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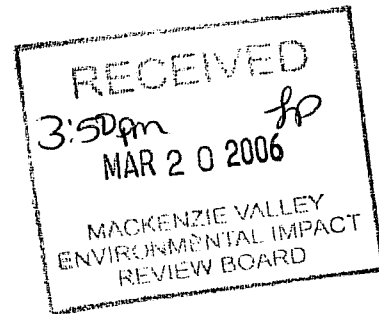
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March 20, 2006

Vern Christensen
Executive Director
Mackenzie Valley Environmental Impact
Review Board
PO Box 938
5102- 50th Avenue
YELLOWKNIFE, NT X1A 2N7



Dear Mr. Christensen,

I am writing to follow-up on the draft notes from the February 3, 2006, meeting between the Mackenzie Valley Environmental Impact Review Board (Review Board) and the Environmental Assessment (EA) participants with regards to the De Beers Gahcho Kue Diamond Project (EA506-008). In particular, I would like to clarify for the Review Board and the EA participants, Indian and Northern Affairs Canada's (INAC) viewpoint on participant funding for either an EA or an Environmental Impact Review (EIR).

As you are aware, the *Mackenzie Valley Resource Management Act* does not include a provision for participant funding for either the EA or EIR processes. INAC does not have an established participant funding program, but does provide funding through the Interim Resource Management Assistance (IRMA) program to Aboriginal communities in unsettled land claim areas. INAC recognizes that the IRMA program does not include funding for non-government organizations, settled land claimant groups, and other organizations. We are currently analyzing those factors that may influence the development of a policy on participant funding. In the meantime, the department will consider requests for funding on a case-by-case basis.

This upcoming year, INAC is faced with many competing funding pressures; however, it will make every effort to find additional funding to support environmental impact assessments in the North.

Departmental officials met with the Review Board and EA participants on February 3, 2006, and reiterated the IRMA program exists to provide funds to unsettled land claimants to participate in land and resource management activities including the De Beers Gahcho Kue Diamond Project. I recommend

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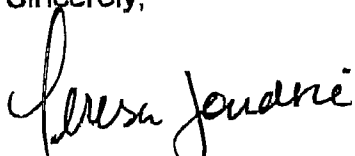
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that the appropriate aboriginal communities include this cost estimate in their 2006/07 applications for the IRMA Resource Pressures program.

Please do not hesitate to contact either me or Anne Snider at (819) 997-0046, if you wish to discuss further or have any questions regarding this matter.

Sincerely,



David Livingstone
Director
Renewable Resources and Environment

cc: Anne Snider, Chief, Environmental Policies and Studies, NRE-HQ