16 February 2006

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RE: RESPONSE TO ENVIRONMENT CANADA INFORMATION REQUEST - "*TYPE B*" WATER LICENCE FOR KIKERK/KNIFE LAKE PROJECT (#NWB2KIK0405)

Please accept this letter as our response to Environment Canada's (EC's) information request of 03 February 2006, regarding the above-noted water licence. We wish to thank EC's Mr. Abernethy for his detailed review and guidance, and the Nunavut Water Board (NWB) for providing us with the opportunity to respond.

Proposed Trenching Programme

As stated in the Project Description, it is planned that the three trenches be sited between 20m and 40m from the shore of Knife Lake. The proposed trench locations were chosen on the basis of thinness of overburden in those areas, which will limit the amount of excavation required, as it our desire to limit the footprint of the trench areas. The trenches will be of small dimension, measuring approximately 4m x 5m x 2m deep. There is no intention to disturb any watercourse in excavation of the trenches; De Beers will ensure blasting and excavating are conducted in compliance with Sections 35(1) and 36(3) of the Fisheries Act, and that no sediments or other deleterious substances enter Knife Lake and its several streams. Other than Knife Lake itself, there are only two streams draining the proposed area (cf. Map 2b accompanying the Application), being the North Stream draining the north end of Knife Lake and the South Stream, draining the northeast end of Knife Lake. Trenches #2 and #3, northeast of Knife Lake and in the vicinity of the South Stream, will be positioned so as to avoid disturbance to the South Stream; a figure of 5m was used in the Application, as an indication that, no matter what the calculated weight of each charge, the trench itself will be no closer than 5m to the stream (for example: when rock is the substrate, and the weight of an explosive charge is 0.5kg, a distance of 3.6m is recommended by fisheries guidelines). A precise allowable distance will be calculated, based on the actual kilograms of explosives required, so as to remain in compliance with the 100kPa overpressure guideline (Guidelines for the Use of Explosives in or Near Canadian Fisheries Waters). As further mitigation against impacts to fish habitat, the trenching programme is planned to occur prior to spring breakup in this area, i.e., when the streams are frozen and the lake ice cover is at its thickest (approximately 1.5m thick). Disturbance to the North Stream, southeast of Trench #1, is unlikely, as the proposed site of this trench is 60m from the stream.

De Beers would like to stress that trench locations will be adjusted, if and as required, in order that the work remain in compliance with legislation and the Guidelines for the Use of Explosives. In accordance with EC's advice regarding re-cover of the trenches after use, De Beers is happy to accept the recommendation that the trenched areas, once re-filled, be "contoured to match the surrounding landscape".

Preservation of Water Quality

EC has a concern that sediments, explosive residue and other deleterious substances potentially could enter waterbodies in the proposed work area; De Beers shares this concern, and provides the following information on measures to monitor and safeguard waters:

Monitoring of water quality is an integral part of the planned programme; four water stations, first established in 2004, will be re-sampled before, during and after the spring drill programme, in compliance with EC's Draft Guideline on Drilling from Ice. I also have recommended that followup sampling at the same stations occur in ice-free summer conditions.

Erosion control will be used if and as required, should the potential for erosion be identified in the trenching area. Control measures would include erection of snow/ice berms to divert sedimented waters from Knife Lake and its streams; if necessary, a wire-backed silt fence would be rush-ordered and erected to filter sedimented waters which might otherwise drain into Knife Lake or its streams.

Should groundwater be encountered escaping from a rock fracture into a trench, the water would be collected by means of pumping and directed to a suitably-located sump on land. A designated pump is one of the pieces of response equipment already identified in the existing Kikerk/Knife Lake Spill Contingency Plan.

Conclusion

De Beers is committed to working co-operatively with Environment Canada and the Department of Fisheries and Oceans in instituting measures to further enhance the quality of the proposed field programme, as further programme details are available. This co-operation extends not only to avoiding impact to possible fish habitat and management of hazardous materials but also to avoidance of nesting and other animal use areas. Guided by our Environmental Management System, De Beers personnel report co-ordinates of sensitive areas to the proper authorities, when sensitive areas are observed in the field.

Thank you for the opportunity to submit the foregoing. We look forward to renewal of the water licence and to continuing to work co-operatively with our regulators.

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