



Indian and Northern
Affairs Canada

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et du Nord Canada

February 25, 2011

Mark Cliffe-Phillips
Executive Director
Wek'eezhii Land and Water Board
#1-4905 48th Street
Yellowknife, NT X1A 3S3

Dear Mr. Cliffe-Phillips,

Re: Diavik Interim Closure and Reclamation Plan MV2007L2-0003 – Information Request to INAC

Thank you for your letter dated February 22, 2011 in which you request INAC to prepare and submit a RECLAIM cost estimate for the total liability associated with the Diavik mine site.

Indian and Northern Affairs Canada (INAC) has reviewed Diavik Diamond Mines Incorporated's (DDMI) revised Interim Closure and Reclamation Plan (ICRP) and associated reclamation cost estimate, as submitted to the Board on December 31st, 2010. INAC would like to reiterate that it does not support the approval of this version of the plan. The Department continues to be concerned with deviations from previously approved versions of the closure plan.

INAC appreciates that the Board values its opinion and expertise in calculating mine site liabilities. However, the Department does not take the preparation and submission of a RECLAIM cost estimate lightly. As mentioned within our February 18, 2011 submission, it is INAC's goal to provide an accurate reclamation cost estimate for the Diavik mine site for the Board's consideration.

As indicated in our letter, the information available at that time was not sufficient to produce an accurate estimate and INAC still maintains that it was premature to prepare an estimate. In an effort to avoid additional confusion and unnecessary debate, INAC suggested in its February 18th letter that, "discussions with DDMI and the Board are required prior to INAC preparing a reclamation security reassessment for the DDMI mine site..." The Department maintains that a meeting of the parties is required to move towards the development of an INAC RECLAIM cost estimate and requests that the Board facilitate such discussions to ensure transparency in the ICRP process.

Although the generation of a RECLAIM cost estimate for the DDMI mine site is a significant undertaking requiring both staff and financial resources, INAC is

committed to preparing an estimate for the Board's consideration in a timely manner. It is important to note that the timeframes for completion of this undertaking are directly tied to the availability of information from DDMI. INAC suggests that it would be possible to provide a RECLAIM cost estimate to the Board by March 31, 2011, should the parties meet in the near future to clarify any outstanding concerns.

INAC looks forward to the Board's response on the proposed path forward. 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