



Media Release

Production Slowdown Announced at Snap Lake Mine

YELLOWKNIFE (February 24, 2009) – Focused on running a sustainable business in 2009 and long term success for its new Canadian diamond operations, De Beers Canada announced an organizational restructuring at its Snap Lake Mine in the Northwest Territories today. This decision aligns staffing and production levels to match the forecast demand for rough diamond sales impacted by the global economic crisis.

The Snap Lake mining operation has been downsized, directly impacts 128 De Beers Canada employees who received notice of job loss today. A small number of contractors at the mine were also provided with notice that their contracts would be indefinitely suspended or their scope of work significantly reduced. This impacts another 90 contract employees with job loss. Some of the positions filled by contractors are being absorbed by De Beers' employees in the newly restructured organization.

“This is a very difficult but necessary business decision as we respond to the changing client demand for diamonds in the short term”, said De Beers Canada President and CEO, Jim Gowans. “Our mines have accomplished a tremendous amount in their first year of operation and we must continue to overcome the economic challenges of today to position ourselves for a strong and long-term future in Canada”.

In the last quarter of 2008, De Beers Canada undertook a number of initiatives to ensure the company continued production in the face of the difficult economic climate affecting all industries. These measures included reducing production at both Canadian mines, reducing or deferring capital expenditure and announcing temporary shut downs in both mines for 2009.

“The decisions we made in 2008 were designed to keep costs in line and to minimize the impact on our operations, partners and our valued employees, but they are no longer enough to keep ahead of the current condition of the market,” said Mr. Chantal Lavoie, Senior Vice President of Operations of De Beers Canada. “The Snap Lake Mine still has tremendous potential and we look forward to seeing our development and production meet and exceed our expectations in the long term.”

The global economic crisis presents challenges for the luxury goods category as a whole, but diamonds are uniquely positioned to withstand and emerge from the short-term uncertainty. The medium to long term fundamentals for the diamond industry are strong and the company has positioned itself for success in the long term.

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For more information, contact:

Cathie Bolstad
Manager Public & Corporate Affairs
NWT Projects
De Beers Canada Inc.
Tel: (867) 766-7325

Derek Teevan
Director Corporate & Government Relations
De Beers Canada Inc.
Tel: 416-646-1710 X2151



DE BEERS CANADA INC.
65 OVERLEA BOULEVARD, SUITE 300, TORONTO, ONTARIO, M4H 1P1
TEL 1 (416) 645-1710 FAX 1 (416) 429-2462
www.debeerscanada.com