

Diavik Diamond Mine

2009 mid year socio economic monitoring report

October 2009

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Introduction

The Diavik Diamond Mine, located 300 kilometres northeast of Yellowknife, Northwest Territories, Canada, 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. Diavik Diamond Mines Inc. (DDMI) is a wholly owned subsidiary of Rio Tinto plc of London, England, and Harry Winston Diamond Limited Partnership is wholly owned by Harry Winston Diamond Corporation of Toronto, Canada. Diavik Diamond Mines Inc. is the operator of the mine. Each joint venture participant markets independently its respective share of diamonds mined.

Early in the development, Diavik committed to health and safety and environmental protection as our core values. For socio-economics, we committed to northern training, employment, and business opportunities. To provide a formal mechanism to ensure our mitigative measures and commitments were appropriately implemented and monitored, the environmental assessment of the Diavik Diamond Mine included a requirement for a Socio-Economic Monitoring Agreement (SEMA).

On October 2, 1999, Diavik entered into a Socio-Economic Monitoring Agreement with the Government of the Northwest Territories, later ratified by the Dogrib Treaty 11 Council (now the Tli Cho Government), the Yellowknives Dene First Nation, the Lutsel K'e Dene First Nation, the Kitikmeot Inuit Association, and the North Slave Metis Alliance. The agreement specified that Diavik Diamond Mines Inc. report twice a year on issues relating to employment and spending in the North during the construction and operation of the Diavik Diamond Mine. In January 2003, construction ended and commercial production of rough diamonds commenced. The transition from construction to operations in 2003 was reported in a single 2003 SEMA report. Reports have been produced semi-annually since then.

This report is for 1 January 2009 to 30 June 2009 and is in five sections covering employment data, business benefits, capital and operating summaries, workforce development, and cultural and community well-being initiatives.

The Diavik Socio-Economic Monitoring Agreement along with this and previous SEMA reports can be found on our website at www.diavik.ca.

Background

The Diavik Diamond Mine is located on a 20 square kilometre island informally called East Island in Lac de Gras, 300 kilometres by air northeast of Yellowknife, Northwest Territories. In 2009, the Diavik mine plan included three diamond bearing ore bodies, or kimberlite pipes, named A154 North, A154 South, and A418. All three pipes are located beneath the waters of Lac de Gras, just offshore of East Island. For open pit mining, rockfill structures known as dikes were engineered and constructed to allow the overlying waters to be removed temporarily. In 2002, DDMI completed the first dike around the A154 North and A154 South pipes to allow diamond mining to begin in 2003.

In 2007, Diavik completed construction of the second dike, called A418 after the name of the pipe that it encircles. During second quarter 2008, as part of ongoing pre-stripping of waste overburden, Diavik mined some small quantities of A418 ore. This initial ore was low grade weathered kimberlite capping the pipe and diluted with overlying glacial till and by year-end 2008 production from the A418 pipe was well underway. During first half 2009, open pit mining in the A154 and A418 pits continued.

All of the mine's physical plant is confined to East Island and includes an ore processing plant, operations and construction workforce accommodations and recreational facilities, maintenance shop, fuel storage tanks, heating plant, sewage treatment plant, and powerhouse. Elevated 'arctic corridors' carry services and provide enclosed walkways connecting buildings. In addition, there are potable and wastewater treatment plants, and explosives manufacturing facilities.

Diamonds are separated from the bulk of the kimberlite ore using non-chemical, gravity-based methods to create a diamond-bearing heavy mineral concentrate. Separation of the diamonds from this concentrate is made possible using diamonds' unique quality of fluorescence under X-rays, allowing the glowing diamond grains to be separated from the non-diamond minerals. The waste minerals in the remaining processed kimberlite are placed in the Processed Kimberlite Containment area, a permanent, engineered containment constructed in the centre of the island. Diesel fuel provides the mine's energy needs, and is used for power generation, mobile equipment, and heating. Due to short, seasonal access to the site over a winter ice road, we must store an entire year's worth of fuel, prill for explosives, and other bulk supplies. Also because of the remote location, Diavik has a 1,600 metre airstrip for passenger and transport aircraft up to and including C130 Hercules and Boeing 737 jets.

At Diavik our future is underground mining. In November 2007, our joint venture partners, Rio Tinto and Harry Winston, approved the investment of US\$563 million bringing underground mine investment to US\$787 million. Under the current life of mine plan, diamond production from underground would begin in early 2010 and continue beyond 2020. Open pit mining is expected to cease in 2012, when Diavik would become an all-underground mine. Diavik's total mine life remains within the 16 to 22 years projected in the original 1999 feasibility study.

During first half 2009, construction advanced on new surface works required to support underground mining, including new crushing and paste backfill plants, expansions to the water treatment and power generating plants, and construction of ancillary facilities including fuel storage, and additional accommodation facilities. By mid year several of the estimated 20 kilometres of underground mine tunnels needed to support the start of underground mining were established.

2009 mid year reporting period highlights

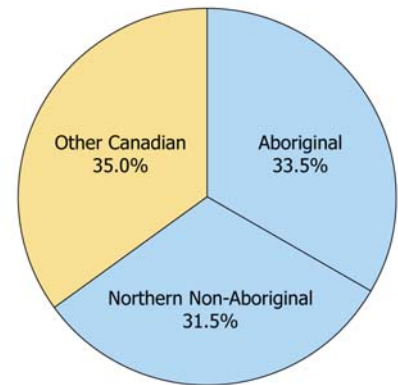
- Through June 30, our safety frequency rates have been excellent. Our lost time injury frequency rate through mid-year was a very low 0.26, while our all injury frequency rate, which includes lost time injuries and medical treatments, was also very low, at 0.53. During the first six months of 2009, we have experienced two lost time injuries and two medical treatments.
- Diavik continued its community commitment through its participation in construction of the new territorial dementia facility in Yellowknife.
- In other community initiatives, Diavik staff volunteered at several community events including the Polish the Gem spring cleanup, Young Angler catch and release tournament, the North Slave Metis Alliance fish fry on Aboriginal Day, and the dementia facility fundraiser recognition event.
- Diavik's mine rescue team, comprised of members of our Diavik mine site emergency response team, was the overall winner of the annual mine rescue competition held during mining week. Our team won the underground and surface events.
- During first half 2009, operations employment averaged 812 workers. Northern and Aboriginal employment, averaged 529 (65%) and 273 (34%) respectively.
- At mid year, 20 northern trades apprentices were working at Diavik, exceeding projection of maintaining from 8 to 18 apprentices annually.
- In first half 2009, one Diavik apprentice completed apprenticeship training achieving journeyperson designation. Since 2003, some 18 people have successfully completed their apprenticeships at Diavik.
- In terms of business benefits, half year operations and capital expenditures were \$267.6 million, of which \$175.4 million (66%) was with northern business. Spending continues to significantly surpass original, pre-mine construction projections of \$70 million in annual northern operating expenditures.
- Overall, total cumulative spending since 2000 reached \$4.3 billion, of which \$3.2 billion (73%) was with northern firms. By mid year 2009, Aboriginal business spending reached \$1.8 billion (42% of the overall spending since construction began).
- In March 2009, Diavik completed a successful ice road program shipping 2,779 loads (91,362 tonnes) to the mine site. Combined, all ice road users shipped 5,377 loads (173,195 tonnes).
- For the half year, rough diamond production was 3.2 million carats.
- In March, to align our business with the markets, we announced actions to reduce our diamond production.

Operations highlights

Mid year operations employment by priority group

- During first half 2009, Diavik's operations workforce averaged 812 workers.
- Northern and Aboriginal employment averaged 529 (65%) and 273 (34%) respectively in first half.

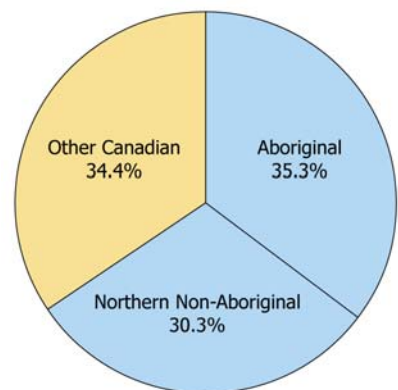
Operations Employment First Half 2009



Mid year business spending

- During first half 2009, DDMI spent \$267.6 million on capital and operating expenses.
- Diavik spent \$175.4 million (66%) with northern firms.
- Of the \$175.4 million, Diavik spent \$94.5 million (35% of the overall total) with northern Aboriginal business.
- Diavik spent \$80.9 million (30%) with northern non-Aboriginal businesses.

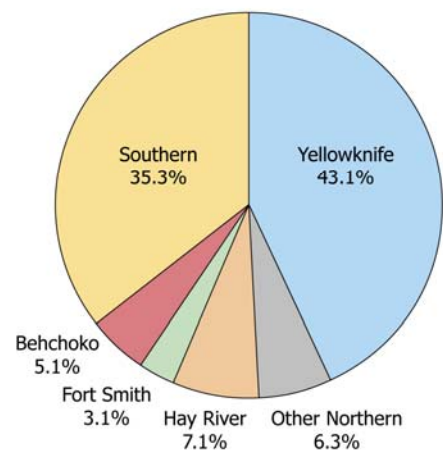
Spending First Half 2009



Mid year operations employment by community

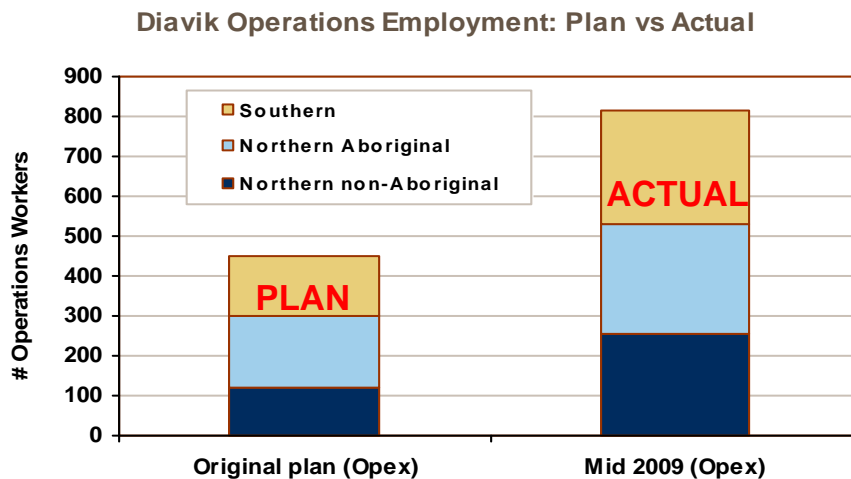
- During first half 2009, an average of 525 people (65%) resided in the North.
- 350 people (43%) resided in Yellowknife.
- 58 people (7%) resided in Hay River, 41 people (5%) resided in Behchoko, and 25 people (3%) resided in Fort Smith.
- 51 people (6%) resided in various other northern communities.

Employment by Community First Half 2009



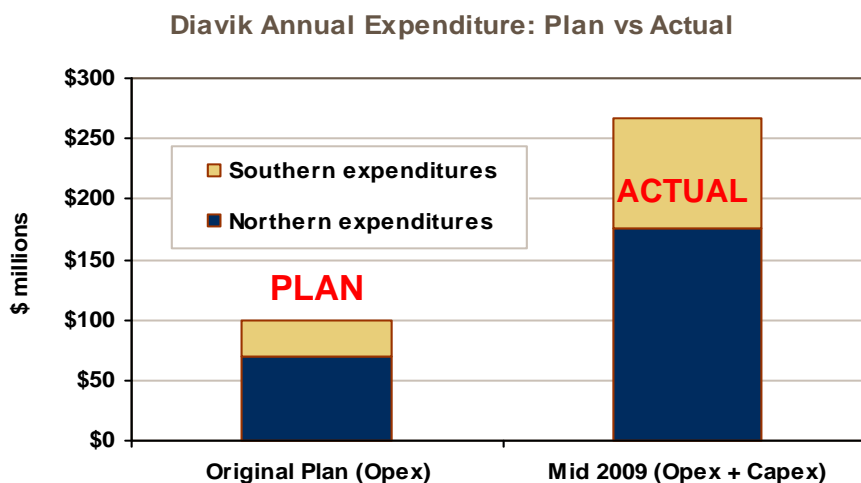
Employment exceeds plan

During the mine's original approval process, Diavik committed to hire as a priority, northern residents and Aboriginal people born in the Northwest Territories or West Kitikmeot region of Nunavut, and their descendants. Diavik projected that the workforce could be as high as 450 people. From socio-economic studies of the northern workforce, Diavik expected 300 would be northern and 180 Aboriginal. In first half 2009, Diavik's operations workforce averaged 812 people. Northern Aboriginal and non-Aboriginal workers, averaging 529, exceeded the entire originally planned workforce of 450. Aboriginal employment, averaging, 273 also exceeded original projections of 180.



Business spending also exceeds plan

During the mine's original approval process, Diavik committed to spend approximately \$100 million annually to support mining operations. During the first six months of 2009, a period in which underground mine construction continued, Diavik spent significantly more than this at \$267.6 million for combined operating and new capital expenses. Of this, \$175.4 million, or 66 per cent, was with northern companies.



Section A: Northern employment data

Northern employment for operations

Diavik's operations employment objective¹ is 66 per cent northern with Aboriginal employees comprising 40 per cent. Table 1 provides the average number of Diavik operations workers² and the per cent of total by priority group³ for the operation of the Diavik Diamond Mine for first half 2009, during which, Diavik's operations workforce averaged 812 workers. This compares to an operations workforce projected at 400 ± 50 during the mine's project approval process in the late 1990's. Socio-economic studies⁴ of the northern workforce at that time suggested that as many as 300 operations workers could be northern and 180 Aboriginal.

**Table 1: Diavik Diamond Mine Operations Phase
Total Employees by Priority Group**

	Jan - Mar	Apr - Jne	Jul - Sep (Number)	Oct - Dec	2009*
Total	825	799			812
Aboriginal	280	266			273
Non-Aboriginal	259	254			257
Subtotal	539	520			529
Other	286	280			283
	(Percent of Total)				
Total	100%	100%			100%
Aboriginal	34%	33%			34%
Non-Aboriginal	31%	32%			32%
Subtotal	65%	65%			65%
Other	35%	35%			35%

*Based on first six months 2009

Some percentages may not add due to rounding

¹ SEMA Appendix A, part 3(b). The objectives are subject to applicable laws and regulations and the availability of persons in the priority groups with the required skills, training, and experience.

² The average number of operations workers (DDMI and its contractor employees) for each quarter is calculated by summing an average of the months. The annual total is an average of the quarters. This assumes that each employee was employed full time for each month the employee was reported. Therefore the average annual number of employees equals person-years of employment. Due to averaging, some numbers may not add.

³ The definitions of priority groups are contained in Appendix One and the reporting requirements are listed in Appendix Two of the Diavik Socio-Economic Monitoring Agreement, available at www.diavik.ca.

⁴ Diavik Socio-Economic Environmental Effects Report (SEER) on which the SEMA was based.

Operating employment by community

Table 2 provides the Diavik Diamond Mine operations workforce by residence for first half 2009. On average there were 812 Diavik workers during the period and 525 (65 per cent) lived in Northwest Territories or West Kitikmeot communities.

**Table 2: Diavik Diamond Mine Operations Phase
Total Employees Residence**

	Jan-Mar	Apr-June	Jul-Sep	Oct - Dec	2009*	2009* (Percent)
Total	825	800			812	100%
Behchoko	42	39			41	5%
Deline	2	2			2	0%
Dettah	1	1			1	0%
Enterprise	1	1			1	2%
Fort Good Hope	1	1			1	0%
Fort Providence	2	2			2	0%
Fort Resolution	12	12			12	1%
Fort Simpson	4	4			4	0%
Fort Smith	25	25			25	3%
Gameti	4	4			4	0%
Hay River	60	57			58	7%
Inuvik	1	1			1	0%
Lutsel K'e	2	2			2	0%
Norman Wells	1	1			1	0%
Wekweti	2	1			1	0%
Wha Ti	12	11			11	1%
Yellowknife	355	344			350	43%
Kugluktuk	9	9			9	1%
Northern Subtotal	534	516			525**	65%
Alberta	162	155			158	19%
Other Canada	128	128			128	16%
Southern Subtotal	290	283			287**	35%

*Based on first six months 2009

** Subtotals differ from Table 1 which is based on priority group

New hires by priority group for operations

Table 3 provides the number of new hires by priority group for Diavik Diamond Mine operations.

**Table 3: Diavik Diamond Mine Operations Phase
New Hires by Priority Group**

	Jan-Mar	Apr-Jne	Jul-Sep	Oct-Dec	2009*
	(Number)				
Total	3	2			5
Northern Aboriginal	0	1			1
Northerner (+6 mos)	0	0			0
Northerner (-6 mos)	1	0			1
Subtotal Northern	1	1			2
Other Canadian	2	1			3

*Based on first six months 2009

Employment by job category and priority group for operations

Table 4 provides the Diavik Diamond Mine operations workforce by job category and priority group in first half 2009, during which Diavik's total operations workforce averaged 812 people. The total was comprised of 19 management, 106 professional, 268 skilled, 348 semi-skilled, and 82 entry level workers.

- Management is defined as a combination of significant work experience at a senior level and a university degree, masters, or doctorate.
- Professional is defined as having a university degree and related work experience.
- Skilled is defined as college diploma or technical school certification with related work experience.
- Semi-skilled is defined as having a high school graduation or General Equivalency Diploma (GED) along with a minimum of three years work experience in a particular field.
- Entry level is defined as having high school graduation or GED along with some work experience.

Diavik is undertaking several initiatives to increase local employment including, providing housing allowances, staged removal of the two weeks on/two weeks off rotation for certain roles, having all management reside locally, reviewing pick up points for northern-based workers, re-advertising roles where low or no interest was shown, information visits to communities, and local career fair attendance.

Table 4: Total Employees by Job Category and Priority Group

		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	2009*
Management	Total	19	18			19
	Aboriginal	0	0			0 (0%)
	Non-Aboriginal	19	18			19 (100%)
	Subtotal	19	18			19 (100%)
	Other	0	0			0 (0%)
Professional	Total	109	102			106
	Aboriginal	10	8			9 (8%)
	Non-Aboriginal	54	54			54 (51%)
	Subtotal	64	62			63 (60%)
	Other	45	40			42 (40%)
Skilled	Total	270	266			268
	Aboriginal	46	44			45 (17%)
	Non-Aboriginal	63	61			62 (23%)
	Subtotal	109	106			107 (40%)
	Other	161	161			161 (60%)
Semi-skilled	Total	343	353			348
	Aboriginal	186	177			182 (52%)
	Non-Aboriginal	94	93			94 (27%)
	Subtotal	280	270			275 (79%)
	Other	63	63			63 (18%)
Entry level	Total	84	80			82
	Aboriginal	39	37			38 (47%)
	Non-Aboriginal	29	28			28 (35%)
	Subtotal	67	65			66 (81%)
	Other	16	14			15 (19%)

*Based on first six months 2009

Employment by contractor and priority group for operations

Table 5 provides employment by company and priority group for first half 2009. DDMI employed 432 people, with 261 people (60%) northern. I&D Management employed 180 people, with 151 people (84%) northern. Tli Cho Logistics employed 101 people, with 55 people (55%) northern. Ek'ati Services employed 54 people, with 43 people (80%) northern. Denesoline Western employed 10 people, with four people (40%) northern. All remaining operations contractors employed 36 people, with 17 people (47%) northern.

Table 5: Diavik Diamond Mine Operations Phase				
Employee by Priority Group by Contracting Company				
	Jan - Mar	Apr - Jne	Jul - Sep	Oct - Dec
	2009*			
	(Number)			
DDMI Total	438	426		432
Aboriginal	99	94		97 (22%)
Non-Aboriginal	165	163		164 (38%)
Subtotal	265	257		261 (60%)
Other	173	169		171 (40%)
I & D Total	183	176		180
Aboriginal	121	116		118 (66%)
Non-Aboriginal	33	33		33 (18%)
Subtotal	154	149		151 (84%)
Other	29	28		28 (16%)
Tli Cho Total	99	102		101
Aboriginal	33	31		32 (32%)
Non-Aboriginal	22	25		23 (23%)
Subtotal	54	56		55 (55%)
Other	45	46		45 (45%)
E'kati Total	55	53		54
Aboriginal	20	19		19 (36%)
Non-Aboriginal	24	23		24 (44%)
Subtotal	44	42		43 (80%)
Other	11	11		11 (20%)
DWE Total	11	9		10
Aboriginal	2	2		2 (20%)
Non-Aboriginal	2	2		2 (20%)
Subtotal	4	3		4 (40%)
Other	7	5		6 (60%)
Other Total	38	33		36
Aboriginal	6	6		6 (16%)
Non-Aboriginal	13	9		11 (30%)
Subtotal	19	15		17 (47%)
Other	20	19		19 (53%)

*Based on first six months 2009

Northern outsourcing

To assist in raising northern business capacity, Diavik has outsourced approximately half its operations workforce to contractors. Virtually all are northern businesses and the majority are Aboriginal. The remainder are employed by Diavik Diamond Mines Inc. Diavik believes through outsourcing contracts, northern firms can become better positioned to service other resource-based projects and will outgrow reliance on Diavik. This approach also has the potential to create additional new career opportunities for northerners. Diavik works with contractors to ensure their policies and procedures are aligned with those of Diavik Diamond Mines Inc., and that they also help Diavik meet its many commitments (section B of this report contains further details). In addition to outsourced operations contractors, Diavik also utilizes the services of many other northern and Aboriginal firms. For a more comprehensive list of companies supporting Diavik, see Table 8 in Section B.

Northern employment for capital projects

Table 6 provides the average number of Diavik employees⁵ and the per cent of total by priority group⁶ for major capital (underground mine construction) work undertaken at the Diavik Diamond Mine in first half 2009. Diavik and its contractors employed an average of 402 workers for capital projects. This is in addition to employment to maintain mining operations. On average there were 20 Aboriginal and 28 non-Aboriginal northern workers accounting for 12 per cent of total employment over this period. Others comprised an average of 355 (88 per cent) of construction employees in over the first six months of 2009.

**Table 6: Diavik Diamond Mine Operations Phase
Total Employees for Capital by Priority Group**

	Jan-Mar	Apr-Jne	Jul-Sep (Number)	Oct-Dec	2009*
Total	470	333			402
Aboriginal	21	18			20
Non-Aboriginal	28	27			28
Subtotal	49	45			47
Other	421	288			355
			(Percent of Total)		
Total	100%	100%			100%
Aboriginal	4%	5%			5%
Non-Aboriginal	6%	8%			7%
Subtotal	10%	14%			12%
Other	90%	86%			88%

*Based on first six months 2009

⁵ The average number of DDMI and its contractor employees for each quarter is calculated by summing an average of the months. The annual total is an average of the quarters. This assumes that each employee was employed full time for each month the employee was reported. Therefore the average annual number of employees equals person-years of employment.

⁶ The definitions of priority groups are contained in Appendix One and the reporting requirements are listed in Appendix Two of the Diavik Socio-Economic Monitoring Agreement, available at www.diavik.ca.

Section B: northern business benefits

Northern purchasing objective

During the mine's approval process, Diavik projected that annual purchase of goods and services needed to support mine operations would be \$100 million annually. Consequently, Diavik committed to purchase⁷ at least 70 per cent of the goods and services annually from northern companies. Actual expenditures since then have been significantly higher and mid 2009 operating and capital expenditures totalled \$267.6 million. Of this, \$175.4 million, or 66 per cent, was with northern companies (Table, 7, 10, and Chart 1).

Diavik northern business participation initiatives

Diavik recognizes its significant role in creating new and long-term business opportunities that can increase northern business community capacity. As a result, Diavik has entered into several long-term operations labour contracts with Aboriginal and northern businesses that supply approximately half of Diavik's workforce. The remainder is employed directly by Diavik Diamond Mines Inc.

Through such outsourcing contracts, northern firms are better positioned to grow their business into other areas (not just mining) and reduce their reliance on Diavik. In terms of employment opportunities, this approach has the potential to create additional new career opportunities for northerners.

Examples of northern contractors supporting Diavik Diamond Mine operations include I&D Management Services which supplies heavy equipment operators, Ek'ati Services which supplies catering and camp services, Tli Cho Logistics which supplies site services, SecureCheck which supplies security, and explosives supplier Denesoline Western Explosives.

DDMI has worked closely with these Aboriginal-owned companies to assist them in building capacity so they will be better positioned to pursue potential future business opportunities. DDMI also seeks to have these companies develop and implement their own policies and procedures which align or exceed the DDMI requirements.

In addition to building on its successes, DDMI has adopted new contracting principles for service providers. These principles are based on the notion that for Diavik to succeed in fulfilling all of its agreement and business objectives, all northern and Aboriginal contractors will need to fully embrace Diavik's continuous business improvement processes and share its multi-faceted performance accountabilities. As part of this initiative, all Diavik contractors are required to prepare business plans that include the following elements:

- Safety plan
- Business plan, including northern participation execution plan
- Contractor-specific key performance indicators – based on each of the above elements as well as contractor performance.

⁷ SEMA Appendix C, part 5. The objectives are subject to the ability of businesses in these priority groups to supply the required goods and services.

Each of the elements, including reporting requirements/frequencies, is incorporated into renewed/extended contracts, and forms the basis for ongoing monthly performance measurement, quarterly reviews and business improvement processes.

Diavik's business improvement model continues to focus on achieving excellence in the total business equation – core business deliverables and cost, and in the areas of Aboriginal participation, environmental and socio-economic performance, and best practices. Drawing a balance between these important elements continues to create the foundation for achieving a sustainable mine contributing to sustainable communities.

Examples of northern business participation activities undertaken in 2008 include:

- Information sessions and project updates in most Aboriginal Participation Agreement holder communities.
- Further alignment of site specific terms and conditions within the contract terms to increase northern business involvement in mine operations and to ensure Diavik's SEMA and Aboriginal Participation Agreement obligations are incorporated at all levels of the supply/service chain for the balance of construction and during mine operations.
- Continuation of Diavik's program to encourage the establishment of Aboriginal and non-Aboriginal joint ventures and northern businesses to serve the needs of Diavik and the mining industry in general. Specifically:
 - Further expansion of Tli Cho Logistics Ltd.'s scope to include cement supply and transport
 - Kitikmeot Cementation Mining and Development Ltd. successful development of Diavik's underground access ramp and assistance with feasibility study for long-term underground mining
 - Underground Mining Pilot Project – I&D Management
 - Fuel transportation during the winter road resupply
 - Assessment of Diavik's economic contribution to the northern business community
 - Business Participation in Resource Industries Workshops with Federal and Territorial Economic Development Practitioners
 - Continued orientation of site contractors on Diavik's Northern Business Participation Policy and Socio-Economic Monitoring and Participation Agreement commitments

Through its on-going continuous business improvement processes, and the Diavik Northern Business Participation Policy, DDMI is fulfilling its northern business participation objectives that are articulated in Diavik's five Aboriginal Participation Agreements and in the Diavik Socio-Economic Monitoring Agreement.

Combined northern business success

Table 7 gives combined operations and capital spending by priority group during the first six months of 2009. Table 8 presents a sample of northern and northern Aboriginal businesses supporting Diavik.

At mid 2009, Diavik's combined operations and capital expenditures were \$267.6 million. The value of spending with northern businesses was \$175.4 million (66 per cent). Spending with Aboriginal businesses was \$94.5 million (35 per cent). Spending with Northern non-Aboriginal business was \$80.9 million (30 per cent). Other businesses accounted for the remaining \$92.2 million (34 per cent).

Table 7: Diavik Diamond Mine Operations Phase

Diavik Expenditures by Priority Group mid 2009

Business Priority Group	January to June	July to December	*Total
	(Millions of Dollars)		
Total	267.6		267.6
Aboriginal	94.5		94.5
Non-Aboriginal	80.9		80.9
Subtotal Northern	175.4		175.4
Other	92.2		92.2
		(Per cent)	
Total	100%		100%
Aboriginal	35%		35%
Non-Aboriginal	30%		30%
Subtotal Northern	66%		66%
Other	34%		34%

*Based on first six months 2009

**Table 8: Sample of Major Northern Businesses
Supporting Diavik by Preference Category**

Northern Businesses	Northern Aboriginal Businesses
Acklands-Grainger Inc.	A&A Technical Services Ltd.
ADCO North Limited	Behchoko Development Corporation
Aon Reed Stenhouse Inc.	Canadian North
Arctic Sunwest Charters	Ek'ati Services Ltd.
Atlas Copco	Exploration Medical Services Ltd.
Aurora Geosciences Ltd.	I&D Management Services Ltd.
Coneco Equipment Ltd.	Kitikmeot Cementation
Danmax Communication Ltd.	Lac De Gras Constructors
EBA Engineering Consultants Ltd.	Nishi Khon SNC Lavalin Inc.
Eecol Electric	Northern Metallic Sales
First Air	Nuna Logistics
Finning (Canada) Ltd	SecureCheck
Frontier Mining & Industrial Supplies	Tli Cho Air/Air Tindi
G&G Expediting	Tli Cho Landtran Transport Ltd.
Golder Associates Ltd.	Tli Cho Logistics
Great Slave Helicopters Ltd.	Western Denesoline Explosives Ltd.
Imperial Oil Limited	
Inkit Ltd.	
Kinecor Inc.	
Kingland Ford	
Lake Awry Cap & Crest	
Matonabee Petroleum Ltd.	
Major Drilling Ltd.	
Midnight Sun Energy Ltd.	
Midwest Major Drilling Ltd.	
Nahanni Construction Ltd.	
Ninety North Construction	
Norpo	
Northbest Distributors Ltd.	
Northern Communication and Navigation	
Northern Food Services	
Northern Industrial Sales	
Northwest Transport Ltd.	
NWT Rock Services	
Northern Industrial Sales	
Northwestern AirLease Ltd.	
Ollerhead & Associates Ltd.	
Petro Canada	
RTL Robinson Enterprises Ltd.	
Ryfan Electric	
Territorial Crane Service Ltd.	
Tundra Transfer	
Wajax Industries Ltd.	

Section C: capital and operating summaries

Construction of the Diavik Diamond Mine started in 2000 and commercial diamond production commenced in January 2003. In first half 2009, in addition to commercial operations, workers continued to construct the underground mine. Table 9 summarizes employment results achieved by Diavik and its contractors from 2000 through mid year 2009.

Table 9: Diavik Diamond Mine Historical Data											
Total Employees by Priority Group											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009*	Total 00-09*
(Average Number of Employees)											
Total Employment	297	1,031	1,114	611	719	1,085	1,068	1,286	1,296	1,214	9,721
Aboriginal	78	245	214	221	259	290	272	299	283	293	2,454
Non-Aboriginal	87	182	268	223	258	296	292	311	298	285	2,500
Subtotal	165	427	482	444	517	586	564	609	579	578	4,951
Other	132	604	632	167	202	499	504	693	719	638	4,790
Total Operating	0	0	0	611	719	727	735	773	808	812	5,185
Aboriginal	0	0	0	221	259	256	245	260	273	273	1,787
Non-Aboriginal	0	0	0	223	258	257	253	268	267	257	1,783
Subtotal	0	0	0	444	517	513	497	527	540	530	3,568
Other	0	0	0	167	202	214	238	262	268	283	1,634
Total Capital	297	1,031	1,114	0	0	358	333	513	503	402	4,551
Aboriginal	78	245	214	0	0	33	27	39	19	20	675
Non-Aboriginal	87	182	268	0	0	40	40	43	30	28	718
Subtotal	165	427	482	0	0	73	67	82	49	47	1,392
Other	132	604	632	0	0	285	266	431	454	355	3,159
(Percent of Total)											
Total Employment	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Aboriginal	26%	24%	19%	36%	36%	27%	25%	24%	22%	24%	25%
Non-Aboriginal	29%	18%	24%	36%	36%	27%	27%	26%	23%	23%	26%
Subtotal	56%	41%	43%	73%	72%	54%	53%	50%	45%	48%	51%
Other	44%	59%	57%	27%	28%	46%	47%	50%	55%	53%	49%
Total Operating	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%	100%
Aboriginal	0%	0%	0%	36%	36%	35%	33%	32%	34%	34%	34%
Non-Aboriginal	0%	0%	0%	36%	36%	35%	35%	35%	33%	32%	34%
Subtotal	0%	0%	0%	73%	72%	71%	68%	66%	67%	65%	69%
Other	0%	0%	0%	27%	28%	29%	32%	34%	33%	35%	32%
Total Capital	100%	100%	100%	0%	0%	100%	100%	100%	100%	100%	100%
Aboriginal	26%	24%	19%	0%	0%	9%	8%	7%	4%	5%	15%
Non-Aboriginal	29%	18%	24%	0%	0%	11%	12%	9%	6%	7%	16%
Subtotal	56%	41%	43%	0%	0%	20%	20%	16%	10%	12%	31%
Other	44%	59%	57%	0%	0%	80%	80%	84%	90%	88%	69%

2003 and 2004 capital employment with Total

*Based on first six months 2009

Capital employment

For the initial construction phase of the project (2000-2002), included in Table 9, Diavik undertook⁸ that at least 40 per cent of total employment, including contractors, would be northerners. During initial construction, employment averaged 814 workers annually of whom 44 per cent (358) were northern and half, or 22 per cent (179), were Aboriginal.

A second round of construction began in 2005 to construct the A418 dike, raise the processed kimberlite containment dam height, and to construct the underground mine. Construction of the underground mine and related surface works, continued during first half 2009.

Capital and operations business spending

Table 10 describes Diavik's historical capital and operations business expenditures. Diavik undertook⁹ that throughout the capital or construction phase of the project that at least 38 per cent of the total capital expenditures would be with northern businesses. Of the \$1.2 billion in construction contracts awarded during the 2000 to 2002 construction phase, the value of northern contracts was just over \$874 million or 74 per cent (Table 10). This was almost double the objective of 38 per cent DDMI committed to in the Diavik Socio-Economic Monitoring Agreement. Northern Aboriginal spending during construction was \$604 million, or 51 per cent of the total.

For the operations, Diavik set a 70 per cent northern business spending target, based on expected annual spending of \$100 million. Annual expenditures have consistently outpaced that estimate.

For the second phase of construction commencing in 2005, Diavik combined operations and construction contracts wherever possible and practical. As a result, expenditures reported from 2003 to date combine capital and operations expenditures.

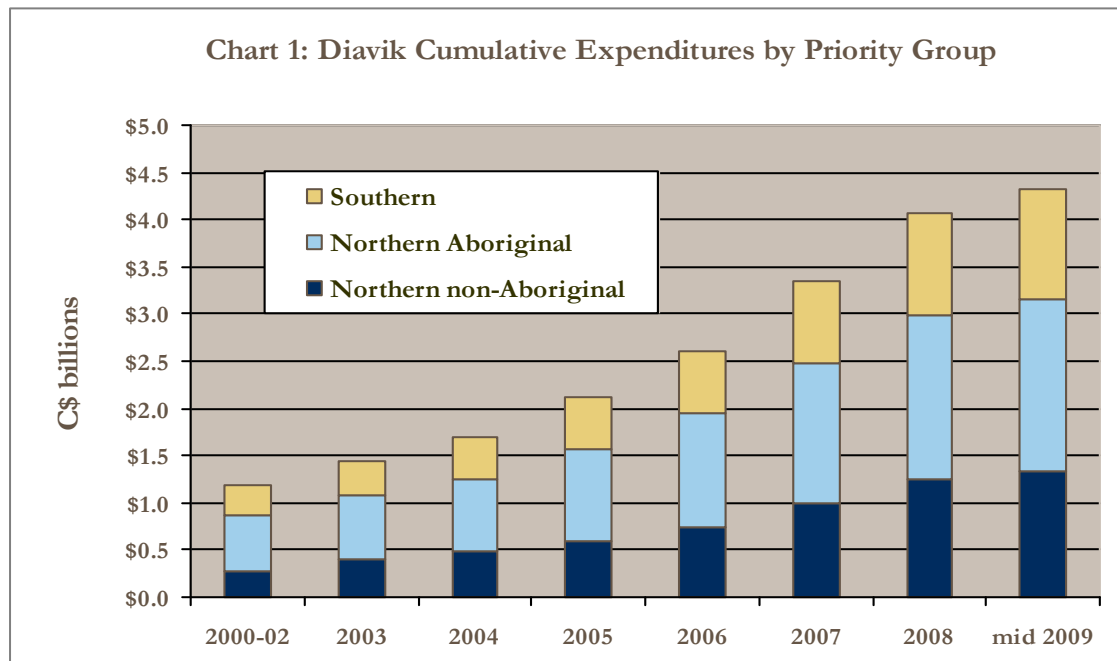
In summary, when all expenditures from 2000 through mid 2009 are combined (Table 10 and Chart 1), Diavik has spent a total of \$4.3 billion, of which \$3.3 billion (73 per cent) is with northern business. Of the \$3.3 billion, some \$1.8 billion is with Aboriginal business. As a result of increased annual operations spending, and major capital investment throughout the project life, Diavik has significantly exceeded its northern purchasing target and expenditures.

⁸ SEMA Appendix A, part 3(a). The objectives were subject to applicable laws and regulations and the availability of persons in the priority groups with the required skills, training and experience.

Table 10: Diavik Diamond Mine Capital and Operations Annual and Cumulative Spend by Priority Group

	Capital				Operating					
	2000-02	2003	2004	2005	2006	2007	2008	2009*	2003-09*	Total*
	(Millions of Dollars)									
Total	1,184	252	269	415	492	727	725	268	3,148	4,332
Northern Aboriginal	604	71	96	203	223	276	254	95	1,218	1,822
Other Northern	270	131	87	108	156	245	256	81	1,064	1,334
Total Northern	874	202	183	311	379	521	509	175	2,280	3,154
Other Canadian	310	50	87	104	113	206	215	92	867	1,172
	(Percent of Total)									
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Northern Aboriginal	51%	28%	35%	49%	45%	38%	35%	35%	39%	42%
Other Northern	23%	52%	32%	26%	32%	34%	35%	30%	34%	31%
Total Northern	74%	80%	68%	75%	77%	72%	70%	66%	72%	73%
Other Canadian	26%	20%	32%	25%	23%	28%	30%	34%	28%	27%

*Based on first six months 2009



Section D: workforce development

Site-based training

Most of Diavik's training is focused on site-based programs to train all employees on Diavik-specific equipment for safe and productive employment and to maintain compliance with Rio Tinto safety standards. For example, every person who comes to Diavik completes the on-line Diavik Safety Training System (DSTS). This ensures that everyone is familiar with our health and safety standards. In addition, all new employees attend our Site Induction program and also receive an orientation specific to the area where they will be working.

Other site-based training areas include:

- Fixed plant operations
- Surface operations
- Open pit mining operations and equipment
- Mine maintenance
- Equipment maintenance
- Safety systems including fall arrest, confined space, and safety interactions
- Continuous business improvement processes such as 6 Sigma™
- Industrial standard first aid
- WSCC Level I and II supervisor certification
- WSCC blaster and shift boss certification
- Mine rescue certification
- Electrical hazard and radiation training
- Delta-V process control
- Underground mine orientation and training

Workplace learning centre

Diavik operates a Workplace Learning Centre at the mine site. Staffed by two adult education advisers working full time on a rotation basis, the centre is intended to help employees build their skills in areas directly related to their every day work. The advisors focus on workplace essential skills, and provide learning support to our apprentices who are preparing to attend technical training. In addition, the Workplace Learning Centre is the first point of contact for new employees and contractors. The adult educators provide assistance to all new hires as they complete the on-line Diavik Safety Training System

Aboriginal leadership program

Diavik employs several northern Aboriginal people in supervisory positions. To help increase the number of qualified Aboriginal people at the supervisory and management level, in 2004 Diavik developed an Aboriginal leadership program in partnership with SAIT Polytechnic. The program includes DDMI and contractor employees. As well as covering the customized curriculum which is based on Rio Tinto leadership competencies, participants were also matched with a DDMI supervisor for mentoring. Since 2005, some 42 individuals have completed the program. In 2009, eight DDMI employees are participating in the program. All graduates receive a certificate from SAIT recognizing their achievement. Since inception, approximately one-third of program graduates have advanced in their careers.

Skilled trades

Diavik has committed to train from eight to 18 apprentices annually. Since the beginning of operations, 18 northerners have successfully completed their apprenticeships and achieved Journeyman certification from the Government of the Northwest Territories. As of 30 June 2009, there were 20 apprentices working towards certifications. Of the 20 apprentices, 18 are northern. Of the northerners, 14 are Aboriginal.

Trade Type	DDMI	Tlicho	Ekati	Total
		Logistics	Services	
Electrical	2	2	-	4
Food Services	-	-	3	3
Heavy Duty Technician	4	-	-	4
Instrumentation Technician	3	-	-	3
Millwright	1	1	-	2
Welding	-	3	-	3
Power Systems Electrician		1		1
Total	10	7	3	20

Journeyman certifications

In 2009, one apprentice achieved journeyman certification:

- Dwayne Buhler, Automotive Technician (Kingland Ford)

A total of 18 apprentices have now successfully completed their apprenticeships at Diavik and achieved journeyman certifications. Others at Diavik who have attained journeyman certifications include:

- Lisa Alexander, Cook (Ekati Services)
- Travis Wood, Heavy Duty Mechanic (Kingland Ford)
- Matthew Stevely, Heavy Duty Equipment Technician (Tli Cho Logistics)
- Einar Dautel, Heavy Duty Mechanic (DDMI)
- Sean Ehman, Millwright 2007 (DDMI)
- Fred Steinwand, Electrician 2007 (Tli Cho Logistics)
- Jesse Lepine, Instrumentation Technician 2007 (DDMI)
- Delmer Bonnetrouge, Electrician, 2006 (DDMI)
- Geoffrey Chambers, Instrumentation, 2006 (DDMI)
- Robert Lafferty, Welder, 2006 (DDMI)
- Jasper Lamouelle, Instrumentation Technician 2006 (DDMI)
- Robert Laviolette, Welder, 2006 (DDMI)
- J.J. Marinic, Millwright, 2006 (DDMI)
- Shaun Roblin, Electrician, 2006 (DDMI)
- Brad Tricoteux, Electrician, Red Seal 2006 (Tli Cho Logistics)
- Ken Moore, Heavy Duty Mechanic, 2004 (DDMI)
- Josh Plowman, Heavy Equipment, 2004 (Tli Cho Logistics)

Aboriginal skills & employment partnership (ASEP)

The federal government has recognized that parts of Canada are experiencing significant demand for skilled labour and that many of these areas include Aboriginal communities that can benefit from the employment opportunities. Consequently, through its Services Canada department, the federal government launched the Aboriginal Skills and Employment Partnership (ASEP) program in 2004.

The NWT Mine Training Society (MTS) was created to administer ASEP funding in addition to the resources available from others. The MTS board of directors consists of representatives of the North Slave Metis, Yellowknives Dene, Tlicho Government, and the Lutsel K'e Dene, the three major diamond mining companies, and the territorial government with observers from Aurora College and the regional HRSDC office. The purpose of ASEP is to increase the number of northern Aboriginal people participating in the mining industry. In 2009, Diavik continued to leverage resources available through the MTS partnership to train Aboriginal candidates as heavy duty equipment technicians. Diavik contractors also receive training subsidies through MTS and are being trained at the mine site. The following programs receive MTS funding:

Apprenticeships (heavy duty equipment technician)

Four heavy duty mechanic apprentices successfully completed their level 3 academic training. These apprentices, all of whom are Aboriginal, work in Diavik's mine site maintenance shop and assist with mine fleet maintenance. Funding for these four apprenticeships is shared between Diavik and the NWT Mine Training Society (MTS).

Apprenticeships (contractor support)

Diavik provided financial, in-kind and journeyman/mentor support for ten apprentices that were working for one of several on-site contractors. The apprentices were enrolled in one of the following Red Seal trades; millwright, welding, food services (chef and cook) or electrical. Many of these contractors are partnering with the MTS in support of these Aboriginal apprenticeships.

Underground miner training program

Diavik continues to participate with MTS' underground miner training program in partnership with Kitikmeot Cementation Mining and Development (KCMD), Diavik's underground mining contractor, and Aurora College. Part I is six weeks Ready to Work North that has been modified to include the life and work skills required to work in a rotational setting, i.e., 4&3, 2&2, 3&3. This is community-based and is delivered by the Aurora College adult educators in various community learning centres. Part II is 16 weeks of academic training that familiarizes the trainees with the language and knowledge of underground safe work practices, mining methods, and procedures. It also includes practice time on an underground equipment simulator and hands-on training on actual underground equipment they may be expected to operate, such as the haul truck, scoop tram and utility vehicle. Part III is 12 weeks of on the job training and is made up of four rotations of two weeks at work and two weeks at home. Trainees are picked up and dropped off from their home community just as a regular employee. Those trainees that successfully complete all three parts may be offered employment by the host company.

Summer student placement

Diavik provided two northern post-secondary students with work experience just after their winter semester. The students, both of whom were Aboriginal, worked throughout the operation at the mine site. Efforts were made to place the students into positions that matched their field of study.

Section E: Cultural and community well-being

Diavik's Socio-Economic Monitoring Agreement establishes policies and practices to help protect cultural and community well-being.

During the construction phase, DDMI initiated a Cultural Awareness, Community Well-Being and Employee Wellness program. In developing these programs, DDMI worked closely with each of the five Aboriginal Participation Agreement holders to ensure project-related cultural and employee/community wellness issues would be addressed in a sensitive and meaningful manner. DDMI has continued these programs into the operations phase of the project.

Diavik's Cultural Awareness program was designed by four well-known northern Aboriginal teachers to address the needs of DDMI's workforce.

To ensure DDMI's Cultural Awareness objectives and commitments are met on an on-going basis, Diavik continues to offer this program on a quarterly basis to those in supervisory positions. The program continues to be well received and well attended. Diavik had several initiatives to support development of a long-term approach to project-related cultural and employee/community well-being. These include:

- Since inception in 2001, the Diavik scholarship program has awarded over \$1.4 million through individual scholarships to residents of the Northwest Territories and Nunavut's West Kitikmeot region. Scholarships are awarded by a Diavik Diamond Mines Inc. scholarship committee and through the five Participation Agreement implementation committees. These committees are co-managed by Diavik and representatives of the five neighbouring Aboriginal groups. The scholarship program includes high school, post-secondary, and employee family scholarships, bursary awards, as well as scholarships awarded through the National Aboriginal Achievement Foundation.
- Delivery of cultural awareness workshops which is required for all DDMI employees in supervisory positions.
- Community relations programs that ensure Community Affairs department representatives attend special events like assemblies, elders' funerals, and significant community and cultural events.
- Mine tours for Aboriginal elders, women, and students.
- Collaborated with Yellowknives Dene First Nation and Diavik Community Advisory Board to conduct studies and surveys with our employees to assist in development of indicators for reporting on social impact issues.
- Donations program.
- Comprehensive community relations program.