

GLOBAL SIGHTHOLDER SALES

2015 – 2018 CONTRACT

COMMITTED TO SIGHT SYSTEM

SIMPLIFIED SELECTION PROCESS

STRENGTHENING THIRD PARTY CONFIDENCE

GREATER FLEXIBILITY IN PURCHASING OPPORTUNITIES

BUILDING EVEN STRONGER RELATIONSHIPS

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OVERVIEW

Main principles

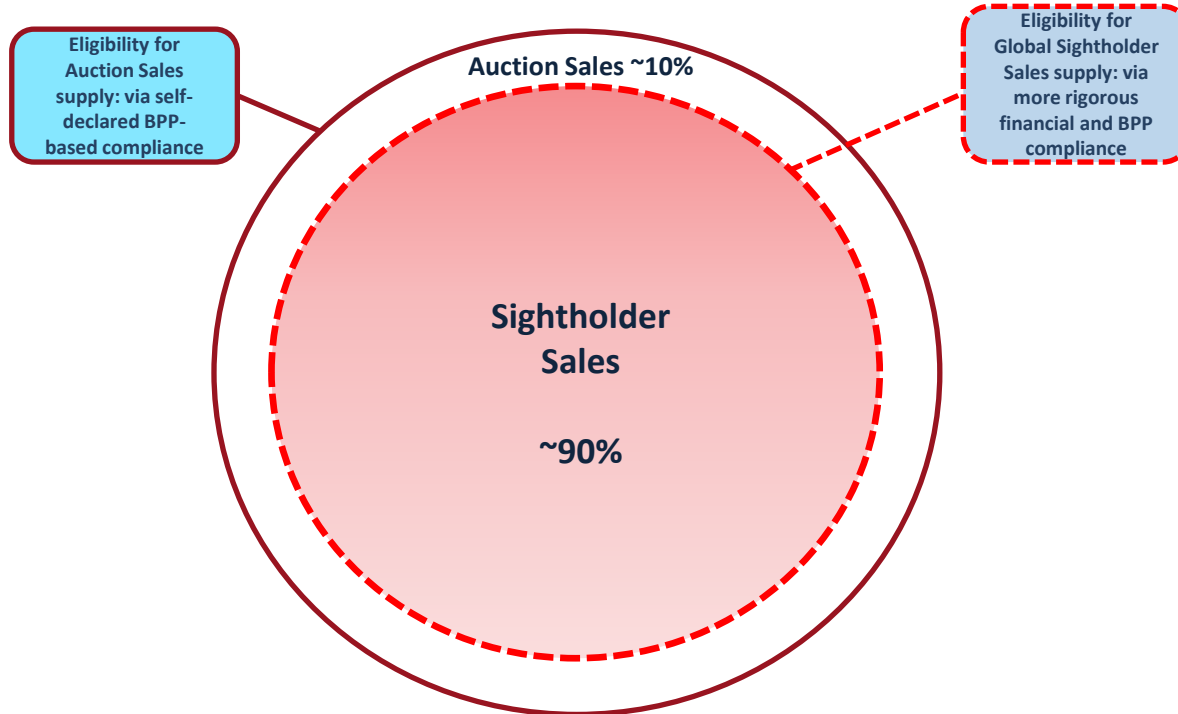
De Beers will retain the successful ITO format, which will continue to account for the great majority of our sales

The new contract will run for a three year period, with an option for De Beers to extend

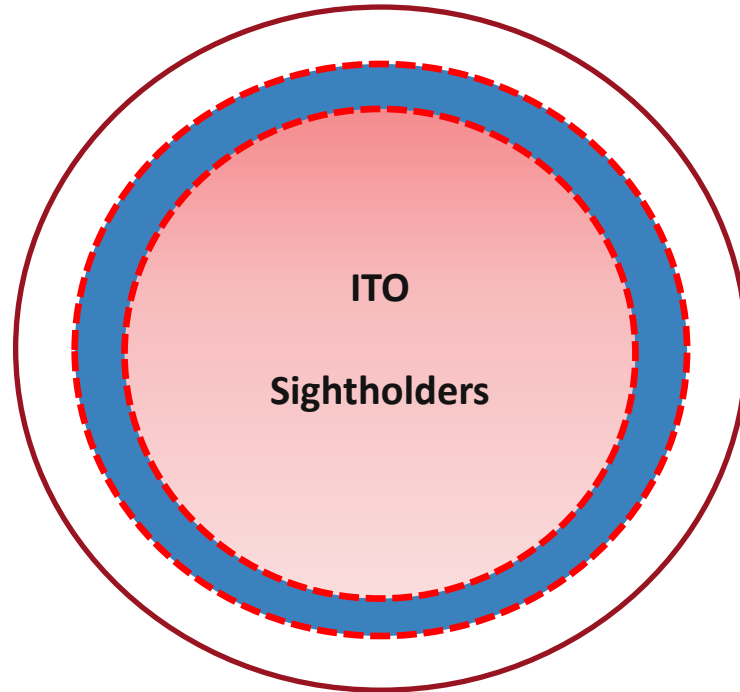
To qualify as a new Sightholder and be eligible for an ITO, applicants must meet the updated compliance criteria AND demonstrate sufficient demand for De Beers rough. Applicants that meet the compliance criteria but do not qualify as Sightholders will be offered Accredited Buyer status and have opportunities to purchase from an enlarged pool of Ex plan supply

Strategic Supply will be available to invited applicants that meet the compliance criteria and have excellent, established capabilities to drive value addition

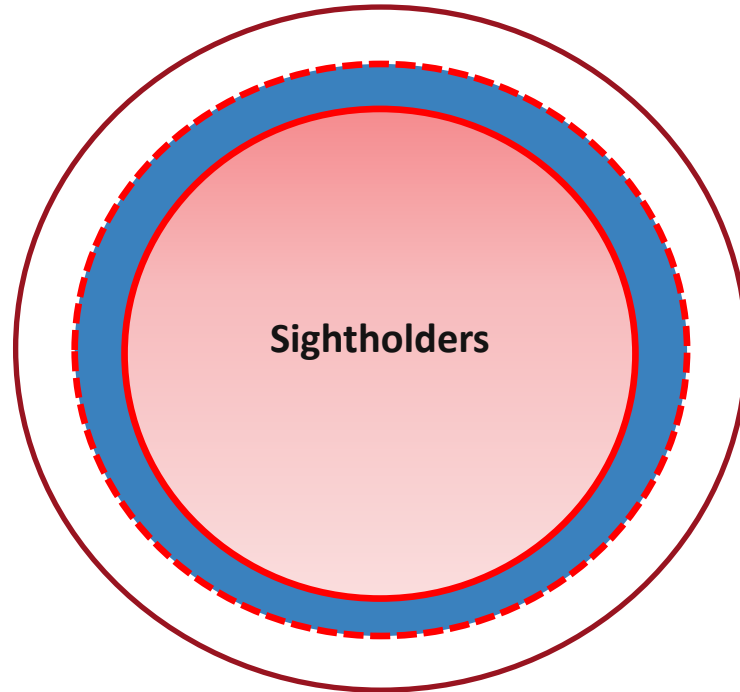
De Beers will continue to offer around 90% of its availability via Global Sightholder Sales, with the balance sold via Auction Sales



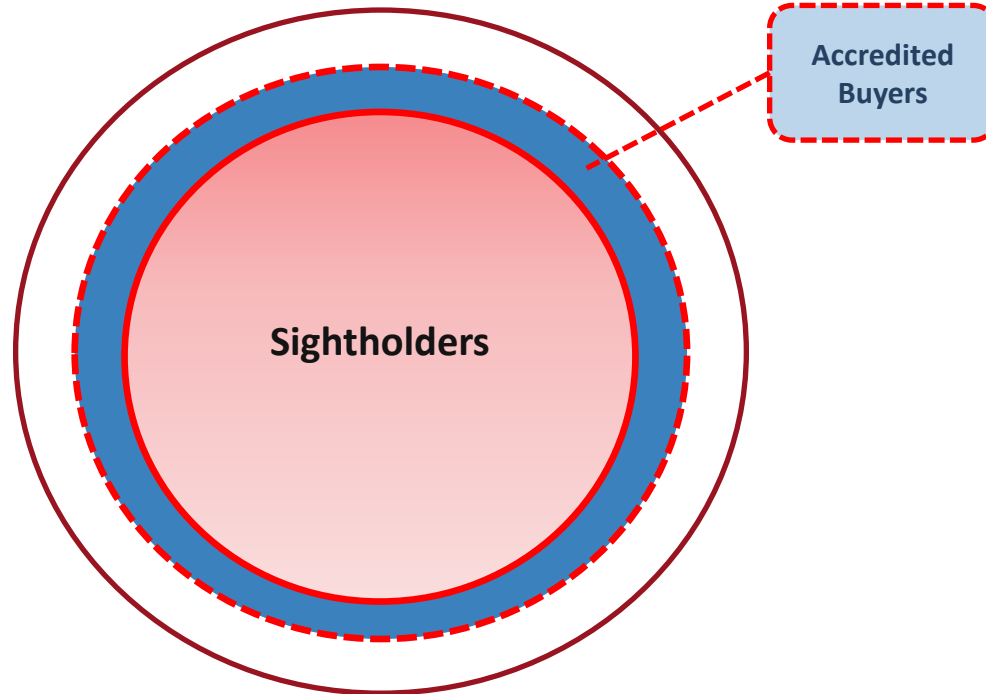
**The great majority of goods will be offered via the ITO, as at present.
Buyers of the ITO will continue to be called Sightholders**



ITOs, and Sightholder status, will be offered to businesses that meet the compliance requirements AND that demonstrate sufficient demand for De Beers rough

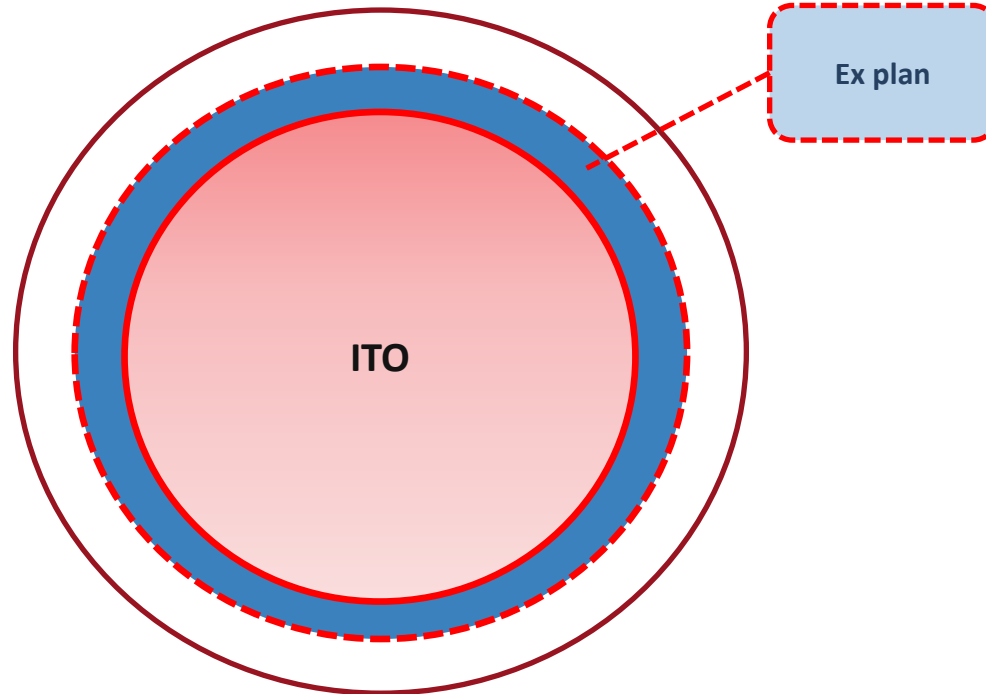


Businesses that meet the compliance criteria but which do not qualify for an ITO will be termed **Accredited Buyers**

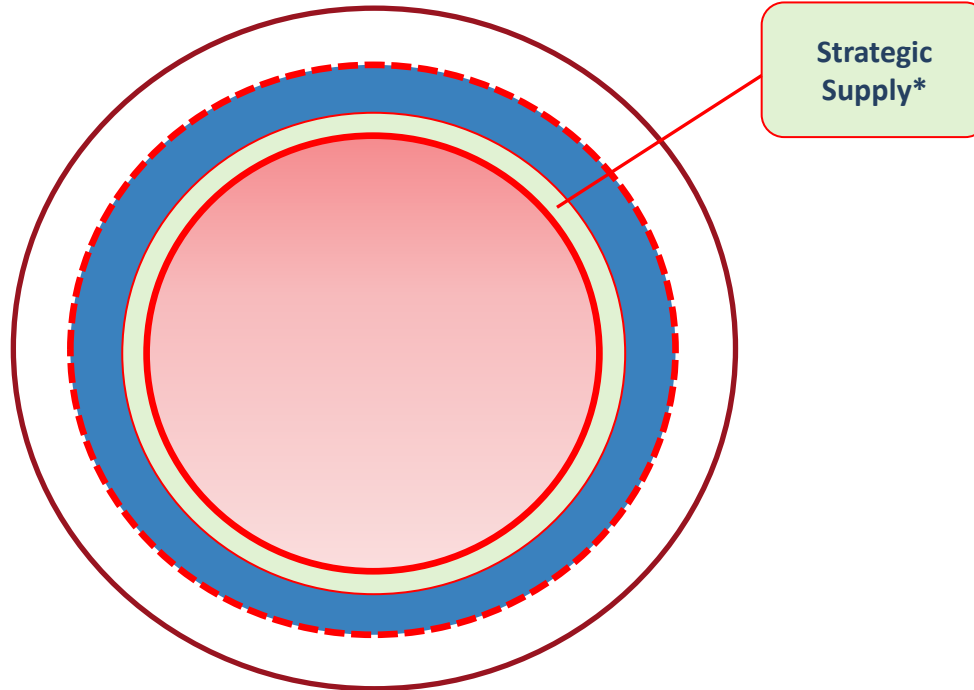


Ex plan will be available to all businesses that meet the compliance requirements: Sightholders and Accredited Buyers

ITOs will be available only to Sightholders



ITO supply will be available to businesses with excellent, established capabilities to drive value addition (for example through impactful downstream initiatives that contribute powerfully to consumer demand creation)



*Note that applications for Strategic Supply will be by invitation only

QUALIFICATION PROCESS

Qualification process (non-Strategic Supply): main principles

There will be no relative performance assessment. The application process will be quicker and more efficient than in the past

Eligibility for Global Sightholder Sales (GSS) supply will be based entirely on a new, more rigorous compliance process

Every diamantaire that meets (and continues to meet) all the compliance requirements will be eligible to apply for GSS supply in the new contract period

The diamantaires that meet the compliance requirements and demonstrate sufficient demand for De Beers rough diamonds over the applicable reference period will be eligible for an ITO (subject to availability)

Compliance requirements (1)

Meet minimum turnover and rough purchase thresholds

An IFRS-compliant corporate structure

The ability to prepare consolidated Group financial data (pro forma template requires all line items to be expressed as per IFRS or US GAAP)

Group leverage at 233% (i.e. debt to equity ratio of 70:30)

Unqualified audit signoff on financial statements. This will require robust internal systems and processes to be in place to allow applicants to track cost and value of all stock at all times. Note that auditors will need to be approved by De Beers through submission of an auditor workbook

Compliance requirements (2)

The ability to prepare pro forma periodic financial data reports which could, on request, be open to third party verification

Note that De Beers also reserves the right to introduce a solvency measure during the course of the contract and would give notice were it to do so

Ethical compliance: De Beers Best Practice Principles and declarations of integrity

Applicants unable to meet the compliance requirements by the start of the new contract may still qualify as Accredited Buyers at any point in the contract period once they have achieved compliance. Breach of compliance standards at any stage would, however, entitle De Beers to terminate the supply contract with immediate effect

Overall compliance requirements for start of new contract

Pool of availability	Min. turnover	Min. rough purchase (any source)	Group financials pro-forma summary	Max. debt to equity ratio	Ethical compliance	Declaration of individual & corporate probity	Beneficiation requirements
International	Average of \$30m p.a. across '11, '12 & '13	Average of \$20m p.a. across '11, '12 and '13	Consolidated accounts expressed in IFRS or US GAAP, unqualified sign-off from approved auditor	Threshold 70 debt to 30 equity	BPP and KPCS compliance	Signed off by Key Individuals	N/A
Botswana	Average of \$30m p.a. across '11, '12 & '13	Average of \$20m p.a. across '11, '12 and '13					Beneficiation licence (by date of application) & operational factory (by start of contract)
Namibia	\$10m for '13 (no min. for Accredited Buyers)	\$5m for '13 (no min. for Accredited Buyers)					Beneficiation licence (by start of contract) & operational factory (by start of contract)
South Africa	\$10m for '13 (no min. for Accredited Buyers)	\$5m for '13 (no min. for Accredited Buyers)					Beneficiation licence & operational factory (both by date of application); independently assessed BBBEE scorecard (by March 2015); tech. capacity check
Canada	\$10m for '13 (no min. for Accredited Buyers)	\$5m for '13 (no min. for Accredited Buyers)					Beneficiation licence (by date of application) & operational factory (by start of contract)

Note that the timelines for compliance for beneficiation supply remain provisional at this time.

NB: To purchase goods (including ex plan) from any of these pools of availability, you must meet that pool's specific requirements

Demonstrated demand: main principles

In order to qualify as an international Sightholder, applicants will need to demonstrate demand for at least US\$15m of primary source De Beers rough diamonds through their purchases over the applicable reference periods. Demonstrated demand requirements for beneficiation supply vary across the different locations (see next slide for details)

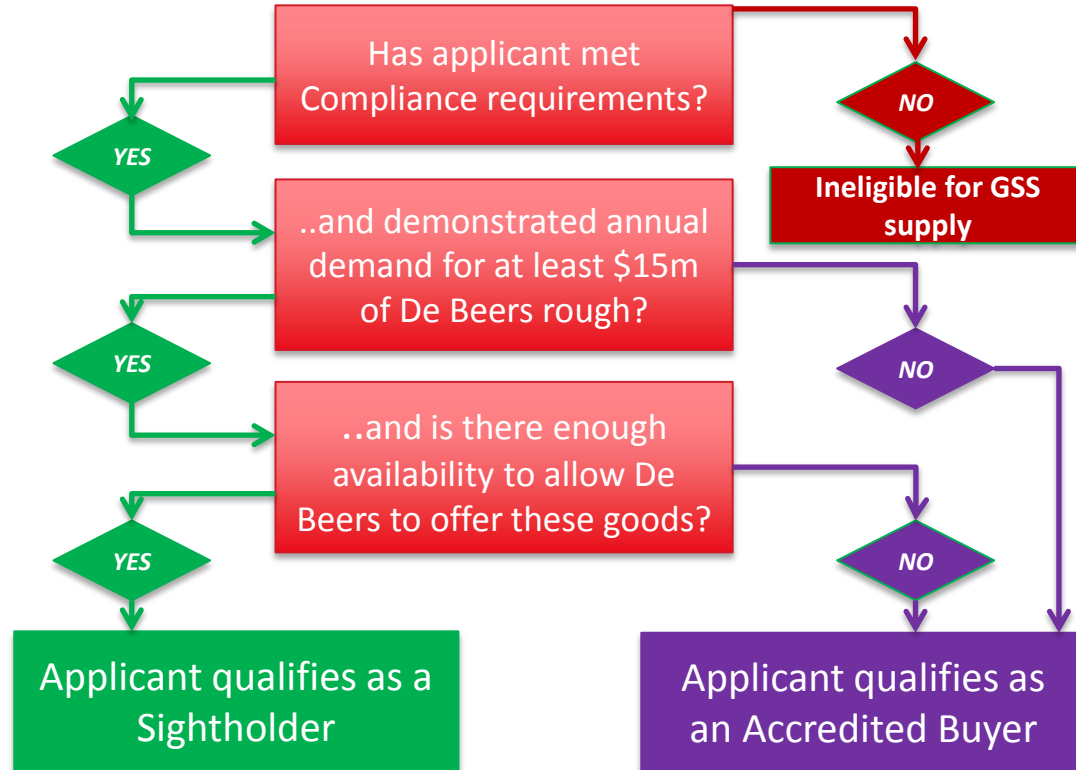
*Note that it will still be possible for applicants to meet the demonstrated demand requirements during subsequent years of the contract if they are unable to meet it for the first ITO period of the contract

Rough diamonds purchased from De Beers between Sight 4 2014 and Sight 3 2015 inclusive (for De Beers Global Sightholder Sales), and from 1st March 2014 to 28th February 2015 inclusive (for De Beers Auction Sales), will count towards demonstrated demand for international supply for the first ITO year of the new contract*. Auction Sales purchases will not count towards demonstrated demand for beneficiation supply

Demonstrated demand: minimum requirements to qualify for an ITO (and therefore Sightholder status)

ITO type	Minimum demonstrated demand	Purchases counting towards demonstrated demand threshold
International	\$15m	In plan, ex plan (any De Beers source) and Auction Sales
Botswana	\$15m	In plan and ex plan (Botswana only)
Namibia	\$5m	In plan and ex plan (Namibia only)
South Africa	\$5m	In plan and ex plan (South Africa only)
Canada (Ontario)	\$5m	In plan and ex plan (Ontario only)
Canada (Northwest Territories)	\$5m	In plan and ex plan (Northwest Territories only)

Qualifying as an international Sightholder: summary



STRATEGIC SUPPLY

Strategic Supply: main principles (1)

Strategic Supply will constitute only a limited amount of Global Sightholder Sales' ITO availability

The primary objective of Strategic Supply is to make available some additional supply to those with existing activities or initiatives, that clearly demonstrate (amongst others):

- An existing ability to grow overall consumer demand at a significant scale; or
- An existing ability to process efficiently greater volumes of De Beers supply (e.g. through world-class economies of scale, outstanding investment in new technology, and outstanding financial strength)

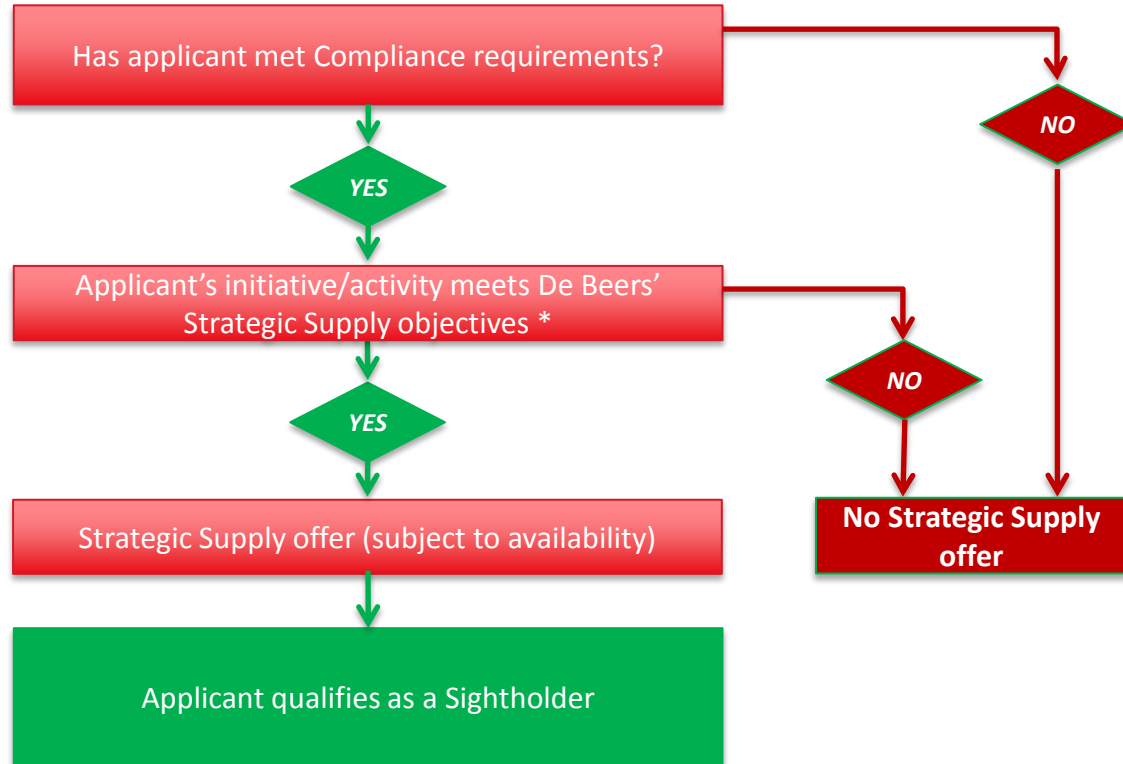
Strategic Supply: main principles (2)

Applications for Strategic Supply will be by invitation only

Goods offered under Strategic Supply will be supplied as part of the ITO

Strategic Supply allocations will be subject to the prevailing ITO re-planning rules in future years

Exceptionally, Strategic Supply may also be allocated to businesses that are not already Sightholders, provided they meet the compliance requirements



*Note that applications for Strategic Supply will be by invitation only

TIMELINE FOR APPLICATIONS

Indicative timeline for applications (may be subject to changes)

Website registration: 25th-29th August 2014

Deadlines for submissions of online applications: 17th October 2014

Strategic Supply invitations sent: 1st December 2014

Strategic Supply applications deadline: 7th January 2015

Confirmation of Sightholders (subject to third party verification): Provisionally 13th March 2015

NB: ALL ARRANGEMENTS ARE SUBJECT TO CONTRACT

COMMITTED TO SIGHT SYSTEM

SIMPLIFIED SELECTION PROCESS

STRENGTHENING BANK CONFIDENCE IN SIGHTHOLDER BRAND

GREATER FLEXIBILITY IN PURCHASING OPPORTUNITIES

BUILDING EVEN STRONGER RELATIONSHIPS