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A DIAMOND IS FOREVER

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FOREVER FRIENDS




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FOREVER FRIENDS

De Beers is the world's leading diamond company, and operates across the diamond value chain, from exploration through to retail: it takes its responsibility for growing a sustainable industry very seriously

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Everyone agrees that diamonds are special. De Beers is unlike other mineral extraction businesses in that, while it is involved in the familiar geological and feasibility work followed by mining and beneficiation, it follows that up with the production and marketing of a luxury end product. It deals in both rough diamonds and finished gemstones, but while diamond may be chemically simple, De Beers recognises 12,000 different categories of rough diamond alone – and that is before they are polished, cut, and set. This makes diamonds less attractive as an investment. Gold is gold, but in the 1980s when a combination of economic factors led people to invest in diamonds, many got their fingers burnt, says Andrew Bone, International Relations Director. “No one would argue that diamonds hold their value and are a good long term store of wealth – but you do have to know just what you are buying.”

Investing in diamonds requires specialist knowledge. The business therefore depends on a lively downstream market to support its trading. Bone says there is every reason to be confident that the market will continue to grow, driven by demand from emerging markets, China in particular. Though ‘middle class’ is an elusive term to define, Wang Xiaolu, an economist and deputy director of the National Economic Research Institute based in Beijing predicts that the Chinese middle class will rise from just over ten percent of the population in 2009 to over 40 percent in 2020 and more than 70 percent by 2030. They may not all want to

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RentWorks is proud to be associated with a company recognised for its sustainable development and operational excellence.

De Beers, the world's leading mining company, has awarded a second tender to RentWorks Africa, South Africa's asset rental specialists.

This agreement stems from a relationship that began three and a half years ago when De Beers first engaged the services of Rentworks at its Venetia Mine in 2008. Rental has become an increasingly popular finance option as mines have realized that capital can be better spent on core operations whilst matching the cash flow of capital equipment with income generation and spreading the pre-determined payments across the useful working life of the equipment. What's more, Rentworks offers flexible end-of-term options and take care of equipment disposal.

With this in mind, and realizing that the acquisition of expensive mining machinery and equipment can place a significant burden on a mine, De Beers has opted to engage Rentworks on a further contract. This new agreement sees the mining giant renting two CAT 6030 FS excavators for an initial five year period at its Voorspoed mine in the Free State, with the option of either

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returning the machines or continuing to rent them after the contract ends, depending on business requirements at that time.

Voorspoed, an open-pit diamond operation located 30 km North-east of Kroonstad, became the first new major diamond mine to be opened in South Africa in almost two decades, which makes their choice of Rentworks that much more meaningful. Features of the agreement include a fixed rate on an hourly usage solution, which allows De Beers to accurately predict and manage its budgets, projections and schedules more efficiently.

"Rentworks is all about Asset Rental Solutions," says sales director, Jacques de Klerk. "Our aim is to assist clients in procuring, financing, managing and disposing of assets in a way that best benefits their operation. We offer flexible and cost-effective finance solutions across a

wide range of industries, and we are naturally delighted to have been awarded this contract by one of the biggest industry players of all. Rest assured, we will continue to tailor value-added rental solutions to meet the needs and expectations of our growing number of clients."

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The Process Plant - a view across the large thickeners at the Venetia plant

buy diamonds, but China is really starting to participate in luxury goods markets, and with midstream and downstream diamond beneficiation, Bone notes. “They are building their capacity to cut and polish rough diamonds, and they already have robust institutions overseeing the industry.” As a good indication of how China is determined to be seen as a responsible trader, it is currently vice-chair of the Kimberley Process, established in 2003 to cut off the trade in conflict diamonds, and will take the

chair of that organisation next year.

However the Kimberley Process is only one of a number of ways in which the authenticity and origin of diamonds can be assured. Another is the Forevermark, De Beers’ proprietary diamond brand that offers a promise of beauty, rarity and responsible sourcing. Each Forevermark diamond is inscribed with a unique serial number and Forevermark icon, invisible to the naked eye, using proprietary technology. “As a world class company, consumer confidence is

\$2 BILLION

Investment at Venetia mine

paramount to us. To hold onto that you have to always be one step ahead of the issues, plan for them and act accordingly. De Beers is very proactive; always looking to improve existing processes and engaging in new ones.”

In fact, consumer confidence is the driving force in an approach to operating responsibly and sustainably that goes right back to the preliminary geological survey, according to Dr Nicky Black, Head of Social Performance. Right through the value chain, she says, runs the consciousness that company as a discretionary, luxury product, diamonds are uniquely exposed to reputational damage, as without consumer confidence that the diamonds they are buying have been mined, cut, and polished in an environmentally and socially responsible way demand will evaporate. “That’s why we established our Best Practice Principles (BPPs) Assurance Programme. Through this bespoke compliance programme, the social, environmental and ethical performance of our own operations and those of our customers is independently verified. Uniquely within compliance programmes, De Beers asks our customers to meet these requirements as a condition of our supplying them.” Sightholders – customers who purchase rough diamonds from De Beers’ mines – have been required to comply with

“SHIFTING OPERATIONS TO GABORONE IS AT THE FOREFRONT OF THE MOVE TO FOSTER ‘RESOURCE NATIONALISM’”



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Atlas Copco's Mining and Rock Excavation Technique business area provides equipment for drilling and rock excavation, a complete range of related consumables and service through a global network.

Atlas Copco's Construction Technique business area provides construction and demolition tools, portable compressors, pumps and generators, lighting towers, and compaction and paving equipment, all of which is supported through a global service network.

Atlas Copco's Industrial Technique business area provides industrial power tools, assembly systems, quality assurance products, software and services.

Atlas Copco Botswana was established in 1969, and forms part of Atlas Copco's Southern African business region. The company operates from head office in Gaborone, as well as branches in Francistown and Selebi Pikwe, and currently employs 85 people.

Atlas Copco Botswana is supported by South Africa, which is the main hub for the Southern African region. A strengthened regional organisation means that customers don't only have access to Atlas Copco's world-class quality capital equipment, but also to related technical and support services. In fact, even equipment operating in extremely remote areas will be able to have the service excellence for which Atlas Copco is renowned.

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The trucks are lining up at the start of the shift ready to transport kimberlite ore to the primary crusher

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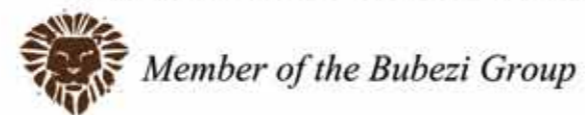
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BPPs since 2005. Contractors who derive 75 percent or more of their revenue from any De Beers Sightholder or business have participated in the assurance programme since 2008. Other contractors have to sign a declaration of integrity stating that they are free of any material breaches of the BPP standards.

So far reaching is the programme that today more than 330,000 people in the diamond industry world-wide are covered by it – between them, she adds, De Beers Sightholders cut and polish more than 60 percent of all diamonds sold worldwide. However, while making sure the

60%
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Of all diamonds sold worldwide are cut and polished by De Beers Sightholders

downstream trade behaves properly is of existential importance to the business, De Beers does not lose sight of its need to operate sustainably and ethically at the government level. Diamonds are the bedrock of economies such as those of Namibia and Botswana, where De Beers has 50/50 Joint Venture partnerships with the Governments, and still a big contributor to that of South Africa where De Beers started. And wherever diamonds are mined they have a direct impact on the surrounding community. Speaking as De Beers' responsible business lead, Dr Black is understandably

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partisan, but her argument is compelling. “I believe our partnership approach has been particularly powerful in supporting development. Certainly our Joint Venture partnerships with the governments of Botswana and Namibia speak for themselves. Over the past 50 years Botswana has been the great success story of

southern Africa and has turned its diamonds into lasting national wealth, with four out of every five dollars generated by our diamond related activities staying in the country.” The Government of Botswana also holds a 15 percent stake in De Beers, in addition to its 50/50 Joint Venture partnership with De Beers in the diamond mining company Debswana. This partnership has helped transform an essentially agricultural economy into a nation with one of the highest economic growth rates in the world.

It is certainly true that the policy of establishing a downstream industry in southern Africa has been a great success. Ten percent of all rough diamonds from Namibia, for example, being retained and sold locally to the 13 Sightholders that



Forevermark Encordia bangle

“I BELIEVE OUR PARTNERSHIP APPROACH
HAS BEEN PARTICULARLY POWERFUL IN
SUPPORTING DEVELOPMENT”



A view of the Venetia Diamond Mine open pit

Based in Cape Town, ADP Group of Companies consists of ADP Holdings, ADP Marine and Modular, ADP Projects with ADP Namibia and ADP Africa servicing the African continent. ADP Projects specializes in providing Engineering, Procurement, Construction and Management (EPCM) services and EPC projects to the Mineral Industry with a small representative office in Johannesburg.

ADP Marine and Modular targets fit for purpose project execution requirements and smaller scale pre-engineered plant and technology supply to national and international marine and land based diamond, mineral sands, coal and gold mining industries.

ADP Marine and Modular also represents major European based Dredging and Marine Company Vosta LMG and is an equal partner with Denith Engineering in Under Water Mining Systems (UMS) a company focusing on the fast growing, niche marine mining market.

ADP Africa specializes in support services to mining companies in Africa that includes spares supply, logistics, meet and assist, visa applications and other general services to their client base.

ADP started its operations in 1997 and boasts an impressive list of successful mining industry projects predominantly in Africa but including Canada, Brazil, India and Australia.

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have now set up indigenous companies that currently employ at least 1,250 Namibians.

Now De Beers is really stepping up to its principles by transferring a huge chunk of its key HQ diamond sorting, valuation and sales operations from London to Gaborone. “This is a bold move, I know,” says Bone, “it is at the forefront of the move to foster ‘resource nationalism’, and not without risk. But we think it is the right thing to do. It will transfer a lot of value to Botswana on top of what we have already done there in the past.” As well as the hundreds of direct jobs being transferred, the move will act as a catalyst to other business activity

in the banking, hospitality and industrial sectors, he points out.

The move is taking place right now and will be complete by the end of the year, making Gaborone a centre as important to the diamond industry as London, Johannesburg or Antwerp. The impact of De Beers’ activities on the other economies of southern Africa cannot be overemphasised. The \$2 billion it has announced it will spend on opening underground workings at its Venetia mine in South Africa, that country’s largest, would prolong its life by at least 20 years, during which De Beers will devote itself to creating sustainable alternative employment

300,000
.....

People who work to
BPP standard



after the mine closes. One of the most effective ways it is doing this is through its involvement in the Zimele initiative. Started in 2008, Zimele's programme focuses on those mining communities and impoverished areas that supply the De Beers workforce. By encouraging the start-up of sustainable indigenous enterprises it aims to create 25,000 employment opportunities and 1,500 companies by 2015. "We have seven hubs, located near our operations in South Africa," says Dr Black, "and we are currently looking at supporting similar initiatives in Namibia and Botswana as well."

And stimulating economic development is far from the whole story. Sustainable initiatives generally include elements of education, environmental best practice, healthcare and conservation as well. Mining activities account for only a fifth of the area that is under lease to De Beers and a number of conservation and biodiversity projects have been started under The Diamond Route, a joint venture between De Beers, the Oppenheimer family and the black economic empowerment (BEE) company Ponahalo Holdings. Often these highly protected lease areas prove a haven for wildlife. "A good example is the Orapa mine in Botswana," explains Andrew Bone. "A rhino conservation project was introduced at Orapa last year: now 15 rhinos are happily breeding there and it is remarkable programme. **BE**

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