

DE BEERS
GROUP OF COMPANIES

BUILDING FOREVER



GAHCHO KUÉ MINE
SOCIO-ECONOMIC REPORT
2016

We are humbled to play a role in connecting millions of people around the world to the diamond dream. Our operations and leadership position across the diamond pipeline enable us to create development opportunities in the communities where we live and work, and ensure that people can be proud to wear a diamond from De Beers Group.

We call this Building Forever – our commitment to create a lasting positive legacy, and to grow and protect the special place diamonds hold in the lives of consumers.

Partnership is at the heart of this approach. We are proud to play a part in the development of partner countries and communities, working together to maximize enduring value from their finite natural resource. We are proud to work alongside our joint venture partner at Gahcho Kué, Mountain Province Diamonds. And our collaborations across industry and beyond set ever higher ethical standards, providing confidence to generations of consumers.

This is our second annual Gahcho Kué Mine Socio-Economic Report and it charts our sustainability performance toward meeting commitments in the Gahcho Kué Mine Socio-Economic Agreement with the Government of the Northwest Territories during 2016. Despite significant market challenges throughout the year, this Report reflects the unwavering commitment of our people to continue Building Forever.

Front cover image:
Government, community and local and business partners joined De Beers Canada CEO Kim Truter, Mountain Province Diamonds CEO Patrick Evans, De Beers Group CEO Bruce Cleaver and Anglo American plc CEO Mark Cutifani to cut the ribbon to officially open Gahcho Kué Mine on Sept. 20, 2016.

Photo: Bill Braden

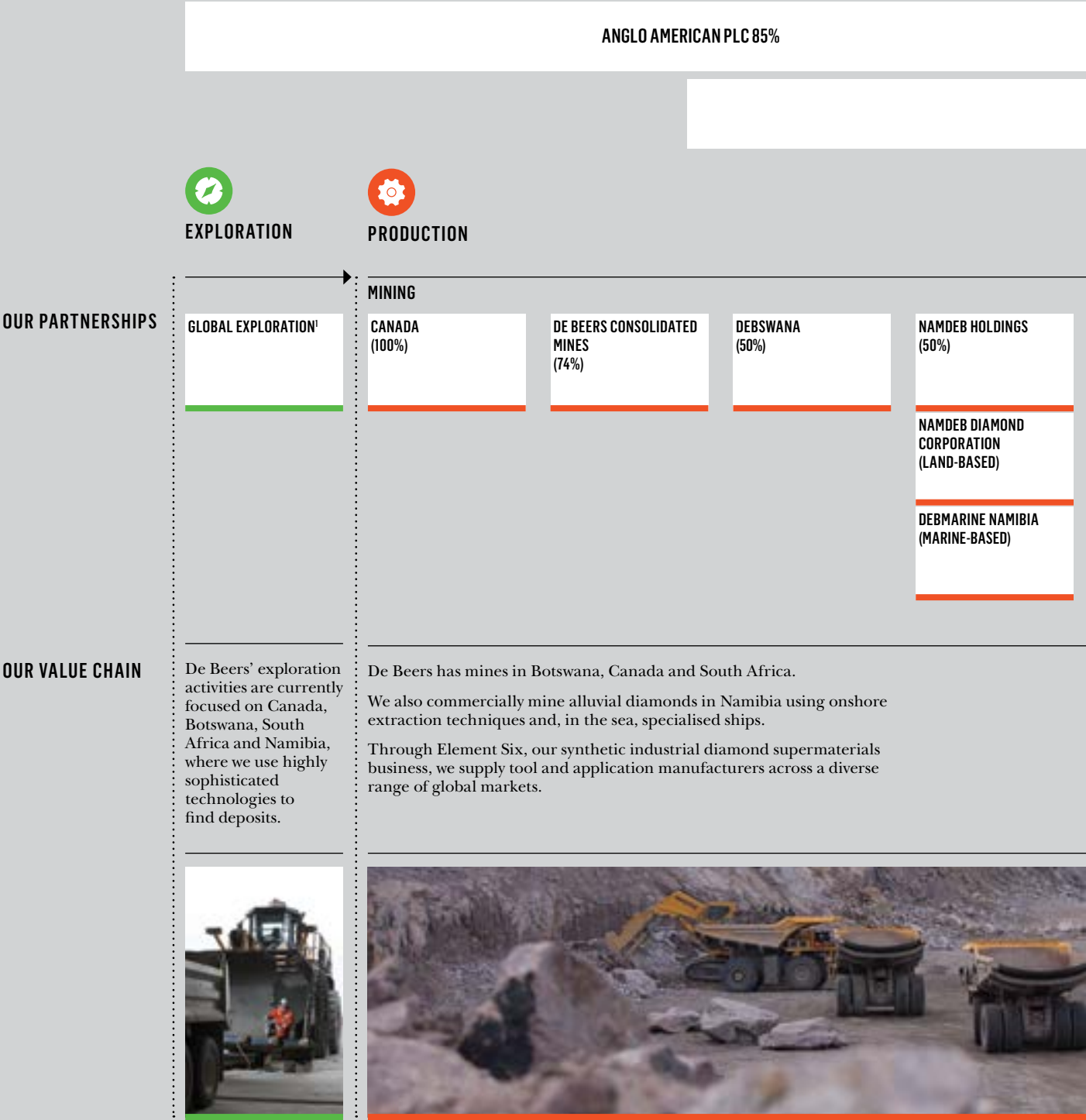
*For more information,
go online
[www.debeersgroup.com/
canada](http://www.debeersgroup.com/canada)*

OUR BUSINESS AT A GLANCE

De Beers was established in 1888 and is a member of the Anglo American plc group. We are the world’s leading diamond company, with unrivalled expertise in the exploration, mining, sorting, valuing, selling and marketing of diamonds. We believe that diamonds are a catalyst for creating value and delivering socio-economic benefit in the countries and communities where we operate.

FIGURE 1: A COMPANY BUILT ON PARTNERSHIP

Partnership sits at the heart of our business, through a number of 50/50 joint ventures with the Governments of Botswana and Namibia, and our 74/26 Black Economic Empowerment Partnership with Ponahalo Holdings in South Africa.



GOVERNMENT OF THE REPUBLIC OF BOTSWANA 15%

DE BEERS GROUP



ROUGH DIAMOND SALES



BRANDS/RETAIL

SUPER-MATERIALS

ELEMENT SIX:
TECHNOLOGIES
(100%)
ABRASIVES
(60%)

GLOBAL SIGHTHOLDER
SALES (100%)

AUCTION SALES
(100%)

SIGHTHOLDER SALES SOUTH
AFRICA
(74%)

DTC BOTSWANA
(50%)

NAMIBIA DTC
(50%)

FOREVERMARK
(100%)

DE BEERS DIAMOND
JEWELLERS
(100%)*

De Beers sells its rough diamond production via contract sales to customers, known as Sightholders and Accredited Buyers, and via rough diamond auctions.

As part of our term contract sales, the majority of De Beers' diamonds are aggregated and sold at 10 Sights (or selling events) each year, with the remainder being sold via online auctions.

De Beers markets polished diamonds to consumers through Forevermark, which promises a consumer that their diamond is beautiful, rare and responsibly sourced; and retails diamond jewellery through De Beers Diamond Jewellers.

*As of March 23, 2017, De Beers Diamond Jewellers is 100% owned by De Beers Group.



CONTENTS

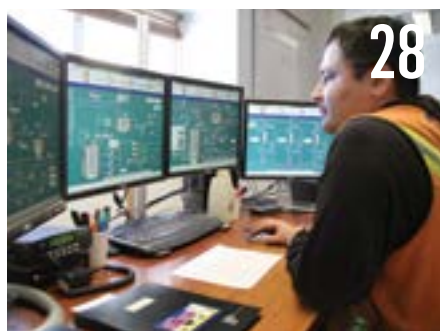
01

OVERVIEW

[2 Sustainable Leadership](#)[3 Executive Summary](#)[4 2016 Highlights](#)[5 2016 in Numbers](#)[6 Business Updates](#)

10

ISSUE AREAS

[10 People](#)[18 Communities](#)[22 Employment Report](#)[28 Snap Lake Mine Update](#)

CHIEF EXECUTIVE OFFICER'S STATEMENT

SUSTAINABLE LEADERSHIP



It is my pleasure to introduce the second annual Gahcho Kué Mine Socio-Economic Impact Report on behalf of De Beers Canada and our joint venture partner, Mountain Province Diamonds.

As the world's largest new diamond mine, Gahcho Kué represents many things to many people.

To De Beers and Mountain Province, it represents the culmination of over two decades of work to bring Gahcho Kué into production.

For Canada and especially the Northwest Territories, the mine represents a major economic boost that promises to inject over \$6 billion into the NWT and Canadian economies over its lifetime.

For communities and residents of the NWT, the mine brings badly needed jobs, training opportunities and investments that will improve lives.

It also marks a fresh beginning for De Beers in the NWT and an opportunity to demonstrate our commitment to sustainability and firmly establish our company as Canada's leading diamond company.

This means ensuring Gahcho Kué runs profitably, focusing our efforts to hire as many NWT residents as possible, maximizing our spending with NWT and Aboriginal companies, and identifying and supporting projects in communities that will leave real, lasting benefits to the people who live there.

I want to thank the Gahcho Kué team of De Beers and contractor employees who worked tirelessly during 2016 to finish construction and get the mine ready to reach commercial production in early 2017. Not only did they do the job ahead of time, they did it on budget while achieving one of the best safety records in the world. Their efforts earned Gahcho Kué Gold from the Project Management Institute in October 2016 and the Workplace Health & Safety Award from the Yellowknife Chamber of Commerce, recognition we were extremely proud to receive.

Kim Truter
Chief Executive Officer
De Beers Canada Inc.

“FOR CANADA AND ESPECIALLY THE NORTHWEST TERRITORIES, THE MINE REPRESENTS A MAJOR ECONOMIC BOOST THAT PROMISES TO INJECT OVER \$6 BILLION* INTO THE NWT AND CANADIAN ECONOMIES OVER ITS LIFETIME.”

*All dollar amounts presented in this report are in Canadian dollars

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The opening of Gahcho Kué Mine demonstrates our commitment to sustainability and partnership.

During a year full of milestones, the official opening of Gahcho Kué Mine on September 20, 2016 was particularly noteworthy.

More than just a ribbon cutting and a chance for De Beers Canada and our joint venture partner Mountain Province Diamonds to show off the world's largest new diamond mine, the opening showcased everything we have worked to build over the past 20-plus years.

The opening reflected the efforts by employees and contractors to build a major industrial operation in the remote Canadian Arctic. It demonstrated our commitment to sustainability and partnership with local communities. And the opening confirmed the major economic impact Gahcho Kué has had and will continue to have on the NWT and Canadian economies for years to come.

The opening featured 200 guests from as far away as Russia and southern Africa, and across Canada, the United States and Europe who flew in on four aircraft from two airports. Leading the way were Mark Cutifani, Chief Executive of Anglo American plc (De Beers' majority shareholder); Bruce Cleaver, CEO – De Beers Group; Kim Truter, CEO – De Beers Canada; and Patrick Evans, CEO – Mountain Province Diamonds. Representatives and leadership from our six IBA partners also attended and participated in the mine opening and we were pleased to host Hon. Wally

Schumann, GNWT Minister of Industry, Tourism and Investment at the event.

It was truly a momentous occasion that traced its roots back to the original discovery by Mountain Province in 1995, through over two decades of exploration, sampling, environmental monitoring, a lengthy permitting process, project design and construction.

The opening came a little more than a month after Gahcho Kué began the ramp-up to operations and exactly four months after the first diamonds were recovered in the process plant, and while the \$1 billion construction project was in the final stages and commissioning of the various parts of the mine was still under way. It's worth noting the project was completed ahead of time and on budget.

The year also saw Gahcho Kué work to assemble the team needed to operate the mine when it went into commercial production during the first quarter of 2017. Bolstered by over 107 employees transferred from Snap Lake Mine (which had been placed on care and maintenance in December 2015, we were successful in building a De Beers team that included 45% Northerners, 20% Indigenous and 13% women.

A major success was the implementation of De Beers Canada's first long-term supplier contract – awarded to Bouwa Whee Catering. This Yellowknives Dene-owned company took over catering at the mine in December. We are pleased

to report that 48% of expenditures at Gahcho Kué during 2016 were with NWT companies.

Finally, we worked to establish the De Beers Canada Fund in 2016 – a new approach to Corporate Social Investment. Once again, our goal is to maximize the impact De Beers and Gahcho Kué Mine will have on the communities in which we operate. Altogether, we spent \$610,000 to improve the lives of people during the year, including a \$100,000 investment to install an asphalt floor in the Lutsel K'e community arena to make it usable year-round and speed up installation of ice in the fall and winter.

This report also includes a short update on Snap Lake Mine, even though the Socio-Economic Agreement with the GNWT was suspended in December 2015. Much of the work during 2016 focused on suspending the mining operation and making sure the facility was ready for extended care and maintenance, necessary for De Beers to hold the asset. De Beers is very pleased that over 70% of the dollars spent at Snap Lake during 2016 were with NWT companies, and that 47% of the people working at the mine were NWT residents.

Gahcho Kué Mine is a joint venture between De Beers Canada (51%) – the operator – and Mountain Province Diamonds (49%).

2016 HIGHLIGHTS



2016 IN NUMBERS

TOTAL HOURS OF TRAINING



28,728

TRUCKLOADS OF
EQUIPMENT, SUPPLIES &
FUEL ON 2016 WINTER ROAD

2,210

NWT BUSINESS SPEND

\$179M (48%)

TOTAL WORKFORCE
(PERSON YEARS)

628

PERCENTAGE OF
DE BEERS EMPLOYEES WHO
ARE NWT RESIDENTS

45%

NUMBER OF SNAP LAKE
EMPLOYEES TRANSFERRED
TO GAHCHO KUÉ MINE

107

PERCENTAGE OF TOTAL WORKFORCE
WHO ARE NWT RESIDENTS

27%

PERCENTAGE OF TOTAL
WORKFORCE THAT IS FEMALE

13%

COMMUNITY SOCIAL
INVESTMENT

\$610,000

NUMBER OF ABORIGINAL
EMPLOYEES

71

NUMBER OF PICKUP POINTS
IN THE NWT

10

NUMBER OF BUSINESSES
ATTENDING NWT BUSINESS
BREAKFAST

55

BUSINESS UPDATES



BUSINESS UPDATE

In 2016, Gahcho Kué spent¹ \$178.9 million with NWT and Aboriginal companies to support the construction and commissioning.



Above: De Beers encouraged businesses from around the Northwest Territories to support the Yellowknife Food Bank at the annual Business Opportunities Breakfast in December 2016.

Below: A truck makes its way along the winter road to Gahcho Kué Mine.



WINTER ROAD 2016

In the Northwest Territories, meticulous planning and a strong commitment to safety across all teams resulted in a successful winter road program in 2016 without harm to the people or the environment. This success happened despite challenging weather conditions. The 2016 winter road was critical to the final year of construction at the Gahcho Kué Project. In all there were:

LOADS OF CARGO, FUEL, AND EQUIPMENT

1,635

TRUCKS CARRYING 22 MILLION LITRES OF FUEL

575

BACKHAULS

252

¹ All spending includes De Beers Canada's 51% contribution and 49% from Mountain Province Diamonds.

The total Northern spend represents 48% of the \$370 million spent during the year, surpassing the socio-economic commitment to procure at least 35% of the total annual value of goods and services purchased locally by nearly \$49 million. About 24% of Gahcho Kué's Northern spend, or \$42.4 million, was spent with Aboriginal companies.

One of the ways De Beers worked to maximize NWT spending was to host its annual NWT Business Opportunities Breakfast in Yellowknife in December 2016. The event was attended by close to 55 businesses who heard De Beers' plans for the coming year from CEO Kim Truter and got an update on Gahcho Kué from General Manager Allan Rodel. This year, businesses who attended the breakfast also donated cash to the Yellowknife Food Bank, a donation totalling \$3,400, of which \$2,500 was contributed by De Beers Canada.

DURING 2016, WE:

- Exceeded construction targets for local spend: 47% vs. target of 35%
- Gahcho Kué transitioned from construction into commissioning with local companies able to play a major role through supplying a variety of goods and services throughout
- Awarded Bouwa Whee Catering with the first ever long-term supplier contract with De Beers Canada (see case study)
- Continued success using Northern companies and joint ventures on the 2016 winter road program

GAHCHO KUÉ MINE SPEND - 2016

TOTAL GAHCHO KUÉ MINE SPEND IN 2016*

\$370m

Aboriginal Companies

\$42,436,970

Other NWT Companies

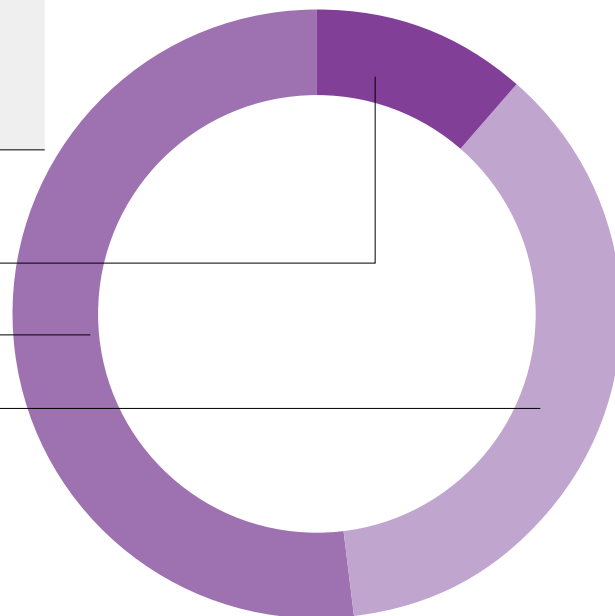
\$136,512,883

Non-NWT Companies

\$191,754,100

Total

\$370,703,953



GAHCHO KUÉ MINE SPEND - 2015-2016

TOTAL GAHCHO KUÉ MINE SPEND IN 2015-2016*

\$818m

Aboriginal Companies

\$108,495,254

Other NWT Companies

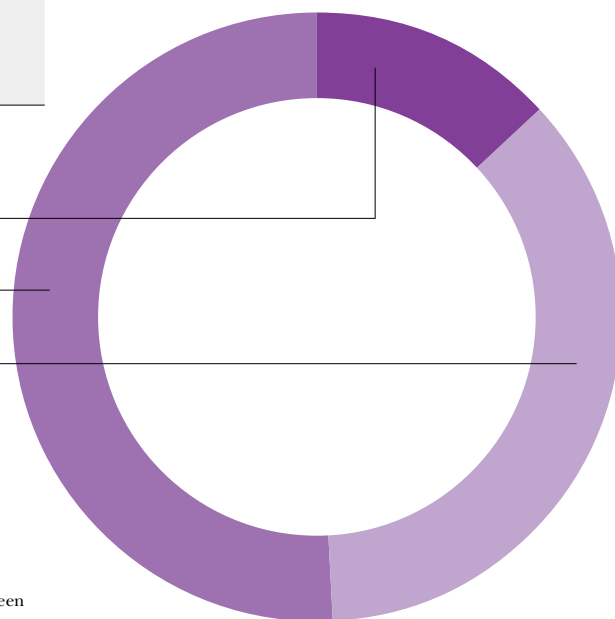
\$295,406,336

Non-NWT Companies

\$414,754,331

Total

\$818,655,921



*Total spend was shared 51/49 between De Beers and joint venture partner Mountain Province Diamonds

“...BOUWA WHEE WILL CONTINUE TO PROVIDE CATERING AND CAMP SERVICES AT GAHCHO KUÉ THROUGHOUT THE LIFE OF THE MINE, PROVIDED THE COMPANY CONTINUES TO DELIVER THE SERVICES AS REQUIRED.”

Below: Healthy food choices at Gahcho Kué Mine.



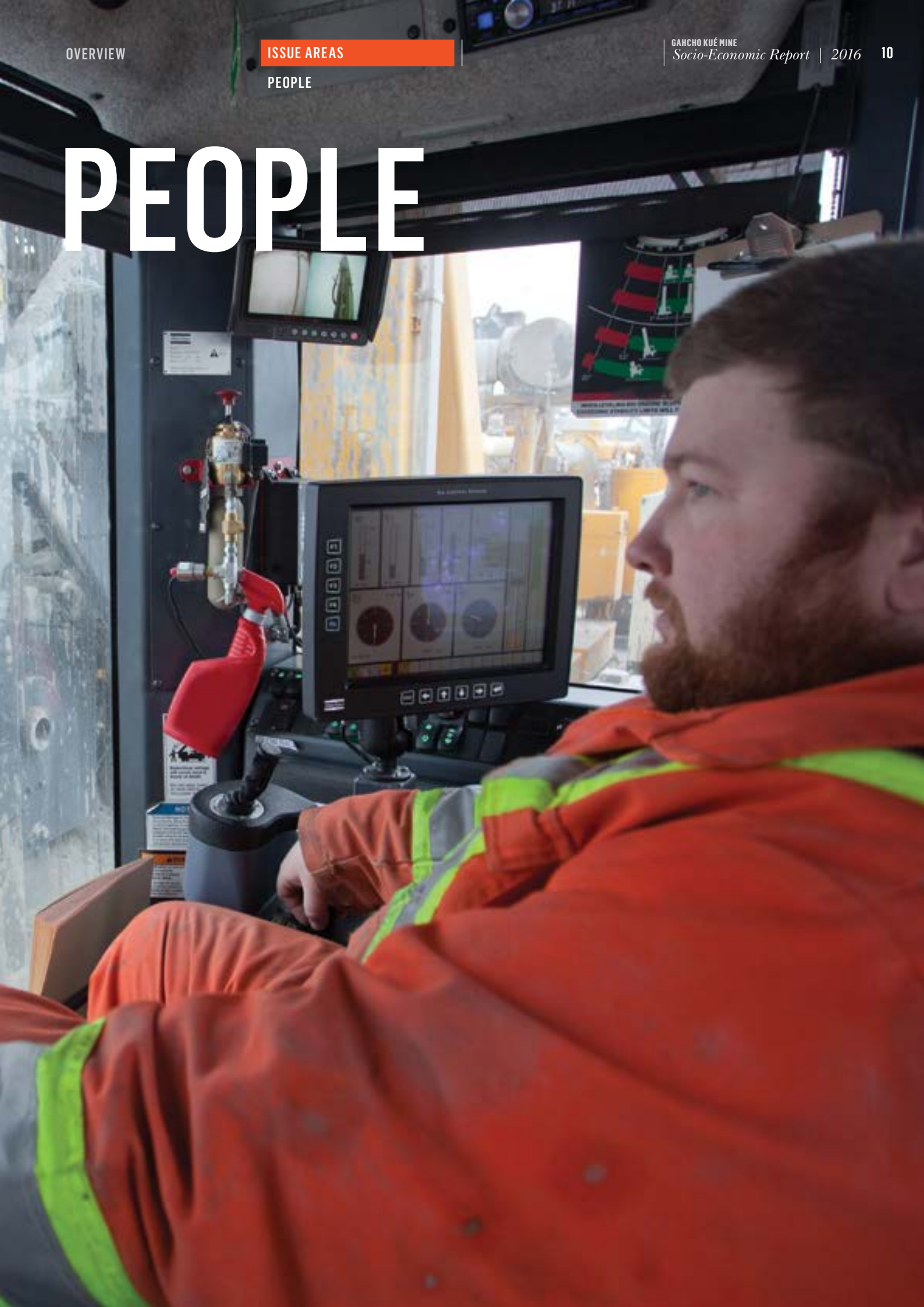
FIRST LONG-TERM SUPPLIER CONTRACT AWARDED TO ABORIGINAL-OWNED BUSINESS

On December 9, 2016, De Beers announced Bouwa Whee Catering, 100% owned by the Det'on Cho Corporation, was awarded the contract for catering and other key camp services at Gahcho Kué Mine in a long-term contract. Det'on Cho Corporation is the economic development arm of the Yellowknives Dene First Nation.

As a long-term contract, Bouwa Whee will continue to provide catering and camp services at Gahcho Kué throughout the life of the mine, provided the company continues to deliver the services as required. The contract included key NWT hiring and training commitments by Bouwa Whee.

This was the first contract to be awarded under a new business model approach by De Beers Canada to prioritize Aboriginal/Northwest Territories owned, managed and operated businesses to create broader benefits for all community members.

PEOPLE



EMPLOYEES

In 2016, the Human Resources team's focus was recruiting and retraining NWT employees with the skills and experience needed for the ramp-up to commercial production of the Gahcho Kué Mine.

The Gahcho Kué Mine Human Resources (HR) team was comprised of an HR Superintendent and two HR Coordinators based at the mine site, supported by HR advisors in the Calgary Operational Support Centre.

In 2016, the HR team's focus was recruiting and retraining NWT employees with the skills and experience needed for the ramp-up to commercial production. NWT applicants were given first priority with all recruitment focused on appointing an NWT resident before any non-NWT resident was considered. As a result of the 2016 employment ramp-up, the De Beers workforce at Gahcho Kué doubled to 348 in December from 174 in December 2015, including employees transferred from other De Beers operations and new hires.

Among the new hires, 72 were residents of the Northwest Territories, including 34 Aboriginal residents of the NWT.

Advertising for positions was focused on ads placed in *NWT News/North* and *Yellowknife*; an enhanced online presence on the recruitment portal on the De Beers Group website, and posts from the company's LinkedIn page and Twitter accounts. Newspaper ads included job-specific recruitment posting and general interest ads published between September and December to enhance knowledge of opportunities at the Gahcho Kué Mine.

Job postings were also shared with employment coordinators in communities with which De Beers Canada has Impact Benefit Agreements and through

employment officers working for the Government of the Northwest Territories throughout the NWT.

The decision to place Snap Lake Mine on care and maintenance in December 2015 had a benefit for Gahcho Kué, with a large number of trained personnel being able to transfer into positions coming open as the mine finished construction and moved into commissioning. Many were from the NWT and could remain in the NWT.

In all, 107 De Beers Snap Lake Mine employees from all the company's operations transferred to Gahcho Kué. In addition, a number of employees from De Beers Canada's Victor Mine in Ontario and its operational support centre in Calgary, Alberta also transferred to Gahcho Kué. Of the 107 employees, 20% identified as Aboriginal and about 40% of all Snap Lake employees transferred to Gahcho Kué were NWT residents. See the table on the next page for a full breakdown on employees transferred from Snap Lake Mine to Gahcho Kué Mine. Other former Snap Lake Mine employees were also hired at Gahcho Kué Mine during 2016, but because they left De Beers' employment before being rehired, determining the exact number was not possible.

Gahcho Kué Mine employees are able to access flights to the mine through 10 NWT pickup points: Yellowknife (including residents of Behchoko, Ndilo and Dettah), Lutsel K'e, Hay River, Fort Smith, Whati, Wekweeti, Gameti, Fort Simpson, Norman Wells and Inuvik. Employee flights to the mine were also offered from Edmonton,



Below: Two haul trucks at work in the 5034 Pit at Gahcho Kué Mine.

SCHOLARSHIP RECIPIENTS

De Beers provided \$20,500 in scholarships and bursaries to NWT students in 2016.

KIMBERLITE AWARD (\$500) TO THE TOP STUDENT AT THE KIMBERLITE CAREER AND TECHNICAL CENTRE:

– Jaida Edjericon

DE BEERS-YELLOWKNIVES DENE FIRST NATION SCHOLARSHIP:

- Erica Abel
- Tracy Betsina
- Justina Black
- Sylvia Charlo
- Natisha Drygeese
- Pascal Erasmus
- Megan Liske
- Tina Liske
- Ashley Sangris-Chapple
- Eric Tsetta
- Kelly Tsetta

DE BEERS-NORTH SLAVE MÉTIS ALLIANCE SCHOLARSHIP:

- Nicole Enge
- Joel Dragon-Smith
- Arden D'hont
- Amelia Harmon
- Scott Harmon

PEOPLE

Alberta for De Beers and contractor employees required to fill positions that cannot be filled by NWT residents.

The wind down of construction also meant a focus on supporting the team working at the mine. This included renovations and updates to the accommodations facility, including a refreshed dining room to help the site feel more like home, developing plans for a cultural centre at site, and providing all employees with their own rooms. The large number of people required for construction meant that some rooms had to be shared by two employees.

There was also an investment in improving employees' ability to connect with families while at the mine. New internet access was provided, and plans launched to develop a microwave link in the second half of 2017 that would more than triple Internet bandwidth.

Building a strong and effective team also meant investing in people. Late in the year, the groundwork was laid for a number of initiatives focused on building De Beers into the operator of choice among Canadian mining companies. Along with introduction of new technology to enhance payroll and employee development/performance management, work began to re-develop the company's employee value proposition and launch a gender equity and inclusion program during 2017.

EMPLOYEES TRANSFERRED TO GAHCHO KUÉ MINE

SNAP LAKE MINE TRANSFERS

SKILL LEVEL	Male	Female
MANAGEMENT	3	0
PROFESSIONAL	4	1
SKILLED	45	9
SEMI-SKILLED	42	3
UNSKILLED	0	0
TOTAL	94	13

2016 KEY ACHIEVEMENTS

- Fully achieved staffing for Gahcho Kué Mine
- Successfully transitioned 107 employees displaced by decision to place Snap Lake Mine on extended care and maintenance
- Recruited diverse workforce for Gahcho Kué Mine with focus on Northern and Indigenous candidates

EMPLOYEE WELLNESS

The health and well-being of employees working at Gahcho Kué Mine both while on rotation and at home is crucial to the safety and productivity of the mine.

While at site, employees find a home away from home outfitted with a fitness facility that features cardio workout and weight equipment, a yoga room and a recreation room with darts, a pool table and more.

Satellite television and wireless internet access is available in the employee and guest rooms for personal use and telephones are available in the hallways for employee personal calls.

Employees are also encouraged to eat healthy while at site with many nutritious food options available on an exciting menu featuring protein, pasta, a wide variety of vegetable and fruit options, a salad bar and sugar-free baked goods. There is also an ice cream cooler, and fresh-baked cookies, baking and pastries.

Up until December, ESS Compass Group held a joint venture agreement with Denesoline Corporation, the business development corporation of the Lutsel K'e Dene First Nation, to provide catering services at Gahcho Kué Mine. ESS regularly promoted nutrition information and other materials such as information on proper serving sizes with posters and information on dining room tables for employees. For business reasons, ESS decided to exit their contract in late 2016.

In December, Bouwa Whee Catering, owned by the Det'on Cho Corporation, entered into a long-term contract to provide catering services at the mine. Bouwa Whee uses informative menus to showcase healthy options, posters and infographics with the same information and strives to produce 90% of products from scratch including making their own stocks for soups and sauces and a variety of baked goods.

Gahcho Kué Mine is a dry site with a strict policy for no drug and alcohol use or other influence while on the job. Screening of all luggage coming in to site and random drug/alcohol testing of employees in safety-sensitive positions is part of the comprehensive safety program at the mine.

There is an Employee Assistance Program (EAP) offering personal counselling and other services to employees.

GAHCHO KUÉ EMPLOYEE EXCELLENCE RECOGNIZED BY CEO

Since 2009, De Beers Canada has recognized excellence through the CEO Award of Excellence. Employees from across the company are nominated by their colleagues in two different categories: Safety, Health & Environment and Business Improvement.

In 2016, a number of Gahcho Kué Mine employees were lauded for their dedication to safety and the betterment of De Beers Canada through their displays of teamwork, caring for their colleagues and their willingness to go above and beyond their regular duties.

CAROLE BOUCHER, PROTECTIVE SERVICES (SAFETY, HEALTH & ENVIRONMENT)

On October 25, 2016 while conducting video feed analysis, Carole observed two operators at the Primary - Jaw Crusher at Gahcho Kué using pry bars to remove material that had become lodged in the primary crusher, a risk which could have resulted in critical injuries or worse. Carole immediately reported the situation, and work was stopped until a new process to dislodge the materials was put in place.

JOE ADAMS, SITE SERVICES (BUSINESS IMPROVEMENT)

Joe was instrumental in transitioning to the new Camp & Catering contract (Bouwa Whee). The transition of camp catering and janitorial services between Bouwa Whee Catering and ESS Compass Group happened seamlessly and safely over the course of a weekend during the ramp-up to full production. From organizing and leading meetings with BWC operational staff to liaising with BWC leadership and DBC Procurement, Joe has been the foundation of this partnership.

WAREHOUSE & LOGISTICS TEAM (BUSINESS IMPROVEMENT)

The warehouse and logistics crew assembled and installed pallet racking in the Megadome Warehouse at Gahcho Kué. By doing this within the department, it saved the company a significant amount as well as bringing forward the start date for the warehouse several months ahead of the original contract schedule. While the installation of pallet racking is outside the normal scope of work for the department, it was accomplished with no injuries and no safety concerns.

More case studies online
www.debeersgroup.com/Canada

ENHANCED PERSONAL INTERNET ACCESS VIA BROADBAND

Internet access is available for all Gahcho Kué Mine employees, but data has always been limited due to the remote location of the site.

Listening to employees' concerns, De Beers announced in 2016 that it would be implementing personal internet access via Galaxy Pay2Go broadband. The addition of this network allowed employees looking for more data the ability to sign up for 100 MB, 500 MB or 1 GB of data on a monthly basis. While there remained a restriction on streaming video due to bandwidth limitations, this additional option provided employees greater access for their personal internet use at site.

The response from employees was positive and many took advantage of the Pay2Go network, using the extra data to spend more time connecting with their family and friends while on their work rotation.

GAHCHO KUÉ EMPLOYEES TAKE PART IN ANNUAL CLEAN UP

Employees demonstrated their commitment to environmental stewardship during the second annual Tidy Tundra activity.

The event drew 37 employees from across almost all departments to clean up any debris that may have accumulated over the winter. Tidy Tundra originated at Snap Lake Mine and was adopted at Gahcho Kué in 2015. Employees volunteered to take part, and were given time during the regular work day to participate.

"We had three hours set aside and we were finished in half that time – everyone worked hard for sure!" said Dayna Meredith, Environmental Officer.

At the end of the clean up, all participants were eligible for a draw for prizes that included a helicopter ride, meal vouchers, and De Beers gear.

INTRODUCTION OF EPAY CREATES SEAMLESS TIME MANAGEMENT FOR EMPLOYEES

A major project for De Beers Canada in late 2016 was planning and implementing a new online payroll system for time exception and leave requests. Replacing a paper-based system, De Beers *ePay* uses Ceridian's Dayforce HCM to allow employees to go online and create time exception reports and leave requests which would then be submitted directly to their manager for approval, using a secure, confidential website or an application on their personal mobile device.

Transition to the new system began on November 28, 2016 and was fully implemented by the start of 2017.

ePay replaced the current payroll system and allowed employees to receive their pay slips directly in their *ePay* inbox in place of the PDF versions that were emailed out beforehand. The first pay period of 2017, beginning December 26, was issued through *ePay* as the former system was phased out.

This application has made it easier for employees to track their time and requests, resulting in greater accountability and transparency across the company.

TRAINING



The primary focus for the Gahcho Kué Training Department in 2016 was induction training for new employees as the mine worked through the final construction and commissioning phases for most of the year. In addition, employees who wished to transition into a new role for the operations phase also took their training at the training centre.

INDUCTION TRAINING

The training department completed 1,197 training profiles on the mine's eLearning training tool. Of these 1,197 employees, 530 are still active as many employees and contractor employees remained at the mine for the operations phase.

On average, it takes approximately 24 hours over three days for employees to complete their induction training. This translates into 28,728 total hours of induction training in 2016.

Not included in these numbers are the additional training sessions the department conducts upon request, including:

- Equipment-related training – dozers, haul trucks, graders, shovels, genie lifts, forklifts, site driver permits, pit permits, etc.
- Employees – Hot Works Fire Watch, Fall Protection, Confined Space, First Aid, Overhead Crane & Rigging, and other skill-related training
- Supervisors – Visible Felt Leadership, Surface Supervisor Level I & II Certification, etc.
- Emergency Response Team Members – a multitude of training events specific to mine rescue – firefighting, high angle rescue, mine rescue certification, etc.

HELPING EMPLOYEES DISCOVER NEW PATHS

Working at De Beers Canada provides an environment where employees are encouraged to grow their skills and explore their abilities. Employees interested in switching to a new role or department undergo a review of their skills and abilities, and complete a Training Needs Analysis to see what training is required for this new opportunity.

In most cases employees have already completed the induction training required of all Gahcho Kué Mine employees. In 2016, there were several employees who changed roles or departments, gaining new skills and opening new doors in their professional development.

- Marc Coulombe, a Yellowknife resident, began his career in the Protective Services department where he was a Supervisor. Marc decided he was interested in becoming a heavy equipment operator, something he had done in previous roles in his life. The decision was made to train Marc on a packer and a haul truck – a Komat'su HM400. Marc completed all of this training with the training department and through shadowing his colleagues – including his daughter!

COMPLETED TRAINING PROFILES ON THE MINE'S E-LEARNING TRAINING TOOL

1,197

NUMBER OF HOURS TO COMPLETE INDUCTION TRAINING

24

TOTAL HOURS OF INDUCTION TRAINING IN 2016

28,728

Left: Marc Coulombe receives Heavy Equipment Operator training from his daughter Abigail Molloy, also an employee at Gahcho Kué Mine.

- Ian LeBlanc, a Maintenance Superintendent in the maintenance department, decided to become a Condition Maintenance Technician, receiving training in Fall Protection, Overhead Crane and Rigging, as well as telehandler and forklift training.
- Todd Ibey transitioned from his office-based job in Yellowknife as a maintenance planner to working in the warehouse at Gahcho Kué Mine. Todd required training on specific pieces of equipment including the forklift, front-end loader and crew/passenger bus.
- Phillip Hayden, who worked in the mining department as a heavy equipment operator moved back to his previous role on the drill and blast team as a blaster.
- Carl Isbister, Robert Donahue and Lorne Roach moved from the mining department where they were working as heavy equipment operators to the Process Plant in the same roles.

There were also several long and/or short-term contractor employees who, through their display of expertise and proven work ethic, were hired on permanently with De Beers.

While there were no trades-based training or apprenticeship programs in 2016 planning is underway for programs in 2017.

MPiT GRADUATES MAKE THEIR MARK AT GAHCHO KUÉ

De Beers' Mine Professional in Training Program (MPiT) is making its mark at Gahcho Kué Mine.

So far, 11 individuals have completed the three-year program and moved into permanent positions with De Beers Canada, including positions at Gahcho Kué. The program is open to university graduates in a number of mine-related fields.

Two NWT residents were enrolled in the MPiT program in 2016. Both Aimee Gauthier and Wesley Lines worked at Gahcho Kué during the year – both of whom were profiled in De Beers' 2015 NWT Socio-Economic Report, which is available on the De Beers Canada website.

Program graduates Juliana Morales and Harashvir Parhar both moved into full-time roles at Gahcho Kué.

Juliana, a geologist who started the program in 2013, said going through the MPiT program gave her the ability to bring a strong and well-rounded background to her role at the mine.

"This program is an excellent opportunity to learn about all the different roles and operations as well as to get to know the people that work in them," she said. "Being able to know your interests before settling into a permanent position is of great value."

Harashvir is a metallurgist at Gahcho Kué who also started the program in 2013. He said the key learning experience he gained from the MPiT program was enhancing technical metallurgical skills required for his current role, and gaining managerial skills within the capacity of acting supervisor and superintendent roles.

"The MPiT program is a rigorous learning experience that helps develop your technical, interpersonal and managerial skills," Harashvir said. "Once I graduated from the program, I felt confident and ready to jump into my next role for the company. Although I am still learning and developing in my career, I felt like the MPiT program gave me a good jump start and accelerated my development to get me where I am today."



"THE MPiT PROGRAM IS A RIGOROUS LEARNING EXPERIENCE THAT HELPS DEVELOP YOUR TECHNICAL, INTERPERSONAL AND MANAGERIAL SKILLS,"

*Harashvir Parhar,
program graduate*

Above: Harash Parhar – works as a metallurgist at Gahcho Kué Mine.

Below: Juliana Morales, a graduate of the MPiT program working at Gahcho Kué Mine, says the program was an excellent learning opportunity.



2016 GAHCHO KUÉ MINE TRAINING

Training	Life of Mine Commitment
Trades	16
Apprenticeships	10
Professional Development Sponsorships	4
Total	30



GEORGES MOUKODI – HYDROLOGIST

Yellowknife, NWT

Water is life. That is the mantra that drove Georges Moukodi into a career as a hydrologist. “I have always wanted to do my part in protecting the environment,” Georges said. He monitors surface water elevation and volumes around the Gahcho Kué Mine and manages water balancing – like an accountant balancing financial spreadsheets, but with water volume data, instead of cash. He joined the Gahcho Kué team in July 2016 and says despite the challenging climate, he enjoys the opportunity to meet people of different origins, and working outside.



DAYNA MEREDITH – ENVIRONMENTAL OFFICER

Yellowknife, NWT

Dayna’s first adventure was moving to Yellowknife with her family when she was young. “Growing up in the North, I have always loved the outdoors and spent a lot of time on the land with my Dad,” Dayna said. Inspired by a high school teacher, she completed the Natural Resource Technology program in Fort Smith, NWT and worked at various Northern mines before coming to Gahcho Kué Mine. “The team here is one of the best I’ve had the privilege of working with,” she said. “Our job is constantly changing, and facing new challenges is what pulls us together across all departments.” When she’s not at work Dayna enjoys travelling and playing with Shadow, her German shepherd.



TERRY PINSKE – PROCESS PLANT SUPERINTENDENT

Meadow Lake, Saskatchewan

The process plant at Gahcho Kué is a well-designed maze of staircases, ramps, conveyor belts and machinery but Terry Pinske knows it all like the back of his hand. Terry has been working in De Beers Canada’s process plants for 11 years, beginning at Snap Lake Mine as a control room operator. One of the more than 100 Snap Lake employees who transferred to Gahcho Kué in early 2016, he says it’s the team atmosphere, the two-week rotation and the focus on safety culture and safe working decisions which he likes best. “Gahcho Kué is about trouble shooting problems and correcting them, taking on challenges to make the company better and being passionate about seeing the company improve,” Terry said. On his time off, Terry spends much of his time outdoors hiking, quading, enjoying watersports, working out and travelling.



TRUDY BEAULIEU – HEAVY EQUIPMENT OPERATOR

Behchoko, NWT

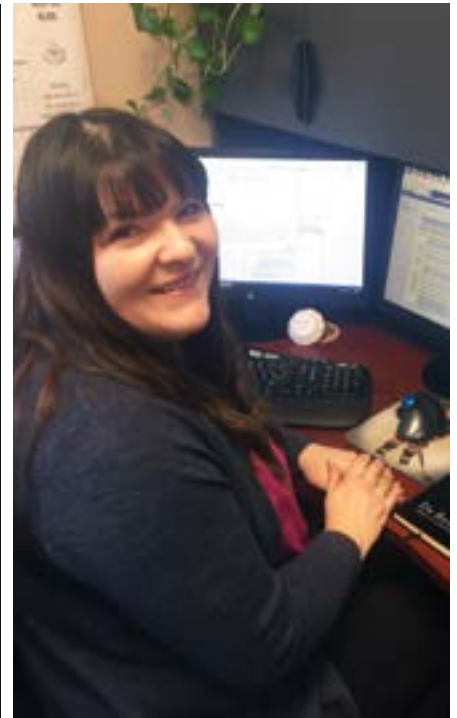
When Trudy Beaulieu first started at Gahcho Kué Mine she drove 40-tonne haul trucks, but the larger 200-tonne trucks always gave her pause. “I always wondered to myself if I could drive one of those big trucks, just to look at it, it kind of looks hard,” she said. Then she jumped into one of the larger trucks with a colleague for training and realized it wasn’t as insurmountable a challenge as she thought. Trudy has been a haul truck driver with De Beers Canada since 2011 at Snap Lake Mine, and joined the Gahcho Kué team in May 2016. She received underground miner training at Aurora College through a six-week course held in her hometown of Behchoko and then took a heavy equipment operator course offered by the NWT Mine Training Society. She said the teamwork and sense of accomplishment is the best part of the job. “Having a good boss and a good crew is like having a big family working together as a team,” Trudy said. “I love driving and the feeling of accomplishing our production targets – knowing the bosses are happy makes me happy at the end of the day. Teamwork gets the job done.”



DANNY ACTON – DRILL BLASTER

Yellowknife, NWT

Challenging and ever-changing work, a family atmosphere and the opportunity for professional growth is what Danny enjoys most about working at Gahcho Kué. “The feeling here is that these people are not just your coworkers, but more of a family – everybody knows everybody in the camp,” Danny said. A blaster helper since 2009, Danny has been at Gahcho Kué for three years and in his time there has advanced his career with the help of his colleagues, and in the summer of 2016 he earned his blaster’s ticket. “I really enjoy my line of work because every day is different,” he said. “We are on the ground moving, measuring hole depth, calculating timing sequence and priming blast holes.”



ANDREA SLUGGETT – OPERATIONS CONTRACT PERFORMANCE MANAGER

Yellowknife, NWT

Andrea Sluggett has seen many facets of the mining industry, from camp administrator to mine rescue, heavy equipment operation and finally to procurement. As Operations Contract Performance Manager Andrea is in charge of looking after and securing contracts to keep Gahcho Kué booming, and has been with De Beers since October 2014. Her wealth of experience and education in mining has all come through on-the-job training and skill building which she gained through working at Northern mine sites. As for Gahcho Kué, what she enjoys most is the people and the challenges. “Each season has diverse challenges that have to be addressed which results in a dynamic, constantly evolving workplace,” Andrea said. When she’s not working she spends time with her family which includes four children, two dogs, a cat and a husband.

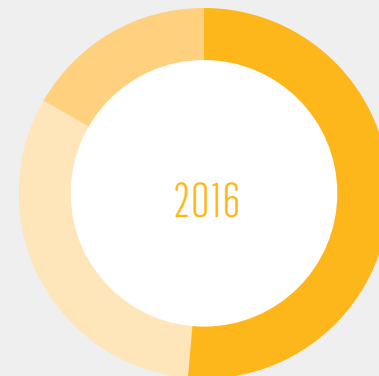
COMMUNITIES



COMMUNITIES

2016 was a year of transition for De Beers Canada in all aspects of our business, including community investment. Our main priority became people, employees at our mines and projects, and the people in the communities closest to our operations as we took the 12 months to complete our transition.

TOTAL CSI SPEND 2016



Arts, Culture & Heritage \$314,616
Education & Health \$195,350
Infrastructure \$100,000

As we focused on the closure of Snap Lake Mine and worked to complete the construction of Gahcho Kué Mine, which would not be able to generate any revenue until late in the second half of the year, De Beers Canada was committed to continuing to meet our obligations as outlined in our various Impact Benefit Agreements we have with the Aboriginal communities near our operations.

Projects and programs are chosen to receive resources via the Impact Benefit Agreements in collaboration with the communities, through a committee with representation from the community and De Beers Canada. The projects and programs chosen to receive resources in 2016 included training programs, cultural activities, community events and infrastructure. The De Beers Canada Fund was established during 2016, providing additional investments in community projects. Altogether, \$610,000 was spent to support a variety of initiatives.

While resources were limited due to the transition of the company in 2016,

De Beers Canada was pleased to be able to make a significant contribution of \$100,000 to the community of Lutsel K'e to complete the floor in the community arena so the facility could be used for recreation and other activities year-round.

"This investment into the arena, one of Lutsel K'e's most important pieces of infrastructure, will benefit all residents, in particular our youth," said Chief Felix Lockhart, Lutsel K'e Dene First Nation (LKDFN). "Once the floor is in place, we will be able to hold sports events such as indoor soccer, basket-ball or community feasts and other special events. With the current sand floor, the arena isn't used as much as it could be."

Another key achievement was the \$45,000 donation to the Tlicho Government, which was used to purchase canoes for the Trails of Our Ancestors project. The project allows Tlicho youth and community members to take a guided tour along ancient, traditional canoe paths between the Tlicho communities.

Programs that received resources in 2016 included:

- Tlicho community cultural programs
- Yellowknives Dene BEAHR Training Program
- Yellowknives Dene Aboriginal HeadStart Program
- Desnedheche Arbor/Parry Fall Trail embankment in Lutsel K'e
- North Slave Métis Alliance Aboriginal Day Fish Fry
- Deninu Kué First Nation's Fort Resolution Mission Island Boardwalk
- Hay River Métis council jigging classes
- Fort Smith Council Culture Camp for kids
- Fort Resolution Métis Council Youth Fiddling Camp
- Aboriginal Day activities
- Donation of 500 blankets from Snap Lake Mine to charities in Yellowknife and to the Lutsel K'e Dene First Nation
- Donation to the Yellowknife Food Bank

2016 KEY INITIATIVES

- Donation of \$100,000 toward the floor upgrade for the Lutsel K'e community arena
- Donation of \$45,000 toward purchase of canoes for the Tlicho Government's Trails of Our Ancestors initiative
- Investment in NWT cultural programs and events within communities.

Left: Community partners, elders and guests participate in the ancient fire feeding ceremony to bless the land and the mine on September 20th.



Above: Money from recyclables collected at our NWT operations and from a silent auction at the De Beers Yellowknife Christmas Party was donated to the NWT SPCA.



Right: Dancers perform at the North Slave Métis Alliance Fish Fry held on National Aboriginal Day in Yellowknife.

“THIS INVESTMENT INTO THE ARENA, ONE OF LUTSEL K'E'S MOST IMPORTANT PIECES OF INFRASTRUCTURE, WILL BENEFIT ALL RESIDENTS, IN PARTICULAR OUR YOUTH... ONCE THE FLOOR IS IN PLACE, WE WILL BE ABLE TO HOLD SPORTS EVENTS SUCH AS INDOOR SOCCER, BASKETBALL OR COMMUNITY FEASTS AND OTHER SPECIAL EVENTS. WITH THE CURRENT SAND FLOOR, THE ARENA ISN'T USED AS MUCH AS IT COULD BE.”

Chief Felix Lockhart, Lutsel K'e Dene First Nation (LKDFN)

Above left: Elders from five Aboriginal communities attend a fish tasting event at Gahcho Kué Mine in September.

In May, 500 blankets were donated to charities in Yellowknife and Lutsel K'e, including the Salvation Army, pictured above.



DE BEERS DONATES \$100,000 IN SUPPORT OF LUTSEL K'E ARENA IMPROVEMENTS

In June 2016, De Beers Canada Chief Executive Officer Kim Truter announced a \$100,000 contribution from the De Beers Canada Fund toward the installation of a hard surface floor in the Lutsel K'e Community Arena.

The project is a partnership between the Lutsel K'e Dene First Nation (LKDFN), De Beers and government. Denesoline Corporation, the LKDFN's economic development agency, will manage the project to install asphalt on the arena floor.

“By working with the community and government, De Beers is helping to improve the quality of life in Lutsel K'e but we're also investing in developing capacity in the community to manage a large infrastructure development,” said Truter during a community celebration in Lutsel K'e. “De Beers believes that our business can be a catalyst for delivering socio-economic benefit and make a positive difference in the communities where we operate.”

Above: In June, De Beers donated \$100,000 towards the floor upgrade project of the Lutsel K'e Community Arena.

Left: Community members work to clear trees from the Desnedheche/Parry Falls trail embankment near Lutsel K'e.

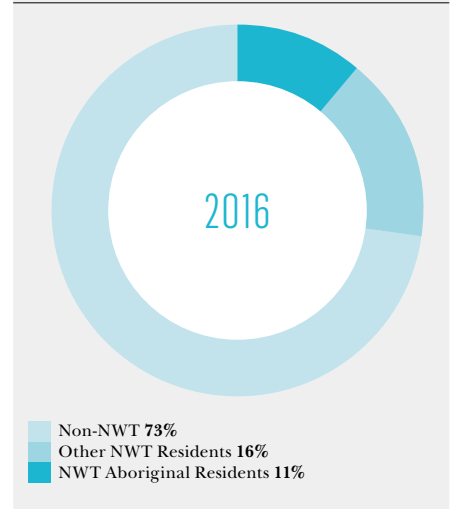
GAHCHO KUÉ MINE EMPLOYMENT REPORT



2016 GAHCHO KUÉ EMPLOYMENT DATA

One of De Beers' principal goals with the Gahcho Kué Project is to expand resident labour force participation at every stage of development, including its construction, operation, and reclamation phases, thereby ensuring the resident population benefits from the mine's economic contributions to the Northwest Territories.

TABLE 1: EMPLOYMENT BY HIRING PRIORITY, TO THE END OF 2016



There were 628 full-time equivalent (FTE) jobs created as a direct result of the Gahcho Kué Mine's second year of construction.¹ NWT residents filled 172 of those jobs, representing 27% of the total workforce. This is a substantial improvement from 2015 when 16% of the construction workforce were residents of the territory. About 45% of De Beers' employees were NWT residents in 2016.

One of De Beers' principal goals with the Gahcho Kué Mine is to expand resident labour force participation at every stage of development, including its construction, operation, and reclamation phases, thereby ensuring the resident population benefits from the mine's economic contributions to the Northwest Territories.

The construction phase posed particular challenges, however. Skilled tradespeople such as electricians, ironworkers, welders, and carpenters, and professionals such as engineers and geologists were needed in large numbers. The second year of construction saw 51% of the total labour

demand in these specialized jobs. The NWT labour force does not have enough individuals with these skills or with this type of education. As a result, NWT residents filled just 13% of the jobs in these categories.

NWT labour was better represented in semi-skilled jobs that typically require some trades training and/or past work experience but do not require a university degree or professional designation. NWT residents filled 40% of these jobs, equal to 92 of the 232 available. The challenge in filling more of these jobs with resident labour is not the lack of skills but rather a shortfall in the number of people available to do the work. For example, there are plenty of heavy equipment operators living in the NWT, but the Project created 93 FTE operator jobs. That is more demand than the territory could supply without having people leave their existing jobs in order to work at the Gahcho Kué construction site. As a result, 41 heavy equipment operator jobs were filled by labour from outside the territory.

This highlights a second challenge associated with increasing the resident workforce during the construction phase, which is the temporary nature of the jobs being created. There were more than 1,200 employees registered for work on the Gahcho Kué construction site in 2016, but when summed in full-time equivalency terms, the number drops to 628, meaning the average job lasted six months. Skilled workers, in particular, are often employed for a short period of time to complete a very specific task, after which they are no longer required. This reduces the attractiveness of these jobs for qualified NWT residents that are already employed elsewhere.

Gahcho Kué Mine will enter its production phase in 2017, resulting in a changeover in staffing requirements. De Beers is committed to finding and developing new labour from within the NWT and is confident that the transition into operations will bring with it increased NWT resident employment.

Left: De Beers Canada CEO Kim Truter addresses guests at the official Gahcho Kué Mine opening ceremony on September 20.

“DE BEERS IS COMMITTED TO FINDING AND DEVELOPING NEW LABOUR FROM WITHIN THE NWT...”

¹A full-time job is defined as 2,184 hours worked in a single year. The total hours are calculated from the assumption that an employee will work 13 cycles of 14 days, with a day equalling a 12-hour shift. Therefore, estimating number of jobs in terms of person years requires summing the total number of hours worked by all employees and dividing that number by 2,184. For the purposes of this analysis, each person year (PY) of employment can also be considered a full-time equivalent employee or FTE.

EMPLOYMENT BY HIRING PRIORITY

Table 1 presents the employment history in person years by hiring priority for the final year of construction of Gahcho Kué Mine. These data combine the employment results of De Beers and our contractors. There were 628 FTE construction jobs created over the course of 2016.

NWT residents contributed 172 person years of employment to the construction project. This represents 27% of the overall workforce and matches what De Beers predicted based on its experience building Snap Lake Mine². It is, however, below the target established in coordination with the Government of the Northwest Territories as laid out in the Gahcho Kué Socio-Economic Agreement³.

NWT Aboriginal residents filled 70 FTE positions during the year, 33 more than in 2015. The workforce contribution of Non-Aboriginal resident employees also grew in 2016, though by a much smaller margin, up eight FTE jobs to 102 on the year.

Table 2 provides employment information for De Beers and our contractors separately.

The job of building the Gahcho Kué Mine was contracted to firms specializing in the variety of tasks needed for such an endeavour. As such, the majority of employees (57%) on site throughout the year were employed by contractors. This percentage amounts to 357 person years of employment, and because the vast majority of these jobs were in specialized trades, 86% of these workers were non-residents.

The number of Gahcho Kué employees on site grew as the year progressed and the construction project reached its final stages. Our own employees carried out pre-production earthworks, drilling, process plant commissioning, site support services, project management, environmental programming, and administration. In total, De Beers' employees accounted for 43% of the overall workforce, equal to 271 person years of employment. NWT residents filled 122 of these FTE jobs, equal to 45% of De Beers Gahcho Kué workforce.

EMPLOYMENT BY HIRING PRIORITY AND JOB CLASSIFICATION

Table 3 contains employment results by hiring priority and job classification. The many different jobs associated are grouped into five categories based on the skills required to qualify for them. Jobs classified as skilled, professional, or management require that employees have a college diploma, university degree, trades certification, work experience, and/or a professional designation. Of the 628 FTE direct jobs, 340 or 54% fall into one of these three categories. Jobs classified as semi-skilled require some training either through a trade school or acquired on-the-job, and might require a high school education.

There were 232 semi-skilled positions at the construction site, including heavy equipment operators, process plant operators, blasters, and cooks. Unskilled positions include all general labourers, assistants, and housekeeping staff. The education and training requirements of these positions make them good choices for NWT residents that did not complete high school or are starting out with their first job. There are rarely a lot of these types of jobs at a mine during construction, however. In 2016, the Project created 56 FTE jobs in the unskilled category, which is 9% of the total FTE jobs created in the year. NWT residents filled half of them.

A large majority (66%) of NWT Aboriginal residents at the construction

TABLE 2: EMPLOYMENT BY HIRING PRIORITY, 2016

	De Beers	Contractor	Total
(PERSON YEARS)			
NWT Aboriginal	54	17	70
Other NWT residents	68	34	102
Subtotal NWT Residents	122	50	172
Non-NWT Aboriginal	1	0	1
Other Non-NWT Residents	148	307	455
Subtotal Non-NWT Residents	149	307	456
Total	271	357	628
(PER CENT OF TOTAL)			
NWT Aboriginal	20%	5%	11%
Other NWT residents	25%	9%	16%
Subtotal NWT Residents	45%	14%	27%
Non-NWT Aboriginal	0%	0%	0%
Other Non-NWT Residents	55%	86%	72%
Subtotal Non-NWT Residents	55%	86%	73%
Total	100%	100%	100%

Note: NWT Aboriginal employees who were identified as residing outside the NWT are recorded as Non-NWT Residents in this table. Any employee whose Aboriginal status could not be established was identified as non-Aboriginal in this table. Figures may not add up due to rounding error.

2 See Section 3.4.1 in the Gahcho Kué Socio-Economic Agreement.

3 See Section 3.4.3 (a) in the Gahcho Kué Socio-Economic Agreement.

GAHCHO KUÉ MINE EMPLOYMENT REPORT

site worked in semi-skilled positions, while another 23% worked in unskilled jobs. There were seven NWT Aboriginal employees working in skilled jobs, one working in a professional job, and one within the management team. The distribution amongst non-Aboriginal residents working at the Project was a little different. There were nine NWT non-Aboriginal residents working within management, three working in professional jobs, and 32 in skilled positions. Still, the largest percentage of non-Aboriginal resident labour (45%) found work in semi-skilled jobs and another 12% worked in unskilled positions.

The results in Table 3 highlight the skills gap that exists in the NWT workforce, the small pool of labour that exists

within the territory, and the difficulty short-term projects have in coaxing resident labour away from their current jobs. Some jobs require skills that are not in high demand on a continual basis in the economy, such as crane operators and iron workers, and as a result, only a small percentage of these jobs are filled by NWT labour. It is also the case that the Project requires a large number of workers with a specific skill over a short period of time. The NWT labour supply doesn't have that many individuals with the required skills and who are ready, willing, and able to give up their current job to take up the temporary one at Gahcho Kué. Again, the result is that the majority of these jobs are filled by workers from elsewhere who are

otherwise unemployed or are willing to leave their jobs to work at Gahcho Kué.

TABLE 3: EMPLOYMENT BY HIRING PRIORITY AND JOB CLASSIFICATION, 2016

	NWT Aboriginal	Other NWT Residents	Subtotal NWT Residents	Non-NWT Residents	Grand Total
	(PERSON YEARS)				
Management	1	9	10	10	20
Professional	1	3	4	18	22
Skilled	7	32	39	258	297
Subtotal	9	44	53	286	339
Semi-Skilled	46	46	92	140	232
Unskilled	16	12	28	28	56
Subtotal	62	58	120	168	288
Total	71	102	173	454	628
	PER CENT OF TOTAL BY JOB CLASSIFICATION				
Management	5%	45%	50%	50%	100%
Professional	4%	14%	18%	82%	100%
Skilled	2%	11%	13%	87%	100%
Subtotal	3%	13%	16%	84%	100%
Semi-Skilled	20%	20%	40%	60%	100%
Unskilled	29%	22%	51%	49%	100%
Subtotal	22%	20%	42%	58%	100%
Total	11%	16%	28%	72%	100%
	PER CENT OF TOTAL BY HIRING PRIORITY				
Management	1%	9%	6%	2%	3%
Professional	1%	3%	2%	4%	4%
Skilled	10%	31%	22%	57%	47%
Subtotal	13%	43%	31%	63%	54%
Semi-Skilled	65%	45%	53%	31%	37%
Unskilled	23%	12%	16%	6%	9%
Subtotal	87%	57%	69%	37%	46%
Total	100%	100%	100%	100%	100%

Note: NWT Aboriginal employees who were identified as residing outside the NWT are recorded as Non-NWT Residents in this table. Any employee whose Aboriginal status could not be established was identified as non-Aboriginal in this table. Figures may not add up due to rounding error.

EMPLOYMENT BY COMMUNITY

The employment data by NWT community is presented in Table 4. This table illustrates the many different communities represented at the Gahcho Kué Mine construction project. These statistics are recorded as the number of person years of employment and combine De Beers' employees with the employees working for our contractors.

Gahcho Kué Socio-Economic Agreement establishes priority groups within the NWT, which dictates our hiring practices⁴. The order of hiring priority is as follows:

1. Members of Aboriginal Authorities, including
 - a. Deninu Kué First Nation;
 - b. Lutsel K'e and Kache Dene First Nation;
 - c. North Slave Métis Alliance;
 - d. NWT Métis Nation;
 - e. Tlicho; and,
 - f. Yellowknives Dene First Nation.
2. Aboriginal people residing in the NWT;
3. NWT residents who have been continuously resident in the NWT for at least six months;
4. All others residing in or relocating to the NWT; and,
5. All others (non-NWT residents).

There were 16 communities represented in the 2016 construction workforce. The majority reside in Yellowknife, accounting for 71% of the NWT workforce with 123 person years of employment. The Town of Hay River contributed 19 person years (11%), which is twice that of last year, while Fort Smith added another eight person years of employment to the construction workforce.

Travel to the mine from any NWT community should not represent a barrier to employment for any NWT resident. As a part of its Gahcho Kué Socio Economic Agreement, De Beers provides return air transportation, at its expense, to employees travelling from Lutsel K'e, Gameti, Whati, Wekweeti, Yellowknife (for communities of Behchoko, Dettah, and Ndilo), Hay River, Fort Smith, Fort Simpson, Norman Wells and Inuvik. In addition, De Beers provides a travel allowance to employees who do not reside in one of these communities in order to facilitate their travel to and from the nearest designated pick-up point.

TABLE 4: EMPLOYMENT BY NWT COMMUNITY

	Person Years	% of Total Employment	% of NWT Employment
YELLOWKNIFE	123	19.6%	71%
HAY RIVER	19	3.1%	11%
BEHCHOKO	5	0.8%	3%
INUVIK	1	0.2%	1%
KAKISA	0	0.1%	0%
NORMAN WELLS	2	0.3%	1%
DELINE	1	0.2%	1%
WHATI	2	0.3%	1%
LUTSELKE	1	0.2%	1%
FORT RESOLUTION	0	0.0%	0%
FORT SIMPSON	1	0.1%	1%
FORT SMITH	8	1.3%	5%
FORT GOOD HOPE	3	0.4%	2%
FORT MCPHERSON	1	0.2%	1%
FORT PROVIDENCE	2	0.3%	1%
GAMETI	2	0.4%	1%
NON-NWT	455	73%	n.a.
TOTAL NWT	628	100%	100%

Note: figures may not add up due to rounding error.

4 See Section 3.2 in the Gahcho Kué Socio-Economic Agreement.

EMPLOYMENT BY GENDER AND JOB CLASSIFICATION

De Beers supports and encourages the participation of women in all aspects of work related to the Gahcho Kué Mine and encourages similar commitments from our contractors⁵. Tables 5 and 6 provide evidence of our combined record in this area. There were 79 women employed at the Gahcho Kué Mine construction project in 2016, representing 13% of the overall workforce. Women provided the mine with 23 person years of employment in jobs classified as management, professional, or skilled, and another 33 and 23 person years of employment in jobs classified as semi-skilled and unskilled, respectively.

TABLE 5: EMPLOYMENT BY GENDER			TABLE 6: EMPLOYMENT BY JOB CLASSIFICATION		
	(person years)	(per cent)		(person years)	(per cent)
Men	548	87%	Management	1	2%
Women	79	13%	Professional	3	4%
Total	628	100%	Skilled	19	23%
Note: figures may not add up due to rounding error.			Subtotal	23	29%
			Semi-Skilled	33	42%
			Unskilled	23	29%
			Subtotal	57	71%
			Grand Total	79	100%

5 See Section 4.9 in the Gahcho Kué Socio-Economic Agreement.



Above: Tlicho Grand Chief Eddie Erasmus, left, Chief Clifford Daniels of Behchoko and Frances Erasmus look over a selection of rough Gahcho Kué diamonds with Simon O'Brien, Diamond Integrity Manager with De Beers Canada (second from left).

SNAP LAKE MINE UPDATE



SNAP LAKE MINE

Following the decision to halt operations at Snap Lake Mine on December 4, 2015, considerable work was carried out in 2016 to suspend the operation and prepare it for extended care and maintenance

Although the majority of employees departed site on December 4, 2015, a number of employees stayed on to do the work needed to safely shut down operations. That work included moving the mobile mining fleet to the surface, shutting down the process plant and satellite buildings, closing two of the four accommodation wings and general site housekeeping.

In total, 107 Snap Lake employees were successfully transferred to positions at Gahcho Kué Mine.

Much of the suspension work was completed by March 2016 when a second group of employees departed the mine, leaving behind a small team of 69 De Beers and contract employees who performed the care and maintenance work through to the end of the year. Of these employees, 41% lived in the NWT and 20% were female.

During 2016, De Beers spent \$54.7 million on goods and services at Snap Lake Mine, of which 76% was spent with NWT and Aboriginal businesses.

While work to suspend the operation was under way, De Beers applied for a permit to allow the flooding of the underground workings, reducing the long-term cost of holding the mine and reducing the impact of releasing water into the receiving environment.

Environmental officer Andre Boulanger takes readings from one of the sensors that monitors the North Pile engineered kimberlite containment facility at Snap Lake Mine.

TOTAL SPENT ON GOODS AND SERVICES IN 2016

\$54.7M

PERCENTAGE OF TOTAL GOODS AND SERVICES SPEND WITH NWT AND ABORIGINAL BUSINESSES

76%

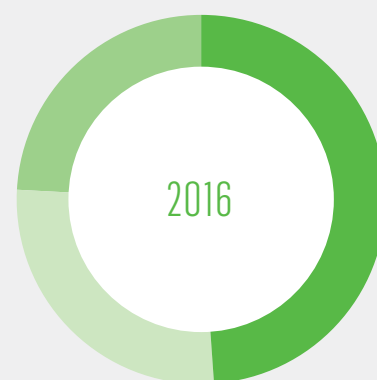
That permit was received in June 2016. This process continued until mid-December when a buyer could not be found and the decision was made to allow the mine to flood.

Although the surface infrastructure remains in place, restarting the operation would be costly and would need a combination of positive market conditions and an alternative technical solution to managing mine water ingress. Following extensive option analysis, this is deemed unlikely at this point in time and the technical studies required to advance to permanent closure and site rehabilitation have commenced.



Morin Neyelle, Utilities Operator, monitoring operation of the Snap Lake Mine Water Treatment Plant at Snap Lake Mine.

SNAP LAKE MINE 2016 SPEND



■ NWT Non-Aboriginal 49%
■ Aboriginal Portion 27%
■ Non-NWT 24%

SNAP LAKE MINE UPDATE

SNAP LAKE MINE EMPLOYMENT*

DE BEERS CANADA

	Northern Aboriginal	Other NWT Residents	Non-NWT Residents	Total
Date sent Home due to Care and Maintenance*				
04-Dec-15	44	23	318	385
01-Jan-16	3	1	11	15
01-Feb-16	1	4	16	21
26-Mar-16**	2	1	15	18
Terminated	50	29	360	439
Percentage	11%	7%	82%	100%

Care and Maintenance Team

As of 31-Dec-16	7	11	39	57
General Staff	7	10	28	45
Supervisory	0	1	10	11
Manager	0	0	1	1
TOTAL	7	11	39	57
Percentage	12%	19%	69%	100%

Employment by Gender

	(person years)	(per cent)
Male	50	88%
Female	7	12%
TOTAL	57	100%

*Actual employment

BOUWA WHEE CATERING*

	NWT Aboriginal	Other NWT Residents	Non-NWT Residents	Total
Employees Laid Off by January 13, 2016				
Management	0	0	0	0
Professional	0	0	0	0
Skilled	0	1	0	1
Semi-Skilled	2	0	2	4
Unskilled	15	3	3	21
TOTAL	17	4	5	26
Percentage	66%	15%	19%	100%

Employees Laid Off by June 1, 2016

Management	0	0	0	0
Professional	0	0	0	0
Skilled	0	0	4	4
Semi-Skilled	0	0	0	0
Unskilled	6	5	0	11
TOTAL	6	5	4	15
Percentage	40%	33%	27%	100%

Employees at Snap Lake Mine - December 31, 2016

Management	0	1	1	2
Professional	0	0	0	0
Skilled	1	1	1	3
Semi-Skilled	0	0	0	0
Unskilled	7	0	0	7
TOTAL	8	2	2	12
Percentage	67%	17%	17%	100%

Employment by Gender

	(person years)	(per cent)
Male	5	42%
Female	7	58%
TOTAL	12	100%

*Actual employment

WHISTLE BLOWING HOTLINE

The De Beers Group whistleblowing service (Speak Up) enables employees and other stakeholders to raise concerns about conduct that is unlawful, unethical or unsafe, including (but not limited to):

HEALTH AND SAFETY

Actions that could result in harm to individuals or the environment.

BRIBERY AND CORRUPTION

Illegally taking or offering financial incentives.

MISUSE OF ASSETS

Inappropriate use or theft of company property.

LEGAL OBLIGATIONS

Failure to comply with or meet legal commitments.

CONFLICT OF INTEREST

Concealment of interests that may influence decisions.

Any person wishing to report an incident can use Speak Up, a confidential whistleblowing service for all employees and stakeholders of the Anglo American group. It is independently managed by Deloitte Tip-offs Anonymous. Contact details are as follows:

CANADA

Tel: +1 (1) 866 451 1590

CONTACTS

CANADA

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