November 20, 2014
Diavik Diamond Mines
RE: Mining Plan Model

Mr. Erik Madsen,

In our previous discussion we had advised you that based on the current assumptions, there was no cost driving a limit on the depth of your mine. You explained that our assumption of a kimberlite pipe with uniform diameter was unreasonable. We have now altered our model to accommodate a kimberlite pipe of decreasing diameter.

We have modelled the construction of your mine under the following assumptions:

1) Each bench is exactly 10m in depth.
2) The slope of the mine pit wall will never exceed 47^{o}.
3) The lowest bench will have a radius of 200m.
4) There is a distance of 50m between the edge of the top bench and the dike.
5) The kimberlite pipe is divided into 6 sections of decreasing radius:
    - 0-100m depth: 200m radius
    - 101-200m depth: 167m radius
    - 201-300m depth: 134m radius
    - 301-400m depth: 101m radius
    - 401-500m depth: 68m radius
    - 501-600m depth: 35m radius
6) Each bench takes 6 months to dig.

Using a model with these assumptions, and the physical and financial data you have provided, we would advise you to construct a dike with radius 520.57m. This will allow for a mine that is 300m in depth without exceeding the maximum pit slope angle. If this plan is followed, it will take approximately 17 years to complete the mine, including a two year span for dike construction. Revenue from recovered diamonds will exceed $5.987 billion, the total cost of kimberlite processing will exceed $728 million, and mining costs will exceed $1.296 billion. With the additional $327 million cost of building the dike, Diavik can expect an estimated profit of $3.635 billion before taxes.

Please be advised that this outline is only an estimate, and does not represent the exact values your company would see throughout the mining process.

We look forward to discussing this mining plan with you at your convenience.

Sincerely,

Julie Macdonald