

Visit by ANGLO ANALYSTS TO NAMIBIA

De Beers strategy and vision
presentation

29th March 2006



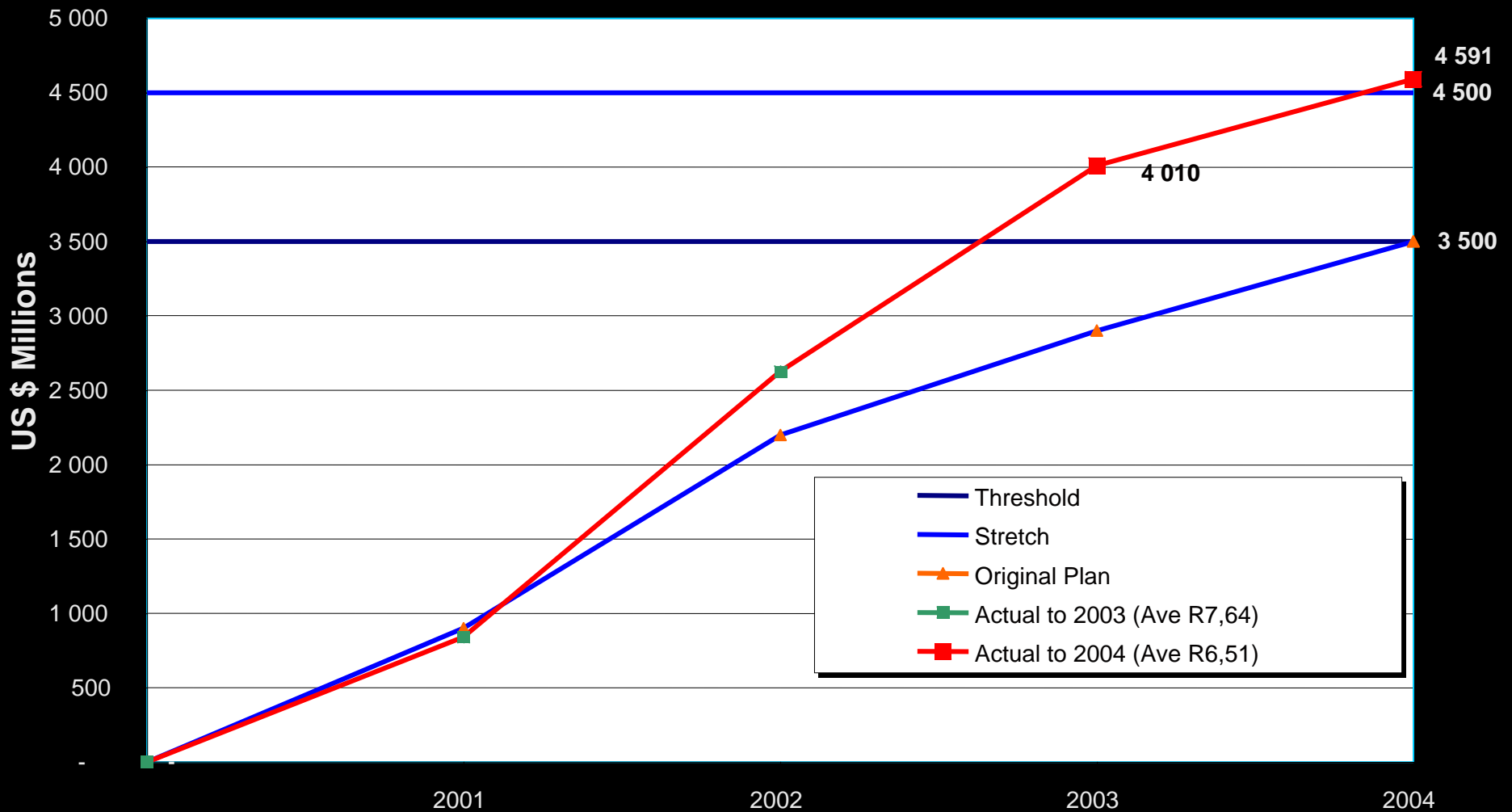
KEY MESSAGES

- * Several major achievements in 2005
- * De Beers Sales continue to grow year on year
2006 looking positive for demand growth
- * De Beers has developed a new approach to
drive De Beers performance through chapter 2
- * Several prospective projects coming online
through to 2009 and beyond.



We said 'well done' in Chapter 1 for Cash flow generation.....

CUMULATIVE THRESHOLD CASHFLOW ACTUAL TO 31 DECEMBER 2004





a reminder of the 2005 Milestones

- ✧ Record Group production - 49m carats
- ✧ DBCM / Ponahalo Partnership
- ✧ New capital projects
- ✧ Angola and DRC exploration agreements
- ✧ Record DTC sales
- ✧ Value Added Services
- ✧ Legal developments
- ✧ Re-financing of DBsa
- ✧ Safety record

**DE BEERS HAS RECENTLY
successfully completed CHAPTER
ONE AND OPENED CHAPTER TWO
of our strategy.....**





Our new approach...





Our Purpose

WE ARE DRIVEN
TO TURN
'DIAMOND DREAMS'
INTO LASTING REALITY



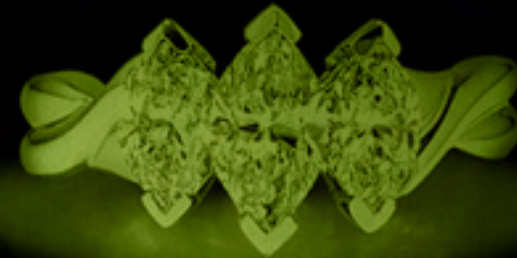
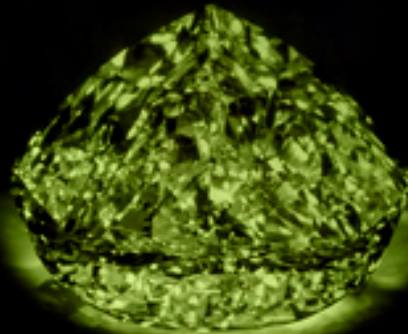
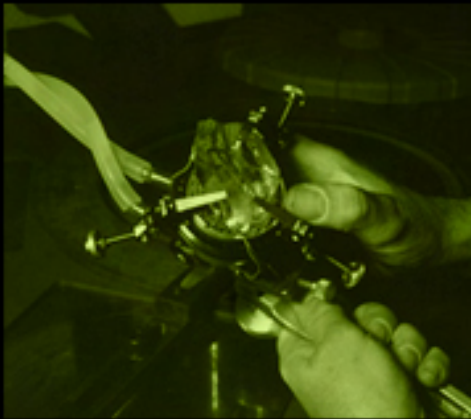


Our Vision

We also have big dreams for the De Beers family. An ambitious **growth** vision focused on:

'unlocking the full economic value of our leadership position across the diamond pipeline'

We will make it a reality by maximising the potential of our global **partnerships**, the skills and commitment of our **people** and the magic and emotional value of our **product**.





Our Values

In everything we do, we strive to reflect
the unique qualities of our product —
we call this

‘LIVING UP
TO DIAMONDS’

It means we will...



Be Passionate



“We will be exhilarated by the product we sell, the challenges we face and the opportunities we create”



Pull Together



“Being united in purpose and action, we will turn the diversity of our people, skills and experience into an unparalleled source of strength”



Build Trust



“We will always listen first, then act with openness, honesty and integrity so that our relationships flourish”



Show We Care



“The people whose lives we touch, their communities and nations and the environment we share, all matter deeply to us. We will always think through the consequences of what we do so that our contribution to the world is real, lasting and makes us proud.”



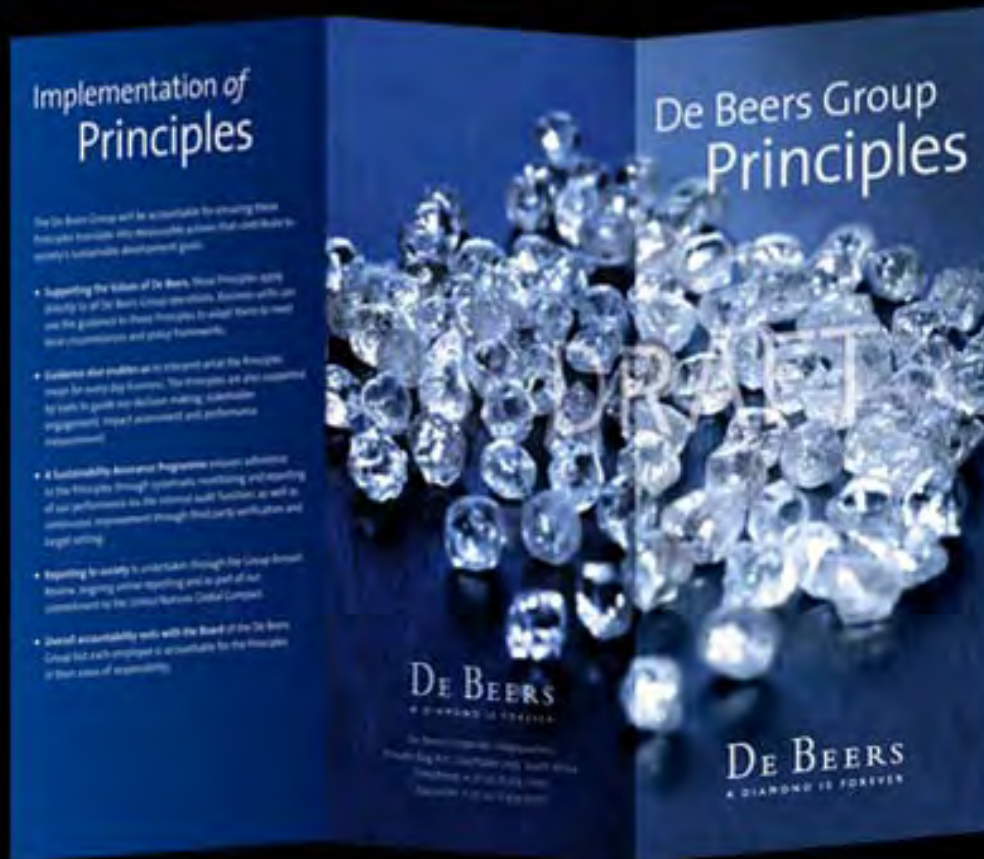
Shape the Future



“We will find new ways. We will set demanding targets and take both tough decisions and considered risks to achieve them. We will insist on executional excellence and reward those who deliver”



PRINCIPLES



★ Economics and business ethics

★ Social

★ Environment



De Beers Strategic Drivers – plans for 2006

Drive returns on capital

★ Demand growth

★ Profitable production growth

★ Value creation through the DTC

★ Cost efficiencies

Sustainable

★ Partnerships

★ Reputation issues

★ Organisation effectiveness

To reach our target of + **US\$2 BILLION EBIDTA BY 2009**

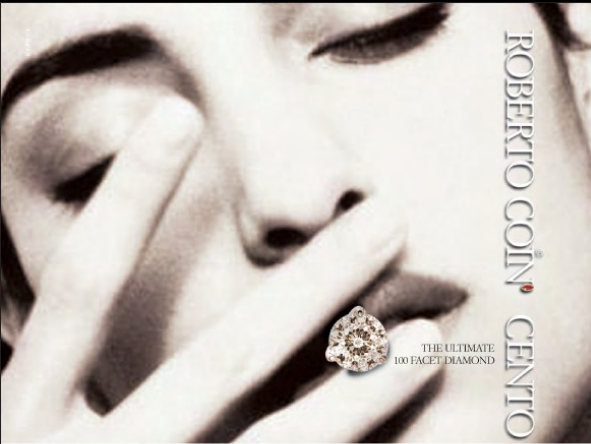


DEMAND GROWTH



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MAKE HER BELIEVE
ALL OVER AGAIN


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100 FACET DIAMOND

100% OBSESSION



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NO ASSEMBLY
REQUIRED.
UNLESS
SHE FALLS TO
PIECES.

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全世界只有你是我的另一半

茫茫人海，千寻百觅，终于找到你生命中的另一半。
此刻，唯有钻石，天然恒久的闪亮，见证你和你的另一半永远相爱相伴。



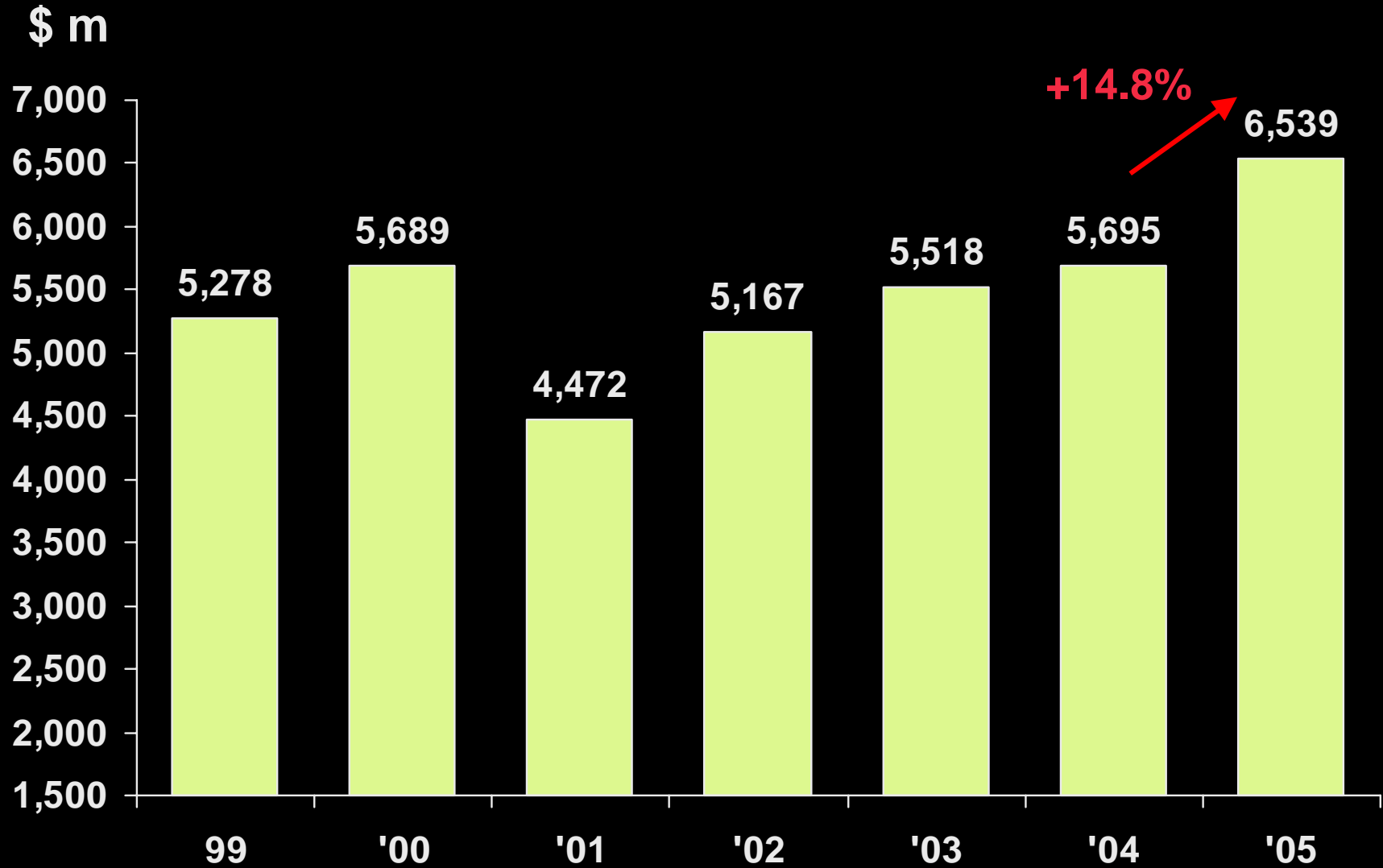
每颗钻戒，半克拉(CSct)或以上镶嵌终身，保真保爱。

 钻石恒久远 一颗永流传
www.foryouare.com



2005 Sales

DTC Sales Comparison 1999-2005



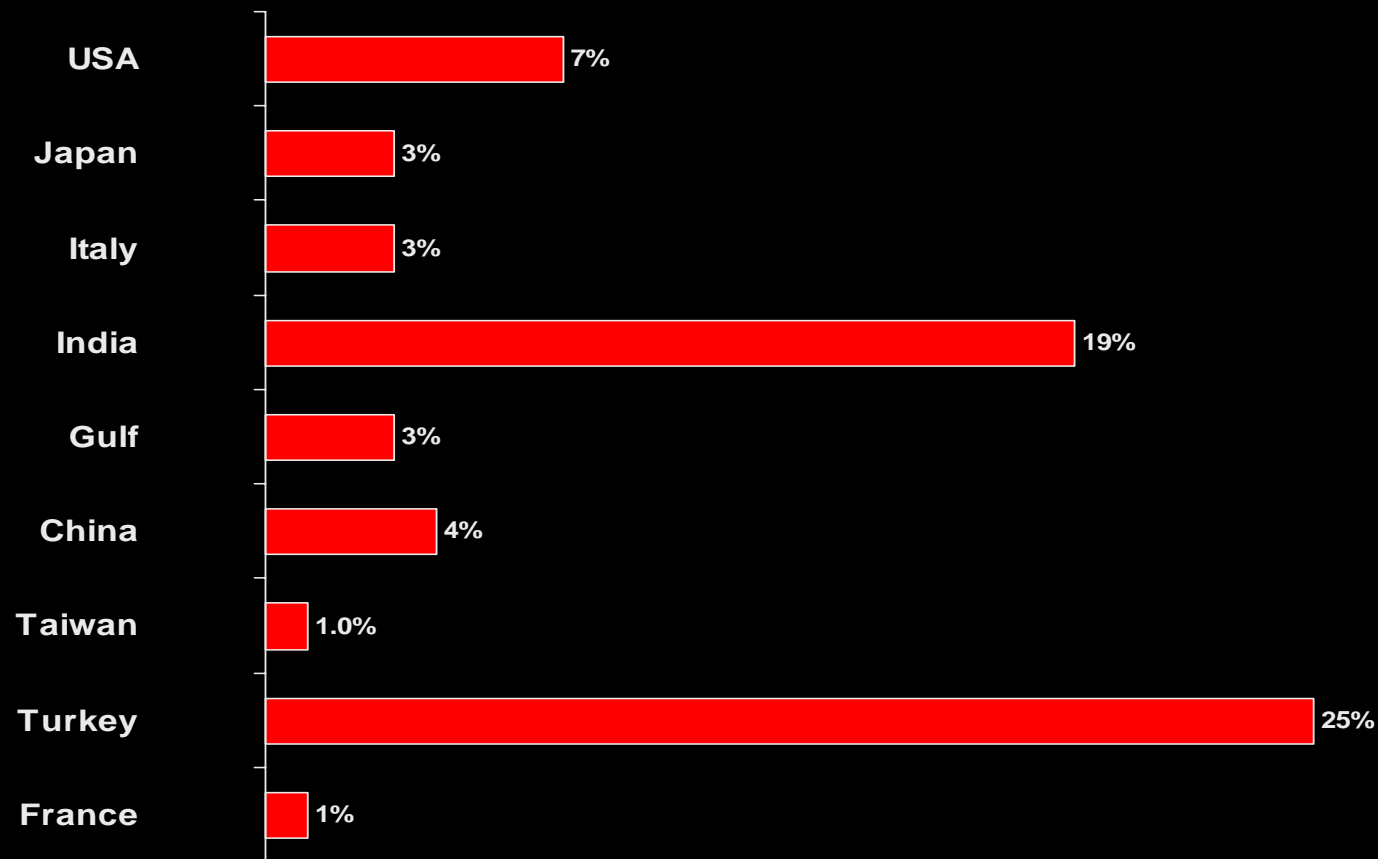


2005 FY – market Preliminary Estimates

* DTC marketing countries growth estimates:

+ US\$ Polished Wholesale Price: +6.9%

+ Local Currency Polished Wholesale Price: +6.5%



■ 2005



Marketing: Plans for 2006

- ✧ PWP value growth (US\$) for 2005: +7%
- ✧ Development and launch of 5 new Flagships: Japan, USA, Gulf, India and South Africa:
 - ✧ 'Journey' concept launch to US consumers in Sept 2006
- ✧ Forevermark: Launch planned in 4 of the largest markets in 2006
- ✧ Consumer & trade confidence continue to be a challenge in 2006:
 - ✧ White (CVD) synthetics likely to soft launch in USA
 - ✧ Team and plan in place to address this issue.



'Journey' Suggested Piece Designs



WHAT DO THE MARKETS IN 2006 LOOK LIKE?

★ **US** - economic prospects improved post-January and economy is expected to grow sharply in Q1 2006 and level out across the second half. Strong consumer confidence means DJ demand likely to remain robust among high income groups (\$100K+). However, rising oil prices and interest rates might impact lower income groups. *Expected growth - mid single-digits*



★ **Japan** - GDP and consumer confidence outlook stable. Stock, housing and job markets showing continued robustness. DJ outlook good, but will face competition from travel and luxury brands. *Expected growth - low single-digits*

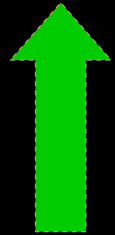


★ **Italy** - expect slow economic recovery. Dropping unemployment and growing household consumption augur well for a recovery in the DJ market. *Expected growth - low single-digits*

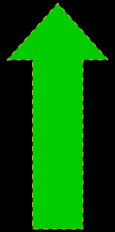




WHAT DO THE MARKETS IN 2006 LOOK LIKE?



* **China** - economic growth likely to slow. DJ demand will continue to come under competitive pressure from gold and luxury brands. *Expected growth - low teens*



* **India** - expect strong economic growth. DJ demand likely to be strong. *Expected growth - high teens*



* **Gulf** - forecast to deliver strong economic growth, with rising oil revenues. Growing disposable income is likely to boost DJ demand. *Expected growth - mid single digits*



De Beers Strategic Drivers – plans for 2006

Drive returns on capital

- ★ Demand growth
- ★ Profitable production growth
- ★ Value creation through the DTC
- ★ Cost efficiencies

Sustainable

- ★ Partnerships
- ★ Reputation issues
- ★ Organisation effectiveness

To reach our target of + **US\$2 BILLION EBIDTA BY 2009**



PROFITABLE PRODUCTION GROWTH in 2006

✦ \$US94 million on direct exploration in strategic areas





PROFITABLE PRODUCTION GROWTH in 2006

De Beers Group 2006 production forecast

Production	2006 budget	2005 Actual
DBCM	15	15.2 ↑
NAMDEB	2	1.7 ↓
DEBSWANA	31.5	31.9 ↑
WILLIAMSON	0.22	0.19 ↓
TOTAL	49	49 →



PROFITABLE PRODUCTION GROWTH in 2006

Production	Projects
Botswana	Orapa 3 AK 6 (J.V.)*
South Africa	South African Sea Areas Finsch Plant upgrade Voorspoed (<i>approved pending mining licence</i>)
Namibia	Upgrade of marine mining fleet capacity
Canada	Snap Lake Victor Gahcho Kue*
Tanzania	Williamson mine expansion (feasibility study due 2006)
Russia	Focus on Opportunities in the climate of shrinking supply

* Not yet approved



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VALUE CREATION THROUGH THE DTC

A DIAMOND IS FOREVER

The brightest circle of light.

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VALUE CREATION THROUGH THE DTC in 2006

- ★ Value Added Services and further development of Discretionary Value Added services
- ★ Continued cost reduction strategies
- ★ Move to Optimal inventory levels
- ★ Sorting migration to Southern Africa
- ★ Continued leverage of DTC tools and expertise.



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COST EFFICIENCIES





COST EFFICIENCIES in 2006

- ★ Accelerated New diamond delivery project to halve project construction from 12 to 6 years.
- ★ Ongoing restructuring taking place in DTC & DBCM.
- ★ Obtaining benefits from better utilisation of existing investments
- ★ Productivity gains from organisational effectiveness



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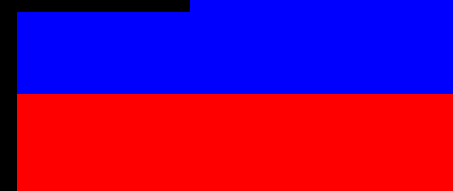
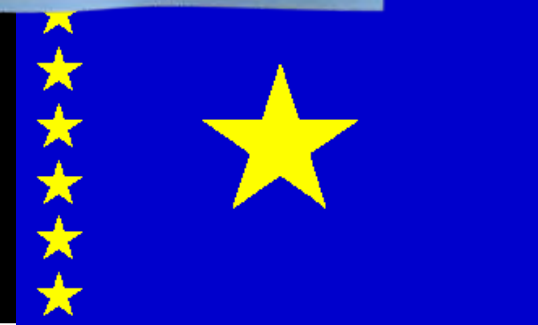
Sustainable

- ★ Partnerships
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PARTNERSHIPS





PARTNERSHIPS in 2006

- ★ Finalisation of Botswana Jwaneng lease renewal by mid 2006.
- ★ Formation of DTC Botswana (50:50 joint venture with Botswana government)
- ★ Completion of Namibian Sales contract negotiation
- ★ Continued liaison with South African government to establish a sustainable South African diamond industry
- ★ Developing sustainable beneficiation practices in Producer countries
- ★ More proactive relationship management with producers and partners



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REPUTATION ISSUES





REPUTATION ISSUES in 2006

- ★ "Conflict diamonds" film
Alluvial diamond - development issues
(Kimberley Process)
- ★ Continued engagement with Botswana stakeholders to resolve CKGR issues
- ★ HIV/AIDS response
- ★ Diamond contribution to African economic development



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ORGANISATION EFFECTIVENESS

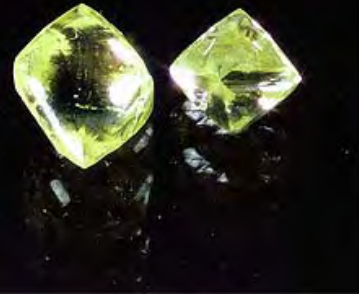




ORGANISATION EFFECTIVENESS in 2006

- ★ Embedding clear accountabilities across Group
- ★ Building and hiring exceptional skills and talent
- ★ Entrenching plug and play processes across projects and mines
- ★ Developing a culture of excellence
- ★ Enhancing the use of key information for optimal production

WE BELIEVE WE HAVE CHOSEN the most effective operating structure TO ADDRESS THESE CHALLENGES AND OPPORTUNITIES...



Executive Chairman
Nicky Oppenheimer



Office of the Chairman
Jonathan Oppenheimer



MD De Beers
Gareth Penny

Botswana /
De Beers

Namibia /
De Beers

Head of
Strategy

Ollie Oliveira



Head of
HR

Leon Smith



Head of Ext. &
Corporate
Affairs

Stephen Lussier



Head of Shared
Services

Debbie Farnaby



Head of
DBCM

Dave Noko



Head of
Finance

Stuart Brown



Head of Legal
& Commercial

Bruce Cleaver



Head of Group
Mining &
Exploration

Ed Dowling



Head of
DTC

Varda Shine



Head of
Debswana

Blackie Marole



Head of
Namdeb

Inge Zaamwani





2009 tARGETS

EBITDA

\$2bn

ROCE

20%



De BEERS Purpose



WE ARE DRIVEN
TO TURN
'DIAMOND DREAMS'
INTO LASTING REALITY