

Rio Tinto Takes Full Ownership of Diavik



RAPAPORT... Rio Tinto has acquired sole possession of the Diavik diamond mine following a 19-month battle with former joint-venture partner Dominion Diamond Mines.

The Australia-based miner completed the transaction after receiving approval from the Court of Queen's Bench of Alberta, it said last week.

Under the terms of the deal, Rio Tinto has taken on Dominion's 40% share of the Canada deposit, in addition to all remaining Diavik assets. That includes unsold rough from Diavik, as well as cash collateral Rio Tinto had been holding as security for Diavik's future closing costs.

In return, Rio Tinto has released Dominion and its lenders from any outstanding obligations in regard to mining operations, Rio Tinto noted.

The news comes after a long conflict between the two mining companies. Dominion filed for bankruptcy protection in April after encountering difficulties paying its debtholders and selling its diamonds amid the coronavirus pandemic.

While Dominion sold its fully owned Ekati mine, Rio Tinto refused to allow it to offload its portion of Diavik to the same buyers. In June 2020, Rio Tinto stated it had no interest in buying the remainder of the asset. The two were also at loggerheads over Rio Tinto's

desire to sell rough from Dominion's share of production from the site to recoup unpaid debt.

"Diavik will now move forward with certainty to continue supplying customers with high-quality, responsibly sourced Canadian diamonds and making a significant contribution to the Northwest Territories of Canada and local communities," said Sinead Kaufman, chief executive of Rio Tinto's minerals division. "As owner and operator, Rio Tinto is committed to delivering Diavik's eventual closure safely and responsibly, to leave a positive legacy in consultation with our community and government partners."

The Diavik mine, which employs 1,100 workers, is set to close in 2025. Last year, it produced 6.2 million carats of rough. Rio Tinto expects the deposit to yield between 3 million and 3.8 million carats this year.

Image: The Diavik mine. (Arctic Canadian Diamond Company)