

Diavik Diamond Mines Inc.
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Ms. Trish Merrithew-Mercredi
Regional Director General
Northwest Territories
Indian and Northern Affairs Canada
P.O. Box 1500
Yellowknife, NT X1A 2R3

20 December 2010

Re: Security Provision Review – Diavik Diamond Mines Inc.

On December 31, 2010 Diavik Diamond Mines Inc. (DDMI) will be submitting a revised Interim Closure and Reclamation Plan (ICRP) to the Wek'èezhíi Land and Water Board (WLWB). The ICRP has been revised based on a WLWB Directive of May 19, 2010.

The revised ICRP includes an updated estimate of the anticipated mine reclamation liability, utilizing the current version of RECLAIM as required by Water License W2007L2-0003 Part L Item 2. Part B Item 2 of the Water License allows the Board to adjust the amount of the Water License security deposit based on updated estimates of mine reclamation liability in accordance with Part L Item 2 or based on such other information as may be available to the Board.

The security deposits under Diavik's Environmental Agreement (EA) are associated with security deposits under the Water License and Land Leases. Reviews of security deposits under the EA are to be coordinated with reviews of security posted pursuant to the Water License and Land Leases (Environmental Agreement Article 15.1(j)).

Additionally, you have confirmed by letters of December 17, 2007 and December 2, 2008 that Indian and Northern Affairs Canada (INAC) will carry out a review of the Additional Security Deposit (Environmental Agreement 15.1(d)) in conjunction with the Wek'èezhíi Land and Water Board ICRP review process.

DDMI met with INAC staff to discuss INAC's 2007 closure cost estimate and revisions DDMI has made to align the estimate with the preferred closure concepts described in the ICRP. These meetings have been helpful.

The security provisions for the Diavik mine are complex in that they are held across the Environmental Agreement, Land Leases and Water License with aspects regulated by both Indian and Northern Affairs Canada and the Wek'èezhíi Land and Water Board.

We request your assistance in developing and coordinating a timely review process.

Regards,



Gord Macdonald

c: Ms. Violet Camsell-Blondin (WLWB)
Mr. Doug Crossley (EMAB)
Mr. Robert Jenkins (INAC)
Ms. Lorraine Seale (INAC)
Mr. Mark Cliffe-Phillips (WLWB)