



DIAVIK
DIAMOND MINES INC.

dialogue

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One Construction Year Complete... One More to Go

Welcome

The fourth quarter saw the completion of an extremely busy year of construction activity at the Diavik Diamonds Project.

In reviewing the quarter, we are pleased to report several successes. Early in the quarter, crews working on the A154 dike completed the rock embankment which encircles the A154 North and A154 South diamond ore bodies.

Of particular note was the protection of the waters of Lac de Gras during dike construction. Extensive monitoring showed our efforts to protect the waters of Lac de Gras were very successful and total suspended solids were kept well below regulatory limits.

On the safety front, workers at the site achieved a new safety milestone during the quarter – over 620,000 hours without a lost-time injury.

For the full year, workers accumulated three million hours of construction time with only 14 lost-time injuries.

I would like to congratulate those northerners who have participated in our training courses and those who have been awarded Diavik scholarships. Learning generates higher self-esteem and confidence, greater career flexibility, and improves performance and personal satisfaction.

On a final note, I would like to thank our employees, our neighbouring communities, our northern business partners, our contractors and the so many others who are helping us on our path to becoming Canada's premier diamond producer.

Stephen Prest,
President

As winter closed in on Lac de Gras, NWT, the Diavik Diamonds Project was a well-advanced construction site. During fourth quarter 2001, work continued on the site's diesel power plant, sewage treatment plant, boilerhouse, process plant and maintenance shop, as well as arctic corridors.

Inside the process plant, the site's largest structure, overhead cranes were commissioned and used to move equipment into place. By mid December, the process plant's first conveyor and scrubber were installed.

Work on the processed kimberlite containment dams has also progressed well and the dam foundations have now been completed. Alongside the temporary south camp, foundation work progressed on the mine's permanent accommodations complex. At the North Inlet water treatment plant, mechanical and other interior work wrapped up in December until supplies arrive over the 2002 winter road.



Elevated arctic corridors at the Diavik site carry services, and provide enclosed walkways between all buildings.

Rock Meets Rock at A154 Dike

In the early morning of October 19, 2001, crews at the Diavik Diamond Mine site closed the A154 dike's remaining gap, completing the structure's rock embankment. The final piece of the embankment was built in about 22 metres of water.

From July 5 through October 19, approximately six million tonnes of rock

was quarried and crushed on East Island and placed in the lake round-the-clock.

Construction of the dike's waterproof concrete barrier continues and is projected for completion in summer 2002. Once the dike is complete, water will be pumped out, allowing mining of the A154 North and A154 South diamond ore bodies.



By mid-November, winter's grip had locked Lac de Gras' East Island and the 3.9 kilometre Diavik A154 dike. A month before, the dike embankment was closed in.

New Safety Milestone

Workers building the Diavik Diamond Mine achieved a new safety milestone in October when they accumulated just over 620,000 hours of work without a lost-time injury. Diavik's lost-time injury frequency for the fourth quarter was 1.26. For the year, Diavik's lost-time injury frequency was 0.94, well below Alberta's year 2000

construction rate of 4.5. Lost-time injury frequency is the rate of injury for every 200,000 hours worked. In the fourth quarter, there were three lost-time injuries with over 750,000 hours worked. For the year, there were 14 lost-time injuries for just under three million hours worked.

Water Monitoring Shows Silt Curtain Success

By successfully managing muddy water created during A154 dike construction, Diavik protected the waters of Lac de Gras. Managing muddy water is important because doing so protects fish and fish habitat.

A silt curtain, or turbidity barrier, played a key role in managing muddy water. The 3.8 kilometre curtain successfully redirected silt, generated by dredging and quarry rock placement, to the lakebed.

Over 700 water quality samples were collected daily throughout dike construction. Samples were collected manually. As well, two automated buoys, placed near construction activity, continuously collected and transmitted data to shore electronically.

Monitoring results clearly showed that suspended solids were kept well below regulatory limits, minimizing effects on Lac de Gras.

Want to Learn More?

For more information about the Diavik Diamonds Project please visit our Web site at www.diavik.ca or call toll-free 1-877-DIAVIK1 (669-6500 in Yellowknife). Information may also be obtained from the Diavik Diamond Mines Inc. head office in Yellowknife, where you can also visit our Diavik Visitors' Centre.

Awaiting Ice Making

To prepare for the 2002 winter road, Diavik has begun moving construction materials and mining equipment north. By the end of 2001, approximately 700 loads had arrived in Yellowknife to await shipment.

The ice road, 70 per cent of which crosses frozen lakes, ponds and rivers, is open for approximately nine weeks each winter. This artery is a key supply route for mining operations

north of Yellowknife.

Diavik anticipates shipping approximately 2,700 loads of fuel, cement, bentonite and other supplies up the 427 kilometre 2002 winter road. Among supplies destined for the site are permanent accommodations complex modules and mining equipment, such as haul truck and shovel components.

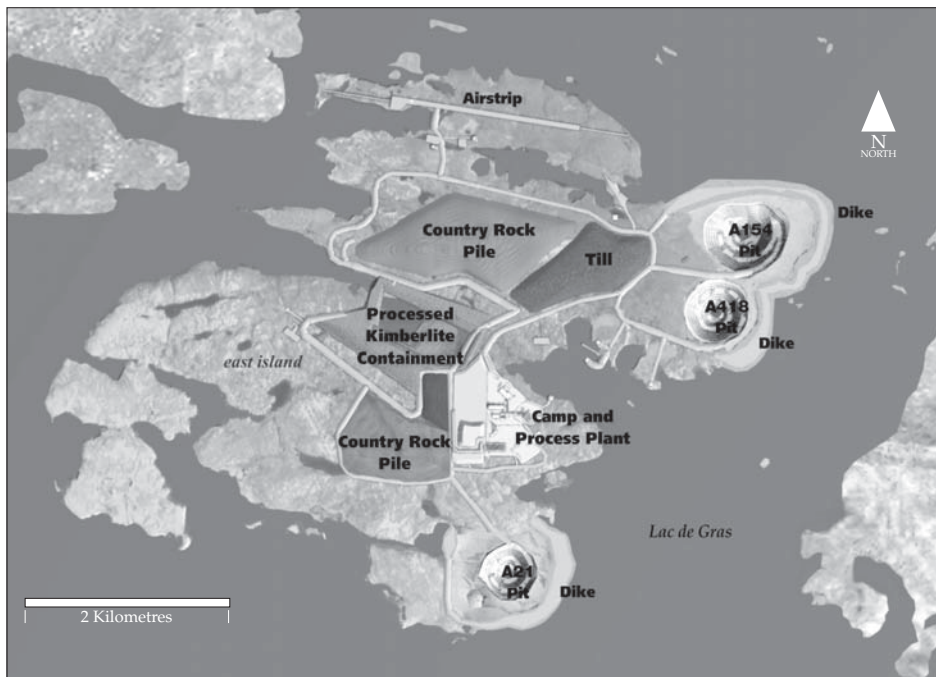


To prepare for the 2002 winter road, Diavik moved several hundred loads north to Yellowknife during the fourth quarter, including this Komatsu haul truck chassis.

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.
- Employment during operations – 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 – 4.0 carats per tonne (diluted).



Diavik Diamond Mine at full production – year 2015.

Trainees Tackle Heavy Equipment

Many northerners are taking advantage of the training opportunities offered through Diavik. On December 11, construction workers from Fort Resolution, Rae, Yellowknife, Wha Ti and Rankin Inlet completed a heavy equipment operator training course at the Diavik site. The course was designed to identify and prepare workers for the 20-year mining operations, planned to begin in early 2003. Participants gained hands-on experience operating mining equipment including shovel, dozer, loader, grader, backhoe, and

haul truck. The training also included classroom work on equipment operating procedures, safety, and equipment performance.

The group also learned about equipment performance and operations in a cold climate.

Congratulations to the participants Charlie Tatsiza and Frank Michel from Rae, Simon Fraser and Adam Mercredi from Yellowknife, Archie Beaverho from Wha Ti, Jake Brown from Rankin Inlet, and Ron Beaulieu, Harvey Mandeville, Art Yew, Brad Landry, and Barney Norn from Fort Resolution.



Mine construction workers successfully completed a heavy equipment operating course on the Diavik site.

Community-based Training Program

Diavik's unique community-based training program continues to offer northerners training opportunities. Under this initiative, Diavik works with businesses, colleges and government to build northern skill levels.

During fourth quarter, Diavik and partners concluded a heavy equipment operator training course in Lutsel K'e. And in Kugluktuk, a cooking/housekeeping course as well as a construction trades course commenced during the quarter. Kugluktuk participants will install the arena concrete floor. This course also includes installation of thermosyphons, passive cooling systems which prevent permafrost disruption, and which will be used on the Diavik site.



Diavik continues to support community-based training programs for northerners.

Diamond Minds

Diavik recognizes that increased education levels among northerners helps build community capacity. With this in mind, the Diavik scholarship policy makes funds available to a wide range of northerners. In 2001, Diavik scholarships were awarded by our scholarship committee and by participation agreement committees co-managed by Diavik community liaison staff and representatives of our neighbouring Aboriginal communities.

"At Diavik, the number one message for young people is to stay in school, and we're making a

significant investment in helping northern young people do that," said Diavik Community Affairs Vice-president Darryl Bohnet.

In 2002, the commitment will be even higher, said Bohnet. With the completion of Kitikmeot Inuit Association and Lutsel K'e Dene Band participation agreements in 2001, Diavik will commit scholarship funding to all five neighbouring Aboriginal groups in 2002. The Diavik scholarship program also includes funds for trades bursaries through Aurora College and a scholarship awarded through the National Aboriginal Achievement Foundation.



Kevin Cymbalisty was among several northerners awarded a 2001 Diavik scholarship. Making the presentation is Diavik Community Affairs Vice-President Darryl Bohnet.

Diavik 2001 Scholarship Recipients

High School Scholarships

Christen Bernhardt, Fort Smith
Arthur Taylor, Fort Smith
Heather King, Hay River
Morgan Schauerte, Hay River
Janet Wong, Yellowknife
Monte Rattray, Yellowknife
Stephanie Kilburn, Yellowknife
Michael Woytuik, Yellowknife

Post Secondary Scholarships

Kathleen Marsh, Hay River
Rhona Kindopp, Fort Smith
George Illaszewicz, Cambridge Bay
Kelvin Kwong, Fort Simpson

NWT and Kitikmeot Region Scholarships

Nolan Peterson, Cambridge Bay
Kevin Cymbalisty, Yellowknife

Diavik-Yellowknives Dene First Nation Participation Agreement Scholarships

Angela Beaulieu	Alice Perrin
Paul Betsina	Shirley Tsetta
Lonny Erasmus	Natalie Waldman
Jason Tatsiechele	Heather Wifladt

Diavik-Dogrib Treaty 11 Participation Agreement Scholarships

John Gon	Lee Roy Koyina
Lily Ann Kodzin	Jesley Nitsiza
Alison Mackenzie	Tina Nitsiza
Lianne Mantla	Carole Rabesca
Cecilia Migwi	Darla Rabesca
Amos Scott	Holly Smith
Tracey Simpson	Colinda Ann Blondin
Bernice Beaverho	Danny Doig
Derek Beaverho	Shlenda Flunkie
Caleb Behrens	Elvis Nitsiza
Roberta Daniels	

Diavik-North Slave Metis Alliance Scholarships

Wallace Burke	Kera Misling
Steve Chaffee	Shaun Morin
Matthew Coe	Eddie Paul
Cris Clarke	Lisa Paul
Fraser Lennie	Theresa Paul
Nadia Lennie	Darwin Rudkevitch
Bonita Leonardis	Dallas Turner
Amber LeMouel	Amber Whitford
Paul Mercredi	

Diavik Employee Family Scholarships

Elmien van Heerden
Brie O'Keefe
Gaeleen MacPherson
Amos Scott
Ouri Scott
Janet Wong