ANNUAL REPORT HIGHLIGHTS

Exploration – Drilling continued on various exploration targets on the main Ekati claim block, with a focus on the Point Lake area. In late 2019 Dominion applied for Land Use Permits (LUPs) to extend and expand current drill programs at Glowworm Lake and Lac de Gras/Harry Winston Project for another 5 years.

Wildlife – Incidental observations of caribou at the mine totaled 9,507 individuals in 2019, mainly during winter periods. This included caribou from the Bathurst and Beverly/Ahiak herds. Under the Caribou Road Mitigation Plan, traffic and blasting was managed on 134 occasions to reduce disturbances to caribou.

Water – The concentration of each water quality variable is higher than baseline levels, though no higher than the previous four years. Dominion's Aquatic Response Framework has no sediment benchmarks for selenium, unlike Diavik's framework. These benchmarks and action levels for all metals should be developed. Further research is needed to support a decision about the depth of freshwater cap required above fine processed kimberlite in pit lakes.

Closure & Reclamation – The WLWB approved the Interim Closure and Reclamation Plan Version 3.0 (ICRP 3.0) but identified many shortfalls and excluded some components from the approval. Dominion is required to submit an updated ICRP by mid-2021 after holding a workshop in early 2021 and addressing issues raised in the WLWB decision for ICRP 3.0.

Air Quality – Air quality remains good with no ambient air quality or dustfall standards and guidelines being exceeded. Results from the Dust Suppressant Pilot Study Report 2018/2019 indicate EnviroKleen™ is effective dust suppressant when applied over the year.

Waste Rock Management – Significant questions persist over the use of 'Total Neutralization Potential' to evaluate the ability of waste rock to neutralize acidic conditions. Dominion has initiated work on a Seepage Management Framework.

Traditional Knowledge & Engagement – The Agency conducted a Wildlife and Closure Workshop focusing on how best to close the mine roads and waste rock piles in relation to wildlife movement and usage. No Traditional Knowledge Elders Group meetings were held this past year.



2017 Satellite imagine of the Ekati mine site. Courtesy of Dominion Diamond Mines ULC

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For further information on the Agency's recommendations, please refer to the technical or plain language version of our annual report available on our website or from our office.





ANNUAL REPORT SUMMARY

2019-2020





MESSAGE FROM THE CHAIR

The Independent Environmental Monitoring Agency (Agency) is the public watchdog for the Ekati diamond mine and our monitoring activities increase with modifications and expansions to the project. The Agency's 2019-20 Annual Report summarizes our activities over the past year and offers recommendations for Dominion Diamond Mines ULC (Dominion) and regulators on how they may improve their environmental management.

This past year the Agency continued to review and provide recommendations on Dominion's environmental management and monitoring plans and activities to ensure that there is good environmental performance at the mine site. In February 2020 the Agency facilitated a Wildlife and Mine Closure workshop focusing on how best to close the roads and waste rock piles in relation to wildlife movement and usage. The workshop brought together elders, youth and participants from each of our Aboriginal Society Members. The Agency would like to continue similar future discussions on closure and reclamation.

On March 19, 2020 Dominion suspended operations at the Ekati mine in response to Covid-19 and went into care and maintenance mode. A care and maintenance crew stayed on to maintain the mine and ensure monitoring requirements continue during the interim period. On April 21, 2020 Dominion filed for insolvency protection under the Companies' Creditors Arrangement Act. The Agency continues to communicate with Dominion on a weekly basis for any updates.

On behalf of all Agency Directors I would encourage you to contact the Agency at any time with your comments and concerns, or if you wish for us to visit your community.

Marsi, mahsi, quiannamik, quana, merci, thank you.

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Jaida Ohokannoak www.monitoringagency.net

AGENCY RECOMMENDATIONS

Recommendation 1 – To Dominion: The Agency recommends that Dominion finalize the amalgamation of the current Air Quality Monitoring Plan (AQMP) with the Air Quality and Emissions Monitoring and Management Plan (AQEMMP) to improve the monitoring of air quality across the entire mine site.

Recommendation 2 – To Dominion: Selenium concentrations in the Koala watershed fish tissues have risen, likely due to increasing levels of selenium in sediments in lakes directly downstream of the Long Lake Containment Facility (Leslie Lake and Moose Lake). Given this important AEMP finding, the Agency recommends:

- a) Dominion investigate the source(s) (e.g., LLCF discharge) and pathway(s) (e.g., food chain transfer; in-lake processes that increase selenium bioavailability) that are driving increases of selenium in fish tissues; and,
- b) Once the sources and pathways have been identified, Dominion should use this information to determine mitigation to reduce selenium concentrations in fish tissues and develop early warning triggers to help prevent effects on fish in lakes downstream of impacted lakes and other watersheds. This work should be incorporated into the Fish Response Plan with triggers to be incorporated into the Aquatic Response Framework.

Recommendation 3 – To GNWT: There has been lack of progress towards developing enforceable air quality regulations specific to the Northwest Territories. The Agency recommends that the Government of the Northwest Territories make greater efforts to develop enforceable Air Quality regulations.

Recommendation 4 – To GNWT: In our 2016 Annual Report the Agency recommended that "the Government of the Northwest Territories, in cooperation with the Wek'èezhii Land and Water Board, develop written policies, guidelines, or directives to standardize the process for determining whether, and what portion of security should be held back for future liabilities upon completion of reclamation activities." In response the GNWT stated that they are aware of the concern and are working towards developing its own policies and guidelines and that they would keep the Agency appraised of any progress. It is now 2020 and there does not appear to be any progress made in this regard. The Agency recommends that the GNWT work with the WLWB on this important topic and provide an update on any progress made since 2016.

For responses to these recommendations, see the full report on our website: www.monitoringagency.net

SCORECARD

Торіс	Rating	Evaluation
Air Quality	Satisfactory	The 2019 Air Quality Monitoring Report shows that monitoring results were similar to historical data. Dominion has not yet submitted the site wide Air Quality Emissions Monitoring and Mitigation Plan that they have been promising stakeholders since 2016.
Closure and Reclamation	Satisfactory	The Interim Closure and Reclamation Plan 3.0 was conditionally approved, however some key components were not approved. These will be the focus of discussion at a workshop that is to occur no later than March 2021, and form the basis for revision of ICRP 3.1 that is to be submitted by July 2021.
Financial Security	Not Satisfactory	In 2018 there was disagreement in regards to how security should be posted. GNWT insisted it be split between land and water while the WLWB and the Agency believed it should all be held under the water licence. The inconsistency between the GNWT and WLWB requirements resulted in a period where the Misery Underground Project was not secured while all other mine-related liabilities at Ekati were secured. In February 2020 as part of the ICRP v3.0 decision the WLWB agreed to split the security between land and water.
Traditional knowledge	Not Satisfactory	The Traditional Knowledge Elders Group for the Ekati Mine have not met since September 2018. Future meetings have not been scheduled pending the decision of the Jay Project and limitations COVID has placed on group meetings. The Agency noted that community engagement on the closure plan was lacking. During our Wildlife and Closure Workshop in February 2020 community members voiced frustration that their concerns were not being heard.
Water and Aquatic Life	Satisfactory	There are no new water quality issues this year. Levels continue to be elevated over baseline but not higher than recent years. The recent use of the Panda/Koala pits for processed kimberlite deposition helps to reduce the contaminants downstream of the Long Lake Containment Facility resulting in slightly improved water quality. While that is good news, the Agency has concerns about lack of harvestable fish monitoring downstream of Sable Pit as well as Dominion's contribution to cumulative effects assessment in Lac de Gras.
Wildlife	Satisfactory	The 2019 WEMP is well-produced with detailed reporting on waste management and wildlife incidents. The caribou mitigation measures in place to reduce impacts to caribou resulted in road closures and blasting deferred or cancelled on 134 occasions. However, the camera report has been delayed several years and road survey data are not presented. The Agency has repeatedly asked Dominion to evaluate the effectiveness of the mitigation measures in place, and provide support for currently unsupported statements about caribou tolerating disturbance and roads not impeding caribou movement.

Rating Definitions (for scorecard)

Unsatisfactory – Dominion and regulators failed to meet the expectations of the Agency, failed to carry out important commitments, or its performance resulted in sanctions or violations.

Satisfactory – Dominion and regulators met the expectations of the Agency, monitored and managed environmental impacts, and its performance did not result in sanctions or violations.

Good – Dominion and regulators exceeded the expectations of the Agency, actively investigated and managed issues of concern, and its performance demonstrated best practices. Best Available Technology, initiative and/or leadership.