



Namdeb Diamond Corporation would like to provide a statement regarding Industrial Action relating to the Bogenfels dispute.

Mining operations at the Pocket Beach mine (known as Bogenfels) started in 2004. This operation out-lived the two year expectation and with improved recovery as well as operational efficiencies, we were able to mine this area for almost six years.

- o This exceeded expectations thereby providing employment for one hundred and twenty-four (124) employees for a longer duration.
- o The closure of the Bogenfels operations has been part of the mine's plans and was well briefed to all key stakeholders.
- o In accordance with our environmental commitments, we soon after mine closure commenced with the rehabilitation of the area

At the end of May 2011, Namdeb held various stakeholder engagement sessions, including the Mine Workers Union (MUN) to confirm the status of the operations.

Whilst engagements were undergoing, extensive efforts were made to find alternate jobs for affected employees within other Namdeb operations.

Engagement sessions with the MUN resulted in the MUN setting an ultimatum that affected employees would only move into alternate positions, once a demand related to the retention of their housing and utility benefits were agreed to.

This lead to a dispute with the two positions being:

<i>COMPANY'S POSITION</i>	<i>UNION'S POSITION</i>
The affected Bogenfels employees have the choice of either free company accommodation without housing and utility allowances; or	The affected Bogenfels employees to retain their housing and utility allowances, and be provided with free single accommodation;
Retaining their housing and utility allowances and paying minimal rent. In addition, they would retaining the balance of the remaining housing and utility allowance.	Should these employees opt for married accommodation they will forfeit their housing and utility allowances.

If the Company accedes to the Union's demand of affected employees retaining their housing and utility allowances, as well as being provided with free company accommodation, it would constitute a double benefit.

On Monday the 8th August 2011, the MUN notified the Company of its intention to hold a strike ballot. The Company subsequently wrote to the MUN to confirm the terms of the Recognition and Procedural Agreement (Clause 10.3).

This clause states that only the majority of the members affected by the dispute may vote in favour of such industrial action. This implies that only those individuals who were employed at Bogenfels, at the time the dispute was declared, may participate in this vote. Further to this, the Constitution of the Mineworkers Union of Namibia, Article 27.2, makes provision for "a secret ballot of affected members".

Therefore, should unaffected members participate in such a strike ballot, the ballot will be unconstitutional.

On the 12 August 2011, The MUN notified the Company of its intention to initiate industrial action on Tuesday, 16 August 2011 at 00h01. The Company's position is that such industrial action will be illegal as it is based on a flawed ballot process.

Employees in the Bargaining Unit have the right to decide not to participate. For those employees who choose to participate in this industrial action the principle of No Work No Pay will apply as per the Labour Act.

Employees have been requested to familiarize themselves with the strike and picketing rules as well as the list of essential services which were previously agreed between the Company and the MUN.

The Company's doors remain open to resolve the dispute amicably and it appeals that reason guide all actions.

The Bogenfels dispute is the sole issue to be settled as confirmed by the Conciliator. In the interim we confirm that affected employees opted to retain their housing and utility allowances and to pay rental.

Namdeb is committed to minimizing the impact of unemployment following closure of any of our operations. As such alternative positions were sourced for all affected Bogenfels employees within current operational areas.

Namdeb remains committed to achieving its goals of sustainability and profitability beyond 2050 for its shareholders, employees and stakeholders.

ISSUED BY THE NAMDEB CORPORATE COMMUNICATIONS

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