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MEDIA RELEASE

Sparkling Partnership Enters Exciting New Era

Gaborone 23 May 2006: The Government of Botswana and De Beers celebrated 36 years of partnership at an event in Gaborone today, and signed a suite of agreements that will cement one of the most enduring and most important partnerships in the global diamond industry for decades to come.

At an historic signing ceremony, in the presence of His Excellency the President of the Republic of Botswana, F.G. Mogae, Minister of Minerals, Energy, and Water Resources Charles Tibone and the Chairman of De Beers Nicky Oppenheimer formally signed agreements giving effect to the renewal of the Mining License for Jwaneng mine, the most valuable diamond mine in the world. The license will run for twenty five years [effective from 1st August 2004]. In addition, the currently held licenses for the Orapa, Lethlakane and Damtshaa Mines have been extended to run until 2029, in line with the Jwaneng License.

Also signed today is the agreement covering the sale of Debswana's production to the DTC for a further five years. The DTC, the international sales and marketing arm of De Beers, is focused upon growing demand for and maximising the value of Botswana's diamonds, while maintaining consumer confidence in the integrity of diamonds.

Another turning point in the history of this unique alliance is the agreement to establish Diamond Trading Company Botswana, a 50/50 partnership in Botswana between De Beers and the Government of Botswana, which will sort and value all Debswana's diamond production. In addition, Diamond Trading Company Botswana will carry out

local sales and marketing activities, working closely with its customers to support the establishment of diamond manufacturing operations in Botswana. De Beers will fully fund construction of the new Diamond Trading Company Botswana building that will house this exciting new partnership in Gaborone at a cost in excess of Pula 400 Million (US \$ 83m).

Speaking at the signing ceremony, Minister Tibone said “Diamond mining in Botswana over the past 35 years has fuelled the country’s social and economic development. Botswana has had a worthy and valuable partner in the De Beers Group. We share the mutual commitment to exploit minerals in Botswana in a sustainable, efficient, beneficial and timely manner.

I am proud to sign these agreements on behalf of the Government and people of Botswana. These agreements will allow us to maximise economic benefit accruing to the country in a way that simultaneously allows the investor to earn a competitive return on their investment. This therefore underlines the essence and importance of the agreements signed here today.”

Gareth Penny, Managing Director of the De Beers Group, stated “De Beers fully supports Botswana’s desire to establish a downstream diamond industry, and we are pleased to announce that diamonds will be made available locally for cutting and polishing factories in Botswana. De Beers will work closely with Government, and together, we are excited by the opportunity this ambitious initiative has for further local job creation, while maintaining the full value for Botswana’s diamonds.”

In addition to the establishment of DTC Botswana, De Beers intends to bring diamonds from around the world to be “aggregated” by DTC International in Botswana, an activity that was previously carried out in London. This reflects the importance of Botswana as the world’s leading diamond producer and the role of Government in creating the right environment for business in the country.

The development of a local industry has the potential to add real value to the country, supporting new jobs, upgrading the country’s infrastructure, serving as a catalyst to attract other international businesses to Botswana.

Speaking at the press conference, Nicky Oppenheimer, Chairman of the De Beers Group, said “It gives me enormous pleasure to be able to sign these agreements today. It is only fitting that we do it now in 2006, as it was 50 years ago this year that De Beers geologists took the first steps in their search for diamonds in what is today Botswana. It is exciting that this agreement not only extends the length of our partnership, but also its depth, as we move from mining diamonds together, to marketing them together, in Botswana with the establishment of DTC Botswana. Enduring relationships are rare in today’s world. They are like diamonds, something to be valued and cherished. At De Beers, we are extraordinarily proud to be a part of this special relationship and look forward to turning diamond dreams into lasting realities.”

Ends.
