

Diavik Diamond Mine

2011 mid year socio-economic monitoring agreement
report

28 July 2011

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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 a 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, 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 mitigatory 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 SEMA with the Government of the Northwest Territories, later ratified by the Tlicho 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. The annual and mid year reports are provided to the Diavik Communities Advisory Board (DCAB), which was created under the SEMA, and to the Government of the Northwest Territories. Our representatives on the DCAB currently include senior management, specifically our vice president, people and communities, and our manager, communities and external relations.

This report is for 1 January 2011 to 30 June 2011 and includes employment, business benefits, capital and operating summaries, workforce development, and cultural and community well-being legacy initiatives. Throughout this and other SEMA reports, some figures may not add due to three-month averaging and rounding.

The Diavik SEMA and associated reports are on our web site (www.diavik.ca) in the reports and publications section.

Background

The Diavik Diamond Mine is located on a 20 square kilometre island in Lac de Gras, 300 kilometres by air northeast of Yellowknife, Northwest Territories. The Diavik mine plan includes three diamond bearing ore bodies, or kimberlite pipes, named A154 North, A154 South, and A418. All three pipes were located beneath the waters of Lac de Gras, just offshore of East Island. A fourth pipe, A 21, continues to show potential. For open pit mining, rockfill structures known as dikes were engineered and constructed to allow the overlying waters to be removed temporarily. In 2002, Diavik 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.

In February 2010, production and processing of initial kimberlite ore mined from Diavik's new underground mine commenced. Under the current life of mine plan, diamond production from underground is projected to continue to 2022. Open pit mining of the A154 ore bodies has concluded. Open pit mining in the A418 ore body continues but expected to cease in 2012.

During first half 2011, production from underground continued to ramp up with full production from underground anticipated in 2013. The underground mine construction, with a capital cost of approximately \$800 million, which is within feasibility projections, required several kilometres of tunnels, rescue bays, ventilation, vertical tunnels known as raises, and dewatering systems. Related surface works include a crusher and paste plant, as well as infrastructure to double power generation and water treatment capacity.

Diavik's total mine life remains within the 16 to 22 years projected in the original 1999 feasibility study.

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, explosives manufacturing facilities, and the new operations centre. Elevated 'arctic corridors' carry services and provide enclosed walkways connecting buildings.

Diamonds are separated from 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, Diavik stores a 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.

2011 half year reporting period highlights

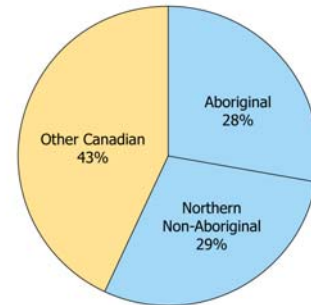
- In May, our workforce was awarded a prestigious regional John T. Ryan safety trophy. These are our industry's most prestigious safety awards and our workforce has earned five John T. Ryan trophies including four regionals and one national in our eight years of operations.
- During first half 2011, we experienced two lost time injuries and six medical treatment cases. Our six month lost time injury and all incident frequency rates were 0.28 and 1.13 respectively.
- Ten Aboriginal northerners from Diavik were the first in Canada to achieve underground miner certifications from the Mining Industry Human Resources Council's Canadian Mining Credentials program. The Diavik Diamond Mine was among seven locations selected for this national pilot program.
- Community participation included sponsoring the Yellowknife Community Foundation gala, Diavik 150 Canadian Championship Dog Derby, and the Yellowknives Dene First Nation career fair and volunteering at the Chamber of Mines miner's picnic, the Kitikmeot Youth Square Dance competition, and the Lutsel K'e spring carnival.
- Diavik's mine rescue team, comprised of members of the Diavik mine site emergency response team, participated in the annual mine rescue competition qualifying for the regional competition.
- Northern employment averaged 628, well above initial predictions of 264.
- Aboriginal employment averaged 309, well above initial predictions of 160.
- Operations employment averaged 1,110 workers. Northern and Aboriginal employment, averaged 628 (57%) and 309 (28%) respectively.
- As of June 30, Diavik supported 25 trades apprenticeships. This nearly doubles our apprenticeships from six months earlier and is part of our commitment to significantly increase the number of northerners with trades skills. Of the total, 24 are northern and 14 are Aboriginal. Our SEMA apprenticeship commitment is 8-18.
- In first half 2011, three Diavik apprentices completed apprenticeship training achieving journeyperson designation. Since 2003, 30 people have successfully completed their apprenticeships at Diavik.
- Northern business spending of \$155.6 million which comprised 69% of total business spending.
- In March, Diavik completed a successful ice road program shipping 3,859 loads (approximately 127,000 tonnes) to the mine site. In total, all users transported 6,832 loads (239,000 tonnes) northbound.
- For the first six months of 2011, rough diamond production was 3.1 million carats.

Operations highlights

2011 mid year employment by priority group

- Workforce averaged 1,110 workers
- Northern employment averaged 628 (57%)
- Aboriginal employment averaged 309 (28%)

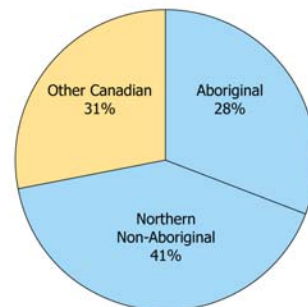
2011 mid year employment



2011 mid year business spending

- \$224.8 million total spending
- \$155.6 million (69%) on northern business
- \$64.0 million (28%) on northern Aboriginal business
- \$91.6 million (41%) on northern non-Aboriginal business

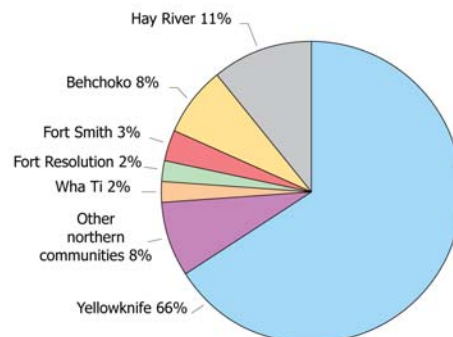
2011 mid year spending



2011 mid year employment by northern community

- 415 workers resided in Yellowknife
- 68 workers resided in Hay River
- 47 workers resided in Behchoko
- 20 workers resided in Fort Smith
- 15 workers resided in Wha Ti
- 13 workers resided in Fort Resolution
- 50 workers resided in other northern communities

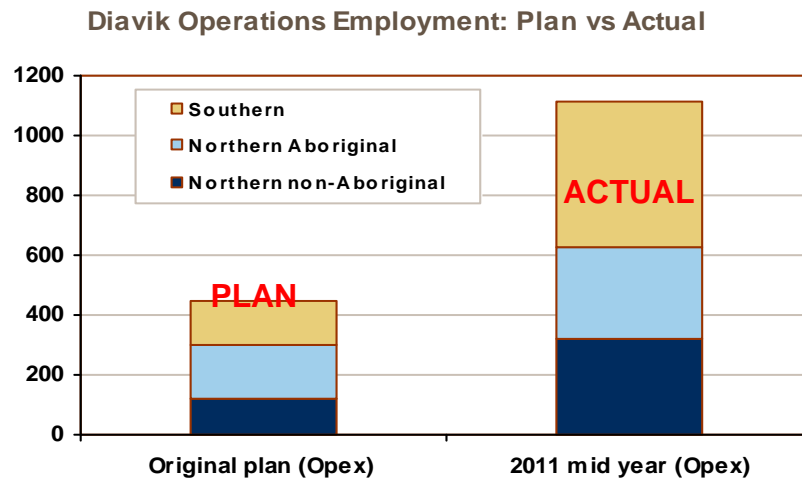
2011 mid year employment by northern community



Employment exceeds plan

During the mine's original approval process, Diavik committed to the priority hiring of northern residents and Aboriginal people born in the Northwest Territories or West Kitikmeot region of Nunavut, and their descendants. Diavik projected that the workforce would be approximately 400 people. From socio-economic studies of the northern workforce, Diavik expected 264 would be northern and 160 Aboriginal. For first half 2011, Diavik exceeded these projections with an operations workforce averaging 1,100 people of whom 628 were northern and 309 were Aboriginal.

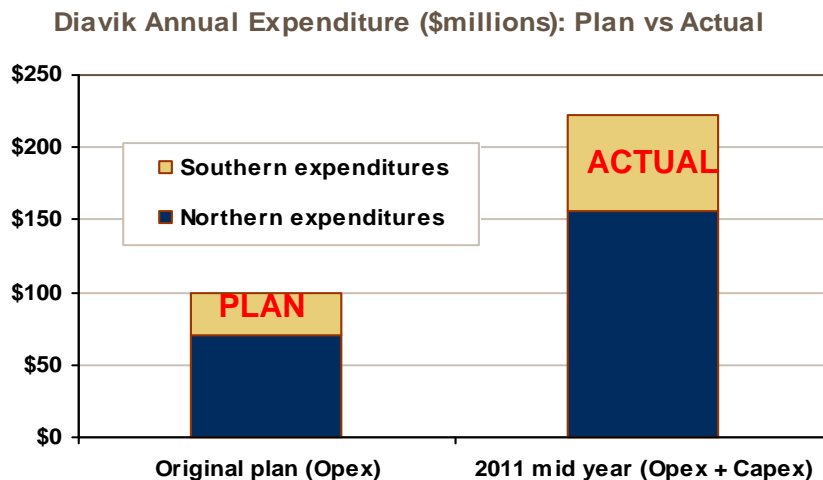
During first half 2011, northern employment averaged 364 above original plan.



During 2011, Aboriginal employment averaged 149 above original plan.

Business spending exceeds plan

During the mine's original approval process, Diavik committed to spend approximately \$100 million annually to support mining operations. During first half 2011, a period in which underground mine construction continued, Diavik spent \$224.8 million on combined operating and new capital expenses. Of this total, \$155.6 million, or 69 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 by priority group³ for first half 2011.

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

	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	2011 *
	(Number)				
Total	1,092	1,128	0	0	1,110
Aboriginal	301	318	0	0	309
Non-Aboriginal	314	323	0	0	319
Subtotal northern	615	640	0	0	628
Other	477	488	0	0	483
	(Per cent)				
Total	100%	100%	0%	0%	100%
Aboriginal	28%	28%	0%	0%	28%
Non-Aboriginal	29%	29%	0%	0%	29%
Subtotal northern	56%	57%	0%	0%	57%
Other	44%	43%	0%	0%	43%

* Based on Q1 and Q2

Hiring for the underground mine continued in first half 2011. As expected access to skilled underground labour in the North continues to be challenging and due to this shortage, southern labour has been recruited. This has resulted in a decline in our northern and Aboriginal employment percentages to 57 per cent and 28 per cent respectively.

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.

Northern hiring strategy

In recognition of this challenge and due to our commitment to our SEMA target, we continue to refine our northern workforce recruitment and development strategy. Our strategy includes more apprenticeships, new recruitment campaigns in northern communities, working with the Government of the Northwest Territories on the training landscape in the North, and reviewing the feasibility of new northern community pickup points.

In 2010, we committed to add 86 new apprenticeships through 2020. With our commitment to add new apprentices, we expect our mine to generate about 100 trained northern journeypersons. Providing for apprenticeships and creating journeypersons is part of our overall northern employment strategy. This strategy will result in a legacy of skilled trades people within our local communities. Some 30 individuals have now achieved journeyperson certifications at the Diavik Diamond Mine.

Operating employment by community

Table 2 provides Diavik Diamond Mine operations workforce by residence for first half 2011 (note: Table 1 represents employment by priority group). On average there were 1,110 Diavik operations workers during the period of which 626 (56 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	2011 *	2011 (Percent)
Total	1,092	1,128	0	0	1,110	100%
Behchoko	48	47	0	0	47	4%
Deline	1	2	0	0	2	0%
Dettah	3	4	0	0	4	0%
Enterprise	2	2	0	0	2	4%
Fort Good Hope	2	2	0	0	2	0%
Fort Providence	6	6	0	0	6	1%
Fort Resolution	13	13	0	0	13	1%
Fort Simpson	7	8	0	0	8	1%
Fort Smith	19	20	0	0	20	2%
Gameti	8	6	0	0	7	1%
Hay River	63	73	0	0	68	6%
Inuvik	2	2	0	0	2	0%
Lutsel K'e	3	5	0	0	4	0%
Ndilo	2	2	0	0	2	0%
Wekweeti	3	3	0	0	3	0%
Wha Ti	14	15	0	0	15	1%
Yellowknife	408	422	0	0	415	37%
Cambridge Bay	1	1	0	0	1	2%
Kugluktuk	7	6	0	0	6	1%
Subtotal northern	613	638	0	0	626	56%
Alberta	175	177	0	0	176	16%
Other Canada	304	314	0	0	309	28%
Subtotal southern	479	490	0	0	485	44%

* Based on Q1 and Q2

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-Jun	Jul-Sep	Oct-Dec	2011*
		(Number)			
Total	38	29	0	0	66
Northern Aboriginal	8	4	0	0	12
Northerner (+6 mos)	12	8	0	0	20
Northerner (-6 mos)	2	1	0	0	3
Subtotal northern	22	13	0	0	35
Other Canadian	15	16	0	0	31
		(Per cent)			
Total	100%	100%	100%	100%	100%
Northern Aboriginal	22%	13%	0%	0%	19%
Northerner (+6 mos)	31%	29%	0%	0%	30%
Northerner (-6 mos)	6%	2%	0%	0%	5%
Subtotal northern	59%	44%	0%	0%	53%
Other Canadian	41%	56%	0%	0%	47%

* Based on Q1 and Q2

Employment by job category and priority group for operations

Table 4 provides the Diavik Diamond Mine operations workforce by job category/priority group in first half 2011, during which Diavik's total operations workforce averaged 1,110 people. The total was comprised of 17 management, 108 professional, 524 skilled, 236 semi-skilled, and 135 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 pickup points for northern-based workers, re-advertising roles where low or no interest was shown, information visits and recruitment sessions with DDMI and contractor representatives in communities, and local career fair attendance.

Table 4: Total Employees by Job Category and Priority Group

		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	2011 *
Grand Total		1,092	1,128	0	0	1,110
Management	Total	17	16	0	0	17
	Aboriginal	0	0	0	0	0
	Non-Aboriginal	17	16	0	0	17
	Northern	17	16	0	0	17(100%)
	Other	0	0	0	0	0
Professional	Total	107	109	0	0	108
	Aboriginal	6	6	0	0	6
	Non-Aboriginal	52	53	0	0	52
	Northern	58	59	0	0	58(54%)
	Other	49	51	0	0	50
Skilled	Total	509	539	0	0	524
	Aboriginal	54	66	0	0	60
	Non-Aboriginal	98	103	0	0	100
	Northern	152	169	0	0	160(31%)
	Other	358	370	0	0	364
Semi-skilled	Total	328	325	0	0	326
	Aboriginal	173	169	0	0	171
	Non-Aboriginal	99	103	0	0	101
	Northern	272	272	0	0	272(83%)
	Other	56	53	0	0	54
Entry level	Total	131	139	0	0	135
	Aboriginal	68	76	0	0	72
	Non-Aboriginal	48	47	0	0	48
	Northern	115	124	0	0	120(89%)
	Other	16	15	0	0	15

* Based on Q1 and Q2

Employment by contractor and priority group for operations

Table 5 provides employment by company and priority group for first half 2011. DDMI employed 635 people, with 361 people (57%) northern. I&D employed 127 people, with 112 people (88%) northern. Tli Cho Logistics employed 110 people, with 65 people (59%) northern. Bouwa Whee Catering employed 94 people, with 81 people (86%) northern. Denesoline Western Explosives (DWE) employed four people, with two people (50%) northern. Other contractors employed 141 people, with seven people (5%) northern.

**Table 5: Diavik Diamond Mine Operations Phase
Employee by Priority Group by Contracting Company**

		Jan - Mar		Apr - Jun		Jul - Sep		Oct - Dec		2011 *	
DDMI Total		623	100%	646	100%	0	0%	0	0%	635	100%
	Aboriginal	136	22%	142	22%	0	0%	0	0%	139	22%
	Non-Aboriginal	218	35%	226	35%	0	0%	0	0%	222	35%
	Northern	354	57%	368	57%	0	0%	0	0%	361	57%
	Other	269	43%	279	43%	0	0%	0	0%	274	43%
I & D Total		128	100%	126	100%	0	0%	0	0%	127	100%
	Aboriginal	86	67%	84	66%	0	0%	0	0%	85	67%
	Non-Aboriginal	26	21%	27	21%	0	0%	0	0%	27	21%
	Northern	112	88%	111	88%	0	0%	0	0%	112	88%
	Other	16	12%	15	12%	0	0%	0	0%	16	12%
Tli Cho Total		108	100%	111	100%	0	0%	0	0%	110	100%
	Aboriginal	39	36%	39	35%	0	0%	0	0%	39	36%
	Non-Aboriginal	26	24%	26	24%	0	0%	0	0%	26	24%
	Northern	65	60%	65	59%	0	0%	0	0%	65	59%
	Other	43	40%	46	41%	0	0%	0	0%	45	41%
Bouwa Whee Total		87	100%	100	100%	0	0%	0	0%	94	100%
	Aboriginal	36	41%	49	49%	0	0%	0	0%	43	45%
	Non-Aboriginal	38	44%	38	38%	0	0%	0	0%	38	41%
	Northern	74	85%	87	87%	0	0%	0	0%	81	86%
	Other	13	15%	13	13%	0	0%	0	0%	13	14%
DWE Total		4	100%	4	100%	0	0%	0	0%	4	100%
	Aboriginal	1	25%	1	25%	0	0%	0	0%	1	25%
	Non-Aboriginal	1	25%	1	25%	0	0%	0	0%	1	25%
	Northern	2	50%	2	50%	0	0%	0	0%	2	50%
	Other	2	50%	2	50%	0	0%	0	0%	2	50%
Other Total		142	100%	140	100%	0	0%	0	0%	141	100%
	Aboriginal	3	2%	3	2%	0	0%	0	0%	3	2%
	Non-Aboriginal	4	3%	3	2%	0	0%	0	0%	4	3%
	Northern	7	5%	6	5%	0	0%	0	0%	7	5%
	Other	135	95%	134	95%	0	0%	0	0%	134	95%
Total		1,092	100%	1,128	100%	0	0%	0	0%	1,110	100%
	Aboriginal	301	28%	318	28%	0	0%	0	0%	309	28%
	Non-Aboriginal	313	29%	322	29%	0	0%	0	0%	319	29%
	Northern	614	56%	639	57%	0	0%	0	0%	628	57%
	Other	478	44%	489	43%	0	0%	0	0%	483	43%

* Based on Q1 and Q2

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 purchase⁴ at least 70 per cent of the goods and services annually from northern companies. Actual expenditures since then have been higher.

Northern business participation initiatives and outsourcing

Diavik recognizes its significant role in creating new and long-term business opportunities that can increase northern business capacity. As a result, Diavik has entered into operations labour contracts with Aboriginal and northern businesses that supply approximately 40 per cent 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. For a more comprehensive list of companies supporting Diavik, see Table 7 (page 16).

Examples of northern contractors supporting Diavik Diamond Mine operations include I&D Management Services (heavy equipment operators), Bouwa Whee Catering (catering and camp services), Tli Cho Logistics (site services), Tli Cho Landtran (freight transport), Tli Cho Air (air transportation), Denesoline Western Explosives (explosives supply and technical support), Exlogs-Taidene Frontier Medical Services Canada Ltd. (onsite/offsite medical services), and Kitikmeot Cementation and Mining Development (underground mine related development, production, and maintenance).

DDMI has worked closely with these Aboriginal-owned companies to assist them in building capacity 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

⁴ 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 first half 2011 include:

- Recruitment and information sessions and project updates in several 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 northern business 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
 - Freight transportation
 - 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
 - Contracts with local firms for work related to the underground mine (specifically fresh air raise, mine dry, and underground maintenance shop work).

Through its ongoing continuous business improvement processes, and the Diavik Northern Business Participation Policy, DDML 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 6 gives total operations and capital spending by priority group during first half 2011. Table 7 presents a sample of northern and northern Aboriginal businesses supporting Diavik.

In first half 2011, Diavik's combined operations and capital expenditures were \$ 224.8 million. The value of spending on northern businesses was \$155.6 million (69 per cent). Spending on Aboriginal businesses was \$64.0 million (28 per cent). Spending on northern non-Aboriginal business was \$91.6 million (41 per cent). Other businesses accounted for the remaining \$69.2 million (31 per cent).

Total		224.8
	Northern Aboriginal	64.0
	Northern non-Aboriginal	91.6
	Subtotal northern	155.6
	Other	69.2
Per cent		100%
	Northern Aboriginal	28%
	Northern non-Aboriginal	41%
	Subtotal northern	69%
	Other	31%

Table 7: Sample of Major Northern Businesses Supporting Diavik by Preference Category

Northern Businesses

Acklands-Grainger Inc.
ADCO North Limited
Aon Reed Stenhouse Inc.
Arcan Construction
Arctic Sunwest Charters
Atlas Copco
Aurora Geosciences Ltd.
Canadian Dewatering
Central Mechanical Services
Coneco Equipment Ltd.
Danmax Communication Ltd.
EBA Engineering Consultants Ltd.
Eecol Electric
First Air
Finning (Canada) Ltd
Fountain Tire Ltd.
Frontier Mining & Industrial Supplies
G&G Expediting
Golden Electric
Golder Associates Ltd.
Great Slave Helicopters Ltd.
Imperial Oil Limited
Inkit Ltd.
KBL Environmental Ltd.
Kinacor Inc.
Kingland Ford
Lake Awry Cap & Crest
Matonabee Petroleum Ltd.
Major Drilling Ltd.
Midnight Sun Energy Ltd.
Midwest Major Drilling Ltd.
Ninety North Construction
Norpo
Northbest Distributors Ltd.
Northern Communication and Navigation
Northwest Transport Ltd.
NWT Rock Services
Northern Industrial Sales
Northwestern AirLease Ltd.

Ollerhead & Associates Ltd.
Orbis Engineering Ltd.
Petro Canada
RTL Robinson Enterprises Ltd.
Ryfan Electric
Sandvik
Slade Fire Prevention
SMS Equipment Ltd.
Tait Communications and Consulting
Territorial Crane Service Ltd.
Tundra Site Services
Thyssen Krupp Elevators
Wajax Industries Ltd.

Northern Aboriginal Businesses

A&A Technical Services Ltd.
Behchoko Development Corporation
Bouwa Whee Catering Ltd.
Canadian North
Denesoline Western Explosives Ltd.
Denesoline - Northern Food Services
Det'on Cho Nahanni Construction
Det'on Cho Scarlet Security
Det'on Cho Stantec
Exlogs Taidene – Frontier Medical Services
I&D Management Services Ltd.
Kitikmeot Cementation
Lac De Gras Constructors
Metcrete Services
Nishi Khon SNC Lavalin Inc.
Northern Industrial Sales
Northern Metallic Sales
Nuna Logistics Ltd.
Tli Cho Landtran Transport Ltd.
Tli Cho Logistics
Tli Cho Air

Section C: capital and operating summaries

Construction of the Diavik Diamond Mine started in 2000 and commercial diamond production commenced in January 2003. Table 8 summarizes employment results achieved by Diavik and its contractors from 2000 through mid 2011.

**Table 8: Diavik Diamond Mine Historical Data
Total Employees by Priority Group**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011**	Total 2000- 2011*
Total	(Average number of employees)												
Employment	297	1,031	1,114	611	719	1,085	1,068	1,286	1,436	1,011	907	1,110	11,675
Aboriginal	78	245	214	221	259	290	272	299	298	279	267	309	3,031
Non-Aboriginal	87	182	268	223	258	296	292	311	307	273	284	319	3,100
Northern	165	427	482	444	517	586	564	609	606	552	551	628	6,131
Other	132	604	632	167	202	499	504	693	831	459	321	483	5,527
Operating	0	0	0	611	719	727	735	773	808	810	907	1,110	7,200
Aboriginal	0	0	0	221	259	256	245	260	273	269	267	309	2,359
Non-Aboriginal	0	0	0	223	258	257	253	268	267	259	284	319	2,388
Northern	0	0	0	444	517	513	497	527	540	528	551	628	4,745
Other	0	0	0	167	202	214	238	262	268	282	321	483	2,437
Capital**	297	1,031	1,114	0	0	358	333	513	628	201	0	0	4,475
Aboriginal	78	245	214	0	0	33	27	39	26	10	0	0	672
Non-Aboriginal	87	182	268	0	0	40	40	43	40	14	0	0	714
Northern	165	427	482	0	0	73	67	82	66	24	0	0	1,386
Other	132	604	632	0	0	285	266	431	563	177	0	0	3,090
	(Per cent)												
Employment	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Aboriginal	26%	24%	19%	36%	36%	27%	25%	24%	22%	28%	31%	28%	26%
Non-Aboriginal	29%	18%	24%	36%	36%	27%	27%	26%	23%	27%	33%	29%	27%
Northern	56%	41%	43%	73%	72%	54%	53%	50%	45%	55%	63%	57%	53%
Other	44%	59%	57%	27%	28%	46%	47%	50%	55%	45%	37%	43%	47%
Operating	0%	0%	0%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Aboriginal	0%	0%	0%	36%	36%	35%	33%	32%	34%	33%	31%	28%	33%
Non-Aboriginal	0%	0%	0%	36%	36%	35%	35%	35%	33%	32%	33%	29%	33%
Northern	0%	0%	0%	73%	72%	71%	68%	66%	67%	65%	63%	57%	66%
Other	0%	0%	0%	27%	28%	29%	32%	34%	33%	35%	37%	43%	34%
Capital*	100%	100%	100%	0%	0%	100%	100%	100%	100%	100%	0%	0%	100%
Aboriginal	26%	24%	19%	0%	0%	9%	8%	7%	4%	5%	0%	0%	15%
Non-Aboriginal	29%	18%	24%	0%	0%	11%	12%	9%	6%	7%	0%	0%	16%
Northern	56%	41%	43%	0%	0%	20%	20%	16%	10%	12%	0%	0%	31%
Other	44%	59%	57%	0%	0%	80%	80%	84%	90%	88%	0%	0%	69%

* Based on Q1 and Q2

**2003 and 2004 capital employment with Total. In 2010 capital and operations combined as part of underground mine transition.

Capital and operations business spending

Table 9 describes Diavik's historical capital and operations business expenditures. Diavik undertook⁹ that throughout mine construction at least 38 per cent of total capital expenditures would be on 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. 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.

For the second phase of construction commencing in 2005, operations and construction contracts were combined. As a result, expenditures reported from 2003 to date combine capital and operations expenditures. When 2000 through mid year 2011 spending is combined, Diavik has spent a total of \$5.0 billion, of which \$3.6 billion (72 per cent) is on northern business. Of the \$3.5 billion, \$2.0 billion is on Aboriginal business.

**Table 9: Diavik Diamond Mine Capital and Operations
Annual and Cumulative Spend by Priority Group**

	Capital					Operating					Total
	2000-02	2003	2004	2005	2006	2007	2008	2009	2010	2011*	
	(\$millions)										
Total	1,184	244	231	410	487	727	725	432	365	225	5,030
Northern Aboriginal	604	66	71	197	224	276	254	145	113	64	2,014
Other northern	270	120	84	112	155	245	256	143	147	92	1,624
Total northern	874	186	155	309	379	521	510	288	260	156	3,638
Other Canadian	310	58	76	101	108	206	215	144	105	69	1,392
	(%)										
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Northern Aboriginal	51%	27%	31%	48%	46%	38%	35%	34%	31%	28%	40%
Other northern	23%	49%	36%	27%	32%	34%	35%	33%	40%	41%	32%
Total northern	74%	76%	67%	75%	78%	72%	70%	67%	71%	69%	72%
Other Canadian	26%	24%	33%	25%	22%	28%	30%	33%	29%	31%	28%

*Based on Q1 and Q2

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 standards. For example, every person who comes to Diavik completes the on-line Diavik Safety Training System. This ensures that everyone is familiar with our standards. In addition, all new employees attend the site induction program and also receive an orientation specific to their work area.

Other site-based training areas include:

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

Workplace learning centre services

Diavik maintains a workplace learning centre at the mine site. The centre is intended to help employees build their skills in tasks directly related to their every day work role including computer skills. A training adviser is available to provide learning support to 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 training mine site administrators provide direction and support to all new hires as they complete the on-line Diavik Safety Training System.

Northern leadership development 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, Diavik commenced an Aboriginal development 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 are matched with a DDMI supervisor for mentoring. Since 2005, 59 individuals have completed the program. All graduates receive a certificate from SAIT recognizing their achievement. In 2010, Diavik expanded the program and two individuals with De Beers Canada, along with four DDMI employees, completed the program. In 2011, the program was transitioned to Aurora College and has

expanded to include participants from northern businesses. Diavik has six participants in the current class of 23 registrants.

Skilled trades

Diavik has committed to train between eight and 18 apprentices annually. As of 30 June 2011, there were 20 Diavik Diamond Mines Inc. apprentices working towards certifications. In addition, DDMI contractor Bouwa Whee Catering employed one apprentice as cook and DDMI contractor Tli Cho Logistics employed two apprentices in the roles of electrician and welder.

Additionally, two DDMI individuals were working towards a dual journey person.

Of the total of 25 Diavik Diamond Mine apprentices, 24 are northern and of the 24 northerners, 14 are Aboriginal.

In 2010, we committed to add 86 new apprenticeships through to 2020. Through 30 June 2011, the first fourteen new apprentices were hired which included 14 northerners of whom 10 are Aboriginal. In 2011 three apprentices working at the Diavik Diamond Mine achieved journey person certification. Since 2003, a total of 30 apprentices have now successfully completed their apprenticeships at Diavik and achieved journey person certifications from the Government of the Northwest Territories.

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 and additional resources. The MTS board of directors consists of representatives of the North Slave Metis, Yellowknives Dene, Tlicho Government, and Lutsel K'e Dene, the three diamond mining companies, and the territorial government with observers from Aurora College and the regional Human Resources and Skills Development Canada office. The purpose of ASEP is to increase the number of northern Aboriginal people participating in the mining industry. The following programs receive MTS funding:

Underground miner training program

Diavik participated in the MTS underground miner training program in partnership with Aurora College. Part I of the program is six weeks of the Ready to Work North program, modified to include life and work skills in preparation for a rotational work schedule. This community-based program is delivered by Aurora College adult educators. Part II is 16 weeks training familiarizing trainees with underground safe work practices, mining methods, and procedures. It includes underground equipment simulator practice time and hands-on training on underground equipment, such as haul truck, scooptram, and utility vehicle. Part III is 12 weeks on-the-job training. In 2010, Diavik provided work experience placements for six underground miner trainees in this program with all receiving permanent employment offers. In 2011, Diavik accepted four underground miner trainees and three received permanent employment offers.

Mineral processing operator training program

In 2010, Diavik provided work experience placements for three mineral processing operator trainees. These three individuals were selected from the graduates of the Aurora College training program. All three trainees are now permanent employees at Diavik. In 2011, Diavik accepted four mineral processing trainees. One individual is now a permanent employee and two individuals will complete their work experience program in July.

Section E: cultural and community well-being

Community and legacy programs and initiatives

- In February, Diavik completed the first year of a three-year commitment to the Yellowknife Community Foundation gala to raise funds to support local community projects and programs within the NWT. This commitment includes sponsorship, assistance with planning, donations for auction, and volunteering staff.
- During the first six months of 2011, Diavik's donations committee supported 50 local community initiatives with a total of \$102,000. Diavik's donations and sponsorship committee consists of six employees (three from minesite operations and three from Yellowknife operations) that meet six times per year to review all donation and sponsorship requests. The donations policy includes a two-tier review process. For large funding requests, the committee reviews and provides input to members of the company's senior executive. Diavik also reviews requests for polished diamonds where the organization can demonstrate that the donation will leverage additional funding.
- In June, we partnered with Det'on Cho Earth Energy and territorial and federal governments on a wind study. Our role includes in-kind assistance and donation of a weather tower which Diavik had used to collect weather data, including wind speed, at the Diavik Diamond Mine. This multi-year study will assist in determining the feasibility of a potential wind turbine installation near the old Giant Mine.
- Community involvement initiatives that allow DDMI employees an opportunity to visit local communities and attend community and cultural events, such as the Lutsel K'e spring carnival, the Yellowknives Dene Career Fair and Aboriginal Day celebrations, the Tlicho Assembly in Wha Ti, the Cambridge Bay trade show, and a youth square dance competition in Kugluktuk.
- Diavik visited Lutsel K'e in January and held a recruitment drive and annual update in the community hall. Additionally, in conjunction with the Environmental Monitoring Advisory Board (EMAB), DDMI visited Behchoko in June to provide a community update.
- In other community relations work, Diavik has requested a community engagement protocol with each of the Participation Agreement communities.
- Diavik participated in EMAB's workshop to discuss the structure and mandate for a Traditional Knowledge (TK) Panel, as provided for in the Environmental Agreement. Diavik has also been discussing possible Traditional Knowledge monitoring programs with various communities and is working on a report that outlines recent TK initiatives and provides general recommendations and challenges for incorporating TK in to DDMI's environmental monitoring programs.
- Diavik Diamond Mines Inc. was re-certified at the highest level (Gold) under the Canadian Council for Aboriginal Businesses Progressive Aboriginal Relations program.
- In response to community feedback, Diavik has committed to hiring three part-time community-based liaison officers to provide a resource for community members and their families interested in finding out more about Diavik or obtaining support for local DDMI employees and their family members.

These initiatives, when combined with Diavik's health, safety, environment, training, employment, and business benefits, are part of our overall legacy of meaningful benefits for the North and its residents.