



March 4, 2011

File: MV2007L2-0003

Gord Macdonald
Diavik Diamond Mines Incorporated
VIA EMAIL – Gord.Macdonald@riotinto.com

Dear Mr. Macdonald,

Re: Diavik Interim Closure and Reclamation Plan MV2007L2-0003 – INAC Information Requests regarding Reclamation Security

On February 22, 2011, the Wek'eezhii Land and Water Board (Board) requested that INAC identify the timeframe required for provision of a RECLAIM cost estimate for the Diavik mine site. As identified within our response dated February 25, 2011, INAC is committed to providing a RECLAIM cost estimate to the Board in a timely manner. It was suggested by Indian and Northern Affairs Canada (INAC) that such an estimate could be prepared by March 31, 2011, dependent on the timely availability of requested information from Diavik Diamond Mines Incorporated (DDMI).

It is my understanding that DDMI is committed to working with INAC to provide additional information and clarity required by INAC. INAC appreciates this commitment, considering the timeframes before the parties to complete this task.

The Department has reviewed DDMI's revised Interim Closure and Reclamation Plan (ICRP) and associated reclamation cost estimate, as submitted to the Board on December 31st, 2010. Outstanding concerns remain with respect to DDMI's proposed deviations from previously approved versions of the closure plan. To evaluate these proposed deviations, additional information is required with respect to post closure water quality and the availability of non potentially acid generating (NPAG) rock at closure.

To focus efforts moving forward, INAC is providing the following information requests to DDMI, relevant to the calculation of reclamation security for the Diavik mine site. INAC notes that subsequent questions may arise following the provision of information from DDMI. As additional information and clarity is requested with respect to the December 2010 version of the ICRP, INAC respectfully requests that responses not simply refer to sections of that document.

TOPIC #1 – Post Closure Water Quality

1. DDMI has proposed changes to the closure plan for the waste rock pile. These changes present a risk of post-closure water quality impacts, which could persist for a period of decades to centuries. What analyses have been conducted (field and desktop) to assess the thermal regime in the side-slopes of Type III waste rock piles for these two scenarios:
 - a) With a permanently frozen till infiltration barrier (as per the 2001 ICRP).
 - b) Without a till infiltration barrier and with a 3 m cover of NPAG rock.

2. DDMI has proposed changes to the closure plan for the waste rock pile. These changes present a risk of post-closure water quality impacts, which could persist for a period of decades to centuries. What analyses have been conducted (field and desktop) to assess the thermal regime in the horizontal top surface of Type III waste rock piles for these two scenarios:
 - a) With a permanently frozen till infiltration barrier (as per the 2001 ICRP).
 - b) Without a till infiltration barrier and with no NPAG rock cover.

3. For each of question 1 a & b, 2 a & b, what is the expected rate of infiltration to waste rock piles of rainfall and snow melt?

4. What water quality modeling has been conducted to predict the seepage water quality emanating from Type III waste rock?

5. Post-closure behavior of the PKC will be highly dependent on the volume and chemistry of the pore water in the PKC. A sound understanding of the initial moisture and chemical conditions is required to determine an adequate closure strategy. Uncertainty in this area presents a risk of post-closure water quality impacts, which could persist for a period of decades to centuries. Concerning the PKC:
 - a) What is the range of moisture content in the tailings?
 - b) What percentage of the water in the tailings pore space is frozen?
 - c) What is the TDS concentration in the unfrozen pore water, and what are the primary contaminants of concern?

- d) Cryo-concentration and expulsion of tailings pore water are expected after closure when the tailings pile freezes. What range of water balance & water quality scenarios have been modeled to predict the post-closure water quality in the overflow from the reclaimed tailings area?
- e) What work has been done to assess how a cover could be constructed over top of the PKC pond area (assuming that it was determined that a pond was not desirable)?

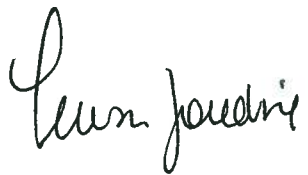
TOPIC #2 – Availability of NPAG Rock at Closure

DDMI has responded that there will not be a short-fall of construction material (NPAG rock) at closure to implement their proposed closure strategy. This may be correct if the proposed deviations in reclamation approach are shown to be protective of the environment. If not, INAC is concerned that there may be insufficient clean waste rock to implement the closure measures, as per the previously approved version of the closure plan (2001). Accordingly, this potentially exposes the Crown to a liability. INAC requests the following information:

1. Confirm the information as provided within Table 4-3A and Table 4-3B.
2. Provide a new table outlining projections of waste rock quantities produced from 2013 to 2022 (assumed to be the expected date production ceases). Provide quantities with and without development of the A21 pit.
3. A projection of the available quantity of Type I rock at the end of production (i.e. prior to closure - placing covers and actively reclaiming the site). Provide quantities with and without development of the A21 pit.
4. Quantity of NPAG rock required to implement currently proposed closure strategy as identified within the December 2010 ICRP.
5. Quantity of NPAG rock required to implement currently approved closure strategy as identified within the 2001 ICRP.
6. Details on the placement and storage of NPAG rock throughout the life of the mine, and description on how that material will ultimately be accessed for closure for the PKC and WRP, under both closure scenarios (2001 ICRP and 2010 ICRP).

Thank-you in advance for responding to our requests. If you have any questions or require any clarification, please contact Mr. Robert Jenkins at Robert.Jenkins@inac-ainc.gc.ca or (867) 669-2574.

Sincerely,

A handwritten signature in black ink, appearing to read "Teresa Joudrie". The signature is written in a cursive, flowing style.

Teresa Joudrie
Director
Renewable Resources and Environment
Indian and Northern Affairs Canada