

9518557



IN THE HIGH COURT OF JUSTICE

Claim No: CR-2020-004439

BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

INSOLVENCY AND COMPANIES LIST (ChD)

BEFORE THE HONOURABLE MRS JUSTICE BACON DBE

CR-2020-004439

12th day of January 2021

IN THE MATTER OF PETRA DIAMONDS US\$ TREASURY PLC

-and-

IN THE MATTER OF THE COMPANIES ACT 2006

ORDER

UPON THE APPLICATION by Part 8 Claim Form dated 2 December 2020 (the "**Claim Form**") of the above named Petra Diamonds US\$ Treasury PLC (the "**Company**"), whose registered office is at Suite 31, Second Floor, 107 Cheapside, London, EC2V 6DN and whose registered number is 09518557;

AND UPON HEARING Tom Smith QC and Stefanie Wilkins as Counsel for the Company;

AND UPON READING the Claim Form and the evidence filed in these proceedings;

AND UPON the Court determining that in this Order the definitions, abbreviations, words and phrases shall have the meanings ascribed to them in the explanatory statement sent to Scheme Creditors on 10 December 2020 pursuant to section 897 of the Companies Act 2006;

AND UPON the Information Agent, the Holding Period Trustee and the Security SPV undertaking by Counsel (instructed by them for this purpose) to be bound by the Scheme and to perform those actions which it is required to perform in accordance with the terms of the Scheme;

AND UPON the Company undertaking by Counsel to:

(i) execute, or procure to be executed, the Implementation Documents for itself and/or for and on behalf of the Scheme Creditors, as appropriate; and

(ii) pursue the Chapter 15 Filing at the Chapter 15 Hearing in order to obtain recognition of the Scheme under Chapter 15 of Title 11 to the United States Bankruptcy Code;

THE COURT HEREBY sanctions the Scheme.



Service of this Order

The Court has provided a sealed copy of this Order to the serving party:

Ashurst LLP at London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW

Ref: LDUNNE/PRYANB/1000-053-623

Tel: +44 (0)20 7638 1111

Emails: Lynn.Dunne@ashurst.com / Paul.Ryan-Brown@ashurst.com

DATED this 12th day of January 2021

SCHEDULE

Scheme Document



Claim No. CR-2020-004439

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BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES

INSOLVENCY AND COMPANIES LIST (Ch D)

CR-2020-004439

IN THE MATTER OF PETRA DIAMONDS US\$ TREASURY PLC

~ and ~

IN THE MATTER OF THE COMPANIES ACT 2006

SCHEME OF ARRANGEMENT

(pursuant to Part 26 of the Companies Act 2006)

- between -

PETRA DIAMONDS US\$ TREASURY PLC

- and -

THE SCHEME CREDITORS

(as defined herein)

1. **PRELIMINARY**

1.1 **Definitions**

In this Scheme, the following expressions will have the following meaning:

1.5 Lien Financing Basket	means capacity for the Group under the 1.5 Lien Notes Indenture to raise (subject to the consent of the First Lien Lenders and Noteholders representing a majority in aggregate principal amount of Notes Debt as at the relevant time of raise) up to US\$45 million of secured debt, which, in respect of security, guarantees and payment priority, ranks behind the first lien facilities of the Group, but senior to the Notes;
1.5 Lien Notes Indenture	means the Notes Indenture as amended to reflect: <ul style="list-style-type: none">(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 funding on the 1.5 lien basis described in the definition of "1.5 Lien Financing Basket" (and subject to a maximum amount of US\$45 million), from 90% to a majority of the aggregate principal of the Notes outstanding;
Account Holder	means any person recorded directly in the records of a Clearing System as holding an interest in any Notes in an account with the relevant Clearing System either for its own account or on behalf of its client, including any Participant (as defined in the Notes Indenture);
Account Holder Letter	means the account holder letter substantially in the form set out in Appendix 3 (<i>Form of Account Holder Letter</i>) to the Explanatory Statement;
Ad Hoc Committee	means the informal ad hoc committee of Noteholders (advised by the Ad Hoc Committee's Counsel) as such group is constituted from time to time;
Ad Hoc Committee's Counsel	means White & Case LLP, in its capacity as legal adviser to the members of the Ad Hoc Committee;
Additional Locked-Up Noteholder	means any Noteholder (or any fund or other entity advising or managing a Noteholder as its investment adviser or manager) that becomes a party to the Lock-Up Agreement after the date of that agreement in accordance with the terms for accession as set out therein;
Affiliate	means with respect to a person, any other person who, directly or indirectly, is in control of, or is controlled by, or is under common control with, such person and for the purposes of this definition control will mean the power, direct or indirect, to (a) vote on more than 50 per cent. of the securities having ordinary voting power for the election of directors of such person, or (b) direct or cause the direction of the management and policies of such person whether by contract or otherwise;

Allocations Spreadsheet and Funds Flow	means the confidential allocations spreadsheet and funds flow documenting, among other distributions and payments, the distribution of the Scheme Consideration to the Scheme Creditors and the payment of certain fees, in a form prepared and agreed pursuant to Clause 4 (<i>Grant of authority to execute the Implementation Documents</i>) and consistent in all respects with the terms of this Scheme;
Allowed Proceedings	means any Proceeding by a Scheme Creditor in respect of an Excluded Scheme Claim;
Amended Indenture	means the Notes Indenture, as amended to reflect the terms and conditions of the New Notes as set out in the Term Sheet;
Amended Intercreditor Agreement	means the Intercreditor Agreement between, among others, certain of the Company Parties, the First Lien Lenders and the Trustee to govern intercreditor arrangements following implementation of the 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);
Book Entry Interest	means a beneficial interest as principal in a Global Note (as defined in the Notes Indenture) held by or through a Participant (as defined in the Notes Indenture) and held through and shown on, and transferred only through, records maintained in book entry form by the Clearing Systems;
Backstop Agreement	means the backstop letter agreement between PDL, the Scheme Company and certain Noteholders, dated 17 November 2020, governing those Noteholders' commitments (together) to backstop 100% of the New Money;
Backstop Party	means a Noteholder that is a party to the Backstop Agreement;
Business Day	means a day (other than a Saturday or Sunday) on which banks are open for general business in London, South Africa and New York (provided that the availability of internet banking shall not constitute being open for general business);
Business Rescue	means the Business Rescue process pursuant to Chapter 6 of the South African Companies Act, Act 71 of 2008;
Chapter 15	means Chapter 15 of title 11 of the US Code, 11 U.S.C. §§ 101-1532;
Chapter 15 Filing	means a petition filed under Chapter 15 for recognition of the proceedings before the Court to obtain the Scheme Sanction Order;
Chapter 15 Order	means an order of the United States Bankruptcy Court for the Southern District of New York (or other appropriate forum) granting recognition of the proceeding before the Court to obtain the Scheme Sanction Order as a foreign main proceeding pursuant to Chapter 15 of the US Code and enforcing the Scheme Sanction Order within the territorial jurisdiction of the United States;
Claim	means, in relation to a 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;

Clearing Systems	means DTC, Euroclear and Clearstream and, in each case, each of their respective nominees and successors, acting through itself or a depositary and any other system designed for similar or analogous proceedings;
Clearstream	means Clearstream Banking, <i>société anonyme</i> ;
Connected Parties	means, in relation to a person, any of its current and former Affiliates or Related Entities, and each such person's and its Affiliates' and Related Entities' current and former officers, managers, directors, predecessors, successors, and assigns, each of their directors, officers, employees, agents, managed accounts or funds, management companies, investment managers or advisors (and any entity which: (1) is managed or advised by such person's investment manager or advisor; or (2) such person manages or advises in its capacity as investment manager or advisor), advisory board members, financial advisers, partners, accountants, attorneys, investment bankers, consultants, representatives and other professionals, each in their capacity as such;
Costs Coverage Letters	<p>means:</p> <ul style="list-style-type: none">(a) the letter between the counsel to the First Lien Lenders and the First Lien Lenders (which provides that invoices shall be paid by PDL) dated 29 April 2020; and(b) the letters between PDL and the advisors to the Ad Hoc Committee, dated 22 April 2020 with respect to White & Case LLP and 16 June 2020 with respect to Houlihan Lokey EMEA, LLP, <p>together with any further addendums as agreed between the parties to such Costs Coverage Letters;</p>
Court	means the High Court of Justice of England and Wales;
CREST	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK & Ireland is the operator;
Deed of Release	means the Deed of Release and waiver substantially in the form set out in schedule 2 (<i>Deed of Release</i>) of this Scheme;
Depository	means Link Market Services Trustees Limited;
Depository Interest	means independent securities constituted under English law and issued, or to be issued, by the Depository in respect of, and representing on a 1 for 1 basis, underlying Ordinary Shares which may be held or transferred through the CREST system;
Designated Recipient	means 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:

	<ul style="list-style-type: none"> (a) receive the Scheme Consideration to which that Scheme Creditor is entitled pursuant to the terms of this Scheme and the Implementation Deed; and/or (b) provide the New Money which that Scheme Creditor has elected to provide in its Account Holder Letter;
Disqualified Person	<p>means a person who is:</p> <ul style="list-style-type: none"> (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 PDL or the Scheme Company 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 PDL 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;
DTC	means the Depository Trust Company;
Early Bird Deadline	means 1 December 2020;
Equity Allocated Noteholders	means any Noteholders who are not Non-Equity Noteholders;
Escrow Account	means an escrow account opened and maintained by the Escrow Agent;
Escrow Agent	means Lucid Issuer Services Limited, in its capacity as escrow agent;
Escrow Agreement	means the escrow agreement in relation to the Escrow Account between the Scheme Company and the Escrow Agent (which shall provide third party rights to the New Money Noteholders) and, if applicable, any related security documents;
Euroclear	means Euroclear Bank SA/NV;
Excluded Scheme Claim	<p>means any Claim which arises:</p> <ul style="list-style-type: none"> (a) as a result of the failure by any person to comply with, or perform its obligation(s) under, the Lock-Up Agreement, this Scheme or an Implementation Document; (b) under the Scheme 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 Scheme Company and/or the Guarantors to the Trustee in its personal capacity;
- (e) in respect of any Liability of the Scheme Company 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 this Scheme or an Implementation Document; or
- (h) under or in respect of any Scheme Consideration or the Amended Indenture.

Explanatory Statement

means the scheme circular, dated 10 December 2020, which contains the explanatory statement relating to this Scheme required to be furnished to the Scheme Creditors pursuant to section 897 of the Companies Act, issued to Scheme Creditors on 10 December 2020;

First Lien Lenders

means:

- (a) ABSA Bank Limited (acting through its Absa Corporate and Investment Banking division), a company duly incorporated in the Republic of South Africa, with registration number 1986/004794/06;
- (b) Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division), a company duly incorporated in the Republic of South Africa, with registration number 1951/000009/06;
- (c) Firststrand Bank Limited (acting through its Rand Merchant Bank division), a company duly incorporated in the Republic of South Africa, with registration number 1929/001225/06; and
- (d) Ninety One SA Proprietary Limited (for and on behalf of its clients), a company duly incorporated in the Republic of South Africa, with registration number 1984/011235/07;

Group

means PDL and its Subsidiaries from time to time;

Guarantors

means the entities listed in schedule 1 (*The Guarantors*);

Holding Period

means the period from the Restructuring Effective Date until the Holding Period Expiry Date;

Holding Period Expiry Date

means 5.00 p.m. (London time) on the date falling 365 days after the Restructuring Effective Date;

Holding Period Trust Deed

means the trust deed to be entered into on or prior to the Restructuring Effective Date between, among others, PDL, the Scheme Company and the Holding Period Trustee;

Holding Period Trustee	means Lucid Issuer Services Limited in its capacity as trustee under the Holding Period Trust Deed;
Implementation Deed	means the agreement to be entered into by, amongst others, the Scheme Company, the Guarantors and Scheme Creditors substantially in the form made available on the Scheme Website, on or about the date of the Explanatory Statement, governing the implementation of the Restructuring;
Implementation Documents	<p>means:</p> <ul style="list-style-type: none"> (a) the Implementation Deed and any ancillary documents referred to therein; (b) the Chapter 15 Order and all other documentation material to the Chapter 15 Filing; (c) the Prospectus and all other material documentation relating to the PDL Share Issue; (d) the Holding Period Trust Deed; (e) the documentation required to effect the New Bank Facilities; (f) the Amended Indenture or the 1.5 Lien Notes Indenture (as applicable); (g) the Amended Intercreditor Agreement; (h) the Deed of Release; (i) the documents required to effect the intercreditor, waterfall and security arrangements relating to the Amended Indenture and the New Bank Facilities and customary legal opinions in respect of the same; (j) the documents required to be entered into with the BEE Partners (as defined in the Implementation Deed) (in relation to, amongst other things, the refinancing of the loans made under the BEE Facility Agreements (as defined in the Implementation Deed) and the reorganisation of loans, payables, receivables and other entitlements with the Group) to give effect to the Restructuring; (k) 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 Restructuring; (l) the Escrow Agreement; and (m) 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 Restructuring;
Information Agent	means Lucid Issuer Services Limited;

Intercreditor Agreement	means the Intercreditor Agreement dated 4 May 2015 made between, among others, the Scheme 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 April 12, 2017;
Liability	means 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, New York 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 will be construed accordingly;
Lock-Up Agreement	means the agreement between, among others, the Scheme Company, PDL, the First Lien Lenders, the Information Agent and certain Noteholders, dated 17 November 2020, under which those Noteholders agreed, among other things and subject to certain conditions, to consummate the Restructuring;
Lock-Up Fee	means, in relation to an applicable Noteholder, such amount as is equal to 1.00 per cent of the Noteholder's Locked-Up Notes as at 1 December 2020 (together with any Locked-Up Notes the Noteholder acquires in accordance with the Lock-Up Agreement after 1 December 2020, provided those Notes were also Locked-up Notes as at 1 December 2020);
Locked-Up Notes	<p>means at any time, in relation to a Noteholder party to the Lock-Up Agreement, the aggregate amount of its Notes Debt with respect to:</p> <ul style="list-style-type: none"> (a) all Notes held 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, <p>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 that Noteholder became a party to the Lock-Up Agreement;</p>
Longstop Date	means 17 April 2021 (or such later date as may be agreed pursuant to the Lock-Up Agreement);
New Bank Facilities	means the amended first lien facilities of the Group, including (as applicable) the new revolving credit facility and a new term loan, as described in the Term Sheet;
New Money	means US\$30 million to be contributed to the Scheme Company by the Noteholders (or certain Noteholders, depending on Noteholder elections) as part of the Restructuring by way of subscription for New Notes;

New Money Allocation	means the amount of New Money which each New Money Noteholder is required to fund prior to the New Money Due Date;
New Money Allocation Notice	means a notice from the Scheme Company to each New Money Noteholder notifying each New Money Noteholder of its New Money Allocation;
New Money Due Date	means the date falling seven (7) Business Days from (and excluding) the date of issuance of the New Money Funding Notice;
New Money Funding Notice	means a notice from, or on behalf of, the Scheme Company to each New Money Noteholder: <ul style="list-style-type: none"> (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 Noteholder	means a Noteholder that elects, in a valid Account Holder Letter received by the Information Agent prior to the Voting Instruction Deadline, to contribute a portion of the New Money in connection with the Restructuring;
New Money Notes	means the New Notes to be issued in consideration for the New Money;
New Money Shortfall	means the amount that is the difference between \$30,000,000 and the aggregate amount of the New Money funded by all Noteholders as at the New Money Due Date (but, for the avoidance of doubt, excluding commitments funded under the Backstop Agreement);
New Money Shortfall Notes	means 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	means the new senior secured second lien notes to be issued in accordance with the terms of the Scheme and to be governed by the Amended Indenture;
New Ordinary Shares	means new Ordinary Shares to be issued by PDL pursuant to the PDL Share Issue;
Non-Equity Noteholder	means a Noteholder that has opted-out of receiving its entitlement to New Ordinary Shares by virtue of a validly submitted and timely Account Holder Letter;
Noteholder	means a person with a Book Entry Interest in the Notes at the Record Time;
Notes	means the US\$650 million 7.25 per cent. senior secured second lien notes due 1 May 2022 issued by the Scheme Company, with the following identification numbers: <ul style="list-style-type: none"> (a) CUSIP: G7028AAB9 / ISIN: USG7028AAB91; and (b) CUSIP: 71642QAB3 / ISIN: US71642QAB32;
Notes Debt	means 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 Scheme Company or any Guarantor;
Notes Indenture	means the indenture dated as of 12 April 2017 between the Scheme Company, PDL, the Guarantors, the Trustee and the Security SPV governing the terms of issue of the Notes;
Open Market	means, in the context of a sale of Scheme Consideration, the sale of such Scheme Consideration to a third party on arm's length terms;
Ordinary Shares	means the ordinary shares of 10 pence each in the capital of PDL including the Depository Interests in respect of such shares;
Original Locked-Up Noteholder	means a Noteholder (or fund or other entity advising or managing a Noteholder that is acting on behalf of that Noteholder) that is a party to the Lock-Up Agreement from the date of that agreement;
PDL	means Petra Diamonds Limited, a company incorporated in Bermuda with registered number EC 23123 and having its registered office at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda;
PDL Enlarged Share Capital	the Ordinary Shares in issue at the latest practicable date prior to the PDL Share Issue, together with the New Ordinary Shares to be issued pursuant to the PDL Share Issue;
PDL Share Issue	means the issue of New Ordinary Shares to the Noteholders as part of the Scheme Consideration due to those Scheme Creditors in exchange for the assignment by the Noteholders to PDL of a portion of their Notes on the terms and subject to the conditions of the Implementation Deed (which, for the avoidance of doubt, shall specify the precise number of New Ordinary Shares to be issued, such number being that which is required to ensure that the Reorganised PDL Equity issued pursuant to the Scheme amounts to not less than 91 per cent. of the agreed fully diluted share capital of PDL on the Restructuring Effective Date);
Proceedings	means any process, action or other legal proceeding (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;
Prospectus	means the combined circular and prospectus to be published by PDL on or around 22 December 2020 setting out the terms and conditions of the PDL Share Issue;
Record Time	5.00 p.m. (New York time) on 6 January 2021;
Registered Holder	means the Depository Trust Company;
Registered Holder Nominee	means Cede & Co., as nominee for the Registered Holder;
Registrar of Companies	means the registrar of companies within the meaning of the Companies Act 2006;
Related Entity	means, in relation to an entity (the First Entity), an entity which is managed or advised by the same investment manager or investment adviser as the First Entity (or its Affiliates) or, if it is managed by

	different investment manager or investment adviser, an entity whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the First Entity (or its Affiliates);
Released Parties	has the meaning given to it in the Deed of Release;
Reorganised PDL Equity	means the issued ordinary share capital in PDL to be allocated to the Scheme Creditors that are Noteholders in accordance with Clause 5 (<i>Scheme Mechanics</i>) and the Implementation Deed;
Resolution	means the combined resolutions relating to the PDL Share Issue to be proposed to Shareholders at the Special General Meeting;
Restructuring	<p>means the financial restructuring of the Group, involving:</p> <ul style="list-style-type: none"> (a) the reinstatement of a portion of the Notes Debt by way of the New Notes; (b) the equitisation of the remainder of the Notes Debt by way of the assignment of that portion of the Notes Debt to PDL in consideration for the issuance of New Ordinary Shares (amounting to, in aggregate, 91 per cent. of the PDL Enlarged Share Capital); (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, <p>as more fully described in section 5 (<i>Restructuring Overview</i>) of Part 1 of the Explanatory Statement;</p>
Restructuring Effective Date	means the date on which the Scheme Company, in accordance with the Implementation Deed, notifies the Scheme Creditors that the Restructuring Effective Time has occurred;
Restructuring Effective Time	means the time at which the Restructuring becomes effective in accordance with the Implementation Deed;
Scheme	means the scheme of arrangement proposed pursuant to Part 26 of the Companies Act between the Scheme Company and the Scheme Creditors in the form set out herein, with or subject to any modification, addition or condition which the Court may think fit to approve or impose, as appropriate in accordance with the terms of this Scheme and Clause 8 (<i>Modifications of the Scheme or waiver of the Scheme Conditions</i>);
Scheme Claims	means any Claim in respect of any Liability of the Scheme Company owed to any of the Scheme Creditors arising out of the Notes Indenture (as distinct from the Amended Indenture) on or before the Record Time or which may arise after the Record Time as a result of an obligation or Liability of the Scheme Company incurred, or as a result of an event occurring or an act done, on or before the Record Time (including, for the avoidance of doubt, any interest accruing on,

or accretions arising in respect of, such Claims before or after the Record Time) other than an Excluded Scheme Claim;

Scheme Company means Petra Diamonds US\$ Treasury Plc (Company number 09518557) of Suite 31, Second Floor, 107 Cheapside, London EC2V 6DN;

Scheme Conditions means:

- (a) the Resolution being passed by the majority of the Shareholders;
- (b) any approvals required from the Financial Surveillance Department of the South African Reserve Bank to implement the Restructuring (including, for the avoidance of doubt, approvals required for the provision of guarantees in respect of debt obligations outside of the Republic of South Africa), and any other regulatory approvals which PDL reasonably considers necessary to implement the Restructuring, having consulted with the advisers to the Ad Hoc Committee and counsel to the First Lien Lenders are obtained;
- (c) the United States Bankruptcy Court has entered the Chapter 15 Order; and
- (d) confirmation has been received from HM Revenue & Customs 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 Clause 8 (*Modifications of the Scheme or waiver of the Scheme Conditions*);

Scheme Conditions Effective Date means the date on which the Scheme Company, in accordance with the Implementation Deed, notifies the Scheme Creditors that each of the Scheme Conditions has been fulfilled or waived in accordance with Clause 8 (*Modifications of the Scheme or waiver of the Scheme Conditions*);

Scheme Consideration has the meaning given to it in clause 5.2.1 (*Noteholders' Scheme Consideration*);

Scheme Creditors means:

- (a) the Trustee;
- (b) the Registered Holder, as the registered holder of the Global Notes;
- (c) the Registered Holder Nominee, as the nominee for the Registered Holder; and
- (d) the Noteholders, as contingent creditors;

Scheme Effective Date means the day during which the Scheme Effective Time occurs;

Scheme Effective Time means the time at which a certificated copy of the Scheme Sanction Order is delivered to the Registrar of Companies for registration;

Scheme Meeting	means the meeting of the Scheme Creditors convened in accordance with the permission of the Court pursuant to section 896 of the Companies Act to consider, and if thought fit, to approve this Scheme, including any adjournment thereof;
Scheme Sanction Order	means an order of the Court sanctioning this Scheme;
Scheme Website	means the website at https://www.lucid-is.com/petradiamonds/ , maintained by the Information Agent;
Security SPV	means Bowwood and Main No 166 (RF) Proprietary Limited;
Shareholders	means the holders of shares in PDL from time to time, including (after the Restructuring) the Noteholder holders of New Ordinary Shares;
Special General Meeting	means the special general meeting of Shareholders convened to consider the Resolution;
Subsidiaries	means a subsidiary within the meaning of section 1159 of the Companies Act 2006;
Term Sheet	means the term sheet for the Restructuring as agreed between, amongst others, the Scheme Company, PDL, the First Lien Lenders and those Noteholders that are party to the Lock-Up Agreement as appended thereto;
Trustee	means Deutsche Bank Trust Company Americas in its capacity as trustee under the Notes Indenture and any successor appointed pursuant the Notes Indenture;
Trust Beneficiary	has the meaning given to it in Clause 5.4.1 (<i>Holding Period Trust</i>)
Undertaking Transaction Party	means the Holding Period Trustee, the Information Agent, the Security SPV, and the Trustee;
United States Bankruptcy Court	means the United States Bankruptcy Court for the Southern District of New York or other appropriate forum in a case filed under Chapter 15 of Title 11 of the US Code;
US Code	means the United States Code, being a consolidation and codification by subject matter of the general and permanent laws of the United States of America; and
Voting Instruction Deadline	5.00 p.m. (London time) on 5 January 2021.

1.2 Interpretation

In this Scheme, unless the context otherwise requires or otherwise expressly provides:

- 1.2.1 to the extent that there is any conflict or inconsistency between the terms of this Scheme and the Explanatory Statement, the terms of this Scheme will prevail;
- 1.2.2 references to Clauses and Schedules are references to the Clauses of, and Schedules to, this Scheme;

- 1.2.3 the Holding Period Trustee, the Information Agent, the Trustee, the Security SPV, the Scheme Company or any other person will be construed as to include its successors in title, permitted assigns and permitted transferees;
- 1.2.4 references to a person include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- 1.2.5 references to a statute or statutory provision include the same as subsequently modified, amended, supplemented or re-enacted from time to time;
- 1.2.6 references to an agreement, deed or document will be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto, provided that such amendment, supplement, restatement, verification, replacement and/or novation has, to the extent it relates to an Implementation Document or this Scheme, been made in accordance with the terms of such Implementation Document and/or this Scheme (as applicable);
- 1.2.7 references to an agreement, deed or document will include any schedules, annexes and appendices to such agreement, deed or document;
- 1.2.8 references to (or to any specified provision of) this Scheme will be construed as references to this Scheme as in force for the time being;
- 1.2.9 the singular includes the plural and vice versa and words importing one gender will include all genders;
- 1.2.10 **"including"** or **"include"** means including or include without limitation;
- 1.2.11 **"or"** is not exclusive;
- 1.2.12 headings to Clauses and Schedules are for ease of reference only and will not affect the interpretation of this Scheme;
- 1.2.13 unless otherwise stated, all references in these Scheme to times are to London time;
- 1.2.14 where any amount is specified in this Scheme (including in any definition) in respect of any Scheme Consideration, that amount is subject to rounding in accordance with the terms of this Scheme;
- 1.2.15 insofar as it relates to the New Notes, references to any Scheme Consideration being paid, issued or delivered to a Scheme Creditor shall be treated for all purposes as references to that person being paid, issued with or delivered directly, or indirectly through one or more intermediaries, the relevant Scheme Consideration in accordance with the rules and procedures of the relevant Clearing System;
- 1.2.16 references to Notes being held by a Noteholder shall be treated for all purposes as references to the Book Entry Interest held by the relevant Noteholder; and
- 1.2.17 **"\$"**, **"US\$"**, **"USD"** and **"dollars"** denote the lawful currency of the United States of America.

2. APPLICATION OF THE SCHEME AND THE EFFECTIVE DATE

- 2.1 The compromise and arrangement effected by this Scheme will apply to all Scheme Claims and bind all Scheme Creditors and the Scheme Company.

2.2 Subject to Clause 2.3 below and Clause 9.1 (*Interconditionality*), the terms of this Scheme will become effective and binding on the Scheme Effective Date and all of the rights, title and interests of Scheme Creditors to Scheme Claims will be subject to the compromise and arrangement set out in this Scheme in accordance with its terms.

2.3 Subject to Clause 9.1 (*Interconditionality*) all provisions of this Scheme will come into full force and effect on and from the Scheme Effective Date, save that:

2.3.1 the following Clauses will come into full force and effect on and from the Scheme Conditions Effective Date: Clause 4 (*Grant of authority to execute the Implementation Documents*); Clause 5 (*Scheme Mechanics*); Clause 6 (*Releases*); and Clause 7.4 (*Further Assurance*);

2.3.2 where the Scheme Conditions Effective Date does not occur by virtue of the fact that the Resolution is not passed by the requisite majority of Shareholders, Clause 4 (*Grant of authority to execute the Implementation Documents*) and Clause 7.4 (*Further Assurance*) shall come into full force and effect on and from the date of the Special General Meeting.

3. **CONSIDERATION**

3.1 The authorities, undertakings, releases, ratifications, and waivers given by the Scheme Creditors in favour of the Scheme Company, the Guarantors, and the Released Parties, where applicable, are given by each Scheme Creditor other than the Trustee in consideration of the rights provided to each Scheme Creditor under this Scheme and by the Trustee pursuant to the Scheme Sanction Order and the instruction given to it pursuant to Clause 4.2.1 (*Undertaking Transaction Parties' authority*).

4. **GRANT OF AUTHORITY TO EXECUTE THE IMPLEMENTATION DOCUMENTS**

4.1 **Scheme Company's authority to execute the Implementation Documents**

4.1.1 On and from the Scheme Conditions Effective Date and notwithstanding the term of any relevant document, each Scheme Creditor (in the case of the Trustee pursuant to the instruction given to it as an Undertaking Transaction Party under Clause 4.2 (*Undertaking Transaction Parties' authority*)) hereby irrevocably authorises, appoints and instructs the Scheme Company (acting by its directors, officers or other duly appointed representatives) as its true and lawful agent and attorney (and as agent and attorney of such person to whom such Scheme Creditor has assigned or transferred any of its Scheme Claims where such transfers are recognised by the Scheme Company in accordance with Clause 9.4 (*Assignments or Transfers*)) to, for and on behalf of each such Scheme Creditor:

(a) agree on their behalf any amendments to the Implementation Deed, the Deed of Release and each other Implementation Document to which such Scheme Creditor is expressed to be a party which are: (i) reasonably necessary or desirable to give effect to this Scheme, (ii) minor or technical in nature; and (iii) would not adversely or disproportionately affect the economic treatment or any legal right or obligation of, or impose any additional obligation on, any of the Scheme Creditors;

(b) agree on their behalf any amendments to the Implementation Deed, the Deed of Release and each other Implementation Document: (i) that are consistent with the terms of the Lock-Up Agreement (including the Term Sheet) or the Implementation Deed; or (ii) as otherwise agreed, in accordance with Clause 5.3 (*Implementation Documents*) of the Lock-Up Agreement, that the

Scheme Company may, acting reasonably and following consultation with the Ad Hoc Committee's Counsel, deem necessary or desirable in order to:

- (i) ensure that the information and categories of information contained or referred to in any formula, schedule, annex or similar, lists of parties, signature blocks, parties provision, notice details, bank account details, legal entity names or registration numbers, blanks or placeholders in any Implementation Documents reflect the relevant information and categories of information as of the applicable date;
 - (ii) insert the calculation and completion of any commitments, participations or allocations to any Scheme Creditor or any other party under the Implementation Documents in accordance with the terms of this Scheme and the Allocations Spreadsheet and Funds Flow;
 - (iii) subject to the approval rights set forth in Clause 8 (*Modification of the Scheme or Waiver of the Scheme Conditions*), take into account any modification of, or addition to, this Scheme and/or the Implementation Documents approved or imposed by the Court in accordance with that Clause 8 (*Modification of the Scheme or Waiver of the Scheme Conditions*);
 - (iv) ensure that the Implementation Documents may be duly executed and delivered; and/or
 - (v) ensure that the Implementation Documents are legal, valid, binding and enforceable upon the parties to them in accordance with this Scheme;
- (c) enter into, execute and deliver (whether as a deed or otherwise) for and on behalf of each Scheme Creditor, the Implementation Deed, the Deed of Release and each other Implementation Document to which the Scheme Creditors (or any of them) are (or is) expressed to be a party;
- (d) enter into, execute and deliver (whether as a deed or otherwise) for and on behalf of such Scheme Creditor, any document, notice or instruction as may be reasonably necessary to give effect to the instruction under this Clause 4 (*Grant of authority to execute the Implementation Documents*); and
- (e) enter into, execute and deliver (whether as a deed or otherwise) any other document and give any other notice, confirmation, consent, order, instruction or direction as may be necessary in the discretion of the Scheme Company (acting reasonably and following consultation with the Ad Hoc Committee's Counsel), to release all Scheme Claims and/or to otherwise give effect to this Scheme and/or the Implementation Documents, provided in each case that any such document:
- (i) is consistent with the Lock-Up Agreement (including the Term Sheet) and the Implementation Deed; and
 - (ii) would not adversely or disproportionately affect the economic treatment or any legal right or obligation of, or impose any additional obligation on, any of the Scheme Creditors in any manner that is not otherwise contemplated by this Scheme or the Implementation Documents,

provided that, the documents referred to above (other than the Implementation Deed) will only become effective in accordance with their respective terms and as provided for in the Implementation Deed, whereupon

they will become binding on all Scheme Creditors and each of the other parties thereto.

4.1.2 Where the Scheme Conditions Effective Date does not occur by virtue of the fact that the Resolution is not passed by the requisite majority of Shareholders, on and from the date of the Special General Meeting and notwithstanding the term of any relevant document, each Scheme Creditor (in the case of the Trustee pursuant to the instruction given to it as an Undertaking Transaction Party under Clause 4.2 (*Undertaking Transaction Parties' authority*)) hereby irrevocably authorises, appoints and instructs the Scheme Company (acting by its directors, officers or other duly appointed representatives) as its true and lawful agent and attorney (and as agent and attorney of such person to whom such Scheme Creditor has assigned or transferred any of its Scheme Claims where such transfers are recognised by the Scheme Company in accordance with Clause 9.4 (*Assignments or Transfers*)) to, for and on behalf of each Scheme Creditor:

- (a) agree on their behalf any amendments to the 1.5 Lien Notes Indenture and any other Implementation Document to the extent reasonably necessary to give effect to the 1.5 Lien Financing Basket and to which such Scheme Creditor is expressed to be a party, which are (i) minor or technical in nature; and (ii) would not adversely or disproportionately affect the economic treatment or any legal right or obligation of, or impose any additional obligation on, any of the Scheme Creditors;
- (b) agree on their behalf any amendments to the 1.5 Lien Notes Indenture and any other Implementation Document to the extent reasonably necessary to give effect to the 1.5 Lien Financing Basket: (i) that are consistent with the terms of the Lock-Up Agreement (including the Term Sheet); or (ii) as otherwise agreed, in accordance with Clause 5.3 (*Implementation Documents*) of the Lock-Up Agreement, that the Scheme Company may (acting reasonably and following consultation with the Ad Hoc Committee's Counsel) deem necessary or desirable in order to:
 - (i) ensure that such Implementation Documents may be duly executed and delivered; and/or
 - (ii) ensure that such Implementation Documents are legal, valid, binding and enforceable upon the parties to them in accordance with this Scheme;
- (c) enter into, execute and deliver (whether as a deed or otherwise), the 1.5 Lien Notes Indenture, and any other Implementation Document to the extent reasonably necessary to give effect to the 1.5 Lien Financing Basket, provided that terms of the 1.5 Lien Notes Indenture shall not take effect prior to the payment of any outstanding advisory fees pursuant to the terms of the Costs Coverage Letters;
- (d) enter into, execute and deliver (whether as a deed or otherwise) for and on behalf of such Scheme Creditor, any document, notice or instruction as may be reasonably necessary to give effect to the instruction under this Clause 4 (*Grant of authority to execute the Implementation Documents*) to the extent reasonably necessary to give effect to the 1.5 Lien Financing Basket; and
- (e) enter into, execute and deliver (whether as a deed or otherwise) any other document and give any other notice, confirmation, consent, order, instruction or direction as may be necessary in the discretion of the Scheme Company (acting reasonably and following consultation with the Ad Hoc Committee's

Counsel) to give effect to the 1.5 Lien Financing Basket, provided in each case that any such document:

- (i) is consistent with the Lock-Up Agreement (including the Term Sheet); and
- (ii) would not adversely or disproportionately affect the economic treatment or any legal right or obligation of, or impose any additional obligation on, any of the Scheme Creditors in any manner that is not otherwise contemplated by this Scheme or the Implementation Documents insofar as they relate to the 1.5 Lien Financing Basket.

4.1.3 Notwithstanding anything to the contrary in this Scheme:

- (a) the documents referred to above (other than the Implementation Deed) will only become effective in accordance with their respective terms and as provided for in the Implementation Deed, whereupon they will become binding on all Scheme Creditors and each of the other parties thereto;
- (b) the Scheme Company shall use all reasonable endeavours to ensure that the calculations, commitments, participations and allocations in respect of each individual Scheme Creditor be kept confidential to that individual Scheme Creditor; and
- (c) nothing in this Scheme shall in any way oblige or otherwise commit any Scheme Creditor to:
 - (i) provide any financing to any member of the Group under the 1.5 Lien Basket;
 - (ii) consent to the provision of any financing to any member of the Group under the 1.5 Lien Basket, except as expressly set out in this Clause 4.1;
 - (iii) increase or extend any existing debt financing or to make any additional equity and/or debt financing available to any member of the Group except as expressly stated in the Lock-Up Agreement, this Scheme or the other Implementation Documents.

4.2 Undertaking Transaction Parties' authority

4.2.1 On and from the Scheme Conditions Effective Date and notwithstanding any term of any relevant document, each Scheme Creditor, other than the Trustee, (as applicable) hereby authorises and instructs:

- (a) each Undertaking Transaction Party to enter into, execute and deliver (whether as a deed or otherwise) and perform, the Implementation Deed and each other Implementation Document to which it is expressed to be a party, provided that such Implementation Documents (other than the Implementation Deed) will only become effective in accordance with their respective terms as provided in the Implementation Deed, whereupon they will become binding on all such Undertaking Transaction Parties and each of the other parties thereto;
- (b) each Undertaking Transaction Party, to take all steps and do all other things necessary to give effect to the Restructuring and otherwise to enter into, execute and deliver (whether as a deed or otherwise) all such documents that the Scheme Company or the relevant Undertaking

Transaction Party reasonably considers necessary to give effect to the Restructuring, without limitation to the generality of the foregoing, provided that:

- (i) any associated documents will not become effective prior to the Restructuring Effective Date (unless necessary to become effective earlier to effect the Restructuring), whereupon they will be binding on all such Undertaking Transaction Parties and each of the other parties thereto; and
 - (ii) any such document is consistent with the Lock-Up Agreement and the Implementation Deed;
- (c) each Undertaking Transaction Party to provide the authorities, appointments and instructions to the Scheme Company in accordance with Clause 4.1.1 (*Scheme Company's authority to execute the Implementation Documents*) and to authorise, appoint and instruct the Scheme Company to perform the obligations of that Undertaking Transaction Party under this Clause 4.2.1 (*Undertaking Transaction Parties' authority*) as an Undertaking Transaction Party reasonably considers desirable; and
- (d) the Trustee to act and rely, without further verification, on any written instruction from the Scheme Company (acting on behalf of all Noteholders pursuant to the authority granted to it under Clause 4.1.1 (*Scheme Company's authority to execute the Implementation Documents*)) to take any action referred to in this Clause 4.2.1 or Clause 7.2 (*Further Assurance*) which instruction certifies that any such action required of the Trustee is in compliance with such provision(s) and this Scheme; and
- (e) the Trustee to give and make the ratifications, releases, undertakings and other matters referred to in Clause 6 (*Releases*) and Clause 7 (*Undertakings from Scheme Creditors*).

4.2.2 Where the Scheme Conditions Effective Date does not occur by virtue of the fact that the Resolution is not passed by the requisite majority of Shareholders, on and from the date of the Special General Meeting and notwithstanding any term of any relevant document, each Scheme Creditor, other than the Trustee, (as applicable) hereby authorises and instructs:

- (a) each Undertaking Transaction Party to enter into, execute and deliver (whether as a deed or otherwise), the 1.5 Lien Notes Indenture, the Implementation Deed and any other Implementation Document to which it is expressed to be a party, to the extent reasonably necessary to give effect to the 1.5 Lien Financing Basket, provided that such Implementation Documents (other than the Implementation Deed) will only become effective in accordance with their respective terms as provided in the Implementation Deed, whereupon they will become binding on all such Undertaking Transaction Parties and each of the other parties thereto;
- (b) each Undertaking Transaction Party, to take all steps and do all other things necessary to give effect to the 1.5 Lien Financing Basket and otherwise to enter into, execute and deliver (whether as a deed or otherwise) all such documents that the Scheme Company or the relevant Undertaking Transaction Party reasonably considers necessary to give effect to the 1.5 Lien Financing Basket, without limitation to the

generality of the foregoing, provided that any such document is consistent with the Lock-Up Agreement and the Implementation Deed; and

- (c) each Undertaking Transaction Party to provide the authorities to the Scheme Company under Clause 4.1.2 (*Scheme Company's authority to execute the Implementation Documents*) and to authorise the Scheme Company to perform the obligations of that Undertaking Transaction Party under this Clause 4.2.1 (*Undertaking Transaction Parties' authority*) as an Undertaking Transaction Party reasonably considers necessary; and
- (d) the Trustee to rely on an instruction from the Scheme Company (acting on behalf of all Noteholders pursuant to the authority granted to them under Clause 4.1.2 (*Scheme Company's authority to execute the Implementation Documents*)) to take any action referred to in this Clause 4.2.1 or Clause 7.2 (*Further Assurance*) which instruction certifies that any such action required of the Trustee is in compliance with such provision(s) and this Scheme.

4.2.3 Each Undertaking Transaction Party shall have no liability to the Scheme Company, any Scheme Creditor, any of their respective Affiliates or any Connected Parties of any of them for any action taken, document executed or any inaction or omission by it pursuant to the authorisation and instruction set out in Clauses 4.2.1 and/or 4.2.2 or in relying and acting on any instruction given to it in accordance with this Scheme, except as a result of its fraud, negligence or wilful misconduct.

4.3 Nature of authorities and obligations

- 4.3.1 The authorities granted in this Clause 4 (*Grant of authority to execute the Implementation Documents*) will be treated, without limitation, as having been granted by deed and the Scheme Company will be entitled to delegate the authority granted and conferred by this Clause 4 (*Grant of authority to execute the Implementation Documents*) to any duly authorised officer of the Scheme Company or any other member of the Group as necessary.
- 4.3.2 Each Scheme Creditor will be bound by and will comply with, each of its obligations under each Implementation Document provided that it has been executed by the Scheme Company on its behalf in accordance with this Clause 4 (*Grant of authority to execute the Implementation Documents*).
- 4.3.3 The appointment of the Scheme Company under Clause 4.1 (*Scheme Company's authority to execute the Implementation Documents*) as agent:
 - (a) is independent from the appointment of the Scheme Company under such clause as attorney; and
 - (b) will be effective in spite of any defect in the appointment as attorney and vice versa.

4.4 Modification of Implementation Documents

Nothing in this Scheme will prevent the modification of any executed Implementation Documents, provided that such modification is effected in accordance with their respective terms.

5. SCHEME MECHANICS

5.1 Calculations and Notifications by the Information Agent

5.1.1 The Scheme Company shall procure that the Information Agent shall, as soon as reasonably practicable following the Record Time, calculate the New Money Allocation of each New Money Noteholder and the Scheme Consideration due to the Scheme Creditors in accordance with this Clause 5, such entitlements for each Scheme Creditor to be recorded in the Allocations Spreadsheet and Funds Flow.

5.1.2 For the purposes of preparing the Allocations Spreadsheet and Funds Flow, the Scheme Company shall procure that the Information Agent shall:

- (a) in respect of each Scheme Creditor which submits a valid Account Holder Letter prior to the Voting Instruction Deadline, calculate based on such Account Holder Letter and in accordance with the terms of this Scheme:
 - (i) its New Money Allocation; and
 - (ii) the amount of Scheme Consideration to which it will (subject to Clause 5.3.3) be entitled on the Restructuring Effective Date;
- (b) calculate Scheme Consideration on the basis that, any fractional entitlements shall be treated in accordance with the following:
 - (i) with respect to entitlements to New Ordinary Shares, any fractional entitlements shall be rounded down to the nearest whole share; and/or
 - (ii) with respect to entitlements to New Notes, any fractional entitlements shall be issued in minimum denominations of US\$1,000 and rounded down to the nearest multiple of US\$1,000; and
- (c) evidence each of the calculations made in paragraph (a) above in the Allocations Spreadsheet and Funds Flow.

5.1.3 The Scheme Company shall, to the extent it has not done so prior to the Scheme Effective Date, issue a New Money Allocation Notice to each New Money Noteholder as soon as practicable after the Scheme Effective Date.

5.1.4 The Scheme Company shall, as soon as reasonably practicable after the receipt by it of the Chapter 15 Order, issue (or procure that the Information Agent issues on its behalf) a New Money Funding Notice to each New Money Noteholder.

5.2 Entitlement to Scheme Consideration

On the Restructuring Effective Date, by virtue of and in accordance with the Implementation Documents (each of which shall have become effective in accordance with their terms), and subject to the other provisions of this Scheme:

5.2.1 each Scheme Creditor that is a Noteholder (or its Designated Recipient, for the purpose of Clauses 5.4 and 5.5 below) will be entitled to its rights and benefits under the Implementation Documents and will be further entitled to receive and

hold as legal owner (as applicable) its allocation (as determined by the Information Agent in accordance with Clause 5.1) of:

- (a) New Ordinary Shares, with the proportion of the total, aggregate Reorganised PDL Equity being issued to the Noteholders as follows:
 - (i) a total of 56 per cent. of the PDL Enlarged Share Capital to be issued to Noteholders (including the New Money Noteholders) and 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 Record Time. Any New Ordinary Shares which, pursuant to the foregoing sentence, would have been allocated to a Non-Equity Noteholder shall be allocated instead to the Equity Allocated Noteholders pro rata to the proportion of the total aggregate principal amount of the Notes held by Equity Allocated Noteholders that each Equity Allocated Noteholder holds at the Record Time; and
 - (ii) a total of 35 per cent. of the PDL Enlarged Share Capital to be issued to the New Money Noteholders only and 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 terms of this Scheme) to the New Money as a proportion of the total New Money. Any New Ordinary Shares which, pursuant to the foregoing sentence, would have been allocated to a New Money Noteholder that is a Non-Equity Noteholder shall be allocated instead to the remaining New Money Noteholders that are Equity Allocated Noteholders pro rata to the contribution each relevant New Money Noteholder elects to make (and makes in accordance with the terms of this Scheme) to the New Money as a proportion of the total New Money contributed by the New Money Noteholders that are Equity Allocated Noteholders; and
- (b) the New Notes, being issued to the Noteholders as follows:
 - (i) a total of US\$145 million of New Notes to be issued to Noteholders (including the New Money Noteholders) and 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 Record Time;
 - (ii) the New Money Notes in a total amount of US\$30 million to be issued to each New Money Noteholder which subscribes for and duly funds its subscription for such New Money Notes in accordance with this Scheme, comprising:
 - (A) the New Money Noteholder's portion of the New Money Notes being pro rata to the proportion of the total aggregate principal amount of the Notes that the New Money Noteholder holds at the Record Time; and
 - (B) to the extent applicable: (x) the New Money Noteholder's portion of New Money Shortfall Notes which is pro rata to the proportion of the total aggregate principal amount of the Notes held by New Money Noteholders which have elected to oversubscribe (subject to any caps specified in relation to such New Money Noteholders'

oversubscription), up to a maximum of any cap specified in relation to the relevant New Money Noteholder's oversubscription, and (y) any New Money Shortfall Notes for which the relevant New Money Noteholder is obliged to subscribe pursuant to the Backstop Agreement;

- (iii) a total of US\$150 million of New Notes to be issued to New Money Noteholders only and 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 terms of this Scheme) to the New Money as a proportion of the total New Money; and
- (iv) further New Notes to be issued to the relevant Noteholder in settlement of that Noteholder's entitlement to any fees owed to it by the Scheme Company (including any Lock-Up Fee),

(the "**Scheme Consideration**"), as set out in the Allocations Spreadsheet and Funds Flow, to be determined in accordance with Clause 9.3 (*Record Time*) below and the other terms of this Scheme and issued by the Scheme Company and PDL (as applicable) on the Restructuring Effective Date;

- 5.2.2 each Scheme Creditor that is a Noteholder and that was an Original Locked-Up Noteholder, or which became an Additional Locked-Up Noteholder before the Early Bird Deadline, will be entitled to receive its applicable Lock-Up Fee (subject to and in accordance with the terms of the Lock-Up Agreement, including the requirement that the Noteholder votes in favour of the Scheme at the Scheme Meeting) and each such entitled Noteholder's definitive entitlement (as a component of the Scheme Consideration as set out in Clause 5.2.1(b)(iv) above) will be as set out in the Allocations Spreadsheet and Funds Flow; and
- 5.2.3 each Scheme Creditor that is a Noteholder will be entitled to its rights and benefits under the Implementation Documents to the extent that they relate to such Noteholder's Scheme Claims.

5.3 **Funding and Scheme Company Consideration**

- 5.3.1 Each New Money Noteholder (or, as applicable, its Designated Recipient) shall, as soon as reasonably practicable after the issuance of the New Money Funding Notice, and in any event prior to the New Money Due Date, pay or cause to be paid to the Escrow Account its New Money Allocation as detailed in the New Money Funding Notice (including any amount of the New Money Shortfall that it is required to provide by virtue of its obligations pursuant to the Backstop Agreement and which is set out in the New Money Funding Notice).
- 5.3.2 The Scheme Company shall procure that the New Money Allocation of each New Money Noteholder is held on trust for that New Money Noteholder until the Restructuring Effective Time such that no amount of the New Money is released to the Scheme Company prior to such time. The Scheme Company shall procure that, if the Restructuring Effective Date does not occur prior to 19 February 2021 (or such later date as is agreed in accordance with Clause 8 (*Modifications of the Scheme or waiver of the Scheme Conditions*)), the New Money Allocation of each New Money Noteholder is returned to it or to its order by the Escrow Agent as soon as reasonably practicable.
- 5.3.3 To the extent that a New Money Noteholder (a "**Defaulting New Money Noteholder**") does not, prior to the New Money Due Date, pay or cause to be

paid to the Escrow Account any amount of New Money to be paid by it under Clause 5.3.1 above:

- (a) for the avoidance of doubt, it shall not be entitled to receive any portion of Scheme Consideration to which it would otherwise have been entitled had it paid the relevant New Money amount to the Escrow Account by the New Money Due Date;
- (b) the Scheme Company shall procure that each Backstop Party is notified of its obligation to backstop (under the terms of the Backstop Agreement) the amounts of New Money which the Defaulting New Money Noteholder(s) have not paid by the New Money Due Date; and
- (c) provided that each Backstop Party pays to the Escrow Account such amounts as are notified under paragraph (b) above within seven (7) Business Days of such notification, the Scheme Company shall procure that the Scheme Consideration which would have been issued to such Defaulting New Money Noteholder(s) by virtue of their provision of the relevant New Money shall instead be issued to those Backstop Parties.

5.3.4 On the Restructuring Effective Date, by virtue of and in accordance with the Implementation Deed and the other Implementation Documents, subject to the other provisions of this Scheme:

- (a) the Scheme Company shall, on behalf of each Noteholder, pursuant to the authority granted under Clause 4.1 (*Scheme Company's authority to execute the Implementation Documents*), execute and deliver a written order in accordance with the Implementation Deed to direct the Registered Holder to:
 - (i) instruct the Clearing Systems to debit the Book Entry Interests relating to the Notes from the custody account of each Noteholder (or its Account Holder, as applicable); and
 - (ii) authorise the cancellation of the Book Entry Interests in respect of the Notes (and, if required by the Registered Holder, the Trustee shall agree to such cancellation pursuant to the authority granted under Clauses 4.1 and 4.2 (*Scheme Company's authority to execute the Implementation Documents*);
- (b) the Notes shall thereby be cancelled, such cancellation to be binding on all Noteholders; and
- (c) each Scheme Creditor that is a Noteholder will grant releases and covenants not to sue in favour of the Scheme Company, the Guarantors and the Released Parties in accordance with Clause 6 (*Releases*).

5.4 Holding Period Trust

- 5.4.1 If there is any Noteholder or Designated Recipient (as applicable) that either (a) is a Disqualified Person or has not delivered to the Information Agent a valid Account Holder Letter by the Voting Instruction Deadline or (b) has nominated the Holding Period Trustee as its Designated Recipient(a "**Trust Beneficiary**"), then the proportion of the Scheme Consideration (as applicable) to which it is entitled pursuant to Clause 5.2.1 (*Noteholders' Scheme Consideration*) will be distributed to the Holding Period Trustee on the Restructuring Effective Date, to be held on trust for the benefit of that Trust Beneficiary in accordance with the terms of the Holding Period Trust Deed.

5.4.2 The Holding Period Trustee will hold the portions of the Scheme Consideration issued to it during the Holding Period in accordance with the Holding Period Trust Deed.

5.4.3 Subject to and in accordance with the conditions in the Holding Period Trust Deed, including any applicable requirement that the Trust Beneficiary, if it has not already done so by the Voting Instruction Deadline, delivers a valid Account Holder Letter to the Information Agent during the Holding Period, the portions of the Scheme Consideration issued to the Holding Period Trustee will be:

- (a) distributed to the Trust Beneficiaries; or
- (b) sold on the Open Market and the proceeds distributed to the Trust Beneficiaries.

5.4.4 On and from the Holding Period Expiry Date:

- (a) any Trust Beneficiary which has not validly claimed its entitlement from the Holding Period Trustee will have no entitlement to receive the relevant portion of the Scheme Consideration previously held on its behalf by the Holding Period Trustee; and
- (b) the Holding Period Trustee will, subject to and in accordance with the Holding Period Trust Deed:
 - (i) first, use all reasonable endeavours to sell through an independent broker or any other reputable institution with relevant experience any such portions of the Scheme Consideration on the Open Market for such consideration as it is able to obtain and transfer the proceeds to PDL; and
 - (ii) second, in the event that a sale under paragraph (i) is not possible, transfer such portions of the Scheme Consideration to:
 - (A) with respect to the New Notes entitlements, the Scheme Company; and
 - (B) with respect to the equity entitlements, PDL,for cancellation at the Group's expense.

5.5 Appointment of agent to receive Scheme Consideration

5.5.1 Each Noteholder will be entitled to appoint a Designated Recipient to receive its Scheme Consideration under and in accordance with its Account Holder Letter. Each Scheme Creditor that appoints a Designated Recipient will exercise reasonable endeavours to ensure that such Designated Recipient complies with the terms of the Scheme, the Implementation Deed and the Implementation Documents.

5.5.2 No Scheme Creditor or other person will have any entitlements to Scheme Consideration other than pursuant to this Clause 5 (*Scheme Mechanics*) of this Scheme.

6. RELEASES

With effect on and from the Scheme Conditions Effective Date, each Scheme Creditor (in the case of the Trustee pursuant to the instruction given to it as an Undertaking Transaction Party under Clause 4.2 (*Undertaking Transaction Parties' authority*)) hereby irrevocably

authorises and instructs the Scheme Company (acting by its directors, officers or other duly appointed representatives) on its own behalf and on behalf of the Scheme Creditors under the authority granted in Clause 4.1 (*Scheme Company's authority to execute the Implementation Documents*) to enter into, execute and deliver as a deed (or otherwise), the Deed of Release, which 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 Record Time) on the Restructuring Effective Date in accordance with the timing and sequencing set out in the Implementation Deed.

7. UNDERTAKINGS FROM SCHEME CREDITORS

7.1 General undertakings

In consideration for the receipt of its Scheme Consideration (as applicable), each Scheme Creditor (in the case of the Trustee pursuant to the instruction given to it as an Undertaking Transaction Party under Clause 4.2 (*Undertaking Transaction Parties' authority*)) hereby:

- 7.1.1 to the extent the Scheme Conditions Effective Date has occurred, irrevocably ratifies and confirms everything which the Scheme Company, each Guarantor and their respective directors, officers or other duly appointed representatives and the Undertaking Transaction Parties may lawfully do or cause to be done or cause to be done in compliance with this Scheme or the Implementation Documents;
- 7.1.2 to the extent the Restructuring Effective Time has occurred, acknowledges that their right (if any) to receive the Scheme Consideration is accepted in full and final settlement of all Scheme Claims as satisfied, waived and released on the terms of this Scheme;
- 7.1.3 to the extent the Restructuring Effective Time has occurred, undertakes to the Released Parties to treat all Scheme Claims as having been released fully and absolutely and, in the case of the Notes, as having been cancelled, pursuant to Clause 5.3.4(b) (*Funding and Scheme Company Consideration*) and the authority granted under Clause 4.1 (*Scheme Company's authority to execute the Implementation Documents*) and this Clause 7.1, in each case in accordance with and subject to Clause 6 (*Releases*).

7.2 Covenant not to sue

Subject to Clause 6 (*Releases*) above, each Scheme Creditor (in the case of the Trustee pursuant to the instruction given to it as an Undertaking Transaction Party under Clause 4.2 (*Undertaking Transaction Parties' authority*)) hereby covenants with the Scheme Company, each Guarantor and each Released Party for the benefit of the Released Parties or their respective Connected Parties, on and from the Restructuring Effective Date, to the extent permitted by law, not to commence, take or continue or support any person commencing, taking or continuing or instruct any person to commence, take or continue any Proceedings, other than Allowed Proceedings, against any Released Party or their respective Connected Parties in respect of any Liability or Claim of the relevant Released Parties or their respective Connected Parties which are purported to be released by Clause 6 (*Releases*) above.

7.3 Turnover

- 7.3.1 Each Scheme Creditor (other than the Trustee) shall hold on trust for the benefit of the Scheme Company, Guarantors, Released Parties and/or for the benefit of each other entity in the Group (as applicable) any recovery made against such person and received by such Scheme Creditor after the Restructuring Effective Date, pursuant to any Liability or Claim released pursuant to Clause 6 (*Releases*) above or the Deed of Release, in breach of Clause 7.2 (*Covenant not to sue*),

and the Scheme Creditor will turn over any such recovery to the Scheme Company, the Guarantors, the Released Parties and/or any other entity in the Group (as applicable) upon written demand being made by the relevant person(s) without set-off, counterclaim or deduction.

- 7.3.2 To the extent that the asset comprising the recovery cannot be held on trust by the relevant Scheme Creditor that received such recovery, such Scheme Creditor will pay to the Scheme Company, the Guarantors, the Released Parties and/or any other entity in the Group (as applicable) an amount equal to that recovery promptly following a written demand being made by the relevant Scheme Company, the Guarantors, the Released Parties and/or any other entity in the Group (as applicable), without set-off, counterclaim or deduction.

7.4 Further assurance

On and from the Scheme Conditions Effective Date to and including twenty (20) Business Days after the Restructuring Effective Date, each Scheme Creditor undertakes to the Scheme Company, and the Scheme Company undertakes to each Scheme Creditor and its directors, officers and other duly appointed representatives, to provide such further assistance (at the cost of the Scheme Company) as may be reasonably required and reasonably requested by the Scheme Company or a Scheme Creditor (as applicable) to implement this Scheme and the Restructuring, provided that:

- 7.4.1 such actions are consistent with this Scheme and the Implementation Deed; and
- 7.4.2 in each case, the Scheme Company or Scheme Creditor (as applicable), must notify and consult, in good faith, with (to the extent the relevant Scheme Creditor or the Scheme Company (as applicable) responds to the notice) the relevant Scheme Creditor or the Scheme Company (as applicable) at least three (3) Business Days' prior to the date on which any steps are requested to be taken by the Scheme Company or the relevant Scheme Creditor (as applicable) in accordance with this Clause 7.4 (*Further Assurance*) (provided further that, insofar as this Clause applies to a Scheme Creditor which is a member of the Ad Hoc Committee, any such notice to that Scheme Creditor shall be copied to the Ad Hoc Committee's Counsel and any such consultation shall be conducted via the Ad Hoc Committee's Counsel).

8. MODIFICATIONS OF THE SCHEME OR WAIVER OF THE SCHEME CONDITIONS

- 8.1.1 Subject to Clauses 8.1.2 and 8.1.3 (*Modifications of the Scheme or waiver of the Scheme Conditions*) below, the terms of this Scheme can only be modified with the consent of the Scheme Company and the members of the Ad Hoc Committee (and, to the extent any such modification would impact the role of, or the steps to be taken by it, the Information Agent).
- 8.1.2 The Scheme Creditors on behalf of themselves and each of their successors and assignees hereby agree that the Scheme Company may at any court hearing to sanction this Scheme, consent (such consent not to be unreasonably withheld or delayed) on behalf of itself and all Scheme Creditors to any modification of, or addition to, or waiver of, this Scheme and/or any of the Implementation Documents or any terms and conditions which, in the case the Court may think fit to approve or impose which is necessary for the implementation of the Restructuring, provided that such modification, addition, term or condition or waiver, does not materially adversely or disproportionately affect the economic treatment or any legal right or material obligation of, or impose any additional obligation on, any Scheme Creditor who is a Noteholder under this Scheme or any other Implementation Document (unless such Scheme Creditor consents), provided further that any modification, addition, term or condition or waiver of

this Clause 8.1.2 (*Modifications of the Scheme or waiver of the Scheme Conditions*) will be in accordance with Clause 15 (*Amendments*) of the Lock-Up Agreement.

8.1.3 The Scheme Conditions may only be waived with the consent of the Scheme Company and the members of the Ad Hoc Committee.

8.1.4 Emails from Ashurst LLP on behalf of the Scheme Company and the Ad Hoc Committee's Counsel on behalf of the members of the Ad Hoc Committee, as applicable, are sufficient to evidence consent to any waiver, modification or amendment pursuant to this Clause 8 (*Modifications of the Scheme or waiver of the Scheme Conditions*).

9. GENERAL SCHEME PROVISIONS

9.1 Effectiveness and Interconditionality

9.1.1 All of the Implementation Steps (as defined in the Implementation Deed) are interconditional and if:

- (a) any of the Implementation Steps (as defined in the Implementation Deed) are not completed or have not been waived in accordance with the Implementation Deed;
- (b) the Restructuring Effective Date does not occur on or before the relevant Longstop Date; or
- (c) the Implementation Deed terminates in accordance with its terms (other than as a result of the occurrence of the Restructuring Effective Date),

then, subject to Clause 9.1.2 below, this Scheme will terminate (and the terms of, and the obligations on the Scheme Company and the Scheme Creditors under or pursuant to, this Scheme shall lapse) and the execution, delivery or release of any deed, document or agreement in accordance with, or pursuant to this Scheme will be rescinded (insofar as legally possible) and deemed never to have become effective, and the rights of each relevant Scheme Creditor and the Scheme Company will not be affected and will be reinstated and remain in full force and effect, such that each Scheme Creditor and the Scheme Company will be put back into the position it was in prior to the date on which such deed, document or agreement was executed, delivered or released (as applicable), and the Scheme Company and each Scheme Creditor (other than the Trustee) will, and will if required instruct the Trustee to, and will use its best efforts to procure that any necessary other party will, execute such documents and perform such acts and things as may be required in order to do so.

9.1.2 Where the non-satisfaction or non-performance of an Implementation Step and/or the Restructuring Effective Date not occurring on or before the Longstop Date is as a result of the Resolution not being passed by the requisite majority of Shareholders, this Scheme will not be rescinded and shall remain binding at law on the Scheme Creditors and the Scheme Company to the extent set out under Clause 2 (*Application of the Scheme and the effective date*).

9.2 Provision of information

The Account Holder Letters submitted on behalf of Scheme Creditors will be submitted by an authorised employee in accordance with the instructions set out in the relevant Account Holder Letter and will provide the Scheme Company and the Information Agent with such information as may be reasonably required to enable the New Money Allocations to be calculated and the Scheme Consideration to be calculated and issued.

9.3 **Record Time**

For the purposes of voting on this Scheme, all Scheme Claims and New Money Allocations will be determined as at the Record Time.

9.4 **Assignments or Transfers**

9.4.1 The Scheme Company will be under no obligation to recognise any assignment or transfer of rights, benefits or interests in the Notes after the Record Time for the purposes of this Scheme (or the New Money Allocations or Scheme Consideration) and has no obligations hereunder to any person other than the Scheme Creditors, provided that, where the Scheme Company has received from the relevant parties notice in writing of such assignment or transfer prior to the Restructuring Effective Date, the Scheme Company may, in its sole discretion (acting reasonably) and subject to the production of such other evidence in relation to such assignment or transfer as they may reasonably require and *subject further to any other terms and conditions which the Scheme Company may reasonably consider necessary or desirable*, agree to recognise such assignment or transfer for the purposes of determining entitlements under this Scheme.

9.4.2 Each Scheme Creditor acknowledges and agrees that, in the event that any Scheme Creditor transfers or assigns its Scheme Claim in accordance with Clause 9.4.1 (*Assignments or Transfers*) above, the Scheme Company may, on or prior to the Scheme Conditions Effective Date, make such minor mechanical or technical amendments to the Deed of Release and the Implementation Documents, in each case to the extent necessary solely to reflect the change in ownership of a Scheme Claim. Each Scheme Creditor authorises the Scheme Company to consent to and enter into any amendment to the Deed of Release and the Implementation Documents which are made in accordance with this clause.

9.4.3 Any assignee or transferee of interests in the Scheme Claims so recognised by the Scheme Company will be bound by the terms of this Scheme and the Implementation Documents as Scheme Creditors.

9.5 **Performance on days other than a Business Day**

If any obligation is to be performed under the terms of this Scheme on a date other than a Business Day, the relevant obligation will be performed on the next Business Day.

9.6 **Exercise of Discretion**

Where, under or pursuant to any provision of this Scheme, a matter is to be determined by the Scheme Company, it will be determined by the directors of the Scheme Company in their discretion in such manner as they may consider fair and reasonable.

9.7 **Severability**

If at any time any provision of this Scheme is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of that provision under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision of this Scheme under the law of that jurisdiction will in any way be affected or impaired thereby.

9.8 **Notice**

9.8.1 Any notice or other written communication to be given under or in relation to this Scheme (other than any Account Holder Letter, which shall be delivered in

accordance with the instructions contained therein) will be given in writing and will be deemed to have been duly given if it is delivered by hand, is posted on the Scheme Website (in relation to any notice or written communication to be given to the Scheme Creditors only) or is sent by email, courier or pre-paid first class post (or by air mail or international courier where it is delivered to a different country from that in which it is posted) as follows:

(a) in the case of a notice to be given to the Scheme Company, to:

Address: Suite 31, Second Floor
107 Cheapside, London EC2V 6DN
Attention: Richard Duffy and Jacques Breytenbach
Email: Aurora@petradiamonds.com

With copies to:

Address: c/o Ashurst LLP
London Fruit & Wool Exchange
1 Duval Square, London, E1 6PW
Attention: Giles Boothman and Molly Woods
Email: AshurstAurora@ashurst.com

(b) in the case of a notice to be given to the Trustee:

Address: Deutsche Bank Trust Company Americas
Trust & Agency Services
60 Wall Street, 1624th Floor
MS NYC60 16302405
New York, NY 10005
United States of America
Facsimile: +1 732 578 4635
Attention: Corporates Team - Petra Diamonds US\$ Treasury
Plc 2017
Email: chris.niesz@db.com
rodney.gaughan@db.com

With copies to:

Address: Hogan Lovells US LLP
390 Madison Avenue
New York, NY 10017
United States
Attention: Robert Ripin
Email: robert.ripin@hoganlovells.com

- (c) in the case of any other person, any address set forth for that person in any agreement entered into in connection with this Scheme.
- 9.8.2 Any notice or other written communication to be given under this Scheme (other than any Account Holder Letter, which is to be delivered in accordance with the instructions contained therein) will be given in writing and will be deemed to have been served:
 - (a) if delivered by hand or courier, on the Business Day of receipt, or if such receipt occurs after 5.00 p.m. in the place of receipt, the following Business Day;
 - (b) if delivered by email or electronically (including by way of posting on the Scheme Website), on the Business Day it is received (or, if posted on the Scheme Website, accessible) in readable form, or if such receipt occurs (or access is provided) after 5.00 p.m. in the relevant place, the following Business Day; and
 - (c) if sent by pre-paid first class post (or airmail or international courier), on the second Business Day after posting if the recipient is in the country of dispatch, otherwise on the fifth (5th) Business Day after posting.
- 9.8.3 In proving service, it will be sufficient proof, in the case of a notice sent by pre-paid first class post (or airmail or international courier), that the envelope was properly stamped, addressed and placed in the post.
- 9.8.4 The accidental omission to send any notice, written communication or other document in accordance with this Clause 9 (*Notice*) or the non-receipt of any such notice by any Scheme Creditor, will not affect the provisions of any of this Scheme.
- 9.8.5 The Scheme Company will not be responsible for any non-receipt by a Scheme Creditor of any notices or other written communications, and the non-receipt of any such notice or other written communications by any Scheme Creditor will not impact the effectiveness of the notice or other written communication or otherwise affect the provisions of the Scheme, provided in each case that such notice or other written communication was issued, transmitted or delivered (as applicable) in accordance with the terms of the Scheme and the Implementation Documents (as applicable) and, to the extent relevant, in accordance with market practice for the issuance, transmission or delivery of notices or other written communications in connection with noteholder schemes of arrangement.

10. FUTURE LIQUIDATION OR ADMINISTRATION

- 10.1 In the event that the Scheme Company and/or PDL enters into an insolvency proceeding, Business Rescue, administration, reorganisation or liquidation after the Scheme Effective Time and on or before the Restructuring Effective Date, the Scheme Company's obligations under this Scheme will continue to be performed by the Scheme Company in such insolvency proceeding, Business Rescue, administration, reorganisation or liquidation to the full extent permitted by law, unless otherwise determined by the Court.
- 10.2 This Scheme will be unaffected by any Business Rescue, liquidation or administration or any analogous proceeding (in any jurisdiction) of either of the Scheme Company or PDL after the Restructuring Effective Date and will, in these circumstances, continue according to their terms.

11. **COSTS**

The Scheme Company will pay in full all costs, charges, expenses and disbursements incurred by it in connection with the negotiation, preparation and implementation of this Scheme as and when they arise, including, but not limited to the legal costs of any person requested by the Scheme Company to appear at the hearings in the Court, holding the meetings of Scheme Creditors as convened by the Court, the costs of obtaining the sanction of the Court and the costs of placing any notices required by this Scheme.

12. **ANNOUNCEMENTS**

Except as required by applicable law or regulation, the Scheme Company shall not, and shall procure that no other member of the Group will, make any public announcement regarding the Restructuring which names any Scheme Creditor (or from which the identity of a Scheme Creditor can be discerned) unless the contents of that announcement have been agreed by such Scheme Creditor, acting reasonably.

13. **GOVERNING LAW AND JURISDICTION**

13.1 The operative terms of this Scheme and any non-contractual obligations arising out of or in connection with this Scheme will be governed by, and construed in accordance with, the laws of England and Wales.

13.2 The Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which may arise out of or in connection with the Explanatory Statement or any provision of this Scheme, or the implementation thereof, or out of any action taken or omitted to be taken under this Scheme or any non-contractual obligations arising out of or in connection with this Scheme and, for such purposes the Scheme Creditors irrevocably submit to the jurisdiction of the Court.

13.3 Nothing in this Clause 12 (*Governing Law and Jurisdiction*) will:

13.3.1 affect the validity of other provisions determining governing law and jurisdiction as between the Scheme Company and any of their Scheme Creditors in respect of any Implementation Document or any other agreement made between the Scheme Company and any of the Scheme Creditors, whether contained in any contract or otherwise;

13.3.2 prevent the Scheme Company or Released Party from relying upon the provisions of the Scheme in any foreign court or in any foreign proceedings; or

13.3.3 prevent any Scheme Creditor from taking action in any other court of competent jurisdiction in order to enforce a judgment made in its favour in relation to Allowed Proceedings.

13.4 The terms of this Scheme and the obligations imposed on the Scheme Company and the Scheme Creditors (and, for the avoidance of doubt, those terms and obligations which may be construed as being imposed on any Undertaking Transaction Party) hereunder will take effect subject to any prohibition or condition imposed by law.

SCHEDULE 1

The Existing Guarantors

	Entity	Jurisdiction of incorporation	Registration number (or equivalent, if any)
1.	Petra Diamonds Limited	Bermuda	EC 23123
2.	Willcroft Company Limited	Bermuda	
3.	Petra Diamonds UK Treasury Ltd	United Kingdom	09519270
4.	Petra Diamonds Jersey Treasury Ltd	Jersey	111991
5.	Petra Diamonds Netherlands Treasury BV	Netherlands	KVK 56626460
6.	Ealing Management Services (Pty) Ltd	South Africa	2010/023773/07
7.	Petra Diamonds Holdings SA (Pty) Ltd	South Africa	2015/023844/07
8.	Petra Diamonds Southern Africa (Pty) Ltd	South Africa	1997/007770/07
9.	Petra Diamonds Belgium BVBA	Belgium	0810.466.672 RLP Antwerp
10.	Tarorite (Pty) Ltd	South Africa	2012/023733/07
11.	Finsch Diamond Mine (Pty) Ltd	South Africa	2001/025614/07
12.	Blue Diamond Mines (Pty) Ltd	South Africa	1993/006492/07
13.	Cullinan Diamond Mine (Pty) Ltd	South Africa	2007/021069/07
14.	Premier (Transvaal) Diamond Mining Company Pty Limited	South Africa	1902/001807/07



Deed of Release and Waiver

Petra Diamonds Limited

and

Petra Diamonds US\$ Treasury plc

and

The Company Parties

and

The Scheme Creditors

acting by the Scheme Company pursuant to the authority conferred upon the Scheme Company by the Scheme Creditors under the Scheme Document

and

The First Lien Lenders

and

The BEE Partners

Relating to the Restructuring of the Group

2021

"Scheme Document" means the document setting out the terms and conditions of the Scheme, approved by the requisite majority of Scheme Creditors specified in section 899(1) of the Companies Act and sanctioned by the Court on 12 January 2021.

"Transaction Released Parties" means the persons or entities listed in schedule 1 (*Transaction Released Parties*) to this deed.

1.2 Construction

In this deed, unless the context otherwise requires or otherwise expressly provides for:

- (a) references to clauses and appendices are references to clauses of, and appendices to, this deed;
- (b) references to the Scheme Company or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
- (c) references to a person include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- (d) references to a statute or statutory provision include references to the same as subsequently modified, amended, supplemented or re-enacted from time to time;
- (e) references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto;
- (f) references to an agreement, deed or document shall include any schedules, annexes and appendices to such agreement, deed or document;
- (g) the singular includes the plural and vice versa and words importing one gender shall include all genders;
- (h) **"including"** or **"include"** means including or include without limitation;
- (i) **"or"** is not exclusive; and
- (j) headings to clauses are for ease of reference only and shall not affect the interpretation of this deed.

2. WAIVER AND RELEASE

2.1 Restructuring Waiver and Release

Subject to clause 3 (*Limitation*) below, with effect on and from the Restructuring Effective Date and in consideration for the rights conferred on each Party pursuant to the Scheme and the Restructuring, each of the Parties, for and on behalf of itself and, in the case of Parties other than the Trustee, on behalf of its Connected Parties, irrevocably, unconditionally, fully and absolutely, to the fullest extent permitted by law, waives, releases and discharges all Liabilities of each Released Party and each and every Claim which such Party or, in the case of Parties other than the Trustee, its Connected Parties may have against any Released Party, in each case, arising out of the preparation, negotiation, sanction, execution or implementation of the Lock-Up Agreement, the Scheme and/or the Restructuring.

THE PARTIES AGREE AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

In this deed, the following words and expressions have the following meanings, unless the context otherwise indicates (provided that capitalised terms used but not defined in this deed shall have the meaning given to them in the Scheme Document):

"Adviser Released Party" means the persons or entities listed at schedule 2 (*Adviser Released Parties*) to this deed.

"Allowed Proceedings" means any Proceeding in respect of a 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, this Scheme or an Implementation Document;
- (b) under the Scheme 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 Scheme Company and/or the Guarantors to the Trustee in its personal capacity;
- (e) for a Scheme Creditor, in respect of any Liability of the Scheme Company 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 or the First Lien Lenders (as applicable);
- (g) under or in respect of any Party's rights under this Scheme or an Implementation Document (as applicable); or
- (h) for a Scheme Creditor, under or in respect of any Scheme Consideration or the Amended Indenture.

"Connected Parties" means, in relation to a person, any of its current and former Affiliates or Related Entities, and each such person's and its Affiliates' and Related Entities' current and former officers, managers, directors, predecessors, successors, and assigns, each of their directors, officers, employees, agents, managed accounts or funds, management companies, investment managers or advisors (and any entity which: (1) is managed or advised by such person's investment manager or advisor; or (2) such person manages or advises in its capacity as investment manager or advisor), advisory board members, financial advisers, partners, accountants, attorneys, investment bankers, consultants, representatives and other professionals, each in their capacity as such.

"Released Parties" means the Adviser Released Parties, the Transaction Released Parties, the Company Parties, the Scheme Creditors and each such person's Connected Parties.

"Scheme Default" means a "Default" (as such term is defined in the Notes Indenture) which has occurred and is continuing under the Notes Indenture (as distinct from the Amended Indenture) immediately prior to the Restructuring Effective Time, which is either the subject of a waiver or which is caused by, or is a consequence of, cancelling the Notes and/or this Scheme and/or the Restructuring and/or any necessary steps taken in relation to the implementation thereof (whether occurring before, on or after the Restructuring Effective Time).

"Scheme Document" means the document setting out the terms and conditions of the Scheme, approved by the requisite majority of Scheme Creditors specified in section 899(1) of the Companies Act and sanctioned by the Court on 12 January 2021.

"Transaction Released Parties" means the persons or entities listed in schedule 1 (*Transaction Released Parties*) to this deed.

1.2 Construction

In this deed, unless the context otherwise requires or otherwise expressly provides for:

- (a) references to clauses and appendices are references to clauses of, and appendices to, this deed;
- (b) references to the Scheme Company or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
- (c) references to a person include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- (d) references to a statute or statutory provision include references to the same as subsequently modified, amended, supplemented or re-enacted from time to time;
- (e) references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto;
- (f) references to an agreement, deed or document shall include any schedules, annexes and appendices to such agreement, deed or document;
- (g) the singular includes the plural and vice versa and words importing one gender shall include all genders;
- (h) **"including"** or **"include"** means including or include without limitation;
- (i) **"or"** is not exclusive; and
- (j) headings to clauses are for ease of reference only and shall not affect the interpretation of this deed.

2. WAIVER AND RELEASE

2.1 Restructuring Waiver and Release

Subject to clause 3 (*Limitation*) below, with effect on and from the Restructuring Effective Date and in consideration for the rights conferred on each Party pursuant to the Scheme and the Restructuring, each of the Parties, for and on behalf of itself and, in the case of Parties other than the Trustee, on behalf of its Connected Parties, irrevocably, unconditionally, fully and absolutely, to the fullest extent permitted by law, waives, releases and discharges all Liabilities of each Released Party and each and every Claim which such Party or, in the case of Parties other than the Trustee, its Connected Parties may have against any Released Party, in each case, arising out of the preparation, negotiation, sanction, execution or implementation of the Lock-Up Agreement, the Scheme and/or the Restructuring.

2.2 **Scheme Waiver and Release**

Subject to clause 3 (*Limitation*) below, with effect on and from the Restructuring Effective Date, each of the Parties (other than the First Lien Lenders except, if one or more of them is a Scheme Creditor by virtue of also being a Noteholder, in their capacity or capacities as a Scheme Creditor), for and on behalf of itself and, in the case of such Parties other than the Trustee, on behalf of its Connected Parties, irrevocably, unconditionally, fully and absolutely, to the fullest extent permitted by law, waives, releases and discharges:

- (a) any rights, title and interest it has in the Scheme Claims; and
- (b) 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:
 - (i) the Scheme Claims; and/or
 - (ii) the Notes and the Notes Indenture (insofar as it relates to the Notes).

2.3 **Scheme Defaults**

Subject to clause 3 (*Limitation*) below, with effect on and from the Restructuring Effective Date, pursuant to the releases in clause 2.1 (*Scheme Releases*), each of the Scheme Creditors hereby acknowledges and agrees that:

- (a) each and every Scheme Default is hereby fully and finally waived;
- (b) each and every right of any Scheme Creditor to take any action in respect of a Scheme Default is fully and finally released; and
- (c) any actions taken by a Released Party in connection with the Lock-Up Agreement, the Restructuring, the Scheme and/or the Implementation Documents shall not constitute a breach of, or an event of default under, the Notes or the Notes Indenture (as distinct from the Amended Indenture).

3. **LIMITATION**

The releases, waivers and discharges effected by the terms of clause 2 (*Restructuring Waiver and Release*) shall not extend to any Claims by any Party in respect of:

- (a) any Liability of any Adviser Released Party or any auditor of PDL or any other Company Party arising under a duty of care to such Adviser Released Party's or auditor's client or arising under a duty of care to another person which has been specifically and expressly accepted or acknowledged in writing by that Adviser Released Party or auditor;
- (b) any Liability or Claim (or any remedy in respect thereof) arising or resulting from fraud, negligence or willful misconduct by any Released Party;
- (c) any Liability of a Party arising under the Scheme and/or any of the Implementation Documents which may arise or accrue in relation to acts, omissions and/or circumstances occurring after the Restructuring Effective Date;
- (d) any rights or remedies of any Party in respect of any Allowed Proceedings;
- (e) any receivables or payables as between the Company Parties; and/or

- (f) (for the avoidance of doubt) the New Bank Facilities, the Amended Indenture and/or the documentation governing the security provided in respect of the New Bank Facilities and the Amended Indenture.

Notwithstanding any other provision of this deed, no Scheme Creditor (which, for the avoidance of doubt, shall include a beneficial holder of the Notes and an investment advisor, subadvisor, or manager for such beneficial holder of the Notes) shall be liable for any indirect, special, punitive or consequential damages in connection with its activities related to this deed.

4. **COVENANT NOT TO SUE**

- 4.1 Without prejudice to clause 2 (*Restructuring Waiver and Release*) and subject to clause 3 (*Limitation*) above, each Party hereby irrevocably covenants with each other Party for the benefit of each of the Released Parties or their respective Connected Parties, on and from the Restructuring Effective Date, to the extent permitted by law, not to commence, take or continue or support any person commencing, taking or continuing or instruct any person to commence, take or continue any Proceedings, other than Allowed Proceedings, against any Released Party or their respective Connected Parties in respect of any Liability or Claim of the relevant Released Parties or their respective Connected Parties which are purported to be released by this deed.

5. **FURTHER ASSURANCE**

Each Party to this deed shall take such action as is reasonably required and within its power to give full effect to this deed, including to effect the waivers, releases and discharges referred to in clause 2 (*Restructuring Waiver and Release*) of this deed.

6. **TURNOVER**

- 6.1 Each Party other than the Trustee (for the purposes of this clause, the "**Turnover Party**") shall hold on trust for the benefit of the Released Parties and/or for the benefit of each other member of the Group (as applicable) any recovery made against such person and received by such Turnover Party after the Restructuring Effective Date, pursuant to any Liability or Claim released pursuant to clause 6 (*Releases*) of the Scheme Document or any of clauses 2 or 4 above, and the relevant Turnover Party shall turn over any such recovery to the relevant Released Parties and/or each other member of the Group (as applicable) upon a written demand being made by the relevant person(s) without set-off, counterclaim or deduction.
- 6.2 To the extent that the asset comprising the recovery cannot be held on trust by the relevant Turnover Party, the relevant Turnover Party shall pay to the relevant Released Party and/or other member of the Group (as applicable) an amount equal to that recovery promptly following a written demand being made by the relevant Released Party and/or other member of the Group (as applicable), without set-off, counterclaim or deduction.

7. **ASSIGNMENT AND TRANSFER**

This deed shall be binding on all persons to whom:

- (a) any Scheme Creditor transfers or assigns a Scheme Claim after the Record Time and who is recognised by the Scheme Company in accordance with clause 9.4 (*Assignments or transfers*) of the Scheme Document; and
- (b) any other Party transfers or assigns their rights pursuant to this deed on or after the date of this deed.

8. **REPRESENTATIONS AND WARRANTIES**

- 8.1 Each of the Parties to this deed represents and warrants to each of the others that it has the legal capacity, power and authority to enter into this Deed and to carry out the transactions contemplated by, and perform the obligations assumed by it under, this deed.
- 8.2 Each of the Parties to this deed represents and warrants to each of the others that neither the execution by it, nor the performance by it, of its respective obligations (if any) in accordance with the terms, conditions and provisions of this deed shall, so far as that party is aware:
- (a) violate or conflict with, or constitute a default under, any agreement or other obligation to which that party is subject or by which it is bound; or
 - (b) contravene or conflict with or constitute a violation of any provision of any law, rule, regulation, judgment, order or decree which is binding on it.

9. **WAIVER**

- 9.1 A waiver of any term, provision or condition of, or consent granted under, this deed shall be effective only if given in writing and signed by the waiving or consenting Party and then only in the instance and for the purpose for which it is given.
- 9.2 No failure or delay on the part of any Party in exercising any right, power or privilege under this deed shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.
- 9.3 No breach of any provision of this deed shall be waived or discharged except with the express written consent of the affected Parties.
- 9.4 The rights and remedies herein provided are cumulative with and not exclusive of any rights or remedies provided by law.

10. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

- 10.1 Any Released Party (excluding any that has entered into this deed) (the "**Third Parties**") shall, in each case, have the right to enforce the relevant terms of this deed by reason of the Contracts (Rights of Third Parties) Act 1999.
- 10.2 Except as provided for in clause 10.1, a person who is not a party to this deed shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.
- 10.3 The consent of any person who is not a party to this deed is not required to amend or modify this deed from time to time.

11. **CONFLICTS**

If at any time there shall be a conflict between the provisions of this deed and the provisions of the Scheme, the provisions of the Scheme shall prevail.

12. **SEVERABILITY**

If, at any time, any provision of this deed is or becomes illegal or invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of that provision under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision of this deed under the law of that jurisdiction shall in any way be affected or impaired thereby.

13. **AGREEMENT**

If this deed becomes ineffective as a deed, it shall be binding on each of the Parties as if it were duly signed as an agreement.

14. **VARIATION**

No variation of this deed shall be effective unless such variation is made in accordance with the Scheme Document.

15. **COUNTERPARTS**

This deed may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument.

16. **ILLEGALITY**

If, at any time, any provision of this agreement is or becomes illegal, invalid or unenforceable in any respect under any law or any jurisdiction, neither the legality, validity or enforceability of the remaining provisions, nor the legality, validity or enforceability of such provisions under the law of any other jurisdiction shall in any way be affected or impaired.

17. **GOVERNING LAW AND JURISDICTION**

This deed and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law. The courts of England and Wales have exclusive jurisdiction to settle any dispute arising out of or in connection with this deed or any non-contractual obligations connected with it and for such purposes, each of the Parties irrevocably submits to the jurisdiction of the Court.

IN WITNESS whereof this deed has been duly executed and delivered on the date first above written.

SCHEDULE 1

Transaction Released Parties

1. Deutsche Bank Trust Company Americas in its capacity as Trustee, Paying Agent, Transfer Agent and Registrar;
2. The Depository Trust Company ("**DTC**") in its capacity as depositary for the Notes;
3. Cede & Co in its capacity as nominee for DTC and as Registered Holder;
4. Lucid Issuer Services Limited in its capacity as the Holding Period Trustee; and
5. Bowwood and Main No 166 (RF) Proprietary Limited as the Security SPV.

SCHEDULE 2

Adviser Released Parties

1. Each of Ashurst LLP, Conyers Dill & Pearman Limited, Werksmans Attorneys Inc. and Paul, Weiss, Rifkind, Wharton & Garrison LLP as legal advisers to the Company Parties and their Affiliates;
2. Rothschild and Co South Africa (Pty) Ltd as financial advisers to the Company Parties and their Affiliates;
3. Deloitte Touche Tohmatsu Limited as tax advisers to the Company Parties and their Affiliates;
4. BMO Capital Markets Limited as sponsor;
5. Norton Rose Fulbright LLP as legal advisers to the sponsor;
6. Lucid Issuer Services Limited as Information Agent;
7. Hogan Lovells US LLP and Hogan Lovells International LLP as legal advisers to the Trustee;
8. Each of White & Case LLP, Carey Olsen Bermuda LLP and Anjarwalla & Khanna (ALN) as legal advisers to the Ad Hoc Committee and their respective Affiliates;
9. Houlihan Lokey EMEA, LLP as financial advisers to the Ad Hoc Committee and their respective Affiliates;
10. Baker & McKenzie LLP and Baker & McKenzie Inc. as legal advisers to the First Lien Lenders; and
11. (in each case) its partners and members.

SCHEDULE 3

The Company Parties

1. **PETRA DIAMONDS HOLDINGS SA PROPRIETARY LIMITED**, a company duly incorporated in the Republic of South Africa, with registration number 2015/023844/07, previously known as Luxiano Trading 105 Proprietary Limited
2. **PETRA DIAMONDS SOUTHERN AFRICA PROPRIETARY LIMITED**, a company duly incorporated in the Republic of South Africa, with registration number 1997/007770/
3. **CULLINAN DIAMOND MINE PROPRIETARY LIMITED**, a company duly incorporated in the Republic of South Africa, with registration number 2007/021069/07
4. **FINSCH DIAMOND MINE PROPRIETARY LIMITED**, a company duly incorporated in the Republic of South Africa, with registration number 2001/025614/07, previously known as Afropean Diamonds (Pty) Ltd
5. **BLUE DIAMOND MINES PROPRIETARY LIMITED**, a company duly incorporated in the Republic of South Africa, with registration number 1993/006492/07
6. **WILLCROFT COMPANY LIMITED**, an exempted company duly organised and validly existing under the laws of Bermuda, with company number EC718
7. **PREMIER (TRANSVAAL) DIAMOND MINING COMPANY PROPRIETARY LIMITED**, a company duly incorporated in the Republic of South Africa, with registration number 1902/001807/07
8. **EALING MANAGEMENT SERVICES PROPRIETARY LIMITED**, a company duly incorporated in the Republic of South Africa, with registration number 2010/023773/07
9. **PETRA DIAMONDS NETHERLANDS TREASURY B.V.**, a company duly organised and validly existing under the laws of The Netherlands, with company number 56626460
10. **PETRA DIAMONDS JERSEY TREASURY LIMITED**, a company duly registered and validly existing under the laws of Jersey, with company number 111991
11. **PETRA DIAMONDS UK TREASURY LIMITED**, a company duly registered and validly existing under the laws of England and Wales, with company number 09519270
12. **TARORITE PROPRIETARY LIMITED**, a company duly incorporated in the Republic of South Africa, with registration number 2012/023733/07
13. **PETRA DIAMONDS BELGIUM B.V.**, a company duly incorporated in Belgium and registered in Antwerp with registration number 0810466672
14. **PETRA DIAMONDS UK SERVICES LIMITED**, a company duly registered and validly existing under the laws of England and Wales, with company number 08139825
15. **KALAHARI DIAMONDS LTD**, a company duly registered and validly existing under the laws of England and Wales, with company number 04434157

SCHEDULE 4

First Lien Lenders

1. **FIRSTRAND BANK LIMITED (acting through its Rand Merchant Bank division)**, a company duly incorporated in the Republic of South Africa, with registration number 1929/001225/06
2. **ABSA BANK LIMITED (acting through its Absa Corporate and Investment Banking division)**, a company duly incorporated in the Republic of South Africa, with registration number 1986/004794/06
3. **NEDBANK LIMITED (acting through its Nedbank Corporate and Investment Banking division)**, a company duly incorporated in the Republic of South Africa, with registration number 1951/000009/06
4. **NINETY ONE SA PROPRIETARY LIMITED** (for and on behalf of its clients), a company duly incorporated in the Republic of South Africa, with registration number 1984/011235/07, previously known as Investec Asset Management Proprietary Limited

SCHEDULE 5

BEE Partners

1. **THE ITUMELENG PETRA DIAMONDS EMPLOYEE TRUST** (formerly known as The Petra Diamonds Employee Trust), a trust duly registered with the Master of the High Court of the Republic of South Africa, with Master's reference number IT4076/07
2. **KAGO DIAMONDS PROPRIETARY LIMITED**, a company duly incorporated in the Republic of South Africa with registration number 2014/269213/07