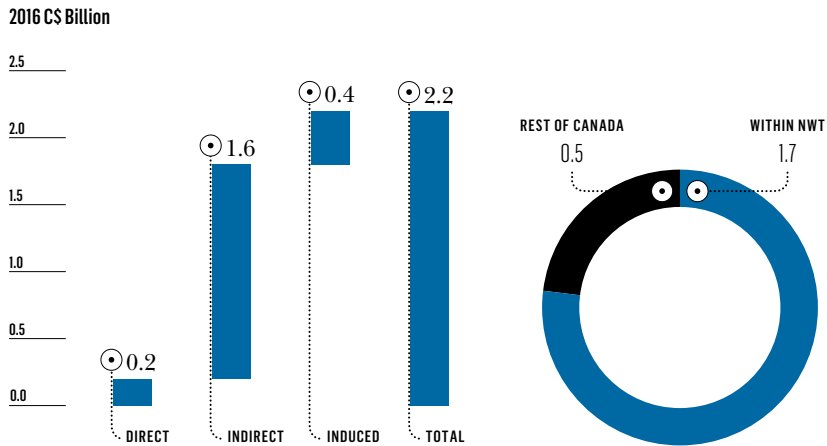


THE ECONOMIC CONTRIBUTION OF DE BEERS IN CANADA – SNAP LAKE

Snap Lake was De Beers' first mine outside Africa. Located to the north-east of Yellowknife, NWT, the site was discovered in 1997 and underwent development until its official opening in July 2008. The mine was placed on Care and Maintenance in December 2015, following seven years of production.

TOTAL GVA CONTRIBUTION OF SNAP LAKE TO CANADA 2006–2015



92 PER CENT OF GVA IMPACT RESULTS FROM INDIRECT AND INDUCED IMPACTS

In total, Snap Lake is estimated to have contributed C\$1.7 billion to the NWT economy between 2006 and 2015 (including indirect and induced impacts), with a further C\$0.5 billion accruing to the rest of Canada.

This contribution to the NWT was equivalent to approximately 14 per cent of extractive industries' GVA in the NWT over the same period.²¹

Notably, the vast majority of these impacts (92 per cent) result from the indirect and induced effects supported through the supply chain of the mine and through the employment it supports. This highlights the spillover benefits of its operations despite the challenging profitability of the mine itself.

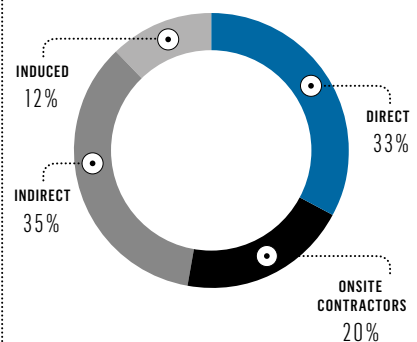
EMPLOYMENT IMPACT

Over the past decade, the mine has directly employed an average of 440 people annually, averaging 230 through the development phase and 500 through the production phase. In addition, the mine has supported 270 onsite contractors annually, with a further 610 FTEs supported indirectly through the mining supply chain within the NWT and through induced spending impacts within the Territory.

In 2015, direct employment at Snap Lake was equivalent to 35 per cent of employment in the NWT's extractive industries.²²

EMPLOYMENT SUPPORTED BY SNAP LAKE WITHIN THE NWT

Average FTEs 2006–2015



PAYMENTS TO GOVERNMENT

Up to 2015, the activities at Snap Lake have generated C\$255 million in payments to Government, with the majority (62 per cent) of these being driven by employee income taxes.²³ IBA support to First Nations has contributed C\$10 million to the total amount.

21,22. Comparison against Statistics Canada data.

23. Payments to Government have been reported on a payments basis, with the exception of employee taxes, which have been reported on an accruals basis.

EXPORT CONTRIBUTIONS

Over its lifetime, Snap Lake has contributed C\$1.5 billion in gross export revenues for Canada, accounting for 11 per cent of diamond export values in 2015.²⁴

COMMUNITY ENGAGEMENT TO SUPPORT LOCAL SKILLS

Across the lifetime of Snap Lake, De Beers has made a conscious effort to employ NWT residents. Doing so requires recognising and addressing the challenges of recruitment across the NWT, including the availability of skilled labour, the remoteness of the mine's location and the interest in working in the sector.

De Beers supports a number of initiatives targeted at these issues. These include:

- **Hosting a series of career fairs** focused on communities close to Snap Lake, including Behchoko, Whati, Lutsel K'e, Hay River and Fort Simpson, which aim to encourage more NWT residents and students to build a career in mining.
- **Community visits** alongside representatives from the Government's Student Financial Assistance (SFA) programme to discuss financial support available to students to attend post-secondary education.
- **The De Beers Summer Employment Program** whereby 13 positions, in departments such as mine engineering, and external and corporate affairs, were made available to local students.

These initiatives help to stimulate interest and skills in the sector, which in turn encourage higher local employment within mining, raising provincial employment levels and productivity during, and beyond, the life of the mine.

SUPPORTING ACCESS

De Beers operates 10 NWT pick-up points throughout the Territories and offers travel allowances to help NWT residents travel to a pickup point. These schemes have been successful in attracting a significant share of employees from the local area. As at 2014, 35 per cent of De Beers' employees at Snap Lake were residents of the NWT, representing 14 local communities and Yellowknife.

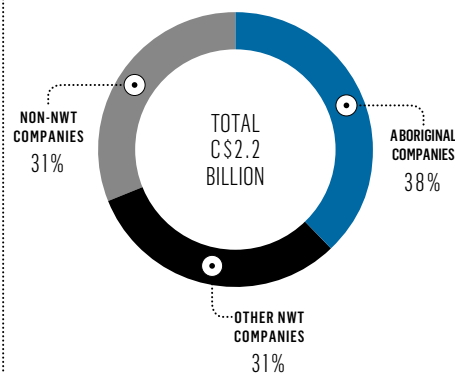
KICK-STARTING LOCAL BUSINESSES AND BUILDING CAPACITY

De Beers aims to work with local companies within the NWT, maintaining close communication with the business community to ensure they are aware of upcoming opportunities. This has supported 38 per cent of mine spend going to Aboriginal companies.

This relationship, however, extends beyond procurement: De Beers also plays an active role in encouraging capacity development of businesses within the NWT. In recent years, this has included providing financial support for initiatives designed to assist small businesses, such as the Small Business Workshop coordinated by the Yellowknives Dene First Nation.

2005–2014 SNAP LAKE MINE

CUMULATIVE SPENDING*



* These figures have not been inflation adjusted.

INVESTING IN SKILLS AND JOB CREATION

Snap Lake has provided substantial assistance to the improvement of skills and training in the NWT province through the provision of scholarships and sponsorship programmes. Between 2006 and 2015 Snap Lake invested more than C\$300,000 in this area.

In December 2014, De Beers provided 20 modules from the former Snap Lake construction camp to the Deninu Kué Development Corporation (DKDC), the business development arm of the Deninu Kué First Nation. These modules were refurbished by nearly two dozen workers employed by a joint venture between the DKDC and Arcan Construction of Yellowknife. Around 11 Fort Resolution residents were employed on the project, learning new skills alongside employees of Arcan Construction. Following completion of the project, the modules became additional office space and lunchrooms needed during construction at the Gahcho Kué Project.

The transfer of knowledge gained through the employment and procurement opportunities offered by the operations at Snap Lake have the potential to bring economic and social benefits for years to come.

Higher levels of skills and increased capacity within the business community present the potential for greater economic opportunities in future.

24. Kimberley Process Certification Scheme (2015) annual statistics.