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July 7, 2017

Kate Witherly Manager—Environmental Impact Assessment Conservation, Assessment and Monitoring Environment and Natural Resources Government of the Northwest Territories P.O. Box 1320 Yellowknife NT X1A 2L9

Re: 2016 Environmental Agreement and Water Licence Annual Report and Summary Report

Dear Ms. Witherly,

The Agency has had an opportunity to review Dominion Diamond Ekati Corp.'s (DDEC) 2016 Annual Environmental Report and the plain language summary.

The Agency is of the view that the 2016 Annual Environmental Report is satisfactory.

The Agency makes the following general observations with a view to improving future Annual Reports. The Agency was pleased to see that last year's comments and responses were included at the end of the 2016 report and hope that this will continue in future years. For clarity, the Agency has broken down its review into two parts: Technical Report and the Plain Language Summary.

Technical Report: 2016 Environmental Agreement and Water Licence Annual Environmental Report

Technical Report – Main Body

Figure 2 – 2016 Ekati Diamond Mine Solid Waste Summary

The title is inconsistent with the intent of the Figure and results in unnecessary confusion. Solid waste is generally defined to include garbage, refuse, sludge from a wastewater treatment plant, water supply treatment plant, or air pollution control facility and other discarded materials including solid, liquid and semi-solid material resulting from industrial, commercial, mining, agricultural and

community operations. DDEC has used the term 'solid waste' in Figure 2 only to mean waste rock and coarse kimberlite rejects transported and deposited to storage areas.

Recommendation: The title should be revised to more accurately reflect the intent of Figure 2.

Table 4 - Waste Discharged to Containment Facility

Table 4 indicates that 3,581 m³ of 'Other Waste' was discharged to the Long Lake Containment Facility in 2016, while 160 m³ and 30 m³ were discharged to King Pond and Beartooth Pit, respectively. No explanation of what constitutes 'Other Waste' is provided.

Recommendation: Provide an explanation or definition of 'Other Waste' in Table 4.

Section 3.2 q) A summary of any revisions to the approved Wasterock and Ore Management Plan (WROMP)

A revision to the WROMP for Version 6.2 mentions an additional lift but doesn't state how high that will raise the summit of the Misery waste rock pile (p. 3-14). This is a significant increase in the height of this rock pile and therefore the amount of the raise and the total height of the pile should be clearly stated.

Recommendation: The report should state the height of the recently approved additional lift to the Misery waste rock storage area and the total elevation of the pile. Also, the height above the surrounding landscape at closure should be provided for context.

Section 4.3.7 – Vegetation, Including the Loss of Habitat

Annual changes in, and the total length of, linear road developments are not reported in the annual report. Section 4.3.7 provides the additional surface area of habitat disturbed due to mine development during 2016 and the total amount of habitat loss caused by the project footprint since commencement of the project in 1997. With construction of the Sable haul road, a significant previously undisturbed region of habitat is now being accessed for mine development. A better overall indication of habitat loss and potential impacts on wildlife would be provided by including the length of roads added in 2016 (possibly about 40 km, mainly associated with the Sable Road and Jay Project), as well as the total length of roads constructed since 1997 (136 km). While the additional disturbed surface area represented by haul and other roads is small compared to the overall project footprint, they represent a potential semi-permeable barrier to wildlife movement and migration.

Recommendation: Include annual changes in, and the total length of, linear road developments along with loss of habitat in future reports.

Appendix A: SNP Summary Report

Table 1616-46 Water pumped from Misery to KPSF

Total Suspended Solids (TSS) on Sept 30, 2016 is orders of magnitude above all other TSS measurements at this station (41,200 mg/L). It would be instructive for the report to state what caused this significantly high level of suspended solids from Misery pit.

Recommendation: Appendix A: SNP Summary Report should state the reason for the seemingly abnormally high TSS value in Misery water pumped to the King Pond Settling Facility on Sept 30, 2016.

Appendix H: 2016 Wildlife Effects Monitoring Program Summary

Caribou – Caribou Distribution Relative to the Ekati Diamond Mine

The document states that observers incidentally estimated 21,695 caribou within the study area in 2016. The main WEMP report provides the same number in its Executive Summary (pg iii), but states 25,225 caribou in the text (pg 5-33). The difference may be explained from Table 5.3-1 in the WEMP (pg 5-35) which clarifies that while 25,225 caribou were observed, 21,695 were of unknown sex and age. It seems that the 21,695 number in Appendix H (and in the WEMP Executive Summary) is not correct.

Recommendation: DDEC should clarify the number of caribou observed during 2016 in the annual report (and summary).

Plain Language Summary: 2016 Environmental Agreement and Water Licence Annual Environmental Report Summary

We also reviewed the plain language version of the Annual Report. The Agency is pleased to report that the plan language report in particular was very well written, easy to understand, had excellent useful graphics and photos and summarized the overall mine operations, monitoring programs and the results of those programs very well.

Should you have any questions concerning these comments, the Agency is pleased to discuss these at your convenience.

Sincerely,

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Emery Paquin Vice Chairperson

Cc: Dominion Diamond Ekati Corporation – April Hayward Tlicho Government – Jessica Hum Yellowknives Dene First Nation – Alex Power Lutsel K'e Dene First Nation – Ray Griffith North Slave Metis Alliance – Shin Shiga Kitikmeot Inuit Association – Jared Ottenhof Government of the Northwest Territories – Laurie McGregor Indigenous and Northern Affairs Canada – Jennifer O'Neil