

BHP Billiton Diamonds Inc.



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October 13, 2006

Indian and Northern Affairs Canada
P.O. Box 1500
Yellowknife, NT
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Attention: Regional Director General

Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NT
X1A 2L9

**Attention: Deputy Minister
Environment and Natural Resources**

Dear Sirs/Mesdames:

Re: 2006 Environmental Impact Report for the EKATI Diamond Mine

We are in receipt of a letter from Mr. Overvold dated August 14, 2006, attaching a Minister's Report in respect of the 2006 Environmental Impact Report for the EKATI Diamond Mine (the "EIR").

We note the alleged deficiencies set out in the Minister's Report relate primarily to certain air quality issues. We are in the process of finalizing two reports which were used in arriving at the conclusions presented in the EIR and are cited in the bibliography of the EIR. These reports are the "*Assessment of Acid and Fugitive Dust Deposition using CALPUFF Air Dispersion Model*" and the "*2005 Air Quality Monitoring Program*" (the "Air Quality Reports"). These reports were the source documents for the conclusions presented in the EIR report. Copies of the Air Quality Reports will be delivered to you by October 30, 2006. I would like to apologise that these documents were not available at the time the EIR was released, but the volume of reporting required

of the EKATI Diamond Mine means that it is not always possible for BHP Billiton to have all relevant documents available in a timely fashion.

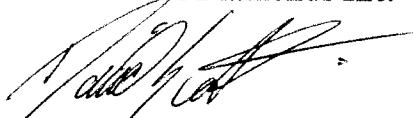
We believe the Air Quality Reports respond to and will satisfactorily address the majority of the concerns set out in the Minister's Report regarding that part of the EIR, and, in effect, will constitute the revisions you are seeking. Once you have had an opportunity to review the reports, we would be pleased to meet with you to discuss if any further actions in response to the Minister's Report are required.

We stand behind the conclusions of the EIR which are supported by the numerous documents referenced in the bibliography of the report. We believe that the remaining issues are substantively editorial in nature and a rewrite and reprinting of the report would not satisfactorily address these issues. We believe the remaining issues can be resolved through face to face discussions between the parties to the EA.

In this regard, as suggested in the August 14, 2006 letter, , we have attempted to contact the DIAND representative, Mr. David Livingstone, several times to schedule a meeting to discuss the Minister's Report. Unfortunately, he has been unavailable and we have yet to meet. We remain open to meeting with representatives of the Governments of Canada and the Northwest Territories, at the earliest opportunity.

We trust that the above information provides an initial satisfactory response to the Minister's Report and we look forward to further discussions with both of the parties to the Environment Agreement to achieve resolution on this matter.

Yours truly,
BHP Billiton Diamonds Inc.



David Scott,
Manager, Business Development

DS/RBM/RE

c.c. Dr .Bill Ross-Chair, Independent Environmental Monitoring Agency
Stephen Harbicht, Head Environmental Assessment, Environment Canada
Julie Dahl, Manager, Habitat, Fisheries and Oceans
David Livingstone, Director, Renewable Resources and Environment
Annette Hopkins, Director of Operations
Carolyn Relf, Manager, Mineral Development