

DIAVIK
DIAMOND MINE

dialogue

VOLUME 10

2ND QUARTER 2007

Diamond Production Remains Strong

Welcome

Welcome to another *dialogue*, keeping you on top of developments at our diamond mine.

At Diavik, safety is our highest value, and if it can't be done safely, it won't be done at Diavik. I'm very pleased at our recent record achievement of more than 60 days without a lost time injury or medical treatment. This is a tremendous job well done.

Community success was also high during the second quarter. While our workforce has grown over the quarter, we've managed to hire the majority from the north, maintaining the goals we set when we started the mine. Our latest community project, the new Bailey House Men's Transition Centre is also well into construction, and this year's silent auction has benefited local charities. I'm also pleased we could work with the Yellowknives Dene to record the history of another of their Elders, Helen Tobie.

At the mine site, work is well underway to keep Diavik's mine life strong. Construction of the second open pit is on schedule and we expect to reach the A418 pipe around year-end. Work on our underground study is adding confidence that we can begin mining ore sometime near the end of next year.

Keeping production efficient is always key, and through hard work our teams have recovered over three million carats this past quarter.

Our environmental record continues to be exceptional, and at mid-year, the Wek'eezhii Land and Water Board had recommended that the federal government approve the renewed water licence.

In closing, I would like to thank every one at Diavik for their dedication and hard work. I joined Diavik just over two years ago and I am very proud of what everyone has accomplished. Soon, I will be taking on new responsibilities within the Rio Tinto Group, but I will leave knowing that everyone within Diavik will continue their commitment to make Diavik Canada's premier diamond mine.

Mark Anderson
President

High grade ore and excellent process plant performance resulted in strong second quarter diamond production at Diavik. For the quarter, 3.3 million carats were produced.

Ore was largely from the A154 South pipe, with lesser production from A154 North.

Diamond production to mid-year was 5.9 million carats.

In the new A418 open pit, overburden removal and waste rock stripping continues and we expect to reach ore near year-end.

Underground development, sampling and testing programs continue to advance the feasibility study, which is expected to be completed this fall.

Federal government regulatory inspections covering both land and

water use were conducted during the quarter, and Diavik continues to meet all requirements.

A snapshot of operations at mid-year showed 827 workers, of which 66 per cent was northern, and of these approximately half are Aboriginal. The operations workforce was up due in part to the hiring of 22 summer students and 11 university co-op students.

Three lost time injuries and three medical treatment cases were reported during the quarter for a year to date All Incident Frequency Rate (AIFR) of 1.30 and a Lost Time Injury Frequency Rate (LTIFR) of 0.59. Diavik has set an AIFR target of 0.93 and a LTIFR target of 0.42 for 2007.



Blaster Roger Lirette ties in a blast pattern in the Diavik A154 open pit.



Gem-quality Diavik diamonds, including an eight carat octahedron and a large 90 carat rough diamond known as a "makeable".

Dene Elder Helen Tobie Biography Published

Diavik Diamond Mines Inc. is pleased to have assisted with the publication of the biography of Yellowknives Dene Elder Helen Tobie.

The publication, entitled "Traces of My Life", produced by the Diavik/ Yellowknives Dene Participation Agreement Implementation Committee in conjunction with the Yellowknives Dene First Nation and Diavik Diamond Mines Inc., is published in Dogrib and English.

Elders' biographies are important as they provide a way for future generations to know about traditional values and how they can be applied to new and changing circumstances, explained Phil Mercredi, participation agreement representative with the Yellowknives Dene First Nation.

"As Elders' stories are published, they help the adults remember who they are as Dene, and help young people understand how they came to be here. The way in which we approached the Helen Tobie biography will be adopted for future interviews and publications," he added.

Helen Tobie was born in Dettah in 1942. Her stories were preserved on tape before she passed away last year.

The publication launch was held June 25 at Diavik's Yellowknife office. Copies are available through the implementation committee office (867-873-9829) or by e-mailing Phil Mercredi at pmercredi@ykdene.com.

This is the third such biographical publication produced by the Diavik/ Yellowknives Dene Participation Agreement Committee. Previous biographies were produced on Michel Paper, and Phillip and Madeline Goulet.



Family members Louise Mackenzie, Joseph Tobie, Rachel Ann Crapeau, Julian Tobie-Norn, Eric Crapeau, Alizette Drybones, Trevor Betsina, Laurie Tobie, and Faith Tobie-Norn, left to right, attended the Yellowknives Dene Elder Helen Tobie book launch at Diavik's Yellowknife office.

Wek'eezhii Submits Water Licence

The new Wek'eezhii Land and Water Board has submitted a renewed Diavik water licence to the federal minister. In their submission, the board is recommending that the renewed licence receive approval. The renewed licence, replacing Diavik's existing water licence, is expected to take effect by early Fall and would expire in 2015. The renewed licence was completed after a public hearing in June to discuss the Diavik ammonia management plan.

Mine Rescue Team Wins Two Events

Diavik's Mine Rescue Team took home top honours in two events at the annual Mine Rescue Competition, held in Yellowknife during Mining Week.

The Diavik team won the fire fighting and rope rescue events. Overall, Diavik finished second in the underground competition.

The 2007 competition was just the second time Diavik has entered in the underground event. Diavik is currently an open-pit mine, but working toward underground mining.

"This is an excellent achievement and placed us second for the underground component of the mine rescue competition," said Diavik Health and Safety Manager Peter Crooks. "I would also like to acknowledge the dedication and efforts of the many people in our emergency response team who helped make this possible, and also the entire Diavik team for their on-going support."

The Diavik team will now go on to participate in September's Western

Region Mine Rescue Competition, which is held every two years in Fernie, BC.

The overall winners of the surface section were Tahera, with BHP Billiton taking honours in the underground section.

Hosted by the Workers' Compensation Board of the Northwest Territories and Nunavut, the competition offers mine rescue teams the opportunity to showcase their emergency response skills.

Heave that Herc!

Pulling a Hercules transport 15 feet might not sound like a huge accomplishment but consider this – it weighs about 41,000 kilograms.

Team Diavik managed the feat and in so doing helped support the Special Olympics/Law Enforcement Torch Run.

Diavik and First Air were major sponsors for the event, held at the

Yellowknife Airport.

In the fastest pull category, Diavik's men's team hauled the Herc 15 feet in ten seconds and took second place, just one second behind the Yellowknife Fire Department team. In the mixed team category, Diavik took third place.

In the fundraiser category, Team Diavik took top honours, raising just over \$1,500.



Team Diavik at the Herc pull fundraiser for Special Olympics/Law Enforcement Torch Run.

Bailey House Construction Well Underway

Diavik is pleased to report that the construction of Bailey House, a new men's transition centre, is advancing as planned.

The Bailey House, a partnership of several groups including the Yellowknife Homelessness Coalition, federal and territorial governments, the Salvation Army, local businesses, and Diavik, is located in Yellowknife adjacent to the Salvation Army.

The \$5.1 million facility is expected to open for winter 2007/08 and will provide housing for up to 32 men making the transition from homelessness to self-sufficient independent living.

Diavik President Mark Anderson said the company is "pleased to be a partner in this community project. It's a privilege to be on board with all those involved."

The Bailey House has been "seven or eight years in the making and a tremendous group of people have

dedicated a lot of years to make it happen," said Diavik Manager of Community Projects Glenn Zelinski.

Diavik will project manage construction of the facility, with in-kind and cash contributions worth approximately \$250,000, and provide interim financing.

Officials and community members attended the construction launch in April.

This latest community involvement project is one of several for Diavik, with the most recent being managing completion of the Yellowknife Multiplex arena's second ice surface. Diavik was also part of a partnership that converted the old Yellowknife Mine Rescue Centre into the SideDoor Youth Centre. That project was just one of Diavik's numerous community-based trades training courses which resulted in new and improved community infrastructure and raised trades skills for participants.



Construction of Bailey House is advancing as planned. The Salvation Army, located next door, will deliver the new facility's programs.



Diavik's mine rescue team, all volunteers from the Diavik Diamond Mine, included Christopher Dives, Curtis Dunford, Benn Armstrong, George Baird, Captain Dean Warren, Nathan Pitre, Justin Grandjambe, and Robert Lumsden (emergency response team coordinator and coach). Photo taken at old Giant Mine in Yellowknife.

Silent Auction Raises Funds for Charities

Diavik is pleased to announce its 8th Annual Charity Silent Auction has raised approximately \$20,000 for local charities.

The Yellowknife Association for Community Living – Abe Miller Centre and the Yellowknife YWCA will share the proceeds.

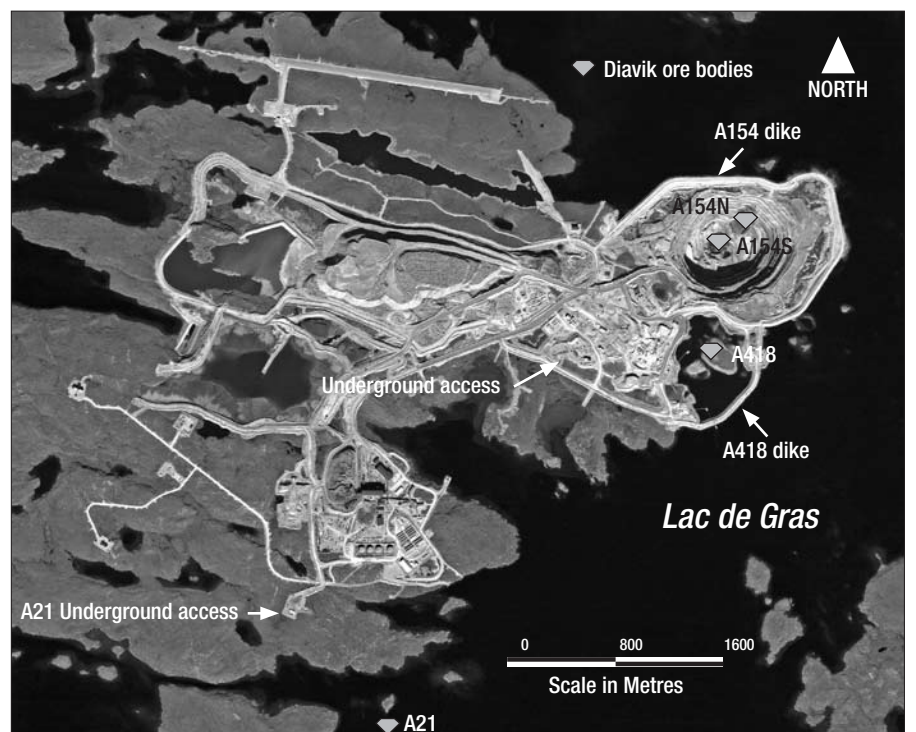
The auction, held at Diavik's corporate office and Visitors Centre in downtown Yellowknife, concluded Friday, June 22.

Some 50 companies donated nearly 80 items to the auction. Among the items was a 0.51-carat diamond donated by Diavik, which raised just over \$1,800.

Diavik at a Glance

The Diavik Diamond Mine is located 300 kilometres northeast of Yellowknife, NWT. It consists of three diamond-bearing deposits, called kimberlite pipes, located just offshore of a 20-square-kilometre island, under the waters of Lac de Gras. To mine these underwater ore bodies, Diavik has built dikes out from the island surrounding the pipes.

- Initial construction completed – January 2003
- Initial capital cost – C \$1.3 billion
- Reserves (2006) – 24.5 million tonnes at 3.3 carats per tonne
- Three ore bodies called A154 South, A154 North, and A418
- Annual ore production – approximately two million tonnes
- Annual diamond production – over 10 million carats
- Total mine life – 16 to 22 years (currently in year 5)
- Operations workforce – approximately 825
- Total operations and construction spending – \$2.6 billion (75% northern)



Image, taken September 2006, of the Diavik Diamond Mine, East Island, Lac de Gras, NWT.

Want to Learn More?

For more information about the Diavik Diamond Mine, please visit our web site at www.diavik.ca. Information may also be obtained from the Diavik Diamond Mines Inc. head office in Yellowknife, where you can also visit our **Diavik Visitors' Centre**, open Monday through Friday from 8:00 a.m. to 5:00 p.m.