



JUN 29 2006

COMPLETED
June 29/06

Mr. Robert Overvold
Regional Director General
Indian and Northern Affairs Canada
4914-50th Street, Bellanca Building
PO BOX 1500
YELLOWKNIFE NT X1A 2R3

Dear Mr. Overvold:

Environmental Agreement Section V.2 (c)
BHP Billiton Diamonds Inc., 2006 Environmental Impact Report

Pursuant to Section V.2 (c) of the Environmental Agreement between the Government of Canada, the Government of the Northwest Territories (GNWT) and BHP Billiton Diamonds Inc. (BHPB), I am writing to convey to the Minister of Indian and Northern Affairs Canada (INAC) that the GNWT finds BHPB's 2006 Environmental Impact Report (EIR) to be unsatisfactory.

Environment and Natural Resources (ENR) has reviewed the EIR and identified concerns related to air quality and wildlife. In general the report suggests that activities of the Ekati Diamond Mine have not resulted in major adverse residual effects on the environment. While this may be true, we take issue with this assertion by BHPB because insufficient information is available to draw these conclusions. For example, BHP has not fulfilled its obligation to monitor ambient air quality as per section 7.2 (h) of the Environmental Agreement. As such, the impacts of the mine on ambient air quality cannot be determined.

We are currently preparing a more thorough description of our suggested revisions to the report. We look forward to working with INAC to develop a Minister's Report on the BHPB 2006 EIR.

Sincerely,



R. P. Bailey
Deputy Minister

