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October 22, 2024

Kim Truter  
Chief Executive Officer  
Burgundy Diamonds Ltd.

Dear Kim,

**Re: Sable Underground Expansion Project**

The Wek'èezhì Land and Water Board (the Board or WLWB) received applications from Arctic Canadian Diamond Company Ltd (Arctic), Licence holder and subsidiary of Burgundy Diamond Mines Ltd. (Burgundy) related to the Sable Underground Project in April 2024.<sup>1</sup> On September 24<sup>th</sup>, the Board received Burgundy's request to withdraw the Sable Underground applications,<sup>2</sup> as well as the September 24<sup>th</sup> letter addressed to the Premier of the Northwest Territories. At this time, the Board requires confirmation from Burgundy (as detailed below) to determine a path forward for the Sable Underground Early Works Land Use Permit (W2024D0006), which was issued on July 9, 2024 to support the initial portal construction phase of the Sable Underground Project.<sup>3</sup>

The Board recognizes there must have been a number of significant and complex factors that the Licensee considered in making such an unprecedented decision to withdraw the applications at such a late point in the proceeding, particularly given the effort and costs that had already been incurred. The Board also acknowledges the time and resources expended by all parties participating in the proceeding and it is unfortunate that notification came after the point when parties could have avoided travel and costs related to the public hearing.

Through discussion between Burgundy and WLWB staff, we understand that re-sequencing of the Ekati Mine Plan is taking place and that there is uncertainty with respect to if or when the Sable Underground Expansion will proceed. As stated in the Board's Reasons for Decision for the issuance of the Sable Underground Early Works Permit, the Board stated that "although the Board typically requires security being submitted prior to work being initiated, the Board has decided to grant Arctic's request to include the security for the early works activities within the main security for the overall project for the following reasons: GNWT-ECC, who is the land manager, was

<sup>1</sup> See the WLWB Online Registry for [Sable Underground Project - Type A Water Licence Amendment and Type A Land Use Permit Applications](#)

<sup>2</sup> See the WLWB Online Registry for [Ekati - Sable UG - Amendment Application - Notice of Withdrawal - Sep 24 24](#)

<sup>3</sup> See subsections 59(1) of the Mackenzie Valley Resource Management Act and subsection 35(1)(c) of the Mackenzie Valley Land Use Regulations.

agreeable to this approach; the amount of security for the early works project was small compared to the overall security for the site; no comments were received during the public review on the amount of security; and the administrative burden on Burgundy and GNWT-ECC would be reduced by including this portion of the security in the overall security”.<sup>4</sup> The Board also went on to stat that it would “consider the security for the entire Sable Underground Project at the end of the Water Licence Amendment Proceeding.”

Given the above-noted uncertainty regarding the Sable Underground Expansion, the Board requires that within 30 days from the date of this letter that Burgundy provides confirmation of one of the following:

1. Confirmation that the Sable Underground Early Works activities are moving ahead, including an application to amend Permit W2024D0006 to include the following standard Permit condition #82 (i.e., *Prior to the commencement of land-use operation, the Permittee shall deposit with the Minister a security deposit in the amount of \$107,367*). If Burgundy wishes to propose a different amount than what was previously considered, supporting documentation must be provided as part of the Amendment Application package; or
2. Confirmation that the Early Works Permit is not needed at this time or in the near future, and a request for Discontinuance of Permit W2024D0006 in accordance with s. 37(1) of the Mackenzie Valley Land Use Regulations.

As part of the response to the above, the Board also requires Burgundy to submit a current Project schedule as per Part B, Condition 27 of the Licence. The Board looks forward to receiving your response. If you have any questions regarding this direction, please reach out to our Executive Director, Ryan Fequet via email or at 867-765-4589.

Sincerely,



Mason Mantla, Chairperson,  
On behalf of the Wek'èezhìi Land and Water Board

Copied to: Ekati Distribution List

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<sup>4</sup> [The WLWB's Reasons for Decision for the issuance of W2024D0006.](#)