

DIAVIK
DIAMOND MINE

dialogue

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Diavik Diamond Mine Wins Ryan Safety Award

Welcome

Welcome to another issue of *dialogue*, our public newsletter.

This has been an exciting spring for us, as we received news that we had been awarded another prestigious Canadian John T. Ryan safety trophy. Safety is our highest value at Diavik, and this recognition by an outside agency confirms our approach. We wouldn't be able to do this without the support of each and every member of our workforce, and for this, I thank them.

In the months ahead, you will begin to see a visual change at Diavik, as we launch the new logo of our parent company, Rio Tinto. We have always been a part of Rio Tinto, so expect business as usual, in other words, to the very high standards that Rio Tinto operates to around the world. This includes our very high commitment to safety, environmental protection, and local benefits.

On that note, our commitment to creating local benefits remains strong. Our most recent socio-economic monitoring report shows that our hiring of northern and Aboriginal workers is higher than it has ever been. And from a business perspective, this is also true. In 2007, our northern spending was among our largest, including our original mine construction. With over half a billion dollars in local spending, Diavik is doing much for the northern economy.

In April, I was pleased to participate in the launch of the new Territorial Dementia Centre. This much needed facility will provide specialized care to people living with dementia, and will significantly lessen family stress by supporting affected family members closer to home.

Our work crews are also preparing for the future. Construction of our second open pit is advancing, and very shortly we expect to be producing diamonds from our third ore body, called A418. At the same time, progress continues on preparing our underground mine. Newly released ore reserves indicate we will be able to mine past 2020.

I hope you find this issue of *dialogue* informative. To learn more about Diavik, I invite you to also visit our web site at www.diavik.ca.

Kim Truter
President

For its exceptional safety record, Diavik has been awarded a 2007 John T. Ryan Safety Trophy.

"This trophy is official recognition of the effort made by every single person who works in our business. It is a prestigious award and one we should all feel very proud of. The award also confirms the value that the community places on workplace safety and provides confirmation of why we make health and safety one of our core values and must continue to do so," said Diavik President Kim Truter. "We also believe that one of the reasons people choose to work on our site is because of our approach to health and safety," he added.

The award is for achieving the lowest reportable injury rate in the western Canada regional select mines category.

Diavik was the first diamond mine in Canada to receive a Ryan safety award, and in the five years since production began, Diavik has won three Ryan regional trophies. This confirms that Diavik is delivering results and is among the safest mining sites in the world.

Diavik strives for continuous improvement in safety, and its 2007 Lost Time Injury Frequency Rate was 0.43, a nine per cent improvement over the previous year. The Lost Time Injury Frequency Rate is an industry standard based on number of

injuries per 200,000 hours worked.

The Ryan awards commemorate the founder of Mine Safety Appliances, and were inaugurated in 1941 as an effort to promote safety in mineral production. More information on the awards can be found on the Canadian Institute of Mining, Metallurgy and Petroleum web

site at <http://www.cim.org/awards/JohnTRyanTrophies.cfm>.

Participants in the regional select mine category include all western Canadian open-pit metal mines, oil sands operations, and various other mines, including diamonds.

Diavik: Same Owners, New Brand

Rio Tinto

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In the weeks and months to come, we will be unveiling a new look at Diavik to highlight the majority owner and manager of the mine, Rio Tinto.

Our 60 per cent owner, global mining giant Rio Tinto has owned Diavik Diamond Mines Inc. – the Yellowknife-based company that manages the Diavik mine – from the start. Diavik already operates under the very high standards and guidance of Rio Tinto, and business will continue as usual. However, the bright red Rio Tinto logo will replace Diavik's.

Rio Tinto's history is that of a holding company, with more than 70 mining and processing sites around the world. All will come under the new Rio Tinto brand, signalling that Rio Tinto is an operating company, with strong common values, systems, and processes.

The Diavik mine's 40 per cent owner, Harry Winston Diamond Corporation, also underwent a re-branding in the past year from Aber Diamond Corporation.

Employment and Expenditures Exceed Plan

During 2008, Diavik saw employment and spending increase to levels well above what was originally envisioned during the mine's feasibility and approval stages. As part of that original plan, we included northern hiring and spending goals.

We committed to hire as a priority, local residents and Aboriginal people born in the Northwest Territories or West Kitikmeot, and their descendants.

We projected the workforce could be as high as 450. From socio-economic studies of the northern workforce, we expected that 300 would be northern and 180 Aboriginal.

By 2007, our operations workforce averaged 785, and northern workers, at 524, exceeded the entire original planned workforce of 450. Aboriginal employment also exceeded original projections of 180.

For first quarter, Diavik employment averaged 793 workers, of which 67 per cent are northern, half of whom are Aboriginal.

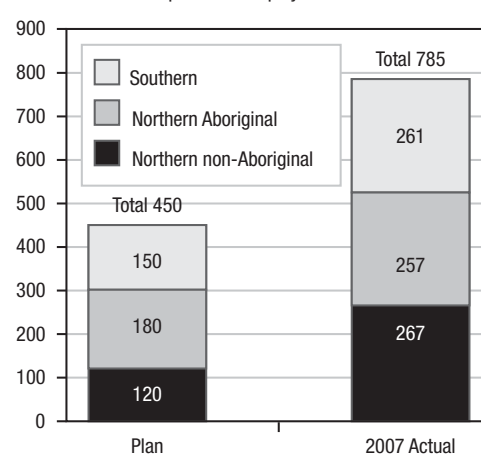
To supply the mine, we estimated annual spending at approximately \$100 million.

In 2007, Diavik spent significantly more than this – \$727 million in combined

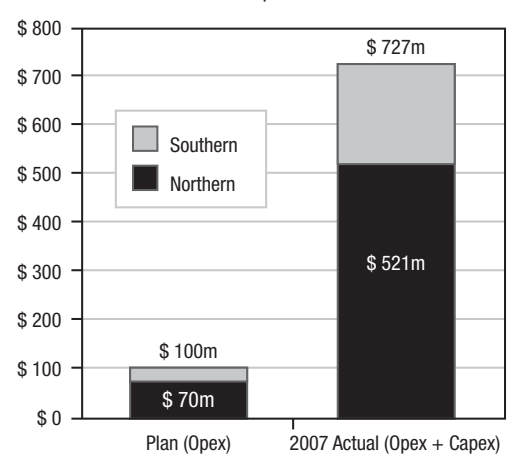
operating (opex) and new construction (capex) expenses.

Of this, \$521 million, or 72 per cent, was with northern companies.

Diavik Operations Employment: Plan vs Actual



Diavik Annual Expenditure: Plan vs Actual



On the Move to Underground Mining

Diavik work crews continue to prepare the mine for the underground production mining phase.

Underground mine teams have constructed approximately 10 kilometres of underground tunnel, with several kilometres more required before the underground phase of mining begins.

Other work here includes construction of an underground pumping station to move water to the surface, an electrical sub-station, and work on the second fresh air ventilation raise.

Related surface works for the underground phase area are also advancing.

Materials, including units of the mine dry building, cement, shotcrete and other

supplies, as well as underground mining equipment, arrived over the winter road. Diavik also added to its underground mining fleet with the arrival of 50 tonne haul trucks, a drilling machine known as a 'jumbo', a rock bolter, a continuous drum miner, and battery powered shuttle cars, also shipped up the winter road.

Work also advanced on surface works related to underground mining preparation. In the new power plant, two new generators are being commissioned. Two additional gensets, which arrived over the winter road, and are expected to be operational later this year.

Work crews also continued to construct the paste backfill plant and the

neighbouring crusher plant as well as expand the water treatment plant.

Diavik's underground production mining phase is expected to commence in 2009.

Diavik is currently open pit, with open-pit mining to continue until 2012.

In the new A418 pit, work crews have commenced stockpiling A418 ore. The open pit is projected to last four years, at which time Diavik will become exclusively underground.

Total mine life is expected to continue beyond 2020, and is within the 16 to 22 years originally projected in the Diavik mine feasibility study.

Diavik Partners in Much Needed Health Care Facility

As part of its continuing approach to partner in local community projects, Diavik Diamond Mines Inc. is pleased to support construction of the new Territorial Dementia Facility in Yellowknife.

The Territorial Dementia Facility is open to all Northwest Territories residents, and will allow them to transfer from long-term care facilities to one specifically designed to meet the needs of people with Alzheimer disease and related dementias. The new 28-bed facility will be operated by the Yellowknife Association of Concerned Citizens for Seniors.

“At Diavik, we feel very strongly about contributing back to the community and in helping support

healthy lifestyles,” said Diavik President Kim Truter. “The Side Door was our first project and addressed the needs of youth. With construction of the Shorty Brown Arena, we supported recreation for all ages, and Bailey House, currently in final construction, will help support men making transitions in their lives. The Territorial Dementia Centre is a much needed facility that will provide specialized care to people living with dementia, and will significantly lessen family stress by supporting affected family members closer to home.”

“When we look at how ardently we approach health and safety within Diavik, it only made sense for us to reach beyond our mine to contribute to a local health partnership like this Territorial

Dementia Facility,” he added.

Under the community-driven partnership, Nahanni Construction Ltd. of Yellowknife will construct the facility. Diavik will project manage construction and provide financial management similar to what was done for previous partnership projects. The NWT Government will finance construction, estimated at \$15 million. Completion is

scheduled for late summer or early fall of 2009.

In a parallel effort, YACCS is raising money to help furnish the facility and to construct a commercial kitchen to service it and the Aven Manor. Long-time Yellowknife residents, Mickey Brown and Sandy Wowk are leading this fund raising effort. Diavik has pledged an additional \$50,000 for this parallel initiative.



Yellowknife Association of Concerned Citizens for Seniors President Dan Costach, Diavik President Kim Truter, NWT Health and Social Services Minister Sandy Lee, and Yellowknife Association of Concerned Citizens for Seniors Lifetime Director Barb Bromley, at the launch.

New Reserves Released

During first quarter, Diavik released updated ore reserves, which will see production continue past 2020.

At 31 December 2007, in situ ore reserves were 21.9 million tonnes at 3.5 carats per tonne for a total of 77.1 million carats (see table).

Deposit grade, at 3.5 carats per tonne, is well above the world average of less than one carat per tonne, making Diavik’s kimberlite ore bodies some of the highest grade pipes in the world.

The reserves are found in three pipes, A154 South, A154 North, and A418. The A21 pipe, currently not in reserves, potentially represents more mineable ore and Diavik plans to better define A21.

During first quarter, Diavik successfully bulk sampled the A21 kimberlite pipe.

This work is part of Diavik’s efforts to better define A21 diamond values in hopes of bringing it into mine reserves.

The bulk sample, collected through an on-ice large diameter drill program, will now be analyzed, with results pending.

Along with work to acquire more information about A21, Diavik continues an aggressive exploration effort on its substantial claim block at Lac de Gras.

This year, Diavik has budgeted approximately \$10 million for exploration work to better define existing kimberlites and locate new targets for study.

In other operations work, open-pit mining of the A154 South pipe continued, with production of 1.8 million carats.

Around the A418 pipe, pit development continues, with ore release expected in the second quarter of 2008.

Proven/Probable Reserves

Pipe	Tonnes (millions)	Carats/tonne	Carats (millions)
A154S	4.9	5.5	27.0
A154N	8.7	2.2	19.3
A418	8.3	3.7	30.8
Total	21.9	3.5	77.1

Some figures may not add due to rounding.

Trades Training

New Journeyman

Congratulations to Diavik’s newest journeyman, Sean Ehman.

Ehman, with Diavik Diamond Mines Inc., completed his millwright apprenticeship in February.

Since the start of operations in 2003, a total of 13 northerners have completed their apprenticeships and attained journeyman certification while at Diavik.

Apprenticeships Continue to Exceed Commitment

Diavik continues to support apprenticeships beyond its commitment.

At quarter-end, 22 apprentices were working at Diavik pursuing the training needed for journeyman certification.

Of the 22 apprentices, all are northern, with 11 employed by contractors and 11 employed by Diavik Diamond Mines Inc.

Diavik Ships Record Loads

Diavik’s 2008 winter road shipment represents the largest ever by Diavik. Some 4,174 loads were shipped on the winter road to the mine site. This passes the 4,100 loads shipped for mine construction in 2002.

Behind the record year was the need to ship a significant amount of cement, which will be required for underground mining, scheduled to begin next year. For underground mining, Diavik will backfill mined out areas with paste made of cement, crushed rock, and a binding material.

As well as cement, fuel, equipment, explosives, various others mining, construction, and exploration supplies were among materials shipped over the seasonal resupply route.

In total, all road users, which includes the region’s diamond mines, as well as exploration projects, shipped

8,366 loads (261,270 tonnes) either northbound or as backhauls.

The winter road re-supply was successfully completed April 7, with half the total loads shipped up the road destined for Diavik.

Key to the successful re-supply were cold temperatures, early snow removal, and additional flooding crews to accelerate ice building.

Thanks to the cold winter, the ice reached maximum load capacity in mid-February, a week earlier than usual. This allowed fully loaded tankers (Super Bs) to haul earlier than expected.

Nuna Logistics Ltd. constructed the road, which spans 600 kilometres from Tibbitt Lake to Contwoyto Lake, with SecureCheck and EBA Engineering providing security and engineering support.

Local Musher Wins Diavik 150

Diavik Diamond Mine is pleased to announce another successful Diavik 150 Canadian Championship Dog Derby. The action over the three-day race was exciting, drawing teams not only from the home town of Yellowknife and elsewhere in Canada, but also from France and the United States.

John Beck of Yellowknife took top honours in this the 54th running of the event. Not only did Beck finish first in the 15-team field, he set a record time completing the 241-kilometre race in nine hours, 32 minutes, and 43 seconds.

This was Beck’s third win, having successfully won the top prize in 2002 and 2004. A member of well-known dog mushing Beck family, his brother Brent Beck also did well, finishing in second place, 20 minutes behind the winner.

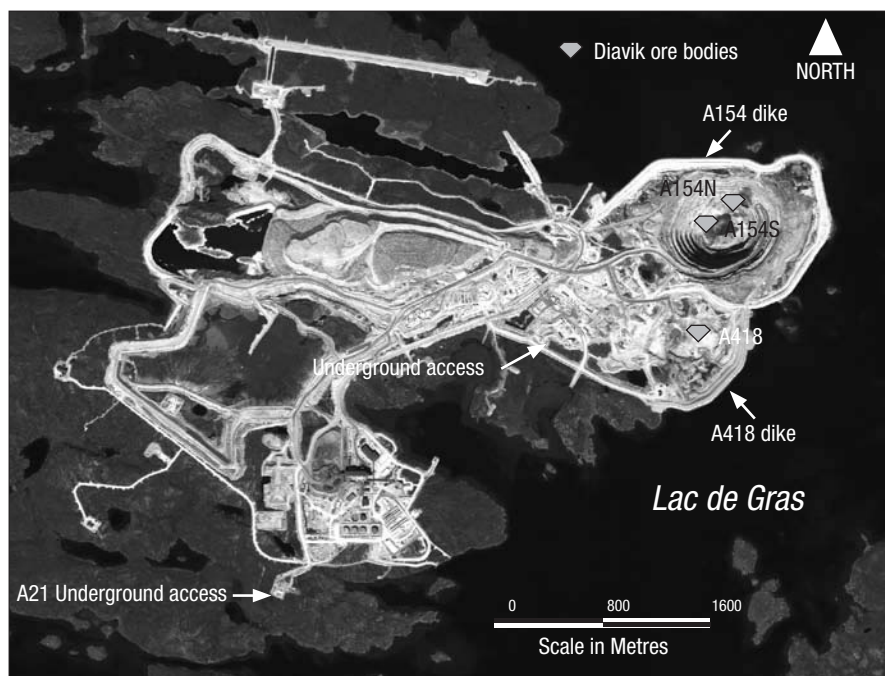
Last year’s winner, Wyoming musher Wendy Davis took third, with a time of 10 hours, 2 minutes, and 10 seconds, with Grant Beck, John and Brent’s uncle, finishing fourth, with a time of 10 hours, 46 minutes, and 7 seconds.

For more on this year’s race, visit www.diavik150.com.

Diavik at a Glance

The Diavik Diamond Mine, currently an open-pit operation, is located 300 kilometres northeast of Yellowknife, Northwest Territories, Canada. It consists of three diamond-bearing deposits, called kimberlite pipes, located just offshore of a 20-square-kilometre island, under the waters of Lac de Gras. To mine these underwater ore bodies, Diavik has built two dikes out from the island, to allow safe mining of the pipes.

- Three ore bodies called the A154 South, A154 North, and A418 pipes
- Annual ore production – just over 2 million tonnes
- 2007 diamond production – 11.9 million carats
- Operations & construction spending through 2007 – C \$3.3 billion
- Operations workforce – approximately 800
- Total mine life – 16 to 22 years (beginning year six)
- Reserves – 21.9 million tonnes at 3.5 carats per tonne (year-end 2007)



Satellite image, July 2007, 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.