



October 26, 2012

VIA EMAIL

Chuck Hubert
Senior Environmental Assessment Officer
Mackenzie Valley Environmental Impact Review Board
200 Scotia Centre
Box 938, 5102-50th Ave
Yellowknife, NT
X1A 2N7

Dear Mr. Hubert,

**RE: Meeting Minutes and Related Documents
EIR0607-001 Gahcho Kue Diamond Mine Project,
De Beers Canada Incorporated**

Attached to this cover letter are meeting minutes and related documents between officials from De Beers Canada Incorporated and the Government of the Northwest Territories. Both parties respectfully request this submission to be posted to the Mackenzie Valley Environmental Impact Review Board public registry for the Gahcho Kue Project.

Please contact me if you may require any further details.

Sincerely,

A handwritten signature in black ink that reads "Shafic Khouri". The signature is written in a cursive, flowing style.

Shafic Khouri
Environmental Assessment and Regulatory Analyst
Department of Environment and Natural Resources
Government of the Northwest Territories
e: shafic_khouri@gov.nt.ca / t: (867) 920-6335

Attachment

**De Beers Canada Inc. – Government of the Northwest Territories
Record of Meeting Minutes for the Gahcho Kue Project**

Meeting Date: May 10, 2012

Between Amy Lizotte **of:** Government of the Northwest Territories (GNWT)
Kimberly Balsillie
Derek Rains
Deb Bain
Juanita Robinson

And Cathie Bolstad **of:** De Beers Canada Inc. (DBCI)
Veronica Chisholm
Graeme Clinton (Impact Economics)
Linda Havers (Golder Associates)

Purpose: To follow up on the Information Request Responses provided by De Beers, and to discuss socio economic concerns prior to the Technical Session.

Discussion:

DBCI explained that its current NWT Apprenticeship Policy includes the following key points:

- All candidates must have successfully passed a Trade Entrance Exam to be eligible to participate in the DBCI NWT Apprenticeship Program;
- While an apprentice is attending technical training prescribed by the NWT Certification Board Courses and his/her performance is satisfactory and acceptable attendance is being maintained, DBCI will maintain the employee's regular salary;
- DBCI covers the full costs of tuition, books, costs for transportation and accommodation associated with attending technical training courses and these expenses are reimbursed upon submission on an expense claim with the required receipts by the apprentice; and
- DBCI will discontinue sponsorship of an apprentice where the apprentice has failed the required technical training more than once.

Note: DBCI policy applies to DBCI staff working at NWT Projects only and does not extend to contractors.

Action Items:

1. DBCI to provide scholarship plan when available to the public registry.
2. DBCI to provide a preliminary draft listing of number and types of jobs, job descriptions and qualifications and competencies for the Gahcho Kue project (similar to the listing supplied in the

Snap Lake Developers Assessment Report, Appendix III) as soon as it is available (prior to the Public Hearing).

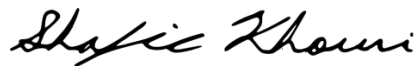
3. DBCI to provide further clarification to explain:
 - What are the “best efforts” being applied under recruitment and training objectives;
 - How DBCI “links its training strategies to support impact benefit agreement implementation”; and
 - The details on “a mine orientation program for new employees” – how and what supports DBCI provides to employees to address the identified gaps in the employees’ training, skills or education that is required to advance.
4. DBCI to provide the number of participants in the financial management plan.
5. GNWT to update DBCI on financial literacy program. See attached Appendix A.
6. GNWT to provide procedural information with respect to the required advance notice for employee lay-off under the *Labour Standards Act*. Specifically, to clarify how GNWT coordinates this notice across departments internally. See attached Appendix A.
7. GNWT to provide information on its labour program review and development process. See attached Appendix A.
8. DBCI confirmed that further information with respect to corporate taxes would be available before the technical session (Note: this action has been completed. See Appendix B for attached May 23, 2012 letter from DBCI to GNWT).

Outstanding Items:

1. An item that was discussed during the meeting that requires additional clarification from DBCI relates to arrangements for employee transportation costs and relocation packages.



Veronica Chisholm
Permitting Manager
De Beers Canada Incorporated



Shafic Khouri
Environmental Assessment and Regulatory Analyst
Department of Environment and Natural Resources
Government of the Northwest Territories

**Appendix A:
Government of the Northwest Territories Response to May 10, 2012
Meeting Minutes with De Beers Canada Incorporated**

1. Government of the Northwest Territories (GNWT) to update De Beers Canada Incorporated (DBCI) on financial literacy program.

The GNWT financial literacy program is currently being piloted and will be delivered through the community learning centres beginning in January/February 2013. For further details, please refer to page 180 – 181 of the Technical Session transcript for May 24, 2012.

2. GNWT to provide procedural information with respect to the required advance notice for employee lay-off under the *Labour Standards Act* specifically to clarify how GNWT coordinates this notice across departments internally.

Section 41 of the *Employment Standards Act* states that an employer “shall give a copy of the notice of termination to the Employment Standards Officer and to any trade union of which the employees may be members.” The Employment Standards Officer notifies the Deputy Minister of Education, Culture and Employment, GNWT, who then notifies other GNWT Deputy Ministers.

3. GNWT to provide information on its program review and development process.

The Department of Education, Culture and Employment works with its partners, including industry and Aurora College, to identify, develop and deliver training and education to Northwest Territories residents. Reviews are generally conducted every three to five years, depending on the program and need.

Appendix B:
Letter from De Beers Canada Incorporated to the
Government of the Northwest Territories

May 23, 2012

File: S110

Loretta Ransom
Environmental Assessment Analyst
Environment & Natural Resources
Government of the NWT
P.O. Box 1320
Yellowknife NT X1A 2I9

Dear Ms. Ransom:

**Gahcho Kué EIS
Response to GNWT Regarding NWT Corporate Income Tax Generated by the GK Project**

The following Memorandum provides a response to the GNWT's Tax Policy Branch, Department of Finance question regarding how the projected tax revenues for Gahcho Kué for the GNWT were determined and the underlying assumptions presented in Appendix 12.II Economic Impact Report presented in the Dec 2010 EIS (De Beers 2010).

De Beers Canada Inc. (De Beers) revisited the Gahcho Kué project income tax projections in respect to the estimated NWT income tax stream. Regarding the estimate of \$188 Million (undiscounted) presented in the EIS (Appendix 12. II), this remains a reasonable estimate even after considering the impact of prior-year losses available at the corporate legal entity level to the Joint Venture (JV) participants, namely De Beers Canada and Mountain Province for the following reasons.

The estimated tax revenue in the EIS, considered only the contribution of Gahcho Kue Project. However the current (2012) estimated tax revenue remains reasonable when prior-year losses of the JV partners are taken into account. In part, this is due to the operating periods of the other De Beers' mining operations. Specifically, De Beers Canada's other mining operations, Victor (Ontario) and Snap Lake (NWT), while prior year tax losses generated by these operations are in theory available to Gahcho Kué, there are some limitations. For example, (i) the Victor operation is scheduled to cease operations at the end of 2018. By that time, it is estimated that Victor will have utilized a substantial portion of De Beers Canada's tax pools; (ii) Snap Lake, which is scheduled to operate until 2029, is subject to restricted tax pools that are not available to Gahcho Kué. Lastly, once Victor concludes its operations, De Beers Canada's operating mines will be entirely in the NWT. While De Beers has a permanent establishment in Ontario, post 2018, substantially all of De Beers Canada's taxable income would be allocated to the NWT.

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Regarding Mountain Province, the company has no other operating mines such that any tax pools available to Mountain Province at its legal entity level have been generated, for the most part, by its investments in the Gahcho Kué project.

In considering the reasonability of the estimated \$188 M, it is also important to note the external economic factors have also changed since 2010 and these are factors over which the JV participants have no control:

- changes in rough diamond prices
- foreign exchange rates
- fuel prices

Reference

De Beers (De Beers Canada Inc.). 2010. *Environmental Impact Statement for the Gahcho Kué Project. Volumes 1, 2, 3a, 3b, 4, 5, 6a, 6b, 7 and Annexes A through N.* Submitted to Mackenzie Valley Environmental Impact Review Board. December 2010.

Sincerely,

Veronica Chisholm
Permitting Manager

c: Michael Ball, Economic Policy Analyst, Department of Finance, GNWT
Juanita Robinson, Industrial Initiatives Consultant, ITI, GNWT