



Box 32, Wekweètì, NT X0E 1W0  
Tel: 867-713-2500 Fax: 867-713-2502  
(Main)

#1-4905 48<sup>th</sup> Street, Yellowknife, NT X1A 3S3  
Tel: 867-765-4592 Fax: 867-669-9593

January 12, 2012

File: W2007L2-0003

Ms. Teresa Joudrie  
Director, Renewable Resources and Environment  
Aboriginal Affairs and Northern Development (AANDC)  
4914 50<sup>th</sup> St.  
Yellowknife, NT X1A 2R3

Dear Ms. Joudrie,

**Re: Wek'èezhìi Land and Water Board Request for Information to AANDC**

The Wek'èezhìi Land and Water Board (WLWB or the Board) met on January 9<sup>th</sup> 2011 to discuss the ongoing review of the security deposit held under the Diavik Diamond Mine Inc. (DDMI) Water Licence (W2007L2-0003).

Based on the evidence provided to the WLWB, the Board has made the following decisions pertaining to the ongoing review and amendment of the security amount held under the Water Licence:

1. The costs of mobilizing 7 million litres of fuel should be included in the security estimate.
2. There is enough Type 1 rock present within the North Country Rock Pile for reclamation related activities.
3. The costs for quarrying Type I rock for use as cover material on the processed kimberlite containment facility (PKC) and the North Country Rock Pile (NCRP) should not be included in the security estimate at this time.
4. The Board believes that the questions identified by AANDC regarding the accessibility of Type 1 rock within the North Country Rock Pile can be addressed through information that can be provided by DDMI to the Board (e.g., as updates to the Waste Rock Management Plan or annual Interim Closure and Reclamation Plan Progress Reports). This information will be used in future Water Licence security reviews.
5. With the exception of the costs associated with placing a rock cover on the PKC and NCRP, the Board agrees with all values in the security estimate provided by AANDC on October 24, 2011.

The basis for these decisions will be explained in the Board's Reasons for Decision, which will be issued after the Board decides the amended amount of the security estimate that is to be held within the Water Licence.

One outstanding issue remains before the Board can determine the total liability costs for reclamation of the Diavik Diamond Mine. That issue is the correct unit cost for obtaining Type I rock for use as cover material in the PKC and North Country Rock Pile (NCRP).

#### Documentation of Unit Cost

In AANDC's December 30<sup>th</sup> 2011 submission to the Board, it was noted that the unit cost for obtaining accessible Type I rock to cover the PKC (\$3.6/m<sup>3</sup>) is a typographical error, and that the correct unit cost is \$3.96/m<sup>3</sup>. In DDMI's January 3<sup>rd</sup> 2011 submission to the Board, DDMI suggests that \$3.6/m<sup>3</sup> is the correct unit cost. DDMI notes that BCL used a unit cost of \$3.6/m<sup>3</sup> for estimating the cost of placing a waste rock cover on the tailings at the DeBeers Snap Lake mine.

Board staff consulted the documentation for the Snap Lake security estimate to determine whether the situations at the Diavik and Snap Lake sites were comparable. In the documentation for BCL's Snap Lake security estimate, BCL appears to have calculated a unit cost of \$4.35/m<sup>3</sup> (page 16 of Appendix 2a of AANDC's November 7, 2011 Snap Lake intervention). However, it appears that a unit cost of \$3.6/m<sup>3</sup> was actually used in the calculation (page 3 of Appendix 2a of AANDC's intervention). Thus, Board staff were unable to determine whether the unit cost used in the Snap Lake estimate can inform the DDMI security estimate.

#### Information Request

To resolve the unit cost issue, we request that AANDC provide complete documentation from BCL to support the unit cost used to estimate the costs of obtaining Type I rock to cover the PKC facility and the North Country Rock Pile at the Diavik site. Please indicate whether BCL used the Unit Cost Table on page 19 of Appendix A of AANDC's security estimate for the Diavik site (October 24, 2011). If so, please indicate the cost code that was used. If BCL performed additional or separate calculations to make a site-specific determination of the unit cost for the Diavik site, please include these calculations.

This documentation will be inserted into the "Unit\_Costs" worksheet of the RECLAIM spreadsheet. References to the unit cost documentation will be added to the "Tailings" and "Rock Pile" worksheets. Not only will this information allow the Board to ensure the correct unit cost is used, but it will allow for more efficient reviews of the security estimate in the future.

#### Land and Water Liability

It is WLWB practice to ensure that both land and water related reclamation liability is held by the Crown. The Board does not hold any land use permits for the Diavik Diamond Mine; therefore, the security amount that is currently required within the Water Licence reflects all the estimated land and water

related reclamation activities. It is understood that security may be held under other land authorizations issued by the Crown. If evidence of reclamation related security being held under other instruments is provided to the Board, they will take that into consideration when setting their amended security value held under the Water Licence. We would like to discuss this issue further with AANDC and DDMI.

Once we receive the documentation for the unit cost, it is expected that the Board will be able to finalize the updated security estimate for the Diavik site. As such, this will be the last opportunity to review the RECLAIM model. The attached spreadsheet has been modified by Board staff to exclude the costs of quarrying. Please inform us if this has not been done correctly or if there are any errors in the spreadsheet. Although the Board has not decided whether to use a unit cost of \$3.6/m<sup>3</sup> or \$3.96/m<sup>3</sup>, Board staff have entered \$3.96/m<sup>3</sup> into the spreadsheet as a placeholder. This value can be finalized once supporting documentation has been provided.

We would appreciate it if you could provide this information by January 19, 2011 at the latest.

If you have any questions, please feel free to contact Patty Ewaschuk ([pewaschuk@wlwb.ca](mailto:pewaschuk@wlwb.ca)) or myself ([mark\\_cp@wlwb.ca](mailto:mark_cp@wlwb.ca)).

Sincerely,



Mark Cliffe-Phillips  
Executive Director, WLWB

Attachment:

Cc. Mr. Gord MacDonald, DDMI  
Mr. Robert Jenkins, Manager, Water Resource Division, AANDC  
DDMI Distribution List