



Snap Lake
Environmental
Monitoring Agency

ANNUAL REPORT

2021 | 2022



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MESSAGE FROM THE CHAIRPERSON

I am pleased to present the 2021–2022 Annual Report of the Snap Lake Environmental Monitoring Agency (SLEMA). The report summarizes our activities over the past year and includes a brief synopsis of our comments and recommendations to the company and regulators on how they could improve their environmental management of the Snap Lake Mine. SLEMA is a public watchdog for environmental management at the Snap Lake Diamond Mine. As De Beers Canada moves full steam ahead toward the closure and reclamation of the Snap Lake Mine, our board members and staff have been busy working with our communities to monitor the environmental management and planning at the mine site. Since April 2021, we have reviewed many regulatory documents, including the updated Final Closure and Reclamation Plan, the Wildlife Monitoring and Management Plan, the Aquatic Effect Monitoring Program Design Plan and many other monitoring reports. I trust that our comments will contribute to better environmental management and the eventual closure of the mine.

In March 2022, after many years of planning and preparation, De Beers Canada finally commenced activities related to active mine closure. This was done under the auspices of the interim-approved version of the Final Closure and Reclamation Plan. We are excited about the mine entering a new phase and, at the same time, have redoubled our commitment to our role as the public watchdog during this crucial period of the mine's life. At the end of 2021, De Beers handed most of the site operation responsibilities to their primary contractor, Met-Nuna Joint Venture. SLEMA will continue to work with De Beers, and now Met-Nuna, to ensure site environmental monitoring takes place in line with the approved licences and permits.

We at SLEMA enjoyed our first full year with our new Executive Director, Shin Shiga, who did a good job of breathing fresh life into the agency with the steady guidance of the Board of Directors and the elders. Despite the COVID-19 pandemic continuing to ravage the world, we found ways to adapt to the new normal, such as working from home and coming up with different ways to communicate with community members. As I write this, we feel as if we are at the end of the very long road of fighting the pandemic. We are grateful to the frontline healthcare workers, teachers and essential workers who risked their lives and those of their families in the fight against the virus. I hope that they and their loved ones are well and safe.

We learned to help each other more than ever during the pandemic and looked to our elders for guidance. With that in mind, we are sad to report that our beloved elder Madeline Drybone passed away in September 2022. Madeline had been a member of our Traditional Knowledge Panel since the inception of the agency, and her contribution was immeasurable. Our thoughts are with Madeline and her loved ones.

Despite the difficulties, we remain committed to our mandate of ensuring the rigorous and robust environmental management of our ancestral land where Snap Lake Mine now sits. There is still much work to do before the land is fully remediated. We at the agency will be working hard to keep monitoring the progress at the mine, and we encourage you all to contact us whenever you have questions or concerns about what we do.

Sincerely,



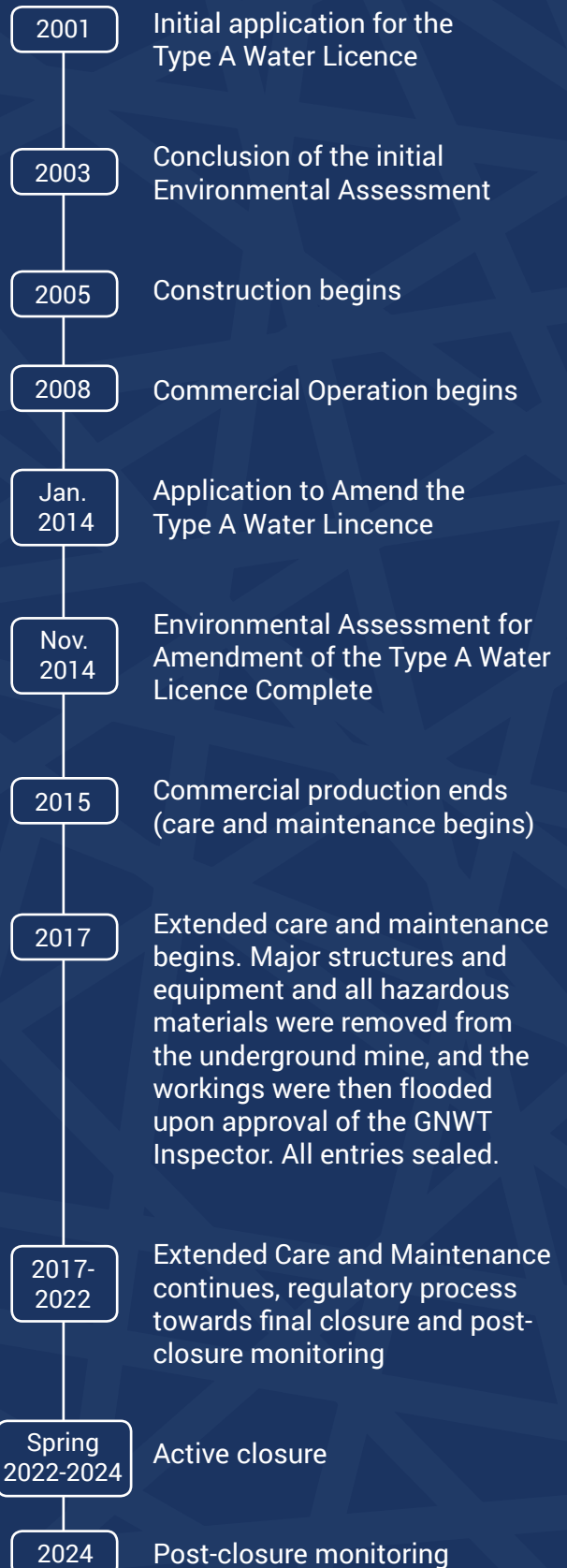
Johnny Weyallon
Chairperson

SNAP LAKE MINE

The Snap Lake Mine is a diamond mine that is 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, but De Beers announced on December 4, 2015, that the mine was being placed under care and maintenance indefinitely. Flooding of the underground workings was completed, and a new licence was granted by the Minister of Environment and Natural Resources (ENR) on May 21, 2020, for 15 years starting June 14, 2020.



TIMELINE

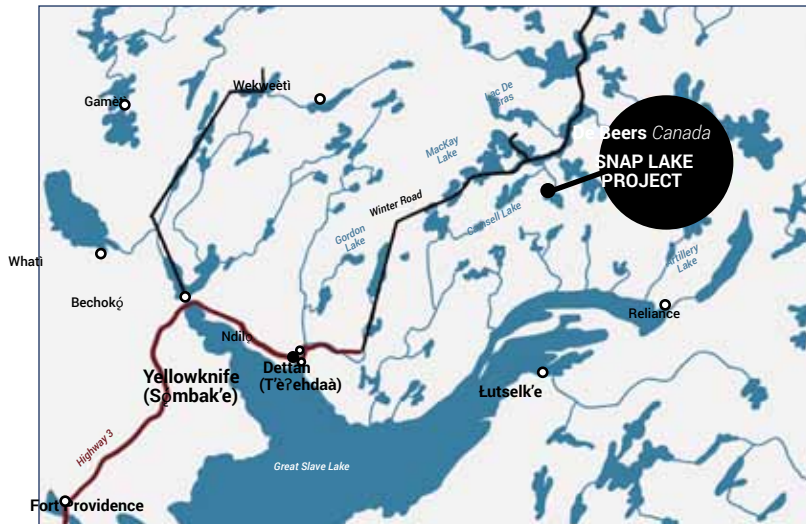


CLOSURE SCHEDULE

 Planned
 If required

Activity	ECM	Closure				Post Closure							
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20
Water Licence Approval and FCRP Update/Approval													
Winter Road Construction													
North Pile Cover and Related Water Management Systems													
Passive Gravity Flow of Spillways													
Active Demolition													
Revegetation, Landforming, and Site Stabilization													
Post Closure Environmental Monitoring Programs													

LOCATION OF SNAP LAKE DIAMOND MINE



AERIAL VIEW OF THE MINE SITE



AGENCY ACTIVITIES

WATER LICENCE AND LAND USE PERMIT 2021-2022

In the previous (2020–2021) year, our main focus was to review the De Beers environmental management plans associated with the Type A Water Licence (MV2019L2-004) and the Final Closure and Reclamation Plan (FCRP) V.1.1. This year (2021–2022), as De Beers has ramped up its preparations for the closure activities at the Snap Lake site, the regulatory activities to finalize the various management plans that required revisions following the public reviews in 2020–2021 also sped up.

In 2021–2022, the following environmental management plans underwent reviews:

- Final Closure and Reclamation Plan V.1.1
- North Pile Management Plan V.4
- Aquatic Effects Monitoring Program Design Plan V.1.1
- Aquatic Effects Re-evaluation Report (2012–2020)
- Aquatic Effects Monitoring Program Annual Report 2020 V.1.0
- Erosion and Sedimentation Management Plan V.1.1
- Water Management Plan V.5.1, V.5.1.1
- North Pile Cover Design and Construction Plan V.1, V.1.1
- Acid Rock Drainage and Geochemical Characterization and Management Plan V.1, V.1.1
- Water Licence 2020 Annual Report

These management plans were submitted by De Beers to the Mackenzie Valley Land and Water Board (MVLWB) throughout the year, and SLEMA provided its reviews and comments during the public review process. In addition, the agency reviewed the monthly Surveillance Network Program (SNP) reports, Water Licence and Land Use Permit annual reports, spill reports, Environmental Agreement annual reports, and other reports and studies as they became available for public review and comment.

Aquatic Effects Monitoring Program Design Plan, Re-evaluation Report and Annual Report

De Beers submitted the Aquatic Effects Monitoring Program (AEMP) Design Plan for Closure (V.1) and the AEMP Re-evaluation Report 2012–2017 in October 2020. Following the public review, the reviewers, including SLEMA, requested an AEMP workshop. On May 25, 2021, De Beers announced the workshop date of July 21, 2021. De Beers submitted an updated AEMP Design Plan (V.1.1) and 2021–2020 AEMP Re-evaluation Report for public review on July 8, 2021. SLEMA staff attended the workshop and submitted their review comments to the MVLWB on September 2, 2021.

The agency's main comments on the AEMP Design Plan and the Re-evaluation Report were as follows:

1. Some of the closure criteria do not consider a situation where the water quality values are below the benchmark values but are nonetheless increasing over time. In the future, they may exceed the benchmark values.
2. There are many elements of the AEMP Design Plan that cross-reference the FCRP, which is not approved, and these two plans should therefore be considered jointly.
3. The Re-evaluation Report lacks information to assess whether the proposed reductions in monitoring frequency in Snap Lake would hamper the ability to detect future increasing effluent concentration trends.
4. Questions exist regarding the rising pH levels in Snap Lake and its source.

On November 24, 2021, the MVLWB approved the 2021–2020 AEMP Re-evaluation Report and conditionally approved the AEMP Design Plan (V.1.1). In their condition for the approval of the AEMP Design Plan, the MVLWB required De Beers Canada to host a workshop to discuss the upcoming FCRP. Components of the AEMP Design Plan were also to be discussed at the workshop. Specifically, the MVLWB announced the following two topics for discussion at the workshop:

1. If and how the action levels identified in the response frameworks and conditions that did not trigger low action levels in the AEMP could be incorporated into the FCRP to better present suitable, measurable closure criteria
2. How post-closure monitoring timelines should incorporate the consideration and achievement of positive trends, physical and chemical stability and long-term sustainability

The AEMP Annual Report for 2020 was also reviewed between May 11 and June 23, 2021. SLEMA reviewed the report and noted that elements of the quality assurance and quality control measures could be improved in view of the ongoing AEMP Design Plan review. SLEMA's recommendations were carried forward into the July 2021 AEMP Workshop (as noted above).

The next version of the AEMP Design Plan (V.1.2) was not submitted before March 31, 2022. For that reason, the review process for the AEMP Design Plan for Closure continued into 2022–2023.

Water Management Plan

De Beers submitted Water Management Plan (WMP) V.5 on September 11, 2020. This was one of the conditions of the water licence. The review of the WMP started on November 4, 2020, and comments were submitted by November 27. SLEMA's review focused on the North Pile ditches and the design of the channels to ensure that the runoff and seepage would be controlled to prevent them from discharging to the downstream environment until the effluence quality criteria (EQC) could be achieved. Additionally, SLEMA commented on the details of the disposal of the water treatment plant and sewage treatment plant by-products. On January 20, 2021, the MVLWB issued a decision to not approve WMP V.5 and directed De Beers to submit a revised WMP by March 31, 2021. One of the key reasons behind the MVLWB's decision was that the MVLWB needs to be provided with closure criteria (the FCRP) for the board's consideration before closure activities can start. Closure activities must be informed by closure criteria, which are used to demonstrate whether the closure activities have met the closure objectives. The MVLWB therefore encouraged De Beers to submit a complete FCRP with detailed closure criteria before submitting the revised WMP or design for closure. In its decision, the MVLWB also cited several of SLEMA's comments, such as the inclusion of viable options for the disposal of non-compliant water and residuals from the underground workings, the question of whether De Beers was considering retaining the underground water return system, details on how De Beers would decide when to discharge underground water in contingencies and an explicit statement to confirm its commitment to not use Snap Lake water as a diluent for effluent prior to discharge.

De Beers submitted V.5.1 of the WMP on March 10, 2021, and the review period commenced on March 19, 2021. SLEMA submitted its review comments on April 15. SLEMA noted that WMP V.5.1 was much improved and only requested further information to clarify the plan. On July 5, 2021, De Beers submitted the revised WMP V.5.1.1, which was approved on the same day.



Erosion and Sedimentation Management Plan

On September 11, 2020, De Beers submitted the Erosion and Sedimentation Management Plan (ESMP) V.1, which became available for public review on November 9, 2020. SLEMA submitted its comments on November 30 and identified many areas in which necessary details were missing from the plan. For this reason, our recommendations were focused on requesting details in the plan. For example, we asked for details on the erosion risk profiles across the site, the ways in which risks would be assigned, the specific activities that were anticipated during closure that could increase the risk of erosion and sedimentation, specific monitoring activities (including the planned frequencies and the circumstances under which they would take place) and which best management plan or combination of best management plans would provide the most appropriate erosion control on site. Based on the comments received from the reviewers, the MVLWB took the decision not to approve ESMP V.1 and requested that De Beers resubmit the revised ESMP by February 18, 2021. The resubmission did not occur during the remainder of 2020–2021, and the process was carried over into 2021–2022.

De Beers submitted ESMP V.1.1 on June 3, 2021, and SLEMA submitted its review comments on June 30, 2021. SLEMA identified three areas of concern:

1. The few SNP stations identified by De Beers in the ESMP and WMP for monitoring the total suspended solids were not enough to detect uncontrolled runoff to Snap Lake or Inland Lake
2. The absence of a clear response to the total suspended solids in runoff
3. Uncertainty in the event of an unexpected shutdown

De Beers addressed the first two issues by providing clear references to the WMP and the AEMP, which, combined, addressed the first two concerns. Further, De Beers committed to providing a remote monitoring program in the event of an unexpected shutdown of the operation. SLEMA was satisfied with the responses.

ESMP V1.1 was approved on September 27, 2021.

Explosives Management Plan V.1.1

De Beers submitted the Explosive Management Plan (EMP) V.1 on September 11, 2020. The reviewers (the GNWT ENR and Environment and Climate Change Canada) submitted their comments by December 17, 2020. SLEMA reviewed the document and did not identify any concerns. The MVLWB required De Beers to resubmit the plan. EMP V.1.1 was submitted and approved on April 29, 2021. The SLEMA review identified no concerns in EMP V.1.1.



Acid Rock Drainage and Geochemical Characterization Management Plan V.1

The Acid Rock Drainage and Geochemical Characterization and Management Plan (ARD Plan) is required under Part F, Condition 8 of Water Licence MV2019L2-0004. De Beers submitted the first version of the ARD Plan on September 20, 2021. SLEMA reviewed the plan and submitted its review comments on November 5, 2021. SLEMA had three main concerns with the ARD Plan V.1:

1. It was not clear in the plan that concentrations of leachates such as sulphates and uranium, which are not regulated by the Water Licence EQC, would be monitored and managed properly.
2. It was not clear whether seepage from the airstrip and the bog runway, which could contain elevated levels of sulphates, iron and molybdenum, would be monitored.
3. It was not clear within the response framework whether De Beers would include thresholds for taking actions (“Red” action level) rather than increasing its monitoring efforts.

In its January 31, 2022, decision, the MVLWB agreed with SLEMA’s recommendations regarding its above concerns and directed De Beers to resubmit the ARD Plan. The revised ARD Plan was not submitted before March 31, 2022.

North Pile Design and Construction Plan V.1

De Beers submitted the North Pile Design and Construction Plan V.1 (NPDCP V.1) on September 20, 2021. SLEMA reviewed the plan and submitted its comments on November 5, 2021. The review of the NPDCP was conducted concurrently with the ARD Plan, as they are closely related to one another. SLEMA’s review identified a number of missing cross references to other plans and a lack of information, which resulted in 10 Board directives. SLEMA’s main concern was the lack of a clear explanation for how De Beers modelled (or did not model) the possible consequence of an accidental dam breach and the release of nitrate-contaminated water into Snap Lake. Based on De Beers’ response to SLEMA’s comments, the MVLWB directed De Beers to include a more robust explanation and analysis of how the dam breach would impact the Snap Lake water in the next version of the NPDCP. De Beers submitted the NPDCP V.1.1 on March 10, 2022. The review process did not conclude before March 31, 2022.

North Pile Management Plan

The North Pile Management Plan (NPMP) is required under Part F, Condition 4 of Water Licence MV2019L2-0004. De Beers submitted the North Pile Management Plan V.4.0 (NPMP V.4.0) on September 24, 2021. SLEMA reviewed the plan and submitted its comments on November 5, 2021. SLEMA expressed three main areas of concern. First, we noted that linkages between the NPMP and FCRP on the (geotechnical) stability of the North Pile, dust monitoring, sump water quality monitoring and ground water quality monitoring could be improved. In this respect, SLEMA was satisfied with De Beers' response that clear linkages would be provided in the upcoming FCRP. Second, SLEMA was concerned that the proposed monitoring frequency and duration were not adequate to ensure the long-term stability of the North Pile. Instead of basing the North Pile stability on the state of the North Pile at the time of closure, SLEMA recommended that this decision be based on data and trends over time. On this issue, De Beers agreed to continue the discussion in the context of the FCRP. Lastly, SLEMA was concerned that De Beers did not have a satisfactory monitoring program for turbidity and total suspended solids during and following the breach of Water Management Pond Dam 1. In response to this concern, the MVLWB directed De Beers to submit the EQC Re-evaluation Report and Plume Delineation Study prior to the dam breach. SLEMA was satisfied with the directions of the MVLWB.

De Beers submitted a revised NPMP V.4.1 on March 1, 2022, for the MVLWB conformity review, which was confirmed. The NPMP V.4.1 was therefore approved on March 3, 2022.

Final Closure and Reclamation Plan Review

De Beers submitted FCRP V.1.1 on March 5, 2021. A review of FCRP V.1.1 commenced on March 8, 2021, to meet the requirements of Water Licence MV2019L2-0004, Part I, Condition 2, and Land Use Permit MV2017D0032, Condition 72. SLEMA reviewed the FCRP and submitted 75 comments on April 8, 2021. SLEMA identified several areas of significant concern in FCRP V.1.1:

1. The inclusion of indicators for long-term stability in the closure criteria
2. A lack of definitive or numerical indicators in some criteria
3. A lack of acid rock drainage monitoring and closure criteria
4. The criteria related to the site revegetation and wildlife

Inclusion of indicators for long-term stability in the closure criteria

SLEMA and other reviewers found that FCRP V.1.1's proposed closure criteria lacked consideration of the long-term stability of the site. For example, SLEMA recommended that in addition to the state of the site at the time of the closure being a certain threshold, De Beers should consider a trend (a downward or upward trend of a contaminant concentration in Snap Lake, for example). Based on the expressed concerns, the MVLWB directed De Beers to explicitly commit to the long-term stability of the site and to include trend analyses in the applicable closure criteria.

A lack of definitive or numerical indicators in some criteria

SLEMA noticed that several closure criteria lacked clarity or were referenced to external documents that had not yet been approved. As the overarching and central document for the closure and post-closure activities, SLEMA suggested that the FCRP include definitive and, where possible, numerical criteria rather than referencing them to external documents. In response, the MVLWB directed De Beers to include all the closure criteria in the next version of the FCRP.

A lack of acid rock drainage monitoring and closure criteria

In reviewing the FCRP and various associated documents, SLEMA noted that little planning was in place with respect to the monitoring of acid rock drainage. Even though the Snap Lake Mine has not experienced issues with acid rock drainage during its operation, SLEMA's reviewers noted that it would be prudent to ensure it would continue to not be an issue, especially over a very long time frame. In response, the MVLWB directed De Beers to clarify the linkages between the related documents and to include related water quality parameters as closure criteria.

The criteria related to the site revegetation and wildlife

SLEMA identified several issues with the site revegetation and wildlife-related criteria. For revegetation, SLEMA was concerned that the closure criteria were not robust enough for the successful long-term revegetation of the Snap Lake site. In addition, the role of community representatives as inspectors was not clear in the proposal. For the wildlife-related criteria, SLEMA acknowledged that the majority of the information was in the Wildlife Monitoring and Management Plan (WMMP), which was processed outside of the MVLWB process. In that sense, SLEMA suggested that the WMMP be referenced in the FCRP so as to clearly make it a component of the closure criteria in the FCRP. The MVLWB agreed with the concerns raised by SLEMA and directed De Beers to address them in the next version of the FCRP.

On October 12, 2021, the MVLWB delivered the decision to not approve FCRP V.1.1 and directed De Beers to host a Closure Workshop in the new year, which was held on January 18–20, 2022. SLEMA participated in the workshop and focused its discussion on the consideration of stability and the inclusion of more robust revegetation criteria. The MVLWB also directed De Beers to submit a revised FCRP (FCRP V.1.2). De Beers did not submit FCRP V.1.2 before March 31, 2022.

Water Licence and Land Use Permit Reports

Under Water Licences MV2011L2-0004 and MV2019L2-0004 and Land Use Permit MV2017D0032, De Beers is required to submit several reports and studies to the MVLWB, which are then distributed and reviewed by interested parties, including SLEMA. In 2021–2022, SLEMA reviewed and commented on the monthly SNP report and the Water Licence Annual Report. Detailed information on these documents is available on request from SLEMA or from the MVLWB Public Registry. In addition, all semi-monthly environmental updates prepared by SLEMA for its Indigenous members and partners are available at www.slema.ca or on request.

Monthly SNP Reports

The monthly SNP reports comprise the totality of the sampling requirements detailed in the water licence and are submitted monthly to the MVLWB and its stakeholders. De Beers submitted monthly SNP reports throughout 2021–2022.

Water Licence Annual Report

De Beers submitted the 2020 Annual Water Licence Report (MV2019L2-0004) on March 31, 2021, and the public review process commenced on April 12. SLEMA reviewed the annual report and made several observations on errors and omissions with respect to the water quality data. Some of our observations related to stricter adherence to the quality assurance and quality control policy. We were subsequently satisfied that De Beers committed to reporting the missing data and adhering to the policy moving forward. The MVLWB received the reviewers' comments on May 28, 2022, and directed De Beers to incorporate the new information that had emerged during the public review process. On July 14, 2022, De Beers submitted the revision of the report to the satisfaction of the MVLWB, and the report was approved.

Land Use Permit and Water Licence Inspection Reports

Inspectors designated by the minister under Subsection 65(1) of the Waters Act perform regular inspections and submit their reports to the minister and SLEMA. In 2021–2022, the inspector conducted inspections on four occasions between July and November in 2021.

On July 15, 2021, the inspector found the site to be in compliance with the conditions of the water licence. However, the inspector also expressed disappointment at the mine for failing to immediately notify the inspector and the MVLWB of the seepage from the North Pile Perimeter Sump #3 when it was discovered. Consequently, the inspector issued a Letter of Warning on August 17, 2021. De Beers took corrective actions, as outlined in their letter to the MVLWB dated August 23, 2021. As the seepage water quality met all the EQC in the water licence, there were no further enforcement actions.

On August 18, 2021, the inspector found the site operation to be in compliance with the applicable licence and permit. Furthermore, on both September 27 and November 23, 2021, the inspector found the site conditions to be in compliance.

ENVIRONMENTAL AGREEMENT ANNUAL REPORTS AND REVIEWS

SNAP LAKE ENVIRONMENTAL AGREEMENT REPORTS AND REVIEWS

The Snap Lake Environmental Agreement requires De Beers to prepare and submit a number of separate reports and studies that are not part of the Water Licence and Land Use Permit. These reports are submitted to the GNWT, and all interested parties, including SLEMA, are invited to review these documents and submit comments and observations.

Environmental Agreement Technical Reports

De Beers submitted the Snap Lake Mine Environmental Agreement 2020 annual technical reports, as required by the Snap Lake Mine Environmental Agreement Item 10.1, on March 28, 2021. The review period commenced on April 7, 2021. These reports were as follows:

- Wildlife and Wildlife Habitat Protection Plan 2020 Annual Report
- Vegetation Monitoring 2020 Annual Report
- Air Quality Meteorological Monitoring and Emissions 2020 Annual Report
- Hydrology 2020 Annual Report
- Wildlife Effects Monitoring Program 2020 Annual Report

SLEMA reviewed the reports and submitted our comments to the GNWT ENR and De Beers on May 12, 2021. Most of our reviews concerned inconsistencies between the plans and some of the provided information, such as the Species at Risk designations/protections, caribou monitoring triggers and suspected typos and omissions. We requested De Beers to clarify the discrepancies and bring the documents up to date.

Environmental Agreement Annual Report

De Beers submitted the Environmental Agreement 2020 Annual Report on September 16, 2021, as required by the Snap Lake Mine Environmental Agreement Item 10.1. SLEMA reviewed the report and submitted its comments on October 29, 2021. SLEMA concluded that the Environmental Agreement 2020 Annual Report presented a reasonable summary of all the reports required of De Beers under the Environmental Agreement Item 10.1 and was satisfactory for this purpose.

WILDLIFE MANAGEMENT AND MONITORING PLAN

On September 18, 2020, the minister of the GNWT ENR determined that a WMMP (Tier 2) was required for the Snap Lake Mine per Section 95(1) of the Wildlife Act. Further to this determination, and in accordance with Section 95(2) of the Act, the minister determined that the WMMP was to include the following:

1. A description of potential disturbances to big game and other wildlife included in the regulations, potential harm to wildlife and potential impacts on habitat
2. A description of the measures to be implemented to mitigate the potential impacts
3. The process for monitoring the impacts and assessing whether mitigative measures were effective
4. Other requirements that are outlined in the regulations

The September 18, 2020, determination also replaced the two wildlife monitoring plans required under Sections 6.2 and 6.3 of the Environmental Agreement (Wildlife Effects Monitoring Plan and Wildlife and Wildlife Habitat Protection Plan). Accordingly, De Beers submitted WMMP Tier 2 V.1 on March 28, 2021. The public review of the plan commenced on May 26, 2021. SLEMA reviewed the WMMP Tier 2 V.1 and submitted its comments to the GNWT ENR on June 25, 2021. On August 27, 2021, De Beers submitted its responses to the reviewers' comments as well as the updated WMMP (V.1.1) on December 2, 2021. WMMP V.1.1 was not subject to public review and comments. S.35 Consultation of Affected Indigenous Governments and Organizations commenced on February 12, 2021. No decision had been made before March 31, 2021.

SLEMA's review comments included a wide range of issues. Our reviewers noted that De Beers would be applying a Zone of Influence technique to monitor the changes in wildlife presence at the site. This technique uses satellite collars worn by caribou to track their movements. SLEMA questioned whether this would be enough to monitor the animals' movements and suggested that complementary monitoring on the ground may be needed. The SLEMA reviewers also noticed many areas in the document where essential details related to good data collection and analysis were missing, such as details in the proposed Standard Operating Procedures, species-specific animal management procedures, details about winter road monitoring and mitigations, and mitigations in the case of mammal denning activities on the North Pile, as well as the lack of information on remote camera monitoring (locations, number, analysis methods, etc.). SLEMA also asked for clarity on how De Beers came to propose certain mitigation techniques, such as applying a 20 m buffer around active bird nests, and pointed out errors in the Species at Risk recognitions. SLEMA further advocated for the inclusion of community environmental monitors, which are suggested in the GNWT ENR's WMMP Guideline, in their monitoring programs.

SLEMA reviewed De Beers' August 27, 2021, responses, which partially addressed our comments and recommendations. SLEMA will review and summarize the WMMP once it has been approved by the GNWT ENR.

SITE TOUR/FISH TASTING

Due to the COVID-19 pandemic, no site tour or fish-tasting activities were held in 2021-2022.

AGENCY MEETINGS AND UPDATES

The SLEMA board met in Yellowknife on four occasions.

The 2021 Annual General Meeting was held in Yellowknife on December 2, 2021. Regular and alternate members of the board attended the event. De Beers' Superintendent Michele Peters, ENR staff Jeffrey Cederwall and GNWT Inspector Joe Heron were invited to share their updates at the meeting.

SLEMA's board met after the AGM on December 2, 2021, to discuss the appointment of its executive members.

SLEMA's board and executives met on June 16 and September 6, 2021, to discuss finances, environmental updates and other operational concerns.

Semi-monthly environmental updates were prepared, published on SLEMA's website (www.slema.ca) and distributed to all the signatories of the Environmental Agreement. These reports were also submitted to the Aboriginal parties to the Snap Lake Environmental Agreement.

ASSESSMENT OF DE BEERS

Based on its reviews of the mine's environmental record, including the findings from the water licences and land use permit inspections, SLEMA concluded that De Beers ran the Snap Lake Diamond Mine during the care and maintenance phase in a way that upheld its environmental commitments during the reporting period 2021–2022. Regular communication with SLEMA took place both at a staff level and during SLEMA's board meetings. SLEMA has also been satisfied with De Beers' community engagement activities and events and its participation in workshops and meetings organized by the Aboriginal signatories of the Snap Lake Environmental Agreement throughout the year. SLEMA further noted that De Beers had provided SLEMA with adequate information as and when needed during 2021–2022.

ASSESSMENT OF REGULATORS

SLEMA monitors not only the environmental performance of the De Beers Snap Lake Diamond Mine, but also the government agencies that regulate the mine. In general, the regulators continued to remain effective by ensuring that De Beers runs the mine in a way that maintains the company's environmental commitments.

Mackenzie Valley Land and Water Board: The MVLWB ran well-managed processes for the review of updated management plans, annual reports and De Beers' requests and applications during the period April 2021 to March 2022.

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

Department of Lands: GNWT Inspector Joe Heron kept the SLEMA staff and board up to date on activities on site and met with SLEMA upon request.

Department of Environment and Natural Resources: The ENR has been actively involved in the review of the environmental agreement annual reports, wildlife issues, waste management issues, air quality issues, and water licence and land use permit-related issues.

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



SLEMA FINANCIALS

Snap Lake Environmental Monitoring Agency Financial Statements March 31, 2022

Snap Lake Environmental Monitoring Agency
Financial Statements

Year ended March 31, 2022

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Independent Auditor's Report

To the directors of **Snap Lake Environmental Monitoring Agency**:

Opinion

We have audited the accompanying financial statements of **Snap Lake Environmental Monitoring Agency (SLEMA)**, which comprise the statement of financial position as at March 31, 2022, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **SLEMA** as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of **SLEMA** in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing **SLEMA's** ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate **SLEMA** or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing **SLEMA's** financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **SLEMA's** internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on **SLEMA's** ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause **SLEMA** to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

EPR Yellowknife Accounting Professional Corporation
June 10, 2022
Yellowknife, NWT

Snap Lake Environmental Monitoring Agency
Statement of Financial Position
As at March 31, 2022

Statement I

	2022	2021
Assets		
Current assets		
Cash	\$ 412,892	\$ 58,005
Prepaid expenses (<i>Note 4</i>)	6,427	2,192
	419,319	60,197
Non-current assets		
Tangible capital assets (<i>Note 5</i>)	2,501	3,103
Total Assets	421,820	63,300
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (<i>Note 6</i>)	10,396	10,543
Wages and benefit payable (<i>Note 7</i>)	11,250	17,803
Payroll taxes payable	9,240	4,253
Deferred revenue (<i>Note 8</i>)	340,997	-
	371,883	32,599
Net Assets		
Investment in capital assets	2,501	3,103
Unrestricted net assets	47,436	27,598
	49,937	30,701
Total Liabilities and Net Assets	\$ 421,820	\$ 63,300

Approved by

_____, Director

_____, Director

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

Page 1

Snap Lake Environmental Monitoring Agency
Statement of operations
For the Year Ended March 31, 2022

Statement II

	2022	2021
Revenue		
Contribution- De Beers Canada Mining Inc	\$ 340,997	\$ 321,079
Total Revenue	340,997	321,079
Expenses		
Accounting and legal	8,000	9,939
Amortization	1,697	2,357
Bookkeeping	10,800	10,800
Consulting	29,333	10,212
Honoraria	61,844	81,282
Insurance	2,600	2,397
Interest and bank charges	725	122
Meetings-catering, translation and rentals	487	1,851
Meetings-travel and accommodation	7,111	14,278
Office and administration	12,509	15,123
Rent	10,368	1,260
Wages and benefits	176,287	201,099
Total Expenses	321,761	350,720
Excess (Deficit) of revenue over expenses for the year	\$ 19,236	\$ (29,641)

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

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Snap Lake Environmental Monitoring Agency
Statement of Changes in Net Assets
For the Year Ended March 31, 2022

Statement III

	Unrestricted net assets	Investment in capital assets	Total 2022	Total 2021
Balance, beginning of year	\$ 27,598	\$ 3,103	\$ 30,701	\$ 60,342
Deficit of revenues over expenses	19,236	-	19,236	(29,641)
Amortization	1,697	(1,697)	-	-
Additions	(1,095)	1,095	-	-
Balance, end of year	\$ 47,436	\$ 2,501	\$ 49,937	\$ 30,701

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, 2022

Statement IV

	2022	2021
Cash provided by (used in)		
Operating activities		
Deficit of revenue over expenses	\$ 19,236	\$ (29,641)
Amortization	1,697	2,357
	20,933	(27,284)
Changes in non-cash working capital balances		
Increase (decrease) in prepaid expenses	(4,235)	8,924
Increase (decrease) in accounts payable and accrued liabilities	(147)	3,139
Increase (decrease) in payroll tax payable	4,987	1,929
Increase (decrease) in wages payable	(6,553)	7,744
Increase (decrease) in deferred revenue	340,997	(321,079)
Net change in non-cash working capital balances	335,049	(299,343)
Net cash provided by (used in) operating activities	355,982	(326,627)
Investing activity		
Purchase of capital assets	(1,095)	(3,102)
Net cash used in investing activities	(1,095)	(3,102)
Net Increase (decrease) in Net Assets	354,887	(329,729)
Cash, beginning of year	58,005	387,734
Cash, end of year	412,892	58,005
Cash consists of :		
Cash	412,892	58,005
	\$ 412,892	\$ 58,005

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

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Snap Lake Environmental Monitoring Agency
Notes to the Financial Statements
For The Year Ended March 31, 2022

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-old	30%
Computer Equipment-New	55%
Computers Software	100%

When a tangible capital asset no longer contributes to the Agency's ability to provide goods and services, or the value of future economic benefits or service potential associated with the tangible capital asset is less than its net carrying amount, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost.

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. Changes in fair value are recognized in the statement of operations.

**Snap Lake Environmental Monitoring Agency
Notes to the Financial Statements
For The Year Ended March 31, 2022**

c) Financial instruments - recognition and measurement (cont'd...)

Financial assets measured at cost include cash and trade and other receivables. Financial liabilities that are measured at cost include trade accounts payable and accrued liabilities.

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.

4. PREPAID EXPENSES

	2022	2021
Prepaid Insurance	2,175	1,757
Prepaid WSCC	364	-
Honorarium for April 2022	3,453	-
Security deposit	435	435
	\$ 6,427	\$ 2,192

Snap Lake Environmental Monitoring Agency
Notes to the Financial Statements
For The Year Ended March 31, 2022

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Furniture & Equipment	\$ 11,822	\$ 11,138	\$ 684	\$ 855
Computer Equipment	13,771	11,954	1,817	2,248
Computer Software	5,556	5,556	-	-
	\$ 31,149	\$ 28,648	\$ 2,501	\$ 3,103

6. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	2022	2021
Trade Payables	\$ 10,396	\$ 10,543

7. WAGES PAYABLE

	2022	2021
Wages payable	\$ 5,130	\$ 9,793
Vacation payable	6,120	8,010
	\$ 11,250	\$ 17,803

8. DEFERRED REVENUE

	2022	2021
Opening balance	\$ -	\$ 321,079
Plus amount received related to following year	340,997	-
Less amount recognized as revenue in the year	-	(321,079)
	\$ 340,997	\$ -

9. 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. 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:

**Snap Lake Environmental Monitoring Agency
Notes to the Financial Statements
For The Year Ended March 31, 2022**

10. CAPITAL DISCLOSURE (CONT'D...)

	2022	2021
Current Assets	\$ 421,820	\$ 63,300
Current Liabilities	371,883	32,599
	\$ 49,937	\$ 30,701

11. 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.,

12. CONTRACTUAL OBLIGATIONS

The Agency leases the office building under lease contract that expires on April 30, 2022. Minimum monthly lease payment is \$770 plus GST.

13. FINANCIAL INSTRUMENTS

Financial instruments consist of recorded amounts of cash and accounts receivable which will result in future cash receipts, as well as accounts payable and accrued liabilities and deferred revenue 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. 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 NIL \$- in the normal course of business as there is no account receivables as at March 31, 2022. Normally, 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, 2022, none of accounts payable and accrued liabilities were over 60 days due.

ORGANIZATIONAL SETUP

SLEMA is an independent environmental watchdog responsible for monitoring the environmental performance of the Snap Lake Mine and supporting the Aboriginal parties throughout the life of the mine.

The Snap Lake Environmental Agreement is a binding contract between De Beers Canada, which is the proponent of the Snap Lake Mine De Beers, the Government of Canada, the GNWT and four affected Aboriginal organizations: the Tłıchǫ government, the Yellowknives Dene First Nation, the North Slave Metis Alliance and the Łutselk'e Dene First Nation.

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 form the Executive Committee and are appointed annually at the Annual General Meeting.

De Beers provides annual funding to SLEMA in accordance with SLEMA's proposed budget. In 2020–2021, SLEMA received an operating budget of CAD 340,997. Audited financial statements are appended to this report of activities.

The Science Panel did not meet during the fiscal year. All technical reviews and recommendations to the SLEMA board were made by staff with assistance from consultants when needed. During the fiscal year, SLEMA retained Zhong Liu, its former environmental analyst, as well as Zoetica Environmental Services as wildlife specialists and the Core Geoscience Services as geotechnical specialists, to assist with the technical review of the Snap Lake Mine Water Licence and Land Use Permit renewal.



DIRECTORS AND ELDERS

Directors (2021-2022)

James Marlowe, Chairperson, Łutselk'e Dene First Nation
Greg Empson, Vice Chairperson, Yellowknives Dene First Nation
Marc Whitford, Secretary, North Slave Metis Alliance
Johnny Weyallon, Treasurer, North Slave Metis Alliance
Charlie Catholique, Alternate Member, Łutselk'e Dene First Nation
Adrian D'Hont, Alternate Member, North Slave Metis Alliance
Noel Drybones, Alternate Member, Tłıchǫ Government
Beth Keats, Alternate Member, Yellowknives Dene First Nation

Traditional Knowledge Panel Elders (2021-2022)

Joe Rabesca and Noel Drybones, Tłıchǫ Government
Wayne Langenham, North Slave Metis Alliance (one vacant seat)
Albert Boucher and Madeline Drybones, Łutselk'e Dene First Nation
Mike Francis and Napoleon Mackenzie, Yellowknives Dene First Nation

STAFF

SLEMA is managed by a part-time executive director, who administers the agency and liaises with the board and external stakeholders, and a full-time 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 regarding all aspects of its mandate.

Shin Shiga, Executive Director

Sophie Aredes, Environmental Analyst

HOW TO REACH US WWW.SLEMA.CA

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