

**DIAVIK**  
DIAMOND MINES INC.

# dialogue

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## Construction Advances – Commissioning Begins

### Welcome

The pictures and stories in this edition of *dialogue* give evidence to the significant progress our team is making towards achieving our safety, construction and operational goals for the Diavik project.

In addition to our physical progress, other stories are emerging beyond the immediate confines of our Lac de Gras mine site.

Our environmental management systems, sound project designs and excellent construction practices are contributing to the protection of the environment while our commitments to community involvement have contributed to improved social well-being and economic prosperity in the North. Our 2001 Social and Environmental Report, issued in April, describes the important progress we are making with our community and other partners in achieving sustainable development here in the North.

DDMI's work towards sustainable development goals is increasingly being recognized as leading edge on the world stage. This is a credit to all of us associated with the Diavik project, especially our employees, members of the project workforce and the communities who have contributed to the Diavik project path.

Over the next few months, we will experience the significant transition from a project in the making to an operating company. To the many individuals who have contributed so much to the building of the Diavik project, we say thank you and wish you well. Your dedication to excellence leaves a fine legacy for those who follow.

*Stephen Prest,*  
President

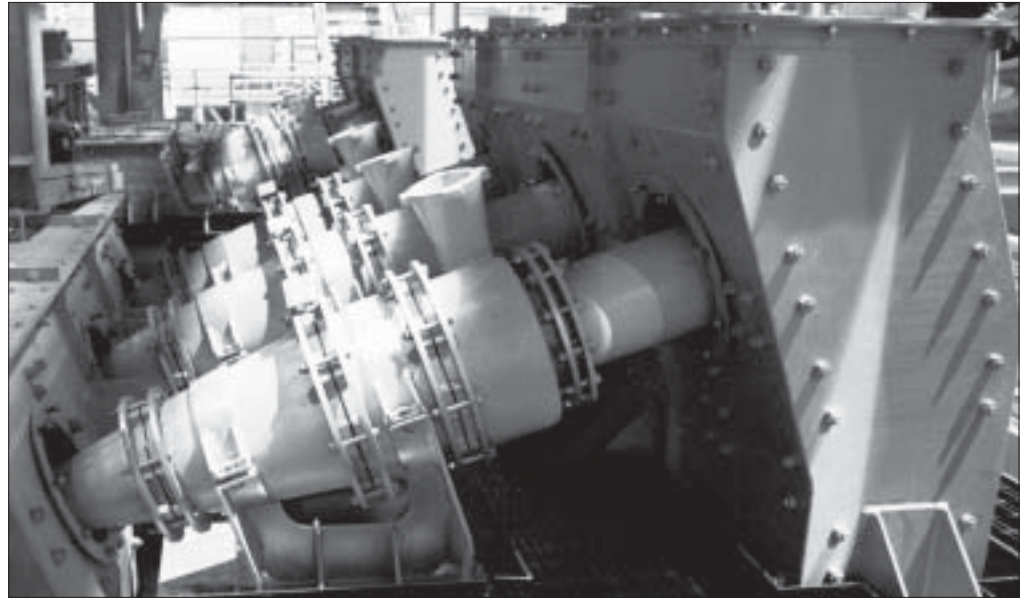
By the end of the second quarter, construction of the Diavik Diamond Mine was approximately 80% complete.

With construction advancing, some of the plant including the boiler, sewage, and potable water treatment plants, is now operational. At the permanent power plant, all five diesel generators have now been successfully started and tested under the light construction loads. They will become permanently operational this fall, once there is a sufficient electrical demand for them. At that time, they will also begin contributing to the mine's heating requirements through a sophisticated heat recovery system. The water treatment plant, commissioned in March, successfully treated silty water from the 2001 dredging of the A154 dike footprint. This state-of-the-art facility – the only one of its kind in northern Canada – is helping to protect the waters of Lac de Gras.

Mechanical, electrical, instrumentation, and piping (MEIP) work continued to progress well inside the process plant where motor commissioning had commenced.

Concrete work has been completed in the maintenance/office building. All truck bays are open to MEIP work, including in-floor heating. In the office area, finishing work is nearing completion.

At the permanent accommodations complex, interior finishing work and electrical and plumbing connections of the hotel-like rooms continue as planned. Exterior cladding is being installed on the



Inside the process plant, equipment like these dense media cyclones are at the heart of separating diamonds without using chemicals.

dormitory units to match them to the blue/grey colour scheme of the mine site. As of late June, structural steel work and rough framing on the complex's core has been completed in preparation for building closure.

Work on the A154 water diversion structure, or dike, continues in preparation for de-watering this summer. Pressure grouting – injecting cement into the bedrock under the dike to seal naturally occurring cracks in the bedrock – was completed in June. Jet grouting of the dike's glacial till foundation is well advanced, as was work on the dike's waterproof cut-off wall where panel excavation and backfilling is expected to

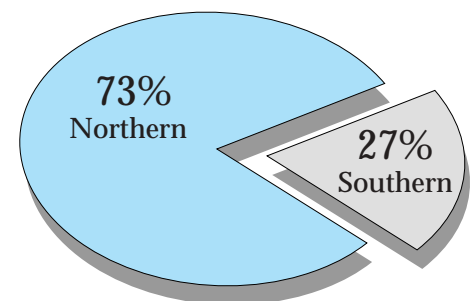
be complete in July. Subsequent dewatering of the A154 pool is expected to be complete by early fall.

By the end of June, the east processed kimberlite containment dam was complete while work continued on the west processed kimberlite containment dam where placement of the dam's horizontal liner was nearing completion. Construction of the explosives plant has also begun.

## Construction Contracts Complete

Virtually all construction contracts and purchase orders have now been awarded. By the end of second quarter 2002, Diavik had committed approximately \$1 billion in construction contracts and purchases, of which over \$730 million was with northern companies. Commitments with northern Aboriginal joint ventures reached nearly \$500 million.

### Construction Contracts



This top down aerial shows the Diavik Diamond Mine infrastructure at the South Camp.

## Operations Contracts Being Signed

With construction advancing, mine operations contracts are now being awarded. The first of these is with SecureCheck – a majority Inuit-owned company providing security services. Owned by Nunasi Corporation, Yellowknife-based SecureCheck will provide approximately two-thirds of Diavik's security workforce, not only at the Diavik Diamond Mine but also at Diavik's diamond production splitting facility under construction at the Yellowknife airport.

Diavik has also entered into contracts with Denesoline Western Explosives, a joint venture between the Lutsel K'e Dene First Nation and Western Explosives Ltd., for on-site explosive services. G&G Expediting of Yellowknife will provide off-site logistics and freight forwarding, and Kingland Ford of Hay River will provide on-site light vehicle maintenance. Diavik expects to award additional contracts over the next few months.

### Operations Workforce Growing

The Diavik construction workforce rose to a peak of approximately 1,200 during the second quarter. This summer's peak will be short-lived, and as construction nears completion, a much smaller operations workforce, expected to number 450, will take over. Many northern construction workers are expected to find operations employment either with Diavik Diamond Mines Inc. or with its operations contractors.

# Process Plant Operator Training

In April, Diavik launched a Process Plant Operator Training Course at Aurora College's Thebacha Campus in Fort Smith, NWT. The course has seen 26 trainees from the NWT and West Kitikmeot Region of Nunavut receive six weeks of training designed to prepare them for employment in the Diavik ore processing plant.

Trainees were split into two groups, which took their training on a two weeks on, two weeks off schedule, working ten to eleven hours per day mimicking work rotations during mining operations. The training program relied heavily on computer-based multi-media process plant operations and maintenance training, but course participants also visited the processing facility to learn its layout

and processing details. In addition, course participants undertook textbook and shop studies, as well as hands-on training utilizing college facilities. Safety and team building were emphasized throughout the course.

In addition to Diavik, partners included Aurora College, the governments of the Northwest Territories, Nunavut, and Canada, the NWT and Nunavut Chamber of Mines, NWT Mine Training Committee, the Dogrib Rae Band, and the Hamlet of Kugluktuk.

At program completion, graduates will have acquired knowledge and skills that will open operations career opportunities at the Diavik Diamond Mine.



A Process Plant Operator Training Course is among many Diavik training initiatives raising the skill level of northerners. Pictured from left are trainees Margaret Hanok of Kugluktuk, Ron Payne of Yellowknife, and Mary Louise Nitsiza of Rae.

## Water Treated Successfully – Lac de Gras Protected

To ensure that the waters of Lac de Gras surrounding the Diavik Diamond Mine will remain pristine, Diavik has put in place a comprehensive water collection and treatment plan complemented with an Aquatic Effects Monitoring Program.

Commissioned in March this year, by mid-year the state-of-the-art water treatment plant had treated approximately 1.5 billion litres of stored muddy water dredged from Lac de Gras in 2001 to build the dike. This water has been returned to Lac de Gras with less than five parts per million of suspended solids, which is comparable to drinking water.

Overall, Diavik's environmental team is collecting various samples from 22 sites located within tens of metres to tens of kilometres from the mine site. The samples will be compared to baseline data collected between 1996 and 2000, prior to development.

The program focuses on sampling water, snow, zooplankton, phytoplankton, benthic (bottom) invertebrates, and lakebed sediments. These samples are analyzed for metals, nutrients, and major ions like nitrates and chloride. This ensures the well-being of benthic communities, a

primary food source for fish.

A Surveillance Network Program works alongside the Aquatic Effects Monitoring Program. The surveillance program collects information to help understand the volume and chemistry of water generated at the mine site whereas the aquatic program looks for any changes that may result from mine water entering Lac de Gras.

Diavik, in concert with the Environmental Monitoring Advisory Board and regulatory agencies, will use results from the Aquatic Effects Monitoring Program to determine if any additional mitigation measures are needed to protect the aquatic environment.



Members of Diavik's environmental team gathering samples through the ice.

## Ek'Ati Apprentice Program a Success

Diavik successfully completed a one year carpentry, electrical and plumbing trades Apprenticeship Training Program with the Yellowknives Dene joint venture company Ek'Ati Services. Eight northerners completed the program building the permanent mine accommodations complex dormitory modules at the Travco Industrial Housing plant at Nisku, Alberta.

The 156 prefabricated modules, which make up the 264-room permanent camp's four dorm wings, were transported up the 2002 winter road and installed at the Diavik site. The Ek'Ati crew, including some program participants, are assisting with exterior and interior finishing work on the dorms.

"This partnership was perfect – training in the south for jobs in the north. Partnerships create opportunity, wealth and jobs. When we put people to work, that's not an expense, that's an investment," said Dan O'Neill, executive secretary of the NWT Mine Training Committee. David Gilday, with NWT Apprenticeships Division of the Government of the Northwest Territories added that Ek'Ati Services has played an important role in increasing the number of apprentices in the north.

The group included: Shaun Roblin,

David Jorstead, Joseph Marrai, Derek Edjericon, Rodney Bonnetrouge, Delmar Bonnetrouge, Tom Brennan, and Terrance Nahanni. The program was a partnership of Ek'Ati Services, the Government of the NWT, the Department of Indian Affairs and Northern Development and Diavik. Ek'Ati Services is a joint venture between Travco and Deton'Cho Investments North Ltd., representing the Yellowknives Dene communities of Dettah and N'dilo.



Shaun Roblin, one of eight northerners who completed an apprenticeship program at Travco's Alberta plant, not only helped build Diavik's accommodations modules, he also worked on their installation at the Diavik Diamond Mine construction site.

## Safety Commitments

Diavik is committed to a safe and healthy working environment for employees, contractor employees and visitors.

"At Diavik, safety is our first priority. If it can't be done safely it won't be done at our site," said Mike Cooper, Diavik's Manager of Health and Safety.

At Diavik, a lost time injury (LTI) is reported when a worker is unable to return to his or her regular work duties for their next shift. The Lost Time Injury Frequency Rate (LTIFR) – the number of LTIs per 200,000 hours worked, an industry standard – allows Diavik to measure its safety performance against other mines and industries. The LTIFR can also determine Diavik's place within Rio Tinto's global operations that include approximately 45 companies, and can also allow Diavik to measure its

safety record against other projects or jurisdictions, provided those projects and jurisdictions define an LTI to the same standard as Diavik.

Diavik has set a goal of reaching zero work-related injuries, and programs for continuous improvement have been put in place to help the company reach that perfect goal. Diavik has set a LTIFR target of 0.47 for 2002. By mid-year, the project had achieved an LTIFR of 0.64.

*"At Diavik, safety is the first priority. If it can't be done safely it won't be done at our site."*

### Want to Learn More?

For more information about the Diavik Diamonds Project please visit our web site at [www.diavik.ca](http://www.diavik.ca).

Information may also be obtained from the Diavik Diamond Mines Inc. head office in Yellowknife, where you can also visit our Diavik Visitors' Centre.

### Diavik at a Glance

The Diavik Diamonds Project located in the NWT, 300 kilometres northeast of Yellowknife, consists of four diamond-bearing deposits, called kimberlite pipes, located just offshore of a 20-square-kilometre island, under the waters of Lac de Gras. To mine these underwater pipes, Diavik will build three water diversion structures, called dikes, out from the island, surrounding the pipes. The first dike will be completed in 2002. Once the water is removed from behind the dikes, open pit mining will begin.

- Project cost – \$1.3 billion
- Operations workforce – 400 +/- 50 workers of which at least 66% are expected to be northern, and at least 40% Aboriginal
- Annual wages – approximately \$30 million
- Annual purchasing during operations – \$100 million of which 70% is expected to be with northern businesses
- Annual peak production – 1.5 million tonnes kimberlite
- Average diamond grade – 3.9 carats per tonne (diluted)
- Mine life – 20 years
- Estimated mineable reserves – 27.1 million tonnes (diluted)

