

DIAVIK
DIAMOND MINES INC.

dialogue

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Diamond Ore Moves from A154 Pit to Plant

Welcome

It's my pleasure as the new Diavik president to welcome you to our latest edition of *dialogue*, the Diavik newsletter.

dialogue is one of our many opportunities to provide an update on activities associated with our diamond mine.

In this edition, you will find information on our early production that commenced in January. You will also note in the item on marketing that Diavik Diamond Mines Inc., through sister company Rio Tinto Diamonds, is working toward finalizing its rough diamond customers. Northern cutting and polishing firms will be a part of this group.

On safety, our workforce continues its excellent results – both in terms of low lost time injury rate and high safe hours accumulated.

As for our ice road program, we are pleased to report the successful and safe transport of one year's supply of fuel and other materials to site as well as a significant backhaul.

At the site, our workforce made the move from the temporary construction camps to the permanent accommodation complex in February. This facility, along with the rest of the mine-site operations, is one which all can be very proud of.

This edition of *dialogue* also includes items updating our water treatment program, our newest training initiative, and scholarships – all part of Diavik's commitment to sustainable development.

I would like to take this opportunity to thank NAPEGG, for giving Diavik its Professional Award of Merit. Among my first functions as DDMI's new president, was to accept this award on behalf of Diavik at the association's awards banquet.

In closing, this is an exciting time for me to be joining DDMI as new president and chief operating officer, and I am looking forward to adding to Diavik's already good reputation as we make the transition from construction to mining. It is my intent that we continue our good work both internally, and externally with our various communities, to build us into Canada's premier diamond mine. The coming months carry the promise of increased production.

Joe Carrabba,
President

During the first quarter, Diavik Diamond Mines Inc. (DDMI), manager of the Diavik Diamond Mine, continued mine commissioning, which commenced in December of last year.

Diavik is continuing to develop its first open pit, the A154 pit, and as this work advances, production will continue to ramp up in the coming year. Diavik is currently processing overburden material, including fine-grained kimberlite ash and mudstone lenses, not included in the original reserve. Production through the first quarter shows this material contains approximately 2.7 carats per tonne.

During the quarter, the mine's first rough diamonds were forwarded to the Diavik Production Splitting Facility (PSF) in Yellowknife for cleaning and valuation for royalty purposes. They were then distributed to the joint venture partners, DDMI and Aber Diamond Corporation, for sales, some three months ahead of schedule.

Aber has reported that the average price is higher than projected during feasibility studies and is the result of high quality larger diamonds and some under-recovery of very small diamonds. To increase recovery of the smaller stones, a system is currently under design and expected to be installed at the mine by year-end. During the quarter, the largest stone recovered weighed 102.58 carats but was not of gem quality.

Under the current mine plan, Diavik expects to process almost one million

tonnes of diamond-bearing material by year-end to produce 3.7 million carats of rough diamonds.

In other commissioning news, Diavik's operations workforce moved from the temporary construction camp to the new

permanent accommodation complex. This provides workers access to hotel-like rooms, squash and basketball courts, a gymnasium, exercise room, and an attractive dining room overlooking Lac de Gras.

Ice and snow surround the A154 dike in March where work concentrated on removing overburden and transporting kimberlite material to the plant for diamond recovery.



Daniel Mantla, DDMI process plant trainee, observing ore during processing at the Diavik Diamond Mine.

New DDMI President



New DDMI President and Chief Operating Officer Joe Carrabba.

In April, Rio Tinto announced Joe Carrabba would join Diavik Diamond Mines Inc. as President and Chief Operating Officer effective May 1.

He joins Diavik from Rio Tinto's Comalco Aluminium in Australia after serving as general manager, Weipa operations.

At Comalco, his responsibilities included overseeing mining, processing and shipping of bauxite ore to refineries worldwide, as well as management and administration of the town of Weipa, and implementation of the Community Agreement with 11 Aboriginal groups. He was also responsible for the introduction of various training programs, ISO14001 accreditation, and for management of the \$200 million expansion feasibility study.

Joe Carrabba has a long career with mining operations. During his 20 year career with Rio Tinto, he has held numerous operational roles with Rio Tinto Borax in the USA, Europe and Asia. With US Borax's US Silica operations in West Virginia, he managed regional operations and was responsible for eight mining and processing plants in the eastern US.

Diamond Sales Begin

With rough diamonds now being produced, the two joint venture partners, DDMI and Aber, are moving forward with their respective product sales programs.

DDMI will market its 60 per cent share of production through sister company Rio Tinto Diamonds, based in Antwerp, Belgium. At the close of the first quarter, DDMI was finalizing its customer base, which will include northern cutting and polishing firms.

Aber has already reported its first sale of diamonds comprising 42,619 carats that sold for US \$4.1 million, an average price of US \$96.22 per carat. A portion of Aber's 40 per cent of production will be made available to Tiffany & Co.

DDMI expects to conclude its first sale of Diavik diamonds mid-year.

Building on Safety Record

Diavik's workforce successfully commissioned mining operations with no lost time injuries. As a result, Diavik's Lost Time Injury Frequency Rate – the number of LTIFRs per 200,000 hours worked – for the first quarter was zero. For 2003, Diavik has set an LTIFR target of 0.19, or half the rate achieved in 2002.

With the continued safety efforts, the Diavik team has, as of March 31, accumulated approximately 1.8 million hours without a LTIFR.

This achievement includes several months of mine construction as well as the initial months of the mine's operations phase.

Mike Evans and Dwain MacKenzie hone their safety skills during a Mine Rescue Team practice at the mine's accommodation complex.



Diavik Dike Wins NAPEGG Award

Diavik was pleased to learn that the Association of Professional Engineers, Geologists and Geophysicists of the NWT (NAPEGG) selected the Diavik A154 Dike for the association's Professional Award of Merit.

The award was presented May 2 at NAPEGG's awards banquet in Yellowknife, by NAPEGG President John Clark. Accepting the award was new DDMI President and Chief Operating Officer Joe Carrabba.

NAPEGG is the self-governing body of professional engineers and geoscientists established under the Engineering, Geological and Geophysical Profession Act. The association has established and maintained professional standards

since 1979.

The 3.9 kilometre A154 Dike isolates a portion of Lac de Gras to allow safe open-pit mining of diamonds. It was designed from 1998 through 2000 and constructed in 2001 and 2002, with dewatering completed in September 2002. Extensive instrumentation within the dike indicates excellent performance.

In its award, NAPEGG noted: "Technology developed in building the Diavik A154 Dike creates a precedent that will enable further pipes at Diavik to be developed with confidence.



It was the first dike of such design constructed in Canada and it creates a model that will be widely applicable across the tundra."

Northerners Take High-tech Training

To continue to build northern capacity, Diavik launched a one-year instrumentation technician course earlier this year. Northerners participating in the one-year course, a partnership of the governments of the Northwest Territories and Nunavut, Aurora College, Hatch Associates, the Northern Alberta Institute of Technology (NAIT), and DDMI, commenced the first four-month semester studies at Aurora College's Fort Smith campus in January.

According to Jackson Lafferty, Diavik's training coordinator, "Trainees will also study for three months at NAIT's Edmonton campus, followed by another four months of on-the-job training through work placements. Once they have finished this, the graduates will then have the opportunity to go on to complete year two of NAIT's instrumentation technician diploma or they can continue instrumentation technician apprenticeship."

Six trainees will advance to the NAIT semester.



Jason Wettrade of Gameti is among participants in the Diavik instrumentation course at Aurora College in Fort Smith.

Ice Road Program Complete

As the year's first quarter came to a close, Diavik was successfully completing its 2003 ice road program. The program included trucking over 1,500 loads to site, including just over 900 loads of fuel, or 39.5 million litres.

The remaining loads included ammonium nitrate, general freight, miscellaneous commodities, and equipment.

This year's shipments included lubricants, various steel products, lumber, ferrosilicon, cement, cables, crusher wear items, conveyor-belt and screens, as well as gases, drill steel and drill bits, ground engaging tools, and process equipment.

Diavik added to its mining fleet by transporting one more Komatsu 830E haul truck up the ice road. The ore hauler, weighing over 146,000 kilograms, was moved to site in six loads.



This year, Diavik safely transported over 1,500 loads to site and backhauled just under 800 loads, including this disassembled smaller haul truck.

A new D75EX Drill, weighing 71,804 kilograms, arrived in two loads.

The site received several other smaller pieces of equipment, including a loader, crane and sky reach equipment

Total weight transported to site was approximately 57 million kilograms.

With mine construction complete, Diavik backhauled just under 800 loads, or about 29 million kilograms, of construction equipment, including camp modules, loaders, dozers, cranes, excavators, rock trucks, sea containers of tooling, generators, barges, boats, various pieces of crusher equipment, and pickups.

Total tonnage over the complete winter road campaign, including all forward and backhaul loads, was just over 86 million tonnes.

Plant Treats Water

Diavik's state-of-the-art water treatment plant was restarted during the first quarter and continues to perform within expectations. The plant treated approximately 200,000 cubic metres of silty water from the North Inlet storage area.

The North Inlet reservoir is part of Diavik's water management system. Once treated, the clean water is returned to Lac de Gras.

In May, the plant was scheduled to commence work treating water from within Diavik's on-land sedimentation pond. This engineered facility contains approximately 4.5 million cubic metres of water pumped from the A154 pool in the summer of 2002.

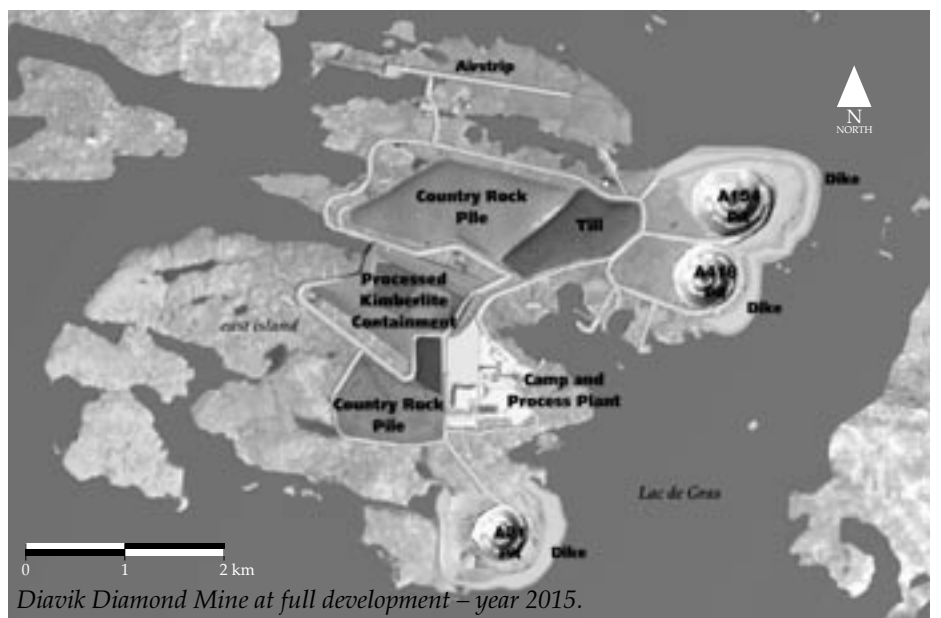
As well as treating the A154 pool water, the plant will treat mine water as well as spring runoff, reducing total suspended solids to within water licence limits.

The plant, commissioned a year ago, is designed to remove suspended solids and reduce phosphorus concentrations to within licence limits. The plant can treat up to 30,000 cubic metres of water a day.

Diavik at a Glance

The Diavik Diamond Mine is located in the NWT, 300 kilometres northeast of Yellowknife. It consists of four 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 pipes, Diavik expects to build three water diversion structures, called dikes, out from the island, surrounding the pipes. In 2002, the first dike was completed, the water was removed from behind the dike, and Diavik began open-pit mining.

- Construction completion – January 2003
- Project capital cost – C \$1.3 billion
- Estimated diluted mineable reserves – 27.1 million tonnes at 3.9 carats/tonne from four ore bodies called A154S, A154N, A418, and A21
- Ore production – ramp up to 1.5 million tonnes annually
- Annual diamond production – peaks at over 6 million carats
- Mine life – 20 years
- Total employment – over 500 workers



Diavik Diamond Mine at full development – year 2015.

Providing Scholarships

For the 2002/03 academic year, Diavik Diamond Mines Inc. awarded over 70 scholarships to students from the Northwest Territories and Nunavut.

"These scholarships assisted our northern students in their educational pursuits and helped to influence students to stay in school," said DDMI Vice President, Community Affairs, Darryl Bohnet.

Diavik provides scholarships through the five Participation Agreements with the Yellowknives Dene First Nation, Dogrib Treaty 11, North Slave Metis Alliance, the Kitikmeot Inuit Association, and the Lusel K'e Dene Band.

Other Diavik scholarship programs include:

- High School Scholarships
- Post-secondary Scholarships
- National Aboriginal Achievement Foundation Scholarship
- NWT and Kitikmeot Region Scholarships
- Diavik Employee Family Scholarships



Diavik's commitment to education and training includes a bursary partnership with Aurora College. Here, DDMI Vice President, Community Affairs, Darryl Bohnet congratulates Leonel Menendez, one of this year's recipients.

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.