

18 May 2022

Mason Mantla  
Chair  
Wek'èezhii Land and Water Board  
#1, 4905 – 48th Street  
Yellowknife, NT  
X1A 3S3

**RE: W2020L2-0004 – Proposed Reclamation Security Phasing for the Point Lake Project**

Dear Mr. Mantla:

As part of the Wek'èezhii Land and Water Board (the Board) April 8, 2022 Reason for Decision<sup>1</sup> on the Point Lake Project Amendment, Part C: Conditions Applying to Security Requirements and Schedule 2 indicated the requirement for a security posting for the Point Lake project.

Part C: Conditions Applying to Security Requirements and Schedule 2

Based on the evidence regarding closure cost estimates for the Project, the Board has determined that the total security deposit amount shall be \$28,101,255. This includes the security for Permit W2021D0005 at \$986,852 and Licence W2020L2-0004 for Point Lake at \$27,114,403.

As per INAC's Mine Site Reclamation Policy for the Northwest Territories: "Adequate security should be provided to ensure the cost of reclamation, including shutdown, closure and post-closure, is born by the operator of the mine rather than the Crown." 57 Part C of the Licence, by reference to Schedule 2, sets the amount of security to be maintained by the Licensee and sets out requirements related to posting and updating security. Arctic Canadian acknowledges the requirement for the security posting ahead of disturbances but would like to propose a phased approach to these postings for the Point Lake project according to the following schedule:

- Phase 1 – Posting in advance of Dewatering (June 2022)
  - Posting for Point Lake LUP (W2021D0005): **\$986,852**
  - Posting for Amended Water Licence (W2020L2-0004): **\$6,616,406**
  - New Water Licence Total: **\$266,656,099**
- Phase 2 – Posting in advance of overburden/waste rock placement (March/April 2023)
  - Posting for Amended Water Licence (W2020L2-0004): **\$10,239,337**
  - New Water Licence Total: **\$276,895,436**
- Phase 3 – Posting in advance of 40% Pit Mined by Volume
  - Posting for Amended Water Licence (W2020L2-0004): **\$10,239,337**
  - New Water Licence Total: **\$287,134,773**

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<sup>1</sup> [W2020L4-0001 - Ekati -Recommendation for Approval of Water Licence: Point Lake Project Amendment – Arctic Canadian](#)



# ARCTIC CANADIAN DIAMOND COMPANY

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The Proposed schedule would cover the full Point Lake LUP (W2021D0005) at the onset. Securities for the Water Licence (W2020L2-0004) would then be split into a 3-phase approach based on milestones reached. The summary of the phased linkages to the RECLAIM estimate and subsequent closure costing is included as Appendix A. Of the \$27,114,403 required, **\$6,616,406** will be posted for initiation of the Point Lake dewatering program, a further **\$10,239,337** will be posted in advance of overburden/waste rock placement, and the remaining **\$10,239,337** in advance of 40% pit mined by volume. This approach will allow the project to be properly secured based on the stage of the program. The initial stages of the pit will contain more waste rock than later production stages. By following this approach, the full security for the Point Lake Project will be posted with 60% of the pit volume remaining and multiple years of operations ahead. Arctic Canadian trusts that this phased approach will be satisfactory to the Government of the Northwest Territories and will allow adequate security for closure costing prior to the advancement of development of the Point Lake Project.

Phasing of securities is an industry standard process that has been utilized for other projects at the Ekati Diamond Mine. The Sable Pit Phasing is currently written into Schedule 2 Part C of the Water Licence. Arctic Canadian has discussed the proposed phased approach with the Government of the Northwest Territories and have agreement that this is an appropriate path forward. Arctic Canadian is proposing a change to the schedule of Point Lake security postings within Schedule 2 Part C: Conditions Applying to Security Deposits for W2020L2-0004 to match the phased schedule presented above.

Arctic Canadian suggests that since this request is administrative in nature, an expedited review would be possible with a Board Decision by June 6<sup>th</sup>. Given the tight schedules associated with this requested timeline and the Point Lake project schedule, Arctic Canadian can commit to responding to all stakeholder comments within 24 hours of the review closure. Arctic Canadian remains committed to posting adequate securities ahead of disturbances relating to the Point Lake project taking place. If you have any questions or concerns, please contact the undersigned at 867-445-3185 or [Harry.O'Keefe@arcticcanadian.ca](mailto:Harry.O'Keefe@arcticcanadian.ca) or Kurtis Trefry, Environmental Advisor – Projects and Closure Planning at 403-910-1933 Ext 2406 or [Kurtis.Trefry@arcticcanadian.ca](mailto:Kurtis.Trefry@arcticcanadian.ca).

Sincerely,

A handwritten signature in black ink, appearing to read "Harry O'Keefe".

Harry O'Keefe  
Superintendent – Environment



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# Appendix A: Phased Security RECLAIM Summary

**SUMMARY OF COSTS - EKATI MINE POINT LAKE PROJECT MINING - Total**

<b>CAPITAL COSTS</b>	<b>COMPONENT NAME</b>	<b>COST</b>	<b>LAND LIABILITY</b>	<b>WATER LIABILITY</b>
OPEN PIT	Point Lake Open Pit	\$5,099,423	\$257,893	\$4,841,531
UNDERGROUND MINE		\$0	\$0	\$0
TAILINGS FACILITY		\$0	\$0	\$0
ROCK PILE	Point Lake WRSA	\$15,903,630	\$271,055	\$15,632,575
BUILDINGS AND EQUIPMENT	Overburden Stockpile footprint	\$216,225	\$216,225	\$0
CHEMICALS AND CONTAMINATED SOIL MANAGEMENT		\$0	\$0	\$0
SURFACE AND GROUNDWATER MANAGEMENT		\$0	\$0	\$0
INTERIM CARE AND MAINTENANCE		\$0	\$0	\$0
	<b>SUBTOTAL: Capital Costs</b>	<b>\$21,219,279</b>	<b>\$745,174</b>	<b>\$20,474,106</b>
	<b>PERCENT OF SUBTOTAL</b>		<b>4%</b>	<b>96%</b>

  

<b>INDIRECT COSTS</b>		<b>COST</b>	<b>LAND LIABILITY</b>	<b>WATER LIABILITY</b>
MOBILIZATION/DEMOBILIZATION		\$0	\$0	\$0
POST-CLOSURE MONITORING AND MAINTENANCE		\$304,000	\$30,000	\$274,000
ENGINEERING	5.0%	\$1,060,964	\$37,259	\$1,023,705
PROJECT MANAGEMENT	5.0%	\$1,060,964	\$37,259	\$1,023,705
HEALTH AND SAFETY PLANS/MONITORING & QA/QC	0.5%	\$106,096	\$3,726	\$102,371
BONDING/INSURANCE	0.5%	\$106,096	\$3,726	\$102,371
CONTINGENCY (Open Pit Flooding, pump maintenance and fuel)	20.0%	\$673,541	\$23,653	\$649,888
CONTINGENCY (WRSA Capping)	20.0%	\$3,126,515	\$109,796	\$3,016,719
CONTINGENCY (Other Reclamation Activities)	20.0%	\$443,799	\$15,585	\$428,214
MARKET PRICE FACTOR ADJUSTMENT	0.0%	\$0	\$0	\$0
	<b>SUBTOTAL: Indirect Costs</b>	<b>\$6,881,976</b>	<b>\$261,004</b>	<b>\$6,620,973</b>

  

<b>TOTAL COSTS</b>		<b>\$28,101,255</b>	<b>\$1,006,177</b>	<b>\$27,095,079</b>
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**SUMMARY OF COSTS - EKATI MINE POINT LAKE PROJECT MINING PHASE 1**

<b>CAPITAL COSTS</b>	<b>COMPONENT NAME</b>	<b>COST</b>	<b>LAND LIABILITY</b>	<b>WATER LIABILITY</b>
OPEN PIT	Point Lake Open Pit	\$5,099,423	\$257,893	\$4,841,531
UNDERGROUND MINE		\$0	\$0	\$0
TAILINGS FACILITY		\$0	\$0	\$0
ROCK PILE	Point Lake WRSA	\$271,055	\$271,055	\$0
BUILDINGS AND EQUIPMENT	Overburden Stockpile footprint	\$216,225	\$216,225	\$0
CHEMICALS AND CONTAMINATED SOIL MANAGEMENT		\$0	\$0	\$0
SURFACE AND GROUNDWATER MANAGEMENT		\$0	\$0	\$0
INTERIM CARE AND MAINTENANCE		\$0	\$0	\$0
	<b>SUBTOTAL: Capital Costs</b>	<b>\$5,586,704</b>	<b>\$745,174</b>	<b>\$4,841,531</b>
	<b>PERCENT OF SUBTOTAL</b>		<b>13%</b>	<b>87%</b>

  

<b>INDIRECT COSTS</b>		<b>COST</b>	<b>LAND LIABILITY</b>	<b>WATER LIABILITY</b>
MOBILIZATION/DEMobilIZATION		\$0	\$0	\$0
POST-CLOSURE MONITORING AND MAINTENANCE		\$304,000	\$30,000	\$274,000
ENGINEERING	5.0%	\$279,335	\$37,259	\$242,077
PROJECT MANAGEMENT	5.0%	\$279,335	\$37,259	\$242,077
HEALTH AND SAFETY PLANS/MONITORING & QA/QC	0.5%	\$27,934	\$3,726	\$24,208
BONDING/INSURANCE	0.5%	\$27,934	\$3,726	\$24,208
CONTINGENCY (Open Pit Flooding, pump maintenance and fuel)	20.0%	\$673,541	\$89,839	\$583,702
CONTINGENCY (WRSA Capping)	20.0%	\$0	\$0	\$0
CONTINGENCY (Other Reclamation Activities)	20.0%	\$443,799	\$59,195	\$384,604
MARKET PRICE FACTOR ADJUSTMENT	0.0%	\$0	\$0	\$0
	<b>SUBTOTAL: Indirect Costs</b>	<b>\$2,035,878</b>	<b>\$261,004</b>	<b>\$1,774,875</b>

  

<b>TOTAL COSTS</b>		<b>\$7,622,582</b>	<b>\$1,006,177</b>	<b>\$6,616,406</b>
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**SUMMARY OF COSTS - EKATI MINE POINT LAKE PROJECT MINING PHASE 2**

<b>CAPITAL COSTS</b>	<b>COMPONENT NAME</b>	<b>COST</b>	<b>LAND LIABILITY</b>	<b>WATER LIABILITY</b>
OPEN PIT	Point Lake Open Pit	\$0	\$0	\$0
UNDERGROUND MINE		\$0	\$0	\$0
TAILINGS FACILITY		\$0	\$0	\$0
ROCK PILE	Point Lake WRSA	\$7,816,288	\$0	\$7,816,288
BUILDINGS AND EQUIPMENT	Overburden Stockpile footprint	\$0	\$0	\$0
CHEMICALS AND CONTAMINATED SOIL MANAGEMENT		\$0	\$0	\$0
SURFACE AND GROUNDWATER MANAGEMENT		\$0	\$0	\$0
INTERIM CARE AND MAINTENANCE		\$0	\$0	\$0
	<b>SUBTOTAL: Capital Costs</b>	<b>\$7,816,288</b>	<b>\$0</b>	<b>\$7,816,288</b>
	<b>PERCENT OF SUBTOTAL</b>		<b>0%</b>	<b>100%</b>

  

<b>INDIRECT COSTS</b>		<b>COST</b>	<b>LAND LIABILITY</b>	<b>WATER LIABILITY</b>
MOBILIZATION/DEMOBILIZATION		\$0	\$0	\$0
POST-CLOSURE MONITORING AND MAINTENANCE		\$0	\$0	\$0
ENGINEERING	5.0%	\$390,814	\$0	\$390,814
PROJECT MANAGEMENT	5.0%	\$390,814	\$0	\$390,814
HEALTH AND SAFETY PLANS/MONITORING & QA/QC	0.5%	\$39,081	\$0	\$39,081
BONDING/INSURANCE	0.5%	\$39,081	\$0	\$39,081
CONTINGENCY (Open Pit Flooding, pump maintenance and fuel)	20.0%	\$0	\$0	\$0
CONTINGENCY (WRSA Capping)	20.0%	\$1,563,258	\$0	\$1,563,258
CONTINGENCY (Other Reclamation Activities)	20.0%	\$0	\$0	\$0
MARKET PRICE FACTOR ADJUSTMENT	0.0%	\$0	\$0	\$0
	<b>SUBTOTAL: Indirect Costs</b>	<b>\$2,423,049</b>	<b>\$0</b>	<b>\$2,423,049</b>

  

<b>TOTAL COSTS</b>		<b>\$10,239,337</b>	<b>\$0</b>	<b>\$10,239,337</b>
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**SUMMARY OF COSTS - EKATI MINE POINT LAKE PROJECT MINING PHASE 3**

<b>CAPITAL COSTS</b>	<b>COMPONENT NAME</b>	<b>COST</b>	<b>LAND LIABILITY</b>	<b>WATER LIABILITY</b>
OPEN PIT	Point Lake Open Pit	\$0	\$0	\$0
UNDERGROUND MINE		\$0	\$0	\$0
TAILINGS FACILITY		\$0	\$0	\$0
ROCK PILE	Point Lake WRSA	\$7,816,288	\$0	\$7,816,288
BUILDINGS AND EQUIPMENT	Overburden Stockpile footprint	\$0	\$0	\$0
CHEMICALS AND CONTAMINATED SOIL MANAGEMENT		\$0	\$0	\$0
SURFACE AND GROUNDWATER MANAGEMENT		\$0	\$0	\$0
INTERIM CARE AND MAINTENANCE		\$0	\$0	\$0
	<b>SUBTOTAL: Capital Costs</b>	<b>\$7,816,288</b>	<b>\$0</b>	<b>\$7,816,288</b>
	<b>PERCENT OF SUBTOTAL</b>		<b>0%</b>	<b>100%</b>

  

<b>INDIRECT COSTS</b>		<b>COST</b>	<b>LAND LIABILITY</b>	<b>WATER LIABILITY</b>
MOBILIZATION/DEMOBILIZATION		\$0	\$0	\$0
POST-CLOSURE MONITORING AND MAINTENANCE		\$0	\$0	\$0
ENGINEERING	5.0%	\$390,814	\$0	\$390,814
PROJECT MANAGEMENT	5.0%	\$390,814	\$0	\$390,814
HEALTH AND SAFETY PLANS/MONITORING & QA/QC	0.5%	\$39,081	\$0	\$39,081
BONDING/INSURANCE	0.5%	\$39,081	\$0	\$39,081
CONTINGENCY (Open Pit Flooding, pump maintenance and fuel)	20.0%	\$0	\$0	\$0
CONTINGENCY (WRSA Capping)	20.0%	\$1,563,258	\$0	\$1,563,258
CONTINGENCY (Other Reclamation Activities)	20.0%	\$0	\$0	\$0
MARKET PRICE FACTOR ADJUSTMENT	0.0%	\$0	\$0	\$0
	<b>SUBTOTAL: Indirect Costs</b>	<b>\$2,423,049</b>	<b>\$0</b>	<b>\$2,423,049</b>

  

<b>TOTAL COSTS</b>		<b>\$10,239,337</b>	<b>\$0</b>	<b>\$10,239,337</b>
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