October 13th, 2011

Dear Mr. MacDonald and Mr. Jenkins,

**Re: Initiating a Coordinated Review of Security Provisions for the Diavik Mine site**

As outlined in past correspondence between Diavik, Aboriginal Affairs Northern Development Canada (AANDC), and the Wek’eezhii Land and Water Board (WLWB, the Board), the security provisions for the Diavik Diamond Mine were to be reviewed following the approval of the company’s Interim Closure and Reclamation Plan (ICRP). On September 21st, 2011 the Board approved Version 3.2 of Diavik’s Interim Closure and Reclamation Plan (ICRP).

The WLWB is initiating a review of the security held under Water Licence W2007L2-0003 in accordance with Part B, Item 2c) of the Licence, which states:

> Reductions to the security deposit may be granted by the Board based on annual estimates of current liability in accordance with Part L, item 2 of this Licence or based on such other information as may be available to the Board.

Where Part L, item 2 states:

> The Licencee shall annually, and upon request of the Board, submit to the Board, an updated estimate of the anticipated mine reclamation liability, utilizing the current version of Reclaim, or another method acceptable to the Board. This estimate shall include the expected liability at the end of the upcoming year.

The following is an outline of the process for moving forward with a coordinated review of the reclamation liability for the Diavik mine site.

1. The Board requested that Diavik provide an updated estimate of the anticipated mine reclamation liability as part of their ICRP, which was received on July 27, 2011 and included as Appendix VIII of Version 3.2.
2. The Board is also requesting that AANDC submit a reclamation liability estimate by October 24th, 2011, along with supporting rationale and any evidence for any line items that are different from the Diavik estimate.

3. Diavik will review AANDC’s reclamation liability estimate and identify any differences from their own estimate along with supporting rationale to the Board. Diavik should also indicate the line items in the AANDC submission, which differ from the Diavik submission, that are supported by the company by October 28th, 2011.

Following the receipt of the requested documents, an internal review by WLWB staff will be undertaken and all documents will be presented to the Board at our November 7th, 2011 meeting. Please note that if any new information or evidence is provided by Diavik in response to AANDC’s submission to the Board, AANDC will have an opportunity to review this information and respond, which is to be followed by a review and response by Diavik. Board staff will develop a schedule for any additional submissions to the Board, if required.

The Board recognizes the work that Diavik and AANDC have undergone to help get to this stage of common understanding and appreciates the efforts from both parties. Board staff will contact Diavik and AANDC to discuss how the Board will proceed with any further review, if required. Please contact myself or Ryan Fequet at rfequet@wlwb.ca if you have any questions.

Sincerely,

Mark Cliff-Phillips
Executive Director, WLWB

cc: Diavik Distribution List