

# BUILDING FOREVER

PARTNERSHIPS | TRUST | PROSPERITY



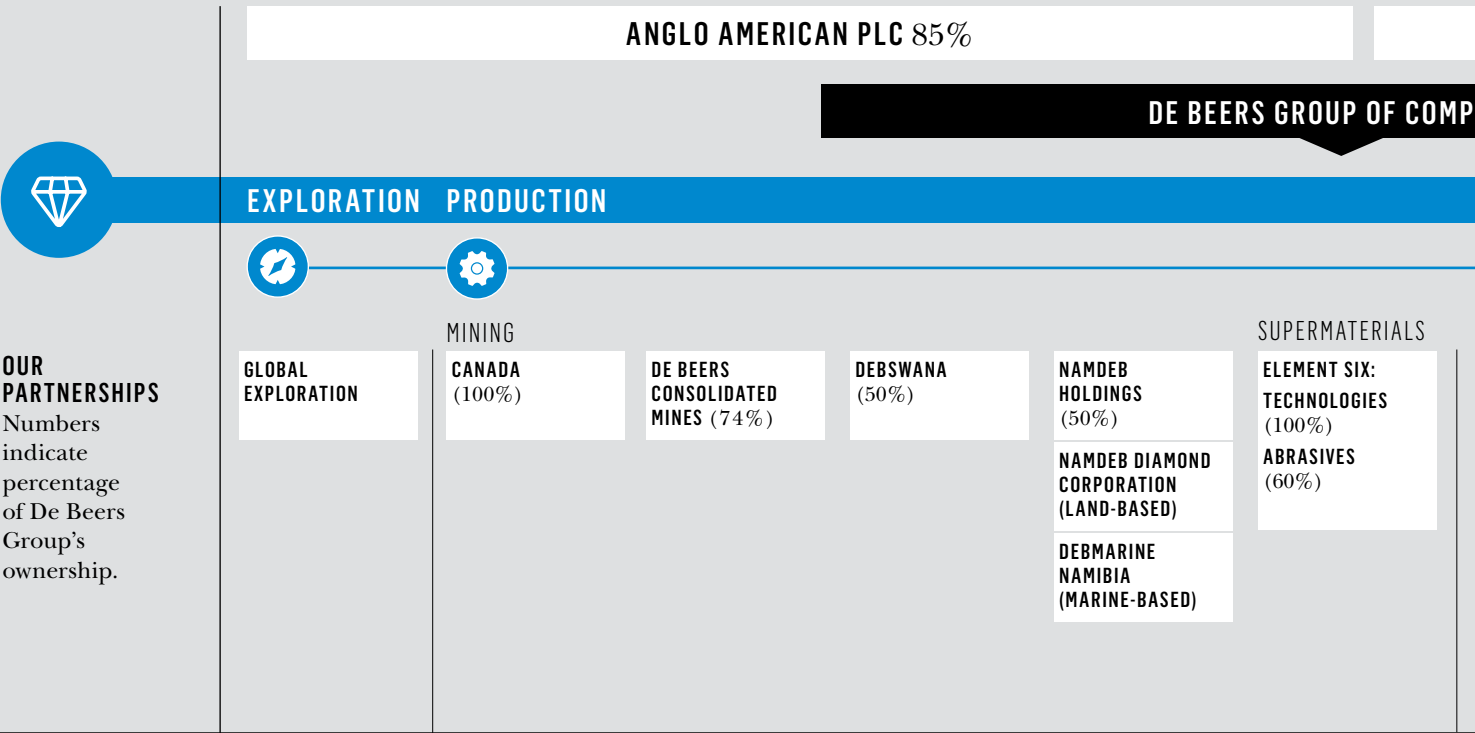
GAHCHO KUÉ MINE  
SOCIO-ECONOMIC  
REPORT 2017

# OUR BUSINESS AT A GLANCE

*De Beers Group 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 with Ponahalo Holdings for our mining, sorting and sales business in South Africa.



Left: An environmental technician leaves a helicopter to take water samples on a brisk day in December 2017.

Right: Tundra vegetation surrounding the Gahcho Kué Mine site.



GOVERNMENT OF THE REPUBLIC OF BOTSWANA 15%

ANIES

## ROUGH DIAMOND SALES

## BRANDS/RETAIL



GLOBAL  
SIGHTHOLDER SALES  
(100%)

SIGHTHOLDER SALES  
SOUTH AFRICA  
(74%)

DTC BOTSWANA  
(50%)

NAMIBIA DTC  
(50%)

AUCTION SALES  
(100%)

FOREVERMARK  
(100%)

DE BEERS DIAMOND  
JEWELLERS  
(100%)

## GAHCHO KUÉ MINE JOINT VENTURE

Gahcho Kué Mine is owned by a joint venture that includes De Beers Canada (51% - the operator) and Mountain Province Diamonds (49%). Gahcho Kué is located at Kennady Lake, approximately 280 km northeast of Yellowknife. The deposit was discovered by Mountain Province in 1995, and De Beers joined the joint venture in 1997.



*Mountain Province*  
**DIAMONDS**

Mountain Province is a Canadian diamond mining company headquartered in Toronto, Ontario. Diamond exploration is more challenging than for any other mineral – the odds of an economic discovery are less than 1%, but the rewards can be immense. Mountain Province beat the odds when it discovered Gahcho Kué in 1995. Today, Gahcho Kué is one of the world's highest margin diamond mines – rewarding that early courage and commitment.

### David Whittle

*Interim President and  
Chief Executive Officer,  
Mountain Province Diamonds*

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Front cover image:  
Haul truck on its  
way to collect and  
transport kimberlite  
ore to the primary  
crusher.

## *A milestone year for Gahcho Kué.*

2017 was the start of a journey for Gahcho Kué that began with the completion of construction, followed by the achievement of commercial production in March, establishing its position as one of the world's great diamond mines.



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Above: Haul trucks  
at work at Gahcho  
Kué's 5034 pit in  
September 2017.

## ISSUE AREAS

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# SUSTAINABLE LEADERSHIP

An aerial photograph of a large-scale open-pit mine. The mine's terraced levels are prominent, showing the extensive excavation. The site is surrounded by a mix of green vegetation and several bodies of water, including a large reservoir in the foreground and smaller ponds scattered throughout the landscape. The overall scene illustrates the intersection of industrial mining and natural environment.

The Gahcho Kué  
Mine site in July 2017



Opening a new mine takes a strong team with the right combination of skills, talent and a commitment to excellence. During 2017, the leadership and employees at Gahcho Kué Mine continued the momentum of success established during construction.

We are extremely proud of the many achievements during the mine's first year:

- 5.9M total carats recovered
- 49% of all jobs were held by NWT residents
- Indigenous NWT residents made up 25% of the mine workforce
- 19% of employees were women and we are working to grow that number with a company-wide Inclusion and Diversity initiative
- 71% of all construction and operations spending was with NWT and Indigenous businesses, far exceeding our socio-economic commitment of 60% NWT spend during operations
- Awarding of the second Tier 1 contract to an NWT Indigenous company

- The De Beers Canada Fund was fully established in 2017, including De Beers' Group's return as title sponsor of De Beers Inspired Ice International Ice Carving Competition through 2022

It's important to set the bar high for success to firmly establish Gahcho Kué as one of the world's great diamond mines.

We saw that in the 'can-do' attitude and performance of the mine rescue team during 2017 when they claimed the title as the top team during the NWT/NU Mine Rescue Competition, later capturing a Western National event in Fernie, B.C. in what was just their third-ever competition.

We continue to see high performance from the mining and process plant teams as Gahcho Kué surpasses production targets.

Most of all we're happy to see the team pull together with a common purpose, where our diversity is a true source of strength.

**Kim Truter**  
Chief Executive Officer  
De Beers Canada Inc.

## HIGHLIGHTS

### NORTHERN SPEND (DOLLARS)

# \$219.5M

*71% of total Gahcho Kué Mine spend went to NWT/Indigenous business*

### NWT EMPLOYMENT (PERSON YEARS)

# 235

*49% of Gahcho Kué Mine employees live in the Northwest Territories*

### CARAT PRODUCTION (CARATS)

# 5.9M

*Total carats recovered from 2.8M tonnes of ore processed through treatment plant.*

**“WE'RE HAPPY TO SEE THE TEAM PULL TOGETHER WITH A COMMON PURPOSE, WHERE OUR DIVERSITY IS A TRUE SOURCE OF STRENGTH.”**

## MINE DEVELOPMENT HISTORY

Mountain Province Mining  
(MPV) options property — 1992

1995 — AK5034 Kimberlite  
discovered by MPV

De Beers joint  
ventures with MPV — 1997

2009 — Joint venture agreement  
amended and restated

Environmental Impact Statement filed  
with Mackenzie Valley Environmental  
Impact Review Board — 2010

Environmental Impact  
Review Hearings — 2012

2011 — JV approved  
feasibility Study

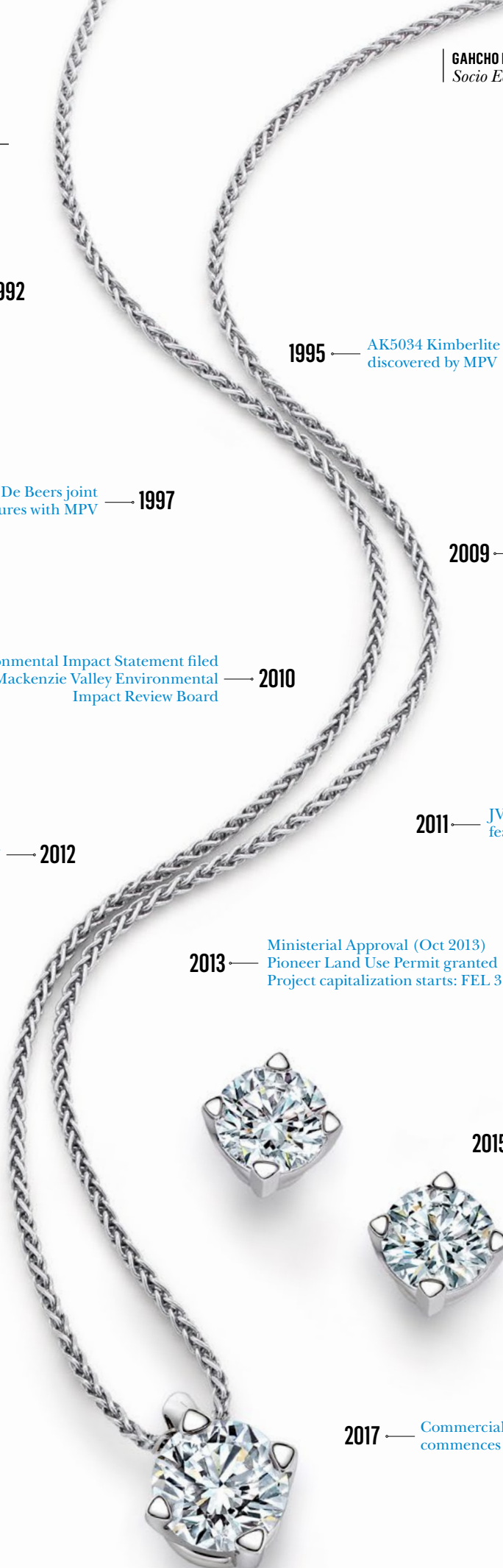
2013 — Ministerial Approval (Oct 2013)  
Pioneer Land Use Permit granted (Dec 2013):  
Project capitalization starts: FEL 3 Study completed

Pioneer Earthwork  
activities start — 2014

2015 — Construction  
activities  
underway

Production  
ramp up  
commences in  
August 2016 — 2016

2017 — Commercial Production  
commences March 2017



## GAHCHO KUÉ MILESTONES MINE DEVELOPMENT HISTORY

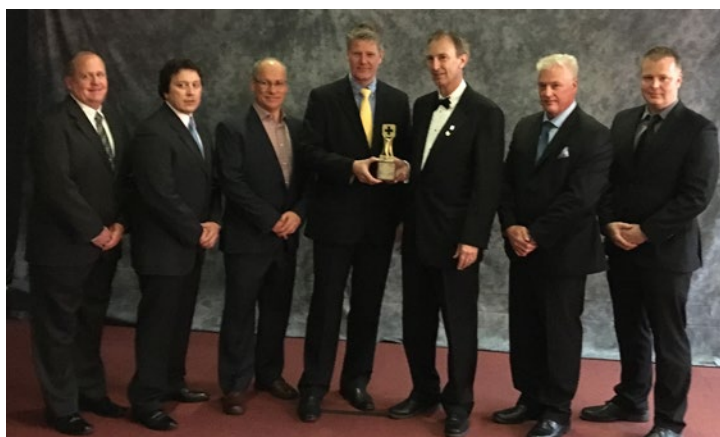
- 30 June, 2016 - First diamonds recovered in Process Plant, approximately 10 days after first ore introduced
- 1 August, 2016 – announced start of ramp-up to full production
- 20 September, 2016 – official opening with about 200 guests from around the world
- 2016 NWT/Nunavut Mine Rescue Competition – two awards
- 2016 Workplace Health & Safety Award – Yellowknife Chamber of Commerce
- 2016 Gold Project Management Award – Project Management Institute, Montreal
- November 2016, recognized for contribution to NWT at 25<sup>th</sup> anniversary of discovery of diamonds in the NWT
- Commenced Commercial Production on 1 March, 2017
- 2017 Viola R. MacMillan Award from the Prospectors and Developers Association of Canada for demonstrating leadership in management and financing for the exploration and development of mineral resources
- 2017 Hatch-CIM Mining & Metals Project Development Safety Award in recognition of its outstanding safety systems, culture and performance during the project phase
- Gahcho Kué Mine cultural centre opens for employee use, May 2017
- 2017 NWT/Nunavut Mine Rescue Competition – top overall surface team, winners of four competitions
- July 19, 2017 – First flight from Calgary International Airport to Gahcho Kué Mine
- Roberta Bondar, first Canadian woman in space, visits Gahcho Kué Mine in August 2017
- 2017 National Western Region Mine Rescue Competition – surface smoke/search winner
- September 2017, elders from six NWT communities take part in second annual fish tasting, say fish “tastes like home.”
- 2017 North American and Global Architecture Excellence Awards in the category of IT Infrastructure for the design of Gahcho Kué Mine information technology infrastructure – announced September 11, in Washington, DC
- October 2017 - top 3 finalist - 2017 International Project Management Institute Project of the Year
- 5.9 million carats recovered in 2017



Top left: Roberta Bondar, first Canadian woman in space poses for a photo with a group of Gahcho Kué Mine employees during her visit to the mine.

Bottom left: The Gahcho Kué Mine Rescue Team poses with all of their trophies from the 2017 NWT/NU Mine Rescue Competition.

Bottom right: Allan Rodel, centre, General Manager of Gahcho Kué Mine, along with Shayne Paul, Senior Mining Manager, and John Arnold, Superintendent of Safety, Health & Risk accept the 2017 Hatch-CIM Project Development Safety Award.



# ECONOMICS



De Beers Group has a history of working with local business and Indigenous organizations to create long-lasting socio-economic benefits to communities close to our operations.

By working with our community partners during 2017, we have been able to grow local business capacity resulting in positive benefits to the NWT economy.

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A rough diamond is examined in the  
sorthouse at Gahcho Kué Mine

## 2017 SPEND WITH NWT BUSINESS EXCEEDS COMMITMENT

*Gahcho Kué Mine far exceeded its socio-economic commitment to spending with NWT companies during 2017. At the same time, mine operator De Beers Group took a pro-active approach to helping Indigenous communities develop business capacity and explore additional opportunities.*

During the year \$308 million was spent to operate the mine, of which \$219.6 million (71% of total) was spent with NWT businesses. In the socio-economic agreement with the Government of the Northwest Territories, Gahcho Kué committed to at least 60% of total spending on goods and services with NWT companies. Of the NWT business spend, \$48 million (25% of total) was spent with Indigenous companies.

This success is due in part to De Beers Canada's NWT Business Development policy, established during operations at Snap Lake Mine. As well, the team worked with Impact Benefit Agreement (IBA) partners that do not have an

economic development arm to identify business opportunities. The evaluation process was also renewed during the year to ensure weighting is applied for Indigenous content.

Among the ways the mine is supporting community economic growth outside of mining is by engaging community artisans to come to Gahcho Kué to lead cross-cultural workshops, teaching mine employees their culture through beading, building dream catchers and other activities. In December, artisans from a number of Indigenous communities travelled to the mine for a Christmas craft fair, where employees could purchase locally-made items.



Left: A mine catering contractor with Bouwa Whee Catering serves supper at Gahcho Kué Mine.

Below: A tractor trailer makes its way up the Gahcho Kué spur road off the Tibbit to Contwoyto Winter Road towards Gahcho Kué Mine.



### WINTER ROAD CAMPAIGN 2017

The 2017 winter road was a record program for De Beers in Canada.

Both NWT winter road programs for Snap Lake Mine and Gahcho Kué Mine were 100% successful for 2017 with no injuries and no environmental incidents, overcoming challenging weather conditions including blizzards which shut the Gahcho Kué spur road for six days.

On top of a busy resupply program for Gahcho Kué Mine as it conducted its first full year of operations, the program included a record backhaul program for Snap Lake Mine organized by a small team with minimal resources and time.

LOADS OF CARGO, FUEL, AND EQUIPMENT

959

LITRES OF FUEL TRANSPORTED

47.2 M

BACKHAULS (GAHCHO KUÉ)

89

BACKHAULS (SNAP LAKE)

498

## LEVELS OF SUCCESS: HOW WE RANK BUSINESS

### TIER 1

A company that is 100% Indigenous owned/equity and is associated with an IBA partner.

### TIER 2

A Joint Venture or Partnership company that has >70 % Indigenous ownership/equity contractor and is associated with an IBA partner or a NWT company that is a 100% Indigenous owned contractor in the area of the mine's operations.

### TIER 3

A Joint Venture or Partnership that has 51% or greater ownership/equity by an Indigenous contractor associated with an IBA partner and is 49% or less owned by another contractor.

### TIER 3B

Non-Indigenous 100% owned/equity NWT contractor that works closely or partners with IBA related companies and/or other Indigenous or Northern companies.

### TIER 4

Non-Indigenous 100% owned/equity NWT contractor that operates in the area of the mine's operations.

### TIER 5

A specialized contractor that provides specialized services to the mine site that may be based in the NWT or is not available in the NWT.

### TIER 6

A southern contractor with <50% Indigenous ownership.

## GAHCHO KUÉ MINE SPEND - 2017

TOTAL GAHCHO KUÉ MINE  
SPEND IN 2017

**\$308m**

Indigenous Companies

**\$47,762,510**

Other NWT Companies

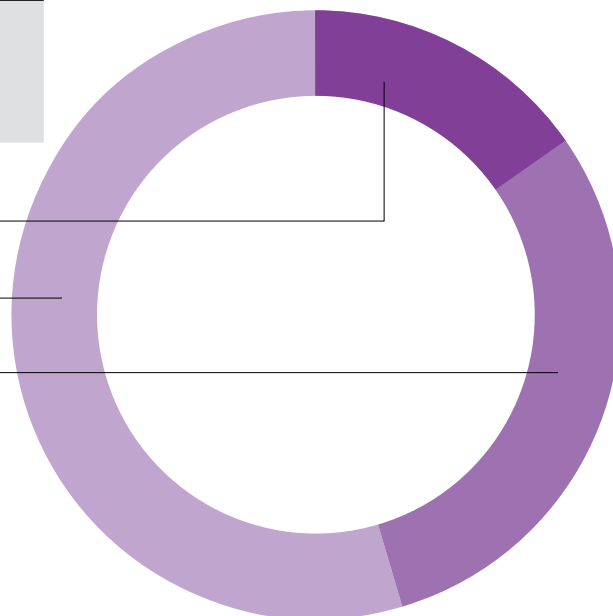
**\$171,848,745**

Non-NWT Companies

**\$88,743,011**

Total

**\$308,354,266**



## GAHCHO KUÉ MINE SPEND - 2015-2017

TOTAL GAHCHO KUÉ MINE  
SPEND IN 2015-2017

**\$1.13b**

Indigenous Companies

**\$156,257,764**

Other NWT Companies

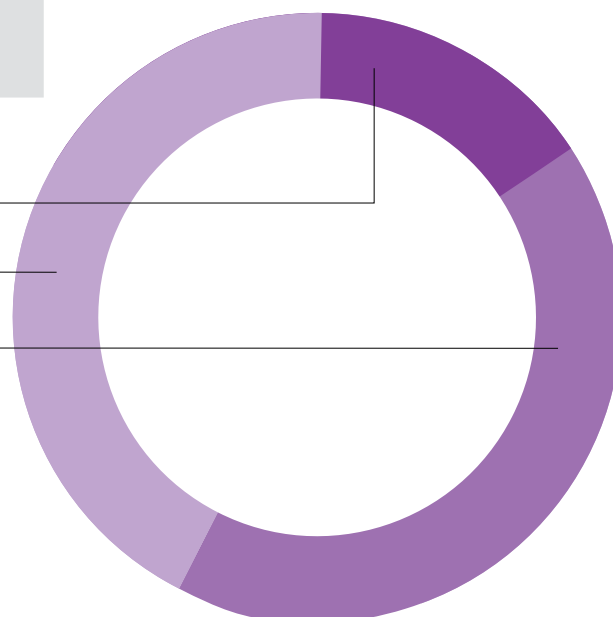
**\$467,255,081**

Non-NWT Companies

**\$503,497,342**

Total

**\$1,127,010,187**





Left: Rylan Stauder, a Paul Bros Nextreme employee from Yellowknife, welds a piece of track for one of the massive mining shovels at Gahcho Kué Mine.

## INDIGENOUS-OWNED WELDING COMPANY SIGNS TIER-ONE CONTRACT WITH DE BEERS

Paul Bros Nextreme Inc., an award-winning 100% NWT Indigenous-owned company based in Yellowknife, signed a tier-one long-term contract with De Beers Canada in 2017. This is the second contract of its type at Gahcho Kué, after Bouwa Whee Catering, which was awarded the camp catering contract in late 2016.

The company handles welding services at Gahcho Kué Mine with much of their work focused in the mine's Process Plant. Paul Bros Nextreme prioritizes Northern and Indigenous employment and 80% of their 35 full-time employees are Northern residents.

There are clauses within the contract which encourage apprenticeship opportunities at the mine in welding, machining, mechanical, electric and more at various levels.

Eddie Paul, owner of Paul Bros. Nextreme Inc. bought out Paul Bros Welding in 2013 and amalgamated it with his construction company, NEXtreme Steel Specialist.

Together the family-owned businesses have been operating in the Northwest Territories since 1978.

**“PAUL BROS NEXTREME PRIORITIZES NORTHERN AND INDIGENOUS EMPLOYMENT AND 80% OF THEIR 35 FULL-TIME EMPLOYEES ARE NORTHERN RESIDENTS.”**

More case studies online  
[www.debeersgroup.com/Canada](http://www.debeersgroup.com/Canada)

# EMPLOYEES

Our people are the heart of our operation and are the key to Gahcho Kué Mine's success. That's why important investments were made in our people through training opportunities, improvements to the camp infrastructure, health and wellness, and ongoing efforts to improve workforce diversity and inclusion.



Kimberly Balsillie, an Environmental Officer at Gahcho Kué Mine, takes a water sample as part of ongoing monitoring.

## FOCUS ON DEVELOPING A DIVERSE NORTHERN WORKFORCE

*Operator De Beers grew the NWT resident workforce at Gahcho Kué Mine during 2017, with 49% of everyone working at the mine living in the North.*

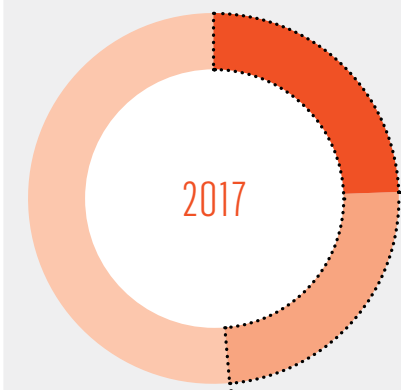
Because Gahcho Kué is an open pit mine, the skills required during operations are more readily available in the NWT. Overall Gahcho Kué provided 483 person years of employment in 2017, including 354 attributed to De Beers Group and 130 to site-based contractors.

NWT employment has increased during the previous three years, going from 142 person years of employment in 2015 to 235 in 2017. At the same time, the number of non-NWT residents employed at Gahcho Kué has decreased, due to the transition to operations from construction. Worthy of note is that 51% of the NWT-resident workforce are self-identified Indigenous.

The success was also thanks to a multi-faceted approach:

- Assistance and training for employment counsellors to help residents in small communities successfully navigate De Beers Group's online application process, including providing computers to one community for this purpose
- Establishment of a tiered contract structure that encourages agreements with Indigenous and NWT companies that are more likely to have local management and employ local residents
- Development of a diversity and inclusion program to support hiring of more women, Indigenous and visible-minority personnel. The number of female De Beers Group employees increased from 53 at the beginning of the year to 64 by December
- Support for NWT-resident training programs to develop the skilled workforce required for mining
- Promotions for NWT Indigenous employees – one female employee advanced from skilled to professional and three male employees received training that allowed them to move from Unskilled positions to Semi-Skilled jobs
- Leadership training for supervisors.
- Focused recruitment to maximize the number of NWT-resident applicants
- Introduction of trainee positions, including three process plant trainees and three heavy equipment operator trainees during 2017, all NWT Indigenous residents
- Work with contractors to develop key performance indicators that promote employment of NWT-resident and Indigenous personnel

EMPLOYMENT BY HIRING PRIORITY, TO THE END OF 2017



COMBINED NORTHERN EMPLOYMENT OF 49%

Non-NWT 51%  
NWT Aboriginal Residents 25%  
Other NWT Residents 24%



## EMPLOYEES LEAD DIVERSITY AND INCLUSION PROGRAM

In September 2017, De Beers Group became a global #HeForShe Thematic Champion with UN Women that included a three-year US\$600,000 investment in STEM education scholarships and IMPACT summer camps for women and girls in Canada, with a priority being placed on recipients from where De Beers Group operates in Canada.

Even before the company made a public commitment, De Beers' employees took grassroots action to address diversity inside the company in order to make the workforce more inclusive.

At Gahcho Kué Mine, 21 employees volunteered to participate in workstreams that would identify opportunities for diversity and

inclusion. They were among close to 50 De Beers Canada employees who helped develop a list of proposed actions to address ways to improve diversity and inclusion.

In addition, two roundtable employee engagement sessions were held at Gahcho Kué and one at the Yellowknife office, to collect ideas from all employees.

Following the employee engagement, ideas were reviewed and a two-year plan was developed to implement 36 programs and actions that range from leadership training to workplace flexibility alternatives and a mentorship program to ensuring recruitment programs reflect a diverse workforce.

## PRIORITY PICK-UP POINTS ACROSS THE NWT

In 2017, De Beers Group provided flights to and from Gahcho Kué Mine from 10 NWT communities to enhance travel options for local employees. The company also provides travel allowances to help employees outside the pick-up points get to and from the airports.

De Beers Group has pickup points located throughout the Northwest Territories.

- Yellowknife (includes residents from Behchoko Dettah, Ndilo)
- Lutsel K'e
- Fort Smith
- Hay River
- Fort Simpson
- Whati
- Wekweeti
- Gameti
- Norman Wells
- Inuvik

There are also direct charter flights to the mine for employees who live in southern Canada, operated by Yellowknife-based Summit Air. Those flights operated out of Edmonton until July 2017, when employee charters were relocated to Calgary, to improve connections between De Beers Group's Calgary support centre and the mine.

## GAHCHO KUÉ CAMP AND ACCOMMODATION UPGRADES

A number of renovations and upgrades were undertaken at Gahcho Kué during the year, to improve the camp facilities and employee accommodations.

- Employee dorm expansions and renovations
- Addition of microwave link for improved internet access
- Phone lines installed in employee dorms
- Addition of new change room facilities for employees coming back to camp from out in the mine
- Dining room renovations to give the facility a more home-like atmosphere
- Installation of a new dishwasher in the camp kitchen

Above left: Megan Rodel, Business Improvement Superintendent at Gahcho Kué Mine, talks with colleagues about De Beers Group's Gender, Diversity & Inclusion (GDI) program during a "GDI roadshow" employee engagement session at the mine



Above: Meghan MacLean, Safety & Health Coordinator at Gahcho Kué Mine, looks over a SLAM (Stop, Look, Assess, Manage) safety card with employee Clifford Barrett.

**“COMPARED TO 2016, GAHCHO KUÉ MINE ACHIEVED A SIGNIFICANT IMPROVEMENT ON SAFETY PERFORMANCE DURING 2017, REDUCING FIRST AID TREATMENTS ALMOST IN HALF AND REDUCING THE OVERALL INJURY RATE BY 30 PER CENT.”**

## IMPRESSIVE SAFETY PERFORMANCE BY GAHCHO KUÉ EMPLOYEES

In its first full year of production, the positive safety culture and practices developed during construction continued as Gahcho Kué transitioned into a fully operational mine.

Compared to 2016, Gahcho Kué Mine achieved a significant improvement on safety performance during 2017, reducing first aid treatments almost by half and reducing the overall injury rate by 30 per cent.

Contributing to the improvement was a focus on instilling critical safety behaviours in all employees. The Training and Safety departments rolled out 66 workshops focused on Critical Safety Behaviours, which covered best safety practices for employees across De Beers Canada. Overall, 650 employees completed their Critical Safety Behaviour training in 2017.

The mine's dedication to safety was also demonstrated by the Mine Rescue Team's outstanding performance during the year. Not only was Gahcho Kué named Top Surface mine rescue team, winning four individual competitions at the NWT/NU Mine Rescue Competition in June, but the team won the Surface Smoke event at the National Western Mine Rescue Competition, held in Fernie, B.C. in September. The Fernie event was the team's third-ever competition, a testament to the dedication and training by team members.

### SAFETY STATISTICS

Type	2017
First Aid	44
Medical Aid	12
Loss-Time Injury (LTI)	0
Near Hit (NH)	6494
Near Hit Frequency Rate	946.91
Total Recordable Injury Frequency	8.17*

\*per 200,000 hours

## TRAINING

The training department completed 315 training courses, ranging from online orientation and safety courses on the mine's eLearning training tool, to instructor-led health and safety programs, equipment training (dozers, haul trucks, graders, shovels, gene lifts, forklifts, site driver permits, pit permits, etc.), and more.

This translates into 37,656 hours of training delivered in 2017.

HOURS OF TRAINING DELIVERED  
IN 2017

37,656

TRAINING COURSES COMPLETED

315

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

- 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.

2017 was also a big year for trainees at Gahcho Kué Mine:

- Three Process Plant Trainees completed their training in 2017 – an NWT Métis Nation member and two Tlicho citizens.
- Three 2017 Mine Training Society (MTS) Surface Miner trainees completed their site based training and were hired at Gahcho Kué
- One Apprentice Millwright, a Tlicho citizen, completed his apprenticeship at Gahcho Kué in 2017
- Four Gahcho Kué Mine employees, all NWT Aboriginal, are currently enrolled in the 2017/2018 Northern Leadership Development Program

Aurora Mining, a contractor at Gahcho Kué Mine which employs heavy duty and automotive mechanics, had two Northern apprentices working at the mine in 2017, a first year automotive mechanic apprentice and a third year heavy duty mechanic apprentice, both from Yellowknife.

Paul Brothers Nextreme has two full-time welding apprentices at Gahcho Kué Mine with a goal to increase that number annually. Additionally the contractor has three apprentices at its facility in Yellowknife who occasionally work on site for the Process Plant, in welding and other areas of site as opportunities arise.

De Beers plans to recruit two apprentices to the mine in 2018.

## TWO NWT RESIDENTS HIRED INTO MINE PROFESSIONALS TRAINING PROGRAM

Out of five recent university graduates who were hired to three-year work placements in De Beers Group's Mine Professionals in Training (MPiT) program in 2017, two were from the Northwest Territories:

- Jenson Hu – Yellowknife, NT
- Keelan Mooney – Yellowknife, NT

Each will gain experience across our operations to put the knowledge learned throughout their university educations into practical use. They are the third and fourth NWT residents hired into the program since it began in 2013. Aimee Gauthier and Wesley Lines were hired into the MPiT program in 2014. Aimee is currently employed at Gahcho Kué Mine, while Wesley chose to return to university.



Left: Gahcho Kué Mine employees take part in First Aid training, offered monthly at the mine.

## LEADERSHIP TRAINING INVESTMENT IN MINE SUPERVISORS

Twenty-six supervisors, superintendents and managers at Gahcho Kué Mine took part in specialized training that explored the differences between leading as a manager and leading as a coach.

The two-day workshop, held in Banff, AB and led by internationally recognized leadership coaches, gave participants new tools to support their employees, how to understand

what their employees are feeling and how to unlock employees' potential. This training was part of a global initiative by De Beers Group to improve the capabilities of supervisors and managers across the company.

Additional sessions of Leader as Coach for more Gahcho Kué managers are planned in 2018.

## UNCONSCIOUS BIAS TRAINING

The Leader as Coach training was complemented by a half-day session on unconscious bias as part of De Beers Group's focus on Inclusion & Diversity. This session helped the attendees understand what their own biases are through very inward looking exercises meant to shape their perspectives.

There are plans to roll out Unconscious Bias Training to all employees, as part of the company commitment to improving diversity and inclusion.

## 2016 GAHCHO KUÉ MINE TRAINING

Training	Life of Mine Commitment	Current Trainees	Cumulative Trainees to Date	Cumulative Program Graduates
Trades	16	6	6	6
Apprenticeships	10	1	1	1
Professional Development Sponsorships	4	0	0	0
<b>Total</b>	<b>30</b>	<b>7</b>	<b>7</b>	<b>7</b>



Left: Andrew Furlong, a Yellowknife resident and employee at Gahcho Kué Mine, competes as part of the Gahcho Kué mine rescue team at the 2017 National Western Mine Rescue Competition, held in Fernie, B.C. held in September. The team won the Surface Smoke Obstacle event at the Fernie competition. They earned the spot in the competition by being the top overall team at the NWT-NU Mine Rescue Competition in Yellowknife, held in June 2017.

**“TWENTY-SIX SUPERVISORS, SUPERINTENDENTS AND MANAGERS AT GAHCHO KUÉ MINE TOOK PART IN SPECIALIZED TRAINING THAT EXPLORED THE DIFFERENCES BETWEEN LEADING AS A MANAGER AND LEADING AS A COACH.”**

# EMPLOYMENT REPORT

A large yellow and black backhoe loader is positioned in a quarry, working on a steep, rocky slope. The machine's front loader bucket is lowered, and a worker wearing a dark blue shirt with 'WSCC' on it and sunglasses is visible in the cab. The background shows a rugged, rocky cliff face. The text 'EMPLOYMENT REPORT' is overlaid in large white letters on the left side of the image.

Members of the Gahcho Kué drill and blast team prepare drill holes for a blast in 5034 pit.

## 2017 GAHCHO KUÉ EMPLOYMENT REPORT

*Gahcho Kué reached commercial production in March 2017 and performed as a steady-state operation through the end of 2017. In that time, De Beers Canada Inc. and its contractors have grown the mine's workforce to 483 full-time equivalent (FTE) positions.*



Above: Marty Lizotte, a drill operator at Gahcho Kué Mine, monitors his drill bit during a shift at the mine.

NWT residents represent 49% of the total De Beers Group and contractor employees, equal to 236 FTE jobs, half of whom self-identified as Indigenous. While not a full calendar year of operations, the 49% achievement in nine months is just shy of the 55% employment target established as part of the Gahcho Kué Socio-Economic Agreement.

The majority of workers at the Gahcho Kué Mine are employees of De Beers Group. Its workforce equalled 354 FTE positions in 2017, with 46% being NWT residents. Approximately half of these employees (82) were Indigenous.

The mine's NWT resident workforce drew employees from 15 communities throughout the territory. Most (71%) live in Yellowknife, but also represented are some of the territory's smallest communities, including residents from Jean Marie River and Enterprise.

Jobs at Gahcho Kué have been categorized according to the skill-level required to complete the assigned work. The largest of these categories is semi-skilled jobs with 227 FTE positions and includes most equipment operators and process plant workers. NWT residents filled 54% of these jobs. The second largest category is skilled positions with 164 FTE jobs, which includes positions that require specialized training and certification, such as a journeyman electrician or mechanic. It is in this category where limitations within the NWT labour market are most evident; NWT residents filled 26% of these positions.

De Beers Group supports and encourages the participation of women in all aspects of work and encourages similar commitments from its contractors. De Beers Group is proud to report that women filled 90 FTE jobs at the Mine in 2017, with 17 of these positions categorized as skilled jobs.

The majority of people working at the Gahcho Kué Mine are on a 2-week rotation, meaning they are at the mine site for 14 days and are then away for 14 days. A fulltime equivalent job is equal to 13 rotations of 14 days, working 12 hours each day. This represents 2,184 hours of work, which is used to calculate the number of FTE jobs. Each FTE job is equal to one person year of employment.

See Section 3.4.3 in the Gahcho Kué Project Socio Economic Agreement. Section 3.4.4 of that Agreement states that the achievement of NWT Resident employment is subject to the availability of NWT Residents with the required skills, training and experience and the ability to pass training program entrance requirements and that NWT Residents may or may not choose to pursue employment opportunities made available by DBC at the Gahcho Kué Project.

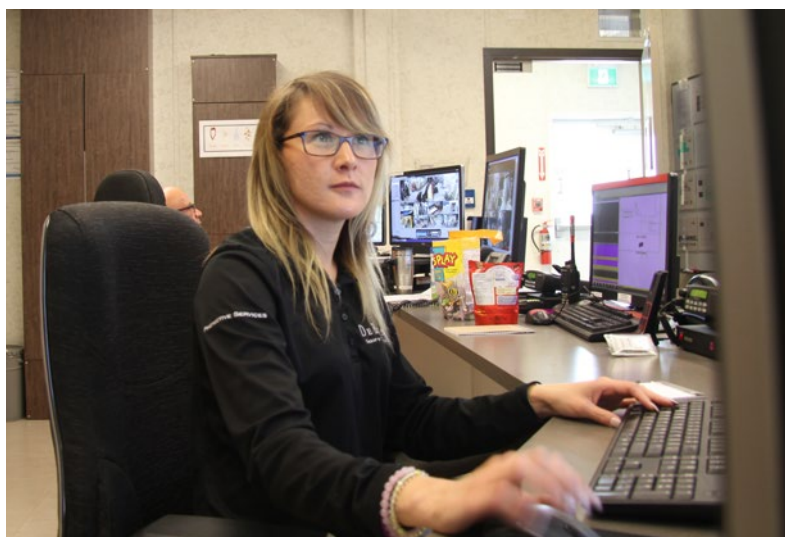
Designated Pick-Up Points for the mine include Lutsel K'e, Gameti, Whati, Wekweeti, Yellowknife (which includes Behchoko, Dettah, Ndilo), Hay River, Fort Smith, Fort Simpson, Inuvik, and Norman Wells. De Beers will provide a Travel Allowance to Gahcho Kué employees that reside in an NWT community that is not a De Beers designated Pick-Up Point.

See Section 4.9 of the Gahcho Kué Project Socio Economic Agreement.

TABLE 2: EMPLOYMENT BY HIRING PRIORITY, 2017

	De Beers	Contractor	Total
	(PERSON YEARS)		
NWT Aboriginal	82	37	119
Other NWT residents	80	37	117
Subtotal NWT Residents	162	74	236
Non-NWT Aboriginal	21	7	28
Other Non-NWT Residents	170	49	220
Subtotal Non-NWT Residents	191	56	247
<b>Total</b>	<b>354</b>	<b>130</b>	<b>483</b>
	(PER CENT OF TOTAL)		
NWT Aboriginal	23%	28%	25%
Other NWT residents	23%	29%	24%
Subtotal NWT Residents	46%	57%	49%
Non-NWT Aboriginal	6%	5%	6%
Other Non-NWT Residents	48%	38%	45%
Subtotal Non-NWT Residents	54%	43%	51%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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.



Above: Jenna Hordal, a Protective Services official at Gahcho Kué Mine, is from Hay River, NWT.

Below: Employees at Gahcho Kué Mine work out on cardio and strength training equipment in the mine's fitness centre. In 2018, employees will have an improved gymnasium facility with a basketball court, running track, weight room and squash courts.



TABLE 4: EMPLOYMENT BY NWT COMMUNITY

	Person Years	% of Total Employment	% of NWT Employment
Yellowknife	168	35%	71%
Hay River	23	5%	10%
Behchoko	16	3%	7%
Lutsel k'e	1	0%	0%
Wha ti	2	1%	1%
Fort Resolution	3	1%	1%
Fort Simpson	0	0%	0%
Fort Smith	9	2%	4%
Fort Good Hope	3	1%	1%
Fort McPherson	1	0%	1%
Fort Providence	1	0%	0%
Gameti	2	1%	1%
Inuvik	1	0%	0%
Enterprise	1	0%	0%
Norman Wells	0	0%	0%
Deline	1	0%	0%
Jean Marie River	3	1%	1%
Non-NWT	247	51%	n.a.
<b>TOTAL NWT</b>	<b>483</b>	<b>100%</b>	<b>100%</b>

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

TABLE 3: EMPLOYMENT BY HIRING PRIORITY AND JOB CLASSIFICATION, 2017

	NWT Aboriginal	Other NWT Residents	Subtotal NWT Residents	Non-NWT Residents	Grand Total
	(PERSON YEARS)				
Management	1	5	6	5	10
Professional	0	4	4	10	14
Skilled	14	30	44	121	164
Subtotal	15	38	53	136	189
Semi-Skilled	67	56	123	104	227
Unskilled	37	23	60	7	67
Subtotal	104	79	183	111	295
<b>Total</b>	<b>119</b>	<b>117</b>	<b>236</b>	<b>247</b>	<b>483</b>
	PER CENT OF TOTAL BY JOB CLASSIFICATION				
Management	7%	47%	55%	45%	100%
Professional	0%	25%	25%	75%	100%
Skilled	8%	18%	26%	74%	100%
Subtotal	8%	20%	28%	72%	100%
Semi-Skilled	30%	25%	54%	46%	100%
Unskilled	55%	35%	90%	10%	100%
Subtotal	35%	27%	62%	38%	100%
<b>Total</b>	<b>25%</b>	<b>24%</b>	<b>49%</b>	<b>51%</b>	<b>100%</b>
	PER CENT OF TOTAL BY HIRING PRIORITY				
Management	1%	4%	2%	2%	2%
Professional	0%	3%	1%	4%	3%
Skilled	12%	25%	18%	49%	34%
Subtotal	12%	33%	22%	55%	39%
Semi-Skilled	57%	48%	52%	42%	47%
Unskilled	31%	20%	25%	3%	14%
Subtotal	88%	67%	78%	45%	61%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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.

TABLE 5: EMPLOYMENT BY GENDER

	(person years)	(per cent)
Men	393	81%
Women	90	19%
<b>Total</b>	<b>483</b>	<b>100%</b>

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

TABLE 6: FEMALE EMPLOYMENT BY JOB CLASSIFICATION

	(person years)	(per cent)
Management	2	2%
Professional	2	3%
Skilled	17	18%
Subtotal	21	23%
Semi-Skilled	45	49%
Unskilled	25	28%
Subtotal	70	77%
<b>Grand Total</b>	<b>90</b>	<b>100%</b>

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

**“DE BEERS SUPPORTS AND ENCOURAGES THE PARTICIPATION OF WOMEN IN ALL ASPECTS OF WORK AND ENCOURAGES SIMILAR COMMITMENTS FROM ITS CONTRACTORS.”**

# COMMUNITIES

De Beers Canada believes that projects must benefit and add to the sustainability of local communities. This includes supporting community projects that improve the quality of life for residents and which will bring benefits that continue beyond the life of the mine.



Peter Slavin (Pennsylvania) and Chris Swarbrick (Wisconsin) won the 2017 Inspired Ice competition with their carving "Lake Song".

## COMMUNITIES

*Gahcho Kué Mine achieved commercial production during the first quarter of 2017, allowing for the mine's social investment program to be put in place.*

Altogether, \$686,316 was spent to support a variety of community-led initiatives, not including direct financial support provided under Impact Benefit Agreements.

Projects and programs are chosen to receive resources via the Impact Benefit Agreements in collaboration with communities and through a dedicated De Beers Canada committee.

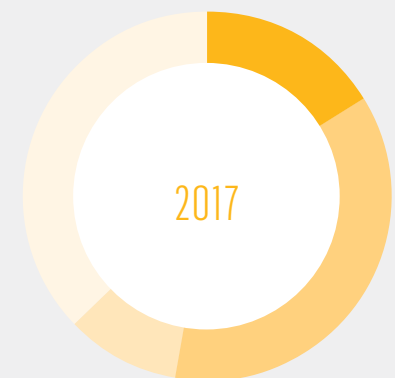
De Beers Canada was proud to return as title sponsor of De Beers Inspired Ice – NWT Ice Carving Championship which takes place in Yellowknife during the Long John Jamboree in March. The sponsorship allowed organizers to put together a full program that attracted carvers from the NWT, across Canada and the United States. In December, De Beers Group confirmed Inspired Ice would continue to receive funding from the company from 2018-2022.

Programs that received donations in 2017 included:

- Donation of an underground scoop tram, underground Toyota pickup trucks and wheel chocks to the Aurora College underground miner training program
- Tlicho Government's Trails of Our Ancestors program canoe purchase
- North Slave Métis Alliance National Aboriginal Day Fish Fry
- Donation of blankets and comforters from Gahcho Kué Mine to IBA communities

- Deninu Kué First Nation's Fort Resolution Mission Island Boardwalk
- Trailer donation for Habitat for Humanity NWT
- Community Wellness Programming in multiple communities
- Lutsel K'e Dene First Nation ?asdezi tl'azi Trail Blazing
- Lutsel K'e Youth Athlete Development
- North Slave Métis Alliance Métis Folk Dancing
- NWT Métis Nation Fort Resolution Annual Métis Cultural Days
- Hay River Métis Council Jigging Classes
- Deninu Kué First Nation Graveyard renovations
- North Slave Métis Alliance Firearm Safety Training
- Community Christmas programs
- Yellowknives Dene Aboriginal Headstart Support
- Yellowknives Dene Dechita Naowo Program
- Lutsel K'e Rattle & Drum making workshops
- Community youth program activities
- Tlicho community cultural programs

### CORPORATE SOCIAL INVESTMENT - 2017



Community Development	\$110,730
Education & Health	\$252,400
Health and Welfare	\$68,600
Sports, Arts, Culture & Heritage	\$254,586



Left: De Beers Canada CEO Kim Truter gets a lesson from a Tlicho artisan on how to make a dreamcatcher at the first employee workshop held at the newly minted Cultural Centre.

## EMPLOYEES CONNECT TO CULTURE IN NEW FACILITY

A Cultural Centre opened at Gahcho Kué Mine in June 2017.

The centre is stocked with a variety of crafting supplies and tools and workshops are held on a regular basis at the centre and employees are welcome to work on arts and crafts on their own.

The following workshops were held at the Cultural Centre during 2017:

- Dreamcatcher workshops
- Canada Day Handgames demonstration
- Dene cardholder workshops
- Christmas craft sale with artists from Lutsel K'e, Tlicho communities, Yellowknives Dene and NWT Métis Nation



Right: An arctic hare hangs out near the Gahcho Kué Mine site. Gahcho Kué means 'Place of the large rabbits' in Chipewyan.



Left: Selena Pukanich, back, and Andrea Sluggett from De Beers' Yellowknife office get a snuggle after donating \$2,000 to the NWT SPCA in Yellowknife. The money was raised from employees during a December 2017 staff Christmas party.

Right: An elder from Fort Resolution's Deninu Kué First Nation inspects a lake trout caught from Lake N11 near the Gahcho Kué Mine site during the mine's annual fish tasting in September 2017.



# SNAP LAKE MINE

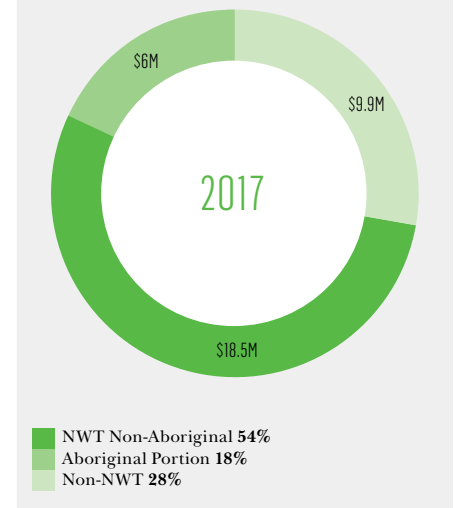


Snap Lake Mine is in extended care  
and maintenance.

## SNAP LAKE MINE UPDATE

*Snap Lake Mine moved into extended care and maintenance (ECM) in 2017 following a successful wind down of operations.*

### SNAP LAKE MINE 2017 SPEND



ECM included allowing the underground workings to be completely flooded, undertaken with approval from the MacKenzie Valley Land and Water board. Flooding commenced in February 2017.

Flooding was complete by July and preserves the ore for the future while reducing costs to hold the asset over the long term and reducing environmental risk.

Employment at Snap Lake dropped during the year as we realized steady-state care and maintenance. At the end of 2017, the 18 member De Beers Canada team was supported by approximately 10 contractor employees who provided a range of services including catering, medic services, power and security.

One of the most important actions at Snap Lake during the year was reaching agreement with Det'on Cho Corporation (DCC) to assume day to day operations during ECM. Under the contract, DCC, the business development arm of the Yellowknives Dene First Nation, would provide the personnel required at the site. They would work under direction of De Beers Group's leadership.

The three-year agreement was announced in October and took effect in early 2018. All four Indigenous communities that had signed Impact Benefit Agreements with De Beers Group for Snap Lake were invited to submit proposals for the ECM contract.

In September, De Beers Group hosted an auction in Yellowknife of surplus equipment from Snap Lake. Items up for auction included dozens of tool chests, pipes, wire, tires, cable, light vehicles and mining equipment that had been removed from the mine earlier in the year on the ice road in what was the largest ever backhaul undertaken in the Tibbitt-Contwoyto winter road's history.

Close to \$3 million worth of equipment and goods were sold over a two-day auction that included bidders gathered in the Explorer Hotel, on the phone and over the internet.

After the auction had been completed, an underground scoop tram, Toyota and other equipment valued at more than \$200,000 were donated to Aurora College's underground mine training program. Det'on Cho Logistics supported the donation by transporting the equipment to Fort Smith.

Late in the year, a network of remotely operated cameras and sensors were installed at Snap Lake that would allow the site to be remotely monitored in the future. Under this scenario, all personnel would be removed from site during winter. The equipment includes two-way voice communication capability that would allow workers at the site or even lost hunters who found their way to the site to contact De Beers Group's protective services personnel at Gahcho Kué Mine. If remote monitoring commenced, crews would continue to be at the mine during spring melt to manage ground water and during the summer.

The environmental monitoring program continued throughout the year as De Beers Group met obligations under the water licence and land use permit.

At the end of 2017, an application to proceed to full closure was filed with the Mackenzie Valley Land and Water Board. De Beers will continue to hold onto the property, as mining could potentially resume in the future if new technology and alternative mining methods allow for economic operation at Snap Lake.

## SPEAK UP! PROGRAM

De Beers Group provides a confidential and secure mechanism to enable employees, suppliers, business partners and other stakeholders to raise concerns about any potentially unsafe, unethical or unlawful conduct.

It is independently managed by Deloitte Tip-offs Anonymous.

### CONTACT INFORMATION

Email: [anonymous@speak-up-site.com](mailto:anonymous@speak-up-site.com)

Telephone: 1-866-451-1590

In writing: *Speak Up, P.O. Box 774, Unhlanga Rocks, 4320, South Africa (To which you can mail letters and other relevant documentation globally.)*

For more information visit [www.speak-up-site.com](http://www.speak-up-site.com)

Concerns can be raised about, but are not limited to the following:

### 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.

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