

Memorandum

Date June 15, 2012
To Jason Brennan, AANDC
From Claudine Lee, Superintendent – Environment Operations

Pigeon Diversion Stream Construction Progress Report

During the winter of 2012, BHP Billiton Canada Inc. (BBCI) began construction of the Pigeon Stream Diversion (PSD) project. Development of the Pigeon Kimberlite Pipe will interrupt the natural flow path of Pigeon Stream through Pigeon Pond and therefore a stream diversion is required to direct flows from Pigeon Stream, around the proposed pit, and back into Pigeon Stream downstream of Pigeon Pond.

This report is intended to provide an update on the progress of the PSD project over the past two weeks and provide a forecast of planned work for the next two weeks of the project.

Reporting Period April 18 – June 15

Project Progress to Date

- Hauling of all excavated till material to Beartooth Dump was completed April 26 by Surface Mining Operations.
- All thaw-stable 200 mm material was placed in the excavation on April 27. Trenching of the actual diversion waterway began April 29.
- Site clean-up was completed April 29.
- Excavation of the channel waterway was completed to grade from 0+340 to 0+440.

Comments on Progress

- Based on the overall project progress achieved, the 2012 PSD Construction Project was 23 days behind the revised schedule when all work was halted due to freshet conditions on site. Due to continuing freshet conditions, the project is currently 37 days behind schedule.
 - A total of 100 m of the actual waterway was excavated to depth through the insulating layer of 200 mm material, including the entire outlet pool section. This leaves approximately 270 of routing section to be excavated, and complete installation of the liner system, as soon as weather conditions permit re-entry.
 - It is expected that some maintenance will be required on the thermal layer prior to liner installation, due to an observed settlement of between 10 and 20 cm throughout most of the channel.
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Upcoming Period Forecast June 15 – June 27

- There is no upcoming work predicated to occur within the next reporting period due to continuing freshet conditions on site.

Environment

The service road along the PSD is intact with no evidence of erosion into the channel. Water within the channel is clear with no visible turbidity or hydrocarbon sheens. The lined catchment area at the south end of the channel is overflowing with runoff water. It is anticipated that once the snow melts and the ground begins to dry up the water level within the PSD will drop and construction will resume.

Monitoring Activities

The PSD was sampled on May 23, May 29, June 7, and June 14 at stations upstream and downstream of the construction project (Figure 1). Samples were analyzed for Metals, Major Ions, and Nutrients. Monitoring of water quality in the PSD will continue on a weekly basis. Results are pending.

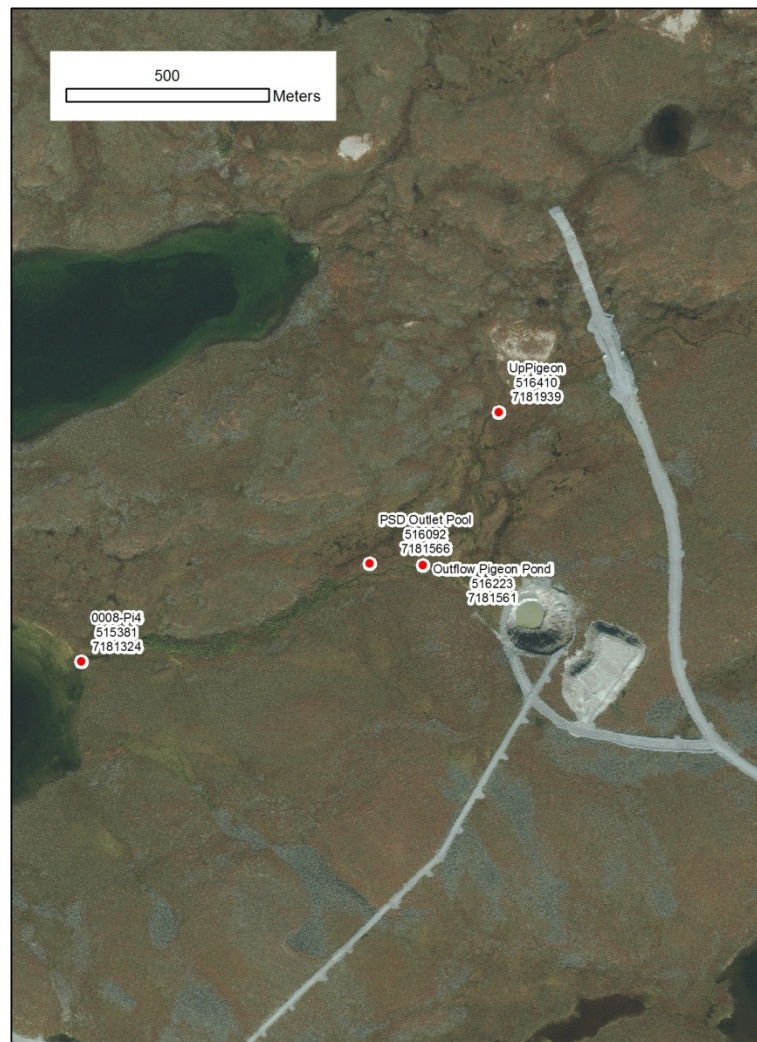


Figure 1: Locations of Pigeon Stream and Pigeon Stream Diversion Sampling

Photos



Photo 1: Pigeon Stream Diversion Construction from road looking northeast to Pigeon culvert (May 23, 2012).



Photo 2: Pigeon Stream Diversion Construction from road looking northeast to Pigeon culvert (June 10, 2012).



Photo 3: Pigeon Stream Diversion construction from inlet looking southwest (May 23, 2012).

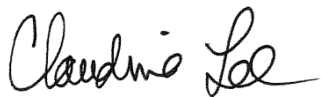


Photos 4: Pigeon Stream Diversion Outlet Pool looking towards the west (June 7, 2012).

We trust that this information meets with your requirements at this time. If you have any questions, please contact the undersigned.

Yours sincerely,

BHP Billiton Canada Inc.

A handwritten signature in black ink, reading "Claudine Lee". The signature is written in a cursive, flowing style.

Claudine Lee, M.Sc., P.Geol.
Superintendent Environment - Operations