



INDEPENDENT ENVIRONMENTAL MONITORING AGENCY

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October 27, 2004

Mr. Chris Hanks
Chief Environmental Officer – TK and Permitting
BHP Billiton Diamonds Inc.
1102 4920-52nd Street
Yellowknife, NT X1A 3T1

Dear Chris,

Re: Budget of the Independent Environmental Monitoring Agency

In our budget letter of September 9th, 2004 (addressed to governments, copied to BHPB), the Agency indicated that "this [request to deal with the withholding of \$28 490] is not, in any sense, a financial issue". Indeed, we stand by that statement. The most important issue is still one of the principle of independence. However, this statement was never intended to suggest the Agency does not need the funds. The letter purposely made no mention of our financial situation. But to ensure that the record is perfectly clear on this issue, BHPB should be aware that the withheld funds will impair our operation.

Indeed, our budget is stretched rather seriously this year. The main reasons for this are the licence renewal process, increased consultation with our Aboriginal members, dealing with the *Abandonment and Reclamation Plan* and the review of LLCF management options. While the regular review of management plans and the licence renewal process were included in our work plan and budget two years ago, the budget was not adjusted to accommodate the extensive review process that has occurred. The Agency has expended approximately \$20,000 to participate effectively in the water licence renewal process. The need to devote much effort to the *A&R Plan* has led to expenditures of about \$10,000. We have also, in response to advice to do so over several years, expanded our consultation with Aboriginal Peoples, which accounts for an additional \$10,000 this year, so far. This combination of Agency activities has led to our expenditures being some \$35,000 ahead of our expenditures of last year at this time.

For the remainder of this fiscal year, the Agency expects to host three more Board meetings, contribute extensively to the water licence renewal process, review changes to the LLCF and relevant management plans and continue our focus on community visits and abandonment and reclamation concerns. The LLCF review will lead to modest incremental costs (a few thousand dollars) to the Agency because BHPB has agreed to cover a significant amount of the extra expenditures. As our expenditures last year exceeded our budget (because of carry over) by \$18,200, we are in definite need of the \$28,000 you have withheld.



If these facts alter BHPB's view regarding the withholding of funds, let us discuss how best to deal with this matter in the short term. I understand that the more basic principles will continue to be dealt with through a process selected by the governments. I hope to hear from you soon regarding this matter and hope we can resolve it and get on to our normal responsibilities.

Sincerely,

-ORIGINAL SIGNED BY-

William A. Ross
Chairperson

Cc: Society Members