly basis. However, inevitably, the level of risk can change, as could the Group's risk appetite.



1. Diamond price
2. Currency
3. Country and political
4. Access to energy
5. Synthetic diamonds
6. Safety
7. Mining and production
8. ROM grade and product mix volatility
9. Expansion and project delivery
10. Labour relations
11. Financing
12. Cost control and capital discipline
13. Retention of key personnel
14. Licence to operate

Risk position this year

Risk position last year

New risk this year

Risk management framework

Top-down

Define risk appetite; identify, assess and mitigate risk at corporate level

Board

Overall responsibility for the effectiveness of the Group's risk management and internal control and financial control systems

Executive Committee

- Manages risks on a day-to-day basis
- Monitors and manages risk management processes and internal controls

Audit Committee

- Supports the Board in considering risk management and internal controls
- Reviews the effectiveness of risk management and internal control systems
- Via internal audit, actively considers the Group's internal control systems

Internal Audit

- Supports the Audit Committee in reviewing the effectiveness of risk management, internal control systems and internal financial controls

Remuneration Committee

- Ensures that the Company's remuneration strategy and structure supports the consideration and management of risks and is aligned to the Company's overall strategy

HSSE Committee

- Provides assurance to the Board that appropriate systems are in place to identify and manage health, safety, social and environmental risks

Senior and middle management

Accountable to the Executive Committee and the Board for the design, implementation and operation of risk management processes and systems

Consistent application of the Company's internal systems and internal financial controls

Risk awareness and safety culture ingrained throughout the business

Bottom-up

Identify, monitor, report and mitigate risk at operational level

Principal risks

A detailed review of the Group's principal risks and risk management for the Year can be found on pages 68 to 73.

Risk	Risk appetite	Risk rating	Nature of risk	Change in FY 2015
External Risks				
1. Diamond price	High	High	Long-term	Higher – diamond prices weakened during the Year and the short-term outlook remains uncertain. Longer-term fundamentals suggest a positive outlook.
2. Currency	High	Medium	Long-term	Lower – the weaker Rand during the Year had an overall favourable impact on cashflow and earnings.
3. Country and political	High	Medium	Long-term	No change – no material country/political changes affected Petra during the Year.
4. Access to energy[1]	Medium	Medium	Long-term	New risk – due mainly to Eskom electricity supply issues that came to the fore during the Year.
5. Synthetic diamonds[2]	High	Low	Long-term	New risk – synthetic diamond production techniques continue to advance, but the product category is not considered a significant risk in the short term.
Operating risks				
6. Safety	Low	Medium	Long-term	Lower – our overall safety performance improved in FY 2015.
7. Mining and production	Medium	Medium	Long-term	Higher – it was a challenging year operationally due to the heavy reliance on the mature/diluted mining blocks at Finsch and Cullinan.
8. ROM grade and product mix volatility[3]	Medium	Medium	Short-term	Higher – volatility in both ROM grade and product mix (particularly at Cullinan) was worse than anticipated during the Year.
9. Expansion and project delivery	Medium	Medium	Medium-term	No change – Petra's expansion plans remain materially on schedule and on budget.
10. Labour relations	Medium	Medium	Short to medium-term	Lower – Petra agreed a three-year wage agreement with NUM in South Africa and the IPDET made its first distributions to its beneficiaries.
Strategic risks				
11. Financing	Medium	Low	Medium-term	Lower – Petra raised US$300 million through a Notes Issue and treasury management remains a core focus; Petra's expansion plans remain fully financed.
12. Cost control and capital discipline	Medium	Medium	Long-term	No change – Petra maintains strong control of operating costs, G&A expenses and Capex.
13. Retention of key personnel	Medium	Medium	Long-term	No change – Petra's employment policies and terms are designed to attract, incentivise and retain individuals of the appropriate calibre.
14. Licence to operate	Low	Medium	Long-term	No change – Petra is highly focused on materially meeting all requirements to maintain its licences to operate and comply with all other relevant laws and regulations.

Changes to key risks:

1. Access to energy has been included as a new risk due to the energy supply challenges faced by both South Africa and Tanzania currently.
2. Synthetic diamonds (i.e. diamonds that are produced in a laboratory, rather than mined from the earth) have been included as a new risk in recognition that it is a topic which is frequently asked about by investors. While the Company does not consider it a material risk at this point in time, it is recognised as a category which could see a fast change in its risk profile due to the potential for technological advancement in this field.
3. Volatility in product mix was included as a risk in FY 2015 due to the negative impact on typical diamond size/quality while production is mainly sourced from heavily diluted block caves, which are nearing the end of their lives.

Sustainability is at the heart of Petra

EMPLOYEES Number	CONTRACTORS Number	WOMEN EMPLOYED Number	WOMEN EMPLOYED % of the workforce
4,428	3,843	748	17%

We are committed to the responsible development of our assets to the benefit of all stakeholders and our operations are planned and structured with their long-term success in mind.

Our strategy is to invest our resources in our mines, including the capital required to extend their lives, and the expertise required to optimise the assets, with the aim of growing their operating margins over time and developing each mine according to strict ethical guidelines and standards.

Transparent communication is an important component of our approach, and Petra has therefore published a standalone Sustainability Report since FY 2009, which provides a detailed overview of the Group's approach to sustainability and its performance.

See our Sustainability Report online
petradiamonds.com/sustainability

Stakeholder engagement and material issues

Effective, regular and transparent communication with all our stakeholders is considered a core priority for the business, and stakeholder engagement, at both Group and operating company level, happens on a day-to-day basis.

Petra's material sustainability issues are identified using a combination of risk management and stakeholder engagement processes, as well as consultations with key Group and operational management responsible for issues relating to sustainability.

There was no change to these issues during the Year, which were identified as: safety, health and wellbeing; labour relations; staff development and retention; resource usage; climate change; stakeholder engagement; community development; compliance and licence to operate; and product assurance.

Our contribution

PAID IN SALARIES, WAGES AND OTHER BENEFITS US$ million	FUNDING PROVIDED TO EMPLOYEE TRUST US$ million	LOCAL AND REGIONAL SUPPLIER EXPENDITURE US$ million	SPENT ON TRAINING US$ million
141.0	4.9	382.2	6.7

SPENT ON CSI US$ million	PAID FOR GOODS AND SERVICES US$ million	CAPITAL INVESTED IN SOUTH AFRICA IN FY 2015 US$ million	CAPITAL INVESTED IN TANZANIA IN FY 2015 US$ million
1.7	145.1	257.0	16.2

Health and safety

Petra considers the safety of all employees, contractors and stakeholders to be its top priority.

Achievements

- Significant improvement in safety controls and performance
- Petra Diamonds Operational Risk Management Process reviewed and aligned with ISO 31000
- All underground pipe mines maintained OHSAS 18001 certification
- For the first time in its history, Petra achieved a three-month lost time injury free period

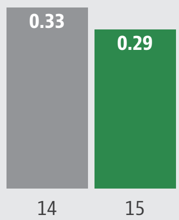
Challenges

- An increase of 1.7 million hours worked during FY 2015, due to the expansion projects underway
- Workforce safety maturity – different levels of safety awareness and independence lead to non-adherence to safety controls and breaches of policy and safe working procedures

Performance KPIs

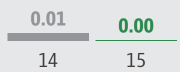
LTIFR

0.29



FIFR

0.00



We are committed to protecting and preserving the safety of those who work at or visit our operations in a manner that is compliant with legislation and respectful to customs and cultures.

A risk-based management approach is followed throughout the Group, which entails continual hazard identification, risk assessment and instilling awareness into the workplace culture. Our significant top safety risks relate to moving machinery, fall of ground, supported and suspended loads and isolation/lock-out.

The root causes of accidents remain breaches in safety rules, inadequate risk assessment, substandard front line supervision and non-conformance with safe work procedures. The remedial process is focused on retraining, improving first line supervision and enforcement of existing controls. The essence of leading from the front is essential to influence activities and to change behaviour.

Steady progress has been made in managing health and safety at our operations over the past few years, with a related improvement in injury frequency rates. Petra recorded a good LTIFR in FY 2015, particularly when compared to international industry standards for underground operations and for the first time in its history, the Company achieved three months lost time injury free.

However, it is with deep regret that the Company recorded a fatality at Cullinan post-Year end, which was equipment related and happened whilst maintenance work was being conducted. For each incident resulting in loss of life or severe injury, a formal internal investigation is conducted and the lessons learned are shared with all operations in the Group.

In addition to safety procedures, Petra has a number of programmes and facilities devoted to encouraging a healthy and happy workforce. These not only cover occupational illnesses but also extend to lifestyle-related issues, community challenges and general wellbeing.

Our people

Petra is a unique company operating in an industry that requires specialist skills and expertise.

Achievements

- Extensive education, training and development programmes continued
- Stable labour relations for the Year
- First beneficiary distributions from the Itumeleng Petra Diamonds Employee Trust
- Retraining of a significant portion of the Helam workforce to prepare them for alternative employment

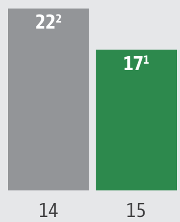
Challenges

- Labour relations, particularly around placing the Helam mine on care and maintenance and associated retrenchments
- The challenges facing education in South Africa mean that a small portion of our workforce is not literate

Performance KPIs

TRAINING SPEND
US$ million
6.7

STAFF TURNOVER
%
17



1 Includes figures for the placing on care and maintenance of Helam.

2 Includes figures for the placing on care and maintenance and subsequent sale of the Sedibeng and Star mines.

We recognise that our greatest asset is our people, as it is they who are tasked with implementing our strategy and delivering our ambitious growth plans.

Acknowledging how vital our people are to the Company's future success, we place great emphasis on training and personal development, in order to assist employees to achieve their full potential. During the Year, our training expenditure rose 12% to US$6.7 million and encompassed adult basic education and training ("ABET"), in-house safety and technical training, portable skills training, a range of management development programmes focused on developing leaders within the business, and bursaries and internships to advance the next generation of talent.

During the Year, the number of permanent employees decreased from 4,663 in FY 2014 to 4,428, mainly due to the placing of the Helam mine on care and maintenance. While it was possible to move a small number of employees to other operations, some retrenchments were required. We therefore carried out a programme to retrain a significant portion of the Helam workforce to prepare them for alternative employment.

We endeavour to maintain staff turnover rates that are consistent with industry and national norms. However, as was the case in FY 2014 due to retrenchments at Sedibeng and Star, staff turnover in the Group was higher than would usually be expected in FY 2015 due to the retrenchments at Helam. Excluding the impact of the Helam retrenchments, the Group turnover rate was 9%, and the turnover rate for Senior Management was 0%.

With regards to labour relations, Petra is in a better position than some other South African mining companies due to the fact that its mines are highly mechanised and therefore less labour intensive. However, we maintain a high level of focus on this area and place great emphasis on proactive employee and union communications. Two factors to positively influence labour relations in South Africa during the Year were the three-year wage agreement finalised with NUM in September 2014 and the first annual distribution by the IPDET to its beneficiaries in December 2014.

Petra maintained stable labour relations throughout FY 2015.

Protecting the environment

We attach great importance to protecting and restoring the environments in which we operate and mitigating the impact of our activities.

Achievements

- All underground pipe mines maintained ISO 14001 certification
- 17% reduction in our carbon emission footprint since baseline (FY 2013)
- Continued focus on efficiency measures led to improvements in energy efficiency per tonne (4%), water efficiency per tonne (10%) and carbon emissions per tonne (3%)

Challenges

- Power constraints in both South Africa and Tanzania
- Waste management, particularly for the underground operations

We aim to continually improve our environmental performance and to promote environmental awareness amongst our employees and local communities.

Petra not only commits to full environmental legal compliance in our countries of operation but also to meeting, or where possible exceeding, international best practice in environmental management. This applies throughout the life cycle of a project, from exploration and development, through to mining and eventually closure.

The main environmental risks to our operations continue to be discharge of substandard effluent into nearby water sources, unsustainable energy consumption, changes in vegetation dynamics and degradation of faunal habitat, and the impact of climate change, in particular affecting the availability of water. We aim to minimise environmental incidents at all our operations and have put in place processes to manage any incidents which may occur, as effectively as possible.

In FY 2015, Petra consumed less water both as a total for the Group and per tonne treated, which is attributed to increased awareness on water conservation, the implementation of recycling initiatives and the improved reporting of consumption from all mines. Energy usage on the other hand increased 2% on a total basis, in line with increased production levels, but decreased 4% on a per tonne basis, further to the great emphasis we place on energy saving initiatives.

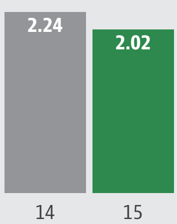
We recognise the growing importance of climate change, both to our Company and to our stakeholders. Our carbon reduction strategy is focused on increasing economic viability through energy efficiency, improving the security of energy supply by decreasing dependence on non-renewable energy, investing in the development of biophysical carbon sequestration strategies, and improving stakeholder awareness and education, in order to promote environmental sustainability.

The total carbon emitted by the Group increased 3% due to increased production levels; however, when an intensity indicator is used, Petra's carbon footprint for the Year improved by 3%. Whilst Petra is not a UK-registered company, we are committed to capturing and reporting full greenhouse gas ("GHG") emissions for the Group in FY 2016. Management revaluated its original goal to move to full reporting in FY 2015 in the context of the materiality assessment process that will be conducted in FY 2016 (as part of the Group's transition to GRI G4 reporting) and considered this a more prudent stage to advance its GHG emissions reporting.

Performance KPIs

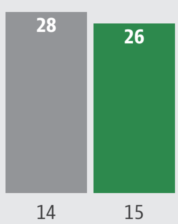
WATER USAGE[1]
m^3/t

2.02



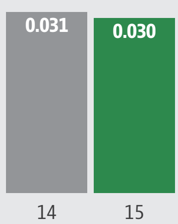
ENERGY USAGE[2]
kWh/t

26



CARBON EMISSIONS[3]
tCO_2-e/t

0.03



1 Total water usage in FY 2015: 39,442,203m^3 (FY 2014: 40,995,687m^3)

2 Total energy usage in FY 2015: 520,177,093 (FY 2014: 508,310,351)

3 Total carbon emissions in FY 2015: 578,073 tCO_2-e (FY 2014: 562,935 tCO_2-e)

Enhancing our communities

Petra's local communities are considered to be one of our key stakeholders and contributing to these groups in a meaningful, sustainable and long-term manner is therefore central to our strategy.

Achievements

- Education-related projects in a number of host communities
- Launch of the Young Graduate Work Experience project
- Construction of the first Small Business Hub in the Finsch area

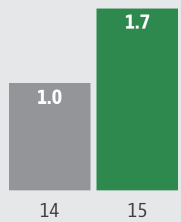
Challenges

- Implementation of consistent stakeholder engagement across the Group
- Managing community expectations, particularly with regards to the delivery of social services
- Effective and frequent communications with communities to fully inform them about our operations and to correct any misconceptions

Performance KPIs

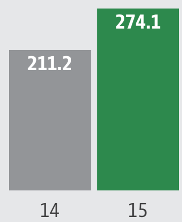
CSI SPEND
US$ million

1.7



CAPITAL INVESTMENT
US$ million

274.1



Our operations are predominantly located in regions of relatively low levels of socio-economic development and high unemployment, and therefore our most important contribution to these areas is the provision of sustainable employment and the associated economic impacts of our operations.

The significant capital that Petra has committed to extending the lives of its mines will therefore serve to ensure sustainable employment for our employees and contribute to the lasting viability of the communities surrounding our mines. This is augmented by initiatives such as locally focused employment and developing local suppliers to a level where they can supply products and services to the operations.

Our approach to corporate social investment ("CSI") is developmental in nature, hence we believe in long-term investment in projects which will have a lasting positive impact and which will address the socio-economic needs of the communities in which we operate. This is particularly evident in our focus on skills development in order to build the scarce skills capacity required to grow the economy and create mass employment.

Our mines believe in building an educational pipeline by assisting local schools with support in maths and science and the provision of scholarships. Further opportunities are provided through the bursar scheme, the graduate development programme, and the provision of practical experience through our experiential training programme.

In addition to the formally committed expenditure, as set out in our Social and Labour Plans ("SLP") in South Africa, Petra designates further discretionary social expenditure to enhance our communities. Our total CSI spend in FY 2015 increased 70% to US$1.7 million owing to increased Local Economic Development ("LED") expenditure in South Africa as new and revised SLP cycles took effect, and increased central CSI.

Petra considers local recruitment to its operations to be a logical policy as it decreases dependence on Company-provided services such as transport and housing, encourages a more stable and cohesive workforce, while also contributing to the development of local communities. Therefore the Company has a provision for preferential local recruitment in its HR policies.

Ethics

We are committed to upholding the high value placed on natural diamonds, which are given to celebrate life's most special moments and are considered prized possessions.

Business ethics

It is our duty to ensure that every aspect of our business is run in keeping with the high value placed upon our product. As such, we monitor and manage each step in the diamond production process to the highest ethical standards and in accordance with our values: from exploration and mining, through to processing, sorting and finally marketing and sale.

We will only operate in countries which are members of the Kimberley Process and will never sell diamonds mined from unknown sources, thereby providing assurance that 100% of our production is certified as 'conflict free'.

We are aware that the positive reputation Petra has developed is an asset which plays an important role in the ongoing success of the Company. Our commitment to ethical behaviour is clearly set out in the Group's Code of Ethical Conduct, which provides a clear moral framework within which all Petra's business must be conducted.

Protecting human rights

Petra is fully committed to upholding the human rights of all of its stakeholders and as such has a policy of fair dealing and integrity in place in terms of the conduct of its business. The fourth principle of Petra's Code of Ethical Conduct states: 'Not only do we respect human rights, but we actively advance them.'

The Company complies with and supports the UN Universal Declaration of Human Rights and has aligned its principles with the International Labour Organisation Declaration on Fundamental Principles and Rights at Work. There is no risk of child labour or forced labour taking place at any of Petra's operations, due to the Company's rigorous recruitment and pre-employment vetting process, reinforced by the legislative frameworks of the countries in which we operate.

Petra has judged that human rights are not a material risk to the business as the Company operates within constitutional democracies where there are sufficient laws in place to protect human rights. In addition the Company has adequate policies and procedures in place to forbid any kind of discrimination, plus we have a formal process of managing any grievances that occur.

Encouraging diversity

Petra recognises the benefits of a diverse workforce and actively encourages women at all levels of the business, an important approach given that the mining industry has traditionally been male dominated.

In particular, there is a focus on affording women the appropriate training, development and attention to progress within the organisation across all job levels. In FY 2015, the total percentage of women employed by the Group increased slightly from 16% to 17%.

During FY 2015, Petra formed a Women in Mining Committee with the aim of creating a platform for women at Petra to share experiences and challenges in the workplace and promote development opportunities. It is also tasked with reviewing Company policies and procedures, with the goal of attracting and retaining female representation in the Group, as well as providing input and recommendations to management on safety and health issues relating to women.

For further information on diversity refer to the Report of the Nomination Committee
Page 74

Find out more about our values
petradiamonds.com/about-us/who-we-are/our-vision-values

Maintaining our Code of Ethical Conduct

Corporate Governance

The purpose of Petra's Code of Ethical Conduct is to formally state our commitment to ethical conduct at every level of the organisation and to provide a clear moral framework within which all our business must be conducted.

Petra's business ethics support our corporate vision, mission and values and guide our employees on how to conduct themselves professionally. Petra places importance on the strong link between our ethical conduct and corporate governance, the framework of rules and practices by which the Board of Directors ensures accountability, fairness and transparency.

The Group's strong commitment to ethical behaviour is not only set out in the Code, but also the Anti-Bribery Policy, Whistle blower Policy and PAIA Manual.

What this means for Petra

1. Commitment to ethics
2. Good corporate governance
3. High standards in line with best practice

+ **petradiamonds.com/about-us/corporate-governance/business-ethics**

Chairman's Introduction to Governance

Dear shareholder,

It is my pleasure to introduce Petra's FY 2015 Governance Statement, in line with my responsibility as Chairman to help ensure effective corporate governance throughout the Group.

Commensurate with its increasing size and stature, Petra continues to make every effort to ensure the highest governance standards and to foster a Group culture of integrity, diligence and accountability, backed up by a real passion for our business.

FY 2015 continued to see further progression and I have highlighted key achievements below.

Board strategy and performance

The Board made good progress with its objectives for FY 2015, as set out on pages 55 and 56. Notable achievements were registered in the areas of strategy, Board composition and internal audit.

The annual Board evaluation procedure was an internal review this year, following the externally facilitated review in FY 2014. This year's review provided the forum for constructive feedback on the Board's culture, performance and process, with certain areas for improvement highlighted. Read more on page 59.

Commitment to improving diversity

We believe that diversity, in particular gender diversity, not only makes good business sense, but is also important to the long-term sustainability of our Company.

Having specifically decided to address the lack of gender diversity on the Board during FY 2015, I am delighted that Ms Octavia Matloa was appointed to the Board and Audit Committee in November 2014. Ms Matloa's appointment has not only served to further enhance the independence and gender diversity of our Board, she has also enhanced our financial, audit and South African business skill-set.

The make-up of our Board is reviewed on a regular basis to ensure that the appropriate combination of experience and expertise is available. While we believe the current skills, experience and diversity of our Board is appropriate, the Nomination Committee will continue to evaluate its composition, with a particular focus on diversity.

Board of Directors

Audit Committee	Remuneration Committee	Nomination Committee	HSSE Committee
The Audit Committee is responsible for overseeing the Group's financial reporting, internal and external audit, internal control and risk management systems, and compliance, whistleblowing and fraud policies	The Remuneration Committee is responsible for advising the Board on the remuneration of Executive Directors and setting an overall policy for remunerating the Group's employees	The Nomination Committee leads the process for Board appointments and re-election and succession of the Directors and the Chairman	The HSSE Committee, whilst not a formally constituted Board Committee, is chaired by Mr Dippenaar. It is responsible for the health, safety, social and environmental policy and compliance within the Group
Gordon Hamilton Chairman	**Gordon Hamilton** Chairman	**Adonis Pouroulis** Chairman	**Johan Dippenaar** Chairman
Tony Lowrie	**Tony Lowrie**	**Gordon Hamilton**	**Members of Senior Management**
Pat Bartlett	**Pat Bartlett**	**Tony Lowrie**	
Octavia Matloa		**Pat Bartlett**	

Risk management and internal audit

The Audit Committee plays a key role in the management of risk for the Group and during the Year we strengthened the skill-set of this vital Committee via the appointment of Ms Matloa, who has previous experience as an audit committee member, as well as directly in the field of internal and external audit. Read more on page 54.

We also significantly strengthened the oversight of the system of internal controls and internal financial controls during the Year further to the establishment of a Group Internal Audit function and we report further on this in the Report of the Audit Committee on page 67.

Succession planning

We see appropriate succession planning as key in ensuring the smooth handover of roles and responsibilities for Board or Senior Management positions. As such, an important role for the Nomination Committee and for the Board as a whole is to oversee succession planning and ensure that suitable strategies/plans are in place. Accordingly, the Nomination Committee approved a Group Succession Policy following the Year end.

Developing and monitoring the internal talent pipeline is a continuous process at Petra, and whilst sound systems and procedures are in place to ensure the development of our people throughout the organisation, we will continue to further formalise and enhance our approach at Group level in FY 2016.

Long-term thinking

As a Board, our focus is very much on guiding the Company towards a successful and sustainable future. As such, long-term thinking is vital in terms of how we set the strategic direction of the Group. Such thinking is used across the various streams of the business, including for financial decisions such as the US$300 million Notes Issue, operational decisions such as the approval to construct a modern processing plant at Cullinan, as well as for important sustainability aspects such as developing our people, managing resources, caring for the environment and stimulating our local communities.

Leading from the top

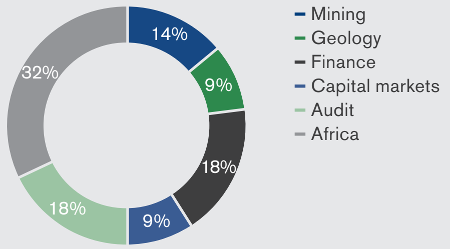
Finally, we are aware that it is our role as Board members to lead by example, and we therefore seek to instil a culture of performance, integrity and diligence from the top down, as well as to inspire passion at all levels of the business, given that we are fortunate to have an important place in what is a very special industry. We also seek to foster entrepreneurial, independent thinking, as it is our can-do culture which is so integral to Petra's success.

'Let's do it better' is one of our core values and we will therefore continue looking to improve on all areas of our business, including our governance performance. Such improvements take into account feedback from our various stakeholders, which is very important to us.

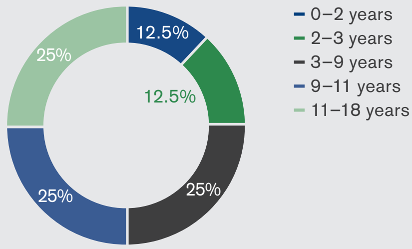
Should any shareholders like to speak to me or the Senior Independent Director about any aspects of this Report, please do not hesitate to get in contact via our corporate communications team based in London (see page 144 for contact details).

Adonis Pouroulis
Chairman
16 October 2015

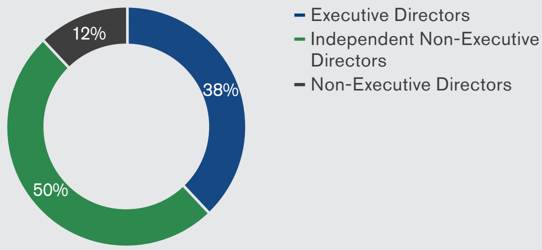
Directors' experience/backgrounds



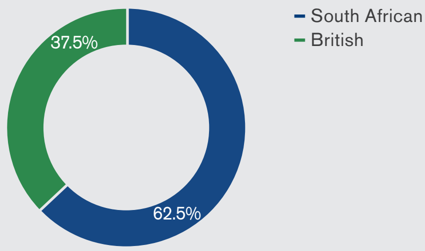
Tenure of Directors



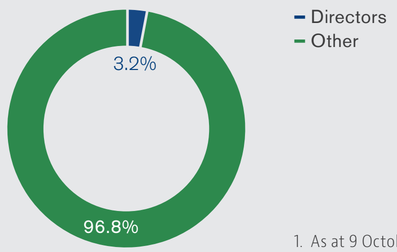
Board composition



Directors' nationality



Number of shares held[1]



1. As at 9 October 2015.

Board of Directors

			
Adonis Pouroulis (45) Non-Executive Chairman	**Johan Dippenaar** (58) Chief Executive	**David Abery** (52) Finance Director	**Jim Davidson** (70) Technical Director
APPOINTMENT DATE			
March 1997	June 2005	July 2003	June 2005
ROLE			
Mr Pouroulis leads the Board of Directors and works with the Executive Directors on strategy and other matters. He serves as Chairman of the Nomination Committee.	Mr Dippenaar leads the management of the Group, implements the agreed strategy and runs the business on a day-to-day basis. He is a member of the Executive Committee and chairs the HSSE Committee.	Mr Abery leads the financial management of the Group and is responsible for financing, treasury, financial controls, reporting, legal, investor relations, compliance and corporate governance.	Mr Davidson leads the technical management team and is responsible for the direction and implementation of the Group's technical and exploration programmes.
QUALIFICATIONS			
Mining Engineer – University of Witwatersrand, South Africa	Chartered Accountant – member of the South African Institute of Chartered Accountants	Chartered Accountant – ICAEW	Geologist – Member of the Geological Society of South Africa and registered with the South African Council for Natural Scientific Professions
EXPERIENCE			
Mr Pouroulis is a mining entrepreneur whose expertise lies in the discovery and exploration of natural resources across Africa, including diamonds, precious/base metals, coal and oil and gas, and bringing these assets into production. He founded Petra Diamonds in 1997 and it became the first diamonds company to float on AIM. He has since chaired Petra as it has developed into a mid-tier diamond producer of global significance and London's largest quoted diamond mining group.	Since 1990 Mr Dippenaar has been involved in the leadership and management of diamond mining companies. Prior to his appointment as CEO of Petra, he was CEO of ASX-quoted Crown Diamonds which merged with Petra in 2005. Since the merger, he has led Petra through a period of significant growth, taking the Company's annual production from circa 175,000 carats in FY 2006 to 3.2 million carats in FY 2015, and establishing the Company as a leading independent diamond producer.	Mr Abery has many years' experience as a chief financial officer in both the South African and UK business environments. He has been integral to the structuring and delivery of strategic Group corporate development, acquisitions and fundraisings at Petra. He is responsible for all matters pertaining to Petra's UK listing.	Mr Davidson has had a multidisciplinary professional career spanning 43 years and is an authority on the exploration, mining and beneficiation of diamond deposits worldwide. He was key to the building up of Crown Diamonds' fissure mine portfolio. Following the Crown merger with Petra, he continued in the role of Technical Director for Petra to oversee the technical and geological stewardship of the Group. Jim's unique tenure in diamonds brings a specialist and pragmatic oversight across the full diamond process.
EXTERNAL APPOINTMENTS (QUOTED/LISTED COMPANIES)			
Non-executive director of Chariot Oil & Gas plc	None	None	None
BOARD MEETINGS ATTENDED			
6 out of 6	6 out of 6	6 out of 6	5 out of 6
INTEREST IN THE COMPANY AS AT 9 OCTOBER 2015			
9,564,650 shares (30 June 2014: 9,564,650 shares)	1,048,643 shares (30 June 2014: 640,000 shares)	2,371,834 shares (30 June 2014: 1,979,649 shares)	1,032,185 shares (30 June 2014: 640,000 shares)

			
Tony Lowrie (73) Independent Non-Executive Director	**Dr Pat Bartlett** (70) Independent Non-Executive Director	**Gordon Hamilton** (70) Independent Non-Executive Director	**Octavia Matloa** (39) Independent Non-Executive Director
September 2012	November 2011	November 2011	November 2014
Mr Lowrie is the Senior Independent Director and a member of the Audit, Remuneration and Nomination Committees.	Dr Bartlett is an Independent Non-Executive Director and a member of the Audit, Remuneration and Nomination Committees.	Mr Hamilton is an Independent Non-Executive Director, Chairman of the Audit and Remuneration Committees and a member of the Nomination Committee.	Ms Matloa is an Independent Non-Executive Director and a member of the Audit Committee.
Royal Commission – Sandhurst Military Academy	Member of the South African Institute of Mining and Metallurgy; registered Professional Natural Scientist	Chartered Accountant – ICAEW	Chartered Accountant
Mr Lowrie has over 36 years' association with the equities business and is an experienced non-executive director. He has had a lengthy and distinguished career, which included senior positions with the Hoare Govett group and HG Asia Securities. Between 1996 and 2004 he was chairman of ABN AMRO Asia Securities and was formerly also a managing director of ABN AMRO Bank. He has been a non-executive director of Allied Gold Mining plc, Dragon Oil plc, J.D. Wetherspoon plc, as well as several other quoted Asian closed end funds.	Dr Bartlett was formerly chief geologist for De Beers until his retirement in 2003 and is an acknowledged leading expert on kimberlite geology and block caving. He has extensive experience working across Southern Africa and has in-depth knowledge of several of the mines acquired by Petra, having previously worked at Finsch, Koffiefontein, Kimberley Underground and Cullinan. Since retiring from De Beers, he has consulted on block caving projects for BHP Billiton, Anglo American and Rio Tinto.	Mr Hamilton retired from Deloitte & Touche LLP in 2006 after more than 30 years as a partner primarily responsible for multinational and FTSE 350 company audits, mainly in the mining, oil and aerospace and defence industries, as well as heading the Deloitte South Africa desk in London. He served for nine years until 2011 as a member of the UK Financial Reporting Review Panel. Gordon has extensive experience as a non-executive director across a wide range of businesses.	Ms Matloa is a Chartered Accountant who completed her articles with PwC in South Africa in 2000 before joining the Department of Public Transport, Roads and Works, first as deputy chief financial officer, followed by chief director management accountant. Since this time, Ms Matloa has founded a number of businesses, including Tsidkenu Chartered Accountants Inc and Mukundi Mining Resources. She brings broad business, financial and auditing experience to the Board.
Director of the Edinburgh Dragon Fund and non-executive director of Kenmare Resources plc.	Director of the Board of Trustees for the De Beers Benefit Society and the De Beers Pension Fund.	Non-executive director of Barloworld Limited, Nedbank Private Wealth and other related companies within the Nedbank Group, Atrium Underwriting Group Limited and Northamber Plc.	None
6 out of 6	6 out of 6	6 out of 6	4 out of 6[1]
2,300,000 shares (30 June 2014: 1,000,000 shares)	Nil shares (30 June 2014: nil shares)	152,000 shares (30 June 2014: 100,000 shares)	Nil shares (30 June 2014: n/a)

1. Ms Matloa was appointed to the Board in November 2014 and therefore was not invited to Board meetings prior to this date.

UK Corporate Governance Code compliance

The Petra Board considers it core to the Group's status, operations and development that it complies with corporate governance best practice wherever possible, whether that is as required as a UK-listed company or as applicable in the various jurisdictions in which the Group operates.

Petra is not subject to a code of corporate governance in its country of incorporation, Bermuda; however, as a London Stock Exchange ("LSE") Main Market-listed company, Petra is required to comply with the UK Corporate Governance Code (September 2012) ("the Code") and to explain in this statement any areas of non-compliance with the Code. The Petra Board regularly considers the Code and compliance wherever possible is a priority. The UK Corporate Governance Code (September 2014) was recently issued and will apply to the FY 2016 Year end, including changes such as the disclosure of a long-term viability statement regarding the Group's business model.

A copy of the Code is available on the Financial Reporting Council's website at frc.org.uk/our-work/codes-standards/corporate-governance/uk-corporate-governance-code.aspx

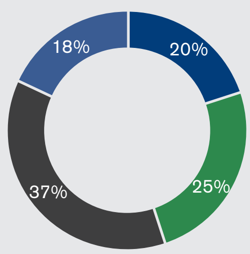
The Company considers that there is only one area in which it is not strictly in compliance with the Code, as set out below and as previously disclosed in historical Annual Reports:

- Remuneration of Non-Executive Directors ("NEDs") – Petra's Non-Executive Chairman, Mr Pouroulis, holds share options granted prior to the Company's step-up from AIM to the Main Market of the LSE, representing a form of performance-related benefits. Whilst the Code states that NEDs should not receive performance-related remuneration, these are legacy arrangements and there have been no further share option or share incentive awards to the Non-Executive Chairman since 17 March 2010. Other than this exception, the Group has fully incorporated the principles of the Code when determining remuneration for NEDs (for further information, please review the Directors' Remuneration Report on pages 76 to 88).

Matters reserved for the Board

- Vision and strategy
- Production and trading results
- Financial statements and reporting (supported by the Audit Committee)
- Financing strategy, including debt and other external financing sources
- Budgets, expansion projects, capital expenditure and business plans
- Material acquisitions and divestments
- Corporate governance and compliance (supported by the Audit, Remuneration and HSSE Committees)
- Risk management and internal controls (supported by the Audit Committee)
- Health, safety, social and environmental matters (supported by the HSSE Committee)
- Appointments and succession plans (supported by the Nomination Committee)
- Executive Director remuneration (supported by the Remuneration Committee)

Board time



How our Board operates

Board and Committee meetings

The full Board meets formally at least four times a year and more often as required. There is frequent communication between Board members outside of the formal meeting dates, in order to stay abreast of business developments.

The formal Board and Committee meeting dates are scheduled to address key events in the corporate calendar (see page 145 for further information). There is a standing list of agenda items for discussion at every meeting, with extra time factored in for additional items. The agenda is agreed with the Chairman (or with the Chairman of the relevant Committee) and a timeframe set in advance for the various items, thereby ensuring that the full agenda can be covered in the time allotted.

The formal Board and Committee meetings are normally held in Jersey, Channel Islands, where the Company is domiciled. Given that such meetings involve significant travel by many Directors, the meetings are generally spaced out over two days. This allows for considerable interaction by the members, both inside and outside of the formal meetings, including at dinners attended by all members in the evenings. The use of free time to discuss issues allows for clarification and engagement, meaning that consensus during meetings is more easily attained. It is also outside of the formal meetings that input on specific issues can be addressed, with individual Directors drawing on their personal experiences.

Packs for the meetings are prepared by management following input on the agendas formulated by the respective Chairmen, and circulated electronically. Distribution is arranged prior to the meeting, thereby allowing the Directors adequate time to consider the variety of issues to be presented and debated. In the minutes of the meetings, issues identified for follow-up are set out, ensuring that matters raised by the Directors are actioned and reported back timeously.

In addition to formal Board and Committee meetings, the Chairman holds private meetings with the independent NEDs ("iNEDs") during the Year, enabling free discussions without the Executive Directors present. These meetings also allow the Chairman to update the iNEDs on the various activities of the Group where necessary before a formal Board meeting, in particular when the Executive Directors are reviewing matters of strategy, the budgetary process and other corporate activities.

The role of the Board

The Board is responsible for the long-term success of the Company. Petra is headed by an effective Board, with the appropriate balance of experience, skills and knowledge of the Company, as well as independence with regard to the iNEDs, to properly discharge its responsibilities and duties.

In order to fulfil its role, the Board:

- provides leadership of the Company within a framework of effective systems and controls which enable risk to be assessed and managed;
- sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance in achieving such objectives;
- develops and promotes the collective vision of the Company's purpose, culture and values and the behaviour it wishes to promote in conducting business and ensures that its obligations to its shareholders and others are understood and met; and
- carries out all duties with due regard for true sustainability and the long-term success of the Company.

The role of the Chairman

Mr Pouroulis:

- leads the Board and is primarily responsible for the effective working of the Board;
- ensures good corporate governance;
- sets the Board's agenda and ensures that all Directors are encouraged to participate fully in the activities and decision-making process of the Board;
- engages with shareholders and other governance-related stakeholders, as required;
- meets with the Senior Independent Director and with the iNEDs without the Executive team present, in order to encourage open discussions and to assess the Executive team's performance; and
- chairs the Nomination Committee and thereby plays an important part in assessing and advising on the appropriate composition of the Board and its skill-set.

The role of the Chief Executive

Mr Dippenaar:

- is primarily responsible for developing Petra's strategy in consultation with the Board, for its implementation and for the operational management of the business;
- leads and provides strategic direction to the Company's management team;
- runs the Company on a day-to-day basis;
- is responsible, along with the Executive team, for implementing the decisions of the Board and its Committees;
- is the Company's primary spokesperson, communicating with external audiences, such as investors, analysts and the media; and
- chairs the HSSE Committee and thereby has direct involvement in the strategic management of Petra's HSSE issues, including labour relations.

The role of the Senior Independent Director

Mr Lowrie:

- provides a sounding board for the Chairman and serves as an intermediary for the other Directors as necessary;
- is available to shareholders if they have concerns which contact through the normal channels has failed to resolve or for which such contact is inappropriate;
- leads the iNEDs in undertaking the evaluation of the Chairman's performance appraisal;
- provides valuable input with regard to Petra's investor relations strategy, in line with his extensive capital markets experience; and
- is a member of Petra's Audit, Remuneration and Nomination Committees, thereby bringing his skill-set and independent judgement to the benefit of these Committees.

The role of the iNEDs

Dr Bartlett, Mr Hamilton, Mr Lowrie and Ms Matloa:

- challenge the opinions of the Executive Directors, provide fresh insight in terms of strategic direction and bring their diverse experience and expertise to the benefit of the leadership of the Group;
- assess the performance of the Chairman;
- scrutinise the performance of the Executive Directors in terms of meeting agreed goals and objectives;
- ensure that the financial information, controls and systems of risk management within the Group are robust and appropriate;
- determine the appropriate levels of remuneration of the Executive Directors; and
- are members of one or more of Petra's Audit, Remuneration and Nomination Committees (and Chairman of the Audit and Remuneration Committees in the case of Mr Hamilton), thereby bringing their skill-set and independent judgement to the benefit of these Committees.

Corporate Governance Statement
continued

The role of the Board continued

FY 2015 Board calendar

Number of meetings attended

	Board meetings 6 held	Audit Committee 5 held	Remuneration Committee 5 held	Nomination Committee 1 held	HSSE Committee 3 held	Annual General Meeting 1 held
Adonis Pouroulis	6	n/a	n/a	1	n/a	1
Johan Dippenaar	6	n/a	n/a	n/a	3	1
David Abery	6	n/a	n/a	n/a	n/a	1
Jim Davidson	5	n/a	n/a	n/a	n/a	1
Tony Lowrie	6	5	5	1	n/a	1
Gordon Hamilton	6	5	5	1	n/a	1
Pat Bartlett	6	5	5	1	n/a	1
Octavia Matloa	4	5	n/a	n/a	n/a	1

1. Ms Matloa was appointed to the Board in November 2014 and therefore was not invited to Board meetings prior to this date.

Date of meetings held

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Board meetings	1		1		1			1		2		
Audit Committee	1		1	1	1			1				
Remuneration Committee	1		1	1	1			1				
Nomination Committee	1											
HSSE Committee				1			1					1
iNEDs with Chairman (without Executive team)							1				1	
Annual General Meeting					1							

Site visits

The ability to visit Petra's operations in person and to interact with Senior Management is considered very important for all Board members and annual site visits for the NEDs are arranged to facilitate this. Meetings are also arranged for the NEDs at the Company's Johannesburg and London offices on an ad hoc basis with members of the corporate team and other Group-level employees.

In November 2014, Ms Matloa visited the Cullinan mine as part of her induction process as a new Director. More recently, a Board tour of the South African operations was held in September 2015. The tour included visits to each of the Group's mines in South Africa, as well as the marketing operation in Kimberley and the corporate office in Johannesburg. The NEDs had the opportunity for briefings with the Marketing and Internal Audit teams, as well as meetings with other members of Petra's Senior Management.

Diversifying and strengthening our Board

Name: Octavia Matloa

Strengths

- Audit experience
- South Africa focus
- Knowledge of mining sector
- Independent

Overview of induction

- Received an overview of duties, corporate governance policies and other relevant Company documents as well as an overview on Board processes
- Attended a site visit to Cullinan
- Discussed investor feedback and themes with the CEO and the Board
- Had one-on-one meetings with the Chairman, the Senior Independent Director, the Chairman of the Audit and Remuneration Committees and with the Executive Directors
- Attended the Interim Results presentation in London – opportunity to meet the Company's city network

Ms Matloa commented: "I was delighted to join Petra, given its exciting growth profile and its position as an important contributor to employment and to the mining industry in South Africa and worldwide. In terms of Board culture, the team is dynamic, unified in the way it conducts its affairs, embracing of robust debate, and well led by an astute Chairman. I was particularly encouraged by the flexibility of the Board to adapt to changing circumstances, given the inherent challenges in mining, especially the manner in which they engage with their stakeholders.

I was provided with sufficient information and access in order to come up to speed and I am looking forward to positively contributing towards the growth of Petra as a thriving company."

Board strategy and performance

The Company's strategy is to further develop its stature as a leading independent diamond miner with a focus on increasing diamond production, delivering key expansion projects, driving efficiencies and maintaining high ethical standards. The Board's objectives in order to assist the Company in the furtherance of its strategy are set out below.

OBJECTIVES FOR FY 2015	PROGRESS IN FY 2015	OBJECTIVES FOR FY 2016
Strategy		
▸ Continue to review and monitor the Group's production results and delivery against the approved expansion and development plans, with continued focus on carat production and cashflow generation. ▸ Continue to assess opportunities to further improve upon the Group's expansion plans (from existing mines) to maximise value and cashflow opportunities from the Group's substantial resource base. ▸ Continue to evaluate growth opportunities in the diamond sector that have the potential to deliver significant shareholder value. ▸ Finalise an appropriate dividend policy and commencement date.	▸ The Board continued to evaluate the Group's growth and project expansion plans, in accordance with Petra's short-term target for FY 2015 and its longer-term target to reach production of circa 5 million carats by FY 2019. ▸ Where there were variances to production results or issues brought to the Board's attention with regard to production and/or project delivery, the Board was fully briefed and discussed the applicable issues and any remedial action to be taken. ▸ A new processing plant at Cullinan was identified as providing an opportunity to further optimise production and revenues from the mine. ▸ The Board considered and approved the US$300 million Notes Issue to strengthen the Company's financial flexibility as it continues to grow and evolve. ▸ The Board continued to evaluate growth opportunities in the diamond sector. ▸ The Group dividend policy was finalised and the first payment was approved for FY 2015.	▸ Continue to review and monitor the Group's production results and delivery against the approved expansion and development plans, with continued focus on carat production, revenue, earnings, cashflow generation and appropriate treasury and balance sheet oversight. ▸ Particular focus on short-term market guidance and monitoring of performance, given the operational challenges faced by the Company in FY 2015 and its requirement to revise market expectations for the Year. ▸ Continue to assess opportunities to further improve upon the Group's expansion plans (from existing mines) to maximise value and cashflow opportunities from the Group's substantial resource base. ▸ Continue to evaluate growth opportunities in the diamond sector that have the potential to further diversify the Group's asset/geographical spread and deliver significant shareholder value.
Board and Committee composition		
▸ Continue to consider optimal Board and Committee composition, taking into account the specialist nature of Petra's business and the diamond mining industry. ▸ Appoint a suitably qualified independent Non-Executive Director ("iNED") to the Board, in line with the Company's diversity policy, as formalised in FY 2014. ▸ Formalise and develop succession planning at both Board and Senior Management levels.	▸ Octavia Matloa was appointed as an iNED, thereby further enhancing the breadth of experience and expertise of the Company's Board and Audit Committee, as well as addressing the former absence of female Board representation. ▸ Succession planning was assessed and a Succession Policy was adopted which covers Directors and, where appropriate, Senior Management.	▸ Continue to consider Board and Committee composition, taking into account the specialist nature of Petra's business and the diamond mining industry. ▸ Continue to ensure appropriate systems are in place to allow for suitable succession on both the Board and Senior Management teams.
Risk management and internal controls		
▸ Consider key findings arising from the FY 2015 internal audit plan, as agreed between the Audit Committee and the newly appointed Group Risk and Internal Audit Manager. ▸ Continue to consider the key risks that are relevant to the Petra Group, ensuring the possible effect of such risks and plans for the mitigation thereof are fully understood and continually actioned by the Board and Senior Management. ▸ Arrange at least one annual visit for the full Board to the Group's operations, providing the Chairman and iNEDs with the opportunity to view production and project development directly, as well as to interact with key management and discuss important issues.	▸ The Audit Committee Chairman reported to the Board on the work of the newly formed Internal Audit function, including the approval of the internal audit plans for FY 2015 and FY 2016 and the ongoing compilation of an integrated Group Risk Register. ▸ The Board carefully considered the Group's financing arrangements and concluded that the US$300 million Notes Issue was the optimal way of providing the Group with the required financial flexibility as it pursues its stated growth and development strategy. ▸ Ms Matloa visited Cullinan in November 2014 as part of her induction process. A full Board site visit was scheduled for May 2015 as per the FY 2015 objective; however, due to the timing of the Notes Issue and intensive work streams involved for the Executive Directors, this trip had to be postponed to FY 2016.	▸ The Board considered and approved the Audit Committee's objective to further develop the internal audit strategy, with consideration of the FY 2016 detailed internal audit plan and focus areas, based on the Committee's consideration of risk areas that can be mitigated, amongst other means, by an internal audit focus. ▸ Continue to consider the key risks that are relevant to the Group, ensuring the possible effect of such risks and plans for the mitigation thereof are fully understood and continually actioned by the Board and Senior Management. ▸ Arrange at least one annual visit for the full Board to the Group's operations, providing the Chairman and iNEDs with the opportunity to experience production and project development directly, as well as to interact with key management and discuss important issues.

Corporate Governance Statement
continued

Board strategy and performance continued

OBJECTIVES FOR FY 2015	PROGRESS IN FY 2015	OBJECTIVES FOR FY 2016
Board process		
▸ Continue to assess training needs and to provide relevant training opportunities to Directors in order to ensure that all Board members stay abreast of relevant developments. ▸ Continue the level of communication between all Board Directors, both on a formal and informal nature to ensure that all Directors are continually fully informed of the Group's business and in a position to contribute both during and outside of formal Board meetings.	▸ The Directors were provided with opportunities to attend relevant training sessions throughout the Year. ▸ Alongside regular formal Board and Committee meetings, the Directors met on a frequent basis. ▸ The FY 2015 internal Board evaluation process flagged positive process dynamics in terms of Board cohesion, communication and culture. Increasing the number of site visits and communication with Senior Management was flagged as an area for improvement, along with suggestions to further enhance the flow of information to the Board. Refer to page 59 for further information on the Board evaluation process.	▸ Continue to assess the Directors' training needs and to provide relevant training opportunities to the Directors in order to ensure that all Board members stay abreast of relevant developments. As part of this programme, a further Board training event will be held in H1 FY 2016 with external advisers. ▸ Continue the level of communication between all Board Directors, both on a formal and informal nature to ensure that all Directors are continually fully informed of the Group's business and in a position to contribute both during and outside of formal Board meetings. ▸ Although information provided to the Board is regular and thorough, it was agreed that the flow of management information to the Board would be further enhanced.

The importance of the Internal Audit department

"I joined Petra in September 2014 with the remit to head up and lead the newly formed Internal Audit department. I have specialist knowledge of internal audit as well as the African diamond industry, having previously worked at De Beers Southern Africa for 11 years and an additional nine years within the manganese, copper and gold mining industries. Given Petra's position on its growth path, now is an ideal time to formalise the internal audit structures within the Group."

Kurt du Plessis
Group Risk and Internal Audit Manager

"The establishment of an Internal Audit function is an important step forward in Petra's continuing development and will assist the Audit Committee in terms of managing risk throughout the Group by carrying out the detailed audit plans that are reviewed and agreed with the Audit Committee, as well as providing further insight into day-to-day risk management and how this should be developed at Petra. I am delighted that we were able to find a candidate for Group Risk and Internal Audit Manager with such direct relevant experience to the role."

Gordon Hamilton
Head of the Audit Committee

"The Internal Audit department is central to the continued formalisation and integration of our risk management processes throughout the Group and therefore this is an important governance development for the Group. Reporting directly to the Audit Committee, the Internal Audit team will have a wider remit than the external auditors, which will also incorporate reputational and ESG aspects, thereby contributing directly to the long-term sustainability of the business."

David Abery
Finance Director

"We are already seeing the benefits of a dedicated Internal Audit function at mine level due to a systematic and disciplined approach to assessing current management controls, highlighting the effectiveness thereof as well as potential areas of risk that need to be addressed. As management we need independent and objective advice that will assist us to improve the effectiveness of risk management, controls and governance processes. This is in line with Finsch's mission to continually improve the way we operate our business."

Luctor Roode
Finsch General Manager

Why our Board is effective

Director commitment

The Board believes that each of the Directors is able to allocate sufficient time to the Company to fulfil their obligations, as confirmed by the internal Board review carried out following the Year end in July 2015. The Directors' biographies and duties can be found on pages 50 and 51 and there have been no changes to their respective duties during the Year.

Executive Directors may, subject to Board consent, accept external appointments to act as non-executive directors of other companies. However, the Board would reserve the right to review such appointments to ensure that no conflict of interest would arise and that the time spent on fulfilling such obligations would not affect the respective Director's contribution to Petra. Any fees for such appointments would normally be retained by the Director concerned. Currently, none of the Executive Directors have any external appointments which affect their contribution to Petra.

The Chairman and iNEDs would also be required to inform the Board of any proposed new directorships and a similar review process would be undertaken to ensure they can adequately fulfil their obligations as Directors of the Company. During the Year, there were no significant changes to the Chairman's external commitments and he is considered to have sufficient time to fulfil his duties.

Assessment of Director independence

The Company's Non-Executive Chairman, Adonis Pouroulis, is not considered independent according to corporate governance guidelines due to his having served as Chairman since the incorporation of the Company in 1997, having acted as Chief Executive Officer until 2005, having being granted options under the 2005 Executive Share Option Scheme and being eligible to receive benefits of membership from the Group's life insurance scheme. The Company's iNEDs are of the opinion that, whilst not considered to be independent for the reasons stated, Mr Pouroulis demonstrates integrity in judgement, character and action. Furthermore, his contribution, leadership and accumulated experience and track record of building natural resource companies justifies their recommendation that shareholders support his re-election to the Board at the Company's forthcoming Annual General Meeting.

Director training: 2015 GIA Global Leadership Program at Harvard

In June 2015, Petra's Chairman, Adonis Pouroulis, attended the GIA (Gemological Institute of America) Global Leadership Program at Harvard University. Now in its second year, this programme brought together executive-level members of diamond and jewellery firms from around the world, representing a cross-section of the global diamond pipeline from mine to market. The course aimed to help further develop leadership expertise by addressing some of the unique challenges facing the industry and its leadership, including competitive advantage, customer retention, improving organisational performance and building and managing brand equity.

Mr Pouroulis commented: "I found the programme to be an enlightening experience which provided fascinating insight into today's fast moving business environment, including useful case studies of some of the world's leading innovative companies. The entire diamond supply chain was present and therefore it was an excellent opportunity to network with our peers, exchange ideas and discuss industry matters."

Corporate Governance Statement
continued

Why our Board is effective continued

Assessment of Director independence continued

In accordance with the Code, the Board considers Mr Hamilton, Mr Lowrie, Dr Bartlett and Ms Matloa to be independent. All four iNEDs are independent of any relationship listed in the provisions of the Code in FY 2015. None of the iNEDs received any fees from the Company in FY 2015 other than their contractual iNED fees, as set out on page 82 of the Directors' Remuneration Report.

Conflicts of interest

Whilst conflicts should be avoided, the Board acknowledges that instances arise where this is not always possible. In such circumstances, Directors are required to notify the Chairman before the conflict arises and the details are recorded in the minutes. If a Director notifies the Board of such an interest, they may be, if requested by the Chairman, excluded from any related discussion and will always be excluded from any formal decision; this was not required at any point in FY 2015.

Director information, training and development needs

Detailed knowledge of the specialist world of diamonds, the global mining industry, international capital markets, UK/LSE legislation, Sub-Saharan Africa (particularly South Africa) and Petra's unique business and operations is crucial to the Board's ability to effectively lead the Company.

Petra has an induction programme which is designed to bring new Directors up to speed as quickly as practicable, following their appointment to the Board. Such an induction would typically involve meetings with the Board and various members of Senior Management, an information pack of all the necessary corporate documents, including the Company's Annual Report and Sustainability Report, Main Market prospectus, the bye-laws, Committee Terms of Reference and other key Group policies, such as the Group Code of Ethical Conduct and the Anti-Bribery Policy, enabling them to familiarise themselves with the Group and its current activities. A site visit to one or more of the Group's key operations is held as soon as possible to provide the new Director with further information on the operations, including production/expansion plans and key ESG considerations.

In order to ensure that existing Board members retain the relevant and up-to-date knowledge and skill-set to properly discharge their duties, ongoing training and other professional development opportunities are provided by the Company and/or the Directors attend external courses and conferences on their own professional behalf, especially as certain of the NEDs have other listed company directorships. Training is arranged as appropriate to suit each Director's individual needs and covers topics such as industry developments, governance, technical subjects related to diamond mining, communication strategies and ESG matters. The Chairman reviews and agrees with each Director their training and development needs.

The Company's Corporate Communications team acts as a conduit of regular information to the Board and Senior Management, providing daily briefings by email on relevant topics, such as key diamond industry trends, peer group developments, regulatory updates, socio-economic information about Petra's countries of operation, as well as internal company news.

The Board has access to the advice and services of the Company Secretarial function as required.

Shareholder communication

IR calendar for FY 2015

July	FY 2014 trading update
August	FY 2015 analyst guidance
September	FY 2014 prelim results Investor roadshow in UK and North America
October	Annual Report published Q1 FY 2015 Interim Management Statement
November	Sustainability Report published AGM Investor roadshow in UK
December	Investor roadshow in Frankfurt and Zurich
January	H1 FY 2015 trading update
February	H1 FY 2015 interim results Investor/analyst site visits to Finsch and Cullinan Participation in industry investor conferences in South Africa and North America Investor roadshow in UK
March	Participation in industry investor conferences in Canada, South Africa and UK Investor site visit to Cullinan
April	Q3 FY 2015 trading update
May	US$300 million Notes Issue announcement Participation in industry investor conferences in Europe
June	Participation in industry investor conference in Botswana

Investor/analyst presentation and webcast **Investor/analyst conference call** **Investor one-on-one meetings**
Conferences **Site visit** **Report publication**

Strategy

Investor relations is an essential aspect of the Company's corporate communications strategy. The aim of Petra's IR programme is to ensure that the Company's business model, strategy and future prospects are clearly understood by the investment community both in the UK and internationally.

The Company achieves this by operating with a high level of transparency with regards to its historical, current and future operations, by providing consistent information and messages across a number of communication channels and by using language that aims to clearly explain the investment story and ensure that it is easy to understand for a wide range of audiences.

Petra continues to support an open and transparent dialogue with shareholders, thereby ensuring that shareholders' needs and objectives and their views on the Company's performance are understood, as well as demonstrating the high emphasis placed on engagement and shareholder value by the Board.

IR activity

Petra has a dedicated in-house Corporate Communications team based in London to ensure that any investor query or concern is responded to and dealt with efficiently and in a timely manner. Petra's corporate communications team regularly provides feedback to management as well as all members of the Board on shareholder and analyst communication, and ensures that analyst research notes are circulated as received. A monthly IR report covering Petra's trading in relation to its peers, an overview of IR activity and investor feedback, analyst forecasts and share register movements is distributed monthly to the Board and a quarterly IR presentation is included for review at Board meetings.

As part of Petra's proactive investor relations approach, the CEO, the Finance Director and the Corporate Communications team commit time to hold regular formal and informal meetings in person with the Company's shareholders, in addition to twice yearly roadshows which coincide with the publication of Petra's interim and annual results. The Company also hosts results webcasts at least twice a year which are broadcast live on the Company's website to ensure that all shareholders can participate in the presentation, regardless of their location, and are stored thereafter at www.petradiamonds.com/investors/financial-reports-and-results. Furthermore, regular meetings are arranged with sell-side analysts and broker sales teams.

In addition, the Chairman is available to meet with shareholders as required and the NEDs, both as part of the induction process and subsequently, are also provided with opportunities to meet with shareholders throughout the Year. Petra's Senior Independent Director is available to shareholders to hear concerns that contact with the Chairman, the CEO or the Finance Director failed to resolve, or for which such contact was inappropriate.

Petra hosts one formal investor/analyst site visit per year, with additional smaller ad hoc visits arranged as required or requested. Such visits are considered an essential part of the Company's IR programme as seeing one of the operations in person is the best way for an investor/analyst to understand the scope and scale of Petra's assets, as well as the depth of operational management on site and the passion of Petra's people.

Evaluation of the Board's performance

In FY 2015, an internal evaluation was carried out to appraise the effectiveness of the Board, following an externally facilitated review in FY 2014. The FY 2015 evaluation exercise, which took place shortly after the financial Year end but applies to FY 2015, was conducted internally this Year and was carried out by the Board as a whole, led by the Chairman. Matters of consideration included the composition of the Board, its performance over the Year, the range of expertise, skills and knowledge available to properly carry out its duties as well as any key areas to focus on in FY 2016. The Senior Independent Director also separately led an evaluation of the Chairman.

The review confirmed positive aspects with regard to Board culture, cohesion and communication, and highlighted areas for improvement including information flow, site visits and the formalisation of certain matters such as succession planning.

As a result of this process it was concluded that the Board remains effective and appropriate to the size of the business.

FY 2015 shareholder engagement

During FY 2015, the Company's CEO and Corporate Communications team held over 300 investor meetings, thereby engaging with over 140 different institutional investors from 11 countries. The team met with 14 out of Petra's 20 top shareholders at least once over the Year.

The main recurring themes and issues raised by shareholders during the Year centred on:

- differences between Petra's guidance and actual performance in FY 2015 (read more on pages 30 to 36 for commentary on the challenges specific to FY 2015);
- Petra's expansion programmes and execution risks (read more on pages 30 to 36);
- rationale for the US$300 million Notes Issue (read more on page 27);
- rationale for the new Cullinan plant (read more on page 29);
- the state of the diamond market and expectations with regard to diamond pricing (read more on pages 13 to 17);
- the impact of the weak Rand upon Company performance (read more on pages 24 to 27); and
- synthetic 'man-made' diamonds and how these affect the market for natural diamonds (read more on pages 39 and 68 to 69).

ESG performance is becoming an ever increasing area of focus amongst institutional investors and therefore Petra is keen to engage with shareholders on this topic. Petra welcomes the opportunity to highlight the Group's emphasis on ESG performance and how it sits at the heart of the business. To this end, Petra held several meetings with institutional ESG contacts, in addition to the usual meetings with portfolio managers.

During FY 2015, four site visits were hosted for investors and analysts to Petra's two flagship operations, Finsch and Cullinan, and the Company ensured that an appropriate mix of Executive Directors and Senior Management was available to host the groups and answer any questions that arose.

Corporate Governance Statement
continued

Petra Diamonds petradiamonds.com @Petra_Diamonds @PetraDiamondsIR

Developing communications

The Corporate Communications team evaluates its engagement with its shareholder base as well as other stakeholders on an ongoing basis and is continually assessing new methods by which to communicate. We strive towards best practice investor communications for a FTSE 250 company.

Petra conducted a comprehensive review of its corporate website in FY 2015 and has since developed a new site, www.petradiamonds.com, with the aim of further improving the Company's provision of transparent and comprehensive information. A key priority of the website is to provide investors with the required information to potentially make an investment decision; however, the Company also provides a wide range of information to assist other stakeholders and makes available Petra's Annual and Sustainability Reports via this medium. The new website is regularly reviewed and updated with new information.

Recognising the growing importance of social media, both in terms of news dissemination and in terms of providing an alternative communications channel to stakeholders, Petra continues to develop its presence on social media through its LinkedIn and Twitter pages.

Reporting

Petra's objective with regard to external reporting (via its Annual Report and Accounts and its accompanying Sustainability Report) is to provide a high level of transparency in order to set out a clear picture of the Group's past performance and its potential future prospects.

To this end Petra has aimed to provide a high level of disclosure, particularly across the area of sustainability, having produced detailed standalone sustainability reports for the last six years.

Annual General Meeting ("AGM")

Shareholders are encouraged to participate at the AGM, ensuring that there is a high level of accountability and identification with the Group's strategy and goals. The full Board was present at the AGM in November 2014, with the Committee Chairmen available to answer any questions relevant to their activities.

A summary of the proxy voting for the AGM was made available via the London Stock Exchange and on the corporate website as soon as reasonably practicable on the same day as the meeting.

Report of the Audit Committee

The establishment of a dedicated Internal Audit function as well as the addition of a new Committee member have served to further equip the Committee with the necessary tools and skills to fulfil its important role.

Members of the Audit Committee

Gordon Hamilton (Chairman)
Pat Bartlett
Tony Lowrie
Octavia Matloa

Key highlights

- Establishment of a dedicated Internal Audit team, including the review and approval of the Internal Audit Charter
- Appointment of Octavia Matloa to the Audit Committee
- Ongoing consideration of the interim and annual results and the Financial Statements, focused on maintaining robust judgements and estimates
- Regular and detailed interaction with the external auditors, both within Committee meetings and otherwise (by the Committee Chairman), ensuring the highest levels of audit quality are maintained
- Review and endorsement of the ongoing development and standards of the Group's external financial reporting

Dear shareholder,

The Audit Committee ("the Committee") continues to carry out its vital role of ensuring that the Group has effective and appropriate risk management and internal control systems, backed up by comprehensive financial, governance, audit and reporting functions.

As Chairman of the Committee, I am pleased to have this opportunity to summarise some of the key developments during the Year, as well as our ongoing responsibilities and objectives.

Enhancing the oversight and review of the Group's internal control and internal financial control systems

A significant development during FY 2015 has been the establishment of a dedicated Internal Audit function, led by the newly appointed Group Risk and Internal Audit Manager. Following the formation of this new important function, the Group's Internal Audit Charter has been formulated and signed off by the Committee, an internal audit plan for FY 2015 was agreed, and a detailed review of the Group's Risk Register was undertaken which led to a detailed internal audit plan for FY 2016. Read more on page 67.

Strengthening the Committee

Given the important and continually evolving role of the Audit Committee, we (along with the Nomination Committee) had identified a need to strengthen its composition and, during the Year, I was delighted to welcome Ms Octavia Matloa as a new member, following her appointment to the Board of Directors in November 2014. Ms Matloa is a valuable addition to the Committee, as she contributes extensive internal auditing, financial and business experience, as well as being a Chartered Accountant and having a professional audit background.

A fair, balanced and understandable Annual Report and Accounts

The Committee assists the Board in overseeing the Company's financial reporting and a focus for the Year has been ensuring that this year's Annual Report and Accounts presents a fair, balanced and understandable view of the business, thereby providing relevant information with which to evaluate Petra's past performance and future prospects. We are satisfied that Petra has maintained its commitment to high quality reporting and transparent communications with the shareholders and other stakeholders who use the Annual Report and Accounts.

Remaining abreast of developments

In order to ensure that Petra continues to comply with all relevant codes and regulations, the Committee was updated with applicable developments during the Year. As part of the FY 2014 Annual Report and Accounts, this included the enhanced audit report disclosures and Code requirements for increased audit committee reporting. Subsequently, and for FY 2015, this has been supplemented with the latest reporting trends and a review of FRC guidance on maintaining audit quality. A key area of attention for the Committee in FY 2016 will be the new version of the UK Corporate Governance Code, and its implications for the Company in terms of its processes and its reporting.

FY 2015 has been a year of further strengthening the controls and systems required for Petra to continue on its growth path, ensuring that the business operates in a controlled and managed environment. I look forward to monitoring the development of the Company's Internal Audit function as its progresses its workstreams in FY 2016, and to continuing to work productively alongside my colleagues on the Committee.

Gordon Hamilton
Audit Committee Chairman
16 October 2015

Report of the Audit Committee
continued

"The Audit Committee continues to carry out its vital role of ensuring that the Group has effective and appropriate risk management and internal control systems, backed up by comprehensive financial, governance, audit and reporting functions."

Committee experience and skill-set

The members of the Audit Committee are considered to possess the appropriate range of skills and experience to monitor and ensure the integrity of the Group's financial, reporting, internal audit, internal control and internal financial control and risk management systems and to support Petra's governance. The skill-set and experience of the Audit Committee were further enhanced during FY 2015 with the appointment of Ms Matloa.

Mr Hamilton, the Chairman of the Committee, fulfils the requirements of the Code with regard to recent and relevant financial experience, having spent more than 30 years as a partner at Deloitte LLP primarily responsible for multinational and FTSE 350-listed company audits in mining and for certain South African companies. He is currently chairman of the audit committees for several public and private companies.

In terms of the Committee members, Dr Bartlett, as an experienced diamond geologist, possesses a wealth of sector-specific experience relevant to the nature of Petra's business, Mr Lowrie brings many years of business experience across international banking and financial sectors, and Ms Matloa is a qualified Chartered Accountant who brings highly relevant business and audit experience as she is currently a member of the audit committees for various other organisations in South Africa.

New members of the Audit Committee receive the required induction to ensure they are properly equipped to discharge of their duties; this includes the standard Board induction process (as set out on page 58), as well as information specific to the Committee such as its Charter, Terms of Reference, previous external auditors' reports and minutes. The Committee members receive appropriate ongoing training and development as well as regular updates from the Group's external auditors on relevant financial reporting, governance and regulatory developments.

The Committee may, if considered necessary, take independent advice at the expense of the Company. Other than BDO LLP, as the external auditors, no other external consultants assisted the Committee during FY 2015.

Committee meetings

Five meetings were held in FY 2015 and the Committee invited the Group Chairman and Executive Directors to attend these meetings as appropriate. In addition, the Chairman of the Committee met separately with the BDO LLP audit partner on several occasions to discuss significant audit and accounting matters, together with relevant financial reporting and governance developments. The full Committee also met with the audit partner without the Executive Directors present during the Year.

The Committee recognises the importance of allocating significant time to fulfil its duties effectively. In advance of each Committee meeting, a formal agenda and information pack is circulated allowing each member time to review the information and prepare for the Committee meetings. During the formal meetings, the members then engage in robust and open debate and assessment of relevant matters.

Mr Hamilton, as Chairman of the Committee, allocates a significant amount of time to this role. In addition to chairing formal meetings of the Committee and attending sessions with the external auditors, Mr Hamilton travelled regularly to Johannesburg in FY 2015, where he was able to meet with the Finance Director, Mr Abery, to discuss Group activities from a financial and controls perspective. He also met with the Group Risk and Internal Audit Manager to discuss the newly formed Internal Audit team, its vital role within the Group and its findings and next steps. Such meetings enable the Chairman and the Committee to maintain a comprehensive understanding of corporate and finance developments and activities, any associated risks as well as the controls in place at Petra.

Committee role and activities

The principal functions of the Audit Committee are listed below, along with the corresponding activity and performance in FY 2015.

ROLE	ACTIVITIES IN FY 2015	OUTCOMES
To monitor the integrity of the interim and preliminary full-year results announcements, as well as the Annual Report and Accounts published by the Company, reviewing significant financial reporting judgements contained therein.	The Committee formally considered the Group's interim results, preliminary full-year results and Annual Report and Accounts and considers that they present a fair, balanced and understandable assessment of the Group's performance and prospects. The Committee, on behalf of the Board, has a specific process of review that enables it to make this assessment, which included a detailed appraisal of the Report and Accounts by each member. The Committee then met with the Executive Directors to discuss any questions and comments. In particular, the Committee assessed the balance of information reported against their understanding of the Group, as well as the tone and language used in the reporting, ensuring that it should be comprehensible to readers of various backgrounds. Outside of formal Committee meetings, accounting matters were also discussed by the Chairman of the Committee and the Finance Director. Key auditing, financial reporting and governance matters, which typically focused on areas of significant judgement, estimation or accounting policy selection, were discussed with the audit partner ahead of Committee meetings and then during the Committee meetings.	In accordance with the Code, the Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides information necessary for shareholders to assess the Company's performance, business model and strategy.
To review and challenge, where necessary, accounting policies and practices, decisions requiring a major element of judgement, the clarity of disclosures, compliance with accounting standards, and compliance with regulatory and legal requirements.	As part of its work to approve the Group's Financial Statements, the Committee reviewed the key financial reporting judgements and accounting policies therein. These judgements were assessed through discussions with the Group's auditors and presentations by management in which the Committee, where appropriate, challenged the basis for such judgements and estimates. Details of the significant matters considered by the Committee in respect of the FY 2015 Annual Report are set out on page 65.	The Committee considers the accounting policies used, reporting disclosures, compliance with accounting standards and other requirements are appropriate to the Group in all regards, taking account of the specialised nature of its business.
To ensure that Petra's risk management systems, internal financial controls and other internal controls are effective.	The Committee assesses the Company's risk management systems and internal financial controls on an ongoing basis. As part of this, the Committee invites the Group Chairman and Executive Directors to attend the meetings as appropriate. The Committee Chairman met with the Group Risk and Internal Audit Manager on a one-on-one basis during the Year, and going forward the Group Risk and Internal Audit Manager will attend the Committee meetings as appropriate. During these meetings, the Committee was provided with updates on the Group's activities and the members considered the risk and control implications on an ongoing basis. Additionally, the Board as a whole received presentations and reports by management on operational and financial performance each quarter that allowed for assessment of risk and internal controls. The Committee meetings during FY 2015 included presentations by BDO LLP regarding the results of the FY 2014 audit, the interim review for H1 FY 2015 and the FY 2015 Audit Committee Planning Report, with a presentation by BDO LLP of the results of the FY 2015 audit subsequent to Year end. These presentations included the auditors' observations and recommendations in respect of internal controls that the Committee incorporated into its overall assessment of the effectiveness of risk management and controls. Following the recruitment of a Group Risk and Internal Audit Manager, the Committee has been working alongside the Internal Audit function to ensure that the audit strategy is robust and systematic and that the Group's risk management and internal control systems are suitable and comprehensive.	The Committee considers that Petra's internal controls, including its financial internal controls, continue to be robust and defensible. The Committee will continue to review and assess the development of risk management and internal control systems following the establishment of the Internal Audit team.
To ensure the Internal Audit function is adequately resourced and effective and is supported by the Committee in its role.	A dedicated Internal Audit function was established in FY 2015 to further drive the Group's internal control procedures and risk management systems. It is led by the newly appointed Group Risk and Internal Audit Manager. The Committee has since focused on agreeing the detailed scope and work programmes for the Internal Audit team, as well as overseeing its compilation and review of an integrated Group Risk Register to ensure the approach to risk and internal audit management addresses the appropriate areas. In addition, the Committee has reviewed the initial reports prepared by the Internal Audit team during FY 2015 and continues to refine the scope and internal audit plan accordingly.	The Group Risk and Internal Audit Manager, and supporting team, will continue to work with the Committee to ensure the integrity and effectiveness of the Group's internal control procedures and risk management systems.

Report of the Audit Committee
continued

Committee role and activities continued

ROLE	ACTIVITIES IN FY 2015	OUTCOMES
To consider the appointment, re-appointment or removal of the external auditors, to recommend the remuneration and terms of engagement of the external auditors and to assess the external auditors' independence and objectivity. To review the engagement of the external auditors to ensure the provision of non-audit services by the external audit firm does not impair its independence or objectivity.	The Committee proposed the re-appointment of BDO LLP to act as auditors for FY 2015, having considered the independence, objectivity, tenure and effectiveness of BDO LLP and their audit process. In advance of the FY 2015 audit, the Committee reviewed and approved the external auditors' audit planning presentation and assessed the appropriateness of the audit strategy, scoping, materiality and audit risks. The Committee approved the audit fees as part of the audit planning process. The Committee also approved certain audit-related fees during the Year, having considered the Auditing Practices Board's ("APB") Ethical Standards. The fees were for comfort letters issued on financial information as part of the Notes Issue which closed in May 2015. The services represented audit-related services, which are not considered to create independence threats under the APB's Ethical Standards. Details of the Committee's assessment of the auditors' independence and its assessment of their effectiveness are provided on page 66.	The Committee has taken appropriate steps to assess the independence of its auditors, recognising the importance of audit independence to the audit process. The Committee has reviewed and gained a thorough understanding of the external auditors' strategy and has satisfied itself that it is robust and that the auditors remain independent.
To give due consideration to relevant laws and regulations, the provisions of the Code and the requirements of the UK Listing Rules.	The Committee received adequate timely information, briefings and training on all relevant regulatory updates and developments. Specific topics of discussion were the requirements of the Code, the forthcoming changes to the Code, new reporting on payments to governments and trends in audit committee reporting The Committee as a whole and, on occasion, the Chairman of the Committee met separately with the BDO LLP audit partner to discuss significant audit, accounting and governance developments during the Year.	The Committee is satisfied that Petra continues to act in accordance with the Code and all relevant laws, regulations and the UK Listing Rules. A further training event is planned for FY 2016.
To review the adequacy of the Company's whistleblowing system, its fraud detection procedures and the systems and controls in place for bribery prevention.	The Committee has previously introduced the Group's Anti-Bribery Policy in accordance with the UK Anti-Bribery Act and the Group's Code of Ethical Conduct, both of which are available on the Company's website at www.petradiamonds.com/about-us/corporate-governance/business-ethics/. In line with best practice, the Company also has a dedicated and independent whistleblowing hotline in place to allow employees to confidentially raise any concerns they may have about business malpractice. The Committee has formalised a training process on the Company's Anti-Bribery Policy and its Code of Ethical Conduct which is compulsory to attend for all new employees and contractors, as well as for those who return from annual leave or other periods of significant absence from the workplace.	During FY 2015, there were no incidents of malpractice or calls made to the whistleblowing hotline that the Committee considered to be of a material nature to the Group.

Committee Terms of Reference

The Committee's Terms of Reference were reviewed by the Committee during the Year, and were subsequently considered and approved by the Board. They can be accessed at www.petradiamonds.com/about-us/corporate-governance/board-committees.

Significant issues considered by the Audit Committee in FY 2015

The following are the significant issues considered by the Committee in respect of the Group's Financial Statements, based upon its interaction with both management and the external auditors during the Year.

SIGNIFICANT MATTERS CONSIDERED	OUR RESPONSE TO THESE MATTERS

Impairment test for the Kimberley Underground mine

Significant matters considered	Our response to these matters
The carrying value of Kimberley Underground mining assets remained a key focus area for the Committee in FY 2015, given the historically limited headroom in the LOM models and the sensitivity in FY 2014 to diamond prices, foreign exchange rates and production growth assumptions. Whilst headroom at Kimberley Underground is 77.0%, significant judgements remain in forming diamond price, exchange rate and production growth assumptions. Details of the impairment test assumptions and headroom are set out in note 7.	The Committee members reviewed the significant assumptions in the Kimberley Underground LOM plan that supported the impairment test performed by management. We sought to assure ourselves regarding the diamond price forecasts compared to historic pricing levels and market forecasts, the foreign exchange rates against current and forward rates and the basis for production and cost forecasts. In particular, the Committee reviewed performance against previous budgets and assessed the risks surrounding operational plans to deliver the production growth and manage costs. In addition, the Committee considered management's and BDO's sensitivity analysis that was performed on the models surrounding prices, foreign exchange rates, production growth and costs. Having considered these factors and challenged management regarding the assumptions, we satisfied ourselves that no provision for impairment is necessary and that the disclosure in note 7 was appropriate.

Depreciation policy and its associated judgements and estimates

Significant matters considered	Our response to these matters
As detailed in note 13, the Group allocates assets to specific orebody zones and depreciates on a unit of production basis. There is significant judgement required in determining the allocation of assets to specific zones and determining the ore reserves and resources to which they relate. In particular, judgement is required when including resources for deep-level kimberlite pipe mines, such as Finsch and Cullinan, and in determining appropriate depreciation rates for infrastructure and other assets with life beyond the current reserve profile or which are utilised over multiple orebody areas.	Management provided the Committee with analysis of Petra's depreciation policy and its application in FY 2015. During FY 2014 the Committee critically assessed the key assumptions of the Group's policy and its application, including the inclusion of certain resources over and above those in the current LOM plan, and the extent to which the existing assets, such as shared infrastructure (processing plant, shaft, etc.) provided economic benefit over these resources. In FY 2015, the Committee focused on the rationale for any significant changes to the depreciation basis for major asset categories. Having challenged management's judgements, the Committee is satisfied that the Group's policy remains appropriate and that the judgements and estimates taken by management are appropriate given the nature of the mine orebodies and infrastructure.

Capital expenditure, progress on development plans, related controls and areas of estimation

Significant matters considered	Our response to these matters
The Group continues to incur substantial capital expenditure as part of its development programmes at Finsch, Cullinan and Koffiefontein. The controls regarding capital expenditure, progress achieved and the associated accounting judgements represent a key focus for the Committee, both in terms of risk management and financial reporting. Financial reporting judgement is required in the classification of assets under construction, the allocation of costs between operational and capital projects, and the capitalisation of specific borrowing costs.	On a quarterly basis, the Committee members received capital project reports which provided detailed analysis of the status of each capital project, costs incurred against budget and estimated total project cost. The Committee members took the opportunity to challenge management regarding cost variances and project variations to assure themselves as to the quality of capital project management. Similarly, the Committee members also approve the annual budgets and material revisions to such budgets, challenging management as to the basis for judgements and decisions. In addition, the Internal Audit team provided specific reporting on procurement controls across the South African mines, which was reviewed by the Committee. Management undertook a detailed review of the Group's expansion project 'assets under construction' in the Year to ensure that projects are transferred to commercial production on a timeous basis and depreciated accordingly. The Committee was provided with details of this process and assessed judgements were taken. The Committee received analysis of the assumptions regarding the capitalisation of borrowing costs associated with the US$300 million Notes Issue to satisfy itself as to the treatment of such costs. Similarly, management provided details of judgements taken regarding cost allocation and capitalisation which the Committee challenged and considered to be appropriate.

Each of these areas also represents significant audit risk areas for BDO LLP and, accordingly, the Committee was provided with detailed written and oral presentations by the engagement team on each of these matters. On the basis of their work, BDO LLP reported to the Committee no inconsistencies or misstatements that were material in the context of the Financial Statements as a whole.

Report of the Audit Committee
continued

External auditors

BDO LLP have been the Group's external auditors for ten financial years since the Year ended 30 June 2006 (following a formal tender). The Company recognises the importance of audit independence and, in consideration of the Code and the associated Financial Reporting Council ("FRC") transition guidelines, will put the audit out to tender when the next partner rotation is due to take place in FY 2018.

Auditors' remuneration US$ million	FY 2015	FY 2014
Audit services[1]	**0.7**	0.8
Audit-related services[2]	**0.5**	0.1
Non-audit services[3]	**—**	0.5
Total	**1.2**	1.4

1. Audit fees for the Year ended 30 June 2015 stated above refer to fees for the FY 2014 audit; audit fees for the Year ended 30 June 2014 refer to fees for the FY 2013 audit.
2. Audit-related services of US$0.1 million refer to the interim review. A further US$0.4 million in the current year in respect of comfort letters pursuant to regulatory requirements for the US$300 million Note Issue have been capitalised under loans and borrowings.
3. Non-audit services in FY 2014 refer to corporate finance services and ESG training.

During the Year, the Committee fully considered the effectiveness, objectivity, skills, capacity and independence of BDO LLP as part of their re-appointment, considering all current ethical guidelines, and was satisfied that all these criteria were met. The auditors' fees were approved as part of this process.

The effectiveness of the external auditors was assessed, giving consideration to recent FRC guidance on assessing audit quality. The Committee places considerable importance on the following attributes: mining sector experience (given the specialised nature of the industry), service levels, audit quality, sound auditor judgement, the willingness and ability to challenge management and provision of value for money.

In forming its assessment of the effectiveness of the audit, prior to the audit the Committee considered the FRC's Audit Quality Review report on BDO LLP and received formal presentations regarding the proposed audit strategy and the Chairman met separately with the audit partner to discuss the audit strategy in detail. These forums enabled the Committee to assess the extent to which the audit strategy was considered to be appropriate for the Group's activities and addressed the risks the business faces, including factors such as: independence, materiality, the auditors' risk assessment versus the Committee's own risk assessment, the extent of the Group auditors' participation in the subsidiary component audits and the planned audit procedures to mitigate risks.

Following the audit, BDO LLP presented their findings to the Committee and met separately with the Committee Chairman to discuss key audit judgements and estimates. This provided an opportunity to assess the audit work performed, understand how management's assessments had been challenged and assess the quality of conclusions drawn.

The Committee also made enquiries of Senior Management to obtain their feedback on the audit process and considered this feedback in its assessment.

Each of the key attributes for audit effectiveness was considered to be appropriately met by the Group's auditors.

Non-audit services

The Committee requires that any non-audit services to be performed by BDO LLP are formally approved by the Committee. Audit-related services do not require pre-approval and encompass actions necessary to perform an audit, including areas such as internal control testing procedures; providing comfort letters to management and/or underwriters; and performing regulatory audits. BDO LLP provided audit-related services in the Year as set out opposite.

The provision of any non-audit service requires Committee pre-approval and is subject to careful consideration, focused on the extent to which provision of such non-audit service may impact the independence or perceived independence of the auditors. The auditors are required to provide details of their assessment of the independence considerations, as well as measures available to guard against independence threats and to safeguard the audit independence.

Internal controls (including the system of internal financial controls) and risk management

The Board, with assistance from the Committee, is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate those risks that may affect the Company in achieving its business objectives. The Code requires that the effectiveness of the system of internal control be reviewed by the Directors, at least annually, including financial, operational and risk management.

Establishment of the Group's Internal Audit function

In FY 2015, the Group established an Internal Audit function, staffed by a Group Risk and Internal Audit Manager, backed up by two Senior Internal Audit Managers, with one covering the 'Northern Region' for the Company (Cullinan and Williamson) and the other covering the 'Southern Region' (Finsch, Koffiefontein and Kimberley Underground). The Internal Audit function reports directly to the Committee.

After the recruitment of the new department's manager, the Group's Internal Audit Charter was written and then reviewed and approved by the Committee. The Group Risk and Internal Audit Manager, with input from Senior Management, was then tasked with developing a robust and systematic internal audit strategy, with the supervision of the Committee, which resulted in an internal audit plan for FY 2015. As part of the scope agreed with the Committee, the internal audit work plan initially focused on procurement and payroll-related controls.

Later in the Year a detailed review of the Group's Risk Register was undertaken by senior operational and financial management, which then led to a detailed internal audit plan for FY 2016, which has been reviewed by the Committee. The annual internal audit plans form part of a rolling three-year internal audit strategy, which will be considered by the Committee on a regular basis.

System of internal control

The Committee regularly reviews the adequacy and effectiveness of the Group's internal control procedures and risk management systems through regular reports from the Group's Internal Audit, finance, operations and corporate teams, and through consideration of the external auditors' Audit Committee reports and face-to-face discussion between the audit partner and the Audit Committee Chairman and Committee members.

In FY 2015, the Group Risk and Internal Audit Manager and the Committee were satisfied that no material weaknesses in internal control systems, including internal financial controls, were identified. Whilst being satisfied that controls and risk management remain appropriate for the Group's activities, the Committee continues to undertake a thorough review and to challenge internal controls, risk management procedures, internal audit resourcing and strategy to ensure that its practices develop and remain appropriate. When internal control reviews identified necessary or beneficial improvements, appropriate steps have been taken to ensure the control environment is effective. This includes systems to track management's responses to the areas for improvement and subsequent Internal Audit visits to test the implementation.

Consideration of going concern

Following a review of the Group's financial position and forecasts, the Directors have concluded, having taken into account key assumptions including (but not limited to) production levels, diamond price and exchange rate sensitivities, flexibility around capital expansion expenditure and debt facility headroom, that sufficient financial resources will be available to meet the Group's current and foreseeable cashflow requirements for a period of at least 12 months from the date of this report. On this basis, they consider it appropriate to prepare the Financial Statements on a going concern basis.

Risk Management

Identifying, managing and mitigating risk

Risk management is the overall responsibility of the Board at Petra, but the Board Committees also play important roles in terms of the identification, management and ongoing mitigation of risks within their realm of responsibilities.

The Board and its Committees, informed by input from Senior Management, have identified the following as being the principal external, operational, strategic and HSSE risks (in no order of priority).

External risks

Risk	Risk change in FY 2015	Description and impact	Mitigation
Rough diamond prices Long term		The Company's financial performance is closely linked to rough diamond prices, which are influenced by numerous factors beyond the Company's control, including international economic conditions, world production levels and consumer trends. Whilst the medium to long-term fundamentals of the diamond market remain positive, some volatility in rough diamond pricing is expected, particularly in the short term.	The Group's management closely monitors developments in the international diamond market (across the pipeline from the rough market to the retail consumer market) to be in a position to react in a timely manner to changes in rough diamond prices and demand.
Currency Long term		With Petra's operations mainly in South Africa, but diamond sales based in US Dollars, the volatility and movement in the Rand are a significant factor to the Group. Also, the Group undertakes transactions in a number of different currencies. Fluctuations in these currencies may have a significant impact on the Group's performance.	The Group continually monitors the movement of the Rand against the Dollar and takes expert advice from its bankers in this regard. It is the Group's policy to hedge a portion of future diamond sales when weakness in the Rand indicates it appropriate. Such contracts are generally short term in nature.
Country and political Long term		Petra's operations are predominantly based in South Africa, with lesser exposure to Tanzania and Botswana. Emerging market economies are generally subject to greater risks, including legal, regulatory, economic and political risks, and are potentially subject to rapid change.	The Petra team is highly experienced at operating in Africa. Petra routinely monitors political and regulatory developments in its countries of operation at both regional and local levels. The Company keeps abreast of all key legal and regulatory developments.
Access to energy Long term	n/a	South Africa and Tanzania both face power supply constraints currently, but the issue is more acute in South Africa, where the challenges facing the state electricity provider, Eskom, have been well publicised. Eskom's approach is to consult with industry before implementing load curtailment, with advanced notice giving customers time to react appropriately. Eskom energy saving requirements are staged from 1 to 4 according to their severity.	Managing energy usage is an operational necessity, given the benefits to the operations of managed and optimised power planning and usage (especially while load shedding is a risk in South Africa), an environmental prerogative, in order to combat climate change, as well as a financial objective, given rising electricity prices. Petra therefore aims to reduce energy consumption and increase energy efficiency wherever possible.
Synthetic diamonds Long term	n/a	Man-made or 'synthetic' diamonds have been available for many years, but to date have predominantly been used to manufacture smaller diamonds for industrial purposes as the cost of production has generally rendered larger gem quality synthetic stones uneconomic. Technological advancements mean that gem quality synthetics are now more widely available but they are estimated by Bain & Company to represent less than 1% of world diamond supply[1]. 1. Source: Bain & Company: The Global Diamond Report 2014.	As technology advances it is likely that a larger market for the use of synthetic diamonds in jewellery will develop; however, the Company expects this to be a secondary market segment, with natural diamonds remaining the premium product. Synthetic diamonds are required to be certified as such, a key industry control which is essential to maintaining consumer confidence.

Strategic objectives

Output **Efficiencies** **Recoveries** **Responsibility**

FY 2015 risk developments and management	KPIs	Director/ Committee responsibility	Read more
The market for rough diamonds weakened in FY 2015 with pricing achieved by Petra down circa 10% on a like-for-like basis on FY 2014. Petra maintained regular dialogue with its client base in order to assess the overall health of the rough diamond market. The Company continued to sell all of its production at each tender and did not withhold goods from sale.	Revenue; Profitability	Executive Directors	Our market – pages 13 to 17
Significant ZAR/US$ volatility resulted in active currency management, including hedging activities, being particularly important to address exchange rate risks. The Company took advice from two specialist banks on exchange rate strategy.	Revenue; Profitability	Executive Directors	Financial Review – pages 24 to 27 Note 33 to the Financial Statements – page 127
There were no country events or changes to regulatory regimes which materially affected the Company.	Production; Local employment; CSI expenditure	Executive Directors; HSSE Committee	—
Petra's operations in South Africa experienced ongoing power supply constraints, though the Company was generally able to manage these without a material impact to production by temporarily halting surface/tailings production. The Company is also installing sufficient backup generator capacity at Finsch, Cullinan and Koffiefontein to maintain production levels in the event of a Stage 1 or 2 request from Eskom (the most common requests).	Production; Revenue; Profitability; Energy usage; Carbon emissions	Executive Directors; HSSE Committee	Financial Review – page 24 Protecting the environment – page 43
The Company continues to monitor industry developments with regard to the production of synthetic diamonds. There have recently been a number of cases of synthetic diamonds mixed into parcels of small natural diamonds, so the industry has pulled together to tighten controls in order to maintain consumer confidence. Equipment exists which can detect synthetics with 100% accuracy.	Revenue; Profitability	Executive Directors	—

Strategic objectives

Output | Efficiencies | Recoveries | Responsibility

Identifying, managing and mitigating risk continued

Risk	Risk change in FY 2015	Description and impact	Mitigation
Operational risks			
Safety Long term	▼	Ensuring the safety of all Petra people is the Group's number one priority. Poor safety performance can also lead to temporary mine closures, thereby impacting production results. Underground cave mining (both block cave and sub-level cave) is inherently a safe and highly mechanised mining process. However, as with all heavy industries, accidents can occur so embedding a culture of strict procedures and safety awareness is key.	Petra is highly focused on managing its safety performance and follows a risk-based approach which entails continual hazard identification, risk assessment and instilling safety awareness into the workplace culture. HSSE targets are explicitly included as part of Petra's annual bonus framework.
Mining and production Long term	▲	The mining of diamonds from kimberlite deposits involves an intrinsic degree of risk from various factors, including geological, geotechnical and seismic factors, industrial and mechanical accidents, unscheduled plant shutdowns, technical failures, ground or water conditions and inclement or hazardous weather conditions.	All of Petra's kimberlite operations have long histories of production and therefore the geology and economics of each mine are well understood. Petra's work to expand the lives of its assets is classed as 'brownfields' expansions, meaning that the knowledge of the deposits allows management to eliminate much of the risk associated with developing a new diamond mine.
ROM grade and product mix volatility Short term	▲	At the Group's underground mines, Petra is currently operating in 'mature' caves, meaning that the block of ore being mined has nearly been exhausted and that the area is nearing the end of its life. Once the majority of the kimberlite ore has been removed, waste rock is able to ingress into the production areas, thereby reducing the volume (grade) of diamonds recovered.	Petra's development programmes will access new production areas in deeper blocks of undiluted kimberlite. As the Group's production profile starts shifting from diluted to undiluted ore, ROM grades are forecast to rise significantly and the typical product mix from each mine is also expected to remain consistent once only pure kimberlite (undiluted by waste material) is being mined.
Expansion and project delivery Medium term	–	Petra has set out a clear and transparent growth profile to increase annual production to circa 5 million carats by FY 2019. Actual production may vary from estimates of future production for a variety of reasons and it should be noted that long-term assumptions may be subject to change as the Company continually evaluates its projects to optimise efficiency and production profitability.	The Group has established procedures to control, monitor and manage the roll-out of its development plans. Petra's diversified portfolio of operating mines provides flexibility in terms of overall portfolio performance. Expansion project targets are explicitly included as part of Petra's annual bonus framework and long-term share awards.
Labour relations Short to medium term	▼	The Group's production, and to a lesser extent its project development activities, is dependent on a stable and productive labour workforce.	Petra remains focused on managing labour relations and on maintaining open and effective communication channels with its employees and the appropriate union representatives at its operations as well as local communities.

FY 2015 risk developments and management	KPIs	Director/ Committee responsibility	Read more
Petra's overall safety performance improved in FY 2015 due to management's focus on this most important area, the application of rigorous risk mitigation processes, and the placement of the more labour-intensive Helam mine on care and maintenance during the Year.	Production; LTIFR; FIFR	HSSE Committee; Remuneration Committee	Health and safety – page 41 Directors' Remuneration Report – page 88
The Group's management team is comprised of key personnel with a substantial and specialist knowledge of kimberlite mining and diamond recovery, and this skill-set enables the Company to manage mining and production risks. FY 2015 was a challenging year operationally due to the heavy reliance on the mature/diluted mining blocks, specifically at Cullinan.	Production; Revenue; Profitability	Executive Directors	Operational Review – pages 30 to 36
Petra saw increased variability in both the achieved ROM grades and product mix at Cullinan due to the finer nature of the ore at this late stage in the life cycles of the old block caves. Petra's initiatives to mitigate this risk by opening up access to gapfiller tonnes from higher grade areas (until the expansion programme delivers access to undiluted ore) started to yield positive results in Q4.	Production; Revenue; Profitability	Executive Directors	Operational Review – pages 30 to 36
Petra's growth plan continued to progress well in FY 2015, with expansion at both flagship operations remaining on time. The Company remains on track to reach its longer-term target of circa 5 million carats by FY 2019.	Production; Revenue; Capex	Executive Directors; Audit Committee; Remuneration Committee	Operational Review – pages 30 to 36 Report of the Audit Committee – pages 61 to 67 Directors' Remuneration Report – pages 76 to 88
In September 2014, Petra entered into a three-year wage agreement with NUM, which is expected to provide for a more stable labour environment during this period. Petra also made its first distributions to the IPDET, which is one of the Company's core BEE partners.	Production; Local employment; Staff turnover	Executive Directors	Chief Executive's Statement – page 11

Risk Management
continued

Strategic objectives

Output | Efficiencies | Recoveries | Responsibility

Identifying, managing and mitigating risk continued

Risk	Risk change in FY 2015	Description and impact	Mitigation
Strategic risks			
Financing Medium term	Down	Petra has a significant Capex programme over the years to FY 2019. The Company plans to continue to finance this Capex from operating cashflows and debt finance. Lack of adequate available cashflows could delay development work.	Whilst management prepares detailed plans, actual Capex may differ from estimates. In order to mitigate this, Capex requires a tiered level of approval and variances to Capex plans are monitored on a timely basis. The Company continually and regularly reviews its cashflow planning to ensure that Capex plans are adequately financed.
Cost control and capital discipline Long term	No change	As is usual for the mining industry, Petra's operations have a relatively high fixed-cost base, estimated to be circa 70%. Petra's main cost inputs are labour and energy, both of which have been rising higher than the official inflation rates in South Africa and Tanzania. Ineffective cost control leads to reduced margins and profitability.	The Company's strategy to access undiluted ore will lead to progressively higher diamond recoveries at both Finsch and Cullinan over the years to FY 2019, without having to increase the Group's overall tonnage throughput. The Company's expansion plans also include initiatives to streamline ore-handling and plant processes, thereby driving efficiencies. Profit and cost measures form part of Petra's annual bonus framework.
Retention of key personnel Long term	No change	The successful achievement of the Group's strategies, business plans and objectives depends upon its ability to attract and retain certain key personnel. Petra believes that employees who are empowered and accountable for their actions work to the best of their ability and are able to fulfil their true potential.	Petra's clear strategy and continued achievement of its objectives help to propagate a positive company culture, in which employees feel they can directly contribute to the Company's success. The Group's employment policies and terms are designed to attract, incentivise and retain individuals of the right calibre and its remuneration strategy is designed to reward management for delivery against the Company's long-term objectives, as well as retain key management for the longer term.
Licence to operate Long term	No change	In order to maintain its exploration or mining licences, Petra must comply with stringent legislation to justify its licence to operate. Failure to comply with relevant legislation in South Africa, Tanzania or Botswana could lead to delays or suspension of its mining and exploration activities.	Petra's approach is to go 'beyond compliance' in terms of meeting its HSSE and local community obligations, by adopting a holistic approach with the long-term sustainability of each operation in mind. The Company also continually stays abreast of developments and changes in the laws and regulations of all of the countries in which it operates, and has systems to ensure it meets all the requirements of its mining rights and related matters.

FY 2015 risk developments and management	KPIs	Director/ Committee responsibility	Read more
Petra's Capex for FY 2015 was well controlled and was in accordance with the roll-out of the Group's expansion programmes. Petra significantly improved its financial flexibility by raising US$300 million in a Notes Issue, as well as agreeing with its lender group an increase in its debt facilities.	Production; Revenue; Profitability	Executive Directors; Audit Committee	Financial Review – pages 24 to 27
Operating costs and corporate overheads were well controlled in FY 2015 despite inflationary pressures. The Group continues to focus on energy efficiency wherever possible and overhead costs remain tightly controlled. As the bulk of Petra's operating and overhead costs are incurred in ZAR, the weakness in the exchange rate against the US$ had a positive effect.	Profitability	Executive Directors; Remuneration Committee	Financial Review – page 24
While the Group personnel turnover of 17% for the Year was higher than usual due to retrenchments associated with placing the Helam mine on care and maintenance, excluding this impact Group turnover was 9%. Furthermore, there was no turnover of Senior Management during the Year.	Production; Revenue; Profitability; Staff turnover	Remuneration Committee	Directors' Remuneration Report – pages 76 to 88 Our People – page 42
Petra continued to comply in all material aspects with all relevant laws and regulations in the countries in which it operates. The Company also continued to develop its approach to stakeholder engagement.	Production; Revenue; Profitability; all HSSE indicators	Executive Directors; HSSE Committee	Sustainability – pages 40 to 45

Report of the Nomination Committee

Members of the Nomination Committee

Adonis Pouroulis (Chairman)
Pat Bartlett
Gordon Hamilton
Tony Lowrie

Key highlights

- Appointment of Ms Matloa as an iNED
- Formalisation of the Group's Succession Policy
- Internal Board evaluation exercise

It was a successful year for the Committee, having set out a brief for a new iNED, following which it identified and appointed Ms Matloa, a highly suitable candidate, to the Board and to the Audit Committee.

Nomination Committee role and activities

The principal functions of the Nomination Committee are listed below, along with the corresponding activity and performance in FY 2015.

ROLE	ACTIVITIES IN FY 2015	OUTCOMES
To review the structure, size and composition of the Board (including appropriate skills, knowledge, experience and diversity), and to make recommendations to the Board with regard to any changes.	The need to appoint an additional iNED to enhance Board diversity and to strengthen the Audit Committee was identified. Petra's longer-term strategy with regard to Board diversity was discussed.	Ms Matloa was appointed to the Board in October 2014 and became a member of the Company's Audit Committee in November 2014.
To identify, nominate and recommend, for the approval of the Board, appropriate candidates to fill Board and Committee vacancies as and when they arise.	A job specification was drawn up and a search was carried out for an additional iNED. The Committee chose not to enlist the services of an external search firm, as it was able to draw up a list of suitable candidates with the appropriate specialist audit and South African mining experience using existing industry contacts.	Ms Matloa's appointment enhanced the independence and diversity of the Board and the Audit Committee.
To satisfy itself, with regard to succession planning, that plans are in place with regard to both Board and Senior Management positions.	The Company's approach to succession planning was reviewed.	A Succession Policy was drafted and was approved by the Committee following the Year end. Succession planning will continue to be a focus for the Committee.
To recommend to the Board the re-election by shareholders at the AGM of any Director under the retirement and re-election provisions of the Company's Bye-Laws.	An internal Board evaluation exercise took place in respect of FY 2015.	The overall result of the evaluation exercise was positive with regard to the Board's overall culture and performance. It was useful in terms of identifying further areas for improvement with regard to Board process. For more information, see page 59. Each Director was considered to remain effective and thereby was proposed by the Committee for re-election to the Board at the forthcoming AGM.

Diversity

Petra understands that diversity is important to the effective functioning of a Board as it allows for a broad range of views, experiences and backgrounds to be drawn upon for the benefit of the business.

In line with the Company's diversity policy that was put in place in FY 2014, during FY 2015 the Committee addressed the lack of gender diversity on the Board and further strengthened its skill-set through the recruitment of Ms Matloa as an iNED.

The Petra Board is considered to have a broad and highly relevant skill-set, as set out on pages 57 and 58; however, the Committee will continue to review its composition, bearing in mind a range of factors, including diversity.

Gender diversity at Petra

Petra is committed to encouraging women in mining at all levels of the business, which is important given that the mining industry has traditionally been male dominated. During the Year, the percentage of females in the business increased by one percentage point to 17%.

Petra has a number of initiatives which focus on developing women into managerial positions. The Company's Leadership Development Programme has since its inception focused on the advancement of women and 36% of the candidates currently on the programme are female. Furthermore, 55% of the Company's interns are women, while 41% of the Company's scholarship positions are filled by girls from local schools.

	Men		Women		
FY 2015	Number	%	Number	%	Total
Board	7	87	1	13	8
Senior Management	37	97	1	3	38
Management	185	81	42	19	227
Employees	3,456	83	704	17	4,160
Total	**3,685**	**83**	**748**	**17**	**4,433[1]**

1. The total employee number of 4,428 throughout the rest of this Report does not include the five iNEDs, included in the above table.

Read more about how Petra encourages diversity throughout the Group on page 45.

Adonis Pouroulis
Nomination Committee Chairman
16 October 2015

Nomination Committee Terms of Reference
petradiamonds.com/about-us/corporate-governance/board-committees

Report of the HSSE Committee

Members of the HSSE Committee

Johan Dippenaar (Chairman)
Koos Visser, Group Operations Manager
Teon Swanepoel, Mining Executive
Howard Marsden, Mining Executive
Charl Barnard, Group HSEQ Manager
Egbert Klapwijk, Group Support Manager
Craig Kraus, Group Legal Services Manager

Key highlights

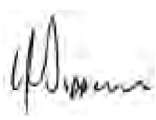
- Continued focus on ensuring suitable and effective HSSE policies and systems are in place across the Group
- Continued focus on risk assessment, management and strategies for mitigation
- Monitoring of Group HSSE performance and reports to the Board
- Training programme for the Group Code of Ethical Conduct initiated

The HSSE Committee continued to review the Group's performance during the Year with respect to health and safety, environmental management, stakeholder engagement, employee development and wellbeing and security, ensuring that the related risks were properly understood and managed and that suitable systems and controls were in place.

HSSE Committee role and activities

The principal functions of the HSSE Committee ("the Committee") are listed below, along with the corresponding activity and performance in FY 2015.

ROLE	ACTIVITIES IN FY 2015	OUTCOMES
To evaluate the effectiveness of the Group's policies and systems for identifying and managing health, safety, social and environmental risks within the Group's operations.	HSSE Committee meetings were held, with all relevant functions being present to update on developments and discuss findings and future strategy.	Continued emphasis on ensuring suitable and effective HSSE policies and systems are in place across the Group, with review by and supervision of the Committee.
To assess the policies and systems within the Group for ensuring compliance with applicable legal and regulatory requirements with respect to health, safety, social and environmental aspects.	The Committee received regular reports with regard to applicable legislation and Group compliance. Areas that required additional attention were given due focus. The Committee considered the results of the Group HSSE operational risk management process.	Reports to the Board on levels of compliance as appropriate. Continued focus on risk assessment, management and strategies for mitigation. Training programme for the Group Code of Ethical Conduct was agreed for roll-out in FY 2016.
To assess the performance of the Group with regard to the impact of health, safety, social and environmental decisions and actions upon employees, communities and other stakeholders.	HSSE performance was monitored and reports were made to the Board on any material issues. The main causes of accidents, risks and incidents across the HSSE spectrum were considered. Group internal and external communication on HSSE matters was reviewed.	The Board was kept regularly informed of the Group's HSSE performance. Core focus areas were employee wellness and training, environmental management, safety awareness, stakeholder engagement and labour relations. The appointment of an HSSE Communications Officer was identified as advantageous.
To review management's investigation of any fatalities and/or serious HSSE-related accidents within the Group and actions taken by management as a result of any fatalities and serious accidents.	No fatalities or serious accidents were recorded for the Year; however, systems and controls in place to prevent such incidents were discussed and reviewed by the Committee. Post-Year end, a fatality very regrettably occurred at the Cullinan mine in the Tailings Treatment Plant. A full investigation into the incident has been carried out and remedial action to address the cause of the incident and help prevent similar occurrences at other operations has been taken.	The avoidance of fatalities and serious accidents is a central area of focus across all operations. New investigation training modules were developed to further establish the concept of learning from any incidents that do occur.
To evaluate the quality and integrity of any reporting to external stakeholders concerning HSSE aspects.	Ongoing review of international guidelines and best practice in respect of Petra's sustainability reporting. Review of the Group's disclosure gaps further to Global Reporting Initiative ("GRI") indicators and sustainability and governance ratings agencies' requirements. Review of international best practice on GHG emissions reporting and how the Group's developed reporting on this subject compares.	Intention to report to GRI G4 from FY 2016. Continued disclosure provided to various independent sustainability bodies, including Carbon Disclosure Project, FTSE4Good and MSCI Index. Sustained focus on adopting best practice where applicable and appropriate.



Johan Dippenaar
HSSE Committee Chairman
16 October 2015

Additional HSSE activity details are contained in the Sustainability Report
petradiamonds.com/investors/results-reports

HSSE Committee Terms of Reference
petradiamonds.com/about-us/corporate-governance/board-committees

Directors' Remuneration Report

Letter from the Chairman

Members of the Remuneration Committee

Gordon Hamilton (Chairman)

Pat Bartlett

Tony Lowrie

Key highlights

- 99.98% of shareholders voted in favour of our 2014 Directors' Annual Remuneration Report.
- FY 2015 was a transitional year with significantly reduced annual performance bonus outcomes.

Dear shareholder,

I am pleased to present the Petra Diamonds Directors' Remuneration Report for FY 2015.

Petra is a leading independent diamond mining group that offers shareholders an exceptional growth and value proposition. The Remuneration Committee's ("the Committee") objective is to operate a remuneration policy that reinforces the Company's ambitious growth strategy.

Petra is a unique organisation operating in an industry which requires specialist skills and experience. The Committee is aware of the need to consider the levels of executive compensation against this specific background.

Directors' Remuneration Report

At the November 2014 AGM, our shareholders were asked to vote separately on our Remuneration Policy Report and our Annual Remuneration Report, both of which were approved. No changes to the policy are proposed for the coming year and consequently the Remuneration Policy does not require approval this year. Our Annual Remuneration Report for FY 2015 will be presented to shareholders for approval at the forthcoming AGM on 30 November 2015. Petra has chosen to apply the UK disclosure regulations notwithstanding that it is not a UK company.

Remuneration framework

The Group's remuneration policies are weighted towards performance-related pay and the Committee continues to be of the view that they support the objectives of Petra and its shareholders.

With regards to base salary levels, Petra has always adopted a modest approach. For the FY 2016 Executive Directors' salary reviews, the Committee took account of external macro developments, especially in the global mining industry, and it was decided that the Executive Directors' base salaries would not be increased for the year commencing July 2015. Inflationary related increases were applied across the Group's employee population more generally.

In order to comply with the new UK Corporate Governance Code published in September 2014, which will be applicable and adopted by Petra for FY 2016, incentives for the coming year will be made subject to additional clawback provisions. With regard to the variable performance parts of the remuneration structure, we have not made any further changes to the remuneration framework for Executive Directors for FY 2016.

Performance out-turns

The 2015 financial year was a transitional year for the Company. There was a larger than expected variation in grade and product mix, especially at Cullinan, and this necessitated the Company to issue some revisions to revenue and earnings expectations during the second half of the Year. This grade and product variability, arising from the proportion of mining from the old, heavily diluted production areas in the orebodies, was to a large extent outside of the control of the Executive Directors, but nevertheless these variations have, as they indeed should, significantly reduced the outcomes in respect of the FY 2015 annual performance bonus outcomes.

Outside of the grade, mix and subsequent revenue and earnings adjustments, there continued to be excellent progress for Petra in other areas, as illustrated by:

- carat production increasing to 3.2 million carats;
- the completion of the project to arrive at the design of the new, modern Cullinan plant;
- project delivery remaining on track and materially within budget;
- improvement in safety performance;
- the strengthening of the Group's balance sheet, via both the BEE refinancing in December 2014, the increase of the Group's debt facilities, and the issue of Petra's inaugural US$ Notes in May 2015; and
- Petra being ranked first in terms of TSR performance against the FTSE 350 Mining Index for the three-year period to 30 June 2015.

The annual bonus and Performance Share Plan outcomes reflect this overall performance.

First out-turn of LTSP Awards

The 2011 Longer Term Share Plan ("LTSP") is a legacy plan which was adopted prior to moving from AIM to the Main Market. Awards were made to the Executive Directors and members of the management team, with performance criteria based on carat production and project/expansion plan delivery targets. Up to 50% of the original award was eligible for vesting based on performance measured over the three-year period to June 2015. Further details, including the performance against the targets set are disclosed on page 80 of this Report. The LTSP has served its purpose well in terms of measuring and rewarding performance, as well as playing a key role in wider management retention during a critical period – an important issue in Petra's industry.

AGM

Last year the Remuneration Committee was pleased to note that 99.98% of shareholders voted in favour of our Directors' Annual Remuneration Report.

Overall we continue to be of the view that Petra's remuneration polices are aligned with the strategy to enhance long-term value for shareholders. We hope you find our report for this Year informative and will continue to support our remuneration policies and practices by voting in favour of the resolution at the Company's AGM.

Gordon Hamilton
Chairman of the Remuneration Committee
16 October 2015

Directors' Annual Remuneration Report

This report explains how the Group's Remuneration Policy was implemented during FY 2015 and how it will be applied for FY 2016.

Remuneration principles

Petra's culture is performance driven. We have a management team that is highly regarded in the market and brings unique skills to bear that are extremely sought after within the specialist diamond mining sector. Against this background, our approach to remuneration is guided by the following overarching principles:

- the employment terms for Executive Directors and Senior Management are designed to attract, motivate and retain high calibre individuals who will drive the performance of the business. The Group competes for talent with major mining companies and packages need to be competitive in this market;
- remuneration packages should be weighted towards performance-related pay;
- performance measures should be tailored to Petra's strategic goals and targets should be demanding;
- share-based rewards should be meaningful – the Committee believes long-term share awards provide alignment with the long-term interests of shareholders and the Company; and
- remuneration structures should take into account best practice developments, but these should be applied in a manner that is appropriate for Petra's industry and specific circumstances.

Overview of policy and how it will be applied for FY 2016

Salary

Influenced by role, individual performance and experience and market positioning.	No increases were applied from 1 July 2015 for the Chief Executive Officer, Finance Director and Technical Director which is less than those given across the Group's employee population for FY 2016, where inflationary linked increases were generally applied. As previously reported, the Chief Executive's salary was repositioned with effect from 1 July 2014 to better reflect the scale and complexity of the role. The revised salary remains below market levels. With effect from 1 July 2015, Executive Director salaries are: ▸ Johan Dippenaar – £360,000 ▸ David Abery – £290,615 ▸ Jim Davidson – £290,615

Benefits

Provision of an appropriate level of benefit for the relevant role and local market.	Executive Directors receive: ▸ a benefits allowance of 10% of salary in lieu of both pension and other benefits; and ▸ Group life, disability and critical illness insurance.

Annual bonus

Linked to key financial, operational, HSSE and strategic goals of the Company, which reflect critical factors of success.	Maximum opportunity for FY 2016 of 150% of salary. For FY 2015, 25% of the bonus earned for the Year has been deferred into shares for two years. For FY 2016, the bonus will be linked to: ▸ carat production; ▸ cost management; ▸ adjusted EBITDA and profit; ▸ major project delivery; ▸ HSSE objectives; and ▸ strategic and corporate priorities. For FY 2016, the bonus will also be subject to a new clawback provision, which may apply for up to two years following the end of the performance period in the event of serious misconduct or a material error in the calculation of the bonus outcome.

Performance share plan

Aligned with shareholders and motivating the delivery of long-term objectives.	Conditional share award for FY 2016 of 150% of salary. Performance is measured over three financial years (FY 2016 to FY 2018): ▸ TSR relative to FTSE 350 mining companies and listed diamond mining peers (25%); ▸ absolute TSR, with a threshold target of 8% growth per annum and a maximum target of 16% growth per annum (25%); and ▸ project delivery and operational performance (50%). For awards granted from FY 2016 onwards, the PSP will also be subject to a new clawback provision, which may apply for up to two years following the end of the relevant performance period in the event of serious misconduct or a material error in the calculation of the vesting outcome.

Shareholding guidelines

Aligned with shareholders.	Shareholding guidelines of 100% of salary. Executive Directors' actual shareholdings are significantly above the guidelines.

Directors' Annual Remuneration Report continued

Single figure of total remuneration

The following table gives a breakdown of the remuneration received by the Executive Directors for FY 2015 and FY 2014. Although the Company's reporting currency is US Dollars, these figures are stated in Pounds Sterling so as to be aligned with the Directors' service contracts.

		Johan Dippenaar Chief Executive		David Abery Finance Director		Jim Davidson Technical Director	
		2015	2014	**2015**	2014	**2015**	2014
Salary	£	**360,000**	303,050	**290,615**	282,150	**290,615**	282,150
Benefits	£	**41,974**	36,080	**34,624**	33,651	**32,497**	31,572
Annual bonus – paid in cash	£	**162,000**	291,496	**130,777**	271,393	**130,777**	271,393
Annual bonus – deferred to shares	£	**54,000**	97,166	**43,592**	90,464	**43,592**	90,464
Long-term incentives – PSP awards[1,2]	£	**217,046**	347,433	**202,077**	322,617	**202,077**	322,617
Legacy incentives – LTSP awards[3]	£	**154,615**	—	**154,615**	—	**154,615**	—
Retirement benefits[4]	£	**—**	—	**—**	—	**—**	—
Total – including legacy incentives	£	**989,635**	1,075,225	**856,300**	1,000,275	**854,173**	998,196
Less legacy incentives	£	**(154,615)**	—	**(154,615)**	—	**(154,615)**	—
Total[5]	£	**835,020**	1,075,225	**701,685**	1,000,275	**699,558**	998,196

1. Long-term incentives (PSP awards) in FY 2015 relate to the PSP awards granted on 20 December 2012 based on performance between 1 July 2012 and 30 June 2015. The awards vested at 57.0% of the maximum shortly after Year end. For the purpose of this table, the awards have been valued based on the share price on 22 September 2015 of 90.95 pence, the closing price prior to vesting.
2. Long-term incentives (PSP awards) in FY 2014 relate to the PSP awards granted on 15 May 2012 based on performance between 1 July 2011 and 30 June 2014. The awards vested at 62.2% of the maximum and were released in November 2014. For the purpose of this table, the awards have been valued based on the share price on 26 November 2014 of 208.8 pence.
3. Legacy incentives in FY 2015 relate to the LTSP awards granted on 15 May 2012. Up to 50% of the total LTSP award was capable of early vesting in 2015 depending on performance for the three-year period to 30 June 2015; these awards vested at 85.0% of the maximum (equating to 42.5% of the potential vesting of 50%) shortly after Year end. For the purpose of this table, the awards have been valued based on the share price on 22 September 2015 of 90.95 pence, the closing price prior to vesting.
4. Executive Directors are provided with a benefits allowance but do not currently participate in any Company pension plan and are not provided with any retirement benefits.
5. The LTSP incentives are once off legacy incentive awards (from a scheme that was put in place prior to the Company's step up to the Main Market of the LSE), which only vest in 2015 and 2016 and do not continue thereafter. Given the legacy nature of these awards the disclosure above has been given to show ongoing total remuneration on a comparable like-for-like basis.

These total remuneration figures reflect a number of factors:

- Since admission to the Main Market, salaries have been modestly set relative to salaries and benefits available to executive directors of comparable companies. As reported to shareholders in last year's Remuneration Report, when reviewing salaries for FY 2015 the Committee was strongly of the view that the Chief Executive's salary no longer reflected the scale and complexity of the role at Petra and that the very significant discount to market levels was not sustainable; accordingly the Chief Executive's salary was increased to £360,000 with effect from 1 July 2014, this increased salary being below market levels of similar sized companies in Petra's sector.
- A significant portion of pay is performance based and is comprised of annual bonus and long-term incentives. The amounts above reflect that Petra has performed well against its corporate objectives over the longer term. This strong link to performance also ensures that if Petra does not achieve its corporate objectives, then the Executive Directors' total remuneration would be significantly reduced.
- A portion of the annual bonus is deferred into shares (and is therefore subject to share price movements) rather than being paid immediately to Executive Directors.
- The amounts shown under long-term incentives are awards which were granted in prior years and were subject to stretching performance conditions.
- In this year's single figure, an amount has been included in respect of legacy LTSP awards. The one-off LTSP was adopted in 2011 while the Company was still listed on AIM. Further details are provided below. The LTSP does not form part of Petra's ongoing executive remuneration package.
- Executive Directors have significant shareholdings, reflecting their commitment to Petra's future and sustainable growth going forward.

Additional notes to the remuneration table

Salary

For FY 2016, the Committee has determined that the base salaries (per annum) for Executive Directors should be as set out below:

	Base salary to 30 June 2015 £	Base salary from 1 July 2015 £
Johan Dippenaar	360,000	360,000
David Abery	290,615	290,615
Jim Davidson	290,615	290,615

Base salaries for the Chief Executive, Finance Director and Technical Director were not increased with effect from 1 July 2015. Salary increases made across the Company's employee population were generally aligned to inflation, and therefore the Executive Directors' base salary increases were lower than those of the Company's general employee population.

Directors' Annual Remuneration Report continued

Benefits

In lieu of pension plan participation and other benefits, the Directors receive a benefit cash supplement of 10% of salary. Other than membership of the Group management life insurance scheme (which includes disability and critical illness), Executive Directors are not provided with any further benefits and do not participate in a Company pension scheme.

Annual bonus

The annual bonus plan is designed to reward and incentivise performance over the financial year. The bonus framework uses a balanced scorecard approach, linked to the financial, operating and strategic objectives of the Company. The maximum bonus for Executive Directors for delivery of exceptional performance is capped at 150% of base salary. Prior to determining the final bonus outcomes, the Committee considers all-round performance to ensure that actual bonuses are appropriate.

For FY 2015, the Committee's assessment of performance against the balanced scorecard of key measures and milestone achievements during the Year included the following key achievements and targets. The Committee and the Board have given careful consideration to the retrospective disclosure of targets and have disclosed targets where this is not considered to be commercially sensitive.

PERFORMANCE METRICS	WEIGHTING	PERFORMANCE AND TARGETS	VESTING OUTCOME
Production and project delivery (carat production and delivery against project milestones)	30%	▸ Production increased by 0.076 million carats from 3.110 million carats to 3.186 million carats. This was slightly below the target of 3.2 million carats. ▸ The weighted average project delivery score achieved from the scorecard was 7.9/10.	19.6%
Profitability (adjusted EBITDA, adjusted net profit and cost management)	40%	▸ Adjusted EBITDA decreased from US$187.7 million to US$139.3 million, which was significantly below the target set of US$247.0 million. ▸ The cost target was met. ▸ Adjusted PAT decreased from US$93.7 million to US$62.8 million, which was significantly below the target set of US$130.0 million.	7.0%
Corporate (including corporate and strategic priorities and health, safety, social and environmental performance)	30%	▸ LTIFR was reduced to 0.29 (FY 2014: 0.32) – an encouraging trend in the context of the capital programmes progress. ▸ The Committee carefully considered the performance of the Executive Directors in delivering against corporate and strategic priorities.	24.0%

On the basis of this review and taking into account overall performance, the Committee determined that the bonus for Executive Directors would be 50.6% of the maximum award (equating to 75.9% of base salary, however only 60% of base salary has been awarded). The Committee has determined that 25% of the bonuses earned will be deferred for two years into shares (or settled as a cash equivalent, in line with the Remuneration Policy).

For FY 2016, the Committee has agreed a balanced scorecard of performance measures, targets and milestone achievements, which is consistent with that applied for FY 2015. The key measures are:

PERFORMANCE MEASURE	WEIGHTING
Production and project delivery (carat production and delivery against project milestones)	30%
Profitability (including adjusted EBITDA, adjusted net profit and cost management)	40%
Corporate (including corporate and strategic priorities and health, safety, social and environmental performance)	30%

As noted above, the bonus framework includes both measurement against pre-defined targets and the exercise of judgement. For project delivery, performance is assessed by a scoring framework based on measurable and defined objectives.

Long-term incentives – Performance Share Plan

Annual long-term share awards are granted under the Performance Share Plan. This plan was originally approved by shareholders at the January 2012 AGM. The vesting of awards is conditional on the achievement of both shareholder return and operational measures.

FY 2013 to FY 2015 award

The Long Term Incentive Plan figures shown in the single figure table relate to the awards granted under the PSP in December 2012 that were subject to performance measures assessed over the period from 1 July 2012 to 30 June 2015. These awards were linked to total shareholder return (50%) and operational delivery and carat production (50%).

Directors' Annual Remuneration Report continued

Following the end of the performance period, the Committee assessed performance achieved against the pre-determined measures and targets.

Performance measure	Weighting	25% of element vests[1]	100% of element vests	Actual performance
Ranked TSR vs FTSE 350 mining companies	25%	Median	Upper quartile	1st rank (upper quartile)
Absolute TSR growth	25%	8% per annum	16% per annum	Below threshold

1. No portion of an element vests for performance below this threshold level.

Petra's TSR over the period was ranked first in the comparator group, which was sufficient to trigger full vesting for this element. Petra was the only company in the comparator group to deliver positive shareholder returns over the period. The element linked to absolute TSR lapsed in full, reflecting macro factors which impacted all companies in the mining sector. As shown in the chart on page 84, Petra has also delivered positive shareholder returns over the longer six-year period.

	Weighting	25% of element vests[1]	80% of element vests	100% of element vests	Actual performance
Carats recovered	25%	8.8m carats	9.3m carats	9.8m carats	8.92m carats
Expansion project delivery	25%	6/10	8/10	10/10	Overall 9.0/10

1. No portion of an element vests for performance below this threshold level.

Petra has increased carat production from 2.7 million in FY 2013 to 3.2 million in FY 2015, and the cumulative performance over the period was sufficient to trigger vesting of 9.5% (out of 25%) of this element.

The Committee assessed performance at each of the key expansion sites, considering performance against expansion progress metrics. Performance was in respect of Finsch, Cullinan, Koffiefontein and Kimberley Underground (weighted 8.5%, 11.5%, 3% and 2% respectively). The metrics included safety, staffing, project management, financial, governance, development metres, raiseboring metres, design and engineering milestones and project spend. Vesting was 22.5% (out of 25%) of this element. Further details of performance at each site is set out in the Strategic Report.

On the basis of the above performance, the PSP awards for Executive Directors vested at 57.0% of the maximum.

Legacy incentives – Longer Term Share Plan

The 2011 LTSP was implemented prior to the step-up to the Main Market. This share plan was implemented to address: (i) the retention of the Executive Directors and Senior Management over the period to 2016, which was and remains a pivotal period for the Company as the expansion programmes are rolled out across the Group; and (ii) the lack of share awards to the Executive Directors and Senior Management in the period from March 2010. The performance targets for awards under the 2011 LTSP were designed to support the delivery of key operational priorities over an extended four-year time horizon. No further awards will be made to Executive Directors under the 2011 LTSP.

The vesting of awards is conditional on the achievement of both carat production and project delivery measures.

FY 2013 to FY 2015 award

Up to 50% of the LTSP award is eligible for vesting based on performance measures assessed over the period from 1 July 2012 to 30 June 2015. These awards were linked to carat production (50%) and project delivery (50%).

Following the end of the performance period, the Committee assessed performance achieved against the pre-determined measures and targets.

	Weighting	25% of element vests[1]	80% of element vests	100% of element vests	Actual performance
Carats recovered	50%	8.4m carats	8.9m carats	9.3m carats	8.92m carats
Expansion project delivery	50%	6/10	8/10	10/10	Overall 8.9/10

1. No portion of an element vests for performance below this threshold level.

The carats recovered performance over the period was sufficient to trigger vesting of 40.5% (out of 50%) of this element.

The Committee assessed performance at each of the key expansion sites, considering performance against expansion progress metrics. Performance was in respect of Finsch, Cullinan, Koffiefontein and Kimberley Underground (weighted 15.6%, 21.9%, 6.3% and 6.3% respectively). The metrics included safety, staffing, project management, financial, governance, development metres, raiseboring metres, design and engineering milestones and project spend. Vesting was 44.5% (out of 50%) of this element. Further details of performance at each site is set out in the Strategic Report.

On the basis of the above performance, the LTSP awards for Executive Directors vested at 42.5% of the maximum 50% available for early vesting in 2015.

Directors' Annual Remuneration Report continued

Awards granted during the Year

The long-term incentive performance measurement framework for share awards in FY 2015 is summarised below (unchanged from the previous year). The same performance framework will be applied to awards granted to Executive Directors in FY 2016.

Summary of performance targets

PERFORMANCE MEASURE

Ranked TSR vs FTSE 350 mining companies plus diamond mining peers

Absolute TSR growth

- Half of the award is linked to returns made for shareholders.
- The first element is linked to relative TSR measured against other mining peers.
- The second element is based on absolute TSR so that reward is linked to the creation of absolute value for shareholders.

	Weighting	25% of element vests[1]	100% of element vests
Ranked TSR vs mining companies	25%	Median	Upper quartile
Absolute TSR growth	25%	8% per annum	16% per annum

1. No portion of an element vests for performance below this threshold level.

Project delivery and operational efficiency

- The Company is committed to realising value from its asset portfolio; key to this is the successful delivery of expansion projects at its core operations.
- The operational element is based on carat production, cashflow, costs and profitability.
- The expansion element is based on an assessment of performance at each mine where a significant expansion programme is underway.
- The assessment at the end of the period is based on an agreed framework with vesting based on the weighted average score out of ten across all mines; the objectives for each mine are approved by the Committee and the Board.
- This element can be varied by up to 15% (upwards or downwards) to reflect operational efficiency, including factors such as operating and cashflow generation, production, revenue, costs and profitability, overall mine management and other metrics considered appropriate by the Committee.

	Weighting	25% of element vests[1]	80% of element vests	100% of element vests
Project delivery and operational efficiency	50%	6 out of 10	8 out of 10	10 out of 10

1. No portion of an element vests for performance below this threshold level.

Non-Executive Director remuneration

With effect from 28 November 2011, Mr Pouroulis moved from the position of Executive Chairman to that of Non-Executive Chairman. As a consequence of his previous role, Mr Pouroulis has a number of outstanding share options which were granted under the Company's 2005 ESOS. Following his move to the position of Non-Executive Chairman and in line with provision D.1.3 of the UK Corporate Governance Code, Mr Pouroulis does not participate in any future Company share scheme arrangements. Mr Pouroulis continues to receive the benefit of membership of the Group's life insurance scheme.

The Chairman's fee is £155,000, payable in cash.

The other Non-Executive Directors receive a fixed basic fee of £55,000 for their normal services rendered during the Year and a fee for chairmanship of Committees. All fees are payable in cash.

The additional fees paid for chairmanship of the Audit and Remuneration Committees are £15,000 and £12,500 respectively. There is no additional fee for chairmanship of the Nomination Committee. The additional fee paid to the Senior Independent Director is £22,500.

Independent Non-Executive Directors do not participate in the Company's bonus arrangements, share schemes or pension plans, and for FY 2015 (in accordance with the Company's normal policy) did not receive any other remuneration from the Company outside of the fee policy outlined above.

Directors' Annual Remuneration Report continued

Single figure of total remuneration

The following table gives a breakdown of the remuneration received by the Non-Executive Directors for FY 2015 and FY 2014. Although the Company's reporting currency is US Dollars, these figures are stated in Pounds Sterling so as to be aligned with the Directors' service contracts.

	Year	Fees £	Benefits £	Total £
Adonis Pouroulis	**2015**	**155,000**	**2,363**	**157,363**
Chairman	2014	155,000	2,520	157,520
Pat Bartlett	**2015**	**55,000**	**—**	**55,000**
	2014	55,000	—	55,000
Gordon Hamilton	**2015**	**82,500**	**—**	**82,500**
	2014	82,500	—	82,500
Tony Lowrie	**2015**	**77,500**	**—**	**77,500**
	2014	77,500	—	77,500
Octavia Matloa[1]	**2015**	**35,185**	**—**	**35,185**
	2014	—	—	—

1. Octavia Matloa was appointed on 11 November 2014.

Directors' shareholding and share interests

It is the Company's policy that each of the Executive Directors holds a meaningful number of Petra shares. The guideline is a minimum of one year's basic salary for the applicable Director. All of the Executive Directors meet this guideline. Executive share ownership and alignment with shareholders is further supported by the Company's bonus deferral and share incentive schemes.

The current share interests of the Directors are detailed below. Executive Directors currently exceed the guideline for Petra share ownership.

		Shareholding as at 30 June 2015[1]	Shareholding as at 30 June 2014	Shareholding guideline[2]
Adonis Pouroulis	Chairman	**9,564,650**	9,564,650	n/a
Johan Dippenaar	Chief Executive	**640,000**	640,000	214,105
David Abery	Finance Director	**1,979,649**	1,979,649	172,840
Jim Davidson	Technical Director	**640,000**	640,000	172,840
Tony Lowrie	Senior iNED	**1,000,000**	—	n/a
Pat Bartlett	iNED	**—**	—	n/a
Gordon Hamilton	iNED	**100,000**	100,000	n/a
Octavia Matloa[1]	iNED	**—**	—	n/a

1. As detailed above, following the Year end, various outstanding share awards (PSP and LTSP) vested during September 2015. As a result, the shareholding of the Executive Directors has increased to: Mr Dippenaar 1,048,643 shares, Mr Abery 2,371,834 shares and Mr Davidson 1,032,185 shares.
2. Shareholding guideline based on three-month average share price to 30 June 2015 of 168.14 pence.

As at 30 June 2015, the Directors' interests in share plans of the Company were as follows:

	Shares		Options	
Breakdown of share plan interests as at 30 June 2015	Unvested and subject to performance[1]	Unvested and not subject to performance[2]	Vested but not exercised	Exercised in the Year
Executive Directors				
Johan Dippenaar	1,532,680	125,810	1,700,000	750,000
David Abery	1,417,015	117,134	1,700,000	250,000
Jim Davidson	1,417,015	117,134	1,700,000	750,000
Non-Executive Directors				
Adonis Pouroulis	—	—	700,000[3]	250,000
Pat Bartlett	—	—	—	—
Gordon Hamilton	—	—	—	—
Tony Lowrie	—	—	—	—
Octavia Matloa	—	—	—	—

1. This comprises the FY 2013, FY 2014 and FY 2015 unvested PSP and LTSP awards as at the Year end. As noted in the single figure table above, following the Year end (i) the FY 2013 PSP vested at 57.0% of the maximum and the balance of this award will lapse and (ii) the LTSP vested at 42.5% of the early vesting maximum. In October 2015, PSP awards were granted in respect of FY 2016: Mr Dippenaar 495,413 shares, Mr Abery 399,929 shares; and Mr Davidson 399,929 shares.
2. This comprises outstanding deferred share awards in respect of FY 2013 and FY 2014. During FY 2014, the following awards were granted: Mr Dippenaar – 54,587 shares; Mr Abery – 50,823 shares; and Mr Davidson – 50,823 shares. These awards represent 25% of the total bonus in respect of FY 2014.
3. Options held by Mr Pouroulis relate to the 2005 ESOS awards granted to him between 2006 and 2010 when he was an Executive Director of the Company. Following his move to the position of Non-Executive Chairman, Mr Pouroulis will not participate in any future Company share scheme arrangements.

Directors' Annual Remuneration Report continued

As at 30 June 2015, Executive Directors held the following interests in the 2012 PSP:

	Date of award	Outstanding at 1 July 2014	Awarded during the Year	Vested during the Year	Lapsed during the Year	Outstanding at 30 June 2015	Performance period
Johan Dippenaar	15/05/2012[1]	267,516	—	166,395	101,121	—	July 11 – June 14
	20/12/2012[2]	418,672	—	—	—	418,672	July 12 – June 15
	20/12/2013[3]	410,637	—	—	—	410,637	July 13 – June 16
	26/11/2014[4]	—	303,371	—	—	303,371	July 14 – June 17
Total		**1,096,825**	**303,371**	**166,395**	**101,121**	**1,132,680**	
David Abery	15/05/2012[1]	248,408	—	154,510	93,898	—	July 11 – June 14
	20/12/2012[2]	389,798	—	—	—	389,798	July 12 – June 15
	20/12/2013[3]	382,317	—	—	—	382,317	July 13 – June 16
	26/11/2014[4]	—	244,900	—	—	244,900	July 14 – June 17
Total		**1,020,523**	**244,900**	**154,510**	**93,898**	**1,017,015**	
Jim Davidson	15/05/2012[1]	248,408	—	154,510	93,898	—	July 11 – June 14
	20/12/2012[2]	389,798	—	—	—	389,798	July 12 – June 15
	20/12/2013[3]	382,317	—	—	—	382,317	July 13 – June 16
	26/11/2014[4]	—	244,900	—	—	244,900	July 14 – June 17
Total		**1,020,523**	**244,900**	**154,510**	**93,898**	**1,017,015**	

1. The performance measures applicable to the award consisted of: (a) TSR relative to FTSE 350 mining companies (25%); (b) absolute TSR (25%); (c) carat production (25%); and (d) project delivery (25%). The share price on 15 May 2012 was 133.0 pence; the 30-day trading average price to the date preceding the date of the award, which was used to calculate the maximum share award, was 157.0 pence. During the Year, this award vested at 62.2% and the balance of this award lapsed.
2. The performance measures applicable to the awards consist of: (a) TSR relative to FTSE 350 mining companies (25%); (b) absolute TSR (25%); (c) carat production (25%); and (d) project delivery (25%). The share price on 20 December 2012 was 109.7 pence; the 30-day trading average price to the date preceding the date of the award, which was used to calculate the maximum share award, was 103.9 pence. As noted above, following the Year end this award vested at 57.0% and the balance of this award lapsed.
3. The performance measures applicable to the awards consist of: (a) TSR relative to FTSE 350 mining and listed diamond companies (25%); (b) absolute TSR (25%); and (c) project delivery and operational performance (50%). The share price on 20 December 2013 was 113.8 pence; the 30-day trading average price to the date preceding the date of the award, which was used to calculate the maximum share award, was 110.7 pence. Further details of the performance conditions are set out on pages 79 and 80.
4. The performance measures applicable to the awards consist of: (a) TSR relative to FTSE 350 mining and listed diamond companies (25%); (b) absolute TSR (25%); and (c) project delivery and operational performance (50%). The share price on 26 November 2014 was 208.8 pence; the 30-day trading average price to the date preceding the date of the award, which was used to calculate the maximum share award, was 178.0 pence. Further details of the performance conditions are set out on pages 79 and 80.

As at 30 June 2015, Executive Directors held the following interests in the 2011 LTSP:

	Date of award	Outstanding at 1 July 2014	Awarded during the Year	Vested during the Year	Lapsed during the Year	Outstanding at 30 June 2015	Performance period
Johan Dippenaar	15/05/2012[1]	400,000	—	—	—	400,000	July 12 – June 16
Total		**400,000**	**—**	**—**	**—**	**400,000**	
David Abery	15/05/2012[1]	400,000	—	—	—	400,000	July 12 – June 16
Total		**400,000**	**—**	**—**	**—**	**400,000**	
Jim Davidson	15/05/2012[1]	400,000	—	—	—	400,000	July 12 – June 16
Total		**400,000**	**—**	**—**	**—**	**400,000**	

1. The performance conditions applicable to the 2011 LTSP consist of: (a) carat production (50%); and (b) project delivery (50%). Further details of the performance conditions are set out in the Remuneration Policy on page 80. As noted above, following the Year end 42.5% of this award vested based on performance over the three-year period to 30 June 2015.

Directors' Remuneration Report

Directors' Annual Remuneration Report continued

Directors' Annual Remuneration Report continued

As at 30 June 2015, Executive Directors and the Chairman held the following vested share options under the 2005 ESOS:

	Date of grant	Exercisable from	Exercise price (p)	Outstanding at 1 July 2014	Granted during the Year	Lapsed during the Year	Exercised during the Year	Outstanding at 30 June 2015	Expiry date
Adonis Pouroulis	16/06/2005	16/06/2008	85.0	250,000	—	—	250,000	—	16/06/2015
	31/05/2006	31/05/2009	79.5	250,000	—	—	—	250,000	31/05/2016
	12/03/2009	12/03/2012	27.5	250,000	—	—	—	250,000	12/03/2019
	30/09/2009	30/09/2012	45.5	100,000	—	—	—	100,000	30/09/2019
	17/03/2010	17/03/2013	60.5	100,000	—	—	—	100,000	17/03/2020
Total				**950,000**	**—**	**—**	**250,000**	**700,000**	
Johan Dippenaar	16/06/2005	16/06/2008	85.0	750,000	—	—	750,000	—	16/06/2015
	31/05/2006	31/05/2009	79.5	250,000	—	—	—	250,000	31/05/2016
	12/03/2009	12/03/2012	27.5	750,000	—	—	—	750,000	12/03/2019
	30/09/2009	30/09/2012	45.5	350,000	—	—	—	350,000	30/09/2019
	17/03/2010	17/03/2013	60.5	350,000	—	—	—	350,000	17/03/2020
Total				**2,450,000**	**—**	**—**	**750,000**	**1,700,000**	
David Abery	16/06/2005	16/06/2008	85.0	250,000	—	—	250,000	—	16/06/2015
	31/05/2006	31/05/2009	79.5	250,000	—	—	—	250,000	31/05/2016
	12/03/2009	12/03/2012	27.5	750,000	—	—	—	750,000	12/03/2019
	30/09/2009	30/09/2012	45.5	350,000	—	—	—	350,000	30/09/2019
	17/03/2010	17/03/2013	60.5	350,000	—	—	—	350,000	17/03/2020
Total				**1,950,000**	**—**	**—**	**250,000**	**1,700,000**	
Jim Davidson	16/06/2005	16/06/2008	85.0	750,000	—	—	750,000	—	16/06/2015
	31/05/2006	31/05/2009	79.5	250,000	—	—	—	250,000	31/05/2016
	12/03/2009	12/03/2012	27.5	750,000	—	—	—	750,000	12/03/2019
	30/09/2009	30/09/2012	45.5	350,000	—	—	—	350,000	30/09/2019
	17/03/2010	17/03/2013	60.5	350,000	—	—	—	350,000	17/03/2020
Total				**2,450,000**	**—**	**—**	**750,000**	**1,700,000**	

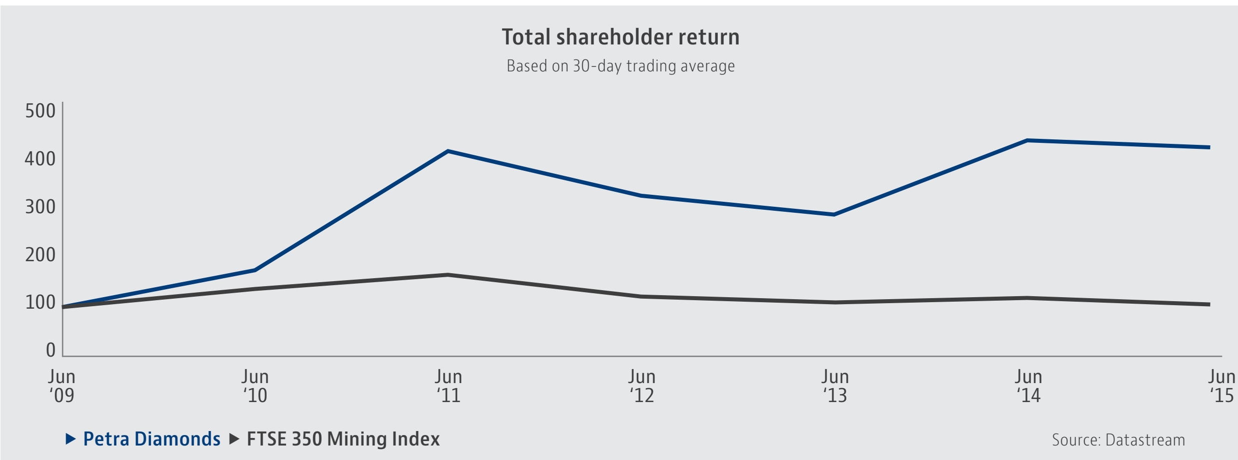
External non-executive directorships

None of the Company's Executive Directors hold a directorship at another listed company.

Other disclosures

Performance graph

The graph below shows a comparison between the TSR for Petra shares for the six-year period to 30 June 2015 and the TSR for the companies comprising the FTSE 350 Mining Index over the same period. This index has been selected to provide a relevant sector comparator to Petra. The TSR measure is based on a 30-day trading average.



Directors' Annual Remuneration Report continued

Table of historic data for the Chief Executive

Before the Company stepped up to the Main Market, the Company operated a different remuneration structure. Prior to FY 2012, there was no set maximum annual bonus opportunity for Executive Directors and the Company granted share options, rather than the more conventional PSP awards with set performance criteria. Therefore it is not possible to provide fully comparable data for awards across this six-year period.

	AIM		Main Market			
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	**FY 2015**
Single figure of total remuneration (£)	507,500	879,258	1,115,496	804,361	1,075,225	**1,046,875**
Annual bonuses as a % of maximum[1]	—	—	68%	72.5%	85.5%	**50.6%**
Long-term incentives (PSP awards) as a % of maximum[2]	—	—	—	—	62.2%	**57.0%**
Long-term incentives (LTSP awards) as a % of maximum	—	—	—	—	n/a	**42.5%**

1. The Chief Executive's annual bonuses for FY 2010 and FY 2011 were £180,000 and £170,000 respectively.
2. Prior to FY 2012, the Company granted share options to Executive Directors. For the purposes of the single figure for FY 2010 to FY 2013 in the table above, these options have been split into three equal tranches and valued based on the notional gain as at the first, second and third anniversaries of the original grant date.

Percentage change in remuneration of the Chief Executive

In FY 2015, the Chief Executive's salary was increased by 18.8% but his benefits allowance (as a percentage of salary) was unchanged. This compares to an average increase in salaries across Petra of 8.0%. The Chief Executive's annual bonus earned in respect of the Year decreased by 29.7%.

Relative importance of spend on pay

The following table sets out the percentage change in payments to shareholders and overall expenditure on pay across the Group.

	FY 2015 US$m	FY 2014 US$m	Change %
Payments to shareholders	**nil**	nil	n/a
Group employment costs	**141.0**	136.2	3.5%

Service contracts

Director	Role	Date of contract	Term	Notice period by Company or Director
Executive Directors				
Mr Dippenaar	Chief Executive	28 November 2011	n/a	12 months
Mr Abery	Finance Director	28 November 2011	n/a	12 months
Mr Davidson	Technical Director	28 November 2011	n/a	12 months
Non-Executive Directors				
Mr Pouroulis	Non-Executive Chairman	17 September 2015	36 months	1 month
Mr Lowrie	Senior Independent Non-Executive Director	17 September 2015	36 months	1 month
Dr Bartlett	Independent Non-Executive Director	17 September 2015	36 months	1 month
Mr Hamilton	Independent Non-Executive Director	17 September 2015	36 months	1 month
Ms Matloa	Independent Non-Executive Director	11 November 2014	36 months	1 month

Membership of the Committee

The Committee members for FY 2015 were Gordon Hamilton (Chair), Pat Bartlett and Tony Lowrie.

The Committee is responsible for determining on behalf of the Board and shareholders:

- the Company's general policy on the remuneration of the Executive Directors, the Chairman and the Senior Management team;
- the total individual remuneration for the Chairman, Executive Directors and Senior Management including base salary, benefits, performance bonuses and share awards;
- the design and operation of the Company's share incentive plans;
- performance conditions attached to variable incentives; and
- service contracts for Executive Directors.

The full Terms of Reference for the Remuneration Committee have been approved by the Board and are available on the Company's website at www.petradiamonds.com/about-us/corporate-governance/board-committees.

Directors' Annual Remuneration Report continued

External advisers

Where appropriate, the Chairman and Executive Directors attend Committee meetings to provide suitable context regarding the business. Individuals who attend meetings do not participate in discussions which determine their own remuneration.

The Committee engages the services of Deloitte LLP ("Deloitte") to provide independent advice to the Committee relating to remuneration matters. Deloitte is a member of the Remuneration Consultants Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice it has received from Deloitte during the Year has been objective and independent. The fees paid to Deloitte for work carried out in the financial Year ended 30 June 2015 for the Remuneration Committee totalled £28,350 and were based on a time and materials basis.

During the Year Deloitte also provided unrelated tax and general advisory services to the Company. Deloitte's Tanzanian practice (a separate Deloitte Touche Tohmatsu entity) undertakes the local statutory audit for Williamson Diamonds Ltd, a subsidiary of the Petra Group. BDO LLP remain the Group auditors.

Statement of shareholder voting

At the last AGM on 27 November 2014, the Directors' Remuneration Report received the following votes from shareholders:

	Annual Remuneration Report		Policy Report	
	%	Number	%	Number
For	99.98	409,555,240	95.27	393,232,862
Against	0.02	94,341	4.73	19,519,216
Withheld		3,390,228		287,731
Total votes cast		409,649,581		412,752,078

Gordon Hamilton
Chairman of the Remuneration Committee
16 October 2015

Appendix to the 2015 Directors' Remuneration Report – 2014 Remuneration Policy tables

The Directors' Remuneration Policy was approved by shareholders at the AGM in November 2014. The full policy, including approach to recruitment, service contracts, termination arrangements, etc., can be found in the 2014 Annual Report on our website.

The approved Remuneration Policy tables for Executive Directors, which were published in last year's Directors' Remuneration Policy, are set out below. For clarity, where the policy table had previously included references to implementation of the policy in FY 2014 or FY 2015, these references have been updated. Full details of remuneration arrangements for FY 2015 and FY 2016 are set out in the Annual Report on Remuneration.

FIXED REMUNERATION

Salary

Purpose and link to strategy	To attract and retain Executive Directors of the calibre required by the business. ▸ This is a core element of the remuneration package.
Operation	The base salaries for Executive Directors are determined by the Committee taking into account a range of factors including: ▸ the scope of the role; ▸ the individual's performance and experience; and ▸ positioning against comparable roles in other mining companies of similar size and complexity. Base salaries are normally reviewed annually with changes effective from the start of the financial year on 1 July. With effect from 1 July 2015, Executive Director salaries are: ▸ Johan Dippenaar – £360,000 ▸ David Abery – £290,615 ▸ Jim Davidson – £290,615
Maximum opportunity	In determining salary increases, the Committee is mindful of general economic conditions and salary increases for the broader Company employee population. More significant increases may be made at the discretion of the Committee in certain circumstances, including (but not limited to): ▸ where an individual's scope of responsibilities has increased; ▸ where, in the case of a new Executive Director who is positioned initially on a lower starting salary, an individual has gained appropriate experience in the role; and ▸ where the positioning is out of step with salary for comparable roles in the market.

Benefits

Purpose and link to strategy	To provide market competitive benefits.
Operation	Benefit policy is to provide an appropriate level of benefit for the role taking into account relevant market practice. Under the current arrangements, Executive Directors receive: ▸ a cash allowance of 10% of salary in lieu of both benefits and pension; and ▸ Group life, disability and critical illness insurance. The Committee retains the discretion to provide reasonable additional benefits based on individual circumstances (e.g. travel allowance and relocation expenses for new hires, or pension arrangements).
Maximum opportunity	The benefit provision will be set at an appropriate level taking into account the cost to the Company and the individual's circumstances.

Directors' Remuneration Report

Appendix to the 2015 Directors' Remuneration Report – 2014 Remuneration Policy tables continued

VARIABLE REMUNERATION

Annual bonus

Purpose and link to strategy	To motivate and reward performance measured against annual key financial, operational and strategic goals of the Company, which reflect critical factors of success. Deferred element of the annual bonus ensures that part of the value of payments earned remains aligned to the Company's share price, thus creating alignment with the shareholder experience.
Operation	Short-term annual incentive based on performance during the financial year. A proportion of the award earned for a financial year will normally be deferred into shares. Deferred shares may accrue dividend equivalents. In respect of FY 2015, 25% of the award earned was deferred for a period of two years. Where delivery of the deferred element of the bonus in shares is deemed by the Company to be impractical for any reason (e.g. due to exchange control regulations) cash equivalents linked to the share price provide alignment with shareholders.
Maximum opportunity	Maximum award of up to 150% of base salary.
Performance measures	The amount of bonus earned is based on performance against financial, operational and strategic measures. The Committee reviews the performance measures annually and sets targets to ensure that they are linked to corporate priorities and are appropriately stretching in the context of the business plan. Prior to determining bonus outcomes, the Committee considers performance in the round to ensure that actual bonuses are appropriate. For FY 2016, the performance measures for the bonus will include carat production, cost management, adjusted EBITDA and profit, project delivery, HSSE objectives, and strategic and corporate priorities. Any amounts deferred into shares (or a cash equivalent) will be subject to continuing employment, but not to any further performance measures.

Performance Share Plan ("PSP")

Purpose and link to strategy	To motivate and reward for the delivery of long-term objectives in line with the business strategy. To create alignment with the shareholder experience and motivate value creation.
Operation	Awards of conditional shares (or equivalent) which will normally vest based on performance over a period of three years. Awards may accrue dividend equivalents. Where delivery in shares is deemed by the Company to be impractical for any reason (e.g. due to exchange control regulations) cash equivalents linked to the share price provide alignment with shareholders.
Maximum opportunity	Maximum award of up to 200% of salary. For FY 2016, Executive Directors will be granted conditional awards of up to 150% of salary.
Performance measures	Vesting is based on performance against financial, operational and strategic measures. The Committee determines targets each year to ensure that targets are stretching and represent value creation for shareholders, while remaining motivational for management. For FY 2016, the performance measures used will be: ▸ TSR relative to FTSE 350 mining companies and listed diamond mining peers (25%); ▸ absolute TSR (25%); and ▸ project delivery and operational performance (50%).

Shareholding guidelines

It is the Company's policy that each of the Executive Directors holds a meaningful number of Petra shares. The guideline is to build and maintain a minimum of one year's basic salary for the applicable Director.

Financial Statements

Strengthening the balance sheet

The loans due to Petra in respect of the original acquisition of the BEE Partners' interests in Finsch and Cullinan were settled some three to four years ahead of schedule, thereby strengthening Petra's balance sheet.

In November 2014, Petra and its BEE partners at the Finsch and Cullinan mines entered into agreements with Absa Corporate and Investment Banking and FirstRand Bank Limited to directly finance the BEE Partners in respect of the loans due to Petra of ZAR1,078 million (circa US$98 million), with repayment being made to the banks, from the BEE Partners' share of future free cashflows from the mines. This enabled Petra to advance funds to the Itumeleng Petra Diamonds Employee Trust in December 2014, with the trust commencing employee distributions earlier than planned.

What this means for Petra

1. Balance sheet strength
2. Validation of asset quality
3. Stakeholder and employee relations

petradiamonds.com/about-us/who-we-are/bbbee

Directors' Responsibilities Statement

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with the Bermuda Companies Act 1981.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group Financial Statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Bermuda Companies Act 1981. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' responsibilities pursuant to DTR4

In accordance with Chapter 4 of the Disclosure and Transparency Rules issued by the Financial Conduct Authority in the United Kingdom the Directors confirm to the best of their knowledge:

- the Group's Financial Statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group, together with a description of the principal risks and uncertainties that it faces.

Fair, balanced and understandable

The Board considers that the Annual Report and Accounts, taken as a whole, provides shareholders with a fair, balanced and understandable view of Petra's business, the outlook for the future developments of the Group, as well as the principal risks and uncertainties which could affect the Group's performance.

Auditors

As far as each of the Directors is aware at the time this report was approved:

- there is no relevant available information of which the auditors are unaware; and
- they have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

In accordance with Section 89 of the Bermuda Companies Act 1981 (as amended), a resolution to confirm the appointment of BDO LLP as auditors of the Company is to be proposed at the 2015 AGM to be held on 30 November 2015.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Bermuda and the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Financial Statements were approved by the Board of Directors on 16 October 2015 and are signed on its behalf by:

David Abery
Director
16 October 2015

Independent Auditors' Report

To the members of Petra Diamonds Limited

We have audited the accompanying Financial Statements of Petra Diamonds Limited (the "Company") which comprise the Consolidated Statement of Financial Position at 30 June 2015, the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cashflows for the Year then ended and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with the Bermuda Companies Act 1981. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our unmodified opinion on the Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Group's affairs at 30 June 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Bermuda Companies Act 1981.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonably knowledgeable users that are taken on the basis of the Financial Statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the Financial Statements as a whole.

We determined materiality for the Financial Statements as a whole to be US$9.5 million, which equates to less than 1% of the total assets of the Group and represents 1.5% of total equity and 6.8% of adjusted EBITDA[1]. We consider total assets to be an appropriate basis for materiality given the Group's stage of development and in particular the strategic focus on capital expansion programmes which are yet to become producing.

Whilst materiality for the Financial Statements as a whole was US$9.5 million, each component of the Group was audited to a lower materiality as detailed below.

We agreed with the Audit Committee that we would report to them all individual audit differences identified during the course of our audit in excess of US$0.25 million. We also agreed to report differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Whilst Petra Diamonds Limited is a London Stock Exchange listed company, the Group's operating mines are located in South Africa (four operating mines) and Tanzania (one operating mine). In approaching the audit, we considered how the Group is organised and managed and assessed the business to be made up of six significant components being the Finsch, Cullinan, Kimberley Underground and Koffiefontein mines in South Africa, the Williamson mine in Tanzania and the Group's head office function.

Full scope audits for Group reporting purposes were performed by component auditors in South Africa over the four significant South African reporting components and by component auditors in Tanzania over the one significant component in Tanzania. BDO network firms performed the audits of the South African components. A non-BDO network firm performed the audit of the Tanzanian component. Audits for Group purposes were performed by component auditors in South Africa over remaining local reporting components. The Group audit team performed audits over Petra Diamonds Limited as a standalone entity, along with the audit of the Group, including the significant head office component and consolidation adjustments. The combined effect of this approach covered 100% of Group revenue, profit before tax and assets.

The significant component audits were performed to component materiality levels as set by the Group audit team. Materiality for these significant component audits ranged from US$0.5 million to US$3.6 million.

Detailed instructions were sent to component auditors, which included the significant areas to be covered by the audits (including areas where there was considered to be a significant risk of material misstatement as detailed below), and set out the information required to be reported to the Group audit team. Members of the Group audit team were physically present in South Africa and Tanzania at certain times during the substantive testing phase of the audits. The Group audit team was actively involved in the direction of the audits performed by the component auditors for Group reporting purposes, along with the consideration of findings and determination of conclusions drawn. The Group senior audit team visited three of the operating mines, attended the component clearance meetings and spent significant periods of time with the component auditors on location.

1. Adjusted EBITDA is defined as IFRS profit after tax of US$59.6 million adjusted for tax (US$25.4 million), interest (US$9.4 million), depreciation (US$38.3 million) and share-based expense (US$6.6 million).

Independent Auditors' Report

To the members of Petra Diamonds Limited continued

Our assessment and response to risks of material misstatement

We identified the following risks that had the greatest impact on our audit strategy and scope. We set out how we addressed those risks below:

Risk	Our response
Carrying value of the Kimberley Underground mining assets	
As detailed in note 7, the assessment of any impairment to the carrying value of mining assets requires significant estimation by management. As such, the estimation of the recoverable amount of the Kimberley Underground mining assets is a key judgement. The carrying value of the Kimberley Underground mining assets represented a risk given the continued sensitivity of the carrying value to assumptions over future diamond prices, foreign exchange rates and achieving increased production in the near future.	▸ We evaluated management's impairment models against approved Life of Mine ("LOM") plans and our understanding of the operations, and critically challenged the key estimates and assumptions used by management for each of the Group's operating mines but with a particular focus on Kimberley Underground. ▸ Our testing included comparison of the diamond price forecasts to prices achieved by the Group in the Year, pricing trends and market forecasts; comparison of foreign exchange rates to market spot and forward rates; recalculation of discount rates; and critical review of the forecast cost and production profiles against approved mine plans, resources and reserves reports and empirical performance. ▸ We challenged the Group's ability to achieve forecast growth in production and considered factors such as plant capacity and access to higher grade underground ROM ore, together with trends in diamond production at the mine. ▸ We performed our own sensitivity analysis over individual key inputs, together with a combination of sensitivities over such inputs, and evaluated the disclosures given in note 7.
Depreciation	
As detailed in note 13, the Group's depreciation policy requires significant estimation and judgement to determine the allocation of assets to the particular orebody sections over which they will be utilised. Additionally, judgement is required in determining the estimated ore reserves and certain resources that are capable of economically viable extraction using the Group's existing assets. This includes determination of the appropriate units of production measures for common infrastructure (such as processing plants and mine shafts) used across multiple sections of the orebody and depreciated over reserves and resources included in the current LOM plans, together with certain additional resources outside of the current LOM plan. Judgement is also required in determining the date when assets under construction are considered to commence commercial production.	▸ Our audit included the sample based re-performance of depreciation calculations and we critically challenged the significant judgements, estimates and inputs to the calculations. ▸ We analysed the reserves and resources used in the calculations compared to the Group's LOM plans and Reserves and Resources Statement. We further considered the competence and independence of the Competent Person. ▸ We reviewed the Group's strategic plans and met with the Group's geologists and mining engineers to assess the appropriateness of the asset allocations, units of production methodology and the reserves and resources included in the calculations. ▸ In particular, we challenged the extent to which additional resources to those in the current approved LOM plan were capable of extraction using the Group's existing asset base. ▸ We evaluated the disclosure in note 13 regarding the Group's depreciation policy and the judgements and estimates contained therein. ▸ We evaluated the listing of assets under construction against our knowledge of the business and meetings with operational staff to satisfy ourselves that the assets are appropriately classified. We performed verification procedures to confirm that assets commissioned in the Year were appropriately transferred to mining assets and began to be depreciated.
Capital expenditure	
The Group has incurred US$274.1 million of capital expenditure largely as part of its development of the Finsch, Cullinan and Koffiefontein mines. The existence and accuracy of capital expenditure at these mines represented a risk. As discussed in note 13, judgement is applied by management in the allocation of costs between operating expenditure and capital expenditure. Additionally, as discussed in note 13, judgement is required in determining the extent to which borrowing costs relate to qualifying capital projects. These judgements added to the risk of material misstatement in the financial statements.	▸ Our audit included detailed tests of controls and substantive procedures to obtain assurance as to the authorisation and accuracy of the recording and classification of capital expenditure. Verification procedures included verification of costs to supporting documentation and contracts. ▸ We critically reviewed management's allocation of costs between operating expenditure and capital expenditure to assess the allocation of such costs based on the nature of the underlying activity, supported by sample-based verification testing. ▸ We verified that the Group's continued application of IFRIC 20 "Stripping Costs" was appropriate by verifying the current and historic stripping cost expenditure and challenging management's assessment regarding the allocation and depreciation of such costs. ▸ We critically reviewed the borrowing costs incurred and relationship to ongoing capital expenditure to assess the validity of borrowing cost capitalisation in respect of the bank borrowings and US$300 million Notes Issue.

The Report of the Audit Committee describes the Audit Committee's assessment of each of these matters on page 65.

Matters on which we are required to report by exception

Under the UK Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Under the ISA (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited Financial Statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

We have nothing to report in this respect of these matters.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements in accordance with the Bermuda Companies Act 1981. The Directors are responsible for such internal controls as the Directors determine are necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK & Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Scott McNaughton (Responsible Individual)
For and on behalf of
BDO LLP
Chartered accountants
London
16 October 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement

For the year ended 30 June 2015

US$ million	Notes	2015	2014
Revenue	2	**425.0**	471.8
Mining and processing costs	3	**(313.9)**	(320.1)
Other direct income	4	**2.2**	6.7
Exploration expenditure	5	**(5.8)**	(2.9)
Corporate expenditure	6	**(13.1)**	(13.7)
Impairment charge	7	**—**	(13.9)
Total operating costs		**(330.6)**	(343.9)
Financial income	8	**6.6**	14.5
Financial expense	8	**(16.0)**	(18.0)
Profit before tax		**85.0**	124.4
Income tax charge	9	**(25.4)**	(41.0)
Profit for the year from continuing operations		**59.6**	83.4
Loss on discontinued operations (net of tax)	35	**—**	(15.9)
Profit for the year		**59.6**	67.5
Profit for the year attributable to:			
Equity holders of the parent company		**48.6**	49.6
Non-controlling interest		**11.0**	17.9
		59.6	67.5
Earnings per share attributable to the equity holders of the parent during the year			
From continuing operations:			
Basic profit – US$ cents	11	**9.46**	12.80
Diluted profit – US$ cents	11	**9.19**	12.42
From continuing and discontinued operations:			
Basic profit – US$ cents	11	**9.46**	9.69
Diluted profit – US$ cents	11	**9.19**	9.40

The notes on pages 99 to 134 form part of these Financial Statements.

Consolidated Statement of Other Comprehensive Income

For the year ended 30 June 2015

US$ million	Notes	2015	2014
Profit for the year		**59.6**	67.5
Exchange differences on translation of the share-based payment reserve		**(1.5)**	2.7
Exchange differences on translation of foreign operations[1]		**(71.9)**	(44.3)
Exchange differences on non-controlling interest[1]		**(7.4)**	(1.5)
Exchange differences on hedging and other reserves[1]		**(0.4)**	—
Unrealised (loss)/gain on foreign exchange hedges transferred directly to equity[1]		**(2.7)**	3.1
Recycling of foreign currency translation reserve on disposal of operations	35	**—**	8.5
Total comprehensive (expense)/income for the year		**(24.3)**	36.0
Total comprehensive (expense)/income for the year attributable to:			
Equity holders of the parent company		**(27.9)**	19.6
Non-controlling interest		**3.6**	16.4
		(24.3)	36.0

1. Exchange differences arising on non-controlling interest, translation of foreign operations, hedging and other reserves and (losses)/gains on foreign exchange hedges transferred directly to equity will be reclassified to profit and loss if specific future conditions are met.

The notes on pages 99 to 134 form part of these Financial Statements.

Consolidated Statement of Financial Position

At 30 June 2015

US$ million	Notes	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	13	**968.8**	839.1
Deferred tax asset	24	**6.3**	3.0
BEE loans and receivables	14	**29.6**	89.2
Total non-current assets		**1,004.7**	931.3
Current assets			
Trade and other receivables	17	**87.9**	87.5
Inventories	18	**48.7**	46.1
Cash and cash equivalents (including restricted amounts)	19	**166.6**	34.0
Total current assets		**303.2**	167.6
Total assets		**1,307.9**	1,098.9
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**87.6**	86.7
Share premium account		**664.0**	657.8
Foreign currency translation reserve		**(250.7)**	(178.8)
Share-based payment reserve		**21.7**	18.3
Hedging and other reserves		**(0.8)**	2.3
Retained earnings		**61.3**	9.8
Attributable to equity holders of the parent company		**583.1**	596.1
Non-controlling interests	15	**39.4**	35.8
Total equity		**622.5**	631.9
LIABILITIES			
Non-current liabilities			
Loans and borrowings	21	**298.2**	125.1
BEE loans payable	14	**94.0**	64.2
Provisions	23	**72.0**	75.4
Deferred tax liabilities	24	**113.0**	96.4
Total non-current liabilities		**577.2**	361.1
Current liabilities			
Loans and borrowings	21	**28.9**	33.8
Trade and other payables	22	**79.3**	72.1
Total current liabilities		**108.2**	105.9
Total liabilities		**685.4**	467.0
Total equity and liabilities		**1,307.9**	1,098.9

The notes on pages 99 to 134 form part of the Financial Statements.

The Financial Statements were approved and authorised for issue by the Directors on 16 October 2015.

Consolidated Statement of Cashflows

For the year ended 30 June 2015

US$ million	Notes	2015	2014
Profit before taxation for the year from continuing and discontinued operations		**85.0**	108.5
Depreciation of property, plant and equipment		**38.3**	41.7
Impairment		**—**	13.9
Increase in other provisions		**1.5**	0.5
Financial income	8	**(6.6)**	(14.5)
Financial expense	8	**16.0**	18.0
Loss on disposal of discontinued operations		**—**	10.1
Loss on sale of property, plant and equipment		**0.4**	0.6
Share-based payment provision		**6.6**	4.2
Cash-settled share-based payments		**—**	(4.6)
Operating profit before working capital changes		**141.2**	178.4
(Increase)/decrease in trade and other receivables		**(12.6)**	2.2
Increase in trade and other payables		**11.6**	10.9
(Increase)/decrease in inventories		**(7.8)**	4.8
Cash generated from operations		**132.4**	196.3
Realised foreign exchange gains on foreign exchange contracts		**1.3**	—
Finance expense		**(2.0)**	(0.2)
Income tax refund		**1.0**	—
Net cash generated from operating activities		**132.7**	196.1
Cashflows from investing activities			
Acquisition of property, plant and equipment (including capitalised cash interest paid of US$10.6 million (30 June 2014: US$9.7 million))		**(267.1)**	(209.1)
Loans advanced to BEE partners		**(6.1)**	(0.5)
Repayment from BEE partners		**98.3**	—
Finance income		**1.5**	0.3
Transfer to restricted cash deposits		**(1.0)**	(1.7)
Net cash utilised in investing activities		**(174.4)**	(211.0)
Cashflows from financing activities			
Proceeds from the issuance of share capital		**7.1**	3.4
Increase in borrowings (net of bond issue costs of US$11.5 million (30 June 2014: US$nil))		**349.2**	69.4
Repayment of borrowings		**(177.3)**	(50.8)
Net cash generated by financing activities		**179.0**	22.0
Net increase in cash and cash equivalents		**137.3**	7.1
Cash and cash equivalents at beginning of the year		**20.2**	14.1
Effect of exchange rate fluctuations on cash held		**(4.0)**	(1.0)
Cash and cash equivalents at end of the Year[1]	19	**153.5**	20.2

1. Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of US$13.1 million (30 June 2014: US$13.8 million) and unrestricted cash of US$153.5 million (30 June 2014: US$20.2 million).

Significant non-cash transactions which are not reflected in the Consolidated Statement of Cashflows are set out in note 29.

The notes on pages 99 to 134 form part of the Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

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 2014	86.7	657.8	(178.8)	18.3	2.3	9.8	596.1	35.8	631.9
Profit for the year	—	—	—	—	—	48.6	48.6	11.0	59.6
Other comprehensive expense	—	—	(71.9)	(1.5)	(3.1)	—	(76.5)	(7.4)	(83.9)
Transfer between reserves for exercise of options and warrants	—	—	—	(2.9)	—	2.9	—	—	—
Equity-settled share-based payments	—	—	—	7.8	—	—	7.8	—	7.8
Allotments during the year:									
– Share options exercised	0.6	3.2	—	—	—	—	3.8	—	3.8
– Warrants exercised	0.3	3.0	—	—	—	—	3.3	—	3.3
At 30 June 2015	**87.6**	**664.0**	**(250.7)**	**21.7**	**(0.8)**	**61.3**	**583.1**	**39.4**	**622.5**

US$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Hedging and other reserves	Retained (losses)/ earnings	Attributable to the parent	Non-controlling interest	Total equity
At 1 July 2013	86.3	654.8	(143.0)	13.9	(0.8)	(40.1)	571.1	16.3	587.4
Profit for the year	—	—	—	—	—	49.6	49.6	17.9	67.5
Other comprehensive (expense)/income	—	—	(35.8)	2.7	3.1	—	(30.0)	(1.5)	(31.5)
Non-controlling interest disposed	—	—	—	—	—	—	—	3.1	3.1
Transfer between reserves for exercise of options and warrants	—	—	—	(4.2)	—	4.2	—	—	—
Equity share-based payments settled in cash	—	—	—	(0.7)	—	(3.9)	(4.6)	—	(4.6)
Equity-settled share-based payments	—	—	—	6.6	—	—	6.6	—	6.6
Allotments during the year:									
– Share options exercised	0.1	0.2	—	—	—	—	0.3	—	0.3
– Warrants exercised	0.3	2.8	—	—	—	—	3.1	—	3.1
At 30 June 2014	86.7	657.8	(178.8)	18.3	2.3	9.8	596.1	35.8	631.9

The notes on pages 99 to 134 form part of these Financial Statements.

Notes to the Annual Financial Statements

For the year ended 30 June 2015

1. Accounting policies

Petra Diamonds Limited ("Petra" or "the Company"), a limited liability company listed on the Main Market of the London Stock Exchange, is registered in Bermuda and domiciled in Jersey. The Company's registered address is 2 Church Street, Hamilton, Bermuda. The Financial Statements incorporate the principal accounting policies set out below and in the subsequent notes to these Financial Statements, which are consistent with those adopted in the previous year's Financial Statements.

1.1 Basis of preparation

The Financial Statements of the Company and its subsidiaries and associates ("the Group") are prepared in accordance with International Financial Reporting Standards ("IFRS") (IFRS and IFRIC Interpretations) issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union.

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report. The financial position of the Group, its cashflows and borrowing facilities are set out in the Financial Review, which is part of the Strategic Report. The notes to the Financial Statements set out the Group's objectives, policies and processes for managing its capital, exposures to credit risk, foreign exchange risk, interest rate risk and liquidity risk.

The Directors have reviewed the Group's current cash resources, funding requirements and ongoing trading of the operations. As a result of the review, the going concern basis has been adopted in preparing the Financial Statements and the Directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

Currency reporting

The functional currency of the Company is Pounds Sterling (GBP). The functional currency of the Group's business transactions in Botswana is Botswana Pula (BWP) and Tanzania is US Dollars (US$). The functional currency of the South African operations is South African Rand (ZAR or R). The Group Financial Statements are presented in US Dollars (US$).

Financial statements of foreign entities

Assets and liabilities of foreign entities (i.e. those with a functional currency other than US$) are translated at rates of exchange ruling at the financial year end; income and expenditure and cashflow items are translated at rates of exchange ruling at the date of the transaction or at rates approximating the rates of exchange at the date of the translation where appropriate. Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate ruling at the reporting date or the effective rate when a transaction is hedged. Exchange differences arising from the translation of foreign entities are recorded in the Consolidated Statement of Other Comprehensive Income and recycled to the Consolidated Income Statement on disposal of the foreign entity.

Foreign operations

Unrealised gains and losses arising on the translation of loans to subsidiaries into the currency in which they are denominated and that are not expected to be repaid in the foreseeable future are treated as part of the net investment in foreign operations. The unrealised foreign exchange gains and losses attributable to foreign operations are taken directly to the Consolidated Statement of Other Comprehensive Income and reflected in the foreign currency translation reserve. Such unrealised gains and losses are recycled through the Consolidated Income Statement on disposal of the Group's shares in the entity.

Unrealised gains and losses arising on the translation of loans to subsidiaries into the currency in which they are denominated and that are expected to be repaid in the foreseeable future are recognised in the Consolidated Income Statement.

Foreign currency transactions

Transactions in foreign currencies are recorded at rates of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Gains and losses arising on translation are credited to, or charged against, income. The issue of shares are included in share capital and share premium at the prevailing US$/Sterling spot rate at the date of the transaction.

Significant judgements and estimates relevant to the basis of preparation

Net investments in foreign operations

Management assess the extent to which intra-group loans to foreign operations that give rise to unrealised foreign exchange gains and losses are considered to be permanent as equity or repayable in the foreseeable future. The judgement is based upon factors including the LOM plans, cashflow forecasts and strategic plans. The foreign exchange on permanent as equity loans are recorded in foreign currency translation reserve until such time as the operation is sold, whilst the foreign exchange on loans repayable in the foreseeable future are recorded in the Consolidated Income Statement.

1.2 Basis of consolidation

Subsidiaries

Subsidiaries are those entities over whose financial and operating policies the Group has the power to exercise control. Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group Financial Statements incorporate the assets, liabilities and results of operations of the Company and its subsidiaries. The results of subsidiaries acquired and disposed of during a financial year are included from the effective dates of acquisition to the date control ceases. Where necessary, the accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Subsidiaries are deconsolidated from the date control ceases. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportionate share of the acquiree's identifiable net assets (after any relevant fair value adjustments to the assets, liabilities and contingent liabilities recognised as part of the business combination).

Changes in the Group's ownership interests that do not result in a loss of control are accounted for as equity transactions with the existing shareholder.

Notes to the Annual Financial Statements

For the year ended 30 June 2015 continued

1. Accounting policies continued

Transactions eliminated on consolidation

Intra-group balances and transactions, and any gains or losses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the enterprises and against the investment in the associates. Unrealised losses on transactions with associates are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

Non-controlling interests

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. The non-controlling interests' share of losses, where applicable, is attributed to the non-controlling interests irrespective of whether the non-controlling shareholders have a binding obligation and are able to make an additional investment to cover the losses.

1.3 Key estimates and judgements

The preparation of the Consolidated 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 Financial Statements. 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 in the relevant sections of this report and summarised as follows:

Key estimate or judgement	Note
Net investments in foreign operations judgements	1.1
Life of mine and ore reserves and resources estimates and judgements	7
Impairment review estimates and judgements	7
Capitalisation of borrowing costs judgements	8 and 13
Taxation judgements	9 and 24
Depreciation judgements	13
Inventory and inventory stockpile estimates	18
Provision for rehabilitation estimates	23
Valuation of share-based payments	26
Pension scheme estimates	31
Post-retirement medical fund estimates	32

1.4 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 2014 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 2015 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 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers". Both standards are effective 1 January 2018. The Group is in the process of assessing the impact of these standards on the Financial Statements.

2. Revenue

Revenue comprises net invoiced diamond sales to customers excluding VAT. Diamond sales are made through a competitive tender process and recognised when significant risks and rewards of ownership are transferred to the buyer, costs can be measured reliably and receipt of future economic benefits is probable. This is deemed to be the point at which the tender is awarded.

Revenue from test production on projects pending formal commissioning is credited to revenue and an attributable amount associated with generating the revenue is charged to cost of sales.

US$ million	**2015**	2014
Revenue from diamond sales	**425.0**	471.8

3. Mining and processing costs

Refer to notes 10, 13, 18 and 26 for the Group's policies, relevant to the significant cost lines below, on employment costs, depreciation, inventories, share-based payments and related key judgements and estimates.

US$ million	2015	2014
Raw materials and consumables used	**145.1**	142.5
Employee expenses	**132.6**	128.2
Depreciation of mining assets	**37.5**	41.1
Diamond royalty	**4.7**	4.5
Changes in inventory of finished goods and stockpiles	**(6.0)**	3.8
	313.9	320.1

4. Other direct income

US$ million	2015	2014
Loss on disposal of fixed assets	**0.4**	0.6
Other mining income	**(2.6)**	(7.3)
	(2.2)	(6.7)

5. Exploration expenditure

Exploration costs relate to the Company's exploration activities in Botswana and are written off in the year in which they are incurred.

US$ million	2015	2014
Direct exploration costs	**4.9**	1.8
Employee expenses	**0.8**	1.0
Depreciation of exploration assets	**0.1**	0.1
	5.8	2.9

6. Corporate expenditure

US$ million	2015	2014
Auditors' remuneration		
– Audit services[1]	**0.7**	0.8
– Audit-related services[2]	**0.1**	0.1
– Non-audit services	**—**	0.5
Depreciation of property, plant and equipment	**0.7**	0.5
London Stock Exchange and other regulatory expenses	**1.6**	1.5
Other charges	**2.4**	3.3
Share-based expense – Directors	**2.5**	2.1
Share-based expense – Senior Management	**0.4**	0.5
Salaries and other staff costs	**4.7**	4.4
Total staff costs	**7.6**	7.0
	13.1	13.7

1. Audit fees for the year ended 30 June 2015 stated above refer to fees for the FY 2014 audit; audit fees for the year ended 30 June 2014 refer to fees for the FY 2013 audit.
2. Audit-related services of US$0.1 million for the current year are in respect of the interim review. A further US$0.4 million in the current year in respect of the issue of the US$300 million Notes Issue has been capitalised under non-current loans and borrowings. Refer to the Audit Committee Report on page 66 for further information.

Notes to the Annual Financial Statements

For the year ended 30 June 2015 continued

7. Impairment of operational assets and investments

Significant accounting policies relevant to impairment

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 its fair value less cost to sell and its value in use.

In assessing value in use, the expected future pre-tax cashflows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The LOM plan for each mine is the approved management plan at the reporting date for ore extraction and its associated capital expenditure. The capital expenditure included in the impairment model does not include capital expenditure to enhance the asset performance outside of the existing LOM plan. The ore tonnes included in the Reserves and Resources Statement, which management considers economically viable, often includes ore tonnes in excess of those used in the LOM model and therefore the impairment test.

For an asset that does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Each mine represents a separate cash-generating unit. An impairment loss is recognised in the Consolidated Income Statement whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

Significant judgements and estimates relevant to impairment

Life of mine and ore reserves/resources

There are numerous risks inherent in estimating ore reserves and resources and the associated current LOM plan. The LOM plan for each mine is the current approved management plan for ore extraction that considers specific ore reserves and resources and associated capital expenditure. The LOM plan frequently includes less tonnes than the total reserves and resources that are set out in the Group's Reserves and Resources Statement and which management may consider to be economically viable and capable of future extraction.

Management must make a number of assumptions when making estimates of reserves and resources, including assumptions as to exchange rates, rough diamond and other commodity prices, extraction costs, recovery and production rates. Any such estimates and assumptions may change as new information becomes available. Changes in exchange rates, rough diamond and commodity prices, extraction costs, recovery and production rates may change the economic viability of ore reserves and resources and may ultimately result in the restatement of the ore reserves and resources and potential impairment to the carrying value of the mining assets and LOM.

The current LOM plans are used to determine the ore tonnes and capital expenditure in the impairment tests.

Ore reserves and resources, both those included in the LOM and certain additional tonnes contained within the Group's Reserves and Resources Statement which form part of reserves and resources considered to be sufficiently certain and economically viable, also impact the depreciation of mining assets depreciated on a unit of production basis (refer to note 13). Ore reserves and resources further impact the estimated date of decommissioning and rehabilitation (refer to note 23).

Impairment reviews

While conducting an impairment review of its assets using value in use impairment models, 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 LOM plans, feasibility studies, future development and production costs and macroeconomic factors such as inflation and discount rates. Changes in estimates used can result in significant changes to the Consolidated Income Statement and Consolidated Statement of Financial Position. The key inputs and sensitivities are detailed below.

30 June 2015

During the year ended 30 June 2015, the Group reviewed the carrying value of its investments and operational assets for indicators of impairment. Following the assessment no impairment of investments, property, plant and equipment or reversal of impairment gains in prior years are considered appropriate. Details of the impairment test assessments are shown in note 7.1 to follow.

7.1 Impairment testing assumptions

a) Impaired operations

30 June 2015

No operations were impaired during the year under review.

30 June 2014

The recoverable value for Helam was derived by estimating the expected value to be recovered through the sale of the assets, less cost to sell, which gave rise to a value in excess of the value in use.

7. Impairment of operational assets and investments continued

b) Non-impaired operations

The Group performs impairment testing on an annual basis of all operations and when there are potential indicators which may require impairment. The results of the impairment testing performed did not indicate any impairments on the mining operations. The key assumptions used in determining the recoverable value calculations, determined on a value in use basis, are listed 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 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 as further guided on pages 14 and 15. A long-term inflation rate of 4.0% (30 June 2014: 4.0%) above a long-term US inflation rate of 2.5% (30 June 2014: 2.5%) per annum was used for US$ diamond prices.
Discount rate	The discount rate of 13.5% used for the South African operations represents the before-tax risk-free rate per the RSA Government bonds adjusted for market risk, volatility and risks specific to the asset. The discount rate used for Williamson of 10.0% represents the before-tax risk-free rate per the Tanzanian Government bonds adjusted for market risk, volatility and risks specific to the asset.
Cost inflation rate	Long-term inflation rates of 3.5%–7.5% (30 June 2014: 3.5%–7.5%) above the long-term US$ inflation rate were used for Opex and Capex escalators.
Exchange rates	Exchange rates are estimated prudently, based on an assessment of current market fundamentals and long-term expectations. The US$/ZAR exchange rate range used commenced at ZAR11.25 (30 June 2014: ZAR10.30), further devaluing at 3.5% (30 June 2014: 3.5%) per annum.
Valuation basis	Discounted present value of future cashflows.
Sensitivity	The mine with the lowest headroom is Kimberley Underground at 77.0% (30 June 2014: 85.0%). Management notes that a 16% reduction in diamond prices or a 34% reduction in production (for FY 2016, FY 2017 and FY 2018) or a 14% reduction in foreign exchange rates as compared to the ZAR11.25/US$1 base foreign exchange rate for FY 2016 at Kimberley Underground would result in a break-even impairment scenario. The diamond prices used in the impairment test have been set with reference to recent achieved prices and market trends. The long-term escalators reflect the Group's assessment of market supply/demand fundamentals, although short-term volatility remains present within the market. Foreign exchange rates of ZAR11.25/US$1 are considered to be a conservative forecast given current exchange rates, but US$/ZAR exchange rate volatility remains. The impairment model includes an increase of 33% in carat production in FY 2016 versus FY 2015, reflecting access to deeper high-grade underground areas as part of Kimberley Underground's mine plan. The net present value exceeds the carrying value of US$67.3 million (30 June 2014: US$72.6 million) of the Kimberley Underground mining assets by 77.0% (30 June 2014: 85.0%) but remains sensitive to rough diamond prices, foreign exchange rates and production rates.

Notes to the Annual Financial Statements

For the year ended 30 June 2015 continued

7. Impairment of operational assets and investments continued

30 June 2014

During the year ended to 30 June 2014, the Group reviewed the Helam operational assets for indicators of impairment. Impairment of property, plant and equipment was considered appropriate given the outcome of the business review exercise. The Group recognised a Consolidated Income Statement charge of US$13.9 million, being management's estimate of fair value less costs to sell the Helam assets. Detail of the impairment assessment is shown below.

Impairment US$ million	Asset class	Segment	Impairment	Carrying value
Helam	Property, plant and equipment	Fissure Mines	13.9	1.3
	Mineral properties		4.1	
	Underground development		4.5	
	Buildings		1.2	
	Mining property, plant and equipment		4.1	
Total			13.9	1.3

8. Net financing expense

Significant accounting policies relevant to net financial (expense)/income

Finance income comprises income from interest and finance-related exchange gains and losses. Interest is recognised on a time apportioned basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the Group.

Borrowing costs, including any up-front costs and warrant costs, that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale. Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

Other borrowing costs are recognised as an expense in the period in which the borrowing cost is incurred.

Refer to notes 1.1, 13, 23 and 33 for the Group's policy on foreign exchange, borrowing cost capitalisation, unwinding of rehabilitation provisions and derivative instruments together with key estimates and judgements.

US$ million	2015	2014
Net unrealised foreign exchange (losses)/gains	**(3.2)**	3.6
Interest received on BEE loans and other receivables	**7.0**	10.4
Interest received bank deposits	**1.5**	0.3
Realised foreign exchange gains	**1.3**	0.2
Financial income	**6.6**	14.5
Gross interest on bank loans and overdrafts	**(16.7)**	(11.4)
Interest on bank loans and overdrafts capitalised	**14.7**	9.7
Net interest expense on bank loans and overdrafts	**(2.0)**	(1.7)
Other debt finance costs, including BEE loan interest and facility fees	**(10.8)**	(9.4)
Unwinding of present value adjustment for rehabilitation costs	**(3.2)**	(3.8)
Realised foreign exchange losses on the settlement of foreign loans and forward exchange contracts	**—**	(3.1)
Financial expense	**(16.0)**	(18.0)
Net financial expense	**(9.4)**	(3.5)

9. Taxation

Significant accounting policies relevant to taxation

Current tax comprises tax payable calculated on the basis of the expected taxable income for the Year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of tax payable for previous years. Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

US$ million	2015	2014
Current taxation		
– Current tax (refund)/payable	**(0.9)**	0.7
Deferred taxation		
– Current period (origination and reversal of temporary differences)	**26.3**	40.3
	25.4	41.0
Reconciliation of tax rate		
– Profit before taxation from continuing operations	**85.0**	124.4
– Loss before taxation from discontinuing operations	**—**	(15.9)
– Profit before taxation	**85.0**	108.5
Tax at South African corporate rate of 28%	**23.8**	30.4
Effects of:		
– Tax charge at rates in foreign jurisdictions	**2.8**	2.0
– Non-deductible expenses	**7.9**	2.8
– Non-taxable income	**(2.0)**	(1.8)
– Recognition of tax losses and timing differences previously unrecognised	**—**	(2.6)
– Tax losses and timing differences not recognised	**(7.1)**	10.2
Total tax charge	**25.4**	41.0
Tax charge on continuing operations	**25.4**	41.0
Tax credit on discontinued operations	**—**	—

During the Year, the Group utilised US$nil (30 June 2014: US$2.6 million) in taxation benefits of previously unrecognised tax losses which reduces the current taxation payable. Tax losses not utilised do not have an expiry period in the country in which they arise, unless the entity ceases to continue trading. Gross tax losses available but not utilised as at 30 June 2015 amount to US$91.5 million (30 June 2014: US$91.8 million) and primarily arise in South Africa and Tanzania; amounts stated provide tax benefit at 28%, being the tax rate in South Africa, and 30%, being the tax rate in Tanzania. Gross other temporary differences as at 30 June 2015 amount to US$10.0 million (30 June 2014: US$21.1 million) and arise in South Africa. There is no taxation arising from items of other comprehensive income and expense.

10. Director and employee remuneration

Significant accounting policies relevant to remuneration

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provisions for employee entitlements to wages, salaries and annual leave represent the amount which the Group has a present obligation to pay as a result of employees' services provided to the reporting date. Provisions are calculated based on current wage and salary rates.

Refer to note 26 for the Group's policy in respect of share-based payments and related key judgements and estimates.

Notes to the Annual Financial Statements
For the year ended 30 June 2015 continued

10. Director and employee remuneration continued
Staff costs (excluding the Non-Executive Directors) during the Year were as follows:

US$ million	2015	2014
Wages and salaries – mining	**132.6**	128.2
Wages and salaries – exploration	**0.8**	1.0
Wages and salaries – administration	**7.6**	6.9
	141.0	136.2

	Number	Number
The number of employees (excluding the Non-Executive Directors and contractors)	**4,428**	4,663

Key management is considered to be the Executive Directors and the Non-Executive Directors. Remuneration for the Year, comprising base salary, cash benefits and annual performance bonus, for the Executive Directors can be found on page 78 of the Directors' Remuneration Report. The share-based payment charge relating to the Executive Directors for the Year was US$2.5 million (30 June 2014: US$2.1 million). See note 26 in respect of share-based payments.

Remuneration for the Year for the Chairman and the other Non-Executive Directors can be found on page 82 of the Directors' Remuneration Report.

Further detail in respect of the Executive Directors', Chairman's and Non-Executive Directors' remuneration during the Year is disclosed in the Directors' Remuneration Report on pages 76 to 88.

11. Earnings per share
Significant accounting policies relevant to earnings per share
Basic earnings per share amounts are calculated by dividing net profit for the Year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the Year. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the Year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

Numerator	Continuing operations 30 June 2015 US$	Discontinued operations 30 June 2015 US$	Total 30 June 2015 US$	Continuing operations 30 June 2014 US$	Discontinued operations 30 June 2014 US$	Total 30 June 2014 US$
Profit/(loss) for the year attributable to parent	**48,624,018**	**—**	**48,624,018**	65,465,067	(15,896,270)	49,568,797
Denominator	**Shares**	**Shares**	**Shares**	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS						
As at 1 July	**512,110,048**	**—**	**512,110,048**	509,601,048	509,601,048	509,601,048
Effect of shares issued during the year	**1,882,544**	**—**	**1,882,544**	1,598,330	1,598,330	1,598,330
As at 30 June	**513,992,592**	**—**	**513,992,592**	511,199,378	511,199,378	511,199,378
	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	**14,879,891**	**—**	**14,879,891**	15,892,664	—	15,892,664
Weighted average number of ordinary shares in issue used in diluted EPS	**528,872,483**	**—**	**528,872,483**	527,092,042	511,199,378	527,092,042
	US$ cents	**US$ cents**	**US$ cents**	US$ cents	US$ cents	US$ cents
Basic profit/(loss) per share	**9.46**	**—**	**9.46**	12.80	(3.10)	9.69
Diluted profit/(loss) per share	**9.19**	**—**	**9.19**	12.42	(3.10)	9.40

In the current period, the number of potentially dilutive ordinary shares, in respect of employee share options, Executive Director and Senior Management share award schemes, is 14,879,891 (30 June 2014: 15,892,664). These potentially dilutive ordinary shares may have a dilutive effect on future earnings per share. There have been no significant post-balance sheet changes to the number of shares related to options and share schemes to impact the dilutive number of ordinary shares.

12. Adjusted earnings per share

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 2015 US$	**Discontinued operations 30 June 2015 US$**	**Total 30 June 2015 US$**	Continuing operations 30 June 2014 US$	Discontinued operations 30 June 2014 US$	Total 30 June 2014 US$
Profit/(loss) for the year attributable to parent	**48,624,018**	**—**	**48,624,018**	65,465,067	(15,896,270)	49,568,797
Adjustments:						
Net unrealised foreign exchange loss/(gain)	**3,245,904**	**—**	**3,245,904**	(3,591,520)	—	(3,591,520)
Impairment charges	**—**	**—**	**—**	13,933,235	—	13,933,235
Adjusted profit for the year attributable to parent	**51,869,922**	**—**	**51,869,922**	75,806,782	(15,896,270)	59,910,512

	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS						
As at 1 July	**512,110,048**	**—**	**512,110,048**	509,601,048	509,601,048	509,601,048
Effect of shares issued during the year	**1,882,544**	**—**	**1,882,544**	1,598,330	1,598,330	1,598,330
As at 30 June	**513,992,592**	**—**	**513,992,592**	511,199,378	511,199,378	511,199,378

	Shares	**Shares**	**Shares**	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	**14,879,891**	**—**	**14,879,891**	15,892,664	—	15,892,664
Weighted average number of ordinary shares in issue used in diluted EPS	**528,872,483**	**—**	**528,872,483**	527,092,042	511,199,378	527,092,042

	US$ cents	**US$ cents**	**US$ cents**	US$ cents	US$ cents	US$ cents
Basic profit/(loss) per share	**10.09**	**—**	**10.09**	14.82	(3.10)	11.72
Diluted profit/(loss) per share	**9.81**	**—**	**9.81**	14.38	(3.10)	11.36

13. Property, plant and equipment

Significant accounting policies relevant to property, plant and equipment

Capital expenditure

Property, plant and equipment are stated at historic cost less accumulated depreciation and accumulated impairment losses. Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. Expenditure relating to an item of property, plant and equipment considered to be an asset under construction is capitalised when it is probable that future economic benefits from the use of that asset will be realised. Assets under construction, such as the Group's expansion projects, start to be depreciated once the asset is ready and available for use and commercially viable levels of production are being obtained.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of that asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Surpluses/(deficits) on the disposal of property, plant and equipment are credited/(charged) to the Consolidated Income Statement. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

Stripping costs

Costs associated with the removal of waste overburden at the Group's open cast mine are classified as stripping costs within property, plant and equipment or inventory, depending on whether the works provide access to future ore tonnes in a specific orebody section or generate ore as part of waste removal. When costs provide both benefits they are allocated, although the stripping to date has not generated inventory ore. The stripping asset is depreciated on a units-of-production basis over the tonnes of the relevant orebody section to which it provides future access.

Notes to the Annual Financial Statements

For the year ended 30 June 2015 continued

13. Property, plant and equipment continued

Depreciation

The Group depreciates its mining assets using a unit of production or straight-line basis, depending on its assessment of the most appropriate method for the individual asset. When a units-of-production basis is used, the relevant assets are depreciated at a rate determined as the tonnes of ore treated (typically production facility assets) or hoisted (typically underground development and conveying assets) from the relevant orebody section, divided by the Group's estimate of ore tonnes held in reserves and resources which have sufficient geological and geophysical certainty and are economically viable. The relevant reserves and resources are matched to the existing assets which will be utilised for their extraction. The assets depreciated in the units-of-production method are existing assets. Future capital expenditure is only subject to depreciation over remaining reserves and resources once incurred. The Group depreciates its assets according to the relevant sections of the orebody over which they will be utilised. A key estimate involves determination of future production units assigned to on-mine shared infrastructure, which is an ongoing assessment given the mining plan and development projects. Shared infrastructure is defined as common infrastructure enabling ore extraction, treatment and related support services, shared across more than one section of the orebody (such as the mine shaft or processing plant).

In applying the Group's policy, assets associated solely with specific sections of the orebody are depreciated over reserves associated with that section of the orebody. Examples include underground development associated with accessing a specific orebody section. By contrast, shared infrastructure, including shared surface and underground infrastructure, is utilised for the extraction of multiple sections of the orebody or is considered to have a life in excess of the ore tonnes included in the current approved LOM plan given the substantial residual resources that exist at deeper levels in certain of the Group's kimberlite pipe mines. When the shared infrastructure assets provide benefit over multiple sections of the orebody they are depreciated over the reserves of the relevant sections of the orebody. When the shared infrastructure is expected to be utilised to access or process ore tonnes from deeper areas of the mine, which frequently represent ore resources that are outside of the current approved LOM plans but for which the Group considers there to be sufficient certainty of future extraction, such assets are depreciated over those reserves and resources.

The depreciation rates are as follows:

Mining assets:	
Plant, machinery and equipment	Units-of-production method or 4%–33% straight-line basis depending on the nature of the asset
Mineral properties	Units-of-production method
Exploration and other assets:	
Plant and machinery	10–25% straight-line basis

Refer to notes 7, 8 and 23 for the Group's policy on impairment, borrowing cost capitalisation and rehabilitation provisions and associated decommissioning assets.

Significant judgements and estimates relevant to property, plant and equipment

Depreciation

Judgement is applied in making assumptions about the depreciation charge for mining assets as noted above. Judgement is applied when using the units-of-production method in estimating the ore tonnes held in reserves and resources which have sufficient geological and geophysical certainty of being economically viable and are extractable using existing assets. The relevant reserves and resources includes those included in current approved LOM plans and, in respect of certain surface and underground shared infrastructure, certain additional resources which also meet these levels of certainty and viability. The Group depreciates its assets according to relevant sections of the orebody over which these will be utilised and a key judgement exists in determining the future production unit assigned to on-mine shared infrastructure which is utilised over more than one section of the orebody or is used to access ore tonnes outside the current approved LOM plan as noted above. Judgement is also applied when assessing the estimated useful life of individual assets and residual values. The assumptions are reviewed at least annually by management and the judgement is based on consideration of the LOM plans and structure of the orebody, as well as the nature of the assets. The assessment is determined by the Group's capital project teams and geologists.

Borrowing cost capitalisation

The Group capitalises effective interest costs (inclusive of fees) to property, plant and equipment when the loans are considered to have been drawn down for the purpose of funding the Group's capital development programmes. Judgement is required in determining the extent to which borrowing costs relate to qualifying capital projects. Bank borrowings were utilised to fund the underground expansion projects. The new US$300 million Notes Issue during the Year replaced part of the existing bank debt, is being used to fund the new processing plant construction at Cullinan and will fund the completion of the underground expansion projects.

13. Property, plant and equipment continued

US$ million	Plant and machinery	Mineral properties	Assets under construction[1]	Total
Cost				
Balance at 1 July 2013	579.9	91.1	189.1	860.1
Exchange differences	(45.7)	(6.5)	(17.0)	(69.2)
Additions	3.4	—	207.8	211.2
Transfer of assets under construction	55.0	—	(55.0)	—
Change in rehabilitation asset	9.9	—	—	9.9
Disposals	(34.1)	—	—	(34.1)
Balance at 30 June 2014	568.4	84.6	324.9	977.9
Balance at 1 July 2014	568.4	84.6	324.9	977.9
Exchange differences	(61.0)	(10.6)	(54.1)	(125.7)
Additions	31.5	—	242.6	274.1
Transfer of assets under construction	19.2	—	(19.2)	—
Change in rehabilitation asset	0.3	—	—	0.3
Disposals	(2.8)	—	—	(2.8)
Balance at 30 June 2015	**555.6**	**74.0**	**494.2**	**1,123.8**
Depreciation and impairment				
Balance at 1 July 2013	112.4	12.1	—	124.5
Exchange differences	(8.8)	(0.8)	—	(9.6)
Disposals	(31.7)	—	—	(31.7)
Impairment charge	9.8	4.1	—	13.9
Provided in the year	41.6	0.1	—	41.7
Balance at 30 June 2014	123.3	15.5	—	138.8
Balance at 1 July 2014	123.3	15.5	—	138.8
Exchange differences	(18.7)	(2.0)	—	(20.7)
Disposals	(1.4)	—	—	(1.4)
Provided in the year	38.1	0.2	—	38.3
Balance at 30 June 2015	**141.3**	**13.7**	**—**	**155.0**
Net book value				
At 30 June 2014	445.1	69.1	324.9	839.1
At 30 June 2015	**414.3**	**60.3**	**494.2**	**968.8**

1. During the Year, assets under construction comprising stay-in-business and expansion capital expenditure of US$19.2 million (30 June 2014: US$55.0 million) were commissioned and transferred to plant and machinery. Included within assets under construction are amounts mainly for expansion projects at the Finsch, Cullinan and Koffiefontein mines.

The Group's total commitments at Year end were mainly in respect of assets under construction and future capital expenditure projects of US$59.7 million (30 June 2014: US$88.9 million), mainly comprising Cullinan US$29.3 million (30 June 2014: US$72.0 million), Finsch US$8.3 million (30 June 2014: US$2.1 million), Koffiefontein US$14.1 million (30 June 2014: US$11.3 million), Kimberley Underground US$1.0 million (30 June 2014: US$0.6 million) and Williamson US$7.0 million (30 June 2014: US$2.4 million). Borrowing costs of US$14.7 million (30 June 2014: US$9.7 million) have been capitalised to assets under construction.

Post-Year end, the Group has also committed to future capital expenditure of US$111.6 million in relation to the construction of the new Cullinan processing plant (refer to note 28).

14. BEE loans receivable and payable

Significant accounting policies relevant to BEE loans receivable and payable

Refer to note 33 for the Group's policy in respect of financial instruments, which include BEE receivables and payables.

US$ million	2015	2014
Non-current assets		
BEE loans and receivables[1]	**29.6**	89.2
Non-current liabilities		
BEE loans payable[2]	**94.0**	64.2

1. Interest on the BEE loans and receivables is charged at the prevailing South African prime interest rate plus an interest margin ranging between 0% and 2%. The movement in the Year includes advances, repayments, accrued interest and foreign exchange retranslation. The loans are repayable from future cashflows, attributable to those loan holders, generated from the underlying mining operations.
2. The BEE loans payable bear interest at the prevailing South African prime interest rate. The movement includes accrued interest, foreign exchange retranslation and the impact of the IPDET loan detailed overleaf. The loans are repayable from future cashflows from the underlying mining operations.

Notes to the Annual Financial Statements
For the year ended 30 June 2015 continued

14. BEE loans receivable and payable continued
The non-current BEE loans and receivables and BEE payables represent those amounts receivable from and payable to the Group's BEE partners (Thembinkosi Mining Investments (Pty) Ltd ("Thembinkosi"), Senakha Diamond Investments (Pty) Ltd ("Senakha"), Re Teng Diamonds (Pty) Ltd ("Re Teng Diamonds"), Sedibeng Mining (Pty) Ltd ("Sedibeng Mining") and the IPDET) in respect of financing their interests in the Finsch, Cullinan, Koffiefontein and Kimberley Underground mines.

In November 2014 the Company and its BEE partners in the Finsch and Cullinan mines (the "BEE Partners") entered into agreements with Absa and RMB (together the "BEE Lenders"). Under the agreements, the BEE Lenders directly financed the BEE Partners in respect of the non-current loans and other receivables due to Petra of ZAR1,078 million (US$98.3 million) relating to the original acquisition of the BEE Partners' interests in Finsch and Cullinan. In December 2014 the BEE Partners drew down the full funds of ZAR1,078 million (US$98.3 million) from the BEE Lenders and transferred this amount to Petra in settlement of their loans. Petra provided surety to the BEE lenders for the loan should the BEE Partners default on repayment.

Both BEE loans receivable and BEE loans payable include, for the first time, amounts due from and to the IPDET. In prior years, the Group was party to an agreement with the IPDET Trustees which provided the Group with the legal right to offset IPDET loans receivable against IPDET loans payable. During the Year, loans and receivables due from IPDET of US$32.7 million were repaid as part of the BEE refinancing and, as a result, BEE loans payable which were previously offset within the legal offset agreement are now presented within BEE loans payable. The trustees were previously only employer representatives. In the current Year, employee trustees were appointed to the IPDET Trustees.

The Group has a 49.24% interest in Nelesco 651 (Pty) Ltd ("Nelesco") (refer to note 16). Nelesco owns 100% of the shares of Sedibeng Mining.

Sedibeng Mining has direct and indirect interests in each of Petra's South African operations. Sedibeng Mining has no investments other than its interests in these mines. Petra consolidated the mines prior to the increase in its effective interest. The table below shows the BEE Partners' nominal interest and the Group's effective interest in the operations.

Mine	BEE partner	BEE interest %	Resultant Group's effective interest %
Finsch	Senakha and IPDET	26.00	82.38
Cullinan	Thembinkosi and IPDET	26.00	77.03
Koffiefontein	Re Teng Diamonds	30.00	81.39
Kimberley Underground	Sedibeng Mining	26.00	86.80
Helam	Sedibeng Mining	26.00	86.80

Further details of the transactions with the BEE partners are included in note 27.

15. Non-controlling interests
The non-controlling interests of the Group's partners in its operations are presented in the table below:

US$ million	Cullinan	Finsch	Koffiefontein	Kimberley Underground	Helam	Williamson	Total
Country	South Africa	South Africa	South Africa	South Africa	South Africa	Tanzania	
Effective interest %	22.97	17.62	18.61	13.2	13.2	25.0	
As at 1 July	32.8	18.6	2.2	(6.3)	(4.9)	(6.6)	35.8
Profit/(loss) for the year	4.2	9.5	(1.8)	(0.1)	(0.5)	(0.3)	11.0
Foreign currency translation difference	(5.7)	(3.2)	(0.4)	1.1	0.8	—	(7.4)
As at 30 June	**31.3**	**24.9**	**—**	**(5.3)**	**(4.6)**	**(6.9)**	**39.4**

During the Year, no dividends were paid to the non-controlling interests (2014: US$nil). For additional information on total assets, total liabilities and segment results for each operation in the table above refer to note 34.

16. Investments in associates
Significant accounting policies relevant to associates
An associate is an enterprise over whose financial and operating policies the Group has the power to exercise significant influence and which is neither a subsidiary nor a joint venture of the Group. The equity method of accounting for associates is adopted in the Group Financial Statements. In applying the equity method, account is taken of the Group's share of accumulated retained earnings and movements in reserves from the effective date on which an enterprise becomes an associate and up to the effective date of disposal.

The share of associated retained earnings and reserves is generally determined from the associate's latest audited Financial Statements. Where the Group's share of losses of an associate exceeds the carrying amount of the associate, the associate is carried at US$nil.

Additional losses are only recognised to the extent that the Group has incurred obligations or made payments on behalf of the associate.

16. Investments in associates continued

Interest in associate

At Year end, the Group had an interest in the following company:

		Ownership	
	Country	**2015**	2014
Nelesco 651 (Pty) Ltd	South Africa	**49.2%**	49.2%

The unrecognised share of losses of the associate is US$nil (30 June 2014: US$nil). The assets, liabilities and trading results of Nelesco are not material to the Group, other than its 100% shareholding in Sedibeng Mining which gives rise to indirect interests in certain Petra mines as set out in notes 14 and 27. If the investments in associates had been included at cost, they would have been included at US$nil (30 June 2014: US$nil).

17. Trade and other receivables

Significant accounting policies relevant to trade and other receivables

Refer to note 33 for the Group's policy in respect of financial instruments, which include trade and other receivables.

US$ million	**2015**	2014
Current		
Trade receivables	**58.5**	55.4
Other receivables	**23.2**	28.7
Prepayments	**6.2**	3.4
	87.9	87.5

18. Inventories

Significant accounting policies relevant to inventories

Inventories, which include rough diamonds, are stated at the lower of cost of production on the weighted average basis or estimated net realisable value. Cost of production includes direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business less marketing costs. Net realisable value also incorporates costs of processing in the case of the ore stockpiles. Consumable stores are stated at the lower of cost on the weighted average basis or estimated replacement value. Work in progress is stated at raw material cost including allocated labour and overhead costs.

Significant judgements and estimates relevant to inventories

Judgement is applied in making assumptions about the value of inventories and inventory stockpiles, including diamond prices, production grade and expenditure, to determine the extent to which the Group values inventory and inventory stockpiles. The Group uses empirical data on prices achieved, grade and expenditure in forming its assessment.

US$ million	**2015**	2014
Diamonds held for resale	**33.5**	27.0
Work in progress stockpiles	**6.0**	10.7
Consumables and stores	**9.2**	8.4
	48.7	46.1

19. Cash

Significant accounting policies relevant to cash

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, investments in money market instruments, and net of bank overdrafts, all of which are available for use by the Group unless otherwise stated. Restricted cash represents amounts held by banks, the Group's insurance cell captive and other financial institutions as guarantees in respect of environmental rehabilitation obligations in respect of the Group's South African mines.

US$ million	**2015**	2014
Cash and cash equivalents – unrestricted	**153.5**	20.2
Cash – restricted	**13.1**	13.8
	166.6	34.0

The Group's insurance product, which currently includes the Finsch, Cullinan, Koffiefontein, Kimberley Underground and Helam mines, has secured cash assets of US$11.6 million (30 June 2014: US$12.1 million) held in a cell captive. The Group has a commitment to pay insurance premiums over the next year of US$2.7 million (30 June 2014: US$3.1 million) to fund the insurance product. The rehabilitation provisions are disclosed in note 23.

20. Equity and reserves

Share capital

Significant accounting policies relevant to share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments. The fair value of warrant instruments issued as part of debt funding is determined at inception and credited to the share-based payment reserve with a debt entry recognised against the initial fair value of the debt instrument and subsequently amortised as part of the effective interest rate.

US$ million	**Number of shares**	**2015**	Number of shares	2014
Authorised – ordinary shares of 10 pence each				
As at 1 July 2014 and 30 June 2015	**750,000,000**	**131.4**	750,000,000	131.4
Issued and fully paid				
At 1 July	**512,110,048**	**86.7**	509,601,048	86.3
Allotments during the year	**6,028,751**	**0.9**	2,509,000	0.4
At 30 June	**518,138,799**	**87.6**	512,110,048	86.7

Allotments during the Year were in respect of the exercise of 2,100,000 warrants held over ordinary shares by IFC, the award of 475,415 ordinary shares to Executive Directors granted under the 2012 Performance Share Plan (in respect of performance measured over the period 1 July 2012 to 30 June 2014) and the exercise of 3,453,336 share options held by Executive Directors and employees.

Allotments during the prior year were in respect of the exercise of 2,100,000 warrants held over ordinary shares by IFC and the exercise of 409,000 share options held by employees.

Warrants

Holder	Expiry	Exercise price pence	**2015 Number of warrants**	2014 Number of warrants
IFC	2 November 2014	100	**—**	2,100,000

During the Year, warrants over 2,100,000 ordinary shares were exercised by IFC at an exercise price of 100 pence.

In the prior year, warrants over 2,100,000 ordinary shares were exercised by IFC at an exercise price of 95 pence.

The Black-Scholes methodology was used to value the warrants on issue.

The Group's equity and reserve balances include the following:

Share capital

The share capital comprises the issued ordinary shares of the Company at par.

Share premium account

The share premium account comprises the excess value recognised from the issue of ordinary shares at par less share issue costs.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of entities with a functional currency other than US Dollars and foreign exchange differences on net investments in foreign operations.

Share-based payment reserve

The share-based payment reserve comprises:

- the fair value of employee and Director options as measured at grant date and spread over the period during which the employees or Directors become unconditionally entitled to the options;
- the fair value of shares awarded under the 2011 Longer-term Share Plan and the 2012 Performance Share Plan measured at grant date (inclusive of market-based vesting conditions) with estimated numbers of awards to vest due to non-market based vesting conditions evaluated each period and the fair value spread over the period during which the employees or Directors become unconditionally entitled to the awards;
- the fair value of warrants as measured at grant date and recognised immediately to reflect the vesting conditions;
- foreign exchange retranslation of the reserve;
- amounts transferred to retained losses in respect of exercised and lapsed warrants and options; and
- amounts derecognised as part of cash settlement of vested awards originally planned for equity settlement.

Hedging and other reserves

The hedging reserves comprise the change in the fair value of derivative contracts which qualify as effective and are designated cashflow hedges and recycling of amounts held in the reserve in respect of effective hedges upon delivery, together with foreign exchange retranslation of the reserve. The cumulative amount recognised is a loss of US$0.1 million (30 June 2014: US$3.1 million gain).

The other reserves comprise the cumulative gains or losses arising from available-for-sale financial assets of US$0.7 million (30 June 2014: US$0.8 million). The Directors do not consider there to be objective evidence that the available-for-sale financial asset is permanently impaired.

20. Equity and reserves continued

Retained earnings

The retained earnings comprise the Group's cumulative accounting profits and losses incurred since incorporation.

Non-controlling interest

Non-controlling interest comprises amounts attributable to BEE (in South Africa) and Government (in Tanzania) shareholders in the Finsch, Cullinan, Koffiefontein, Kimberley Underground, Helam and Williamson mines together with foreign exchange retranslation of the reserve. The non-controlling interest share of total comprehensive income includes US$3.6 million total comprehensive income (30 June 2014: US$16.4 million total comprehensive income) for the Year.

21. Interest-bearing loans and borrowings

Significant accounting policies relevant to loans and borrowings

Bank borrowings are recognised initially at fair value less attributable transaction costs. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of liability carried in the Consolidated Statement of Financial Position. 'Interest expense' in this context includes initial transaction costs, as well as any interest or coupon payable while the liability is outstanding.

The following table summarises the Group's current and non-current interest-bearing borrowings:

US$ million	**2015**	2014
Current		
Loans and borrowings – senior secured lender debt facilities	**1.5**	33.8
Loans and borrowings – senior secured second lien notes	**27.4**	—
	28.9	33.8
Non-current		
Loans and borrowings – senior secured lender debt facilities	**33.5**	125.1
Loans and borrowings – senior secured second lien notes	**264.7**	—
	298.2	125.1

(a) US$300 million senior secured second lien notes

On 13 May 2015, a subsidiary of the Company issued debt securities consisting of US$300 million five-year senior secured second lien loan notes ("the Notes"), with a maturity date of 31 May 2020. The Notes carry a coupon of 8.25% per annum, which is payable semi-annually in arrears on 31 May and 30 November of each year, beginning on 30 November 2015. As at 30 June 2015, the Notes had accrued interest of US$3.3 million. The Notes were issued by Petra Diamonds US$ Treasury Plc, a wholly owned subsidiary of the Company. The Notes are guaranteed by the Company and by the Group's material subsidiaries and are secured on a second-priority basis on the assets of the Group's material subsidiaries. The Notes are listed on the Irish Stock Exchange and traded on the Global Exchange Market. On or after 31 May 2017, the Company has the right to redeem all or part of the Notes at the following redemption prices (expressed as percentages of the principal amount), plus any unpaid accrued interest:

	Redemption price
Period of 12 months from 31 May 2017	104.1250%
Period of 12 months from 31 May 2018	102.0625%
Period of 12 months from 31 May 2019	100.0000%

Proceeds from the Notes were used to repay (without cancelling) amounts outstanding under certain of the Company's existing bank loan facilities and to pay fees and expenses associated with the issue of the Notes. The balance of the funds from the Notes, together with future draw-downs from the Company's bank loan facilities, will be used to fund the construction of the modern processing plant at Cullinan and to further the Group's expansion projects.

(b) Senior secured lender debt facilities

During the Year, the Group's banking partners Absa Corporate and Investment Banking ("Absa") and FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB"), IFC and Barclays Bank PLC agreed to increase the Group's debt and hedging facilities. As part of the increase in the Group's debt and hedging facilities, the repayment terms and interest rates were amended during the Year. The amended terms and conditions are detailed in the following table.

21. Interest-bearing loans and borrowings continued

The terms and conditions of all interest-bearing loans and borrowings are detailed in the table below:

	Bank loan – secured		Bank loan – secured		Bank loan – secured		Bank loan – secured		Senior second lien notes – secured	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Institution	FirstRand, Absa, IFC		FirstRand, Absa		FirstRand, Absa		IFC		Bond holders	
Type	Revolving credit facility		Working capital facility		Amortising term facility		Amortising term facility		Bond Notes	
Total facility (ZAR million)	**1,500.0**	300.0	**500.0**[1]	350.0[1]	**800.0**	800.0	**—**	—	**—**	—
Total facility (US$ million)	**25.0**	25.0	**—**	—	**—**	—	**35.0**	35.0	**300.0**	—
Interest rate (ZAR)	**SA JIBAR plus 5.0%**	SA JIBAR plus 5.5%	**SA Prime less 1.0%**	SA Prime less 0.5%	**SA JIBAR plus 3.5%**	SA JIBAR plus 4.0%	**—**	—	**—**	—
Interest rate (US$)	**US LIBOR plus 5.5%**	US LIBOR plus 5.5%	**—**	—	**—**	—	**US LIBOR plus 4.0%**	US LIBOR plus 4.0%	**8.25%**	—
Interest rate at year end (ZAR)	**11.1%**	11.2%	**8.25%**	8.5%	**9.6%**	9.8%	**—**	—	**—**	—
Interest rate at year end (US$)	**5.7%**	5.7%	**—**	—	**—**	—	**4.3%**	4.2%	**8.25%**	—
Interest repayment period	**Monthly**	Monthly	**Monthly**	Monthly	**Quarterly**	Quarterly	**Quarterly**	Quarterly	**Bi-annually**	—
Latest date available for draw-down	**November 2019**	August 2018	**Annual review**	Annual review	**March 2017**	March 2017	**Fully drawn down**	Fully drawn down	**Fully drawn down**	—
Capital repayment profile	**Single payment**	Single payment	**On demand**	On demand	**3 semi-annual, commencing March 2018**	Quarterly, commencing March 2016	**3 semi-annual, commencing March 2018**	Quarterly, commencing March 2016	**Single payment**	—
Final repayment date	**20 December 2019**	20 September 2018	**On demand**	On demand	**20 March 2019**	20 March 2018	**20 March 2019**	20 March 2018	**31 May 2020**	—

1. The facility also comprises a ZAR400 million (30 June 2014: ZAR150 million) foreign exchange settlement line not included above.

The revolving credit, working capital and amortising term facilities are secured on the Group's interests in Finsch, Cullinan, Koffiefontein, Kimberley Underground and Williamson.

The Notes are secured on a second-priority basis to the above facilities by:

- the cession of all claims and shareholdings held by the Company and certain of the Guarantors within the Group;
- the cession of all unsecured cash balances held by the Company and certain of the Guarantors;
- the creation of liens over the moveable assets of the Company and certain of the Guarantors; and
- the creation of liens over the mining rights and immovable assets held and owned by certain of the Guarantors.

There are no significant differences between the fair value and carrying value of loans and borrowings.

22. Trade and other payables

Significant accounting policies relevant to trade and other payables

Refer to note 33 for the Group's policy in respect of financial instruments, which include trade and other payables, together with note 9 for the Group's policy on taxation and related key judgements and estimates.

US$ million	**2015**	2014
Current		
Trade payables	**25.9**	20.4
Accruals and other payables	**53.2**	51.5
	79.1	71.9
Income tax payable	**0.2**	0.2
	79.3	72.1

23. Provisions

Significant accounting policies relevant to provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Decommissioning, mine closure and environmental rehabilitation

The obligation to restore environmental damage caused through mining is raised as the relevant mining takes place. Assumptions are made as to the remaining life of existing operations based on the approved current LOM plan and assessments of extensions to the LOM plans to access resources in the Reserves and Resources Statement that are considered sufficiently certain of extraction.

The estimated cost of decommissioning and rehabilitation will generally occur on or after the closure of the mine, based on current legal requirements and existing technology. A provision is raised based on the present value of the estimated costs. These costs are included in the cost of the related asset. The capitalised assets are depreciated in accordance with the accounting policy for property, plant and equipment. Increases in the provision, as a result of the unwinding of discounting, are charged to the Consolidated Income Statement within finance expense. The cost of the ongoing programmes to prevent and control pollution, and ongoing rehabilitation costs of the Group's operations, is charged against income as incurred.

Changes to the present value of the obligation due to changes in assumptions are recognised as adjustments to the provision together with an associated increase/(decrease) in the related decommissioning asset. In circumstances where the decommissioning asset has been fully amortised, reductions in the provision give rise to other direct income.

Refer to notes 31 and 32 for the Group's policy in respect of pensions and medical aid schemes and related key judgements and estimates.

Significant judgements and estimates relevant to provisions

Significant estimates and assumptions are made in determining the amount attributable to rehabilitation provisions. These deal with uncertainties such as the legal and regulatory framework, timing and future costs. In determining the amount attributable to rehabilitation provisions, management used a discount rate range of 7.9–8.3% (30 June 2014: 7.8–8.3%), estimated rehabilitation timing of 10 to 50 years (30 June 2014: 11 to 51 years) and an inflation rate range of 5.9–6.3% (30 June 2014: 5.8–6.3%). The Group estimates the cost of rehabilitation with reference to approved environmental plans filed with the local authorities. Reductions in estimates are only recognised when such reductions are approved local legislation and are consistent with the Group's planned rehabilitation strategy. Increases in estimates are immediately recognised.

US$ million	Retrenchment	Pension and post-retirement medical fund	Rehabilitation	Total
Balance at 1 July 2013	2.6	11.0	56.3	69.9
Increase in rehabilitation liability provision – change in estimate	—	—	9.9	9.9
Increase in provisions	—	3.1	—	3.1
Utilisation of provisions	(2.6)	—	—	(2.6)
Unwinding of present value adjustment of rehabilitation provision	—	—	3.8	3.8
Exchange differences	—	(1.0)	(7.7)	(8.7)
Balance at 30 June 2014	—	13.1	62.3	75.4
Balance at 1 July 2014	—	13.1	62.3	75.4
Increase in rehabilitation liability provision – change in estimate	—	—	0.3	0.3
Increase in provisions	—	1.5	—	1.5
Unwinding of present value adjustment of rehabilitation provision	—	—	3.2	3.2
Exchange differences	—	(1.5)	(6.9)	(8.4)
Balance at 30 June 2015	**—**	**13.1**	**58.9**	**72.0**

Employee entitlements and other provisions

The provisions relate to provision for an unfunded post-retirement medical fund, pension fund and retrenchment costs. The provision for the post-retirement medical fund and pension fund is further disclosed in notes 31 and 32.

Notes to the Annual Financial Statements

For the year ended 30 June 2015 continued

23. Provisions continued

Rehabilitation

The provision is the estimated cost of the environmental rehabilitation at each site, which is based on current legal requirements, existing technology and the Group's planned rehabilitation strategy. The Group estimates the present value of the rehabilitation expenditure at each mine as follows:

	Total		Finsch		Cullinan		Koffiefontein		Kimberley Underground		Helam		Williamson	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Decommissioning period (years)			**18**	19	**50**	51	**10**	11	**10**	11	**15**	16	**18**	19
Estimated rehabilitation cost (US$ million)	**58.9**	62.3	**19.5**	21.1	**12.0**	12.5	**6.0**	6.4	**7.9**	8.6	**1.2**	1.3	**12.3**	12.4

The vast majority of the rehabilitation expenditure is expected to be incurred at the end of mining activities.

The movements in the provisions are attributable to unwinding of discount and unrealised foreign exchange on retranslation from functional to presentational currency.

Cash and cash equivalents have been secured in respect of rehabilitation provisions, as disclosed in note 19.

24. Deferred taxation

Significant accounting policies relevant to deferred taxation

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged to the Consolidated Income Statement except to the extent that it relates to a transaction that is recognised directly in other comprehensive income or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the Consolidated Income Statement, except to the extent that it relates to items previously charged or credited directly to other comprehensive income.
A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Significant judgements and estimates relevant to taxation

Judgement is applied in making assumptions about recognition of deferred tax assets. Judgement is required in respect of recognition of such deferred tax assets including the timing and value of estimated future taxable income and available tax losses, as well as the timing of rehabilitation costs and the availability of associated taxable income.

US$ million	2015	2014
Balance at beginning of the year	**93.4**	58.2
Income statement charge	**26.3**	40.3
Foreign currency translation difference	**(13.0)**	(5.1)
Balance at the end of the year	**106.7**	93.4
Comprising:		
Deferred tax asset	**(6.3)**	(3.0)
Deferred tax liability	**113.0**	96.4
	106.7	93.4

24. Deferred taxation continued

The deferred tax assets and liabilities are offset to determine the amounts stated in the Consolidated Statement of Financial Position when the taxes can legally be offset and will be settled net.

Deferred taxation comprises:

US$ million	Total	2015 Recognised	2015 Unrecognised
Deferred tax liability:			
– Property, plant and equipment	**213.1**	**213.1**	**—**
– Foreign exchange allowances	**0.3**	**0.3**	**—**
	213.4	**213.4**	**—**
Deferred tax asset:			
– Capital allowances	**(79.4)**	**(77.5)**	**(1.9)**
– Provisions and accruals	**(17.9)**	**(17.0)**	**(0.9)**
– Foreign exchange allowances	**—**	**—**	**—**
– Tax losses	**(35.1)**	**(12.2)**	**(22.9)**
	(132.4)	**(106.7)**	**(25.7)**
Net deferred taxation liability/(asset)	**81.0**	**106.7**	**(25.7)**

US$ million	Total	2014 Recognised	2014 Unrecognised
Deferred tax liability:			
– Property, plant and equipment	182.8	182.8	—
	182.8	182.8	—
Deferred tax asset:			
– Capital allowances	(64.2)	(62.0)	(2.2)
– Provisions and accruals	(19.7)	(17.6)	(2.1)
– Foreign exchange allowances	(2.9)	(1.3)	(1.6)
– Tax losses	(38.8)	(8.5)	(30.3)
	(125.6)	(89.4)	(36.2)
Net deferred taxation liability/(asset)	57.2	93.4	(36.2)

Deferred tax assets of US$6.3 million (30 June 2014: US$3.0 million) have been recognised in respect of tax losses and other temporary differences to be utilised by future taxable profits at Kimberley Underground and Koffiefontein. The Directors believe it is probable these tax assets will be recovered through future taxable income or the reversal of temporary differences, as a result of improving operating results at Kimberley Underground and Koffiefontein.

Movements in deferred tax include amounts recognised in the Consolidated Income Statement, together with foreign exchange retranslation. The Consolidated Income Statement charge for the Year reflects movements in deferred tax of US$28.8 million (30 June 2014: US$40.1 million) in respect of property, plant and equipment and associated capital allowances, with the remainder US$2.5 million credit (30 June 2014: $0.2 million) comprised of immaterial items.

25. Contingent liabilities

Significant accounting policies relevant to contingent liabilities

Contingent liabilities refer to potential obligations arising on the Group as a result of past events. Items are disclosed when considered to be possible obligations and are recognised as provisions or liabilities if they are considered probable.

Environmental

The controlled entities of the Company provide for all known environmental liabilities. While the Directors believe that, based upon current information, the current provisions for environmental rehabilitation are adequate; there can be no assurance that new material provisions will not be required as a result of new information or regulatory requirements with respect to known mining operations or identification of new rehabilitation obligations at other mine operations.

BEE Lender guarantees

The Group has provided surety to Absa and RMB for repayment of loans advanced by Absa and RMB to the Group's BEE Partners (refer to note 14). The probability of repayment default by the BEE Partners to Absa and RMB is considered remote.

Details of related parties are disclosed in note 27.

Notes to the Annual Financial Statements

For the year ended 30 June 2015 continued

26. Share-based payments

Significant accounting policies relevant to share-based payments

Employee and Director share option scheme

The fair value of options granted to employees or Directors is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees or Directors become unconditionally entitled to the options. The fair value of the options granted is measured based on the Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. The exercise price is fixed at the date of grant and no compensation is due at the date of grant. On exercise, equity is increased by the amount of the proceeds received.

2011 Longer-term Share Plan ("LTSP") and 2012 Performance Share Plan ("PSP")

Share-based awards granted under the LTSP and PSP are valued using the Monte Carlo model at the date of grant and the associated expense recognised over the vesting period during which the associated vesting conditions are satisfied unconditionally by the beneficiaries with a corresponding increase in reserves.

Where the awards are subject to non-market based performance conditions, the expense will be adjusted subject to the actual vesting outcome of those specific performance conditions.

The LTSP performance conditions are non-market based (i.e. production which is independent of the Company's share price) such that performance conditions are not reflected in the fair value of the award at grant date; however, at each reporting period the Company will assess the likelihood of the conditions being met and revise the cumulative expense accordingly. In the event that vesting conditions are not met the charge is reversed.

The PSP performance conditions are a combination of market-based (i.e. movement/growth in company share price) and non-market based conditions. The vesting conditions attributable to market-based conditions are valued by taking into account the considered likelihood of meeting the vesting condition at the date the fair value is calculated. Unlike non-market conditions, no adjustment is made for changes in the likelihood of the market conditions being met. The non-market based vesting conditions are treated as per the LTSP above.

Company schemes

The Company has established the LTSP to address the retention of Directors and Senior Management over the period to FY 2016, which is a pivotal period as the expansion programmes are rolled out across the Group. The total share-based payment charge of US$8.1 million (30 June 2014: US$6.6 million) for all share plans, comprises US$6.6 million (30 June 2014: US$4.2 million) charged to the Consolidated Income Statement and US$1.5 million (30 June 2014: US$2.4 million) capitalised within property, plant and equipment.

Share grants to Directors: LTSP, PSP and deferred awards

The share-based payment awards are considered to be equity settled, albeit they can be cash settled at the Company's option. The fair value of the LTSP and the PSP granted during the current and prior year and the assumptions used in the Monte Carlo model are as follows:

LTSP – non-market based subject to performance conditions	2012 (last award)
Fair value	133.0p
Grant date	15 May 2012
Share price at grant date	133.0p
Life of award	3.4 years–4.4 years
Expected dividends	—

PSP – market and non-market based performance conditions	**2015**	2014
Fair value (PSP absolute TSR/PSP relative TSR/PSP non-market)	**128.0p/145p/208.8p**	50.0p/78.0p/113.8p
Grant date	**26 November 2014**	20 December 2013
Share price at grant date	**208.8p**	113.8p
Expected volatility	**34%**	42%
Life of award	**2.8 years**	2.8 years
Expected dividends[1]	**—**	—
Performance period	**3 years**	3 years
Correlation	**26%**	34%
Risk-free interest rate (based on national Government bonds)	**0.8%**	0.9%

1. Expected dividends are nil as dividends were not declared until post Year end.

The expected volatility is based on historic volatility of the Group's share price, adjusted for any extreme changes in the share price during the historic period. During the Year, 793,171 (30 June 2014: 1,175,271) PSP shares were awarded at a fair value price of 208.8 pence (30 June 2014: 113.8 pence). There were no shares awarded under the 2011 LTSP (30 June 2014: nil). The correlation factor used above is based on analysis of historical correlation rates between the Company and mining companies within the FTSE 350. The grant date fair values incorporate the effect of the relevant market-based conditions. The awards have no exercise price.

On 26 November 2014, the Executive Directors of the Company were granted a total of 156,233 (30 June 2014: 203,845) deferred awards over ordinary shares in the Company. The deferred share awards were fair valued using the market price of the share awards which approximated the fair value in a Black-Scholes model. The awards represent 25% of the total bonus in respect of performance for the financial year ended 30 June 2014. The awards vest on 30 June 2016 and vesting is subject to continued employment. These awards have no exercise price.

Further information on the terms of the awards (including their vesting conditions) can be found in the Directors' Remuneration Report on pages 76 to 88.

26. Share-based payments continued

Share grants to Senior Management: 2011 LTSP

The share-based payment awards are considered to be equity settled, albeit they can be cash settled at the Company's option. The fair value of the LTSP granted to Senior Management during the Year and the assumptions used in the Monte Carlo model are as follows:

LTSP – non-market based subject to performance conditions	2015	2014
Fair value	**170.4p**	113.8p
Grant date	**16 February 2015**	20 December 2013
Share price at grant date	**170.4p**	113.8p
Life of award	**0.6 years–1.6 years**	1.8 years–2.8 years
Expected dividends[1]	**—**	—

1. Expected dividends are nil as dividends were not declared until post Year end.

During the Year, 830,000 (30 June 2014: 1,745,000) 2011 LTSP shares were awarded and 50,000 were cancelled (30 June 2014: 250,000). These awards have no exercise price. The awards can vest in full based on performance conditions measured over the period ending 30 June 2016. The awards have the same performance targets as the awards to Directors under the 2011 LTSP. Further information on the performance targets of the awards can be found on page 80 of the Directors' Remuneration Report.

The interests of Senior Management under the LTSP are as follows:

	2015 Number	2014 Number
Outstanding at beginning of the year	**8,550,000**	7,055,000
Granted during the year	**830,000**	1,745,000
Cancelled during the year	**(50,000)**	(250,000)
Outstanding at the end of the year	**9,330,000**	8,550,000
Vested at the end of the year	**—**	—

The awards outstanding at 30 June 2015 have no exercise price and a weighted average remaining contractual life of 0.3 years to 1.3 years (30 June 2014: 1.3 years to 2.3 years).

Employee and Director share options

The Company had a legacy share option plan, the 2005 Executive Share Option scheme. The last awards under this plan were granted in March 2010 and no further awards will be granted to Executive Directors or Senior Management under this plan. The share-based payment expense has been calculated using the Black-Scholes model. All share options are equity settled.

The terms and conditions of the options in issue, whereby options are equity settled by delivery of shares under the plan terms, are as follows:

Employees and Directors entitled	Grant date	Number	Vesting period	Remaining life of options (years)
Options granted to Directors	31 May 2006	1,000,000	1/3 per annum from grant date	1
	12 March 2009	2,500,000	1/3 per annum from grant date	4
	30 September 2009	1,150,000	1/3 per annum from grant date	5
	17 March 2010	1,150,000	1/3 per annum from grant date	5
Options granted to Senior Management	27 November 2005	3,845	1/3 per annum from grant date	—
	31 May 2006	45,851	1/3 per annum from grant date	1
	31 July 2006	12,804	1/3 per annum from grant date	1
	12 March 2009	1,123,333	1/3 per annum from grant date	4
	30 September 2009	548,333	1/3 per annum from grant date	4
	17 March 2010	1,033,334	1/3 per annum from grant date	5
	25 November 2010	200,000	1/3 per annum from grant date	5

Notes to the Annual Financial Statements

For the year ended 30 June 2015 continued

26. Share-based payments continued

	2015		2014	
	Weighted average exercise price (pence)	**Number**	Weighted average exercise price (pence)	Number
Outstanding at beginning of the year	**53.3**	**12,220,836**	52.9	15,154,760
Cash settled	**—**	**—**	53.1	(2,524,924)
Exercised during the year	**69.2**	**(3,453,336)**	36.9	(409,000)
Outstanding at the end of the year	**47.0**	**8,767,500**	53.3	12,220,836
Exercisable at the end of the year	**47.0**	**8,767,500**	53.3	12,220,836

The weighted average market price of the shares in respect of options exercised during the Year was 163.0 pence (30 June 2014: 112.8 pence). The options outstanding at 30 June 2015 have an exercise price in the range of 27.5 pence to 96.0 pence (30 June 2014: 27.5 pence to 96.0 pence) and a weighted average remaining contractual life of four years (30 June 2014: four years).

Employees received cash payments of US$nil (30 June 2014: US$4.6 million) during the Year in respect of options which were cash settled. The options were fully vested and due to be equity settled under the plan terms. The Group elected to cash settle in this instance. No legal or constructive obligation to cash settle the remaining options or share awards is considered to exist.

Warrants

During the Year, 2,100,000 (30 June 2014: 2,100,000) warrants were exercised with an option price of 100 pence (30 June 2014: 95 pence). There are no warrants outstanding at Year end.

27. Related parties

Subsidiaries, associates and joint ventures

Details of associates and subsidiaries are disclosed in note 16 and note 30 respectively.

Directors

Details relating to Directors' emoluments are disclosed in note 10 and in the Directors' Remuneration Report on pages 76 to 88. Details relating to Directors' shareholdings in the Company are disclosed in the Corporate Governance Report on pages 50 and 51. Key management remuneration is disclosed in note 10.

As at 30 June 2014, a subsidiary of the Company had made cumulative payments of US$9.6 million (R99.6 million) to Zeren (Pty) Ltd ("Zeren") in respect of the development and purchase of specialised plant and equipment. In the year ended 30 June 2014 the agreement whereby Zeren was developing specialised plant and equipment for the Company was terminated. Mr Dippenaar, Mr Davidson and Mr Abery are all Directors of the Company and were previously also directors and shareholders of Zeren. On 30 April 2014 they disposed of their entire shareholding in Zeren and on 2 May 2014 they resigned as directors of Zeren. As of 30 June 2014 there was no longer any related party relationship between Mr Dippenaar, Mr Davidson and Mr Abery and Zeren.

BEE Partners and related party balances

The BEE loans receivable, BEE loans payable, finance income and finance expense due from and due to the BEE Partners, which are related parties due to the Group's interest in Sedibeng Mining (refer to note 14), are disclosed in the table below:

	Total		Thembinkosi[1,2]		Senakha[2]		Sedibeng Mining		Re Teng Diamonds	
US$ million	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Non-current receivable	**24.2**	87.6	**2.3**	28.9	**2.2**	37.9	**18.9**	19.9	**0.8**	0.9
Non-current payable	**65.2**	64.2	**24.4**	24.2	**38.3**	37.9	**2.5**	2.1	**—**	—
Finance income	**4.5**	9.3	**1.2**	2.8	**1.7**	3.9	**1.6**	2.6	**—**	—
Finance expense	**7.2**	6.7	**2.2**	2.1	**4.2**	3.9	**0.8**	0.7	**—**	—

1. Umnotho weSizwe Group (Pty) Ltd ("Umnotho") holds a 36% interest in Thembinkosi. Mr Abery is a director of Umnotho. Mr Pouroulis, the J.D Family Trust (a connected party to Mr Dippenaar) and Mr Abery are beneficiaries of a trust that is a shareholder in Umnotho. During the Year, Thembinkosi settled in full the non-current receivable due to the Group.
2. Included in BEE receivables and payables are amounts advanced during the Year of US$6.1 million and an accrual of US$2.4 million.

Interest on the BEE loans and receivables is charged at the prevailing South African prime interest rate plus an interest margin ranging between 0% and 2%.

The BEE loans payable bear interest at the prevailing South African prime interest rate.

Further details on the BEE guarantees are in note 25.

Shareholders

The principal shareholders of the Company are detailed in Supplementary Information on page 145.

28. Post balance sheet events

New Cullinan processing plant

On 7 July 2015, Cullinan Diamond Mine (Pty) Ltd entered into a contract with MDM Technical Africa (Pty) Ltd for the construction of a new modern processing plant which is estimated to cost ZAR1.6 billion (circa US$142.8 million). Further details on the contracted commitments for the new plant are shown in note 13.

Dividend

On 17 September 2015, the Directors resolved to declare a maiden dividend of US$3.0 cents per share for the Year (totalling US$15.7 million). The dividend will be put to shareholders for approval at the Annual General Meeting to be held on 30 November 2015 and paid in early December 2015.

In accordance with IFRS, these Financial Statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 30 June 2016.

29. Significant non-cash transactions

US$ million	2015	2014
Operating activities		
Depreciation of property, plant and equipment	**38.3**	41.7
Impairment	**—**	13.9
Increase in provisions	**1.5**	0.5
Other finance expense – pension scheme	**0.5**	1.3
Other finance expense – unwinding of present value adjustment for rehabilitation costs	**3.2**	3.8
Other finance expense – post-retirement medical fund	**1.0**	1.3
Net unrealised foreign exchange loss/(gain)	**3.2**	(3.6)
Loss on disposal of Sedibeng JV and Star	**—**	10.1
Loss on sale of property, plant and equipment	**0.4**	0.6
Share-based payment provision	**6.6**	4.2
	54.7	73.8
Investing activities		
Non-cash capital expenditure (capitalisation of borrowing costs and employee costs)	**7.0**	2.8
Non-cash rehabilitation asset adjustment – change in estimate	**0.3**	9.9
Non-cash interest receivable from BEE loans on investing activity	**7.0**	10.4
	14.3	23.1
Investing activities		
Non-cash interest payable on BEE loans on investing activity	**10.0**	6.7
	10.0	6.7

Notes to the Annual Financial Statements
For the year ended 30 June 2015 continued

30. Subsidiaries

Significant accounting policies relevant to subsidiaries

At 30 June 2015 the Group held 20% or more of the allotted share capital of the following significant subsidiaries:

	Country of incorporation	Class of share capital held	**Direct percentage held 2015**	Direct percentage held 2014	Nature of business
Blue Diamond Mines (Pty) Ltd[1]	South Africa	Ordinary	**100%**	100%	Mining and exploration
Crown Resources (Pty) Ltd	South Africa	Ordinary	**100%**	100%	Mining and exploration
Cullinan Diamond Mine (Pty) Ltd	South Africa	Ordinary	**74%**	74%	Mining and exploration
Cullinan Investment Holdings Ltd	British Virgin Islands	Ordinary	**100%**	100%	Investment holding
Ealing Management Services (Pty) Ltd	South Africa	Ordinary	**100%**	100%	Treasury
Finsch Diamond Mine (Pty) Ltd	South Africa	Ordinary	**74%**	74%	Mining and exploration
Helam Mining (Pty) Ltd	South Africa	Ordinary	**74%**	74%	Mining and exploration
Kalahari Diamonds Ltd	United Kingdom	Ordinary	**100%**	100%	Investment holding
Kimberley Underground Mines JV	Unincorporated JV	Ordinary	**74%**	74%	Mining and exploration
Koffiefontein Empowerment JV	Unincorporated JV	Ordinary	**70%**	70%	Mining and exploration
Petra Diamonds Botswana (Pty) Ltd	Botswana	Ordinary	**100%**	100%	Exploration
Petra Diamonds Jersey Treasury Ltd	Jersey	Ordinary	**100%**	100%	Treasury
Petra Diamonds Netherlands Treasury B.V.	Netherlands	Ordinary	**100%**	100%	Treasury
Petra Diamonds Southern Africa (Pty) Ltd	South Africa	Ordinary	**100%**	100%	Services provision
Petra Diamonds UK Treasury Ltd	United Kingdom	Ordinary	**100%**	—	Treasury
Petra Diamonds US$ Treasury Plc	United Kingdom	Ordinary	**100%**	—	Treasury
Premier Rose Management Services (Pty) Ltd	South Africa	Ordinary	**100%**	100%	Treasury
Tarorite (Pty) Ltd	South Africa	Ordinary	**100%**	100%	Beneficiation
Willcroft Company Ltd	Bermuda	Ordinary	**100%**	100%	Investment holding
Williamson Diamonds Ltd	Tanzania	Ordinary	**75%**	75%	Mining and exploration

1. The Company owns 13.33% of Re Teng Diamonds, through Blue Diamond Mines (Pty) Ltd, which increases its effective interest in Koffiefontein Empowerment JV to 74%. Further detail of the Group's effective interest is detailed in note 14.

31. Pension scheme

Significant accounting policies relevant to pensions

Defined contribution scheme

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the Consolidated Income Statement as incurred.

Defined benefit scheme

The defined benefit liability or asset recognised in the Consolidated Financial Statements represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduced by the fair value of plan assets. Any net asset recognised is limited to unrecognised actuarial losses, plus the present value of available refunds and any reduction in future contributions that the Company is entitled to in terms of Section 15E of the Pension Funds Act in South Africa. Changes in the defined benefit valuation are recorded in the Consolidated Income Statement when they refer to current service costs, past service costs or net interest calculated on the net deficit. All other changes in the defined benefit valuation are recorded within other comprehensive income. The actuarial calculation is performed by a qualified actuary using the projected unit credit method every second year unless the actuarial assumptions are considered to have materially changed since the previous external valuation, in which case the valuation is revisited earlier.

Significant judgements and estimates relevant to pensions

The pension charge or income for the defined benefit scheme is regularly assessed in accordance with the advice of a qualified actuary using the projected unit credit method and was updated for 30 June 2015. The most important assumptions made in connection with the scheme valuation and charge or income are the return on the funds, the average yield of South African Government long dated bonds, salary increases, withdrawal rates, life expectancies and the current South African consumer price index. The details of these assumptions are set out below.

The Company operates a defined benefit scheme and defined contribution scheme. The defined benefit scheme was acquired as part of the acquisitions of Cullinan and Finsch and is closed to new members. All new employees are required to join the defined contribution scheme. The assets of the pension schemes are held separately from those of the Group's assets.

Defined benefit scheme

The defined benefit scheme, which is contributory for members, provides benefits based on final pensionable salary and contributions.

The pension charge or income for the defined benefit scheme is assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The most important assumptions made in connection with the charge or income were, the return on the funds will be nil% (30 June 2014: nil%), based on the average yield of South African Government long dated bonds of 8.71% (30 June 2014: 9.05%), and that salaries will be increased at 7.86% (30 June 2014: 8.11%), based on the current South African consumer price index of 6.86% (30 June 2014: 7.11%).

31. Pension scheme continued

US$ million	2015	2014
Defined benefit obligations		
Present value of funded obligations	**(15.5)**	(16.5)
Fair value of plan assets	**14.3**	15.5
Recognised deficit for defined benefit obligations	**(1.2)**	(1.0)
Movements in present value of the defined benefit obligations recognised in the Statement of Financial Position		
Net surplus for the defined benefit obligation as at 1 July	**—**	—
Net expense recognised in the income statement	**(0.5)**	(0.6)
Contributions by employer	**0.5**	0.6
Net surplus for defined benefit obligations at 30 June	**—**	—
Expense recognised in the income statement		
Current service cost	**(0.4)**	(0.5)
Net interest on deficit	**(0.1)**	(0.1)
	(0.5)	(0.6)
Change in the fair value of the defined benefit assets		
At 1 July	**15.5**	16.2
Foreign exchange movement on opening balances	**(2.1)**	(1.4)
Return on plan assets	**1.6**	1.2
Benefits paid to members	**(1.2)**	(1.1)
Contributions by Group	**0.5**	0.6
At 30 June	**14.3**	15.5
Change in the present value of the defined benefit obligations		
At 1 July	**(16.5)**	(17.2)
Foreign exchange movement on opening balance	**1.5**	1.5
Benefits paid to members	**1.2**	1.1
Current service cost	**(0.4)**	(0.5)
Finance expense	**(1.3)**	(1.3)
Contributions by members	**(0.1)**	(0.1)
Net transfers in	**0.1**	—
At 30 June	**(15.5)**	(16.5)
Actuarial gains and losses		
Actuarial gains on plan assets	**—**	—
Actuarial gains on plan liabilities	**—**	0.2
Analysis of plan assets		
Cash	**9.0%**	56.6%
Equity	**42.5%**	11.0%
Bonds	**24.5%**	15.4%
Property	**9.0%**	2.7%
Other – offshore	**15.0%**	14.3%
	100.0%	100.0%

US$ million	2015	2014	2013	2012
Plan assets	**14.3**	15.5	16.2	17.0
Plan liabilities	**(15.5)**	(16.5)	(17.2)	(15.7)
(Deficit)/surplus	**(1.2)**	(1.0)	(1.0)	1.3

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience in the fund.

31. Pension scheme continued

The average life expectancy in years of a pensioner retiring at the age of 65 on 30 June 2015 is as follows:

	2015	2014
Male	**15.92**	15.92
Female	**20.02**	20.02

Further to the acquisition of the defined benefit fund, the Group has no experience adjustments.

The valuation is subject to risks. The key sensitivities are changes in discount rates and mortality assumptions. A 0.5% change in the discount rate changes the pension obligation by approximately US$1.1 million. A two-year change in mortality changes the pension obligation by approximately US$0.6 million.

32. Post-retirement medical fund

Significant accounting policies relevant to medical funds

The Group's post-retirement medical fund is unfunded and therefore recognised as a liability on the Consolidated Statement of Financial Position within provisions. The actuarial calculation is performed by a qualified actuary using the projected unit credit method every second year unless the actuarial assumptions are considered to have materially changed since the previous external valuation, in which case the valuation is revisited earlier.

Significant judgements and estimates relevant to medical funds

The benefit liability for the post-employment healthcare liability scheme is regularly assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The most recent actuarial valuation was at 30 June 2014. The most important assumptions made in connection with the scheme valuation and charge or income are the healthcare cost of inflation, the average yield of South African Government long dated bonds and salary increases, withdrawal rates and life expectancies. The details of these assumptions are set out below.

The post-employment healthcare liability scheme was acquired as part of the acquisitions of Cullinan and Finsch and is closed to new members. All new employees will be responsible for funding their own post-employment healthcare liability costs.

The benefit liability for the post-employment healthcare liability scheme is regularly assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The Group obtained a valuation using a third party actuary at 30 June 2014 and management has reviewed the valuation report and deemed the assumptions used at 30 June 2014 to be appropriate for the period ending 30 June 2015. This is considered sufficient to achieve a materially accurate valuation. The Group's post-employment healthcare liability consists of a commitment to pay a portion of the members' post-employment medical scheme contributions. This liability is also generated in respect of dependants who are offered continued membership of the medical scheme on the death of the primary member. The most important assumptions made in connection with the charge or income were that the healthcare cost of inflation will be 8.50% (30 June 2014: 8.50%), based on the average yield of relevant South African Government long dated bonds of 9.50% (30 June 2014: 9.50%), and that salaries will be increased at 8.11% (30 June 2014: 8.11%).

US$ million	2015	2014
Post-retirement medical fund		
Present value of post-employment medical care obligations	**11.9**	12.1
Unfunded status at 30 June	**11.9**	12.1
Movements in present value of the post-retirement medical fund obligations recognised in the Consolidated Statement of Financial Position		
Net liability for the post-retirement medical fund obligation as at 1 July	**12.1**	11.0
Foreign exchange movement on opening balances	**(1.5)**	(1.0)
Net expense recognised in the income statement	**1.3**	2.1
Net liability for post-employment medical care obligations at 30 June	**11.9**	12.1
Expense recognised in the income statement		
Current service cost	**0.3**	0.8
Finance expense	**1.0**	1.3
	1.3	2.1
The expense is recognised in the following line items in the income statement:		
Mining and processing costs	**0.3**	0.8
Finance expense	**1.0**	1.3
	1.3	2.1
Reconciliation of fair value of scheme liabilities		
At 1 July	**12.1**	11.0
Foreign exchange movement on opening balances	**(1.5)**	(1.0)
Net expense recognised in the income statement	**1.3**	2.1
Liabilities at fair market value as at 30 June	**11.9**	12.1

32. Post-retirement medical fund continued

	2015 % per annum	2014 % per annum
Principal actuarial assumptions		
Discount rate	**9.50%**	9.50%
Healthcare cost inflation	**8.50%**	8.50%
Future salary increases	**8.11%**	8.11%
Net replacement ratio	**75.00%**	75.00%
Net discount rate	**0.92%**	0.92%
Normal retirement age (years)	**60.0**	60.0
Fully accrued age (years)	**60.0**	60.0

US$ million	2015	2014
Determination of estimated post-retirement medical fund expense for the year ended 30 June 2016		
Current service cost	**1.0**	0.9
Finance expense	**0.6**	0.6
Benefit payments	**(0.2)**	(0.2)

US$ million	2015	2014	2013	2012
Actuarial accrued liability				
Funded status	**11.9**	12.1	11.0	11.8

Sensitivity analysis

Healthcare inflation rate

The effect of a 1% increase or decrease in the healthcare inflation rate on the post-retirement medical fund accrued liability is as follows:

US$ million	30 June 2015	1% increase	1% decrease
Accrued liability	**11.9**	**15.2**	**10.3**
% difference	**—**	**27.7%**	**(13.4%)**

US$ million	30 June 2014	1% increase	1% decrease
Accrued liability	12.1	14.0	10.7
% difference	—	15.7%	(11.5%)

Average retirement age

The table below shows the impact of a one-year change in the expected average retirement age:

US$ million	30 June 2015	Retirement one year earlier	Retirement one year later
Accrued liability	**11.9**	**12.4**	**11.3**
% difference	**—**	**4.2%**	**(5.0%)**

US$ million	30 June 2014	Retirement one year earlier	Retirement one year later
Accrued liability	12.1	12.8	11.7
% difference	—	5.8%	(3.0%)

Notes to the Annual Financial Statements

For the year ended 30 June 2015 continued

33. Financial instruments

Significant accounting policies relevant to financial instruments

The Group classifies its financial assets (excluding derivatives) into the following category and the Group's accounting policy for the category is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The assets arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets including cash and cash equivalents and loans and other receivables. They are initially recognised at the fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest method, less provision for impairment.

Impairment of financial assets

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cashflows associated with the impaired receivable.

The financial assets classified as loans and receivables included in receivables are as follows:

US$ million	2015	2014
Current trade receivables	**58.5**	55.4
Other receivables (excluding VAT and prepayments)	**9.8**	14.1
Non-current receivables	**29.6**	89.2
	97.9	158.7

The trade receivables are all due within normal trading terms and there are no trade receivables classified as past due. Trade receivables are due within two days of awarding the rough diamond sales tender to the successful bidder and were significant at Year end due to the tender's proximity to Year end. The trade receivables relating to the Year-end tender have all been received post Year end. No receivables are considered to be past due or impaired.

The carrying values of these loans and receivables are denominated in the following currencies:

US$ million	2015	2014
Pounds Sterling	**6.7**	7.2
South African Rand	**82.4**	146.9
US Dollars	**8.8**	4.6
	97.9	158.7

The Group classifies its financial liabilities (excluding derivatives) into one category: other liabilities. The Group's accounting policy is as follows:

Other liabilities

Trade payables, other payables and long-term BEE liabilities

Trade payables, other payables and long-term BEE liabilities, which are initially recognised at fair value, are subsequently carried at amortised cost using the effective interest rate method.

The financial liabilities included in trade and other payables (which exclude taxation) are as follows:

US$ million	2015	2014
Trade payables	**25.9**	20.4
Other payables (excluding VAT and derivatives)	**44.5**	51.1
Non-current trade payables owing to BEE Partners	**94.0**	64.2
	164.4	135.7

The carrying values of financial liabilities classified as trade and other payables are denominated in the following currencies:

US$ million	2015	2014
Botswana Pula	**1.3**	0.9
Pounds Sterling	**4.2**	4.8
South African Rand	**144.1**	115.2
US Dollar	**14.8**	14.8
	164.4	135.7

33. Financial instruments continued

Interest-bearing borrowings

Refer to note 21 for the Group's policy on interest-bearing borrowings.

Hedging instruments

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently re-measured to fair value at each reporting date. On the date the derivative contract is entered into, the Group decides whether to designate the derivative for hedge accounting. During the Year, the Group has entered into hedges of forecast transactions (cashflow hedges). The Group applies a policy of dynamic hedging with existing hedges monitored on a continuous basis. Where market conditions dictate, certain hedges will be revised with the banks and their terms modified into a new hedge. The Group formally assesses, at inception and on an ongoing basis, whether the derivatives are highly effective in offsetting changes in the fair value or cashflows of the hedged item. Changes in the fair value of a derivative that is effective in offsetting changes in the cashflow of the hedged item, and that is designated and qualifies as a cashflow hedge, are recognised directly in equity. Changes in fair value of derivatives that do not qualify for hedge accounting, or which were not designated for hedge accounting, are recognised in the Consolidated Income Statement. Amounts recognised in equity are transferred to the income statement in the period during which the hedged forecast impacts net profit or loss. An ineffective element of a cashflow hedge, which has been designated for hedge accounting, is taken to the Consolidated Income Statement.

Exposures to currency, liquidity, market price, credit and interest rate risk arise in the normal course of the Group's business. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. The Group uses financial instruments, in particular forward currency option contracts, to help manage foreign exchange risk. The Directors review and agree policies for managing each of these risks.

The details of the categories of financial instruments of the Group are as follows:

US$ million	2015	2014
Financial assets:		
Loans and receivables:		
– Non-current trade receivables	**29.6**	89.2
– Trade receivables	**58.5**	55.4
– Other receivables (excluding prepayments and VAT)	**9.8**	14.1
– Cash and cash equivalents – restricted	**13.1**	13.8
– Cash and cash equivalents – unrestricted	**153.5**	20.2
Cashflow hedge: derivative financial asset (Level 2 valuation) (held in other receivables)	**—**	1.4
	264.5	194.1
Financial liabilities:		
Held at amortised cost:		
– Non-current amounts owing to BEE Partners	**94.0**	64.2
– Non-current loans and borrowings	**298.2**	125.1
– Current loans and borrowings	**28.9**	33.8
– Trade and other payables	**70.4**	71.5
Held for trading: derivative financial liability (Level 2 valuation) (held in other payables)	**0.1**	0.7
Cashflow hedge: derivative financial liability (Level 2 valuation) (held in other payables)	**6.3**	—
	497.9	295.3

There is no significant difference between the fair value of financial assets and liabilities and the carrying values set out in the table above, noting that non-current loan receivables and payables bear interest.

The derivative financial assets and liabilities were valued using Level 2 of the financial instrument valuation hierarchy. The valuation is provided by the Group's bankers, which act as the instrument's counterparty, and was prepared using a Black-Scholes model. The inputs include the strike price range, spot price at Year end, volatility and discount rate.

The currency profile of the Group's financial assets and liabilities is as follows:

US$ million	2015	2014
Financial assets:		
Botswana Pula	**1.3**	0.4
Pounds Sterling	**10.7**	8.2
South African Rand	**192.4**	152.1
US Dollar	**60.1**	33.4
	264.5	194.1
Financial liabilities:		
Botswana Pula	**1.3**	0.8
Pounds Sterling	**4.2**	4.9
South African Rand	**153.7**	220.2
US Dollar	**338.7**	69.4
	497.9	295.3

33. Financial instruments continued

Principal financial instruments

Further quantitative information in respect of these risks is presented throughout these Financial Statements.

Credit risk

The Group sells its rough diamond production through a tender process on a recognised bourse. This mitigates the need to undertake credit evaluations. Where production is not sold on a tender basis the Directors undertake suitable credit evaluations before passing ownership of the product.

At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of the financial assets in the Consolidated Statement of Financial Position. The material financial assets are carried at amortised cost, with no indication of impairment. The Group considers the credit quality of loans and receivables that are neither past due nor impaired to be good.

Credit risk associated with loans to BEE Partners is mitigated by a contractual obligation for the loans to be repaid, prior to any payments to the BEE Partners, from future cashflows generated by the Group's operations in which the BEE Partners hold interests. The amounts due from the Group's principal BEE partner are recoverable either through cashflows from the mines against which the loans were originally made or through cashflows from other Group mines in which the BEE has an interest, by virtue of a contractual agreement.

Group cash balances are deposited with reputable banking institutions within the countries in which it operates. Excess cash is held in overnight call accounts and term deposits ranging from seven to 30 days. Refer to note 19 for restricted cash secured in respect of rehabilitation obligations. At Year end the Group had undrawn borrowing facilities of US$255.1 million (30 June 2014: US$37.5 million).

Derivatives

The fair values of derivatives are separately recorded on the Consolidated Statement of Financial Position within 'Trade and other receivables' or 'Trade and other payables'. Derivatives are classified as current or non-current depending on the date of expected settlement of the derivative.

The Group utilises derivative instruments to manage certain market risk exposures. The Group does not use derivative financial instruments for speculative purposes; however, it may choose not to designate certain derivatives as hedges for accounting purposes. Such derivatives are classified as 'non-hedges' and fair value movements are recorded in the Consolidated Income Statement.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to the Board.

Cashflow hedges

In certain cases the Group classifies its forward currency contracts, which hedge highly probable forecast transactions, as cashflow hedges. Where this designation is documented, changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the Consolidated Income Statement. During the Year, the Group designated 'cap and collar' foreign currency contracts as cashflow hedges. The risk being hedged is the volatility in the South African Rand and US Dollar exchange rates affecting the proceeds in South African Rand of the Group's US Dollar denominated diamond tenders. The contracts mature within the next 12 months. A loss of US$0.7 million (30 June 2014: US$3.1 million gain) has been recorded in other comprehensive income in respect of the intrinsic value of the contracts. The contracts were 100% effective as a hedge. An amount of US$5.6 million (30 June 2014: US$1.8 million) has been included in the Consolidated Income Statement in respect of time value of money that was excluded from the hedge designation under IAS 39. There have been no transfers from equity to Consolidated Income Statement during the Year.

Held for trading

The Group may choose not to designate certain derivatives as hedges. This may occur where the Group is economically hedged but IAS 39 hedge accounting criteria are not met. Where these derivatives have not been designated as hedges, fair value changes are recognised in the Consolidated Income Statement as re-measurements and are classified as financing or operating depending on the nature of the associated hedged risk.

The fair value of the Group's open derivative positions as at 30 June recorded within 'Trade and other receivables' and 'Trade and other payables' is as follows:

	2015		2014	
US $ million	**Asset**	**Liability**	Asset	Liability
Other derivatives				
Cashflow hedge				
– Forward foreign currency contracts	**—**	**6.3**	1.4	—
Held for trading				
– Forward foreign currency contracts	**—**	**0.1**	—	0.7
Total derivatives	**—**	**6.4**	1.4	0.7

These mark-to-market valuations are not predictive of the future value of the hedged position, nor of the future impact on the profit of the Group. The valuations represent the fair value of all hedge contracts at Year end, at market prices and at rates available at the time.

33. Financial instruments continued

Foreign exchange risk

Foreign exchange risk arises because the Group has operations located in parts of the world where the functional currency is not US Dollars. The Group's net assets arising from its foreign operations are exposed to currency risk resulting in gains and losses on translation into US Dollars.

Foreign exchange risk also arises when individual Group operations enter into transactions denominated in a currency other than their functional currency. The policy of the Group is, where possible, to allow Group entities to settle liabilities denominated in their local currency with the cash generated from their own operations in that currency, having converted US Dollar diamond revenues to local currencies. In the case of the funding of non-current assets, such as projects to expand productive capacity entailing material levels of capital expenditure, the central Group treasury function will assist the foreign operation to obtain matching funding in the functional currency of that operation and shall provide additional funding where required. The currency in which the additional funding is provided is determined by taking into account the following factors:

- the currency in which the revenue expected to be generated from the commissioning of the capital expenditure will be denominated;
- the degree to which the currency in which the funding provided is a currency normally used to effect business transactions in the business environment in which the foreign operation conducts business; and
- the currency of any funding derived by the Company for onward funding to the foreign operation and the degree to which it is considered necessary to hedge the currency risk of the Company represented by such derived funding.

The sensitivity analysis to foreign currency rate changes is as follows:

	30 June 2015			
US$ million	Year-end US$ rate	Year-end amount	US$ strengthens 10%	US$ weakens 10%
Financial assets:				
Botswana Pula	**0.1011**	**1.3**	**1.2**	**1.4**
Pounds Sterling	**0.6367**	**10.7**	**9.6**	**11.8**
South African Rand	**0.0822**	**192.4**	**173.2**	**211.6**
US Dollar	**1.0000**	**60.1**	**60.1**	**60.1**
		264.5	**244.1**	**284.9**
Financial liabilities:				
Botswana Pula	**0.1011**	**1.3**	**1.2**	**1.4**
Pounds Sterling	**0.6367**	**4.2**	**3.8**	**4.6**
South African Rand	**0.0822**	**153.7**	**138.3**	**169.1**
US Dollar	**1.0000**	**338.7**	**338.7**	**338.7**
		497.9	**482.0**	**513.8**

	30 June 2014			
US$ million	Year-end US$ rate	Year-end amount	US$ strengthens 10%	US$ weakens 10%
Financial assets:				
Botswana Pula	0.1134	0.4	0.4	0.5
Pounds Sterling	0.5847	8.2	7.4	9.0
South African Rand	0.0940	152.1	136.9	167.3
US Dollar	1.0000	33.4	33.4	33.4
		194.1	178.1	210.2
Financial liabilities:				
Botswana Pula	0.1134	0.8	0.7	0.9
Pounds Sterling	0.5847	4.9	4.4	5.4
South African Rand	0.0940	220.2	198.2	242.2
US Dollar	1.0000	69.4	69.4	69.4
		295.3	272.7	317.9

The tables above reflect the impact of a 10% cumulative currency movement over the next 12 months and are shown for illustrative purposes.

Notes to the Annual Financial Statements
For the year ended 30 June 2015 continued

33. Financial instruments continued
Liquidity risk
Liquidity risk arises from the Group's management of working capital, capital expenditure, finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations and when necessary will seek to raise funds through the issue of shares and/or debt.

It is the policy of the Group to ensure that it will always have sufficient cash to allow it to meet its liabilities when they fall due. To achieve this aim, the Group maintains cash balances and funding facilities at levels considered appropriate to meet ongoing obligations.

Cashflow is monitored on a regular basis. Projections reflected in the Group working capital model indicate that the Group will have sufficient liquid resources to meet its obligations as disclosed in note 1.1. The maturity analysis of the actual cash payments due in respect of loans and borrowings is set out in the table below. The maturity analysis of trade and other payables is in accordance with those terms and conditions agreed between the Group and its suppliers. For trade and other payables, payment terms are 30 days, provided all terms and conditions have been complied with. Exceptions to those terms are set out in notes 14 and 21, as reflected under non-current.

Maturity analysis
The below maturity analysis reflects cash and cash equivalents and loans and borrowings based on actual cashflows rather than carrying values.

US$ million	Notes	**30 June 2015** Interest rate	Total	6 months or less	6–12 months	1–2 years	2–5 years
Cash							
Cash and cash equivalents – unrestricted	19	**0.1%–6.2%**	**153.5**	**153.5**	**—**	**—**	**—**
Cash – restricted	19	**0.1%–6.2%**	**13.1**	**—**	**—**	**—**	**13.1**
Total cash			**166.6**	**153.5**	**—**	**—**	**13.1**
Loans and borrowings							
Bank loan – secured	21	**5.7%–11.1%**	**—**	**—**	**—**	**—**	**—**
Bank loan – secured	21	**8.25%**	**—**	**—**	**—**	**—**	**—**
Bank loan – secured	21	**9.6%**	**—**	**—**	**—**	**—**	**—**
Bank loan – secured	21	**4.3%**	**40.1**	**0.7**	**0.8**	**1.5**	**37.1**
Senior secured second lien notes	21	**8.25%**	**424.8**	**13.6**	**12.4**	**24.7**	**374.1**
Cashflow of loans and borrowings			**464.9**	**14.3**	**13.2**	**26.2**	**411.2**

US$ million	Notes	30 June 2014 Interest rate	Total	6 months or less	6–12 months	1–2 years	2–5 years
Cash							
Cash and cash equivalents – unrestricted	19	0.1%–5.5%	20.2	20.2	—	—	—
Cash – restricted	19	0.1%–5.5%	13.8	—	—	—	13.8
Total cash			34.0	20.2	—	—	13.8
Loans and borrowings							
Bank loan – secured	21	5.7%	30.2	0.7	0.7	1.4	27.4
Bank loan – secured	21	8.5%	23.4	23.4	—	—	—
Bank loan – secured	21	9.8%	97.5	3.6	3.9	22.5	67.5
Bank loan – secured	21	4.2%	39.1	0.7	0.8	8.4	29.2
Cashflow of loans and borrowings			190.2	28.4	5.4	32.3	124.1

33. Financial instruments continued

Interest rate risk

The Group has borrowings that incur interest at fixed and floating rates. The Group's fixed rate borrowings comprise the senior secured second lien notes which incur interest at a fixed interest rate of 8.25%. Management constantly monitors the floating interest rates so that action can be taken should it be considered necessary. Management considers the impact of a change in the floating interest rate to the Group's financial results not to be material as the quantum of borrowings at floating rates is US$35 million. In the prior year the impact of a 100 basis point increase/decrease resulted in a financial loss/gain of US$1.5 million. The Group does not anticipate draw-downs on undrawn floating rate borrowings due to surplus funds held within the Group treasury.

Other market price risk

The Group generates revenue from the sale of rough and polished diamonds. The significant number of variables involved in determining the selling prices of rough diamonds, such as the uniqueness of each individual rough stone, the content of the rough diamond parcel and the ruling US$/ZAR spot rate at the date of sale, makes it difficult to accurately extrapolate the impact the fluctuations in diamond prices would have on the Group's revenue.

Capital disclosures

Capital is defined by the Group to be the capital and reserves attributable to equity holders of the parent company.
The Group's objectives when maintaining capital are:

- to safeguard the ability of the entity to continue as a going concern; and
- to provide an adequate return to shareholders.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as net debt to equity. Net debt is calculated as total liabilities (excluding provisions and deferred tax liabilities) less restricted and unrestricted cash and cash equivalents. Equity comprises all components of equity attributable to equity holders of the parent company.

The debt to equity ratios at 30 June 2015 and 30 June 2014 are as follows:

US$ million	**2015**	2014
Total debt	**500.5**	295.2
Cash and cash equivalents	**(166.6)**	(34.0)
Net debt	**333.9**	261.2
Total equity attributable to equity holders of the parent company	**583.1**	596.1
Net debt to equity ratio	**0.57:1**	0.43:1

The Group manages its capital structure by the issue of ordinary shares, raising debt finance where appropriate, and managing Group cash and cash equivalents.

34. Segment information

Significant accounting policies relevant to segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing mining or exploration activities, or in providing products or services within a particular economic environment, which is subject to risks and rewards that are different from those of other segments. The basis of segment reporting is representative of the internal structure used for management reporting.

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.

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 Jersey. Each segment derives, or aims to derive, its revenue from diamond mining and diamond sales, except for the corporate and administration cost centre.

Notes to the Annual Financial Statements

For the year ended 30 June 2015 continued

34. Segment information continued

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 Group's non-current assets are located in South Africa US$898.2 million (30 June 2014: US$824.3 million), Tanzania US$105.2 million (30 June 2014: US$106.5 million), Botswana US$1.2 million (30 June 2014: US$0.5 million) and Jersey US$0.1 million (30 June 2014: US$0.1 million).

The Group's property, plant and equipment included in non-current assets are located in South Africa US$862.4 million (30 June 2014: US$732.1 million), Tanzania US$105.2 million (30 June 2014: US$106.5 million) and Botswana US$1.2 million (30 June 2014: US$0.5 million).

	South Africa – mining activities				Care and maintenance	Tanzania – mining activities	Botswana	Jersey	South Africa		
Operating segments US$ million	Cullinan 2015	Finsch 2015	Koffiefontein 2015	Kimberley Underground 2015	Helam 2015	Williamson 2015	Exploration 2015	Corporate and treasury 2015	Beneficiation[4] 2015	Inter-segment 2015	Consolidated 2015
Revenue	122.2	185.4	17.8	41.8	1.2	62.1	—	—	0.5	(6.0)	425.0
Segment result[1]	41.9	82.2	(8.4)	2.6	(3.8)	(1.4)	(5.8)	(13.1)	—	(2.0)	92.2
Other direct income	0.1	0.6	0.3	(0.1)	0.1	1.2	—	—	—	—	2.2
Operating profit/(loss)[2]	42.0	82.8	(8.1)	2.5	(3.7)	(0.2)	(5.8)	(13.1)	—	(2.0)	94.4
Financial income											6.6
Financial expense											(16.0)
Income tax expense											(25.4)
Non-controlling interest											(11.0)
Profit attributable to equity holders of the parent company											48.6
Segment assets[5]	661.6	331.7	173.5	96.6	7.9	141.9	2.7	2,810.3	7.4	(2,925.7)	1,307.9
Segment liabilities[5]	411.9	287.8	173.7	112.2	50.0	259.2	41.9	1,561.8	7.4	(2,220.5)	685.4
Capital expenditure	121.5	88.0	26.8	13.9	0.5[3]	16.2	0.9	6.2	0.1	—	274.1

1. The segment result includes total depreciation of US$38.3 million, comprising depreciation incurred at Cullinan US$10.6 million, Finsch US$13.5 million, Koffiefontein US$2.5 million, Kimberley Underground US$4.8 million, Helam US$0.7 million, Williamson US$5.5 million, Exploration US$0.1 million and corporate administration US$0.6 million.
2. Operating profit is equivalent to revenue of US$425.0 million less total operating costs of US$330.6 million as disclosed in the Consolidated Income Statement.
3. Capital expenditure at Helam includes work in progress of US$0.2 million in respect of the manufacture of plant and equipment for other mines within the Group.
4. The beneficiation segment represents Tarorite, a newly established cutting and polishing business in South Africa, which can on occasion cut and polish select rough diamonds.
5. Segment assets and liabilities include inter-company receivables and payables which are eliminated on consolidation.

34. Segment information continued

	South Africa – mining activities					Tanzania – mining activities	Botswana	Jersey		
Operating segments US$ million	Finsch 2014	Cullinan 2014	Koffiefontein 2014	Kimberley Underground 2014	Fissure Mine (Helam) 2014	Williamson 2014	Exploration 2014	Corporate administration 2014	Inter-segment 2014	Consolidated 2014
Revenue	183.7	162.8	26.7	38.8	5.9	53.9	—	—	—	471.8
Segment result[1]	82.0	75.5	5.2	3.5	(16.3)	1.0	(2.9)	(13.7)	0.8	135.1
Impairment charge	—	—	—	—	(13.9)	—	—	—	—	(13.9)
Other direct income	1.9	1.0	0.5	0.1	3.0	0.2	—	—	—	6.7
Operating profit/(loss)[2]	83.9	76.5	5.7	3.6	(27.2)	1.2	(2.9)	(13.7)	0.8	127.9
Financial income										14.5
Financial expense										(18.0)
Income tax expense										(41.0)
Loss on discontinued operations (net of tax)										(15.9)
Non-controlling interest										(17.9)
Profit attributable to equity holders of the parent company										49.6
Segment assets[4]	337.2	581.0	129.8	78.5	11.3	141.7	1.0	1,944.9	(2,126.5)	1,098.9
Segment liabilities[4]	235.5	345.2	121.7	95.7	56.2	260.5	34.7	912.4	(1,594.9)	467.0
Capital expenditure	67.8	93.1	30.7	10.1	1.0[3]	8.9	0.2	1.9	(2.5)	211.2

1. The segment result includes total depreciation of US$41.7 million, comprising depreciation incurred at Finsch US$13.0 million, Cullinan US$7.7 million, Koffiefontein US$2.0 million, Kimberley Underground US$4.3 million, Helam US$10.8 million, Williamson US$3.3 million, Exploration US$0.1 million and corporate administration US$0.5 million.
2. Operating profit is equivalent to revenue of US$471.8 million less total operating costs of US$343.9 million as disclosed in the Consolidated Income Statement.
3. Capital expenditure at Helam includes work in progress of US$0.3 million in respect of the manufacture of plant and equipment for other mines within the Group. Other direct income in respect of Helam includes US$13.5 million of revenue and US$14.8 million of costs in respect of the Helam projects division for the manufacture of plant and equipment for other mines within the Group.
4. Segment assets and liabilities include inter-company receivables and payables which are eliminated on consolidation.

Notes to the Annual Financial Statements

For the year ended 30 June 2015 continued

35. Disposals

Significant accounting policies relevant to disposals

Refer to note 1.2 for the Group's policy relevant to disposal of subsidiaries.

On disposal, the profit or loss on disposal is calculated as the fair value of consideration received, less the net book value of the Group's share of assets and liabilities disposed. Unrealised foreign exchange gains and losses on historic retranslation of the subsidiaries results into US Dollars are recycled to the Consolidated Income Statement. 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.

30 June 2014

Disposal of Sedibeng JV and Star

During FY 2014, on 30 April 2014, the Company, in conjunction with its BEE partners, disposed of the entire share capital of its subsidiaries Messina Investments (Pty) Ltd and Autumn Star Investment Holdings (Pty) Ltd, which held the Group's Sedibeng JV and Star mines in South Africa, for a total deferred cash consideration of ZAR25.0 million (US$2.4 million). These mines formed part of the operating segment called "Fissures" for the purposes of the Group's segmental reporting, as disclosed in note 34, but the Sedibeng JV and Star mines were separate cash-generating units and in totally separate geographic locations to the other fissure mine, Helam. The results of the discontinued operations included in the Consolidated Income Statement and the cashflows from discontinued operations included in the Consolidated Statement of Cashflows are set out below.

US$ million	1 July 2013–30 April 2014
a) Net assets disposed of other than cash:	
Property, plant and equipment	2.2
Long-term advances	0.2
Trade and other receivables	0.1
Inventories	0.2
Cash	—
Total assets	2.7
Rehabilitation provision	(1.8)
Total liabilities	(1.8)
Non-controlling interest recycled on disposal	3.1
Net assets	4.0
b) Result of discontinued operations:	
Revenue	0.8
Cost of sales	(6.6)
Gross loss	(5.8)
Finance income	—
Finance costs	—
Loss before taxation	(5.8)
Income tax credit	—
Loss after tax before impairment charge and transaction costs	(5.8)
Transaction costs	—
Impairment charge	—
Net loss for the year	(5.8)
c) Post-tax loss on disposal of discontinued operations:	
Consideration received on disposal	2.4
Less: net assets disposed (including US$3.1 million of non-controlling interest accumulated loss)	(4.0)
Less: foreign currency translation reserve recycled on disposal	(8.5)
Loss on disposal of discontinued operations	(10.1)
Less: net loss for the period	(5.8)
Loss on discontinued operations	(15.9)
d) The Consolidated Statement of Cashflows includes the following amounts relating to discontinued operations:	
Operating activities	(5.5)
Investing activities	(0.2)
Net cash utilised in discontinued operations	(5.7)

Five-year Summary of Consolidated Figures

For the year ended 30 June 2015

US$ million	2015	2014	2013	2012	2011
Income statement					
Revenue (gross)[1]	**425.0**	472.6	402.7	316.9	220.6
Adjusted mining and processing costs[2]	**(272.7)**	(277.4)	(254.8)	(222.6)	(146.9)
Profit from mining activity[3]	**154.5**	201.1	143.8	103.3	76.4
Adjusted EBITDA[4]	**139.3**	187.7	127.6	90.3	67.1
Adjusted net profit after tax[5]	**62.8**	93.7	53.6	39.6	34.1
Net profit/(loss) after tax – Group	**59.6**	67.5	27.9	(2.1)	59.2
Statement of financial position					
Current assets	**303.2**	167.6	173.6	151.6	413.6
Non-current assets	**1,004.7**	931.3	827.0	839.6	558.0
Total assets	**1,307.9**	1,098.9	1,000.6	991.2	971.6
Borrowings (short and long term)	**327.1**	158.9	147.0	69.0	90.1
Current liabilities (excluding borrowings)	**79.3**	72.1	69.5	51.2	47.6
Total equity	**622.5**	631.9	587.4	665.0	699.0
Movement in cash					
Net cash generated from operating activities	**132.7**	196.1	73.0	77.2	50.9
Adjusted operating cashflow[6]	**141.3**	181.2	132.8	84.6	67.8
Net cash utilised in investing activities	**(174.4)**	(211.0)	(180.3)	(123.9)	(330.7)
Net cash generated by/(utilised in) financing activities	**179.0**	22.0	94.0	(13.6)	349.8
Net increase/(decrease) in cash and cash equivalents	**137.3**	7.1	(13.3)	(60.3)	70.0
Ratios and other key information					
Basic earnings/(loss) per share attributable to the equity holders of the Company – US$ cents	**9.46**	9.69	6.30	(0.48)	12.83
Adjusted basic earnings per share from continuing operations attributable to the equity holders of the Company – US$ cents[5]	**10.09**	14.82	11.34	7.82	8.41
Capex	**274.1**	211.2	191.2	137.3	110.9
Cash at bank (including restricted)	**166.6**	34.0	26.2	47.3	324.9

The Group uses several non-GAAP measures above and, as these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Company's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies.

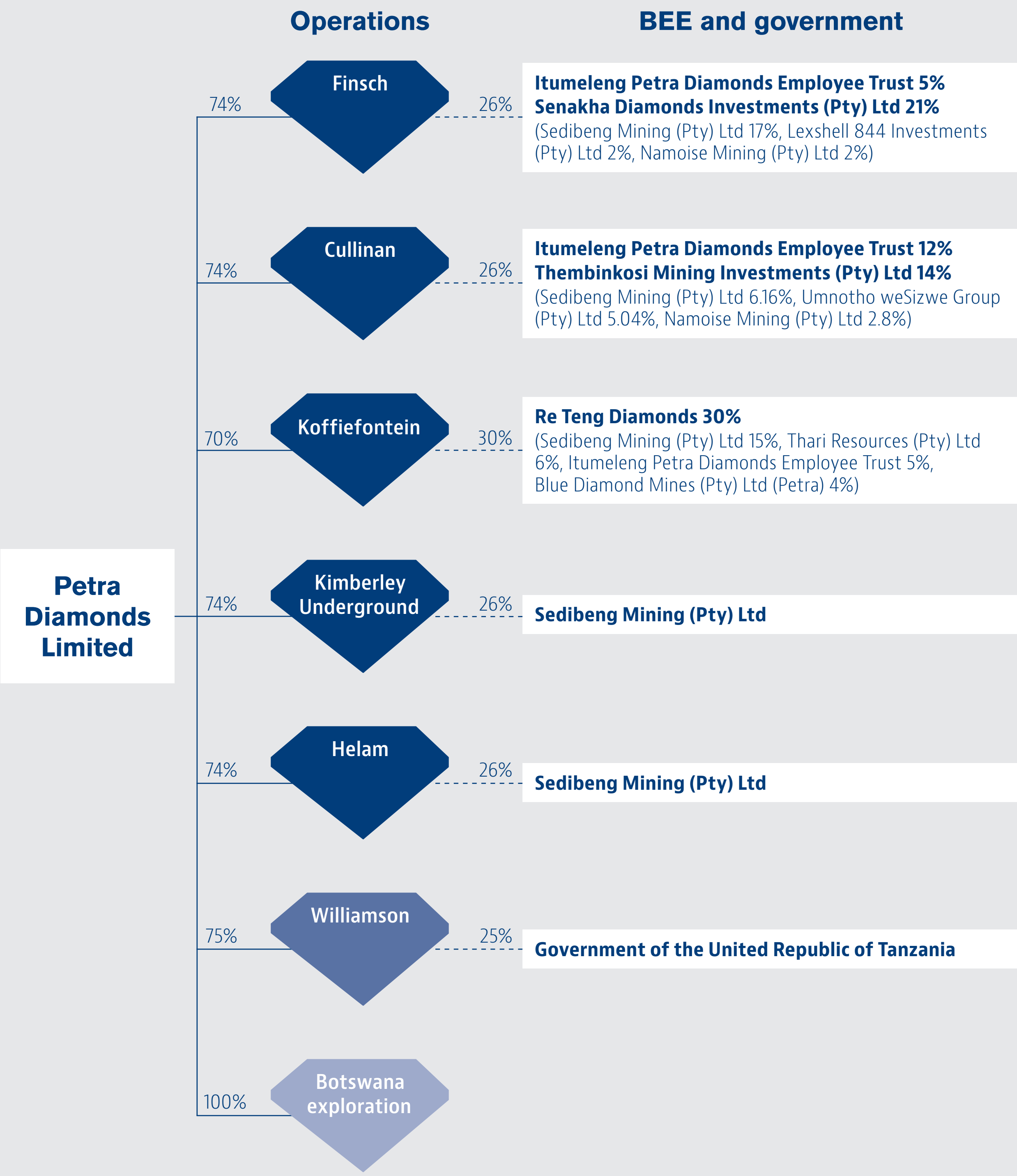
1. Revenue (gross) includes revenues for the Sedibeng JV and Star mines for FY 2014 and earlier. Under IFRS, these revenues are classified in the Consolidated Income Statement as part of the loss from discontinued operations on page 94.
2. Adjusted mining and processing costs are mining and processing costs stated before depreciation and share-based expense.
3. Profit from mining activities is revenue less adjusted mining and processing costs plus other direct income.
4. Adjusted EBITDA is stated before share-based expense, impairment charges, net unrealised foreign exchange gains and losses, and loss on discontinued operations.
5. Adjusted net profit after tax and adjusted (basic) earnings per share from continuing operations are net profit after tax and earnings per share from continuing operations stated before impairment charges, net unrealised foreign exchange gains and losses, and loss on discontinued operations.
6. Adjusted operating cashflow is operating cashflow adjusted for the cash effect of the movement in diamond debtors between each financial year end, excluding unrealised foreign exchange translation movements.

Petra's Partners

The Company's partnerships are key in terms of stakeholder sustainability and the long-term success of its operations.

In South Africa, the Company has partner shareholders in its operations who represent the interests of Black Economic Empowerment ("BEE") shareholders. These BEE partners include various commercial BEE entities (including women's groups), as well as, importantly, the Itumeleng Petra Diamonds Employee Trust.

In Tanzania, Petra's partner is the Government of the United Republic of Tanzania at the Williamson mine, the country's most important diamond producer.



Note: Petra has an interest in Sedibeng Mining (Pty) Ltd; please refer to note 14 in the Financial Statements on pages 109 and 110.

FY 2015 – Operations Results Tables

Finsch – South Africa

	Unit	FY 2015	FY 2014	Variance
Sales				
Revenue	US$m	**185.4**	183.7	+1%
Diamonds sold	Carats	**2,067,933**	1,856,939	+11%
Average price per carat	US$	**90**	99	-9%
ROM production				
Tonnes treated	Tonnes	**3,016,385**	2,910,195	+4%
Diamonds produced	Carats	**1,298,914**	1,109,022	+17%
Grade[1]	Cpht	**43.1**	38.1	+13%
Tailings production				
Tonnes treated	Tonnes	**2,656,471**	2,668,278	0%
Diamonds produced	Carats	**766,960**	776,138	-1%
Grade[1]	Cpht	**28.9**	29.1	-1%
Total production				
Tonnes treated	Tonnes	**5,672,856**	5,578,473	+2%
Diamonds produced	Carats	**2,065,875**	1,885,160	+10%
Costs				
On-mine cash cost per tonne treated	ZAR	**164**	146	+12%
Capex				
Expansion Capex	US$m	**65.1**	50.7	+28%
Sustaining Capex	US$m	**16.1**	12.3	+31%
Borrowing costs capitalised	US$m	**6.8**	4.8	+42%
Total Capex	US$m	**88.0**	67.8	+30%

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 – South Africa

	Unit	FY 2015	FY 2014	Variance
Sales				
Revenue	US$m	**122.2**	162.8	-25%
Diamonds sold	Carats	**700,896**	881,343	-20%
Average price per carat	US$	**174**[1]	185[2]	-6%
ROM production				
Tonnes treated	Tonnes	**2,513,004**	2,546,383	-1%
Diamonds produced	Carats	**611,993**	706,728	-13%
Grade	Cpht	**24.4**	27.8	-12%
Tailings production				
Tonnes treated	Tonnes	**2,458,306**	2,149,571	+14%
Diamonds produced	Carats	**117,503**	116,891	+1%
Grade	Cpht	**4.8**	5.4	-11%
Total production				
Tonnes treated	Tonnes	**4,971,310**	4,695,954	+6%
Diamonds produced	Carats	**729,496**	823,619	-11%
Costs				
On-mine cash cost per tonne treated	ZAR	**154**	154	0%
Capex				
Expansion Capex	US$m	**104.8**	73.5	+43%
Sustaining Capex	US$m	**8.8**	14.7	-40%
Borrowing costs capitalised	US$m	**7.9**	4.9	+61%
Total Capex	US$m	**121.5**	93.1	+31%

1. Excluding exceptional diamonds, the average value for FY 2015 was US$119 per carat.
2. Excluding exceptional diamonds, the average value for FY 2014 was US$146 per carat.

FY 2015 – Operations Results Tables
continued

Koffiefontein – South Africa

	Unit	FY 2015	FY 2014	Variance
Sales				
Revenue	US$m	**17.8**	26.7	-33%
Diamonds sold	Carats	**46,033**	49,250	-7%
Average price per carat	US$	**386**	542	-29%
ROM production				
Tonnes treated	Tonnes	**341,783**	245,833	+39%
Diamonds produced	Carats	**27,756**	17,502	+59%
Grade	Cpht	**8.1**	7.1	+14%
Tailings/Ebenhaezer production				
Tonnes treated	Tonnes	**524,244**	431,833	+21%
Diamonds produced	Carats	**17,628**	32,873	-46%
Grade	Cpht	**3.4**	7.6	-55%
Total production				
Tonnes treated	Tonnes	**866,027**	677,666	+28%
Diamonds produced	Carats	**45,384**	50,375	-10%
Costs				
On-mine cash cost per tonne treated	ZAR	**303**	293	3%
Capex				
Expansion Capex	US$m	**23.1**	25.1	-8%
Sustaining Capex	US$m	**3.7**	5.6	-34%
Total Capex	US$m	**26.8**	30.7	-13%

Kimberley Underground – South Africa

	Unit	FY 2015	FY 2014	Variance
Sales				
Revenue	US$m	**41.8**	38.8	+8%
Diamonds sold	Carats	**138,052**	127,729	+8%
Average price per carat	US$	**302**	303	0%
Total production				
Tonnes treated	Tonnes	**1,196,269**	908,498	+32%
Diamonds produced	Carats	**137,226**	126,917	+8%
Grade	Cpht	**11.5**	14.0	-18%
Costs				
On-mine cash cost per tonne treated	ZAR	**264**	301	-12%
Capex				
Expansion Capex	US$m	**10.5**	5.8	+81%
Sustaining Capex	US$m	**3.4**	4.3	-21%
Total Capex	US$m	**13.9**	10.1	+38%

Williamson – Tanzania

	Unit	FY 2015	FY 2014	Variance
Sales				
Revenue	US$m	**62.1**	53.9	+15%
Diamonds sold	Carats	**208,351**	178,171	+17%
Average price per carat	US$	**298**	303	-2%
ROM production				
Tonnes treated	Tonnes	**4,056,638**	3,405,524	+19%
Diamonds produced	Carats	**194,048**	178,379	+9%
Grade	Cpht	**4.8**	5.2	-8%
Alluvial production				
Tonnes treated	Tonnes	**369,406**	405,166	-9%
Diamonds produced	Carats	**8,216**	10,086	-19%
Grade	Cpht	**2.2**	2.5	-12%
Total production				
Tonnes treated	Tonnes	**4,426,044**	3,810,690	+16%
Diamonds produced	Carats	**202,265**	188,465	+7%
Costs				
On-mine cash cost per tonne treated	US$	**12**	11	+9%
Capex				
Expansion Capex	US$m	**8.3**	2.4	+246%
Sustaining Capex	US$m	**7.9**	6.5	+22%
Total Capex	US$m	**16.2**	8.9	+82%

2015 Resource Statement

Petra manages one of the world's largest diamond resources of over 300 million carats ("Mcts"). 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 2015, the Group's gross Diamond Resources (inclusive of Reserves) increased 2.5% to 308.6 Mcts (30 June 2014: 301.1 Mcts).

The main reason for an overall increase in gross Diamond Resources related to a 15% increase (circa 5 Mcts) in the Resource at the Williamson mine due to an updated Resource model in line with in-pit exploration drilling and a re-interpretation of historical tunnel and diamond drill information at depth, a 1% (circa 0.1 Mcts) increase at Koffiefontein due to an updated Resource model from 490m to 720m using new geological information from tunnel development and diamond drilling, as well as a Maiden Inferred Resource declared for the KX36 kimberlite exploration project in Botswana of 8.8 Mcts.

These increases were countered by decreases in Resources due to depletion by mining activity at all operations and a 2% decrease (circa 4 Mcts) at Cullinan due to contact changes from tunnel development and the re-estimation of the grade for the Grey kimberlite facies in the Resource model using new sample information in the AUC South area.

Gross Reserves

The Group's gross Diamond Reserves decreased 9.9% to 49.8 Mcts (30 June 2014: 55.2 Mcts) due to depletion by mining activity, re-classification of Resources and changes in mine planning. This includes the re-classification of the remaining broken ore in the Block 4 cave at Finsch as an Inferred Resource (1.7 Mcts) and the removal of the Helam mine's Reserve figures from the Statement due to the mine being placed on care and maintenance in FY 2015 (1.5 Mcts).

The following table summarises the gross Reserves and Resources status of the combined Petra Group operations as at 30 June 2015.

Group

	Gross		
Category	Tonnes millions	Grade cpht	Contained diamonds Mcts
Reserves			
Proved	—	—	—
Probable	103.3	48.2	49.80
Subtotal	**103.3**	**48.2**	**49.80**
Resources			
Measured	0.2	263.9	0.60
Indicated	427.7	50.1	214.37
Inferred	1,412.5	6.6	93.67
Subtotal	**1,840.4**	**16.8**	**308.64**

Finsch

	Gross		
Category	Tonnes (millions)	Grade (cpht)	Contained diamonds (Mcts)
Reserves			
Proved	—	—	—
Probable	43.7	58.7	25.66
Subtotal	**43.7**	**58.7**	**25.66**
Resources			
Measured	—	—	—
Indicated	38.8	68.9	26.73
Inferred	40.8	54.9	22.39
Subtotal	**79.6**	**61.7**	**49.12**

1. Resource bottom cut-off: 1.0mm.
2. Reserve bottom cut-off: 1.0mm.
3. Block 4 Resource tonnes and grade are based on block cave depletion modelling and include external waste.
4. Block 5 Resource stated as in situ.
5. Changes in Resource figures due to mining depletions and re-calibration of the Block 4 PCBC model.
6. The Block 4 PCBC model was recalibrated to January 2015 pit scans, which included replacement of tonnes and re-estimation of grade in areas that reported as depleted in PCBC.
7. Block 5 Reserves are based on PCSLC and PCBC runs, depleted for SLC development tonnes.

Cullinan

Category	Gross Tonnes millions	Gross Grade cpht	Gross Contained diamonds Mcts
Reserves			
Proved	—	—	—
Probable	48.0	47.8	22.95
Subtotal	**48.0**	**47.8**	**22.95**
Resources			
Measured	—	—	—
Indicated	253.9	70.2	178.10
Inferred	172.0	10.1	17.33
Subtotal	**425.8**	**45.9**	**195.43**

1. Resource bottom cut-off: 1.0mm.
2. Reserve bottom cut off: 1.0mm.
3. B-Cut resource tonnes and grade are based on block cave depletion modelling and include external waste.
4. C-Cut Resource stated as in-situ.
5. Reserve carats and grades are factorised as per the following Resource to Reserve liberation factors: 'Brown' kimberlite 75.8%, 'Grey' kimberlite 71.4%, and Hypabbysal kimberlite 71.8%.
6. Changes in Reserve and Resource figures due to mining depletions, the re-estimation of Grey Kimberlite grade using new sample information in the AUC South, and new Reserves based on PCBC and Mine 2-4D scheduling on BB1E, AUC, BA5, BAWph1 and CCutph1; current and projected plant performance has been factored into the Reserves.

Koffiefontein

Category	Gross Tonnes millions	Gross Grade cpht	Gross Contained diamonds Mcts
Reserves			
Proved	—	—	—
Probable	8.8	7.8	0.69
Subtotal	**8.8**	**7.8**	**0.69**
Resources[1]			
Measured			
Indicated	39.8	6.4	2.55
Inferred	112.9	3.7	4.19
Subtotal	**152.8**	**4.4**	**6.74**

1. Resource bottom cut-off (Koffiefontein underground and Ebenhaezer): 0.5mm.
2. Resource bottom cut-off (Eskom tailings): 1.0mm.
3. Reserve bottom cut-off: 1.0mm.
4. Changes in Reserve and Resource figures due to mining depletions, an updated Resource model from 490m to 702m incorporating changes in mudstone and mudstone breccia contacts derived from 2014 diamond drilling and SLC tunnel development, and Ebenhaezer depletions based on 2015 Lidar Survey.

Kimberley Underground

Category	Gross Tonnes millions	Gross Grade cpht	Gross Contained diamonds Mcts
Reserves			
Proved	—	—	—
Probable	2.9	17.5	0.50
Subtotal	**2.9**	**17.5**	**0.50**
Resources			
Measured	—	—	—
Indicated	8.9	18.8	1.67
Inferred	56.0	8.4	4.71
Subtotal	**64.9**	**9.8**	**6.38**

1. Resource bottom cut-off (Dutoitspan West Extension): 1.0mm.
2. Resource bottom cut-off (all other underground blocks): 0.5mm.
3. Reserve bottom cut-off: 1.5mm.
4. Changes in Reserve and Resource figures due to mining depletions. Underground depletions based on hoisted tonnes applied to block cave column tonnes models in GEMS software. Surface depletions based on 2015 Lidar survey; Bultfontein and Wesselton grades adjusted for observed waste percentages; Tailings Mineral Resource depletions based on June 2015 Lidar survey and an updated Resource model for Wesselton 730L Rim loading using historic tunnel sample data.

2015 Resource Statement
continued

Williamson

Category	Gross Tonnes millions	Grade cpht	Contained diamonds Mcts
Reserves			
Proved	—	—	—
Probable	—	—	—
Subtotal	**—**	**—**	**—**
Resources			
Measured	—	—	—
Indicated	85.8	4.7	4.00
Inferred	1,005.0	3.4	34.12
Subtotal	**1,090.8**	**3.5**	**38.12**

1. Resource bottom cut-off: 1.15mm.
2. Updated Resource model in line with in-pit exploration drilling and the re-interpretation of historical tunnel and diamond drill information at depth.

Helam

Category	Gross Tonnes millions	Grade cpht	Contained diamonds Mcts
Reserves			
Proved	—	—	—
Probable	—	—	—
Subtotal	**—**	**—**	**—**
Resources			
Measured	0.2	263.9	0.60
Indicated	0.5	266.4	1.32
Inferred	0.8	268.8	2.17
Subtotal	**1.5**	**267.3**	**4.09**

1. Resource bottom cut-off: 1.0mm.
2. Reserve bottom cut-off: 1.0mm.
3. Measured Resources are classified as one level below current workings, or where a block is bounded above and below by current workings.
4. Indicated Resources are classified as two levels below measured Resources.
5. Inferred Resources are classified as three levels below Indicated Resources or inaccessible mined out areas, or as extensions along strike from existing Resource blocks where exploration information allows.
6. Measured and Indicated Resources have been converted to Reserves by applying historically derived external dilution and in-stope loss factors to resource tonnages and grades.
7. The Helam mine is currently on care and maintenance; no Resource changes noted above and no Reserves declared as there are no plans to restart production currently.

KX36

Category	Gross Tonnes millions	Grade cpht	Contained diamonds Mcts
Reserves			
Proved	—	—	—
Probable	—	—	—
Subtotal	**—**	**—**	**—**
Resources			
Measured	—	—	—
Indicated	—	—	—
Inferred	24.9	35.2	8.76
Subtotal	**24.9**	**35.2**	**8.76**

1. Resource bottom cut-off: 1.15mm.
2. Maiden Inferred Resource declared for KX36, based on >9,000m of diamond drilling, 4,700m of large diameter reverse circulation sample drilling, 181 bulk samples and 591 carats of diamonds recovered. Initial diamond valuation of US$78/ct based on 285 carats recovered from the first phase of large diameter sample drilling.

General notes on reporting criteria

1. Resources are reported inclusive of Reserves.
2. Tonnes are reported as millions; contained diamonds are reported per million carats ("Mcts").
3. Tonnes are metric tonnes, and are rounded to the nearest 100,000 tonnes; carats are rounded to the nearest 10,000 carats; rounding off of numbers may result in minor computational discrepancies.
4. Resource tonnages and grades are reported exclusive of external waste, unless where otherwise stated.
5. Reserve tonnages and grades are reported inclusive of external waste, mining and geological losses and plant modifying factors; reserve carats will generally be less than resource carats on conversion and this has been taken into account in the applicable statements.
6. Reserves and Resources have been reported in accordance with the South African code for the reporting of mineral reserves and mineral resources (SAMREC 2007).
7. The Petra 2015 annual Resource Statement as shown above is based on information compiled internally within the Group under the guidance and supervision of Jim Davidson, Pr. Sci. Nat. (reg. No.400031/06). Jim Davidson has over 40 years' relevant experience in the diamond industry and is a full-time employee of Petra.
8. All Reserves and Resources have been independently reviewed and verified by John Kilham, Pr. Sci. Nat. (reg. No. 400018/07), a competent person with 35 years' relevant experience in the diamond mining industry, who was appointed as an independent consultant by the Company for this purpose.

Shareholder and Corporate Information

Petra Diamonds Limited

Registered office
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Corporate Communications team
52–53 Conduit Street
London W1S 2YX
Tel: +44 20 7494 8203
Email: investorrelations@petradiamonds.com

Group management office
Elizabeth House
9 Castle Street
St. Helier
Jersey JE4 2QP
Tel: +44 1534 700 111
www.petradiamonds.com

Company registration number
EC 23123

Company Secretary
JTC Management Limited
Elizabeth House
9 Castle Street
St. Helier
Jersey JE4 2QP
Tel: +44 1534 700 000

Bankers
Barclays Bank plc
38 Hans Crescent
Knightsbridge
London SW1X 0L2
Tel: +44 20 7114 7200
www.barclays.co.uk

Solicitors
Bermuda – Conyers Dill & Pearman
Clarendon House
2 Church Street
Hamilton HM11
Bermuda
Tel: +1 441 295 1422

United Kingdom – Memery Crystal
44 Southampton Buildings
London WC2A 1AP
Tel: +44 20 7242 5905

Jersey – Ogier
Ogier House
The Esplanade
St. Helier
Jersey JE4 9WG
Tel: +44 1534 504 000

Joint financial advisers and stockbrokers
Barclays
1 Churchill Place
Canary Wharf
London E14 5HP
Tel: +44 20 7623 2323
www.barclays.com

RBC Capital Markets
Riverbank House
2 Swan Lane
London EC4R 3BF
Tel: +44 20 7653 4000
www.rbccm.com

PR advisers
Buchanan
107 Cheapside
London EC2V 6DN
Tel: +44 20 7466 5000
www.buchanan.uk.com

Registrar
Capita Registrars (Jersey) Limited
12 Castle Street
St. Helier
Jersey JE2 3RT

Tel: UK: 0871 664 0300 (calls cost 10 pence a minute plus network extras; lines are open 9.00am–5.30pm GMT Mon–Fri)

International: +44 208 639 3399
Website: www.capitaassetservices.com
Email: shareholderenquiries@capita.co.uk

Transfer agent
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BRS 4TU

Tel: UK: 0871 664 0300 (calls cost 10 pence per minute plus network extras; lines are open 9.00am–5.30pm GMT Mon–Fri)

International: +44 (0) 20 8639 3399
Website: www.capitaassetservices.com
Email: shareholderenquiries@capita.co.uk

Auditors
BDO LLP
55 Baker Street
London W1U 7EU
Tel: +44 207 486 5888

Financial calendar

Accounting period end	30 June
Preliminary results announced	September
Annual Report published	October
Annual General Meeting	November
Interim accounting period end	31 December
Interim results announced	February

Stock exchange listing

The Company's shares are admitted to the premium segment of the Official List and are traded on the Main Market of the London Stock Exchange. The Ordinary Shares themselves are not admitted to CREST, but dematerialised depositary interests representing the underlying Ordinary Shares issued by Capita IRG Trustees Limited can be held and transferred through the CREST system. The rights attached to the Ordinary Shares are governed by the Companies Act 1981 (Bermuda) (as amended) and the Company's Bye-Laws.

The Company is a constituent of the FTSE 250 Index.

Dividend policy

Petra declared a maiden dividend of 3.0 US$ cents per share for FY 2015, marking a major milestone in the development of the Company. This dividend is in line with Petra's progressive dividend policy, commencing with a conservative initial payment which will be reviewed as the Company moves through the phase of significant capital spend and into increasing free cashflow.

The timetable for the dividend for the Year is as follows:

- 15 October – Ex-dividend date
- 16 October – Record date
- 12 November – Dividend Reinvestment Plan ("DRIP") election date
- 30 November – AGM – dividend proposed to shareholders for approval
- 7 December – Payment date

Substantial shareholdings

The interests as indicated in the table below in the Ordinary Shares of the Company represented more than 3% of the issued share capital as at 9 October 2015.

	Number of shares	Percentage of issued share capital
T. Rowe Price[1]	73,756,001	14.1%
BlackRock Investment (UK) Limited	51,804,552	9.9%
Standard Life Investments (Holdings) Limited	38,435,097	7.4%
M&G Investment Funds	28,900,000	5.5%
Directors	16,469,312	3.2%

1. T. Rowe Price holds 72,768,292 shares with voting rights attached to them, being 14% of Petra's voting rights.

Listing Rule 9.8.4R disclosures

In accordance with Listing Rule 9.8.4C, the disclosures under 9.8.4R relevant to Petra are as follows:

Relevant rule	Location/details
Interest capitalised by the Group (LR 9.8.4R (1))	Note 8 to Financial Statements
Long-term incentive schemes (LR 9.8.4R(4))	Directors' Remuneration Report page 76 to 88 and note 26 to the Financial Statements
Contracts of significance between the Company and a party of which a Director is or was materially interested (LR 9.8.4R(10))	Note 27 to Financial Statements

Company Bye-Laws

The Company is incorporated in Bermuda and the City Code therefore does not formally apply to the Company. The Company's Bye-Laws were amended in November 2011 to incorporate material City Code protections appropriate for a company to which the City Code does not apply.

The amended Bye-Laws now require that all Directors stand for re-election annually at the Company's Annual General Meeting.

The Bye-Laws of the Company may only be amended by a resolution of the Board and by a resolution of the shareholders. The Bye-Laws of the Company can be accessed here: www.petradiamonds.com/about-us/corporate-governance.

Share capital

The Company has one class of shares of 10 pence each (the "Ordinary Shares"). Details of the Company's authorised and issued Ordinary Share capital together with any changes to the share capital during the Year are set out in note 20 to the Financial Statements.

Power to issue shares

At the AGM held on 27 November 2014 ("the 2014 AGM"), authority was given to the Directors to allot:

i) unissued Relevant Securities (as defined in the Bye-Laws) in the Company up to a maximum aggregate nominal value of £17,070,335, being 170,703,349 Ordinary Shares; and

ii) equity securities (as defined in the Bye-Laws) in the Company for cash on (a) a non-pre-emptive basis pursuant to the rights issue or other offer to shareholders and (b) otherwise up to an aggregate nominal value of £2,560,550 (being equal to approximately 5% of the issued share capital of the Company as at 16 October 2014).

Share rights

Shareholders have the right to receive notice of and attend any general meeting of the Company. Each shareholder who is present in person (or, being a corporation, by representative) or by proxy at a general meeting on a show of hands has one vote and, on a poll, every such holder present in person (or, being a corporation, by representative) or by proxy shall have one vote in respect of every Ordinary Share held by them.

There are no shareholders who carry any special rights with regards to the control of the Company.

Shareholder and Corporate Information
continued

Restriction on transfer of shares

There are no restrictions on the transfer of Ordinary Shares other than the Board may at its absolute discretion refuse to register any transfer of Ordinary Shares over which the Company has a lien or which are not fully paid up provided it does not prevent dealings in the Ordinary Shares on an open and proper basis.

During the Year, the Board did not place a lien on any shares nor did it refuse to transfer any Ordinary Shares.

The Board may also refuse to register a transfer if:

- it is not satisfied that all the applicable consents, authorisations and permissions of any governmental body or agency in Bermuda have been obtained;
- certain restrictions may from time to time be imposed by laws and regulations;
- pursuant to the Company's share dealing code whereby the Directors and employees of the Company require approval to deal in the Company's Ordinary Shares; and
- where a person with at least a 0.25% interest in the Company's shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those Ordinary Shares.

Repurchase of shares

The Company may purchase its own shares for cancellation or to acquire them as Treasury Shares (as defined in the Bye-Laws) in accordance with the Companies Act 1981 (Bermuda) on such terms as the Board shall think fit. The Board may exercise all the powers of the Company to purchase or acquire all or any part of its own shares in accordance with the Companies Act 1981 (Bermuda), provided, however, that such purchase may not be made if the Board determines in its sole discretion that it may result in a non de minimis adverse tax, legal or regulatory consequence to the Company, any of its subsidiaries or any direct or indirect holder of shares or its affiliates.

Appointment and replacement of Directors

The Directors shall have power at any time to appoint any person as a director to fill a vacancy on the Board occurring as a result of the death, disability, removal, disqualification or resignation of any Director or to fill any deemed vacancy arising as a result of the number of directors on the Board being less than the maximum number of directors that may be appointed to the Board from time to time.

The Company may by resolution at any special general meeting remove any Director before the expiry of their period of office. Notice of such meeting convened for the purpose of removing a Director shall contain a statement of the intention to do so and be served on such Director not less than 14 days before the meeting and at such meeting to be heard on the motion for such Director's removal.

A Director may be removed (with or without cause) by notice in writing by all of their co-directors, provided such notice is delivered to the Secretary and such Director.

Financial instruments

The Group makes use of financial instruments in its operations as described in note 33 of the Financial Statements.

Creditors' payment policy

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers, provided that all terms and conditions have been complied with.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions.

The Company operates a website which can be found at www.petradiamonds.com. This site is regularly updated to provide relevant information about the Group. In particular all of the Company's regulatory announcements and public presentations are made available and there is a dedicated 'Investors' section at www.petradiamonds.com/investors.

The maintenance and integrity of the Company's website (as well as the integrity of the Financial Statements contained therein) is the responsibility of the Directors.

Shareholder enquiries

Any enquiries concerning your shareholding should be addressed to the Company's registrar. The registrar should be notified promptly of any change in a shareholder's address or other details.

The Company also has a frequently asked questions section available on its website at: www.petradiamonds.com/investors/shareholders/faqs.

Shareholder Portal

The Company has set up an online Shareholder Portal, www.capitashareportal.com, which offers a host of shareholder services online.

Investor relations

Requests for further copies of the Annual Report and Accounts, or other investor relations enquiries, should be addressed to the investor relations team in the London office on +44 20 7494 8203 or InvestorRelations@petradiamonds.com.

eCommunications

Shareholders have the flexibility to receive communications from Petra electronically, should they so choose, and can update their preferences at any time either by contacting Capita IRG or by logging into the Shareholder Portal.

Shares in issue

There was a total of 522,795,562 Ordinary Shares in issue at 9 October 2015.

Share price information

The latest information on the Ordinary Share price is available in the 'Investors' section of the corporate website at www.petradiamonds.com/investors/share-price. Closing share prices for the previous business day are quoted in most daily newspapers and, throughout the working day, time delayed share prices are broadcast on the text pages of the principal UK television channels.

Share dealing services

The sale or purchase of shares must be done through a stockbroker or share dealing service provider. The London Stock Exchange provides a 'Locate a broker' facility on its website which gives details of a number of companies offering share dealing services. For more information, please visit the 'Private investors' section at www.londonstockexchange.com. Please note that the Directors of the Company are not seeking to encourage shareholders to either buy or to sell shares. Shareholders in any doubt about what action to take are recommended to seek financial advice from an independent financial adviser authorised pursuant to the Financial Services and Markets Act 2000.

Shareholder security

Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount, or offers of free reports about the Company. Details of any share dealing facilities that the Company endorses will be included in Company mailings or on our website. More detailed information can be found at www.fca.org.uk/consumers/scams/investment-scams.

Glossary

"AGM"	Annual General Meeting
"alluvial"	deposits of diamonds which have been removed from the primary source by natural erosive action over millions of years and eventually deposited in a new environment such as a river bed, an ocean floor or a shoreline
"BEE"	Black Economic Empowerment
"Beneficiation"	the refining of a commodity; in the case of diamonds, refers to the cutting and polishing of a rough stone
"block caving"	a method of mining in which large blocks of ore are undercut so that the ore breaks and caves under its own weight. The undercut zone is initially drilled and blasted and some broken ore is drawn down to create a void into which initial caving of the overlying ore can take place. As more broken ore is drawn progressively following cave initiation, the cave propagates upwards through the orebody or block until the overlying rock also caves and surface subsidence occurs. The broken ore is removed through the production or extraction level developed below the undercut level. Once the caves have been propagated, it is a low cost mining method which is capable of automation to produce an underground 'rock factory'
"bulk sample"	a large sample for the purpose of estimating the grade of a diamond deposit and to produce a large enough quantity of diamonds to enable an evaluation of diamond quality
"C-Cut"	the 'Centenary Cut' a major resource of 133 million carats located beneath the B block of the Cullinan orebody
"calcrete"	hardened deposits of calcium carbonate formed in the near surface environment in arid or semi-arid environments
"Capex"	capital expenditure
"carat" or "ct"	a measure of weight used for diamonds, equivalent to 0.2 grams
"Cpht"	carats per hundred tonnes
"craton"	a part of the Earth's crust which has been relatively stable for a very long period
"CSI"	corporate social investment
"ctpa"	carats per annum
"cut-off grade"	the lowest grade of mineralised material considered economic to extract; used in the calculation of the ore reserves in a given deposit
"deflation soil sampling"	sampling the topmost soil layer to obtain heavy mineral grains that have been concentrated by wind action in arid or semi-arid environments
"diamondiferous"	containing diamonds
"Dominion"	Dominion Diamond Corporation
"drawpoint"	an opening through which ore from a higher level can fall and subsequently be loaded
"DTR4"	DTR rule 4 Periodic Financial Reporting
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"effluent"	mine effluent is a regulated discharge from a point source like a treatment plant or dam spillway
"EPS"	earnings per share
"ESG"	environmental, social and governance
"exceptional diamonds"	Petra classifies 'exceptional' diamonds as stones that sell for US$5 million or more each
"fissure"	informal term for a narrow, vertical, vein-like kimberlite dyke
"FY"	Petra's financial year (1 July to 30 June)
"Gem"	Gem Diamonds Limited
"GEMS"	GEOVIA GEMS™ is a suite of software packages for geological modelling and mine planning
"GHG"	greenhouse gases
"grade"	the content of diamonds, measured in carats, within a volume or mass of rock
"H1" or "H2"	first half, or second half, of the financial year
"ha"	hectares
"HDSA"	historically disadvantaged South African
"HSEQ"	health, safety, environmental and quality
"HSSE"	health, safety, social and environment
"iNED"	independent Non-Executive Director
"Indicated Resource"	that part of a diamond resource for which tonnage, densities, shape, physical characteristics, grade and average diamond value can be estimated with a reasonable level of confidence. It is based on exploration sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed and sufficient diamonds have been recovered to allow a confident estimate of average diamond value (SAMREC Code)
"Inferred Resource"	that part of a diamond resource for which tonnage, grade and average diamond value can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified by geological and/or grade continuity and a sufficiently large diamond parcel is not available to ensure reasonable representation of the diamond assortment. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability (SAMREC Code)
"IPDET"	Itumeleng Petra Diamonds Employee Trust
"kimberlite"	a brecciated ultrabasic igneous rock containing phlogopite mica, bronzite pyroxene and ilmenite; kimberlites may or may not contain diamonds
"kimberlite indicator minerals" or "Kim"	minerals that can help locate the presence and establish the diamond-bearing potential of kimberlite
"Kt"	thousand tonnes
"LDD"	large diameter drilling
"LED"	local economic development
"LHD"	load haul dumper
"LOM"	life of mine
"LTI"	lost time injury; a work-related injury resulting in the employee/contractor being unable to attend work on the day following the injury
"LTIFR"	lost time injury frequency rate; the number of LTIs multiplied by 200,000 and divided by the number of hours worked
"Lucara"	Lucara Diamond Corporation
"macrodiamond"	diamonds too large to pass through a 0.5mm screen
"Mctpa"	million carats per annum
"Mcts"	million carats

Glossary
continued

"Measured Resource" that part of a diamond resource for which tonnage, densities, shape, physical characteristics, grade and average diamond value can be estimated with a high level of confidence. It is based on detailed and reliable exploration sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity and sufficient diamonds have been recovered to allow a confident estimate of average diamond value

"microdiamond" diamonds small enough to pass through a 0.5mm screen

"mini bulk sample" a large sample, commonly in the order of 50 tonnes to 100 tonnes, for the purpose of determining the exploration potential of a diamond prospect

"mL" metre level

"Mt" million tonnes

"Mtpa" million tonnes per annum

"NDD" narrow diameter drilling

"NED" Non-Executive Director

"NGOs" non-governmental organisations

"NPAT" net profit after tax

"NUM" National Union of Mine Workers in South Africa

"open pit" mining in which ore that occurs close to the Earth's surface is extracted from a pit or quarry

"Opex" operating costs

"orebody" a continuous well-defined mass of material of sufficient ore content to make extraction feasible

"overburden" material of little or no value, which overlies rock formations of economic interest

"pa" per annum

"PAT" profit after tax

"PCBC" GEOVIA PCBC™ is a highly sophisticated software package designed specifically for the planning and scheduling of block cave mines.

"petrographic" referring to the detailed description of rocks, usually under the microscope

"Probable Reserves" the economically mineable material derived from a measured and/or indicated diamond resource. It is estimated with a lower level of confidence than a proven reserve. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified

"Proved Reserves" the economically mineable material derived from a measured diamond resource. It is estimated with a high level of confidence. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified

"raiseboring" a method of developing vertical or inclined excavations by drilling a pilot hole, then reaming the pilot hole to the required dimensions

"RC" reverse circulation (drilling)

"rehabilitation" the process of restoring mined land to a condition approximating to a greater or lesser degree its original state

"re-crush system" processes oversized material from the primary crushers, further reducing it in size

"ROM" run-of-mine

"RSA" Republic of South Africa

"SAMREC" South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves

"shaft" a vertical or inclined excavation in rock for the purpose of providing access to an orebody. Usually equipped with a hoist at the top, which lowers and raises a conveyance for handling workers and materials

"SHE" safety, health and environment

"SLC" sub-level cave

"SLP" social and labour plans

"slimes" the fine fraction of tailings discharged from a processing plant without being treated; in the case of diamonds, usually that fraction which is less than 1mm in size

"stockpile" a store of unprocessed ore

"sub-level caving" follows the same basic principles as the block caving mining method; however, work is carried out on intermediate levels and the caves are smaller in size and not as long lasting. This method of mining is quicker to bring into production than block caving, as the related infrastructure does not require the level of permanence needed for a long-term block cave. This method is used to supplement block caving in order to provide production flexibility

"tailings" material left over after processing ore

"tailings dump" dumps created of waste material from processed ore after the economically recoverable metal or mineral has been extracted

"tonnage" quantities where the tonne is an appropriate unit of measure; typically used to measure reserves of target commodity bearing material or quantities of ore and waste material mined, transported or milled

"tpa" tonnes per annum

"tpm" tonnes per month

"trackless equipment" equipment that does not operate on tracks (rails)

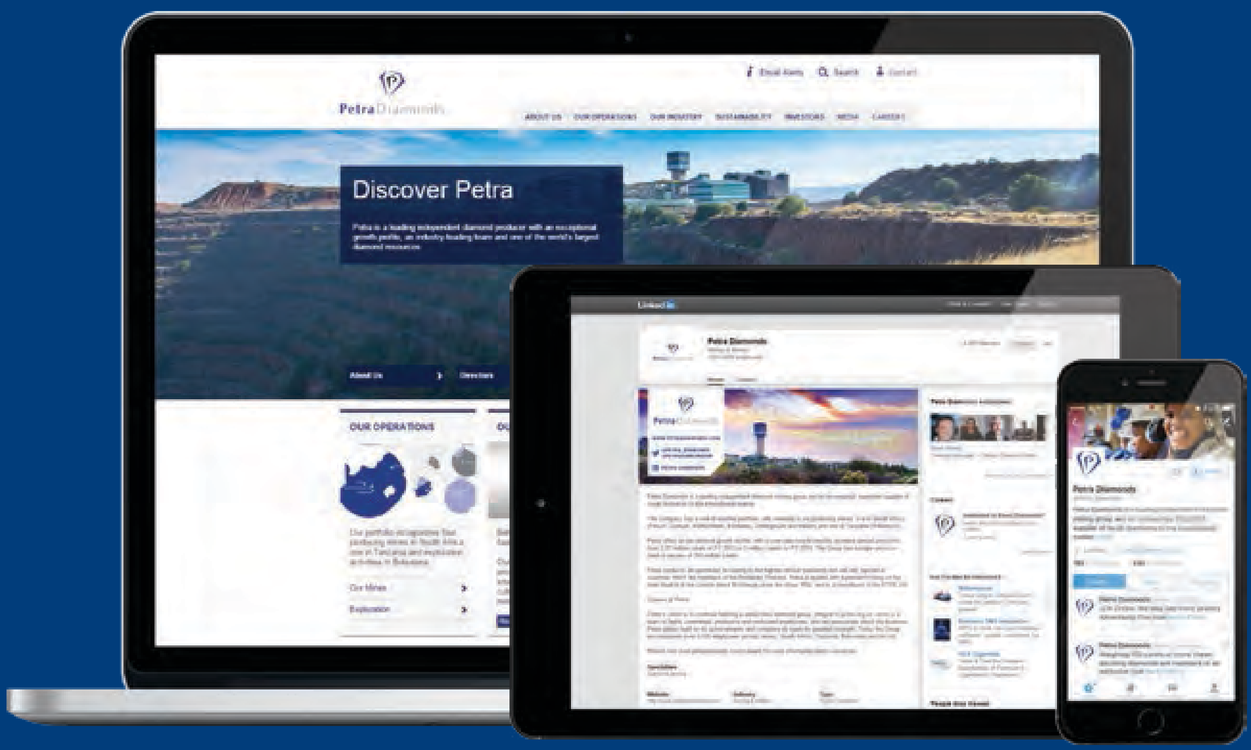
"TSR" total shareholder return

"Type II diamonds" Type II diamonds have no measurable nitrogen impurities, meaning they are often of top quality in terms of colour and clarity

- Type IIa diamonds make up 1–2% of all natural diamonds. These diamonds are almost or entirely devoid of impurities, and consequently are usually colourless. Many large famous diamonds, such as the Cullinan and the Koh-i-Noor, are Type IIa
- Type IIb make up about 0.1% of all natural diamonds. In addition to having very low levels of nitrogen impurities comparable to Type IIa diamonds, Type IIb diamonds contain significant boron impurities which is what imparts their blue/grey colour. All blue diamonds are Type IIb, making them one of the rarest natural diamonds and very valuable

"underground pipe mines" Petra's underground kimberlite pipe mines, being Finsch, Cullinan, Koffiefontein and Kimberley Underground

Discover more online



petradiamonds.com

Keep up to date with our corporate website.

Petra Diamonds

Follow our business on LinkedIn.

@Petra_Diamonds
@PetraDiamondsIR

Follow our corporate and IR news feeds on Twitter.

Petra Diamonds

Elizabeth House
PO Box 1075
9 Castle Street
St Helier
Jersey JE4 2QP

Tel: +44 1534 700 111
Fax: +44 1534 700 007
Email: info@petradiamonds.com

www.petradiamonds.com

consultancy, design and production by
designportfolio
design-portfolio.co.uk @WeAre_DP

Design Portfolio is committed to planting trees for every corporate communications project, in association with Trees for Cities.

MIX
Paper from responsible sources
FSC® C001785
FSC
www.fsc.org

Petra Diamonds' commitment to environmental issues is reflected in this Annual Report which has been printed on Heaven 42 and UPM Fine which are FSC® certified papers. This document was printed by Park Communications using their environmental print technology, which minimises the impact of printing on the environment. Vegetable based inks have been used and 99% of all dry waste associated with this production is diverted from landfill. The unavoidable carbon emissions generated during the manufacture and delivery of this document, have been reduced to net zero through a verified carbon offsetting project.

Petra Diamonds Limited Annual Report and Accounts 2015