July 14, 2006

Mr. Mark Anderson, President
Diavik Diamond Mines Inc.
P.O. Box 2498
YELLOWKNIFE NT X1A 2P8

Dear Mr. Anderson:

**Water License Renewal Work Plan**

The Wek'eezhii Land and Water Board (the Board) met on July 13, 2006, to discuss the Water License renewal and associated timelines. On July 6, 2006, the Board provided direction on the Ammonia Discussion Paper and notes that this additional work will require time to complete before the Board can provide DDMI with direction for preparing the Ammonia Management Plan (AMP). It is very important to the Board that a draft AMP be submitted in advance of the public hearing to allow parties to review the plan and have productive discussions regarding the AMP at the public hearing. The current work plan does not allow enough time for this work, and the ongoing work on the AEMP, to progress to a level to hold a public hearing on the originally scheduled dates of September 12-14, 2006. In light of this information, the Board is now re-scheduling the public hearing for November 7-9, 2006.

The WLWB has adopted the Mackenzie Valley Land and Water Board rules of procedure (November 2005), which include rules for public hearings, for the Diavik license renewal process. Please refer to these rules for the upcoming public hearing.

Lastly, the WLWB would like to state that the scope of the public hearing is to allow interveners to present evidence for the Board’s consideration regarding the renewal and the terms and conditions of the Water License. Issues outside of the scope of the Water License will not be considered by the Board and will not be heard at the public hearing. The WLWB will expect interveners to provide rationale on any proposed changes to the terms and conditions of the Water License.

The revised work plan is attached for your reference.

Yours Sincerely,

Violet Camsell-Blondin
Interim Chair

Copied to: Diavik Dist List (fax)
MV2005L2-0009 WATER LICENSE RENEWAL UPDATED WORK PLAN

- To outline and define the process and associated timelines to be followed for the Diavik Diamond Mines Inc. (DDMI) Water License Renewal Application for Water License MV2005L2-0009.

- Staff have developed this draft workplan with the goal of merging on-going work under the AEMP and Ammonia-Record of Agreement (ROA) into the Water License Renewal Process. Work is on-going on both the AEMP and Ammonia, but the Board feels that additional work is required in advance of the Public Hearing. The Board met on July 13, 2006 and has decided to reschedule the Public Hearing to November 7-9, 2006. The 3-day Public Hearing will be held in Rae at a location to be announced.

- Staff note that work on both the AEMP and Ammonia needs to continue to progress so that productive discussions can occur at the Public Hearing.

- The licensing process shall have regard for the protection of the environment in consideration of the impacts of the proposed undertaking and the importance of conservation to the well being and way of life of the aboriginal peoples of Canada (Section 35 of the Constitution Act, 1982)

- The WLWB will only consider changes to terms and conditions of the Water License if reviewers submit strong rationale supporting their recommended changes.
BACKGROUND

Water License N7L2-1645 expires on August 31, 2007. DDMI submitted the license renewal application for N7L2-1645 on August 8, 2005. DDMI has not requested any changes to the conditions of N7L2-1645 and has requested a term of 15 years. The MVLWB has assigned a new file number to the water license, MV2005L2-0009.

The Mackenzie Valley Resource Management Act (MVRMA) was amended on August 4th, 2005 by the Tl'chi'p Land Claims and Self-Government Act (the amending legislation). One of the important changes associated with the coming into force of the Tl'chi'p Agreement and MVRMA amendments was the establishment of the Wek'eezhii Land and Water Board (WLWB).

The WLWB will function as a regional panel of the Mackenzie Valley Land and Water Board (MVLWB) and will have exclusive authority over the permitting of land use and the licensing of water use or the disposal of waste into water for activities that are to take place and are likely to have an impact wholly within Wek'eezhii. Section 95 of the amending legislation provided for a 6 month period after August 4th for the WLWB to prepare for its operations.

The WLWB took over its full responsibilities on February 4th, 2006. On February 8th, 2006 the MVLWB determined that Diavik’s mining operations at Lac de Gras do not fall under Section 103(1) of the Mackenzie Valley Resource Management Act and Water License N7L2-1645 is now under the jurisdiction of the WLWB.

WL RENEWAL WORK PLAN

AEMP

• March 22, 2006 - WLWB issued directive to DDMI on submission of a 2006 AEMP design report that provides a complete description of the AEMP by May 31st, 2006.

• May 1, 2006 – DDMI submits updated AEMP design report. Board deadline was May 31st.

May 23, 2006 – Review comments on AEMP submitted, reviewers felt that some progress was made on the revised AEMP but that more work is required. Some reviewers suggested that an AEMP workshop be held.

August 9-10, 2006 – AEMP workshop to be held, further workshop dates will be set as required.

AMMONIA

July 6, 2006 - Ammonia Discussion Paper - WLWB issued directive to DDMI on Discussion paper addendum requirements.
Additional work on Discussion Paper needs to be completed before Board can provide direction on preparation of AMP.
It is important that the AMP is submitted and reviewed in advance of public hearing.

Updated Ammonia Timeline

July 6, 2006 - Board directive to DDMI on Discussion Paper addendum requirements.
July 24, 2006 - Whitefish Protocol deadline.
July 27, 2006 - WG comments on protocol due.
August 4, 2006 - WG comments due on addendum.
August 9, 2006 - DDMI response to WG comments due.
August 18, 2006 - Draft AMP directive prepared by staff.
August 21, 2006 - Board meeting on AMP, Board will provide DDMI with direction on preparation of the AMP.
September 29, 2006 - AMP due.
October 20, 2006 - hearing interventions due.
WATER LICENSE RENEWAL

- October 20, 2006 - interventions due.
- October 27, 2006 - DDMI response to interventions due and forwarded to interveners.
- October 30, 2006 - Pre-hearing conference
- November 1, 2006 - PowerPoint intervention presentations due (no new evidence can be presented).
- November 7-9, 2006 - 3-day Public hearing in Rae.
- December 1/2006 - Draft WL send to reviewers for comment – Only one draft will be circulated.
- December 15/2006 – Draft WL comments due from reviewers
- December 22/2006 – DDMI response to draft WL review comments due.
- Early/Mid January 2007 – WLWB Board meeting to review and finalize WL
- Early/Mid January 2007 – Draft WL and RFD forwarded to INAC Minister for approval
**Wek’eezhil Land and Water Board**  

c/o Mackenzie Valley Land and Water Board  
Box 2130  
YELLOWKNIFE NT X1A 2P6  
Tel: (867) 669-9592  
Fax: (867) 873-6610

**Date:** July 14, 2006  

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<td>INAC- Water Resources Division</td>
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<td>Dave Balint</td>
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ORGANIZATION: Diavik Diamond Mines Inc.

FAX NUMBER: (867) 669-9058

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