

BHP Billiton Diamonds Inc.



BHP Billiton Diamonds Inc.
#1102 4920-52nd Street
Yellowknife NT Canada X1A 3T1
Tel (867) 669 9292 Fax (867) 669 9293
bhpbilliton.com

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April 25, 2007

Department of Environment and Natural Resources
North Slave Region
Government of the Northwest Territories
Box 2668
Yellowknife, NT X1A 2P9

Attn: Mr. Ernie Campbell
Regional Superintendent

Dear Mr. Campbell,

RE: Clarification of Methodologies in the BHP Billiton Wildlife Research Permit Application – NSR048-07.

Subsequent to conversations between BHP Billiton staff and Government of the Northwest Territories, Department of Environment and Natural Resources this letter provides additional details on the methodologies identified in BHP Billiton's NWT Wildlife Research Permit Application for 2007 to 2008 and provide background information on our Wildlife Effects Monitoring Program (WEMP).

BHP Billiton wishes to remind ENR that changes to the WEMP can only occur after consultation with our stakeholders and not on an unilateral basis. EKATI's WEMP was designed as a result of extensive consultations arising out of the 1995 Environmental Impact Statement (EIS) and with the collaboration of our stakeholders. Since this time, opportunities for comment on the WEMP have been provided to stakeholders through the submission of our annual WEMP report and associated community discussions presenting the results of EKATI's monitoring programs as well as other meetings such as which occurred for the 2006 Environmental Impact review (EIR) process.

The EIR process is the primary process through which change to any monitoring program at EKATI is discussed and debated. This process is contained within in our Environmental Agreement which the GNWT is a signatory to along with the Government of Canada and BHP Billiton. It is triennial process which allows BHP Billiton and our stakeholders to review the results of all monitoring programs over the previous three year period and to compare these results against the prediction contained within the EIS. Proposed changes to the monitoring programs are also discussed at this time.

BHP Billiton's WEMP program has remained relatively consistent since 1997 with only two major changes implemented in the program. In April 2006, BHP Billiton submitted a request to ENR to amend our existing 2006 Wildlife research Permit to implement changes to the aerial caribou survey. This submission was completed only after a review of EKATI's existing caribou survey methodology was completed by an independent review team in a process that was supported by ENR's caribou biologist at the time. Only after consultation with our stakeholders did BHP Billiton request changes to the aerial caribou survey methodology.

On May 31, 2006 following consultation on these proposed changes, ENR issued an amendment to our Wildlife Research Permit WL-005556 authorizing BHP Billiton to implement the new aerial caribou survey design. The only other change to BHP Billiton's wildlife research during the past 11 years occurred when an agreement between ENR and BHP was reached wherein a 2 year wolverine abundance study was undertaken. The field work for this study was undertaken in 2005 and 2006 and we currently awaiting the results from the Government Biologist.

The application process for the wildlife research permit has historically been streamlined and effective. We are concerned that with the GNWT's overhaul of the existing process and the request for submission of additional detail into the documentation supporting the permit application may lead to duplication of documents and effort. We are worried that that the process for a wildlife research permit for such an extensive and relatively static monitoring program as EKATI's is turning into an exercise of duplication resulting into another report where as stakeholders have complained reports are already too numerous and rarely read.

It is BHP Billiton's position that there are numerous existing avenues that support the GNWT's requirement to be advised on the components of a program as well as the results. The exhaustive and extensive Wildlife Effects Monitoring Reports, which include both a Summary and Detailed reports are produced annually and document, in detail, the methodologies and results of our wildlife monitoring program. Additionally as previously highlighted any changes to our programs are presented to our stakeholders at the EIR sessions in advance of any proposed implementations

As indicated in the cover letter for this year's wildlife research permit application dated February 28, 2007, the goal of the WEMP is to test impact predictions and efficacy of mitigation measures for caribou, grizzly bears, wolves, wolverine, upland breeding birds and raptors. In the interest of working cooperatively with ENR and ensuring requirements are satisfied, we are pleased to provide additional details summarizing the methods utilized during the Wildlife Effects Monitoring Program in the following sections of the letter. For future reference, reviewers of the EKATI's permit should refer to the previous years WEMP and EIR reports

- Caribou: methods include recording caribou observations and incidents, conducting behaviour observations on caribou groups, snow track surveys from snowmobiles,

and visual scans along the Misery and Sable roads within the EKATI claim block. Aerial caribou surveys are flown by helicopter at 110-130 metres above ground level. The survey area is defined by a 30 km radius around EKATI and Misery and includes 11 flight lines spaced 7.5 km apart. All transects are 1200m wide and varied in length. Three Environment Department staff members participate in the survey. One individual is the navigator while the other two are observers counting caribou. The data that is collected consists of GPS location, distance and direction from the center of transect, direction of travel, group size, sex and age composition, dominant behaviour and habitat type.

- Grizzly bears: methods include recording grizzly observations and incidents, landfill monitoring, bear sign surveys, and collection of bear hair from vegetation. Selected plots in the study area were monitored for the presence of bear sign by ground surveys. Surveys of each plot were standardized to one hour and conducted by two observers experienced in identifying grizzly bear sign. Each plot measured 500 x 500 m, but searching was not restricted to this area and included an approximate 1 km buffer from the initial start point. For safety reasons, a third observer acted as a bear spotter and was positioned on higher ground to frequently scan the area for wildlife.
- Wolves: methods include recording all wolf observations and incidents including behaviour observations, and incidental observations during aerial caribou flights. Aerial surveys for dens and pup counts are conducted in cooperation with Environment and Natural Resources. A survey flight is scheduled in June to record wolf observations and den sites. Aerial surveys will be flown in early August by ENR to document pup production at the identified den sites. Incidental observation data on wolves acquired during other surveys conducted by EKATI Environment Department staff are shared with ENR.
- Wolverine: methods include recording all observations and incidents, landfill monitoring and participation in the GNWT, ENR wolverine abundance study. BHP Billiton has completed two field seasons of data collection to support the GNWT's wolverine abundance study and does not plan to collect any more data during the spring of 2007. BHP Billiton is planning to analyze the data and work cooperatively with ENR to finalize a report on the study.
- Upland breeding birds: methods include ambulatory spring surveys sample plots in the mine area and control sites, and landfill monitoring for gulls and ravens. The upland breeding bird survey is conducted in the morning hours when birds are actively singing (sunrise to 10am). First survey is conducted from 5:00 am to 7:30 am; second survey is conducted from 7:30 am – 10 am. Travel to designated survey plots is facilitated by road or helicopter. A survey of at least one mine and one control plot are conducted each day so that there is no seasonal bias in the two treatments.

- Raptors: Falcon nest sites are monitored at least twice during the breeding season. The falcon survey is completed co-operatively with ENR and Diavik. The spring occupancy survey is conducted in early June in order to assess occupation of historically occupied falcon territories. The summer productivity survey is scheduled for mid July and will determine the number of chicks produced at each site. Truck accessed sites will be monitored more frequently, while helicopter accessed sites will be monitored once in the spring and once again in summer.

BHP Billiton is presently working to finalize the lengthy and comprehensive 2006 WEMP report and will have it available for distribution by late May, 2007 to all stakeholders.

We look forward to hearing back from your department regarding the status of the application, and to an exciting year of field work. We trust that the enclosed information meets with your requirements and if you have any questions, please do not hesitate to contact the undersigned at (867) 880-2232.

Regards,
BHP BILLITON INC.



Richard Weishaupt
Manager, Health, Safety and Environment

RW/RBM/DRA