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Mark Cliffe-Philips
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Wek'èezhíi Land and Water Board
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3 January, 2012

Re: W2007L2-0003 – Clarifications for Finalizing Security Estimates

Aboriginal Affairs and Northern Development Canada (AANDC) provided responses to a Wek'èezhíi Land and Water Board (WLWB) information request pertaining to finalizing the security deposit estimates for Water License W2007L2-0003 in a letter dated December 30, 2011.

Diavik Diamond Mines Inc. (DDMI) was also provided a copy of the AANDC letter. In reading the AANDC letter DDMI notes two areas where in our opinion additional clarification is warranted.

Typographical Error – Unit Costs

AANDC advises that they have discovered a typographical error in the AANDC October 2011 RECLAIM Estimate. The AANDC cost estimate contains two unit costs for obtaining Type I rock from the NCRP: \$3.60/m³ for PKC cover material and \$3.96/m³ for NCRP cover material. AANDC state that the unit costs should be the same for both. AANDC goes on to suggest that the typographical error is in the PKC material unit cost and that the correct unit cost should be \$3.96/m³.

In September 2011 AANDC advised DDMI that the unit costs established by AANDC for obtaining rock for use in closure at other operations are:

- \$3.60/m³ – Snap Lake (2011)
- \$3.05/m³ – Ekati (2005)

AANDC is responsible for developing standards, models and assumptions for calculating reclamation costs to ensure consistent application (*Mine Reclamation Policy for the Northwest Territories*, 2002). No evidence has been provided by AANDC to support a higher unit cost for obtaining rock at the Diavik site as compared to either the Ekati or Snap Lake mine sites.

DDMI suggests that the \$3.60/m³ unit cost used in both RECLAIM Estimates conducted by AANDC in 2011 (i.e. Diavik and Snap Lake) is likely the correct value and that the typographical error is in fact in the \$3.96/m³ value.

DDMI requests that the Board consider the unit costs information provided above and the importance of fair and consistent application of unit costs when determining the appropriate unit cost to be applied for obtaining rock for use in closure.

Type I Rock Accessibility

DDMI provided a submission to the WLWB on November 25, 2011 regarding specifics of availability and accessibility of Type I waste rock in the North Country Rock Pile (NCRP). The AANDC submission of December 30, 2011 lists the information basis for AANDC and BCL "concerns" regarding accessibility of Type I rock. The information listed by AANDC is limited to DDMI presentation material from December 2009 and June 2011 and importantly appears to ignore the information provided in the November 25, 2011 DDMI submission. The information contained in the DDMI November 25, 2011 submission was prepared with specific consideration for the concerns already expressed by AANDC (October 24, 2011) and apparently repeated in the AANDC December 30, 2011 submission (BCL Item #2).

DDMI requests that the Board consider the above when reviewing the evidence provided by AANDC.

Thank you for considering these requests.

Regards,



Gord Macdonald