

February 2, 2017

Angela Love
Regulatory Officer
Mackenzie Valley Land and Water Board
7th Floor, 4922 48th St.
PO Box 2130, Yellowknife, NT
Canada | X1A 2P6

Dear Ms. Love:

Re: Request for Extension of RECLAIM revision (MV2005L2-0015)

De Beers is writing to request an extension of the deadline for submission of the RECLAIM revision for the Gahcho Kue Mine to align with the approval of the Interim Closure and Reclamation Plan (ICRP).

On November 22, 2016 The Board issued its final approval of the Mine Rock Placement Verification Program Report (V.1.1) and reminded De Beers that a revised Project Reclamation liability estimate would be due on May 17th, 2017 as per Part C, item 5 of the water licence (MV2005L2-0015). The Board advised that if De Beers required additional time to submit the revised reclamation estimate an alternate date and rationale should be provided.

De Beers does require additional time to complete the revised estimate. The reason for the request is the Board's recent decision (January 12, 2017) not to approve the Interim Closure and Reclamation Plan but rather to begin the review process anew, and to extend that review to approximately a full year. This new process will include multiple, iterative reviews of various components and aspects of the ICRP. The information provided in an ICRP is closely linked to the information required for the reclamation liability estimate (see the Reasons for Decision, Appendix 2). The ICRP describes the objectives, criteria, reclamation activities and overall expectations of the closure environment. These aspects of closure planning are essential to any estimate of costs for implementing those activities and as such will factor heavily into the revised reclamation estimate for the Gahcho Kué mine.

The draft workplan and reasons for decision on the ICRP V.3 proposed by the Board has introduced a substantial degree of uncertainty regarding the Board's expectations for the closure environment at the mine. This uncertainty will affect the assumptions that are modelled into the reclamation cost estimates. Without an approved ICRP, the fall-back

document to define closure expectations for a revised estimate will remain the Conceptual Closure and Reclamation Plan. That is the same document that was used to develop the first reclamation estimate. Repeating the exercise of reclamation cost estimation without substantially new information or assumptions is unlikely to result in a substantially different estimate or improved level of certainty.

De Beers would like to respectfully suggest therefore that the timing of the submission of the revised Project Reclamation liability estimate be linked to the approval of the ICRP. De Beers will require a minimum of 6 months to prepare the revised estimate following approval of the ICRP. If the Board wishes to set a formal date, rather than linking it directly to the approval of the ICRP at this time, then De Beers requests no earlier than June 30, 2018 (~6 months after the anticipated approval date of the ICRP).

De Beers believes that a revised reclamation liability estimate should be aligned with an approved ICRP in order to ensure all interested parties are working with an agreed upon set of assumptions and expectations. It is not useful to revise the closure estimate based on a draft ICRP which has been rejected by the Board.

Finally, it is worth noting that the next security deposit for the mine is required prior to year 4 of Operations, which coincides with the year 2020, therefore we have time to conduct this revision ahead of that payment scheduled.

Thank you for your time and attention. As always I may be contacted at sarah.mclean@debeersgroup.com or 867-688-9227 to discuss this matter anytime.

Respectfully,

A handwritten signature in blue ink that reads "Sarah McLean". The signature is written in a cursive, flowing style.

Sarah McLean

Regulatory Specialist