

 DE BEERS
CANADA

Attawapiskat

Impact Benefit Agreement

Update: as of Jan 2011



Construction

- High intensity, short duration jobs
- Contracts to Aboriginal organizations (JVs, partnerships etc) total value \$167M
- Construction created 3,348 jobs of which 29% (977) from coastal communities (several people had more than one job)
- Of this 766 male and 266 female Aboriginal employees.
- Capital cost \$1.022Bn



Education & Training

Chapter 3



Set out how the company plans to maximize education and training opportunities for employment, retention and advancement

- Deliver Career Counseling Workshops
- Provide Cooperative Education Opportunities
- Provide Academic Achievement Awards and Scholarship
- Offer summer employment opportunities for AttFN students
- Professional development and performance appraisals
- “Train the Trainers” programs
- Encourage other members of mineral industry to develop training initiatives to assist AttFN Members to work with the Project

Training:

- August 2010 – 4th Process Plant Trainee Program designed by JBET, Haileybury School of Mines & De Beers – 12 students.
- Summer Student Program – 8 students (2 from each community)
- Environmental Monitor Trainee's – 4 (1 from each)*
- Emerging Technologies – 16 trainee's (various departments)*
 - three (3) month duration
 - Paid on-the-job experience
- Training Center – Simulator Project*

Employment

Chapter 4



- Maximize the number of qualified AttFN Members in all categories of long-term employment at the Project
- Aboriginal Employment Coordinator – David Okimaw and Robert Kataquapit - Attawapiskat Office Coordinator Christine Kataquapit, Youth IBA Coordinator Trevor Koostachin.
- Compile a list of qualified candidates by AttFN and Company's Human Resources Department
- Be involved in the interview process
- AttFN shall maintain and update the Human Resources Inventory which will consist of a detailed inventory of AttFN Members “ in the labour force”.
- AttFN human resource strategy

Employment



- Hire 4 AttFN Members as Management or Supervisory trainees
- Establish an orientation program for AttFN students providing info about the mining industry, employment opportunities, and visits to Mine Site.
- Aboriginal Employee Advisory Committee.
- Targets : 90 moved to 100 AttFN members

Results:		2008	2009	2010	
Attawapiskat FN		168	180	157	22%
Other FN		155	147	184	26%
Non-Native		404	380	376	52%
Total		727	707	717	100%

Workplace Conditions

Chapter 5



The Company shall make the Project Area more accommodating for Cree and Aboriginal Company Employees by:

- a) providing access to key policies and procedures for Company Employees;
- b) posting the Company's anti-discrimination policy in one or more prominent places in the Project Area;
- c) providing all Company Employees with cultural sensitivity training;
- d) retaining AttFN or AttFN Members to deliver any Cree-specific components of the cultural sensitivity training program, subject to the cultural sensitivity training program being delivered in a timely, satisfaction and cost-competitive manner;

Business Opportunities

Chapter 6



- set a frame work to facilitate development of Attawapiskat businesses by promoting and encouraging the use of qualified Attawapiskat Businesses in supplying goods and services to the Project whenever possible and practicable;
- promote and assist the development of business skills among AttFN Members and Attawapiskat businesses so that, as early as possible, Attawapiskat Businesses become self-sustaining, capable of supplying goods and services to the Project and are able to take advantage of Business Opportunities related to the Project; and
- set out the processes that the Company and AttFN will follow to facilitate the involvement of Attawapiskat Businesses for the procurement of any goods and services required during all Project Phases;
- AttFN shall establish, in consultation with the Company, a Business Registry to register any Attawapiskat Businesses that may be interested in supplying any goods or services in respect of the Project.
- Company shall host and participate in at least one business opportunities awareness workshop annually

Attawapiskat Business Criteria



Attawapiskat Business means a sole proprietorship, partnership, not for profit corporation, cooperative, or a limited partnership operating independently or in a joint venture, alliance, consortium or a combination thereof:

- With greater than 50% beneficial ownership or effective control held by one or more of AttFN or its members;
- Which has been declared an Attawapiskat business by the Registrar due to the fact that it possesses six (6) or more full-time employees with less than thirty three percent (33%) AttFN Members who are employees, but has significant AttFN benefit, ownership control or employment;

The following is a description of Tender Process A which will be used for Services Contracts and Procurement Contracts.

- (a) Service Contracts
- (b) Construction Contracts
- (c) Outsourcing Contracts
- (d) Procurement Contracts
- (e) Other Contracts

Service and Procurement Contracts (Process A)

Yes – AttFN business submits proposal
or No interest – company issues open tender

Outsourced (Tender Process B)

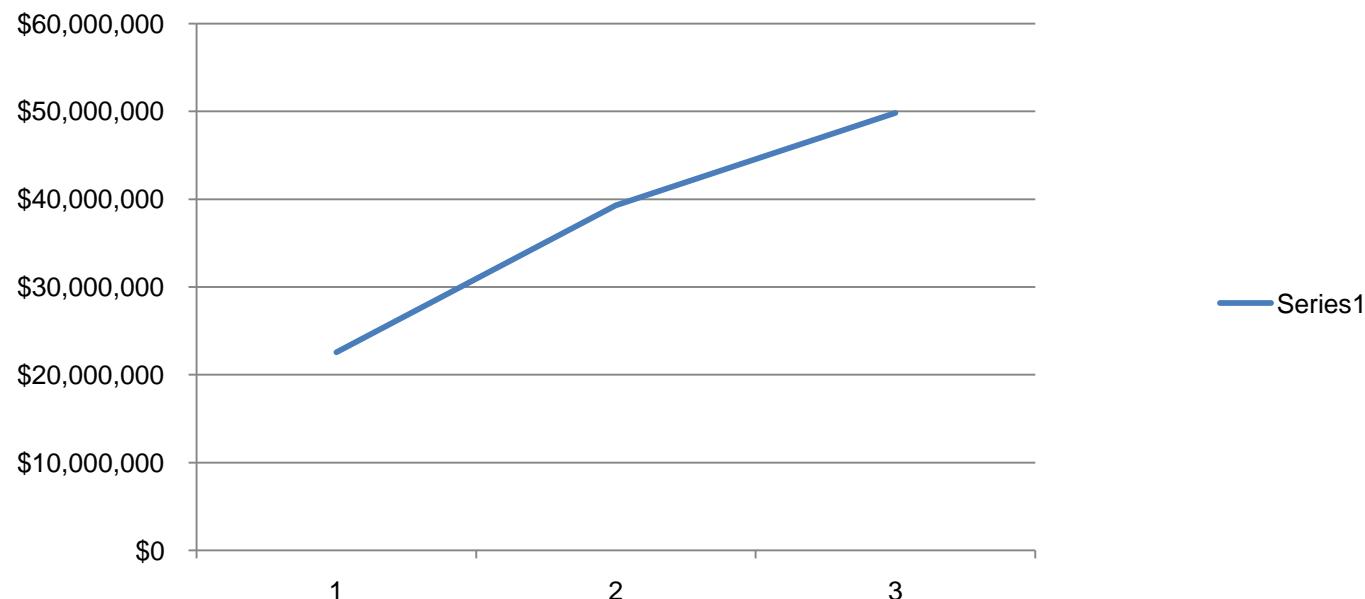
Yes – business tenders evaluated
or if AttFN indicates no interest in the opportunity, then goes to open tender &

DBC shall, in consultation with Att FN, identify the specific Business Employment and Training (BET) opportunities of interest to AttFN to be considered when evaluating tenders.

Business Results

2008 – (Aug to Dec)	2009	2010		
\$22,574,844	\$39,293,574	49,834,790	Total \$ 111,703,208	

- Target for IBA was 15M (updated to 30M) Construction \$167M



Environmental Protection

Chapter 7



To protect the environment from the impact of the Project and to put in place measures and procedures that will involve Attawapiskat in the ongoing monitoring of Project implementation.

- The Victor Mine has engaged the community from the very beginning to combine Traditional Ecological Knowledge with our Environmental team.
- We have a joint Environmental Management Committee with the community to ensure environmental impacts are minimized
- The closure plan plus an additional three years of environmental monitoring will take place to ensure the mine site is returned to the most natural state possible

Environment Department

- will hold a public meeting at least once a year in Attawapiskat along with the EMC to update Members on the Project environmental management; and,
- they will publish each year an Annual Environment Report and this report will be made available to the EMC and to Members.
- De Beers provides funding to support the employment of an Attawapiskat Environmental Coordinator

Environmental Update



- Environmental monitoring programs are continuing as required by permits and the environmental assessment based FUPA programs
- The most recent annual FUPA report was issued in June 2010 and indicated that all results to date are as predicted in the Environmental Assessment, or less severe. This suggests that the Environmental Assessment took a proper conservative approach in assessing possible effects.
- The volume of water being pumped from the dewatering wells to date is in the lower end of the predicted range of what would be required to keep the pit dry, and the chloride (salt) concentration is also somewhat lower than predicted.
- Fish studies three years after construction indicate very healthy populations of water insects, minnows and trout in the relocated section of South Granny Creek near the mine pit.

Environmental Update - 2



- The Victor mine is cooperating and acting as a base camp for several research programs studying long-term potential effects of global warming on the muskeg in the James Bay Lowlands. These are being carried out by the Ontario MOE and MNR, and Universities. We have ensured that these groups keep the Attawapiskat FN informed, through the Director of Lands & Resources and the Chief.
- Our long term research programs with Laurentian University on how best to revegetate the mine at closure using local plants is progressing well and has employed a couple of Attawapiskat students as summer field technicians.
- Mercury Studies continuing – lower than river levels and appear at levels expected.

Environmental Update - 3

- Our long term research agreement with Waterloo University and others is continuing, focusing on the relationships between water movement in the muskeg, glacial overburden and limestone and potential effects on this of the mine dewatering, including any potential changes to the way that mercury already present in the muskeg and soil moves through the ecosystem.
- The very large numbers of fish of various types and sizes that De Beers collects for ultra-trace level mercury analysis is providing an extraordinarily large and reliable database to understand how mercury naturally present in the river behaves. This should tie in well with studies being done by MERC in this and other rivers in the region. These samples are analysed at a leading university lab as part of our research partnership.
- Long term caribou studies continue to provide new information about these animals in the region. They move around far more than was believed for Woodland Caribou (traveling as far as Manitoba and back in the winter), and continue to be seen at and near the mine site.

Social & Culture Protection

Chapter 8



To encourage a positive relationship between Attawapiskat and De Beers, to support Cree values and culture and to make sure the Project has as little effect on Attawapiskat's social and cultural values as possible.

Attawapiskat will let De Beers know of problems about the effects of the mine project on the Cree culture and way of life. De Beers will look into these problems right away and if necessary De Beers and the <Senior Implementation Committee> will do something about the problem.

Use of Facilities & Disposition of Surplus Infrastructure

Chapter 9



De Beers and Attawapiskat will establish a committee that will be called the Victor Joint Management Committee (JMC) which will be responsible to:

- Maintain good communication between Attawapiskat and De Beers;
- Recommend policies and rules for safety and access to facilities which will include the airstrip, barge landing area, lay down area, pipeline, the Attawapiskat workers accommodation and the Attawapiskat-Victor road;
- Develop plans to keep Members informed about the rules and regulations;
- Review any concerns brought to it by the Company or Attawapiskat.

Update: SeaCan – exploration assets will be transported to AttFN in winter.

Financial Considerations

Chapter 10



De Beers will make financial payments each year to compensate Attawapiskat for use of the land and to share the benefits from the land's resources which in this case are diamonds.

- Payments with a guaranteed minimum during the twelve years of planned mine operations;
- **Additional payments once the Project reaches the minimum profit level;**
- Higher additional payments if the Project reaches profit levels well above that projected in the current calculations of De Beers;
- To Date ~\$10.5M transferred to Trust Fund account.

Exploration for Additional Resources

Chapter 12



The goals of this section are to set out the conditions that will apply to future exploration activities by De Beers in the Project area and to set out what will happen if they find additional resources and want to process them.

To achieve these goals:

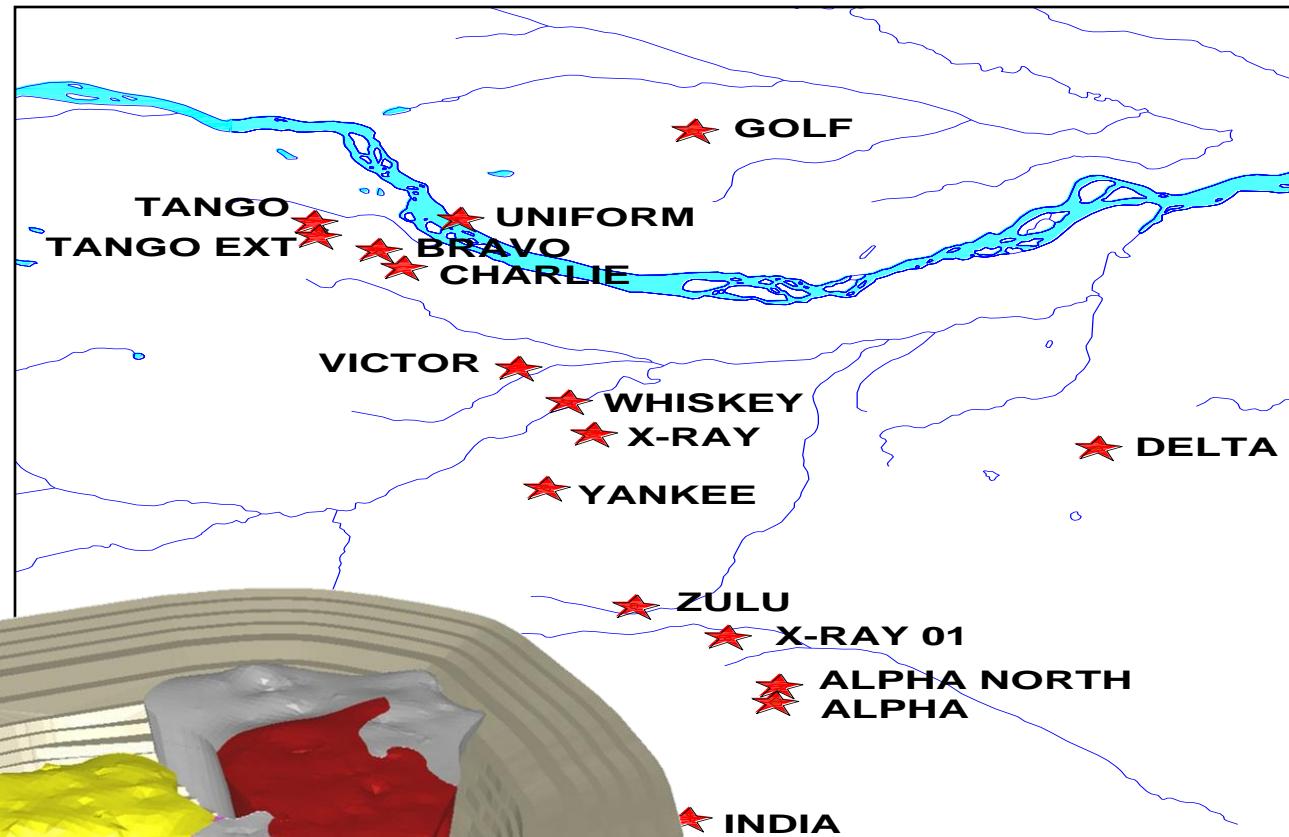
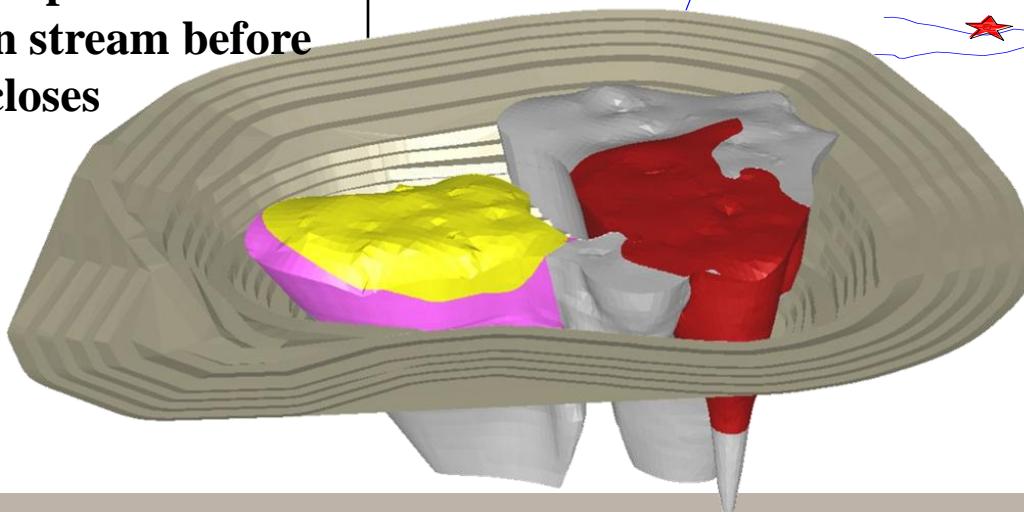
Within a defined area around the mine site (approximately 30 square kilometres), De Beers will have permission to continue exploration activities. This may include putting in temporary facilities required to conduct the exploration activities.

During the exploration activities, De Beers will keep Attawapiskat informed about what it is doing. They will do this by:

- giving Attawapiskat reports on exploration activities every three months;
 - providing in advance, copies of any permits they require for exploration;
 - providing copies of all environmental monitoring in exploration areas; and,
 - holding information sessions in the community about their exploration plans and activities.
- The life of Victor is short: we need to find new deposits away from the IBA area.

Victor Kimberlites

- Assessing other Kimberlites in cluster around Victor
- To date no additional resources identified
- Need to locate, evaluate and complete feasibility study of any new resource before end of 2014, otherwise will be unable to permit and bring on stream before Victor closes



Tango Extension Work Site Activities - VicREP 2010



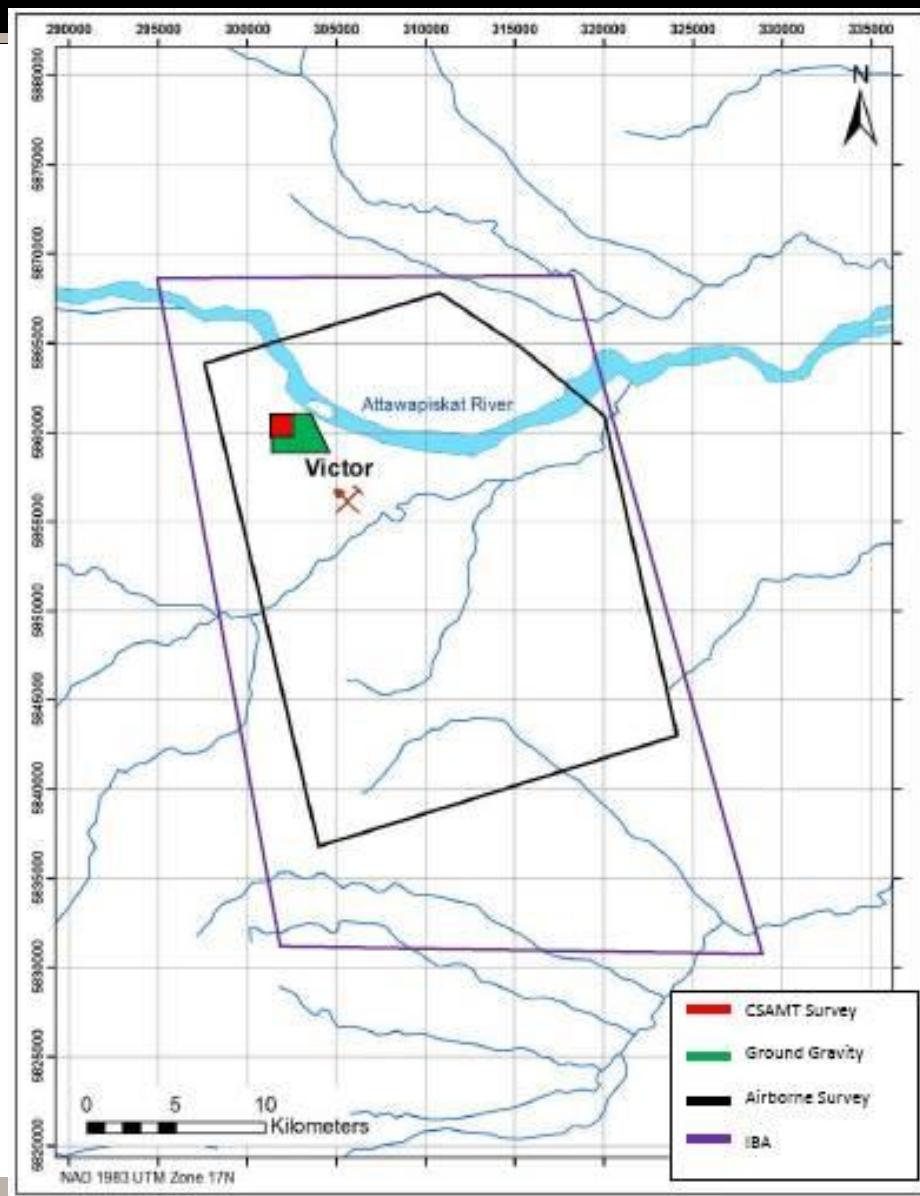
Project Duration: January 4 to June 14 (161 Days)
4016.50m of 2.5" diameter core holes drilled - 18 holes total
1173.20m of 23" large diameter holes drilled - 5 Holes total
5km long access road to the Tango Extension Job Site



2011 Planned program

- Winter
 - Ground gravity survey over Tango Extension
 - CSAMT electrical survey over Tango Extension (Controlled Source Audio-Frequency Magneto Telluric)
- Summer
 - Airborne gravity geophysical survey

Area for Airborne Gravity Survey



Other Issues

- Committee's not always working – SIMC and EMC – hard to confirm dates.
- High turnover: unfamiliarity with expectations in work place. Implementing life skills sessions
- High absenteeism: Employees not turning up on time for flights
- Poor application rate for training
- Poor application rate for employment opportunities
- Belief that company can resolve issues of governance and issues between FNs and INAC

Issues - 2



- Only 2 of 4 management trainees in place: 2 more identified and starting this week
- Taxation – Details not presented to employees at site yet
- Need date for meeting to present draft Exploration Agreement for area away from the IBA area
- Lack of Business Registry; lack of Business Development Manager; lack of HR inventory
- Local businesses complaining about lack of business opportunities for entities not owned by FN
- Business Development Manager position still vacant
- Simulator Project

Other Issues outside the IBA



- Expressions of frustration by community members to DBC over lack of communication to membership by leadership – No community meeting since election.
- IBA Enhancements – New Resource will trigger discussion.
- Plans for upcoming Year:
 - HR plan to address outstanding apprentice positions
 - Member Visit to the site.
 - Life Skills/what to expect training in Community
 - Orientation for all IBA Coordinators
 - Regular Community Updates

Way Forward



- Continuing to push training and recruitment
- Looking internally at ways to improve contracting process
- Production and revenue start to decline from 2011 as grade will be lower. This will make cost control a priority
- Current estimates that construction costs will have been recovered by end 2015 if economy stays stable. Gross revenue to date \$488.8M. To reach threshold and obtain additional payment, need to recover \$1.367B.
- 2009 blockade cost mine \$3.5M which is added to debt to be recovered