



***Independent Environmental Monitoring Agency***

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October 20, 2010

Eric Denholm  
Superintendent-Permitting  
BHP Billiton Canada Inc.  
#1102 4920-52<sup>nd</sup> Street  
Yellowknife NT  
X1A 3T1

Dear Eric

**Re: Agency Working Capital Deficit**

Following our July 13, 2010 letter that accompanied our 2009-10 financial statements and our discussion at the mine site, the Agency has received advice from our accountants during the audit regarding a working capital deficit. Our total current assets are less than our total current liabilities.

The main cause of this situation is a timeline project that we have developed and paid for out of 2008-09 funds close to year end (approximately \$15,000) and staff turnover that has not allowed the Agency to make the work publicly accessible through our website. When the Agency incurred the expense, we did not anticipate that it would be treated as a capital item (and treated as a long term asset) and only amortized over time after it was made publicly accessible. We have a full staff complement as of July 2010 and are making steady progress on the timeline project towards a launch at our Annual General Meeting in November of this year.

Our accountants that conducted the audit have recommended two options for the Agency to deal with the working capital deficit as follows:

1. Secure unrestricted funding from BHPB or others that is sufficient to offset the working capital deficiency; or
2. Intentionally operate in a surplus equivalent to the annual amortized amount and obtain written consent of BHPB to allow the Agency to keep the surplus funds and apply them against the deficiency (the current procedure is for any surplus to be deducted from the new year cash flow).

As we work through the current year, we do not anticipate running a large surplus and if we did, the second option above might be of some assistance. The Agency preference is for an unrestricted allocation of \$15,000 to the Agency in the current year.

Please let us know if you are in agreement with this approach. We could make our accountants available for mutual discussion if that would help better explain the above request. We look forward to your reply.

Sincerely,

A handwritten signature in black ink, appearing to read "Jaida Ohokannoak", with a long horizontal flourish extending to the right.

Jaida Ohokannoak  
Secretary-Treasurer

cc. Lionel Marcinkoski, DIAND  
Gavin More, GNWT