



## **SNAP LAKE ENVIRONMENTAL MONITORING AGENCY**

### **2017-2018 ANNUAL REPORT OF ACTIVITIES**

#### **MESSAGE FROM THE CHAIRPERSON**

On behalf of the Snap Lake Environmental Monitoring Agency, I am pleased to provide this report of activity for the 2017-2018 fiscal year. Again, as it has done since its inception in 2006, SLEMA has continued to provide oversight over the operations of the Snap Lake Mine, located about 250 km north of Yellowknife. While the mine has been in suspended operations since December 2015, a lot of work remains to be done on site to ensure the legacy of the mine's operations will not adversely affect the environment and the Indigenous communities that depends on its bounty, today and in the future. The land, the lakes and rivers, the animals, and the people who depend on them are all interconnected, and as De Beers will soon embark in the closure and reclamation of the site, it is of the utmost importance that we remain as vigilant now as we were during full operations of the mine. The mine was short-lived and provided some short-term economic benefits to the communities and the NWT, but the presence and land use by Indigenous communities will continue for several generations. For this reason, we must ensure the land is reclaimed to the highest standards with no long-term environmental impacts. This being said, and based on De Beers' continued environmental performance, we are confident De Beers will do what it takes to achieve these goals in collaboration with SLEMA, the Traditional Knowledge Panel, government agencies, and the surrounding communities.

Johnny Weyallon, Acting Chairperson

## **ABOUT SLEMA**

The Snap Lake Environmental Monitoring Agency (SLEMA) is a non-profit independent environmental watchdog responsible for monitoring the environmental performance of the Snap Lake Mine and to support the Aboriginal parties throughout the life of the mine.

## **WHAT IS THE SNAP LAKE ENVIRONMENTAL AGREEMENT?**

The Snap Lake Environmental Agreement is a binding contract between De Beers Canada, the proponent of the Snap Lake Mine De Beers, the Government of Canada, the Government of the Northwest Territories and four affected Aboriginal Organizations:

- the Tłıchʔ Government,
- the Yellowknives Dene First Nation,
- the North Slave Metis Alliance
- and the Łutselk'e Dene First Nation.

## **WHO WE ARE**

SLEMA is directed by a Core Group made up of eight board members appointed for an indefinite term at the discretion of the four Aboriginal groups. Four of these members make up the Executive Committee and are appointed annually at the Annual General Meeting.

SLEMA board also relies on two panels:

- The Science Panel that has largely been replaced by staff expertise;
- The Traditional Knowledge Panel, made up of eight Elders selected by the Aboriginal communities, meets twice annually or as needed depending on issues of concerns to the Aboriginal membership. The TK Panel is made up of:

**Joe Rabesca**, *Tłıchʔ Government*

**Eddie Jones** and **Wayne Langenham**, North Slave Metis Alliance

**Albert Boucher** and **Madeline Drybones**, Łutselk'e Dene First Nation

**Mike Francis** and **Napolean Mackenzie**, Yellowknives Dene First Nation

**REGULAR BOARD MEMBERS (EXECUTIVE)**



**James Marlowe**  
Łutselk'e Dene First Nation



**Alex Power**  
Yellowknives Dene First Nation



**Johnny Weyallon**  
Tłıchǫ Government



**Arnold Enge**  
North Slave Metis Alliance

## ALTERNATE BOARD MEMBERS



**Greg Empson**

Yellowknives Dene First Nation



**Adrian D'Hont**

North Slave Metis Alliance



**Noel Drybones**

Tłıchų Government



**Charlie Catholique**

Łutselk'e Dene First Nation

## **OUR STAFF**

SLEMA is managed by an Executive Director who administers the agency and liaise with the Board and external stakeholders, and an Environmental Analyst who is responsible for reviewing the operational performance of the mine as it relates to all regulatory approvals, including the requirements of the Environmental Agreement. Together, the staff provides advice and recommendations to the Core Group in all aspects of its mandate.



**Zhong Liu**  
Environmental Analyst

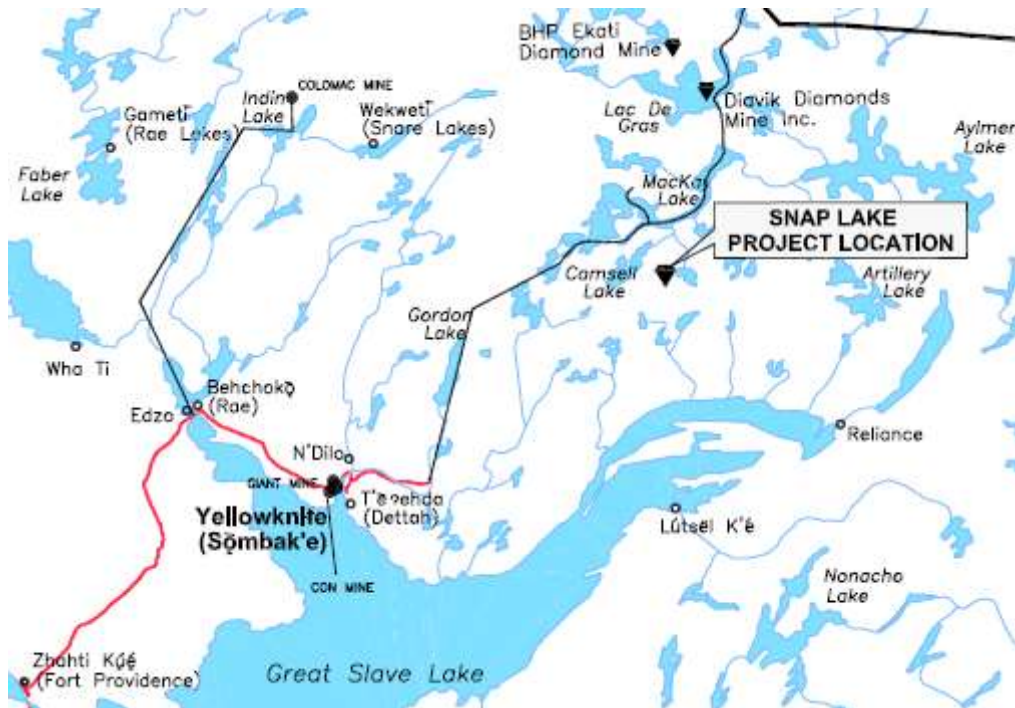


**Philippe di Pizzo**  
Executive Director (currently part-time)

## THE SNAP LAKE MINE

The Snap Lake Mine is a diamond mine owned and operated by De Beers Canada. The mine is located about 220 kilometers northeast of Yellowknife, Northwest Territories. Mining began in 2007 and was expected to continue for 22 years until De Beers announced on December 4, 2015 that the mine was indefinitely being placed under care and maintenance. Since then, no kimberlite was mined and processed, but mine water has been pumped out of the underground and treated in the Water Treatment Plant throughout 2016. Underground retreat was completed on February 9, 2017, and flooding of the underground workings continued through to May 2017.

De Beers announced on December 14, 2017 that “As a result of the on-going evaluation of Snap Lake Mine since 2015, De Beers will now begin preparation for the Final Closure of the Snap Lake Mine”. De Beers intends to file a Final Closure and Reclamation Plan in 2019 after conducting additional engagement with our community partners and finalization of engineering studies”.



**Location of Snap Lake Diamond Mine**



# SNAP LAKE MINE

- 1..... Air Strip
- 2..... Crusher/Waste Management
- 3..... AN Storage
- 4..... Emulsion Plant
- 5..... Starter Cell (North Pile)
- 6..... East Cell (North Pile)
- 7..... Fuel Storage
- 8..... Tire Shop
- 9..... Fresh/Fire Water Pump
- 10..... Cement Storage
- 11..... Satellite Mobile Shop
- 12..... Fresh Air Raise (FAR)
- 13..... Satellite Welding Shop
- 14..... Satellite Mine Shop
- 15..... Mine Portal
- 16..... Ore Conveyor
- 17..... Diffuser
- 18..... WTP Power House
- 19..... Heated Storage
- 20..... Main Shops/Warehouse
- 21..... Mine Dry/Admin
- 22..... Accommodation Facility
- 23..... Water Management Pond
- 24..... Lay Down/Cold Storage
- 25..... Organic Waste Collection
- 26..... Process Plant

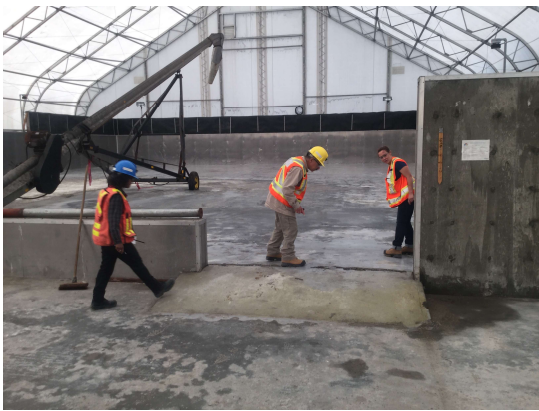
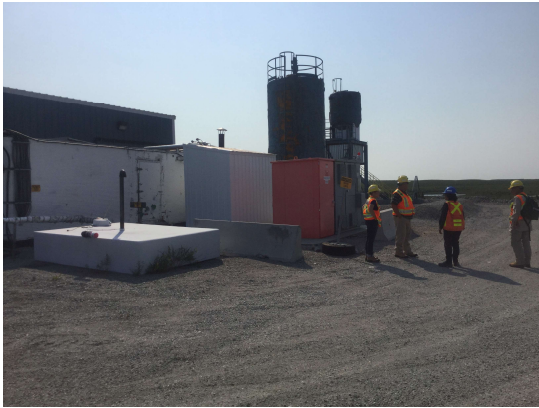
DE BEERS  
GROUP OF COMPANIES



**Aerial View of the Mine Site**

## HIGHLIGHTS OF ACTIVITIES IN 2017-2018

- The SLEMA Board met in Yellowknife on July 12 and December 8, 2017.
- SLEMA's Executive Committee met on September 22, 2017.
- SLEMA provided funding to the four signatories of the Environmental Agreement for supporting community efforts to incorporate Traditional Knowledge into De Beers' Interim Closure and Reclamation Plan Update.
- SLEMA staff participated in the 7<sup>th</sup> Snap Lake Mine Working Group Meeting on May 30, 2017.
- SLEMA Board visited the mine site on July 11, 2017. As approved by the GNWT in consultation with SLEMA, no fish tasting event took place in 2017, but one is scheduled for 2018.
- SLEMA staff attended the Traditional Knowledge (TK) Workshops for closure criteria by NSMA at on November 14 and December 3, 2017.
- The 2016 Annual General Meeting was held in Yellowknife on December 8, 2017.
- TK Workshop was held in Yellowknife on December 14, 2017.
- SLEMA staff conducted mine site visit along with First Nation leadership on February 6, 2018.
- SLEMA conducted the review of De Beers' annual environmental reports, monitoring programs and management plans, and study reports and made numerous comments and recommendations throughout the year, which are described in the following sections.
- Monthly Environmental Updates are prepared and published on the SLEMA's website ([www.slema.ca](http://www.slema.ca)) and distributed to all signatories of the Environmental Agreement.



**Site Visit on July 11, 2017**



**NSMA TK Workshop on November 24, 2017**





**Core Group Meeting on December 8, 2017**



**Chiefs from YKDFN Visited the Mine Site on February 6, 2018**

## **LIST OF DOCUMENTS SLEMA REVIEWED**

- 2016 Annual Wildlife Effects Monitoring Program Report
- 2016 Annual Wildlife and Wildlife Habitat Protection Report
- 2016 Vegetation Monitoring Annual Report
- 2016 Air Quality Meteorology Monitoring and Emissions Annual Report
- Air Quality Monitoring Update
- 2016 Environmental Agreement Annual Report
- Wildlife and Wildlife Habitat Protection Plan 2017 Annual Report
- Wildlife Effects Monitoring Program 2017 Annual Report
- 2016 Water License Annual Report
- 2016 AEMP Annual Report
- 2016 Annual Closure and Reclamation Progress Report
- Spill #2017-166
- 2017 Downstream Watercourses Special Study Report
- 2017 Geotechnical Inspection of North Pile and WMP Dams
- Clarification of Extended Care and Maintenance Plan Requirements on Shifts towards Remote Monitoring
- Water Quality Modeling for Sulphate
- Inspections in 2017
- Request to Amend SNP 02-16j
- Notification of Closure at the Snap Lake
- Extended Care and Maintenance Plan (Final Phase)
- North Pile Management Plan
- Financial Security Estimate / RECLAIM update (MV2011L2-0004 & MV2017D0032)
- Land Use Permit Renewal

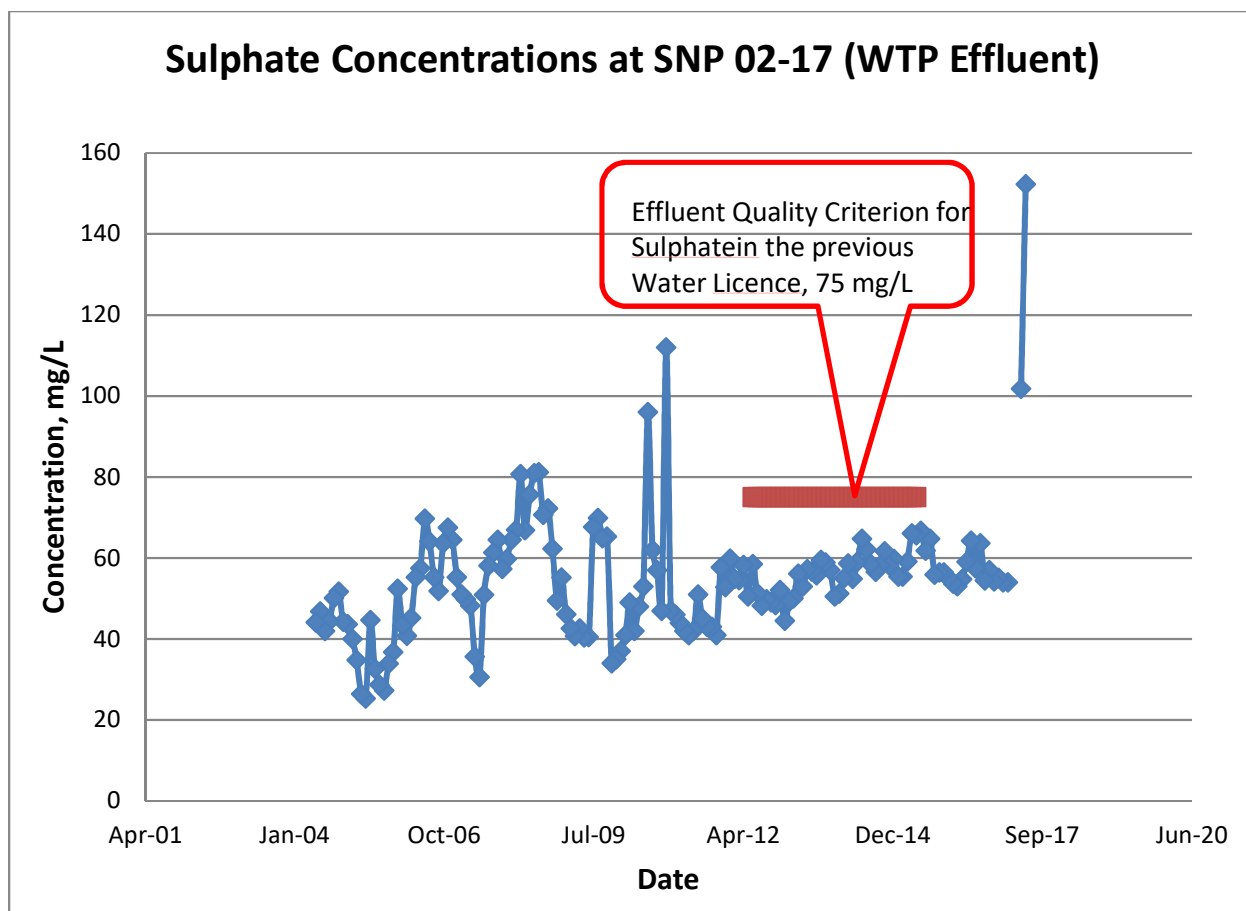
All reviews conducted by SLEMA are available on the SLEMA website.

## MODELING UPDATE FOR SULPHATE

Sulphate concentrations at SNP 02-02(North Pile runoff) fluctuate seasonally, and 600 mg/L has been the peak concentration for the past few years. ENR raised a concern on the elevated sulphate concentrations at SNP 02-02 in the comment letter for the 2016 Water Licence Annual Report, dated May 3, 2017. This increase was not predicted by the 2013 model. Model predictions suggested that sulphate should decrease to about 75 mg/L in 2012, and then remain steady at this concentration.

SLEMA conducted a data analysis and updated the water quality model for sulphate to assess the related impacts.

- The runoff amount ranges from 2 to 6% of the total discharge to Snap Lake, and the impacts of the North Pile runoff on the overall water quality of the WTP effluent appear to be limited.
- Sulphate levels in the WTP effluent had been below 75 mg/L (Effluent Quality Criterion for Sulphate of the previous Water Licence) from 2011 to 2016.
- The high concentrations in May and June 2017 occurred during freshet period with limited flows.
- Part of the North Pile runoff flows to the Permanent Sumps 3 to 5. If the water levels in these sumps are not well managed, there may be risk of spill to the Northwest Arm of Snap Lake.
  - Peak sulphate concentration in runoff is 600 mg/L, whereas Sulphate levels range from 17 to 29 mg/L in the Northwest Arm.
  - AEMP benchmark is around 90 mg/L (Site Specific Water Quality Objective for Sulphate).
- Appropriate sump water level management should be warranted.

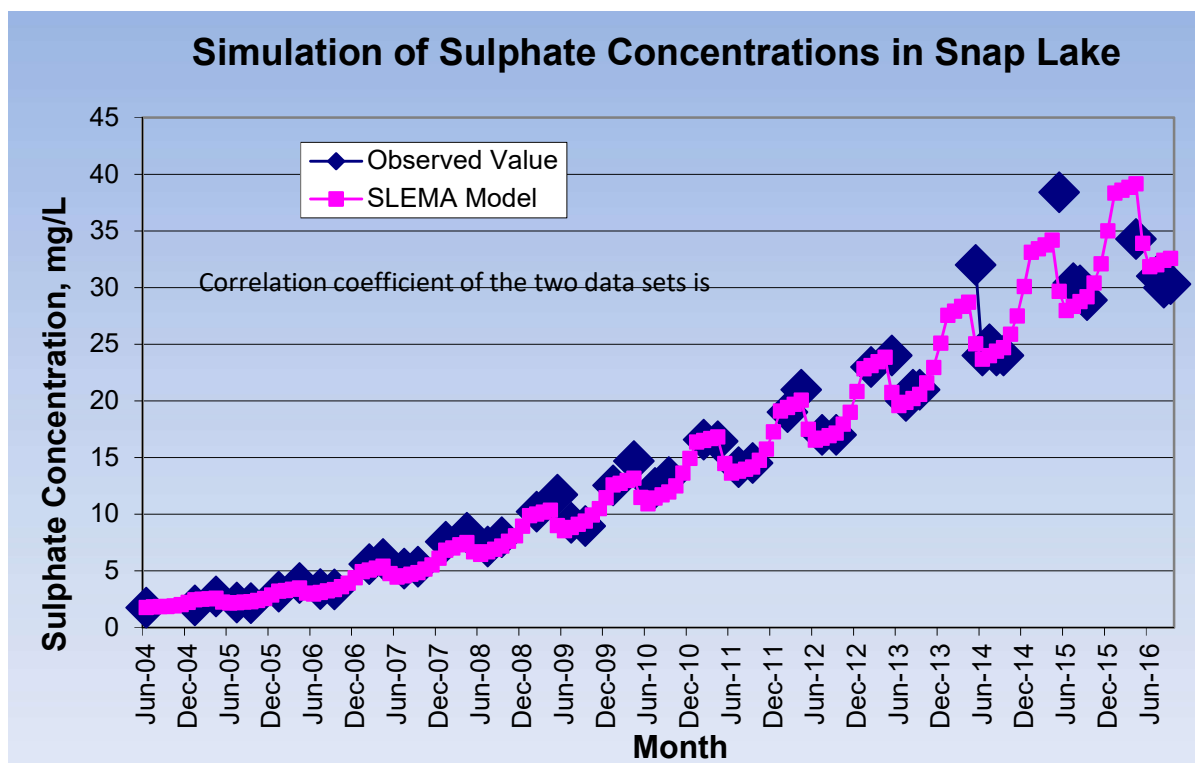


### Sulphate Concentrations of Water Treatment Plant Effluent

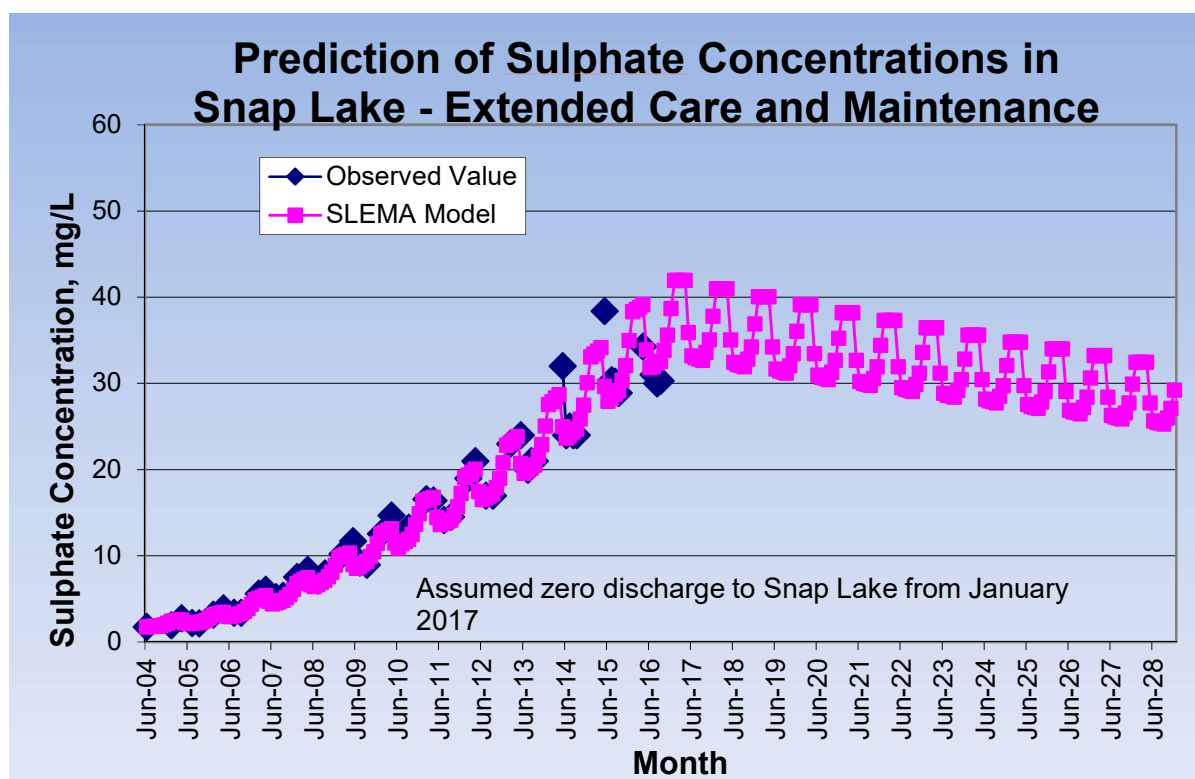
SLEMA model was updated for Sulphate to reflect the flooding scenario during the period of Extended Care and Maintenance (ECM). The model was calibrated with data up to August 2017, with a correlation co-efficient of 0.979. The model is capable of predicting whole lake average concentrations of Sulphate in Snap Lake.

De Beers began flooding the underground workings in January 2017, then the discharge to Snap Lake will be minimal. As a result, zero discharge is assumed in the modeling efforts. Modeling results show that Sulphate concentrations in Snap Lake will reach the peak in 2017 and then decrease during the ECM period (11 years assumed).

Sulphate concentrations in Snap Lake will be a down trend due to the suspended operations and underground flooding, the impacts on aquatic life will be much less than normal operations. Sulphate concentrations in Snap Lake will remain below the AEMP benchmark (~90 mg/L, Site Specific Water Quality Objective for Sulphate) during the Extended Care and Maintenance Period.



**Calibration of Water Quality Model for Sulphate**



**Prediction of Whole Lake Average Concentrations of Sulphate**



## **ASSESSMENT OF THE MINE**

De Beers generally ran the Snap Lake Diamond Mine in a way that upheld the its environmental commitments during the reporting period of 2017-2018.

However, there are a few issues to be improved. Both the Spill (#2017-166) and the request for emergency discharge in May 2017 demonstrate that the backup plan for flooding the underground workings and the coming freshet was insufficient. The argument on shifts towards remoting monitoring reflects the communication of De Beers with the Inspector and the MVLWB was also insufficient.

SLEMA encourages De Beers to take extra diligent efforts in planning the final closure.

## **ASSESSMENT OF REGULATORS**

SLEMA not only monitors the environmental performance of De Beers Snap Lake Diamond Mine, but also the government agencies that regulate the Mine. In general, the regulators remain effective in making sure that De Beers runs the Mine in a way that maintains its environmental commitments.

### **Mackenzie Valley Land and Water Board (MVLWB):**

The MVLWB ran well managed processes for the review of updated management plans, annual reports, and De Beers' requests and applications during the period of April 2017 to March 2018.

The MVLWB worked closely with De Beers and interested parties on the Type A Land Use Permit renewal process.

SLEMA appreciated the MVLWB holding the Snap Lake Mine Working Group Meetings, which allowed for open discussion and clarification of current topics related to Snap Lake Mine.

**Environment and Climate Change Canada (ECCC):** ECCC has been actively involved in the review of related requests, study reports, annual reports and plans within its jurisdiction.

**Department of Fisheries and Oceans (DFO):** DFO contributed to the review of related requests, study reports, annual reports and plans within its jurisdiction.

**Department of Lands:** The Inspector, Andrew Howton and Tracy Covey, conducted eleven Water Licence inspections during the period of April 2017 to March 2018. Tracy Covey also made comments on related management plans, De Beers' requests and applications.

Due to staff turnover, inspection reports were missing for two inspections in May and July 2017.

SLEMA is generally satisfied with the Inspectors' performance, but request the Department streamline the inspection practice during staff turnover.

**Department of Environment and Natural Resources (GNWT-ENR):** ENR has been actively involved in the review of Environmental Agreement Annual Reports, wildlife issues, waste management issues, air quality issues, Water Licence and Land Use Permit related issues. SLEMA is disappointed with ENR's position on De Beers' request for PM<sub>2.5</sub> monitoring change. Even if De Beers offered two options for winter PM<sub>2.5</sub> monitoring (no monitoring at two stations in the winter, or relocation of one station for year-round monitoring), ENR agreed with either plan. As a result, De Beers chose the easy option, and there will be no PM<sub>2.5</sub> data for seven months in a year during the Extended Care and Maintenance.

Overall SLEMA is pleased with the regulators' actions and responses in regard to their respective responsibilities for the Snap Lake Mine.

## **HOW TO REACH US**

### **By telephone**

Executive Director: 867-765-0961  
Environmental Analyst: 867-765-0962

### **By Email**

[exec@slema.ca](mailto:exec@slema.ca)

### **In person (by appointment)**

5120 49 Street, 3<sup>rd</sup> Floor  
Yellowknife NT X1A 1P8

Website: [www.slema.ca](http://www.slema.ca)

**Snap Lake Environmental Monitoring Agency**

**Financial Statements**

**March 31, 2018**

**Snap Lake Environmental Monitoring Agency  
Financial Statements**

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**Year ended March 31, 2018**

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**Page**

**INDEPENDENT AUDITOR'S REPORT**

**FINANCIAL STATEMENTS**

Statement I	Statement of Financial Position	1
Statement II	Statement of Operations	2
Statement III	Statement of changes in Net Assets	3
Statement IV	Statement of Cash Flows	4
	Notes to the Financial Statements	5 - 8

Snap Lake Environmental Monitoring Agency  
**STATEMENT OF FINANCIAL POSITION**  
As at March 31, 2018

**Statement I**

	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 455,463	\$ 110,967
Accounts receivable	-	1,223
Prepaid expenses	10,063	6,672
	465,526	118,862
Tangible capital assets ( <i>Note 4</i> )	2,654	3,362
<b>TOTAL ASSETS</b>	<b>468,180</b>	<b>122,224</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities ( <i>Note 5</i> )	20,745	8,448
Wages and benefit payable	25,015	24,829
Payroll taxes payable	8,357	10,663
Deferred revenue ( <i>Note 6</i> )	372,644	74,000
	<b>426,761</b>	<b>117,940</b>
<b>NET ASSETS</b>		
Investment in capital assets	2,654	3,362
Unrestricted net assets	38,765	922
<b>TOTAL NET ASSETS</b>	<b>41,419</b>	<b>4,284</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 468,180</b>	<b>\$ 122,224</b>

APPROVED BY:

\_\_\_\_\_, Director

\_\_\_\_\_, Director



**Snap Lake Environmental Monitoring Agency**  
**STATEMENT OF OPERATIONS**  
**For the Year Ended March 31, 2018**

**Statement II**

	<b>2018</b>	<b>2017</b>
<b>REVENUES</b>		
De Beers Canada Mining Inc	380,076	439,423
Transferred To Deferred Revenue	-	(74,000)
Transferred from Prior Year Deferred Revenue	74,000	53,304
Interest Earned	398	-
<b>TOTAL REVENUES</b>	<b>454,474</b>	<b>418,727</b>
<b>EXPENSES</b>		
Accounting and legal	8,362	9,027
Amortization	1,244	1,984
Bookkeeping	10,800	10,800
Consulting	-	14,624
Honoraria	110,623	114,839
Insurance	2,067	2,573
Interest and bank charges	885	1,050
Meetings-catering, translation and rentals	6,374	7,656
Meetings-travel and accommodation	13,182	23,304
Office and administration	6,558	13,398
Program expenses	60,000	-
Rent	4,043	17,774
Wages and benefits	193,201	202,522
<b>TOTAL EXPENSES</b>	<b>417,339</b>	<b>419,551</b>
<b>Excess of revenues over expenses from operations</b>	<b>37,135</b>	<b>(824)</b>
<b>Transfer to investment in capital assets</b>	<b>1,244</b>	<b>1,984</b>
<b>Purchase of Capital Assets</b>	<b>(536)</b>	<b>(238)</b>
<b>Excess of revenues over expenses for the year</b>	<b>\$ 37,843</b>	<b>\$ 922</b>

The accompanying notes and schedules form an integral part of the financial statements.

**Snap Lake Environmental Monitoring Agency**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**For the Year Ended March 31, 2018**

**Statement III**

	<b>Unrestricted net assets</b>	<b>Investment in capital assets</b>	<b>Total 2018</b>	<b>Total 2017</b>
Balance, beginning of year	922	3,362	4,284	5,108
Excess of revenues over Expenditure	37,843	-	37,843	922
Amortization	-	(1,244)	(1,244)	(1,984)
Additions	-	536	536	238
<b>Balance, end of year</b>	<b>38,765</b>	<b>2,654</b>	<b>41,419</b>	<b>4,284</b>

The accompanying notes and schedules form an integral part of the financial statements.

Page 3

**Snap Lake Environmental Monitoring Agency**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2018**

**Statement IV**

	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	\$ 37,135	\$ (824)
Amortization	1,244	1,984
	<b>38,379</b>	<b>1,160</b>
Changes in non-cash working capital balances		
Increase (Decrease) in accounts receivable	1,223	(1,223)
Increase in prepaid expenses	(3,391)	(2,715)
Increase (Decrease) in accounts payable and accrued liabilities	12,297	(8,038)
Increase (Decrease) in payroll tax payable	(2,306)	7,474
Increase (Decrease) in wages payable	186	(256)
Increase in deferred revenue	298,644	20,696
Net change in non-cash working capital balances	<b>306,653</b>	<b>15,938</b>
Net cash provided by (used in) operating activities	<b>345,032</b>	<b>17,098</b>
<b>Investing activity</b>		
Purchase of capital assets	(536)	(238)
Net cash provided by (used in) investing activities	<b>(536)</b>	<b>(238)</b>
<b>NET INCREASE IN CASH POSITION</b>	<b>344,496</b>	<b>16,860</b>
<b>CASH, AT BEGINNING OF YEAR</b>	<b>110,967</b>	<b>94,107</b>
<b>CASH, AT END OF YEAR</b>	<b>455,463</b>	<b>110,967</b>
Cash consists of :		
Cash	455,463	110,967
	<b>\$ 455,463</b>	<b>\$ 110,967</b>

**Snap Lake Environmental Monitoring Agency**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended March 31, 2018**

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**1. ORGANIZATION AND JURISDICTION**

Snap Lake Environmental Monitoring Agency ("the Agency") is a not-for-profit organization incorporated under the Societies Act of the Northwest Territories. It is exempt from income tax under Section 149(1)(i) of the Income Tax Act.

The mission of the Agency is to oversee environmental management of the De Beers Snap Lake Diamond Project.

The Agency was incorporated and commenced operations on December 10, 2004.

**2. BASIS OF ACCOUNTING**

These financial statements have been prepared in accordance with the significant accounting policies set out below. These financial statements are prepared in accordance with Canadian Accounting Standards for not-for-profit organizations.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The following is the summary of the significant accounting policies used by management in the preparation of these financial statements.

**a) Fund accounting**

The accounts of the Agency are maintained in accordance with the principle of fund accounting. A fund is a set of accounts established to classify resources according to specific activities. The following funds are maintained and are internally restricted by the Agency.

Unrestricted Fund - to record the general activities of the Agency.

Investment in Equipment - to record the historical cost of equipment acquired less accumulated amortization and disposal.

**b) Tangible capital assets**

Capital Assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is applied as a reduction to both the asset and net assets invested in Equipment. Amortization is calculated by the declining balance method over their estimated useful lives at the following rates:

Furniture and Fixtures	20%
Computer Equipment	30%
Computer Equipment-New	55%
Computers Software	100%

### **3. SIGNIFICANT ACCOUNTING POLICIES (CONTD...)**

#### **c) Financial instruments - recognition and measurement**

Snap Lake Environment Agency measures its financial assets and financial liabilities at fair value. The Agency subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investment in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at cost include cash, trade and other receivables, grant receivables and other short term investments. Financial liabilities that are measured at cost include cash, trade accounts payable and accrued liabilities. The Agency's financial assets measured at fair value include investment in quoted shares.

#### **d) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income to a maximum of the accumulated impairment loss recorded in respect of the particular financial asset.

#### **e) Deferred revenue**

Deferred revenue is the unexpended contribution amounts received during the fiscal year that are transferred by agreement into the subsequent year. It is reported as a current liability as it is expected that the program will be completed or funds be repaid within the next fiscal year.

#### **f) Revenue recognition**

The Agency follows the deferred method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses occur. Unrestricted contributions are recognized as revenue when they are received or receivable or If the amount can be reasonably estimated and its collection is reasonably assured. Management fees and other sources of revenue are recognized when the services have been provided.

#### **g) Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.



**Snap Lake Environmental Monitoring Agency**  
**NOTES TO FINANCIAL STATEMENTS**  
**For The Year Ended March 31, 2018**

**4. TANGIBLE CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>2018 Net Book Value</b>	<b>2017 Net Book Value</b>
Furniture & Equipment	\$ 11,822	\$ 10,069	\$ 1,753	\$ 2,223
Computer Equipment	8,204	7,303	901	1,139
Computer Software	5,556	5,556	-	-
Year end Balance	<b>\$ 25,582</b>	<b>\$ 22,928</b>	<b>\$ 2,654</b>	<b>\$ 3,362</b>

**5. ACCOUNTS PAYABLE**

	<b>2018</b>	<b>2017</b>
Trade Payables	<b>\$ 20,745</b>	<b>\$ 8,448</b>

**6. DEFERRED REVENUE**

	<b>2018</b>	<b>2017</b>
De Beers Mining Inc.	<b>\$372,644</b>	<b>\$ 74,000</b>

**7. ECONOMIC DEPENDENCE**

The Agency receives all of its contribution funding from De Beers Canada Mining Inc.. Management is of the opinion that operations would be significantly affected if the funding was substantially curtailed or ceased. In December 2015, DeBeers announced that the mine ceased operations and entered care and maintenance.,

**8. CAPITAL DISCLOSURE**

The Agency's objectives when managing capital is:

- (a) To safeguard the Agency's ability to continue as a going concern, so that it can continue to provide service for its members.

**CAPITAL DISCLOSURE (CONTD...)**

The Agency manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Agency monitors capital on the basis of the working capital which is calculated as current assets minus liabilities as follows:

	2018	2017
Current Assets	\$ 468,180	\$ 122,224
Current Liabilities	426,761	117,940
	\$ 41,419	\$ 4,284

**9. FINANCIAL INSTRUMENTS**

Financial instruments consist of recorded amounts of cash, accounts receivable, contributions receivable, holdbacks receivable which will result in future cash receipts, as well as accounts payable and accrued liabilities, deferred revenue, and contributions repayable which will result in future cash outlays.

The Agency is exposed to the following risks in respect of certain of the financial instruments held:

**(a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The agency is exposed to credit risk from its cash and account receivables.

**i) Cash**

Cash is held in a Canadian Chartered Bank except for small amounts of cash that are held on a temporary basis at the office premises until such time as a deposit can be made, generally on a weekly basis. The Agency minimizes its credit risk by limiting the amount held at entities other than reputable and high quality financial institutions.

**ii) Accounts Receivable**

The Agency is exposed to credit risk from clients in the amount of \$- in the normal course of business. The accounts receivable are established based on specific credit risk associated with individual clients and other relevant information. However, since the majority of its customers are territorial or federal governmental departments, the credit risk is minimized.

**(b) Liquidity risk**

Liquidity risk arises from the potential that an entity will have difficulty in meeting its obligation associated with the financial liabilities. The Agency manages liquidity risk by continually monitoring actual and forecasted cash flows from operations to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Agency's reputation. The Agency has determined that the risk is not significant.

As of March 31, 2018, none of accounts payable and accrued liabilities were over 60 days due.

