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Ministre des Affaires indiennes et
du Nord canadien et interlocuteur fédéral
auprès des Métis et des Indiens non inscrits

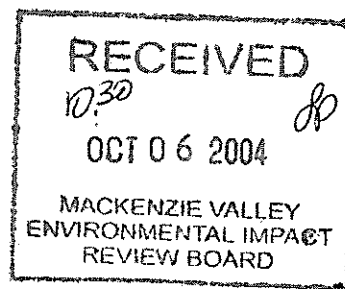


Minister of Indian Affairs and
Northern Development and Federal Interlocutor
for Métis and Non-Status Indians

Ottawa, Canada K1A 0H4

SEP 28 2004

Mr. Joe Carrabba
President and Chief Operating Officer
Diavik Diamond Mines Incorporated
PO Box 2498
YELLOWKNIFE NT X1A 2P8



Dear Mr. Carrabba:

This is in response to your letter of December 1, 2003, to my predecessor, in which you comment on the Mackenzie Valley Environmental Impact Review Board's Snap Lake Environmental Assessment Report and, in particular, its recommendation to standardize environmental agreement processes for future mines in the Slave Geological Province of the Northwest Territories.

My understanding of the intent of this, and other related recommendations from the Environmental Assessment Report, is that Indian and Northern Affairs Canada (INAC) should work to develop flexible guidelines that allow for a consistent approach to the development of future environmental agreements and, as appropriate and supported, a multi-party co-ordinated approach to environmental monitoring in the Northwest Territories. General guidelines regarding the potential content or form of future environmental agreements would be useful for project proponents, regulators and the public, as would a co-ordinated approach to monitoring. These initiatives will not affect your existing environmental agreement without your consent.

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I am aware that INAC officials have been in contact with you and your organization's environmental staff and other stakeholders to start the process to develop guidelines and to discuss opportunities for a possible multi-party environmental monitoring agency. For further information in this regard, you may wish to contact Mr. David Livingstone, Director, INAC's Renewable Resources and the Environment, at:

Bellanca Building
PO Box 1500
YELLOWKNIFE NT X1A 2R3

Telephone: (867) 669-2697
Facsimile: (867) 669-2707

I look forward to meeting with you in the near future and to discussing Diavik's diamond mining activities.

Yours sincerely,

ORIGINAL SIGNED BY
ORIGINAL SIGNÉ PAR

The Honourable Andy Scott, PC, MP

c.c.: The Honourable Ethel Blondin-Andrew, PC, MP
Mr. Todd Burlingame



2003-12-09 A09:05

Joe Carrabba
President

01 December 2003

Hon. Robert D. Nault, PC, MP
Minister of Indian Affairs and Northern Development
Ottawa, Ontario
K1A 0A6

Dear Minister Nault:

Diavik Diamond Mines Inc. (DDMI) has reviewed the *Report of Environmental Assessment for the De Beers Canada Mining Inc. proposed Snap Lake Diamond Project* issued by the Mackenzie Valley Environmental Impact Review Board on July 23, 2003 and your response dated October 10, 2003. — ?

In the Report, recommendation #31 makes particular mention of DDMI. It states:

The Government of Canada and the GNWT, De Beers, Diavik and BHP Billiton shall work towards consolidating the Environmental Agreements for these developments within 24 months. The consolidation should result in a standard agreement which can be used for future mines in the Slave Geological Province.

We understand recommendation #31 is a suggestion encouraging DDMI and BHP Billiton to work together with the proponent, De Beers, to assist the Government of Canada and the Government of the Northwest Territories to develop a standard form Environmental Agreement for future mines in the Slave Geological Province. DDMI is neither a proponent of the proposed Snap Lake Diamond Project, nor a party to its attendant environmental assessment process. Our interpretation is that neither the Board nor the Minister intended to impose a binding obligation on any third parties who are not directly involved in the Snap Lake Diamond Project.

As you know, DDMI is a party to and is bound by the terms of an Environmental Agreement dated March 8, 2000 (the "Diavik Environmental Agreement") relating to our Diavik Diamonds Project. The other parties are the Department of Indian Affairs and Northern Development, the Government of the Northwest Territories, Dogrib Treaty 11 Council, Lutsel K'e Dene Band, Yellowknives Dene First Nation, North Slave Metis Alliance and Kitikmeot Inuit Association.

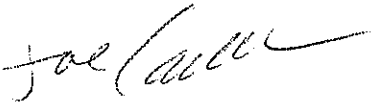
Assuming that participation in the process suggested by recommendation #31 would not in any way impact, alter, or re-negotiate any existing Environmental Agreements, including the Diavik Environmental Agreement, and on the understanding that DDMI is not legally bound by

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recommendation #31 or your adoption of it, DDMI confirms that it would participate in a process initiated by De Beers, the Government of Canada and the Government of the Northwest Territories to develop a standard form Environmental Agreement to be used by the proponents of future mines.

Please call if you would like to discuss this letter.

Yours truly,

A handwritten signature in dark ink, appearing to read "Joe Carrabba", with a long, sweeping horizontal stroke extending to the right.

Joe Carrabba
President and Chief Operating Officer

c: Mr. Todd Burlingame, Chair
Mackenzie Valley Environmental Impact Review Board