

# Traditional Knowledge

## Highlights:

- 🕒 **The Caribou and Roads Traditional Knowledge (TK) Project continued with mixed results from the *inokhok* program;**
- 🕒 **Kugluktuk Elders recommended monitoring of *inokhok* in different seasons and trying other deterrent methods;**
- 🕒 **A fish study was conducted with Aboriginal traditional use specialists where deformities, eroded fins, lesions and tumors (DELT) and other tests were performed; and**
- 🕒 **We believe that improved documentation of BHP Billiton's (BHPB's) use of TK and responses to comments and concerns raised during Aboriginal site visits would be helpful.**

## Activities

### Caribou and Roads Traditional Knowledge Project

BHPB continued with the Caribou and Roads TK Project with the Elders Advisory Group from Kugluktuk. With the assistance of a professional biologist, Kugluktuk elders provided advice to BHPB on wildlife. This section reports on activities related to the Caribou and Roads Project for 2006-2007 that the Agency received in December 2007. The Agency has not yet received any reports for the 2007-2008 program.

In 2006, there were two visits to Ekati with respect to the Caribou and Roads Project. The first was in June and involved erecting a temporary snow fence at the Beartooth Pit. The Elders Advisory Group identified the Beartooth Pit as a concern in 2004, as caribou had unimpeded access to the edge of the pit from the east. At a workshop in Kugluktuk in

January 2006, the elders recommended a temporary snow fence be erected as the best deterrent for caribou as the pit edge is lower than the surrounding terrain, allowing the caribou an unimpeded view, thus *inokhok* and/or berms would not serve as visual barriers or deterrents to caribou. The second site visit, the annual elders visit, was held for a week in early August 2006 where the elders monitored the caribou interactions with roads (with and without traffic), mine infrastructure and the effectiveness of deterrents such as the *inokhok*. They also spent time observing caribou behaviour away from the mine site in areas not affected by development. In August 2006, few caribou were observed at the site and time was spent building more *inokhok* and making them more visible by making them bigger, painting hats on them and adding flagging tape. In March 2007, BHPB held a community follow-up meeting in Kugluktuk.

### Monitoring Effectiveness of *Inokhok*

*Inokhok* have been built in three places: Pigeon Valley across the Sable Road, Fox Road at the Nero-Nema Lakes crossing and the airstrip. In October 2006, caribou were seen in the Pigeon Hill region, all around the *inokhok* and as such, *inokhok* do not appear to be completely effective at redirecting caribou from dangerous areas. During the March 2007 workshop in Kugluktuk, there was much discussion over the effectiveness of the *inokhok* and the elders noted that traditionally, *inokhok* were built by the elders for the purpose of hunting caribou during spring migration and that they did not know if they would deter caribou during other seasons, or other conditions (i.e. caribou may walk by in July when it is really hot, and if they are in a big herd). They emphasized that this is why

monitoring during different seasons and with different methods of deterring caribou are needed. BHPB would like to see the Elders Advisory Group come up in spring to watch and see how the caribou interact with the roads and with the *inokhok*.

### Archaeology Program

In 2007, an archaeology field program was undertaken in areas of proposed land-based exploration activity. This is the fourteenth year of the program, and a North Slave Metis Alliance (NSMA) member took part in the fieldwork. A total of 14 advanced exploration locations were assessed from the air and nine of these were examined on the ground. One new archaeological site was discovered. This brings the total of recorded sites on the BHPB claim block to 200.



Elders at an Agency event.

## TRADITIONAL KNOWLEDGE

**TK and Monitoring Programs**

As a way of incorporating TK into their monitoring programs, BHPB hires local Aboriginal people familiar with science and/or the land as Wildlife Technicians each year to gather field data and assist in monitoring and minimizing effects on wildlife.

In 2007, as part of the Aquatic Effects Monitoring Program (AEMP), a fish palatability study was conducted with Aboriginal traditional use specialists and BHPB employees. As part of the study they measured liver and gonads, recorded any deformities, eroded fins, lesions and tumors (DELT), photographed each fish, and collected samples for analysis of the concentrations of metals in the liver, chlorinated organics in liver and muscle tissue, and hydrocarbons in bile.

**Agency Assessment**

The Caribou and Roads Project is a good example of how BHPB is incorporating TK into wildlife monitoring of caribou at Ekati. BHPB has done a good job at developing this project with the community and elders from Kugluktuk. However, the Agency recommends that BHPB make more effort to engage other communities and elders in developing projects that would incorporate TK. Workshops should be held where elders from all affected communities can share information and determine the best methods for deterring wildlife, especially caribou, from hazardous areas.

Over the years, the Agency has recommended that BHPB work with

Aboriginal Peoples to develop a method of documenting the suggestions and concerns of Aboriginal Peoples who visit the site. Presently, one cannot determine what information and experiences were gained from site visits and *consultation* efforts, how this TK was used, what information was disregarded and why, and how the company deals with contradictory information. We are pleased to learn that BHPB is in the process of producing a TK report documenting how TK has been and can be used at the mine site. It is also developing a multi-year TK strategy that will continue with existing projects (Naonayaotit Traditional Knowledge Project and the Caribou and Roads Project). We look forward to receiving more information on these initiatives. ■



*Elder at Ekati site visit.*

# Assessment of the Regulators

*Highlights:*

- ▶ **Wek'èezhii Land and Water Board (WLWB) provided guidance to BHP Billiton (BHPB) regarding changes to its Interim Closure and Reclamation Plan (ICRP) such as improved mine closure objectives and management of the working group process;**
- ▶ **Environment Canada (EC) provided the Agency with a detailed presentation on how Canadian Council of Ministers of the Environment (CCME) water quality guidelines are developed and contributed its expertise to improving the Air Quality Monitoring Program (AQMP);**
- ▶ **Department of Fisheries and Oceans (DFO) discussed fish habitat in pit lakes after closure with BHPB;**
- ▶ **Department of Indian Affairs and Northern Development (DIAND) provided technical expertise in review of Ekati environmental reports; and**
- ▶ **Government of the Northwest Territories Department of Environment and Natural Resources (GNWT-ENR) contributed towards an improved Air Quality Monitoring Program (AQMP).**

**The Regulators and Our Mandate**

As the public watchdog for environmental management at Ekati, we monitor not only the performance of BHPB but also the federal and territorial government agencies that regulate the mine. The following are comments from the Agency regarding Ekati regulators' performance in 2007-08.

**Agency's Overall Assessment**

As we have stated in previous years, in our view the regulators remain effective in ensuring that BHPB operates an environmentally sound mine. Over the course of 2007-08 we identified some instances where we felt that

government reviews could be more targeted or thorough and this related largely to the level of resources that some departments are investing in the Ekati Interim Closure and Reclamation Plan (ICRP) review process. We were pleased to observe willingness among all regulators to collaborate and share resources. The following are some comments on individual government agencies and their performance in 2007-08.

**Department of Fisheries and Oceans**

DFO has continued to play an active role in the ongoing ICRP review process. Its key contribution has been in providing guidance to BHPB on an acceptable level of fish habitat adjacent to or within potential fish

bearing water bodies. While we support DFO's efforts in this area we are unsure whether the process it has underway with BHPB can lead to an agreement without the involvement of other reviewers or our Aboriginal Members. Even if an agreement is reached, it may not fulfill the requirements for closure and *reclamation* as found in BHPB's water licence or the Environmental Agreement.

#### **Department of Indian Affairs and Northern Development**

In our view DIAND continues to access the technical information it needs to provide advice to the company and the Wek'èezhii Land and Water Board (WLWB). Overall, we suggest DIAND is providing a positive contribution to the ICRP Working Group process. Past problems with lack of inspections of Ekati due to staff shortages within DIAND have been overcome during the last two years and the current inspector is doing a thorough and thoughtful job.

#### **Government of the Northwest Territories, Department of Environment and Natural Resources**

In our view the GNWT has contributed significantly to improving the Air Quality Monitoring Program (AQMP) at Ekati. However, the GNWT could contribute more technical information to the ICRP Working Group process through its wildlife staff. As the ICRP planning has progressed we have not observed as much coordination among the GNWT divisions as we would suggest is necessary to ensure an appropriate GNWT perspective is contributed.



*Regulators at Ekati site visit.*

#### **Environment Canada**

EC continues to be engaged in review of regulatory issues, in particular with the next Ekati water licence renewal. It has also initiated research in sampling sediment for dioxins and furans in Kodiak Lake and continues to offer expertise to BHPB on air quality monitoring. The Agency also appreciated an invitation from EC to attend a meeting where a new process for the development of water quality guidelines was explained.

#### **Wek'èezhii Land and Water Board**

In our view the WLWB established a successful ICRP Working Group process in 2007-08, including the retention of independent technical expertise. The lack of funding for Aboriginal involvement led to a diminished contribution from our Aboriginal Society Members. However, the provision of funding is outside the mandate of the WLWB. Unfortunately, the lack of Aboriginal involvement in the

working group process may mean that a public hearing on the ICRP, when held, will not be as effective as it could be. We were pleased to see over the course of the year that the WLWB was able to effectively replace key employees who had left. We also noted that BHPB told us that it had made a positive comment about the WLWB in its submission to the DIAND-led review of the NWT regulatory process. ■

# Assessing BHP Billiton

## Highlights:

- ▶ Improvements in closure and reclamation plan objectives;
- ▶ Better cooperation with the Agency and regulators;
- ▶ Mediated settlement reached on an issue of Agency funding; and
- ▶ Agency continues to request formal report submission deadlines.

In our view, BHP Billiton (BHPB) continues to operate Ekati in an environmentally sound manner. Over the course of 2007-08 we did not identify any significant issues related to wildlife mortality or discharge of effluent above water licence limits. We are also pleased to report an improved working relationship with BHPB employees; in particular, we identified an increased willingness among individuals in BHPB's Environment Department to cooperate more productively with the Agency and the government regulators.

We reported in past years a diminished ability of the company to deliver the environmental reports in time for us to be able to assess the environmental performance of the company in a timely manner. This led to the recommendation last year that dates for delivery of key environmental reports be fixed by modifying the Environmental Agreement. BHPB responded to our recommendation with public promises that modifying the *Environmental Agreement* to fixed delivery dates for its reports was not necessary and that it would be providing reports to us earlier this year and in the future. Although the 2007 Wildlife Effecting Monitoring Program (WEMP) report was delivered earlier than in recent

years, we are not pleased to report to our Society Members that as we are writing this report (late April 2008) we have yet to receive the Aquatic Effects Monitoring Program (AEMP) report for 2007. Our position remains that there should be a firm date for the delivery of the annual monitoring reports that should be incorporated into the *Environmental Agreement*.

This issue aside, our most frequent interaction with BHPB staff this year has been at our regular board meetings and as part of the Interim Closure and Reclamation Plan (ICRP) Working Group process. BHPB has been consistently courteous and responsive to our comments and requests. Last year we reported that the company had invested significant resources in developing its ICRP but needed to improve its component-specific *reclamation* objectives and criteria. Further information on this topic is found in our chapter on *Closure and Reclamation*. However, we can say that BHPB has improved its overall closure objectives. A remaining problem, in our view, relates to the *reclamation* research plan as discussed in the *Closure and Reclamation* chapter. We are currently

suggesting to the company that it needs to prepare a much more detailed research plan to allow it to develop the knowledge necessary to reclaim key mine components before their scheduled closure. We will report back next year on the outcome of our discussions with BHPB. We are also advising BHPB and the regulators that for mine components due to close in the next few years there must be detailed engineering level work done to make sure the necessary information is in place prior to *reclamation* activity commencing.

The company submitted its Long Lake Containment Facility (LLCF) water quality prediction model in the spring. It is of high quality and will serve both the company and others in helping to deal with water quality issues. For further information on this key issue please see

our chapter on *Processed Kimberlite and Wastewater Management*.

An issue we are pleased to have resolved over the past year was a disagreement between BHPB and ourselves on the use of funds for participation of the Agency as an intervener in regulatory and other legal processes. A mediator was brought in to assist in the negotiation of the terms of an agreement where the Agency will be able to allocate expenses to a Separate Fund in the event that the WLWB provides an indication in writing of a hearing on any given topic.

We look forward to reporting back to our Society Members on these topics and others as they develop, and to another year of good environmental performance at Ekati. ■



Agency directors and BHPB staff at the underground portal at Ekati.

# Financial Statements

## Management's Report

The management of the Independent Environmental Monitoring Agency is responsible for the integrity of the accompanying financial statements. The financial statements have been prepared by management in accordance with the accounting principles disclosed in the attached notes. The preparation of the financial statements necessarily includes some amounts which are based on the best estimates and judgments of management.

To assist meeting its responsibility, management maintains accounting, budget and other internal controls. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, and that assets are properly accounted for and safeguarded, in order that the integrity of the financial records is maintained.

The financial statements have been audited by the independent firm of MacKay LLP, Chartered Accountants. Their report to the directors of Independent Environmental Monitoring Agency, stating the scope of their examination and opinion on the financial statements, follows.



*Jaida Ohokannoak*  
Secretary-Treasurer

May 23, 2008

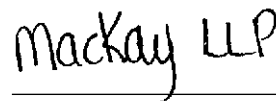
## Auditors' Report

### To the Directors of Independent Environmental Monitoring Agency

We have audited the statement of financial position of the Independent Environmental Monitoring Agency as at March 31, 2008 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2008, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



*Chartered Accountants*

*Yellowknife, Northwest Territories*  
May 23, 2008

## FINANCIAL STATEMENTS

## Statement of Operations

For the year ended March 31,

	2008	2007
<b>Revenue</b>		
BHP Billiton Diamonds Inc. - core funding	\$ 595,569	\$ 577,891
Interest income	6,332	6,119
Mediation (Schedule 1)	7,524	-
Other	2,988	-
	<b>612,413</b>	584,010
<b>Expenditures</b>		
Accounting and auditing fees	18,291	17,607
Advertising and website	32	1,662
Amortization	2,517	3,966
Board support		
- honoraria	172,871	162,750
- travel, meals and accommodation	72,608	68,364
- payroll deductions on honoraria	10,211	21,547
Community consultation		
- annual general meeting	19,504	10,547
- annual report	42,946	45,081
- community visits	10,009	13,695
- environmental workshop	10,176	-
- travel	4,065	-
- other	2,242	2,411
Consultants	-	17,294
Equipment lease	1,648	871
Insurance	4,131	6,256
Mediation (Schedule 1)	7,685	-
Office rent and maintenance	30,575	30,030
Office supplies	3,835	5,887
Postage and freight	365	588
Professional development	1,695	450
Staff travel	3,021	6,377
Telephone and fax	5,182	8,157
Wages and benefits	169,539	154,936
	<b>593,148</b>	578,476
<b>Excess revenue before the following</b>	<b>19,265</b>	5,534
<b>Contribution repayable (Note 7)</b>	<b>(21,782)</b>	(7,867)
<b>Loss on disposition of capital assets</b>	<b>1,110</b>	-
<b>Excess expenditures</b>	<b>\$ (3,627)</b>	\$ (2,333)

## FINANCIAL STATEMENTS

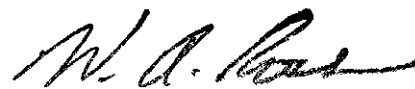
**Statement of Changes  
in Net Assets**  
For the year ended March 31,

	2008	2007
General Operating fund, beginning of the year	\$ -	\$ -
Excess expenditures	(3,627)	(2,333)
Transfer to investment in capital assets fund	3,627	2,333
General operating fund, end of year	\$ -	\$ -

**Statement of Financial Position**  
As at March 31,

	2008	2007
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 318,541	\$ -
Short term investments (Note 4)	80,045	175,881
Receivable from directors	3,147	18,543
Accounts receivable (Note 5)	7,524	-
Prepaid expenses	2,538	3,143
	<b>411,795</b>	197,567
<b>Capital assets (Note 6)</b>	<b>6,247</b>	9,874
	<b>\$ 418,042</b>	\$ 207,441
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness	\$ -	\$ 53,945
Accounts payable and accrued liabilities	93,983	135,755
Contributions repayable (Note 7)	29,649	7,867
Deferred revenue	288,163	-
	<b>411,795</b>	197,567
<b>Net Assets</b>		
<b>Investment in capital assets fund (Note 8)</b>	<b>6,247</b>	9,874
	<b>\$ 418,042</b>	\$ 207,441

Approved on behalf of the Board



William A. Ross, Director



Jaida Ohokannoak, Director

## Statement of Cash Flows

For the year ended March 31,

### Cash flow sources (used for)

#### Operating activities

Funding received - current year	\$ 604,889	\$ 528,764
Funding received - 2008/2009 advance	288,163	-
Paid to suppliers	(203,425)	(72,119)
Paid to employees	(169,539)	(154,849)
Paid to directors	(243,438)	(252,661)

2008

2007

**276,650**

49,135

#### Financing activity

Withdrawal from (investment in) GIC	<b>95,836</b>	(175,881)
-------------------------------------	---------------	-----------

#### Investing activity

Purchase of capital assets	-	(1,632)
----------------------------	---	---------

#### Change in cash position

**372,486**

(128,378)

#### Cash position, beginning of the year

**(53,945)**

74,433

#### Cash position, end of the year

**\$ 318,541**

\$ (53,945)

## Notes to Financial Statements

March 31, 2008

### 1. Organizational Purpose

The Independent Environmental Monitoring Agency ("the Agency") is a not-for-profit organization incorporated under the *Societies Act* of the Northwest Territories. It is exempt from income tax under Section 149(1) of the *Income Tax Act*.

The mission of the Agency is to oversee environmental management at the Ekati mine site in the Northwest Territories.

### 2. Accounting Changes

Effective April 1, 2007, the Agency implemented the new CICA Handbook Section 1506 "accounting changes". Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of change in accounting policies, estimates and error on the financial statements.

These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued that the Agency has not adopted because they are not yet in effect.

The impact the adoption of this Section will have on the Agency's financial statements will depend on the nature of future accounting changes.



**General standards for financial statement presentation**

The CICA has amended Handbook Section 1400 “General standards of financial presentation” effective for periods beginning on or after January 1, 2008 to include requirements to assess and disclose the Agency’s ability to continue as a going concern. The adoption of this new section is not expected to have an impact on the Agency’s financial statements, except by way of note disclosure.

**Capital Disclosures**

In December 2006, the CICA issued Handbook section 1535 “Capital disclosures” which is effective for years beginning on or after October 1, 2007. The section specifies the disclosure of (i) an entity’s objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The adoption of this new section is not expected to have an impact on the Agency’s financial statements.

**3. Significant Accounting Policies**

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

**(a) Financial instruments-Recognition and Measurement**

Section 3855 requires that all financial assets and financial liabilities be measured at fair value on initial recognition except for certain related party transaction. Measurement in subsequent periods depends on whether the financial asset or liability has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables or other liabilities.

Financial instruments classified as held-for-trading are subsequently measured at fair value and unrealized gains and losses are included in net income in the period in which they arise. The Agency has classified cash and short-term investments as held for trading.

Available-for-sale assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as held-for-trading, held-to-maturity, or loans and receivables. Available-for-sale assets are subsequently measured at fair value with unrealized gains and losses recorded directly to changes in net assets until realized, at which time they will be recognized in net income. The Agency does not have any financial instruments classified as available for sale.

Held to maturity assets are those non-derivative financial assets with fixed or determinable payments and fixed maturity that the company has an intention and ability to hold until maturity, excluding those assets that have been classified as held-for-trading, available-for-sale, or loans and receivables. They are subsequently measured at amortized cost using the effective interest method. The Agency has classified no accounts as held to maturity.

Financial instruments classified as loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand, usually with interest. These assets do not include debt securities or assets classified as held-for-trading. They are subsequently measured at amortized cost using the effective interest method. The Agency has classified receivables from directors and accounts receivables as loans and receivables.

All other financial liabilities that are not classified as held-for-trading are subsequently measured at cost or amortized cost. The Agency has classified accounts payable and accrued liabilities and contributions repayable as other financial liabilities.

**(b) Financial instruments-Disclosure and Presentation**

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective dated generally are not reversed and therefore, the comparative figures have not been restated.

## Notes to Financial Statements

March 31, 2008

### (c) Fund accounting

The general operating fund accounts for programs and general operations.

The investment in capital assets fund reports the assets, liabilities, revenues and expenses related to capital assets.

### (d) Capital assets

Equipment purchases are recorded on the balance sheet at historical cost less accumulated amortization. Amortization is calculated by the declining balance method at the annual rates set out in Note 6. In the year of acquisition, amortization is taken at one-half the annual rates.

### (e) Revenue recognition

The Agency follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and its collection is reasonably assured.

Revenue received and not spent is reflected as a repayable contribution.

Interest income is recorded when earned.

### (f) Use of estimates

The preparation of this financial information in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial information and the amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

## 4. Short Term Investments

Short term investments consists of guaranteed investment certificates that earn interest at 3.75% per year. The certificates are transferable on demand to the Agency's bank account.

## 5. Accounts Receivable

BHP Billiton Diamonds Inc.  
Government of Canada - INAC  
Government of the Northwest Territories

	2008	2007
	\$ 3,762	\$ -
	1,881	-
	1,881	-
	<b>\$ 7,524</b>	<b>\$ -</b>

## Notes to Financial Statements

March 31, 2008

### 6. Capital Assets

	Rate	Cost	Accumulated Amortization	2008 Net Book Value	2007 Net Book Value
Office equipment	20%	\$ 12,180	\$ 8,307	\$ 3,873	\$ 5,789
Computers	30%	11,268	9,503	1,765	2,685
Computers	45%	2,370	1,761	609	1,108
Computer software	100%	2,518	2,518	-	292
		\$ 28,336	\$ 22,089	\$ 6,247	\$ 9,874

### 7. Contributions Repayable

	2008	2007
BHP Billiton Diamonds Inc. 2006/2007 fiscal year	\$ 7,867	\$ 7,867
2007/2008 fiscal year	21,782	-
Total contribution repayable	\$ 29,649	\$ 7,867

Contributions repayable arising from one fiscal year is normally deducted from contributions provided by BHP Billiton Diamonds Inc. in the following fiscal year. The accumulated contribution repayable is expected to be deducted against the 2008/2009 funding.

### 8. Investment in Capital Assets Fund

	2008	2007
Balance, beginning of year	\$ 9,874	\$ 12,208
Purchase of capital assets	-	1,632
Disposition of capital assets	(1,110)	-
Amortization	(2,517)	(3,966)
Balance, end of year	\$ 6,247	\$ 9,874

## Notes to Financial Statements

March 31, 2008

### Statement of Mediation Contributions and Expenditures

#### Schedule 1

For the year ended March 31,

### 9. Economic Dependence

The Agency receives 97% (2006; 99%) of its contribution funding from BHP Billiton Diamonds Inc. Management is of the opinion that operations would be significantly affected if the funding was substantially curtailed or ceased.

### 10. Financial Instruments

The Agency is exposed to the following risks in respect of certain of the financial instruments held:

Financial risk management objectives and policies

The Agency does not have formal risk management objectives and policies but it operates with the goal of recovering 100% of its expenditures.

#### (a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Agency is exposed to a concentration of credit risk as the majority of the contributions receivable is due from one source. This risk is managed as BHP Billiton Diamonds Inc. is governed by law to collect and remit payments to the Agency.

	2008	2007
<b>Revenue</b>		
BHP Billiton Diamonds Inc.	\$ 3,762	\$ -
Government of Canada - Indian Affairs and Northern Development	1,881	-
Government of the Northwest Territories - Environment and Natural Resources	1,881	-
	<b>7,524</b>	-
<b>Expenditures</b>		
Meals and accommodation	975	-
Meetings	4,242	-
Other	550	-
Travel	1,918	-
	<b>7,685</b>	-
	<b>\$ (161)</b>	<b>\$ -</b>

# Summary of Work Plan and Core Budget 2008-09 and 2009-10

The work plan is based upon the direction and feedback received from our Society members at our annual general meeting in November 2007 and the Agency's own initiatives.

With the Resolution Agreement from January 2006, the Agency's core budget is now fixed at \$560,000 per year as of April 1, 2005 with automatic increases tied to the Consumer Price Index (CPI) for Canada. For 2008-09, BHP Billiton (BHPB) will contribute approximately \$605k to the Agency and in 2009-10 approximately \$620k (assuming a 2.5% increase in CPI).

The second year of the work plan will be refined and modified based on direction received during next year's annual general meeting of Society Members, and any changes or modifications to the project.

## Major Activities

### Board Meetings, Conference Calls

The major means of fulfilling our mandate is through board meetings that are held approximately every two months. Board meetings provide an opportunity for directors to discuss, review and make recommendations on recent, ongoing and anticipated initiatives. Guests are invited to meetings to provide updates and receive input on their specific activities. BHPB, Wek'èezhii Land and Water Board (WLWB) staff and the Department of Indian and Northern Affairs (DIAND) inspector are regular guests.

*Proposed Activities:* Annually, five board meetings (one in a community) and four conference calls

### Review of Reports, Plans and Programs, and Implementation of the Environmental Agreement

Directors review and make recommendations on the major reports, programs, studies and plans required under the Environmental Agreement.

*Proposed Activities:* The Agency expects to deal with the following in 2008-09—Aquatic and Wildlife Monitoring Program Reports for 2007; the regular environmental monitoring reports for 2008 if received in time (AEMP, WEMP, Air Quality, and Panda Diversion Channel); revised air quality management and waste management plans; and the Annual Environmental Report. There are also now two new meetings for BHPB, GNWT, DIAND and the Agency to better coordinate implementation of the Environmental Agreement. The same workload is expected in 2009-10.

### Separate Fund Activities

As a result of the most recent mediation, the March 2008 Resolution Agreement sets out that the Agency is entitled to allocate expenses up to \$40,000 per year for matters where a public hearing

is reasonably assured as indicated in approved work plans or budgets, or as confirmed by a regulatory body.

*Proposed Activities:* For 2008-09, the Agency expects the following:

- Participation in the WLWB Ekati Interm Closure and Reclamation Plan Working Group;
- Review of the revised Interim Closure and Reclamation Plan and preparation of intervention at a hearing expected in late 2008 or early 2009; and
- Participation and preparation for the review and hearing on the Sable, Pigeon and Beartooth water licence renewal application.

For 2009-10, the Agency expects the following:

- To review other regulatory documents submitted by BHPB that may result in a public hearing.

### Consultation and Communication

*Consultation* and communications with northern communities and the general public is an important part of the Agency's mandate.

*Proposed Activities:* The Agency will maintain its visits to communities, host one Board meeting and an open house a year in a community and host the environmental workshops. The Agency will continue to attend workshops and

## Core Budgets 2008-09 and 2009-10

Activity	Forecasted 2007-08	Proposed 2008-09	Proposed 2009-10
Board Meetings	141,512	138,200	139,400
Review of Documents	39,214	25,260	43,020
Separate Fund	49,018	40,050	39,600
Communications	134,163	159,871	138,359
Outside Contracts	0	10,000	10,000
Management and Admin	226,166	231,444	236,724
TOTAL	590,073	604,825	607,103

## SUMMARY OF WORK PLAN AND CORE BUDGET 2008-09 AND 2009-10

meetings relevant to its mandate. The Agency will continue maintenance of its website and public registry. The Agency will continue to host annual environmental workshops in the years where BHPB does not. The Agency will continue to produce two annual reports, one in plain language and one technical. The same activities are anticipated in 2009-10 except an environmental workshop as the company is expected to hold workshops for the regular three-year Environmental Impact Report.

**Outside Contracts:**

On occasion, the Agency turns to other experts to help analyze reports, studies and plans.

*Proposed Activities:* It is difficult to predict what, if any, outside expertise the Agency may commission but aspects of closure and *reclamation* may require some outside expertise.

**Management and Administration:**

The Agency provides the majority of its management and administrative services through its Yellowknife office and staff of one manager and one environmental analyst. BHPB provides office rent and photocopier rental and these costs are deducted from the semi-annual payments from the company.

*Proposed Activities:* Maintain current staff and benefit levels. ■



*Agency directors, 2008*

## Acronyms

<b>AEMP</b>	Aquatic Effects Monitoring Program
<b>AMP</b>	Adaptive Management Plan
<b>AQMP</b>	Air Quality Monitoring Program
<b>ARD</b>	Acid Rock Drainage
<b>BHPB</b>	BHP Billiton
<b>CCME</b>	Canadian Council of Ministers of the Environment
<b>DELT</b>	Deformities/Eroded Fins/Lesions/Tumours
<b>DNA</b>	Deoxyribonucleic Acid
<b>EFPK</b>	Extra-fine Processed Kimberlite
<b>ICRP</b>	Interim Closure and Reclamation Plan
<b>IEMA</b>	Independent Environmental Monitoring Agency (“the Agency”)
<b>KIA</b>	Kitikmeot Inuit Association
<b>LLCF</b>	Long Lake Containment Facility
<b>MPEMA</b>	Multi-Project Environmental Monitoring Agency
<b>NSMA</b>	North Slave Métis Alliance
<b>NTKP</b>	Naonaiyaotit Traditional Knowledge Project
<b>PDC</b>	Panda Diversion Channel
<b>TDS</b>	Total Dissolved Solids
<b>TK</b>	Traditional Knowledge
<b>TSP</b>	Total Suspended Particulates
<b>TSS</b>	Total Suspended Solids
<b>VEC</b>	Valued Ecosystem Component
<b>WEMP</b>	Wildlife Effects Monitoring Program

## Regulators

<b>DFO</b>	Department of Fisheries and Oceans
<b>DIAND</b>	Department of Indian Affairs and Northern Development (also known as Indian and Northern Affairs Canada or INAC)
<b>EC</b>	Environment Canada
<b>ENR</b>	GNWT’s Department of Environment and Natural Resources (previously known as RWED or Resources, Wildlife and Economic Development)
<b>GN</b>	Government of Nunavut
<b>GNWT</b>	Government of the Northwest Territories
<b>MVLWB</b>	Mackenzie Valley Land and Water Board
<b>WLWB</b>	Wek’èezhii Land and Water Board



**Recycled**  
Supporting responsible  
use of forest resources  
Cert no. SCO-COC-00867  
www.fsc.org  
© 1996 Forest Stewardship Council



# Independent Environmental Monitoring Agency

## How To Reach Us

### In Person

Suite 203  
5006 Franklin Avenue  
Yellowknife NT

### By Mail

P.O. Box 1192  
Yellowknife NT  
X1A 2N8

### By Telephone

(867) 669-9141

### By Fax

(867) 669-9145

### By E-mail

monitor1@yk.com  
Or visit our website:  
www.monitoringagency.net

### Office Hours

Monday to Friday  
9:00 a.m. — 12:00 p.m.  
1:00 p.m. — 5:00 p.m.

## Directors

### Bill Ross

*Chairperson*  
269 Edgebank Circle  
Calgary AB T3A 4V8  
Phone: (403) 547-0415  
E-mail: ross@ucalgary.ca

### Tim Byers

*Vice-Chairperson*  
Box 1049, Teulon MB ROC 3B0  
Phone/Fax: (204) 886-4642  
E-mail: Byerses@escape.ca

### Jaida Ohokannoak

*Secretary-Treasurer*  
P.O. Box 2366  
Cambridge Bay NU X0B 0C0  
Phone: (867) 983-2153  
E-mail: jaida@polarnet.ca

### Sheryl Grieve

P.O. Box 2301  
Yellowknife NT X1A 2P7  
Phone: (867) 873-6762  
Fax: (867) 669-7442  
E-mail: lands@nsma.net

### Laura Johnston

611-16th Avenue North  
Creston BC V0B 1G5  
Phone: (250) 402-0036  
E-mail: laurajo@shaw.ca

### Tony Pearse

RR1 — S6, C-9  
Mayne Island BC V0N 2J0  
Phone: (250) 539-3015  
Fax: (250) 539-3025  
E-mail: tpearse@gulfislands.com

### Kim Poole

2305 Annable Rd.  
Nelson BC V1L 6K4  
Phone: (250) 825-4063  
Fax: (250) 825-4073  
E-mail: kpoole@aurorawildlife.com

## Office Staff

### Kevin O'Reilly

*Manager*

### Sean Kollee

*Environmental Analyst*

All photos by the Agency unless otherwise noted.

# Technical Annual Report 2007-08