



Independent Environmental Monitoring Agency

P.O. Box 1192, Yellowknife, NT X1A 2R2 ▪ Phone (867) 669 9141 ▪ Fax (867) 669 9145
Website: www.monitoringagency.net ▪ Email: monitor1@yk.com

August 6, 2014

Richard Bargery
Manager, Permitting
Dominion Diamond Ekati Corp.
#1102—4929 52nd Street
Yellowknife NT X1A 3T1

Carla Conkin
Director, Liabilities and Financial Assurances
Department of Lands
Government of the Northwest Territories
P.O. Box 1320
Yellowknife NT X1A 2L9

Dear Mr. Bargery and Ms. Conklin

Re: Financial Security under the Ekati Environmental Agreement

We would like to thank Dominion Diamond Ekati Corp. (DDEC) for sending us its proposal for financial security pursuant to s. 13.2(c)(i) of the Environmental Agreement. As you know, the Agency has been urging the resumption of the Cost Variance and Progress Review process for many months so it is good to see that we are getting on track again. Consistent with the Environmental Agreement, the Agency expects to be a full party to the review but we understand that the ultimate decision will be made by the Government of the Northwest Territories.

The Agency supports the timely completion of the review and we believe there should be a meeting as soon as possible to discuss the approach and scheduling. Other parties, such as staff of the Wek'eezhii Land and Water Board, may be in a position to provide assistance and clarity during specific discussions. We propose an initial meeting with DDEC and GNWT on August 15 or 18 and can offer our Boardroom. Those dates are best for us but, should they not work for others, we would be willing to do our best to accommodate DDEC and GNWT. The purpose of this meeting would be, in the words of DDEC, "to discuss the approach and timelines for this review".

We have conducted a preliminary review of the DDEC proposal and support the points made by the GNWT in its Attachment 1 to the July 15, 2014 letter. In addition, the Agency has a number of other observations on the proposal as shown in Appendix 1 to this letter and we would be pleased to further discuss them when the review process

resumes. It would be very helpful to receive the DDEC proposal as a Word file to allow for detailed comment.

We look forward to timely completion of the financial security required under the Ekati Environmental Agreement. Should you have any questions, please contact our Executive Director, Kevin O'Reilly.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Ross". The signature is fluid and cursive, with a large initial "W" and a long, sweeping tail.

Bill Ross
Chairperson

cc. Aboriginal Society Members
Stephen Traynor, Aboriginal Affairs and Northern Development Canada

Appendix 1.

Agency Preliminary Review of the DDEC Proposal for Environmental Agreement Financial Security

Article 4—Independent Environmental Monitoring Agency

- The Agency supports the points made by GNWT.
- The Agency differs substantially from the DDEC position on the Agency mandate and costs following closure. The important principle is that the Agency mandate, as spelled out in the Agreement, must be met.

Article 5—Reporting Requirements

- The Agency supports the point made by GNWT.
- We could not find a line item in the Post-Closure Monitoring and Maintenance tab of the RECLAIM model spreadsheet for reporting and regulatory work related to the Environmental Agreement Annual Report (s. 5.1).
- Further discussion is required on the costing of the Environmental Impact Report and public meetings (s. 5.2 and 5.3). We could not find a line item in the Post-Closure Monitoring and Maintenance tab of the RECLAIM model spreadsheet for public engagement.

Article 6—Environmental Management Plans

- Some of the management plans are now in need of updating (e.g., wildlife management plan as committed to by the company) and most will require updating between now and closure or the post-closure monitoring phase.
- We could not find a line item in the mobilization tab of the RECLAIM model spreadsheet for revision or updates to management plans (s. 6.4).

Article 9—Ongoing Environmental Compliance

- It is not clear to the Agency what may be covered by the cost estimate provided by the company or how this was calculated.

Article 11—Traditional Knowledge

- We could not find a line item in the mobilization tab of the RECLAIM model spreadsheet for the Reclamation Research Plans that included Traditional Knowledge studies.

Article 12—Studies and Research

- The estimated costs for the Reclamation Research Plans and Engineering Studies in the approved Interim Closure and Reclamation Plan are significantly higher than the figure accepted by the Wek'eezhii Land and Water Board for the water licence.

Article 13—Security and Enforcement

- The DDEC proposal needs to address Environmental Agreement obligations and potential security requirement for this section of the Environmental Agreement. For example, there are likely to be costs associated with the Cost Variance and Progress Review (s. 13.2).