



INDEPENDENT ENVIRONMENTAL MONITORING AGENCY

P.O. Box 1192, Yellowknife, NT X1A 2N8 ▪ Phone (867) 669-9141 ▪ Fax (867) 669-9145
Website: www.monitoringagency.net ▪ Email: monitor1@yk.com

October 25, 2006

Jane M. Howe
Chief Environmental Officer, Permitting and Traditional Knowledge
BHP Billiton Diamonds Inc.
#1102, 4920 52nd Street
Yellowknife NT
X1A 3T1

Dear Jane

Re: Deposition of Wastewater into Cell D, Long Lake Containment Facility

During our Board meeting last month in Yellowknife, it was mentioned in your presentation that BHPB is now depositing wastewater from the Fox Pit into Cell D of the Long Lake Containment Facility.

The Agency expressed some surprise at this recent development as we understood that BHPB had made a commitment to refrain from any deposition into Cell D for as long as possible to retain this area for polishing purposes and as a buffer before discharge into the receiving environment.

We have reviewed the recently approved Wastewater and Kimberlite Management Plan (WPKMP) and provide the following excerpts:

2.1.3 Management of Operational Mine Water

Rationale:

The annual volume of minewater directed to the LLCF during 2005 from Koala, Beartooth, Panda and Fox Pits and the Panda/Koala underground was estimated to be 659,000 m³. The water is currently directed to Cell C of the LLCF. However operational requirements may dictate that water may be discharged to other cells of the LLCF, including Cells A, B and D.

The achieved objectives of Option 3aM include:

Delay discharge of FPK to Cell D for as long as possible. If the use of Cell D can be delayed beyond 2014 there is a potential for a mined-out pit to become



available for depositing processed kimberlite, thereby avoiding the storage of FPK in Cell D.

Figures 6 and 7 in the WPKMP also show Fox Pit water going to Cell C of the LLCF.

In reviewing the September 12, 2006 letter from the Wek'eezhii Land and Water Board where BHPB was given approval of the revised Wastewater and Processed Kimberlite Management Plan, we noted the following:

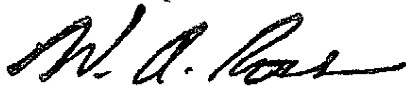
Also, the Board expects BHPB to fulfill its commitment to avoid deposition in Cell D of the LLCF for as long as possible unless otherwise approved by the Board.

The Agency checked the SNP data for water quality from Fox Pit but only water quantity data is available. We understand that internally, BHPB collects water quality data for Fox Pit water.

During our recent meeting, it was mentioned that operational requirements were behind the decision to deposit Fox Pit water into Cell D and that a risk assessment had been undertaken. The Agency would be interested in receiving any additional information that BHPB may have available including Fox Pit water quality data and the rationale for the disposal of Fox Pit water into Cell D.

We look forward to receiving further information on this matter and the opportunity to discuss it again.

Sincerely,



Bill Ross
Chairperson

cc. Society Members
Sarah Baines, Wek'eezhi Land and Water Board
Scott Stewart, DIAND Water Inspector