



DLAVIK
DIAMOND MINES INC.

dialogue

VOLUME 9

SPRING 2002

Construction Continues... Inside and Out

Welcome

Welcome to the Spring 2002 edition of dialogue. It has been a busy first quarter for us at Diavik with another year's supplies arriving over the winter road. I'm pleased to report that we safely moved over 3,000 loads of supplies to our site. We are also very pleased with the improving safety record where we experienced a lower injury rate than last year's average.

Construction work this year will focus on completion of our first water diversion structure, or dike, and completion of various physical plant. The latter involves skills-intensive trades work for mechanical, electrical, instrumentation and piping installation. Already, work has begun in earnest on these busy tasks. We are starting to see the results of our construction efforts and some of our mine infrastructure has now been commissioned.

On training, Diavik has been actively training northerners for employment, and with our training partners, we completed two community-based courses in Kugluktuk in February. In addition to our training programs, we continue to actively recruit workers from northern communities. Our recent Socio-Economic Monitoring Report shows continued success in our efforts to ensure northerners are benefiting from the project. Through 2001, northern employment in constructing the Diavik Diamonds Project reached approximately 45 per cent. On the business side, by year-end, over 70 per cent of our total construction contracts had been awarded to northern companies. We are very pleased that both achievements have exceeded our commitment targets, a credit to all those involved, especially our northern business partners who have worked so effectively in providing many of the services needed for the project.

On a final note, I would like to thank our employees, our neighbouring communities, our northern business partners, our contractors and the so many others who are helping us on our path to becoming Canada's premier diamond producer.

*Stephen Prest,
President*

Construction of the Diavik Diamond Mine at Lac de Gras, Northwest Territories progressed as planned during the 1st Quarter of 2002.

At the Process Plant, mechanical, electrical, instrumentation and piping (MEIP) work and internal steel erection continues. Activities include setting/aligning of pumps, screen decks, block work, architectural, electrical, piping, installation of chutes, and setting of feed conveyors and the primary jaw crusher. Structural steel erection and concrete work continues on the coarse rejects, recovery and run-of-mine buildings.

In the Maintenance/Office Complex, MEIP and architectural work is underway in the office portion, and maintenance shop cladding has commenced. At the permanent accommodations complex, the prefabricated dormitory units are installed with MEIP connections and architectural finishing work underway.

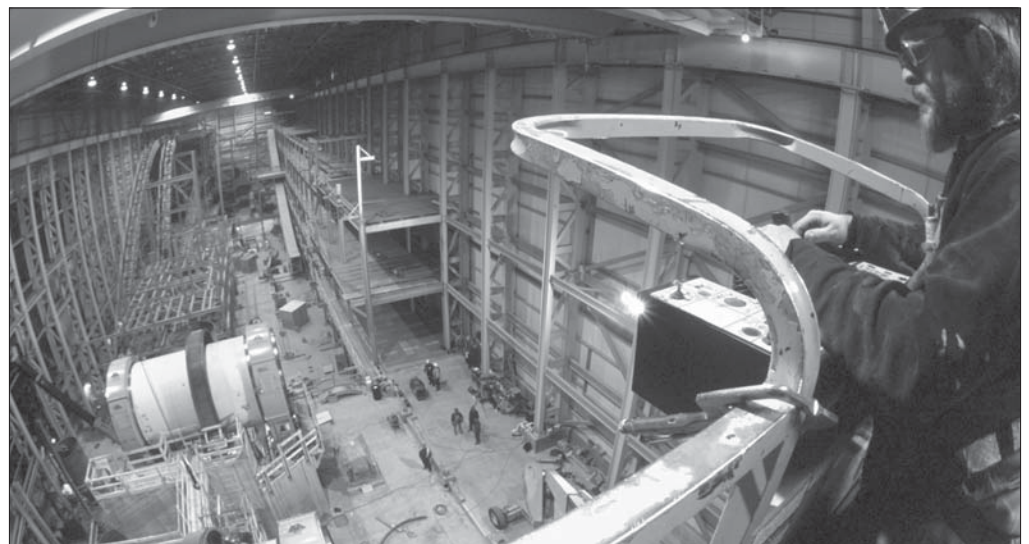
Five new diesel generators have been rough set in the Power Generating Plant. MEIP work includes erection of exhaust

stacks and associated piping, and installation of the heat recovery systems and power cables.

At the A154 water diversion or dike structure, drilling and installation of thermosyphons on abutments is ongoing. Dike curtain grouting commenced in early

April, and jet grouting of the base of the dike continues.

Facilities commissioned during the quarter include the water treatment plant, the sewage treatment plant, the potable water plant, the south tank farm, the boiler house, and the Arctic utilidors.



A bird's eye view inside the Diavik Diamond Mine process plant. Left is one of two scrubbers that will be used to break down kimberlite ore.

Winter Road Draws to Close

By the end of March, Diavik had safely shipped nearly 3,100 loads up the 427-kilometre winter road from Yellowknife to site. Construction materials made up the biggest portion with nearly 1,400 loads of contractor supplies, process plant equipment, steel and cladding and camp modules. Some 800 tanker loads of fuel were hauled to site. Bulk supplies such as cement, bentonite, and explosives accounted for another 800 loads. The

remaining loads included food and various other materials. Diavik's total shipped weight was approximately 83,000 tons with the heaviest item being the LeTourneau loader chassis weighing 118,000 pounds. In addition to loads hauled north, Diavik backhauled 273 loads consisting mainly of contractor equipment and materials. Overall, mining companies trucked just over 8,000 loads up the 2002 winter road through March 31.



A Komatsu 830E mining truck's rock box gets a lift up the winter road to Diavik.

Diavik Wins Award

Diavik staff were pleasantly surprised at the annual Nunavut Mining Symposium, held in early April in Cambridge Bay, when the company was presented with the Symposium's Mining Company of the Year Award. In presenting the award, Kitikmeot Corporation President Charlie Lyall said "Diavik Diamond Mines has worked



At the symposium, Diavik was presented artwork carved by Joseph Suqslaq of Gjoa Haven.

closely with the Kitikmeot Inuit Association and Kitikmeot communities before and after signing the Participation Agreement to bring significant training, employment and business opportunities to Kitikmeot Inuit."

Diavik Day Draws Big Crowd

Students filled the Explorer Hotel in Yellowknife on February 20 for the first ever Diavik Day. The event offered approximately 1,000 high school students an opportunity to see the wide range of careers that mining offers. After a presentation on the Diavik Diamond Mine, students visited booths ranging from geology to finance, from environment to community affairs.

The event showed how many people with many different educational backgrounds, from Science to Mathematics, from Engineering to Accounting, are needed to find, design, construct, and operate a modern mine.

Staff from all Diavik departments were on hand to provide information about their roles within the company and to answer

questions. In all, 55 classes from Yellowknife's St. Patrick High School, Sir John Franklin High School, Learning on Franklin, and Career Planning students from Aurora College, as well as students from the Chief Jimmy Bruneau School in Rae, participated. Once students concluded their visit, Diavik Day was open to the general public with approximately 500 guests attending.

"This was the first such event ever staged by a mining company in the North. We had a broad cross section of people attending, including students, government representatives, regulators, aboriginal leaders, business people, politicians, and prospective employees," said Diavik Public and Government Affairs Manager Tom Hofer.



Diavik Metallurgist Serge Benoit shows student Sheila Embodo a dense medium sample used in the diamond recovery process.

Water Treatment Plant Commissioned

An elaborate system of water collection and treatment technology is being commissioned to allow Diavik to protect the waters of Lac de Gras. At the system's heart is a state-of-the-art water treatment plant commissioned in March. Designed to use a combination of clarification and filtration modes, the plant will remove suspended solids and phosphorus to very stringent Water License limits. If required, the plant can treat up to 30,000 cubic metres of water per day.

Additional water management components include an extensive piping and pond network ringing the island to collect rain and snow runoff and mine waters. These will be pumped to a large storage reservoir created by damming the island's North Inlet. From there, three pumps on a floating barge will send water to

the treatment plant.

In March, the plant began treating the 2.8 million cubic metres of water and dredged lakebed sediment from the on-land sedimentation ponds where they have been stored over winter. The plant is successfully reducing suspended solids from greater than 100 milligrams per litre (very muddy) to around five milligrams per litre (very clear) at a current rate of almost 20,000 cubic metres per day. This summer, the plant will be used to treat water pumped from behind the first Diavik dike, in preparation for open pit mining.

Through water collection, treatment and monitoring, Diavik will meet its obligations to protect water quality, and fish and fish habitat of Lac de Gras.



Diavik's water treatment plant is successfully treating muddy waters created and then stored during last year's dike dredging program.

Kugluktuk Trainees Conclude Courses

In February, several residents of Kugluktuk, Nunavut, successfully graduated from Diavik sponsored community-based training courses. The two 10-week courses included a Construction Trades course and a Cooking/Housekeeping course. Partners in the Kugluktuk training program included the Hamlet of Kugluktuk, Aurora College, Nunavut Arctic College, local contractor Mulco Ltd., the Kitikmeot Inuit Association, the Government of Nunavut, and Diavik. As part of Diavik's community-based training partnerships, all participants were given the opportunity to write trades entrance exams. Nine successfully passed, opening additional career opportunities.

The Construction Trades course, completed by 11 trainees, prepared the Kugluktuk Recreation Complex for future artificial ice surface installation. Participants gained hands-on experience removing, replacing and compacting granular material for the foundation, and installing thermal barriers. They also gained heavy equipment operator experience and successfully earned their Class 3 licences. A number of the graduates are being given the opportunity to participate in an advanced Diavik Operations Training course. Construction Trades trainees included: Harold Himiak, Darren Ihumatak, David John Novoligak, David Nivingalok, Roy Havioyak, Wesley Kamakyok, Ronald Angohiatok, George Haniliak, Tony



In Kugluktuk, training course graduates received certificates at a community event.

Akoluk, Margaret Hanak and Quenton Panegyuk.

Trainees who successfully completed the Cooking/Housekeeping course learned basic camp cooking skills and basic housekeeping skills. The participants developed their skills by operating a kitchen and cooking for the construction trades trainees, and by maintaining living areas and private rooms in the Kugluktuk training facility. Helen Brown of Ek'ati Services, the company that provides camp management and food services to Diavik Diamond Mines, said they have employment opportunities for all the Cooking/Housekeeping trainees. Cooking/Housekeeping trainees included: Mary Ann Angnahaik, Colleen Nivingalok, Millie Hatogina, Alice Kokak, Jean Akana, and Anne Angnahaik.

All trainees also received classroom training in Adult Basic Upgrading, Career Planning and Personal Development. Future community-based training courses include concrete floor installation at the Kugluktuk arena and harbour construction in Wha Ti.

Working with Communities

By working with local community employment officers, Diavik's recruiting team is taking an active approach to ensure northern communities are informed about employment opportunities associated with the Diavik Diamonds Project.

Diavik job postings are provided to community employment officers who in turn post the opportunities locally. These employment officers represent the Diavik Diamonds Project's participating communities. Most of these individuals already occupy positions as employment officers, employment workers or outreach workers while others are Participation Agreement committee representatives.

These individuals are the community contacts for employment opportunities not only with Diavik but also for other organizations.

Diavik's recruiting team, part of the Human Resources Department, has held two workshops with the community employment officers. Through these workshops, the employment officers learn of Diavik's workforce needs while Diavik gains a better understanding of community resources. "It is a communication exercise which greatly enhances the partnership between Diavik and the communities," according to the recruiting team.



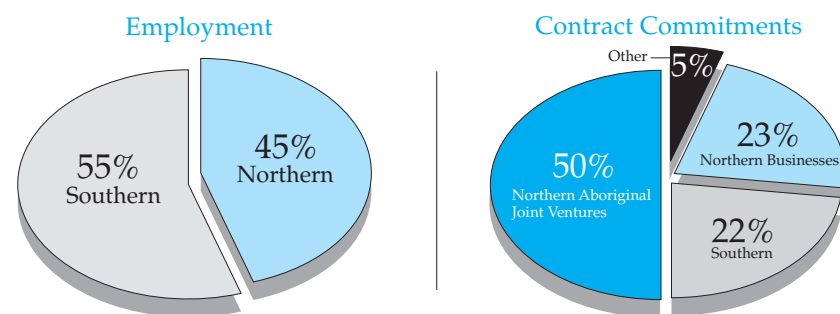
Diavik's recruiting team with community employment officers.

Providing Northern Benefits

Northern participation in the Diavik Diamonds Project remains strong, according to the company's recently issued 2001 Socio-Economic Monitoring Report.

As of December 31, 2001, Diavik has trained over 200 northern residents at a number of locations including northern communities, the mine site, Alberta and the United States. Many of these graduates have been employed at the Diavik construction site, or with other projects.

Construction employment on the project to date is approximately 45 per cent northern, exceeding the 40 per cent commitment made by Diavik in its Socio-Economic Monitoring Agreement with the Government of the Northwest Territories. Based on hours worked, all mine construction activity has generated 1,328 person-years of employment through the end of 2001 with northerners accounting for 592 person years. Northern business is also a strong participant in the Diavik project. Construction contract commitments with northern firms as of December 31, 2001 totalled approximately \$725 million out of approximately \$990 million. The majority of the northern contracts are with northern Aboriginal joint ventures that account for approximately \$500 million of the contracts. Contract commitments with northern firms nearly doubles Diavik's 38 per cent commitment. To view the report, visit the Diavik web site at www.diavik.ca.



Want to Learn More?

For more information about the Diavik Diamonds Project 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.

Diavik at a Glance

The Diavik Diamonds Project located in the NWT, 300 kilometres northeast of Yellowknife, 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 will build three water diversion structures, called dikes, out from the island, surrounding the pipes. The first dike will be completed in 2002. Once the water is removed from behind the dikes, open pit mining will begin.

- Project cost – \$1.3 billion.
- Operations workforce – 400 +/-50 workers of which at least 66% are expected to be northern, and at least 40% Aboriginal.
- Annual wages – approximately \$30 million.
- Annual purchasing during operations – \$100 million of which 70% is expected to be with northern businesses.
- Annual peak production – 1.5 million tonnes kimberlite.
- Average diamond grade – 4.0 carats per tonne diluted (2000 valuation).

