

PetraDiamonds

Creating  
abundance  
from rarity

Annual Report and Financial Statements  
for the Year Ended 30 June 2023



# Life's special moments

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



## Abundance for our people

in realising their full potential to deliver extraordinary outcomes

[Read more on page 24](#)



## Abundance for our communities

through partnering to provide enduring benefit for future generations

[Read more on pages 25](#)



## Abundance for our investors

in generating sustainable returns

[Read more on page 26](#)



## Abundance for our customers

in celebrating love, friendship and life's achievements

[Read more on page 27](#)

### Front cover image:

The cover features the largest stone of the Letlapa Tala collection. This 25.75 carat rough blue diamond was cut and polished to form the Infinite Blue, a stunning 11.28 Fancy Vivid Blue diamond due to go to auction with Sotheby's in October 2023.

### Inside front cover image:

The Infinite Blue, an exquisite Fancy Vivid Blue diamond due to go on sale in October 2023, was cut and polished from the largest stone in the Letlapa Tala collection – sold by Petra in 2020 for over US\$40 million. Photo: courtesy of Sotheby's.



## Performance Highlights

## Delivering safely and efficiently

SAFETY  
(LTIFR)**0.24** +9%PRODUCTION<sup>2</sup>  
(MCTS)**2.67** -20%REVENUE<sup>1,2</sup>  
(US\$M)**325.3** -42%ADJUSTED EBITDA<sup>1,2</sup>  
(US\$M)**113.1** -59%ADJUSTED EBITDA MARGIN<sup>1,2</sup>  
(%)**35** -29%ADJUSTED LOSS AFTER TAX<sup>1,2</sup>  
(US\$ CENTS)**-2.3** -102%Investing in operations and reducing gross debt<sup>2</sup>CAPITAL EXPENDITURE  
(US\$M)**117.1** +127%CONSOLIDATED NET DEBT<sup>1</sup>  
(US\$M)**176.8** +335%CONSOLIDATED NET DEBT:  
ADJUSTED EBITDA<sup>1</sup>**1.6x** +970%GROSS DEBT  
(US\$M)**247.5** -32%

## Operating sustainably

CARBON EMISSIONS<sup>3,4</sup>  
(KTCO<sub>2</sub>-E)**438** -9%WOMEN IN THE WORKFORCE  
(%)**21** +5%WATER INTENSITY<sup>3</sup>  
(M<sup>3</sup>/T)**0.69** -31%TRAINING SPEND  
(US\$M)**5.0** -18%

## 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.
- During the Year, Koffiefontein was placed on care and maintenance activities in the run-up to a responsible closure. Koffiefontein is classified as a discontinued operation in FY 2023 in terms of IFRS 5. For comparative purposes, the relevant FY 2022 results have been restated to exclude Koffiefontein.
- Metrics have been affected by Koffiefontein and Williamson being on care and maintenance during part of FY 2023.
- Scope 1,2 and 3 GHG emissions. Scope 3 emissions calculated according to four of the fifteen GHG Protocol Corporate Value Chain categories, including: purchased goods and services (limited); waste generated in operations; business travel and employee commuting.

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# At a Glance

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)**

**223.17** -2%

**GROSS GROUP RESERVES (MCTS)**

**28.35** -5%

## A market with strong fundamentals

Petra's unique and rare natural diamonds provide enduring benefit in celebrating life's most significant moments. We see a supportive diamond market in the medium to longer term as a result of the structural supply deficit for natural diamonds.

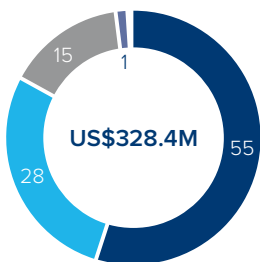
**FY 2023 Resource Statement**  
pages 48 to 50

**Careful management will ensure sustainable, long-life mining operations**  
pages 42 to 47

**Our Markets** pages 30 to 40

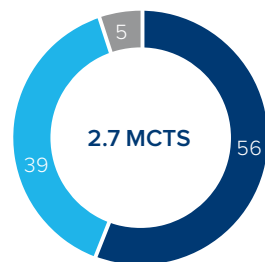
## Our mines (including Koffiefontein)

### Revenue by mine<sup>1</sup> (%)

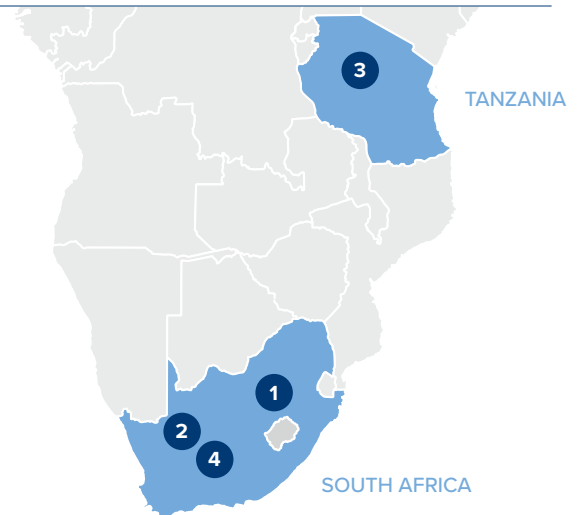


● Cullinan Mine ● Finsch

### Total rough diamond production by mine<sup>2</sup> (%)



● Williamson<sup>2</sup> ● Koffiefontein



**1**

**Cullinan Mine**  
**Potential mine life:** 2050+  
**Renowned for:** Type IIa white and blue diamonds

**REVENUE<sup>1</sup>**  
(US\$M)  
**181.5** -44%

**TOTAL PRODUCTION**  
(MCTS)  
**1.49** -18%

**2**

**Finsch**  
**Potential mine life:** 2040+  
**Renowned for:** A consistent producer of sought after octahedral diamonds

**REVENUE<sup>1</sup>**  
(US\$M)  
**93.4** -44%

**TOTAL PRODUCTION**  
(MCTS)  
**1.04** -18%

**3**

**Williamson, Tanzania**  
**Potential mine life:** 2050  
**Renowned for:** A reliable source of high value pink diamonds

**REVENUE<sup>1</sup>**  
(US\$M)  
**49.1** -35%

**TOTAL PRODUCTION<sup>2</sup>**  
(MCTS)  
**0.14** -38%

**4**

**Koffiefontein**  
Koffiefontein has been loss making for several years and mining ceased at the end of CY 2022 when the mine was placed on care and maintenance ahead of a responsible closure

**REVENUE<sup>1</sup>**  
(US\$M)  
**4.5** -79%

**TOTAL PRODUCTION<sup>2</sup>**  
(MCTS)  
**0.01** -80%

## Ownership of our mines

### South African mines

Petra (74%), Kago Diamonds (14%) and Itumeleng Petra Employee Trust (12%)

### Tanzanian mine, Williamson

Petra (75%) and the Government of Tanzania (25%)

As announced on 31 May 2023, upon completion of a Framework Agreement both with the Government of Tanzania and receipt of regulatory approvals for a transaction entered into with Taifa Mining and Civils Ltd, ownership will become Government of Tanzania (37%), Taifa (Pink Diamonds) (31.5%) and Petra (31.5%), with Petra retaining a controlling interest

1. Revenue reflects proceeds from the sale of rough diamonds and excludes revenue from profit share arrangements.

2. Production was suspended at Williamson from November 2022 and operations at Koffiefontein from December 2022.



# A Unique Investment Opportunity

## Petra is the leading independent natural diamond miner

### Substantial production growth

Annual Group production expected to increase by up to 1.3 million carats in FY 2026 through development of the long term potential of our large resource base

### Supportive natural diamond market

Diamond supply has peaked and growth is muted over next half decade  
Luxury goods sector remains resilient with some short-term volatility expected owing to a temporary slowdown in demand for rough diamonds

### Strengthened balance sheet

Gross debt reduction of US\$144.6 million  
Consolidated net debt:EBITDA of 1.6x

### High-quality, long-life asset base

A portfolio that regularly delivers high-value blue, pink and large white diamonds  
Significant mine life extension potential

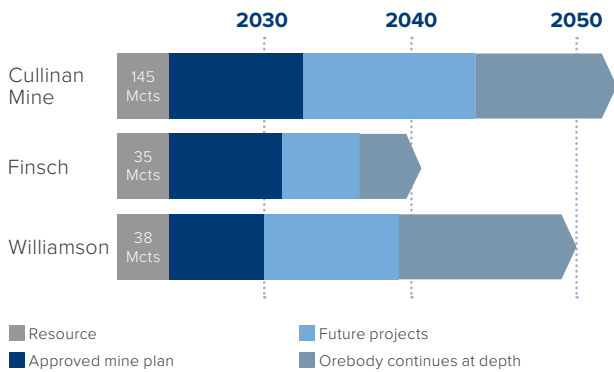
### Operating model focused on cash generation

Continuous improvement to optimise value from current operations  
Integrated risk management approach

### Embedding sustainability

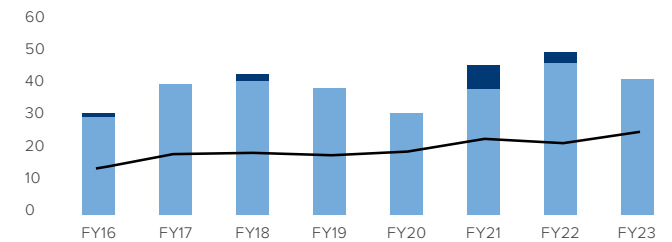
Safety our Number 1 priority  
2030 GHG reduction target  
Wide reaching social programmes

## Resource supports significant opportunities to extend beyond current mine plan



## High margin operations (excludes Koffiefontein)

### US\$ revenue per tonne treated vs. cash on-mine cost per tonne treated



## Petra regularly ranks highly for its sustainability credentials

**B**

Rating from CDP for climate change and water security 2022



**#20**

Among 118 precious metals peers rated by Sustainalytics (May 2023)



**#5**

Among 77 metals and mining peers on Refinitiv (December 2022)



**62/100**

Overall ESG score from Moody's Analytics, above sector average for mining and metals (May 2023)



## Diamonds are a consumer product and Petra recognises its ethical and social responsibilities

Petra adheres to the strict standards of industry bodies that we are affiliated to



Lily James 'To Treasure Now and Forever' NDC campaign



# Chair's Statement

## Resilient and dynamic

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In my address to shareholders last year, I described FY 2022 as an inflection point for Petra. The positive outlook we held then for the future is becoming a reality and FY 2022 indeed marked a turning point. In our most recent guidance we are projecting annual production to grow by up to 1.3 million carats by FY 2026. This heralds a remarkable turnaround for the business and is something that our employees and management can be proud of.

### **Petra today**

The optimism with which I closed my message last year has been rewarded with the resilience that the business has shown during the Year and in its operational and financial achievements. FY 2023 was not without its challenges, which are being addressed, indicating determination and strategic intent within the Company, supported by our Operating Model, and while externally the diamond market was challenging during the Year and continues to be into FY 2024, we expect it to remain supportive in the medium to long term.

Among the key features of the period that you will read about in this Report are:

- ▶ A continued focus on safety. Safety is our foremost priority and, while Petra's safety performance continues to be good, the marginal regression in key indicators – largely attributed to new projects – led to a renewed focus here
- ▶ The operational turnaround underway at the Cullinan and Finsch Mines to address issues with grade at the former and equipment and tunnel availability at the latter
- ▶ The commissioning of the new Tailings Storage Facility (TSF) at Williamson, following the TSF failure in November 2022, and restart of the mine in July 2023 ahead of schedule
- ▶ Good progress with the capital extension projects – the CC1-E and C-Cut extension at Cullinan Mine and the Lower Block 5 3-level 90L sub-level cave extension project at Finsch. All projects are on track to deliver planned incremental growth over the next three years
- ▶ Further embedding of the Petra Culture Code, a process that was started in FY 2022. Petra's ambition is to inspire a culture that encourages all our employees to feel a sense of belonging, one that they can actively influence and contribute to

The improved resilience of our operating model is reflected in our results about which you can read more in this Report, including in the CEO's, CFO's and COO's messages. In line with our dividend policy, which was approved earlier in the Year, no dividends are proposed for FY 2023 and the Board will review this again in FY 2024.



The optimism with which I closed my message last year has been rewarded with the resilience that the business has shown during the Year and in its operational and financial achievements despite the operational challenges we faced.

**Peter Hill CBE**  
Non-Executive Chair



## Supportive market fundamentals in the medium to longer term

We continue to expect a supportive diamond market in the medium to longer term as a result of a structural supply deficit, which bodes well for Petra's strong growth profile. Global supply of natural diamonds in 2023 is expected to be c120 Mcts, a decrease of around 20% from the peak of c150 Mcts in 2017. Petra's strong balance sheet and flexible sales process allowed us to postpone a portion of our May 2023 tender and most of our June 2023 tender into early FY 2024, although a relatively flat market meant that we did not see the anticipated uptick in pricing in early FY 2024. We believe the Indian diamond import moratorium, announced late September 2023 and supply discipline shown by producers will provide some support to pricing in the medium to longer term, although we note demand and pricing into CY 2024 will continue to be subdued due to increased short-term inventory levels, weakness in the Chinese market, higher interest rates impacting the mid-stream and some impact from laboratory-grown diamonds.

## Provenance and sustainability: a key business focus

We have, of course, been affected by global, and local, economic conditions and the overall geopolitical environment in FY 2023. Of particular significance to Petra is the increasing emphasis on the provenance of natural diamonds, and the importance of verification and traceability that has been fuelled by consumer concerns and potential regulatory changes in respect of diamonds originating from Russia with the associated potential for accelerated demand for laboratory-grown diamonds which can be distinguished as being of non-Russian origin. Our commitment to operate only in countries that subscribe to the Kimberley Process's standards for ethical production, and our membership of the Natural Diamonds Council (NDC), support our ability to demonstrate that our diamonds are ethically and sustainably sourced. We intend to further strengthen these credentials in the future and are investigating methods to ensure the traceability of our diamonds through the value chain.

In FY 2022, Petra redefined its corporate purpose. 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. Everything that the Company does, from our engagement with external and internal stakeholders, and our commitment to our customers, to how we conduct our business, is with this end in mind.

The Year has seen further embedding of Petra's Sustainability Framework, which is described in detail in our Sustainability Report. Importantly, this Framework is an integral part of Petra's Operating Model, and directly linked to performance management KPIs and remuneration.

Significant developments during the Year include the establishment of multi-stakeholder forums at Cullinan Mine and Finsch, the Independent Grievance Mechanism (IGM) at Williamson becoming operational in November 2022 and continued constructive engagements on care and maintenance and closure arrangements at Koffiefontein.

We have also reaffirmed our commitment to a net zero target for Scope 1 and 2 emissions by 2050. This commitment aligns with the Paris Agreement and the Nationally Determined Contributions of the jurisdictions in which we operate. We are developing our decarbonisation strategy and have put in place a 2030 Scope 1 and 2 GHG reduction target of 35-40% from our 2019 base line. Furthermore, during the Year, we have started assessing opportunities to incorporate renewable energy into the energy mix for our South African business. For more information on how this commitment impacts our strategy and business model as well as how performance is being measured, see our TCFD Recommended Disclosures on pages 66 to 67 of this Report, as well as the section on climate change and energy at pages 64 to 70 of Sustainability Report.

## Board development and Committees

As we seek to strengthen and streamline the Board's efforts and focus, I as Chair have been appointed the Director responsible for ESG matters.

The Board and I are supported by the:

- ▶ Newly established Sustainability Committee (formerly the Social, Ethics and Diversity Committee), which has oversight of Group-wide environmental and social matters
- ▶ Health and Safety Committee (formerly the Health, Safety and Environmental Committee), which retains oversight responsibility for health and safety matters, as well as mineral waste deposits and on-mine environmental mining and compliance
- ▶ Audit and Risk Committee, which now has sole oversight and responsibility for ethics matters (whereas previously this was shared with the Social, Ethics and Diversity Committee)
- ▶ Remuneration, Nominations and Investment Committees

At the end of June 2023, Octavia Matloa retired from the Board having served as an Independent Non-Executive Director since 2014. We extend our thanks to Octavia for her contributions to the Board and Committees and as the inaugural Workforce Engagement Director. We welcomed Lerato Molebatsi to the Board as a new Independent Non-Executive Director, including as a member of the Audit and Risk, Nomination, Remuneration, Investment and Sustainability Committees where she became Chair of the latter upon Octavia's retirement. Lerato has also become Petra's designated workforce engagement NED.

After the end of the Year, Petra announced that Johannes Bhatt will retire as a non-Executive Director at the conclusion of the Company's 2023 AGM, following Monarch's shareholding in Petra falling below 5%. Johannes leaves the Board with Petra's thanks and we wish him every success in his future endeavours.

## Petra tomorrow

In closing this Year's review, it is fitting to reflect on the Petra of tomorrow. The Company has, over the past three years, developed a sound and resilient foundation from which it can pursue its value-led growth strategy, and in anticipation of a supportive market in the medium to longer term. Petra's credible growth strategy, comprising both our current operations and extension initiatives, and further potential brownfield expansion projects, makes us unique in the sector. It also reflects the optionality that its improved cashflow generation and focus on capital allocation discipline brings, together with its best-in-class approach to sustainability and a dynamic and experienced management team that have driven the turnaround, all underpinning shareholder value for the future.

I pay tribute to this leadership team and to all of our people at Petra for their resilience throughout FY 2023 and their continuing contribution to our shared future. Together we can look forward to growth, greater stability and creating shared, sustainable value for the benefit of all our stakeholders.

**Peter Hill CBE**  
Non-Executive Chair  
9 October 2023



# Chief Executive Officer's Statement

## Reduction in gross debt and stabilising production sets path for growth



I am pleased to provide to our shareholders and other stakeholders a review of the Year, both from an operational and financial perspective, and on how we are delivering on our purpose of *Creating abundance from rarity*.

Three core themes stand out in reviewing FY 2023:

1. Our new Operating Model is delivering value from our operations, generating cash and ensuring operational resilience. While we experienced a number of challenges during the Year, each challenge has been met with a determined effort to overcome it, resulting in production of 2.67 Mcts including Koffiefontein, marginally below revised guidance of 2.75–2.85 Mcts
2. Our balance sheet continues to provide flexibility. The increase in consolidated net debt to US\$176.8 million (30 June 2022: US\$40.6 million) is due to the deferral of diamond sales to FY 2024, coupled with progress on planned higher capital expenditure associated with our mine plan extension projects
3. We are embedding our ambitious Sustainability Framework throughout the business. This Framework is built on four pillars and is connected to every aspect of how we work, from our Culture, Operating Model and Value-driven Growth Strategy to our Performance Management systems

These themes underpin our Value-driven Growth Strategy. This Strategy will enable annual Group production which we project to increase by up to 1.3 million carats by FY 2026 as we continue to develop the long-term potential of our large resource base.

These themes will be evident throughout my review and this Report, and in the accompanying Sustainability Report, which can be found at [petradiamonds.com/investors/results-reports/](https://petradiamonds.com/investors/results-reports/).

### Culture and values

Petra has undergone significant change over the past few years. With the success of the Company's financial turnaround, we are on a journey to create a clear and compelling culture for the organisation. Our culture is the framework that enables our purpose of creating abundance from rarity and supports both our Operating Model and future growth. Through our inclusive approach, developing a Petra Culture Code involving all our people, our aim is to successfully deliver our Value-Led Growth Strategy, while ensuring a sustainable future for the organisation.

In developing the Petra Culture Code, it has been immensely gratifying to see and feel the response from employees in identifying the enablers – what they would like us to do more of, and the disablers – what they would like us to do less of, and to see this being embedded into the 'Petra way of working'.

All of our activities must align with our values – let's do no harm, let's make a difference, let's do it right, let's take control and let's do it better – which are the foundation of what we believe in and how we act, both within the organisation and in engaging with our external stakeholders.



All of our activities must align with our values – let's do no harm, let's make a difference, let's do it right, let's take control and let's do it better.

**Richard Duffy**

Chief Executive Officer





## Safety first

The safety and health of each employee, and of the communities surrounding our operations, remains a priority for Petra – with our intention being to achieve Zero Harm.

Our emphasis on risk-informed and behaviour-based interventions across our operations continues. In FY 2023, we recorded 17 lost time injuries (LTIs), a 13% increase from FY 2022. This translates into a lost time injury frequency rate (LTIFR) of 0.24 per 200,000 hours worked, up from 0.22 per 200,000 hours worked, an increase that is largely attributed to the ramping up of extension projects at Cullinan Mine and Finsch and a single, blasting-related, incident at Cullinan Mine in which four employees were regrettably injured and have since fully recovered. An intense focus on safety in the latter part of the Year led to the reversal of the increased LTIFR by the fourth quarter, a trend we intend to continue.

## Rebuilding trust at Williamson

The tailings failure at Williamson in Tanzania was a defining moment in the Year and on behalf of all those at Williamson, we share our sympathies with all those who were affected by this event.

Following this failure, we have focused on remediating, rebuilding and regaining trust with all our stakeholders. We remain grateful for the support of the Government of Tanzania, and for the immediate response of our management team and employees at and around the mine.

Petra's response to the crisis was rapid and comprehensive. Whilst we are still completing the work required to understand the root cause of the failure, we have adopted a new Group-wide Tailings Management Policy that aligns with the Global International Standard on Tailings Management which we are in the process of implementing across the Group.

The implementation of the Independent Grievance Mechanism (IGM) to address the historical allegations of human rights abuses at Williamson has continued with the IGM becoming operational in November 2022. The IGM's purpose is to promote reconciliation between Williamson, directly affected parties and the broader community, and is being overseen by an independent panel of Tanzanian experts, with complainants having access to free and independent legal advice. For more information on this, and the Restorative Justice Projects at Williamson, see our Sustainability Report [petradiamonds.com/investors/results-reports/](https://petradiamonds.com/investors/results-reports/).

## Financial highlights

Excluding Koffiefontein, revenue declined by 42% to US\$325.3 million. The year-on-year reduction in revenues mainly relates to:

- ▶ No contribution from Exceptional Stones (rough diamonds that sell for US\$15 million or more) vs. US\$40.2 million in FY 2022
- ▶ A 33% reduction in rough diamonds sold due to a 20% reduction in diamonds recovered and the deferral of the majority of Tender 6 sales and 75.9 kcts of predominantly higher value stones from Tender 5 from FY 2023 to FY 2024

Like-for-like prices increased by around 2% year-on-year and revenue from profit share agreements increased to US\$1.4 million (FY 2022: US\$1.1 million).

Due to the deferred sales, diamond inventory increased to 715.2 kcts (valued at US\$65.9 million) at the end of the Year, compared to 381.7 kcts (US\$40.2 million) at 30 June 2022 (both exclude the 71.6 kcts from Williamson's blocked parcel).

Cost inflation continues to impact the mining industry globally. With 80-90% of our operational expenditure and 90-95% of our capital expenditure denominated in Rand across our South African operations, the strengthening US Dollar has largely mitigated the impact of rising local inflation, together with our disciplined approach to cost management.

## Diamond market

While our first four Tenders in the Year reflected strong consumer demand and early optimism that Chinese demand would recover after the lifting of COVID-19 restrictions, the rough diamond market softened towards the end of the Year which has continued into FY 2024.

The progress we have made to strengthen the balance sheet over the last few years, coupled with our flexible sales process, leaves us well placed to respond to short term weakness in the diamond market. In May, we postponed a portion of Tender 5 and, in June, the majority of our Tender 6 rough diamond sales into FY 2024. FY 2024 sales up to the date of this Report have reflected persistent softer market conditions due to prevailing macroeconomic uncertainties and the temporary Indian diamond import moratorium announced in late September 2023 which is intended to bring some much needed stability and strength to the market and prices.

Although there has been some stabilisation in global economies and growth outlooks for CY 2023, the economic outlook for CY 2024 is now more subdued. Notwithstanding this, we believe that the supply discipline shown by producers and the removal of the inventory overhang in the mid and down-stream segments will see prices stabilise and recover, although not without some associated volatility in near term. We continue to see the prevailing structural supply deficit of diamonds providing market support in the medium to longer term.

## Progressing our operational improvement and growth initiatives

Petra continues to benefit from the implementation of its Operating Model which is aimed at improving stability and resilience.

- ▶ Steps taken to improve equipment and tunnel availability at Finsch have resulted in an increase in tonnes treated with further measures underway to complete an operational turnaround although we expect some volatility in the near term
- ▶ At Cullinan Mine, we have continued to mine and recover targeted tonnes as we work to mitigate the impact of recent grade challenges. Although lower grades are expected to continue through FY 2024, mitigating factors are expected to start contributing to production in FY 2025 and see grades move back towards 40 cpht
- ▶ Post Year End, Williamson received final regulatory approvals and consents to commission the newly constructed TSF. This, alongside the commissioning of the treatment plant in July, meant production resumed ahead of schedule. The mine is expected to ramp up to full production during H2 FY 2024
- ▶ At Koffiefontein, care and maintenance activities are ongoing as we prepare for a responsible closure. Engagement with our key stakeholders remains constructive as we seek to ensure an inclusive and responsible process towards mine closure

Petra's current capital projects remain on track to deliver a substantial production increase over the next three years. We continue to focus on ongoing business improvement, cash flow generation and the capital discipline that enables us to internally fund our projects at Cullinan Mine and Finsch. Under the current mine plan, these projects will see production continue through to 2032 and 2031 respectively, with significant potential to extend well beyond.



# Chief Executive Officer's Statement continued

## Sale of interest in Williamson

In May 2023, Petra announced that definitive transaction agreements had been entered into with Pink Diamonds, affiliated with the Taifa group of companies, for the sale of 50% (less one share) of Petra's 75% indirect shareholding in Williamson. Completion of this transaction remains subject to obtaining the necessary regulatory consents. Once these consents have been obtained and the separate Framework Agreement with the Government of Tanzania (which will itself reduce Petra's shareholding in Williamson to 63%) becomes effective, Petra's interest in Williamson will reduce to 31.5%, with Petra retaining control of the asset and sharing in the upside of this significant resource base.

## Embedding sustainability in our business

A critical issue for the Year has been our focus on understanding the impact of climate change on our business and our communities and in developing our decarbonisation pathway. We have made good progress towards the development of our climate change strategy, setting ourselves a net zero target of 2050, which we hope to achieve by 2040, and to deliver a 35-40% Scope 1 and 2 GHG emissions reduction by 2030 against our 2019 baseline. Our approach to renewable energy involves the sourcing of solar and wind energy. For more information on how this commitment impacts our strategy and business model as well as how performance is being measured, see our TCFD Recommended Disclosures on pages 66 to 67 of this Report, as well as the section on climate change and energy at pages 64 to 70 of Sustainability Report.

Our approach to renewable energy will see the sourcing of solar and wind energy. While we have not been significantly affected by forced load curtailment in South Africa, owing largely to our excess plant capacity, our renewable energy strategy is also designed to mitigate this, including future potential embedded generation and storage solutions.

We endeavour to make Petra an employer of choice and to attract and retain the diverse talent that is critical to our success. This includes a very firm focus on diversity and inclusion. We are particularly proud of the Board diversity we have achieved, and the increasing diversity of our Senior Management teams. We know, however, that we have some way to go to meet our goal of creating a safe, supportive and equitable environment for all.

## Looking ahead

The resilience of our Operating Model has supported the turnaround underway at Finsch and steady-state production at Cullinan Mine, with production now more stabilised and grades returning to planned levels. Williamson has restarted ahead of schedule, and our underground development projects at Cullinan Mine and Finsch remain on-track to deliver significant production growth and life extension.

Significant further brownfield extension opportunities continue to be explored to extend the life of mine of existing assets beyond the current life of mine plan. Moreover, we continue to evaluate inorganic and other corporate opportunities by assessing additional orebodies either in or near production.

Our strong organic growth profile, together with action taken in recent years to strengthen the business and improve cashflow generation, alongside our disciplined capital approach, have left Petra well positioned to take advantage of the supportive diamond market fundamentals expected in the medium to longer term. We are monitoring closely the impact on near term pricing of the current market and will use available levers in the business to manage through this period of uncertainty. I remain optimistic that the actions taken by producers and the mid-stream will achieve its goal of re-balancing the inventory pipeline across the value chain and should result in a stronger and healthier diamond market. This should enable us to deliver on our stated aim of generating cash to fund capex and to seek opportunities for further de-leveraging.

## Appreciation

Petra's turnaround over the past three years would not have been possible without the contribution of our people, and I offer them my thanks.

I would add a further personal thanks to the President of Tanzania, and the Tanzanian Government, for their support, partnership and commitment in the aftermath of the Williamson tailings failure. The remediation and the return to the productive benefit of the operation would not have happened so swiftly and effectively without this.

While we are pleased to report incremental progress towards delivering on our purpose in FY 2023, we hold ourselves accountable in this journey towards creating abundance from rarity and are determined to deliver greater shared value in FY 2024 and beyond.

**Richard Duffy**  
Chief Executive Officer  
9 October 2023



  
=  
**PetraDiamonds**  
Creating abundance from rarity



# Financial Review

## A strengthened platform



Early debt redemption of US\$144.6 million has strengthened our balance sheet while reducing future interest payments, placing the Company on an improved platform from which to grow and maintain flexibility.

**Jacques Breytenbach**  
Chief Financial Officer

Note: Koffiefontein is accounted for as a 'discontinued operation' as at 30 June 2023, with relevant numbers in this section excluding results from Koffiefontein for both FY 2023 and FY 2022, unless otherwise stated.

### Revenue (KPI)

Strong revenue is key to profitability and cash generation. Key factors affecting revenue are delivery on production targets including grades, product mix and the recovery of Exceptional Stones.

Since diamond prices are outside our control, risk is managed by maximising 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.

From FY 2024, the Company has updated the definition of Exceptional Stones to only include rough diamonds that sell for US\$15 million or more each, up from US\$5 million used historically, to more accurately depict the rarity and exceptional nature of these high value stones, with only three incidences of stones meeting this higher threshold since FY 2015.

Total revenue for FY 2023 was US\$325.3 million (FY 2022: US\$563.7 million), comprising revenue from rough diamond sales of \$323.7 million (FY 2022: US\$560.4 million) and additional revenue from profit share agreements of US\$1.4 million (FY 2022: US\$1.1 million).

The FY 2023 revenue decrease was mainly attributable to:

- ▶ A 20% decrease in diamonds recovered
- ▶ No Exceptional Stones ( $\geq$ US\$15 million) were sold during the Year (FY 2022: US\$40.2 million)
- ▶ The deferral of a portion of Tender 5 and the majority of Tender 6 goods to FY 2024. While, ultimately, this decision had a negative impact on FY 2023 revenue, it demonstrated our ability to be flexible with our sales processes, supported by our improved financial position



## Mining and processing costs

For FY 2023, mining and processing costs comprised of on-mine cash costs as well as other operational expenses.

	On-mine cash costs <sup>2</sup> US\$m	Diamond royalties US\$m	Diamond inventory and stockpile movement US\$m	Group technical, support and marketing costs <sup>3</sup> US\$m	Adjusted mining and processing costs US\$m	Williamson tailings facility – remediation costs <sup>4</sup> US\$m	Depreciation and amortisation <sup>5</sup> US\$m	Total mining and processing costs (IFRS) US\$m
<b>FY 2023</b>	<b>213.2</b>	<b>4.1</b>	<b>(34.3)</b>	<b>21.7</b>	<b>202.1</b>	<b>10.7</b>	<b>84.9</b>	<b>297.6</b>
FY 2022 (restated) <sup>1</sup>	238.3	14.4	0.1	19.6	272.5	—	84.2	356.6
% movement	-11%	-72%		11%	-26%		1%	-17%

Notes:

- Koffiefontein is accounted for as a 'discontinued operation' as at 30 June 2023, with relevant numbers in this section excluding results from Koffiefontein for both FY 2023 and FY 2022, unless otherwise stated.
- Includes all direct cash operating expenditure at operational level, i.e. labour, contractors, consumables, utilities and on-mine overheads.
- Certain technical, support and marketing activities are conducted on a centralised basis.
- Remediation costs comprise costs involved in establishing the root cause of the failure, humanitarian relief to the affected community, livelihood- and environmental restoration and costs to repair.
- Includes US\$5.2 million of accelerated depreciation at Williamson relating to assets damaged in the TSF failure and amortisation of right-of-use assets under IFRS 16 of US\$3.0 million (FY 2022: US\$2.3 million) and excludes corporate / administration.

On-mine cash costs in FY 2023 decreased by 11% compared to FY 2022 and were in-line with expectations. The impact of rising inflation across our operations is calculated as 5.1%, while the unplanned and one-off care and maintenance costs following the Tailings Storage Facility (TSF) failure at Williamson added some 2.6%. These increases were largely offset by variable cost savings on the back of lower production, while the weakening ZAR led to USD-translated cost reductions of some 12%, with the ZAR:USD average exchange rate weakening to an average of R17.77 Rand to the Dollar compared to R15.22 in FY 2022.

Royalties decreased to US\$4.1 million (FY 2022: US\$14.4 million), driven by decreased revenues from the South African operations and Williamson compared to the prior year.

## Adjusted profit from mining activities

Adjusted profit from mining activities decreased 58% to US\$122.7 million (FY 2022: US\$290.2 million), impacted by the reduction in revenues and lower production mentioned above. Cullinan Mine and Finsch contributed positively to adjusted profit from mining activities, with Cullinan Mine's gross profit margin remaining robust. Williamson posted a gross loss for FY 2023 following the TSF failure and subsequent suspension of operations for around 7 months of the Year.

US\$ millions	FY 2023					FY 2022 Restated <sup>1</sup>				
	CDM	FDM	WDL	Central	Total	CDM	FDM	WDL	Central	Total
<b>Revenue</b>	<b>182.9</b>	<b>93.3</b>	<b>49.1</b>	<b>—</b>	<b>325.3</b>	322.4	165.7	75.9	(0.3)	563.7
Adjusted mining and processing costs <sup>2</sup>	<b>(82.0)</b>	<b>(65.6)</b>	<b>(54.3)</b>	<b>(0.2)</b>	<b>(202.1)</b>	(116.7)	(109.0)	(45.5)	(1.3)	(272.5)
Other direct income/(expenses)	—	<b>0.1</b>	<b>(0.6)</b>	—	<b>(0.5)</b>	(0.7)	(0.4)	0.1	—	(1.0)
<b>Adjusted profit from mining activities</b>	<b>100.9</b>	<b>27.8</b>	<b>(5.8)</b>	<b>(0.2)</b>	<b>122.7</b>	205.0	56.3	30.5	(1.6)	290.2
Adjusted profit margin	<b>55%</b>	<b>30%</b>	<b>-12%</b>		<b>38%</b>	64%	34%	40%		52%
Other corporate income					<b>1.0</b>					0.6
Adjusted Group G&A				<b>Not allocated per mine</b>	<b>(10.6)</b>				<b>Not allocated per mine</b>	(13.0)
<b>Adjusted EBITDA</b>					<b>113.1</b>					277.8

Notes:

- Koffiefontein is accounted for as a 'discontinued operation' as at 30 June 2023, with relevant numbers in this section excluding results from Koffiefontein for both FY 2023 and FY 2022, unless otherwise stated.
- Adjusted mining and processing costs include certain technical and support activities which are conducted on a centralised basis; these include sales & marketing, human resources, finance & supply chain, technical, and other functions. For purposes of above, these costs have been allocated 60% to CDM and 40% to FDM. For more information, refer to operational cost reconciliation available on the analyst guidance pages on our website

## Adjusted EBITDA (KPI)

Adjusted EBITDA, being profit from mining activities less adjusted corporate overhead, reduced to US\$113.1 million (FY 2022: US\$277.8 million), representing an adjusted EBITDA margin of 35% (FY 2022: 49%), driven by lower revenues and production and reduced contribution from Exceptional Stones, partially offset by a weakening ZAR.

# Financial Review continued

## Adjusted profit from mining activities continued

### Impairment reversal/charge

As a result of the impairment reviews carried out at the Group's operating assets and other receivables during the Period, an overall net impairment reversal of US\$15.1 million (FY 2022: US\$19.9 million impairment reversal) was recognised.

At Finsch, an asset level impairment reversal of US\$52.7 million (FY 2022: US\$21.4 million Williamson) was processed, while impairment charges of US\$31.2 million at Williamson and US\$1.5 million at Cullinan Mine were recognised (FY 2022: US\$nil), compared to the Group's carrying value of property, plant and equipment of US\$573.8 million (FY 2022: US\$607.1 million) pre-impairment.

During the Year, there were non-financial impairment charges of US\$4.9 million (FY 2022: US\$1.5 million net) relating to VAT receivables at Williamson and other receivables.

### Net financial (expense)/income

Net financial expense of US\$59.1 million (FY 2022: US\$73.0 million) comprising:

US\$ million	FY 2023	FY 2022
Foreign exchange gains on settlement of forward exchange contracts	1.9	13.3
Interest received on bank deposits	3.9	1.3
Interest receivable on the BEE partner loans and other receivables	5.3	4.1
Gain on extinguishment of Notes	0.6	—
Offset by:		
Gross interest on Notes, bank loans and overdrafts	(27.9)	(45.3)
Other debt finance costs, including facility fees and IFRS 16 charges	(1.6)	(2.3)
Unwinding of the present value adjustment for Group rehabilitation costs	(5.7)	(5.0)
Notes redemption premium and acceleration of unamortised bank facility and Notes costs	(8.3)	(1.6)
Foreign exchange losses on the settlement of forward exchange contracts	—	(1.0)
Net foreign exchange losses	(27.3)	(36.5)
<b>Net financial expense</b>	<b>(59.1)</b>	<b>(73.0)</b>

### Tax credit/charge

The tax charge of US\$23.1 million (FY 2022: US\$37.8 million) is comprised of a deferred tax charge of US\$21.7 million (FY 2022: US\$30.5 million) and a net current tax charge of US\$1.4 million (FY 2022: US\$7.3 million).

The Consolidated Income Statement deferred tax charge for the Year reflects movements in deferred tax of US\$21.8 million (FY 2022: US\$35.5 million) in respect of property, plant and equipment and associated capital allowances, and US\$0.2 million of deferred tax credit (FY 2022: US\$2.4 million) relating to provisions. The US\$21.8 million (FY 2022: US\$35.5 million) movement in respect of property, plant and equipment arose from reversing deductible temporary differences related to the reversal of prior year impairments of property, plant and equipment at Finsch of US\$14.2 million (FY 2022: US\$nil at Finsch and Cullinan Mine) and other taxable temporary differences of US\$7.6 million (FY 2022: US\$35.5 million).

The net current tax charge of US\$1.4 million (FY 2022: US\$7.3 million) includes a current tax charge of US\$0.2 million at Williamson (FY 2022: US\$7.6 million at Finsch) and a prior year under provision of current tax at Williamson of US\$1.2 million (FY 2022: US\$nil) relating to historical tax disputes at Williamson.

### Williamson Blocked Diamond Parcel

At Williamson, the Government of Tanzania (GoT) sold the Blocked Diamond Parcel originally confiscated during August 2017, either partially or in full, for an undisclosed amount. The confirmation that the Blocked Parcel has been sold resulted in the inventory no longer being available for sale. As such, the full carrying value of US\$12.5 million (30 June 2022: US\$12.5 million) was expensed as other direct mining expense in the Income Statement as at 30 June 2023. Management also applied judgement to the sales proceeds of the Blocked Parcel by estimating the fair value as at 30 June 2023 of US\$12.3 million, based on the original valuation of US\$14.8 million, the movement in the diamond index, a two-year expected delay to concluding the discussions with the GoT and a discount rate of 14%. The US\$12.3 million of proceeds was recognised in the Income Statement as other direct mining income with a trade and other receivable recognised in the Statement of Financial Position as at Year End.

### Williamson TSF

On 7 November 2022, the failure of the TSF wall at Williamson resulted in flooding away from the pit which extended into certain areas outside of the mine lease area. As a result, remediation costs relating to the incident have been incurred during the period and additional costs will be incurred going forward. The remediation costs comprise: establishing the root cause of the failure, humanitarian relief to the affected community, livelihood and environmental restoration and costs to repair.

In FY 2023, US\$8.3 million of costs have been incurred and a further US\$2.4 million of costs, comprising management's best estimate based on the current information available, have been provided for ongoing remediation costs.

In addition, US\$5.2 million of accelerated depreciation was recognised in the Year to fully write down assets damaged resulting from the TSF failure.

**Loss on discontinued operations – Koffiefontein**

A loss of US\$40.5 million (FY 2022: US\$13.6 million) was recorded from continuing discontinuing operations.

Post the unsuccessful disposal process of Koffiefontein mine, management took the decision to put the mine on care and maintenance. During the Year, the retrenchment process of the workforce at Koffiefontein was completed, detailed closure planning progressed to meet rehabilitation and decommissioning obligations and discussions commenced with the South African mining regulator to formalise the ultimate closure of the operation.

Based on management's best estimate of the fair value at the reporting date, the following amounts have been recognised as a result of the reclassification:

- ▶ An impairment charge of US\$0.8 million in respect of property, plant and equipment
- ▶ A US\$22.0 million provision for estimated closure costs for the environmental rehabilitation and decommissioning, social development programmes to closure, and care and maintenance costs

**Earnings per share**

A basic loss per share of USc38.10 (FY 2022: USc40.74 profit) was recorded from continuing operations.

Adjusted loss per share from continuing operations (adjusted for impairment charges, transaction costs and accelerated unamortised costs, taxation credit on net unrealised foreign exchange losses and net unrealised foreign exchange gains and losses) of USc2.96 was recorded (FY 2022: USc48.01 profit (adjusted for impairment charges, taxation charge on net unrealised foreign exchange gains and net unrealised foreign exchange gains and losses)).

**Operational free cash flow (KPI)**

During the Year, negative operational free cashflow of US\$66.5 million (FY 2022: US\$230.0 million positive) reflects the impact from an increase in capital expenditure of US\$117.1 million and the decrease in Adjusted EBITDA. This cashflow performance was further impacted by:

- ▶ US\$1.9 million inflow (FY 2022: US\$12.6 million) of net realised foreign exchange gains
- ▶ US\$8.4 million of cash finance expenses (FY 2022: US\$6.3 million)
- ▶ US\$3.9 million of finance income received (FY 2022: US\$1.3 million)
- ▶ US\$3.8 million dividend paid to BEE partners (FY 2022: US\$3.5 million)
- ▶ Income tax credit received of US\$0.6 million (FY 2022: US\$7.8 million tax paid)

**Operational capex (KPI)**

US\$ millions	FY 2023					FY 2022 Adjusted <sup>1</sup>				
	Cullinan Mine	Finsch	Williamson	Central	Total	Cullinan Mine	Finsch	Williamson	Central	Total
Extension	41.1	31.3	—	—	72.4	27.3	7.0	—	—	34.3
Stay in Business	11.7	11.9	19.3	1.8	44.7	7.7	5.0	3.3	1.3	17.3
<b>Total</b>	<b>52.8</b>	<b>43.2</b>	<b>19.3</b>	<b>1.8</b>	<b>117.1</b>	35.0	12.0	3.3	1.3	51.6

Total capital expenditure amounted to US\$117.1 million for the Year following the ramping up of underground extension projects at both Cullinan Mine and Finsch.

The increase in stay in business capital expenditure was largely due to the replacement of underground fleet at Finsch to mitigate the machine availability challenges encountered during the Year and an increase at Williamson due to the construction of the new TSF facility.

**Total shareholder return (KPI)**

No dividend was paid in FY 2023. Petra's share price fell 25.1% over the Year, principally due to a weak macro-economic environment and its impact on diamond pricing and sentiment towards equities, weaker than expected production given a downward revision to Cullinan Mines' initial production guidance and the tailing storage facility failure at Williamson.

**Balance sheet snapshot**

	Unit	As at 30 June 2023 US\$m	As at 30 June 2022 US\$m
Cash at bank – (including restricted amounts)	US\$m	61.8	288.2
Diamond debtors	US\$m	8.9	37.4
Diamond inventories	US\$m	65.9 <sup>1</sup>	52.7
	Cts	715,222	453,380
Loan notes (issued March 2021)	US\$m	247.5	366.2
Bank loans and borrowings	US\$m	—	—
Consolidated net debt	US\$m	176.8	40.6
Bank facilities undrawn and available	US\$m	53.1	61.5
Consolidated net debt: Adjusted EBITDA (rolling twelve months)		1.6x	0.15x

1. Diamond inventory as at 30 June 2023 did not include the 71,654.45 carat Williamson parcel with a carrying value of US\$12.5 million. In light of developments in the Year, this has been excluded from diamond inventories. See note 17 to the Financial Statements on page 188 of this Report.



# Financial Review continued

## Balance sheet snapshot continued

### Cash and diamond debtors

As at 30 June 2023, Petra had cash at bank of US\$61.8 million (FY 2022: US\$288.2 million). Of these cash balances, US\$44.1 million was held as unrestricted cash (FY 2022: US\$271.9 million), US\$17.0 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 2022: US\$15.5 million) and US\$0.7 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 2022: US\$0.8 million).

The decrease in cash balances is attributable to the repayment to Noteholders, through a debt tender offer during the Year, of US\$144.6 million comprising the principal amount of US\$126.4 million and PIK interest of US\$18.2 million. The principal amount of notes outstanding after the repayments to Noteholders is US\$209,698,662. Cash costs of US\$1.4 million attributable to the debt tender offer have been expensed in the Consolidated Income Statement under finance expense.

Diamond debtors as at 30 June 2023 were US\$8.9 million (FY 2022: US\$37.4 million).

### Loans and borrowings

Given market conditions, the Group looked to optimise its debt position and seek opportunities to reduce costs. In September 2022, the Group repurchased a portion of its Senior Secured Second Lien Notes due 2026 through a tender offer process. The total disbursed was US\$146.1 million. This enabled the Group to save around US\$15 million per annum in interest expenses going forward.

As a result, the Group's loan and borrowings (measured under IFRS) were at US\$247.5 million at Year End (FY 2022: US\$366.2 million) comprised of US\$209.7 million of Second Lien Notes plus US\$48.1 million of accrued interest and less unamortised transaction costs of US\$10.3 million.

Consolidated net debt as at 30 June 2023 was US\$176.8 million (FY 2022: US\$40.6 million) due mainly to lower EBITDA, increased capex and the aforementioned delay of some diamond tender sales into FY 2024.

Bank debt facilities undrawn and available to the Group as at 30 June 2023 were US\$53.0 million (FY 2022: US\$61.5 million).

As at the date of this Report, an amount of US\$8.0 million remained available for draw-down on the RCF, following draw-downs of ZAR850 million (US\$45.1 million) during July and August 2023 for working capital requirements due to the partial deferral of the May and deferral of the majority of the June 2023 diamond tenders.

### Consolidated net debt:Adjusted EBITDA (KPI)

Consolidated net debt:Adjusted EBITDA increased to 1.6x (FY 2023: 0.15x) driven by an increase in consolidated net debt to US\$176.8 million (FY 2022: US\$40.6 million) and a reduction in Adjusted EBITDA to US\$113.1 million (FY 2022: US\$277.8 million).

### India Rough Diamond Import Moratorium

On 27 September 2023 and after the release of the Group's FY 2023 Preliminary Results, a group of Indian trade organisations, led by the Gem & Jewellery Export Promotion Council (GJEPC), announced a two-month voluntary moratorium on diamond imports to India (from 15 October to 15 December 2023) to allow the mid-stream to normalise inventory levels. Together with producers withholding supply to the market, this step should support medium and longer-term diamond prices through the rebalancing of inventory across the diamond value chain, albeit that short-term price volatility is expected to be elevated. The upcoming seasonally stronger demand period of Diwali, Thanksgiving, Christmas and the Chinese New Year are anticipated to increase demand for diamond jewellery and provide further support to rebalancing the inventory pipeline. Prices are expected to remain volatile for the balance of CY 2023 and into CY 2024 while the current inventory imbalance is being restored.

## Going concern considerations

For the basis of preparation, please refer to note 1.1 of the Financial Statements on page 169. The Board has reviewed the Group's forecasts with various sensitivities applied for the Going Concern assessment to December 2024, 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 Board has given careful consideration to potential risks identified in meeting the forecasts under the review period. Therefore, the following downside sensitivities have been performed (sensitivities applied throughout the period) in assessing the Group's ability to operate as a going concern (in addition to the Base Case) at the date of this Report:

- ▶ ZAR stronger by 5%
- ▶ Revenue down 10%
- ▶ Opex up by 5% (could be higher inflation, logistics costs, direct energy costs, etc.)
- ▶ Extension capex up by 5%
- ▶ Combined Sensitivity: Revenue down 5% + ZAR stronger by 5% (effectively resulting in opex and total capex up by 5% in USD terms)
- ▶ Stressed Diamond Price sensitivity: to model the potential impact of the recently announced Indian import moratorium, resulting in prices that are on average 16.5% lower for FY 2024, and 5% lower for FY 2025

The forward-looking covenant measurements for the base case and sensitised cases do not project any breaches for any of the covenants, other than the potential minimum liquidity covenant for the unmitigated Combined, Revenue down 10% and Stressed Diamond Price sensitivities during the 18-month review period.

Updated cash flow projections, and mitigation actions considered available to the Group in the event of downside sensitivities, while also considering principal risks and uncertainties, indicate that the Group will be able to continue to operate and meet its liabilities as they fall due.

However, if the actions taken by the producers to curtail supply and the recently announced Indian diamond import moratorium do not result in inventories re-balancing, further extending softer pricing into CY 2024, and the levers in Management's control do not fully cure potential liquidity covenant breaches, additional working capital funding would be required (subject to our lender's credit approval processes). These factors indicate material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Financial Statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

Given the above mentioned uncertainties, Management has commenced engagement with its first lien lender to potentially upsize its existing Revolving Credit Facility. This would be the Group's preferred option as it would provide the Group with the additional headroom required to continue operating with minimal disruptions. Any increase in the Revolving Credit Facility would be subject to the lender's credit approval processes.

**Jacques Breytenbach**  
Chief Financial Officer  
9 October 2023

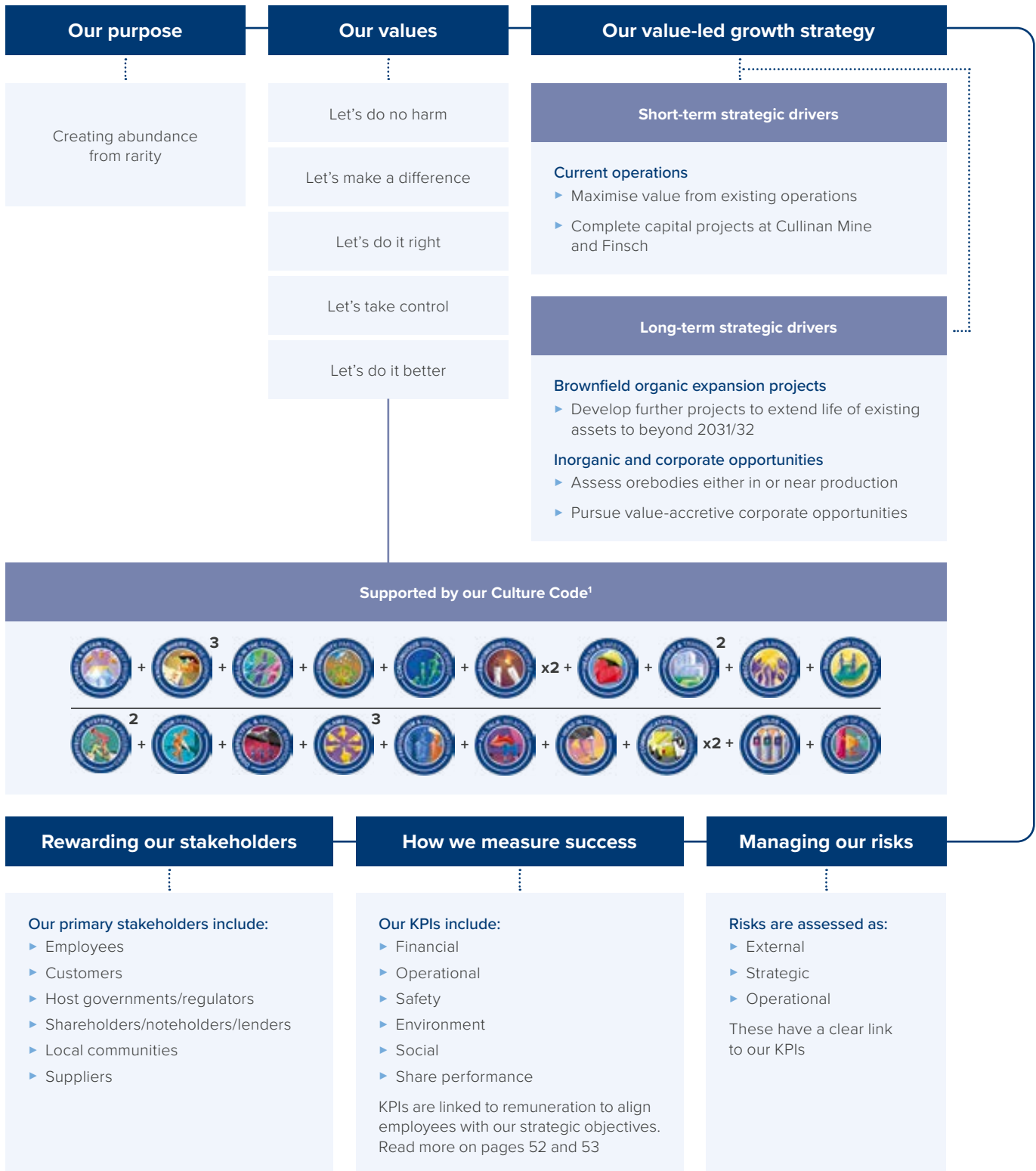


**Summary results (unaudited)**

	Year ended 30 June 2023 ("FY 2023") US\$ million	(Restated) Year ended 30 June 2022 ("FY 2022") US\$ million
Revenue	325.3	563.7
Adjusted mining and processing costs	(202.1)	(272.5)
Other net direct mining income / (expense)	(0.5)	(1.0)
<b>Adjusted profit from mining activity</b>	<b>122.7</b>	<b>290.2</b>
Other corporate income	1.0	0.6
Adjusted corporate overhead	(10.6)	(13.0)
<b>Adjusted EBITDA</b>	<b>113.1</b>	<b>277.8</b>
Depreciation and Amortisation	(80.5)	(85.0)
Share-based expense	(2.3)	(1.1)
Net finance expense	(22.0)	(36.6)
<b>Adjusted profit before tax</b>	<b>8.3</b>	<b>155.1</b>
Tax expense (excluding taxation credit on unrealised foreign exchange gain / (loss))	(10.6)	(39.9)
<b>Adjusted net (loss)/profit after tax</b>	<b>(2.3)</b>	<b>115.2</b>
Impairment reversal – operations and other receivables	52.7	24.3
Impairment charge – operations and non-financial receivables	(37.6)	(4.4)
Transaction costs and acceleration of unamortised costs on partial redemption of Notes	(9.1)	–
Gain on extinguishment of Notes	0.6	–
Williamson tailings facility – remediation costs	(10.7)	–
Williamson tailings facility – accelerated depreciation	(5.2)	–
WDL blocked parcel inventory write down and related receivable recognition	(12.5)	–
WDL receivable recognition	12.4	–
Movement in provision for unsettled and disputed tax claims	0.3	–
Human rights IGM claims provision and transaction (costs) / reversal of settlement agreement	(8.5)	0.8
Net unrealised foreign exchange loss	(29.4)	(36.4)
Taxation credit on unrealised foreign exchange loss	1.2	2.2
Taxation charge on impairment reversal	(13.8)	–
<b>(Loss) / profit from continuing operations</b>	<b>(61.9)</b>	<b>101.7</b>
Loss on discontinued operations, net of tax	(40.5)	(13.6)
<b>Net (loss) / profit after tax</b>	<b>(102.4)</b>	<b>88.1</b>
<b>Earnings per share attributable to equity holders of the Company – US cents</b>		
Basic (loss) / profit per share – from continuing and discontinued operations	(54.21)	35.53
Basic (loss) / profit per share – from continuing operations	(38.10)	40.74
Adjusted (loss) / profit per share – from continuing operations	(2.96)	48.01



# Creating value for our stakeholders and building a sustainable business



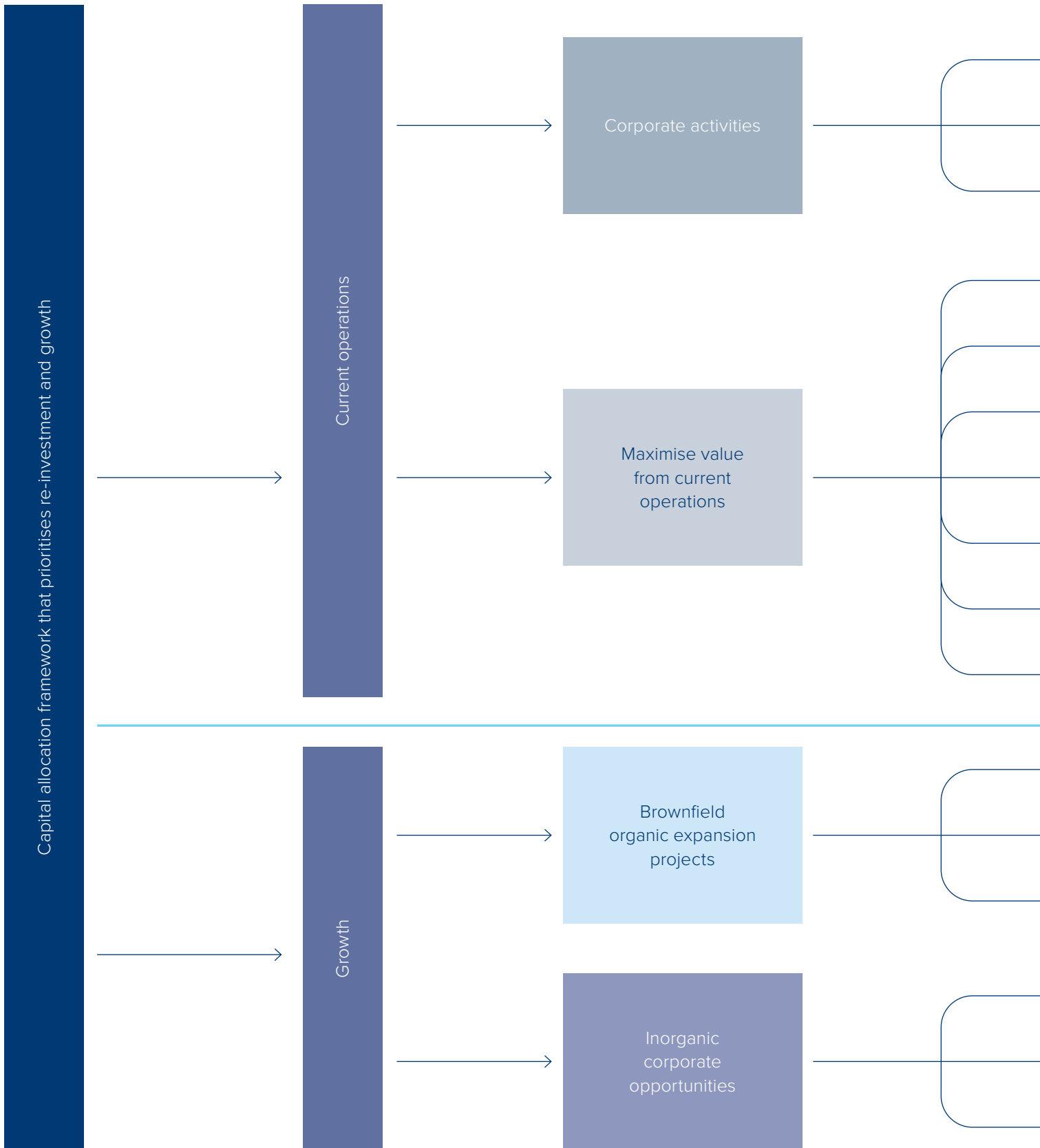
Note 1: Read more about our Culture Code on pages 20 to 23



Beverley Martin  
Mining Attendant  
Control room at the Cullinan Mine



# Our Strategy



Supported by

Operating Model



Sustainability Framework





Key

Achieved in  
FY 2023

In progress

Not achieved  
in FY 2023

→	Initiating supply chain transformation project			
→	Continued debt optimisation			
→	Incorporating renewable energy into Petra's energy mix			
→	Limit dilution to optimise ROM grades			
→	Maximise throughput to enhance margins			
→	Continuous improvement culture to optimise cost base of mines			
→	Define and implement new Culture Code			
→	Maintain flexibility at tenders to maximise achieved selling price			
→	Koffiefontein placed on care and maintenance			
→	Limit exposure to Williamson whilst retaining control and share in upside			
→	Develop further expansion projects to extend life beyond current mine plan			
→	Execution of approved CC1E & C-Cut Ext 1 projects at Cullinan Mine			
→	Execution of approved Lower Block 5 3L-SLC project at Finsch			
→	Assess orebodies either in or near production			
→	Pursue value-accretive corporate opportunities			
→	Continuously improve balance sheet to provide optionality for the future			

## Governance



# Our Purpose, Values and Culture Change

## Our purpose: creating abundance from rarity



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 place business improvement at their core.

On 10 October 2022, we launched Petra's new Purpose to replace the previous Vision and Mission to act as our guiding 'north star' and support the delivery of our value-led growth strategy.

This exciting journey to create our new Purpose, as part of shaping our culture, was informed by workshops held with Exco, the broader Petra leadership team, and indirectly all employees, who are the heart of our business.

In so doing, our aim is to unite the entire Company, at every level, through an understanding of Petra's purpose which we have worked together to articulate.

Having been through an extensive process incorporating, aggregating and shaping input from our broader Petra team and our Board of Directors, we have defined our Purpose as:

### Creating abundance from rarity

We believe that the 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

This is bold and ambitious and deliberately aspires to making a meaningful difference in the lives of all our stakeholders.

Our use of the word 'abundance' is not intended in a materialistic way, which suggests excess or too much of something. Rather, abundance is more about appreciating life in its fullness, celebrating the successes of others and seeking to make a meaningful and positive difference in everything we do.

### Co-creating the Culture Code

Defining the Petra Culture Code formula took five months to conclude and it was co-created by all of Petra's employees. It involved thousands of ideas of what our employees believe are the most important cultural enablers that we need to **do more of** as well as the cultural disablers that we need to **do less of**.

These ideas were grouped into common themes and then voted on in a Company-wide election to discover which of these cultural factors are the most critical. Having taken all opinions into account, and by weighting their importance in the election's outcome, the voting statistics enabled us to discover the Culture Code in a fully inclusive way.

To enable the Culture Code to become a conscious, living cultural tool in the hearts and minds of all employees, we again asked employees to express creative ideas on how we could represent each of the cultural factors as a graphic image.



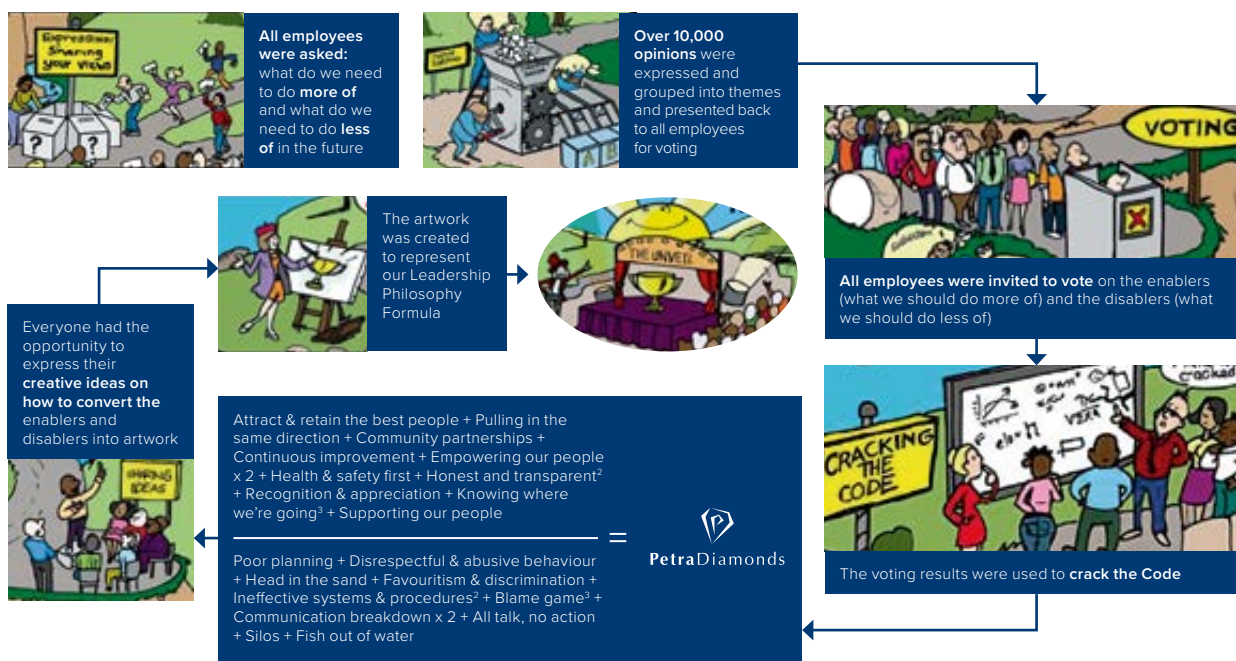
The Petra Culture Code is crucial to our success as a business going forward because it represents an ideal – what we could be if we follow our Code. Living the Code is what really matters, and we will all have to be intentional in adopting and adapting to our Code to deliver on our Purpose.

#### Thashmi Doorasamy

Group HR & Public Affairs Executive

## Our purpose is supported by our values and new Culture Code

### Case study: the journey to co-creating our aspirational culture



#### Living the Culture Code in Practice

The Culture Code has been designed to help ensure that our actual culture, at any given point, is continuously driven closer to our ideal culture to enhance true delivery of our purpose. In December 2022, a baseline scoring was undertaken where all employees were asked to rate the degree to which each element in the Culture Code was being lived, to identify high-priority focus areas and recommend actions on how improvements can be made.

The quantitative and qualitative data that surfaced from this engagement enabled the evaluation of the cultural performance of the Company by operation and by function. Each leadership team was provided with: a formula-calculation index (sum of numerator scores divided by sum of denominator scores) to determine current cultural health; identification of a micro-formula (Pareto distribution) to provide guidance on future priorities; and theming research feedback on the recommended actions expressed by their respective employees, thereby providing direction towards the implementation of practical improvements.

A second set of scorings and action recommendations took place in May 2023. The scores from Williamson were considered to be an anomaly due to the effect of operations having been suspended at the mine following the TSF failure. Once Williamson scores were removed from the second set of scoring, there was a measurable 5.1% improvement in the overall culture index scores, denoting a positive shift in staff engagement from one measuring period to the next.

#### Supporting value creation and delivering on our values

Beyond formalising a culture of continuous improvement, surveys are undertaken on a six-month basis to yield valuable data and gain a deep insight into the overall health and progress of our culture journey.

Trends can be monitored and focus areas identified for improvement, not just at a Group level but for each of our operations with the flexibility to monitor different levels within our business, including individual divisions and teams.

As a consequence of regular interventions through action plans, the intention is that the enabling elements will, over time, become rated more highly than the disabling such that the resulting score will increase to reflect the fact that enablers are outweighing the disablers.

This continuous improvement to our culture is the driver for better behaviours that support our values and operations as well as reducing inefficiencies. As a result, our Culture Code creates value for all our stakeholders as well as an improved workplace environment for our employees.



# Values and Culture Code

## Culture Code enablers







## Value Statements

Health and safety is our collective responsibility. Caring for each other, our colleagues, contractors, clients and suppliers and environment is something we can all contribute towards. Our starting point is always 'let's do no harm'. Together we can build a zero harm environment.

We want to leave a positive legacy. Our initiatives are aimed at stimulating local socio-economic development and upholding the highest standards of environmental stewardship. Whether it's our people, suppliers, community partners, clients, customers, governments or the environment, we aim to make a real and lasting contribution.

We behave ethically across our business activities. We sell only fully traceable and conflict-free diamonds. We mine responsibly, and operate only in countries that are members of the Kimberley Process.

We empower our people. We seek to ensure a culture of accountability for our employees. We encourage innovation and creativity across our business.

Embedded in our Operating Model is a mindset that drives continuous improvement. We believe in incremental change and strive to generate efficiencies across our operations.

## Culture Code Disablers



### All talk, no action

- ▶ Lack of follow through
- ▶ Paying lip service
- ▶ Failure to execute
- ▶ Breaking promises



### Blame game

- ▶ Lack of accountability and responsibility
- ▶ Ducking responsibility
- ▶ Making excuses
- ▶ Passing the buck
- ▶ Reacting negatively to constructive feedback



### Poor planning

- ▶ Reactive
- ▶ Everything is urgent
- ▶ Repeating mistakes
- ▶ Lack of prioritisation
- ▶ Not thought through



### Favouritism and discrimination

- ▶ Being biased
- ▶ Inconsistencies when dealing with different people
- ▶ Nepotism
- ▶ Not being inclusive



### Disrespectful and abusive behaviour

- ▶ Insulting
- ▶ Mental and emotional abuse
- ▶ Bullying
- ▶ Absence of dignity



### Silos

- ▶ Us and them
- ▶ Disconnect between operating entities
- ▶ Misaligned functions
- ▶ Ignoring the bigger picture



### Fish out of water

- ▶ Wrong people/wrong jobs
- ▶ Skills mismatch
- ▶ Placing people in roles they can't perform
- ▶ Square pegs in round holes



### Communication breakdown

- ▶ Mixed messages
- ▶ Lack of understanding
- ▶ Delayed Feedback
- ▶ Not sharing information



### Head in the sand

- ▶ Accepting mediocrity
- ▶ Avoiding confrontation
- ▶ Sweeping issues under the carpet



### Ineffective system and procedures

- ▶ System instability and failures
- ▶ Bureaucracy
- ▶ Absence of proper systems
- ▶ Inefficient procedures



# Our Purpose in Action

## Our people

### Case Study

#### Developing a new generation of mining and metallurgical professionals

A love for chemistry instilled at secondary school has steered 19-year-old Sarah Mawela towards a career in what has historically been a male-dominated mining industry. The University of the Witwatersrand second-year chemical engineering student and Petra bursary holder has set her sights on becoming a metallurgist. Sarah has been part of the Petra scholarship programme since Grade 11. Her school, Lesedi Secondary School in Donkerhoek, an informal settlement in the City of Tshwane, is one of the most active participants in this scholarship programme.

Sarah obtained seven distinctions in her matriculation results and was awarded a Petra bursary, which not only covers her tuition fees, accommodation and meals, but also provides her with mentors to advise and guide her during the course of her studies. She has also been afforded the opportunity to work at Cullinan Mine during her vacation, giving her valuable insight into her future career. Sarah is one of 11 Petra bursary holders who are part of Petra's training and development initiatives for host communities. Through its school support programme, Petra invests in maths and science interventions at secondary school level, enabling scholars from disadvantaged communities to excel and progress to tertiary educational opportunities that they might never otherwise have had.

Students who become part of Petra's bursary programme can be employed in the graduate programme or start learnerships once they complete their studies. The programme is one of the ways in which we are addressing skills scarcity in our local communities. Being among the chosen beneficiaries was a moment of gratitude and reflection, says Sarah. Her father is a pensioner and her mother a street vendor. Without the scholarship, her family would not have been able to pay for her tuition. Sarah hopes to 'repay' her parents and the community of Donkerhoek once she is working. She has set her sights on building her parents a home and currently tutors Grade 12 learners so that they too can access life-changing opportunities.



I am hugely excited about what the future holds for me and ready to take on new challenges. Technological innovation will have a huge impact on mining in the future, and there will always be a need for innovative ideas to improve production, efficiency, costs and safety.

**Sarah Mawela, Petra bursary holder**

EXPENDITURE ON  
COMMUNITY TRAINING  
AND EDUCATION  
PROGRAMMES IN FY 2023:

**US\$0.43m**

BURSARS WHO  
ARE WOMEN:

**71%**



## Our communities



### Case Study

#### Medical services project, Williamson

##### Challenge

The Mwadui Hospital serves the community living around the Williamson mine in Tanzania. Despite receiving patients with different musculoskeletal and neurological problems, the facility had no physiotherapy services available.

##### Objective

The objective of the project was to provide physiotherapy services. The project prioritised physiotherapy and rehabilitation services, given the limited services available in Kishapu District, with the nearest referral centre located around 170 km away. Currently, in addition to physiotherapy and rehabilitation, the project now also provides psychological support services, an outreach and engagement program, and the provision of surgeries, medication, prescriptions and orthopaedic medical devices.

##### Impact

The project started in January 2022, with physiotherapy screening provided to the surrounding community. Given sustained high patient numbers and through promoting the services to the nearby communities, Petra provided additional funding beyond the commitment made in May 2021.

The psychologist is currently working with 32 physio patients; having completed his sessions with 50 patients of another of Petra's sponsored projects: the Sexual and Gender-Based Violence Project. There is currently a contracted physiotherapist in post while the recruitment process for a permanent position is underway, due to start as soon as possible. Patient numbers have remained high. Eight surgeries have been completed and a further list of potential surgery patients is being made. Provision of medication and lab tests (related to physiotherapy), as well as providing orthopaedic devices, is ongoing.

FY 2022 SESSIONS

1,541

FY 2023 SESSIONS

1,875



# Our Purpose in Action continued

## Our investors

### Our capital allocation model

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

#### Priority 1

Funding existing operations, supporting our operational and social licence to operate, as well as servicing our debt obligations in order to stay in business. Excluding Koffiefontein, we spent US\$213.2 million as on-mine cash costs and a further US\$10.7 million as remediation costs on the Williamson Tailings Storage Facility, and US\$44.7 million as stay in business capital in FY 2023. Towards the end of the Year, we paid our first cash interest payment of US\$8.4 million on our 2026 loan notes following the end of the Payment in Kind period.

#### Priority 2

To further extend mine life and increase production in coming years, Petra has capital projects underway at Cullinan Mine and Finsch, costing a total of c US\$420 million (FY 2022 real terms) and funded from cashflows. These projects have IRRs exceeding 30% and a total of US\$72.4 million was invested in FY 2023.

#### Priority 3

'Excess' cash from FY 2022 was deployed to repurchase US\$144.6 million of the Company's 2026 loan notes in FY 2023, thereby reducing the Company's debt burden and strengthening its balance sheet, while enhancing future cashflows through reduced interest payments. In addition, an incremental LOM extension project for US\$32 million (C-Cut Extension) was approved in Q3 FY 2023. In line with our dividend policy approved earlier in the Year, no dividends are proposed for FY 2023.

#### Discretionary

After satisfying the first and second order allocations, we apply a discretionary approach to pursuing opportunistic growth opportunities and/or paying special dividends or share buybacks. This enables the Company to maintain flexibility to grow its business opportunistically, while enabling shareholders to benefit from revenues generated by high-value Exceptional Stones (stones worth US\$15 million or more each) which are excluded from cashflows when determining ordinary dividends. No special dividends or share buybacks were effected in FY 2023.

#### Priority 1

Operational and social licence to operate  
Optimum stay in business capital  
Service debt obligations

#### Objective:

Ensure near-term business sustainability

CAPITAL ALLOCATED IN FY 2023

#### Priority 2

Approved mine extension projects at Cullinan Mine and Finsch

#### Objective:

Generate value through mine life extensions beyond current mine plan and increase production

CAPITAL ALLOCATED IN FY 2023

CASH ON-MINE COST, INCL. WILLIAMSON TSF REMEDIATION

**US\$223.9m**

STAY IN BUSINESS CAPEX

**US\$44.7m**

CASH INTEREST PAYMENTS

**US\$8.4m**

EXTENSION CAPEX

**US\$72.4m**

#### Priority 3

Further brownfield extension  
Growth projects (including inorganic)  
Early debt redemption  
Dividends to shareholders

#### Objective:

Grow the business and return capital to investors

CAPITAL ALLOCATED IN FY 2023

#### Discretionary

Special dividends  
Share buybacks  
Opportunistic growth opportunities

#### Objective:

Windfall cashflow returned to shareholders or reinvested in the business

CAPITAL ALLOCATED IN FY 2023

EARLY DEBT REDEMPTION

**US\$144.6m**

DISCRETIONARY EXPENDITURE

**None**

## Our customers

### Celebrating life's most memorable moments

#### Giving consumers confidence in natural diamonds

For generations, natural diamonds have been associated with life's most important and memorable moments. In their rarity, uniqueness and beauty, they're perfectly aligned with how we feel during times of joy, love, union and celebration. We know that these moments are scarce, unique and exquisite – and that we'll always treasure them. Just as we do diamonds.

Petra honours this sentiment. We see it as a privilege to be the leading independent natural diamond miner, and a consistent producer of some of the world's most valuable diamonds. As part of this, Petra seeks to ensure that its business operates according to the highest ethical standards.

Together with other leading natural diamond producers, Petra recognises that consumers want, and should have, the confidence of knowing where and how their diamonds have been sourced. They deserve to know the impact the diamonds they select have had on people and the environment. This knowledge, and surety, enhances their diamonds' worth.

Petra is a founding member of the Natural Diamond Council (NDC), whose mission is to advance the integrity of the modern diamond jewellery industry and inspire, educate and protect the consumer. NDC member operations span six continents and more than a dozen countries including Canada, South Africa, Botswana and Australia.

NDC members are fully committed to supporting the sustainable development of communities, diamond-producing countries and the diamond sector from mine to market. They aim to provide safe, high-quality jobs and to source the goods and services needed for their operations locally.

To support this, the NDC's members have made three pledges, aligned with nine of the UN SDGs. These pledges are to:

- ▶ Strengthen communities
- ▶ Protect the environment
- ▶ Promote gender equality and inclusivity

In addition to their own ethical rules and codes of practice, NDC members adhere to a number of international standards and industry best practices, developed and monitored by independent organisations such as the Responsible Jewellery Council and the UNGC. Petra is an active supporter and participant in the activities of the NDC, and our CEO, Richard Duffy, represents the Company on the NDC Board.

Petra only operates in member countries that adhere to the Kimberley Process. All of Petra's diamonds are traceable from source to sale and are certified as conflict free.

#### SDGs supported by NDC member'



Lily James 'To Treasure Now and Forever' NDC campaign



# Our Business Model

Delivering long-term value for our stakeholders

## Inputs

### Responsible leadership

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

### People and skills

- ▶ Petra Culture Code
- ▶ Value-led Growth Strategy
- ▶ Productive workforce
- ▶ Specialist skills

### High-quality assets

- ▶ Significant resources
- ▶ Diverse product range

### Financial capital

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

## 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
- ▶ 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

### How we differentiate the way we do it

- ▶ Safety is our number one priority
- ▶ 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

## Our key strengths

Diamond mining at scale

Sales and marketing capabilities

Partnering credibility

Agile, entrepreneurial mindset

### Sustainability Framework

Pages 56 to 57

### Integrated Risk and Assurance Framework

Pages 72 to 77

## Value creation outputs<sup>2</sup>

### Employees

- ▶ Focus on safety
- ▶ Culture of empowerment

**US\$124.8m**  
PAID IN SALARIES AND  
OTHER BENEFITS

**US\$5.0m**  
SPENT ON INVESTMENT IN TRAINING  
AND DEVELOPMENT

Sustainability Report pages 40 to 59

### Customers

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

**2.3 Mcts**  
DIAMONDS SOLD

**100%**  
CONFLICT FREE

Pages 38 to 40

### Host governments/regulators

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

**US\$45.9m**  
PAID IN TAXES AND ROYALTIES

**c 50,000**  
ESTIMATED NUMBER OF DEPENDANTS  
ON OUR PERMANENT EMPLOYEES<sup>1</sup>

FY 2023 Payments to Governments Report  
[petradiamonds.com/investors/results-reports/](https://petradiamonds.com/investors/results-reports/)

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

2. Financial and production numbers exclude Koffiefontein.

**Relationships**

- ▶ Mutually beneficial partnerships
- ▶ Effective internal and external stakeholder engagement

**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

**How we differentiate the way we do it**

- ▶ Plant processes are optimised to each individual mine's orebody and mining is focused on where the value lies within its diamond population
- ▶ We embrace innovation and the latest 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

**How we differentiate the way we do it**

- ▶ We have in-house marketing and sales expertise and do not pay any sales commission to a third party
- ▶ We utilise the competitive tender process
- ▶ We have flexibility in the venue and timing of tenders

**Value uplift**

- ▶ We maximise the value of high-value diamonds via dedicated standalone tenders or by selling into partnerships

**Bulk mining skills****Experience operating in challenging environments****Established in the African mining ecosystem****Identifying and turning around assets****Governance Framework**

Page 82

**Culture Code formula**

Pages 22 to 23

**Shareholders/noteholders/lenders**

- ▶ Investment in life of mine extension projects
- ▶ Interest payments
- ▶ Repayment of borrowings

**US\$8.4m**  
PAID IN INTEREST

**US\$117.1m**  
OF CAPITAL EXPENDITURE

Page 26

**Local communities**

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

**US\$0.4m**  
SPENT ON COMMUNITY  
TRAINING AND DEVELOPMENT

**US\$217,422m**  
SMME LOANS

Pages 62 to 63

**Suppliers**

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

**US\$233.6m**  
TOTAL DISCRETIONARY PROCUREMENT  
EXPENDITURE

**49%; 90%**  
OF TOTAL PROCUREMENT SPEND WITH  
LOCAL SUPPLIERS IN SOUTH AFRICA;  
AND TANZANIA

Pages 62 to 63

# Our Markets

## Underlying fundamentals remain intact



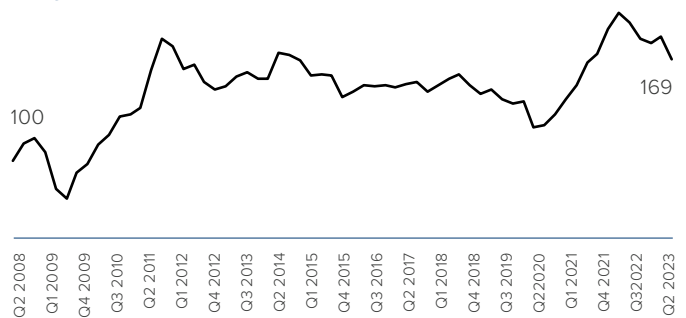
### Our flexible approach to managing diamond sales

In FY 2023, the rough diamond market softened from the highs of the prior year associated with a post COVID-19 surge in demand that peaked around the time of the Russian invasion of Ukraine.

While strength remained evident in coloured stones across all size ranges and smaller goods were supported by major jewellery brands in the early part of the Year, high inflation led to sharply rising interest rates in major economies, with the US raising interest rates on ten consecutive occasions – the most aggressive sequence of rate hikes by the Fed since the 1980s. Together with a softer-than-expected recovery in demand following China’s re-opening after its lockdown restrictions, this led the industry’s midstream sector to take an increasingly cautious approach to purchases towards the end of FY 2023.

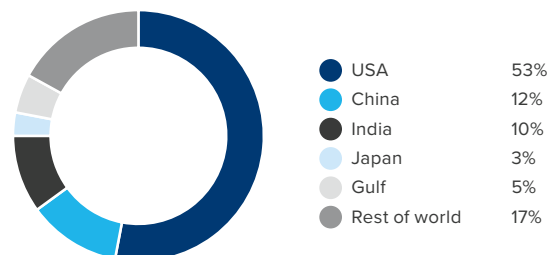
In response and given the flexibility afforded by our strengthened balance sheet, Petra took the decision to postpone the sale of a portion of Tender 5 and the majority of Tender 6 goods to the first Tender of FY 2024 in the expectation that seasonal strength would lead to improved demand. In the event, given ongoing softness in the market, the recovery was more muted than we had expected with prices achieved remaining largely flat compared to bids received at Tender 5.

### 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](http://www.paulzimnisky.com/roughdiamondindex).

### Distribution of polished diamond demand in 2021 (%)



Source: The Diamond Insight Report 2023, De Beers Group. Note, China includes Mainland China, Hong Kong and Macau.



Through much of the Year, pricing was well above historical averages, supporting Petra’s ongoing strategy. With respect to recent short-term volatility, Petra is well placed to respond to short term weakness. We continue to believe the structural supply deficit, coupled with demand from the luxury goods sector, will be supportive of prices in the medium to longer term.

**Gregory Stephenson**  
Sales and Marketing Executive





Boodles Peace of Mined Collection, manufactured exclusively from diamonds sourced from the Cullinan Mine



# Our Markets continued

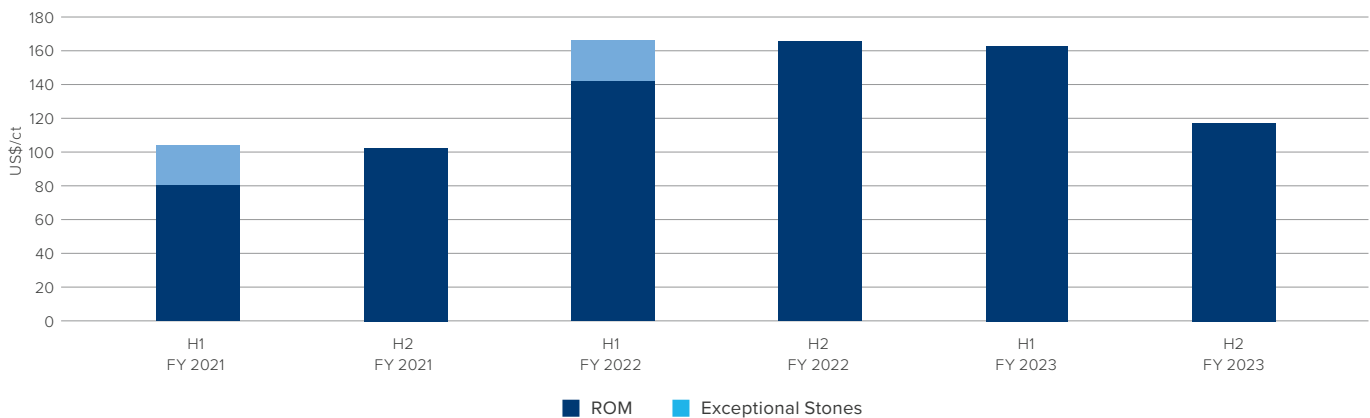
## Pricing trends through the Year

Despite multiple economic headwinds, including the Russian invasion of Ukraine, high inflation and rising interest rates in Western economies and lock-down restrictions in China, like-for-like rough diamond prices increased 12.7% in H1 FY 2023 compared to the equivalent period of FY 2022. While there were no Exceptional Stones (rough diamonds that sell for US\$15 million or more) sold in H1 FY 2023 compared to US\$40.2 million in H1 FY 2022, this was partly offset by the strength of the product mix with a high proportion of high-value gem-quality stones, particularly in our second tender of the Year.

Pricing strength continued into the early part of H2 FY 2023 driven, in part, by optimism of renewed Chinese demand associated with the lifting of COVID-19 restrictions in the country. This led to like-for-like prices in March increasing 12.5% at the fourth tender versus the previous tender.

However, the typically weaker May to June period was exacerbated by a build-up in polished diamond inventories following the end of post COVID-19 restocking coupled with a deteriorating macro backdrop. This led to a more pronounced slowdown with Indian manufacturers extending factory shutdowns following their recent holidays which accentuated the weaknesses and resulted in reduced sales. As a result, we deferred the sale of a portion of predominantly higher value diamonds at Tender 5 and postponed the majority of Tender 6 goods until Tender 1 (FY 2024) in August in the expectation of stronger demand due to the end of Northern Hemisphere summer holidays and the commencement of manufacturing orders being filled ahead of the seasonally strong end of year festive period. Tender 1 (FY 2024), however, reflected persistent softer market conditions due to prevailing macroeconomic uncertainties around high interest and inflation rates with like-for-like prices declining 4.3% on Tender 5 (FY 2023).

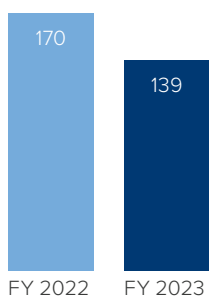
## Petra's av. price split by run-of-mine (ROM) and Exceptional Stones (US\$15 million or higher)<sup>1,2</sup>



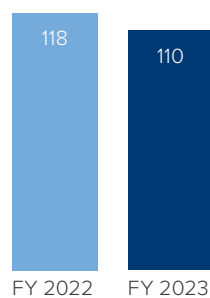
1. H2 FY 2023 average prices impacted by withdrawal from sale of higher value diamonds, product mix and softening prices.

2. ROM prices are US\$/ct achieved without the contribution from Exceptional Stones. The Company has historically defined diamonds which sell for US\$5 million or more as being Exceptional Stones. From FY 2024, the Company has amended this definition to diamonds which sell for US\$15 million or more. Since 2016, only three Exceptional Stones have been sold that meet this new threshold, highlighting the rarity of such diamonds. Revenue from Exceptional Stones exceeding US\$15 million may be regarded as windfall earnings for the Group, to be applied in line with our Capital Allocation framework.

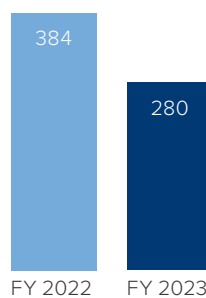
### Cullinan Mine<sup>1</sup>



### Finsch



### Williamson<sup>1</sup>



1. Prices include proceeds from the sale of Exceptional Stones (≥US\$15 million per diamond)

## A more subdued outlook for CY 2024 with the prevailing structural supply deficit of diamonds providing market support in the medium to longer term

The first Tenders of FY 2024 have reflected persistent softer market conditions due to prevailing macro-economic uncertainties and, more recently, the temporary Indian diamond import moratorium which is intended to bring some much needed stability and strength to the market and prices.

Although there has been some stabilisation in global economies and growth outlooks for CY 2023, the economic outlook for CY 2024 is now more subdued. Notwithstanding this, we believe that the supply discipline shown by producers, together with the removal of the inventory overhang in the mid and

down-stream segments through the actions of the Indian moratorium, will see prices stabilise and recover, although not without some associated volatility in near term. We continue to see the prevailing structural supply deficit of diamonds providing market support in the medium to longer term.

Although demand for lab grown goods increased, this was coupled with further price depreciation that continues to substantially differentiate this market segment from our unique and rare natural diamonds that provide enduring benefit in celebrating life's most significant moments.



## Economic backdrop

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### A mixed and challenging macroeconomic backdrop

#### Key diamond markets

The US economy, the world's largest diamond consumer, accounting for approximately half of diamond jewellery sales, remained remarkably resilient in the face of banking failures, a debt ceiling drama, sharply rising inflation and a string of interest rate hikes.

US inflation, as measured by the CPI, reached a four-decade high of 9.1% at the start of FY 2023, which prompted a series of rate hikes by the US Federal Reserve taking rates to 5.5% in July 2023, the highest level in 22 years. This approach succeeded in bringing inflation down to 3% in June 2023.

In China, the world's second largest diamond consumer, the picture has been very different and producer price inflation has been in negative territory since mid-2022. The gradual easing of COVID-19 related lockdowns towards the end of FY 2023 did not lead to the same pent-up demand for diamonds that saw rough diamond prices surging to new highs in early 2022 following the lifting of global COVID-19 restrictions.

In Europe, a potential crisis caused by energy inflation was largely averted, although interest rate hikes have led to a cooling of economic growth.

Sources: BMO Capital Markets, JP Morgan, OECD.





# Our Markets continued

## Industry-wide developments

### Gem & Jewellery Export Promotion Council (GJEPC) two-month voluntary import moratorium (from 15 October to 15 December 2023)

- ▶ GJEPC has announced a two-month voluntary moratorium on diamond imports to India (from 15 October to 15 December 2023) to allow the mid-stream to normalise inventory levels
- ▶ Prices for rough diamonds are likely to remain volatile for the balance of CY 2023 and into CY 2024 while the current inventory imbalance is being restored

#### Petra's response

- ▶ The impact on revenues and cash flows will be dictated by the level of price weakness and timing of recovery of diamond prices, and will be closely monitored by management throughout this period
- ▶ To mitigate the potential impact on revenues and cash generation, various levers are at Management's disposal as outlined in Note 1.1 in the Financial Statements

### Increasing interest in traceability

- ▶ 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
- ▶ Tracking technologies are being developed and trials are being run by industry participants (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
- ▶ Petra continues to promote the GIA Origin programme with its clients for use on single stones and +2 carat gem/near gem diamonds. This has become popular with South African clients and overseas clients purchasing blue, yellow and D colour stones from Cullinan Mine in particular. The programme enables customers to know a diamond's origin and know that it was mined responsibly and positively impacted the local community



Read more about the GIA Diamond Origin programme on its website at: [discover.gia.edu/diamond-origin.html](https://discover.gia.edu/diamond-origin.html)

### Lab-grown diamonds (LGD)

- ▶ Production capacity of LGD has increased significantly in recent years and will likely continue for at least the next few years
- ▶ Lab-grown jewellery demand grew an estimated 38% while like-for-like prices retreated 20% in 2022 according to industry observer Paul Zimmisky

#### Petra's response

- ▶ We consider that correct identification and classification means LGDs and natural diamonds can together grow the overall diamond market, but they are two distinct product categories
- ▶ We have confidence in consumers' affinity for natural diamonds based on fundamental value owing to constrained supply, character and provenance
- ▶ With our support, the NDC highlights the positive impact of mining natural diamonds to consumers
- ▶ We highlight the scarcity of natural diamonds as a store of value with the growing price differential between natural diamonds and LGD reflecting this important difference

Sources: Bain & Company The Global Diamond Industry Report 2021–2022.

## Marketing Petra's diamonds

### Our typical sales process

Petra adopts a flexible approach to diamond sales in order to achieve the best possible route to market, subject to prevailing market conditions.

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.



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

H1

H2

Jul

Aug

Sep

Oct

Nov

Dec

Jan

Feb

Mar

Apr

May

Jun

1

2

3

4

5

6



# Our Markets continued

## The structural supply deficit

### Global production flat year on year despite pricing hitting a new record in early 2022

After a relatively muted recovery in production in 2021 post COVID-19, in part due to some mines remaining closed, world production remained flat at 120Mcts in 2022. This occurred despite rough diamond prices reaching record highs early in 2022 and bears testament to the structural inability of the industry to respond to higher prices, with production in 2022 being one of the lowest in the past decade.

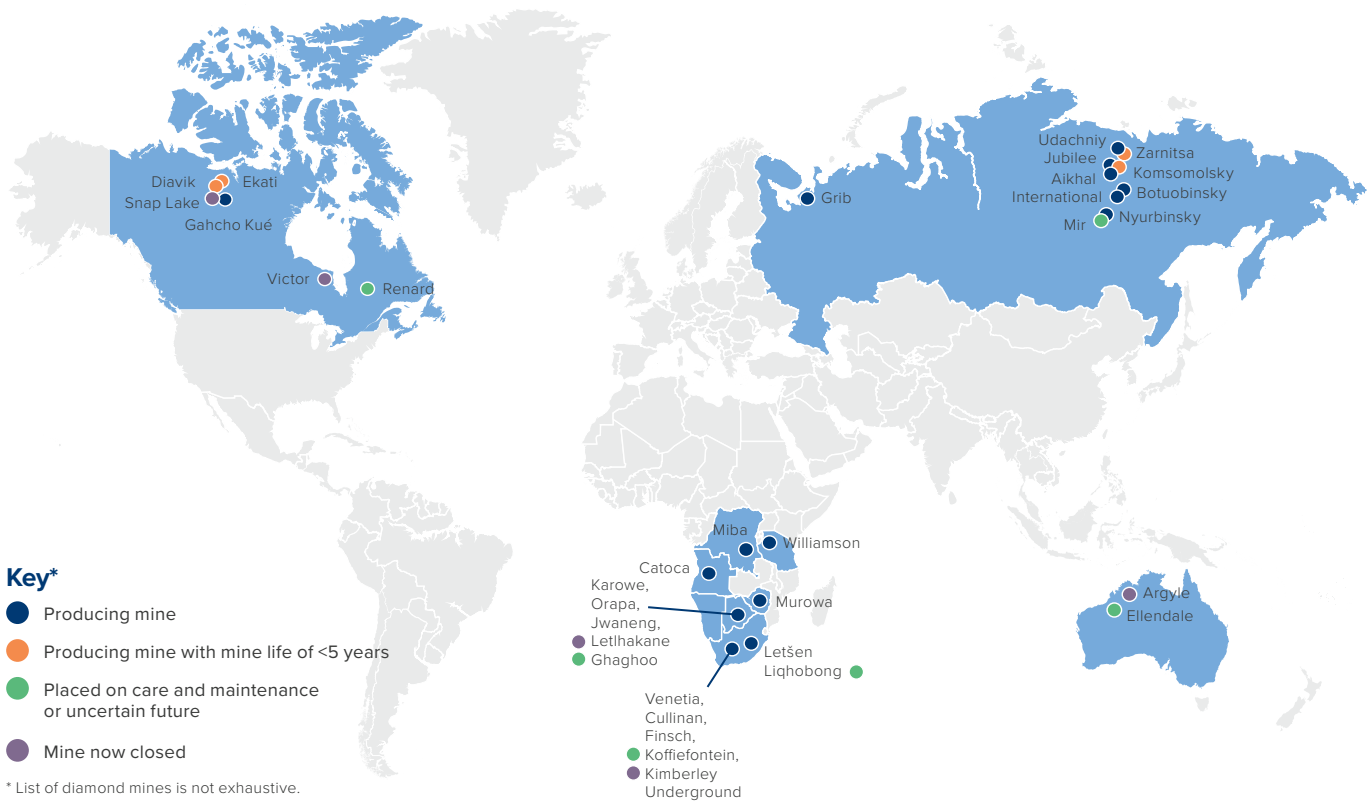
Ironically, Russian production, which accounts for around one-third of world production, increased slightly in 2022 according to Kimberley Process statistics, despite sanctions on exports. Most Russian diamonds are smaller in size and increased concerns over provenance in this size fraction has resulted in some increased demand for Petra's smaller diamonds. The G7 have recently announced that they will continue to work closely to restrict trade in and use of diamonds mined, processed and/or produced in Russia, and engage with key partners with the aim

of ensuring effective implementation of future restrictive measures, including through tracing technologies.

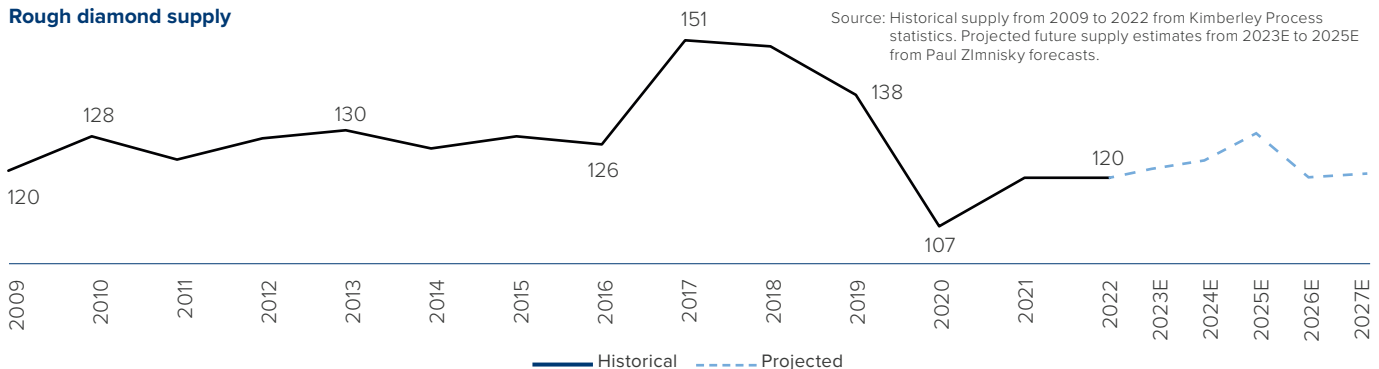
This structural supply backdrop reflects the scarcity of economically viable kimberlites and lack of new discoveries of significance over the past two decades. Several key mines such as Venetia and Karowe are transitioning from open pit to underground mining, requiring significant capital and carrying the risk of disruption and project delays.

During the Year, mining at Koffiefontein, which had been in production for well over a century, ceased and highlights that, with limited new supply coming onstream, production growth is likely to be muted over the next half decade. With major mines accounting for 15% of supply (Ekati, Diavik and Nyurbinsky) expected to be depleted by the end of the decade, it also affirms our view that production most likely peaked in 2017.

### The number of producing diamond mines globally continues to contract



### Rough diamond supply



## Demand supported by robust demographic growth drivers

### Petra's product mix is geared to robust demographic dynamics, with the luxury goods market predicted to grow through the rest of the decade to 2030.

Petra's product mix includes rough diamonds that range from commercial to rare and unique collectable diamonds. With around 70-80% of revenues derived from the highest quality diamonds, Petra is exposed to robust demographic growth dynamics.

According to Brookings, the global middle class, those that tend to own their own home through a mortgage, own a car and have enough savings to afford to dine out and take vacations, is set to increase by 700 million by 2030 making it more than half the world's population.

High-net-worth-individuals have more significant purchasing power following an era of government stimulus, increased liquidity and strong stock markets.

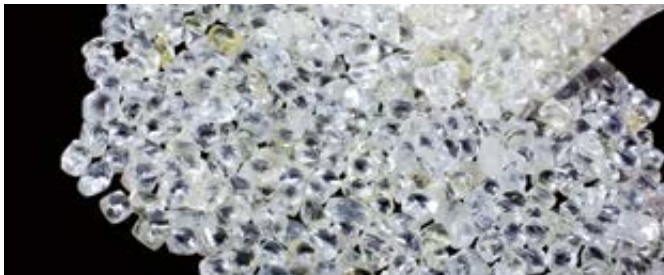
According to Bain & Company, the global luxury goods market took a leap forward in CY 2022, despite uncertain market conditions. It forecasts further expansion in CY 2023 and for the rest of the decade to 2030, even in the face of economic turbulence. This is due to a consumer base that is both larger and more concentrated on top customers who are less sensitive to downturns. The customer centricity honed in recent years is another source of resilience for the industry, as is the multi-touchpoint sales ecosystem developed by the luxury market segment.

### Rare and ultra collectible diamonds

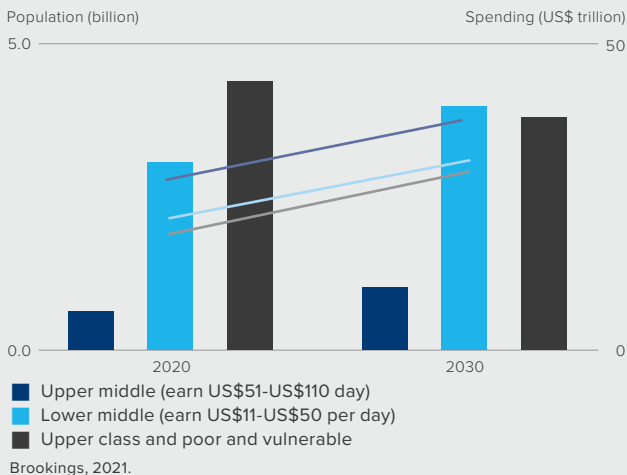


The De Beers Blue from Cullinan Mine (photo, courtesy of De Beers)  
The world's largest blue diamond ever sold at auction (15.10 carats)

### Commercial diamonds



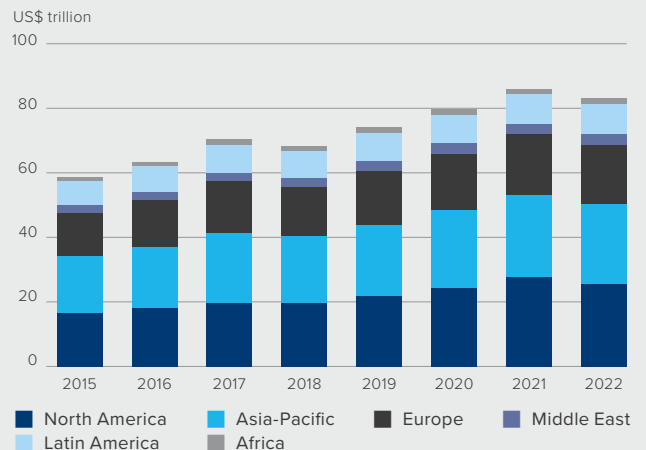
#### Middle class to increase by 700 million people by 2030



### High-end diamonds



#### HNWI financial wealth, 5.1% CAGR since 2015





# Our Markets continued

## Promoting natural diamonds

### The Natural Diamond Council

In May 2015, Petra became a founder member of the Diamond Producers Association (DPA). On 1 June 2020, the DPA was relaunched as the Natural Diamond Council (NDC), with a new consumer facing identity and digital platform named 'Only Natural Diamonds'.

The NDC's six members (De Beers Group, Lucara Diamond, Petra Diamonds, RZM Murowa, Rio Tinto and Burgundy Diamond Mines) have operations that span six continents and more than a dozen countries, including Canada, South Africa, Botswana and Australia. Petra's CEO represents Petra Diamonds on the NDC board.

The NDC's objective is to advance the integrity of the modern diamond jewellery industry and inspire, educate and protect the consumer. This is done by communicating the inherent value and benefits of natural diamonds and the companies supplying them, reinforcing the positive impact of the natural diamond industry by sharing insights, communicating best practices and promoting ethical, social and environmental standards, ensuring clear and accurate information about diamonds and the diamond industry, and by partnering with industry stakeholders for the purpose of driving transparency and trust.

 [Read more about the NDC on their website:  
naturaldiamonds.com/council/](https://naturaldiamonds.com/council/)

### Emergence of lab-grown diamonds (LGDs) as a distinct product category

Petra believes that LGDs and natural diamonds can together grow the overall diamond market, but that they are two very distinct product categories:

- ▶ Production capacity of LGDs has increased significantly in recent years and will likely continue for at least the next few years. As a result, prices have decoupled from natural diamonds and declined in line with scaled up production and lower production costs. Especially at lower price points, LGDs are creating incremental demand that would not otherwise exist
- ▶ Lab-grown jewellery demand grew an estimated 38% while like-for-like prices retreated 20% in 2022<sup>1</sup>. For some size categories, the price of LGDs has declined from around 80–90% of the equivalent natural diamond price to around 20–30%

Source 1: Paul Zimnisky  
Source 2: Data Paul Zimnisky, graph Petra Diamonds  
Source 3: Natural Diamond Council (De Beers data)  
Source 4: Natural Diamond Council

### A growing number of supporters

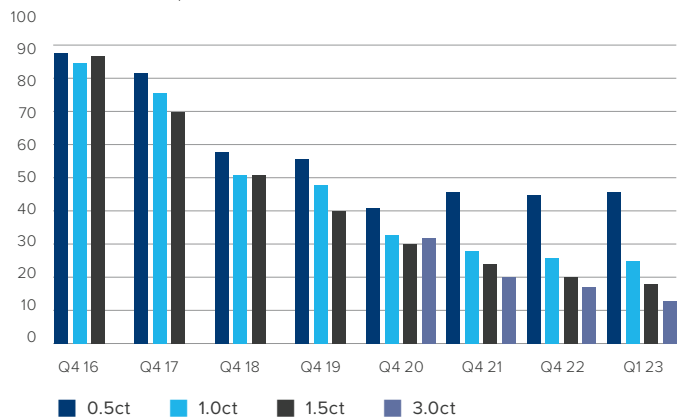
Recently, in addition to NDC members in the upstream mining segment of the industry, new partners have joined in from the downstream industry. These partnerships help increase the NDC's budget and ability to promote the beauty and allure of natural diamonds to consumers. The new partners include eight of the world's most influential diamantaires – Shree Ramkrishna Exports (SRK), Hari Krishna Exports Pvt. Ltd. (HK), Rosy Blue, Venus Jewel, Diarough, Dianco, Jewelex and Shivam Jewels. Also partnering with the NDC are Bonas Group, the world's longest-established diamond brokerage and consultancy firm, the World Federation of Diamond Bourses (WFDB), the Botswana Diamond Manufacturers Association, and Antwerpsche Diamantkring, the world's leading rough diamond bourse.

#### Facts about natural diamonds:

- ▶ Natural diamonds were formed billions of years ago and each one is unique and rare
- ▶ Diamond-bearing kimberlites are very uncommon – of 6,800 sampled kimberlites, only 60 are economic and 7 including Cullinan Mine are Tier 1 (>US\$20 billion reserves)<sup>3</sup>
- ▶ The annual recovery of 1 carat diamonds would fill an exercise ball, while 5 carat diamonds would fill a basketball<sup>4</sup>
- ▶ Our unique and rare natural diamonds provide enduring benefit in celebrating life's most significant moments

### Pricing divergence continues for larger categories<sup>2</sup>

Value of LGD as % of equivalent natural diamond







# THANK YOU, BY THE WAY

Your natural diamond  
helps provide access to  
healthcare for more  
than 4 million people.

[naturaldiamonds.com/thankyou](https://naturaldiamonds.com/thankyou)

*only*  
**NATURAL  
DIAMONDS**  
PRESENTED BY  
Natural Diamond Council



RESPONSIBLE  
JEWELLERY  
COUNCIL



## Petra abides by the industry's ethical standards



### Kimberley Process – 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 NDC<sup>1</sup>

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

## Minimising Petra's environmental footprint

### The relatively small environmental footprint of Petra's underground mines

- ▶ GHG: Scope 2 emissions account for more than c 90% of our overall GHG profile result largely from 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

- ▶ 100% of Petra's electricity in South Africa 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
- ▶ A variety of energy saving initiatives are in place and are integrated into all expansion projects



Read more in the climate change section of our Sustainability Report: pages 64 to 70

## Maximising Petra's positive impact on stakeholders

# 26%

OF SOUTH AFRICAN MINES ARE OWNED BY STAKEHOLDERS (14% BY HISTORICALLY DISADVANTAGED SOUTH AFRICANS AND 12% BY EMPLOYEES)

# 49%; 90%

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

# c 50,000

ESTIMATED PEOPLE DEPENDENT ON PETRA'S OPERATIONS

# Our Markets continued

## Optimising Petra's position in the market

### We have the world's third largest diamond resource

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.

### 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. Petra mines orebodies that 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.

#### Traceability trends and enhancing the marketability of Petra's diamonds

Provenance and the importance of the traceability of natural diamonds has been fuelled by consumer concerns and potential regulatory changes in respect of diamonds originating from Russia, with the associated potential for accelerated demand for laboratory-grown diamonds which can be distinguished as being of non-Russian origin. Our commitment to operate only in countries that subscribe to the Kimberley Process's standards for ethical production, and our membership

of the NDC, support our ability to demonstrate that our diamonds are ethically and sustainably sourced. Given the potential for these trends to enhance the marketability of our diamonds, we intend to further strengthen these credentials in the future and are investigating methods to ensure the traceability of our diamonds through the value chain.

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

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

As a founding 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, two of our three operating mines are underground which are significantly less reliant on diesel powered vehicles than open pit. Furthermore, unlike many other mined commodities, diamond mining does not use chemical reagents as part of processing kimberlite ores.

 This is covered more fully on pages 25 and 100 of the Sustainability Report

### Reserves and resources (100% interest basis)<sup>1</sup>

	Resources, M&I, I (100% basis) (Mcts)	Reserves (Mcts)
Alrosa	1,064.0	628.0
De Beers	663.4	384.5
Petra	223.2	28.4
Rio Tinto	12.5	9.5

<sup>1</sup>: Company data.

### Exceptional Stones

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

In FY 2023, no Exceptional Stones (rough diamonds that sell for US\$15 million or more) were recovered (FY 2022: US\$40.2 million). The Company recently updated the definition of Exceptional Stones to now only include stones selling for US\$15 million or more each, up from US\$5 million used historically, to more accurately depict the rarity and exceptional nature of these high value stones.



39.3 ct sold for US\$40.2 million in FY 2022





# Operational Review

## Introduction



### Production

Rough diamond production (excluding Koffiefontein) declined 20% to 2.7Mcts in FY 2023 reflecting a seven-month suspension of production at Williamson following the Tailings Storage Facility (TSF) wall failure last November and lower grades at Cullinan Mine and Finsch in the final quarter which resulted in FY 2023 production coming in marginally below guidance.

In February 2023, we restated guidance down by c 200 kcts per year for FY 2023 and FY 2024 at Cullinan Mine given earlier than expected cave maturity, and simultaneously announced our intentions to open Tunnels 46 and 50 which are expected to contribute in FY 2025 and see grades move back towards 40 cph. Mitigating steps have been implemented to address the grade issues experienced at the Cullinan and Finsch Mines, with grades at the Cullinan Mine reverting to planned levels and some volatility at Finsch expected in the near term. Williamson resumed production early in July 2023 and is expected to ramp up to full production over the course of FY 2024.



[Read more on the performance of each of our mines on pages 44 to 47](#)

### Protecting our people

I am pleased the LTIFR decreased sharply in the final quarter of FY 2023 to 0.12 and LTIs to 2. This reversed a negative trend that had emerged in previous quarters, which was largely due to the ramping up of extension projects at the Cullinan and Finsch Mines and a single, blasting-related, incident at Cullinan Mine in which four employees were regrettably injured. All employees have since fully recovered. The subsequent investigation identified a number of areas for improvement. These have been communicated across the Group to help ensure that similar incidents are avoided in future.

Overall, for FY 2023, this safety performance regression led to marginal increases in the LTIFR to 0.24 (0.22 in FY 2022) and LTIs to 17 (15 in FY 2022).

In striving for a zero harm environment, we continue to maintain our focus on remedial actions and behaviour-based intervention programmes across our operations to address the deterioration in our safety performance.



[Read more on Health and Safety on pages 58 to 59 and pages 42 to 46 of the Sustainability Report](#)



Operations at both Cullinan Mine and Finsch are now largely stabilised, enabling us to focus on reducing waste dilution and improving grades. These advancements have been supported by a much improved safety performance in the final quarter of FY 2023.

#### Jaison Rajan

Chief Operating Officer

### Production and capital expenditure summary (excluding Koffiefontein)

	Unit	FY 2023	FY 2022	Variance
<b>Production</b>				
ROM diamonds	Carats	2,517,309	3,112,956	-19%
Tailings diamonds	Carats	149,216	205,412	-27%
<b>Total diamonds</b>	Carats	<b>2,666,525</b>	3,318,368	-20%
<b>Tonnages treated</b>				
ROM tonnes	Mt	8,637,232	10,772,811	-20%
Tailings tonnes	Mt	399,877	416,335	-4%
<b>Total tonnes</b>	Mt	<b>9,037,109</b>	11,189,146	-19%
<b>Adjusted mining and processing costs</b>	US\$m	<b>202.1</b>	272.5	-26%
<b>Capex</b>				
Extension	US\$m	72.4	34.3	111%
Stay in business	US\$m	44.7	17.3	158%
<b>Total</b>	US\$m	<b>117.1</b>	51.6	127%



## Rough diamond production (KPI)

Our production targets, as stated in our annual guidance, are a key component of achieving reliable production which enables us to achieve our strategic objectives and ambitions.

Risk is managed through realistic operational targets that are based on detailed mine production planning which allows us to closely monitor performance.

In FY 2023, production declined 20% to 2.7Mcts reflecting a combination of Koffiefontein ceasing production, the temporary halt to production at Williamson and lower grades at Cullinan Mine and Finsch.

Mitigating steps have been successfully implemented to address the grade issues experienced at the Cullinan Mine with grade at the Cullinan Mine reverting to planned levels, and some volatility at Finsch expected in the short term. Williamson restarted production ahead of schedule in early July 2023.

Looking forwards, with Williamson ramping up to full production and our self-funded extension projects largely on-track to deliver incremental growth, annual Group production is expected to increase by up to 1.3 Mcts by FY 2026. Ahead of the commencement of both extension projects from FY 2025, the team continues to focus on operational stability and resilience to help ensure we meet our guided ranges.

## LTIFR and LTIs (KPI)

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

Risk is managed through a combination of appropriate risk management processes as well as strategies, systems, effective risk-based mitigating controls with training in place to promote a safeworking environment.

The LTIFR decreased sharply in the final quarter of FY 2023 to 0.12 and LTIs to 2. This reversed a regression in safety that had occurred in previous quarters, which reflected the ramping up of the extension projects at Cullinan Mine and Finsch and a single, blasting-related, incident at the Cullinan Mine in particular. Our focus, led by recently appointed General Managers at the Cullinan Mine and Finsch, has been on remedial actions and behaviour-based intervention programmes has led to an improvement in the second half of the Year and more specifically the last quarter.

For FY 2023, this regression led to a marginal year-on-year increase, with the LTIFR increasing from 0.22 to 0.24 and LTIs increasing from 15 to 17.

## Reserves

Petra's gross diamond reserves decreased 5% to 28.35Mcts (30 June 2022: 29.97 Mcts) primarily due to mining depletions at all mining assets due to ore mined in FY 2023.

## Load curtailment in South Africa

Load curtailment in South Africa is currently having minimal impact on our operations. We are not asked to curtail load at the lower stages of load curtailment 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.

## Extension projects

Petra has self-funded projects underway to extend the mine-lives of the Finsch and Cullinan Mines.

At Cullinan Mine we will establish a sub-level cave at CC1 East on the same level as the current C-Cut operation and develop Tunnels 46 and 50 to extend the C-Cut, which together will extend the mine plan to 2032. The CC1 East capital investment is estimated at US\$173 million over the life of the project which is expected to deliver a project internal rate of return (IRR) of more than 30% with an estimated NPV of more than US\$70 million. Capital expenditure began during the Year and production is expected to commence in FY 2024, ramping up to a steady state in FY 2026. The C-Cut extension project was also approved by the Board in FY 2023 and is expected to have an IRR in excess of 35% with capital investment estimated at US\$ 32 million over the life of the project. Capital expenditure commenced during the Year and is expected to see production commence in FY 2025.

At Finsch, we will extend the mine below the current mined area to establish a sub-level cave on the Lower Block 5 3-level which will extend 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%, generating a NPV estimated at more than US\$90 million. Capital expenditure for this project commenced during FY 2023 and we expect first production in FY 2025.

## Focus for FY 2024

At an operating level, the remedial steps undertaken at Cullinan Mine and Finsch in the fourth quarter of FY 2023 are stabilising operations leading to improved throughput and a recovery in grades to expected levels, albeit with the possibility of some volatility at Finsch. Our aim is to build upon this progress with a focus on maintaining the stability of performance.

Williamson is expected to ramp up to full production by H2 FY 2024 following resumption of operations in early July 2023. At Koffiefontein, care and maintenance activities are ongoing as we prepare for a responsible closure. Our consultation with the mine's key stakeholders remains constructive as we continue with our inclusive and responsible mine closure.

**Jaison Rajan**  
Chief Operating Officer  
9 October 2023

## Key operational guidance maintained

	FY 24E	FY 25E	FY 26E
Total carats recovered (Mcts)	2.9–3.2	3.4–3.7	3.7–4.0
Cash on-mine costs and G&A <sup>1</sup> (US\$m)	270–290	270–290	280–300
Extension capex <sup>1</sup> (US\$m)	124–135	109–125	85–92
Sustaining capex <sup>1</sup> (US\$m)	31–36	24–28	24–28

Note 1: Real amounts stated in FY 2024 money terms using 6% SA CPI & 2.5% US CPI. US\$ equivalent for SA operations converted at a ZAR:USD exchange rate of 18.36.



More detailed guidance is available on Petra's website at [petradiamonds.com/investors/analysts/analyst-guidance/](https://petradiamonds.com/investors/analysts/analyst-guidance/)



## Operational Review continued

## Cullinan Mine

## South Africa

GROSS  
RESOURCES (MCTS)

145.09

(FY 2022: 147.2)

EMPLOYEES AND  
CONTRACTORS

1,827

(FY 2022: 1,716)

## LTIFR

0.47

(FY 2022: 0.12)

CARBON  
EMISSIONS  
(TCO<sub>2</sub>-E/CT)

0.16

(FY 2022: 0.12)

WATER  
EFFICIENCY (M3/T)

0.04

(FY 2022: 0.13)

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 2032 with further life of mine extension opportunities

## FY 2023 performance

	FY 2023	FY 2022	Variance
<b>Sales</b>			
Revenue (US\$m)	182.9	322.4	-43%
Diamonds sold (carats)	1,306,457	1,899,011	-31%
Average price per carat (US\$)	139	170	-18%
<b>Total production</b>			
Tonnes treated (tonnes)	4,728,970	4,865,065	-3%
Diamonds produced (carats)	1,485,846	1,814,975	-18%
<b>Grade<sup>1</sup></b>			
ROM (cpht)	30.7	36.2	-15%
Tailings (cpht)	40.5	49.6	-18%
<b>Operating profit<sup>2</sup> (US\$m)</b>	49.1	154.4	-68%
<b>Costs and capex</b>			
On-mine cash cost per total tonne treated (ZAR/t)	332	312	+6%
Total capex (US\$m)	52.8	35.0	+51%

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. Operating profit includes depreciation of US\$53.5 million (FY 2022: US\$52.5 million) and Corporate and treasury of US\$0.6 million (FY 2022: US\$0.6 million).

Cullinan Mine met full-year production guidance which had been revised down in February 2023 to reflect the earlier-than-expected onset of cave waste caused by cave maturity as mining progressed from south-west to north-east. This led to a recalibration of our block cave model in conjunction with an independent external expert.

Various mitigation actions are being undertaken, including the re-opening of Tunnels 36 and 41 with work already having concluded in Tunnel 36.

In addition, the Board approved the establishment of two new tunnels, Tunnels 46 and 50 (known as the C-Cut extension). It is expected that the additional production from these two tunnels will more than offset the impact of lower grades in FY 2023 and FY 2024. Together with the re-opening of Tunnels 36 and 41, the establishment of Tunnels 46 and 50 would provide additional volume from FY 2025 onwards. In addition, production from the CC1-E extension project will contribute meaningfully from FY 2025 onwards and is expected to see grades move back towards 40 cpht.

In the fourth quarter in particular, Cullinan Mine was impacted by low grades as a result of some challenges in the processing plant. This was offset by an increase in tonnes treated and remedial steps have restored grades to planned levels.

**Guidance**

In July 2023, we reiterated our guidance for a substantial increase in production to around two million carats by FY 2026. This strong growth reflects the contribution of the CC1-E and C-Cut extension projects. Slower project ramp-up than previously anticipated has resulted in a modest downward adjustment to carats recovered in FY 2024 and FY 2025 compared to previous guidance, largely attributable to project re-scheduling.

Run of mine (ROM) tonnes treated is expected to increase slightly over the period, but grades are expected to increase significantly in FY 2025 and again in FY 2026 as the higher grade CC1-E section is mined. These projects are to be funded from internally-generated cashflows and the CC1-E project is estimated to have an IRR of above 30% and the C-Cut project above 35%.

Recent inflationary pressures are being mitigated through robust cost control and the benefit of a weaker Rand. As a result, capex guidance remains unchanged and is expected to peak in FY 2025 at between US\$55 to US\$63 million.



For detailed guidance please see: [petradiamonds.com/investors/analysts/analyst-guidance](https://petradiamonds.com/investors/analysts/analyst-guidance)



## Finsch

## South Africa

GROSS  
RESOURCES (MCTS)

35.35

(FY 2022: 36.4)

EMPLOYEES AND  
CONTRACTORS

1,880

(FY 2022: 1,687)

## LTIFR

0.22

(FY 2022: 0.63)

CARBON  
EMISSIONS  
(TCO<sub>2</sub>-E/CT)

0.14

(FY 2022: 0.12)

WATER  
EFFICIENCY (M<sup>3</sup>/T)

0.98

(FY 2022: 0.94)

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 2031 with further life of mine extension opportunities

## FY 2023 performance

	FY 2023	FY 2022	Variance
<b>Sales</b>			
Revenue (US\$m)	93.4	165.7	-44%
Diamonds sold (carats)	848,236	1,402,654	-40%
Average price per carat (US\$)	110	118	-7%
<b>Total production</b>			
Tonnes treated (tonnes)	2,478,764	2,732,982	-9%
Diamonds produced (carats)	1,040,164	1,275,323	-18%
<b>Grade<sup>1</sup></b>			
ROM (cpht)	42.5	46.7	-9%
Tailings (cpht)			
<b>Operating profit<sup>2</sup> (US\$m)</b>			
	10.1	34.8	-71%
<b>Costs and capex</b>			
On-mine cash cost per total tonne treated (ZAR/t)	576	493	+17%
Total capex (US\$m)	43.2	12.0	+260%

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. Operating profit includes depreciation of US\$20.2 million (FY 2022: US\$24.4 million) and Corporate and treasury of US\$0.6 million (FY 2022: US\$0.6 million).

Finsch production for the Year fell slightly short of the revised guidance given in February 2023 due to a combination of lower production and lower than expected ROM grades.

During FY 2023, Finsch suffered from a combination of an ageing fleet of underground equipment, compounded by a delay in the delivery of new equipment due to an increase in manufacturer lead times, as well as unfilled vacancies for a number of senior technical personnel. These issues were further compounded by

an extended rock-winder breakdown in the second quarter, which has since been fully resolved.

The second half of the Year saw the first signs of a turnaround in performance as new equipment began being deployed and the recruitment of senior technical personnel to fill the vacancies. This led to ROM tons increasing by 20% quarter-on-quarter in the third quarter, despite some ground handling challenges which have since been resolved, with a further increase of 12% quarter-on-quarter occurring in the fourth quarter.

With production stabilised, the grade issues that emerged in the second half of FY 2023 relating to waste dilution are being mitigated with some volatility expected in the near term.

**Guidance**

In July 2023, we reiterated our guidance for a steady increase in production to between 2.8 – 3.0 million ROM tonnes in FY 2026 which, together with a slight increase in ROM grades, will lead to production increasing to between 1.4–1.5 million carats in that year.

This reflects the ongoing development work to open the Lower Block 5 3-Level 90L sub-level cave which will begin contributing from late FY 2024 and will continue until FY 2031. This project is to be funded from internally-generated cashflows and is estimated to have an IRR of above 30%.

Recent inflationary pressures are being mitigated through robust cost control and the benefit of a weaker Rand. As a result, capex guidance remains unchanged and is expected to peak in FY 2026 at between US\$55 to US\$60 million.



For detailed guidance please see: [petradiamonds.com/investors/analysts/analyst-guidance](https://petradiamonds.com/investors/analysts/analyst-guidance)

## Operational Review continued

Williamson

Tanzania

GROSS  
RESOURCES (MCTS)

37.50

(FY 2022: 37.7)

EMPLOYEES AND  
CONTRACTORS

989

(FY 2022: 999)

## LTIFR

0.00

(FY 2022: 0.06)

CARBON  
EMISSIONS  
(TCO<sub>2</sub>-E/CT)

0.23

(FY 2022: 0.19)

WATER  
EFFICIENCY (M<sup>3</sup>/T)

1.86

(FY 2022: 2.06)

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

**Mining method:**

Open pit

**Mine plan:**

Mine plan to 2030 reflecting remainder of Special Mining Licence. Further life of mine extension opportunities beyond

## FY 2023 performance

	FY 2023	FY 2022	Variance
<b>Sales</b>			
Revenue (US\$m)	49.1	75.9	-35%
Diamonds sold (US\$m)	175,124	197,756	-11%
Average price per carat (US\$)	280	384	-27%
<b>Total production</b>			
Tonnes treated (tonnes)	1,829,376	3,591,099	-49%
Diamonds produced (carats)	140,516	228,070	-38%
<b>Grade (cpht)</b>	<b>7.7</b>	6.4	+21%
<b>Operating profit/(loss)<sup>1</sup> (US\$m)</b>			
	(64.9)	39.6	-264%
<b>Costs and capex</b>			
On-mine cash cost per total tonne treated (US\$/t)	24.3	13.9	75%
Total capex (US\$m)	19.3	3.3	485%

1. Operating profit/(loss) includes depreciation of US\$8.2 million (FY 2022: US\$5.0 million) and Corporate and treasury of US\$0.6 million (FY 2022: US\$0.6 million).

Production at Williamson was trending positively against guidance in terms of tonnes and grade until the regrettable Tailings Storage Facility (TSF) failure in November 2022, after which all production activities were suspended. As announced at the time, the only injuries that were sustained were minor and there was no loss of life.

As a consequence, the focus of the seven-month period that followed the TSF failure was on remedial steps, the construction of a new TSF and undertaking critical maintenance activities.

These activities enabled Petra to resume operations, safely and ahead of schedule in early July upon receipt of final regulatory approvals. The mine is expected to ramp up to full production by H2 FY 2024.

**Guidance**

In July 2023, we issued guidance for Williamson to incorporate its ramp-up to full production through FY 2024. Once at steady state, the mine is expected to treat around 5.5 million ROM tonnes on an annual basis in FY 2025 and FY 2026 and produce around 0.4 million carats per annum.



For detailed guidance please see: [petradiamonds.com/investors/analysts/analyst-guidance](https://petradiamonds.com/investors/analysts/analyst-guidance)





## Koffiefontein

## South Africa

## FY 2023 performance

	FY 2023	FY 2022	Variance
<b>Sales</b>			
Revenue (US\$m)	4.5	21.5	-79%
Diamonds sold (carats)	9,859	36,950	-73%
Average price per carat (US\$)	452	581	-22%
<b>Total production</b>			
Tonnes treated (tonnes)	95,706	466,957	-80%
Diamonds produced (carats)	6,942	35,302	-80%
<b>Grade<sup>1</sup></b>			
ROM (cpht)	7.9	7.6	+4%
Tailings (cpht)	2.4	—	+100%
<b>Operating profit<sup>2</sup> (US\$m)</b>			
	—	—	—
<b>Costs and capex</b>			
On-mine cash cost per total tonne treated (ZAR/t)	3,787	1,106	+242%
Total capex (US\$m)	0.3	0.6	-50%

- 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.
- During the Year, Koffiefontein was placed on care and maintenance activities in the run-up to a responsible closure. Koffiefontein is classified as a discontinued operation in FY 2023 as it has been 'abandoned' in terms of IFRS 5. For comparative purposes, the relevant FY 2022 results have been restated to exclude Koffiefontein.

After having commenced mining in the early 1880s and being a renowned source of gem-quality white and coloured diamonds, the Board, in ongoing consultation with its stakeholders, took the decision to cease operations and place Koffiefontein on care and maintenance in Q2 FY 2023, having failed to find a potential buyer for the mine.

The asset has been loss-making for several years and low morale posed a risk to the mine's safety performance. A Section 189(3) notice was issued to all KDM employees during November 2022 informing them of the economic realities of the mine and inviting them to join a collaborative process to determine the optimal way forward towards achieving the mine being placed on care and maintenance.

Operations were halted to help ensure all assessed risks were adequately mitigated for. Consultations with the mine's key stakeholders remain constructive and we are optimistic that an inclusive and responsible process towards mine closure will be achieved.

**Guidance**

As a result, further production from Koffiefontein has been removed from our guidance and a provision of US\$10.7 million has been recognised as at 30 June 2023 in respect of care and maintenance obligations.



For detailed guidance please see: [petradiamonds.com/investors/analysts/analyst-guidance](https://petradiamonds.com/investors/analysts/analyst-guidance)



# FY 2023 Resource Statement

Petra Diamonds Limited (“Petra” or “the Company” or “the Group”) manages one of the world’s largest diamond resources of c 223 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 2023, the Group’s gross diamond resources (inclusive of reserves) decreased 1.5% to 223.17 Mcts (30 June 2022: 226.60 Mcts), predominantly due to depletions at all mining assets further to ore mined in FY 2023.

## Gross reserves

The Group’s gross diamond reserves decreased 5.4% to 28.35 Mcts (30 June 2022: 29.97 Mcts) primarily due to mining depletions, changes in mine plans including the addition of the C-Cut phase 1 extension at Cullinan Mine, and stoppages at Williamson from November 2022 due to the failure of the tailings storage facility. The following table summarises the gross reserves and resources status of the combined Petra Group operations as at 30 June 2023.

Group	Gross		
	Tonnes (millions)	Grade (cpht)	Contained diamonds (Mcts)
Category			
<b>Reserves</b>			
Proved	—	—	—
Probable	93.3	30.4	28.35
<b>Sub-total</b>	<b>93.3</b>	<b>30.4</b>	<b>28.35</b>
<b>Resources</b>			
Measured	—	—	—
Indicated	314.7	47.1	148.35
Inferred	1285.4	5.8	74.83
<b>Subtotal</b>	<b>1600.1</b>	<b>13.9</b>	<b>223.17</b>

Cullinan Mine	Gross		
	Tonnes (millions)	Grade (cpht)	Contained diamonds (Mcts)
Category			
<b>Reserves</b>			
Proved	—	—	—
Probable	33.7	37.7	12.71
<b>Subtotal</b>	<b>33.7</b>	<b>37.7</b>	<b>12.71</b>
<b>Resources</b>			
Measured	—	—	—
Indicated	215.2	59.4	127.90
Inferred	169.5	10.1	17.19
<b>Subtotal</b>	<b>384.7</b>	<b>37.7</b>	<b>145.09</b>

Notes:

- Resource bottom cut-off: 1.0mm.
- Reserve bottom cut-off: 1.0mm.
- B-Cut Resource tonnes and grade are based on block cave depletion modelling using Geovia PCBC software and include external waste. A portion of the Resources in these remnant blocks report into the current caving operations as low-grade dilution.
- C-Cut Resource stated as in-situ.
- Reserves are based on scheduling using Geovia PCBC software on the C-Cut phase 1 and C Cut phase 1 extension block caves, and Geovia PCSLC software for the CC1E sub-level cave.
- 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.
- 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%.
- US\$/ct values of 115–125 for ROM, excluding exceptional stones, and US\$/ct 60–80 for tailings based on expected sales values (with reference to FY 2023 sales and production size frequency distributions).

**Finsch**

Category	Gross		
	Tonnes (millions)	Grade (cph)	Contained diamonds (Mcts)
<b>Reserves</b>			
Proved	—	—	—
Probable	22.2	58.6	13.01
<b>Subtotal</b>	<b>22.2</b>	<b>58.6</b>	<b>13.01</b>
<b>Resources</b>			
Measured	—	—	—
Indicated	23.4	69.5	16.25
Inferred	40.0	47.7	19.10
<b>Subtotal</b>	<b>63.4</b>	<b>55.7</b>	<b>35.35</b>

## Notes:

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 sub-level cave scheduling using Geovia PCSLC software.
7. US\$/ct values of 110–120 for ROM, based on expected sales values (with reference to FY 2023 sales results and production size frequency distributions).

**Williamson**

Category	Gross		
	Tonnes (millions)	Grade (cph)	Contained diamonds (Mcts)
<b>Reserves</b>			
Proved	—	—	—
Probable	37.4	7.0	2.63
<b>Subtotal</b>	<b>37.4</b>	<b>7.0</b>	<b>2.63</b>
<b>Resources</b>			
Measured	—	—	—
Indicated	60.0	4.9	2.92
Inferred	954.5	3.6	34.58
<b>Subtotal</b>	<b>1014.5</b>	<b>3.7</b>	<b>37.50</b>

## Notes:

1. Resource bottom cut-off: 1.15mm.
2. Reserve bottom cut-off: 1.15mm.
3. Resource depletions based on the June 2023 surveyed pit surface.
4. Reserves are stated to the end of the Special Mining Licence in 2030.
5. Reserves are based on a production rate of 5.5 Mtpa using open-pit planning and scheduling software.
6. US\$/ct values of 240–290 for ROM, based on expected sales values (with reference to FY 2023 sales results and production size frequency distributions).



## FY 2023 Resource Statement continued

Koffiefontein	Gross		
	Tonnes (millions)	Grade (cpht)	Contained diamonds (Mcts)
Category			
<b>Reserves</b>			
Proved	—	—	—
Probable	—	—	—
<b>Subtotal</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Resources</b>			
Measured	—	—	—
Indicated	16.0	8.0	1.28
Inferred	121.3	3.3	3.96
<b>Subtotal</b>	<b>137.4</b>	<b>3.8</b>	<b>5.24</b>

## Notes:

- Resource bottom cut-off (Koffiefontein underground and Ebenhaezer): 1.15mm.
- 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.
- Resources below 490L are stated as in situ.
- Remaining 56–60L sub-level cave tonnes and carats have been taken out of Reserve category due to current economic viability.
- US\$/ct values of 450–500 for ROM, based on FY 2023 sales results and production size frequency distributions.

## General notes on reporting criteria

- Resources are reported inclusive of Reserves.
- Tonnes are reported as millions; contained diamonds are reported per million carats (“Mcts”).
- 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.
- Resource tonnages and grades are reported exclusive of external waste, unless where otherwise stated.
- 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.
- Reserves and Resources have been reported in accordance with the South African code for the reporting of mineral reserves and mineral resources (SAMREC 2016).
- The Petra 2022 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 23 years’ relevant experience in the diamond industry and is a full-time employee of Petra.
- All Reserves and Resources have been independently reviewed and verified by John Kilham, Pr. Sci. Nat. (reg. No. 400018/07), a competent person with 43 years’ relevant experience in the diamond mining industry, who was appointed as an independent consultant by the Company for this purpose.







# 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.

Value unlocks	Value drivers	Link to remuneration	Link to governance (risks)
<b>Production and development</b>			
<b>Rough diamond production<sup>2</sup> (Mcts)</b> The number of diamonds recovered from Group operations	Reliable production	See pages 139, 145, 146 and 148	See pages 118–119 and 123
<b>Generating free cashflow</b>			
<b>Revenue<sup>2</sup> (US\$m)</b> Revenue from rough diamond and partnership sales		See pages 139 and 145–146	See pages 114 and 116
<b>Adjusted EBITDA<sup>1,2</sup> (US\$m)</b> Earnings before interest, tax, depreciation and amortisation	Free cashflow generation	—	See pages 114 and 116
<b>Operational free cashflow<sup>1,2</sup> (US\$m)</b> Cash generated from operations less acquisition of property, plant and equipment		See pages 139, 143 and 145–146	See pages 114 and 116
<b>Operational capex<sup>1,2,3</sup> (US\$m)</b> Capital expenditure incurred by the operations, comprising extension and sustaining capex	Investment in future cashflow	See pages 139, and 145–146	See pages 123–124
<b>Creating a safe working environment</b>			
<b>LTIFR</b> Lost time injury frequency rate	Productivity	See pages 139 and 145–146	See page 120
<b>LTI</b> Lost time injuries		—	See page 120
<b>Delivering returns to shareholders</b>			
<b>Total shareholder return (% change)</b> Share price performance	Lower cost of capital	See pages 139 and 145–146	See pages 112–113, 116 and 121
<b>Embedding sustainability</b>			
<b>Consolidated net debt:Adjusted EBITDA<sup>1,2</sup> (x)</b> Ratio of consolidated net debt to Adjusted EBITDA for the relevant 12-month period		—	—
<b>Carbon emissions<sup>5</sup> (TCO<sub>2</sub>-E/CT)</b> Carbon emissions intensity for Scope 1 and 2		See pages 146–148	See page 122
<b>Water efficiency<sup>5</sup> (M3/T)</b> Total fresh water used in production (ROM plus tailings)	Embedding sustainability	See pages 146–148	See page 121
<b>Staff turnover (%)</b> Staff and fixed term contractors' voluntary turnover		—	See page 119
<b>Training spend (US\$m)</b> Investment in employee training and development		—	See pages 118–119
<b>Social spend (US\$m)</b> Total social spend (compulsory and discretionary) on local communities		—	See page 117

- Notes:
- All Alternative Performance Measures (APMs) used are defined on page 219.
  - During the Year, Koffiefontein was placed on care and maintenance activities in the run-up to a responsible closure. Koffiefontein is classified as a discontinued operation in FY 2023 in terms of IFRS 5. For comparative purposes, the relevant FY 2022 results have been restated to exclude Koffiefontein.
  - Excluding capitalised borrowing costs.
  - The expected increase in production was revised down in February 2023
  - 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.



Key:



Increase



No change



Decrease

YoY change	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	Target FY 2023	Outlook	Read more on page(s)
							FY 2024	
	2.7	3.3	3.2	3.3	3.9	Increase <sup>4</sup>	Increase	43
	325.3	563.7	406.9	243.3	463.6	—	Increase	10
	113.1	277.8	130.2	67.3	153.0	—	Increase	11
	-66.5	230.0	120.1	-12.3	70.5	—	Increase	13
	117.1	51.6	22.8	28.6	81.4	Increase <sup>4</sup>	Similar	13
	0.24	0.22	0.44	0.29	0.21	Lower	Lower	43 and 58 to 59
	17	15	25	19	16	Lower	Lower	43
	-25.1	21.8	-21	-91	-65	Increase	Increase	26
	1.6	0.15	1.75	10.8	3.9	Lower	Lower	14
	0.164	0.139	0.126	0.134	0.123	Similar	Lower	60 to 61
	0.69	1.00	0.55	0.97	1.03	Increase	Increase	60 to 61
	3.7	3.5	3.8	2.7	2.9	Lower	Lower	58
	5.0	6.1	5.8	5.8	6.6	Similar	Similar	58 to 59
	2.77	0.94	0.66	1.38	1.00	Increase	Increase	62 to 63



# ESG and Sustainability

## Materiality Assessment and Material Matters

### Process followed for the FY 2023 double materiality assessment



Petra defines materiality as a sustainability issue that could significantly impact (positively or negatively) the delivery of the Company's strategy and future performance and/or could have a material impact on individuals, groups, communities or other key stakeholders that are affected by Petra's operations. When determining materiality, Petra considers its own internal operating environment as well as external micro and macro factors.

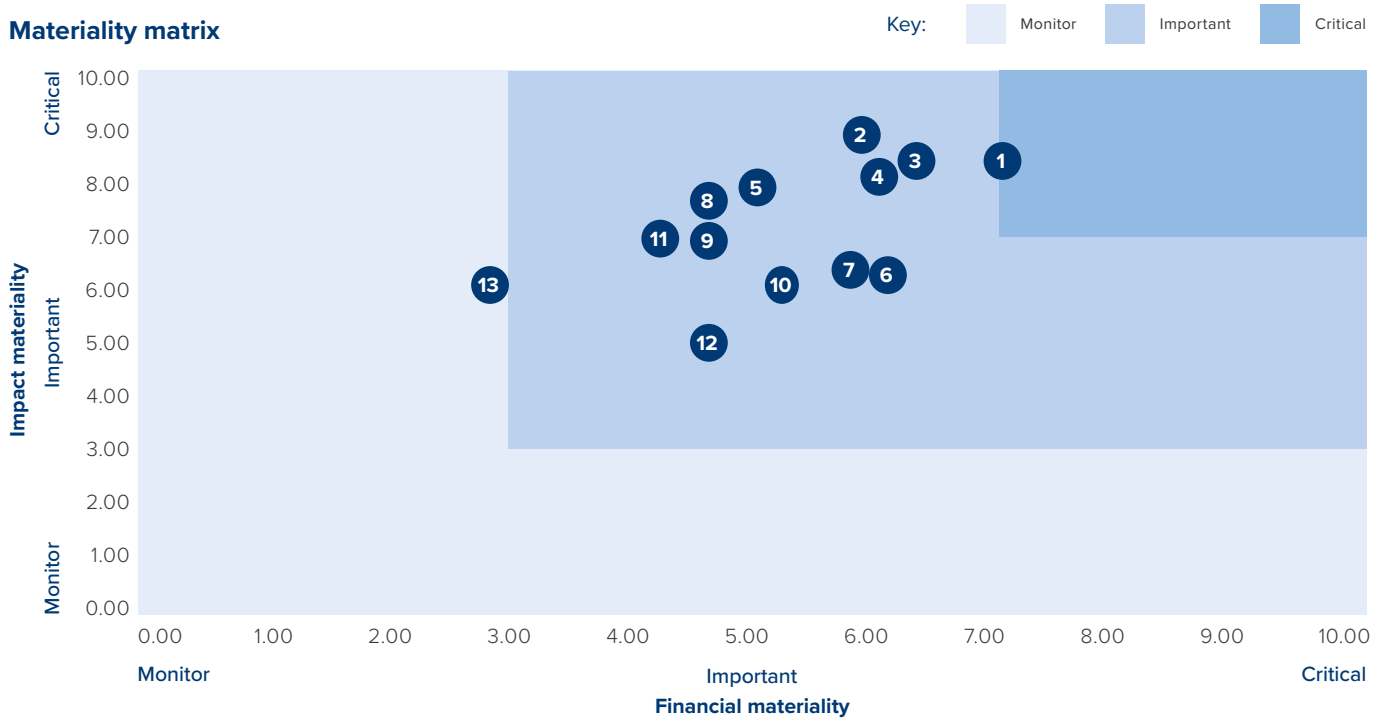
In FY 2023, the Company broadened its materiality assessment to formally adopt the concept of 'double materiality'. The outcome of this materiality assessment is illustrated in a materiality matrix below.

These inputs and feedback from our key stakeholders help ensure that we monitor and report on the most material sustainability topics and helps us to address any risks or opportunities arising from them – for the Company or for our stakeholders. In addition, a wide range of internal and external factors influence the weight we give to our material topics – thus informing Petra's business model and shaping our business strategy.

For more insight on the approach and process, and the material issues, see page 21 of the Sustainability Report.

- 1** Effective tailings management
- 6** Traceability
- 11** Industrial action
- 2** Community relations and social investment
- 7** Compliance and risk management
- 12** Digitalisation and innovation
- 3** Climate change impact on mining operations
- 8** Responsible sourcing
- 13** Diversity, inclusion and employee development
- 4** Employee safety, health and wellness
- 9** Ethical business
- 5** Water management
- 10** Geopolitical risks

### Materiality matrix







No.	Material issue	Context	Sustainability pillars	Most relevant SDGs
1	Effective tailings management	Ensuring the integrity of our tailings storage facilities (TSFs) so that no harm comes to any stakeholder as a result of their presence or failure. We seek to comply with regulatory standards, and adopt and conform with best practice and global standards.	<ul style="list-style-type: none"> <li>▶ Valuing our people</li> <li>▶ Respecting our planet</li> </ul>	
2	Community relations and social investment	Managing and maintaining community relationships remains a focal point during the operation of our mines and through to closure.	<ul style="list-style-type: none"> <li>▶ Driving shared value partnerships</li> </ul>	
3	Climate change impact on mining operations	We recognise that we have a role to play in mitigating climate change impacts by optimising and reducing our energy usage and incorporating renewable energy into our energy mix. We will plan for and seek to mitigate the impacts of climate change (such as the potential impact of floods and droughts), not only on our operations but also on the communities in which we operate.	<ul style="list-style-type: none"> <li>▶ Respecting our planet</li> </ul>	
4	Employee safety, health and wellness	The safety and health of our employees is our foremost priority as we pursue zero harm. This care extends beyond occupational impacts, to employee wellbeing and mental resilience.	<ul style="list-style-type: none"> <li>▶ Valuing our people</li> </ul>	
5	Water management	Access to and security of water is critical for our operations. We recognise that water is a scarce and shared resource and that we must limit our fresh water usage and prevent pollution.	<ul style="list-style-type: none"> <li>▶ Respecting our planet</li> </ul>	
6	Traceability	Customers and other stakeholders are concerned with the provenance of the diamonds we mine, wanting assurance that they have been ethically and responsibly mined.	<ul style="list-style-type: none"> <li>▶ Driving shared value partnerships</li> </ul>	 
7	Compliance and risk management	We recognise that compliance with all regulatory requirements is essential to maintain our licence to operate. Effective enterprise risk management is an important tool to identify, manage and mitigate risk in the face of both global and local uncertainty.	<ul style="list-style-type: none"> <li>▶ Driving shared value partnerships</li> </ul>	
8	Responsible sourcing	We seek to manage and mitigate disruptions in our supply chain, while at the same time ensuring reliable and local sourcing of goods and services so that we benefit the countries in which we operate.	<ul style="list-style-type: none"> <li>▶ Driving shared value partnerships</li> </ul>	 
9	Ethical business	Ethical behaviour and transparency remain key foundations of our business and key contributors to establishing and maintaining trust with stakeholders.	<ul style="list-style-type: none"> <li>▶ Driving shared value partnerships</li> </ul>	
10	Geopolitical risks	Global uncertainty and geopolitical risks not only affect the country in which we operate, but also our market. It is important that we are able to navigate and demonstrate resilience to these risks.	<ul style="list-style-type: none"> <li>▶ Delivering reliable production</li> </ul>	
11	Industrial action	Maintaining constructive labour relations is important for our business and our stakeholders.	<ul style="list-style-type: none"> <li>▶ Valuing our people</li> </ul>	
12	Digitalisation and innovation	Artificial intelligence, data analysis, and automation can assist in the intelligent use of data to make better decisions in all business processes. Technology is advancing at a rapid pace with the benefits of cost optimisation in the business value chain.	<ul style="list-style-type: none"> <li>▶ Delivering reliable production</li> </ul>	
13	Diversity, inclusion and employee development	A diversified and inclusive workforce is key to our operational success and our social licence to operate. It helps to ensure that employees are developed and retained.	<ul style="list-style-type: none"> <li>▶ Valuing our people</li> </ul>	



# ESG and Sustainability continued

## Creating value for our stakeholders and building a sustainable business

### Embedding sustainability at Petra

Sustainability is an intrinsic part of every aspect of Petra's business. It is evident in how we relate to and care for our people — both employees and community members — and the safe and supportive environments that we create at and around our operations. It plays out in how we mitigate our impacts on the environment and address issues when they do occur. It is showcased in how we support the local economic development of our communities and how the Board oversees the governance of all these areas.

Our sustainability is critical to every one of our stakeholders and the environmental, social and governance (ESG) KPIs and metrics that guide our objectives and measure our progress are a priority for Petra. Being a respected and responsible operator makes good business sense. It means that we can appeal to long-term investors, attract and retain the best talent, enjoy collaborative and fruitful relations with our host governments, and create benefits for current and future generations within the communities where we operate.

We recognise that our ESG policies, practices and performances are closely monitored by our stakeholders, including employees, customers, communities, host governments and shareholders.

We welcome this and are proud of the progress we have made and are eager to demonstrate the Company intends to progress further, aspiring to operate according to the highest standards as a responsible corporate citizen.

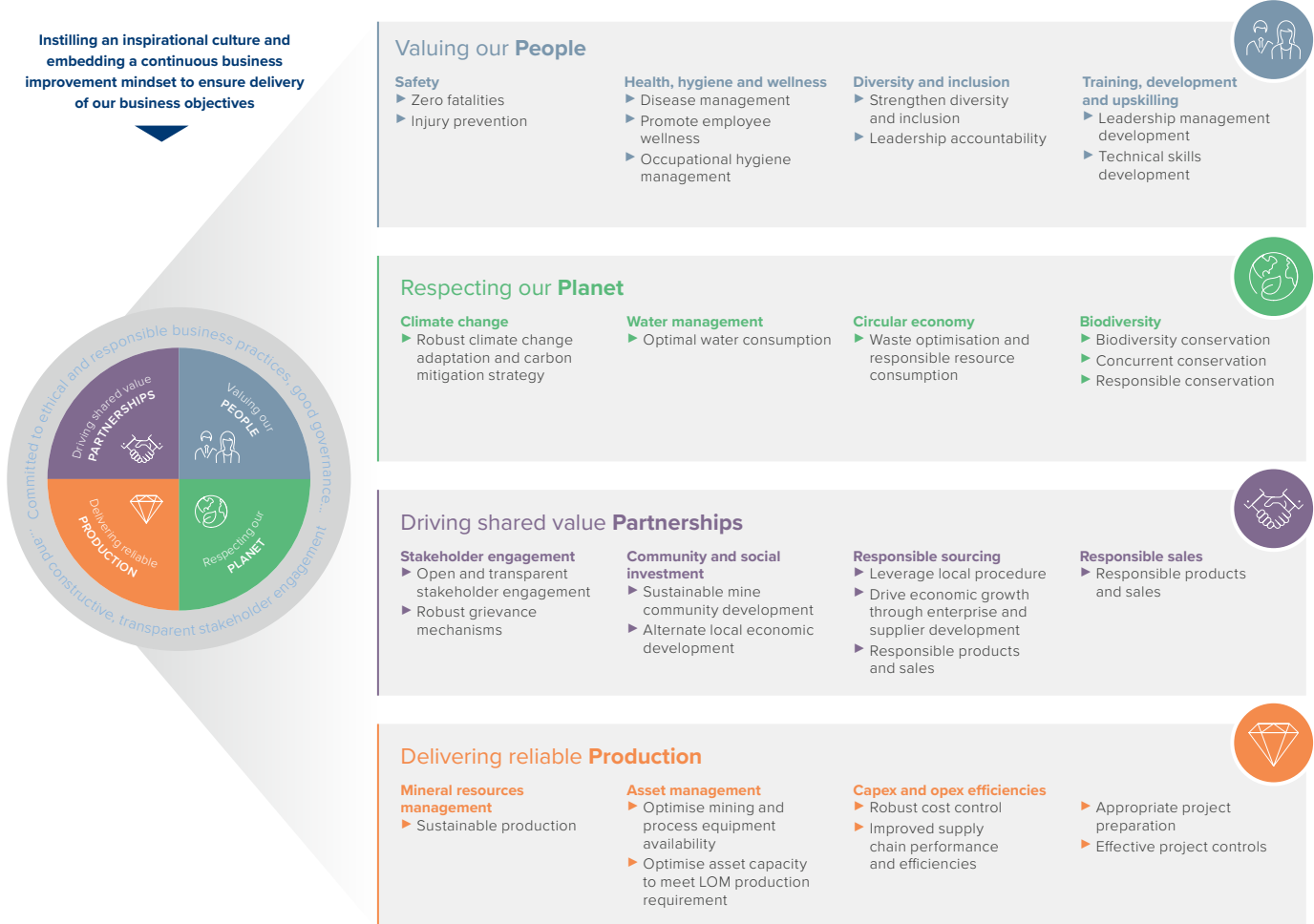
### Reporting suites, frameworks, regulations, codes and standards

Our Annual Report complies with the applicable disclosure requirements of the London Stock Exchange Listing Rules and the UK's Corporate Governance Code. We have adopted and aligned our reporting with best practice principles and guidelines.

We report in accordance with the Global Reporting Initiative (GRI) Standards: 2021, the Sustainability Accounting Standards Board (SASB) Metals & Mining Sustainability Accounting standards (now part of the IFRS Foundation), and the Task Force on Climate-related Financial Disclosures (TCFD). As a member of the Natural Diamond Council, we adhere to its member requirements and sustainability pledges. We support the principles of the Extractive Industries Transparency Initiative (EITI) and report accordingly. We also support the UN Sustainable Development Goals (SDGs) and report on our contribution to these throughout this report.

For more information, please see our Sustainability Report 2023 at <https://www.petradiamonds.com/investors/results-reports/>.

### Our Sustainability Framework





## Petra's Sustainability Framework

Our Sustainability Framework serves to support our business strategy, to guide our actions, and to hold ourselves accountable in our commitment to our stakeholders.

Our Sustainability Framework was finalised in FY 2022 and, since then, we have continued to integrate its pillars into all aspects of the business from organisational design to performance management. It is supported by our new Culture Code, robust governance practices, ethical behaviour and constructive and transparent stakeholder engagement processes.

## Responsible business

Responsible business practices are essential to the Company's long-term success and are managed at Petra through effective corporate governance, legal compliance and ethical behaviour.

We are committed to upholding **ethical** standards in the way we operate our business, and in all our dealings with all stakeholders. This means conducting our work ethically and legally and being free from bribery, corruption and other financial crime, and ensuring that we do not infringe upon human rights. We have zero tolerance towards fraud, bribery and corruption. We uphold and comply with applicable laws and regulations in the countries where we operate, including the UK's Corporate Governance Code that applies to Petra given our Premium Listing on the London Stock Exchange.

We take seriously our responsibility as a good corporate citizen by protecting, enhancing and investing in the wellbeing of the economies, societies and natural environments in which we operate. We support and comply with the requirements and guidance of the organisations and compacts to which we subscribe, such as the Kimberley Process, the Natural Diamond Council, the EITI and the UN Global Compact (UNGC).

Petra recognises its responsibility to respect the **human rights** of all individuals within any area where we impact or have influence. We understand how our operations and activities can negatively affect human rights and we work to identify and address adverse human rights impacts connected to our business.

We continue to apply the Voluntary Principles of Security and Human Rights (VPSHR) and have rolled out a Respecting Human Rights Defenders Procedure.

We have implemented extensive human rights awareness training at all levels within the Company, including the Board, management and employees, contractors and security personnel. In addition to specific training, which includes training on the VPSHR, induction training for all employees and contractors includes the impact of human rights in the workplace and the rights of human rights defenders. Our security personnel (97%) are trained in human rights policies and procedures. All security personnel receive human rights training as part of their general induction and specific training on the VPSHR. A small number of individuals (8%) were prevented from receiving their training in FY 2023 due to annual and medical leave.

Petra seeks to ensure that all current and new managers receive human rights training. By the end of FY 2023, 59% of managers had completed training on human rights, and we are targeting 100% of all current managers in FY 2024. All new managers joining Petra will receive training as part of their onboarding and induction process.

Significant progress has been made in establishing a non-judicial IGM to investigate and resolve complaints alleging severe human rights impacts in connection with security operations at Williamson. This is overseen by an Independent Panel of Tanzanian experts taking an approach informed by Tanzanian law, with complainants accessing free and independent advice from local lawyers. The overall aim of the IGM is to promote reconciliation between Williamson, directly affected parties and the broader community by providing remedy to those individuals who have suffered severe human rights impacts. More detail may be found on our website at: <https://www.petradiamonds.com/our-operations/our-mines/williamson/allegations-of-humanrights-abuses-at-the-williamson-mine/>.

Specialist external support is provided by Synergy Global Consulting (Synergy), a specialist consultancy with over 20 years' experience working with companies, governments and community-based organisations.

The IGM became operational on 28 November 2022 with the commencement of the IGM's pilot phase. This followed extensive engagement with national, regional and local government as well as communities surrounding Williamson.

The IGM pilot phase, which was completed in May 2023, has enabled the IGM's processes and systems to be tested against the UNGP's effectiveness criteria and for the design of the IGM to be further developed and adjusted to take into account learnings. During the pilot phase, around 350 grievances were processed.

The outcome of the pilot phase informed an estimate of aggregate future costs of successful remedies for the entire IGM of US\$7.9 million, which has been provided for at Year End. This estimate will be reassessed at each future reporting date. The Independent Monitors have carried out their first review of the functioning of the IGM and a summary of their report will be published on Petra's website (see <https://www.petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine/>).

Petra has made considerable progress in the implementation of Restorative Justice Projects (RJPs) and in establishing income generating projects aimed at providing long-term sustainable support to communities close to Williamson. Petra has placed all the funds needed to meet our financial obligations regarding these projects in an escrow fund (£1 million). Synergy is responsible for overseeing the delivery of these projects and to that end works with key NGOs and independent experts. These projects include a medical services project; a sexual and gender-based violence project; a radio outreach project; and income generating projects in the form of an Agribusiness Development Initiative (ADI) following the outcome of the feasibility studies on the ADI and ASM projects.

Petra has also implemented other projects to benefit local communities. These include giving local communities access to the mine lease area to collect firewood, delineating the mine lease area, and appointing female security guards and safety marshals from the local communities.

Further details on each of the above RJPs can be found on pages 34 to 38 of our Sustainability Report.

# ESG and Sustainability continued

## Valuing our people

### SDGs



### Stakeholders

- ▶ Employees, contractors and Trade Unions
- ▶ Local communities and NGOs
- ▶ Host governments and regulators

### Material matters

- ▶ Employee safety, health and wellness
- ▶ Diversity, inclusion and employee development
- ▶ Community relations and social investment
- ▶ Employee safety, health and wellness
- ▶ Compliance and risk management
- ▶ Ethical business
- ▶ Industrial action

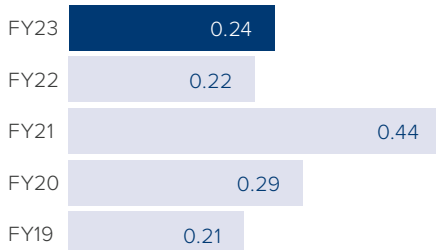
### Valuing our people KPIs

The following non-financial KPIs are considered by management to be the most appropriate to track Petra's sustainability performance under this pillar.

#### Safety (Group LTIFR) (KPI)

Lost time injury frequency rate

**0.24** +9%



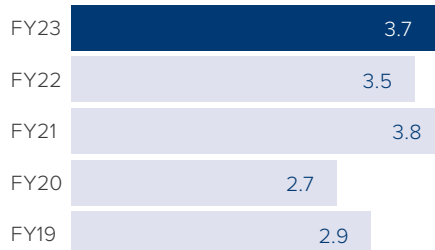
**Strategic relevance:** The safety of our people is our foremost priority. It has an impact on our culture, our performance and our reputation.

**Performance in FY 2023:** LTIFR increased, largely as a result of the ramping up of the extension projects at Cullinan Mine and Finsch and a single, blasting-related, incident at Cullinan Mine in particular. Our focus, led by recently appointed General Managers at Cullinan Mine and Finsch, has been on remedial actions and behaviour-based intervention programmes has led to an improvement in the second half of the Year and more specifically the last quarter.

#### Staff turnover (%) (KPI)

Staff and fixed term contractors' voluntary turnover

**3.7** +6%



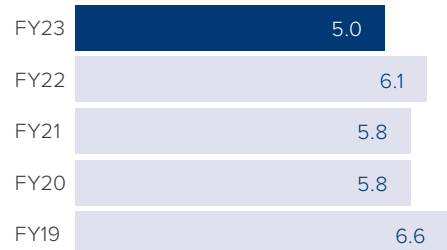
**Strategic relevance:** Employees who enhance their skill-sets contribute to the Company's success and have greater career satisfaction, which improves morale, productivity and employee retention.

**Performance in FY 2023:** Our voluntary employee turnover rate was 3.7% (FY 2022: 3.5%). The small annual increase was driven largely by increased competition for scarce skills (most notably at Finsch) and in anticipation of Koffiefontein being placed in care and maintenance.

#### Training expenditure (US\$ million) (KPI)

Investment in training and development

**5.0** -18%



**Strategic relevance:** We rely on the talent, commitment and performance of our employees. Training is a critical driver of loyalty and helps ensure that employees are able to meet their and our objectives.

**Performance in FY 2023:** Training spend was lower in FY 2023 due to a weaker Rand against the US Dollar and the deferral of some training to FY 2024 so as to align with the new approach taken to talent management which is linked to performance management. We continue to align employee capability with the organisation's needs. A particular focus is the development of women and previously disadvantaged individuals, and people within our communities.



Our purpose and strategy can only be realised through our people. It is our foremost priority to ensure their safety, health and wellbeing; to create a compelling culture; to support diversity and inclusion; and to employ and retain the right people for each role and to develop them to reach their full potential.

Our ambition is to lead the development of a **clear and compelling culture** that encourages all our employees to feel a sense of belonging, as well as being a culture they can actively influence and make contributions to. In FY 2023, we continued to successfully embed the Petra Culture Code after intensive employee participation and engagement. Having co-created our Culture Code, we support positive culture development through communication, measurement and responsiveness. Importantly, culture-related KPIs are also linked to managers' performance goals and remuneration. Two Culture Code surveys were also conducted. Pleasingly, we have seen an increase in participation rate between surveys, indicating an increase in trust in the process and a belief that action will be taken.

Keeping our employees **safe, healthy and well** is our first priority, and we continuously seek and implement innovative ways to progress towards our goal of zero harm. We encourage and support the health and wellbeing of our employees through access to healthcare and the adoption of healthy lifestyles. Our responsibility to provide access to healthcare and prevent the spread of diseases extends beyond our workforce and into host communities where we seek to partner with host governments and invest in healthcare initiatives.

Petra did not experience any loss of life at its operations in FY 2023 (FY 2022: 0) and reported:

- ▶ 41 total injuries, an increase of 21% from 34 in FY 2022. This translates into a total injury frequency rate (TIFR) of 0.59 per 200,000 hours worked (FY 2022: 0.50 per 200,000 hours worked)
- ▶ 17 LTIs in FY 2023, a 13% increase from FY 2022. This is a lost time injury frequency rate (LTIFR) of 0.24 per 200,000 hours worked (FY 2022: 0.22 per 200,000 hours worked)

Our occupational health, hygiene and wellness programmes focus on sustaining a healthy and productive lifestyle for all employees and contractors, as well as improving employee mental wellness. We do this by managing occupational health risks to prevent harm to our workforce; building partnerships with external health service providers to strengthen health systems; and implementing employee health and wellbeing programmes

We reported 11 cases of noise-induced hearing loss (FY 2022: 1). This increase is a result of the reduction of exit medicals undertaken at Koffiefontein when the mine was placed on care and maintenance.

In an industry where skills shortages are a challenge, Petra remains focused on **attracting, developing and retaining** high-calibre, capable people. The scarcity of specialised skills in local, often rural, mining communities and difficulty in attracting skills from larger urban areas make it crucial for the Company to think creatively about attracting, developing and retaining identified critical and scarce skills through targeted interventions.

Our revised people journey commenced in FY 2020 with the organisation design to allow for better integration and standardisation across Petra's South African operations to drive improved efficiencies. A clearly articulated operating model was developed and implemented which enables Group functions to better support the operations in delivering operational excellence with clearly defined accountabilities and responsibilities.

Our talent management approach is integral to Petra's overall strategy. Its main objective is to build capacity to support the business and operational strategies by developing the right organisational structure, supported by the right mindsets and behaviours.

In FY 2023, the Performance Management Framework was implemented as a key people initiative. This framework helps ensure strategic alignment with the Company's purpose, Sustainability Framework and business objectives. Agreed goals and KPIs guide

performance assessments and ratings, which in turn inform annual increases and incentives.

Stable and constructive **labour relations** based on mutual respect and trust are critical to the success of our business and to the wellbeing and fulfilment of our workforce. We believe that effective and transparent engagement is central to building a sound employee relations climate. We value clear and authentic communication with our employees, Trade Unions and local community representatives, enabling the Company to operate efficiently, successfully and sustainably. There were no significant disputes or days lost due to industrial action during the Year (FY 2022: 0). Around 75% of our employees are unionised (FY 2022: 79%).

Petra recognises that employee **training, development and upskilling** are key drivers of our future success and long-term sustainability.

By equipping our people with the right core competencies for their role, we help them perform better now and in the future. This also supports our ambition to develop and maintain the best pool of technical mining experts in the industry, to help ensure business continuity and growth. While we seek to employ people from local communities, it is often the case that the skills we need are not available locally. It is within this context that our skills development programmes are so important.

To meet our ambitions, we aim to provide education and training opportunities that enable our employees to fulfil their best potential. These include graduate programmes, managerial development initiatives and learnerships. In addition we support basic literacy and technical training right through to portable skills that can be used beyond a career on the mine. Where possible, we extend these programmes into local communities. In FY 2023, we spent US\$5.0 million on training and development (FY 2022: US\$6.1 million).

We strive to attract and retain a diverse workforce that reflects the societies in which we operate. This will help us to attract and retain top talent, strengthen employee satisfaction and belonging, and will ultimately result in a more innovative, efficient and competitive company. **Diversity and inclusion**, and the achievement of relevant country-specific employment and skills development goals, supports our licence to operate.

In FY 2023, 21% of our workforce was made up of women (FY 2022: 20%). Women made up 40% of our Board (FY 2022: 40%), 19% of Senior Management (FY 2022: 19%) and 30% of management (FY 2022: 27%).

We continue to make good progress in appointing and developing women across the business and especially in leadership roles. In FY 2023, women made up 50% of our intern intake (FY 2022: 46%), 36% of our engineering learnerships (FY 2022: 30%), 41% of our mining learnerships (FY 2022: 44%), 71% of our bursary students (FY 2022: 67%).

Petra takes a zero-tolerance approach to **workplace harassment and bullying**, acknowledging mining is male dominated. The Code of Good Practice for Workplace Harassment and Bullying was promulgated in March 2022 by the South African Government. In order to instill an organisational culture which is sensitive to these issues and aligned with our culture and values, our objective is that all employees are trained and able to manage such instances when they occur and for employees to understand their rights and responsibilities, including calling out such behaviour. This initiative was designed by the Women in Leadership committee and approved by the Exco.

During FY 2023, we undertook extensive training across the business to raise awareness on anti-harassment and bullying in the workplace. Under the banner of RE KAOFELA 'in it together', training was targeted at empowering line managers and employees to deal with alleged instances of harassment and bullying, while encouraging behaviours that contribute to an environment free from harassment, bullying and abusive behaviours. As at 30 June 2023, 16 champions, 15 line managers and 1,434 employees had received training.

# ESG and Sustainability continued

## Respecting our planet

### SDGs



### Stakeholders

- ▶ Local communities and NGOs
- ▶ Host governments and regulators
- ▶ Employees, contractors and Trade Unions
- ▶ Financial stakeholders

### Material matters

- ▶ Tailings management
- ▶ Water management
- ▶ Compliance and risk management
- ▶ Responsible sourcing
- ▶ Community relations and social investment
- ▶ Climate change impact on mining operations
- ▶ Ethical business

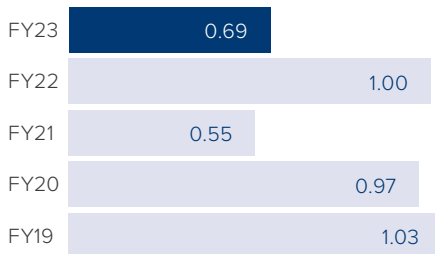
### Respecting our planet KPIs

The following non-financial KPIs are considered by management to be the most appropriate to track Petra's sustainability performance under this pillar.

#### Water efficiency (m<sup>3</sup>/t) (KPI)

The total fresh water used in production (ROM plus tailings)

**0.69** -31%



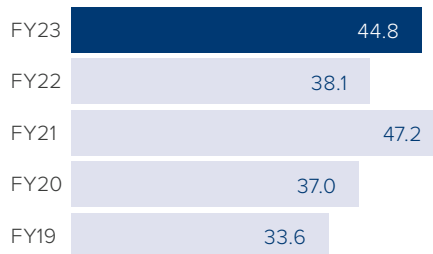
**Strategic relevance:** Water is a scarce, shared natural resource that is critical for our successful operation. Water scarcity will be exacerbated by climate change.

**Performance in FY 2023:** We continue to use our water responsibly and efficiently. In FY 2023, production was suspended at Williamson and Koffiefontein from November 2022 which affected water efficiency. Around 88% of our consumption was recycled water (FY 2022: 80%).

#### Energy efficiency (kWh/t)

Total electricity consumption as a function of production

**44.8** +17%



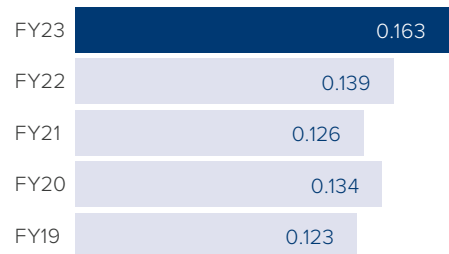
**Strategic relevance:** Energy security and costs are important factors in our success. Reducing our energy consumption also reduces our GHG emissions.

**Performance in FY 2023:** In FY 2023, our total energy consumption decreased by 5% to 1.85 million GJ (FY 2022: 1.93 million GJ). Most energy consumed currently is non-renewable energy. This includes the diesel used in operating trackless mobile machinery (TMM) and in generating electricity, which makes up 20% of our overall energy usage. The balance of 80% is electricity purchased from utilities. In South Africa, electricity consumed is currently sourced from the national utility with standby diesel generators used for emergencies. Williamson sources most of its energy from Tanzania's national grid. Reduced activity at Williamson and Koffiefontein had a negative impact on our energy efficiency.

#### Carbon emissions (tCO<sub>2</sub>-e/ct) (KPI)

Carbon emission intensity for Scopes 1 and 2

**0.163** +17%



**Strategic relevance:** We have committed to achieving net zero carbon emissions by 2050, although we aim to achieve this by 2040. This is in line with the global imperative under the Paris Agreement.

**Performance in FY 2023:** Scope 2 emissions dominated our emissions profile, particularly in South Africa. Our gross carbon footprint (scope 1 & 2) reduced by 8%. The lower diamond recovery had a negative effect on the carbon intensity outcome. To reduce our GHG emissions we are planning to increase our access to renewable energy (wind and solar).



Managing our environmental impact is a priority for Petra and helps ensure our interests are aligned with our 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, biodiversity protection, rehabilitation and responsible closure.

**Managing the environmental impacts** of our business throughout the mining life cycle is central to our commitment to respecting our planet. By reducing our footprint and the impact our operations have on the environment, while optimising the natural resources we use by effectively preventing wastage, we are not only meeting regulatory and stakeholder expectations, but are building a stronger, more resilient company. We experienced one major environmental incident during the Year (FY 2022: 0) which was the tailings failure at Williamson in November 2022.

During FY 2023, Cullinan Mine and Finsch retained their ISO 14001 certification.

We recognise and are mindful of the impacts of climate change on our business and on the communities and countries in which we operate. While our GHG emissions impact is relatively small, we believe we can still make a positive contribution to our impact on climate change by reducing and optimising our energy usage and by adapting our energy mix to include renewable energy sources.

We continue to integrate climate-related risks and opportunities into our business model and operating structures. We have been guided by our climate change response, which was developed in FY 2021 based on the initial findings of Petra's 2020 scenario analysis and vulnerability assessment.

The response was re-evaluated in FY 2023 to align more closely with our Sustainability Framework and TCFD disclosure. More on our TCFD disclosure can be found on pages 66 to 67. Our new climate change response, which will be officially adopted in FY 2024, represents the evolution of our sustainability reporting and a greater focus on climate-related financial disclosure. It sets out our roadmap to achieve our shorter-term Scope 1 and 2 reduction targets, expands the mapping of Scope 3 emissions produced by our key suppliers, and seeks to ensure that we capitalise on the opportunities of including renewable energy in our energy mix.

Our commitments to achieve net zero Scope 1 and 2 GHG emissions by 2050 remain in place, while we pursue our shorter-term target of reducing Scope 1 and 2 emissions by 35% to 40% by 2030 against our 2019 base-line. Also in FY 2023, we signed a non-binding MOU with a private energy provider to enter into negotiations for the supply of renewable energy for our South African operations.

In FY 2023, our total energy consumption decreased by 5% to 1.85 million GJ (FY 2022: 1.93 million GJ). The majority of our energy is currently sourced from non-renewable energy sources, including diesel consumption in trackless mobile machinery (TMM) and for electricity generation (20% of energy usage) and overall electricity consumption from utilities (80% of energy usage).

The Group's total carbon footprint (Scope 1, 2 and 3 emissions) decreased by 8% to 438,243 tCO<sub>2</sub>-e in FY 2023 (FY 2022: 475,238 tCO<sub>2</sub>-e) in line with a decrease in electricity consumption. At c 90%, the bulk of our emissions are Scope 2. Scope 3 emissions for FY 2023 were calculated according to four of the fifteen GHG Protocol Corporate Value Chain categories, including: purchased goods and services (limited); waste generated in operations; business travel and employee commuting.

Our intensity measures (Scope 1 and 2) are directly linked to production and diamond recovery, reflecting an increase of 17% to 0.163 tCO<sub>2</sub>-e/t (based on per tonne of production) (FY 2022: 0.139 tCO<sub>2</sub>-e/t) and an increase of 5% to 0.042 tCO<sub>2</sub>-e/ct (based on carats recovered) (FY 2022: 0.040 tCO<sub>2</sub>-e/ct).

Petra has participated in voluntary reporting to the CDP since 2013. We have continued to outperform the global average and activity group. Our 2022 submission scored B, which places Petra in the management band.

**Responsible mineral waste management** is a key component of our environmental stewardship. We recognise the extreme consequences of a TSF failure on both the environment and those who live in areas immediately adjacent to these facilities. We also see effective management of our mineral waste as an opportunity for value creation, for the Company and other stakeholders.

We have adopted a new Group-wide Tailings Management Policy that aligns with the Global International Standard on Tailings Management which we are in the process of implementing. Petra currently has three operational TSFs, with a further five that are either dormant or active but not operational. Good progress has been made with the restoration plan after the TSF failure at Williamson and more detail may be found in our Sustainability Report on page 71.

**Access to water** is a significant environmental risk to our operations and this, along with its effective stewardship through improved conservation and recycling, is a significant imperative for both Petra and our host communities.

Our aim is to maximise the use of internal water sources through recycling, thus reducing the volumes of water extracted from freshwater sources. In FY 2023, our water efficiency improved by 31% to 0.7, from 1.0 m<sup>3</sup>/t. This decrease was mainly due to reduced production from two of our mines, Williamson and Koffiefontein. The bulk of the water we use is recycled. Recycled water used by our operations accounted for **88% of total water usage in FY 2023** (FY 2022: 80%). We participated in the CDP Water Security survey, achieving a B disclosure score (FY 2022: -B). Our survey response may be found on the CDP website at <https://www.cdp.net>.

The **generation and disposal of waste** can have a detrimental impact on the environment. By responsibly managing our waste streams, we can minimise the disposal of waste to landfill and reduce our environmental footprint, creating value for smaller and community-based businesses, in support of a circular economy.

We aim for a zero-waste future by reducing waste sent to landfills and increasing our recycling and repurposing of waste. We are pursuing this by reducing the waste generated on site, working with suppliers to manage and reduce their waste, and increasing the involvement of communities to transform waste into value. We initiated a review of our waste management approach during the Year, as well as studies to identify waste streams that may be of benefit to other industries or communities. Our two non-mineral waste streams are business waste (90%) and hazardous waste (10%). In FY 2023, the combined waste (business and hazardous) sent to landfill was 3,652 tonnes (FY 2022: 21,258 tonnes).

We aim to protect and manage our biodiversity and ensure **responsible closure**. We recognise that our activities can alter an area's biodiversity and topography. We guard against the potentially negative impacts of our operations, including habitat destruction, vegetation clearance, the introduction of invasive species and permanently changing the original ecological processes and work to influence the positives. These would include conserving large areas of habitat that would otherwise be over-exploited, as well as supporting conservation research.

None of our operations are in or adjacent to formally protected areas. Of the total area of 6,981 ha owned and managed by Petra, 56% is protected. Petra's responsibilities relating to the protected area include management of stocking rates, the prevention of erosion and improved grazing, all of which are aimed at promoting biodiversity.

All our operations have rehabilitation and closure plans in place that span the mine plan through to ten years post closure, as well as associated closure financial provisions. At the end of FY 2023, Petra's mine closure liability was independently assessed at US\$49.0 million (FY 2022: US\$53.3 million). As at Year End, US\$17 million has been set aside.

# ESG and Sustainability continued

## Driving shared value partnerships

### SDGs

### Stakeholders

- ▶ Employees, contractors and unions
- ▶ Customers
- ▶ Financial stakeholders
- ▶ Local communities and NGOs
- ▶ Host governments and regulators
- ▶ Suppliers

### Material matters

- ▶ Community relations and social investment
- ▶ Water management
- ▶ Compliance and risk management
- ▶ Responsible sourcing
- ▶ Ethical business
- ▶ Traceability
- ▶ Geopolitical risks

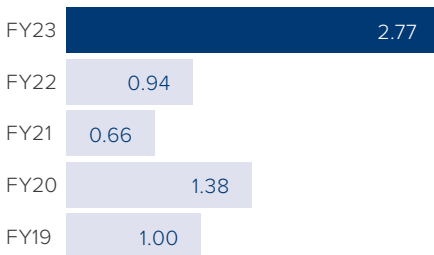
### Driving shared value partnership KPIs

The following non-financial KPIs are considered by management to be the most appropriate to track Petra's sustainability performance under this pillar.

#### Social expenditure (US\$ million) (KPI)

Total social expenditure (compulsory and discretionary) on local communities

**2.77** +194%



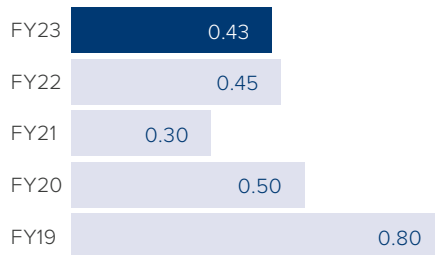
**Strategic relevance:** Social expenditure is directly related to our licence to operate, the acceptance by and support from our communities (our social licence to operate) and the Company's reputation. We target social expenditure of 1% of net profit after tax (NPAT) at an asset level.

**Performance in FY 2023:** In South Africa, we continued to comply with the requirements of the Mining Charter and our social and labour plan commitments and executed on a number of outstanding projects. In Tanzania, we complied with our social expenditure commitments, which include the progress we have made with the RJP's.

#### Community training and development expenditure (US\$ million)

Total community training spend

**US\$0.43** -4%



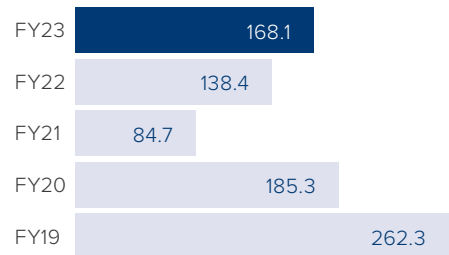
**Strategic relevance:** The skills we require are scarce in the communities surrounding our operations. Our community training and development programmes not only support our licence to operate through the social and economic upliftment of communities, but also provide the Company with reliable and accessible skills needed in the business.

**Performance in FY 2023:** Community training and development continues to be as important to us as the training and development of our own employees. Training spend was lower due to weaker rand against the US Dollar and the deferral of some training to FY2024 to align with the new approach taken to talent management.

#### Procurement spend (US\$ million)

Total Group discretionary procurement spend in South Africa

**US\$168.1** +21%



**Strategic relevance:** Our integrated supply chain approach helps ensure the reliable and cost-effective supply of goods and services to our operations. At the same time we seek to enhance our licence to operate through a meaningful contribution to local economies.

**Performance in FY 2023:** In FY 2023, our local supplier procurement was 49% of total procurement in South Africa and 90% in Tanzania. We have implemented a new enterprise supplier development approach in South Africa, which will increase development and support to SMMEs. Increased procurement spend in FY 2023 was largely attributable to the life extension projects at Cullinan Mine and Finsch and for Williamson was largely attributable to the remediation work following the TSF failure and the new TSF construction activities.





Petra values sustainable partnerships, not only for business success but to create shared value outcomes for all stakeholders. We commit to upholding high ethical business standards and to safeguarding human rights. This is within the business (employees and contractors) and for our suppliers, customers, communities and other stakeholders. We recognise that meaningful stakeholder engagement enables us to build trust, and ultimately the continued success and sustainability of the business.

Every aspect of our business interacts with stakeholders, including employees and unions, shareholders, local authorities and national governments, communities, customers and society at large. Our **stakeholder relationships** have both a direct and indirect impact on our business and our reputation. Effective stakeholder engagement develops and maintains trust in our business and helps us to identify and mitigate risk of protest and disruption.

During FY 2023, we established a multi-stakeholder engagement forum across our South African operations. A Group-wide stakeholder mapping exercise is underway to help ensure that we improve our approach to engaging with all our key stakeholders.

We have established multi-stakeholder engagement forums at Cullinan Mine and Finsch (and a variant of the model at Koffiefontein), which provide each operation with a single platform to engage with communities, local businesses, all levels of government and regulators. The forums allow us to be aware of stakeholder concerns and to proactively engage. Operations hold frequent meetings through the forums, which have well defined Terms of Reference and clear roles and responsibilities. The benefits are already being felt, with fewer grievances lodged as stakeholders feel they have a place to raise their concerns.

In late FY 2023, we started developing a new stakeholder engagement map, looking at all stakeholders across Petra. Following the finalisation of this process, we are prioritising engagement with key stakeholders and will likely update our Stakeholder Engagement Management Policy.

Petra is the only source of economic activity in the areas around Koffiefontein and a significant contributor at Finsch and Williamson. As a result, many residents look to Petra for employment and procurement opportunities. Our goal is to ensure that we **create shared value** through our activities, through the direct and indirect socio-economic impact in the countries and communities in which we operate.

Petra is committed to transparent payments to governments, both in terms of taxes and royalties, as well as our other areas of significant social expenditure. We support the principles of the Extractive Industries Transparency Initiative (EITI) and Publish What You Pay. In FY 2023, the Group paid a total of US\$45.9 million (FY 2022: US\$57.7 million) in taxes and royalties, with US\$30.7 million in South Africa and US\$15.1 million in Tanzania. For more details, please see Petra's FY 2023 Payments to Governments Report which can be found on our website at [petradiamonds.com/investors/resultsreports/](http://petradiamonds.com/investors/resultsreports/).

Low levels of socio-economic development and high rates of unemployment are a reality in Petra's host communities. Our investment in the development of these communities complies with government regulations and is critical for our operations to retain their social licence to operate. But we believe it is our responsibility to go beyond these obligations, and to share the benefits of our business with communities and other stakeholders in a sustainable manner. As a result, investing in sustainable local economic development is one of Petra's top priorities.

Our community development process focuses on contributing to resolving the most important issues our mine communities face. This includes supporting **social upliftment** through job creation, skills transfer (education and training), enterprise and supplier development and sustainable infrastructure projects. Our intention is to equip host communities with sustainable projects and skills that will continue to bear fruit long after mining.

The Group's total social investment spend, comprising regulated and discretionary expenditure, increased by 194% to US\$2.77 million in FY 2023 (FY 2022: US\$0.94 million) with the increase driven in large part by execution of a number of outstanding projects, including the electrification of 429 households in the town of Onverwacht.

We have maintained our compliance with the requirements of the Mining Charter in South Africa. New, five-year Social and Labour Plans (SLP) have been developed.

In FY 2023, we improved our SLP initiatives that seek to contribute to creating self-sustaining businesses in the host communities surrounding Cullinan Mine, Finsch and Koffiefontein. Partnerships with government, communities and businesses in and around our host communities are critical to the success of our approach. SLP projects are identified using feedback, primarily from community structures and SIAs, and are developed in alignment with local municipalities' Integrated Development Plans (IDPs), in consultation with local government leadership. The final selection of projects must be approved by the DMRE as part of the five-yearly SLP cycle.

In FY 2023, Petra spent US\$2.0 million on SLP projects – 79% at Cullinan Mine, 13% at Finsch and 1% at Koffiefontein. At the end of the SLP3 cycle, our three South African operations submitted catch-up plans.

A new Enterprise and Supplier Development (ESD) programme was developed and is being implemented. We consider community training, education and development to be important aspects of creating sustainable economic opportunities for community members. Training and development interventions at secondary or tertiary level can help equip community members to become eligible for employment by Petra and other businesses in the future while building supply chain resilience. This is particularly important given the scarcity of skills in our local communities.

An integrated, efficient and reliable supply chain is central to our business success. Through our **responsible supply chain**, we seek to ensure the ethical sourcing and procurement of goods and services at an optimal cost to the business, while at the same time contributing to local economic development and ESD.

Through our supplier selection and due diligence processes, we seek to understand how our suppliers manage their resources from 'cradle to grave', with an emphasis on minimising environmental impact, a respect for human rights, ethical conduct and making a positive contribution to stakeholders. Through our local economic and supplier development programmes, we contribute positively to socio-economic uplift and growth in the communities in which we operate.

Where possible, we seek to procure locally. This means prioritising goods and services from regions and countries where our operations are located. Where we must rely on imported goods, we endeavour to purchase through approved local third party distributors and/or partners.

The supply chain serving our mining operations is extensive, with more than 1,646 South African and 208 Tanzanian suppliers (FY 2022: 1,324 South African and 276 Tanzanian suppliers). Petra's total discretionary procurement expenditure increased in FY 2023, to US\$168.1 million in South Africa, and US\$65.5 million in Tanzania (FY 2022: US\$138.4 million in South Africa and US\$35.6 million in Tanzania). Goods and services procured from local suppliers fell to 49% of total procurement spend in South Africa (FY 2022: 59%) and rose slightly to 90% in Tanzania (FY 2022: 89%). These numbers are exclusive of VAT. Increased discretionary procurement spend in FY 2023 was largely attributable to the life extension projects at Cullinan Mine and Finsch and for Williamson was largely attributable to the remediation work following the TSF failure and the new TSF construction activities.

For generations, natural diamonds have been associated with life's most important and memorable moments. Petra recognises that consumers want, and should have, the confidence of knowing where and how their diamonds have been sourced.

We manage each step in the diamond production process to the highest ethical standards and in accordance with our responsible business ethos, from mining through to processing, sorting and finally marketing and sales.

All our diamonds are traceable from source to sale and are certified as conflict free. Our Petra Diamond Management (PDM) System seeks to ensure that all relevant details of the mine (production) to market (sales) process are accurately and timeously captured, documented and reported. This system also helps to ensure full compliance with all local and international diamond sales legislation.

Petra is a founding member of the Natural Diamond Council (NDC) whose mission is to advance the integrity of the modern diamond jewellery industry and inspire, educate and protect the consumer.



# ESG and Sustainability continued

## Delivering reliable production

### SDGs



### Stakeholders

- ▶ Employees, contractors, and unions
- ▶ Customers
- ▶ Financial stakeholders
- ▶ Suppliers

### Material matters

- ▶ Compliance and risk management
- ▶ Digitalisation and innovation
- ▶ Traceability
- ▶ Responsible sourcing
- ▶ Ethical business

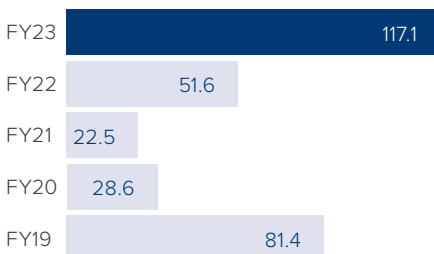
### Delivering reliable production KPIs

The following non-financial KPIs are considered by management to be the most appropriate to track Petra's sustainability performance under this pillar.

#### Operational capex (US\$ million)<sup>1</sup>

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

**117.1** +127%



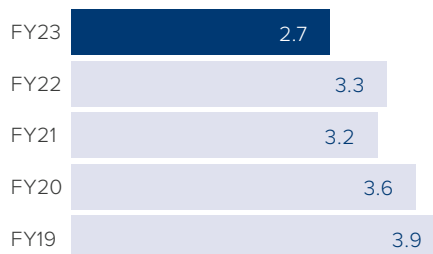
**Strategic relevance:** Our capital expenditure supports the maintenance of our operations and enables our growth.

**Performance in FY 2023:** Total capital expenditure amounted to US\$117.1 million following the ramping up of underground extension projects at both Cullinan Mine and Finsch. The increase in stay-in-business capital expenditure was largely due to the replacement of underground fleet at Finsch to mitigate the machine availability challenges encountered and an increase at Williamson due to the construction of the new tailings storage facility.

#### Rough diamond production (Mcts)<sup>1</sup>

The number of diamonds produced from Group operations

**2.7** -20%



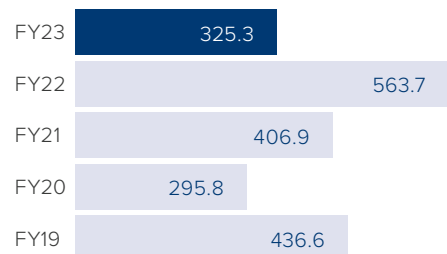
**Strategic relevance:** Production targets reflect our strategy and growth ambitions.

**Performance in FY 2023:** Production declined 20% to 2.7Mcts due to the temporary halt to production at Williamson and the lower grades mined at Cullinan Mine and Finsch. Mitigating steps have been implemented at both operations and grades at the Cullinan Mine have now reverted to revised levels with some volatility at Finsch expected in the short term. Williamson restarted production ahead of schedule in early July 2023.

#### Revenue (US\$ million)<sup>1</sup>

Income earned from rough diamond sales and partnership stones

**325.3** -42%



**Strategic relevance:** Revenue is a reflection of our production, and our in-house sales and marketing capabilities.

**Performance in FY 2023:** The year-on-year reduction in revenues mainly relates to a 20% decrease in diamonds recovered, no Exceptional Stones (≥US\$15 million) sold (FY 2022: US\$40.2 million) and the deferral of a portion of Tender 5 and the majority of Tender 6 sales to FY 2024; while this decision had a negative impact on FY 2023 revenue, it demonstrates our ability to be flexible with our sales processes, supported by our improved financial position.

1. During the Year, Koffiefontein was placed on care and maintenance activities in the run-up to a responsible closure. Koffiefontein is classified as a discontinued operation in FY 2023 as it has been 'abandoned' in terms of IFRS 5. For comparative purposes, the relevant FY 2022 results have been restated to exclude Koffiefontein.



Petra monitors and manages each step in the diamond production process to the highest ethical standards. We aim to ensure optimum economic extraction from our available orebodies, while maximising the life of our mining operations. Our reliable production pillar is achieved through accurate and precise mineral resources planning, efficient ore extraction and processing, responsible project and asset management, transformative digitalisation and responsible and effective allocation of capital.

We aim to create abundance for our investors and customers through the **reliable economic extraction** of available orebodies and effective management of mine assets to reduce costs, improve efficiencies and ensure asset longevity. By continuously monitoring and optimising each step in the diamond extraction and sales process – from exploration and mining, through to processing, sorting, marketing and sales – we seek to ensure a sustainable operation, with minimal environmental impact and positive value add for the communities where we operate.

In FY 2023, the Diamond Value Management (DVM) Framework was rolled out and embedded across Petra, along with further improved process efficiencies and product security. The DVM framework provides guidance on sustainable diamond recoveries from a quantitative, qualitative and product security perspective. Although the contribution from each of these elements is difficult to determine, the DVM principles support the overall value led strategy of the organisation.

Petra continues to undertake further resource delineation, bulk sampling, and feasibility studies to add to the current reserves and mine plan for each operation. We aim to ensure sufficient mineral inventory at the correct resource and reserve confidence levels for a minimum target of 15 years' production or until the end of the economic life of each operation. Potential future life extension projects to extend our mine plan at Cullinan Mine also progressed.

**Digital transformation** is a key driver for generating additional value. By embracing digital technologies and capabilities, Petra aims to unlock new operational opportunities, improve operational efficiency, enhance employee experience, and drive innovation. Digital transformation enables the Group to harness data-driven insights, optimise processes, and adapt to changing market dynamics. It is seen as a strategic imperative to stay competitive, deliver higher value to stakeholders, and seize the potential for growth and differentiation in the digital era. Petra is committed to leveraging digital transformation to generate additional value across its operations and for all stakeholders.

Petra has initiated a project to develop a comprehensive digitalisation strategy and a digital transformation roadmap. The starting point for this project is a review of our current digital landscape – the selection and appointment of an appropriate digital transformation partner is being finalised.

Simultaneously, digitalisation projects are in progress aimed at harvesting 'quick wins' while our fit-for-purpose digitalisation strategy is being developed. These include:

- ▶ Initiating the process of creating digital twins – a virtual model designed to accurately reflect a physical object – for underground workings at Cullinan Mine and Finsch. With this, digital frontline planning and execution tools such as short interval control and operations management systems will be rolled out at the two operations in a phased approach during FY 2024 and FY 2025
- ▶ A sustainability reporting system that provides a cloud-based connected and reporting compliance platform that enables the use of connected data and automated reporting across the human resources, human resource development, health, safety and environment and finance functions. The system facilitates compliance with applicable statutory reporting requirements, best practice guidelines and codes. This entails establishing suitably structured data architecture for internal and external ESG reporting requirements
- ▶ A digitised system to integrate leading and lagging safety indicators has been identified. This system will look to digitise information from safety inspections, and incident and accident investigations. The end goal will be to integrate this information with the active management of critical controls

We aim to maximise stakeholder value through a disciplined **capital allocation** approach that balances the profitability and growth of the Company with broad stakeholder returns. Our project management allows the Company to make informed investment decisions, minimise risk and deliver predictable and competitive projects in terms of cost and schedule, thereby retaining the trust of the market.

Petra's Value-led Growth Strategy is enabled by our operating model and capital allocation framework. This is summarised in the three distinct areas of:

- ▶ Current operations
- ▶ Brownfield organic expansion projects
- ▶ Inorganic and corporate opportunities





# ESG and Sustainability continued

## Petra's response to climate change: TCFD recommended disclosures

In responding to climate change, Petra is taking steps to:

- ▶ Optimise our energy use and increase the use of renewable energy in our energy mix, thereby securing access to more sustainable energy while reducing our GHG emissions;
- ▶ Achieve net zero for our Scope 1 and 2 GHG emissions by 2050 (or earlier). En route to reaching this target, we aim to reduce our Scope 1 and 2 emissions by 35–40% by 2030, against our 2019 base line emissions
- ▶ Understand and continue to map our Scope 3 emissions and work with our major suppliers to reduce these
- ▶ Embed the outcomes of climate change scenario analyses in our business model and strategy, with the implementation of adaptation planning within our business and within the communities in which we operate
- ▶ Continue to transparently disclose climate-related information, consistent with global benchmarks and standards, including the Recommendations and Supporting Recommended Disclosures of the Task Force on Climate-Related Financial Disclosures (the **TCFD**) or (the **TCFD Recommended Disclosures**).

While Petra has made disclosures against all of the TCFD Recommended Disclosures, we acknowledge and recognise that we remain on a journey in relation to climate change and also set out below specific areas in which we will seek to improve the robustness of these disclosures in FY 2024. Key achievements in FY 2023 included the following:

- ▶ We undertook scenario analyses to refine relevant climate-related risks across different scenarios. For more detail on the scenarios used, see disclosure 4 below
- ▶ We developed a Climate Change Mitigation and Adaptation Strategy, aligned to the TCFD recommendations and our Sustainability Framework
- ▶ We developed and adopted a Climate Change Position Statement
- ▶ We developed our GHG Roadmap to guide us towards our 2030 interim target and our Net Zero 2050 target (the **Roadmap**), with the Roadmap being formally approved after the end of the Year (see page 65 of the Sustainability Report for the Roadmap)

The table below sets out where Petra has made climate disclosures consistent with the TCFD. Certain of these disclosures are contained in our Sustainability Report, so as to align with how we report on our sustainability and climate change ambitions. The Sustainability Report will be published at the same time as this Report.

	Recommended disclosures	Discussion/or key developments in FY 2023	Reference
<b>Governance</b>	1. Describe the Board's oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> <li>▶ The Board has ultimate accountability for climate change matters and monitors progress against Petra's climate change strategy while providing oversight of climate change risk processes and related controls. This is primarily done through three of its sub-committees: the ARC, Sustainability and Remuneration Committees</li> <li>▶ In FY 2023, the Board adopted new Terms of Reference for the Sustainability Committee, giving it responsibility for Group-wide environmental matters, including climate-change. The Chair of Petra's Board, Peter Hill, was also formally designated as the NED with primary responsibility for ESG matters (which includes climate change). In FY 2023, the ARC also adopted a revised Enterprise Risk Management Framework (ERM) and Combined Assurance Framework, aimed at simplifying risk management and practices and creating a more focused and prioritised approach. Climate change continues to feature as one of Petra's material risks</li> <li>▶ Having just been approved, the Sustainability Committee will now receive quarterly updates on Petra's progression against the Roadmap. The ARC receives quarterly updates on movements in principal risks (including on climate change). The Board as a whole is kept apprised of material developments in relation to climate change (and significant environmental events) as and when they occur and received specific climate change training in FY 2023</li> </ul>	<ul style="list-style-type: none"> <li>▶ Annual Report (pages: 72–74, 87–89 and 130–132)</li> <li>▶ Sustainability Report (page: 65)</li> <li>▶ For the Terms of Reference of the Audit and Risk, Sustainability and Remuneration Committees, see <a href="https://www.petradiamonds.com/about-us/corporate-governance/board-committees-2/">https://www.petradiamonds.com/about-us/corporate-governance/board-committees-2/</a></li> </ul>
	2. Describe management's role in assessing and managing climate related risks and opportunities	<ul style="list-style-type: none"> <li>▶ Petra's CEO has primary responsibility for implementing Petra's strategy (set by the Board) and is assisted in this task by Exco (which the CEO chairs). Each Exco member is responsible and accountable for overseeing the management of all risks (including climate change) that fall within their remit. Petra's Group Sustainability function, which reports to the HR &amp; Public Affairs Executive, is responsible for leading the integration of climate-related transition and physical risk management across the business. The Sustainability function works closely with operations (who report into the COO) and Group functions (including Risk, Assurance &amp; Compliance which reports into the General Counsel &amp; Company Secretary; Finance which reports into the CFO; and Technical functions that report into the CTO). This enhances the identification, assessment and management of climate risks</li> <li>▶ Each part of the business therefore evaluates climate-related risks and opportunities within their remit as part of an ongoing risk cycle; climate risk management reflects Petra's 'top-down, bottom-up' approach to risk, recognising the impact that physical and transition climate risks can have on other principal risks. Petra's performance management system also involves the setting of KPIs which include requiring all managers (including Exco) to effectively identify, assess and manage risks (including in relation to climate change) within their remit and performance against these KPIs is assessed at least biannually</li> </ul>	<ul style="list-style-type: none"> <li>▶ Annual Report (pages: 86, 108 and 121–122)</li> </ul>
<b>Strategy</b>	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"> <li>▶ Petra performed its annual assessment of risks and opportunities associated with climate change in FY 2023, following the roll-out of the new ERM. In FY 2023, Petra updated its climate-related scenario analyses, and considered:               <ul style="list-style-type: none"> <li>▶ RCP1.9 as the worst-case scenario for transitional risks</li> <li>▶ RCP8.5 as the worst-case scenario for physical risks</li> <li>▶ RCP 2.6 as a reasonable case</li> </ul> </li> <li>▶ This process has identified a number of physical and transition risks that our operations are exposed to, which have a medium to long term impact on Petra's business. The key risks identified were:               <ul style="list-style-type: none"> <li>▶ Physical risks: increased precipitation (acute) and temperature and droughts/water stress (chronic)</li> <li>▶ Transition risks: access to capital, market risk owing to change in consumer behaviour and policy and legal risks</li> </ul> </li> <li>▶ Based on the nature of the risks identified, the appropriate remediation to address these risks is being considered in Petra's business strategy and financial planning process. These remedial steps will be integrated from FY 2024 onwards, and include: (i) ensuring that we meet fast evolving investor expectations around climate change; (ii) maintaining a robust position in the industry as climate change considerations are increasingly integrated into purchase decisions; (iii) continuing to evaluate reporting requirements under the ISSB or Transition Plan Taskforce; and (iv) delivering on our GHG emissions reduction targets</li> <li>▶ From a financial planning perspective, see note 25 to our Financial Statements, which acknowledges that whilst climate change presents both risks and opportunities to Petra, as at the date of this Report, Petra has not completed its risk analysis in relation to the impact which climate change will have on its financial environmental liabilities</li> </ul>	<ul style="list-style-type: none"> <li>▶ Annual Report (pages: 72–74, 77, 108 and 121–122 and the Environmental section of note 25 on page 199).</li> <li>▶ Sustainability Report (pages: 64–70)</li> </ul>
	4. Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning		
	5. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2oC or lower scenario		



Recommended disclosures	Discussion/or key developments in FY 2023	Reference
<b>Risk management</b>	<p>6. Describe the organisation's processes for identifying and assessing climate-related risks</p> <p>7. Describe the organisation's processes for managing climate-related risks</p> <p>8. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management</p> <ul style="list-style-type: none"> <li>▶ The identification, assessment, and management of the impact of climate change risks is undertaken using Petra's ERM Framework. This process includes taking into account risks identified through the scenario analyses described above</li> <li>▶ The Risk, Assurance and Compliance function continuously reviews, analyses, and reports on risks, which includes monitoring emerging risks and consolidating key risks, with reporting on significant movements in principal risks being made to Exco on a monthly basis. Exco is responsible for risk management processes and systems, driving a culture of individual risk owner and employee accountability in implementing these. The Risk, Assurance and Compliance function reports to the ARC on a quarterly basis, with the ARC in turn reporting to the Board. For more information, see disclosure 1 above</li> <li>▶ Our approach to environmental (including climate change) risk management, which forms part of the ERM and Combined Assurance Frameworks, is based on a process of constant improvement in hazard identification, risk assessment, instilling awareness and enforcing adherence to control mechanisms</li> <li>▶ Once assessed, risks are aggregated and integrated into the Group risk register. Updates to environmental baseline risk assessments are conducted at least annually to re-evaluate existing and identify emerging climate related risks, including the effectiveness of mitigating actions resulting from process changes, significant incidents, or disasters, or by instruction from regulatory bodies, amongst others</li> <li>▶ The relative significance of all risks (including climate change) is determined using the ERM Framework, applying consequence and likelihood criteria to identified risks, with management evaluating risks prior to internal controls to determine inherent risk levels and also assessing the effectiveness of internal controls to determine residual risk levels. A risk appetite and tolerance framework is in the process of being developed by the Company. Please also see our response in relation to Recommended Disclosure (2) above</li> <li>▶ Downstream risk management processes involve considering our stakeholders in key business decisions. In FY 2022, we adopted a comprehensive Stakeholder Engagement and Management Policy which sets out our approach in identifying and engaging with stakeholders. This helps ensure that stakeholder considerations are embedded throughout the business, with our Senior Management actively engaged in initiatives to engage and communicate with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▶ Annual Report (pages: 72-74, 77, 108, 119 to 120)</li> <li>▶ Sustainability Report (pages: 64-70)</li> </ul>
<b>Metrics and targets</b>	<p>9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</p> <p>10. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</p> <p>11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</p> <ul style="list-style-type: none"> <li>▶ Petra discloses an array of climate-related metrics including energy usage and intensity, Scope 1, 2 and 3 GHG emissions and Scope 1 and 2 emissions intensity. When renewable energy becomes a significant part of our energy mix, its percentage will be disclosed</li> <li>▶ The key metrics linked to the assessment of our GHG emissions include: <ul style="list-style-type: none"> <li>▶ Absolute gross GHG emissions generated during the reporting period, measured in accordance with the Greenhouse Gas Protocol Corporate Standard, and Corporate Value Chain Standard expressed as metric tonnes of CO<sub>2</sub> equivalent, classified as Scope 1, 2 and 3 emissions</li> <li>▶ GHG emissions intensity for each scope, expressed as metric tonnes of CO<sub>2</sub> equivalent per unit of physical or economic output, classified as Scope 1, 2 and 3 emissions</li> <li>▶ The extent to which these metrics rely on measured vs. estimated data</li> </ul> </li> <li>▶ Our: <ul style="list-style-type: none"> <li>▶ Scope 1 emissions for FY 2023 were 29,846 tCO<sub>2</sub>-e</li> <li>▶ Scope 2 emissions for FY 2023 were 405,532 tCO<sub>2</sub>-e</li> <li>▶ Scope 3 emissions for FY 2023 were 2,865 tCO<sub>2</sub>-e</li> </ul> </li> <li>▶ The majority of GHG emissions are as a result of our consumption of electricity (Scope 2 emissions &gt;90%) and therefore represents our biggest risk and focus in relation to emission reduction activities</li> <li>▶ With respect to our Scope 3 GHG emissions, we need to apply the steps and reporting boundaries of the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard to calculate and measure our baseline and report on Scope 3 emissions. We recognise the challenge in reporting accurate and reliable Scope 3 emissions data. We plan to implement the GHG Protocol's criteria for identifying relevant Scope 3 activities in FY 2024. For further information on the steps Petra is taking to achieve its emissions reduction target, see the Sustainability Report. We look forward to reporting on our performance against these targets in FY 2024</li> <li>▶ As reported above, Petra has adopted the Roadmap. The Roadmap contains the following targets: <ul style="list-style-type: none"> <li>▶ Interim target: 35-40% reduction in Scope 1 and Scope 2 GHG emissions by 2030 (against a 2019 baseline)</li> <li>▶ Net Zero target for Scope 1 and Scope 2 GHG emissions by 2050 (ambition to get there by 2040)</li> </ul> </li> <li>▶ We look forward to reporting our performance against these targets in FY 2024</li> </ul>	<ul style="list-style-type: none"> <li>▶ Sustainability Report (pages: 2, 13 and 64-72)</li> <li>▶ Sustainability Report (pages: 64-70)</li> <li>▶ Sustainability Report (pages: 2, 13 and 64-72)</li> </ul>



# Stakeholder Engagement

## Section 172 statement

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

Petra is incorporated in Bermuda and is not subject to the UK Companies Act, 2006. However, 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 UK 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. It should be noted that, in some situations and despite engagements by Petra, our stakeholders' interests may not be aligned with Petra's and interests between different stakeholders may conflict with one another. In these situations, the Board will still seek to understand and consider stakeholders' interests in its discussions and decisions, even if alignment cannot be achieved.

In FY 2022, Petra adopted a comprehensive Stakeholder Engagement and Management Policy setting out Petra's approach in identifying and engaging with its stakeholders. This policy has continued to be implemented during FY 2023, in particular through Petra's first multi-stakeholder engagement forums at Cullinan Mine and Finsch, to help ensure that stakeholder considerations are embedded throughout Petra's business, with our Executive Directors and Senior Management actively involved in initiatives to engage and communicate with our stakeholders.

Some examples of how the Board considered the various elements contained in section 172(1) of the UK Companies Act, 2006 in its discussions and decisions in FY 2023 are set out below.

#### Links to Stakeholders

- 1 Employees
- 2 Customers
- 3 Regulators
- 4 Shareholders
- 5 Communities
- 6 Suppliers

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

The Board regularly considers the steps needed 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 2023 of the Board's consideration of the longer-term consequences of its decisions in relation to Petra's stakeholders included:

- ▶ **Board strategy session:** in February 2023, the Board held an extensive in-person strategy session, following-up on its strategy session in February 2022 at which Petra's Value-led Growth Strategy was approved. The Board reviewed and provided its input on Petra's progress against its value-led growth strategy, as well as considering the Company's current external and internal context and potential new growth pathways. The Board identified a clear set of actions for management to progress each aspect of Petra's strategy and these are reviewed as a standing agenda item at each Board meeting. For more information on Petra's strategy, see pages 6 to 8, 18 to 19 and 28 to 29 of this Report
- ▶ **Petra's Purpose Statement and Culture Code:** FY 2023 saw the co-creation of a new Petra Culture Code which is now in the process of being embedded across Petra. The Board recognises the critical role that culture plays in shaping Petra's long-term success. The process started with the creation of Petra's new purpose statement: 'Creating abundance from rarity' which involved input from employees throughout the organisation and extensive discussions at the Board, with the Board approving the statement. The next phase of the process involved the co-creation of the new Petra Culture Code with more than 90% of Petra's workforce taking part. The Board was taken through the final set of key enablers and disablers that underpin the new Petra Culture Code and has monitored progress against the Code through surveys carried out in December 2022 and May 2023. For further information on these initiatives, see pages 20 to 26 of this Report
- ▶ **Extension projects at Cullinan and Finsch mines:** in approving the C-Cut extension project at the Cullinan Mine through the development of Tunnels 46 and 50, the Board considered the long-term impact of this project for Petra, noting the robust economics of the project (with an IRR exceeding 35%) and the impact it has on Petra's long-term viability by not only extending the mine plan at Cullinan to 2032 and mitigating the impact of waste ingress in the C-Cut but also providing Petra with more time to evaluate and develop further life extension projects at the Cullinan Mine. The Board also received detailed updates on the CC1E extension project at Cullinan Mine and the Lower Block 5 3-level sub-level cave extension project at Finsch, including approving additional capex for both projects and significant changes to the scope of the Lower Block 3 SLC-project at Finsch to mitigate geo-technical risks. In each case, the Board noted that the projects would contribute to positive long-term social and economic impacts for the communities surrounding the mines, as well as positive long-term fiscal impacts for the Government and they were expected to be self-funded. For further details on the projects, see pages 42 to 45 of this Report
- ▶ **Renewables project:** at the Board's strategy session in February 2023, there was a discussion of a proposed long-term project to procure renewable energy for Petra's South African operations to support Petra's GHG Scope 1 and 2 reduction targets, noting that more than 90% of Petra's total GHG emissions are Scope 2. It was also noted that this proposal should help mitigate above-inflation increases in Eskom's electricity costs and the potential impact of the future pass through of carbon taxes by Eskom. The Board gave its approval for negotiations to continue on this project. Whilst the project does not address the issue of Petra's security of energy supply, it was also agreed that this issue would need to be addressed as part of a next phase given the current situation in South Africa
- ▶ **Dividend policy:** in September 2022, the Board approved Petra's dividend policy which targets an ordinary dividend within the range of 15% to 35% of adjusted free cashflow after interest and tax and having adjusted for any windfall earnings. In approving this dividend policy, the Board considered Petra's capital commitments in the medium to long term, including, amongst other things, the approved extension projects at the Cullinan Mine and Finsch and debt servicing and repayment commitments and associated covenant requirements, to help ensure that the Group maintains a healthy balance sheet and sufficient liquidity and headroom. In line with this policy, no dividends were proposed for FY 2023 and the Board will review this again in FY 2024



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 [page 16](#)

#### Links to Stakeholders:

- 1
- 2
- 3
- 4
- 5
- 6



## 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 2023. For further detail on how the Board engages with employees, see page 90 of this Report.

Some examples illustrating the Board's inclusion of employee-related issues in their discussions and decisions in FY 2023 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 2023. 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 (with multiple metrics that measure these being regularly monitored by the Board and its Committees); (ii) the development and retention of employee talent; (iii) the remuneration and incentives for employees at all levels; (iv) updates on the new Petra Culture Code; (v) updates on the diversity of Petra's workforce; and (vi) the workforce retrenchment process at the Koffiefontein mine, followed by updates on care and maintenance activities as the mine is prepared for responsible closure
- ▶ **Board site visits:** in February 2023, a subset of the Board visited the Finsch mine and then the Williamson mine and in May/June 2023, the entire Board conducted a site visit to operations at the Cullinan Mine and Finsch, as well as Petra's head office and new sales and marketing office in Johannesburg. Each of these site visits involved operational updates, including updates on the extension projects at the Cullinan Mine and Finsch and the remediation of the TSF failure and construction of the new TSF (including visiting the construction site) at the Williamson Mine. The site visits enabled the Board to have formal engagements with employees through business updates, tours of operations and briefings provided by Petra's employees to the Board, as well as informally through the dinners and social events arranged as part of the site visits. The female NEDs also engaged with members of Petra's Women in Leadership Committee to discuss the challenges faced by women in mining, and how to promote a more inclusive working environment. For further details of the Board site visits, see pages 81 and 89 of this Report

### Links to Stakeholders:

1 5

## 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 2023 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. A number of issues remain outstanding in relation to completion of the FWA, including the application of the proceeds of the 71,654.45 carat parcel of diamonds blocked for export during August 2017, as well as receipt of certain confirmations that are required to be given by the Tanzania Revenue Authority. The Board has discussed these issues extensively, including the status of engagements with the Government of Tanzania on the FWA and how completion of the FWA remains a key step in establishing a foundation for sustainable operations at Williamson. In this regard, in May 2023, the Chair and CEO attended an in-person meeting with Her Excellency, the President of Tanzania to discuss resolution of these issues, and the best manner in which to expedite completion of the FWA. Further positive engagements with the Government of Tanzania have been held since
- ▶ **Sale Agreement with Pink Diamonds:** in May 2023, Petra entered into definitive transaction documents with Pink Diamonds Investments Limited (Pink Diamonds) in relation to the sale of 50% (less one share) of the issued share capital of the holding company of Williamson Diamonds Limited (WDL), the entity which owns the Williamson Mine. Pink Diamonds is affiliated to Taifa Mining and Civils Limited (Taifa), the long-term technical services contractor to Petra at the Williamson Mine and a leading Tanzanian mining contractor. In approving entry into these definitive transaction documents (pursuant to the MOU entered into in December 2021), the Board discussed the strategic opportunities and risks for Petra and Williamson in entering into a joint venture relationship with Pink Diamonds, including the greater alignment Taifa now has, as the long-term technical services contractor, in optimising operations at the Williamson mine
- ▶ **Partnership stones:** in FY 2023, Petra continued to make use of partnership agreements with key customers for the sale of certain special and exceptional stones recovered from the Cullinan Mine. These agreements enable Petra to retain an interest in the profit uplift of the proceeds of polished stones, after taking into account all costs. The Board considered the impact such partnerships 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 stones

### Links to Stakeholders:

2 3 5 6



# Stakeholder Engagement 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 are a critical components of Petra's licence to operate. Petra seeks to ensure that it complies in all material aspects with relevant legislation in the countries in which it operates. The Board, and in particular the Sustainability and Health & Safety Committees, regularly assess the impact of Petra's operations on the community and the environment. Below are specific examples of how these impacts were included in discussions and decision-making in FY 2023:

- ▶ **Oversight of the IGM and RJP implementation at the Williamson Mine:** the Board and relevant Committees continued to oversee progress on the implementation of the IGM and RJPs required under the terms of the settlement agreement with Leigh Day. This saw the IGM becoming operational in November 2022, with the commencement of its pilot phase. For more details on the IGM and the RJPs, see pages 34 to 38 of the Sustainability Report. Apart from reviewing the IGM and RJPs, the Board regularly discussed the incidence of illegal mining incursions at the Williamson mine, as well as its security operations, and continued to deepen its understanding of the underlying factors which drive illegal mining at Williamson and ways in which it might be addressed. When a subset of the Board conducted a site visit at Williamson in February 2023, this included a visit to security operations at the mine and updates on the IGM
- ▶ **Oversight of response to the TSF failure at the Williamson mine:** following the TSF failure at the Williamson mine in November 2022, the Board regularly discussed and reviewed the response and remediation activities being undertaken to address the impacts on the communities and the environment as well as updates on investigations into the root cause of the failure. The site visit by a subset of the Board to Williamson mine in February 2023 also included visits to areas affected by the failure and detailed updates on remediation of the failure and the construction of the new TSF (including visiting the construction site). For more details on these remediation activities, see page 73 of the Sustainability Report.
- ▶ **Placing Koffiefontein on care and maintenance:** in FY 2022, Petra announced it was exploring options for a possible sale of Koffiefontein, with the mine approaching the end of its mine plan. Unfortunately the sales process did not result in a potential buyer and so, with the mine having been loss-making for a number of years (including having incurred an operating loss of US\$8.7 million in H1 FY 2023), the Board took the difficult decision in FY 2023 of ceasing operations and placing Koffiefontein on care and maintenance, with preparations being made for a responsible closure. In making this decision, the Board took into account: the impact on Koffiefontein's employees with a Section 189 consultation process taking place for the retrenchment of employees; the significant impact that care and maintenance and closure has on the local community and the importance of delivering SLPs and other projects; the rehabilitation and decommissioning activities and obligations involved; and the associated safety, security and other risks. Since making this decision, the Board has continued to monitor engagements with employees, unions, the community and Government regarding placing Koffiefontein on care and maintenance and the steps Petra is taking for a responsible closure of the mine. For more details on a sustainable post-exit future at Koffiefontein, please see page 30 of the Sustainability Report

### Links to Stakeholders:



## 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 2023, the Board and relevant Committees reviewed and adopted:

- ▶ a revised Board Charter, a key governance document which outlines the role and functioning of the Board, lists the matters reserved for the Board and its Committees and outlines the requirements of key Board roles. The Board Charter had not been updated for some time and revisions were made to reflect best governance practice and changes to how the Board functions
- ▶ following the adoption of the Board Charter, the Audit & Risk Committee reviewed and approved a revised Delegation of Authority Policy and Matrix which was needed to reflect changes to Petra's organisational design. Key objectives of the revised Delegation of Authority are to: delegate authority as low as is appropriate into the organisation with a view to empowering employees and holding them accountable; to simplify and clarify approval processes across the Group; and enhance standards of business conduct
- ▶ a new Ethics and Compliance Due Diligence Policy and Supplier Compliance Due Diligence Procedure, setting out the requirements for carrying out ethics and compliance due diligence on existing and prospective business partners, particularly in relation to bribery and corruption, money laundering, tax evasion, human rights and labour conditions violations and sanctions and trade restrictions, were adopted by the Audit and Risk Committee. Further details on this are set out on pages 73 and 102 of this Report

### Links to 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 key stakeholders. Pertinent examples of the factors and engagements 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 83 to 85 of the Sustainability Report.

### Links to Stakeholders

- 1 Employees
- 2 Customers
- 3 Regulators
- 4 Shareholders
- 5 Communities
- 6 Suppliers

### Links to Stakeholders:

4



# 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 2023 overview

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

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, in conjunction with external assurance providers and the Risk, Assurance and Compliance function, on the effective functioning of the internal control systems.

An outline of initiatives taken during FY 2023 to strengthen risk governance at Petra is set out below.

### Risk Improvement Project

In FY 2022, a risk improvement project was launched to improve and simplify risk management practices and software across the Group by making them more user-friendly, focused on priority risks and integrated within Petra's business.

In FY 2023, the initial priority involved updating Petra's Enterprise Risk Management (ERM) and Combined Assurance Frameworks. Key changes to these Frameworks include, amongst other things:

- ▶ Updating the criteria and thresholds for determining the likelihood and consequence of risks to make them more relevant to Petra
- ▶ Amending risk assessments so that they take account of risk velocity (i.e. the speed at which risk impacts Petra)
- ▶ Introducing the concept of 'critical controls' to both Frameworks. This requires management to take a more prioritised approach by identifying and assessing the effectiveness of key controls for Petra's most significant risks. This will assist the Internal Audit function in the formulation of their risk-based Internal Audit plans
- ▶ Ensuring there is greater alignment between the two Frameworks
- ▶ Providing greater clarity to management on the different levels of assurance, including when and why they are needed
- ▶ Providing guidance for management on the selection of credible third party assurance providers
- ▶ Helping management to identify risks where there is over or under assurance

The roll-out and implementation of the revised ERM and Combined Assurance Frameworks has already commenced. This initially involves the hosting of a series of workshops across the Group to explain the key changes to these Frameworks and reaffirm management's responsibility in identifying, evaluating and managing risks including the implementation of controls. This will then be followed by a second set of Group-wide workshops to carry out risk assessments using the new Frameworks. These will be facilitated by the Risk, Assurance and Compliance team and initially focus on priority risks. These workshops are planned for FY 2024.

To support the embedding of these Frameworks, a Key Performance Indicator has been introduced for all management which assesses the performance of their risk management responsibilities during FY 2024. In addition, a more co-ordinated approach to planning combined assurance activities is being developed which will be led by the Risk, Assurance and Compliance team but with input from Internal Audit, Exco, General Managers of the Mines and function heads.

In the FY 2022 Annual Report, it was indicated that the risk improvement project would look to simplify the risk management software currently being used by Petra. After further consideration, Petra has decided to look at potentially adopting new risk management software to see if this would better align with our simplified risk management processes and Petra's digitisation strategy. An evaluation of new risk management software options is currently underway and a decision will be made during the course of FY 2024.

During FY 2023, an external quality assessment of the Internal Audit function was undertaken by the Leadership Academy of South Africa; Institute of Internal Auditors. A number of recommendations for improvement were identified in this assessment, including with regard to how the Internal Audit and Risk, Assurance and Compliance functions can collaborate more effectively in areas of risk management and combined assurance. An action plan has been developed to address these findings and these actions will be implemented in FY 2024.

### New Crisis Management Policy

During FY 2023, Petra developed a Group-wide Crisis Management Policy which is aimed at ensuring management provides a co-ordinated and effective response to incidents and emergency situations. This new policy was approved by the Board after the end of FY 2023. Each of the South Africa mines already has a Mandatory Code of Practice for Emergency Preparedness, as required by South Africa's Mines Health and Safety Act. This policy is, therefore, supplementary to those Codes and focused, amongst other things, on providing guidance to management at both a Group and Mine level on how to prepare for and respond to incidents and emergency situations, developing effective communication procedures for incidents and emergency situations and raising awareness among all staff regarding Petra's crisis management plans.



### Ethics and Compliance Programme

In FY 2022, the Board approved a revised Code of Ethical Conduct and the Sustainability Committee approved new Gifts and Hospitality, Declaration of Interests and Public Officials Expenditure Policies and a revised Whistleblowing Policy.

During FY 2023, the updated Code of Ethical Conduct and these policies were launched at a series of town hall meetings with employees and then rolled out across the South African operations through a total of eleven workshops with the roll-out in Tanzania taking place in Q1 FY 2024. Compliance with these policies was also supported by the launch of online registers in FY 2023 that enable employees to declare and seek approval for gifts, hospitality, interests and expenditure involving public officials.

Shortly after the end of FY 2023, South African and UK management-level employees received annual online training on the Code of Ethical Conduct and were required to complete an annual certification that they have complied with the requirements of the Code. Employees below this level will receive their training and provide their certifications when they go through their annual refresher training. To further embed the Code and these policies at Petra, plans have been developed for employees to receive refresher training and awareness workshops and for Petra to host workshops for key suppliers during FY 2024.

During FY 2023, the Audit & Risk Committee approved a new Ethics and Compliance Due Diligence Policy and Supplier Compliance Due Diligence Procedure which set out the risk-based approach Petra is required to follow in conducting ethics and compliance due diligence on its existing and prospective third parties – predominantly customers, suppliers and social investment beneficiaries. The focus of the ethics and compliance due diligence relates to bribery and corruption, financial crime (such as money laundering and tax evasion), human rights and labour conditions violations and sanctions and trade restrictions. Before entering into contracts with third parties, third parties are required to be risk assessed and screened through a reputable online platform and further diligence is conducted on medium and higher risk third parties, using due diligence questionnaires, an automated compliance workflow management platform and, if necessary, enhanced third party due diligence reports.

During FY 2023, a new Group Investigations Framework was approved by Exco and the Chair of the Audit and Risk Committee. This Framework outlines, amongst other things, who within Petra is responsible for carrying out different types of internal investigations, when to appoint external investigators and the processes that internal and external investigators must comply with when conducting investigations.

For further details of the tip-off reports received through Petra's independent, external whistleblowing hotline, please see page 102 of this Report and pages 24 and 26 of the Sustainability Report.

Petra is also in the process of developing a Regulatory Compliance Framework, with the Audit & Risk Committee due to review and approve it towards the end of FY 2024. Whilst Petra already complies in all material respects with applicable laws and regulations, the intention of the Framework is to enhance Petra's procedures and reporting in this area.

### 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 2023. 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.

During FY 2023, the Group's principal risks were reduced from fourteen to twelve as a result of the 'ROM Grade and Product Mix Volatility' risk and 'Mining and Production' risk being combined and the 'COVID-19' risk being downgraded as a result of the World Health Organisation declaring an end to the pandemic in May 2023.

Further revisions were made to how the Group's principal risks were assessed in FY 2023 as a result of:

- ▶ changes to risk ratings resulting from the revised criteria used in the new ERM and Combined Assurance Frameworks for determining the consequence and likelihood of risks and the effectiveness of internal controls
- ▶ significant re-wording of the risk descriptions for the 'Licence to Operate: regulatory and social impact & community' relations, 'Environment' and 'Climate Change' risks

The Board's annual training programme included:

- ▶ a dedicated cyber-risk training session presented by PwC, to keep Directors abreast of the latest developments and risks relevant to this area and provide an overview of how Petra performs in relation to this risk. For more details on risk management regarding Information Communication and Technology at Petra, see our ICT Overview at <https://www.petradiamonds.com/wp-content/uploads/Petra-ICT-Website-Disclosure-11-Oct-22-2.pdf>
- ▶ a session held with an award-winning South African journalist, political commentator and author, Justice Malala, to analyse and discuss South African political and country risks, focusing in particular on the South African general elections due in 2024

The Risk, Assurance & Compliance function continues to closely monitor outstanding mitigating actions by risk owners across the Group and if necessary escalates these to Exco and the Audit and Risk Committee to ensure they are closed out timeously. The function is looking to enhance its monitoring in FY 2024 by monitoring and reporting 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 Appetite and Tolerance

Risk appetite is the level of risk that Petra is willing to accept in pursuit of its strategy and objectives. As indicated in the FY 2022 Report, the development and implementation of a Risk Appetite and Tolerance Framework at Petra was dependent on making sufficient progress on the risk improvement project, described above. Having now made sufficient progress, Petra has engaged an external service provider to assist in compiling this Framework and will be seeking input from management, Exco, the Audit & Risk Committee and the Board as part of the approval process. This project is due for completion in the first half of FY 2024.

# Principal Risks and Uncertainties continued

## Risk governance

Petra deploys the five lines of defence model to enable better risk governance. A diagram that summarises how this model works is set out in Figure 1 below. Petra's risk governance applies the principles of good governance to the identification, assessment, management and communication of risks.

**Figure 1: Risk governance – Five lines of defence model**

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

## 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 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.

In FY 2023 and to further strengthen the internal control environment, Petra's Delegation of Authority Policy and Matrix was updated, approved by the Audit & Risk Committee and then rolled-out across the Group. The new Policy and Matrix is based on a RACI matrix (Recommend, Approve, Consult and Inform), reinforcing clear, inclusive decision-making and collaboration. Key objectives of the revised Delegation of Authority are to delegate authority as low as is appropriate into the organisation with a view to empowering employees and holding them accountable and to simplify and clarify approval processes across the Group.

For FY 2023, the Group Internal Audit Manager and the Audit & Risk 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 help 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 help ensure the control environment is effective. This includes systems to monitor the implementation by management of recommended remedial actions and follow-up audits.

As indicated above, during FY 2023, an external quality assessment of the Internal Audit Function was undertaken by the Leadership Academic of South Africa's Institute of Internal Auditors. A number of findings were identified in this assessment and an action plan has been developed to address these findings and these actions will be implemented during the course of FY 2024.



## 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 114 to 124 of this Report 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 2023.

Risk	Risk appetite	Risk rating	Nature of risk	Change in FY 2023
<b>External risks</b>				
1. Rough diamond prices	High	Medium	Long term	<b>Higher</b> – whilst diamond prices for Q1 to Q3 FY 2023 remained robust, like-for-like diamond prices softened in Q4 FY 2023, with Tender 5 (May) seeing a 13% reduction in like-for-like prices on Tender 4 (March). Due to continuing softer prices resulting from elevated inventory levels in the mid-stream on the back of what we consider to be a temporary slowdown in demand for rough diamonds, the majority of sales from Tender 6, together with the c 76kcts withdrawn from Tender 5, were deferred and offered for sale in Tender 1 of FY 2024 in August 2023, with like-for-like prices in Tender 1 declining by 4.3% on Tender 5 of FY 2023 and initial results for the partially completed Tender 2 of FY 2024 seeing like-for-like prices declining by 16 to 18% on those achieved in Tender 1. While subdued demand and pricing volatility are expected to continue in the short term, including from increased polished inventory, prolonged weakness in the Chinese market, lab-grown diamond sales in the bridal jewellery segment and higher interest rates impacting the mid-stream in particular, we see the prevailing structural supply deficit providing market support in the medium to longer term. The two-month voluntary moratorium on diamond imports to India (from 15 October to 15 December 2023), announced by a group of Indian trade organisations on 27 September 2023, is intended to provide support for diamond prices in the medium to longer-term through the rebalancing of inventory across the value chain, though it is expected to add to pricing volatility in the short-term. Recent announcements by major producers to constrain the supply of rough diamonds, coupled with the possibility of the G7 imposing further sanctions or restrictions on the trade of diamonds of Russian origin, should also provide support to diamond prices.
2. Currency	High	Medium	Long term	<b>Lower</b> – The ZAR/USD rate weakened during FY 2023, opening at R16.27 and ending the Year at R18.83, averaging R17.77 over the twelve-month period. Since Q3 FY 2023, various domestic South African factors have contributed to the Rand's continuing weakness which positively impacted Petra's FY 2023 financial results.
3. Country and political	High	Medium	Long term	<b>No change</b> – The risk of political instability remains in South Africa and with general elections due in 2024, is expected to increase. In addition, increased levels of load shedding/curtailment in the Year continued to disrupt South Africa. Furthermore, South Africa's non-aligned stance in the war between Russia and Ukraine has been increasingly questioned.  Country and political risk in Tanzania has decreased due to the positive economic and structural changes implemented by the government which was well received by the international community. This has resulted in a significant increase in Foreign Direct Investment and an upgrade in the country's credit rating.
<b>Strategic risks</b>				
4. Group liquidity	Medium	Medium	Short to long term	<b>Higher</b> – Whilst the Group's balance sheet was strengthened through the repurchase of the Company's loan notes totalling US\$144.6 million, resulting in annual interest savings of c US\$15 million, the Group experienced softening rough diamond prices (see above) and operational challenges in FY 2023, including lower grades at the Cullinan Mine, lower tonnes mined at Finsch and the production suspension and remediation costs at Williamson arising from the TSF failure in November 2022, which all impacted Petra's liquidity position. A number of ongoing mitigating actions are being taken to address these challenges. Koffiefontein was placed on care and maintenance during the Year with activities underway towards closure. Softening rough diamond prices have continued into FY 2024 leading to the Indian diamond import moratorium (see above) and this has led to an additional "stressed diamond price" sensitivity (plus associated levers to address potential liquidity covenant breaches) being analysed that has resulted in material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern, as described in more detail in the Company's Going Concern statement on pages 169 to 171 of this Report.



## Principal Risks and Uncertainties continued

## Principal risks continued

Risk	Risk appetite	Risk rating	Nature of risk	Change in FY 2023
<b>Strategic risks continued</b>				
5. Licence to operate: regulatory and social impact & community relations	Medium	High	Long term	<p><b>No change</b> – In light of operations at Koffiefontein having ceased and the mine being placed on care and maintenance, community tensions in H1 of FY 2023 increased, though improved relations have been observed in H2 FY 2023 following extensive engagements with the local communities, the DMRE and the local municipality.</p> <p>At Williamson, the IGM became operational at the end of November 2022 with the commencement of the pilot phase and following completion of feasibility studies for the ASM and ADI projects, the remaining escrow funds will now be committed towards the ADI projects.</p> <p>Whilst no fatalities or serious injuries were reported after the TSF failure at Williamson, the livelihoods of a number of community members were affected. A variety of short-term measures were initially taken, followed by an assessment of the impact on the surrounding communities and longer-term remediation measures. An Entitlement Framework has been developed that enables community members impacted by the TSF failure to be appropriately compensated, with Phase 1 and 2 compensation payments having already been made.</p>
<b>Operating risks</b>				
6. Mining and production (including ROM grade and product mix volatility)	Medium	High	Long term	<p><b>Higher</b> – Lower grades at the Cullinan Mine are expected to continue through FY 2024. This is attributable to the C-Cut cave maturity as the cave progresses from SW to NE and the earlier than anticipated waste ingress from the overlying depleted mining blocks. Several mitigating actions are underway to address these grade issues, including:</p> <ul style="list-style-type: none"> <li>▶ Tailings treatment has been maximised to partially offset lower carats from the C-Cut</li> <li>▶ The re-opening of Tunnel 36 (which has already occurred) and Tunnel 41 and the establishment of Tunnels 46 and 50 (the development of which was approved by the Board in FY 2023) will provide additional volume from FY 2025 and, in conjunction with production from the CC1E development (expected to contribute meaningfully from FY 2025), will see grades move back towards 40 cpht</li> </ul> <p>Finsch's production target fell short of guidance largely attributable to low machine availability owing to an ageing underground fleet, challenges with the centralised blasting system and emulsion quality and an extended rock-winder breakdown, with mitigating actions in place to stabilise production, with the extension projects at Finsch expected to improve grade and production levels.</p> <p>Whilst production at Williamson was suspended for the remainder of FY 2023 due to the TSF failure in November 2022, commissioning of the interim TSF took place in July 2023, enabling operations to restart at the beginning of Q1 FY 2024, ahead of schedule.</p> <p>Operations at Koffiefontein have ceased and the mine has been placed on care and maintenance.</p>
7. Labour relations	Medium	Medium	Short to medium term	<p><b>No change</b> – Stable labour relations were experienced at all operations throughout FY 2023, noting that at Koffiefontein a section 189 retrenchment process was concluded, with the mine subsequently being placed on care and maintenance. For FY 2023, the Group has introduced a quarterly production bonus scheme for lower band employees to enable alignment with other incentive structures across the Group.</p> <p>Discussions with organised labour concerning a new wage agreement for the South African operations are planned to commence in the coming months given the current agreement ends in June 2024.</p> <p>A Collective Bargaining Agreement with TAMICO, the majority union at Williamson, was signed in November 2022.</p>



Risk	Risk appetite	Risk rating	Nature of risk	Change in FY 2023
8. Safety	Medium	Medium	Short to medium term	<b>Higher</b> – LTIFR and LTIs marginally increased to 0.24 and 17 respectively in comparison to FY 2022 (0.22 and 15). The increased activities associated with the ramping up of extension projects at the Cullinan and Finsch Mines has contributed to this regression in safety performance and increased risk. Whilst FY 2023 safety indicators showed a declining trend, improvements have been made in Q4 FY 2023. Remedial actions, Group-wide learnings, visible felt leadership and behaviour intervention programmes with various focus areas have been undertaken to address this trend.
9. Environment	Medium	Medium	Long term	<b>Higher</b> – Following the TSF failure at Williamson in November 2022, significant work was undertaken to contain the breach, determine the extent of the environmental impact and commence environmental remediation. An investigation is being conducted to determine the root cause of the TSF failure. WDL continues to engage with Tanzania's environmental regulator regarding the failure.  Elevated water levels at the tailings facility (No 7 Dam) at the Cullinan Mine have required permitted emergency releases of water to be made. The releases have resulted in water quality and volume requirements being temporarily exceeded which is permitted for emergency releases. Short- and long-term mitigation measures to address water levels at the dam are being taken.
10. Climate Change	High	Medium	Long term	<b>No change</b> – During the Year, the Company developed its Climate Change Position Statement and engaged Ernst & Young to develop a Climate Scenario Analysis which identifies key climate risks and opportunities using different scenarios across different time horizons, together with the impacts of these risks and opportunities and existing and future resilience measures. Petra also initiated a renewables strategy that, once implemented, will be key in enabling Petra to reach its 2030 interim target of a 35-40% reduction in Scope 1 & 2 emissions (against Petra's 2019 baseline). Management continues to monitor progress against annual climate change targets set for on-mine water and electricity consumption and efficiency.
11. Capital Projects	Medium	High	Short to medium term	<b>Higher</b> – Whilst the CC1E and C-Cut extension projects at the Cullinan Mine and the Lower Block 5 3 Levels SLC project at Finsch remain on-track to deliver production growth over the next three years, management have proactively initiated various mitigating actions and expedited Trackless Mining Machinery and drill rig availability to address the risk of these projects falling behind project plans. Alternate labour sourcing strategies are also being considered.
12. Supply Chain Governance	Medium	High	Short to medium term	<b>Higher</b> – An independent external expert was engaged to conduct a gap analysis of existing Supply Chain processes and systems, and this has resulted in management initiating a project to address areas that require improvement. During FY 2023, the diagnostic and design phases of the project were largely completed, with implementation to commence during Q1 FY 2024. Management expects to roll out and embed the new way of working during FY 2024. The project focuses on Supply Chain processes, systems and structures with enhancements expected in compliance, governance and risk management, improved procurement, tender and supplier registration procedures and filling critical roles in the function. An online due diligence platform, administered by an external third party, went live in December 2022 to improve the vetting and screening of suppliers.





# 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



As a Board we will continue to maintain the highest standards of corporate governance at Petra.

**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 2023, we have continued to enhance our Board strategy, structure and culture, with governance highlights including the following:

### Board composition and committee structure

Octavia Matloa retired from the Board on 30 June 2023 having been an independent Non-Executive Director since November 2014. We are grateful to Octavia for the significant contribution she made to the Board during her long service, particularly on financial and audit matters and since 2019, as the inaugural Chair of the Social, Ethics and Diversity Committee and since 2020 as Petra's inaugural designated workforce engagement Non-Executive Director. Octavia leaves the Board with Petra's thanks and appreciation and with all best wishes for her future endeavours.

On 3 April 2023, we welcomed Lerato Molebatsi to the Board as a new independent Non-Executive Director, including as a member of the Audit and Risk, Nomination, Remuneration, Investment and Sustainability Committees. Upon Octavia retiring from the Board, Lerato became the Chair of the new Sustainability Committee (see below for more details) as well as Petra's designated workforce engagement Non-Executive Director. Lerato has extensive executive and non-executive experience across a range of sectors, primarily in South Africa, including in corporate communications and public affairs, stakeholder relations, corporate social investments, policy development, black economic empowerment and governance. For more information and Lerato's biography, see page 85 of this Report.

After the end of FY 2023, Petra announced that Johannes Bhatt will retire as a non-Executive Director at the conclusion of the Company's FY 2023 AGM. Johannes was appointed as a non-independent Non-Executive Director on 1 July 2021 pursuant to a Nomination Agreement between the Company and Monarch, following the successful recapitalisation of the Company. This Nomination Agreement terminated when Monarch's shareholding in Petra fell below 5% resulting in the termination of Monarch's right to nominate a Director to Petra's Board. Johannes leaves the Board with Petra's thanks and we wish him every success in his future endeavours.

During FY 2023, the Board reviewed how oversight responsibilities are allocated between its various Board Committees. This review resulted in a number of changes taking effect from 1 July 2023 which are aimed at improving the efficiency of the Board Committees by avoiding areas of overlap and, where appropriate, aligning with how management is structured. These changes can be summarised as follows:

- ▶ The Social, Ethics and Diversity Committee has been renamed the Sustainability Committee, taking on new oversight responsibilities for Group-wide environmental matters, including, amongst others, climate change, water management and consumption, circular economy and biodiversity, which are transferred to it from the Health & Safety Committee. The Sustainability Committee retains oversight responsibilities for social matters which includes, amongst others, stakeholder engagement, community and social development, community human rights, sourcing, Petra's culture, collective bargaining and the diversity, inclusion and development of Petra's workforce. Reviews of quarterly security reports will now be the sole responsibility of the Sustainability Committee, whereas before the Audit & Risk Committee also reviewed these reports. Membership of the Sustainability Committee remains the same, with Lerato Molebatsi becoming the Chair following Octavia Matloa's retirement



# Chair's Introduction to Governance continued

## Board composition and committee structure continued

- ▶ The Health, Safety and Environmental Committee has been renamed the Health & Safety Committee, with this Committee retaining its oversight responsibility for health and safety matters but also retaining oversight responsibilities for tailings storage facilities, waste dumps and on-mine water management and environmental legal and regulatory compliance. Membership of the Health & Safety Committee remains the same
- ▶ The Audit & Risk Committee now has sole oversight responsibility for ethics matters, with this responsibility having previously been shared with the Social, Ethics and Diversity Committee
- ▶ The Chair of the Board has been designated as the Director responsible for ESG matters, reflecting the breadth and importance of these matters

The Board believes that these changes will see the Sustainability Committee being better placed to provide comprehensive oversight of sustainability and ESG issues which are of growing importance given the increased focus they have within Petra and amongst our stakeholders. The Board also believes that these changes will help reinforce the focus on and prominence of health and safety matters at Petra, through the retention of the Health & Safety Committee, rather than merging the Sustainability and Health & Safety Committees into one 'super' board committee as some companies have done.

For more information, please see the amended Terms of Reference for each of these Board Committees which are available at <https://www.petradiamonds.com/about-us/corporate-governance/board-committees-2/>.

## Board site visits, strategy and performance

Site visits provide valuable opportunities for members of the Board to directly observe operations, receive detailed in situ operational updates and engage with employees at all levels of the organisation. This provides important context to the Board for their decision-making and also useful insights for employees.

A subset of the Board visited the Finsch mine in February 2023 and the entire Board visited the Cullinan and Finsch Mines and the Group's head office and new sales and marketing office in Johannesburg in May/June 2023. These site visits provided useful updates on the progress of the extension projects at the Cullinan and Finsch Mines, the progress being made in addressing waste ingress issues at the Cullinan Mine and operational challenges at Finsch, potential future extension projects at both mines and also enabled the Board to meet the newly appointed General Managers and new members of the management teams at both mines. The site visits were well timed as they provided particularly useful context ahead of a Board meeting held in June 2023 to approve the FY 2024 budget and review business plans for FY 2025 and FY 2025.

A smaller subset of the Board conducted a site visit of operations at the Williamson Mine in February 2023. This included visiting security operations at the mine and receiving updates on the remediation of the TSF failure, the construction of the interim TSF (including visiting the construction site) and the IGM's pilot phase.

In February 2023, the Board held a strategy session, reviewing and providing its input on Petra's progress against its value-led growth strategy. During the session, the Board considered Petra's current external and internal context, potential new growth pathways and a potential new renewable energy project in South Africa that would enable Petra to reduce its GHG emissions. As an output of the strategy session, the Board identified a clear set of actions. The Board continues to review the status of these actions and Petra's strategic priorities as a standing agenda item at each Board meeting.

In Q4 FY 2023 and in accordance with the requirements of the Code, the Board undertook an evaluation of its own performance and that of the Board Committees which was facilitated by the Company Secretary. I am pleased to say that the outcomes of this assessment indicated that Petra Board's remains effective and high-performing. A summary of how the evaluation was carried out and certain areas identified for improvement are outlined on page 93 of this Report.

## The new Petra Culture Code and purpose statement

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. The Board recognises the critical role that culture plays in shaping Petra's success. FY 2023 was a significant year for Petra's culture as it saw the co-creation of a new Petra Culture Code which is now in the process of being embedded across Petra. Our Culture Code is outlined on pages 22 to 23 of this Report.

The process started with the creation of Petra's new purpose statement: "Creating Abundance from Rarity". The full purpose statement can be found on page 20 of this Report. The creation of this new purpose statement was inclusive, involving input from employees throughout the organisation and extensive discussions at the Board, with the Board approving the statement.

The next phase of the process involved all employees being invited to participate in identifying critical success factors for Petra to fulfil its purpose – what Petra needs to do more of (Enablers) and less of (Disablers). The Board was encouraged by the very high levels of participation and was taken through the final set of key Enablers and Disablers. The Board was encouraged by the progress shown against the December 2022 baseline survey when a second survey was carried out in May 2023.

The Board remains committed to the new Petra Culture Code and continuing to embed it across the organisation, and will continue to monitor the Petra Culture Code scores and feedback that will be assessed every six months. We firmly believe that a strong culture is key to attracting and retaining top talent, driving performance and ultimately creating long-term sustainable value for Petra's stakeholders.

## Diversity

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

The Board fully supports the targets of the FTSE Women Leaders and Parker reviews on gender and ethnic diversity at the board level. As at the date of this report, I am pleased to note that 40% of our Directors are women and that our Senior Independent Director (Varda Shine) and three Board Committees Chairs (Audit and Risk Committee, Remuneration Committee and Sustainability Committee) are women. In addition, 20% of the Board are of an ethnic background which is not white and five different nationalities are represented on our Board. When Johannes Bhatt retires from the Board at the end of the AGM in November 2023, these percentages will change to 44% and 11% respectively.

In FY 2024 and in accordance with recent guidance issued by the FCA, the Board intends to amend its Committee Terms of Reference to further reflect Petra's commitment to ensuring diversity in the composition of its Board Committees.

## Governance updates

Petra's culture will always be underpinned by a commitment to behaving ethically and following on from the adoption of the revised Code of Ethical Conduct and the anti-bribery and whistleblowing policies towards the end of FY 2022, the focus in FY 2023 has been



to embed these within Petra through numerous awareness campaigns, workshops, training and a certification process supported by the Risk, Assurance and Compliance function. Online registers to record gifts and hospitality, declarations of interests and expenditure on public officials were also successfully rolled out. The Code and the anti-bribery and whistleblowing policies were also customised to deal with Tanzanian legal requirements, translated into Swahili and adopted by WDL with roll-out workshops having been held in Q1 FY 2024.

As indicated in the FY 2022 Annual Report, Petra also embarked on a risk improvement project in FY 2023 which saw the adoption of revised Enterprise Risk Management and Combined Assurance Frameworks by the Audit & Risk Committee. These frameworks are aimed at simplifying risk management practices within Petra to make them more user-friendly and to result in a more focused and prioritised approach. The focus for FY 2024 is on implementing these new frameworks, including through a series of new risk assessments across the Group.

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

- ▶ The Board's approval of updates to the Board Charter, a key governance document which outlines the role and functioning of the Board, lists the matters reserved for the Board and its Committees and outlines the requirements of key Board roles. The Board Charter had not been updated for some time and revisions were made to reflect best governance practice and changes to how the Board functions. Once the Board Charter had been approved, the Audit & Risk Committee then reviewed and approved a revised Delegation of Authority Policy and Matrix which was needed to reflect changes to Petra's organisational design. Key objectives of the revised Delegation of Authority are to delegate authority as low as is appropriate into the organisation with a view to empowering employees and holding them accountable and to simplify and clarify approval processes across the Group
- ▶ The adoption and implementation of a new Ethics and Compliance Due Diligence Policy and Supplier Compliance Due Diligence Procedure, setting out the requirements for carrying out ethics and compliance due diligence on existing and prospective business partners, particularly in relation to bribery and corruption, money laundering, tax evasion, human rights and labour conditions violations and sanctions and trade restrictions. Further details of this are set out on page 73 of this Report
- ▶ The review and updating of the Board Committee Terms of Reference for the new Sustainability Committee, the Health & Safety Committee and the Audit & Risk Committee to reflect changes to the oversight responsibilities of these Committees, as explained above

### Stakeholder engagement and workforce engagement

Petra recognises the importance of building strong relationships with all our stakeholders, which is essential to the long-term success of our business and lies at the heart of our purpose, values and strategy. As a Board, we regularly receive feedback on the views and priorities of our key stakeholder groups, as set out on in our section 172 statement on pages 68 to 71 of this Report, with stakeholder views considered when making strategic decisions. Through transparent communication and meaningful interaction, Petra's goal is to foster a sense of belonging and trust, empowering us as an organisation to make responsible business decisions which positively impact all our stakeholders.

We continually look to improve and strengthen our stakeholder engagement processes and following the adoption of a new Stakeholder Engagement and Management Policy in FY 2022, we are pleased to report that during FY 2023 Petra convened its first multi-stakeholder engagement forums at the Cullinan and Finsch Mines. Stakeholders from local government, community structures and business forums are all represented in these forums, which is a significant step in the continued implementation of our Stakeholder Engagement and Management Policy.

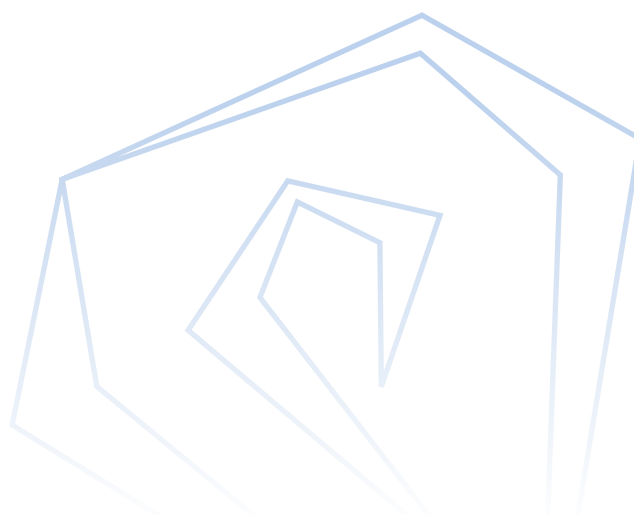
Petra has long recognised the importance of understanding the views of its workforce to ensure they are part of Board discussions and factored into the Board's decision-making. To facilitate this, in 2020 Octavia Matloa was appointed as Petra's inaugural designated workforce engagement Non-Executive Director. An overview of her activities and how the Board engaged with employees in FY 2023 are further described on page 90 of this Report. As noted above, we thank Octavia for her contributions in this role and, with Octavia retiring from the Board at the end of June 2023, we are excited to welcome Lerato Molebatsi as the new designated workforce engagement Non-Executive Director, effective from 1 July 2023. With her mining sector and stakeholder engagement expertise, we are confident that Lerato will build on the strong foundations laid by Octavia, as well as bringing her own new perspectives.

I am also pleased to report that in November 2022, and following historic allegations of human rights breaches in connection with security operations at Williamson, the IGM became operational with the commencement of its pilot phase. The pilot phase, which completed in May 2023, has enabled the IGM's systems and procedures to be tested against the effectiveness criteria of the United Nations Guiding Principles on Business and Human Rights so that the design of the IGM can be further developed and adjusted to take into account learnings.

In addition, further positive engagements have continued to take place with local communities at Williamson through projects such as the medical support services (which continues and for which Petra has provided additional funding beyond its initial commitment) as well as the sexual and gender-based violence awareness campaign, radio programme and delineation and firewood projects which have completed. Artisanal and Small-Scale Mining and Agribusiness Development Initiative (ADI) feasibility studies have also been completed, resulting in a decision by Synergy to commit the remaining funds in the escrow account in furtherance of ADI projects. Further details on the IGM and these community projects are set out on pages 34 to 38 of the Sustainability Report.

Should any stakeholder like to speak to me or Varda Shine, the Senior Independent Director, about any aspects of this Report or the Company's performance, please do not hesitate to contact us through the Corporate Communications in London (see page 222 of this Report for contact details).

**Peter Hill CBE**  
Non-Executive Chair  
9 October 2023





# Governance Framework

(as at the date of this Report)

## The Board

The Board is responsible for Petra's long-term success and sets the Company's strategic aims, monitoring management's performance against these objectives.

**Our strategy**  
See page 15

**Principal risks**  
See page 72

**Board biographies**  
See page 84

**Key activities in FY 2023**  
See page 93

## The Board delegates certain matters to its six principal committees

The Terms of Reference for each of the Board Committees is available at <https://www.petradiamonds.com/about-us/corporate-governance/board-committees-2/>

### Audit and Risk Committee

Oversees matters relating to the Group's financial reporting, internal and external audit, internal control, ICT and risk management, ethics, compliance, whistleblowing and fraud

See page 99

Chaired by  
**Deborah Gudgeon**

#### Members

Varda Shine  
Bernie Pryor  
Jon Dudas  
Lerato Molebatsi

### Remuneration Committee

Determines the policy for Executive Director remuneration, sets remuneration for the Chair, Executive Directors and senior management and reviews workforce remuneration and related policies

See page 136

Chaired by  
**Varda Shine**

#### Members

Deborah Gudgeon  
Bernard Pryor  
Jon Dudas  
Lerato Molebatsi

### Nomination Committee

Leads the process for Board appointments and ensures plans are in place for orderly succession to both the Board and senior management positions

See page 125

Chaired by  
**Peter Hill**

#### Members

Varda Shine  
Deborah Gudgeon  
Bernard Pryor  
Jon Dudas  
Lerato Molebatsi

### Health and Safety Committee

Oversees the Group's health and safety matters, including the Group's: health and safety systems, policies and compliance; waste dumps, tailings storage facilities and water storage; and on-mine water management and environmental compliance

See page 127

Chaired by  
**Bernie Pryor**

#### Members

Varda Shine  
Johannes Bhatt  
Richard Duffy

### Sustainability Committee

Oversees the Group's sustainability matters, in particular social and Group-wide environmental matters, in support of the Company's purpose, values and Sustainability Framework

See page 129

Chaired by  
**Lerato Molebatsi**

#### Members

Varda Shine  
Alex Watson  
Richard Duffy

### Investment Committee

Considers and makes recommendations to the Board for the Group's most significant capital expenditure, investments proposals and disposals

See page 134

Chaired by  
**Peter Hill**

#### Members

Varda Shine  
Deborah Gudgeon  
Bernard Pryor  
Alex Watson  
Johannes Bhatt  
Jon Dudas  
Lerato Molebatsi  
Richard Duffy  
Jacques Breytenbach

To reflect the breadth and importance of ESG matters to Petra, and in addition to the oversight role performed by the H&S and Sustainability Committees, the Chair of the Board of Directors, Peter Hill, has been designated as the NED with overall responsibility for ESG matter.

## Executive Committee (Exco)

The Board has delegated the execution of the Company's strategy and day-to-day management of the Company's business to the Executive Directors, supported by the Executive Committee

**CEO's statement**  
See page 6

**Exco membership**  
See page 86

**Petra Culture Code**  
See page 22

**Our performance**  
See page 52





# 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

**Nationality:** British

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

**Skills and experience:** A mining engineer by background, Peter's early career was spent with natural resources companies including Anglo American, Rio Tinto, BP Minerals and Consolidated Goldfields plc. Peter was CEO of electronics and technology group Laird plc from 2002 to 2011 and an Executive Director of the engineering and construction company Costain Group plc. He also held management positions with BTR plc and Invensys plc. Peter's boardroom experience is extensive and varied, having been directly involved in five UK takeovers of publicly listed companies, a FTSE 100 merger, a FTSE 250 de-merger and an IPO. At various times, he has been the Non-Executive Chair of Volution Group plc, Imagination Technologies plc and Alent plc, as well as a Non-Executive Director of Cookson Group plc, Meggitt plc, Essentra plc and Oxford Instruments plc.

**External appointments:** Peter is the Non-Executive Chair of Keller Group plc, the world's largest geotechnical engineer and contractor.

**Interest in the Company as at 30 June 2023:** 140,000 shares (30 June 2022: 140,000).



**Richard Duffy** H S I E

**Chief Executive Officer**

**Appointment date:** April 2019

**Nationality:** South African

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

**Skills and experience:** In addition to his business, strategic and financial skills, Richard has extensive experience in open pit and underground mining. With more than three decades of global mining industry experience, initially with Anglo American and then AngloGold Ashanti, Richard's career reflects a proven focus on safety, productivity and community relations, having led multiple large-scale mining operations across Africa. Richard was previously Chief Financial Officer and Executive Director of AngloGold Ashanti and founded African Energy Management Platform, a developer of renewable and hybrid energy plants for mining and industrial clients across Africa.

**External appointments:** Richard is a Director of the Natural Diamond Council and is a member of the governing body of St Mary's School, Waverly, a leading independent all-girls secondary school in Johannesburg.

**Interest in the Company as at 30 June 2023:** 272,792 (30 June 2022: 119,885).



**Jacques Breytenbach** I E

**Chief Financial Officer**

**Appointment date:** February 2018

**Nationality:** South African

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

**Skills and experience:** Appointed as CFO in 2018, Jacques is responsible for financial and management accounting and reporting, business development, treasury, financial controls and reporting, having previously held the role of Finance Manager for Operations at Petra from 2006. Before joining Petra, Jacques held various roles at Anglo Platinum, including Finance Manager for Capital Projects.

**External appointments:** None.

**Interest in the Company as at 30 June 2023:** 183,742 shares (30 June 2022: 92,620).



**Varda Shine** R A N H S I

**Senior Independent Non-Executive Director**

**Appointment date:** January 2019.

**Nationality:** British and Israeli.

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

**Skills and experience:** Varda is a Non-Executive Director, executive coach (Meryck & Co since 2014) and expert adviser in the diamond industry. A 30-year career with De Beers culminated in her appointment as CEO of De Beers Trading Company (a mid-stream business with a turnover of approximately US\$6 billion). Varda was the first woman to be awarded honorary lifetime membership of the Israel Diamond Exchange and in 2011 was inducted into the Women's Jewellery Association Hall of Fame. Varda has also received Honorary Membership of the London Diamond Bourse. In addition to a number of appointments as a Non-Executive Director, Varda has worked extensively as an executive mentor focusing on leaders and business growth and transformation and has previously been a Non-Executive Director at Lonmin plc.

**External appointments:** Varda is the Senior Independent (Non-Executive) Director of Ecora Resources plc (previously Anglo Pacific plc), and a Non-Executive Director of Sarine Technologies Limited (Singapore listed) and Niron Metals plc. Varda is also a trustee of the Teenage Cancer Trust.

**Interest in the Company as at 30 June 2023:** 24,755 shares (30 June 2022: nil).



**Bernard Pryor** H A R N I

**Independent Non-Executive Director**

**Appointment date:** January 2019.

**Nationality:** British and Australian.

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

**Skills and experience:** With over 35 years' experience in the mining industry, Bernie has an extensive and wide-ranging skill-set, including project acquisition, development and construction and M&A. As CEO for a number of mining companies, including Alufer Mining, MC Mining, African Minerals Limited and Q Resources plc, Bernie has developed and managed large-scale, operating mining assets. Earlier in his career, Bernie held senior positions within Anglo American and was Chief Operating Officer at Adastra Minerals Inc.

**External appointments:** Bernie is the Managing Director of Karo Mining Holdings, which holds the concession for a platinum development in Zimbabwe.

**Interest in the Company as at 30 June 2023:** 13,000 shares (30 June 2022: 13,000).



**Jon Dudas** A R N I

**Independent Non-Executive Director**

**Appointment date:** March 2022

**Nationality:** British and South African

**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 and experience:** With over 37 years' experience in the mining industry, Jon was President and CEO of BHP's aluminium division, and Executive Chair of Worsley Alumina (Australia) and Mozal Aluminium (Mozambique). Through his career, Jon has developed a wide skill-set, including project acquisition, development and construction, international commercial and general management. Jon has operated large-scale, fully operational mining assets, starting his early career as a graduate mining engineer at Harmony Gold Mines, and progressing to General Manager of Winkelhaak gold mine. Jon was previously the Non-Executive Chair of the National Atomic Agency of Kazakhstan, and thereafter the Chair, and then Independent Director, of Samruk-Kazyna, the sovereign wealth fund of the Republic of Kazakhstan.

**External appointments:** None.

**Interest in the Company as at 30 June 2023:** Nil (30 June 2022: Nil).

**Deborah Gudgeon** A R N I**Independent Non-Executive Director****Appointment date:** July 2021.**Nationality:** British.**Qualifications:** BSc (Econ) (London School of Economics and Political Science) and CA (ICAEW).**Skills and experience:** Deborah is a Chartered Accountant with more than three decades experience across corporate finance, restructuring and debt management, performance improvement and auditing. Deborah qualified as an ACA accountant at PWC (Coopers & Lybrand) and then spent eight years as Finance Executive with the Africa-focused miner, Lonrho plc. Since then, Deborah has held positions with Deloitte, BDO and Gazelle Corporate Finance. Deborah has extensive boardroom experience, having been appointed as a Non-Executive Director and Audit Committee Chair at Acacia Mining, Highland Gold, EVRAZ and latterly Ithaca Energy and Serabi Gold.**External appointments:** Deborah is a Non-Executive Director (and Chair of the Audit and Risk Committees) of Ithaca Energy plc and Serabi Gold plc.**Interest in the Company as at 30 June 2023:** Nil (30 June 2022: Nil).**Johannes Bhatt** H I**Independent Non-Executive Director****Appointment date:** July 2021**Nationality:** German**Qualifications:** MA in Business Administration and Economics (Universities of Augsburg and Stuttgart).**Skills and experience:** Johannes has expertise across corporate finance, treasury and sustainability with more than 15 years' experience in commodities and the mining industry. Prior to his current roles, Johannes 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 and was a Director of ANS Exploration Ltd, a gold and copper exploration company, focusing on the Arabian Nubian Shield. Prior to this, Johannes spent the previous decade with Scholz Holdings GmbH, an international metals recycling group, latterly as Chief Financial Officer. Johannes' early career was spent with Deutsche Bank and Voith.**External appointments:** Johannes is currently the Managing Director of Incomet Capital GmbH, a leading advisory and mining investment firm headquartered in Munich. Johannes also lectures on Corporate Finance at the University of Cooperative Education in Heilbronn.**Interest in the Company as at 30 June 2023:** Nil (30 June 2022: Nil).**Alexandra Watson** S I**Non-independent  
Non-Executive Director****Appointment date:** July 2021**Nationality:** South African**Qualifications:** BCom (Hons) (University of Cape Town), CA (SA) and Emeritus Professor of Accounting (the University of Cape Town).**Skills and experience:** Alex is a chartered accountant with expertise across corporate governance, financial and other forms of corporate reporting, investment, broad business and financial experience. With almost three decades' experience in corporate governance, she has held positions on listed boards for nearly 20 years. With a distinguished career in corporate reporting, Alex is currently an adjudicator of EY's Excellence in Integrated Reporting Awards and is the Chair of the South African Financial Reporting Investigations Panel. Alex was previously the Vice-Chair of the Global Reporting Initiative as well as the Accounting Practices Committee, the technical committee of the South African Institute of Chartered Accountants.**External appointments:** Alex is the Chair of Coronation Fund managers and Chair designate (effective May 2024) of Advtech Ltd. Alex is currently the Audit Committee Chair and an independent Director of Steinhoff International Holdings N.V. (in liquidation) and its wholly owned subsidiary Steinhoff Investments Ltd. Alex is also a Non-Executive Director of the South African chapter of the World Wildlife Fund.**Interest in the Company as at 30 June 2023:** Nil (30 June 2022: Nil).**Lerato Molebatsi** S A R N I**Independent Non-Executive Director and designated Workforce Engagement iNED****Appointment date:** 3 April 2023**Nationality:** South African**Qualifications:** BA (Psychology) (University of Johannesburg), Senior Executive Leadership Programme for Africa (Harvard University), Diploma in Senior Management Development (University of Stellenbosch Business School) and Diploma in Rural Development Programme (University of the Witwatersrand).**Skills and experience:** Lerato has extensive executive and non-executive experience across a range of sectors in South Africa, including on ESG, corporate social investments and black economic empowerment. From 2016 to 2019, Lerato was the CEO of General Electric South Africa, and prior to this appointment, was the Executive VP for Communications and Public Affairs at Lonmin plc. Other private sector positions Lerato has held include senior positions at Old Mutual and Sanlam. Lerato has extensive public sector expertise, having previously been appointed as a Special Adviser to South Africa's Minister of Transport as well as Deputy Director-General (Corporate Services) at the Department of Labour.**External appointments:** Lerato is the lead independent Non-Executive Director of the South African Reserve Bank and is a Non-Executive Director of Spur Corporation, the JSE-listed restaurant franchiser, where she is also Chair of the Social, Ethics and Environmental Sustainability Committee. Lerato is also a member of the Remuneration Committee of South Africa's Financial Sector Conduct Authority.**Interest in the Company as at 30 June 2023:** Nil**Board changes in FY 2023**

- On 17 February 2023, Varda Shine and Octavia Matloa were appointed as members of the Investment Committee.
- On 3 April 2023, Lerato Molebatsi was appointed to the Board, including as a member of the Audit and Risk Committee, Remuneration Committee, Nomination Committee, Investment Committee and Social, Ethics and Diversity Committee.
- On 30 June 2023, Octavia Matloa retired from the Board. With effect from 1 July 2023, the Social, Ethics and Diversity Committee was renamed as the Sustainability Committee, with this Committee taking on new oversight responsibilities for Group-wide environmental matters. For further information, see pages 80 to 81 of this Report. Lerato Molebatsi assumed the role of Chair of the Sustainability Committee. Varda Shine, Richard Duffy and Alex Watson remained as members of the Sustainability Committee.
- With effect from 1 July 2023, the Health, Safety and Environmental Committee was re-named as the Health and Safety Committee. Bernie Pryor remains as the Chair of this Committee, with its membership remaining unchanged.
- With Octavia Matloa retiring from the Board, and from 1 July 2023, Lerato Molebatsi was also appointed as the designated workforce engagement NED.
- With effect from 1 July 2023, the Chair of the Board was designated as the Director responsible for ESG matters.
- In September 2023, Petra announced that Johannes Bhatt will retire from the Board at the conclusion of the 2023 AGM. This followed Monarch's shareholding reducing below 5%, resulting in the termination of their right to nominate a Director to Petra's Board. As a result of this, the Board considers Mr Bhatt now to be independent in accordance with the UK's Corporate Governance Code.

**Committee key**

- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- H Health and Safety Committee
- S Sustainability Committee
- I Investment Committee
- E Executive Committee (Exco)
- Chair



# Executive Committee (Exco)

Please note biographies for Richard Duffy (CEO) and Jacques Breytenbach (CFO) are on page 84 of this Report.



## 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 from De Beers and was appointed Surface Manager and Group Metallurgical Manager for all seven of Petra's treatment plants. He was subsequently promoted to General Manager of the Cullinan Mine in 2011, and in July 2019 was appointed as Project Executive, becoming Chief Technical Officer later that year. He has nearly 30 years' experience, with a deep knowledge of the Cullinan Mine (where he acted as Metallurgical Manager for several years) and was an integral member of the team that re-engineered De Beers' South African business model. Before to his time at De Beers, Juan worked at the East Rand Gold and Uranium Division of Anglo American 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 exploration and production 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 public and private transactions across multiple sectors and jurisdictions.



## Greg Stephenson

### Sales and Marketing Executive

**Experience:** Greg has more than three decades' experience in the buying and selling of diamonds and has led the Sales team at Petra Diamonds since 2008. In this role, Greg oversees the preparation, valuation and marketing of Petra's rough diamonds, managing the full sales process for the South African and Tanzanian production. Before joining Petra, Greg 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. Greg started his career in the London office of De Beers as a trainee diamond buyer. His career with De Beers included eight years in the Overseas Purchasing Division where he went on multiple tours and secondments, including to 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 across a range of commodities, including heavy minerals, diamonds, manganese and coal. Jaison was appointed Chief Operating Officer at Petra in 2022, having been General Manager at the Cullinan Mine for the previous three years. Before joining Petra, Jaison worked as General Manager at Khutala Colliery, which was the culmination of eight years in a variety of managerial roles at BHP Billiton (including at the Wessels and Hotazel manganese mines). Jaison has a deep understanding of the Finsch Mine, having started his career there while it was owned by De Beers. During this time, he acted as 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 South African retailer. At Massmart, her main role was as HR Director for Massbuild, their building division, from 2003 to 2013. During this time, Thashmi oversaw the integration of the newly acquired 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. Later that year, Massmart was purchased by the US-based Walmart Group, with Thashmi leading the integration of Massmart's South African businesses into the Walmart Group. In 2015, she joined the Taste Group, overseeing the People Roll-Out plan for Starbucks, which followed their acquisition of the Starbucks licence for Southern 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 joining 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 recently overseen the restart of operations at Williamson, following the TSF failure and construction of a new tailings facility.





# 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 company with a premium listing on the Main Market of the London Stock Exchange (LSE), 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.

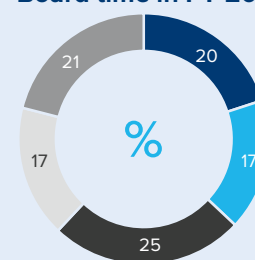
As at the date of this report, and for the financial year under review, the Board considers that Petra has complied in full with the provisions of the Code. A copy of the Code can be obtained from the Financial Reporting Council's website (<https://www.frc.org.uk>). This report, together with the other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

<b>Code Section 1: Board leadership and Company purpose</b>	Details on how the Board promotes the long-term success of the Company is provided in the Strategic Report on pages 20 and 28 to 29. The Company's recently updated purpose and values are set out on pages 22 to 23. Petra's strategy is outlined at pages 18 to 19. Our Section 172 statement is set out on pages 68 to 71.
<b>Code Section 2: Division of responsibilities</b>	Details of the Board and Exco, as well as Petra's governance structure and Board activities for FY 2023, are described at pages 84 to 86 and 94 to 95 respectively.
<b>Code Section 3: Composition, succession and evaluation</b>	The findings of the internally facilitated FY 2023 Board Evaluation are set out at page 93. The report of the Nomination Committee is at pages 125 to 126.
<b>Code Section 4: Audit, risk and internal control</b>	The report of the Audit and Risk Committee is at pages 99 to 109. A description of Petra's principal risks is set out at pages 72 to 77 with detailed risk descriptions at pages 114 to 124.
<b>Code Section 5: Remuneration</b>	Petra's Directors' Remuneration Report for FY 2023 is set out at pages 143 to 154.

## Matters reserved for the Board

- ▶ Purpose and strategy
- ▶ Financial Statements and reporting (supported by the Audit and Risk Committee) and operating updates
- ▶ Financing strategy, including material borrowings
- ▶ Budgets, mine plan extension projects, capital expenditure and business plans (supported by the Investment Committee)
- ▶ Material acquisitions and divestments
- ▶ Material contracts
- ▶ Corporate governance, ethics and culture, including significant Group policies
- ▶ Risk management and internal controls, including consideration of the Viability Statement (supported by the Audit and Risk, Remuneration and H&S Committees)
- ▶ Health, safety, social and environmental matters (supported by the H&S and Sustainability Committees)
- ▶ Appointments and succession plans (supported by the Nomination Committee)
- ▶ Executive Director remuneration (supported by the Remuneration Committee)

### Board time in FY 2023<sup>1</sup>



- 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 the date of this Report)

#### MINING INDUSTRY

100%

#### GEOLOGY

30%

#### CAPITAL MARKETS

100%

#### FINANCE

100%

#### AUDIT

70%

#### AFRICA

100%

#### DIAMOND MARKETING

20%



# 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

Peter 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

Richard 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 H&S and Sustainability Committees, thereby having direct involvement in the strategic management of Petra's H&S and Sustainability issues, including labour relations, and is also a member of the Investment Committee

## The role of the Senior Independent Director

Varda 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, H&S, Sustainability and Investment 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

Varda Shine, Bernie Pryor, Deborah Gudgeon, Jon Dudas, Lerato Molebatsi, Alex Watson and Johannes Bhatt:

- ▶ Challenge the opinions of the Executive Directors, provide fresh insights 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 the 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 Sustainability 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.

Papers 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 discussed. In the meetings, issues for follow-up are identified, 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, including a NED-only dinner as part of the annual site visit.

	Board meetings (6 held)	Audit and Risk Committee (4 held)	Remuneration Committee (5 held)	Nomination Committee (3 held)	H&S Committee (4 held) <sup>1</sup>	Sustainability Committee (4 held) <sup>2</sup>	Investment Committee (2 held)	Annual General Meeting (1 held)
Peter Hill	6/6	n/a	n/a	3/3	n/a	n/a	2/2	1/1
Richard Duffy	6/6	n/a	n/a	n/a	4/4	3/4	2/2	1/1
Jacques Breytenbach	6/6	n/a	n/a	n/a	n/a	n/a	2/2	1/1
Varda Shine <sup>3</sup>	6/6	4/4	5/5	3/3	4/4	4/4	1/1	1/1
Octavia Matloa <sup>4</sup>	6/6	4/4	5/5	3/3	n/a	4/4	1/1	1/1
Bernie Pryor	5/6	4/4	4/5	2/3	4/4	n/a	1/2	1/1
Deborah Gudgeon	6/6	4/4	5/5	3/3	n/a	n/a	2/2	1/1
Alexandra Watson	6/6	n/a	n/a	n/a	n/a	4/4	2/2	1/1
Johannes Bhatt	6/6	n/a	n/a	n/a	4/4	n/a	2/2	1/1
Jon Dudas	6/6	4/4	4/5	2/3	n/a	n/a	2/2	1/1
Lerato Molebatsi <sup>5</sup>	2/2	2/2	1/2	n/a	n/a	1/1	n/a	n/a

1. With effect from 1 July 2023, the Health, Safety and Environmental Committee was renamed as the Health and Safety Committee.

2. With effect from 1 July 2023, the Social, Ethics and Diversity Committee was renamed as the Sustainability Committee.

3. Varda Shine and Octavia Matloa were appointed to the Investment Committee on 17 February 2023.

4. Octavia Matloa retired from the Board on 30 June 2023.

5. Lerato Molebatsi was appointed to the Board on 3 April 2023, including as a member of the Audit and Risk, Remuneration, Nomination, Investment and Sustainability Committees. Lerato assumed the Chair of the Sustainability Committee from 1 July 2023.

### 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. 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 NEDs in FY 2023:

- ▶ February 2023: Mr Hill, Ms Shine and Mr Pryor visited the Finsch Mine
- ▶ February 2023: Mr Hill, Ms Shine and Mr Pryor visited the Williamson Mine, which included visiting security operations at the mine and receiving updates on the remediation of the TSF failure, the construction of the interim TSF (including visiting the construction site) and the IGM's pilot phase
- ▶ May/June 2023: the full Board visited Petra's Head Office in Bryanston, Johannesburg, Petra's new sales and marketing facility at Skypark near OR Tambo International Airport, as well as the Finsch and Cullinan Mines. The visit to the Cullinan Mine included an underground visit, while the visit to Finsch included a visit to a new technical wing of a local school that receives funding from Petra. During the visits to the mines, the Board received extensive operational updates from management teams, including on the current extension projects, potential future extension projects at both mines, the waste ingress issues at the Cullinan Mine and the operational challenges at Finsch. These visits also enabled the Board to meet the newly appointed General Managers and the new members of the management teams at both mines. The site visits also provided particularly useful context ahead of a Board meeting held in June 2023 to approve the FY 2024 budget and review business plans for FY 2025 and FY 2025. The visit to the Bryanston office included a meeting between the female NEDs and a working group from Petra's Women in Leadership



# Corporate Governance Statement continued

Petra has an experienced, diverse and dedicated workforce, which is a key business asset, with engaged employees being critical to Petra's success. The Board uses formal and informal ways of engaging with its employees, which are summarised below.

For more information on how the Board considered the interests of Petra's employees in its discussions and decision making in FY 2023, see page 69.

## Designated Workforce Engagement iNED

With effect from 30 June 2022, Octavia Matloa retired as an independent Non-Executive Director and therefore also as the Company's designated Workforce Engagement NED. Having been appointed as an iNED in April 2023, Lerato Molebatsi took on the role as the Company's designated workforce engagement NED with effect from 1 July 2023. The aim of the role is to 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. Octavia accompanied the Exco in their Town Hall meetings at the Cullinan and Finsch Mines in October 2022 and in March 2023 at which sessions were held with the workforce, unions and management. Ms Matloa reported back to the Board her observations (which overall were generally positive) with areas of concern being duly considered.

## Site Visits

Several site visits are scheduled throughout the Year, giving the Board the opportunity to engage directly with employees. The site visits include an opportunity for formal engagement through business updates, tours of operations and briefings provided by Petra's employees to the Board, as well as informally through the dinners and social events arranged as part of the site visits. In FY 2023, the Board's site visits (a summary of which is set out on page 81) provided particularly useful context ahead of a Board meeting held in May to approve the FY 2024 budget and review business plans for FY 2025 and FY 2025.

## Board and Committee Meetings

A number of senior employees are standing invitees to meetings of the Board and its Committees and other employees attend these meetings on an ad hoc basis. These employees will regularly be asked to present on and engage in matters being discussed at these meetings.

## How does the Board engage with Petra's employees?

## Exco Town Hall Meetings

Petra's Exco regularly hosts town hall meetings at Petra's operations to ensure that employees are provided with updates on Petra's performance and also to enable key corporate initiatives, such as the new Petra Culture Code, to be explained and discussed. Petra's designated workforce engagement iNED, Octavia Matloa, attended some of these sessions in October 2022 and February 2023. Employees are encouraged to ask questions of management in these sessions (including anonymously if preferred).

## Engagements with Unions

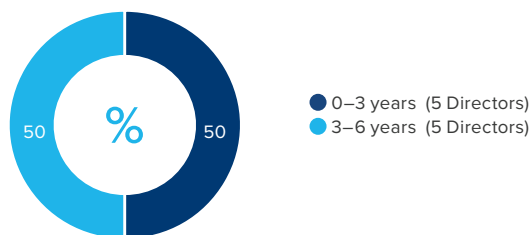
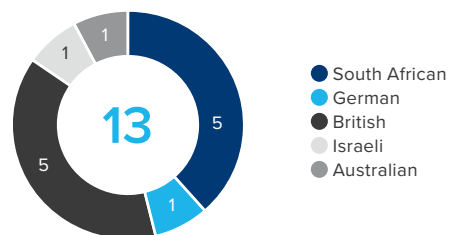
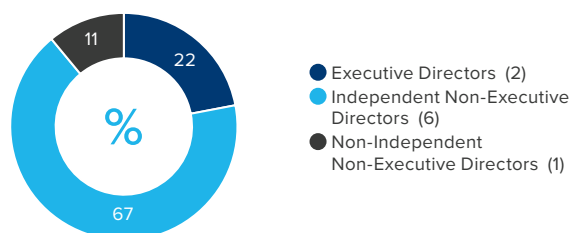
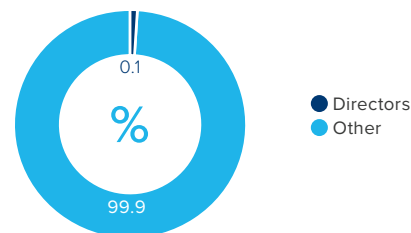
With 74% of Petra's workforce in South Africa being unionised, an appreciation of the interests and dynamics relating to the key unions which represent Petra's employees is essential for meaningful employee engagement. The Board, through the Sustainability Committee, receives regular updates on Petra's union membership and key engagements with unions, including, for example, negotiations of any collective bargaining agreements, retrenchment processes and shift configuration changes. Union leadership are also invited to (and regularly attend) the Exco town hall meetings which are also often attended by Petra's designated workforce engagement NED.

## Employee Wellness

At each Sustainability Committee and Health & Safety Committee meeting, updates are provided on employee health, hygiene and wellness issues, including in relation to employee utilisation of Petra's Employee Assistance Programme.

## Petra Culture Code

A strong culture is key to attracting and retaining top talent, driving performance and ultimately creating long-term sustainable value for Petra's stakeholders. The Board is committed to the new Petra Culture Code and continuing to embed it across the organisation – please see pages 22 to 23 for more details. A key part of this commitment involves the Board monitoring changes in the scores across the Group and assessing key themes in the feedback received, with scores and feedback being assessed across the organisation every six months.

**Tenure of Directors<sup>1</sup>****Directors' nationalities<sup>1,3</sup>****Board composition<sup>1,2</sup>****Percentage of Petra shares held<sup>1</sup>**

1. All statistics as at the date of this Report.

2. Peter Hill, Petra's Non-Executive Chair (who is considered to be independent) is excluded from this calculation.

3. Where Directors hold multiple nationalities, all nationalities have been reflected.

**Gender and ethnicity representation on the Board and executive management (Exco)**

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	6	60%	3	7	87.5%
Women	4	40%	1	1	12.5%
Not specified/prefer not to say	—	—	—	—	—
White British or other White (including minority-white groups)	8	80%	4	5	62.5%
Mixed/multiple ethnic groups	1	10%	—	2	25%
Asian/Asian British	—	—	—	1	12.5%
Black/African/Caribbean/Black British	1	10%	—	—	—
Other ethnic group, including Arab	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—



# Corporate Governance Statement continued

## Why our Board is effective

### Director commitment

The Directors' biographies and duties can be found on pages 84 to 85 and 88 of this Report. 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 internally facilitated Board evaluation, carried out in Q4 FY 2023 – see page 93 of this Report. 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 contributions to Petra.

The Chair and NEDs are required to inform the Board of any proposed new directorships and a similar review process is undertaken to ensure they can adequately continue to fulfil their obligations as Directors of the Company and that there are no conflicts of interest.

### 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 Molebatsi, Mr Pryor, Mr Dudas and Ms Matloa (until she retired from the Board on 30 June 2023) 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 NEDs received any fees from the Company in FY 2023 other than their contractual iNED fees, as set out on page 149 of the Directors' Remuneration Report.

Ms Watson, having been nominated by Franklin Templeton in accordance with the Nomination Agreement between it and the Company, is not considered to be independent in accordance with the Code.

Mr Bhatt was, for the duration of FY 2023, not considered to be independent for the purposes of the Code, having initially been nominated for appointment as a Director by Monarch in accordance with the Nomination Agreement entered into between the Company and Monarch on 22 December 2020. In August 2023, Monarch's shareholding in Petra reduced below 5%, resulting in the automatic termination of the Nomination Agreement, and with it, Monarch's right to nominate a Director to the Petra Board. Notwithstanding this, and in the light of his strong overall contribution to the Board, it has been agreed that Mr Bhatt will remain as a Director until the conclusion of Petra's FY 2023 Annual General Meeting. In the absence of any other relationships between Mr. Bhatt and Monarch (beyond the circumstances of his initial appointment to the Board) and following the termination of the Nomination Agreement between the Company and Monarch, and as at the date of this Report, the Board considers Mr Bhatt to be independent for the purposes of 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 125 to 126 of this Report.

### 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 updates, mine plans and extension projects and key ESG considerations.

In order to help 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.

During the Year, the Board received formal training by law firm Ashurst on recent developments in relation to the UK's Market Abuse Regulation and in relation to mergers, acquisitions and takeovers. As part of her induction programme, Lerato received comprehensive training from Ashurst on directors' duties and on the regulatory framework for UK-listed companies. In addition, during FY 2023, the Board received externally facilitated training on:

- ▶ Climate change (provided by Promethium Carbon) which covered, amongst other topics, an update on the latest scientific developments in relation to climate change as well as an outline on regulatory developments relating to climate change
- ▶ Cybersecurity risks, trends and technical developments (provided by PwC), which included an overview of how Petra performs in relation to these risks and a section facilitated by Ashurst on directors' duties in the context of a cyber-attack

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 team also provides 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

An externally facilitated Board evaluation was undertaken in Q4 FY 2022, the results of which were reported on in the FY 2022 Annual Report. The external facilitator's overall assessment was that the Petra Board is effective and high performing. The assessment identified areas with scope for improvement that were discussed with the external facilitator in a 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.

Progress against this action plan was then tracked and frequently assessed and discussed by the Board during FY 2023, with good progress being made in all areas and in particular on the following:

- ▶ **Increased strategic focus:** with more strategic topics included in the Board's agendas, an increased focus on and discussion of the Board's strategic priorities and improvements being made to the content, format and output of the Board's Strategy Session held in February 2023
- ▶ **Greater management access:** with more frequent management reports, more frequent access to the senior management team and regular site visits by the Board or Board members (including the designated workforce engagement Non-Executive Director attending staff townhalls at the Cullinan and Finsch mines in October 2022, a subset of the Board visiting the Finsch and Williamson mines in February 2023 and the entire Board visiting the Cullinan and Finsch mines and the Group's sales and marketing and head offices in Johannesburg in May/June 2023)
- ▶ **Increased NED engagements:** by increasing the number of informal engagements between Non-Executive Directors between Board and Committee meetings to enhance Board dynamics (which were already assessed as being good)

- ▶ **Improvements to Board papers and agendas:** improving the content and format of the Board and Committee papers and agendas, including to support the Board's focus on strategic objectives and risk management

The Board's annual evaluation for FY 2023 was undertaken in Q4 FY 2023 and was facilitated by the Company Secretary. The evaluation consisted of each Director completing a focused questionnaire, with the questions being informed by the findings of the externally facilitated Board evaluation undertaken in Q4 FY 2022. The Company Secretary used the responses to the questionnaire to compile extensive feedback which was then shared and discussed at Board sessions held in June and September 2023 to identify actions to be taken forward during FY 2024.

The evaluation of the performance of the Chair was undertaken by Ms Shine, the Senior Independent Director, based on feedback obtained from the Board. The Chair appraised the performance of each Director by meeting each of them 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 from the Board to support these appraisals.

The overall assessment from the FY 2023 Board evaluation was that the Petra Board continues to be effective and high performing, with improvements having been made during FY 2023 to address the findings of the externally facilitated evaluation undertaken in FY 2022. The assessment identified areas with scope for improvement that were discussed by the Board at June and September feedback sessions. The Company Secretary has compiled a list of priorities for the Board to focus on for FY 2024 which address these areas for improvement identified. These priorities were discussed and agreed by the Board at a September feedback session and will be tracked and discussed by the Board and Company Secretary throughout FY 2024.

Areas for improvement and priorities for the Board identified in the FY 2023 Board evaluation include:

<b>Strategic focus</b>	Recognising improvements made in this area in FY 2023, the Board could further increase its focus on Petra's top strategic imperatives including the frequency and depth of its discussions on the Board's strategic priorities.
<b>Value proposition</b>	Further work can be done in refining and increasing awareness of Petra's value proposition.
<b>Dynamics</b>	Whilst Board dynamics remain strong (with the Board acknowledging an open culture and high levels of trust and respect), various actions were identified to strengthen Board dynamics further.
<b>Board and Board Committee streamlining</b>	Various actions were identified to improve the effectiveness of the Board and its Committees, including holding additional Audit & Risk Committee meetings in CY 2024 to address the Committee's increasing workload and identifying ways in which papers and meetings for the Audit and Risk, Sustainability and Health & Safety Committees could be shortened and more focused; it was acknowledged that the Board is too large for a company of Petra's size which results in some inefficiencies, although it was recognised that this is due to the requirement for Petra to have two non-independent Non-Executive Directors on the Board as a result of Petra's 2021 restructuring. After the end of the Year, Monarch's shareholding in Petra reduced below 5% resulting in the automatic termination of the Nomination Agreement between Monarch and the Company and with it, Monarch's right to nominate a Director to Petra's Board. As a result of this, Johannes Bhatt informed the Board of his retirement as a Director with effect from the conclusion of the Company's Annual General Meeting for FY 2023.
<b>Board papers and agendas</b>	Further ways in which Board and Committee papers and agendas can be enhanced to support the Board's effectiveness and its focus on strategic objectives were identified, whilst recognising the improvements in this area that had been made during FY 2023.



# Corporate Governance Statement continued

## Key Board and Board Committee activities in FY 2023

CATEGORY	ACTIVITY	STAKEHOLDERS CONSIDERED
<b>Strategic</b>	<ul style="list-style-type: none"> <li>▶ Approved the C-Cut extension project at the Cullinan Mine involving the development of Tunnels 46 and 50, capital expenditure of US\$32 million, a project IRR exceeding 30% and mine plan extension to 2033</li> <li>▶ Reviewed progress of the extension projects at the Cullinan and Finsch Mines, including approving additional capex for both projects and significant changes to the scope of the Lower Block 5 3-SLC project at Finsch to mitigate geo-technical risks</li> <li>▶ Approved the repurchase of \$144.6 million of Petra's Second Lien Notes</li> <li>▶ Held strategy session in February 2023, reviewing progress against the value-led growth strategy, new growth pathways and proposed renewable energy project and agreed a set of actions that are reviewed on an ongoing basis</li> <li>▶ Approved entry into definitive transaction documents for the sale of 50% (less one share) of Petra's holding in WDL, with Petra retaining a controlling interest</li> <li>▶ Reviewed progress on the implementation of the Framework Agreement for Williamson and engagements with the Government of Tanzania in this regard</li> <li>▶ After the failed sales process and the retrenchment of employees pursuant to the S.189 process, approved placing the Koffiefontein mine into care and maintenance and activities that enable a responsible closure</li> <li>▶ Reviewed and approved KPIs to deliver strategy during the Year and assessed performance against KPIs on an ongoing basis</li> <li>▶ Received and discussed presentations from the Company's advisers on strategic options</li> </ul>	Shareholders, Financial Stakeholders, Host Governments, Employees, Unions, Local Communities, Suppliers
<b>Operations</b>	<ul style="list-style-type: none"> <li>▶ Received regular updates on the TSF failure at Williamson, including remediation activities for the community and the environment and the construction and commissioning of the new interim tailings facility</li> <li>▶ Received reports at every Board meeting from the CEO and, where necessary, senior management on operational performance, including on safety, health and environment, mining and processing (including the waste ingress issues at the Cullinan Mine and the operational challenges at Finsch), processing, security (including security operations at the Williamson Mine), human resources and community relations</li> <li>▶ Received updates on the progress of the mine plan extension projects at the Cullinan and Finsch Mines</li> <li>▶ Conducted operational site visits at the Cullinan and Finsch Mines in February 2023 (involving subset of the Board) and May 2023 (involving full Board, which included a visit to the Sykpark Facility and Bryanston head office) and at the Williamson Mine in February 2023 (involving subset of the Board)</li> </ul>	Shareholders, Financial Stakeholders, Regulators, Employees, Unions, Local Communities, Suppliers
<b>Health and Safety</b>	<ul style="list-style-type: none"> <li>▶ Received reports at every Board meeting from the CEO and the Chair of the H&amp;S Committee on Health and Safety performance across the Group</li> <li>▶ Received updates on the implementation of and compliance with the Tailings Management Policy which is aligned to the Global Industry Standard on Tailings Management (GISTM) and on the timeline for GISTM compliance</li> </ul>	Employees, Local Communities, Regulators
<b>Finance, reporting and risk management</b>	<ul style="list-style-type: none"> <li>▶ Approved the Group's preliminary results for FY 2022, interim results for H1 FY 2023 operating updates and sales tender results for FY 2023</li> <li>▶ Approved the FY 2022 Annual Report</li> <li>▶ Approved the Group's FY 2024 budget and reviewed business plans for FY 2025 and FY 2026</li> <li>▶ Received reports at every Board meeting from the CFO regarding the Group's financial performance and on the diamond market</li> <li>▶ Reviewed the Group's internal audit findings and principal risks on a quarterly basis</li> <li>▶ Received regular reports from the Chair of the Audit and Risk Committee</li> <li>▶ Approved the updated Enterprise Risk Management and Combined Assurance Frameworks</li> </ul>	Shareholders, Financial Stakeholders, Host Governments, Regulators, NGOs





CATEGORY	ACTIVITY	STAKEHOLDERS CONSIDERED
<b>Governance</b>	<ul style="list-style-type: none"> <li>▶ Approved the appointment of Lerato Molebatsi to the Board, as Chair of the Sustainability Committee and as designated workforce engagement NED</li> <li>▶ Engaged with significant shareholders, including in relation to the new Remuneration Policy and proposed changes to awards under the PSP to reward Executive Directors for achieving 'super-stretch' TSR targets</li> <li>▶ Conducted an annual evaluation of the Board's performance facilitated by the Company Secretary</li> <li>▶ Approved reallocation of oversight responsibilities amongst Board Committees, renaming the HSE Committee as the H&amp;S Committee and SED Committee as the Sustainability Committee and in so doing reviewed and updated Terms of Reference for the Audit and Risk, Remuneration, Nomination, H&amp;S and Sustainability Committees</li> <li>▶ Reviewed succession plans for Board and Senior Management</li> <li>▶ Approved awards under the PSP to Executive Directors and employees, annual bonuses and salary increases for Executive Directors and salary increases for the Chair and Exco</li> <li>▶ Approved new Ethics and Compliance Due Diligence Policy and Supplier Compliance Due Diligence Procedure</li> <li>▶ Approved updates to the Board Charter and Delegation of Authority Policy and Matrix</li> <li>▶ Reviewed Directors' independence and conflicts of interest</li> </ul>	Shareholders, Employees, Host Governments, Regulators, NGOs
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>▶ Received an update on the outcome of Petra's double materiality assessment of its material ESG issues</li> <li>▶ Received an update on Petra's climate change scenario analysis, climate change strategy (with both adaptation and mitigation components) and a final TCFD-aligned Climate Change Report</li> <li>▶ Approved the FY 2022 ESG &amp; Sustainability Report</li> <li>▶ Received regular reports from the Chairs of the H&amp;S and Sustainability Committees, including in relation to the IGM, community projects and remediation of the TSF failure at Williamson</li> <li>▶ Received an update on the operationalisation of Petra's Sustainability Framework</li> <li>▶ Adopted Petra's Position Statement on Climate Change, affirming our commitment to reducing Scope 1 and 2 GHG emissions by 35–40% by 2030 GHG (based on our 2019 baseline) and building of resilience across our business</li> <li>▶ Visited Petra-funded community projects near the Williamson and Finsch Mines during Board site visits in February and May 2023, respectively</li> </ul>	Local Communities, Employees, Host Governments, Regulators, NGOs, Shareholders
<b>Culture</b>	<ul style="list-style-type: none"> <li>▶ Approved Petra's new purpose statement; discussed the new Petra Culture Code and then reviewed scores and feedback from the surveys in December 2022 and May 2023</li> <li>▶ Received regular briefings on employee and community relations</li> <li>▶ Received regular reports from the Chair of the Sustainability Committee</li> <li>▶ Considered Octavia Matloa's employee engagement reports for her meetings at the Cullinan and Finsch Mines in September 2022 and March 2023</li> <li>▶ Met with Women in Mining groups during the Board site visit in June 2023</li> </ul>	Employees, Local Communities, Shareholders, Host Governments, NGOs



# Corporate Governance Statement continued

## Investor Relations strategy

### Investor relations calendar for FY 2023

<b>July 2022</b>	FY 2022 Trading Update	Publication, webcast and conference calls
<b>September</b>	FY 2022 Preliminary Results Participation in EM credit conference	Publication, in-person presentation, webcast and conference calls Physical
<b>October</b>	2022 Annual & ESG and Sustainability Reports Q1 FY 2023 Trading Update	Publication Publication and conference calls
<b>November</b>	Annual General Meeting	Physical
<b>December</b>	Sales Results for Tender 3 of FY 2023	Publication
<b>January 2023</b>	H1 FY 2023 Trading Update	Publication and webcast
<b>February</b>	Finsch site visit for investors and analysts H1 FY 2022 Interim Results Investor roadshow Participation in industry investor conference, Miami	Publication, Investor Day and webcast Physical Investor one-on-one meetings Physical
<b>March</b>	Sales Results for Tender 4 of FY 2023	Publication
<b>April</b>	Q3 FY 2023 Trading Update	Publication and conference calls
<b>May</b>	Sales Results for Tender 5 of FY 2023 Participation in industry investor conference, Cape Town	Publication Physical
<b>June</b>	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, with a refreshed version due to be launched in H1 FY 2024.

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.



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/](https://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.

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 2023 investor engagement

During FY 2023, 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, Europe (Spain and Switzerland) and South Africa (one of which was ESG focused), four roadshows and dedicated events with included an analyst lunch, and a site visit to the Finsch mine.

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

- ▶ Petra's operational performance, particularly with regards to remedial activities to address operating performance, including the TSF failure at Williamson and production issues at both Cullinan Mine and Finsch, diamond pricing trends and the planned step up in capex and increase in net debt
-  [Read more on pages 42 to 47](#)
- ▶ Petra's balance sheet and intentions to reduce debt, along with the possible timing of a refinancing 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
  - ▶ Petra's ability to reduce reliance on Eskom as an electricity provider, including the potential to reduce GHG emissions by switching to renewable energy

 [Read more on page 61](#)

- ▶ high inflation rates and the impact on Petra's costs, and ways to mitigate these cost increases

 [Read more on page 114](#)

- ▶ 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 30 to 40](#)

- ▶ lab-grown gem diamonds and how these affect the market for natural diamonds

 [Read more on page 34 and 38](#)

### 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 sustainability, having produced detailed standalone Sustainability Reports for the last ten years.

## Investor and analyst Finsch Mine site visit





## Corporate Governance Statement continued

## Annual General Meeting (AGM)

The FY 2022 AGM was held at One Heddon Street, London, W1B 4BF at 9am on 16 November 2022.

**Results of our FY 2022 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	100.00	0.00	0.98	187,781
2	Approve Directors' Remuneration Report	98.98	1.02	1.45	277,481
3	Re-appointment of BDO LLP as auditors	100.00	0.00	0.00	180
4	Approval of amendments to Remuneration Policy and enhanced PSP award	84.96	15.04	1.45	277,481
5	Authority to fix the remuneration of the auditors	100.00	0.00	0.00	180
6	Re-election of Mr Hill	96.97	3.03	0.00	180
7	Re-election of Mr Duffy	99.99	0.01	0.00	180
8	Re-election of Mr Breytenbach	99.99	0.01	0.00	180
9	Re-election of Ms Shine	96.03	3.97	0.00	180
10	Re-election of Ms Matloa	96.03	3.97	0.00	180
11	Re-election of Mr Pryor	96.04	3.96	0.07	13,180
12	Re-election of Ms Gudgeon	96.03	3.97	0.00	180
13	Re-election of Ms Watson	94.63	5.37	0.00	180
14	Re-election of Mr Bhatt	99.99	0.01	0.00	180
15	Election of Mr Dudas	100.00	0.00	0.00	180
16	Authority to allot relevant securities	83.40	16.60	0.00	180
17	Amendment of Bye-laws	99.78	0.22	0.00	180
18	Share premium reduction	100.00	0.00	0.00	180
19	Disapplication of pre-emption	83.44	16.56	0.00	180



# Report of the Audit and Risk Committee



## Members of the Audit and Risk Committee

**Deborah Gudgeon (Chair), iNED**

Varda Shine, iNED

Octavia Matloa, iNED<sup>1</sup>

Bernard Pryor, iNED

Jon Dudas, iNED

Lerato Molebatsi, iNED<sup>2</sup>

1. Octavia Matloa was a member of the Audit and Risk Committee until 30 June 2023, when she stepped down from the Board.

2. Lerato Molebatsi became a member of the Audit and Risk Committee on 3 April 2023, upon her appointment to the Board.



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 2023. 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 reviewing and approving the new ERM and Combined Assurance Frameworks
- ▶ 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 2023 Financial Statements, based upon its interaction with both Management and the external auditors during the Year:

- ▶ the Group's going concern review and viability statement
- ▶ carrying value of mining assets
- ▶ accounting treatment of the Blocked Parcel following its sale by the Government of Tanzania during the Year
- ▶ provisioning for IGM grievance remedies at Williamson
- ▶ Koffiefontein's provisioning for care and maintenance as it moves towards closure
- ▶ updated provision for rehabilitation and decommissioning obligations.

For further detail on the significant issues mentioned above, see pages 103 to 106 of this Report.

### The Committee's responsibility towards risk management

The Committee continued to execute its risk management oversight responsibilities during the Year, receiving quarterly updates on the Group's principal risks from the Risk, Assurance and Compliance function.

In addition, the Committee reviewed and approved extensive revisions to the Company's Enterprise Risk Management and Combined Assurance frameworks which were aimed at improving and simplifying risk management processes at Petra by making them more user-friendly, focused on priority risks and integrated within Petra's business. A more detailed description of the changes made to these frameworks and the progress of the risk improvement project can be found on pages 72 to 73 of this Report.



**Audit and Risk Committee Terms of Reference**

[petradiamonds.com/about-us/corporate-governance/board-committees-2](https://petradiamonds.com/about-us/corporate-governance/board-committees-2)

# Report of the Audit and Risk Committee continued

## The Committee's responsibility towards risk management continued

During FY 2023, the Group's principal risks were reduced from fourteen to twelve as a result of the 'ROM Grade and Product Mix Volatility' risk and 'Mining and Production' risk being combined and the 'COVID-19' risk being downgraded as a result of the World Health Organisation declaring an end to the pandemic in May 2023. A detailed description of the Group's principal risks is set out on pages 114 to 124 of this Report.

As previously reported, in FY 2022 the Company performed an ethics and compliance risk assessment which identified a number of areas for improvement. This resulted in a revised Code of Ethical Conduct and Whistleblowing Policy and new anti-bribery and corruption policies being approved towards the end of FY 2022 which were then rolled out across the South African operations in FY 2023 (with the roll-out at WDL taking place after Year-end). New third party due diligence policy and procedures – predominantly for suppliers, customers and social investment beneficiaries – were also approved by the Committee during FY 2023 and are in the process of being implemented. Further details on these workstreams can be found on pages 72 to 73 of this Report.

## Committee composition

With effect from 30 June 2023, Octavia Matloa retired from the Board, including as a member of the Committee. I would like to thank Octavia for her contribution to Petra and the Committee over the years.

On 3 April 2023, we welcomed Lerato Molebatsi to the Board and as a member of the Committee. Lerato has extensive executive and non-executive experience across a range of sectors, primarily in South Africa, including as the lead independent Director of the South African Reserve Bank. We look forward to her contributions as a Committee member.

## Deborah Gudgeon

Audit and Risk Committee Chair  
9 October 2023

## 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.

Deborah Gudgeon, who was appointed as Committee Chair on 1 November 2021 (and who joined the Committee on 1 July 2021) fulfils the requirements of the Code with regards to the required level of financial and audit experience. Deborah 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. Most 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. She is currently the Chair of the Audit Committees of Ithaca Energy plc and Serabi Gold plc and has recent and relevant financial experience as well as competence in accounting and auditing, as required by the Code and the Disclosure Guidance and Transparency Rules (7.1.1A) (the DTRs).

In terms of the other Committee members, and in line with updated FRC Guidance, as well the DTRs (7.1.1A), the Committee as a whole has extensive experience in relation to the sector within which Petra operates: Varda Shine brings deep knowledge of the diamond industry, as well as significant experience in the South African and UK corporate environments; Bernie Pryor is a metallurgical engineer with 35 years of experience in the international mining industry; Jon Dudas 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 finally, Lerato Molebatsi (who joined the Committee on 3 April 2023) has extensive executive and non-executive experience across a range of sectors, primarily in South Africa, including as the lead independent Director of the South African Reserve Bank.

New members of the Audit and Risk Committee receive the required induction to help ensure they are properly equipped to discharge their duties; this includes the standard Board induction process (as set out on page 92), 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 2023.



## Committee meetings

Four meetings were held in FY 2023, with the Committee holding two further meetings after the end of the Year to review and approve the Group's preliminary full year results. At these meetings, the Committee invited the Group Chair, other Non-Executive Directors, the Executive Directors, members of senior management (including the Group Risk, Assurance & Compliance Manager, the Chief Operating Officer, the Chief Technical Officer, the Group Security Manager and the Group ICT 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 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 on two occasions.

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.

Deborah 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 of this Report. 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.

## Update to the Committee's Terms of Reference

As noted elsewhere in this Report, with effect from 1 July 2023 there was a re-allocation of responsibilities amongst Petra's Board Committees which resulted in oversight ethics matters (including tip-offs) being the sole responsibility of the Committee, having previously been shared with the Social, Ethics and Diversity Committee (now known as the Sustainability Committee).

## 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 2023.

SUMMARY OF ROLE	ACTIVITIES IN FY 2023	OUTCOMES
<b>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.</b>	<p>As contemplated by the UK's Corporate Governance Code, 2018 (the Code) and the Committee's Terms of Reference, the Committee considered whether the Group's interim results, preliminary full year results for FY 2023 and FY 2022 Annual Report and Accounts present a fair, balanced and understandable assessment of the Group's performance and prospects.</p> <p>The Committee, on behalf of the Board, has a specific process of review that enables it to make this assessment. For further information on the process which was followed in relation to the FY 2023 Annual Report and Accounts, see page 109 of this Report.</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 is 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 during Committee meetings</p>	<p>In accordance with the Code and the Committee's Terms of Reference, the Committee considers 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 and advised the Board accordingly.</p>
<b>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.</b>	<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 and the audit partner 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 this Annual Report are set out on pages 103 to 106 of this Report.</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>
<b>To review the effectiveness of Petra's risk management systems, internal financial controls and other internal controls.</b>	<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 Exco members, the Group Internal Audit Manager and the Group Risk, Assurance &amp; Compliance Manager, as well as other members of the senior management team, as appropriate, to attend Committee meetings.</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 2023 included presentations by BDO LLP regarding the results of the FY 2022 audit, the interim review for H1 FY 2023 and the FY 2023 Audit Planning Report, with a presentation by BDO LLP of the results of the FY 2023 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 &amp; Compliance function.</p>



# Report of the Audit and Risk Committee continued

## Committee role and activities continued

SUMMARY OF ROLE	ACTIVITIES IN FY 2023	OUTCOMES
<p><b>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.</b></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 Committee continued to assess the effectiveness, independence, resourcing and quality of Internal Audit during the Year. In addition, an independent external quality assessment of the Internal Audit Function was conducted by the Leadership Academy of South Africa's Institute of Internal Auditors. A report was produced and shared with the Committee which identified a number of areas for improvement and an action plan has been developed to address these findings. After Year End, the Committee reviewed and discussed the report, its findings and the action plan.</p>	<p>The Group Internal Audit Manager and Group Risk, Assurance &amp; 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>The Committee will continue to monitor progress against the Internal Audit improvement action plan in FY 2024. For further information on the content of the action plan, see page 108 of this Report.</p>
<p><b>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.</b></p> <p><b>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.</b></p>	<p>In advance of the FY 2023 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 reviewed 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. In accordance with the FRC's Revised Ethical Standard, 2019, Petra's audit partner with BDO LLP was also rotated and changed in FY 2023. For further detail related to audit and non-audit fees see page 109 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><b>To review the effectiveness of the Company's whistleblowing system, its fraud detection procedures and the systems and controls in place for bribery prevention.</b></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 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. In FY 2022, Petra adopted a new Code of Ethical Conduct (and associated policies), which were rolled out and implemented at the South African operations during the Year and shortly after Year End for WDL. Shortly after the end of the Year, all management-level employees received annual online training on the Code and were required to complete an annual certification that they have complied with the requirements of the Code.</p> <p>During the Year, the Committee approved a new Ethics and Compliance Due Diligence Policy and Supplier Compliance Due Diligence Procedure which set out the risk-based approach Petra is required to follow in conducting ethics and compliance due diligence on its existing and prospective third parties – predominantly customers, suppliers and social investment beneficiaries. This policy and procedure are in the process of being implemented. For more information, see page 73 of this Report.</p> <p>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 2023, Petra received 35 tip-off reports involving alleged irregularities that were considered necessary to investigate, relating mostly to fraud, recruitment scams, procurement irregularities, non-compliance with Company policies and procedures, theft and corruption.</p> <p>In FY 2023, the Sustainability Committee was provided with quarterly overviews of these reports and investigations into them, focusing on the most material reports. Of the 35 reports in total under review, 30 were resolved and closed, with most of these found to be unsubstantiated, and appropriate actions instituted where warranted. Five remain under investigation. Further information is included in the Sustainability Report on pages 25 to 27. Going forward, the Committee will have exclusive oversight of all ethics related matters, including tip-off reports and investigations.</p>





## Significant issues considered by the Committee in FY 2023

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 157 to 163.

The Committee considered a number of key areas warranting specific focus, in particular going concern and viability, the carrying value of the mining assets, the accounting treatment of Williamson's blocked parcel and the estimated IGM grievance remedies and Koffiefontein's provisioning for care and maintenance as it moves towards closure. The Committee assessed that all matters were adequately covered during the FY 2023 external audit.

### SIGNIFICANT MATTERS CONSIDERED

### OUR RESPONSE TO THESE MATTERS

#### Going concern and viability statement

**The Committee continued to focus on going concern, liquidity and covenant compliance coupled with the financial facility availability.**

**Management's base case and single sensitivity forecasts as at the date of this Report indicate that the Group will not breach its leverage and interest cover ratio covenants, but the Group's forecasts under both the combined, 10% decline in revenue or the Stressed Diamond Price sensitivities project a possible covenant breach of the available liquidity covenant during the Going Concern assessment period to December 2024. Should any covenant breach occur, Management believe they have various levers at their disposal to cure such breach.**

**Management forecasts contained within the viability statement indicate on a base case scenario that the Group 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 Loan Notes settlement date. Similar to the Going Concern assessment, if either the Combined (involving revenue down by 5% and a 5% strengthening in the forecast South African Rand:US Dollar exchange rate, effectively resulting in operating costs and total capex increasing by 5% each in USD terms), Revenue down 10% or the Stressed Diamond Price sensitivity materialise, the Group's forecasts show possible liquidity covenant breaches during the assessment period to June 2026. Management believes it has sufficient levers to cure these potential liquidity covenants breaches and remain confident of their ability to refinance the 2L Notes or should a refinancing not be possible, conduct an equity raise or asset sales.**

The Committee 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 First Lien debt facility, carried out a detailed and robust review of the sensitivity of the cashflow to the following sensitivities throughout the assessment period: a decline in revenue of 10%; a 5% strengthening in the forecast South African Rand:US Dollar exchange rate; a 5% increase in operating costs; and a 5% increase in extension capex; a combined sensitivity of revenue down 5% plus opex up 5% plus total capex up 5%; and a Stressed Diamond Price sensitivity to model the potential impacts of the Indian rough diamond import moratorium. The assumptions for the Stressed Diamond Price sensitivity are fully described at page 14 of this Report.

From FY 2024, Management amended its definition of Exceptional Stones to those stones which are sold for US\$15 million or more each (having previously been stones sold for US\$5 million or more each). As a result of this, no contribution from Exceptional Stones was assumed in the base case scenario, with any contribution from stones sold for US\$15 million or less each being part of the ROM product mix and therefore included in the pricing assumptions and subject to the 10% revenue reduction sensitivity above. The Committee reviewed this new definition and assumption pertaining to Exceptional Stones and considered it appropriate.

The Committee members considered the results under the base case scenario, noting the continued availability of the First Lien debt facility. The Committee noted the forecasts indicate that the Group will be able to operate within covenants set out in accordance with the 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 either a 10% decline in revenue sensitivity or the Combined sensitivity or the Stressed Diamond Price sensitivity, the liquidity covenant under the First Lien debt facility is projected to be breached during the Going Concern assessment period to December 2024.

Similar to the Going Concern assessment, the Committee reviewed the assumptions in the viability base case, as well as individual stress tested sensitivities, considering the expected remaining mine plans of the Cullinan and Finsch Mines, coupled with expected levels of cashflow generation and noted that the forecasts indicated that the Group would breach the liquidity covenant in the event of either a 10% decline in revenue sensitivity or a Combined sensitivity or the Stressed Diamond Price sensitivity, under the First Lien debt facility during the Viability assessment period to June 2026. The Committee further noted, however, that the following levers were at the disposal of Management to cure such potential liquidity breaches: ZAR/USD hedging opportunities; deferral of feasibility studies; release of diamond inventory; deferral of extension capex; operating cost and SIB capex cost savings and deferrals; and potential increases in our working capital facilities with the Group's first lien lender (subject to their credit approval processes). The Committee was satisfied with Management's ability to implement these mitigation actions. Accordingly, 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.

It was noted that should any of the (i) combined (ii) revenue down 10% or (iii) Stressed Diamond Price sensitivities materialise, this could imply refinancing up to the full outstanding 2L Notes. It was noted that Management remain confident of their ability to refinance the Group's debt on the back of the underlying strong operational cashflow generation, as well as strong net cashflow generation projection after the period in which the Group's capex commitments are at their peak (FY 2024–FY 2026). It was further noted that an unsuccessful refinancing may result in an equity raise. The Committee is of the view that a successful equity raise would be supported by the long-term resource potential at both Cullinan Mine and Finsch, extending their current Mine Plans to mid-2030s and beyond.

Based on the sales realised to date in FY 2024, its assessment of the forecasts, principal risks and uncertainties and mitigation actions available to the Group in the event of the downside sensitivities, the Committee is satisfied that the Group will be able to continue to operate and meet its liabilities as they fall due over the review periods. However, should the markets not normalise leading to softer diamond prices for longer, and the levers in Management's control do not fully cure potential liquidity covenant breaches, additional working capital funding would be required (subject to our lender's credit approval processes). The Committee believes that these circumstances, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Financial Statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

The Committee assessed the disclosures in the FY 2023 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 169 to 171 of this Report for further details.



# Report of the Audit and Risk Committee continued

## Significant issues considered by the Committee in FY 2023 continued

### 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 2023 given the recovery in the diamond market and its sustainability, the current global economic environment and volatility in the ZAR/US Dollar exchange rate.

A reversal of prior year impairments amounting to ZAR 935 million (US\$52.7 million) relating to Finsch.

At Williamson, impairment indicators were identified and an impairment charge of US\$31.2 million was recognised.

No impairment indicators were identified at the Cullinan Mine and no reversal of previous impairments were deemed appropriate.

The impairment tests include significant estimates and judgements and therefore represented a key focus for the Committee, as covered in note 7 on pages 175 to 179 of this Report.

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 mine plans for the Cullinan, Finsch and Williamson Mines that supported the impairment tests performed by Management. 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 Committee considered the marginal headroom at Cullinan Mine and deemed it appropriate to not reverse past impairments given the current softness in the rough diamond market, expected continued volatility of the ZAR:USD exchange rate, as well as the concurrent execution of the two extension projects at the operation. In relation to Finsch, Management believes that while it now has had greater stability in delivering on its intended mine plan, with a steady increase in production, uncertainty remains in relation to achievement of the revised production profiles. As such, Management concluded not to reverse the historic accumulated impairment charge as at H1 FY 2023. However, in light of the continued material weakening of the ZAR:USD exchange rate throughout H2 FY 2023, which contributed to the significant headroom of ZAR 1,742.8 million for Finsch, Management performed an assessment of past impairments and identified a maximum reversal of ZAR 935.3 million as described above.

In relation to Williamson, the impairment assessment for FY 2023 is based on the updated mine plan to 2030, which includes a steady ramp-up during FY 2024 after the mine's restart in July 2023 (which assumes lower carats will be produced in FY 2024 compared to the FY 2022 mine plan). In addition, there is additional capital expenditure to be incurred at Williamson for the construction of the second compartment of the new Tailings Storage Facility to continue mining up to the current 2030 mine plan. The Committee further reviewed the relevant disclosure in the Financial Statements to ensure compliance with reporting standards.

#### Williamson – Blocked Diamond Parcel

At Williamson, the Government of Tanzania sold the Blocked Diamond Parcel originally confiscated during August 2017, either partially or in full, for an undisclosed amount. The Framework Agreement entered into during December 2021 (FWA) provides for the Government of Tanzania to allocate the proceeds of the Blocked Diamond Parcel to Williamson to assist with the restart of operations. The accounting and disclosure of the Blocked Diamond Parcel continued to represent a significant area of focus for the Committee in FY 2023.

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).

In December 2021, the Group announced the signing of the FWA, which set out, amongst other things, key principles on the economic benefit sharing amongst shareholders, treatment of outstanding VAT balances, as well as providing for the allocation of the sale proceeds from the Blocked Parcel and the payment by WDL of US\$20 million in settlement of historic disputes.

The confirmation from the GoT confirming that the Blocked Parcel has been partially sold resulted in the inventory no longer being available for sale. As such, the full carrying value of US\$12.5 million (30 June 2022: US\$12.5 million) was expensed as other direct mining expense in the Income Statement as at 30 June 2023.

Management also applied judgement to the sales proceeds of the Blocked Parcel by estimating the fair value as at 30 June 2023 of US\$12.3 million, based on the original valuation of US\$14.8 million, the movement in the diamond index, a two-year expected delay to concluding the discussions with the GoT and a discount rate of 14%. The US\$12.3 million of proceeds was recognised in the Income Statement as other direct mining income with a trade and other receivable recognised in the Statement of Financial Position as at Year End.

The FWA provides that the proceeds from the sale of the Blocked Parcel are to be applied to the Williamson mine to assist with the restart of operations (which had previously been on care and maintenance from April 2020 to August 2021) and that in the event such proceeds are not received by Williamson, WDL is not required to pay a US\$20 million liability relating to the settlement of past tax disputes. During recent discussions, the parties also confirmed their intent to resolve how to treat the Blocked Parcel sale proceeds and the related US\$20 million settlement liability.

The assessment of the recoverability of the trade and other receivable required significant judgement. In making such a judgement, Management considered the FWA, ongoing discussions held with the GoT regarding receipt of the Blocked Parcel sale proceeds and legal advice received from the Group's in-country attorney's which supports the Group's position and after reviewing this position the Committee agrees with such assessment.

The Committee reviewed the relevant disclosure in the Financial Statements to ensure compliance with reporting standards relating to the carrying value of US\$12.5 million of inventory which has been expensed as other direct mining expense and the fair value of sales proceeds of the Blocked Parcel of US\$12.3 million which has been recognised in the Income Statement as other direct mining income with a trade and other receivable recognised in the Statement of Financial Position at Year End.



## SIGNIFICANT MATTERS CONSIDERED

## OUR RESPONSE TO THESE MATTERS

**Williamson – IGM Grievances**

Further to the settlement agreement entered into between Petra and Leigh Day in May 2021, Petra has established an Independent Grievance Mechanism (IGM) to address historical allegations of human rights abuses at Williamson. A significant amount of grievances (5,577) have been registered to date, requiring the Committee to consider the financial impact of the risks associated with these grievances and whether the raising of a provision is appropriate.

The Committee noted that the IGM became operational in November 2022, with the commencement of the IGM's pilot phase. The pilot phase has allowed the IGM's systems and procedures to be further developed and adjusted to take into account learnings, with its Independent Panel starting to make decisions on the merits of the cases considered during the pilot phase and the associated remedies for successful grievances.

The Committee considered the judgement applied by Management in assessing the estimated future cost of remedies for successful grievances based on the outcome of claims investigated during the pilot phase. Management assessed the results and performed their own estimate based on calculations received from consultants. The Committee considered that the estimate made by Management includes a number of different assumptions, including, amongst others, the categories of the grievances, the estimated success rates of the grievances and the settlement payments that apply to successful grievances, without any allowance for non-financial remedies that may be awarded. The concluded cases of the pilot phase grievances have been extrapolated across the grievance population of 5,577 based on the average claim settlement per category and the various categories of the grievances. Management's assessment resulted in estimated aggregate costs of US\$7.9 million for all registered grievances to be provided at Year End. This compares to a range estimated by external consultants of between US\$7.2 million and US\$10.1 million. The estimate will be reassessed at each future reporting date.

The Committee gave consideration to Management's assumptions in respect of a provision amounting to US\$7.9 million 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.

The Committee considered Management's approach, based on the information presented, to be appropriate, agreeing with Management's position that the requirements under IAS 37 have been met. The Committee also confirmed that the disclosure in the Annual Report for compliance with reporting standards had been reviewed and considered appropriate.

**Koffiefontein obligation for care and maintenance towards closure**

In November 2022, production at Koffiefontein was ceased and the mine was placed into care and maintenance. The majority of the workforce was retrenched in March 2023 with minimal employee numbers retained for care and maintenance. Management has applied to the South African DMRE for regulatory consent to cease dewatering of the underground workings and commence closure, decommissioning and rehabilitation activities. Although rehabilitation and decommissioning provisioning was recognised in the past, there is an added obligation for care and maintenance as well as social transitioning for which management must estimate the value and raise a liability.

The Koffiefontein operation was placed on care and maintenance in November 2022 after it continuously failed in achieving its budgeted production targets. The operation is considered to have reached the end of its economic life and has commenced with detailed closure planning. The income producing activities of the operation which involve the mining, recovery and sale of rough diamonds have ceased. Care and maintenance activities have commenced and are ongoing. These ongoing activities are a necessary bridge to eventual closure of the mine.

As the Koffiefontein operation has reached end of its Life of Mine (LOM) and a decision has been taken by Management to close the operation, the committed costs associated with operating Koffiefontein during the care and maintenance phase are focused towards identifying and managing the mine's ongoing environmental compliance obligations until such time that a closure certificate is issued by the Department of Mineral Resources and Energy (DMRE). As these are legislative requirements, these activities are necessary and cannot be avoided. As such, there is a present obligation that exists for these committed costs related to care and maintenance activities at Year End.

The Committee reviewed the key estimates and assumptions (the regulatory framework, timing and future costs discount rates) that supported the calculation performed by Management. Management's assessment resulted in estimated aggregate costs of US\$10.7 million provided at Year End. The estimate will be reassessed at each future reporting date.



# Report of the Audit and Risk Committee continued

## Significant issues considered by the Committee in FY 2023 continued

### SIGNIFICANT MATTERS CONSIDERED

### OUR RESPONSE TO THESE MATTERS

#### Updated provisioning for rehabilitation and decommissioning liabilities

To review and challenge, where necessary, the approach in estimating environmental rehabilitation and decommissioning obligations in compliance with legal and regulatory requirements at the Group's mining operations.

The financial provision to fund obligations towards restoration of environmental disturbances caused through mining activities and the decommissioning of assets and infrastructure after mining operations have ceased, are accounted for, and disclosed in, Petra's Financial Statements.

Provisions are raised based on the present value of the estimated future costs for rehabilitation and decommissioning. Significant estimates and assumptions are made in determining the amount attributable to rehabilitation provisions, based on current legal requirements, existing technology and the Group's planned rehabilitation strategies at each of its operations.

The vast majority of the rehabilitation expenditure is expected to be incurred at the end of mining activities, with mine life estimates based on the approved mine plans and assessments of future extensions to opportunities that are considered sufficiently certain of extraction.

In FY 2023, Management amended the basis of estimating the closure provisions at its South African operations. Historical estimates were calculated with reference to the DMRE prescribed rates, based on previously approved submissions escalated to the current assessment period using actual inflation rates.

Given the imminent closure of Koffiefontein mine, Management tasked Petra's environmental specialists, supported by environmental closure consultants, to review the detailed closure provisioning at its South African operations, including Koffiefontein. This was done to ensure that the related provisions are aligned to the current market-related cost estimates to execute the closure plans at each of the operations, whilst also aligning the Group to the proposed NEMA regulations, which are expected to be enacted in February 2024 and which will supersede the associated provisions of the MPRDA currently regulating this aspect of the South African mining industry.

Cost estimates reflecting current market rates were obtained based on detailed closure plans for each operation, detailed engineering designs and associated bills of quantities. Given the expected timeframes to ultimate closure, appropriate contingencies and inflation were also factored into the estimates. Management used these up to date closure cost estimates, appropriately discounted to the reporting date, for the provisions as reflected in the Financial Statements.

Williamson's provision was similarly reviewed and found to be adequate and based on current market-related estimates for future rehabilitation costs.

The Committee considered the appropriateness of Management's change in estimate and reviewed the key estimates and assumptions, regulatory and legal requirements, timing and future costs, inflation and discount rates that supported the calculations performed by Management. The Committee further reviewed the relevant disclosures in the Financial Statements to ensure compliance with the reporting standards.

Each of these areas, also represented key audit matters or otherwise areas of audit focus for BDO 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 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 considering all current ethical guidelines, and was satisfied that all these criteria were met. The auditors' fees were approved as part of this process. In accordance with the FRC's Revised Ethical Standard, 2019, and from the start of FY 2023, Petra's audit partner at BDO was rotated and replaced. In assessing the effectiveness of BDO, the Committee Chair and the Committee considered and discussed the transition and handover process for the new audit partner.

The effectiveness of the external auditors was reviewed, giving consideration to 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, 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 presented their findings to the Committee, met separately with the Committee Chair to discuss key audit judgements and estimates, with the Chair reporting back to the Committee after doing so. During the Year, BDO also met separately with the Committee without members of management present. These occasions 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. The key attributes for audit effectiveness were considered in the Committee's assessment of the Group's auditors for FY 2023.

Auditors' remuneration US\$ million	FY 2023	FY 2022	FY 2021
Audit services <sup>1</sup>	1.2	0.9	1.0
Audit-related assurance services <sup>2</sup>	0.2	0.1	0.1
Non-audit related services <sup>3</sup>	—	—	0.4
<b>Total</b>	<b>1.4</b>	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 2022: 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 2022: US\$5.0k)

3. Non-audit related services were US\$nil (FY 2022: US\$nil).

The Committee requires that any non-audit services to be performed by BDO 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 provided audit-related services in the Year in relation to the interim review and specific agreed upon procedures on the Company's Sustainability Report.

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 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 Auditors. The Group Internal Audit Manager reports directly to the Chair of the Committee. For FY 2023, the Group's Internal Audit function carried out its Internal Audit Plan which included audits in relation to the following areas:

- ▶ Risks, controls and mitigating strategies relating to Geotechnical Critical Infrastructure at Williamson Diamonds Limited
- ▶ Policies, standards, procedures and controls in relation to the TSF at Williamson
- ▶ Health and safety controls and compliance processes, including ventilation, at the Finsch and Cullinan Mines
- ▶ Evaluating the adequacy, efficiency and effectiveness of the system of internal control over fixed assets at Group and Finsch, Cullinan and Koffiefontein Mines
- ▶ Controls and processes relating to diesel management at Cullinan Mine
- ▶ The Group's Information and Communication Technology risks, processes and controls
- ▶ Systems, policies and procedures relating to payroll and overtime for Group and at Finsch and Cullinan Mines
- ▶ Contractor management processes and procedures for Group and at Finsch and Cullinan Mines



# Report of the Audit and Risk Committee continued

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

### The Group's Internal Audit function continued

In addition to the above areas which were audited, periodic and formal follow ups were conducted throughout FY 2023 on all outstanding previously reported audit findings.

During FY 2023, an independent external quality assessment of the Internal Audit Function was conducted by the Leadership Academy of South Africa's Institute of Internal Auditors. A report was produced and shared with the Committee which identified a number of areas for improvement. An action plan has been developed to address these findings, with these actions including:

- ▶ Enhancing the co-ordination between the Internal Audit and Risk, Assurance and Compliance functions under the new Combined Assurance Framework
- ▶ Enhancing the alignment of the annual Internal Audit plan to the Group's priority risks and critical controls
- ▶ Ensuring the Internal Audit function is appropriately resourced to meet Petra's evolving business needs and key areas of risk
- ▶ Ensuring greater levels of Senior Management input are sought on Internal Audit reports before they are finalised but without prejudicing the independence of the Internal Audit function

After Year End, the Committee reviewed and discussed the report, its findings and the action plan. The Committee will continue to monitor progress against the Internal Audit improvement action plan in FY 2024.

### The Group's Risk Management function

In FY 2022, the Committee reported on the risk improvement project launched by the Risk, Assurance and Compliance (RAC) function to improve and simplify risk management practices and software across the Group by making them more user-friendly, focused on priority risks and integrated within Petra's business.

In FY 2023 and as a key initial step in this risk improvement project, the Committee reviewed and approved extensive revisions to Petra's Enterprise Risk Management (ERM) and Combined Assurance Frameworks (together the Frameworks). A description of the key changes made to the Frameworks is set out on pages 72 to 73 of this Report, with these changes including, amongst other things, updates to the criteria and thresholds for determining the likelihood and consequence of risks (so as to make them more relevant to Petra), the introduction of risk velocity (i.e. the speed at which risk impacts Petra) to risk assessments and the introduction of the concept of 'critical controls' to both Frameworks.

The roll-out and implementation of the revised ERM and Combined Assurance Frameworks started in FY 2024 and initially involves the hosting of a series of workshops across the Group to explain the key changes to these Frameworks and reaffirm management's responsibility in identifying, evaluating and managing risks including the implementation of controls. This will be followed by a second set of workshops to carry out Group-wide risk assessments using the new Frameworks. These workshops will initially focus on priority risks.

To support the embedding of these Frameworks, a Key Performance Indicator has been introduced for all management which assesses the performance of their risk management responsibilities during FY 2024.

As explained on page 73 of this Report, the development and implementation of a Risk Appetite and Tolerance Framework at Petra was dependent on making sufficient progress on the risk improvement project, described above. Having made sufficient progress, in FY 2023 Petra engaged an external service provider to assist in compiling this Framework with necessary input from Management, the Audit & Risk Committee and the Board. This project is due to be completed in the first half of FY 2024.

For more details on the Company's approach to risk management, as well as other risk management developments in FY 2023 (including the adoption of a Crisis Management Policy, the roll-out of the Code of Ethical Conduct and related anti-bribery policies and the approval and implementation of a third party due diligence policy and procedures) see pages 72 to 75 of this Report.

### 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.

For FY 2023, 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 help ensure the control environment is effective. This includes systems to monitor the implementation by management of recommended remedial actions and follow-up audits.



## Fair, balanced and understandable reporting

Each year, as required by the UK Corporate Governance Code and the Committee's Terms of Reference, the Committee advises the Board on whether or not, in its opinion, the Annual Report is fair, balanced and understandable (FB&U) and whether or not it provides the information required for shareholders to assess Petra's position and performance, business model and strategy. Petra has adopted the process set out below to support the Committee in making this assessment:

### 1

#### Planning

At the South African site visit in early June, the Board commented on key themes and focus areas for the Annual Report, with a Fair, Balanced and Understandable Committee (the **FB&U Committee**) comprised of representatives from Corporate Planning, Investor Relations and the Company Secretarial functions being established.

At a Board meeting later in June to approve the FY 2024 budget and review the business plans for FY 2025 and FY 2026, the Board did an early review of potential sensitivities for the viability statement.

### 2

#### Internal FB&U Assessment

Throughout the drafting process, the FB&U Committee continuously reviewed the Annual Report with the aim of it being fair, balanced and understandable. In addition, the FB&U Committee identified significant statements in the Annual Report requiring verification and oversaw the verification process for these statements.

### 3

#### External Audit

Having conducted its FY 2023 audit, BDO presented the results thereof to the Committee in September. Feedback from BDO throughout the audit process was incorporated into the Annual Report throughout August and September.

### 4

#### Further external assurance

An early draft of the Annual Report was shared with Camarco, Petra's Financial PR Advisers. Camarco reviewed the overall narrative message of the Annual Report to help ensure its consistency with messages already communicated to investors, analysts and other stakeholders, and is appropriate, in the context of the mining sector and wider economic environment.

### 5

#### ARC FB&U Assessment

The FB&U Committee tabled its FB&U assessment at a Committee meeting in September, convened for the Committee to review the Annual Report. The FB&U Committee's observations and conclusions were provided to the Committee, and included a summary of the verification process undertaken, as well as the outcomes of the reviews conducted by BDO and Camarco.

Following its review, the Committee concluded that it was appropriate to confirm to the Board that the FY 2023 Annual Report is fair, balanced and understandable, and provides the information necessary for shareholders to assess Petra's position and performance, business model and strategy.

At a subsequent Board meeting, the Board then approved including the FB&U statement issued by the Directors, as set out on page 156 of this Report.



# 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 the relevant time period for this assessment is the three-year period ending June 2026, reflecting the March 2026 maturity date of the 2L Notes, the peak capex years of the approved extension projects at the Cullinan and Finsch Mines, the transition of Koffiefontein from care and maintenance, towards closure, and the potential impact of the principal risks that could affect the viability of the Group. This assessment is carried out annually before the approval of the annual Financial Statements and informed by continuous business planning processes 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 Loan Notes and their maturity date, and the principal risks of the Group.

## Rough diamond market

The diamond prices consolidated their gains from FY 2022 up until Q3 FY 2023, but experienced softness in Q4 FY 2023. Diamond prices still remain at multi-year highs despite the recent market weakness. The softening of the diamond prices during Q4 FY 2023 is ascribed to a few key factors, namely the seasonal weakness due to summer holidays and lack of festive demand, high financing costs, on account of the elevated interest rates, resulting in a far more cautious and disciplined approach applied by the midstream for their inventory management, prolonged weakness in the Chinese market and lab-grown diamond sales in the bridal jewellery segment. Indications suggest that interest rates have now peaked and will start to decline, providing support to our view of improved demand in the medium to longer term because of the structural supply deficit.

In addition, recent announcements by major producers to constrain the supply of rough diamonds to the midstream coupled with the G7's ongoing assessment of further sanctions or mechanisms to restrict the trade of diamonds of Russian origin should also provide support to diamond prices.

On 27 September 2023 and after the release of the Group's FY 2023 Preliminary Results, a group of Indian trade organisations, led by the Gem & Jewellery Export Promotion Council (GJEPC), announced a two-month voluntary moratorium on diamond imports to India (from 15 October to 15 December 2023) to allow the mid-stream to normalise inventory levels. Together with producers withholding supply to the market, this step should support medium and longer-term diamond prices through the rebalancing of inventory across the diamond value chain, albeit that short-term price volatility is expected to be elevated. The upcoming seasonally stronger demand period of Diwali, Thanksgiving, Christmas and the Chinese New Year are anticipated to increase demand for diamond jewellery and provide further support to rebalancing the inventory pipeline. Prices are expected to remain volatile for the balance of CY 2023 and into CY 2024 while the current inventory imbalance is being restored.

The Group achieved an all-in diamond price of US\$135/ct during FY 2023 compared to an all-in diamond price of US\$140/ct during FY 2022 (excluding contributions from Exceptional Stones of US\$5 million or more for both years). This represents a marginal reduction of 3.6% year-on-year and was partly also influenced by lower contributions from both WDL and KDM product mix, which averages higher US\$/ct prices, albeit at reduced volumes. Post period end, Tender 1 of FY 2024 closed in August, with realised prices in line with expected levels. Tender 2 of FY 2024, which partially closed in early October with around 75% of volumes sold prior to the release of this Report, saw prices on a like-for-like basis decline by some 16 to 18% compared to prices achieved in Tender 1.

## Capital Structure

During the Year, the Group carried out a successful tender offer to its Noteholders, repaying the Noteholders US\$144.6 million (principal plus interest), by utilising existing cash reserves on the back of a record FY 2022, resulting in further deleveraging of the Group. This will save the Group c US\$15 million per annum in interest. The 2L Notes continued to accrue Payment in Kind (PIK) interest until 8 March 2023, with the first cash payment of US\$7.66 million was paid for the 30 June 2023 coupon period. Going forward, no further PIK interest is accrued, with cash payments made every six months until maturity of 2L Notes in March 2026.

The Group's ZAR 1 billion senior Revolving Credit Facility (RCF) facility remained undrawn as at 30 June 2023, with the Group having access to the full ZAR 1 billion (US\$53 million). Post Year End, the Group utilised ZAR 850 million following a decision to defer tenders during Q4 FY 2023, as noted above.

## South African Operations

The first half of FY 2023 saw Petra's operations having to deal with some operational challenges. The Cullinan Mine experienced lower grades in the C-Cut block cave on account of earlier than expected waste ingress, resulting in lower ROM carats being recovered, while also lowering the projected ROM carat production for the remainder of FY 2023 and FY 2024. Challenges at the Finsch mine were as a result of low machine availability owing to an ageing underground fleet, challenges with the centralised blasting system and emulsion quality and an extended rock-winder breakdown. WDL was performing well during H1 FY 2023, until the Tailings Storage Facility (TSF) failure in the 1<sup>st</sup> week of November 2022, which led to a suspension of operations. Finally, Koffiefontein continued to struggle in achieving its budgeted production targets and was subsequently placed on care and maintenance (C&M) in November 2022.

Several mitigation steps were initiated during H2 FY 2023 to minimise the above impacts. At the Cullinan mine, these included re-opening of Tunnel 36 (with Tunnel 41 to be re-opened imminently), addition of pillar retreats, as well as commencing work on the addition of two more tunnels (T46 and T50) adjacent to the current C-Cut centre also approved during H2 FY 2023, both of which are anticipated to deliver on relatively higher grade ore towards the end of FY 2024 (compared to the current grades being achieved from the balance of C-Cut). The CCIE project, which is expected to significantly increase the overall ROM grade at CDM, remains on track for production to commence in FY 2025.

At Finsch, mitigation steps included new underground equipment being delivered and commissioned, coupled with positive changes to the blasting process, the introduction of new long hole drill rigs and Load Haul Dump (LHDs) loaders as well as the appointment of individuals to a number of key positions. Furthermore, the Lower Block 5 3-Level SLC project scope was amended to go up to 90L, which adds additional production tonnes to the Life of Mine plan. The mitigation steps undertaken are expected to stabilise production at Finsch, while the 3L-SLC 90L project is planned to start contributing to production from FY 2025 onwards, supporting increased grades at Finsch.

As noted above, Koffiefontein was placed on C&M in November 2022. The Koffiefontein workforce was retrenched through a Section 189(3) process, as set out in the South African Labour Relations Act. Certain of the retrenched employees were appointed on fixed-term contracts to carry out C&M activities. In parallel, the KDM sales process failed to identify a possible buyer. Consequently, the mine has commenced with detailed closure planning, with the main focus on obtaining the required permits to cease dewatering of the underground workings, which remains a significant cost element during the C&M period. The Social transition, including implementation of the committed Social & Labour Plans (SLP) also continue in parallel to the C&M activities and the closure roadmap planning.





## Williamson Operations

At Williamson, the TSF failure in November 2022 significantly disrupted operational run-rate which largely stabilised after a lengthy C&M period post the COVID-19 pandemic. There were no serious injuries as a result of the failure, both at the mine and amongst the surrounding communities. Since the TSF failure, Williamson had been concentrating on rehabilitation efforts, with new infrastructure being built to further safeguard the communities downstream of the mine. In parallel, a new TSF was constructed, which received the required permits and complies with GISTM standards. Subsequently, production resumed at Williamson in July 2023, with a steady ramp-up currently underway. While most of the activities were funded by Williamson's on-mine cash reserves, Petra and the mining contractor, Taifa advanced priority loans totalling US\$12 million to assist WDL's liquidity requirements. A local overdraft facility totalling US\$10 million is also in place. WDL's short-term liquidity needs will require focused attention to help ensure WDL is able to fulfil all its obligations as it ramps up to steady-state production and revenue generation. Williamson may, however, encounter short-term liquidity challenges over the next 12-18 months, may further be exacerbated by the Indian import moratorium mentioned above. These may be mitigated by means of optimising tender timings, selling through alternate sales channels, initiating cost reduction/deferral opportunities, and/or benefitting from faster-than-anticipated start-up and increasing production. From a Group perspective, if these levers at Williamson do not materialise, then, as a last resort, there may be a further contribution of up to US\$5 million from the Group to Williamson, as a priority shareholder loan.

The Group announced the signing of a Framework Agreement with the Government of Tanzania (GoT) 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 historic disputes, amongst others. During the Year, it came to Petra's attention that the GoT had sold the blocked diamond parcel, either partially or fully; the Framework Agreement provides for the proceeds of the sale of this parcel to be allocated to Williamson. The GoT has not yet remitted the proceeds to the mine, and Petra has opened discussions with the GoT to resolve this matter in due course. Should the proceeds not be remitted in accordance with the terms of the Framework Agreement, the obligation to commence with payments towards settling an amount of US\$20 million owed to the GoT related to historic disputes, will not be triggered. The Framework Agreement is expected to provide fiscal stability for the mine and its investors and is expected to become effective during the second half of FY 2024, pending completion of certain suspensive conditions.

During FY 2023, Petra and Taifa (previously Caspian) executed a Sale of Shares Agreement, to give effect to a Memorandum of Understanding (MOU) entered into in December 2021 for Taifa to acquire 50% of Petra's stake in Williamson Diamonds Limited for a purchase consideration of US\$15 million. This agreement is subject to certain regulatory approvals and is anticipated to become effective during the second half of FY 2024.

## Sustainability ambitions

During FY 2023, the Group introduced a new Sustainability Framework, which will aid the Group in balanced day-to-day decision making, while ensuring a long-term future for Petra. The Group continues to embed this framework and is in the process of 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 FY 2022. The Group has continued to make steady progress on its response to climate change, and during FY 2023, also announced its 2030 Scope 1 & 2 emissions reduction target of 35–40% (against our 2019 baseline). Post Year End, and as part of its annual reporting cycle, the Group has also laid out its 2030 GHG emissions reduction 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 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 critical 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 (refer to the 'Principal Risks and Uncertainties' and 'Risk Management' sections of this Report set out on pages 72 to 77 and 114 to 124 respectively). Through this analysis, the Board also identified low probability, high loss sensitivities – 'singular events' – with the potential magnitude to severely impact the solvency and/or liquidity of the Group. The sensitivities tested considered the Group's revenue, underlying EBITDA, cashflows, covenant ratios, as well as the impact on facility availability over the three-year period (unless otherwise stated), excluding repayment of the Loan Notes (see below) and included:

- ▶ a 10% reduction in revenue 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 Extension Capital costs throughout the period to June 2026
- ▶ a combined sensitivity: revenue down 5% plus opex up 5% plus total capex up 5%
- ▶ a Stressed Diamond Price sensitivity – to model the potential impact of the recently announced Indian import moratorium, resulting in prices that are on average 16.5% lower for FY 2024, and 5% lower for FY 2025

From FY 2024, the Company has updated the definition of Exceptional Stones to only include rough diamonds that sell for US\$15 million or more each, up from US\$5 million used historically, to more accurately depict the rarity and exceptional nature of these high value stones, with only three such incidences since FY 2015. Furthermore, the Company does not assume any contribution from Exceptional Stones greater than US\$15 million as part of its Base Case or any of the individual sensitivity assessments.

It should also be noted that 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 forward-looking covenant measurements for the base case and all of the sensitised cases do not project any breaches for the leverage or interest cover ratio covenants. The minimum liquidity covenant for the unmitigated Combined, Revenue down 10% and the Stressed Diamond Price sensitivities during the Viability Assessment review period to June 2026 is forecasted to be breached.

The Group's Base Case indicates that it would be able to part-settle the 2L Notes, with an expectation that it would be able to raise debt finance (in the event of no additional cash build-up until maturity) or re-finance the 2L Notes prior to their maturity date.

Management believes potential liquidity covenant breaches as a result of the above sensitivities could be cured by means of the following levers:

- ▶ Hedging opportunities – the Group actively monitors the USD:ZAR exchange rate and pro-actively locks in hedges to benefit from periods of weaker ZAR, which results in cashflow savings compared to the base case USD:ZAR forecast
- ▶ Deferral of Feasibility Studies – this includes planned costs associated with feasibility studies on future extension opportunities
- ▶ Release of diamond inventory – the Group would be able to release inventory through optimising mine to market lead times and/or more frequent tenders
- ▶ Deferral of extension capex – the Group is projecting substantial capex spend largely driven by the approved extension projects at the Cullinan and Finsch Mines



# Viability Statement continued

## Risks and stress tests continued

- ▶ Opex and SIB capex cost savings or deferrals – the Group, upon further assessment and as may be required once the above levers are extinguished, would look to initiate potential cost avoidance and/or deferral measures, such as temporary freezing of non-critical appointments, cash cost reduction initiatives targeting non-critical spend, working capital management, etc.

If the levers in Management's control do not fully cure the potential liquidity covenant breaches, additional working capital funding would be required. Notwithstanding this, Management has commenced engagement with its first lien lender to potentially upsize its existing Revolving Credit Facility. This would be the Group's preferred option as it would provide the Group with the additional headroom required to continue operating with minimal disruptions. Any increase in the Revolving Credit Facility would be subject to the lender's credit approval processes.

While the above levers could cure liquidity covenant breaches, if any of the combined, revenue down 10%, or the Stressed Diamond Price sensitivities were to materialise, it would also imply refinancing the full outstanding 2L Notes. The Group remains confident in its ability to refinance its debt on the back of the underlying strong operational cashflow generation, as well as strong net cashflow generation projection post the peak FY 2024–2026 capex periods.

Owing to this, the Group will identify and implement interventions ahead of the forecast cash shortfall to satisfy its obligations to settle the 2L Notes in March 2026.

## Conclusion

The Board is of the view that despite the current diamond market volatility being experienced, the medium to longer-term supply/demand fundamentals of the diamond market remain intact, with the Group also continuing to benefit from an improving operating model and reduced gross debt throughout the review period and beyond.

Based on its assessment of the forecasts, principal risks and uncertainties and mitigation actions considered available to the Group in the event of downside sensitivities the Board confirms that it is satisfied that the Group will be able to continue to operate and meet its liabilities as they fall due over the next three year period.

However, if the actions taken by the producers to curtail supply and the recently announced Indian diamond import moratorium do not result in inventories re-balancing, further extending softer pricing into CY 2024, and the levers in Management's control do not fully cure the potential liquidity covenant breaches, additional working capital funding would be required (subject to our lender's credit approval processes).

Any decision to suspend any of the extension projects may also impact the quantum of refinancing required for the Group's 2L debt, which matures in March 2026. The Board remains confident that in the event of temporarily suspending parts of the extension projects, the Group would be able to refinance its 2L debt prior to its maturity date, for the reasons stated above.

If the Group is unable to raise the necessary residual debt capital on account of the willingness of existing 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. The Group is of the view that a successful equity raise would be supported by the long-term resource potential at both Cullinan Mine and Finsch, extending their current Mine Plans to mid-2030s and beyond.





# 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, assessment, management and ongoing mitigation of risks, including emerging risks, within their realm of responsibilities. Please refer to pages 72 to 74 of this Report for further details on how Petra manages risks.

### EXTERNAL RISKS

#### 1. Rough diamond prices

Long term

##### Risk change in FY 2023

Higher

##### 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; Audit and Risk Committee

##### 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 global macroeconomic conditions, global production levels and consumer trends.

Growth in the laboratory-grown diamonds (LGD) market also impacts diamond prices. The Company continues to closely monitor 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 supportive, some volatility in rough diamond pricing may be experienced whilst macroeconomic uncertainties remain.

Lower than planned 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 and the ability to pay dividends.

##### Mitigation

Petra undertakes a robust, market-driven tender process and aims to achieve full realisable value. The Company's ability to defer the timing of its sales tenders can act as a mitigation during a lower pricing environment. The Company also 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, including 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 mitigation 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 2023 risk developments and management

Despite significant global economic uncertainties resulting from the war in Ukraine and the lockdown restrictions in China which continued in FY 2023, like-for-like diamond prices increased by 12.6% in H1 FY 2023. However, since Q4 FY 2023, diamond prices have softened with Tender 5 seeing a 13% reduction in like-for-like prices on Tender 4 resulting in like-for-like prices increasing by around 2% compared to FY 2022. Due to continuing softer prices resulting from elevated inventory levels in the mid-stream, the majority of sales from Tender 6, together with the c 76kcts withdrawn from Tender 5, were deferred and offered for sale in Tender 1 of FY 2024 in August 2023, with like-for-like prices in Tender 1 declining by 4.3% on Tender 5 and like-for-like prices for the initial Tender 2 results, which partially closed in October 2023 prior to the release of this Report, declining by 16 to 18% on Tender 1.

During the Year, three blue diamonds recovered from the Cullinan Mine were sold into partnerships, extending our partnership approach on selected diamonds. The 17.4, 10.4 and 25.6 carat gem-quality blue diamonds were sold for US\$7 million, US\$2 million and US\$3.5 million respectively, with Petra retaining a 50% share of the profits on sales after cutting and polishing. Revenue from profit share agreements such as these increased for the Year to US\$1.4 million (FY 2022: US\$1.1 million).

In May 2023, the G7 announced that they will continue to work closely to restrict trade in and use of diamonds mined, processed or produced in Russia and engage with key partners with the aim of ensuring effective implementation of future co-ordinated restrictive measures, including through tracing technologies. This development is being closely monitored to determine the impact of such restrictions on diamond prices and Petra.

While subdued demand and price volatility are expected to continue in the short term, including from increased polished inventory, prolonged weakness in the Chinese market, lab-grown sales in the bridal jewellery segment and higher interest rates impacting the mid-stream in particular, we see prevailing structural supply deficit providing market support.

The two-month voluntary moratorium on diamond imports to India (from 15 October to 15 December 2023), announced by a group of Indian trade organisations on 27 September 2023, is intended to provide support for diamond prices in the medium to longer-term through the rebalancing of inventory across the value chain, though it is expected to add to pricing volatility in the short-term. Recent announcements by major producers to constrain the supply of rough diamonds, coupled with the possibility of the G7 imposing further sanctions or restrictions on the trade of diamonds of Russian origin, should also provide support to diamond prices.

Petra continues to work with the NDC in its activities to support rough diamond demand.

##### Read more



[Our Markets on pages 30 to 40 of this Report](#)



## 2. Currency

Long term

### Risk change in FY 2023

Lower

### Strategic objectives

Continued improvement of our balance sheet health

### KPIs

Revenue; Adjusted EBITDA; Operational free cashflow; TSR

### Responsibility

Exco; Audit and Risk Committee

### Description and impact

Currency fluctuations may have a significant impact on the Group's performance.

With Petra's operations (and therefore costs) 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. Whilst this means a weakening Rand has a positive financial impact on Petra, it also tends to contribute towards greater uncertainty for Petra, particularly from a planning and budgeting perspective.

### 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 2023 risk developments and management

The ZAR/USD exchange rate saw significant volatility in FY 2023, with the Rand opening the Year at ZAR16.27/USD1 and closing the Year at ZAR18.83/USD1, having averaged ZAR17.77/USD1 for FY 2023 (compared to ZAR15.22/USD1 for FY 2022).

Since Q3 FY 2023, various domestic South African factors have contributed to the Rand's continuing weakness (outlined in the Country and Political risk below) which led to a sharp sell-off in the Rand and its worst-ever level against the US Dollar, trading at ZAR19.51/USD1 on 12 May 2023.

The Rand is expected to remain volatile, influenced by global economic conditions and locally for the reasons outlined in the Country and Political risk below.

To mitigate volatility, the Company continued with its approach to focus on short-dated hedge positions. The recent weakness in the Rand has given the Company opportunity to obtain hedges of up to 50% of expected 12-month forward looking USD sales proceeds which is mandated by the Board.

### Read more



[Financial Review on pages 10 to 14 of this Report](#)



[Note 8 to the Financial Statements on page 179 of this Report](#)

## 3. Country and political

Long term

### Risk change in FY 2023

No change

### Strategic objectives

Continued improvement of our balance sheet health

### KPIs

Profitability; Adjusted EBITDA; TSR

### Responsibility

Exco; Sustainability 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 2023 risk developments and management

The risk of political instability remains and with general elections due in 2024, is expected to increase.

In addition, rolling blackouts as a result of load-shedding (electricity outages) continue due to the inability of South Africa's state-owned electricity provider to service the population and businesses, with an increasing risk of a potential electricity grid failure.

Furthermore, South Africa's non-aligned stance in the war between Russia and Ukraine has been increasingly questioned. This was exacerbated in May with allegations by the US ambassador to South Africa regarding an arms shipment to Russia and also when South Africa publicly announced it will not arrest the Russian President if he attends the BRICS summit in South Africa in August 2023, despite there being an arrest warrant issued by the International Criminal Court, to which South Africa is a signatory. The risk of secondary sanctions being imposed on South Africa has therefore increased. This risk and how it could impact Petra and its lenders are being closely monitored.

During March 2023, Moody's increased Tanzania's rating from B2 Stable to B2 Positive due to reduced political risks, Tanzania's increased engagement with the international community and its structural reforms, resulting in an inflow of Foreign Direct Investments. In December 2021, Petra entered into a Framework Agreement with the Government of Tanzania with a view to establishing a sustainable future for the WDL joint venture between Petra and the Government. As part of this agreement, the Government was expected to allocate the proceeds of a blocked parcel of diamonds to fund the restart of operations at the Williamson Mine. During recent discussions, the GoT confirmed that the blocked parcel was partially sold during the Year. Petra is engaging with the Government regarding the blocked parcel sale proceeds and the related US\$20 million settlement amount liability in the Framework Agreement. On 31 May 2023, Petra announced that it had entered into definitive agreements with Taifa Mining and Civils Limited for the sale of 50% (less one share) of Petra's interest in WDL to Pink Diamonds Investments Limited, a company nominated by and affiliated with Taifa. The sale remains subject to satisfying various regulatory conditions. Once this sale completes and the Framework Agreement becomes effective, Petra's exposure to Tanzania will be reduced to 31.5%, though Petra will retain a controlling interest in WDL and a share of the upside.



# Risk Management continued

## Identifying, managing and mitigating risk continued

### STRATEGIC RISKS

#### 4. Group Liquidity

Short to medium term

#### Risk change in FY 2023

Higher

#### Strategic objectives

Continued improvement of our balance sheet health; assessment of options to refinance Second Lien Notes to more favourable terms and tenor

#### KPIs

Rough diamond production; Adjusted EBITDA; Operational capex

#### Responsibility

Exco; Audit and Risk Committee

#### Description and impact

Following the Restructuring that was completed in FY 2021 and the US\$144.6 million of Loan Notes repurchased in H1 FY 2023, Petra's gross debt was significantly reduced to US\$247.5 million (compared to US\$366.2 million as at 30 June 2022). 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.

In addition, significant global economic uncertainties have resulted in a significant rise in inflation which has the potential to both reduce demand for rough diamonds and have an inflationary impact on 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.

#### 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 Company also continuously looks for opportunities to reduce its gross debt levels and also to improve its Second Lien debt structure, as it did earlier in the Year through the debt tender offer described in more detail below.

Petra's enhanced Operating Model provides a platform for greater stability and resilience, enabling opportunities for further cash generation to fund future capex requirements and support further de-leveraging.

Available levers to manage working capital are considered and employed to manage short-term cashflow requirements and one such lever is the Company's ZAR 1 billion (c US\$53.1 million) revolving credit facility. The Company also has flexibility in the roll-out of its future capital spend and in determining the timing of its sales tenders to coincide with a stronger diamond pricing environment and to manage working capital requirements. The Company also actively monitors the USD:ZAR exchange rate and pro-actively locks in hedges to benefit from periods of weaker ZAR which results in cash flow savings compared to the base case USD:ZAR forecast. The Company's Investment Committee makes recommendations to the Board on capex and investment proposals and monitors progress of major capital investments.

In FY 2022, the Company initiated Business Re-Engineering Projects at Finsch and Koffiefontein with the aim of reducing costs. During FY 2023, the Koffiefontein mine was placed under care and maintenance following an unsuccessful sales process, with detailed and responsible closure planning now underway and accelerated closure being pursued where feasible.

The Company is monitoring cost increases across the Group's operations very closely, and Petra's disciplined cost management, three-year labour agreement to June 2024, and exposure to a weaker South African Rand will assist the Company in better absorbing these cost pressures.

#### FY 2023 risk developments and management

Whilst the Group's balance sheet was strengthened during the Year through the repurchase of the Company's Loan Notes totalling US\$144.6 million, resulting in annual interest savings of c US\$15 million, the Group has experienced operational challenges that impact its liquidity position. These challenges include:

- ▶ The lower grades at the Cullinan Mine (as described in more detail in the Mining and Production risk below)
- ▶ Lower tonnes mined at the Finsch Mine in FY 2023 (as described in more detail in the Mining and Production risk below)
- ▶ The production suspension and remediation costs at Williamson arising from the TSF failure in November 2022

As a result, FY 2023 production of 2.67 Mcts was lower than originally guided and production guidance for FY 2024 (2.9-3.2 Mcts) and FY 2025 (3.4 to 3.7 Mcts) has also been lowered. This has had a negative impact on the Group's projected liquidity.

Softening of rough diamond prices (see Rough Diamond Prices risk above) led to a decision to defer sales from Tender 5 (partial) and the majority of Tender 6 in FY 2023 to Tender 1 FY 2024 in August 2023. These deferrals from FY 2023 into FY 2024 impacted Petra's revenues and financial results in both financial years, with revenue for FY 2023 being reduced by c US\$50 million and revenue for FY 2024 being increased by a corresponding amount.

Softening rough diamond prices have continued into FY 2024 leading to the Indian diamond import moratorium (see above) and this has led to an additional "stressed diamond price" sensitivity (plus associated levers to address potential liquidity covenant breaches) being analysed that has resulted in material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern, as described in more detail in the Group's Going Concern statement on pages 169 to 171 of this Report.

As noted above, the Company has a ZAR 1 billion (c US\$53.1 million) revolving credit facility to manage its working capital needs. To address disruptions associated with Indian diamond import moratorium (see above) and the possibility of prices for rough diamonds remaining softer into CY 2024, the Group is seeking an increase in working capital funding through an upsizing of this revolving credit facility to provide additional headroom to the Group.

Consolidated net debt increased to US\$176.8 million (from US\$40.6 million as at 30 June 2022) due to the deferral of diamond sales to FY 2024 (as explained above) coupled with planned higher capital expenditure associated with the mine plan extension projects at the Cullinan and Finsch Mines.

Discussions with organised labour concerning a new wage agreement for the South African operations are planned to commence in the coming months given the current agreement ends in June 2024.

#### Read more

 [Financial Review pages 10 to 15 of this Report](#)

 [Going Concern statement pages 169 to 171 of this Report](#)



## 5. Licence to operate: regulatory and social impact & community relations

Long term

### Risk change in FY 2023

No change

### Strategic objectives

Safe and reliable production from our operations with continuous business improvement; continue to meet and maintain the Company's environmental, social and community obligations including while Koffiefontein is in care and maintenance.

### KPIs

Rough diamond production; Revenue; Adjusted EBITDA; Social spend

### Responsibility

Exco; Sustainability Committee; Health and Safety Committee

### Description and impact

Petra's key obligations in maintaining its licence to operate is to effectively manage the social impact of its mining activities, comply with applicable legislation and help ensure the successful implementation and sustainability of Local Economic Development Projects. Factors influencing this risk include:

- ▶ Historical allegations of human rights abuses relating to security operations at Williamson pertaining to illegal mining activities, potentially exacerbated by the impact of the TSF failure
- ▶ In South Africa, the integration and alignment of Integrated Development Plans (Local Municipalities), DMRE requirements and Social and Labour plan driven Local and Economic Development Projects to help ensure, timely, fit for purpose and sustainable community projects
- ▶ Community factionalism, personal agendas and political influence resulting in delayed acceptance of and implementation of community projects and aggrieved and frustrated communities
- ▶ Inherent lack of business skills and know-how by the community in managing projects post hand-over resulting in failed projects
- ▶ The impact on communities of a major hazard materialising such as failure of critical infrastructure (e.g. shaft collapse, tailings storage facility failure)
- ▶ The impact of climate change including the physical hazards and socio-economic impacts and consequences

### Mitigation

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 Social Impact Assessments (SIAs) based on participatory processes prior to drafting Social and Labour Plans (SLPs)
- ▶ A co-ordinated and purposeful stakeholder engagement and management approach that understands and addresses community expectations and feedback and timely resolution of grievances
- ▶ Applicable legislation relating to diversity/employment equity
- ▶ Environmental impact assessments and ongoing monitoring
- ▶ Local community development programmes based on local communities' needs
- ▶ Stakeholder Engagement Plans (SEP) 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
- ▶ An effective Enterprise Supplier Development strategy that provides business opportunities and funding assistance to local communities, especially black women and youth owned businesses
- ▶ Recruitment policies that prioritise and provide preference to local community members

At Williamson, the implementation of the IGM provides a mechanism for complainants who have suffered severe human rights impacts in connection with security operations at the mine. Various community projects have been completed or assessed, in order to provide sustainable benefits to the communities located close to the mine.

The Stakeholder Engagement and Management Policy that was approved in FY 2022 continues to be implemented and has resulted in the establishment of multi-stakeholder engagement forums at CDM, KDM and FDM. This means that Community engagement structures are in place, across all operations.



# Risk Management continued

## Identifying, managing and mitigating risk continued

### STRATEGIC RISKS CONTINUED

#### 5. Licence to operate: regulatory and social impact & community relations continued

Long term

##### FY 2023 risk developments and management

Petra continued to comply in all material aspects with relevant laws and regulations in the countries in which it operates.

Improved relations have been observed with KDM, CDM and FDM following recent engagements involving all three local governments. Various engagements were conducted to agree on projects for SLP4, with KDM, CDM and FDM all submitting their SLPs in FY 2023.

Terms of Reference for the multi-stakeholder engagement forums at CDM and FDM were finalised. Community engagement structures are now in place including at KDM where weekly meetings are held. Significant progress has been made in addressing community grievances at FDM and CDM. At CDM, community grievances relating to No.7 Dam remain open, although there have been positive engagements with the City of Tshwane, members of the community and the Department of Mineral Resources. Further information on the Company's community programmes for the Year can be found on pages 83 to 97 of the Sustainability Report.

In November 2022, the IGM became operational with the commencement of its pilot phase. The purpose of the IGM is to provide a remedy for complainants who have suffered severe human rights impacts in connection with security operations at Williamson. The IGM's pilot phase was launched to develop and test the IGM's systems and to identify learnings and potential improvements. The pilot phase was completed in May 2023 and the IGM is now implementing the findings of reviews undertaken by an external service provider, Synergy, and the Independent Monitors.

Various restorative community projects are underway, with the potential to provide sustainable benefits to the communities located close to the mine. In Q4 FY 2023 and following completion of feasibility studies, the external advisers indicated that the ASM project will not be pursued and that the remaining escrow funds will be committed towards the ADI projects in order to achieve a more reliable and sustainable benefit for the surrounding communities.

In November 2022, the eastern wall of the tailings storage facility (TSF) at Williamson failed, resulting in flooding away from the pit, extending into areas outside the mine-lease area. A Rapid Environmental Assessment (based on UN Disaster Management Principles) was performed at Williamson to determine the impact of the TSF failure and the extent of environment remediation, which was concluded during the Year. The environment remediation at WDL is largely complete, and the slimes impacted areas are now being used by the local communities to practice agriculture.

Whilst no fatalities or serious injuries were reported after the TSF failure, the livelihoods of a number of community members were affected. An assessment of the impact on the surrounding communities and remediation measures was undertaken in Q3 FY 2023. WDL provided immediate humanitarian relief to those affected and an Entitlement Framework was developed that enables community members who have been impacted by the TSF failure to be appropriately compensated, with the compensation process for Phase 1 and Phase 2 now complete, with all individuals affected by the failure having been compensated, in line with Tanzanian law and International Finance Corporation best practice.

The risk of illegal mining at Williamson is ongoing, given the nature and scale of the operation and challenges associated with securing such a large perimeter. During FY 2023, with the number of illegal incursions increasing, with a total of 870 reported incidents of illegal incursions onto the Williamson mine lease area, 41 illegal miners, 8 security officers and 6 police officers sustaining minor injuries and 146 illegal miners being apprehended.

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. We also manage this through policing patrols, physical infrastructure and the deployment of security technologies to detect intrusion and to proactively deter potential threats. This includes, for example, the installation of cameras for day and night observation of the mine lease area. We have also erected 7km of double fencing, mainly around the open pit. Security personnel at Williamson have been trained on the VPSHR, with annual refresher training provided.

##### Read more



[Our response to human rights abuse allegations in Tanzania on pages 34 to 38 of the Sustainability Report](#)



[Our response to human rights abuse allegations in Tanzania \[petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine/\]\(https://petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine/\)](https://petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine/)



[ESG and Sustainability pages 54 to 65 of this Report](#)

### OPERATING RISKS

#### 6. Mining and production including ROM Grade and Product Mix volatility

Long term

##### Risk change in FY 2023

Higher

##### Strategic objectives

Safe and reliable production from our operations with continuous business improvement; maintenance of operational stability of our mines; disciplined execution of approved mine plan extension projects.

##### KPIs

Rough diamond production; Revenue; Adjusted EBITDA; Operational free cashflow; TSR; Training

##### Responsibility

Exco; Audit and Risk Committee

##### Description and impact

The mining of diamonds from kimberlite deposits involves an intrinsic degree of risk from various factors, including geological, geotechnical and industrial and mechanical accidents, unscheduled plant shutdowns, technical failures, ground or water conditions, access to energy and inclement or hazardous weather conditions.

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 areas and blocks at the Cullinan and Finsch Mines.

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 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 are being managed through the implementation of drill, blast and draw controls, ongoing monitoring and mitigation plans are required to address these issues.

## FY 2023 risk developments and management

As a result of operational challenges, including lower grades at the Cullinan Mine which are expected to continue through FY 2024, lower tonnes mined at Finsch and the production suspension at Williamson arising from the TSF failure, as well as Koffiefontein being placed on care and maintenance, FY 2023 production was below guidance at 2.67 Mcts and guidance has been lowered to 2.9 – 3.2 Mcts for FY 2024 and 3.4 – 3.7 Mcts for FY 2025.

At the Cullinan Mine lower grades are attributable to the C-Cut cave maturity as the cave progresses from SW to NE and the earlier than anticipated waste ingress from the overlying depleted mining blocks. Several mitigation actions are underway at the Cullinan Mine to address these grade issues, including:

- ▶ Tailings treatment has been maximised to partially offset lower carats from the C-Cut
- ▶ The re-opening of Tunnel 36 (which has already occurred) and Tunnel 41 and the establishment of Tunnels 46 and 50 (the development of which was approved by the Board in FY 2023) will provide additional volume from FY 2025 and, in conjunction with production from the CC1E development (expected to contribute meaningfully from FY 2025), will see grades move back towards 40 cpht
- ▶ Production from the CC1E project is expected to contribute meaningfully from FY 2025 and is expected to see grades move back towards 40 cpht

Finsch's production fell short of guidance largely attributable to low machine availability, owing to an ageing underground fleet, challenges with the centralised blasting system and emulsion quality and an extended rock-winder breakdown. Mitigation actions implemented at Finsch have included new underground equipment being delivered and commissioned, coupled with positive changes to the blasting process, the introduction of new long hole drill rigs and Load Haul Dump (LHDs) loaders as well as the appointment of individuals to a number of key positions. Furthermore, the 3-Level SLC project scope has been amended to 90L, which adds additional production tonnes to the Mine Plan and this project is key to improving grade and production levels at Finsch.

Williamson performed well during early FY 2023 until the TSF failure in November 2022 when production was suspended. Commissioning of the interim TSF took place in July 2023, enabling operations to restart in Q1 FY 2024 ahead of schedule, with the ramp-up at Williamson currently also ahead of schedule. Prior to the resumption of operations, maintenance was accelerated and waste stripping carried out to enable an efficient ramp-up in production.

## Read more



[Operational Review on pages 42 to 47 of this Report](#)

## 7. Labour relations

Short to medium term

### Risk change in FY 2023

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 mine plan extension projects

### KPIs

Rough diamond production; Staff turnover; training

### Responsibility

Exco; Sustainability 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 2023 risk developments and management

Stable labour relations were experienced at all operations throughout FY 2023.

WDL signed a Collective Bargaining Agreement with TAMICO, the majority Union and subsequently registered this with the Labour Commissioner's Office in January 2023.

In South Africa, Petra introduced a quarterly production bonus for employees up to Paterson Band C5.

Koffiefontein was placed under care and maintenance as a result of the unsuccessful sales process, with detailed and responsible closure planning now underway and accelerated closure being pursued where feasible. In November 2022, notices were issued to Koffiefontein employees under section 189(3) of the Labour Relations Act resulting in four consultation meetings facilitated by the CCMA. The S189 (3) process was concluded in March 2023 with a signed Retrenchment Agreement between the parties.

Discussions with organised labour concerning a new wage agreement for the South African operations are planned to commence in the coming months given the current agreement ends in June 2024.

## Read more



[Labour relations on pages 52 to 54 of the Sustainability Report](#)



# Risk Management continued

## Identifying, managing and mitigating risk continued

### OPERATING RISKS CONTINUED

#### 8. Safety

Short to Medium term

#### Risk change in FY 2023

Higher

#### Strategic objectives

Safe and reliable production from our operations with continuous improvement

#### KPIs

LTIFR

#### Responsibility

Exco; Health and Safety 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 2023 developments and management

Petra's safety performance saw a marginal increase in LTIs and LTIFR to 17 and 0.24 for the Year (in comparison to 15 and 0.22 for FY 2022). The ramping up of the extension projects at the Cullinan and Finsch Mines has contributed to this regression in safety performance and an increase in safety-related risk. Whilst FY 2023 safety indicators showed a declining trend, improvements have been made in Q4 FY 2023, with remedial action, Group-wide learnings, visible felt leadership and behaviour intervention programmes being undertaken to address this trend. During the Year, the Company embarked on a risk alignment process between the Enterprise Risk Management and Health, Safety and Environment (HSE) processes. This process, which is now complete, has prompted the Company to reassess its significant HSE risks and associated critical controls. The Company also started developing performance criteria to measure the effectiveness of critical controls, in addition to other methods measuring control effectiveness to help reduce safety, health and environment risks.

Petra continues to target a zero harm working environment.

At the start of FY 2023, the Board approved a Tailings Management Policy that applies to all of Petra's operations and is aligned to the Global Industry Standard on Tailings Management (GISTM). During FY 2023, the Company conducted a gap analysis to identify areas of non-compliance with GISTM and embarked on an action plan to address those areas of non-compliance. More details on this can be found on our website at <https://www.petradiamonds.com/sustainability/environment/tailings-management/>

#### Read more



Safety pages 71 to 73 of the Sustainability Report



## 9. Environment

Long term

### Risk change in FY 2023

Higher

### Strategic objectives

Safe and reliable production from our operations with continuous improvement

### KPIs

Water intensity

### Responsibility

Exco; Sustainability Committee; Health and Safety Committee

### Description and Impact

The impact of our mining and processing operations can have a significant impact on our environment, including local communities, if not managed appropriately. Key environmental risks identified include the following:

- ▶ A failure of Petra's tailings storage facilities will result in an outflow of fine residue deposits which could severely impact our communities and the environment
- ▶ Inadequate management of biodiversity commitments may lead to loss in ecosystem and ecological functions (e.g. water purification, prevention of soil erosion)
- ▶ Lack of continuous rehabilitation activities resulting in higher than anticipated financial commitments during mine closure
- ▶ Non-compliance with material environmental legislation may result in operations being halted by the regulator, fines and penalties and adverse reputational risks

### Mitigation

Our mitigation initiatives pertaining to the environmental risk consist of various strategies that include, amongst others:

- ▶ Compliance with conditions attached to water use licences at the mines. Applications for amendments to water use licenses at the Cullinan, Finsch and Koffiefontein Mines are all under review
- ▶ Williamson operates under approved permits for water consumption from three operating dams in the Kishapu district of Tanzania. One of these dams was lost during the TSF failure in November 2022. Planning is underway to replace the dam with another facility
- ▶ Performance reviews, legal inspections as well as audits conducted on an ongoing basis, including conducting concurrent rehabilitation processes
- ▶ Annual waste audits conducted at the Cullinan and Finsch Mines
- ▶ Environmental Management Programmes for all operations contain management options for mining waste disposal
- ▶ Tailings deposition plans are underway for each of the mines
- ▶ WDL received permission for extension of its Coarse Residue Deposit
- ▶ Monitoring environmental compliance with KPIs in accordance with the Company's Sustainability Framework; all operations achieved their fresh water consumption KPIs for Q2 FY 2023
- ▶ The Cullinan, Finsch and Koffiefontein Mines have annual schedules to remove invasive plants, while WDL remove invasive plants as part of their concurrent rehabilitation plan
- ▶ Implementation of Water Conservation & Water Demand Management Plans at all local mines
- ▶ Management obtains independent external assurance annually on the structural integrity of Petra's tailings facilities

### FY 2023 developments and management

In November 2022, the eastern wall of the TSF at Williamson failed, resulting in flooding away from the pit, extending into areas outside the mine-lease area. WDL successfully closed the failure and ensured that it is secure and also constructed berms downstream of the wall to ensure that, going forward, any outgoing material is contained. This work was completed at the start of CY 2023.

The TSF failure resulted in Tanzania's National Environment Management Council (NEMC) issuing WDL with an Environmental Protection Order in December 2022 requiring WDL to take various remedial steps which were completed after the TSF failure. The NEMC imposed a fine of TZS200 million (c US\$85k) on WDL and alleged, amongst other things, negligence by WDL management and that elevated levels of metals have been dispersed into the environment. WDL has paid this fine but has challenged the allegations made by NEMC. A Rapid Environmental Assessment (based on UN Disaster Management Principles) was performed at WDL to determine the impact of the TSF failure and the extent of environment remediation, which was concluded during the Year. The main portion of the tailings were contained by the New Alamasi water dam, located within the mine lease area. Due to the dam being inundated with tailings material, the Company constructed a new freshwater dam which has been completed and secures water supply to sustain communities and livestock in the area. The environmental remediation at WDL is largely complete, and the slimes impacted areas are now being used by the local communities to practice agriculture. WDL has also constructed a new TSF to manage tailings with operations having been resumed and will not use the old TSF until the results of the forensic drilling are completed.

Elevated water levels at the tailings facility (No 7 Dam) at the Cullinan Mine have required permitted emergency release of water to be made. The releases have resulted in water quality and volume requirements being temporarily exceeded, which is permitted for emergency releases. Short- and long-term mitigation measures to address water levels at the dam are being taken.

The process to complete the final rehabilitation design for Koffiefontein is envisaged to commence in the first half of FY 2024 with community consultation engagement strategies in place.

No significant changes in terms of environmental impacts were observed for the South African operations in FY 2023.

### Read more



[Environment on pages 62 to 82 of the Sustainability Report](#)



# Risk Management continued

## Identifying, managing and mitigating risk continued

### OPERATING RISKS CONTINUED

#### 10. Climate change

Long term

##### Risk change in FY 2023

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; Sustainability Committee; Audit and Risk Committee; Remuneration Committee

##### Description and Impact

Climate change risk is the long-term shift in global or regional climate patterns that constitute physical, transitional and potential liability risks that Petra is exposed to which include:

- ▶ Intensification of hazards arising from adverse weather changes such as intense storms (e.g. rainfall, lightning) which may result in flooding of our mining shafts and overflowing of tailings storage facilities. These events increase our safety risks and the risk of severe socio-economic impacts on our communities, including the sustainability of Petra's business
- ▶ The medium- to long-term transitioning costs in mitigating the likelihood and severity of physical climate change risks is potentially substantial and may adversely impact the Group's financial position
- ▶ Costs associated with compliance to new standards (e.g. the Global Industry Standard on Tailings Management) and reducing GHG emissions in the short term can result in additional pressure on the Group's working capital
- ▶ Escalating insurance costs and limitations on cover increases the Group's liability risk in the event of adverse climate change events
- ▶ Escalating carbon tax

##### Mitigation

The Company continues to closely monitor climate related risks that may have an adverse impact on our operations and stakeholders, such as communities residing close to our mining operations.

The Company's Renewables Strategy was reviewed and approved by the Board during February 2023 and will be key in enabling the Company to reach its 2030 interim target of a c 35-40% reduction in Scope 1 & 2 emissions (against the 2019 baseline). Petra is currently exploring an option to source renewable energy from an energy supplier to help meet this target and reduce its energy costs.

The Company performs 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.

##### FY 2023 developments and management

During the Year, the Company developed its Climate Change Position Statement which was approved by the Board in June 2023.

During FY 2023, the Company engaged Ernst & Young to develop a Climate Scenario Analysis which identifies key climate risks and opportunities using different scenarios across different time horizons, together with the impacts of these risks and opportunities and existing and future resilience measures. The Company then worked with Ernst & Young to develop a Climate Change Strategy with both adaptation and mitigation components, using the results of the Climate Scenario Analysis and including action points on metrics and targets. Analysis and further details of this can be found on pages 64 to 70 of the Sustainability Report.

Climate related disclosures were further aligned to the Taskforce on Climate Related Financial Disclosures (TCFD) recommendations. This process is set to continue in FY 2024. Petra has reported on how it has disclosed against the TCFD Recommendations and Recommended Disclosures, as detailed on pages 66 to 67 of this Report and as set out in the Sustainability Report.

##### Read more



[Climate change on pages 64 to 70 of the Sustainability Report](#)



## 11. Capital Projects

Short to Medium term

### Risk change in FY 2023

Higher

### Strategic objectives

Safe and reliable production from our operations with continuous business improvement; disciplined execution of approved mine plan extension 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 C-Cut mine plan extension projects at the Cullinan Mine and Lower Block 5 3-level SLC mine plan extension project at the Finsch Mine involve significant self-funded capex commitments which makes the Group more exposed to other principal risks, particularly diamond prices, Group liquidity, currency fluctuations and safety.

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 the 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 Governance 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 an escalation to cater for price fluctuations, while the Supply Chain function are working closely with the project teams to implement a long-term demand plan to help ensure better pricing for longer off-take agreements.

Overall project risks are identified, assessed and mitigated with support from an external service provider. The Projects Steering Committee, Operations Committee, Exco, Investment Committee and Board continue to monitor progress of all 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 2023 developments and management

The Company's extension projects at the Cullinan and Finsch mines remain on track to deliver an annual production increase of up to c 1.3 Mcts by FY 2026.

Following the commencement of various governance initiatives in FY 2022, an external party is being considered to develop and incorporate several initiatives into a Project Governance Framework which will include project initiation, planning, execution, management and review, including the identification and management of key project risks.

A prolonged conflict in the Ukraine and domestic factors have resulted in protracted inflationary pressures, negatively impacting the costs of goods and services for the projects, however these are being mitigated through robust cost controls and the benefit of a weaker Rand.

Equipment availability for these projects, in particular drill rigs, LHDs and roof bolters, increased during the Year due to improved planning and co-ordination between normal production and project development teams.

### Read more



Capital projects pages 134 to 135



# Risk Management continued

## Identifying, managing and mitigating risk continued

### OPERATING RISKS CONTINUED

## 12. Supply chain governance

Short to medium term

### Risk change in FY 2023

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; Sustainability Committee

### Description and Impact

Petra's new Operating Model has resulted in the centralisation of the Group's Supply Chain function and 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
- ▶ Improvements that need to be made to 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, uncompetitive pricing 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

Adherence to Petra's new Delegation of Authority Policy and Matrix will enhance governance, the internal control environment and overall risk management in the Supply Chain function. In addition, the engagement of Partners in Performance (PiP) to conduct an end to end diagnostic of the Supply Chain function will further enhance the governance and internal control environments. An online due diligence platform, administered by a reputable external third party, went live in December 2022 to improve the vetting and screening of the Group's suppliers; more detailed third party due diligence is currently being carried out on the Group's suppliers in accordance with the Group's new third party due diligence policy and procedures which were approved by the Audit and Risk Committee during June 2023.

In FY 2022, a Declaration of Interest Policy was approved by the SED Committee (now named the Sustainability Committee) which was rolled out as part of a comprehensive suite of anti-bribery and corruption policies. As part of this roll-out, Online Registers were developed that enable staff to lodge and record declarations of interest and obtain approvals by line management where required. Declarations of interest are now reported quarterly to the Audit and Risk Committee.

### FY 2023 developments and management

PiP, an independent external expert, was engaged to conduct a gap analysis of existing Supply Chain processes and systems and this has resulted in management initiating a project to address areas that require improvement. During FY 2023, the diagnostic and design phases of the project were largely completed, with implementation to commence during Q1 FY 2024. Management expects to roll out and embed the new way of working during FY 2024. The project focused on Supply Chain processes, systems and structures with enhancements expected in compliance, governance and risk management, improved procurement, tender and supplier registration procedures and filling critical roles in the function.

### Read more



Supply chain governance on pages 92 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/)



# Report of the Nomination Committee



## Members of the Nomination Committee

### Peter Hill (Chair)

Deborah Gudgeon

Octavia Matloa<sup>1</sup>

Bernard Pryor

Varda Shine

Jon Dudas

Lerato Molebatsi<sup>2</sup>

1. Octavia Matloa ceased to be a member of the Nomination Committee when she retired from the Board on 30 June 2023.

2. Lerato Molebatsi became a member of the Nomination Committee on 3 April 2023, upon her 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 fourth 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 and succession planning

Petra's 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 mine plan extension projects at the Cullinan and Finsch Mines whilst pursuing a value-led growth strategy. The Company's Board of Directors and its Board Committees have continued to develop to reflect this.

Octavia Matloa retired from the Board on 30 June 2023 having been an iNED since November 2014. We are grateful to Octavia for the significant contribution she made to the Board during her long service, particularly on financial and audit matters and since 2019 as the inaugural Chair of the Social, Ethics and Diversity Committee and since 2020 as Petra's inaugural designated workforce engagement NED. Octavia leaves the Board with Petra's thanks and appreciation and with all best wishes for her future endeavours.

The Committee's main focus in the Year was the identification and appointment of an iNED as a replacement for Octavia. On the basis of its strong understanding of the market in South Africa and of the mining industry, Search Partners International was appointed as the executive search firm supporting Petra on this appointment. A job specification was drawn up for the role, with experience of social matters (in particular, stakeholder management, community and social development, community human rights, culture and diversity) and human capital leadership primarily in South Africa, where Petra's assets are concentrated, being key requirements and sustainability committee chairing, mining sector and listed company experience being seen as an advantage.

A shortlist of candidates was then generated and the Company was given the opportunity to interview candidates. Accordingly, Lerato Molebatsi was appointed as an iNED and as a member of the Audit and Risk, Remuneration, Nomination, Sustainability and Investment Committees, in each case with effect from 3 April 2023. When Octavia retired from the Board on 30 June 2023, Lerato assumed the role of Chair of the Sustainability Committee, and became the designated workforce engagement NED. Lerato has executive and non-executive experience across a range of sectors, primarily in South Africa, including in corporate communications and public affairs, stakeholder relations, corporate social investments, policy development, black economic empowerment and governance. For more information and Lerato's biography, see page 85 of this Report.

In an effort to improve the efficiency of how the Board and Investment Committee functions, Varda Shine and Octavia Matloa were appointed to the Investment Committee on 17 February 2023.

One of the outputs of the FY 2023 Board evaluation was the view that the Board is too large for a company of Petra's size, which results in some inefficiencies. It was acknowledged that this was due to the requirement for Petra to have two non-independent Non-Executive Directors on the Board as a result of Petra's 2021 capital restructuring. After the end of the Year, Monarch's shareholding reduced below 5%, resulting in the automatic termination of the Nomination Agreement between Monarch and the Company, and with it, Monarch's right to nominate a Director to Petra's Board. As a result of this, Johannes Bhatt, a non-Executive Director nominated by Monarch, informed the Board of his retirement as a Director with effect from the conclusion of Petra's 2023 AGM. We thank Johannes for his contributions to Petra and wish him every success in his future endeavours.

The Committee continues to assess the current skills, experience (as summarised on pages 92 to 93 of this Report), diversity and size of the Board.



**Nomination Committee Terms of Reference**

[petradiamonds.com/about-us/corporate-governance/board-committees-2](https://petradiamonds.com/about-us/corporate-governance/board-committees-2)



# Report of the Nomination Committee continued

## Board evaluation

The Board's annual evaluation for FY 2023 was undertaken in Q4 FY 2023 and was facilitated by the Company Secretary. The evaluation consisted of each Director completing a focused questionnaire, with the questions being informed by the findings of the externally facilitated Board evaluation undertaken in Q4 FY 2022. The Company Secretary used the responses to the questionnaire to compile extensive feedback which was then shared and discussed at Board sessions held in June and September 2023 to identify actions to be addressed during FY 2024. More detail around the process followed in conducting the evaluation, as well as the results of the evaluation are set out on page 93 of this Report.

## 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 Board fully supports the targets of the FTSE Women Leaders and Parker reviews on gender and ethnic diversity at the board level.

The overall percentage of women employed in the Company increased marginally to 21% (FY 2022: 20%). We have a number of initiatives in place to further increase female representation at Petra and we were pleased to report further improvements in FY 2023. Petra has expanded its reporting on wider employee diversity, as well as gender diversity. You can read more about this at pages 59 to 60 of the Sustainability Report.

I am pleased to, once again, report that in FY 2023 Petra has either met or exceeded the targets set out in the UK Listing Rules, as described in more detail on page 91 of this Report and as highlighted below. As at the date of this report:

- ▶ 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)

When Johannes Bhatt retires from the Board at the end of the FY 2023 AGM, 44% of Petra's Board will be women and one member of the Board (11%) will be from an ethnic background other than white.

## Nomination Committee role and activities

The principal functions of the Nomination Committee are listed below, along with the corresponding activity and performance in FY 2023. 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 2023	OUTCOMES
<b>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.</b>	<p>The Committee continued to review the composition of the Board and its Committees, including discussions around diversity and the effective functioning of the Board and its Committees. This was also a focus of the Board's annual evaluation.</p> <p>With Octavia Matloa retiring from the Board at the end of FY 2023, this led to the appointment of Lerato Molebatsi to the Board.</p> <p>Varda Shine and Octavia Matloa were appointed to the Investment Committee.</p>	<p>The Committee will continue to make recommendations regarding the Board and its Committees and Senior Management composition and structures.</p> <p>The FY 2023 Board evaluation identified that the Board is too large, and the subsequent termination of Monarch's right to nominate a Director to the Petra Board, resulted in the retirement of Johannes Bhatt as a non-Executive Director, with effect from the conclusion of the Company's FY 2023 AGM.</p>
<b>To identify, nominate and recommend, for the approval of the Board, appropriate candidates to fill Board and Committee vacancies as and when they arise.</b>	<p>Lerato Molebatsi was appointed as an iNED (and as a member of the Committee and the Audit and Risk, Remuneration, Sustainability and Investment Committees) with effect from 3 April 2023. On 1 July 2023, and following Octavia's retirement, Lerato became Chair of the Sustainability Committee and the designated workforce engagement NED.</p>	<p>The Committee will continue to consider candidates to fill Board and Committee vacancies, as and when these arise.</p>
<b>To satisfy itself, with regards to succession planning, that plans are in place with regards to both Board and Senior Management positions.</b>	<p>The Committee continued to focus on succession planning, reviewing the programmes which the Company has in place to grow talent within Petra.</p>	<p>As part of our succession practices, the Nomination Committee will continue to review programmes in place to assimilate talent into leadership and specialist positions.</p>
<b>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.</b>	<p>An annual Board evaluation exercise took place during Q4 FY 2022, facilitated by the Company Secretary.</p>	<p>The overall result of this evaluation was positive, with it being concluded that Petra continues to have an effective and high performing Board as well as highlighting certain areas for further improvement. See page 93 of this Report.</p> <p>Each Director was considered to remain effective and will be proposed by the Committee for re-election to the Board at the FY 2023 Annual General Meeting. As stated above, Johannes Bhatt will be retiring from the Board with effect from the conclusion of the FY 2023 AGM.</p>

**Peter Hill CBE**

Nomination Committee Chair  
9 October 2023





# Report of the Health and Safety (H&S) Committee



## Members of the Health and Safety 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 H&S Committee



**H&S Committee Terms of Reference**  
[petradiamonds.com/about-us/corporate-governance/board-committees-2/](https://petradiamonds.com/about-us/corporate-governance/board-committees-2/)

I am pleased to present Petra's H&S Committee report for FY 2023, my fifth as Chair of the Committee.

### Committee responsibilities

The Board reviewed the allocation of responsibilities between its various Board Committees and this resulted in the Committee being renamed the Health and Safety Committee, with oversight responsibilities for Group-wide environmental matters, including, amongst others, climate change, water management and consumption, circular economy and biodiversity being transferred to the Sustainability Committee. The Committee retains its responsibility for health and safety matters and also in relation to tailings storage facilities, waste dumps and on-mine water management and environmental legal and regulatory compliance.

These changes took effect from 1 July 2023. The Board believes that these changes, in particular the retention of the Health & Safety Committee, will help reinforce the focus on and prominence of health and safety matters at Petra. For more detail on these changes to Committee responsibilities, see pages 80 to 81 of this Report.

### Overview of Committee activities during the Year

#### Health and safety performance

The Committee met four times in FY 2023. At each meeting, the Committee reviewed, as standing agenda items, the Group's performance in relation to safety, occupational health and employee wellness, including reviewing of the Group's dashboards in relation to safety performance, attainment against relevant KPIs, the Group's accident and injury summary registers for LTIs, NLTIs, dangerous occurrences and High Potential Incidents, occupational disease registers, dust monitoring metrics, as well as any regulatory instructions issued by the DMRE or other regulators.

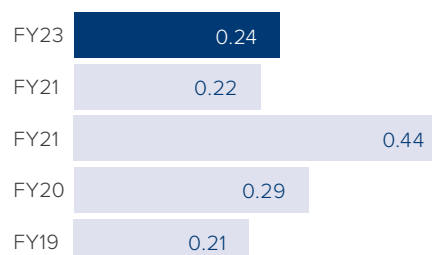
FY 2023 (particularly Q3 FY 2023) was challenging from a safety perspective, with a deterioration across a number of safety metrics, including an increase in the total number of LTIs (17) with an LTIFR of 0.24 for the Group in FY 2023, compared to 15 and 0.22 respectively for FY 2022. The Group also saw a 21% increase in Total Injuries recorded, a 86% increase in the number of days lost to LTIs and an increase in the Injury Severity Rate of 78%.

The Cullinan Mine, in particular, had a challenging Year, with LTIs increasing from three to twelve. Safety performance at the Finsch Mine has seen a significant improvement in FY 2023, with LTIs reducing from 10 in FY 2022 to four in FY 2023. This is believed to be related to the various safety initiatives and remedial actions taken at the mine.

#### Safety (Group LTIFR)

Lost time injury frequency rate

**0.24** +9%





# Report of the Health and Safety (H&S) Committee continued

## Overview of Committee activities during the Year continued

### Health and safety performance continued

One of the main causes of the higher numbers of LTIs has been the significant increase in activity caused by the ramp up in the extension projects at both the Cullinan and Finsch Mines, as well as the old plant demolition at Cullinan. This increased activity has required a significant increase in the use of contractors, with most LTIs at the Cullinan Mine (57%) being attributable to contractors.

In light of these results, a number of initiatives were undertaken at the Cullinan and Finsch Mines to improve safety performance. These include, amongst others, increased sharing of learnings across the Group, continued implementation of behaviour-based interventions, increased levels of 'visible felt leadership', reassessing critical controls with the aim of eliminating significant unwanted events, improvements in the quality of safety investigations and risk assessments as well as embedding the new Petra Culture Code. The Committee also noted the increase in safety observations in the second half of FY 2023 (an increase of 25%). As a result, the Group's safety performance improved in Q4 FY 2023 (particularly at the Finsch Mine), with Petra continuing to drive safety initiatives with the aim of further reducing accidents and incidents in FY 2024.

Despite the challenges faced in FY 2023, management is to be congratulated on Petra remaining fatality free, with the Group celebrating 11.6 million fatality free shifts, equating to 106 million hours, over a period of more than six years. This is an especially notable achievement, given the complexity of Petra's mining operations.

### TSF failure at Williamson

The failure of the TSF at Williamson was highly regrettable and constituted a 'major' environmental incident under Petra's Environmental Management Policy, as well as a High Potential Incident under Petra's Safety Incident and Accident Management Policy, and was the first major environmental incident to occur at Petra in 12 years.

Despite the significance of the incident, it thankfully did not cause any fatalities or serious injuries, with flooding away from the pit extending into certain areas outside of the Mine Lease Area, but with the main portion of the tailings being contained by the New Alamasi water dam within the Mine Lease Area. In this regard, the Committee commends the efforts of Petra's emergency response teams in responding to the incident, which ensured that no fatalities or significant injuries occurred, and who provided temporary accommodation and humanitarian aid to those affected. The TSF failure resulted in Tanzania's National Environment Management Council (NEMC) issuing WDL with an Environmental Protection Order in December 2022 requiring WDL to take various remedial steps which have been completed. NEMC also imposed a fine of c US\$85k on WDL which has been paid.

An investigation into the root cause of the failure is ongoing, with the environmental, social and economic analysis and remediation of the failure near complete. The Committee provided close oversight of Petra's efforts to remediate the impacts of the failure, and, in particular, reviewed the environmental initiatives undertaken. In my capacity as Chair of the Committee, I also visited the failed TSF at Williamson in February 2023 and received detailed updates on the remediation efforts and the construction of the interim TSF (including visiting the construction site). Further details on the impacts of the TSF failure on the community and the environment and the remediation efforts to address these can be found on pages 71 to 73 of the Sustainability Report and on our website at <https://www.petradiamonds.com/our-operations/our-mines/williamson/tailings-storage-facility-breach/>.

### Implementation of new Tailings Management Policy

As previously reported, in FY 2022 the Board approved a revised Tailings Management Policy to help ensure the Group's alignment with the Global International Standard on Tailings Management (GISTM) which commits Petra to implementing a Tailings Management System based on international best practices. A key activity of the Committee in FY 2023 was to review the Group's implementation of the Tailings Management Policy, with the Committee receiving detailed updates on, amongst other things, a gap analysis of the Group's GISTM compliance and the timeline for addressing gaps identified, the zone of influence for each of the Group's tailings facilities and the dam safety reports produced for each of the Group's tailing facilities. Members of the Committee also visited the slimes dam at the Cullinan Mine in May 2023 (as they had done in May 2022) to better understand how risks are assessed and managed.

### Position Statement on Climate Change

Towards the end of FY 2023 and prior to the re-allocation of oversight responsibilities for Group-wide environmental matters to the Sustainability Committee, the Committee reviewed Petra's proposed Position Statement on Climate Change and recommended it for approval by the Board. For more information, see pages 66 to 67 of this Report and pages 64 to 70 of the Sustainability Report.

### Alignment of ERM and ORM

As noted at page 72 of this Report, Petra continued to implement its risk improvement project in FY 2023 which saw the adoption of revised Enterprise Risk Management (ERM) and Combined Assurance Frameworks by the Audit & Risk Committee. Following on from this and during FY 2023, an exercise was undertaken to ensure alignment between the ERM and Operational Risk Management (ORM) Frameworks, with the ORM Framework focused on managing operational health and safety risks. Whilst for practical reasons differences remain between the two Frameworks, the Committee was assured that a sufficient degree of alignment has been achieved.



The principal functions of the Committee, along with the corresponding activities and performance in FY 2023, are set out below.

ROLE	ACTIVITIES IN FY 2023	OUTCOMES
<b>To evaluate the effectiveness of the Group's policies, standards and systems for identifying and managing health and safety and on-mine environmental regulatory risks within the Group's operations.</b>	The Group's significant health, safety and environmental 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. Whilst oversight of the Group-wide environmental policy falls within the oversight functions of the Sustainability Committee, operational environmental management is the responsibility of the H&S Committee.	Material impacts on health, safety and environment related legislative requirements were integrated into existing policies. Processes were reviewed during FY 2023 and are up to date, compliant to international standards requirements and certified by BSI through third party audits. The ERM and ORM Frameworks were reviewed to ensure there was sufficient alignment.
<b>To assess compliance obligations with applicable legal and regulatory requirements with respect to health, safety and on-mine environmental regulatory aspects.</b>	Changes in legislation were evaluated for potential impact on health and safety and on-mine environmental regulatory systems and policies. Non-compliance issues were reported and discussed by the Committee.	No material changes in 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.
<b>To ensure, on behalf of the Board, that an internationally recognised Health and Safety Management System and on-mine Environmental Management Systems are implemented and maintained.</b>	Outcomes of external certification audits for ISO 45001:2018 and ISO 14001:2015 were evaluated.	The Cullinan and Finsch Mines successfully retained ISO 14001:2015 and ISO 45001:2018 certification through BSI. The Williamson mine remains uncertified but conforms to industry-wide health and safety management principles and Tanzanian legislation (the Occupational Safety and Health Act).
<b>To assess the performance of the Group with regards to the impact of health and safety and on-mine environmental decisions and actions upon employees, communities and other stakeholders.</b>	Monitoring of health and safety and on-mine environmental regulatory performance throughout the Year and review of annual Group health and safety and on-mine environmental regulatory objectives and KPIs.	The achievement against health and safety and on-mine environmental regulatory objectives and performance is as noted above.
<b>To review management's investigation of any fatalities and/or serious H&amp;S and/or on-mine environmental accidents or incidents within the Group and the efficacy of the resultant remedial actions implemented.</b>	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 2023. The 20% LTI reduction target was not achieved in FY 2023, with a deterioration in LTIs of 13%, reflecting a deterioration in the LTIFR of 9%. One major environmental incident occurred during FY 2023, being the TSF failure at Williamson, with more details found above and on pages 71 to 73 of the Sustainability Report.

**Bernard Pryor**  
H&S Committee Chair  
9 October 2023



# Report of the Sustainability Committee



## Purpose of the Committee

In support of the Company's Purpose, Values and pillars of the Sustainability Framework, and with effect from 1 July 2023, the role of the Committee is to have oversight of the Group's sustainability performance, with specific oversight of social matters. This includes, amongst others, stakeholder engagement, community and social development, which includes, human rights, preferential procurement, Petra's culture, collective bargaining, diversity, inclusion and the development of Petra's workforce. The Committee will also have oversight of Group-wide environmental matters, which includes climate change, water management and consumption, circular economy and biodiversity. The work of the Committee is aligned to the following pillars of the Sustainability Framework:

- ▶ valuing our People;
- ▶ driving shared value through Partnerships; and
- ▶ respecting our Planet.

As noted in pages 80 to 81 of this Report, the Committee was previously named the 'Social, Ethics and Diversity Committee' and was renamed as the 'Sustainability Committee' with effect from 1 July 2023, with oversight of Group-wide environmental matters being transferred to it from the Health & Safety Committee and its responsibility for ethics matters being transferred to the Audit & Risk Committee. These changes are aimed at improving the efficiency of the Board Committees by avoiding areas of overlap, ensuring better alignment with how management is structured and providing the Committee with a more comprehensive oversight of sustainability and ESG issues, all of which are of growing importance at Petra and amongst our stakeholders. Given that these changes to the Committee became effective on 1 July 2023, this report relates to the work of the Committee in its capacity as the Social, Ethics and Diversity Committee.

I am also pleased to note that, in recognition of the breadth and importance of sustainability and ESG matters, the Chair of the Board of Directors, Peter Hill, has been designated as the Director responsible for ESG matters.

## Committee membership

As noted above, Octavia Matloa retired from the Board and Committee on 30 June 2023, having been an independent Non-Executive Director since November 2014. We are grateful to Octavia for the significant contribution she made as the inaugural Chair of the Social, Ethics and Diversity Committee. Octavia leaves the Board with Petra's thanks and appreciation and with all best wishes for her future endeavours.

I was appointed as a new independent Non-Executive Director, including as a member of the Committee with effect from 3 April 2023 and on Octavia's retirement, I was appointed as the Chair of the Committee and as the designated workforce engagement NED. I have extensive executive and non-executive experience across a range of sectors, primarily in South Africa, including in corporate communications and public affairs, stakeholder relations, corporate social investments, policy development, black economic empowerment and governance. For more information and my biography, see page 85 of this Report.

## Members of the Sustainability Committee

**Lerato Molebatsi, iNED (Chair)<sup>1</sup>**

Octavia Matloa, iNED (outgoing Chair)<sup>2</sup>

Varda Shine, iNED

Richard Duffy, CEO

Alex Watson, NED

1. Lerato Molebatsi became a member of the Sustainability Committee on 3 April 2023, upon her appointment to the Board. She was appointed as Chair of the Sustainability Committee on 1 July 2023.

2. Octavia Matloa ceased to be a member of the Sustainability Committee when she retired from the Board on 30 June 2023.



The Committee had another busy year in overseeing the Group's progress on its sustainability journey. We thank Octavia for her contributions and service as the inaugural Chair of the Social, Ethics and Diversity Committee.

**Lerato Molebatsi**

Chair of the Sustainability Committee



**Sustainability Committee Terms of Reference**  
[petradiamonds.com/about-us/corporate-governance/  
board-committees-2/](https://petradiamonds.com/about-us/corporate-governance/board-committees-2/)



## Social

A focus for the Committee in FY 2023 remained its 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 57 of this Report and pages 34 to 38 of the Sustainability Report. I am pleased to report that in November 2022, the IGM became operational with the commencement of its pilot phase. The pilot phase, which completed in May 2023, enabled the IGM's systems and procedures to be tested against the effectiveness criteria of the United Nations Guiding Principles on Business and Human Rights so that the design of the IGM could be further developed and adjusted to take into account learnings. In addition, further positive engagements have continued to take place with local communities at Williamson through projects such as the medical support services (which continues and for which Petra has provided additional funding beyond its initial commitment) as well as the sexual and gender-based violence awareness campaign, radio programme and delineation and firewood projects which have completed. Feasibility studies for Artisanal and Small-Scale Mining and Agribusiness Development Initiative (ADI) projects have also been completed, resulting in a decision by Synergy to commit the remaining funds in the escrow account in furtherance of the ADI projects.

Recognising the critical importance of Petra's stakeholder relationships to its licence to operate, I am also pleased to report that in FY 2023, Petra convened its first multi-stakeholder engagement forums at the Cullinan and Finsch Mines and a variant of the model at Koffiefontein. Stakeholders from government, communities and local businesses are all represented in these forums, which is a significant step forwards in the continued implementation of our Stakeholder Engagement and Management Policy.

In June 2023, Petra's three South African operations submitted the fourth iteration of their Social Labour Plan programmes (SLP4) to South Africa's Department of Mineral Resources and Energy (DMRE). The proposed commitments contained in the SLP4s were informed by the (i) integrated development plans for all three local municipalities (ii) the needs of local communities as expressed through different structures and (iii) consultations with other stakeholders, including organised labour and the broader community, including business forums, with initial Social Impact Assessments (SIAs) based on a participatory process being conducted before drafting of the SLPs commenced. The Committee provided oversight of the processes followed, particularly in engagement with local government, and was satisfied as to the steps taken by Petra in undertaking the compiling of the SLPs. In the context of challenging socio-economic conditions in South Africa and associated increased social pressure from our communities, a co-ordinated and purposeful stakeholder engagement and management remains an important risk mitigation, with the structure of Petra's community engagement and development programmes being guided by our stakeholder management and engagement approach.

Petra has long recognised the importance of understanding the views of its workforce to help ensure they are part of our Board discussions and factored into the Board's decision-making. Octavia Matloa, as designated workforce engagement NED and Chair of the Committee, visited the Cullinan and Finsch Mines in October 2022 and in March 2023 to attend sessions with the workforce, unions and management at these mines. Octavia reported back to the Board her observations (which were overall positive) with areas of concern duly considered. Following her retirement from the Board, I have taken over the role of designated workforce engagement NED. A detailed summary of how Petra's Board has engaged with its employees is set out at page 90 of this Report.

More detail on Petra's approach to stakeholder engagement can be found at pages 83 to 85 of the Sustainability Report. Please also see

Petra's statement in terms of Section 172 of the UK Companies Act (pages 68 to 71 of this Report) for further details on how the Board (including the Committee) have considered stakeholder interests in their decision-making and discussions.

As part of the Board's site visit to the Cullinan and Finsch Mines and the Group's South African head office in FY 2023, the entire Board received a detailed update on the continued operationalisation of the Sustainability Framework, noting the significant progress which had been made in relation thereto, and which included the following key achievements:

- ▶ Multi-level Stakeholder Engagement Forums: as set out above, FY 2023 saw the creation of multi-stakeholder engagement forums at the Cullinan and Finsch Mines and a variation of the model at Koffiefontein. To enhance the impact of these forums, an externally facilitated stakeholder mapping exercise is being undertaken in relation to the Group as a whole. The Committee looks forward to reporting on the outcomes of this exercise in FY 2024
- ▶ LED Framework: the implementation of a new Local Economic Development Framework (the LED Framework), emphasising community collaboration and economic growth of our local suppliers. The LED Framework seeks to contribute to the creation of self-sustaining businesses around our South African mines
- ▶ Responsible sourcing and preferential procurement: Petra has started the process of diversification of its supply chain by engaging smaller, local contractors, and partnering SMMEs with its larger suppliers. In this process, Petra further seeks to embed measures directed toward promoting economic transformation within our communities. The Committee looks forward to reporting on the outcomes of these efforts in FY 2024
- ▶ Climate change strategy: in FY 2023, the Board approved Petra's Climate Change Position Statement and Petra also engaged Ernst & Young to develop a Climate Scenario Analysis which identifies key climate risks and opportunities using different scenarios across different time horizons, together with the impacts of these risks and opportunities and future resilience measures. The Company then worked with Ernst & Young to develop a Climate Change Strategy with both adaptation and mitigation components, using the results of the Climate Change Scenario Analysis and including action points on metrics and targets. The Committee looks forward to further reporting on these initiatives in FY 2024

The Committee looks forward to overseeing Petra's performance against relevant aspects of the Sustainability Framework and providing strategic oversight in relation thereto in FY 2024.

## Ethics

In FY 2023, the 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. As appropriate, the Committee received updates on actions taken as a result of such tip-offs, including, where relevant, disciplinary measures and changes and improvements to procedures. A summary of the tip-offs reported to the Committee during FY 2023 is set out on page 26 of the Sustainability Report.

Following the re-allocation of responsibilities and renaming of the Committee, as described above, responsibility for oversight of ethics matters (including tip-offs) has been allocated to the Audit and Risk Committee.

## 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.

# Report of the Sustainability Committee continued

## Diversity continued

For an overview of Petra's performance in relation to diversity, see pages 59 to 61 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 which Petra has set and which it is legally obligated to meet. 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 Committee notes that the percentage of women in Petra's workforce marginally increased from 20% to 21%. For more details, see page 59 of the Sustainability Report. Female representation at top management level remained at the same level (19%) as in FY 2022.

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 Committee received regular updates throughout FY 2023 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 86% in FY 2023 from 85% in FY 2022) including at a senior management level (78% in FY 2023, compared to 46% in FY 2022), the number of historically disadvantaged persons at Exco level (29% in FY 2023) 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.

## Committee role and activities

The principal functions of the Committee are listed below, along with the corresponding activities and performance in FY 2023.

ROLE	ACTIVITIES IN FY 2022	OUTCOMES
<b>To monitor technical developments in relation to sustainability management and practice and, where appropriate, to oversee the assessment of their impact on Petra and to provide appropriate strategic guidance.</b>	<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 Committee continued to monitor 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>
<b>To assess Petra's performance regarding in operationalising the Sustainability Framework and the impact thereof on employees, communities and other stakeholders.</b>	<p>Monitoring of the operationalisation of the Sustainability Framework.</p> <p>Monitoring the drafting and delivery of the Group's Social and Labour Plan programmes and implementation of the LED Framework.</p>	<p>Reviewed the implementation of the multi-stakeholder engagement forums at Cullinan, Finsch and Koffiefontein.</p> <p>SLP4s were submitted to the DMRE in FY 2023, with the Committee providing oversight of the preparation and submission thereof.</p>
<b>To assess the impact of such decisions and actions on the reputation of the Petra Group as a whole.</b>	<p>Oversight of process in relation to placing Koffiefontein mine on care and maintenance, including workforce engagement efforts.</p>	<p>With the Committee now having responsibility for Group-wide environmental matters, since the end of FY 2023 it has provided oversight of the Company's development of its Climate Scenario Analysis and a Climate Change Strategy.</p>
<b>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.</b>	<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>Embedding of the Petra Culture Code and enablers and disablers throughout Petra's business.</p>	<p>Reviewing the Group's diversity targets to ensure the targets are aligned to the Employment Equity Act and the Mining Charter requirements and reviewing performance against these targets.</p> <p>Reviewing progress made in relation to the Petra Culture Code following initial and subsequent calibration, including high levels of workforce participation therein.</p>



ROLE	ACTIVITIES IN FY 2022	OUTCOMES
<b>To ensure an appropriate Stakeholder Engagement and Management Framework is in place and is maintained.</b>	<p>Evaluation of the Company's performance against the Stakeholder Management and Engagement Policy and the procedures and processes adopted at each of Petra's mines.</p> <p>Reviewed Operational Grievance Mechanism standards and controls and monitoring thereof across the Group's operations.</p> <p>Received regular updates on the progress of the IGM and RJPs with the IGM becoming operational in November 2022.</p>	<p>Reviewed the implementation of the multi-stakeholder engagement forums at Cullinan, Finsch and Koffiefontein.</p> <p>The Committee regularly discussed and provided feedback on Petra's stakeholder engagement, particularly in relation to engagement with local government.</p> <p>The Committee received regular updates on the progress of the IGM and RJPs and will consider the findings of the Independent Monitor's inaugural report on the functionality of the IGM (a summary of which can be found on Petra's website at <a href="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/</a>) and proposed improvements to address such findings.</p>
<p><b>To evaluate the effectiveness of Petra's framework, policies and systems for identifying and managing risks related to sustainability.</b></p> <p>Identifying and/or ratifying those material issues which could impact the continued sustainability of the Company and communicate these to the Audit and Risk Committee where appropriate.</p>	<p>The Committee regularly reviewed the Group's principal and emerging risks relating to sustainability and these were also communicated to the Audit &amp; Risk Committee.</p>	<p>The Committee discussed and provided feedback on the Group's principal and emerging risks relating to sustainability.</p>

**Lerato Molebatsi**Sustainability Committee Chair  
9 October 2023



# Report of the Investment Committee



As Chair of the Investment Committee (the Committee) I would like to present the third 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 Senior Independent Director, 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 2023, the Committee received updates on the progress of the major mine plan extension projects at the Cullinan and Finsch Mines that had been approved by the Board in FY 2022. The Committee also considered and recommended to the Board for its approval changes to these projects and also a new C-Cut extension project involving the development of Tunnels 46 and 50 at the Cullinan Mine.



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

## Members of the Investment Committee

### Peter Hill (Chair)

Richard Duffy

Jacques Breytenbach

Deborah Gudgeon

Alex Watson

Johannes Bhatt

Bernard Pryor

Jon Dudas

Varda Shine<sup>1</sup>

Octavia Matloa<sup>2</sup>

Lerato Molebatsi<sup>3</sup>

1. Varda Shine became a member of the Investment Committee with effect from 17 February 2023.

2. Octavia Matloa became a member of the Investment Committee with effect from 17 February 2023 and retired from the Board and Investment Committee on 30 June 2023.

3. Lerato Molebatsi became a member of the Investment Committee upon appointment to the Board on 3 April 2023.



### Investment Committee Terms of Reference

[petradiamonds.com/about-us/corporate-governance/board-committees-2/](https://petradiamonds.com/about-us/corporate-governance/board-committees-2/)





### CC1 East Project at the Cullinan Mine

In November 2022, the Committee received an update on the progress of the 3-level sub-level cave project at CC1 East at the Cullinan Mine (the CC1E Project) which it had previously unanimously recommended to the Board for approval and which was then approved by the Board in November 2021. The Committee also unanimously recommended to the Board for its approval additional expenditure on the CC1E Project, with such additional expenditure comprising additional electricity and development equipment costs and the Board approving such expenditure in November 2022. For more details on this project, see page 44.

In determining whether to recommend this additional expenditure, the Committee considered the project's long-term impact for Petra, noting its robust economics (having a slightly lower IRR of under 30% and a higher incremental NPV as a result of this additional expenditure) and the critical impact the project has for Petra's long-term viability by extending the mine plan at the Cullinan Mine to 2032.

The Committee had previously noted in November 2021 that pursuing this project would give Petra a platform to consider opportunities that have the potential to further extend the mine plan at the Cullinan Mine and that the 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 November 2022, the Committee also considered and unanimously recommended for approval by the Board significant changes in scope to the Lower Block 5 3-level sub-level cave at the Finsch Mine (the Lower Block 5 3-SLC Project). The significant changes involved pursuing the project at a lower level (90th level rather than 88th level) to mitigate the geotechnical risk associated with the shale on the 84th level. For more details on this project, see page 45.

In determining whether to recommend these changes to the project, the Committee considered additional the capex involved but also took into account the project's long-term impact for Petra, noting its robust economics (having an improved IRR of more than 40% and an higher NPV as a result of such changes) and the critical impact the project has for Petra's long-term viability by extending the mine plan at the Finsch Mine to 2031.

The Committee had previously noted in February 2022 that pursuing this project would give Petra a platform to consider further opportunities that have the potential to further extend the mine plan at the Finsch Mine beyond 2031, and that the project would have significant positive long-term social and economic impacts on the surrounding communities and positive long-term fiscal impacts for the Government.

### C-Cut Extension Project at the Cullinan Mine

In February 2023, the Committee considered and unanimously recommended for approval by the Board a C-Cut extension project at the Cullinan Mine involving the development of Tunnels 46 and 50 (the C-Cut Extension Project). For more details on this project, see page 44.

The estimated capital expenditure associated with the C-Cut Extension Project is US\$32 million and the additional carats are estimated to be c 2.3 Mcts.

In determining whether to recommend this project, the Committee noted that the project would largely mitigate the impact of waste ingress in the C-Cut and 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 2033.

The Board also took into account that pursuing this project would give Petra valuable information on the C-Cut Centre and would give access to tonnes unavailable as a result of the convergence at Tunnel 41, if the re-opening of Tunnel 41 was unsuccessful.

**Peter Hill CBE**  
Investment Committee Chair  
9 October 2023



# Letter from the Remuneration Committee Chair



## Members of the Remuneration Committee

### Varda Shine, Chair

Bernard Pryor, iNED

Octavia Matloa, iNED<sup>1</sup>

Deborah Gudgeon, iNED

Jon Dudas, iNED

Lerato Molebatsi, iNED<sup>2</sup>

1. Octavia Matloa ceased to be a member of the Committee when she retired from the Board on 30 June 2023.

2. Lerato Molebatsi joined the Committee on 3 April 2023.



During the Year, the Committee reviewed Petra's Remuneration Policy. We remain committed to a remuneration framework which supports delivery of our strategic priorities and appropriately incentivises our highly regarded management team.

### Varda Shine

Chair of the Remuneration Committee



Remuneration Committee Terms of Reference  
[petradiamonds.com/about-us/corporate-governance/  
board-committees-2/](https://petradiamonds.com/about-us/corporate-governance/board-committees-2/)

## Key highlights

- ▶ The improved resilience of our operating model is reflected in our results and strategic performance for the Year. As a result, the Executive Directors will receive annual bonuses of 54.8% – 55.3% of maximum
- ▶ Performance Share Plan (PSP) awards vested at 31.2% of maximum following the end of the three-year performance period to June 2023, reflecting the operational performance over the period and progress in our strategic priorities
- ▶ A revised Remuneration Policy is being put to shareholders at the 2023 AGM in accordance with the normal three-year timetable. The Policy is broadly being rolled forward but with a change to provide more flexibility to utilise the existing PSP maximum of 200% in the Policy and the Rules
- ▶ Following extensive shareholder engagement, the Committee is proposing to add an outperformance element to PSP Awards for FY 2024 to ensure our highly regarded management team are incentivised and retained to deliver on Petra's future growth ambitions. The outperformance element is more orientated to shareholder value creation and will only be payable for the delivery of very significant share price returns (doubling to quadrupling our share price)

## 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 2023.

## Context and Company performance

The improved resilience of our operating model is reflected in Petra's results and strategic performance for the Year. While FY 2023 was not without its operating challenges, achievements included: the repurchase of just over one-third of the Company's 2L Notes, both strengthening our balance sheet and reducing future interest costs; the commissioning of the new TSF at Williamson and the restart of the mine ahead of schedule; good progress with the life extension projects at the Cullinan and Finsch Mines and stabilising operating performance at the Cullinan and Finsch Mines.

Petra ended the Year well positioned to take advantage of the supportive diamond market fundamentals expected in the medium to longer terms. We continue to develop the long-term potential of the Company's resource base, and our life extension projects at Cullinan Mine and Finsch remain on track to deliver a substantial production increase of up to 1.3 Mcts by FY 2026.

FY 2023 saw the creation and embedding of the Petra Culture Code, supporting our ambition to inspire a culture that encourages all our employees to feel a sense of belonging, one that they can actively influence and contribute to.

We also further embedded Petra's Sustainability Framework, and this Framework is an integral part of Petra's Operating Model, and directly linked to performance management KPIs and remuneration. In developing our decarbonisation strategy, we reaffirmed our commitment to a net zero target for Scope 1 and 2 emissions by 2050, and this Year have put in place a 2030 GHG reduction target of 35–40% from our 2019 base line.



Read more on pages 65 to 68 of the Sustainability Report



## Remuneration outturns for FY 2023

The overall bonus outcomes for the Executive Directors in respect of FY 2023 were 55.3% and 54.8% of maximum for the CEO and CFO respectively, reflecting their strong individual contribution and the Group's performance against key financial, operational and strategic goals set at the start of the Year. Despite good progress during the Year, the payout of the environmental metrics in the bonus was reduced to nil in recognition of the Tailings Storage Facility failure at Williamson in November 2022. The Committee was satisfied that the overall annual bonus outcomes were a fair and balanced reflection of Petra's results.

The FY 2021 PSP awards are due to vest at 31.2% of maximum in respect of the three-year period ending in FY 2023, reflecting strong cashflow generation over the three-year measurement period, capital projects and operating costs efficiency performance as well as the Group's improved balance sheet. There was no vesting in respect of the stretching share price or free cashflow targets set three years ago.

During the Year, the Board decided to postpone part of the penultimate and the majority of the final tenders of the Year. This decision deferred sales revenues and related cashflows into FY 2024. Recognising that this timing decision was considered to be in the best interests of shareholders, the Remuneration Committee recognised that it would be inappropriate to penalise management for this active delay in the timing of cashflows and revenues relating to the final tenders. Therefore, a measurement basis was used which ensured a like-for-like comparison with the original targets so that incentive out-turns include cashflow and revenue achieved following the end of the Year. This measurement basis had no impact on the annual bonus outturn and increased the PSP outturn by 5.3% of maximum.

The Committee considers that the Remuneration Policy operated as intended in respect of FY 2023 and that the incentive outturns align with Petra's performance.

## Remuneration Policy renewal

After three years of operation, the current Remuneration Policy is due for renewal at the 2023 AGM. The Committee undertook a full review of the Policy during the Year. We did so against the background of the progress we have made against our strategy. Our objective was to ensure that the Policy continues to support the delivery of our strategic priorities and appropriately incentivises our highly regarded management team. We also gave careful consideration to evolving investor expectations and the latest market developments.

Following our review, the Committee concluded that the existing remuneration framework (fixed pay, annual bonus and performance share plan) continues to be fit for purpose. We are proposing that our Policy is amended to provide increased flexibility to utilise the maximum 200% of salary that already exists in the Policy and Rules of the Performance Share Plan. To achieve this, we are proposing to remove the concept of a 'normal annual PSP grant of 150% of salary'.

## PSP awards for FY 2024

For FY 2024 we are proposing to introduce an outperformance element to the PSP whereby Executives may earn an increased award for achieving very stretching share price targets. While we consider our overall performance framework to be appropriate, we consider that there is merit, from a retention and incentive perspective, in providing management with a stake in exceptional share price out-performance through the PSP.

Our approach will be as follows:

- ▶ We intend to make the normal grant of 150% of salary (the core award) using the existing structure, weightings and metrics, including ESG and absolute and relative TSR
- ▶ We then propose to introduce an additional outperformance grant of 50% of salary, for achieving very stretching share price targets. The stretch targets will require a quadrupling of the share price (from a current price of c £0.70 to c £2.80) for maximum vesting, adding an additional c £400 million to our market cap. More details of the targets are set out on pages 146 to 147 of this Report

The out-performance award is therefore based on 'super stretch' share price targets which would represent the delivery of exceptional value for shareholders. This additional element will therefore not increase executive remuneration for target or normal stretching maximum performance.

## Shareholder consultation

We undertook extensive consultation with our largest shareholders on our proposed Policy change and implementation for FY 2024. We were pleased that all the shareholders we engaged with were supportive of our overall approach. In dialogue, the shareholders we spoke with understood the rationale for our proposal, recognising:

- ▶ The marketability of our management team with a proven track record of turnaround
- ▶ Strong alignment of the outperformance element with shareholders' interests (with a high likelihood that even if Petra's performance is strong over the next three years, these targets may not be met)

In total, we consulted with shareholders representing c 70% of Petra's issued share capital. I would like to thank those shareholders that took part in our consultation.

## Implementation of the Policy for FY 2024

With the exception of the addition of the outperformance element to the PSP, there are no significant changes to the overall incentive framework for FY 2024. Executive Directors will receive a salary increase of 5% for FY 2024. The average increase for the workforce in South Africa is around 8% in local currencies.

Annual bonuses for FY 2024 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 (30%) will continue to be linked to the achievement of individual strategic performance measures. Further details are on page 146 of this Report.

The Committee continues to recognise the importance of responsible ESG management, and as such ESG metrics will, as last year, form part of both the annual bonus and PSP for FY 2024.

## Non-Executive Director Fees

During the Year, the Remuneration Committee reviewed the Chair's fee and, taking into account the time commitment required and relevant market data, have awarded an increase of 5% for FY 2024. Fees for the NEDs were reviewed by the Chair and the Executive Directors who have increased the basic annual fee by 5% for FY 2024.

## 2023 Annual General Meeting

Last year the Committee was pleased to note that 98.98% of shareholders voted in favour of the Directors' Remuneration Report and 84.96% of shareholders voted in favour of the one-off amendments to our Remuneration Policy and PSP that enabled an enhanced PSP award to be made to the Executive Directors.

At this year's AGM, there will be two remuneration-related resolutions, the annual advisory vote on the Directors' Remuneration Report (see pages 143 to 154 of this Report) and the triennial vote on the Directors' Remuneration Policy (see pages 138 to 142 of this Report).

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  
9 October 2023



# Directors' Remuneration Policy

## Directors' Remuneration Policy

The following section sets out the Group's Remuneration Policy (the Policy). As a Bermuda-incorporated company, Petra is not subject to the UK disclosure regulations. However, the Remuneration Committee continues to recognise the importance of good governance and therefore we are resubmitting our Policy to shareholders in accordance with the three-year renewal timeframe. It is intended that this Policy will be put forward to shareholders for approval at the AGM in 2023 and will thereafter come into immediate effect following the AGM.

### Remuneration principles

Petra's culture is performance driven. We have a management team that is highly experienced within the specialist world of diamond mining, which therefore brings unique skills to bear. Against this background, our approach to remuneration is guided by the following overarching principles:

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

### Review process and changes to the Policy

The Remuneration Committee undertook a full review of the Policy during the course of FY 2023, to ensure the approach continued to support the delivery of the Company's strategy and align with shareholders' interests. The Committee took into account the latest governance developments and the evolving views of shareholders. Input was received from the Chair and the Committee's independent advisers. Input was also received from the Company's management, whilst ensuring that any conflicts of interest were suitably mitigated.

The Committee determined that the key remuneration structures in the Policy remain appropriate. The key changes made to the Policy which was approved by shareholders at the AGM in 2020 are:

- ▶ Increased flexibility to utilise the existing maximum of 200% in the Policy and the Rules of the Performance Share Plan. The concept of a 'normal annual award' has been removed. The maximum award of 200% is retained in the Policy and remains unchanged
- ▶ Minor changes to improve the operation of the Policy and/or reflect recent market practice

### Fixed remuneration

#### Salary

Purpose and link to strategy	<ul style="list-style-type: none"> <li>▶ To attract and retain Executive Directors of the calibre required by the business</li> <li>▶ This is a core element of the remuneration package</li> </ul>
Operation	<ul style="list-style-type: none"> <li>▶ The base salaries for Executive Directors are determined by the Committee taking into account a range of factors including:               <ul style="list-style-type: none"> <li>▶ the scope of the role</li> <li>▶ the individual's performance and experience</li> <li>▶ positioning against comparable roles in other mining companies of similar size and complexity</li> </ul> </li> <li>▶ Base salaries are normally reviewed annually with changes effective from the start of the financial year on 1 July</li> </ul>
Maximum opportunity	<ul style="list-style-type: none"> <li>▶ In determining salary increases, the Committee is mindful of general economic conditions and salary increases for the broader Company employee population</li> <li>▶ More significant increases may be made at the discretion of the Committee in certain circumstances, including (but not limited to):               <ul style="list-style-type: none"> <li>▶ where an individual's scope of responsibilities has increased</li> <li>▶ where, in the case of a new Executive Director who is positioned initially on a lower starting salary, an individual has gained appropriate experience in the role</li> <li>▶ where the positioning is out of step with salary for comparable roles in the market</li> </ul> </li> </ul>

#### Benefits

Purpose and link to strategy	<ul style="list-style-type: none"> <li>▶ To provide market competitive benefits</li> </ul>
Operation	<ul style="list-style-type: none"> <li>▶ Benefit policy is to provide an appropriate level of benefit for the role taking into account relevant market practice</li> <li>▶ Under the current arrangements, Executive Directors receive:               <ul style="list-style-type: none"> <li>▶ a benefits allowance of 10% of salary in respect of both benefits and pension</li> <li>▶ group life, disability and critical illness insurance</li> </ul> </li> <li>▶ Executive Directors may use a portion of their benefit allowance to contribute to the Company's defined contribution pension plan up to the maximum contribution in line with the wider workforce, funded from the benefits allowance</li> <li>▶ The Committee retains the discretion to provide reasonable additional benefits based on individual circumstances (e.g. travel allowance and relocation expenses for new hires, or pension arrangements)</li> </ul>
Maximum opportunity	<ul style="list-style-type: none"> <li>▶ The benefit provision will be set at an appropriate level taking into account the cost to the Company and the individual's circumstances</li> </ul>



## Annual bonus

Purpose and link to strategy	<ul style="list-style-type: none"> <li>▶ To motivate and reward performance measured against annual key financial, operational and strategic goals of the Company, which reflect critical factors of success</li> <li>▶ Deferred element of the annual bonus ensures that part of the value of payments earned remains aligned to the Company's share price, thus creating alignment with the shareholder experience</li> </ul>
Operation	<ul style="list-style-type: none"> <li>▶ Short-term annual incentive based on performance during the financial year</li> <li>▶ A proportion of the award earned for a financial year will normally be deferred into shares</li> <li>▶ Deferred shares may accrue dividend equivalents</li> <li>▶ In exceptional circumstances, where delivery of the deferred element of the bonus in shares is deemed by the Company to be impractical for any reason (e.g. due to exchange control or other regulatory restrictions) cash equivalents linked to the share price provide alignment with shareholders. In the event that awards are, exceptionally, delivered as cash the amount would normally be used to purchase shares</li> <li>▶ Awards will be subject to malus and clawback provisions</li> </ul>
Maximum opportunity	▶ Maximum award of up to 150% of base salary
Performance measures	<ul style="list-style-type: none"> <li>▶ The amount of bonus earned is based on performance against financial, operational, strategic and personal measures</li> <li>▶ The Committee reviews the performance measures annually and sets targets to ensure that they are linked to corporate priorities and are appropriately stretching in the context of the business plan</li> <li>▶ Prior to determining bonus outcomes, the Committee considers performance in the round to ensure that actual bonuses are appropriate. The Committee retains the discretion to amend the formulaic outcome if considered appropriate and to ensure fairness to both shareholders and participants</li> <li>▶ Any amounts deferred into shares, normally for a period of two years, will be subject to continuing employment, but not to any further performance measures</li> </ul>

## Performance Share Plan

Purpose and link to strategy	<ul style="list-style-type: none"> <li>▶ To motivate and reward for the delivery of long-term objectives in line with the business strategy</li> <li>▶ To create alignment with the shareholder experience and motivate long-term objectives</li> </ul>
Operation	<ul style="list-style-type: none"> <li>▶ Awards of conditional shares (or equivalent) which will normally vest based on performance over a period of three years</li> <li>▶ Awards are normally subject to a two-year post vesting holding period</li> <li>▶ Awards may accrue dividend equivalents</li> <li>▶ Where delivery in shares is deemed by the Company to be impractical for any reason (e.g. due to exchange control regulations) cash equivalents linked to the share price provide alignment with shareholders</li> <li>▶ Awards will be subject to malus and clawback provisions</li> </ul>
Maximum opportunity	▶ Maximum award of up to 200% of salary
Performance measures	<ul style="list-style-type: none"> <li>▶ Vesting is normally based on performance against financial, operational and strategic measures</li> <li>▶ The Committee determines targets each year to ensure that targets are stretching and represent value creation for shareholders, while remaining motivational for management</li> <li>▶ The Committee retains the discretion to amend the formulaic outcome if considered appropriate and to ensure fairness to both shareholders and participants</li> <li>▶ The Committee has additional discretion to make downward adjustments in the event that a significant increase in the share price leads to potentially excessive rewards</li> </ul>

## Shareholding guidelines

It is the Company's policy that each of the Executive Directors holds a meaningful number of Petra shares. The guideline is to build and maintain a minimum of two years' basic salary for the applicable Director. A number of years from the date of appointment to reach this shareholding will normally be set.

## Post employment shareholding guidelines

Executive Directors will normally be expected to maintain a minimum shareholding for two years following ceasing to be an Executive Director.

## Notes to the Remuneration Policy table

### Performance measures for incentives

The performance measures and targets for the annual bonus and PSP awards to Executive Directors are intended to be closely aligned with the Company's short-term and long-term objectives. The intention is to provide a direct link between reward levels, performance and the shareholder experience. While the Committee has flexibility to adjust the performance measures used over the course of the Policy, the following broadly summarises the performance measures currently used:

<b>Cashflow generation</b>	▶ One of the key performance measures for Executive Directors is the generation of cashflow
<b>Costs and capex control</b>	▶ Petra remains focused on managing costs and profitability. Cost management and capital expenditure measures form part of the annual bonus and PSP metrics
<b>Production</b>	▶ Carat production and product mix are at the core of Petra's strategy. These measures are therefore embedded in the performance measurement framework
<b>Corporate and ESG</b>	▶ Corporate and strategic priorities including health, safety and ESG measures are explicitly included as part of the annual bonus and PSP framework, reflecting Petra's commitment to corporate responsibility
<b>Total shareholder return</b>	▶ Share awards are linked to value created for shareholders by measuring both relative and absolute total shareholder return ("TSR")



# Directors' Remuneration Policy continued

## Directors' Remuneration Policy continued

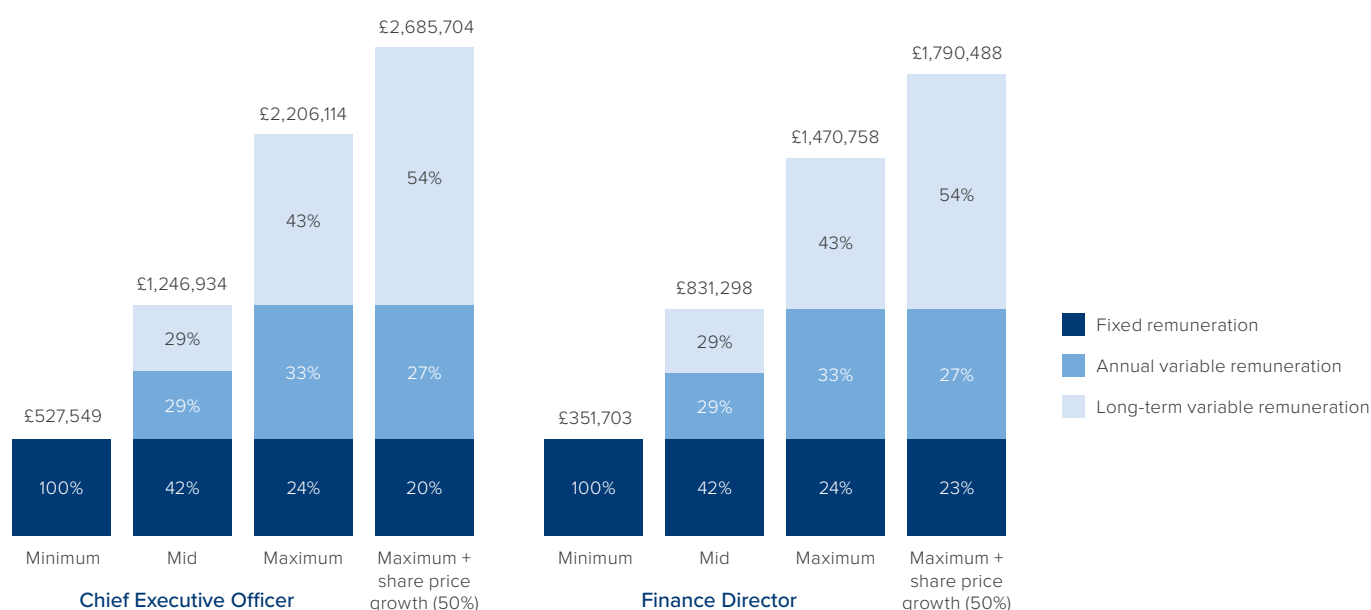
### Notes to the Remuneration Policy table continued

#### Malus and clawback provisions

In line with best practice, the vesting of deferred bonus and PSP awards is subject to malus and clawback provisions. The malus provision enables the Committee to exercise discretion to reduce, cancel or impose further conditions on an award prior to vesting or exercise (as the case may be). The clawback provision enables the Committee to require participants to return some or all of an award after payment or vesting. Both provisions may be applied in circumstances including:

- ▶ a serious misstatement of the Company's audited results
- ▶ gross misconduct
- ▶ payments based on erroneous data
- ▶ a serious failure of risk management
- ▶ any other circumstance that the Committee considers to be similar in nature or effect to the above

#### Illustration of application of the Remuneration Policy



The above charts have been compiled using the following assumptions:

Fixed remuneration	Fixed remuneration (salary and benefits allowance) as at 1 July 2023.
Variable remuneration	<ul style="list-style-type: none"> <li>▶ <b>Annual bonus:</b> maximum award of up to 150% of salary</li> <li>▶ <b>PSP:</b> FY 2024 conditional awards are being made at 200% of annual salary</li> <li>▶ The amounts shown in the minimum, mid and maximum scenarios do not take into account share price growth. The amounts in all scenarios do not take into account receipt of dividend equivalents</li> </ul>

#### Performance scenarios

Minimum	Fixed remuneration only.
Mid	Fixed remuneration plus variable pay for the purpose of illustration as follows: <ul style="list-style-type: none"> <li>▶ <b>Annual bonus:</b> assumes a bonus pay-out of 50% of maximum</li> <li>▶ <b>PSP:</b> assumes vesting of 37.5% of maximum</li> </ul>
Maximum	Fixed remuneration plus variable pay for the purpose of illustration as follows: <ul style="list-style-type: none"> <li>▶ <b>Annual bonus:</b> assumes a bonus pay-out of 100% of maximum</li> <li>▶ <b>PSP:</b> assumes vesting of 100% of maximum</li> </ul>
Maximum + share price growth (50%)	Fixed remuneration plus variable pay for the purpose of illustration as follows: <ul style="list-style-type: none"> <li>▶ <b>Annual bonus:</b> assumes a bonus pay-out of 100% of maximum</li> <li>▶ <b>PSP:</b> assumes vesting of 100% of maximum plus 50% share price growth</li> </ul>

**Recruitment policy**

The Committee's key principle when determining appropriate remuneration arrangements for a new Executive Director (appointed from within the organisation or externally) is to ensure that arrangements are in the best interests of both Petra and its shareholders, without paying more than is considered necessary by the Committee to recruit an executive of the required calibre to develop and deliver the business strategy.

Fixed pay	Salary and benefits would be determined within the bounds of the future policy table above.
Variable pay	The UK regulations require the identification of a maximum level of variable pay which may be granted on recruitment (excluding any buy-out arrangements). The maximum level of variable pay (bonus and long-term incentives) for a new recruit will be consistent with the Policy table on pages 138 to 139 of this Report. Within these limits and where appropriate the Committee may tailor the incentives (e.g. timeframe, form and performance criteria) based on the commercial circumstances at the time of recruitment.
Buy-outs	The Committee may need to buy out remuneration forfeited on joining Petra. In such circumstances, the Committee will seek to ensure any buy-out is of comparable commercial value and is capped as appropriate.  The quantum, form and structure of any buy-out arrangement will be determined by the Committee taking into account the terms of the forfeited arrangements (e.g. form of award, timeframe, performance criteria, likelihood of vesting, etc.). The buy-out may be structured as an award of cash or shares; however, where appropriate, the Committee will normally seek to make awards under the existing incentive plans.
Non-Executive Directors	On the appointment of a new Non-Executive Chair or Non-Executive Director, the fees will be consistent with the policy set out on page 142 of this Report. Fees to Non-Executive Directors will not include share options or other performance-related elements.

**Executive Director service contracts and policy on payment for loss of office**

When determining leaving arrangements for an Executive Director, the Committee takes into account any contractual agreements including the provisions of any incentive arrangements, typical market practice and conduct of the individual. The Committee may also make any payments by way of compromise or settlement of any claim arising in connection with an Executive Director's cessation. Any such payments may include amounts in respect of accrued leave and any other professional or legal fees in connection with the cessation.

Notice period	The Executive Director service contracts are terminable by 12 months' written notice on either side and contain non-compete and non-solicitation clauses (dealing with customers/clients and non-solicitation of Directors or senior employees restrictions following termination).
Payment in lieu of notice	In the event of termination by the Company of an Executive Director's employment, the contractual remuneration package (incorporating base salary and benefits including any legal and professional fees), reflecting the 12-month notice period, would normally be payable.
Annual bonus	The Executive Director may, at the discretion of the Committee, remain eligible to receive an annual bonus for the financial year in which they ceased employment. Such a bonus will be determined by the Committee taking into account time in employment and performance.
Share awards	<b>'Good leavers' (e.g. ill health or retirement)</b> If a participant is deemed to be a good leaver, unvested awards will usually continue until the normal vesting date, unless the Board determines that the award will vest sooner (e.g. at the time of departure). For PSP awards any vesting will normally take account of any performance targets and, unless the Board determines otherwise, the time elapsed since the award was granted. The Board will determine the extent to which any post vesting holding period will continue to apply.  <b>'Bad leavers'</b> If a participant is deemed to be a bad leaver, unvested awards will lapse.



# Directors' Remuneration Policy continued

## Directors' Remuneration Policy continued

### Remuneration Policy for Non-Executive Directors

The remuneration of the independent Non-Executive Directors, with the exception of the Chair, is determined by the Chair and the Executive Directors; the remuneration of the Chair is determined by the Committee. Directors are not involved in any decisions as to their own remuneration.

The table below sets out the Remuneration Policy with respect to the Non-Executive Directors. Independent Non-Executive Directors do not participate in the Company's bonus arrangements, share schemes or pension benefit plans. Any new independent Non-Executive Director will be treated in accordance with this Policy.

Approach to setting fees	Opportunity
<p>The fees for Non-Executive Directors are set at a level which is considered appropriate to attract individuals with the necessary experience and ability to oversee the business.</p> <p>Fees are reviewed periodically, typically annually.</p> <p>Judgement is used and consideration is given to a number of internal and external factors including responsibilities, market positioning, inflation and pay increases for the broader Company employee population.</p> <p>Travel and other reasonable expenses (including fees incurred in obtaining professional advice in the furtherance of their duties and any associated taxes) incurred in the course of performing their duties may be reimbursed to Non-Executive Directors.</p> <p>Where appropriate, benefits may be provided such as private medical cover and annual medical assessment.</p>	<p>The fee opportunity reflects responsibility and time commitment.</p> <p>Additional fees are paid for additional time commitments or for further responsibilities including but not limited to being a Chair of a Board Committee.</p> <p>The value of benefits provided will be reasonable in the market context and take account of the individual circumstances and benefits provided to comparable roles.</p>

### Legacy arrangements

The Committee may approve payments outside of the Remuneration Policy in order to satisfy any legacy arrangements agreed prior to the adoption of this Policy or made to a Director prior to (but not in contemplation of) appointment to the Board.

### Incentive plan discretions

All incentive awards are subject to the terms of the relevant plan rules under which the award was granted. The Committee may adjust or amend awards in accordance with the provisions of the plan rules. This includes making adjustments to awards to reflect corporate events, such as a change in the Company's capital structure.

The Committee may adjust the weightings and measures under the annual bonus and PSP. The Committee retains the discretion to exclude operational, strategic or personal measures.

The Committee may adjust the calibration of performance measures and vesting outcomes, or substitute or amend any vesting condition. The Committee retains the discretion to amend the formulaic outcome if considered appropriate and to ensure fairness to both shareholders and participants, including both upwards and downwards discretion.

In the event of a change of control of the Company, the Committee may determine the extent to which any PSP award will vest, taking into account the extent to which any performance condition has, in the Board's opinion, been satisfied, the period of time that has elapsed since the award was granted, and such other factors the Board deems relevant. Deferred awards will normally vest in full on a change of control, unless the Committee determines otherwise. PSP and deferred bonus awards may be exchanged for an equivalent award in the acquiring company.

The Committee may review the time horizon over which the Executive Directors are expected to meet their shareholding guideline.

### Minor changes

The Committee may make minor amendments to the Remuneration Policy to aid its operation or implementation without seeking shareholder approvals (e.g. for regulatory, exchange control, tax or administrative purposes).

### Remuneration elsewhere in the Company

When assessing remuneration, the Committee takes care to ensure that pay levels reflect roles and responsibilities. The Committee also takes care to ensure that packages for senior individuals are appropriate in comparison to the remuneration of other employees within the Company, whilst still supporting delivery of Petra's corporate objectives. Remuneration arrangements throughout the organisation are based on similar reward principles.

### Shareholder engagement

The Committee believes that it is very important to maintain open dialogue with shareholders on remuneration matters. The Committee consulted with the Company's major shareholders in the development of the Group's Remuneration Policy.





# Directors' Remuneration Report

This report explains how the Group's Remuneration Policy was implemented during FY 2023 and how the Group's new Remuneration Policy (as set out at pages 138 to 142 of this Report) will be applied for FY 2024:

## Overview of new Remuneration Policy and how it will be applied for FY 2024

### 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 increases for FY 2024 of 5% (which was below the average increase for the workforce).

With effect from 1 July 2023, Executive Director base annual salaries are as follows:

- ▶ Richard Duffy – £479,590 (FY 2023: £456,750)
- ▶ Jacques Breytenbach – £319,730 (FY 2023: £304,500)

The average fixed pay increase for the workforce in South Africa for FY 2024 is around 8% in local currencies.

### 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 scheme, 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 2024 of 150% of salary.

The Committee has reviewed the annual bonus targets for FY 2024 to ensure that they continue to be aligned to our strategic priorities.

The bonus scorecard for FY 2024, which will have an overall weighting of 70%, will be linked to:

- ▶ ESG objectives (incorporating health, safety, environmental, as well as social and diversity measures) (35%)
- ▶ Free cashflow generation (20%)
- ▶ Cost and capital management (35%)
- ▶ Carats produced (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.

As explained in the Letter from the Chair of the Remuneration Committee, it is proposed that the operation of the PSP is amended for FY 2024.

For FY 2024 PSP awards of 150% of salary will be granted as normal (the core award). Performance for the core award will be measured over a three-year period to 30 June 2026, subject to the following performance measures which are unchanged from FY 2023 awards:

- ▶ 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 (30%)
- ▶ Operational and efficiency measures (25%)
- ▶ Sustainability performance (15%)

In addition, and following consultation with significant shareholders, the Committee is proposing to introduce an additional out-performance PSP grant of 50% of salary whereby Executives may earn an increased award for achieving very stretching share price targets. Further details are set out on page 149 of this Report.

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 claw-back 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



# Directors' Remuneration Report continued

## Overview of new Remuneration Policy and how it will be applied for FY 2024 continued

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 140 of the Directors' Remuneration Policy 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 over-arching 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.

## Single figure of total remuneration

The following table gives a breakdown of the remuneration received by the Executive Directors for FY 2023 and FY 2022. 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	
		2023	2022	2023	2022
Salary	£	<b>456,750</b>	435,000	<b>304,500</b>	290,000
Benefits <sup>1</sup>	£	<b>57,456</b>	53,533	<b>26,622</b>	24,157
Retirement benefits <sup>1</sup>	£	—	—	<b>11,682</b>	11,532
Total fixed remuneration	£	<b>514,206</b>	488,533	<b>342,804</b>	325,689
Annual bonus – paid in cash	£	<b>284,156</b>	384,649	<b>187,724</b>	253,170
Annual bonus – deferred to shares	£	<b>94,718</b>	128,216	<b>62,575</b>	84,390
Long-term incentives <sup>2,3,4</sup>	£	<b>146,225</b>	36,842	<b>104,581</b>	13,682
Total variable remuneration	£	<b>525,099</b>	549,707	<b>354,880</b>	351,242
Total	£	<b>1,039,305</b>	1,038,240	<b>697,684</b>	676,931

- 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).
- The performance period for the PSP awards granted in January 2022 ended on 30 June 2023. The awards will vest at 31.2% of maximum (see page 147 of this Report). The values included in the table above are based on the three-month volume weighted average share price to 30 June 2023 of 73.4 pence. As this is below the share price at grant none of the amounts in the table above are attributable to share price appreciation. Note that the long-term incentives amount for FY 2022 does not include any amount for the FY 2021 to FY 2023 PSP awards as the performance period was still ongoing.
- The performance period for the PSP awards granted in October 2019 ended on 30 June 2022. The awards vested at 40.9% of maximum. The values included in the table above are based on the share price on the date of vesting (11 October 2022) of 111.0 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. Note that as the FY 2020 to FY 2022 PSP awards vested after the FY 2022 Annual Report was published, the amounts used in the FY 2022 Annual Report were based on the three-month volume weighted-average share price to 30 June 2022 of 114.4 pence, rather than the share price on the day of vesting (11 October 2022) which was 111.0 pence.
- Mr Duffy was granted a PSP award on appointment that was subject to a consolidated net debt:consolidated EBITDA ratio targets. See page 128 of the Annual Report and Accounts 2022 for further details. The value included in the table above is based on the share price on the date of vesting (11 October 2022) of 111.0 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. Note that as Mr Duffy's PSP award on appointment vested after the FY 2022 Annual Report was published, the amounts used in the FY 2022 Annual Report were based on the three-month volume weighted-average share price to 30 June 2022 of 114.4 pence, rather than the share price on the day of vesting (11 October 2022) which was 111.0 pence.

**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 average fixed pay increase for the South African workforce was c 8%. For FY 2024 the Committee decided to award the Executive Directors salary increases of 5%. This is significantly below the average increase for the South African workforce. With effect from 1 July 2023, Executive Director base salaries are as follows:

	Base salary from 1 July 2022 £	Base salary from 1 July 2023 £
Richard Duffy	456,750	<b>479,590</b>
Jacques Breytenbach	304,500	<b>319,730</b>

**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 2023, 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
<b>Operational performance and profitability (including free cashflow generation, revenue, capex and cost management)</b>		Threshold	Target	Maximum	<b>FY 2023 performance</b>	Weighting	70%	28.0%
	Free cashflow (US\$m)	58.7	69.0	75.9	<b>-32.6</b>	20%		
	Revenue (US\$m)	445.3	523.9	576.3	<b>365.2</b>	5%		
	Carats (thousands)	2,961	3,483	3,831	<b>2,673</b>	5%		
	Costs (US\$m)	308	268	241	<b>263</b>	20%		
	Capex (out of 10)	6	8	10	<b>8.6</b>	20%		
		<p>1 In June 2023, in light of a temporary slowdown in the market for rough diamonds, the Board decided to postpone part of the penultimate and a majority of the final tenders of the Year. This decision deferred sales revenues and related cashflows into FY 2024. Recognising that this timing decision was considered to be in the best interests of shareholders, the Remuneration Committee determined that it would be inappropriate to penalise management for this active delay in the timing of cashflows and revenues relating to the final two tenders. Therefore, a measurement basis was used which ensured a like-for-like comparison with the original targets. The actual out-turn in the table above therefore includes the cashflow and revenue achieved in respect of the final two tenders following the end of FY 2023. This had no impact on the outturn for either measure.</p>						
<b>ESG measures (including health, safety, social and environmental performance)</b>		Threshold	Target	Maximum	<b>FY 2023 performance</b>	Weighting	30%	12.4%
	LTIFR <sup>1</sup>	0.25	0.23	0.18	<b>0.24</b>	7%		
	TIFR <sup>1</sup>	0.56	0.51	0.41	<b>0.59</b>	3%		
	ESG scorecard <sup>2</sup>	6	8	10	<b>7.1</b>	20%		
	<p>1. The outcome of the health and safety measures for FY 2023 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 for the environmental measures was also subject to there being no major environmental incidents. The TSF failure at Williamson was considered a major environmental incident, and therefore reduced the outturn for the environmental measures to nil.</p>							
<b>Bonus Award – Group Scorecard (70% weighting)</b>							100%	40.4%
<b>Bonus Award to Executive Directors – Group Scorecard Contribution</b>							70%	28.3%



# Directors' Remuneration Report continued

## Single figure of total remuneration continued

### Annual bonus continued

#### Personal Performance Measures – Executive Directors

Performance metrics	Performance	Weighting (CEO)	Weighting (CFO)	CEO	CFO
Value-led growth strategy	During the Year, the Executive Directors continued to deliver Petra's value-led growth strategy with an immediate focus on maximising value from operations through safe and reliable production whilst exploring developments for the future and other potential new growth pathways. Achievements included the operational turnaround underway at Finsch, steps taken to curb the impact of the waste ingress at Cullinan Mine coupled with the C-Cut Extension project being approved by the Board, the restart of Williamson ahead of schedule shortly after Year End and Petra's capital projects being on-track to deliver incremental growth.	15%	15%	12.5%	12.5%
ESG (Sustainability Framework and cultural transformation)	During the Year, the CEO continued to ensure that the Sustainability Framework (which was finalised in FY 2022) was integrated into all aspects of Petra's business. The CEO also oversaw the development of a new Petra Culture Code that was successfully rolled out across Petra and oversaw the development of Petra's Climate Change Position Statement, Climate Scenario Analysis and detailed execution roadmaps for achieving Petra's ambitious sustainability targets, specifically the 2030 GHG reduction target to reduce Scope 1 and 2 emissions by 35-40% (relative to our 2019 base line). Further details of Petra's sustainability targets are set out on pages 52 to 53 of this Report.	5%	—	4.5%	n.a
Capital structure optimisation	The Executive Directors continued to take steps to optimise Petra's capital structure through a reduction of gross debt while maintaining a prudent approach to liquidity. During the Year, the Company announced a tender offer to repurchase up to US\$150 million, later increased to US\$175 million, of its Loan Notes. The final results of the tender offer saw the Company repurchasing US\$144.6 million of its Loan Notes, thereby saving the Company some US\$15 million in cash interest per annum.	10%	15%	10.0%	14.0%
<b>Personal Performance Measures</b>		<b>30%</b>	<b>30%</b>	<b>27.0%</b>	<b>26.5%</b>
<b>TOTAL BONUS AWARD FY 2023</b>		<b>100%</b>	<b>100%</b>	<b>55.3%</b>	<b>54.8%</b>

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 55.3% and 54.8% of maximum for the CEO and CFO, respectively, were appropriate in respect of FY 2023 and did not apply further discretion.

### Annual bonus for FY 2024

For FY 2024, 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 2023, 70% of the Executive Directors' bonuses will be linked to the financial, operating and strategic objectives of the Company and 30% of the Executive Directors' bonuses will be linked to the achievement of individual strategic performance measures.

The financial, operating and strategic objectives of the Company for 70% of Executive Directors' bonus award for FY 2024 will have the following performance measures and weighting:

Performance measure	Scorecard weighting
Operational performance and profitability (including free cashflow generation, carat production, capex and cost management)	65%
ESG Measures (including environmental efficiencies, social & community, diversity and inclusion, and health and safety performance)	35%

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.



## Long-term incentives – Performance Share Plan

Annual long-term share awards are granted under the Performance Share Plan, approved at the 2021 AGM, with vesting conditional on the achievement of both shareholder return and operational measures.

### FY 2021 to FY 2023 award – vesting outcome

The long-term incentive outturn post period-end relates to the awards granted under the PSP in respect of FY 2021 subject to performance measures assessed over three years. These awards were linked to absolute share price growth (33%), to cashflow generation and net debt (33%) and to operational performance and efficiencies (33%). Following the end of the performance period, the Committee assessed performance achieved against the pre-determined measures and targets.

#### Total shareholder return (33%)

Performance measure	Weighting	25% of element vests	80% of element vests	100% of element vests	Actual performance
Absolute share price growth <sup>2</sup>	33%	131.5p <sup>1</sup>	153.0p	175.0p	Below threshold (0% vested)

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

2. The TSR targets were set in FY 2021 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.

#### Cashflow generation and net debt (33%)

	Weighting	25% of element vests <sup>1</sup>	80% of element vests	100% of element vests	Actual performance
Operational free cashflow <sup>2</sup>	17%	US\$82.6	US\$141.9	US\$201.1	US\$117.5m <sup>2</sup>
Net debt/(Net cash): EBITDA ratio	17%	2.3x	1.9x	1.5x	1.6x

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

2. As described earlier, the Board decided to postpone the majority of the final tender of the Year. This decision deferred sales revenues and related cashflows into FY 2024. Recognising that this timing decision was considered to be in the best interests of shareholders, the Committee recognised that it would be inappropriate to penalise management for this active delay in the timing of cashflows relating to the final tenders for the Year. Therefore, a measurement basis was used which ensured a like-for-like comparison with the original targets. The actual out-turn therefore includes US\$34.5 million of cashflow achieved following the end of FY 2023 in respect of the final two tenders following the end of FY 2023. This measurement basis increased the PSP out turn by 5.3% of maximum.

#### Operational performance and project delivery (33%)

	Weighting	25% of element vests <sup>1</sup>	80% of element vests	100% of element vests	Actual performance
Cumulative tonnes treated (million)	11.6%	24.8	26.2	27.6	23.5
Cumulative carats recovered (million)	11.6%	9.1	9.6	10.1	8.9
Opex and capex efficiencies	10%	6	8	10	7.1

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

Opex and capex efficiencies were measured considering an assessment of actual progress of the four life extension projects currently underway in the Group (being the CC1-East SLC and C-Cut Extension projects at Cullinan Mine, and the 78-Level Phase 2 and 90-Level SLC projects at Finsch) measured against approved project schedules, cost performance considering achieved progress of these extension projects, as well as operational cost efficiencies against approved budgets over the three year period. Further details of performance at each site are set out in the Operational Review on pages 42 to 47 of this Report.

The Committee is satisfied that the final vesting of 31.2% of maximum was appropriate and made no further adjustments.

### FY 2023 awards – ESG metrics

As disclosed last year, for the FY 2023 awards the Committee introduced ESG metrics into the PSP scorecard. As this was the first year that ESG metrics have been used in the PSP, details of the metrics were not available by the time that the FY 2022 Directors' Remuneration Report was published. The following table summarises the ESG targets for the FY 2023 awards:

PERFORMANCE MEASURES	WEIGHTING	
ESG and sustainability	15%	<ul style="list-style-type: none"> <li>▶ This element is linked to the Company's progress against our long-term GHG reduction ambitions</li> <li>▶ The assessment at the end of the period will be based on the successful development of an execution roadmap, including: <ul style="list-style-type: none"> <li>▶ Formulating a Climate Change Mitigation and Adaptation Strategy</li> <li>▶ Conducting relevant and fit-for-purpose Climate Scenario Analyses</li> <li>▶ Identifying physical and transitional risks and integrating them with the existing ERM Framework</li> <li>▶ Producing a Climate Change Report aligned to TCFD requirements</li> <li>▶ Preparing a detailed action plan for achieving Petra's 2030 GHG emission reduction target</li> </ul> </li> <li>▶ The assessment will also consider performance against achieving an absolute reduction in GHG emission of 15% by FY 2025 (relative to a 2019 baseline)</li> </ul>



# Directors' Remuneration Report continued

## FY 2024 awards

As explained in the Letter from the Chair of the Remuneration Committee, it is intended that the operation of the PSP is amended for FY 2024. For FY 2024, PSP awards of 150% of salary will be granted as normal (the core award). Performance for the core award will be measured over a three-year period to 30 June 2026, subject to the following performance measures, which are linked to the Company's long-term strategic priorities.

### Summary of performance targets: FY 2024–FY 2026 awards

PERFORMANCE MEASURES	WEIGHTING					
Absolute TSR performance	15%	▶ This element is based on the following absolute share price growth targets				
				25% of element vests <sup>1</sup>	100% of element vests	
			Absolute TSR performance	10% CAGR	25% CAGR	
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%	▶ This element is linked to relative TSR measured against other mining peers				
				25% of element vests <sup>1</sup>	100% of element vests	
			Relative TSR vs FTSE 350 and diamond mining companies	Median	Upper quartile	
1. No portion of an element vests for performance below this threshold level.						
Cashflow generation and net debt	30%	▶ 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				
				Weighting of this element	25% of element vests <sup>1</sup>	100% of element vests
			Operational free cashflow	50%	US\$25.4m	US\$267.0m
			Net debt/(Net cash): EBITDA ratio	50%	0.5x	0.2x
1. No portion of an element vests for performance below this threshold level.						
Operational performance and efficiencies	25%	▶ 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), across the Cullinan and Finsch mines, and the weighted average score out of ten across these mines for opex and capex efficiency measures; the objectives for each mine are approved by the Board				
				Weighting of this element	25% of element vests <sup>1</sup>	100% of element vests
			Cumulative tonnes treated (million)	35%	21.7	25.4
			Cumulative carats recovered (million)	35%	8.5	10.0
			Opex and capex efficiencies	30%	6	10
1. No portion of an element vests for performance below this threshold level.						
ESG and sustainability	15%	▶ This element is linked to achieving absolute reductions in our GHG emissions, with targets set taking into account the detailed execution roadmap				
				25% of element vests <sup>1</sup>	100% of element vests	
			Reduction in GHG emissions (relative to a 2019 base line)		15%	30%
1. No portion of an element vests for performance below this threshold level.						
Committee discretion		▶ 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				

In addition, the Committee is proposing to introduce an additional outperformance PSP grant of 50% of salary whereby Executives may earn an increased award for achieving very stretching share price targets. The Committee considers that these are 'super stretch' share price targets which would represent the delivery of exceptional value for shareholders. The TSR performance requires an approximate doubling of the share price for threshold vesting and an approximate quadrupling of the share price for maximum vesting, based on an illustrative current price of £0.70.

**Summary of performance targets: FY 2024–FY 2026 Outperformance award**

PERFORMANCE MEASURES	WEIGHTING		Minimum (0% of element vests) <sup>1</sup>	Maximum (100% of element vests)
Absolute TSR performance	100%	▶ This element is based on the following absolute share price growth targets		
Absolute TSR performance			25% CAGR	59% CAGR
Indicative share price			c £1.40	c £2.80
Illustrative market cap if target achieved			c £270m	c £540m

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.

**Non-Executive Director remuneration**

During the year the Committee undertook a review of Mr Hill's fee as Petra's Chair. Taking into account Mr Hill's contribution and the time commitment required for the role the Committee has awarded a 5% increase to £189,000 with effect from 1 July 2023. 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 the chairing of Committees and the Senior Independent Director. All fees are payable in cash. 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.

Fees for the NEDs are determined by the Chair and the Executive Directors and are reviewed on an annual basis. After careful consideration the Chair and Executive Directors determined that it would be appropriate to increase the basic annual fees for NEDs by 5% to £61,268 with effect from 1 July 2023. No increases for other responsibilities were awarded in FY 2023.

The increases to both the Chair and NED fees were below the average increase for the workforce.

**Single figure of total remuneration**

The following table gives a breakdown of the remuneration received by the NEDs for FY 2023 and FY 2022. 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	<b>2023</b>	<b>180,000</b>	<b>2,001</b>	<b>182,001</b>
Chair of the Board of Directors	2022	165,000	1,503	166,503
Varda Shine	<b>2023</b>	<b>82,350</b>	—	<b>82,350</b>
Senior Independent Director and Remuneration Committee Chair	2022	76,650	—	76,650
Octavia Matloa	<b>2023</b>	<b>68,850</b>	—	<b>68,850</b>
iNED and SED Committee Chair <sup>1</sup>	2022	64,150	—	64,150
Bernard Pryor	<b>2023</b>	<b>68,850</b>	—	<b>68,850</b>
iNED and H&S Committee Chair	2022	64,150	—	64,150
Deborah Gudgeon	<b>2023</b>	<b>70,350</b>	—	<b>70,350</b>
iNED and ARC Chair	2022	66,650	—	66,650
Jon Dudas	<b>2023</b>	<b>58,350</b>	—	<b>58,350</b>
iNED	2022	18,883	—	18,883
Lerato Molebatsi	<b>2023</b>	<b>14,587</b>	—	<b>14,587</b>
iNED and Sustainability Committee Chair <sup>2</sup>	2022	—	—	—
Alex Watson <sup>3</sup>	<b>2023</b>	<b>58,350</b>	—	<b>58,350</b>
NED	2022	56,650	—	56,650
Johannes Bhatt <sup>4</sup>	<b>2023</b>	<b>58,350</b>	—	<b>58,350</b>
iNED	2022	56,650	—	56,650

1. Ms Matloa stepped down from the Board on 30 June 2023.

2. Ms Molebatsi was appointed to the Board as an independent NED on 3 April 2023. She was appointed the Chair of the Sustainability Committee with effect from 1 July 2023.

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. These nomination rights terminated when Monarch's shareholding in Petra fell below 5% in August 2023. Following such termination, Mr Bhatt was assessed as being independent and Petra announced that he will retire as a NED at the conclusion of Petra's AGM in 2023.



# Directors' Remuneration Report continued

## 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 to build and maintain a minimum of two years' basic salary for the applicable Director. A number of years from the date of appointment to reach this shareholding will normally be set. The Committee may review the time horizon over which Executive Directors are expected to meet their shareholding guideline.

The share interests of the Directors as at 30 June 2023 are detailed below.

		Shareholding as at 30 June 2023	Shareholding as at 30 June 2022	Shareholding guideline <sup>1</sup>
Peter Hill	Chair	140,000	140,000	n/a
Richard Duffy <sup>2</sup>	Chief Executive Officer	272,792	119,885 <sup>4</sup>	1,244,550
Jacques Breytenbach <sup>3</sup>	Chief Financial Officer	183,742	92,620 <sup>5</sup>	829,700
Varda Shine	Senior iNED	24,755	—	n/a
Octavia Matloa	iNED	—	—	n/a
Bernard Pryor	iNED	13,000	13,000	n/a
Deborah Gudgeon	iNED	—	—	n/a
Jon Dudas	iNED	—	—	n/a
Lerato Molebatsi	iNED	—	n/a	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 2023 of 73.4 pence per share.

2. Post Year End, 199,286 awards made in respect of FY 2021 to FY 2023 under the Company's PSP are expected to vest, adding to Mr Duffy's shareholding.

3. Post Year End, 142,531 awards made in respect of FY 2021 to FY 2023 under the Company's PSP are expected to vest, adding to Mr Breytenbach's shareholding.

4. In the FY 2022 Directors' Remuneration Report, Mr Duffy's shareholding as at 30 June 2022 was reflected as 7,138. In accordance with the Investment Association's Principles of Remuneration, this has been updated to include shares which had vested as at 30 June 2022, but which at that time were subject to the two year post-vesting holding period described on page 139 of this Report.

5. In the FY 2022 Directors' Remuneration Report, Mr Breytenbach's shareholding as at 30 June 2022 was reflected as 11,982. In accordance with the Investment Association's Principles of Remuneration, this has been updated to include shares which had vested as at 30 June 2022, but which at that time were subject to the two year post-vesting holding period described on page 139 of this Report.

## 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 years' 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 2023, the Directors' interests in share plans of the Company were as follows:

Breakdown of share plan interests as at 30 June 2023	Shares		Options	
	Unvested and subject to performance <sup>1</sup>	Unvested and not subject to performance <sup>2</sup>	Vested but not exercised	Lapsed in the Year
Richard Duffy	2,628,139	232,463	nil	nil
Jacques Breytenbach	1,576,958	159,434	nil	nil

1. This comprises awards made in respect of FY 2021, FY 2022 and FY 2023 under the Company's PSP.

2. This comprises outstanding deferred share awards in respect of FY 2021 and FY 2022.





As at 30 June 2023, Executive Directors held the following interests in the PSP:

	Date of award	Outstanding at 1 July 2022	Awarded during the Year	Vested during the Year	Lapsed during the Year	Outstanding at 30 June 2023 <sup>6</sup>	Performance period <sup>7</sup>
Richard Duffy	01/04/2019 <sup>1</sup>	15,957	—	15,957	—	—	FY 2020–FY 2022
	24/10/2019 <sup>2</sup>	42,136	—	17,234	24,902	nil	FY 2020–FY 2022
	12/01/2022 <sup>3</sup>	638,196	—	—	—	638,196	FY 2021–FY 2023
	12/01/2022 <sup>4</sup>	753,255	—	—	—	753,255	FY 2022–FY 2024
	14/12/2022 <sup>5</sup>	—	1,236,688	—	—	1,236,688	FY 2023–FY 2025
<b>Total</b>		1,449,544	1,236,688	33,191	24,902	<b>2,628,139</b>	
Jacques Breytenbach	24/10/2019 <sup>2</sup>	30,136	—	12,326	17,810	nil	FY 2020–FY 2022
	12/01/2022 <sup>3</sup>	456,444	—	—	—	456,444	FY 2021–FY 2023
	12/01/2022 <sup>4</sup>	502,170	—	—	—	502,170	FY 2022–FY 2024
	14/12/2022 <sup>5</sup>	—	618,344	—	—	618,344	FY 2023–FY 2025
<b>Total</b>		988,750	618,344	12,326	17,810	<b>1,576,958</b>	

1. 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. During the Year this award vested at 100%.

2. 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. During the Year this award vested at 40.9%.

3. 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.

4. 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.

5. The performance measures applicable to the awards consist of: (a) absolute TSR (15%); (b) relative TSR (15%); (c) cashflow generation and net debt (30%); and (d) operational performance and efficiencies (25%). The closing share price on 14 December 2022 was 94.5 pence; the 30-day VWAP to 16 November used to determine these awards was 110.8 pence.

6. Interests in this column have been adjusted to reflect the 50:1 share consolidation that became effective in November 2021.

7. 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.

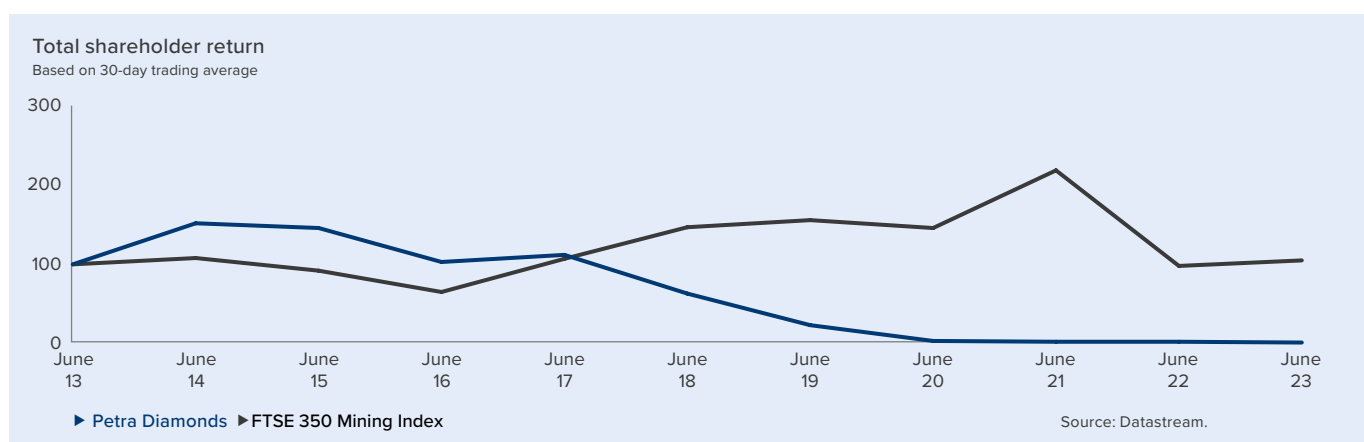
## External non-executive directorships

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 2023 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. The Company's share price was impacted by the Company's capital restructuring which completed in 2021 and this impact is shown in the graph below.





# Directors' Remuneration Report continued

## Table of historical data for the Chief Executive Officer

The table below provides historical comparable remuneration data for the Chief Executive Officer over the last ten financial years.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 <sup>1</sup>		FY 2020	FY 2021	FY 2022	FY 2023
						Johan Dippenaar	Richard Duffy				
Single figure of total remuneration (£)	1,075,225	999,034	1,137,521	545,687	550,801	449,172	145,222	384,256	805,629	1,038,240	<b>1,039,305</b>
Annual bonuses as a % of maximum	85.5%	40.0%	55.0%	11.4%	17.6%	23.7%	29.6%	0.0%	58.9%	78.6%	<b>55.3%</b>
Long-term incentives (PSP vesting) as a % of maximum	62.2%	57.0%	55.0%	24.9%	17.5%	16.6%	n/a	n/a	n/a	40.9% <sup>2</sup>	<b>31.2%</b>
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	<b>n/a</b>

1. 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 Officer effective 1 April 2019 and the above table reflects his remuneration for the three-month period to 30 June 2019.

2. 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.

## 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			FY 2023 Year-on-year change in pay		
	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus	Salary	Benefits	Bonus
<b>Average Company employee</b>	5.0%	13%	10%	2.4%	0%	100%	10.1%	7.0%	25.7%	<b>17%</b>	<b>15%</b>	<b>(22%)</b>
<b>Executive Directors</b>												
Richard Duffy Chief Executive Officer	(8.3%) <sup>1</sup>	(2.4%)	(100%)	0% <sup>1</sup>	0.6%	100%	17.3%	21.2%	31.3%	<b>5.0%</b>	<b>5.0%</b>	<b>(26.1%)</b>
Jacques Breytenbach Chief Financial Officer	(6.5%) <sup>1</sup>	0.9%	(100%)	0% <sup>1</sup>	0.6%	100%	9.4%	13.0%	20.8%	<b>5.0%</b>	<b>5.0%</b>	<b>(25.9%)</b>
<b>Non-Executive Directors</b>												
Peter Hill Non-Executive Chair (appointed 1 January 2020)	n/a	n/a	n/a	0% <sup>2</sup>	n/a	n/a	0%	(3.2%)	n/a	<b>9.1%</b>	<b>33.1%</b>	<b>n/a</b>
Varda Shine Senior Independent Director	(2.0%)	n/a	n/a	33.0% <sup>3</sup>	n/a	n/a	3.8%	n/a	n/a	<b>7.4%</b>	<b>n/a</b>	<b>n/a</b>
Octavia Matloa, iNED (retired 30 June 2023)	5.7%	n/a	n/a	(0.7%)	n/a	n/a	(2.0%)	n/a	n/a	<b>7.3%</b>	<b>n/a</b>	<b>n/a</b>
Bernie Pryor, iNED	(6.3%)	n/a	n/a	18.4% <sup>4</sup>	n/a	n/a	(15.0%) <sup>5</sup>	n/a	n/a	<b>7.3%</b>	<b>n/a</b>	<b>n/a</b>
Deborah Gudgeon, iNED (appointed 1 July 2021)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>5.6%</b>	<b>n/a</b>	<b>n/a</b>
Jon Dudas, iNED (appointed 1 March 2022)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>3.0%</b>	<b>n/a</b>	<b>n/a</b>
Lerato Molebatsi, iNED (appointed 3 April 2023)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Alex Watson, NED (appointed 1 July 2021)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>3.0%</b>	<b>n/a</b>	<b>n/a</b>
Johannes Bhatt, iNED (appointed 1 July 2021)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	<b>3.0%</b>	<b>n/a</b>	<b>n/a</b>

1. The base salaries for Mr Duffy and Mr Breytenbach of £370,800 and £265,200 respectively remained unchanged during FY 2021 and FY 2020.

2. Mr Hill's base fees as Non-Executive Chair for FY 2022, FY 2021 and FY 2020 (pro rata) was £165,000.

3. Ms Shine assumed the role of Senior Independent Director on 17 November 2020.

4. Mr Pryor received an additional fee of £10,000 in FY 2021 as Chair of the Tunajali Committee.

5. 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.



## 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 2023 US\$m	FY 2022 US\$m	Change %
Payments to shareholders	Nil	Nil	—
Group employment costs	124.8	146.0	(15%)

### Service contracts

Director	Role	Date current engagement commenced	Expiry of current term	Notice period by Company or Director
<b>Executive Directors</b>				
Richard Duffy	Chief Executive Officer	1 April 2019	n/a	12 months
Jacques Breytenbach	Chief Financial Officer	19 February 2018	n/a	12 months
<b>Non-Executive Directors</b>				
Peter Hill	Non-Executive Chair	1 January 2023	31 December 2025	1 month
Varda Shine	Senior Independent Director	1 January 2022	31 December 2024	1 month
Octavia Matloa	Independent Non-Executive Director	10 November 2020	30 June 2023 <sup>1</sup>	1 month
Bernie Pryor	Independent Non-Executive Director	1 January 2022	31 December 2024	1 month
Deborah Gudgeon	Independent Non-Executive Director	1 July 2021	30 June 2024	1 month
Jon Dudas	Independent Non-Executive Director	1 March 2022	28 February 2025	1 month
Lerato Molebatsi	Independent Non-Executive Director	3 April 2023	2 April 2026	1 month
Johannes Bhatt	Independent Non-Executive Director	1 July 2021	14 November 2023 <sup>2</sup>	n/a
Alex Watson	Non-Independent Non-Executive Director	1 July 2021	n/a <sup>3</sup>	n/a

1. Octavia Matloa retired from the Board with effect from 30 June 2023.

2. Johannes Bhatt was nominated as a non-independent, Non-Executive Director by Monarch in accordance with the Nomination Agreement between it and the Company. The Nomination Agreement terminated on 8 August 2023, when Monarch's shareholding in Petra reduced to less than 5% of Petra's issued share capital. Notwithstanding this, and in light of his strong overall contribution to the Board, it has been agreed that Mr Bhatt will remain as a Director until the conclusion of Petra's FY 2023 Annual General Meeting. In the absence of any other relationships between Mr Bhatt and Monarch (beyond the circumstances of his initial appointment to the Board) and following the termination of this Nomination Agreement between the Company and Monarch, and as at the date of this Report, the Board considers Mr Bhatt to be independent in accordance with the UK Corporate Governance Code.

3. Alex Watson was nominated as a non-independent, Non-Executive Director by Franklin Templeton Investment Management Limited in accordance with a Nomination Agreement between it and the Company. The term for Ms Watson as a non-independent, Non-Executive Director expires with immediate effect when the Nomination Agreement terminates. The Nomination Agreement terminates when the nominating shareholder holds less than 5% of the shares in Petra.

## Membership of the Committee

The Committee members for FY 2023 were Ms Shine, Mr Pryor, Ms Matloa (retired 30 June 2023), Ms Gudgeon, Mr Dudas and Ms Molebatsi (effective 3 April 2023).

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 2023 for the Committee totalled £70,300 (FY 2022: £38,450) 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 2022 Directors' Remuneration Report, the 2020 Directors' Remuneration Policy and the 2022 amendments to the Directors' Remuneration Policy Report were as follows:

	For	% for	Against	% against	Total votes cast	Withheld
2022 Directors' Remuneration Report	122,479,094	98.98%	1,264,295	1.02%	123,743,389	277,481
2020 Directors' Remuneration Policy <sup>1</sup>	255,716,046	99.98%	40,422	0.02%	255,756,468	9,010
2022 Directors' Remuneration Policy and PSP amendments <sup>2</sup>	105,128,872	84.96%	18,614,517	15.04%	123,743,389	277,481

1. The voting figures in respect of the 2020 Directors' Remuneration Policy were prior to the share consolidation effective 29 November 2021.

2. At the 2022 AGM, shareholders approved an amendment to the Directors' Remuneration Policy and the Performance Share Plan.

We have continued to engage with and listen to our shareholders during FY 2023 as we have developed our remuneration proposals. The Committee and I would like to thank all shareholders who have invested time with us, as it has helped to inform our thoughts on executive remuneration at Petra. Going forward, and as part of our commitment to build on the constructive dialogue we have established, we look forward to continuing this engagement.

### Varda Shine

Remuneration Committee Chair

9 October 2023



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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 the Financial Statements, 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 the Financial Statements, taken as a whole, are fair, balanced and understandable and provide 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 2023 AGM to be held on 14 November 2023.

The Financial Statements were approved by the Board of Directors on 9 October 2023 and are signed on its behalf by:

## Richard Duffy

Chief Executive Officer  
9 October 2023



# 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 2023 and of the Group's loss 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 2023 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 annual 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.

## Material uncertainty related to going concern

We draw attention to Note 1.1 to the financial statements, which sets out the Directors' consideration of going concern. This explains that if the actions taken by producers to curtail supply and the recently announced Indian diamond import moratorium does not result in inventories re-balancing, further extending softer pricing into CY 2024, and the levers in Management's control do not fully cure the potential liquidity covenant breaches in the going concern period, additional working capital funding would be required which is outside of the Group's control.

As stated in Note 1.1, these events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

As a result of the matters set out above and the impact on our risk assessment, going concern was considered to be a key audit matter.

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 and response to the key audit matter included:

- ▶ We have critically reviewed the Directors' base case cashflow and covenant forecasts and evaluated the Directors' assumptions in respect of diamond prices, production, operating costs, foreign exchange rates and capital expenditure. In doing so, we considered historic performance, trading to date in Q1 FY 2024 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 the Directors' base case cashflow forecast to the life of mine models.
- ▶ We have obtained and reviewed the Directors' downside sensitivities scenarios in respect of strengthening of the South African Rand exchange rate, increase in operating costs, reduction in revenue, a combination scenario, and a stressed diamond price sensitivity to model the potential impact of the recently announced Indian import moratorium, as disclosed in Note 1.1.
- ▶ 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 the adequacy of the going concern disclosures in Note 1.1 against the requirements of the relevant accounting standards, and our knowledge and understanding of the underlying business.

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

<b>Coverage</b>	100% (2022: 100%) of Group revenue 99% (2022: 98%) of Group total assets	
<b>Key audit matters ("KAM")</b>	<b>2023</b>	2022
KAM 1	<b>The risk that the life of mine estimates are inappropriate, and assets require impairment.</b>	The risk that the life of mine estimates are inappropriate, and assets require impairment.
KAM 2*	<b>The risk in relation to the legislative environment in Tanzania – Sale of the blocked diamond parcel.</b>	The risk in relation to the legislative environment in Tanzania.
KAM 3	<b>Risk that the environmental rehabilitation and decommissioning provision estimates are inappropriate.</b>	Not applicable.
KAM 4	<b>Going concern.</b>	Not applicable.
	* For KAM 2 we only considered the sale of the blocked diamond parcel to be a KAM in the current year, due to the other legislative matters (i.e., recoverability of VAT receivable, alleged human rights abuses claim and settlement, and framework agreement with Government of Tanzania) being of lower risk.	
<b>Materiality</b>	<b>Group financial statements as a whole</b> \$4.0m (2022: \$6.2m) based on 1.25% of Revenue (2022: 5% of profit before tax).	

## 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 premium 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 by the Group audit team.

As part of our audit strategy, our involvement with component auditors included the following:

- ▶ Issue of detailed Group reporting instructions, which included the significant areas to be covered by their audit (including all significant risks identified by the Group audit team), materiality levels, and required procedures relating to irregularities and fraud. The instructions also 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.
- ▶ Regular communication with the component auditors throughout the planning, execution, and completion phases of the audit.
- ▶ 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.
- ▶ Review of the component auditors' working papers with additional challenge and specific work requests to ensure alignment with conclusions drawn.
- ▶ The Group audit team or a representative of the Group audit team visited all the significant operating mines and spent time with the component auditors responsible for the significant components during their fieldwork and completion phases.





## An overview of the scope of our audit continued

### Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- ▶ Enquiries and challenge of Management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- ▶ Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- ▶ Review of the minutes of the Board and Audit & Risk Committee meeting and other papers related to climate change.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and viability assessment and impairment assessments.

We also assessed the consistency of Management's disclosures included as 'Other Information' on pages 54 to 67 within the Annual Report and financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we considered KAM 1 to be impacted by climate-related risks and related commitments. The explanation of and our audit response to this climate-related risk is included in the related key audit matter below.

### 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. In addition to the matter set out in the Material uncertainty related to going concern section of our report, we have identified the matters below to be the key audit matters to be communicated. 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.

<b>What we considered to be a key audit matter</b>	The risk that the life of mine estimates are inappropriate, and assets require impairment.	The risk in relation to the legislative environment in Tanzania – Sale of the blocked diamond parcel.	Risk that the environmental rehabilitation and decommissioning provision estimates are inappropriate.
<b>Why it represented a key audit matter</b>	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 sale of the blocked diamond parcel. This was 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.	Management was required to exercise significant judgement and estimation in assessing the environmental rehabilitation, decommissioning and closure costs 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.
<b>Relevant information in Financial Statements and Report of the Audit and Risk Committee</b>	Note 7. Report of the Audit and Risk Committee page 104.	Notes 4, 17 and 18. Report of the Audit and Risk Committee page 104.	Note 23. Report of the Audit and Risk Committee page 106.

# 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.

The carrying values of the mining assets at all of the operations were key focus areas for our audit given the current global rough diamond market, the current global economic environment, the variability in product mix and volatility in the ZAR/US Dollar exchange rate. The appropriate disclosure of such judgements and estimates was also a focus for our audit.

As detailed in Note 7, as at 30 June 2023, the Group recognised a reversal of prior year impairments amounting to US\$52.7 million relating to Finsch and recognised an impairment charge amount to US\$31.2 million relating to Williamson.

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 life of mine 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 2023 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, compared the prices achieved in FY 2023 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 short-term pricing for FY2024, we considered the appropriateness of the starting price assumptions for FY2024 which have been adjusted to reflect the pricing achieved during FY2023.
- ▶ In respect of long-term pricing, we considered the appropriateness of the real price growth escalator of 1.9% above a long-term US inflation rate of 2.0% per annum from FY 2025 onwards. 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 plans for increased production, operating cost, and capital expenditure forecasts. In doing so we critically assessed the feasibility of assumed increases in production and the basis for and ability to deliver cost reductions.
- ▶ 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 experts 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.

- ▶ We engaged modelling specialists from the 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 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 performed a detailed walkthrough of the reserves and resources process, including gaining an understanding of the controls in place.
- ▶ We have confirmed the consistency of the reserves and resources in the models through discussion with the Group's geologist to understand the basis for the significant revisions to the estimate and performed risk-based testing of underlying data.
- ▶ We reviewed the appropriateness and adequacy of disclosures in note 7.

### Key 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 2023 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 – Sale of the blocked diamond parcel.

As detailed in notes 4, 17 and 18, in January 2023, it came to Petra's attention that the Government of Tanzania ("GoT") had sold the blocked diamond parcel, either partially or fully. This was verbally confirmed at subsequent meetings with GoT officials, including the Minister of Mines. The Framework Agreement ("FWA") provides for the proceeds of the sale of the Blocked Parcel to be allocated to Williamson.

The confirmation from the GoT confirming that the blocked diamond parcel has been partially sold, resulted in the inventory no longer being available for sale. As such, the full carrying value of US\$12.5 million has been expensed within other direct mining expenses in the Consolidated Income Statement as at 30 June 2023.

The accounting and disclosure for the sale of the blocked diamond parcel required Management to exercise significant judgement and estimation. As such, the accounting and disclosure for the sale of blocked diamond parcel was considered to represent a key audit matter for our audit.

How we addressed the matter:

- ▶ We made inquiries of the Board of Directors, Management, and internal legal counsel regarding of the status of the parcel, developments in the period and the basis for the judgement regarding the classification of the asset on the Statement of Financial Position.
- ▶ We challenged Management's assessment of the accounting for the parcel and the appropriateness of recognising a receivable under IFRS 9 Financial Instruments.
- ▶ We challenged Management on the contractual right for the Group to receive cash proceeds of the sale of the parcel from the GoT, given the Conditions Precedents of the FWA are yet to be met. We requested Management obtain an external legal view in respect of the Group's right to receive proceeds from the sale of the parcel.
- ▶ We evaluated the appropriateness of the legal view obtained by Management to support their position.



## Key audit matters continued

### 2. The risk in relation to the legislative environment in Tanzania – Sale of the blocked diamond parcel. continued

- ▶ We challenged Management on the inputs used in the calculation of fair value assessment of the receivable and found the fair value to be based on the original valuation of the parcel in August 2017 uplifted for the movements in the diamond index between August 2017 to June 2023.
- ▶ We consulted with our internal technical specialist to determine the reasonableness of the accounting treatment.
- ▶ We reviewed the appropriateness and adequacy of disclosures in notes 4, 17 and 18.

#### Key observations:

We found the Group's conclusion that they are entitled to the proceeds of the Parcel to be acceptable and suitably supported by legal advice. Additionally, we found that the estimation of the value of the Parcel to be appropriate. We found the judgements and estimates regarding the valuation, method, and timing of recovery to have been appropriately considered and disclosed in notes 4, 17 and 18.

### 3. Risk that the environmental rehabilitation and decommissioning provision estimates are inappropriate.

As detailed in Note 23, the Group recognised an environmental rehabilitation and decommissioning provision amounting to US\$60.9 million (2022: US\$64.0 million). Significant estimates and assumptions are made in determining the amount attributable to the environmental rehabilitation and decommissioning provisions.

The appropriateness of judgements and estimates applied in determining the environmental rehabilitation and decommissioning provisions, including the required disclosure represented a significant risk for our audit, particularly given the uncertainties such as the legal and regulatory framework, timing, and estimates of future costs.

How we addressed the matters:

- ▶ We challenged Management on the appropriateness of the changes from the prior year to the environmental rehabilitation and decommissioning closure costs by obtaining and evaluating the closure report provided by management's experts.
- ▶ We held discussions with, and evaluated the competence of, Management's external experts and found them to be competent. We also assessed the independence of Management's experts.
- ▶ We engaged our own auditor's external experts to evaluate the accuracy and completeness of the environmental rehabilitation and decommissioning closure used in calculating the provision.
- ▶ We engaged internal valuations experts to evaluate the discount rates and inflation rates applied by Management.
- ▶ We critically assessed the expected timing of the rehabilitation and decommissioning.
- ▶ We reviewed the appropriateness and adequacy of disclosures in note 23.

#### Key observations:

In respect of the environmental rehabilitation and decommissioning provision, we found the Group's judgements and estimates applied to be appropriate. We found the disclosures in note 23 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:

Group financial statements		
	2023	2022
Materiality	<b>US\$4.0 million</b>	US\$6.2 million
Basis for determining materiality	<b>1.25% of Group Revenue</b>	5% of Group Profit Before Tax
Rationale for the benchmark applied	<b>We consider revenue to be an appropriate benchmark for materiality, given the losses incurred by the Group in FY2023 and the loss was not as a result of a once off occurrence.</b>	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 was deemed the most appropriate benchmark for this financial year.
Performance materiality	<b>75% of materiality</b>	75% of materiality
Basis for determining performance materiality	<b>75% of materiality considering the nature of activities and historic audit adjustments.</b>	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

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, based on a percentage of between 30% and 83% (2022: 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\$1.2 million to US\$3.3 million (2022: US\$1.6 million to US\$5.3 million). In the audit of each component, we further applied performance materiality levels of 75% (2022: 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 & Risk Committee that we would report to them all individual audit differences in excess of \$0.08m (2022: \$0.1m). 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 Financial Statements for the Year Ended 30 June 2023 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.

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### 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 169 to 171); 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 110 and 112).

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### Other Code provisions

- ▶ Directors' statement on fair, balanced and understandable (set out on page 109);
  - ▶ Board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on pages 72 to 77);
  - ▶ The section of the annual report that describes the review of effectiveness of risk management and internal control systems (set out on pages 101 and 102); and
  - ▶ The section describing the work of the audit committee (set out on pages 99 to 108).
- 

## 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.

### 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:



## Auditor's responsibilities for the audit of the financial statements continued

### Extent to which the audit was capable of detecting irregularities, including fraud continued

#### Non-compliance with laws and regulations

Based on:

- ▶ Our understanding of the Group and the industry in which it operates;
- ▶ Discussion with management, those charged with governance, legal counsel, and the Audit and Risk Committee; and
- ▶ Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations we considered the significant laws and regulations to be the Bermuda Companies Act 1981, the UK Listing Rules, the applicable accounting standards, the UK Bribery Act 2010, and tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, environmental legislation, and employment laws.

Our procedures in respect of the above included:

- ▶ Discussions with management, those charged with governance, legal counsel, and the Audit and Risk Committee to consider any known or suspected instances of non-compliance with laws and regulations;
- ▶ Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- ▶ Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- ▶ Review of financial statement disclosures and agreeing to supporting documentation;
- ▶ Involvement of tax specialists in the audit; and
- ▶ Review of legal expenditure accounts to understand the nature of expenditure incurred.

#### Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- ▶ Enquiry with management and those charged with governance; Audit and Risk Committee, and internal audit regarding any known or suspected instances of fraud;
- ▶ Obtaining an understanding of the Group's policies and procedures relating to:
  - ▶ Detecting and responding to the risks of fraud; and
  - ▶ Internal controls established to mitigate risks related to fraud.
- ▶ Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- ▶ Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- ▶ Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the area's most susceptible to fraud to be management override of controls through inappropriate journal entries, revenue recognition, and bias in key estimates and judgements.

Our procedures in respect of the above included:

- ▶ Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;

- ▶ Performing 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;
- ▶ Assessing whether the judgements made in accounting estimates were indicative of a potential bias (refer to key audit matters above);
- ▶ Extending 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;
- ▶ Testing a sample of revenue entries to supporting documentation, including testing the cut-off of revenue transactions in the period proceeding and preceding year end;
- ▶ Reviewing the whistleblowing register and obtained an understanding of a selection of reports; and
- ▶ Agreeing 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 all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed in this regard.

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](http://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.

#### Jack Draycott

For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
9 October 2023

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 2023

US\$ million	Notes	2023	Restated 2022
Revenue	2	<b>325.3</b>	563.7
Mining and processing costs	3	<b>(297.6)</b>	(356.6)
Other direct mining expense	4	<b>(12.9)</b>	(1.0)
Other direct mining income	4	<b>12.3</b>	—
Corporate expenditure including settlement costs	5	<b>(22.9)</b>	(14.1)
Other corporate income		<b>1.0</b>	0.6
Impairment reversal of non-financial assets	7	<b>52.7</b>	21.4
Impairment charge of non-financial assets	7	<b>(32.7)</b>	—
Impairment charge of other receivables	7	<b>(4.9)</b>	(1.5)
<b>Total operating costs</b>		<b>(305.0)</b>	(351.2)
Financial income	8	<b>11.1</b>	18.7
Financial expense	8	<b>(70.8)</b>	(91.7)
Gain on extinguishment of Notes net of unamortised costs	8	<b>0.6</b>	—
<b>(Loss)/profit before tax</b>		<b>(38.8)</b>	139.5
Income tax charge	9	<b>(23.1)</b>	(37.8)
<b>(Loss)/profit for the year from continuing operations</b>		<b>(61.9)</b>	101.7
Loss on discontinued operation including associated impairment charges (net of tax)	34	<b>(40.5)</b>	(13.6)
<b>(Loss)/profit for the Year</b>		<b>(102.4)</b>	88.1
(Loss)/profit for the Year attributable to:			
Equity holders of the parent company		<b>(105.3)</b>	69.0
Non-controlling interest		<b>2.9</b>	19.1
		<b>(102.4)</b>	88.1
<b>Earnings per share attributable to the equity holders of the parent during the Year</b>			
From continuing operations:			
Basic (loss)/earnings per share – US\$ cents	11	<b>(38.10)</b>	40.74
Diluted (loss)/earnings per share – US\$ cents	11	<b>(38.10)</b>	40.74
From continuing and discontinued operations:			
Basic (loss)/earnings per share – US\$ cents	11	<b>(54.21)</b>	35.53
Diluted (loss)/earnings per share – US\$ cents	11	<b>(54.21)</b>	35.53

The notes on pages 169 to 218 form part of these Financial Statements.



# Consolidated Statement of Other Comprehensive Income

For the Year ended 30 June 2023

US\$ million	2023	Restated 2022
(Loss)/profit for the Year	<b>(102.4)</b>	88.1
<i>Other comprehensive profit/(loss) that will not be reclassified to the Consolidated Statement of Profit or Loss in subsequent periods</i>		
Exchange differences on translation of the share-based payment reserve	<b>0.2</b>	(0.3)
<i>Other comprehensive loss that will be reclassified to the Consolidated Statement of Profit or Loss in subsequent periods</i>		
Exchange differences on translation of foreign operations <sup>1</sup>	<b>(50.4)</b>	(46.8)
Exchange differences on non-controlling interest <sup>1</sup>	<b>(1.9)</b>	(0.4)
<b>Total comprehensive (loss)/income for the Year, net of tax</b>	<b>(154.5)</b>	40.6
<b>Total comprehensive income for the Year attributable to:</b>		
Equity holders of the parent company	<b>(155.5)</b>	21.9
Non-controlling interest	<b>1.0</b>	18.7
	<b>(154.5)</b>	40.6

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.

The notes on pages 169 to 218 form part of these Financial Statements.



## Consolidated Statement of Financial Position

At 30 June 2023

US\$ million	Notes	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	598.1	633.2
Right-of-use asset	14	26.6	21.9
BEE loans receivable	15	37.3	44.6
Other receivables	17	6.6	2.6
<b>Total non-current assets</b>		<b>668.6</b>	702.3
<b>Current assets</b>			
Trade and other receivables	17	42.0	49.8
Inventories	18	88.4	70.6
Cash and cash equivalents (including restricted amounts)	19	61.8	288.2
<b>Total current assets</b>		<b>192.2</b>	408.6
<b>Total assets</b>		<b>860.8</b>	1,110.9
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	20	145.7	145.7
Share premium account	20	609.5	959.5
Foreign currency translation reserve	20	(499.3)	(448.9)
Share-based payment reserve	20	3.9	1.9
Other reserves	20	(0.8)	(0.8)
Accumulated reserves/(losses)	20	61.7	(183.6)
<b>Attributable to equity holders of the parent company</b>		<b>320.7</b>	473.8
Non-controlling interests	16	(3.9)	4.7
<b>Total equity</b>		<b>316.8</b>	478.5
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	21	222.4	353.9
Provisions	23	99.1	97.7
Lease liability	14	25.8	19.2
Deferred tax liabilities	24	82.0	71.3
<b>Total non-current liabilities</b>		<b>429.3</b>	542.1
<b>Current liabilities</b>			
Loans and borrowings	21	25.1	12.3
Lease liability	14	3.0	3.2
Trade and other payables	22	69.0	74.8
Provisions	23	17.6	—
<b>Total current liabilities</b>		<b>114.7</b>	90.3
<b>Total liabilities</b>		<b>544.0</b>	632.4
<b>Total equity and liabilities</b>		<b>860.8</b>	1,110.9

The notes on pages 169 to 218 form part of the Financial Statements.

The Financial Statements were approved and authorised for issue by the Directors on 9 October 2023.





# Consolidated Statement of Cashflows

For the Year ended 30 June 2023

US\$ million	Notes	2023	2022
<b>(Loss)/profit before taxation for the Year from continuing and discontinued operations</b>		<b>(79.3)</b>	125.9
Depreciation of property, plant and equipment		<b>82.5</b>	82.5
Amortisation of right-of-use asset		<b>3.2</b>	2.5
Impairment reversal – non-financial assets	7	<b>(52.7)</b>	(21.4)
Impairment charge – non-financial assets	7	<b>32.7</b>	—
Impairment charge – other receivables	7	<b>4.9</b>	1.5
Gain on extinguishment on Notes		<b>(0.6)</b>	—
Non-cash items relating to discontinued operations		<b>21.5</b>	1.2
Movement in provisions		<b>7.0</b>	1.0
Dividend received from BEE Partner		<b>(0.5)</b>	(0.6)
Financial income	8	<b>(11.1)</b>	(18.7)
Financial expense	8	<b>70.8</b>	91.7
Loss on sale of property, plant and equipment		<b>1.4</b>	1.6
Share-based payment expense		<b>2.3</b>	1.1
<b>Operating profit before working capital changes</b>		<b>82.1</b>	268.3
Decrease/(increase) in trade and other receivables		<b>0.4</b>	(7.1)
(Decrease)/increase in trade and other payables		<b>(9.9)</b>	24.5
Increase in inventories		<b>(26.1)</b>	(1.7)
<b>Cash generated from operations</b>		<b>46.5</b>	284.0
Net realised gains/(losses) on foreign exchange contracts		<b>1.9</b>	12.6
Finance expense paid		<b>(8.4)</b>	(6.3)
Income tax received/(paid)		<b>0.6</b>	(7.8)
<b>Net cash generated from operating activities</b>		<b>40.6</b>	282.5
<b>Cashflows from investing activities</b>			
Acquisition of property, plant and equipment		<b>(113.0)</b>	(54.0)
Proceeds from sale of property, plant and equipment		<b>1.0</b>	—
Loan repayment from BEE Partners		<b>—</b>	0.2
Dividend paid to BEE Partners		<b>(3.8)</b>	(3.5)
Dividend received from BEE Partner		<b>0.5</b>	0.6
Repayment of loans from KEM JV		<b>0.5</b>	2.5
Finance income		<b>3.9</b>	1.3
<b>Net cash utilised in investing activities</b>		<b>(110.9)</b>	(52.9)
<b>Cashflows from financing activities</b>			
Principal paid on lease liabilities		<b>(4.6)</b>	(3.2)
Repayment of borrowings (Including Notes redemption premium of US\$1.5 million; 30 June 2022: US\$nil)		<b>(146.1)</b>	(98.2)
<b>Net cash utilised in financing activities</b>		<b>(150.7)</b>	(101.4)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(221.0)</b>	128.2
Cash and cash equivalents at the beginning of the Year		<b>271.9</b>	156.9
Effect of exchange rate fluctuations on cash held		<b>(6.8)</b>	(13.2)
<b>Cash and cash equivalents at the end of the Year<sup>1</sup></b>	19	<b>44.1</b>	271.9

1. Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of US\$17.7 million (30 June 2022: US\$16.3 million) and unrestricted cash of US\$44.1 million (30 June 2022: US\$271.9 million).

Notes to the Consolidated Statement of Cashflows are set out in note 28.

The notes on pages 169 to 218 form part of the Financial Statements.



# Consolidated Statement of Changes in Equity

For the Year ended 30 June 2023

US\$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Accumulated reserves/(losses)	Attributable to the parent	Non-controlling interest	Total equity
At 1 July 2022	145.7	959.5	(448.9)	1.9	(0.8)	(183.6)	473.8	4.7	478.5
(Loss)/profit for the Year	—	—	—	—	—	(105.3)	(105.3)	2.9	(102.4)
Other comprehensive expense	—	—	(50.4)	0.2	—	—	(50.2)	(1.9)	(52.1)
Conversion of share premium (refer to note 20)	—	(350.0)	—	—	—	350.0	—	—	—
Dividend paid to non-controlling interest shareholders	—	—	—	—	—	—	—	(9.6)	(9.6)
Equity-settled share-based payments	—	—	—	2.4	—	—	2.4	—	2.4
Transfer between reserves	—	—	—	(0.6)	—	0.6	—	—	—
<b>At 30 June 2023</b>	<b>145.7</b>	<b>609.5</b>	<b>(499.3)</b>	<b>3.9</b>	<b>(0.8)</b>	<b>61.7</b>	<b>320.7</b>	<b>(3.9)</b>	<b>316.8</b>

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

The notes on pages 169 to 218 form part of these Financial Statements.



# Notes to the Annual Financial Statements

For the Year ended 30 June 2023

## 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 2023 delivered US\$113.1 million in adjusted EBITDA and US\$40.6 million in cash from operating activities, while total capital expenditure amounted to US\$117.1 million for the Year following the ramping up of underground development projects at both Cullinan Mine and Finsch. Consolidated net debt increased from US\$40.6 million at 30 June 2022 to US\$176.8 million as at 30 June 2023. This was largely driven by the decision to defer a portion of Tender 5 (May) and the majority of Tender 6 (June) in FY 2023 on account of seasonal weakness coupled with a more cautious and disciplined approach with regards to inventory management by the mid-stream as a result of high finance costs. Based on the previous definition of Exceptional Stones (diamonds sold for US\$5 million or more each), FY 2023 realised US\$12.6 million as a contribution from these Exceptional Stones, compared to US\$89.1 million in FY 2022. Applying the updated definition of Exceptional Stones (diamonds sold for US\$15 million or more each), there was no contribution from Exceptional Stones in FY 2023, compared to US\$40.2 million realised in FY 2022.

#### Operational update

The first half of FY 2023 saw Petra's operations having to deal with operational challenges. CDM experienced lower grades in the C-Cut block cave on account of earlier than expected waste ingress, resulting in lower ROM carats being recovered, while also lowering the projected ROM carat production for the remainder of FY 2023 and FY 2024. FDM challenges were as a result of low machine availability owing to an ageing underground fleet, challenges with the centralised blasting system and emulsion quality and an extended rock-winder breakdown. WDL was performing well during H1 FY 2023, until the Tailings Storage Facility (TSF) incident in the first week of November 2022, which led to a suspension of operations for the remainder of the Year. Finally, KDM continued to struggle in achieving its budgeted production targets and was subsequently placed on care and maintenance (C&M) in November 2022.

Several mitigation steps were initiated during H2 FY 2023 to minimise the above impacts. At CDM, these included the re-opening of Tunnels 36 (which has already occurred) and 41 and the addition of pillar retreats, while the addition of two more tunnels (T46 and T50) adjacent to the current C-Cut centre was also approved during H2 FY 2023, both of which are anticipated to deliver on relatively higher-grade ore towards the end of FY 2024 (compared to the current grades being achieved from the balance of the C-Cut). The CCIE project, which is expected to significantly increase the overall ROM grade at CDM, remains on track for production to commence in FY 2025.

At FDM, mitigation steps included new underground equipment being delivered and commissioned, coupled with positive changes to the blasting process, the introduction of new long hole drill rigs and Load Haul Dump (LHDs) loaders as well as the appointment of individuals to a number of key positions. Furthermore, the 3-level SLC project scope was amended to go up to 90L, which adds additional production tonnes to the life of mine plan. The mitigation steps undertaken are expected to stabilise production at FDM, while the 3-level-SLC 90L project is planned to start contributing to production from FY 2025 onwards, supporting increased grades at FDM.

At Williamson, the TSF failure in November 2022 significantly disrupted WDL's operational run rate which had largely stabilised after a lengthy care and maintenance period post the COVID-19 pandemic. There were no serious injuries as a result of the failure, both at the mine and the surrounding communities. Since the TSF incident, WDL has been focused on rehabilitation efforts due to the tailings failure, with new infrastructure being built to further safe-guard the communities downstream of the mine. In parallel, a new TSF was constructed, which received the required permits and complies with the GISTM standards. Subsequently, production resumed at WDL in July 2023, shortly after Year end, with a steady ramp-up currently underway. While most of the activities were funded by WDL's on-mine cash reserves, PDL and the mining contractor, Taifa, have advanced priority loans totalling US\$12 million to assist WDL's liquidity requirements, with a local overdraft facility also in place. WDL's short-term liquidity needs are receiving focused attention to ensure WDL remains as a going concern.

As noted above, KDM was placed on C&M in November 2022. The KDM workforce was retrenched through a Section 189(3) process, as set out in the South African Labour Relations Act. Certain of the retrenched employees were appointed on fixed-term contracts to carry out C&M activities. In parallel, the KDM sales process failed to identify a possible buyer. Consequently, the mine has commenced with detailed closure planning, with the main focus on obtaining the required permits to cease dewatering of the underground workings, which remains a significant cost element during the C&M period. The social transition, including implementation of the committed Social and Labour Plans also continue in parallel to the C&M activities and the closure roadmap planning.



# Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

## 1. Accounting policies continued

### 1.1 Basis of preparation continued

#### Diamond prices and market outlook

The diamond prices consolidated their gains from FY 2022 up until Q3 FY 2023, but experienced softness in Q4 FY 2023. The softening of the diamond prices during Q4 FY 2023 is ascribed to two main factors, namely the seasonal weakness due to summer holidays and lack of festive induced demand coupled with high financing costs, on account of the elevated interest rates, resulting in a far more cautious and disciplined approach applied by the midstream for their inventory management. Indications are that interest rates have now peaked and will start to decline, providing support to our view of improved demand in the medium term because of the structural supply deficit. In addition, recent announcements by major producers to constrain the supply of rough diamonds to the midstream coupled with the G7's ongoing assessment of further sanctions or mechanisms to restrict the trade of diamonds of Russian origin should also provide support to diamond prices.

On 27 September 2023 and after the release of the Group's FY 2023 Preliminary Results, a group of Indian trade organisations, led by the Gem & Jewellery Export Promotion Council (GJEPC), announced a two-month voluntary moratorium on diamond imports to India (from 15 October to 15 December 2023) to allow the mid-stream to normalise inventory levels. Together with producers withholding supply to the market, this step should support medium and longer-term diamond prices through the rebalancing of inventory across the diamond value chain, albeit that short-term price volatility is expected to be elevated. In response to the moratorium on diamond imports to India, Petra has brought forward its Tender 2 sales. As announced on 6 October, the initial Tender 2 sales results saw around 75% of the total tender volume being sold, with like-for-like prices declining by 16 to 18% compared to prices achieved in Tender 1 FY 2024. This reflected prevailing market weakness largely ascribed to a lack of demand from Indian-based buyers, most of which are already adhering to the voluntary import moratorium. The price movements observed supported management's assumptions in the Stressed Diamond Price sensitivity as described in the "Forecast liquidity and covenants" section below. The upcoming seasonally stronger demand period of Diwali, Thanksgiving, Christmas and the Chinese New Year are anticipated to increase demand for diamond jewellery and provide further support to rebalancing the inventory pipeline. Prices are expected to remain volatile for the balance of CY 2023 and into CY 2024 while the current inventory imbalance is being restored.

The Group achieved an all-in diamond price of US\$135/ct during FY 2023 (excluding contributions from Exceptional Stones, applying the previous definition) compared to an all-in diamond price of US\$140/ct during FY 2022 (also excluding contributions from Exceptional Stones, again applying the previous definition). This represents a marginal reduction of 3.6% year on year and was partly also influenced by lower contributions from both WDL and KDM product mix, which averages higher US\$/ct prices, albeit at reduced volumes. Post period end, Tender 1 of FY 2024 closed in August, with realised prices in line with expected levels. Tender 2 partially closed in early October, as outlined above, with realised prices 16 to 18% down on those achieved in Tender 1.

#### Williamson updates

The Group announced the signing of a Framework Agreement with the Government of Tanzania (GoT) 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. During the Year, it came to Petra's attention that the GoT sold the blocked diamond parcel, either partially or fully. The Framework Agreement provides for the proceeds of the sale of this parcel to be allocated to Williamson. The GoT has not yet remitted the proceeds to the mine, and Petra has opened discussions with the GoT to resolve this matter in due course. Should the proceeds not be remitted, in accordance with the terms of the framework agreement, the obligation to commence with payments towards settling an amount of US\$20 million owed to the GoT related to historical disputes, would not be triggered.

The Framework Agreement is expected to provide fiscal stability for the mine and its investors and is expected to become effective during the second half of FY 2024, pending satisfaction of certain suspensive conditions.

During FY 2023, Petra and Taifa (previously Caspian) executed a Sale of Shares Agreement, to give effect to a Memorandum of Understanding (MOU) entered into in December 2021, for Taifa to acquire 50% of Petra's stake in Williamson for a purchase consideration of US\$15 million. This agreement is subject to certain regulatory approvals and is anticipated to become effective during the second half of FY 2024.

#### Williamson short-term liquidity outlook

It should be noted that the Group's going concern assessment is performed excluding Williamson's trading results, as Williamson is considered a ring-fenced operation for these purposes, as per the definitions and requirements set forth in the Group's financing agreements.

Williamson continues to focus on steadily ramping up production post its restart in July 2023, and is currently performing ahead of its assumed ramp-up profile. Williamson has also successfully upsized its overdraft facility from US\$7 million to US\$10 million, effective September 2023. Williamson may, however, encounter short-term liquidity challenges over the next 12-18 months, may further be exacerbated by the Indian import moratorium mentioned above. These may be mitigated by means of optimizing tender timings, selling through alternate sales channels, initiating cost reduction/deferral opportunities, and/or benefitting from the faster-than-anticipated startup and increasing production.

From a Group perspective, if these levers at Williamson do not materialise, then as a last resort, there may be further contribution of up to US\$5 million from the Group to Williamson, as a priority shareholder loan, during the going concern assessment period. This further cash contribution to Williamson will be at the discretion of the Petra Board and is not expected to impact the Group's ability to continue as a going concern, should this materialise.

#### Bond tender offer and South African banking facilities

During FY 2023, the Group carried out a successful tender offer to its Noteholders, repaying the Noteholders US\$144.6 million (principal plus interest), utilising existing cash reserves, resulting in further deleveraging of the Group. This will save the Group c.US\$15 million per annum in interest.

The Group's ZAR 1 billion senior Revolving Credit Facility (RCF) remained undrawn at 30 June 2023, with the Group having access to the full ZAR 1 billion (US\$53.1 million). Post Year end, the Group utilised ZAR 850 million following a decision to defer tenders during Q4 FY 2023, as noted above.

The Group continues to assess opportunities for further debt optimisation in the current market, with the Group's bonds maturing in March 2026.



## 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 going concern assessment to December 2024, 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 Board has given careful consideration to potential risks identified in meeting the forecasts under the review period. Therefore, the following downside sensitivities have been performed (sensitivities applied throughout the period, unless otherwise stated) in assessing the Group's ability to operate as a going concern (in addition to the base case) at the date of this Report:

- ▶ ZAR stronger by 5%
- ▶ Revenue down 10%
- ▶ Opex up by 5% (could be higher inflation, logistics costs, direct energy costs, etc.)
- ▶ Extension capex up by 5%
- ▶ Combined sensitivity: revenue down 5% + ZAR stronger by 5% (effectively resulting in opex and total capex up by 5% in USD terms)
- ▶ A Stressed Diamond Price sensitivity – to model the potential impact of the recently announced Indian import moratorium, resulting in prices that are on average 16.5% lower for FY 2024, and 5% lower for FY 2025

The forward-looking covenant measurements for the base case and all of the sensitised cases do not project any breaches for the leverage or interest cover ratio covenants. The minimum liquidity covenant for the unmitigated Combined, Revenue down 10% and the Stressed Diamond Price sensitivities is forecasted to be breached during the Going Concern assessment period to December 2024.

Management believes potential liquidity covenant breaches as a result of the above sensitivities could be cured by means of the following levers:

- a. Hedging opportunities – the Group actively monitors the USD:ZAR exchange rate and proactively locks in hedges to benefit from periods of weaker ZAR, which results in cash flow savings compared to the base case USD:ZAR forecast;
- b. Deferral of feasibility studies – this includes planned costs associated with feasibility studies on future extension opportunities;
- c. Release of diamond inventory – the Group would be able to release inventory through optimising mine to market lead times and/or more frequent tenders;
- d. Deferral of extension capex – the Group is projecting substantial capex spend largely driven by the approved extension projects at CDM and FDM; and
- e. Opex and SIB capex cost savings or deferrals – the Group, upon further assessment and as may be required once the above levers are extinguished, would look to initiate potential cost avoidance and/or deferral measures, such as temporary freezing of non-critical appointments, cash cost reduction initiatives targeting non-critical spend, working capital management, etc.

If the levers in Management's control do not fully cure the potential liquidity covenant breaches, additional working capital funding would be required. Notwithstanding this, Management has commenced engagement with its first lien lender to potentially upsize its existing Revolving Credit Facility. This would be the Group's preferred option as it would provide the Group with the additional headroom required to continue operating with minimal disruptions. Any increase in the Revolving Credit Facility would be subject to the lender's credit approval processes.

#### Conclusion

The Board is of the view that despite the current volatility being experienced, the medium to longer-term supply/demand fundamentals of the diamond market remain intact, with the Group also continuing to benefit from an improving operating model and reduced gross debt throughout the review period and beyond. Based on its assessment of the forecasts, principal risks and uncertainties and mitigation actions considered available to the Group in the event of downside sensitivities, the Board confirms that it is satisfied that the Group will be able to continue to operate and meet its liabilities as they fall due over the Going Concern review period.

However, if the actions taken by the producers to curtail supply and the recently announced Indian diamond import moratorium do not result in inventories re-balancing, further extending softer pricing into CY 2024, and the levers in Management's control do not fully cure the potential liquidity covenant breaches, additional working capital funding would be required (subject to our lender's credit approval processes). These factors indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Financial Statements do not include the adjustments that would result if the Group were unable to continue as a going concern.



# Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

## 1. Accounting policies continued

### 1.1 Basis of preparation continued

#### 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 ZAR 18.83 as at 30 June 2023 (30 June 2022: ZAR 16.27) and at an average rate of ZAR 17.77 for transactions during the Year ended 30 June 2023 (30 June 2022: ZAR 15.22).

#### 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.

#### 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.

#### 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, are attributed to the non-controlling interest even if that results in a deficit balance. At Year end, non-controlling interest share of losses at Williamson is not recognised as the GoT will not contribute in respect of accumulated losses. The finalisation of the Framework Agreement will result in future non-controlling interest at Williamson being recognised.



## 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 proceeds	17
Inventory and inventory stockpiles	18
Recoverability of confiscated diamond parcel in Tanzania	18
Provision for rehabilitation estimates	23
Provision for Koffiefontein mine closure costs estimates	23
Provision for Human rights settlement claims estimates	23
Provision for Tailings Storage Facility costs	23
Pension scheme estimates	30
Post-retirement medical fund estimates	31
Discontinued operations	34

### 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 2022; 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 2023 or in later periods, which the Group has decided not to adopt early.

		Effective period commencing on or after
Amendments to IAS 8	Amendments to IAS 8 – Definition of accounting estimates	1 January 2023 <sup>1</sup>
Amendments to IFRS 16 Leases	Lease Liability in a Sale and Leaseback	1 January 2024 <sup>1</sup>
IFRS 17 Insurance contracts	IFRS 17 Insurance contracts including Amendments to IFRS 17	1 January 2023
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023 <sup>2</sup>
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
Amendments to IAS 12	Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules	1 January 2023 <sup>1</sup>
Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements	Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements	1 January 2024 <sup>1</sup>
Amendments IAS 1	Amendments to IAS 1 – Classification of liabilities as current or non-current	1 January 2024 <sup>1</sup>

1. Not yet endorsed.

2. Endorsed 29 September 2022.

The only new standards, amendments and interpretations to existing standards which have been published that is mandatory for the Group's accounting periods beginning on or after 1 July 2023 or in later periods which will be significant or relevant to the Group are:



# Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

## 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 2024 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	2023 <sup>1</sup>	Restated 2022
Revenue from diamond sales	325.3	563.7

1. The Group's revenue comprises the sale of rough diamonds and polished stones. The sale of rough diamonds contributed US\$323.7 million (30 June 2022: US\$560.4 million) with polished stones contributing US\$1.6 million (30 June 2022: US\$3.3 million). Included in the US\$1.6 million (30 June 2022: US\$3.3 million) sale of polished stones is the uplift of US\$1.4 million (30 June 2023: US\$1.1 million) generated by a profit share agreement. The disaggregation of revenue is disclosed per segment as per note 33.

## 3. Mining and processing costs

Refer to notes 10, 13, 14 and 18 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	2023	Restated 2022
Raw materials and consumables used	137.9	135.6
Employee expenses	104.7	123.0
Depreciation of mining assets	82.0	81.9
Amortisation of right-of-use asset	3.0	2.3
Diamond royalty	4.1	14.4
Changes in inventory of finished goods and stockpiles	(34.1)	(0.6)
	297.6	356.6





#### 4. Other direct mining expense/(income)

US\$ million	2023	Restated 2022
Loss/(profit) on disposal of fixed assets	1.4	1.6
Other income	(0.9)	(0.6)
Williamson blocked parcel inventory write down <sup>1</sup>	12.5	—
Williamson receivable recognition <sup>1</sup>	(12.4)	—
	0.6	1.0

1. Diamond inventories for periods prior to 30 June 2023 include the 71,654.45 carat Williamson parcel of diamonds blocked for export during August 2017, with a carrying value of US\$12.5 million. Under the Framework Agreement entered into with the Government of Tanzania (GoT) in December 2021, it is stated that the proceeds from the sale of this parcel are to be applied to the Williamson mine to assist with the restart of operations and that in the event such proceeds are not received by Williamson, Williamson is not required to pay a US\$20 million liability relating to the settlement of past tax disputes. During recent discussions, the GoT confirmed that the blocked parcel was partially sold during the period and so this parcel has been excluded from diamond inventories and expensed to other direct mining expense with the calculated fair value proceeds of US\$12.4 million for the blocked parcel recognised as other direct mining income and trade and other receivables as at 30 June 2023. During these recent discussions, the parties also confirmed their intent to resolve the treatment of the blocked parcel sale proceeds and the related US\$20 million settlement liability.

#### 5. Corporate expenditure

Corporate expenditure includes:

US\$ million	2023	2022
Depreciation of property, plant and equipment	0.6	0.6
Amortisation of right-of-use asset	0.2	0.2
London Stock Exchange and other regulatory expenses	1.4	1.5
Transaction costs – redemption of Notes	6.8	—
Costs / (settlement reversal) – human rights claims at Williamson (including IGM remedies) <sup>1</sup>	8.5	(0.8)

##### Staff costs:

Share-based expense – Directors	2.3	1.1
Salaries and other staff costs	4.9	5.1
Total staff costs	7.2	6.2

1. Refer to Note 23.

#### 6. Auditors' remuneration

US\$ million	2023	2022
Audit services <sup>1</sup>	1.2	0.9
Audit-related assurance services <sup>2</sup>	0.2	0.1
Non-audit services	—	—
<b>Total</b>	<b>1.4</b>	<b>1.0</b>

1. Audit services are in respect of audit fees for the Group. They comprise of amounts payable to BDO UK US\$0.8 million (FY 2022: US\$0.5 million), BDO SA US\$0.3 million (FY 2022: US\$0.3 million) and KPMG Tanzania US\$0.1 million (FY 2022: US\$0.1 million).

2. Audit-related services are in respect of the interim review of US\$0.2 million (FY 2022: 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 2022: US\$5.0k).

#### 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. Recoverable amount is the higher of fair value less costs to sell and value in use. The recoverable amount is determined on the value in use basis.

In assessing the recoverable amount, which is determined on the value in use 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.



# Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

## 7. Impairment of operational assets and other assets continued

### 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 177 to 179.

#### 30 June 2023

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, or whenever current market conditions provide an indication of a possible impairment of the Group's operational assets. 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.

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, impairment of property, plant and equipment was considered appropriate for Cullinan and Williamson, and an impairment reversal was considered appropriate for Finsch in the current Year. The Group recognised an asset level net impairment reversal of US\$20.0 million, being Management's estimate of the increase in the value of the Cullinan, Finsch and Williamson Mines. The net impairment reversal comprises of a US\$ 52.7 million reversal of prior year impairments at Finsch, and impairment charges of US\$1.5 million at Cullinan and US\$31.2 million at Williamson.

The impairment reversal at Finsch was driven by the updated 3-Level SLC project to 90L, approved in November 2022 as well as the continued material weakening of the ZAR:USD exchange rate throughout H2 FY 2023. Management performed an assessment of past impairments and identified a maximum reversal of US\$52.7 million at Finsch. The impairment charge of US\$31.2 million at Williamson is based on the updated Mine Plan to 2030, which includes a steady ramp-up during FY 2024 post the restart of operations in July 2023 (which assumes lower carats will be produced in FY 2024 compared to the FY 2022 mine plan). In addition, there is additional capital expenditure to be incurred at Williamson for the construction of the second compartment of the new Tailings Storage Facility to continue mining up to the current 2030 mine plan. Given that there are currently no discussions taking place with government to extend the mine plan beyond FY 2030, the period of non-production during FY 2023 also contributed to the impairment charge recognised. The Group also recognised an asset level impairment charge of US\$0.8 million, being Management's estimate of the decrease in the value of the Koffiefontein assets as mining activities have ceased and the operation has been placed on permanent care and maintenance with the application to the DMRE for a mine closure certificate in progress. Details of the impairment test assessments for the operations are shown in note 7.1 below.

The Group also recognised a non-financial receivables charge of US\$4.9 million, comprising an impairment charge of US\$3.9 million, being Management's estimate of the recoverability of the Tanzania VAT receivable, an impairment charge of US\$1.0 million related to the KEM JV receivable.

#### 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, or whenever current market conditions provide an indication of a possible impairment of the Group's operational assets. 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 FY 2022, 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, Finsch and Williamson, nor was any impairment reversal considered appropriate. 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 was no longer considered an asset held for sale.



## 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 2032 (FY 2022: FY 2031).</p> <p>Finsch: FY 2031 (FY 2022: FY 2030).</p> <p>Koffiefontein: Mine on care and maintenance (FY 2022: FY 2025) – current production has ceased and the operation has been placed on permanent care and maintenance with no intention of bringing the operation back into production in the future.</p> <p>Williamson: FY 2030 (FY 2022: FY 2030).</p> <p>Resources remaining after the 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, including the C-Cut Extension approved during FY 2023, over the next nine years; total resource processed 32.9 Mt (FY 2022: current mine plan over the next nine years; total resource processed 34.2 Mt).</p> <p>Finsch: Current mine plan, including the rescope 3L-SLC project to 90L approved during FY 2023, over the next eight years; total resource processed 22.3 Mt (FY 2022: current mine plan over the nine years; total resource processed 23.1 Mt).</p> <p>Koffiefontein has been put on permanent care and maintenance and has ceased production.</p> <p>Williamson: Current mine plan over the next seven years, total resource processed 37.4 Mt (FY 2022: current mine plan over the next eight years, total resource processed 43.3 Mt).</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 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.</p> <p>No residual values were included in the impairment assessments of the other mining operations due to the mine plan aligning with the resource base estimated to be available at the end of the current mine plan.</p>
Diamond prices <sup>1</sup>	<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 2023 impairment testing models starting price assumptions have been adjusted to reflect the pricing achieved during the FY 2023. 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 onwards. The Cullinan Mine and Williamson, from time to time, recover stones of high value. The Group used to classify stones above US\$5 million in value as Exceptional Stones. From FY 2024 onwards, the Group has revised its definition of Exceptional Stones to those stones with a value above US\$15 million. The Group does not include any contribution from Exceptional Stones (as per the new definition of US\$15 million) as part of the business planning or price assumptions, and these stones would represent windfall earnings for the Group. For context, the Group has sold stones meeting the new Exceptional Stones definition on three occasions since FY 2016.</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>

1. On 27 September 2023, a group of Indian trade organisations, led by the Gem and Jewellery Export Promotion Council (GJEPC), announced a two-month voluntary moratorium on diamond imports to India (from 15 October to 15 December 2023) to allow the mid-stream to normalise inventory levels. The Group will be closely monitoring the possible impact on sales disruptions and price movements during this period. Refer to note 36 for further detail.



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**7. Impairment of operational assets and other assets** continued**7.1 Impairment testing assumptions** continued**(a) Impaired continuing operations** continued

Key assumptions	Explanation
Discount rate	A ZAR discount rate of 13.5% (30 June 2022: 13.0%) was used for the South African operations and a US\$ discount rate of 15.2% (30 June 2022: 14.0%) 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.
Cost inflation rate	Long-term inflation rates of 3.5–9.0% (30 June 2022: 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.
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 ZAR18.36 (30 June 2022: ZAR16.04) for FY 2024 and FY 2025 reflecting the current volatility, inflationary pressures and quantitative tightening by central banks 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	For impairment testing at Williamson, management used the above assumptions, noting that production recommenced in July 2023 following the TSF failure in November 2022.

**Impairment of non-financial assets**

Impairment US\$ million	Asset class	Carrying value pre-impairment	Impairment reversal /(charge)	Carrying value post-impairment
<b>Impairment – operations:</b>				
Finsch	Property, plant and equipment	155.1	52.7	207.8
Cullinan Mine	Property, plant and equipment	356.8	(1.5)	355.3
Williamson	Property, plant and equipment	61.9	(31.2)	30.7
<b>Sub-total</b>		<b>573.8</b>	<b>20.0</b>	<b>593.8</b>
<b>Impairment – financial receivables and non-financial receivables:</b>				
Other – current receivable	KEM JV receivable (refer to note 17)	1.1	(1.0)	0.1
Other – non-current	Tanzania VAT receivable (refer to note 17)	10.5	(3.9)	6.6
<b>Sub-total</b>		<b>11.6</b>	<b>(4.9)</b>	<b>6.7</b>
<b>Total</b>		<b>585.4</b>	<b>15.1</b>	<b>600.5</b>

**30 June 2022**

Impairment US\$ million	Asset class	Carrying value pre-impairment	Impairment reversal /(charge)	Carrying value post-impairment
<b>Impairment – operations:</b>				
Finsch	Property, plant and equipment	157.9	—	157.9
Cullinan Mine	Property, plant and equipment	419.9	—	419.9
Williamson	Property, plant and equipment	29.3	21.4	50.7
<b>Sub-total</b>		<b>607.1</b>	<b>21.4</b>	<b>628.5</b>
<b>Impairment – financial receivables and non-financial receivables:</b>				
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
<b>Sub-total</b>		<b>5.9</b>	<b>(1.5)</b>	<b>4.4</b>
<b>Total</b>		<b>613.0</b>	<b>19.9</b>	<b>632.9</b>



## 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
Base case:				
Increase in discount rate by 2%	—	—	n/a	3.1
Reduction in pricing by 5% over mine plan	14.1	—	n/a	23.5
Reduction in short-term production by 10%	53.2	37.2	n/a	35.6
Increase in opex by 5%	—	—	n/a	27.8
ZAR stronger by 5% through the LOM period	112.0	89.0	n/a	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	2023	2022
Interest received on BEE loans and other receivables	5.3	4.1
Interest received on bank deposits	3.9	1.3
Foreign exchange gains on settlement of forward exchange contracts <sup>1</sup>	1.9	13.3
Financial income	11.1	18.7
Gross interest on senior secured second lien notes, bank loans and overdrafts	(27.9)	(45.3)
Other debt finance costs, including BEE loan interest, facility fees and IFRS 16 charges	(1.6)	(2.3)
Unwinding of present value adjustment for rehabilitation costs	(5.7)	(5.0)
Note redemption premium and acceleration of unamortised bank facility and Notes costs <sup>2</sup>	(8.3)	(1.6)
Foreign exchange losses on the settlement of forward exchange contracts <sup>1</sup>	—	(1.0)
Net foreign exchange losses <sup>1</sup>	(27.3)	(36.5)
Financial expense	(70.8)	(91.7)
Gain on extinguishment of Notes <sup>3</sup>	0.6	—
Net financial expense	(59.1)	(73.0)

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.

2. The Notes redemption premium and acceleration of unamortised bank facility and Notes costs of US\$8.3 million relate to the costs associated with the tender offer to Noteholders during the Year (30 June 2022: early settlement of RCF), comprising unamortised upfront costs of US\$6.8 million (30 June 2022: US\$1.6 million) previously capitalised and the make-whole premium of US\$1.5 million.

3. The gain on extinguishment of Notes in the Year arose from the cancellation of US\$492,000 Notes during the Year. Refer to note 21 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.

### 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 unrecognised to the extent that it is not probable that the related tax benefit will be realised.



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**9. Taxation** continued**Significant accounting policies relevant to taxation** continued

US\$ million	2023	2022
Current taxation:		
– Current tax charge	1.4	7.3
Deferred taxation:		
– Current period (origination and reversal of temporary differences)	21.7	30.5
	<b>23.1</b>	37.8
Reconciliation of tax rate:		
– (Loss)/profit before taxation (including loss on discontinued operation)	(79.3)	125.9
Tax at South African corporate rate of 27% (30 June 2022: 28%)	(21.4)	35.2
Effects of:		
– Tax charge at different rates in foreign jurisdictions	0.3	0.5
– Non-deductible expenses	4.9	5.2
– Non-taxable income	–	(7.2)
– Tax losses and temporary differences not recognised	38.2	6.6
– Prior year adjustments to tax	1.1	0.2
– Tax rate change	–	(2.7)
Total tax charge	<b>23.1</b>	37.8

The net current tax charge of US\$1.4 million (30 June 2022: US\$7.3 million) includes a current tax charge of US\$0.5 million at Williamson (30 June 2022: US\$7.6 million at Finsch) and a prior year underprovision of current tax of US\$0.9 million (30 June 2022: US\$nil) relating to historical tax disputes at Williamson.

In the current Year the impact of the movement in unrecognised tax losses and temporary differences totalled US\$38.2 million (30 June 2022: US\$6.6 million). Due to the significant uncertainty in relation to the future utilisation of these tax losses, the deferred tax assets related to these losses are not recognised. Tax losses not recognised 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 recognised as at 30 June 2023 amount to US\$289.4 million (30 June 2022: US\$202.1 million) and primarily arise in South Africa, Tanzania and the United Kingdom; amounts stated provide tax benefit at 27%, being the tax rate in South Africa, and 30%, being the tax rate in Tanzania and 25%, being the tax rate in the United Kingdom. There is no taxation arising from items of other comprehensive income and expense. Refer to note 24 for further information regarding deferred tax balances and movements.

**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	2023	2022
Wages and salaries – mining	104.7	123.1
Wages and salaries – administration	7.2	6.2
	<b>111.9</b>	129.3
	Number	Number
Number of employees (excluding the Non-Executive Directors and contractors)	<b>3,042</b>	3,474



## 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 Company Secretary, the Group Head of Sales and Marketing and the Country and Mine Manager for Tanzania (30 June 2022: key management comprised the Non-Executive Directors, the Executive Directors and the Exco; the Exco comprised 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). Remuneration for the Year for key management is disclosed in the table below:

US\$ million	2023	2022
Salary	2.7	2.9
Benefits	0.2	0.2
Annual bonus – paid in cash	1.4	1.5
Annual bonus – deferred to shares	0.2	0.3
Share-based payment charge	2.4	1.1
	<b>6.9</b>	6.0

## 11. (Loss)/earnings per share

### Significant accounting policies relevant to earnings per share

Basic (loss)/earnings per share amounts are calculated by dividing net (loss)/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 (loss)/profit per share amounts are calculated by dividing the net (loss)/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.

	Continuing operations 30 June 2023 US\$	Discontinued operation 30 June 2023 US\$	Total 30 June 2023 US\$	Continuing operations 30 June 2022 US\$	Discontinued operation 30 June 2022 US\$	Total 30 June 2022 US\$
Numerator						
(Loss)/profit for the Year	<b>(73,991,245)</b>	<b>(31,290,280)</b>	<b>(105,281,525)</b>	79,122,756	(10,127,219)	68,995,537
Denominator	Shares	Shares	Shares	Shares	Shares	Shares
Weighted average number of Ordinary Shares used in basic EPS:						
As at 1 July	<b>194,201,785</b>	<b>194,201,785</b>	<b>194,201,785</b>	9,710,089,272	9,710,089,272	9,710,089,272
Effect of shares issued during the Year	—	—	—	—	—	—
Effect of 50 for 1 share consolidation November 2021	—	—	—	(9,515,887,487)	(9,515,887,487)	(9,515,887,487)
As at 30 June	<b>194,201,785</b>	<b>194,201,785</b>	<b>194,201,785</b>	194,201,785	194,201,785	194,201,785
Dilutive effect of potential Ordinary Shares	—	—	—	—	—	—
Weighted average number of Ordinary Shares in issue used in diluted EPS	<b>194,201,785</b>	<b>194,201,785</b>	<b>194,201,785</b>	194,201,785	194,201,785	194,201,785
	US\$ cents	US\$ cents	US\$ cents	US\$ cents	US\$ cents	US\$ cents
Basic (loss)/earnings per share	<b>(38.10)</b>	<b>(16.11)</b>	<b>(54.21)</b>	40.74	(5.21)	35.53
Diluted (loss)/earnings per share	<b>(38.10)</b>	<b>(16.11)</b>	<b>(54.21)</b>	40.74	(5.21)	35.53

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 2022: nil).

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.



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**12. Adjusted (loss)/earnings per share (non-GAAP measure)**

In order to show earnings/(loss) per share from operating activities on a consistent basis, an adjusted earning/(loss) per share is presented which excludes certain items as set out below. It is emphasised that the adjusted (loss)/earnings per share is a non-GAAP measure. The Petra Board considers the adjusted (loss)/earnings per share to better reflect the underlying performance of the Group. The Company's definition of adjusted (loss)/earnings per share may not be comparable to other similarly titled measures reported by other companies.

	Continuing operations 30 June 2023 US\$	Discontinued operation 30 June 2023 US\$	Total 30 June 2023 US\$	Continuing operations 30 June 2022 US\$	Discontinued operation 30 June 2022 US\$	Total 30 June 2022 US\$
(Loss)/profit for the Year	<b>(73,991,245)</b>	<b>(31,290,280)</b>	<b>(105,281,525)</b>	79,122,756	(10,127,219)	68,995,537
Adjustments:						
Net unrealised foreign exchange losses/(gains) <sup>1</sup>	<b>29,322,988</b>	<b>(2,678)</b>	<b>29,320,310</b>	34,824,936	26,799	34,851,735
Present value discount – Williamson VAT receivable	<b>3,938,983</b>	–	<b>3,938,983</b>	4,076,760	–	4,076,760
Unsettled and disputed tax claims reversal at Williamson	<b>253,941</b>	–	<b>253,941</b>	–	–	–
Impairment (reversal)/charge – operations <sup>1</sup>	<b>(8,903,290)</b>	<b>646,142</b>	<b>(8,257,148)</b>	(21,438,351)	231,616	(21,206,735)
Impairment (reversal)/charge – other receivables	<b>957,770</b>	–	<b>957,770</b>	(2,544,704)	–	(2,544,704)
Taxation (credit)/charge on unrealised foreign exchange (gain)/loss <sup>1</sup>	<b>(892,795)</b>	–	<b>(892,795)</b>	(1,618,908)	–	(1,618,908)
Taxation credit on impairment charge <sup>1</sup>	<b>10,812,285</b>	–	<b>10,812,285</b>	–	–	–
Williamson tailings facility – remediation costs	<b>10,740,548</b>	–	<b>10,740,548</b>	–	–	–
Williamson tailings facility – accelerated depreciation	<b>5,220,536</b>	–	<b>5,220,536</b>	–	–	–
Williamson blocked parcel – Inventory and related receivable adjustment	<b>(112,284)</b>	–	<b>(112,284)</b>	–	–	–
Transaction costs – acceleration of unamortised costs on restructured loans and borrowings	<b>9,040,386</b>	–	<b>9,040,386</b>	1,628,757	–	1,628,757
Gain on extinguishment of Notes net of unamortised costs	<b>(616,528)</b>	–	<b>(616,528)</b>	–	–	–
Transaction (reversal)/costs – human rights settlement agreement and provisions for unsettled and disputed tax claims	<b>8,485,571</b>	–	<b>8,485,571</b>	(816,270)	–	(816,270)
Adjusted profit/(loss) for the Year attributable to parent	<b>(5,743,134)</b>	<b>(30,646,816)</b>	<b>(36,389,950)</b>	93,234,976	(9,868,804)	83,366,172

1. Portion attributable to equity shareholders of the Company.



**12. Adjusted (loss)/earnings per share (non-GAAP measure) continued**

	Continuing operations 30 June 2023 US\$	Discontinued operation 30 June 2023 US\$	Total 30 June 2023 US\$	Continuing operations 30 June 2022 US\$	Discontinued operation 30 June 2022 US\$	Total 30 June 2022 US\$
Weighted average number of Ordinary Shares used in basic EPS:						
As at 1 July	194,201,785	194,201,785	194,201,785	9,710,089,272	9,710,089,272	9,710,089,272
Effect of shares issued during the Year	—	—	—	—	—	—
Effect of 50 for 1 share consolidation November 2021	—	—	—	(9,515,887,487)	(9,515,887,487)	(9,515,887,487)
As at 30 June	194,201,785	194,201,785	194,201,785	194,201,785	194,201,785	194,201,785
	Shares	Shares	Shares	Shares	Shares	Shares
Dilutive effect of potential Ordinary Shares	—	—	—	—	—	—
Weighted average number of Ordinary Shares in issue used in diluted EPS	194,201,785	194,201,785	194,201,785	194,201,785	194,201,785	194,201,785
	US\$ cents	US\$ cents	US\$ cents	US\$ cents	US\$ cents	US\$ cents
Adjusted basic (loss)/earnings per share	(2.96)	(15.78)	(18.74)	48.01	(5.08)	42.93
Adjusted diluted (loss)/earnings per share	(2.96)	(15.78)	(18.74)	48.01	(5.08)	42.93

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 2022: nil).

**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.

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of that asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Surpluses/(deficits) on the disposal of property, plant and equipment are credited/(charged) to the Consolidated Income Statement. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

**Stripping costs**

Costs associated with the removal of waste overburden at the Group's open cast mine are classified as stripping costs within property, plant and equipment or inventory, depending on whether the works provide access to future ore tonnes in a specific orebody section or generate ore as part of waste removal. When costs provide both benefits, they are allocated, although the stripping to date has not generated inventory ore. The stripping asset is depreciated on a units-of-production basis over the tonnes of the relevant orebody section to which it provides future access.



# Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

## 13. Property, plant and equipment continued

### Significant accounting policies relevant to property, plant and equipment continued

#### 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

## Other assets continued

US\$ million	Plant and machinery	Mineral properties	Assets under construction <sup>1</sup>	Total
<b>Cost</b>				
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 <sup>2</sup>	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
Balance at 1 July 2022	1,226.0	57.5	48.1	1,331.6
Exchange differences	(162.0)	(7.8)	(9.2)	(179.1)
Additions	2.7	—	114.7	117.4
Transfer of assets under construction	66.8	—	(66.8)	—
Change in rehabilitation asset	(5.0)	—	—	(5.0)
Disposals	(143.0)	—	—	(143.0)
<b>Balance at 30 June 2023</b>	<b>985.5</b>	<b>49.7</b>	<b>86.8</b>	<b>1,122.0</b>
<b>Depreciation and impairment</b>				
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 <sup>2</sup>	131.8	1.6	—	133.4
Impairments <sup>3</sup>	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
Balance at 1 July 2022	651.7	44.5	2.2	698.4
Exchange differences	(89.3)	(6.5)	(0.8)	(96.6)
Disposals	(141.2)	—	—	(141.2)
Impairments <sup>3</sup>	(19.2)	—	—	(19.2)
Provided in the Year	79.5	3.0	—	82.5
<b>Balance at 30 June 2023</b>	<b>481.5</b>	<b>41.0</b>	<b>1.4</b>	<b>523.9</b>
<b>Net book value</b>				
At 30 June 2022	574.3	13.0	45.9	633.2
<b>At 30 June 2023</b>	<b>504.0</b>	<b>8.7</b>	<b>85.4</b>	<b>598.1</b>

1. During the Year, assets under construction comprising stay-in-business and expansion capital expenditure of US\$66.8 million (30 June 2022: US\$29.8 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. Amortisation of right-of-use assets of US\$1.9 million (30 June 2022: US\$nil) and finance costs of US\$1.0 million (30 June 2022: US\$nil), accounted for under IFRS 16, have been capitalised to assets under construction during the Year.

2. Williamson assets were reconsolidated into the Group's assets in FY 2022. The Williamson assets were classified as non-current assets held for sale in FY 2021.

3. Refer to note 7 for additional detail on the assumptions for FY 2023 impairment reversal of US\$19.2 million (30 June 2022: US\$0.3 million impairment Koffiefontein).

**Capital commitments**

The Group's total commitments of US\$102.5 million (30 June 2022: US\$49.5 million), mainly comprising Cullinan Mine US\$36.9 million (30 June 2022: US\$25.2 million), Finsch US\$64.9 million (30 June 2022: US\$23.7 million), Koffiefontein US\$nil (30 June 2022: US\$0.3 million) and Williamson US\$0.7 million (30 June 2022: US\$0.3 million).



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**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\$3.2 million (30 June 2022: US\$2.5 million) of amortisation of right-of-use assets, US\$1.6 million (30 June 2022: US\$1.2 million) of finance expense on lease liabilities and a gain of US\$nil (30 June 2022: US\$nil).

Information for leases for which the Group is a lessee is presented below:

**Right-of-use assets**

US\$ million	Buildings	Plant and machinery	Total
<b>Cost</b>			
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
Balance at 1 July 2022	3.8	30.5	34.3
Additions	1.8	8.3	10.1
<b>Balance at 30 June 2023</b>	<b>5.6</b>	<b>38.8</b>	<b>44.4</b>
<b>Depreciation and impairment</b>			
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
Balance at 1 July 2022	2.3	10.1	12.4
Exchange differences	0.3	—	0.3
Provided in the Year	0.6	2.6	3.2
Capitalised to property, plant and equipment	—	1.9	1.9
<b>Balance at 30 June 2023</b>	<b>3.2</b>	<b>14.6</b>	<b>17.8</b>
<b>Net book value</b>			
At 30 June 2022	1.5	20.4	21.9
<b>At 30 June 2023</b>	<b>2.4</b>	<b>24.2</b>	<b>26.6</b>



## 14. Leases continued

### Lease liabilities

US\$ million	Buildings	Plant and machinery	Total
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
Balance at 1 July 2022	1.6	20.8	22.4
Exchange differences	(0.3)	—	(0.3)
Additions	1.8	7.1	8.9
Terminations	(0.2)	—	(0.2)
Finance charges	0.2	1.4	1.6
Capitalised to property, plant and equipment	—	1.0	1.0
Lease payments	(0.6)	(4.0)	(4.6)
<b>Balance at 30 June 2023</b>	<b>2.5</b>	<b>26.3</b>	<b>28.8</b>

US\$ million	2023	2022
Current	3.0	3.2
Non-current	25.8	19.2
As at 30 June	28.8	22.4

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	2023	2022
Amortisation on right-of-use assets	(3.2)	(2.5)
Finance expense on lease liabilities	(1.6)	(1.2)
Loss on discontinued operations	—	—
	(4.8)	(3.7)

## 15. BEE loans receivable

### Significant accounting policies relevant to BEE loans receivable

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

Refer to note 32 for the Group's policy in respect of financial instruments, which include BEE receivables.

### Significant judgements and estimates relevant to BEE loans receivable

Refer below for significant judgements in respect of the BEE loans receivable and expected credit loss provision recorded in respect of BEE receivables.

US\$ million	2023	2022
<b>Non-current assets</b>		
BEE loans receivable <sup>1</sup>	37.3	44.6

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.

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.



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**15. BEE loans receivable** continued**BEE loans receivable** continued

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, no expected credit loss provision has been recognised in the Consolidated Income Statement for the Year (30 June 2022: US\$nil), comprising US\$nil (30 June 2022: US\$nil) in respect of Cullinan Mine and Finsch and US\$nil (30 June 2022: US\$nil) in respect of Koffiefontein.

US\$ million	2023	2022
As at 1 July	<b>44.6</b>	46.6
Foreign exchange movement on opening balances	<b>(6.0)</b>	(5.9)
Interest receivable	<b>4.8</b>	4.1
Repayment of loan from BEE Partners	<b>(6.1)</b>	(0.2)
As at 30 June	<b>37.3</b>	44.6

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

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 <sup>1</sup>	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 2022	13.0	22.2	(30.6)	0.1	—	4.7
Profit/(loss) for the Year	3.6	8.4	(9.1)	—	—	2.9
Dividend paid to non-controlling interest shareholders	—	(9.6)	—	—	—	(9.6)
Foreign currency translation difference	(0.7)	(4.0)	2.8	—	—	(1.9)
<b>At 30 June 2023</b>	<b>15.9</b>	<b>17.0</b>	<b>(36.9)</b>	<b>0.1</b>	<b>—</b>	<b>(3.9)</b>

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 2022 to its non-controlling interests (30 June 2022: US\$2.5 million). The BEE Partners received a total net dividend payment of US\$9.6 million (30 June 2022: US\$2.5 million). The BEE Partners repaid US\$6.1 million (30 June 2022: US\$0.2 million) towards their loans owing to the Group and a net cash payment of US\$2.0 million (30 June 2022: US\$2.5 million) was received by the BEE Partners, comprising Kago US\$1.1 million (30 June 2022: US\$1.3 million) and IPDET US\$0.9 million (30 June 2022: 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\$6.6 million (30 June 2022: US\$2.6 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.

The VAT receivable can be split into two identifiable component time periods as set out below:

**30 June 2023**

US\$ million	VAT receivable	Provision	Carrying value
Pre-July 2017 and post June 2020	<b>16.5</b>	<b>(9.9)</b>	<b>6.6</b>

**30 June 2022**

US\$ million	VAT receivable	Provision	Carrying value
Pre-July 2017 and post June 2020	8.6	(6.0)	2.6



## 17. Trade and other receivables continued

### Significant judgements and estimates relevant to VAT receivable at Williamson continued

An amount of US\$16.5 million (30 June 2022: US\$8.6 million) of VAT is receivable for the periods pre-July 2017 and subsequent to 1 July 2020. The Group is considering various alternatives in pursuing payment in accordance with legislation. A provision of US\$9.9 million (30 June 2022: US\$6.0 million), given the uncertainty around the timing of receipts of the amount outstanding, has been provided for against the US\$16.5 million (30 June 2022: US\$8.6 million) receivable resulting in a carrying value of US\$6.6 million (30 June 2022: US\$2.6 million).

While the remaining pre-July 2017 and post-1 July 2020 VAT balance is considered recoverable, significant uncertainty exists regarding the timing of receipt. A delay of 7 years over the remaining LOM at Williamson and a discount rate of 14.00% (30 June 2022: 14.00%) have 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\$0.4 million and a one-year delay would increase the provision by US\$0.8 million.

During the Year, an impairment charge of US\$3.9 million (30 June 2022: US\$4.1 million) was recognised in the Consolidated Income Statement.

### Recoverability of trade and other receivable from the partial sale of the of blocked 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 had been blocked for export to Petra's marketing office in Antwerp.

The confirmation from the GoT confirming that the blocked diamond parcel has been partially sold, resulted in the inventory no longer being available for sale. As such, the full carrying value of US\$12.5 million (30 June 2022: US\$12.5 million) has been expensed as other direct mining expense in the Consolidated Income Statement as at 30 June 2023. Management have applied judgement to the sales proceeds of the blocked diamond parcel by estimating the fair value as at 30 June 2023, based on the original valuation of US\$14.8 million (11 September 2017), the movement in the diamond index (147.1 in Q1 FY2017, compared to 162.1 at June 2023), a two-year expected delay to concluding the discussions with the GoT and a discount rate of 14%. Based on the aforesaid factors a fair value of US\$12.4 million was recognised in the Consolidated Income Statement as other direct mining income with a trade and other receivable recognised in the Statement of Financial Position as at 30 June 2023. A 1% increase in the discount rate would decrease the fair value of the receivable by US\$0.3 million and a one-year delay would decrease the fair value by US\$1.7 million.

The assessment of the recoverability of the trade and other receivable required significant judgement. In making such a judgement, the Group considered the Framework Agreement that was signed with the GoT on 13 December 2021, ongoing discussions held with the GoT regarding the receipt of the proceeds from the partial disposal of the diamond parcel and legal advice received from the Group's in-country attorneys which supports the Group's position.

Under the Framework Agreement entered into with the GoT in December 2021, it is stated that the proceeds from the sale of the blocked diamond parcel are to be applied to the Williamson mine to assist with the restart of operations (which had previously been on Care and Maintenance from April 2020 to August 2021) and that in the event such proceeds are not received by Williamson, Williamson is not required to pay a US\$20 million liability relating to the settlement of past tax disputes (refer to note 35 for further detail). During recent discussions, the parties also confirmed their intent to resolve how to treat the blocked parcel sale proceeds and the related US\$20 million settlement liability.

While these engagements between the Company and the GoT are ongoing, based on the above judgements and assessment thereof, management remain confident that based on the signed Framework Agreement, and the legal advice received from the Group's in-country attorneys, WDL will derive future economic benefit from the sale proceeds of the parcel (both the portion already sold and any portion that is yet to be sold).

US\$ million	2023	2022
<b>Current</b>		
Trade receivables <sup>1</sup>	12.2	37.4
Other receivables <sup>2,3</sup>	27.9	10.4
Less: expected credit loss provision of KEM JV receivables <sup>2</sup>	(2.6)	(2.0)
Less: expected credit loss provision of other receivables <sup>2</sup>	(0.3)	(0.3)
Other receivables – net	25.0	8.1
Income tax receivable	0.5	—
Prepayments	4.3	4.3
	42.0	49.8
<b>Non-current</b>		
Other receivables <sup>4</sup>	16.5	8.6
Less: impairment provision	(9.9)	(6.0)
	6.6	2.6

1. Included in the opening balance of trade receivables are trade receivables in respect of diamond revenue of US\$8.9 million (1 July 2022: US\$38.3 million).

2. Included in current trade and other receivables is an amount relating to the proceeds from the partial sale of the blocked parcel of US\$12.4 million.

3. Included in current trade and other receivables is an amount relating to the balance of the KEM JV purchase consideration of US\$0.1 million (30 June 2022: US\$1.7 million). During FY 2023, the Group received payments of US\$0.5 million (FY 2022: US\$2.5 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\$2.6 million (30 June 2022: US\$2.0 million). The Group raised an impairment provision of US\$nil (30 June 2022: US\$0.3 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.



# Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

## 17. Trade and other receivables continued

### Recoverability of trade and other receivable from the partial sale of the of blocked diamond parcel continued

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision (stage 2) related to the KEM JV receivable. In assessing the credit risk loss and recoverability of the KEM JV receivable, Management considered the historical trading performance of the third party, the current diamond market and outlook, the current economic climate and outlook, payment history, and Amendment agreements entered in to between the Group and the debtor in the current and prior years. Taking into account the above, an expected credit loss of US\$2.6 million (30 June 2022: US\$2.0 million) was raised against the KEM JV receivable. The remaining receivable of US\$0.1 million is expected to be recovered during FY 2024. 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 2023 trade receivables of US\$8.9 million (30 June 2022: US\$37.4 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 2022: US\$0.3 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 assessment of the recoverability of the Blocked Parcel (71,654.45 carats) required significant judgement. In January 2023, it came to Petra's attention that the GoT had partially sold the Blocked Parcel. This was verbally confirmed at subsequent meetings with GoT officials, including the Minister of Mines. The FWA provides for the proceeds of the sale of the Blocked Parcel to be allocated to Williamson.

The confirmation from the GoT confirming that the blocked diamond parcel has been partially sold, resulted in the inventory no longer being available for sale. As such, the full carrying value of US\$12.5 million (30 June 2022: US\$12.5 million) has been expensed within other direct mining expenses in the Consolidated Income Statement as at 30 June 2023.

US\$ million	2023	2022
Diamonds held for sale	65.9	52.7
Work in progress stockpiles	4.0	4.5
Consumables and stores	23.1	16.6
Provision for redundant consumables and stores	(4.6)	(3.2)
Consumables and stores	18.5	13.4
	88.4	70.6

In the prior year, diamonds held for resale with a cost value of US\$2.7 million were written down by US\$1.2 million to a fair value less costs to sell of US\$1.5 million (due to the fair value less costs to sell being below cost) within the overall carrying value of US\$52.7 million at 30 June 2022.

### Deferral of June 2023 diamond tender (Tender 6)

On 7 June 2023, the Company announced the decision to postpone the majority of its June 2023 rough diamond sales in light of a temporary slowdown in the market for rough diamonds as a result of elevated inventory in the mid-stream. The previously planned June 2023 diamond tender would have offered c.230kct of goods for sale from Cullinan and c.150kct from Finsch. Instead, these goods, together with the 75.9kcts of predominantly higher value stones withheld from Tender 5 as well as run of mine production from both Cullinan and Finsch, will be offered for sale during the Company's first tender of FY 2024 which will be held in August 2023.





## 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	2023	2022
Cash and cash equivalents – unrestricted	44.1	271.9
Cash – restricted	17.7	16.3
	<b>61.8</b>	<b>288.2</b>

The Group's environmental rehabilitation insurance product, which currently includes the Finsch, Cullinan and Koffiefontein mines, has secured cash assets of US\$17.7 million (30 June 2022: US\$16.3 million) held in a cell captive and by Petra's bankers. The Group has a commitment to pay insurance premiums over the next year of US\$2.1 million (30 June 2022: US\$2.2 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	2023	Number of shares	2022
Authorised – Ordinary Shares of 0.05 pence (30 June 2022: 0.05 pence) each				
At 1 July	<b>10,000,000,000</b>	<b>164.3</b>	10,000,000,000	164.3
<b>Issued and fully paid</b>				
At 1 July	<b>194,201,785</b>	<b>145.7</b>	9,710,089,272	145.7
50 for 1 share consolidation November 2021	—	—	(9,515,887,487)	—
At 30 June	<b>194,201,785</b>	<b>145.7</b>	194,201,785	145.7

On 16 November 2022, at the FY 2022 Annual General Meeting, the Company's shareholders approved the Company's share premium account be reduced by US\$350 million with such amount being credited against accumulated losses with the balance being credited to the Company's other distributable reserves.

US\$ million	Share premium	Accumulated (losses)/reserves
As at 1 July	959.5	(183.6)
Conversion of share premium to distributable reserves	(350.0)	350.0
Movement during period	—	(104.7)
As at 30 June	609.5	61.7

In FY 2022, 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.

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.



# Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

## 20. Equity and reserves continued

### Share capital continued

#### 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 2022: US\$0.8 million).

#### Accumulated reserves/(losses)

The accumulated losses comprise the Group's cumulative accounting profits and losses incurred since incorporation as well as reserves of \$350 million which was transferred from the Group's share premium account to other distributable reserves during November 2022.

#### Non-controlling interest

Non-controlling interest comprises amounts attributable to BEE (in South Africa) and Government (in Tanzania) shareholders in Cullinan Mine, Finsch, Koffiefontein and Williamson together with foreign exchange retranslation of the reserve. The non-controlling interest share of total comprehensive income includes US\$1.0 million (30 June 2022: US\$18.7 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.

The following table summarises the Group's current and non-current interest-bearing borrowings:

US\$ million	2023	2022
<b>Current</b>		
Loans and borrowings – senior secured lender debt facilities	—	—
Loans and borrowings – senior secured second lien notes	25.1	12.3
	<b>25.1</b>	12.3
<b>Non-current</b>		
Loans and borrowings – senior secured second lien notes	222.4	353.9
Loans and borrowings – senior secured lender debt facilities	—	—
	<b>222.4</b>	353.9
	<b>247.5</b>	366.2



## 21. Interest-bearing loans and borrowings continued

### (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

On 27 September 2022, the Group repaid, through a debt tender offer to Noteholders, an amount of US\$143,627,622, comprising the principal amount of US\$125,590,338 and PIK interest of US\$18,037,284. On 12 October 2022 a further US\$1,000,667 was repaid to Noteholders comprising the principal amount of US\$875,000 and PIK interest of US\$125,667. A further principal amount of US\$492,000 and PIK interest of US\$124,528 were cancelled due to Notes not being claimed by Noteholders in the prescribed period post the Debt Restructuring in FY 2021. The principal amount of Notes outstanding after the repayments to Noteholders is US\$209,698,662. Cash costs of US\$1,521,187 relating to the repayment of Noteholders have been expensed in the Consolidated Income Statement under finance expense (refer to Note 8).

The Group performed an assessment under its accounting policies and the requirements of IFRS 9 as to whether the debt tender offer to the Noteholders represented a substantial modification. A qualitative test was performed which determined the terms of the Notes, repayment profile and interest rate were not amended or modified as part of the tender offer process; therefore, no substantial modification was relevant.

The remaining costs associated with issuing the Notes of US\$13.9 million, after adjusting for the acceleration of US\$6.8 million of unamortised costs associated with the debt tender offer to Noteholders which have been expensed through profit and loss within net finance expense (refer to note 8), have been capitalised against the principal amount and US\$10.5 million remains unamortised as at 30 June 2023 (30 June 2022: US\$18.5 million). Interest of US\$48.3 million has been accrued as at 30 June 2023. The first interest coupon of US\$7.8 million was due and payable on 30 June 2023.

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 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

### (b) Senior secured lender debt facilities

In 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 replaced the previous RCF and Term Lending arrangements with the previous South African lender syndicate comprising Absa, Nedbank, RMB and NinetyOne.

The 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
- ▶ to maintain minimum 12 month forward looking liquidity requirement that consolidated cash and equivalents shall not fall below US\$20.0 million.
- ▶ 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 date of this report, an amount of ZAR 150 million (US\$8.0 million) remained available for draw-down on the RCF, following drawdowns of ZAR 850 million (US\$45.1 million) during July and August 2023 for working capital requirements due to the deferral of the June 2023 diamond tender. During FY 2022, the Company paid ZAR404.6 million (US\$24.9 million) (capital plus interest) to settle the old RCF and ZAR 893.2 million (US\$54.9 million) (capital plus interest) to settle the previous Term Loan.



# Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

## 21. Interest-bearing loans and borrowings continued

### (b) Senior secured lender debt facilities continued

As at 30 June 2023, 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	
	2023	2022	2023	2022	2023	2022	2023	2022
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)	<b>1,000.0<sup>1</sup></b>	1,000.0	–	–	–	–		
Total facility (US\$ million)	–	–	–	–	–	–	<b>209.7</b>	336.7
Draw-down ZAR facility (US\$ million) at 30 June	–	–	–	–	–	–	–	–
Draw-down (US\$ million) at 30 June	–	–	–	–	–	–	<b>209.7</b>	336.7
Interest rate (ZAR)	<b>SA JIBAR plus 4.15%</b>	SA JIBAR plus 4.15%	–	–	–	–	–	–
Interest rate (US\$)	–	–	–	–	–	–	<b>10.50% up to 2023 then 9.75% from 2023 to 2026</b>	10.50% up to 2023 then 9.75% from 2023 to 2026
Interest rate at Year end (ZAR)	<b>12.65%</b>	9.16%	–	–	–	–	–	–
Interest rate at Year end (US\$)	–	–	–	–	–	–	<b>9.75%</b>	10.50%
Interest repayment period	<b>Monthly</b>	Monthly	–	Repaid	–	Repaid	<b>Capitalised semi-annually until June 2023/ bi-annual interest payment</b>	Capitalised semi-annually until June 2023/ bi-annual interest payment
Latest date available for draw-down	–	–	–	Repaid	–	Repaid	<b>Fully drawn down</b>	Fully drawn down
Capital repayment profile	<b>Final capital repayment 60 days prior to 8 March 2026</b>	Final capital repayment 60 days prior to 8 March 2026	–	Repaid	–	Repaid	<b>Single payment</b>	Single payment
Final repayment date (US\$ million)	–	–	–	Repaid	–	Repaid	<b>8 March 2026</b>	8 March 2026
Final repayment date (ZAR million)	<b>60 days prior to 8 March 2026</b>	60 days prior to 8 March 2026	–	Repaid	–	Repaid	–	–

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 old RCF and on 18 March 2023 the Company paid ZAR893.2 million (US\$54.9 million) (capital plus interest) to settle the Term Loan. These facilities were previously made available by FirstRand, Absa, Nedbank and NinetyOne.

The RCF facility is secured on the Group's interests in Finsch, Cullinan Mine and Koffiefontein.



## 21. Interest-bearing loans and borrowings continued

### Covenant ratios

#### 30 June 2023

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 (including RCF headroom) shall not fall below US\$20.0 million.

As part of the revised RCF entered into with Absa in FY 2022, the Company is required:

- ▶ To maintain a net debt:Adjusted 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 (including RCF headroom) 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	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 were no covenant breaches at the measurement date.

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	2023	2022
<b>Current</b>		
Trade payables	35.0	36.9
Accruals and other payables <sup>1</sup>	32.8	37.6
	67.8	74.5
Income tax payable	1.2	0.3
	69.0	74.8

1. Included within accruals and other payables are amounts in respect of foreign exchange losses on hedging contracts of US\$0.6 million (30 June 2022: US\$0.7 million).

Included in trade and other payables are amounts due to related parties (refer to note 27).

## 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 to profit and loss 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.



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**23. Provisions** continued**Decommissioning, mine closure and environmental rehabilitation** continued

Significant estimates and assumptions are made in determining the amount attributable to rehabilitation provisions. These deal with uncertainties such as the legal and regulatory framework, timing and future costs. In determining the amount attributable to rehabilitation provisions, Management used a discount rate range of 7.8–12.4% (30 June 2022: 9.7–10.8%), estimated rehabilitation timing of 7 to 21 years (30 June 2022: 3 to 24 years) and an inflation rate range of 4.2–9.9% (30 June 2022: 7.7–9.5%). The Group estimates the cost of rehabilitation with reference to the latest prepared environmental and rehabilitation plans that will be submitted for approval to the local authorities. Reductions in estimates are only recognised when such reductions are approved by local legislation. Increases in estimates are immediately recognised.

US\$ million	Human rights settlement claims	Provisions for unsettled and disputed tax claims, and severance payments	Provision for TSF costs	Provision for closure of Koffiefontein mine	Pension and post-retirement medical fund	Decommissioning and rehabilitation	Total
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)
<b>Balance at 30 June 2022</b>	<b>—</b>	<b>21.4</b>	<b>—</b>	<b>—</b>	<b>12.3</b>	<b>64.0</b>	<b>97.7</b>
Balance at 1 July 2022	—	21.4	—	—	12.3	64.0	97.7
Increase/(decrease) in provisions	7.5	1.2	2.5	13.3	(0.1)	6.2	30.6
Decrease in rehabilitation provision – change in estimate	—	—	—	—	—	(5.5)	(5.5)
Unwinding of present value adjustment of rehabilitation provision	—	(0.3)	—	—	—	4.2	3.9
Exchange differences	0.4	—	—	(0.7)	(1.7)	(8.0)	(10.0)
<b>Balance at 30 June 2023</b>	<b>7.9</b>	<b>22.3</b>	<b>2.5</b>	<b>12.6</b>	<b>10.5</b>	<b>60.9</b>	<b>116.7</b>
<b>Current</b>	<b>7.9</b>	<b>—</b>	<b>2.5</b>	<b>7.2</b>	<b>—</b>	<b>—</b>	<b>17.6</b>
<b>Non-current</b>	<b>—</b>	<b>22.3</b>	<b>—</b>	<b>5.4</b>	<b>10.5</b>	<b>60.9</b>	<b>99.1</b>

**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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Decommissioning period (years)			<b>21</b>	24	<b>12</b>	8	<b>14</b>	3	<b>7</b>	8
Estimated rehabilitation cost (US\$ million)	<b>60.9</b>	64.0	<b>17.8</b>	23.4	<b>22.9</b>	26.2	<b>13.4</b>	7.7	<b>6.8</b>	6.7

The vast majority of the rehabilitation expenditure is expected to be incurred at the end of mining activities.

Cash and cash equivalents have been secured in respect of rehabilitation provisions, as disclosed in note 19.



## 23. Provisions continued

### Human rights settlement claims

The IGM is a non-judicial process that has the capacity to investigate and resolve complaints alleging severe human rights impacts in connection with security operations at the Williamson diamond mine. It is being overseen by an Independent Panel of Tanzanian experts taking an approach informed by principles of Tanzanian law, and with complainants having access to free and independent advice from local lawyers. The overall aim of the IGM is to promote reconciliation between the Williamson diamond mine, directly affected parties and the broader community by providing remedy to those individuals who have suffered severe human rights impacts. Petra Diamonds Limited (PDL) has agreed to fund the remedies determined by the IGM.

On 28 November 2022, the IGM became operational with the commencement of the IGM's pilot phase. The pilot phase, which was completed in May 2023, has allowed the IGM's systems and procedures to be further developed and adjusted to take into account learnings. The Independent Panel ("IP") has started making decisions on the merits of the cases considered during the pilot phase and the associated remedies for successful grievances.

Judgement has been applied by Management in assessing the estimated future cost of remedies for successful grievances based on the outcome of claims investigated during the pilot phase. Management has assessed the results of these investigated claims and performed its own estimate based on calculations received from consultants. The estimate makes a number of different assumptions, including, amongst others, regarding the categories of the grievances, the success rates of the grievances and the settlement payment that apply to successful grievances due to, for example, limitation periods, contributory negligence, the involvement of the Tanzanian police, self-defence and a lack of supporting evidence. These estimates also do not make any allowance for non-financial remedies that the IP may award. The outcome of the 360 concluded cases investigated as part of the initial pilot phase grievances, spread across all categories, have been extrapolated across the grievance population of 5,577, based on the average claim settlement per category and the various categories of the grievances (nature of claim). Management's assessment resulted in estimated aggregate costs of US\$7.9 million to be provided at Year end; this compares to a range estimated by external consultants of US\$7.2–US\$10.1 million. The estimate will be reassessed at each future reporting date.

### Unsettled and disputed tax claims

The Framework Agreement records an important US\$20.0 million settlement between the parties concerning long-standing historical disputes with the Government of Tanzania. The Group raised a provision of US\$19.2 million (30 June 2022: 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.

### Williamson Tailings Storage Facility

On 7 November 2022, the tailings storage facility at the Williamson mine failed, resulting in flooding away from the pit which extended into certain areas outside of the mine lease area. As a result, remediation costs relating to the incident have been incurred during the Period and additional costs will be incurred going forward. The remediation costs comprise establishing the root cause of the failure, humanitarian relief to the affected community, livelihood and environmental restoration and costs to repair. Judgement has been applied by Management in assessing the future remediation costs. Management have considered the current work streams, the estimated time of completion and appropriate information received from suppliers and contractors involved in the remediation process.

At Year end, US\$2.5 million of costs, comprising management's best estimate based on the current information available, has been provided for in respect of ongoing remediation costs.

### Koffiefontein mine closure provisions

The Koffiefontein operation was placed on care and maintenance in November 2022 after it continuously failed in achieving its budgeted production targets. The operation mine is considered to have reached the end of its economic life and has commenced with detailed closure planning. The income producing activities of the operation which involve the mining, recovery and sale of rough diamonds have ceased. Care and maintenance activities have commenced and are ongoing. These ongoing activities are a necessary bridge to eventual closure of the mine.

As the Koffiefontein operation has reached end of its life of mine (LOM) and a decision has been taken by management to close the operation, the committed costs associated with operating Koffiefontein during the care and maintenance phase are focused towards identifying and managing the mine's ongoing environmental compliance obligations until such time that a closure certificate is issued by the Department of Mineral Resources and Energy (DMRE). These are legislative requirements, and these activities are necessary and cannot be avoided. As such, there is a present obligation that exists for these committed costs related to care and maintenance activities at Year end.

Significant estimates and assumptions are made in determining the amount attributable to care and maintenance provisions. These deal with uncertainties such as the regulatory framework, timing and future costs. In determining the amount attributable to care and maintenance provisions at Koffiefontein, Management used a discount rate of 10.5%, estimated timing to final closure of 11 years and an inflation rate of 6%. Management's estimate of costs has taken into account discussions with suppliers, contractors, quotes and historical on mine costs. Management's assessment resulted in estimated aggregate costs of US\$10.7 million provided at Year end. A 1% increase in the discount rate would decrease the estimate by US\$0.1 million and a one-year delay in closure being finalised would have no material change to the estimate. The estimate will be reassessed at each future reporting date.

# Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

## 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 not recognised to the extent that it is not 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.

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 and their application thereof against unsettled and disputed tax claims referred to in the Framework Agreement (refer to note 35). Management made assumptions based on their understanding and interpretation of the current wording of Framework Agreement which contains certain appendices to be agreed upon the probability that accumulated tax losses and capital allowances will not be amended as a result of the settlement, the US\$20.0 million settlement contained within the Framework Agreement, the current status and all associated elements of the ongoing discussions with the Government of Tanzania. As a result, the recognised and unrecognised deferred tax balances reflect amounts based on the actual submitted tax returns.

US\$ million	2023	2022
Balance at the beginning of the Year	71.3	48.9
Income statement debit	21.7	33.0
Tax rate change	—	(2.7)
Foreign currency translation difference	(11.0)	(7.9)
Balance at the end of the Year	82.0	71.3
Comprising:		
Deferred tax asset	—	—
Deferred tax liability	82.0	71.3
	82.0	71.3

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	2023 Recognised	2023 Unrecognised
<b>Deferred tax liability</b>			
– Property, plant and equipment	152.7	152.7	—
	152.7	152.7	—
<b>Deferred tax asset</b>			
– Capital allowances	(80.6)	(50.8)	(29.8)
– Provisions and accruals	(38.7)	(19.9)	(18.8)
– Tax losses	(83.5)	—	(83.5)
	(202.8)	(70.7)	(132.1)
<b>Net deferred taxation (asset)/liability</b>	(50.1)	82.0	(132.1)





## 24. Deferred taxation continued

### Significant estimates and judgements related to deferred tax assets continued

US\$ million	Total	2022 Recognised	2022 Unrecognised
<b>Deferred tax liability</b>			
– Property, plant and equipment	157.4	157.4	—
	157.4	157.4	—
<b>Deferred tax asset</b>			
– 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)
<b>Net deferred taxation (asset)/liability</b>	(27.0)	71.3	(98.3)

Movements in deferred tax include amounts recognised in the Consolidated Income Statement of US\$21.7 million (30 June 2022: US\$33.0 million) and effects of foreign exchange retranslation of US\$11.0 million (30 June 2022: US\$7.9 million). The Consolidated Income Statement deferred tax charge for the Year reflects movements in deferred tax of US\$21.8 million (30 June 2022: US\$35.5 million charge) in respect of property, plant and equipment and associated capital allowances, a US\$0.2 million deferred tax credit (30 June 2022: US\$2.4 million) comprised of provisions and US\$nil (30 June 2022: US\$nil) in respect of utilised tax losses recognised at Cullinan Mine and Finsch. The US\$21.8 million (30 June 2022: US\$35.5 million) movement in respect of property, plant and equipment arises from reversing deductible temporary differences related to the reversal of prior year impairments of property, plant and equipment at Finsch of US\$14.2 million (30 June 2022: US\$nil) and other taxable temporary differences of US\$7.6 million (30 June 2022: US\$35.5 million).

Deferred tax liabilities of US\$nil (30 June 2022: US\$nil) have been recognised in relation to US\$309.5 million (30 June 2022: US\$273.4 million) of gross temporary differences associated with investments in subsidiaries as the Company is able to control the timing and amount of dividends from the related subsidiaries and there are no plans for future dividend payments and therefore it is probable that the reversal of the related temporary differences will not occur in the foreseeable future.

## 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 diamond polishing partnership agreements, retaining a 50% interest in the value uplift (net of expenses) of the polished sale of three rough diamonds from the Cullinan Mine, being a 25.63 carat white stone, a 10.38 carat gem quality blue stone and an 17.44 carat blue stone.

### 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. No information exists at the date of this report to require a provision for climate impacts.

## 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 the option to settle the options granted either through the issue of equity or a cash settlement, the Company has not recognised a present obligation to settle in cash.

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).



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**26. Share-based payments** continued**Significant accounting policies relevant to share-based payments** continued**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 is 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 non-market 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\$2.3 million (30 June 2022: US\$1.1 million) for the PSP share plan comprises US\$2.3 million (30 June 2022: US\$1.1 million) charged to the Consolidated Income Statement.

There was no charge for the LTIP share plan to the Consolidated Income Statement (30 June 2022: 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 2023 to FY 2025. 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:

	2023 (FY 2023–FY 2025)	2022 (FY 2022–FY 2024)	2022 (FY 2021–FY 2023)
PSP – market and non-market-based performance conditions			
Fair value (PSP absolute TSR/PSP relative TSR/PSP non-market)	1.8p/63.2p/110.8p	1.8p/42.2p/87.5p	<b>1.8p/42.2p/74.0p</b>
Grant date	14 December 2022	12 January 2022	<b>12 January 2022</b>
Share price at grant date	110.8p	74.0p	<b>74.0p</b>
Expected volatility	85%	85.0%	<b>85.0%</b>
Life of award	3 years	3 years	<b>3 years</b>
Expected dividends	—	—	<b>—</b>
Performance period	3 years	3 years	<b>3 years</b>
Correlation	19.8%	19.8%	<b>19.8%</b>
Risk-free interest rate (based on national Government bonds)	0.5%	0.5%	<b>0.5%</b>

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, 1,855,032 (30 June 2022: 2,261,670 under the FY2021–FY2023 and 2,897,083 under the FY2022–FY2024 PSP) PSP shares were awarded under the FY 2023–FY 2025 PSP to the Executive Directors and Senior Management at a fair value price of 110.8 pence (30 June 2022: 74.0 pence). The award to the Executive Directors follows the shareholders' approval of amendments to the Company's Directors' Remuneration Policy and 2021 PSP rules at the AGM on 16 November 2022 which enabled an enhanced PSP award to be made for FY 2023 of 300% of salary for the CEO and 225% of salary for the CFO. This enhanced award level will apply for FY 2023 only. 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 11 October 2022, the Executive Directors of the Company were granted a total of 198,512 (30 June 2022: 193,385) deferred share awards over Ordinary Shares in the Company. The deferred share awards comprised 119,716 deferred awards to Richard Duffy and 78,796 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 2022: 25%) of the total bonus in respect of performance for the financial Year ended 30 June 2022. The awards vest on 30 June 2025 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 136 to 154.

**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 alternative 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–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.



## 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 136 to 154. Details relating to Directors' shareholdings in the Company are disclosed in the Corporate Governance Report on page 150. 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 2023	Partner and respective interest as at 30 June 2022
Cullinan Mine	<b>Kago Diamonds (14%)</b>	Kago Diamonds (14%)
Finsch	<b>Kago Diamonds (14%)</b>	Kago Diamonds (14%)
Koffiefontein	<b>Kago Diamonds (14%)</b>	Kago Diamonds (14%)

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	2023	2022
<b>Non-current receivable</b>		
Kago Diamonds <sup>1,3</sup>	<b>21.1</b>	26.6
	<b>21.1</b>	26.6
<b>Current trade and other receivables</b>		
KEM JV <sup>2</sup>	<b>2.7</b>	3.7
Impairment provision <sup>2</sup>	<b>(2.6)</b>	(2.0)
	<b>0.1</b>	1.7
<b>Finance income</b>		
Kago Diamonds <sup>1</sup>	<b>2.4</b>	2.1
	<b>2.4</b>	2.1
<b>Finance expense</b>		
Kago Diamonds <sup>1</sup>	<b>—</b>	—
	<b>—</b>	—
<b>Dividend paid</b>		
Kago Diamonds <sup>3</sup>	<b>1.1</b>	1.3
	<b>1.1</b>	1.3

1. The Kago Diamonds receivable decreased by US\$4.5 million (30 June 2022: US\$6.9 million) mainly attributable to repayments received from Kago Diamonds during the Year totalling US\$3.5 million (30 June 2022: US\$nil), a foreign exchange decrease of US\$3.0 million (30 June 2022: US\$4.1 million) and accrued interest of US\$2.4 million (30 June 2022: US\$2.1 million).

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\$0.1 million (30 June 2022: US\$1.7 million). During FY 2023 the Group received payments of US\$0.5 million (30 June 2022: US\$2.5 million) from the KEM JV as 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, including an amended agreement entered into during the Year which resulted in the expected credit loss increasing by US\$1.0 million to US\$3.1 million (30 June 2022: US\$2.0 million).

3. During the Year, Finsch declared and paid a dividend out of profits generated in FY 2022 to its shareholders. The BEE Partners received a gross dividend of US\$9.6 million (30 June 2022: US\$2.5 million). An amount of US\$6.1 million (30 June 2022: US\$0.2 million) was used by BEE Partners to repay a portion of their loans owing to the Group and a net cash payment of US\$2.0 million (30 June 2022: US\$2.5 million) was received by the BEE Partners, comprising Kago US\$1.1 million (30 June 2022: US\$1.3 million) and IPDET US\$0.9 million (30 June 2022: US\$1.2 million).

Interest on the BEE loans receivables is charged at South African JIBAR plus 5.25% (30 June 2022: 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.

### Shareholders

The principal shareholders of the Company are detailed in Supplementary Information on page 223.



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**28. Notes to the cashflow statement****Significant non-cash transactions****(a) Operating and investing activities**

US\$ million	2023	2022
<b>Operating activities</b>		
Depreciation of property, plant and equipment	<b>82.5</b>	82.5
Amortisation of right-of-use asset	<b>3.2</b>	2.5
Unrealised gain on lease liability	<b>—</b>	—
Impairment reversal of property, plant and equipment	<b>(20.0)</b>	(21.4)
Impairment charge for other receivables	<b>4.6</b>	1.5
Movement in provisions	<b>7.0</b>	1.0
Gain on extinguishment on Notes	<b>(0.6)</b>	—
Non-cash items relating to discontinued operations	<b>21.5</b>	1.2
Other finance expense – unwinding of present value adjustment for rehabilitation costs	<b>4.2</b>	5.4
Other finance expense – post-retirement pension fund	<b>1.5</b>	1.0
Net unrealised foreign exchange losses/(gains)	<b>29.4</b>	36.4
Loss/(profit) on sale of property, plant and equipment	<b>1.4</b>	1.6
Share-based payment provision	<b>2.3</b>	1.1
	<b>137.0</b>	112.8
<b>Investing activities</b>		
Non-cash rehabilitation asset adjustment – change in estimate	<b>(5.5)</b>	(2.0)
Non-cash pension and post-retirement fund adjustment – change in estimate	<b>(1.6)</b>	(0.5)
Non-cash interest receivable from BEE loans on investing activity	<b>(4.9)</b>	(4.1)
	<b>(12.0)</b>	(6.6)
<b>Financing activities</b>		
Non-cash transaction costs on 1L facilities and Notes unamortised	<b>6.8</b>	(1.6)
	<b>6.8</b>	(1.6)

**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 2023	Senior secured lender debt facilities 2023	Lease liability	Total 2023	Senior secured second lien notes 2022	Senior secured lender debt facilities 2022	Lease liability	Total 2022
Loans and borrowings								
At 1 July	<b>366.2</b>	—	<b>22.4</b>	<b>388.6</b>	327.3	102.9	1.0	431.2
Cash draw-downs	—	—	—	—	—	—	—	—
Cash repayments (capital and interest)	<b>(7.7)</b>	—	—	<b>(7.7)</b>	—	(103.7)	—	(103.7)
Debt tender offer	<b>(144.6)</b>	—	—	<b>(144.6)</b>	—	—	—	—
Lease payments	—	—	<b>(4.6)</b>	<b>(4.6)</b>	—	—	(3.2)	(3.2)
Non-cash:								
– Initial recognition of lease liability	—	—	<b>8.9</b>	<b>8.9</b>	—	—	23.5	23.5
– Lease terminations	—	—	<b>(0.2)</b>	<b>(0.2)</b>	—	—	—	—
– Cancellation of \$492 000 Notes	<b>(0.6)</b>	—	—	<b>(0.6)</b>	—	—	—	—
– Unamortised transaction costs	<b>6.8</b>	—	—	<b>6.8</b>	—	(1.6)	—	(1.6)
– Interest accruing during the Year	<b>27.4</b>	—	<b>1.6</b>	<b>29.0</b>	38.9	5.5	1.2	45.6
– Capitalised to property, plant and equipment	—	—	<b>1.0</b>	<b>1.0</b>	—	—	—	—
Effect of foreign exchange	—	—	<b>(0.2)</b>	<b>(0.2)</b>	—	(3.1)	(0.1)	(3.2)
At 30 June	<b>247.5</b>	—	<b>28.9</b>	<b>276.4</b>	366.2	—	22.4	388.6



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**29. Subsidiaries and jointly controlled interests****Significant accounting policies relevant to subsidiaries**

At 30 June 2023 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 30 June 2023	Direct percentage held 30 June 2022	Nature of business
Blue Diamond Mines (Pty) Ltd <sup>1</sup>	South Africa	Ordinary	74%	74%	Mining and exploration
Cullinan Diamond Mine (Pty) Ltd <sup>1</sup>	South Africa	Ordinary	74%	74%	Mining and exploration
Ealing Management Services (Pty) Ltd <sup>1</sup>	South Africa	Ordinary	100%	100%	Treasury
Finsch Diamond Mine (Pty) Ltd <sup>1</sup>	South Africa	Ordinary	74%	74%	Mining and exploration
Kalahari Diamonds Ltd	United Kingdom	Ordinary	100%	100%	Investment holding
Mwadui Mining Holdings Ltd <sup>2</sup>	United Kingdom	Ordinary	100%	100%	Investment holding
Petra Diamonds Belgium BV	Belgium	Ordinary	100%	100%	Services provision
Petra Diamonds Holdings SA (Pty) Ltd <sup>1</sup>	South Africa	Ordinary	100%	100%	Investment holding
Petra Diamonds Jersey Treasury Ltd <sup>1</sup>	Jersey	Ordinary	100%	100%	Treasury
Petra Diamonds Netherlands Treasury B.V. <sup>1</sup>	Netherlands	Ordinary	100%	100%	Treasury
Petra Diamonds Southern Africa (Pty) Ltd <sup>1</sup>	South Africa	Ordinary	100%	100%	Services provision
Petra Diamonds UK Services Ltd	United Kingdom	Ordinary	100%	100%	Services provision
Petra Diamonds UK Treasury Ltd <sup>1</sup>	United Kingdom	Ordinary	100%	100%	Treasury
Petra Diamonds US\$ Treasury Plc <sup>1</sup>	United Kingdom	Ordinary	100%	100%	Treasury
Tarorite (Pty) Ltd <sup>1</sup>	South Africa	Ordinary	74%	74%	Beneficiation
Willcroft Company Ltd <sup>1</sup>	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. The Group recognised an expense of US\$0.56 (30 June 2022: US\$0.21 million) related to the defined contribution scheme. Contributions to the scheme by Director's and Key Management amounted to US\$0.1 million (30 June 2022: US\$0.1 million).

**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 recognised 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 2023. 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. The rules of the scheme do not currently indicate that surpluses will be allocated to the employer. Therefore, the Company has not recognised fund surpluses. Plan assets are therefore limited to the value of the funded obligations.

All new employees are required to join the defined contribution scheme. The assets of the pension schemes are held separately from those of the Group's assets.

**Defined benefit scheme**

The defined benefit scheme, which is contributory for members, provides benefits based on final pensionable salary and contributions.

The pension charge or income for the defined benefit scheme is assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The most important assumptions made in connection with the charge or income are the average yield of South African Government long-dated bonds of 13.70% (30 June 2022: 12.19%), and that salaries will be increased by 9.18% (30 June 2022: 8.73%), based on the current South African consumer price index of 8.18% (30 June 2022: 7.73%). Estimated future benefit payments to members for the 12-month period ending 30 June 2024 are US\$1.0 million.

**30. Pension scheme** continued**Significant accounting policies relevant to pensions** continued**Defined benefit scheme** continued

US\$ million	2023	2022
<b>Defined benefit obligations</b>		
Present value of funded obligations	(7.0)	(8.9)
Fair value of plan assets	7.0	8.9
Recognised deficit for defined benefit obligations	—	—
<b>Expense recognised in the income statement</b>		
Current service cost	(0.1)	(0.1)
Net interest on deficit	0.1	0.1
	—	—
<b>Change in the fair value of the defined benefit assets</b>		
At 1 July	8.9	10.3
Foreign exchange movement on opening balances	(1.2)	(1.3)
Return on plan assets – net of actuarial movements	0.3	0.4
Benefits paid to members	(1.1)	(0.7)
Contributions by Group – net	0.1	0.2
At 30 June	7.0	8.9
<b>Change in the present value of the defined benefit obligations</b>		
At 1 July	(8.9)	(10.3)
Foreign exchange movement on opening balance	1.1	1.1
Benefits paid to members	1.0	0.7
Current service cost	0.1	0.1
Finance expense	(0.9)	(1.0)
Actuarial gain	0.6	0.5
At 30 June	(7.0)	(8.9)
<b>Effect of the asset ceiling</b>		
At 1 July	0.3	0.4
Foreign exchange movement on opening balances	—	(0.1)
Change in asset ceiling	0.7	—
<b>At 30 June</b>	<b>1.0</b>	<b>0.3</b>

The major categories of plan assets are as follows:

US\$ million	% 2023	Quoted 2023	Unquoted 2023	Total 2023	% 2022	Quoted 2022	Unquoted 2022	Total 2022
Cash and cash equivalents	10.6%	0.8	—	0.8	8.6%	0.8	—	0.8
Equity instruments	27.1%	2.2	—	2.2	31.9%	2.9	—	2.9
Bonds	24.3%	1.9	—	1.9	23.9%	2.2	—	2.2
Property	5.4%	—	0.4	0.4	6.0%	—	0.6	0.6
Other – Offshore and hedge funds	32.6%	2.6	—	2.6	29.6%	2.7	—	2.7
At 30 June	100%	7.5	0.4	7.9	100%	8.6	0.6	9.2

US\$ million	2023	2022	2021	2020
Plan assets	7.0	8.9	10.3	7.6
Plan liabilities	(7.0)	(8.9)	(10.3)	(7.6)
(Surplus)/deficit	—	—	—	—



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**30. Pension scheme** continued**Significant accounting policies relevant to pensions** continued**Defined benefit scheme** continued

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 2023 is as follows:

	2023	2022
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 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\$0.3 million (30 June 2022: US\$0.4 million). A two-year change in mortality changes the pension obligation by approximately US\$0.2 million (30 June 2022: US\$0.3 million).

The previous statutory valuation showed that no further deficit funding was required from the employer. In addition, normal employer contributions were reduced to 28.23% with effect from 1 July 2021. There have been no significant rule amendments or changes to the Fund's structure since the previous valuation. A 2.0% pension increase has been recommended by the Fund valuator with effect from 1 July 2023. This increase has been included in the liabilities valued as at 30 June 2023.

Expected contributions to post-employment benefit plans for the year ending 30 June 2024 are US\$0.1 million.

US\$ million	30 June 2024
<b>Estimation of pension expense for the year ended 30 June 2024</b>	
Current service cost	0.1
Net interest on deficit	(0.1)
Company contributions	0.1

The weighted average duration of the defined benefit obligation is 8.83 years (30 June 2022: 10.4 years). The expected maturity analysis of defined benefit scheme is as follows:

US\$ million	30 June 2023			
	Total	Less than a year	1–2 years	2–5 years
Defined benefit obligation	3.1	1.0	0.1	2.0

US\$ million	30 June 2022			
	Total	Less than a year	1–2 years	2–5 years
Defined benefit obligation	3.1	1.1	0.6	2.3





## 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 2023. 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 208.

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 8.42% (30 June 2022: 9.0%), based on the average yield of relevant South African Government long-dated bonds of 12.9% (30 June 2022: 12.50%), and that salaries will be increased by 6.9% (30 June 2022: 7.5%).

US\$ million	2023	2022
<b>Post-retirement medical fund</b>		
Present value of post-employment medical care obligations	10.5	12.3
Unfunded status at 30 June	10.5	12.3
<b>Movements in present value of the post-retirement medical fund obligations recognised in the Consolidated Statement of Financial Position</b>		
Net liability for the post-retirement medical fund obligation as at 1 July	12.3	13.4
Foreign exchange movement on opening balances	(1.6)	(1.8)
Net expense recognised in the income statement	1.4	1.5
Membership changes	(1.0)	(0.2)
Benefit payments	(0.6)	(0.6)
Net liability for post-employment medical care obligations at 30 June	10.5	12.3
<b>Expense recognised in the income statement</b>		
Current service cost	0.1	0.2
Finance expense	1.3	1.3
	1.4	1.5
<b>The expense is recognised in the following line items in the income statement</b>		
Mining and processing costs	0.1	0.2
Finance expense	1.3	1.3
	1.4	1.5
<b>Reconciliation of fair value of scheme liabilities</b>		
At 1 July	12.3	13.4
Foreign exchange movement on opening balances	(1.7)	(1.8)
Net expense recognised in the income statement	1.4	1.5
Membership changes	(1.0)	(0.2)
Benefit payments	(0.6)	(0.6)
Liabilities at fair market value at 30 June	10.5	12.3



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**31. Post-retirement medical fund** continued**Significant judgements and estimates relevant to medical funds** continued

	2023	2022
<b>Principal actuarial assumptions</b>		
Discount rate	<b>12.9%</b>	12.5%
Healthcare cost inflation	<b>8.4%</b>	9.0%
Future salary increases	<b>6.9%</b>	7.5%
Net replacement ratio	<b>75.0%</b>	75.0%
Net discount rate	<b>4.11%</b>	3.21%
Normal retirement age (years)	<b>60.0</b>	60.0
Fully accrued age (years)	<b>60.0</b>	60.0

	2023	2022
US\$ million		
<b>Determination of estimated post-retirement medical fund expense for the Year ended</b>		
Current service cost	<b>0.1</b>	0.2
Finance expense	<b>1.3</b>	1.3
Benefit payments	<b>(0.6)</b>	(0.6)

	2023	2022	2021	2020
US\$ million				
<b>Actuarial accrued liability</b>				
Unfunded status	<b>10.5</b>	12.3	13.4	10.3

**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 2023	1% increase	1% decrease
Accrued liability	<b>10.5</b>	<b>11.8</b>	<b>9.5</b>
% difference	—	<b>12.5%</b>	<b>(9.3%)</b>

US\$ million	30 June 2022	1% increase	1% decrease
Accrued liability	12.3	13.9	11.0
% difference	—	13.0%	(10.6%)

**Average retirement age**

The table below shows the impact of a one-year change in the expected average retirement age:

US\$ million	30 June 2023	Retirement one year earlier	Retirement one year later
Accrued liability	<b>10.5</b>	<b>10.8</b>	<b>10.2</b>
% difference	—	<b>3.2%</b>	<b>(2.8%)</b>

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%)



## 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.

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 2023	Total 2022
Current trade receivables	12.2	37.4
Other receivables (excluding taxation, VAT and prepayments)	20.7	5.4
Non-current receivables (excluding VAT)	37.3	44.6
	<b>70.2</b>	87.4

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 2023	Total 2022
Euro	—	9.1
Pound Sterling	0.7	0.7
South African Rand	48.0	75.3
US Dollar	21.5	2.3
	<b>70.2</b>	87.4



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**32. Financial instruments** continued**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 2023	Total 2022
Trade payables	35.0	36.9
Other payables (excluding taxation, VAT and derivatives)	32.1	38.6
Lease liability	3.0	3.2
Non-current lease liability	25.8	19.2
	<b>95.9</b>	97.9

The carrying values of other financial liabilities are denominated in the following currencies:

US\$ million	Total 2023	Total 2022
Euro	—	0.1
Pound Sterling	13.7	14.1
South African Rand	17.1	10.8
US Dollar	65.1	72.9
	<b>95.9</b>	97.9

**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 2023	Total 2022
<b>Financial assets</b>		
Held at amortised cost:		
– Non-current trade and other receivables (excluding VAT)	37.3	44.6
– Trade receivables	12.2	37.4
– Other receivables (excluding taxation, prepayments and VAT)	20.7	5.4
– Cash and cash equivalents – restricted	17.7	16.3
– Cash and cash equivalents – unrestricted	44.1	271.9
	<b>132.0</b>	375.6
<b>Financial liabilities</b>		
Held at amortised cost:		
– Non-current lease liability	25.8	19.2
– Non-current loans and borrowings	222.4	353.9
– Current loans and borrowings	25.1	12.3
– Trade and other payables (excluding taxation, VAT and derivatives)	67.1	75.5
– Lease liability	3.0	3.2
	<b>343.4</b>	464.1

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.



## 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 2023	Total 2022
<b>Financial assets</b>		
Euro	—	9.1
Pound Sterling	7.9	5.0
South African Rand	78.7	278.0
US Dollar	45.4	83.5
	<b>132.0</b>	375.6
<b>Financial liabilities</b>		
Euro	—	0.1
Pound Sterling	13.7	14.0
South African Rand	17.1	6.6
US Dollar	312.6	443.4
	<b>343.4</b>	464.1

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

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

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.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans or receivables have been written off, and in the absence of any mutual agreed settlement, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss. The 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 (refer to note 15). These BEE receivables, including interest raised, will be recoverable from the BEE Partners' share of future cashflows from the underlying mining operations, Cullinan Mine and Finsch.

The Group applies the expected credit loss model to the BEE loans receivable. In determining the extent to which expected credit losses may apply, the Group assesses the future free cashflows to be generated by its mining operations, Cullinan and Finsch. In the estimation of these future cashflows, management are required to consider available reasonable and supportive forwarding-looking information relating to reserves and resources, assumptions related 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 a significant increase in credit risk related to the BEE loans receivable.

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\$53.1 million (30 June 2022: US\$61.5 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\$0.6 million (30 June 2022: US\$0.7 million derivative liability) recorded in the Consolidated Statement of Financial Position and a net realised foreign exchange gain of US\$1.9 million (30 June 2022: US\$12.6 million gain) and an unrealised foreign exchange gain on hedges of US\$0.1 million (30 June 2022: US\$0.7 million loss) recorded in the Consolidated Income Statement.

# Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

## 32. Financial instruments continued

### Derivatives continued

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\$0.01 million (30 June 2022: US\$0.07 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.

### 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 is 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 2023			
	Year-end US\$ rate	Year-end amount	US\$ strengthens 10%	US\$ weakens 10%
<b>Financial assets</b>				
Euro	0.9166	—	—	—
Pound Sterling	0.7872	7.9	7.1	8.7
South African Rand	0.0531	78.7	70.9	86.6
US Dollar	1.0000	45.4	45.4	45.4
		132.0	123.4	140.7
<b>Financial liabilities</b>				
Euro	0.9166	—	—	—
Pound Sterling	0.7872	13.7	12.3	15.1
South African Rand	0.0531	17.1	15.4	18.8
US Dollar	1.0000	312.6	312.6	312.6
		343.4	340.3	346.5
US\$ million	30 June 2022			
	Year-end US\$ rate	Year-end amount	US\$ strengthens 10%	US\$ weakens 10%
<b>Financial assets</b>				
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
<b>Financial liabilities</b>				
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	462.0	466.2

The tables above reflect the impact of a 10% cumulative currency movement over the next 12 months and are shown for illustrative purposes.



## 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.

### Maturity analysis

The below maturity analysis reflects cash and cash equivalents and loans and borrowings based on actual cashflows rather than carrying values.

US\$ million	Notes	30 June 2023						
		Interest rate	Total	3 months or less	3–6 months	6–12 months	1–2 years	2–5 years
<b>Cash</b>								
Cash and cash equivalents – unrestricted	19	0.1–5.1%	44.1	44.1	–	–	–	–
Cash – restricted	19	0.1–5.1%	17.7	–	–	–	–	17.7
<b>Total cash</b>			<b>61.8</b>	<b>44.1</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>17.7</b>
<b>Loans and borrowings</b>								
Bank loan – secured	21	12.65%	–	–	–	–	–	–
Senior secured second lien notes	21	9.50%	325.4	–	12.6	12.6	25.1	275.1
Lease liabilities	14	5.98%	31.4	1.9	1.2	3.1	6.4	18.8
<b>Cashflow of loans and borrowings</b>			<b>356.8</b>	<b>1.9</b>	<b>13.8</b>	<b>15.7</b>	<b>31.5</b>	<b>293.9</b>

US\$ million	Notes	30 June 2022						
		Interest rate	Total	3 months or less	3–6 months	6–12 months	1–2 years	2–5 years
<b>Cash</b>								
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
<b>Total cash</b>			<b>288.2</b>	<b>271.9</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>16.3</b>
<b>Loans and borrowings</b>								
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
<b>Cashflow of loans and borrowings</b>			<b>555.4</b>	<b>1.2</b>	<b>1.2</b>	<b>14.8</b>	<b>44.8</b>	<b>493.4</b>

### 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 9.75%. 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 2022: US\$nil). 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 2022: US\$nil).

### 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.



# Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

## 32. Financial instruments continued

### Other market price risk continued

#### 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 2023 and 30 June 2022 are as follows:

US\$ million	2023	2022
Total debt	<b>247.5</b>	366.2
Cash and cash equivalents	<b>(61.8)</b>	(288.2)
Net debt	<b>185.7</b>	78.0
Total equity attributable to equity holders of the parent company	<b>320.7</b>	473.8
Net debt to equity ratio	<b>0.58:1</b>	0.16:1

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\$606.8 million (30 June 2022: US\$627.9 million), Tanzania of US\$61.5 million (30 June 2022: US\$73.8 million), and the United Kingdom of US\$0.3 million (30 June 2022: US\$0.6 million).

The Group's property, plant and equipment included in non-current assets are located in South Africa of US\$567.3 million (30 June 2022: US\$582.4 million), Tanzania of US\$30.7 million (30 June 2022: US\$50.7 million), and the United Kingdom of US\$0.1 million (30 June 2022: US\$0.1 million).



**33. Segment information** continued**Significant accounting policies relevant to segmental reporting** continued

	South Africa – mining activities			Tanzania – mining activities	United Kingdom	South Africa	Inter- segment 2023	Consolidated 2023
	Cullinan Mine 2023	Finsch 2023	Koffiefontein <sup>5</sup> 2023	Williamson 2023	Corporate and treasury 2023	Beneficiation <sup>4</sup> 2023		
Operating segments US\$ million								
Revenue	<b>182.9</b>	<b>93.3</b>	–	<b>49.1</b>	–	<b>0.2</b>	<b>(0.2)</b>	<b>325.3</b>
Segment result <sup>1</sup>	<b>49.1</b>	<b>10.1</b>	–	<b>(29.2)</b>	<b>(23.2)</b>	<b>(0.1)</b>	<b>(1.9)</b>	<b>4.8</b>
Impairment reversal/(charge) – operations	<b>(1.5)</b>	<b>52.7</b>	–	<b>(31.2)</b>	–	–	–	<b>20.0</b>
Impairment charge – other receivables	–	–	–	<b>(3.9)</b>	<b>(1.0)</b>	–	–	<b>(4.9)</b>
Other direct income	–	–	–	<b>(0.6)</b>	<b>1.0</b>	–	–	<b>0.4</b>
Operating profit/(loss) <sup>2</sup>	<b>47.6</b>	<b>62.8</b>	–	<b>(64.9)</b>	<b>(23.2)</b>	<b>(0.1)</b>	<b>(1.9)</b>	<b>20.3</b>
Financial income								<b>11.1</b>
Financial expense								<b>(70.8)</b>
Gain on extinguishment of Notes net of unamortised costs								<b>0.6</b>
Income tax charge								<b>(23.1)</b>
Loss on discontinued operation including associated impairment charges (net of tax) <sup>5</sup>								<b>(40.5)</b>
Non-controlling interest								<b>(2.9)</b>
Profit attributable to equity holders of the parent company								<b>(105.3)</b>
Segment assets <sup>3</sup>	<b>418.6</b>	<b>248.9</b>	<b>0.3</b>	<b>85.0</b>	<b>3,018.6</b>	<b>5.5</b>	<b>(2,916.1)</b>	<b>860.8</b>
Segment liabilities <sup>3</sup>	<b>335.6</b>	<b>143.1</b>	<b>50.1</b>	<b>84.1</b>	<b>1,946.3</b>	<b>6.2</b>	<b>(2,021.4)</b>	<b>544.0</b>
Capital expenditure	<b>52.8</b>	<b>43.2</b>	<b>0.3</b>	<b>19.3</b>	<b>1.8</b>	–	–	<b>117.4</b>

1. Total depreciation of US\$82.5 million included in the segmental result comprises depreciation incurred at the Cullinan Mine of US\$53.5 million, Finsch of US\$20.2 million, Williamson of US\$8.2 million and Corporate and treasury of US\$0.6 million.

2. Operating profit is equivalent to revenue of US\$325.3 million less total costs of US\$305.0 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.

5. The operating results of Koffiefontein are included under loss on discontinued operation including associated impairment (net of tax) as the operation has been placed on permanent care and maintenance.



## Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

**33. Segment information** continued**Significant accounting policies relevant to segmental reporting** continued

Operating segments (restated) US\$ million	South Africa – mining activities			Tanzania – mining activities	United Kingdom	South Africa		Consolidated 2022
	Cullinan Mine 2022	Finsch 2022	Koffiefontein <sup>5</sup> 2022	Williamson 2022	Corporate and treasury 2022	Beneficiation <sup>4</sup> 2022	Inter- segment 2022	
Revenue	322.4	165.7	—	75.9	—	2.2	(2.5)	563.7
Segment result <sup>1</sup>	154.4	34.8	—	22.2	(14.5)	0.4	(4.3)	193.0
Impairment reversal – operations	—	—	—	21.4	—	—	—	21.4
Impairment (charge)/reversal – other receivables	—	—	—	(4.1)	2.6	—	—	(1.5)
Other direct income	(0.7)	(0.4)	—	0.1	0.6	—	—	(0.4)
Operating profit/(loss) <sup>2</sup>	153.7	34.4	—	39.6	(11.3)	0.4	(4.3)	212.5
Financial income								18.7
Financial expense								(91.7)
Income tax charge								(37.8)
Loss on discontinued operation including associated impairment charges (net of tax) <sup>5</sup>								(13.6)
Non-controlling interest								(19.1)
Profit attributable to equity holders of the parent company								69.0
Segment assets <sup>3</sup>	463.9	229.8	6.0	123.2	3,575.2	5.1	(3,292.3)	1,110.9
Segment liabilities <sup>3</sup>	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, Williamson of US\$5.0 million and Corporate and treasury of US\$0.6 million.

2. Operating profit is equivalent to revenue of US\$563.7 million less total costs of US\$351.2 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.

5. The operating results of Koffiefontein are included under loss on discontinued operation including associated impairment (net of tax) as the operation has been placed on permanent care and maintenance.



## 34. Discontinued operations

### Significant accounting policies relevant to discontinued operations

A discontinued operation is a component of the entity that has been disposed of, is classified as held for sale or abandoned (the Koffiefontein operation met the criteria of IFRS 5 and was classified as a discontinued operation) 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.

Judgement is required when determining whether a component of an entity classifies as a discontinued operation. A component of the Group should be classified as a discontinued operation when it has been disposed of, or abandoned, and represents a separate major line of business or geographical area of operations. Judgement is required when determining whether the component represents a separate major line of business or geographical area of operations. Judgement is required when determining whether the component represents an abandoned operation. This was applied to the classification of the Koffiefontein mine as a discontinued operation. The Koffiefontein mine is considered a major geographical area of operations which has been reported as a separate segment in the past.

Post the unsuccessful disposal process of Koffiefontein mine, Management took the decision to put the mine on care and maintenance. The income producing activities of the operation which involve the mining, recovery and sale of rough diamonds have ceased and the Company has started the process of windingup the operation and has, completed a significant restructuring of the staff complement at the operation, completed the retrenchment process, finalising workstreams to meet its rehabilitation obligations and is in discussions with the DMRE to formalise the ultimate closure of the operation. Care and maintenance activities have commenced and are ongoing. These ongoing activities at the Koffiefontein operation are more focused towards identifying and managing the mine's ongoing environmental compliance obligations in terms of local mining and environmental legislation and the implementation of the committed Social and Labour Plans (SLP). As these are legislative requirements, these activities are necessary and cannot be avoided

Based on the above, management considered that the Koffiefontein mine is abandoned and therefore a discontinued operation and as such Management have determined that the classification of a discontinued operation in terms of IFRS 5 to be appropriate at 30 June 2023.

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. The results of discontinued operations are presented separately in the Consolidated Income Statement.

#### (i) Result of Koffiefontein:

US\$ million	1 July 2022– 30 June 2023	1 July 2021– 30 June 2022
Revenue	4.4	21.5
Cost of sales	(24.5)	(34.7)
Gross loss	(20.1)	(13.2)
Impairment charge – operations	(0.8)	(0.3)
Provisions for closure	(22.0)	—
Financial income	2.4	0.3
Financial expense	—	(0.4)
Loss before tax	(40.5)	(13.6)
Income tax charge	—	—
Net loss for the Year	(40.5)	(13.6)
Attributable to:		
Equity holders of the parent	(31.3)	(10.2)
Non-controlling interest	(9.2)	(3.4)
	(40.5)	(13.6)

1. Provisions for closure costs is the current year increase in estimated costs related to care and maintenance activities of US\$10.7 million, closure costs of US\$1.9 million and the estimated cost of environmental rehabilitation at Koffiefontein of US\$8.7 million, which are based on current legal requirements, the Group's planned rehabilitation strategy and obligatory costs under its Social and Labour Plan.

The Consolidated Cashflow Statement includes the following amounts relating to Koffiefontein:

US\$ million	1 July 2022– 30 June 2023	1 July 2021– 30 June 2022
Operating activities	(19.0)	(12.3)
Investing activities	(0.3)	(0.6)
Financing activities	—	—
Net cash utilised in discontinued operations	(19.3)	(12.9)



# Notes to the Annual Financial Statements continued

For the Year ended 30 June 2023

## 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 the 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

With respect to the reorganisation of the parties’ legal interests in WDL, 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. Based on the recent confirmation that the parcel was sold in whole or part, the full carrying value of US\$12.5 million (30 June 2022: US\$12.5 million) has been expensed as other direct mining expense in the Consolidated Income Statement and a fair value of US\$12.3 million in respect of the sale of the parcel has been recognised in the Consolidated Income Statement as other direct mining income with a trade and other receivable recognised in the Statement of Financial Position at 30 June 2023. 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 historic disputes with the Government of Tanzania. The Group raised a provision of US\$19.2 million (30 June 2022: 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.

The Framework Agreement is subject to a number of conditions, including Tanzanian regulatory approvals and is therefore not yet effective as at 30 June 2023. Certain conditions precedent remain outstanding awaiting resolution from the GoT.

### 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 (a company now known as Taifa Mining and Civils Limited or “Taifa”) for a total consideration of US\$15.0 million. Taifa is the long-term technical services contractor at the Williamson Mine.

On 31 May 2023, the Company announced that it entered into definitive transaction documents which give effect to the MOU entered into on 15 December 2021 for the sale by the Company of 50% less one share of the entity which holds Petra’s shareholding in Williamson Diamonds Limited (WDL) and a prorated portion of shareholder loans owed by WDL for a total consideration of US\$15.0 million. The Company has entered into these transaction documents with Pink Diamonds Investments Limited (Pink Diamonds), a company nominated by and affiliated with Taifa. Taifa remains 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 Taifa will each indirectly hold a 31.5% stake in WDL but with Petra retaining a controlling interest in Williamson.

Taifa’s purchase will be funded through the settlement of US\$15.0 million of past technical services payments owed by WDL to Taifa.

Completion of the Transaction with Taifa is subject to the parties obtaining all necessary Governmental, regulatory and lender approvals, including the Tanzanian Fair Competition Commission. The transaction is anticipated to become effective during the second half of FY 2024.

## 36. Events after the reporting period

### India Rough Diamond Import Moratorium

On 27 September 2023 and after the release of the Group’s FY 2023 Preliminary Results, a group of Indian trade organisations, led by the Gem and Jewellery Export Promotion Council (GJEPC), announced a two-month voluntary moratorium on diamond imports to India (from 15 October to 15 December 2023) to allow the mid-stream to normalise inventory levels. The Group will be closely monitoring the possible impact on sales disruptions and price movements during this period. As there is uncertainty around the impact of the moratorium, and the fact only comes into effect on the 15th October, the Group considers it to be a non-adjusting post balance sheet event. The Group’s assessment of the market volatility and associated near-term uncertainty is reflected in our going concern assessment.

### Revolving Credit Facility draw-down

In July and August 2023, as a result of the deferment of the June 2023 diamond tender, the Group drew down, in total, an amount of ZAR850 million (US\$45.1 million) from the RCF.



# 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 2023

US\$ million	2023	2022	2021	2020	2019
<b>Income statement</b>					
Revenue (gross) <sup>1</sup>	<b>325.3</b>	563.7	402.3	243.3	463.6
Adjusted mining and processing costs <sup>2</sup>	<b>(202.1)</b>	(272.5)	(261.2)	(169.3)	(301.7)
Profit from mining activity <sup>3</sup>	<b>122.7</b>	290.2	142.8	75.0	161.1
Adjusted EBITDA <sup>3</sup>	<b>113.1</b>	277.8	135.4	67.3	153.0
Adjusted net (loss)/profit after tax <sup>3</sup>	<b>(2.3)</b>	115.2	(16.1)	(54.7)	(13.2)
Net (loss)/profit after tax – Group	<b>(102.4)</b>	88.1	196.6	(223.0)	(258.1)
<b>Statement of financial position</b>					
Current assets	<b>192.2</b>	408.6	274.4	191.1	206.7
Non-current assets	<b>668.6</b>	702.3	744.6	851.3	1,087.5
Non-current assets held for sale	<b>—</b>	—	59.6	0.3	0.6
Total assets	<b>860.8</b>	1,110.9	1,078.6	1,042.7	1,294.8
Borrowings (short and long term)	<b>247.5</b>	366.2	430.3	769.0	650.6
Current liabilities (excluding borrowings)	<b>69.0</b>	74.8	49.1	52.5	54.9
Liabilities directly associated with non-current assets held for sale	<b>—</b>	—	33.5	0.1	—
<b>Total equity</b>	<b>316.8</b>	478.5	440.3	11.7	326.1
<b>Movement in cash</b>					
Net cash generated from operating activities	<b>46.5</b>	284.0	139.5	27.0	156.4
Net cash utilised in investing activities	<b>(110.9)</b>	(52.9)	(25.4)	(51.0)	(137.9)
Net cash (utilised in)/generated from financing activities	<b>(150.7)</b>	(101.4)	(8.0)	52.4	(102.7)
Net (decrease)/increase in cash and cash equivalents	<b>(221.0)</b>	128.2	93.6	(6.7)	(141.6)
<b>Ratios and other key information</b>					
Basic (loss)/earnings per share attributable to the equity holders of the Company – US\$ cents	<b>(54.21)</b>	35.53	260.70	(21.96)	(20.18)
Adjusted basic (loss)/earnings per share from continuing operations attributable to the equity holders of the Company – US\$ cents <sup>3</sup>	<b>(2.96)</b>	48.01	(36.20)	(5.04)	(2.63)
Capex	<b>117.1</b>	51.6	23.8	36.4	86.9
Cash at bank (including restricted)	<b>61.8</b>	288.2	163.8	67.6	85.2

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 Koffiefontein for FY 2023 and FY 2022, 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 Koffiefontein for FY 2023 and FY 2022, Williamson for FY 2021 and FY 2020 and KEM JV for FY 2019) 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 221.



# FY 2023 Summary of Results and Non-GAAP Disclosures

US\$ million	2023	Restated 2022 <sup>11</sup>
Revenue	<b>325.3</b>	563.7
Adjusted mining and processing costs <sup>1</sup>	<b>(202.1)</b>	(272.5)
Other direct income	<b>(0.5)</b>	(1.0)
<b>Profit from mining activities<sup>2</sup></b>	<b>122.7</b>	290.2
Other corporate income	<b>1.0</b>	0.6
Adjusted corporate overhead	<b>(10.6)</b>	(13.0)
<b>Adjusted EBITDA<sup>3</sup></b>	<b>113.1</b>	277.8
Depreciation and amortisation of right-of-use asset	<b>(80.5)</b>	(85.0)
Share-based expense	<b>(2.3)</b>	(1.1)
Net finance expense	<b>(22.0)</b>	(36.6)
<b>Adjusted net profit before tax</b>	<b>8.3</b>	155.1
Tax expense ((excluding taxation (charge)/credit on impairment reversal/(charge) and unrealised foreign exchange gain/(loss)) <sup>4</sup>	<b>(10.6)</b>	(39.9)
<b>Adjusted net (loss)/profit after tax<sup>4</sup></b>	<b>(2.3)</b>	115.2
Impairment reversal – operations and other receivables <sup>6</sup>	<b>52.7</b>	24.3
Impairment charge – operations and non-financial receivables <sup>6</sup>	<b>(37.6)</b>	(4.4)
Transaction costs and acceleration of unamortised costs on partial redemption of Notes <sup>7</sup>	<b>(9.1)</b>	—
Gain on extinguishment of Notes net of unamortised costs	<b>0.6</b>	—
Williamson tailings facility – remediation costs	<b>(10.7)</b>	—
Williamson tailings facility – accelerated depreciation	<b>(5.2)</b>	—
Williamson blocked parcel inventory write down <sup>8</sup>	<b>(12.5)</b>	—
Williamson receivable recognition <sup>8</sup>	<b>12.4</b>	—
(Costs)/recovery and fees relating to investigation and settlement of human rights abuse claims	<b>(8.5)</b>	0.8
Provision for unsettled and disputed tax claims	<b>0.3</b>	—
Net unrealised foreign exchange loss	<b>(29.4)</b>	(36.4)
Taxation credit on unrealised foreign exchange loss <sup>4</sup>	<b>1.2</b>	2.2
Taxation charge on impairment reversal <sup>4</sup>	<b>(13.8)</b>	—
(Loss)/profit from continuing operations	<b>(61.9)</b>	101.7
Loss on discontinued operations, net of tax <sup>9</sup>	<b>(40.5)</b>	(13.6)
Net (loss)/profit after tax	<b>(102.4)</b>	88.1
<b>Earnings per share attributable to equity holders of the Company – US\$ cents</b>		
Basic (loss)/earnings per share – from continuing operations	<b>(54.21)</b>	35.53
Adjusted (loss)/earnings per share – from continuing operations <sup>10</sup>	<b>(2.96)</b>	48.01

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 reversals/(charges) and unrealised foreign exchange gains/(losses) generated during the Year; such exclusion more accurately reflects resultant adjusted net (loss)/profit after tax.
- 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.
- Net impairment reversal of US\$15.1 million (30 June 2022: US\$19.6 million) was due to the Group's impairment review of its operations and other receivables. Refer to note 7 for further details.
- Transaction costs and acceleration of unamortised costs on partial redemption of Notes comprise transaction costs of US\$0.8 million included within corporate expenditure (refer to note 5) and US\$8.3 million in respect of the redemption premium and acceleration of unamortised costs included within finance expense (refer to note 8).
- Diamond inventories for periods prior to 30 June 2023 include the 71,654.45 carat Williamson parcel of diamonds blocked for export during August 2017, with a carrying value of US\$12.5 million. Under the Framework Agreement entered into with the Government of Tanzania (GoT) in December 2021, it is stated that the proceeds from the sale of this parcel are to be applied to the Williamson mine to assist with the restart of operations and that, in the event such proceeds are not received by Williamson, Williamson is not required to pay a US\$20 million liability relating to the settlement of past tax disputes. During recent discussions, the GoT confirmed that the blocked parcel was partially sold during the period and so this parcel has been excluded from diamond inventories and expensed to other direct mining expense with the calculated fair value proceeds of US\$12.4 million for the blocked parcel recognised as other direct mining income and trade and other receivables as at 30 June 2023. During these recent discussions, the parties also confirmed their intent to resolve the treatment of the blocked parcel sale proceeds and the related US\$20 million settlement liability.
- The loss on discontinued operations reflects the results of the Koffiefontein operation (net of tax), including impairment, of US\$40.5 million (FY 2022 results have been amended for comparability) as per the requirements of IFRS 5 for an abandoned operation; refer to note 34.
- 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 2022 have been restated to exclude the results of Koffiefontein which is classified as a discontinued operation. For further detail refer to note 34.



# Shareholder and Corporate Information

## Petra Diamonds Limited

### Registered office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

### Group management office

15–17 Heddton Street  
London W1B 4BF  
Tel: +44 20 7494 8203  
info@petradiamonds.com  
www.petradiamonds.com

### Corporate communications team

Tel: +44 20 7494 8203  
Email: investorrelations@petradiamonds.com

### Company registration number

EC 23123

### Company Secretary

Rupert Rowland-Clark  
15–17 Heddton Street  
London W1B 4BF  
Tel: +44 20 7494 8203  
Email: companysecretary@petradiamonds.com

## Solicitors

### Bermuda: Conyers Dill & Pearman Limited

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda  
Tel: +1 441 295 1422

### United Kingdom: Ashurst LLP

London Fruit & Wool Exchange  
1 Duval Square  
London E1 6PW  
Tel: +44 20 7638 1111

## Corporate brokers

### BMO Capital Markets

95 Queen Victoria Street  
London EC4V 4GH  
Tel: +44 20 7236 1010  
www.bmocm.com

### Peel Hunt

100 Liverpool Street  
London EC2M 2AT  
Tel: +44 20 7418 8900  
www.peelhunt.com

## Registrar

### Link Market Services (Jersey) Limited

IFC5  
St. Helier  
Jersey JE1 1ST

Tel: UK: 0371 664 0300 (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate; lines are open 9.00am–5.30pm GMT Mon–Fri)  
International: +44 371 664 0300  
Website: www.linkgroup.co.uk  
Email: shareholderenquiries@linkgroup.co.uk

## Transfer agent

### Link Group

Central Square  
29 Wellington Street  
Leeds LS1 4DL

Tel: UK: 0371 664 0300 (calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate; lines are open 9.00am–5.30pm GMT Mon–Fri)  
International: +44 (0) 371 664 0300  
Website: www.linkgroup.co.uk  
Email: shareholderenquiries@linkgroup.co.uk

## Auditors

### BDO LLP

55 Baker Street  
London W1U 7EU  
Tel: +44 207 486 5888





## 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 2023.

## Substantial shareholdings

The interests in the table below reflect TR-1 notifications received by the Company as at 30 June 2023 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%
The Terris Fund Ltd., SAC	10.34%
Azvalor Asset Management SGIC SA	10.10%
Monarch Alternative Capital LP	8.27%
Bank of America Corporation	8.27%
Franklin Templeton Investment Management Limited	4.98%
Invesco Ltd.	4.73%

## Shares in issue

There were a total of 194,201,785 Ordinary Shares in issue at 30 June 2023.

## 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](http://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 16 November 2022 (the 2022 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 16 November 2022

## 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 2023 AGM will be held at 9.00am on Tuesday 14 November 2023 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](http://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](http://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](http://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](http://www.petradiamonds.com/investors/shareholders/faqs).

## Shareholder Portal

The Company has set up an online Shareholder Portal, [www.signalshares.com](http://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](mailto: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](http://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](http://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](http://www.fca.org.uk/consumers/scams/investment-scam).



## Glossary

<b>“2022 AGM”</b>	the Company’s Annual General Meeting for FY 2022, held on 16 November 2022
<b>“2L Notes”</b>	the Company’s senior secured second lien loan notes due in March 2026, of which a principal amount of US\$210 million remain outstanding
<b>“Act”</b>	the Bermuda Companies Act, 1981
<b>“ADI”</b>	Agribusiness Development Initiative, one of the RJPs being undertaken by Petra in the Mwadui community
<b>“AGM”</b>	Annual General Meeting
<b>“alluvial”</b>	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
<b>“APM”</b>	Alternative Performance Measure
<b>“ARC”</b>	the Audit and Risk Committee of the Company
<b>“ASM”</b>	artisanal small-scale mining
<b>“BEE”</b>	black economic empowerment, a policy of the South African Government to redress past economic imbalances
<b>“BEE Partners”</b>	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 <a href="https://www.petradiamonds.com/about-us/who-we-are/group-structure/">https://www.petradiamonds.com/about-us/who-we-are/group-structure/</a>
<b>“beneficiation”</b>	the refining of a commodity; in the case of diamonds, refers to the cutting and polishing of a rough stone
<b>“block cave”</b>	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’
<b>“Blocked Parcel” or “Blocked Diamond Parcel”</b>	the parcel of diamonds (71,654.45 carats) blocked for export to Petra’s marketing office in Antwerp by the GoT, as announced by Petra on 11 September 2017
<b>“bottom cut-off”</b>	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
<b>“BSI”</b>	British Standards Institute
<b>“BRICS”</b>	grouping of Brazil, Russia, India, China and South Africa
<b>“Bye-Laws”</b>	the Company’s Bye-Laws, as adopted on 28 November 2011
<b>“C-Cut”</b>	the C-Cut area of the Cullinan Mine orebody
<b>“C-Cut Extension”</b>	Tunnels 46 and 50 plus the C-Cut Centre areas of the Cullinan Mine orebody
<b>“CAGR”</b>	compound annual growth rate
<b>“capex”</b>	capital expenditure
<b>“carat” or “ct”</b>	a measure of weight used for diamonds, equivalent to 0.2 grams
<b>“CC1-E”</b>	the CC1 East area of the Cullinan Mine orebody
<b>“CDM”</b>	Cullinan Diamond Mine
<b>“CDP”</b>	Carbon Disclosure Project, a global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts
<b>“CEO”</b>	Chief Executive Officer
<b>“CFO”</b>	Chief Financial Officer
<b>“City Code”</b>	the UK City Code on Takeovers and Mergers
<b>“Code”</b>	the UK Corporate Governance Code 2018
<b>“conflict free”</b>	i.e. not ‘conflict diamonds’, which are defined by the Kimberley Process as ‘rough diamonds used to finance wars against Governments’
<b>“COO”</b>	Chief Operating Officer
<b>“COVID-19”</b>	COVID-19 is an infectious disease caused by the coronavirus
<b>“Cpht”</b>	carats per hundred metric tonnes
<b>“Culture Code”</b>	Petra’s Culture Code, consisting of icons representing enabling and disabling behaviours
<b>“CY”</b>	calendar year



<b>“DMRE”</b>	the South African Department of Minerals Resources and Energy
<b>“double materiality”</b>	a reporting term referring to how a business is affected by sustainability issues (“outside-in”) and how its activities impact society and the environment (“inside-out”)
<b>“drawpoint”</b>	an opening through which ore from a higher level can fall and subsequently be loaded
<b>“EBITDA”</b>	earnings before interest, tax, depreciation and amortisation
<b>“effluent”</b>	mine effluent is a regulated discharge from a point source like a treatment plant or dam spillway
<b>“EPS”</b>	earnings per share
<b>“ERM”</b>	enterprise risk management
<b>“ESD”</b>	Enterprise and Supplier Development
<b>“ESG”</b>	environmental, social and governance
<b>“Exceptional Stones”</b>	rough diamonds that sell for US\$15 million or more each. This definition was updated for FY 2024 from US\$5 million used historically
<b>“Exco”</b>	Executive Committee
<b>“FDM”</b>	Finsch Diamond Mine
<b>“FRC”</b>	the UK’s Financial Reporting Council
<b>“FWA”</b>	the Framework Agreement Petra entered into in December 2022 with the Government of Tanzania
<b>“FY”</b>	Petra’s financial year (1 July to 30 June)
<b>“G7”</b>	the intergovernmental political forum consisting of Canada, France, Germany, Italy, Japan, the United Kingdom and the United States
<b>“G&amp;A”</b>	general and administrative expenditure
<b>“GAAP”</b>	Generally Accepted Accounting Principles, issued by the Financial Accounting Standards Board
<b>“GDP”</b>	gross domestic product
<b>“Genovia PCBC”</b>	a software package designed specifically for the planning and scheduling of block cave mines
<b>“Genoiva PCSLC”</b>	a software package designed specifically for the planning and scheduling of SLCs
<b>“GHG”</b>	greenhouse gases
<b>“GISTM”</b>	Global International Standard on Tailings Management
<b>“GoT”</b>	Government of the United Republic of Tanzania
<b>“Group”</b>	Petra and its subsidiaries, jointly controlled operations and associates
<b>“grade”</b>	the content of diamonds, measured in carats, within a volume or mass of rock
<b>“H1” or “H2”</b>	first half, or second half, of the financial year
<b>“Ha”</b>	hectares
<b>“HDSA”</b>	historically disadvantaged South Africans
<b>“hard rock”</b>	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)
<b>“HIV/AIDS”</b>	human immunodeficiency virus infection and acquired immune deficiency syndrome
<b>“HSE”</b>	health, safety and environment
<b>“IASB”</b>	International Accounting Standards Board
<b>“ICR”</b>	interest cover ratio
<b>“IFRIC”</b>	International Financial Reporting Interpretations Committee
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“IGM”</b>	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
<b>“IMF”</b>	International Monetary Fund
<b>“iNED”</b>	independent Non-executive Director
<b>“Indicated Resource”</b>	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



## Glossary continued

<b>“Inferred Resource”</b>	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
<b>“inventory”</b>	diamonds held with the ultimate goal of resale
<b>“IPDET”</b>	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
<b>“IRR”</b>	internal rate of return
<b>“ISO”</b>	International Standards Organisation
<b>“ISO 14001”</b>	an international standard on environmental management administered by the ISO; it specifies a framework of control for an Environmental Management System against which an organisation can be certified by a third party
<b>“KEM JV”</b>	former joint venture; Petra disposed of its interest in KEM JV during FY 2019
<b>“Kimberley Process”</b>	the Kimberley Process is a joint Government, industry and civil society initiative to remove conflict diamonds from the global supply chain
<b>“KPCS”</b>	Kimberley Process Certification Scheme
<b>“kimberlite”</b>	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
<b>“KDM”</b>	Koffiefontein Diamond Mine
<b>“KPI”</b>	key performance indicator
<b>“LED”</b>	local economic development
<b>“LGD”</b>	laboratory/lab-grown diamond
<b>“like-for-like”</b>	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
<b>“Loan Notes”</b>	the Company’s senior secured second lien loan notes due in March 2026, of which a principal amount of US\$210 million remain outstanding
<b>“LOM”</b>	life of mine
<b>“LTI”</b>	lost time injury; a work-related injury resulting in the employee/contractor being unable to attend work on the day following the injury
<b>“LTIFR”</b>	lost time injury frequency rate; the number of LTIs multiplied by 200,000 and divided by the number of hours worked
<b>“Mcts”</b>	million carats
<b>“Measured Resource”</b>	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
<b>“Midstream”</b>	refers to the segment of the diamond industry involved in cutting, polishing and manufacturing activities
<b>“Minerals Council SA”</b>	the Minerals Council of South Africa
<b>“Mining Charter”</b>	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
<b>“Modifying Factors”</b>	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
<b>“MOU”</b>	the Memorandum of Understanding entered into by Petra in December 2021 with Caspian Limited
<b>“MPRDA”</b>	the Mineral and Petroleum Resources Development Act, 28 of 2002 of the Republic of South Africa
<b>“Mt”</b>	million tonnes
<b>“Mtpa”</b>	million tonnes per annum
<b>“NDC”</b>	Natural Diamond Council
<b>“NED”</b>	Non-executive Director
<b>“NGO”</b>	non-governmental organisation
<b>“NPV”</b>	net present value
<b>“NUM”</b>	National Union of Mine Workers in South Africa



<b>“NEMA”</b>	the National Environmental Management Act of the Republic of South Africa
<b>“NEMC”</b>	the National Environmental Management Council, Tanzania
<b>“OECD”</b>	Organisation for Economic Co-operation and Development
<b>“OFCF”</b>	operational free cashflow
<b>“open pit”</b>	mining in which ore that occurs close to the Earth’s surface is extracted from a pit or quarry
<b>“opex”</b>	operating costs
<b>“Ordinary shares”</b>	ordinary shares of 0.05 pence each in Petra’s share capital
<b>“orebody”</b>	a continuous well-defined mass of material of sufficient ore content to make extraction feasible
<b>“pa”</b>	per annum
<b>“Paterson A, B and C-Lower Bands”</b>	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
<b>“Period”</b>	1 July 2022 to 30 June 2023
<b>“PIK”</b>	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
<b>“PRF”</b>	Plant Recovery Factor
<b>“Probable Reserves”</b>	the economically mineable part of an indicated, and in some circumstances, a measured diamond resource
<b>“Proved Reserves”</b>	the economically mineable part of a measured resource
<b>“PSP”</b>	Performance Share Plan
<b>“Q”</b>	quarter of the financial year
<b>“RCF”</b>	Revolving Credit Facility
<b>“rehabilitation”</b>	the process of restoring mined land to a condition approximating to a greater or lesser degree its original state
<b>“Restructuring”</b>	the capital restructuring carried out by the Group and completed in FY 2021
<b>“RJC”</b>	Responsible Jewellery Council
<b>“RJPs”</b>	Restorative Justice Projects
<b>“ROM”</b>	run of mine, relating to production from the primary orebody
<b>“Rough diamond price index”</b>	the Zimnisky Global Rough Diamond Price Index was created to consolidate reliable natural rough diamond price information and publish the current price change of natural rough diamonds on a weekly basis in the form of an index
<b>“SAMREC”</b>	South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves
<b>“SDGs”</b>	the United Nations Sustainable Development Goals
<b>“SED”</b>	social, ethics and diversity
<b>“SEP”</b>	stakeholder engagement plan
<b>“Severity Rate”</b>	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
<b>“shaft”</b>	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
<b>“SIA”</b>	Social Impact Assessment
<b>“SIB capex”</b>	staying-in-business capex
<b>“SID”</b>	Senior Independent Director
<b>“SLC”</b>	sub-level cave
<b>“SLP”</b>	social and labour plans
<b>“slimes dam”</b>	an embankment dam, usually created from waste material, used to store sand-like fines residue (less than 1mm) waste products from mining operations
<b>“SMMEs”</b>	small, medium and micro enterprises
<b>“SRM”</b>	stakeholder relationship management
<b>“stockpile”</b>	a store of unprocessed ore
<b>“stripping”</b>	the removal of waste overburden at an open pit mine



## Glossary continued

<b>“sub-level cave”</b>	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
<b>“TAMICO”</b>	the Tanzania Mines, Energy, Construction and Allied Workers Union
<b>“tailings”</b>	material left over after processing ore
<b>“TB”</b>	tuberculosis
<b>“TCFD”</b>	Task Force on Climate-related Financial Disclosures
<b>“tCO<sub>2</sub>-e/ct”</b>	tonnes of CO <sub>2</sub> equivalent per carat produced
<b>“tender”</b>	Petra sells all its rough diamond production by method of open tender
<b>“TIFR”</b>	total injury frequency rate
<b>“tonnage”</b>	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
<b>“TPF”</b>	Tanzanian Police Force
<b>“TSF”</b>	tailings storage facility
<b>“TSR”</b>	total shareholder return
<b>“Tunajali Committee”</b>	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
<b>“Tunnel Availability”</b>	Availability of a tunnel to be blasted in a sub-level cave. Tunnels become available once they have been cleared of ore and waste, made safe and drilled in preparation for blasting
<b>“Type II diamonds”</b>	Type II diamonds have no measurable nitrogen impurities, meaning they are often of top quality in terms of colour and clarity. Type IIa diamonds make up 1–2% of all natural diamonds. These diamonds are almost or entirely devoid of impurities, and consequently are usually colourless. Many large famous diamonds, such as the Cullinan and the Koh-i-Noor, are Type IIa. Type IIb 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.
<b>“underground pipe mines”</b>	Petra’s underground kimberlite pipe mines, being Cullinan, Finsch and Koffiefontein
<b>“US\$”</b>	US Dollar
<b>“UK Companies Act”</b>	the United Kingdom Companies Act, 2006
<b>“VPSHR”</b>	the Voluntary Principles on Security and Human Rights
<b>“waste ingress”</b>	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
<b>“WDL”</b>	Williamson Diamonds Limited, the owner and operator of Williamson in Tanzania
<b>“WiL”</b>	Women in Leadership
<b>“Year”</b>	1 July 2022 to 30 June 2023
<b>“ZAR”</b>	South African Rand





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## PetraDiamonds

15–17 Heddon Street  
3rd Floor  
London W1B 4BF  
United Kingdom

Tel: +44 207 494 8203  
Email: [info@petradiamonds.com](mailto:info@petradiamonds.com)

[www.petradiamonds.com](http://www.petradiamonds.com)