



PetraDiamonds

Annual Report and Accounts 2022



A point of inflection



Petra at a point of inflection

Strengthened and more resilient

We are an independent producer of gem-quality rough diamonds with strong sustainability credentials throughout our portfolio of mines in South Africa and Tanzania.



Employees celebrating safety performance at Cullinan Mine.



Petra is at a point of inflection, following our success in the steps we have already taken in our transformation to increase our resilience and cash generation.

We have redefined our purpose and created a Formula for Success which ensures the culture we need to deliver our ambitions for Petra is meaningful to our teams. This, along with our new Operating Model, our relentless focus on continuous improvement and the integration of our new Sustainability Framework, means we are well set to deliver our value-led growth strategy.

These excellent financial results and cash generation have enabled a successful tender offer for our bonds to reduce our gross debt, as well as the announcement of a new dividend policy.

Richard Duffy
Chief Executive Officer

Photo on cover

The cover features the 39.34 carat blue diamond from the Cullinan Mine sold for US\$40.2 million (cUS\$1 million per carat) in July 2021 - believed to be the highest price per carat on record for a rough diamond. Further information is set out on page 26.

Petra's Annual and Sustainability Reports for the financial year to 30 June 2022

Welcome to our FY 2022 Annual Report. Our Sustainability Report can be found on our website.

 petradiamonds.com/investors/results-reports/

This Annual Report covers our business holistically, considering both the financial and non-financial aspects of our performance. We address the way sustainability is at the core of our purpose and integrated into our values, culture, governance, operations and partnerships, and provide additional detail in our Sustainability Report.

From next year we will produce an integrated report.



 Stay up to date with the latest investor news at: www.petradiamonds.com



Highlights: strong performances

Delivering safely and efficiently

PRODUCTION² UP
(Mcts)

3.4 +3%

SAFETY IMPROVED
(LTIFR)

0.22 -50%

REVENUE² UP
(US\$m)

585.2 +44%

ADJUSTED EBITDA^{1,2} UP
(US\$m)

264.9 +103%

ADJUSTED NET PROFIT
AFTER TAX¹ UP (US\$m)

102.0 +500%

ADJUSTED EARNINGS
PER SHARE^{1,3} UP (US\$ cents)

42.93 +219%

Generating cash and reducing net debt

OPERATIONAL FREE
CASHFLOW¹ UP
(US\$m)

230.0 +91%

CONSOLIDATED NET DEBT:
ADJUSTED EBITDA¹ DOWN

0.15x -91%

CONSOLIDATED
NET DEBT¹ DOWN (US\$m)

40.6 -82%

GROSS DEBT DOWN
(US\$m)

366.2 -15%

Operating sustainably⁴

CARBON EMISSIONS⁵ UP
(tCO₂-e/ct)

0.139 +10%

WATER EFFICIENCY⁵ UP
(m³/t)

1.0 +82%

WOMEN IN THE
WORKFORCE NO CHANGE
(%)

20 0%

TRAINING SPEND UP
(US\$m)

6.1 +5%

Navigation (reading and web)



Online Sustainability Report reading



Annual Report page driver



Web driver

Notes to financial measures

- For all non-GAAP measures refer to the Summary of Results table within the Financial Results section.
- For comparative purposes, the FY 2021 variances include Williamson as it is no longer a discontinued operation – refer to note 2. Consolidated net debt and cash balances for FY 2021 have not been adjusted.
- The comparative adjusted profit per share have been adjusted to give effect to the share consolidation of one new share for every 50 existing shares completed on 29 November 2021 with the Company's resultant issued share capital now consisting of 194,201,785 Ordinary Shares of 0.05 pence each.
- The FY 21 sustainability metrics were affected by Williamson being on care and maintenance.
- Williamson on care and maintenance in FY 2021.

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At a Glance

Our purpose: creating abundance from rarity

We believe that Earth’s rare and precious legacy can, through responsible mining, create abundant outcomes for our people, communities, investors, customers and all other stakeholders, giving expression to life’s special moments

Our Purpose, Values and Culture Change [pages 10 to 13](#)

Petra has a significant resource base and operates in a structurally supportive market

One of the world’s largest diamond resources

GROSS GROUP RESOURCES (MCTS) **226.6 -2%**
 GROSS GROUP RESERVES (MCTS) **29.97 -10%**

FY 2022 Resource Statement [pages 58 to 60](#)

Careful management will ensure sustainable, long-life mining operations [pages 14 to 17](#)

A market with strong fundamentals

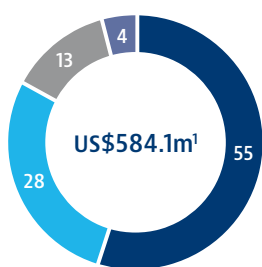
The predicted supply/demand deficit was manifested through a decline in supply and, as a result, diamond prices strengthened considerably.

LIKE-FOR-LIKE PRICE INCREASE
+41.5%

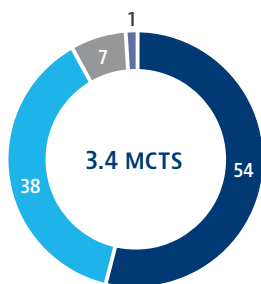
Our Market [pages 22 to 24](#)

Our mines

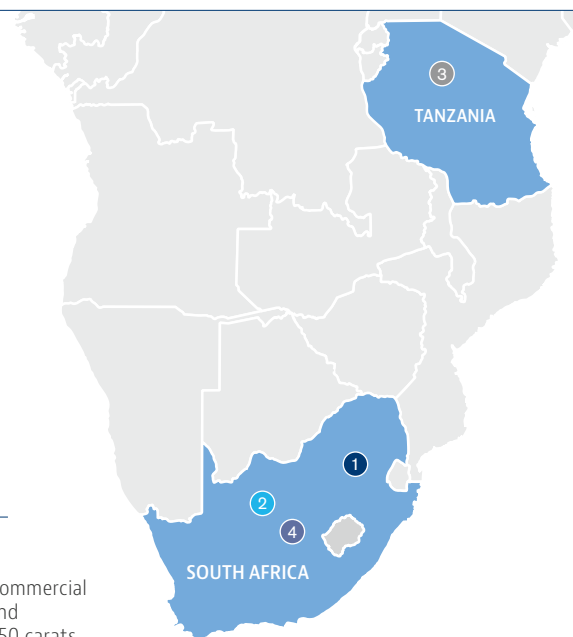
Revenue by mine (%)



Total production by mine (%)



■ Cullinan Mine ■ Finsch
 ■ Williamson² ■ Koffiefontein



1 Cullinan Mine
 Produces large, high-quality white and very rare blue diamonds.

REVENUE (US\$ MILLION) **322.4 +29%**
 TOTAL PRODUCTION (MCTS) **1.81 -7%**

2 Finsch
 Regularly produces highly commercial goods of over five carats, and occasionally produces over 50 carats and smaller gem-quality diamonds.

REVENUE (US\$ MILLION) **165.7 +34%**
 TOTAL PRODUCTION (MCTS) **1.28 +3%**

3 Williamson, Tanzania
 Renowned for beautifully rounded white and ‘bubble-gum’ pink diamonds.

REVENUE (US\$ MILLION) **75.9**
 TOTAL PRODUCTION (MCTS) **0.23 +100%**

4 Koffiefontein
 Regularly produces high-quality white diamonds of between five and 30 carats.

REVENUE (US\$ MILLION) **21.5 -23%**
 TOTAL PRODUCTION (MCTS) **0.04 -40%**

Ownership of our mines

SOUTH AFRICAN MINES
 Petra: 74%; Kago Diamonds: 14%; Itumeleng Petra Employee Trust: 12%

TANZANIAN MINE, WILLIAMSON*
 Petra: 75%; the Government of Tanzania: 25%

* After completion of the Framework Agreement and MoU with Caspian, Petra will hold an effective 31.5% interest in the Williamson mine, with the Government of Tanzania holding 37% and Caspian Limited holding 31.5%.

Read more on page 8

1. Revenue from sales of rough diamonds (excluding partnership stones).
 2. On care and maintenance during FY 2021.

Operational Review [pages 46 to 57](#)



Petra's ongoing transformation underpins sustainable growth

A new Operating Model focused on cash generation

Facilitating a new culture of continuous improvement

Our Strategy
pages 14 to 17

Our balance sheet significantly strengthened

Enabling our focus on reducing gross debt further

Financial Review
pages 61 to 64

Sustainability being embedded throughout our operations

Supported by a new Sustainability Framework providing rigour

ESG and Sustainability
pages 33 to 40

A growth strategy to benefit all stakeholders

Mine plans up to 2031 with growth potential beyond

Our Strategy
pages 14 to 17

Prioritising safe, sustainable and responsible business practices

Our people are integral to our business and ensuring a safe workplace is our number one priority.

Diamond mining has one of the smallest environmental footprints in the minerals sector and Petra is focused on managing its greenhouse gas footprint.

Our production is certified as conflict free in accordance with the Kimberley Process and we are a founder member of the Natural Diamond Council (NDC) which aims to advance the integrity of the modern diamond jewellery industry, and inspire, educate and protect the consumer.

59%; 89%
OF PROCUREMENT SPEND WITH LOCAL SUPPLIERS IN SOUTH AFRICA; AND TANZANIA

50%
IMPROVEMENT IN LOST TIME INJURY FREQUENCY RATE

Our GHG target

PETRA IS COMMITTED TO REDUCING ITS GHG PROFILE AND TO GENERATE ZERO EMISSIONS ON A NET BASIS FOR SCOPES 1 AND 2 BY 2050.

3 of our 4
MINES ARE THE PRIMARY ECONOMIC CONTRIBUTOR TO THEIR DISTRICT OR REGION

14%
SOUTH AFRICAN MINES OWNED BY HISTORICALLY DISADVANTAGED SOUTH AFRICANS AND 12% BY EMPLOYEES

HOWEVER, WE ASPIRE TO REACH THIS GOAL BY 2040 OR EARLIER AND HAVE PUT IN PLACE A 2030 GHG REDUCTION TARGET FOR SCOPE 1 AND 2 EMISSIONS OF 35-40%, BASED ON OUR 2019 BASE LINE.

ESG and Sustainability pages 33 to 40

The right skills and experience and a culture of continuous improvement

Petra's team has great depth of experience and expertise in the management of diamond mines, particularly underground, and of operating in Sub-Saharan Africa. Petra's culture is one of continuous improvement to empower management to make decisions, motivate and create accountability in our employees, and to collaborate and engender co-operation with our stakeholders.

EMPLOYEES WORLDWIDE

5,265 +8%

Valuing our people page 36

WOMEN IN THE WORKFORCE (%)

20% 0%

BOARD FEMALE DIVERSITY (%)

40% +10%

TRAINING AND DEVELOPMENT SPEND (US\$M)

6.1 +5%

Our investment proposition

Transformation led by proven management team

Resilient, cash-generative operations

Third largest global resource supports further growth potential
Diversified portfolio with delivery of high-value blue, pink and large white diamonds
Operating Model drives stability and cash generation
Best-in-class safety performance
Ambitious and rigorous Sustainability Framework
Strengthened balance sheet

Enhancing stakeholder returns

Strong operational cash generation
Value-driven organic and inorganic growth strategy
A disciplined capital allocation approach

1. Self-funded mine expansion projects
2. Gross debt reduction
3. Dividend policy in place

Strong diamond market, supported by a structural supply deficit



Chair's Statement

Petra at a point of inflection



“

With all we have successfully achieved to strengthen Petra, combined with a supportive diamond market, we are at a point of inflection and are looking forward with optimism to the future.

Peter Hill CBE
Non-executive Chair

Petra's strengthened operational platform

This 2022 Annual Report records a year of significant achievement, which positions Petra at a point of inflection as we build on our stable and resilient operating platform and strengthened balance sheet, underpinned by a diamond market with strong fundamentals.

We made significant progress in further transforming the business, by:

- ▶ Enhancing the efficiency, profitability and cash generation of our operations through Project 2022
- ▶ Further strengthening our balance sheet through Restructuring, substantial cash generation, repayment of banking facilities and, since the Year end, the launch of our successful tender offer to reduce gross debt
- ▶ Embedding a new Organisational Design and culture, initiating our Formula for Success
- ▶ Integrating our Sustainability Framework throughout our business

Excellent financial results

Alongside these steps in our transformation, Petra has delivered very strong results.

We achieved good safety results, halving the Lost Time Injury Frequency Rate (LTIFR). We implemented systems across all our operations aimed at preventing and containing the spread of COVID-19, and continued the roll-out of vaccinations for employees.

Production, totalling 3.4 million carats, was in line with guidance, while revenue grew 44% to a record US\$585.2 million. Adjusted EBITDA more than doubled to US\$264.9 million with an adjusted EBITDA margin of 45%, driven by the strong revenue growth and our measures to improve profitability. Adjusted EPS rose 219% to a record US\$42.93, reversing last year's loss.

We are reaping the benefits of our focus on cash. Operational free cashflow rose 91% to US\$230 million.

With consolidated net debt at Year end of US\$40.6 million, 82% down from last year's US\$228.2 million, our consolidated net debt:Adjusted EBITDA ratio came down to just 0.15x, compared with 1.75x last year.

Enabling a reduction in gross debt and dividend policy

This performance has enabled two important developments announced after the Year end:

- ▶ Our successful tender offer for our Second Lien Notes has already reduced our gross debt by US\$144 million and the offer has been extended to try and reduce our debt by a further US\$29 million
- ▶ Our new dividend policy targeting an ordinary dividend within the range of 15% to 35% of adjusted free cashflows after interest and tax and having adjusted for any windfall earnings

Strong diamond market fundamentals

Conditions in the diamond market markedly improved as demand resumed following the pandemic, particularly during the 2021/22 festive season and contributed to our 41.5% increase in year-on-year like-for-like rough diamond prices. The global constraints to production, as mines close or transition from open pit to underground, continues and underpins the structural supply deficit which is expected to persist for some time. While the effects of the current conflict in Ukraine have led to difficult economic conditions globally, diamond pricing to date has remained robust.



Petra's position in the market [pages 22 to 29](#)

Petra's sustainable business practices and ethical values

- ▶ Consumers of diamonds are increasingly demanding reassurance as to the ethical origins, provenance and sustainability of natural diamonds. We are committed to the Kimberley Process's standards for ethical production and, as a founder member of the Natural Diamond Council, help promote the value and sustainability of natural diamonds by highlighting the benefits of diamond mining in local communities and its relatively low environmental impact
- ▶ During the Year, we introduced a Group-wide Sustainability Framework built on four pillars which cover our relationships with employees, our operations and production, our impact on the environment, and our partnerships with our stakeholders
 - ▶ Valuing our People
 - ▶ Respecting our Planet
 - ▶ Securing Shared-Value Partnerships
 - ▶ Delivering Reliable Production

We have set targets for our key undertakings.



ESG and Sustainability [page 33](#)



Sustainability Report [pages 38 to 40](#)



Our Greenhouse gas (GHG) target

Petra's climate-change ambitions align with the Paris Agreement and the Nationally Determined Contributions of the jurisdictions we operate in. For Scope 1 and 2 emissions, we are committed to be net zero by 2050, but aspire to reach this goal by 2040 or earlier and have put in place a 2030 GHG reduction target of 35 - 40% based on our 2019 base line.

 **Sustainability Report** [pages 67 to 72](#)

 **Summary table for recommended disclosures for the TCFD (Taskforce on Climate-Related Financial Disclosures)** [page 41](#)

Stakeholder engagement

We enhanced stakeholder engagement by simplifying and clarifying our policies and processes, introducing feedback and grievance mechanisms, and implementing revised Stakeholder Engagement Plans at all our operations. We also continued our programme of community development work within our host communities, including providing educational support, sustainable job creation, skills transfer, enterprise development and infrastructure development.

 **Stakeholder engagement** [pages 16 to 18](#)

 **Sustainability Report** [pages 15 to 22 at \[petradiamonds.com/investors/results-reports/\]\(https://petradiamonds.com/investors/results-reports/\)](#)

We continue to address the alleged human rights issues in Tanzania, first reported in 2020. Our remedial actions have the approval of the Government of Tanzania, and we have completed the second phase of stakeholder engagements for the Independent Grievance Mechanism (IGM). The IGM is expected to become fully operational by the end of this calendar year.

Petra has also provided £1 million for a number of Restorative Justice Projects (RJPs) to provide sustainable benefits to local communities, including medical services, income generation, and sexual and gender-based violence projects. We have been encouraged by positive reactions to our approach from local stakeholders.

 **Read more at petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine/**

The Board continues to ensure that the interests of stakeholders are considered in both Board discussions and decisions. Consistent with the requirements of the UK Corporate Governance Code, Petra has reported on how the interests of stakeholders, and the matters set out in Section 172 of the Companies Act, 2006, have been considered by the Board in FY 2022.

 **Section 172 on stakeholder relationships** [pages 30 to 32](#)

Consolidating our investment at Williamson mine in Tanzania

Petra has entered into agreements to reduce its exposure in Tanzania while retaining control of the Williamson mine.

The Framework Agreement with the Government of Tanzania, approved by our shareholders at a Special General Meeting, will result in the dilution of Petra's indirect shareholding in Williamson Diamonds Limited (WDL). Completion of the Memorandum of Understanding (MoU) transaction with Caspian Limited (Caspian) will have the effect of reducing Petra's indirect holding in WDL further to 31.5% but with Petra retaining control of WDL.

Completion of the Framework Agreement and the MoU transaction are subject to obtaining the necessary regulatory consents. In addition, the MoU requires the necessary definitive transaction agreements to be agreed with Caspian. Both transactions are expected to complete in the first half of FY 2023.

Petra's Board

During the Year, Jon Dudas joined the Board as an Independent Non-executive Director effective from 1 March 2022, further strengthening the Board through his broad experience across the mining and resources sectors, in operations, general management, information technology, finance and strategy.

Matthew Glowasky stepped down from the Board as a Non-Independent Non-executive Director on 17 May 2022. He was appointed in March 2021, following completion of the Restructuring pursuant to a Nomination Agreement between Petra and Monarch. While Monarch does not currently intend to nominate a Director to replace Mr Glowasky, it retains its right to do so.

Appreciation of our excellent Petra people

It was gratifying and humbling to see how well the Petra team responded to both the challenges and the opportunities of FY 2022. A second year of COVID-19 meant renewed restrictions, but our team managed the disruption well.

The strong performance we are reporting is a tribute to the dedication and resilience of our people and their willingness to embrace our new culture of continuous improvement, and our ambitions to increase cash generation, reduce debt and grow our business. For this I thank each and every one of you.

The future

Petra's enhanced Operating Model provides a platform for greater stability and resilience, enabling further cash generation to fund our capex requirements and support further deleveraging.

Therefore, considering all we have achieved this Year to strengthen Petra, we really are at a point of inflection and looking forward with more optimism than we have been able to in recent years.



Peter Hill CBE
Non-executive Chair
10 October 2022



Chief Executive Officer's Statement

Strong revenue growth, profitability and cash generation in a robust diamond market



We are delighted with our overall performance, which caps the turnaround, begun three years ago. Our continued focus on safety has supported a 50% improvement in our LTIFR. Additionally, sustainability is being integrated across our business through the implementation of our new Sustainability Framework. Project 2022, now concluded, has delivered US\$265 million in net free cash over its three years, contributing to our record financial results for FY 2022.

In addition to Project 2022, the key drivers were our record recovery of Exceptional Stones¹, the resumption of operations at the Williamson mine, and a 41.5% increase in like-for-like² diamond prices. The diamond market remains broadly supportive as a result of the prevailing structural supply deficit, although ongoing macroeconomic uncertainties may lead to some volatility in the short term.

Our strong cash generation has enabled us to target a further reduction in gross debt. The tender offer for our Second Lien Notes was successful and reduced our gross debt by US\$144 million and we have extended the offer to try and reduce our debt further by up to US\$29 million. This is expected to lead to considerable savings in interest expenses.

I am also very pleased to announce that, on the back of our much improved financial position, the Board has approved a dividend policy.

Richard Duffy
Chief Executive Officer

Financial highlights

- ▶ Revenue up 44% to US\$585 million
- ▶ Doubling of adjusted EBITDA to US\$265 million
- ▶ Adjusted basic earnings per share up 219% to USc42.93
- ▶ Operational free cashflow up 91% to US\$230 million
- ▶ Consolidated net debt of US\$40.6 million, with leverage of 0.15x

Enabling

Launch of US\$150 million tender offer to reduce gross debt

- ▶ The success of this offer, has resulted in a reduction in gross debt of US\$144 million and we have extended the tender offer to seek to further reduce gross debt up to US\$175 million

Announcement of dividend policy

- ▶ The Board approved a dividend policy targeting an ordinary dividend within the range of 15% to 35% of adjusted free cashflows after interest and tax and having adjusted for any windfall earnings

1. Petra classifies 'Exceptional Stones' as rough diamonds which sell for US\$5 million or more each.

2. Like-for-like refers to the change in realised prices between tenders and excludes revenue from all single stones and Exceptional Stones, while normalising for the product mix impact.



Strong financial performance

Overall revenue increased 44% to US\$585.2 million, comprising US\$584.1 million from rough diamond sales and an additional US\$1.1 million from our first partnership stone sale. The drivers of this revenue growth were the year-on-year 41.5% increase in like-for-like diamond prices and record recovery and sale of Exceptional Stones, totalling US\$89.1 million (FY 2021: US\$62.0 million).

The 11% reduction in rough diamonds sold reflects the particularly high volumes sold in FY 2021, mostly off-tender, as the inventory build-up after the initial COVID-19 outbreak was released.

Adjusted EBITDA rose 103% to US\$264.9 million with an Adjusted EBITDA margin of 45% reflecting the strong revenue growth and positive operational leverage, supported by the recovery of Exceptional Stones.

The 91% improvement in operating free cashflow generation has been supported by the Project 2022 initiatives. Over the three years since its commencement, the Project has contributed US\$265.4 million of net free cashflow benefits, exceeding our revised target of delivering net free cashflow of between US\$100 million and US\$150 million.

This cash generation means that we lowered our consolidated net debt to US\$40.6 million as at 30 June 2022, down from US\$228.2 million as at 30 June 2021.

Safe and efficient production

We strive to achieve a zero harm working environment. Petra has focused on improving safety performance through remedial actions and behaviour-based intervention programmes. As a result, we have improved the LTIFR by 50% to pre-pandemic levels, and LTIs by 40% which were of low severity and mostly behavioural in nature. We continue the roll-out of COVID-19 vaccinations for employees, and 64% of the workforce in South Africa and 16% of the workforce in Tanzania have been vaccinated. The vaccination rate in South Africa is well ahead of the national average of 51%.

The vast majority of the 44% increase in ore processed is attributable to Williamson recommencing operations in August 2021 following a 17-month period of care and maintenance. Williamson ore is lower grade in comparison to our South African mines and this translated into a 3% increase in diamonds recovered, within our guidance range.

Project 2022 has, as part of the focus on cash generation, been highly effective in addressing both operational efficiencies as well as the efficiency of our operational and capital expenditure. We have created a Business Improvement function to ensure that the systems and processes developed as part of Project 2022, which concluded this Year, will continue to deliver benefits and seek out further improvement opportunities. Supporting this culture of continuous improvement, our new Operating Model has clarified lines of accountability and further empowers our people.

Cash on-mine costs and General and Administrative (G&A) costs were in line with guidance. The 11% increase in adjusted mining and processing costs was principally due to the resumption of operations at Williamson during the first quarter of the Year, the stronger average ZAR:USD exchange rate and inflationary increases.

Group capex of US\$52.2 million was below guidance following delayed delivery of certain capital items planned for FY 2022 due to increased lead times. As a result, around US\$12 million of capex that was due to be incurred in FY 2022 is now expected to be incurred in FY 2023. US\$34.5 million of the FY 2022 capital spend was expansionary capex and the vast majority of total capex was invested at the Cullinan Mine and Finsch (US\$35.0 million and US\$12.0 million respectively).

Loadshedding and energy reform in South Africa

The recent increase in loadshedding in South Africa is currently having minimal impact on our operations. Our excess processing capacity at both Cullinan Mine and Finsch allows us to reduce our processing energy draw to meet the prescribed load curtailment requirements, whilst maintaining mining at full production and catching up on processing when conditions return to normal.

The regulator in South Africa recently removed the cap for private power generation without licencing which has opened up opportunities for high energy users to integrate renewables on their own sites, and Petra is actively looking at options that are optimal from a financing and partnering perspective that would enable us to integrate renewables into our energy mix, lower our cost of energy, secure our energy supply, and support our target of achieving net zero GHG emissions by 2050 or earlier.

Our mine plans

Resources

Petra manages one of the world's largest gross diamond resources (inclusive of reserves) of 226.6 Mcts, supporting a potential mine life well beyond the current mine plans. The 2% reduction compared to 230.64 Mcts in 30 June 2021 was predominantly due to depletions resulting from mining at all our assets in FY 2022.

Petra's gross diamond reserves decreased 10% to 29.97 Mcts (30 June 2021: 33.33 Mcts) primarily due to mining depletions, minor changes in mine plans and Williamson remaining on care and maintenance until August 2021.

Life extension projects approved during the Year

As announced previously, the Board approved extension projects at our major South African mines, the Cullinan Mine and Finsch, during the Year.

- ▶ At the Cullinan Mine we will establish a CC1 East sub-level cave, on the same level as the current C-Cut operation, extending the mine plan to 2031. The capital investment is estimated at US\$173 million over the life of the project and is expected to deliver a project internal rate of return (IRR) of more than 30% and incremental project net present value (NPV) of more than US\$70 million. Capital expenditure began during the Year and production is expected to begin in FY 2024, ramping up to a steady state in FY 2026
- ▶ At Finsch, we will extend the mine below the current area, creating a Lower Block 5 3-level sub-level cave, extending the mine plan to 2030. The capital investment is estimated at US\$216 million and the IRR is also expected to be in excess of 30% with incremental NPV of more than US\$90 million. Capital expenditure for this project will commence during FY 2023 and we expect production to commence in FY 2025
- ▶ The capex involved in these projects is expected to be self-funded

There are further opportunities beyond these mine extension plans, given the significant scale of the orebodies at the Cullinan Mine, Williamson and Finsch.

Koffiefontein

As Koffiefontein approaches the end of its mine plan, Petra has been exploring options for a responsible exit. The sales process that Petra announced in April 2022 has been unsuccessful in identifying a potential buyer and so Petra is now evaluating its other options and continues to operate the mine responsibly.



Chief Executive Officer's Statement continued

Diamond market remains buoyant despite uncertainties

Despite significant global economic uncertainties resulting from the war in Ukraine, like-for-like rough diamond prices increased 41.5% for the Year, driven in particular by record jewellery retail demand in the US. Overall we saw strength of demand across our product mix, both in white and coloured gem-quality stones, with some increased demand for smaller diamonds in the final tender of the Year in June.

Tender 1 FY 2023

We have achieved strong sales in the first tender of FY 2023, realising US\$102.9 million due to a high proportion of high-value gem-quality single stones particularly from the Cullinan Mine. This has resulted in a 21% increase in our average realised price against Tender 6 in FY 2022, more than offsetting the 4.5% softening of like-for-like prices.

The supportive structural supply deficit in the diamond market

Growth in demand was driven by mid-stream inventory restocking and continued strong jewellery retail sales associated with a delayed wedding boom, and a growing trend in diamonds being given as meaningful gifts post COVID-19. While the diamond market is strong, macroeconomic uncertainties caused by the rise in inflation are a potential dampener of demand.

Global supply is expected to remain broadly flat for the next ten years at between 115 and 125 Mcts. This is driven by the reduction in the number of producing mines, the long lead times for open-pit mines to transition to underground mining, as well as the very limited investment in exploration. Given that less than 1% of kimberlites discovered are economic, we do not expect this to change in the medium term.

Sustainability performance to benefit from new Sustainability Framework

Petra is embedding its new Sustainability Framework so that environmental, social and governance improvements are further integrated throughout our operations. Objectives are published in our FY 2022 Sustainability Report.

Our GHG target

Petra remains committed to reducing our GHG profile and to generate zero emissions on a net basis for Scopes 1 and 2 (emissions from sources we own and control directly and those through the energy we purchase) by 2050. However, we aspire to reach this goal by 2040 or earlier and have put in place a 2030 GHG reduction target for Scope 1 and 2 emissions of 35 - 40% based on our 2019 base line.

Our emissions profile is heavily weighted to our Scope 2 emissions which comprise 97% of our total emissions in South Africa and 92%, including Tanzania. Scope 3 emissions comprise 2% of our total emissions. We continue to improve the mapping of Scope 3 emissions, and will focus on reducing these once the roadmaps for reducing Scopes 1 and 2 emissions are under implementation.

Framework Agreement with the Government of Tanzania and MoU with Caspian

In December 2021, Petra announced that it had entered into two agreements with the objective of reducing its exposure to Tanzania while still retaining control of Williamson.

The Framework Agreement between Petra and the Government of Tanzania will become effective after a number of conditions are satisfied, including obtaining various Government approvals. The agreement, which will result in the reduction of Petra's indirect shareholding in Williamson Diamonds Limited (WDL) from 75 to 63%, and establish a sustainable future for Williamson, is progressing and is now expected to become effective in the first half of FY 2023.

Petra expects to further reduce its indirect shareholding in WDL from 63 to 31.5% via a sale to Caspian Limited but with Petra retaining a controlling interest in WDL, as Petra have the controlling vote on the WDL board via its controlling interest in the intermediate holding

company. The transaction remains subject to the parties first agreeing definitive transaction agreements and then obtaining all necessary Government, regulatory and lender approvals which are also expected to be obtained in the first half of FY 2023.

Independent Grievance Mechanism and community projects at Williamson

Petra has implemented remedial programmes and initiatives and is establishing the Independent Grievance Mechanism (IGM) to address the historical allegations of human rights abuses at Williamson. The second phase of engagements with the Government of Tanzania and local stakeholders on the IGM has been completed, and the focus is now on updating the IGM processes and appointing the various organs that will make up the IGM, with it expected to become operational by the end of this calendar year.

While the IGM is still being finalised, a mechanism has been set up to enable community members to confidentially and securely register alleged historical human rights grievances. This mechanism continues to receive grievances, with a significant amount of grievances having been registered to date. As the IGM is not yet operational (and therefore unable to start investigating these grievances), it is too early to evaluate the merits of these grievances.

A number of other initiatives are being put in place to provide sustainable benefits to the communities located close to the mine, funded by the £1 million escrow account established by Petra. Having completed all planned activities in Q1 CY 2022, the Gender-Based Violence initiative is now training young men as champions and first responders, and setting up survivor self-help groups within the surrounding communities. The medical services project has been expanded to provide further services, including surgery, medication and psychological support. Feasibility studies for income-generating projects (agriculture businesses and artisanal mining) are also progressing, and a radio programme to improve awareness and understanding of the IGM and community projects amongst the local community has been set up.

More information on the IGM, the community projects and illegal incursions into the Williamson mine lease area can be found on Petra's website.

 petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine/

Our purpose and culture

The turnaround of Petra includes the implementation of our new Operating Model, incorporating continuous improvement and other benefits from Project 2022.

We have also defined our new Purpose, Creating Abundance from Rarity, that describes why we do what we do at Petra and the positive impact we would like to have on our stakeholders. To support our transformation towards realising our Purpose, we have been through an inclusive process, involving all of our employees, to refresh our culture which we have called our Petra Formula for Success.

This has resulted in our employees identifying a set of enablers – what they would like us to do more of, and a set of disablers – what they would like us to do less of. This will embed a 'Petra way of working' that will drive delivery of our value-led growth strategy.

New dividend policy

The Board approved a dividend policy targeting an ordinary dividend within the range of 15% to 35% of adjusted free cashflows after interest and tax and having adjusted for any windfall earnings.

The Board would ordinarily look to the annual dividend being paid 1/3 following its interim results and 2/3 after its full year results. The dividend policy will take effect from 1 July 2022 and the Board will consider whether to pay a maiden dividend under this policy following publication of Petra's interim results for the six months ending 31 December 2022. In a year where Petra generates windfall earnings, the Board may consider paying a special dividend.



Prior to declaring or recommending any dividend, the Board will consider the Group's capital commitments, including, amongst other things, approved expansion projects and debt servicing and repayment commitments and associated covenant requirements, to ensure that the Group maintains a healthy balance sheet and sufficient liquidity and headroom.

Debt tender offer

In September 2022, Petra launched a tender offer to bondholders to purchase US\$150 million of the Senior Secured Second Lien Notes due in 2026 in line with our stated intent to further optimise our capital structure through a reduction of gross debt. As at the date of this report, the Company has, through this tender offer, reduced gross debt by US\$144 million and has extended the tender offer to reduce its gross debt further by up to US\$29 million. As per our stated strategy, Petra will continue to consider opportunities to further optimise its debt structure. This transaction will see Petra saving at least US\$14 million (and up to US\$17 million) per annum in interest expenses, while we remain confident that we will continue to fund our ongoing capital programmes from existing and internally generated cash resources. Further detail on the tender offer is covered in separate announcements which can be found on Petra's website.

 petradiamonds.com/investors/news/

Outlook

FY2023 - 2025 production, cost and capex guidance remains unchanged. We continue to monitor the evolving macroeconomic environment that has seen higher inflation and interest rates. Our ability to absorb inflationary pressures is assisted by our disciplined cost management, relatively low fuel consumption, and any weakening of the South African Rand.

The backdrop of structural changes to the supply and demand fundamentals in the diamond market remains unchanged and we anticipate that it will continue to be supportive going forward, notwithstanding possible volatility in the short term.

The implementation of our new Operating Model, that formed part of Project 2022, has provided a more stable and resilient operating platform supporting ongoing cash generation, enabling our self-funded expansion programme, the successful tender offer for our 2nd lien notes and the potential payment of dividends under our new dividend policy.

Thank you to the Petra team

Finally, I want to thank the Petra team for all they have done to realise our successes in FY 2022. They have honoured our values and delivered these superb results, embracing our culture of continuous improvement and driving our value-led growth strategy. Their commitment and ambition sets us for an exciting future.




Richard Duffy
Chief Executive Officer
10 October 2022

Creating abundance from rarity

We have restated our purpose focusing on our stakeholders and the value that Petra generates.

We believe that Earth's rare and precious legacy can, through responsible mining, create abundant outcomes for our people, communities, investors, customers and all other stakeholders in giving expression to life's special moments.

1. Abundance for our people in realising their full potential to deliver extraordinary outcomes
2. Abundance for our communities through partnering to provide enduring benefit for future generations
3. Abundance for our investors in generating sustainable returns
4. Abundance for our customers in celebrating love, friendship and life's achievements

 **Purpose statement** [pages 10 to 13](#)



A view of Finsch mine from its surrounding protected nature reserve.



Our Purpose, Values and Culture Change

Our purpose: creating abundance from rarity



I am confident that our clear and compelling new purpose "Creating abundance from rarity" will engender a united vision of what we believe our work at Petra can achieve. This aligns with a set of principles and structures that guide our actions, and help us deliver our ambitions.

Thashmi Doorasamy Group HR & Public Affairs Executive



Having achieved significant and wide-ranging positive change in Petra over the last few years, we have put in place a new Operating Model and Organisational Design that have business improvement at their core. We have also embarked on a process which gives our people, who are the heart of our business, a voice in shaping our culture to ensure the successful delivery of our value-led growth strategy. In so doing, we aim to unite the entire Company, at every level, through an understanding of Petra's purpose which we have worked together to articulate.

Journey to craft our purpose statement

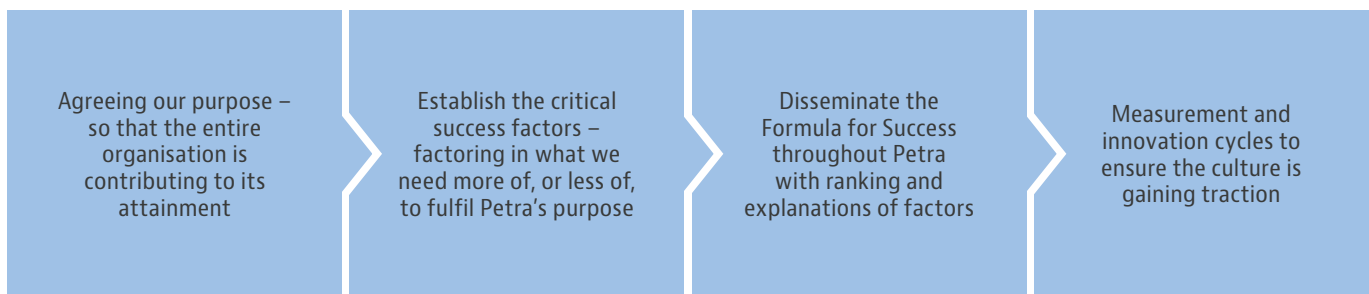
During the Year, we undertook to articulate a purpose statement which would set our aspirations, acknowledge our key characteristics, recognise what we mean for stakeholders, embrace our focus on Africa, and link our product with the benefits it brings and the expression of life's special moments it gives.

The process, which was led from the top and rigorously engaged with all Petra's employees, comprised four phases to sign-off and will now proceed to Group-wide communications.

THE PROCESS WE UNDERTOOK

1. Exco workshop – articulate the fundamentals of our purpose
2. Management enrolment – co-creation of our purpose
3. One-to-one interviews with leadership – shape our purpose
In parallel with the bottom-up co-creation of Formula for Success
4. Agreement – Exco input and Board sign-off
5. Communication and awareness with employees – ongoing

Developing our culture and Formula for Success



The inclusive process (illustrated above) aims to identify the culture we need to reflect our ambitions, and to bring about a Formula for Success which is relevant for everyone in Petra.



Our values define the way in which we work

As part of our work on our culture and Petra's Formula for Success, we will be carrying out a review of our values in FY 2023 to ensure that they continue to underpin our culture in a practical sense, adding to all the spheres in which we operate and benefiting all our stakeholders.



LET'S DO NO HARM

Petra considers the health and safety of its employees, and care for the environment, as its top priorities. Management's focus on a zero harm environment requires a zero tolerance approach for any action that results in potential injury to employees.



LET'S MAKE A DIFFERENCE

Petra strives to make a real and lasting contribution to its People, its Partnerships and the Planet through responsible and reliable Production. This includes enhancing its local environment to the benefit of employees and communities. The Company achieves this through various initiatives which aim to stimulate local socio-economic development, as well as by upholding high standards of environmental stewardship.



LET'S DO IT RIGHT

Petra places a high priority on ethical conduct. The Company believes in the responsible mining and sale of its diamonds, and will only operate in countries which are members of the Kimberley Process. As a legitimate diamond miner with operations in South Africa and Tanzania, 100% of Petra's production is fully traceable and conflict free.



LET'S TAKE CONTROL

Petra believes that employees who are empowered and accountable for their actions work to the best of their ability, whilst fostering a culture whereby innovation and creativity in the workplace are encouraged. We believe that no one knows our operations better than our own employees, and the Company looks to leverage its internal skills base wherever possible.



LET'S DO IT BETTER

Petra strives to generate efficiencies at its operations and applies a continuous improvement approach in order to review and assess opportunities for improvement; key focus areas are power and water usage, security and effective use of labour. This approach is embedded in our operating model to promote a culture of continuous improvement. Using past experience to improve future performance is integral to the Company's success.

Organisational initiatives to reinforce our culture

We have embarked on a number of initiatives that are the building blocks for developing and reinforcing a culture that is aligned to our values and enables the repositioning of the business. The key initiatives are set out below.

1. Leadership alignment and development

Building capacity as leaders

It was imperative for the Executive team to invest in personal leadership effectiveness through a process of 360 Leadership Feedback which was carried out in FY 2022. The intention has been to encourage connection within the leadership teams, as custodians and stewards of Petra and its people, in the belief that there is a shared, purposeful and possible ambition. Organisational conversations about culture are planned for each quarter going forward.

Creating a culture of management excellence

This initiative seeks to standardise the Petra approach in training for management excellence in the expectation that it will develop the competencies needed to ensure that we optimise employee potential. Three focus areas align with differing needs across the business: Senior Management development to deliver operational excellence; supervisory and junior manager development to drive team excellence; and empowering individuals. Formal training sessions for each of these groupings will occur in FY 2023.



Presentation to the Board on the risk assessment of the Slimes Dam at the Cullinan Mine, May 2022.

Petra's Executive Committee
Richard Duffy, Chief Executive Officer
Jacques Breytenbach, Chief Financial Officer
Jaison Rajan, Chief Operating Officer
Juan Kemp, Chief Technical Officer
Thashmi Doorasamy, HR & Public Affairs Executive
Greg Stephenson, Sales & Marketing Executive
Ayoub Mwenda, Country & Mine Manager, Williamson
Rupert Rowland-Clark, General Counsel & Company Secretary

2. Enhancing our safety culture within the organisation



Cancer awareness day at the Cullinan Mine where prostate and breast cancer screening is made available to employees, Oct 2021.

Petra's priority has always been safety, and to enhance focus on our value to do no harm, a Production Bonus scheme for all employees, up to and including the supervisory level, was implemented in July 2021. This scheme aims to align employees' variable pay with achievements that meet and exceed production expectations. The scheme is aligned to an employee's line of sight which enables discretionary effort and reduces absenteeism, and focuses on adherence to safety standards. The scheme is moderated by various elements including safety performance. No bonus is payable if there is a fatal accident during the quarter. A deduction of 2% will be applicable for every Lost Time Injury (LTI) during the quarter. If there are no LTIs in a quarter, the mine will qualify for an additional 5% bonus. We believe our improved LTIFR for this year can, in part, be attributed to this emphasis within our culture.



3. The new Organisational Design embeds the benefits of Project 2022

Lessons taken from Project 2022, which was initiated in 2019 and completed in June 2022, have been embedded in our new Operating Model with continuous improvement and accountability at its core. We have put in place clear structures with well-defined roles that include KPIs and an understanding of the necessary cross-functional work. This project aimed to eliminate inefficiencies and duplication of effort, speed up decision-making and ensure the integration of workstreams. Honest, open and transparent communication and interaction is central to achieving this, and is encouraged and supported by structured Results-Action-Review (RAR) sessions for all Senior Managers. This Operating Model aligns with our strategy, engenders consistency across the business, and ensures we meet our regulatory and governance commitments.

Case study – The legacy of Project 2022

Initiated in 2019, Project 2022's scope was far-reaching and touched on every element of our business. Ideas were encouraged, reviewed and ultimately developed as projects with cross-disciplinary project teams working together. Diagnostics and the road map to delivery included the following major aspects:

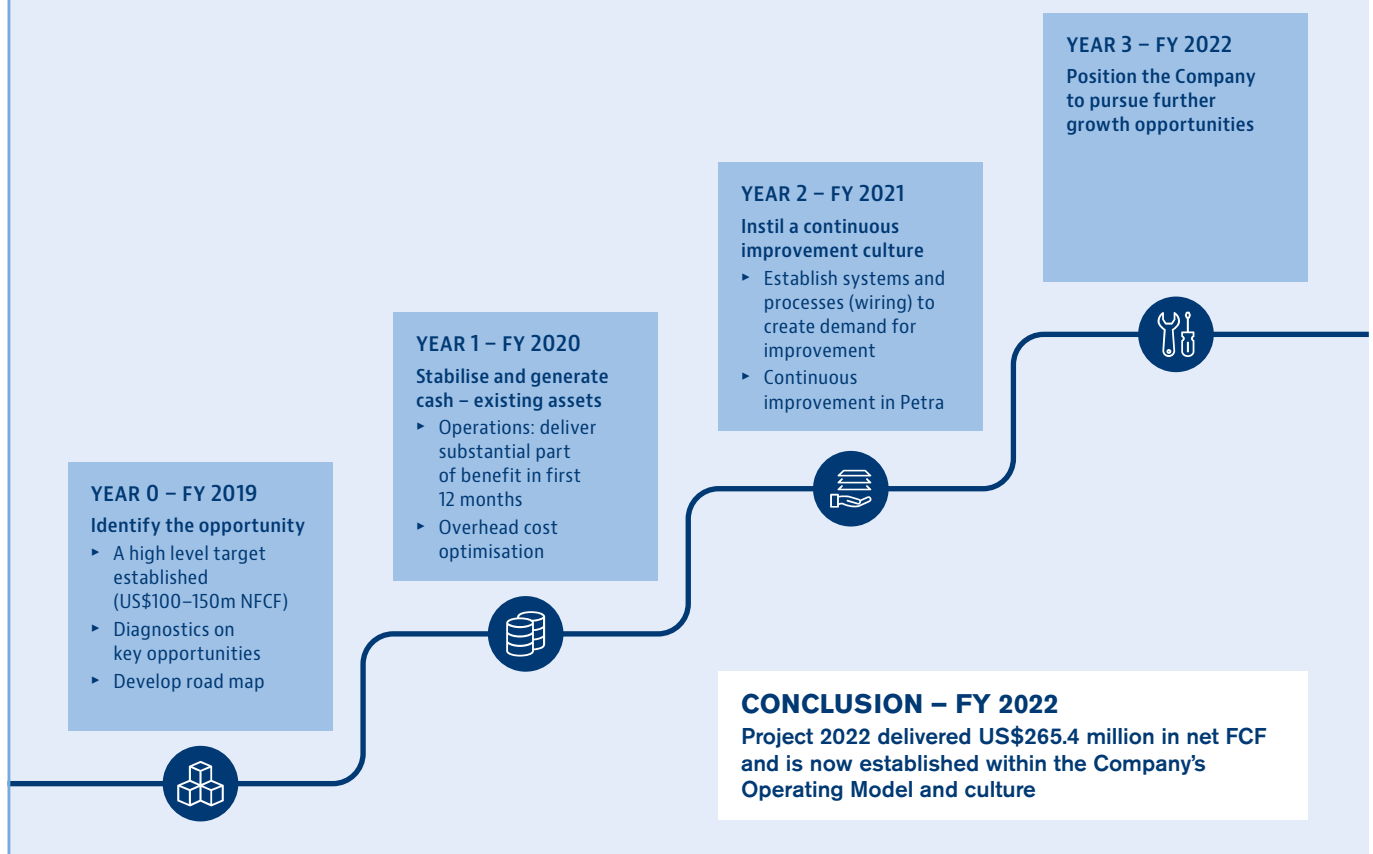
- ▶ Throughput in the mines
- ▶ Operational expenditure efficiencies
- ▶ Capital expenditure efficiencies
- ▶ Organisation Design

Since the completion of the diagnostic and road map phase, the key has been to ensure that the benefits are fully integrated into our business and embedded as part of our way of working, so that we really do continuously improve in everything we do. We have done this in a variety of ways including:

- ▶ Putting business improvement at the core of our Formula for Success culture
- ▶ Rolling out weekly RAR meetings, introduced as part of Project 2022 to facilitate the execution of the project across Petra. At these meetings we monitor performance, provide support and resourcing, and ensure accountability
- ▶ Petra's incentive and production bonus schemes have been aligned to support and reward the delivery of Project 2022 behaviours and targets

We have now fully transitioned Project 2022 from project to operational norm.

Project 2022 was initiated in 2019 to significantly improve net free cashflow (NFCF) and instil a culture of continuous improvement



Our Strategy

Our value-led growth strategy for a sustainable future



One of the major benefits of our business transformation is that now, with a stronger foundation for greater stability, resilience and further deleveraging, we can expand our focus to executing our value-led growth strategy.

Richard Duffy
Chief Executive Officer

The backdrop to our strategy refresh

During the first half of the 2022 financial year, we undertook an extensive and structured strategy review with the aim of setting a strategy that maximises value generation, while ensuring it is easily relatable to our stakeholders. It was important that it should be meaningful to employees and align with the new culture and practical legacy from Project 2022. This is a critical aspect to ensuring successful delivery on our strategy.

The strategy review involved extensive discussions across the Group, including the Board, aimed at identifying our key strengths. We identified eight strengths that we believe we can leverage in executing our growth strategy. They are our competitive advantages and, by exploiting them, we increase the probability of success in achieving our intended outcomes.

See pages 18 to 19

On the other hand, we also identified areas of improvement as part of our drive for continuous improvement. This understanding of our strengths and weaknesses contributed to the choices we made in determining our refreshed strategy.

Our value-led growth strategy



Enabled by our Operating Model and capital allocation framework

Our value-led growth strategy is summarised in three distinct areas:

1. **Current operations:** our immediate focus is on maximising value from current operations. This means safe and reliable production at our existing mines, while pursuing continuous improvements to enhance margins. We have also approved projects at Cullinan Mine and Finsch to extend current operations to 2031 and 2030, respectively.
2. **Brownfield organic expansion projects:** given our large resource base, we will continue to develop life of mine extension plans beyond 2030. Our orebodies are well understood and we believe we can continue to extract significant future value from these assets.

3. **Inorganic and corporate opportunities:** we will look to grow outside our current portfolio and consider value-accretive assets or corporate level opportunities. Our primary focus is producing or near-producing kimberlites in Africa, however, on an opportunistic basis, we would also consider opportunities in commodities that provide exposure to adjacent or synergistic revenue streams to diamonds, and/or opportunities where we can extract value through leveraging our key strengths.

We have determined that we will not:

- ▶ Invest further development capital in Koffiefontein and, with the sales process having been unsuccessful, we will continue to mine Koffiefontein responsibly while considering other options
- ▶ Pursue greenfield exploration for new kimberlite pipes



Frameworks to ensure the discipline and successful execution of our strategy

As part of the strategy refresh, we developed guiding frameworks to facilitate successful execution of our strategy, and ensure a long-term sustainable future for the business. These frameworks are:

1. Our Operating Model

Our Operating Model is structured to facilitate the provision of services to our operations. Structure and oversight is provided by Group and the execution-focused support comes from the specific functions within Petra. This simple Operating Model provides clear accountability and authority, with the appropriate number of organisational layers to ensure the right work is done at the right levels, empowering people to deliver on the Company’s strategy. This Operating Model positions us to integrate future assets into our business, allowing for synergies, standardisation and scale benefits to be unlocked.

ENABLED AND DRIVEN BY PEOPLE			
GROUP	<ul style="list-style-type: none"> Develop the Petra Diamonds Strategy and overall delivery Portfolio management 	<ul style="list-style-type: none"> Governance and Compliance Business performance management 	<ul style="list-style-type: none"> Organisational transformation
OPERATIONS	<ul style="list-style-type: none"> Deliver safe and reliable production Ensure operational performance through effective and safe management, in line with medium and long-term integrated planning 	<ul style="list-style-type: none"> Achieve established targets on HSE, costs and production Maintain our social licences to operate 	<ul style="list-style-type: none"> Analyse performance and initiate improvements in accordance with strategy Utilise functional capabilities to enable operations to achieve and exceed safety, production and cost KPIs
FUNCTIONS	<ul style="list-style-type: none"> Develop policies, procedures, standards and controls to achieve standardisation Verify compliance to standards 	<ul style="list-style-type: none"> Specialist work with mandated authority and accountability Drive integrated medium and long-term planning and improvement across the business 	<ul style="list-style-type: none"> Define functional performance metrics, measurement approach and provide performance analysis Organisational capability – ensure capacity and strength in functional talent pool
CLEAR ACCOUNTABILITY AND AUTHORITY			

2. Our capital allocation framework

We apply a well-structured capital allocation framework that ensures the long-term stability of the business, while also allowing for a balanced approach to discretionary capital allocation.

FIRST ORDER OF ALLOCATION	SECOND ORDER OF ALLOCATION	DISCRETIONARY ALLOCATION (only after satisfying 1 st and 2 nd orders)
Operational and social licence to operate (opex)	Expansions projects at Cullinan Mine and Finsch Further brownfield expansion	Special dividends
Optimum stay in business capital	Further growth projects (including inorganic) Early debt redemption	Opportunistic growth opportunities
Service debt obligations	Dividends to shareholders	Share buybacks

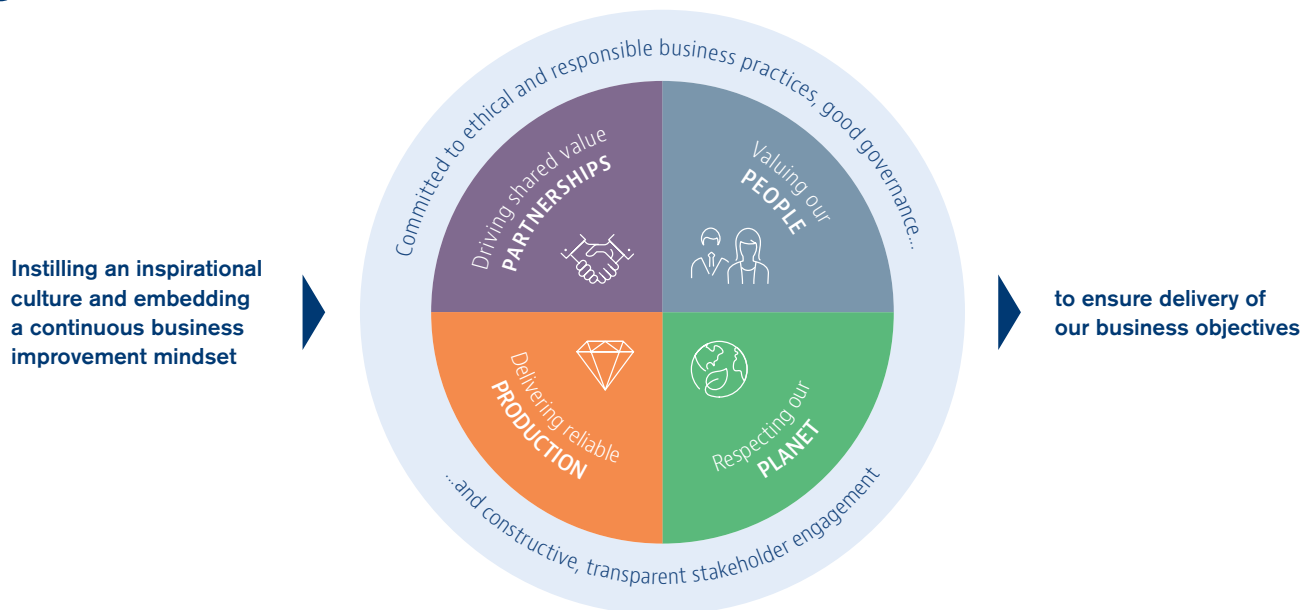
Our Strategy continued

Frameworks to ensure the discipline and successful execution of our strategy continued

3. Our Sustainability Framework

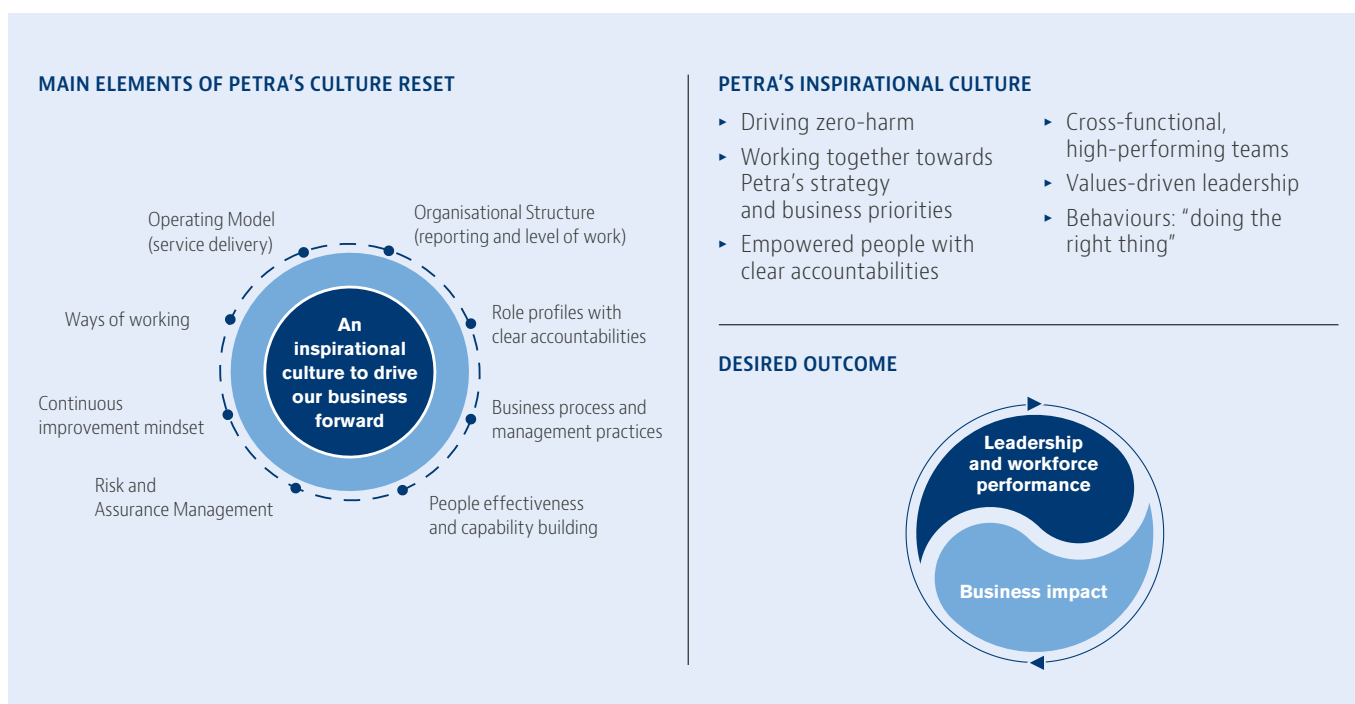
We have developed a systematic Sustainability Framework, based on the four pillars of People, Partnerships, Planet and Production. This will not only help us in day-to-day business decision-making but will also ensure that the execution of our strategy is in line with our sustainability targets. This approach means that new projects and initiatives will contribute towards our sustainability ambitions while creating value for stakeholders, and thus ensure Petra continues to be a responsible corporate entity.

The Sustainability Framework is covered in our Sustainability Report on pages 38 to 40



4. Our new culture and Formula for Success

The application of our strategy is underpinned by our culture reset and we refreshed those elements of our organisation that are critical for enabling a sustainable long-term future. This includes a redefined purpose and a Formula for Success that we have developed through a Group-wide inclusive and iterative process, thus ensuring that the whole organisation not only understands our united purpose, but will also consciously contribute to its attainment.





Our strategy in action

We consider our short-term priorities to be those for the 2023 to 2025 financial years. Our medium to long-term priorities include those beyond the 2025 financial year.

**FY 2023
TO
FY 2025**

SHORT-TERM PRIORITIES

- ▶ Safe and reliable production from our operations with continuous business improvement
- ▶ Disciplined execution of approved expansion capital projects
- ▶ Continued improvement of our balance sheet health
- ▶ Pursue further opportunities to optimise our gross debt position
- ▶ Development of execution roadmaps for sustainability targets, specifically the 2030 Scope 1 and 2 greenhouse gases (GHG) reduction target, in line with our target to be net zero by 2050 and aspiration to reach this goal by 2040 or sooner
- ▶ Assessment of opportunistic growth opportunities that are value accretive and in line with our capital allocation guidelines
- ▶ Position Petra to enable it to pay dividends to shareholders
- ▶ Continue to mine Koffiefontein responsibly while considering other options for the remaining short period of its mine plan

**FY 2025
AND
BEYOND**

MEDIUM TO LONG-TERM PRIORITIES

- ▶ Maintenance of operational stability at mines
- ▶ Completion of extension capital programmes at the Cullinan and Finsch Mines
- ▶ Continued improvement of balance sheet - 2L debt restructured or settlement of current 2L debt in Mar 2026
- ▶ Execution of 2030 GHG reduction roadmap
- ▶ Development of further life extension projects for own operations beyond 2030 and 2031
- ▶ Continue to position Petra to enable it to pay dividends to shareholders in accordance with the dividend policy



Our Competitive Advantage

Our key strengths

Petra's key strengths come to the fore when our business model is put into action. It is these that set us apart, underpin our strategy and generate value for our stakeholders.

<p>Diamond mining at scale</p>	<p>Sales and marketing capabilities</p>	<p>Partnering credibility</p>	<p>Agile, entrepreneurial mindset</p>
			
 <p>Petra manages one of the world's largest diamond Resources of c.227 Mcts</p> <p>We focus on assets with potential for significant production, operating margin, diamond resources and remaining mine life. The potential mine lives of our core assets could be considerably longer than the current mine plans or could support higher production rates</p> <p>Assets with robust economics can withstand fluctuations in diamond prices and are highly cash generative</p>	 <p>Petra has developed marketing and sales expertise in-house and runs a competitive tender sales process which provides a competitive pricing environment</p> <p>Petra believes in the responsible mining and sale of its diamonds, and will only operate in countries which are members of the Kimberley Process</p> <p>100% of Petra's production is fully traceable and conflict free. We are also a member of the NDC which promotes the benefit of natural diamonds</p>	 <p>Petra's supply chain department enables production and expansion plans by ensuring that the right goods and services are delivered to the right location at the right time – and safely, efficiently and according to the highest level of ethical conduct</p> <p>We source 100% of the goods and services from the countries in which we are located. Preference is always given to suppliers in close proximity to our mines</p> <p>Our support of local procurement is a powerful lever for local economic development and community empowerment</p>	 <p>Petra has an agile, entrepreneurial mindset which is value driven, has a track record of performance and comes with a deep understanding of our industry</p> <p>Our extensive in-house, operational capabilities covering the full diamond mining spectrum – exploration, development, production, expansion, processing, sorting, marketing and sales and is backed up by an effective corporate team</p>
<p>FY 2022 ACHIEVEMENT The Board approved extension projects at our major South African mines, the Cullinan Mine and Finsch, during the Year</p>	<p>FY 2022 ACHIEVEMENT We have entered into partnerships through which we participate in the upside of the polishing of three of our rough diamonds</p>	<p>FY 2022 ACHIEVEMENT 59% and 89% of procurement spend was with local suppliers in South Africa and Tanzania respectively</p>	<p>FY 2022 ACHIEVEMENT We implemented a new Operating Model which drives continuous improvement as learned through Project 2022</p>



Bulk mining skills



We operate major underground pipe mines and a large high-volume open cast mine in Tanzania

Our strong operations team has significant experience in the management, mining and development of hard rock orebodies

Both Cullinan Mine and Williamson are renowned as sources of large, high-quality gem diamonds, including Type II stones

Cullinan Mine is the world's most important source of very rare blue diamonds

FY 2022 ACHIEVEMENT

We recovered and sold US\$89.1 million Exceptional Stones (each of greater value than US\$5 million)

Experience operating in challenging environments



Petra considers the safety of its employees and care for the environment as its top priorities with a zero-tolerance approach for any action that results in potential injury to employees

We have an appropriate, robust and effective risk management framework and are evolving our governance policies in line with the growth of our business

We are in the process of completing the Framework Agreement with the Government of Tanzania and, with the subsequent transaction with Caspian (also yet to complete), expect to reduce our risk exposure while maintaining control

FY 2022 ACHIEVEMENT

A non-judicial IGM is in development and Restorative Justice Projects are being implemented in Tanzania

Established in the African mining ecosystem



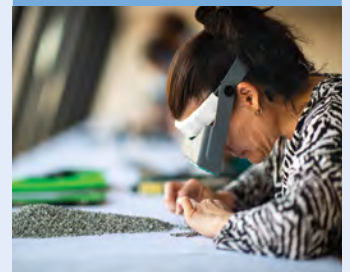
We operate in South Africa and Tanzania where we have deep expertise in the country-specific regulatory, tax, legislative, social and economic environments

We are supportive of the South African Government's policies of addressing past economic imbalances, and to this end, set targets consistent with the Mining Charter

FY 2022 ACHIEVEMENT

Our new Sustainability Framework is being fully integrated and monitored across our business

Identifying and turning around assets



Petra's technical team has decades of specialist experience in the appraisal and valuation of diamond orebodies and we produce the full range of diamonds from a diversified portfolio

Petra focuses on long-life assets with the potential to generate significant cashflow and structures its operations with the long-term viability of the project in mind

Our prior strategy of optimising our assets remains core to our new strategy

FY 2022 ACHIEVEMENT

We are now executing our plans for extension at Cullinan Mine and Finsch

Our Business Model

Delivering long-term value to our stakeholders

INPUTS

Responsible leadership

- ▶ Sustainable operations
- ▶ Uphold the high value placed on diamonds by consumers

People and skills

- ▶ Company culture
- ▶ Value-led growth strategy
- ▶ Productive workforce
- ▶ Specialist skills

High-quality assets

- ▶ Significant resources
- ▶ Diverse product range

WHAT WE DO

Development

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

HOW WE DIFFERENTIATE THE WAY WE DO IT

- ▶ We apply decades of specialist experience in the appraisal and valuation of diamond orebodies
- ▶ Our mines produce a full range of diamonds
- ▶ We focus on well-defined and understood orebodies with the potential to generate significant cashflow
- ▶ Our plans are structured around the long-term viability of each project

Mining

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

- ▶ Safety is our number one priority and ingrained in everything we do
- ▶ Hard rock orebodies can generally provide for much better predictability and long-term planning than alluvial deposits
- ▶ We have a strong operations team, with significant experience in the management, mining and development of diamond orebodies
- ▶ Our technical competence enables us to meet and overcome challenges as they arise
- ▶ We focus on driving efficiencies, e.g. via Project 2022 and Business Re-Engineering (BRE) projects initiated at Finsch and Koffiefontein

Sustainability Framework



Pages 38 to 40 of the Sustainability Report

Integrated Risk and Assurance Framework



Pages 65 to 70

Governance Framework



Pages 75 to 86

Formula for Success



Pages 10 to 17

VALUE CREATION OUTPUTS

Employees

- ▶ Focus on safety
- ▶ Culture of empowerment

US\$146.0m

PAID IN SALARIES AND OTHER BENEFITS

US\$6.1m

EMPLOYEE TRAINING AND DEVELOPMENT



Sustainability Report pages 41 to 62

Customers

- ▶ Quality and consistent product offering
- ▶ Confirmed provenance and heritage

3.4 Mcts

DIAMONDS SOLD

100%

CONFLICT FREE



Pages 25 to 27

Host Governments/regulators

- ▶ Taxes and royalty payments
- ▶ Positive impacts on our countries of operation

US\$57.6m

TAXES AND ROYALTIES PAID

c52,650

ESTIMATED NUMBER OF DEPENDENTS ON OUR DIRECT EMPLOYEES¹



FY 2022 Payments to Governments Report petradiamonds.com/investors/results-reports/

1. Using the accepted x10 multiplier effect for South Africa and Tanzania.



We believe that Earth's rare and precious legacy can, through responsible mining, create abundant outcomes for our people, communities, investors, customer and all other stakeholders in giving expression to life's special moments.

Financial capital

- ▶ Responsible capital allocation
- ▶ Access to diversified sources of capital

Relationships

- ▶ Mutually beneficial partnerships
- ▶ Effective internal and external stakeholder engagement
- ▶ Licence to operate

Energy and water

- ▶ Sustainable access to energy and water

Technology and equipment

- ▶ Extension of mine lives
- ▶ Optimisation of operations

Processing

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

- ▶ We are focused on value production, rather than volume
- ▶ Plant processes are set to optimise revenue generation from each individual mine's orebody, by focusing on where the value lies within its diamond population
- ▶ We embrace innovation and continually stay abreast of the latest diamond mining and processing technologies
- ▶ Security is enhanced through maintaining automated, 'hands-off' processes

Sorting and sales

Rough diamonds are sorted into parcels and then sold through a competitive tender process

- ▶ We have our own in-house marketing and sales expertise and do not pay any sales commission to a third party
- ▶ We utilise the competitive tender process, to ensure a competitive pricing environment
- ▶ South African production is normally sold in Johannesburg, thereby enabling local participation. Tanzanian production is sold in Antwerp. Petra has flexibility in the venue and timing of tenders
- ▶ Our mines, particularly Cullinan Mine, produce world-class diamonds, including very high-quality large white diamonds and incredibly rare blue diamonds
- ▶ We maximise the value of Exceptional Stones, including via dedicated standalone tenders or by selling into partnerships

Sustainability Framework



Pages 38 to 40 of the Sustainability Report

Integrated Risk and Assurance Framework



Pages 65 to 70

Governance Framework



Pages 75 to 86

Formula for Success



Pages 10 to 17

Shareholders/Noteholders/lenders

- ▶ Free cashflow generation

US\$6.3m

PAID IN INTEREST

US\$230m

OF FREE CASHFLOW GENERATED



Pages 61 to 64

Local communities

- ▶ Job opportunities and socio-economic upliftment
- ▶ Efficient and responsible use of natural resources
- ▶ Promoting environmental awareness
- ▶ Community health initiatives
- ▶ Active stakeholder engagement with independent mechanism at Williamson for community grievances

US\$0.4m

COMMUNITY TRAINING AND EDUCATION

US\$339,898

SMME LOANS



Pages 39 to 40

Suppliers

- ▶ Opportunities for local businesses and suppliers
- ▶ Policy of sustainable local procurement and supplier development

US\$138m

LOCAL DISCRETIONARY PROCUREMENT EXPENDITURE

US\$59%; US\$89%

LOCAL SUPPLIER PROCUREMENT SA; AND TANZANIA



Pages 39 to 40

Our Markets

Demand outstrips supply in the diamond market



The significant interest shown at our recent tenders bears testament to the ongoing strength of the rough diamond market. We have seen pricing support across our product mix, with particular strength in the prices of both white and coloured gem-quality stones over the last 12 months.

Gregory Stephenson
Sales and Marketing Executive



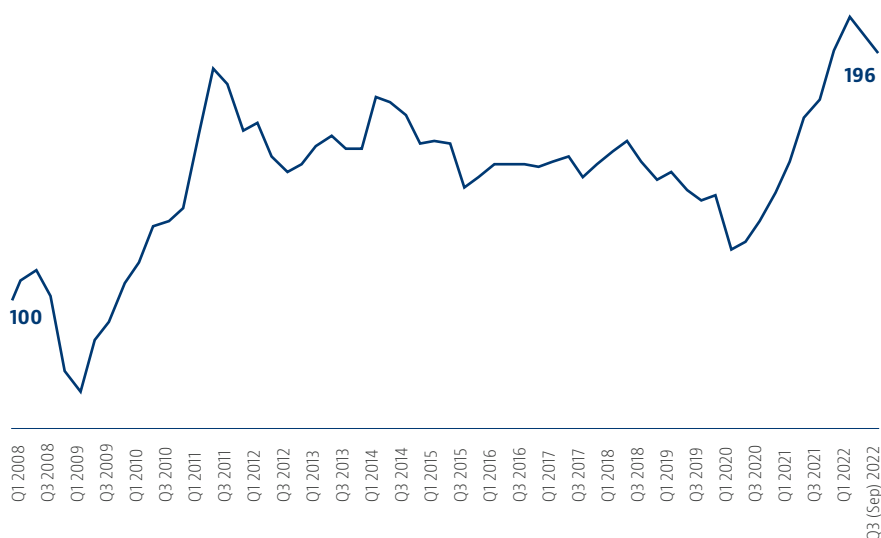
Demand significantly higher than pre-COVID-19 crisis levels and predicted to grow

Following the COVID-19 crisis, demand recovered well in CY 2021 with rough diamond prices increasing 21% according to Bain & Co, driven by strong consumer demand early in the Year which led to inventory restocking ahead of the key winter holiday season. Customers' urge for emotional gifting, increased savings, limited availability of experience-based substitutes and restricted travel boosted diamond jewellery purchasing. In the US, which accounts for more than 50% of demand for diamonds, diamond jewellery sales rebounded 38% versus CY 2020 and 23% versus pre-COVID-19 sales in CY 2019. This was driven in part by an increase in engagements linked to COVID-19 lockdown restrictions and a delayed wedding boom that followed the easing of restrictions. The number of weddings in the US increased from a low of 1.3 million in CY 2020 to 2.5 million in CY 2021 and is predicted to remain at an average of c2.4 million per year.

With recent reports in the US estimating that 87% of couples are opting for diamond engagement rings, we expect to see continued strength.

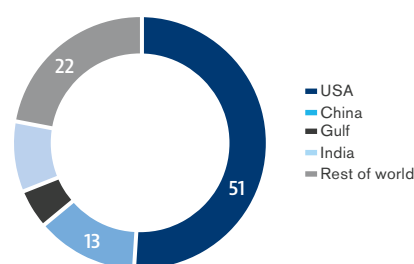
China, the second largest market with a 13% share, saw retail diamond jewellery increase 19% in CY 2021 versus CY 2020 and 6% against pre-COVID-19 levels in CY 2019. In China, the growing trend is for diamonds to be associated with success and self-rewarding. The National 14th Five-Year Plan unleashed large spending potential in lower-tier cities and suburban areas. Retailers responded by adding physical stores in lower-tier cities and switching to corner-store formats in residential locations. Sales also rose in India in CY 2021, largely driven by a 57% increase in weddings. Data for the first six months of CY 2022 is not yet available, but the evidence of the diamond prices realised in recent sales (covered below) implies continued growth in demand.

Rough diamond price index



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

Diamond demand (%)





Supply significantly below pre-COVID-19 levels and industry-wide production is predicted to be broadly flat

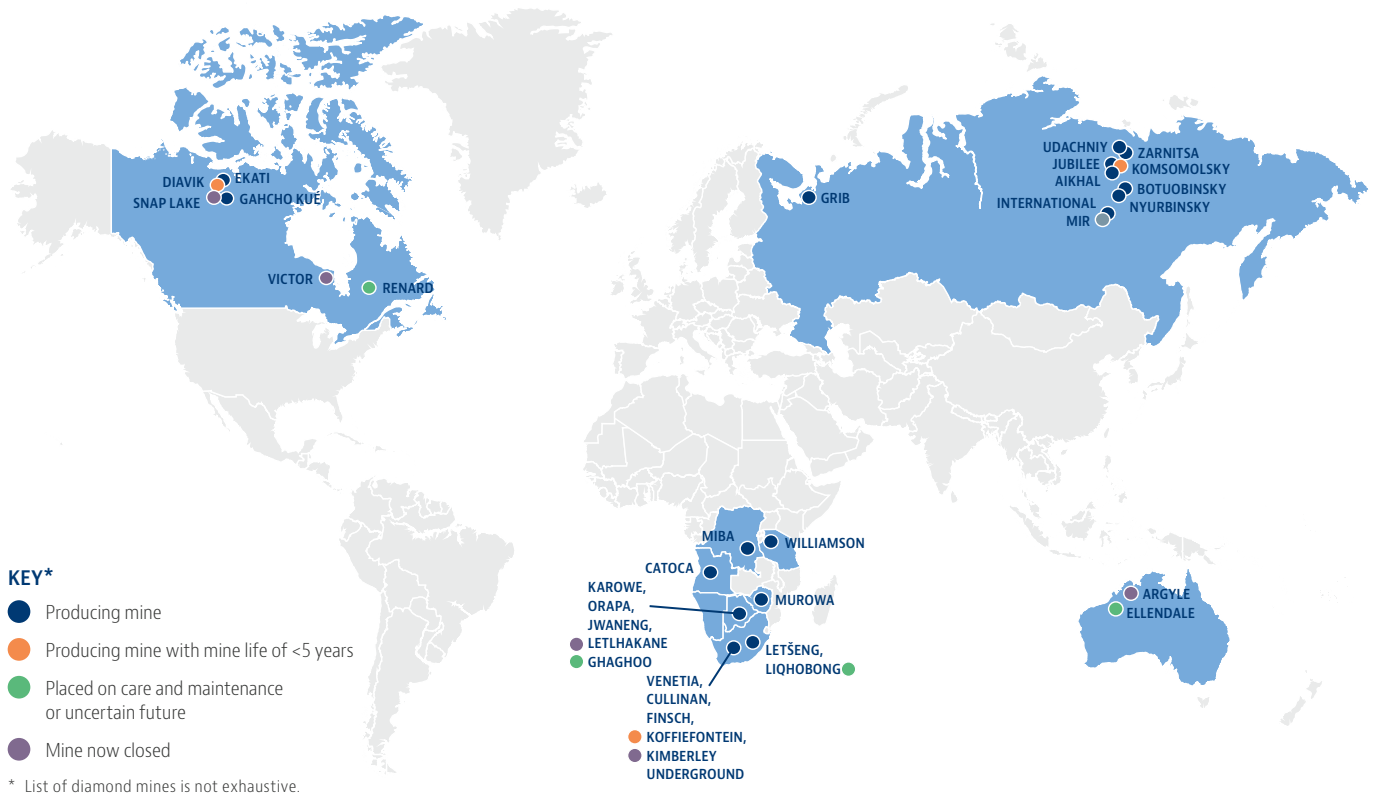
Following the CY 2020 contraction in supply, in which the carat output fell 22% from pre-COVID-19 levels of 138 Mcts, net production recovered in CY 2021 at 120 Mcts but remained well below pre-COVID-19 levels. In part, this was due to the depletion and closure of the Argyle mine in Australia in November 2020.

Supply is expected to remain broadly flat for the next ten years at between 115 and 125 Mcts, for a number of reasons including: a reduction in the number of producing mines; long lead times

for open pit mines to transition underground; and very limited investment in exploration. Given that less than 1% of kimberlites are economic, we do not expect this to reverse in the medium term.

The sanctions on Russian producers, which supply approximately one third of the world's diamonds, the majority of which are smaller diamonds, has resulted in some increased demand for Petra's smaller diamonds. Non-Russian producers continue to benefit from the requirement for provenance on larger diamonds.

Contraction in global diamond mining



The structural supply deficit

From a fundamental perspective, the market has reached an important multi-year inflection point where demand growth is expected to outpace supply, which remains broadly flat, with the industry operating at near full capacity and unable to meaningfully respond to higher prices. This configuration also benefits from the

removal of excess inventories that had built up during the COVID-19 crisis due to the subsequent strength of the jewellery market. As such, the low levels of inventory in both the midstream and upstream are expected to underpin the supply deficit.

Diamond supply and demand



Source: The Wedding Report and Susannah Lovis, Morgan Stanley, Zimnisky State of the Diamond Market report; De Beers Diamond Insight report October 2021.



Our Markets continued

Economic backdrop

Strong recovery in demand following the COVID-19 crisis, overlaid with macroeconomic uncertainty

Demand for diamond jewellery correlates with GDP

Retail demand for diamond jewellery tends to correlate with global GDP and recovered strongly in FY 2022 following the easing of lockdown restrictions. This positive economic backdrop, particularly the high demand over the festive season, was evident in strong prices across all sizes and quality categories of rough diamonds across the market, including some record prices in early 2022.

Recovery from COVID-19 crisis

The world economy recovered strongly from the initial impact of the COVID-19 pandemic during 2021, despite the rise in infection from the Omicron variant, as vaccination programmes accelerated. Ahead of the invasion of Ukraine by Russia, the International Monetary Fund (IMF) predicted global growth for the calendar years 2021 and 2022 of 5.9% and 4.4% respectively.

Macro uncertainty

Since the invasion of Ukraine by Russia in late February, and the recent COVID-19 lockdown in China, there has been increasing uncertainty, although diamond prices continued to increase to the close of our 2022 financial year.

Quite apart from the appalling humanitarian impact of the invasion of Ukraine by Russia, the global economy has been severely affected by rising inflation owing to the increase in commodity and oil prices as a result of the war. This has been compounded by Pandemic-induced constraints on supply and the lockdown in China. In July 2022, the IMF predicted a slowdown in global growth for the calendar years 2022 and 2023 of 3.2% and 2.9% respectively, with risk to the downside.

In line with this, real GDP in the US, which represents more than half the world's market for diamond jewellery, declined -1.9% for the first six months of 2022, and the OECD Consumer Confidence Index has also fallen sharply in 2022 to date.

Financial markets

This volatility has also affected financial markets. The MSCI World Index rose 21.4% in 2021 while the MSCI Emerging Markets Index declined 3.6%. However, as a result of a sharp sell-off following the invasion of Ukraine, the MSCI World Index and the MSCI Emerging Markets Index declined 12.4% and 9.7% respectively for the first six months of 2022.

Sources: IMF, OECD Consumer Confidence Index, Bloomberg.

Peace of Mined – A story of provenance

In June 2022, Boodles launched its Peace of Mined jewellery collection, featuring diamonds exclusively sourced from Cullinan Mine – providing customers with complete confidence in the traceability of their diamonds.





Industry-wide developments

COVID-19

- ▶ Travel restrictions meant that customers could not attend tenders in South Africa in the first half of FY 2022
- ▶ Social distancing restrictions meant that offices could not be manned for much of the Year, although our mines were permitted to continue producing, albeit with onerous restrictions



Sustainability Report pages 97 to 99

Petra's response

- ▶ Tenders of South African diamonds were held in Antwerp until the sale in February 2022. The Antwerp-based tenders of Williamson's stones were unaffected
- ▶ We reduced the number of tenders in FY 2022 from seven to six with no significant impact on the number of stones sold
- ▶ At our mines, we have introduced new procedures and controls to restrict contact and have provided screening and vaccination drives
- ▶ We also made donations for assistance in our communities

Currency

- ▶ 80–90% of our operating costs and 90–95% of our capital expenditure is denominated in Rand, whereas 100% of sales are priced in US Dollars
- ▶ A significant portion of our debt, comprising US\$366 million notes due in March 2026 is repayable in US\$ and carry biannual US\$ cash interest payments of 9.75% commencing 1 July 2023 until maturity
- ▶ During FY 2022, the ZAR depreciated c14.0% against the US\$

Petra's response

- ▶ We continually monitor movement of the Rand against the US Dollar and take expert advice from our bankers. Our policy is to actively manage ZAR:US\$ volatility through hedging up to 50% of expected 12 month forward looking US Dollar sales proceeds
- ▶ R300m mark-to-market exposure facilities in place as at 30 June 2022

Midstream

- ▶ Cutters and polishers in the midstream segment of the diamond market can impact rough diamond pricing and demand through inventory restocking and destocking cycles
- ▶ Midstream inventories have normalised following disruption caused by COVID-19. Restocking may have been limited by strong jewellery demand and shortages created by restrictions to Russian supply

Petra's response

- ▶ We continually monitor the midstream segment and only sell diamonds on an open tender basis to enhance selling prices
- ▶ We place reserve limits on certain stones which enables us to withhold those where we expect a higher price may be obtained in the future
- ▶ Through our partnership stone programme, Petra can negotiate the price of a rough diamond, and share in 50% of any profit generated from the additional value created through cutting and polishing

Accelerating demand for provenance

- ▶ The need for greater transparency, in respect of provenance, has accelerated following the sanctions imposed upon Russian diamonds and the refusal by leading jewellery retailers to purchase them
- ▶ The diamond mining industry has begun trialling tracking technologies (including Blockchain and artificial intelligence) to improve traceability

Petra's response

- ▶ Petra's diamonds are certified as conflict free through the Kimberley Process. In addition, our tenders enable buyers to identify the mine from which our diamonds were mined
- ▶ Work continues with the Gemological Institute of America on its Origin programme to provide confirmation of a diamond's geographic origin. The Company is also researching block chain technologies and how they might be incorporated into its sales process

Lab-grown diamonds (LGD)

- ▶ LGD annual production was 6-7 Mcts in CY 2020. This segment has been growing fast due to technology and acceptance across the value chain
- ▶ Typically priced on a cost-plus basis, advances in technology have led to falling prices, including a 30% drop in CY 2021 to less than half that of natural diamonds

Petra's response

- ▶ We have confidence in consumers' affinity for natural diamonds based on fundamental value owing to constrained supply, character and provenance. Through our partnership with the NDC, the positive impact of mining natural diamonds is highlighted to consumers
- ▶ We consider that correct identification and classification enables natural diamonds and LGD to coexist, with the latter establishing a smaller, secondary market
- ▶ We highlight the scarcity of natural diamonds as a store of value and the growing price differential between natural diamonds and LGD reflecting this important difference

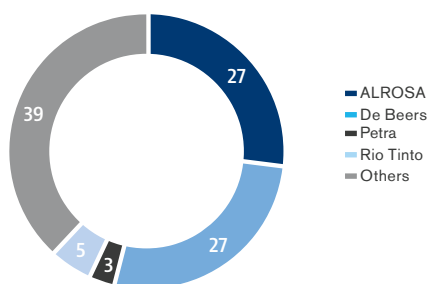
Our Markets continued

Optimising Petra's position in the market

Petra accounts for approximately 2% of global supply by value and 3% by volume. We have one of the world's largest diamond resources

We have the world's third-largest resources which, combined with the significant size of our orebodies, suggests there is significant potential to extend the lives of our mining operations through further development.

Global production by volume in 2021 (%)¹



1. Source: Company reports and Bain & Company.

2. Source: Company reports. Reserves and resources are shown on 100% interest basis.

Reserves and resources (100% interest basis)²

	Resources M&I (inclusive of reserves) (Mcts)	Reserves (Mcts)
De Beers	4,654.7	401.9
ALROSA	1,064	628.0
Petra Diamonds	226.6	30.0
Rio Tinto	18.2	11.7

Optimising Petra's position

Our aim is to deliver sustainable long-term production from our portfolio



Petra aims to deliver sustainable, long-term production from its portfolio, and is focused on optimising its business and operations to maximise returns to stakeholders. With the exception of Koffiefontein, our mines are based on orebodies which are of significant size and, collectively, contain the world's third-largest diamond reserve and resource. This highlights the potential to extend the lives of our mining operations at a time when the overall outlook for world diamond supply is expected to be constrained.

Given the nature of Petra's portfolio, we are capable of producing the full spectrum of diamond sizes and categories, from mass market goods to highly sought-after special stones, including larger white diamonds and a range of fancy colours.

Responsible mining in line with rising demand for ethically-sourced diamonds

Our membership of the Kimberley Process provides important reassurance to consumers in respect to the ethical source of our diamonds.

As a founder member of the Natural Diamond Council (NDC), Petra commits to responsible and transparent business practices. The NDC provides generic marketing to support natural diamond demand and illuminates the benefits of diamond mining in helping local communities to generate long-term sustainable development, and a lasting positive legacy, as well as the relatively low environmental footprint of diamond mining. In our case, three of our mines are underground which is significantly less reliant on diesel than open pit mines. Furthermore, unlike many other mined commodities, diamond mining does not use chemical reagents as part of processing kimberlite ores.

  **This is covered more fully in our ESG and Sustainability section on pages 33 to 40 and on pages 35 and 98 of the Sustainability Report**

Exceptional Stones

Petra's mines produce some of the most beautiful and rare diamonds in the world. The Cullinan Mine is believed to produce 80% of the world's large blue diamonds. Following the closure of Argyle, Williamson has become one of the world's most important source of large pink diamonds.

In FY 2022, we recovered and sold US\$89.1 million's worth of Exceptional Stones, those valued at more than US\$5 million. Of these, US\$75.3 million were mined at Cullinan Mine and US\$13.85 million at Williamson. The five-year average revenue from Exceptional Stones is US\$39.2 million per annum.





Petra's environmental footprint

The relatively small environmental footprint of Petra's underground mines

- ▶ GHG: Scope 2 emissions account for more than 92% of our overall GHG profile and are acquired largely through the purchase of electricity
- ▶ Chemical: no chemical reagents involved in ore processing
- ▶ Water: well-developed management plan resulting in >80% water recycle rate

Managing our fossil fuel intensity

- ▶ South Africa: 100% of Petra's electricity is provided by the national grid, Eskom which is predominantly generated from fossil fuels. Restrictions on self-generation have recently been lifted and Petra is investigating options to integrate renewables into its electricity mix
- ▶ Tanzania: 95% of Williamson's electricity is provided by the national grid, Tanesco and the balance is self-generated
- ▶ A variety of energy saving initiatives are in place and are integrated into all expansion projects
- ▶ With the easing of the self-generation allowance, we are investigating the option of increasing renewable energy

Petra abides by the industry's ethical standards



Kimberley Process (KPCS) – the diamond industry's regulatory framework and international standards

- ▶ Monitors diamond production process to the highest ethical standards
- ▶ Assures commitment to 100% conflict-free diamonds
- ▶ 82 governments have enshrined the KPCS into law



The value and benefits of natural diamonds are promoted by the NDC¹

- ▶ Messaging to reassure consumers on ethically sourced diamonds
- ▶ Petra is a founding member

Examples of benefits for Petra's stakeholders, including our 5,265 employees

14%

SOUTH AFRICAN MINES OWNED BY HISTORICALLY DISADVANTAGED SOUTH AFRICANS AND 12% BY EMPLOYEES

59%; 89%

OF PROCUREMENT SPEND WITH LOCAL SUPPLIERS IN SOUTH AFRICA; AND TANZANIA

c52,650

PEOPLE DEPENDENT ON PETRA'S OPERATIONS

1. Natural Diamond Council.



Zebras in the protected nature reserve at Cullinan Mine.



Our Markets continued

Marketing Petra's diamonds

Our typical sales process

Diamond sales are typically weighted 40% FY H1 and 60% FY H2 due to the production cut-off in December around the festive season's holidays.

Petra adopts a flexible approach to diamond sales in order to achieve the best possible route to market, subject to prevailing market conditions and any COVID-19 related restrictions.

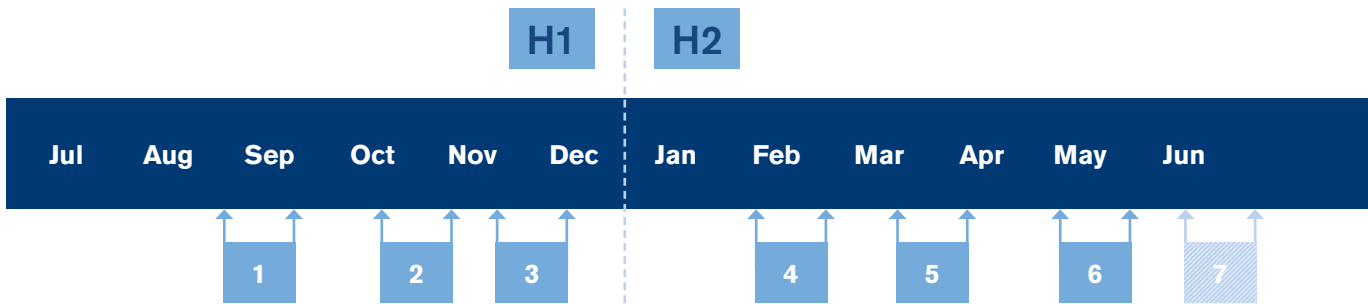
South African goods are prepared for sale (cleaned and sorted), and we sell all accumulated production from these mines at tenders in South Africa and those from our Tanzanian mine, Williamson, at tenders in Antwerp. We offer up to 10% of our rough production to the State Diamond Trader in South Africa, with fair market pricing verified by the Government Diamond Valuator.

We carry out sales in-house through a competitive tender process which allows us to achieve the best possible price at the time. Our product mix is highly sought after and attracts a wide range of clients which stimulates bidding. When diamonds are sold, they are separately grouped per source mine, providing clear provenance for purchasers. High-value stones are sold as individual lots and may be subject to an independent sales process. Where we consider that bids do not match our expectations of value, we may propose sharing any profits generated through cutting and polishing with our customers on a 50:50 basis through our Partnership Stones programme, or withhold the sale until a future date.

Petra's flexibility during the COVID-19 crisis

We reduced the number of tenders to six from seven, although this had no impact on levels of sales. We also held the first three tenders of South African diamonds in Antwerp as COVID-19 restrictions prevented customers from attending in South Africa.

A typical year with seven tenders



A typical diamond tender with stones separated by their mine origin, size and quality.



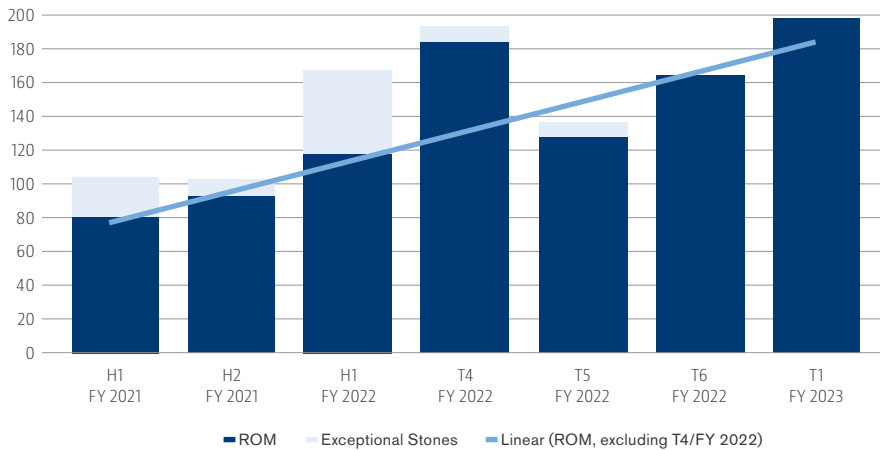
Prices achieved

There has been a rising trend for diamond prices at our tenders in FY 2022 and at Tender 1 in FY 2023, noting there has also been volatility, as evidenced by the spike in prices at Tender 4 which took place in February 2022. This spike was largely due to the restocking of rough diamond inventories following the exceptionally strong festive sales and pent-up demand post the COVID-19 crisis. The Tender 4 sale pre-dated the invasion of Ukraine, but high prices may also have been

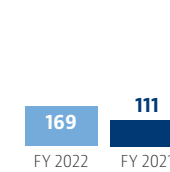
influenced by uncertainty regarding potential supply disruptions, given Russia accounts for nearly one third of world production.

Subsequent tender prices have maintained the upward trend following an initial dip post Tender 4, with broad strength across all categories with notable strength in smaller sizes (sub 1 carat) and larger white and coloured stones. The recent trend for COVID-related lockdowns in China has seen weakness in 0.75ct to 5ct range.

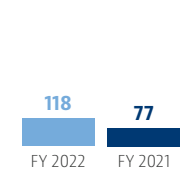
Petra Diamonds average price per carat (US\$ per carat)



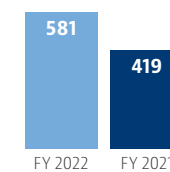
Cullinan Mine¹



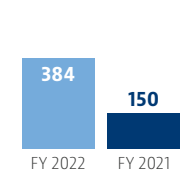
Finsch



Koffiefontein



Williamson¹



1. Prices for both Cullinan Mine and the Williamson mine include proceeds from the sale of Exceptional Stones, noting that there were a number of high-value Exceptional Stones from the Cullinan Mine and a high-value Exceptional Stone at the Williamson mine in FY 2022.

Market outlook

Despite significant global economic uncertainties resulting from the war in Ukraine, like-for-like rough diamond prices increased 41.5% for the Year, driven in particular by record jewellery retail demand in the US.

This growth in demand has been driven by mid-stream inventory restocking, and continued strong jewellery retail sales associated with a delayed wedding boom and a growing trend in diamonds being given as meaningful gifts post COVID-19. While the diamond market is strong, macro-economic uncertainties caused by the rise in inflation, may prove a dampener of demand.

The most recent tender, the first of FY 2023, highlighted the strength of demand across Petra's product mix, both in white and coloured gem-quality stones, with some increased demand for smaller diamonds.

The backdrop of structural changes to the supply and demand fundamentals in the diamond market remains unchanged and we anticipate it to remain supportive going forward, although there may be some volatility in the short to medium term.



Stakeholder Engagement

Section 172 statement

Section 172 statement by the Directors pursuant to the UK Corporate Governance Code

While Petra is incorporated in Bermuda and is not subject to the UK Companies Act, 2006, it is required, as a company with a premium listing on the London Stock Exchange, to comply with the UK Corporate Governance Code (the Code). The Code requires Petra to describe how the interests of stakeholders and the matters set out in Section 172 of the Companies Act, 2006, have been considered in both Board discussions and decision-making.

We believe that considering our stakeholders in key business decisions is not only the right thing to do, but is fundamental to our ability to drive value creation in the long term. During FY 2022 and in the midst of recovering from the COVID-19 pandemic, balancing the needs and expectations of our stakeholders has been an even more important task.

In FY 2022, the SED Committee of the Board adopted a comprehensive Stakeholder Engagement and Management Policy which sets out Petra's approach in identifying and engaging with its stakeholders. This ensures that stakeholder consideration is embedded throughout Petra's business, with our Executive Directors and Senior Management actively engaged in initiatives to engage and communicate with our stakeholders.

 For further details, see pages 15 to 22 in our Sustainability Report

Some examples of how the Board considered the various elements contained in Section 172(1) of the Companies Act are set out below in its discussions and decisions in FY 2022.


Section 172(1)(a): the likely consequences of any decision in the long term

The Board regularly considers the steps needed to take to provide investors and stakeholders with a compelling value proposition and resilient business in the medium to long term, recognising the evolving environment in which Petra operates.

Some examples from FY 2022 of the Board's consideration of the longer-term consequences of its decisions in relation to Petra's stakeholders included:

- ▶ **Capital expenditure projects:** in approving the major expansion projects at the Cullinan Mine (CC1 East sub-level cave) and the Finsch Mine (Lower Block 5 3-level sub-level cave), the Board considered the long-term impact of these projects for Petra, noting the robust economics of both projects (both having an IRR of more than 30%), and the critical impact these projects would have on Petra's long-term viability by extending the mine plan at the Cullinan Mine to 2031 and at the Finsch Mine to 2030. The Board also took into account that pursuing both expansion projects would give Petra a platform to consider further expansion opportunities which have the potential to further extend both mine plans beyond these dates. The Board also noted that both projects would have significant positive long-term social and economic impacts on the communities surrounding the mines, as well as positive long-term fiscal impacts for the Government and were expected to be self-funded. For further details of these expansion projects, see pages 48 to 49
- ▶ **Board strategy session:** in February 2022 and for the first time since the start of the COVID-19 pandemic, an extensive in-person Board strategy session was held. With the Board having been focused on the Restructuring that completed in March 2021 and

with several new appointments having been made to the Board at the beginning of FY 2022, this was considered to be an appropriate time to hold this session. The Board reviewed and provided its input on a comprehensive value-led growth strategy for Petra to 2025 and beyond that had been prepared by management. This included considering the external and internal environments and opportunities for organic and inorganic growth. In addition, the Board reviewed Petra's proposed new Sustainability Framework, noting the importance of this framework for Petra's long-term viability. During this session, the Board also identified key elements of Petra's value proposition which it will continue to review as a standing agenda item. Subsequently, and as part of an external Board evaluation that was carried out in Q4 of FY2022, the Board identified a set of strategic priorities that it will continue to monitor

 An outline of Petra's value-led growth strategy for a sustainable long-term future that was reviewed and approved by the Board is set out on pages 14 to 17

Section 172(1)(b): the interests of the Company's employees

Without a safe, healthy, skilled and productive workforce, Petra is unable to implement its strategy and create shared value for all its stakeholders. Recognising that Petra's employees are at the heart of its business, and that Petra's success is dependent on attracting, retaining, and motivating talented employees, the Board considered and assessed the impact of its decisions on employees throughout FY 2022.

Some examples illustrating the Board's inclusion of employee-related issues in their discussions and decisions in FY 2022 included:

- ▶ **Regular updates on workforce engagement and employee issues:** the CEO and the employee engagement iNED, Octavia Matloa, provided the Board with regular feedback on their various engagements with the workforce during FY 2022. In addition to this, employee-related issues were regularly discussed at Board and Committee meetings. Areas which were discussed included (i) the safety, health and wellbeing of employees, and in particular how to mitigate the risks of the COVID-19 pandemic for employees; (ii) the development and retention of talent; (iii) the remuneration and incentives for employees at all levels; (iv) updates on a review and resetting of Petra's culture; (v) updates on the diversity of Petra's workforce; (vi) the workforce retrenchment process at the Koffiefontein mine; and (vii) the appointment of key members of management
- ▶ **Board site visits:** in May, the Board conducted a planned site visit to operations at the Cullinan and Finsch Mines (which included an underground tour of the Cullinan Mine). A smaller subset of the Board was also able to conduct site visits of operations at these mines in October 2021 and the Williamson Diamond Mine (WDM) in May 2022. The latter visit included reviewing security operations at the mine and receiving updates on the establishment of the Independent Grievance Mechanism (IGM) and the progress of various community projects. Each of these site visits involved operational updates, including during the May site visit, an update on the expansion projects at CDM and FDM. The site visits enabled the Board to have extensive engagements with the Group's employees on a range of matters. For example, at the May site visit, Petra's female Board members engaged with members of Petra's Women in Leadership (WiL) Committee to discuss challenges faced by women in mining, and how to promote a more inclusive working environment. For further details of the Board site visits, see page 73



- ▶ **Capital expenditure:** in approving the expansion projects at the Cullinan and Finsch Mines highlighted above, a key consideration for the Board was the impact these projects will have in motivating and retaining Petra's employees, particularly at the Cullinan and Finsch Mines, noting that these projects are essential for extending mine plans to 2031 and 2030 respectively, and enabling further expansion opportunities at both mines to be considered

Section 172(1)(c): the need to foster the Company's business relationships with suppliers, customers and others

The delivery of Petra's strategy requires strong and mutually beneficial relationships with suppliers, customers and host governments. Petra's suppliers are critical to the development and safe running of our operations, while its customers are the source of Petra's revenue.

Some examples illustrating the Board's consideration of relationships in FY 2022 included:

- ▶ **Framework Agreement:** in December 2021, Petra entered into a Framework Agreement (FWA) with the Government of Tanzania. While it is yet to complete, the FWA provides, amongst other things, for an overall sharing of economic benefits from the Williamson Mine, increases the Government of Tanzania's stake in the mine and seeks to resolve a number of legacy issues. In considering and approving the FWA, the Board recognised the importance of the relationship with the Government of Tanzania and how the FWA was a key step to establishing a foundation for sustainable operations at Williamson
- ▶ **Partnership stones:** in FY 2022, Petra increasingly made use of partnership agreements with buyers for the sale of certain Exceptional Stones recovered from the Cullinan Mine. This enabled Petra to retain a 50% interest in the profit uplift of the proceeds of polished stones, after taking into account all costs. This included a partnership with Stargems (Pty) Ltd in relation to a 342.92 carat Type IIa white diamond and as 18.30 carat Type IIb blue diamond, as announced in August 2021. The Board considered the impact such partnerships would have in strengthening Petra's relationships with key customers, as well as the ongoing potential for Petra to retain more value from its higher value Exceptional Stones

Our approach

A proactive stakeholder engagement approach is critical in building relationships and upholding our social licence to operate. We continually engage with our host Governments, at the national, regional and local level and also communities, business forums and organised labour, on matters of mutual benefit and interest. The most tangible benefits of our proactive approach are:

Collaboration with stakeholders (including the municipality) on key issues such as Integrated Development Plans (including their development and implementation), the roll-out and alignment of projects with the needs of the community, and collaboration with the Government on funding developmental opportunities

Enabling and exploring possible synergies in community development initiatives and co-funding of projects with other mining houses and/or Government departments

Involvement in community forums, aiming to address and manage the risk of mistrust and lack of clear communication, which has provided a catalyst for social incidents in the past. The following issues are discussed: local procurement and enterprise development, environmental impacts of mining, employment opportunities, illegal mining, corporate social investment opportunities, local economic development (LED) projects and skills development (bursaries, internships and learnerships)

Engagement with organised labour on differing issues at various levels such as: accommodation and living conditions, skills development, skills retention, health and safety, operational performance and achievement of targets relating to sustainability of the business, labour unrest and productivity and mine closure

Management of issues relating to the environmental impact of mining, which remain the concern of all our local communities; synergies are required between the environmental liability and the needs of the community

Regular and transparent engagement at all levels with authorities and regulators, especially concerning compliance with Social and Labour Plan (SLP) commitments, Mining Charter requirements and specific mine targets (including, amongst others, transformation, mine community development, housing and living conditions and procurement)



Stakeholder Engagement continued

Section 172 statement by the Directors pursuant to the UK Corporate Governance Code continued

Section 172(1)(d): the impact of the Company's operations on the community and the environment

The sustainability of Petra's business in the medium to long term requires that the interests of the environment in which Petra operates (including communities and host governments) be aligned, as far as possible, with Petra's interests, and that we operate in a way which minimises the adverse impact on these stakeholders. The support of local communities, host governments and NGOs is a critical component of Petra's licence to operate.

Petra ensures it complies in all material aspects with all relevant legislation in the countries in which it operates.

The Board, and in particular the HSE and SED Committees, regularly assess the impact of Petra's operations on the community and the environment but set out below are some specific examples of how these impacts were included in its discussions and decision-making in FY 2022:

- ▶ **Oversight of IGM and community project implementation at the Williamson Mine:** following the settlement agreement that was reached in May 2021 with Leigh Day in relation to the human rights allegations at the Williamson Mine, the Board and relevant Committees continued to oversee progress on the implementation of the IGM and community projects required under the terms of the settlement agreement with Leigh Day. For more details on the IGM and these projects, see pages 33 to 34 of the Sustainability Report. In addition to discussing the IGM and community projects, the Board regularly discussed the incidence of illegal mining incursions at the Williamson Mine, as well as its security operations, and sought to understand in more detail the underlying factors causing illegal mining at the Williamson Mine, noting the importance of community and Government engagements as well as community projects in seeking to address these issues. The Chair and CEO undertook a site visit to Tanzania in May 2022, visiting the Mwadui mine itself, including the medical support services and security operations, and meeting the Regional Commissioner of Shinyanga and the District Commissioner for the Kishapu District to discuss these issues
- ▶ **Tailings Management Policy:** in FY 2022, the Board approved and adopted a revised Tailings Management Policy to ensure compliance by the Group with the Global International Standard on Tailings Management (GISTM). The Tailings Management Policy commits Petra to implementing a Tailings Management System which is based on international best practices, with Petra undertaking to ensure full compliance with the GISTM by no later than August 2023. Prior to the approval of the Policy, and as part of the Board site visit in May, the Board visited the slimes dam at the Cullinan Mine in order to better understand how risks associated with this the slimes dam are assessed and managed

Section 172(1)(e): the desirability of the Company maintaining a reputation for high standards of business conduct

The Board periodically reviews and approves material policies and standards which apply to Petra and which embed high standards of business conduct across the Petra Group. In FY 2022, the Board and relevant Committees reviewed and adopted:

- ▶ A revised Code of Ethical Conduct, updated to be more user-friendly, incorporating key aspects of Petra's anti-bribery policy and explaining what is expected to ensure transparency, good governance and ethical practice across Petra
- ▶ An updated Whistleblowing Policy to ensure that those who raise good faith concerns are protected from reprisal or victimisation
- ▶ A new Gifts and Hospitality Policy. A new online Gifts and Hospitality Register has also been created and will become effective in FY 2023
- ▶ A new Declaration of Interest Policy to identify and mitigate actual and potential conflicts of interest across Petra. A new online Declaration of Interest Register has also been created and will become effective in FY 2023
- ▶ A new Public Officials Expenditure Policy to ensure that all expenditure related to Public Officials complies with applicable laws and is made for legitimate business purposes. A new online Public Official Expenditure register has also been created and will become effective in FY 2023
- ▶ An updated Human Rights Policy Statement
- ▶ A new Respecting Human Rights Defenders Procedure, building on the commitment in Petra's Human Rights Policy Statement to protect the interests of human rights defenders
- ▶ A new Stakeholder Engagement and Management Policy underscoring Petra's commitment to meaningful engagement with all its stakeholders

Section 172(1)(f): the need to act fairly as between members of the Company

After weighing up all relevant factors, the Board considers the course of action which best positions Petra to deliver its strategy in the long term, taking into consideration the effect on all stakeholders. Pertinent examples of the factors and engagement taken into account by the Board are set out above.

In doing so, our Directors act fairly as between the Company's members, but are not necessarily required to balance the Company's interests with those of other stakeholders. This can sometimes mean that certain stakeholder interests may not be fully aligned and in some situations, may conflict.

In relation to the broader issue of stakeholder engagement see pages 15 to 22 of the Sustainability Report.



ESG and Sustainability

Creating value for our stakeholders and building a sustainable business

Creating a sustainable business is fundamental to achieving long-term value for all of our stakeholders.

Our focus is on delivering diamonds that are assured of the highest ethical standards, sourced as responsibly and efficiently as possible. To achieve this we have integrated sustainability into our culture and Operating Model. Underpinning this, we have developed a Sustainability Framework formed on four pillars: our people, planet, partnerships and production, which aims to build support for our business strategy while meeting stakeholders' needs.

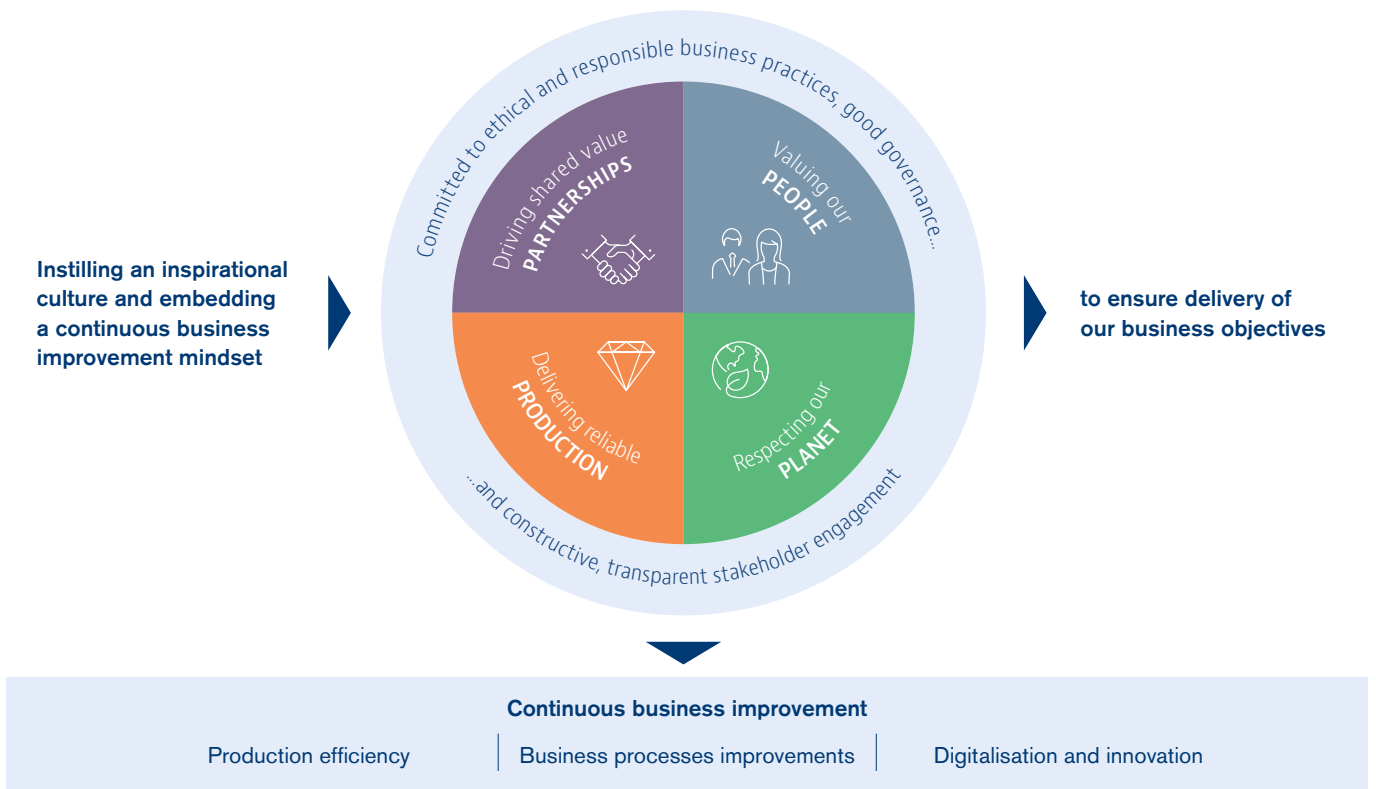
Petra has reported in detail on its ESG and sustainability strategy and performance since 2009 in its standalone Sustainability Reports, all of which are available to view on the Company's website.

 petradiamonds.com/investors/results-reports/

A new Sustainability Framework






Our Sustainability Framework has been designed to drive the Group's sustainability agenda. Following an extensive engagement process, the Group has identified four sustainability pillars, together with key aspects and focus areas per pillar, which will determine strategic decision-making, reduce risks, identify opportunities, inspire innovation, improve business operations, and enhance our shared value proposition. Petra's Sustainability Framework was finalised following various workshops held with Senior Management and Exco and approved by the Board in September 2022. Implementation of the Framework has begun, and we provide more detail our relevant SDGs, focus areas and aspects in our Sustainability Report on page 38.

While our commitment to sustainability is defined and governed by the Sustainability Framework, it is supported by our culture of continuous improvement, robust governance practices, ethical behaviour and our constructive and transparent stakeholder engagement processes.



While Petra supports all 17 UN SDGs, it identified the five most relevant SDGs where the Company can make the most contribution as follows:

 [Sustainability Report page 40](#)

 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	 <p>15 LIFE ON LAND</p>	 <p>3 GOOD HEALTH AND WELL-BEING</p>	 <p>4 QUALITY EDUCATION</p>
<p>Promote inclusive and sustainable economic growth, employment and improve living standards</p>	<p>Encourages more sustainable consumption and production patterns (water, waste, energy)</p>	<p>Focuses on managing forests sustainability, reducing degraded natural habitats and ending biodiversity loss</p>	<p>Seeks to ensure health and well-being for all, at every stage of life</p>	<p>Aims at ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all</p>

ESG and Sustainability continued

Stakeholder engagement

We aim to communicate effectively with all our stakeholders, thereby building strong relationships, which assist in maintaining their trust in our business, upholding our social licence to operate and creating shared value. Stakeholder engagement is used to inform our Sustainability Framework and material topics. Our stakeholder engagement processes allowed material concerns to be brought to management and the Board's attention, and responses provided. Our feedback and responses to these concerns are discussed on pages 15 to 22 of our Sustainability Report.

petradiamonds.com/investors/results-reports/

Assessing materiality

Petra defines a material topic as an environmental, social or governance issue that could significantly, positively or negatively, impact the delivery of Petra's business strategy and future performance, and/or could have a material impact on individuals, groups, communities or other key stakeholders that are affected by our operations. When determining materiality, we consider our operating environment as well as external micro and macro factors.

Petra conducts a formal materiality assessment every three years. In FY 2022, the Group's current material topics were reviewed and amended to include any major changes in the internal and external environment as well as key stakeholder concerns and interests. The results of this review and the changes to the FY 2021 material topics are discussed on pages 23 & 24 of our Sustainability Report.

petradiamonds.com/investors/results-reports/

The next assessment is due in FY 2023.

Performance

The information below provides a high-level overview of performance progress according to our sustainability pillars as well as the objectives looking ahead. Further detail on each of our pillar's performance is available in our Sustainability Report.

petradiamonds.com/investors/results-reports/



Pillar: Valuing our people

Our people enable us to achieve our shared vision and strategy, and ensuring their safety, health and wellbeing in the working environment is our priority. We invest in employing the right people for each role, developing them to reach their potential and retaining them to our mutual benefit. Group-wide, we are driven by our diversity and unlocking benefits for all.

Workplace safety	Achievements	Progress against FY 2022 objectives	
	<ul style="list-style-type: none"> Petra achieved 10 million fatality-free shifts in June 2022 – the last fatality occurred at Cullinan Diamond Mine in April 2017 Cullinan Diamond Mine achieved 365 days without a Lost Time Injury (LTI) in April 2022 Achieved lowest LTI (15) in more than a decade Achieved 83% safety KPIs Williamson Mine achieved two million fatality-free shifts (equal to 5.9 years) in June 2022 – last fatal accident was in September 2016 	Zero fatalities, 20% reduction in LTIs and 10% reduction in total injuries	✓
		100% mandatory safety compliance	✓
		Maintain ISO 45001: 2018 certification	✓
		Continued safety awareness campaigns and awareness programmes to improve health and safety behaviour in the workplace	✓
	Challenges <ul style="list-style-type: none"> Resource challenges due to Restructuring processes 	Continual improvement of management/worker relationships and overall workplace conditions	✓
	FY 2023 objectives <ul style="list-style-type: none"> Zero fatalities, 20% reduction in LTIs and a 20% total injuries (LTIs and NLTIs) reduction 90% achievement of all safety KPIs 		

✓ Achieved/Good progress
 🔄 In progress
 ✗ Limited progress



Pillar: Valuing our people continued

Health, hygiene and wellness

Achievements

- ▶ All health and wellness KPI targets were achieved
- ▶ 8,643 medical examinations conducted (FY 2021: 8,132)
- ▶ 100% compliance with medical certificate of fitness
- ▶ Improved compliance with chronic disease monitoring (91% compliance in South Africa, 68% Williamson Diamond Mine)
- ▶ One noise induced hearing loss (NIHL)
- ▶ Project 2022 resulted in Finsch Diamond Mine and Koffiefontein Diamond Mine occupational health centres being outsourced, with notable cost savings
- ▶ Compliance with Department of Health HIV/AIDS milestone (93% of HIV/AIDS cases diagnosed confirmed to be on treatment)
- ▶ Compliance with Department of Health TB milestone (100% of diagnosed TB cases confirmed to be on treatment)

Challenges

- ▶ Historical exposures are still resulting in suspected occupational diseases
- ▶ Take-up of the COVID-19 vaccination resulted in 64% of Petra’s South African employees and contractors and 15% of Tanzanian employees and contractors being partially or fully vaccinated
- ▶ An increase in substance abuse (positive alcohol tests)

FY 2023 objectives

- Annual medical reports compliance
- Reduce the number of NIHL cases (>10% shift from baseline)
- Reduce the number of occupational diseases to below seven cases
- Improve the compliance with chronic disease monitoring – 90% of people diagnosed monitored
- Conduct a mental health baseline assessment
- Compliance with Department of Health HIV/AIDS and TB milestones

Progress against FY 2022 objectives

- Maintain rigorous application and enforcement of our COVID-19 systems and promote awareness ✔
- 100% compliance with medical certificate of fitness schedule ✔
- Improve the compliance with chronic disease monitoring (91% compliance in South Africa, 68% at Williamson Mine) ✔
- Compliance with Department of Health HIV/AIDS milestone (93% of HIV/AIDS cases diagnosed confirmed to be on treatment) ✔
- Compliance with Department of Health TB milestone (100% of diagnosed TB cases confirmed to be on treatment) ✔

ESG and Sustainability *continued*Performance *continued*Pillar: Valuing our people *continued*

Human Resources	<p>Achievements</p> <ul style="list-style-type: none"> Finalised a three-year (FY 2022 to FY 2024) wage agreement with our bargaining units for our local operations Updated the Workplace Harassment Policy to align with the Government Gazetted Code of Good Practice Rolled out Petra's housing solution to all operations <p>Challenges</p> <ul style="list-style-type: none"> Delays in finalising and implementing our refreshed culture initiative Finalising the Section 189 at Koffiefontein Increased number of disputes emanating from previous collective agreement Finalising the three-shift configuration at Finsch 	<p>Progress against FY 2022 objectives</p> <p>Continue to rebuild and implement the Petra culture to support the values of the organisation and foster a stable and cohesive workforce</p> <p>Implementation of employee engagement initiatives</p> <p>Fully implement the Organisational Design review outcomes, including accountability, focused job profiles, job grading and market competitive remuneration structures for all critical positions</p> <p>Continued focus on improving relationships with organised labour to ensure stable and sustainable operations</p>	<p>🔄</p> <p>🔄</p> <p>🔄</p> <p>✅</p>
	<p>FY 2023 objectives</p> <p>Finalise our Organisational Design implementation for the Group</p> <p>Roll out training on managing workplace harassment and bullying throughout the organisation</p> <p>Implement a performance management process and system linked to Petra's talent management framework</p> <p>Finalise and implement Petra's Formula for Success initiative</p> <p>Finalise and implement our business re-engineering at Finsch and agree a three-shift configuration</p> <p>Review and consolidate recognition agreements for all mines</p>		
	<p>Diversity and inclusion</p> <p>Achievements</p> <ul style="list-style-type: none"> Established Petra's Women in Leadership Committee Increased female internships relating to technical positions Updated Petra's Diversity and Inclusion Policy <p>Challenges</p> <ul style="list-style-type: none"> Improving our female workforce at mine level Achieving HSDA diversity targets due to Restructuring and a freeze on recruitment of certain positions <p>FY 2023 objectives</p> <p>Ongoing focus on diversity and inclusion</p>		
Training, development and upskilling	<p>Achievements</p> <ul style="list-style-type: none"> Launched our Interaction Management training programme for all managers and supervisors Developed Group-wide career development paths and finalised career development plans for identified high-potential employees as possible successors to Petra's Executive team Re-launched and implemented the Petra's Women in Leadership Programme <p>Challenges</p> <ul style="list-style-type: none"> Delay in the identification of suitable management and leadership development programmes aligned to our value-led strategy 	<p>Progress against FY 2022 objectives</p> <p>Implementation of a talent management framework with formalised performance management, retention and succession policies, linked to pay (variable and fixed)</p> <p>To deliver on our targets for learnerships, internships and development programmes</p> <p>Review of our training and development framework, regarding employee development and community training, to ensure that it better supports our operational outcomes</p> <p>Contribute to the development of our local communities</p>	<p>🔄</p> <p>🔄</p> <p>🔄</p> <p>✅</p>
	<p>FY 2023 objectives</p> <p>Finalise suitable leadership and management development programmes</p> <p>Cascade the succession planning process and career development plans to the rest of the organisation</p> <p>Develop standard training programmes for identified critical and scarce technical skills</p>		
	<p>Training, development and upskilling</p> <p>Achievements</p> <ul style="list-style-type: none"> Launched our Interaction Management training programme for all managers and supervisors Developed Group-wide career development paths and finalised career development plans for identified high-potential employees as possible successors to Petra's Executive team Re-launched and implemented the Petra's Women in Leadership Programme <p>Challenges</p> <ul style="list-style-type: none"> Delay in the identification of suitable management and leadership development programmes aligned to our value-led strategy <p>FY 2023 objectives</p> <p>Finalise suitable leadership and management development programmes</p> <p>Cascade the succession planning process and career development plans to the rest of the organisation</p> <p>Develop standard training programmes for identified critical and scarce technical skills</p>		

✅ Achieved/Good progress 🔄 In progress ❌ Limited progress

**Pillar: Respecting our planet**

Managing our environmental impact is a priority for Petra and, in so doing, we aim to align our interests with that of relevant stakeholders. Responsible consumption and production are at the forefront of our operational planning, with a dedicated focus on improved energy and water consumption, responsible waste management, and biodiversity protection and rehabilitation.

Climate change	Achievements <ul style="list-style-type: none"> ▶ Committed to a net-zero Scopes 1 and 2 GHG emissions target for 2050 ▶ Continually reviewing and updating our climate change adaptation strategy ▶ Reviewed and updated our TCFD disclosures 	Progress against FY 2022 objectives <ul style="list-style-type: none"> Continued implementation of the Group's climate change adaptation action plans
	Challenges <ul style="list-style-type: none"> ▶ Retro-fitting energy efficient processes to established infrastructure ▶ Reducing our diesel fleet carbon footprint ▶ Expanding our Scope 3 mapping to include other elements of our value chain 	<ul style="list-style-type: none"> Maintain the Company's carbon footprint in line with FY 2019 baseline over a period of five years, while continuing to explore available options to minimise the Group's carbon footprint Support efforts to find sustainable carbon sequestration methods
FY 2023 objectives <ul style="list-style-type: none"> Continue to pursue energy efficiency initiatives Initiate the roadmap development for our 2030 GHG reduction target Expand the mapping of our Scope 3 emissions produced by our top ten suppliers Investigate renewable energy options Review and update our climate change adaptation strategy Refresh our climate change scenario analyses 		
Water management	Achievements <ul style="list-style-type: none"> ▶ Water recycling initiatives resulted in 80% recycled water used on mine ▶ Critical controls for water management implemented at all South African operations ▶ Petra maintained its 'B' CDP disclosure score 	Progress against FY 2022 objectives <ul style="list-style-type: none"> Identify and implement measures to prevent regression in water efficiency levels
	Challenges <ul style="list-style-type: none"> ▶ Managing surplus water in the production circuit due to above normal rainfall ▶ Cullinan Mine applied for an emergency discharge due to excessive rainfall 	<ul style="list-style-type: none"> Identify and implement measures to maximise the volumes of water reused and recycled
FY 2023 objectives <ul style="list-style-type: none"> Reduce the intake or improve the efficiency of fresh water used Improve the percentage of water recycled Review and update Petra's water management strategy 		
Circular economy	Achievements <ul style="list-style-type: none"> ▶ Recycled 85% of our waste at our local operations ▶ Ongoing awareness campaigns and clean-up projects ▶ Refined the delineation of waste streams at all South African operations ▶ Waste compactors installed at 75% of operations 	Progress against FY 2022 objectives <ul style="list-style-type: none"> Improve management of mining waste facilities in line with internationally recognised guidelines
	Challenges <ul style="list-style-type: none"> ▶ Lack of waste management resources at Koffiefontein Mine ▶ Availability of waste recycling facilities and safe disposal areas for hazardous waste near our Williamson Mine in Tanzania ▶ Waste data accuracy at Williamson Mine 	<ul style="list-style-type: none"> Increase the percentage of business waste redirected to the circular economy
FY 2023 objectives <ul style="list-style-type: none"> Reduce the volumes of hazardous waste disposed by operations Continue to increase the percentage of waste recycled by the Group Improve waste practices (waste handling, separation and disposal) at Williamson 		



ESG and Sustainability continued

Performance continued



Pillar: Respecting our planet continued

Biodiversity

Achievements

- ▶ 56% of land owned by Petra is protected
- ▶ Initiated a review of Petra's mine rehabilitation and closure strategy
- ▶ 152,700 seedlings distributed amongst schools and community members in Tanzania

Challenges

- ▶ Theft and illegal poaching of wildlife from mine owned areas

Progress against FY 2022 objectives

Implementation of annual rehabilitation plans

Establishment and monitoring of closure sign-off criteria



FY 2023 objectives

Embed concurrent rehabilitation as the norm for rehabilitation activities in Petra

Identify and describe the essential ecological services present at all Petra-managed areas

Identify relevant conservation initiatives

Environmental management

Achievements

- ▶ All South African operations certified according to ISO 14001: 2015 International Standard
- ▶ Petra reported no major environmental incidents or environmental audit findings
- ▶ Zero major findings during external certification audits
- ▶ Zero major environmental incidents
- ▶ Zero major or high-rated environmental incidents in 12 consecutive years
- ▶ Zero environmental directives (i.e official or authoritative instruction received from a government body to address a specific legislative non-compliance issue)

Challenges

- ▶ Number of community complaints relating to vibration and noise received at Cullinan Mine
- ▶ Limited support from local Government (municipalities) to ensure sound environmental management in the areas where Petra operates

Progress against FY 2022 objectives

No more than one legal instruction, compliance notice or directive allowed per operation in the financial year

Zero major or high-rated environmental incidents

Retention of ISO 14001: 2015 certification

Zero major environmental findings during external certification audits



FY 2023 objectives

Zero significant environmental incidents

Retention of ISO 14001:2015 certification

**Pillar: Driving shared value partnerships**

Petra understands the value of building sustainable partnerships, not only to improve business opportunities, but also to create positive outcomes. We are committed to upholding high ethical business standards and safeguarding human rights for all but specifically for our employees, suppliers, customers, contractors and our other stakeholders. Meaningful stakeholder engagement enables us to build trust and inform our business strategy.

Stakeholder engagement and community and social investment**Achievements**

- ▶ Submitted our next five-year Social Labour Plans (SLPs) for Finsch and Koffiefontein
- ▶ South African discretionary procurement spend up 39% to US\$138 million (FY 2021: US\$84.7 million)
- ▶ Robust and transparent stakeholder engagement building trust between local communities and the mine
- ▶ Completed our social impact assessments (SIAs) for all South African mines
- ▶ Reviewed and updated our community engagement plans to enhance engagement opportunities
- ▶ Williamson continued to build strong relationships with its communities

Challenges

- ▶ Dissatisfaction from communities regarding Petra's frequency of engagement
- ▶ Local economic development (LED) budgets not spent according to plan
- ▶ Collection of reportable contractors' contributions, per SLP requirements, into Petra's Foundation, for community projects
- ▶ Increased community grievances driven by socio-economic pressures

Progress against FY 2022 objectives

Successful completion of our SIAs for each South African operation to inform our new cycle of SLPs

Improve communication with local communities through continued engagement

Continue roll-out of community development projects to meet the needs of local communities

Continue review and optimisation of the Group's stakeholder relations management software to ensure that all issues raised are tracked, monitored and closed out

Aim to build community confidence in the newly established grievance mechanisms at each operation through transparent engagements

Progress on restorative justice projects at Williamson: Petra has committed funds in excess of £1 million to community initiatives to provide sustainable benefits to communities surrounding Williamson

Ongoing monitoring of the extent of any pit scaling events at Cullinan Mine and regular engagement with the local community

Appointment of a Group Sustainability Manager to consolidate the Group's extensive activity in this important area

FY 2023 objectives

Enhance stakeholder engagement plans to allow for robust, proactive and transparent engagements

Respond to all grievances registered within the prescribed timeframe enabling social contracting with our communities

Increase contributions to the Petra Foundation, through reportable contractor spend contributions, for dissemination into local

communities as part of our social commitment

Ensure compliance with local LED projects in South Africa and corporate social responsibility commitments in Tanzania

ESG and Sustainability *continued***Performance** *continued***Pillar: Driving shared value partnerships continued****Responsible sourcing****Achievements**

- ▶ Local supplier spend for FY 2022 – 59% for South Africa (FY 2021: 63%) and 89% for Tanzania (FY 2021: mine under care and maintenance)
- ▶ 1,059 new suppliers on-boarded on our e-Procure portal (FY 2021: 252)
- ▶ Rolled out a new Group supply chain operating model and centralised procurement
- ▶ Launched our 'Request for Quotation' portal for all suppliers
- ▶ Mining Charter targets exceeded in most procurement areas

Challenges

- ▶ Increased unemployment in South Africa is burdening the host communities' dependence on our operations for procurement opportunities
- ▶ Continuing COVID-19 impact on the sustainability of some suppliers
- ▶ Ability to identify, access and reach potential supplier base
- ▶ Identifying and ring-fencing procurement opportunities for SMMEs

Progress against FY 2022 objectives

- Appointed a new Group Supply Chain Manager
- Develop and roll out a new Group supply chain operating model
- Achieve Mining Charter targets
- Identify and implement ring-fenced opportunities for SMMEs

**FY 2023 objectives**

- Reviewing and updating our tender specifications, general terms and conditions, and ensuring awareness training on contract conditions
- Identifying and increasing ring-fenced procurement opportunities for SMMEs
- Increasing mine community supplier spend
- Progressively improving our total supplier base compliance through vetting

Responsible sales

This is a new area for our Sustainability Report and therefore does not include any FY 2022 objectives

FY 2023 objectives

- Pursue membership of the Responsible Jewellery Council (RJC) – membership application is currently with the RJC
- Relocate and consolidate the sales and marketing departments
- Investigate systems to improve traceability of diamonds after sales

**Pillar: Reliable production**

Petra monitors and manages each step in the diamond production process to ensure the highest ethical standards. We aim to achieve optimum economic extraction of the available orebodies, while maximising the life of mining operations. This reliable production pillar is achieved through accurate and precise mineral resource planning, responsible project and asset management, and optimising capex and opex efficiencies.

Mineral resource management and asset management

This is a new area for our Sustainability Report and therefore does not include any FY 2022 objectives

FY 2023 objectives

- Continue to improve on our Diamond Value Management Framework throughout the organisation to further improve process efficiencies and product security through mine planning, asset management and diamond value management systems, as well as feasibility studies and subsequent LOM extension projects. Read more on page 103 of the Sustainability Report
- Implement a Group-wide Tailings Management Standard aligned to the Global International Tailings Management Standard
- Implement feasibility studies to extend the mine plan at Cullinan Mine beyond 2030
- Enhance asset maintenance and management system integration and implementation

Capex and opex efficiencies

This is a new area for our Sustainability Report and therefore does not include any FY 2022 objectives

FY 2023 objectives**Robust cost control:**

- ▶ Enhance management accounting through improved reporting, trend and variance analysis
- ▶ Research potential technology enablers to improve governance

Supply chain:

- ▶ Improve supply chain performance and metrics
- ▶ Incorporate new digital technologies to optimise procurement and materials management

Project preparation and effective project controls:

- ▶ Ensure that the optimum framework and capabilities are in place to deliver safe, predictable, and competitive projects



TCFD Disclosure (Listing Rule 14)

The table below sets out where Petra has made climate-related disclosures consistent with the Recommendations and Supporting Recommended Disclosures (Recommended Disclosures) of the Task Force on Climate-related Financial Disclosures (TCFD). In FY 2022, Petra adopted a new Sustainability Framework, which includes climate change as a key aspect. As such, certain of these Recommended Disclosures are contained in the climate change section of our Sustainability Report at pages 67 to 70 as this provides for better alignment with how Petra reports on its sustainability ambitions. The Sustainability Report will also be published at the same time as this Report.

While Petra has made disclosures on all of the TCFD Recommended Disclosures, we recognise that we are on a journey in relation to climate change. As part of this journey, we have set out our FY 2023 objectives and the steps we intend taking to progress these objectives on this journey (as outlined on page 37), which include initiating the development of our 2030 GHG emission reduction roadmap (as the first phase of our net zero journey), as well as refreshing our scenario analysis with a view to further embedding this into our corporate strategy. This will be complemented by Petra's risk improvement project (as outlined on page 67) which will aid us in further defining climate change risks over the short, medium and long term, along with associated mitigation plans for these risks.

Theme	Recommended disclosures	Reference
Governance	1. Describe the board's oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> ▶ Annual Report: 65-67; 98 ▶ Audit and Risk Committee Terms of Reference: https://www.petradiamonds.com/wp-content/uploads/ARC-Terms-of-Reference-Feb-2022.pdf ▶ Health, Safety and Environmental Committee's Terms of Reference: https://www.petradiamonds.com/wp-content/uploads/PDL-HSE-TOR-Amended-Feb-2021.pdf ▶ Remuneration Committee Terms of Reference: https://www.petradiamonds.com/wp-content/uploads/Petra-Remuneration-Committee-Terms-of-Reference.pdf ▶ Sustainability Report: 69
	2. Describe management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> ▶ Annual Report: 65-67; 98 ▶ Sustainability Report: 65; 68
Strategy	3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	<ul style="list-style-type: none"> ▶ Annual Report: 67; 70; 109-110 ▶ Sustainability Report: 69
	4. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	<ul style="list-style-type: none"> ▶ Annual Report: 37; 100; 109-110 ▶ Sustainability Report: 69-70
	5. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> ▶ Sustainability Report: 69
Risk management	6. Describe the organisation's processes for identifying and assessing climate-related risks	<ul style="list-style-type: none"> ▶ Annual Report: 65-67; 98 ▶ Sustainability Report: 65; 68
	7. Describe the organisation's processes for managing climate-related risks	<ul style="list-style-type: none"> ▶ Annual Report: 65-67; 70; 98; 109-110 ▶ Sustainability Report: 65; 68
	8. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	<ul style="list-style-type: none"> ▶ Annual Report: 65-67; 98 ▶ Sustainability Report: 65; 68
Metrics and targets	9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> ▶ Annual Report: 44 ▶ Sustainability Report: 70-71; 111-113
	10. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	<ul style="list-style-type: none"> ▶ Sustainability Report: 67-71; 111-113
	11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	<ul style="list-style-type: none"> ▶ Annual Report: 44 ▶ Sustainability Report: 70-71; 111-113



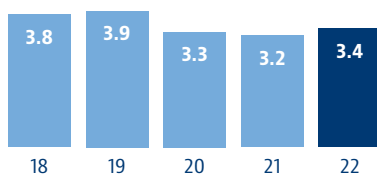
Key Performance Indicators

Petra uses a wide range of financial and non-financial metrics that are linked to our strategic objectives to help evaluate the performance of the business. The following KPIs are considered by management to be the most important.

ROUGH DIAMOND PRODUCTION¹ (MCTS)

The number of diamonds recovered from Group operations

3.4 +3%



Strategic relevance

Production targets, as stated in our annual guidance, reflect our strategy of achieving reliable production which enables us to achieve our strategic objectives and ambitions.

Performance

Group rough diamond production increased in line with our guidance, largely due to Williamson resuming production following its period of care and maintenance.

Cullinan Mine's production was at the upper end of our production guidance ranges on all criteria except tailings. Finsch's production was just below guidance reflecting waste ingress issues, which have now been largely mitigated. Williamson came in within the production guidance range. Koffiefontein came in below guidance due to productivity and staff morale challenges on account of implementing a labour reduction process.

Risk management

Our realistic operational targets are based on detailed mine production planning, and allow us to monitor performance closely.

Loadshedding in South Africa is currently having minimal impact on our operations. We are not asked to curtail load at the lower stages of loadshedding and, even when asked to curtail load, our excess processing capacity at both Cullinan Mine and Finsch allows us to reduce processing energy draw, while maintaining mining production and catching up on processing when curtailment is lifted.

Link to Governance

We cover the link between this KPI and risks on pages 103-107 and 110-111 and remuneration on pages 124-129.

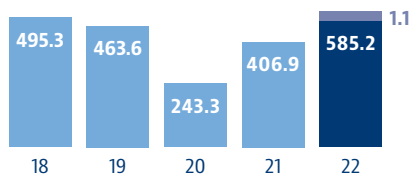
Guidance

Production guidance for FY 2023 to FY 2025 remains unchanged.

REVENUE¹ (\$USM)

Revenue from rough diamond and partnership sales

585.2 +44%



Strategic relevance

Revenue depends on production and our in-house sales and marketing capability. It is relevant to our profitability and cash generation.

Performance

Revenue from rough diamond sales increased 44% to US\$584.1 million, benefiting from positive diamond market fundamentals supporting a 41.5% increase in like-for-like rough diamond prices, the reopening of the Williamson mine, and the recovery and sale of US\$89.1 million of Exceptional Stones. Profit sharing from a partnership stone yielded US\$1.1 million in additional revenue.

Risk management

The key factors affecting revenue growth are delivery on production targets, managing grade volatility, product mix and the recovery of Exceptional Stones.

Diamond prices are outside of the Group's control and we aim to maximise achieved prices through the timing and competitive nature of our tenders. We may withhold stones until later tenders when demand might be stronger, or propose a profit sharing agreement to capture additional value from cutting and polishing of certain stones. We are investigating traceability technologies as a means of capturing additional premium.

Link to Governance

We cover the link between this KPI and risks on pages 101-107 and 110-111 and remuneration on pages 124-129.

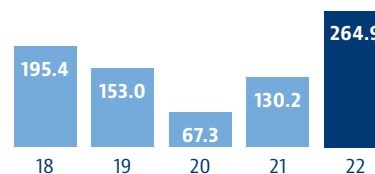
Outlook

We do not guide on rough diamond prices or revenue, but are encouraged by the structural supply deficit in the diamond market that is expected to remain supportive for the foreseeable future. We recognise that there may be volatility in the near term due to macroeconomic uncertainties, the war in Ukraine, sanctions on Russian producers and the COVID-19 pandemic.

ADJUSTED EBITDA^{1,2} (\$USM)

Earnings before interest, tax, depreciation and amortisation

264.9 +103%



Strategic relevance

Adjusted EBITDA reflects our production performance, sales, and cost optimisation. The exclusion of exploration, the corporate overhead and foreign exchange movements, facilitates the consideration of comparable performance.

Performance

The increase in Adjusted EBITDA and our Adjusted EBITDA margin² of 45% (FY 2021: 32%), was driven by higher revenue, operational efficiencies, and our efforts to mitigate the impact of cost inflation.

Risk management

Our rigorous operational and financial discipline is managed through a comprehensive, Board-approved, annual budgeting process and monitored monthly.

Link to Governance

We cover the link between this KPI and risks on pages 101-107 and 110-111.

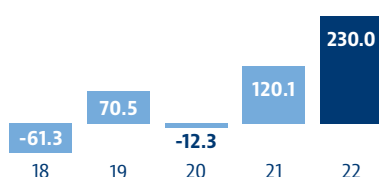
Outlook

We do not guide on EBITDA as it partially depends on external factors over which we have no control, such as diamond prices and inflation. However, we are confident of our effective management of our production and costs, and our guidance for these for FY 2023 to FY 2025 remains unchanged.

**OPERATIONAL FREE CASHFLOW^{1,2,4} (US\$ MILLION)**

Cash generated from operations less acquisition of property, plant and equipment

230.0 +91%

**Strategic relevance**

Operational Free Cashflow (OFC) is the proportion of cash generation which is available after funding our operations to invest in delivering our strategy, including capital projects, debt reduction, and shareholder returns. This is in line with our approach to Capital Allocation.

Performance

Strong OFC in FY 2022 reflects the sale of a high number of Exceptional Stones and stronger diamond prices, and was positively impacted by net finance income and net realised foreign exchange gains. This was offset by income tax and dividend paid to BEE Partners.

Risk management

Our strong financial and operational management involves disciplined cashflow forecasting.

Link to Governance

We cover the link between this KPI and risks on pages 101-103, 106-107 and 111 and remuneration on pages 124-129.

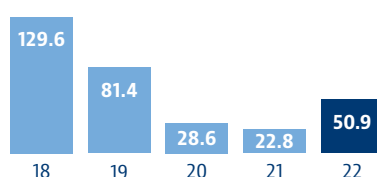
Outlook

We do not guide on the main drivers, which are external factors, but are confident that we are effectively managing internal factors. While Project 2022 has concluded, it has translated into a continuous business improvement culture that is now fully embedded in our Operating Model, ensuring that production throughput and cost efficiencies continue to drive strong cash generation.

OPERATIONAL CAPEX^{1,3} (US\$ MILLION)

Capital expenditure incurred by the operations, comprising expansion and sustaining capex

50.9 +123%

**Strategic relevance**

Our future plans are dependent in part on investment. We estimate and monitor the funds for sustaining our operations (sustaining capex) and for investing in future capital projects (expansion capex).

Performance

Operational capex came in at the lower end of guidance as delivery of certain capital items, amounting to around US\$12 million, was deferred to FY 2023.

The year-on-year increase in operational capex included initial investments in the expansion projects at Cullinan Mine and Finsch.

Risk management

Our annual budgeting process includes detailed capex requirements and is approved by the Board. Capex is monitored and cashflow implications continually reviewed.

Link to Governance

We cover the link between this KPI and risks on pages 103-104 and 111 and remuneration on pages 124-129.

Guidance

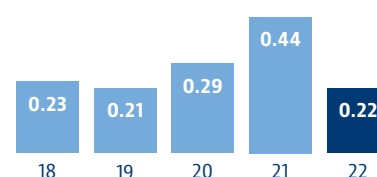
We have increased FY 2023 guidance to include US\$12 million of capital expenditure deferred from FY 2022.

Expansion capex of US\$115–125 million is guided for FY 2023 which includes the CC1 East project at Cullinan Mine and the Lower Block 5 3-level sub-level cave project at Finsch. Sustaining capex is guided at US\$33–36 million. Guidance figures are stated in FY 22 real terms and based on an exchange rate of ZAR15:US\$1.

SAFETY⁴ (GROUP LTIFR)

Lost time injury frequency rate

0.22 -50%

**Strategic relevance**

The safety of our people is our number one priority and our strong record has a positive impact on our culture, operations, production and reputation.

Performance

We met our LTIFR target with a substantial decrease, in part reflecting FY 2021's higher base resulting from COVID-19.

On an absolute level, 15 LTIs compared favourably with 25 in FY 2021. The majority of accidents were behavioural in nature and of low severity but considerable effort continues to change behaviours associated with LTIs.

Risk management

In addition to appropriate risk management processes, Petra has strategies, systems, effective risk-based mitigating controls and training in place to promote a safe working environment.

Link to Governance

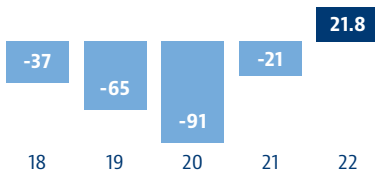
We cover the link between this KPI and risks on page 108 and remuneration on pages 124 and 127.

Target

We target a zero harm working environment, with an aim to achieve a minimum of 20% improvement in LTIFR annually.

Key Performance Indicators *continued***TOTAL SHAREHOLDER RETURN (PERCENTAGE CHANGE)**

Share price performance

+21.8**Strategic relevance**

We aim to win the support of capital markets to facilitate access to capital and reduce its cost. Total Shareholder Return (TSR) reflects the market's recognition of the value proposition of our business to shareholders and, since the announcement of a new dividend policy in September 2022, includes returns to shareholders in the form of dividends.

Performance

Total shareholder return increased by 21.8% driven by our strong share price performance since the announcement of our FY 2022 interim results and strategy reset in February 2022. The recognition of a tightening supply side and pent-up demand may have aided in an upward re-rating of rough diamond producers.

Risk management

Our shares remains subject to the risk of being under-valued and we aim to manage this through a proactive and wide-reaching investor relations programme to present Petra's investment case to existing and potential investors. This is to be achieved through focusing on management and asset quality, the strength of our balance sheet, the new Operating Model focused on cash generation, the embedding of our Sustainability Framework and our value-led growth strategy.

Link to Governance

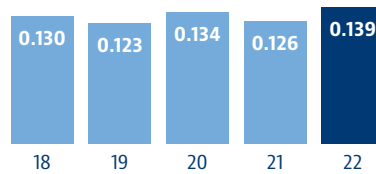
We cover the link between this KPI and risks on pages 101-102, 106-107 and 111 and remuneration on pages 125 and 128-129.

Commitment

We will continue to engage with capital markets to ensure that our strategy, performance and prospects are well understood, and to ensure we take any feedback on board.

CARBON EMISSIONS⁵ (TCO₂-E/CT)

Carbon emission intensity for Scopes 1 and 2

0.139 +10%**Strategic relevance**

In recognition of the impacts of climate change, we support the Paris Agreement. Our GHG targets (set out below) are aligned to our Sustainability Framework, which we are currently in the process of operationalising.

Performance

As expected, Petra's carbon emissions increased by 10% largely owing to the resumption of production at Williamson which was on care and maintenance in FY 2021. Williamson Mine is a heavier energy user than our three underground mines and is more reliant on vehicles.

Our emissions profile is heavily weighted to Scope 2, particularly in South Africa, where we are reliant on external energy. However, recent reforms announced in South Africa present an opportunity for us to substantially de-carbonise our energy mix, and support our path to net zero.

Risk management

We acknowledge the growing risk of climate change to our Company and our stakeholders. By evaluating and understanding the risks and opportunities that climate change represents, we commit to managing our assets in an economically and environmentally sustainable way.

Link to Governance

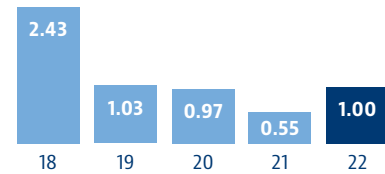
We cover the link between this KPI and risks on pages 109-110 and remuneration on pages 124-129.

Target

We are committed to a GHG net zero target for Scopes 1 and 2 by 2050, but aspire to reach this goal by 2040 or sooner, and have put in place a target to reduce Scopes 1 and 2 GHG by 35 - 40% off our 2019 baseline by 2030.

WATER EFFICIENCY⁵ (M³/T)

Total fresh water used in production (ROM plus tailings)

1.00 +82%**Relevance**

Our operations are water intensive, and we recognise the impact they could have on natural water sources that sustain the communities around our operations. We are therefore committed to utilising fresh water responsibly and efficiently, including using a substantial amount of recycled water in our production processes.

Performance

Petra's total fresh water usage for production increased significantly, owing to higher overall production and the ramp-up of Williamson, which is the Group's largest user of fresh water, after being in care and maintenance in the prior year. The proportion of recycled water used on our mines was above 80%.

Risk management

We monitor and manage water consumption and quality in alignment with our water management strategy to develop and implement water efficiency improvements. Inspections and audits identify any shortcomings.

Link to Governance

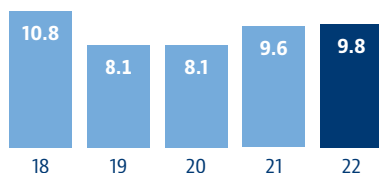
We cover the link between this KPI and risks on pages 108-109 and remuneration on pages 124 and 127.

Objective

Our objectives are to reduce the intake or improve the efficiency of fresh water used; to improve the percentage water recycled, and to continuously review and update Petra's water management strategy.

**STAFF TURNOVER⁴ (%)**

Staff and fixed term contractors turnover

9.8 +2%**Strategic relevance**

Employees who enhance their skill-sets contribute to the Company's success and have greater career satisfaction, which improves morale, productivity and employee retention.

Performance

Our staff turnover rate increased marginally from 9.6% to 9.8%, with a higher incidence of retrenchments, retirements and non-renewal of fixed-term contracts. This is a comparatively low staff turnover rate, on par with the mining sector and industry in general.

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.

Link to Governance

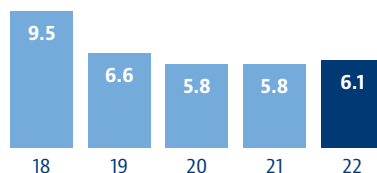
We cover the link between this KPI and risks on page 107.

Objective

We aim to provide the structures and support for our people to enable them to be effective, committed and engaged. Our near-term focus is to finalise and implement the many initiatives undertaken to improve our culture, including the Formula for Success, and to embed continuous improvement prioritising the insights gained from Project 2022.

TRAINING SPEND⁴ (US\$ MILLION)

Investment in employee training and development

6.1 +5%**Strategic relevance**

Achieving our Group-wide ambitions is dependent on our employees' talent and commitment. Training is a critical driver of loyalty among employees and a means of ensuring they are capable of meeting objectives and delivering results.

Performance

Our investment in employee training and development increased, partly due to the uptake in training following the lifting of COVID-19 restrictions.

Risk management

We strengthen our business with training in both the technical and non-technical disciplines. Petra maintains compliance with the regulatory framework and supports a number of different training and development programmes to reduce risk overall.

Link to Governance

We cover the link between this KPI and risks on pages 106-108.

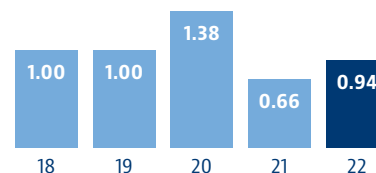
Target

Petra aims to achieve a training spend target of 5% of annual payroll in ZAR terms.

The cultural Formula for Success that we are embedding, has supporting initiatives, including formal and informal opportunities for training and development.

SOCIAL SPEND⁴ (US\$ MILLION)

Total social spend (compulsory and discretionary) on local communities

0.94 +42%**Strategic relevance**

Apart from the direct benefits we can offer in local communities, social spend builds a positive reputation for the Company and ensures local communities are supported and supportive of our mines. Through our ongoing social spend we also create and build on our valuable resource of potential employees.

Performance

The increase in social spend is largely attributable to Williamson exiting care and maintenance, but also to an increase in Corporate Social Investment and Enterprise Social Development in local communities.

Risk management

Petra maintains compliance with the regulatory framework and continues to evaluate the evolving Mining Charter legislation in South Africa.

We also continually liaise and co-operate with social and institutional stakeholders to reduce the risks associated with poor communication and to avoid the damage that a reputation mismanagement can cause.

Link to Governance

We cover the link between this KPI and risks on pages 104-105.

Target

Petra targets base case spend of 1% of net profit after tax at asset level.

Notes:

- For comparative purposes, the FY 21 production, diamond sales and cost figures have been restated to include Williamson as it is no longer a discontinued operation.
- All Alternative Performance Measures (APMs) used are defined on page 207.
- Excluding capitalised borrowing costs.
- Figures for FY 2018 include the Kimberley Ekapa Mining JV operation (KEM JV); Petra divested of its stake in KEM JV in December 2018.
- Certain environmental figures for FY 2021 relating to Petra's carbon emissions and water consumption have been restated further to the independent verification of the Company's 2021 GHG Inventory by TikoTech.



Operational Review

Introduction



We have met our production guidance recovering a total of 3.35 Mcts, and I am proud of how effectively we've mitigated the operational challenges we faced. But, most importantly, our LTIFR improved by 50%.

Jaision Rajan
Chief Operating Officer

Production and capital expenditure summary¹

	Unit	FY 2022	FY 2021	Variance
Production				
ROM diamonds	Carats	3,148,258	3,057,860	+3%
Tailings diamonds	Carats	205,412	182,452	+13%
Total diamonds	Carats	3,353,670	3,240,312	+3%
Tonnages treated				
ROM tonnes	Mt	11.3	7.7	+47%
Tailings tonnes	Mt	0.4	0.4	—
Total tonnes	Mt	11.7	8.1	+44%
On-mine cash costs	US\$m	272.3	208.9	+30%
Capex				
Expansion	US\$m	34.5	16.9	104%
Sustaining	US\$m	17.7	6.9	157%
Total	US\$m	52.2	23.8	119%

1. For comparative purposes, the FY 21 production and cost figures have been restated to include Williamson as it is no longer a discontinued operation.

Production

Our operational performance reflects the re-commencement of operations at Williamson from the first quarter of the Year.

Group diamond production increased 3% to 3,353,670 carats (FY 2021: 3,240,312 carats), within our guidance range.

[Read more on the performance of our mines on pages 50 to 56](#)

Protecting our people

Our safety performance is critical throughout Petra, and we celebrated a new record for the Cullinan Mine of 365 LTI free days in April 2022. On a Group basis, we improved the LTIFR by 50% to 0.22 compared with 0.44 last year and, in absolute terms, LTIs were down by 40% to 15 (from 25). These were mostly of low severity and behavioural in nature.

The improving trends demonstrate the effectiveness of our remedial actions and behaviour-based intervention programmes. We nevertheless continue to focus on providing a zero harm working environment and will continue to make every effort to reduce the risk of harm in the workplace.

[Read more on Health and Safety on pages 114 to 115 and pages 42 to 54 of the Sustainability Report](#)

COVID-19 remains a risk, but one which we continue to manage with minimal disruption to operations. We are focused on making vaccinations easily available and encouraging uptake. In Petra's South African operations, 64% of the workforce have been vaccinated which is well ahead of the South African-wide double-dose total of approximately 51% of the population. We are encouraging take-up at Williamson in Tanzania, where 16% of our employees are vaccinated.



Improving our productivity and cashflow

We have now formally concluded Project 2022, which commenced in July 2019, with the aim of identifying opportunities to increase throughput across the business, drive efficiencies and facilitate continuous improvement. We delivered our key objective of improving operational free cashflow over three years by delivering US\$265.4 million of net free cashflow, well ahead of our target of US\$100 – 150 million.

Another legacy of Project 2022 is our new Operating Model which supports clear accountability and authority. Linked to this, our organisational design empowers our people to deliver our strategy. Our culture is one of continuous improvement which we achieve through the identification and prioritising of ideas to drive further improvement. The key result is our relentless focus on operational and capital cost efficiencies throughout our operations.

 **Read more on Project 2022 on page 13**

New approved extension projects

During the Year, the Board approved extension projects at our major South African mines: Cullinan and Finsch.

- ▶ At the Cullinan Mine we will establish a CC1 East sub-level cave, on the same level as the current C-Cut operation, extending the mine plan to 2031. The capital investment is estimated at US\$173 million over the life of the project and is expected to deliver a project internal rate of return (IRR) of more than 30% and incremental project NPV of more than US\$70 million. Capital expenditure began during the Year and production is expected to begin in FY 2024, ramping up to a steady state in FY 2026
- ▶ At Finsch, we will extend the mine below the current area, creating a Lower Block 5 3-level sub-level cave, extending the mine plan to 2030. The capital investment is estimated at US\$216 million and the IRR is also expected to be in excess of 30% with incremental NPV of more than US\$90 million. Capital expenditure for this project will commence during FY 2023 and we expect production to commence in FY 2025
- ▶ The capex involved in these projects is expected to be self-funded


There are further opportunities beyond these mine plans, given the significant scale of the orebodies at both Cullinan Mine and Finsch.

Resources

Petra manages one of the world's largest diamond resources of 226.6 Mcts. This scale implies that the potential mine lives of our core assets could be considerably longer than the current mine plans.

Petra manages one of the world's largest gross diamond resources (inclusive of reserves) of 226.6 Mcts, supporting a potential mine life well beyond the current mine plans. The 2% reduction compared to 230.64 Mcts in 30 June 2021, was predominantly due to depletions resulting from mining at all our assets in FY 2022.

Petra's gross diamond reserves decreased 10% to 29.97 Mcts (30 June 2021: 33.33 Mcts) primarily due to mining depletions with minor changes in mine plans and Williamson remaining on care and maintenance until August 2021.

 **Read more on pages 58 to 60**

Key operational guidance maintained

	FY 23E	FY 24E	FY 25E
Total carats recovered (Mcts)	3.3 – 3.6	3.3 – 3.6	3.6 – 3.9
Cash on-mine costs and G&A ¹ (US\$m)	300 – 320	300 – 320	300 – 320
Expansion capex ¹ (US\$m)	115 – 125	125 – 135	115 – 120
Sustaining capex ¹ (US\$m)	33 – 36	30 – 32	26 – 28

1. Opex and capex guidance is stated in FY 22 real terms and based on an exchange rate of ZAR15/USD1.

 **More detailed guidance is available on Petra's website at petradiamonds.com/investors/analysts/analyst-guidance/**

Loadshedding and energy reform in South Africa

The recent increase in loadshedding in South Africa is currently having minimal impact on our operations. Our excess processing capacity at both the Cullinan and Finsch Mines allows us to reduce our processing energy draw to meet the prescribed load curtailment requirements, whilst maintaining mining at full production and catching up on processing when conditions return to normal.

The regulator in South Africa recently removed the cap for private power generation without licencing. This has opened up opportunities for high energy-users to integrate renewables on their own sites and Petra is actively looking at options which are optimal from a financing and partnering perspective that would enable us to integrate renewables into our energy mix, lower our cost of energy, secure our energy supply and support our target of achieving net zero GHG emissions by 2050 or earlier.

Focus for FY 2023

Petra confirms its operational guidance for the FY 2023 to FY 2025 period.

- ▶ Safety remains our number one priority and we will continue to implement our remedial actions and behaviour-based intervention programmes across all our operations
- ▶ We are continuing to focus on invigorating our culture of continuous improvement throughout our operations
- ▶ Given the recent disruptions to global supply chains and the potential for associated cost pressures, we are monitoring these and, where possible, mitigating their impact on project timelines and costs
- ▶ Our ability to absorb the inflationary pressures we are seeing, is assisted by our disciplined cost management, relatively low fuel consumption, and any weakening of the South African Rand

The specific guidance for each of our mines is covered on the following pages.

The team is highly motivated and excited by the opportunities we are realising throughout our operations.



Jaision Rajan
Chief Operating Officer
10 October 2022



Operational Review continued

Case study: The new project at Cullinan Mine

Current mining area – C-Cut

The sole source of our current tonnage is the C-Cut, a 5.7 Ha area with potential for approximately 34 Mt additional tonnage which is known to include high-value Type II stones, large high quality, white or blue gem-stones.

New approved plan – CC1-East

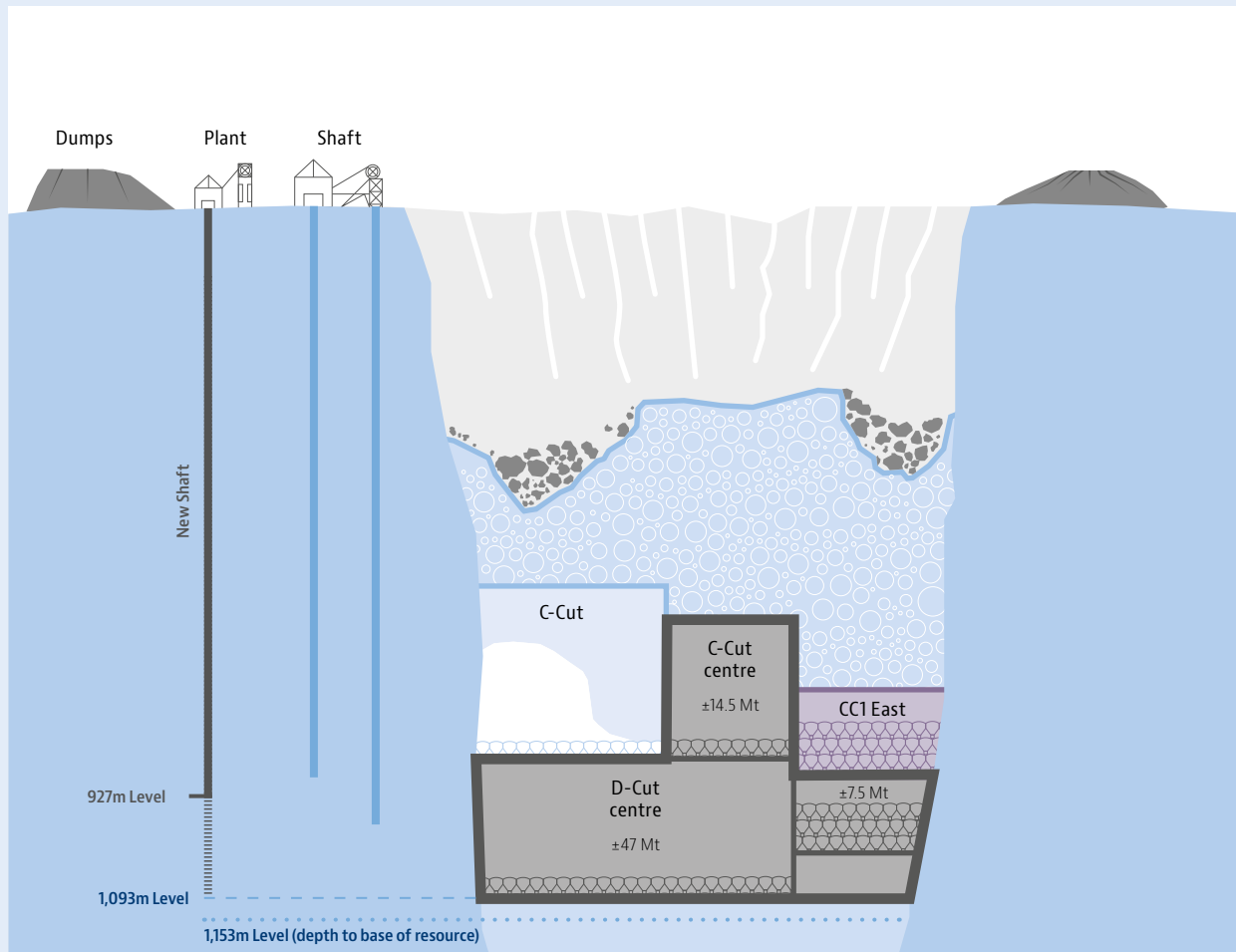
During the Year, the CC1-East project was approved and the capital spend has commenced. This new area is expected to begin to contribute from FY 2024 and to ramp up to steady state by FY 2026. It extends the mine plan to 2031. Whilst the C-Cut mining block is known for its Type II diamonds, the CC1E mining block has a higher grade than the C-Cut.

We expect to invest a total of US\$173 million (in real terms) achieving an IRR of more than 30% and incremental project NPV in excess of US\$70 million.

Plans beyond 2031 – C-Cut Centre and D-Cut

The significant opportunities for mine plan extensions beyond 2031 include additional tunnels to the east of the C-Cut, the C-Cut Centre block which has not been mined.

The D-Cut and material below CC1-East depends on building a new shaft. This western part of the orebody at deeper levels should continue to produce high value stones.





Case study: The new project at Finsch

Current production – 4-level Upper Block 5 SLC

Production has been from the 4.8 Ha, 4-level Upper Block 5 SLC (sub-level cave), which has been operating at steady state since 2019. It predominately produces highly commercial diamonds of +five carats and gem-quality smaller diamonds.

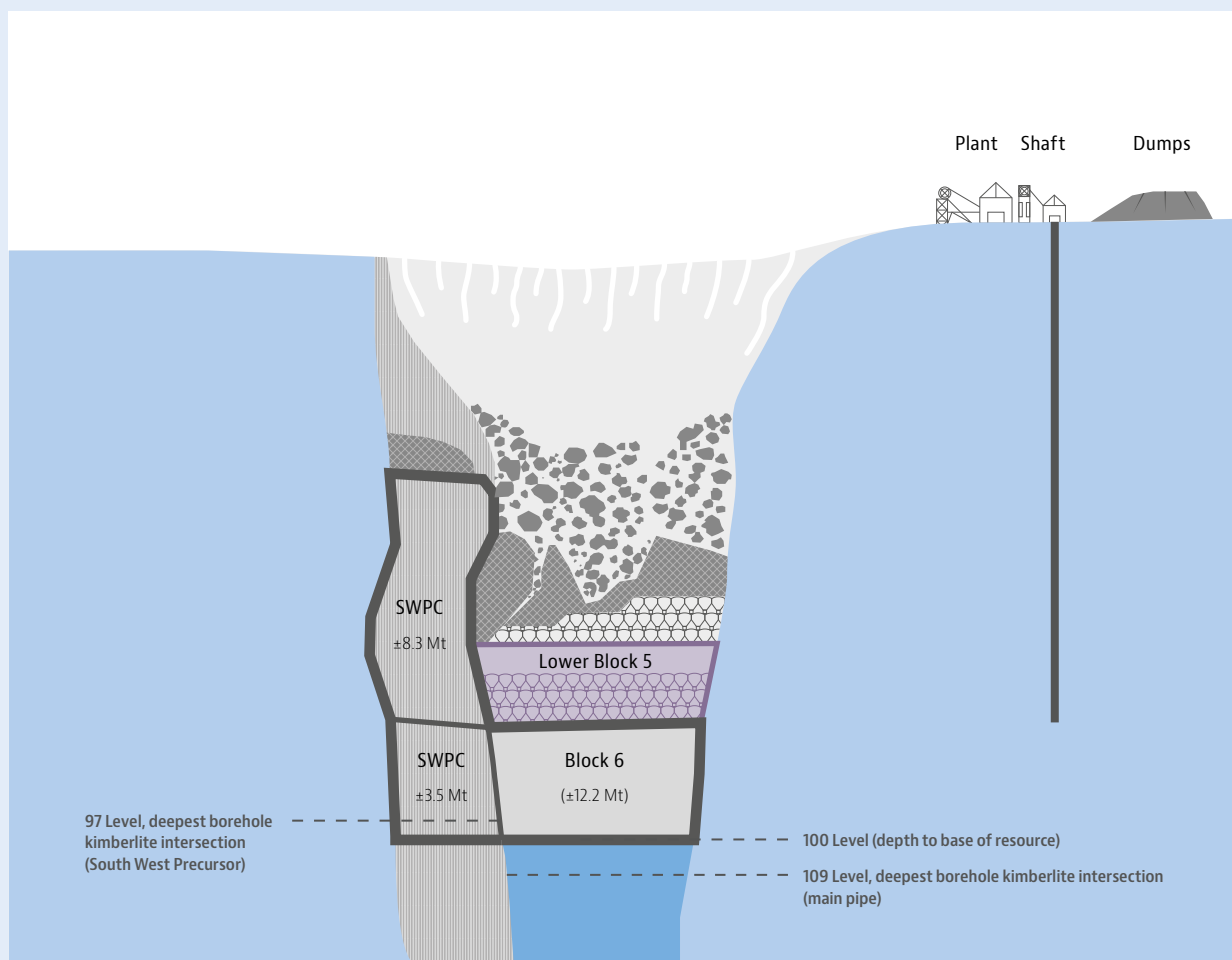
New approved plan – Lower Block 5 SLC

In extension of the mine plan to 2030, the Board has approved the Lower Block 5 3-level project which is expected to commence during FY 2023 with production contributions from FY 2025 onwards.

We expect to invest a total of US\$216 million (in real terms) achieving an IRR of more than 30% and incremental project NPV in excess of US\$90 million.

Plans beyond 2030 – Block 6 and SWPC areas

The opportunities for mine plan extensions beyond 2030 include mining the areas below Lower Block 5 and the Upper and Lower Precursor (SWPC) areas on the western side of the orebody (left hand side of the illustration). Further resource delineation work is required to reinforce our confidence in the resource.





Cullinan Mine

South Africa

Renowned for very rare and highly valuable Type II blue diamonds and very large high-quality Type II white stones

Mining method: Underground block cave and sub-level cave

Mine plan: to 2031 with potential to extend

GROSS RESOURCES MCTS

147.2 (FY 2021: 149.8)

EMPLOYEES AND CONTRACTORS

1,716 (FY 2021: 1,557)

LTIFR

0.12 (FY 2021: 0.43)

CARBON INTENSITY (TCO₂-E/CT)

0.12 (FY 2021: 0.10)

WATER INTENSITY (M³/T)

0.13 (FY 2021: 0.09)

FY 2022 performance in line with guidance

	FY 2022	FY 2021	Variance
Sales			
Revenue (US\$m)	322.4	250.6	+29%
Diamonds sold (carats)	1,899,011	2,261,058	-16%
Average price per carat (US\$)	169	111	+52%
Total production			
Tonnes treated (tonnes)	4,865,065	5,060,339	-4%
Diamonds produced (carats)	1,814,975	1,943,942	-7%
Grade¹			
ROM (cpht)	36.2	38.2	-5%
Tailings (cpht)	49.6	41.0	+21%
Segment result² (US\$m)	154.4	76.8	+101%
Costs and capex			
On-mine cash cost per total tonne treated (ZAR/t)	312	260	+20%
Total capex (US\$m)	35.0	16.8	+108%

1. Petra 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.

2. The segment result includes depreciation of US\$52.5 million.

At the Cullinan Mine we came in at the upper end of our production guidance ranges on all criteria except tailings. Diamonds produced were 7% below last year's, largely as a result of the convergence in Tunnel 41 early in the Year, and the planned depletion of a mining block which had contributed to production in FY 2021. The convergence has now been effectively mitigated and factored into our guidance.

The Cullinan Mine's revenue increased 29% to US\$322.4 million due to a 52% increase in the average price achieved per carat and the US\$75.2 million realised for Exceptional Stones. Together, these more than offset the 16% reduction in diamonds sold, which was mainly the result of a higher volume of sales in FY 2021 caused by the release of the inventory build-up during the COVID-19 crisis into the market. Additional revenue of US\$1.1 million was generated from Petra's 50% share of profit from the sale of polished stones cut from the 18.30ct Type II blue diamond sold as a partnership stone in August 2021.

The convergence of Tunnel 41 in the C-Cut impacted 18 of a total of 187 draw points. Remedial action was focused on arresting convergence by reinforcing the affected pillars and protecting the tunnel, so that access can be re-established once the area has been stabilised. We continue to monitor it to determine when we will be able to re-access this tunnel.



Grade was in line with guidance, notwithstanding the decline towards the end of the Year due to a change in the composition of ore within the C-Cut block cave resulting in a higher proportion of lower-grade and greater-density ore. We are monitoring these changes together with options to mitigate the grade differential.


During the Year, the efficiency of the X-Ray Luminescence technology (XRL), introduced in FY 2021, to reduce the risk of damage to larger stones in our processing circuit, was tested through the addition of a modular X-Ray Transmission unit. This unit recovered only 11 additional diamonds of low value, validating the decision to use XRL technology in the recovery process.


The on-mine unit cash cost per total tonne treated increased to ZAR312/t due to inflationary increases, increased social expenditure and direct costs previously included under Group G&A costs. FY 2022 capex was US\$35.0 million, the majority of which was spent on the commencement of the newly approved CC1 East mine extension project. The balance included spend on the projects already underway in the current mining area, development of a crusher, and improved long-term accessibility in an area of the C-Cut.

Guidance

FY 2023 to FY 2025 production, cost and capex guidance for the Cullinan Mine remain unchanged noting that we recorded lower grades toward the end of the Year and a study is underway to inform our mine planning as a result of a higher proportion of ROM tonnes from our more mature drawpoints.

- ▶ Our production guidance for FY 2023 is between 4.1 and 4.3 Mt ROM material to be treated, and ROM grade of between 36.5 and 38.5cpht, including the ore from the portions of the current mining area, the C-Cut, that is lower grade and higher in density
- ▶ Tailings production is expected to increase to between 0.56 and 0.59 Mt material treated. ROM production will be prioritised, supplemented by low volumes of recovery tailings. The economic evaluation of the Cullinan Mine's substantial tailings resource will be monitored continuously and could be included in future mine plans dependent on market conditions and the pricing of smaller diamonds
- ▶ The on-mine cash cost for FY 2023 guidance is between ZAR1,413 and ZAR1,486 million in real terms
- ▶ We are guiding FY 2023 capex of between US\$72 and US\$79 million. In addition to sustaining capex, it primarily relates to underground development of the new CC1 East production areas of our expansion project, explained above
- ▶ We expect to commence mining from the higher grade CC1 East section from FY 2024

 For detailed guidance please see: petradiamonds.com/investors/analysts/analyst-guidance

  Cullinan Mine and orebody schematic page 48 and petradiamonds.com/operations/operating-mines/cullinan



A Caterpillar LHD loading and cleaning an end during rehabilitation activities at Cullinan Mine.

Case study: Mitigating tunnel convergence

Petra has a good track record of resolving technical issues in its mines. We are currently making good progress in mitigating the tunnel convergence in the Cullinan Mine.

The background to tunnel convergence

We rely on tunnels to access and extract ore from draw-bells within our underground block caves and thus face the inevitable threat of tunnel convergence. While tunnels are designed to withstand the significant structural stresses, geology is neither consistent nor entirely predictable and, where complex structures meet unfavourable geology, there is a possibility of tunnel convergence. Typically, the solution is to plug the affected area of the tunnel with concrete to strengthen it, and protect the access routes and surrounding draw-bell points.

Our mitigation approach

Our success in resolving the FY 2019 convergences at Tunnel 32 in the C-Cut in the Cullinan Mine, gives us confidence in our expertise. We sealed off a section of the extraction tunnel, as well as two draw points, and redistributed the stresses in the tunnel. This meant we could re-open access to the extraction tunnel, by removing the concrete plug and installing supports, in March 2022. This complex methodology involves drilling and blasting through the plug with short advances, and installing primary and secondary support and steel structures at short intervals through the length of the affected area. Despite the hazardous nature of this process, we did not incur a single safety incident or LTI.

We now have tried and tested methodology for the reopening of sealed tunnels, and we expect to apply this to the convergence in Tunnel 41 once geotechnical stresses allow it to be done safely. We are monitoring closely when this is likely and we can commence re-opening access. Notwithstanding this, the mine plan for the C-Cut remains on-track for FY 2023 and beyond.



Operational Review continued

Finsch

South Africa

Renowned for highly commercial diamonds of +five carats and rich gem-quality smaller diamonds; large and very rare fancy yellow diamonds are also produced

Mining method: Underground sub-level cave

Mine plan: to 2030 with potential to extend

GROSS RESOURCES MCTS

36.4 (FY 2021: 37.7)

EMPLOYEES AND CONTRACTORS

1,687 (FY 2021: 1,582)

LTIFR

0.63 (FY 2021: 0.66)

CARBON INTENSITY (TCO₂-E/CT)

0.12 (FY 2021: 0.12)

WATER EFFICIENCY (M³/T)

0.94 (FY 2021: 1.07)

FY 2022 performance

	FY 2022	FY 2021	Variance
Sales			
Revenue (US\$m)	165.7	123.4	+34%
Diamonds sold (carats)	1,402,654	1,602,312	-12%
Average price per carat (US\$)	118	77	+53%
Total production			
Tonnes treated (tonnes)	2,732,982	2,311,195	+18%
Grade – ROM ¹ (cpht)	46.7	53.5	-13%
Diamonds produced (carats)	1,275,323	1,237,219	+3%
Segment result¹ (US\$m)	34.8	(0.5)	+7060%
Costs and capex			
On-mine cash cost per total tonne treated (ZAR/t)	493	536	-8%
Total capex (US\$m)	12.0	4.0	+200%

1. The segment result includes depreciation of US\$24.4 million.

While the previously reported waste ingress at Finsch has been largely mitigated through the implementation of enhanced drill and blast and draw controls, this requires continuous management.

We saw steady production in the final quarter of the Year leading to an overall increase of 3%, just below guidance.

Finsch revenue increased 34% to US\$165.7 million due to a 53% increase in the average price per carat which more than offset a 12% reduction in diamonds sold. As with the Cullinan Mine, this reduction was mainly the result of a higher volume of sales in FY 2021 which was caused by the inventory build-up during the COVID-19 pandemic being released into the market.

The Business Re-engineering (BRE) project recommendations being implemented at Finsch are designed to match its cost base to the revised production levels, taking into account waste ingress issues.

Finsch has already reduced on-mine cash unit costs by 8% to ZAR493/t due to the cost curtailment measures undertaken as part of the BRE project and increased production volumes.

FY 2022 capex was US\$12.0 million which was mainly spent on underground projects. The expansion to the new 78-Level Phase 2 project has commenced, with ramp-up to full production in progress. In addition, capital has been spent on early mobilisation to de-risk the new Lower Block 5 3-Level sub-level cave project.



Guidance

FY 2023 to FY 2025 production, cost and capex guidance for Finsch remain unchanged noting that lower grades experienced at Finsch in Q4 FY 2022 have continued into Q1 of this year, with ongoing monitoring and mitigation plans to address this waste dilution.

- ▶ FY 2023 production is planned at between 2.9 and 3.0 Mt ROM including tonnage from the new section and with waste ingress being continually monitored. Tailings production is expected to be ca.0.6 Mt of treated material
- ▶ Finsch's underground ROM grade is expected to remain within guidance of between 43.6 and 46.0 cpht. While tailings production after FY 2023 does not form part of the current mine plan, lower grade tailings material remains available to supplement Finsch's underground operations in the future. The total on-mine cash cost for FY 2023 is guided at between ZAR1,293 and ZAR1,359 million in real terms. We are continuing to implement the BRE project outcomes to enhance margins at Finsch
- ▶ FY 2023 capex is guided at between US\$65 and US\$71 million, primarily relating to the new Lower Block 5 3-Level sub-level cave project which was approved during the Year
- ▶ We expect underground development to commence during FY 2023 with production from the new Sub-Level Cave in FY 2025

We will continue to implement the BRE project recommendations to align costs with production.

 For more detailed guidance please see: petradiamonds.com/investors/analysts/analyst-guidance

  Finsch and orebody schematic [page 49](#) and petradiamonds.com/operations/operating-mines/finsch



A Simba ME&C (Epiroc) production drill-rig used for drilling long hole blast rings in the SLC at Finsch.

Case study: Mitigating waste ingress

Petra has a good track record of resolving technical issues in its mines. We are currently making good progress in mitigating the waste ingress experienced at Finsch mine.

Background to waste ingress

Waste ingress is another challenge for underground mining as it reduces the overall grade of recovered material. The severity is exacerbated by the maturity of the cave, as the highly depleted areas of the previous mining levels above can channel waste and fines (fine grained kimberlite waste which has the tendency to flow uncontrollably) prematurely into new, lower loading points. We are currently experiencing this at Finsch in the lower levels of the sub-level cave areas where waste ingress contributed to a grade drop of 13% in FY 2022.

Our mitigation approach

We have put in place a 'grade and draw' strategy to cut off the waste and prevent further progression. The drilling and blasting of production rings ensures that the ingress of waste and fines can be arrested timeously, allowing the next ring to be accessed to produce cleaner ore.

This approach aims to ensure the planned extraction can continue for FY 2023 at an optimal grade recovery. The implementation of the 78-Level Phase 2 extension to the current cave will also assist in providing clean ore for the remaining life of the current sub-level cave and enable a smooth transition to the new, lower block 5 sub-level cave from FY 2025 onwards.



Operational Review continued

Williamson

Tanzania

Renowned for 'bubblegum' pink diamonds and rounded white diamonds of high quality

Mining method: Open pit

Mine plan: to 2030 with significant potential

Note: On care and maintenance during FY 2021

GROSS RESOURCES MCTS

37.7 (FY 2021: 37.9)

EMPLOYEES AND CONTRACTORS

999 (FY 2021: 889)

LTIFR

0.06 (FY 2021: 0.00)

CARBON INTENSITY (TCO₂-E/CT)

0.19 (FY 2021: 0.08)

WATER INTENSITY (M³/T)

2.06 (FY 2021: 1.45)

FY 2022 performance

	FY 2022	FY 2021 ¹
Sales		
Revenue (US\$m)	75.9	4.6
Diamonds sold (US\$m)	197,756	30,339
Average price per carat (US\$)	384	150
Total production		
Tonnes treated (tonnes)	3,591,099	0
Grade (cpht)	6.4	0
Diamonds produced (carats)	228,070	0
Segment result² (US\$m)	22.2	(14.3)
Costs and capex		
On-mine cash cost per total tonne treated (US\$/t)	13.9	0
Total capex (US\$m)	3.3	0.3

1. Williamson was on care and maintenance during FY 2021.

2. The segment result includes depreciation of US\$5.0 million.

Operations at Williamson recommenced in August 2021, having been on care and maintenance from April 2020. FY 2022 was a year of improving the performance of the mine after this 17-month period of shutdown and the operations are now fully ramped up.

Williamson's production and grade were in line with guidance. Revenue was US\$75.9 million, compared with US\$4.6 million in FY 2021 when the only diamond sales were the final parcel recovered prior to the mine being placed on care and maintenance. We benefitted from the recovery of an exceptional 32.32 carat pink diamond which was sold for US\$13.8 million in the December 2021 tender.

The on-mine cash unit cost of US\$13.9/t was in line with guidance. FY 2022 capex was US\$3.3 million, which included the costs of preparing the mine for reopening and sustaining the operations.

Guidance

The focus will be the continued stabilisation of operations following the period of care and maintenance, including increasing throughput and diamond recovery, while ensuring waste-stripping is undertaken at the required rate.

FY 2023 to FY 2025 production, cost and capex guidance remain unchanged for Williamson.

- ▶ We are guiding between 5.2 and 5.5 Mt of ROM material to be treated during FY 2023 which reflects the fully ramped up production
- ▶ The total on-mine cash cost for FY 2023 is guided at between US\$66 and US\$69 million in real terms
- ▶ Capex guidance for FY 2023 is approximately US\$9 million and relates to sustaining capital largely associated with waste stripping and fines-residue infrastructure



Case study: Significant progress in the development of the IGM and the community and remedial programmes at the Williamson Mine

The Williamson mine is based in Mwadui, a rural town in the Shinyanga province of northern Tanzania with a population of approximately 23,000. As Tanzania's most important diamond producer, it is the primary economic contributor to the district with approximately 9,990 people, taking into account the employee-multiplier effect, dependent on its operations. Williamson contributes directly towards community development by assisting in the social, commercial, industrial, educational, medical and administrative infrastructures. This includes a community health programme and the ownership and management of a primary school where subsidised English education is provided. It is the only primary school in the district which has formalised a computer centre and continues to be a top achiever at national level.

Allegations of historical human rights abuses

The allegations associated with third party security operations at the Williamson mine were first brought to Petra's attention in May 2020. They, and the findings of an independent Board Sub-Committee, are deeply concerning to us. Our priority has been to understand what has happened, to support the provision of a balanced and fair remedy in the interests of all parties, and to put in place preventative measures to address the issues. Petra continued to implement remedial programmes and initiatives during the Year.



More information can be found on our website at petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine/

The Independent Grievance Mechanism (IGM)

Building on the Operational Grievance Mechanism for complaints and grievances related to operational impacts, a non-judicial IGM based on UN Guiding Principles on Business and Human Rights, is being designed and implemented to provide remedies to those who have suffered severe human rights impacts in connection with security operations at the Williamson mine. This commenced in August 2021 with a series of stakeholder engagements, at both national Government and local level.

Ahead of the IGM becoming operational, which is expected by the end of the calendar year, a mechanism has been set up to enable community members to confidentially and securely register alleged historical human rights grievances.

Restorative Justice Projects (RJP) and education

In addition, a number of RJP initiatives are being put in place to provide sustainable benefits to the communities located close to the mine, funded by a £1 million escrow account established by Petra. These include:

- ▶ A Sexual and Gender-based Violence Initiative to implement various community action plans once reviewed by the District Commissioner
- ▶ A medical support services project, commenced in January 2022, to provide physiotherapy screening and, in time, further services
- ▶ Feasibility studies for income-generating projects related to agriculture businesses and artisanal mining

The Williamson mine has partnered with a local broadcaster to help raise awareness and understanding of these initiatives.

We have initiated proactive education programmes to prevent illegal incursions onto the Williamson mine, including engagement with local communities highlighting the dangers of illegal mining, and we are also working with local authorities to target individuals known to provide economic support to trespassers. These programmes have significantly reduced illegal incursions over the last year, and, combined with the initiation of income-generating projects, are expected to offer a long-term solution.

Governance

We also require our third party security contractor, all security personnel, and management at WDL, to remain up to date in their Human Rights training and awareness, in line with the UN's Voluntary Principles on Security and Human Rights (VPSHR). Our revised reporting structures and Formula for Success culture will help to support continued improvement and timely, accurate and transparent reporting of any incursions and incidents.



Sustainability Report pages 33 to 35



An SGBV training session for community animators, who champion the SGBV Action Plan.



Koffiefontein

South Africa



Produces white stones of exceptional quality, with a regular proportion of between five and 30 carats, and occasional fancy pink diamonds

Mining method: Underground sub level cave

Mine plan: to 2025 and currently considering options for a responsible exit

GROSS RESOURCESOSS MCTS

5.2 (FY 2021: 5.2)

EMPLOYEES AND CONTRACTORS

661 (FY 2021: 689)

LTIFR

0.14 (FY 2021: 0.73)

CARBON INTENSITY (TCO₂-E/CT)

1.56 (FY 2021: 0.83)

WATER INTENSITY (M³/T)

2.26 (FY 2021: 1.67)

FY 2022 performance

	FY 2022	FY 2021	Variance
Sales			
Revenue (US\$m)	21.5	27.9	-23%
Diamonds sold (carats)	36,950	66,650	-45%
Average price per carat (US\$)	581	419	+39%
Total production			
Tonnes treated (tonnes)	466,957	754,369	-38%
Diamonds produced (carats)	35,302	59,151	-40%
Grade (cpht) ¹	7.6	7.8	-3%
Segment result¹ (US\$m)	(13.8)	(8.1)	-70%
Costs and capex			
On-mine cash cost per total tonne treated (ZAR/t)	1,106	651	+70%
Total capex (US\$m)	0.6	1.7	-65%

1. Segment result includes depreciation US\$0.3 million, Williamson US\$5.0 million.

Koffiefontein's production metrics, except grade, were below guidance. Revenue decreased 23% to US\$21.5 million as the 39% increase in the average price per carat was more than offset by the 45% decline in the number of diamonds sold.

As Koffiefontein approaches the end of its mine plan, Petra has been exploring options for a responsible exit. The sales process that Petra announced in April 2022 has been unsuccessful in identifying a potential buyer and so Petra is now evaluating its other options and continues to operate the mine responsibly.

The BRE project at Koffiefontein, which is independent of the evaluation of exit options, aims to provide for sustainable operations until the mine's closure and has resulted in a labour reduction process to align the operation with the reduced tonnage profile. This process was concluded and the mine started on a new shift configuration with the reduced labour structure on 30 June 2022.

The on-mine cash unit cost increased to ZAR1,106/t, mainly due to decreased tonnages and inflationary increases. FY 2022 capex was US\$0.6 million and this was spent mainly on the completion of a workshop underground.

Guidance

Continue to mine Koffiefontein responsibly while considering other options for the short remaining period of its mine plan.

FY 2023 to FY 2025 production, cost and capex guidance is maintained and takes into account the lower production and cost profile we have put in place.

- ▶ The total on-mine cash cost for FY 2023 is guided at between ZAR415 and ZAR437 million in real terms
- ▶ FY 2023 capex guidance is between c.US\$1 and US\$2 million, primarily relating to sustaining costs



Petra's focus on protecting our people and environment

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.

Cullinan Mine – delivering zero harm



Cullinan Mine celebrated 365 LTI-free days on 25 April 2022.

#ZeroHarm is a continual improvement aspiration and part of the Minerals Council of South Africa's Khumbul'ekhaya initiative to eliminate health and safety-related incidents, accidents, and environmental impacts at all Petra operations. Through collective commitment from every employee, we are contributing to Petra's aspiration for a zero-harm environment, and a safe and healthy workforce.

 **Read more about our focus on Health and Safety in the workplace and broader community on pages 42 to 47 of our Sustainability Report**

Finsch – Protecting our biodiversity



One of Petra's environmental focus areas includes the management and monitoring of our mine's biodiversity, of which bees and other pollinators play a crucial part. At Finsch, Petra has trained beekeepers who move beehives from our communities to safe areas like the Bonza and Britz Game Farm near the mine, ensuring the bees are unharmed when hives are moved. Morne Engelbrecht and William Dalhouzie, our beekeepers at Finsch, advocate for chemical-free, natural beekeeping as an alternative to conventional beekeeping practices, and promote honeybee genetics as key to the species' long-term survival. This bee project has now grown to over 50 beehives and the honey is sold to the local community.

 **Read more about how we contribute to the protection of our environment on pages 78 to 82 of our Sustainability Report**

Williamson – Medical Services project



As part of its RJP, Petra has developed physiotherapy and rehabilitation services for the communities in the vicinity of Williamson mine. These have improved the provision of these services in Kishapu District, which were previously extremely limited, with the nearest referral centres 170 km away.

This project is progressing well, with funds resourcing physiotherapy, certain surgeries, medication and psychosocial support. So far, seven surgeries have been successfully undertaken at Maduwi Hospital to ensure accessibility for community members.

   **Information regarding Williamson's RJP can be found on our website at petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine and Petra's focus on the communities surrounding its mines is provided on [page 55](#) and [pages 33 to 34](#) of our Sustainability Report**


Koffiefontein – Supporting personal development



Jayden Qalinge, was born and bred in Koffiefontein, and is one of Petra's employees who was assisted through the educational pipeline to develop his career as an engineer in the mining sector. Having received a Petra Scholarship to complete his schooling, he won a Petra Bursary to further his tertiary education in Mechanical Engineering. As part of this, Jayden completed the required experiential training at Koffiefontein during 2020 and gained his diploma. Due to changes in the university courses and disruptions from COVID-19, Jayden was unable to register for his BTech/Advanced Diploma in Mechanical Engineering in 2021. To provide him with relevant practical experience, preceding the new academic year, Koffiefontein employed him as a Young Graduate.

"I would like to thank Koffiefontein for providing me with all the opportunities I have had so far; without all the support I have received from the Company I would not be where I am today. I would additionally like to thank all my colleagues who have trained me, and my family who have supported me on this journey."

We are looking forward to see Jayden completing his BTech or Advanced Diploma this year.

 **Read more about Petra's training and development schemes on pages 55 to 58 of our Sustainability Report**



FY 2022 Resource Statement

Petra manages one of the world's largest diamond resources of ca. 227 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 higher production rates.

Gross resources

As at 30 June 2022, the Group's gross diamond resources (inclusive of reserves) decreased 2% to 226.60 Mcts (30 June 2021: 230.64 Mcts), predominantly due to depletions at all mining assets further to ore mined in FY 2022.

Gross reserves

The Group's gross diamond reserves decreased 10% to 29.97 Mcts (30 June 2021: 33.33 Mcts) primarily due to mining depletions, with minor changes in mine plans and Williamson remaining on care and maintenance until August 2021. The following table summarises the gross reserves and resources status of the combined Petra Group operations as at 30 June 2022.

Group

Category	Gross		
	Tonnes (millions)	Grade (cpht)	Contained diamonds (Mcts)
Reserves			
Proved	—	—	—
Probable	103.6	28.9	29.97
Sub-total	103.6	28.9	29.97
Resources			
Measured	—	—	—
Indicated	321.9	47.1	151.59
Inferred	1288.2	5.8	75.01
Sub-total	1610.1	14.1	226.60

Cullinan Mine

Category	Gross		
	Tonnes (millions)	Grade (cpht)	Contained diamonds (Mcts)
Reserves			
Proved	—	—	—
Probable	34.5	38.6	13.31
Sub-total	34.5	38.6	13.31
Resources			
Measured	—	—	—
Indicated	219.6	59.2	130.04
Inferred	169.5	10.1	17.19
Sub-total	389.1	37.8	147.23

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. A portion of the Resources in these remnant blocks report into the current caving operations as low grade dilution.

4. C-Cut Resource stated as in-situ.

5. Reserves based on PCBC simulations on C-Cut Phase 1 and PCSLC simulations for the CCIE.

6. Factorised grades and carats are derived from a calculated Plant Recovery Factor (PRF). These factors account for the efficiency of sieving (bottom cut-off), diamond liberation and recovery in the ore treatment process.

7. The PRF has been revised in line with the current Resource model and production plant. The PRFs currently applied for the new mill plant per rock type are: Brown kimberlite = 73.8%, Grey kimberlite = 67.9%, Black kimberlite = 70.6% and Coherent kimberlite = 68.0%.

8. US\$/ct values of 110-120 for ROM, excluding Exceptional Stones, and 60-70 for tailings based on expected sales values (with reference to FY 2022 sales results and considering rough diamond prices recovery after the COVID-19 pandemic), and production size frequency distributions.



Finsch

Category	Gross		
	Tonnes (millions)	Grade (cpht)	Contained diamonds (Mcts)
Reserves			
Proved	—	—	—
Probable	24.3	55.1	13.42
Sub-total	24.3	55.1	13.42
Resources			
Measured	—	—	—
Indicated	25.1	69.0	17.29
Inferred	40.5	47.3	19.15
Sub-total	65.5	55.6	36.44

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. A portion of this remnant Resource reports into the current caving operations as low grade dilution.

4. Pit scaling and waste ingress have been included in the Reserve models.

5. Block 5 and Block 6 Resource stated as in situ.

6. Remaining Block 5 Reserves are based on PCSLC and CA3D software simulations.

7. US\$/ct values of 110-120 for ROM, based on expected sales values (with reference to FY 2022 sales results and considering rough diamond prices recovery after the COVID-19 pandemic), and production size frequency distributions.

Williamson

Category	Gross		
	Tonnes (millions)	Grade (cpht)	Contained diamonds (Mcts)
Reserves			
Proved	—	—	—
Probable	42.8	7.2	3.09
Sub-total	42.8	7.2	3.09
Resources			
Measured	—	—	—
Indicated	61.2	4.9	2.98
Inferred	956.8	3.6	34.71
Sub-total	1018.0	3.7	37.69

1. Resource bottom cut-off: 1.15mm.

2. Reserve bottom cut-off: 1.15mm.

3. Resource depletions based on August 2021 (end of Care and Maintenance) and June 2022 pit surfaces.

4. Reserves stated to end of Mining Licence in 2030.

5. Reserve based on a production rate of 5.35Mtpa.

6. US\$/ct values of 230-280 for ROM, based on expected sales values (with reference to FY 2022 sales results and considering rough diamond prices recovering to levels before the COVID-19 pandemic), and production size frequency distributions.



FY 2022 Resource Statement continued

Koffiefontein

Category	Gross		
	Tonnes (millions)	Grade (cpht)	Contained diamonds (Mcts)
Reserves			
Proved	—	—	—
Probable	1.9	7.7	0.15
Sub-total	1.9	7.7	0.15
Resources			
Measured	—	—	—
Indicated	16.1	8.0	1.28
Inferred	121.4	3.3	3.96
Sub-total	137.5	3.8	5.24

1. Resource bottom cut-off (Koffiefontein underground and Ebenhaezer): 1.15mm.

2. Reserve bottom cut-off: 1.15mm.

3. Main Pipe resources above 490L are remnants of the front cave mining block and include external waste. A portion of this remnant Resource reports into the current caving operations as low grade dilution.

4. Resources below 490L are stated as in situ.

5. Remaining 56–60L sub-level cave Reserves are based on PCSLC simulations.

6. US\$/ct values of 500-550 for ROM, based on expected sales values (with reference to FY 2022 sales results and considering rough diamond prices recovery after the COVID-19 pandemic), and production size frequency distributions.

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 2016).

7. The Petra 2021 annual Resource Statement as shown above, is based on information compiled internally within the Group under the guidance and supervision of Andrew Rogers, Pr. Sci. Nat. (reg. No.120664). Andrew Rogers has 22 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 42 years' relevant experience in the diamond mining industry, who was appointed as an independent consultant by the Company for this purpose.



Financial Review



These results represent an important milestone in our turnaround and particularly since the Restructuring in FY 2021. This has delivered significant improvement in our profitability and cash generation, and enabled us to take two key steps in creating value for shareholders: the first is the launch of a tender offer for our Second Lien Notes that has already reduced our gross debt by US\$144 million - and which has been extended to reduce debt further by up to US\$29 million, and the second is our new dividend policy.

Jacques Breytenbach
Chief Financial Officer

Highlights

- ▶ Revenue up 44% to US\$585.2 million
- ▶ Adjusted EBITDA up 103% to US\$265 million
- ▶ Adjusted basic earnings per share up 219% to USc42.93
- ▶ Operational free cashflow up 91% to US\$230 million
- ▶ Consolidated net debt of US\$40.6 million, with leverage of 0.15x

Revenue

Total revenue for FY 2022 amounted to US\$585.2 million (FY 2021: US\$406.9 million), comprising revenue from rough diamond sales of US\$584.1 million (FY 2021: US\$406.9 million) and additional revenue from profit share agreements of US\$1.1 million (FY 2021: nil).

FY 2022 revenue from rough diamond sales increased 44% to US\$584.1 million (FY 2021: US\$406.9 million) driven by sales from a higher than average number of Exceptional Stones contributing US\$89.1 million during the Year (FY 2021: US\$62.0 million); supported by the strong diamond market, and a 41.5% increase in like-for-like diamond prices.

Mining and processing costs

The mining and processing costs for FY 2022 comprised on-mine cash costs as well as other operational expenses. A breakdown of the total mining and processing costs for the Year is set out below.

Absolute on-mine cash costs in FY 2022 increased by c.30% compared to FY 2021 and in line with expectations, due to:

- ▶ The effect of translating ZAR denominated costs at the South African operations at a stronger ZAR:USD average exchange rate (1.4% increase)
- ▶ Williamson mine resuming production in FY 2022 after being on care and maintenance throughout FY 2021, and changes in volumes at South African operations (18.3% increase)
- ▶ Other cost movements, due to increased social expenditure and costs previously included under Group technical, support and marketing costs (1.2% increase)
- ▶ Inflationary increases (c.6.8% increase), the impact of electricity costs (0.9% increase), and annual labour increases and voluntary separation payouts (1.4% increase)

Royalties increased to US\$14.6 million (FY 2021: US\$3.2 million) due to increased profits net of capex across the South Africa operations resulting in higher royalty percentages, as defined in the royalty legislation of South Africa, and Williamson recommencing operations during the Year.

	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	Total mining and processing costs (IFRS) US\$m
FY 2022	272.3	14.6	0.5	19.7	307.1	84.4	391.5
FY 2021 ⁴	208.9	3.2	42.2	21.8	276.1	80.0	356.1

Notes:

1. Includes all direct cash operating expenditure at operational level, i.e. labour, contractors, consumables, utilities and on-mine overheads.
2. Certain technical, support and marketing activities are conducted on a centralised basis.
3. Includes amortisation of right-of-use assets under IFRS 16 of US\$2.3 million (FY 2021: US\$0.6 million) and excludes exploration and corporate/administration.
4. For comparative purposes, the FY 2021 figures include Williamson as it is no longer held for sale at 30 June 2022.



Financial Review continued

Profit from mining activities

Profit from mining activities increased 102% to US\$277.3 million (FY 2021: US\$137.6 million), mainly due to improved diamond pricing and the contributions from Exceptional Stones.

Adjusted corporate overhead – general and administration

Corporate overhead (before depreciation and share-based payments) increased to US\$13.0 million for the Year (FY 2021: US\$7.4 million) mainly attributable to the increase in corporate governance structures, strategic developments and Board appointments introduced during the Year.

Adjusted EBITDA

Adjusted EBITDA, being profit from mining activities less adjusted corporate overhead, increased 103% to US\$264.9 million (FY 2021: US\$130.2 million), representing an adjusted EBITDA margin of 45% (FY 2021: 32%) driven by the stronger diamond market and resultant improved diamond pricing coupled with the contribution from Exceptional Stones.

Depreciation and amortisation

Depreciation and amortisation for the Period increased to US\$85.3 million (FY 2021: US\$80.8 million), mainly due to production recommencing at Williamson.

Impairment reversal/charge

As a result of the impairment reviews carried out at the Cullinan Mine, Finsch, Koffiefontein and Williamson, and the Group's other receivables during the Year, the Board recognised an overall net impairment reversal of US\$19.6 million (FY 2021: US\$38.4 million impairment charge), comprising:

US\$m	FY 2022	FY 2021
Asset class		
Reversal of impairment – property, plant and equipment (Refer note 7)	21.4	—
Impairment – property, plant and equipment (Refer note 7)	(0.3)	(38.7)
Impairment (charge)/reversal – other current receivables (refer note 7)	(1.5)	0.3
	19.6	(38.4)

Impairment reviews carried out at the Cullinan Mine's, Finsch's and Williamson's operational assets did not result in an impairment charge or reversal during the Year (FY 2021: US\$38.7 million). Asset level impairments at Koffiefontein amount to US\$0.3 million (FY 2021: US\$38.7 million in respect of Finsch, Koffiefontein and Williamson) of the Group's carrying value of property, plant and equipment of US\$608.2 million (FY 2021: US\$764.5 million) pre-impairment. There was an impairment reversal of US\$21.4 million relating to an IFRS 5 impairment adjustment for Williamson as the results for Williamson have been re-consolidated.

Impairment of BEE loans receivable – expected credit loss provision

The Group has applied the expected credit loss impairment model to its BEE loans receivable. In determining the extent to which expected credit losses may apply, the Group assessed the future free cashflows to be generated by the mining operations based on the current mine plans. This assessment indicated a net credit loss reversal/charge of US\$nil (FY 2021: US\$5.8 million expected credit loss reversal); refer to note 15 for further detail.

Net financial (expense)/income

Net financial expense of US\$73.1 million (FY 2021: US\$220.7 million income) comprises:

US\$m	FY 2022	FY 2021
Net realised foreign exchange gain/(loss) on settlement of forward exchange contracts	12.6	(6.1)
Interest received on bank deposits	1.3	0.7
Net interest receivable/(payable) on the BEE Partner loans and amortisation of lease liabilities in accordance with IFRS 16	1.8	(3.0)
Net gain on extinguishment of Notes	—	213.3
Offset by:		
Interest on the Group's debt and working capital facilities	(45.3)	(51.5)
Unwinding of the present value adjustment for Group rehabilitation costs	(5.4)	(4.6)
Acceleration of unamortised bank facility and Notes costs	(1.6)	(2.7)
Net unrealised foreign exchange (losses)/gains	(36.5)	74.6
Net financial (expense)/income	(73.1)	220.7

Tax credit/charge

The tax charge of US\$37.8 million (FY 2021: US\$23.0 million) comprising deferred tax charge of US\$30.5 million (FY 2021: US\$22.7 million) and a net current tax charge of US\$7.3 million (FY 2021: US\$0.3 million).

The Consolidated Income Statement deferred tax charge for the Year reflects movements in deferred tax of US\$35.5 million (30 June 2021: US\$3.4 million) in respect of property, plant and equipment and associated capital allowances, US\$2.5 million deferred tax credit (30 June 2021: US\$2.8 million) relating to provisions, and a US\$2.6 million deferred tax credit (30 June 2021: US\$nil) due to the change in the South African corporate tax rate from 28% to 27%, reducing the deferred tax liabilities recognised at the Finsch and Cullinan Mine at Year end.

The net current tax charge of US\$7.3 million (30 June 2021: US\$0.3 million), includes a current tax charge of US\$7.6 million at Finsch for the Year (FY 2021: US\$nil).

Profit on disposal of subsidiary including associated impairment, net of tax

In FY 2021, the profit on disposal of subsidiary including associated impairment, net of tax of US\$14.7 million relates to the Group's disposal of its interests in Sekaka, its exploration operations in Botswana, and is made up of a US\$0.3 million disposal consideration, net profit of US\$1.3 million for the period 1 July 2020 to the 30 November 2020 disposal date, and the recycling of the foreign currency translation reserve of US\$13.3 million, offset by a net asset disposal amount of US\$0.2 million. Refer to note 34 for further detail.



Williamson

At the end of FY 2021, the Board had decided to review its strategic options at Williamson and the asset was classified as an asset held for sale.

In terms of the IFRS requirements to measure the assets of a disposal group at the lower of carrying amount and fair value less costs to sell, the determination of the fair value is complex and subject to considerable judgement. Based on management's best estimate of the fair value at 30 June 2021, the following amounts were recognised as a result of that reclassification:

- ▶ An impairment charge of US\$21.4 million in respect of property, plant and equipment
- ▶ A US\$11.2 million charge attributable to Williamson's net loss for FY 2021
- ▶ A US\$19.5 million provision for unsettled and disputed tax claims arising from the ordinary course of business

During H1 FY 2022, the Group entered into a Framework Agreement with the Government of Tanzania regarding the Williamson mine which will reduce Petra's indirect shareholding from 75% to 63%. Petra also entered into a non-binding Memorandum of Understanding (MoU) to sell 50% less one share of the entity that holds Petra's shareholding in WDL to Caspian Limited. Upon completion of the transactions contemplated by the MoU and the capital Restructuring in the Framework Agreement becoming effective (expected in H1 FY 2023), Petra and Caspian will each indirectly hold a 31.5% stake in WDL, but with Petra retaining a controlling interest in WDL, and the Government of Tanzania holding the remaining 37%. These agreements are in line with Petra's objective of reducing its exposure in Tanzania while retaining control, through its controlling interest in the entity that holds Petra's shares in WDL. The Williamson mine is therefore no longer classified as an asset held for sale in FY 2022, and was reconsolidated into the Group results for FY 2022. As a result the Group also reversed a Group level impairment charge relating to Williamson, previously recognised under IFRS 5, of US\$21.4 million. Refer to note 17 for additional detail.

Earnings per share

Basic profit per share from continuing operations of USc35.53 was recorded (FY 2021: USc260.70, including gain on extinguishment of Notes).

Adjusted profit per share from continuing operations (adjusted for impairment charges, taxation credit on net unrealised foreign exchange losses and net unrealised foreign exchange gains and losses) of USc42.93 was recorded (FY 2021: USc36.20 loss (adjusted for impairment charges, taxation charge on net unrealised foreign exchange gains, and net unrealised foreign exchange gains and losses)).

The comparative basic profit per share and adjusted profit per share have been adjusted to give effect to the share consolidation of one new share for every 50 existing shares completed on 29 November 2021, with the Company's resultant issued share capital now consisting of 194,201,785 Ordinary Shares of 0.05 pence each.

Operational free cashflow

During the Year, operational free cashflow of US\$230.0 million (FY 2021: US\$120.1 million before Restructuring fees of US\$15.5 million) reflects the impact from the sale of a high number of Exceptional Stones and stronger diamond prices. This strong cashflow performance was positively impacted by:

- ▶ US\$7.6 million inflow (FY 2021: US\$12.1 million outflow) cash finance expenses net of finance income and net realised foreign exchange gains/(losses)

This was offset by:

- ▶ Restructuring fees settled during the Year of US\$nil (FY 2021: US\$29.9 million)
- ▶ Income tax paid of US\$7.8 million (FY 2021: US\$0.3 million inflow)
- ▶ US\$3.5 million dividend paid to BEE Partners (FY 2021: US\$7.0 million advances to BEE Partners, largely related to servicing of BEE bank debt, with the advances recoverable against future BEE Partner distributions)

Cash and diamond debtors

As at 30 June 2022, Petra had cash at bank of US\$288.2 million (FY 2021: US\$163.9 million). Of these cash balances, US\$271.9 million was held as unrestricted cash (FY 2021: US\$147.8 million), US\$15.5 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) (FY 2021: US\$15.3 million), and US\$0.8 million was held by Petra's bankers as security for other environmental rehabilitation bonds lodged with the Department of Mineral Resources and Energy in South Africa (FY 2021: US\$0.8 million).

Diamond debtors at 30 June 2022 were US\$37.4 million (FY 2021: US\$38.3 million).

Loans and borrowings

The Group had loans and borrowings (measured under IFRS) at Year end of US\$366.2 million (FY 2021: US\$430.3 million) comprised of US\$366.2 million Notes (includes US\$50.3 million accrued interest and unamortised transaction costs of US\$15.2 million), bank loans and borrowings of US\$nil (FY 2021: US\$103.0 million). Bank debt facilities undrawn and available to the Group at 30 June 2022 were US\$61.5 million (FY 2021: US\$7.7 million).

Consolidated net debt at 30 June 2022 was US\$40.6 million (FY 2021: US\$228.2 million).

Financial Review continued

Covenant Measurements attached to banking facilities

The Company's revised EBITDA-related covenants associated with its restructured banking facilities are outlined below:

- ▶ To maintain a net debt:EBITDA ratio tested semi-annually on a rolling 12-month basis
- ▶ To maintain an Interest Cover Ratio (ICR) tested semi-annually on a rolling 12-month basis
- ▶ To maintain minimum 12-month forward looking liquidity requirement that consolidated cash and cash equivalents (excluding diamond debtors) shall not fall below US\$20.0 million

The Company's new covenant levels for the respective measurement periods are outlined below:

	FY22 H2	FY23 H1	FY23 H2	FY24 H1	FY24 H2	FY25 H1	FY25 H2	FY26 H1
Consolidated net debt: EBITDA Leverage ratio (maximum)	4.00	4.00	4.00	3.50	3.50	3.25	3.25	3.00
Interest Cover Ratio (minimum)	1.85	1.85	1.85	2.50	2.50	2.75	2.75	3.00

For further detail on the Restructuring of the South African Lender facilities refer to note 8 below.

Going concern considerations

The Board has reviewed the Group's forecasts with various sensitivities applied, for the 18 months to December 2023, including both forecast liquidity and covenant measurements. As per the first lien agreements, the liquidity and covenant measurements exclude contributions from Williamson's trading results and only recognises cash distributions payable to Petra upon forecasted receipt, or Petra's funding obligations towards Williamson upon payment. The review took into account the Group's intention to purchase up to US\$150 million of the Senior Secured Second Lien Notes due in 2026 through a tender offer to bondholders.

The Board has given careful consideration to potential risks identified in meeting the forecasts under the review period. The following sensitivities have been performed in assessing the Group's ability to operate as a going concern (in addition to the base case) at the date of this report:

- ▶ A 10% decrease in forecast rough diamond prices from July 2022 to December 2023
- ▶ A 10% strengthening in the forecast South African Rand (ZAR) exchange rate against the US Dollar from July 2022 to December 2023
- ▶ A 10% increase in operating costs from July 2022 to December 2023
- ▶ A US\$15 million reduction in revenue contribution from Exceptional Stones
- ▶ A production disruption sensitivity assuming no carat production across the Group for two weeks in February 2023 (could be due to extreme weather conditions or supply chain disruptions or any other unexpected event)
- ▶ Combined sensitivity: Prices down 10% and ZAR stronger by 10%, reduced contribution from Exceptional Stones and operating costs up 5%

Under all the cases, the forecasts indicate that the Group's liquidity outlook over the 18-month period to December 2023 remains strong, even when applying the above sensitivities to the base case forecast.

The forward-looking covenant measurements associated with the new first lien (1L) facility do not indicate any breaches during the 18-month review period for the base case as well as all the above sensitivities, except for the combined sensitivity, which shows a covenant breach for the required ICR in the December 2023 measurement period. While the ICR is projected to be breached

in this combined sensitivity, neither the Net Debt:EBITDA covenant nor the liquidity covenant is projected to be breached, while the Revolving Credit Facility (RCF) remains undrawn. It is therefore assumed that the RCF remains available on the expectation that the 1L lender will agree to an ICR covenant waiver given that the Group does not expect to utilise the RCF for servicing of its Second Lien (2L) interest obligations. Furthermore, this potential ICR breach may be cured by means of reducing our gross debt by utilising existing available cash reserves and/or marginally increasing our projected EBITDA for the preceding 12-month period.

As a result, the Board concluded that there are no material uncertainties that would cast doubt on the Company continuing as a going concern. See "Basis of preparation including going concern" in the Financial Statements for further information.

Capex

Total Group capex for the Year increased to US\$52.2 million (FY 2021: US\$23.8 million), comprising:

- ▶ US\$34.5 million expansion capex (FY 2021: US\$16.9 million)
- ▶ US\$17.7 million sustaining capex (FY 2021: US\$6.9 million)

Capex (US\$m)	FY 2022	FY 2021
Cullinan Mine	35.0	16.8
Finsch	12.0	4.0
Williamson	3.3	0.3
Koffiefontein	0.6	1.7
Sub-total – capex incurred by operations	50.9	22.8
Corporate	1.3	1.0
Total Group capex	52.2	23.8

Dividend

No dividend was declared for FY 2022 (FY 2021: US\$nil).



Jacques Breytenbach
Chief Financial Officer
10 October 2022



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 viability. The effective identification, evaluation, management and mitigation of these risks and uncertainties is a core focus of management and the Board, as this is key to the Company's strategy and objectives being achieved.

Introduction and FY 2022 overview

At Petra, risk governance plays a pivotal part in the overall evaluation, management and mitigation of risks.

The Board oversees Petra's risk management and internal control systems, with Board Committees providing an additional level of oversight. The Risk, Assurance and Compliance function reviews, analyses and reports on risk on a continuous basis, including monitoring any emerging risks, and consolidates key risks and reports on these on a quarterly basis to Exco, which is responsible for risk management processes and systems, and drives a culture of individual risk owner and employee accountability in implementing these. Internal Audit provides assurance with regards to the effective functioning of the internal control systems.

During FY 2022, a new Group Risk, Assurance and Compliance Manager was appointed to oversee the continued implementation of the Company's Enterprise Risk Management (ERM) systems and procedures. Following this appointment, a comprehensive review of the Company's ERM and Combined Assurance frameworks and methodology was conducted, with certain improvements being identified. The key improvements focus on incorporating leading risk management practices and simplifying risk management processes and software to make it more user-friendly and easily understood by management. This risk improvement project is expected to be completed by Q2 of FY 2023 and in addition to simplifying the Company's ERM and Combined Assurance frameworks, methodology and software, consists of:

- ▶ Revising risk governance processes to reflect the five lines of defence outlined in the table on page 66
- ▶ Revising the risk likelihood criteria to include governance, compliance and internal control factors
- ▶ Introducing Functional and Project risks as new risk categories, which have also resulted in the addition of new Group principal risks as set out below
- ▶ Clarifying how each risk should be allocated between each of the Company's five risk categories: External, Strategic, Operational, Functional and Project
- ▶ Establishing further criteria and processes for management to determine the effectiveness of their controls
- ▶ Including risk management performance as Key Performance Indicators for the business to support further integration of risk management into the business
- ▶ Amending risk assessments so that they take account of risk velocity (i.e. the speed at which an exposure to risk impacts Petra)

These improvements are expected to result in a more focused and prioritised approach to risk management within the Group.

The risk improvement project described above directly impacts the Group's residual risk assessments and how the Group's risks are classified. This in turn has meant that the Company has had to put on hold various combined assurance initiatives until the risk improvement project is completed. Notwithstanding this, the Company's Combined Assurance framework is currently being

updated to make it more user-friendly, to provide clearer structure to the various assurance processes, and to clarify the allocation of accountabilities and responsibilities between management, Internal Audit and the Risk, Assurance & Compliance functions.

During FY 2022, Petra conducted an ethics and compliance risk assessment across its operations which identified various areas for improvement. In response, Petra has developed and is implementing an Ethics and Compliance Programme that has seen the Board approve a revised Code of Ethical Conduct and the SED Committee approve new Gifts and Hospitality, Declaration of Interests and Public Officials Expenditure Policies and a revised Whistleblowing Policy.

The updated Code has had our previous anti-bribery policy integrated into it, and the Code now serves as a useful guide and summary of other internal policies, standards and procedures that are relevant to the way Petra works and the ethical conduct that is expected from all staff as well as other business partners who work with us or act on Petra's behalf. Compliance with these new policies will be facilitated through online registers that enable employees to declare and seek approval for gifts, hospitality, interests and expenditure involving public officials. The updated Code of Ethical Conduct and suite of new anti-bribery and corruption policies will shortly be rolled out across the Group's operations and will involve a series of workshops attended by management and staff and training that will be facilitated through an e-learning platform.

As part of the Ethics and Compliance Programme, Petra has also started reviewing and updating its third party due diligence procedures. We expect these new procedures to be implemented in the first half of FY 2023. The new due diligence procedure will apply to all third parties (e.g. customers, suppliers, social investment beneficiaries etc.) and will involve an initial online screening of ethics and compliance risks. On a risk-based basis, a due diligence questionnaire will be issued to the third party to identify, assess and address any compliance red flags, through an automated compliance workflow management platform, prior to entering into a contract with the third party. This third party due diligence automation will also ensure that compliance screening is performed against sanctions, watchlists and adverse media.

Following the Company's new risk management software becoming operational in the prior Year, there have been some significant improvements, especially in the following areas: the monitoring and tracking of risks and the recording of risk assessments and mitigating actions by risk owners; and the aggregation and consolidation of risks across the Group. As indicated above, this risk management software is in the process of being updated to make it more user-friendly as part of the risk improvement project, but overall it continues to serve as an enabling tool in assisting management to undertake their risk management responsibilities in a more efficient and effective manner.

This new risk management software includes a Legal and Regulatory Compliance software solution which is an extension to and integrated with the risk management software. The risk improvement project outlined above is looking to adapt the way in which this software solution is used by the business to make it more user-friendly and to further strengthen legal compliance across our operations.

Principal Risks and Uncertainties *continued***Risk review process**

Petra's risk owners, management and Exco, together with the Risk, Assurance & Compliance function, reviewed and updated the Group's principal risks with reference to the Group's internal risk registers in FY 2022. This risk review process was modified as part of the risk improvement project described above and comprised a top-down, bottom-up and cross-functional approach leading ultimately to the identification of the Group's principal risks outlined below. This revised risk review process led to an additional five principal risks being reported which is largely attributable to:

- ▶ Improved resourcing within the Risk, Assurance & Compliance function through the appointment of a new Group Risk, Assurance and Compliance Manager, which resulted in the identification of further material risks following additional risk assessments
- ▶ Risks assessments being re-evaluated using the revised risk criteria introduced by the risk improvement project
- ▶ The centralisation of functions following the implementation of the Company's revised Operating Model which has created greater visibility of certain material risks
- ▶ A Group-wide ethics and compliance risk assessment conducted by an external adviser identifying further material risks

Risk assessments conducted during FY 2022 included, among others, information technology and communications, supply chain, climate change, environment, ethics and compliance (as outlined above) and the Company's capital expansion projects at the Cullinan and Finsch Mines.

These risks assessments identified various areas to improve, including in relation to segregation of duties and user access to finance systems, which will be addressed when the Company updates its Delegation of Authority which is due to be completed in Q2 FY 2023. The Board's annual training programme will also incorporate a dedicated cyber-risk training session (to be held in FY 2023) to keep Directors abreast of the latest developments and risks relevant to this area, and overview of how the Company performs in relation to this risk.

The Risk, Assurance & Compliance function already closely monitors any outstanding mitigating actions by risk owners across the Group and if necessary escalates these to the Exco to ensure they are closed out timeously. The function is looking to enhance its monitoring in FY 2023 by using the risk management software to monitor and report on outstanding mitigating actions relating to risks identified through independent external assurance assessments, such as external audits of Financial Statements, ISO audits, regulatory audits, technical audits (e.g. mineral resource and reserves and tailings dams).

Risk governance – Five lines of defense model

Fifth line	Board and sub-committees (perform oversight and set tone)	<ul style="list-style-type: none"> ▶ Approves Enterprise Risk Management (ERM) Framework ▶ Establishes risk appetite/tolerance and strategy ▶ Leverages risk information into decision making ▶ Evaluates the strategy and business' performance on a risk-adjusted basis 		
Fourth line	External assurers	For example: <ul style="list-style-type: none"> ▶ Regulatory audits (DMRE) ▶ ISO certification audits ▶ Technical audits (mineral resources and reserves) 		
Third line	Internal audit (test and verify)	Planning and execution informed by ERM; aims to identify control weaknesses		
Second line	Regulatory/legal compliance	Monitors compliance with regulations <ul style="list-style-type: none"> ▶ Informed by ERM ▶ Risk-based compliance testing 	Enterprise risk management (ERM)	<ul style="list-style-type: none"> ▶ Designs Group's ERM framework ▶ Monitors compliance with framework and reports on aggregated risks
First line	Business units	<ul style="list-style-type: none"> ▶ Management: identifies, owns, mitigates and reports on risks for ERM 		



Risk appetite; timing of risks

Risk appetite is the level of risk that Petra is willing to accept in pursuit of its strategy and objectives. As stated above, the risk improvement project currently being undertaken by the Company directly impacts the Group's residual risk assessments and how the Group's risks are classified. As a result, in order to conduct a formal risk appetite review for approval by the Audit and Risk Committee (ARC) and the Board, the Company needs to have first implemented its improved risk management processes. It is currently anticipated that this risk appetite review, which will include a review of the risk appetite, risk rating and nature of the risk headings outlined in the principal risk summary table below, will be conducted by the ARC and the Board in Q3 FY 2023. In addition, and specifically from a climate change perspective, this review will enable Petra to better categorise the timing of its climate change risks over the short, medium and long term.

Risk governance

Petra deploys the five lines of defense model to ensure better risk governance. A diagram that summarises how this model works is set out in Figure 1 below. Risk governance refers to the actions, processes, and hierarchy by which authority is exercised and decisions are taken and implemented. Petra's risk governance applies the principles of good governance to the identification, assessment, management and communication of risks.

System of internal control

The adequacy and effectiveness of the Group's internal control procedures and risk management systems are regularly reviewed by the Audit & Risk Committee through regular reports from the Group's

Internal Audit and Risk, Assurance & Compliance teams, and through consideration of the external auditors' Audit and Risk Committee reports and face-to-face discussion between the Audit Partner and the Chair of the Committee and Committee members, as well as, on occasion, ad hoc reports from external consultants such as in relation to the ethics and compliance risk assessment that was carried out in FY 2022.

For FY 2022, the Group Internal Audit Manager and the Committee remained satisfied that no material weaknesses in internal control systems were identified. Whilst being satisfied that controls and risk management remain appropriate for the Group's activities, the Audit & Risk Committee continues to assess the effectiveness and adequacy of the system of internal control, risk management procedures, Internal Audit resourcing and strategy to ensure that its practices develop and remain appropriate in line with internal audit standards. 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 monitor the implementation by management of recommended remedial actions and follow-up audits.

Principal risks

A summary of the risks identified as the Group's principal external, operational and strategic risks (in no order of priority) is listed below. Please refer to pages 101 to 111 for a more detailed description of Petra's principal risks, including an outline of the description and the impact of each principal risk, an outline of mitigating actions taken and an outline of how such risks have developed and been managed in FY 2022.

Risk	Risk appetite	Risk rating	Nature of risk	Change in FY 2022
External risks				
1. Rough diamond prices	High	Medium	Long term	Lower – like-for-like diamond prices increased 41.5% (FY 2021: 9%) during FY 2022 which was largely attributable to mid-stream inventory restocking and continued strong jewellery retail sales. Lower global diamond production also resulted in a more positive outlook for the diamond market, whilst macroeconomic uncertainties caused by rising interest rates and inflation are potential dampeners of demand. Post Year end, and as reported in September 2022, Petra achieved strong sale in the first tender of FY 2023.
2. Currency	High	Medium	Long term	No change – whilst initially stable, the ZAR:USD exchange rate experienced significant volatility during FY 2022, closing the Year at 16.27 ZAR:USD, compared to 14.27 ZAR:USD on 30 June 2021. The impact of the war in Ukraine benefitted the Rand, though over the longer term the Rand is expected to weaken as South Africa's inflation rate remains high.
3. Country and political	High	Medium	Long term	Lower – while the risk of political instability remains in South Africa, the outcomes of the ruling party's policy conference were positive and markets were encouraged by party support for the President's proposals. After the South African High Court judgement in favour of the Minerals Council SA, the DMRE has indicated it will seek legislative amendments of the Mineral and Petroleum Resources Development Act, which could reverse aspects of the judgement, in particular the legal status of the Mining Charter. In Tanzania, the risk of political instability remains lower under the new President and following entry by Petra into a Framework Agreement with the Government that is yet to become effective.
4. COVID-19 pandemic (operational impact)	Medium	Medium	Short to medium term	Lower – COVID-19 restrictions in South Africa and Tanzania have been gradually lifted during the Year due to the decreasing numbers of individuals contracting the virus which led, in South Africa, to the termination of the national state of emergency. The emphasis has shifted to continuing the promotion of the administration of vaccinations, including booster shots, as this remains the best protection against COVID-19.

Principal Risks and Uncertainties *continued*Principal risks *continued*

Risk	Risk appetite	Risk rating	Nature of risk	Change in FY 2022
Strategic risks				
5. Group liquidity	Medium	Medium	Short to medium term	Lower – a combination of higher diamond prices, robust production levels in line with guidance, and record proceeds from the sale of Exceptional Stones contributed to increased revenue, strong free cashflow and a reduction in net debt to US\$40.6 million as at 30 June 2022, thereby significantly strengthening the balance sheet. The Company also completed the refinancing of its First Lien debt facility which will deliver some US\$5 million in savings over the next two years as a result of reduced utilisation and more favourable terms than the previous facility. Post Year end, the Company successfully completed a tender offer for its Second Lien Notes which has resulted in gross debt being reduced by at least US\$ 144 million.
6. Licence to operate: regulatory, social impact and community relations	Medium	Medium	Long term	<p>No change – Petra continued to comply in all material respects with relevant laws and regulations in the countries in which it operates. In FY 2022, local operations conducted 451 (FY 21: 658) social engagements which included internal (employees and committees) and external (Government, communities, forums and SMMEs) engagements. Stakeholder engagement plans (SEPs) continue to be reviewed and updated to increase value-add engagements at Government and community levels.</p> <p>Following the Company's May 2021 announcement on the alleged human rights breaches in Tanzania, Petra has continued to progress the design and implementation of the IGM for Williamson. This has involved extensive stakeholder engagements with all levels of Government and the local community to create awareness of the IGM process and to obtain initial feedback on how the IGM is envisaged to operate. The current target is for the IGM to become operational by the end of this calendar year.</p> <p>The Company has also progressed a number of projects to provide sustainable benefits to the communities located close to the Williamson mine, which include (1) a medical support project; (2) an artisanal and small-scale mining project; (3) an agribusiness development initiative; (4) improved delineation of the Williamson mine boundaries, including access to the mine lease area for the collection of firewood; and (5) an awareness initiative in respect of sexual and gender-based violence.</p>



Risk	Risk appetite	Risk rating	Nature of risk	Change in FY 2022
Operational risks				
7. Mining and production	Medium	Medium	Long term	No change – positive throughput improvements supported by Project 2022 (which completed in June 2022) continued to yield good results. Group production for FY 2022 increased by 3% in line with guidance, largely owing to the resumption of mining at Williamson. Production at Cullinan Mine during Q4 FY 2022 was lower due to the depletion of the current CC1E mining area and a difference in the make-up of kimberlite in the C-Cut. When compared with FY2021, production at the Finsch Mine stabilised in the second half of FY 2022, although ROM grade was 13% lower as a result of waste dilution, despite the implementation of controls which were continuously monitored. Group production guidance for FY2023 to FY 2025 remains unchanged at this stage.
8. ROM grade and product mix volatility	Medium	Medium	Short term	No change – the current mining blocks at the South African operations are reaching maturity, and while the current orebody footprints are still large enough to deliver relative consistency and product mix, increasing levels of variability in terms of ROM Grade and product mix can be expected going forwards, which will be mitigated by the ramp-up of the new mining blocks at CDM and FDM.
9. Labour relations	Medium	Medium	Short to medium term	No change – stable labour relations were experienced during FY 2022. The Company reached agreement with NUM on a new three-year wage agreement for employees in the Paterson A and B Bands at the South African operations. The Company also concluded a three-year wage agreement for employees on the Paterson C-Lower Band with both NUM and UASA. Review of the collective bargaining agreement at WDL is ongoing with the majority union (TAMICO).
10. Safety	Medium	Medium	Short to medium term	Lower – Petra's safety performance saw a 40% reduction in LTIs to 15 for the Year and a corresponding 50% improvement in the LTIFR for the Year. The only metric on which Petra's performance deteriorated was in respect of NLTIs, which saw an increase of 11% but this was against a backdrop of (i) an increased number of LTIs incurred in FY 2021 versus the low number of incurred NLTIs in FY 2021 and (ii) an increased number of shifts worked in FY 2022 which meant Petra's NLTl Frequency Rate improved by 7%. The Cullinan Mine in particular, had an exceptional year, celebrating a LTI-free year on 25 April 2022.
11. Environment	Medium	Medium	Long term	No change – implementation of waste management procedures, and the setting of annual objectives to improve waste management, has resulted in higher waste recycling (25% more waste was recycled in FY 2022 than in the previous year) and lowered the risk caused by landfilling. On land rehabilitation, Petra has positively transformed 120 hectares of previously disturbed land during FY 2022. The implementation of annual objectives for improved water efficiency has seen Petra reach internal water recycling figures averaging 80% over the last four years.

Principal Risks and Uncertainties *continued***Principal risks** *continued*

Risk	Risk appetite	Risk rating	Nature of risk	Change in FY 2022
Operational risks continued				
12. Climate change	High	Medium	Long term	No change – the Group's Climate Change Adaption Policy and strategy is currently in year 3 of the 5 year implementation plan. Petra uses the World Bank Climate Change Knowledge Portal (CCKP) to estimate physical climate change impacts on, and opportunities for, our operations. Petra has initiated various climate change projections and scenarios analysis to determine the impact on its operations in the short, medium and long term. During FY 2022, Petra started to develop mitigating action plans for the top rated climate change risks that have been identified. Climate related disclosures were further aligned to the TCFD recommendations. Petra will report on how it has met the TCFD Recommendations and Recommended Disclosures for the second time in FY 2022.
13. Supply chain governance	Medium	Medium	Short to medium term	Higher – a comprehensive review of the Supply Chain function's operating structure and people competencies in line with Petra's business strategy is currently underway. Processes and systems across the supply chain function are further being reviewed with the aim of improving internal controls and governance. A new Third Party Due Diligence Policy and Procedure and online platform is currently being finalised to ensure that supplier risks relating to bribery and corruption, sanctions, trade restrictions and human rights violations are adequately identified and mitigated accordingly.
14. Capital projects	Medium	High	Short to medium term	Higher – the CC1E SLC and Lower Block 5 3-level SLC expansion projects at the Cullinan Mine and Finsch were approved by the Board in FY 2022, and as a result various governance initiatives have been launched to ensure efficient and effective management of these projects, including the identification and management of key project risks. The Exco, Investment Committee and Board continue to regularly monitor progress of both projects, including tracking of spend against budgets and progress against the approved baseline schedules.



Corporate Governance

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Effective governance is key to Petra's success and involves a process of continuous improvement; we need to review and adapt our processes to meet the ever evolving expectations of our stakeholders.

Peter Hill
Chair



Chair's Introduction to Governance



Effective governance is key to Petra's success and involves a process of continuous improvement; we need to review and adapt our processes to meet the ever-evolving expectations of our stakeholders.

Peter Hill CBE
Non-executive Chair

Dear shareholder,

Strong and effective corporate governance are essential to the long-term success of the Company and sit at the heart of Petra's approach. I continue to be impressed by Petra's high standards in this area, which are led by the Board from the top down, and I am pleased to report that the Board considers itself in full compliance with the requirements of the UK Corporate Governance Code, 2018 (the Code).

During FY 2022, we have looked to further enhance our Board strategy, structure and culture. Our aim is that by further embedding these essential components at the very heart of the Company, we can look to deliver optimal corporate governance.

Highlights for FY 2022 from a governance perspective are the following:

Board and Senior Management composition

As reported in the FY 2021 Annual Report, and with Gordon Hamilton retiring, Deborah Gudgeon became Chair of the Audit and Risk Committee with effect from 1 November 2021, having been appointed to the Board as an iNED on 1 July 2021. Deborah is a Chartered Accountant with over 30 years' corporate experience, including extensive experience in the mining sector, including in executive and iNED roles and as audit committee Chair at several UK-listed companies.

As reported in the FY 2021 Annual Report, we also welcomed Ms Alex Watson and Mr Johannes Bhatt who were appointed as Non-Independent NEDs on 1 July 2021, having been nominated by Franklin Templeton and Monarch respectively. Monarch also exercised their right under the Nomination Agreement between it and the Company to appoint Mr. Marius Kraemer as their Board Observer with effect from 1 July 2021.

On 1 March 2022, we welcomed Jon Dudas to the Board as our newest iNED, and as a member of the Audit and Risk, Nomination, Remuneration and Investment Committees. Jon has broad experience across the mining and resources sectors, in operations, general management, finance and strategy, and has held Board positions with major companies, all of which will greatly assist in the strategic development of the Company.

Mr Matthew Glowasky, who had been appointed as a Non-Independent NED in March 2021 following his nomination by Monarch, and who was a member of the Investment Committee, stepped down from the Board on 17 May 2022. Monarch indicated it does not intend to nominate a Director to replace Mr Glowasky, though it retains its right to do so under the Nomination Agreement.

At a Senior Management level, Jaison Rajan was appointed to Petra's Exco as Chief Operating Officer (COO) with effect from February 2022. Jaison had been the General Manager at the Cullinan Mine since 2019, having been instrumental in stabilising operations, as well as the delivery of Petra's Operating Model. The role of COO was reintroduced to ensure continuity of operations across all of Petra's mines, and to drive better integration and standardisation. As a result of this change, General Managers at the Cullinan Mine and Finsch now report into the COO rather than the CEO as they did previously. Further details regarding the composition of Petra's Exco can be found on page 78.



Board site visits, strategy and performance

Whilst the COVID-19 pandemic continued to cause disruption to Board and Committee meetings, particularly at the start of the Year, the relaxation of travel restrictions allowed the Board to hold their first full, physical meeting for over 18 months in November 2021, with previous meetings over that period having been conducted virtually. The relaxation of travel restrictions also allowed the full Board to conduct its planned site visit, in May 2022, to operations at the Cullinan Mine and Finsch (which included an underground tour at the Cullinan Mine). A smaller subset of the Board was also able to conduct site visits of operations at the Finsch and Cullinan Mine in October 2021 and the Williamson Mine earlier in May 2022. The latter visit included visiting security operations at the mine and receiving updates on the establishment of the IGM and the progress of various community projects.

In February 2022, the Board held a session to review and approve Petra's strategy that was then outlined at the Investor Day on 22 February 2022. The Board's strategy session looked at macroeconomic factors impacting Petra, including the robust diamond market that is supported by structural supply shortages, and Petra's strengthened financial platform. The session then went on to review and approve the strategy, which included the approach to be taken in Petra's new Sustainability Framework (further details of which are outlined at pages 38 to 40 in our Sustainability Report), maximising value from Petra's existing operations, including the capital projects at the Cullinan and Finsch Mines that were approved by the Board in November and February respectively, and pursuing a value-led growth strategy encompassing organic and inorganic opportunities.

In Q4 FY 2022, the Board undertook an externally facilitated evaluation of its own performance and that of the Board Committees. Even though an external Board evaluation had taken place recently, in August 2020, it was felt that significant recent changes to the composition of the Board and its Committees justified a further evaluation being undertaken. I am pleased to say that the external evaluator's overall assessment was that the Petra Board is an effective and high-performing board. A summary of how the evaluation was carried out and certain areas identified for improvement are outlined on page 84.

Culture, purpose and values

At the heart of all successful business operations is a culture, purpose and set of values which all stakeholders carry with them in what they give and take, to and from the Company. During FY 2022 and with the support of a professional services company called Blueprints, Petra commenced a key initiative to conduct a wholesale review of our culture, purpose and values, with a view to building a collective Formula for Success from the bottom up. Engagement at all employee levels started in FY 2022 and has already resulted in a revised purpose statement for Petra. For more information, see pages 10 to 13. Further work in reviewing Petra's culture to build a Formula for Success continues into FY 2023, and the outcome of this work will be reported on in the 2023 Annual Report.

Diversity

Petra remains committed to improving diversity levels throughout the workforce, management team and Board, noting the benefits a broad mix of expertise, skills and diversity brings to our performance.

Petra has several initiatives aimed at developing women into managerial positions, and in FY 2022, re-launched our Women into Leadership (WiL) programme. For further information on the diversity initiatives undertaken by Petra in FY 2022, see pages 59 to 62 of the Sustainability Report.

At the date of this report, 40% of our Board Directors are women, our Senior Independent Director (Ms Varda Shine) is a woman, 20% of our Board are from an ethnic background which is not white and five different nationalities are represented on our Board. We hope that future Board appointments will demonstrate our continued commitment to diversity.

Governance updates

Petra's culture will always be underpinned by a commitment to behaving ethically, and during the Year and as part of its Ethics and Compliance Programme, Petra conducted a review of its Code of Ethical Conduct as well as its anti-bribery and whistleblowing policies. This saw the Board adopting a revised Code of Ethical Conduct and new and updated anti-bribery and whistleblowing policies, which will shortly be rolled out across the organisation through awareness campaigns, workshops and training. Our Code of Ethical Conduct is an essential guide and summary of Petra's policies, standards and procedures that are relevant to the way we work, and the ethical conduct that is required from all staff as well as other business partners who work with us, or act on our behalf.

Other important governance developments for the Group during the Year included:

- ▶ The Board's approval of a new Tailings Management Policy that aligns with the Global Industry Standard on Tailings Management (GISTM) and that will provide a roadmap for Petra to achieve compliance with the GISTM by FY 2023. Further details on this are set out on our website at <https://www.petradiamonds.com/sustainability/environment/sustainability-environment-tailings-management/>
- ▶ The adoption and implementation of a new Stakeholder Engagement and Management Policy which simplifies and clarifies our stakeholder engagement processes. Further details on this are set out in the Sustainability Report on pages 15 to 22
- ▶ The Board has approved revisions to its Human Rights Policy Statement to include protections for human rights defenders and to reflect a new Human Rights Defenders Procedure that has been adopted
- ▶ The approval by the Board and implementation of a new Disclosure Policy to ensure that the Company has in place adequate procedures, systems and controls to identify inside information, and ensure that any inside information identified is properly considered by the Directors and, where required, disclosed to the market promptly
- ▶ The approval by the Board and implementation of an amended Share Dealing Code that requires Directors and the Company's employees to obtain clearances from the Company before dealing in Petra shares, and prohibits Directors and employees from dealing in Petra shares while they are in possession of inside information about the Group



Chair's Introduction to Governance continued

Stakeholder engagement, feedback and workforce engagement

Positive relationships, involving consistent two-way communication avenues with all of our stakeholders, are essential to the long-term success of our business. As a Board, we regularly receive feedback on the views and priorities of our key stakeholder groups, as set out on pages 30 to 32, and stakeholder views are considered when making strategic decisions.

We continually look to improve and strengthen our stakeholder engagement processes (as exemplified by the adoption of a new Stakeholder Engagement and Management Policy, as described above) and are pleased to have made significant progress this Year across a number of fronts.

Petra has long recognised the importance of understanding the views of our workforce to ensure they are part of Board discussions and factored into the Board's decision-making. With the resumption of international travel and in-person meetings, Ms Matloa, Chair of the SED Committee and designated employee engagement iNED, has been able to recommence face-to-face meetings with our workforce and the Board has been able to recommence its site visits to the Group's operations, and these engagements are further described on pages 81 to 82.

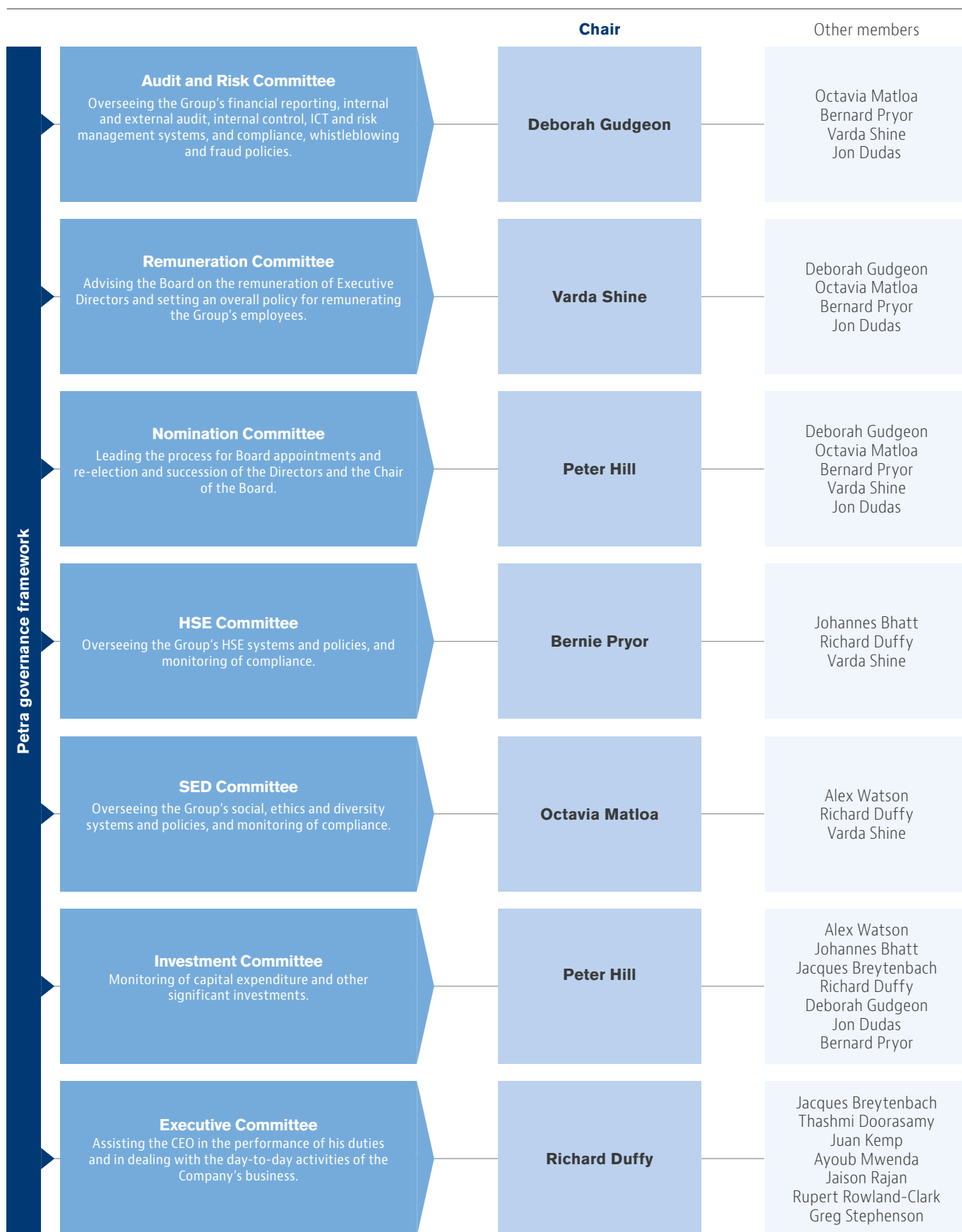
Furthermore, following the allegations of human rights breaches in connection with security operations at the Williamson mine, extensive engagements have taken place during the Year with national and local Government, and local communities to create awareness of the IGM and obtain feedback on how the IGM is envisaged to operate. Further positive engagements have also taken place with local communities through community projects such as the medical support services, sexual and gender-based violence awareness campaign and delineation and firewood projects, further details of which are set out on page 55 and pages 33 to 34 of the Sustainability Report.

Should any stakeholder like to speak to me or Ms Shine, the Senior Independent Director, about any aspects of this Annual Report or the Company's performance, please do not hesitate to get in contact via our Corporate Communications team based in London (see page 212 for contact details).

Peter Hill CBE
Non-executive Chair
10 October 2022

**Petra governance framework**

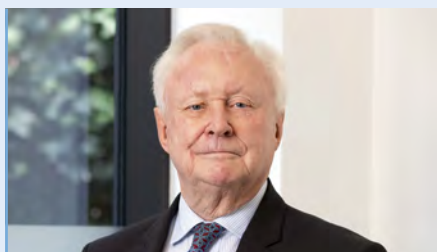
(as at 30 June 2022)





Board of Directors

(as at the date of this report)



Peter Hill, CBE N I
Non-executive Chair

Appointment date: January 2020 and as Chair in March 2020.

Qualifications: Chartered Engineer and Fellow of the Institution of Materials, Minerals and Mining, BSc in Mining Engineering (University of Nottingham), MBA (London Business School) and South African Mine Manager's Certificate of Competency.

Skills: Mr Hill is a mining engineer who has held numerous positions at Anglo American, Rio Tinto, BP Minerals and Consolidated Gold Fields plc, following which he was Chief Executive of Laird plc from 2002 to 2011. More recently he has held the role of non-executive chairman and non-executive director for a number of UK PLCs and UK Government organisations.

Experience: Mr Hill has extensive board experience and has been directly involved in four UK plc takeovers, a FTSE 100 merger, a FTSE 250 demerger and an IPO.

External appointments: Non-executive Chair of Keller Group plc.

Interest in the Company as at 30 June 2022: 140,000 shares (30 June 2021: nil).



Richard Duffy H S I E
Chief Executive Officer

Appointment date: April 2019.

Qualifications: BCom (University of the Witwatersrand) and MBA (Henley Management College).

Skills: In addition to his business, strategic and financial skills, Mr Duffy has extensive experience in open pit and underground mining and a proven focus on safety, productivity and community relations, having led multiple large-scale mining operations across Africa.

Experience: Mr Duffy has more than 30 years' global mining industry experience, initially with Anglo American and then AngloGold Ashanti, where he worked across business development, exploration and corporate finance. Mr Duffy was previously CFO and Executive Director of AngloGold Ashanti in 2013.

External appointments: Director of the Natural Diamond Council and member of the Board of St Mary's School (Waverly) Foundation (a non-profit organisation).

Interest in the Company as at 30 June 2022: 7,138 (30 June 2021: 240,000 shares - prior to share consolidation).



Jacques Breytenbach I E
Chief Financial Officer

Appointment date: February 2018.

Qualifications: CA (SA), BCompt (Hons) (University of South Africa) and Postgraduate Diploma in Auditing (University of the Witwatersrand).

Skills: Mr Breytenbach leads the financial management of the Company and is responsible for financial and management accounting and reporting, business development, treasury, financial controls and reporting.

Experience: Mr Breytenbach held the role of Finance Manager for Operations at Petra from 2006, with responsibility for financial management across the Group's operations, before being appointed Chief Financial Officer in June 2016.

Prior to joining Petra, he held various roles, culminating in Finance Manager for Capital Projects at Anglo Platinum.

External appointments: None.

Interest in the Company as at 30 June 2022: 11,982 shares (30 June 2021: 243,750 shares - prior to share consolidation).



Varda Shine R A N H S
Senior Independent
Non-executive Director

Appointment date: January 2019.

Qualifications: MSc Executive coaching (Hult/Ashridge) with various business and management courses at Technicon (Israel), Templeton College (Oxford), Cranfield and INSEAD.

Skills: Ms Shine is a non-executive director, executive mentor and expert adviser in the diamond industry, with significant experience and knowledge of stakeholders across the supply chain and a track record of delivering record sales and profits.

Experience: Ms Shine has 30 years' experience in the diamond industry, including eight years as the CEO of De Beers Trading Company (2006–2014). She is a trustee of the Teenage Cancer Trust.

External appointments: Director of Anglo Pacific Group plc (listed on the London and Toronto Stock Exchanges), Sarine Technologies Limited (Singapore listed) and Niron Metals plc.

Interest in the Company as at 30 June 2022: Nil (30 June 2021: nil).



Octavia Matloa S A R N
Independent Non-executive Director

Appointment date: November 2014.

Qualifications: CA (SA), BComm (Hons) (University of Cape Town), Postgraduate Diploma in Accounting (University of Pretoria) and Certificate in Theory of Accountancy.

Skills: Ms Matloa is a Chartered Accountant and brings broad business, financial and auditing experience to the Board.

Experience: Ms Matloa has 17 years of corporate experience of which 13 years is in the mining industry. She completed her articles with PwC in South Africa in 2000 and was appointed by court as the first woman curator in the insurance industry. She has also served on various public sector audit committees. Ms Matloa has founded a number of businesses, including Tsidkenu Chartered Accountants Inc. and Mukundi Mining Resources.

External appointments: None.

Interest in the Company as at 30 June 2022: Nil (30 June 2021: nil).



Bernard Pryor H A R N I
Independent Non-executive Director

Appointment date: January 2019.

Qualifications: Metallurgical Engineer (Royal School of Mines, Imperial College) and Chartered Engineer (Institute of Mines and Metallurgy).

Skills: Mr Pryor has a wide skill-set encompassing project acquisition, development and construction, and international commercial and general management, and has run large-scale, fully operational mining assets.

Experience: Mr Pryor has over 35 years' experience in the mining industry and has acted as the CEO for a number of mining companies, including Alufer Mining, MC Mining African Minerals Limited and Q Resources plc. Mr Pryor also held senior positions within Anglo American and was COO at Adastra Minerals Inc.

External appointments: Managing Director of Karo Mining Holdings.

Interest in the Company as at 30 June 2022: 13,000 shares (30 June 2021: nil).



Deborah Gudgeon **A R N I**
Independent Non-executive Director

Appointment date: July 2021.

Qualifications: BSc (Econ) (London School of Economics and Political Science) and CA (ICAEW).

Skills: Ms Gudgeon is a Chartered Accountant with a diverse skill-set, including corporate finance, restructuring and debt management, performance improvement and auditing.

Experience: Ms Gudgeon has 30 years' corporate experience. Following her qualification as a Chartered Accountant, she spent eight years as Finance Executive with the Africa-focused mining and trading group Lonrho plc, and then held positions with Deloitte, BDO and Gazelle Corporate Finance. She has also served as an independent non-executive director and audit committee Chair at Acacia Mining plc, Highland Gold plc and EVRAZ plc.

External appointments: None.

Interest in the Company as at 30 June 2022: Nil (30 June 2021: nil).



Johannes Bhatt **H I**
Non-Independent
Non-executive Director

Appointment date: July 2021.

Qualifications: MA in Business Administration and Economics (Universities of Augsburg and Stuttgart).

Skills: Mr Bhatt has a broad skill-set, including corporate finance, treasury and sustainability with many years of experience in the international mining industry.

Experience: Prior to his current roles, Mr Bhatt was a non-executive director of Zangezur Copper Molybdenum Combine (formerly part of the Cronimet Group) and Stemcor Global Holdings, a leading steel trading company. He was previously with Scholz Holdings GmbH, an international metals recycling group for ten years, latterly as Chief Financial Officer. His early career was with Deutsche Bank and Voith.

External appointments: Mr Bhatt is currently Managing Director of Incomet Capital GmbH, an investment company within the mining sector and a director of ANS Exploration Ltd, a gold and copper exploration company.

Interest in the Company as at 30 June 2022: Nil (30 June 2021: nil).



Alexandra Watson **S I**
Non-Independent
Non-executive Director

Appointment date: July 2021.

Qualifications: BCom (Hons) (University of Cape Town), CA (SA) and Emeritus Professor of Accounting (the University of Cape Town).

Skills: Ms Watson is an experienced non-executive director and chartered accountant and has a wide skill-set encompassing corporate governance, financial and other forms of corporate reporting, investment, broad business and financial experience.

Experience: Ms Watson has 28 years' experience in corporate governance, accounting and reporting, holding positions on listed boards for nearly 20 years. She is the Chair of the South African Financial Reporting Investigations Panel, having been the Vice-Chair of the Global Reporting Initiative, in 2019.

External appointments: Ms Watson is Chair of Coronation Fund Managers in South Africa and is an independent non-executive director of Steinhoff International Holdings NV and Advtech Limited. Ms Watson also chairs Steinhoff's Audit and Risk Committee.

Interest in the Company as at 30 June 2022: Nil (30 June 2021: nil).



Jon Dudas **A R N I**
Independent Non-executive Director

Appointment date: March 2022.

Qualifications: BSc in Mining Engineering and MSc in Mineral Economics (University of the Witwatersrand), MBA (Heriot-Watt University) and South African Mine Manager's Certificate of Competency.

Skills: Mr Dudas has a wide skill-set encompassing project acquisition, development and construction, and international commercial and general management, and has run large-scale, fully operational mining assets.

Experience: Mr Dudas has over 37 years' experience in the mining industry, and prior to his current roles, was President and CEO of BHP's aluminium division, and Executive Chair of Worsley Alumina (Australia) and Mozal Aluminium (Mozambique). He was previously the non-executive Chair of the National Atomic Agency of Kazakhstan. His early career was as a Graduate Mining Engineer with Harmony Gold Mines, progressing to General Manager of Winkelhaak Gold Mine.

External appointments: Chair of Samruk-Kazyna, the sovereign wealth fund of the Republic of Kazakhstan.

Interest in the Company as at 30 June 2022: Nil (30 June 2021: N/A).

Committee key

- A** Audit and Risk Committee
- N** Nomination Committee
- R** Remuneration Committee
- H** Health, Safety and Environment Committee
- S** Social, Ethics and Diversity Committee
- I** Investment Committee
- E** Executive Committee (Exco)
- Chair

Board changes in FY 2022

With effect from 1 March 2022, Mr Dudas was appointed to the Board, and as a member of the Audit and Risk, Remuneration, Nomination and Investment Committees.

On 17 May 2022, Mr Glowasky stepped down from the Board.



Executive Committee (Exco)



Juan Kemp
Chief Technical Officer

Qualifications: BSc (Metallurgical Engineering) (Potchefstroom University); and MA (Business Administration) (North West University Business School).

Experience: Juan joined Petra after the purchase of the Cullinan Mine and became the Surface Manager and Group Metallurgical Manager for all seven of Petra's treatment plants. He was subsequently promoted to General Manager in 2011 and in July 2019 was appointed as Project Executive. Later that year, he became Petra's Chief Technical Officer. He has nearly 30 years' experience, with a depth of knowledge of both the Koffiefontein Mine (having worked in a broad spectrum of operational roles before becoming Plant Manager under De Beers' tenure), as well as the Cullinan Mine (where he acted as Metallurgical Manager for several years) and was an integral member of the team that re-engineered the De Beers South Africa business model. Before being promoted into the De Beers diamond mines, Juan worked at the East Rand Gold and Uranium Division of Anglo American in Johannesburg, where he worked as a Mineral Processing Engineer.



Rupert Rowland-Clark
General Counsel and
Company Secretary

Qualifications: BSc (Economics and Politics) (Bristol University) and Solicitor (England and Wales).

Experience: Rupert assumed the role of General Counsel and Company Secretary in June 2021. He leads Petra's Legal, Company Secretary, Risk, Assurance and Compliance functions and reports into the Chief Executive Officer and Chair. He has over twenty years' legal and executive experience, most recently at Tullow Oil plc, an African-focused FTSE 250 oil and gas company, where he was General Counsel from 2015 to 2020. Prior to Tullow, Rupert was a mergers and acquisitions lawyer at global law firm, Freshfields Bruckhaus Deringer LLP, where he worked on a broad range of significant transactions across multiple sectors and jurisdictions.



Gregory Stephenson
Sales and Marketing Executive

Experience: Gregory has 35 years' experience in the buying and selling of diamonds. He has led the Sales team at Petra Diamonds since 2008 where he oversees the preparation, valuation and marketing of Petra's rough diamonds, as well as managing the full sales process of the South African and Tanzanian production. Prior to joining Petra, Gregory owned and managed GDR Diamonds, Johannesburg, for ten years where he purchased rough diamonds throughout southern Africa, provided independent valuations in Angola and acted as head valuator for a large Belgian company in Moscow. His ability to do this stemmed from his global experience at De Beers, London, where he started his career as a trainee diamond buyer in 1988. This included two years of intensive training in all facets and sizes of rough diamonds and time spent at the Overseas Purchasing Division where, over the span of eight years, he went on multiple tours and secondments, which included Kinshasa, Brazzaville, Mbuji-Mayi, Kahemba, Luanda, Johannesburg and Antwerp.



Jaison Rajan
Chief Operating Officer

Qualifications: BSc (Mining Engineering) (University of the Witwatersrand), MBA (Mineral Economics and Business Administration) (University of Cape Town) and Mine Manager's Certificate of Competency (South Africa).

Experience: Jaison has over 20 years' industry experience in various mineral commodities including heavy minerals, diamonds, manganese and coal. Jaison was appointed Chief Operating Officer at Petra Diamonds in 2022, having been General Manager of Cullinan Diamond Mine for the previous three years. Prior to joining Petra he worked as General Manager at Khutala Colliery having worked for eight years in a variety of managerial roles at BHP Billiton at the Wessels diamond mine and Hotazel Manganese mines before this. Jaison also has an in depth understanding of the Finsch Mine, having started his career at the mine when it was owned by De Beers. During this time he acted a section leader, ensuring safe control, management, direction of underground excavations and infrastructure within the Ore Extraction Production area.



Thashmi Doorasamy
Group HR and Public Affairs Executive

Qualifications: BAdmin (Hons) (Public Finance) (University of Durban Westville).

Experience: Thashmi joined Petra in February 2020 as HR and Public Affairs Executive after spending 18 years at the Massmart Group, a leading retailer in South Africa. Her pivotal role was HR Director for Massbuild from 2003 to 2013. During this time, Thashmi and her team oversaw the integration of the newly purchased building supply company Builders Warehouse, into the Massmart group. The merger expanded successfully into the wider South African and African market, leading to Thashmi's promotion in 2013, to Group Compliance Officer for Massmart. Later that year Massmart was purchased by the Walmart Group. Thashmi led the integration of Massmart's South African businesses, into the Walmart Group with a focus on compliance. In 2015, she joined the Taste Group, overseeing the People Roll-Out plan for Starbucks, following the recently purchased Starbucks licence in South Africa.



Ayoub Mwenda
Country and Mine Manager: Tanzania

Qualifications: BSc (Mining Engineering) (University of Zambia) and registered Professional Engineer (Tanzania).

Experience: Ayoub has worked at the Williamson mine for 27 years in a number of technical and managerial operating roles. Before joining Williamson, Ayoub worked as a Mining Engineer at Chingola and Mufulira copper mines in Zambia, before moving to Tanzania as a Mining Engineer at Buckreef gold mine. After joined Williamson in 1994 (as a Mining Manager), he was promoted to Production Manager supervising both the mining and processing plant. After assuming the role of Assistant General Manager, Ayoub became General Manager in November 2019. Ayoub has overseen the restart of operations at Williamson, following its period of care and maintenance.



Corporate Governance Statement

UK Corporate Governance Code compliance

Petra recognises the importance of maintaining high standards of corporate governance. The Company looks to not only comply with all applicable governance regulations in the jurisdictions in which it operates but also to meet best practice wherever possible.

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 company with a premium listing and its tax domicile in the UK, Petra is required to comply with the UK Corporate Governance Code 2018 (the Code) and to explain in this statement any areas of non-compliance with the Code.

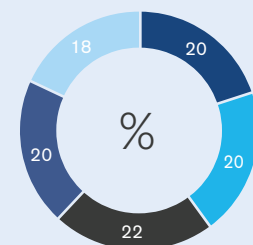
As at the date of this report, and for the financial year under review, the Board considers that Petra has complied in full with the provisions of the Code. A copy of the Code can be obtained from the Financial Reporting Council's website (<https://www.frc.org.uk>). This report, together with the other reports in the "Corporate Governance" part of this document, explains how the principles of the Code have been applied by the Company.

Code Section 1: Board leadership and Company purpose	Details on how the Board promotes the long-term success of the Company is provided in the Strategic Report on pages 20 to 21. The Company's recently updated purpose and values are set out on pages 10 to 11. Petra's strategy is outlined at pages 14 to 17. Our Section 172 statement is set out on pages 30 to 32.
Code Section 2: Division of responsibilities	Details of the Board and Exco, as well as Petra's governance structure and Board activities for FY 2022, are described at pages 75 to 80 and 85 to 86.
Code Section 3: Composition, succession and evaluation	The findings of the FY 2022 Board Evaluation are set out at page 84. The report of the Nomination Committee is at pages 112 to 113.
Code Section 4: Audit, risk and internal control	The report of the Audit and Risk Committee is at pages 90 to 98. A description of Petra's principal risks is set out at pages 101 to 111.
Code Section 5: Remuneration	Petra's Directors' Remuneration Report for FY 2022 is at pages 122 to 136.

Matters reserved for the Board

- ▶ Vision and strategy
- ▶ Financial Statements and reporting (supported by the Audit and Risk Committee) and trading updates
- ▶ Financing strategy
- ▶ Budgets, expansion projects, capital expenditure and business plans (supported by the Investment Committee)
- ▶ Material acquisitions and divestments
- ▶ Corporate governance, ethics and culture
- ▶ Risk management and internal controls, including consideration of the Viability Statement (supported by the Audit and Risk, Remuneration and HSE Committees)
- ▶ Health, safety, social and environmental matters (supported by the HSE and SED Committees)
- ▶ Appointments and succession plans (supported by the Nomination Committee)
- ▶ Executive Director remuneration (supported by the Remuneration Committee)

Board time in FY 2022¹



- Strategy and risk
- Corporate and finance
- Operations and projects
- Governance, social, ethics and diversity
- Health, safety and environment

1. This split of Board time is an estimate only and is calculated using the Board meeting agendas and rough time split allocated to each item in advance.

Board experience (as at 10 October 2022)





Corporate Governance Statement continued

The role of the Board

The Board is responsible for the long-term success of the Company. Petra's Board should have the necessary combination of skills, experience and knowledge, as well as independence (with regard to the iNEDs), to properly discharge its responsibilities and duties.

In order to fulfil its role, the Board:

- ▶ Sets the Company's strategic aims, ensures that the necessary resources are in place for the Company to meet its objectives, and reviews management performance in achieving such objectives
- ▶ Provides leadership of the Company within a framework of effective systems and controls which enable risks to be assessed and managed
- ▶ Develops the collective vision of the Company's purpose, culture, values, and the behaviour it wishes to promote in conducting business, and ensures that its obligations to its shareholders and other stakeholders are understood and met
- ▶ Carries out all duties with due regard for the sustainability and long-term success of the Company

The role of the Chair

Mr Hill:

- ▶ Leads the Board and is primarily responsible for the effective working of the Board
- ▶ In consultation with the Board, ensures good corporate governance and sets clear expectations with regards to Company culture, values and behaviour
- ▶ 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
- ▶ Is the ultimate custodian of shareholders' interests
- ▶ Engages with shareholders and other governance-related stakeholders, as required
- ▶ Meets with the Senior Independent Director and with the iNEDs without the Executive Directors present, in order to encourage open discussions and to assess the Executive Directors' performance
- ▶ Identifies induction and development needs of the Board and its Committees
- ▶ Chairs the Nomination Committee, thereby playing an important part in assessing and advising on the appropriate composition of the Board and its skill-set and also chairs the Investment Committee

The role of the Chief Executive Officer

Mr Duffy:

- ▶ Is primarily responsible for implementing Petra's strategy established by the Board 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
- ▶ Implements the decisions of the Board and its Committees, with the support of Exco
- ▶ Monitors, reviews and manages key risks
- ▶ Ensures that the assets of the Group are adequately safeguarded and maintained
- ▶ Is the Company's primary spokesperson, communicating with external audiences, such as investors, analysts and the media
- ▶ Leads by example in establishing a performance-orientated, inclusive and socially responsible Company culture
- ▶ Chairs the Exco and is a member of the HSE and SED Committees, thereby having direct involvement in the strategic management of Petra's HSE and SED issues, including labour relations, and is also a member of the Investment Committee

The role of the Senior Independent Director

Ms Shine:

- ▶ Provides a sounding board for the Chair 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 Chair's performance
- ▶ Is a member of Petra's Audit and Risk, Remuneration, Nomination, HSE and SED Committees, thereby having oversight of the Group's material risks, issues and opportunities, and bringing her skill-set and independent judgement to the benefit of these Committees

The role of the NEDs

Ms Shine, Ms Matloa, Mr Pryor, Ms Gudgeon, Ms Watson, Mr Bhatt and Mr Dudas:

- ▶ 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 Chair
- ▶ Scrutinise the performance of the Executive Directors in terms of meeting agreed goals and objectives
- ▶ Ensure that the governance, 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
- ▶ Provide a breadth of skills and experience to Board Committees and, in the case of iNEDs, independence



How our Board operates

Board and Committee meetings

The full Board normally meets formally in person at least four times a year for Board meetings and also speaks at other times as necessary in order to discuss operational matters and ongoing performance against the Group's development and production plans, including internal budgets and external guidance to the market. There is frequent communication between Board members outside of the set 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 and are allocated sufficient days to allow for considerable interaction by the members, both inside and outside of the formal meetings. Rolling agendas have been developed for the Board and for the Audit and Risk, Remuneration and SED Committees to ensure the necessary standing items are covered during the course of the Year, and sufficient time is allocated to strategic discussions, with extra time factored in for ad hoc and additional items. Agendas are agreed with the Chair (or with the Chair

of the relevant Committee) and timeframes set in advance for the various meetings, thereby ensuring that the full agenda can be covered in the time allotted. Site visits, dinners and other social engagements are also attended by Board members outside of the meeting times to allow for better understanding and more informal discussion of issues; this assists in clarification and engagement, meaning that consensus during the meeting is more easily attained.

Packs for the meetings are prepared by management following input on the agendas formulated by the Company Secretary and the respective Chairs, and made available electronically prior to the meeting via a secure online Board portal, 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 in a timely manner.

In addition to formal Board and Committee meetings, the Chair holds frequent meetings with NEDs during the Year, enabling free discussions without the Executive Directors present.

	Board meetings 9 held	Audit and Risk Committee 4 held	Remuneration Committee 3 held	Nomination Committee 2 held	HSE Committee 4 held	SED Committee 4 held	Investment Committee 3 held	Annual General Meeting 1 held
Peter Hill	9/9	n/a	n/a	2/2	n/a	n/a	3/3	1/1
Richard Duffy	9/9	n/a	n/a	n/a	4/4	4/4	3/3	1/1
Jacques Breytenbach	9/9	n/a	n/a	n/a	n/a	n/a	3/3	1/1
Varda Shine	8/9 ¹	2/4 ²	3/3	2/2	4/4	4/4	n/a	1/1
Octavia Matloa	9/9	2/4 ³	3/3	2/2	n/a	4/4	n/a	1/1
Bernie Pryor	8/9 ¹	4/4	3/3	2/2	4/4	n/a	3/3	1/1
Deborah Gudgeon	8/9 ¹	4/4	3/3	2/2	n/a	n/a	3/3	1/1
Alexandra Watson	9/9	n/a	n/a	n/a	n/a	4/4	3/3	1/1
Johannes Bhatt	9/9	n/a	n/a	n/a	4/4	n/a	3/3	1/1
Jon Dudas ⁴	4/4	1/1	1/1	1/1	n/a	n/a	n/a	n/a
Gordon Hamilton ⁵	1/1	2/2	2/2	1/1	n/a	n/a	n/a	1/1
Matthew Glowasky ⁶	5/7	n/a	n/a	n/a	n/a	n/a	2/2	1/1

1. Owing to the meeting being called on short notice and outside of the Board's usual meeting cycle, Ms Shine, Mr Pryor and Ms Gudgeon were unable to attend the Board meeting on 18 January 2022, at which the approval of the shareholder circular for the related party transaction (the Framework Agreement) was approved.

2. Owing to a personal emergency, Ms Shine was unable to attend the Audit and Risk Committee on 27 June 2022.

3. Owing to personal reasons, Ms Matloa was unable to attend two Audit and Risk Committee Meetings.

4. Mr Dudas was appointed to the Board as a member of the Audit and Risk, Nomination, Remuneration and Investment Committees with effect from 1 March 2022.

5. Mr Hamilton retired from the Board with effect from 19 November 2021.

6. Mr Glowasky stepped down from the Board with effect from 17 May 2022.

Site visits

Visiting Petra's operations in person and interacting with Senior Management and employees is very important for all Board members. Annual site visits are usually arranged for the NEDs to ensure that, in addition to papers presented at Board meetings, they continue to stay informed of developments and progress at the operations, as well as allowing for interaction with and feedback from employees at a range of levels throughout the business and assisting with the ongoing evaluation of Company culture. Whilst COVID-19 travel restrictions impacted on the number of site visits that could be undertaken during the first few months of the Year, the Executive Directors visited the operations on a regular basis as part of their day-to-day business, and the following site visits were conducted by the iNEDs in FY 2022:

- ▶ October 2021: Mr Hill and Mr Pryor visited the Cullinan Mine and Mr Hill visited the Finsch Mine

- ▶ Early May 2022: Mr Hill visited the Williamson Mine which included visiting security operations at the mine and receiving updates on the establishment of the Independent Grievance Mechanism and the progress of various community projects
- ▶ Late May 2022: the full Board visited the Head Office in Johannesburg and the Finsch and Cullinan Mine. The Cullinan Mine and Finsch visits involved extensive tours of operations at both mines (including underground at the Cullinan Mine), operational updates from management teams (including on the expansion projects) and meetings with the Women in Mining groups

Corporate Governance Statement continued

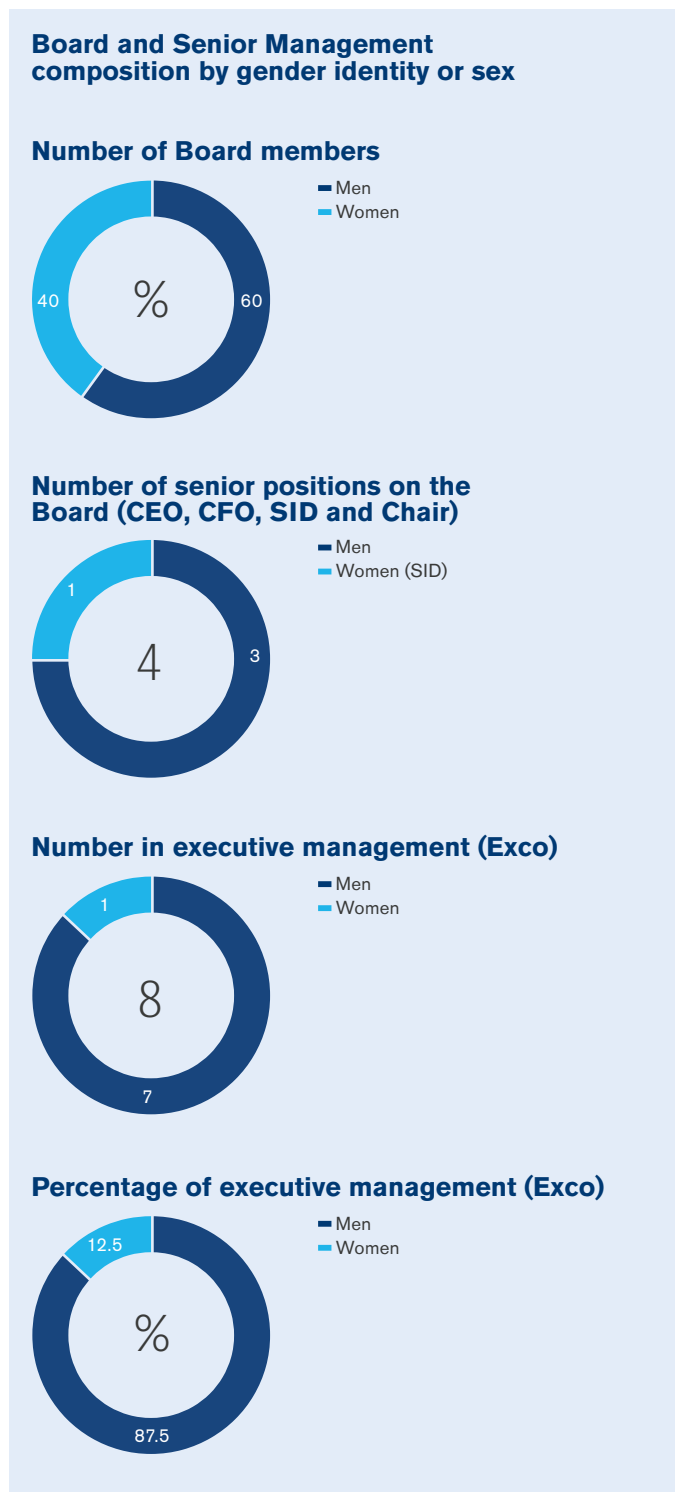
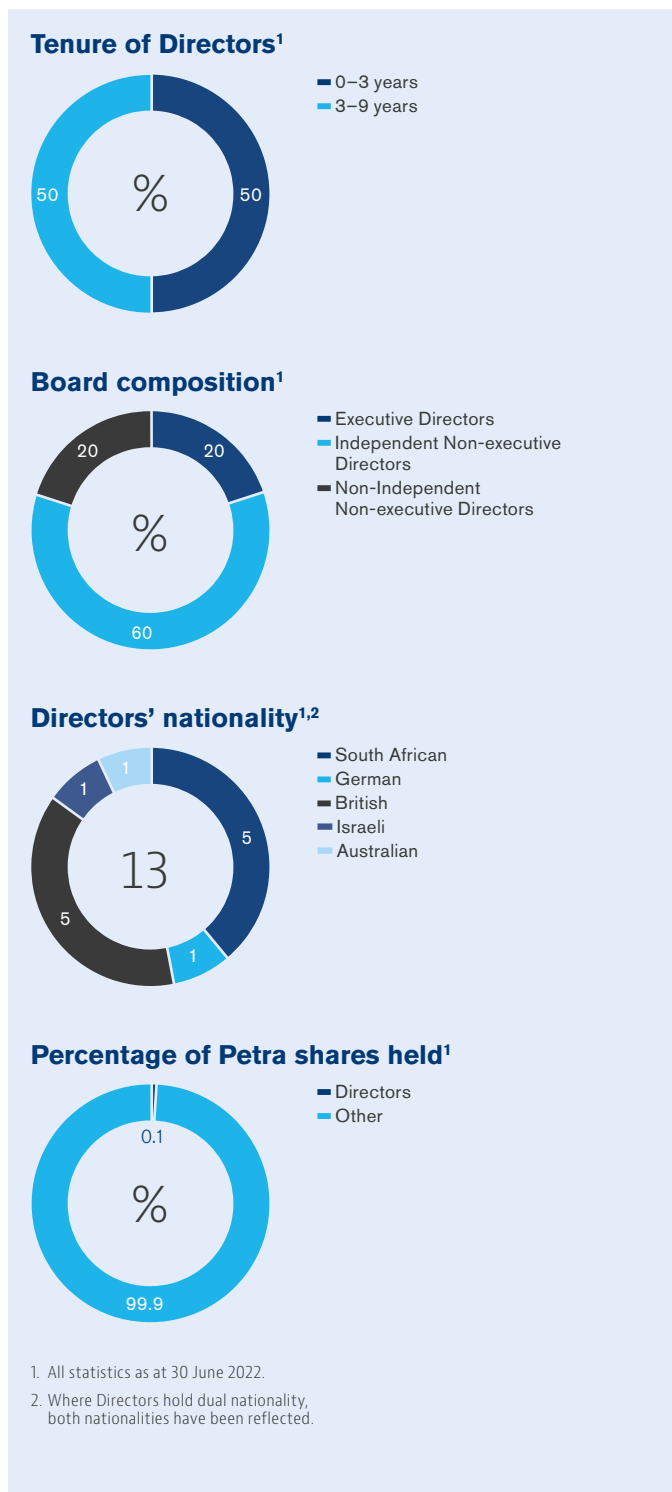
How our Board operates continued

Employee engagement

Ms Matloa, Chair of the SED Committee, is the designated workforce engagement iNED. The aim of the role is to help ensure the views and concerns of the workforce are brought to the Board’s attention and taken into account in deliberations and decisions, helping the Board understand if employees are aligned to, and able to respond to, the Company’s priorities. A formal document outlining the key principles and parameters of the role was approved by the Board in FY 2021. Whilst COVID-19 restrictions impacted engagements during the first

few months of the Year, Ms Matloa visited the Cullinan Mine in March 2022 to hold sessions with the workforce, unions and management at the Mine. Ms Matloa reported back to the Board her observations (which were generally positive) with areas of concern duly considered.

The Board normally has several opportunities throughout the Year for employee engagements, with site visits (as outlined above), as well as informal meetings in which the Board welcomes feedback and open communication.





Board and Senior Management composition by ethnic background

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management (Executive)	Percentage of executive management (Executive)
White British or other White (including minority-white groups)	8	80%	4	5	62.5%
Mixed/multiple ethnic groups	1	10%	—	—	—
Asian/Asian British	—	—	—	2	25%
Black/African/Caribbean/Black British	1	10%	—	1	12.5%
Other ethnic group, including Arab	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

Why our Board is effective

Director commitment

The Directors' biographies and duties can be found on pages 76 to 77 and 80. During the Year, there were no significant changes to the iNEDs' external commitments and they are considered to have sufficient time to fulfil their duties, as confirmed by the external Board evaluation, carried out in Q4 FY 2022. The Non-executive Chair is also considered to have sufficient time to fulfil his duties.

Executive Directors may, subject to Board consent, accept external appointments to act as non-executive directors of other companies. However, the Board reserves the right to review such appointments to ensure no conflicts of interest, 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, the Executive Directors' external appointments do not affect their contribution to Petra.

The Chair and NEDs are 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.

Assessment of Director independence

Upon his appointment on 1 January 2020 and at the time of assuming the role of Non-executive Chair on 31 March 2020, Mr Hill was considered to be independent, and continues to be independent, in accordance with the Code.

The Board also considers Ms Shine, Ms Gudgeon, Ms Matloa, Mr Pryor and Mr Dudas to be independent in accordance with the Code. All iNEDs are independent of any relationship listed in the provisions of the Code. None of the iNEDs received any fees from the Company in FY 2022 other than their contractual iNED fees, as set out on page 130 of the Directors' Remuneration Report.

Mr Bhatt and Ms Watson, having been nominated by Monarch and Franklin Templeton, respectively, in accordance with the Nomination Agreements between those entities and the Company, are not considered to be independent in accordance with the Code.

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 Chair 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 Chair, excluded from any related discussion and will always be excluded from any formal decision.

Process used in relation to Board membership, succession planning and appointment process

Petra's Nomination Committee is responsible for reviewing the skills, expertise, composition and balance of the Board on an ongoing basis as part of the Company's succession planning. When considering new appointments, a brief is prepared and an independent external search agency is utilised to identify potential candidates. Read more about the work of the Nomination Committee on pages 112 to 113.

Director induction, information, training and development needs

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

Petra has an induction programme 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 and an information pack of all necessary corporate documents, including the Company's latest Annual Report, Sustainability Report, the Bye-Laws, Committee Terms of Reference and other key Group policies, such as the Code of Ethical Conduct, enabling them to familiarise themselves with the Group, its procedures and current activities. A site visit to one or more of the Group's key operations is held 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. 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. Board training on specific topics is requested by the Board members and then provided by a specialist at the Board meeting.



Corporate Governance Statement continued

Why our Board is effective continued**Director induction, information, training and development needs** continued

During the Year, the Board received formal training by law firm Ashurst on their statutory duties and on the regulatory framework for UK listed companies, including the UK's corporate governance requirements and culture, the UK's Listing Rules, the UK's Market Abuse Regulation and the UK's Takeover Code.

The Company's Corporate Communications team acts as a conduit of regular information to the Board and Senior Management, providing

regular briefings by email on relevant topics, such as key diamond industry trends, peer group developments and socio-economic information about Petra's countries of operation, as well as internal Company news.

The Company Secretarial function also provide the Board and Senior Management with ongoing updates on legal and regulatory changes, including in relation to corporate governance matters, and the Board has continual access to the advice and services of the Company Secretarial function, as required.

Evaluation of the Board's performance

Board evaluation

An externally facilitated Board evaluation was undertaken in August 2020, the results of which were reported on in the FY 2020 and 2021 Annual Reports.

Owing to the significant changes to the composition of the Board and its committees in FY 2021 and early FY 2022, it was decided to hold a new external Board evaluation in FY 2022. This evaluation was undertaken by Donata Denny, an independent and respected Leadership Coach and Professional Development Adviser who had conducted the external evaluation in August 2020.

The evaluation took place in Q4 FY 2022 and consisted of each Director completing a focused questionnaire, followed by a one-on-one confidential interview with the external facilitator, and then a facilitated Directors' workshop held in June 2022 to discuss the results and the actions to be taken forward during FY 2023. The views of external stakeholders who have regular interactions with the Board were also sought.

The evaluation of the performance of the Chair was undertaken by Ms Shine, the Senior Independent Director, based on feedback obtained by the external facilitator from the Board. The Chair then subsequently appraised the performance of each Non-executive Director by meeting each Director individually to review their knowledge and effectiveness at meetings, and the overall time and commitment to their role on the Board, using the feedback obtained by the external facilitator from the Board to support these appraisals.

The evaluator's overall assessment was that the Petra Board is an effective and high performing board. The assessment identified areas with scope for improvement that were discussed with the external facilitator in the June 2022 feedback session with the Board. The Company Secretary then agreed an action plan with the Board for how to address these areas for improvement, also taking into account feedback the Company Secretary had sought and received from the Board during Q4 FY 2022, on the quality of Board information and meeting logistics.

Areas for improvement from these Board evaluations included:

Strategic focus	Following the focus in FY 2020 and FY 2021 on the Restructuring, the alleged breaches of human rights arising from security operations at the Williamson mine and disruption caused by the COVID-19 pandemic, the Board needs to continue to reposition itself to being more strategic in outlook.
Board strategy session	Whilst the Board's strategy session held in February 2022 was highly praised, there were various suggestions for how it could be improved further ahead of the Board's strategy session to be held in FY 2023.
Value proposition	Continued focus on and increasing awareness of Petra's value proposition, recognising that this was a key focus at the Investor Day that was held in February 2022.
Management access	Continuing to improve the Board's access to management, recognising how the easing of COVID-19 travel restrictions has already helped significantly with the Board being able to conduct site visits in October 2021 and May 2022, as outlined on page 81.
Increased NED engagements	Increasing the number of informal engagements between Non-executive Directors between Board and Committee meetings to enhance Board dynamics (which were assessed as being good) and contributions.
Board papers and agendas	Further ways in which Board and Committee papers and agendas can be further enhanced to support the Board's focus on strategic objectives and risk management were identified, whilst recognising improvements recently made to the papers and agendas, and through the new online Board portal.
Board training	Suggestions for Board training topics for FY 2023.

**Key Board and Board Committee activities in FY 2022**

CATEGORY	ACTIVITY	STAKEHOLDERS CONSIDERED
Strategic	<ul style="list-style-type: none"> ▶ Approved expansion projects at the Cullinan Mine and Finsch to extend their mine plans, involving capital expenditure of c.\$390 million and projected IRRs of over 30% ▶ Held strategy session in February 2022, which approved the approach to be taken in Petra's new Sustainability Framework, and focusing on maximising value from Petra's existing operations whilst pursuing a value-led growth strategy encompassing organic and inorganic opportunities ▶ Approved Framework Agreement and MoU for Williamson that, once completed, will see Petra reduce its exposure in Tanzania while retaining control and sharing in the upside ▶ Approved commencement of process for a responsible exit from Petra's investment in the Koffiefontein mine ▶ Approved the refinancing of Petra's First Lien debt facility ▶ Reviewed and approved KPIs to deliver strategy during the Year and assessed performance against KPIs on an ongoing basis ▶ Received presentations from the Company's advisers on strategic options 	Shareholders, Financial Stakeholders, Host Governments, Employees, Unions, Local Communities, Suppliers
Operations	<ul style="list-style-type: none"> ▶ Received reports at every Board meeting from the CEO on operational performance, including on mining, processing, security (including security operations at the Williamson Mine), human resources and community relations ▶ Received reports at every Board meeting from the CEO on the performance of Project 2022 ▶ Received updates on the progress of the Business Re-engineering Projects at the Finsch and Koffiefontein Mines ▶ Received updates on the progress of the expansion projects at the Cullinan Mine and Finsch after their approval by the Board ▶ Conducted operational site visits at the Cullinan Mine and Finsch in October 2021 (involving subset of the Board) and May 2022 (involving full Board) and at the Williamson Mine in May 2022 (involving subset of the Board) 	Shareholders, Financial Stakeholders, Regulators, Employees, Unions, Local Communities, Suppliers
Health and Safety	<ul style="list-style-type: none"> ▶ Received reports at every Board meeting from the CEO and the Chair of the HSE Committee on Health and Safety performance across the Group, including the management of COVID-19 infections and the roll-out of vaccinations ▶ Approved a new Tailings Management Policy that aligns with the Global Industry Standard on Tailings Management (GISTM) and that will provide a roadmap for Petra to achieve compliance with the GISTM by FY 2023 	Employees, Local Communities, Regulators
Finance, reporting and risk management	<ul style="list-style-type: none"> ▶ Approved the Group's preliminary results for FY 2021, interim results for H1 FY 2022 and trading updates for FY 2022 ▶ Approved the FY 2021 Annual Report ▶ Reviewed and approved the Group's FY 2023 budget ▶ Received reports at every Board meeting from the CFO regarding the Group's financial performance and on the diamond market ▶ Reviewed the Group's internal audit findings and principal risks on a quarterly basis ▶ Received regular reports from the Chair of the Audit and Risk Committee 	Shareholders, Financial Stakeholders, Host Governments, Regulators, NGOs



Corporate Governance Statement continued

Key Board and Board Committee activities in FY 2022 continued

CATEGORY	ACTIVITY	STAKEHOLDERS CONSIDERED
Governance	<ul style="list-style-type: none"> ▶ Approved the appointment of Jon Dudas to the Board ▶ Engaged with significant shareholders ▶ Conducted external evaluation of Board's performance and internal evaluation of Board information and meeting logistics ▶ Approved a share consolidation of one new share for every 50 existing shares in issue which was approved by the shareholders at Petra's AGM in November 2021 ▶ Approved a shareholder circular in which Directors recommended the approval of the Framework Agreement (see above) that constituted a related party transaction for the purposes of the UK Listing Rules ▶ Reviewed succession plans for Board and Senior Management and approved principle relating to length of service for iNEDs ▶ Approved awards under the PSP to Executive Directors and employees, and annual bonuses and salary increases for Executive Directors ▶ Approved a new Disclosure Policy and amended Share Dealing Code ▶ Reviewed and updated Terms of Reference for the Audit and Risk, Remuneration and Nomination Committees ▶ Reviewed Directors' independence and conflicts of interest 	Shareholders, Employees, Host Governments, Regulators, NGOs
Sustainability	<ul style="list-style-type: none"> ▶ Approved the FY 2021 ESG & Sustainability Report ▶ Approved the approach to be taken in Petra's new Sustainability Framework ▶ Received regular reports from the Chairs of the HSE and SED Committees, including in relation to the IGM and Restorative Justice Projects at Williamson ▶ Approved revisions to its Human Rights Policy Statement to include protections for human rights defenders and to reflect a new Human Rights Defenders Procedure that has been adopted ▶ Adoption and implementation of a new Stakeholder Management Policy which simplifies and clarifies Petra's stakeholder engagement processes ▶ Visited community projects near the Finsch and Williamson Mines during site visits in October 2021 and May 2022 	Local Communities, Employees, Host Governments, Regulators, NGOs, Shareholders
Culture	<ul style="list-style-type: none"> ▶ Approved a revised Code of Ethical Conduct and new and updated anti-bribery and whistleblowing policies ▶ Received regular briefings on employee and community relations ▶ Received regular reports from the Chair of the SED Committee ▶ Considered Octavia Matloa's employee engagement report for her CDM meetings in March 2022 ▶ Met with Women in Mining groups on the site visits to the Cullinan Mine and Finsch in May 2022 	Employees, Local Communities, Shareholders, Host Government, NGOs



Investor Relations strategy

Investor relations calendar for FY 2022

July 2021	FY 2021 Trading Update	Publication and conference calls
September	FY 2021 Preliminary Results Participation in EM credit conference	Publication and conference calls Virtual
October	2021 Annual & ESG and Sustainability Reports Q1 FY 2022 Trading Update	Publication Publication and conference calls
November	Annual General Meeting Participation in diamond industry investor conference	Physical Virtual
December	Sales Results for Tender 3 of FY 2022	Publication
January 2022	H1 FY 2022 Trading Update	Publication and webcast
February	Special General Meeting H1 FY 2021 Interim Results Investor roadshow Participation in industry investor conference, Miami Participation in high yield conference, Miami	Physical meeting & proxy voting Publication, Investor Day and webcast Virtual Investor one-on-one meetings Physical Physical
March	Sales Results for Tender 4 of FY 2022 Analyst lunch	Publication Physical
April	Q3 FY 2022 Trading Update	Publication and conference calls
May	Sales Results for Tender 5 of FY 2022 Cullinan Mine site visit for analysts and investors Participation in industry investor conference, Cape Town	Publication Physical Physical
June	Investor roadshow, London Participation in ESG EM investor conference Sales Results for Tender 6 of FY 2022	Physical Virtual conference Publication

The purpose of Investor Relations (IR) is to improve Petra's access to, and reduce the cost of, capital in support of Petra's overall strategy. Our IR strategy is to rebuild trust in Petra's business model, strategy, sustainability credentials and financial performance. To achieve this, the IR programme informs the market on our business and the diamond market through effective use of communication channels to investors, most importantly research analysts, and proactively engaging with potential and existing shareholders.

Our approach is to report with a high level of transparency on our historical, current and future operations, ensure consistent information and messages across a number of communication channels, and to be clear in explaining Petra's investment narrative. We welcome and enable an open dialogue with shareholders and other financial stakeholders, thereby ensuring that their objectives, expectations and views of Petra's strategy and performance are understood and reported internally including to the Board which places a high emphasis on shareholder engagement.

Petra's corporate website (<https://www.petradiamonds.com>), provides investors with information to aid their investment decisions, as well as meeting our regulatory compliance requirements. We also provide a wide range of information to assist other stakeholders and our Sustainability Report (in addition to the Annual Report), is available on the website. The website is regularly reviewed and updated with new information.

Recognising the growing importance of social media, both in terms of news dissemination and in providing an alternative communications channel to stakeholders, Petra continues to develop its presence through its LinkedIn and Twitter channels. The Company also publishes updates focused primarily on employee and other local community stakeholders on Facebook and Instagram.

Petra has a dedicated in-house IR and corporate communications team based in London to ensure that investor queries or concerns are dealt with effectively and in a timely manner and to provide feedback to management and the Board on shareholder and analyst communication. An IR report covering Petra's trading relative to its peers, investor feedback, analyst forecasts, share register movements, bond performance, and an overview of IR activity is distributed to the Board monthly, with a presentation made at regular Board meetings.

Corporate Governance Statement continued

IR strategy continued

As part of Petra's proactive approach to shareholder engagement, the CEO, CFO and IR team hold regular meetings, either scheduled or ad-hoc, in person or via telephone with shareholders, bondholders and potential investors. Regular meetings are also arranged with research analysts and brokers' sales teams. We plan four annual roadshows, two of which coincide with the publication of Petra's interim and year end results and, in addition, we attend investor conferences. We hold live webcasts to present quarterly trading updates and twice-yearly results and to allow financial market participants opportunities to question Petra's CEO and CFO. These recordings then remain available to access on our website.

petradiamonds.com/investors/financial-events-calendar/

In addition, the Chair is available to meet with shareholders as required and the iNEDs are normally provided with opportunities to meet with shareholders throughout the Year. Petra's Senior Independent Director is available to shareholders to address concerns that contact with the Chair, CEO or CFO failed to resolve, or for which such contact was inappropriate.

As part of the Company's commitment to ensuring effective shareholder communications, the Chair and Senior Independent Director normally carry out a governance roadshow every two years. This did not occur in FY 2021 due to COVID-19 restrictions, but took place in October 2021 with meetings being held with approximately 55% of shareholders.

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

FY 2022 investor engagement

During FY 2022, the Company's Senior Management and corporate communications team held nearly 250 meetings with investors and analysts during five investor conferences in the US, UK and South Africa (one of which was ESG focused), three roadshows and dedicated events with included an investor day, an analyst lunch, and a site visit to the Cullinan Mine. During FY 2022, the Company also began disclosing its tender results via press release, so as to allow greater visibility on pricing, sales volumes and demand conditions for rough diamonds.

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

- ▶ Petra's operational performance, particularly with regards to tunnel convergence at the Cullinan Mine and progress with waste ingress at the Finsch Mine
 - 📖 [Read more on pages 48 to 53](#)
- ▶ Petra's business efficiency programme, Project 2022, and its ability to meet its targets
- ▶ Petra's balance sheet and intentions to reduce debt, along with the possible timing of a Restructuring of its loan notes
- ▶ capital structure and issues such as overhang and liquidity caused by bondholders owning a large portion of the Company's equity
- ▶ ability to generate free cashflow over the next few years given a step-up in capital expenditure from FY 2023 following the approval of extension projects at the Cullinan and Finsch Mines
- ▶ Petra's ability to reduce reliance on Eskom as an electricity provider, including the potential to reduce GHG emissions by switching to solar power
 - 📖 [Read more on page 27](#)
- ▶ the large contribution to revenues from exceptional stones from the C-Cut at the Cullinan Mine in FY 2022 and how this will change as mining progresses towards the CC1E section
- ▶ high inflation rates and the impact on Petra's costs, and ways to mitigate these cost increases
 - 📖 [Read more on pages 61 to 64](#)
- ▶ diamond pricing and the trends the Company is seeing for its product mix, as well as the specific impact of sanctions on Russian diamonds
 - 📖 [Read more on pages 22 to 25](#)
- ▶ lab-grown gem diamonds and how these affect the market for natural diamonds
 - 📖 [Read more on page 25](#)

Reporting

Petra's objective with regards to external reporting (via its Annual Report and Sustainability Report and supported by its website) is to provide a high level of transparency 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 ESG and sustainability, having produced detailed standalone Sustainability Reports for the last ten years.

Investor and analyst Cullinan Mine site visit, May 2022





Annual General Meeting (AGM)

The FY 2021 AGM was held at the offices of Ashurst LLP, London Fruit and Wool Exchange, 1 Duval Square, London at 9am on 19 November 2021.

Results of our FY 2021 AGM

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.

		Total votes for (as a % of votes cast)	Total votes against (as a % of votes cast)	Votes withheld (as a % of total shares with voting rights)	Total number of votes withheld
1	Statutory accounts	99.99	0.01	0.01	307,053
2	Approve Directors' Remuneration Report	95.11	4.89	0.01	307,053
3	Re-appointment of BDO LLP as auditors	99.99	0.01	0.01	307,053
4	Authority to fix the remuneration of the auditors	99.99	0.01	0.01	307,053
5	Re-election of Mr Hill	96.38	3.62	0.01	307,053
6	Re-election of Mr Duffy	96.38	3.62	0.01	307,053
7	Re-election of Mr Breytenbach	99.99	0.01	0.01	307,053
8	Re-election of Ms Shine	99.99	0.01	0.01	307,053
9	Re-election of Ms Matloa	99.99	0.01	0.01	307,053
10	Re-election of Mr Pryor	99.99	0.01	0.01	307,053
11	Election of Mr Glowasky	99.99	0.01	0.01	307,053
12	Election of Ms Gudgeon	99.99	0.01	0.01	307,053
13	Election of Ms Watson	99.99	0.01	0.01	307,053
14	Election of Mr Bhatt	99.99	0.01	0.01	307,053
15	Approval of share consolidation	99.99	0.01	0.01	307,053
16	Approval of increase in authorised capital	99.99	0.01	0.01	307,053
17	Authority to allot relevant securities	99.99	0.01	0.01	307,053
18	Approval of the 2021 PSP	99.99	0.01	0.01	307,053
19	Disapplication of pre-emption provisions	93.68	6.32	0.01	307,053



Report of the Audit and Risk Committee



Members of the Audit and Risk Committee

Deborah Gudgeon (Chair), iNED

Gordon Hamilton, iNED¹

Varda Shine, iNED

Octavia Matloa, iNED

Bernard Pryor, iNED

Jon Dudas, iNED²

1. Mr Hamilton was a member of the Audit and Risk Committee until the conclusion of the FY 2021 AGM on 19 November 2021 when he retired from the Board. Ms Gudgeon assumed the role of Chair of the Audit and Risk Committee from 1 November 2021.

2. Mr Dudas was appointed to the Board and the Committee with effect from 1 March 2022.



The Committee plays a vital role at Petra by ensuring that the Group has effective and appropriate risk management and internal control systems, backed up by comprehensive financial, governance, Internal Audit and reporting functions.

Deborah Gudgeon
Chair of the Audit and Risk Committee

The Audit and Risk Committee (the Committee) continued to focus on its key responsibilities as set out in its Terms of Reference during FY 2022. In particular:

- ▶ Ensuring the integrity of the Group's interim and annual financial reporting including compliance with financial reporting standards and governance requirements, the material areas where significant accounting judgements have been made, the critical accounting policies and substance, consistency and fairness of management estimates, the clarity of disclosures and whether the Annual Report, taken as a whole is fair, balanced and understandable
- ▶ Overseeing and monitoring the Group's internal control framework and enterprise-wide risk management structure including the development and implementation of the new ERM and Combined Assurance Plan
- ▶ Ongoing consideration of controls systems to ensure they remain effective, relevant and appropriate to the business and the associated risks thereto
- ▶ Monitoring the ongoing effectiveness and independence of the external auditors as well as making recommendations to the Board on the re-appointment of the external auditors

Dear shareholder,

The Committee plays a vital role at Petra by ensuring that the Group has effective and appropriate risk management and internal control systems, backed up by comprehensive financial, governance, Internal Audit and reporting functions. As Chair 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.

The following issues are deemed to be significant and were considered by the Committee in respect of the Group's FY 2022 Financial Statements, based upon its interaction with both Management and the external auditors during the Year:

- ▶ The Group's capital structure, First Lien debt facilities refinancing, banking covenants, tender offer to Noteholders, going concern and the Viability Statement
- ▶ Reviewing LOM estimates and key assumptions leading to impairments
- ▶ Williamson accounting treatment under IFRS 10 and impairment reversal considerations as a result of entering into the Framework Agreement with the Government of Tanzania and the Memorandum of Understanding (MoU) with Caspian Limited to sell 50% less one share in the entity through which Petra holds its stake in WDL
- ▶ Tanzanian legislative environment and the impact on the Blocked Diamond Parcel and recovery of VAT receivables
- ▶ Grievances at Williamson further to the settlement agreement entered into between Petra and Leigh Day in May 2021
- ▶ The accounting treatment of Koffiefontein under IFRS 5 given that during the Year the Board approved a plan to commence a sales process for Koffiefontein

For further detail on the significant issues mentioned above, see pages 94 to 97.



Audit and Risk Committee Terms of Reference
[petradiamonds.com/about-us/
corporate-governance/board-committees](https://petradiamonds.com/about-us/corporate-governance/board-committees)



The Committee's responsibility towards risk management

The Committee continued to execute its risk management oversight responsibilities ensuring that both operational and corporate level risk reviews were both carried out and appropriately reported on during the Year. In addition, the Committee had oversight of the Risk, Assurance and Compliance function which completed a comprehensive review of the Company's Enterprise Risk Management and Combined Assurance frameworks and which has resulted in a number of improvements being identified which are primarily focused on simplifying risk management processes at Petra. The Company also performed an ethics and compliance risk assessment which also identified a number of improvements. The improvements from the risk management review are in the process of being implemented as part of a risk improvement project and the improvements from the ethics and compliance risk assessment are in the process of being implemented as part of an Ethics & Compliance programme, with further details of both set out on page 65.

The risk review process at Petra was modified in FY 2022 as part of this risk improvement project and comprised an enterprise-wide, 'top-down', 'bottom-up' and 'cross-functional' approach and aggregation process leading ultimately to the identification of the Group's principal risks on pages 101 to 111. This process has led to the identification of an additional five principal risks, being Safety, Environment, Climate Change, Supply Chain Governance and Capital Projects, further details of which are set out on pages 108 to 111. More details on the Company's approach to risk management can be found on pages 65 to 70.

Committee composition

On 1 November 2021, Gordon Hamilton stepped down from his role as Chair of the Committee and I assumed that role. With effect from the conclusion of the AGM on 19 November 2021, Gordon retired from the Board and as a member of the Committee. I would like to thank Gordon for his exceptional contribution to Petra and the Committee over the years. On 1 March 2022, we welcomed Jon Dudas to the Board and as a member of the Committee. Jon has broad experience across the mining and resources sectors, in operations, general management, finance and strategy, and has held Board positions with major companies and his background and experience will therefore be greatly relevant to Petra and the Committee.



Deborah Gudgeon
Audit and Risk Committee Chair
10 October 2022

Committee experience and skill-set

The members of the Audit and Risk Committee are considered to possess the appropriate skills and experience to monitor and ensure the integrity of the Group's financial reporting, Internal Audit, internal financial control and risk management systems and to support Petra's governance.

Ms Gudgeon, who succeeded Mr Hamilton on 1 November 2021 as Committee Chair, joined the Committee on 1 July 2021 and she fulfils the requirements of the Code with regards to the required level of financial and audit experience. Ms Gudgeon qualified as a chartered accountant with PwC before going on to hold a range of roles at Deloitte, BDO and within a number of listed mining companies. More recently, she has extensive experience as a non-executive director and chair of the audit committees of Highland Gold Mining Limited, Acacia Mining plc and Evraz plc.

In terms of the other Committee members, and in line with updated FRC Guidance, Ms Matloa is a qualified Chartered Accountant and registered auditor who brings relevant business and audit experience as she has audit committee experience for other organisations in South Africa. Mr Pryor is a metallurgical engineer with 35 years of experience in the international mining industry. Ms Shine, brings deep knowledge of the diamond industry, as well as significant experience in the South African and UK corporate environments. Mr Dudas, who joined the Committee on 1 March 2022, has broad experience across the mining and resources sectors, in operations, general management, finance and strategy, and has held Board positions with major companies.

New members of the Audit and Risk Committee receive the required induction to ensure they are properly equipped to discharge their duties; this includes the standard Board induction process (as set out on page 83), as well as information specific to the Committee such as its Terms of Reference, Internal Audit Charter, previous internal and external auditor reports, Committee meeting minutes and past Committee papers. 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 2022.

Report of the Audit and Risk Committee continued

Committee meetings

Four meetings were held in FY 2022 and the Committee invited the Group Chair, the Executive Directors, members of Senior Management (including other Executive members, the Group Risk, Assurance & Compliance Manager and the Group Security Manager) and the Group Internal Audit Manager to attend these meetings, as appropriate. In addition, the Chair of the Committee met separately with the BDO LLP Audit Partner regularly without Management present to discuss significant audit and accounting matters, together with relevant financial reporting and governance developments. Committee members also met with the auditors without the Executive Directors.

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.

Ms Gudgeon, as Chair 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, Ms Gudgeon regularly met with the CFO, the Group Internal Audit Manager as well as the Group Risk, Assurance & Compliance Manager in order to discuss and monitor the financial controls, audit and risk management activities of the Group on a timely basis.

Site visits to the Group's various operations were arranged for Committee members during the Year. For further detail on this, see page 81. Other informal discussions enabled the Committee and the Chair of the Committee to maintain a comprehensive understanding of corporate and finance developments and activities and any associated risks, as well as the operational risks and issues and controls in place at Petra.

Committee role and activities

The principal functions of the Audit and Risk Committee are listed below, along with the corresponding activity and performance in FY 2022.

SUMMARY OF ROLE	ACTIVITIES IN FY 2022	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.	<p>The Committee formally considered the Group's interim results, preliminary full year results and FY 2022 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 includes a detailed appraisal by each member. The Committee then met with the Executive Directors to discuss any questions and comments.</p> <p>In particular, the Committee assessed the balance of information reported against its 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.</p> <p>Outside of formal Committee meetings, accounting matters were also discussed by the Chair of the Committee and the CFO. 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.</p>	<p>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.</p>
To review and challenge, where necessary, application of 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.	<p>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.</p> <p>Details of the significant matters considered by the Committee in respect of the FY 2022 Annual Report are set out on pages 94 to 97.</p>	<p>The Committee considers that 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.</p>
To review the effectiveness of Petra's risk management systems, internal financial controls and other internal controls.	<p>The Committee assesses the Company's risk management systems, internal controls and internal financial controls on an ongoing basis. As part of this, the Committee invites the Executive Directors, other Executive members, the Group Internal Audit Manager, the Group Risk, Assurance & Compliance Manager and Group Security Manager and other members of the Senior Management team to attend the meetings as appropriate.</p> <p>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 an assessment of risk and internal controls.</p> <p>The Committee meetings during FY 2022 included presentations by BDO LLP regarding the results of the FY 2021 audit, the interim review for H1 FY 2022 and the FY 2022 Audit and Risk Committee Planning Report, with a presentation by BDO LLP of the results of the FY 2022 audit subsequent to the 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.</p>	<p>The Committee considers that Petra's internal controls, including its internal financial controls, continue to be robust and defensible.</p> <p>The Committee will continue to review and assess the development of risk management and internal control systems, assisted by the work of the Internal Audit team and the Risk, Assurance & Compliance function.</p>



SUMMARY OF ROLE	ACTIVITIES IN FY 2022	OUTCOMES
<p>To monitor and review the effectiveness of the Internal Audit function, review and approve the Internal Audit Plan, review and recommend the Internal Audit Charter to the Board for approval and ensure the Internal Audit function is adequately resourced.</p>	<p>On a quarterly basis, the Committee receives internal audit reports detailing any significant findings, progress on the resolution of outstanding findings and progress against the Internal Audit Plan approved by the Committee. The Internal Audit Charter was updated and reviewed by the Committee and recommended to the Board for approval, having been approved by the Board in FY 2019. The Committee continued to assess the effectiveness, independence, resourcing and quality of Internal Audit during the Year and a formal assessment by the Committee of the effectiveness of Internal Audit will be performed in FY 2023. A peer review of the Internal Audit function is also scheduled for FY 2023 and it is currently intended to carry out an independent quality review of the Internal Audit function in FY 2024.</p>	<p>The Group Internal Audit Manager and Group Risk, Assurance & Compliance Manager, and supporting teams, will continue to work with the Committee to ensure the integrity and effectiveness of the Group's internal control procedures and risk management systems.</p>
<p>To consider and recommend to the Board the appointment, re-appointment or removal of the external auditors, to recommend their remuneration (whether audit or non-audit fees) and approve their terms of engagement and to assess the external auditors' independence and objectivity.</p> <p>To review the engagement of the external auditors to ensure the provision of non-audit services by the external audit firm does not impair their independence or objectivity.</p>	<p>In advance of the FY 2022 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.</p> <p>The Committee approved the audit fee as part of the audit planning process. The Committee also reviewed audit-related fees incurred in relation to the interim review and agreed upon procedures over the Company's Sustainability Report, assessed the extent of such non-audit fees and the possible impact on the external auditors' independence and confirmed that such non-audit fees are in compliance with the FRC's Revised Ethical Standard 2019. For further detail related to audit and non-audit fees refer to pages 97 to 98 under the section headed "External Auditors".</p> <p>The Committee considered and updated the Group's policy on non-audit fees, the level of challenge provided to management and the safeguards in place to protect their independence. Having considered all these matters, the Committee ascertained that BDO LLP continue to be independent and approved the services.</p>	<p>The Committee has taken appropriate steps to assess the independence of its auditors, recognising the importance of audit independence to the audit process.</p> <p>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.</p>
<p>To review the effectiveness of the Company's whistleblowing system, its fraud detection procedures and the systems and controls in place for bribery prevention.</p>	<p>As part of the Committee's oversight of risk management, an ethics and compliance risk assessment was performed by an external consultant in FY 2022, that resulted in the Committee reviewing the adequacy of the various policies and systems in place across the Group that cover the whistleblowing system and the systems and controls in place for bribery prevention.</p> <p>This ethics and compliance risk assessment identified various areas for improvement that are being addressed through the implementation of an Ethics and Compliance Programme. This has resulted in, amongst other things, the Group's Code of Ethical Conduct and whistleblowing procedure being reviewed and updated and various new anti-bribery policies and procedures being adopted during the Year, with the roll-out and implementation of such updated and amended policies to begin shortly. For more details, see pages 31 and 32 of the Sustainability Report. The independent, external whistleblowing and fraud hotline remains in place and continues to be offered to all employees as well as other stakeholders.</p>	<p>In FY 2022, Petra received 43 reports involving alleged irregularities considered necessary to investigate, relating mostly to fraud, involving recruitment scams, procurement irregularities, non-compliance of procedures, theft and corruption. The SED Committee was provided with quarterly overviews of these reports and investigations into them, focusing on the most material reports. Of the 43 reports in total under review, 36 were resolved and closed, with most of these found to be unsubstantiated, and appropriate actions instituted where warranted. Seven remain under investigation. Further information is included in the Sustainability Report on page 32.</p>



Report of the Audit and Risk Committee continued

Significant issues considered by the Committee in FY 2022

The following are considered by the Committee to be the significant issues that were 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. These issues align with those disclosed in the Independent Auditors' Report on pages 139 to 145.

The Committee considered a number of key areas warranting specific focus, in particular going concern and viability, the accounting treatment of Williamson and the impairment of goodwill and non-current assets. The Committee assessed that all matters were adequately covered during the FY 2022 external audit.

SIGNIFICANT MATTERS CONSIDERED

OUR RESPONSE TO THESE MATTERS

Capital structure, tender offer to Noteholders, going concern, debt Restructuring, banking covenants and viability statement

Notwithstanding the positive cash generated by the Company and refinancing of the First Lien debt facilities, the Committee continued to focus on going concern, liquidity and covenant compliance coupled with facility availability, taking into account the tender offer to bondholders.

Management's base case forecasts as at the date of this report indicate that the Group will maintain sufficient liquidity and operate within its covenants across the period to 31 December 2023. However, the Group's forecasts under a worst case combined sensitivity, shows a covenant breach of the interest cover ratio in December 2023. While the interest cover ratio is projected to be breached in this combined sensitivity, both the Net Debt:EBITDA covenant and the liquidity covenant do not show breaches, the First Lien facility remains undrawn under the worst case sensitivity scenario; however, if any covenant breach occurs there are sufficient funds available to settle any amount drawn on the First Lien debt facility.

Management forecasts to FY 2026 contained within the viability statement indicate on a base case scenario that there will be a part-settlement of the US\$336 million loan notes due in 2026 (the Loan Notes).

The Committee members critically reviewed the forecast cashflow and banking covenant models presented by Management against forecast Group liquidity requirements and required covenant ratios in relation to the new First Lien debt facility, carried out a detailed and robust review of the sensitivity of the cashflow to a sustained decline in rough diamond prices of 10%, a sustained 10% strengthening in the forecast South African exchange rate against the US Dollar, an increase in operating costs and operational disruption at the South African mines.

The Committee also reviewed the assumption pertaining to the annual contribution from the sale of Exceptional Stones. Exceptional Stones are those stones which are sold for more than US\$5.0 million each. The Committee reviewed the historical trends and based on the review considered the reduction in revenue of US\$15.0 million from Exceptional Stones to be an appropriate sensitivity.

The Committee members considered the results under the base case scenario, noting the continued availability of the First Lien debt facility as it remained undrawn. The Committee noted the forecasts indicate that the Company will be able to operate within covenants set out in accordance with the revised First Lien agreements and maintain sufficient liquidity.

The Committee noted that the First Lien liquidity and covenant measurements exclude contributions from Williamson's trading results and only recognises cash distributions payable to the Group upon forecasted receipt, or Petra's funding obligations towards Williamson upon payment.

The results of the stress testing indicated that in the event of a combination of all tested scenarios, the interest cover ratio covenant associated with the First Lien debt facility is breached in December 2023. No breach is projected on an individual stress test basis. The Committee noted that at the time of any covenant breach in December 2023 resulting from a combination of all test scenarios, projected cash balances exceed outstanding debt under the First Lien debt facility, and if a balance existed on the facility the Group would be in a position to settle the outstanding facility amount prior to the breach occurring and maintain adequate liquidity. The forecasts indicate that under the sensitivity scenarios, the Group is not reliant on the First Lien debt facility.

Having considered the cashflow forecast, risks and sensitivity analysis, the Committee was satisfied with Management's forecast and judgement that the going concern basis of preparation remained appropriate.

The Committee reviewed the assumptions in the viability base case, as well as individual stress tested scenarios, considering the expected remaining LOMs of the Cullinan, Koffiefontein and Finsch Mines, Williamson's cash distributions payable to the Group under the economic benefit sharing principle, as disclosed, under the FWA, coupled with expected levels of cashflow generation available to proceed with the tender offer to Noteholders and the settlement of the Loan Notes. The Committee reviewed the stretched downside scenario, which incorporates a combination of production disruptions, price and foreign exchange stressors, noting that liquidity is projected to be tight limiting capital repayment of the existing Loan Notes in March 2026. In such a downside scenario, given the Group's positive cashflow generation during FY2022, improved trading results and the current tender offer, the Noteholders at the time are anticipated to view a refinancing of the notes in a favourable manner, subject to the terms and conditions of such a refinance. Should this not be the case, the Company may resort to an equity raise or asset sales should a refinancing be unsuccessful. A successful equity raise would be dependent upon feasibility studies that support accessing the deeper levels of the orebodies at both the Cullinan and Finsch Mines and extending the LOMs beyond 2030.

Having considered the assumptions and projections of the Group's viability for the four-year period to FY 2026 and the possibility of an equity raise in the future, the Committee was satisfied that it has a reasonable expectation that the Group will be able to continue to operate and meet its liabilities as they fall due over the review period.

The Committee also considered the impact of the sales results for the first tender of FY 2023 and the tender offer in relation to the Company's Second Lien Notes (which has resulted in a reduction of gross debt of at least US\$ 144 million) in forming its judgement around going concern and viability.

The Committee assessed the disclosures in the FY 2022 Annual Report and Financial Statements in respect of going concern, viability and covenant compliance and concluded that they were appropriate. Refer to note 1.1 on pages 151 to 152 for further details.



SIGNIFICANT MATTERS CONSIDERED

OUR RESPONSE TO THESE MATTERS

Carrying value of mining assets

The carrying values of the mining assets at all of the operations were key focus areas for the Committee in FY 2022 given the recovery in the diamond market and its sustainability, the current global economic environment and volatility in the ZAR/US Dollar exchange rate.

At Koffiefontein, impairment indicators were identified and an impairment charge of US\$0.3 million was recognised.

No impairment indicators were identified at the Cullinan and Finsch Mines and no reversal of previous impairments were deemed appropriate.

An impairment reversal of US\$21.4 million relating to Williamson previously recognised under IFRS 5 was recognised and is discussed below.

The impairment tests include significant estimates and judgements and therefore represented a key focus for the Committee, as covered in note 7 on pages 157 to 160.

The current market conditions in the global rough diamond market, as well as volatility of and variability in product mix are all factors impacting the rough diamond prices achieved by Petra during the Year. These factors and the impact of rising inflation concerns leading up to Year end, were all key indicators to be considered by the Committee in assessing the carrying value of the mining assets.

The Committee critically reviewed the key assumptions and parameters (diamond price forecasts versus historical pricing trends, foreign exchange rates against current and forward rates, and the basis for production, cost forecasts and the determination of the discount rate) in the LOM plans for the Cullinan, Finsch, Koffiefontein and Williamson Mines that supported the impairment tests performed by Management.

The Committee also noted Management's assumption for the Cullinan Mine to increase the annual contribution from Exceptional Stones to revenue from US\$25.0 million to US\$35.0 million. The Committee considered the average annual contribution from Exceptional Stones during the previous 3 year, 5 year and 13 year periods and concurred with Management's assumption.

In addition, the Committee reviewed, for all the operations, the sensitivity analysis performed by Management on key parameters of potential impairments or impairment reversals under various scenarios. The Committee has also reviewed the assumptions around pricing, the inflation increase percentage applied in the short-term and the assumptions that inflation rates will normalise over the longer-term. Analyst reports, media sources and public statements from other diamond companies were also critical to the Committee's review of the impairment models.

The changes to the underlying operational plans, costs and capital expenditure assumptions did not materially change the valuation of these assets compared to earlier reviews of this nature and thus did not indicate any impairment on a standalone basis. The revised Koffiefontein mining plan with reduced capex resulting in a shorter remaining LOM assumption is still appropriate. Koffiefontein operational assets' carrying values were partially impaired to reflect the latest assessment of their recoverable value.

The Committee further reviewed the relevant disclosure in the Financial Statements to ensure compliance with reporting standards.

Williamson accounting treatment and impairment reversal considerations

The carrying values of the mining assets at Williamson and the accounting treatment was a key focus area for the Committee in FY 2022 on the back of the signing of an MoU with Caspian Limited.

Williamson was re-consolidated into the results of the Group as it no longer met the criteria as an asset held for sale under IFRS 5 as a result of the MoU with Caspian and the Group retaining control of Williamson.

At Williamson, a Group level impairment charge relating to Williamson, previously recognised under IFRS 5, of US\$21.4 million was reversed as Williamson is no longer considered an asset held for sale as Williamson met the control criteria under IFRS 10.

The impairment tests include significant estimates and judgements and therefore represented a key focus for the Committee, as covered in note 34 on pages 201 to 202.

Given the signing of the MoU with Caspian, the Committee critically reviewed the key criteria required under IFRS 5 to consider if Williamson still met the criteria to be classified as an asset held for sale. The Committee also critically reviewed the key control criteria required under IFRS 10 for Williamson to be re-consolidated into the Group results. For Williamson to meet the IFRS 10 control criteria, all of the following criteria have been met: Management must have power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns.

The Committee reviewed the terms and conditions within the MoU, noting that the Group will retain control of the WDL board and its intermediate holding company through the majority appointment of directors thus controlling the strategy and decisions of WDL. The Committee was satisfied that Williamson met the criteria under IFRS 10. The Committee also reviewed the assumptions around the impairment reversal in respect of the Williamson assets. Under IFRS 10, the Group is required to assess the carrying values and the recoverable amount (fair value less costs to sell) under IAS 36 Impairment of assets. The Committee reviewed the carrying value of the Williamson assets and challenged Management's assumptions and judgement around the fair value used to calculate the write down. The Committee also considered the current status of the MoU conditions precedent and the latest LOM plan.

Based on its enquiries and assessment the Committee was of the opinion that the Williamson operation met the criteria under IFRS 10 to be re-consolidated into the results of the Group and that the determination of the recoverable amount was appropriate. The Committee further reviewed the relevant disclosure in the Financial Statements to ensure compliance with reporting standards.



Report of the Audit and Risk Committee continued

Significant issues considered by the Committee in FY 2022 continued

SIGNIFICANT MATTERS CONSIDERED	OUR RESPONSE TO THESE MATTERS
<h4>Tanzanian legislative environment</h4>	
<p>At Williamson, ongoing risks arising from legislative changes and political uncertainties, alongside the remaining uncertainty around the recovery of VAT receivables and the blocked diamond parcel (due for export in FY 2018) continued to represent a significant area of focus for the Committee in FY 2022.</p>	<p>The Committee reviewed the FWA, updates to legislative changes, reviewed associated commentary from legal bodies and discussed with Management and the Company's legal counsel the potential impact of the legislative changes on the Williamson LOM plan and impairment test. Consideration of the MoU with Caspian Limited was also taken into account.</p> <p>During FY 2018, an investigation into the Tanzanian diamond sector by a parliamentary committee in Tanzania was undertaken to determine if diamond royalty payments were being understated. In connection with this, Petra announced on 11 September 2017 that a parcel of diamonds (71,654.45 carats) from the Williamson mine had been blocked for export to Petra's marketing office in Antwerp (the Blocked Parcel).</p> <p>The assessment of the recoverability of the Blocked Parcel required significant judgement. In making such a judgement, the Committee considered the Group's ongoing discussions with the Government of Tanzania, verbal confirmation that the Government of Tanzania still holds the diamond parcel in the course of the ongoing discussions held with the Government of Tanzania, an assessment of the internal process used for the sale and export of diamonds confirming such process is in full compliance with legislation in Tanzania and the Kimberley Process, and legal advice received in prior periods from the Group's external in-country attorneys which supports the Group's position.</p> <p>The Committee also received confirmation that all subsequent parcels of diamonds have been exported from Tanzania for eventual sale at the Company's marketing office in Antwerp. The FWA refers to the Blocked Parcel as the "Government Diamond Parcel" and states that the proceeds from the sale of the Blocked Parcel will flow to Williamson. While a resolution has not yet been reached with regards to the sale mechanism of the Blocked Parcel based on the above judgements and assessment thereof, the Committee agrees with Management's assessment that the Blocked Parcel will be released by Government of Tanzania and will be available for future sale.</p> <p>The Committee reviewed the VAT legislation amendment which now allows for VAT input credit to be claimed on the export of raw materials. The amendment became effective on 17 June 2020. The Committee considered the impact of this legislative change on the recovery of VAT receivables pre-July 2017 and VAT receivables post 1 July 2020. Further consideration was undertaken by the Committee of Management's assessment that the pre-July 2017 VAT is legally valid and remains recoverable by reviewing the historical in-country legal advice and confirming that no change to the legal opinion was implemented. The Committee also considered relevant wording in the FWA which states that upon satisfaction of the conditions precedent, Government of Tanzania shall pay Williamson the VAT amounts outstanding for the pre-July 2017 period, and if such amounts are not paid then they shall be offset against Government of Tanzania imposed charges until they are discharged. The Committee also noted that a total of US\$26.9 million in VAT relating to the July 2017-June 2020 period was written off during FY 2022, although there was no income statement impact given this amount was fully provided for in prior periods. No additional refunds relating to the Pre July 2017 and post June 2020 were received during the Year.</p> <p>The Committee considered Management's discounting provision based on Management's analysis of the expected timing of receipts and suggested risk adjusted discount rate.</p> <p>Additionally, the terms contained in the FWA, and ongoing discussions with Government of Tanzania were reviewed by the Committee.</p> <p>The Committee reviewed the relevant disclosure in the Financial Statements to ensure compliance with reporting standards and the provision of US\$6.0 million (FY 2021: US\$28.8 million) is appropriately disclosed under non-current assets in the Group's balance sheet at Year end.</p>
<h4>Grievances at Williamson</h4>	
<p>Further to the settlement agreement entered into between Petra and Leigh Day in May 2021, Petra is establishing an Independent Grievance Mechanism (IGM) to address historical allegations of human rights abuses at Williamson and while the IGM is being finalised, a mechanism has been set up to enable community members to register alleged historical human rights grievances. A significant amount of grievances have been registered to date and so this has required the Committee to consider the financial impact of the risks associated with such grievances and whether the raising of a provision is appropriate.</p>	<p>The Committee noted the number of grievances that had been registered with the IGM and noted that as the IGM is not yet operational, the IGM is unable to start investigating these grievances and it is therefore too early to evaluate the merits of these grievances.</p> <p>The Committee reviewed management's assumptions of not recognising a provision under IAS 37 (Provisions, contingent liabilities and contingent assets) at Year end for the registered grievances. In order for a provision to be recognised, there must be a present obligation from a past event, the outflow of economic benefits to satisfy the obligation must be more than 50% probable and the amount of the economic benefits required to satisfy the obligation must be reliably estimated.</p> <p>The Committee considered Management's approach, based on the information presented, to be appropriate and confirmed that a provision for the additional claims was not appropriate due to it not being possible to investigate the grievances until the IGM was operational, thus the requirements under IAS 37 were not met given the outflow of economic benefits was not probable and could not be reliably estimated. The Committee also confirmed that the disclosure in the Annual Report for compliance with reporting standards had been reviewed and considered appropriate.</p>



SIGNIFICANT MATTERS CONSIDERED

OUR RESPONSE TO THESE MATTERS

Accounting treatment of Koffiefontein

During the Year the Board approved a plan to commence a sales process for Koffiefontein, and an Information Memorandum was distributed to potential bidders. With the commencement of the sales process, the Committee had to assess the requirements under IFRS 5 as to whether Koffiefontein should be treated as an asset held for sale and to consider if the accounting treatment of Koffiefontein at Year end was appropriate.

The Committee critically reviewed the key criteria required under IFRS 5 to consider if Williamson still met the criteria to classify as an asset held for sale.

For Koffiefontein to meet the IFRS 5 criteria, all of the following criteria have to have been met: Management must have committed to a plan to sell; the operation must be available for sale; an active search for a buyer is in place; a transaction is highly probably within 12 months of classifying the asset as held for sale.

The Committee considered whether there was an active plan to sell Koffiefontein and locate a buyer, whether the operation was immediately available for sale and the timing of any potential sale, including whether a sale was likely within a 12 month period.

Whilst a sales process had commenced during the Year, the Committee noted that the sales process was in the early stages and the non-binding bids from potential bidders were only received during July 2022 (post Year end). Following discussions with Management, the Committee considered that at Year end there was significant uncertainty whether a successful sales transaction would be entered into and should a successful bidder not be found, Petra would continue to mine Koffiefontein responsibly while evaluating its other options.

The Committee agreed with Management's assessment that not all the requirements under IFRS 5 were met as the timings of any potential sale were uncertain and as at the Year end, Board had yet to approve any sale. Therefore it was concluded that Koffiefontein was not to be classified in the FY 2022 Annual Report as an asset held for sale. The accounting treatment for Koffiefontein in the Group accounts will be as a continuing operation.

The Committee considered Management's approach based on the information presented, to be appropriate and reviewed the disclosure in the FY 2022 Annual Report and Accounts for compliance with reporting standards.

It is also noted that the sales process that Petra announced during the Year has been unsuccessful in identifying a potential buyer and so Petra is now evaluating its other options and continues to operate the mine responsibly.

Each of these areas, also represented key audit matters or otherwise areas of audit focus for BDO LLP and, accordingly, the Committee was provided with detailed written and oral presentations by the audit 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.

External auditors

During the Year, the Committee fully considered the effectiveness, objectivity, skills, capacity and independence of BDO LLP 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 reviewed, giving consideration to recent FRC guidance on assessing audit quality. The Committee places considerable importance on the following attributes: African 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 and prior to the audit, the Committee considered the FRC's Audit Quality Review report on BDO LLP, received formal presentations regarding the proposed audit strategy, met separately with the Audit Partner without members of management present and the Chair met separately with the Audit Partner to discuss the audit strategy in detail, with the Chair reporting back to the Committee after doing so. 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, met separately with the Committee without members of management present and met separately with the Committee Chair to discuss key audit judgements and estimates, with the Chair reporting back to the Committee after doing so. 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 its 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 for FY 2022 by the Group's auditors.

Auditors' remuneration US\$ million	FY 2022	FY 2021
Audit services ¹	0.9	1.0
Audit-related assurance services ²	0.1	0.1
Non-audit related services ³	—	0.4
Total	1.0	1.5

1. Audit services are in respect of audit fees for the Group.

2. Audit-related services are in respect of the interim review of US\$0.1 million (FY 2021: US\$0.1 million) and specific agreed upon procedures in relation to the Sustainability Report, under the International Standard on Related Services 4400 as issued by the International Auditing and Assurance Standards Board, of US\$5.0k (FY 2021: US\$5.0k).

3. Non-audit related services were US\$nil (FY 2021: US\$0.4 million relating to the Restructuring).

The Committee requires that any non-audit services to be performed by BDO LLP are formally approved by the Committee. Audit-related services 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 in relation to the interim review and specific agreed upon procedures on the Company's Sustainability Report.



Report of the Audit and Risk Committee continued

External auditors continued

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 provided details of their assessment of the independence considerations, as well as measures available to guard against independence threats and to safeguard the audit independence. There were no non-audit services provided by BDO LLP during the Year.

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. This review is supported by the work undertaken by the Internal Audit and Risk Management functions, as outlined below.

The Group's Internal Audit function

The Group's Internal Audit function is staffed by the Group's Internal Audit Manager, supported by two Senior Internal Audit Managers. The Group Internal Audit Manager reports directly to the Chair of the Committee. For FY 2022, the Group's Internal Audit function carried out its Internal Audit Plan which included audits in relation to the following areas:

- ▶ The Group's Enterprise Risk Management systems, processes and procedures
- ▶ Monitoring of health and wellness across the Group's employees
- ▶ Local economic development projects at Koffiefontein the Group's attraction, recruitment and retention of critical skills
- ▶ The Group's employee training and development policies and plans
- ▶ Compliance with Social and Labour Plan requirements at the Cullinan, Finsch and Koffiefontein Mines
- ▶ Policies, standards, procedures and processes in relation to slimes dams at the Cullinan, Finsch and Koffiefontein Mines
- ▶ Risks and processes relating to geotechnical critical infrastructure at the Cullinan, Finsch and Koffiefontein Mines
- ▶ Supply chain and procurement processes and procedures at the Cullinan and Finsch Mines, including in relation to payment systems and contractor management
- ▶ Systems, policies and procedures relating to payroll and overtime at the Cullinan, Finsch and Koffiefontein Mines

The FY 2023 Internal Audit Plan was presented and approved by the Committee during September 2022.

The Group's Risk Management function

During the Year, the Risk, Assurance & Compliance function, which has been strengthened by the appointment of a new Group Risk, Assurance & Compliance Manager, completed a comprehensive review of the Company's Enterprise and Risk Management and Combined Assurance frameworks that resulted in a number of improvements being identified which are primarily focused on simplifying risk management processes at Petra.

The Company also performed an ethics and compliance risk assessment which also identified a number of improvements which are primarily focused on strengthening the Company's anti-bribery policies and procedures. The improvements from the risk management review are in the process of being implemented as part of a risk improvement project and the improvements from the ethics and compliance risk assessment are in the process of being implemented as part of an Ethics & Compliance programme, with further details of both set out on page 65.

The risk review process in FY 2022 was modified as part of this risk improvement project described above and comprised an enterprise-wide, 'top-down', 'bottom-up' and 'cross-functional' approach and aggregation process leading ultimately to the identification of the Group's principal risks outlined below on pages 101 to 111. Petra's risk owners, Management and the Exco, together with the Risk, Assurance & Compliance function, reviewed and updated the Group's principal risks with reference to the Group's internal risk registers regularly in FY 2022 and these principal risks were then reported to and reviewed by the Committee on a quarterly basis with an in depth analysis of the principal risks for FY 2022 taking place shortly after Year end. Note that this revised risk review process has led to the identification of an additional five principal risks, being: Safety, Environment, Climate Change, Supply Chain Governance and Capital Projects, further details of which are set out below on pages 108 to 111.

As explained on page 65, the risk improvement project currently being undertaken by the Company directly impacts the Group's residual risk assessments and how the Group's risks are classified. As a result, in order to conduct a formal risk appetite review for approval by the Committee and the Board, the Company needs to have first implemented its improved risk management processes. It is currently anticipated that this risk appetite review will be conducted by the Audit & Risk Committee and the Board in Q3 FY 2023.

More details on the Company's approach to risk management can be found on pages 65 to 70.

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 and Risk, Assurance & Compliance teams and through consideration of the external auditors' Audit and Risk Committee reports and face-to-face discussions between the Audit Partner and the Chair of the Committee and Committee members, as well as, on occasion, ad hoc reports from external consultants such as in relation to the ethics and compliance risk assessment that was carried out at the end of FY 2022.

For FY 2022, the Group Internal Audit Manager and the Committee remained satisfied that no material weaknesses in internal control systems were identified. Whilst being satisfied that controls and risk management remain appropriate for the Group's activities, the Committee continues to assess the effectiveness and adequacy of the system of internal control, risk management procedures, Internal Audit resourcing and strategy to ensure that its practices develop and remain appropriate in line with internal audit standards. 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 monitor the implementation by management of recommended remedial actions and follow-up audits.



Viability Statement

The UK Corporate Governance Code requires that the Directors assess the viability of the Group over an appropriate period of time selected by them. The Board has concluded that currently the most relevant time period for this assessment is the four-year period ending June 2026, reflecting the March 2026 maturity date of the Group's Senior Secured Second Lien Notes (the 2L Notes), the peak capex years of the recently announced expansion projects at the Cullinan and Finsch Mines and the current mine plan at the Koffiefontein Mine leading to rehabilitation and closure (during FY 2026), as well as the potential impact of the principal risks that could affect the viability of the Group. Last year, the Board extended the assessment period from three to five years following the successful Restructuring during the Year. For FY 2022, the assessment period is maintained to June 2026, with a view to returning to performing viability assessments over the standard three years. This assessment is carried out annually before the approval of the annual Financial Statements and informed by continuous business planning processes conducted throughout the Year.

The review of the Group's viability is led by the Executive Directors and involves all relevant functions including operations, sales and marketing, finance, treasury and risk. The Board actively participates in the annual review process by means of structured Board meetings. As part of this review, the Board considered detailed forecasts in respect of liquidity and the covenants related to the Group's banking facilities, restructured 2L Notes and their maturity date, and the principal risks of the Group.

Capital structure

During the Year, the South African banking facilities held with the Group's previous consortium of South African lenders were settled and cancelled, comprising the Revolving Credit Facility (RCF) of ZAR404.6 million (US\$24.9 million) (capital plus interest) and the term loan of ZAR893.2 million (US\$54.9 million) (capital plus interest). The Group entered into a new ZAR1 billion senior RCF in June 2022. The Group will benefit from reduced interest rates compared to the previous facilities coupled with more appropriate leverage-based covenants (net debt:EBITDA, interest cover ratio and minimum liquidity). This new facility has a longer tenure, with the facility expiring on 7 January 2026. As at 30 June 2022, the RCF remains undrawn, with the Group having access to the full ZAR1 billion (US\$61.5 million).

The 2L Notes (US\$336.7 million maturing in March 2026) continued to accrue Payment In Kind (PIK) interest and will continue to do so until 8 March 2023, after which cash interest will start to accrue, with the first cash payment due in June 2023.

Post Year end, Petra launched a tender offer to bondholders to purchase US\$150 million of the 2L Notes in line with our stated intent to further optimise our capital structure through a reduction of gross debt. As at the date of this report, the Company has, through this tender offer, reduced gross debt by US\$144 million and has extended the tender offer to reduce its gross debt further by up to US\$29 million. This transaction will see Petra saving at least US\$14 million (and up to US\$17 million) per annum in interest expenses, while we remain confident that we will continue to fund our ongoing capital programmes from existing and internally generated cash resources.

Impact of COVID-19

Petra's COVID-19 measures helped it avoid interruptions to its day-to-day operational/business activities during the Year. During FY 2022, we successfully reverted back to hosting all of our tenders for our South African goods in South Africa, while the Williamson goods continue to be auctioned in Belgium (as per our normal tender process for Williamson goods).

Robust rough diamond market

The Year witnessed a robust price recovery across all our product offerings, with diamond prices strengthening over FY 2022, with a 41.5% increase on a like-for-like basis compared to the preceding 12-month period.

The diamond price recovery was aided by three major tailwinds experienced during the Year: continued demand recovery for rough diamonds; a structural supply side shortage of rough diamonds; and sanctions placed on Russian diamonds likely created some upward price pressure on account of further perceived supply shortages, as well as non-Russian goods attracting some premium (although difficult to quantify) amongst some buyers.

In addition, the Cullinan Mine's run of Exceptional Stone recovery and sales continued with a total of US\$75.2 million realised in the Year. Williamson also benefitted from the sale of a pink Exceptional Stone at its first tender after restarting operations, yielding US\$13.8 million and significantly de-risking Williamson's own liquidity profile.

These factors, coupled with the settlement of the previous First Lien facilities and the Group's tight control of capex, operating costs and corporate overhead, resulted in solid progress towards stabilising the Group's balance sheet and strengthening cash reserves to the date of this report.

Post Year end, Petra announced the results of its first rough diamond tender for FY 2023. The tender realised a total of US\$102.9 million in revenue, due to a high proportion of high-value gem-quality single stones particularly from the Cullinan Mine. This resulted in a 21% increase in our average realised price against Tender 6 in FY 2022, more than offsetting the 4.5% softening of like-for-like prices. We have seen strong support in fancy-coloured and large white stones while pricing of smaller stones has continued its recent upward trend. Subdued demand in China has led to relative pricing pressure on 0.75ct up to 5ct size ranges. Although prices on a like-for-like basis were ahead of our internal assumptions for this tender, we expect continued volatility in pricing in the short term given the ongoing macro-economic situation. We have, therefore, retained our diamond pricing assumptions in our viability assessments.

Steady operations

Production at both the Cullinan Mine and Finsch was generally in line with guidance. The Group's overall production also benefitted with the restart of operations at Williamson during Q1 FY 2022 following a 17-month period of care and maintenance, with Williamson approaching steady-state operations. During the Year, the Group also announced expansion capital projects at both the Cullinan Mine and Finsch, which will extend their Life of Mine plans to 2031 and 2030 respectively. The expansion project at the Cullinan Mine is progressing well, while the expansion project at Finsch is slightly behind schedule due to delays in the delivery of long-lead items, given the global disruption in supply chains experienced over the past six months. Both projects, however, remain within guidance for cost and schedule, as mitigation steps have been identified and are being implemented to address schedule delays at Finsch.

Koffiefontein experienced operational challenges and did not achieve its guidance metrics during the Year. Petra implemented a labour reduction process to align the operation with a reduced tonnage profile and the mine started on a new shift configuration with the reduced labour structure effective 30 June 2022. As Koffiefontein approaches the end of its mine plan, Petra has been exploring options for a responsible exit. The sales process that Petra announced in April 2022 has been unsuccessful in identifying a potential buyer and so Petra is now evaluating its options while it continues to operate the mine responsibly.



Viability Statement continued

Williamson updates

The Group announced entering into a Framework Agreement (the FWA) with the Government of Tanzania in December 2021, which sets out key principles on the economic benefit sharing amongst shareholders, treatment of outstanding VAT balances, as well as agreement reached on the blocked parcel of diamonds and settlement of historical disputes, amongst others. The FWA should provide important fiscal stability for the mine and its investors and is expected to become effective during the first half of FY 2023, pending satisfaction of certain customary conditions precedent. Also in December 2021, Petra announced entering into a Memorandum of Understanding (MoU) to sell 50% (less one share) of Petra's stake in Williamson to Caspian Limited for a purchase consideration of US\$15 million. This transaction is also expected to become effective in the first half of FY 2023 and will see Petra's stake in WDL reduce to 31.5% whilst retaining control.

As noted above, Williamson is now approaching steady-state operations and is benefitting from the robust demand and price recovery for rough diamonds. Williamson has remained cashflow positive for the Year, aided by the recovery and sale of a US\$13.8 million Exceptional Stone. As a result, the Group has not had to fund any of the operational activities for Williamson during the Year and does not anticipate any such contribution in the near future. In addition, Williamson is continuing its efforts to secure a dedicated working capital facility of up to US\$25 million from a local Tanzanian bank, while pledging its own assets as security.

Sustainability ambitions

During the Year, the Group introduced a new Sustainability Framework, which will inform balanced day-to-day decision making, while supporting a long-term future for Petra. The Group is currently identifying targets for the various elements within our Sustainability Framework, after which execution roadmaps for these targets will be developed. These roadmaps will then be incorporated into the Group's future operating plans and consequently in future viability assessments.

Climate change, specifically, is an area of focus, with the Group announcing its net zero ambition during the Year. Post Year end, the Group has also finalised its 2030 emissions reduction target of 35–40% off our 2019 baseline and is now in the process of developing an execution roadmap for this 2030 target. Given that >90% of our emissions are due to imported electricity (Scope 2), the Group believes that this 2030 target will present opportunities to not only improve on our environmental footprint, but also source cheaper and more reliable renewable energy. Specific plans to implement this roadmap, including capital, if any, will be included in future assessments.

Risks and stress tests

For the purpose of assessing the Group's viability, the Board focused its attention on the Group's principal risks. In order to determine those risks, the Board assessed the Group-wide principal external, operational and strategic risks by undertaking consultations with Senior Management.



For an overview of these risks see [pages 101 to 111](#)

Through this analysis, the Board also identified low probability, high loss scenarios – 'singular events' – with the potential magnitude to severely impact the solvency and/or liquidity of the Group. The scenarios tested considered the Group's revenue, underlying EBITDA, cashflows and covenant ratios, as well as the impact on facility availability over the four-year period, excluding repayment of the 2L Notes (for more details on this repayment, refer below) and included:

- ▶ A 5% decrease in forecast rough diamond prices throughout the period to June 2026
- ▶ A 5% strengthening in the forecast South African Rand/US Dollar exchange rate throughout the period to June 2026
- ▶ A 5% increase in operating costs throughout the period to June 2026
- ▶ A 5% increase in expansion capital costs throughout the period to June 2026
- ▶ A US\$15 million reduction in revenue contribution from Exceptional Stones
- ▶ A production disruption scenario assuming no carats produced for two weeks in February 2023 and February 2025 (which could be due to extreme weather conditions or supply chain events or any other unexpected events)
- ▶ A combination scenario, consisting of a 5% price drop, 5% operating costs increase and 5% strengthening of the ZAR/US\$ exchange rate, in each case throughout the period to June 2026

Under the base case as well as all the scenarios described above, the forecasts indicate that the Company will be able to operate within the covenants set out in the respective financing agreements while also maintaining sufficient liquidity up to the March 2026 2L Notes settlement date. The Group's base case, as well as individual stress tested scenarios, indicate that it would be able to settle the majority of outstanding 2L Notes at maturity, with an expectation that it would be able to raise debt finance (in the event of no other management interventions providing the required relief) to settle the remaining outstanding balance.

If the Group is unable to raise the necessary residual debt capital on account of the willingness of existing 2L Noteholders and/or the terms and conditions of such a refinance/new debt instrument, the Group may have to resort to an equity raise or asset sales to settle its obligations. A successful equity raise would likely be dependent upon successful completion of feasibility studies over the next two to three years to access the deeper levels of the orebodies at both the Cullinan Mine and Finsch and extending their current LOMs beyond 2030.

Owing to this, the Group will identify and implement interventions ahead of the forecast cash shortfall to satisfy its obligations of the current bond settlement date in March 2026.

Conclusion

The Board is of the view that the longer-term fundamentals of the diamond market remain sound and that the Group will continue to benefit from the newly embedded Operating Model throughout the review period.

Based on its assessment of the forecasts, principal risks/uncertainties and mitigating actions considered available to the Group in the event of downside scenarios, the Board confirms that it has a reasonable expectation that the Group will be able to continue to operate and meet its liabilities as they fall due over the review period.



Risk Management

Identifying, managing and mitigating risk

Risk management is the overall responsibility of the Board at Petra, but the Board Committees, Exco and Senior Management also play important roles in terms of the identification, management and ongoing mitigation of risks, including emerging risks, within their realm of responsibilities. Please refer to pages 65 to 67 for further details on how Petra manages risks.

EXTERNAL RISKS

1. Rough diamond prices

Long term

Risk change in FY 2022

Lower

Strategic objectives

Continued improvement of our balance sheet health; positioning Petra to enable it to pay dividends to shareholders.

KPIs

Revenue; Adjusted EBITDA; Operational free cashflow; TSR

Responsibility

Exco

Description and impact

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.

Growth in the laboratory-grown diamonds (LGD) market also impacts diamond prices. The Company is closely monitoring the war in Ukraine and sanctions on Russian companies and its impact on the global diamond market. Whilst the long-term fundamentals of the diamond market remain positive, some volatility in rough diamond pricing may be experienced whilst macroeconomic uncertainties remain.

Low diamond prices may have a negative impact on cashflow, profitability, the overall performance of the business and the Company's ability to meet its financial obligations when they fall due as well as the viability of capital programmes going forward.

Mitigation

Petra undertakes a robust, market-driven tender process and aims to achieve full realisable value. The Company participates in profit sharing agreements with the aim of realising additional value from selected diamonds.

Petra continues to maintain regular dialogue with its client base to keep abreast of diamond market demand fundamentals and to be able to react in a timely manner to changes in rough diamond prices. The Company also continues to monitor the global diamond market through external publications such as, among others, the Global Diamond Industry Report by Bain & Co.

Petra is a founding member of the NDC which aims to maintain and enhance consumer demand for, and confidence in, diamonds by a range of methods, including via advertising campaigns across multiple digital channels. The Company continues to monitor LGD developments and its impact on the diamond market. The diversified nature of the Group's production profile also acts as a mitigant in that Petra produces the full spectrum of diamond sizes and qualities, to minimise reliance on the price performance of any one diamond category.

FY 2022 risk developments and management

Despite significant global economic uncertainties resulting from the war in Ukraine, like-for-like rough diamond prices increased 41.5% for the full year to 30 June 2022, driven in particular by record jewellery retail demand in the US. The tender in June 2022 highlighted the strength of demand across Petra's product mix, both in white and coloured gem-quality stones, with some increased demand for smaller diamonds. This growth in demand is driven by mid-stream inventory restocking and continued strong jewellery retail sales associated with a delayed wedding boom and a growing trend in diamonds being given as meaningful gifts post COVID-19.

Lower global production is also resulting in a more positive outlook for the diamond market. While the diamond market remained strong, further macroeconomic uncertainties caused by rising interest rates and inflation are potential dampeners of demand. The sale of a high number of Exceptional Stones recovered from Cullinan Mine and one from Williamson contributed a record US\$89.1 million compared to US\$62.0 million in FY 2021; this compares to an average contribution from Exceptional Stones from the Cullinan Mine of US\$50.7 million and US\$39.2 million over 3 and 5 years, respectively.

During Q4 FY 2022, polished stones cut from the 18.30ct Type II blue partnership stone were sold, with the most notable stone being a 7.09ct radiant cut stone which sold for US\$5.8 million. Petra sold the 18.30ct rough diamond in August 2021 into a partnership for US\$3.5 million, while retaining a 50% share of profits. The final polished stones realised a net profit to the partnership of US\$2.13 million, contributing additional revenue of US\$1.065 million for Petra's 50% profit share recognised in FY 2022. Post Year end and as reported in September 2022, Petra achieved strong sales in the first tender of FY 2023.

Petra continues to work with the NDC in its activities to support rough diamond demand.

Read more



[Our Markets pages 22 to 29](#)

2. Currency

Long term

Risk change in FY 2022

No change

Strategic objectives

Continued improvement of our balance sheet health

KPIs

Revenue; Adjusted EBITDA; Operational free cashflow; TSR

Responsibility

Exco



Risk Management continued

Identifying, managing and mitigating risk continued

EXTERNAL RISKS CONTINUED

2. Currency continued

Long term

Description and impact

Currency fluctuations may have a significant impact on the Group's performance.

With Petra's operations mainly in South Africa, but diamond sales based in US Dollars, the volatility and movement in the Rand can have a significant impact on the Group.

Mitigation

The Group continually monitors the movement of the Rand against the US 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 is appropriate. Such contracts are generally short term in nature.

The Company looks to actively manage its exposure to the ZAR:USD rate in order to safeguard Group cashflow against a volatile currency outlook.

FY 2022 risk developments and management

The ZAR/USD exchange rate saw significant volatility in FY 2022, with the Rand averaging ZAR15.22/USD1 for the 12-month period to 30 June 2022 and closing the Year at ZAR16.27/USD1, compared to ZAR14.27/USD1 on 30 June 2021.

The initial impact of the war in Ukraine benefitted the ZAR, with South Africa and Brazil being seen as safe havens by developed economies for Foreign Direct Investment.

Although SA's inflation is currently lower than the US and most European countries, over the longer term the Rand is expected to continue to weaken as long as SA's inflation rate remains significantly higher than that of its main trading partners which is further compounded by the international economic environment.

To mitigate volatility, the Company continued with its approach to focus on short-dated hedge positions. Management was mandated by the Board to cover up to 50% of expected 12-month forward looking USD sales proceeds.

Read more

 [Financial Review pages 61 to 64](#)

 [Note 8 to the Financial Statements page 160](#)

3. Country and political

Long term

Risk change in FY 2022

Lower

Strategic objectives

Continued improvement of our balance sheet health

KPIs

Profitability; Adjusted EBITDA; TSR

Responsibility

Exco; HSE Committee; SED Committee

Description and impact

Petra's mining operations are located in South Africa and Tanzania. Emerging market economies are generally subject to greater risks, including legal, regulatory, tax, economic and political risks, and these risks are potentially subject to rapid change.

Mitigation

The Petra team is highly experienced at operating in Africa. Petra routinely monitors political, regulatory and legal developments in its countries of operation at both regional and local level and through continuous engagement with the local authorities, including in South Africa with the Minerals Council acting on behalf of the mining sector.

FY 2022 risk developments and management

Whilst the risk of political instability remains in South Africa, as evidenced by the civil unrest experienced at the beginning of the Year, the outcomes of the ruling party's policy conference were positive and markets were encouraged by party support for the President's proposals which bodes well for his re-election in December 2022. It is hoped that the adoption of market-friendly policies benefits the domestic currency and creates some stability.

Regulatory uncertainty has reduced in South Africa due to the publication of the 2018 Mining Charter, although certain aspects of the new Mining Charter were subject to judicial review. In FY 2022, the High Court of South Africa handed down its judgement on this judicial review, finding in favour of the Minerals Council SA. Whilst the DMRE have decided not to appeal this judgement, they have indicated that they will seek to introduce a legislative amendment of the Mineral and Petroleum Resources Development Act to Parliament which would have the effect of reversing certain aspects of the judicial review, in particular the legal status of the Mining Charter. The timing and outcome for such a legislative amendment is unclear and if pursued is likely to take years to implement.

Since the appointment of the new Tanzanian President in 2021, pledges to encourage economic growth and promote foreign investment in Tanzania have been well received by the market.



4. COVID-19 pandemic (operational impact)

Short to medium term

Risk change in FY 2022

Lower

Strategic objectives

Safe and reliable production from our operations with continuous business improvement

KPIs

Rough diamond production; Revenue; Adjusted EBITDA; Operational free cashflow

Responsibility

Exco; HSE Committee; SED Committee

Description and impact

The COVID-19 pandemic continued throughout FY 2022 with new variants such as Omicron surfacing during the Year. The impact of COVID-19 infections on our operations was minimal. The mass roll-out of vaccinations has played an important role in reducing the rate of serious illness and fatalities caused by the disease.

Mitigation

Petra supported the Governments of South Africa and Tanzania by installing vaccination stations and campaigns at each operation which has resulted in 64% of Petra's South African workforce being fully or partially vaccinated and 16% of the Williamson workforce being vaccinated.

During the Year, Petra ran campaigns at each operation and various employee engagement campaigns to encourage vaccination uptake.

Petra also continued to implement comprehensive systems and strategies to help prevent and/or contain the spread of the virus at our operations in South Africa and Tanzania.

Areas of focus included awareness and training, identification of those employees with underlying health conditions who may be at greater risk and whilst restrictions applied, wearing of masks, regular sanitising and screening, testing, ensuring adequate ventilation and the handling of suspected positive cases identified.

Petra's mitigation activities extend beyond its workforce to help support its local communities in a number of ways. Petra has also adopted a flexible sales approach in order to bring its goods to market at the optimal time and location based on prevailing market conditions.

FY 2022 risk developments and management

COVID-19 restrictions in South Africa and Tanzania have been gradually lifted during the Year due to the decreasing numbers of individuals contracting the virus which led, in South Africa, to the termination of national state of emergency.

The emphasis then shifted to continuing the promotion of the administration of vaccinations, including booster shots as this remains the best protection against COVID-19.

Initially, Petra maintained a flexible sales approach during the Year to maximise client attendance at its sales by continuing to hold rough diamond tenders for the South African goods in Antwerp (having fulfilled its regulatory obligation to offer a portion of goods for sale to the State Diamond Trader and local beneficiation groups in South Africa), rather than in Johannesburg. However, as travel restrictions have been lifted, rough diamond tenders for the South African goods have resumed in Johannesburg.

Read more

 [Operational Review pages 46 to 57](#)

 [Employee health and wellness page 47 to 50 of the Sustainability Report](#)

STRATEGIC RISKS

5. Group Liquidity

Short to medium term

Risk change in FY 2022

Lower

Strategic objectives

Continued improvement of our balance sheet health; assessment of options to refinance Second Lien Notes to more favourable terms and tenure

KPIs

Rough diamond production; Adjusted EBITDA; Operational capex

Responsibility

Exco, Investment Committee

Description and impact

Whilst the Restructuring that was completed in FY 2021 significantly reduced Petra's third party debt, the Group's gross debt position as at 30 June 2022 was US\$366.2 million. Petra is subject to interest payments on this debt and a set of covenants in relation to both its first lien and second lien debt. Failure by Petra to deliver on its business plan could have a material negative impact on cashflow and Petra's ability to further reduce its debt and to continue strengthening its balance sheet, which may affect its ability to meet its financial obligations when they fall due.

The Group's strategic, self-funded capital projects at Cullinan Mine and Finsch may create additional pressure in funding working capital requirements and meeting the Group's capital and interest repayment commitments. In addition, significant global economic uncertainties resulting from the war in Ukraine have resulted in a significant rise in inflation which has the potential to impact Petra's cost base.

Whilst Management prepares detailed projections based on operational plans and sales estimates, actual cashflow results may differ from these projections. The Group's financial position will remain sensitive to operational performance, operating cost inflation and the diamond pricing environment and product mix available for sale.



Risk Management continued

Identifying, managing and mitigating risk continued

STRATEGIC RISKS CONTINUED

5. Group Liquidity continued

Short to medium term

Mitigation

The Company closely monitors and manages its liquidity risk, including regularly reviewing its covenant levels and cashflow forecasting to ensure operational plans are adequately financed. The Group also explored options to reduce its gross debt through a tender offer to bondholders to purchase up to US\$175 million of the Senior Secured Second Lien Notes due in 2026.

Petra's enhanced Operating Model, brought about by Project 2022, provides a platform for greater stability and resilience, enabling further cash generation to fund our capex requirements and support further deleveraging.

Available levers to manage working capital are considered and employed to manage short-term cashflow requirements. The Company also has some flexibility in the roll-out of its future capital spend. The Company's Investment Committee makes recommendations to the Board on capex and investment proposals and monitors progress of major capital investments.

The Company initiated Business Re-Engineering Projects at Finsch and Koffiefontein with the aim of reducing costs. This resulted in a labour reduction process at Koffiefontein to align the operation with the reduced tonnage profile. Separately and independent of this labour reduction process, the Company announced a potential exit from its investment in Koffiefontein which is nearing the end of its life of mine. While this sales process has been unsuccessful in identifying a potential buyer, Petra is now evaluating other options and will continue to operate the mine responsibly.

The Company is monitoring cost increases across the Group's operations very closely, but Petra's relatively low fuel consumption, disciplined cost management, three-year labour agreements to June 2024, and exposure to a weaker South African Rand will assist the Company in better absorbing these cost pressures.

FY 2022 risk developments and management

A combination of higher diamond prices, robust production levels in line with guidance, and record proceeds from the sale of Exceptional Stones contributed to increased revenue of US\$585.2 million (FY 2021: US\$406.9 million), strong free cashflow generation and a reduction in net debt to US\$40.6 million as at 30 June 2022 (US\$228.2 million as at 30 June 2021), thereby significantly strengthening the balance sheet.

The Company also completed a refinancing of its First Lien debt facility which will deliver some US\$5 million in savings over the next two years as a result of more favourable terms than the previous facility. The new First Lien facility with ABSA comprises a ZAR1 billion (US\$61.5 million) Revolving Credit Facility which remains undrawn and available at 30 June 2022.

During the Year, the previous first lien facility, comprising a Revolving Credit Facility of ZAR404.6 million (US\$24.9 million) and a term loan of ZAR893.2 million (US\$54.9 million) was fully settled reducing the Group's gross debt. Post Year end, the Company launched a tender offer to bondholders to purchase up to US\$175 million of the Senior Secured Second Lien Notes due in 2026. As at the date of this Report, Petra has, through this tender offer, reduced gross debt by US\$144 million and with the extension of the tender offer, may reduce its gross debt further by up to US\$29 million. This transaction will see Petra saving at least US\$ 14 million (and up to US\$ 17 million) per annum in interest expenses. As per our stated strategy, Petra will continue to consider opportunities to further optimise its debt structure.

The Group's strong balance sheet has resulted in a credit ratings upgrade by Moody's and S&P Global to Stable and Positive, respectively.

Read more

 [Financial Review pages 61 to 64](#)

 [Going Concern Statement page 64](#)

6. Licence to operate: regulatory and social impact & community relations

Long term

Risk change in FY 2022

No change

Strategic objectives

Safe and reliable production from our operations with continuous business improvement; continue to mine Koffiefontein responsibly while considering other options for the remaining short period of its mine plan

KPIs

Rough diamond production; Revenue; Adjusted EBITDA; Social spend

Responsibility

Exco; Audit and Risk Committee; SED Committee

Description and impact

In order to maintain our mining licences, Petra must comply with stringent legislation. Failure to comply with relevant legislation in our countries of operation could lead to litigation proceedings, sanctions, delays or suspension of our mining activities.

Petra's licence to operate is dependent on the retention and support of its employees and its continued acceptance in the communities in which it operates. Factors influencing this risk include:

- ▶ Historical allegations of human rights abuses relating to security operations at Williamson pertaining to illegal mining activities
- ▶ The announcement of the potential sale of Koffiefontein that has raised community concerns and tensions regarding the Group's ability to continue meeting its obligations in relation to SLP projects
- ▶ The lack of a focused and prioritised stakeholder engagement strategy addressing the social transformation agenda preventing stakeholder expectations and transformation objectives from being met. This is exacerbated by the widening socio-economic inequalities in South Africa following the COVID-19 pandemic
- ▶ Non-compliance with the Group's SLP and Mining Charter targets
- ▶ Non-compliance with mine community development and employment equity targets and partial compliance with procurement, enterprise development and human resource development targets



Mitigation

At Williamson, the implementation of the IGM will provide a mechanism for complainants who have suffered severe human rights impacts in connection with security operations at the mine. Various community projects are underway or being assessed, with the potential to provide sustainable benefits to the communities located close to the mine.

The Stakeholder Engagement and Management Policy is in the process of being implemented, having been approved by the SED Committee. Social Impact Assessments (SIA) finalised for Finsch and Koffiefontein will provide the Company with a greater insight of relevant and fit for purpose community projects to address social imbalances.

Social and Labour Plans with Mine community Development Projects that takes into consideration the outcomes of the SIA and Integrated Development Plans requirements. Increased focus on stakeholder engagement strategies, embracing stakeholder capitalism and responsible business practices.

FY 2022 risk developments and management

Petra continued to comply in all material aspects with relevant laws and regulations in the countries in which it operates. We strive to establish partnerships with our employees, communities, Governments, local business forums, NGOs and educational institutions to optimise the impact of our initiatives. The structure of our community engagement and development programmes is guided by the Company's stakeholder engagement and management approach. In addition to the above, each mine also considers the following when developing their engagement programmes:

- ▶ Initial SIAs based on participatory processes prior to drafting SLPs
- ▶ Stakeholder engagements and committee feedback
- ▶ Internal and external grievances registered
- ▶ Applicable legislation relating to diversity/employment equity
- ▶ Environmental impact assessments and ongoing monitoring
- ▶ Local community development programmes based on local communities' needs
- ▶ SEPs based on stakeholder mapping
- ▶ Local municipality's integrated development plans (IDPs)
- ▶ Broad-based local community consultation committees and processes that include vulnerable groups
- ▶ Worker representation bodies that provide input to our initiatives and projects

Our local operations continue to review their SEPs, to increase value-add engagements at Government and community levels. In FY 2022, local operations conducted 451 (FY 21: 658) social engagements which included internal (employees and committees) and external (Government, communities, forums and SMMEs) engagements. Considering the length of the potential mine lives of our operations, we focus on investing in long-term projects, which will have a lasting positive impact and address the socio-economic needs of the communities where we operate. Our approach to social investment is therefore developmental in nature and aimed at creating sustainability in communities beyond the life of active diamond mining and to ensure we are adhering to our SLP commitments. Further information on the Company's community programmes for the Year can be found on pages 33 to 34 and 88 to 92 of the Sustainability Report.

Following the Company's May 2021 announcement on the alleged human rights breaches in Tanzania, Petra has continued to progress the design and implementation of the IGM. This has involved extensive stakeholder engagements with all levels of Government and the local community to create awareness of the IGM process and to obtain initial feedback on how the IGM is envisaged to operate. The current target is for the IGM to become operational by the end of this calendar year. The Company has also progressed a number of projects to provide sustainable benefits to the communities located close to the mine. These projects are being funded by £1 million which was paid into an escrow account established by Petra. The projects include (1) a medical services project, (2) an artisanal and small-scale mining project (at the feasibility stage), (3) an agribusiness development initiative (at the feasibility stage), (4) improved delineation of the Williamson mine boundaries, including access to the mine lease area for the collection of firewood and (5) an awareness initiative in respect of sexual and gender-based violence.


The risk of illegal mining at Williamson is ongoing, although the number of illegal incursions has reduced significantly during FY 2022. During FY 2022, there was a total of 429 reported incidents of illegal incursions onto the Williamson mine lease area, with 55 illegal miners and 13 security officers sustaining minor injuries and 161 illegal miners being apprehended. WDL is also continuing its extensive engagements with communities around the mine to highlight the dangers of illegal mining, thereby seeking to reduce illegal incursions onto the mine lease area, with a particular focus on seeking to reduce or eliminate the involvement of minors in illegal mining.

Furthermore, WDL continues its engagement with local authorities to actively target those individuals that are known to be providing economic support to disaffected youth and the wider community to trespass onto the mining area. WDL is also continuing its extensive engagements with communities around the mine to highlight the dangers of illegal mining, thereby seeking to reduce illegal incursions onto the mine lease area, with a particular focus on seeking to reduce or eliminate the involvement of minors in illegal mining.

Furthermore, WDL continues its engagement with local authorities to actively target those individuals that are known to be providing economic support to disaffected youth and the wider community to trespass onto the mining area.

Read more

 [Our response to human rights abuse allegations in Tanzania pages 33 to 34 of the Sustainability Report](#)

 [Our response to human rights abuse allegations in Tanzania \[petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine/\]\(https://www.petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine/\)](https://www.petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine/)

 [ESG and Sustainability pages 15 to 22, 55 to 62 and 82 to 96 of the Sustainability Report](#)



Risk Management continued

Identifying, managing and mitigating risk continued

OPERATING RISKS

7. Mining and production

Long term

Risk change in FY 2022

No change

Strategic objectives

Safe and reliable production from our operations with continuous business improvement; maintenance of operational stability of our mines; disciplined execution of approved capital expansion projects

KPIs

Rough diamond production; Revenue; Adjusted EBITDA; Operational free cashflow; TSR; Training

Responsibility

Exco, Investment Committee

Description and impact

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, access to energy and inclement or hazardous weather conditions.

Mitigation

Petra's work to extend the lives of its assets is classified as resource extension and brownfields exploration, meaning that the existing knowledge of the deposits, which have long histories of production, allows management to eliminate some of the risk associated with developing a new diamond mine.

The Group's Management team is comprised of key personnel with a substantial and specialist knowledge of kimberlite mining and diamond recovery, and this skills base enables the Company to manage mining and production risks, including through geotechnical modelling, planned maintenance and regular inspections.

Whilst waste ingress issues at Finsch is being managed through the implementation of drill, blast and draw controls, ongoing monitoring and mitigation plans are required to address these issues.

FY 2022 risk developments and management

Production for the Year increased 3% to 3,353,670 carats, in line with guidance, largely owing to the resumption of mining at Williamson. Production for Q4 FY 2022 was down 6% to 745,790 carats largely due to lower tons treated at the Cullinan Mine following depletion of the current CC1E mining area and a difference compared to Q4 FY 2021 in the makeup of kimberlite in the G-Cut. However, production guidance for FY 2023 to FY 2025 remains unchanged at this stage.

When compared with FY 2021, production at the Finsch Mine stabilised in the second half of FY 2022, although ROM grade was 13% lower as a result of waste dilution despite the implementation of controls which were continuously monitored.

The Board has also approved two major projects which are (i) the CC1E SLC at the Cullinan Mine which involves estimated capex of US\$173 million and extends the mine plan to 2031 and (ii) Lower Block 5 3 level SLC at Finsch which involves estimated capex of US\$216 million and extends the mine plan to 2030.

Read more

Operational Review [pages 46 to 57](#)

8. ROM grade and product mix volatility

Short term

Risk change in FY 2022

No change

Strategic objectives

Safe and reliable production from our operations with continuous business improvement; maintenance of operational stability of our mines; disciplined execution of approved capital expansion projects

KPIs

Rough diamond production; Revenue; Adjusted EBITDA; Operational free cashflow; TSR

Responsibility

Exco

Description and impact

Current mining blocks at all South African operations are reaching maturity or moving towards the end of life. While the current orebody footprints are still large enough to deliver relative consistency and product mix, increasing levels of variability in terms of ROM grade and product mix can be expected going forwards which will be mitigated by the ramp up of the new mining blocks at the Cullinan Mine and the Finsch Mine.

Some level of variability in terms of ROM grade and product mix occurs depending on the mix of ore produced from the current mining areas at each operation and the level of dilution experienced from waste rock ingress. It can also be impacted by the inclusion of production from surface resources at some of the mines.



Mitigation

Petra's work to extend the lives of its assets is classified as resource extension and brownfields exploration, meaning that the existing knowledge of the deposits, which have long histories of production, allows management to eliminate some of the risk associated with grade and product mix. Technical teams are developing plans to address recent lower grades seen at the Cullinan and Finsch Mines.

FY 2022 risk developments and management

At CDM, the C-Cut has been established across the orebody. The closure of Tunnel 41 (T41) has had some impact on grade and product mix. Whilst the Q4 FY 2022 ROM production at the Cullinan Mine was largely in line with the previous quarter, diamonds produced were 22% below the very strong Q4 FY 2021. This is attributable to a lower ROM grade resulting from the higher grade CC1E not contributing to Q4 FY 2022 production and a change in the ore make-up of the C-Cut block cave footprint as the production progresses from SW to NE due to cave maturity. Production guidance for FY 2023 to FY 2025 remains unchanged. However, recent early waste ingress on the C-Cut related to the temporary closure of T41, probable permanent closure of some drawpoints (16 maximum) and the subsequent smaller production footprint is currently being evaluated, together with mitigation measures.

At Finsch Diamond Mine, some grade and mix volatility is expected as the current SLC nears its end of life with mining concentrated on 78L. There was a 24% reduction in Q4 FY 2022 ROM grade against Q4 FY 2021 which is largely attributable to the significantly lower levels of ROM tons mined in Q4 FY 2021 to manage the waste ingress and improve grade.

Read more

 [Operational Review pages 46 to 57](#)

9. Labour relations

Short to medium term

Risk change in FY 2022

No change

Strategic objectives

Safe and reliable production from our operations with continuous business improvement; maintenance of operational stability of our mines; disciplined execution of approved capital expansion projects

KPIs

Rough diamond production; Staff turnover; training

Responsibility

Exco; SED Committee

Description and impact

The Group's production, and to a lesser extent its project development activities, is dependent on a stable and productive labour workforce. The mining labour relations environment in South Africa has been volatile over the years, but much less so specifically in the diamond sector, where there is a higher incidence of mechanisation and skilled workers.

Mitigation

Petra remains highly focused on managing labour relations, and on maintaining open and effective communication channels with its employees and the appropriate trade union representatives at its operations, as well as local communities.

A key part of Petra's labour relations strategy is the IPDET, which is one of the Company's core BEE Partners, and owns a 12% interest in each of the South African operations.

FY 2022 risk developments and management

Stable labour relations were experienced throughout the Year. The Company announced that it had reached agreement with NUM on a new three-year wage agreement for employees in the Paterson A and B Bands at the South African operations. The Company also concluded a three-year wage agreement for employees on the Paterson C-Lower Band with both NUM and UASA.

Review of the Collective Bargaining Agreement (CBA) at Williamson Diamonds Limited (WDL) is ongoing with the majority union (TAMICO).

Read more

 [Labour relations pages 52 to 54 of the Sustainability Report](#)

Risk Management continued

Identifying, managing and mitigating risk continued

OPERATING RISKS CONTINUED

10. Safety

Short to Medium term

Risk change in FY 2022

Lower

Strategic objectives

Safe and reliable production from our operations with continuous improvement

KPIs

LTIFR

Responsibility

Exco; HSE Committee

Description and Impact

The impact of safety-related incidents directly affects the wellbeing of Petra's staff and given the inherent risk in any mining operations, the Group is exposed to various safety-related risks across all its operations. Petra seeks to make its commitment to a zero harm working environment visible throughout its operations and Petra seeks to remain vigilant, proactive and act timeously to matters that contribute to a safe working environment. Significant safety-related incidents could cause Petra's operations to shut down and directly impact production.

Mitigation

Petra conducts regular self-assessments on its compliance with safety laws, regulations, policies and procedures, and undertakes remedial action where areas of non-compliance are noted. The Group's safety policies and procedures are well established, and implemented with employees and contractors receiving regular training and updates on safety protocols and requirements. Regular updates to these policies and procedures are conducted as a result of gaps identified during the risk identification and mitigation processes.

Petra plays an active role in providing oversight, monitoring and reporting of safety compliance, and regularly engages external service providers to conduct independent and objective reviews and inspections.

FY 2022 developments and management

Petra's safety performance saw a 40% reduction in LTIs to 15 for the Year and a corresponding 50% reduction in the LTIFR for the Year. The only metric on which Petra's performance deteriorated was in respect of NLTIs which saw an increase of 11%, but this was against a backdrop of an increased number of shifts worked in FY 2022 which meant that Petra's NLTIR decreased by 7%. The Cullinan Mine in particular, had an exceptional year, celebrating a LTI-free year on 25 April 2022.

Whilst LTIs were of low severity and mostly behavioural in nature, Petra continues to target a zero harm working environment.

In contrast to the safety improvement at the Cullinan Mine, the Finsch Mine's safety performance remained somewhat static between FY 2021 and 2022 with a similar number of injuries. Given this performance, the Finsch Mine now accounts for the majority of injuries Group wide and will require further attention in FY 2023.

Read more

 [Safety pages 42 to 46 of the Sustainability Report](#)

11. Environment

Long term

Risk change in FY 2022

No change

Strategic objectives

Safe and reliable production from our operations with continuous improvement

KPIs

Water efficiency

Responsibility

Exco; HSE Committee

Description and Impact

The impact of our mining and processing operations have a significant impact on our environment, including local communities if not managed appropriately. Key environmental risks identified include the following:

- ▶ Water resources, both through inefficient use and potential contamination of natural water sources
- ▶ Inappropriate waste management activities may cause water and soil contamination
- ▶ Permanent changes in topography, land use and land capability due to the final disposal of mining waste on surface
- ▶ Depletion of non-renewable sources due to inefficient consumption
- ▶ Biodiversity loss due to the spread of invasive vegetation, as well as increasing mining footprints
- ▶ Legacy from previous mine owners effecting perception of current management (sub-standard environmental management practices)
- ▶ Non-compliance with rehabilitation schedules and closure commitments
- ▶ Non-compliance with material environmental legislation



Mitigation

Our mitigation initiatives pertaining to the environmental risk consist of various strategies that include:

- ▶ Conditions attached to the Cullinan and Finsch Mines' water use licences are under review. The Koffiefontein water use license has already been amended
- ▶ Performance reviews, legal inspections as well as audits conducted on an ongoing basis
- ▶ Concurrent rehabilitation taking place
- ▶ Annual waste audits conducted at the Cullinan, Finsch and Koffiefontein Mines
- ▶ Environmental Management Programme Reports for all operations contain management options for mining waste disposal
- ▶ The Finsch Mine has an updated tailings deposition plan with an update planned for the Cullinan Mine in FY 2023
- ▶ The setting of water efficiency KPIs for each of the Cullinan, Finsch and Koffiefontein Mines, all of which were achieved in FY 2022
- ▶ The Cullinan, Koffiefontein and Finsch Mines have annual schedules to remove invasive plants while Williamson removes invasive plants as part of their concurrent rehabilitation plan
- ▶ Implementation of Water Conservation and Water Demand Management Plans at all local mines

FY 2022 developments and management

Petra uses external water resources for diamond processing. This removes water that may be used by agriculture or the community. In the processing circuit, minerals are liberated from the host rock that has the potential to contaminate the water impacting on the downstream ecosystem.

Depending on the specific operation, as each kimberlite has its own unique signature, the minerals that are liberated are salt-forming e.g. fluoride, sodium and nitrate. All see page and effluent from Petra's operations has a pH of 7 or above, thus it is not acid forming. Petra does not cause acid mine drainage.

The implementation of Waste Management Procedures and the setting of annual objectives to improve waste management practices has resulted in higher waste recycling figures and lowered the risk caused by landfilling. 25% more (per volume) waste was recycled in FY 2022 than in the previous year. The change in topography and land capability is an expected impact of mining. The implementation of annual rehabilitation schedules and mine closure plans address this by increasing the production potential of mining affected land, so creating a positive legacy. Petra has positively transformed 120 hectares of previously disturbed land during FY 2022.

Electricity and water are the key material non-renewable resources consumed. Their consumption is not efficient in all instances due to the age of operational technology and infrastructure. The introduction of Energy Management Plans at all operations bodes well for future electricity and diesel efficiency improvements. The implementation of annual objectives for improved water efficiency already saw Petra reaching internal water recycling figures averaging 80% for the last four years.

Alien and invader plant species are strong competitors for resources that push indigenous vegetation out, thus leading to a loss of indigenous biodiversity. The implementation of alien vegetation eradication programmes reduced the impact on our natural resources. All operations have Ecological Management Plans for their game farms and open areas.

Read more



[Environment pages 72 to 81 of the Sustainability Report](#)

12. Climate change

Long term

Risk change in FY 2022

No change

Strategic objectives

Development of execution roadmaps for sustainability targets, specifically the 2030 greenhouse gas (GHG) reduction target in line with our target to be net zero by 2050, aspiring to reach this goal by 2040

KPIs

Carbon emissions

Responsibility

Exco; HSE Committee; Audit and Risk Committee; Remuneration Committee

Description and Impact

The key climate change risks the Group is exposed to include the following:

- ▶ Increased financial burden due to legislative changes aimed at water use efficiency or redistribution of natural resources
- ▶ High cost to construct additional water storage facilities at South African operations
- ▶ Changing emissions reporting obligations may increase costs due to potential fines and judgements
- ▶ Catastrophic dam wall failure at our tailings storage facilities (TSF)
- ▶ Increased financial costs of meeting new standards (e.g. new global tailings standard) and escalating insurance costs related to climate change events
- ▶ Escalating carbon tax

Mitigation

The Group Climate Change Adaption Policy and strategy is being implemented. We are currently in Year three of five of the implementation plan. Further to this, the strategy is set for review in FY 2023 to include firmer references to transitional risks and the financial impact to the Company.

Continuous monitoring against annual targets set for on-mine water and electricity consumption and efficiency.

Petra's membership with the Environmental Policy Committee (Minerals Councils SA) aides in proving advance knowledge of upcoming changes to environmental legislation, including climate change and emissions reporting standards.

Risk Management continued

Identifying, managing and mitigating risk continued

OPERATING RISKS CONTINUED

12. Climate change continued

Long term

FY 2022 developments and management

Petra uses the World Bank Climate Change Knowledge Portal (CCKP) to estimate physical climate change impacts on, and opportunities for, our operations. The Company has initiated various climate change projections and scenarios analysis to determine the impact on its operations in the short, medium and long term. During FY 2022, Petra started to develop mitigating action plans for the top rated climate change risks that have been identified.

Climate related disclosures were further aligned to the Taskforce on Climate Related Financial Disclosures (TCFD) recommendations. This process is set to continue in FY 2023. Petra has reported on how it has disclosed against the TCFD Recommendations and Recommended Disclosures for the second time in FY 2022, as detailed on page 41 and as set out in the Sustainability Report.

Read more

 [Climate change pages 67 to 71 of the Sustainability Report](#)

13. Supply chain governance

Short to medium term

Risk change in FY 2022

Higher

Strategic objectives

Safe and reliable production from our operations with continuous improvement

KPIs

Rough diamond production; Revenue; Adjusted EBITDA

Responsibility

Exco; Audit and Risk Committee; SED Committee

Description and Impact

Petra's new Operating Model has resulted in the centralisation of the Group Supply Chain Function with a greater focus on the function. This centralisation, which has also resulted in a revision of our organisational structures within the function, has resulted in the identification of certain internal control shortcomings which include, among others, non-adherence to procurement policies and procedures. Other key risks identified include:

- ▶ Lack of adequate Supply Chain procurement policies and procedures and inadequate management of conflicts of interest
- ▶ Insufficient due diligence and vetting performed on suppliers during their initial on-boarding and then during the term of their contracts, leading to increased potential legal, financial and reputational risks
- ▶ Inadequate segregation of duties between roles and inappropriate audit trails contributing to weaknesses in the internal control environment
- ▶ Ineffective and unclear functioning of a tender committee for awarding contracts to suppliers contributing to a lack of segregation of duties and possible conflicts of interest
- ▶ Ineffective systems and data transparency on procurement processes with instances of stock outages and subsequent material shortages for projects, potentially impacting standing time claims

Mitigation

A new Conflicts of Interest Policy has been approved by the SED Committee which will be rolled out as part of a comprehensive anti-bribery and corruption implementation plan. Online Registers are being developed to enable staff to lodge and record conflicts of interests, including appropriate approvals by line management.

The Group's Supply Chain policy is being reviewed to align to the revised operating model and with a view to improving compliance, governance and risk management within the Supply Chain function. In addition, improved procurement, tender and supplier registration procedures are being developed to address other risks noted. The new Supply Chain structure is being filled with critical roles identified for execution.

A review of stockholding levels at the operations' stores is currently underway and the intention is to build lead times into Material Requisition Process runs, including visible reporting of Supply Chain performance metrics to all operations.

An external service provider has been engaged to provide an improved due diligence platform for contracting with third parties, including the Group's suppliers, and for carrying out periodic screening of suppliers.

FY 2022 developments and management

The appointment of the new Group Supply Chain Manager was recruited in FY2022 who has a direct reporting line to the CFO, elevating the function to this level in the organisation. This appointment has resulted in a comprehensive review of the operating structure and people competencies in line with the business strategy. Processes and systems across the Supply Chain function with the aim of improving internal controls and governance are to be enhanced.

A new Third Party Due Diligence Policy and Procedure is currently being finalised which will then be approved and implemented. The purpose of this policy is to ensure that risks relating to bribery and corruption, sanctions, trade restrictions and human rights violations are adequately identified and mitigated accordingly. The Group's stance is that it does not do business with any entity or organisation that is subject to trade restrictions or sanctions.

Read more

  [Supply chain governance pages 31 and 94 to 96 of the Sustainability Report and Modern Slavery Statement at \[petradiamonds.com/about-us/corporate-governance/modern-slavery-act-statement/\]\(https://petradiamonds.com/about-us/corporate-governance/modern-slavery-act-statement/\)](#)



14. Capital Projects

Short to Medium term

Risk change in FY 2022

Higher

Strategic objectives

Safe and reliable production from our operations with continuous business improvement; disciplined execution of approved expansion capital projects

KPIs

Rough diamond production; Revenue; Adjusted EBITDA; Operational free cashflow; Operational capex; TSR

Responsibility

▶ Exco; Investment Committee; Audit and Risk Committee

Description and Impact

The CC1E SLC and Lower Block 5 3-level SLC expansion projects at the Cullinan and Finsch Mines respectively, involve significant capex commitments which makes the Group more exposed to other principal risks, particularly diamond prices, Group liquidity and currency fluctuations.

Other risks associated with these projects include, amongst others:

- ▶ Cost overruns and delayed execution due to inadequate governance and controls, procurement (including excess reliance on particular contractor(s)) and contract management, which includes delays in procuring trackless mining equipment (TME) and critical spares, including shortage of skills to maintain and operate TME
- ▶ Unanticipated price increases resulting from macroeconomic conditions Inadequate management of geotechnical and mining risks such as fall of ground and flooding
- ▶ The mine being operated whilst the project is being built and the management of interface between mine operations and project development, including, for example kimberlite production taking priority over project when underground materials handling infrastructure is under strain

Mitigation

Petra's enhanced Operating Model provides a platform for greater stability and resilience, enabling further cash generation to fund our capex requirements and support further deleveraging. A Project Management Framework incorporating governance requirements/controls is under consideration for effective management of projects. The continual tracking of project spend against approved project budgets is performed by an external service provider, to assist management in timeously identifying major deviations from budget. The project budgets include a 6% escalation to cater for price fluctuations, while supply chain are working closely with the project team to implement a long-term demand plan to ensure better pricing for longer off-take agreements.

Overall projects risks are identified, assessed and mitigated with support from external service provider. The Exco, Investment Committee and Board continue to monitor progress of both projects, including tracking of spend against budgets and progress against the approved baseline schedule.

Over-reliance on particular contractors has been mitigated through contract tenders and through additional initiatives.

FY 2022 developments and management

These projects are now managed through the appointment of a dedicated Project Lead. Various governance initiatives have been launched, such as the development of the Project Management Framework comprising initiation, planning, execution, management and review, including the identification and management of key project risks.

A prolonged conflict in the Ukraine may result in protracted inflationary pressures impacting the costs of goods and services for the projects, although Petra's relatively low fuel consumption, disciplined cost managed, three-year labour agreements to June 2024 and exposed to a weaker Rand should assist it in absorbing some of these cost pressures. This risk is monitored closely.

The delivery of certain capital items planned for FY 2022 was deferred largely due to increased lead times. As a result, around US\$12 million of capex that was due to be incurred in FY 2022 is now expected to be incurred in FY 2023. A corresponding adjustment has been made to expansion and sustaining capex guidance for FY 2023, with no expected impact on the anticipated project timing or overall capex spend.

Read more



[Capital projects pages 48 to 49 and 120 to 121](#)



Report of the Nomination Committee



Members of the Nomination Committee

Peter Hill (Chair)

Gordon Hamilton¹

Deborah Gudgeon

Octavia Matloa

Bernard Pryor

Varda Shine

Jon Dudas²

1. Mr Hamilton ceased to be a member of the Nomination Committee when he resigned from the Board on 1 November 2021.
2. Mr Dudas became a member of the Nomination Committee with effect from 1 March 2022, upon his appointment to the Board.



The Company's Board of Directors continued to evolve during the Year, in line with the Nomination Committee's focus on succession planning, encompassing the priorities set out in our Diversity and Inclusion Policy.

Peter Hill
Chair of the Nomination Committee

I would like to present the third Report of the Nomination Committee since I assumed the role of Non-executive Chair of the Company and Chair of the Nomination Committee (the Committee).

Board and committee composition

The Petra business has evolved significantly over recent years, as the Company has transitioned initially from its phase of heavy capital investment, then to that of steady-state operations with a new capital structure and debt profile, and now with the Company embarking on expansion projects at the Cullinan Mine and Finsch whilst pursuing a value-led growth strategy. The Company's Board of Directors and its Board Committees have continued to develop to reflect this.

As reported in the FY 2021 Annual Report, and with Gordon Hamilton retiring, Deborah Gudgeon became Chair of the Audit and Risk Committee with effect from 1 November 2021, having been appointed to the Board as an iNED on 1 July 2021. Deborah is a Chartered Accountant with over 30 years' corporate experience, including extensive experience in the mining sector, including in executive and iNED roles and as audit committee Chair at several UK-listed companies.

As reported in the FY 2021 Annual Report, we also welcomed Ms Alex Watson and Mr Johannes Bhatt who were appointed as Non-Independent NEDs on 1 July 2021, having been nominated by Franklin Templeton and Monarch respectively. Monarch also exercised their right under the Nomination Agreement between it and the Company to appoint Mr Marius Kraemer as their Board Observer with effect from 1 July 2021.

During the Year, the Committee's main focus was the identification and appointment of a new iNED with a mining industry background. On the basis of its global reach, experience and strong understanding of the mining industry, Eghon Zehnder was appointed as the executive search firm supporting Petra on this appointment. A job specification was drawn up for the role, with the following criteria being included as priorities: broad mining industry background, operational and African experience and having a strategic mindset.

A shortlist of candidates was then generated and the Company was given the opportunity to interview candidates. Accordingly, Mr Jon Dudas was appointed as an iNED and as a member of the Audit and Risk, Remuneration, Nomination and Investment Committees, in each case with effect from 1 March 2022. Jon has broad experience across the mining and resources sectors, in operations, general management, finance and strategy, and has held Board positions with major companies, all of which will greatly assist in the strategic development of the Company.

Mr Matthew Glowasky stepped down from the Board (and as a member of the Investment Committee) on 17 May 2022. Mr Glowasky had been appointed to the Board in March 2021 under the terms of a Nomination Agreement between the Company and Monarch that was entered into as part of the Restructuring. Monarch has indicated that it does not intend to nominate a Director to replace Mr Glowasky, though it retains its right to do so under the Nomination Agreement. The Committee thanks Mr Glowasky for his contribution to Petra during his tenure as a Director of Petra and wishes him every success in his future endeavours.

Succession planning

Independence is central to the ability of iNEDs in providing robust challenge and oversight of management. Recognising this, and to ensure a consistent approach is taken by Petra and that iNEDs do not assume that their length of service is automatically the nine year minimum referred to in the Code, the Committee formally adopted a principle that iNEDs be expected to retire (unless exceptional circumstances apply) during the course of their ninth year of service on the Board. This principle remains subject to the Committee's





responsibility for reviewing the Board's structure, size and composition and continuing to reserve the right to recommend to the Board that iNEDs step down earlier if this is felt to be conducive to a more efficient operation of the Board, including for example with regard to the size of the Board.

Board evaluation

As indicated in the FY 2021 Annual Report, the Board undertook an externally facilitated independent evaluation of its own performance and that of its Committees during FY 2022. This was carried out by Donata Denny, an independent and highly respected Leadership Coach and Professional Development Adviser, and consisted of each Director completing a focused questionnaire, a one-on-one confidential interview with each Director and a facilitated Directors workshop to discuss the outcomes and findings. The results of the evaluation are set out on page 84.

Diversity

Increasing diversity is important in terms of facilitating the Board's ability to function effectively to the benefit of the business as a whole and all of its stakeholders.

The overall percentage of women employed in the Company remained at 20%. From FY 2023 onwards, Petra will be required by the UK's Listing Rules to disclose whether it has met the diversity targets specified by the FCA and failing compliance with these targets, provide an explanation for such non-compliance. The targets are set out below. I am pleased to report that Petra has either met or exceeded these targets for FY 2022 as described in more detail on page 83 and as highlighted below:

- ▶ 40% of Petra's Board are women (target: 40%)
- ▶ Our Senior Independent Director (Ms Varda Shine) is a woman (target: one of the Chair, CEO, CFO or SID should be a woman)
- ▶ Two members of our Board (20%) are from an ethnic background other than white (target: one Board member should be from an ethnic background other than white)

We have a number of initiatives in place to further increase female representation in the Company and we were pleased to report further improvement in FY 2022. Petra has expanded its reporting on wider employee diversity, as well as gender diversity. You can read more about this at pages 59 to 62 of the Sustainability Report.

Nomination Committee role and activities

The principal functions of the Nomination Committee are listed below, along with the corresponding activity and performance in FY 2022. In addition to the below, the Committee carried out its annual review of its Terms of Reference and made appropriate amendments.

ROLE	ACTIVITIES IN FY 2022	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 Committee reviewed the composition of the Board and its Committees, including discussions around diversity and the effective functioning of the Board and its Committees. This resulted in the appointment of a new iNED, a NED stepping down from the Board and changes to the composition of certain Committees.	The Committee will continue to make recommendations regarding the Board and its Committees and Senior Management composition and structures.
To identify, nominate and recommend, for the approval of the Board, appropriate candidates to fill Board and Committee vacancies as and when they arise.	Mr Dudas was appointed as an iNED (as a member of the Committee, Audit and Risk, Remuneration and Investment Committees) with effect from 1 March 2022.	The Board expects to make additional changes during FY 2023 and will receive recommendations from the Nomination Committee in this regard.
To satisfy itself, with regards to succession planning, that plans are in place with regards to both Board and Senior Management positions.	The Committee continued to focus on succession planning, reviewing the programmes which the Company has in place to grow talent within Petra.	As part of our succession practices, the Nomination Committee will continue to review programmes in place to assimilate talent into leadership and specialist positions.
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 external Board evaluation exercise took place during Q4 of FY 2022.	The overall result of this evaluation was positive, with the evaluator concluding that Petra has an effective and high performing Board as well as highlighting certain areas for further improvement. See page 84. Each Director was considered to remain effective and will be proposed by the Committee for re-election to the Board at the Annual General Meeting.

Peter Hill CBE
Nomination Committee Chair
10 October 2022



Report of the Health, Safety and Environment (HSE) Committee



Members of the HSE Committee

Bernard Pryor (Chair), iNED

Varda Shine, iNED

Richard Duffy, CEO

Johannes Bhatt, NED



The health and safety of Petra's people remains our top priority, along with safeguarding our environment for future generations. The Company is taking measures to continuously improve our performance in this area, working towards our primary goal of zero harm.

Bernard Pryor
Chair of the HSE Committee

I am pleased to present Petra's HSE report for FY 2022, which is my fourth as Chair of the Committee.

The purpose of the HSE Committee

The role and purpose of the HSE Committee is to assist the Board in discharging its oversight responsibilities relating to HSE matters. It achieves this by overseeing the Group's HSE systems and policies and evaluating how these translate into HSE performance, as well as by monitoring compliance with all applicable regulations.

Activity during the Year

In FY 2022, the HSE Committee continued to monitor all key HSE-related indicators.

As reported in FY 2021, an action plan was put in place to address a rise in LTIs and a deterioration in the Group's LTIFR, via the continued embedding and enforcement of the Group-wide Health and Safety pledge, further implementation of the Group's safety behaviour-based intervention campaign initiatives to mitigate accidents at each operation, and the continual review of safety practices and implementation of proactive interventions.

I am pleased to report that in FY 2022, the beneficial outcomes of these steps were reflected in Petra's safety performance, with a 40% improvement in LTIs to 15 and corresponding 50% improvement in the LTIFR for the Year. The only metric on which Petra's performance deteriorated was in respect of NLTIs, which saw an increase of 11%, but this was against the backdrop of an increased number of shifts, which meant Petra's NLTIFR decreased by 7%. The Cullinan Mine in particular, had an exceptional year, celebrating a LTI-free year on 25 April 2022.

Overall Petra improved on 83% of measured safety KPIs in FY 2022 (FY 2021: 73%). The Group reported 10.08 million fatality-free shifts, and a 19% decrease in Total Injuries recorded. There was a 17% decrease in days lost due to LTIs and a 30% decrease in the Group's Injury Severity Rate. This is a notable achievement given that the South African mining industry as a whole saw increases in fatalities and injuries across 2021 and 2022.

Our focus on the management of the COVID-19 pandemic continued in FY 2022. While the majority of those who do contract COVID-19 may only experience mild symptoms, very sadly, and as reported in our FY 2021 Annual Report, 14 employees have tragically lost their lives to COVID-19. Subsequent to these sad losses, Petra has not recorded any COVID-19 related deaths. I would like to reiterate the Board and Management's sincere condolences to the family and friends of the deceased.

The Committee maintained its oversight of the strict systems and mitigating measures we have put in place to protect all of our workers and contractors as well as the continued roll-out of the COVID-19 vaccination programme for employees, with 64% of Petra's South African workforce having received vaccinations and 16% of the Tanzanian workforce having received vaccinations. As with all safety matters, it is important to show leadership from the top, and Exco and Senior Managers therefore had the vaccine and publicly promoted this to our workforce to demonstrate its safety, bearing in mind a major hurdle to vaccination throughout South Africa is misinformation about the safety of COVID-19 vaccines.

Other key achievements include the retention of the ISO 14001:2015 and ISO 45001:2018 certifications at our South African operations, as well as improvements in workplace conditions, including dust and noise reduction at all operations.

Looking at Petra's environmental performance in FY 2022, we again reported no 'major' or 'high' environmental incidents within the Company for the 12th consecutive year and achieved a record year with no medium environmental incidences. The development of the Sustainability Framework with the inclusion of environmental specific focus areas was of key importance in FY 2022. The objectives set towards the reduction of climate change impact, Improved Water



HSE Committee Terms of Reference

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Management, Contributions towards the Circular Economy and the Safeguarding of our Biodiversity will undoubtedly lead to further improvements to our already strong environmental performance. Petra's commitment to net zero carbon emissions by 2050 is supported by our electricity efficiency that improved by 19% in FY 2022, and our Carbon Footprint measured in tonne CO₂-e/tonne of ore processed, that improved from 0.050 tCO₂-e/t in FY 2021 to 0.043 tCO₂-e/t in FY 2022. The relaxation of COVID-19 restrictions and the Williamson Mine coming back on-line in FY 2022, led to an increase in total Greenhouse Gas production across all Scopes. The most noticeable of these was the increase in Scope 3 emissions due to an increase in business travel. Our strong performance in water management continued with our water recycling remaining at an average of 80%.

Petra continued to show high levels of performance in its environmental reporting in FY 2022, with its CDP score on climate change reporting of 'B' being higher than average for the Company's sector and region of reporting. In addition, Petra's CDP score in relation to Water Security improved from 'B-' to 'B'.

Further information on HSE matters can be found on pages 42 to 50 of the Sustainability Report.

HSE Committee role and activities

The principal functions of the Committee are listed below, along with the corresponding activity and performance in FY 2022.

ROLE	ACTIVITIES IN FY 2022	OUTCOMES
To evaluate the effectiveness of the Group's policies, standards and systems for identifying and managing health, safety and environmental risks within the Group's operations.	The Group's significant HSE hazards and associated risks were reviewed as part of a discovery process as per ISO 14001 and ISO 45001 standards requirements and implemented into the operations.	Material impacts on health, hygiene and safety related legislative requirements were integrated into existing policies. Various legislative updates during the COVID-19 pandemic resulted in updates to Company reviews on risk assessments and policies during the Year. Processes were reviewed during 2022 and are up to date compliant to international standards requirements and certified by BSI through third party audits.
To assess compliance obligations with applicable legal and regulatory requirements with respect to health, safety and environmental aspects.	Changes in legislation were evaluated for potential impact on HSE systems and policies.	No material changes in environmental legislation were identified that required systems or policies to be updated. Processes are up to date, compliant to international standard requirements and certified by BSI through third party audits.
To ensure, on behalf of the Board, that an internationally recognised Health and Safety Management System and an Environmental Management System are implemented and maintained.	Outcomes of external certification audits for ISO 45001:2018 and ISO 14001:2015 were evaluated.	All South African operations successfully retained ISO 14001:2015 and ISO 45001:2018 certification through BSI. The Williamson mine remains uncertified but conforms to industry-wide HSE management principles and Tanzanian legislation (the Occupational Safety and Health Act).
To assess the performance of the Group with regards to the impact of health, safety and environmental decisions and actions upon employees, communities and other stakeholders.	Monitoring of HSE performance throughout the Year and review of annual Group occupational HSE objectives and KPIs. COVID-19 brought significant challenges regarding return-to-work policies and processes. The implementation of these, as well as general performance against the processes, were monitored.	The achievement of HSE objectives was noted. The Group's performance was satisfactory. The decisions and actions leading from COVID-19 specific policies, codes of practice and procedures did not have a negative effect on any stakeholders including communities and employees.
To review management's investigation of any fatalities and/or serious HSE-related accidents or incidents within the Group and the efficacy of the resultant remedial actions implemented.	Health and safety incidents, investigation outcomes and detailed trending were reported to and reviewed by the Committee on a quarterly basis. Environmental incidents classified as 'significant' were discussed in detail.	Zero fatalities occurred in FY 2022. The 20% LTI reduction target was achieved and exceeded in FY2022, with a reduction in LTIs of 40% and an improvement in the LTIFR of 50%. No significant environmental incidents occurred during FY 2022. More details can be found in the Company's Sustainability Report.

Bernard Pryor
HSE Committee Chair
10 October 2022

Report of the Social, Ethics & Diversity (SED) Committee



Members of the SED Committee

Octavia Matloa, NED (Chair)

Varda Shine, iNED

Richard Duffy, CEO

Alex Watson, NED¹

1. Ms Watson was appointed to the Committee on 1 July 2021.



The Committee has had another busy year in overseeing the Group’s progress on social, diversity and ethics issues – with a continuing focus on the implementation of the IGM and community projects at Williamson.

Octavia Matloa
Chair of the SED Committee

Purpose of the Committee

The purpose of the SED Committee is to provide the Group with strategic direction on matters relating to its social, ethics and diversity (SED) impacts, as well as providing oversight of the Group’s performance in meeting its SED obligations and objectives. The aim is to position Petra as a responsible corporate citizen, to promote a diverse organisation in a sustainable and beneficial way, and to contribute to operational stability and sustainability.

SED Committee membership changes

Ms Watson joined as a member of the SED Committee on 1 July 2021. Ms Watson’s extensive experience in audit, risk and reporting (including sustainability reporting) was, and continues to be, of great benefit to the SED Committee.

Social

Following the settlement agreement reached with Leigh Day in May 2021, a focus for the Committee in FY 2022 was its continued oversight of the Group’s implementation of the Independent Grievance Mechanism (IGM) and Restorative Justice Projects (RJPs). Further detail of Petra’s performance in this regard can be found at page 55 and pages 33 to 34 of the Sustainability Report. I am pleased to report that good progress has been made in relation to the IGM, with Government and local community engagements having been completed and the focus now on updating the IGM processes and appointing the various organs that will make up the IGM, with the current target for the IGM to become operational by the end of the calendar year. On the RJPs, feasibility studies for income generating projects (agriculture businesses and artisanal mining) are progressing, the medical services project has been expanded to provide further services and the gender based violence initiative completed all planned initiatives in Q3 CY 2022 and has now turned to new activities.

In FY 2022, the SED Committee also continued its oversight of Petra’s UN Voluntary Principles on Security and Human Rights (VPSHR) training, with VPSHR training being conducted at all of Petra’s operations. Petra also concluded a Memorandum of Understanding with the Tanzanian Police Force (TPF) which requires the TPF to comply with the VPSHR in performing their security operations at the Williamson Mine. Related to the above, the SED Committee approved the new Respecting Human Rights Defenders Procedure, reflecting the commitment in Petra’s Human Rights Policy Statement to “... respect...the rights of human rights defenders and anyone opposing or raising concerns about our activities and not tolerating any threats, intimidation, physical or legal attacks, or retaliation against them”.

Petra’s three South African mines completed Social Impact Assessments (SIAs) which were used to compile the Finsch and Koffiefontein Mines’ next generation Social Labour Plans (SLPs) which were submitted to South Africa’s Department of Mineral Resources and Energy (DMRE) in June 2022. The Cullinan Mine’s SLP was approved by the DMRE in 2021 and Petra is currently working on its next generation SLP, which is due in June 2023. In addition, the application by Finsch under Section 102 of the Mineral and Petroleum Resources Development Act to request a deviation in spend from the SLP, was approved by the DMRE. The SIAs will also be used to update the mines stakeholder engagement plans to enable more proactive and robust community engagement processes.

Petra continues to experience delays in implementing its Local Economic Development (LED) projects, mainly due to local external circumstances around resource constraints as well as delays in project approvals by relevant structures.

In August 2021, Petra concluded a three-year wage negotiation (FY 2022 to FY 2024) with its recognised South African trade unions. Williamson Mine, in Tanzania, also concluded a one-year wage agreement of an 8% increase for all employees.

SED Committee Terms of Reference
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Petra has long recognised the importance of understanding the views of its workforce to ensure they are part of our Board discussions and factored into the Board's decision-making. With the resumption of international travel and in-person meetings, I have, as designated employee engagement iNED and Chair of the Committee, been able to recommence face-to-face meetings with the workforce and the Board has been able to recommence its site visits to the Group's operations and these engagements are further described on pages 81 to 82.

Recognising the critical importance of Petra's stakeholder relationships to its licence to operate, the SED Committee also adopted a Stakeholder Engagement and Management Policy, underscoring its commitment to meaningful engagement, as envisaged in the guidance issued by the OECD. The intention of this Policy is to ensure stakeholder engagement which is "...proactive, inclusive, accountable, transparent and responsive..." so as to enable stakeholders to meaningfully participate in the decisions which affect them. The Committee looks forward to providing oversight and guidance in relation to the continued implementation and application of this policy in FY 2023.

 **More detail on Petra's approach to stakeholder engagement can be found at pages 15 to 22 of the Sustainability Report**

Please also see Petra's statement in terms of Section 172 of the UK Companies Act (pages 30 to 32) for further detail on how the Board (including the Committee) have considered stakeholder interests in their decision-making and discussions.

Following the process previously reported in relation to the adoption of the Sustainability Framework, I am also pleased to report that the final Sustainability Framework has been formally adopted by the Board shortly following the end of FY 2022. While Petra supports all 17 UN Sustainable Development Goals (SDGs), it has identified the five most relevant SDGs where Petra believes it can make the greatest contribution, being:



 **For more information on the Sustainability Framework, see pages 38 to 40 of the Sustainability Report**

The SED Committee looks forward to overseeing Petra's performance against relevant aspects of the Sustainability Framework and providing strategic oversight in relation thereto in FY 2023.

Ethics

In FY 2022, the SED Committee continued to receive regular updates in relation to the status of the tip-offs received through the Company's whistleblowing platform and tracked the progression of these reports to conclusion, including the remedial actions proposed and undertaken in relation to such tip-offs.

In FY 2022 and as part of its commitment to comply with the UK Bribery Act (2010), the UK Criminal Finances Act 2017, the UK Modern Slavery Act 2015 and international sanctions and trade restrictions, the Company commissioned an external consultant to facilitate and conduct a series of ethics & compliance risk assessments, focusing on risks of bribery and corruption, other financial crime, and human rights and labour conditions. This risk assessment resulted in a number of recommendations which management has addressed through the implementation of a new ethics and compliance programme. In FY 2022 and as part of this programme, the SED Committee reviewed and approved the following new or revised policies replacing existing policies for these areas:

- ▶ Gifts and Hospitality Policy, including the creation of an online gifts and hospitality register
- ▶ Declarations of Interest Policy, with a view to enabling all staff to proactively identify and manage actual or perceived conflicts of interest
- ▶ Whistleblowing Policy, to ensure those raising concerns in good faith are protected from reprisals
- ▶ Public Officials Expenditure Policy to ensure any expenditure related to public officials complies with applicable laws, and is for legitimate business purposes and is recorded through an online register

In addition to the above and as part of this new ethics and compliance programme, Petra's Board also approved a revised Code of Ethical Conduct. This Code is an essential guide and summary of Petra's policies, standards and procedures that are relevant to the way we work and the ethical conduct that is required from all staff as well as other business partners who work with us or act on our behalf and it has been published on Petra's website.

 petradiamonds.com/about-us/corporate-governance/business-ethics/
Diversity

The Committee continued its oversight of the implementation of the Group's Diversity and Inclusion Policy which requires that leadership at all levels across the organisation broadly consider diversity in all its different forms to support the Group in realising its strategic objectives.

 **For an overview of Petra's performance in relation to diversity, see pages 59 to 62 of the Sustainability Report**

All current HR initiatives, such as targeted recruitment, training and development, talent management, and reward and recognition, focus on the promotion of a diverse workforce to achieve the targets set. With this in mind, the Company has undertaken the creation of a Petra Diamonds South Africa Employment Equity Plan, with the aim of aligning the Group's employment equity targets in South Africa with other sector specific targets. Achieving diversity targets form part of Management's overall performance scorecard, thereby directly impacting on reward and recognition.

On gender diversity, the SED Committee notes that the percentage of women in Petra's workforce remained at 20%.

 **For more details, see page 61 of the Sustainability Report**

In addition, female representation at top management level improved by 3% compared to FY 2021, with four new women appointed at a Senior Management level, and with three of the women promoted participating in Petra's Women in Leadership Programme.

In South Africa, the Mineral and Petroleum Resources Development Act, No. 28 of 2002 and the Employment Equity Act, No.55 of 1998 legislate the Government's drive to address historic inequalities. Compliance with this legislation is mandatory, and the SED Committee received regular updates throughout FY 2022 on Petra's compliance with these. While Petra continues to perform well in relation to the employment of historically disadvantaged persons in its workforce (with a slight increase to 85% in FY 2022 (FY 2021: 84%)), particularly at a senior management level (46% in FY 2022, compared to 38% in FY 2021), the number of historically disadvantaged persons at an executive level (33%) remains comparably low. Petra is striving to improve this through implementing employment equity plans for all operations aligned to South Africa's Mining Charter targets, including targeted recruitment and prioritising training and development for high potential individuals who are historically disadvantaged persons.



Report of the Social, Ethics & Diversity (SED) Committee continued

SED Committee role and activities

The principal functions of the SED Committee are listed below, along with the corresponding activities and performance in FY 2022.

ROLE	ACTIVITIES IN FY 2022	OUTCOMES
To assess the policies and systems within Petra for ensuring compliance with material local and international legal and regulatory requirements with respect to SED aspects, including organisational ethics, corporate citizenship, social sustainable development, stakeholder relationships and diversity.	<p>Approval of a new Respecting Human Rights Defenders Procedure and revision of the Human Rights Policy Statement to reflect the commitment to respect the rights of human rights defenders and anyone opposing or raising concerns about the Group's activities, and not tolerating any threats, intimidation, physical or legal attacks, or retaliation against them.</p> <p>Adoption of a new Stakeholder Engagement and Management Policy.</p> <p>Following a risk assessment (see below), review and revision of the Group's anti-bribery and corruption and whistleblowing policies.</p> <p>Implementation commenced of the Group's Diversity and Inclusion Policy, which amalgamates the Group's employment equity and diversity strategies and objectives.</p> <p>Revision of operational procedures to ensure effective and accountable processes.</p>	<p>The following documents were reviewed and approved:</p> <ul style="list-style-type: none"> ▶ Respecting Human Rights Defenders Procedure ▶ Human Rights Policy Statement ▶ Stakeholder Engagement and Management Policy ▶ Gifts and Hospitality Policy ▶ Declarations of Interest Policy ▶ Public Officials Expenditure Policy ▶ Whistleblowing Policy ▶ Sustainability Framework (approved by the Board but noted by SED Committee) ▶ Code of Ethical Conduct (approved by the Board but noted by SED Committee) ▶ Investigations Framework (noted)
To monitor technical developments in the fields of SED management and practice and, where appropriate, to oversee the assessment of their impact on Petra and to provide appropriate strategic guidance.	<p>Continued monitoring of the status of the new Mining Charter in South Africa.</p> <p>Continued engagement, via its membership of the Minerals Council SA, on various industry matters, including the draft amended Mineral and Petroleum Resources Development Act (MPRDA) in South Africa.</p>	<p>The SED Committee monitored the potential impact of the new Mining Charter on the Group, noting the judicial review found in favour of the Minerals Council SA and the DMRE's statement that it will not appeal this judgement but will seek to implement the Mining Charter through legislative changes. Petra will provide its input via the Minerals Council SA.</p>
<p>To assess Petra's performance regarding the impact of SED decisions and actions upon employees, communities and other stakeholders.</p> <p>To assess the impact of such decisions and actions on the reputation of the Petra Group as a whole.</p>	<p>Monitoring of the implementation of the Company's community projects.</p> <p>Evaluation of the Company's Social Compliance Matrix.</p> <p>Monitoring of the risk of pit scaling at the Cullinan Mine and its impact on the local community.</p> <p>Monitoring of the independent whistleblowing hotline with regards to SED issues, including fraud and corruption.</p> <p>Implementation of a grave relocation project at Koffiefontein, whereby a number of burial sites within the mine licence area, (including within tailing storage facilities), believed to date back to the mine's early beginnings around the 1880s, are to be relocated.</p>	<p>Continued engagement with the local stakeholders involved in the ASM initiative at Koffiefontein.</p> <p>An SEP was put in place to guide communication with the local community at the Cullinan Mine in relation to pit scaling and a Relocation Action Plan was approved and successfully implemented in relation to affected persons and their houses.</p> <p>The grave relocation project has been awarded a permit under the National Heritage Resources Act. The Company will continue to engage with all relevant stakeholders as the project progresses.</p>
To monitor and evaluate Petra's organisational culture against the Company's purpose and to advise on issues of general diversity, as well as more specifically gender diversity, as a strategic imperative for Petra.	<p>Employment equity profiling and regular review of the diversity performance of the Group at all levels of the business, as well as monitoring of other employee-related measures related to workforce culture.</p>	<p>Revision of the Group's diversity targets to ensure the Group has one plan and to ensure targets are aligned to the Employment Equity Act and the Mining Charter requirements.</p>



ROLE	ACTIVITIES IN FY 2022	OUTCOMES
To ensure an appropriate Stakeholder Engagement Management System is in place and is maintained.	<p>Evaluation of the Company's Stakeholder Engagement Module.</p> <p>Reviewed Operational Grievance Mechanism standards and controls and monitoring thereof across the Group's operations.</p> <p>Improvement of reporting to the SED Committee on these mechanisms.</p>	Ongoing evaluation, implementation and roll-out of SRM software platform to capture and assess historical and ongoing stakeholder engagement, commencing with the South African operations.
<p>To evaluate the effectiveness of Petra's framework, policies and systems for identifying and managing SED risks.</p> <p>Identifying and/or ratifying those material issues related to SED which could impact the continued sustainability of the Company.</p> <p>Communicate, where applicable, its material SED risks to the Audit & Risk Committee.</p>	<p>The SED Committee regularly monitored the Group's principal and emerging SED risks and these were also communicated to the Audit & Risk Committee.</p> <p>The Company performed assessment of risks relating to bribery and corruption, other financial crime, and human rights and labour conditions and implementing ethics and compliance programme.</p>	<p>The SED Committee discussed and provided feedback on the Group's principal and emerging SED risks.</p> <p>The Group's anti-bribery and corruption and whistleblowing policies (outlined above) were reviewed and approved.</p>
To ensure systems are in place to record and submit statistical data that may be required for legal, regulatory and other external reporting.	<p>Review of internal and external reporting requirements; gap analysis to evaluate how Petra could improve its ESG disclosures.</p> <p>Submission of statutory documents.</p>	<p>Monitoring of SED-related data and information at SED Committee level.</p> <p>Reporting on employment equity and SLP progress to the South African Department of Labour and the DMRE.</p> <p>Monitoring of SED-related statutory documents per the SED Annual Plan.</p>

Octavia Matloa
SED Committee Chair
10 October 2022



Report of the Investment Committee



Members of the Investment Committee

Peter Hill (Chair)

Richard Duffy

Jacques Breytenbach

Deborah Gudgeon

Alex Watson

Johannes Bhatt

Bernard Pryor

Jon Dudas¹

Gordon Hamilton²

Matthew Glowasky³

1. Mr Dudas became a member of the Investment Committee upon appointment to the Board on 1 July 2021. Messrs Hamilton and Glowasky were members of the investment Committee until they resigned from the Board on 19 November 2021 and 17 May 2022 respectively.

2. Mr Hamilton ceased to be a member of the Investment Committee when he resigned from the Board on 19 November 2021.

3. Mr Glowasky ceased to be a member of the Investment Committee when he stepped down from the Board on 17 May 2022.

As Chair of the Investment Committee (the Committee) I would like to present the second report of the Investment Committee since its formation in March 2021.

Monitoring and approving capital allocation and other investments

As a condition of the capital Restructuring which completed in March 2021, Petra's Board formed the Committee, which includes Directors appointed pursuant to shareholder nomination rights, to monitor significant capital and other investments and recommend their adoption to the Board.

The Committee's members have been appointed by the Board and include the Chair of the Board, the Chair of the Audit and Risk Committee, the Chief Executive Officer and the Chief Financial Officer. The Committee is required to meet at least twice a year.

The role and responsibilities of the Committee are to:

- ▶ Consider and approve all capital expenditure and investment proposals from US\$7.5 million to US\$15.0 million
- ▶ Consider and make recommendations to the Board for all capital expenditure and investment proposals above US\$15.0 million
- ▶ Consider and make recommendations to the Board for the disposal of operating subsidiaries, operating mines and/or mining rights or assets exceeding US\$7.5 million in either gross book value or reasonably expected market value
- ▶ Monitor the progress of major capital investments by way of the investment progress schedule together with post-implementation reviews
- ▶ Approve internal processes relating to capital expenditure and investment proposals, including all documentation required to be completed
- ▶ Consider and make recommendations to the Board related to Group capital expenditure and related policies

In FY 2022, the Committee considered the proposed major capital expansion projects at the Cullinan and Finsch Mines. In relation to divestments, the Committee considered the transactions contemplated by the Memorandum of Understanding (MoU) to be entered into with Caspian Limited (Caspian). In addition, and as a requirement of Petra's financing arrangements, the Committee was required to approve certain consequential amendments to Petra's First Lien documents as a consequence of the refinancing of these.



The Investment Committee's mandate is to monitor the Company's capital allocation decisions taking into account the interests of the Company and all its stakeholders.

Peter Hill

Chair of the Investment Committee



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



CC1 East Project at the Cullinan Mine

In November 2021, the Committee considered and unanimously recommended for approval by the Board, its first major capital project which was the 3-level sub-level cave at CC1 East at the Cullinan Mine (the CC1E Project). For more details on this project, see page 48.

The estimated capital expenditure associated with the CC1E Project is US\$173 million.

In determining whether to recommend this project, the Committee considered its long-term impact for Petra, noting its robust economics (having an IRR of more than 30%) and the critical impact it has for Petra's long-term viability by extending the mine plan at the Cullinan Mine to 2031.

The Board also took into account that pursuing this project would give Petra a platform to consider further expansion opportunities that have the potential to further extend the mine plan at the Cullinan Mine beyond 2031, noting in particular:

- ▶ Adding additional tunnels to the east of T41 in the C-Cut block
- ▶ Mining the C-Cut centre block between the C-Cut and the CC1E
- ▶ Mining D-Cut and material below CC1E

The Committee also noted that the CC1E Project would not only have significant positive long-term social and economic impacts on the surrounding communities and positive long-term fiscal impacts for the Government, but was also expected to be self-funded.

Lower Block 5 3-Sub-Level Cave Project at the Finsch Mine

In February 2022, the Committee considered and unanimously recommended for approval by the Board its second major capital project which was the Lower Block 5 3-level sub-level cave at the Finsch Mine (the Lower Block 5 3-SLC Project). For more details on this project, see page 49.

The estimated capital expenditure associated with the Lower Block 5 SLC Project is US\$216 million.

In determining whether to recommend this project, the Committee considered its long-term impact for Petra, noting its robust economics (having an IRR of more than 30%) and the critical impact it has for Petra's long-term viability by extending the mine plan at the Finsch Mine to 2030.

The Board also took into account that pursuing this project would give Petra a platform to consider further expansion opportunities that have the potential to further extend the mine plan at the Finsch Mine beyond 2030, noting in particular:

- ▶ Mining of the area below Lower Block 5
- ▶ Mining of the Upper and Lower Precursor on the western side of the orebody
- ▶ Further resource delineation work required to improve resource confidence

MoU with Caspian

As set out above, the Committee has a mandate to consider and make recommendations in relation to the disposal of assets or interests in assets with a value in excess of \$7.5 million.

The Committee considered the entry by Petra into the non-binding MoU with Caspian pursuant to which Petra agreed to sell 50% (less one share) of its indirect interest in Williamson Diamonds Limited (WDL) to Caspian for total consideration of \$15 million. The Committee noted that upon completion of the transactions contemplated by the MoU, Petra's equity interest in WDL would reduce to 31.5% (but with Petra retaining control of WDL) which was aligned with the Board's objective of reducing Petra's exposure to the Williamson mine, whilst retaining exposure to the mine's upside.

After due consideration, the Committee unanimously recommended to the Board the transactions contemplated by the MoU be approved and that Petra enter into the MoU. The MoU was entered into by Petra and Caspian Limited on 15 December 2021, and the parties are in the process of negotiating definitive transaction agreements that will, subject to the relevant conditions precedent being satisfied, give effect to the MoU.

Peter Hill CBE
Investment Committee Chair
10 October 2022

Directors' Remuneration Report

Letter from the Chair



Members of the Remuneration Committee

Varda Shine, Chair

Bernard Pryor, iNED

Gordon Hamilton, iNED¹

Octavia Matloa, iNED

Deborah Gudgeon, iNED

Jon Dudas, iNED²

1. Mr Hamilton ceased to be a member of the Committee when he retired from the Board on 19 November 2021.
 2. Jon Dudas joined the Committee on 1 March 2022.



This was a year of significant achievement for Petra. We made progress in further transforming the business, combined with excellent financial results.

Varda Shine

Chair of the Remuneration Committee

Key highlights

- ▶ Petra had an exceptional year in FY 2022 with revenue increasing by 44% to US\$585 million and operational free cashflow up 91% to US\$230 million. In addition to much improved financials the Directors also performed well against their personal KPIs. As a result, the Executive Directors will receive annual bonuses of 77.6 – 78.6% of maximum in respect of FY 2022
- ▶ Performance Share Plan (PSP) awards vested at 40.9% of maximum following the end of the three-year performance period to June 2022, reflecting the operational performance over the period and progress in our key strategic projects
- ▶ ESG metrics have been a part of the Company's annual bonus for several years. To supplement the short-term ESG targets in the annual bonus and considering the importance of ESG, the Committee has decided to introduce long-term ESG metrics to the PSP scorecard for FY 2023
- ▶ The Committee is proposing to make an Enhanced PSP Award for FY 2023 to retain our high calibre Executive Directors, recognise their exceptional performance to date and to align them with delivering Petra's long-term strategic ambitions

Dear shareholder,

As Chair of the Remuneration Committee (the Committee) I am pleased to present our Directors' Remuneration Report for the financial year ended 30 June 2022.

Context and Company performance in FY 2022

Our Board's overriding priority continues to be the health, safety and wellbeing of all of our people. It was therefore pleasing that, in terms of safety performance, and following the implementation of various measures during the Year, there was a 40% reduction in LTIs for the Year and a corresponding 50% reduction in the Lost Time Injury Frequency Rate (LTIFR) for the Year. The only safety metric on which Petra's performance deteriorated was in respect of NLTIs, which saw an increase of 11%. However, this was against a backdrop of an increased number of shifts worked in FY 2022 which meant that overall Petra's NLTIFR actually decreased by 7%. The Cullinan Mine, in particular, had an exceptional year, celebrating a LTI-free year on 25 April 2022. The Company also remained highly focused on the application of the operating procedures and implementation of the vaccination programme at each of the Group's operations to help to mitigate the risk to our people of COVID-19.

Read more on pages 114 to 115

This was a year of significant achievement for Petra. We made progress in further transforming the business, combined with excellent financial results. Highlights include:

- ▶ Adjusted EBITDA more than doubling to US\$264.9 million, driven by strong revenue growth and our measures to improve profitability
- ▶ Further strengthening our balance sheet through substantial cash generation which enabled net debt to reduce by 82% to US\$40.6 million, further enabling the successful completion of our Second Lien tender offer which has reduced gross debt by at least US\$144 million
- ▶ Adjusted EPS rose 219% to a record US\$42.93, reversing last years' loss
- ▶ Operational free cashflow rose 91% to US\$230 million
- ▶ Approval of our new dividend policy
- ▶ Good safety results with a 50% reduction in the LTIFR
- ▶ We implemented systems across all our operations aimed at preventing and containing the spread of COVID-19 and continued the roll-out of vaccinations for employees
- ▶ Sustainability is being integrated across our business through the implementation of our new Sustainability Framework

Remuneration Committee Terms of Reference
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The turnaround of Petra includes the implementation of our new Operating Model. Following an inclusive process, we have also defined a new Purpose – Creating Abundance from Rarity – which describes why we do what we do at Petra and the positive impact we would like to have on our stakeholders. We are going through an inclusive process, involving all of our employees, to refresh our culture.

Remuneration outturns for FY 2022

The outcome of the Group's annual bonus scorecard was 81.5% of maximum reflecting the Group's achievements against free cashflow, revenue, production, health and safety and ESG targets. The Executive Directors also performed strongly against their individual strategic targets for the Year, including the development of the Company's new strategy which was outlined at the Investor Day in February 2022, the execution of the Framework Agreement with the Government of Tanzania and the Memorandum of Understanding with Caspian Limited which, once completed, will see the Company's shareholding in Williamson reduce to 31.5%. Individually, the Directors also achieved significant progress on the implementation of the Independent Grievance Mechanism (IGM) and community projects at Williamson, the completion of the First Lien refinancing and completion of the tender offer for the Second Lien notes.

The Committee was satisfied that the overall bonus outcomes for the Executive Directors of 78.6% and 77.6% of maximum were a fair and balanced reflection of the results for the Year.

As a result of the strong operational progress made during the performance period, the formulaic outcome of the PSP scorecard was 40.9% of maximum for the awards relating to the three-year performance measurement period FY 2020 to FY 2022. Despite good progress in many SED areas over the performance period, the Committee determined that the outturn for the SED element should be 0% to reflect the historical human rights allegations at the Williamson mine announced by the Company in 2020. Page 8 in the CEO's letter outlines the progress we have made in establishing the Independent Grievance Mechanism and on the community projects at the Williamson mine. The Committee considered the overall formulaic outcome of 40.9% to be fair and reasonable. The PSP awards were granted prior to the Company's Restructuring that completed in March 2021. The value of participants' awards was significantly, and appropriately, impacted by the fall in share price resulting from the Restructuring, aligning with shareholders' experience. Taking into account the vesting level and the fall in share price, the value of the vested shares is c.5% of the maximum face value at the time of grant.

The Committee considers that the Remuneration Policy operated as intended in respect of FY 2022, and consider that the improved levels of incentive outturns align with Petra's performance.

Salary increases

Whilst the Committee determines the pay for Senior Executives at the Company, we also have oversight for the pay and policies of the wider workforce. We are cognisant of the challenges posed by increasing bills and the cost-of-living crisis. Management have invested heavily in the fixed pay of the workforce with a focus on lower paid staff and those most impacted by rising costs. The average increase to fixed pay for the South African workforce was 10.1%, with an average increase for the lowest paid South African employees of 14.7%.

During the Year the Committee undertook an annual review of Executive Director salaries. As part of the review the Committee took into account the performance of both Directors, and the performance of Petra. As set out above, this was a year of significant achievement for Petra, and Mr Duffy and Mr Breytenbach have successfully navigated Petra through its recent challenges and this exceptional performance was noted in the external Board evaluation which was carried out in Q4 of FY 2022. Taking into account the performance of both Mr Duffy and Mr Breytenbach in their respective roles, as well as the very strong performance of the Company, the Committee

decided to award salary increases of 5%. This is significantly below both the average increase for the workforce and the increases awarded to our lowest paid employees. The increase recognises the considerable achievements to date and the continued importance of both Executive Directors to the ongoing execution of Petra's strategy.

Performance measures for FY 2023

Annual bonuses for FY 2023 will continue to be based on a balanced scorecard linked to the financial, operational and strategic objectives of the Group, and a portion of the Executive Directors' bonuses will continue to be linked to the achievement of individual strategic targets. The Committee reviews the metrics and weightings on an annual basis and has made minor adjustments to the weightings for FY 2023 to ensure that they are aligned with Petra's strategic priorities for the Year. Further details are on page 124.

The Committee has reviewed the operation of the PSP and made a number of changes to the performance measures for awards for FY 2023. Considering the importance of ESG to Petra and our stakeholders, a portion of the PSP will now be based on our long-term ESG performance (see below for more details). The Committee also believes that FY 2023 is an appropriate time to reintroduce relative TSR as a performance metric. Relative TSR was used historically at Petra but discontinued in light of the challenges facing our share price. Taking into account that our share price has now stabilised the Committee considers that it is the right time to re-introduce relative TSR to our forward-looking PSP awards. Therefore, in addition to the existing absolute TSR targets, TSR will once again be measured relative to a sector peer group of international miners. Targets for both the absolute and relative TSR measures will be set with reference to the 30-day VWAP to the date the awards are granted. For simplicity and to align with typical market practice, PSP performance will now be assessed on a straight-line basis between threshold and maximum with the removal of the previously used 'target' performance.

ESG metrics

We recognise the importance of responsible ESG management to our stakeholders, as well as its positive impact on the financial and operational performance of our Company. As a result, ESG metrics have formed part of the annual bonus scorecard for a number of years. The Committee has refined our bonus scorecard and for FY 2023 bonuses will be partly based on the following ESG metrics:

- ▶ Safety and health: safety statistics and employee health and wellness
- ▶ Governance and social: human rights, stakeholder engagement (including resolution of grievances), commitments related to our Social and Labour Plans in South Africa, diversity and inclusion
- ▶ Environment: environmental incidents, water and energy efficiency, concurrent rehabilitation

In order to align rewards with the delivery of our longer-term ESG priorities, the Committee has also introduced ESG metrics into the PSP scorecard. For FY 2023, the scorecard will include a metric linked to achieving our ambitions on reducing greenhouse gas emissions. This will include the development of an execution roadmap and an assessment of the Group's performance against Board approved targets by FY 2025.

Executive Directors – Enhanced PSP Award

FY 2022 was a year of significant achievement at Petra, and this turnaround would not have been possible without the exceptional performance of our management team, in particular the leadership shown by our Executive Directors. In its determinations for this Year, the Remuneration Committee was very conscious about the marketability of a management team with a track record of turnaround. We recognise that one of the Committee's key responsibilities is ensuring that management is incentivised and retained to deliver on Petra's future growth ambitions.



Directors' Remuneration Report continued

Executive Directors – Enhanced PSP Award continued

The Committee carefully considered how to achieve this and have concluded that the most appropriate route would be via an Enhanced PSP Award. This approach seeks to achieve two important objectives: it increases lock-in of our well-regarded management team, while at the same time, and importantly, it aligns to continued Petra performance and hence our shareholders' interests. Our PSP awards last year were 150% of salary for both the CEO and the CFO, out of a maximum of 200% that is permitted under the Directors' Remuneration Policy. Our proposed Enhanced PSP Award for FY 2023 will be 300% of salary for the CEO and 225% of salary for the CFO. This enhanced award level will apply for FY 2023 only. We consider these to be appropriate levels to retain our high-calibre Executive Directors, to recognise their exceptional performance and to align them with delivering Petra's long-term strategic ambitions. The vesting of PSP awards is subject to stretching financial, operational, ESG and TSR targets, with full vesting requiring exceptional performance and resulting in significant value for shareholders. We believe that the enhanced awards are appropriate and in the interests of Petra's shareholders and wider stakeholders.

In order to make the enhanced award, at the AGM shareholders are being asked to vote on an amendment to the shareholder-approved Directors' Remuneration Policy and the Performance Share Plan rules. The Committee greatly values the input of our shareholders and therefore we are consulting with our largest shareholders so that their views are taken into account. No awards will be made until this consultation process is undertaken.

To ensure that the wider Exco team is aligned and subject to the shareholder consultation process above, an Enhanced Award for FY 2023 will be extended to all Exco members.

Non-Executive Director Fees

Mr Hill was appointed as Petra's Chair in March 2020 and his fee has been unchanged since appointment. Since joining Petra, Mr Hill has made significant contributions, particularly in relation to the Restructuring, addressing the human rights allegations at Williamson and more recently in relation to the development of the Company's new strategy. In light of these contributions and Mr Hill's significant time commitments as Petra's Chair, the Committee determined that it was in the Company's shareholders' interests that his fees be increased by 9.1% to £180,000.

Fees for NEDs are determined by the Chair and the Executive Directors and are reviewed on an annual basis. Following their review, the Chair and Executive Directors determined that it would be appropriate to increase NED fees for FY 2023. The overall fee increases represent an increase in NED fees of 5.4%, which is below the average increase for the workforce. Further details are provided on page 130.

AGM

Last year the Committee was pleased to note that 95.11% of shareholders voted in favour of the Directors' Annual Remuneration Report, and 99.99% of shareholders voted in favour of our new Performance Share Plan.

We hope that our shareholders will continue to support our approach to Directors' remuneration at the Company's upcoming AGM.

Varda Shine
Remuneration Committee Chair
10 October 2022

This report explains how the Group's Remuneration Policy was implemented during FY 2022 and how it will be applied for FY 2023:

Overview of policy and how it will be applied for FY 2023

Salary

Influenced by role, individual performance, experience and market positioning.

During the Year, the Remuneration Committee reviewed the salaries of Executive Directors and determined to award the following increases for FY 2023. Further context is set out in the Letter from the Chair of the Remuneration Committee.

With effect from 1 July 2022, Executive Director base annual salaries are as follows:

- ▶ Richard Duffy – £456,750 (FY 2022: £435,000)
- ▶ Jacques Breytenbach – £304,500 (FY 2022: £290,000)

The average fixed pay increase for the workforce in South Africa for FY 2023 is around 10.1% in local currencies. Taking into account cost of living pressures the budgeted increases have been focused on the lower end of the organisation, with an average effective fixed pay increase for these populations in South Africa of 14.7%.

Benefits

Provision of an appropriate level of benefits 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, at the Directors' election, the option to participate in the Company's defined contribution pension fund, up to the maximum contribution in line with the wider workforce, funded from this allowance
- ▶ Group life, disability and critical illness insurance

Annual bonus

Linked to key financial, operational, ESG and strategic goals of the Company, which reflect critical factors of success.

Maximum opportunity for FY 2023 of 150% of salary.

The Committee has reviewed the annual bonus targets for FY 2023 to ensure that they continue to be aligned to our strategic priorities.

The bonus scorecard for FY 2023, which will have an overall weighting of 70%, will be linked to:

- ▶ ESG objectives (incorporating both HSE and SED measures) (30%)
- ▶ Free cashflow generation (20%)
- ▶ Cost and capital management (40%)
- ▶ Carats produced and revenue realised (10%)

The remaining 30% of the Executive Directors' bonuses will be linked to the achievement of individual strategic targets. Annual bonus will be subject to a clawback provision, which may apply for up to two years following the end of the performance period.



Performance Share Plan

Aligned with shareholders and motivating the delivery of long-term objectives.

For FY 2023 the Remuneration Committee intends to grant enhanced PSP awards for the reasons set out in the Letter from the Remuneration Committee Chair. Subject to consulting further with shareholders and receiving approval at the AGM, the Committee intends to grant an award of 300% of salary to the CEO and an award of 225% of salary to the CFO.

Performance for the FY 2023 award will be measured over a three-year period to 30 June 2025, subject to the following performance measures:

- Absolute total shareholder return (TSR) performance (15%)
- TSR relative to FTSE 350 mining companies and listed diamond mining peers (15%)
- Cashflow generation and net debt movement, set with reference to approved business plans (30%)
- Operational and efficiency measures, set with reference to approved business plans (25%)
- Sustainability performance, linked to our greenhouse gas reduction ambitions (15%)

PSP awards are subject to a two-year holding period post-vesting to further align executive remuneration to shareholder interests.

The PSP is subject to a clawback provision, which applies for up to two years following the end of the relevant performance period.

Shareholding guidelines

Aligned with shareholders.

Shareholding guidelines of 200% of salary.

Post-employment shareholding requirements apply.

The following table provides details of how the Remuneration Policy addresses the factors set out in Provision 40 of the 2018 UK Corporate Governance Code:

Clarity

Remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.

The Committee is mindful of ensuring that our remuneration arrangements are clear and transparent for both participants and shareholders.

When considering changes to our Remuneration Policy the Committee engaged with major shareholders and key proxy bodies and took their comments into account.

Simplicity

Remuneration structures should avoid complexity and their rationale and operation should be easy to understand.

Petra's remuneration framework is simple, consisting of fixed remuneration, an annual bonus and a single Long Term Incentive Plan.

Risk

Remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.

The Committee takes risk factors into account when setting and assessing remuneration arrangements. The performance framework includes a balanced range of measures which include production, financial and ESG measures.

The remuneration framework provides the Committee with discretion to adjust incentive outturns or to clawback remuneration in certain circumstances.

Predictability

The range of possible values of rewards to individual Directors, and any other limits or discretions, should be identified and explained at the time of approving the policy.

Our Policy provides details of the maximum opportunity for elements of variable pay.

The scenario charts on page 124 of the 2020 Directors' Remuneration Policy in the Company's 2020 Annual Report provide four illustrations of the application of our Policy for differing levels of performance.

Proportionality

The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.

In order to align Executive pay with performance, two of the overarching principles of our Policy are that remuneration packages should be weighted towards performance-related pay and that performance targets should be suitably demanding.

The Committee has a strong track record of applying discretion to amend awards where they do not consider them to be appropriate in the context of performance.

Alignment to culture

Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.

The Company's values, purpose and culture are reflected in remuneration outcomes. Salary increases for Executives typically take account of the wider workforce. Pension benefits are aligned to the workforce. From FY 2023, both the annual bonus and PSP include metrics linked to Petra's ESG and sustainability strategy, including health, safety, social and environmental performance.

Directors' Remuneration Report continued

Single figure of total remuneration

The following table gives a breakdown of the remuneration received by the Executive Directors for FY 2022 and FY 2021. 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.

		Richard Duffy Chief Executive Officer		Jacques Breytenbach Chief Financial Officer	
	£	2022	2021	2022	2021
Salary	£	435,000	370,800	290,000	265,200
Benefits ¹	£	53,533	44,165	24,157	22,770
Retirement benefits ¹	£	—	—	11,532	8,818
Total fixed remuneration	£	488,533	414,965	325,689	296,788
Annual bonus – paid in cash	£	384,649	292,998	253,170	209,555
Annual bonus – deferred to shares	£	128,216	97,666	84,390	69,852
Long-term incentives ^{2,3}	£	37,970	—	14,101	—
Total variable remuneration	£	550,835	390,664	351,661	279,407
Total	£	1,039,368	805,629	677,350	576,195

1. Executive Directors are provided with a 10% benefits allowance and may use a portion of such allowance, limited to 7.5% of salary, to contribute to the Company's outsourced defined contribution pension plan which is also available to the Group's South African workforce. No additional retirement benefits are provided. In addition, the Executive Directors are members of the Group's management life insurance scheme (which includes disability and critical illness cover).

2. The performance period for the PSP awards granted in October 2019 ended on 30 June 2022. The awards will vest at 40.9% of maximum (see page 128). The values included in the table above are based on the three-month volume weighted average share price to 30 June 2022 of 114.4 pence. As this is below the share price at grant (adjusted for the 50:1 share consolidation that became effective in November 2021) none of the amounts in the table above are attributable to share price appreciation.

3. Mr Duffy was granted a PSP award on appointment that was subject to a consolidated net debt:consolidated EBITDA ratio targets. See page 128 for further details. The value included in the table above is based on the three-month volume weighted average share price to 30 June 2022 of 114.4 pence. As this is below the share price at grant (adjusted for the 50:1 share consolidation that became effective in November 2021) none of the amount in the table above is attributable to share price appreciation.

Additional notes to the remuneration table

Salary

During the Year, the Remuneration Committee reviewed the salaries of Executive Directors and gave particular consideration to the salary increases throughout Petra in light of the current cost-of-living pressures. The following table sets out details of the workforce increases effective for FY 2023:

Average fixed pay increase (entire South African workforce)	10.1%
Average fixed pay increase (lowest paid levels of the South African workforce)	14.7%

Taking into account the exceptional performance of both Mr Duffy and Mr Breytenbach in their respective roles, the Committee decided to award salary increases of 5%. This is significantly below both the average increase for the South African workforce and the increases awarded to our lowest paid employees, as set out in the table above. The Committee determined that the following base salaries would apply for FY 2023:

	Base salary to 1 July 2021 £	Base salary from 1 July 2022 £
Richard Duffy	435,000	456,750
Jacques Breytenbach	290,000	304,500

Benefits

In lieu of pension plan participation and other benefits, the Executive 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 may elect, at their own discretion, to participate in the Company's defined contribution pension scheme that applies to the Group's South African workforce.

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 (with a weighting of 70% of Executive Directors' bonus award), and individual strategic performance measures with a weighting of 30%. 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 2022, 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 considered the retrospective disclosure of targets and have disclosed targets where this is not considered to be commercially sensitive.

PERFORMANCE METRICS	PERFORMANCE AND TARGETS				WEIGHTING	VESTING OUTCOME	
Operational performance and profitability (including free cashflow generation, revenue, capex and cost management)		Threshold	Target	Maximum	FY 2022 performance	70%	56.1%
	Free cashflow (US\$m)	58.5	68.9	75.7	230.0		
	Revenue (US\$m)	386.6	454.8	500.3	585.2		
	Carats	2,952	3,473	3,820	3,354		
	Cost and capex	6	8	10	8.5		
ESG measures (including health, safety, social and environmental performance)		Threshold	Target	Maximum	FY 2022 performance	30%	25.4%
	LTIFR ¹	0.41	0.37	0.30	0.22		
	TIFR ¹	0.79	0.72	0.58	0.51		
	ESG scorecard ²	6	8	10	8.5		
<p>1. The outcome of the health and safety measures for FY 2022 was also subject to maintaining zero fatalities for the Year which was achieved.</p> <p>2. The ESG scorecard includes an assessment of performance against environmental, social and diversity, and inclusion targets. The outcome was also subject to there being no major environmental incidents nor any major social incidents, which were both achieved.</p>							
Bonus Award – Group Scorecard (70% weighting)						100%	81.5%
Bonus Award to Executive Directors – Group Scorecard Contribution						70%	57.1%

Personal Performance Measures – Executive Directors

Performance metrics	Weighting (CEO)	Weighting (CFO)	Performance assessment outcome	CEO	CFO
Portfolio strategy	15%	15%	80%	12.0%	12.0%
Williamson Framework Agreement and memorandum of understanding	10%	5%	70%	7.0%	3.5%
Capital structure	5%	10%	50%	2.5%	5.0%
Personal Performance Measures	30%	30%		21.5%	20.5%
TOTAL BONUS AWARD FY 2022	100%	100%		78.6%	77.6%

Post Year end, the Committee carefully considered the formulaic annual bonus outturns to ensure that they are appropriately aligned with the underlying performance of the Company and the Directors. Overall, the Committee considered that the annual bonus outturn of 78.6% and 77.6% of maximum for the CEO and CFO, respectively, were appropriate in respect of FY 2022 and did not apply further discretion.

Annual bonus for FY 2023

For FY 2023, the Committee will continue to use a scorecard framework to determine annual bonuses, as set out below. In line with the approach used for FY 2022, 30% of the Executive Directors' bonuses will be linked to the achievement of individual strategic targets.

Performance measure	Scorecard weighting
Operational performance and profitability (including free cashflow generation, carat production, revenue, capex and cost management)	70%
ESG Measures (including environmental efficiencies, social & community, diversity and inclusion, and health and safety performance)	30%

As noted above, the bonus framework includes both measurement against pre-defined targets and the exercise of judgement, within a scoring framework which uses measurable and defined objectives.



Directors' Remuneration Report continued

Long-term incentives – Performance Share Plan

Annual long-term share awards are granted under the Performance Share Plan, with vesting conditional on the achievement of both shareholder return and operational measures. The plan was originally approved by shareholders at the January 2012 AGM and therefore expired during FY 2022. Shareholders approved a revised set of rules at the 2021 AGM. The resolution was passed with 99.9% votes in favour.

FY 2020 to FY 2022 award – vesting outcome

The long-term incentive outturn post-period-end relates to the awards granted under the PSP in October 2019 subject to performance measures assessed over three years. These awards were linked to total shareholder return (50%) and to operational performance and project delivery (50%). Following the end of the performance period, the Committee assessed performance achieved against the pre-determined measures and targets.

Total shareholder return (50%)

Performance measure	Weighting	0% of element vests	25% of element vests	75% of element vests	100% of element vests	Actual performance
Ranked TSR vs FTSE 350 mining companies and diamond mining peers	25%	n/a	Median ¹	n/a	Upper quartile	Below median (0% vested)
Absolute TSR growth (share price)	25%	£8.00 ¹	£12.50	£17.50	£25.00	Below threshold (0% vested)

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

The TSR targets were set in FY 2020 prior to the Company's Restructuring. The absolute TSR share price targets have been increased to reflect the 50:1 share consolidation that became effective in November 2021. The Committee is comfortable that the restated targets are no easier or harder to achieve than the original targets. Both elements linked to TSR lapsed in full, reflecting both internal challenges and external macro factors.

Operational performance and project delivery (50%)

	Weighting	25% of element vests ¹	80% of element vests	100% of element vests	Actual performance
Operational performance/efficiency and project delivery	25%	6/10	8/10	10/10	Overall 6.3/10
Free cashflow generation (Project 2022)	25%	US\$150m	US\$200m	US\$250m	US\$265.4m

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

Operational performance was measured considering an assessment of performance against HSE, SED (Social, Ethics and Diversity), revenue, costs and capex objectives. The objectives are approved by the Committee and the Board. Despite good progress in many SED areas the Committee determined that the outturn for the SED element should be 0% of maximum to reflect the historical human rights allegations at the Williamson mine that the Company announced in 2020. Further details of performance at each site are set out in the Operational Review on pages 46 to 57.

Following the assessment of operational performance and project delivery, this element can be varied by up to 15% (upwards or downwards) to reflect operational efficiency, including factors such as operating cashflow generation, production, revenue, costs and profitability, overall mine management and other metrics considered appropriate by the Committee. The Committee made no further adjustment to the award and the final vesting of the operational performance and project delivery metrics was 40.9% (out of 50%).

On the basis of the above performance the total vesting for the PSP awards was 40.9% of maximum. The FY 2020 PSP awards were granted prior to the Company's Restructuring that completed in March 2021. As a result of the Restructuring, the value of participants' awards was significantly impacted by the fall in share price, in-line with the experience of shareholders. Taking into account the vesting level and the fall in share price, the value of the vested shares is 5.3% of the maximum face value at the time of grant.

Appointment award for the Chief Executive Officer – vesting outcome

On appointment, Mr Duffy was granted a PSP award equivalent to c.40% of salary. Vesting of this award was subject to the Company achieving a consolidated net debt:consolidated EBITDA ratio of not more than 2.5 times. The Company's consolidated net debt:consolidated EBITDA ratio for the Year ended 30 June 2022 was 0.15 times and therefore this award vested in full. The Committee considered that this outcome was appropriate and did not apply discretion to the award. The award was granted prior to the Company's Restructuring that completed in March 2021. As a result of the Restructuring, the value of the award was significantly impacted by the fall in share price, in-line with the experience of shareholders. Taking into account the 100% vesting level offset by the fall in share price, the value of the vested shares is 12.2% of the maximum face value at the time of grant.



FY 2023 awards

The following tables set out the performance measures and targets that will apply for FY 2023 awards, which are linked to the Company's long-term strategic priorities.

Summary of performance targets: FY 2023–FY 2025 awards

PERFORMANCE MEASURES	WEIGHTING				
Absolute TSR performance	15%	<ul style="list-style-type: none"> This element is based on the following absolute share price growth targets 			
			Absolute TSR performance	10% CAGR	25% of element vests ¹ / 100% of element vests
1. No portion of an element vests for performance below this threshold level. CAGR reflects targeted Compound Annual Growth Rate over the three year period.					
Relative TSR vs FTSE 350 mining companies plus diamond mining peers	15%	<ul style="list-style-type: none"> This element is linked to relative TSR measured against other mining peers 			
			Relative TSR vs FTSE 350 and diamond mining companies	Median	25% of element vests ¹ / 100% of element vests
1. No portion of an element vests for performance below this threshold level.					
Cashflow generation and net debt	30%	<ul style="list-style-type: none"> This element is linked to the Company's ability to generate positive operational free cashflow (after capex) and the resultant improvement in the net debt:EBITDA ratio over the three-year measurement period The targets were set with reference to the Company's internal projections 			
			Operational free cashflow	50%	25% of element vests ¹ / 100% of element vests
			Net debt/(Net cash): EBITDA ratio	50%	US\$110.6m / -0.2x
1. No portion of an element vests for performance below this threshold level.					
Operational performance and efficiencies	25%	<ul style="list-style-type: none"> This element is linked to the management of the Company's cashflow generation and resultant net debt profile The assessment at the end of the period is based on an agreed framework with vesting based on performance against approved three-year business plans for both production measures (tonnes and carats), and the weighted average score out of ten across all mines for opex and capex efficiency measures; the objectives for each mine are approved by the Board 			
			Cumulative tonnes treated (million)	35%	25% of element vests ¹ / 100% of element vests
			Cumulative carats recovered (million)	35%	37.3 / 11.5
			Opex and capex efficiencies	30%	6 / 10
1. No portion of an element vests for performance below this threshold level.					
ESG and sustainability	15%	<ul style="list-style-type: none"> This element is linked to the Company's progress against our long-term GHG reduction ambitions The assessment at the end of the period will be based on the successful development and implementation of an execution roadmap to 2030 as well as absolute GHG reduction performance in relation to Board-approved targets 			
Committee discretion		<ul style="list-style-type: none"> The Remuneration Committee retains discretion to adjust outturns if they are not considered to be appropriate, taking into account the underlying performance of the Company and Executive Directors over the performance period 			



Directors' Remuneration Report continued

Non-executive Director remuneration

The fee for Mr Hill, Petra's Chair, has been unchanged since his appointment in March 2020. Mr Hill has made a significant contribution since joining Petra, particularly in relation to the Restructuring, and the response and remedial actions following the human rights allegations at Williamson, as well as his contribution since joining to the development of the Company's new strategy. In light of these contributions and Mr Hill's significant time commitments as Petra's Chair, the Committee determined that it was in the Company's shareholders' interests to make a step change increase to his fee. With effect from 1 July 2022, the Committee has increased his fee from £165,000 to £180,000 per annum. As Chair, Mr Hill also receives the benefit of membership of the Group's life insurance scheme.

The other NEDs receive a fixed basic fee for their normal services rendered and fees for other responsibilities such as chairmanship of Committees and the Senior Independent Director. All fees are payable in cash.

Fees for the NEDs are determined by the Chair and the Executive Directors and are reviewed on an annual basis. The last change to NED fees was in FY21 when the additional fees for the Senior Independent Director and the Audit and Risk, Remuneration, HSE and SED Committee Chair fees were reduced in recognition of the position of the business at that time. The basic NED fee was last increased in July 2016. An assessment of the NED roles shows that there has been a significant increase in the time commitment required to appropriately fulfil their responsibilities. Taking this into account, the Chair and Executive Directors determined that it would be appropriate to make the following increases for FY 2023:

- ▶ Increasing basic annual fees for NEDs from £56,650 to £58,350
- ▶ Increasing annual fees for the Senior Independent Director, the Audit and Risk Committee Chair and Remuneration Committee Chair from £10,000 to £12,000. Note that this remains below the level in place prior to the reduction in FY21
- ▶ Increasing annual fees for the HSE Committee Chair and SED Committee Chair from £7,500 to £10,500. Note that this remains below the level in place prior to the reduction in FY 2021

The fee increases above represent an overall increase in NED fees of 5.4%, which is below the average increase for the workforce.

Independent NEDs do not participate in the Company's bonus arrangements, share schemes or pension plans, and for FY 2022 (in accordance with the Company's normal policy), did not receive any other remuneration from the Company outside of the fee policy outlined above.

Single figure of total remuneration

The following table gives a breakdown of the remuneration received by the NEDs for FY 2022 and FY 2021. 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 £
Peter Hill	2022	165,000	1,503	166,503
Chair of the Board of Directors	2021	165,000	1,552	166,552
Varda Shine	2022	76,650	—	76,650
Senior Independent Director and Remuneration Committee Chair	2021	73,835	—	73,835
Gordon Hamilton	2022	27,771	—	27,771
iNED and ARC Chair (retired 19 November 2021) ¹	2021	68,510	—	68,510
Octavia Matloa	2022	64,150	—	64,150
iNED and SED Committee Chair	2021	65,427	—	65,427
Bernard Pryor	2022	64,150	—	64,150
iNED and HSE Committee Chair	2021	75,427	—	75,427
Deborah Gudgeon	2022	63,317	—	63,317
iNED and ARC Chair (effective 1 July 2021)	2021	—	—	—
Jon Dudas	2022	18,883	—	18,883
iNED (effective 1 March 2022)	2021	—	—	—
Matthew Glowasky	2022	49,823	—	49,823
NED (stood down 17 May 2022) ²	2021	17,649	—	17,649
Alex Watson	2022	56,650	—	56,650
NED (effective 1 July 2021) ³	2021	—	—	—
Johannes Bhatt	2022	56,650	—	56,650
NED (effective 1 July 2021) ⁴	2021	—	—	—

1. Mr Hamilton retired from the Board at the conclusion of the 2021 AGM on 19 November 2021.

2. Mr Glowasky was appointed to the Board as a non-independent NED pursuant to the nomination rights of Monarch on 10 March 2021, with fees being paid to Monarch directly. Mr Glowasky stood down as a NED on 17 May 2022.

3. Ms Watson was appointed to the Board as a non-independent NED pursuant to the nomination rights of Franklin Templeton on 1 July 2021.

4. Mr Bhatt was appointed to the Board as a non-independent NED pursuant to the nomination rights of Monarch on 1 July 2021.



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 two years' basic salary for the applicable Director. Executive share ownership and alignment with shareholders is further supported by the Company's bonus deferral and share incentive schemes.

The share interests of the Directors as at 30 June 2022 are detailed below. Mr Breytenbach and Mr Duffy were appointed to the Board effective 19 February 2018 and 1 April 2019 respectively, and are expected to build their shareholding over the five-year period from appointment, in line with our policy on shareholding guidelines.

		Shareholding as at 30 June 2022	Shareholding as at 30 June 2021	Shareholding guideline ¹
Peter Hill	Chair	140,000	—	n/a
Richard Duffy ²	Chief Executive Officer	7,138	4,800	760,490
Jacques Breytenbach ³	Chief Financial Officer	11,982	4,875	508,877
Varda Shine	Senior iNED	—	—	n/a
Gordon Hamilton ⁴	iNED	—	4,940	n/a
Octavia Matloa	iNED	—	—	n/a
Bernard Pryor	iNED	13,000	—	n/a
Deborah Gudgeon	iNED	—	—	n/a
Jon Dudas	iNED	—	—	n/a
Matthew Glowasky ⁵	NED	—	—	n/a
Alex Watson	NED	—	—	n/a
Johannes Bhatt	NED	—	—	n/a

1. Shareholding guideline of 200% of salary based on three-month VWAP to 30 June 2022 of 114.4 pence per share.

2. Post Year end, 17,234 awards made in respect of FY 2020 to FY 2022 under the Company's PSP and 15,957 awards granted pursuant to the Company's PSP on Mr Duffy's appointment are expected to vest, adding to Mr Duffy's shareholding.

3. Post Year end, 12,326 awards made in respect of FY 2020 to FY 2022 under the Company's PSP are expected to vest, adding to Mr Breytenbach's shareholding.

4. Mr Hamilton retired from the Board at the conclusion of the 2021 AGM on 19 November 2021.

5. Mr Glowasky stood down as a NED on 17 May 2022.

Post-employment shareholding guidelines

Executive Directors are expected to maintain a shareholding for a period of two years post cessation of employment. The expected shareholding will be the lower of the Executive Directors' shareholding guideline of two year's basic salary or their actual relevant shareholding at the date of termination if lower. This requirement will only apply to shares delivered from incentives from the date of the new Policy. The Committee may, in exceptional circumstances, allow an Executive Director to reduce this holding guideline to 50% after at least one year from the date of cessation.

Directors' interests

As at 30 June 2022, the Directors' interests in share plans of the Company were as follows:

Breakdown of share plan interests as at 30 June 2022	Shares		Options	
	Unvested and subject to performance ¹	Unvested and not subject to performance ²	Vested but not exercised	Lapsed in the Year
Richard Duffy	1,449,544	112,747	—	—
Jacques Breytenbach	988,750	80,638	—	—

1. This comprises awards made in respect of Mr Duffy's appointment in 2019 and in respect of FY 2020, FY 2021 and FY 2022 under the Company's PSP.

2. This comprises outstanding deferred share awards in respect of FY 2021.

Directors' Remuneration Report continued

Directors' interests continued

As at 30 June 2022, Executive Directors held the following interests in the 2012 PSP:

	Date of award	Outstanding at 1 July 2021	Awarded during the Year	Vested during the Year	Lapsed during the Year	Outstanding at 30 June 2022 ⁵	Performance period ⁶
Richard Duffy	01/04/2019 ¹	15,957	—	—	—	15,957	FY 2020–FY 2022
	24/10/2019 ²	42,136	—	—	—	42,136	FY 2020–FY 2022
	12/01/2022 ³	—	638,196	—	—	638,196	FY 2021–FY 2023
	12/01/2022 ⁴	—	753,255	—	—	753,255	FY 2022–FY 2024
Total		58,093	1,391,451	—	—	1,449,544	
Jacques Breytenbach	24/10/2019 ²	30,136	—	—	—	30,136	FY 2020–FY 2022
	12/01/2022 ³	—	456,444	—	—	456,444	FY 2021–FY 2023
	12/01/2022 ⁴	—	502,170	—	—	502,170	FY 2022–FY 2024
Total		30,136	958,614	—	—	988,750	

- On appointment, Mr Duffy was granted a PSP award equivalent to ca. 40% of salary. Vesting of this award was subject to the Company achieving a consolidated net debt:consolidated EBITDA ratio of not more than 2.5 times. Following Year end this award vested at 100%.
- 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) operational performance and project delivery (50%). The share price on 24 October 2019 was 7.0 pence; the six-month average share price used to determine these awards was 17.6 pence, as opposed to the 30-day average price, being 7.5 pence, used historically. Following Year end this award vested at 40.9%.
- The performance measures applicable to the awards consist of: (a) absolute TSR (one-third); (b) cashflow generation and net debt (one-third); and (c) operational performance and efficiencies (one-third). The closing share price on 12 January 2022 was 74 pence; the 60-day VWAP used to determine these awards was 86.5 pence. The awards are capped at 400% of annual salary.
- The performance measures applicable to the awards consist of: (a) absolute TSR (one-third); (b) cashflow generation and net debt (one-third); and (c) operational performance and efficiencies (one-third). The closing share price on 12 January 2022 was 74 pence; the 60-day VWAP used to determine these awards was 86.5 pence.
- Interests in this column have been adjusted to reflect the 50:1 share consolidation that became effective in November 2021.
- Performance periods with respect to operational performance metrics are measured on respective financial years' results, whilst the relevant TSR measurements are based on returns from date of award to date of final vesting.

External non-executive directorships

Neither 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 ten-year period to 30 June 2022 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.

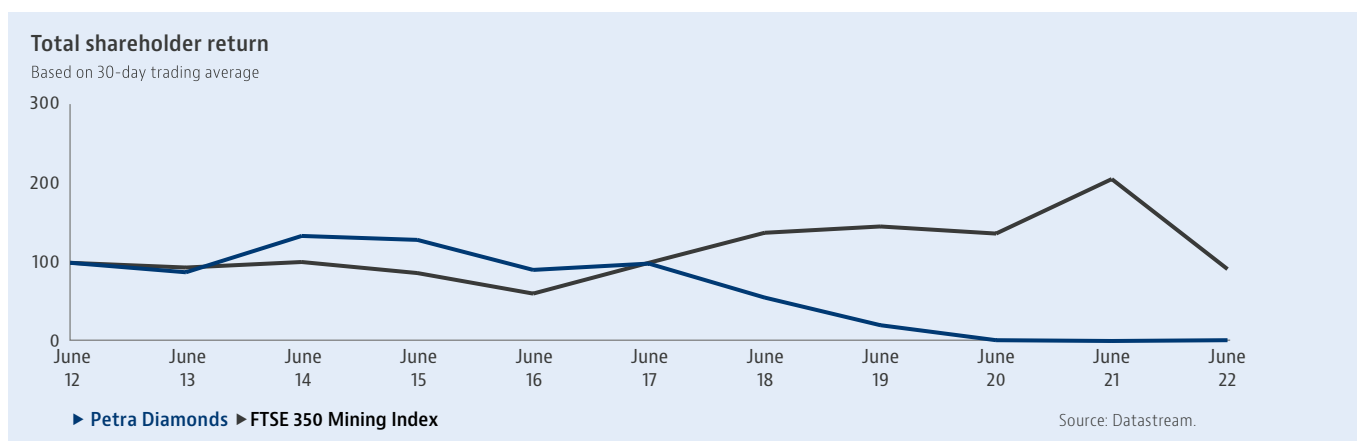




Table of historical data for the Chief Executive Officer

Before the Company stepped up to the Main Market, Petra operated a different remuneration structure. Prior to FY 2012, 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 ten-year period.

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 ²		FY 2020	FY 2021	FY 2022
							Johan Dippenaar	Richard Duffy			
Single figure of total remuneration (£)	804,361	1,075,225	999,034	1,137,521	545,687	550,801	449,172	145,222	384,256	805,629	1,039,368
Annual bonuses as a % of maximum	72.5%	85.5%	40.0%	55.0%	11.4%	17.6%	23.7%	29.6%	0.0%	58.9%	78.6%
Long-term incentives (PSP vesting) as a % of maximum ¹	—	62.2%	57.0%	55.0%	24.9%	17.5%	16.6%	n/a	n/a	n/a	40.9% ³
Long-term incentives (LTSP vesting) as a % of maximum	—	n/a	42.5%	42.3%	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1. Prior to FY 2012, the Company granted share options to Executive Directors. For the purposes of the single figure for 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.

2. Mr Dippenaar departed effective 31 March 2019 and the table reflects his remuneration (excluding payment in lieu of notice) for the nine-month period to date of his departure. Mr Duffy joined as Chief Executive effective 1 April 2019 and the above table reflects his remuneration for the three-month period to 30 June 2019.

3. The vesting outcome for FY 2022 reflects the percentage vesting for FY 2020 to FY 2022 PSP awards only. In addition, Mr Duffy was granted a PSP award equivalent to ca. 40% of salary on appointment. Vesting of this award was subject to the Company achieving a consolidated net debt:consolidated EBITDA ratio of not more than 2.5 times for the Year ended 30 June 2022. This was achieved and the award vested in full post Year end.

Directors' Remuneration Report continued

Annual percentage change in remuneration of the Directors

The following table sets out the annual percentage change in salary, benefits and bonus in respect of each Director and the average for the Company's employees (on a full-time equivalent basis).

		FY 2020 Year-on-year change in pay			FY 2021 Year-on-year change in pay			FY 2022 Year-on-year change in pay		
		Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus
Average Company employee¹		5.0%	13.0%	10.0%	2.4%	0%	100%	10.1%	7.0%	25.7%
Executive Directors										
Mr Duffy	Chief Executive Officer	(8.3%) ²	(2.4%)	(100%)	0% ²	0.6%	100%	17.3%	21.2%	31.3%
Mr Breytenbach	Chief Financial Officer	(6.5%) ²	0.9%	(100%)	0% ²	0.6%	100%	9.4%	13.0%	20.8%
Non-executive Directors										
Mr Hill (appointed 1 April 2020)	Non-executive Chair	n/a	n/a	n/a	0% ³	n/a	n/a	0%	(3.2%)	n/a
Ms Shine	Senior Independent Director	(2.0%)	n/a	n/a	33.0% ⁴	n/a	n/a	3.8%	n/a	n/a
Mr Hamilton (retired 19 November 2021)	iNED	(8.9%)	n/a	n/a	(11.5%)	n/a	n/a	(1.1%)⁷	n/a	n/a
Ms Matloa	iNED	5.7%	n/a	n/a	(0.7%)	n/a	n/a	(2.0%)	n/a	n/a
Mr Pryor	iNED	(6.3%)	n/a	n/a	18.4% ⁵	n/a	n/a	(15.0%)⁶	n/a	n/a
Ms Gudgeon (appointed 1 July 2021)	iNED	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Jon Dudas (appointed 1 March 2022)	iNED	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Mr Glowasky (stepped down 17 May 2022)	NED	n/a	n/a	n/a	n/a	n/a	n/a	2.7%⁷	n/a	n/a
Alex Watson (appointed 1 July 2021)	NED	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Johannes Bhatt (appointed 1 July 2021)	NED	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1. Average employee compensation is calculated using all South African employees in the Group (excluding Executive Directors), as the parent company employs only a small number of employees. The results were calculated by dividing the actual salaries, benefits and bonuses paid out during the Year by the average number of employees.

2. The base salaries for Mr Duffy and Mr Breytenbach of £370,800 and £265,200 respectively remained unchanged during FY 2021 and FY 2020.

3. Mr Hill's base fees as Non-executive Chair for FY 2022, FY 2021 and FY 2020 (pro rata) was £165,000.

4. Ms Shine assumed the role of Senior Independent Director on 17 November 2020.

5. Mr Pryor received an additional fee of £10,000 in FY 2021 as chair of the Tunajali Committee.

6. Mr Pryor ceased to receive a fee as Chair of the Tunajali Committee when it was disbanded in May 2021 which explains the reduction in his fees for FY 2022 compared to FY 2021.

7. FY2022 Year-on-year change in pay for Mr Hamilton and Mr Glowasky are pro-rata based on their respective termination dates.



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 2022 US\$m	FY 2021 US\$m	Change %
Payments to shareholders	Nil	Nil	—%
Group employment costs	146.0	103.5	41.1%

Service contracts

Director	Role	Date current engagement commenced	Expiry of current term	Notice period by Company or Director
Executive Directors				
Mr Duffy	Chief Executive Officer	1 April 2019	n/a	12 months
Mr Breytenbach	Chief Financial Officer	19 February 2018	n/a	12 months
Non-executive Directors				
Mr Hill	Non-executive Chair	1 January 2020	31 December 2022	1 month
Ms Shine	Senior Independent Director	1 January 2022	31 December 2024	1 month
Mr Hamilton	Independent Non-executive Director	29 November 2020	19 November 2021 ¹	—
Ms Matloa	Independent Non-executive Director	10 November 2020	9 November 2023	1 month
Mr Pryor	Independent Non-executive Director	1 January 2022	31 December 2024	1 month
Ms Gudgeon	Independent Non-executive Director	1 July 2021	30 June 2024	1 month
Mr Dudas	Independent Non-executive Director	1 March 2022	29 February 2024	1 month
Mr Glowasky	Non-Independent Non-executive Director	1 July 2021	17 May 2022 ³	—
Ms Watson	Non-Independent Non-executive Director	1 July 2021	n/a ²	n/a ²
Mr Bhatt	Non-Independent Non-executive Director	1 July 2021	n/a ²	n/a ²

1. Mr Hamilton retired from the Board at the conclusion of the 2021 AGM.

2. Mr Bhatt was nominated as a Non-Independent, Non-executive Director by Monarch in accordance with the Nomination Agreement between it and the Company. Similarly, Ms Watson was nominated as a Non-Independent, Non-executive Director by Franklin Templeton Investment Management Limited in accordance with the Nomination Agreement between it and the Company. The term for each of Mr Bhatt and Ms Watson as Non-Independent, Non-executive Directors expires with immediate effect when the applicable Nomination Agreement terminates. The applicable Nomination Agreement terminates when the nominating shareholder holds less than 5% of the shares in Petra.

3. Mr Glowasky stepped down from the Board on 17 May 2022.

Membership of the Committee

The Committee members for FY 2022 were Ms Shine, Mr Hamilton (retired 19 November 2021), Mr Pryor, Ms Matloa, Ms Gudgeon and Mr Dudas (effective 1 March 2022).

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 Chair and the Senior Management team
- ▶ The total individual remuneration for the Chair, 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
- ▶ Service contracts for Executive Directors
- ▶ Oversight of Group-wide workforce remuneration

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

Where appropriate, the Chair 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.



Directors' Remuneration Report continued

External advisers

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 FY 2022 for the Committee totalled £38,450 (FY 2021: £66,900) and were based on a time and materials basis.

During the Year, Deloitte also provided unrelated tax and general advisory services to the Company. BDO LLP remains the Group's auditors.

Statement of shareholder voting

The voting outcomes for the 2021 Directors' Remuneration Report and 2020 Directors' Remuneration Policy Report were as follows:

	For	% for	Against	% against	Total votes cast	Withheld
2021 Directors' Remuneration Report	4,941,886,501	95.11%	253,834,305	4.89%	5,195,720,806	307,053
2020 Directors' Remuneration Policy ¹	255,716,046	99.98%	40,422	0.02%	255,756,468	9,010

1. The voting figures in respect of the 2020 Directors' Remuneration Policy were prior to the share consolidation effective 29 November 2021.

Varda Shine

Remuneration Committee Chair
10 October 2022



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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. 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
- ▶ 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 proper accounting records that are sufficient to ascertain with reasonable accuracy at any time the financial position of the Company and to ensure that the Financial Statements comply with the Bermuda Companies Act 1981 (as amended). 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.

The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

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 maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

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
- ▶ 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 Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess Petra's position, performance, business model and strategy, as well as the principal risks and uncertainties which could affect the Group's performance.

Auditors

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

- ▶ There is no relevant available information of which the auditors are unaware
- ▶ 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 re-appointment of BDO LLP as auditors of the Company is to be proposed at the 2022 AGM to be held on 16 November 2022.

The Financial Statements were approved by the Board of Directors on 10 October 2022 and are signed on its behalf by:

Richard Duffy
Chief Executive Officer
10 October 2022



Independent Auditor's Report

To the members of Petra Diamonds Limited

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 as at 30 June 2022 and of the Group's profit for the year then ended;
- ▶ have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Bermuda Companies Act 1981.

We have audited the financial statements of Petra Diamonds Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2022 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Cashflows, the Consolidated Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- ▶ We have critically reviewed the Directors' base case cashflow and covenant forecasts and evaluated the Directors' assumptions in respect of diamond prices, sales of exceptional stones, production, operating costs, foreign exchange rates and capital expenditure. In doing so, we considered historic performance, trading to date in Q1 FY 2023 and external market data but also the extent to which risks, and uncertainties have been appropriately considered and reflected in the forecasts. Additionally, we benchmarked each material cash flows in the Directors' base case cashflow forecast to the life of mine model.

- ▶ We have obtained an understanding of the impact of COVID 19 and the Russia / Ukrainian conflict to date, together with potential future risks and uncertainties, considering the impact on the labour force, energy prices (fuel and electricity), supply chain, tenders, diamond prices and access to finance.
- ▶ We have obtained and reviewed the Directors' stress test scenarios in respect of strengthening of the South African Rand exchange rate from July 2022 to December 2023, increasing in operating costs from July 2022 to December 2023, US\$ 15.0 million reduction in revenue contribution from exceptional stones; production disruption and a combination scenario and confirmed that liquidity was maintained under such scenarios. Where potential covenant breaches arose under the combined worse case sensitivity, the Directors' have responses over the extent to which adequate liquidity would be available to mitigate the covenant breaches. We further assessed the impact of the tender offer and concluded there to be no covenant breaches.
- ▶ We have assessed the mitigating actions identified by the Directors, including operational cash conservation measures, that form part of their assessment of going concern. In doing so, we made inquiries of the Directors and the Board and obtained supporting evidence in drawing conclusions.
- ▶ We have considered adequacy of the going concern disclosures in Note 11.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Group's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.



Independent Auditor's Report continued

To the members of Petra Diamonds Limited

Overview

Coverage	90% (2021: 90%) of Group profit before tax 100% (2021: 100%) of Group revenue 98% (2021: 98%) of Group total assets	
Key audit matters	2022	2021
	KAM 1	The risk that the life of mine estimates are inappropriate, and assets require impairment.
	KAM 2	The risk in relation to the legislative environment in Tanzania.
	KAM 3	N/A
	KAM 3 is no longer considered to be a key audit matter due to the stabilisation of profits and the strengthening of the cash flows.	
Materiality	Group financial statements as a whole US\$6.2 million (2021: US\$5.0 million) based on 5% of profit before tax (2021: 1.25% of revenue).	

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole.

Whilst Petra Diamonds Limited is a London Stock Exchange listed company, the Group's operating mines are located in South Africa and Tanzania. We assessed there to be three significant components being the Finsch and Cullinan mines which operate in South Africa and the Williamson mine in Tanzania.



Full scope audits for Group reporting purposes were performed on-site on the two significant South African reporting components by the BDO member firm in South Africa. The BDO member firm in South Africa also performed specified audit procedures on the South African non-significant components for Group reporting purposes. A full scope audit of the one significant component in Tanzania was performed by a non-BDO firm in Tanzania. The Group audit team performed specified audit procedures of Petra Diamonds Limited as a standalone entity, along with the audit of the head office component, and the consolidation. The remaining non-significant holding companies were principally subject to analytical review procedures.

As part of our audit strategy, as Group auditors we performed the following procedures:

- ▶ Detailed Group reporting instructions were sent to the component auditors, which included the significant areas to be covered by the audits (including areas that were considered to be key audit matters as detailed below) and set out the information required to be reported to the Group audit team.
- ▶ The Group audit team performed procedures independently over key audit risk areas, as considered necessary, including the key audit matters below.
- ▶ 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 Statutory Auditor or his representative in the Group audit team visited all of the operating mines, attended clearance meetings for all significant components and spent significant periods of time with the component auditors responsible for the significant components during their fieldwork and completion phases.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current Period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

What we considered to be a key audit matter	The risk that the life of mine estimates are inappropriate, and assets require impairment.	The risk in relation to the legislative environment in Tanzania.
Why it represented a key audit matter	Management was required to exercise significant judgement and estimation in assessing the recoverable amount of the mining operations. There was a high level of inherent uncertainty and critical judgements, and estimates are applied by Management in the assessment. The appropriate disclosure of such judgements and estimates was also a focus for our audit.	Management was required to exercise significant judgement and estimation relating to the blocked parcel inventory, VAT recoverability, human rights settlement obligations and the settlement negotiations with the GoT. These were further impacted by the uncertainties associated with the legislative environment of Tanzania. The appropriate disclosure of such judgements and estimates was also a focus for our audit.
Relevant information in Financial Statements and Report of the Audit and Risk Committee	Note 7. Report of the Audit and Risk Committee page 95.	Notes 5, 17, 18, 23 and 35. Report of the Audit and Risk Committee pages 95 to 96.

1. The risk that the life of mine estimates are inappropriate, and assets require impairment

The carrying values of the mining assets at all of the operations were key focus areas for our audit given the recovery in the diamond market and its sustainability, the current global economic environment and volatility in the ZAR/US Dollar exchange rate.

As detailed in Note 7, as at 30 June 2022, the Group recognised an asset level impairment charge of US\$0.3 million being Management's estimate of the decrease in the value of the Koffiefontein assets to its recoverable amount. No impairment indicators were identified at the Cullinan and Finsch Mines and no reversal of previous impairments were deemed appropriate. The Group also reversed a Group level impairment charge relating to Williamson, previously recognised under IFRS 5, of US\$21.4 million as Williamson is no longer considered an asset held for sale. The appropriateness of judgements and estimates applied in determining the recoverable amounts represented a significant risk for our audit, particularly given the sensitivity of the recoverable amount to assumptions including the status of the global rough diamond market and associated diamond prices, the ongoing impact of the COVID-19 pandemic together with the conflict between Ukraine and Russia, inflation, and foreign exchange rates.

How we addressed the matter:

- ▶ We obtained an understanding of the controls operating in respect of the Group's impairment reviews, including confirming that the impairment models utilised the Board approved life of mine plans.
- ▶ We evaluated Management's impairment models against approved LOM plans and our understanding of the operations, and critically challenged the key estimates and assumptions used by Management for each of the mining operations.
- ▶ We compared the trading performance against budget/plan for FY 2022 in order to evaluate the quality of Management's forecasting and where under performance against budget/plan was highlighted evaluated the impact on the forecasts.
- ▶ In respect of short-term pricing assumptions, our testing included evaluation of Management's diamond price forecasts against prices achieved during the Year and post Year end, comparing the price increase achieved in FY 2022 against Management's previous forecasts and evaluated the near-term diamond price recovery forecasts against market analyst commentary and trends observed at other diamond producers.
- ▶ In respect of long-term pricing, we considered the appropriateness of the lower starting price and level of escalation above a long-term US inflation rate of 2% per annum from FY 2024 to FY 2030 used by Management. In evaluating whether Management's estimate was within an acceptable range we compared the price escalator to market guidance and historical market pricing trends. In addition, we searched for alternative views on the long-term outlook and challenged Management's forecasts using a variety of information sources, including market analyst commentary, and demand and supply side factors that would be expected to impact market pricing.
- ▶ We held meetings with mine management (mine managers, geologists, mining engineers) to understand and challenge the production, operating cost, and capital expenditure forecasts. In doing so we assessed the reasonableness of the inflation rate used in the model and we challenged Management assumptions over the labour and electricity forecasts by comparing them with reliable market sources, including consideration of the risks of uncertainties due to the Russia / Ukraine conflict and the associated impact on the life of mine plans.
- ▶ On the other key assumptions, our testing included comparison of foreign exchange rates to market spot and forward rates; recalculation of discount rates in conjunction with our internal specialists and evaluation of the appropriateness of risk premiums therein; and critical review of the forecast cost, capital expenditure and production profiles against approved mine plans, reserves and resources reports and empirical performance.



Independent Auditor's Report continued

To the members of Petra Diamonds Limited

Key audit matters continued

1. The risk that the life of mine estimates are inappropriate, and assets require impairment continued

- ▶ We engaged modelling specialists from a BDO member firm in South Africa to perform a review of the mathematical integrity of the models.
- ▶ We reviewed Management's sensitivity analysis for the impairment models and performed additional sensitivity analysis on the impairment models where considered necessary. We held discussions with the Audit and Risk Committee to consider the recoverable amount under the forecasts, including risks and sensitivity around pricing, production, foreign exchange rates, and discount rates.
- ▶ We reviewed the appropriateness and adequacy of disclosures in note 7.

Observations:

In respect of the recoverable amount of the mining assets, we found the Group's conclusion to be appropriate and that the Board's assessment of the recoverable amount at 30 June 2022 considered both the Group's plans, recent performance and continued risks and uncertainties. We found the disclosures in note 7 to be appropriate.

2. The risk in relation to the legislative environment in Tanzania

At Williamson, ongoing risks arising from legislative changes and political uncertainties, alongside the remaining uncertainty around the recovery of VAT receivables and the blocked diamond parcel (due for export in FY 2018) continued to represent a significant risk to the Group and required Management to exercise judgement in respect of a number of areas:

Inventory

As detailed in note 18, Parcel 1 from FY 2018 of 71,654 cts held at US\$12.5 million being the lower of cost and net realisable value, was confiscated by the GoT and is being prevented from export and sale, although subsequent parcels have been released for export. Given the circumstances and continued confinement of the parcel, determination that the inventory remained recoverable required the Board to consider whether it continued to retain legal title to the parcel, the likelihood and form of recovery, together with the timing thereof. As such, the recoverability of Parcel 1 inventory was considered to represent a key focus for our audit.

Recoverability of VAT receivable

As detailed in note 17, Williamson's gross VAT receivable decreased from US\$29.5 million in FY 2021 to US\$8.6 million at the end of FY 2022. A provision of US\$6.0 million was recorded against the VAT receivables and US\$26.9 million was written off.

Management exercised judgment in determining the extent of provisions, which required consideration of discussions with relevant authorities in Tanzania and the wider operating environment, the validity of the VAT under relevant legislation for each of the three periods and the ultimate timing of recovery of eligible VAT.

Given these circumstances, the carrying value and presentation of VAT was considered to represent a key risk for our audit.

Alleged human rights abuses claim and settlement

In FY 2020, the Group received notification of claims in relation to various alleged human rights abuses at the Williamson mine in Tanzania. In May 2021, the Group announced that they had reached a settlement, on a no admission of liability basis, in relation to the alleged human rights claims at the Williamson mine. Management recognised total costs and provisions of US\$12.7 million in FY 2021 in respect of the settlement and associated legal costs as detailed in note 5. There was no additional provision recognised in FY 2022.

The determination of the total costs and provision required a level of estimation, whilst the disclosure of the matter was considered to be important to users of the Financial Statements. Accordingly, this area was considered to represent a key risk for our audit.

Framework agreement with Government of Tanzania

As detailed in note 35, the Company signed an agreement in principle with the Government of Tanzania relating to the Williamson operations. In FY 2021 management recorded a provision of US\$19.5 million in respect of unsettled and disputed tax claims. The Framework Agreement is subject to a number of conditions, and was therefore not yet effective as at 30 June 2022. However, this area required Management to exercise judgement and was considered to represent a key risk for our audit.

How we addressed the matters:

Inventory

- ▶ During our prior year audits, we reviewed the shipping documentation and export approvals for the parcel, together with documents demonstrating that relevant GoT authorities seized the parcel and obtained confirmation from the GoT that the parcel was held by the GoT and remained unsold. We performed procedures to assess the steps undertaken in the export process to assess Management's conclusion that legislative requirements were appropriately followed. In the current year, we reviewed the conditions precedent in the Framework Agreement which indicate that the GoT will release the parcel and that the consideration will flow to the Group. We confirmed with Management and the Board that there have been no indications that the parcel is no longer held by the GoT during their correspondence with the GoT.
- ▶ We obtained all correspondence with the GoT in relation to the blocked parcel and made enquiries of in-house counsel to identify any indicators that the Group's entitlement to the inventory is disputed. We evaluated the consistency of Management's judgement regarding the ultimate release of the parcel against correspondence between the parties regarding sale of the parcel and receipt of resulting proceeds by Williamson.
- ▶ We reviewed the carrying value of the inventory, held at historic cost, against the recent tender values achieved in FY 2022.
- ▶ We challenged Management regarding the method, likelihood and timing of recovery and discussed the judgement with the Audit and Risk Committee. In doing so, we considered representations regarding the status of discussions with GoT representatives, including GoT representatives on the Williamson Board. We obtained written representations from the Petra Board in respect of the judgement.

Recoverability of VAT receivable

- ▶ We examined the Group's correspondence with the tax authorities in respect of the US\$1.8 million pre-2017 legislation VAT for indicators that such taxes were irrecoverable under local tax rules or subject to dispute. In addition, we made enquiries of the Board and Management and reviewed minutes of meetings to identify indicators that VAT is disputed or may be irrecoverable. We obtained and reviewed correspondence with the TRA for evidence of any disputes regarding the validity of the balance.



Key audit matters continued

2. The risk in relation to the legislative environment in Tanzania continued

Recoverability of VAT receivable continued

- ▶ In respect of the undisputed VAT balances of US\$6.8 million post July 2020, we considered and challenged Management's assessment of the provision for discounting including the estimates regarding the timing of recovery and risk adjusted discount rate applied in the calculation and performed sensitivity analysis to consider alternative scenarios. This included consideration of the payment history, apparent fiscal constraints on the GoT and political developments, the nature of ongoing correspondence and other ongoing legislative changes.
- ▶ We reviewed the disclosures in the Financial Statements to satisfy ourselves that the judgements and estimates have been appropriately disclosed.

Alleged human rights abuses claim and settlement

- ▶ We obtained and reviewed the claim letters, responses and settlement agreement and held discussions with both Management and the Group's external legal advisors to obtain an understanding of the developments in the Period and terms of the settlement.
- ▶ We agreed the settlement value to the general ledger and payments to bank.
- ▶ We challenged Management and their legal advisors as to the extent of any further legal or constructive obligations that the Group may be exposed to in relation to the alleged human rights abuses claim and associated settlement terms.

Framework agreement with GoT

- ▶ We made inquiries of Management including in-house legal counsel regarding the status of the Conditions Precedent ("CPs") and obtained all correspondence with the GoT in relation to the Framework Agreement. We also obtained evidence from Management to support CPs that have been met. We note that some of these CPs were met after year end.
- ▶ We considered each of the elements of the Framework Agreement to assess Management's conclusions regarding whether they have an impact on the carrying value of the VAT, Parcel 1 or otherwise give rise to a provision or contingent liability at 30 June 2022.
- ▶ We reviewed the professional advice obtained by the Group in respect of any tax claims and involved our own tax specialists, to assess the strength of the Group's position and conclusions under IFRS.

Observations:

Inventory

In relation to Parcel 1, we found the Group's conclusion that they are entitled to the return of the parcel to be acceptable and suitably supported by historic independent advice and in the current year the conditions precedent within the settlement agreement. Additionally, we found that the estimation of the carrying value of the Parcel to be appropriate. We found the judgements and estimates regarding the valuation, likelihood, method, and timing of recovery to have been appropriately considered and disclosed in note 18.

Recoverability of VAT receivable

In relation to the recoverability of the VAT receivable, based on our procedures, we found Management's provisioning level to be appropriate. In addition, we found the disclosures included in the Financial Statements in note 17 to be appropriate.

Leigh Day – alleged human rights claim and settlement

In relation to the alleged human rights claim and settlement, based on our procedures performed, we found that no additional provisioning by Management's in FY 2022 to be appropriate. In addition, we found the disclosures included in the Financial Statements in notes 5 and 23 to be appropriate.

Framework agreement with GoT

Based on our procedures we found Management's conclusion to be appropriate. In addition, we found the disclosures included in the Financial Statements in note 35 to be appropriate.

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 reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	2022	2021
Materiality	US\$6.2 million	US\$5.0 million
Basis for determining materiality	5% of Group Profit Before Tax	1.25% of Group revenue
Rationale for the benchmark applied	Revenue has historically been the benchmark due to the instability of the Group profit before tax. Given the Group is delivering relatively steady state production and normalised earnings, profit before tax is deemed the most appropriate benchmark for the current financial year.	We considered revenue to be an appropriate benchmark for materiality given the Group had substantially completed its capital expansion programmes and was delivering relatively steady state production.
Performance materiality	75% of materiality	75% of materiality
Basis for determining performance materiality	75% of materiality considering the nature of activities and historic audit adjustments.	75% of materiality considering the nature of activities and historic audit adjustments.



Independent Auditor's Report continued

To the members of Petra Diamonds Limited

Our application of materiality continued

Component materiality

Whilst materiality for the financial statements as a whole was US\$6.2 million (FY 2021: US\$5.0 million), each significant component of the Group was audited to a lower materiality as detailed in the overview section.

We set materiality for each component of the Group based on a percentage of between 26% and 86% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from US\$1.6 million to US\$5.3 million. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of US\$0.1 million (FY 2021: US\$0.1 million). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts 2022 other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

Going concern and longer-term viability

- ▶ The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified (set out on pages 151 to 152); and
- ▶ The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate (set out on pages 99 to 100); and
- ▶ The Directors' statement on whether they have a reasonable expectation that the Group will be able to continue in operation and meets its liabilities as they fall due (set out on pages 151 to 152).

Other Code provisions

- ▶ Directors' statement on fair, balanced and understandable (set out on page 92);
- ▶ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on pages 65 to 70);
- ▶ The section of the annual report that describes the review of effectiveness of risk management and internal control systems (set out on pages 92 to 93); and
- ▶ The section describing the work of the audit committee (set out on pages 90 to 98).

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Auditor's responsibilities for the audit of the financial statements continued

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- ▶ We held discussions with Management, the Audit and Risk Committee and the legal counsel to consider any known or suspected instances of non-compliance with laws and regulations or fraud identified by them;
 - ▶ We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates through discussion with Management and the Audit and Risk Committee and our knowledge of the industry. We considered the risk of acts by the Group which were contrary to those laws and regulations, including fraud. We considered the significant laws and regulations of South Africa, Tanzania, Bermuda, and the UK to be those relating to the industry, financial reporting framework, tax legislation and the Listing Rules;
 - ▶ We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by obtaining an understanding of the controls that the Group has established to address risks identified by the entity, or that otherwise seek to prevent, deter, or detect fraud;
 - ▶ We addressed the fraud risk in relation to revenue recognition, testing a sample to supporting documentation, including testing the cut-off of revenue transactions in the period proceeding and preceding year end;
 - ▶ We addressed the risk of management override of internal controls, including testing a risk-based selections of journals and evaluating whether there was evidence of bias in Management's estimates that represented a material misstatement due to fraud. Specifically:
 - ▶ We tested the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
 - ▶ We performed a detailed review of the Group's year end adjusting entries and investigated any that appear unusual as to nature or amount and agreeing to supporting documentation;
 - ▶ For significant and unusual transactions, particularly those occurring at or near year end, we obtained evidence for the rationale of these transactions and the sources of financial resources supporting the transactions;
 - ▶ We assessed whether the judgements made in accounting estimates were indicative of a potential bias (refer to key audit matters above);
 - ▶ We extended inquiries to individuals outside of management and the accounting department to corroborate Management's ability and intent to carry out plans that are relevant to developing the estimate set out in the key audit matters section above;
 - ▶ We reviewed the whistleblowing register and obtained an understanding of a sample of reports;
 - ▶ We reviewed minutes from Board meetings of those charges with governance to identify any instances of non-compliance with laws and regulations;
- ▶ Our tests included, but were not limited to, agreement of the financial statement disclosures to underlying supporting documentation, review of correspondence with regulators, review of correspondence with legal advisers, enquiries of management, review of significant component auditors' working papers and review of internal audit reports in so far as they related to the financial statements;
 - ▶ We also communicated relevant identified laws and regulations and potential fraud risks to the component audit team and all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;
 - ▶ In respect of the component auditors, we communicated our consideration of where the financial statements could be susceptible to material misstatement, including how fraud might occur, and communicated specific procedures to be performed in relation to testing the appropriateness of journal entries made throughout the year by applying specific criteria to select journals which may be indicative of possible irregularities and fraud and also by assessing the judgements made by Management when making key accounting estimates and judgements, and challenging Management on the appropriateness of these judgements. As part of our Group audit, we performed a review of the component auditors' file, which included the areas detailed above. In addition, as part of their audit, the component auditors assessed compliance with local legislation, including mining regulations in South Africa and Tanzania. Their procedures involved making enquiries of local management to understand their awareness of any non-compliance of laws or regulations, enquiring about the policies that have been established to prevent non-compliance with laws and regulations, enquiring about the Company's methods of enforcing and monitoring compliance with such policies, and reviewing Board minutes to identify any instances of non-compliance.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Bermuda Companies Act 1981. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scott Knight
For and on behalf of BDO LLP, Statutory Auditor
London, UK
10 October 2022

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 2022

US\$ million	Notes	2022	Restated 2021 ¹
Revenue	2	585.2	406.9
Mining and processing costs	3	(391.5)	(356.1)
Other direct (expense)/income	4	(0.8)	6.8
Corporate expenditure including settlement costs	5	(14.1)	(40.8)
Other corporate income		0.6	—
Impairment reversal/(charge) of non-financial assets	7	21.1	(38.7)
Impairment (charge)/reversal of other receivables		(1.5)	0.3
Impairment of other receivables – expected credit loss release	15	—	5.8
Total operating costs		(386.2)	(422.7)
Profit on disposal of subsidiary	34	—	14.7
Financial income	8	19.0	81.6
Financial expense	8	(92.1)	(74.2)
Gain on extinguishment of Notes net of unamortised costs	8	—	213.3
Profit before tax		125.9	219.6
Income tax charge	9	(37.8)	(23.0)
Profit for the Year		88.1	196.6
Profit for the Year attributable to:			
Equity holders of the parent company		69.0	187.1
Non-controlling interest		19.1	9.5
		88.1	196.6
Earnings per share attributable to the equity holders of the parent during the Year			
From continuing operations:			
Basic earnings per share – US\$ cents	11	35.53	260.70
Diluted earnings per share – US\$ cents	11	35.53	260.70

1. Comparative results have been restated with the operating results of Williamson which were previously classified under loss on discontinued operations (for further detail refer to note 36) and the basic and diluted profit per share have been restated and adjusted for the 50 for 1 share consolidation which became effective in November 2021, in accordance with IAS 33 "Earnings per Share" (refer to note 11 for further detail).

The notes on pages 151 to 206 form part of these Financial Statements.



Consolidated Statement of Other Comprehensive Income

For the Year ended 30 June 2022

US\$ million	2022	Restated 2021
Profit for the Year	88.1	196.6
Exchange differences on translation of the share-based payment reserve	(0.3)	0.2
Exchange differences on translation of foreign operations ^{1,2}	(46.8)	64.2
Exchange differences on non-controlling interest ¹	(0.4)	(1.2)
Total comprehensive income for the Year	40.6	259.8
Total comprehensive income for the Year attributable to:		
Equity holders of the parent company	21.9	251.5
Non-controlling interest	18.7	8.3
	40.6	259.8

1. Exchange differences arising on translation of foreign operations and non-controlling interest will be reclassified to profit and loss if specific future conditions are met.

2. In FY 2021, the Company disclosed the net assets of the Williamson operation under non-current assets held for sale and liabilities directly associated with non-current assets held for sale in the Statement of Financial Position.

The notes on pages 151 to 206 form part of these Financial Statements.



Consolidated Statement of Financial Position

At 30 June 2022

US\$ million	Notes	2022	2021
ASSETS			
Non-current assets			
Property, plant and equipment	13	633.2	696.8
Right-of-use asset	14	21.9	1.2
BEE loans receivable	15	44.6	46.6
Other receivables	17	2.6	—
Total non-current assets		702.3	744.6
Current assets			
Trade and other receivables	17	49.8	50.7
Inventories	18	70.6	59.9
Cash and cash equivalents (including restricted amounts)	19	288.2	163.8
Total current assets		408.6	274.4
Non-current assets classified as held for sale	35, 36	—	59.6
Total assets		1,110.9	1,078.6
EQUITY AND LIABILITIES			
Equity			
Share capital	20	145.7	145.7
Share premium account	20	959.5	959.5
Foreign currency translation reserve	20	(448.9)	(402.1)
Share-based payment reserve	20	1.9	1.8
Other reserves	20	(0.8)	(0.8)
Accumulated losses	20	(183.6)	(253.3)
Attributable to equity holders of the parent company		473.8	450.8
Non-controlling interests	16	4.7	(10.5)
Total equity		478.5	440.3
Liabilities			
Non-current liabilities			
Loans and borrowings	21	353.9	400.0
Provisions	23	97.7	71.3
Lease liability	14	19.2	0.5
Deferred tax liabilities	24	71.3	48.9
Total non-current liabilities		542.1	520.7
Current liabilities			
Loans and borrowings	21	12.3	30.3
Lease liability	14	3.2	0.5
Trade and other payables	22	74.8	49.1
Provisions	23	—	4.2
Total current liabilities		90.3	84.1
Liabilities directly associated with non-current assets classified as held for sale	35, 36	—	33.5
Total liabilities		632.4	638.3
Total equity and liabilities		1,110.9	1,078.6

The notes on pages 151 to 206 form part of the Financial Statements.

The Financial Statements were approved and authorised for issue by the Directors on 10 October 2022.

As at 30 June 2022 the Williamson assets and liabilities have been re-consolidated; for further detail refer to note 35.

In FY 2021, the Company disclosed the net assets of the Williamson operation under non-current assets held for sale and liabilities directly associated with non-current assets held for sale in the Statement of Financial Position; for further detail refer to note 36.



Consolidated Statement of Cashflows

For the Year ended 30 June 2022

US\$ million	Notes	2022	Restated 2021
Profit before taxation for the Year		125.9	219.6
Depreciation of property, plant and equipment		82.8	76.2
Amortisation of right-of-use asset		2.5	4.6
Unrealised gain on lease liability		—	(3.7)
Impairment (reversal)/charge – non-financial assets	7	(21.1)	38.7
Impairment charge/(reversal) – other receivables	7	1.5	(0.3)
Impairment of BEE loans receivable – expected credit loss release	15	—	(5.8)
Gain on extinguishment of Notes net of unamortised costs	8	—	(213.3)
Profit on disposal of subsidiary	34	—	(14.7)
Movement in provisions		1.6	24.3
Dividend received		(0.6)	—
Financial income	8	(19.0)	(81.6)
Financial expense	8	92.1	74.2
Loss/(profit) on sale of property, plant and equipment		1.5	(0.6)
Share-based payment provision		1.1	0.5
Operating profit before working capital changes		268.3	118.1
Increase in trade and other receivables		(7.1)	(26.9)
Increase in trade and other payables		24.5	5.5
(Increase)/decrease in inventories		(1.7)	42.8
Cash generated from operations		284.0	139.5
Net realised gains/(losses) on foreign exchange contracts		12.6	(6.1)
Finance expense paid		(6.3)	(6.7)
Income tax (paid)/received		(7.8)	0.3
Net cash generated from operating activities		282.5	127.0
Cashflows from investing activities			
Acquisition of property, plant and equipment		(54.0)	(19.4)
Proceeds from sale of property, plant and equipment		—	0.3
Loans repayment from/(advanced to) BEE Partners		0.2	(7.0)
Dividend paid to BEE Partners		(3.5)	—
Dividend received from BEE Partner		0.6	—
Repayment of loans from KEM JV		2.5	—
Finance income		1.3	0.7
Net cash utilised in investing activities		(52.9)	(25.4)
Cashflows from financing activities			
Cash transaction costs settled – Debt Restructuring	37	—	(29.9)
Principal paid on lease liabilities		(3.2)	(0.7)
Increase in borrowings		—	30.0
Repayment of borrowings		(98.2)	(7.4)
Net cash utilised in financing activities		(101.4)	(8.0)
Net increase in cash and cash equivalents		128.2	93.6
Cash and cash equivalents at the beginning of the Year		156.9	53.6
Effect of exchange rate fluctuations on cash held		(13.2)	9.7
Cash and cash equivalents at the end of the Year¹	19	271.9	156.9

1. Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of US\$16.3 million (30 June 2021: US\$16.1 million) and unrestricted cash of US\$271.9 million (30 June 2021: US\$147.7 million (excludes unrestricted cash attributable to Williamson of US\$9.2 million)).

The Consolidated Statement of Cashflows for FY 2021 has been restated with the operating results of Williamson which were previously classified under loss on discontinued operations; for further detail refer to note 36.

Notes to the Consolidated Statement of Cashflows are set out in note 28.

The notes on pages 151 to 206 form part of the Financial Statements.



Consolidated Statement of Changes in Equity

For the Year ended 30 June 2022

US\$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Accumulated losses	Attributable to the parent	Non-controlling interest	Total equity
At 1 July 2021	145.7	959.5	(402.1)	1.8	(0.8)	(253.3)	450.8	(10.5)	440.3
Profit for the Year	—	—	—	—	—	69.0	69.0	19.1	88.1
Other comprehensive expense	—	—	(46.8)	(0.3)	—	—	(47.1)	(0.4)	(47.5)
Dividend paid to Non-controlling interest shareholders	—	—	—	—	—	—	—	(3.5)	(3.5)
Equity-settled share-based payments	—	—	—	1.1	—	—	1.1	—	1.1
Transfer between reserves	—	—	—	(0.7)	—	0.7	—	—	—
At 30 June 2022	145.7	959.5	(448.9)	1.9	(0.8)	(183.6)	473.8	4.7	478.5

US\$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Accumulated losses	Attributable to the parent	Non-controlling interest	Total equity
At 1 July 2020	133.4	790.2	(453.0)	1.1	(0.8)	(440.4)	30.5	(18.8)	11.7
Profit for the Year	—	—	—	—	—	187.1	187.1	9.5	196.6
Other comprehensive expense	—	—	64.2	0.2	—	—	64.4	(1.2)	63.2
Recycling of foreign currency translation reserve on disposal of Sekaka (refer note 36)	—	—	(13.3)	—	—	—	(13.3)	—	(13.3)
Equity-settled share-based payments	—	—	—	0.5	—	—	0.5	—	0.5
Allotments during the Year (refer note 21)	12.3	169.3	—	—	—	—	181.6	—	181.6
At 30 June 2021	145.7	959.5	(402.1)	1.8	(0.8)	(253.3)	450.8	(10.5)	440.3

The Company disposed of the Botswana exploration operation and recognised a foreign currency translation gain of US\$13.3 million which has been recycled through the Consolidated Income Statement as part of the profit on disposal of subsidiary (refer to note 34).

The notes on pages 151 to 206 form part of these Financial Statements.



Notes to the Annual Financial Statements

For the Year ended 30 June 2022

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 the United Kingdom. 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, apart from the adoption of new standards and interpretations where applicable as detailed in note 1.4.

1.1 Basis of preparation

The Financial Statements of the Company and its subsidiaries, jointly controlled operations 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 12-month period to 30 June 2022 delivered US\$264.9 million in EBITDA and US\$230.0 million in operational free cashflow for the Group, while consolidated net debt reduced from \$228.2 million as at 30 June 2021 to US\$40.6 million at 30 June 2022.

Production

Production at both CDM and FDM were generally in line with guidance. The Group's overall production also benefited from the restart of operations at Williamson during Q1 FY 2022 following a 17-month period of care and maintenance, with Williamson ramping up towards steady-state operations. During the Year, the Group also announced expansion capital projects at both the Cullinan and Finsch mines, which will extend their Life of Mine plans to 2031 and 2030 respectively. The expansion project at Cullinan Mine is progressing well, while the expansion project at Finsch is slightly behind schedule on account of delay in delivery of long-lead items given the global disruption in supply chains experienced over the past six months. Both projects, however, remain within guidance for cost and schedule, as mitigation steps have been identified and are being implemented to catch up on the schedule delays at Finsch.

Diamond prices and diamonds market

Diamond prices strengthened over FY 2022, with a 41.5% increase on a like-for-like basis compared to the preceding 12-month period. In addition, CDM's run of Exceptional Stone recovery and sales continued with a total of US\$75.2 million realised in the Year. Williamson also benefited from the sale of an exceptional pink diamond at its first tender after restarting operations, yielding US\$13.8 million and significantly de-risking Williamson's own liquidity profile.

The market witnessed robust price recovery and prices are now close to those last seen during pre-COVID-19 levels. In general, the market is supported by a fundamental supply deficit, with robust demand recovery experienced post-COVID-19. While some of the price recovery may have been helped by sanctions on Russian goods, it appears that these goods have continued to flow into the market. From a demand perspective, the Chinese lockdown has moderated demand for certain categories of polished goods, while the rising inflation and interest rate cycles may impact disposable income and therefore further moderate/reduce short-term demand for diamonds. This may lead to some short-term price volatility, but the medium to long-term supply/demand fundamentals are expected to support the diamond price outlook.

COVID-19

Petra's approach to managing COVID-19 has seen the Group not experiencing interruptions to our day-to-day operational/business activities specifically related to COVID-19 during the Year. During FY 2022, we successfully reverted to hosting all of our tenders for our South African goods in South Africa, while the Williamson goods continue to be auctioned in Belgium (as per our normal tender process for Williamson goods).

Williamson Framework Agreement and MoU

The Group announced reaching a Framework Agreement with the Government of Tanzania in December 2021, which sets out key principles on the economic benefit sharing amongst shareholders, treatment of outstanding VAT balances, as well as agreement reached on the blocked parcel of diamonds and settlement of historical disputes, amongst others. This agreement should provide important fiscal stability for the mine and its investors and is expected to become effective during the first half of FY 2023, pending completion of certain suspensive conditions. At the same time, Petra also announced entering into a Memorandum of Understanding (MoU) with Caspian Ltd to sell 50% less 1 share of Petra's stake in Williamson to this Tanzanian company for a purchase consideration of US\$15.0 million, which is also expected to be effective in the first half of FY 2023.

South African banking facilities

During the Year, the South African banking facilities held with the Group's previous consortium of South African lenders were settled and cancelled, comprising the Revolving Credit Facility of ZAR404.6 million (US\$24.9 million) (capital plus interest) and the Term Loan of ZAR893.2 million (US\$54.9 million) (capital plus interest).

The Group entered into a new ZAR1 billion senior Revolving Credit Facility (RCF) in June 2022. The Group will benefit from reduced interest rates compared to the previous facilities coupled with more appropriate leverage-based covenants (net debt:EBITDA, interest cover ratio and minimum liquidity). This new facility has a longer tenure, with the facility expiring on 7 January 2026. As at 30 June 2022, the RCF remains undrawn, with the Group having access to the full ZAR1 billion (US\$61.5 million).

The factors above, coupled with the further significant progress towards stabilising the Group's balance sheet and strengthening cash reserves as at the date of this report, position the Group well for this going concern period.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

1. Accounting policies continued

1.1 Basis of preparation continued

Forecast liquidity and covenants

The Board has reviewed the Group's forecasts with various sensitivities applied for the 18 months to December 2023, including both forecast liquidity and covenant measurements. As per the First Lien agreements, the liquidity and covenant measurements exclude contributions from Williamson's trading results and only recognise cash distributions payable to Petra upon forecasted receipt, or Petra's funding obligations towards Williamson upon payment.

Debt tender offer

In September 2022, Petra launched a tender offer to bondholders to purchase US\$150 million of the Senior Secured Second Lien Notes due in 2026 in line with our stated intent to further optimise our capital structure through a reduction of gross debt. As at the date of this report, the Company has, through this tender offer, reduced gross debt by US\$144 million and has extended the tender offer to reduce its gross debt further by up to US\$29 million. As per our stated strategy, Petra will continue to consider opportunities to further optimise its debt structure. This transaction will see Petra saving at least US\$14 million (and up to US\$17 million) per annum in interest expenses while we remain confident in our liquidity outlook to continue to fund our ongoing capital programmes from existing and internally generated cash resources.

The Board has given careful consideration to potential risks identified in meeting the forecasts under the review period. The following sensitivities have been performed in assessing the Group's ability to operate as a going concern (in addition to the base case) at the date of this report:

- ▶ A 10% strengthening in the forecast South African Rand (ZAR) exchange rate from July 2022 to December 2023
- ▶ A 10% increase in operating costs from July 2022 to December 2023
- ▶ A US\$15.0 million reduction in revenue contribution from Exceptional Stones
- ▶ A production disruption sensitivity assuming no carat production across the Group's operations for a period of two weeks in February 2023 (could be due to extreme weather conditions or supply chain events or any other unexpected event)
- ▶ Combined sensitivity: prices down 10%, ZAR stronger by 10%, Exceptional Stones contributions reduced by US\$15.0 million and operating costs up 5%

Under all the cases, the forecasts indicate the Group's liquidity outlook over the 18-month period to December 2023 remains strong, even when applying the above sensitivities to the base case forecast.

The forward-looking covenant measurements associated with the new First Lien facility do not indicate any breaches during the 18-month review period for the base case as well as all the above sensitivities, except for the worst case combined sensitivity, which shows a covenant breach for the required interest cover ratio in December 2023. While the ICR is projected to be breached in this combined sensitivity, both the net debt:EBITDA covenant and the liquidity covenant remain healthy, while the RCF remains undrawn. It is therefore assumed that the RCF remains available, with the 1L lender assumed to agree to an ICR covenant waiver, given that the Group does not expect to utilise the RCF for servicing of its 2L interest obligations. Furthermore, this potential ICR breach may be cured by means of reducing our gross debt by utilising our cash reserves and/or marginally increasing our EBITDA for the preceding 12-month period.

Conclusion

The Board is of the view that the longer-term fundamentals of the diamond market remain sound and that the Group will continue to benefit from the recently embedded new Operating Model throughout the review period and beyond.

Based on its assessment of the forecasts, principal risks and uncertainties and mitigating actions considered available to the Group in the event of downside scenarios, the Board confirms that it is satisfied the Group will be able to continue to operate and meet its liabilities as they fall due over the going concern period to December 2023. Accordingly, the Board has concluded that the going concern basis in the preparation of the Financial Statements is appropriate and that there are no material uncertainties that would cast doubt on that basis of preparation.

Currency reporting

The functional currency of the Company is Pounds Sterling (GBP). The functional currency of the Group's business transactions in Tanzania is US Dollars (US\$). The functional currency of the South African operations is South African Rand (ZAR or R) with diamond sales being made in US Dollars. The Group Financial Statements are presented in US Dollars (US\$). ZAR balances are translated to US Dollars at ZAR16.27 as at 30 June 2022 (30 June 2021: ZAR14.27) and at an average rate of ZAR15.22 for transactions during the Year ended 30 June 2022 (30 June 2021: ZAR15.41).

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. 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.



1. Accounting policies continued

1.1 Basis of preparation continued

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 is included in share capital and share premium at the prevailing US\$/GBP spot rate at the date of the transaction.

Comparative results

Comparative results in notes 2, 3, 4, 5, 8, 9, 10, 11 and 12 have been restated to reflect the results of Williamson, which were previously classified under loss on discontinued operations, as per the requirements of IFRS 5 (refer to note 36).

Significant judgements and estimates relevant to the basis of preparation

Net investments in foreign operations

Management assesses 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 life of mine (LOM) plans, cashflow forecasts and strategic plans. The unrealised foreign exchange gains or losses on permanent as equity loans are recorded in the foreign currency translation reserve until such time as the operation is sold, whilst the foreign exchange on loans repayable in the foreseeable future is 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.

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 shareholders' 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.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

1. Accounting policies continued**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. 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
Going concern	1.1
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
Taxation	9 and 24
Depreciation judgements	13
BEE guarantee and expected credit loss assessment for BEE receivables	15
Recoverability of VAT in Tanzania	17
Recoverability of confiscated diamond parcel in Tanzania	18
Provision for rehabilitation estimates	23
Pension scheme estimates	30
Post-retirement medical fund estimates	31
Carrying value of assets held for sale	36

1.4 New standards and interpretations applied

The IASB has issued new standards, amendments and interpretations to existing standards with an effective date on or before 1 July 2021; these new standards are not considered to have a material impact on the Group during the Year under review.

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 on or after 1 July 2022 or in later periods, which the Group has decided not to adopt early.

		Effective period commencing on or after
IFRS 3	Amendments to IFRS 3 "Business Combinations"	1 January 2022
IAS 16	Amendments to IAS 16 "Property, Plant and Equipment"	1 January 2022
IAS 37	Amendments to IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"	1 January 2022
IAS 16	Amendments to IAS 16 "Property, Plant and Equipment" – Proceeds before intended use	1 January 2022
Improvements to IFRSs	Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 June 2022
Amendments to IAS 8	Amendments to IAS 8 – Definition of accounting estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of accounting policies	1 January 2023
Amendments to IAS 12	Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023 ²
Amendments IAS 1	Amendments to IAS 1 – Classification of liabilities as current or non-current	1 January 2023 ¹

1. Not yet endorsed.

2. Endorsed 11 August 2022.

The only new standards, amendments and interpretations to existing standards which has been published that is mandatory for the Group's accounting periods beginning on or after 1 July 2022 or in later periods which will be significant or relevant to the Group are:



1. Accounting policies continued

1.4 New standards and interpretations applied continued

New standards and interpretations not yet effective continued

Amendments to IAS 1: Classification of liabilities as current or non-current

Amendments to IAS 1 are intended to clarify the requirements that an entity applies in determining whether a liability is classified as current or non-current. The amendments are intended to be narrow scope in nature and are meant to clarify the requirements in IAS 1 rather than modify the underlying principles. The amendments include clarifications relating to:

- ▶ How events after the end of the reporting period affect liability classification
- ▶ What the rights of an entity must be in order to classify a liability as non-current
- ▶ How an entity assesses compliance with conditions of a liability (e.g. bank covenants)
- ▶ How conversion features in liabilities affect their classification

An entity that classifies a liability as non-current would be required to disclose information that enables users of financial statements to assess the risk the liability would become payable within 12 months. An entity will also present separately, in the statement of financial position, liabilities classified as non-current for which the entity's right to defer settlement for at least 12 months after the reporting period is subject to compliance with certain conditions within 12 months after the reporting period.

The amendments were originally effective for periods beginning on or after 1 January 2022 which was deferred to 1 January 2023 by the IASB in July 2020; retrospective restatement is required.

Amendments to IAS 8: Definition of accounting estimates

Amendments to IAS 8 is to prescribe the criteria for selecting and changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. The Standard is intended to enhance the relevance and reliability of an entity's financial statements, and the comparability of those financial statements over time and with the financial statements of other entities. The Group does not anticipate any change to its accounting estimates, accounting policies and disclosures under IAS 8.

2. Revenue

Significant accounting policies relevant to revenue

Revenue comprises gross invoiced diamond sales to customers excluding VAT. Revenue is split between rough diamond sales and revenue from interest in polished diamonds, when applicable. Diamond sales are made through a competitive tender process or private sales and recognised when point of control passes to the buyer, costs can be measured reliably and receipt of future economic benefits is probable. The performance obligation for tender sales is met at the point at which the tender is awarded. The performance obligation for private sales is met at the point at which the agreement on pricing and terms of sale are confirmed between both parties. Where the Group makes rough diamond sales to customers and also retains a right to an interest in their future sale as polished diamonds, the Group records the sale of the rough diamonds but such contingent revenue on the onward sale is only recognised at the date when the polished diamonds are sold. Revenue on rough diamond sales, where the Group retains an interest, is recognised when point of control passes to the buyer, costs can be measured reliably and receipt of future economic benefits is probable. The performance obligation is met at the point at which the control of the rough diamond passes to the buyer. The onward sale of the polished diamonds contains elements of variable consideration, as the Group's right to consideration is contingent on the occurrence of the future sale by the buyer. The variable consideration is not recognised as the Group is unable to ascertain the future sale amount of the polished diamonds and cannot determine that it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved.

US\$ million	2022 ¹	Restated 2021
Revenue from diamond sales	585.2	406.9

1. The Group's revenue comprises the sale of rough diamonds and polished stones. The sale of rough diamonds contributed US\$581.9 million (30 June 2021: US\$406.6 million) with polished stones contributing US\$3.3 million (30 June 2021: US\$0.3 million). Included in the US\$3.3 million sale of polished stones is the uplift of US\$1.1 million generated by a profit share agreement. The disaggregation of revenue is disclosed per segment as per note 33.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

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	2022	Restated 2021
Raw materials and consumables used	152.9	125.4
Employee expenses	139.8	105.5
Depreciation of mining assets	82.2	75.5
Amortisation of right-of-use asset	2.3	4.4
Diamond royalty	14.6	3.2
Changes in inventory of finished goods and stockpiles	(0.3)	42.1
	391.5	356.1

1. Included in mining and processing costs for FY 2021, are COVID-19 TERS payments received from the South African Government of US\$1.4 million. These amounts are attributable to the mining operations; for amounts directly attributable to the corporate expenditure, refer to note 5. There were no COVID-19 TERS payments received from the South African Government during FY 2022.

4. Other direct expense/(income)

US\$ million	2022	Restated 2021
Loss/(profit) on disposal of fixed assets	1.5	(0.6)
Other income	(0.7)	(6.2)
	0.8	(6.8)

1. Included in other income for FY 2021, are COVID-19 TERS payments received from the South African Government of US\$1.8 million and a gain on lease liability of US\$3.7 million. These amounts are attributable to the mining operations; for amounts directly attributable to the corporate expenditure, refer to note 5. There were no COVID-19 TERS payments received from the South African Government during FY 2022.

5. Corporate expenditure

Corporate expenditure includes:

US\$ million	2022	Restated 2021
Depreciation of property, plant and equipment	0.6	0.6
Amortisation of right-of-use asset	0.2	0.3
London Stock Exchange and other regulatory expenses	1.5	1.5
Unsettled and disputed tax claims at Williamson ¹	—	19.5
Settlement (reversal)/costs – human rights claims at Williamson ²	(0.8)	12.7
Share-based expense – Directors	1.1	0.5
Salaries and other staff costs	5.1	2.3
Total staff costs	6.2	2.8

1. During FY 2021 the Company provided for costs in respect of unsettled and disputed tax claims in respect of Williamson as set out in the Framework Agreement.

2. During FY 2021 the settlement costs for the human rights claims at Williamson comprised US\$4.8 million for the part settlement of the claimant's legal costs and for distribution to the claimants and US\$1.3 million to invest in programmes dedicated to providing sustainable support to the communities living around the Williamson mine as a condition of the settlement reached with Leigh Day. The Company incurred and provided for additional total costs of US\$6.6 million relating to this matter, the majority of which relate to legal, consultant, investigation and expert fees.

3. Included in corporate expenditure in FY 2021 are COVID-19 TERS payments received from the South African Government of US\$0.3 million. These amounts are attributable to the corporate expenditure; for amounts directly attributable to the mining operations, refer to notes 3 and 4.

6. Auditors' remuneration

US\$ million	2022	2021
Audit services ¹	0.9	1.0
Audit-related assurance services ²	0.1	0.1
Non-audit services ³	—	0.4
Total	1.0	1.5

1. Audit services are in respect of audit fees for the Group.

2. Audit-related services are in respect of the interim review of US\$0.1 million (FY 2021: US\$0.1 million), and specific agreed upon procedures in relation to the Sustainability Report, under the International Standard on Related Services 4400 as issued by the International Auditing and Assurance Standards Board, of US\$5.0k (FY 2021: US\$5.0k).

3. Non-audit services comprise fees paid to the auditors in respect of the Company's Debt Restructuring of US\$nil (FY 2021: US\$0.4 million).



7. Impairment of operational assets and other assets

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 determined on the fair value less cost to develop basis.

In assessing the recoverable amount, which is determined on a fair value less cost to develop basis, the expected future post-tax cashflows from the asset are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Discounting the future cashflows to their present value using a pre-tax rate would not materially change the outcome. The mine 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 mine plan. The ore tonnes included in the Resource Statement, which Management considers economically viable, often include ore tonnes in excess of those used in the mine 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 of non-financial assets

Life of mine and ore reserves/resources

There are numerous risks inherent in estimating ore reserves and resources and the associated current mine plan. The mine 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 mine plan frequently includes fewer tonnes than the total reserves and resources that are set out in the Group's Resource 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 and 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 and recovery costs 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 mine plan.

The current mine plans are used to determine the ore tonnes and capital expenditure in the impairment tests.

Ore reserves and resources, both those included in the mine plan and certain additional tonnes contained within the Group's Resource 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 units-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 the fair value less cost to develop basis, the Group exercises judgement in making assumptions about future exchange rates, rough diamond prices, contribution from Exceptional Diamonds, volumes of production, ore reserves and resources included in the current mine 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 the Consolidated Statement of Financial Position. The key inputs and sensitivities are detailed on pages 158 to 160.

30 June 2022

The current market conditions in the global rough diamond market, volatility of and variability in product mix are all factors impacting the rough diamond prices achieved by Petra during the Year, resulting in Management taking a critical review of the Group's business models and operational assets. 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 further impaired or an impairment reversal may apply, its recoverable amount is estimated. The recoverable amount is determined on a fair value less cost to develop basis.

The operations of Cullinan Mine, Finsch, Koffiefontein and Williamson are held at recoverable value as a result of FY 2021 impairments. During the Year under review, the Group reviewed the carrying value of its investments, loan receivables and operational assets for indicators of impairment. Following the assessment, no further impairment of property, plant and equipment was considered appropriate for Cullinan Mine, Finsch and Williamson, nor was any impairment reversal considered appropriate in the current Year. The Group recognised an asset level impairment charge of US\$0.3 million, being Management's estimate of the decrease in the value of the Koffiefontein assets. The Group also reversed a Group level impairment charge relating to Williamson, previously recognised under IFRS 5, of US\$21.4 million as Williamson is no longer considered an asset held for sale. Details of the impairment test assessments for the operations are shown in note 71.

30 June 2021

During the year ended 30 June 2021, the Group impaired the Finsch and Koffiefontein operational assets by an amount of US\$17.3 million. Williamson was classified as held for sale as at 30 June 2021; refer to note 36.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

7. Impairment of operational assets and other assets continued**7.1 Impairment testing assumptions****(a) Impaired continuing operations**

The key assumptions used in determining the recoverable value calculations, determined on a fair value less cost to develop basis, are listed in the table below:

Key assumptions	Explanation
Current mine plan and recoverable value of reserves and resources	<p>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.</p> <p>The end of life of mine based on current mine plans for the operations are as follows:</p> <p>Cullinan Mine: FY 2031 (FY 2021: FY 2031)</p> <p>Finsch: FY 2030 (FY 2021: FY 2030)</p> <p>Koffiefontein: FY 2025 (FY 2021: FY 2023)</p> <p>Williamson: FY 2030</p> <p>Resources remaining after the current current mine plans have not been included in impairment testing for the operations.</p>
Current mine plan reserves and resources	<p>Cullinan Mine: current mine plan over the next nine years; total resource processed 36.4 Mt (FY 2021: current mine plan over the next nine years; total resource processed 38.6 Mt).</p> <p>Finsch: current mine plan over the next eight years; total resource processed 23.2 Mt (FY 2021: current mine plan over the next nine years; total resource processed 26.8 Mt).</p> <p>Koffiefontein: current mine plan over the next three years; total resource processed 1.9 Mt (FY 2021: current mine plan over the next three years; total resource processed 2.2 Mt).</p> <p>Williamson: current mine plan over the next eight years, total resource processed 43.3 Mt (FY 2021: Williamson was on care and maintenance).</p>
Current mine plans – capital expenditure	<p>Management has estimated the timing and quantum of the capital expenditure based on the Group's current mine plans for each operation. There is no inclusion of capital expenditure to enhance the asset beyond exploitation of the current mine plan orebody.</p>
Residual value	<p>Cullinan Mine: Management included a residual value of US\$11.6 million (30 June 2021: US\$nil) property, plant and equipment to be used beyond the current mine plan given the significant resource base estimated to be available at the end of the current mine plan. The residual value is included after providing for the time value of money applying the discount rate used for the South African operations.</p> <p>No residual values were included in the impairment assessments of the other mining operations.</p>
Diamond prices	<p>The diamond prices used in the impairment test have been set with reference to recently achieved pricing and market trends, and long-term diamond price escalators are informed by industry views of long-term market supply/demand fundamentals. Given the current market uncertainty, the assessment of short-term diamond prices and the rate and extent of pricing recovery, together with the longer-term pricing escalators, represented a critical judgement.</p> <p>The 30 June 2022 impairment testing models starting price assumptions have been adjusted to reflect the improved pricing achieved during the Year when compared to the 30 June 2021 impairment models. Diamond prices (excluding Exceptional Stones) have been assumed to remain unchanged during FY 2023, then increase by 3.9% from FY 2024 onwards. The long-term models incorporate normalised diamond price escalation of 1.9% above a long-term US inflation rate of 2.0% per annum from FY 2024 to FY 2030. Estimates for the contribution of Exceptional Diamonds sold for more than US\$5.0 million each are determined with reference to historical trends. Based on the historical trends, Management has increased the contribution from Exceptional Stones at Cullinan Mine from US\$25.0 million to US\$35.0 million per annum.</p> <p>The 30 June 2021 impairment testing models starting price assumptions were updated to reflect the improved pricing achieved during the Year when compared to the 30 June 2020 impairment models. Diamond prices have been assumed to increase from FY 2022 and then 4% from FY 2024, returning to pricing levels achieved before the impact of COVID-19, representing an increase of 25–30% from pricing achieved at the lowest point during FY 2020. The long-term models incorporate normalised diamond price escalation of 1.9% above a long-term US inflation rate of 2.0% per annum from FY 2025 to FY 2030. Estimates for the contribution of Exceptional Diamonds sold for more than US\$5.0 million each are determined with reference to historical trends.</p>
Discount rate	<p>A discount rate of 13.0% (30 June 2021: 12.0%) was used for the South African operations and a US\$ discount rate of 14.00% (30 June 2021: 13.25%) for Williamson. Discount rates were calculated based on a nominal weighted cost of capital including the effect of factors such as market risk and country risk as at the Year end. US\$ and ZAR discount rates are applied based on respective functional currency of the cash-generating unit. As Williamson was held for sale as at 30 June 2021, the discount rate was applied to cashflows expected from a disposal transaction.</p>
Cost inflation rate	<p>Long-term inflation rates of 3.5–7.8% (30 June 2021: 3.5–7.8%) above the long-term US\$ inflation rate were used for opex and capex escalators. Management has taken into account the current short-term pressures in the inflation environment and the impact on opex and capex costs, allowing for the inflation rate to normalise over the longer term.</p>



7. Impairment of operational assets and other assets continued

7.1 Impairment testing assumptions continued

(a) Impaired continuing operations continued

Key assumptions	Explanation
Exchange rates	Exchange rates are estimated based on an assessment of current market fundamentals and long-term expectations. The US\$/ZAR exchange rate range used for all South African operations commenced at ZAR16.04 (30 June 2021: ZAR14.50) for FY 2023 reflecting the current volatility, inflationary pressures and quantitative tightening by central banks, and ZAR16.24 for FY 2024 and thereafter devaluing at 3.5% per annum. Given the volatility in the US\$/ZAR exchange rate and the current levels of economic uncertainty, the determination of the exchange rate assumptions required significant judgement.
Valuation basis	Discounted present value of future cashflows for the South African operations.
Williamson	During the Year, Williamson recommenced production. For impairment testing at Williamson, management has used the above assumptions. During FY 2021, Williamson was classified as an asset held for sale; for further detail refer to note 36.

Impairment of non-financial assets

Impairment US\$ million	Asset class	Carrying value pre-impairment	Impairment	Carrying value post-impairment
Impairment – operations:				
Finsch	Property, plant and equipment	419.9	—	419.9
Cullinan Mine	Property, plant and equipment	157.9	—	157.9
Koffiefontein	Property, plant and equipment	1.1	(0.3)	0.8
Williamson	Property, plant and equipment	29.3	21.4	50.7
Sub-total		608.2	21.1	629.3
Impairment – Financial receivables and non-financial receivables:				
Other – current receivable	KEM JV receivable (refer to note 17)	(1.2)	2.9	1.7
Other – current receivable	Other receivables (refer to note 17)	0.3	(0.3)	—
Other – non-current	Tanzania VAT receivable (refer to note 17)	6.8	(4.1)	2.7
Sub-total		5.9	(1.5)	4.4
Total		614.1	19.6	633.7

30 June 2021

Impairment US\$ million	Asset class	Carrying value pre-impairment	Impairment	Carrying value post-impairment
Impairment – operations:				
Finsch	Property, plant and equipment	210.6	(15.1)	195.5
Cullinan Mine	Property, plant and equipment	497.9	—	497.9
Koffiefontein	Property, plant and equipment	3.3	(2.2)	1.1
Williamson	Property, plant and equipment	52.7	(21.4)	31.3
Sub-total		764.5	(38.7)	725.8
Impairment – Financial receivables and non-financial receivables:				
Other – charge current	Tanzanian VAT receivable reversal (refer note 17)	—	0.7	0.7
Other – charge current	Other receivables (refer to note 17)	0.6	(0.4)	0.2
Sub-total		0.6	0.3	0.9
Total		765.1	(38.4)	726.7



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

7. Impairment of operational assets and other assets continued**7.1 Impairment testing assumptions** continued*Sensitivity analysis*

The impairment impact of applying sensitivities on the key inputs is noted below:

US\$ million	Additional impairment charge			
	Cullinan Mine	Finsch	Koffiefontein	Williamson
Increase in discount rate by 2%	9.2	20.2	13.3	0.5
Reduction in pricing by 5% over mine plan	44.1	44.5	36.4	19.8
Reduction in short-term production by 10%	10.9	12.6	32.4	n/a
Increase in opex by 5%	22.0	23.3	32.4	24.3
Reduction in Exceptional Stones contribution by US\$10.0 million per annum	41.4	n/a	n/a	n/a
Strengthening of the ZAR from US\$/ZAR16.04 to US\$/ZAR15.23	n/a	0.6	32.4	n/a

8. Net financing expense**Significant accounting policies relevant to net financial expense**

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.

All borrowing costs have been expensed to the Consolidated Income Statement in the current and the prior year due to the expansion projects being completed during prior years. Refer to notes 11, 23 and 32 for the Group's policy on foreign exchange, unwinding of rehabilitation provisions and derivative instruments together with key estimates and judgements.

US\$ million	2022	Restated 2021
Net unrealised foreign exchange gains ¹	—	74.6
Interest received on BEE loans and other receivables	4.1	5.4
Interest received on bank deposits	1.3	0.7
Realised foreign exchange gains on the settlement of foreign loans and forward exchange contracts	13.6	0.9
Financial income	19.0	81.6
Interest on senior secured second lien notes, bank loans and overdrafts	(45.3)	(51.5)
Other debt finance costs, including BEE loan interest, facility fees and IFRS 16 charges	(2.3)	(8.4)
Unwinding of present value adjustment for rehabilitation costs	(5.4)	(4.6)
Net unrealised foreign exchange losses ¹	(36.5)	—
Acceleration of unamortised Notes costs	(1.6)	(2.7)
Realised foreign exchange losses on the settlement of foreign loans and forward exchange contracts	(1.0)	(7.0)
Financial expense	(92.1)	(74.2)
Loss on substantial modification of Notes ²	—	(7.7)
Gain on extinguishment of Notes – debt for equity conversion ²	—	221.0
Net gain on extinguishment of Notes	—	213.3
Net financial expense	(73.1)	220.7

1. The Group predominantly enters into hedge contracts where the risk being hedged is the volatility in the South African Rand, Pound Sterling and US Dollar exchange rates affecting the proceeds in South African Rand of the Group's US Dollar denominated diamond tenders. The fair value of the Group's hedges as at the end of the Year are based on Level 2 mark-to-market valuations performed by the counterparty financial institutions. The contracts are all short dated in nature and mature within the next 12 months. A significant weakening of the South African Rand against the US Dollar from ZAR14.27 (30 June 2021) to ZAR16.27 (30 June 2022) resulted in an unrealised loss of US\$36.5 million (30 June 2021: US\$74.6 million unrealised gain) comprising an unrealised loss on foreign exchange contracts held at Year end of US\$0.7 million (30 June 2021: US\$12.4 million unrealised gain) and losses on inter-group foreign denominated loans of US\$35.8 million (30 June 2021: US\$62.2 million unrealised gain); and a net realised foreign exchange gain of US\$12.6 million (30 June 2021: US\$6.1 million loss) in respect of foreign exchange contracts closed during the Year is included in the net finance and expense amount. For additional information on the Company's ZAR credit facilities refer to note 21.

2. The loss on substantial modification and gain on extinguishment of Notes in FY 2021 arose from the Restructuring completed by the Group on 10 March 2021. Refer to note 37 for further detail.

9. Taxation**Significant judgements and estimates relevant to taxation**

The Group operates in South Africa and Tanzania, and accordingly it is subject to, and pays annual income taxes under, the various income tax regimes in the countries in which it operates. From time to time the Group is subject to a review of its income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Group's business conducted within the country involved. Management evaluates each of the assessments and recognises a provision based on its best estimate of the ultimate resolution of the assessment, through either negotiation or through a legal process. Refer to note 37 for charges recorded in Tanzania.



9. Taxation continued

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	2022	Restated 2021
Current taxation:		
– Current tax charge	7.3	0.3
Deferred taxation:		
– Current period (origination and reversal of temporary differences)	30.5	22.7
	37.8	23.0
Reconciliation of tax rate:		
– Profit before taxation (including loss on discontinued operation)	125.9	219.6
Tax at South African corporate rate of 28% (30 June 2021: 28%)	35.2	61.5
Effects of:		
– Tax charge at different rates in foreign jurisdictions	0.5	(0.5)
– Non-deductible expenses	5.2	23.7
– Non-taxable income (FY 2021: includes US\$59.7 million attributable to gain on extinguishment of Notes)	(7.2)	(71.0)
– Tax losses and temporary differences not recognised	6.6	9.0
– Prior year under provision of deferred tax	0.2	0.3
– Tax rate change	(2.7)	—
Total tax charge	37.8	23.0

In the current Year the impact of unrecognised tax losses and temporary differences totalled US\$6.6 million (30 June 2021: US\$9.0 million). 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 2022 amount to US\$202.1 million (30 June 2021: US\$161.3 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 reversal of other deductible temporary differences as at 30 June 2022 amount to US\$117.8 million (30 June 2021: US\$80.9 million originating) and arise in South Africa. The reduction of the South African corporation tax rate from 28% to 27% was substantively enacted on 24 February 2021 and will be effective for companies with years of assessment commencing on or after 1 April 2022. As a result, the relevant deferred tax balances have been re-measured at Year end at the effective rate that will apply to the Group's South African operations (27%) from FY 2023. 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.

Staff costs (excluding the Non-executive Directors) during the Year were as follows:

US\$ million	2022	Restated 2021
Wages and salaries – mining	139.8	105.5
Wages and salaries – administration	6.2	2.8
	146.0	108.3
	Number	Number
Number of employees (excluding the Non-executive Directors and contractors)	3,474	3,517



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

10. Director and employee remuneration continued**Key management personnel**

Key management is considered to be the Non-executive Directors, the Executive Directors and the Executive Committee (Exco). The Exco comprises the Chief Technical Officer, the Chief Operating Officer, the Group Head of Human Resources and Public Affairs, the Group Head of Legal and the Group Head of Sales and Marketing (30 June 2021: key management comprised the Non-executive Directors, the Executive Directors and the Exco; the Exco comprised the Chief Technical Officer, the General Managers of each mining operation, the Group Head of Human Resources and Public Affairs, the Group Head of Health and Safety, the Group Head of Risk and the Group Head of Sales and Marketing). Remuneration for the Year for key management is disclosed in the table below:

US\$ million	2022	2021
Salary	2.9	3.2
Benefits	0.2	0.2
Annual bonus – paid in cash	1.5	0.8
Annual bonus – deferred to shares	0.3	0.2
Share-based payment charge	1.1	0.5
	6.0	4.9

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 profit 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	Total 30 June 2022 US\$	Total 30 June 2021 US\$
Profit for the Year	68,995,537	187,021,893
Denominator	Shares	Shares
Weighted average number of Ordinary Shares used in basic EPS:		
As at 1 July	9,710,089,272	865,431,343
Effect of shares issued during the Year	—	2,721,433,209
Effect of 50 for 1 share consolidation November 2021	(9,515,887,487)	(3,515,127,261)
As at 30 June	194,201,785	71,737,291
	Shares	Shares
Dilutive effect of potential Ordinary Shares	—	—
Weighted average number of Ordinary Shares in issue used in diluted EPS	194,201,785	71,737,291
	US\$ cents	US\$ cents
Basic profit per share	35.53	260.70
Diluted profit per share	35.53	260.70

The number of potentially dilutive Ordinary Shares, in respect of employee share options and Executive Director and Senior Management share award schemes, is nil (30 June 2021: nil).

For the 12 months ended 30 June 2021, the basic and diluted profit per share have been restated and adjusted for the 50 for 1 share consolidation which became effective in November 2021, in accordance with IAS 33 "Earnings per Share".

There have been no significant post-balance sheet changes to the number of options and awards under the share schemes to impact the dilutive number of Ordinary Shares.



12. Adjusted earnings/(loss) per share (non-GAAP measure)

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

	Total 30 June 2022 US\$	Total 30 June 2021 US\$
Profit for the Year	68,995,537	187,021,893
Adjustments:		
Net unrealised foreign exchange losses/(gains) ¹	34,851,735	(59,819,931)
Present value discount – Williamson VAT receivable	4,076,760	(763,537)
Profit on disposal of subsidiary	—	(14,696,171)
Impairment (reversal)/charge – operations ¹	(21,206,735)	34,989,716
Impairment (reversal)/charge – other receivables	(2,544,704)	439,236
Reversal of BEE loans receivable – expected credit loss provision	—	(5,824,201)
Taxation (credit)/charge on unrealised foreign exchange (gain)/loss ¹	(1,618,908)	17,228,580
Taxation credit on impairment charge ¹	—	(3,308,166)
Gain on extinguishment of Notes	—	(213,349,503)
Transaction costs – acceleration of unamortised costs on restructured loans and borrowings	1,628,757	—
Transaction (reversal)/costs – human rights settlement agreement and provisions for unsettled and disputed tax claims	(816,270)	32,110,891
Adjusted profit/(loss) for the Year attributable to parent	83,366,172	(25,971,193)
1. Portion attributable to equity shareholders of the Company.		
	Total 30 June 2022 US\$	Total 30 June 2021 US\$
Weighted average number of Ordinary Shares used in basic EPS:		
As at 1 July	9,710,089,272	865,431,343
Effect of shares issued during the Year	—	2,721,433,209
Effect of 50 for 1 share consolidation November 2021	(9,515,887,487)	(3,515,127,261)
As at 30 June	194,201,785	71,737,291
	Shares	Shares
Dilutive effect of potential Ordinary Shares	—	—
Weighted average number of Ordinary Shares in issue used in diluted EPS	194,201,785	71,737,291
	US\$ cents	US\$ cents
Adjusted basic profit/(loss) per share	42.93	(36.20)
Adjusted diluted profit/(loss) per share	42.93	(36.20)

For the 12 months ended 30 June 2021, the basic and diluted profit per share have been restated and adjusted for the 50 for 1 share consolidation which became effective in November 2021, in accordance with IAS 33 "Earnings per Share".

13. Property, plant and equipment

Significant accounting policies relevant to property, plant and equipment

Capital expenditure

Property, plant and equipment are stated at historical 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.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

13. Property, plant and equipment continued**Significant accounting policies relevant to property, plant and equipment** continued**Capital expenditure** continued

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.

Depreciation

The Group depreciates its mining assets using a units-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. Where an operation is on care and maintenance, non-mining assets are depreciated over their useful life. 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 current mine 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 current mine plan but for which the Group considers there to be sufficient certainty of future extraction, such assets are depreciated over those reserves and resources.

Where the Group has assets with a residual value, the depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value and the useful life and depreciation method of an asset shall be reviewed at least at each financial year end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

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

Other assets

Plant and machinery	10–25% straight-line basis
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Refer to notes 7, 8 and 23 for the Group's policy on impairment, borrowing cost capitalisation and rehabilitation provisions and associated decommissioning assets.

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 include those included in current approved current mine 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 current mine 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 current mine 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.



13. Property, plant and equipment continued

Significant accounting policies relevant to property, plant and equipment continued

Depreciation continued

US\$ million	Plant and machinery	Mineral properties	Assets under construction ¹	Total
Cost				
Balance at 1 July 2020	1,209.5	54.1	18.2	1,281.8
Exchange differences	254.9	11.5	3.4	269.8
Additions	0.3	—	23.5	23.8
Transfer of assets under construction	14.1	—	(14.1)	—
Change in rehabilitation asset	6.8	—	—	6.8
Non-current assets held for sale ²	(181.3)	(4.8)	—	(186.1)
Disposals	(68.5)	—	—	(68.5)
Balance at 30 June 2021	1,235.8	60.8	31.0	1,327.6
Balance at 1 July 2021	1,235.8	60.8	31.0	1,327.6
Exchange differences	(173.3)	(8.1)	(5.3)	(186.7)
Additions	—	—	52.2	52.2
Transfer of assets under construction	29.8	—	(29.8)	—
Reconsolidation of non-current assets held for sale ²	181.3	4.8	—	186.1
Disposals	(47.6)	—	—	(47.6)
Balance at 30 June 2022	1,226.0	57.5	48.1	1,331.6
Depreciation and impairment				
Balance at 1 July 2020	570.3	35.7	—	606.0
Exchange differences	125.2	7.8	—	133.0
Disposals	(68.3)	—	—	(68.3)
Non-current assets held for sale ²	(131.8)	(1.6)	—	(133.4)
Impairments ³	15.1	—	2.2	17.3
Provided in the Year	72.7	3.5	—	76.2
Balance at 30 June 2021	583.2	45.4	2.2	630.8
Balance at 1 July 2021	583.2	45.4	2.2	630.8
Exchange differences	(97.2)	(6.1)	—	(103.3)
Disposals	(45.6)	—	—	(45.6)
Reconsolidation of non-current assets held for sale ²	131.8	1.6	—	133.4
Impairments ³	0.3	—	—	0.3
Provided in the Year	79.2	3.6	—	82.8
Balance at 30 June 2022	651.7	44.5	2.2	698.4
Net book value				
At 30 June 2021	652.6	15.4	28.8	696.8
At 30 June 2022	574.3	13.0	45.9	633.2

1. During the Year, assets under construction comprising stay-in-business and expansion capital expenditure of US\$29.8 million (30 June 2021: US\$14.1 million) were commissioned and transferred to plant and machinery. Included within assets under construction are amounts mainly for expansion projects at the Finsch and Cullinan mines. Borrowing costs of US\$nil (30 June 2021: US\$nil) have been capitalised to assets under construction.

2. Williamson assets were reconsolidated into the Group's assets in the current Year while in FY 2021 the Williamson assets were classified as non-current assets held for sale (refer to note 36).

3. Refer to note 7 for additional detail on the impairment assumptions for FY2022 (30 June 2021: US\$17.3 million impairments for Finsch and Koffiefontein and note 36 for additional detail on the Williamson impairment of US\$21.4 million). The impairment reversal of US\$21.4 million for Williamson in the current Year is included under reconsolidation of non-current assets held for sale (30 June 2021: US\$21.4 million impairment for Williamson included under non-current assets held for sale).

Capital commitments

The Group's total commitments of US\$49.5 million (30 June 2021: US\$10.2 million), mainly comprising Cullinan Mine US\$25.2 million (30 June 2021: US\$8.1 million), Finsch US\$23.7 million (30 June 2021: US\$1.5 million), Koffiefontein US\$0.3 million (30 June 2021: US\$0.6 million) and Williamson US\$0.3 million (30 June 2021: US\$nil).



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For the Year ended 30 June 2022

14. Leases

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:

- ▶ Amounts expected to be payable under any residual value guarantee
 - ▶ The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option
 - ▶ Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised
- Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- ▶ Lease payments made at or before commencement of the lease
- ▶ Initial direct costs incurred
- ▶ The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Included in profit or loss for the Year are: US\$2.5 million (30 June 2021: US\$0.9 million) of amortisation of right-of-use assets, US\$1.2 million (30 June 2021: US\$0.1 million) of finance expense on lease liabilities and a gain of US\$nil (30 June 2021: US\$0.3 million).

Information for leases for which the Group is a lessee is presented below:

Right-of-use assets

US\$ million	Buildings	Plant and machinery	Total
Cost			
Balance at 1 July 2020	1.9	8.2	10.1
Additions	0.7	—	0.7
Balance at 30 June 2021	2.6	8.2	10.8
Balance at 1 July 2021	2.6	8.2	10.8
Additions	1.2	22.3	23.5
Balance at 30 June 2022	3.8	30.5	34.3
Depreciation and impairment			
Balance at 1 July 2020	(0.3)	(4.9)	(5.2)
Exchange differences	0.2	—	0.2
Lease terminations	(0.4)	—	(0.4)
Non-current assets held for sale	—	(3.3)	(3.3)
Provided in the Year	(0.9)	—	(0.9)
Balance at 30 June 2021	(1.4)	(8.2)	(9.6)
Balance at 1 July 2021	(1.4)	(8.2)	(9.6)
Exchange differences	(0.3)	—	(0.3)
Provided in the Year	(0.6)	(1.9)	(2.5)
Balance at 30 June 2022	(2.3)	(10.1)	(12.4)
Net book value			
At 30 June 2021	1.2	—	1.2
At 30 June 2022	1.5	20.4	21.9



14. Leases continued

Lease liabilities

US\$ million	Buildings	Plant and machinery	Total
Balance at 1 July 2020	1.1	3.6	4.7
Exchange differences	0.2	—	0.2
Additions	0.7	—	0.7
Lease liabilities directly associated with non-current assets held for sale	—	(3.6)	(3.6)
Finance charges	0.1	—	0.1
Lease payments	(0.7)	—	(0.7)
Lease terminations	(0.4)	—	(0.4)
Balance at 30 June 2021	1.0	—	1.0
Balance at 1 July 2021	1.0	—	1.0
Exchange differences	(0.1)	—	(0.1)
Additions	1.3	22.2	23.5
Finance charges	0.1	1.1	1.2
Lease payments	(0.7)	(2.5)	(3.2)
Balance at 30 June 2022	1.6	20.8	22.4

US\$ million	2022	2021
Current	3.2	0.5
Non-current	19.2	0.5
As at 30 June	22.4	1.0

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Amounts recognised in profit and loss

US\$ million	2022	2021
Amortisation on right-of-use assets	(2.5)	(0.9)
Finance expense on lease liabilities	(1.2)	(0.1)
Loss on discontinued operations	—	0.3
	(3.7)	(0.7)

15. BEE loans receivable and payable

Significant accounting policies relevant to BEE loans receivable and payable

IAS 32 prescribes rules for the offsetting of financial assets and financial liabilities. It specifies that a financial asset and a financial liability should be offset and the net amount reported when, and only when, an entity:

- ▶ Has a legally enforceable right to set off the amounts
- ▶ Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously

During FY 2021 the BEE payables of US\$138.8 million (including foreign exchange movements and accrued interest) were offset with BEE loans receivables of US\$185.4 million (including foreign exchange movements, discretionary advances, reversal of expected credit loss provision and accrued interest) resulting in a net BEE loan receivable of US\$46.6 million.

Refer to note 32 for the Group's policy in respect of financial instruments, which include BEE receivables and payables.



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For the Year ended 30 June 2022

15. BEE loans receivable and payable continued**Significant judgements and estimates relevant to BEE loans receivable and payable**

Refer below for significant judgements in respect of the BEE loans receivable related to the recognition of the BEE Lender facility guarantee payable in loans and borrowings, a receivable for reimbursement of the BEE Lender facility guarantee and expected credit loss provision recorded in respect of BEE receivables.

US\$ million	2022	2021
Non-current assets		
BEE loans receivable ¹	44.6	46.6

1. Interest on the BEE loans receivable is charged at the prevailing South African JIBAR plus an interest margin of 5.25%. The movement in the Year includes advances, repayments, accrued interest and foreign exchange retranslation. The loans are repayable from future cashflows, attributable to the loan holders, generated from the underlying mining operations.

BEE loans receivable

The non-current BEE loans receivable represents those amounts receivable from the Group's BEE Partners (Kago Diamonds and the IPDET) in respect of advances historically provided to the Group's BEE Partners to enable them to discharge interest and capital commitments under the BEE Lender facilities, advances to the BEE Partners to enable trickle payment distributions to both Kago Diamonds shareholders and to the beneficiaries of the IPDET (Petra Directors and Senior Managers do not qualify as beneficiaries under the IPDET Trust Deed), and financing of their interests in the Koffiefontein mine. In addition, US\$42.0 million (30 June 2021: US\$45.4 million) has been recorded as part of the gross receivable (before expected credit loss provisions) in respect of amounts to be reimbursed to the Group in respect of the guarantee under the BEE Lender facilities. Judgement was required in determining the extent to which reimbursement is applicable based on the terms of the agreements, South African legislation and discussions with the BEE Partners.

As a result of historical delays in the Cullinan Mine plant ramp-up and the Finsch SLC ramp-up, the Group has historically elected to advance the BEE Partners' funds using Group treasury to enable the BEE Partners to service their interest and capital commitments under the BEE Lender facilities (refer below). These BEE receivables, including interest raised, will be recoverable from the BEE Partners' share of future cashflows from the underlying mining operations.

As part of the in-principle agreement reached during FY 2021 as part of the Restructuring, Petra assumed the BEE Lender facility obligations under the terms outlined in note 37.

The Group has applied the expected credit loss impairment model to its financial assets and the BEE loans receivable. In determining the extent to which expected credit losses may apply, the Group assessed the future free cashflows to be generated by the mining operations, based on the current LOM plans. In assessing the future cashflows, the Group considered a probability weighted range of diamond price outlooks. Based on the assessment, the analysis generated a reversal of the expected credit loss provision totalling US\$nil (30 June 2021: US\$5.8 million expected credit loss reversal), comprising US\$nil (30 June 2021: US\$5.8 million) in respect of Cullinan Mine and Finsch and US\$nil (30 June 2021: US\$nil) in respect of Koffiefontein.

US\$ million	2022	2021
As at 1 July	46.6	137.0
Foreign exchange movement on opening balances	(5.9)	30.7
Discretionary advance – capital and interest commitment (BEE Lender facility)	—	4.7
Discretionary advance – distributions to beneficiaries	—	2.0
Interest receivable	4.1	5.2
Reversal of BEE loans receivable – expected credit loss provision	—	5.8
Repayment of loan from BEE Partners	(0.2)	—
BEE payable restructuring – offset against BEE receivable	—	(138.8)
As at 30 June	44.6	46.6

BEE loans payable

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

US\$ million	2022	2021
As at 1 July	—	108.6
Foreign exchange movement on opening balances	—	23.2
Interest payable	—	7.0
BEE payable restructuring – offset against BEE receivable	—	(138.8)
As at 30 June	—	—



15. BEE loans receivable and payable continued

BEE loans payable continued

The IPDET holds a 12% interest in each of the Group's South African operations, with Petra's commercial BEE Partners holding the remaining 14% interest through their respective shareholdings in Kago Diamonds, in which Petra has a 31.46% interest. The effective interest percentages attributable to the remaining operations for the Group's shareholders are disclosed in the table below:

Mine	BEE Partner	BEE interest %	Resultant Group's effective interest %
Cullinan Mine	Kago Diamonds and IPDET	26.0	78.4
Finsch	Kago Diamonds and IPDET	26.0	78.4
Koffiefontein	Kago Diamonds and IPDET	26.0	78.4

Group guarantee provided to BEE Lenders

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

During the prior year, the Group completed its Restructuring, the BEE Lender facility was included as part of the Group's restructured banking facilities and the guarantee provided by the Group on behalf of the BEE Partners was extinguished (refer to note 37 for further detail).

Further details of the transactions with the BEE Partners are included in note 27.

16. Non-controlling interests

The non-controlling interests of the Group's partners in its operations are presented in the table below:

US\$ million	Cullinan Mine	Finsch	Koffiefontein	Tarorite	Williamson ¹	Total
Effective interest %	21.6	21.6	21.6	17.8	25.0	
Country	South Africa	South Africa	South Africa	South Africa	Tanzania	
As at 1 July 2021	(3.0)	24.0	(31.6)	0.1	—	(10.5)
Profit/(loss) for the Year	18.5	4.0	(3.4)	—	—	19.1
Dividend paid to Non-controlling interest shareholders	—	(3.5)	—	—	—	(3.5)
Foreign currency translation difference	(2.5)	(2.3)	4.4	—	—	(0.4)
At 30 June 2022	13.0	22.2	(30.6)	0.1	—	4.7

1. Non-controlling interest at Williamson is not recognised as the GoT will not contribute in respect of accumulated losses. The finalisation of the FWA will result in future non-controlling interest at Williamson being recognised.

During the Year, Finsch declared and paid a dividend out of profits generated in FY 2021 to its non-controlling interests (30 June 2021: US\$nil). The BEE Partners received a total net dividend payment of US\$2.5 million comprising Kago US\$1.3 million and IPDET US\$1.2 million. For additional information on total assets, total liabilities and segment results for each operation in the table above refer to note 33.

17. Trade and other receivables

Significant accounting policies relevant to trade and other receivables

Refer to note 32 for the Group's policy in respect of financial instruments, which include trade and other receivables.

Significant judgements and estimates relevant to VAT receivable at Williamson

The Group has net VAT receivable of US\$2.6 million (30 June 2021: US\$0.7 million) (after providing for the time-value of money and risk adjustments for various factors) in respect of the Williamson mine, all of which are past due and have therefore been classified as non-current given the potential delays in receipt. Williamson's non-current assets were classified as assets held for sale in FY 2021.

The VAT receivable can be split into three identifiable component time periods as set out below:

US\$ million	VAT receivable	Provision	Written off	Carrying value
July 2017 to June 2020	26.9	—	(26.9)	—
Pre-July 2017 and Post-June 2020	8.6	(6.0)	—	2.6
	35.5	(6.0)	(26.9)	2.6



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

17. Trade and other receivables continued**Significant judgements and estimates relevant to VAT receivable at Williamson** continued**July 2017 to June 2020**

A further US\$26.9 million (30 June 2021: US\$26.9 million) of VAT is receivable which relates to VAT under the legislation, effective from July 2017 to 30 June 2020.

In prior periods Management considered the amendment to the VAT legislation for the period July 2017 to July 2020 and based on legal advice and the confirmed application of the legislation by the TRA considered that the input VAT was not recoverable and a full provision was recorded in prior periods. Further to this, the Framework Agreement provisions do not allow for offsetting of these historically disputed amounts and as such the full US\$26.9 million has been written off. There has been no Consolidated Income Statement impact as a result of this write-off as the US\$26.9 million was fully provided for in prior periods.

Pre-July 2017 and Post-June 2020

An amount of US\$8.6 million (30 June 2021: US\$2.6 million) of VAT is receivable for the periods pre-July 2017 and post 1 July 2020. During FY 2021, the Group received US\$10.0 million in VAT refunds from the Tanzanian Revenue Authority in respect of the pre-July 2017 period and US\$1.2 million was disallowed by the Tanzanian Revenue Authority. The Group is considering various alternatives in pursuing payment in accordance with legislation. A provision of US\$6.0 million, given the uncertainty around the timing of receipts of the amount outstanding, has been provided for against the US\$8.6 million receivable resulting in a carrying value of US\$2.6 million.

While the remaining pre-July 2017 and post-1 July 2020 VAT balance is considered receivable, significant uncertainty exists regarding the timing of receipt. A discount rate of 14.00% (30 June 2021: 16.25%) has been applied to the expected cash receipts inclusive of estimated country credit risk. A 1% increase in the discount rate would increase the provision by US\$0.04 million and a one-year delay would increase the provision by US\$0.1 million.

The provision against the VAT balance is US\$6.0 million (30 June 2021: US\$28.8 million). The provision relates to US\$6.0 million that is recorded against the pre-July 2017 and post-June 2020 amount. The full disputed July 2017 to June 2020 amount of US\$26.9 million, which was fully provided for as at 30 June 2021, has been written off. During the Year, an impairment charge of US\$4.1 million (30 June 2021: US\$0.7 million) was recognised in the Consolidated Income Statement.

US\$ million	2022	2021
Current		
Trade receivables ^{1,2}	37.4	38.3
Other receivables ^{1,3}	10.4	16.9
Less: expected credit loss provision of KEM JV receivables ³	(2.0)	(8.4)
Less: expected credit loss provision of other receivables ³	(0.3)	(0.4)
Other receivables – net	8.1	8.1
Income tax receivable	—	1.2
Prepayments ¹	4.3	3.1
	49.8	50.7
Non-current		
Other receivables ⁴	8.6	—
Less: impairment provision	(6.0)	—
	2.6	—

1. In FY 2021 trade receivables, other receivables and prepayments exclude amounts classified as non-current assets held for sale of US\$2.9 million (refer to note 36).

2. Included in the opening balance of trade receivables are trade receivables in respect of diamond revenue of US\$38.3 million (1 July 2021: US\$4.8 million).

3. Included in current trade and other receivables is an amount relating to the balance of the KEM JV purchase consideration of US\$1.7 million (30 June 2021: US\$1.3 million). During FY 2022, the Group received payments of US\$2.5 million (FY 2021: US\$0.4 million) from the KEM JV as part settlement of the outstanding purchase consideration. The Group has applied the expected credit loss impairment model to the KEM JV receivables, taking into account various factors, and the expected credit loss was deemed to be US\$2.0 million (30 June 2021: US\$8.4 million). The decrease in the expected credit loss is attributable to the repayment received during the Year and to the movement in the foreign exchange rates during the Year. The Group raised an impairment provision of US\$0.3 million (30 June 2021: US\$0.4 million) in respect of certain sub-tenants which occupied office space in its London offices as the amounts are past due.

4. Other non-current receivables comprised the VAT receivable at Williamson. In FY 2021, the non-current receivables were classified as non-current assets held for sale (refer note 36).

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and the 12-month approach, unless a specific risk exists, for other receivables. To measure expected credit losses on a collective basis, trade receivables and other receivables are grouped based on similar credit risk and ageing.

As at 30 June 2022 trade receivables of US\$37.4 million (30 June 2021: US\$38.3 million) comprised diamond debtors, all of which had settled post Year end and as such have lifetime expected credit losses of US\$nil.

In assessing the credit risk loss and recoverability of other receivables, Management considered the historical trading performance of the third parties, the current diamond market and outlook, the current economic climate and outlook, payment history, recent press coverage involving the third parties and ongoing legal discussions. Such assessment resulted in impairment provisions totalling US\$0.3 million (30 June 2021: US\$0.4 million) in respect of certain sub-tenants which previously occupied office space in the Group's London offices.

Included in trade and other receivables are amounts due from related parties (refer to note 27).



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 diamond 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.

Recoverability of diamond parcel in Tanzania

The Group holds diamond inventory, classified as non-current assets held, valued at lower of cost and net realisable value of US\$12.5 million (30 June 2021: US\$10.6 million) in the Statement of Financial Position in respect of the Williamson mine's confiscated diamond parcel. During FY 2018, an investigation into the Tanzanian diamond sector by a parliamentary committee in Tanzania was undertaken to determine if diamond royalty payments were being understated. In connection with this, Petra announced on 11 September 2017 that a parcel of diamonds (71,654.45 carats) from the Williamson mine in Tanzania (owned 75% by Petra and 25% by the GoT) had been blocked for export to Petra's marketing office in Antwerp.

The assessment of the recoverability of the diamond parcel requires significant judgement. In making such a judgement, the Group considered the Framework Agreement that was signed with the GoT on 13 December 2021, confirming that it held the diamond parcel of 71,654.45 carats and ongoing discussions held with the GoT. The Group has made an assessment of the internal process used for the sale and export of diamonds and has confirmed that in the event that the parcel is recovered, a sale would be possible to execute in full compliance with legislation in Tanzania and the Kimberley Process with certain rectification steps. The Group has obtained legal advice from the Group's in-country attorneys which supports Management's position that the Group retains the legal right to the parcel.

The Framework Agreement which refers to the diamond parcel as the "Government Diamond Parcel" sets out that the proceeds from the sale of the Parcel will flow to Williamson. The Company is aware of media reports suggesting that the blocked parcel of 71,654 carats of diamonds from the Williamson mine in Tanzania has been nationalised by GoT.

The Company remains in discussions with the GoT on this matter.

During FY 2018, Petra received authorisation from the GoT to resume diamond exports and sales from Williamson and all subsequent parcels of diamonds have been exported from Tanzania for eventual sale at the Company's marketing office in Antwerp. While a resolution has not yet been reached with regard to the mechanism to sell the parcel of diamonds that was blocked from export, based on the above judgements and assessment thereof, Management remains confident that based on the signed Framework Agreement, and the legal advice received from the Group's in-country attorneys, the diamond parcel will be made available for future sale, and that WDL will derive future economic benefit from the sales proceeds.

US\$ million	2022	2021
Diamonds held for sale	52.7	45.1
Work in progress stockpiles	4.5	4.8
Consumables and stores	16.6	11.5
Provision for redundant consumables and stores	(3.2)	(1.5)
Consumables and stores	13.4	10.0
	70.6	59.9

1. In FY 2021, inventories exclude amounts classified as non-current assets held for sale of US\$15.5 million (refer to note 36).

As at 30 June 2022, diamonds held for resale with a cost value of US\$2.7 million (30 June 2021: US\$2.7 million) have been written down by US\$1.2 million (30 June 2021: US\$0.7 million) to a fair value less costs to sell of US\$1.5 million (30 June 2021: US\$2.0 million) (due to the fair value less costs to sell being below cost) within the overall carrying value of US\$52.7 million (30 June 2021: US\$45.1 million).



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

19. Cash**Significant accounting policies relevant to cash**

Cash and cash equivalents comprise cash-on-hand, deposits held on call with banks and investments in money market instruments, 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	2022	2021
Cash and cash equivalents – unrestricted	271.9	147.7
Cash – restricted	16.3	16.1
	288.2	163.8

1. In FY 2021, cash excludes amounts classified as non-current assets held for sale of US\$9.2 million (refer to note 36).

The Group's environmental rehabilitation insurance product, which currently includes the Finsch, Cullinan and Koffiefontein mines, has secured cash assets of US\$16.3 million (30 June 2021: US\$16.1 million) held in a cell captive and by Petra's bankers. In the prior year, the Company deposited US\$1.5 million into an Escrow account to meet its obligations under the settlement reached with Leigh Day in respect of the human rights claims at Williamson. The Group has a commitment to pay insurance premiums over the next year of US\$2.2 million (30 June 2021: US\$2.5 million) to fund the environment rehabilitation insurance product for the South African operations. 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.

When the Group issues equity to settle outstanding debt, the value attributed to the Ordinary Shares issued is based on the fair value of the equity at the date of settlement to extinguish the debt. The fair value is derived by reference to the closing share price at the date of the conversion; it is considered to be a Level 1 fair value measurement. Costs identified as being directly associated with the debt for equity conversion are taken directly to share premium.

US\$ million	Number of shares	2022	Number of shares	2021
Authorised – Ordinary Shares of 0.05 pence (30 June 2021: 0.001 pence) each				
At 1 July	10,000,000,000	164.3	10,000,000,000	164.3
Issued and fully paid				
At 1 July	9,710,089,272	145.7	865,431,343	133.4
Allotments during the Year	—	—	8,844,657,929	12.3
50 for 1 share consolidation November 2021	(9,515,887,487)	—	—	—
At 30 June	194,201,785	145.7	9,710,089,272	145.7

During the Year, the Company's shareholders approved at the FY 2021 Annual General Meeting a 50 for 1 share consolidation.

Admission of the Company's New Ordinary Shares took place on 29 November 2021. As a result of the share consolidation, the Company's shares in issue comprise 194,201,785 Ordinary Shares of 0.05 pence each.

In FY 2021, as part of the Restructuring and subsequent to the approval by shareholders at a special general meeting held on 13 January 2021, the Company allotted 8,844,657,929 Ordinary Shares to the Noteholders valued at US\$194.0 million (comprising Ordinary Shares valued at US\$12.3 million and share premium of US\$181.7 million before capitalised costs), based on the share price at 9 March 2021 (the date upon which all implementation steps for the Debt Restructuring were met). The allotment was pursuant to the Debt for Equity Conversion, announced on 22 December 2020, which resulted in the Noteholders holding 91% of the enlarged share capital of the Company in the following proportions:

- ▶ 56.0% of the enlarged share capital was issued to all Noteholders, including the New Money Noteholders, pro rata to their holdings of existing Notes at the Scheme Record Time (to the extent any Noteholder did not take up their equity entitlement, such entitlement was allocated to the remaining Noteholders who did not opt out of their equity entitlement, on a pro rata basis)
- ▶ 35.0% of the enlarged share capital was issued to the New Money Noteholders only, pro rata to their contribution of the New Money (to the extent any such Noteholders did not take up their equity entitlement, such entitlement was allocated to the remaining Noteholders who contributed to the New Money and who did not opt out of their equity entitlements, on a pro rata basis)

As a consequence of the Debt for Equity Conversion, 9% of the enlarged Company's share capital remains with the previous shareholders (subject to dilution as a result of standard management equity incentive arrangements). The costs associated with the allotment of the new Ordinary Shares of US\$12.3 million were capitalised against share premium. For additional information regarding the Debt Restructuring refer to note 37.



20. Equity and reserves continued

Share capital continued

Significant accounting policies relevant to share capital continued

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 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
- ▶ Foreign exchange retranslation of the reserve
- ▶ Amounts transferred to retained losses in respect of exercised and lapsed options
- ▶ Amounts derecognised as part of cash settlement of vested awards originally planned for equity settlement

Other reserves

The other reserves comprise the cumulative gains or losses arising from other listed financial assets of US\$0.8 million (30 June 2021: US\$0.8 million).

Accumulated losses

The accumulated losses comprise the Group's cumulative accounting 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 Mine, Koffiefontein and Williamson mines together with foreign exchange retranslation of the reserve. The non-controlling interest share of total comprehensive income includes US\$15.2 million total comprehensive expense (30 June 2021: US\$8.3 million expense) for the Year. Refer to note 16 and the Statement of Changes in Equity for further detail.

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.

Accounting policy for substantial modification of financial liabilities

When the Group's borrowings are refinanced, and the refinancing is considered to be a substantial modification, the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised as a charge in the income statement.

Under the quantitative test, the modification is classed as substantial if the present value of the modified cashflows is at least 10% different to the present value of the remaining original cashflows. There may be circumstances where the 10% test is not met, but other qualitative factors indicate there has been a substantial modification.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

21. Interest-bearing loans and borrowings continued**Accounting policy for substantial modification of financial liabilities** continued

The following table summarises the Group's current and non-current interest-bearing borrowings:

US\$ million	2022	2021
Current		
Loans and borrowings – senior secured lender debt facilities	—	30.3
Loans and borrowings – senior secured second lien notes	12.3	—
	12.3	30.3
Non-current		
Loans and borrowings – senior secured second lien notes	353.9	327.3
Loans and borrowings – senior secured lender debt facilities	—	72.7
	353.9	400.0
	366.2	430.3

(a) US\$336.7 million senior secured second lien notes

A wholly owned subsidiary of the Company, Petra Diamonds US\$ Treasury Plc, issued debt securities consisting of US\$336.7 million five-year senior secured second lien Loan Notes, with a maturity date of 8 March 2026. The Notes carry a coupon from:

- ▶ 9 March 2021 to 31 December 2022 of 10.50% per annum, which is capitalised to the outstanding principal amount semi-annually in arrears on 31 December and 30 June of each year
- ▶ 1 January 2023 to 30 June 2023 of 10.50% per annum on 37.7778% of the aggregate principal amount outstanding, which is capitalised to the outstanding principal amount semi-annually in arrears on 31 December and 30 June of each year and 9.75% per annum on 62.2222% of the aggregate principal amount outstanding which is payable in cash semi-annually in arrears on 31 December and 30 June of each year
- ▶ 1 July 2023 to 31 December 2025 of 9.75% per annum on the aggregate principal amount outstanding which is payable in cash semi-annually in arrears on 31 December and 30 June of each year
- ▶ 1 January 2026 to 8 March 2026 (final coupon payment) of 9.75% per annum on the aggregate principal amount outstanding which is payable in cash

The costs associated with issuing the Notes of US\$20.7 million have been capitalised against the principal amount and US\$18.5 million remains unamortised as at 30 June 2022 (30 June 2021: US\$19.4 million). Interest of US\$50.3 million has been accrued as at 30 June 2022 (30 June 2021: US\$11.1 million).

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 (refer to note 29 for further detail). The Notes are listed on the Irish Stock Exchange and traded on the Global Exchange Market. On or after 9 March 2023, 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 9 March 2023	104.88%
Period of 12 months from 9 March 2024	102.44%
Period of 12 months from 9 March 2025	100.00%

The Notes are secured on a second-priority basis to the senior secured lender debt 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
- ▶ The creation of liens over the mining rights and immovable assets held and owned by certain of the guarantors



21. Interest-bearing loans and borrowings continued

(b) Senior secured lender debt facilities

During June 2022, the Group restructured its existing banking facilities providing for more favourable terms than the Group's previous 1L facilities which resulted in Absa Corporate and Investment Banking (Absa) becoming the Group's new banking partner under the new banking facilities.

A new Revolving Credit Facility (RCF) with Absa replaces the existing RCF and Term Lending arrangements with the previous South African lender syndicate comprising Absa, Nedbank, RMB and NinetyOne. The new terms include, *inter alia*:

- ▶ Improved structure with a single ZAR1.0 billion RCF replacing the existing amortising Term Loan of ZAR1.2 billion and the ZAR408.8 million RCF
- ▶ More appropriate covenant package resulting in improved headroom and flexibility on the balance sheet
- ▶ Extended tenure for the RCF with a maturity date of December 2025 and a bullet payment at maturity
- ▶ Reduced financing costs with improved margin and commitment fees. The costs associated with restructuring of the banking facilities of US\$0.5 million have been expensed in the Consolidated Income Statement under net finance charges

The Group performed an assessment under its accounting policies and the requirements of IFRS 9 as to whether the restructuring of the Senior Secured Lender Facilities represented a substantial modification. As the net present value of the cashflows under the original terms and the modified terms was less than 10% different and there were no substantial qualitative changes to the terms, the modification was not considered to be substantial.

The revised terms under the RCF are:

- ▶ Maturity date December 2025 with a 60-day buffer between the redemption of the Notes and the maturity of the RCF
- ▶ To maintain a net debt:EBITDA ratio tested semi-annually on a rolling 12-month basis
- ▶ To maintain an interest cover ratio tested semi-annually on a rolling 12-month basis, which if breached will give rise to an event of default under the new bank facilities
- ▶ Interest rate of SA JIBAR + 4.15% per annum (with the margin to be reconsidered annually based on Petra's credit metrics with a view of further optimising the margin to be achieved)

As at the date of this report, the RCF was undrawn and ZAR1.0 billion (US\$61.5 million) remained available for draw-down. On 24 January 2022, the Company paid ZAR404.6 million (US\$24.9 million) (capital plus interest) to settle the previous RCF and on 18 March 2022 the Company paid ZAR893.2 million (US\$54.9 million) (capital plus interest) to settle the Term Loan.

30 June 2021

The Group's South African Lender Group comprised Absa Corporate and Investment Banking (Absa), FirstRand Bank Limited (acting through its Rand Merchant Bank division) (RMB), Nedbank Limited and NinetyOne Limited.

As part of the Restructuring in FY 2021, the existing banking facilities were amended on a first lien basis and on the following terms: the creation of a new Term Loan of ZAR1.2 billion (US\$76.6 million) comprising ZAR500.0 million (US\$35.0 million) under the existing WCF and ZAR683.1 million (US\$41.6 million) relating to the BEE Partner debt facilities; and the rollover of the existing RCF increasing by ZAR160.0 million (US\$11.2 million) to ZAR560 million (US\$39.2 million). The costs associated with restructuring of the banking facilities of US\$1.7 million and US\$0.7 million cash transaction costs allocated based on the total Restructuring costs were capitalised against the principal amount.

The Group performed an assessment under its accounting policies and the requirements of IFRS 9 as to whether the restructuring of the Senior Secured Lender Facilities represented a substantial modification. As the net present value of the cashflows under the original terms and the modified terms was less than 10% different and there were no substantial qualitative changes to the terms, the modification was not substantial.

The terms under the Term Loan were:

- ▶ Maturity date 8 March 2024
- ▶ Scheduled amortisation of 9% of principal per quarter (starting in June 2021) with a final 10% of principal repayment at maturity
- ▶ 1.3x debt service cover ratio tested semi-annually on a rolling 12-month basis, which if breached will give rise to an event of default under the new bank facilities
- ▶ Interest rate of SA JIBAR + 5.25% per annum (with an upfront fee of 1% of the Term Loan amount capitalised)

The terms under the RCF were:

- ▶ Maturity date 8 March 2024
- ▶ Scheduled amortisation of 9% of principal per quarter (starting in June 2021) with a final 10% of principal repayment at maturity
- ▶ 1.3x debt service cover ratio tested semi-annually on a rolling 12-month basis, which if breached will give rise to an event of default under the new bank facilities
- ▶ Interest rate of SA JIBAR + 5.25% per annum (with an upfront fee of 1% of the RCF amount capitalised and a commitment fee based on undrawn balances)

As at 30 June 2021, the RCF, as amended, was drawn down by an amount of ZAR400.0 million (US\$28.0 million) with ZAR109.6 million (US\$7.7 million) available for draw-down and the Term Loan of ZAR1.1 billion (US\$77.1 million) was fully drawn.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

21. Interest-bearing loans and borrowings continued**(c) BEE Partner debt facilities**

During FY 2021, the BEE Partner debt facilities have been restructured and formed part of the Term Loan (refer to (b) 30 June 2021 above).

As at 30 June 2022, the Group's debt and hedging facilities are detailed in the table below:

	Bank loan – secured		Bank loan – secured		Bank loan – secured		Senior second lien notes – secured	
	2022	2021	2022	2021	2022	2021	2022	2021
Institution	Absa		FirstRand, Absa, Nedbank, NinetyOne		FirstRand, Nedbank, Absa		Bond holders	
Type	Revolving Credit Facility		Term Loan facility		Revolving Credit Facility		Bond notes	
Total facility (ZAR million)	1,000.0¹	n/a	— ²	1,109.4 ³	— ²	509.6 ⁴	—	—
Total facility (US\$ million)	—	n/a	—	—	—	—	336.7	336.7
Draw-down ZAR facility (US\$ million) at 30 June	—	n/a	—	1,109.4	—	400.0	—	—
Draw-down (US\$ million) at 30 June	—	n/a	—	—	—	—	336.7	336.7
Interest rate (ZAR)	SA JIBAR plus 4.15%	n/a	—	SA JIBAR plus 5.25%	—	SA JIBAR plus 5.25%	—	—
Interest rate (US\$)	—	n/a	—	—	—	—	10.50% up to 2023 then 9.75% from 2023 to 2026	10.50% up to 2023 then 9.75% from 2023 to 2026
Interest rate at Year end (ZAR)	9.16%	n/a	—	8.70%	—	8.93%	—	—
Interest rate at Year end (US\$)	—	n/a	—	—	—	—	10.50%	10.50%
Interest repayment period	Monthly	n/a	—	Quarterly	—	Quarterly	Capitalised semi-annually until June 2023/ bi-annual interest payment	Capitalised semi-annually until June 2023/ bi-annual interest payment
Latest date available for draw-down	—	n/a	—	Fully drawn down	—	8 March 2024	Fully drawn down	Fully drawn down
Capital repayment profile	Final capital repayment 60 days prior to 8 March 2026	n/a	Repaid	Amortising at 9% per quarter	Repaid	Amortising at 9% per quarter	Single payment	Single payment
Final repayment date (US\$ million)	—	n/a	—	—	—	—	8 March 2026	8 March 2026
Final repayment date (ZAR million)	60 days prior to 8 March 2026	n/a	Repaid	8 March 2024	Repaid	8 March 2024	—	—



21. Interest-bearing loans and borrowings continued

(c) BEE Partner debt facilities continued

1. The facility also comprised a ZAR300 million foreign exchange settlement line not included above. No additional fees are charged on the foreign exchange settlement line.
2. On 24 January 2022, the Company paid ZAR404.6 million (US\$24.9 million) (capital plus interest) to settle the previous RCF and on 18 March 2022 the Company paid ZAR893.2 million (US\$54.9 million) (capital plus interest) to settle the Term Loan.
3. On 30 June 2021, the Company settled a portion of the Term Loan (capital plus interest) of US\$7.9 million with its lender group.
4. On 30 June 2021, the RCF principal amount of ZAR560.0 million reduced by ZAR50.4 million to ZAR509.6 million based on the amortising profile of 9% per quarter. The facility also comprised a ZAR150 million foreign exchange settlement line not included above. No additional fees were charged on the foreign exchange settlement line.

The RCF facility is secured on the Group's interests in Finsch, Cullinan Mine and Koffiefontein.

Covenant ratios

30 June 2022

As part of the revised RCF entered into with Absa, the Company is required:

- ▶ To maintain a net debt:EBITDA ratio tested semi-annually on a rolling 12-month basis
- ▶ To maintain an interest cover ratio tested semi-annually on a rolling 12-month basis
- ▶ To maintain a minimum 12-month forward-looking liquidity requirement that consolidated cash and cash equivalents (excluding diamond debtors) shall not fall below US\$20.0 million

30 June 2021

As part of the Term Loan and Revolving Credit Facilities entered into with the previous South African Lender Group, the Company was required:

- ▶ To maintain a 1.3x debt service cover ratio tested semi-annually on a rolling 12-month basis
- ▶ To maintain liquidity requirements being the aggregate of the undrawn amounts available under the RCF and consolidated cash and cash equivalents (excluding diamond debtors) shall not fall below ZAR200 million (US\$14.0 million)

The Company's new covenant levels for the respective measurement periods are outlined below:

	FY22 H2	FY23 H1	FY23 H2	FY24 H1	FY24 H2	FY25 H1	FY25 H2	FY26 H1
Consolidated net debt:EBITDA leverage ratio (maximum)	4.00	4.00	3.50	3.50	3.25	3.25	3.00	3.00
Interest cover ratio (minimum)	1.85	1.85	2.50	2.50	2.75	2.75	3.00	3.00

1. Fees, comprising commitment fees of 1.25% per annum of the principal amount.

2. Consolidated net debt for covenant measurement purposes is bank loans and borrowings plus Loan Notes, less cash and diamond debtors.

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 32 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.

US\$ million	2022	2021
Current		
Trade payables	36.9	16.8
Accruals and other payables ^{1,2}	37.6	32.3
	74.5	49.1
Income tax payable	0.3	—
	74.8	49.1

1. In FY 2021, trade and other payables excludes amounts classified as non-current assets held for sale of US\$5.6 million (refer to note 36).

2. Included within accruals and other payables are amounts in respect of foreign exchange gains on hedging contracts of US\$0.7 million (30 June 2021: US\$0.4 million losses).

Included in trade and other payables are amounts due to related parties (refer to note 27).



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

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 mine plan and assessments of extensions to the mine plans to access resources in the 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.

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 9.7–10.8% (30 June 2021: 5.3–13.1%), estimated rehabilitation timing of 3 to 24 years (30 June 2021: 2 to 25 years) and an inflation rate range of 7.7–9.5% (30 June 2021: 3.3–8.5%). 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 by local legislation and are consistent with the Group's planned rehabilitation strategy. Increases in estimates are immediately recognised.

US\$ million	Human rights settlement claims	Provisions for unsettled and disputed tax claims, and severance payments	Pension and post-retirement medical fund	Rehabilitation	Total
Balance at 1 July 2020	—	—	10.3	45.3	55.6
Increase/(decrease) in provisions	4.2	—	0.9	(0.1)	5.0
Provisions directly associated with non-current assets held for sale (refer to note 36)	—	—	—	(6.4)	(6.4)
Increase in rehabilitation provision – change in estimate	—	—	—	5.8	5.8
Unwinding of present value adjustment of rehabilitation provision	—	—	—	4.3	4.3
Exchange differences	—	—	2.2	9.0	11.2
Balance at 30 June 2021	4.2	—	13.4	57.9	75.5
Balance at 1 July 2021	4.2	—	13.4	57.9	75.5
(Decrease)/increase in provisions	(4.0)	(0.3)	0.6	—	(3.7)
Provisions previously directly associated with non-current assets held for sale	—	21.7	—	6.4	28.1
Increase in rehabilitation provision – change in estimate	—	—	—	2.0	2.0
Unwinding of present value adjustment of rehabilitation provision	—	—	—	5.4	5.4
Exchange differences	(0.2)	—	(1.7)	(7.7)	(9.6)
Balance at 30 June 2022	—	21.4	12.3	64.0	97.7
Non-current	—	21.4	12.3	64.0	97.7



23. Provisions continued

Employee entitlements and other provisions

The provisions relate to provision for an unfunded post-retirement medical fund, pension fund and retrenchment costs. The Group's policy in respect of the post-retirement medical and pension schemes and related key judgements and estimates are disclosed in notes 30 and 31. Additional information on the provision for post-retirement medical and pension funds is also described in notes 30 and 31.

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		Cullinan Mine		Finsch		Koffiefontein		Williamson ¹	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Decommissioning period (years)			24	25	8	9	3	2	8	9
Estimated rehabilitation cost (US\$ million)	64.0	57.9	23.4	23.2	26.2	26.5	7.7	8.2	6.7	—

1. In FY 2021, environmental rehabilitation costs exclude amounts classified as non-current assets held for sale of US\$6.4 million (refer to note 36).

The vast majority of the rehabilitation expenditure is expected to be incurred at the end of mining activities.

The movements in the provisions during the Year are attributable to the unwinding of discount, the reconsolidation of Williamson as it is no longer an asset held for sale, provisions relating to disputed and unsettled tax claims and unrealised foreign exchange on retranslation from functional to presentational currency.

The movements in the provisions during FY 2021 were attributable to the unwinding of discount, the reclassification of Williamson to non-current assets held for sale, the change in estimates of Cullinan Mine's estimated time of rehabilitation from 45 years to 25 years, 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.

Human rights settlement and grievances

In May 2021, Petra announced the findings of the Tunajali Committee in relation to alleged breaches of human rights at the Williamson mine in Tanzania raised by the UK law firm Leigh Day and the NGO RAID. The mine is operated by WDL, which is 25% owned by the Government of Tanzania and 75% owned by Petra. Petra acquired its majority interest in WDL in 2009.

Based on the conclusions of the Tunajali Committee, the Company acknowledged that past incidents have taken place that regrettably resulted in the loss of life, injury and mistreatment of illegal diggers, within the WDL SML. The incidents in question involved WDL's third party security provider Zenith Security as well as the Tanzania Police Force. During the investigation, no evidence emerged that WDL personnel were directly involved in these actions.

The Company took immediate precautionary measures to address the concerns raised, ahead of and after the findings of the investigation and in order to mitigate the risks of future incidents, including, amongst others, the appointment of a new third party security contractor, the training of all security personnel and internal management at WDL on human rights and their obligations in terms of the Voluntary Principles on Security and Human Rights and committed to the launch of an Independent Grievance Mechanism (IGM).

During FY 2022, Petra has implemented remedial programmes and initiatives and is establishing the IGM to address the historical allegations of human rights abuses at Williamson. The second phase of engagements with the Government of Tanzania and local stakeholders on the IGM has been completed and the focus is now on updating the IGM processes and appointing the various organs that will make up the IGM, with the current target for the IGM to become operational in Q4 of CY 2022.

While the IGM is still being finalised, a mechanism has been set up to enable community members to confidentially and securely register alleged historical human rights grievances. This mechanism continues to receive grievances, with a significant amount of grievances having been registered to date. As the IGM is not yet operational (and therefore unable to start investigating these grievances), it is too early to evaluate the merits of these grievances.

Judgement was applied by Management in assessing the grievances that have been registered by the community and specifically whether they required provisions to be included in the accounts at the Year end. Management at the time considered that as the grievances received were not yet able to be investigated due to the IGM not being operational it was of the opinion that the outcome of the claims remained uncertain at 30 June 2022 and so no provisions were required.

Further to the findings of the Tunajali Committee in FY 2021, additional measures were put in place to address issues identified, including the revision of reporting structures to enable the more timely, accurate and transparent reporting of all incursions and incidents, the overhaul of stakeholder engagement at the mine, as well as ongoing work Group-wide and the establishment of an independent Tier 2 IGM which aims to investigate and resolve complaints alleging severe human rights impacts in connection with security operations at the Williamson mine. This will be done through an independent panel of Tanzanian experts applying Tanzanian law and with complainants having access to free and independent advice from local lawyers.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

23. Provisions continued**Human rights settlement and grievances** continued

Petra also announced on 12 May 2021 that it had reached a settlement, on a no admission of liability basis, in relation to claims brought in London by Leigh Day, on behalf of the anonymous claimants, in relation to alleged breaches of human rights associated with third party security operations at the Williamson mine.

The agreed total settlement figure announced in FY 2021 was £4.3 million (US\$6.1 million), which included the sum to be distributed to the claimants by Leigh Day, a contribution to the claimants' legal expenses and significant funds which Petra committed to invest in programmes dedicated to providing sustainable support to the communities living around the mine. The Company also announced that its settlement agreement with Leigh Day included a framework pursuant to which an additional payment will be made by Petra in respect of up to 25 additional potential claimants who came forward in the final stages of the settlement negotiations. A settlement, on a no admission of liability basis, in relation to these 25 additional claims was reached with Leigh Day in early FY 2022.

In addition to the £4.3 million (US\$6.1 million) payment described above, the Company incurred and provided for additional total costs of US\$6.6 million related to this matter in its FY 2021 accounts, the majority of which relate to legal, consultant, investigation and expert fees and which also cover the settlement of the 25 additional claims with Leigh Day. Of the total US\$12.7 million included in the FY 2021 accounts, US\$4.2 million remained as a provision for legal, consulting and settlement costs and expert fees. During the Year, the Company settled the FY 2021 provision, with no additional provision raised in the current Year.

Unsettled and disputed tax claims

The Framework Agreement records an important US\$20.0 million settlement between the parties concerning long-standing historic disputes with the Government of Tanzania. The Group raised a provision of US\$19.5 million (30 June 2021: US\$19.5 million) (adjusted for time-value of money) in respect of the aforementioned settlement. This settlement payment shall be made in instalments, with the first instalment of US\$5.0 million to be paid when the Framework Agreement becomes effective and upon receipt of proceeds by WDL from the sale of the confiscated diamond parcel. The subsequent annual instalments of the settlement amount are to be made annually at amounts between US\$3.0 million and US\$5.0 million depending on WDL's ability to pay, as determined by WDL's board of directors.

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 estimates and judgements related to deferred tax assets

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.

In FY 2022, deferred tax assets of US\$nil (30 June 2021: US\$nil) were recognised in respect of tax losses and other temporary differences to be utilised by future taxable profits at Cullinan Mine and Finsch. Management has made assumptions in the recognition of deferred tax assets including the timing and value of estimated future taxable income, available tax losses and capital allowances at Williamson. If the available tax losses and capital allowances are not allowed under the ongoing discussions with GoT, it would result in the Group recognising an additional deferred tax liability of US\$11.4 million (30 June 2021: US\$10.3 million). Management made assumptions based on the probability of the tax losses and capital allowances not being allowed, the current status and all associated elements of the ongoing discussions with GoT. Based on the assumptions and the uncertain outcomes, Management deemed it appropriate not to recognise the deferred tax liability of US\$11.4 million as at 30 June 2022.

US\$ million	2022	2021
Balance at the beginning of the Year	48.9	17.2
Income statement debit	33.0	22.7
Tax rate change	(2.7)	—
Foreign currency translation difference	(7.9)	9.0
Balance at the end of the Year	71.3	48.9
Comprising:		
Deferred tax asset	—	—
Deferred tax liability	71.3	48.9
	71.3	48.9



24. Deferred taxation continued

Significant estimates and judgements related to deferred tax assets 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	2022 Recognised	2022 Unrecognised
Deferred tax liability			
– Property, plant and equipment	157.4	157.4	—
	157.4	157.4	—
Deferred tax asset			
– Capital allowances	(86.7)	(63.6)	(23.1)
– Provisions and accruals	(36.0)	(19.8)	(16.2)
– Tax losses	(59.0)	—	(59.0)
– Tax rate change	(2.7)	(2.7)	—
	(184.4)	(86.1)	(98.3)
Net deferred taxation (asset)/liability	(27.0)	71.3	(98.3)

US\$ million	Total	2021 Recognised	2021 Unrecognised
Deferred tax liability			
– Property, plant and equipment	188.8	188.8	—
	188.8	188.8	—
Deferred tax asset			
– Capital allowances	(159.1)	(119.7)	(39.4)
– Provisions and accruals	(28.6)	(20.2)	(8.4)
– Tax losses	(13.4)	—	(13.4)
	(201.1)	(139.9)	(61.2)
Net deferred taxation (asset)/liability	(12.3)	48.9	(61.2)

Movements in deferred tax include amounts recognised in the Consolidated Income Statement, tax rate change and foreign exchange retranslation. The Consolidated Income Statement deferred tax charge for the Year reflects movements in deferred tax of US\$35.5 million (30 June 2021: US\$3.4 million credit) in respect of property, plant and equipment and associated capital allowances, a US\$2.4 million deferred tax credit (30 June 2021: US\$2.8 million) comprised of provisions and a US\$2.6 million deferred tax credit (30 June 2021: US\$nil) on taxable temporary differences recognised at Finsch and Cullinan Mine due to the change in the South African corporate tax rate from 28% to 27% and US\$nil (30 June 2021: US\$22.1 million) in respect of utilised tax losses recognised at Cullinan Mine and Finsch. The US\$35.5 million (30 June 2021: US\$3.4 million credit) movement in respect of property, plant and equipment arises from deductible temporary differences related to the impairments of property, plant and equipment of US\$nil (30 June 2021: US\$4.2 million) and other taxable temporary differences of US\$35.5 million (30 June 2021: US\$7.6 million).

25. Contingent assets/liabilities

Significant accounting policies relevant to contingent assets/liabilities

Contingent assets and liabilities refer to potential receivables or obligations arising on the Group as a result of past events. Items are disclosed when considered to be probable receivables or possible obligations and are recognised as assets when virtually certain, or provisions or liabilities if they are considered probable.

Revenue

In FY 2016, the Group sold two pink rough diamonds into polishing partnerships, retaining a 20% and 10% interest in the value uplift (net of expenses) of the polished sale of the diamonds respectively. The polished stones from both pink diamonds are yet to be sold but are expected to be sold in the foreseeable future and only then will Petra's share of any value uplift in the retained interest be recognised as revenue. During the Year, the Group entered into a diamond polishing partnership, retaining a 50% interest in the value uplift (net of expenses) of the polished sale of two rough diamonds from the Cullinan Mine, being a 342.92 carat white stone and an 18.30 carat blue stone.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

25. Contingent assets/liabilities continued**Environmental**

The controlled entities of the Company provide for all known environmental liabilities. The Company recognises that its operations remain vulnerable to climate change induced events. The Directors acknowledge that climate change presents both risks and opportunity within the organisation. At the date of this report, the Group has not completed its risk analysis and the effect climate change will have on its 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.

Grievances at Williamson

Details of grievances are disclosed in note 23.

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 applicable to the option strike price. As the Company has not created the present obligation to settle in cash, the Company has the option to settle the options granted either through the issue of equity or cash settlement.

The LTIP award fair value is recognised annually at the date of grant as an employee expense with reference to the Company share price and award quantum. The amount recognised as an expense is then adjusted to reflect the final number of LTIPs which vest once the final performance conditions and weighted average share price are determined. Measurement of the expense is calculated on a straight-line basis (LTIP award multiplied by the vesting percentage, multiplied by the Company's share price, multiplied by the foreign exchange rate).

2012 Performance Share Plan (PSP) and 2016 Long Term Incentive Plan (LTIP)

Share-based awards granted under the 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 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 conditions 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. In the event that vesting conditions were not met the charge would be reversed.

The LTIP performance conditions are non-market based (i.e. HSE, production, project delivery and adjusted EBITDA) with vesting conditions measured on a three year measurement period.

Company schemes

The total share-based payment charge of US\$1.1 million (30 June 2021: US\$0.5 million) for the PSP share plan comprises US\$1.1 million (30 June 2021: US\$0.5 million) charged to the Consolidated Income Statement.

There was no charge for the LTIP share plan to the Consolidated Income Statement (30 June 2021: US\$nil).

Share grants to Directors and Senior Management: 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 PSP granted during the current Year comprised the PSP with duration from FY 2021 to FY 2023 and FY 2022 to FY 2024. The fair value of the PSP granted during the current and prior Year and the assumptions used in the Monte Carlo model are as follows:

	2022 (FY 2022–FY 2024)	2022 (FY 2021–FY 2023)	2021
PSP – market and non-market-based performance conditions			
Fair value (PSP absolute TSR/PSP relative TSR/PSP non-market)	1.8p/42.2p/87.5p	1.8p/42.2p/74.0p	n/a
Grant date	12 January 2022	12 January 2022	n/a
Share price at grant date	74.0p	74.0p	n/a
Expected volatility	85.0%	85.0%	n/a
Life of award	3 years	3 years	n/a
Expected dividends	—	—	n/a
Performance period	3 years	3 years	n/a
Correlation	19.8%	19.8%	n/a
Risk-free interest rate (based on national Government bonds)	0.5%	0.5%	n/a



26. Share-based payments continued

Share grants to Directors and Senior Management: PSP and deferred awards continued

The expected volatility is based on historical volatility of the Group's share price, adjusted for any extreme changes in the share price during the historical period. During the Year, 2,261,670 (30 June 2021: nil) PSP shares were awarded under the FY 2021–FY 2023 PSP and 2,897,083 (30 June 2021: nil) were awarded under the FY 2022–FY 2024 PSP to the Executive Directors and Senior Management at a fair value price of 74.0 pence (30 June 2021: nil pence). 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 12 January 2022, the Executive Directors of the Company were granted a total of 193,385 (30 June 2021: nil) deferred share awards over Ordinary Shares in the Company. The deferred share awards comprised 112,747 deferred awards to Richard Duffy and 80,638 deferred awards to Jacques Breytenbach. 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 in the current Year represented 25% (30 June 2021: nil) of the total bonus in respect of performance for the financial Year ended 30 June 2021. The awards vest on 30 June 2023 and vesting is subject to continued employment. These awards have no exercise price. No deferred share awards are granted to Senior Management.

Further information on the terms of the awards (including their vesting conditions) can be found in the Directors' Remuneration Report on pages 125 to 136.

Senior Management LTIP 2016

The LTIP 2016 scheme is a cash-based reward scheme linked to the share price performance. Upon vesting, no shares will be issued to Senior Management under the LTIP 2016 scheme. To align Senior Management to the Company objectives for Project 2022, the Remuneration Committee approved an alternate approach for the LTIP 2016 scheme. Previous awards will be aggregated with current awards, subject to an alternative measurement period of three years (FY 2020 to FY 2022) and a revised vesting period of FY 2022. The vesting of awards has been aligned to the performance criteria of the Executive Directors. The Senior Management LTIP awards will be cash settled. During the Year there were no LTIP shares awarded for the FY 2020–FY 2022 measurement period. These awards had no exercise price.

27. Related parties

Subsidiaries and jointly controlled operations

Details of subsidiaries are disclosed in note 29.

Directors

Details relating to Directors' emoluments are disclosed in note 10 and in the Directors' Remuneration Report on pages 125 to 136. Details relating to Directors' shareholdings in the Company are disclosed in the Corporate Governance Report on page 131. Key management remuneration is disclosed in note 10.

BEE Partners and related party balances

Details relating to the Group's interests in its BEE Partners are disclosed in note 15.

The Group's related party BEE Partner, Kago Diamonds, and its gross interests in the mining operations of the Group are disclosed in the table below.

Mine	Partner and respective interest as at 30 June 2022	Partner and respective interest as at 30 June 2021
Cullinan Mine	Kago Diamonds (14%)	Kago Diamonds (14%)
Finsch	Kago Diamonds (14%)	Kago Diamonds (14%)
Koffiefontein	Kago Diamonds (14%)	Kago Diamonds (14%)



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

27. Related parties continued**BEE Partners and related party balances** continued

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

US\$ million	2022	2021
Non-current receivable		
Kago Diamonds ¹	26.6	33.5
	26.6	33.5
Current trade and other receivables		
KEM JV ²	3.7	9.7
Impairment provision ²	(2.0)	(8.4)
	1.7	1.3
Finance income		
Kago Diamonds ¹	2.1	3.7
	2.1	3.7
Finance expense		
Kago Diamonds ¹	—	3.8
	—	3.8
Dividend paid		
Kago Diamonds ³	1.3	—
	1.3	—

1. The Kago Diamonds receivable decreased by US\$6.9 million (30 June 2021: US\$38.6 million) mainly attributable to amounts advanced to Kago Diamonds during the Year totalling US\$nil (30 June 2021: US\$3.8 million), a foreign exchange decrease of US\$4.1 million (30 June 2021: US\$15.4 million) and offset by the reversal of a prior period expected credit loss provision of US\$nil (30 June 2021: US\$4.2 million) and the loan payable of US\$nil (30 June 2021: US\$62.1 million) by the Group to Kago against the Kago loan receivable.

2. Included in current trade and other receivables are amounts advanced to KEM JV in respect of a working capital facility and equipment finance facility of US\$1.7 million (30 June 2021: US\$1.0 million) and the balance of the KEM JV purchase consideration of US\$nil (30 June 2021: US\$0.3 million). During FY 2022 the Group received payments of US\$2.5 million (30 June 2021: US\$nil) from the KEM JV as settlement of the outstanding purchase consideration; this resulted in an expected credit loss reversal of US\$2.9 million (30 June 2021: US\$nil) during the Year. The Group has applied the expected credit loss impairment model to the KEM JV receivables, taking into account various factors, and the expected credit loss reversal was deemed to be US\$2.0 million (30 June 2021: US\$8.4 million). The increase in the expected credit loss is attributable to the movement in the foreign exchange rates during the Year.

3. During the Year, Finsch declared and paid a dividend out of profits generated in FY 2021 to its shareholders. The BEE Partners received a total net dividend payment of US\$2.5 million comprising Kago of US\$1.3 million and IPDET of US\$1.2 million.

Interest on the BEE loans receivables is charged at South African JIBAR plus 5.25% (30 June 2021: South African JIBAR plus 5.25%).

Kago Diamonds is one of the BEE Partners which obtained bank financing from the BEE Lenders to acquire its interests in Cullinan Mine and Finsch.

Rental income receivable

The Group received US\$nil (30 June 2021: US\$0.1 million) from Alufer Mining Ltd. Bernard Pryor is a Director of Alufer Mining Ltd.

Shareholders

The principal shareholders of the Company are detailed in Supplementary Information on page 213.

**28. Notes to the cashflow statement****Significant non-cash transactions****(a) Operating and investing activities**

US\$ million	2022	Restated 2021
Operating activities		
Depreciation of property, plant and equipment	82.8	76.2
Amortisation of right-of-use asset	2.5	4.6
Unrealised gain on lease liability	—	(3.7)
Impairment (reversal)/charge	(21.1)	38.7
Impairment charge/(reversal) for other receivables	1.5	(0.3)
Impairment of BEE loans receivable – expected credit loss release provision	—	(5.8)
Profit on disposal of subsidiary	—	(14.7)
Movement in provisions	1.6	24.3
Other finance expense – unwinding of present value adjustment for rehabilitation costs	5.4	4.6
Other finance expense – post-retirement pension fund	1.0	1.0
Net unrealised foreign exchange losses/(gains)	36.5	(74.6)
Loss/(profit) on sale of property, plant and equipment	1.5	(0.6)
Share-based payment provision	1.1	0.5
	112.8	50.2
Investing activities		
Non-cash rehabilitation asset adjustment – change in estimate	(2.0)	(5.8)
Non-cash rehabilitation provision adjustment	—	(0.1)
Non-cash pension and post-retirement fund adjustment – change in estimate	(0.5)	0.7
Non-cash interest receivable from BEE loans on investing activity	4.1	5.2
	1.6	—
Financing activities		
Non-cash transaction costs on 1L facilities and Notes (at time of the Restructuring) unamortised	(1.6)	2.7
Non-cash interest payable on BEE loans on investing activity	—	7.0
	(1.6)	9.7



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

28. Notes to the cashflow statement continued**Significant non-cash transactions** continued

(b) Financing activities – change in loans and borrowings (per note 21) and change in lease liability (per note 14)

US\$ million	Senior secured second lien notes 2022	Senior secured lender debt facilities 2022	BEE Lenders guarantee recognised	Lease liability	Total 2022	Senior secured second lien notes 2021	Senior secured lender debt facilities 2021	BEE Lenders guarantee recognised	Lease liability	Total 2021
Loans and borrowings										
At 1 July	327.3	102.9	—	1.0	431.2	676.9	52.1	40.0	4.7	773.7
Cash draw-downs	—	—	—	—	—	30.0	—	—	—	30.0
Cash repayments (capital and interest)	—	(103.7)	—	—	(103.7)	—	(14.1)	(4.7)	—	(18.8)
Lease payments	—	—	—	(3.2)	(3.2)	—	—	—	(0.7)	(0.7)
Non-cash										
– Initial recognition of lease liability	—	—	—	23.5	23.5	—	—	—	0.7	0.7
– Gain on lease liability	—	—	—	—	—	—	—	—	—	—
– Lease terminations	—	—	—	—	—	—	—	—	(0.4)	(0.4)
– Loss on discontinued operation	—	—	—	—	—	—	—	—	(3.6)	(3.6)
Debt for equity conversion	—	—	—	—	—	(415.0)	—	—	—	(415.0)
Extinguishment of remaining Notes	—	—	—	—	—	(299.2)	—	—	—	(299.2)
Issue of new Notes	—	—	—	—	—	306.7	—	—	—	(306.7)
Transaction costs	—	—	—	—	—	(20.8)	(1.7)	—	—	(22.5)
Unamortised transaction costs	—	(1.6)	—	—	(1.6)	2.7	—	—	—	2.7
– Guarantee obligation transferred/recognised (refer to notes 16 and 23)	—	—	—	—	—	—	45.4	(45.4)	—	—
– Interest accruing during the Year	38.9	5.5	—	1.2	45.6	46.0	6.8	4.7	0.1	57.6
– Effect of foreign exchange	—	(3.1)	—	(0.1)	(3.2)	—	14.4	5.4	0.2	20.0
At 30 June	366.2	—	—	22.4	388.6	327.3	102.9	—	1.0	431.2



29. Subsidiaries and jointly controlled interests

Significant accounting policies relevant to subsidiaries

At 30 June 2022 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	Direct percentage held	Nature of business
			30 June 2022	30 June 2021	
Blue Diamond Mines (Pty) Ltd ¹	South Africa	Ordinary	74%	74%	Mining and exploration
Cullinan Diamond Mine (Pty) Ltd ¹	South Africa	Ordinary	74%	74%	Mining and exploration
Ealing Management Services (Pty) Ltd ¹	South Africa	Ordinary	100%	100%	Treasury
Finsch Diamond Mine (Pty) Ltd ¹	South Africa	Ordinary	74%	74%	Mining and exploration
Kalahari Diamonds Ltd	United Kingdom	Ordinary	100%	100%	Investment holding
Mwadui Mining Holdings Ltd ²	United Kingdom	Ordinary	100%	—	Investment holding
Petra Diamonds Belgium BV	Belgium	Ordinary	100%	100%	Services provision
Petra Diamonds Holdings SA (Pty) Ltd ¹	South Africa	Ordinary	100%	100%	Investment holding
Petra Diamonds Jersey Treasury Ltd ¹	Jersey	Ordinary	100%	100%	Treasury
Petra Diamonds Netherlands Treasury B.V. ¹	Netherlands	Ordinary	100%	100%	Treasury
Petra Diamonds Southern Africa (Pty) Ltd ¹	South Africa	Ordinary	100%	100%	Services provision
Petra Diamonds UK Services Ltd	United Kingdom	Ordinary	100%	100%	Services provision
Petra Diamonds UK Treasury Ltd ¹	United Kingdom	Ordinary	100%	100%	Treasury
Petra Diamonds US\$ Treasury Plc ¹	United Kingdom	Ordinary	100%	100%	Treasury
Tarorite (Pty) Ltd ¹	South Africa	Ordinary	74%	74%	Beneficiation
Willcroft Company Ltd ¹	Bermuda	Ordinary	100%	100%	Investment holding
Williamson Diamonds Ltd	Tanzania	Ordinary	75%	75%	Mining and exploration

1. The companies are guarantors to the senior secured second lien notes.

2. Mwadui Mining Holdings Ltd was incorporated on 7 June 2022.

30. 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 on an annual basis.

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 2022. 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 Mine 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.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

30. Pension scheme continued**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 are the average yield of South African Government long-dated bonds of 12.19% (30 June 2021: 10.98%), and that salaries will be increased by 8.73% (30 June 2021: 7.61%), based on the current South African consumer price index of 7.73% (30 June 2021: 6.61%). Estimated future benefit payments to members for the 12-month period ending 30 June 2023 are US\$1.2 million.

US\$ million	2022	2021
Defined benefit obligations		
Present value of funded obligations	(8.9)	(10.3)
Fair value of plan assets	8.9	10.3
Recognised deficit for defined benefit obligations	—	—
Expense recognised in the income statement		
Current service cost	(0.1)	(0.1)
Net interest on deficit	0.1	0.1
	—	—
Change in the fair value of the defined benefit assets		
At 1 July	10.3	7.6
Foreign exchange movement on opening balances	(1.3)	1.8
Return on plan assets – net of actuarial movements	0.4	1.6
Benefits paid to members	(0.7)	(0.9)
Contributions by Group – net	0.2	0.2
At 30 June	8.9	10.3
Change in the present value of the defined benefit obligations		
At 1 July	(10.3)	(7.6)
Foreign exchange movement on opening balance	1.1	(1.8)
Benefits paid to members	0.7	0.9
Current service cost	0.1	(0.1)
Finance expense	(1.0)	(1.0)
Contributions by members	—	—
Actuarial gain/(loss)	0.5	(0.7)
At 30 June	(8.9)	(10.3)
Analysis of plan assets		
Cash	8.6%	7.6%
Equity	31.9%	30.3%
Bonds	23.9%	22.0%
Property	6.0%	7.3%
Other – offshore and hedge funds	29.6%	32.8%
	100%	100.0%



30. Pension scheme continued

Defined benefit scheme continued

US\$ million	2022	2021	2020	2019
Plan assets	8.9	10.3	7.6	10.9
Plan liabilities	(8.9)	(10.3)	(7.6)	(10.9)
Deficit	—	—	—	—

Assumptions regarding future mortality experience are set based on advice in accordance with published statistics and experience in the fund. The average life expectancy in years of a pensioner retiring at the age of 65 on 30 June 2022 is as follows:

	2022	2021
Male	15.92	15.92
Female	20.02	20.02

Further to the assumption of assets and liabilities associated with the defined benefit fund when the Group acquired its interest in Cullinan Mine and Finsch, 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\$0.4 million (30 June 2021: US\$0.5 million). A two-year change in mortality changes the pension obligation by approximately US\$0.3 million (30 June 2021: US\$0.4 million).

31. 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 2022. 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 on page 190.

The post-employment healthcare liability scheme was acquired as part of the acquisitions of Cullinan Mine 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'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 9.0% (30 June 2021: 8.0%), based on the average yield of relevant South African Government long-dated bonds of 12.50% (30 June 2021: 11.50%), and that salaries will be increased by 7.5% (30 June 2021: 6.50%).



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

31. Post-retirement medical fund continued

Significant judgements and estimates relevant to medical funds continued

US\$ million	2022	2021
Post-retirement medical fund		
Present value of post-employment medical care obligations	12.3	13.4
Unfunded status at 30 June	12.3	13.4
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	13.4	10.3
Foreign exchange movement on opening balances	(1.8)	2.2
Net expense recognised in the income statement	1.5	1.6
Membership changes	(0.2)	(0.1)
Benefit payments	(0.6)	(0.6)
Net liability for post-employment medical care obligations at 30 June	12.3	13.4
Expense recognised in the income statement		
Current service cost	0.2	0.2
Finance expense	1.3	1.4
	1.5	1.6
The expense is recognised in the following line items in the income statement		
Mining and processing costs	0.2	0.2
Finance expense	1.3	1.4
	1.5	1.6
Reconciliation of fair value of scheme liabilities		
At 1 July	13.4	10.3
Foreign exchange movement on opening balances	(1.8)	2.2
Net expense recognised in the income statement	1.5	1.6
Membership changes	(0.2)	(0.1)
Benefit payments	(0.6)	(0.6)
Liabilities at fair market value at 30 June	12.3	13.4
	2022	2021
Principal actuarial assumptions		
Discount rate	12.5%	11.50%
Healthcare cost inflation	9.0%	8.00%
Future salary increases	7.5%	6.5%
Net replacement ratio	75.0%	75.0%
Net discount rate	3.21%	3.24%
Normal retirement age (years)	60.0	60.0
Fully accrued age (years)	60.0	60.0
US\$ million	2022	2021
Determination of estimated post-retirement medical fund expense for the Year ended 30 June 2023		
Current service cost	0.2	0.2
Finance expense	1.3	1.4
Benefit payments	(0.6)	(0.5)



31. Post-retirement medical fund continued

Significant judgements and estimates relevant to medical funds continued

US\$ million	2022	2021	2010	2019
Actuarial accrued liability				
Unfunded status	12.3	13.4	10.3	11.7

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 2022	1% increase	1% decrease
Accrued liability	12.3	13.9	11.0
% difference	—	13.0%	(10.6%)

US\$ million	30 June 2021	1% increase	1% decrease
Accrued liability	13.4	15.2	11.9
% difference	—	13.4%	(11.1%)

Average retirement age

The table below shows the impact of a one-year change in the expected average retirement age:

US\$ million	30 June 2022	Retirement one year earlier	Retirement one year later
Accrued liability	12.3	12.7	11.9
% difference	—	3.3%	(3.3%)

US\$ million	30 June 2021	Retirement one year earlier	Retirement one year later
Accrued liability	13.4	13.8	12.9
% difference	—	3.0%	(3.7%)

32. 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:

Financial assets

Amortised cost

These 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 where the objective is to hold these assets in order to collect contractual cashflows and the contractual cashflows are solely payments of principal and interest. 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

Impairment provisions for current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the Consolidated Income Statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions/reversals for receivables from related parties, BEE Partners, KEM JV and other third parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12-month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

32. Financial instruments continued**Significant accounting policies relevant to financial instruments** continued

Financial assets continued

Impairment continued

The Group's financial assets measured at amortised cost comprise non-current receivables, trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

The financial assets classified at amortised cost included in receivables are as follows:

US\$ million	Total 2022	Statement of Financial Position 2021	Non-current assets held for sale 2021	Total 2021
Current trade receivables	37.4	38.3	—	38.3
Other receivables (excluding taxation, VAT and prepayments)	5.4	2.7	1.1	3.8
Non-current receivables (excluding VAT)	44.6	46.6	—	46.6
	87.4	87.6	1.1	88.7

The trade receivables are all due within normal trading terms. Trade receivables are due within two days of awarding the rough diamond sales tender to the successful bidder. The trade receivables relating to the Year end tender have all been received post Year end. No trade receivables are considered to be subject to credit loss or impaired.

The carrying values of financial assets held at amortised cost are denominated in the following currencies:

US\$ million	Total 2022	Statement of Financial Position 2021	Non-current assets held for sale 2021	Total 2021
Euro	9.1	—	—	—
Pound Sterling	0.7	0.6	—	0.6
South African Rand	75.3	46.4	—	46.4
US Dollar	2.3	40.6	1.1	41.7
	87.4	87.6	1.1	88.7

Financial liabilities

The Group classifies its financial liabilities (excluding derivatives) into one category: other financial liabilities. The Group's accounting policy is as follows:

Other financial liabilities**Trade payables, other payables, leases and long-term BEE liabilities**

Trade payables, other payables, leases 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 other financial liabilities included in trade and other payables (which exclude taxation) are as follows:

US\$ million	Total 2022	Statement of Financial Position 2021	Liabilities directly associated with non-current assets held for sale 2021	Total 2021
Trade payables	36.9	16.8	4.4	21.2
Other payables (excluding taxation, VAT and derivatives)	38.6	31.7	1.5	33.2
Lease liability	3.2	0.5	—	0.5
Non-current lease liability	19.2	0.5	—	0.5
	97.9	49.5	5.9	55.4



32. Financial instruments continued

Other financial liabilities continued

Trade payables, other payables and long-term BEE liabilities continued

The carrying values of other financial liabilities are denominated in the following currencies:

US\$ million	Total 2022	Statement of Financial Position 2021	Liabilities directly associated with non-current assets held for sale 2021	Total 2021
Euro	0.1	—	—	—
Pound Sterling	14.1	1.5	—	1.5
South African Rand	10.8	36.8	—	36.8
US Dollar	72.9	11.2	5.9	17.1
	97.9	49.5	5.9	55.4

Interest-bearing borrowings

Refer to note 21 for the Group's policy on interest-bearing borrowings.

The details of the categories of financial instruments of the Group are as follows:

US\$ million	Total 2022	Statement of Financial Position 2021	Non-current assets/liabilities held for sale 2021	Total 2021
Financial assets				
Held at amortised cost:				
– Non-current trade and other receivables (excluding VAT)	44.6	46.6	—	46.6
– Trade receivables	37.4	38.3	—	38.3
– Other receivables (excluding taxation, prepayments and VAT)	5.4	2.7	1.1	3.8
– Cash and cash equivalents – restricted	16.3	16.1	—	16.1
– Cash and cash equivalents – unrestricted	271.9	147.7	9.2	156.9
	375.6	251.4	10.3	261.7
Financial liabilities				
Held at amortised cost:				
– Non-current lease liability	19.2	0.5	—	0.5
– Non-current loans and borrowings	353.9	400.0	—	400.0
– Current loans and borrowings	12.3	30.3	—	30.3
– Trade and other payables (excluding taxation, VAT and derivatives)	75.5	49.0	5.9	54.9
– Lease liability	3.2	0.5	—	0.5
	464.1	480.3	5.9	486.2

There is no significant difference between the fair value of financial assets and other financial liabilities and the carrying values set out in the table above, noting that non-current loan receivables and payables bear interest.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

32. Financial instruments continued**Interest-bearing borrowings** continued

The currency profile of the Group's financial assets and liabilities is as follows:

US\$ million	Total 2022	Statement of Financial Position 2021	Non-current assets/liabilities held for sale 2021	Total 2021
Financial assets				
Euro	9.1	0.1	—	0.1
Pound Sterling	5.0	55.9	—	55.9
South African Rand	278.0	114.1	—	114.1
US Dollar	83.5	81.3	10.3	91.6
	375.6	251.4	10.3	261.7
Financial liabilities				
Euro	0.1	0.3	—	0.3
Pound Sterling	14.0	12.8	—	12.8
South African Rand	6.6	107.8	—	107.8
US Dollar	443.4	359.4	5.9	365.3
	464.1	480.3	5.9	486.2

Further quantitative information in respect of these risks is presented throughout these Financial Statements.

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.

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 significant concentrations of credit risk in respect of the BEE loans receivable. 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 to be good with expected losses incurred as disclosed in notes 15 and 17.

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\$61.5 million (30 June 2021: US\$7.7 million).

Derivatives

The fair values of derivatives are 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. At Year end the Group had a derivative liability of US\$0.7 million (30 June 2021: US\$0.4 million derivative liability) recorded in the Consolidated Statement of Financial Position and a net realised foreign exchange gain of US\$12.6 million (30 June 2021: US\$6.1 million loss) and an unrealised foreign exchange loss on hedges of US\$0.7 million (30 June 2021: US\$12.5 million loss) recorded in the Consolidated Income Statement.

Management considered the impact of a change in the US\$/ZAR exchange rates to the Group's financial results. In the current Year the impact of a 10 percentage point increase/decrease would result in a financial loss/gain of US\$0.07 million (30 June 2021: US\$0.04 million).

The derivative financial 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 use of derivative instruments is subject to limits and the positions are regularly monitored and reported to the Board.



32. 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
- ▶ 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:

US\$ million	30 June 2022			
	Year end US\$ rate	Year end amount	US\$ strengthens 10%	US\$ weakens 10%
Financial assets				
Euro	0.9540	9.1	8.2	10.0
Pound Sterling	0.8214	5.0	4.5	5.5
South African Rand	0.0615	278.0	250.2	305.8
US Dollar	1.0000	83.5	83.5	83.5
		375.6	346.4	404.8
Financial liabilities				
Euro	0.9540	0.1	0.1	0.1
Pound Sterling	0.8214	14.0	12.6	15.4
South African Rand	0.0615	6.6	5.9	7.3
US Dollar	1.0000	443.4	443.4	443.4
		464.1	461.9	466.2
US\$ million	30 June 2021			
	Year end US\$ rate	Year end amount	US\$ strengthens 10%	US\$ weakens 10%
Financial assets				
Euro	0.8435	0.1	0.1	0.1
Pound Sterling	0.7232	55.9	50.3	61.5
South African Rand	0.0701	114.1	102.7	122.5
US Dollar	1.0000	91.6	91.6	91.6
		261.7	244.7	275.7
Financial liabilities				
Euro	0.8435	0.3	0.3	0.3
Pound Sterling	0.7232	12.8	11.5	14.0
South African Rand	0.0701	107.8	97.0	118.6
US Dollar	1.0000	365.3	365.3	365.3
		486.2	474.1	498.2

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 continued

For the Year ended 30 June 2022

32. 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. 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 note 24, 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.

		30 June 2022						
US\$ million	Notes	Interest rate	Total	3 months or less	3-6 months	6-12 months	1-2 years	2-5 years
Cash								
Cash and cash equivalents – unrestricted	19	0.1–5.1%	271.9	271.9	—	—	—	—
Cash – restricted	19	0.1–5.1%	16.3	—	—	—	—	16.3
Total cash			288.2	271.9	—	—	—	16.3
Loans and borrowings								
Bank loan – secured	21	9.16%	—	—	—	—	—	—
Senior secured second lien notes	21	10.50%	532.4	—	—	12.3	40.1	480.0
Lease liabilities	14	5.98%	23.0	1.2	1.2	2.5	4.7	13.4
Cashflow of loans and borrowings			555.4	1.2	1.2	14.8	44.8	493.4
		30 June 2021						
US\$ million	Notes	Interest rate	Total	3 months or less	3-6 months	6-12 months	1-2 years	2-5 years
Cash								
Cash and cash equivalents – unrestricted	19	0.1–4.1%	147.7	147.7	—	—	—	—
Cash – restricted	19	0.1–4.1%	16.1	—	—	—	—	16.1
Total cash			163.8	147.7	—	—	—	16.1
Loans and borrowings								
Bank loan – secured	21	8.93%	34.9	0.6	0.6	1.3	2.5	29.9
Bank loan – secured	21	8.70%	86.2	9.3	9.1	17.7	33.4	16.7
Senior secured second lien notes	21	10.50%	532.4	—	—	—	12.3	520.1
Lease liabilities	14	5.98%	1.1	0.2	0.2	0.2	0.4	0.1
Cashflow of loans and borrowings			654.6	10.1	9.9	19.2	48.6	566.8

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 10.50%. Management constantly monitors the floating interest rates so that action can be taken should it be considered necessary. Management considered the impact of a change in the floating interest rate to the Group's financial results as the quantum of borrowings at floating rates is US\$nil (30 June 2021: US\$103.0 million). In the current Year, the impact of a 100 basis point increase/decrease would result in a financial loss/gain of US\$nil (30 June 2021: US\$1.0 million).



32. Financial instruments continued

Other market price risk

The Group predominantly generates revenue from the sale of rough and polished diamonds, as well as occasionally from polished stones. 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
- 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 US\$ Loan Notes (less transaction costs), bank loans and borrowings 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 2022 and 30 June 2021 are as follows:

US\$ million	2022	2021
Total debt	366.2	430.3
Cash and cash equivalents	(288.2)	(163.8)
Net debt	78.0	266.5
Total equity attributable to equity holders of the parent company	473.8	450.8
Net debt to equity ratio	0.16:1	0.6:1

The Group manages its capital structure by the issue of Ordinary Shares, raising debt finance where appropriate and managing Group cash and cash equivalents.

33. 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.

Corporate – administrative activities in the United Kingdom.

Beneficiation – beneficiation activities in South Africa.

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 South Africa, and reviewing the corporate administration expenses in the United Kingdom. Each segment derives, or aims to derive, its revenue from diamond mining and diamond sales, except for the United Kingdom corporate and administration cost centre.

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

The Group's non-current assets are located in South Africa of US\$627.9 million (30 June 2021: US\$712.1 million), Tanzania of US\$73.8 million (30 June 2021: US\$32.0 million), and the United Kingdom of US\$0.6 million (30 June 2021: US\$0.5 million).

The Group's property, plant and equipment included in non-current assets are located in South Africa of US\$582.4 million (30 June 2021: US\$665.4 million), Tanzania of US\$50.7 million (30 June 2021: US\$31.3 million), and the United Kingdom of US\$0.1 million (30 June 2021: US\$0.1 million).



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

33. Segment information continued**Significant accounting policies relevant to segmental reporting** continued

Operating segments US\$ million	South Africa – mining activities			Tanzania – mining activities	United Kingdom	South Africa	Inter- segment 2022	Consolidated 2022
	Cullinan Mine 2022	Finsch 2022	Koffiefontein 2022	Williamson 2022	Corporate and treasury 2022	Beneficiation ⁴ 2022		
Revenue	322.4	165.7	21.5	75.9	—	2.2	(2.5)	585.2
Segment result ¹	154.4	34.8	(13.8)	22.2	(14.1)	0.4	(4.3)	179.6
Impairment charge – operations	—	—	(0.3)	21.4	—	—	—	21.1
Impairment reversal/(charge) – other receivables	—	—	—	(4.1)	2.6	—	—	(1.5)
Other direct income	(0.7)	(0.4)	0.2	0.1	0.6	—	—	(0.2)
Operating profit/(loss) ²	153.7	34.4	(13.9)	39.6	(10.9)	0.4	(4.3)	199.0
Financial income								19.0
Financial expense								(92.1)
Income tax charge								(37.8)
Non-controlling interest								(19.1)
Profit attributable to equity holders of the parent company								69.0
Segment assets ³	463.9	229.8	6.0	123.2	3,575.2	5.1	(3,292.3)	1,110.9
Segment liabilities ³	384.0	111.2	17.1	75.1	2,430.1	5.9	(2,391.0)	632.4
Capital expenditure	35.0	12.0	0.6	3.3	1.6	—	(0.3)	52.2

1. Total depreciation of US\$82.8 million included in the segmental result comprises depreciation incurred at the Cullinan Mine of US\$52.5 million, Finsch of US\$24.4 million, Koffiefontein of US\$0.3 million, Williamson of US\$5.0 million and Corporate and treasury of US\$0.6 million.

2. Operating profit is equivalent to revenue of US\$585.2 million less total costs of US\$386.2 million as disclosed in the Consolidated Income Statement.

3. Segment assets and liabilities include inter-company receivables and payables which are eliminated on consolidation.

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



33. Segment information continued

Significant accounting policies relevant to segmental reporting continued

Operating segments US\$ million	South Africa – mining activities			Tanzania – mining activities	Botswana	United Kingdom	South Africa	Inter- segment 2021	Consolidated 2021
	Cullinan Mine 2021	Finsch 2021	Koffiefontein 2021	Williamson 2021	Exploration ⁴ 2021	Corporate and treasury 2021	Beneficiation ⁵ 2021		
Revenue	250.6	123.5	27.9	4.6	—	—	0.3	—	406.9
Segment result ¹	76.8	(0.5)	(8.1)	(14.3)	—	(21.2)	(1.6)	(1.6)	29.5
Impairment charge – operations		(15.1)	(2.2)	(21.4)	—	—	—	—	(38.7)
Impairment charge – other receivables	—	—	—	0.7	—	(0.4)	—	—	0.3
Impairment of BEE loans receivable – expected credit loss release	—	—	—	—	—	5.8	—	—	5.8
Expenditure for unsettled and disputed tax claims	—	—	—	(19.5)	—	—	—	—	(19.5)
Other direct income	0.6	1.0	0.1	5.1	—	—	—	—	6.8
Operating profit/(loss) ²	77.4	(14.6)	(10.2)	(49.4)	—	(15.8)	(1.6)	(1.6)	(15.8)
Financial income									81.6
Financial expense									(74.2)
Gain on extinguishment of Notes and unamortised costs									213.3
Profit on disposal of subsidiary									14.7
Income tax charge									(23.0)
Non-controlling interest									(9.5)
Profit attributable to equity holders of the parent company									187.1
Segment assets ³	559.0	249.9	6.9	59.6	—	3,488.7	4.5	(3,290.0)	1,078.6
Segment liabilities ³	559.2	119.7	22.1	33.5	—	2,134.7	5.5	(2,236.4)	638.3
Capital expenditure	16.8	4.0	1.7	0.3	—	1.0	—	—	23.8

1. Total depreciation of US\$76.2 million included in the segmental result comprises depreciation incurred at Cullinan Mine of US\$52.2 million, Finsch of US\$23.0 million, Koffiefontein of US\$ 0.1 million, Williamson of US\$0.3 million and Corporate and treasury of US\$0.6 million.

2. Operating loss is equivalent to revenue of US\$406.9 million less total costs of US\$422.7 million as disclosed in the Consolidated Income Statement.

3. Segment assets and liabilities include inter-company receivables and payables which are eliminated on consolidation.

4. The operating results in respect of Botswana have been reflected in note 34. In FY 2021, Petra sold its exploration assets in Botswana to Botswana Diamonds PLC via the sale of its interest in Sekaka Diamonds Exploration (Pty) Ltd (refer to note 34).

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



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

34. Disposal of operations**Significant accounting policies relevant to disposal of operations**

Where an operation within the Group is disposed of, the assets are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale (the Botswana exploration assets met the criteria of IFRS 5 and were classified as held for sale in FY 2020) and that represents a separate major line of business or geographical area of operation, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

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

There were no disposals of operations during the Year.

30 June 2021**Botswana (exploration)**

On 20 July 2020 the Company announced that it had entered into an agreement to dispose of its exploration assets in Botswana via the sale of 100% of its holding in Sekaka Diamonds Exploration (Pty) Ltd (previously known as Petra Diamonds Botswana (Pty) Limited) (Sekaka) to Botswana Diamonds PLC for a total consideration of US\$300,000 and a 5% royalty on future diamond revenues should any of the prospects within the exploration licences be brought into production.

The assets of Sekaka include the Company's three existing prospecting licences in Botswana, which include the KX36 project, a 3.5 hectare kimberlite that was a new discovery by Petra in 2010, as well as a bulk sampling plant. These assets have been classified as 'Assets held for sale' since 30 June 2018 following a decision by the Board to dispose of its Botswana exploration assets; the disposal of Sekaka was not a result of the recent sales process, as announced on 26 June 2020, undertaken by the Group with respect to the Restructuring.

The purchase price of US\$300,000 will be payable in two equal instalments of US\$150,000 each, on or before 20 November 2021 and 20 November 2022 respectively. On 16 November 2021, the Company received the first instalment of US\$150,000 from Botswana Diamonds PLC. Petra is also entitled to a 5% royalty on the sale of diamonds commercially produced from any kimberlite which falls within the licence areas covered in the sale. Botswana Diamonds has the option to buy out the royalty for a cash payment of US\$2.0 million.

The disposal completed during November 2020.

Effect of the transaction

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

(i) Net assets:

US\$ million	At November 2020
Mining property, plant and equipment	0.2
Trade and other receivables	—
Total assets	0.2
Trade and other payables	—
Total liabilities	—
Net assets disposed	0.2



34. Disposal of operations continued

30 June 2021 continued

Effect of the transaction continued

(ii) Post-tax loss on disposal of Sekaka:

US\$ million	Period ended 30 November 2020
Fair value consideration receivable on disposal	0.3 ¹
Less: net assets disposed of	(0.2)
Add: foreign currency translation recycled on disposal	13.3
Profit on disposal of discontinued operation	13.4
Add: net profit for the Period ²	1.3
Profit on disposal including associated impairment, net of tax	14.7

1. The Company has attributed US\$nil fair value to the 5% royalty given the uncertainty and time taken to convert an exploration project to a commercially viable mine.

2. The Company incurred US\$0.1 million in cash costs and unrealised foreign exchange gains of US\$1.2 million during the period.

35. Williamson

Framework Agreement

On 13 December 2021, the Company signed an agreement in principle with the Government of Tanzania relating to the Williamson operations. Williamson resumed operations and sales during the Period, having been on care and maintenance since April 2020.

The Framework Agreement provides for a capital Restructuring of Williamson Diamonds Limited (WDL), the entity that owns the Williamson mine, including the 16% free carried interest that the Government of Tanzania is entitled to receive in WDL and its shareholder loans under Section 10 of the Tanzanian Mining Act, 2017 and Regulation 10 of the Tanzanian Mining (State Participation) Regulations, 2020. The capital Restructuring will include:

- ▶ A WDL share issue with the effect of reducing Petra's indirect shareholding from 75% to 63% and consequently increasing the Government of Tanzania's shareholding from 25% to 37%
- ▶ A contribution to the Government of Tanzania of 16% of the principal outstanding value of the Group's shareholder loans payable by WDL, with the remaining 84% of such principal outstanding loans continuing to be owed to the Group
- ▶ The transfer of the WDL shares held by the Group to another member of the Petra Group (either Petra itself or a special purpose subsidiary). Petra has registered Mwadui Mining Holdings Ltd, a subsidiary registered in the United Kingdom, for this purpose

The Framework Agreement also provides for an overall 55:45 economic benefit sharing ratio between the Government of Tanzania and Petra in relation to future economic benefits from the Williamson mine. This arrangement is intended to capture the parties' entitlements as shareholders as well as, with respect to the Government of Tanzania, the revenue it collects from WDL arising from taxes, royalties, duties, fees and other fiscal levies (Government Imposed Charges). The Framework Agreement also provides that WDL shall be entitled to offset its undisputed unpaid and overdue VAT receivables against future Government Imposed Charges, whereby such Government Imposed Charges will be offset and treated as paid for the purposes of the economic benefit sharing ratio.

The Framework Agreement provides that Petra and the Government of Tanzania will provide financial assistance for the restart of operations at the Williamson mine. The Government of Tanzania has agreed to allocate the sales proceeds of the 71,654.45 carat diamond parcel from the Williamson mine that was previously confiscated and blocked for export. The original value of this parcel was assessed in September 2017 at approximately US\$15 million, as previously disclosed, although Petra has not had the parcel independently valued.

The Framework Agreement records an important US\$20.0 million settlement between the parties concerning long-standing historical disputes with the Government of Tanzania. For FY 2021, as at 30 June 2021, the Group raised a provision of US\$19.5 million (adjusted for time-value of money) in respect of the aforementioned settlement. This settlement payment shall be made in instalments, with the first instalment of US\$5.0 million to be paid when the Framework Agreement becomes effective and upon receipt of proceeds by WDL from the sale of the confiscated diamond parcel. The subsequent annual instalments of the settlement amount are to be made annually at amounts between US\$3 million and US\$5 million depending on WDL's ability to pay, as determined by WDL's board of directors.

The Framework Agreement is subject to a number of conditions, including Tanzanian regulatory approvals and the consent of Petra's First Lien lender, and is therefore not yet effective as at 30 June 2022. Whilst Petra entered into the Framework Agreement with the Government of Tanzania in the latter's capacity principally as a regulator and collector of taxes in Tanzania. The Government of Tanzania is also a related party to Petra for the purposes of the UK Listing Rules, due to the Government's shareholding in WDL. As a result and due to the size of the transactions contemplated in the Framework Agreement, the Framework Agreement could not become legally binding on the parties until approval was obtained from Petra's shareholders. On 9 February 2022, Petra received shareholder approval of the Framework Agreement. Notwithstanding, the Government of Tanzania's right to a 16% free carried interest under the Tanzanian Mining Act, 2017 is an entitlement as a matter of Tanzanian law, and is not of itself ultimately subject to any approval or condition in any respect. Accordingly, Petra acknowledges that arrangements to reflect this will need to be implemented regardless of the Framework Agreement becoming effective.



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For the Year ended 30 June 2022

35. Williamson continued

Memorandum of Understanding with Caspian Limited (MoU)

On 15 December 2021, the Company announced that it had signed a non-binding Memorandum of Understanding (MoU) to sell 50% less one share of the entity that holds the Group's shareholding in Williamson Diamonds Limited (WDL), along with a pro rata portion of shareholder loans owed by WDL, to Caspian Limited or its nominee (Caspian) for a total consideration of US\$15.0 million. Caspian is the long-term technical services contractor at the Williamson mine.

Upon completion of the transactions contemplated by the MoU and the capital Restructuring in the aforementioned Framework Agreement becoming effective, Petra and Caspian will each indirectly hold a 31.5% stake in WDL but Petra retains a controlling interest in WDL.

Caspian's purchase will be funded through the settlement of US\$11.1 million of past technical services payments owed by WDL to Caspian, including services rendered during the restart of operations in early FY 2022 following the care and maintenance period, with the remaining amount being funded by Caspian rendering US\$3.9 million of technical services to WDL in order to ramp up operations at the Williamson mine.

The transactions in the MoU are subject to Petra and Caspian agreeing definitive transaction agreements, including a share purchase agreement and a shareholders' agreement, with the parties still seeking to agree those transaction agreements. The sale to Caspian is subject to the parties first agreeing definitive transaction agreements and then obtaining all necessary Governmental, regulatory and lender approvals, including approvals from the Tanzanian Mining Commission, the Tanzanian Fair Competition Commission and The Bank of Tanzania, and a binding ruling from the Tanzania Revenue Authority on the tax treatment of the transaction. These are expected to be obtained in the first half of FY 2023.

As at 30 June 2021, the criteria for classification of Williamson as an asset held for sale was met. Refer to note 36 of the FY 2021 Annual Report Financial Statements disclosures. Subsequently, the transactions contemplated by the Framework Agreement and the MoU will, when they complete, result in Petra retaining its controlling interest in WDL and will see Petra consolidating WDL's operating and financial results, with an appropriate recognition of non-controlling interest attributable to both Caspian and the Government of Tanzania. As neither agreement mentioned above is effective as at 30 June 2022, WDL has been consolidated in the same proportions as prior to its asset held for sale classification, being 75% Petra and 25% Government of Tanzania.

36. Non-current assets held for sale – 30 June 2021

Williamson

Significant judgements and estimates relevant to non-current assets held for sale

The Group applies judgement when determining whether an asset should be classified as held for sale. For this to be the case, the asset must be available for immediate sale in its present condition and its sale must be highly probable. The following factors were considered by Management in determining whether a sale is highly probable: Management must be committed to a plan to sell the asset; an active programme to locate a buyer and complete the plan must have been initiated; the asset must be actively marketed for sale at a reasonable price; and any transaction should be expected to be completed within 12 months of classification of the asset as held for sale.

Judgement was required when determining whether a component of an entity classifies as a discontinued operation. Judgement was required when determining whether the component represents a separate major line of business or geographical area of operation. This was applied to the classification of the Williamson mine as a discontinued operation. The Williamson mine is considered a major geographical area of operation which has been reported as a separate segment in the past, and as such Management determined the classification of a discontinued operation to be appropriate. In terms of the measurement requirements of IFRS 5, once classified as held for sale, the assets were required to be measured at the lower of their carrying amount and fair value less costs to sell. Judgement was required in order to determine the fair value of the disposal group. In determining the fair value used to calculate the appropriate write-down, Management took into consideration discussions with vendors, the latest LOM plan assessment and the best available information at the time.

Significant accounting policies relevant to non-current assets held for sale

Where an operation within the Group is separately identified or forms part of a separate reporting structure, the Group will classify the asset as held for sale, in accordance with IFRS 5, if Management has committed to a plan to sell, the operation is available for sale, an active search for a buyer is in place, the disposal is highly probable within 12 months of classifying as held for sale and completion of the disposal is unlikely to significantly change. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets classified as held for sale and the assets of an operation classified as held for sale are presented separately from the other assets in the Consolidated Statement of Financial Position. The liabilities of an identified operation classified as held for sale are presented separately from other liabilities in the Consolidated Statement of Financial Position.

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

Unrealised foreign exchange gains and losses on historical retranslation of the subsidiaries results into US Dollars are recycled to the Consolidated Income Statement upon completion of the disposal. The Group designates the results of discontinued activities, including those of disposed subsidiaries, separately in accordance with IFRS and reclassifies the results of the operation in the comparative period from continuing to discontinued operations. In FY 2021, the Board reviewed its strategic options at Williamson and the asset was classified as an asset held for sale. As a result, the assets and liabilities of the Williamson mining operation (being Petra's 75.0% interest) were classified as held for sale in the Consolidated Statement of Financial Position at 30 June 2021, in accordance with IFRS 5. The financial results of the Williamson operation for FY 2021 were disclosed in the Consolidated Income Statement. The Williamson mining operation is a separate operating segment for the purposes of the Group's segmental reporting.



36. Non-current assets held for sale – 30 June 2021 continued

Williamson continued

Significant accounting policies relevant to non-current assets held for sale continued

Net assets of Williamson:

US\$ million	Book value prior to reclassification of as held for sale	Impairment	30 June 2021
Mining property, plant and equipment	52.7	(21.4) ¹	31.3
Non-current trade and other receivables	0.7	—	0.7
Trade and other receivables	2.9	—	2.9
Inventory	15.5	—	15.5
Cash and cash equivalents	9.2	—	9.2
Non-current assets held for sale	81.0	(21.4)	59.6
Environmental liabilities, provisions and other non-current trade and other payables ²	(22.9)	—	(22.9)
Trade and other payables and provisions ²	(10.6)	—	(10.6)
Non-current liabilities associated with non-current assets held for sale	(33.5)	—	(33.5)
Net assets	47.5	(21.4)	26.1

Result of Williamson:

US\$ million	1 July 2020– 30 June 2021
Revenue	4.6
Cost of sales	(13.8)
Gross loss	(9.2)
Impairment charge – operations	—
Impairment reversal/(charge) – other receivables	0.7
Provisions for unsettled and disputed tax claims	(19.5)
Financial income	—
Financial expense	(2.7)
Loss before tax	(30.7)
Income tax charge	—
Loss after tax before impairment charge	(30.7)
Impairment charge ¹	(21.4)
Net loss for the Year	(52.1)
Attributable to:	
Equity holders of the parent	(52.1)
Non-controlling interest	—
	(52.1)

1. The US\$21.4 million impairment loss recorded on the Williamson assets represented the difference between the assets measured at the lower of their carrying amount and fair value less costs to sell considering the best available information at the present time with reference to ongoing discussions with a potential investor. The impairment charge of US\$21.4 million was recognised to reduce assets of Williamson to equal the fair value less costs to sell.

2. Included in environmental liabilities, provisions and other non-current trade and other payables are provisions for lump sum severance amounts upon death, ill-health retirement and compulsory retirement for employees, provision for the estimated cost of the environmental rehabilitation at Williamson, which is based on current legal requirements, existing technology and the Group's planned rehabilitation strategy and provision for unsettled and disputed tax claims.

The Consolidated Cashflow Statement includes the following amounts relating to Williamson:

US\$ million	1 July 2020– 30 June 2021
Operating activities	(5.2)
Investing activities	(0.3)
Net cash utilised in discontinued operations	0.6



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

36. Non-current assets held for sale – 30 June 2021 continued

Consolidated Statement of Financial Position reconciliation – Williamson (30 June 2022)

US\$ million	Consolidated (excluding WDL) 30 June 2022	Williamson 30 June 2022	Consolidated (including WDL) 30 June 2022
ASSETS			
Non-current assets			
Property, plant and equipment	582.5	50.7	633.2
Right-of-use assets	1.6	20.3	21.9
BEE loans and receivables	44.6	—	44.6
Other receivables	—	2.7	2.7
Total non-current assets	628.6	73.7	702.3
Current assets			
Trade and other receivables	37.3	12.5	49.8
Inventories	45.1	25.5	70.6
Cash and cash equivalents (including restricted amounts)	259.4	28.8	288.2
Total current assets	341.8	66.8	408.6
Total assets	970.4	140.5	1,110.9
EQUITY AND LIABILITIES			
Equity			
Share capital	145.7	—	145.7
Share premium account	959.5	—	959.5
Foreign currency translation reserve	(449.5)	0.6	(448.9)
Share-based payment reserve	1.9	—	1.9
Other reserves	(0.8)	—	(0.8)
Accumulated losses	(248.2)	64.6	(183.6)
Attributable to equity holders of the parent company	408.6	65.2	473.8
Non-controlling interest	4.7	—	4.7
Total equity	413.3	65.2	478.5
LIABILITIES			
Non-current liabilities			
Loans and borrowings	353.9	—	353.9
Lease liabilities	(1.7)	20.9	19.2
Provisions	69.6	28.1	97.7
Deferred tax liabilities	71.3	—	71.3
Total non-current liabilities	493.2	49.0	542.1
Current liabilities			
Loans and borrowings	12.3	—	12.3
Lease liabilities	0.4	2.8	3.2
Trade and other payables	51.3	23.5	74.8
Total current liabilities	64.0	26.3	90.3
Total liabilities	557.2	75.3	632.4
Total equity and liabilities	970.4	140.5	1,110.9



36. Non-current assets held for sale – 30 June 2021 continued

Consolidated Income Statement reconciliation – Williamson (30 June 2022)

US\$ million	Consolidated	Williamson	Consolidated
	(excluding WDL) 1 July 2021– 30 June 2022	1 July 2021– 30 June 2022	(including WDL) 1 July 2021– 30 June 2022
Revenue	509.3	75.9	585.2
Mining and processing costs	(339.3)	(52.2)	(391.5)
Other direct income	(0.9)	0.1	(0.8)
Corporate expenditure including settlement costs	(14.1)	—	(14.1)
Other corporate income	0.6	—	0.6
Expenditure for unsettled and disputed tax claims	—	—	—
Impairment reversal/(charge) of non-financial assets	(0.3)	21.4	21.1
Impairment (charge)/reversal of other receivables	2.6	(4.1)	(1.5)
Impairment of BEE loans receivable – expected credit loss release	—	—	—
Total operating costs	(351.4)	(34.8)	(386.2)
Profit on disposal including associated impairment, net of tax	—	—	—
Financial income	17.5	1.5	19.0
Financial expense	(90.6)	(1.5)	(92.1)
Profit before tax	84.8	41.1	125.9
Income tax charge	(37.8)	—	(37.8)
Profit for the Period	47.0	41.1	88.1
Attributable to:			
Equity holders of the parent			69.0
Non-controlling interest			19.1
			88.1

37. Restructuring of the US\$650 million Loan Notes – FY 2021

On 10 March 2021, the Company announced it had completed the implementation of the Debt Restructuring project with the Noteholders and the South African Lender Group. The key features of the Restructuring of the US\$650 million Notes and the senior secured lender debt facilities of ZAR1.6 billion were as follows:

- ▶ Conversion of Notes debt valued at US\$415.0 million into equity, which resulted in the Noteholder group acquiring 91% of the enlarged share capital of the Company (refer to (a) below)
- ▶ The remainder of the Notes exchanged for the issue of US\$295.0 million new Notes and the contribution by holders of the existing Notes of US\$30.0 million in new money, each to take the form of new Notes (refer to (a) below)
- ▶ Restructuring of the first lien facilities to provide for a Term Loan of ZAR1.2 billion and a Revolving Credit Facility (RCF) of ZAR560 million provided by the South African Lender Group (refer to (b) on page 204)

a) Debt for equity conversion and the issue of new Notes

i) Debt for equity swap

The Company completed a debt for equity conversion consisting of the partial repayment of the US\$650 million Loan Notes by issuing 8,844,657,929 new Ordinary Shares with a nominal value of 0.001 pence per share in the Company to the existing Noteholders. The fair value of the shares at the date of the conversion was 1.58 pence per share, giving a total consideration of US\$194.0 million. As the fair value was derived by reference to the closing share price at the date of the conversion, it is considered to be a Level 1 fair value measurement. The carrying value of the liability at the date of the conversion was US\$415.0 million, after capitalisation of the May 2020 and November 2020 coupons and adjusting for the issue of new Notes. In FY 2021, the resultant gain, before Restructuring costs, of US\$221.0 million was recognised in the Consolidated Income Statement as part of the gain on extinguishment of the Notes. Restructuring costs identified as being directly associated with the debt for equity conversion, of US\$12.3 million, were taken directly to share premium. The debt for equity conversion resulted in the Noteholders acquiring 91% of the enlarged share capital of the Company.



Notes to the Annual Financial Statements continued

For the Year ended 30 June 2022

37. Restructuring of the US\$650 million Loan Notes – FY 2021 continued

a) Debt for equity conversion and the issue of new Notes continued

ii) Issue of new Notes

The new Notes of US\$336.7 million were issued and allocated as follows:

- ▶ US\$30.0 million allocated only to those Noteholders that subscribed, and funded that subscription, to the New Money, pro rata to their New Money contribution (the New Money Noteholders)
- ▶ US\$150.0 million allocated only to those New Money Noteholders, pro rata to each holder's contribution to the New Money
- ▶ US\$145.0 million allocated to all Noteholders (including the New Money Noteholders), pro rata to their holdings of existing Notes at the close of the Restructuring
- ▶ A further amount in new Notes as consideration to certain Noteholders, in remuneration for the commercial risks and other commercial considerations borne by those Noteholders whilst restricted for the purposes of negotiations with other stakeholders and work performed in connection with the Restructuring. The quantum of new Notes issued for this purpose was US\$11.7 million, which was capitalised as part of the Notes liability and shall be amortised over the term of the Notes

iii) Substantial modification

The Restructuring of the terms of the Loan Notes represented a substantial modification as the net present value of the cashflows under the original terms and the modified terms was greater than 10%. As such, the carrying value of the Loan Notes of US\$299.0 million was derecognised and the amended new Notes with a nominal value of US\$306.7 million were recognised on the balance sheet at the date of modification. The loss arising on substantial modification of the Loan Notes of US\$7.7 million has been recognised in the Consolidated Income Statement as part of the gain on extinguishment of the Notes. The acceleration of unamortised costs associated with the substantial modification was expensed and included within net finance income (refer to note 8).

a) First lien facilities

The previous facilities held with the South African Lender Group, included the ZAR500.0 million working capital facility (WCF), the ZAR400.0 million RCF, the financing arrangements in respect of the Group's BEE Partners (the BEE Facilities) of ZAR683.1 million and the Group's general banking facilities, were restructured through the extinguishment of the existing facilities and the replacement of such facilities with a new Term Loan and RCF, as part of the Restructuring.

A new Term Loan was made available to the Group for a principal amount of ZAR1.2 billion, in order to refinance the previous drawn ZAR500.0 million WCF and the outstanding principal amounts of the BEE Facilities (ZAR683.1 million). Transaction costs of ZAR17.4 million (US\$1.7 million) and cash transaction costs of US\$0.7 million directly associated with the Term Loan were capitalised to the liability to be amortised over the period of the loan. The Term Loan is fully drawn.

A new RCF was made available comprising a rollover of the previous ZAR400.0 million RCF but increased by a further ZAR160.0 million. An amount of ZAR400.0 million remains drawn at Year end under the RCF with the RCF reducing at Year end to ZAR509.6 million in line with the amortisation profile, with ZAR109.6 million still available for draw-down. For the terms of the new first lien facilities refer to note 21.

Transaction costs

During FY 2021 a total of US\$33.7 million (FY 2020: US\$3.8 million included under prepayments) was incurred during the Year for the Restructuring. The transaction costs have been apportioned to equity, the Notes and bank facilities based on each component's contribution to the total Restructuring. Cash costs incurred in FY 2021 amounted to US\$29.9 million (FY 2020: US\$3.8 million included under prepayments).

38. Events after the reporting period

Tender offer to Senior Secured Second Lien Noteholders

On 13 September 2022, the Company announced its intention to reduce its gross debt through a tender offer to bondholders to purchase up to US\$150 million of the Senior Secured Second Lien Notes due in 2026 in line with its stated intent to further optimise its capital structure through a reduction of gross debt. On 27 September 2022, the Company announced that the notional principal amount of Notes that have been validly tendered by Noteholders prior to the Early Participation Deadline and are accepted for payment by the Offeror is \$125,590,338 (corresponding to an actual principal amount after application of the Pool Factor of \$143,627,622.34). The total cash purchase price to be paid by the Company to Noteholders pursuant to the tender offer on the Early Settlement Date (that is, the Total Consideration for all Notes validly tendered multiplied by the Pool Factor) is \$145,063,898.63. Furthermore, the Company amended the terms of the tender offer and increased the purchase offer from the initial US\$150.0 million to US\$175.0 million.

Koffiefontein sales process

As Koffiefontein approaches the end of its mine plan in 2025, Petra has been exploring options for a responsible exit. The sales process that Petra announced in April 2022 has been unsuccessful in identifying a potential buyer and so Petra is now evaluating its other options and continues to operate the mine responsibly.



Alternative Performance Measures

In addition to GAAP figures reported under International Financial Reporting Standards (IFRS), Petra provides certain Alternative Performance Measures (APMs). These APMs are used internally in the management, planning, budgeting and forecasting of the business and are also considered to be helpful in terms of the external understanding of the Group's underlying performance. 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.

The use of APMs by listed companies to better explain performance and provide additional transparency and comparability is common. However, APMs should always be considered in conjunction with IFRS reported numbers and not used in isolation. Commentary within the Annual Report, including the Financial Review, as well as the Consolidated Financial Statements and the accompanying notes, should be referred to in order to fully appreciate all the factors that affect our business. We strongly encourage readers not to rely on any single financial measure, but to carefully review our reporting in its entirety.

APM	Method of calculation	Relevance
Adjusted EBITDA	Adjusted EBITDA is stated before depreciation, amortisation of right-of-use assets, costs and fees relating to investigation and settlement of human rights abuse claims, share-based expense, net finance expense, tax expense, impairment charges, expected credit loss release/(charge), gain on extinguishment of Notes net of unamortised costs, profit on disposal of subsidiary and net unrealised foreign exchange gains and losses.	Adjusted EBITDA excludes the impact of certain non-cash items and one-off items (i.e. loss/profit on discontinued operations) and is used to provide further clarity on the ongoing, underlying financial performance of the Group.
Adjusted EPS from continuing operations	Adjusted EPS from continuing operations is stated before impairment charge, expected credit release/(loss) provision, gain on extinguishment of Notes net of unamortised costs, profit on disposal of subsidiary, costs and fees relating to investigation and settlement of human rights abuse claims and net unrealised foreign exchange gains and losses, and excluding taxation (charge)/credit on net unrealised foreign exchange gains and losses and excluding taxation credit on impairment charge.	This is used to assess the Group's operational performance from continuing operations per Ordinary Share. It removes the effect of items that are not directly related to operational performance.
Adjusted mining and processing costs	Mining and processing costs stated before depreciation and share-based expense.	This removes the impact of non-cash items from the actual operational cost.
Adjusted net profit/(loss) after tax	Adjusted net profit/(loss) after tax is net profit/(loss) after tax stated before impairment charge, expected credit release/(loss) provision, gain on extinguishment of Notes net of unamortised costs, profit on disposal of subsidiary and net unrealised foreign exchange gains and losses, and excluding taxation (charge)/credit on net unrealised foreign exchange gains and losses and excluding taxation credit on impairment charge.	By removing the impact of items that are not directly related to operational performance, as well as the effect of any discontinued operations, this is one of the indicators used to assess the underlying performance of the business.
Consolidated net debt:EBITDA	Consolidated net debt:EBITDA is consolidated net debt divided by adjusted EBITDA.	This ratio is used by creditors, credit rating agencies and other stakeholders.
Consolidated net debt	Bank loans and borrowings plus US\$ Loan Notes, less cash and diamond debtors.	This consolidated figure is used by the lender group, analysts, rating agencies and other stakeholders.
Operational free cashflow	Cash generated from operations less capital expenditure for the Year as per the Consolidated Cashflow Statement.	Free cashflow reflects the cash generated from operations after capital expenditure requirements have been met. This measure reflects the Company's ability to generate cash from profit, reflecting strong working capital management and capital expenditure discipline.
Net debt	The US\$ Loan Notes (gross), bank loans and borrowings, net of cash at bank (including restricted cash).	Net debt combines the various funding sources that are included in the Consolidated Statement of Financial Position and the accompanying notes. It provides an overview of the Group's net indebtedness, providing transparency on the overall strength of the balance sheet.
Profit from mining activities	Revenue less adjusted mining and processing costs plus other direct income.	Provided to demonstrate the Group's ability to achieve profit from its core operating activities.



Five-year Summary of Consolidated Figures

For the Year ended 30 June 2022

US\$ million	2022	2021	2020	2019	2018
Income statement					
Revenue (gross) ¹	585.2	402.3	243.3	463.6	495.3
Adjusted mining and processing costs ²	(307.1)	(261.2)	(169.3)	(301.7)	(291.4)
Profit from mining activity ³	277.3	142.8	75.0	161.1	205.1
Adjusted EBITDA ³	264.9	135.4	67.3	153.0	195.4
Adjusted net profit/(loss) after tax ³	102.0	(16.1)	(54.7)	(13.2)	1.6
Net profit/(loss) after tax – Group	88.1	196.6	(223.0)	(258.1)	(203.1)
Statement of financial position					
Current assets	408.6	274.4	191.1	206.7	413.5
Non-current assets	702.3	744.6	851.3	1,087.5	1,329.2
Non-current assets held for sale	—	59.6	0.3	0.6	46.5
Total assets	1,110.9	1,078.6	1,042.7	1,294.8	1,789.2
Borrowings (short and long term)	366.2	430.3	769.0	650.6	754.8
Current liabilities (excluding borrowings)	74.8	49.1	52.5	54.9	130.8
Liabilities directly associated with non-current assets held for sale	—	33.5	0.1	—	27.8
Total equity	478.5	440.3	11.7	326.1	566.6
Movement in cash					
Net cash generated from operating activities	284.0	139.5	27.0	156.4	67.9
Net cash utilised in investing activities	(52.9)	(25.4)	(51.0)	(137.9)	(201.9)
Net cash (utilised in)/generated from financing activities	(101.4)	(8.0)	52.4	(102.7)	169.7
Net increase/(decrease) in cash and cash equivalents	128.2	93.6	(6.7)	(141.6)	35.7
Ratios and other key information					
Basic earnings/(loss) per share attributable to the equity holders of the Company – US\$ cents	35.53	260.70	(21.96)	(20.18)	(15.85)
Adjusted basic earnings/(loss) per share from continuing operations attributable to the equity holders of the Company – US\$ cents ³	42.93	(36.20)	(5.04)	(2.63)	0.83
Capex	52.2	23.8	36.4	86.9	145.5
Cash at bank (including restricted)	288.2	163.8	67.6	85.2	236.0

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) excludes revenues for Williamson for FY 2021 and FY 2020 and the KEM JV for FY 2019 to FY 2017. Under IFRS, these revenues were classified in the Consolidated Income Statement as part of the loss from discontinued operations.

2. Adjusted mining and processing costs are mining and processing costs (excluding Williamson for FY 2021 and FY 2020 and KEM JV for FY 2019 and FY 2018) stated before depreciation and share-based expense. Under IFRS, the adjusted mining and processing costs were classified in the Consolidated Income Statement as part of the loss from discontinued operations.

3. For definitions of these non-GAAP measures refer to page 207.



FY 2022 Summary of Results and Non-GAAP Disclosures

US\$ million	2022	2021 ¹⁰
Revenue	585.2	406.9
Adjusted mining and processing costs ¹	(307.1)	(276.1)
Other direct income	(0.8)	6.8
Profit from mining activities²	277.3	137.6
Other corporate income	0.6	—
Adjusted corporate overhead	(13.0)	(7.4)
Adjusted EBITDA³	264.9	130.2
Depreciation and amortisation of right-of-use asset	(85.3)	(80.8)
Share-based expense	(1.1)	(0.5)
Net finance expense	(36.6)	(67.2)
Adjusted net profit/(loss) before tax⁵	141.9	(18.3)
Tax expense (excluding taxation credit/(charge) on impairment charge and unrealised foreign exchange gain/(loss)) ⁴	(39.9)	(7.2)
Adjusted net profit/(loss) after tax⁴	102.0	(25.5)
Impairment charge – operations and other receivables ⁶	19.6	(38.4)
Impairment of BEE loans receivable – expected credit loss provision ⁷	—	5.8
Gain on extinguishment of Notes net of unamortised costs	—	213.3
Profit on disposal of subsidiary ⁸	—	14.7
Recovery/(costs) and fees relating to investigation and settlement of human rights abuse claims	0.8	(12.7)
Provision for unsettled and disputed tax claims	—	(19.5)
Net unrealised foreign exchange (loss)/gain	(36.5)	74.6
Taxation credit/(charge) on unrealised foreign exchange gain/(loss) ⁴	2.2	(19.9)
Taxation credit on impairment charge	—	4.2
Net profit after tax	88.1	196.6
Earnings per share attributable to equity holders of the Company – US\$ cents		
Basic profit per share – from continuing operations	35.53	260.70
Adjusted profit/(loss) per share – from continuing operations ⁹	42.93	(36.20)

The Group uses several non-GAAP measures above and throughout this report to focus on actual trading activity by removing non-cash or non-recurring items. These measures include adjusted mining and processing costs, profit from mining activities, adjusted EBITDA, adjusted net profit after tax, adjusted earnings per share, adjusted US\$ Loan Notes and net debt. 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.

- Adjusted mining and processing costs are mining and processing costs stated before depreciation and share-based expense.
- Profit from mining activities is revenue less adjusted mining and processing costs plus other direct income.
- Adjusted EBITDA is stated before depreciation, amortisation of right-of-use asset, share-based expense, net finance expense, tax expense, impairment reversal/charges, expected credit loss release/(charge), gain on extinguishment of Notes net of unamortised costs, profit on disposal of subsidiary, costs and fees relating to investigation and settlement of human rights abuse claims, provision for unsettled and disputed tax claims and net unrealised foreign exchange gains and losses.
- Tax expense/credit is the tax (expense)/credit for the Year excluding taxation credit/charge on impairment charge and unrealised foreign exchange gain/(loss) generated during the Year; such exclusion more accurately reflects resultant adjusted net profit/(loss).
- Adjusted net profit/(loss) after tax is net profit/(loss) after tax stated before impairment reversal/charge, expected credit release/(loss) provision, gain on extinguishment of Notes net of unamortised costs, costs and fees relating to investigation and settlement of human rights abuse claims, profit on disposal and net unrealised foreign exchange gains and losses, and excluding taxation (charge)/credit on net unrealised foreign exchange gains and losses and excluding taxation credit on impairment charge.
- Impairment reversal of US\$19.6 million (30 June 2021: US\$38.4 million charge) was due to the Group's impairment review of its operations and other receivables. Refer to note 7 for further details.
- Reversal of impairment of BEE loans receivable of US\$nil (30 June 2021: US\$5.8 million impairment charge) is due to the Group's expected credit loss assessment of its BEE loans receivable. Refer to note 15 for further details.
- The profit on disposal of subsidiary of US\$14.7 million in FY 2021 includes the reclassification of foreign currency translation reserve, net of tax of Sekaka Diamonds (Pty) Ltd.
- Adjusted EPS is stated before impairment charge, expected credit release/(loss) provision, gain on extinguishment of Notes net of unamortised costs, profit on disposal of subsidiary, acceleration of unamortised costs on restructured loans and borrowings, costs and fees relating to investigation and settlement of human rights abuse claims, provision for unsettled and disputed tax claims and net unrealised foreign exchange gains and losses, and excluding taxation (charge)/credit on net unrealised foreign exchange gains and losses and excluding taxation credit/charge on impairment reversal/charge.

The comparative basic profit per share and adjusted profit per share have been adjusted to give effect to the share consolidation of one new share for every 50 existing shares completed on 29 November 2021 with the Company's resultant issued share capital now consisting of 194,201,785 Ordinary Shares of 0.05 pence each.

- The results for FY 2021 have been restated with the operating results of Williamson which were previously classified under loss on discontinued operations. For further detail refer to note 36.

Petra's Partners

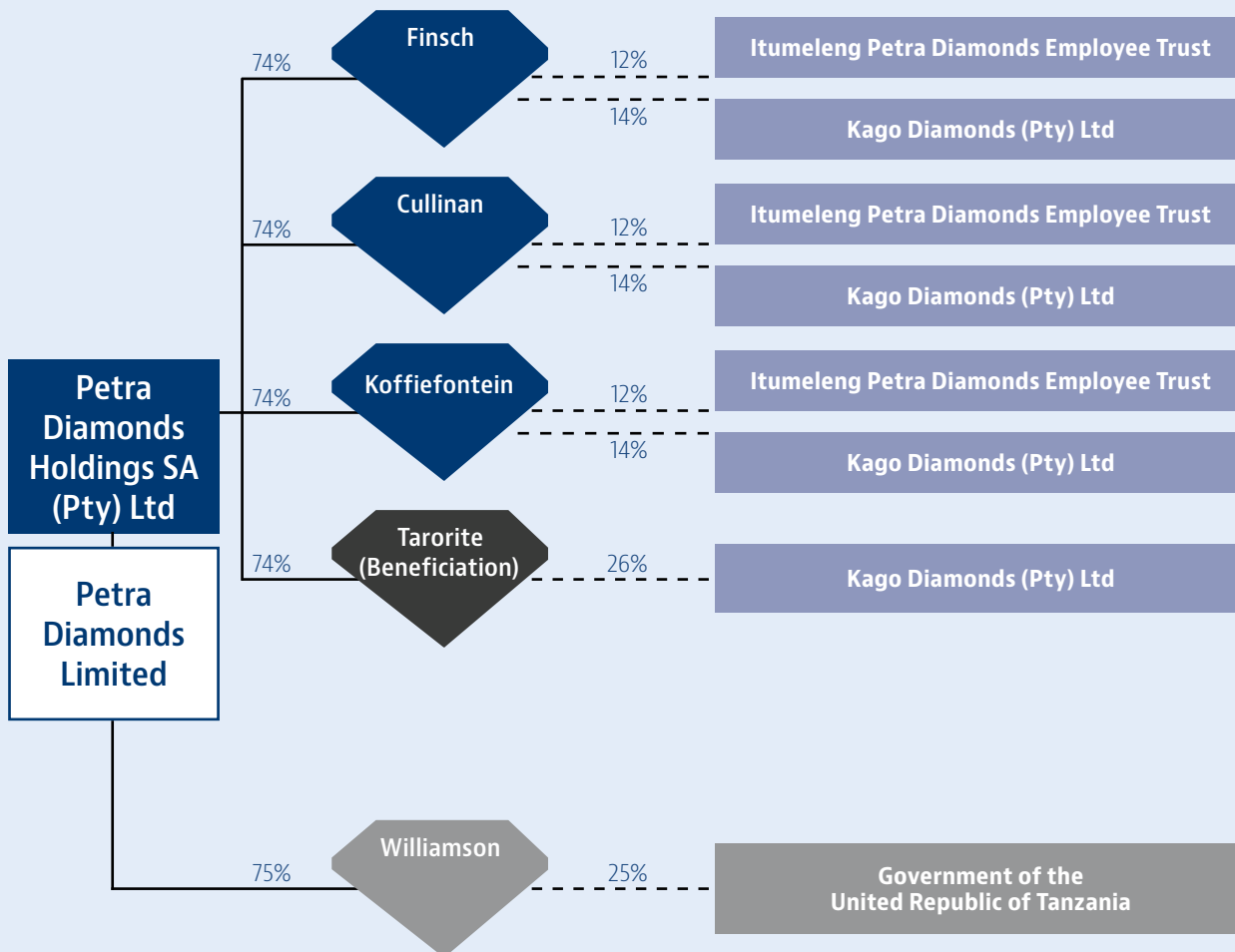
The Company's partnerships are key in terms of stakeholder sustainability and the long-term success of its operations.

In South Africa, the Company has partner shareholders in its operations which represent the interests of BEE shareholders. These BEE Partners include various commercial BEE entities (including women's groups), as well as, importantly, the Itumeleng Petra Diamonds Employee Trust.

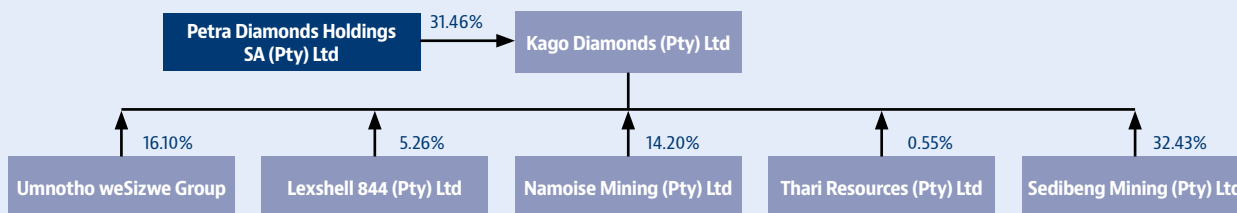
In Tanzania, at Williamson, Petra's partner is the Government of the United Republic of Tanzania. In December 2021, Petra announced that it had entered into two agreements with the objective of reducing its exposure to Tanzania while still retaining control of Williamson. The Framework Agreement will, once effective, see Petra's indirect interest in Williamson reduce to 63%. Once the MoU transaction with Caspian Limited become effective, Petra's indirect interest in Williamson will reduce further to 31.5%.

An overview of the ownership of Petra's mines and BEE Partner structures is set out below, whilst a more detailed illustration of Petra's Group structure can be found on the next page, and all these schematics can be found on Petra's website at <https://www.petradiamonds.com/about-us/who-we-are/group-structure/>.

Summary of mine ownership

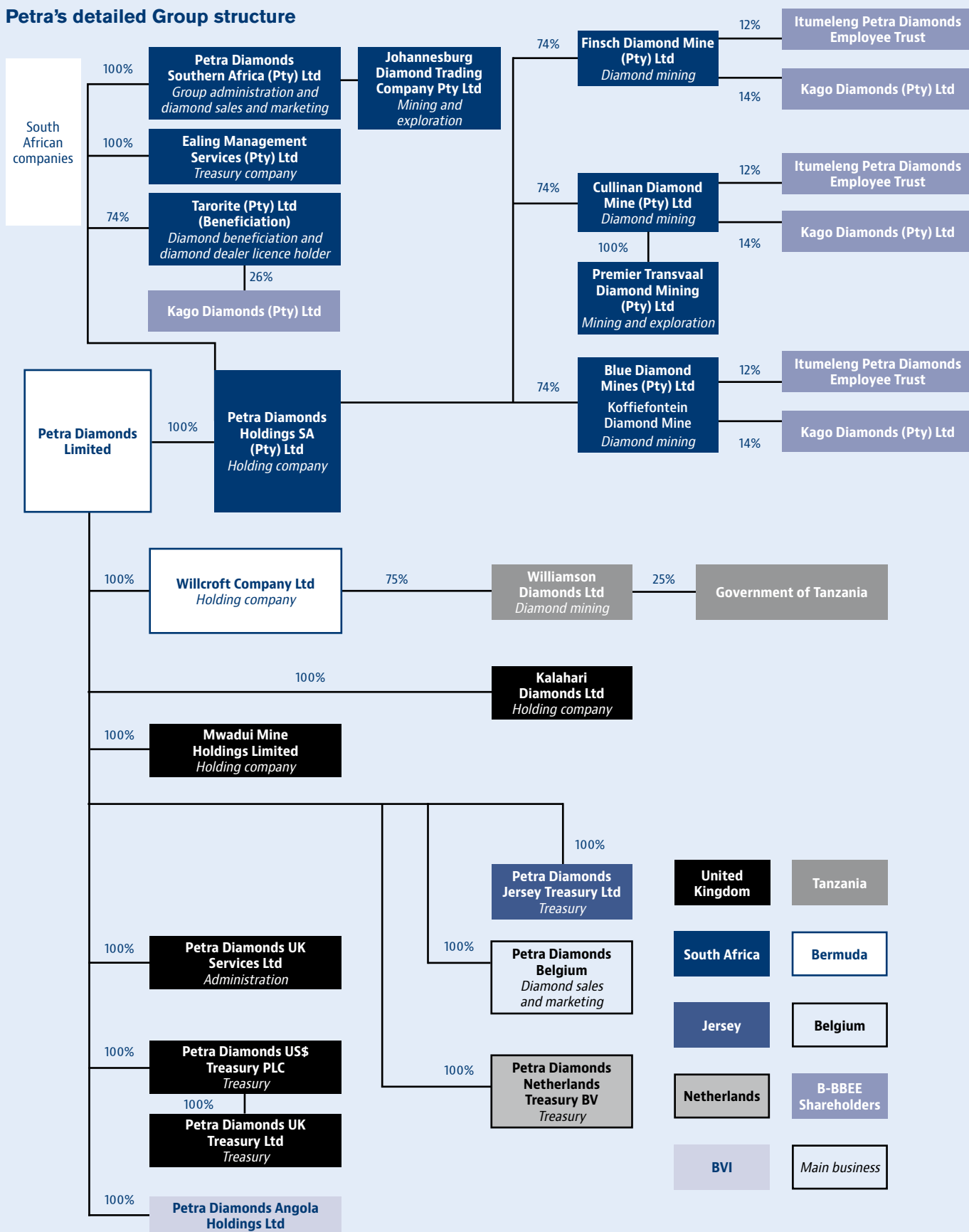


BEE Partner structures





Petra's detailed Group structure





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Company registration number

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Standard financial calendar

Accounting period end	30 June
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 (as defined below) themselves are not admitted to CREST, but dematerialised depositary interests representing the underlying Ordinary Shares issued by Link Market Services 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) (the Act) and the Company's Bye-Laws as adopted on 28 November 2011 (the Bye-Laws).

Dividend

The Company has not resolved to declare any dividend for FY 2022.

Substantial shareholdings

The interests in the table below reflect TR-1 notifications received by the Company as at 30 June 2022 indicating shareholdings of more than 3% of the issued share capital of the Company.

Shareholder	Percentage of voting rights held
Vontobel Holding AG	17.83%
Monarch Master Funding 2 (Luxembourg) S.a r.l.	9.98%
Bank of America Corporation	6.54%
Franklin Templeton Investment Management Limited	6.37%
The Terris Fund, SPC	5.51%
Azvalor Asset Management SGIC SA	5.27%
Invesco Ltd.	4.73%

Shares in issue

There were a total of 194,201,785 Ordinary Shares in issue at 30 June 2022.

Company Bye-Laws

The Company is incorporated in Bermuda and the UK City Code on Takeovers and Mergers (the City Code) therefore does not apply to the Company. However, the Company's Bye-Laws incorporate material City Code protections appropriate for a company to which the City Code does not apply.

The Bye-Laws also 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 0.05 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 19 November 2021 (the 2021 AGM), authority was given to the Directors to allot:

- Relevant Securities (as defined in the Bye-Laws) up to a maximum aggregate nominal amount of £32,366.96 (being 64,733,928 Ordinary Shares)
- Equity securities (as defined in the Bye-Laws) for cash (a) on a non-pre-emptive basis pursuant to a rights issue or other offer to shareholders and (b) in any case up to a maximum aggregate nominal amount of £4,855.04, representing approximately 5% of the issued share capital of the Company as at 19 November 2021

Share rights

In accordance with the Company's Bye-Laws, 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 regard to the control of the Company.

The Company's 2022 AGM will be held at 9.00am on Wednesday 16 November 2022 at One Heddon Street, London W1B 4BF. Details of the AGM are included in the accompanying Notice of AGM.

Shareholder voting

The Company utilises a digital approach to voting and therefore requests that all shareholders vote electronically. The Company will not be sending paper proxy forms and, instead, shareholders should vote either via the Shareholder Portal (www.signalshares.com) or, for CREST holders, via the CREST network. You will require your username and password in order to log in and vote using the Shareholder Portal. If you have forgotten your username or password, you can request a reminder via the Shareholder Portal. If you have not previously registered to use the Shareholder Portal, you will require your investor code (IVC) which can be found on your share certificate. Voting in this way is cost effective and efficient and mitigates the risk of lost items via postal systems thus ensuring your vote is received and recorded.



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 shall 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 on transfer from time to time are imposed by laws and regulations
- ▶ So required by the Company's share dealing code pursuant to which the Directors and employees of the Company require approval to deal in the Company's Ordinary Shares
- ▶ Where a person who holds default shares (as defined in the Bye-Laws) which represent at least 0.25% of the issued shares of the Company has been served with a disclosure notice and has failed to provide the Company with the requested information in connection with the 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 minimum 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 clear days before the meeting and at such meeting the Director shall be entitled 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 32 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 to assist shareholders available on its website at: www.petradiamonds.com/investors/shareholders/faqs.

Shareholder Portal

The Company has set up an online Shareholder Portal, www.signalshares.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 Link Group or by logging in to the Shareholder Portal.



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 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-scam.



Glossary

"1L"	first lien
"2L"	second lien
"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
"APM"	alternative performance measure
"ARC"	Audit and Risk Committee
"ASM"	artisanal small-scale mining
"BEE"	black economic empowerment, a policy of the South African Government to redress past economic imbalances
"BEE Partners"	the Group's black economic empowerment partners, who hold minority interests in the Group's South African operations, as set out in 'BEE Structure' at https://www.petradiamonds.com/about-us/who-we-are/group-structure/
"beneficiation"	the refining of a commodity; in the case of diamonds, refers to the cutting and polishing of a rough stone
"block cave"	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'
"bottom cut-off"	refers to the smallest size of recoverable diamond in a resource or reserve estimate that is considered economic to extract. It is generally defined by the bottom screen aperture size of the diamond sample plant used in a resource estimate, or the production plant considered in a reserve estimate
"BRE"	business re-engineering project
"BSI"	British Standards Institute
"C-Cut"	the C-Cut area of the Cullinan Mine orebody
"CAGR"	compound annual growth rate
"capex"	capital expenditure
"carat" or "ct"	a measure of weight used for diamonds, equivalent to 0.2 grams
"CC1-E"	the CC1 East area of the Cullinan Mine orebody
"CCKP"	World Bank Climate Change Knowledge Portal
"CDM"	Cullinan Mine
"CDP"	Carbon Disclosure Project, a global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts
"CEO"	Chief Executive Officer
"CFO"	Chief Financial Officer
"Code"	the UK Corporate Governance Code 2018
"conflict free"	i.e. not 'conflict diamonds', which are defined by the Kimberley Process as 'rough diamonds used to finance wars against Governments'
"COO"	Chief Operating Officer
"COVID-19"	COVID-19 is an infectious disease caused by the coronavirus
"Cpht"	carats per hundred metric tonnes
"CY"	calendar year
"DMRE"	the South African Department of Minerals Resources and Energy
"drawpoint"	an opening through which ore from a higher level can fall and subsequently be loaded



"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
"ERM"	enterprise risk management
"ESG"	environmental, social and governance
"Exceptional Stones"	rough diamonds that sell for US\$5 million or more each
"Exco"	Executive Committee
"FDM"	Finsch
"FRC"	the UK's Financial Reporting Council
"FWA"	the Framework Agreement Petra entered into in December 2021 with the Government of Tanzania
"FY"	Petra's financial year (1 July to 30 June)
"G&A"	general and administrative
"GAAP"	Generally Accepted Accounting Principles, issued by the Financial Accounting Standards Board
"GDP"	gross domestic product
"GHG"	greenhouse gases
"GISTM"	Global International Standard on Tailings Management
"GoT"	Government of the United Republic of Tanzania
"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
"hard rock"	hard rock diamond mining is based on kimberlite or lamproite primary orebodies, as opposed to alluvial mining (i.e. deposits of diamonds which have been removed from the primary kimberlite source)
"HIV/AIDS"	human immunodeficiency virus infection and acquired immune deficiency syndrome
"HSE"	health, safety and environment
"IASB"	International Accounting Standards Board
"ICR"	interest cover ratio
"IFRIC"	International Financial Reporting Interpretations Committee
"IGM"	the non-judicial independent grievance mechanism which will have the capacity to investigate and resolve allegations of severe human rights violations in connection with security operations at Williamson in Tanzania through an independent panel of Tanzanian experts applying Tanzanian law and with complainants having access to free and independent advice from local lawyers
"IMF"	International Monetary Fund
"INED"	independent Non-executive Director
"Indicated Resource"	that part of a resource for which quantity, grade or value, density, shape and physical characteristics of the deposit are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit
"Inferred Resource"	that part of a diamond resource for which quantity, grade and average diamond value are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply, but not verify, geological and grade continuity
"inventory"	diamonds held with the ultimate goal of resale
"IPDET"	Itumeleng Petra Diamonds Employee Trust, which is a registered trust holding a 12% interest in each of Petra's South African operations, through which the current and certain former employees (with some exceptions in both cases) of Petra's South African operations participate
"IRR"	internal rate of return



Glossary continued

"ISO 14001"	an international standard on environmental management; it specifies a framework of control for an Environmental Management System against which an organisation can be certified by a third party
"KEM JV"	former joint venture; Petra disposed of its interest in KEM JV during FY 2019
"Kimberley Process"	the Kimberley Process is a joint Government, industry and civil society initiative to remove conflict diamonds from the global supply chain
"KPCS"	Kimberley Process Certification Scheme
"kimberlite"	an ultramafic igneous rock consisting mainly of olivine, often with phlogopite mica and pyroxenes. Kimberlite is generated at great depth in the Earth's mantle, and may or may not contain diamonds
"KPI"	key performance indicator
"LED"	local economic development
"LGD"	laboratory/lab-grown diamond
"like-for-like"	refers to the change in realised diamond prices between tenders and excludes revenue from all single stones and Exceptional Stones, while normalising the product mix impact
"Loan Notes"	the Company's US\$336.7 million senior secured second lien notes due in March 2026, of which at least US\$144 million have been repurchased through the tender offer launched by the Company on 13 September 2022
"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
"M³/T"	metric used for measuring water efficiency
"Mcts"	million carats
"Measured Resource"	that part of a resource for which quantity, grade or value, density, shape and physical characteristics of the deposit are estimated with sufficient confidence to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit
"Minerals Council SA"	the Minerals Council of South Africa
"Modifying Factors"	considerations used to convert mineral resources to mineral reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors
"MoU"	the Memorandum of Understanding entered into by Petra in December 2021 with Caspian Limited
"Mt"	million tonnes
"Mtpa"	million tonnes per annum
"NDC"	Natural Diamond Council
"NED"	Non-executive Director
"new Mining Charter"	the Broad-Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry in South Africa, commonly known as the Mining Charter, has a core objective to facilitate meaningful participation of HDSAs in the mining industry, by deracialising the ownership of the industry, expanding business opportunities for HDSAs, and enhancing the social and economic welfare of employees and mine communities
"New Money"	US\$30.0 million contribution by holders of the Company's previous loan notes to the FY 2021 Restructuring
"NFCF"	net free cashflow
"NGO"	non-governmental organisation
"NIHL"	noise induced hearing loss
"NPV"	net present value
"NUM"	National Union of Mine Workers in South Africa



"OECD"	Organisation for Economic Co-operation and Development
"OFCF"	operational free cashflow
"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
"pa"	per annum
"Paterson A, B and C-Lower Bands"	the Paterson grading system is an analytical method of job evaluation, used predominantly in South Africa, and is comprised of grades A to F, with A being the lowest skilled and F being the highest
"PCBC"	GEOVIA PCBC™ is a highly sophisticated software package designed specifically for the planning and scheduling of block cave mines
"PCSLC"	a highly sophisticated software package designed specifically for the planning and scheduling of SLCs
"Period"	1 July 2021 to 30 June 2022
"PIK"	payment in kind. In relation to a bond, loan note or debt instrument, if an instrument is PIK, it means that its interest is satisfied by issuing further bonds rather than being settled in cash. Until 30 June 2023, the interest payable on Petra's Loan Notes is PIK
"PRF"	Plant Recovery Factor
"Probable Reserves"	the economically mineable part of an indicated, and in some circumstances, a measured diamond resource
"Proved Reserves"	the economically mineable part of a measured resource
"Project 2022"	business improvement programme launched in July 2019 with the aim of identifying opportunities to increase throughput across the business, drive efficiencies and facilitate continuous improvement
"PSP"	Performance Share Plan
"Q"	quarter of the financial year
"RAR meetings"	results action review meetings; weekly Project 2022 review meetings
"RCF"	Revolving Credit Facility
"rehabilitation"	the process of restoring mined land to a condition approximating to a greater or lesser degree its original state
"Restructuring"	the capital restructuring carried out by the Group and completed in FY 2021
"RJC"	Responsible Jewellery Council
"RJP"	Restorative Justice Projects
"ROM"	run of mine, relating to production from the primary orebody
"SAMREC"	South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves
"SDGs"	the United Nations Sustainable Development Goals
"SED"	social, ethics and diversity
"SEP"	stakeholder engagement plan
"Severity Rate"	indicates the severity of work-related injuries (number of days lost due to injuries) where individuals were booked off from work impacting on workforce effectiveness. The rate calculus is as follows: number of days off from work due to injury x 200 000 ÷ total man-hours worked
"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
"SIA"	social impact assessment
"SLC"	sub-level cave
"SLP"	social and labour plans



Glossary continued

"slimes dam"	an embankment dam, usually created from waste material, used to store sand-like fines residue (less than 1mm) waste products from mining operations
"SMMEs"	small, medium and micro enterprises
"South African Lender Group"	previous providers of the Group's first lien debt facilities, being Absa Corporate and Investment Banking, FirstRand Bank Limited (acting through its Rand Merchant Bank division) and Nedbank Limited
"SRM"	stakeholder relationship management
"stockpile"	a store of unprocessed ore
"stripping"	the removal of waste overburden at an open pit mine
"sub-level cave"	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
"TB"	tuberculosis
"TCFD"	Task Force on Climate-related Financial Disclosures; the Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial information
"tCO₂-e/ct"	total CO ₂ equivalent per carat produced
"tender"	Petra sells all its rough diamond production by method of open tender
"TIFR"	total injury frequency rate
"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
"TPF"	Tanzanian Police Force
"TSF"	tailings storage facility
"TSR"	total shareholder return
"Tunajali Committee"	a sub-committee of the Board comprised of independent NEDs established for the purpose of carrying out the independent investigation into the allegations of human rights abuses at Williamson in Tanzania and which was disbanded in May 2021 upon the conclusion of the investigation
"Type II diamonds"	<p>Type II diamonds have no measurable nitrogen impurities, meaning they are often of top quality in terms of colour and clarity</p> <ul style="list-style-type: none"> ▶ 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 diamonds 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 Cullinan, Finsch and Koffiefontein
"US\$"	US Dollar
"VPSHR"	the Voluntary Principles on Security and Human Rights
"waste ingress"	waste and fines (fine grained kimberlite waste which has the tendency to flow uncontrollably) that are channelled from highly depleted areas of the previous mining levels prematurely into new lower loading points
"WDL"	Williamson Diamonds Limited, the owner and operator of Williamson in Tanzania
"WiL"	Women in Leadership
"XRL"	X-Ray luminescence, a method of sorting in the diamond recovery process
"Year"	1 July 2021 to 30 June 2022
"ZAR"	South African Rand



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