

Pearl Liske

From: Sarah Baines [sbaines@mvlwb.com]
Sent: Monday, October 23, 2006 8:25 AM
To: permits@mvlwb.com
Subject: FW: Recent Letters to DIAND re: ILOC

[MV2003L2-0013 & MV2001L2-0008 - BHPB letter to INAC re changes to ILOC](#)

-----Original Message-----

From: Howe, Jane JM [mailto:Jane.M.Howe@bhpbilliton.com]
Sent: Thursday, October 19, 2006 1:55 PM
To: Sarah Baines
Subject: Recent Letters to DIAND re: ILOC

As promised. I apologize for not sending these to you sooner.

Jane

Jane M. Howe
Chief Environment Officer
Permitting and Traditional Knowledge

BHP Billiton Diamonds Inc.
#1102 4920 - 52nd Street
Yellowknife, NT Canada X1A 3T1
Phone (867) 669-6116
Cell (867) 445-1526
Fax (867) 669-9293
Email jane.m.howe@bhpbilliton.com
Internet www.bhpbilliton.com

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BHP Billiton Legal

BHP Billiton Diamonds Inc
Suite 800 Four Bentall Centre
1055 Dunsmuir Street Vancouver BC Canada
V7X 1L2
PO Box 49223
Van Stn Bentall Centre
Vancouver BC Canada V7X 1L2
Tel: +1 (604) 632 1450
Fax: +1 (604) 681 5736
bhpbilliton.com

28 September 2006

Mr. Bob Overvold
Regional Director General, NWT Region
Indian and Northern Affairs Canada
PO Box 1500, Yellowknife NT X1A 3T1

Dear Mr. Overvold:

Re: BHP Billiton – Ekati Diamond Mine

Type A Water License MV2003I2 - 0013

Form of Security Deposit Posted on May 4, 2006

Please accept this letter as a formal response to your letter dated the 25th of September 2006, addressed to Mr. Sean Brennan and the request for a response contained therein.

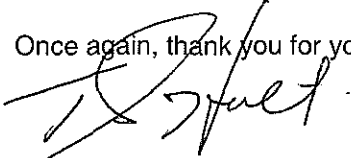
The reasons behind the delay in responding to your original request for corrections to the form of the standby letter of credit number P320076V04092 are many fold. The following is a brief list that encapsulates some of the issues that we have been addressing over the past few months:

- Your original request was received by our office on the 29 of June 2006. At that time, and throughout the month of July, staff at the EKATI diamond mine were involved with a number of significant issues:
 1. Our statutory year end is the 30th of June which occupied all of the finance staff throughout the month of July and into August;
 2. Heavy rainfall event at EKATI in the last few days of June 2006 resulted in the flooding of the Panda Underground mine. Finance staff was heavily involved in the initiation of the insurance claim process as well as the development of the Panda Underground recovery plan.
- A number of key personnel and advisors whose involvement was required to address the changes requested in the original letter were unavailable due to annual leave in the months of July, August and part of September.

In addition, as you can appreciate, any changes to the standby letter of credit require the approval of the Royal Bank of Canada, which issued the original letter and the amendments previously provided to INAC, and the involvement of the Bank's personnel in this process has also been a source of delay.

While we recognise that these reasons do not excuse us from not addressing the request promptly, we do thank you and your department for your patience to date. At EKATI we take our environmental obligations and the commensurate obligations administered by DIAND very seriously and as such we are committed to working with the Bank and the Manager of the Water Resources Division to provide an acceptable Irrevocable Letter of Credit to you before the end of October 2006.

Once again, thank you for your patience in this matter.

A handwritten signature in black ink, appearing to read "Tim Holt", written over the text "Thank you for your patience in this matter."

Tim Holt

Vice President Finance

cc: Sean Brennan

BHP Billiton Diamonds Inc.
Operator of the EKATI Diamond Mine



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

October 6, 2006

Ms. Rebecca Chouinard
Water Resource Division
Department of Indian and Northern Affairs Canada
Government of Canada
P.O. Box 1500
4914 – 50th Street
Yellowknife, NT X1A 2R3

Dear Ms. Chouinard,

Form of Security Deposit Posted on May 4, 2006
BHP Billiton EKATI Diamond Mine Type A Water License MV2003L2 - 0013

I have reviewed Mr. Bob Overvold's letter dated June 28, 2006 regarding this matter with our legal counsel and a representative of the Royal Bank of Canada ("the Bank") and, as directed by Mr. Overvold, seek guidance from you on the following points raised in his letter:

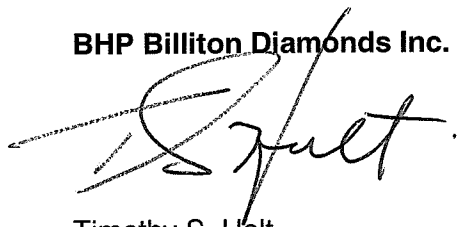
1. Point 1 indicates a beneficiary that is inconsistent with the template of the Irrevocable Standby Letter of Credit ("ILOC") referred to and attached to Mr. Overvold's letter. The beneficiary set forth in the template attachment to the letter is the same beneficiary as we have named in our already posted ILOC. The Bank will make the change if necessary, but before it does so, please clarify which is the correct beneficiary: the one stated in point 1 of Mr. Overvold's letter or the one in the template. If the latter, no change will be necessary. In any case, as the latest amendment will represent the current governing terms for the ILOC, it is unnecessary to otherwise amend the previous versions.
2. Similarly, Point 3 requires that the ILOC correctly identify the government institution that accepts any negotiable financial instrument on behalf of the Crown but the suggested wording is also inconsistent with the ILOC template attached to Mr. Overvold's letter. Again, the ILOC which we have posted is in the same form as the template. Please clarify whether we should follow the language in point 3 or the language of the template as to wording and we will have any necessary change made.

3. Also, in Point 4, the suggested amendment to the ILOC is inconsistent with the ILOC template attached to Mr. Overvold's letter. Specifically, clause 3. B) II in the template is not included in this point. We would have thought that this missing clause would be desired by DIAND.
4. With respect to point 5 of the June 28th letter, the Bank is agreeable to adding the requested language regarding partial drawings.
5. Point 2 of the letter is seeking to align the Type A Water Licence holder, BHP Billiton Diamonds Inc, with the Bank's ILOC applicant, which is the Core Zone Property Joint Venture ("Joint Venture"). In order to reconcile this situation, we suggest amending the applicant to read as the "Core Zone Property Joint Venture represented by BHP Billiton Diamonds Inc. as operator and holder of Type A Water License MV2003L2-0013".
6. In some instances, the ILOC and the June 28th letter indicates that the Type A Water License MV2003L2-0013 was issued by the Mackenzie Valley Land and Water Board. Although this is true, we wonder if the ILOC should be amended to state that the body now responsible for the administration of the current license is the Wek'eezhii Land and Water Board.

As soon as we have answers to the above questions, BHP Billiton Diamonds Inc. and the Bank will be able to quickly complete the ILOC amendment process.

Sincerely,

BHP Billiton Diamonds Inc.



Timothy S. Holt
Vice President Finance
EKATI Diamond Mine

cc: Mr. Bob Overvold
Regional Director General, NWT Region
Indian and Northern Affairs Canada

BHP Billiton Diamonds Inc.
Operator of the EKATI Diamond Mine



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

File: 4.6.6.1

May 5, 2006

**Wek'eezhii Land
& Water Board**

File _____

MAY 05 2006

Ms. Sarah Baines
Wek'eezhii Land and Water Board
c/o Mackenzie Valley Land and Water Board
Box 2130
Yellowknife, NT X1A 2P6

Application # MV2003L2-0013
Copied To SB/LC Reg.

Re: Status of Letters of Credit for EKATI Diamond Mine, Class A Water License MV2003L2-0013

Dear Ms. Baines:

I am pleased to confirm that on 4 May 2005 the Royal Bank of Canada (RBC) issued the \$56m additional letters of credit (LOC), thus fulfilling all security requirements for reclamation costs at the Ekati Diamond Mine under the terms of water license MV2003L2-0013.

Once again I would like to emphasize that BHP Billiton takes all matters with respect to our environmental obligations very seriously and are committed to honouring all aspects of the water licenses under which we operate. We appreciate the patience of the Water Board while we worked out the agreement with the Bank to post this additional security.

If you have any questions, please contact either Jane Howe on 669-6116 or myself on 669-6117.

Sincerely,

BHP Billiton Diamonds Inc.

Tim Holt
Vice President Finance

BHP Billiton Diamonds Inc.
Operator of the EKATI Diamond Mine



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

April 7, 2006

File: 4.6.6.1

Wek'eezhii Land and Water Board
c/o Mackenzie Valley Land and Water Board
7th Floor, 4910-50th Avenue
Box 2130, Yellowknife, NWT
X1A 2P6

**Mackenzie Valley Land
& Water Board**

File MV2003L2-0013

APR - 7 2006

Attention: Ms. Sarah Baines

Re: Status of Letters of Credit for EKATI Diamond Mine,
Class A Water License MV2003L2-0013

Application # _____

Copied To SB/LC/Reg.

Dear Ms. Baines:

Please accept this letter as an update regarding the status of the \$56M additional letter of credit required under water license MV2003L2-0013 as security for reclamation costs at the EKATI Diamond Mine.

Following lengthy negotiations with Royal Bank of Canada (RBC) that began in August 2005, both BHP Billiton Diamonds Inc. (as operator of the EKATI Diamond Mine) and RBC have agreed upon the terms and conditions under which the letters of credit will be issued. The final step in the process, before the letters of credit can be issued, is for BHP Billiton's joint venture partners, Stu Blusson and Chuck Fipke, to agree to the agreement as drafted. No significant issues are expected to arise at this point and we anticipate having the letters of credit issued shortly.

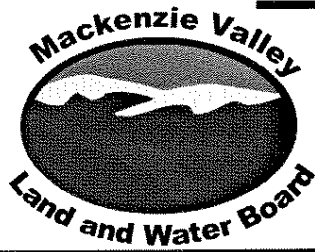
I want to emphasize that BHP Billiton takes these matters very seriously and posting of these letters of credit form the cornerstone of our environmental commitments.

Thank you for your patience in this matter and I trust that you find this letter provides a satisfactory explanation of our current situation. If you have any questions please do not hesitate to contact Jane Howe, Chief Environmental Officer, Permitting and Traditional Knowledge, on 669-6116 or myself on 669-6117.

Sincerely,
BHP Billiton Diamonds Inc.

A handwritten signature in black ink, appearing to read 'Tim Holt', written over the typed name.

Tim Holt
Vice President Finance



Mackenzie Valley Land and Water Board
 7th Floor - 4910 50th Avenue
 P.O. Box 2130
 YELLOWKNIFE NT X1A 2P6
 Phone (867) 669-0506
 FAX (867) 873-6610

Date: April 7/06 File No: MY2003L2-0013
 To: Dina - Finance
 Company: INAC
 Fax Number: _____ Phone Number: _____
 From: Janna
 Re: Status of Letters of Credit for Ekati Diamond Mines
 Number of pages including cover: 2

Remarks:

For your information

*Thanks,
Janna*

- Enclosures
- As requested
- For your information
- For your comment
- For your approval
- For your action

<u>Delivered by</u>	<u>Date</u>
<input type="checkbox"/> Mail	_____
<input type="checkbox"/> Courier	_____
<input type="checkbox"/> Hand Delivered	_____
<input type="checkbox"/> Fax	_____
<input type="checkbox"/> E-mail	_____

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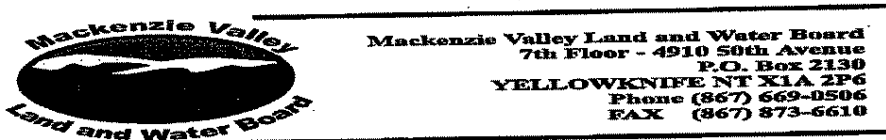
Confirmation Report - Memory Send

Page : 001
 Date & Time: 07-Apr-2006 10:02
 Line 1 : +8678736610
 Line 2 :
 Machine ID : MVLWB

Job number : 944
 Date : 07-Apr 10:01
 To : 6692720
 Number of pages : 002
 Start time : 07-Apr 10:01
 End time : 07-Apr 10:02
 Pages sent : 002
 Status : OK

Job number : 944

*** SEND SUCCESSFUL ***



Date: April 7/06 File No: MV2003L2-0013
 To: Dina - Inuvik
 Company: INAC
 Fax Number: _____ Phone Number: _____
 From: Janna
 Re: Status of Letters of Credit for Ekati Diamond Mines
 Number of pages including cover: 2

Remarks:

For your information
Thanks,
Janna

- Enclosures
 - As requested
 - For your information
 - For your comment
 - For your approval
 - For your action
- | <u>Delivered by</u> | <u>Date</u> |
|---|-------------|
| <input type="checkbox"/> Mail | _____ |
| <input type="checkbox"/> Courier | _____ |
| <input type="checkbox"/> Hand Delivered | _____ |
| <input type="checkbox"/> Fax | _____ |
| <input type="checkbox"/> E-mail | _____ |

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Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

P.O. Box 1500
Yellowknife, NT X1A 2R3

Your file Votre référence

Our file Notre référence

June 28, 2006

#64822-v1
MV2003L2-0013-6

Mr. Tim Holt
Vice President Finance
BHP Billiton Diamonds Inc.
Suite 1102, 4920 - 52 nd Street
YELLOWKNIFE, NT X1A 3T1

Wek'èezhii Land
& Water Board

File _____

JUN 29 2006

Dear Mr. Holt:

Application # MV2003L2-0013
Copied To SBI Reg

Re: BHP Billiton Diamonds Inc. - Ekati Mine
Type A Water Licence MV2003L2 - 0013
Review of Security Deposits

I wish to acknowledge receipt of the Amended original Irrevocable Standby Letter of Credit (ILOC) no. P320076V04092, dated May 4, 2006 that was issued by the Royal Bank of Canada, International Trade Centre, BC in the amount of \$56, 000,000.00 CAD for Type A Water Licence MV2003L2 - 0013.

This letter of credit was reviewed for its acceptability to the Minister of the Indian Affairs and Northern Development as prescribed by the Northwest Territories Water Act and the following concerns were identified:

1. Beneficiary

The beneficiary must be corrected to state "Her Majesty the Queen in Right of Canada, as represented by the Minister of Indian Affairs and Northern Development." The Crown is the legal entity to be the designated beneficiary of an ILOC, as represented by the Minister for the purposes of the Water Licence and the Act.

The department recommends that the original ILOC no. P320076V04092, dated June 23, 2004 and all subsequent amendments (December 24, 2004 and May 6, 2006) be consolidated or amended to reflect the corrected beneficiary.

.../2

- 2 -

2. Applicant Name

The ILOC no. P320076V04092, dated May 4, 2006 states that the Applicant is currently BHP Billiton Diamonds Inc. and the ILOC Applicant name is amended to Core Zone Property Joint Venture c/o B.B.D.I. However, the Minister approved the Type A Water Licence to BHP Billiton Diamonds Inc. and not to another corporate entity and therefore, can only approve the Water Licence and security deposit to the same applicant.

We require BHP Billiton to either amend the current ILOC to the existing licence holder - BHP Billiton Diamonds Inc. or to submit an "Application to Assign a Water License" form to the Wek' eezhii Land and Water Board. Please refer to Section 19 of the *Northwest Territories Waters Act* for additional information on assignment of licences.

3. Clause 1 (ILOC no. P320076V04092, dated June 23, 2004)

The existing clause must include the phrase "payable to the Receiver General of Canada." This revision is required to correctly identify the government institution that accepts any negotiable financial instruments on behalf of the Crown, if the department chooses to exercise its authority to drawn down the ILOC.

New clause:

1. "A sight draft, payable to the Receiver General of Canada, drawn on Royal Bank of Canada" . . . (emphasis added).

4. Clause 3 (ILOC no. P320076V04092, dated June 23, 2004)

Clause 3. (I) states that "The Minister is entitled to in accordance with the conditions as set forth in the Ekati Water Licence N7L2 - 1616 . . ." This statement is incorrect. The Northwest Territories Waters Act authorizes the Minister to draw the security deposit, not the Water Licence conditions. We require that this clause should be replaced with the new clause below.

New clause:

3. A Statement signed by an official of the Department of Indian Affairs and Northern Development certifying:
 - a) that the signatory is an official of the Department of Indian Affairs and Northern Development and has authority to sign the Statement on behalf of the Minister of Indian Affairs and Northern Development (the "Minister"), and

- 3 -

- b) that the Minister is entitled to apply the amount drawn, being all or part of security posted and maintained pursuant to Type A Water Licence MV2003L2 - 0013 issued by the Mackenzie Valley Land and Water Board whether as originally issued or as amended or renewed from time to time.

5. **Clause 3 (ILOC no. P320076V04092, dated June 23, 2004)**

This existing clause states "Only one drawing is permitted in whole or in part.". This clause is not acceptable to the Department. The Minister has the authority to have unfettered access to the security deposit without any conditions to restrict full or partial drawn downs of the required security deposit. We require that this clause be replaced with the new clause below.

New clause: Partial Drawings are permitted.

To assist BHP Billiton in its revisions, I have attached a copy of the Irrevocable Standby Letter of Credit template developed by the Department several years ago with the assistance of the Department of Justice.

I encourage BHP Billiton to revise and resubmit the required security deposit to me as soon as possible. The Department will then review the revised ILOC and will advise BHP Billiton and the Wek' eezhii Land and Water Board as to its acceptability.

In the meantime, should you or your representatives have any questions or require clarification of the foregoing, please contact Rebecca Chouinard, Water Resources Division at (867) 669-2664 or by e-mail at chouinardr@inac.gc.ca.

Yours sincerely,



Bob Overvold
Regional Director General
NWT Region

cc: Pascal Muzard, Director, Corporate Banking
Royal Bank of Canada/Toronto
Zabey Nevitt, Interim Executive Director
Wek' eezhii Land and Water Board
Bob Wooley, Executive Director
Mackenzie Valley Land and Water Board
INAC/Corporate - Financial Services
INAC/South Mackenzie District

**GENERAL PROCEDURES FOR THE ADMINISTRATION OF LICENSES
ISSUED UNDER THE NORTHWEST TERRITORIES WATERS ACT
IN THE NORTHWEST TERRITORIES**

1. At the time of issuance, a copy of the License is placed on the Public Registry in the office of the **(Board name)** Land and Water Board in **(town)**, and is then available to the public.
2. To enforce the terms and conditions of the License, the Minister of Indian Affairs and Northern Development has appointed Inspectors in accordance with Section 35(1) of the *Northwest Territories Waters Act*. The Inspectors coordinate their activities with staff of the **(Board name)** Land and Water Board. The Inspector responsible for License No. **NXXXXLX-XXXX** is located in **(town)** DIAND **(North or South)** Mackenzie - District Office.
3. To keep the **(Board name)** Land and Water Board and members of the public informed of the Licensee's conformity to License conditions, the Inspectors prepare reports which detail observations on how each item in the License has been met. These reports are forwarded to the Licensee with a covering letter indicating what action, if any, should be taken. The inspection reports and covering letters are placed on the Public Registry, as are any responses received from the Licensee pertaining to the inspection reports. It is therefore of prime importance that you react in all areas of concern regarding all inspection reports so that these concerns may be clarified.
4. If the renewal of License No. **NXXXXLX-XXXX** is contemplated it is the responsibility of the Licensee to apply to the **(Board name)** Land and Water Board for renewal of the License. The past performance of the Licensee, new documentation and information, and points raised during a public hearing, if required, will be used to determine the terms and conditions of any License renewal. Please note that if the License expires and another has not been issued, then water and waste disposal must cease, or you, the Licensee, would be in contravention of the *Northwest Territories Waters Act*. It is suggested that an application for renewal of License No. **NXXXXLX-XXXX** be made at least eight (8) months in advance of the License expiry date.
5. If, for some reason, License No. **NXXXXLX-XXXX** requires amendment, then a public hearing may be required. You are reminded that applications for amendments should be submitted as soon as possible to provide the **(Board name)** Land and Water Board with ample time to go through the amendment process. The process may take up to six (6) months or more depending on the scope of the amendment requested.

- 2 -

6. Specific clauses of your License make reference to the Board, Analyst or Inspector. The contact person, address, phone and fax number of each is:

(Board name) Land and Water Board:

Public Registry Clerk
(Board name) Land and Water Board
(Address)
(Town) , NT (Postal Code)
Phone No: (867) XXX - XXXX
Fax No: (867) XXX - XXXX

Analyst:

Analyst
Water Laboratory
Department of Indian Affairs and Northern Development
P.O. Box 1500,
4601 - 52nd Avenue
YELLOWKNIFE, NT X1A 2R3
Phone No: (867) 669 - 2780
Fax No: (867) 669 - 2718

Inspector:

Inspector
(South or North) Mackenzie District Office
Department of Indian Affairs and Northern Development
(Address)
(Town), NT (Postal Code)
Phone No: (867) XXX - XXXX
Fax No: (867) XXX - XXXX

7. Your License requires a security deposit be submitted. Should the security deposit be submitted in the form of a "letter of credit", recommended wording is outlined below. It is advised that a "draft" letter of credit be forwarded to Department of Indian Affairs and Northern Development - Water Resources Division for review. The contact person, address, phone and fax number of the individual administering security deposits is:

Manager
Water Resources Division
Department of Indian Affairs and Northern Development
P.O. Box 1500
4914 - 50 th Street
YELLOWKNIFE, NT X1A 2R3
Phone No: (867) 669 - 2749
Fax No: (867) 669 - 2716

LETTER OF CREDIT (Security deposits) - recommended wording

[BANK ADDRESS]

IRREVOCABLE LETTER OF CREDIT

[The term "Documentary Credit" may also be used instead of "Letter of Credit"]

DATE OF ISSUE: [date] **OUR REFERENCE NUMBER:** [Bank's Reference Number]
AMOUNT: CAD\$#####.00
MAXIMUM: #####.00
CANADIAN DOLLARS ONLY

APPLICANT

["Customer" can be used instead of "Applicant"]
 [Company's Name]
 [Company's Address]

BENEFICIARY:

RECEIVER GENERAL FOR CANADA
 ON BEHALF OF THE MINISTER OF
 INDIAN AFFAIRS AND NORTHERN DEVELOPMENT
 4914 - 50 Street, 3rd Floor
 P.O. Box 1500
 YELLOWKNIFE, NT X1A 2R3

ATTENTION: REGIONAL DIRECTOR GENERAL
 DIAND - NT REGION
COPY TO: WATER RESOURCES DIVISION
 DIAND - NT REGION

RE: SECURITY PURSUANT TO [the Water License Type and Number]

AT THE REQUEST AND FOR THE ACCOUNT OF [Company's Name] (THE "APPLICANT"), WE, [Bank's Name], HEREBY ESTABLISH IN YOUR FAVOUR OUR IRREVOCABLE LETTER OF CREDIT NO. [Bank's Reference Number] ("CREDIT") FOR SUMS NOT EXCEEDING IN THE AGGREGATE [Amount of Security required stated in Canadian Dollars].

THIS CREDIT IS AVAILABLE WITH US FOR DRAWING AT SIGHT, WITHOUT ENQUIRY AS TO WHETHER YOU HAVE A RIGHT AS BETWEEN YOURSELF AND THE APPLICANT TO MAKE SUCH DEMAND AND WITHOUT RECOGNIZING ANY CLAIM OF THE APPLICANT, AGAINST PRESENTATION TO US, BY YOU OR YOUR DULY AUTHORIZED REPRESENTATIVE OR AGENT, OF THE FOLLOWING DOCUMENTS:

1. A SIGHT DRAFT DRAWN ON [Bank's Name and Address of the Branch that the security can be drawn at, usually one of the Bank's larger commercial banking centres]; AND
2. THE ORIGINAL OF THIS IRREVOCABLE LETTER OF CREDIT NO. [Bank's Reference Number] FOR ENDORSEMENT OF PAYMENT THEREON; AND
3. A STATEMENT SIGNED BY AN OFFICIAL OF THE DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT CERTIFYING
 - A) THAT THE SIGNATORY IS AN OFFICIAL OF THE DEPARTMENT OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT AND HAS THE AUTHORITY TO SIGN THE STATEMENT ON BEHALF OF THE MINISTER OF INDIAN AFFAIRS AND NORTHERN DEVELOPMENT (THE "MINISTER"), AND
 - B) EITHER
 - I. THAT THE MINISTER IS ENTITLED TO APPLY THE AMOUNT DRAWN, BEING ALL OR PART OF THE SECURITY POSTED AND MAINTAINED PURSUANT TO [the Water License Type and Number] ISSUED BY THE NORTHWEST TERRITORIES WATER BOARD, WHETHER AS ORIGINALLY ISSUED OR AS AMENDED OR RENEWED FROM TIME TO TIME, OR
 - II. THAT THIS CREDIT IS DUE TO EXPIRE IN THIRTY (30) DAYS OR LESS AND THAT THE APPLICANT HAS NOT REPLACED THIS CREDIT BY POSTING WITH THE MINISTER OTHER SECURITY SATISFACTORY TO THE MINISTER.

PARTIAL DRAWING ARE PERMITTED.

THIS CREDIT IS EFFECTIVE FROM [time] A.M. ON [effective date as required by Water License] AND SHALL EXPIRE AT OUR COUNTERS AT [time] P.M. [expiry date] (THE "INITIAL EXPIRATION DATE"). THIS CREDIT SHALL BE RENEWED AUTOMATICALLY FOR AN ADDITIONAL ONE-YEAR PERIOD FROM THE INITIAL EXPIRATION DATE, AND FOR AN ADDITIONAL ONE-YEAR PERIOD FROM EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST NINETY (90) DAYS PRIOR TO THE OPERATIVE EXPIRATION DATE WE NOTIFY YOU IN WRITING BY REGISTERED MAIL OR COURIER THAT WE ELECT NOT TO CONSIDER THIS CREDIT RENEWED FOR SUCH ADDITIONAL PERIOD.

WE HEREBY AGREE THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT SHALL BE DULY HONOURED BY US IF PRESENTED FOR PAYMENT ON OR BEFORE THE OPERATIVE EXPIRATION DATE.

EXCEPT SO FAR AS IS OTHERWISE EXPRESSLY STATED HEREIN, THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 500. NOTWITHSTANDING ARTICLE 17 OF SAID PUBLICATION, IF THIS CREDIT EXPIRES DURING AN INTERRUPTION OF BUSINESS AS DESCRIBED IN ARTICLE 17, WE AGREE TO EFFECT PAYMENT IF THIS CREDIT IS DRAWN ON US WITHIN FIFTEEN (15) DAYS AFTER THE RESUMPTION OF BUSINESS.

[Bank's Name]

[Official's Name and Position]

[Official's Name and Position]

facsimile
TRANSMITTAL

Name: Mr. Bob Wooley
Executive Director
Mackenzie Valley Land & Water Board

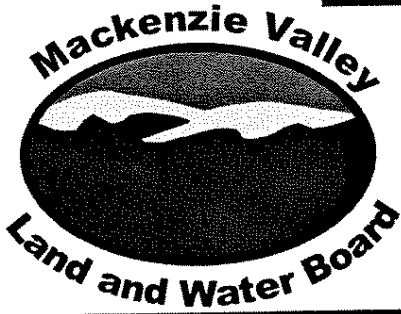
Date: June 29, 2006

Fax No.: ~~669-9593~~ 36610

Pages: 8, including cover

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**From the Office of:
Bob Overvoid
Regional Director General
Indian & Northern Affairs Canada
Northwest Territories
Box 1500
Yellowknife, NT X1A 2R3
Phone: (867) 669-2501
Fax: (867) 669-2703**



Mackenzie Valley Land and Water Board
7th Floor - 4910 50th Avenue
P.O. Box 2130
YELLOWKNIFE NT X1A 2P6
Phone (867) 669-0506
FAX (867) 873-6610

FOR OFFICE USE ONLY

Cheques are to be made payable to "Receiver General of Canada"

Proponent Name: BHP BILLITON DIAMONDS INC

Application Number LUP: _____ WL: MV2003L2-0013

Security Deposit Amount: 50,000,000.00 Receipt Number: _____

LINE OF CREDIT
Paid by Cheque #: _____

B Backen
Signature

May 15/06
Date

Pearl Liske

From: Sarah Baines [sbaines@mvlwb.com]
Sent: Thursday, May 11, 2006 12:36 PM
To: 'MVLWB'
Subject: FW: LC P320076- Amendment dated May 4th, 2006



Lionel
rcinkoski.vcf (772 B)
MV2003L2-0013 - I NAC review of letter of credit (security)

-----Original Message-----

From: Lionel Marcinkoski [mailto:marcinkoskil@inac-ainc.gc.ca]
Sent: Thursday, May 11, 2006 8:38 AM
To: Tim Holt (E-mail); Pascal Muzard
Cc: David Livingstone; Lorraine Seale; Yvonne.MacNeill@justice.gc.ca; sbaines@mvlwb.com
Subject: Re: LC P320076- Amendment dated May 4th, 2006

Good Morning

To: Mr. Pascal Muzard, RBC Corporate Banking

Thank you for forwarding the email on BHPBilliton Draft Letter of Credit (LoC) on May 10, 2006.

Indian and Northern Affairs Canada (INAC) considers the attachment, Amendment to irrevocable standby letter of Credit, May 4, 2006 a Draft LoC forwarded for review. INAC is reviewing this document received and will be advising RBC if it is acceptable.

RBC will be advised if the letter of credit is satisfactory and meets INAC requirements.

If you have any questions please call Lionel Marcinkoski, at 867-669-2591.

Lionel Marcinkoski
Environmental Scientist
Environment and Conservation
Indian and Northern Affairs Canada
P.O. Box 1500
Yellowknife, NT X1A 2R3
Tel: (867) 669-2591
Fax: (867) 669-2701

>>> "Muzard, Pascal" <Pascal.Muzard@rbccm.com> 05/10/06 8:51 AM >>>
Tim

As per your request see attached text of the L/C amendment issued on May 4th, 2006. A copy will be sent to the attention of:

Ms. Sarah Baines
Wek'eezhii Land and Water Board
7th Floor 4910 50 Ave.
Yellowknife, NT
X1A 2P6

Regards

Pascal Muzard
Director - Corporate Banking
RBC Capital Markets
Tel: (416) 842-3882

<<LC V320076 amd May 4 06.doc>>

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