

CHAMBERLAIN HUTCHISON+

Barristers and Solicitors

*Andrew J. Chamberlain, LL.B.
*Janet L. Hutchison, LL.B.
*Katharine L. Hurlburt, B.Sc., LL.B.
Karrina M. Haymond, LL.B.
David S. Woo, B. Comm. LL.B

Suite 1310
10025 - 102A Ave nue
Edmonton, Alberta T5J 2Z2
Telephone (780) 423-3661
Fax (780) 426-1293
E-mail jhutchison@nucleus.com

Our File: 51163 JLH

TELECOPIER COVER SHEET

PLEASE DELIVER THE FOLLOWING PAGES TO:

NAME: LUCIANO AZZOLINI

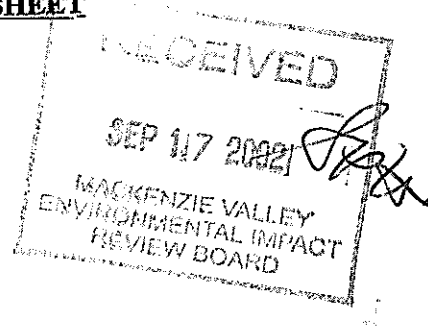
FIRM: MVEIRB

TELECOPIER NUMBER: (867) 920-4761

FROM: JANET L. HUTCHISON

DATE: September 16, 2002

NUMBER OF PAGES: 3 INCLUDING COVER PAGE
(If you do not receive all pages, please call 423 3661 as soon as possible)



RE: DEBEERS SNAP LAKE DIAMOND PROJECT - ENVIRONMENTAL ASSESSMENT

CONFIDENTIALITY WARNING

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Further to your telephone call this afternoon regarding our letter dated September 16, 2002, and my assistant's telephone voicemail message to you, attached is the revised letter which incorporates Rule 50.

If you have any questions, please do not hesitate to give us a call.

Thanks.

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10025

Our File: 51163 JLH

September 16, 2002

Via Fax Only**MacKenzie Valley Environment Impact Review Board**

Box 938

Yellowknife, NWT

X1A 2N7

**Attention: Luciano Azzolini,
Environmental Assessment Officer**

Dear Sirs:

Re: DeBeers Snap Lake Diamond Project – Environmental Assessment

Please consider this as a request for direction from the Board pursuant to Rule 50 of the *Rules of Procedure*. The NSMA is seeking a decision of the ruling from the review Board on the following issue:

“Should copies of all briefing notes, reports, letters or other documents, whether prepared by Board staff or any source other than legal counsel, (which are provided to the Board) be filed in the Public Registry and made available to all parties?”

It has come to our attention that the MVERIB's staff prepares reports or summaries of information for the Board. To date, such documents have not been listed on the Public Registry. However, the rules of natural justice and principles of procedural fairness require that all information a tribunal relies on in its decisions, whether procedural decisions or substantive decisions, be disclosed to all parties to ensure they have an opportunity to respond or reply to that information.

To provide an example, the parties were asked to make submissions to the Board on the amended work plan. The parties did receive copies of some letters sent in by directly affected parties. However, we understand that the Board's staff prepared a synthesis table of the information relevant to the work plan and possibly a report that was reviewed by the Board before it made its decision on the amended work plan. To the best of our knowledge, none of the parties received or reviewed that additional documentation and did not have an opportunity to comment on the

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Mackenzie Valley Environment Impact Review Board
Our File No: 51163
September 16, 2002

contents of that report prior to the Board making its decision on the amended work plan.

We are requesting that the Board deals with this request for a decision/ruling before the Technical Sessions begin. This position is based on the advice of the Board's staff that the Board would not attend the Technical Sessions but they would receive a summary report about the Technical Sessions from Board staff. We understand that under the Board's current procedure, the parties would not receive a copy of this report. The denial of a chance to review and respond to that and other reports provided to the Board seriously jeopardizes the fairness of the hearing process, particularly given the importance of the Technical Sessions.

I understand from the September 5, 2002 meeting that it is the practice of the MacKenzie Valley Land and Water Board to release its staff reports to the parties in order to allow them an opportunity to respond. We respectfully submit that the practice currently adopted by the MacKenzie Valley Land and Water Board is more consistent with the requirements of procedural fairness and natural justice than the MVEIRB's current practice. Further, we submit that as both Boards are bound by the rules of natural justice, their procedural rules should be consistent.

Should the Board canvass any issues that have not been addressed by our submission in the course of its deliberations on this request for a decision/ruling, please contact our office to advise of those issues and allow us an opportunity to make further submissions on the new issues.

I look forward to your response on this matter at your earliest opportunity.

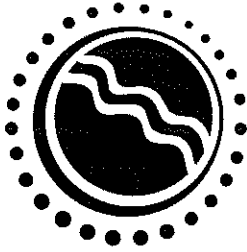
Yours truly,

CHAMBERLAIN HUTCHISON

PER: JANET L. HUTCHISON

JLH:amt

cc: Client
John Donihee (MVERIB)



Mackenzie Valley Environmental Impact
Review Board Box 938, 5102-50th Avenue,
Yellowknife, NT X1A 2N7

Date: Tuesday, September 17, 2002
From: Luciano Azzolini, Environmental Assessment Officer
Pages: 4 including these the cover pages
File: EA01-004 De Beers Snap Lake Diamond Project

Subject: North Slave Metis Alliance Legal Counsel Correspondence to the Board

John McConnell, Robin Johnstone, De Beers™	766-7347
Bob Turner, NSMA	669-7442
Rachel Crapeau, YDFN, Dettah and N'dilo	873-5969
Steve Ellis, Lutselk'e Dene Council	(867) 370-3010
Cecil Lafferty, Fort Resolution Metis Council	(867) 394-3322
Maurice Boucher, Deninu Ku'e Envir. Working Committee	(867) 394-5122
Akaitcho Territory Government, Maurice Boucher	(867) 394-3413
Jolene Koyina, Dogrib Treaty 11 Council	766-3441
Steve Conway, Dogrib Rae First Nation	(867) 392-6150 -
Ted Blondin, Dogrib Treaty 11 Council	(867) 392-6389 (604) 943-4621 -
Yellowknife Metis Local #66	873-4097 -
Garth Walbridge, Rae-Edzo Metis Nation Local #64	920-7389 -
J. Michael Thoms	(604) 414-0267 -
Laura Duncan, Wha Ti First Nation	(867) 573-3222
Lana Paulson, Gameti First Nation	(867) 997-3411
Jennifer Keith, Dechi Laot'i First Nation	(867) 713-2030
Chris Paci Dene Nation	920-2254 -
City Clerk, City of Yellowknife	920-5649

If you are a Directly Affected Party or an Intervener putting larger (hundreds or pages) reports, colour maps or other material that cannot be easily duplicated please make sure you provide the Board 17 copies. The Review Board puts a copy on the public registry, distributes 15 to all the other Interveners and Directly Affected Parties, and one copy is provided to the Chair.

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From Louie Azzolini
MVEIRB
P.O. Box 938
Yellowknife, NT X1A 2N7
Phone (867) 766-7053
Fax (867) 766-7074

<i>Jane McMullen, GNWT</i>	873-0114 and 873-0293 -
Mark Dahl, Environment Canada	873-8185
Julie Dahl, Marc Lange DFO	669-4940
John Ramsey, NRCan	(613) 995-5719
Bob Wooley Executive Director, MVLWB	873-6610
Tamara Hamilton, INAC	669-2701
Kevin O'Reilly, CARC	920-2685
Alexandra Borowiecka, Ecology North	920-2986
Bill Carpenter, WWF™, Canada	920-4999
Tony Iacobelli, M.Sc., WWF™, Canada	416-489-3611
Yellowknife Chamber of Commerce	920-4640
Town of Hay River	(867) 874-3237
Murray Swyripa Diavik™ Diamond Mines Ltd.	669-9058
Derek Chubb Ekati™ BHP Mines Diamond Mine Inc.	669-9293
NWT Chamber of Mines	920-2145
NWT Chamber of Commerce	873-4174
<i>Pape & Salter Barristers and Solicitors</i>	(604) 681-3050 ~
<i>Chamberlain Hutchison</i>	(780) 426-1293 -

Please see the attached letter.

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MacKenzie Valley Environment Impact Review Board
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I look forward to your response on this matter at your earliest opportunity.

Yours truly,

CHAMBERLAIN HUTCHISON

PER: JANET L. HUTCHISON

JLH:amt

cc: Client
John Donihee (MVERIB)

ELLIS CONSULTING SERVICES

Economic and Statistical Consulting

2021 Finlayson Drive, Yellowknife, NT Canada X1A 3C7
GST #89928245
Phone/Fax; 867-920-7318 * internet: ellis@internorth.com

September 23, 2002

David Massola
Chief Financial Officer
De Beers Canada Corporation

Dear David:

I greatly appreciated the opportunity to meet with you on September 20, 2002 to discuss some questions I have regarding the tax and royalty estimates presented in the EA. As was agreed to at the meeting I am enclosing a table giving the data I used to make a rough estimate the project's net revenues and taxable income for purposes of calculating royalties and corporate taxes.

As you can see in Section 1, I have estimated the net revenues of the project at \$963 million and the taxable income (after the resource allowance of 25%) at \$722 million. These values (as shown in Section 2), using the effective royalty and tax rates in the EA, lead to estimates of \$120 million for royalties, \$211 million for federal corporate taxes and \$101 million for territorial corporate taxes.

The actual values presented in the EA for these items were \$234 million, \$443 million and \$222 million respectively. These values (as shown in Section 3) imply much higher net revenues and taxable income that I estimated using data from the EA. I have estimated these values by dividing the estimate presented in the EA by the relevant effective royalty or tax rate.

Would it be possible for you to point out if I have misinterpreted some information or used the wrong data? Or could you provide me with any other information that might help clarify the differences?

If you have any questions please phone me at 920-7318 or E-mail me at ellis@internorth.com.

Yours truly,
Roy Ellis

cc. Luciano Azzolini
Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board

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Date: October 9, 2002

Time: 0830-1200 hours

De Beers Canada Mining Inc. will be holding a Technical Information Session on October 9, 2002 to present the contents and conclusions of a North Lakes Technical Memorandum related to the Snap Lake Diamond Project. As stated in the Snap Lake Diamond Project Environmental Assessment Report (EAR), predicted impacts to the North Lakes were to be revised following analysis of data collected during spring and summer of 2002. This analysis has been completed. The Memorandum summarizing the revised impact assessment will be distributed in electronic format on October 3, 2002 to the distribution list above. Technical experts will be available at the Information Session to answer questions related to the North Lakes Technical Memorandum.

Any enquiries should be directed to the undersigned.

Regards,
Robin Johnstone Ph.D.
Senior Environmental Manager
De Beers Canada Mining Inc.
300-5102 50th Avenue
Yellowknife
NT X1A 3S8
Canada
Phone 867-766-7322
Fax 867-766-7347
E-mail: robin.johnstone@ca.debeersgroup.com

	(\$Million)	Source
1. Gross Output	\$3,913	Eratum Sheet <i>3.9 B</i>
Capital Expenditures	\$269	Table 5.3-1 Page 5-112 <i>.27 B</i>
Operating Expenditures	\$2,655	Table 5.3-1 Page 5-112 <i>2.6 B</i>
Closing Expenditures	\$25	Table 5.3-1 Page 5-112
Net Revenues	\$963	=Gross Output less Exp. <i>.25 B</i>
Resource Allowance	\$241	25% of Net Revenues
Taxable Income	\$722	Net Rev less Res Allow

2. Corporate Taxes and Royalties Based on the Above

Net Revenues	\$963	Section 1 above
Effective Rate for Royalties	0.125	From IR response <i>12 1/2% of net.</i>
Estimated Royalties	\$120	($\$963 * .125$) <i>royalty</i>
Taxable Income	\$722	Section 1 above
Effective Federal Corporate Tax Rate	0.2915	From IR response <i>29.15%</i>
Estimated Corporate Taxes	\$211	($\$722 * .2915$) <i>fed tax</i>
Effective Territorial Corporate Tax Rate	0.1400	From IR response
Estimated Corporate Taxes	\$101	($\$722 * .1400$) <i>14%</i> <i>territ tax</i>

3. Corporate Taxes and Royalties Presented in EA

Royalties in the EA	\$234	Table 5.3-5 Page 5-120
Effective Rate for Royalties in the EA	0.125	From IR response
Implied Net Revenues	\$1,868	($\$234 / .125$)
Federal Corporate Taxes in the EA	\$443	Table 5.3-5 Page 5-120
Effective Rate for Federal Corporate Taxes in the EA	0.2912	From IR response
Implied Taxable Income	\$1,521	($\$443 / .2912$)
Federal Territorial Corporate Taxes in the EA	\$222	Table 5.3-5 Page 5-120
Effective Rate for Territorial Corporate Taxes in the EA	0.14	From IR response
Implied Taxable Income	\$1,584	($\$222 / .14$)