



BOGENFELS DISPUTE: INDUSTRIAL ACTION UPDATE

Namdeb Diamond Corporation would like to provide an update in relation to the lockout and civil action taken by the Company

It is unfortunate that we find ourselves on the 8th day of the industrial action. Namdeb management considers the strike to be illegal due to a flawed ballot process.

Regrettably despite our best efforts, we have employees who have chosen to ignore the fact that Namdeb management has made considerable efforts to minimize the impacts of the closure of the Bogenfels operation.

We are in a highly sensitive period in terms of delivering on its short term business plans and maintaining shareholders confidence to invest in the longer term future. The Bogenfels dispute industrial action is causing immense damage to these efforts, and the possibility of irreparable damage cannot be excluded. The Company has therefore instituted actions as described below.

On the afternoon of 19 August 2011, the Company served notice of its intention to **lockout** all employees in the Bargaining Unit excluding those within Essential Services. The exclusion of Essential Services employees is as defined in the strike and picketing rules agreed by the Company and the Mine Workers Union (MUN). This means that effective Sunday 21 August 2011 at 17h00 all employees in the Bargaining Unit will not be permitted to enter their workplace. As prescribed in terms of Section 76 of the Labour Act No. 11 of 2007 the principle of **No Work No Pay** also applies during a lockout.

The Company will allow locked-out employees to return to work once they have signed acceptance of the last proposal related to the Bogenfels employees. The acceptance in writing confirms full and final settlement of the Bogenfels dispute. Therefore once an employee has signed he or she cannot go out and strike again pertaining to this issue.

Civil action has also commenced against the Mine Worker Union. On the 20 August 2011, the Company presented the MUN with legal documentation stipulating that the civil action is against the MUN, its branch officials in their personal capacity as well as all employees participating in the unlawful and unprotected industrial action. Effectively the claim is based on losses suffered by the Company from the start of industrial action until the commencement of the lock-out.

Further to the above separate civil action is being instituted against MUN members and certain MUN officials in respect of defamatory statements made against management employees.

It is unfortunate that it has come to this point. During the last few years we have been on a journey to ensure the sustainability of Namdeb and were highly successful in creating exciting opportunities that potentially can take the business to 2050 and beyond. We made it clear however, throughout the journey so far, that all our stakeholders need to work together towards that exciting future.

We sincerely hope that our employees will unite with management in finding a lasting solution to restore good relations and trust between the parties.

ISSUED BY THE NAMDEB CORPORATE COMMUNICATIONS

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