

August 24, 2001

File: 0-21/7.2.20

Mr. Gordon Lennie
Chairman
Mackenzie Valley Environmental
Impact Review Board
PO Box 938
Yellowknife, NT X1A 2NZ

Dear Mr. Lennie:

RE: REPLY TO CARC'S SUBMISSIONS OF AUGUST 23 AND 24, 2001

The following is the response of De Beers' to the CARC Interventions dated August 23 and 24, 2001. De Beers' response to the INAC submission dated August 24, 2001 is addressed in a separate letter.

1. CARC's Intervention of August 23, 2001

(a) Rules of Procedure

CARC's comments with respect to the Rules of Procedure have little, if any, relevance to this particular application by De Beers. Such a discussion, if it be deemed necessary, should be undertaken separate and apart from our applications. Nor should our applications be in any way delayed or prejudiced by such discussions.

(b) Statement of Relevant Facts

CARC's Statement of Relevant Facts failed to note that at 3,000 tpd, the Snap Lake Diamond Project is magnitudes smaller in size than either Diavik or Ekati. Further, the mining operation is a land based underground mining operation, significantly more environmentally benign than either Diavik or Ekati. Again, the potential impacted area at Snap Lake will be magnitudes smaller than Diavik or Ekati. While indeed Greenfield land located in a different watershed (the Lockhart Watershed), there is no cumulative effect from a water perspective. Put simply, from a factual perspective, the Snap Lake Project is much smaller and much more benign environmentally than either of the two previously permitted diamond mining operations. CARC says in their submission that "for smaller projects, scoping can be conducted through written interventions . . .". The Snap Lake Project is one such smaller project.

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DE BEERS CANADA MINING INC.
SNAP LAKE DIAMOND PROJECT

300 - 5102 50TH AVENUE
YELLOWKNIFE NT X1A 3S8 CANADA
TEL (867) 766 7300 FAX (867) 766 7347

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(c) Decision Being Sought

CARC asks that the Board hold formal scoping meetings or hearings on the terms of reference.

This is the fourth diamond operation (third in the NWT) whose terms of reference have been scoped, with each building upon and learning from the prior scoping. Clearly, there should come a point in time when the scoping of the terms of reference for the environmental assessment should become mostly a matter of course. Further, as each of the interveners participate, such as CARC has done for each and every new mining operation, what must be said, for the most part, can be said in writing. Put simply, by now the Applicants and Intervenors are a fair way along the learning curve when it comes to scoping terms of reference for the environmental assessment of Diamond mining operations in the Northwest Territories. Given this experience and knowledge, De Beers considers that public hearings to scope terms of reference would not advance the EA process or contribute in any way to the clarification of issues. Moreover, CARC has not identified any substantive issues to date that are lacking from the Draft ToR. If any, such matters occur in the future, the Board may require De Beers to provide further information.

2. CARC's Intervention of August 24, 2001

The news release referred to by CARC does not represent "significant" changes in the proposed development; nor does the project have "a greater degree of uncertainty".

The changes announced in the press release are as follows:

"De Beers expects to receive the required regulatory approvals in early 2003 but does not anticipate it will be in a position to transport construction equipment and supplies over the winter road in 2003. The company now intends to build production in a phased approach that will see test mining begin in 2004 with full production slated for 2006."

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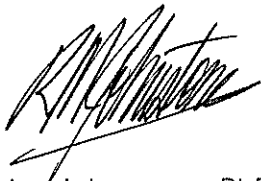
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It should be noted that there is no change in the permitting schedule. Development of the mine will start as soon as permits are received in early 2003. The difference is that, the winter road of 2003 is no longer regarded as practical option for the transportation of all construction materials. This should, at least, allay concerns voiced previously by CARC (letter to MVEIRB, July 30, 2001) over "an ambitious timeline" and the need to avoid the potential for "incredible pressures" for the need to meet the 2003 winter road window. A phased approach to achieving full production should also be advantageous in building capacity in a Northern workforce.

There are still time constraints to permitting, however, and a perceived availability of time does not, in itself justify a public scoping process. Surely there must be a demonstrated need, not just the availability of time. In De Beers opinion, the need for public hearings has not been demonstrated.

Yours sincerely,

SNAP LAKE DIAMOND PROJECT



Robin Johnstone, PhD
Senior Environmental Manager

RJ/hb

cc: CARC
David Livingstone, DIAND