

BHP Billiton Diamonds Inc.
Operator of the EKATI Diamond Mine



BHP Billiton Diamonds Inc.
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File: 4.6.3.1

Indian and Northern Affairs Canada
South Mackenzie District
#16 Yellowknife Airport
Yellowknife, NT X1A 3T2

Attention: Mr. Jason Brennan, Water Resource Officer

Re: Land Use Permit MV2002C0040 – Misery – Lac du Sauvage Winter Ice Road Construction and Drilling Program

Dear Mr. Brennan;

Please accept this letter as notification that BHP Billiton Diamonds Inc. will be conducting the following activities in Misery Pit, on Lac du Sauvage in the vicinity of Cardinal and Jay Pipes located 2 km and 5.8 km NE of Misery Camp respectively, and on Lac de Gras south of Lynx Lake, approximately 10 km south of Misery Camp :

- Construction of compacted snow and ice roads from the Tibbitt/Contwoyto ice road to access all drill targets (Figure 1);
- Plowing snow at each drill location; and
- Conducting Bulk Sample Reverse Circulation (RC) Drilling at Misery Pit, and Diamond Drilling targets located south of Jay pipe, at Cardinal pipe and targets located south of Lynx Lake.

Road Construction and Drill Preparation

At Misery Pit, initial preparation involves thickening the ice sheet at the proposed RC drill locations by pumping water onto the ice surface.

A four person crew will work from approximately 4 December to 19 December 2007 to commence initial site preparation for the Misery site (EKATI camp based). Water for flooding the Misery site will be trucked from King Pond, and Desperation Pond or Thinner Lake if required. If Thinner Lake is used, volumes will not exceed those specified in the Water Licence MV2003L2-0013 (15,000 m3).

Misery camp is tentatively scheduled to open 2 January 2008. The camp will be utilized due to its proximity to the drill target locations. The camp will support the drilling activities and total occupancy is estimated at 20 to 45 people.

The crews supporting the ice flooding and camp support activities will recommence work approximately the 2nd of January 2008. Based from Misery Camp, the site preparation and flooding activities will continue until the desired ice thickness is achieved.

Initial preparation for lake-based diamond drilling program includes surveying drill sites, removing the snow cover from the ice, demarking and building the access roads from the Tibbit/Contwoyto winter road. This work will also be based out of Misery camp, and will commence in February or March 2008.

Bulk Sample Reverse Circulation (RC) Drilling and Diamond Drilling:

Misery Pit bulk sampling will be conducted using one (1) closed system reverse circulation (RC) drill. Up to four holes are anticipated. Bulk sample drilling (RC drill rig) is scheduled to commence mid-February and to be completed by late April (weather and road conditions dependent). The RC drilling operation will involve setting casing using an Odex bit and revolving shoe. This method has been used since 1998 and minimizes vibration. Once the casing is set, 13 ¾" (35cm) diameter drill holes will be completed. Planned depth for each drill hole is 350m. The RC system is a closed circuit and required water for drilling will be obtained from King Pond, and Desperation Pond or Thinner Lake if required. The cuttings in the form of "chips" will be collected on 15 m intervals (bulk samples) using a specially designed sample collection unit. Drill returns in the form of water and drill fines ("sludge") will be collected in a large steel tub, and then vacuumed out by a designated vac-truck and hauled to and disposed of at an approved and designated area at Misery landfill. Volume of disposed sludge material will be recorded.

The core drilling at targets near Jay and Cardinal kimberlite pipes and the target south of Lynx Lake will use one LF90 hydraulic diamond drill. Core diamond drilling will begin March 1st and be complete by mid-May (weather and road conditions dependent). Up to five targets will be tested. As with the 2007 program, cuttings from the diamond drill will be contained utilizing a Poly drill-like system.

Drill returns from diamond drilling target EA301 (water and fines) will be transferred back to the designated Misery landfill using vacuum trucks. All sump locations are situated more than 100 m from water and are shown in Figure 1. One of these sites, "G", is an island-based site that was used during 2005 and 2007 drilling campaigns. Sump G will be used to support targets BAT11, Cardinal, EA302 and EA303. Sump location "E" was approved and used during 2006 drilling campaign, and may be considered for back up or alternate sump location to sump G.

All targets will be accessed by the Tibbit/Contwoyto winter road, with access roads built to the drill sites.

After the completion of diamond drilling at each site, the ice surface will be scraped to remove any residual materials. Materials from Cardinal and Jay area targets will be disposed in sump G and any residual materials from Lynx area target will be disposed at Misery Camp.

Refueling of the drill rigs will be conducted using a mobile fuel truck. The fuel truck will not remain stationary on the ice for any period exceeding 12 hours and will return to Misery Camp when not in use. A trailer containing three individual 500 gallon (1893 litre) fuel tanks each contained within a 110% by volume secondary tank will be located on the ice in close proximity to the operating drills. This emergency fuel and its positioning is vital for heating the survival trailer(s) via generators and keeping equipment idling during white-out conditions.

Spill kits will be located at each fuel storage site, on the fuel truck and at each drill site. In the event of a spill the EKATI Spill Contingency Plan will be immediately implemented. All spills will be reported to the NWT spill line within 24 hours.

We trust that the above information meets with your requirements. Please contact the undersigned at (867) 669-6156 should you have any questions.

Yours Sincerely,
BHP Billiton Diamonds Inc.

for 
Julie Ellison

Laura Tyler
Manager – Environment, Community, Communications and Planning
EKATI Diamond Mine

Attachments

cc: Mr. Ryan Fequet – Wek'eezhii Land and Water Board
Mr. Bill Ross – Independent Environmental Monitoring Agency
Mr. Bruce Hanna – Fisheries & Oceans Canada

Figure 1 – Jay area, Cardinal area and south of Lynx lake; proposed targets, sump locations.

