



Aboriginal Economic Cooperation At the Diavik Diamond Mine

**Through investment in training,
employment & business**



***NWT Aboriginal Development Conference
October 17, 2007
By: Tom Hoefler, Diavik Diamond Mines Inc.***

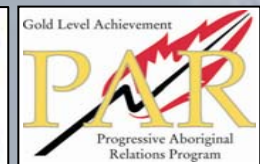


Who is Diavik?



Diavik – Canada's Top Diamond Producer

- A medium sized mine, with 3 high grade deposits
- Small footprint – approximately 9 sq.km. of land
- 2006 diamond production of ~ 10 million carats
- No chemicals to separate diamonds



**Processed
Kimberlite
Containment**

**Country Rock
Piles**

Diavik Plant Site

**Water
Treatment
Facilities**

Airstrip

NEW A418 Dike & Pit

A154 Dike & Pit

**Till placed for future fish
habitat**

Diavik – Our Island Home

March 28, 2007

Our Mine Community



Fuel Tanks

Diesel power plant

Sewage Treatment

Boiler plant

Explosives Emulsion Plant

Process Plant

Administration / Maintenance Complex

Permanent Accommodations



Diavik – Our Ownership



Aber Diamond
Corporation
(Toronto)



Rio Tinto plc
(London)

MANAGER

Global Company, Global Policies

- **Rio Tinto's Statement of Business Practice:
*The Way We Work***
 - **9 Core Corporate policies**
 - Communities
 - Employment
 - Environment
 - Human rights
 - Land access
 - Occupational health
 - Political involvement
 - Safety
 - Sustainable development



Diavik's Region of Focus



600-km Area of Interest

- ~ 31,000 people

Aboriginal Communities

- Tlicho (Dogrib) Dene
- Yellowknives Dene
- Lutsel K'e Dene
- North Slave Metis Nation
- Kitikmeot Inuit Association

Non-Aboriginal Communities too



Our Approach to Economic Cooperation

- **Economic cooperation revolves around:**
 - Training, employment and business
- **We set high goals**
 - **Construction**
 - Jobs: hire 40% local
 - Business: spend at least 38% in North
 - **Operations**
 - Training: maintain from 8-18 apprentices annually
 - Jobs: hire at least 66% locally, 40% Aboriginal
 - Business: spend at least 70% locally
- **Committed to the goals – “a handshake wouldn’t do”**
 - **Socio-Economic Monitoring Agreement**
 - **5 Aboriginal Participation Agreements**
- **Fulfilled through innovative approaches**

Community-Based Training

- **Innovative Approach**
 - Diavik “invented” to create trades helpers for construction
- **Elements**
 - Local administration & student selection
 - Partnership driven & funded
 - Training on-the-job & classroom
 - Left product in community
 - Academic upgrading
 - Team & confidence building
 - Offered Trades Entrance Opportunity
- **Construction Total - 234 Graduates**



A Few Community Based Training Projects



Rae-Edzo Airstrip



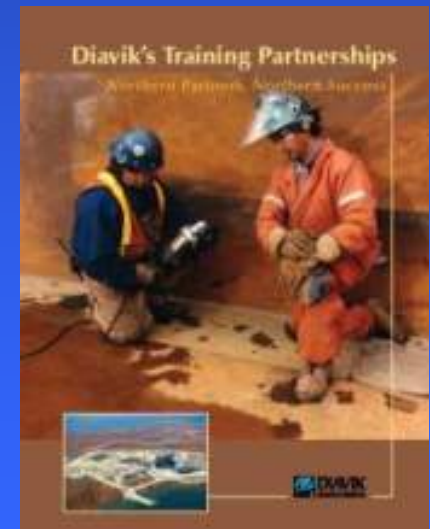
Kugluktuk House Rehabilitation



Kugluktuk arena



Rae-Edzo Welding



Book available at
www.diavik.ca

College Partnerships Enhanced Success

- **NWT's Aurora College**
 - Key Partner in Community Based Training
 - Used for technical training, eg, process plant operator training, instrumentation, apprenticeship
 - Broadened their capacity with further partnerships with Northern Alberta Institute of Technology
- **Diavik was first real active college partner since Pine Point Mines in '70s & '80s**



Workplace Learning Centre

- **Diavik Learning Centre**
 - Established during construction
 - 2 Qualified Adult Educators
 - Academic upgrading
 - Computer-based training modules
 - Web-based distance education
 - Career counselling
 - Customized training & career planning
 - Builds confidence
 - Apprenticeship support
 - Aligned with College Community Learning Centres



Innovative Aboriginal Leadership

- **Aboriginal Leadership Development Program**
 - SAIT Partnership with Aurora College
 - Builds leadership capacity within DDMI & outsource contractors
 - 183 hour program – Diavik Business Literacy with SAIT Applied Management Certificate course work
 - Delivered by a qualified Northern instructor
 - Mentorship of participants by Diavik managers, sup'ts
 - Certification recognized towards further education
 - 18 graduates to date – 3rd session now underway



Enhancing Aboriginal Employment

- **Career fairs in the schools**
- **Scholarships**
- **Summer student program**
- **Support pre-vocational programs in high schools**
- **Community awareness program**
- **Cultural awareness training**
- **Attraction & retention systems**
- **Contracting mining work to Aboriginal firms**





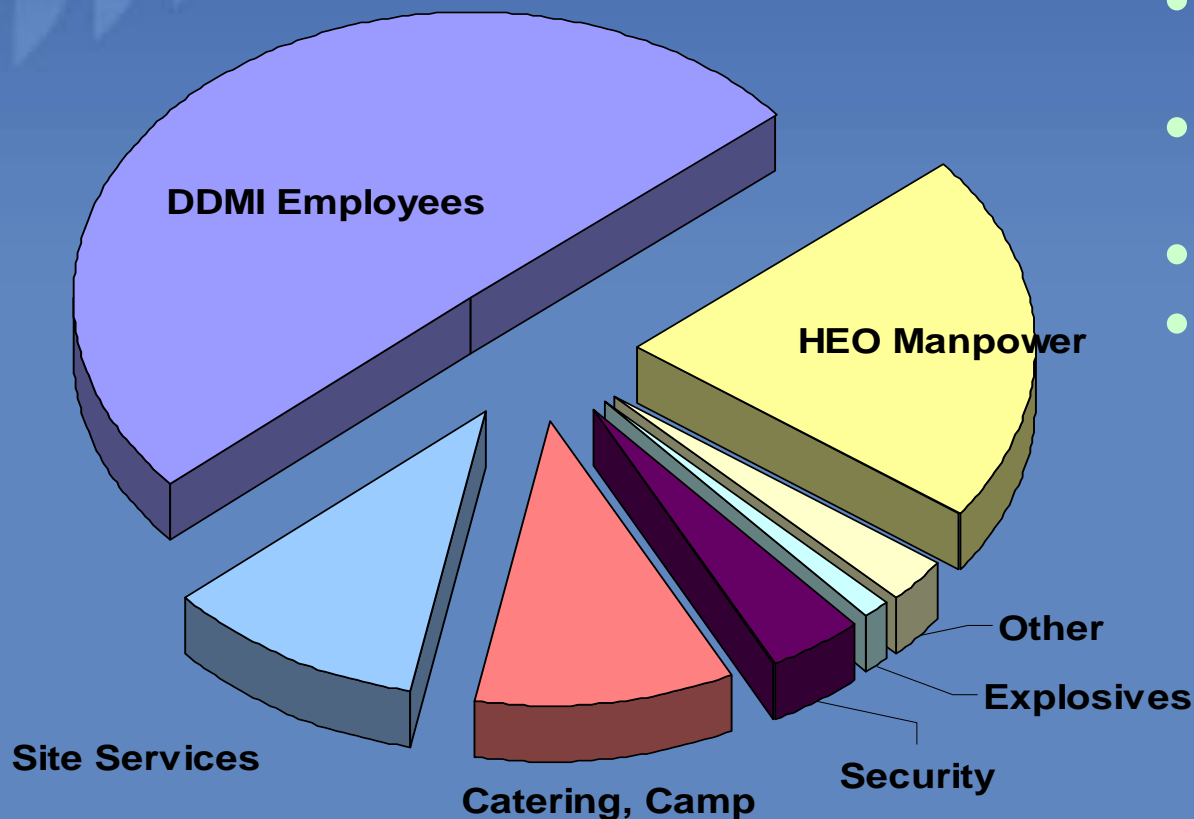
Local Business Approach

- **Developed “Northern Business Participation Policy”**
- **Drove from the top – President / Rio Tinto support**
- **Began early – started before construction**
- **Hired northern business development manager**
 - **Facilitated & monitored joint-venture partnerships**
 - **Assisted contractors in obtaining business financing**
 - **Developed Northern vendors & contractors capacity database**
 - **Provide locals advance notice of business opportunities**
- **Wrote community goals into contracts**

Aboriginal Business Drivers

- **Identify opportunities for existing businesses**
 - Tailor contracts to local capabilities
- **Identify opportunities for new businesses**
 - Facilitate joint-venture partnerships
 - Develop strategic alliances with economic development agencies to help capitalize aboriginal business
- **“Welded” business opportunities into Participation Agreements**
 - Provided long-term security for business investment
 - Allowed direct negotiation with aboriginal businesses
 - Shares rewards & collective accountability
- **Outsource significant part of work**

Unique Aboriginal Contracting Plan



- Almost half the workforce is contracted
- Majority with aboriginal firms
- Helps build capacity
- Contractors share responsibility to meet Diavik commitments



Aboriginal Mine Contractors

- **Site Services – Tli Cho Logistics**
 - Tli Cho First Nation
- **Mining Operators – I&D Mgmt Services**
 - 3 Dene / 1 Inuit Partners
- **Catering / Accommodations – Ekati Services**
 - Yellowknives Dene First Nation
- **Security – SecureCheck**
 - Kitikmeot Corporation (Inuit)
- **Explosives – Western Denesoline Explosives**
 - Lutsel K'e Dene First Nation



Not Just Aboriginal Outsourcing

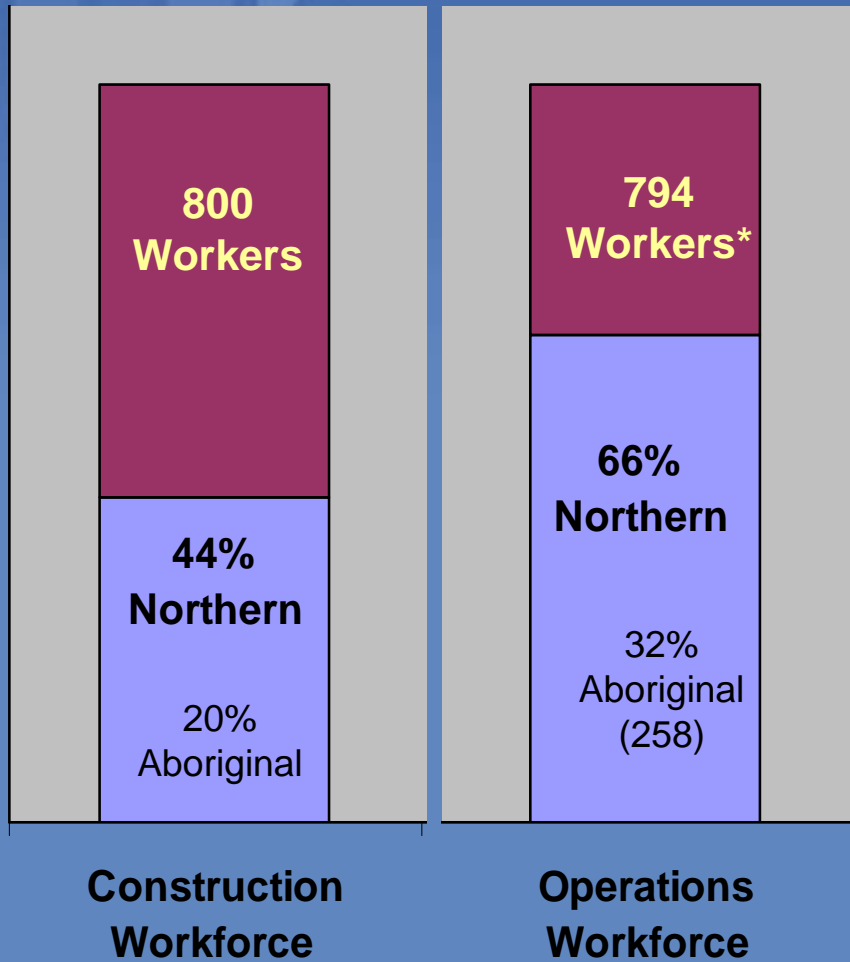
- **Other Aboriginal Businesses too, eg:**
 - **Operations**
 - Scheduled Air – Tli Cho Air, Canadian North
 - Trucking – Tli Cho Landtran
 - Ice road construction – Nuna Logistics
 - Medical services – Exploration Medical
 - **Second phase Construction / Capital**
 - Underground mining – Kitikmeot Cementation Mining
 - Dike construction – Lac de Gras Constructors
 - Engineering – Nishi-Khon/SNC Lavalin



So, How Have We Done?



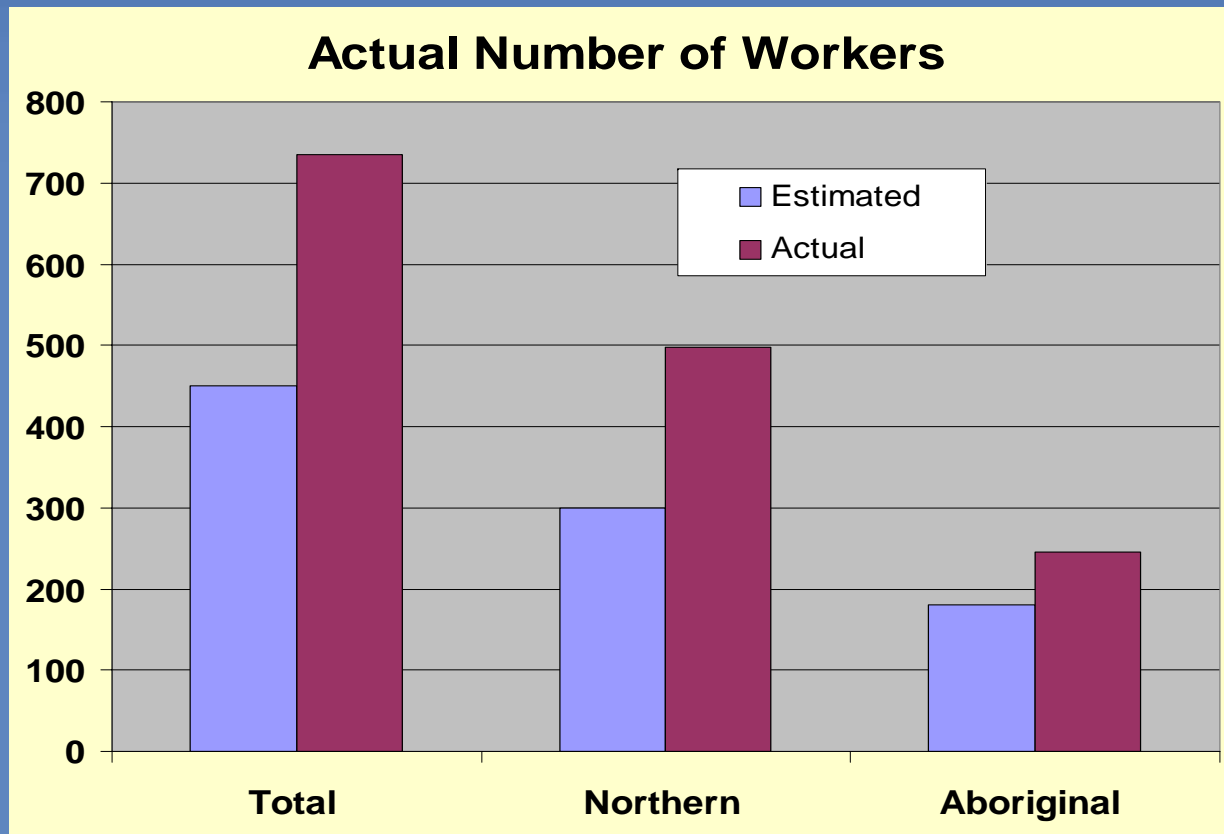
Created Significant Employment



*Mid-year 2007
**Year-end 2006, includes capital

Employment is Exceeding Projections

- Commitment based on operations workforce of 400 ± 50 .
- Have surpassed worker commitment with larger workforce



Trades Training Success

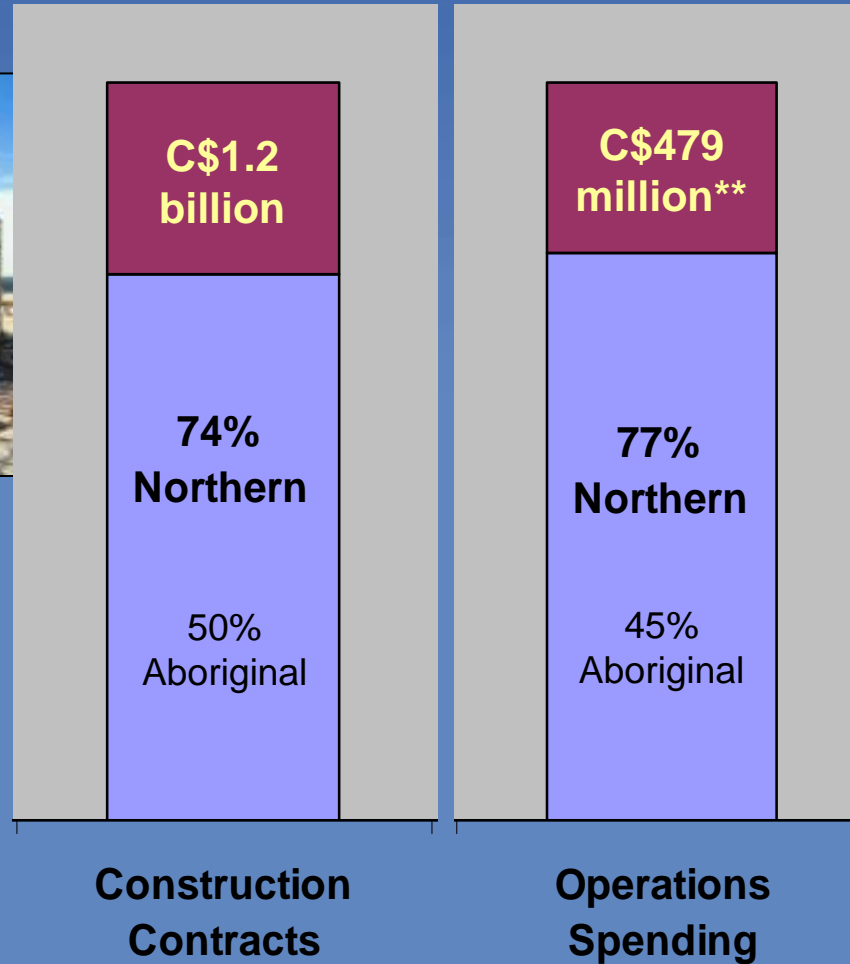
- **Commitment: 8-18 apprentices annually**
- **21 Apprentices as of December 2006**
 - 16 Aboriginal & 5 northern Non-Aboriginal
- **10 Journeymen created since 2003**
 - 8 certified in 2006
 - All northern & half Aboriginal



Unprecedented Local Business



Construction



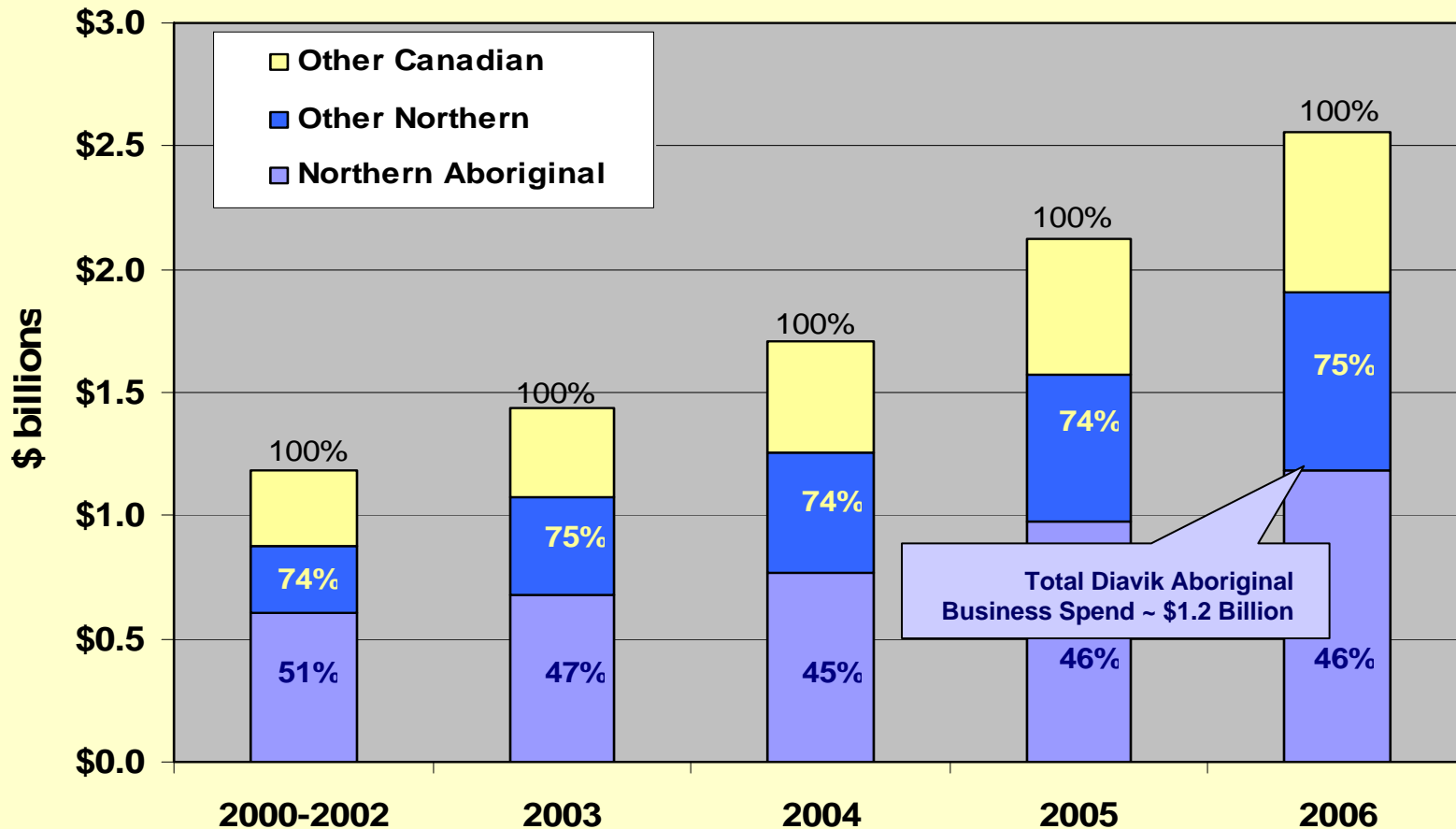
Operations



*Mid-year 2007
**Year-end 2006, includes capital

Aboriginal Business Exceeds \$1 Billion

**Chart 1: Diavik Cumulative Expenditures by Priority Group
2000 to 2006**





*For centuries, people of the North
have used the resources wisely.*

... Diavik is continuing this tradition

Masi Cho

Diavik - www.diavik.ca