THIS DOCUMENT AND ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended) (the "FSMA") if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document comprises: (i) a prospectus relating to Petra Diamonds Limited (the "**Company**") and the issue of the New Ordinary Shares pursuant to the Debt for Equity Conversion; and (ii) a circular prepared for the purposes of the Special General Meeting convened pursuant to the Notice of Special General Meeting set out in Part 17 ("*Notice of the Special General Meeting*") of this document. This document has been prepared in accordance with the Prospectus Regulation Rules and Chapter 13 of the Listing Rules of the Financial Conduct Authority (the "**FCA**") made pursuant to section 73A of FSMA, has been filed with the FCA and has been made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules. This document can also be obtained free of charge on request from the Company's Registrar, Link Group, or from www.petradiamonds.com/investors/2020-financial-restructuring/. This document has been approved by the FCA as competent authority under Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") in accordance with section 87A of FSMA. The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval shall not be considered as an endorsement of the issuer that is the subject of this document or of the quality of the securities that are the subject of this document. Investors should make their own assessment as to the suitability of investing in the New Ordinary Shares. This document comprises a simplified prospectus for the purposes of Article 14 of the Prospectus Regulation.

This document does not constitute or form part of any offer to buy or any invitation to sell or issue, or any solicitation of any offer to buy or subscribe for, New Ordinary Shares in any jurisdiction. This document has been produced for the purposes of, *inter alia*, Admission, should the Debt for Equity Conversion proceed.

If you sell or have sold or otherwise transferred all your Existing Ordinary Shares, please forward this document together with any accompanying documents that you may receive as soon as possible to the purchaser or transferee, or the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee except that such documents should not be forwarded or transmitted into any jurisdiction where to do so might constitute a violation of local securities law or regulation, including, but not limited to, the United States or any other Restricted Jurisdiction.

The distribution of this document and/or the transfer of New Ordinary Shares in jurisdictions outside the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with any of these restrictions may constitute a violation of the securities law of any such jurisdiction. In particular, subject to certain exceptions, this document should not be distributed, forwarded or transmitted in or into the United States or any other Restricted Jurisdiction. All Overseas Shareholders and any person (including, without limitation, agents, custodians, nominees or trustees) who has a contractual or other legal obligation to forward this document or any other documents issued by the Company in connection with the Debt for Equity Conversion, if and when received, to a jurisdiction outside the United Kingdom should read paragraph 14 ("*Overseas Shareholders*") of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document.

The permission of the Bermuda Monetary Authority is required, under the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of shares (which includes the Ordinary Shares) of Bermuda companies to or from a non-resident of Bermuda for exchange control purposes, other than in cases where the Bermuda Monetary Authority has granted a general permission. The Bermuda Monetary Authority, in its notice to the public dated 1 June 2005, has granted a general permission for the issue and subsequent transfer of any securities of a Bermuda company from and/or to a non-resident of Bermuda for exchange control purposes for so long as any 'Equity Securities' of the company (which would include the Ordinary Shares) are listed on an 'Appointed Stock Exchange' (which would include the London Stock Exchange). In granting the general permission, the Bermuda Monetary Authority accepts no responsibility for our financial soundness or the correctness of any of the statements made or opinions expressed in this document.

Petra Diamonds Limited

(incorporated and registered in Bermuda under the Companies Act 1981 (Bermuda) with Registered No. 23123)

Proposed Capital Reduction

Proposed Debt for Equity Conversion of approximately US$409.9 million of the Notes Debt into 8,844,657,929 New Ordinary Shares

and

Notice of Special General Meeting

BMO Capital Markets Limited
Sponsor

Rothschild & Co
Financial Adviser

The Existing Ordinary Shares are listed on the premium listing segment of the Official List maintained by the FCA (the "**Official List**") and traded on the London Stock Exchange's main market for listed securities (the "**Main Market**"). Applications will be made to the FCA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the Main Market ("**Admission**"). It is expected that Admission in respect of the New Ordinary Shares will become effective and that dealings will commence in the New Ordinary Shares by the end of January 2021.

The Company and each of the Directors and the Proposed Director, whose names appear on page 49 of this document accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors and the Proposed Director, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

The whole of this document should be read in its entirety, including the documents incorporated by reference, by any Shareholder and any other person contemplating an acquisition of New Ordinary Shares. Your attention is drawn to the letter of recommendation from the Chairman of Petra Diamonds Limited which is set out in Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document. Your attention is also drawn to Part 2 ("*Risk Factors*") of this document which sets out certain risks and other factors that should be considered by Shareholders and by others in connection with an investment in the New Ordinary Shares.

The Consensual Restructuring is conditional, *inter alia*, upon: (i) the Resolution having been passed by Shareholders at the Special General Meeting (or at any adjournment thereof); (ii) the Scheme Sanction Order being made by the Court and filed with the Registrar of Companies at Companies House; (iii) any approvals required from the Financial Surveillance Department of the South African Reserve Bank to implement the Consensual Restructuring (including, for the avoidance of doubt, approvals required for the provision of guarantees in respect of debt obligations outside of South Africa), and any other regulatory approvals which the Company reasonably considers necessary to implement the Consensual Restructuring, having consulted with the advisers to the Ad Hoc Committee and counsel to the First Lien Lenders; (iv) the US Bankruptcy Court granting the US Chapter 15 Order; (v) confirmation being received from HMRC that the Scheme Sanction Order will not be subject to a stamp duty charge; (vi) all outstanding fees and expenses of the advisers to the Ad Hoc Committee being paid to them by the Company; (vii) the New Ordinary Shares being issued and allotted, conditional only on Admission, and all necessary filings and ancillary steps being taken in relation thereto; and (viii) the occurrence of Admission. The New Ordinary Shares will, on Admission, rank in full for all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after Admission and will otherwise rank *pari passu* with the Existing Ordinary Shares.

Notice of the Special General Meeting, to be held at 52-53 Conduit Street, London, W1S 2YX on 13 January 2021 at 9.30 a.m., is set out in Part 17 ("*Notice of the Special General Meeting*") of this document. The continuing COVID-19 pandemic has led to the imposition of severe restrictions on public gatherings. The Company understands and respects the importance of the Special General Meeting and the Board greatly values the opportunity to meet Shareholders in person. The health and safety of Shareholders, the Company's employees and the broader community is, however, of paramount importance. In light of this, the Board has concluded that Shareholders will not be permitted to attend the Special General Meeting in person. Therefore the Special General Meeting will be held on a 'closed' basis, with Shareholders offered the option to participate in the Special General Meeting remotely via an audio webcast. Shareholders will be able to ask questions at the Special General Meeting via the audio webcast.

Given the logistical difficulties posed by a meeting involving remote participation, in accordance with the power given to the Chairman of the Meeting in Bye-law 32.5 of the Company's Bye-laws, the Chairman of the Meeting intends to direct that poll votes be counted by taking only those votes cast by the Chairman of the Meeting as proxy on behalf of Shareholders who have validly submitted proxy instructions. **Shareholders are therefore strongly encouraged to exercise their voting rights by submitting their proxy electronically as soon as possible and, in any event, so as to be received by not later than 9.30 a.m. on 11 January 2021 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting), appointing the Chairman of the Meeting as their proxy with their voting instructions, even if they intend to participate at the Special General Meeting via the audio webcast**. This way, Shareholders' votes can be cast at the Special General Meeting in accordance with their instructions. If a Shareholder appoints someone other than the Chairman of the Meeting as their proxy, that proxy will not, due to restrictions on attendance, be able to exercise that Shareholders' voting rights on their behalf and their votes will not be cast. The Chairman of the Meeting may, in his discretion, permit one or more additional proxy holders (other than the Chairman of the Meeting), Shareholders or corporate representatives to vote at the meeting solely for the purposes of forming a quorum under the Company's Bye-laws.

Shareholders who hold Ordinary Shares in certificated form may submit their proxy electronically at www.signalshares.com using their 11 digit Investor Code ("**IVC**"). A Shareholder can find their IVC on their share certificate, or Signal Shares users (www.signalshares.com) will find this under 'Manage your account' when logged in to the Signal Shares portal. A Shareholder can also obtain this by contacting the Registrar, Link Group, by calling +44 (0)371 664 0321. Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

DI Holders holding Ordinary Shares in uncertificated form as depositary interests ("**Depositary Interests**") who are CREST Members and who wish to appoint the Chairman of the Meeting as their proxy through the 'CREST Electronic Proxy Appointment Service' may do so for the Special General Meeting and any adjournment(s) of the meeting in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Further details on how Shareholders can participate in the Special General Meeting are set out in Part 17 ("*Notice of the Special General Meeting*") of this document.

BMO Capital Markets Limited ("**BMO**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no one else in connection with the contents of this document, the Debt for Equity Conversion, Admission or any other matters referred to in this document and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Debt for Equity Conversion, Admission or any other matters referred to in this document and will not be responsible for providing the protections afforded to its clients nor for giving advice in relation to the contents of this document, the Debt for Equity Conversion, Admission or any other matter or arrangement referred to in this document.

N.M. Rothschild & Sons Limited ("**Rothschild & Co**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no one else in connection with the contents of this document, the Debt for Equity Conversion, Admission or any other matters referred to in this document and will not regard any other person (whether or not a recipient of this document) as a client in relation to the Debt for Equity Conversion, Admission or any other matters referred to in this document and will not be responsible for providing the protections afforded to its clients nor for giving advice in relation to the contents of this document, the Debt for Equity Conversion, Admission or any other matter or arrangement referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed upon BMO and/or Rothschild & Co by FSMA or the regulatory regime established thereunder, BMO and/or Rothschild & Co do not accept any responsibility and disclaim any liability for the accuracy, completeness or verification, or concerning any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the New Ordinary Shares, the Debt for Equity Conversion or Admission in this document. No representation or warranty, express

or implied, is made by BMO and/or Rothschild & Co as to the accuracy, completeness or verification of the information set forth in this document and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. Each of BMO and Rothschild & Co accordingly disclaims to the fullest extent permitted by applicable law all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to herein) which it might otherwise have in respect of this document or any such statement.

In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Company and the terms of the Consensual Restructuring, including the merits and risks involved.

Any reproduction or distribution of this document and the accompanying documents, in whole or in part, and any disclosure of their contents is prohibited, except to the extent such information is otherwise publicly available.

Important Notice

SUBJECT TO CERTAIN EXCEPTIONS, THIS DOCUMENT IS NOT BEING MADE AVAILABLE TO SHAREHOLDERS OR INVESTORS IN THE UNITED STATES OR ANY OTHER RESTRICTED JURISDICTION. This document does not constitute or form part of any offer to buy or any invitation to sell or issue, or any solicitation of any offer to buy or subscribe for, New Ordinary Shares in any jurisdiction.

The New Ordinary Shares have not been and will not be registered under the applicable securities laws of any Restricted Jurisdiction. Accordingly, subject to certain exceptions, the New Ordinary Shares may not be offered or sold in such jurisdictions or to any resident of such jurisdictions. There will be no public offer of the New Ordinary Shares in any of the Restricted Jurisdictions.

Should the Debt for Equity Conversion proceed, New Ordinary Shares will only be issued to Noteholders situated outside Australia pursuant to the Debt for Equity Conversion. The New Ordinary Shares have not been and will not be registered under the applicable securities laws of Australia. This document is being provided to Shareholders with registered addresses in Australia solely for the purposes of the Special General Meeting convened pursuant to the Notice of Special General Meeting.

Subject to certain exceptions, this document should not be distributed, forwarded or transmitted in or into the United States or any other Restricted Jurisdiction. All Overseas Shareholders and any person (including, without limitation, an agent custodian, nominee, or trustee) who is holding Existing Ordinary Shares for the benefit of such persons or who has a contractual or other legal obligation to forward any documents issued by the Company in connection with the Debt for Equity Conversion, including this document, if and when received, to a jurisdiction outside the United Kingdom, should read paragraph 14 ("*Overseas Shareholders*") of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document.

The New Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**") or under the securities laws of any state or other jurisdiction of the United States, or the relevant laws of any state, province or territory of any other Restricted Jurisdiction and, subject to certain exceptions, may not be offered, sold, resold, transferred, distributed or delivered, directly or indirectly, in, into or from the United States or any other Restricted Jurisdiction. This document does not constitute an offer to sell or a solicitation of an offer to buy New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. Subject to certain exceptions, this document will not be distributed in or into the United States or any of the other Restricted Jurisdictions. The New Ordinary Shares are being made available (i) outside the United States in reliance on Regulation S under the US Securities Act, and (ii) in the United States to a limited number of institutional accredited investors (as defined in Rule 501(a)(1), (2), (3), (7), (8), (9), (12) or (13) under the US Securities Act) in transactions exempt from the registration requirements of the US Securities Act. There will be no public offer of the New Ordinary Shares in the United States.

Neither the United States Securities and Exchange Commission ("**SEC**") nor any state securities commission in the United States has approved or disapproved of the New Ordinary Shares or passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The New Ordinary Shares are subject to restrictions on offers, sales and transfers in certain jurisdictions. Prospective purchasers should read the restrictions that apply to the New Ordinary Shares as described in paragraph 14 ("*Overseas Shareholders*") of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (**"MiFID II"**); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the **"MiFID II Product Governance Requirements"**), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any 'manufacturer' (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that the New Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the **"Target Market Assessment"**). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Debt for Equity Conversion.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Ordinary Shares.

For the avoidance of doubt, the Company is not subject to MiFID II, has no obligations in relation to the MiFID II Product Governance Requirements and makes no representations regarding the MiFID II Product Governance Requirements falling on any authorised or regulated entity connected with the issuance.

General Notice

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or its own legal, financial or tax adviser for legal, financial or tax advice.

None of the Company, the Directors, the Proposed Director, BMO and Rothschild & Co, nor any of their respective affiliates, directors, officers, employees or advisers, is making any representation to any acquirer of New Ordinary Shares regarding the legality of an investment in the Debt for Equity Conversion or the New Ordinary Shares by such acquirer under the laws applicable to such acquirer.

Subject to FSMA, the Listing Rules, the Prospectus Regulation Rules, the Prospectus Regulation and the DTRs, neither the delivery of this document nor any acquisition or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as at any time after this date.

This document is dated 22 December 2020.

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PART 1

SUMMARY

Section 1 – Introduction and warning	
Name and international securities identification (ISIN) of the New Ordinary Shares	Petra Diamonds Limited. The ISIN of the Existing Ordinary Shares is BMG702781094. Following Admission, the Ordinary Shares (including the New Ordinary Shares) will be registered with ISIN BMG702781417.
Identity and contact details of the issuer, including its legal entity identifier (LEI)	The legal and commercial name of the issuer is Petra Diamonds Limited. The Company is an exempted company limited by shares and incorporated in Bermuda and its registered number is 23123. The Company is domiciled in the United Kingdom. The Company's registered office is at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda, with the group management office at 1st Floor, 52-53 Conduit Street, London, W1S 2YX, United Kingdom. The telephone number of the Company is +44 (0)20 7494 8203. The legal entity identifier of the Company is 213800X4QZIAVSA12860.
Identity and contact details of the competent authority approving the prospectus	This prospectus has been approved by the FCA as competent authority under the Prospectus Regulation. The head office of the FCA is at 12 Endeavour Square, London, E20 1JN. The telephone number of the FCA is +44 (0)20 7066 1000.
Date of approval of the prospectus	22 December 2020.
Warnings	This summary should be read as an introduction to the prospectus. Any decision to invest in the New Ordinary Shares should be based on a consideration of the prospectus as a whole by the investor, including the information incorporated by reference. The investor could lose all or part of the invested capital. Where a claim relating to the information contained in a prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the prospectus, or where it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.

Section 2 – Key information on the issuer	
Who is the issuer of the securities?	
The domicile and legal form of the issuer, the legal entity identifier (LEI), the law under which the issuer operates and its country of incorporation	The Company is an exempted company limited by shares and incorporated in Bermuda and its registered number is 23123. The Company is domiciled in the United Kingdom. The Company's registered office is at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda, with the group management office at 1st Floor, 52-53 Conduit Street, London, W1S 2YX, United Kingdom. The principal legislation under which the Company was incorporated is the Companies Act 1981 of Bermuda. The legal entity identifier of the Company is 213800X4QZIAVSA12860.
The issuer's principal activities	The Company is a leading independent diamond mining group and a supplier of gem quality rough diamonds to the international market. The Company has a diversified asset portfolio incorporating interests in three underground mines in South Africa (Cullinan, Finsch and Koffiefontein). The Group also owns, together with the Government of Tanzania, 75 per cent. of one open pit mine in Tanzania (Williamson), which is currently on care and maintenance. The Company is focused on the highest margin segment of the diamond pipeline – the upstream, involving the mining, processing, sorting and sale of rough diamonds.

The issuer's major shareholders, including whether it is directly or indirectly owned or controlled and by whom	Save as set out below, as at the Latest Practicable Date, the Company is not aware of any person who, directly or indirectly, is interested in five per cent. or more of the Company's capital or voting rights: **Voting rights as at the Number of voting rights** / **Latest Practicable Date % of voting rights** Standard Life Aberdeen Plc: 90,589,721 / 10.47 M&G Plc: 87,886,419 / 10.15 These Shareholders will have their proportionate shareholdings in the Company significantly diluted pursuant to the Debt for Equity Conversion.
The identity of the issuer's key managing directors	Richard Duffy (Chief Executive) Jacques Breytenbach (Finance Director)
The identity of the issuer's statutory auditors	BDO LLP, 55 Baker Street, London W1U 7EU, United Kingdom
What is the key financial information regarding the issuer?	
Key financial information	Selected key financial information relating to the Group for FY 2020 is set out below. The information has been presented in accordance with Annex I of European Commission Delegated Regulation (EU) 2019/979: *Summary consolidated income statement data* **FY 2020 (US$m)** **Revenue**: 295.8 **Total operating costs**: (418.0) **Profit/(loss) before tax**: (275.3) **Profit/(loss) for the period**: (223.0) **Profit/(loss) for the period attributable to:** Equity holders of the parent company: (190.0) Non-controlling interests: (33.0) *Summary consolidated statement of financial position data* **FY 2020 (US$m)** Total non-current assets: 851.3 Total current assets: 191.1 **Total assets**: **1,042.7** Total non-current liabilities: 205.8 Total current liabilities: 825.1 **Total liabilities**: **1,031.0** Shareholders' equity: 30.5 Non-controlling interests: (18.8) **Total equity**: **11.7** **Total equity and liabilities**: **1,042.7** *Summary consolidated statement of cash flows data* **FY 2020 (US$m)** **Net cash generated from operating activities**: 27.0 **Net cash generated by/(utilised in) operating activities**: (8.1) **Net cash generated by/(utilised in) financing activities**: (51.0) **Net increase/(decrease) in cash and cash equivalents**: (6.7) Cash and cash equivalent beginning of period: 71.7 Effect of exchange fluctuations on cash held: (11.4) **Cash and cash equivalents end of period**[(1)]: 53.6

	Notes: (1) Cash and cash equivalents includes restricted cash of US$14 million and unrestricted cash of US$53.6 million.
Pro forma financial information	Selected unaudited pro forma financial information which illustrates the effect on the consolidated net assets of the Group as if the Consensual Restructuring had taken place on 30 June 2020. The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position. *Summary unaudited pro forma net assets statement*

	The Group as at 30 June 2020[1] US$m	Consensual Restructuring – Notes and First Lien Facilities adjustments[2] US$m	Pro forma net assets of the Group US$m
ASSETS			
Total non-current assets	851.3	–	851.3
Total current assets	191.1	4.2	195.3
Non-current assets as held for sale	0.3	–	0.3
Total assets	**1,042.7**	**4.2**	**1,046.9**
LIABILITIES			
Total non-current liabilities	205.8	388.0	593.8
Total current liabilities	825.1	(741.7)	83.4
Liabilities directly associated with non-current assets classified as held for sale	0.1	–	0.1
Total liabilities	**1,031.0**	**(353.7)**	**677.3**
Net assets	**11.7**	**357.9**	**369.6**

Notes:

(1) The net assets of the Group at 30 June 2020 have been extracted without adjustment from the audited consolidated financial statements of the Group in respect of FY 2020 which are incorporated by reference in this document.

(2) Reflects the impact on the Group's net assets pursuant to the Consensual Restructuring of the Notes and the First Lien Facilities.

(3) No account has been taken of the financial performance of the Group since 30 June 2020 nor of any other event save as disclosed above.

Brief description of any qualifications in the audit report relating to the historical financial information	Not applicable. The audit report on the financial information for FY 2020, incorporated by reference into this document, is unqualified. However, the annual report for FY 2020 includes an emphasis of matter paragraph noting material uncertainties in relation to (i) the outcome of the Consensual Restructuring; and (ii) trading conditions and the impact of the COVID-19 pandemic, either of which may cast significant doubt about the Company's ability to continue as a going concern.

What are the key risks that are specific to the issuer?

The key risks specific to the Company are:

- The Consensual Restructuring is subject to conditions that must be satisfied or waived (if capable of waiver) for it to proceed.
- If the Consensual Restructuring does not proceed, it is likely that the Company, or one or more of the Group members, would file for insolvency in the relevant jurisdiction(s), either in connection with a Noteholder Credit Bid Restructuring or otherwise, and it is expected that the Ordinary Shares would be suspended from trading and that no value would be returned to Shareholders.
- The Group does not have sufficient working capital for its present requirements.

- After implementation of the Consensual Restructuring, if completed, the Group will be subject to restrictive covenants under certain of the New Banking Facilities and the New Notes.
- The Group will remain indebted even after the Consensual Restructuring, if completed, and its leverage and debt service obligations, its credit standing as well as general market conditions could adversely affect its business, financial condition, results of operations and its ability to procure additional financing or satisfy its debt obligations.
- COVID-19 response measures are likely to have a continued impact on production, the ability to make sales, demand for the Company's products and on the health and wellbeing of the Company's workforce.
- The volatility of diamond prices is significant and unpredictable and therefore price forecasting can be difficult and imprecise.
- The Group is subject to currency risk.
- At the Williamson mine in Tanzania, a parcel of diamonds has been blocked from export and the Group holds VAT receivables that remain due and outstanding by the tax authorities in Tanzania.
- Resource nationalism could affect the Group's operations.
- The Group's operations may be adversely affected by interruptions in its electricity or water supply and by increases in overall energy or water costs.
- The business of the mining and production of diamonds from diamond deposits involves a number of risks and hazards, many of which are outside of the Group's control, not all of which are fully covered by insurance.

Section 3 – Key information on the securities

What are the main features of the securities?

As at the Latest Practicable Date, the Company had 865,431,343 fully paid Ordinary Shares in issue. The par value of each Ordinary Share is 10 pence.

Following the completion of the Capital Reduction, the nominal value of the Ordinary Shares will be reduced from 10 pence to 0.001 pence each in the capital of the Company.

The Debt for Equity Conversion comprises the issue of 8,844,657,929 New Ordinary Shares of 0.001 pence each in consideration for the assignment by the Noteholders to the Company of approximately US$409.9 million of the Notes Debt.

On Admission, the New Ordinary Shares will be registered with ISIN number BMG702781417. All New Ordinary Shares will be denominated in pounds sterling.

The Ordinary Shares themselves are not admitted to CREST. On Admission, the Depositary will issue Depositary Interests in respect of underlying Ordinary Shares. Shareholders are able to hold and transfer interests in the Ordinary Shares within CREST by virtue of the Depositary Interests pursuant to the arrangements between the Company and the Depositary governed by the Depositary Agreement and Deed Poll. The Depositary Interests are independent securities constituted under English law, which are held and transferred directly through the CREST system. Depositary Interests have the same ISIN as the underlying Ordinary Shares and do not require a separate admission to trading on the London Stock Exchange.

There is no right of conversion or redemption attached to the New Ordinary Shares. The New Ordinary Shares will be in registered form and can be held in certificated form or in uncertificated form.

All New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Ordinary Shares. Following the implementation of the Consensual Restructuring, the Company will not be able to pay dividends to Shareholders unless the consent of the First Lien Lenders is obtained and certain conditions set out in the New Notes are fulfilled.

Shareholders have the right to receive notice of, and attend and vote at, general meetings of the Company. No Shareholder shall have the right to vote at any general meeting, either in person or by proxy, unless such Shareholder has paid all the calls on all shares held by such Shareholder.

The Ordinary Shares are freely transferable and there are no restrictions on transfer of the Ordinary Shares.

The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid up bonus shares pro-rata to the Shareholders.

On a return of capital on a winding-up, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, the holders of Ordinary Shares shall be entitled to the surplus assets of the Company.

Where will the securities be traded?

Applications will be made (i) to the FCA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and (ii) to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market for listed securities.

Admission is expected to occur by the end of January 2021, when dealings in the New Ordinary Shares to be issued pursuant to the Debt for Equity Conversion are expected to begin.

No application has been or is currently intended to be made by the Company for the New Ordinary Shares to be admitted to listing or trading on any other exchange.

What are the key risks that are specific to the securities?

- If the Consensual Restructuring is implemented, including the Debt for Equity Conversion, existing Shareholders will experience significant dilution.
- If the Consensual Restructuring is implemented, including the Debt for Equity Conversion, the Noteholders will have a significant interest in the Company following Admission and their interests may differ from those of the existing Shareholders.
- There is no guarantee that there will be a liquid market for the Ordinary Shares after Admission.

Section 4 – Key information on the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

Debt for Equity Conversion:

The Company is proposing to issue 8,844,657,929 New Ordinary Shares to the Noteholders at the applicable Conversion Price, on a non-pre-emptive basis, in consideration for the assignment by the Noteholders to the Company of approximately US$409.9 million of the Notes Debt.

General:

The Consensual Restructuring is conditional, *inter alia*, upon:

- the Resolution having been passed by Shareholders at the Special General Meeting (or at any adjournment thereof);
- the Scheme Sanction Order being made by the Court and filed with the Registrar of Companies at Companies House;
- any approvals required from the Financial Surveillance Department of the South African Reserve Bank to implement the Consensual Restructuring (including, for the avoidance of doubt, approvals required for the provision of guarantees in respect of debt obligations outside of South Africa), and any other regulatory approvals which the Company reasonably considers necessary to implement the Consensual Restructuring, having consulted with the advisers to the Ad Hoc Committee and counsel to the First Lien Lenders;
- the US Bankruptcy Court granting the US Chapter 15 Order;
- confirmation being received from HMRC that the Scheme Sanction Order will not be subject to a stamp duty charge;
- all outstanding fees and expenses of the advisers to the Ad Hoc Committee being paid to them by the Company;
- the New Ordinary Shares being issued and allotted, conditional only on Admission, and all necessary filings and ancillary steps being taken in relation thereto; and
- the occurrence of Admission.

In addition, in order for the Consensual Restructuring to be implemented, the Group may be required to undertake an intra-Group balance sheet reorganisation to reorganise the intra-Group debt arrangements in order to resolve technical balance sheet insolvencies relating to certain of the Company's subsidiaries.

Accordingly, if any such conditions are not satisfied or waived (where capable of waiver), or if any of the aforesaid elements of the Consensual Restructuring are not implemented, the Consensual Restructuring will not proceed.

Applications will be made (i) to the FCA for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and (ii) to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its Main Market for listed securities. It is expected that Admission will become effective, and that dealings in the New Ordinary Shares will commence, by the end of January 2021.

The New Ordinary Shares, when issued and fully paid, will be identical to, and rank *pari passu* with, the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on the Existing Ordinary Shares by reference to a record date on or after the date of Admission.

Dilution:

Existing Shareholders will have their proportionate shareholdings in the Company diluted by approximately 91 per cent. by the Debt for Equity Conversion, assuming that, other than pursuant to the Debt for Equity Conversion, no further Ordinary Shares are issued by the Company between the posting of this document and Admission.

Costs and expenses:

The total estimated costs and expenses of the Consensual Restructuring payable by the Company are approximately US$35.5 million (exclusive of VAT), of which US$13 million is expected to be accounted for in relation to the Debt for Equity Conversion. This estimated amount of US$35.5 million includes approximately US$3.4 million of fees for contingency planning in the event the Consensual Restructuring is not successfully implemented. Such fees will not be incurred in full if the Consensual Restructuring is successfully implemented.

Shareholders will not be charged expenses by the Company in respect of the Consensual Restructuring.

Why is this prospectus being produced?

Reasons for the Debt for Equity Conversion:

The New Ordinary Shares issued to the Noteholders or their designated affiliates pursuant to the Debt for Equity Conversion will be subscribed for in consideration for the assignment by the Noteholders to the Company of approximately US$409.9 million of the Notes Debt.

The Board believes that the Debt for Equity Conversion, in conjunction with the other elements of the Consensual Restructuring, will enable the Company to put in place a stable capital structure for the Group and significantly reduce the financial burden on the business, putting the Group in a stronger position to continue operations to realise and optimise the value of its mining assets, particularly in the current market conditions, and deliver growth for stakeholders. The Board has sought to balance the dilution to existing Shareholders arising from the Debt for Equity Conversion with the need to refinance the Company's existing debt obligations. Whilst the existing Shareholders will be significantly diluted as a result of the Debt for Equity Conversion, they will retain a minority equity stake in a substantially deleveraged Group provided Shareholders vote in favour of the Resolution at the Special General Meeting. The Board is therefore seeking the approval of Shareholders, by way of the Resolution at the Special General Meeting, to the proposed Debt for Equity Conversion.

If the Resolution to be proposed at the Special General Meeting is not passed, the Consensual Restructuring (including the Debt for Equity Conversion) will not be implemented. In such circumstances, the Directors and Proposed Director consider it is likely that the Company, or one or more of the Group members, would file for insolvency in the relevant jurisdiction(s), either in connection with a Noteholder Credit Bid Restructuring or otherwise, and it is expected that the Ordinary Shares would be suspended from trading and that no value would be returned to Shareholders .

The Directors and Proposed Director believe that the key effects of the Consensual Restructuring are to create a stable Group capital structure and significantly reduce the financial burden on the business in the short term, putting the Group in a stronger position to continue operations to realise and optimise the value of its mining assets, particularly in the current market conditions, and deliver growth for stakeholders.

Material interests:

There are no interests, including any conflicting interests, known to the Company that are material to the Company or the Debt for Equity Conversion.

PART 2

RISK FACTORS

The Consensual Restructuring and an investment in the Ordinary Shares is subject to a number of risks. Accordingly, investors and prospective investors should carefully consider the factors and risks associated with any investment in the Ordinary Shares, the Group's business and the industry in which the Group operates, together with all other information contained in and incorporated by reference into this document, including, in particular, the risk factors described below, and their personal circumstances prior to making any investment decision. Some of the following factors relate principally to the Group's business. Other factors relate principally to the Consensual Restructuring and an investment in the Ordinary Shares. The Group's business, prospects, financial condition and results of operations could be materially adversely affected by any of the risks described below.

The Directors and Proposed Director consider the following risks to be material for an investor in the Ordinary Shares. However, the following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Ordinary Shares and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Group, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, prospects, financial condition and results of operations. If any such risk, or any of the risks described below, should materialise, the price of the Ordinary Shares may decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances.

Risks relating to the Consensual Restructuring and the Group's financing arrangements

1. The Consensual Restructuring is subject to conditions that must be satisfied or waived (if capable of waiver) for it to proceed.

On 20 October 2020, the Company announced the Consensual Restructuring following negotiation with relevant stakeholders including the First Lien Lenders and the members of the Ad Hoc Committee. The key features of the Consensual Restructuring are (a) the Debt for Equity Conversion, (b) the New Notes, and (c) the injection of New Money.

The Consensual Restructuring is conditional on the satisfaction of a number of conditions, which remain outstanding as of the Latest Practicable Date and which are out of the control of the Company, including the following:

- approval by Shareholders at the Special General Meeting. The Consensual Restructuring will require the consent of the majority of the votes cast on the Resolution by Shareholders that attend and vote at the Special General Meeting. There is no guarantee that this voting threshold will be reached;
- the Consensual Restructuring is proposed to be effected pursuant to an English scheme of arrangement, which must be (a) approved by more than 50 per cent. in number and at least 75 per cent. in value of Scheme Creditors attending and voting in person or by proxy at the virtual meeting of Scheme Creditors convened with the permission of the English Court and (b) sanctioned by the Court at the Scheme Sanction Hearing. The Scheme Meeting is anticipated to take place on 8 January 2021. Although as at the Latest Practicable Date Noteholders representing approximately 94.92 per cent. in value of the Notes Debt have entered into the Lock-Up Agreement pursuant to which they have agreed to attend the virtual Scheme Meeting in person or by proxy and to vote in favour of the Scheme of Arrangement, there is no guarantee that they will do so. The Lock-Up Agreement is also terminable in certain circumstances. The Court maintains full discretion as to whether to sanction the Scheme of Arrangement at the Scheme Sanction Hearing. The Directors and Proposed Director consider, on the basis of professional advice, that it is likely that the Scheme of Arrangement will be sanctioned by the Court, but there is no way to guarantee that the order to sanction the Scheme of Arrangement will be granted;
- the Scheme of Arrangement is also conditional upon the granting of a US Chapter 15 Order. Although the Company does not foresee any difficulties in obtaining this approval and anticipates that this approval will be given shortly after the sanction of the Scheme of Arrangement (if it is approved by the requisite percentages of the Scheme Creditors), the Company ultimately has no control over the granting of a US

Chapter 15 Order or the timing thereof and there can be no assurance that it will be given on a timely basis or at all;

- confirmation is required from HMRC that the Scheme Sanction Order will not be subject to a stamp duty charge is needed;
- whilst the BEE Partners have signed the Lock-Up Agreement and have thereby committed to support and progress the Consensual Restructuring in good faith, there is no term sheet agreed or final agreement as to the changes to the Group's BEE arrangements contemplated by the Term Sheet, hence the Consensual Restructuring effectively remains subject to the consent of the BEE Partners;
- any approvals required from the Financial Surveillance Department of the South African Reserve Bank to implement the Consensual Restructuring (including, for the avoidance of doubt, approvals required for the provision of guarantees in respect of debt obligations outside of South Africa), and any other regulatory approvals which the Company reasonably considers necessary to implement the Consensual Restructuring, having consulted with the advisers to the Ad Hoc Committee and counsel to the First Lien Lenders; and
- certain other predominantly procedural steps must take place.

In addition, in order for the Consensual Restructuring to be implemented, the Group may be required to undertake an intra-Group balance sheet reorganisation to reorganise the intra-Group debt arrangements in order to resolve technical balance sheet insolvencies relating to certain of the Company's subsidiaries.

The Longstop Date for completion of the Consensual Restructuring as set out in the Lock-Up Agreement, is 17 April 2021 (the "**Longstop Date**"). All of the elements of the Consensual Restructuring are inter-conditional and if any of these steps do not take place by the Longstop Date (as it may be amended or extended with the consent of the Company, the First Lien Lenders, the BEE Partners and the requisite majority of relevant Noteholders), then the Consensual Restructuring may not be consummated.

If any of these above conditions are not satisfied (or, where possible, waived), or if any of the aforesaid elements of the Consensual Restructuring are not implemented, the Consensual Restructuring will not be implemented.

2. If the Consensual Restructuring does not proceed, it is likely that the Company, or one or more of the Group members, would file for insolvency in the relevant jurisdiction(s), either in connection with a Noteholder Credit Bid Restructuring or otherwise, and it is expected that the Ordinary Shares would be suspended from trading and that no value would be returned to Shareholders.

If (i) Shareholders do not vote in favour of the Resolution, (ii) the Scheme of Arrangement is not approved by the requisite majorities of Scheme Creditors or (iii) any of the other inter-conditional requirements or conditions to the Consensual Restructuring are not satisfied (or, where possible, waived) to enable the Consensual Restructuring to be implemented in accordance with the Implementation Deed and the presently proposed timetable (and in any event, by the Longstop Date), the Consensual Restructuring will not be consummated.

The Directors and Proposed Director believe that if it becomes apparent that the Consensual Restructuring is not capable of being implemented, it is likely that shortly thereafter the First Lien Lenders and/or the Noteholders would terminate the present forbearance arrangements they have agreed with the Group. Absent such termination, if the Consensual Restructuring is not consummated by the Longstop Date, the First Lien Lenders would (by virtue of failure to implement the Consensual Restructuring) have the ability to enforce their security subject to the terms of the 2015 Intercreditor Agreement. In those circumstances, the Directors and Proposed Director consider it is likely that one or more of the First Lien Lenders, the Noteholders or other creditors of the Group would take enforcement action against the Group or cause such action to be taken.

In the event that the Consensual Restructuring fails to proceed as a result of the Resolution not passing at the Special General Meeting, but where the Court sanctions the Scheme of Arrangement, the Directors and Proposed Director anticipate that it may be possible to achieve a Noteholder Credit Bid Restructuring in order to avoid (unilateral) enforcement action by the Group's creditors. The Scheme of Arrangement provides the Directors, the Proposed Director and the Group with the ability to raise (subject to the consent of the First Lien Lenders and Noteholders representing a majority in aggregate of the principal amount of Notes Debt as at the relevant time of raise) up to US$45 million in secured funding, which would rank junior to the First Lien Facilities and senior to the Notes (the "**1.5 Lien Financing**"). Such 1.5 Lien Financing could be utilised by the Group in order to fund a Noteholder Credit Bid Restructuring, which would involve a credit bid by the Noteholders for the Group's business, including all of the Company's subsidiaries, cash balances and other assets of the Company.

A Noteholder Credit Bid Restructuring would be expected to involve the Directors filing for, in respect of the Company, administration in England under the Insolvency Act 1986 and provisional liquidation in Bermuda under the Companies Act 1981 of Bermuda in parallel (the "**Dual Insolvency Processes**"). The implementation of such Noteholder Credit Bid Restructuring would likely require a further scheme of arrangement or restructuring plan under Part 26 of the UK Companies Act or a restructuring plan pursuant to Part 26 or Part 26A of the UK Companies Act, in order to bind the Noteholders into the credit bid.

Following the approval of the Dual Insolvency Processes, the Ordinary Shares would be suspended. Following the sale of the Group's business by virtue of the Dual Insolvency Processes, the value of the Group would be held by the Noteholders and it is expected that the Company would be wound up in Bermuda. The Directors and Proposed Director believe that under these circumstances no proceeds would be distributable to Shareholders.

There is no guarantee that (i) the Group would be able to obtain the requisite funding that it may need to effect a restructuring by means of a Noteholder Credit Bid Restructuring, (ii) the Dual Insolvency Processes would be approved by the respective courts; and/or a (iii) a further scheme of arrangement or restructuring plan necessary to implement a Noteholder Credit Bid Restructuring would be approved by the creditors or sanctioned by the Court.

The Directors and Proposed Director believe that, if it becomes apparent that the Restructuring is not capable of being implemented because, for example, the requisite majorities of Scheme Creditors do not vote in favour of the Scheme of Arrangement or the Court determines not to exercise its discretion to approve the Scheme of Arrangement at the Scheme Sanction Hearing, it is likely that shortly thereafter the First Lien Lenders and/or the Noteholders would terminate the present forbearance arrangements. In those circumstances, the Directors and Proposed Director consider it is likely that one or more of the First Lien Lenders, the Noteholders or other creditors of the Group would take Enforcement Action against the Group or cause such action to be taken.

In these circumstances, the Directors would likely conclude that the best course of action for the Group and its stakeholders would be for the Guarantors that hold the Group's significant assets to petition the courts in the relevant jurisdiction(s) to commence insolvency procedures to obtain, where possible, the benefit of statutory moratoriums and preserve the Group's going concern position. As to this, assuming the necessary funding was available, the South African Mine-Owning Entities (either through Petra Diamonds Holdings SA (Pty) Ltd or directly) would most likely file for Business Rescue under Chapter 6 of the South African Companies Act ("**Business Rescue**"), to provide for a temporary moratorium on the rights of the First Lien Lenders and the Noteholders against those members of the Group.

It is the Directors' and Proposed Director's view that, if the Group continued to trade, it is likely the Business Rescue practitioner then appointed would commence an accelerated marketing and sales process of the business of the Group with a view to effecting a going concern sale (or sales) of its key and operating assets within a short period. Any outcome achieved in a Business Rescue (for example, a sale which is the result of an accelerated sales process) is required to form the subject of a "**Business Rescue Plan**" for the purposes of pre-approval by the relevant entity's creditors and eventual approval by the courts in the relevant jurisdictions. With regard to any of the South African Mine-Owning Entities and Petra Diamonds Holdings SA (Pty) Ltd, this would include each of the First Lien Lenders and the Noteholders by virtue of the fact that each of the South African Mine-Owning Entities and Petra Diamonds Holdings SA (Pty) Ltd are Guarantors of the First Lien Facilities and the Notes, who will be required to submit proof of their claims to the satisfaction of the Business Rescue practitioner. A Business Rescue Plan requires the approval of 75 per cent. of the creditors of the relevant entity/ies who actually voted (50 per cent. of which must be sufficiently independent of the entity/ies (unrelated to the Company, a Director or the Business Rescue practitioner)). In the case of the Group, a Business Rescue Plan would also require the successful identification of a willing buyer (or buyers).

Williamson Diamonds Limited, being outside the security package for, and not a Guarantor of, the First Lien Facilities and the Notes, would not need to be placed in Business Rescue. However, the Directors and Proposed Director consider it likely that, in a scenario where the remainder of the Group's assets are the subject of an accelerated sales process with the goal of returning value to creditors, the Group would similarly seek to realise value for its shareholding in Williamson Diamonds Limited.

With respect to the South African Mine-Owning Entities, successful completion of any such sale would be subject to the relevant regulatory approvals being sought and obtained. The Directors and Proposed Director expect such regulatory approval processes would be likely to take up to nine months to resolve from such date as the officeholders are able to reach binding terms with a prospective buyer. The relevant entity/ies (such as the South African Mine-Owning Entities) would remain under Business Rescue, and the Business Rescue practitioner(s)

appointed would remain in control of those entity/ies (with the associated costs continuing to accrue), for the entirety of this period.

It is important to note that, as with a Noteholder Credit Bid Restructuring, the Group would be likely to need additional funding in order to be able to conduct the Business Rescue as well as to continue trading during the period of Business Rescue. If funding for a Business Rescue were not to be available, either from the First Lien Lenders, by virtue of the 1.5 Lien Financing, from a prospective buyer or otherwise, a Business Rescue would not be possible for the Group. In these circumstances, the Group's creditors would likely bring enforcement action(s) against the Group members that are obligors and/or Guarantors (being the key asset-owning entities in the Group). Liquidation or similar proceedings for the Company, the Mine-Owning Entities, the Notes Issuer and/or potentially other Group members would commence as a result of applicable filings under the relevant local laws. Fragmented proceedings in various jurisdictions may be required, for example, as a result of the Group's creditors enforcing their security in multiple jurisdictions; and such proceedings would make it very challenging to sell the Group as a going concern. Furthermore, in South Africa, the South African Mine-Owning Entities would likely lose their mining licences as a result of commencing liquidation proceedings. A liquidation scenario is likely to be highly value-destructive for the Group and result in significant job losses for the Group's employees and contractors.

The Directors have sought professional advice to assist them in estimating what the likely outcomes would be for the Group's creditors in a Business Rescue, a 'Business Rescue Winding-Up' (in which the relevant entity's creditors vote against a Business Rescue Plan and the directors must proceed to a winding-up within Business Rescue) and/or a liquidation scenario in order to provide a comparative counterfactual to the Scheme of Arrangement (the "**Scheme Comparator Report**"). The Scheme Comparator Report also includes the value estimated to be obtained from a successful sale of the Group's interests in Williamson Diamonds Limited. With the assistance of such advice, the Directors and Proposed Director estimate that, based on the Scheme Comparator Report, the returns to Scheme Creditors as a whole would be less under any of the counterfactual scenarios when compared to successful implementation of the Scheme of Arrangement and the Consensual Restructuring and there would be no return to Shareholders.

3. The Group does not have sufficient working capital for its present requirements.

Petra is of the opinion that the Group does not have sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this document (the "**Working Capital Period**").

The Group is reliant on the successful conclusion of the Consensual Restructuring, which is dependent on, *inter alia*, approval by the Company's Shareholders and Noteholders, to continue as a going concern (see paragraph 1 of this Part 2 ("*Risk Factors*") for more information.

In the event of a successful Consensual Restructuring, the Group's forecasts remain sensitive to trading conditions and the ongoing COVID-19 pandemic may have a further material impact on the Group's ability to operate within its covenants such that continued First Lien Lender support may be required and, if unavailable, additional funding may be required.

Under the Company's base case, which itself is dependent upon the successful completion of the proposed Consensual Restructuring and continued availability of the New Banking Facilities in line with the Consensual Restructuring, the forecasts indicate that the Company will be able to maintain sufficient liquidity and operate within covenants set out in the New Banking Facilities.

The Group closely monitors and manages its liquidity risk, and cash forecasts are regularly produced and run for different scenarios. The forecasts assume that the envisaged restructuring will be implemented in line with the provisions of the Consensual Restructuring. The Group also considered risks associated with COVID-19, which were considered to focus primarily on the potential for further production disruption, deferral of tenders due to travel restrictions and adverse impacts on diamond pricing, which have been used to generate a reasonable worst case scenario, which is the scenario upon which this working capital statement is based.

Under the reasonable worst case scenario, immediately following the Working Capital Period, the Group's debt service cover ratio under the New Banking Facilities (the "**Senior DSCR**") is forecast to be below the required minimum ratio of 1.3x on the six-monthly assessment point at 31 December 2021 (the "**DSCR Breach**").

Under the reasonable worst case scenario, the Group's Senior DSCR could first fall below 1.3x in August 2021. However, the DSCR Breach would only occur if the Senior DSCR is below 1.3x on 31 December 2021.

Whilst there may be some reasonably available mitigating actions to help reduce expenditure and alleviate some cash flow and liquidity pressures, including:

- the deferral of some capital expenditure starting between April 2021 and September 2022, with the deferred amount being caught up over the following 24 month period;
- operating expenditure savings of five per cent. starting in the financial year ended 30 June 2023; and
- ceasing to provide additional funding to the Williamson diamond mine,

the delivery and effects of such mitigating actions remains uncertain and, in relation to the potential operating expenditure saving, would materialise beyond the Working Capital Period. The Company is of the view that, in the reasonable worst case scenario, the Group would not be able to fully mitigate the DSCR Breach even if such mitigating actions were available. In addition to the above, under this scenario in which external funding is not available for Williamson and the parcel of diamonds from the mine remains blocked, the Group may need to place the Williamson mine into administration during the Working Capital Period.

If a DSCR Breach were to occur, the New Banking Facilities may be accelerated and/or put formally due on demand. In the event of a DSCR Breach, the Company would be dependent on the First Lien Lenders granting a waiver of the DSCR Breach and continuing to make the facilities available, as there would be insufficient liquidity to settle the outstanding New Banking Facilities if required. Whilst the First Lien Lenders have indicated their support in recent discussions and ongoing dialogue with the First Lien Lenders will be important during this period, there can be no guarantee that a covenant waiver would be granted and that the New Banking Facilities would continue to remain available in the event of a DSCR Breach.

In the event that the Company breaches its covenants and the New Banking Facilities are withdrawn or repayment is demanded, it is unlikely that a restructuring plan that is capable of implementation could be agreed between all stakeholders. In such circumstances, the ability of the Group to continue trading would depend upon the Group being able to negotiate a refinancing proposal with its creditors and, if necessary, that proposal being approved by Shareholders. Whilst the Board would seek to negotiate such a refinancing proposal with its creditors, there is no certainty that the creditors would engage with the Board in those circumstances or how long such a negotiation may take. There would therefore be a significant risk that the Company, or one or more of the Group members, may enter into freefall insolvency proceedings in the relevant jurisdiction(s), which the Directors and Proposed Director consider would likely result in no value being returned to Shareholders.

4. After implementation of the Consensual Restructuring, if completed, the Group will be subject to restrictive covenants under certain of the New Banking Facilities and the New Notes.

Should the Consensual Restructuring be completed successfully, certain of the New Banking Facilities will (individually or together) restrict, among other things, the Group's ability to:

- incur further financial indebtedness;
- create or permit to subsist security over its assets;
- dispose of its assets;
- acquire assets, a company or shares, securities, business or undertaking;
- repay, prepay or discharge amounts outstanding under the New Notes (including restrictions on making payment of the cash-pay coupon on the New Notes subject to certain Coupon Payment Conditions) or other financial indebtedness subordinated in accordance with the Amended Intercreditor Agreement;
- declare or make dividends or distributions; and
- enter into certain transactions with affiliates.

In addition, should the Consensual Restructuring be completed successfully, the New Notes will restrict, among other things, the Group's ability to:

- incur additional first lien secured debt in accordance with the terms of the limits set out in the Amended Notes Indenture;
- incur additional *pari passu* or junior or unsecured debt;

- grant third party security;
- make certain acquisitions and investments;
- make use of disposal proceeds; and
- make certain payments, including dividends or other distributions by the Company.

These limitations are subject to significant exceptions and qualifications. The Group's compliance with these and other covenants could reduce its flexibility in conducting its operations, particularly by:

- affecting the Group's ability to react to changes in market conditions, whether in relation to unfavourable economic conditions or by preventing it from profiting from an improvement in those conditions. Historically, the Group's net cash flow has been variable and hard to predict and if material adverse events were to occur, the Group might require the consent of its creditors to take measures to improve its net cash flow position;
- affecting the Group's ability to pursue business opportunities and activities that may be in its interest; and
- limiting the Group's ability to obtain certain additional financing in order to meet the Group's working capital requirements, make investments, or acquisitions or exploration and appraisal activities and carry out any required refinancing.

In addition, the New Banking Facilities contain a covenant relating to the Senior DSCR (being the ratio of cash flow to the debt service on the New Banking Facilities), which is to be tested on a semi-annual basis (in June and December) and which requires the Senior DSCR to be above 1.3x on each testing date until the maturity date of the New Banking Facilities. The intercreditor arrangements also reference a requirement in the New Banking Facilities that payment of the cash-pay coupon on the New Notes falling due in June 2023 and on each coupon payment date occurring thereafter is subject to certain Coupon Payment Conditions being met by the Group. The Group's ability to meet these financial ratios and debt covenants may be affected by events beyond its control. Accordingly, if the New Banking Facilities and any credit facility that is permitted to be incurred on a first lien basis under the New Notes are refinanced or replaced, such Coupon Payment Conditions may no longer apply against the payment of the cash coupon under the New Notes.

A breach of any of those covenants, ratios, tests or restrictions could result in an event of default under the New Banking Facilities and/or the Amended Notes Indenture. Upon the occurrence of any event of default under the New Banking Facilities and/or the Amended Notes Indenture, subject to applicable cure periods and other limitations on acceleration or enforcement, the relevant creditors could cancel the availability of the New Banking Facilities and/or accelerate the New Notes, such that all amounts outstanding, together with accrued interest, become immediately due and payable.

5. The Group will remain highly indebted even after the Consensual Restructuring, if completed, and its leverage and debt service obligations, its credit standing as well as general market conditions could adversely affect its business, financial condition, results of operations and its ability to procure additional financing or satisfy its debt obligations.

The Group is highly leveraged. As at the Latest Practicable Date, the Group's total debt was approximately US$814.3 million (US dollar equivalent), including:

- approximately US$704.9 million under the Notes (including unpaid interest); and
- approximately ZAR1,595.0 million under the First Lien Facilities (including unpaid interest),

plus approximately ZAR1,077.0 million by way of ancillary guarantees and soft lines and mark to market positive exposure of approximately US$1.5 million under the Hedging Liabilities. As at the Latest Practicable Date the Group had open hedges amounting to approximately US$45.8 million.

The Consensual Restructuring will result in a material reduction of the aggregate principal amount of indebtedness, extended maturities and the issuance of equity to the Scheme Creditors who are Noteholders. The Consensual Restructuring will provide additional liquidity, while reducing the overall principal amount of debt and cash-pay interest obligations of the Group. Assuming and following completion of the Consensual Restructuring, the total amount of debt outstanding will be approximately US$448.0 million (US dollar equivalent), including:

- approximately US$337.0 million under the New Notes;
- approximately ZAR1,217.6 million under the Term Loan (comprising ZAR1,200 million and ZAR17.6 million in capitalised upfront fees on the Term Loan and New RCF); and
- approximately ZAR400 million under the New RCF (with a further ZAR160 million also available),

plus approximately ZAR1,077.0 million by way of ancillary guarantees and soft lines and mark to market positive exposure of approximately US$1.5 million under the existing Hedging Liabilities, until the existing Hedging Liabilities are settled in full.

Further, the Group will be permitted to incur a maximum capacity of ZAR300.0 million in hedging lines, once existing Hedging Liabilities are settled in full, which means that following completion of the Consensual Restructuring, the Group's total debt capacity will be approximately US$478.4 million (US dollar equivalent).

The degree to which the Group is leveraged and is required to pay interest under the proposed new financing arrangements, its credit standing as well as market conditions and confidence in the industry in which the Group operates, could have important consequences for its business, including:

- increasing the Group's vulnerability to, and reducing its flexibility to respond to, general adverse economic and industry conditions (including changes in the rough diamond price globally);
- requiring the dedication of a substantial portion of the Group's cash flow from operations to make interest and principal payments on its debt, thereby reducing the availability of such cash flow for other purposes;
- limiting the Group's ability to obtain additional financing to fund working capital, expansionary capital, expansion and exploration opportunities, debt service requirements, business ventures, or other general corporate purposes; and
- limiting the Group's flexibility in planning for, or reacting to, changes in its business, the competitive environment and the industry in which it does business.

The Group's current high level of indebtedness has had a significant negative impact on its liquidity and cash flow position in recent financial years, particularly in the low rough diamond price environment and in light of the impact of the COVID-19 pandemic on the Group. The Directors and Proposed Director believe that the Consensual Restructuring will reduce the financial burden on the business, put the Group in a stronger position to continue operations to realise and optimise the value of its mining assets, and deliver growth for stakeholders. The Consensual Restructuring will (among other things): (i) amend the First Lien Facilities such that the maturity dates of the Term Loan, New RCF and the ancillary facilities would be extended to three years from the Restructuring Effective Date; (ii) implement a maturity date of five years from the Restructuring Effective Date in respect of the New Notes (thereby reflecting an extension on the existing maturity date of 1 May 2022 under the Notes); and (iii) provide additional liquidity through the injection of the New Money to the Group.

However, there can be no assurance that the Consensual Restructuring will successfully complete, as further detailed in paragraph 1 of this Part 2 ("*Risk Factors*"). Additionally, even if the Consensual Restructuring successfully completes, it will only reduce the overall amount or level of the Group's indebtedness to US$448.0 million (US dollar equivalent) and the Group will remain highly leveraged. Under the terms of the New Notes, given that it is anticipated that payment of interest under the New Notes will be made by way of PIK interest for at least the first 24 months of the term of the New Notes, the Group's indebtedness will increase. In addition, under the New Banking Facilities, (i) as the Term Loan amortises in quarterly instalments, and the commitments under the New RCF will reduce on a quarterly basis, over the life of the facilities, such payments and reductions will reduce the Group's liquidity and access to the New RCF over time, and (ii) as the proceeds of the Term Loan will be used to settle the debt under the Existing WCF, this effectively reduces the overall working capital lines available to the Group.

Due in part to the Group's leveraged position, in the event that the Directors and Proposed Director sought to refinance its significant indebtedness, there can be no assurance that the Group would be able to do so on favourable terms or at all. In addition, if the Group's credit standing were to deteriorate, it would be more difficult for the Group to obtain adequate refinancing and/or such refinancing might be more costly than the Group's existing financing.

As the Group will remain highly leveraged following the implementation of the Consensual Restructuring, if the price of rough diamonds remains at current depressed levels, the Group may not, in the longer term, generate

sufficient cash flow to satisfy payment of principal on the New Notes and/or the New Banking Facilities when ultimately due (with the maturity dates being (i) five years from the Restructuring Effective Date for the New Notes, (ii) three years from the Restructuring Effective Date for the Term Loan, New RCF and ancillary facilities, and (iii) staggered throughout the year following the Restructuring Effective Date for the hedging lines).

Any one, or a combination, of the foregoing events and factors could have a material adverse effect on the Group's business, prospects, financial condition and results of operations and the Group's ability to satisfy its debt obligations.

Risks relating to the Group's business

6. COVID-19 response measures are likely to have a continued impact on the ability to make sales, production, demand for the Company's products and the health and wellbeing of the Company's workforce.

On 11 March 2020, the World Health Organisation officially designated the outbreak of a new strain of coronavirus, known as COVID-19, to be a global pandemic, which continues to spread on a worldwide scale. The diamond market has been severely impacted by the COVID-19 outbreak, which has significantly reduced activity throughout the pipeline, from production, rough sales, trading, cutting and polishing through to consumer sales. How quickly the market can recover will depend upon the success with which the pandemic can be arrested, thereby limiting the length and severity of the economic downturn, as well as the lifting of restrictions on the movement of people and products, in order for activities across the pipeline to be resumed safely.

Impact on ability to make sales

The Company normally makes its diamond sales via open tenders in both Johannesburg and Antwerp and the ability to hold such tenders has been impacted by global restrictions on the movement of people and goods due to the COVID-19 pandemic significantly impacting the number of clients available to view the goods on offer. Sentiment and activity across the diamond pipeline initially significantly weakened due to the outbreak of the COVID-19 pandemic, with many cutting and polishing factories closed or operating at much reduced capacity and retail stores across the world experiencing extended shutdowns.

Due to significantly reduced demand from the midstream during this period, the Company brought forward the closure of its fifth diamond sale of FY 2020 in South Africa and Antwerp and cancelled its sixth and seventh diamond sales of FY 2020 usually held during May and June respectively. During these constrained sales periods, the Company experienced severely depressed and opportunistic bidding for its goods, particularly in the larger size and higher quality, greater value categories, and the Company therefore chose to withhold some of the higher value goods for sale at its March tender cycle, all of which were subsequently sold in June or early July. Such sales took place through agreements with some of the Company's long-standing customers and the Company has focused sales efforts in Antwerp in the short-term while business travel to South Africa remains challenging. The Company anticipates that it will continue to use a flexible sales approach whilst market conditions continue to be significantly affected by the COVID-19 pandemic, however there can be no guarantee that Antwerp or any alternative sale markets will remain available if COVID-19 restrictions continue or that further private sales with long-standing customers will be possible if there is a continued impact on the access to open tenders in target markets.

Since this time, conditions in the diamond industry improved as lockdown measures around the world were eased and retail outlets reopened. Since the outbreak of COVID-19, a period of sustained low supply, particularly from the majors De Beers and ALROSA, has allowed for a better equilibrium in the market and there is now improved demand from the downstream as retailers look to put orders in place in time for the festive retail season. The cutting and polishing factories of India have ramped up to approximately 90 per cent. capacity under COVID-19 guidelines, and have been trying to maximise working hours in order to meet demand, including observing a much shorter holiday period for Diwali than usual. Many producers have reinstated their usual sales tender pattern in order to match demand. However, all participants in the industry recognise that risks to a sustained recovery remain, particularly in light of the current resurgence of COVID-19 in key diamond markets, and much will depend on the level of consumer activity in the coming months, especially in the major US market.

The Group's tender sale in September 2020 saw pricing on a like-for-like basis strengthen by approximately 21 per cent. in comparison to prices achieved in the March and June sales cycles and the tender sale in October 2020 saw a further approximate two per cent. like-for-like price increase. However, prices were still around 10 per cent. below pre-COVID 19 levels. The Company held a special tender for the Letlapa Tala Collection of five blue diamonds which closed on 24 November 2020. The Company took all the steps necessary to ensure

maximum exposure to potential buyers of these stones, considering COVID 19 related restrictions, including arranging for the diamonds to tour the key diamond centres of Antwerp, Hong Kong and New York so that as many clients as possible could see the diamonds in person. On 25 November 2020, the Company announced that the Letlapa Tala Collection had been sold as a suite of stones to a partnership between De Beers and Diacore for a total price of US$40.36 million, payable in cash prior to delivery of the stones. The Company has conducted limited private sales in December 2020 to meet its obligation towards holders of South African Diamonds Beneficiation licences and is planning to hold its next general sales tender in January 2021 in Antwerp. However, risks to tender timing remain as a result of possible restrictions that may be re-imposed following a second wave of COVID-19 infections currently being experienced in a number of countries, including Belgium.

The decrease in global demand for rough diamonds has had, and will continue to have, a material adverse effect on the final sale price of goods and the ability of the Group to successfully conclude sales. Overall rough diamond prices realised by the Group were down 18 per cent. in FY 2020 as compared to FY 2019. This, alongside reduced sales volumes in Q4 FY 2020, has impacted revenue of the Group with revenue for FY 2020 down 36 per cent. to US$295.8 million as compared to FY 2019 revenue of US$463.6 million. Sale prices and revenue impacts are likely to continue until there is an increase in demand for, and the price of, rough diamonds in the Group's key diamond buying centres such as India, Israel, China and the United States. Failure to make successful tenders and increase revenue would have a material adverse effect on the Group's business, prospects, results of operations, financial condition and the Group's ability to satisfy its debt obligations. See also paragraph 4 of this Part 2 ("*Risk Factors*").

Impact on production

On 23 March 2020, a directive was issued by the South African Government requiring a 21 day national lockdown, effective midnight 26 March 2020 to midnight 16 April 2020, in order to contain the spread of COVID 19 in the country (the "**Lockdown Directive**"). The Lockdown Directive required all non-essential businesses and activities to be suspended and people to remain at home.

After the Lockdown Directive came into effect, the Company's South African mining operations were reduced to approximately one third of normal operating levels. From around 24 April 2020 to 1 June 2020, the South African mines were operating at staffing levels of no more than 50 per cent., in accordance with the Department of Minerals and Energy ("**DMRE**") guidelines. From 1 June 2020, South Africa moved to lockdown level 3 restrictions, allowing for a further easing of restrictions and the return to work for all employees; however additional COVID-19 health and safety-led procedures required to contain the spread of the virus have significantly reduced available working hours and required revised shift configurations to be implemented. The scaled-down mining operations have caused a negative impact on production with production down for FY 2020 by seven per cent. to 3.59 Mcts from 3.87 Mcts in FY 2019. Petra therefore took the decision, following extensive consultation and planning in cooperation with the relevant organised labour and employee stakeholders, to move to 'continuous operations' at the Finsch mine and a similar 'continuous operations' configuration at the Cullinan mine in July 2020 in order to maximise the number of shifts available. These 'continuous operations' arrangements involve Finsch and Cullinan operating a seven day working week (as opposed to a five day working week which was in place prior to the COVID-19 outbreak), which allows for production levels to be optimised during the COVID-19 pandemic. During August 2020, the Company successfully completed the move to 'continuous operations', however during September and October 2020, production at the Finsch mine was impacted by the arrangements to maintain 'continuous operations' coming to an end. In October 2020, an agreement was reached with organised labour to reinstate 'continuous operations' for the remaining period of the financial year to 30 June 2021. The ability to maintain 'continuous operations' could be impacted by rising numbers in COVID-19 infections and a potential 'second wave' of the COVID-19 pandemic, which could result in the need to quarantine healthy employees and which could see South Africa revert to stricter lockdown measures. Furthermore, the continued acceptance of organised labour to the revised shift configurations is key to the success of the 'continuous operations'. Failure to successfully maintain 'continuous operations' and achieve production of the South African mining operations at pre-COVID-19 production levels could impact the quantum and quality of goods available for sale by the Company which could have a material adverse effect on the Group's business, financial condition and results of operations and impact the Group's ability to satisfy its debt obligations. See also paragraph 4 of this Part 2 ("*Risk Factors*").

In light of the unprecedented depressed market environment, Williamson Diamonds Limited declared force majeure at the Williamson mine in Tanzania and placed the operation on care and maintenance from 8 April 2020, with only essential services being carried out in order to protect the mine's assets and resources. Williamson Diamonds Limited is continually reviewing this situation and will look to commence production again as soon as market conditions support it. Whilst the Williamson mine is on care and maintenance, the Group has experienced

reduced production of 1.1 million tonnes, equivalent to approximately 76,000 carats, for the period 9 April 2020 to 30 June 2020. On an ongoing basis, the continued effect of the Williamson mine remaining on care and maintenance is that the Group is experiencing reduced production of approximately 32,000 carats per month (based on budgeted production for FY 2021) and the cost of care and maintenance is estimated at approximately US$850,000 per month.

Impact on workforce

The COVID-19 pandemic poses a significant risk to the health and safety of the Group's workforce. Whilst the majority of those who contract the virus may be asymptomatic or may only experience mild symptoms, a number of people (especially those with comorbidities) may become seriously ill or the virus may prove fatal. Whilst Petra has implemented systems and strategies aiming to prevent and/or contain the spread of the virus at its operations, the widespread prevalence and highly infectious nature of the virus has meant that 242 employees have been confirmed COVID-19 positive at the South African operations to date, and of these 236 have recovered in full. Although the majority of those affected are only experiencing mild symptoms, the Company has tragically lost three colleagues as a result of COVID-19 as at the Latest Practicable Date.

7. The volatility of diamond prices is significant and unpredictable and therefore price forecasting can be difficult and imprecise.

The Group's revenues are derived primarily from the mining and sale of rough diamonds and, as a result, its financial results are highly dependent on the marketability and price of diamonds. Rough diamonds are globally traded and prices are based on the clarity, colour and size of the individual diamonds sold, as well as general trends in the market supply and demand for diamonds. Furthermore, diamond prices have fluctuated and could be affected by numerous factors over which the Group does not have any control, including but not limited to the factors set out in paragraph 6 of this Part 2 ("*Risk Factors*") and:

- international or regional political, social and economic events or trends including financial crises and economic downturns;
- structural changes in the world diamond market that affect supply or demand;
- speculative trading in diamonds;
- decreased demand for diamonds used in connection with the manufacture of jewellery, as well as for industrial and investment purposes;
- oversupply of diamonds;
- growth of the laboratory-grown gem diamond ("**LGD**") market;
- production and cost levels in major producing regions;
- inability of diamond wholesalers/distributors to purchase and hold stocks of rough diamonds due to liquidity constraints;
- sales of existing diamond inventories held by private entities, governments and government agencies, industrial organisations and individuals;
- financing available to rough diamond buyers;
- central bank policies, interest rates and expectations with respect to the rate of inflation;
- the exchange rates of the US dollar to other currencies;
- the potential discovery of new material commercial diamond deposits; and
- the outbreak of a global pandemic (such as the COVID-19 pandemic, as discussed in paragraph 6 above of this Part 2 ("*Risk Factors*")).

Accordingly, it is impossible to accurately predict future diamond price movements and the Company can give no assurance that existing diamond prices will not decline in the future or that it will be able to mitigate the effect of such price movements. As such, future prolonged declines in the market price of diamonds could have a material adverse effect on the Group's business, results of operations, development and production activities and financial condition.

Future production from the Group's mining properties is dependent upon the price of diamonds being adequate to make these properties economic. In addition, there is uncertainty as to the possibility of increases in world production both from existing mines and the discovery of significant new diamond deposits as world production is on a declining trend and a material discovery would take some years to bring into production. Consequently, as a result of the above factors, prices can be difficult to predict and forecasting is imprecise.

In addition to adversely affecting the financial condition and Reserve estimates of the Group, declining diamond prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project.

Depending on the market price of diamonds, particularly in the case of a significant and prolonged reduction in the price of diamonds, the Company may determine that it is not economically viable to continue commercial production/development at some or all of its properties or the development of some or all of its current prospects, which could have an adverse effect on the Group's business, results of operations and financial condition. In such circumstances, the Group may reduce or suspend some or all of its development and production activities and/or be required to restate its Reserves.

In addition, current global financial conditions can impact global demand for diamonds. The current global financial conditions have been characterised by increased volatility in financial and equity markets, more recently exacerbated by the COVID-19 global pandemic. Recent economic developments in Europe, Asia and particularly North America, together with elsewhere globally, suggest that increased uncertainty regarding regional and global financial stability can impact both consumer confidence and the price of diamonds. The potentially disruptive effect of economic conditions may impact the ability of the Group to obtain equity or debt financing in the future on terms favourable to the Group or at all. Any or all of these economic factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such increased levels of volatility and market turmoil continue, the Group's operations could be adversely impacted and the trading price of the common shares may be adversely affected.

Securities of mining companies, including the Group's common shares, have experienced substantial volatility, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in the countries where the Group carries on business and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of the Group is also likely to be significantly affected by diamond prices, currency exchange fluctuation and the political environment in the countries in which the Group does business and globally.

8. The Group is subject to currency risk.

The international prices for diamonds, and therefore the Group's revenue source, is denominated in US dollars, whereas a large proportion of the Group's expenditure is initially recorded in Rand and then translated into US dollars, the Group's reporting currency. The ongoing volatility of the Rand is a significant factor in reporting the Group's costs on a US dollar basis. This exposes the Group to the fluctuations and volatility of the rate of exchange between the US dollar and the Rand as determined in the international markets. Any extreme currency fluctuations (as is currently being experienced with the Rand averaging ZAR15.68:US$1 for FY 2020 but closing the same period at ZAR17.32:US$1) could adversely affect the Company's future growth, revenue, expenditure and cash flow. Whilst the Group has from time to time used financial instruments to help manage these risks on a non-speculative basis, (when management is of the opinion that the market conditions are appropriate) any extreme currency fluctuations could adversely affect the Group's future growth, revenue, expenditure and cash flow.

9. The nature of the Group's business includes risks related to litigation and administrative proceedings.

The nature of the Group's business exposes it to litigation relating to labour, environmental, health and safety matters, regulatory, tax and administrative proceedings, mining right obligations, governmental investigations, tort claims, contractual disputes and criminal prosecution, among others. Whilst the Group contests litigation against it vigorously and makes insurance claims when appropriate, litigation and other proceedings are inherently costly, lengthy and unpredictable, making it difficult to accurately estimate the outcome of actual or potential litigation or proceedings. Although the Group establishes provisions as it deems necessary, the amounts reserved could vary significantly from any amounts it actually pays due to the inherent uncertainties in the estimation process. There can be no assurance that existing or future legal proceedings or disputes (including, but not limited

to, (a) the blocked parcel of diamonds from the Williamson mine, (b) the VAT receivables held by the Group that remain due and outstanding by the tax authorities in Tanzania, and (c) the protective claim forms issued by Leigh Day in the English High Court, relating to allegations of human rights violations at the Williamson mine) will not have a material adverse effect on the Group's ability to conduct its business, financial condition and results of operations, in particular, in the event of an unfavourable outcome. Further details are set out in paragraphs 10 and 23 of this Part 2 ("*Risk Factors*").

10. There are allegations against the Company and Williamson Diamonds Limited regarding human rights violations.

During May 2020, the law firm Leigh Day has notified the Company and Williamson Diamonds Limited by letter that it has issued protective claim forms (for limitation purposes) in the English High Court on behalf of 32 claimants, concerning allegations that the claimants suffered personal injury inflicted by Williamson Diamonds Limited's security employees and contractors. In four instances, it is alleged that the injuries have resulted in the death of the relevant individual. One of the claimants will bring an additional claim on behalf of his son who is alleged to have been killed by Williamson Diamonds Limited's security. The precise details of each alleged incident are brief. The claimants who have issued protective claim forms have also obtained an anonymity order and as such, their identities have not been disclosed.

The amount of damages sought is not yet quantified. It is stated that the claimants have suffered loss and damage including personal injuries and death, consequential losses including loss of earnings and medical expenses, pain and suffering and/or loss of amenity. They will also seek aggravated or exemplary damages in accordance with Tanzanian law. In correspondence the claimants' lawyers have indicated that the damages claimed could be in the order of £5 million (exclusive of legal costs).

In addition, the Company received correspondence from UK-based NGO RAID regarding similar allegations raised by local residents and others relating to actions by Williamson Diamonds Limited, its security contractor and others linked to Williamson Diamonds Limited. Petra has publicly acknowledged the report published in November 2020 by RAID entitled 'The Deadly Cost of Ethical Diamonds' which identifies a number of alleged human rights violations relating to the security operations of the Williamson mine in Tanzania, which are managed by Williamson Diamonds Limited, a third party security contractor and the local Tanzanian police force.

Petra has formed a sub-committee of the Board formed entirely of independent Non-Executive Directors with responsibility for evaluating the allegations. This committee has initiated an investigation into the human rights allegations, which is being carried out by a specialist external adviser in conjunction with the Company's lawyers. The investigation team is scheduled to report back to the committee by the end of the calendar year 2020 and the committee will then undertake a review and make recommendations to address any findings. This may include any required remedy or corrective action to be taken as a result of the investigation's findings.

To date, the allegations have not resulted in any negative business impacts on the Company, including loss of partnerships or customers, but the issue remains a reputational risk which could generate significant negative media coverage and which could damage the Company's standing as a diamond mining group committed to a high level of ethical business practices. Furthermore, the actions of the governments and regulatory bodies in the jurisdictions in which the Group operates are beyond the control of the Group and therefore there is no guarantee that the relationship between the Group and these governments may (or may not) be impacted by these allegations, which may in turn impact the Group's ability to secure licences and permits going forward.

The claims could also result in the Company being liable to pay financial damages to the claimants, but the likelihood of a payment being required, and if so its amount, is not yet possible to gauge.

11. The Group is subject to the risk of impairment of assets.

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is determined on the fair value less costs to develop. Whilst conducting an impairment review of its assets using the fair value less costs to develop basis using the current life of mine plans, the Group exercises judgement in making assumptions about future rough diamond prices, foreign exchange rates, contribution from exceptional diamonds, volumes of production, Reserves and Resources included in the current life of mine plans, future development and production costs and factors such as inflation and discount rates.

Changes in estimates used could result in further impairments. This is most prevalent at the Koffiefontein and Williamson operations, due to limited headroom on the most recent impairment tests performed. Headroom is

limited at these operations due to the fact that the asset values have been written down to mirror impairment results and therefore any shortfall on any parameter would likely result in further impairments in the future. Accordingly the carrying value of the assets remain highly sensitive to a change in any of the underlying assumptions.

The Group recognised a non-cash impairment charge of US$246.6 million in FY 2019 and a non-cash impairment charge of US$91.9 million in FY 2020. Future impairment charges could be recognised should a change in assumptions be deemed necessary, especially around future rough diamond prices, foreign exchange rates, volumes of production, Reserves and Resources included in the current life of mine plans, future development and production costs and factors such as inflation and discount rates. Any such impairment charges could have a material adverse effect on the Group's financial condition and results of operations. Furthermore, future impairments to the assets of the Group may result in the Company or any of its subsidiaries being technically insolvent on a balance sheet basis (see also paragraph 12 of this Part 2 ("*Risk Factors*')).

12. A number of the Group's subsidiaries are technically insolvent on a balance sheet basis.

As further explained in paragraph 11 of this Part 2 ("*Risk Factors*"), based on the audit of the Group for FY 2020, the impairment charges for FY 2019 and FY 2020 have resulted in a number of the subsidiaries of the Company being technically insolvent on a balance sheet basis. This position has been created by such impairments as a result of the intra-Group debt funding arrangements in place, which mean the relevant lender subsidiaries currently carry liabilities (to other Group members) that are greater, on a balance sheet basis, than the value of the lender subsidiary's investment in the Group's assets and receivables due from Group undertakings on an impaired basis. The intra-Group liabilities are subordinated in nature, and accordingly, such liabilities (and therefore the technical insolvency position) do not prevent the relevant companies from being able to pay their third party debts in the ordinary course of business.

The Directors do not consider the fact of the technical insolvency of these Group members to have any impact on its material licenses or contractual rights or obligations, however this does impact the ability of certain of the South African Group members that are Guarantors to grant security arrangements pursuant to (i) the New Banking Facilities and (ii) the New Notes and Amended Notes Indenture (the "**Amended Security Arrangements**") as the granting of such security arrangements will constitute financial assistance for the purposes of section 45 of the South African Companies Act. The Directors understand that such financial assistance is permissible under South African law, so long as the directors of each of the relevant South African Group members are able to conclude that the relevant company would satisfy the solvency and liquidity test prescribed in section 4 of the South African Companies Act (the "**Solvency Test**"). As a number of the Group members which would be required to satisfy the Solvency Test are technically insolvent on a balance sheet basis, this may make it difficult, or impossible, for the directors of the relevant South African Guarantors to have sufficient comfort to conclude the Solvency Tests are satisfied. If the Solvency Tests are required and cannot be satisfied, the Amended Security Arrangements could be defeated insofar as they constitute financial assistance under South African law; such a result would have a materially adverse result on the Group's ability to complete the Consensual Restructuring in accordance with the terms agreed with the Group's creditors.

Accordingly, the Directors understand that an intra-Group balance sheet reorganisation may be required to reorganise the intra-Group debt arrangements in order to resolve the balance sheet insolvencies and enable satisfaction of the Solvency Tests as required. Such a reorganisation may require regulatory approval from the Financial Surveillance Department of the South African Reserve Bank, of the kind further described in paragraph 1 of this Part 2 ("*Risk Factors*") and there can be no guarantee that such approval would be granted if required.

13. The Group will be affected by negative changes in consumer demand for diamonds and luxury goods.

The diamond industry is subject to changes in consumer demand, preferences, personal sentiments, perceptions and spending habits. The Group's performance depends on factors which may affect the worldwide desirability of luxury goods, in particular diamonds as a luxury sub-sector, and which are outside of its control.

Demand for diamonds may be affected by economic, social and political conditions and other factors affecting levels of consumer spending such as anti-diamond and diamond mining sentiment created by activists (including the perception of the prevalence of conflict or illicit diamonds, despite the efforts of the Kimberley Process attempting to combat trade in conflict diamonds), levels of consumer confidence and spending, increased availability and popularity of LGDs and competition from other luxury goods wishing to increase their share of consumer spend. Please also paragraph 18 of this Part 2 ("*Risk Factors*").

In addition, demand for diamonds is subject to trends in fashion and consumer taste which may shift demand towards other precious stones or prove cost-sensitive to higher diamond prices, further reducing the demand for diamonds.

Any decline in the demand for diamonds would cause a reduction in diamond prices, impacting negatively on the price the Group will receive for its products. This would result in a decline in the Group's revenues and have a material adverse effect on the Group's business, results of operations or financial condition.

14. Mining operations are subject to extensive regulations, including environmental, health and safety, tax and other regulations.

The Group's mining operations are subject to extensive laws and regulations, which include laws and regulations governing, among other things: development; production; exports; local sales and beneficiation; taxes; labour standards; mining royalties; price controls; waste disposal; protection and remediation of the environment; water use; reclamation; historic and cultural resource preservation; mine safety and occupational health; handling, storage and transportation of hazardous substances; and other matters. Furthermore, the Group is subject to complying with rehabilitation obligations in connection with each of its mining operations. All the South African operations have annual rehabilitation plans as well as a statutorily mandated LOM closure plan. The Group's Tanzanian operations have a rehabilitation strategy procedure as well as rehabilitation sign off criteria. In respect of its South African operations, Guardrisk has put in place guarantees with the DMRE on the back of contributions from Petra. A similar mechanism, to be funded by contributions from Williamson, is being negotiated with the Government of Tanzania, to cover the rehabilitation obligations in respect of Williamson. The South African operations also update the annual environmental closure liabilities in line with the requirements of the DMRE guidelines. A closure plan for Williamson is also in place.

The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing the Group's mines and other facilities in compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that the Group would not proceed with the development of, or continue to operate, a mine.

The Group's operations are also subject to health, safety and environmental regulation (including regular environmental impact assessments and permitting) in all the jurisdictions in which it operates. Such regulation covers a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. Health, safety and environmental legislation and permitting are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent health, safety and environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. Any such charges may adversely affect the Group, including materially increasing the Group's cost of doing business or materially affecting its ability to carry on operating in any area.

In addition, the outbreak of the COVID-19 pandemic presented unprecedented challenges to the Group's operations and the safety and wellbeing of its employees, contractors and other local stakeholders. The Group acted quickly to put in place comprehensive systems and strategies to address the COVID-19 pandemic at its operations. In South Africa, a number of regulatory requirements were introduced regarding the permissible continuation of operations. These required the Group to comply with the following matters:

- submitting a Mandatory Code of Practice to the DMRE;
- implementing a Standard Operating Procedure that complied with the Minerals Council of South Africa's COVID-19 guidelines;
- introducing an issue-based risk assessment looking at the Company's approach relating to health screening and testing;
- providing quarantine facilities for employees who have tested positive for COVID-19, as well as arrangements for transporting employees from their homes to their respective areas of operations; and
- implementing COVID-19 contingency plans for the operations, should an entire section be placed under quarantine/isolation, to ensure business continuity.

Whilst the Williamson mine in Tanzania is not subject to the same regulations, similar measures have been implemented to protect the Group's employees, contractors and other local stakeholders whilst the mine is carrying out the essential services still required under care and maintenance.

Failure to comply with applicable environmental, health and safety laws or other obligations associated with the Group's mining rights can result in injunctions, damages, suspension or revocation of permits or mining rights and imposition of penalties or shut down of all or part of the Group's operations. There can be no assurance that the Group has been or will be at all times in complete compliance with such laws or permits, that compliance will not be challenged or that the costs of complying with current and future environmental, health and safety laws and permits will not materially or adversely affect the Group's future cash flow, results of operations, reputation and financial condition. Furthermore, if unforeseen accidents or events occur, or if the Group's environmental protection procedures are inadequately implemented or are not effective, the Group could be subject to liabilities arising out of environmental degradation, personal injuries or death, and its operations could be interrupted.

15. The Group needs to manage relationships with local communities, governments and non-governmental organisations.

The Group maintains contacts and relationships with the governments, regulators and mining industry participants in the countries in which it operates.

The Group currently conducts, and will in the future be required to conduct, its operations pursuant to licences, permits and other authorisations. Any delay and/or refusal by relevant government authorities in the obtaining or renewing of a licence, permit or other authorisation may cause a delay to the Group's operations which may adversely affect the Group's production output and revenues and may have a material adverse effect on the Group's results of operations, cash flows and financial condition. In addition, the Group's existing licences, permits and other authorisations may be suspended, terminated or revoked if the Group fails to comply with the relevant requirements.

The Group also maintains relations with local communities. For example, the Group spends time working with local communities and their leaders to understand where the Group's assistance is most needed as well as providing local employment and training initiatives. The Group believes mutual support between its operations and the communities around it is vital to the success of its activities and for maintaining the Group's social licence to operate.

As a consequence of public concern about the perceived ill effects of mining and land development, particularly in developing countries, mining companies face increasing public scrutiny of their activities. The international standards on social responsibility, community relations and sustainability against which the Group benchmarks its operations are becoming increasingly stringent and extensive, and adherence to them is increasingly scrutinised by regulatory authorities, citizens groups and environmental groups, as well as by investors and financial institutions. In addition, the Group operates in several countries where ownership of rights in respect of land and resources is uncertain, under political scrutiny and pressure, and where disputes in relation to ownership or other community matters may arise. See paragraph 26 of this Part 2 ("*Risk Factors*") for more information. These disputes are not always predictable and may cause disruption to the Group's operations or development plans.

Failure to manage relationships with local communities, governments and NGOs may harm the Group's reputation as well as its ability to bring development projects into production. In addition, the costs and management time required to comply with standards of social responsibility, community relations and sustainability, including costs related to resettlement of communities or infrastructure, have increased substantially recently and are expected to further increase over time.

Certain NGOs, some of which oppose globalisation and resource development, are often vocal critics of the mining industry and its practices. Adverse publicity generated by such NGOs or others related to extractive industries generally, or the Group's operations specifically, could have an adverse effect on the Group's reputation and financial condition and may impact the relationship with the communities in which the Company operates. Such groups may install road blockades, apply for injunctions for work stoppage and file lawsuits for damages. These actions can relate not only to current activities but also historic mining activities by prior owners and could have a material adverse effect on the Group's operations. They may also file complaints with regulators in respect of the Group's, and the Directors' and insiders', regulatory filings, either in respect of the Group or other companies. Such complaints, regardless of whether they have any substance or basis in fact or law, may have the effect of undermining the confidence of the public or a regulator in the Group or such Directors or insiders and may adversely affect the Group's prospects of obtaining the regulatory approvals necessary for advancement of some or all of the mining and development plans or operations.

Certain NGOs also target raising consumer awareness of the trade in conflict diamonds (defined as diamonds that originate from areas controlled by forces or factions opposed to legitimate and internationally recognised

governments), and have campaigned to widen of the definition of 'conflict diamonds' to include other human rights abuses, and encourage additional regulation of rough diamond sales. These efforts could affect consumer demand for polished diamonds, decrease demand for rough diamonds in the future and result in additional regulatory requirements on the Company.

Petra received correspondence from the UK-based NGO RAID on 29 August 2020 regarding allegations of human rights violations raised by local residents and others relating to actions by Williamson Diamonds Limited, its security contractor and others linked to Williamson Diamonds Limited. Petra has publicly acknowledged the report published in November 2020 by RAID entitled 'The Deadly Cost of Ethical Diamonds' which identifies a number of alleged human rights violations relating to the security operations of the Williamson mine in Tanzania, which are managed by Williamson Diamonds Limited, a third party security contractor and the local Tanzanian police force. Petra has formed a sub-committee of the Board to, amongst other matters, evaluate the allegations raised by RAID. Further details of these allegations are set out in paragraph 10 of this Part 2 ("*Risk Factors*").

16. The Group is highly reliant on two revenue generating producing mines.

The Group is highly reliant on its two flagship operations, Cullinan and Finsch, which account for the majority of the Group's carat production and revenue streams. For example, in FY 2020, Cullinan and Finsch contributed 39 per cent. and 34 per cent. to revenue respectively. The Group's other operating mines, Williamson and Koffiefontein, contributed 18 per cent. and 9 per cent. respectively, to revenue over the same period. The results of the Group therefore have depended, and are expected to continue to depend significantly, on production at Cullinan and Finsch. Any adverse development at either Cullinan and Finsch which leads to a prolonged and material interruption to or reduction in production levels or cessation of production at one or both of the mines may have a material adverse effect on the Group's production results, and hence on the Group's business, results of operations and financial condition.

17. The Group is subject to risk from diamond theft.

The Group has established security measures across the extraction, processing, recovery, transportation and diamond sales chain; however, despite these security measures, there can be no guarantee that there will be no occurrences of theft of diamonds in the future. Such thefts may lead to a decrease in revenue at the Group's operations, which may in turn materially and adversely affect the Group's financial position. The Group's specie insurance policies are applicable once the diamonds are in the transportation and marketing/sales chain.

18. The diamond industry may be adversely affected by the widespread availability and consumer acceptance of laboratory-grown gem-quality diamonds.

Man-made LGDs have been available for many years, but historically have predominantly been used to manufacture smaller diamonds for industrial purposes.

Technological advancements mean that gem quality LGDs are now more widely available and as technology advances, it is possible that a larger market for the use of LGDs in jewellery could develop. However, it is also possible that their cost of production will continue to decline, further increasing their value proposition as a cheaper alternative to mined diamonds. Bain & Co estimates LGD substitution to stay within five per cent. to 15 per cent. in value terms when compared to natural diamonds through to 2030, based on lessons learned from the natural versus synthetic sapphires markets. It is difficult to obtain accurate statistics from reliable sources in relation to LGDs making it difficult for the Company to fully ascertain and quantify the level of associated risk.

As LGDs become more widely available and accepted, the Company's customers may experience either a lack of confidence or lack of willingness to purchase natural diamonds. Although equipment exists that can accurately detect LGDs and the Natural Diamond Council ("**NDC**") (of which Petra is a founding member) is tasked with helping to educate consumers on the significant value differential between natural and LGDs, such measures may not completely mitigate the risks of LGDs eroding the price of natural diamonds, which could have an adverse effect on the Group's business, results of operations and financial condition.

19. The Group depends on key management and operational personnel and may not be able to attract and retain qualified personnel in the future.

The Group's ability to manage its operations and development activities, and hence its success, depends in large part on its ability to retain current key management personnel and to attract and retain personnel, including management, technical and skilled workers with the appropriate qualifications and/or experience. The loss of the services of one or more key employees could have a material adverse effect on its ability to manage and expand

its business, particularly in areas that require specialist knowledge and expertise. The Group currently does not have key person insurance on these individuals.

The retention of management and operational personnel cannot be guaranteed, whilst the Group's current financial position may make it more difficult to attract and/or retain high calibre employees. Furthermore, as a result of the Williamson mine being placed on care and maintenance, there is a risk that not all key management and operational personnel at Williamson will return to their role once the mine becomes operational once more, as they may find alternative opportunities in the interim period. Accordingly, the loss of any key management of the Group may have an adverse effect on the future of the Group's business. The Board has sought to, and will continue to seek to, ensure that Directors, senior managers and any key employees are appropriately incentivised. However, their services cannot be guaranteed. A failure to recruit and retain the appropriate technical and operational mining personnel in South Africa and Tanzania could have a material effect on the Group's production, expansion plans and financial results, as employees with the appropriate skills are in limited supply in these countries. Additionally, underground diamond mining is a specialised and niche mining activity which makes skills recruitment and retention more challenging. An inability to recruit and retain management and operational personnel would have a material adverse effect on the Group's business, results of operations and financial condition.

20. Mining operations can have a negative environmental impact and cause damage to property and persons.

The Group's operations sometimes result in the release of hazardous materials (including dust, noise or other polluting substances) into the environment and these releases, whether or not planned, could cause contamination or pose the risk of generating harm to the Group's employees or communities local to the Group's operations. Furthermore, tailings at the Group's mining operations may present a risk to the environment, property and persons. Although the Group has made available mandatory 'Codes of Practice' for all residue deposits at the South African mines as required by, and according to guidelines from, the DMRE and has developed and implemented operating practices at the Williamson mine similar to those required pursuant to the 'Codes of Practice', tailings have the potential to damage the environment by releasing toxic metals, causing erosion and sinkholes, and contaminating soil and water supplies. In addition, many of the Group's mining sites have an extended history of industrial activity. The Group may be required to investigate and remediate contamination, including at properties it formerly operated, regardless of whether it caused the contamination or whether the activity causing the contamination was legal at the time it occurred. The Group also could be subject to claims by government authorities, individuals, employees or third parties seeking damages for alleged illness, personal injury or property damage resulting from hazardous material contamination or exposure caused by its operations or sites. The Group could be required to establish or substantially increase financial provisions for such obligations or liabilities and, if it fails to accurately predict the amount or timing of such costs, the related impact on its business, financial condition or results of operations could be material. Furthermore, the Group could suffer impairment of its reputation, industrial action or difficulty in recruiting and retaining skilled employees as a result of a perceived or actual negative environmental impact (see also paragraph 19 of this Part 2 ("*Risk Factors*")).

In particular, mining operations can cause subsidence (lateral or vertical ground movement) which may lead to the Group being held liable for damage to property surrounding its operations or which can, in some circumstances, cause injury to persons. In October 2019, the Cullinan mine experienced scaling of the open pit wall, resulting in three million tonnes of material falling into the open pit, and in January 2020, the Williamson mine experienced an initial 1.3 million tonne pit slump at the south western sector, both of which occurred after a period of heavy rainfall. The mine at Cullinan was declared safe on the same day following an underground inspection by ventilation specialists and proto team members and there was no material impact on production, however Petra expects that the immediate surrounding area at the Cullinan open pit may be impacted over the medium to longer term by this natural degradation. In respect of Williamson, the pit slump continued to subside and push into the south western sector of the pit during the wet season, mixing with and diluting approximately 4Mt of ore in the current life of mine ("**LOM**") plan. This is expected to lead to grade volatility and an overall grade decrease of approximately three per cent. over the current LOM to 2030. The area affected by the slump is currently stable. Whilst these recent incidents are being managed by Petra, another natural disaster could result in further damage to the Group's assets which could have an impact on the Group's production, ongoing capex expenditure and its reputation and relations with local communities (see also paragraph 15 of this Part 2 ("*Risk Factors*")).

21. The Group is subject to risks from illegal mining.

There is an ongoing risk of illegal mining taking place in areas where the Group has surface operations (as opposed to underground), namely the Williamson open pit and the tailings operations of the South African mines. Such incidents are particularly common in volatile countries where unemployment levels are high and governments have insufficient resources to address and combat the issue.

Illegal mining is an ongoing risk at the Williamson mine due to the challenges in securing the large perimeter of the 'Special Mining Licence' area, which covers 30.6 km2 including the main 146 hectare orebody, together with alluvial resources. This illegal mining activity is managed by the operator, Williamson Diamonds Limited, and the local government authorities on an ongoing basis (see also paragraph 10 of this Part 2 ("*Risk Factors*")).

Illegal mining is often carried out in unsafe mining conditions which could in turn cause injuries or result in fatalities. Illegal miners accessing Petra's operations present risks associated with contravening a number of regulations for which the Company is held responsible, in particular in the areas of health and safety and environmental management. In the event of non-compliance with such regulations or the occurrence of accidents or incidents causing personal injury, death or property or environmental damage at Petra's facilities or surrounding areas, there is a risk of increased operating costs, significant losses, interruptions in production, expensive litigation, imposition of penalties and sanctions or suspension or revocation of permits and licences as well as reputational damage. In addition, illegal miners may pose a risk to the safety of Group personnel as they may be armed and willing to resort to violence if challenged. This may result in violent confrontations between Group personnel, contractors or law enforcement personnel, resulting in claims for damages against the Group or contraventions of international protocols that apply to the Company. The Group has been subjected to recent allegations of human rights violations at the Williamson mine. Further details regarding these allegations are set out in paragraph 10 of this Part 2 ("*Risk Factors*").

A further risk is the availability of illegally mined diamonds on the black market, which could serve to lower confidence in the integrity of the diamond mining industry.

The current scale of illegal mining at Petra's operations is not anticipated to affect production levels in the short-to-medium term but the potential consequences associated with a major incident could adversely affect the Group's business, results of operations and financial condition.

22. The Group may be unable to compete successfully for resources, capital funding, equipment and contract exploration, development and construction services with other mining companies.

The mining industry is competitive in all of its phases and many of the Group's competitors have greater financial resources and a longer operating history than the Group. Increased competition could adversely affect the Group's ability to attract necessary capital funding, to acquire it on acceptable terms, or to acquire suitable producing properties or prospects for diamond exploration in the future. Increases in diamond prices have in the past, and could in the future, encourage increases in mining exploration, development and construction activities, which results in increased demand for and cost of contract exploration, development and construction services and equipment. Increased demand for and cost of services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increased potential for scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment. Any of these outcomes could materially increase project exploration, development or construction costs, result in project delays, or both. As a result of this competition, the Group may be unable to maintain or acquire attractive mining properties.

Risks relating to operating in South Africa and Tanzania

23. At the Williamson mine in Tanzania, a parcel of diamonds has been blocked from export and the Group holds VAT receivables that remain due and outstanding by the tax authorities in Tanzania.

In August 2017, media reports appeared in Tanzania about the findings of an investigation into the Tanzanian diamond sector by a parliamentary committee in Tanzania. Following publication of this report, the Company announced on 11 September 2017 that a parcel of diamonds (71,654.45 carats) from the Williamson mine had been blocked from export to its marketing office in Antwerp and certain key personnel from Williamson were being questioned by the authorities. Consequently, production was suspended for four days pending the return of key personnel to the mine. The provisional value assigned to the blocked parcel by TANSORT, the Diamond and Gemstones valuation unit of the Government of Tanzania, was US$14.8 million, however the Company has not had the parcel independently valued. The delay in releasing the blocked parcel has reduced the Company's

available working capital and contributed to the constrained liquidity position which led to the placing of the Williamson mine on care and maintenance in April 2020.

The basis for this action has still not been formally made known to the Company; however, media reports suggested the Government of Tanzania's concern about the potential under-valuation of diamond parcels prior to export and the impact this could have on royalty payments. In response to this speculation, the Company publicly confirmed that all operations at Williamson, including the export and sales processes, are conducted in a transparent manner and in full compliance with both the legislation in Tanzania and the Kimberley Process. Furthermore, the Company confirmed that it is not responsible for the provisional valuation of diamond parcels from Williamson; this is carried out by the Government of Tanzania's Diamonds and Gemstones valuation agency. Finally, the Company confirmed that all royalty payments to Government of Tanzania are based on the actual sales proceeds for the diamonds, once sold in Antwerp, rather than the provisional value prior to export. In the event that the said parcel had been undervalued, the royalty payment would have been adjusted based on the final selling price.

Whilst no member of the Group or its personnel has been charged with any wrongdoing in connection with the above matter and the Company has since this time been given authorisation from the Government of Tanzania to resume diamond exports and sales from Williamson as normal, the parcel of 71,654.54 carats remains detained and blocked for export and there have been media reports suggesting there is the possibility that the Government of Tanzania may seek to nationalise the diamonds. The Directors and Proposed Director estimate that the revenue impact on the Company of the blocked parcel is approximately US$10.5 million, which is management's view based on the original valuation of the parcel and the subsequent price movement in the diamond market. The Company remains in regular communication with the Government of Tanzania in order to reach a satisfactory resolution, however there can be no certainty that the parcel will be released for sale, and whilst there are no other instances when diamond exports have been blocked before or since, and the Company is not aware of any specific matters as at the Latest Practicable Date, there is no guarantee that similar actions will not occur in the future.

In addition to the blocked parcel of diamonds, as at 30 June 2020, the Group held VAT receivables of US$39.9 million in respect of the Williamson mine, which remain due and outstanding by the tax authorities in Tanzania. The Group has now recognised an impairment charge on the outstanding VAT receivables of US$29.6 million, reflecting a net receivable of US$10.3 million by 30 June 2020. Whilst the Company continues to seek payment of these sums, there is no guarantee that it will be successful or that further VAT receivables will not be withheld in the future.

24. Resource nationalism could affect the Group's operations.

In recent years, resource nationalism around the world has been on the increase with governments repudiating or renegotiating contracts with, and threatening the expropriation of assets from, operating companies. Mineral development is a sensitive political issue and considered of strategic importance in both South Africa and Tanzania and as a result there is a relatively higher risk of direct government intervention in the property, mining rights and title of mining companies as compared to companies operating in other industries in South Africa and Tanzania. Such intervention could extend to nationalisation, expropriation or other actions that effectively deprive the Company of the benefit of its interest in its property or revenue.

To the extent that any compensation is payable, the amount of compensation payable would be determined taking a number of factors into account and may not amount to the payment of full market value. Therefore, even if the Group did obtain compensation in such a circumstance, there could be no guarantee that the compensation paid would represent the Group's view as to the full value of the asset lost. In such circumstances, in accordance with the Group's financing agreements, its lenders would receive any compensation paid in preference to the Group. Accordingly, any action to nationalise or expropriate any of the property or other assets could have a material adverse effect on the Group's business, financial condition, results of operations or prospects. Furthermore, any increased perception that nationalisation or expropriation of the properties may occur could have a material adverse effect on the Group's ability to access financing.

In South Africa, political constituencies (including a faction of the youth league of the African National Congress, the ruling political party, and the Economic Freedom Fighters) have from time to time raised the prospect of nationalisation of all mines in South Africa. Previously, the government of South Africa has reviewed the issue and publicly stated that there is no present intention to consider nationalisation or to change the existing government policy on this issue.

In 2018, the African National Congress announced that it intends, in order to address the racial patterns of land ownership in South Africa, to pursue a policy of expropriation of land without compensation. A parliamentary constitutional review committee has been delegated to consider how this would be achieved and whether this would require changes to the constitution. The parliamentary constitutional review committee has since tabled a bill that seeks to amend the constitution so as to allow for expropriation without compensation in certain circumstances. It is at this point not clear whether this policy in South Africa will apply only to land or to which land it will apply. It is also not clear how such policy in South Africa will be implemented and whether any changes to the constitution are in fact required. There is a risk that all property, including land or mines held by the Group in South Africa, could be expropriated without compensation. Should the mines or mining rights held by the Group in South Africa be expropriated without compensation, the business in South Africa will not be viable. Should only the land, and not the mines or mining rights, owned by the Group be expropriated without compensation, it is expected that the Group will remain entitled to conduct its mining business in South Africa by virtue of the mining rights and assets it holds and the business will remain viable.

In July 2017, the Government of Tanzania announced changes to the Mining Act, as well as two new laws asserting government's 'permanent sovereignty' over its natural resources. As a result, the Tanzanian government empowered itself to renegotiate the terms of mining contracts that the Tanzanian Parliament considered 'unconscionable' (although Williamson Diamonds Limited does not have a mining development agreement in place in respect of the Williamson diamond mine) and banned the export of unprocessed minerals, raised royalty rates and increased government shareholding rights (up to 50 per cent. of the shares of a mining company) and introduced onerous local-content regulations, which came into force on 10 April 2018.

These regulations stipulate that mining companies have to allow for an 'indigenous Tanzanian company' to have at least five per cent. ownership of a project before it is eligible for new mining licences and must also meet quotas for local recruitment, training and the procurement of local goods and services, as well as conduct business through Tanzanian banks and use only the services of Tanzanian financial institutions, insurance brokers and legal practitioners.

25. The South African Mining Charter contains stringent ownership requirements that the Group has an ongoing obligation to comply with and there are areas of uncertainty regarding the interpretation of such requirements.

In South Africa, the Company is required to consider in its commercial activities the Broad Based Black Economic Empowerment Act No. 53 of 2003 and the Mining Charter published under the Mineral and Petroleum Resources Development Act 2002 (as amended) ("**MPRDA**"), the primary objective of which is to broaden ownership and management opportunities for historically disadvantaged South Africans. The Mining Charter provides, *inter alia*, that as of 2014, 26 per cent. of the ownership in all mining companies must be held by historically disadvantaged South Africans and also sets out certain requirements including in relation to employment equity, procurement, human resource development, mine community development and beneficiation. For instance, it requires mining companies to procure 40 per cent. of their capital goods, 70 per cent. of their services and 50 per cent. of their consumer goods from historically disadvantaged South Africans and for historically disadvantaged South Africans to achieve workplace employment equity levels of 40 per cent.

In 2018, the third version of the Mining Charter was published by the DMRE (the "**Mining Charter**") which contains enhanced ownership requirements for historically disadvantaged South Africans in relation to mining rights issued after the Mining Charter and also in relation to procurement. In March 2019, the Minerals Council of South Africa (the "**Minerals Council**") applied for a judicial review of the Mining Charter in accordance with the Promotion of Administrative Justice Act. One of the areas subject to such review is whether the ownership requirements in the Mining Charter would apply to renewals, transfers or amendments of mining rights. No court date has been set yet for any hearings on the merits of this matter and the matter will be considered at the time, and in the event that, the Company wishes to renew, transfer or amend any of its mining rights.

Separately, on 4 April 2018, the High Court of South Africa ruled in its majority judgment in favour of the Minerals Council that once a mining right has been granted, the holder of the mining right is not legally obliged to restore any fall in the percentage ownership to the 26 per cent. target, unless specifically provided for in the mining right. The DMRE may however insist on the ownership of historically disadvantaged South Africans being restored in the event of renewals, transfers or amendments of mining rights.

Consequently, there is uncertainty as to the precise requirements with regard to black economic empowerment and other social development obligations contained in the mining rights, as well as in relation to the consequences of failing to comply with the Mining Charter or such associated obligations. In addition, there is a risk that the

authorities will take a more aggressive approach towards black economic empowerment and threaten (and possibly attempt to suspend or cancel) mining rights if, in the authorities' view, sufficient progress is not being made towards advancing black economic empowerment by the mining right holder. The Mining Charter introduced the concept of suspension and cancellation of mining rights in the event that a mining right holder fails to comply with the provisions of the Mining Charter. It is conceivable that the DMRE may attempt to suspend or cancel mining rights due to non-compliance by the holder of such rights with the Mining Charter or with the social and environmental obligations associated with such rights. Such suspension or cancellation of mining rights would have a material effect on the Company's financial position.

Whilst the BEE Partners have signed the Lock-Up Agreement and have thereby committed to support and progress the Consensual Restructuring in good faith, there is no term sheet agreed or final agreement as to the changes to the Group's BEE arrangements contemplated by the Term Sheet, hence the Consensual Restructuring effectively remains subject to the consent of the BEE Partners.

26. Emerging markets such as those in which the Group currently operates in Africa are subject to greater risks than more developed markets due to underdeveloped physical, financial, political, legal and institutional infrastructure.

The Group's key operations are in South Africa and Tanzania with (under normal conditions and pre-COVID-19 response measures) approximately 80 per cent. of its revenue coming from mines in South Africa and approximately 20 per cent. from its mine in Tanzania in FY 2019.

Emerging markets such as those in which the Group currently operates are subject to greater legal, regulatory, health, economic and political risks, and are potentially subject to rapid change in their political, fiscal and legal systems which might affect the ownership or operation of the Group's interests which may in turn materially and adversely affect the Group's financial position. Such risks include, among others:

Changes in laws or policies

In emerging markets where the legal system may not be very mature and legal practice may not be as developed, there is greater uncertainty as to the current legal position, as well as the possibility of arbitrary changes in law or the introduction of new laws and regulations which have the potential to increase risk and compliance costs. These may include changes in relation to the foreign control of mining assets, changes with respect to taxes, royalty rates, import and export tariffs, and withholding taxes on distributions to foreign investors, changes in competition legislation or its enforcement, or changes affecting security of title. For example, as at 30 June 2020, the Group held VAT receivables of US$39.9 million in respect of the Williamson mine, which remain due and outstanding by the tax authorities in Tanzania. The Group has now recognised an impairment charge on the outstanding VAT receivables of US$29.6 million, reflecting a net receivable of US$10.3 million by 30 June 2020. In addition, in September 2017 a parcel of diamonds (71,654.45 carats) from the Williamson mine in Tanzania was blocked from export to Petra's marketing office in Antwerp. The grounds upon which these actions were taken have not been formally made known to the Company and the parcel remains in the custody of the Government of Tanzania and there have been media reports suggesting there is the possibility that the Government of Tanzania may seek to nationalise the diamonds. Whilst the Company continues to seek payment of these sums and release of the parcel, there is no guarantee that it will be successful or that further VAT receivables will not be withheld in the future. Further details are set out in paragraph 23 of this Part 2 ("*Risk Factors*").

The Group could also be subject to adverse interpretations by the authorities or judiciary of the myriad of laws governing the mining industry, including in relation to empowerment (see also paragraph 25 of this Part 2 ("*Risk Factors*")), local beneficiation, COVID-19, taxation, social and environmental matters and the role of the government and government departments in the mining and sale of diamonds. The effect of any of these factors cannot be accurately predicted and may have an adversely affect the Group's business, results of operations and financial condition.

Abuse by authorities

The Group and certain of its affiliated entities conduct business in countries where there is a greater-than-average risk of overt or effective government and other corruption. The Group is committed to doing business in accordance with all applicable laws and its codes of ethics, but there is a risk that it or affiliated entities or their respective officers, directors, employees or agents may act in violation of its codes and applicable laws, including, the UK Bribery Act 2010, the US Foreign Corrupt Practices Act (1977), the Prevention and Combatting of Corrupt Activities Act No. 12 of 2004 and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. A perception that the Group is implicated in such corruption could have

reputational implications for the Group and may lead to a loss of customers, revocation of professional body memberships or termination or breach of material agreements.

Additionally, in South Africa there is an ongoing risk of exploitation by authorities who may challenge the sales route of producers or put pressure on producers to sell production at discounted prices and abuse their legislative powers to achieve this. Such authorities may also seek to introduce or abuse legislation to compel producers to sell at reduced prices in order to encourage local beneficiation initiatives.

Risk to properties and rights

The Group operates in countries where title to land and rights in respect of land and resources has not been and may not always be clear, creating the potential for disputes over resource development. Title to the Group's properties or rights may be challenged or impugned, and title insurance is generally not available. Its mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In South Africa, claimants were entitled to lodge with a South African land claims commission under the Restitution of Land Rights Act No. 22 of 1994 (as amended) before 30 June 2019. There is a risk that this date may be extended. The possibility exists that land claims may be made against the mining right areas held by the Group. The current land claim regime requires the government to pay compensation to the land owner and states that a successful claimant is entitled to restoration of the actual land claimed or, where restoration is not feasible, to 'equitable redress'. The current land claims regime requiring that compensation be paid to the land owner in the event of a successful land claim may however be impacted upon as part of the current review in South Africa to investigate land exploration without compensation. The risk of unforeseen title claims could also affect future operations or development projects. Claims under this legal regime may affect the Group's ability to retain, expand or transfer existing operations or to develop new projects. See paragraph 24 of this Part 2 ("*Risk Factors*") for more information.

Health impacts

HIV and AIDS, tuberculosis, malaria (at the Williamson mine only), COVID-19 and other diseases are prevalent in the areas in which the Group operates. Any significant increase in the incidence of these diseases in the workforce may result in loss of employee man-hours, loss of trained and experienced employees, increased absenteeism, depressed morale and reduced productivity, in addition to increased recruitment and replacement costs, insurance premiums, benefits payments and other costs of providing treatment. These factors would adversely impact the business, operations and financial condition of the Group. In addition, any significant changes in legislation relating to HIV/AIDS or COVID-19 in the workplace could have a cost impact on the business of the Group, in relation to providing for anti-retroviral medication, sick leave and carer leave.

Infrastructure

The mining, drilling, processing and development activities of the Group rely on infrastructure being adequate and remaining available. Certain of the Group's facilities are located in areas that are sparsely populated and difficult to access. Reliable roads, power sources, transport infrastructure and commodity supplies are essential for the conduct of these operations and the availability and cost of these utilities and infrastructure affect capital and operating costs and therefore the Group's ability to maintain expected levels of production and results of operations. Unusual weather or other natural phenomena, sabotage or other interference in the maintenance and provision of such infrastructure could impact the development of a project, reduce production volumes, increase extraction or development costs or delay the transportation of raw materials to the mines and commodities to the end customer (see also paragraph 15 of this Part 2 ("*Risk Factors*")). Any such issues arising in respect of the infrastructure supporting the Company's sites could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The occurrence of one or more of these risks could have a material adverse effect on the Group's future cash flow, earnings and results of operations, financial condition and prospects as the Group generates a significant proportion of its revenue from assets based in emerging markets.

Operational risks

27. The Group's operations may be adversely affected by interruptions in its electricity or water supply and by increases in overall energy or water costs.

The Group's mining, processing and development activities depend on adequate utilities, including reliable power sources and water supplies in the relevant jurisdictions. In South Africa and Tanzania, there is a possibility of interruptions to the supply of both water and electricity, both of which could slow or interrupt production, as a

result of a lack of investment in generating capacity and a maintenance backlog in some generating facilities. There is also the risk associated with commodity prices themselves being outside the control of the Group and the competitiveness and sustainable long-term profitability of the Group depends significantly on its ability to reduce costs and maintain a spectrum of low-cost, efficient operations.

Electricity

Whilst the Group has put in place contingency arrangements for electricity (such as a back-up generators at all of the South African operations), these are not as efficient to run as a normal national grid supply of electricity and there can be no guarantee that power shortages or outages at the Group's mines will not occur or that the back-up generators will be available to compensate for load reductions as intended. Such self-generation of electricity is also significantly more costly than electricity purchased from a national grid which itself has been subject to significant and consistent cost increases in recent years. For example, electricity prices in South Africa increased by approximately six per cent. in 2018 and a further approximately 14 per cent. in 2019. As such, there is the associated risk that increased costs resulting from higher inflation in South Africa, without a concurrent devaluation of the local currency against the US dollar or an increase in the price of rough diamonds, could have a material adverse effect upon the Group's business, results of operations and financial condition.

Further to the COVID-19 outbreak in South Africa, significantly lower power usage was required from the mining industry during the initial lockdown period, which has helped to improve power availability in the country. If scheduled maintenance is continued as planned, network power supply is expected to stabilise during the next 18 to 24 months.

In Tanzania, the power supply quality remains consistent.

Water

Most of South Africa and Tanzania are composed of water scarce areas. The Group's operations are water intensive and prolonged drought conditions may cause unplanned downtime and production cutbacks. Likewise, changes in temperature, as may be expected as a result of climate change, may affect the availability of raw water for treatment processes and impact on natural water sources that sustain the communities around the Group's operations.

There is a risk that the Group will not be able to secure sufficient sources and quantities of water. In South Africa, the National Water Act No. 36 of 1998 requires a water licence for water uses not currently authorised in terms of the relevant transitional provisions. In recent years, the Company has applied for and successfully received water use licences for each of its operations in South Africa. However, there is a risk that the Group will be unable to obtain water use licences for other new projects, that a water use licence granted to the Group will be subsequently revoked, or that the Group may not be able to develop the infrastructure required to transport water subject to a water use licence on an economically viable basis.

Any failure or unavailability of the water or electricity supply on which the Group's operations rely or require could adversely affect the production output from its mines or impact its exploration activities or the development of a mine or a project. If the utilities used by the Group are affected, it could have a material adverse effect on the Group's business, results of operations and financial condition.

28. The business of the mining and production of diamonds from diamond deposits involves a number of risks and hazards, many of which are outside of the Group's control, not all of which are fully covered by insurance.

The Group's business operations, like those of other mining companies, are subject to risks and hazards inherent in the mining industry. In particular, these risks and hazards include (but are not limited to):

- geological, geotechnical and seismic factors;
- environmental hazard and weather conditions;
- discharge of pollutants or hazardous chemicals;
- industrial and mechanical accidents;
- occupational and health hazards;
- failure of processing and mechanical equipment and other performance problems;

- the unavailability of materials and equipment;
- unanticipated transportation costs or disruption;
- unexpected shortages or increases in costs of spare parts and equipment;
- unanticipated variations in grade and other geological problems, water conditions, surface or underground conditions;
- unanticipated processing problems;
- encountering unanticipated ground or water conditions and unexpected or unusual rock formations;
- periodic interruptions due to inclement or hazardous weather conditions;
- uncontrolled explosions; and
- force majeure factors, other acts of God or unfavourable operating conditions.

Many of these risks and hazards may be potentially exacerbated by the COVID-19 pandemic. Notwithstanding COVID-19, any of these events can materially and adversely affect, among other things, the Group's work programme, the development of properties, production quantities and rates, costs and expenditures and production commencement dates. Production delays and declines, whether or not as a result of the foregoing conditions, may result in lower revenues or cash flows, until such time, if at all, that the delay or decline is cured or arrested. Such risks could also result in damage to, or destruction of, mine properties or processing facilities, personal injury or death, loss of key employees, environmental damage, delays in mining, monetary losses and possible legal liability. Satisfying such liabilities may be very costly and could have a material adverse effect on future cash flow, results of operations and financial condition.

Poor safety performance can also lead to temporary mine closures, thereby impacting production results. The Group is highly focused on managing its safety performance and follows a risk-based approach which entails continual hazard identification, risk assessment and instilling safety awareness into the workplace culture. Health and safety targets are explicitly included as part of the Group's annual bonus framework.

In FY 2020, the Group reported an increased Lost Time Injury Frequency Rate ("**LTIFR**") of 0.29 (FY 2019: 0.21). The Group recorded 19 lost time injuries in FY 2020 (FY 2019: 16), 11 of which were at Finsch where the majority of the accidents were found to be behavioural in nature and of low severity.

The Group's processing facilities are dependent on continuous mine feed to remain in operation. Any significant disruption in either mine feed or processing throughput may have an immediate adverse effect on the results from its operations. A sustained and significant reduction in mine feed or processing throughput at a particular mine could cause the unit cost of production to increase to a point at which the Group could determine that some or all of its Reserves are or could be uneconomic to exploit. The Group periodically reviews mining schedules, production levels and asset lives in its life of mine planning for all of its operating and development properties. Significant changes in life of mine plans can occur as a result of mining experience, new discoveries, changes in mining methods and rates, process changes, investment in new equipment and technology, diamond price assumptions, foreign exchange rates, cost estimates and other factors.

The Group's ability to maintain or increase its annual production of diamonds will be dependent on its ability to continue to develop its existing mines and related infrastructure, prolong the mine plans of its existing mines and bring new mining areas into production. To plan these developments, the Group utilises the operating history of its existing mines to derive estimates of future operating costs and capital requirements. However, such estimates are subject to a number of factors outside the Group's control and may differ materially from actual operating results and expansions may not be realised in the timeframe contemplated. As a result, any benefits, synergies or efficiencies expected from any developments or expansion may take longer than expected to be achieved or may not be achieved at all. In any expansion, actual production may vary from estimates of future production for a variety of reasons, which may result in lower revenue or cash flows from operating activities until such time, if at all, that such production can be increased.

The Group maintains commercial insurance to cover the risks associated with the ordinary operation of its business. However, there can be no assurance that the Group will be able to obtain similar levels of cover on acceptable terms going forward or at all. In addition, even with such insurance in place, the risk remains that the Group may, in general, incur liabilities to its customers and other third parties which exceed the limits of such

insurance cover or are not covered by it. There is also a risk that the insurers may repudiate claims that the Company believes are insured and the matter becoming subject to protracted litigation. Furthermore, insurance against certain environmental risks or natural disasters is not generally available to the Group or other companies within the mining industry.

As a result of the foregoing risks, capital expenditures on any and all projects, actual production quantities and rates, and cash operating costs may be materially and adversely affected by events outside of the Group's control and may differ materially from anticipated capital expenditures, production quantities and rates, and operating costs. In addition, estimated production dates may be delayed materially, in each case especially to the extent development projects are involved. Any such events can materially and adversely affect the Group's business, financial condition, results of operations and cash flow.

29. The Group may be subject to labour disputes and disruptions.

Workforce-related issues have been prevalent throughout the mining industry in South Africa, and the Group has in the past been, and may in the future be, subject to a number of strikes and labour disruptions that have had, and could have, an adverse impact on its operations.

Certain of the Group's employees are employed under collective and recognition agreements. The Group has previously experienced labour disputes, specifically short-term disruption affecting underground and surface mining at the Group's South African operations following the completion of the Group's prior three-year wage agreement at the end of June 2017. The Group's three-year wage agreement with the National Union of Mineworkers ("**NUM**") expired at the end of June 2020 and the Company and NUM subsequently entered into a new negotiation period. In October 2020, the Company announced that it had agreed a new wage agreement with NUM covering employees graded in the A and B Paterson Bands of its South African operations. However, this new wage agreement covers one-year only, rather than the customary three-year agreement, and a new wage agreement will therefore need to be negotiated for the financial year to June 2022. As such, there remains potential for ongoing disputes in relation to annual wage increases or other working conditions in the future. Further, if upon expiration of the current one-year wage agreement, the Group is unable to satisfactorily renegotiate the terms of this agreement, or if unionised employees were to engage in further concerted strikes or other work stoppages, or if other employees were to become unionised, the Group could experience further disruption of operations, higher labour costs or both. A lengthy strike or other labour disruption or increased labour costs could have a material adverse effect on the Group's production, its business, financial condition and results of operations.

Deterioration in economic conditions, an adverse change in circumstances or decreases in demand for diamonds may also necessitate reductions in the Group's workforce. As a result, there can be no guarantee that the Group will not be required to implement workforce reductions. Such reductions may result in strikes, industrial relations disputes and other related disruptions to production that could adversely affect the Group's business, financial condition and results of operations. These reductions may also adversely impact the 'continuous operations' arrangements which have been implemented at Cullinan and Finsch in response to the COVID-19 pandemic.

30. The Group utilises third party providers and contractors, and the lack of availability, or failure to properly perform services, of one or more of these third party providers and contractors may adversely affect the Group.

Whilst the Group uses relatively few third party providers and external contractors in its ongoing operations, primarily operating a model whereby each mine has its own labour force, the third party providers and contractors which are utilised by the Group are of strategic importance. Therefore, the lack of availability of, or failure to properly perform services by, one or more of these third party providers and contractors could result in a decrease in the Group's production or delays in the development of projects which in turn could impact the Group's results of operations and financial condition. In particular, a number of resources are only available through a limited number of third parties and, lead-times, work slow-downs, stoppages or other labour related developments or disputes involving such third parties or contractors are out of the Group's control.

There can be no assurance that the Group will be able to secure in a timely manner, on commercially acceptable terms or at all, the provision of all of the services that the Group will need to execute its mining and development plans, or that such arrangements (both current and planned) will be sufficient for its future needs or will not be interrupted.

In addition, certain of the services the Group requires are or may in the future be available on commercially reasonable terms only from a limited number of providers and it may encounter difficulties in securing the services of specialised contractors due to high demand for those services.

As a result, the Group is dependent on external contractors performing satisfactorily and fulfilling their obligations. Whilst the Group is not aware of any specific matters, the Group's business and development plans may be adversely affected by any failure or delay by third parties in supplying these services, by any change to the terms on which these services are made available or by the failure of such third party providers to provide services that meet its quality or volume requirements.

If the Group is obliged to change a provider of such services, it may experience additional costs, interruptions to production or other adverse effects on its business. There is a risk that the Group may not be able to find adequate replacement services on commercially acceptable terms, on a timely basis, or at all.

Should the Group be unable to acquire or retain providers of key services on favourable terms, or should there be interruptions to, or inadequacies with, any services provided, there could be a material adverse effect on its business, financial condition and results of operations.

31. There can be no assurance that the Group's published diamond Reserves and Resources will be recovered or that they can be brought into profitable production and any possible recalculation or reduction of its Reserves and Resources could materially affect the Group's long-term results of operations and long-term viability.

The Group's Reserves and Resources described in this document constitute estimates that comply with standard evaluation methods generally used in the international mining industry, and have been reported in accordance with the SAMREC Code. In respect of these estimates, no assurance can be given that the estimated Reserves and Resources will be recovered or that they will be recovered at the rates estimated. Reserve and Resource estimates are based on accepted levels of sampling and drilling, combined with production data and, consequently, are uncertain, because the information used is not completely representative of the whole orebody. Reserve and Resource estimates may require revision (either up or down) based on actual production experience. Market fluctuations in the price of diamonds, as well as increased production costs or reduced recovery rates, changes in the mine plan or design, or increasing capital costs may render certain Reserves and Resources uneconomic and may ultimately result in a restatement of Reserves and/or Resources.

There are numerous uncertainties inherent in estimating Proven Reserves and Probable Reserves and Measured Resources, Indicated Resources and Inferred Resources, and in projecting potential future rates of production including many factors beyond the Group's control. Estimating Reserves and Resources is a subjective process and a function of many factors. Accuracy depends on the quantity and quality of available data and assumptions and judgments used in engineering and geological interpretation, which may be unreliable as well as economic conditions and market prices being generally in line with estimates. If the price estimates used to derive the Group's reported Reserves and Resources are higher than the market prices of diamonds at the time of recovery and subsequent sale, the volume of diamonds that the Group could mine economically may decrease, potentially requiring the Group to reduce its reported Reserves and Resources.

If Proven Reserves or Probable Reserves are developed, it may take a number of years and substantial expenditures from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. In the event that new Reserves are not developed, the Group will not be able to sustain any mine's current level of Reserves beyond the life of its existing Reserve estimates. The combination of these factors may cause the Group to expend significant resources (financial and otherwise) on a property without receiving a return on investment. No assurance can be given that the Group's development programmes will result in the replacement of current production with new Reserves or that the Group's development programme will be able to extend the life of the Group's existing mines.

Reserves and Resources estimates are subject to independent third party review at least annually. The methodology for estimating Reserves and Resources may be updated over time and is reliant on certain assumptions being made. Results of the Group's mining and production subsequent to the date of an estimate may lead to revision of estimates due to, for example, fluctuations in the market price, reduced recovery rates or increased production costs due to inflation or other factors which may render Reserves and Resources containing lower grades of mineralisation uneconomic to exploit over the long term. Such revisions of estimates may ultimately result in a restatement of Reserves and/or Resources.

The Group updates its Reserves and Resources annually and its most recent published resource statement is dated 30 June 2020 (the "**2020 Resource Statement**"). The 2020 Resource Statement notes that while the KX36 project in Botswana remained within the Company as at 30 June 2020, it was sold post year end. The 2020 Resource Statement also includes a final update of the 2018 interim Cullinan resource estimate, including all outstanding sampling information from the recently completed C-Cut block cave development.

In light of the factors described above, no assurance can be given that the estimated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that Reserves can be mined or processed profitably. Actual Reserves may not conform to expectations and the volume and grade of diamondiferous ore recovered may be below the estimated levels. In addition, there can be no assurance that diamond recoveries in small-scale laboratory tests will be duplicated in larger-scale test under on-site conditions or during production. Factors such as lower market prices, increased production costs and reduced recovery rates may render the Group's Reserves uneconomic to exploit and may result in the revision of its Reserves and Resources estimates from time to time. If the Group's actual Reserves and Resources are less than current estimates, the Group's business, results of operations and financial condition may be materially and adversely affected.

Risks relating to the Ordinary Shares

32. If the Consensual Restructuring is implemented, including the Debt for Equity Conversion, existing Shareholders will experience significant dilution.

If the Consensual Restructuring is implemented, including the Debt for Equity Conversion, existing Shareholders will be substantially diluted. It is expected that the New Ordinary Shares issued pursuant to the Debt for Equity Conversion will constitute, in aggregate, approximately 91 per cent. of the Company's Enlarged Share Capital. Existing Shareholders will have their proportionate shareholdings in the Company diluted by approximately 91 per cent. by the Debt for Equity Conversion, assuming that, other than the Debt for Equity Conversion, no further Ordinary Shares are issued by the Company between the posting of this document and Admission. Shareholders' proportionate ownership and voting interests in the Company will be reduced as a result of the Debt for Equity Conversion.

In addition, Shareholders may experience immediate and substantial dilution by further share issues. Other than pursuant to the Debt for Equity Conversion, the Company has no current plans for an offering of shares. However, it is possible that the Directors and Proposed Director may decide to offer additional shares in the future. If Shareholders did not take up such offer of shares or were not eligible to participate in such offering, their proportionate ownership and voting interests in the Company would be reduced and the percentage that their Ordinary Shares would represent of the total share capital of the Company would be reduced accordingly.

33. If the Consensual Restructuring is implemented, including the Debt for Equity Conversion, the Noteholders will have a significant interest in the Company following Admission and their interests may differ from those of the existing Shareholders.

If the Consensual Restructuring is implemented, including the Debt for Equity Conversion, and assuming no further Ordinary Shares are issued by the Company between the posting of this document and Admission, it is expected that the Noteholders will be interested in, in aggregate, approximately 91 per cent. of the Company's Enlarged Share Capital. The Noteholders will, through votes that they will be able to exercise at general meetings of the Company, be able to exercise a significant degree of influence over the Company's operations and over its shareholders' meetings, such as in relation to the appointment and removal of Directors, the approval of significant transactions entered into by the Company and changes to the Company's capital structure. This concentration of ownership and voting power may delay, defer or even prevent an acquisition by a third party or other change of control of the Group and may make some transactions more difficult or impossible without the support of the Noteholders, even if such events are in the best interests of other Shareholders, any of which could have an adverse effect on the market price of the outstanding Ordinary Shares.

Furthermore, pursuant to the Consensual Restructuring, it has been agreed that individual Noteholders, in their capacity as Shareholders after the successful implementation of the Consensual Restructuring, who are projected as at the Early Bird Deadline to hold at least five per cent. of the total number of Ordinary Shares in issue at and following the Restructuring Effective Date (the "**Qualifying Noteholders**"), will each be entitled to nominate an individual to be appointed as a non-independent, Non-Executive Director of the Company and will each be entitled to nominate one observer to be appointed to the Board. These Qualifying Noteholders will therefore each be able to appoint a representative director who can participate and vote at meetings of the Board, thereby taking an active role in the management of the Company and its business.

34. There is no guarantee that there will be a liquid market for the Ordinary Shares after Admission.

Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares, including the New Ordinary Shares, and there is no guarantee that there will be an active trading market after Admission.

If the Consensual Restructuring is implemented, including the Debt for Equity Conversion, assuming no further Ordinary Shares are issued by the Company between the posting of this document and Admission, it is expected that the Noteholders will be interested in, in aggregate, approximately 91 per cent. of the Company's Enlarged Share Capital. This may have an impact on the liquidity of the market for the Ordinary Shares. If an active trading market is not maintained, the liquidity and trading price of the Ordinary Shares may be adversely affected.

Even if an active trading market is sustained, the market price of the Ordinary Shares may not reflect the underlying asset value of the Group. See paragraph 35 of this Part 2 ("*Risk Factors*").

35. The price of the Ordinary Shares may fluctuate.

The market price of the Ordinary Shares is subject to fluctuations due to changes in sentiment in the market or in response to various facts and events, whether occurring in the United Kingdom, South Africa, Tanzania or in other jurisdictions. Any regulatory changes affecting the Group's operations or capital structure, variations in the Group's financial results or its ability to manage its debt may cause volatility in its share price. In addition, business developments of the Group or its competitors or changes in financial estimates for the Group or competitors in the industry by securities analysts may have an impact on the market price of the Ordinary Shares. Furthermore, appointments to or resignations from the Board or executive management team and speculation in the press, media or investment community about the Group's business, mergers or acquisitions involving the Group or major divestments by the Group may impact the share price. Stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices of listed securities.

Events unrelated to the Group's operating performance or prospects may have an impact on the Company's share price. Factors such as changes in interest rates, exchange rates and the rate of inflation, changes in fiscal, monetary or regulatory policies or international hostilities may also negatively affect the Group's share price. Any future Ordinary Shares issued may further dilute the holdings of current Shareholders and significant disposals of Ordinary Shares by the Company's major Shareholders could also have an adverse effect on the market price of the Ordinary Shares. These factors could also make it more difficult to raise capital through equity or equity linked offerings. Other than pursuant to the Debt for Equity Conversion, the Group has no current plans for a subsequent offering of Ordinary Shares. However, it is possible that the Group may decide to offer additional Ordinary Shares in the future. If Shareholders did not take up any such offer of Ordinary Shares or were not eligible to participate in such offering, their proportionate ownership and voting interests in the Company would be reduced. In addition, an offering or a significant sale of Ordinary Shares by any of the Group's major Shareholders could have an adverse effect on the market price of the outstanding Ordinary Shares.

The price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may be related to the Group and others which are not and investors may realise less than the original amount invested. Furthermore, the Group's results and prospects may from time to time be below the expectations of market analysts and investors. Any of these events could adversely affect the market price of the Ordinary Shares.

36. Holders of Depositary Interests must rely on the Depositary to exercise rights attaching to the underlying Ordinary Shares for the benefit of the holders of Depositary Interests.

The Company has entered into depositary arrangements to enable investors to settle and pay for Ordinary Shares through the CREST system. The rights of DI Holders will be governed by, *inter alia*, the relevant provisions of the CREST Manual and the CREST Rules (as defined in the CREST Manual issued by Euroclear UK & Ireland). As the registered Shareholder, the Depositary will have the power to exercise voting and other rights conferred by Bermuda law and the Bye-laws of the Company on behalf of the relevant DI Holder. Consequently, the DI Holders must rely on the Depositary to exercise such rights for the benefit of the DI Holders. Although the Company will enter into arrangements whereby Euroclear will make a copy of the register of the names and addresses of DI Holders available to the Company to enable the Company to send out notices of Shareholder meetings and proxy forms to its holders of Depositary Interests and pursuant to Euroclear's omnibus proxy arrangements, subject to certain requirements, the Depositary will be able to give each beneficial owner of a Depositary Interest the right to vote directly in respect of such owner's underlying Ordinary Shares, there can be no assurance that such information, and consequently, all such rights and, entitlements, will at all times be duly and timely passed on or that such proxy arrangements will be effective. Furthermore, DI Holders may experience delays in receiving any

dividends paid by the Company, by virtue of the administrative process involved in connection with holding Depositary Interests.

37. The admission of the New Ordinary Shares to listing on the Official List and to trading on the London Stock Exchange may not occur when expected.

Until the New Ordinary Shares are admitted to listing on the Official List and to trading on the London Stock Exchange, they will not be fungible with Existing Ordinary Shares currently traded on the London Stock Exchange. There is no assurance that the admission to listing on the Official List and to trading on the London Stock Exchange will take place when anticipated.

38. Enforcement of judgments in Bermuda may be difficult.

As the Company is a Bermuda exempted company, the rights of Shareholders will be governed by Bermuda law and the Memorandum of Association and Bye-laws. The rights of Shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in other jurisdictions. All of the Group's assets are located in South Africa and Tanzania and, as a result, it may be difficult for Shareholders to enforce in the United Kingdom judgments obtained in UK courts against the Company if it is liable under the laws of England and Wales. The current position with regard to enforcement of judgments in Bermuda is set out below but this may be subject to change. A final and conclusive judgment of a superior foreign court against the Company, under which a sum of money is payable (not being a sum of money payable in respect of multiple damages, or a fine, penalty tax or other charge of a like nature) may be enforceable in the Supreme Court of Bermuda against the Company if the foreign court is situated in a country to which the Judgments (Reciprocal Enforcement) Act 1958 (the "**1958 Act**") applies. The procedure provided for in the 1958 Act must be followed if the 1958 Act applies. The 1958 Act applies to judgments obtained in the United Kingdom. Under the 1958 Act, a judgment obtained in the superior courts of a territory to which it applies would be enforced by the Supreme Court of Bermuda without the necessity of any retrial of the issues, the subject of such judgment or any re-examination of the underlying claims. Where such foreign judgment is expressed in a currency other than Bermuda dollars, registration of the judgment will involve the conversion of the judgment debt into Bermuda dollars on the basis of the exchange rate prevailing at the date of such judgment as is equivalent to the judgment sum payable. The present policy of the BMA is to give consent for the Bermuda dollar award made by the Supreme Court of Bermuda to be paid in the original judgment currency. No stamp duty or similar or other tax or duty is payable in Bermuda on the enforcement of a foreign judgment. Court fees will be payable in connection with proceedings for enforcement.

In addition, the Company's Bye-laws contain a broad waiver by Shareholders of any claim or right of action, both individually and on the Company's behalf, against any of the Company's officers or Directors. The waiver applies to any action taken by an officer or Director, or the failure of an officer or Director to take any action, in the performance of his or her duties, except with respect to any matter involving any fraud or dishonesty on the part of the officer or Director. This waiver limits the right of Shareholders to assert claims against the Company's officers and Directors unless the act or failure to act involves fraud or dishonesty.

39. The Company has not declared a dividend since 2015 and dividend payments may not be made in the future.

The level of any dividend paid in respect of the Ordinary Shares is within the discretion of the Board and is subject to a number of factors, including the business and financial condition of, earnings and cash flow of, and other factors affecting, the Group, as well as the availability of funds from which dividends can be legally paid. The level of any dividend in respect of the Ordinary Shares is also subject to the extent to which the Company receives funds, directly or indirectly, from its operating subsidiaries and divisions in a manner which creates funds from which dividends can be legally paid. The ability of its subsidiaries to pay dividends to the Company and its ability to receive distributions from its investments in other entities are subject to applicable local laws and regulatory requirements and other restrictions. These laws and restrictions could limit the payment of dividends and distributions to the Company by its subsidiaries, which could in the future restrict the Company's ability to fund its operations or to pay a dividend to its Shareholders. Any reduction in dividends paid on Ordinary Shares from those historically paid, or the failure to pay dividends in any financial year, could adversely affect the market price of Ordinary Shares.

Following the implementation of the Consensual Restructuring, the Company will not be able to pay dividends to Shareholders unless the consent of the First Lien Lenders is obtained and certain conditions set out in the New Notes are fulfilled. This inability to freely make dividend payments could adversely affect the market price of Ordinary Shares.

40. Pre-emptive rights may not be available to Overseas Shareholders in relation to future equity offerings.

Under the Bye-laws (save for certain exceptions set out therein) and pursuant to the Listing Rules, prior to the issue of any new shares, the Group must offer Shareholders pre-emptive rights to subscribe and pay for a sufficient number of New Ordinary Shares to maintain their existing ownership percentages.

Overseas Shareholders may not be able to exercise their pre-emptive rights in respect of a future issue of new Ordinary Shares for cash, unless the Group decides to comply with applicable local laws and regulations. Securities laws of certain jurisdictions may restrict the Group's ability to allow participation by Shareholders any future issue of new Ordinary Shares. In particular, US Shareholders may not be able to receive, trade or exercise pre-emptive rights for new Ordinary Shares under the laws of the United States unless a registration statement under the US Securities Act is effective with respect to such rights or an exemption from the registration requirements of the US Securities Act is available thereunder. None of the New Ordinary Shares will be registered under the US Securities Act and there can be no assurance that the Group will file any such registration statements for future share issues, or that an exemption to the registration requirements of the US Securities Act will be available in any case, or that the Group would seek to avail itself of any such exemption, absent which the US Shareholders would be unable to participate in such an issue.

If Overseas Shareholders are not able to receive, trade or exercise pre-emptive rights granted in respect of new Ordinary Shares in any rights offering by the Group, then they may not receive the economic benefit of such rights. In addition, their proportional ownership interests in the Group will experience significant dilution. Furthermore, this limitation on the ability of Overseas Shareholders to exercise pre-emptive rights could adversely affect the Group's ability to attract future investors, could restrict any future acquisition structures of the Group and could generally impair the Group's ability to offer new Ordinary Shares as consideration in relation to such acquisitions.

PART 3

IMPORTANT INFORMATION

This document comprises a simplified prospectus for the purposes of Article 14 of the Prospectus Regulation and is issued in compliance with the Listing Rules. Any decision in connection with the Debt for Equity Conversion should be made solely on the basis of the information contained in this document (and the documents incorporated by reference). Without limitation to the foregoing, reliance should not be placed on any information in announcements released by the Company prior to the date hereof, except to the extent that such information is repeated or incorporated by reference into this document.

The contents of this document or any subsequent communications from the Company, the Group or any of their respective affiliates, officers, advisers, directors, employees or agents, are not to be construed as legal, business or tax advice. Each prospective investor should consult its, his or her own lawyer, financial intermediary or tax adviser for legal, financial or tax advice.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Proposed Director or the Sponsor or any of its or their representatives as to the acquisition of New Ordinary Shares under the Debt for Equity Conversion. Investors should ensure that they read the whole of this document carefully and not just rely on key information or information summarised within it.

The validity of this document, as a prospectus, will expire on 22 December 2021.

A letter from the Chairman of the Company, which contains the recommendation of the Board to vote in favour of the Resolution, is set out in Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document. A Special General Meeting to consider the proposals contained in this document will be held at 52-53 Conduit Street, London, W1S 2YX on 13 January 2021 at 9.30 a.m.

Information not contained in this document

No person has been authorised to give any information or make any representation other than those contained in, or incorporated by reference into, this document and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, BMO and/or Rothschild & Co. The Company will comply with its obligation to publish a supplement to the circular and/or prospectus containing further updated information required by law or by any regulatory authority but assumes no further obligation to publish additional information. The obligation to publish a supplement to the prospectus will not apply following the expiry of the validity of this document. The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding the Company. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication other than this document. Subject to the requirements of FSMA, the Listing Rules, the DTRs, the Prospectus Regulation and the Prospectus Regulation Rules, neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this document or that the information in or incorporated by reference into this document is correct as of any time subsequent to the date hereof.

Recipients of this document acknowledge that (i) they have not relied on BMO, Rothschild & Co or any person affiliated with them in connection with any investigation of the accuracy of any information contained in or incorporated by reference into this document or their investment decision; and (ii) they have relied only on the information contained in, or incorporated by reference into, this document, and that no person has been authorised to give any information or to make any representation concerning the Company or its subsidiaries, the Debt for Equity Conversion or the New Ordinary Shares (other than as contained in, or incorporated by reference into, this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Company, BMO or Rothschild & Co.

Any information that is incorporated by reference into documents, which in turn are incorporated into this document, is not incorporated by reference into and does not form part of this document.

No incorporation of website information

Unless otherwise specified in this document, neither the content of the Company's website (http://www.petradiamonds.com), nor the content of any website accessible from hyperlinks on the Company's website, is incorporated into, or forms part of, this document and investors should not rely on them, without prejudice to the documents incorporated by reference into this document, which will be made available on Company's website.

Information regarding forward-looking statements

This document includes statements that are, or may be deemed to be, 'forward-looking statements'. The words 'believe', 'estimate', 'target', 'anticipate', 'expect', 'could', 'would', 'intend', 'aim', 'plan', 'predict', 'continue', 'assume', 'positioned', 'may', 'will', 'should', 'shall', 'risk', their negatives and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements under Part 1 ("*Summary*"), Part 2 ("*Risk Factors*") and Part 8 ("*Information on the Group*") of this document regarding the Company's or the Group's strategy, plans, objectives, goals and other future events or financial prospects are forward-looking statements. An investor should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company's or the Group's control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions investors that forward-looking statements are not guarantees of future performance and that its actual results of operations and financial condition, and the development of the industry in which it operates, may differ materially from those made in, or suggested by, the forward-looking statements contained in this document and/or information incorporated by reference into this document. In addition, even if the Company's or the Group's results of operation, financial position and growth and the development of the markets and the industry in which the group operates are consistent with the forward-looking statements contained in this document, these results or developments may not be indicative of results or developments in subsequent periods. The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue. Factors that may cause the Company's and/or the Group's actual results to differ materially from those expressed or implied by the forward-looking statements in this document include but are not limited to the risks described in Part 2 ("*Risk Factors*") of this document.

Each forward-looking statement speaks only as of the date it was made and is not intended to give any assurance as to future results. Furthermore, forward-looking statements contained in this document that are based on past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Except as required by the FCA, the London Stock Exchange or applicable law (including as may be required by the Prospectus Regulation, the Listing Rules, the Prospectus Regulation Rules and the DTRs), none of the Company, BMO or Rothschild & Co undertakes any obligation to update or revise these forward-looking statements and will not publicly release any revisions they may make to these forward- looking statements that may result from new information, events or circumstances arising after the date of this document. The Company will comply with its obligations to publish updated information as required by FSMA, the Listing Rules, the DTRs and/or the Prospectus Regulation Rules or otherwise by law and/or by any regulatory authority, but assumes no further obligation to publish additional information.

Reserves and Resources reporting – basis of preparation

The estimated Diamond Resources and Diamond Reserves for the Company's various projects have been calculated in accordance with the SAMREC Code and are based on information compiled internally within the Group. Resources are reported inclusive of Reserves.

Statements relating to Diamond Resources and Diamond Reserves are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the Diamond Resources and Diamond Reserves described exist in the quantities predicted or estimated and can be profitably produced in the future. As a result, the Company cautions prospective investors against relying on any of these forward-looking statements.

Competent persons for the purposes of the SAMREC Code

John Kilham has confirmed that the Diamond Resources and Diamond Reserves estimates of the Group contained in this document are based on, and fairly represent, information and supporting documentation prepared or reviewed by John Kilham.

John Kilham, Pr. Sci. Nat (reg. No. 400018/07) is an independent consultant who was appointed by the Company for the purpose of independently reviewing and verifying the mineral resource and mineral reserve estimates of the Group collated under the guidance and supervision of the Company's Group Lead – Mineral Resource Management, Andrew Rogers, Pr. Sci. Nat. (reg. No. 120664). Mr Kilham's business address is Wesselton Village, Postnet Suite 204, Private Bag X2, Diamond, 8305 Kimberley, South Africa. Mr Kilham has 40 years' relevant experience in the diamond mining industry. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a 'competent person' for the purposes of the SAMREC Code.

Profit forecasts

No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per Ordinary Share for the current or future financial years would necessarily match or exceed the historical published earnings per Ordinary Share.

Presentation of financial information

The historical financial information presented in this document consists of the audited consolidated financial statements of the Group in respect of FY 2020.

The basis of preparation and significant IFRS accounting policies are explained in the notes to the consolidated financial statements which are incorporated by reference into this document, as explained in Part 14 ("*Documents Incorporated by Reference*") of this document.

The Group presents its annual accounts as of 30 June in each financial year.

This document also includes an unaudited pro forma net assets statement of the Group, which has been prepared to illustrate the effect on the consolidated net assets of the Group as if the Consensual Restructuring had taken place on 30 June 2020. The pro forma financial information is based on the consolidated net assets of the Group as at 30 June 2020. The pro forma financial information has been prepared in a manner consistent with the accounting policies adopted by the Company in preparing such information, in accordance with Annex 20 of the Prospectus Regulation and on the basis set out in the notes thereto.

Non-IFRS measures

This document contains non-IFRS measures and ratios. The Company uses non-IFRS financial measures, including On-Mine Cash Costs, Adjusted Mining and Processing Costs, Profit from Mining Activities, Consolidated Net Debt, Adjusted EBITDA and Adjusted EBITDA Margin, in this document. Such measures are not recognised terms under IFRS. The Company's management uses these measures to calculate operating performance and liquidity in presentations to the Company's Board of Directors and as a basis for strategic planning and forecasting, as well as monitoring certain aspects of the Company's operating cash flow and liquidity. The Company presents non-IFRS measures and ratios because it believes that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The non-IFRS measures and ratios may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools. Accordingly, they should not be used as indicators of, or alternatives to, revenue, profit or other comparable IFRS metrics. The Company's presentations of On-Mine Cash Costs, Profit from Mining Activities, Consolidated Net Debt, Adjusted EBITDA and Adjusted EBITDA Margin have limitations as analytical tools and you should not consider them in isolation or as a substitute for analysis of the Company's results reported under IFRS.

Adjusted EBITDA represents net profit after tax, stated before depreciation, share-based expense, net finance expense (excluding net unrealised foreign exchange gains and losses), tax expense (excluding taxation credit on impairment charge), impairment charges, expected credit loss provision, net unrealised foreign exchange gains and losses and loss/profit on discontinued operations.

Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by revenue. You should not consider Adjusted EBITDA as an alternative to (a) operating cash flow or profit for the period (as determined in accordance

with IFRS) as a measure of the Company's operating performance, (b) cash flow from operating, investing and financing activities as a measure of the Company's ability to meet its cash needs, or (c) any other measures of performance under generally accepted accounting principles. Adjusted EBITDA may be defined differently from the definition of 'Consolidated EBITDA' under the Notes Indenture governing the Notes.

Some of the limitations of Adjusted EBITDA as analytical tool include (a) Adjusted EBITDA does not reflect the Company's cash expenditures or future requirements for capital expenditures or contractual commitments, (b) Adjusted EBITDA does not reflect changes in, or cash requirements for, the Company's working capital needs, (c) Adjusted EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debts, (d) although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and Adjusted EBITDA does not reflect any cash requirements that would be required for such replacements, and (e) some of the exceptional items that the Company eliminates in calculating Adjusted EBITDA reflect cash payments that were made, or will be made, in the future. The Company's definition of Adjusted EBITDA may differ from that used by other companies and industries and therefore its presentation of this metric may not be comparable to other similarly titled measures used by other companies.

On-Mine Cash Costs are calculated by subtracting from total mining and processing costs the following items: diamond royalties, changes in diamond inventory of finished goods and stockpiles, some centralised costs including diamond cleaning and sorting, marketing, technical and support costs, depreciation and share-based expense.

Adjusted Mining and Processing Costs consist of mining and processing costs stated before depreciation and share-based expense.

Profit from Mining Activities consists of revenue less Adjusted Mining and Processing Costs plus other direct income.

Consolidated Net Debt consists of bank loans and borrowings plus the Notes, less cash and diamond debtors and including the Existing BEE Facilities.

Currency and exchange rate information

In this document, unless otherwise indicated, references to "**pounds sterling**", "**sterling**", "**pounds**", "**GBP**", "**pence**", "**p**" or "**£**" are to the lawful currency of the United Kingdom, references to "**€**", "**Euros**" or "**Euro**" are to the single currency of those relevant adopting Member State of the European Union, references to "**US dollars**", "**US$**" or "**$**" are to the lawful currency of the United States and references to "**ZAR**" or "**Rand**" are to the lawful currency of South Africa.

Rounding

Percentages and certain amounts in this document, including financial, statistical and operating information, have been rounded for ease of presentation. As a result, the figures shown as totals may not be the precise sum of the figures that precede them. In addition, certain percentages and amounts contained in this document reflect calculations based on the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages or amounts that would be derived if the relevant calculations were based upon the rounded numbers.

Market data

Unless the source is otherwise stated, the market, economic and industry data in this document constitute the Directors' and Proposed Director's estimates, using underlying data that has been sourced from independent third parties. Market data and certain industry data and forecasts included in this document have been obtained from internal company surveys, consultant surveys, market research, publicly available information, reports of government agencies and industry publications and surveys. Where information in this document has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information. Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company has not independently verified any of the data from third-party sources, nor ascertained the underlying economic assumptions relied upon therein and the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts

and market research, which the Company believes to be reliable based on the Directors' and Proposed Director's knowledge of the industry, have not been independently verified.

Defined terms and technical terms

Certain terms used in this document, including all capitalised terms, are defined and explained in Part 15 ("*Definitions*") of this document.

Times

All times referred to in this document are, unless otherwise stated, references to time in London, United Kingdom.

PART 4

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the dates and times in the table below is indicative only and may be adjusted by the Company, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, to Shareholders by way of an announcement issued via a Regulatory Information Service.

Announcement of the Consensual Restructuring	20 October 2020
Announcement of entry into the Lock-Up Agreement	18 November 2020
Publication and posting of this document	22 December 2020
Latest time and date for submission of proxy votes electronically	9.30 a.m. on 11 January 2021
Record time for the Special General Meeting	6.00 p.m. on 11 January 2021
Special General Meeting	9.30 a.m. on 13 January 2021
Announcement of the results of the Special General Meeting	13 January 2021
Admission and commencement of dealings in respect of New Ordinary Shares on the London Stock Exchange	Expected to be by the end of January 2021
CREST Members' accounts credited with Depositary Interests	As soon as practicable after Admission
Despatch of share certificates in respect of New Ordinary Shares in certificated form	Expected to be within 14 days following Admission

Notes:

(1) References to times are to London time unless otherwise stated.

PART 5

ISSUE STATISTICS

Nominal value of the Existing Ordinary Shares	10 pence
Nominal value of the Ordinary Shares following completion of the Capital Reduction	0.001 pence
Number of Existing Ordinary Shares in issue as at 18 December 2020 (being the Latest Practicable Date)	865,431,343
Number of New Ordinary Shares to be issued pursuant to the Debt for Equity Conversion	8,844,657,929
Number of Ordinary Shares in issue immediately following Admission	9,710,089,272
New Ordinary Shares as a percentage of the Enlarged Share Capital immediately followingAdmission	Approximately 91 per cent.
Estimated gross proceeds of the Debt for Equity Conversion (as a release of debt)	US$409.9 million
Estimated expenses of the Consensual Restructuring	US$35.5 million(1)

Notes:

(1) US$13 million of this amount is expected to be accounted for in relation to the Debt for Equity Conversion. The estimated amount of US$35.5 million includes approximately US$3.4 million of fees for contingency planning in the event the Consensual Restructuring is not successfully implemented. Such fees will not be incurred in full if the Consensual Restructuring is successfully implemented.

PART 6

DIRECTORS, PROPOSED DIRECTOR, SECRETARY, REGISTERED AND GROUP MANAGEMENT OFFICE AND ADVISERS

Directors	Peter Hill CBE	*Non-Executive Chairman*
	Richard Duffy	*Chief Executive*
	Jacques Breytenbach	*Finance Director*
	Varda Shine	*Senior Independent Non-Executive Director*
	Gordon Hamilton	*Independent Non-Executive Director*
	Octavia Matloa	*Independent Non-Executive Director*
	Bernard Pryor	*Independent Non-Executive Director*
Proposed Director	Matthew Glowasky	*Non-Executive Director*
Company Secretary	St James's Corporate Services Limited Suite 31 Second Floor 107 Cheapside London EC2V 6DN United Kingdom	
Jersey Company Secretary	JTC UK 7th Floor 9 Berkeley Street London W1J 8DW United Kingdom	
Assistant Company Secretary	Conyers Corporate Services (Bermuda) Limited 2 Church Street Hamilton HM11 Bermuda	
Registered office of the Company	Clarendon House 2 Church Street Hamilton HM11 Bermuda	
Group management office of the Company	1st Floor 52-53 Conduit Street London W1S 2YX United Kingdom	
Sponsor	BMO Capital Markets Limited 95 Queen Victoria Street London EC4V 4HG United Kingdom	
Financial Adviser to the Company	N.M. Rothschild & Sons Limited New Court St Swithin's Lane London EC4N 8AL United Kingdom	

Legal Adviser to the Company as to English law and US law	Ashurst LLP London Fruit & Wool Exchange 1 Duval Square London E1 6PW United Kingdom
Legal Adviser to the Company as to Bermuda law	Conyers Dill & Pearman Limited Clarendon House 2 Church Street Hamilton HM11 Bermuda
Legal Adviser to Sponsor as to English and US law	Norton Rose Fulbright LLP 3 More London Riverside London SE1 2AQ United Kingdom
Auditor and Reporting Accountant	BDO LLP 55 Baker Street London W1U 7EU United Kingdom
Registrar	Link Market Services (Jersey) Limited 12 Castle Street St. Helier JE2 3RT Jersey
Depositary	Link Market Services Trustees Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU United Kingdom

PART 7

LETTER FROM THE CHAIRMAN OF PETRA DIAMONDS LIMITED

(*incorporated and registered in Bermuda under the Companies Act 1981 (Bermuda) with Registered No. 23123*)

Directors:
Peter Hill CBE (*Non-Executive Chairman*)
Richard Duffy (*Chief Executive*)
Jacques Breytenbach (*Finance Director*)
Varda Shine (*Senior Independent Non-Executive Director*)
Gordon Hamilton (*Independent Non-Executive Director*)
Octavia Matloa (*Independent Non-Executive Director*)
Bernard Pryor (*Independent Non-Executive Director*)

Proposed Director:
Matthew Glowasky (*Non-Executive Director*)

Registered Office:
Clarendon House
2 Church Street
Hamilton
Bermuda

22 December 2020

Dear Shareholder,

Recommended proposals in relation to the Consensual Restructuring and Capital Reduction

1. Introduction

On 20 October 2020, following an extensive period of engagement and negotiation with stakeholders and undertaking a strategic review (incorporating a formal sales process), the Company announced its intention to implement a long term restructuring, as agreed between the Group and its key stakeholders (the "**Consensual Restructuring**"). The Directors and Proposed Director believe the Consensual Restructuring will put in place a stable capital structure for the Group and significantly reduce the financial burden on the business, putting the Group in a stronger position to continue operations to realise and optimise the value of its mining assets, particularly in the current market conditions, and deliver growth for stakeholders.

Your consent is being sought pursuant to this document to implement the Consensual Restructuring which will result in a material reduction of the aggregate principal amount of indebtedness, extended maturities and the issuance of equity to the Noteholders. The Consensual Restructuring will provide additional liquidity, while reducing the overall principal amount of debt and cash-pay interest obligations of the Group. Paragraph 2.2 of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") explains why the Board considers that the Consensual Restructuring is in the best interests of Shareholders as a whole and should be supported by them. If any of the conditions to the Consensual Restructuring are not satisfied (or, where possible, waived), or if any of the elements of the Consensual Restructuring are not implemented, the Directors and Proposed Director consider it likely that the Company, or one or more of the Group members, would file for insolvency in the relevant jurisdiction(s), either in connection with a Noteholder Credit Bid Restructuring or otherwise.

The Consensual Restructuring includes a Debt for Equity Conversion pursuant to which 8,844,657,929 New Ordinary Shares will be issued to the Noteholders in consideration for the assignment by the Noteholders to the Company of approximately US$409.9 million of the Notes Debt. For a description of the background to and the key elements of the Consensual Restructuring, see paragraph 2 of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*").

A reduction in capital is required to reduce the nominal value of the Ordinary Shares in order to effect the Consensual Restructuring (the "**Capital Reduction**"). The background to and reasons for the Capital Reduction are set out more fully in paragraph 3(a) of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*").

Significant dilution, share price volatility and Directors' Intentions

Following completion of the Debt for Equity Conversion, the Noteholders will hold approximately 91 per cent. of the Enlarged Share Capital. As a result, the existing Shareholders will have their proportionate shareholdings in the Company diluted by approximately 91 per cent. by the Debt for Equity Conversion, assuming that, other than the Debt for Equity Conversion, no further Ordinary Shares are issued by the Company between the posting of this document and Admission.

Following the completion of the Debt for Equity Conversion, there is likely to be a high degree of share price volatility and the share price may decline.

The Directors intend to vote in favour of the Resolution to be proposed at the Special General Meeting in respect of their beneficial holdings of Ordinary Shares.

As further explained below, the Capital Reduction, the Debt for Equity Conversion and, by extension, the Consensual Restructuring are conditional upon, *inter alia*, the passing of the Resolution. If the Resolution to be proposed at the Special General Meeting is not passed, the Capital Reduction, the Debt for Equity Conversion and, by extension, the Consensual Restructuring will not be implemented. In such circumstances, the Directors and Proposed Director consider it is likely that the Company, or one or more of the Group members, would file for insolvency in the relevant jurisdiction(s), either in connection with a Noteholder Credit Bid Restructuring or otherwise, and it is expected that the Ordinary Shares would be suspended from trading and that no value would be returned to Shareholders. For further detail regarding the implications of the Consensual Restructuring not proceeding, see paragraphs 5.3 and 18 of this Part 7 (*"Letter from the Chairman of Petra Diamonds Limited"*).

2. Background to and reasons for the proposals

2.1 *The Group*

Petra is a leading independent diamond mining group and a supplier of gem quality rough diamonds to the international market. The Company has a diversified asset portfolio incorporating interests in three producing underground mining operations in South Africa (Cullinan, Finsch and Koffiefontein). The Group also owns, together with the Government of Tanzania, 75 per cent. of one open pit mine in Tanzania (Williamson), which is currently on care and maintenance. As at 30 June 2020, the Group had approximately 3,690 employees and approximately 1,300 contractors worldwide.

(i) **Cullinan**: one of only seven Tier 1 diamond deposits globally. It is mined underground using block caving and sublevel caving and is renowned for producing large, high quality white and very rare blue diamonds. The Company completed the commissioning of a modern processing plant at Cullinan in 2018. The Company's current mine plan has a life to 2030, but the major residual Resources at the mine indicate that the actual LOM could extend beyond 2030 based on estimated rates of production and Resource estimates as of 30 June 2020.

(ii) **Finsch**: South Africa's second largest diamond mine by production. It is mined underground using block and sublevel caving. Finsch regularly produces highly commercial goods of over five carats and occasionally produces diamonds of over 50 carats together with smaller gem quality diamonds. The Group's current mine plan has a life to 2030, but Resources at one of its blocks and the adjacent precursor kimberlite orebody, which sits next to the main body of the Finsch kimberlite pipe, are expected to prolong the actual LOM.

(iii) **Koffiefontein**: one of the world's top diamond kimberlite mines by average value per carat. It is mined underground using front and sublevel caving. Koffiefontein regularly produces high quality white diamonds of between five and 30 carats in size. Petra's updated mine plan, which is based on no further expansion capital investment beyond the existing SLC, has a life to 2023.

(iv) **Williamson**: one of the world's largest economic kimberlites by surface area. It is mined using the open pit method. Williamson is renowned for beautifully rounded white stones and 'bubblegum' pink diamonds. In light of the unprecedented depressed market environment, the Company declared force majeure at the Williamson mine and placed the operation on care and maintenance in April 2020. The Company's current mine plan for Williamson has a life to 2030 in line with its mining licence.

Over the period FY 2006 to FY 2020 (excluding operations disposed of in the period), the Company has produced a total of 31.4 million carats, generating revenue of approximately US$4.0 billion, operating cash flow (before capital expenditure) of US$1.4 billion and thereby facilitating capital investment of approximately US$1.6 billion. Based on the Company's FY 2020 results (3.6 Mcts of rough diamond production and US$295.8 million of revenue), the Company accounted for approximately three per cent. of world diamond production by volume and two per cent. by value.

2.2 ***Background to and reasons for the Consensual Restructuring***

(a) *The financial difficulties experienced by the Group and the need for a financial restructuring*

The Group acquired the mining rights in respect of each of the mines from De Beers between 2007 and 2011. Prior to the Group's ownership, the mines had all undergone a prolonged period of underinvestment, with insufficient capital and other resources committed to their long-term continuity. This meant the period FY 2006 to FY 2019 was necessarily one of significant capital expenditure. The Group invested US$1.6 billion during this period with the goal of remedying the effects of the prolonged underinvestment in order to extend the lives of the assets and improve operational efficiency to the benefit of all stakeholders. This significant investment period has resulted in the Company's annual production growing from approximately 170,000 carats to approximately 3.9 Mcts and its annual revenue growing from US$20.9 million to US$463.6 million between FY 2006 and FY 2019.

The programme of intense capital investment during the period FY 2006 to FY 2019 utilised significant debt financing. On 12 April 2017, the US$650 million 7.25 per cent. Senior Secured Second Lien Notes due 1 May 2022 (the "**Notes**") were issued by the Company's wholly owned subsidiary, Petra Diamonds US$ Treasury Plc (the "**Notes Issuer**"), in order to bolster the Group's balance sheet and give the Group financial flexibility.

Following the appointment of Richard Duffy as Chief Executive Officer in February 2019, "**Project 2022**" was launched in July 2019 with the aim of driving efficiencies and improvements across all aspects of the business with the objective of delivering an initial target of between US$150 million and US$200 million free cash flow over a three year period, with delivery weighted towards FY 2021 and FY 2022, in order to reduce net debt in the Group. Project 2022 has had a positive impact on productivity, with the Company delivering the highest level of ROM production for the first nine months of FY 2020 prior to the impact of mine closures and reduced production capability as a result of response measures put in place due to the COVID-19 pandemic towards the end of Q3 FY 2020.

However, the global decline in rough diamond prices and impact of the COVID-19 pandemic on the FY 2020 tenders have had a significant impact on the Group's revenue, largely offsetting the initial benefits achieved through Project 2022. Details on the impact COVID-19 has had on the Group's production and ability to make sales are set out in paragraph 6 of Part 2 ("*Risk Factors*") of this document.

Rough diamond prices have been volatile on a global basis for the last six years. The Bloomberg rough diamond price index, which suspended publication of figures from March to September 2020 due to the COVID-19 pandemic, has rough diamond prices declining 13 per cent. in the year to 31 March 2020. Diamond prices realised by the Group decreased 18 per cent. in FY 2020.

As a result of the impact of low rough diamond prices on the Group's operating results and cash flow position, the Company needed to seek, and did obtain, waivers from the First Lien Lenders in respect of the Group's EBITDA-related financial covenants under the Common Terms Schedule in respect of December 2019.

The economic uncertainty caused by the COVID-19 pandemic and the restrictions imposed by governments in response to the COVID-19 pandemic have further impacted the Group's revenue. The total revenue impact of the COVID-19 pandemic for FY 2020 was estimated by the Company to be US$97.11 million, consisting of (i) lost production valued at pre-COVID-19 prices of approximately US$46.0 million, (ii) a 27 per cent. reduction in realised prices for actual sales during the period March 2020 to June 2020 of approximately US$12.6 million, and (iii) sales deferred to FY 2021 due to diamond markets largely closed in the period to June 2020 of approximately US$38.5 million. Details on the impact COVID-19 has had on the Group's production are set out in paragraph 6 of Part 2 ("*Risk Factors*") of this document.

The cumulative effect of these circumstances and events was a material deterioration in the Group's liquidity position, partly as a result of the Group becoming unable to satisfy the conditions to drawing the Existing RCF. In the context of this, on 29 May 2020, the Company and other members of the Group, including the Notes Issuer, entered into the First Lien Amendment Agreement and the Forbearance Agreement. These agreements provided the Group with a short-term solution to its liquidity issues and the ability to engage in discussions with the First Lien Lenders and the Noteholders with respect to solutions which could stabilise the business on a long-term basis.

(b) *Prior agreements executed with First Lien Lenders and Noteholders*

(i) *First Lien Amendment Agreement*

The First Lien Amendment Agreement facilitated the drawdowns of ZAR400 million and ZAR500 million from the Existing RCF and Existing WCF respectively and met the short-term liquidity requirements of the Group. The ZAR400 million drawdown was received by the Group on 23 June 2020, following which the Consolidated Net Debt (including amounts outstanding under the Existing BEE Facilities) of the Group was US$696.6 million as at 30 June 2020.

The Group achieved agreement with all of the First Lien Lenders in respect of these drawdowns as documented in the First Lien Amendment Agreement, which covers each of the First Lien Facilities. Further details of the First Lien Amendment Agreement are set out in paragraph 8.5 of Part 13 ("*Additional Information*") of this document.

The First Lien Amendment Agreement removed the risk of enforcement against the Company, the Notes Issuer, the Mine-Owning Entities and the other relevant Group members in respect of defaults under the First Lien Facilities. The negotiation and entry into the First Lien Amendment Agreement, and the drawdown on the Existing RCF, were interim measures to provide the Group with a short-term solution to its immediate liquidity constraints. The First Lien Amendment Agreement was entered into on the understanding that it would be followed by a broader financial restructuring solution for the Group. The First Lien Amendment Agreement requires the Group to progress a long-term solution and failure by the Group to achieve certain milestones (the "**Milestones**") in this regard will constitute an event of default under the First Lien Facilities. Over the course of the calendar year 2020 since the First Lien Amendment Agreement was entered into, the First Lien Lenders have agreed to extend the deadline for certain of the Milestones on a number of occasions and any further extensions required (for example, as a result of unforeseen delay to the timetable of the Consensual Restructuring) would be at the discretion of the First Lien Lenders. As at the Latest Practicable Date, the only outstanding Milestone is completion of the Consensual Restructuring.

(ii) *Forbearance Agreement*

With regard to the Notes, the Notes Issuer did not pay either of the 2020 Interest Payments due under the Notes Indenture.

The failure to pay the May Interest Payment triggered a default under the Notes Indenture, which became an event of default after expiry of a 30 day grace period. Accordingly, Petra needed to obtain a forbearance commitment from a majority of the Noteholders in respect of the right arising under the Notes Indenture as a result of the event of default. On 29 May 2020 the Forbearance Agreement was entered into by members of the Ad Hoc Committee (as it was then constituted and representing 50.7 per cent. of the total Notes Debt). As at the Latest Practicable Date, the Company believes that the forbearing Noteholders bound by the Forbearance Agreement represent, in aggregate, at least 76.3 per cent. of the outstanding principal amount of the Notes (the "**Total Forbearance Amount**").

Pursuant to the Forbearance Agreement, the relevant Noteholder parties agreed, on the terms and subject to the conditions of the Forbearance Agreement, to forbear from the exercise of certain rights and remedies those parties have under the Notes Indenture in respect of the missed May Interest Payment, including agreeing not to accelerate the Notes Debt as a result of the missed May Interest Payment. Further details of the Forbearance Agreement are set out in paragraph 8.6 of Part 13 ("*Additional Information*") of this document.

As with the First Lien Amendment Agreement, the Forbearance Agreement was agreed with the counterparties on the understanding that a broader financial restructuring of the Group would occur.

The initial forbearance period ceased on 31 August 2020. At each month end thereafter, any Noteholder counterparty has the ability to terminate the forbearance obligations (with respect to themselves only) by giving notice to the Notes Issuer. One Noteholder (whose holdings do not form part of the Total Forbearance Amount) exercised that right to unilaterally terminate the Forbearance Agreement, effective on 31 August 2020. None of the

remaining forbearing Noteholders have otherwise notified the Notes Issuer of their intention to so terminate (on either 31 August 2020, 30 September 2020, 31 October 2020 or 30 November 2020) and, in accordance with the terms of the Forbearance Agreement, the forbearance obligations presently continue to be in force with respect to all counterparties.

The Notes Issuer's failure to pay the November Interest Payment also triggered an event of default under the Notes Indenture. Accordingly, the Notes Issuer has obtained, under the Lock-Up Agreement, equivalent forbearance undertakings in respect of the November Interest Payment (and any further interest payments that become due and payable under the Notes Indenture before successful completion of the Consensual Restructuring occurs). As at the Latest Practicable Date, the Noteholders who are party to the Lock-Up Agreement together hold approximately 94.92 per cent. in value of the Notes Debt. Further details of the Lock-Up Agreement are set out in paragraph 8.7 of Part 13 ("*Additional Information*") of this document.

The final maturity date of the Notes is 1 May 2022 and the current aggregate principal amount of Notes Debt owing to the Noteholders is US$650 million plus the unpaid 2020 Interest Payments.

(c) *Restructuring process with stakeholders*

The Directors and Proposed Director believe that the level of debt owed by the Group pursuant to the First Lien Facilities and the Notes is unsustainable and that a longer term solution is needed to (i) reduce the financial burden on the business (particularly in the current market conditions) and (ii) put the Group in a stronger position to continue operations, in order to realise and optimise the value of its mining assets and deliver growth for stakeholders.

The Group has been closely monitoring and managing its funding position and liquidity risk and has been engaged in discussions with members of the Ad Hoc Committee and the First Lien Lenders. The Group acknowledges that it needs to address its ongoing debt service obligations in respect of the Notes in order to achieve a stable capital structure, particularly in light of the prevailing low rough diamond price environment and the impacts on FY 2020 and FY 2021 revenue from the global response measures to the COVID-19 pandemic.

On 17 November 2020, certain members of the Group (being the Company, the Notes Issuer and the Guarantors) entered into the Lock-Up Agreement with the Group's BEE Partners, Noteholders then representing approximately 61.2 per cent. in value of the Notes Debt, the First Lien Lenders and the Information Agent, pursuant to which all parties agreed to, among other things and subject to certain conditions:

(i) take all actions reasonably necessary in order to support, facilitate, implement, consummate or otherwise give effect to the Consensual Restructuring;

(ii) in the case of the Noteholders and First Lien Lenders, not take any Enforcement Action; and

(iii) in the case of the participating Noteholders only, attend the virtual Scheme Meeting in person or by proxy (in each case, via videoconference link) and vote in favour of the Scheme of Arrangement.

Whilst the BEE Partners have signed the Lock-Up Agreement and have thereby committed to support and progress the Consensual Restructuring in good faith, there is no term sheet agreed or final agreement as to the changes to the Group's BEE arrangements contemplated by the Term Sheet, hence the Consensual Restructuring effectively remains subject to the consent of the BEE Partners.

Further details of the Lock-Up Agreement are set out in paragraph 8.7 of Part 13 ("*Additional Information*") of this document.

(d) *The Consensual Restructuring*

In order to provide a long-term solution to the Group's liquidity issues, the Directors and Proposed Director are proposing the Consensual Restructuring. On 20 October 2020, the Company announced that it had reached agreement in principle in relation to the key terms of the Consensual

Restructuring with the members of the Ad Hoc Committee and the First Lien Lenders subject to credit approvals, final due diligence and documentation.

The key elements of the Consensual Restructuring are as follows:

(i) the Capital Reduction (as further detailed in paragraph 3(a) of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*");

(ii) the Debt for Equity Conversion (as detailed further in paragraph 3(b) of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*"));

(iii) the reinstatement of a certain portion of each Noteholder's Notes Debt as New Notes (as detailed further in paragraph 3(c) of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*"));

(iv) the amendment of the First Lien Facilities (as detailed further in paragraph 3(d) of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*");

(v) amendments to the Group's BEE arrangements (as detailed further in paragraph 3(e) of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*");

(vi) the amendment of the corporate governance arrangements of the Group (as detailed further in paragraph 3(f) of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*"); and

(vii) the amendment of the existing management incentive arrangements as detailed further in paragraph 3(g) of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*").

Further details on the key effects of the Consensual Restructuring are set out in paragraph 5.4 of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*").

3. Key Terms of the Consensual Restructuring

(a) ***The Capital Reduction***

The Ordinary Shares have a nominal value of 10 pence. On the Latest Practicable Date, the Closing Price per Ordinary Share was 2.285 pence. Due to the calculations required to establish the Conversion Price per Ordinary Share, each Conversion Price per New Ordinary Share would be lower than the current nominal value of the Ordinary Shares. See paragraph 11.1 of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") for further details regarding the calculation of the Conversion Price.

The issue of the New Ordinary Shares at the applicable Conversion Price pursuant to the Debt for Equity Conversion would therefore result in the New Ordinary Shares being issued as partly paid. As such, under Bermuda law, the Company would have a right to call on the Shareholder of the New Ordinary Shares to pay up the difference between the Conversion Price and the nominal value.

As noted in paragraph 11.1 of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*"), it is not possible at the date of this document to calculate each applicable Conversion Price as each Noteholder's proportion of Equitised Notes is currently unknown.

It is possible however that an applicable Conversion Price may be less than the current 10 pence nominal value of the Existing Ordinary Shares, as well as being below the Closing Price as at the Latest Practicable Date. It is therefore proposed that the nominal value of the Ordinary Shares be reduced to 0.001 pence (such amount being lower than the estimated lowest Conversion Price). The Company is proposing to undertake the Capital Reduction by reducing the nominal value of the Existing Ordinary Shares by 9.999 pence per Existing Ordinary Share so that the nominal value of each Existing Ordinary Share shall be 0.001 pence following the Capital Reduction. Where capital is reduced in respect of Ordinary Shares for which the nominal value is fully paid up prior to the Capital Reduction, the amount of this reduction will be credited to a reserve account. The Capital Reduction will not involve any distribution or repayment of capital or share premium by the Company and will not reduce the underlying assets of the Company.

The Capital Reduction is conditional on the passing of the Resolution by Shareholders at the Special General Meeting. It is proposed that the Capital Reduction would occur immediately prior to the increase in authorised share capital, which in turn will occur immediately prior to the issue of the New Ordinary Shares, such that the New Ordinary Shares will be issued with a nominal value of 0.001 pence and will,

when issued, be fully paid. The terms of the Resolution provide it shall be subject to and effective on the Proposed Restructuring Effective Date.

The implementation of the Capital Reduction will not affect the number of Existing Ordinary Shares nor the number of New Ordinary Shares to be issued pursuant to the Debt for Equity Conversion. Ordinary Shares will be admitted to listing on the premium listing segment of the Official List and admitted to trading on the Main Market in the same way as at the date of this document and will be equivalent in all other respects, with the exception of the difference in nominal value. Existing share certificates for Ordinary Shares will continue to be valid following the Capital Reduction, and no new certificates will be issued following the Capital Reduction.

(b) ***The Debt for Equity Conversion***

The Debt for Equity Conversion forms an integral part of the Consensual Restructuring and the Board recommends that Shareholders vote in favour of the Resolution at the Special General Meeting in order that the Debt for Equity Conversion can be implemented. The Directors and Proposed Director believe that the Consensual Restructuring will enable the Group to continue operations to realise the value of its mining assets and to continue necessary capital investment to maintain and extend the life of the mines.

The Company has conducted extensive engagement with the Group's stakeholders in connection with the Group's financial distress, including a number of substantial Shareholders. The Board believes that the Debt for Equity Conversion, in conjunction with other elements of the Consensual Restructuring, is in the best interests of all stakeholders.

The Noteholders have agreed to subscribe for 8,844,657,929 New Ordinary Shares pursuant to the Debt for Equity Conversion. Any New Ordinary Shares issued to the Noteholders pursuant to the Debt for Equity Conversion will be subscribed for in consideration for the assignment by the Noteholders to the Company of approximately US$409.9 million of the Notes Debt. See paragraph 11 of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") for further details.

The New Ordinary Shares issued pursuant to the Debt for Equity Conversion will account for approximately 91 per cent. of the Enlarged Share Capital assuming that, other than pursuant to the Debt for Equity Conversion, no further Ordinary Shares are issued by the Company between the publication of this document and Admission. Due to the number of New Ordinary Shares to be issued as part of the Debt to Equity Conversion, the terms of the Resolution will also increase the authorised share capital of the Company to permit the issuance of the New Ordinary Shares.

(c) ***The New Notes***

The Consensual Restructuring will also involve the amendment and extension of the terms and conditions of the Notes represented by the Notes Debt not converted to equity in accordance with the Debt for Equity Conversion (thereby creating the New Notes).

Further details on the New Notes are set out in paragraph 9.4 of Part 13 ("*Additional Information*") of this document.

(d) ***Amendment of First Lien Facilities***

In connection with, and conditional on, the Consensual Restructuring, the Company has agreed with the First Lien Lenders to further amend the First Lien Facilities. On 20 October 2020, the First Lien Lenders, the Company and the relevant Guarantors agreed terms in respect of the following:

(i) *Term Loan*

The Existing WCF Lenders and the Existing BEE Facilities Lenders have agreed to provide the Group a ZAR1,200 million term loan to be fully drawn as at the Restructuring Effective Date to settle the drawn Existing WCF and the Existing BEE Facilities (the "**Term Loan**").

(ii) *New RCF*

The Existing RCF Lenders have agreed to provide the Group a new ZAR560 million revolving credit facility for working capital purposes and to settle the drawn Existing RCF.

(iii) *Ancillary facilities*

The First Lien Lenders have agreed to continue to make available the ancillary facilities, including guarantee lines and soft lines, to the Group on terms customary for these types of facilities in South Africa.

(iv) *Hedging*

The First Lien Lenders have agreed to allow for hedging lines of up to ZAR300.0 million of aggregate potential future exposures to hedge against the Group's foreign currency exchange risks on terms customary for these types of hedging lines in South Africa and to be provided under market standard ISDA documentation. All existing hedges are to be settled in full in accordance with their terms before any new hedges can be entered into under the new hedging lines.

The effectiveness of the above described arrangements with the First Lien Lenders is conditional on the Consensual Restructuring being implemented in accordance with the Implementation Deed. Further details on these arrangements are set out in paragraph 9.3 of Part 13 ("*Additional Information*") of this document.

(e) ***BEE and intragroup restructuring***

The BEE Partners will each need to execute the documentation required to effect the New Banking Facilities to the extent they amend the Existing BEE Facilities, as further described in paragraph 9.3 of Part 13 ("*Additional Information*") of this document. As described in paragraph 8.7 of Part 13 ("*Additional Information*"), the BEE Partners have, subject to certain limitations and qualifications, agreed to execute the required documentation, which is inter-conditional on the effectiveness of the other elements of the Consensual Restructuring. Whilst the BEE Partners have signed the Lock-Up Agreement and have thereby committed to support and progress the Consensual Restructuring in good faith, there is no term sheet agreed or final agreement as to the changes to the Group's BEE arrangements contemplated by the Term Sheet, hence the Consensual Restructuring effectively remains subject to the consent of the BEE Partners.

(f) ***Governance arrangements***

Pursuant to the Consensual Restructuring, it has been agreed that individual Noteholders, in their capacity as Shareholders after the successful implementation of the Consensual Restructuring, who are projected as at the Early Bird Deadline to hold at least five per cent. of the total number of Ordinary Shares in issue at and following the Restructuring Effective Date (the "**Qualifying Noteholders**"), will each be entitled to nominate an individual to be appointed as a non-independent, Non-Executive Director of the Company and will each be entitled to nominate one observer to be appointed to the Board (collectively, a "**Nomination Right**"), it being acknowledged that the Company shall comply with the Listing Rules and the UK Corporate Governance Code on the appointment of additional independent Non-Executive Directors as applicable.

Nomination Rights were allocated to the four largest Qualifying Noteholders at the Early Bird Deadline, provided that:

(i) if any such Qualifying Noteholder elects not to exercise its Nomination Right, such Nomination Right may be exercised by the fifth largest Qualifying Noteholder, failing which by the next largest Qualifying Noteholder, and so on until each Qualifying Noteholder has had the opportunity to exercise such Nomination Right, and failing which each Qualifying Noteholder (in descending order from largest to smallest) shall be entitled to exercise the relevant Nomination Right following the same sequence as set out in this paragraph (save only that no one Qualifying Noteholder shall be entitled to more than two Nomination Rights); and

(ii) a Nomination Right will be forfeited if any such Qualifying Noteholder does not hold five per cent. of the total number of Ordinary Shares in issue at and following the Restructuring Effective Date. Where a Qualifying Noteholder forfeits a Nomination Right on the basis that they do not hold five per cent. of the total number of Ordinary Shares in issue at and following the Restructuring Effective Date, this shall not result in any other Noteholder who was not allocated a Nomination Right becoming entitled to one.

All persons appointed as Directors pursuant to the exercise of Nomination Rights will be subject to retirement and election or re-election at subsequent annual general meetings of the Company along with all other Directors, in the ordinary course.

The Company and the Ad Hoc Committee intend that the existing Directors will remain in office following the implementation of the Consensual Restructuring, save for Gordon Hamilton who, as previously announced by the Company, will retire from the Board at the conclusion of the FY 2021 annual general meeting.

The Board will, pursuant to the Consensual Restructuring and with effect from the Restructuring Effective Date, form an 'Investment Committee', which will include (among other Directors) the Proposed Director and any other Directors appointed by Qualifying Noteholders (the "**Representative Directors**") to monitor significant capital and other investments and recommend their adoption to the full Board. Notwithstanding the formation of an Investment Committee, the Board will maintain control of, amongst other things, material capex decisions in relation to the Group at all times.

Monarch and Franklin Templeton, each being a Qualifying Noteholder, have confirmed that they intend to take up two Nomination Rights and one Nomination Right, respectively.

Each of the Qualifying Noteholders has entered into a nomination agreement with the Company, which will set out the basis upon which the Qualifying Noteholder is entitled to appoint persons to the Board in accordance with the terms of the Lock-Up Agreement. Further details on the terms of the Nomination Agreements are set out in paragraph 8.9 of Part 13 ("*Additional Information*") of this document.

Furthermore, Monarch has confirmed that it intends to take up one of its two Nomination Rights to nominate Mr Matthew Glowasky for appointment as a Non-Executive Director of the Company immediately upon completion of the Consensual Restructuring (the "**Proposed Director**").

As outlined in paragraph 1 of Part 13 ("*Additional Information*") of this document, the Proposed Director, who is expected to be appointed to office on the Restructuring Effective Date subject to certain conditions, accepts responsibility for the information contained in this document, together with the existing Directors and the Company.

(g) ***Management incentivisation***

Following the Restructuring Effective Date, the existing management incentive arrangements will be amended. Such new incentive arrangements will be designed to incentivise and reward business performance and to achieve or exceed targets set by the Board, which will include targets relating to cash generation, leverage and performance against the Company's business plan.

The incentive arrangements to be introduced pursuant to the Consensual Restructuring and the Company's overall remuneration policy will be subject to Shareholder approval at each annual general meeting of the Company in accordance with the Listing Rules and the UK Corporate Governance Code.

The Consensual Restructuring is the result of a long period of intensive negotiation to align stakeholders behind a plan to strengthen the balance sheet and secure a strong future for the Group. The Board has taken immediate steps to implement the Consensual Restructuring which will, subject to Shareholder approval, avoid an outcome in which there is no return to Shareholders and considerable disruption to the business.

The Consensual Restructuring is currently the only plan that is capable of implementation in order to provide sufficient liquidity, cash and bonding facilities to allow the Group to service short term obligations and secure a viable financial position.

4. Current trading and prospects

4.1 ***Trading in FY 2021 to date***

Production in Q1 FY 2021 was down 10 per cent. to 974,346 carats (Q1 FY 2020: 1,082, 764 carats), largely as a result of the Williamson mine remaining on care and maintenance. Cullinan performed very strongly, achieving record carat production during both August and September 2020. September and October 2020 production at the Finsch mine was impacted by the arrangements to operate 'continuous operation' to offset the impact of COVID-19 mitigation measures coming to an end. In October 2020, an agreement was reached with organised labour to reinstate 'continuous operations' at Finsch for the nine-month period to June 2021.

Revenue during Q1 FY 2021 increased 33 per cent. to US$82.0 million (Q1 FY 2020: US$61.6 million) mainly due to the release of inventory carried over from Q4 FY 2020. Revenue remains impacted by the

inability to sell the blocked Williamson parcel. Petra continues to engage with the Government of Tanzania, but the timing of any resolution is unfortunately outside of the Group's control.

Five high quality Type IIb blue diamonds of significant colour, clarity and size were recovered at the Cullinan mine in September 2020 and have since been named the Letlapa Tala Collection. Petra held a special, standalone tender for these diamonds which completed on 24 November 2020. The Company took all steps necessary to ensure maximum exposure to potential buyers of these stones, considering COVID-19 related restrictions, including arranging for the diamonds to tour the key diamond centres of Antwerp, Hong Kong and New York so that as many clients as possible could see the diamonds in person. The Letlapa Tala Collection was sold as a suite of stones to a partnership between De Beers and Diacore for a total price of US$40.36 million, payable in cash prior to delivery of the stones.

The diamond market has continued to show improved demand for rough diamonds in Q2 FY 2021, as evidenced by the publicly disclosed sales from the majors De Beers and ALROSA, with polished stock and industry debt levels at lower levels than they were at the same time in 2019 due to positive consumer demand as we enter the holiday retail season. In particular, demand for larger stones (+1 carat) has improved and there are expectations that this will carry into the new calendar year. However, risk around further disruption as a result of COVID-19 remains.

In terms of production in Q2 FY 2021 to date, the Cullinan mine continues to run ahead of the Company's internal plan, combined with the positive revenue impact of the sale of the Letlapa Tala Collection, as referenced above.

The Finsch mine, however, has seen higher than expected levels of waste ingress in a number of the upper levels of the Block 5 SLC, which has served to negatively impact the recovered grade. The Company has been going through a detailed exercise to better understand this issue and has put a plan in place to mitigate the impact. In the short term, this will include a revision to the draw strategy to limit planned draw tonnage for the next four months, a build-up of inventory rings to allow for increased blasting from March 2021, and a change to the drill and blast designs to optimise ore extraction. In the longer term, the Company will also investigate ore mixing programmes to better assist with the prediction of waste ingress. A combination of the reduced ore tonnage extraction (further to the dilution caused by the waste material ingress) and a lower grade is expected to lead to production at the Finsch mine for FY 2021 being approximately 15 per cent. lower in carat volumes than the Company's internal plan (bearing in mind production guidance remains suspended while the COVID-19 pandemic continues to cause uncertainty in the short term).

4.2 ***Impact of COVID-19***

(a) *Impact on ability to make sales*

The diamond market was initially severely impacted by the COVID-19 outbreak, which has significantly reduced activity throughout the pipeline, from production, rough sales, trading, cutting and polishing right through to consumer sales.

Given the level of global restrictions on the movement of people and goods affecting the entire diamond supply pipeline, the Group cancelled its sixth and seventh annual tender cycles, which are usually held during May and June. As a result, the Group saw a significant increase in inventory to 30 June 2020 notwithstanding reduced production levels. The Group realised US$10.5 million in sales in Q4 FY 2020 following the partial sale of goods that did not sell at the March tender.

Following the Group's year end, Petra sold 574 kcts for US$36.7 million, primarily through private agreements with certain of the Group's long-standing customers and the consideration for these sales was received during the course of July and August 2020.

Overall for FY 2020, Petra's realised diamond prices reduced by approximately 18 per cent., impacted by the major market disruption caused by the COVID-19 pandemic.

For Q1 FY 2021, revenue increased by approximately 33 per cent. to US$82.0 million (Q1 FY 2020: US$61.6 million) due to the number of carats sold during the period increasing by approximately 55 per cent. to 936,749 carats (Q1 FY 2020: 603,626 carats), offset by a weaker diamond market.

At the Group's tenders held in September and October 2020, rough diamond prices have improved by approximately 23 per cent. in comparison to prices achieved in the sales cycles of March and June 2020, but remain approximately 10 per cent. below the prices achieved immediately prior to the outbreak of the COVID-19 pandemic.

Mine	Actual (US$/ct) Q1 FY 2021[1]	Actual (US$/ct) FY 2020[2]	Actual (US$/ct) FY 2019
Cullinan	72	98[3]	110
Finsch	81	75	99
Koffiefontein	790	387	480
Williamson	150[4]	177	231

Notes:

(1) Pricing achieved in Q1 FY 2021 was impacted by the carry-over of certain, mostly lower-value parcels from FY 2020, which were subsequently sold during July 2020. The realised prices reflect the weaker market conditions offset by a higher proportion of coarse material (larger diamonds) in the product mix, specifically at Finsch and Koffiefontein.

(2) Prices achieved in FY 2020 do not reflect true run-of-mine averages as the Company chose to withhold certain goods of predominantly higher quality for sale in Q4 FY 2020 due to the depressed pricing environment.

(3) The average price achieved at Cullinan in FY 2020 was influenced by the sale in November 2019 of a 20.08 carat blue diamond which sold for US$14.9 million.

(4) Despite the Williamson mine being on care and maintenance, it was possible to include approximately 30,000 carats for sale in Q1 FY 2021 due to these diamonds being withheld for sale in Q4 FY 2020.

Petra held a special, standalone tender for the Letlapa Tala Collection which completed on 24 November 2020. The Company took all the steps necessary to ensure maximum exposure to potential buyers of these stones, considering COVID-19 related restrictions, including arranging for the diamonds to tour the key diamond centres of Antwerp, Hong Kong and New York so that as many clients as possible could see the diamonds in person. On 25 November 2020, the Company announced that the Letlapa Tala Collection had been sold as a suite of stones to a partnership between De Beers and Diacore for a total price of US$40.36 million, payable in cash prior to delivery of the stones. The Company has conducted limited private sales in December 2020 to meet its obligation towards holders of South African Diamonds Beneficiation licences and is planning to hold its next general sales tender in January 2021 in Antwerp. However, risks to tender timing remain as a result of possible restrictions that may be re-imposed following a second wave of COVID-19 infections currently being experienced in a number of countries, including Belgium.

Since September 2020, conditions in the diamond industry have been improving as lockdown measures around the world are eased and retail outlets reopened. Since the outbreak of COVID-19, a period of sustained low supply, particularly from the majors De Beers and ALROSA, has allowed for a better equilibrium in the market and there is now improved demand from the downstream as retailers look to put orders in place in time for the festive retail season. The cutting and polishing factories of India have ramped up to approximately 90 per cent. capacity under COVID-19 guidelines, and have been trying to maximise working hours in order to meet demand, including observing a much shorter holiday period for Diwali than usual. Many producers have reinstated their usual sales tender pattern in order to match demand. However, all participants in the industry recognise that risks to a sustained recovery remain, particularly in light of the current resurgence of COVID-19 in key diamond markets, and much will depend on the level of consumer activity in the coming months, especially in the major US market.

The Company will continue to remain flexible in terms of its approach to diamond sales in order to achieve the best possible route to market, subject to prevailing market conditions and any COVID-19 related regulations.

(b) *Impact on production*

On 23 March 2020, the Lockdown Directive was issued by the South African Government requiring a 21 day national lockdown, effective midnight Thursday 26 March 2020 to midnight Thursday 16 April 2020, in order to contain the spread of COVID-19 in the country. The Lockdown Directive required all non-essential businesses and activities to be suspended and people to remain at home.

After the lockdown came into effect, the Group's South African operations were reduced to approximately one third of normal operating levels. From around 24 April 2020 to 1 June 2020, the South African mines were operating at staffing levels of no more than 50 per cent., in accordance with DMRE guidelines. From 1 June 2020, South Africa moved to Level 3 restrictions, allowing for a further easing of restrictions and the return to work for all employees.

The scaled-down mining operations caused a negative impact on production with FY 2020 production down seven per cent. to 3.59 Mcts from 3.87 Mcts in FY 2019. This negative impact on production continued in the short to medium term until the mining operations could ramp up to full pre-COVID-19 configured production levels whilst maintaining social distancing and hygiene measures necessary to control the spread of the COVID-19 virus and protect employees in line with the DMRE Mandatory Codes of Practice for each operation. The Company's operations are further challenged by the need to quarantine employees who have tested positive for COVID-19, or who may have come into contact with those who have tested positive, thereby lowering productivity of the workforce. Petra therefore took the decision, following extensive consultation and planning in cooperation with the relevant organised labour and employee stakeholders, to move to 'continuous operations' at the Finsch mine and a similar 'continuous operations' configuration at the Cullinan mine in July 2020 in order to maximise the number of shifts available. These 'continuous operations' arrangements involve a seven day working week (as opposed to a five day working week which was in place prior to the COVID-19 outbreak), which allows for production levels to be optimised during the COVID-19 pandemic. During August 2020, the Company had successfully completed the move to 'continuous operations', however during September and October 2020, production at the Finsch mine was impacted by the arrangements to maintain 'continuous operations' coming to an end. In October 2020, an agreement was reached with organised labour to reinstate 'continuous operations' for the remaining period of the financial year to 30 June 2021.

Due to ongoing uncertainty around the impact of COVID-19, production guidance for FY 2020 was suspended.

As noted in paragraph 4.1 above of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*"), a combination of the reduced ore tonnage extraction and a lower grade is expected to lead to production at the Finsch mine for FY 2021 being approximately 15 per cent. lower in carat volumes than the Company's internal plan. Production at the Cullinan mine is currently running slightly ahead of the Company's internal plan.

4.3 ***Project 2022 Update***

As noted above, Project 2022 was launched in July 2019 with the aim of driving efficiencies and improvements across all aspects of the business with the objective of delivering an initial target of between US$150 million to US$200 million free cash flow over a three year period, with delivery weighted towards FY 2021 and FY 2022, in order to reduce net debt in the Group.

Project 2022 is now embedded and fully resourced across the Group and, although it is still too early to properly assess the effectiveness, the necessary re-wiring of the business to ensure that the improvements made are sustainable is now complete.

As previously noted, the focus is on throughput improvement (accounting for approximately 75 per cent. of Project 2022), with the balance comprising cost efficiencies, strategic sourcing and one-off initiatives. All ideas are evaluated and identified initiatives are systematically structured with timelines, enablers and project plans for each.

Work to date has resulted in the implementation of various initiatives which have eliminated or mitigated the impact of bottlenecks in the production processes of the various mines. Project 2022 has had a positive impact on productivity, with the Company delivering the highest level of ROM production for the first nine months of FY 2020 prior to the impact of mine closures and reduced production capability as a result of response measures put in place due to the COVID-19 pandemic towards the end of Q3 FY 2020.

Continuous improvement is now integrated into how Petra works and weekly 'Results Action Review' meetings focus on the delivery of agreed key performance indicators from the Chief Executive Officer level down to the first layers of management on site, enabling the early identification of issues and strong alignment between operational and Group functional support teams around key deliverables. In addition to these weekly 'Results Action Review' meetings, daily production meetings and meetings with shifts ensures that key performance indicators are well understood and aligned from the General Manager through the different levels to the frontline workers, with a focus on clear single point of accountability for each individual.

A shift in focus to cost optimisation as a result of COVID-19 production restrictions, resulted in the identification of annualised savings increasing to US$22 million. These savings are expected to be fully realised by the end of Q3 FY 2021. The bulk of these savings come from:

(i) cost reduction at Finsch in the areas of ventilation, water and electricity (approximately US$8 million);

(ii) old or redundant asset disposals;

(iii) reduced corporate expenses (approximately US$7 million);

(iv) cost reductions at Cullinan in the areas of ventilation, tyres and transport (approximately US$3 million); and

(v) approximately US$3 million from procurement initiatives.

With the South African operations now returning to full production, the Project 2022 throughput initiatives are expected to ramp up towards delivering an annualised contribution of US$101 million by the end of FY 2021.

The design phase of the 'Organisation Design' project, which forms part of Project 2022, has been completed and will provide for more focused delivery of support by the various Group functions to the operations and alignment of operational structures across the different sites. Implementation of this 'Organisation Design' project is expected to be completed by the end of Q3 FY 2021 and will result in updated role descriptions providing for clearer line of site and improved accountability.

5. Implementation of the Consensual Restructuring

5.1 *Overview of the implementation of the Consensual Restructuring*

In order to implement the Consensual Restructuring, certain actions by the Noteholders and the First Lien Lenders and approvals from Shareholders are required. Each of these actions and approvals is summarised below.

(i) ***Shareholders*** – As noted below in paragraph 12 of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*"), Shareholders will be asked to vote on the Resolution at the Special General Meeting. The Resolution is necessary in order to approve (A) the Capital Reduction, (B) an increase to the authorised share capital of the Company, (C) the issue of the New Ordinary Shares to be issued as part of the Debt for Equity Conversion, and (D) the issue of the New Ordinary Shares at the Conversion Price, which could be at a discount to the Closing Price on the Latest Practicable Date. Details of the consequences of the failure of Shareholders to approve the Resolution are set out in paragraphs 5.3 and 18 of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*").

(ii) ***Noteholders*** – The implementation of the Consensual Restructuring is conditional on the Scheme Creditors that are Noteholders, voting in favour of the Scheme of Arrangement at the Scheme Meeting, the Scheme of Arrangement being sanctioned by the Court and the Scheme of Arrangement becoming effective. Once the Scheme of Arrangement is sanctioned and effective, the Notes Issuer will have the authority to enter into the Implementation Deed and the other documents (including any deeds) on behalf of all of the Scheme Creditors as required to implement the Scheme of Arrangement.

(iii) ***Noteholders*** – Noteholders will need to ensure a valid Account Holder Letter is delivered on their behalf by the Voting Instruction Deadline in order to receive their allocations of the consideration due to them pursuant to the Consensual Restructuring, namely their respective proportions of the New Ordinary Shares and the New Notes, on the Restructuring Effective Date. Furthermore, failure to deliver a valid Account Holder Letter on behalf of a Noteholder by the Voting Instruction Deadline will mean that the voting instructions contained in that Account Holder Letter will be disregarded for the purposes of voting at the Scheme Meeting and the Noteholder will not be entitled to vote at the Scheme Meeting.

(iv) ***New Money Noteholders*** – Each Noteholder will be able to indicate its willingness to contribute to the New Money and the New Money Shortfall, or not, in its Account Holder Letter. Noteholders who elect to participate in the New Money will need to provide their relevant portion of the New Money in cash by the New Money Due Date.

(v) ***First Lien Lenders*** – The First Lien Lenders will each need to execute the documentation required to effect the New Banking Facilities, as further described in paragraph 9.3 of Part 13 ("*Additional Information*") of this document. As described in paragraph 8.7 of Part 13 ("*Additional Information*") of this document, the First Lien Lenders have, subject to certain limitations and

qualifications, agreed to execute the required documentation, which is inter-conditional on the effectiveness of the other elements of the Consensual Restructuring.

(vi) ***BEE Partners*** – The BEE Partners will each need to execute the documentation required to effect the New Banking Facilities to the extent they amend the Existing BEE Facilities, as further described in paragraph 9.3 of Part 13 ("*Additional Information*") of this document. As described in paragraph 8.7 of Part 13 ("*Additional Information*"), the BEE Partners have, subject to certain limitations and qualifications, agreed to execute the required documentation, which is inter-conditional on the effectiveness of the other elements of the Consensual Restructuring.

The Implementation Deed will govern the implementation of the Consensual Restructuring and it is intended to be the key controlling document to effect implementation. Further details on the Implementation Deed are set out in paragraph 9.1 of Part 13 ("*Additional Information*") of this document.

5.2 ***Consensual Restructuring approved by Shareholders***

If, at the Special General Meeting, Shareholders vote in support of the Resolution and approve the Consensual Restructuring, the Consensual Restructuring, including the Capital Reduction and the Debt for Equity Conversion, shall proceed.

The New Ordinary Shares will not be issued unless the Scheme of Arrangement is sanctioned by the Court. The Scheme of Arrangement, once sanctioned by the Court and effective in accordance with the UK Companies Act, shall bind all Noteholders to receiving (where applicable) the New Ordinary Shares on the terms and conditions set out therein as described in this document, including with respect to the Conversion Price.

For more details regarding the Debt for Equity Conversion and the calculation of the Conversion Price see paragraph 11.1 of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*").

The terms of the Debt for Equity Conversion are such that, following the close of the Debt for Equity Conversion, the Noteholders will hold (in aggregate) a total of approximately 91 per cent. of the Enlarged Share Capital.

The Company's listing on the London Stock Exchange will be retained.

5.3 ***Consensual Restructuring not approved by Shareholders***

Absent approval from Shareholders of the Resolution at the Special General Meeting, the Consensual Restructuring cannot be completed and the Capital Reduction and Debt for Equity Conversion cannot occur.

If the Consensual Restructuring cannot occur, the forbearance undertakings given in favour of the Group by the First Lien Lenders and the majority (in value) of the Noteholders will fall away and the Directors and Proposed Director consider it likely that one or more of the First Lien Lenders, the Noteholders or other creditors of the Group would take enforcement action, or cause such action to be taken, in order to enforce their security interests and accelerate payment of the debts owed to them.

The Directors and Proposed Director consider that in these circumstances it is likely that the Company, or one or more of the Group members, would file for insolvency in the relevant jurisdiction(s), either in connection with a Noteholder Credit Bid Restructuring or otherwise, and it is expected that the Ordinary Shares would be suspended from trading and that no value would be returned to Shareholders.

The Scheme of Arrangement, if sanctioned by the Court, would give the Group the ability to raise certain additional debt at a priority senior to the Noteholders. This may enable the Directors to facilitate a Noteholder Credit Bid Restructuring.

A Noteholder Credit Bid Restructuring would involve the administration of the Company under the Insolvency Act 1986 in England and the provisional liquidation of the Company under the Companies Act in Bermuda, such processes to be run in parallel. Administrators and joint provisional liquidators would be appointed to the Company (respectively) and the shares the Group currently holds in the Mine-Owning Entities and the remaining assets of the Group would be acquired by way of a credit bid by the Noteholders. A Noteholder Credit Bid Restructuring may also involve a further scheme of arrangement or a restructuring plan pursuant to the UK Companies Act.

If a Noteholder Credit Bid Restructuring is not possible, the Directors and Proposed Director consider it likely that alternate formal insolvency proceedings would be commenced, either by the Company and/or other members of the Group.

In connection with a Noteholder Credit Bid Restructuring, and pursuant to any alternate formal insolvency process, it is expected that the Ordinary Shares would be suspended from trading and that no value would be returned to Shareholders.

5.4 ***Effects of the Consensual Restructuring***

It is expected that the New Ordinary Shares issued pursuant to the Debt for Equity Conversion will constitute, in aggregate, approximately 91 per cent. of the Company's Enlarged Share Capital, assuming that no further Ordinary Shares are issued by the Company between the posting of this document and Admission.

Existing Shareholders will have their proportionate shareholdings in the Company diluted by approximately 91 per cent. by the Debt for Equity Conversion, assuming that, other than the Debt for Equity Conversion, no further Ordinary Shares are issued by the Company between the posting of this document and Admission.

The key effects of the Consensual Restructuring are:

(i) the Group will be extensively deleveraged to ensure a stable Group capital structure which will result in:

  (A) a stronger and simplified balance sheet position;

  (B) the Group no longer guaranteeing any third party debts of the BEE Partners;

  (C) a more appropriate level of annual debt service obligations;

  (D) extended debt maturity date(s); and

  (E) a covenant package consistent with the Group's financial forecasts;

(ii) the ongoing liquidity position of the Group will be improved;

(iii) the Group will be able to direct its cash resources towards servicing the Group's general corporate and working capital requirements and necessary capital expenditures;

(iv) the Group will be able to finance its debt capital and ongoing expenses and to help facilitate operational performance at the mines;

(v) the Group will be able to continue to service its customers, supply the global market, pay its suppliers and support its employees and local communities;

(vi) the Group will have mitigated the risk and avoided the adverse consequences of any form of insolvency filing by any Group entity. Any such insolvency filing would prove value-destructive to the operating businesses within the Group;

(vii) the Noteholders will be provided with the opportunity to benefit from any future potential upside for the operating companies as a result of receiving New Ordinary Shares; and

(viii) a significant distraction for management will be removed enabling them to focus on optimising the performance of the business.

The Directors and Proposed Director believe that the Consensual Restructuring will provide the Company with a strong foundation that will enable it to deliver on these objectives.

The Directors and Proposed Director believe that the Consensual Restructuring will put in place a stable capital structure for the Group and significantly reduce the financial burden on the business, putting the Group in a stronger position to continue operations to realise and optimise the value of its mining assets, particularly in the current market conditions, and deliver growth for stakeholders.

6. Inter-conditionality of the Consensual Restructuring

The implementation of the Capital Reduction, the Debt for Equity Conversion, the New Notes and the reinstatement of First Lien Facilities are each conditional on, *inter alia*, each of those other elements of the

Consensual Restructuring. Due to the inter-conditionality of these elements of the Consensual Restructuring, if any of these elements do not occur, including by reason of Shareholders not approving the Resolution, the Consensual Restructuring will not proceed. For a discussion of the consequences of the Consensual Restructuring not proceeding, see paragraphs 5.3 and 18 of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*").

7. Use of proceeds

It is intended that any New Ordinary Shares issued to the Noteholders or their designated affiliates under the Debt for Equity Conversion will be subscribed for in consideration for the assignment by the Noteholders to the Company of approximately US$409.9 million of the Notes Debt. Although the Notes Issuer expects to receive US$30 million of New Money from the Noteholders in cash as a subscription for, or purchase of, New Notes as part of the Consensual Restructuring, no cash proceeds will be raised by the Company through the issue of the New Ordinary Shares.

8. Dividends and dividend policy

The Directors did not recommend a dividend in respect of FY 2018, FY 2019 and FY 2020. Following the implementation of the Consensual Restructuring, the Company will not be able to pay dividends to Shareholders unless the consent of the First Lien Lenders is obtained and certain conditions set out in the New Notes are fulfilled.

9. Working capital

Petra is of the opinion that the Group does not have sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this document (the "**Working Capital Period**").

The Group is reliant on the successful conclusion of the Consensual Restructuring, which is dependent on, *inter alia*, approval by the Company's Shareholders and Noteholders, to continue as a going concern. In the event that Shareholders do not approve the Consensual Restructuring, the Consensual Restructuring cannot be completed and the Capital Reduction and Debt for Equity Conversion cannot occur. If the Consensual Restructuring cannot occur, the forbearance undertakings given in favour of the Group by the First Lien Lenders and the majority (in value) of the Noteholders will fall away and the Directors and Proposed Director consider it likely that one or more of the First Lien Lenders, the Noteholders or other creditors of the Group would take enforcement action, or cause such action to be taken, in order to enforce their security interests and accelerate payment of the debts owed to them. The Consensual Restructuring is the result of a long period of intensive negotiations to align stakeholders. If any enforcement action were to be taken, it is unlikely that any alternative plan that is capable of implementation could be agreed between all stakeholders. In such circumstances it is likely that the Company, or one or more of the Group members, would file for insolvency in the relevant jurisdiction(s). It may, in these circumstances, be possible to effect a restructuring through a structured insolvency process, but this is likely to result in no value being realised by Shareholders. A structured insolvency process would also be reliant on the Group obtaining additional funding to fund trading as a going concern for a period of time before such restructuring could be effected, the obtaining (or waiving) of certain regulatory consents, support from the First Lien Lenders and agreement from the Noteholders (potentially through a second scheme of arrangement or restructuring plan pursuant to the UK Companies Act).

In the event of a successful Consensual Restructuring, the Group's forecasts remain sensitive to trading conditions and the ongoing COVID-19 pandemic may have a further material impact on the Group's ability to operate within its covenants such that continued First Lien Lender support may be required and, if unavailable, additional funding may be required.

Under the Company's base case, which itself is dependent upon the successful completion of the proposed Consensual Restructuring and continued availability of the New Banking Facilities in line with the Consensual Restructuring, the forecasts indicate that the Company will be able to maintain sufficient liquidity and operate within covenants set out in the New Banking Facilities.

The Group closely monitors and manages its liquidity risk, and cash forecasts are regularly produced and run for different scenarios. The forecasts assume that the envisaged restructuring will be implemented in line with the provisions of the Consensual Restructuring. The Group also considered risks associated with COVID-19, which were considered to focus primarily on the potential for further production disruption, deferral of tenders due to travel restrictions and adverse impacts on diamond pricing, which have been used to generate a reasonable worst case scenario, which is the scenario upon which this working capital statement is based.

The reasonable worst case scenario assumes, *inter alia*, the following:

(i) cancellation of two consecutive rough diamond tenders in early 2021, due to COVID-19 restrictions, coupled with a significant price decline at an assumed subsequent private sale (in line with actual experiences during FY 2020);

(ii) an unforeseen disruption to operations at its South African mines due to either COVID-19 restrictions or otherwise resulting in the closure of each South African mine for one month during 2021;

(iii) following the assumed cancellations and private sale referred to above, rough diamond prices at the next normal tender in 2021 being five per cent. below the average prices achieved in the last four tenders arising before the COVID-19 pandemic took effect, excluding sales of special stones, with prices from September 2021 increasing in line with forecast US consumer price inflation of 2.5 per cent. per annum and forecast long-term diamond price index growth of 1.8 per cent. per annum;

(iv) a five per cent. increase in forecast operating costs; and

(v) a strengthening of the Rand in relation to the US dollar, resulting in an exchange rate of US$1:ZAR15.

Under the reasonable worst case scenario, immediately following the Working Capital Period, the Group's Senior DSCR under the New Banking Facilities is forecast to be below the required minimum ratio of 1.3x on the six-monthly assessment point at 31 December 2021 (the "**DSCR Breach**").

Under the reasonable worst case scenario, the Group's Senior DSCR could first fall below 1.3x in August 2021. However, the DSCR Breach would only occur if the Senior DSCR is below 1.3x on 31 December 2021.

Whilst there may be some reasonably available mitigating actions to help reduce expenditure and alleviate some cash flow and liquidity pressures, including:

(i) the deferral of some capital expenditure starting between April 2021 and September 2022, with the deferred amount being caught up over the following 24 month period;

(ii) operating expenditure savings of five per cent. starting in the financial year ended 30 June 2023; and

(iii) ceasing to provide additional funding to the Williamson diamond mine,

the delivery and effects of such mitigating actions remains uncertain and, in relation to the potential operating expenditure saving, would materialise beyond the Working Capital Period. The Company is of the view that, in the reasonable worst case scenario, the Group would not be able to fully mitigate the DSCR Breach even if such mitigating actions were available. In addition to the above, under this scenario in which external funding is not available for Williamson and the parcel of diamonds from the mine remains blocked, the Group may need to place the Williamson mine into administration during the Working Capital Period.

If a DSCR Breach were to occur, the New Banking Facilities may be accelerated and/or put formally due on demand. In the event of a DSCR Breach, the Company would be dependent on the First Lien Lenders granting a waiver of the DSCR Breach and continuing to make the facilities available, as there would be insufficient liquidity to settle the outstanding New Banking Facilities if required. Whilst the First Lien Lenders have indicated their support in recent discussions and ongoing dialogue with the First Lien Lenders will be important during this period, there can be no guarantee that a covenant waiver would be granted and that the New Banking Facilities would continue to remain available in the event of a DSCR Breach.

In the event that the Company breaches its covenants and the New Banking Facilities are withdrawn or repayment is demanded, it is unlikely that a restructuring plan that is capable of implementation could be agreed between all stakeholders. In such circumstances, the ability of the Group to continue trading would depend upon the Group being able to negotiate a refinancing proposal with its creditors and, if necessary, that proposal being approved by Shareholders. Whilst the Board would seek to negotiate such a refinancing proposal with its creditors, there is no certainty that the creditors would engage with the Board in those circumstances or how long such a negotiation may take. There would therefore be a significant risk that the Company, or one or more of the Group members, may enter into freefall insolvency proceedings in the relevant jurisdiction(s), which the Directors and Proposed Director consider would likely result in no value being returned to Shareholders.

10. Risk factors

You should consider fully the risk factors associated with the Group, its industry and the Consensual Restructuring. Your attention is drawn to Part 2 ("*Risk Factors*") set out on pages 12 to 41 of this document.

11. Principal terms and conditions of the Debt for Equity Conversion

11.1 ***Debt for Equity Conversion***

The Company is proposing to issue 8,844,657,929 New Ordinary Shares to the Noteholders at the applicable Conversion Price, on a non-pre-emptive basis, in consideration for the assignment by the Noteholders to the Company of approximately US$409.9 million of the Notes Debt.

Each Noteholder's proportion of New Ordinary Shares and the applicable Conversion Price will be determined by (i) whether or not the Noteholder elects to participate in the New Money and the New Money Shortfall, and (ii) the take up by the other Noteholders of their proportion of New Ordinary Shares. Each Noteholder will transfer any Notes the terms and conditions of which are not amended and extended to create the New Notes (the "**Equitised Notes**") to the Company in exchange for the issue of the New Ordinary Shares.

The Equitised Notes that each Noteholder will transfer is:

Noteholder's Equitised Notes = Notes Debt held by that Noteholder– that Noteholder's allocation of New Notes (other than any New Notes issued in respect of any fees payable to that Noteholder or subscribed for with the New Money)

As mentioned above, the proportion of New Ordinary Shares to which a Noteholder will be entitled will increase if that Noteholder elects to participate in the New Money (assuming the take-up of the New Money is not 100 per cent.) in accordance with the below:

(i) a total of 56 per cent. of the Enlarged Share Capital will be issued to the Noteholders (including the New Money Noteholders) to be allocated to each Noteholder in an amount pro rata to the proportion of the total aggregate principal amount of the Notes that the Noteholder holds at the Scheme Record Time. Any New Ordinary Shares which, pursuant to the foregoing sentence, would have been allocated to a Noteholder that has opted out of receiving New Ordinary Shares by virtue of a validly and timely submitted Account Holder Letter shall be allocated instead to the remaining Noteholders pro rata to the proportion of the total aggregate principal amount of the Notes that each remaining Noteholder holds at the Scheme Record Time; and

(ii) a total of 35 per cent. of the Enlarged Share Capital will be issued to New Money Noteholders only, to be allocated to each New Money Noteholder in an amount pro rata to the contribution which each New Money Noteholder elects to make (and makes in accordance with the Scheme of Arrangement) to the New Money as a proportion of the total New Money, including its elections to:

(A) subscribe for a portion of the New Money Notes pro rata to the proportion of the total aggregate principal amount of the Notes that the New Money Noteholder holds at the Scheme Record Time; and

(B) subscribe for a portion of the New Money Shortfall Notes pro rata to the proportion of the total aggregate principal amount of the Notes in respect of which Noteholders have elected to oversubscribe (subject to any caps specified in relation to Noteholders' oversubscription).

Any New Ordinary Shares which, pursuant to the foregoing sentence, would have been allocated to a New Money Noteholder that has opted out of receiving New Ordinary Shares by virtue of a validly and timely submitted Account Holder Letter shall be allocated instead to the remaining New Money Noteholders pro rata to the contribution each relevant New Money Noteholder elects to make (and makes in accordance with the Scheme of Arrangement) to the New Money as a proportion of the total New Money.

The "**Conversion Price**" for each Noteholder will be:

$$Y = \frac{\textit{face value of Noteholder's Equitised Notes}}{\textit{number of New Ordinary Shares to be issued to the Noteholder}}$$

converted to pounds sterling at the prevailing exchange rate by reference to the Bank of England's Foreign Exchange Desk in London as at 4.00 p.m. (London time) on the business day prior to execution of the Implementation Deed, provided that no Conversion Price shall be less than 0.001 pence.

For more information regarding the calculation of the number of New Notes to be issued to each Noteholder see paragraph 9.4 of Part 13 ("*Additional Information*") of this document.

It is not possible at the date of this document to determine what each Noteholder's Conversion Price would be as each Noteholder's proportion of Equitised Notes cannot currently be calculated. It is therefore possible that the Conversion Price for some Noteholders will be below the Closing Price on the Latest Practicable Date. Pursuant to the Implementation Deed, it has however been agreed that the lowest possible Conversion Price will be 0.001 pence to ensure that no New Ordinary Shares are issued for below the new nominal value of the Ordinary Shares following the Capital Reduction. Given that an applicable Conversion Price could be at a price below the Closing Price on the Latest Practicable Date, Shareholders are being asked to approve the terms of the Debt for Equity Conversion generally.

The Board has considered the best way to structure the proposed Consensual Restructuring in light of the Group's current financial position. The decision to structure the Consensual Restructuring to include a Debt for Equity Conversion reflects a negotiated position reached with the Noteholders.

The Board believes that the Consensual Restructuring will put in place a stable capital structure for the Group and significantly reduce the financial burden on the business, putting the Group in a stronger position to continue operations to realise and optimise the value of its mining assets, particularly in the current market conditions, and deliver growth for stakeholders. The Board has sought to balance the dilution to existing Shareholders arising from the Debt for Equity Conversion with the need to refinance the Company's existing debt obligations. Whilst the existing Shareholders will be significantly diluted as a result of the Debt for Equity Conversion, they will retain a minority equity stake in a substantially deleveraged Group provided Shareholders vote in favour of the Resolution at the Special General Meeting. The Board is seeking the approval of Shareholders, by way of the Resolution at the Special General Meeting, to the proposed Debt for Equity Conversion.

Applications will be made (a) to the FCA for the New Ordinary Shares to be issued under the Debt for Equity Conversion to be admitted to the premium listing segment of the Official List; and (b) to the London Stock Exchange for the New Ordinary Shares to be issued under the Debt for Equity Conversion to be admitted to trading on its Main Market for listed securities. Subject to the conditions below being satisfied, it is expected that Admission will become effective and that dealings for normal settlement in the New Ordinary Shares will commence by the end of January 2021.

On Admission, the New Ordinary Shares will be registered with ISIN number BMG702781417. The New Ordinary Shares may be held in certificated form (that is, represented by a share certificate) or in uncertificated form (that is, as Depositary Interests held in CREST). Further details regarding Depositary Interests and CREST are set out in Part 11 ("*CREST and Depositary Interests*") of this document.

11.2 ***Dilution***

It is expected that the New Ordinary Shares issued pursuant to the Debt for Equity Conversion will constitute, in aggregate, approximately 91 per cent. of the Company's Enlarged Share Capital. Existing Shareholders will have their proportionate shareholdings in the Company diluted by approximately 91 per cent. by the Debt for Equity Conversion, assuming that, other than the Debt for Equity Conversion, no further Ordinary Shares are issued by the Company between the posting of this document and Admission.

11.3 ***Conditionality***

The Debt for Equity Conversion is conditional, *inter alia*, upon:

(i) the Resolution having been passed by Shareholders at the Special General Meeting (or at any adjournment thereof);

(ii) the Scheme Sanction Order being made by the Court and filed with the Registrar of Companies at Companies House;

(iii) any approvals required from the Financial Surveillance Department of the South African Reserve Bank to implement the Consensual Restructuring (including, for the avoidance of doubt, approvals required for the provision of guarantees in respect of debt obligations outside of South Africa), and any other regulatory approvals which the Company reasonably considers necessary to implement

the Consensual Restructuring, having consulted with the advisers to the Ad Hoc Committee and counsel to the First Lien Lenders;

(iv) the US Bankruptcy Court granting the US Chapter 15 Order;

(v) confirmation being received from HMRC that the Scheme Sanction Order will not be subject to a stamp duty charge;

(vi) all outstanding fees and expenses of the advisers to the Ad Hoc Committee being paid to them by the Company;

(vii) the New Ordinary Shares being issued and allotted, conditional only on Admission, and all necessary filings and ancillary steps being taken in relation thereto; and

(viii) the occurrence of Admission. Accordingly, if any such conditions are not satisfied or waived (where capable of waiver), the Consensual Restructuring will not proceed.

Accordingly, if any such conditions are not satisfied or, if applicable, waived, then the Debt for Equity Conversion, and by extension the Consensual Restructuring, will not proceed.

For a discussion of the consequences of the failure of Shareholders to approve the Resolution, see paragraphs 5.3 and 18 of this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*").

12. Special General Meeting

The Notice of Special General Meeting to be held at 52-53 Conduit Street, London, W1S 2YX, on 13 January 2021 at 9.30 a.m. is set out in Part 17 ("*Notice of the Special General Meeting*") of this document. The Special General Meeting is being held for the purpose of considering and, if thought fit, passing the Resolution. The Resolution is to be proposed as an ordinary resolution and will be passed if a majority of the votes cast in respect of the Resolution (either in person or by proxy) are cast in favour. A summary and explanation of the Resolution is set out below, but please note that this does not contain the full text of the Resolution and you should read this section in conjunction with the Resolution in the Notice of Special General Meeting set out in Part 17 ("*Notice of the Special General Meeting*") of this document.

The Resolution to be proposed at the Special General Meeting is that the following shall occur in the following order subject to and effective on the Proposed Restructuring Effective Date:

(i) reduce the authorised share capital of £150,000,000 divided into 1,500,000,000 Ordinary Shares of 10 pence each, by reducing the nominal value of all Ordinary Shares from 10 pence to 0.001 pence and crediting the reduced amount of 9.999 pence per Ordinary Share to a reserve account, so that the authorised share capital following the Capital Reduction shall be £15,000 divided into 1,500,000,000 Ordinary Shares of 0.001 pence each;

(ii) subject to and immediately following the Capital Reduction outlined at paragraph (i) above, increase the authorised share capital of the Company from £15,000 divided into 1,500,000,000 Ordinary Shares of 0.001 pence each to £100,000 by the creation of 8,500,000,000 Ordinary Shares, so that the authorised share capital comprises 10,000,000,000 Ordinary Shares of 0.001 pence each;

(iii) subject to the Capital Reduction outlined at paragraph (i) above and the increase to the authorised share capital of the Company outlined at paragraph (ii) above and immediately following such increase to the authorised share capital, provide the Directors with the necessary authority (in addition to all existing authorities) to allot up to an aggregate nominal amount of £88,447 (being 8,844,700,000 Ordinary Shares, representing approximately 1,022 per cent. of the Existing Ordinary Shares) for the purposes of the Debt for Equity Conversion. This authority, if granted, will expire at the earlier of 15 months from the date that the Resolution is passed, or the conclusion of the Company's next annual general meeting, unless such authority is revoked or varied by a resolution of the Shareholders in a general meeting. The Directors intend to use this authority to allot New Ordinary Shares pursuant to the Debt for Equity Conversion. Other than in connection with the Debt for Equity Conversion, the Directors have no present intention to utilise this authority; and

(iv) approve the issue of New Ordinary Shares pursuant to the terms of the Debt for Equity Conversion at the applicable Conversion Price(s), including any discount to the Closing Price of 2.285 pence per Ordinary Share as at the Latest Practicable Date,

with each element of the Resolution occurring in the order as set out above and all elements of the Resolution being inter-conditional.

13. Action to be taken

The Board considers the Consensual Restructuring, including the Capital Reduction and the Debt for Equity Conversion, to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that you vote in favour of the Resolution to be proposed at the Special General Meeting.

The continuing COVID-19 pandemic has led to the imposition of severe restrictions on public gatherings. The Company understands and respects the importance of the Special General Meeting and the Board greatly values the opportunity to meet Shareholders in person. The health and safety of Shareholders, the Company's employees and the broader community is, however, of paramount importance. In light of this, the Board has concluded that Shareholders will not be permitted to attend the Special General Meeting in person. Therefore the Special General Meeting will be held on a 'closed' basis, with Shareholders offered the option to participate in the Special General Meeting remotely via an audio webcast. Shareholders will be able to ask questions at the Special General Meeting via the audio webcast.

It is intended that voting on the Resolution at the Special General Meeting will be conducted on a poll, rather than a show of hands. A poll reflects the number of voting rights exercisable by each Shareholder and so the Board considers it a more democratic method of voting.

Given the logistical difficulties posed by a meeting involving remote participation, in accordance with the power given to the Chairman of the Meeting in Bye-law 32.5 of the Company's Bye-laws, the Chairman of the Meeting intends to direct that poll votes be counted by taking only those votes cast by the Chairman of the Meeting as proxy on behalf of Shareholders who have validly submitted proxy instructions not less than 48 hours (excluding non-working days) prior to the time of the Special General Meeting. Shareholders are therefore strongly encouraged to exercise their voting rights by submitting their proxy electronically in advance of the Special General Meeting, appointing the Chairman of the Meeting as their proxy with their voting instructions, even if they intend to participate at the Special General Meeting via the audio webcast. This way, Shareholders' votes can be cast at the Special General Meeting in accordance with their instructions. If a Shareholder appoints someone other than the Chairman of the Meeting as their proxy, that proxy will not, due to restrictions on attendance, be able to exercise that Shareholders' voting rights on their behalf and their votes will not be cast. The Chairman of the Meeting may, in his discretion, permit one or more additional proxy holders (other than the Chairman of the Meeting), Shareholders or corporate representatives to vote at the meeting solely for the purposes of forming a quorum under the Company's Bye-laws.

Shareholders who hold Ordinary Shares in certificated form may submit their proxy electronically at www.signalshares.com using their 11 digit Investor Code ("IVC"). A Shareholder can find their IVC on their share certificate, or Signal Shares users (www.signalshares.com) will find this under 'Manage your account' when logged in to the Signal Shares portal. A Shareholder can also obtain this by contacting the Registrar, Link Group, by calling +44 (0)371 664 0321. Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

DI Holders holding Ordinary Shares in uncertificated form as Depositary Interests who are CREST Members and who wish to appoint the Chairman of the Meeting as their proxy through the 'CREST Electronic Proxy Appointment Service' may do so for the Special General Meeting and any adjournment(s) of the meeting in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 9.30 a.m. on 11 January 2021 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting).

Further details on how Shareholders can participate in the Special General Meeting are set out in Part 17 ("*Notice of the Special General Meeting*") of this document.

If you are in any doubt as to what action you should take, or the contents of this document, you are recommended to consult immediately your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate

independent financial adviser being, if you are resident in the United Kingdom, a firm authorised under FSMA or if you are in a territory outside the United Kingdom, from another appropriately authorised independent financial adviser.

If you have any further queries regarding your shareholding, please call Link Group on +44 (0)371 664 0321. 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. The helpline is open between 9.00 a.m. and 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

14. Overseas Shareholders

Subject to certain exceptions, this document and any accompanying documents are not being made available to Overseas Shareholders with registered addresses in any Restricted Jurisdiction. The New Ordinary Shares have not been, and will not be, registered under the applicable securities laws of any Restricted Jurisdiction.

The distribution of this document to persons who have registered addresses in, or who are resident or ordinarily resident in, or which are corporations, partnerships or other entities created or organised under the laws of, countries other than the United Kingdom or to persons who are nominees of, or agents, custodians or trustees for, persons who are resident in countries other than the United Kingdom, may be restricted by the laws or regulatory requirements of the relevant jurisdictions. Persons (including, without limitation, agents, custodians, nominees and trustees) into whose possession this document may come should inform themselves about and observe any restrictions on the distribution of this document. Any failure to comply with these restrictions may constitute a violation of the securities law of the relevant jurisdiction.

The permission of the Bermuda Monetary Authority is required, under the provisions of the Exchange Control Act 1972 and related regulations, for all issuances and transfers of shares (which includes the Ordinary Shares) of Bermuda companies to or from a non-resident of Bermuda for exchange control purposes, other than in cases where the Bermuda Monetary Authority has granted a general permission. The Bermuda Monetary Authority, in its notice to the public dated 1 June 2005, has granted a general permission for the issue and subsequent transfer of any securities of a Bermuda company from and/or to a non-resident of Bermuda for exchange control purposes for so long as any 'Equity Securities' of the company (which would include the Ordinary Shares) are listed on an 'Appointed Stock Exchange' (which would include the London Stock Exchange). In granting the general permission, the Bermuda Monetary Authority accepts no responsibility for our financial soundness or the correctness of any of the statements made or opinions expressed in this document.

This document has been prepared to comply with English law, the Prospectus Regulation, the Prospectus Regulation Rules and the Listing Rules, and the information disclosed may not be the same as that which could have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

15. Taxation

Your attention is drawn to Part 12 ("*Taxation*") of this document in relation to taxation matters. If you are in any doubt as to your tax position, you should consult your own professional adviser without delay.

16. Further information

You should read the whole of this document (including the information incorporated into this document by reference) and not just rely on the information contained in this Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*").

17. Directors' intentions

The Directors intend to vote, or, where applicable, procure the casting of votes, in favour of the Resolution to be proposed at the Special General Meeting in respect of their legal and beneficial holdings of Ordinary Shares, amounting to, in aggregate, 730,750 Ordinary Shares, representing approximately 0.08 per cent. of the Existing Ordinary Shares.

18. Importance of the vote

The Capital Reduction, the Debt for Equity Conversion and, by extension, the Consensual Restructuring are conditional upon, *inter alia*, the passing of the Resolution. Whether or not you intend to participate at the Special General Meeting, you are asked to vote in favour of the Resolution in order for the Consensual Restructuring, including the Capital Reduction and the Debt for Equity Conversion, to proceed.

The Consensual Restructuring is currently the only plan that is capable of implementation in order to provide sufficient liquidity, cash and bonding facilities to allow the Group to service short term obligations and secure a viable financial position. The Directors and Proposed Director believe that the Consensual Restructuring will put in place a stable capital structure for the Group and significantly reduce the financial burden on the business, putting the Group in a stronger position to continue operations to realise and optimise the value of its mining assets, particularly in the current market conditions, and deliver growth for stakeholders.

If the Resolution to be proposed at the Special General Meeting is not passed, the Capital Reduction, the Debt for Equity Conversion and, by extension, the Consensual Restructuring will not be implemented.

If the Consensual Restructuring cannot occur, the forbearance undertakings given in favour of the Group by the First Lien Lenders and the majority (in value) of the Noteholders will fall away and the Directors and Proposed Director consider it likely that one or more of the First Lien Lenders, the Noteholders or other creditors of the Group would take enforcement action, or cause such action to be taken, in order to enforce their security interests and accelerate payment of the debts owed to them. The Consensual Restructuring is the result of a long period of intensive negotiations to align stakeholders. If any enforcement action were to be taken, it is unlikely that any alternative plan that is capable of implementation could be agreed between all stakeholders.

The Directors and Proposed Director consider that in these circumstances it is likely that the Company, or one or more of the Group members, would file for insolvency in the relevant jurisdiction(s), either in connection with a Noteholder Credit Bid Restructuring or otherwise.

A Noteholder Credit Bid Restructuring would involve the administration of the Company under the Insolvency Act 1986 in England and the provisional liquidation of the Company under the Companies Act in Bermuda, such processes to be run in parallel. Administrators and joint provisional liquidators would be appointed to the Company (respectively) and the shares the Group currently holds in the Mine-Owning Entities and the remaining assets of the Group would be acquired by way of a credit bid by the Noteholders. A Noteholder Credit Bid Restructuring may also involve a further scheme of arrangement or a restructuring plan pursuant to the UK Companies Act.

If a Noteholder Credit Bid Restructuring is not possible, the Directors and Proposed Director consider it likely that alternate formal insolvency proceedings would be commenced, either by the Company and/or other members of the Group.

In connection with a Noteholder Credit Bid Restructuring, and pursuant to any alternate formal insolvency process, it is expected that the Ordinary Shares would be suspended from trading and that no value would be returned to Shareholders.

Accordingly, it is very important that Shareholders vote in favour of the Resolution, as the Board considers that the Consensual Restructuring is the best transaction possible for the Company, Shareholders and its stakeholders as a whole in the current circumstances.

In circumstances where the Resolution is passed and the Consensual Restructuring is implemented, the Group's forecasts remain sensitive to trading conditions and the ongoing COVID-19 pandemic may have a further material impact on the Group's ability to operate within its covenants such that continued First Lien Lender support may be required and, if unavailable, additional funding may be required.

Under the reasonable worst case scenario, immediately following the Working Capital Period, the Group's Senior DSCR under the New Banking Facilities is forecast to be below the required minimum ratio of 1.3x on the six-monthly assessment point at 31 December 2021. Under the reasonable worst case scenario, the Group's Senior DSCR could first fall below 1.3x in August 2021. However, the DSCR Breach would only occur if the Senior DSCR is below 1.3x on 31 December 2021. The Company is of the view that, in the reasonable worst case scenario, the Group would not be able to fully mitigate the DSCR Breach. In the event of a DSCR Breach, the Company would be dependent on the First Lien Lenders granting a waiver of the DSCR Breach and continuing to make the facilities available, as there would be insufficient liquidity to

settle the outstanding New Banking Facilities if required. Whilst the First Lien Lenders have indicated their support in recent discussions and ongoing dialogue with the First Lien Lenders will be important during this period, there can be no guarantee that a covenant waiver would be granted and that the New Banking Facilities would continue to remain available in the event of a DSCR Breach.

In the event that the Company breaches its covenants and the New Banking Facilities are withdrawn or repayment is demanded, it is unlikely that a restructuring plan that is capable of implementation could be agreed between all stakeholders. In such circumstances, the ability of the Group to continue trading would depend upon the Group being able to negotiate a refinancing proposal with its creditors and, if necessary, that proposal being approved by Shareholders. Whilst the Board would seek to negotiate such a refinancing proposal with its creditors, there is no certainty that the creditors would engage with the Board in those circumstances or how long such a negotiation may take. There would therefore be a significant risk that the Company, or one or more of the Group members, may enter into freefall insolvency proceedings in the relevant jurisdiction(s), which the Directors and Proposed Director consider would likely result in no value being returned to Shareholders.

19. Recommendation

The Board considers the Consensual Restructuring, including the Capital Reduction and the Debt for Equity Conversion, to be in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Board unanimously recommends that you vote in favour of the Resolution to be proposed at the Special General Meeting, as the Directors each intend to do so in respect of their own legal and beneficial holdings of Ordinary Shares, amounting to, in aggregate, 730,750 Existing Ordinary Shares, representing approximately 0.08 per cent. of the Existing Ordinary Shares.

If the Resolution to be proposed at the Special General Meeting is not passed the Capital Reduction, the Debt for Equity Conversion and, by extension, the Consensual Restructuring, will not be implemented. In such circumstances, the Directors and Proposed Director consider it is likely that the Company, or one or more of the Group members, would file for insolvency in the relevant jurisdiction(s), either in connection with a Noteholder Credit Bid Restructuring or otherwise, and it is expected that the Ordinary Shares would be suspended from trading and that no value would be returned to Shareholders. Accordingly, it is important that Shareholders vote in favour of the Resolution as the Board considers that the Capital Reduction, the Debt for Equity Conversion and the wider Consensual Restructuring are in the best interests of the Company, Shareholders and its stakeholders as a whole in the current circumstances.

Yours faithfully

Peter Hill CBE
Chairman

PART 8

INFORMATION ON THE GROUP

This summary contains information about the Group. It does not contain all of the information that may be important to you. Before making an investment decision, you should read this entire Prospectus carefully, including the financial statements and the notes thereto and the other financial information contained in this document, as well as the risks described in Part 2 ("Risk Factors") of this document.

1. Overview of the Group

Petra is a leading independent diamond mining group and a supplier of gem quality rough diamonds to the international market. The Company has a diversified asset portfolio incorporating interests in three producing underground mining operations in South Africa (Cullinan, Finsch and Koffiefontein). The Group also owns, together with the Government of Tanzania, 75 per cent. of one open pit mine in Tanzania (Williamson), which is currently on care and maintenance.

- **Cullinan**: one of only seven Tier 1 diamond deposits globally. It is mined underground using block caving and sublevel caving and is renowned for producing large, high quality white and very rare blue diamonds. The Company completed the commissioning of a modern processing plant at Cullinan in 2017.
- **Finsch**: South Africa's second largest diamond mine by production. It is mined underground using block and sublevel caving. Finsch regularly produces highly commercial goods of over five carats and occasionally produces diamonds of over 50 carats together with smaller gem quality diamonds.
- **Koffiefontein**: one of the world's top diamond kimberlite mines by average value per carat. It is mined underground using front and sublevel caving. Koffiefontein regularly produces high quality white diamonds of between five and 30 carats in size.
- **Williamson**: one of the world's largest economic kimberlites by surface area. It is mined using the open pit method. Williamson is renowned for beautifully rounded white stones and 'bubblegum' pink diamonds. In light of the unprecedented depressed market environment, the Company declared force majeure at the Williamson mine and placed the operation on care and maintenance in April 2020.

The Group's mines produce the full spectrum of diamonds, with large quantities of the mass market goods required for the bridal market worldwide and smaller quantities of much higher value large and special stones, including a regular proportion of highly prized and rare coloured diamonds, such as blues from Cullinan, pinks from Williamson, yellows from Cullinan and Finsch, champagne diamonds from Cullinan, and infrequently even rarer colours, such as lilacs and greens. Cullinan in particular is renowned for producing spectacular 'world-class' diamonds, earning its place in history with the discovery of the Cullinan diamond in 1905, the largest rough gem diamond ever found at 3,106 carats, which was cut to form the two most important diamonds in the British Crown Jewels, as well as more recent discoveries under Petra's ownership, such as the 507 carat Cullinan Heritage and the 29.6 carat Blue Moon of Josephine, which sold for US$35.3 million and US$25.5 million in the rough respectively. In September 2020, five high quality Type IIb blue diamonds of significant colour, clarity and size were recovered at the Cullinan mine and have since been named the Letlapa Tala Collection. Petra held a special, standalone tender for these diamonds which completed on 24 November 2020. The tender process for this collection involved viewings held in Antwerp, Hong Kong and New York during November 2020. Buyers were given the option to place individual bids for one or more of the diamonds, or to place bids on the whole collection. The Letlapa Tala Collection was sold as a suite of stones to a partnership between De Beers and Diacore for a total price of US$40.36 million, payable in cash prior to delivery of the stones.

Over the period FY 2006 to FY 2020 (excluding operations disposed of in the period), the Company has produced a total of 31.4 million carats, generating revenue of approximately US$4.0 billion, operating cash flow (before capital expenditure) of US$1.4 billion and thereby facilitating capital investment of approximately US$1.6 billion. This significant investment period has resulted in the Company's annual production growing from approximately 170,000 carats to approximately 3.9 Mcts and its annual revenue growing from US$20.9 million in FY 2006 to US$463.6 million in FY 2019. Production and revenue were down significantly in FY 2020 to 3.6 Mcts and US$295.8 million due to the impact of the COVID-19 pandemic. Based on the Company's FY 2020 results (3.6 Mcts of rough diamond production and US$295.8 million of revenue), the Company accounted for approximately three per cent. of world diamond production by volume and two per cent. by value.

For FY 2020, the Company generated Profit from Mining Activities of US$72.5 million, Adjusted EBITDA of US$64.8 million and an Adjusted EBITDA Margin of 22 per cent. As of 30 June 2020, the Company had cash and cash equivalents of US$67.6 million.

2. Group structure

Petra Diamonds Limited is the ultimate parent company of the Group and is a limited liability company incorporated in Bermuda, but tax resident in the United Kingdom. The assets relevant to each of the Group's mining operations are held by separate corporate entities (the "**Mine-Owning Entities**"):

- Cullinan Diamond Mine (Pty) Ltd (a limited liability company incorporated in South Africa) holds the assets relevant to the Cullinan mine;
- Finsch Diamond Mine (Pty) Ltd (a limited liability company incorporated in South Africa) holds the assets relevant to the Finsch mine;
- Blue Diamond Mines (Pty) Ltd (a limited liability company incorporated in South Africa) holds the assets relevant to the Koffiefontein mine; and
- Williamson Diamonds Limited (a limited liability company incorporated in Tanzania) holds the assets relevant to the Williamson mine.

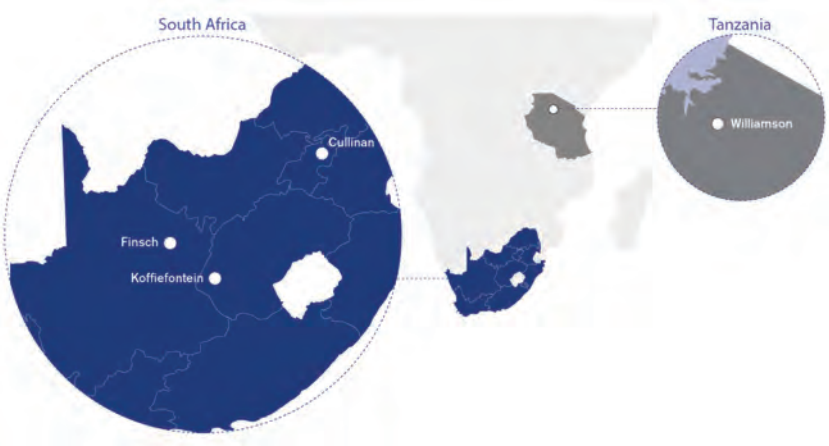
The South African Mine-Owning Entities (being Cullinan, Finsch and Koffiefontein) are held by a single South African incorporated holding company, namely Petra Diamonds Holdings SA (Pty) Ltd, which is wholly-owned by the Company. Williamson Diamonds Limited is held by the Company through Willcroft Company Limited, which is incorporated in Bermuda.

Each of the Mine-Owning Entities are majority owned operations. Williamson Diamonds Limited is part owned (25 per cent.) by the Government of Tanzania and each of the South African Mine-Owning Entities have BEE Partners. Further details regarding the relationship between the Group and its BEE Partners are outlined in paragraph 4 of this Part 8 ("*Information on the Group*").

3. Key principal activities

3.1 *Producing Mines*

The Company's portfolio combines large underground pipe mines with one large and high volume open pit mine.



The current producing operations of the Group are summarised in the below table (unaudited):

	Producing Operations			
Asset	**Cullinan**	**Finsch**	**Koffiefontein**	**Williamson**
Country	South Africa	South Africa	South Africa	Tanzania
Direct ownership (%)[1]	74	74	74	75
Approved Life of Mine plan	to 2030	to 2030	to 2023	to 2033
FY 2018 production (carats)	1,368,720	2,073,477	52,537	341,102
FY 2019 production (carats)	1,655,929	1,755,768	63,635	399,615
FY 2020 production (carats)	1,578,400	1,643,568	69,077	298,130
Q1 FY 2021 production (carats)	532,815	420,774	20,758	0
Gross Reserves[2] (Mcts)	16.55	18.48	0.24	3.59
Gross Resources[3] (Mcts)	152.50	39.11	5.31	37.86

Notes:

(1) Ownership effective as at 30 June 2020. Including its indirect interests through Kago Diamonds, the Group holds a 78.4 per cent. effective interest in Cullinan, a 78.4 per cent. effective interest in Finsch, and a 78.4 per cent. effective interest in Koffiefontein.

(2) Proved Reserves and Probable Reserves as of 30 June 2020. These figures as of 30 June 2020 have been independently reviewed and verified by the Competent Person, who was appointed as an independent consultant by the Company for this purpose. See the individual Reserves and Resources tables for each mine set out below.

(3) Measured Resources, Indicated Resources and Inferred Resources as of 30 June 2020. These figures as of 30 June 2020 have been independently reviewed and verified by the Competent Person, who was appointed as an independent consultant by the Company for this purpose. See the individual Reserves and Resources tables for each mine set out below.

3.2 *Cullinan*

(a) *Introduction*

Cullinan is one of the world's most celebrated diamond mines and is a source of large, high-quality gem diamonds, including Type II diamonds. It earned its place in history with the discovery of the Cullinan diamond in 1905, the largest rough gem diamond ever found at 3,106 carats, and it has produced more than 800 stones greater than 100 carats. It is widely acknowledged as the world's only significant source of truly rare and highly valuable blue diamonds.

The Cullinan kimberlite pipe, situated 37 km north east of Pretoria in the Gauteng province, is the largest diamondiferous kimberlite ever found in South Africa, being 32 hectares at surface. Despite already being mined for over 100 years, Cullinan still has a kimberlite footprint in excess of 16 hectares at the current mining levels.

Cullinan contains a world-class Gross Resource of 152.50 Mcts (including 17.2 Mcts in tailings) as at 30 June 2020 and produced 1,578,400 carats in FY 2020, which suggests its mine life could be significantly longer than the current mine plan to 2030.

(b) *Geology*

The Cullinan kimberlite pipe occurs within the stable, three billion year old Kaapvaal Craton and intrudes rocks of the Transvaal Supergroup (Pretoria and Rooiberg Groups), Bushveld Complex and the younger Waterberg Group. It is a Group I kimberlite, and it is estimated by geological inference that the top 300 metres of the original pipe have been eroded away since the pipe was emplaced 1,200 million years ago. The norite has been correlated with the main zone of the Bushveld Complex. Quartzites, shales, sandstones and dolomitic shales of the Transvaal Supergroup occur both above and beneath the norite. A unique feature of this kimberlite is the occurrence of an approximately 70 metre thick diabase sill (varies from gabbro to norite) that cuts across the occurrence at approximately the 500 metre elevation. Mining has progressed well below this horizon with no detected deleterious effect.

The pipe has an elongated, kidney-shaped exposure on surface with an east-west axis 880 metres long and a north-south axis 450 metres long. The pipe has a surface area of 32 hectares and decreases to a size of 13 hectares at the resource depth of 1,082 metres below surface; the significant remaining size of the orebody at this elevation and the fact that the orebody remains open ended at depth bodes well for the consideration of potential future mine life extensions. Three major kimberlite phases are recognised within the pipe: the Brown kimberlite represents the first phase of intrusion and generally has the highest diamond grade of all the kimberlite phases in the Cullinan

pipe; the Grey kimberlite represents the second phase of emplacement; and the coherent or hypabyssal kimberlite, which is a complex body within the Grey kimberlite represents the final phase.

(c) *Reserves and Resources of Cullinan Mine*

	As of 30 June 2020		
Category	**Gross Tonnes (Millions)**	**Grade (cpht)**	**Contained Diamonds (Mcts)**
Reserves			
Proved	–	–	–
Probable	43.0	38.5	16.55
Sub-total	**43.0**	**38.5**	**16.55**
Resources			
Measured	–	–	–
Indicated	228.6	59.2	135.31
Inferred	169.6	10.1	17.20
Sub-total	**398.2**	**38.3**	**152.50**

Notes:

(1) Resource bottom cut-off: 1.0mm.

(2) Reserve bottom cut-off: 1.0mm.

(3) New Resource model includes minor changes to the geological model and all outstanding sampling information from the recently completed C-Cut block cave development.

(4) B-Cut Resource tonnes and grade are based on block cave depletion modelling and include external waste. A portion of the Resources in these remnant blocks report into the current caving operations as low grade dilution.

(5) C-Cut Resource stated as in-situ.

(6) Reserves based on PCBC simulations on C-Cut phase 1 and PCSLC simulations for the CC1E.

(7) 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.

(8) The PRF has been revised in line with the new Resource model and plant commissioning in 2018. The PRFs currently applied for the new mill plant per rock type are: Brown kimberlite = 73.8 per cent., Grey kimberlite = 67.9 per cent., Black kimberlite = 70.6 per cent. and Coherent kimberlite = 68.0 per cent.

(9) US$/ct values of 85 to 95 for ROM, excluding exceptional stones, and 30 to 40 for tailings based on expected sales values (with reference to FY 2020 sales results and considering the impact of the COVID-19 pandemic on rough diamond prices) and production size frequency distributions.

The C-Cut resource was delineated by 16,672 metres of diamonds drilling and evaluated by 12,300 metres of large diameter bulk sample drilling. Tunnel sampling and micro-diamond sampling was also used in the evaluation of the resource.

(d) *Mine production*

Mining at Cullinan employs the block cave and sublevel cave mining techniques.

Cullinan has two fully-equipped and operational shafts. No. 1 Shaft is dedicated to the hoisting of rock (ore and waste) to surface from where the ore is conveyed to either the milling section of the treatment plant or to a stockpile alongside the treatment plant for later processing. The second shaft is equipped with a men-material winder used for transporting employees and material to and from designated levels, as well as taking equipment underground. In the milling section of the treatment plant diamonds are liberated from the ore while the size fraction of the ore is being reduced primarily by means of attritioning. In this section of the plant the ore is also washed and screened into different size fractions. Oversize rock is screened out and sent to the jaw crusher plant for further size reduction, undersized material is send to the slimes dam and the rest of the material is ready for further processing. Diamonds are extracted from the coarse size fraction ore stream using x-ray technology. Further concentration of ore in the finer size fraction is taking place by means of Dense Media Separation, before diamonds in this size fraction are also extracted using x-ray technology.

Since taking over the mine in July 2008, the Company had predominantly been restricted to operating in 'mature' production areas in the B-Cut portion of the orebody, which are highly diluted by the ingress of waste rock. However, the significant expansion capital expenditure invested by the Company since this time has established a new block cave 'C-Cut Phase 1', sublevel caving operation 'CC1 East' and has seen the construction and commission of a modern, fit-for-purpose plant. FY 2020 production from the newly established C-Cut and CC1 East mining areas increased to approximately 3.9 Mt (FY 2019: approximately 3.6 Mt), with only very limited remaining tonnage being supplemented from the older B-Block mining areas. As a result of the COVID-19 disruptions, Cullinan's ROM tonnes treated for Q4 FY 2020 represented approximately 60 per cent. of the production rate achieved during Q1 to Q3 FY 2020.

(e) *Geotechnical considerations*

The Cullinan kimberlite pipe exhibits a wide range of strength characteristics, from uniaxial compressive strengths of approximately 40 MPa for the 'brown' kimberlite, to more than 150 MPa for the hypabyssal.

Block caving has been used as a mining method at Cullinan for decades. Advanced modelling techniques available, using international consultants, have been implemented in order to provide assurance and operational personnel are chosen with experience in all aspects of the mining operation in mind.

(f) *Ore handling system*

The ore from the C-Cut block, once loaded from the draw points with LHDs, is tipped into a three way tipping pass arrangement where the ore is sized to approximately 600mm by means of impact breakers and a grizzly. The correctly sized ore is then fed into a jaw crusher before the crushed ore of approximately 200mm is transferred via a chute and conveyor belt system to two 4,500t silos. The ore is drawn from the silos via a measuring conveyor system into measuring flasks and then loaded into the 13.5t skips and hoisted to surface. The ore from the CC1E block reports onto the ore handling system feeding the silos.

(g) *Mine ventilation*

Cullinan's ventilation system consists of a Push/Pull system that ensures that the mining area is continuously pressurised with fresh air that enters the mine to create a healthy, safe and productive working environment. In the macro ventilation system an air volume of 750 m^3/s is required at an underground air density to ventilate the BB1E, BA5 and AUC sections and the C-Cut Phase 1 project section. Fresh air enters the mine via a number of down-cast air facilities, shafts and through the open pit. Used air is returned via two main exhaust surface fan systems situated on surface, the north side of the main pit and on the south side.

(h) *Tailings*

There exists a major tailings deposit at Cullinan of approximately 170 Mt, estimated to contain 17.2 Mcts.

(i) *Mineral processing*

In 2017 Petra completed the construction and commissioning of a new, fit-for-purpose plant at Cullinan to replace the old plant, which was originally commissioned in 1947 and had since this time been subject to a continual modification process, resulting in an inefficient footprint of 25.6 hectares, including 15 km of conveyor belts. The new plant has a throughput capacity of 4.0 to 4.2 Mt ROM and 2.3 to 2.5 Mt tailings, in comparison to the old plant which had a capacity of 2.8 Mt ROM and 2.5 Mt tailings, and had a capital cost of approximately ZAR1.84 billion (approximately US$134 million converted at an average exchange rate of US$1:ZAR13.77).

The key objectives of the new plant are: the expected improvement in the recovery of the optimal spectrum of diamonds; the better protection of the larger diamonds for which the Cullinan orebody is well known; and the simplification and streamlining of the processing route taken by mined ore over a much smaller footprint, which is expected to deliver cost and efficiency benefits.

The new plant design incorporates:

(i) autogenous milling—a recovery process that breaks down ore via attrition rather than crushing, thereby better protecting the large, high-value stones;

(ii) high pressure grinding rolls technology - a liberation technique incorporating inter-particle crushing, thereby moving away from high impact cone crushing;

(iii) enhanced utilisation of XRF x-ray technology to replace conventional Dense Media Separation plants to treat coarser and 12mm material; and

(iv) a reduced processing footprint, achieved by substantially reducing the engineering infrastructure and in particular the number of conveyor belts used.

The new plant has recovered six stones of at least 200 carats since commissioning (including a 574.15 carat stone, being the largest stone recovered by the Group at Cullinan to date), which the Company believes were at high risk of breakage had they been processed through the old plant that relied on traditional crushing technology. FY 2019 saw the recovery of four stones of at least 100 carats and two stones of at least 200 carats, including the 425.1 carat D colour type II gem quality diamond that was sold for US$15 million. FY 2020 saw the recovery of eight stones of at least 100 carats and one stone of at least 200 carats. In Q1 FY 2021, five high quality Type IIb blue diamonds of significant colour, clarity and size were recovered at the Cullinan mine. No stones of at least 100 carats were recovered in Q1 FY 2021. In Q2 FY 2021, two low quality stones exceeding 100 carats each (112.3 carats and 127.9 carats respectively) have been recovered at the Cullinan mine.

The new plant has reduced the processing footprint at Cullinan from 25.6 hectares to 4.9 hectares with the associated reduction of engineering infrastructure deployed (e.g. a reduction in the number of conveyor belts used from 151 (spanning 15 kilometres) to 22 (spanning three kilometres)). Operating efficiencies and security improvements are expected to be driven through increased automation, reduced tonnes in circulation and improved energy efficiencies, leading to an expected improvement in energy efficiency per tonne. Based on these efficiencies, the Company is targeting overall direct cash cost savings of approximately ZAR15 per tonne treated.

(j) *Ownership*

The Company holds a 74 per cent. interest in Cullinan with the remaining 26 per cent. owned by the BEE Partners. Including its indirect interests through Kago Diamonds, the Group holds a 78.4 per cent. effective interest in Cullinan.

(k) *Operating review of Cullinan Mine (unaudited)*

	Unit	FY 2017	FY 2018	FY 2019	FY 2020	H1 FY 2019	H1 FY 2020
Sales							
Diamonds Sold	Carats	760,957	1,335,669	1,562,922	1,183,745	688,536	730,847
Average price per carat	US$	120	125	110	98	96	112
Revenue	US$m	91.3	167.0	171.4	116.5	66.2	81.7
ROM production							
Tonnes treated	Tonnes	1,882,911	3,741,086	4,119,406	3,972,682	1,996,624	2,295,197
Diamonds produced	Carats	679,622	1,342,020	1,589,707	1,482,482	785,444	855,371
Grade	Cpht	36.1	35.9	38.6	37.3	39.3	37.3
Tailings production							
Tonnes treated	Tonnes	506,176	412,749	956,035	257,549	696,354	117,112
Diamonds produced	Carats	106,887	26,700	66,222	95,918	46,582	34,416
Grade	Cpht	21.1	6.5	6.9	37.2	6.7	29.4
Total production							
Tonnes treated	Tonnes	2,389,087	4,153,835	5,075,441	4,230,231	2,692,978	2,412,309
Diamonds produced	Carats	786,509	1,368,720	1,655,929	1,578,400	832,026	889,787
Costs							
On-Mine Cash Costs per tonne treated	ZAR	316	239	234	270	224	262

	Unit	FY 2017	FY 2018	FY 2019	FY 2020	H1 FY 2019	H1 FY 2020
Capital expenditure							
Expansion capital expenditure	US$m	120.9	56.2	37.2	13.0	17.3	10.0
Sustaining capital expenditure	US$m	4.3	6.5	6.8	3.4	3.2	2.0
Borrowing costs capitalised	US$m	26.0	11.2	2.3	0.0	2.3	0.0
Total capital expenditure	US$m	151.2	73.9	46.3	16.4	22.8	12.0

(l) *Development plan*

The remaining work for the C-Cut includes the completion of the workshops on 839 mL, the 910 mL pump station, the installation of North Crusher 2 and concreting of the return air way ("**RAW**") on 881 mL.

Early start development for access to the CC1E Phase 1 sublevel cave is anticipated to start in January 2021. On completion, the CC1E Phase 1 project will contribute 10 Mt of ore at a grade of 53.6 cpht, at a production rate of up to 1.2 Mtpa.

The ROM grade achieved at Cullinan had been on a declining trend until the C-Cut Phase 1 project started to deliver undiluted ore to the mine's production profile. This has seen the ROM grade rise from a low of 20.9 cpht achieved in Q3 FY 2015 to 37.3 cpht in FY 2020. In addition, historically and from sampling programmes, there has been a higher incidence of larger white diamonds and blue diamonds in the western blocks of the Cullinan kimberlite pipe, which may bode well for future recoveries of exceptional diamonds.

Petra's ongoing review of its future capital requirements may result in an alteration to the mines' expansion strategy, mainly to defer the CC1E extension project at the Cullinan mine should a further need arise to preserve cash. As noted in paragraph 11 of Part 13 ("*Additional Information*") of this document, under the Company's reasonable worst case scenario, it is projected that there may be a deferral of some capital expenditure in order to help mitigate against the DSCR Breach. Therefore, in such a scenario, the CC1E extension project could be deferred.

The Group foresees a long life for the operation and has a current mine plan of 10 years, though this plan only anticipates exploiting 24 per cent. of the C-Cut resource, which has been drilled to a depth of 1,082 metres, leaving extensive resources for future development.

(m) *Mine plan*

The Company's current mine plan has a life to 2030, but the major residual Resources at the mine indicate that the actual LOM could extend beyond 2030 based on estimated rates of production and Resource estimates as of 30 June 2020. In order to achieve an extension of 2030 LOM, expansionary capital expenditure would be required, which may be delayed or not forthcoming.

(n) *Licences and permits*

Cullinan Diamond Mine (Pty) Ltd holds the Cullinan Mining Right. The Cullinan Mining Right was granted to De Beers pursuant to Item 7 of Schedule II of the MPRDA and was ceded from De Beers to Cullinan Diamond Mine (Pty) Ltd by a notarial deed of cession on 1 July 2008 pursuant to section 11 of the MPRDA in respect of the area covered by the Cullinan Mining Right. The cession was duly notarised and registered in the Mineral and Petroleum Titles Registration Office under reference number 36/2008 MR.

The Cullinan Mining Right relates to the remain extent of portion 3 of the farm Elandstontein 480 JR, situated in Gauteng, Magisterial District of Cullinan, for an area of 453.2 hectares.

The Cullinan Mining Right confers on Cullinan Diamond Mine (Pty) Ltd the exclusive right to mine for diamonds in relation to the 'Mining Right area' until 3 December 2037. Pursuant to the MPRDA, the Cullinan Mining Right is renewable (for periods of up to 30 years for each renewal). Subject to compliance with the terms and conditions of the mining right, the Minister of Mineral Resources is expected to renew the Cullinan Mining Right.

The Cullinan Mining Right was issued on terms and conditions that are regulated by government gazette for mining rights of this nature and contains no exceptional terms or conditions. Standard terms and conditions in the Cullinan Mining Right include the requirement that (a) a royalty must be paid to the South African government pursuant to the Mineral and Petroleum Resources Royalty Act 2008, (b) mining must be conducted in accordance with the mining work programme, environmental management programme and social and labour plan concerned, and (c) the right may not be transferred without the Minister of Mineral Resources' consent, a breach of which may result in the Cullinan Mining Right being suspended or cancelled.

The surface rights in respect of the land on which the Cullinan mine is situated are held by Premier Transvaal, a wholly owned subsidiary of Cullinan Diamond Mine (Pty) Ltd. Cullinan Diamond Mine (Pty) Ltd also has access rights to the land pursuant to the Cullinan Mining Right and Section 5 of the MPRDA.

3.3 ***Finsch***

(a) *Introduction*

Finsch is an underground block cave and sublevel cave diamond mine with quality infrastructure including a modern processing plant which was upgraded by De Beers shortly before the Group acquired the mine. The mine has a shaft capacity of 4.6 Mtpa and the main plant has a capacity of 6.7 Mtpa. From a combination of underground mining and tailings retreatment, Finsch has produced approximately 139 Mcts in its approximately 50 year life to date.

Further to the capital investment committed by Petra since takeover, production has transitioned from a mechanised block cave at the 630 mL to a sublevel cave over four levels from 700 mL to 780 mL, which commenced production during H1 FY 2017.

Finsch has produced a number of large, special diamonds in its history and mine records reflect the regular recovery of stones larger than 50 carats per annum (an average of 16 stones per annum) over the last four years. In addition, the mine has produced a range of coloured diamonds, with yellow being the most frequent.

(b) *Ownership*

The Company holds a 74 per cent. interest in Finsch with the remaining 26 per cent. owned by the BEE Partners (including its indirect interests through Kago Diamonds, the Group holds a 78.4 per cent. effective interest in Finsch).

(c) *Geology*

Finsch is a Group II kimberlite pipe with an age of approximately 118 Ma. The pipe was emplaced through a thick sequence of Transvaal Supergroup sedimentary rocks comprising dolomites, banded iron formation and shales that overlie the western part of the Kaapvaal craton. Preserved within the pipe are large fragments of Karoo-aged sediments, lavas and dolerite which were present in the geological record at the time of emplacement, but have subsequently been eroded away. The size and concentration of these Karoo-age fragments decreases with depth in the Finsch pipe. The pipe is made up of eight phases of kimberlite, two of which make up the majority of the main pipe and are currently being mined. Petra believes that there is significant potential for mining at least one of the precursor kimberlite bodies attached to the main pipe.

The Finsch kimberlite pipe is a near vertical intrusion, had a surface footprint of 17.9 hectares at surface and is elliptical in outline.

(d) *Reserves and Resources of Finsch Mine*

Category	As of 30 June 2020		
	Gross Tonnes (Millions)	Grade (cpht)	Contained Diamonds (Mcts)
Reserves			
Proved	–	–	–
Probable	33.2	55.7	18.48
Sub-total	**33.2**	**55.7**	**18.48**
Resources			
Measured	–	–	–
Indicated	29.2	67.7	19.78
Inferred	36.2	53.4	19.33
Sub-total	**65.4**	**59.8**	**39.11**

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

(5) Remaining Block 5 Reserves are based on PCSLC and PCBC simulations.

(6) US$/ct values of 75 to 85 for ROM, based on expected sales values (with reference to FY 2020 sales results and considering the impact of the COVID-19 pandemic on rough diamond prices) and production size frequency distributions.

Finsch was mined as an open pit mine until September 1990 at which time it extended to a depth of 423 metres. Approximately 110 Mt of waste rock and 98 Mt of diamond bearing kimberlite were mined from the open pit to produce approximately 79 Mcts.

Block 1 was mined as an open pit, Block 2 was mined from above as an open pit and from underground using open stoping mining methods, Block 3 was mined from underground using open stoping mining methods. Block 4 has been mined using sublevel open stoping and block caving mining methods since January 2003. Block 5 is currently being mined using the sublevel caving mining method and first started contributing significant tonnages in FY 2017. In FY 2020, the Block 5 sublevel cave production ramp up delivered 2.7 Mt. The Block 5 sublevel cave remains in a production build up phase.

In addition to the underground mining operations, the Group conducted surface mining of overburden dumps, until FY 2020. Negligible tailings production was carried out in FY 2020, with the pre-79 TMR coming to an end.

(e) *Geotechnical considerations*

The Block 5 sublevel cave operations are proceeding with few geotechnical problems.

(f) *Ore handling system*

The Finsch orebody is accessed via a nine metre diameter, vertical concrete-lined 820 metre deep shaft. The shaft is equipped with three automatic Koepe winders. Conveyances for three winders operate within the shaft via four main compartments, namely the men and material cage, the service winder cage and two 28 tonne capacity skips. There is also a decline from surface to a depth of 880 metres giving access to Block 5.

The men and material cage has a payload of 25 tonnes (or 100 people per trip) while the service winder is permitted to carry 12 people per trip. The rock winder is capable of hoisting 32 skips per hour under its current permit conditions. Although the shaft has an annual maximum capacity of approximately 4.6 Mt, the single line conveyor system limits capacity to 3.2 Mtpa depending on the selected shift configuration.

A part of the sublevel cave ground handling facility, the first jaw crusher was commissioned in H1 2018 and the second crusher almost a year later. A third crusher is scheduled to be installed on 78L during FY 2021.

After crushing, the ore is transported by means of conveyor belts and deposited into ore storage passes, until they are at a level suitable for hoisting. These passes have a total capacity of approximately 3,000 tonnes. From the ore passes, the ore is conveyed to the shaft measuring flasks, which have a 28 tonne capacity.

Tonnes produced from the new Block 5 sublevel cave are trammed from the production tunnels by manned LHD's, tipped directly into orepasses which feed the crushers and subsequent conveyor on 810 mL. This conveyor system links up with the conveyor system on 650 mL, currently feeding the shaft silos, and was put in place from the end of FY 2016.

(g) *Mine ventilation*

Finsch's ventilation system consists of a push and pull system that ensures that the mining area is continuously pressurised with fresh air that enters the mine to create a healthy, safe and productive working environment.

Fresh air enters the mine via the main shaft, decline and through the open pit. Pressurization is at 15 per cent. to prevent short-circuiting of air.

Used air is returned via the main exhaust surface fan system situated on surface with a flow rate of approximately 430m³/s.

The rest of the air is exhausted using main exhaust fans situated on the 61st and 62nd levels underground. The air is pushed towards the fan through ventilation passes and discharged into the pit. The total air exhausted out of the mine is approximately 1,000m³/s.

(h) *Tailings*

Tailings are mined and trammed to a wet infield screening plant from where they are pumped onto a stockpile facility and blended with run-of-mine ("**ROM**") ore, historically at a rate of up to 2.6 Mtpa. Negligible tailings production is planned in the future, as the pre-79 TMR is almost depleted. Lower grade post-79 tailings material remains available to supplement underground operations in the future.

Underground ROM ore (smaller than 300 mm) is transported at a rate of 3.0 Mtpa by the rock winder to surface and tipped into a surge bin at the shaft. At surface it is reduced to less than 100 mm for further treatment in the main diamond recovery plant. The ore is treated and sized before it is treated in the DMS process. The plant upgrade introduced two high pressure roll crushers to liberate any locked-up diamonds which were not liberated in the earlier crushing stages.

With the depletion of the pre-79 TMR tailings ore, the tailings feed to the plant has ramped down over the past year. The plant however has an installed capacity to treat the tailings at a rate of 2.5 Mtpa. The product is pumped, de-slimed, de-watered and stacked onto a stockpile, before it is fed into the main plant.

(i) *Mineral processing*

Finsch's mining infrastructure includes a modern processing plant which was upgraded during 2007 and 2008 and has a capacity of 6.7 Mtpa, as well as a bulk sample plant with a capacity of 0.6 Mtpa.

Underground ROM (smaller than 300 mm) is transported at a rate of 3.0 Mtpa by a rock winder to surface and tipped into a surge bin at the shaft. At surface the size of ROM is reduced through a primary crusher to less than 100 mm for further treatment in the main diamond processing plant. ROM is further treated and sized through an ore preparation section encompassing scrubbing, secondary and closed circuit tertiary crushing, and sizing before it is treated in the DMS process. The plant upgrade included the replacement of a rod milling circuit with two high pressure roll crushers to recrush DMS float material larger than the mid cut point, which further liberates any locked-up diamonds.

With the depletion of the pre-79 TMR tailings ore, the tailings feed to the plant has ramped down over the past year. The main plant however has an installed capacity to treat the tailings at a rate of 2.6 Mtpa. The product is pumped, de-slimed, de-watered and stacked onto a stockpile, before it is fed into the main plant.

(j) *Operating review of Finsch Mine (unaudited)*

	Unit	FY 2017	FY 2018	FY 2019	FY 2020	H1 FY 2019	H1 FY 2020
Sales							
Diamonds Sold	Carats	2,141,885	2,152,786	1,711,311	1,348,181	829,530	783,962
Average price per carat	US$	101	108	99	75	105	79
Revenue	US$m	216.7	231.9	170.2	101.1	87.0	61.7
ROM production[(1)]							
Tonnes treated	Tonnes	3,212,169	3,084,395	3,073,479	2,719,389	1,053,335	1,534,256
Diamonds produced	Carats	1,818,454	1,926,467	1,724,265	1,603,678	927,934	880,707
Grade[(1)]	Cpht	56.6	62.5	56.1	59.0	61.7	57.4
Tailings production[(1)]							
Tonnes treated	Tonnes	1,651,089	794,973	223,568	211,541	134,395	174,167
Diamonds produced	Carats	331,442	147,010	31,503	38,890	19,490	32,850
Grade	Cpht	20.1	18.5	14.1	18.9	14.5	18.9
Total production[(1)]							
Tonnes treated	Tonnes	4,863,258	3,879,368	3,297,047	2,930,930	1,637,730	1,708,423
Diamonds produced	Carats	2,149,896	2,073,477	1,755,768	1,643,568	947,424	913,557
Costs							
On-Mine Cash Costs per tonne treated	ZAR	253	329	388	477	400	405
Capital expenditure							
Expansion capital expenditure	US$m	58.4	42.3	13.6	6.1	8.3	4.2
Sustaining capital expenditure	US$m	9.1	7.7	9.1	2.3	4.1	1.4
Borrowing costs capitalised	US$m	18.1	4.0	1.4	0.0	1.4	0.0
Total capital expenditure	US$m	85.6	54.0	24.1	8.4	13.8	5.6

Notes:

(1) The Group is not able to precisely measure the ROM/tailings grade split because ore from both sources is processed through the same plant; Petra therefore back-calculates the grade with reference to Resource grade.

(k) *Development plan*

The Group's current mine plan has a life to 2030, but Resources in Block 6 and the adjacent precursor kimberlite orebody, which sits next to the main body of the Finsch kimberlite pipe, could prolong the actual LOM. The mine has Gross Resources of 39.1 Mcts.

Underground production is now derived from Block 5, which has Probable Reserves of 33.2 Mt at a grade of 55.7 cpht, which equates to 18.48 Mcts. In order to provide earlier access to undiluted ore, the Company is using the sublevel cave mining method over four levels in Block 5 from 700 mL to 780 mL, before a new Block 5 Block Cave is planned to be installed at 900 mL. Development for this project is scheduled to start in FY 2022.

However, Petra's ongoing review of its future capital requirements may result in a continuation of the sublevel cave to deeper levels, in preference to the installation of the block cave currently included in the Group's plans. As noted in paragraph 11 of Part 13 ("*Additional Information*") of this document, under the Company's reasonable worst case scenario, it is projected that there may be a deferral of some capital expenditure in order to help mitigate against the DSCR Breach. Therefore, in such a scenario, Petra may delay the installation of the block cave.

Mining is currently from the sublevel cave over four levels from 700 mL to 780 mL. As at the Latest Practicable Date, all four levels of the sublevel cave are now in production and the sublevel cave delivered 2.7 Mt of ore for FY 2020 at a ROM grade of 59.0 cpht. The sublevel cave is fully developed but is constrained by the ground handling system to a maximum of 3.2 Mt.

(l) *Mine plan*

The Company's initial mine plan has a life to 2030, but residual Resources at the mine indicate that the actual LOM could extend beyond 2030, based on estimated rates of production and Resource estimates as of 30 June 2020. In order to achieve an extension of 2030 LOM, Petra will require funding for capital expenditures, which may be delayed or not forthcoming.

(m) *Licences and permits*

Finsch Diamond Mine (Pty) Ltd holds the Finsch Mining Right. The Finsch Mining Right was initially issued to De Beers under Item 7 of Schedule II of the MPRDA and was ceded to Finsch Diamond Mine (Pty) Ltd by notarial deed of cession on 8 September 2011 and duly notarised and registered in the Mineral and Petroleum Titles Registration Office under reference number 25/2011.

The Finsch Mining Right relates to portion 26 (Brits) and portion 34 (a portion of the remaining extent) of the farm Carter Block 458, Magisterial District of Hay, Northern Cape Province for an area of 1,567 hectares.

The Finsch Mining Right confers on the Group the exclusive right to mine for diamonds in relation to the 'Mining Right area' until 14 October 2038. Pursuant to the MPRDA, the Finsch Mining Right is renewable (for periods of up to 30 years for each renewal). Subject to compliance with the terms and conditions of the mining right, the Minister of Mineral Resources is expected to renew the Finsch Mining Right.

The Finsch Mining Right was issued on terms and conditions that are regulated by government gazette for mining rights of this nature. Standard terms and conditions in the Finsch Mining Right include the requirements that (a) a royalty must be paid to the South African government in terms of the Mineral and Petroleum Resources Royalty Act in respect of minerals recovered under the Finsch Mining Right, (b) mining must be conducted in accordance with the mining work programme, environmental management programme and social and labour plan concerned, and (c) the right may not be transferred without the Minister of Mineral Resources' consent, a breach of which may result in the Finsch Mining Right being suspended or cancelled.

3.4 ***Koffiefontein***

(a) *Introduction*

Koffiefontein is one of the world's top diamond mines by average value per carat and produces exceptional white and coloured diamonds, a regular proportion of which are of between five and 30 carats. It is an underground kimberlite pipe mine currently mining at a depth of 520 to 600 metres. Petra's expansion plan at Koffiefontein led to a nine per cent. increase in ROM production in FY 2020 to 69,077 carats from 63,635 carats in FY 2019 (underground only).

(b) *Ownership*

The Group holds a 74 per cent. interest in Koffiefontein with the remaining 26 per cent. owned by the BEE Partners. Including its indirect interests through Kago Diamonds, the Company holds a 78.4 per cent. effective interest in Koffiefontein.

(c) *Geology*

The Koffiefontein pipe has been classified as a Group I kimberlite, falling into the Cretaceous grouping of kimberlites in South Africa that were emplaced approximately 80 to 90 million years ago, and is the largest and most economical of a cluster of three pipes in the area, the others being Ebenhaezer and Klipfontein lying to the north west.

The Koffiefontein pipe was emplaced through basement granite gneiss and Karoo sediments and dolerite with an area of 11.1 hectares at surface, narrowing to 7.8 hectares at the 490 metre level. The Koffiefontein pipe consists of multiple intrusions. The first phase was the intrusion of the east and west fissures followed by the west speckled pyroclastic kimberlite. This was followed by the emplacement of the east speckled pyroclastic kimberlite, with a mudstone breccia separating the previously mentioned two kimberlite phases.

(d) *Reserves and Resources of Koffiefontein Mine*

Category	As of 30 June 2020		
	Gross Tonnes (Millions)	Grade (cpht)	Contained Diamonds (Mcts)
Reserves			
Proved	–	–	–
Probable	3.0	7.9	0.24
Sub-total	**3.0**	**7.9**	**0.24**
Resources			
Measured	–	–	–
Indicated	15.0	7.7	1.15
Inferred	125.0	3.3	4.16
Sub-total	**140.0**	**3.8**	**5.31**

Notes:

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

(2) Reserve bottom cut-off: 1.15mm.

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

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

(5) The Eskom Tailings Mineral Resource has been removed following a donation of part of the Tailings Mineral Resource to the Koffiefontein Community Mining Primary Cooperative to promote artisanal small-scale mining in the area.

(6) Remaining 56 to 60L sub-level cave Reserves are based on PCSLC simulations.

(7) US$/ct values of 400 to 450 for ROM, based on expected sales values (with reference to FY 2020 sales results and considering the impact of the COVID-19 pandemic on rough diamond prices) and production size frequency distributions.

(e) *Koffiefontein pipe*

Diamonds were first discovered on the Koffiefontein farm in 1870. Mining started in the form of small claims that were later amalgamated into Koffiefontein Mine Limited. De Beers acquired control of Koffiefontein Mine Limited in 1911. Since the De Beers acquisition of Koffiefontein, the mining operations were continuous until the advent of the Great Depression in 1932 when work was suspended. Between 1950 and 1953, a prospecting shaft was sunk which was followed by limited production. The mine was reopened in 1970 and was mined as an open pit mine until 1981. On completion of the open pit operations the pit had a surface area of 44 hectares and a diameter of 750 metres, plus a depth in excess of 270 metres. Access to the underground operations is via a roadway decline down to 52 level (520 metres below surface) and via No.2 Main Rock Shaft. This shaft was sunk in 1974 and has a diameter of 7.5 metres and a depth of 654 metres below surface.

The transition to an underground mining operation took place in 1981. The kimberlite ore was initially extracted from underground on the 370 mL by means of blast hole open stoping. Due to excessive dolerite pit sidewall failures, this mining method was subsequently changed to the sub-level undercutting mining method. Development of a front cave started in 1996 and reached full production in 2000; this mining method was used up to 490 mL. The Company has since transitioned the mine to the sublevel cave mining method, which first commenced in FY 2014, and mined over three levels from 560 mL to 600 mL, known as 56L, 58L and 60L. The sublevel cave is fully developed with the bulk of production remaining coming from levels 58L and 60L.

(f) *Geotechnical considerations*

Planned mining layouts at Koffiefontein are extensively modelled, and no plans are adopted unless they are judged to be geotechnically feasible. For the new block from 560 mL to 600 mL, the sublevel cave mining method was selected by the Group. The decision was based on numerous factors, including the geotechnical stability of the design. Some stress related damage has been recorded on level 58L which can be attributed to the initiation of caving on level 60L in an adjacent area. Although this has resulted in the loss of a portion of one tunnel on level 58L, the remaining tonnes associated with this tunnel should be recoverable from level 60L.

(g) *Ore handling system*

Ore from underground is removed from a series of parallel tunnels that have been developed in both a north-south and east-west direction across the footprint of the sublevel cave. A fleet of LHD vehicles is used to load ore from blasted rinks and transport the ore back through the loading tunnels to the crushers. These in turn feed a network of conveyor belts which transport the ore to the existing shaft arrangements, thereby hoisting the ore to the surface and feeding it directly into the plant orepass infrastructure.

(h) *Mineral processing*

Ore is delivered to the plant after having been crushed underground to less than 150 mm in size. The crushed ore is then washed through a scrubber that removes much of the fine material and prepares the ore for sizing into several fractions. The oversize (+35 mm) reports for secondary crushing to reduce the size to less than 35 mm.

The Company completed a major refurbishment of the plant since taking over the mine and it currently has a treatment capacity of approximately 1.5 Mtpa.

(i) *Tailings*

There is a 52.9 Mt tailings Resource at Koffiefontein estimated to hold 1.0 Mcts. This includes the Eskom tailings dump, which is a pre-1937 dump generated when 'flooring' was still a practice, meaning the coarser material of +25 mm went straight to the dumps without crushing.

The Company has in the past used tailings to fill spare capacity in the plant, however tailings retreatment is no longer included in Koffiefontein's mine plan. The Company will continue to evaluate whether it will include tailings production in the mine plan going forward.

(j) *Operating review of Koffiefontein Mine (unaudited)*

	Unit	FY 2017	FY 2018	FY 2019	FY 2020	H1 FY 2019	H1 FY 2020
Sales							
Diamonds Sold	Carats	56,068	51,936	60,291	66,326	23,406	34,163
Average price per carat	US$	506	525	480	387	447	431
Revenue	US$m	28.4	27.2	28.9	25.7	10.5	14.7
ROM production							
Tonnes treated	Tonnes	667,821	649,259	1,000,726	891,705	377,391	561,296
Diamonds produced	Carats	51,173	52,537	63,635	69,077	25,275	44,545
Grade	Cpht	7.7	8.1	6.4	7.7	6.7	7.9
Tailings/Ebenhaezer production							
Tonnes treated	Tonnes	–	–	–	–	–	–
Diamonds produced	Carats	–	–	–	–	–	–
Grade	Cpht	–	–	–	–	–	–
Total production							
Tonnes treated	Tonnes	667,821	649,259	1,000,726	891,705	377,391	561,296
Diamonds produced	Carats	51,173	52,537	63,635	69,077	25,275	44,545
Costs							
On-Mine Cash Costs per tonne treated	ZAR	532	596	450	510	585	419
Capital expenditure							
Expansion capital expenditure	US$m	13.3	9.6	5.2	2.7	3.0	1.7
Sustaining capital expenditure	US$m	5.5	2.7	0.9	1.1	0.2	0.6
Total capital expenditure	US$m	18.8	12.3	6.1	3.8	3.2	2.3

(k) *Development plan*

Currently Koffiefontein's future expansion programmes have been halted with no expansion capital planned for FY 2021. A decision will have to be taken on any further expansion.

(l) *Mine plan*

Petra's updated mine plan, which is based on no further expansion capital investment beyond the existing SLC, has a life to 2023. Petra will continuously revisit this position with reference to prevailing market conditions.

(m) *Licences and permits*

Blue Diamond Mines (Pty) Ltd holds the Koffiefontein Mining Right. The Koffiefontein Mining Right was duly notarised by the Department of Mineral Resources and duly registered in the Mineral & Petroleum Titles Registration Office under reference number 20/2008 MR.

The Koffiefontein Mining Right relates to the remaining extent of the farm Koffiefontein 733, Magisterial District of Koffiefontein Free State Province, for an area of 968.6 hectares.

The Koffiefontein Mining Right confers on Blue Diamond Mines (Pty) Ltd the exclusive right to mine for diamonds in relation to the licence areas until 23 February 2047. Pursuant to the MPRDA, the Koffiefontein Mining Right is renewable (for periods of up to 30 years for each renewal). Subject to compliance with the terms and conditions of the mining right, the Minister of Mineral Resources is expected to renew the Koffiefontein Mining Right.

The Koffiefontein Mining Right was issued on terms and conditions that are regulated by government gazette for mining rights of this nature and contains no exceptional terms or conditions. Standard terms and conditions in the Koffiefontein Mining Right include the requirement that (a) a royalty must be paid to the South African government pursuant to the Mineral and Petroleum Resources Royalty Act 2008, (b) mining must be conducted in accordance with the mining work programme, environmental management programme and social and labour plan concerned, and (c) the right may not be transferred without the Minister of Mineral Resources' consent, a breach of which may result in the Koffiefontein Mining Right being suspended or cancelled.

(n) *Artisanal mining*

At the Koffiefontein mine in South Africa, a decision was taken to donate part of the tailings mineral resources for artisanal small scale mining. This followed a process of extensive consultation and cooperation with relevant stakeholders, including the DMRE, as mining sector regulator, the Letsemeng Local Municipality, as elected representatives of the community, and the community itself, with the aim of creating a framework within which ASM could be conducted by community members in a legal and regulated manner. To this end, the Koffiefontein Community Mining Primary Cooperative was officially established and registered as the primary beneficiaries of this project.

3.5 ***Williamson***

(a) *Introduction*

Williamson, at 146 hectares in size, is one of the world's largest economic kimberlites by surface area. The mine is an open pit operation based on the 146 hectare Mwadui kimberlite pipe, which contains a major Resource of approximately 37.9 Mcts, and despite having been in continuous operation since 1940 until it was placed on care and maintenance in April 2020, the pit is only 105 metres at its deepest point due to the vast size of the deposit. It is a historic source of high value Type II diamonds and fancy pinks. In FY 2019, the Company achieved the highest level of production at the mine in over forty years of just under 400,000 carats.

(b) *Ownership*

The Company holds a 75 per cent. interest in Williamson with the remaining 25 per cent. being owned by the Government of the United Republic of Tanzania.

(c) *Geology*

The Mwadui kimberlite pipe was emplaced into Archaean granitic basement and meta-sediments, and it is one of the few kimberlite pipes in production with an almost perfectly preserved example of an infilled kimberlite crater. Many of the kimberlite occurrences in and around the Shinyanga area are characterised by the presence of crater deposits, suggesting that minimal erosion has taken place in this region since the period when the kimberlite was emplaced approximately 60 million

years ago. Crater deposits were formed by kimberlitic material and country rock ejected during eruption that have subsequently slumped or have been washed back into the open crater.

The geology of the Mwadui pipe is well known and documented. The geology of the Mwadui deposit consists of a central shale basin, turbidite (or 'Bouma') facies, reworked volcanistic kimberlite deposits, and peripheral granite breccias Primary pyroclastic kimberlite underlies these facies types. Present mining is restricted to the near surface crater infill, which is comprised of resedimented volcaniclastic kimberlite ("**RVK**"), brecciated volcaniclastic kimberlite ("**BVK**") and granite breccia ("**GB**"), turbidite deposits and a central shale basin.

(d) *Reserves and Resources of Williamson Mine*

	As of 30 June 2020		
Category	**Gross Tonnes (Millions)**	**Grade (cpht)**	**Contained Diamonds (Mcts)**
Reserves[1]			
Proved	–	–	–
Probable	52.3	6.9	3.59
Sub-total	**52.3**	**6.9**	**3.59**
Resources[2]			
Measured	–	–	–
Indicated	63.4	4.9	3.08
Inferred	958.0	3.6	34.77
Sub-total	**1,021.4**	**3.7**	**37.86**

Notes:

(1) Resource bottom cut-off: 1.15mm.

(2) Reserve bottom cut-off: 1.15mm.

(3) Resource depletions based on June 2020 pit surface, adjusted for the in-pit slump experienced in FY 2020.

(4) Reserves based on mine scheduling in XPAC, including care and maintenance period and adjustments to the mine plan following the in-pit slump.

(5) US$/ct values of 170 to 220 for ROM, based on expected sales values (with reference to FY 2020 sales results and considering the impact of the COVID-19 pandemic on rough diamond prices) and production size frequency distributions.

(e) *Mine production*

Williamson is a conventional truck and shovel open pit operation. Blasted ore is loaded onto trucks by excavators, and is then hauled to a classifying section where the undersize fractions are fed into the plant for treatment.

The average mining depth is 80 metres below surface, with the pit being 105 metres deep at its deepest point. Mining takes place mainly within the RVK on the western portion of the pipe. GB, Bouma and BVK are also mined primarily for blending purposes, and an increasing amount of shale is stripped as part of the mining operations. The large, willow nature of the pipe results in a very low stripping ratio of 0.5.

The mine and plant usually operate on a continuous basis, seven days per week and 24 hours per day, with approximately eight hours stoppage for maintenance per week.

Williamson has installed capacity of 12 MVA. Tanesco Limited, a company owned 100 per cent. by the Government of Tanzania, is responsible for 98 per cent. of the country's electricity supply. Two thirds of Tanzania's installed capacity is hydro-powered. The Tanzanian Government has recently proposed a bill to liberalise the virtual monopoly held by Tanesco. This move is expected to pave the way for electricity trading, both physical and financial, and electricity installation.

(f) *Alluvial mining*

There are limited amounts of alluvial gravels at Williamson, and alluvial mining is currently carried out by a contract miner.

(g) *Geotechnical considerations*

Sidewalls are generally maintained at an angle between 40° and 45° within the pit due to the clay-rich nature of the RVK, though steeper sidewalls have been left by previous mining activities in the south west edge of the pit within more stable GB and country rock granite. Sidewalls steeper than 45° in areas mined more recently have resulted in sidewall slumping and failure.

In January 2020, the Williamson mine experienced a 1.3 million tonne pit slump at the south western sector, which occurred after a period of heavy rainfall. Most importantly, no one was harmed in the incident. There was also no damage to mining equipment, other than the pit dewatering pump being covered with slumped material. The pit slump continued to subside and push into the south western sector of the pit during the wet season, mixing with and diluting approximately 4.0 million tonnes of ore in the current LOM plan. This is expected to lead to grade volatility and an overall grade decrease of approximately three per cent. over the current LOM to 2030. However, there is the potential to increase production above the current rate of 5 to 5.5 Mtpa, which could serve to mitigate the lower grade impact. See paragraph 3.5(j) below of this Part 8 ("*Information on the Group*") for further details. The area affected by the slump is currently stable. Due to prevailing market conditions, Williamson was placed on care and maintenance in April 2020.

(h) *Mineral processing*

From 2014 to 2017, the Company carried out a substantial rebuild of the existing plant at Williamson, which involved the incorporation of a new autogenous milling section and an additional crusher circuit, and increased throughput from 3 Mtpa to between 5 and 5.5 Mtpa. In FY 2019, the Company achieved the highest level of production at the mine in over forty years of just under 400,000 carats, however the rate decreased to just under 300,000 carats in FY 2020, reflecting the placement of the mine on care and maintenance in April 2020. The optimisation of the processing plant has seen positive improvements in the recovered grade at Williamson from 5.8 cpht in FY 2017 to 7.2 cpht in FY 2020.

(i) *Operating review of Williamson Mine (unaudited)*

	Unit	FY 2017	FY 2018	FY 2019	FY 2020	H1 FY 2019	H1 FY 2020
Sales							
Diamonds Sold	Carats	226,110	253,524	402,329	297,245	194,913	194,835
Average price per carat	US$	258	270	231	177	223	184
Revenue	US$m	58.4	68.5	93.0	52.5	43.5	35.9
ROM production							
Tonnes treated	Tonnes	3,667,781	4,659,563	5,082,319	3,980,438	2,510,451	2,654,906
Diamonds produced	Carats	212,215	328,681	386.016	287,356	208,064	214,888
Grade	Cpht	5.8	7.0	7.6	7.2	8.3	8.1
Alluvial production							
Tonnes treated	Tonnes	403,811	385,721	413,151	302,567	195,557	198,698
Diamonds produced	Carats	12,987	12,421	13,599	10,774	6,357	7,463
Grade	Cpht	3.2	3.2	3.3	3.6	3.3	3.8
Total production							
Tonnes treated	Tonnes	4,071,592	5,045,284	5,493,470	4,283,005	2,706,008	2,853,604
Diamonds produced	Carats	225,202	341,102	399,615	298,130	214,421	222,351
Costs							
On-Mine Cash Costs per tonne treated	ZAR	11.6	10.7	11.1	10.2	11.6	10.2
Capital expenditure							
Expansion capital expenditure	US$m	14.1	2.6	0.0	0.0	0.0	0.0
Sustaining capital expenditure	US$m	0.9	2.0	8.6	8.0	3.2	5.7
Total capital expenditure	US$m	15.0	4.6	8.6	8.0	3.2	5.7

(j) *Development plan*

The Williamson mine was initially set up by Petra to produce five Mtpa of production but throughput improvements generated by Project 2022 have increased this rate to approximately 5.5 Mtpa. There is the opportunity to increase production beyond these levels, given the expansive orebody, but a future decision would be based on a feasibility study being concluded, as well as the Company's capital allocation strategy.

Waste stripping ratios are determined by the minimum waste required to build 'Fines Residue Deposit Dam' walls with some in pit shaping to maximise grades. The Company will also be carrying out remedial work to address the pit slump that occurred in January 2020. This will require the removal of waste material in the first six months once operations have restarted to establish a new sump. Thereafter, ongoing slope correction in the high risk areas adjacent to the sump will continue. The removal of the waste material and the slope correction activities are therefore planned to form part of the mine's ongoing mining activities over the LOM and will form part of the planned stay in business expenditure.

FY 2021 capex is guided at approximately US$7 million, assuming production restarts during the second half of FY 2021. FY 2021 capex is primarily related to the ongoing waste removal, commencing the removal of the pit slump material, slimes dam extensions, the completion of the tailings disposal facilities and the preparation of a pit dewatering sump. It also includes 'Stay in Business' capex.

(k) *Mine plan*

The Company's current mine plan for Williamson has a life to 2030 in line with the mining licence referred to below, but given that the Mwadui kimberlite hosts a major Resource of 37.9 Mcts, there is potential to substantially extend the LOM.

(l) *Licences and permits*

Williamson Diamonds holds a valid and unencumbered special mining licence number 216/2005 dated 25 May 2005 in respect of property described by co-ordinates in the special mining licence located in the Mwadui area in the Shinyanga region, for an area of approximately 29.7 km^2.

The special mining licence confers on Williamson Diamonds the exclusive right to mine for diamonds in relation to the licence areas until 24 May 2030. The special mining licence may be renewed for a further period, not exceeding the estimated life of the remaining orebody, unless Williamson Diamonds is in default, development has not proceeded with reasonable speed, minerals do not remain in reasonable quantities or the mining or environmental plans are not satisfactory.

The special mining licence has been issued in accordance with the laws of Tanzania and is subject to such statutory or other legislative requirements as are customary for licences of this nature. The terms and conditions of the special mining licence require that Williamson Diamonds mines in accordance with the approved Mining Plan and approved Environmental Management Plan, take reasonable steps to ensure health and safety and, to the extent reasonably possible, employ Tanzanian citizens.

The Minister for Energy and Minerals has published regulations under the Mining Act of Tanzania to the effect that holders of a special mining licence should have a local shareholding of at least 30 per cent. of the total issued and paid up shares. The Company is in the process of addressing this requirement with its co-shareholder, the Government of Tanzania, but at this point in time it is unclear how this legislation may be implemented or enforced.

3.6 ***Exploration***

Petra is currently looking to divest of its exploration assets, in line with the Group's strategy to focus on optimising its producing operations. The Company therefore only assigned a limited budget to its exploration programme in South Africa and Botswana in FY 2020 of US$0.4 million (FY 2019: US$0.4 million).

(a) *Botswana*

On 20 July 2020 Petra announced the disposal of 100 per cent. of its interest in Sekaka Diamonds Exploration (Pty) Limited ("**Sekaka Diamonds**") to Botswana Diamonds PLC. The assets of Sekaka Diamonds comprised the Group's three existing prospecting licences in Botswana, including the KX36 project (a 3.5 hectare kimberlite that was newly discovered by Petra in 2010) in addition to a bulk sampling plant. These assets were classified as 'assets held for sale' since 30 June 2018 following the Board's decision to dispose of its exploration assets in Botswana.

The total consideration for the disposal was US$300,000 and Petra is entitled to a five per cent. royalty on the sale of diamonds which are commercially produced from any kimberlite falling within the licence areas subject to the sale. Botswana Diamonds PLC has the option to buy out the royalty for a cash payment of US$2 million. The consideration is payable in two equal instalments of US$150,000, which shall be paid on or before 31 August 2021 and 31 August 2022 respectively.

The sale was completed on 27 November 2020.

(b) *South Africa*

Petra currently holds 984km^2 of exploration licences in the Northern Cape province of South Africa. Due to current market conditions and the COVID-19 pandemic, exploration activities have been put on hold. The Company is looking to divest of its exploration assets in South Africa when market conditions allow.

3.7 ***Sales and Marketing***

In the ordinary course, the Company sells all rough diamond production by the method of open tender. The Company's South African production is mainly sold at the Johannesburg Bourse (on occasions, production is exported to Antwerp for sale). The process from mine to market, in normal operating conditions, is as follows:

- each individual mine's production is pooled on a weekly basis;
- the diamonds are cleaned and placed into sales assortments according to a number of criteria such as size, colour, clarity and expected value, with certain high value stones sold as single lots;
- individual mine production is kept separate, providing buyers with an additional level of knowledge about the goods they are purchasing based upon each mine's unique diamond characteristics;
- the tender preview then commences, with the Group's premier clients (who generally purchase around 90 per cent. of the goods at each tender) invited to view the assortments over a three to five day period;
- the tender commences and lasts between four to six working days, during which participants view the assortments and place a confidential electronic bid on the parcel of their choice;
- at the end of the tender, the results are published and the highest bidder wins the parcel;
- 'exceptional' diamonds are sold via a specific tender process, with the preferred route to market being evaluated on a case by case basis. For example, a special, standalone tender process was held for the five blue diamonds forming the Letlapa Tala Collection, with viewings held in Antwerp, Hong Kong and New York during November 2020. Buyers were given the option to place individual bids for one or more of the diamonds, or to place bids on the whole collection; and
- in certain cases the Group may retain the right to an interest in the sale of an exceptional diamond and the future sale as polished diamonds.

Should the highest bid be below the Group's reserve price, Petra has the option to withdraw the parcel and retain it for sale at a future date. In certain circumstances, the Group can export unsold diamonds to its marketing office in Antwerp for sale.

The Group's Tanzanian production is sold in Antwerp, which remains one of the world's key diamond centres. The diamonds are sorted and sold via open tender in a similar fashion to the process outlined above.

In response to the COVID-19 pandemic, the Company has introduced a flexible sales approach in order to achieve the best possible route to market, subject to prevailing challenging market conditions and the COVID-19 related regulations and restrictions. This saw the Company withhold higher value goods for sale during the March tender, at which it received highly opportunistic and depressed bidding; these goods were later sold during the June and July tender cycles. Furthermore, the Company has utilised its strong relationships with its client base to make sales of 581.9 kcts in July 2020, mainly through agreements with some of its long-standing customers, bringing the total sales across the South African operations for the June and July tender cycles to US$40.6 million.

The Group's tender sale in September 2020 saw pricing on a like-for-like basis strengthen by approximately 21 per cent. in comparison to prices achieved in the March and June sales cycles and the tender sale in October 2020 saw a further approximate two per cent. like-for-like price increase. However, prices were still around 10 per cent. below pre-COVID-19 levels. As noted above, the Company held a special, standalone tender for the Letlapa Tala Collection of five blue diamonds which closed on 24 November 2020. The Company took all the steps necessary to ensure maximum exposure to potential buyers of these stones, considering COVID-19 related restrictions, including arranging for the diamonds to tour the key diamond centres of Antwerp, Hong Kong and New York so that as many clients as possible could see the diamonds in person. The Letlapa Tala Collection was sold as a suite of stones to a partnership between De Beers and Diacore for a total price of US$40.36 million, payable in cash prior to delivery of the stones. The Company has conducted limited private sales in December 2020 to meet its obligation towards holders of South African Diamonds Beneficiation licences and is planning to hold its next general sales tender in January 2021 in Antwerp. However, risks to tender timing remain as a result of possible restrictions that may be re-imposed following a second wave of COVID-19 infections currently being experienced in a number of countries, including Belgium.

The Company will continue to remain flexible in terms of its approach to diamond sales in order to respond effectively to the latest market conditions.

The Company announced on 11 September 2017 that a parcel of diamonds (71,654.45 carats) from the Williamson mine had been blocked from export to its marketing office in Antwerp. While no member of the Group or its personnel have been charged with any wrongdoing in connection with the above matter and the Group has since this time been given authorisation from the Government of Tanzania to resume diamond exports and sales from Williamson as normal, the parcel of 71,654.45 carats remains blocked for export and there have been media reports suggesting there is the possibility that the Government of Tanzania may seek to nationalise the diamonds. The Directors and Proposed Director estimate that the revenue impact on the Company of the blocked parcel is approximately US$10.5 million, which is management's view based on the original valuation of the parcel and the subsequent price movement in the diamond market. Petra remains in regular communication with the Government of Tanzania in order to reach a satisfactory resolution, however there can be no certainty that the parcel will be released for sale, and whilst the Group is not aware of any specific matters as at the Latest Practicable Date, there is no guarantee similar actions will not occur in the future. Please see paragraph 23 of Part 2 ("*Risk Factors*") of this document for further information.

4. About BEE and the Group's BEE Partners

Broad based black economic empowerment is a policy of the South African government aimed at addressing past economic imbalances, stimulating further growth and creating employment. This policy is applied to the mining industry through the MPRDA and the Broad-Based Socio-economic Empowerment Charter for the Mining Charter.

The Mining Charter, which is the main regulatory instrument for BEE in the mining context, required the holder of new order mining rights to achieve historically disadvantaged South African equity ownership of 26 per cent. by 2014.

Historically disadvantaged South Africans' participation extends beyond ownership levels to employment equity, management and procurement spending. In March 2019, the Minerals Council applied for a judicial review of the Mining Charter in accordance with the Promotion of Administrative Justice Act. One of the areas subject to such review is whether the ownership requirements in the Mining Charter would apply to renewals, transfers or amendments of mining rights. No court date has been set yet for any hearings on the merits of this matter and the matter will be considered at the time, and in the event that, the Company wishes to renew, transfer or amend any of its mining rights.

BEE in the mining context in terms of the Mining Charter is measured across several categories, including:

- equity ownership;
- management;
- employment equity;
- skills development;
- preferential procurement;
- enterprise development; and
- socio-economic development.

The Company has a proactive strategy in place across the Group to foster and encourage BEE and transformation at the ownership and management level, through skills development training, employment equity, procurement and rural development.

The Company's BEE Partners include a commercial BEE Partner (Kago Diamonds) as well as the IPDET. Kago Diamonds and the IPDET own 14 per cent. and 12 per cent. respectively of the Group's South African mining operations. Kago Diamonds is a consortium of BEE mining companies, namely Sedibeng Mining (32.4 per cent.), Umnotho weSizwe (16.1 per cent.), Namoise Mining (Pty) Ltd (14.2 per cent.), Lexshell 844 (Pty) Ltd (5.3 per cent.) and Thari Resources (Pty) Ltd (0.6 per cent.) and the remaining 31.4 per cent. is owned by Petra Diamonds Holdings SA (Pty) Ltd (previously registered as Luxanio Trading 105 (Pty) Ltd.).

In 2009, the Minister of Mineral Resources published the Mining Codes. The purpose of the Mining Codes is to, *inter alia*: (i) set out administrative principles in order to facilitate the effective implementation of the minerals and mining legislation; and (ii) give effect to the object of developing a code of good practice for the minerals industry in South Africa. The Mining Codes are, however, not being applied by the DMRE owing to the possibility, amongst others, that they could be ultra vires.

The Mining Codes, if applied, permit the holder of a mineral right to adopt a one-time, modified flow-through structure in the measurement of its ownership by historically disadvantaged South Africans, in which up to 49 per cent. of the ownership of one of the historically disadvantaged South African holding entities may be held by non-historically disadvantaged South Africans, which can include the mining right holder.

As explained in paragraph 3(e) of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*"), the Group's arrangements with the BEE Partners will be amended pursuant to the Consensual Restructuring.

5. Business strategy

Substantial investment in the Group has transformed the production profile of the asset portfolio and positioned the business favourably in a new phase of steady state operations. Therefore, taking into account the lower levels of capital expenditure going forward, Petra's future focus will be on the continued optimisation of operations and the generation of free cash flow in order to maximise value for stakeholders.

Key considerations in the delivery of the Group's strategy are as follows:

(a) ***Health and Safety***

The health, safety and wellbeing of Petra's workforce remains its top priority and therefore the Group will continue to strive towards reaching its objective of a zero-harm workplace. The Board has signed a health and safety pledge, which was officially launched throughout the Group in Q2 FY 2019.

(b) ***Project 2022 – embedding a culture of continuous improvement***

Project 2022 was launched in July 2019 with the aim of driving efficiencies and improvements across all aspects of the business with the objective of delivering an initial target of between US$150 million to US$200 million free cash flow over a three year period, with delivery weighted towards FY 2021 and FY 2022, in order to reduce net debt in the Group.

A 'central project team' has been established together with project teams at each of the Group's operations, to ensure that opportunities are captured and delivered to the business.

Project 2022 is a bottom-up assessment of the business. The areas in focus include throughput at all operations (approximately 75 per cent. of the target), cost efficiencies (approximately 10 per cent. of the

target), strategic sourcing (approximately five per cent. of the target) and other initiatives (approximately 10 per cent. of the target), such as the sale of equipment and the resolution of the blocked parcel and VAT receivables in Tanzania.

Project 2022 is now fully operational across the Group and its principles of focused and continuous improvement are being entrenched in the operating model and are becoming part of the culture of the Company.

Work to date has resulted in the implementation of various initiatives which have eliminated or mitigated the impact of bottlenecks in the production processes of the various mines, resulting in the highest volume of ROM tonnes treated, delivering record ROM carats produced, for the nine months to 31 March 2020, prior to the COVID-19 disruptions. A shift in focus to cost optimisation as a result of COVID-19 production restrictions has led to the identification of annualised savings increasing to approximately US$22 million. These savings are expected to be fully realised by the end of Q3 FY 2021. With South African operations now returning to full production, the Project 2022 throughput initiatives are expected to ramp up towards delivering an annualised contribution of approximately US$101 million by the end of FY 2021. This is expected to result in an annualised increase in operating free cash flow of approximately US$123 million.

Project 2022 will capitalise on the advanced nature of the Group's development plans, with the new mining blocks set to benefit from operational efficiencies, driven by optimised ore-handling and processing systems. Owing to the nature of cave mining (as utilised at Petra's underground mines) there is a beneficial impact on production as the projects ramp up to full capacity. The ramp up of tonnages is directly related to an increased number of draw points available to load from, as well as access across a larger footprint of the ore body. Further to this, as draw points mature, the ore fragmentation becomes finer which requires less secondary breaking thus improving the efficiency of loading activities. The production benefit received is therefore both in terms of additional flexibility for volumes mined as well as less variability in recovered grades.

An important aspect of embedding Project 2022 and the new culture of efficiencies within the Group is the 'Organisational Redesign' initiative which is focused on the optimisation of the Company's structure and workforce management in a way that best supports the achievement of Petra's strategy.

Finally, a key focus for Project 2022 is on the sustainable optimisation of the Company's cost structure and the Company announced in October 2020 that it had identified annualised savings of US$22 million, which are expected to be fully realised by the end of Q3 FY 2021.

(c) ***Creation of an optimal capital structure***

The major capital expansion programmes at each of Petra's mines have for the most part been completed, evidenced by a reduction in operational capital expenditure by 55 per cent. to US$36.6 million in FY 2020. In response to the impact of COVID-19 on the business, and taking into consideration the ongoing discussions with its various stakeholders in relation to the Group's capital structure, Petra has taken steps to optimise its future capex profile in order to minimise short-term capital requirements and manage its liquidity through the crisis period. This has led to a significantly reduced level of capital provisionally planned for FY 2021 of approximately US$28 million, which has been achieved through some capital savings, but largely deferrals to future periods.

However, Petra's financial position remains highly sensitive to the impact of COVID-19, Rand/US dollar exchange rate, grade and price variability (especially at Cullinan), as well as the outlook for Williamson and the blocked diamond parcel, all of which could impact on the Group's liquidity. For further information, please see paragraphs 6, 8 and 23 of Part 2 ("*Risk Factors*") of this document.

In order to mitigate the impact of the business challenges experienced by Petra (as noted in paragraph 2.2) of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document), in particular the impact of the COVID-19 pandemic, the Group drew down on each of the Existing RCF and Existing WCF, ZAR400 million and ZAR500 million respectively. This was done in order to secure the short term liquidity of the Group.

As at 30 June 2020, the Group had Consolidated Net Debt of US$696.6 million, due to lower sales and the capitalisation of the deferred coupon payment on the Company's US$650 million loan notes of US$23.6 million. The Directors and Proposed Director believe that this level of debt is unsustainable and therefore

entered into discussions with the Company's financial stakeholders around the Consensual Restructuring to reduce the burden of the Group's debt service obligations on its business. The Directors and Proposed Director believe that this is necessary to improve Petra's financial and operational flexibility and to enable the Group to focus on its operational deliverables. Addressing this leverage and establishing an optimal capital structure will enable Petra to capture future organic growth opportunities and reposition Petra as the leading mid-tier diamond producer.

(d) ***Realising the potential of the Group's portfolio of assets***

The Board will, on an ongoing basis, review the asset portfolio of the business with a view to maximising return on capital and to ensure that all assets are in a position to contribute positive cash flow to the business. The market will be kept informed of developments with regards to this.

In FY 2019, as a result of an impairment review carried out at Cullinan, Finsch, Koffiefontein and Williamson, asset level impairments across the mining operations amounted to US$223.7 million. Whilst the underlying operational plans, costs and capital expenditure assumptions did not materially change compared to earlier reviews, the impairments were largely driven by reduced starting price assumptions for rough diamonds, given weakness in the rough diamond market at the time, and a decision to use a lower real price escalator compared to earlier assumptions. In FY 2020, impairment reviews carried out at Cullinan, Finsch, Koffiefontein and Williamson resulted in further asset level impairments of US$85.5 million, driven by lower diamond prices, as a result of the impact of the COVID-19 pandemic on the diamond market, as well as an increase in the discount rate used for financial evaluation (for further information on impairments, please see paragraph 5(d) of this Part 8 ("*Information on the Group*")). Despite these impairments, management's longer term outlook for the diamond market remains robust, as reflected by expectations that the market will normalise by FY 2023 and the Company has therefore assumed long-term escalation of rough diamond pries at 1.8 per cent. real term growth from FY 2024 to FY 2030. For further information, please see paragraph 11 of Part 2 ("*Risk Factors*") of this document.

In July 2020, the Company reached agreement to dispose of its exploration assets in Botswana, in line with its focus on optimising performance at its producing assets and with reference to the high level of risk associated with diamond exploration. The sale was completed on 27 November 2020. The Company continues to hold exploration licences in South Africa but these are classified as 'assets for sale'. The Company is looking to divest of its exploration assets in South Africa when market conditions allow. Further details are set out in paragraph 3.6 of this Part 8 ("*Information on the Group*").

In both the medium and longer term, there are further production growth and life extension opportunities within the current asset portfolio, particularly at Cullinan and Williamson, due to the significant size of these orebodies. This provides the Company with optionality for future organic growth, but any such decisions will be predicated on the balance of managing the Company's financial position and returns to Shareholders.

(e) ***Appropriate Board and Management structures***

The Group continues to review its Board, board committee and senior management structures in line with its development from a phase of intensive capital expenditure and expansion to a focus on steady state operations, as well as to address improving diversity at the higher levels of the business.

The Nomination Committee's three-year succession plan ran until the end of FY 2019. As part of the plan, Varda Shine and Bernard Pryor were appointed as independent Non-Executive Directors with effect from 1 January 2019. Richard Duffy was appointed as Chief Executive Officer with effect from 1 April 2019. Peter Hill CBE replaced Adonis Pouroulis as non-executive chairman on 31 March 2020. Improving diversity at the top levels of the business was an integral part of the succession plan and the percentage of females on the Board increased from 22 per cent. to 25 per cent. in FY 2020. The Group has also recently carried out an organisational restructure. In November 2019, it was announced that Petra had implemented a flatter management structure, with mines now reporting directly to the Chief Executive Officer. As mentioned above, an 'Organisational Redesign', as part of Project 2022, is currently underway to optimise and align operational and group structures.

The Company and the Ad Hoc Committee intend that the existing Directors will remain in office following the implementation of the Consensual Restructuring, save for Gordon Hamilton who, as previously announced by the Company, will retire from the Board at the conclusion of the FY 2021 annual general meeting. In addition, it has been agreed that certain Noteholders, in their capacity as Shareholders after the

successful implementation of the Consensual Restructuring, will be entitled to a Nomination Right (as further detailed in paragraph 3(f) of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document).

(f) ***Environmental, social and governance***

Petra intends to continue to develop leading practices in the areas of environmental, social and governance, recognising the importance of responsible business practices and the role that the private sector can play in terms of a positive impact on its local communities and other stakeholders. This is particularly the case for the Group's operations, given their location in areas of South Africa and Tanzania where the Group can continue to actively contribute to socio-economic development. Petra believes that making a difference is a core part of its purpose as a business, and forms part of its commitment to uphold the value placed upon its precious product.

Recent claims alleging human rights violations at the Group's Williamson mine are being taken very seriously by the Board. Petra has formed a sub-committee of the Board formed entirely of independent Non-Executive Directors with responsibility for evaluating the allegations. This committee has initiated an investigation into the human rights allegations, which is being carried out by a specialist external adviser in conjunction with the Company's lawyers. The investigation team is scheduled to report back to the committee by the end of the calendar year 2020 and the committee will then undertake a review and make recommendations to address any findings. This may include any required remedy or corrective action to be taken as a result of the investigation's findings. A number of measures have also been implemented by Williamson Diamonds Limited, the operator of the mine, at the site in order to review current systems and procedures and improve engagement with its communities.

Further detail regarding the Group's approach to sustainability and social responsibility is set out in paragraph 9 of this Part 8 ("*Information on the Group*").

(g) ***Upholding the value of natural diamonds***

Finally, Petra is committed to highlighting the responsibility and transparency within the industry, thereby promoting sustainable long-term demand and protecting the value of diamonds. The Group is partnering with Harvard on a study to better understand the origin of Type II diamonds and has a collaboration with Boodles which highlights the heritage of Cullinan and the provenance of its diamonds.

The Group also seeks to actively influence consumer demand via its role as a founding member of the NDC, an industry organisation which aims to advance the integrity and reputation of the modern diamond industry and inspire, educate and protect the consumer. The NDC's members are fully committed to supporting the sustainable development of communities, diamond-producing countries and the diamond sector from mine to market. Importantly, the NDC also assigns a significant budget annually to generic diamond marketing in the key markets of the United States, China, India and Europe. The NDC recently itself underwent a rebranding (from its prior incarnation as the Diamond Producers Association) and launched its first major advertising campaign as the NDC in September 2020.

Given the positive long-term outlook for the Group's industry, which is characterised by constrained and falling supply and the potential for continued demand growth in both mature and emerging markets, the execution of our business strategy is expected to place the Company in a strong position to fulfil its vision to be a world-class diamond company to the benefit of all its stakeholders.

6. Reserves and Resources

The following table summarises the Group's Reserves and Resources as of 30 June 2020:

Category	Tonnes (Millions)	Grade (cpht)	Contained Diamonds (Mcts)
Reserves			
Proved	–	–	–
Probable	131.4	29.6	38.86
Sub-total	**131.4**	**29.6**	**38.86**
Resources			
Measured	–	–	–
Indicated	354.2	46.8	165.64
Inferred	1,295.5	6.0	77.87
Sub-total	**1,649.6**	**14.8**	**243.51**

As at 30 June 2020, the Group's gross Diamond Resources (inclusive of Reserves) decreased two per cent. to 243.51 Mcts (30 June 2019: 248.15 Mcts), predominantly due to the finalisation of a new Resource model at Cullinan, which includes all outstanding sampling information from the recently completed C-Cut block cave development, the removal of the Eskom Tailings Mineral Resource at Koffiefontein following the transfer of ownership to the Koffiefontein Community Mining Primary Cooperative, as well as depletions at all mining assets further to ore mined in FY 2020.

The Group's gross Diamond Reserves decreased nine per cent. to 38.86 Mcts (30 June 2019: 42.51 Mcts) primarily due to mining depletions, and the impact on the remaining Reserves at Williamson following the pit slump experienced during FY 2020.

7. Employees

The table below shows the total number of employees (including Non-Executive Directors) and permanent contractors within the Company as of the dates indicated.

	As of 30 June		
	2018	2019	2020
Employees	5,502	3,833	3,703
Contractors	3,984	2,955	1,323
Total	**9,486**	**6,788**	**5,026**

The Group believes that it has satisfactory working relationships with its employees and has not experienced any significant recent labour disputes or work stoppages.

8. Licensing and permits

There are a host of licences, authorisations and permits that need to be in place at the Group's operations, particularly from an environmental, health and safety perspective. The need for, and periods of validity of, such permits is monitored on an ongoing basis at the operations and there is continual interaction with the authorities in this regard.

8.1 *Water use licences*

In South Africa, all of the Group's mining operations recently carried out the required integrated water use licence applications process as per the National Water Act No. 36 of 1998 and have since been awarded up to date water use licences by the South African Department of Water and Sanitation.

The operation in Tanzania is in possession of the water use permits required under the relevant legislation (Water Resources Management Act, 11 of 2009).

8.2 ***Environmental incidents***

Petra aims to minimise environmental incidents at all of its operations and has put in place processes to manage any incidents that do occur, as effectively as possible. The Group classifies incidents according to their severity, ranging from minor to major.

In South Africa, incidents are recorded and managed in a health, safety and environment database called IsoMetrix on an ongoing basis and are only recorded as closed once all allocated actions have been addressed and the effectiveness of the corrective actions have been verified.

In Tanzania, Williamson has a documented system in place where the Environmental Officer on site records any reported incidents and is responsible for ensuring that appropriate corrective action is taken when necessary.

For the past ten years, no 'high' or 'major' environmental incidents have been reported at any of the Group's operations. The following significant (classified within the 'medium' category) environmental incidents for the past three years took place in respect of the Group's operations: during FY 2020 three significant incidents, FY 2019 three significant incidents and FY 2018 ten significant incidents occurred. These were reported and appropriate remedial action was taken timeously in order to minimise some or all of the environmental impact that may have been caused.

No fines have been issued to Petra for environmental infringements from FY 2014 to date.

8.3 ***Rehabilitation provisions***

Of the approximately 5,389 hectares of land disturbed by the Group's operations, 124 hectares are undergoing rehabilitation and a further 696 hectares are deemed to have already been rehabilitated. All the South African operations have annual rehabilitation plans as well as a statutorily mandated LOM closure plan. The Group's Tanzanian operations have a rehabilitation strategy procedure as well as rehabilitation sign off criteria. The South African operations update the annual environmental closure liabilities in line with the requirements of the DMRE guidelines. A closure plan for Williamson is also in place.

Financial 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.

Petra estimated, as of 30 June 2020, the rehabilitation liability at each South African mine (on a premature, or immediate, closure basis) as follows:

- Cullinan – US$12.4 million;
- Finsch – US$20.2 million; and
- Koffiefontein – US$6.3 million.

The total estimated rehabilitation costs at the South African operations as of 30 June 2020 are US$38.9 million.

Petra is required to have financial provisioning in place in respect of these rehabilitation liabilities and has done so through Guardrisk guarantees. The Guardrisk guarantees have been provided to, and are issued in favour of, the DMRE in the following amounts:

- Cullinan – US$20.1 million;
- Finsch – US$21.0 million; and
- Koffiefontein – US$4.1 million.

The total of the Guardrisk guarantees at the South African operations are US$45.2 million.

The amounts of the rehabilitation costs and Guardrisk guarantees represent liability in the event of a premature closure of the operations concerned, which is less than will be the case in the event of an ongoing, concurrent rehabilitation as contemplated in the relevant environmental management programmes over the entire LOM.

At Williamson, the rehabilitation liability as of 30 June 2020 amounts to US$6.4 million but the Guardrisk guarantee has not been finalised yet with the Government of Tanzania.

On 17 May 2019, the Department of Environmental Affairs released for public comment the 'Proposed Regulations Pertaining to Financial Provisioning for the Rehabilitation and Remediation of Environmental Damage Caused by Reconnaissance, Prospecting, Exploration, Mining or Production Operations, in terms of the National Environmental Management Act 107 of 1998' (the "**Proposed Financial Provisioning Regulations**"). Once finalised, the Proposed Financial Provisioning Regulations will replace the current Financial Provisioning Regulations 2015 in their entirety. There is still uncertainty as to when the Proposed Financial Provisioning Regulations will take effect, whether they will be amended following the public review and how they will affect liability calculations. It is currently anticipated that the Proposed Financial Provisioning Regulations may be amended in February 2021, with implementation potentially scheduled for June 2021, although there is no certainty regarding this timeframe. Petra will amend the liability calculations (as set out above) once the Proposed Financial Provisioning Regulations are finalised and Petra will also finalise action plans to provide any anticipated shortfalls at that stage. The Company currently estimates that the total liability for the South African operations may be increased by ZAR49.5 million (approximately US$3.2 million) from the currently provided Guardrisk guarantees, but this remains uncertain.

9. Sustainability and social responsibility

Sustainability and social responsibility is important to Petra and is integral to the way it structures and operates its mining, development and exploration projects. As at 30 June 2020, the Group employed more than 5,000 people (employees and contractors) in South Africa and Tanzania, and as such is a significant employer in Africa. The Group therefore aims to have a positive impact on the lives of its workforce and its surrounding communities by actively contributing to socio-economic development, based on the priorities of its local operating environment.

Petra structures and plans its operations to ensure that all stakeholders receive maximum benefit from the Group's presence. This approach aims to ensure long-term sustainable operations by focusing on five core sustainability objectives:

(1) to ensure that everyone works safely, in a 'zero harm' environment;

(2) to ensure that the Group works in harmony with its natural environment and manages resources appropriately;

(3) to ensure that the Group has sustainable relationships with all of the communities in which the Company operates;

(4) to ensure that the Group complies with relevant legislation in order to maintain the Company's licence to operate; and

(5) to structure and implement all projects and practices with the long-term success of the Group in mind, to the benefit of all stakeholders.

Tailings at the Group's mining operations may present a risk to the environment, property and persons. The Group has made available mandatory 'Codes of Practice' for all residue deposits at the South African mines as required by, and according to guidelines from, the DMRE and has developed and implemented operating practices at the Williamson mine similar to those required pursuant to the 'Codes of Practice'. In addition to internal compliance, assurance and performance audits, third party professional engineers, together with mine geotechnical engineers, are appointed by Petra to oversee and provide assurance on the design and operational standards of the tailings facilities through quarterly inspections. Furthermore, annual external audits are conducted in accordance with management standards and ad hoc inspections are carried out by the regulator. Important parameters that are being recorded, documented and managed include the overall condition of side slopes, benches and basin, drain flow records, deposition rates and corresponding rate of rise, freeboard, the phreatic surface level, structural integrity of the penstocks, pool size and location, impact on surrounding environment and potential zone of influence.

The COVID-19 pandemic poses a significant risk to the health and safety of the Group's workforce. Whilst the majority of those who contract the virus may be asymptomatic or may only experience mild symptoms, a number of people (especially those with comorbidities) may become seriously ill or the virus may prove fatal. Whilst Petra has implemented systems and strategies aiming to prevent and/or contain the spread of the virus at its operations, the widespread prevalence and highly infectious nature of the virus has meant that 242 employees have been confirmed COVID-19 positive at the South African operations to date, and of these 236 have recovered in full.

Although the majority of those affected are only experiencing mild symptoms, the Company has tragically lost three colleagues as a result of COVID-19 as at the Latest Practicable Date.

9.1 ***HSE Committee***

Petra's HSE Committee is responsible for the health, safety and environmental policy of the Group, and compliance with that policy within the Group. The role and purpose of the HSE Committee is to assist the Board in discharging its oversight responsibilities relating to health, safety and environmental matters and to ensure the company upholds the principles of good corporate citizenship and conducts its business in an ethical and sustainable manner.

9.2 ***SED Committee***

Petra's SED Committee oversees the Group's social, ethics and diversity systems and policies and the monitoring of compliance. The role and purpose of the SED Committee is to oversee the Company's social, ethics and diversity strategy and monitor performance as well as advise on the Company's approach to stakeholder engagement, with regards to social matters, business ethics and diversity (with its different interpretations and connotations in the jurisdictions in which Petra operates).

9.3 ***Occupational health and safety***

The Group places the health and safety of employees at the core of all of its activities. Health and safety committees, comprising management and employee representatives, are in place at all operations. The activities of these committees are governed by collective agreements aligned with legislation. This is in accordance with the Mine Health and Safety Act No. 29 of 1996 of South Africa and The Mining Act No. 14 of 2010, the Occupational Health, Safety and Environmental Protection Regulations (2010) (South Africa) and The Occupational Health and Safety Act and its Regulations, No. 04 of 2003 of Tanzania.

Petra has various strategies and a Health and Safety Management System, supported by standards, codes of practice, policy, procedures and directives; implemented, maintained and enforced to prevent occupational disease, injuries or losses. Emphasis is placed on risk-based health, safety and environment training supported by various awareness campaigns.

The Company encourages the active participation of employees and their representatives in health and safety aspects by means of the HSE Committee structures.

Petra follows an ISO 31000 compliant operational risk-based management approach which entails continual hazard identification, risk assessment and instilling a health and safety conscious work culture and awareness into the workplace using the 'PDCA' system.

The Group's principal safety risks relate to trackless mobile machinery, electrical switching, supported and suspended loads, underground flooding, mud and fall of ground.

The root cause of the majority of accidents remains breaches in safety rules and non-conformance to work procedures. The remedial process is focused on retraining, improving first line supervision and enforcement of existing controls.

Petra's health and safety management system is based on the ISO 31000 risk management principles and implemented using the OSHAS 18001:2007 system that requires health and safety to be fully integrated into all activities. Third party certification measures provide assurance on enhancement of performance, compliance, continual improvement and achievement of the Company's stated health and safety objectives. All of the Group's underground pipe mines maintained their OHSAS 18001:2007 third party certification in FY 2017. The Williamson mine has not been subject to formal certification, but its processes and systems are aligned with such international standards. A transition process is scheduled over the period 2019-2020 for all operations to migrate from the OHSAS 18001:2007 system to the newly promulgated ISO 45001:2018 standard.

In FY 2020, the Group reported an increased LTIFR of 0.29 (FY 2019: 0.21). The Group recorded 19 lost time injuries in FY 2020 (FY 2019: 16), 11 of which were at Finsch where the majority of the accidents were found to be behavioural in nature and of low severity. Considerable focus was placed on changing these behaviours through management intervention, including in-shift safety stops, visible-felt leadership and management walkabouts, safety discipline enforcement and safety inspection processes. The total number of injuries (including lost time injuries) reported by the Group decreased 26 per cent. to

45 compared to FY 2019 (61 total number of injuries). For the third year running, the Group recorded no fatalities during FY 2020.

9.4 ***HIV/AIDS***

HIV/AIDS remains a significant area of focus in the Group's countries of operation. While this is not an occupational illness, it can have a significant impact on employee health and productivity and on the communities in which the Group operates. Petra's programmes are mainly preventative in nature, with a strong focus on creating awareness with several peer education training and safety awareness programmes in place. In FY 2020, 100 per cent. of Petra's employees were offered voluntary testing for HIV/AIDS.

9.5 ***Labour relations***

Labour relations in South Africa have been under the spotlight in recent years due to the protracted industrial action experienced particularly by the gold and platinum sectors. In contrast, the Group has generally maintained a track record of stable relationships with its workforce, due to the following factors:

- Its diamond mining operations are less labour intensive and require a more highly skilled workforce (43 per cent. of the Group's workforce is skilled and 57 per cent. semi-skilled) in comparison to platinum and gold mining companies. Given the mechanised nature of the mines, operating conditions underground are good.

- It uses fewer migrant workers than other mining groups in South Africa. The Company prioritises recruitment from the areas local to its operations. However, skills shortages in the local communities are often a reality when recruiting for skilled positions. For this reason, vacancies for positions in the skilled bands are also advertised regionally or nationally, whereas all unskilled and semi-skilled positions are advertised locally only. Preference will still be given to local applicants whenever possible.

- It maintains a high level of focus on employee communications, with frequent and transparent communication with employees and employee representatives such as unions via a range of methods.

- Labour relations were stable in FY 2020, with no industrial action taking place. Petra's three-year wage agreement with the National Union of Mineworkers came to an end on 30 June 2020 and the Company and NUM subsequently entered into a new negotiation period. In October 2020, the Company announced that it had agreed a new one-year wage agreement with NUM covering employees graded in the A and B Paterson Bands of its South African operations. Petra remains highly focused on managing labour relations and on maintaining open and effective communication channels with its employees and the appropriate union representatives at its operations.

- It has put in place a supportive BEE ownership structure, with the employees via the IPDET owning a 12 per cent. shareholding interest in the operating mines.

- The IPDET has commenced distributions to its beneficiaries and has made the following payments:

  (i) First payment of ZAR12,500 per employee paid in December 2014 (representing approximately 30 per cent. and up to 120 per cent. of the monthly salary for skilled and semi-skilled employees respectively);

  (ii) Second payment of ZAR15,000 per employee paid in December 2015;

  (iii) Third payment of ZAR18,000 per employee paid in December 2016;

  (iv) Fourth payment of ZAR6,000 per employee paid in December 2017;

  (v) Fifth payment of ZAR7,250 per employee paid in December 2018;

  (vi) Sixth payment of ZAR5,000 per employee paid in December 2019; and

  (vii) Seventh payment of ZAR5,000 per employee paid in December 2020.

9.6 ***Developing the Group's people***

In keeping with Group's core value of 'Let's take control', Petra believes that employees who are empowered and accountable for their actions work to the best of their ability. The Group has therefore fostered a culture whereby innovation and creativity in the workplace is encouraged and rewarded.

Group-wide human resources policies covering most aspects of employment and employee development are supplemented at an operational level to ensure they are applicable within the local context of each mine, thereby ensuring a well-regulated human resources environment. These documents are supported by the Group's Code of Ethical Conduct, its Human Rights Policy and other Group-level initiatives, which reinforce Petra's existing commitment to the fair treatment and sustainable development of its workforce.

In FY 2020, the Group's training spend amounted to approximately US$5.8 million, with the main areas of expenditure being in-house technical training, outsourced training to specialist accredited external training providers, engineering and rock-breaking learnerships, internships, bursary scheme, school support projects and centralised leadership and management development programmes as well as leadership coaching.

9.7 ***Community development***

Petra's mission is to unlock value for all its stakeholders, of which the Company's local communities are considered to be one of the most important. Relationships with the Group's local communities are not only important in securing support for the Group's activities and maintaining its social licence to operate, but also vital for ensuring that the Group's operations add real and lasting value to society. Over the years, Petra has developed a range of social initiatives which continue to make a meaningful impact upon the lives of employees and surrounding communities, and follows a holistic approach to sustainable development, via educational programmes and skills transfer, to ensure a lasting legacy.

The Group is committed to identifying sustainable projects in conjunction with local communities themselves, as well as local authorities, and is involved in a wide range of corporate social investment and local economic development programmes. The objectives of these programmes are poverty alleviation, job creation, skills development and participation in the communities in which the Group operates.

Petra's community development efforts are therefore focused on: sustainable job creation; poverty alleviation; education and skills transfer; and enterprise development. Outside of formally committed expenditure (which is agreed as per the Group's 'Social and Labour Plans' in South Africa), Petra provides further discretionary social expenditure.

The Petra Foundation was formally established and registered as a non-profit organisation in FY 2016. The purpose of the foundation is to attract funding from the Group's large suppliers, contractors and multi-nationals, as well as securing other contributions. These funds are then used for community projects adjacent to the Group's operations, which meet the criteria of the foundation's Memorandum of Incorporation.

In FY 2020, the Group's total social investment spend increased 40 per cent. to US$1.4 million due to the completion of a number of community projects in South Africa.

9.8 ***The Group's economic impacts***

Taxes and royalties make a significant contribution to the countries in which Petra operates. The Group supports the principles of the 'Extractive Industries Transparency Initiative' and 'Publish What You Pay', given that publishing details of the Company's tax payments to Governments can help improve community support for its activities.

In FY 2020, Petra paid a total of US$19.7 million in taxes and royalties. It should be noted that the Group's operations are currently subject to varying levels of tax shields, due to the significant level of investment being spent by Petra at each asset. As the capital expenditure phase starts to wind down, payments of taxes and royalties are due to rise considerably, in line with the profitability of each operation.

The Group spent US$117.8 million on wages and other benefits in FY 2020, compared to US$143.2 million in FY 2019. The 'multiplier effect' which can be applied in Africa means that whilst, as at the end of FY 2020, Petra employed 3,703 permanent employees and 1,323 contractors, a significantly larger number of people are to a greater or lesser extent dependent on the Group's operations. In line with

the Group's commitment to support local economic development, the Group's operations aim to use local suppliers for goods and services where possible.

9.9 ***Upholding the value of diamonds***

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

Petra ensures that every aspect of its business is managed and run in keeping with its values, as well as with the value placed upon its product. As such, the Group monitors and manages each step in the diamond production process to high ethical standards: from exploration, development and mining, through to processing and sorting, and finally marketing and sale.

The Group will only mine diamonds in countries which are members of the Kimberley Process and only sells diamonds from known sources, thereby providing assurance that 100 per cent. of its production is certified as 'conflict-free'.

The NDC also works to maintain and enhance consumer demand for, and confidence in diamonds. By promoting the integrity and reputation of diamonds and the diamond industry, the NDC will play a central role in ensuring the long term sustainability of the sector. The NDC's mission is to protect and promote the integrity and reputation of diamonds, thereby ensuring the sustainability of the diamond industry.

9.10 ***Protecting human rights***

Petra is committed to the responsible development of its assets to the benefit of all stakeholders and we conduct our business in a manner that respects the human rights and dignity of all people. This commitment is based on the belief that business should be conducted honestly, fairly and legally, as set out in the Group's human rights policy.

Whereas the state is responsible for the protection, promotion and fulfilment of human rights, companies have a critical role in respecting these rights and dealing proactively with potential and actual infringements.

Petra recognises its responsibility to respect the human rights of all individuals within any area on which Petra has an impact or influence and not only within the Company's operational areas. Petra understands how its operations can negatively affect human rights and it is committed to addressing adverse human right impacts.

Petra's commitment includes recognising all applicable international sources of human rights but particularly the International Bill of Rights (which includes the Universal Declaration of Human Rights), the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights and the Voluntary Principles on Security and Human Rights.

In ensuring respect for human rights Petra pledges to:

- welcome diversity and treat all people equally, without discrimination;
- respect the resources, values, traditions and cultures of local and indigenous communities;
- deal respectfully with issues of access to land;
- mitigate environmental impacts, including access to clean water;
- avoid damaging, as far as possible, the right to livelihoods, including those whose livelihoods have historically been reliant on artisanal mining;
- operate with respect for human rights in post-conflict and weak governance zones;
- ensure respect for human rights in deployment of security forces; and
- have consideration for societies most marginalised individuals and groups.

Petra seeks to ensure that stakeholders who are, or could be, affected by its activities have access to grievance mechanisms that are legitimate, accessible, timely, equitable and transparent and are aligned to

globally accepted best practices, as set out in the International Finance Corporation guidelines for grievance mechanisms and dispute resolutions. The approach to resolving disputes and grievances is based on respect, engagement and dialogue with the stakeholders and communities who are affected by Petra or who affect the Group's operations. All employees, contractors, suppliers or community members are encouraged to use these grievance mechanisms to report any infringement of human rights to the Company.

The process of ensuring human rights shall include assessing actual and potential human right impacts, integrating and acting upon the findings, tracking outcomes, and communicating how impacts have been addressed.

Recent claims alleging human rights violations at the Group's Williamson mine are being taken very seriously. Petra has formed a sub-committee of the Board formed entirely of independent Non-Executive Directors with responsibility for evaluating the allegations. This committee has initiated an investigation into the human rights allegations, which is being carried out by a specialist external adviser in conjunction with the Company's lawyers. The investigation team is scheduled to report back to the committee by the end of the calendar year 2020 and the committee will then undertake a review and make recommendations to address any findings. This may include any required remedy or corrective action to be taken as a result of the investigation's findings. A number of measures have also been implemented by Williamson Diamonds Limited, the operator of the mine, at the site in order to review current systems and procedures and improve engagement with its communities.

9.11 ***Encouraging diversity***

Petra recognises diversity, encompassing people from a range of backgrounds, skills and perspectives, as a moral and business imperative, due to the benefits that well-managed diversity brings to all levels of an organisation. Reflecting this recognition, the Group has a policy of zero tolerance towards discrimination in respect of factors such as gender, race, ethnic origin, colour, nationality, marital status, disability, religion and sexual orientation.

From a regulatory perspective, established and functional Employment Equity Committees are in place at all of Petra's South African mines in accordance with the Employment Equity Act, with membership drawn from employer and employee representatives. These Committees monitor the implementation of Employment Equity Plans, which detail the identified barriers to equitable employment and specify affirmative measures to be implemented by each operation.

Whilst not subject to the same regulation and legislation as the South African operations, Williamson in Tanzania has a policy to promote equal opportunity and to eliminate discrimination in the workplace. Williamson also applies affirmative action measures consistent with the promotion of women in mining, particularly during the recruitment process.

The Group has procedures in place to ensure that cases related to discrimination can be reported appropriately.

As of 30 June 2020, the number of women as a percentage of the Group's workforce remained flat at 19 per cent., the percentage of female senior managers was 11 per cent. (up from six per cent. as at 30 June 2019), and the percentage of females at management level was 22 per cent. (up from 19 per cent. as at 30 June 2019).

The Group has a number of initiatives aimed at developing women into managerial positions, such as the Leadership Development Programme, which has since its inception focused on the advancement of women (38 per cent. of participants are female). The Group is also focused on affording women an equal role as part of the next generation of employees, and as a result 30 per cent. of its interns, 34 per cent. of its engineering learnerships, 34 per cent. of its mining learnerships, 60 per cent. of its bursars and 67 per cent. of employees attending Management Development Programmes in FY 2020 were female.

9.12 ***Legal Matters***

From time to time, the Group is involved in claims, suits, investigations and proceedings arising in the ordinary course of business.

Save as disclosed in this paragraph 9.12, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Company is aware) which may have, or have had during the 12 months prior to the date of this document, a significant effect

on the Company and/or the Group's financial position or profitability.

(a) *Blocked parcel of diamonds from the Williamson mine*

A parcel of diamonds (71,654.45 carats) from the Williamson mine has been detained and blocked from export by the Government of Tanzania since September 2017. The provisional value assigned to the blocked parcel by TANSORT, the Diamond and Gemstones valuation unit of the Government of Tanzania, was US$14.8 million, however the Company has not had the parcel independently valued. The Directors and Proposed Director estimate that the revenue impact on the Company of the blocked parcel is approximately US$10.5 million, which is management's view based on the original valuation of the parcel and the subsequent price movement in the diamond market.

The basis for this action has still not been formally made known to the Company; however, media reports suggested the Government of Tanzania's concern about the potential under-valuation of diamond parcels prior to export and the impact this could have on royalty payments. In response to this speculation, the Company publicly confirmed that all operations at Williamson, including the export and sales processes, are conducted in a transparent manner and in full compliance with both the legislation in Tanzania and the Kimberley Process.

The Company remains in regular communication with the Government of Tanzania in order to reach a satisfactory resolution. The Directors remain hopeful that the parcel will be released by the Government of Tanzania and will be available for future sale, however there have been media reports suggesting there is the possibility that the Government of Tanzania may seek to nationalise the diamonds. Engagement generally with the Government of Tanzania has been impacted by the COVID-19 pandemic, as well as the Tanzanian elections in October 2020.

(b) *VAT receivables held by the Group that remain due and outstanding by the tax authorities in Tanzania*

As at 30 June 2020, the Group held VAT receivables of US$39.9 million in respect of the Williamson mine, which remain due and outstanding by the tax authorities in Tanzania. The Tanzania Revenue Authority disputed the recoverability of such VAT. The Group has now recognised an impairment charge on the outstanding VAT receivables of US$29.6 million, reflecting a net receivable of US$10.3 million by 30 June 2020. Whilst the Company continues to seek payment of these sums, there is no guarantee that it will be successful or that further VAT receivables will not be withheld in the future.

(c) *Claim forms issued by Leigh Day in the English High Court*

During May 2020, the law firm Leigh Day notified the Company and Williamson Diamonds Limited by letter that it had issued protective claim forms (for limitation purposes) in the English High Court on behalf of 32 claimants, concerning allegations that the claimants suffered personal injury inflicted by Williamson Diamonds Limited's security employees and contractors. In four instances, it is alleged that the injuries have resulted in the death of the relevant individual. One of the claimants will bring an additional claim on behalf of his son who is alleged to have been killed by Williamson Diamonds Limited's security. The precise details of each alleged incident are brief. The claimants who have issued protective claim forms have also obtained an anonymity order and as such, their identities have not been disclosed.

The claims filed by Leigh Day have not been served on either Petra or Williamson Diamonds Limited. In its letter before claim, Leigh Day has expressed an interest in alternative dispute resolution methods, including mediation. Responses have been provided to the claimants' lawyers in accordance with the relevant pre-action procedures of the English court. The amount of damages sought is not yet quantified. It is stated that the claimants have suffered loss and damage including personal injuries and death, consequential losses including loss of earnings and medical expenses, pain and suffering and/or loss of amenity. They will also seek aggravated or exemplary damages in accordance with Tanzanian law. In correspondence, the claimants' lawyers have indicated that the damages claimed could be in the order of £5 million (exclusive of legal costs). Whilst the claims could result in the Company being liable to pay financial damages to the claimants, the likelihood of a payment being required, and if so its amount, is not yet possible to gauge.

In addition, the Company received correspondence from UK-based NGO RAID regarding similar allegations raised by local residents and others relating to actions by Williamson Diamonds Limited, its security contractor and others linked to Williamson Diamonds Limited. Petra has also publicly acknowledged the report published in November 2020 by RAID entitled 'The Deadly Cost of Ethical Diamonds' which identifies a number of alleged human rights violations relating to the security operations of the Williamson mine in Tanzania, which are managed by Williamson Diamonds Limited, a third party security contractor and the local Tanzanian police force. Petra is engaging and co-operating with RAID in order to address the allegations raised.

Petra takes these allegations extremely seriously. Petra has formed a sub-committee of the Board formed entirely of independent Non-Executive Directors with responsibility for evaluating the allegations. This committee has initiated an investigation into the human rights allegations, which is being carried out by a specialist external adviser in conjunction with the Company's lawyers. The investigation team is scheduled to report back to the committee by the end of the calendar year 2020 and the committee will then undertake a review and make recommendations to address any findings. This may include any required remedy or corrective action to be taken as a result of the investigation's findings.

10. Regulatory environment

There have been no material changes in the Company's regulatory environment since the period covered by the latest published audited financial statements.

11. Capitalisation and indebtedness

The following tables show the Group's indebtedness as at 30 November 2020 and its capitalisation as at 30 November 2020.

	US$ million
Indebtedness[1]	
Current debt (including current proportion of non-current debt)	
Guaranteed[2]	44.7
Secured[3]	761.1
Unguaranteed/unsecured	–
Total current debt	**805.8**
Non-current debt (excluding current proportion of non-current debt)	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
Total non-current debt (excluding current portion of non-current debt)	**–**
Total indebtedness as at 30 November 2020	**805.8**

Notes:

(1) This statement of indebtedness, which is unaudited, has been extracted without material adjustment from the Group's unaudited underlying account records as at 30 November 2020 and prepared under IFRS as adopted by the European Union using policies which are consistent with those used in preparing the Group's audited consolidated financial statements in respect of FY 2020.

(2) Guaranteed debt comprising of the Existing BEE Facilities.

(3) Secured debt comprising of the Existing WCF of US$32.8 million, the Existing RCF of US$26.1 million and the Notes of US$702.2 million.

	US$ million
Capitalisation[1][2]	
Share capital	133.4
Legal reserves[3]	790.2
Other reserves[4]	1.1
Total capitalisation as at 30 November 2020	**924.7**

Notes:

(1) This statement of capitalisation has been extracted without material adjustment from the Group's unaudited underlying account records as at 30 November 2020 and prepared under IFRS as adopted by the European Union using policies which are consistent with those used in preparing the Group's audited consolidated financial statements in respect of FY 2020.

(2) Capitalisation excludes accumulated losses, foreign currency translation reserve and other reserves.

(3) Legal reserves comprise the share premium account.

(4) Other reserves comprise the share-based payment reserve.

There has been no material change to the Group's total indebtedness since 30 November 2020 or to the Group's total capitalisation since 30 November 2020.

The following table sets out the Group's net financial indebtedness as at 30 November 2020.

	US$ million
Net-financial indebtedness[(1)]	
Cash	52.4
Cash equivalents	14.2
Trading securities	–
Liquidity	66.6
Current financial receivable	**–**
Current bank debt	103.6
Current portion of non-current debt	–
Other current financial debt	702.2
Current financial debt	**805.8**
Net current financial indebtedness	**739.2**
Non-current bank loans	–
Bonds issued	–
Other non-current loans	–
Non-current financial indebtedness	**–**
Net financial indebtedness	**739.2**

Notes:

(1) This statement of net financial indebtedness, which is unaudited, has been extracted without material adjustment from the Group's unaudited underlying accounting records as at 30 November 2020 and prepared under IFRS as adopted by the European Union using policies which are consistent with those used in preparing the Group's audited consolidated financial statements in respect of FY 2020.

As at the Latest Practicable Date, the Group had no indirect or contingent indebtedness.

PART 9

FINANCIAL INFORMATION

1. Background

The audited consolidated financial statements of the Group in respect of FY 2020 are incorporated by reference into this document, as explained in Part 14 ("*Documents Incorporated by Reference*") of this document.

The consolidated financial statements in respect of FY 2020 were audited by BDO LLP and the audit report for FY 2020 was unqualified. BDO LLP is registered to carry out audit work in the United Kingdom and Ireland by the Institute of Chartered Accountants in England and Wales and has no material interest in the Group.

2. Emphasis of matter

The annual report for FY 2020 includes an emphasis of matter paragraph, in which the Company's auditors noted the uncertain outcome of the Consensual Restructuring and that failure to implement the Consensual Restructuring could result in part or substantially all of the Group ceasing to be a going concern, as set out below from the auditor's opinion:

"Material uncertainty related to going concern

We draw attention to note 1.1 to the Financial Statements concerning the Group's ability to continue as a going concern. The matters explained in note 1.1 indicate that the Group is reliant on the successful conclusion of the proposed capital Restructuring to continue as a going concern which is dependent on execution of a Lock-Up Agreement and subsequent approval by the Company's shareholders.

Additionally, as set out in note 1.1, in the event of a successful capital Restructuring, the Group's forecasts remain sensitive to both trading conditions and the potential impact of COVID-19, which may have a material impact on the Group's ability to operate within its covenants such that continued South African Lender Group support may be required for the proposed lending facilities to remain available and, if unavailable, additional funding may be required.

As stated in note 1.1 these events or conditions, along with the other matters disclosed in note 1.1, indicate that a material uncertainty exists 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.

Given the conditions and uncertainties noted above, we considered going concern to be a key audit matter. Our audit procedures in response to this key audit matter included the following:

How we addressed the matter

- *We made enquiries of Management and the Board regarding the status and form of the proposed capital Restructuring together with the steps required for completion of the transaction. We reviewed the Term Sheet in respect of the proposed Restructuring to obtain a detailed understanding of the proposed terms.*
- *We discussed the potential further impact of COVID-19 with Management and the Audit and Risk Committee including their assessment of risks and uncertainties associated with areas such as the Group's tenders, production and diamond prices that are relevant to the Group's business model and operations. We formed our own assessment of risks and uncertainties based on our understanding of the business and mining sector and the impact of COVID-19 to date.*
- *We obtained Management's sensitivity and reverse stress test analysis, which was performed to determine the point at which covenants and liquidity breaks, and considered whether such scenarios were possible given both normal trading risks and the potential impacts of COVID-19 and continued level of uncertainty.*
- *We critically reviewed the Group's base case forecasts and challenged Management's assumptions in respect of diamond prices, production, operating costs, foreign exchange rates and capital expenditure. In doing so, we considered factors such as empirical performance, trading to date in H1 FY 2021 and external market data. We specifically confirmed that the forecast period excluded receipts associated with Parcel 1 and outstanding VAT receivables at Williamson.*

- *We compared the debt service cash flows to the proposed terms in the Term Sheet. We recalculated Management's forecast covenant compliance and assessed the consistency of such calculations with the ratios stated in the Term Sheet.*
- *We reviewed the disclosures in note 1.1 to the Financial Statements in respect of going concern."*

3. Cross reference list

The table below sets out the various sections of the consolidated financial statements in respect of FY 2020 referred to above which are incorporated by reference into, and form part of, this document so as to provide certain information required pursuant to the Prospectus Regulation Rules, and only the parts identified below are incorporated into, and form part of, this document. Any parts of the following FY 2020 consolidated financial statements which are not incorporated by reference into this document are either not relevant for the investor or covered elsewhere in this document. To the extent that any part of the information referred to below itself contains information which is incorporated by reference, such information shall not form part of this document.

The page numbers below refer to the relevant pages of the published annual report and accounts for the Company for FY 2020.

Information incorporated by reference	**Page numbers**
Independent auditor's report	128 to 136
Consolidated income statement	137
Consolidated statement of other comprehensive income	138
Consolidated statement of financial position	139
Consolidated statement of cash flows	140
Consolidated statement of changes in equity	141
Notes to the financial statements	142 to 196

PART 10

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A: Unaudited Pro Forma Financial Information

The following unaudited pro forma net assets statement of the Group (the "**pro forma financial information**") has been prepared to illustrate the effect on the consolidated net assets of the Group as if the Consensual Restructuring had taken place on 30 June 2020.

The principal financial effects of the Debt for Equity Conversion are a reduction in liabilities as set out in the pro forma financial information below.

The pro forma financial information has been prepared for illustrative purposes only and illustrates the impact of the Consensual Restructuring as if it had been undertaken at an earlier date. As a result, the hypothetical financial position or results included in the pro forma financial information may differ from the Group's actual financial position or results.

The pro forma financial information is based on the consolidated net assets of the Group as at 30 June 2020, set out in the audited consolidated financial statements of the Group in respect of FY 2020.

The pro forma financial information has been prepared in a manner consistent with the accounting policies adopted by the Company in preparing such information, in accordance with Annex 20 of the Prospectus Regulation and on the basis set out in the notes below.

The pro forma financial information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part 10 ("*Unaudited Pro Forma Financial Information*").

BDO LLP's report on the pro forma financial information is set out in Section B of this Part 10 ("*Unaudited Pro Forma Financial Information*").

Unaudited pro forma net assets statement

	The Group as at 30 June 2020[1] US$m	Consensual Restructuring – Notes and First Lien Facilities adjustments[2] US$m	Pro forma net assets of the Group US$m
ASSETS			
Non-current assets			
Property, plant and equipment	675.8	–	675.8
Right-of-use asset	4.9	–	4.9
BEE loans receivable	137.0	–	137.0
Other receivables	10.3	–	10.3
Deferred tax assets	23.3	–	23.3
Total non-current assets	**851.3**	**–**	**851.3**
Current assets			
Trade and other receivables	20.0	(3.9)	16.1
Inventories	103.5	–	103.5
Cash and cash equivalents (including restricted amounts)	67.6	8.1	75.7
Total current assets	**191.1**	**4.2**	**195.3**
Non-current assets classified as held for sale	0.3	–	0.3
Total assets	**1,042.7**	**4.2**	**1,046.9**

	The Group as at 30 June 2020[1] US$m	Consensual Restructuring – Notes and First Lien Facilities adjustments[2] US$m	Pro forma net assets of the Group US$m
LIABILITIES			
Non-current liabilities			
Loans and borrowings	–	388.0	388.0
BEE loans payable	108.6	–	108.6
Provisions	55.6	–	55.6
Lease liability	1.1	–	1.1
Deferred tax liabilities	40.5	–	40.5
Total non-current liabilities	**205.8**	**388.0**	**593.8**
Current liabilities			
Loans and borrowings	769.0	(741.7)	27.3
Lease liability	3.6	–	3.6
Trade and other payables	52.5	–	52.5
Total current liabilities	**825.1**	**(741.7)**	**83.4**
Liabilities directly associated with non-current assets classified as held for sale	0.1	–	0.1
Total liabilities	**1,031.0**	**(353.7)**	**677.3**
Net assets	**11.7**	**357.9**	**369.6**

Notes:

(1) The net assets of the Group at 30 June 2020 have been extracted without adjustment from the audited consolidated financial statements of the Group in respect of FY 2020 which are incorporated by reference in this document.

(2) Reflects the impact on the Group's net assets pursuant to the Consensual Restructuring of the Notes and the First Lien Facilities, analysed as follows:

	Debt for Equity Conversion[i] US$m	Replacement of remaining Notes with New Notes[ii] US$m	Amendment of First Lien Facilities[iii] US$m	Total US$m
ASSETS				
Non-current assets				
Property, plant and equipment	–	–	–	–
Right-of-use asset	–	–	–	–
BEE loans receivable	–	–	–	–
Other receivables	–	–	–	–
Deferred tax assets	–	–	–	–
Total non-current assets	**–**	**–**	**–**	**–**
Current assets				
Trade and other receivables	(1.4)	(2.4)	(0.1)	(3.9)
Inventories	–	–	–	–
Cash and cash equivalents (including restricted amounts)	(11.6)	10.6	9.1	8.1
Total current assets	**(13.0)**	**8.2**	**9.0**	**4.2**
Non-current assets classified as held for sale	–	–	–	–
Total assets	**(13.0)**	**8.2**	**9.0**	**4.2**

	Debt for Equity Conversion[(i)] US$m	Replacement of remaining Notes with New Notes[(ii)] US$m	Amendment of First Lien Facilities[(iii)] US$m	Total US$m
LIABILITIES				
Non-current liabilities				
Loans and borrowings	–	314.1	73.9	388.0
BEE loans payable	–	–	–	–
Provisions	–	–	–	–
Lease liability	–	–	–	–
Deferred tax liabilities	–	–	–	–
Total non-current liabilities	**–**	**314.1**	**73.9**	**388.0**
Current liabilities				
Loans and borrowings	(379.1)	(297.7)	(64.9)	(741.7)
Lease liability	–	–	–	–
Trade and other payables	–	–	–	–
Total current liabilities	**(379.1)**	**(297.7)**	**(64.9)**	**(741.7)**
Liabilities directly associated with non-current assets classified as held for sale	–	–	–	–
Total liabilities	**(379.1)**	**16.4**	**9.0**	**(353.7)**
Net assets	**366.1**	**(8.2)**	**–**	**357.9**

(i) This adjustment represents the conversion of a portion of the existing Notes into equity, as explained in paragraph 3(b) of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document. It includes transaction costs of US$13 million estimated for this element of the Consensual Restructuring. For purposes of the pro forma financial information, the Notes to be assigned in return for equity are based on their 30 June 2020 values and therefore differ from those predicted to be assigned per paragraph 3(b) of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document.

(ii) This adjustment represents the conversion of the remaining portion of the Notes into New Notes, as explained in paragraphs 3(c) of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") and 9.4 of Part 13 ("*Additional Information*") of this document. In addition, US$30 million of New Money is received in cash from the holders of the New Notes, as explained in paragraph 7 of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document. Furthermore, the adjustment includes transaction costs of US$21.8 million estimated for this element of the Consensual Restructuring. The US$314.1 million carrying value of the New Notes comprises US$325 million face value of the New Notes (of which US$295 million is in exchange for the Notes, and US$30 million is New Money) and capitalised Noteholder fees of US$10.9 million, less the transaction costs of US$21.8 million.

(iii) This adjustment represents the full draw down of ZAR1,200 million under the Term Loan and ZAR560 million under the New RCF, and settlement of the Existing WCF, Existing BEE Facilities and Existing RCF therefrom, as explained in paragraph 3(d) of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document. For purposes of the pro forma financial information, it is assumed that the amounts drawn down under the existing First Lien Facilities as at 30 June 2020 are the amounts settled, which results in a US$9.7 million increase in cash. In addition, the adjustment includes transaction costs of US$0.7 million estimated for this element of the Consensual Restructuring.

(3) No account has been taken of the financial performance of the Group since 30 June 2020 nor of any other event save as disclosed above.

Section B: Reporting Accountant's report on the Unaudited Pro Forma Financial Information

BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Petra Diamonds Limited
1st Floor, 52-53 Conduit Street
London
W1S 2YX

BMO Capital Markets Limited
95 Queen Victoria Street
London
EC4V 4HG

22 December 2020

Dear Sir or Madam

Petra Diamonds Limited (the "Company")

Pro forma financial information

We report on the unaudited pro forma net assets statement (the "**Pro Forma Financial Information**") set out in Section A of Part 10 of the combined circular and prospectus dated 22 December 2020 (the "**Combined Document**") which has been prepared on the basis described, for illustrative purposes only, to provide information about how the Consensual Restructuring might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 30 June 2020.

This report is required by section 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Prospectus Delegated Regulation**") and is given for the purpose of complying with that item and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company (the "**Directors**") to prepare the Pro Forma Financial Information in accordance with sections 1 and 2 of Annex 20 of the Prospectus Delegated Regulation).

It is our responsibility to form an opinion, as required by section 3 of Annex 20 of the Prospectus Delegated Regulation, as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 1.3 of Annex 3 of the Prospectus Delegated Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R(2)(f) we are responsible for this report as part of the Combined Document and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and this report makes no omission likely to affect its import. This declaration is included in the Combined Document in compliance with item 1.2 of Annex 3 of the Prospectus Delegated Regulation.

Yours faithfully

BDO LLP
Chartered Accountants

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

PART 11

CREST AND DEPOSITARY INTERESTS

1. Introduction

The Company has established arrangements to enable investors to settle interests in the Ordinary Shares through the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another without the need to use share certificates or written instruments of transfer. Securities issued by non-UK companies, such as the Company, cannot be held or transferred electronically in the CREST system. However, Depositary Interests allow such securities to be dematerialised and settled electronically through CREST. Where investors choose to settle interests in the Ordinary Shares through the CREST system, and pursuant to depositary arrangements established by the Company, the Depositary will hold (itself or through the Custodian) the Ordinary Shares and issue dematerialised Depositary Interests representing the underlying Ordinary Shares, which will be held on trust for the DI Holders. The Depositary Interests will be independent securities constituted under English law which may be held and transferred through the CREST system. Investors should note that it is the Depositary Interests which will be admitted to and settled through CREST and not the Ordinary Shares.

The Company and the Depositary entered into a depositary agreement on 22 March 2005 (as amended by a deed of amendment between the parties on 28 November 2011) (the "**Depositary Agreement**"), the principal terms of which are summarised below.

The Depositary Interests have been created pursuant to, and issued on the terms of, a deed poll that was executed on 23 March 2005 (as amended by a deed of amendment on 24 May 2018) (the "**Deed Poll**") by the Depositary in favour of the DI Holders from time to time. DI Holders should note that they will have no rights against Euroclear UK & Ireland (the operators of CREST) or its subsidiaries in respect of the underlying Ordinary Shares or the Depositary Interests representing them.

If a Shareholder so requests, its Ordinary Shares will be transferred to an account of the Depositary (or its nominated custodian) and the Depositary will issue Depositary Interests to participating CREST Members. Each Depositary Interest will be treated as one Ordinary Share for the purposes of determining, for example, eligibility for any dividends. The Depositary will pass on to DI Holders any stock or cash benefits received by it as the legal owner of Ordinary Shares on trust for such DI Holders. DI Holders, through the Depositary, will also be able to receive notices of meetings of Shareholders and other notices issued by the Company to its Shareholders.

The Depositary Interests have the same security code (ISIN) as the underlying Ordinary Shares. The Depositary Interests can be traded and settled within the CREST system in the same way as any other CREST securities. Application will be made for the Depositary Interests representing the New Ordinary Shares to be admitted to CREST with effect from Admission.

Depositary Interests may only be issued in uncertificated form. If a DI Holder wishes to cancel its Depositary Interests, it will either directly or through its broker instruct the applicable CREST Participant to initiate a CREST withdrawal (where such withdrawal is sent to the Depositary) for the name that appears on the register of Depositary Interests. The Depositary Interests will then be withdrawn and cancelled by the Depositary and the Registrar will then send the holder a new Ordinary Share certificate.

The information included within this section relating to the obtaining and cancellation of Depositary Interests by a holder is intended to be a summary only and is not to be construed as legal, business or tax advice. Each investor should consult his or her own lawyer, financial adviser, broker or tax adviser for legal, financial or tax advice in relation to Depositary Interests.

2. Deed Poll

The Deed Poll executed by the Depositary contains the following provisions:

(a) The Depositary will hold (itself or through the Custodian), as bare trustee, the underlying Ordinary Shares and all and any rights and other securities, property and cash attributable to the underlying Ordinary Shares pertaining to the Depositary Interests for the benefit of the DI holders as tenants in common. The Depositary will re-allocate securities or Depositary Interests distributions allocated to the Depositary or

Custodian pro rata to the Ordinary Shares held for the respective accounts of the DI Holders, but will not be required to account for fractional entitlements arising from such re-allocation.

(b) DI Holders agree to give such warranties and certifications to the Depositary as the Depositary may reasonably require. In particular, DI Holders warrant, *inter alia*, that the securities in the Company transferred or issued to the Depositary or Custodian on behalf of the Depositary for the account of the DI Holders are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of the Company's Bye-laws or constitutive documents or any contractual obligation, or applicable law or regulation binding or affecting such holder, and DI Holders agree to indemnify the Depositary against any liability incurred as a result of any breach of such warranty.

(c) The Depositary and any Custodian shall pass on to the DI Holders and, so far as they are reasonably able, exercise on behalf of the DI Holders all rights and entitlements received or to which they are entitled in respect of the underlying Ordinary Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at meetings shall, subject to the Deed Poll, be passed on in the form in which they are received, together with amendments and additional documentation necessary to effect such passing-on, or, as the case may be, exercised in accordance with the Deed Poll. If arrangements are made which allow a DI Holder to take up rights in the Company's securities requiring further payment, the DI Holder must put the Depositary in cleared funds before the relevant payment date or other date notified by the Depositary if it wishes the Depositary to exercise such rights.

(d) The Depositary will accept all compulsory purchase and similar notices in respect of Depositary Interests but will not, and the Custodian will not, exercise choices, elections or voting or other rights or entitlements in the absence of express instructions from the relevant DI Holder.

(e) The Depositary will be entitled to cancel Depositary Interests and treat the DI Holders thereof as having requested a withdrawal of the underlying securities in certain circumstances, including where a DI Holder fails to furnish the Depositary with such reasonable proof, certificates or representations and warranties as to material matters of fact, including, without limitation, his identity, as the Depositary deems appropriate.

(f) The Depositary warrants that it is an authorised person under the FSMA and is duly authorised to carry out custodian and other activities under the Deed Poll. It also undertakes to maintain that status and authorisation.

(g) The Deed Poll contains provisions excluding and limiting the Depositary's liability. For example, the Depositary shall not be liable to any DI Holder or any other person for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud or that of any person for whom it is vicariously liable, provided that the Depositary shall not be liable for the negligence, wilful default or fraud of any Custodian or agent which is not a member of its group unless it has failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent. Except in the case of personal injury or death, any liability incurred by the Depositary to a DI Holder under the Deed Poll is limited to the lesser of:

  (i) the value (at the date the act, omission or other event giving rise to the liability is discovered and as if such act, omission or other event had not occurred) of the Ordinary Shares and all and any rights and other securities, property and cash that would have been properly attributable to the Depositary Interests to which the liability relates; and

  (ii) that proportion of £10 million which corresponds to the portion which the amount the Depositary would otherwise be liable to pay to the DI Holder bears to the aggregate of the amounts the Depositary would otherwise be liable to pay to all such DI Holders in respect of the same act, omission or event which gave rise to such liability or, if there are no such amounts, £10 million.

(h) The Depositary is entitled to charge DI Holders fees and expenses for the provision of its services under the Deed Poll.

(i) Each DI Holder is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees), and hold each of them harmless, from and against all liabilities arising from or incurred in

connection with, or arising from any act related to, the Deed Poll so far as they relate to the property held for the account of that DI Holder, other than those caused by or resulting from the wilful default, negligence or fraud of:

(i) the Depositary; or

(ii) the Custodian or any agent if such Custodian or agent is a member of the Depositary's group or if, not being a member of the same group, the Depositary shall have failed to exercise reasonable care in the appointment and continued use and supervision of such Custodian or agent.

(j) The Depositary is entitled to make deductions from the Ordinary Shares and all and any rights and other securities, property and cash for the time being held by or for the Custodian or the Depositary and attributable to the Ordinary Shares (the "**Deposited Property**") or any income or capital arising therefrom, or to sell all or any of the Deposited Property and make deductions from the sale proceeds thereof, in order to discharge the indemnification obligations of the DI Holders.

(k) The Depositary may from time to time appoint one or more agents on such terms as the Depositary may think fit to perform any obligations of the Depositary under the Deed Poll and the Depositary may remove any such agent.

(l) The Depositary may terminate the Deed Poll by giving not less than 30 days' notice. During such notice period, DI Holders may cancel their Depositary Interests and withdraw their Deposited Property and, if any Depositary Interests remain outstanding after termination, the Depositary shall, as soon as reasonably practicable and amongst other things:

(i) deliver the Deposited Property in respect of the Depositary Interests to the relevant DI Holder; or

(ii) at the discretion of the Depositary, sell all or part of such Deposited Property. It shall, as soon as reasonably practicable, deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll, pro rata to the DI Holders in respect of their Depositary Interests.

(m) The Depositary or the Custodian may require from any DI Holder or former or prospective DI Holder:

(i) information as to the capacity in which such DI Holders owns, owned, holds or held Depositary Interests and information regarding the identity of any other person who then or previously has or has had any interest of any kind in such Depositary Interests or the underlying Ordinary Shares and the nature and amounts of such interests;

(ii) evidence or declaration of nationality or residence of the legal or beneficial owner(s) of Depositary Interests registered or to be registered in his or her name and such information as is required to transfer the relevant Depositary Interests or Ordinary Shares to the DI Holder; and

(iii) such information as is necessary or desirable for the purposes of the Deed Poll or CREST system.

The DI Holders consent to the disclosure of such information by the Depositary, Custodian or Company to the extent necessary or desirable to comply with their respective legal or regulatory obligations in any jurisdiction or any provision of the Bye-laws or other constitutive documents of the Company

(a) Furthermore, to the extent that the provisions governing any of the Company's securities or the Bye-laws or other constitutive documents of the Company or applicable law or regulation in any jurisdiction may require the disclosure to the Company of, or limitations in relation to, beneficial or other ownership of or any interest of any kind whatsoever in the Company's securities, the DI Holders shall comply with the provisions of such Bye-laws, constitutive documents and applicable laws and regulations and with the Company's instructions in respect of such disclosure or limitation, as may be forwarded to them from time to time by the Depositary. DI Holders shall comply with all such disclosure requirements of the Company from time to time.

(b) It should also be noted that DI Holders may not have the opportunity to exercise all of the rights and entitlements available to holders of Ordinary Shares, including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for DI Holders to give prompt instructions to the Depositary, in accordance with any voting arrangements made available to them, to vote the underlying

Ordinary Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling DI Holders to vote such Ordinary Shares as a proxy of the Depositary.

3. Depositary Agreement

The Depositary Agreement entered into between the Company and the Depositary contains the following provisions:

(a) Under the Depositary Agreement, the Company appoints the Depositary to:

(i) constitute and issue from time to time, upon the terms of the Deed Poll, a series of uncertificated Depositary Interests representing Ordinary Shares, with a view to facilitating the indirect holding of, and settlement of transactions in, such Ordinary Shares by participants in CREST; and

(ii) provide certain other services (including depositary services, custody services and dividend services) in connection with such Depositary Interests.

(b) The Depositary agrees that it will comply with the terms of the Deed Poll and that it will perform all such duties, responsibilities and obligations and shall exercise all rights in good faith and with all reasonable skill, diligence and care. The Depositary assumes certain specific obligations, including, for example, to:

(i) only issue, transfer and cancel Depositary Interests in accordance with the Deed Poll;

(ii) arrange for the Depositary Interests to be admitted to CREST as participating securities; and

(iii) provide copies of, and access to, the register of Depositary Interests.

(c) The Depositary shall not amend or supplement the Deed Poll without the prior written consent of the Company (which consent shall not be unreasonably withheld or delayed) provided that the Depositary shall be entitled to amend the Deed Poll without seeking the consent of the Company if that amendment is necessary or reasonably desirable as a result of any change in any statute, law, regulation or other rule applicable to the arrangements contemplated by the Deed Poll or the Depositary Agreement.

(d) The Company agrees to provide such assistance, information and documentation to the Depositary as is reasonably required by the Depositary for the purposes of performing its duties, responsibilities and obligations under the Depositary Agreement.

(e) If a dividend or other distribution is to be paid or made by the Company, the Company will notify the Depositary of the Shareholders entitled to it and the amount to be paid per Ordinary Share. The Company will notify the Depositary of the total amount to be paid in respect of the Ordinary Shares.

(f) The Depositary is to indemnify the Company on an after tax basis against each loss, liability, cost and expense reasonably incurred (including reasonable legal fees) which the Company suffers or incurs as a result of any claim made against the Company by any DI Holder, or any person having any direct or indirect interest in any Depositary Interests held by any DI Holder or the Company's securities represented thereby.

(g) The aggregate liability of the Depositary arising out of or in connection with the Depositary Agreement shall be limited to the lesser of (a) £1 million, and (b) an amount equal to ten times the total annual fee payable to the Depositary under the Depositary Agreement.

(h) The Company is to indemnify the Depositary on an after tax basis against each loss, liability, cost and expense reasonably incurred (including reasonable legal fees) which the Depositary suffers or incurs as a result of any claim made against the Depositary by any DI Holder, or any person having any direct or indirect interest in any Depositary Interests held by any DI Holder or the Company's securities represented thereby.

(i) The Depositary Agreement shall remain in force if and for so long as the Deed Poll shall remain in force.

(j) The Depositary Agreement may be terminated by either party by:

(i) giving not less than 30 days' written notice to the other party if:

(A) an event of default under the Depositary Agreement occurs in relation to that other party;

(B) that other party commits an irremediable material breach of the Depositary Agreement or Deed Poll; or

(C) that other party commits a breach of the Depositary Agreement or Deed Poll and fails to remedy such breach within 30 days of being required to do so by written notice given by the other party; or

(ii) by giving not less than 45 days' notice in writing to that effect to the other party.

(k) Termination of the Depositary Agreement for whatever reason shall be without prejudice to any and all accrued rights, obligations and liabilities of any party as at the date of termination and shall not affect the coming into force or the continuation in force of any provision of the Depositary Agreement which is expressly or by implication intended to come into or continue in force at or after termination.

(l) The Depositary shall not, without prior consent of the Company (which consent shall not be unreasonably withheld or delayed), assign, transfer or declare a trust of the benefit of the performance of all or any of its obligations under the Depositary Agreement, nor any benefit arising under or out of the Depositary Agreement.

(m) The Company shall pay to the Depositary such fees that may be agreed from time to time in respect of any actions that the Company requests the Depositary to take and the Depositary agrees to take in respect of any corporate actions.

(n) The Depositary shall be entitled to recover any reasonable out of pocket expenses which it incurs during the proper performance of its duties, obligations and responsibilities under the Depositary Agreement and Deed Poll (including, without limitation, CREST message and network charges).

PART 12

TAXATION

1. General

Investors should note that the tax laws of their own country may affect the tax treatment of their participation in the Debt for Equity Conversion and that the tax laws of their own country, and the country in which the Company is incorporated, and the countries in which the Group operates, may affect Shareholders' post-tax income from their New Ordinary Shares.

If potential investors are in any doubt about the taxation consequences of the Debt for Equity Conversion or of acquiring, holding or disposing of the New Ordinary Shares, or are subject to tax in any country other than the United Kingdom, they should seek advice from their own professional advisers without delay. Investors should note that tax law and interpretation can change and that, in particular, the level and basis of, and reliefs from, taxation may change and that may alter the benefits of investment.

A summary of certain UK tax issues in relation to acquiring, holding or disposing of the New Ordinary Shares is set out below. Save in relation to the stamp duty and SDRT position in respect of the issue of the New Ordinary Shares in relation to the Debt for Equity Conversion, the statements below do not contain any analysis of the UK treatment of the Debt for Equity Conversion and potential investors should consult their own professional advisors concerning their particular situation.

2. UK taxation

The following is a general guide to certain limited aspects of the UK tax treatment of acquiring, holding and disposing of the New Ordinary Shares and does not purport to be a complete analysis of all the potential UK tax considerations relating thereto. The comments set out below do not constitute tax advice and are based on current UK tax law, rates and allowances as applied in England and Wales and HMRC's published practice (which may not be binding on HMRC) as at the date of this document, each of which is subject to change at any time (possibly with retrospective effect).

The statements below are intended to apply only to Shareholders who (unless the position of non-UK resident Shareholders is expressly referred to) are resident, and in the case of individuals, domiciled or deemed domiciled, in the United Kingdom for UK taxation purposes at all relevant times (and not in any other territory) and to whom 'split-year' treatment does not apply, who hold their New Ordinary Shares as investments (and not as securities to be realised in the course of a trade or which constitute carried interest) and who are the direct absolute beneficial owners of their New Ordinary Shares and who have not acquired (or been deemed to have acquired) their New Ordinary Shares through any ISA or self-invested personal pension or by reason of their or another person's office or employment. The information may not apply to certain classes of Shareholders, such as dealers in securities or Shareholders who are trustees or who hold their New Ordinary Shares through any form of investment vehicle.

2.1 *Dividends*

The Company is not required to withhold UK tax at source from dividend payments it makes.

(a) *Individual Shareholders*

Dividends received from the Company by an individual Shareholder will form part of the Shareholder's total income for income tax purposes and will represent the highest part of that income.

A nil rate of income tax will apply to the first £2,000 of dividend income received by an individual Shareholder from all sources in a tax year (the "**Nil Rate Amount**"), regardless of what tax rate would otherwise apply to that dividend income.

Any taxable dividend income received by an individual Shareholder in a tax year in excess of the Nil Rate Amount will be, to the extent income is not covered by personal allowances or other reliefs, subject to income tax at the following dividend rates for the tax year 2020/2021:

(i) at the rate of 7.5 per cent., to the extent that the relevant dividend income falls below the threshold for the higher rate of income tax;

(ii) at the rate of 32.5 per cent., to the extent that the relevant dividend income falls above the threshold for the higher rate of income tax but below the threshold for the additional rate of income tax; and

(iii) at the rate of 38.1 per cent., to the extent that the relevant dividend income falls above the threshold for the additional rate of income tax.

In determining whether and, if so, to what extent the relevant dividend income falls above or below the threshold for the higher rate of income tax or, as the case may be, the additional rate of income tax, the Shareholder's total taxable dividend income for the tax year in question (including the part within the Nil Rate Amount) will, as noted above, be treated as the highest part of the Shareholder's total income for income tax purposes.

(b) *Corporate Shareholders within the charge to UK corporation tax*

Shareholders within the charge to UK corporation tax that are 'small companies' (for the purposes of UK taxation of dividends) will not generally be subject to UK tax on dividends from the Company, provided certain conditions are met, including an anti-avoidance condition.

Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends from the Company so long as the dividends fall within an exempt class and certain conditions are met. In general: (i) dividends paid on non-redeemable ordinary shares (within the meaning of Part 9A of the Corporation Tax Act 2009); and (ii) dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer and who is entitled to less than 10 per cent. of the profits available for distribution to holders of the same class of share and would be entitled to less than 10 per cent. of the assets available for distribution to holders of the same class of shares on a winding-up, are examples of dividends within an exempt class. However, the exemptions are not comprehensive and are subject to anti-avoidance rules.

2.2 ***UK taxation of chargeable gains arising on sale or other disposal***

A disposal of New Ordinary Shares by a Shareholder who is resident in the United Kingdom for tax purposes may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains depending upon the Shareholder's circumstances and subject to any available exemption or relief.

(a) *UK resident individual Shareholders*

For an individual Shareholder within the charge to UK capital gains tax, a disposal of New Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of capital gains tax. No indexation allowance will be available to an individual Shareholder in respect of any disposal or deemed disposal of New Ordinary Shares.

An individual Shareholder who is resident in the United Kingdom for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of their New Ordinary Shares, are less than or equal to the upper limit of the income tax basic rate band applicable in respect of that tax year (the "**Band Limit**") will generally be subject to capital gains tax at the flat rate of 10 per cent. (for the tax year 2020/2021) in respect of any gain arising on a disposal or deemed disposal of their New Ordinary Shares.

However, each individual Shareholder who is resident in the United Kingdom for UK tax purposes and whose total taxable gains and income in a given tax year, including any gains made on the disposal or deemed disposal of their New Ordinary Shares, are more than the Band Limit will generally be subject to capital gains tax at the flat rate of 20 per cent. (for the tax year 2020/2021), in respect of any gain arising on a disposal or deemed disposal of their New Ordinary Shares in respect of a gain that falls above the Band Limit.

Each individual Shareholder has an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £12,300 for the tax year 2020/2021.

Individuals who are temporarily not resident in the United Kingdom may, in certain circumstances, be subject to tax in respect of gains realised while they are not resident in the United Kingdom.

(b) *UK resident corporate Shareholders*

For a corporate Shareholder within the charge to UK corporation tax, a disposal of New Ordinary Shares may give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax. The UK corporation tax rate is currently 19 per cent. Regardless of the date of disposal of the New Ordinary Shares, indexation allowance will be, to the extent it is available, calculated only up to and including December 2017.

2.3 ***Stamp duty and SDRT***

The following is a general guide to the current UK stamp duty and SDRT position for holders of New Ordinary Shares. Certain categories of person, including intermediaries, brokers, dealers and persons connected with clearance services and depositary receipt systems, may not be liable to stamp duty or SDRT or may be liable at a higher rate. Furthermore, such persons may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

The comments in this section relating to stamp duty and SDRT apply whether or not a Shareholder is resident in the United Kingdom.

(a) *Issue of New Ordinary Shares*

No stamp duty or SDRT is ordinarily payable on the New Ordinary Shares to be issued by the Company. Similarly, where New Ordinary Shares are credited in uncertificated form to an account in CREST, no liability to stamp duty or SDRT will generally arise.

Following the decision of the European Court of Justice in HSBC Holdings and Vidacos Nominees (Case 569/07) and the First-tier Tax Tribunal decision in HSBC Holdings and The Bank of New York Mellon, HMRC has confirmed that it will no longer seek to impose SDRT when new shares are issued into a clearance service or depositary receipt service.

(b) *Subsequent transfers*

Subject to applicable exemptions and reliefs and subject as set out below, for subsequent conveyances or transfers, stamp duty at the rate of 0.5 per cent. (rounded up to the next multiple of £5) of the amount or value of the consideration given by the purchaser is generally payable on an instrument transferring New Ordinary Shares. An exemption from stamp duty is available on an instrument transferring New Ordinary Shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

A charge to SDRT will also generally arise on an unconditional agreement to transfer New Ordinary Shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable). However, if within six years of the date of the agreement (or, if the agreement is conditional, the date on which it becomes unconditional), an instrument of transfer is executed pursuant to the agreement, and stamp duty is duly paid on that instrument, or that instrument is exempt, any SDRT already paid will generally be refunded, provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled.

In cases where the New Ordinary Shares are transferred to a connected company of a Shareholder (or its nominee), stamp duty or SDRT is chargeable on the higher of (i) the amount or value of the consideration or (ii) the market value of the New Ordinary Shares (subject to any available reliefs).

(i) New Ordinary Shares held through CREST

Paperless transfers of New Ordinary Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration in money or money's worth payable by the purchaser. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Where New Ordinary Shares are credited in uncertificated form to an account in CREST, no liability to stamp duty or SDRT will generally arise.

(ii) New Ordinary Shares deposited with clearance services and depositary receipt systems generally

Where New Ordinary Shares are transferred: (A) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services; or (B) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the New Ordinary Shares.

Clearance services may opt under section 97A of the Finance Act 1986, provided certain conditions are satisfied, for the normal rate of stamp duty or SDRT (0.5 per cent. of the consideration paid) to apply to transfers of New Ordinary Shares into, and to transactions within, such services.

Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer of New Ordinary Shares held within such a service, which does arise will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but, in practice, will be generally reimbursed by the participants in the clearance service or depositary receipt system.

3. Bermuda taxation

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by Shareholders or Noteholders. The Company and the Company's subsidiary incorporated in Bermuda have obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 31 March 2035, be applicable to such entities or to any of their operations or to their shares, debentures or other obligations except insofar as such tax applies to persons ordinarily resident in Bermuda or to any taxes payable by such entities in respect of real property owned or leased by such entities in Bermuda. Given the limited duration of any assurance by the Minister of Finance of Bermuda, the Company cannot be certain that it or its subsidiary incorporated in Bermuda will not be subject to any Bermuda taxes after 31 March 2035. The Company and its subsidiary incorporated in Bermuda pay the applicable Bermuda annual government fee.

PART 13

ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors and Proposed Director, whose names appear in Part 6 ("*Directors, Proposed Director, Secretary, Registered and Group Management Office and Advisers*") of this document, accept responsibility for the information contained in this document. The information contained in this document is, to the best of the knowledge of the Company, the Directors and the Proposed Director, in accordance with the facts and this document makes no omission likely to affect its import.

2. Incorporation and registered office

The Company was incorporated and registered in Bermuda under the Companies Act on 25 March 1997 and is an exempted company limited by shares with the name Petra Diamonds Limited and registration number 23123. The Company is domiciled in the United Kingdom. The registered office of the Company is 2 Clarendon House, Church Street, Hamilton, HM11, Bermuda, and the business address for all Directors is 1st Floor, 52–53 Conduit Street, London, W1S 2YX. The Company's telephone number is +44 (0)207 494 8203. The principal legislation under which the Company operates is the Companies Act. The liability of each Shareholder is limited by the amount, if any, unpaid on the shares held by him. The legal entity identifier of the Company is 213800X4QZIAVSA12860.

3. Share capital of the Company

As at the Latest Practicable Date, the Company had an issued share capital of 865,431,343 Ordinary Shares. The Company is expected to issue 8,844,657,929 New Ordinary Shares pursuant to the Debt for Equity Conversion. The issued share capital of the Company immediately following completion of the Debt for Equity Conversion will be 9,710,089,272 Ordinary Shares. The Ordinary Shares will be registered, and may be held in either certificated or uncertificated form (through Depositary Interests). The Ordinary Shares are freely transferable and there are no restrictions on transfer of the Ordinary Shares. The New Ordinary Shares represent approximately 1,022 per cent. of the Existing Ordinary Shares.

4. Resolutions, authorisations and approvals relating to the Debt for Equity Conversion

At the Special General Meeting, Shareholders will be asked to consider and vote on the Resolution, further details of which are set out in paragraph 12 of Part 7 ("*Letter from the Chairman of the Company*") of this document.

5. Rights attached to the New Ordinary Shares

The Bye-laws are available for inspection at the address specified in paragraph 20 of this Part 13 ("*Additional Information*").

The Bye-laws contain provisions, amongst others, to the following effect:

5.1 ***Share rights***

Subject to Companies Act 1981 of Bermuda, the Company's Bye-laws and any special rights previously conferred on the holders of any existing shares or class of shares or any resolution of the shareholders to the contrary, the Board has the power to issue shares with such rights or restrictions as it may determine, provided shareholders have granted the Board a power to allot such shares (which may be for particular exercise or generally, and may be unconditional or subject to conditions). No authority to allot is required in respect of the issuance of shares in pursuance of an 'Employee Share Scheme' (as defined in the Company's Bye-laws).

Redeemable shares may be issued by the Company.

There is no right of conversion or redemption attached to the New Ordinary Shares.

The New Ordinary Shares will be in registered form and can be held in certificated form or in uncertificated form.

5.2 ***Dividend rights***

The Board may, subject to the Bye-laws and applicable law, declare dividends to be paid to Shareholders in proportion to the number of Ordinary Shares held by them and any such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets.

Under Bermuda law, no dividend may be paid if there are reasonable grounds for believing (i) that the Company is, or would be after payment be, unable to pay its liabilities as they fall due, and (ii) the realisable value of the Company's assets would thereby be less than its liabilities.

All New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Ordinary Shares, including the right to receive all dividends and other distributions made, paid or declared after the date of issue of the New Ordinary Shares.

Following the implementation of the Consensual Restructuring, the Company will not be able to pay dividends to Shareholders unless the consent of the First Lien Lenders is obtained and certain conditions set out in the New Notes are fulfilled.

All dividends shall be declared and paid in proportion to the amounts paid up on the Ordinary Shares on which the dividend is paid.

No unpaid dividend or other monies payable on, or in respect of, an Ordinary Share shall bear interest as against the Company.

Any dividend or other monies payable in respect of an Ordinary Share which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company.

5.3 ***Voting rights***

Shareholders have the right to receive notice of, and attend and vote at, general meetings 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.

A resolution put to the vote of any general meeting shall, in the first instance, be voted upon by a show of hands. A poll may be demanded by any of the following persons at any general meeting: (i) the chairman of the meeting, or (ii) at least three members present in person or represented by a proxy, or (iii) any member or members present in person or represented by proxy and holding between them not less than one-tenth of the total voting rights of all the members having the right to vote at such meeting, or (iv) any member or members present in person or represented by proxy holding shares in the Company conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total paid up on all such shares conferring such right.

The demand for a poll may be withdrawn at any time with the chairman's consent before the conclusion of the meeting or taking up of the poll, whichever is the earlier. A poll demanded on any question of electing a chairman or adjournment of the meeting shall be taken straightaway. A poll demanded on any other question (not being a question relating to the election of a chairman or adjournment of the meeting) shall be taken at such time and in such manner during the meeting as the chairman may direct and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

In the case of joint holders, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members.

5.4 ***Restrictions***

No Shareholder shall have the right to vote at any general meeting, either in person or by proxy, unless such Shareholder has paid all the calls on all shares held by such Shareholder.

5.5 ***Pre-emption rights***

The Bye-laws contain provisions giving pre-emption rights to holders of 'Relevant Shares' (meaning the shares in the Company other than (i) those shares giving rights to participate only up to a specified amount of dividend and capital in a distribution; and (ii) shares acquired or to be allotted pursuant to any 'Employee Share Scheme' (as defined in the Bye-laws)) or 'Relevant Employee Shares' (as defined in the Bye-laws), entitling them to be offered 'Equity Securities', meaning Relevant Shares and the right to subscribe for or convert securities into Relevant Shares, excluding shares or any rights to subscribe for or convert any security into shares as part of any offering of shares or any rights to subscribe for or convert any security into shares as part of any issue or offering of shares culminating in an admission of the class of Relevant Shares to the premium segment of the Official List and to trading on the Main Market, in proportion to their existing shareholdings.

These pre-emption provisions do not apply to allotments of Equity Securities which are paid otherwise than in cash and they do not apply to the allotment of securities which would be held under any Employee Share Scheme. Any Equity Securities which the Company has offered to a holder of Relevant Shares may be allotted to him, or to anyone in whose favour he has renounced his right to their allotment, without contravening these provisions. Any offer made under these provisions must state a period of not less than 14 days during which it may be accepted and this offer shall not be withdrawn before the end of such period.

The pre-emption rights summarised above may be disapplied in whole or modified as the Directors determine, provided the Directors are given power by resolution of a special majority of not less than three-quarters of the Shareholders as (being entitled to do so) vote in person or by proxy at a general meeting of the Company, which shall not be proposed unless recommended by the Directors and a notice is circulated to Shareholders with a Directors' statement setting out reasons for making such recommendation, the amount to be paid to the Company in respect of such allotment, and the Directors' justification of such amount.

5.6 ***Capitalisation of reserves or profits***

The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid up bonus shares pro-rata (except in connection with the conversion of shares of one class to another class) to the Shareholders.

5.7 ***Return of capital***

On a return of capital on a winding-up, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, the holders of Ordinary Shares shall be entitled to the surplus assets of the Company.

If the Company shall be wound up, the liquidator may, with the sanction of a resolution of the members, divide amongst the members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

6. Major Shareholders

(a) Save as set out below, as at the Latest Practicable Date, the Company is not aware of any person who, directly or indirectly, is interested in five per cent. or more of the Company's capital or voting rights:

	As at the Latest Practicable Date	
Name of shareholder	**Number of Ordinary Shares**	**Percentage of the share capital**
Standard Life Aberdeen Plc	90,589,721	10.47
M&G Plc	87,886,419	10.15

(b) None of the Shareholders named in paragraph 6(a) of this Part 13 ("*Additional Information*") above has or will have different voting rights attached to the shares they hold in the Company from other Shareholders.

(c) As at the Latest Practicable Date, the Company is not aware of any person or persons who, directly or indirectly, jointly or severally, exercise or are entitled to exercise control of the Company, nor is it aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.

(d) Pursuant to the Debt for Equity Conversion, the existing Shareholders (including those listed in the table above) will be significantly diluted.

7. Information on the Directors and Proposed Director

(a) Details of the names of companies and partnerships (excluding directorships in the Group) of which the Directors and Proposed Director are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this document are set out below:

Name	**Current partnerships/directorships**	**Past partnerships/directorships**
Director		
Peter Hill CBE	Keller Group plc Peninsula Heights Management Company Limited Peninsula Heights Freehold Limited	Alent plc Essentra plc Imagination Technologies Group plc Imagination Technologies Limited Volution Group plc
Richard Duffy	Africa Energy Management Platform Aren Energy (Pty) Ltd	–
Jacques Breytenbach	–	P-Air Air Conditioning & Refrigeration (Pty) Ltd Scribarex Investments (Pty) Ltd
Varda Shine	Diamond Empowerment Fund (DEF) Merryck & Co Limited Mineral Development Company Botswana Niron Metals plc Sarine Technologies Limited Teenage Cancer Trust	Lonmin Limited
Gordon Hamilton	Atrium Underwriters Limited Atrium Underwriting Group Limited Chelsea Square Garden Limited Nedgroup Trust Limited Nedgroup Trust Jersey Limited Nedbank Private Wealth Limited Nedgroup Investments (IOM) Limited Nedgroup Investment Advisors (UK) Limited River Energy JV UK Limited West Chelsea Square Private Roadway Limited	Barloworld Holdings Plc Barloworld Limited Northamber plc Sir Oswald Stoll Foundation(THE) The Royal National Institute for Deaf People

Name	Current partnerships/directorships	Past partnerships/directorships
Octavia Matloa	Master Drilling Group Limited Mukundi Mining Resources 3 (Pty) Ltd Tsidkenu Chartered Accountants Inc	Avior Capital Markets Holdings Limited eXtract Group Limited Great Basin Gold Limited Village Main Reef Limited
Bernard Pryor	Alufer Mining Limited MC Mining Limited	–
Matthew Glowasky	Aspenframe Limited Butterfly (Finance) Limited Butterfly Group Healthcare Limited Cedarhurst Lodge (Spring) Limited Crossco (1332) Limited Crossco (1333) Limited Crossco (1334) Limited Eagle View Care Home Limited Edgewater Lodge (Spring) Limited Executive Health Care Limited Express Care (Guest Services) Limited Express Care Limited Hillcrest Care Homes Limited Hollyblue (Finance 2) Limited Hollyblue Healthcare (Alphacare) Limited Hollyblue Healthcare (Amore) Limited Hollyblue Healthcare (Arden) Limited Hollyblue Healthcare (Carrick Glen) Limited Hollyblue Healthcare (Finance) Limited Hollyblue Healthcare (Gisburne Park) Limited Hollyblue Healthcare (London) Limited Hollyblue Healthcare (Millbrow) Limited Hollyblue Healthcare (Norton Lees) Limited Hollyblue Healthcare (Red Hill) Limited Hollyblue Healthcare (Spring) Limited Hollyblue Healthcare (St. Georges) Limited Hollyblue Healthcare (Stirling) Limited Hollyblue Healthcare (Ulster) Limited Hollyblue Healthcare (Voyage Care) Limited Mariposa Care Limited Monarch Alternative Capital (Europe) Ltd Northwind Leisure Limited Norton Lees Hall and Lodge Limited Papillon Care Limited Primrose Care Home Limited Richmond Heights (Spring) Limited Saintfield Lodge (Spring) Limited Salco Homes Limited Sovereign Care Homes Limited Sovereign Guest Services Limited Stanshawes Care Home Limited Stanton Lodge Limited St Georges Hall and Lodge Limited System Cycle Limited Willoughby Grange Limited	52 Conduit 2 Limited Amicura Chorley Limited Amicura Haslingden Limited Butterfly Cumbria Properties Limited Chorley Lodge Limited ECG Domicillary Care Limited ECG Guest Services Limited Executive Care Developments Limited Latécoère S.A. Haslingden Hall and Lodge Limited Hollyblue Healthcare (Countrywide) Limited Quarter Care Limited Regency Guest Services Limited Stirling Guest Services Limited

Name	Current partnerships/directorships	Past partnerships/directorships
Matthew Glowasky *(continued)*	Windmill Hills Care Home Limited World Trade Properties Limited	

(b) Octavia Matloa is a director of Mukundi Mining Resources 3 (Pty) Ltd, a private South African company, which is currently under Business Rescue, a form of administration, pursuant to Schedule 6 of the South African Companies Act. The process was initiated by a voluntary directors' resolution due to factors beyond the control of the company.

(c) Matthew Glowasky was a director of 52 Conduit 2 Limited when it entered into solvent liquidation. 52 Conduit 2 Limited was formally dissolved on 15 March 2016.

(d) Matthew Glowasky is a director of the following companies, each of which entered into solvent liquidation on 16 December 2020:

(i) Aspenframe Limited;

(ii) Salco Homes Limited; and

(iii) World Trade Properties Limited.

(e) Matthew Glowasky is a director of the following companies, each of which entered into solvent liquidation on 17 December 2020:

(i) Eagle View Care Home Limited;

(ii) Executive Health Care Limited;

(iii) Express Care (Guest Services) Limited;

(iv) Express Care Limited;

(v) Hillcrest Care Homes Limited;

(vi) Primrose Care Home Limited;

(vii) Sovereign Guest Services Limited;

(viii) System Cycle Limited; and

(ix) Windmill Hills Care Home Limited.

(f) Matthew Glowasky is a director of Crossco (1332) Limited, which entered into solvent liquidation on 18 December 2020.

(g) Matthew Glowasky is a director of Northwind Leisure Limited, which has been in administration since 2 November 2015.

(h) Save as set out in paragraphs 7(b) to (g) of this Part 13 ("*Additional Information*") above, none of the Directors nor the Proposed Director:

(i) have any convictions in relation to fraudulent offences for at least the previous five years; or

(ii) have been associated with any bankruptcy, receivership, liquidation or administration while acting in the capacity of a member of the administrative, management or supervisory body or as a partner, founder or a senior manager of any partnership or company for at least the previous five years; or

(iii) have been subject to any official public incriminations and/or sanctions by any statutory or regulatory authority (including designated professional bodies) for at least the previous five years; or

(iv) have ever been disqualified by a court from acting as a director of a company, or from acting as a member of the administrative, management or supervisory bodies of any company, or from acting in the management or conduct of the affairs of any company for at least the previous five years.

(i) There are no family relationships between any of the Directors and the Proposed Director.

(j) There are no potential or actual conflicts of interest between any duties owed by the Directors to the Company and their private interests and/or other duties.

(k) Save as arising out of the relationship between the Proposed Director and Monarch, as a Qualifying Noteholder, there are no potential or actual conflicts of interest between any duties owed by the Proposed Director to the Company and his private interests and/or other duties.

(l) The Company and the Ad Hoc Committee intend that the existing Directors will remain in office following the implementation of the Consensual Restructuring, save for Gordon Hamilton who, as previously announced by the Company, will retire from the Board at the conclusion of the FY 2021 annual general meeting.

8. Material contracts

The following contracts are outside the course of business and either: (a) have been entered into by the Group within two years immediately preceding the date of this document; or (b) contain provisions under which the Group has an obligation or entitlement that is or may be material to the Group as at the date of this document, including in relation to, or by virtue of their treatment as part of, the Consensual Restructuring.

8.1 ***Existing WCF, other general banking facilities and Existing RCF***

(i) *Existing WCF and other general banking facilities*

The Existing WCF Lenders, being Absa and FirstRand, have extended the Existing WCF of ZAR500 million (in aggregate) and other general banking facilities to the Group (including ancillary guarantees and soft lines which, in turn, comprise electronic and currency transfer lines and daylight intraday settlement lines), with Ealing Management Services (Pty) Ltd ("**EMS**") as the borrower.

Utilisations of the Existing WCF by way of overdraft and/or call loans accrue interest at a rate equal to the relevant Existing WCF Lender's prime rate. As at the Latest Practicable Date, the prime rate of Absa was seven per cent. and the prime rate of FirstRand was seven per cent.

The Existing WCF is a committed facility until its maturity date of 31 July 2021 or (if earlier) the date on which the Existing RCF has been fully and finally repaid and the commitments of the Existing RCF Lenders thereto have been reduced to zero.

The Existing WCF and other general banking facilities are governed by the laws of South Africa.

(ii) *Existing RCF*

The Existing RCF Lenders, being Absa and Nedbank, have extended the Existing RCF of ZAR400 million (in aggregate) to the Group, with EMS as the borrower.

EMS has drawn down the full ZAR400 million of the Existing RCF, which may be increased to an amount not exceeding ZAR1,000 million subject to the Existing RCF Lenders having received all requisite internal credit and other approvals and such request for an increase being duly made before 20 April 2021.

The maturity date of the Existing RCF is 31 July 2021, and interest on the outstanding capital accrues at an interest rate equal to JIBAR plus nine per cent. per annum and is payable in arrears on a monthly basis.

EMS may use the Existing RCF for the purposes of funding various prospecting and mining projects of the Group, funding the capital expenditure of the Group and for general working capital requirements.

The Existing RCF is governed by the laws of South Africa.

(iii) *Guarantee, Security and Common Terms Schedule*

The Existing WCF and other general banking facilities provided by the Existing WCF Lenders and the Existing RCF are:

(A) guaranteed by the Guarantors; and

(B) are secured by the First Lien Transaction Security on a first ranking basis, *pari passu* with the Existing BEE Facility Lenders and the Hedge Providers by the Transaction Security (as described in paragraph 8.4 below of this Part 13 ("*Additional Information*")) and Willcroft Company Limited's shares in Williamson Diamonds Limited (together, the "**First Lien Transaction Security**").

The Existing WCF, other general banking facilities and the Existing RCF incorporate the terms of a common terms schedule originally dated 11 April 2017 and as last updated by the First Lien Amendment Agreement dated 29 May 2020 (the "**Common Terms Schedule**").

The Common Terms Schedule contains (amongst other things) a set of representations and warranties, positive and negative undertakings, reporting requirements and events of default which apply to each facility that expressly provides for, and incorporates, the provisions of the Common Terms Schedule.

The Common Terms Schedule permits the Group's proposed restructuring of intra-group loans and the solvent winding up of Petra Diamonds Jersey Treasury Limited and Petra Diamonds Netherlands Treasury B.V..

The Common Terms Schedule also prohibits the Group from refinancing any portion of a facility that is the subject of the Common Terms Schedule unless all facilities subject of the Common Terms Schedule are refinanced in full or any proposed partial refinancing is funded jointly by the Existing WCF Lenders and the Existing RCF Lenders.

8.2 ***Existing BEE Facilities and Guarantees***

The BEE Partners hold 26 per cent. (in aggregate) in each of the South African Mine-Owning Entities.

The BEE Partners obtained bank financing from the Existing BEE Facilities Lenders by way of the Existing BEE Facilities to refinance amounts owing by the BEE Partners to the Group, which had provided funding to the BEE Partners to enable them to acquire their interests in the South African Mine-Owning Entities.

The aggregate principal amount outstanding under the Existing BEE Facilities as of the Latest Practicable Date is approximately ZAR689.6 million (comprising approximately ZAR683.1 million and approximately ZAR6.5 million).

Each Existing BEE Facility is:

(i) guaranteed by the Company;

(ii) secured on a first ranking basis by the relevant BEE Partner's shares in and claims against Cullinan Diamond Mine (Pty) Ltd, Finsch Diamond Mine (Pty) Ltd and Blue Diamond Mines (Pty) Ltd, claims against third parties, bank accounts and key contracts; and

(iii) guaranteed by the Security SPV and, as a result, therefore indirectly secured by the First Lien Transaction Security on a *pari passu* basis with the Existing WCF Lenders, the Existing RCF Lenders and the Hedge Providers.

The maturity date of the Existing BEE Facilities is 31 July 2021. Interest on the outstanding capital accrues at an interest rate equal to JIBAR plus nine per cent. per annum, and is payable on a semi-annual basis. The Existing BEE Facilities Lenders have agreed to defer all capital repayment instalments which would otherwise have been payable until 31 July 2021.

The Existing BEE Facilities are governed by the laws of South Africa.

8.3 ***Hedging Arrangements***

Whilst the Group's First Lien Facilities are in ZAR, the Group's revenue is in US dollars. The Group therefore monitors the movement of the Rand against the US dollar and has a policy of hedging a portion of future diamond sales when weakness in the Rand indicates it appropriate to do so. These hedging facilities are generally short term in nature.

The exchange rate between the Rand and the US dollar has been volatile throughout FY 2020. During this period, the Rand averaged ZAR15.68 to US$1.

Current diamond sales (in US dollars) generated by the Group from its diamonds tenders are sold based on the foreign currency spot exchange rate on the day.

As at the Latest Practicable Date, the Hedge Providers, being Absa, FirstRand and Nedbank, have provided derivative hedging facilities of ZAR300 million (in aggregate) to the Group.

Under the First Lien Amendment Agreement, the Group agreed that:

(i) no obligor will enter into any further derivative transactions with any Hedge Provider;

(ii) any derivative transaction which may be terminated prior to 31 July 2021 may, at the option of the relevant Hedge Provider, either:

  (A) be amended so as to extend its term, but only for non-speculative purposes and otherwise in compliance with the Common Terms Schedule and other relevant finance documents; or

  (B) be terminated on the basis set out in the relevant ISDA Master Agreement with any early termination amount due to the relevant Hedge Provider being repaid by the relevant obligor on 31 July 2021 or (if earlier) the date on which the Existing RCF and each Existing BEE Facility have been fully and finally repaid and the commitments of all Existing WCF Lenders, Existing RCF Lenders and Existing BEE Facilities Lenders in respect thereof have been reduced to zero; and

(iii) no derivative transaction that is terminated prior to 31 July 2021 will be cash settled, other than:

  (A) where cash settlement entails a net positive amount payable to the relevant Guarantor;

  (B) pursuant to a reduction, withdrawal or cancellation of the relevant facility made available following the occurrence of an event of default under the Common Terms Schedule;

  (C) on 31 July 2021 or, if the same occurs prior to that date, the date on which the First Lien Lenders and Existing BEE Facilities Lenders have been (or will be) fully and finally repaid and the commitments of the aforesaid have been (or will be) reduced to zero; or

  (D) if done with the consent of all the First Lien Lenders.

8.4 ***The Notes and Notes Indenture***

On 12 April 2017, the Company's wholly owned subsidiary (Petra Diamonds US$ Treasury Plc) issued US$650 million 7.25 per cent. senior secured second lien loan notes due 2022 pursuant to the Notes Indenture.

The final maturity date of the Notes is 1 May 2022 and the current aggregate principal amount of Notes Debt owing to the Noteholders is US$650 million plus the unpaid 2020 Interest Payments.

The Notes bear interest at a rate of 7.25 per cent. and are payable semi-annually in arrears on 1 May and 1 November of each year prior to their maturity. The Notes Indenture provides for a 30 day grace period following an interest payment date before the failure to pay becomes an event of default thereunder. In addition, interest (including post-petition interest in any proceeding under Bankruptcy Law (as defined in the Notes Indenture)) at a rate that is 1 per cent. higher than the applicable interest rate borne by the Notes is payable on any overdue principal or instalments of interest (to the extent lawful).

The Notes are guaranteed by the Guarantors, who are all members of the Group and which include the members of the Group which own and have the entitlements to the material assets and revenue streams of the Group (being the Mine-Owning Entities, other than Williamson Diamonds Limited).

The 2015 Intercreditor Agreement provides that the Notes are secured on a second-priority basis to the first lien debt liabilities (being the Existing WCF and other general banking facilities provided by the Existing WCF Lenders, the Existing RCF, the Existing BEE Facilities and the Hedging Liabilities).

The second priority security granted in favour of the Notes includes, but is not limited to:

(i) cession, pledges and charges of all claims and shareholdings by the Company, the Notes Issuer and certain of the Guarantors against debtors and other third parties;

(ii) cession of all bank accounts, insurances and intercompany receivables of the Company and certain of the Guarantors;

(iii) liens over the moveable assets of the Company and certain of the Guarantors; and

(iv) liens over the mining rights and immovable assets held and owned by certain of the Guarantors,

(together, the "**Transaction Security**").

The Notes Indenture is governed by the laws of the state of New York and all parties thereto (including the Company, the Notes Issuer and the Guarantors) have submitted to the non-exclusive jurisdictions of the courts of the state of New York.

The Notes are listed on the Irish Stock Exchange and admitted to trading on the Global Exchange Market.

Pursuant to the Consensual Restructuring, approximately US$409.9 million of the existing Notes Debt will be assigned by the Noteholders to the Company in consideration for the issue of the New Ordinary Shares pursuant to the Debt for Equity Conversion and the remaining Notes Debt will be reinstated as the New Notes.

8.5 ***First Lien Amendment Agreement***

On 29 May 2020, the First Lien Amendment Agreement was entered into between the Company, certain members of the Group and the First Lien Lenders, amending the First Lien Facilities.

In light of the financial difficulties experienced by the Group and the need for a financial restructuring, the Company drew down ZAR400 million and ZAR500 million from the Existing RCF and Existing WCF respectively to secure the short-term liquidity requirements of the Group. The ZAR400 million drawdown was received by the Group on 23 June 2020, following which the Consolidated Net Debt (including amounts outstanding under the Existing BEE Facilities) of the Group was US$696.6 million as at 30 June 2020.

The Group achieved agreement with all of the First Lien Lenders in respect of this drawdown as documented in the First Lien Amendment Agreement, which covers each of the First Lien Facilities. A key facet of the First Lien Amendment Agreement is the alignment of the maturity dates under the Existing RCF, the Existing BEE Facilities and the general banking facilities provided by the Existing WCF Lenders to 31 July 2021.

A term of the First Lien Amendment Agreement is that the Group does not make a payment in respect of the Notes (including any Notes Interest Payments), other than as part of a broader restructuring solution approved by the First Lien Lenders (such as the Consensual Restructuring). Were the Company (or another member of the Group) to make a payment under the Notes other than in connection with the Consensual Restructuring (or an alternative restructuring arrangement with the prior consent of the First Lien Lenders), this would be an event of default under the First Lien Facilities.

The negotiation and entry into the First Lien Amendment Agreement, and the drawdown on the Existing RCF, were interim measures to provide the Group with a short-term solution to its immediate liquidity constraints. The First Lien Amendment Agreement was entered into on the understanding that it would be followed by a broader financial restructuring solution for the Group.

The First Lien Amendment Agreement requires the Group to progress a long-term solution and failure by the Group to achieve certain milestones (the "**Milestones**") in this regard will constitute an event of default under the First Lien Facilities. Over the course of the calendar year 2020 since the First Lien Amendment Agreement was entered into, the First Lien Lenders have agreed to extend the deadline for certain of the Milestones on a number of occasions and any further extensions required (for example, as a result of unforeseen delay to the timetable of the Consensual Restructuring) would be at the discretion of the First Lien Lenders. As at the Latest Practicable Date, the only outstanding Milestone is completion of the Consensual Restructuring.

In this respect and pursuant to the First Lien Amendment Agreement (as amended by agreement of the First Lien Lenders), the Company (among various other Group entities) undertook to, *inter alia*, implement the

Consensual Restructuring by no later than 29 January 2021. If the Consensual Restructuring is not implemented by such date, the Company's breach of its undertaking will constitute an event of default under the First Lien Facilities. On an event of default under the First Lien Amendment Agreement, the First Lien Lenders could enforce the First Lien Transaction Security subject to the terms of the 2015 Intercreditor Agreement.

8.6 ***Forbearance Agreement***

The failure to pay the May Interest Payment triggered a default under the Notes Indenture, which became an event of default after expiry of a 30 day grace period. Accordingly, Petra needed to obtain a forbearance commitment from a majority of the Noteholders in respect of the right arising under the Notes Indenture as a result of the event of default.

On 29 May 2020, the Company and the Guarantors entered into a Forbearance Agreement with the Ad Hoc Committee (as it was then constituted and representing 50.7 per cent. of the total Notes Debt). As at the Latest Practicable Date, the Company believes that the forbearing Noteholders bound by the Forbearance Agreement represent, in aggregate, at least 76.3 per cent. of the Total Forbearance Amount. Pursuant to the Forbearance Agreement, the relevant Noteholder parties agreed to forbear from the exercise of certain rights and remedies those parties have under the Notes Indenture in respect of the missed May Interest Payment, including agreeing not to accelerate the Notes Debt as a result of the missed May Interest Payment.

The Forbearance Agreement was agreed with the counterparties on the understanding that a broader financial restructuring of the Group would occur. The initial forbearance period ceased on 31 August 2020. At each month end thereafter, any Noteholder counterparty has the ability to terminate the forbearance obligations (with respect to themselves only) by giving notice to the Notes Issuer. One Noteholder (whose holdings do not form part of the Total Forbearance Amount) exercised that right to unilaterally terminate the Forbearance Agreement, effective on 31 August 2020. None of the remaining forbearing Noteholders have otherwise notified the Notes Issuer of their intention to so terminate (on either 31 August 2020, 30 September 2020, 31 October 2020 or 30 November 2020) and, in accordance with the terms of the Forbearance Agreement, the forbearance obligations presently continue to be in force with respect to all counterparties.

The Forbearance Agreement is subject to certain conditions, including any representation or warranty made by any of the Notes Issuer, the Company or the Guarantors under the Forbearance Agreement continuing to be true and complete in all material respects as of the date of the Forbearance Agreement. Such representations and warranties include, among others, that as at the date of the Forbearance Agreement no member of the Group holds any property, asset or right with a market value in excess of US$5.0 million which is not subject to valid and effective security in favour of the Security SPV (under the Notes Indenture) other than (i) the properties, assets and mining right of Williamson Diamonds Limited, (ii) assets of Petra Diamonds Belgium BVBA which will be subject to further security to be granted in favour of the Noteholders and the First Lien Lenders, and (iii) any restricted cash held in the Petra Guardrisk rehabilitation account by Guardrisk for the purposes of rehabilitation provisioning.

The Forbearance Agreement is subject to further conditions, including, among others (i) the availability of the ZAR400 million under the Existing RCF, (ii) the maintenance by the Company of an actual and forecasted balance in cash and cash equivalents of at least ZAR100 million and not less than ZAR200 million for 10 consecutive days, (iii) restrictions on payments of capital expenditure in relation to the Company's South African operations in excess of ZAR175 million during the period commencing on 1 June 2020 and ending on 30 September 2020, (iv) additional restrictions on the incurrence of additional secured debt (other than in respect of certain local working capital financing lines incurred by non-Guarantor subsidiaries and permitted under the Notes Indenture up to a maximum of US$25 million that is non-recourse to the wider Group in terms of credit support and security), and (v) compliance with certain milestones and obligations in relation to the ongoing discussions with stakeholders regarding the Company's long-term capital structure.

The Notes Issuer's failure to pay the November Interest Payment also triggered an event of default under the Notes Indenture. Accordingly, the Notes Issuer has obtained, under the Lock-Up Agreement, equivalent forbearance undertakings in respect of the November Interest Payment (and any further interest payments that become due and payable under the Notes Indenture before successful completion of the Consensual

Restructuring occurs). As at the Latest Practicable Date, the Noteholders who are party to the Lock-Up Agreement together hold approximately 94.92 per cent. in value of the Notes Debt.

If the Consensual Restructuring is not implemented, the Forbearance Agreement will terminate, and holders of at least 25 per cent. in aggregate of the principal amount of the outstanding Notes may declare, or direct the Trustee to declare, by written notice to the Notes Issuer, all of the then outstanding Notes to be due and payable immediately.

8.7 ***Lock-Up Agreement***

On 17 November 2020, certain members of the Group (including the Company, the Notes Issuer and the Guarantors, but not including Williamson Diamonds Limited) entered into the Lock-Up Agreement with Noteholders then representing approximately 61.2 per cent. in value of the Notes Debt and, among others, the First Lien Lenders and the BEE Partners. Pursuant to the Lock-Up Agreement, all parties have agreed, among other things and subject to certain conditions and limitations, to take all steps reasonably necessary to support, facilitate, implement, consummate or otherwise give effect to the Consensual Restructuring, including, in the case of the Noteholders, by attending the virtual Scheme Meeting in person or by proxy (in each case, via videoconference link) and casting all of the votes in respect of their Notes in favour of the Scheme of Arrangement and, in the case of the Noteholders and First Lien Lenders, not to take any Enforcement Action.

The purpose of the Lock-Up Agreement was to enable the Group to launch the Consensual Restructuring with a greater degree of certainty as to its success, particularly in light of the considerable publicity, cost and potential impact on the Group's business operations involved in its launch.

Noteholders who have entered into the Lock-Up Agreement by the Early Bird Deadline and comply with the terms of the Lock-Up Agreement will be entitled to receive a Lock-Up Fee in accordance with the terms of the Lock-Up Agreement.

The undertakings provided by each Noteholder who entered into the Lock-Up Agreement provide that the relevant Noteholder will, among other things,:

(i) attend the Scheme Meeting in person or by proxy and exercise and cast all of its votes in respect of its Notes which are subject to the Lock-Up Agreement in favour of the Scheme of Arrangement;

(ii) not take any Enforcement Action, direct or encourage any other person to take any Enforcement Action or vote, or allow any proxy to vote or instruct another relevant person to vote (to the extent it is legally entitled to instruct that person to vote), in favour of any Enforcement Action. Each Noteholder who has entered into the Lock-Up Agreement has or will also provide a waiver in respect of any event of default which solely would otherwise arise as a result of:

  (A) the entry by the relevant Noteholders into the Lock-Up Agreement; and/or

  (B) the launch and/or implementation of the Consensual Restructuring;

(iii) not take, encourage, assist or support (or procure that any other person takes, encourages, assists or supports) any action which would, or would reasonably be expected to, delay, impede, prevent or frustrate the implementation of the Scheme of Arrangement or the Consensual Restructuring; and

(iv) not sell, transfer, assign or otherwise dispose of its interest in all or any part of its Notes which are subject to the Lock-Up Agreement unless such transferee accedes to the Lock-Up Agreement.

In the Lock-Up Agreement, the Company (as well as the other parties to the Lock-Up Agreement) has undertaken, among other things, that:

(i) it will (and it will procure that each member of the Group, to the extent applicable, will) act in good faith and promptly take all actions reasonably necessary in order to support, facilitate, implement, consummate or otherwise give effect to the Consensual Restructuring conditions including, without limitation:

  (A) executing and delivering (as applicable) any and all documents which may be necessary to give effect to the Consensual Restructuring (including, without limitation, the Restructuring Documents);

(B) proposing and filing any legal process or proceedings contemplated by or required to implement the Consensual Restructuring (including, without limitation, the Scheme of Arrangement, an application for the recognition of the Scheme of Arrangement under Chapter 15 and the Debt for Equity Conversion); and

(C) using all reasonable efforts to obtain, comply with and do all that is necessary to maintain in full force and effect any necessary consents or authorisations required to implement the Consensual Restructuring;

(ii) it will not (and it will procure that each member of the Group, to the extent applicable, will not) take, encourage, assist or support (or procure that any other person takes, encourages, assists or supports) any action which would, or would reasonably be expected to, delay, impede, prevent or frustrate the implementation of the Scheme of Arrangement or the Consensual Restructuring;

(iii) it will conduct the business of the Group in the ordinary course, including in compliance with law and Group policies, and it will not take certain actions, which would generally be considered outside of the ordinary course; and

(iv) it will provide to each of the advisers to the Ad Hoc Committee and the First Lien Lenders certain information relevant to (A) the Consensual Restructuring, (B) the state of the Group's capital structure, and (C) the Lock-Up Agreement itself, in each case as and when such information is available to the Company or otherwise on a routine basis.

The Lock-Up Agreement will terminate automatically:

(i) upon the occurrence of the earlier of (A) the Restructuring Effective Date, and (B) the Longstop Date; or

(ii) immediately upon any participating Noteholder assigning, transferring or otherwise disposing of all of its Notes which are subject to the Lock-up Agreement, with respect to that participating Noteholder only.

The Lock-Up Agreement may also be terminated voluntarily by:

(i) the mutual written consent of certain of the parties thereto, at any time;

(ii) the Company, in certain circumstances, by giving five business days' prior written notice to the other parties;

(iii) the 'Super Majority Participating Noteholders' (as defined therein), in certain circumstances, by giving written notice to the other parties; and

(iv) the 'Majority First Lien Lenders' (as defined therein) in certain circumstances, by giving written notice to the other parties.

The Lock-Up Agreement became effective on 17 November 2020.

The Lock-Up Agreement also contains certain termination rights in favour of the Noteholder parties and the First Lien Lenders, in each case exercisable by a specified majority of the relevant creditors, where:

(i) the Resolution is not passed by the requisite majority of Shareholders;

(i) an insolvency event occurs, where such event is not frivolous or vexatious, the result of a breach of the Lock-Up Agreement by the creditor party seeking to rely on the termination right or as required and agreed as necessary to effect the Consensual Restructuring;

(ii) any of the conditions to the Consensual Restructuring are not satisfied or the Noteholder parties or First Lien Lenders have reasonable grounds for believing a (A) condition will not be satisfied or waived, such conditions being those set out in the Lock-Up Agreement and as described in paragraph 1 of Part 2 ("*Risk Factors*") of this document, or (B) it will not be possible to effect the Consensual Restructuring by the Longstop Date;

(iii) the Consensual Restructuring is amended in a material respect which is likely to adversely affect, or conflict with, the interests of the Noteholder parties or the First Lien Lenders (as applicable) in connection with the Consensual Restructuring;

(iv) an order of a relevant court or governmental body is issued restraining or preventing the implementation of the Consensual Restructuring;

(v) the taking of action analogous to an Enforcement Action by another creditor of the Group that has a material effect on the Group;

(vi) the occurrence of a material breach, including of any undertakings or warranties, (subject to a cure period) under the Lock-Up Agreement or an event of default under the operative finance documents by a Group counterparty where the same is not waived under the Lock-Up Agreement;

(vii) the occurrence of certain events in relation to litigation or the Group's compliance with applicable laws, rules and regulations relating to ethical and responsible standards of behaviour which are reasonably likely to have a material adverse effect on the business, operations, assets, properties, prospects or financial condition of the Group as a whole; or

(viii) with respect to the Noteholders' ability to terminate a First Lien Lender, and, with respect to the First Lien Lenders' ability to terminate, the Ad Hoc Committee, has expressly stated in writing that it will no longer be supporting the Consensual Restructuring.

The Company has termination rights equivalent to those described at paragraphs (i), (iii), (iv), (vi) and (viii).

The Lock-Up Agreement is governed by English law.

Whilst the BEE Partners have signed the Lock-Up Agreement and have thereby committed to support and progress the Consensual Restructuring in good faith, there is no term sheet agreed or final agreement as to the changes to the Group's BEE arrangements contemplated by the Term Sheet, hence the Consensual Restructuring effectively remains subject to the consent of the BEE Partners.

8.8 ***Backstop Agreement***

The members of the Ad Hoc Committee entered into the Backstop Agreement with the Company and the Notes Issuer on 17 November 2020 pursuant to which those Noteholders committed (together) to backstop 100 per cent. of the New Money to the extent that (i) there is any New Money Shortfall which is not otherwise subscribed for, or (ii) any of the New Money committed by all Noteholders is not funded by the New Money Due Date.

The Company has agreed to pay each counterparty to the Backstop Agreement a "**Backstop Fee**" in remuneration for the benefit to the Group of it having certainty from the outset that 100 per cent. of the New Money will be raised in connection with the Consensual Restructuring, on the terms set out therein. The Directors and Proposed Director consider this Backstop Fee to be commensurate with a commercial underwriting fee paid to underwriters in connection with a capital raise. The Backstop Fee for each relevant Noteholder will be the Noteholder's pro rata proportion of US$1.5 million of New Notes (being five per cent. of the total New Money), on the basis of the Noteholder's contribution to funding (i) the New Money Shortfall, and (ii) any of the New Money committed by the New Money Noteholders but not funded by them by the New Money Due Date, as a percentage of the total contribution of the relevant Noteholders. For each applicable Noteholder, the Backstop Fee shall be payable by way of an additional entitlement to New Notes and settled on the Restructuring Effective Date.

8.9 ***Nomination Agreements***

On 22 December 2020, the Company and each of Monarch and Franklin Templeton entered into the Nomination Agreements, which will set out the basis upon which the Qualifying Noteholders are entitled to appoint persons to the Board in accordance with the terms of the Lock-Up Agreement.

The terms of the Nomination Agreements shall take effect immediately upon the Restructuring Effective Date provided that the Qualifying Noteholders and their affiliates continue to hold a direct or indirect holding of Ordinary Shares representing not less than five per cent. of the total number of Ordinary Shares in issue at and following the Restructuring Effective Date.

The terms of the Nomination Agreements are as follows:

(i) pursuant to the Monarch Nomination Agreement, Monarch will be entitled to nominate up to two persons for appointment as Non-Executive Directors pursuant to its Nomination Rights and,

pursuant to the Franklin Templeton Nomination Agreement, Franklin Templeton will be entitled to nominate one person for appointment as a Non-Executive Director pursuant to the Nomination Rights (such persons the "**Representative Directors**");

(ii) pursuant to the Monarch Nomination Agreement, Monarch will be entitled to nominate up to two persons for appointment as an observer to the Board pursuant to its Nomination Rights and, pursuant to the Franklin Templeton Nomination Agreement, Franklin Templeton will be entitled to nominate one person for appointment as an observer to the Board pursuant to the Nomination Rights (such persons the "**Observers**");

(iii) any Representative Director will be required to execute a letter of appointment with the Company in the agreed form;

(iv) the Company shall treat the Representative Directors in a manner consistent with the treatment of all other Non-Executive Directors;

(v) the Representative Directors shall not be entitled to attend the relevant part of, be counted in the quorum for, participate in discussions in, or vote on resolutions proposed at any Board meeting (or committee meeting) in certain situations, including where the subject matter relates to the relationship between the Company and that Representative Director's Qualifying Noteholder;

(vi) the Representative Directors shall be members of the 'Investment Committee' of the Board, which shall be established with effect from the Restructuring Effective Date to monitor significant capital and other investments;

(vii) the Representative Directors and/or Observers shall be entitled to share confidential information with the relevant Qualifying Noteholder but the Qualifying Noteholder shall be subject to obligations of confidentiality;

(viii) the Company will not be under an obligation to cleanse the market purely as a result of any information sharing between a Representative Director or Observer and the Qualifying Noteholder who nominated them; and

(ix) the Representative Directors will be subject to retirement and election or re-election at subsequent annual general meetings of the Company along with all other Directors, in the ordinary course (provided that, for the avoidance of doubt, any failure to re-elect a Representative Director shall not affect the right of the Qualifying Noteholder to nominate an alternative Representative Director in accordance with its Nomination Right).

8.10 ***Sponsor's Agreement***

The Company and the Sponsor entered into the Sponsor's Agreement on 22 December 2020, pursuant to which the Sponsor agreed to act as sponsor to the Company in connection with the Consensual Restructuring and the submission of this document to the FCA.

Under the terms of the Sponsor's Agreement, the Sponsor is granted all powers, authorities and discretions which are necessary for or incidental to the performance of its responsibilities under the Listing Rules. The Company has agreed to provide the Sponsor with certain customary indemnities, undertakings, representations and warranties.

In addition, the Sponsor's Agreement provides the Sponsor with the right to terminate the Sponsor's Agreement in certain circumstances, including:

(i) any of the conditions set out in the Sponsor's Agreement not being satisfied at the relevant time or ceasing to continue to be satisfied at Admission;

(ii) the Sponsor becoming aware that any statement in (A) this document, (B) the announcement confirming publication of this document (and any other announcements issued by or on behalf of the Company in connection with the Consensual Restructuring) or (C) any supplement to this document, is or has become untrue, inaccurate or misleading in any respect or any matter has arisen, which would, if the Consensual Restructuring was effected at that time, constitute a material omission from such documents;

(iii) the cancellation or suspension by the FCA or the London Stock Exchange of trading in the Company's securities; or

(iv) the applications for admission to listing on the Official List and to trading on the London Stock Exchange being refused by the FCA and/or London Stock Exchange or withdrawn by the Sponsor pursuant to its obligations as sponsor under the Listing Rules.

The Company has also agreed to pay a fee to the Sponsor on terms agreed between the Sponsor and the Company.

9. Key Consensual Restructuring documents

The following is a summary of the proposed material terms of the key documents that will be entered into by the Group as part of the Consensual Restructuring.

9.1 *Implementation Deed*

By virtue of the Scheme Sanction Order (assuming that it is granted by the Court) the Notes Issuer shall have the authority to execute the Implementation Deed on behalf of all Scheme Creditors. The Implementation Deed will also be executed, following the granting of the Scheme Sanction Order, by, among others, all Group members involved in the Consensual Restructuring, the First Lien Lenders, the Ad Hoc Committee, the Information Agent and the Ancillary Restructuring Parties.

The Implementation Deed will govern the implementation of, and give effect to, the Consensual Restructuring and it is intended to be the key controlling document to mechanically effect implementation. It is pursuant to the Implementation Deed that the Company will set, subject to satisfaction of the conditions set out in the Implementation Deed, a date on which the steps to the Consensual Restructuring will begin to occur.

The Implementation Deed will be entered into in order to formalise the instructions, directions, conditions precedent, steps and sequencing required to implement the proposed Consensual Restructuring.

The Implementation Deed will become effective upon the execution thereof by all parties thereto (noting that the Notes Issuer executes the Implementation Deed on its own behalf and as agent for and on behalf of all of the Scheme Creditors by virtue of authority granted to it by the Scheme of Arrangement).

The parties to the Implementation Deed will make customary representations and warranties to each other on the date of the Implementation Deed regarding matters including, but not limited to, incorporation, capacity and no conflict with laws or regulation.

The Implementation Deed will terminate automatically if any transaction contemplated therein, or the Consensual Restructuring as a whole, does not complete by the applicable long stop date set out therein. The parties reserve all rights they may have against any other party which accrue or arise in relation to the termination of the Implementation Deed.

The Implementation Deed will be governed by English law.

9.2 *Deed of Release*

By virtue of the Scheme of Arrangement (assuming the Scheme Sanction Order is granted) and with effect on and from the Scheme Conditions Effective Date, each Scheme Creditor irrevocably authorises and instructs the Notes Issuer (acting by its directors, officers or other duly appointed representatives) to enter into, execute and deliver as a deed (or otherwise), a deed of release (the "**Deed of Release**") on its behalf. The Deed of Release will become effective and unconditionally and irrevocably binding upon all Scheme Creditors (and any person who acquires any interest in a Scheme Claim after the Scheme Record Time) on the Restructuring Effective Date in accordance with the timing and sequencing set out, and subject to the satisfaction of the steps outlined, in the Implementation Deed.

Pursuant to the Deed of Release, the Scheme Creditors, among others, will waive, release and discharge, irrevocably, unconditionally, fully and absolutely, and to the fullest extent permitted by law:

(i) each and every Liability or Claim which such party may have against each Released Party and/or each connected party of a Released Party arising out of the preparation, negotiation, sanction,

execution or implementation of the Lock-Up Agreement, the Scheme of Arrangement and/or the Consensual Restructuring;

(ii) any right, title or interest they have in the Scheme Claims;

(iii) all Liabilities of each Released Party and each and every Claim which such party or its Connected Parties may have against any Released Party, in each case, arising out of:

(A) the Scheme Claims; and/or

(B) the Notes and the Notes Indenture (insofar as it relates to the Notes); and

(iv) any default that has occurred and is continuing under the Notes Indenture immediately prior to the Restructuring Effective Date, which is either the subject of a waiver or which is caused by or is a consequence of the Consensual Restructuring and/or any necessary steps taken in relation to the implementation thereof.

Pursuant to the Deed of Release and the terms of the Scheme of Arrangement, the Scheme Creditors will also covenant with the Company and each entity in the Group not to commence, take or continue to support any person commencing, taking or continuing or instruct any person to commence, take or continue any Proceedings.

The releases and covenants not to sue pursuant to the Deed of Release will be qualified to the extent that a Scheme Creditor may commence a Proceeding in respect of a Claim that arises:

(i) as a result of the failure by a person to perform its obligations under Lock-Up Agreement, the Scheme of Arrangement and/or an Implementation Document;

(ii) under the Scheme of Arrangement and/or any Implementation Document which may arise or accrue in relation to acts, omissions, events and/or circumstances that occur after the Restructuring Effective Date;

(iii) from fraud, gross negligence or wilful misconduct;

(iv) in respect of any Liability of the Notes Issuer and/or the Guarantors to the Trustee in its personal capacity;

(v) for a Scheme Creditor, in respect of any Liability of the Notes Issuer to the Trustee for compensation and/or indemnity pursuant to the Notes Indenture;

(vi) under or in respect of any fees payable to any adviser to the Ad Hoc Committee or the First Lien Lenders (as applicable);

(vii) under or in respect of any rights of a party to the Deed of Release under the Scheme of Arrangement or an Implementation Document (as applicable); and/or

(viii) for a Scheme Creditor, in respect of any New Notes or New Ordinary Shares to be issued as consideration pursuant to the Scheme of Arrangement or the Amended Notes Indenture.

The Deed of Release will be governed by English law.

9.3 ***New Banking Facilities***

In connection with, and conditional on, the Consensual Restructuring, the Company has agreed with the First Lien Lenders to further amend the First Lien Facilities. On 20 October 2020, the First Lien Lenders, the Company and the relevant Guarantors agreed terms in respect of the following:

(i) *Term Loan*

The Existing WCF and the Existing BEE Facilities Lenders have agreed to provide the Group a Term Loan on the following key terms:

(A) *Amount*: ZAR1,200 million (to be fully drawn as at the Restructuring Effective Date);

(B) *Purpose*: to settle the drawn Existing WCF and the Existing BEE Facilities;

(C) *Maturity*: three years from the Restructuring Effective Date; and

(D) *Pricing*:

(1) interest rate of JIBAR plus 5.25 per cent. per annum; and

(2) an upfront fee of 1 per cent. of the amount of the Term Loan (to be capitalised).

(ii) *New RCF*

The Existing RCF Lenders have agreed to provide the Group the New RCF on the following key terms:

(A) *Amount*: ZAR560 million (of which ZAR400 million shall be drawn as at the Restructuring Effective Date, rolled over from the Existing RCF);

(B) *Purpose*: for working capital purposes and to settle the drawn Existing RCF;

(C) *Maturity*: three years from the Restructuring Effective Date;

(D) *Pricing*:

(1) interest rate of JIBAR plus 5.25 per cent. per annum;

(2) an upfront fee of 1 per cent. of the amount of the New RCF (to be capitalised); and

(3) a commitment fee on any undrawn commitments under the New RCF of 2.1 per cent.

(iii) *Ancillary facilities*

The First Lien Lenders have agreed to continue to make available the ancillary facilities, including guarantee lines and soft lines, to the Group, which (as at the Latest Practicable Date) consist of:

(A) ZAR32.0 million guarantee line; and

(B) ZAR1,045.0 million soft lines which will comprise:

(1) ZAR100.0 million electronic transfer line;

(2) ZAR345.0 million currency transfer line; and

(3) ZAR600.0 million daylight intraday settlement line,

each consistent with pre-May 2020 amendment levels and the operational requirements of the Group going forward.

(iv) *Hedging*

The First Lien Lenders have agreed to allow for hedging lines of up to ZAR300.0 million of aggregate potential future exposures to hedge against the Group's foreign currency exchange risks and to be provided by the First Lien Lenders under market standard ISDA documentation. All existing hedges are to be settled in full in accordance with their terms before any new hedges can be entered into under the new hedging lines. The terms of the Group's existing hedging arrangements will be amended to have maturities staggered over the year following the Restructuring Effective Date. New hedges will have maturities of up to one year.

(v) *General*

The Term Loan will amortise in quarterly instalments and the commitments under the New RCF will reduce on a quarterly basis for the term of the facilities as follows:

Quarter Ending	Amortisation/Reduction in commitments
Jun-21	9 per cent.
Sep-21	9 per cent.
Dec-21	9 per cent.
Mar-22	9 per cent.
Jun-22	9 per cent.
Sep-22	9 per cent.
Dec-22	9 per cent.
Mar-23	9 per cent.
Jun-23	9 per cent.
Sep-23	9 per cent.
Final maturity date	10 per cent.

The above described arrangements with the First Lien Lenders (the "**New Banking Facilities**") will include a new covenant relating to the Senior DSCR (being the ratio of cash flow to the debt service on the New Banking Facilities); the Senior DSCR must be above 1.3x on each semi-annual test date until the maturity of the New Banking Facilities. The Group will also be required to maintain a minimum actual and forecasted liquidity of US$20 million where liquidity constitutes available amounts under the New RCF and each working capital overdraft facility made available under the ancillary facilities as well as cash and cash equivalents (the "**Liquidity Covenant**"). A breach of the Senior DSCR or the Liquidity Covenant will result in an event of default under the New Banking Facilities.

It has been proposed by the First Lien Lenders that if an event of default occurs under the New Banking Facilities then for so long as the event of default subsists, the interest payable on the loans drawn under the New Banking Facilities increases by two per cent. per annum. This point remains subject to ongoing negotiations between the Group and the First Lien Lenders.

The First Lien Lenders will remain senior in priority to the Noteholders and the security arrangements will remain substantially the same, subject to certain agreed enhancements (including security to be granted by Petra Diamonds UK Services Limited). The New Banking Facilities will remain governed by South African law, with local law applying for the security documentation.

The New Banking Facilities becoming effective will be conditional on the other elements of the Consensual Restructuring being implemented in accordance with the Implementation Deed.

9.4 ***The New Notes and Amended Notes Indenture***

Pursuant to the Consensual Restructuring, the Notes Debt that is not subject to the Debt for Equity Conversion will be reinstated as the New Notes pursuant to the Amended Notes Indenture.

The key features of the senior secured second lien New Notes, as they differ from the Notes, and as will be documented in the Amended Notes Indenture, are as follows:

(i) *Principal amount*: expected to be approximately US$337.0 million on completion of the Consensual Restructuring;

(ii) *Guarantors*: in addition to the existing Guarantors, Petra Diamonds UK Services Limited will accede as a guarantor of the New Notes. Petra Diamonds Jersey Treasury Limited and Petra Diamonds Netherlands Treasury B.V. are to be released as guarantor parties upon or immediately prior to the commencement of their winding-up or dissolution as part of the Group's planned treasury restructuring;

(iii) *Ranking*: same as the Notes, subject to the revised cash flow waterfall and initial PIK nature of the coupons;

(iv) *Maturity date*: five years from the Restructuring Effective Date, which reflects an extension from the existing maturity date (May 2022);

(v) *Interest*: interest will be payable semi-annually in arrears during the term of the New Notes. The New Notes will accrue PIK interest at 10.50 per cent. (per annum) for the first 24 months of the term of the New Notes. Thereafter, interest will be cash-pay at 9.75 per cent. (per annum), subject to the Coupon Payment Conditions described at paragraph (xi) below;

(vi) *Minimum liquidity covenant*: the Amended Notes Indenture will have the same Liquidity Covenant as that which is contained in the New Banking Facilities and as described in paragraph 9.3(v) above of this Part 13 ("*Additional Information*")

(vii) *Non-call protection*: the Amended Notes Indenture will contain two-year non-call protection (with a customary make-whole obligation) and a coupon step-down profile thereafter at 104.88 per cent., 102.44 per cent., then par (but excluding any prepayments or redemptions);

(viii) *Restrictive covenants*: the Amended Notes Indenture will contain further restrictive covenants (including, among other things, further restrictions against paying dividends and making other distributions to Shareholders, making acquisitions and investments, the use of disposal proceeds as well as restrictions on value transfers to Williamson Diamonds Limited) and a tightening of existing covenants relative to the Notes Indenture, including capped baskets of first lien debt and prohibitions on other *pari passu* or junior unsecured debt being incurred (the latter subject to ordinary course exceptions);

(ix) *Security*: the New Notes will retain substantially the same second ranking security package, including guarantees from the majority of the Group members (being all of the South African Mine-Owning Entities). The security package will have the benefit of certain agreed enhancements (including security to be granted by Petra Diamonds UK Services Limited). Williamson Diamonds Limited will remain a ring-fenced asset outside of the security package for the New Notes and the First Lien Facilities on principles which are to be agreed between the Company, the First Lien Lenders and the Noteholders in due course;

(x) *Pre-enforcement cash flow waterfall*: a pre-enforcement cash flow and account waterfall will bind the Group, which covers all cash flows in, out and within the Group, in order to (A) achieve transparent and orderly cash flow management in the ordinary course, (B) ensure that all receipts of the Group are paid into secured accounts and applied in accordance with the agreed waterfall, (C) record and implement the agreed priority of ordinary course payments as between the Group and its stakeholders, and (D) minimise leakage outside of the Noteholder security package;

(xi) *Intercreditor arrangements*: the intercreditor arrangements (to be set out in the Amended Intercreditor Agreement) between, among others, the Noteholders and the First Lien Lenders will reflect the second-ranking guarantees and security of the New Notes. The guarantees of the New Notes will be subject to customary subordination provisions, restrictions on enforcement and other restrictions set out in full in the Amended Intercreditor Agreement. The intercreditor arrangements will reference a requirement in the New Banking Facilities that payment of the cash-pay coupon on the New Notes falling due in June 2023 and on each coupon payment date occurring thereafter is subject to the following "**Coupon Payment Conditions**" being met by the Group:

(A) the Senior DSCR is equal to or more than at least 1.3x (calculated on a pro forma basis);

(B) the amount outstanding under the New RCF must not be more than ZAR400 million (as reduced over time through amortisation in accordance with the terms of the New RCF) immediately prior to the coupon payment and for a period of two weeks thereafter; and

(C) the Company has provided evidence satisfactory to the First Lien Agent that its unrestricted cash balance post payment of the coupon payment would be in excess of US$20 million.

If the Coupon Payment Conditions are not met and the Company cannot pay the cash-pay interest payment, it will be in default under the Amended Notes Indenture;

(xii) *Events of default*: the events of default under the New Notes will be substantially the same as under the Notes, as amended to take into account the new covenants relating to the New Notes;

(xiii) *Clearing and transfers*: the New Notes will be held in Euroclear and Clearstream;

(xiv) *Rating*: the Notes Issuer is to use its commercially reasonable efforts to obtain a rating of the New Notes by Moody's or S&P and to maintain a rating for the New Notes by Moody's or S&P so long as the New Notes are outstanding; and

(xv) *Minimum denominations*: the New Notes are to be issued in minimum denominations of not less than US$1,000 and in integral multiples of US$1.00 in excess thereof.

The Amended Notes Indenture will continue to be governed by New York law. The New Notes will be listed on the Irish Stock Exchange and admitted to trading on the Global Exchange Market, which is the same as for the Notes.

Each Noteholder's proportion of its Notes Debt that will be 'reinstated' as New Notes will be determined by the following factors:

(i) *New Money pro rata entitlement*: whether, and to the extent to which, the Noteholder has elected to exercise its entitlement to contribute to the New Money;

(ii) *New Money oversubscription*: whether, and to the extent to which, the Noteholder has subscribed for the New Money and therefore has elected to provide (on a pro rata basis) any portion of the New Money not otherwise contributed by the initial pro rata entitlement contributions of electing Noteholders under paragraph (i) above;

(iii) *New Money backstop*: whether the Noteholder has been required to subscribe for a further portion of New Notes in respect of the New Money, which shall be in addition to their pro rata entitlement and any oversubscription, pursuant to the Backstop Agreement (in which the Noteholders have agreed to backstop the New Money to the extent that there is a New Money Shortfall which remains after taking account of all oversubscriptions by Noteholders or if any of the New Money committed by the New Money Noteholders is not funded by the New Money Due Date);

(iv) *New Money Noteholder entitlement*: whether the Noteholder is entitled to a New Money Noteholder portion of the US$150 million of the New Notes, such portion to be pro rata to the New Money Noteholder's aggregate contribution to the New Money (including its own pro rata entitlement, any oversubscription and any amount of the New Money Shortfall that the New Money Noteholder is required to provide under the Backstop Agreement) as a proportion of the total New Money. This entitlement represents a roll-up of the New Money Noteholders at a ratio of 5.0:1 (five New Notes dollars for every one New Money dollar (as an addition to the New Notes issued in consideration for the New Money);

(v) *Noteholder entitlement*: each Noteholder's (including the New Money Noteholders) entitlement to the US$145 million allocation of the New Notes, such allocation to be pro rata to the proportion of the aggregate principal amount of the Notes that each Noteholder holds at the Scheme Record Time; and

(vi) *Fees*: the Noteholders are each eligible for certain fees in connection with the Consensual Restructuring, which will be paid by issuing such amount of New Notes as is equal to the fees owed.

Each Noteholder will be able to indicate its willingness to contribute to the New Money and the New Money Shortfall in its Account Holder Letter.

The agreed amounts of the New Notes for each Noteholder, and the formulae underlying such amounts will be as set in the Allocations Spreadsheet and Funds Flow, which the Information Agent will be able to complete as at the Scheme Record Time, following receipt of all Account Holder Letters.

9.5 ***Holding Period Trust Deed***

Pursuant to the Consensual Restructuring, the Noteholders will be entitled to receive their entitlement to the New Notes and the New Ordinary Shares (the "**Noteholder Entitlements**").

If, on the Restructuring Effective Date, any Noteholder Entitlements are not issued to a Noteholder or its Designated Recipient(s) (as applicable) because such Noteholder or its Designated Recipient (i) is a Disqualified Person; (ii) has not delivered to the Information Agent a valid Account Holder Letter by the Voting Instruction Deadline; or (iii) has nominated the Holding Period Trustee as its Designated Recipient, (together, the "**Unadmitted Entitlements**"), the Unadmitted Entitlements shall, in each case, be issued on

the Restructuring Effective Date to the Holding Period Trustee, who will hold such Unadmitted Entitlements on trust for, and for the benefit of, the relevant Noteholder for the Holding Period, in accordance with the terms of the Holding Period Trust Deed (the "**Trust Property**").

If any Trust Property has not been validly claimed by a Noteholder or its Designated Recipient (as applicable) by the Holding Period Expiry Date, the Trust Property will be:

(i) sold on the Open Market, with the proceeds of such sale (net any taxes, withholding deduction, commissions, other fees or other costs or any other expenses) being transferred to the Company; or

(ii) in the event that such a sale is not possible, transferred:

(A) in the case of entitlements to the New Ordinary Shares, to the Company; or

(B) in the case of entitlements to the New Notes, to the Notes Issuer.

10. Takeovers and mergers

As the Company is incorporated in Bermuda, the City Code on Takeovers and Mergers does not apply to it and there is no comparable regulatory code which applies to Bermudian companies.

(a) The following provisions of the Companies Act apply in relation to the acquisition of 90 per cent. or 95 per cent. of the shares of a Bermuda company:

(i) Section 102 of the Companies Act provides that where a scheme or contract involving the transfer of shares to another company is approved by the holders of 90 per cent. in value of the shares which are the subject of the offer, the offeror can compulsorily acquire the shares of dissentient shareholders. Shares owned by the offeror or its subsidiary or their nominees at the date of the offer do not, however, count towards the 90 per cent. If the offeror or any of its subsidiaries or any nominee of the offeror or any of its subsidiaries together already own more than 10 per cent. of the shares in the subject company at the date of the offer, the offeror must offer the same terms to all holders of the same class and the holders who accept the offer, besides holding not less than 90 per cent. in value of the shares, must also represent not less than 75 per cent. in number of the holders of those shares;

(ii) The 90 per cent. must be obtained within four months after the making of the offer and, once obtained, the compulsory acquisition may be commenced within two months of the acquisition of 90 per cent. Dissentient shareholders are entitled to seek relief (within one month of the compulsory acquisition notice) from the Supreme Court of Bermuda which has power to make such orders as it thinks fit; and

(iii) Under section 103 of the Companies Act, a holder of 95 per cent. of the shares of a Bermuda company can, on giving notice to the minority shareholders, force them to sell their interest to the 95 per cent. shareholders provided that the terms offered are the same for all of the holders of the shares whose acquisition is involved. Dissentient shareholders have a right to apply to the Supreme Court of Bermuda within one month of the compulsory acquisition notice to have the value of their shares appraised by the Supreme Court of Bermuda. If one dissentient shareholder applies to the Supreme Court of Bermuda and is successful in obtaining a higher valuation, that valuation must be paid to all shareholders being squeezed out.

(b) The following provisions of the Companies Act apply in relation to acquisition of the shares of a Bermuda company by way of a scheme of arrangement, merger or an amalgamation:

(i) Section 99 of the Companies Act deals with court approved schemes of arrangement. Dissentient shareholders in schemes of arrangement do not have express statutory appraisal rights but the Supreme Court of Bermuda will only sanction a scheme if it is fair. Shares owned by the offeror can be voted to approve the scheme but the Supreme Court of Bermuda will be concerned to see that the shareholders approving the scheme are fairly representative of the general body of shareholders. Any scheme must be approved by a majority in number representing three quarters in value of each class of shareholders present and voting either in person or by proxy at the requisite scheme meeting (or meetings).

(ii) Under sections 104 to 109 of the Companies Act, two or more companies may amalgamate and continue as one company. Whilst the separate corporate existence of each of the amalgamating companies ceases, all the amalgamating companies continue their existence as constituent parts of the amalgamated company (no one amalgamating company can be said to be the sole survivor although the amalgamated company is the only resulting entity). In practical terms, the effect of an amalgamation is that the assets and liabilities of the amalgamating companies become the assets and liabilities of the amalgamated company.

(iii) Under sections 104 to 109 of the Companies Act, two or more companies may merge and the surviving company continue as one company. The assets and liabilities of each merging company shall vest in the surviving company which shall also be responsible for the obligations of each merging company.

(iv) The statutory threshold for approval of an amalgamation or merger is 75 per cent. of shareholders voting at the special general meeting at which a quorum of at least two persons holding or representing by proxy more than one third of the issued shares are present. Under Bermuda law, this statutory threshold may be altered by providing otherwise in the bye-laws of the amalgamating or merging company. Bye-laws of a Bermuda company may be amended by a resolution of the board of directors and a simple majority of shareholders present and voting at the requisite meeting or by such greater majority as is prescribed in the bye-laws of a company.

(v) Dissentient Shareholders may apply to the Supreme Court of Bermuda within one month of the notice convening the special general meeting to approve the amalgamation or merger to have the Supreme Court of Bermuda appraise the fair value of their shares.

11. Working capital

Petra is of the opinion that the Group does not have sufficient working capital for its present requirements, which is for at least the next 12 months from the date of this document (the "**Working Capital Period**").

The Group is reliant on the successful conclusion of the Consensual Restructuring, which is dependent on, inter alia, approval by the Company's Shareholders and Noteholders, to continue as a going concern. In the event that Shareholders do not approve the Consensual Restructuring, the Consensual Restructuring cannot be completed and the Capital Reduction and Debt for Equity Conversion cannot occur. If the Consensual Restructuring cannot occur, the forbearance undertakings given in favour of the Group by the First Lien Lenders and the majority (in value) of the Noteholders will fall away and the Directors and Proposed Director consider it likely that one or more of the First Lien Lenders, the Noteholders or other creditors of the Group would take enforcement action, or cause such action to be taken, in order to enforce their security interests and accelerate payment of the debts owed to them. The Consensual Restructuring is the result of a long period of intensive negotiations to align stakeholders. If any enforcement action were to be taken, it is unlikely that any alternative plan that is capable of implementation could be agreed between all stakeholders. In such circumstances it is likely that the Company, or one or more of the Group members, would file for insolvency in the relevant jurisdiction(s). It may, in these circumstances, be possible to effect a restructuring through a structured insolvency process, but this is likely to result in no value being realised by Shareholders. A structured insolvency process would also be reliant on the Group obtaining additional funding to fund trading as a going concern for a period of time before such restructuring could be effected, the obtaining (or waiving) of certain regulatory consents, support from the First Lien Lenders and agreement from the Noteholders (potentially through a second scheme of arrangement or restructuring plan pursuant to the UK Companies Act).

In the event of a successful Consensual Restructuring, the Group's forecasts remain sensitive to trading conditions and the ongoing COVID-19 pandemic may have a further material impact on the Group's ability to operate within its covenants such that continued First Lien Lender support may be required and, if unavailable, additional funding may be required.

Under the Company's base case, which itself is dependent upon the successful completion of the proposed Consensual Restructuring and continued availability of the New Banking Facilities in line with the Consensual Restructuring, the forecasts indicate that the Company will be able to maintain sufficient liquidity and operate within covenants set out in the New Banking Facilities.

The Group closely monitors and manages its liquidity risk, and cash forecasts are regularly produced and run for different scenarios. The forecasts assume that the envisaged restructuring will be implemented in line with the provisions of the Consensual Restructuring. The Group also considered risks associated with COVID-19, which

were considered to focus primarily on the potential for further production disruption, deferral of tenders due to travel restrictions and adverse impacts on diamond pricing, which have been used to generate a reasonable worst case scenario, which is the scenario upon which this working capital statement is based.

The reasonable worst case scenario assumes, *inter alia*, the following:

(a) cancellation of two consecutive rough diamond tenders in early 2021, due to COVID-19 restrictions, coupled with a significant price decline at an assumed subsequent private sale (in line with actual experiences during FY 2020);

(b) an unforeseen disruption to operations at its South African mines due to either COVID-19 restrictions or otherwise resulting in the closure of each South African mine for one month during 2021;

(c) following the assumed cancellations and private sale referred to above, rough diamond prices at the next normal tender in 2021 being five per cent. below the average prices achieved in the last four tenders arising before the COVID-19 pandemic took effect, excluding sales of special stones, with prices from September 2021 increasing in line with forecast US consumer price inflation of 2.5 per cent. per annum and forecast long-term diamond price index growth of 1.8 per cent. per annum;

(d) a five per cent. increase in forecast operating costs; and

(e) a strengthening of the Rand in relation to the US dollar, resulting in an exchange rate of US$1:ZAR15.

Under the reasonable worst case scenario, immediately following the Working Capital Period, the Group's Senior DSCR under the New Banking Facilities is forecast to be below the required minimum ratio of 1.3x on the six-monthly assessment point at 31 December 2021 (the "**DSCR Breach**").

Under the reasonable worst case scenario, the Group's Senior DSCR could first fall below 1.3x in August 2021. However, the DSCR Breach would only occur if the Senior DSCR is below 1.3x on 31 December 2021.

Whilst there may be some reasonably available mitigating actions to help reduce expenditure and alleviate some cash flow and liquidity pressures, including:

(a) the deferral of some capital expenditure starting between April 2021 and September 2022, with the deferred amount being caught up over the following 24 month period;

(b) operating expenditure savings of five per cent. starting in the financial year ended 30 June 2023; and

(c) ceasing to provide additional funding to the Williamson diamond mine,

the delivery and effects of such mitigating actions remains uncertain and, in relation to the potential operating expenditure saving, would materialise beyond the Working Capital Period. The Company is of the view that, in the reasonable worst case scenario, the Group would not be able to fully mitigate the DSCR Breach even if such mitigating actions were available. In addition to the above, under this scenario in which external funding is not available for Williamson and the parcel of diamonds from the mine remains blocked, the Group may need to place the Williamson mine into administration during the Working Capital Period.

If a DSCR Breach were to occur, the New Banking Facilities may be accelerated and/or put formally due on demand. In the event of a DSCR Breach, the Company would be dependent on the First Lien Lenders granting a waiver of the DSCR Breach and continuing to make the facilities available, as there would be insufficient liquidity to settle the outstanding New Banking Facilities if required. Whilst the First Lien Lenders have indicated their support in recent discussions and ongoing dialogue with the First Lien Lenders will be important during this period, there can be no guarantee that a covenant waiver would be granted and that the New Banking Facilities would continue to remain available in the event of a DSCR Breach.

In the event that the Company breaches its covenants and the New Banking Facilities are withdrawn or repayment is demanded, it is unlikely that a restructuring plan that is capable of implementation could be agreed between all stakeholders. In such circumstances, the ability of the Group to continue trading would depend upon the Group being able to negotiate a refinancing proposal with its creditors and, if necessary, that proposal being approved by Shareholders. Whilst the Board would seek to negotiate such a refinancing proposal with its creditors, there is no certainty that the creditors would engage with the Board in those circumstances or how long such a negotiation may take. There would therefore be a significant risk that the Company, or one or more of the Group members, may enter into freefall insolvency proceedings in the relevant jurisdiction(s), which the Directors and Proposed Director consider would likely result in no value being returned to Shareholders.

12. No significant change

Save as disclosed below, there has been no significant change in the financial position or financial performance of the Group since 30 June 2020, being the end of the last financial period of the Group for which audited financial statements have been published.

12.1 *COVID-19*

During August 2020, the Company successfully completed the move to 'continuous operations', however during September and October 2020, production at the Finsch mine was impacted by the arrangements to maintain 'continuous operations', to offset the impact of COVID-19 mitigation measures, coming to an end. In October 2020, an agreement was reached with organised labour to reinstate 'continuous operations' for the remaining period of the financial year to 30 June 2021.

The diamond market has shown some modest improvement in FY 2021 but there is still uncertainty around further disruption due to COVID-19 related restrictions. Revenue during Q1 FY 2021 increased 33 per cent. to US$82.0 million (Q1 FY 2020: US$61.6 million) mainly due to the release of inventory carried over from Q4 FY 2020. The Group's tender sale in September 2020 saw pricing on a like-for-like basis strengthen by approximately 21 per cent. in comparison to prices achieved in the March and June sales cycles and the tender sale in October 2020 saw a further approximate two per cent. like-for-like price increase. However, prices were still around 10 per cent. below pre-COVID 19 levels.

Conditions in the diamond industry improved as lockdown measures around the world were eased and retail outlets reopened. Since the outbreak of COVID-19, a period of sustained low supply, particularly from the majors De Beers and ALROSA, has allowed for a better equilibrium in the market and there is now improved demand from the downstream as retailers look to put orders in place in time for the festive retail season. The cutting and polishing factories of India have ramped up to approximately 90 per cent. capacity under COVID-19 guidelines, and have been trying to maximise working hours in order to meet demand, including observing a much shorter holiday period for Diwali than usual. Many producers have reinstated their usual sales tender pattern in order to match demand. However, all participants in the industry recognise that risks to a sustained recovery remain, particularly in light of the current resurgence of COVID-19 in key diamond markets, and much will depend on the level of consumer activity in the coming months, especially in the major US market.

12.2 *Letlapa Tala Collection*

Five high quality Type IIb blue diamonds of significant colour, clarity and size were recovered at the Cullinan mine in September 2020 and have since been named the Letlapa Tala Collection. The Company held a special tender for the Letlapa Tala Collection which closed on 24 November 2020. The Company took all the steps necessary to ensure maximum exposure to potential buyers of these stones, considering COVID 19 related restrictions, including arranging for the diamonds to tour the key diamond centres of Antwerp, Hong Kong and New York so that as many clients as possible could see the diamonds in person. On 25 November 2020, the Company announced that the Letlapa Tala Collection had been sold as a suite of stones to a partnership between De Beers and Diacore for a total price of US$40.36 million, payable in cash prior to delivery of the stones. The proceeds of the sale were received on 2 December 2020.

12.3 *Consensual Restructuring*

On 20 October 2020, following an extensive period of engagement and negotiation with stakeholders and undertaking a strategic review (incorporating a formal sales process), the Company announced that it had reached agreement in principle in relation to the key terms of the Consensual Restructuring.

On 17 November 2020, certain members of the Group (being the Company, the Notes Issuer and the Guarantors) entered into the Lock-Up Agreement with the Group's BEE Partners, Noteholders then representing approximately 61.2 per cent. in value of the Notes Debt, the First Lien Lenders and the Information Agent. Pursuant to the Lock-Up Agreement, all parties have agreed, among other things and subject to certain conditions and limitations, to take all steps reasonably necessary to support, facilitate, implement, consummate or otherwise give effect to the Consensual Restructuring.

13. Regulatory disclosures

The Company regularly publishes announcements via the RNS system and its website. Below is a summary of the information disclosed in accordance with the Company's obligations under the Market Abuse Regulation over the

last 12 months relevant at the date of this document. In addition to the RNS system, full announcements can be accessed on the webpage of the Company at https://www.petradiamonds.com/investors/news/.

13.1 ***Inside Information***

(a) Ahead of announcing its results for the six months ended 31 December 2019, on 27 January 2020, the Company announced in a trading update that revenue was down six per cent. to US$193.9 million mainly due to lower diamond prices and the previously reported adverse product mix at Finsch and Williamson, partially offset by the sale of the blue diamond from Cullinan.

(b) On 27 March 2020, the Company announced the impact of the global COVID-19 pandemic to the Company. As a result of the 21 day national lockdown issued by the South African Government, the Company announced that mining operations would be scaled down significantly, the FY 2020 production guidance of 3.8 million carats would be suspended until the Company is in a better position to quantify the full impact of the lockdown and the closure of its diamond sales in South Africa and Tanzania were brought forward to earlier dates. The Company also announced it would be engaging with the Group's financial stakeholders in relation to the implications of the unprecedented operating and trading environment for its capital structure, including the strategic options open to the Company in relation to the maturity of its US$650 million loan notes in May 2022.

(c) On 1 May 2020, the Company announced an additional market update with regards to the impact on the Company of the global COVID-19 pandemic. The Company announced that it had been in discussions with its South African lender group (being Absa, FirstRand and Nedbank) to draw on its ZAR1 billion revolving capital facility in order to manage near-term liquidity risks arising from the unprecedented operating and trading environment. The Company also announced that it submitted a formal request to the South African BEE lender group (being Absa, FirstRand and Ninety One) to reschedule the capital payment under the Existing BEE Facilities which was due on 20 May 2020.

(d) On 29 May 2020, the Company announced in a trading update for the nine months ending 31 March 2020 that it had reached agreement with its South African lender group regarding the conditions upon which ZAR400 million of its ZAR1 billion revolving credit facility is to be made available. The Company also reached agreement with the South African BEE lender group to reschedule the capital repayments due in May 2020 and November 2020 under the Company's outstanding bank financing of its BEE Partners. The Company further announced that it entered into the Forbearance Agreement with the members of the Ad Hoc Committee (further details of the Forbearance Agreement are set out in paragraph 8.6 of this Part 13 ("*Additional Information*")).

(e) On 26 June 2020, the Board announced that it had decided to seek offers for the Company, or for parts of the business or assets of the Group, pursuant to its strategic review in relation to its capital structure options and in order to assess all strategic options to maximise value to its stakeholders.

(f) On 16 September 2020, the Board announced it had recovered five 'Type IIb' blue diamonds of high quality in terms of both their colour and clarity at the Cullinan mine in South Africa. In addition, the Company announced that is continues to undertake discussions with the members of the Ad Hoc Committee and also with the South African lender group regarding a long term solution to improve the Group's capital structure. It was noted that the recovery of the blue diamonds, whilst a positive development, would not have a material impact on the likely terms of the required long term solution to improve the Group's capital structure, nor the significant level of equity dilution that existing Shareholders were likely to experience in connection with its implementation.

(g) On 6 October 2020, the Company announced that it had concluded a one-year wage agreement with the NUM covering its South African operations for the financial year to 30 June 2021.

(h) On 20 October 2020, the Company announced it had reached agreement in principle on a common set of commercial terms with respect to a long-term solution for the recapitalisation of the Group with each of the Ad Hoc Committee and the First Lien Lenders.

(i) On 27 October 2020, the Company announced in a trading update for the three months ended 30 September 2020 that whilst production during the period was down by approximately 10 per cent. mainly as a result of the Williamson remaining on care and maintenance, revenue during Q1

FY 2021 had increased by approximately 33 per cent. as a result of the release of inventory carried over from Q4 FY 2020.

(j) On 17 November 2020, the Company announced its final audited results for FY 2020.

(k) On 17 November 2020, the Company announced the execution of the Lock-Up Agreement with the Ad Hoc Committee, the First Lien Lenders and the BEE Partners, which formalises the agreement reached in principle the Consensual Restructuring previously announced by the Company on 20 October 2020.

13.2 ***Dealings by persons discharging managerial responsibilities and their persons closely associated***

The Company has made no disclosures in the last 12 months in accordance with Article 19 of the Market Abuse Regulation in relation to transactions carried out by the Company's persons discharging managerial responsibilities (and their persons closely associated).

14. Litigation

Save as disclosed in this paragraph 14, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Company is aware) which may have, or have had during the 12 months prior to the date of this document, a significant effect on the Company and/or the Group's financial position or profitability.

14.1 ***Blocked parcel of diamonds from the Williamson mine***

A parcel of diamonds (71,654.45 carats) from the Williamson mine has been detained and blocked from export by the Government of Tanzania since September 2017. The provisional value assigned to the blocked parcel by TANSORT, the Diamond and Gemstones valuation unit of the Government of Tanzania, was US$14.8 million, however the Company has not had the parcel independently valued. The Directors and Proposed Director estimate that the revenue impact on the Company of the blocked parcel is approximately US$10.5 million, which is management's view based on the original valuation of the parcel and the subsequent price movement in the diamond market.

The basis for this action has still not been formally made known to the Company; however, media reports suggested the Government of Tanzania's concern about the potential under-valuation of diamond parcels prior to export and the impact this could have on royalty payments. In response to this speculation, the Company publicly confirmed that all operations at Williamson, including the export and sales processes, are conducted in a transparent manner and in full compliance with both the legislation in Tanzania and the Kimberley Process.

The Company remains in regular communication with the Government of Tanzania in order to reach a satisfactory resolution. The Directors remain hopeful that the parcel will be released by the Government of Tanzania and will be available for future sale, however there have been media reports suggesting there is the possibility that the Government of Tanzania may seek to nationalise the diamonds. Engagement generally with the Government of Tanzania has been impacted by the COVID-19 pandemic, as well as the Tanzanian elections in October 2020.

14.2 ***VAT receivables held by the Group that remain due and outstanding by the tax authorities in Tanzania***

As at 30 June 2020, the Group held VAT receivables of US$39.9 million in respect of the Williamson mine, which remain due and outstanding by the tax authorities in Tanzania. The Tanzania Revenue Authority disputed the recoverability of such VAT. The Group has now recognised an impairment charge on the outstanding VAT receivables of US$29.6 million, reflecting a net receivable of US$10.3 million by 30 June 2020. Whilst the Company continues to seek payment of these sums, there is no guarantee that it will be successful or that further VAT receivables will not be withheld in the future.

14.3 ***Claim forms issued by Leigh Day in the English High Court***

During May 2020, the law firm Leigh Day notified the Company and Williamson Diamonds Limited by letter that it had issued protective claim forms (for limitation purposes) in the English High Court on behalf of 32 claimants, concerning allegations that the claimants suffered personal injury inflicted by Williamson Diamonds Limited's security employees and contractors. In four instances, it is alleged that the injuries have resulted in the death of the relevant individual. One of the claimants will bring an additional claim on

behalf of his son who is alleged to have been killed by Williamson Diamonds Limited's security. The precise details of each alleged incident are brief. The claimants who have issued protective claim forms have also obtained an anonymity order and as such, their identities have not been disclosed.

The claims filed by Leigh Day have not been served on either Petra or Williamson Diamonds Limited. In its letter before claim, Leigh Day has expressed an interest in alternative dispute resolution methods, including mediation. Responses have been provided to the claimants' lawyers in accordance with the relevant pre-action procedures of the English court. The amount of damages sought is not yet quantified. It is stated that the claimants have suffered loss and damage including personal injuries and death, consequential losses including loss of earnings and medical expenses, pain and suffering and/or loss of amenity. They will also seek aggravated or exemplary damages in accordance with Tanzanian law. In correspondence, the claimants' lawyers have indicated that the damages claimed could be in the order of £5 million (exclusive of legal costs). Whilst the claims could result in the Company being liable to pay financial damages to the claimants, the likelihood of a payment being required, and if so its amount, is not yet possible to gauge.

In addition, the Company received correspondence from UK-based NGO RAID regarding similar allegations raised by local residents and others relating to actions by Williamson Diamonds Limited, its security contractor and others linked to Williamson Diamonds Limited. Petra has also publicly acknowledged the report published in November 2020 by RAID entitled 'The Deadly Cost of Ethical Diamonds' which identifies a number of alleged human rights violations relating to the security operations of the Williamson mine in Tanzania, which are managed by Williamson Diamonds Limited, a third party security contractor and the local Tanzanian police force. Petra is engaging and co-operating with RAID in order to address the allegations raised.

Petra takes these allegations extremely seriously. Petra has formed a sub-committee of the Board formed entirely of independent Non-Executive Directors with responsibility for evaluating the allegations. This committee has initiated an investigation into the human rights allegations, which is being carried out by a specialist external adviser in conjunction with the Company's lawyers. The investigation team is scheduled to report back to the committee by the end of the calendar year 2020 and the committee will then undertake a review and make recommendations to address any findings. This may include any required remedy or corrective action to be taken as a result of the investigation's findings.

15. Related party transactions

No member of the Group entered into any 'Related Party Transactions' (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No 1606/2002) between 30 June 2020 and the Latest Practicable Date.

16. Certain US securities laws matters

The New Ordinary Shares and the New Notes have not been, and will not be, registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in, into or from the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of the New Ordinary Shares or the New Notes in the United States.

The New Ordinary Shares and the New Notes are being made available (i) outside the United States in reliance on Regulation S under the US Securities Act, and (ii) in the United States to a limited number of institutional accredited investors (as defined in 501(a)(1), (2), (3), (7), (8), (9), (12) or (13) under the US Securities Act) in transactions exempt from the registration requirements of the US Securities Act.

Until 40 days after the commencement of the distribution of the New Ordinary Shares and the New Notes, an offer, sale or transfer of the New Ordinary Shares or the New Notes, as the case may be, within the United States by a dealer may violate the registration requirements of the US Securities Act.

Any person in the United States into whose possession this document comes should inform themselves about and observe any applicable legal restrictions. Any such person in the United States who is not an institutional accredited investor is required to disregard this document.

17. Consents

(a) BMO Capital Markets Limited has given and has not withdrawn its written consent to the inclusion in this document of its name and the references to it in the form and context in which they appear.

(b) Rothschild & Co has given and has not withdrawn its written consent to the inclusion in this document of its name and the references to it in the form and context in which they appear.

(c) BDO LLP has given and has not withdrawn its written consent to the inclusion in this document of its report, set out in Section B of Part 10 ("*Unaudited Pro Forma Financial Information*") of this document, and has authorised, for the purpose of Prospectus Regulation Rule 5.3.2R(2)(f) and item 1.3 of Annex 3 of Commission Delegated Regulation (EU) 2019/980, the contents of this report as part of this document for the purpose of this prospectus.

(d) John Kilham has given and has not withdrawn his written consent to the inclusion in this document of the Diamond Resources and Diamond Reserves estimates of the Group, in the form and context in which such information appears, and has authorised, for the purpose of Prospectus Regulation Rule 5.3.2R(2)(f) and item 1.3 of Annex 3 of Commission Delegated Regulation (EU) 2019/980, the inclusion of such information as part of this document for the purpose of this prospectus.

18. Miscellaneous

(a) The total estimated costs and expenses of the Consensual Restructuring payable by the Company are approximately US$$35.5 million (exclusive of VAT), of which US$13 million is expected to be accounted for in relation to the Debt for Equity Conversion. This estimated amount of US$35.5 million includes approximately US$3.4 million of fees for contingency planning in the event the Consensual Restructuring is not successfully implemented. Such fees will not be incurred in full if the Consensual Restructuring is successfully implemented.

(b) The Company confirms that, unless the source is otherwise stated, the market, economic and industry data in this document constitute the Directors' and Proposed Director's estimates, using underlying data that has been sourced from independent third parties. Market data and certain industry data and forecasts included in this document have been obtained from internal company surveys, consultant surveys, market research, publicly available information, reports of government agencies and industry publications and surveys. Where information in this document has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information. Where information contained in this document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company has not independently verified any of the data from third-party sources, nor ascertained the underlying economic assumptions relied upon therein and the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, which the Company believes to be reliable based on the Directors' and Proposed Director's knowledge of the industry, have not been independently verified.

(c) The auditors of the Company are BDO, who have audited the consolidated financial statements of the Group as at and for the financial year ended 30 June 2020. BDO issued an unqualified report on the consolidated financial statements of the Group as at and for the financial year ended 30 June 2020. BDO is a member firm of the Institute of Chartered Accountants in England and Wales.

19. Sources and basis of selected financial information

In this document:

(a) unless otherwise stated, financial information reported under IFRS relating to the Company has been extracted or provided (without material adjustment) from the published annual report and accounts for the Company for FY 2020;

(b) unless otherwise stated, all prices quoted for Ordinary Shares are closing mid-market prices and are derived from the Daily Official List of the London Stock Exchange;

(c) as at the Latest Practicable Date, the Company had 865,431,343 Ordinary Shares in issue; and

(d) all share prices expressed in pence and all percentages have been rounded to the nearest whole number or the nearest decimal place.

20. Documents available for inspection

Copies of the following documents will be available for inspection on the Company's website at www.petradiamonds.com/investors/2020-financial-restructuring/ from the date of this document until Admission:

(a) this document;

(b) the Memorandum of Association and Bye-laws;

(c) the report by BDO on the unaudited pro forma financial information set out in Section B of Part 10 ("*Unaudited Pro Forma Financial Information*") of this document;

(d) the audited consolidated financial statements of the Company in respect of FY 2020, together with the related audit reports from the independent auditor; and

(e) the consent letters referred to in paragraph 17 of this Part 13 ("*Additional Information*").

Dated 22 December 2020

PART 14

DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the documents of which certain parts are incorporated by reference into, and form part of, this document so as to provide the information required pursuant to the Prospectus Regulation and to ensure that this document contains the relevant reduced information which is necessary to enable investors to understand the prospects of the Company and the significant changes in the business and the financial position of the Company that have occurred since the end of the last financial year and the rights attaching to the Ordinary Shares.

The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this document. Information that is itself incorporated by reference or referred or cross referred to in the documents below, either expressly or impliedly, is not incorporated by reference into this document. Except as set forth below, no other portion of the below documents is incorporated by reference into this document.

Any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this document to the extent that a statement contained herein (or in a later document which is incorporated by reference herein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

These documents incorporated by reference are available for inspection in accordance with paragraph 20 of Part 13 ("*Additional Information*") of this document.

Document incorporated by reference	Information incorporated by reference	Page(s)
Petra's annual report and audited financial statements as at and for the year ended 30 June 2020	Independent auditor's report	128 to 136
	Consolidated income statement	137
	Consolidated statement of other comprehensive income	138
	Consolidated statement of financial position	139
	Consolidated statement of cash flows	140
	Consolidated statement of changes in equity	141
	Notes to the financial statements	142 to 196

PART 15

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"1958 Act"	Judgements (Reciprocal Enforcement) Act 1958 (as amended) of Bermuda
"1.5 Lien Financing"	up to US$45 million of secured funding which the Group would, by virtue of the Scheme of Arrangement, be permitted to raise (subject to the consent of the First Lien Lenders and Noteholders representing a majority in aggregate of the principal amount of Notes Debt as at the relevant time of raise) in the event the Resolution is not approved, which, in respect of security, guarantees and payment priority, would rank junior to the First Lien Facilities and senior to the Notes
"1.5 Lien Financing Basket"	capacity for the Group under the 1.5 Lien Notes Indenture to raise the 1.5 Lien Financing
"1.5 Lien Notes Indenture"	the Notes Indenture as amended to reflect: (a) the 1.5 Lien Financing Basket; and (b) the lowering of the threshold for instructing the Trustee to consent to any changes to the existing Intercreditor Agreement necessary to introduce the 1.5 Lien Financing, on the 1.5 lien basis described in the definition of "*1.5 Lien Financing Basket*" above (and subject to a maximum amount of US$45 million), from 90 per cent. to a majority of the aggregate principal of the Notes
"2015 Intercreditor Agreement"	the intercreditor agreement dated 4 May 2015 made between, *inter alios*, the Company, the Guarantors, the Security SPV and the First Lien Lenders under an agent, as amended, restated or otherwise modified or varied from time to time and as acceded to by the Trustee on or about 12 April 2017
"2020 Interest Payments"	the May Interest Payment and the November Interest Payment
"2020 Resource Statement"	the Company's published resource statement dated 30 June 2020
"Absa"	Absa Bank Limited (registration number 1986/004794/06), a company incorporated and registered as a bank under the laws of South Africa, acting through its Corporate and Investment Banking Division
"Account Holder Letter"	the account holder letter substantially in the form set out in appendix 3 ("*Form of Account Holder Letter*") to the Explanatory Statement or such other account holder letter (or similar document or series of documents) as the Company considers appropriate to assist with and/or facilitate the participation by Scheme Creditors in the Consensual Restructuring
"Ad Hoc Committee"	the informal ad hoc committee of Noteholders from time to time, which as at the Latest Practicable Date represented approximately 62.2 per cent. of the outstanding principal amount of the Notes
"Adjusted EBITDA"	EBITDA as adjusted for costs that are considered by management to not be reflective of the Company's core operations, including share-based expense, impairment charges, transaction costs and net unrealised foreign exchange gains and losses

"Adjusted EBITDA Margin"	the adjusted EBITDA margin, which is calculated by dividing Adjusted EBITDA by revenue
"Adjusted Mining and Processing Costs"	the mining and processing costs stated before depreciation and share-based expense
"Admission"	the admission of the New Ordinary Shares to the premium segment of the Official List and to trading on the Main Market for listed securities of the London Stock Exchange
"Allocations Spreadsheet and Funds Flow"	the confidential allocations spreadsheet and funds flow documenting, among other distributions and payments, the distribution of the consideration payable to the Scheme Creditors and the payment of certain fees, in a form agreed in accordance with the Scheme of Arrangement
"Amended Intercreditor Agreement"	the intercreditor agreement between, among others, the Company, the Notes Issuer, the First Lien Lenders and the Trustee to govern intercreditor arrangements following implementation of the Consensual Restructuring in accordance with the intercreditor principles appended to the Term Sheet, in final, executable form as confirmed pursuant to the Confirmation Call (as that term is defined in the Implementation Deed)
"Amended Notes Indenture"	the Notes Indenture, as amended to reflect the terms and conditions of the New Notes as set out in the Term Sheet
"Amended Security Arrangements"	has the meaning given to that term in paragraph 12 of Part 2 ("*Risk Factors*") of this document
"Ancillary Restructuring Parties"	the BEE Partners, the Security SPV and the Trustee
"Backstop Agreement"	the backstop letter between the Company, the Notes Issuer and certain Noteholders, dated 17 November 2020, governing those Noteholders' commitments (together) to backstop 100 per cent. of the New Money
"Backstop Fee"	has the meaning given to that term in paragraph □8.8 of Part 13 ("*Additional Information*") of this document
"Band Limit"	has the meaning given to that term in paragraph □2.2(a) of Part 12 ("*Taxation*") of this document
"Bank of England"	the Bank of England, the central bank of the United Kingdom
"BDO"	BDO LLP, a limited liability partnership registered in England and Wales (with registered number OC305127)
"BEE"	Black Economic Empowerment, being the policy of the South African Government codified in law through the Mining Charter
"BEE Facility Agreements"	(a) the facility agreement dated 24 November 2014 between (among others) Kago Diamonds as borrower, the Parent and the First Lien Agent (as amended from time to time including by the First Lien Amendment Agreement); and (b) the facility agreement dated 24 November 2014 between (among others) IPDET as borrower, the Parent and the First Lien Agent (as amended from time to time including by the First Lien Amendment Agreement)
"BEE Partners"	(a) IPDET, being a 12 per cent. shareholder in each of Cullinan Diamond Mine (Pty) Ltd, Finsch Diamond Mine (Pty) Ltd and Blue Diamond Mines (Pty) Ltd; and

	(b) Kago Diamonds, being a 14 per cent. shareholder in each of Cullinan Diamond Mine (Pty) Ltd, Finsch Diamond Mine (Pty) Ltd and Blue Diamond Mines (Pty) Ltd and a 26 per cent. shareholder in Tarorite (Pty) Ltd
"BMA"	the Bermuda Monetary Authority
"Board"	the board of directors of the Company from time to time
"Business Rescue"	a Business Rescue under Chapter 6 of the South African Companies Act
"Business Rescue Plan"	a Rescue Plan for the purposes of Chapter 6 of the South African Companies Act
"Bye-laws"	the bye-laws of Company from time to time
"Calculation Period"	in respect of any calculation, a period of twelve consecutive months most recently ended prior to the relevant calculation date or other event requiring the calculation for which financial statements have been or should have been delivered to the Existing RCF Lenders and Existing WCF Lenders
"Canada"	Canada, its provinces and territories and all areas under its jurisdiction and political subdivisions thereof
"capex"	capital expenditure
"Capital Reduction"	the Company's proposed reduction of its authorised share capital by reducing the nominal value of each Ordinary Share from 10 pence to 0.001 pence
"CCSS"	the CREST Courier and Sorting Service established by Euroclear UK to facilitate, inter alia, the deposit and withdrawal of securities
"certificated" or **"in certificated form"**	a share or other security which is not in uncertificated form
"Chapter 15"	chapter 15 of title 11 of the US Code, 11 U.S.C. §§101-1532
"Chapter 15 Filing"	a petition filed under Chapter 15 for recognition of the proceedings before the Court to obtain the Scheme Sanction Order
"Chapter 15 Order"	an order of the US Bankruptcy Court granting Chapter 15 Recognition
"Chapter 15 Recognition"	the entry of an order under Chapter 15 by the US Bankruptcy Court granting recognition of the proceedings before the Court to obtain the Scheme Sanction Order and enforcing the Scheme Sanction Order within the territorial jurisdiction of the United States
"Claim"	in relation to any person, any claim, allegation, cause of action, proceeding, liability, suit or demand made against the person concerned, however it arises and whether it is present or future, fixed or ascertained, actual or contingent
"Closing Price"	the closing, middle market quotation of the Existing Ordinary Shares, as published in the Daily Official List
"Collateral"	has the meaning given to the term "Security Property" in the 2015 Intercreditor Agreement
"Common Terms Schedule"	the document entitled "*Common Terms Schedule in relation to various credit facilities made available to the Company and certain of its Subsidiaries and Affiliates*" currently dated 11 April 2017, as amended from time to time (including by the First Lien Amendment Agreement)

"Companies Act" or the **"Act"**	the Companies Act 1981 of Bermuda (as amended)
"Company" or **"Petra"**	Petra Diamonds Limited, a company incorporated and registered in Bermuda with registered number 23123
"Company's Advisers"	Rothschild & Co (and its associates), Ashurst LLP, Conyers Dill & Pearman Limited, Paul, Weiss, Rifkind, Wharton & Garrison and Werksmans Attorneys
"Company Secretary"	the secretary of the Company from time to time, which at the date of this document is St James's Corporate Services Limited
"Competent Person"	John Kilham, Pr. Sci. Nat (reg. No. 400018/07), an independent consultant appointed by the Company for the purpose of independently reviewing and verifying the mineral resource and mineral reserve estimates of the Group collated under the guidance and supervision of the Company's Group Lead – Mineral Resource Management, Andrew Rogers, Pr. Sci. Nat. (reg. No. 120664)
"Consensual Restructuring"	the financial restructuring of the Group, involving: (a) the reinstatement of a portion of the Notes Debt by way of the New Notes; (b) the Debt for Equity Conversion; (c) the provision of the New Money; (d) the restructuring of certain other financial indebtedness of the Group; and (e) the Chapter 15 filing and the related proceedings, as more fully described in Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document
"Consolidated"	with respect to any financial statements to be provided, or any financial calculation to be made, under or for the purposes of the financing documents, such statements or calculations as prepared or calculated (as the case may be) by reference to the sum of all amounts of similar nature reported in the relevant financial statements of each of the persons whose accounts are to be consolidated with the accounts of the Company in accordance with accounting standards, plus or minus the consolidation adjustments customarily applied to avoid double counting of transactions among any of those aforementioned persons, and those of any such person that is not an obligor under the Existing RCF or the Existing WCF but that contributes more than 10 per cent. of Consolidated EBITDA or 10 per cent. in value of all assets of the Group
"Consolidated Net Debt"	bank loans and borrowings plus the Notes, less cash and diamond debtors and including the Existing BEE Facilities
"Conversion Price"	has the meaning given to that term in paragraph 11.1 of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document
'Coupon Payment Conditions"	has the meaning given to that term in paragraph 9.4(xi) of Part 13 ("*Additional Information*") of this document
"Court"	the High Court of Justice of England and Wales
"COVID-19"	the Coronavirus 19 disease, declared a pandemic by the World Health Organisation on 11 March 2020

"CREST"	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK & Ireland is the operator
"CREST Manual"	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of TERMS (all as defined in the CREST Glossary of Terms promulgated by Euroclear UK & Ireland on 15 July 1996 and as amended since)
"CREST Member"	a person who has been admitted by Euroclear UK & Ireland as a system member (as defined in the CREST Regulations)
"CREST Participant"	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations)
"CREST Payment"	Shall have the meaning given in the CREST Manual
"CREST Regulations"	the UK Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended and for the time being in force
"CREST Sponsor"	a CREST participant admitted to CREST as a CREST sponsor
"CREST Sponsored Member"	a CREST member admitted to CREST as a sponsored member
"Cullinan"	the Cullinan diamond mine in Gauteng Province, South Africa
"Cullinan Mining Right"	the Cullinan Mining Right granted to De Beers pursuant to Item 7 of Schedule II of the MPRDA and ceded from De Beers to Cullinan Diamond Mine (Pty) Ltd by a notarial deed of cession on 1 July 2008 pursuant to section 11 of the MPRDA in respect of the area covered by the Cullinan Mining Right
"Custodian"	Link Market Services Trustees Limited and any other custodian appointed by the Depositary from time to time, who may hold, on behalf of the Depositary, the underlying Ordinary Shares for the benefit of the DI Holders
"Daily Official List"	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange
"De Beers"	De Beers Société Anonyme and De Beers Consolidated Mines Limited, as the context requires
"Debt for Equity Conversion"	the issuance 8,844,657,929 New Ordinary Shares of 0.001 pence each in consideration for the assignment by the Noteholders to the Company of approximately US$409.9 million of the Notes Debt
"Deed of Release"	has the meaning given to that term in paragraph 9.2 of Part 13 ("*Additional Information*") of this document
"Deed Poll"	the deed poll executed by the Depositary in favour of the DI Holders dated 23 March 2005, as amended by a deed of amendment on 24 May 2018
"Depositary"	Link Market Services Trustees Limited
"Depositary Agreement"	the depositary agreement entered into between the Company and the Depositary on 22 March 2005, as amended by a deed of amendment between the parties on 28 November 2011
"Depositary Interests" or **"DIs"**	independent securities constituted under English law and issued, or to be issued, by the Depositary in respect of, and representing on a one-

	for-one basis, underlying Ordinary Shares which may be held or transferred through the CREST system
"Deposited Property"	the Ordinary Shares and all and any rights and other securities, property and cash for the time being held by or for the Custodian or the Depositary and attributable to the Ordinary Shares
"Designated Recipient"	any person (who is not a Disqualified Person) appointed by a Scheme Creditor under a validly completed and timely Account Holder Letter submitted to the Information Agent on behalf of a Scheme Creditor to: (a) receive the New Notes or New Ordinary Shares to which that Scheme Creditor is entitled pursuant to the terms of the Scheme of Arrangement and the Implementation Deed; and/or (b) provide the New Money which that Scheme Creditor has elected to provide in its Account Holder Letter
"DI Holders"	the holders of Depositary Interests
"Directors"	the directors of the Company from time to time
"DI Register"	the register of title of Depositary Interests
"Disqualified Person"	a person who is: (a) resident or located in, or subject to the laws of, any jurisdiction where the offer to issue to, the sale or subscription, the exercise or other form of acceptance by, the delivery of or possession by such person of any New Ordinary Shares and/or the New Notes or the possession or distribution of any offering material prepared in relation thereto is prohibited by law or regulation or would, or would be likely to, result in the Company, or the Notes Issuer or any of their subsidiaries being required to comply with any filing, registration, disclosure or onerous requirement in such jurisdiction (as may be determined by the Company in its sole discretion); or (b) neither (i) resident and located outside the United States nor (ii) an institutional 'accredited investor' within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9), (12) or (13) under the US Securities Act
"DMRE"	the Department of Minerals and Energy of South Africa
"DSCR Breach"	has the meaning given to it in paragraph 9 of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document
"DTC"	the Depository Trust Company
"DTRs"	the FCA's Disclosure Guidance and Transparency Rules
"Dual Insolvency Processes"	has the meaning given to that term in paragraph 2 of Part 2 ("*Risk Factors*") of this document
"Early Bird Deadline"	1 December 2020, being 14 days after (and excluding) the date of the Lock-Up Agreement
"EBITDA"	the net profit before net interest (excluding net unrealised foreign exchange gains and losses), tax, depreciation, amortisation and loss on discontinued activities
"EEA"	the European Economic Area first established by the agreement signed at Oporto on 2 May 1992

"EEA State"	a state which is a contracting party to the agreement on the EEA signed at Oporto on 2 May 1992, as it has effect for the time being
"EMS"	Ealing Management Services (Pty) Ltd
"Enforcement Action"	(a) accelerating (or causing the Trustee, the First Lien Agent or the Security SPV to accelerate) or joining any request to accelerate the Notes (and the Notes Debt related thereto) or the First Lien Facilities or otherwise making any declaration that the Notes (and the Notes Debt related thereto) or any amount outstanding under the First Lien Facilities are immediately due and payable; (b) exercising (or causing the Trustee, the First Lien Agent or the Security SPV to exercise) any right of set-off, account combination or payment netting against the Notes Issuer, any Guarantor or any First Lien Obligor; (c) exercising (or causing the Trustee, the First Lien Agent or the Security SPV to exercise) collection rights; (d) enforcing (or causing the Trustee, the First Lien Agent or the Security SPV to enforce) any security interest in the Collateral (including the crystallisation of any floating charge forming part of the Collateral); (e) exercising (or causing the Trustee, the First Lien Agent or the Security SPV to exercise) any other enforcement remedies set forth in the Operative Notes Documents or First Lien Finance Documents, including the making of any demand against any of the Company, any Guarantor or any First Lien Obligor in relation to its Note Guarantee or any guarantee under the First Lien Facilities; (f) exercising (or causing the Trustee, the First Lien Agent or the Security SPV to exercise) any other enforcement remedies at law or in equity with respect to the Notes (and the Notes Debt related thereto) and/or the First Lien Facilities; (g) taking any action of any kind (or causing the Trustee, the First Lien Agent or the Security SPV to take such action) to sue, claim or institute or continue legal process (including legal proceedings, execution, distress and diligence) against any of the Notes Issuer, any Guarantor (or any First Lien Obligor; and (h) the petitioning, applying for, voting for or taking of any step towards or in connection with any Insolvency Proceeding in respect of the Company, any other member of the Group or any First Lien Obligor or causing the taking of such action, except that the taking of any action which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of any Liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods shall not constitute Enforcement Action
"Enlarged Share Capital"	the Ordinary Shares in issue immediately prior to the issuance of the New Ordinary Shares, together with the New Ordinary Shares to be issued pursuant to the Debt for Equity Conversion
"Equitised Notes"	the Notes represented by the Notes Debt the terms and conditions of which are not amended and extended to create the New Notes

"Escrow Agreement"	the escrow agreement in relation to the Escrow Account between the Notes Issuer and the Escrow Agent
"EU"	the European Union first established by a treaty made at Maastricht on 7 February 1992
"Euroclear" or **"Euroclear UK & Ireland"**	Euroclear UK & Ireland Limited, the operator of CREST
"Euro" or **"€"**	the single currency of the Member States of the European Community that adopt or have adopted the euro as their lawful currency under legislation of the EU or European Monetary Union
"**Excluded Scheme Claim**"	any Claim which arises: (a) as a result of the failure by any person to comply with, or perform its obligation(s) under, the Lock-Up Agreement, the Scheme of Arrangement or an Implementation Document; (b) under the Scheme of Arrangement and/or any Implementation Document which may arise or accrue in relation to acts, omissions, events and/or circumstances occurring after the Restructuring Effective Time; (c) from fraud, gross negligence or wilful misconduct; (d) in respect of any Liability of the Notes Issuer and/or the Guarantors to the Trustee in its personal capacity; (e) in respect of any Liability of the Notes Issuer to the Trustee for compensation and/or indemnity pursuant to the Notes Indenture; (f) under or in respect of any fees payable to any adviser to the Ad Hoc Committee; (g) under or in respect of any Scheme Creditor's rights under the Scheme of Arrangement or an Implementation Document; or (h) under or in respect of the New Notes, New Ordinary Shares or the Amended Notes Indenture
"Existing BEE Facilities"	the term loan facilities made available by the Existing BEE Facilities Lenders to the BEE Partners
"Existing BEE Facilities Lenders"	Absa, FirstRand and Ninety One
"Existing Ordinary Shares"	the Ordinary Shares in issue at the Latest Practicable Date (including, if the context requires, the Existing DIs)
"Existing RCF"	the Group's existing ZAR400 million (in aggregate) revolving credit facility provided by the Existing RCF Lenders, which may be increased to an amount not exceeding ZAR1 billion in certain circumstances
"Existing RCF Lenders"	Absa and Nedbank
"Existing WCF"	the Group's existing ZAR500 million (in aggregate) working capital facilities provided by the Existing WCF Lenders
"Existing WCF Lenders"	Absa and FirstRand
"Explanatory Statement"	explanatory statement dated 10 December 2020 required to be provided to the Scheme Creditors pursuant to section 897 of the UK Companies Act

"FCA"	the UK Financial Conduct Authority
"Finsch"	the Finsch diamond mine in the Northern Cape Province, South Africa
"First Lien Agent"	FirstRand
"First Lien Amendment Agreement"	the Amendment Agreement dated 29 May 2020 between the Company, among others, certain members of the Group and the First Lien Lenders, amending the First Lien Facilities
"First Lien Facilities"	the Existing RCF, the Existing WCF and other general banking facilities provided by the Existing WCF Lenders and the Existing BEE Facilities
"First Lien Finance Documents"	(a) the Common Terms Schedule and the Financing Documents (as defined in the Common Terms Schedule); and (b) the BEE Facility Agreements and the Finance Documents (as defined in the BEE Facility Agreements)
"First Lien Lenders"	the Existing RCF Lenders, the Existing WCF Lenders and the Existing BEE Facilities Lenders
"First Lien Transaction Security"	the Transaction Security and Willcroft Company Limited's shares in Williamson Diamonds Limited
"FirstRand"	FirstRand Bank Limited (registration number 1929/001225/06), a company incorporated and registered as a bank under the laws of South Africa, acting through its Rand Merchant Bank division
"Forbearance Agreement"	the forbearance agreement entered into between the Company, the Guarantors and the Ad Hoc Committee (as it was then constituted) dated 29 May 2020
"FSMA"	the UK Financial Services and Markets Act 2000 (as modified, amended or re-enacted from time to time)
"Franklin Templeton"	Franklin Templeton Investment Management Limited
"Franklin Templeton Nomination Agreement"	the nomination agreement dated 22 December 2020 between the Company and Franklin Templeton
"FY 2006"	financial year ending 30 June 2006
"FY 2014"	financial year ending 30 June 2014
"FY 2015"	financial year ending 30 June 2015
"FY 2016"	financial year ending 30 June 2016
"FY 2017"	financial year ending 30 June 2017
"FY 2018"	financial year ending 30 June 2018
"FY 2019"	financial year ending 30 June 2019
"FY 2020"	financial year ending 30 June 2020
"Global Exchange Market"	a market of the Irish Stock Exchange for listed securities aimed at professional investors
"Global Notes"	each of the global notes representing the Notes
"Group"	the Company and its subsidiaries from time to time
"Guarantors"	Petra Diamonds Limited; Willcroft Company Limited; Petra Diamonds UK Treasury Limited; Petra Diamonds Jersey Treasury Limited; Petra

	Diamonds US$ Treasury Limited; Petra Diamonds Netherlands Treasury B.V.; Ealing Management Services (Pty) Ltd; Petra Diamonds Holdings SA (Pty) Ltd; Petra Diamonds Southern Africa (Pty) Ltd; Tarorite (Pty) Ltd; Cullinan Diamond Mine (Pty) Ltd; Finsch Diamond Mine (Pty) Ltd; Blue Diamond Mines (Pty) Ltd; Premier (Transvaal) Diamond Mining Company (Pty) Ltd; and Petra Diamonds Belgium B.V.
"Guardrisk"	Guardrisk Insurance Company Limited
"Hedge Providers"	Absa, FirstRand and Nedbank
"Hedging Agreements"	any master agreement, together with any schedule and any confirmation(s) related thereto or any other agreement between a Guarantor and Hedge Provider to document a hedging transaction entered into for the purpose of hedging floating interest rate or foreign exchange exposures
"Hedging Liabilities"	the liabilities owed by any Guarantor to the Hedge Providers under or in connection with the Hedging Agreements
"HMRC"	HM Revenue & Customs
"Holding Period"	the period from the Restructuring Effective Date until the Holding Period Expiry Date
"Holding Period Expiry Date"	the date falling 12 months after the Restructuring Effective Date
"Holding Period Trust Deed"	the trust deed to be entered into on or prior to the Restructuring Effective Date between, *inter alios*, the Company, the Notes Issuer and the Holding Period Trustee
"Holding Period Trustee"	Lucid Issuer Services Limited, in its capacity as trustee under the Holding Period Trust Deed
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the European Union
"Implementation Deed"	the agreement to be entered into by, *inter alios*, the Company and certain Scheme Creditors following receipt of the Scheme Sanction Order governing the implementation of the Consensual Restructuring
"Implementation Documents"	(a) the Implementation Deed and any ancillary documents referred to therein; (b) the US Chapter 15 Order and all other documentation material to the US Chapter 15 Filing; (c) this document and all other material documentation relating to the Debt for Equity Conversion; (d) the Holding Period Trust Deed; (e) the documentation required to effect the New Banking Facilities; (f) the Amended Notes Indenture or the 1.5 Lien Notes Indenture (as applicable); (g) the Deed of Release; (h) the documents required to effect the intercreditor, waterfall and security arrangements relating to the Amended Notes Indenture and the New Banking Facilities and customary legal opinions in respect of the same;

	(i) the documents required to be entered into with the BEE Partners (in relation to, *inter alia*, the refinancing of the loans made under the BEE Facility Agreements and the reorganisation of loans, payables, receivables and other entitlements with the Group) to give effect to the Consensual Restructuring; (j) the intra-group and intercompany loan, intra-group marketing and sales and intra-group services documents required to be entered into between members of the Group to give effect to the Consensual Restructuring; (k) the Escrow Agreement; and (l) any other document, agreement, deed, certificate, notice or form that is reasonably necessary or desirable to support, facilitate, implement or otherwise give effect to the Consensual Restructuring
"Information Agent"	Lucid Issuer Services Limited, in its capacity as information agent
"IPDET"	Itumeleng Petra Diamonds Employee Trust
"Irish Stock Exchange"	the Irish Stock Exchange plc, trading as Euronext Dublin
"ISA"	an individual savings account
"ISDA Master Agreement"	the master agreement published by the International Swaps and Derivatives Association, Inc. used to provide certain legal and credit protection for parties who entered into over-the-counter (OTC) derivatives
"ISIN"	an International Securities Identification Number
"IVC"	a Shareholder's 11 digit Investor Code
"Japan"	Japan, its territories and possessions and any areas subject to its jurisdiction
"JIBAR"	the Johannesburg Interbank Average Rate
"Kago Diamonds"	Kago Diamonds (Pty) Ltd, the commercial BEE Partner of the Company in respect of its South African operations
"Kimberley Process"	a joint government, industry and civil society certification initiative to stem the flow of conflict diamonds wherein participants can legally trade only with other Kimberley Process participants who have also met the minimum requirements of the scheme, and which requires international shipments of rough diamonds to be accompanied by a certificate guaranteeing they are conflict-free
"Koffiefontein"	the Koffiefontein underground diamond mine in the Free State province of South Africa
"Latest Practicable Date"	18 December 2020, being the latest practicable date prior to the publication of this document
"Letlapa Tala Collection"	the five high quality Type IIb blue diamonds of significant colour, clarity and size recovered at the Cullinan mine in September 2020 which were sold pursuant to a special, standalone tender that completed on 24 November 2020
"Liability"	any debt, liability or obligation whatsoever, whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation, and whether it arises at common

	law, in equity or by statute, in England and Wales or in any other jurisdiction, or in any other manner whatsoever, but such expression does not include any liability which is barred by statute or is otherwise unenforceable or arises under a contract which is void or, being voidable, has been duly avoided and "**Liabilities**" shall be construed accordingly
"Liquidity Covenant"	the liquidity covenant of maintaining a minimum actual and forecasted liquidity of US$20 million, where liquidity constitutes available amounts under the New RCF as well as cash and cash equivalents
"Listing Rules"	the listing rules of the FCA made under Part VI of FSMA
"Lockdown Directive"	the directive issued by the South African Government on 23 March 2020 requiring a 21 day national lockdown, effective midnight Thursday 26 March 2020 to midnight Thursday 16 April 2020
"Locked-Up Notes"	at any time, in relation to a Noteholder that is a party to the Lock-Up Agreement, the aggregate principal amount of: (a) all Notes held (or otherwise beneficially owned) by that Noteholder as at the date on which it became a party to the Lock-Up Agreement; and (b) any additional Notes purchased or otherwise acquired by that Noteholder after the date on which it became a party to the Lock-Up Agreement, but excluding, in each case, any Notes sold, transferred, assigned or otherwise disposed of by that Noteholder in accordance with the Lock-Up Agreement after the date on which it became a party to the Lock-Up Agreement
"Lock-Up Agreement"	the agreement dated 17 November 2020 between, *inter alios*, the Notes Issuer, the Company and certain Noteholders under which those Noteholders agreed, among other things and subject to certain conditions, to consummate the Consensual Restructuring
"Lock-Up Fee"	in relation to a Noteholder party to the Lock-Up Agreement, an amount equal to 1.00 per cent. of the principal amount of that Noteholder's Locked-Up Notes as at the Early Bird Deadline (together with any Locked-Up Notes the Noteholder acquires in accordance with the Lock-Up Agreement after the Early Bird Deadline, provided those Notes were also Locked-up Notes at the Early Bird Deadline)
"London Stock Exchange"	London Stock Exchange plc
"Longstop Date"	17 April 2021 (or such later date as may be agreed in accordance with the terms of the Lock-Up Agreement)
"LTIFR"	lost time injury frequency rate
"LTM"	last 12 months
"Main Market"	the London Stock Exchange's main market for listed securities
"Market Abuse Regulation"	EU Regulation No 596/2014 on market abuse
"May Interest Payment"	the interest payment under the Notes that was due to be paid on 1 May 2020
"Member Account ID"	the identification code or number attached to any member account in CREST
"Member States"	member states of the EU

"Memorandum of Association"	the memorandum of association of the Company
"MiFID II"	EU Directive 2014/65/EU on markets in financial instruments, as amended
"MiFID II Product Governance Requirements"	has the meaning given to that term in on page 3 of this document
"Milestones"	the milestones set out in the First Lien Amendment Agreement, the Company's failure of which to achieve shall constitute an event of default under the First Lien Facilities
"Mine-Owning Entities"	the separate corporate entities which hold the assets relevant to each of the mining operations, being: (a) Cullinan Diamond Mine (Pty) Ltd; (b) Finsch Diamond Mine (Pty) Ltd; (c) Blue Diamond Mines (Pty) Ltd; and (d) Williamson Diamonds Limited
"Mining Act"	the Tanzanian Mining Act No 14 of 2010
"Mining Charter"	the Broad-Based Socio Economic Empowerment Charter for the South African Mining and Minerals Industry 2018 issued in terms of section 100(2) of the Minerals and Petroleum Resources Development Act No. 28 of 2002, and the regulations thereto
"Monarch"	Monarch Master Funding 2 (Luxembourg) S.à r.l.
"Monarch Nomination Agreement"	the nomination agreement dated 22 December 2020 between the Company and Monarch
"Moody's"	Moody's Investors Services Limited
"MPRDA"	the Mineral and Petroleum Resources Development Act No. 28 of 2002 (South Africa)
"NDC"	Natural Diamond Council
"Nedbank"	Nedbank Limited (registration number 1951/000009/06), a company incorporated and registered as a bank under the laws of South Africa, acting through its Corporate and Investment Banking division
"New Banking Facilities"	the Term Loan, the New RCF, the ancillary facilities and the hedging arrangements as further detailed in paragraph 9.3 of Part 13 ("*Additional Information*") of this document
"New Money"	US$30 million to be contributed to the Notes Issuer by the Noteholders (or certain Noteholders, depending on Noteholder elections) in cash as a subscription for, or purchase of, New Notes as part of the Consensual Restructuring
"New Money Allocation"	the amount of New Money which any New Money Noteholder is required to fund prior to the New Money Due Date
"New Money Due Date"	the date falling seven business days from the issuance of the New Money Funding Notice
"New Money Funding Notice"	a notice from the Notes Issuer to each New Money Noteholder: (a) specifying the New Money Due Date; and (b) requesting the funding by each New Money Noteholder of its New Money Allocation as soon as reasonably practicable and in any event prior to the New Money Due Date
"New Money Noteholders"	a Noteholder that validly elects to contribute a portion of the New Money, in connection with the Consensual Restructuring

"New Money Shortfall"	the amount that is the difference between US$30 million and the aggregate amount of the New Money committed by all Noteholders as at the Scheme Record Time pursuant to validly submitted and timely Account Holder Letters (but, for the avoidance of doubt, excluding commitments under the Backstop Agreement)
"New Money Shortfall Notes"	the New Notes to be issued in consideration for the New Money in an amount equal to the New Money Shortfall (being a subset of the New Money Notes)
"New Notes"	new senior secured second lien notes to be issued in accordance with the Scheme of Arrangement pursuant to the Consensual Restructuring and to be governed by the Amended Notes Indenture
"New Ordinary Shares"	8,844,657,929 Ordinary Shares to be issued by the Company pursuant to the Debt for Equity Conversion
"New RCF"	the revolving credit facility made available to the Group on and from the Restructuring Effective Date by the Existing RCF Lenders as part of the Consensual Restructuring and as further described in paragraph 9.3 of Part 13 ("*Additional Information*") of this document
"NGO"	a non-governmental organisation
"Nil Rate Amount"	has the meaning given to that term in paragraph 2.1(a) of Part 12 ("*Taxation*") of this document
"Ninety One"	Ninety One SA (Pty) Ltd (formerly known as Investec Asset Management (Pty) Ltd)
"Nomination Committee"	the nomination committee of the Company
"Nomination Agreement"	the Monarch Nomination Agreement and the Franklin Templeton Nomination Agreement
"Nomination Right"	the entitlement of certain individual Noteholders, in their capacity as Shareholders after the successful implementation of the Consensual Restructuring, to nominate, pursuant to the Consensual Restructuring, an individual to be appointed as a non-independent, Non-Executive Director of the Company and to nominate one observer to be appointed to the Board
"Non-Executive Directors"	the non-executive directors of the Company from time to time, which at the date of this document are Peter Hill CBE, Varda Shine, Gordon Hamilton, Octavia Matloa and Bernard Pryor
"Note Guarantee"	has the meaning given to that term in the Notes Indenture
"Noteholder Credit Bid Restructuring"	a restructuring which would involve the transfer of certain of the Group's assets and liabilities to a specially incorporated vehicle owned by the Noteholders by way of a credit bid, which would reduce the Noteholders' claims against the Group accordingly, such transfer to involve an administration of the Company in England pursuant to the Insolvency Act 1986 and a parallel provisional liquidation of the Company pursuant to the Companies Act
"Noteholder Entitlements"	has the meaning given to that term in paragraph 9.5 of Part 13 ("*Additional Information*") of this document
"Noteholders"	the holders of the Notes
"Notes"	the US$650 million 7.25 per cent. Senior Secured Second Lien Notes due 1 May 2022 issued by the Notes Issuer

"Notes Debt"	in relation to the Notes, all present and future monies debts and Liabilities owed or incurred from time to time, including the outstanding principal amount of such Notes and any accrued but unpaid interest, by the Notes Issuer or any Guarantor
"Notes Indenture"	the indenture dated 12 April 2017 between the Company, the Notes Issuer, the Guarantors, the Trustee and the Security SPV governing the terms of the issue of the Notes
"Notes Interest Payments"	the 2020 Interest Payments and any further interest payments under the Notes Indenture that become due and payable before the Restructuring Effective Date
"Notes Issuer"	Petra Diamonds US$ Treasury Plc, a wholly owned subsidiary of the Company
"Notice of Special General Meeting"	the notice of Special General Meeting set out in Part 17 ("*Notice of Special General Meeting*") of this document
"November Interest Payment"	the interest payment under the Notes due on 1 November 2020
"NUM"	the National Union of Mineworkers, a trade union in South Africa
"Observers"	persons nominated by the Qualifying Noteholders to be appointed as observers to the Board in accordance with the Nomination Agreements
"OECD"	the Organisation for Economic Co-operation and Development
"Official List"	the Official List maintained by the FCA
"On-Mine Cash Costs"	the on-mine cash costs calculated by subtracting from total mining and processing costs the following items: diamond royalties, changes in diamond inventory of finished goods and stockpiles, some centralised costs including diamond cleaning and sorting, marketing, technical and support costs, depreciation and share-based expense
"Open Market"	in the context of a sale of the New Ordinary Shares or the New Notes, the sale of such New Ordinary Shares or New Notes to a third party on arm's length terms
"Operative Notes Documents"	the 2015 Intercreditor Agreement, the Notes Indenture and each other agreement, document, note and instrument in respect thereof
"Ordinary Shares"	the ordinary shares of 10 pence each (or such other nominal value of such shares from time to time) in the capital of the Company, including the Depositary Interests in respect of such shares
"Overseas Shareholders"	Shareholders who have registered addresses outside the United Kingdom or who are incorporated in, registered in, or otherwise resident or located in countries outside the United Kingdom
"Participant ID"	the identification code or membership number used in CREST to identify a particular CREST Member or other CREST Participant
"PIK"	payment in kind
"Proceedings"	any process, action or other legal proceedings (including, without limitation, any demand, arbitration, alternative dispute resolution, judicial review, adjudication, execution, seizure, distraint, forfeiture, re-entry, lien, enforcement of judgment or enforcement of any security) in any jurisdiction whatsoever
"Profit from Mining Activities"	the revenue less Adjusted Mining and Processing Costs plus other direct income

"Project 2022"	has the meaning given to that term in paragraph 2.2 of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document
"Proposed Director"	Mr. Matthew Glowasky, who has been nominated by Monarch to be appointed as a Non-Executive Director pursuant to the exercise of its Nomination Rights
"Proposed Financial Provisioning Regulations"	the Proposed Regulations Pertaining to Financial Provisioning for the Rehabilitation and Remediation of Environmental Damage Caused by Reconnaissance, Prospecting, Exploration, Mining or Production Operations, in terms of the National Environmental Management Act 107 of 1998
"Proposed Restructuring Effective Date"	the date set by the Company (pursuant to the terms of the Implementation Deed) on which the implementation steps to the Consensual Restructuring will commence
"Prospectus"	this document relating to the Debt for Equity Conversion prepared in accordance with the Prospectus Regulation Rules
"Prospectus Regulation"	Regulation (EU) 2017/1129, as amended
"Prospectus Regulation Rules"	the Prospectus Regulation Rules of the FCA made under Part VI of FSMA
"Qualifying Noteholders"	certain Noteholders, in their capacity as Shareholders after the successful implementation of the Consensual Restructuring, who will each be entitled to nominate an individual to be appointed as a non-independent, Non-Executive Director of the Company and who will each be entitled to nominate one observer to the Board
"Registered Holder"	DTC
"Registered Holder Nominee"	Cede & Co. as nominee for the Registered Holder
"Registrar"	Link Market Services (Jersey) Limited
"Registrar of Companies"	the registrar of companies within the meaning of the UK Companies Act
"Regulation S"	Regulation S under the US Securities Act
"Regulatory Information Service"	a regulatory information service that is approved by the FCA and that is on the list of regulatory information service providers maintained by the FCA
"Released Party"	the 'Released Parties' as defined in the Deed of Release, comprising, *inter alios*, certain subsidiaries of the Company, the Company's Advisers, the Sponsor and its legal advisers, the Trustee, the Registered Holder, the Registered Holder Nominee, the Holding Period Trustee, the Security SPV, the Scheme Creditors and such person's connected parties
"Representative Directors"	persons nominated by the Qualifying Noteholders to be appointed as Non-Executive Directors in accordance with the Nomination Agreements, including the Proposed Director
"Resolution"	the resolution set out in the Notice of Special General Meeting at the end of this document
"Restricted Jurisdictions"	Canada, Japan, New Zealand, South Africa, the United States and any other jurisdiction where, in each case, the extension or availability of the Debt for Equity Conversion (and any other transaction

	contemplated thereby and in the manner contemplated herein) would breach applicable law
"Restructuring Documents"	the principal documentation to be entered into to give effect to the Consensual Restructuring
"Restructuring Effective Date"	the date on which the Notes Issuer, in accordance with the Implementation Deed, notifies the Scheme Creditors that the Restructuring Effective Time has occurred
"Restructuring Effective Time"	the time at which the Consensual Restructuring becomes effective in accordance with the Implementation Deed
"RNS"	Regulatory News Service, a service owned by the London Stock Exchange
"Rothschild & Co"	N.M. Rothschild & Sons Limited
"S&P"	Standard & Poor's Credit Market Services Europe Limited
"SAMREC Code"	the South African Code for Reporting of Mineral Resources and Mineral Reserves, as published by the South African Mineral Committee under the auspices of the South African Institute of Mining and Metallurgy
"Scheme Claims"	any Claim in respect of any Liability of the Notes Issuer owed to any of the Scheme Creditors arising out of the Notes Indenture (as distinct from the Amended Notes Indenture) on or before the Scheme Record Time or which may arise after the Scheme Record Time as a result of an obligation or Liability of the Notes Issuer incurred, or as a result of an event occurring or an act done, on or before the Scheme Record Time (including, for the avoidance of doubt, any interest accruing on, or accretions arising in respect of, such Claims before or after the Scheme Record Time) other than an Excluded Scheme Claim
"Scheme Comparator Report"	has the meaning given to that term in paragraph 2 of Part 2 ("*Risk Factors*") of this document
"Scheme Conditions Effective Date"	the date on which the Notes Issuer notifies the Scheme Creditors, in accordance with the Implementation Deed, that each of the Scheme Conditions has been fulfilled or waived in accordance with the Scheme of Arrangement
"Scheme Conditions"	(a) the Resolution being passed by the requisite majority of Shareholders; (b) any approvals required from the Financial Surveillance Department of the South African Reserve Bank to implement the Consensual Restructuring (including, for the avoidance of doubt, approvals required for the provision of guarantees in respect of debt obligations outside of South Africa), and any other regulatory approvals which the Company reasonably considers necessary to implement the Consensual Restructuring, having consulted with the advisers to the Ad Hoc Committee and counsel to the First Lien Lenders being obtained; (c) the US Bankruptcy Court has entered the US Chapter 15 Order; and (d) confirmation has been received from HMRC that the Scheme Sanction Order will not be subject to a stamp duty charge,

	provided that the Conditions set out above may be waived in accordance with the Scheme of Arrangement
"Scheme Creditors"	the Trustee, the Registered Holder (as the registered holder of the Global Notes), the Registered Holder Nominee (as the nominee for the Registered Holder) and the Noteholders (as contingent creditors)
"Scheme Meeting"	the meeting of the Scheme Creditors convened in accordance with the permission of the Court pursuant to section 896 of the UK Companies Act to consider, and if thought fit, to approve the Scheme of Arrangement, including any adjournment thereof
"Scheme of Arrangement"	the scheme of arrangement proposed pursuant to Part 26 of the UK Companies Act between the Notes Issuer and the Scheme Creditors
"Scheme Record Time"	5.00 p.m. (New York time) on 6 January 2021
"Scheme Sanction Hearing"	the hearing at which the Scheme Sanction Order will be sought
"Scheme Sanction Order"	the order of the Court sanctioning the Scheme of Arrangement under section 899 of the UK Companies Act
"SDRT"	stamp duty reserve tax
"Security SPV"	Bowwood and Main No 166 (RF) (Pty) Ltd
"Sedibeng"	the Sedibeng mining operation, which is an amalgamation of two mines (Messina and Dancarl) in the Northern Cape Province, South Africa
"Sekaka Diamonds"	Sekaka Diamonds Exploration (Pty) Limited
"Senior DSCR"	the debt service cover ratio (being the ratio of cash flow to the debt service on the New Banking Facilities), which must be above 1.3x until the maturity of the New Banking Facilities otherwise the obligors shall be in default
"Shareholders"	the holders of Ordinary Shares in the capital of the Company whether such shares are held in certificated form or through Depositary Interests, as the context so requires, which shall include (following the implementation of the Consensual Restructuring) the Noteholders in their capacity as the holders of the New Ordinary Shares
"SIX"	the SIX Swiss Exchange
"Solvency Test"	has the meaning given to that term in paragraph 12 of Part 2 ("*Risk Factors*") of this document
"South Africa"	the Republic of South Africa
"South African Companies Act"	the Companies Act 71 of 2008, as amended from time to time
"South African Mine-Owning Entities"	the separate corporate entities which hold the assets relevant to each of the mining operations in South Africa, being: (a) Cullinan Diamond Mine (Pty) Ltd; (b) Finsch Diamond Mine (Pty) Ltd; and (c) Blue Diamond Mines (Pty) Ltd
"Special General Meeting"	the special general meeting of the Company to be held pursuant to the Notice of Special General Meeting in connection with the Debt for Equity Conversion at 52-53 Conduit Street, London, W1S 2YX on 13 January 2021 at 9.30 a.m.
"Sponsor" or **"BMO"**	BMO Capital Markets Limited

"Sponsor's Agreement"	the agreement dated 22 December 2020 entered into between the Company and the Sponsor, pursuant to which BMO has agreed to act as sponsor to the Company in connection with the Consensual Restructuring and the submission of this document to the FCA
"TANSORT"	the Tanzania Sorting Company, being the Diamond and Gemstones valuation unit of the Government of Tanzania
"Target Market Assessment"	has the meaning given to that term on page 3 of this document
"Term Loan"	the term loan made available to the Group on and from the Restructuring Effective Date by the Existing WCF Lenders as part of the Consensual Restructuring and as further described in paragraph 9.3 of Part 13 ("*Additional Information*") of this document
"Term Sheet"	the term sheet for the Consensual Restructuring as agreed between, *inter alios*, the Notes Issuer, the Company and those Noteholders that are party to the Lock-Up Agreement as appended thereto
"Total Forbearance Amount"	has the meaning given to it in paragraph 2.2(b)(ii) of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document
"Transaction Security"	has the meaning given to that term in paragraph 8.4 of Part 13 ("*Additional Information*") of this document
"Trustee"	Deutsche Bank Trust Company Americas in its capacity as trustee under the Notes Indenture and any successor appointed pursuant the Notes Indenture
"Trust Property"	has the meaning given to that term in paragraph 9.5 of Part 13 ("*Additional Information*") of this document
"UK Companies Act"	the Companies Act 2006
"UK Corporate Governance Code"	the UK Corporate Governance Code published by the Financial Reporting Council in July 2018, as amended from time to time
"Unadmitted Entitlements"	has the meaning given to that term in paragraph 9.5 of Part 13 ("*Additional Information*") of this document
"uncertificated" or **"uncertificated form"**	a share or other security title to which is recorded in the relevant register of the share or other security concerned as being held in uncertificated form in CREST (through Depositary Interests) and title to which may be transferred by using CREST
"United Kingdom" or **"UK"**	the United Kingdom of Great Britain and Northern Ireland
"United States" or **"US"**	the United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia
"US$"** or **"$" or **"US dollars"**	US dollars, the lawful currency of the United States
"US Bankruptcy Court"	the US Bankruptcy Court for the Southern District of New York or other appropriate forum in a case filed under Chapter 15 of Title 11 the US Code
"US Code"	the United States Code, being a consolidation and codification by subject matter of the general and permanent laws of the United States
"US Securities Act"	the US Securities Act of 1933, as amended
"USE"	an Unmatched Stock Event
"USE Instruction"	an Unmatched Stock Event instruction

"VAT"	value added tax
"Voting Instruction Deadline"	5.00 p.m. (London time) on 5 January 2021
"Williamson"	Williamson diamond mine in Mwadui, Shinyanga Province, Tanzania
"Williamson Diamonds"	Williamson Diamonds Limited
"Working Capital Period"	has the meaning given to it in paragraph 9 of Part 7 ("*Letter from the Chairman of Petra Diamonds Limited*") of this document
"ZAR" or **"Rand"**	South African rand, the lawful currency of South Africa
"£" or **"pounds"** or **"pounds sterling"** or **"sterling"** or **"GBP"**	pounds sterling, the lawful currency of the United Kingdom

PART 16

GLOSSARY OF TECHNICAL TERMS

"0"	degree
"0c"	degrees celsius
"alluvial"	deposits of diamonds which have been removed from the primary source by natural erosive action over millions of years, and eventually deposited in a new environment such as a river bed, an ocean floor or a shoreline
"alluvial gravel"	gravel beds deposited by the action of rivers
"Archaean"	a geologic eon before the Paleoproterozoic Era of the Proterozoic Eon, before 2,500 million years ago
"AUC"	the central section of the Cullinan orebody
"autogenous mill"	so called due to the self-grinding of the ore; a rotating drum throws larger rocks of ore in a cascading motion which causes impact breakage of larger rocks and compressive grinding of finer particles
"automation"	the use of control systems and information technologies to reduce the need for human work in the production
"banded iron formation"	distinctive units of sedimentary rock that are almost always of Precambrian age; a typical banded iron formation consists of repeated, thin layers of iron oxides, either magnetite (Fe3O4) or hematite (Fe2O3), alternating with bands of iron-poor shale and chert
"BA5"	a depleted mining block on the 630m level above the current C-Cut phase 1 block cave
"BB1E"	a depleted mining block on the 763m level above the current CC1E mining block
"beneficiation"	in the context of the diamond industry, this refers to the process of adding value along the diamond pipeline, from mining through to the final fabrication of a consumer product
"blast hole open stoping"	a low cost bulk method of mining suitable for large, regularly shaped and steeply dipping ore bodies
"block caving"	an underground hard rock mining method that involves undermining an ore body, allowing it to progressively collapse under its own weight. In block caving, a large section of rock is undercut, creating an artificial cavern that fills with its own rubble as it collapses
"Bouma"	crater facies turbidite deposits; a facies type specific to Williamson
"breccia"	a rock composed of large angular fragments typically greater than 2mm, cemented together by a fine-grained matrix
"bulk sample"	a large sample for the purpose of estimating the grade of a diamond deposit and to produce a large enough quantity of diamonds to enable an evaluation of diamond quality
"Bushveld Complex"	the largest known layered igneous complex on Earth, located in South Africa and host to approximately 80 per cent. of the world's resources of platinum group metals

"BVK"	brecciated volcaniclastic kimberlite—resedimented volcaniclastic kimberlite with 40 per cent. to 75 per cent. granite clasts, specific to Williamson
"C-Cut"	the 'Centenary Cut', a major resource of 133 million carats located beneath the B Block of the Cullinan orebody
"C-Cut Phase 1"	mining of the C-Cut Phase 1 block cave and the CC1E via a sub-level cave
"Carat" or **"ct"**	a measure of weight used for diamonds, equivalent to 0.2 grams
"CC1 East" or **"CC1E"**	the eastern section of the Cullinan orebody
"clast"	fragment of pre-existing rock produced by the process of weathering and erosion
"concentrate"	a form of substance which has had the majority of its base component removed
"country rock"	the rock which encloses a mineral deposit, igneous intrusion, or other feature
"cpht"	carats per hundred tonnes
"crater"	a more or less circular depression formed by volcanic eruption
"craton"	a part of the Earth's crust which has been relatively stable for a very long period
"Cretaceous"	a geologic period from approximately 145.5 to 65.5 million years ago, the Cretaceous follows the Jurassic period and is followed by the Paleogene period of the Cenozoic era
"ctpa"	carats per annum
"cut-off grade"	the lowest grade of mineralised material considered economic to extract; used in the calculation of the ore Reserves in a given deposit
"Dense Media Separation" or **"DMS"**	a gravity separation process using a solid/liquid suspension
"diabase"	a mafic, holocrystalline, subvolcanic rock equivalent to volcanic basalt or plutonic gabbro
"diamond drilling"	method of obtaining a core of sub-surface rock by rotary drilling with a diamond impregnated bit
"diamondiferous"	containing diamonds
"Diamond Reserves"	the economically mineable material derived from a Measured and/or Indicated Diamond Resource
"Diamond Resource"	a concentration or occurrence of material of economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction
"dolerite"	a dark igneous rock whose composition cannot be determined with the naked eye
"dolomite"	a carbonate mineral composed of calcium magnesium carbonate CaMg(CO3)2
"draw point"	openings on the sides of the drift going up into a block cave
"drill hole"	method of sampling rock that has not been exposed

"dyke"	a tabular, vertical igneous intrusion
"erosion"	the wearing away of the land surface by the mechanical action of transported debris
"estimation"	the quantitative judgement of a variable
"exceptional diamonds"	stones with a sales value greater than US$5 million each
"exploration"	prospecting, sampling, mapping, diamond drilling and other work involved in the search for mineralisation
"extraction"	refers to the practice of locating, acquiring and selling natural resources
"facies"	the sum total of features of a rock, which characterise the formational environment of that rock
"fault"	a fracture in rocks along which rocks on one side have been moved relative to the rocks on the other side
"feasibility study"	a definitive engineering estimate of all costs, revenues, equipment requirements and production levels likely to be achieved if a mine is developed; the study is used to define the economic viability of a project and to support the search for project financing
"fissure"	a colloquial term for a kimberlite dyke
"g"	gramme
"Ga"	one billion years
"gabbro"	a coarse-grained, dark-coloured, intrusive igneous rock, which is usually black or dark green in colour and composed mainly of the minerals plagioclase and augite
"garnet"	a silicate mineral; the magnesium-rich variety, pyrope, is commonly found in kimberlites
"GB"	granite breccia
"geophysical"	prospecting techniques which measure the physical properties (magnetism, conductivity, density, etc.) of rocks and define anomalies for further testing
"gneiss"	a rock formed by high-grade regional metamorphic processes from pre-existing formations that were originally either igneous or sedimentary rocks; usually medium- to coarse-foliated and largely recrystallised
"grade"	the content of diamonds, measured in carats, within a volume or mass of rock
"granite"	a medium to coarse-grained felsic intrusive rock that contains 10 per cent. to 50 per cent. quartz
"gravel"	loosely compacted coarse sediment
"Gross Reserves"	Proved Reserves and Probable Reserves
"Gross Resources"	Measured Resources, Indicated Resources and Inferred Resources
"Group I kimberlite"	Group I kimberlites contain ilmenite as an accessory mineral and have an approximate age of 80 million years. Koffiefontein and Cullinan are examples of Group I kimberlites
"Group II kimberlite"	otherwise known as orangeites or micaceous kimberlites, Group II kimberlites do not contain ilmenite as an accessory mineral. The

	absence of ilmenite indicates that a Group II kimberlite has different sources of magma and perhaps intrusion history to Group I and it is thought to have been formed by contamination of kimberlitic magma during its passage through the Earth's crust. Group II kimberlites have an approximate age of 120 million years old. The Fissure Mines and Finsch are examples of Group II kimberlites
"Ha" or **"hectare"**	hectare, equal to 10,000 square metres
"hypabyssal"	an igneous rock that originates at medium to shallow depths within the crust and contains intermediate grain size and often porphyritic texture
"ilmenite"	weakly magnetic titanium-iron oxide mineral; (FeTiO3)
"igneous rocks"	rocks formed by the solidification from a molten or partially molten state
"Indicated Resource"	that part of a diamond resource for which tonnage, densities, shape, physical characteristics, grade and average diamond value can be estimated with a reasonable level of confidence. It is based on exploration sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed and sufficient diamonds have been recovered to allow a confident estimate of average diamond value (SAMREC Code)
"Inferred Resource"	that part of a diamond resource for which tonnage, grade and average diamond value can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified by geological and/or grade continuity and a sufficiently large diamond parcel is not available to ensure reasonable representation of the diamond assortment. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that may be limited or of uncertain quality and reliability (SAMREC Code)
"in situ"	in its original place; most often used to refer to the location of the mineral resources
"intrusive"	refers to a body of igneous rock that has solidified within a package of pre-existing rocks
"Kaapvaal Craton"	an area of ancient, thickened continental crust that covers approximately 1.2 million km^2 in southern Africa and is joined to the Zimbabwe Craton to the north by the Limpopo Belt; with an age of 3.6 to 2.5 Ga it is some of the oldest crust preserved on the planet, and is host to numerous diamondiferous kimberlites
"Karoo"	geological period, approximately 300 Ma to 80 Ma ago
"kimberlite"	a brecciated ultrabasic igneous rock containing phlogopite mica, bronzite pyroxene and ilmenite; kimberlites may or may not contain diamonds
"km"	kilometre, equal to a thousand metres
"km^2" or **"sq km"**	square kilometres
"Koepe winder"	a system where the winding drum is replaced by a large wheel or sheave. Both cages are connected to the same rope, which passes around some 200 degrees of the sheave in a groove of friction material

“lava”	molten rock expelled by a volcano during an eruption and the resulting rock after solidification and cooling
“LGDs”	laboratory-grown gem diamonds
“LHDs”	load haul dump trucks
“LOM”	life of mine
“m”	metre
“m^2”	a square metre
“m^3”	a cubic metre
“m^3/s”	cubic metre per second
“mm”	millimetre
“Ma”	one million years
“magnetite”	a ferrimagnetic mineral (Fe3O4); one of several iron oxides and a member of the spinel group
“Mcts”	million carats
“Measured Resource”	that part of a diamond resource for which tonnage, densities, shape, physical characteristics, grade and average diamond value can be estimated with a high level of confidence. It is based on detailed and reliable exploration sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity and sufficient diamonds have been recovered to allow a confident estimate of average diamond value.
“meta-sediments”	metamorphosed sediments
“milling plant”	crushing plant; milling implies finer grinding
“mineable”	that portion of a resource for which extraction is technically and economically feasible
“mineral”	a naturally occurring solid chemical substance formed through biogeochemical processes, having characteristic chemical composition, highly ordered atomic structure, and specific physical properties
“mineralisation”	the presence of a target mineral in a mass of host rock
“mL”	metre level
“MPa”	megapascals; a measure of force per unit area used to express rock strength
“Mt”	million tonnes
“Mtpa”	million tonnes per annum
“mudstone”	sedimentary rock comprised predominantly of very fine grained particles of less than four microns
“MVA”	a million volt amps
“norite”	a mafic intrusive igneous rock composed largely of the calcium-rich plagioclase labradorite and hypersthene with olivine

"open stoping"	a stoping method of mining, in which the excavation is left as a permanent void, with or without artificial support
"opencast" or **"open pit"**	mining in which ore that occurs close to the Earth's surface is extracted from a pit or quarry
"orebody"	a continuous well-defined mass of material of sufficient ore content to make extraction feasible
"orepass"	vertical or near-vertical passages for the transfer of ore
"overburden dumps"	the natural rock and soil that sits above and around the ore body, which is not subject to any chemical processes at the mine but needs to be removed to allow access to the ore
"parcel"	a collection of diamonds of various sizes made available for sale as a single package
"PCBC"	GEOVIA PCBC, a highly sophisticated software package designed specifically for the planning and scheduling of block cave mining operations
"PCSLC"	a highly sophisticated software package designed specifically for the planning and scheduling of sub-level cave mining operations
"post-79 tailings"	tailings accumulated post-1979 at Finsch after a major plant upgrade
"pre-79 TMR"	tailings accumulated pre-1979 at Finsch
"Precambrian"	all geological time and its corresponding rocks prior to 570 Ma ago
"PRF"	Plant Recovery Factor
"Probable Reserves"	the economically mineable material derived from a measured and/or indicated diamond resource. It is estimated with a lower level of confidence than a proved reserve. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified
"Proved Reserves"	the economically mineable material derived from a measured diamond resource. It is estimated with a high level of confidence. It is inclusive of diluting materials and allows for losses that may occur when the material is mined. Appropriate assessments, which may include feasibility studies, have been carried out, including consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is reasonably justified
"pyroclastic"	clastic rocks composed solely or primarily of volcanic materials
"quartz"	mineral species composed of crystalline silica
"quartzites"	a hard, non-foliated metamorphic rock composed almost entirely of quartz
"rehabilitation"	the process of restoring mined land to a condition approximating to a greater or lesser degree its original state
"Reserves"	see 'Probable Reserves' and 'Proven Reserves'

"Resources"	see 'Measured Resource', 'Indicated Resource' and 'Inferred Resource'
"ROM"	run-of-mine
"RVK"	resedimented volcaniclastic kimberlite
"sample"	a small amount of material pertaining to a mineral deposit, which is used to estimate the grade of the deposit and other geological parameters
"sampling"	taking small pieces of rock at intervals along exposed mineralisation for assay (to determine the mineral content)
"sandstone"	sedimentary rock comprised predominantly of fine grained particles of between 2 mm and 0.6 mm
"sedimentary rock"	rocks formed by deposition of particles carried by air, water or ice, formed by participation of minerals from water
"shaft"	an underground vertical or inclined excavation, generally used for access, ventilation and ore transport
"shale"	a fine-grained, clastic sedimentary rock composed of mud that is a mix of flakes of clay minerals and tiny fragments (silt-sized particles) of other minerals, especially quartz and calcite
"sill"	a sheet like body of igneous rock that is conformable to the strata that it has intruded
"SLC"	sublevel cave; follows the same basic principles as the block caving mining method, however, work is carried out on intermediate levels and the caves are smaller in size and not as long lasting. This method of mining is quicker to bring into production than block caving, as the related infrastructure does not require the level of permanence needed for a long-term block cave. This method is used to supplement block caving in order to provide production flexibility
"slimes"	the fine fraction of tailings discharged from a processing plant without being treated; in the case of diamonds, usually that fraction which is less than 1mm in size
"slimes dam"	a storage facility for all fine waste products from the processing plant
"stockpile"	a store of unprocessed ore
"strata"	a layer of rock or soil with internally consistent characteristics that distinguish it from other layers, usually sedimentary in origin
"stress"	the average amount of force exerted per unit area
"strike"	the strike line of a bed, fault, or other planar feature is a line representing the intersection of that feature with a horizontal plane
"subsidence"	the motion of a surface as it shifts downward relative to a datum
"sump"	an excavation created at a low point in an open pit to collect ground water seeping into the pit as well as precipitation over the footprint of the open pit from where it is pumped out of the open pit to avoid flooding of the working areas
"t"	metric tonne
"tailings"	material left over after processing ore

"tailings dump"	dumps created of waste material from processed ore after the economically recoverable metal or mineral has been extracted
"tonnage"	quantities where the tonne is an appropriate unit of measure; typically used to measure Reserves of target commodity bearing material or quantities of ore and waste material mined, transported or milled
"TMR"	tailings mineral resource
"Transvaal Supergroup"	a sequence of sedimentary rocks in Southern Africa deposited between 2.65 and 2.05 Ga
"turbidite deposit"	geological formations from a form of underwater avalanche that are responsible for distributing vast amounts of clastic sediment into the deep ocean
"Type II diamonds"	Type II diamonds are defined by containing no detectable nitrogen and are often colourless or brown
"uniaxial compressive strength"	a measure of a material's strength, being the maximum axial compressive stress that a right-cylindrical sample of material can withstand before failing
"vent"	an opening in the Earth's surface through which igneous rocks are extruded
"volcaniclastic"	describes a sedimentary rock composed of fragments of volcanic rocks
"weathering"	in-situ chemical and mechanical processes that decompose rocks
"XPAC"	an open pit mine planning software
"x-ray"	a form of electromagnetic radiation
"recovered grade"	the actual grade of ore realised after the mining and treatment process

PART 17

NOTICE OF SPECIAL GENERAL MEETING

Petra Diamonds Limited

(*incorporated in Bermuda with registered number 23123*)

NOTICE IS HEREBY GIVEN that a special general meeting of Petra Diamonds Limited (incorporated and registered in Bermuda under company registration number 23123) (the "**Company**") will be held at 52-53 Conduit Street, London, W1S 2YZ on 13 January 2021 at 9.30 a.m. (the "**Special General Meeting**") for the purpose of considering and, if thought fit, to passing the following ordinary resolution:

ORDINARY RESOLUTION

1. That the following shall occur in the following order subject to and effective on the Proposed Restructuring Effective Date (as defined in the combined prospectus and circular of which this notice forms part (the "**Prospectus**")):

1.1 the authorised share capital of £150,000,000 divided into 1,500,000,000 ordinary shares in the capital of the Company (the "**Ordinary Shares**") of 10 pence each be reduced by reducing the nominal value of all Ordinary Shares from 10 pence to 0.001 pence and crediting the reduced amount of 9.999 pence per Ordinary Share to a reserve account, so that the authorised share capital following such reduction shall be £15,000 divided into 1,500,000,000 Ordinary Shares of 0.001 pence each;

1.2 the authorised share capital of the Company be increased from £15,000 divided into 1,500,000,000 Ordinary Shares of 0.001 pence each to £100,000 by the creation of 8,500,000,000 Ordinary Shares, so that the authorised share capital comprises 10,000,000,000 Ordinary Shares of 0.001 pence each;

1.3 in addition to all existing authorities given to them, the directors of the Company (the "**Directors**") be generally and unconditionally authorised, in accordance with Bye-law 2.4 of the Company's Bye-laws, to allot Relevant Securities (within the meaning of that Bye-law) up to an aggregate nominal amount of £88,447 (being 8,844,700,000 Ordinary Shares in the capital of the Company (the "**New Ordinary Shares**")) provided that this authority shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, 15 months from the date on which this resolution is passed unless such authority is revoked or varied by a resolution of the shareholders of the Company in a general meeting, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired; and

1.4 the issue of New Ordinary Shares pursuant to the Debt for Equity Conversion (as defined in the Prospectus) at the applicable Conversion Price(s) (as defined in the Prospectus), including any discount to the Closing Price (as defined in the Prospectus) of 2.285 pence per Ordinary Share on 18 December 2020 (being the Latest Practicable Date (as defined in the Prospectus)) and otherwise on the terms set out in the Prospectus be approved.

By Order of the Board

Chairman

22 December 2020

Registered Office:

Clarendon House
2 Church Street
Hamilton
HM11
Bermuda

NOTES:

COVID-19

The continuing COVID-19 pandemic has led to the imposition of severe restrictions on public gatherings. The Company understands and respects the importance of the Special General Meeting and the Board greatly values the opportunity to meet Shareholders in person. The health and safety of Shareholders, the Company's employees and the broader community is, however, of paramount importance. In light of this, the Board has concluded that Shareholders will not be permitted to attend the Special General Meeting in person. Therefore the Special General Meeting will be held on a 'closed' basis, with Shareholders offered the option to participate in the Special General Meeting remotely via an audio webcast. Shareholders will be able to ask questions at the Special General Meeting via the audio webcast.

It is intended that voting on the Resolution at the Special General Meeting will be conducted on a poll, rather than a show of hands. A poll reflects the number of voting rights exercisable by each Shareholder and so the Board considers it a more democratic method of voting.

Given the logistical difficulties posed by a meeting involving remote participation, in accordance with the power given to the Chairman of the Meeting in Bye-law 32.5 of the Company's Bye-laws, the Chairman of the Meeting intends to direct that poll votes be counted by taking only those votes cast by the Chairman of the Meeting as proxy on behalf of Shareholders who have validly submitted proxy instructions not less than 48 hours (excluding non-working days) prior to the time of the Special General Meeting. Shareholders are therefore strongly encouraged to exercise their voting rights by submitting their proxy electronically in advance of the Special General Meeting, appointing the Chairman of the Meeting as their proxy with their voting instructions, even if they intend to participate at the Special General Meeting via the audio webcast. This way, Shareholders' votes can be cast at the Special General Meeting in accordance with their instructions. If a Shareholder appoints someone other than the Chairman of the Meeting as their proxy, that proxy will not, due to restrictions on attendance, be able to exercise that Shareholders' voting rights on their behalf and their votes will not be cast. The Chairman of the Meeting may, in his discretion, permit one or more additional proxy holders (other than the Chairman of the Meeting), Shareholders or corporate representatives to vote at the meeting solely for the purposes of forming a quorum under the Company's Bye-laws.

Ability to join the Special General Meeting and ask questions vie the audio webcast

In order to join the Special General Meeting remotely and ask questions via the platform, Shareholders, and proxies (other than the Chairman of the Meeting, and noting the restrictions on voting for proxies outlined above) will need to connect to the following site: https://web.lumiagm.com. Lumi is available as a mobile web client, compatible with the latest browser versions of Chrome, Firefox, Internet Explorer 11 (Internet Explorer V10 and lower are not supported), Edge and Safari, and can be accessed using any web browser on a computer, tablet or smartphone device.

Once you have accessed https://web.lumiagm.com from your web browser on a computer, tablet or smartphone device, you will be asked to enter the Lumi Meeting ID which is 111-478-615. You will then be prompted to enter your unique 'Login Code' and 'PIN'. Your Login Code is your 11 digit Investor Code ("**IVC**"), including any leading zeros. Your PIN is the last 4 digits of your IVC. This will authenticate you as a Shareholder.

Your IVC can be found on your share certificate, or Signal Shares users (www.signalshares.com) will find this under 'Manage your account' when logged in to the Signal Shares portal. You can also obtain this by contacting the Registrar, Link Group, by calling +44 (0)371 664 0321. Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

Access to the Special General Meeting will be available from 30 minutes before the meeting start time. During the Special General Meeting, you must ensure you are connected to the internet at all times in order to listen to the Chairman of the Meeting and ask questions at the Special General Meeting. Therefore, it is your responsibility to ensure connectivity for the duration of the Special General Meeting. A user guide to the App and Website is available on our website at: https://www.petradiamonds.com/investors/shareholders/meetings/.

If you wish to appoint a proxy (other than the Chairman of the Meeting) to attend the meeting remotely on your behalf then please pass on your respective IVC to allow them to dial into the event and the instructions contained within this document on how to access the 'Virtual Meeting Platform'. Please note that only one of the Shareholders or their proxy will be allowed to utilise the unique IVC number and PIN number to access the Special General Meeting. If you wish to appoint more than one proxy please contact the Registrar, Link Group, on the number above. Please further note the restrictions on proxy voting outlined above.

Entitlement to attend and proxy appointments

It is intended that voting on the Resolution at the Special General Meeting will be conducted on a poll, rather than a show of hands. A poll reflects the number of voting rights exercisable by each Shareholder and so the Board considers it a more democratic method of voting.

Due to the ongoing COVID-19 pandemic and related government restrictions on public gatherings and in accordance with the power given to the Chairman of the Meeting in Bye-law 32.5 of the Company's Bye-laws, the Chairman of the Meeting intends to direct that all votes at the Special General Meeting be submitted by proxy to facilitate orderly voting at the Special General Meeting.

Shareholders who hold Ordinary Shares in certificated form may submit their proxy electronically at www.signalshares.com using their 11 digit IVC. As noted above, a Shareholder can find their IVC on their share certificate, or Signal Shares users (www.signalshares.com) will find this under 'Manage your account' when logged in to the Signal Shares portal. A Shareholder can also obtain this by contacting the Registrar, Link Group, by calling +44 (0)371 664 0321. Lines are open from 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the UK will be charged at the applicable international rate.

Only those Shareholders entered on the register of members of the Company at 6.00 p.m. on 11 January 2021 (or, if the Special General Meeting is adjourned at 6.00 p.m. on the date which is 48 hours (excluding non-working days) before the time of the adjourned meeting) shall be entitled to attend and vote at the Special General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the register of members after 6.00 p.m. on 11 January 2021 shall be disregarded in determining the rights of any person to attend or vote at the Special General Meeting.

DI Holders (holding Ordinary Shares in uncertificated form as Depositary Interests) who are CREST Members and who wish to appoint the Chairman of the Meeting as their proxy through the 'CREST Electronic Proxy Appointment Service' may do so for the Special General

Meeting and any adjournment(s) of the meeting in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST Members who have appointed a voting service provider(s), should refer to their CREST Sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) not less than 48 hours (excluding non-working days) before the time appointed for the Special General Meeting or any adjournment thereof. For this purpose, the time of receipt will be taken to be the time (as determined by the time-stamp applied to the message by the CREST applications host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST Members and, where applicable, their CREST Sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member or CREST sponsored member or has appointed a voting service provider(s), to procure that his CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting service provider(s) are referred to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Any DI Holders in the Company who cannot give voting instructions via CREST should instruct the Depositary to vote in respect of the DI Holder's interest.

Only those DI Holders entered on the DI Register at 6.00 p.m. on 11 January 2021 (or, if the Special General Meeting is adjourned at 6.00 p.m. on the date which is 48 hours (excluding non-working days) before the time of the adjourned meeting) shall be entitled to attend and vote at the Special General Meeting in respect of the number of Depositary Interests registered in their name at that time. Changes to entries on the DI Register after 6.00 p.m. on 11 January 2021 shall be disregarded in determining the rights of any person to attend or vote at the Special General Meeting.

Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 9.30 a.m. on 11 January 2021 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting).

A proxy need not be a Shareholder of the Company. A Shareholder who is the holder of two or more Ordinary Shares may appoint more than one proxy to represent him and vote on his behalf in respect of different Ordinary Shares.

If you need help with voting online, or require a paper proxy, please contact the Registrar, Link Group, by email at enquiries@linkgroup.co.uk, or by phone on +44 (0)371 664 0321. 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 from 9.00 a.m. to 5.30 p.m. Monday to Friday, excluding public holidays in England and Wales.

Issued share capital and total voting rights

The total issued share capital of the Company as at 18 December 2020 (being the Latest Practicable Date) is 865,431,343 Ordinary Shares, none of which are held in treasury. Therefore the total number of voting rights in the Company as at 18 December 2020 is 865,431,343.