

Attention Business Editors:

Update on Diavik Mine Plan: Flexible Production to Adapt to Changing Market

TORONTO, May 4 /CNW/ - Harry Winston Diamond Corporation (TSX: HW, NYSE: HWD) (the "Company") is pleased to provide an update to the Diavik Diamond Mine plan as a result of a revised budget for calendar 2009 that was recently approved by both Rio Tinto plc, the operator of the Diavik Diamond Mine, and the Company. The updated plan incorporates various production options that will enable the operation to adapt to changes in the diamond market. The plan allows for changes to carat production by varying the mix of ore that comes from the A-418 kimberlite pipe and the higher grade A-154 South pit. The base plan for calendar year 2009 foresees Diavik production of 5.4 million carats from the processing of 1.3 million tonnes of ore, and contemplates two 6-week shutdown periods in mid-summer and at year-end. A new mining technique is under consideration for the potential mining of the A-21 resource and exploration work has identified extensions at depth to the A-418 and A-154 North kimberlite pipes.

Production

In calendar 2009, it is estimated that 1.3 million tonnes of open pit ore will be mined, the majority of which will come from the A-418 kimberlite pipe, with the remaining production coming from the A-154 South open pit. However, if market conditions improve, additional carats can be produced by shifting the mix of ore from A-418 to the higher grade A-154 South. Total carat production is expected to be between 5 and 6 million carats on a 100% basis.

In calendar 2010, the A-418 kimberlite open pit is expected to be the primary ore source supplemented by A-154 South, where open pit mining is planned to be complete by the second quarter. Total open pit ore mined is expected to be 1.5 million tonnes. In addition, underground mining is scheduled to commence on a limited scale with approximately 0.5 million tonnes of ore during the year, sourced mainly from the A-154 North pipe.

In calendar 2011, underground mining is expected to ramp up to 0.9 million tonnes a year, principally from the A-154 North and South pipes. Production from the A-418 open pit is expected to peak at 1.5 million tonnes as the strip ratio is reduced during the later phases of open pit mining.

In the absence of production from A-21, calendar 2012 is expected to be the final year of open pit mining. An amended pit plan for A-418 is expected to allow the open pit depth to be extended by 10 meters to 9200 elevation, reallocating 240,000 tonnes of A-418 ore from underground to open pit for a total of 0.3 million tonnes from open pit in calendar 2012. Underground mining in 2012 is expected to reach approximately 1.0 million tonnes.

By 2013, underground mining is expected to reach its ongoing capacity of 1.5 million tonnes a year with a blend of ore from A-154 North, A-154 South, and A-418. Additional production capacity beyond 1.5 million tonnes a year or to extend production beyond 2022 will be dependent on, among other things, bringing resources and exploratory tonnages in to reserves.

Cost of Sales

The summer and winter production shutdowns are planned to last six weeks each, during which time diamond production will temporarily cease and the mine will be placed on a short-term care and maintenance schedule. The summer shutdown is scheduled for July 14, 2009 to August 24, 2009 inclusive and would reduce goods available for sale by the Company in the third quarter of fiscal 2010.

The winter shutdown is scheduled for December 1, 2009 to January 11, 2010 inclusive, and can be reversed at short notice should market conditions improve. If this shutdown were to go ahead it would reduce availability of goods for sale in the first quarter of fiscal 2011.

Cost of sales for the mining segment for fiscal 2009 included proceeds of

an insurance settlement related to a Diavik Diamond Mine shovel fire and significant costs attributable to development activity versus production activity during the A-418 pre-production period. After adjusting for these factors, the Company expects cost of sales for the mining segment to increase in fiscal 2010 by an estimated 10% to approximately \$185 million. The 10% increase is due in part to year-end operating costs that would normally be carried over as cost of sales in the next fiscal year being expensed in the current year due to the planned winter shutdown, and costs associated with unsold inventory at the end of fiscal 2009.

The expected increase in cost of sales for fiscal 2010 is specific to the Company's mining segment and is not indicative of the trend in operating costs at the Diavik Diamond Mine. On a Canadian dollar basis cash operating costs at the mine are expected to be slightly lower in calendar 2009 compared with calendar 2008.

Capital Expenditures

During the next three years, the Company's portion of the planned capital expenditure is expected to be approximately U.S.\$130 million at an assumed Canadian/US dollar average exchange rate of Canadian \$1.00 (equal sign) U.S.\$0.86. The Company's portion of capital expenditure for the fiscal year ending January, 31, 2010 is expected to be U.S.\$47 million at an assumed Canadian/US dollar average exchange rate of Canadian \$1.00 (equal sign) U.S.\$0.85, the majority of which is related to underground development.

By August 2009, the underground development is expected to be at a stage when limited production could commence, although further development work that will allow for optimum production levels by use of different mining methods will be deferred until calendar 2010 and 2011. The Company expects to contribute U.S.\$53 million over the following two years, assuming a Canadian/US dollar average exchange rate of Canadian \$1.00 (equal sign) U.S.\$0.86, in support of this stage of underground development. The balance of capital expenditures during this period represents sustaining requirements.

The Diavik Diamond Mine is one of the highest operating margin diamond mines in the world. Even in these distressed and uncertain times it delivers a significant cash margin as a producer of a premium diamond product in a secure political environment. It has a reserve and resource base to take it well into a future of improved demand as world economic recovery meets a fundamentally undersupplied diamond market.

Conference Call and Webcast

Harry Winston Diamond Corporation will host a conference call for analysts, investors and other interested parties on Tuesday, May 5, beginning at 10:30AM (EST). Listeners may access a live broadcast of the conference call on the company's investor relations web site at <http://investor.harrywinston.com> or by dialing 800-901-5248 within North America or 617-786-4512 from international locations and entering passcode 73640767.

Forward-Looking Statements

Information in this news release that is not current or historical factual information may constitute forward-looking information or statements within the meaning of applicable securities laws. Implicit in this information, particularly in respect of statements as to the updated Diavik Diamond Mine plan, the estimated capital expenditures that will be required to be made by the Company, the timing and nature of future mining activities and production levels at the Diavik Diamond Mine or the future operating results and economic performance of Harry Winston Diamond Corporation, are factors and assumptions regarding, among other things, mining, production, construction and exploration activities at the Diavik Diamond Mine, world economic conditions, projected revenue and expenses, diamond prices, construction timelines and mine operating plans and budgets, ore grades and the Canadian/US dollar exchange rate. These assumptions, although considered reasonable by

Harry Winston Diamond Corporation at the time of preparation, may prove to be incorrect. Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what we currently expect. These factors include, among other things, the uncertain nature of mining and mine development activities, risks associated with underground construction activities, risks associated with joint venture operations, risks associated with the remote location of the Diavik Diamond Mine site, risks associated with regulatory and financing requirements, fluctuations in diamond prices, changes in world economic conditions, increased competition from other luxury goods retailers, changes in consumer preferences and tastes in jewelry, and the risk of continued fluctuations in the Canadian/US dollar exchange rate.

About Harry Winston Diamond Corporation

Harry Winston Diamond Corporation is a specialist diamond enterprise with assets in the mining and retail segments of the diamond industry. Harry Winston supplies rough diamonds to the global market from its 40 per cent ownership interest in the Diavik Diamond Mine (economic ownership of 31%).

The company's retail division is a premier diamond jeweler and luxury timepiece retailer with salons in key locations, including New York, Paris, London, Beijing, Tokyo, and Beverly Hills.

The Company focuses on the two most profitable segments of the diamond industry, mining and retail, in which its expertise creates shareholder value. This unique business model provides key competitive advantages; rough diamond sales and polished diamond purchases provide market intelligence that enhances the Company's overall performance.

Harry Winston sells its diamonds into the global rough diamond market following strict corporate governance and chain of custody guidelines.

Harry Winston's policy is to purchase polished diamonds from legitimate sources that subscribe to an international system of certification and warranties, known as the Kimberley Process Certification Scheme and the System of Warranties.

%SEDAR: 00003786E

/For further information: Investor Relations - (416) 362-2237 ext 290 or
investor(at)harrywinston.com/
(HW. HWD)

CO: Harry Winston Diamond Corporation

CNW 20:40e 04-MAY-09