



September 30, 2015

Mr. Chuck Hubert  
Senior Environmental Assessment Officer  
Mackenzie Valley Environmental Impact Review Board  
PO Box 938  
YELLOWKNIFE NT X1A 2P1

VIA EMAIL

Dear Mr. Hubert;

**Dominion Diamond Ekati Corporation Jay Project environmental assessment  
(EA1314-01) – GNWT Homework from Lutsel K'e Community Hearing**

At the September 19, 2015 community hearing in Lutsel K'e, the Government of the Northwest Territories committed to looking into the availability of further information concerning security posted by Dominion Diamond Ekati Corporation for the Ekati Mine. For clarity, while the questioning at the community hearing referred to a promissory note, the security posted for the Ekati Mine is not in the form of a promissory note but is a surety bond for the water licence security. Please find attached a press release and backgrounder issued by the Government of the Northwest Territories on November 6, 2014. This material is also available online at <http://www.gov.nt.ca/newsroom>.

Should MVEIRB or any of the EA participants have any questions about this letter, please contact Lorraine Seale, Manager, Project Assessment, ([Lorraine\\_seale@gov.nt.ca](mailto:Lorraine_seale@gov.nt.ca)) or Melissa Pink, Project Assessment Analyst ([Melissa\\_pink@gov.nt.ca](mailto:Melissa_pink@gov.nt.ca)).

Sincerely,

Terry Hall  
Director, Land Use and Sustainability





**YELLOWKNIFE (November 6, 2014)** – Minister of Lands Robert C. McLeod announced today that the Government of the Northwest Territories (GNWT) has approved Dominion Diamond Ekati Corporation's surety bond as security for approximately \$253 million under its Ekati water licence. The surety bond will account for all security currently required under the water licence.

"This action on the part of the Government of the Northwest Territories demonstrates our ability to make timely and sound decisions that support responsible, sustainable resource development in the NWT," says Minister McLeod. "With our new devolution responsibilities, we are protecting the environment, prudently managing public funds and promoting economic opportunities in a way that balances NWT interests."

In reaching its decision, the GNWT's Departments of Lands, Finance and Environment and Natural Resources completed a rigorous review of Dominion Diamond's surety bond. The departments' work confirms that the terms of the security bond are acceptable to the GNWT.

A surety bond is an acceptable form of security under the *Waters Act*, subject to the GNWT's acceptance of the terms and conditions of the bond. It is intended to protect the health and safety of the public and the environment and is an important tool to address the potential for environmental damage. The surety bond also allows Dominion Diamond to continue to invest and develop its project, bringing tangible economic benefits to the NWT economy.

Responsibility for the *Waters Act* and the NWT land and water management regime it is part of transferred to the GNWT with devolution. The GNWT is now responsible for addressing Dominion Diamond's outstanding security requirements under their Type "A" Water License W2012L2- 0001 and determining the acceptable terms and conditions for the surety bond.

- [Backgrounder – Surety Bonds](#)

#### **Media Inquiries**

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**Media requests for interviews with Members of the Executive Council may be directed to:**

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## Surety Bonds

The *Waters Act* provides for a surety bond as one of the acceptable forms of security for development in the Northwest Territories.

Surety bonds are instruments typically issued by an insurance company to pay one party a specified amount if another party fails to meet its obligations.

The creditworthiness of companies backing a surety bond is a significant consideration and one of the benefits of this form of security. They are typically issued by companies with strong to very strong credit ratings and significant market capitalization, ensuring their ability to pay the required amount in the unlikely event that it was necessary.

The GNWT is committed to completing its due diligence and ensuring that the public interest is addressed in determining the acceptability of surety bonds to ensure that security can be accessed in a timely fashion.

Surety bonds accepted for projects in the Northwest Territories will provide for payment on demand to the benefit of the Government of the Northwest Territories (GNWT). The demand on a surety bond is absolute, irrevocable and unconditional.

Surety bonds are used in many sectors, including construction, transportation and infrastructure. They have been seen as suitable to address reclamation obligations in the mining sector in the United States and Canada, including as security for projects in Newfoundland and Labrador, Ontario, Yukon and New Brunswick.

As part of the Devolution Agreement, the GNWT received new authorities over the management of land and water resources in the NWT. For certain instruments, such as land use permits and water licences, the amount of securities are set by the land and water boards, and the GNWT is responsible for approving the form and holding the security.

More broadly the GNWT is responsible for addressing environmental liabilities and financial assurances for lands and waters under its jurisdiction. This is why the Department of Lands has announced the establishment of the Division for Liabilities and Financial Assurances to oversee management and coordination of environmental securities.

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