

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31
See accompanying notes.

4. Restricted cash

Restricted cash represents cash received from Dominion Diamond Ekati Corporation that is intended for a specific purpose or represents the amount to repay.

	2017	2016
Cash received in advance for the 2017/2018 fiscal year	\$343,357	\$ -
Cash repayable from 2016/2017 surplus	\$28,219	\$ -
Cash received in advance for the 2016/2017 fiscal year	\$ -	\$337,522
Cash repayable from 2015/2016 surplus	\$ -	\$38,255
	\$371,576	\$375,777

5. Accounts receivable

As at March 31, 2017 because there is \$NIL accounts receivable, there are no allowance for doubtful accounts (2016 - \$Nil).

6. Tangible capital assets

				2017	2016
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Equipment	20%	\$13,065	\$ 10,960	\$2,105	\$178
Computer equipment	30-55%	\$ 8,521	\$6,991	\$1,530	\$4,287
Website	30%	\$15,120	\$13,608	\$1,512	\$2,160
		\$36,706	\$31,559	\$5,147	\$6,625

7. Accounts payable and accrued liabilities

	2017	2016
Accounts payable and accrued liabilities	\$33,334	\$102,252
Government remittances	\$16,404	\$16,243
Salaries and benefits payable	\$13,943	\$7,752
	\$63,681	\$126,247

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8. Deferred revenue

Deferred revenue consists of payments received in advance and is intended for the upcoming fiscal year expenditures.

	2017	2016
Received from Dominion Diamond Ekati Corporation	\$343,357	\$337,522

9. Contributions repayable

	2017	2016
Dominion Diamond Ekati Corporation		
Core funding repayable	\$28,219	\$38,255

Contributions repayable arising from one fiscal year are normally deducted from contributions provided by Dominion Diamond Ekati Corporation in the following fiscal year. In the year, the Agency had excess contributions of \$28,219, which is to be deducted from 2017/2018 contributions.

10. Commitments

As at March 31st, 2017 the Agency has an operating lease (month-to-month) for office space: there are no immediate plans for changes in rental agreements nor location. The payment for the next year is based on the existing month-to-month contract is \$31,500 (2016 - \$31,500).

11. Economic dependence

The Agency receives 100% (2016 - 100%) of its revenue from Dominion Diamond Ekati Corporation. Management is of the opinion that operations would be significantly affected if the funding was substantially curtailed or ceased. The funding arrangement with the owners of the mine is governed by legislation.

12. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

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For the year ended March 31
See accompanying notes.

13. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(A) CREDIT RISK

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Agency does have credit risk in cash and term deposits of \$422,558 (2016 - \$487,984) as a result of having funds with one chartered bank in excess of the insurable limit. Furthermore, the Agency has a concentration of credit risk as full balance of cash is held at one financial institution. This risk has not changed from the prior year.

(B) LIQUIDITY RISK

The Agency does have a liquidity risk in the accounts payable and accrued liabilities and contributions repayable of \$91,900 (2016 - \$164,502). Liquidity risk is the risk that the Agency cannot repay its obligations when they become due to its creditors. The risk has not changed from the prior year.

SUMMARY 2016-17 & 2017-18

SUMMARY WORK PLAN AND CORE BUDGET 2017-18 AND 2018-19

The work plan for 2017-18 is based on the direction and feedback received from our Society Members at our annual general meeting (AGM) and the Agency's own initiatives.

For the second year of the work plan (2018-19), the Agency will refine and modify the plan as needed during next year's AGM and also taking into consideration any changes or modifications to activities at Ekati mine.

Dominion Diamond Ekati Corporation (DDEC), as the owner of Ekati mine, is solely responsible for funding the Agency in accordance with the 2006 Resolution Agreement. The Agency's budget for 2017-18 is approximately \$686,000 while the budget for 2018-19 is projected to be \$694,000, which reflects an assumed increase in Canada's Annual Consumer Price Index (CPI) of 1.0%.

Major Activities

BOARD MEETINGS AND CONFERENCE CALLS

Board meetings are held approximately 4 times per year. They provide an opportunity for Directors to discuss, review, and make recommendations on recent, ongoing and anticipated initiatives. Guests are invited to meetings to provide updates and receive input on their specific activities. DDEC, WLWB, and GNWT inspectors are regular guests.

Proposed Activities: Four board meetings annually.

Table 6: Core Budgets 2016-17 and 2017-18

ACTIVITY	FORECASTED 2016-17	PROPOSED 2017-18	PROPOSED 2018-19
Board Meetings	\$54,576	\$68,840	\$69,528
Review of Documents	\$68,344	\$74,960	\$74,174
Separate Fund	\$57,484	\$40,000	\$40,000
Communications	\$131,527	\$165,310	\$167,973
Outside Contracts	\$17,988	\$13,000	\$10,000
Mgmt and Admin	\$326,380	\$324,380	\$327,620
Special projects	\$0	\$0	\$0
Total	\$656,299	\$686,490	\$689,295
<i>(approved)</i>	<i>\$675,045</i>	<i>\$686,714</i>	<i>\$693,581</i>

REVIEW OF REPORTS, PLANS AND PROGRAMS, AND IMPLEMENTATION OF THE ENVIRONMENTAL AGREEMENT

Directors review and make recommendations on the major reports, programs, studies and plans required under the Environmental Agreement, water licences, and other regulatory approvals.

Proposed Activities: The Agency expects to review the following reports in 2017-18:

- The regular environmental monitoring reports for 2017 under the Environmental Agreement and water licence:
- Aquatic Response Framework - Response Plans:
- Seepage 3 year Report:
- Bathurst Caribou Range Plan Technical Workshop

- Interim Closure and Reclamation Plan Annual Progress Report:
- Dust Suppression Pilot Project Interim Report: and
- Various management plans and updates including the Caribou Road Management Plan: Wildlife Management Plan: Air Quality and Emissions Monitoring and Mitigation Plan and the Waste Rock and Processed Kimberlite Management Plan.

There are also two meetings planned with DDEC, GNWT, Indigenous and Northern Affairs Canada, and the Agency which focus on implementation of the Environmental Agreement.

A similar workload is expected in 2018-19.

SEPARATE FUND ACTIVITIES

The Resolution Agreement establishes a Separate Fund of up to \$40,000 per year for Agency expenses where a public hearing is reasonably assured as indicated in approved work plans or budgets, or as confirmed by a regulatory body.

Proposed Activities: For 2017-18, the Agency expects to deal with the following:

- Review the final water licence and Reasons for Decision sent to the Minister: and,
- Any unforeseen water licence amendment applications.

There is no expected public hearing process for 2018-19.

CONSULTATION AND COMMUNICATION

Consultation and communications with our Society Members and the general public is an important part of the Agency's mandate.

Proposed Activities: The Agency will maintain its visits to communities. This year the Agency held its annual report writing session and had an open house in Kugluktuk in May 2017. The Agency will continue to produce technical and plain language annual reports, a pamphlet summarizing the annual reports for distribution to all households, and attend workshops and meetings relevant to our mandate. The Agency will continue to maintain its website, the Ekati Timeline and public registry. The Agency will also be implementing other parts of our Communications Plan including printed material and finalizing an Agency video which will ultimately be translated into Aboriginal languages.

Similar activities are anticipated in 2018-19.

OUTSIDE CONTRACTS

On occasion, the Agency turns to other experts to help review reports, studies, and plans.

Proposed Activities: It is difficult to predict what, if any, outside expertise the Agency may commission, but aspects of Seepage 3 year Report may require some outside expertise.

MANAGEMENT AND ADMINISTRATION

The Agency provides the majority of its management and administrative services through its Yellowknife office and staff of an Executive Director and a Communications and Environmental Specialist. The Agency manages its own office space and equipment.

Proposed Activities: Maintain current staff and benefit levels.

The same activities are anticipated in 2018-19. ■



MAIN CAMP WITH KOALA PIT AND AIRSTRIP IN THE BACKGROUND.

ACRONYMS & GLOSSARY

AEMP – Aquatic Effects Monitoring Program
AQMP – Air Quality Monitoring Program
AQEMMP – Air Quality and Emissions Monitoring and Management Plan
AES – Aquatic Ecology Synthesis
ARD – Acid Rock Drainage
ARF – Aquatic Response Framework
CAM – Continuous Air Monitoring
CCME – Canadian Council of Ministers of the Environment
CIMP – Cumulative Impact Monitoring Program
CPI – Consumer Price Index
CRMP – Caribou Road Mitigation Plan
CPKSA – Coarse Processed Kimberlite Storage Area
DDEC – Dominion Diamond Ekati Corporation (the company)
DFO – Fisheries and Oceans Canada
DO – Dissolved Oxygen
DNA – deoxyribonucleic acid
EQC – Effluent Quality Criteria
ECCC – Environment and Climate Change Canada
EIR – Environmental Impact Report
EMAB – Environmental Monitoring Advisory Board
ENR – Department of Environment and Natural Resources (GNWT)
EPA – NWT Environmental Protection Act
GNWT – Government of the Northwest Territories
GTC – Ground Temperature Cable
HVAS – High volume Air Samplers
IACT – Inter-Agency Coordinating Team
ICRP – Interim Closure and Reclamation Plan
INAC – Indigenous and Northern Affairs Canada
KIA – Kitikmeot Inuit Association
KPSF – King Pond Settling Facility
LKDFN – Lutselk'e Dene First Nation
LLCF – Long Lake Containment Facility
LUP – Land Use Permit
MVEIRB – Mackenzie Valley Environmental Impact Review Board
NSMA – North Slave Métis Alliance

NWT – Northwest Territories
PAG – Potential Acid Generating
PDC – Panda Diversion Channel
PK – Processed Kimberlite
PSD – Pigeon Stream Diversion
QA/QC – Quality Assurance/Quality Control
REA – Report of Environmental Assessment
Review Board – Mackenzie Valley Environmental Impact Review Board
SLEMA – Snap Lake Environmental Monitoring Agency
SNP – Surveillance Network Program
SSMMP – Suspended Sediment Monitoring and Management Plan
TK – Traditional Knowledge
TKEG – Traditional Knowledge Elders Group
TOC – total Organic Carbon
TDS – Total Dissolved Solids
TSP – Total Suspended Particulate
TSS – Total Suspended Solids
WEMP – Wildlife Effects Monitoring Program
WEMPlan – Wildlife Effects Monitoring Plan
WLWB – Wek'èzhii Land and Water Board
WPKMP – Wastewater and Processed Kimberlite Management Plan
WPOMP – Wastewater and Processed Kimberlite Management Plan
WRSA – Waste Rock Storage Area
YKDFN – Yellowknives Dene First Nation
VEC – Valued Ecosystem Component
ZOI – Zone of Influence
Action Levels – A predetermined change, to a monitored variable or other qualitative or quantitative measure that requires the Licensee to take appropriate actions that may include, but that are not limited to: further investigations, changes to operations, or enhanced mitigation measures.
Adaptive Management – A management system with continual monitoring so that if initial mitigation measures are ineffective, additional or alternative mitigation is applied to keep the impact within acceptable levels.

Benthos – The sediments and mud at the bottom of rivers, lakes and ponds that can contain living organisms. Benthic invertebrates such as mosquito larvae are an important food source for small fish.

Chloride – Salt resulting from the combination of the gas chlorine with a metal. Fish and aquatic communities cannot survive in water with high levels of chlorides.

Cladocera – An order of small crustaceans (i.e., zooplankton) that live in water (commonly called water fleas).

Consultation – (i) The provision, to the party to be consulted, of notice of a matter to be decided in sufficient form and detail to allow that party to prepare its views on the matter:

(ii) The provision of a reasonable period of time in which the party to be consulted may prepare its views on the matter, and provision of an opportunity to present such views to the party obliged to consult; and

(iii) Full and fair consideration by the party obliged to consult of any views presented.

Environmental Agreement – Created as a legally binding instrument to provide monitoring and input into management practices not covered by other authorizations. Parties include BHPB and the federal and territorial governments. Akaitcho Treaty 8 First Nations (LKDFN and YKDFN), Kitikmeot Inuit Association, North Slave Métis Alliance and Tłı̨chǫ Government were involved in the negotiations.

Hydrocarbons – Organic compounds which contain only hydrogen and carbon. This includes fossil fuels (i.e., coal, petroleum and natural gas) as well as their derivatives, such as plastics, solvents and oils.

Kimberlite – A rare, potentially diamond bearing iron and magnesium rich rock from deep in the earth's mantle. Kimberlites are generally found as vertical pipe-like structures.

Molybdenum – A metal that can affect trout just after they hatch.

Nitrate – A nutrient, like a fertilizer, derived from nitrogen. Nitrate can affect the growth of baby fish if it gets too high.

Phytoplankton – Microscopic plants (e.g., algae) found in freshwater and ocean environments. They are an important food source for zooplankton.

Processed Kimberlite – The waste material and water mixture that is left over after the mill removes the diamonds from the ore. Also referred to as 'tailings'.

Progressive Reclamation – Reclamation that can be carried out during the construction and operation phases of a mine prior to final closure (e.g., rock waste dumps).

Reclamation – The recovery to viable ecosystems of areas of land and water bodies that have been disturbed during mining.

Schist – A large group of coarse-grained metamorphic rocks which readily split into thin plates or slabs as a result of alignment of lamellar or prismatic minerals.

Slave Geological Province – Area between the City of Yellowknife and the Arctic coast.

Tailings – See 'Processed Kimberlite'.

Total Suspended Particulates – The fraction of airborne particulates that will remain airborne after their release in the atmosphere.

Valued Ecosystem Component – Environmental element of an ecosystem that is identified as having scientific, social, cultural, economic, historical, archaeological or aesthetic importance.

Waste Rock – Rock containing diamonds but too low in grade to be mined or processed economically. Also other rock that must be removed to access kimberlite pipes.

Waste Rock Seepage – Water that drains through the waste rock piles. This water may pick up contaminants as it touches the waste rock and may enter the receiving environment.

Wastewater – Water that contains wastes from the mining process, including sewage and chemicals from explosives.

Zone of Influence – Area of reduced caribou occupancy.

Zooplankton – The small, mostly microscopic animals that live suspended in freshwater (and ocean) environments. Zooplankton feed on phytoplankton and small particles in the water. They are an important food source for small fish.



2016-17 ANNUAL REPORT

TECHNICAL

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