January 12, 2017

Mr. Robert Jenkins
Department of Environment and Natural Resources
Government of the Northwest Territories
#600, 5102-50th Avenue
Yellowknife, NT, X1A 3S8

Dear Mr. Jenkins,

Re: Closure Cost Estimate for Rock Cover

Within the Reasons for Decision for Version 7 of Diavik Diamond Mines 2012 Inc.’s (DDMI) Waste Rock Management Plan, the Wek’èezhìi Land and Water Board (WLWB or the Board) identified that DDMI’s security deposit does not include the costs of covering Type III rock (potentially acid-generating rock) in the CLR basin of the Waste Rock Storage Area (WRSA).

To remedy this, the Board required DDMI to submit a closure cost estimate that addresses this liability. DDMI submitted this estimate on October 13, 2016. The Board received comments from the GNWT recommending the adoption of site-specific unit costs used in the RECLAIM estimate for Dominion Diamond Corporation’s (DDEC) Ekati mine site. On November 30, 2016, DDMI responded to the GNWT’s comments.

To assist the Board in setting security for the closure and reclamation of the potentially acid-generating rock in the CLR basin, please submit the following information by February 17, 2017:

1. Use of DDEC Site-Specific Unit Costs
   a. Provide a rationale for why DDEC’s site specific unit costs for covering Type III rock are more appropriate at the Diavik site than the default unit costs in RECLAIM Version 7.
   b. If the Board determines that DDEC’s unit costs for the cover are appropriate at the Diavik site, does the GNWT believe that future updates to one mine’s unit cost should automatically result in a corresponding change for the other mine?

2. Re-sloping cost
   The GNWT has proposed updating the re-sloping unit cost labelled “DSL” (doze overburden/soil piles, low) from $0.95/m$^3$ to $1.05/m^3$ and DDMI has objected.

   Please explain the basis for the GNWT’s proposed increase. Please note that RECLAIM Version 7 provides a range of $0.95/m^3$ to $3.80/m^3$, with a comment that the high end of the range is for pushing materials up to 300 meters.

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1 See WLWB (www.wlwb.ca) Online Registry for Diavik — Waste Rock Management Plan — Version 7 — Closure Cost for Type III in CLR — Oct 13 16
3. **Unit Costs for the Cover**

The unit costs in DDMI’s approved RECLAIM estimate for constructing the cover are described in the table below.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Cost Code in DDMI’s Approved RECLAIM</th>
<th>Cost Code Details RECLAIM 7</th>
<th>Unit Cost in DDMI’s Approved RECLAIM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cover Rock Pile with Till</td>
<td>SB3L</td>
<td>This unit cost is described in RECLAIM Version 7 as “SB1 plus spread and compact” and has a range of $5.10/m$^3$ to $8.90/m$^3$. Unit cost code SB1 is “excavate/load/short haul; Low: non-engineered; High: engineered”. In other words, the SB3 code includes excavation, loading, hauling, spreading, and compacting.</td>
<td>$5.10/m$^3$</td>
</tr>
<tr>
<td>Cover Rock Pile with Type I Rock</td>
<td>SB3S</td>
<td>Same as above for SB3L.</td>
<td>$4.20/m$^3$</td>
</tr>
</tbody>
</table>

The GNWT has proposed using site-specific unit costs calculated for the Ekati site. If the Board does not wish to adopt the Ekati unit costs, it will consider the unit costs in RECLAIM Version 7, and the unit costs in DDMI’s approved estimate. It is not clear that the unit costs currently used in DDMI’s approved RECLAIM estimate appropriately reflect the unit costs and guidance provided in RECLAIM Version 7.

Please provide the most appropriate unit costs for till and Type I rock placement based on the RECLAIM Version 7 unit costs with rationale.

4. **Other Areas of the Site**

During the review of the RECLAIM estimate submitted with DDMI’s Version 1.1 of the 2015 Annual Closure and Reclamation Progress Report, the GNWT recommended that DDMI provide an updated security estimate for the WRSA and the PKC facility using the same method to calculate DDEC’s rock cover unit costs. Please provide an opinion on whether the Board should adjust the closure cost estimate to reflect these changes now or with the RECLAIM update for ICRP Version 4.

Should the GNWT have any questions, please feel free to contact me at rfequet@wlwb.ca, or by phone at 867-765-4589.

Sincerely,

Ryan Fequet
Executive Director, Wek’eezhii Land and Water Board

Copied: Diavik Distribution List

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