

Volume 12
4th quarter 2009

RioTinto

Diavik Dialogue

President's welcome	02
Diavik completes fifth ALP	03
Northern benefits	03
Going hi-tech underground	04
Winning float entry	06
Donation to Stanton	07

President's welcome

We at Diavik faced many challenges during 2009, but I am pleased to advise that we achieved good results despite them.

Our safety performance was particularly pleasing and due to the efforts of everyone, we achieved our best ever lost time and all incident frequency rates – key industry measures of safety performance – since we began our mining operations in 2003. Some areas of the operation achieved exceptional results – with no injuries recorded in many areas both surface and underground.

This was no small feat when you consider we had upwards of 1,000 people at work at Diavik at any given time last year. This includes staff conducting our day-to-day operations at our remote mine and at our Yellowknife offices, as well as those with construction contractors building our new underground mine.

Well done to all for working safely and keep up the good work! As we look to 2010, we have set new targets and will aim for even better performance in health, safety and environmental management.

In terms of our operations, we are fast approaching the start of underground production, due as early as February 2010. Our underground teams have worked hard to have everything ready for what will be our next phase of operations.

One of the many aspects of how we will operate our underground mine involves using the latest automation and remote operations and monitoring technology. For more on our hi-tech approach, this edition of Dialogue includes an article on our work to automate underground mining equipment... part of how we are building the mine of the future.

Our plan for 2010 is bold and audacious as we aim to increase carat production for the year to approximately eight million carats, up from just over five million carats last year.

The economic situation continues to cautiously improve and we believe the market can support our planned production.

One of the ways we aim to achieve the plan is by extracting the “crown pillar” left at the bottom of A154 South open pit. There are many other innovative initiatives like this included in the plan – a plan we can be proud of.

In closing, I invite you to review the pages that follow, where you will find information on how we at Diavik are continuing our commitment to the North.

Kim Truter
President and Chief Operating Officer

Workforce pickup point changes

In support of our continuing commitment to employ northerners, Diavik has made changes in relation to community flight pickup points.

We have added Fort Simpson as a local community pickup point. Our other community pickup points include Wekweti, Gameti, Wha Ti, Behchoko, Lutsel K'e, Kugluktuk, Yellowknife, Hay River, and Fort Smith.

With no all-weather road access, travel to our remote mine site is by air only and, as a result, Diavik committed to provide workers with work-related round-trip transportation. By adding Fort Simpson, and Fort Smith, which was added very early in the project, we are exceeding our original community pickup point commitment. We continue to examine the potential to expand our northern pickup points even further.

Under our pilot project, Diavik discontinued Edmonton as a pickup point for new hires, effective last spring.

We have, over time, also transitioned several senior mine site roles to four days on/three days off Yellowknife-based work rotations from two weeks on/two weeks off southern-based work rotations.

These changes are part of our overall commitment to do our best to hire northern residents and to encourage our workers to live in northern communities. Over 500 Diavik workers reside in the Northwest Territories and West Kitikmeot, Nunavut, communities. These priority hires represent two-thirds of our existing workforce and double our initial estimate of employing approximately 265 northern workers.

In addition to these steps, through a Memorandum of Understanding (MOU), we are working with the North's other diamond mines and the Government of the Northwest Territories to further develop a skilled northern workforce.

Last year, through the MOU, the GNWT conducted a survey of the NWT's mining workforce. The survey provides a better understanding of workers' northern residency concerns and assists us in responding.

It also provided us with opportunities to determine how best to provide improvements for current and potential employees.

Other MOU initiatives include efforts to jointly review and optimize community flight schedules, and to develop common training programs and training standards.

Diavik completes fifth ALP

Seven northerners successfully completed Diavik's fifth Aboriginal Leadership Program. The program concluded with a ceremony held at the Explorer Hotel in Yellowknife on December 13.

Speaking on behalf of the graduates, Delmer Bonnetrouge encouraged

the group to take advantage of opportunities and strive to create new opportunities.

Guest speakers at the ceremony included SAIT Vice President Academic Gord Nixon, Deton Cho Corporation Chief Executive Officer Roy Erasmus Jr., and Government of the Northwest

Territories Minister of Education, Culture and Employment Jackson Lafferty. Prior to his election as a member of the Legislative Assembly, Jackson Lafferty was employed with Diavik Diamond Mines Inc.

Delivered by SAIT Polytechnic and Diavik, the Aboriginal Leadership Program includes 10 courses addressing 16 leadership competencies, monthly leadership development activities, a mentoring program by Diavik management, and a guest lecture series, for a total of 188 hours of training.

Program content is built around SAIT's Applied Management Certificate Program.

Since inception, 49 participants have now completed the program, which provides additional training and skills to help strengthen and advance participants' careers.

This year, the program is to be expanded to include participants from De Beers Canada, which operates the Snap Lake Diamond Mine.



Graduates of Diavik's fifth Aboriginal Leadership Program (left to right) include Justin Grandjambe, Paul Betsina, Delmer Bonnetrouge, Belinda Beck, Winter Haley, Johnny Tailbone, and Jesse Lepine.

Northern benefits

At Diavik, we are committed to creating local benefits from our work.

The latest Diavik socio-economic report shows a significant portion of the employment and business benefits associated with the mine continue to be northern.

For 2009, Diavik's workforce averaged 810 people, of which 528 were northern.

Just over half (269 people) of the northern workforce is Aboriginal.

Combined operations and construction spending in 2009 was \$431.8 million, of which \$288.1 million (67 per cent) was northern.

Total cumulative spending has reached \$4.5 billion, of which 72 per cent, or \$3.3 billion, is northern.

This includes initial construction, operations since 2003, and new construction.

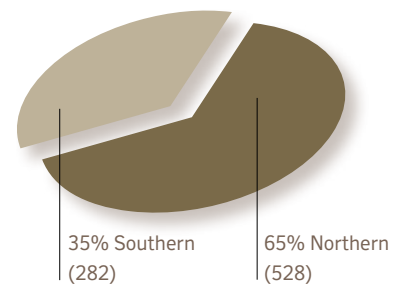
Further details of our socio-economic benefits are included in our 2009 socio-economic monitoring agreement report, which is located in the reports and publications section of our web site, www.diavik.ca.

Operations update

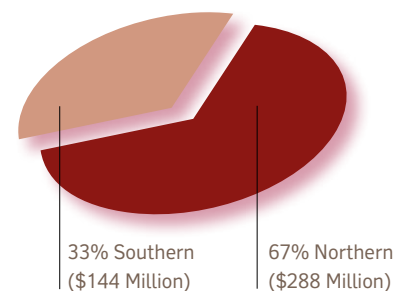
In terms of operations, at year-end, construction of Diavik's underground mine was virtually complete in preparation for the early 2010 start of rough diamond production from underground.

In terms of open-pit production, we produced 1.6 million carats in the fourth quarter, bringing our total production for the year to 5.6 million carats.

2009 operations employment



2009 operations spending



Hi-tech turns underground operation into 'day at the office'

At Diavik, as we transition from open-pit to underground mining, we are looking at the most efficient and economic ways to do business.

And, when it comes to how we haul ore from our new underground mine to surface, one part of our approach includes using a hi-tech scooptram automation system.

Last year, Diavik began work to outfit one of its scooptrams, a piece of heavy equipment used to move ore and waste rock, for remote operations.



The system, which includes outfitting the scooptram, allows the equipment to be operated from surface and autonomously. Jack Whitford and Martin Champagne of Atlas Copco install the required hardware.

With this computer system, the operator can control the Atlas Copco ST 14 scooptram “by teleremote, which means the operator can operate the scooptram from virtually anywhere... as if he or she were in the cab,” said Dave Janes, Communications and Automation Specialist with Diavik Diamond Mines Inc.

To prepare, the first step was to install the automation system hardware. This included components for the ST14 scooptram, a safety system, a wireless network, cameras, and an underground control centre.

Phase two involved commissioning the system and running the scooptram from the underground control centre. This proved successful, and by November of last year, the team was ready to set up the technology on surface. This phase also included installing five kilometres of fibre optic cable in the underground tunnels.



To demonstrate the technology, the team set up in the mine's main accommodation complex where workers could see the technology at work.

“Fibre optics is the backbone, but safety is the key,” Janes said. To ensure safety, the system utilizes physical barriers, traffic lights, and light curtains in the underground tunnels. If a light curtain is tripped by a worker or another piece of equipment, the equipment stops and is automatically shut down, and the area is visually checked before the system can be reset.

The majority of the scooptram cycle will be automated. The teleremote system, with video and controls at the workstation, will be needed when the operator loads material into the scooptram's bucket.

To demonstrate, Diavik set up a control centre in the mine's main accommodations. From surface, Diavik Underground Services Engineer Chris Pichurski with video display and controls, operates the scooptram remotely.

The operator can, from an office or other surface location, watch the machine live on a computer screen and operate it remotely by way of a joystick. To keep the scooptram on track, laser imagery references the tunnel walls.

“This technology allows us to run the scoop autonomously for most of the mining cycle,” said Janes. The advantage here is that while the automation components run one scooptram, the operator can remotely operate another scooptram in another part of the mine. It’s easier on the operator and easier on the equipment.

This system takes the operator out of the underground environment and into an office workplace, and provides opportunities to increase efficiencies in terms of load volumes.

Remote heavy equipment operation is not new to mining, but the earlier technology required something called line of sight. That meant the miner would need to be underground where he or she would need to be able to see the equipment and would routinely need to manually operate the equipment.

The latest technology puts the operator on surface and, as noted, for most of the mining cycle the equipment can run on its own, without human input.

In terms of the learning curve, younger operators adjust to the technology more easily, but seasoned veterans ultimately outperform all the other groups, including the trainers.

Of note is the fact that Atlas Copco, when it looked at which piece of underground mining equipment to automate first, they opted to focus on the piece with the most challenges: the scooptram.

This latest technology goes beyond one scooptram.

The next step will be to automate our two other Atlas Copco ST14s as well as other pieces of underground mining equipment.

There are potential additional savings and efficiencies in terms of underground mine automation. Heavy equipment operation, used to move ore and waste rock, is just one part of underground mining.



The automated technology's computer hardware displays the scooptram's controls and the machine's location in one of the underground tunnels.

Beyond the mining cycle, automated technology will improve our work in the areas of maintenance, water

pumping, and ventilation, making Diavik's underground mine the mine of the future.

Excellent year for safety

Over 2009, Diavik's lost time injury and all incident frequency rates were our best since we began our mining operations in 2003.

Through 31 December 09, our lost time injury frequency rate was 0.16, with two lost time injuries.

Our all injury frequency rate, which includes lost time injuries and medical treatments, was 0.72, with seven medical treatments.

Lost time and all incident rates are industry standards used to measure safety performance.

Diavik's 2009 rates were achieved when our total operations and construction workforce, which averaged over 1,000 people, worked 2.5 million hours with two lost time injuries and seven medical treatments.

To put our all incident rate in perspective, one person would have to work safely for 140 years to achieve our 0.72 frequency.

In terms of our lost time injury rate, one person would have to work safely for 625 years, without a lost time injury, to achieve our 0.16 frequency.

Annual safety stats

Year	Lost time injuries	LTIFR*	Medical treatments	AIFR**
2009	2	0.16	7	0.72
2008	11	0.49	11	0.98
2007	8	0.43	11	1.01
2006	8	0.47	10	1.05
2005	13	0.78	13	1.55
2004	4	0.38	8	1.15
2003	3	0.38	9	1.61

* Lost time injury frequency rate (injuries x 200,000 hours ÷ total hours worked)

** All incident frequency rate (lost time injuries + medical treatments x 200,000 hours ÷ hours worked)

Parade float wins first place

With the help of many volunteers, Diavik's parade float took top honours in the commercial category of the 2009 City of Yellowknife Santa Claus parade.

"Diavik partnered with many others. The volunteer teamwork was outstanding," said Diavik Director, Community and Corporate Affairs, Pat McCloskey.

"There were many individuals, about 50, from Diavik and with our project partners, who contributed their time outside work hours to help construct and operate the float in the parade and I would like to take this opportunity to thank everyone involved," he added.



Diavik's Glenn Zelinski and Peter Heine coordinated the float construction. Greg Morrow, Dave Eichenberg, Debbie Burke and Mona Morrow, with Diavik, were responsible for many aspects of the float's construction, from gathering all the decorations and other gear needed to enlisting local artists from Weledeh school to help paint the map of Canada and ensuring we had lots of children participating.

G&G Expediting provided the workspace, while G&G's George Farrell did much of the heavy lifting. Weatherby Trucking provided the driver, truck, and trailer.



"Again, thanks to all who made the event a big success. And, of course, thanks to all for ensuring that we worked on the float and participated in the parade safely. Our participation showed that we at Diavik take pride in our community and are keen to support local community events," McCloskey said.

For the 2009 City of Yellowknife Santa Claus parade float, Diavik chose a theme of Christmas across Canada.



Donations for Stanton mammography machine

In December, Diavik was pleased to announce donations which will assist the Stanton Territorial Hospital Foundation and the Run for Our Lives Committee in its fundraising for a new digital mammography machine for the North.

Diavik donated \$50,000, and partnered with cutting and polishing company Crossworks Manufacturing, to donate a 1.03 carat Diavik diamond to the Foundation. Diavik made the donation announcement at the Foundation's annual Northwestel Festival of Trees fundraiser held Saturday, November 21, at the Centre Ice Plaza in Yellowknife.

Diavik Director, Community and Corporate Affairs, Pat McCloskey, speaking at the event on behalf of Diavik's workforce, said that Diavik chose to make a cash donation in lieu of its Christmas party. This is the second year in which Diavik has made

such a donation. Last year our company donated \$39,500, which was used to purchase lab equipment for the Stanton Territorial Hospital in Yellowknife.

The Foundation has raised approximately \$220,000 of their \$400,000 goal (excluding Diavik's donations). The new machine will have digital technology and will replace the hospital's current machine purchased in 1999. It will improve image quality, allowing for earlier detection and less radiation. Exam times will be faster and, overall, the result will be improved health care for northerners.

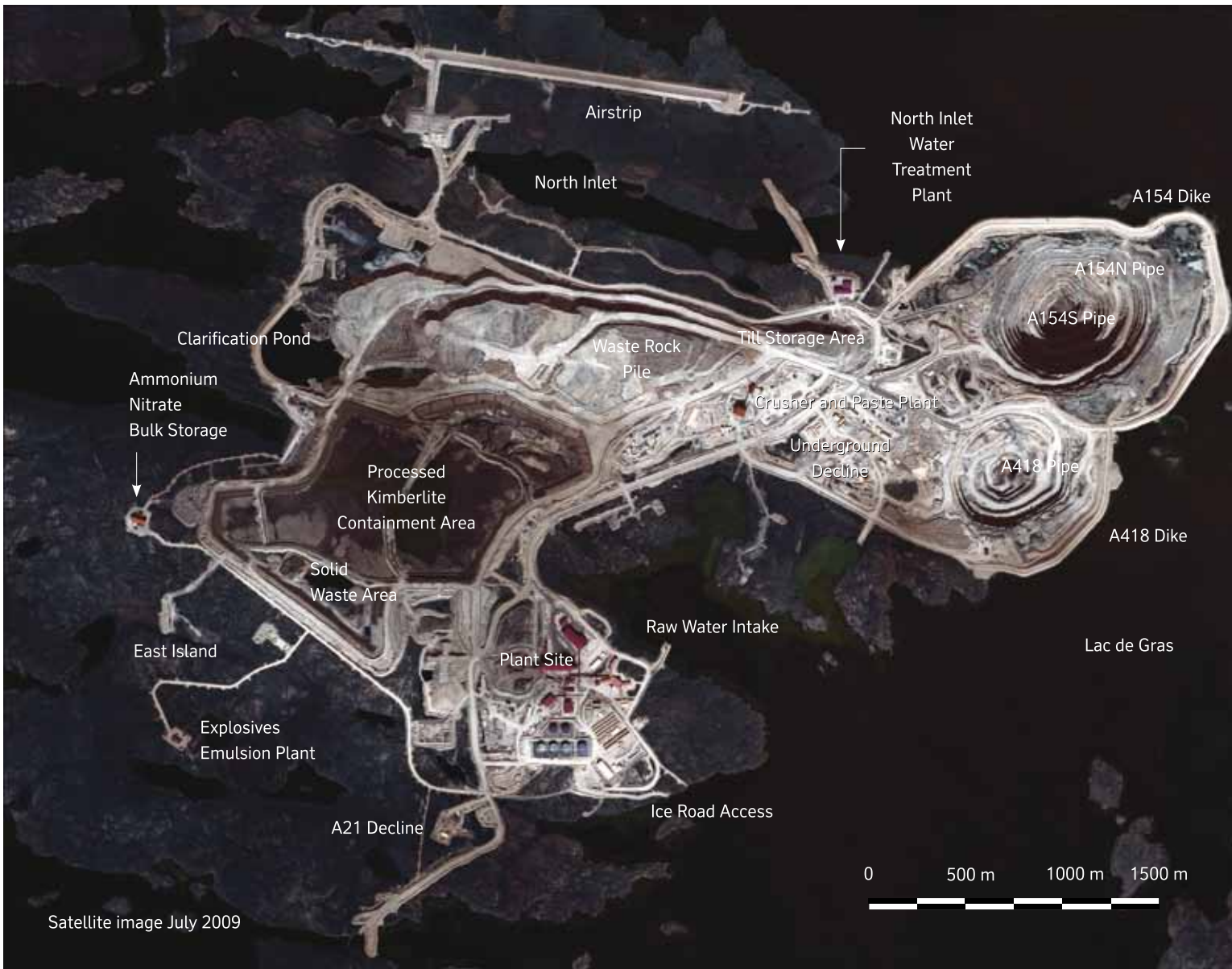
Through its two tier donations program, Diavik supports northern initiatives that develop sustainability and enhance the quality of life in the North, with special focus on youth, healthy lifestyles, elders, Aboriginal culture, community health and wellness, and partnering and capacity

building. In 2009, our donations program, which includes a donations committee comprised of workers from across our company and a senior executive donations committee, has donated over \$200,000 locally.

Additionally, Diavik's donation policy allows for polished diamond donations to registered charities that commit to increase the value of the diamond through fundraising.

Diavik President Kim Truter presents Stanton Foundation Board Chair Jeanette Mills with a Diavik diamond, which the Foundation will use to raise additional funds for the purchase of a new mammography machine.





Diavik at a glance

The Diavik Diamond Mine, currently an open-pit operation, is located 300 kilometres northeast of Yellowknife, Northwest Territories, Canada.

It consists of three diamond-bearing deposits, called kimberlite pipes, located just offshore of a 20-square-kilometre island, located under the waters of Lac de Gras. To mine these underwater ore bodies, Diavik has built two dikes out from the island, which Aboriginal people call Ekadi.

The Diavik Diamond Mine is an unincorporated joint venture between Diavik Diamond Mines Inc. (60%) and Harry Winston Diamond Limited Partnership (40%). Both companies are headquartered in Yellowknife, Canada. DDMI is a wholly-owned subsidiary of Rio Tinto plc of London,

England, and Harry Winston Diamond Limited Partnership is controlled by Harry Winston Diamond Corporation of Toronto, Canada. DDMI is the operator of the project.

- Three ore bodies called the A154 South, A154 North, and A418 pipes
- Annual ore production – approximately 2 million tonnes
- 2009 diamond production – 5.6 million carats
- Total operations and construction spending through 2009, C \$4.5 billion, of which \$3.3 billion is northern
- Operations workforce – 810 (2009 average)
- Total mine life – 16 to 22 years (currently in year eight)
- Reserves – 20 million tonnes at 3.1 carats per tonne (2008 Rio Tinto annual report)

Diavik Diamond Mines Inc.

5007-50th Avenue
P.O. Box 2498
Yellowknife, NT X1A 2P8
Canada

T (867) 669 6500
F (867) 669 9058
E diavik@riotinto.com
www.diavik.ca