March 14, 2018

Kierney Leach
Mackenzie Valley Land and Water Board
PO Box 2130
Yellowknife, Northwest Territories
X1A 2P6

Re: De Beers Canada Gahcho Kue Mine
Request to Revise Conditions
Items Land Use Permit MV2017D0032

Dear: Ms. Leach:

De Beers Canada Inc. (De Beers) is in receipt of the letter from the Mackenzie Valley Land and Water Board (MVLWB) dated February 22, 2018 on the Extended Care and Maintenance Plan. In the document the Board noted that it had deferred its decision on the Extended Care and Maintenance Plan (ECMP) Version 2, and associated Management Plans, as well as the request to not file Interim Care and Maintenance Plan (ICRP) Version 4, until De Beers applies to amend Conditions 52 (“Check for Leaks”) and 71 (“Interim Closure and Reclamation”) of Permit MV2017D0032. Please find herein a request to revise these conditions with rationale.

Fuel Storage Containers

Condition 52 of Permit MV2017D0032 requires an examination of all Fuel Storage Containers and Tanks a minimum of once per day if constructed prior to 2008, and to repair all leaks immediately. De Beers requests that the Board amend condition 52 of the water license to align with requirements in the Storage tank systems for Petroleum Products and Allied Petroleum Products Regulations (the regulations), specifically Clause 19 (1) which states:

19 (1) The owner or operator of a storage tank system installed before June 12, 2008 that has horizontal aboveground tanks without secondary containment must visually inspect the walls of those tanks within two years after June 12, 2008 to determine if the tank is leaking and after that inspection they must

(a) visually inspect the walls of those tanks at least once per month and perform an inventory reconciliation in accordance with subsection (2);
(b) immediately
(i) use continuous in-tank leak detection in accordance with section 20, or
(ii) use continuous external horizontal aboveground tank leak monitoring; or
(c) annually perform a tank precision leak detection test in accordance with section 21.
The tanks are located within lined bermed facilities with 110% containment and as per the regulations monthly inspections are acceptable. For tanks newer than 2008, De Beers notes that no visual inspection is required in the regulations. Therefore De Beers proposes that inspections will occur when tanks are in use and at a minimum of annually.

**Deferral of the submission of the Interim Closure and Reclamation Plan**

Condition 71 of Permit MV2017D0032 requires the submission of an Interim Closure and Reclamation Plan by January 30, 2018. As per the letter to the Board dated August 17th, 2016, DeBeers is requesting to postpone the full Interim Closure and Maintenance Plan update until the Water Licence renewal (the existing Water Licence expires in June 2020). DeBeers notes that as a result of the current care and maintenance phase of the mine, the Interim Closure and Reclamation Plan (ICRP) was updated and approved by the Board twice in 2016 and an update should not be required as currently set out in the Water Licence for January 30, 2017. DeBeers has submitted the documents that were required for January 2017 date, notably an updated RECLAIM Security estimate and a research plan. Therefore De Beers respectfully requests that the submission of a final closure plan be deferred to the same date as a submission for renewal of a new water license be submitted.

In support of this request, please find attached amended versions of the Extended Care and Maintenance, Waste Management, Spill Contingency, and Water Management Plans. Additionally please find attached a response table to the concerns and questions raised by the Lutsel K’e Dene First Nations (LKDFN).

Additionally, in the January 30, 2018 RECLAIM estimate, De Beers proposed a revised estimate for the Land Use Portion of the security. As such, De Beers requests that Section 26 (1)(l) Condition 50 be revised to reflect the value proposed in that estimate.

Should you have any questions or concerns, please feel free to contact me by phone at (867) 766-7308 or by email at Alexandra.Hood@debeersgroup.com.

Sincerely,

**DE BEERS CANADA INC.**

Alexandra Hood

**Regulatory Specialist**

De Beers Canada
Application for:
New Land Use Permit Amendment to: MV2017D0032

<table>
<thead>
<tr>
<th>1. Applicant’s name and mailing address:</th>
<th>Fax number: (867) 766-7347</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alexandra Hood</td>
<td>Telephone number: (867)766-7308</td>
</tr>
<tr>
<td>De Beers Canada Inc.</td>
<td></td>
</tr>
<tr>
<td>Suite 300, 5120-49th Street</td>
<td></td>
</tr>
<tr>
<td>Yellowknife, Northwest Territories</td>
<td></td>
</tr>
<tr>
<td>X1A 1P8</td>
<td></td>
</tr>
</tbody>
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<thead>
<tr>
<th>2. Head office address:</th>
<th>Fax number: (587) 349-7329</th>
</tr>
</thead>
<tbody>
<tr>
<td>300-1601 Airport Rd NE</td>
<td>Telephone number: (403) 930-0991</td>
</tr>
<tr>
<td>Calgary AB</td>
<td></td>
</tr>
<tr>
<td>T2E6Z8</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3. Other personnel (subcontractor, contractors, company staff etc.):</th>
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<tbody>
<tr>
<td>Below is a list of personnel required for the duration of the care and maintenance period. Refer to Section 6, Table 2.0 of the attached report for a full breakdown of personnel required.</td>
</tr>
<tr>
<td>- Company Staff (example De beers will provide surveyors)</td>
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</tbody>
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<tr>
<th>4. Eligibility:</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)(i)</td>
</tr>
</tbody>
</table>
4. a) Summary of operation (Describe purpose, nature and location of all activities.)

De Beers Canada Inc. (De Beers) owns the Snap Lake Mine, a underground diamond mine located approximately 220 Km northeast of Yellowknife, Northwest Territories. Regulatory authorizations for construction and operation of the mine were granted in May 2004 following environmental assessment, and construction began in April 2005. Operation of the mine commenced in 2007 and is planned to continue until 2028. Year round access to the site is available by aircraft from Yellowknife. The site is accessible in winter by 35km of winter road connecting the mine to the Tibbit-Contwoyto Winter Road.

The Snap Lake mine is currently in ECM. It has been proposed that a Final Closure Plan be submitted concurrently with the water license renewal application. The site will remain under ECM until the active closure process commences. As part of the optimization of the on-going care and maintenance activities, De Beers will actively seek to reduce the impacts to the environment. In 2016, De Beers completed flooding of the Underground Mine. It is proposed in the ECM application that the site monitored be completed monthly during the winter months when the camp is unoccupied.

Any substantial alterations of this Care and Maintenance Plan will be filed for stakeholder comment and MVLWB approval prior to implementing. The current ECM plan is appended to this submission.

De Beers during care and maintenance shall:

- Ensure the occupational health and safety program at Snap Lake Mine will be maintained.
- Ensure Roads essential for continuous safety and inspection will be maintained. Safety mobile equipment will remain operational; and,
- Ensure only authorized personnel will have access to the site;
- Secure site buildings and infrastructure against vandalism;
- Ensure appropriate warning signage remains in place at the sites;
- Ensure the winter access road traffic kept to a minimum to meet Site requirements;
b) Please indicate if a camp is to be set up. (Please provide details on a separate page, if necessary.)

No new camp accommodations are required, rather the existing authorized camp facilities will be utilized.

6. Summary of potential environmental and resource impacts (Describe the effects of the proposed land-use operation on land, water, flora & fauna and related socio-economic impacts. Use separate page if necessary.)

Environmental impacts and effects as a result of the project are predicted to be minimal. De Beers will follow its environmental protection measures and mitigation plans in order to address any potential impacts to fisheries, water quality, vegetation and wildlife. The plans include and are not limited to:

- Land Use Permit MV2017D0032
- Water License MV2011L2-0004
- Spill Contingency Plan
- Waste Management Plan
- Emergency Response Plan
- 2014 approved ICRP

Appropriate design measures are taken to reduce any risks of potential environmental impacts.
7. Proposed restoration plan (please use a separate page if necessary).

Disturbance is anticipated to be minimal as the land is within the currently disturbed mine site footprint as approved during the project EA. An Interim Closure and Reclamation Plan was developed and approved on January 30th, 2014, and is available on the Board website. A final closure plan is proposed to be submitted concurrently with the water license renewal application.

8. Other rights, licenses or permits related to this permit application (mineral rights, timber permits, water licences, etc.)

Since the Snap Lake mine was an operational mine and is now in Care and Maintenance, there is both a previously approved license and permit in place. These include a water license, land leases and fisheries authorizations.

Roads: A 35 km winter road exists for the Snap Lake Mine. The road operates between January and March yearly. The road connects to the Tibbitt-Contwoyto winter road at approximately km 222.

De Beers intends to continue operating the Winter Road, to provide sufficient supplies for the duration of the temporary closure. De Beers will restock the necessary fuel, materials and critical spares required during care and maintenance, and shall remove waste products, surplus equipment, consumables and contractor equipment in an effort to bring the mine into a stabilized care and maintenance state. The Laydown at Snap Lake mine will be maintained and operated as necessary during this period.

9. Proposal Disposal Method:

Please refer to the Waste Management Plan and Care and Maintenance Plan for more details on the waste management for Snap Lake Mine.

a) Garbage: Garbage is handled at Snap Lake in many ways depending on the type of garbage produced. Waste at Snap Lake can be re-used, recycled, incinerated/burnt, placed in landfills or shipped offsite as necessary. Appropriate measures are taken to properly handle, store or treat waste as required.

b) Sewage (Sanitary & Grey Water): When operational, Camp sewage is treated in a permanent sewage treatment plant. The plant involves treatment using both bioreactors and sequencing batch reactors. The sewage treatment plant will then produce sludge in the form of a ‘cake’ material and a liquid effluent. This material is disposed of in the landfill. Treated effluent is pumped to the WMP prior to being mixed with mine water in the WTP.

c) Brush & trees: As noted in section 7, the area is previously disturbed. As such, no additional clearing of trees or brush is required.

d) Overburden (Organic soils, waste material, etc.):

Stockpiled material is being managed on site. The excess fill material will be
managed as per the approved ICRP. (Refer to section 5.3 of the attached document “Application for Amendment – Addition of Two Bulk Fuel Storage Tanks” for more detail).

| Equipment (includes drills, pumps, etc.) (Please use separate page if necessary. |
|---------------------------------------|-----------------|------------------|
| Type & number                        | Size            | Proposed Use     |
| A list of active equipment is available in Appendix 3 of the ECM Plan.
### 11. Fuels

<table>
<thead>
<tr>
<th>Fuels</th>
<th>Number of containers</th>
<th>Capacity of containers</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel</td>
<td>1</td>
<td>10,000,000 L</td>
<td>see map</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>330,000 L</td>
<td>see map</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>500,000 L</td>
<td>see map</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>4500 L</td>
<td>see map</td>
</tr>
<tr>
<td>Gasoline</td>
<td>54</td>
<td>205 L</td>
<td>Laydown 1</td>
</tr>
<tr>
<td>Aviation fuel</td>
<td>43</td>
<td>205 L</td>
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<tr>
<td>Propane</td>
<td>12</td>
<td>20 lbs.</td>
<td>Enviro Shop</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 12. Containment fuel spill contingency plans.

Please refer to the approved Spill Contingency Plan which is posted on the Board website.

### 13. Methods of fuel transfer (to other tanks, vehicles, etc.)

A fuel truck with a standard steel fuel pump and fuel hose will be used to transfer fuel between tanks and to fill bulk tanks. The fueling stations will be used to fuel vehicles. This practice is standard on site and is detailed in SHE 8500 OP 0175. All appropriate spill methods will be taken when providing fuel such as using drip pans and/or spill kits as per the approved Spill Contingency Plan.

### 14. Period of operation (includes time to cover all phases of project work applied for, including restoration)

As of December 4, 2015 the Mine entered into Care and Maintenance. De Beers is currently completing the required planning to progress with Final Closure at the Snap Lake Mine.

As part of the optimization of the on-going care and maintenance activities, De Beers will actively seek to reduce the impacts to the environment. In 2016, De Beers completed flooding of the Underground Mine. It is also proposed that the camp be unoccupied in the winter months and monitoring be completed monthly.

Any substantial alterations of this Care and Maintenance Plan will be filed for stakeholder comment and MVLWB approval prior to implementing. The current ECM plan is appended to this submission.
15. Period of permit (up to five years, with maximum of two years of extension).

The currently approved LUP’s term is:
Commencement: 2017-10-11
Expiry: 2022-10-10

16. Location of activities by map co-ordinates (attach maps and sketches)

(Refer to attached document for more detail).

<table>
<thead>
<tr>
<th>Minimum latitude (degrees, minutes, seconds)</th>
<th>Maximum latitude (degrees, minutes, seconds)</th>
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<tr>
<td>63°36’24.173” N 110°52’10.003” W</td>
<td>63°36’25.9519” N 110°52’03.3” W</td>
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<table>
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<th>Minimum longitude (degrees, minutes, seconds)</th>
<th>Maximum longitude (degrees, minutes, seconds)</th>
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<tr>
<td>63°36’22.470” N 110°52’06.06” W</td>
<td>63°36’24.0463” N 110°52’00.492” W</td>
</tr>
</tbody>
</table>

Map Sheet no.

17. Applicant
Print name in full
Alexandra Hood

Signature: ___________________ Date: March 14, 2018

18. Fees
Type A - $150.00 ** Type B - $150.00 ** (**Application Fees are Non-Refundable**)

Land use fee: ___________________ hectares @ $50.00/hectare $ ____________
Assignment fee $50.00 $ ____________

Total application and land use fees $ ____________

Please make all cheques payable to “Receiver General of Canada”
Certificate of Amalgamation
Canada Business Corporations Act

DE BEERS CANADA INC.

Name of corporation-Dénomination de la société

I hereby certify that the above-named corporation resulted from an amalgamation, under section 185 of the Canada Business Corporations Act, of the corporations set out in the attached articles of amalgamation.

Director- Directeur

January 1, 2005 / le 1 janvier 2005
Date of Amalgamation - Date de fusion
DE BEERS CANADA INC.

2 - The province or territory in Canada where the registered office is to be situated

Ontario

3 - The classes and any maximum number of shares that the corporation is authorized to issue

The Corporation is authorized to issue an unlimited number of shares of one class designated as common shares.

4 - Restrictions, if any, on share transfer

The annexed Schedule 1 is incorporated in this form.

5 - Number (or minimum and maximum number) of directors

A minimum of one and a maximum of 11 directors.

6 - Restrictions, if any, on business the corporation may carry on

There are no restrictions on the business the Corporation may carry on or on the powers the Corporation may exercise.

7 - Other provisions, if any

The annexed Schedule 2 is incorporated in this form.

8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows:

The amalgamation has been approved pursuant to Section 184(2) of the Act.

9 - Name of the amalgamating corporations

De Beers Canada Exploration Inc.

De Beers Canada Mining Inc.

Corporation No.

397445-6

397829-0

Signature

Date

V-P & CFO

416-645-1710

V-P & CFO

416-645-1710

DEAR CANADA Inc.
Restrictions on Share Transfer

The right to transfer shares of the Corporation shall be restricted in that no shares shall be transferred without either:

(a) the consent of the directors of the Corporation expressed by a resolution passed by the directors or by an instrument or instruments in writing signed by a majority of the directors, which consent may be given either prior or subsequent to the time of transfer of such shares; or

(b) the consent of the holder or holders of shares of the Corporation to which are attached at least a majority of the votes attaching to all shares of the Corporation for the time being outstanding carrying a voting right either under all circumstances or under some circumstances that have occurred and are continuing, expressed by a resolution passed by such holder or holders or by an instrument or instruments in writing signed by such holder or holders, which consent may be given either prior or subsequent to the time of transfer of such shares.
SCHEDULE 2

TO THE ARTICLES OF AMALGAMATION OF

DE BEERS CANADA INC.

Other Provisions

(a) that the number of shareholders of the Corporation, exclusive of persons who are in the employment of the Corporation and exclusive of persons who, having been formerly in the employment of the Corporation, were, while in that employment, and have continued after the termination of that employment to be, shareholders of the Corporation, is limited to not more than 50, 2 or more persons who are the joint registered owners of 1 or more shares being counted as 1 shareholder; and

(b) that any invitation to the public to subscribe for any securities of the Corporation is hereby prohibited.