

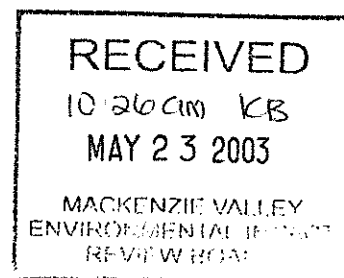


Northwest
Territories Resources, Wildlife and Economic Development

Mr. Vern Christensen
Mackenzie Valley Environmental Impact Review Board
PO BOX 938
5102-50TH AVENUE
YELLOWKNIFE NT X1A 2N7

MAY 23 2003

Dear Mr. Christensen:



Hydro-Electric Energy Option for Snap Lake

The Government of the Northwest Territories (GNWT) would like to advise the Mackenzie Valley Environmental Impact Review Board (MVEIRB) of the status of investigations and negotiations to supply De Beers' proposed Snap Lake diamond mine with hydroelectricity to replace significant volumes of imported fossil fuels.

The GNWT and its Crown Utility, the Northwest Territories Power Corporation (NWTPC), have favourably concluded the preliminary assessments of the economic potential to provide renewable energy from existing hydroelectric generating facilities in the Northwest Territories (NWT) to the proposed Snap Lake Mine.

On March 5, 2003, AMEC provided NWTPC with a letter of interest on behalf of De Beers. The letter confirmed De Beers' interest to purchase reliable hydroelectric power for the Snap Lake project site, prior to planned facility start up in mid-2007.

To this end, NWTPC recently awarded a contract to further investigate the hydroelectric power generation and transmission options for Snap Lake. A complementary Request for Proposals (RFP) closed on May 16, 2003, which requested proposals from qualified consultants for the provision of environmental services for the proposed Taltson Hydroelectric Expansion and associated transmission line to Snap Lake diamond mine. This detailed work is planned to provide timely information to facilitate decision-making relating to this important renewable energy project.

The GNWT and NWTPC continue to pursue opportunities to displace imported diesel-fired electrical generation in the NWT to:

- reduce the emission of greenhouse gases and other air pollutants;
- reduce winter re-supply road traffic and associated emissions on NWT highways and industry-maintained winter roads;

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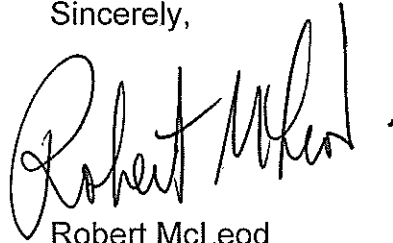


- provide new business opportunities for Aboriginal organizations and other NWT business interests; and
- construct legacy infrastructure which will deliver sustainable energy benefits to future generations of northerners.

We would like to remind the MVEIRB that, upon being questioned by the Canadian Arctic Resources Council, De Beers committed to utilize low-sulphur diesel at the Snap Lake diamond mine. The GNWT encourages De Beers to purchase low-sulphur diesel for all non-electrical generation applications at Snap Lake. Additionally, De Beers should be encouraged to purchase renewable energy from suitable NWT hydroelectric facilities, at a price that includes: the estimated avoided cost of low-sulphur diesel; a reduction in the capital cost of the proposed diesel generating plant for the Snap Lake diamond mine; and the environmental benefit (or avoided environmental cost) of diesel combustion emissions in the transportation of diesel to the mine site and its use for generating electricity and associated reductions of risk of fuel spills.

The GNWT and NWTPC look forward to advancing a sustainable hydroelectric project to meet the Snap Lake diamond mine demand for consideration by the MVEIRB in due course. If the Board is interested in a future presentation on the key directions of the NWT Energy Strategy, and implications for NWT development, the GNWT would be pleased to meet with the Board.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert McLeod".

Robert McLeod
Deputy Minister

c. Mr. Richard Nerysoo
Chair, NWTPC

Mr. Leon Cournoyea
President & CEO, NWTPC

Mr. Greg Oryall
Vice-President, Operations
Mining & Metals, AMEC E&C Services