

DE BEERS
GROUP OF COMPANIES

SOCIO-ECONOMIC IMPACT REPORT

DE BEERS IN CANADA



EY

Building a better
working world

CONTENTS

<i>Foreword</i>	01
<i>Executive summary</i>	02
<i>Introduction and approach</i>	04
<i>The evolution of De Beers in Canada</i>	06
<i>The economic contribution of De Beers in Canada</i>	08
<i>The socio-economic impact of Gahcho Kué</i>	13

APPENDICES

<i>Glossary and Sources</i>	20
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FOREWORD



Since arriving in Canada more than 50 years ago as a small group of field geologists conducting our first exploration programme, De Beers has been at the forefront of diamonds in Canada:

- Canada's first economic kimberlite discovery in 1987 with the Victor cluster.
- Ontario's first and only diamond mine with the Victor Mine.
- Gahcho Kué is the largest new diamond mine under development anywhere in the world.
- Canada's longest and largest continuous diamond exploration programme.

Located in the Northwest Territories (NWT) and northern Ontario, our Snap Lake Mine and Victor Mine have played a fundamental role in enhancing Canada's position as a diamond-producing country, ranked as the third largest in the world by value. Our operating mines collectively accounted for 28 per cent of Canada's diamond export earnings in 2015.¹ This national prominence is projected to increase further as our Gahcho Kué Mine in the Northwest Territories (a 51/49 per cent joint venture with Mountain Province Diamonds Inc) ramps up to full production.

Key to our success has been strong local partnerships in communities close to our operations. Our community value proposition is driven by the belief that our business can be a catalyst for delivering economic and social value locally, regionally and across the country wherever we explore, advance projects and operate mines.

This socio-economic impact report on De Beers in Canada highlights the economic and cascading positive impacts our activities have generated for more than 50 years in Canada. We hope it provides you with insight into our approach, commitment and goals as we look forward to the next 50+ years of activity in Canada as the world's leading diamond company.

KIM TRUTER
CEO, De Beers Canada

1. Based on Kimberley Process Certification Scheme (2015) annual statistics.

EXECUTIVE SUMMARY





De Beers and Canada have a shared history spanning more than 50 years.

The activities of De Beers in Canada began in 1961 with its first exploration investments. Since then, De Beers has continued to invest heavily across Canada, particularly in Ontario and the Northwest Territories (NWT), through its three mining operations: Victor, Snap Lake and Gahcho Kué.

Over the past decade, De Beers' activities at Victor and Snap Lake have produced 13.5 million carats of rough diamonds, contributing C\$3.9 billion and C\$2.2 billion respectively to Canada's gross value added (GVA*).² Looking ahead, De Beers' partnership with Mountain Province Diamonds at Gahcho Kué represents the next chapter of this contribution, with current expectations for production of approximately 54 million carats from an estimated 35 million tonnes of ore over the life of the mine.³

But De Beers' impacts extend beyond the immediate impact of diamond mining itself. From investments in infrastructure, to the manufacturing and retail activity it facilitates, and the socio-economic impact of its community programmes, De Beers aims to maximise the benefits that flow from its activities to the communities in which it operates.

KEY IMPACTS




-  Jobs supported
-  Total GVA* contribution
-  Payments to Government**
-  Community

* See Glossary for definitions of key terms used in this report.
 ** Payments to Government have been rounded to the nearest five million.

2. All figures reported in 2016 C\$ unless otherwise stated.
 3. For further information, refer to the Anglo American Ore Reserves and Mineral Resources Report 2015, angloamerican.com/investors/annual-reporting.

1 SNAP LAKE NORTHWEST TERRITORIES

Since 2006, Snap Lake's contributions include:

-  1,320 jobs supported annually within NWT
-  C\$1.7 billion contribution to NWT GVA and C\$2.2 billion to Canada as a whole
-  C\$255 million in payments to Government**



2 GAHCHO KUÉ NORTHWEST TERRITORIES

Due to open in September 2016, over its life Gahcho Kué is expected to contribute:

-  Almost 1,200 jobs annually within NWT
-  C\$5.7 billion contribution to NWT GVA and C\$6.7 billion to Canada as a whole
-  Production of approximately 54 million carats from an estimated 35 million tonnes of ore over the life of the mine

3 HEAD OFFICE RELOCATION TO CALGARY, ALBERTA

De Beers' decision to relocate its head office to Calgary represents a vote of confidence in the city:

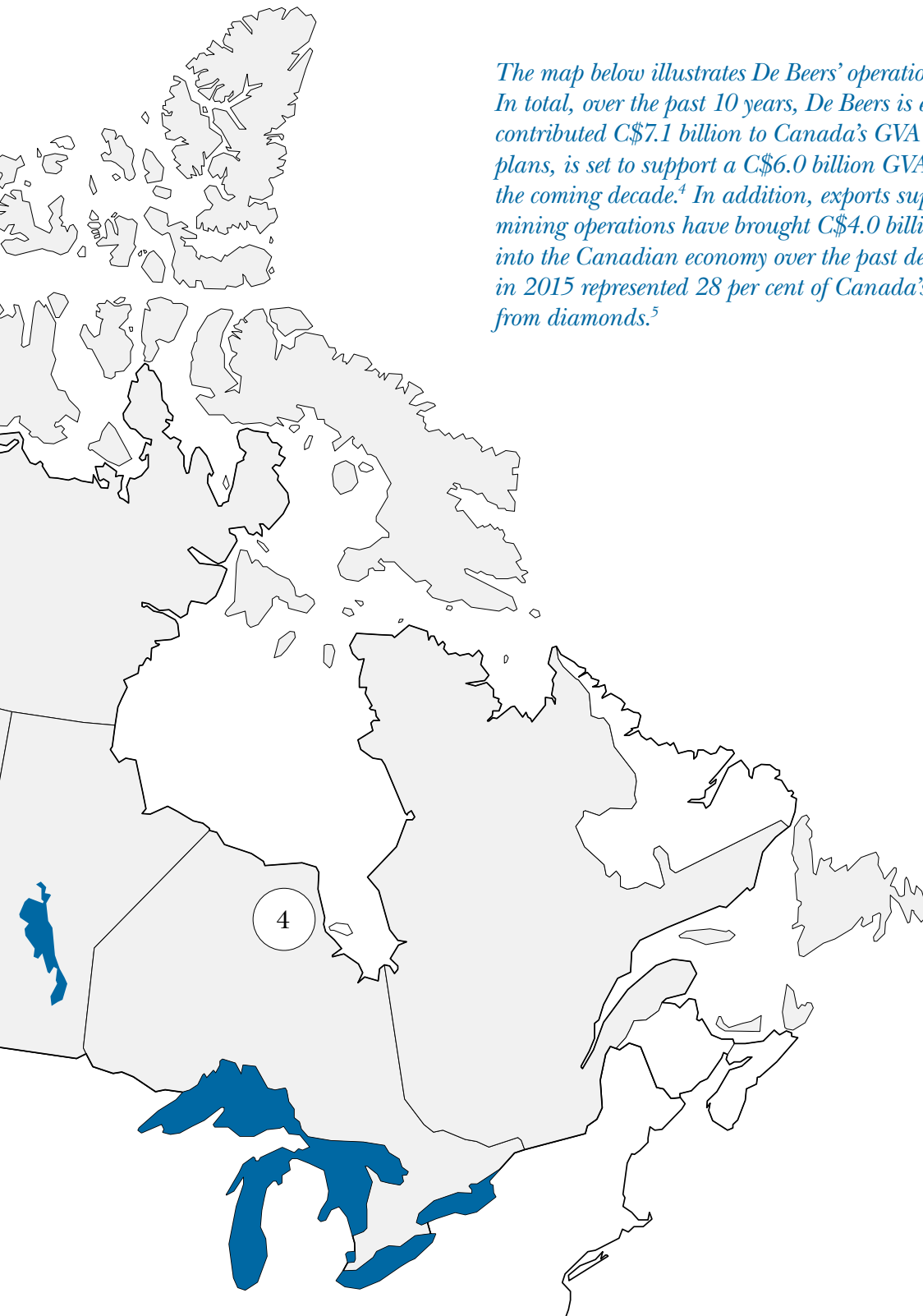
-  160 jobs supported annually within Alberta (67 directly)
-  C\$24 million annual contribution to Alberta's GVA

Snap Lake's contribution has the potential for enduring impacts



In 2015, De Beers' activities contributed C\$1.2 billion to the Canadian economy





The map below illustrates De Beers' operations across Canada. In total, over the past 10 years, De Beers is estimated to have contributed C\$7.1 billion to Canada's GVA and, on current plans, is set to support a C\$6.0 billion GVA contribution over the coming decade.⁴ In addition, exports supported by De Beers' mining operations have brought C\$4.0 billion in foreign currency into the Canadian economy over the past decade alone, and in 2015 represented 28 per cent of Canada's export earnings from diamonds.⁵




SOCIAL CONTRIBUTION ACROSS CANADA

De Beers has made a significant socio-economic impact across Canada:

-  11 local communities supported⁶
-  C\$55 million in support to First Nations through Impact Benefit Agreements (2006 to 2015)
-  All mining sites focused on local procurement and on supporting skills programmes aiming to develop local capacity

4 VICTOR ONTARIO

Since 2006, Victor has contributed:

-  1,360 FTE jobs annually within Ontario (360 directly)
-  C\$3.7 billion contribution to Ontario GVA and C\$3.9 billion to Canada as a whole
-  C\$195 million in payments to Government

4. These indicative projections are based on De Beers' currently planned activities, which are dependent upon a number of factors, including the prevailing and expected price of diamonds. For further information, refer to the Anglo American Ore Reserves and Mineral Resources Report 2015, angloamerican.com/investors/annual-reporting. Note, however, that Snap Lake has been placed on Care and Maintenance since its publication.
5. Based on De Beers' financial information and Kimberley Process Certification Scheme (2015) annual statistics.
6. This includes five communities in Ontario and six across the Northwest Territories.

INTRODUCTION AND APPROACH

INTRODUCTION

De Beers commissioned EY to conduct an independent analysis of its economic contribution to the Canadian economy and to the regional economies in which it operates, notably through Gahcho Kué and Snap Lake in the Northwest Territories, and Victor in northern Ontario. In addition, EY has assessed the economic contribution of De Beers’ corporate office and exploration activities in Canada.

For each mine in this report, the economic impacts have been assessed on a national and regional basis. This provides an understanding of the scale of benefits accruing to the regions in which De Beers’ activities take place, as well as to Canada as a whole.

A range of economic measures have been reviewed which help to explain the contribution of De Beers’ activities. These include gross domestic product (GDP) and gross value added (GVA), exports, employment (measured in full-time equivalents, or FTEs), and payments to Government.⁷

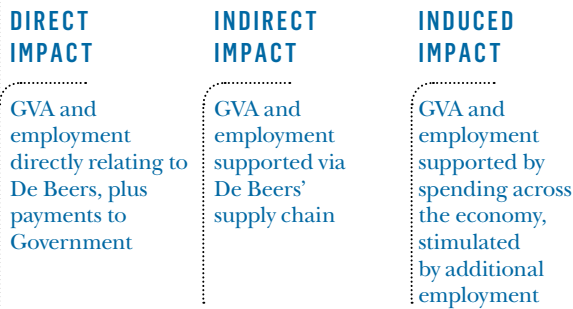
SOURCES OF INFORMATION

The contextual analysis presented in this report is largely based upon national statistics data from Statistics Canada. Wider economic statistics have been collected from a range of sources, including Canadian provincial government databases. Where these have been used, they are clearly labelled and care has been taken to ensure consistency with other datasets and definitions.⁸

APPROACH

Benefits to the national and regional economies can be encapsulated in a number of ways, including: the total output generated through turnover, the direct value-added delivered to the economy (through profits and wages), revenues generated for Government (through direct and indirect payments to Government) and the employment opportunities provided.

The impact of the sector, however, is not limited to its own direct outputs. The economic activity it supports in its own supply chains, as well as the wider consumption in other sectors, should also be accounted for. These effects can be defined as:



APPROACH TO CALCULATING THE OVERALL SECTOR CONTRIBUTION

In calculating the measures identified above, economic multipliers supplied by Statistics Canada have been used on a provincial and sector basis. These multipliers capture economic interdependencies within the sector’s supply chain and the wider economy, and thus enable an estimation of the indirect and induced impact on GVA and employment.

Taking into account the indirect and induced impacts, the following key metrics have been calculated:



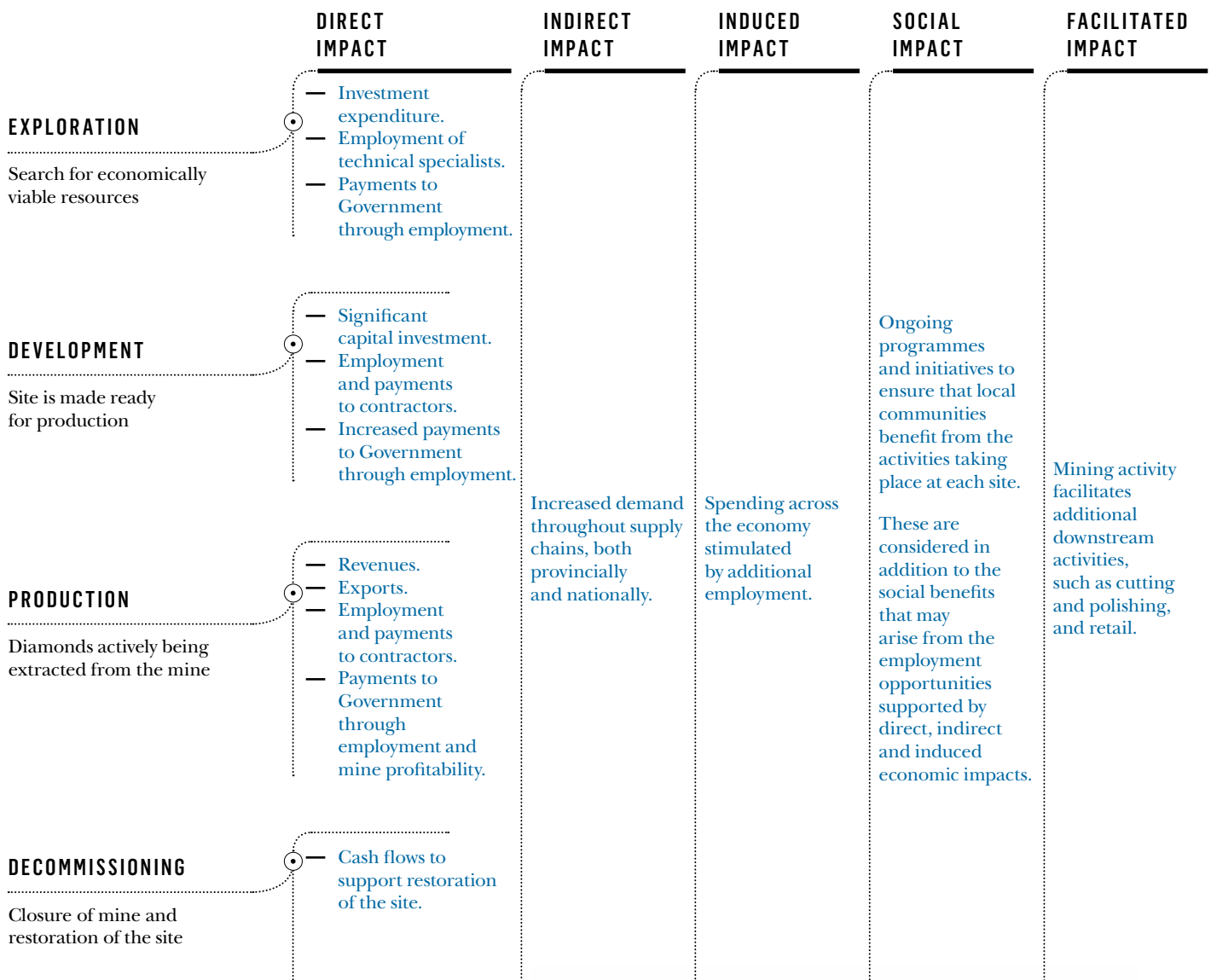
7. See Glossary for definitions of key terms used within this report.

8. A list of sources is detailed at the end of this document.



IMPACTS OVER THE LIFECYCLE OF THE MINE

The economic impacts achieved by each mine will vary significantly depending on where each is in its lifecycle. For the purpose of this report, the lifecycle of a mine is defined by the following stages:

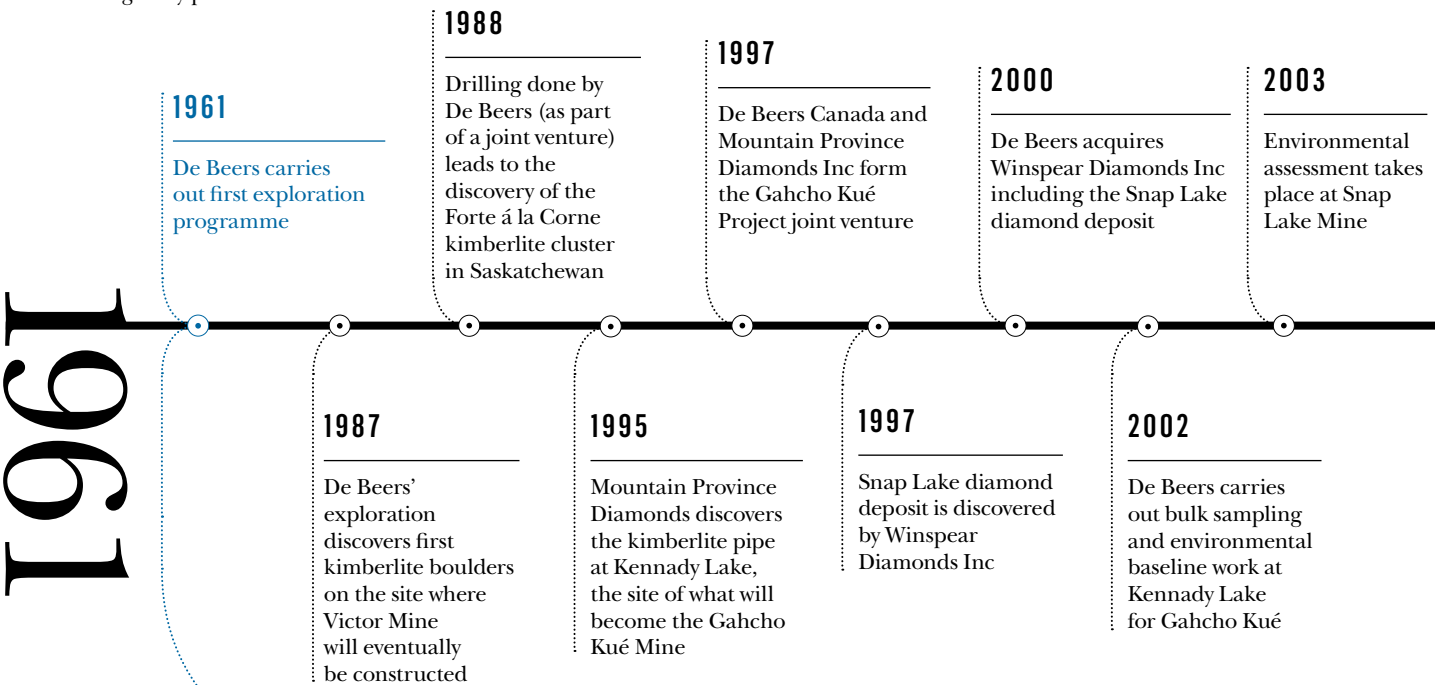


THE EVOLUTION OF DE BEERS IN CANADA

DE BEERS' INVESTMENT HAS LED TO CANADA'S EMERGENCE AS A LEADING DIAMOND PRODUCING COUNTRY

Investment over decades across Canada has enabled De Beers to grow from a small group of field geologists to the operator of two diamond mines, Victor and Snap Lake, with a third, Gahcho Kué, due to open in September 2016. Located in the Northwest Territories (NWT) and northern Ontario respectively, Snap Lake and Victor officially opened in 2008, and have played a fundamental role in Canada's emergence as a diamond-producing country, now ranking as the third largest in the world by production value and fifth largest by production volume.⁹

With the opening of Gahcho Kué, a head office move to Calgary completed, and ongoing strategies for further exploration, De Beers is actively planning for the next chapter in its operations in Canada. These operations, as they have in the past, retain a focus on investing locally to ensure that the benefits flow to the communities with which the company works.



DE BEERS HAS INVESTED C\$750 MILLION IN EXPLORATION ACROSS CANADA

De Beers is heavily invested in Canada and contributed to its economy long before the first diamonds were extracted from Victor and Snap Lake. Since the 1960s, De Beers has been actively exploring for diamond deposits in Canada and is responsible for the discovery of more than 170 kimberlites to date.

De Beers' investment in exploration has reached almost C\$750 million from 1961 to 2015, supporting the employment of almost 100 full-time equivalent employees each year on average.

De Beers' exploration is focused on delivering economically viable diamond deposits in a safe and sustainable way to deliver value growth to the Group. Successful mineral exploration is predicated on being in the right target area for economic discovery. This is influenced by the threshold of economic viability, the sustainability of commercial returns over the long term and geographical criteria such as climate, infrastructure and legislation. The process further involves the execution of successive overlapping work phases that, when appropriately planned, resourced and managed, provide decision-making information to commit further funds to advance the project to the next phase or to terminate and move into new areas.

9. Kimberley Process Certification Scheme (2015) annual statistics.

DE BEERS' VOTE OF CONFIDENCE IN CALGARY TO SUPPORT MORE THAN 150 JOBS ANNUALLY

In 2015, De Beers Canada took the decision to relocate its head office from Toronto to Calgary, effective from the summer of 2016. The move aims to increase the efficiency of the business through closer support of De Beers' diamond mines.

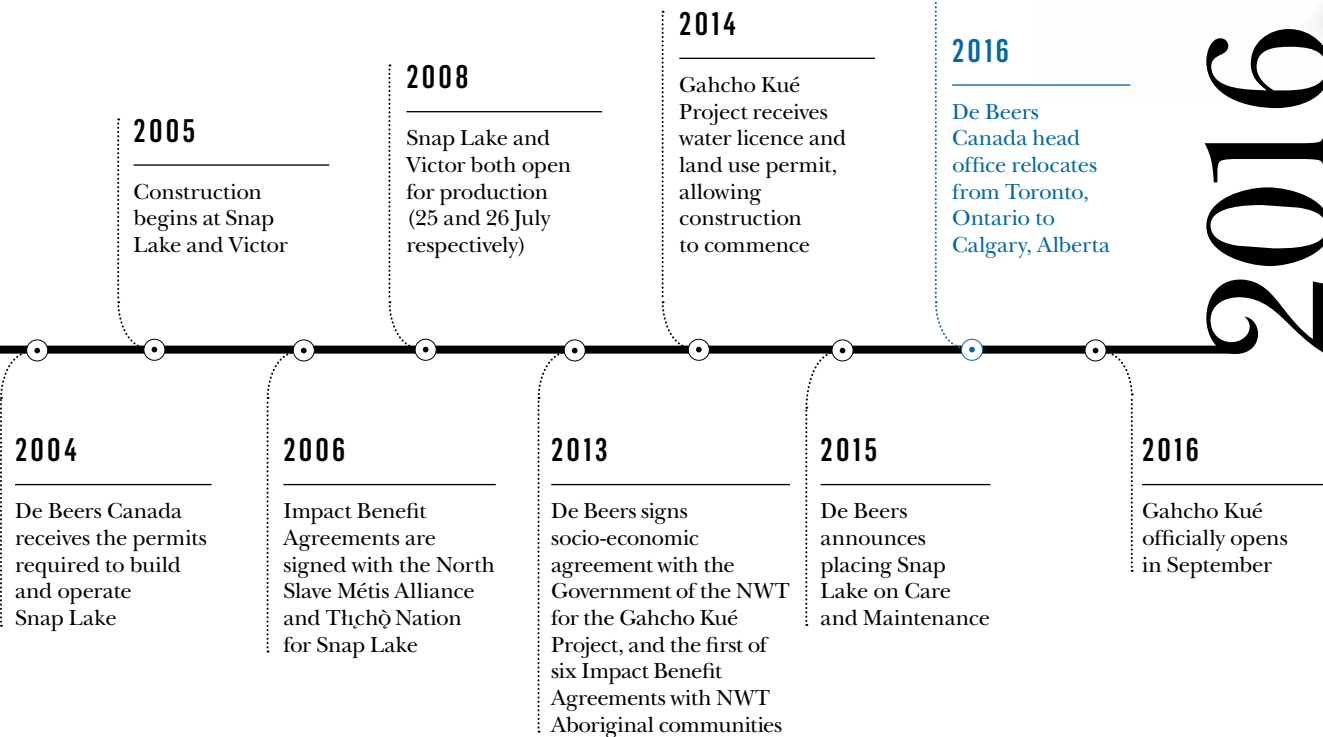
The move brings economic opportunities into Calgary, with De Beers' operations expected to directly support 67 full time jobs annually, and indirectly support a further 90 jobs throughout Alberta. This activity is projected to generate

C\$24 million annually for the local economy over the next decade, through its direct activities, its wider supply chain and through the employment income and consumer spending that it facilitates.

Aside from the economic contribution this move is set to make, De Beers' long-term commitment to Calgary represents a vote of confidence in both the city and the wider Alberta province, as De Beers looks ahead to the next chapter of its operations in Canada.

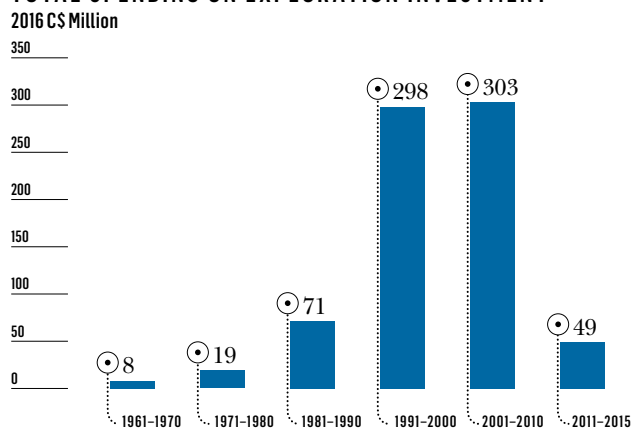


2016



Despite the long history of mineral exploration in Canada, vast portions of the land remain underexplored. De Beers maintains a strong focus on its exploration activity, supporting its plans to continue to make an important contribution to the Canadian economy in the future. De Beers Canada announced in May 2016 that it had signed an agreement with CanAlaska to spend up to C\$20.4 million on exploring areas staked by CanAlaska in the northwestern Athabasca basin in Saskatchewan.

TOTAL SPENDING ON EXPLORATION INVESTMENT

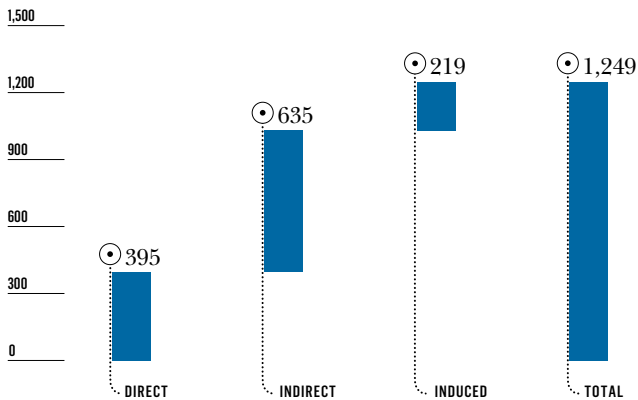


Note: This exploration spending excludes the exploration investments of businesses subsequently acquired by De Beers and so may understate the scale of exploration that has underpinned De Beers' mining activities in Canada to date.

THE ECONOMIC CONTRIBUTION OF DE BEERS IN CANADA

2015: SNAPSHOT OF DE BEERS' ECONOMIC ACTIVITY IN CANADA

ANNUAL GVA IMPACT, 2015 ACROSS CANADA
2016 C\$ Million



Note: Figures are presented in 2016 C\$ in order to remain comparable with those reported elsewhere in this document. Inflation adjusted figures are used in order to provide representative comparisons over time.

- De Beers' mining activities directly and indirectly generated more than C\$1.2 billion of GVA in 2015
- C\$635 million (51 per cent of total) relates to indirect impacts, arising as a consequence of De Beers' procurement and the economic activity it supports through its supply chain
- In addition, the employment supported directly by De Beers, and indirectly through its supply chain, generates income for employees, whose spending translated into an induced impact of C\$219 million in 2015
- De Beers' total employment contribution in 2015 was 7,300 FTEs, of which 1,400 were directly employed, 4,000 were attributable to De Beers' supply chain (21 per cent of which were onsite contractors) and 1,900 related to induced economic activity
- In 2015, De Beers' activities resulted in direct payments to Government of C\$95 million

Approximately 140 million carats of rough diamonds are produced per year globally.¹⁰

Canada first became a diamond producer in 1998 and in 2015 was the world's fifth largest diamond producer by volume, accounting for nine per cent of global production. This follows Russia, Botswana, Democratic Republic of Congo and Australia, which collectively account for 72 per cent of world rough diamond production by volume.¹¹ Canada is the world's third largest producer by value.

The Canadian diamond mining industry employs 2,650 people in mine operations and another 1,500 in support industries, such as maintenance, catering and transport. Aboriginal people account for approximately 30-40 per cent of the mining workforce.

The wider mining sector in Canada accounts for 18 per cent of the value of Canadian exports (2014).¹²



10. Global production based on De Beers' analysis.

11. Kimberley Process Certification Scheme (2015) annual statistics.

12. The Mining Association of Canada (2015), Facts and figures of the Canadian mining industry.

FACILITATED IMPACTS

Beyond the direct and indirect impacts of De Beers' mining activities in Canada, De Beers takes steps to facilitate further economic activity to ensure that its activities benefit the communities where it operates.

MANUFACTURING AND BENEFICIATION FOR THE SECONDARY DIAMOND INDUSTRY IN CANADA

Up to 10 per cent, by value, of the diamonds extracted from De Beers' mines in the Northwest Territories (NWT) and Ontario are made available to Canadian Sightholders, who cut and polish the rough diamonds they purchase ready for jewellery manufacturing and retail.

Over the past decade (2006 to 2015), this practice has ensured that C\$230 million worth of rough diamonds have been cut and polished within

Ontario and the NWT. This brings job opportunities into these regions, supporting the Canadian Government's strategic objective of developing the long-term growth prospects in these areas.

POLISHED DIAMONDS SUPPORT RETAILERS ACROSS CANADA AS WELL AS INTERNATIONALLY

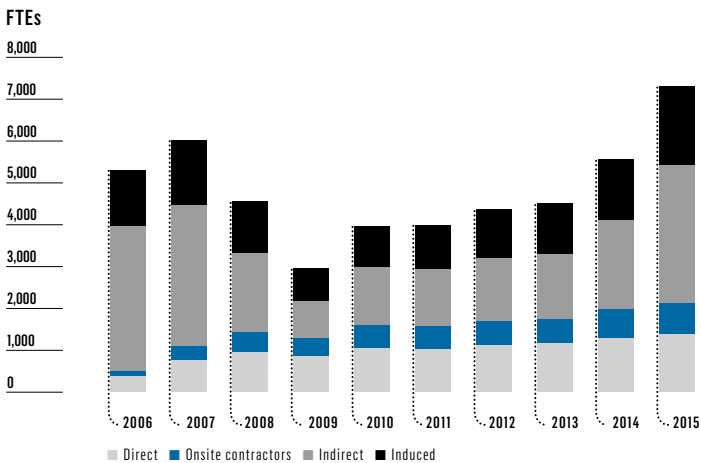
De Beers carries out retail activity in Canada through Forevermark, the diamond brand from The De Beers Group of Companies, and De Beers Diamond Jewellers, a 50/50 joint venture with LVMH Moët Hennessy Louis Vuitton, the world's leading luxury goods company.

Forevermark has had a presence in Canada since 2012, partnering with nearly 40 of Canada's most respected retail jewellers.



In 2015, De Beers' activities contributed C\$1.2 billion to the Canadian economy

DE BEERS' TOTAL EMPLOYMENT IMPACT



MORE THAN C\$0.5 BILLION IN PAYMENTS TO GOVERNMENT¹³

Since 2006, De Beers' Canadian operations have yielded C\$550 million in payments to Government.

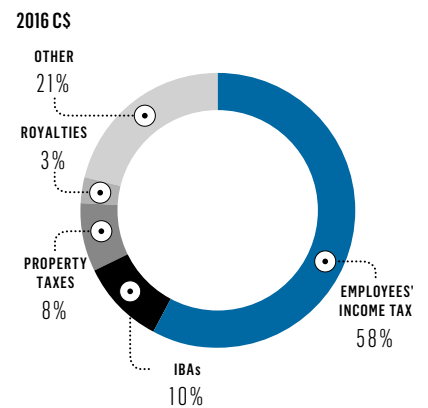
The majority of these payments result from income taxes paid by De Beers employees on their salaries, accounting for 58 per cent of the total.

Payments to Government include the Impact Benefit Agreements (IBAs) support to First Nations, contributing 10 per cent over the last decade. Property taxes and royalties collectively account for 11 per cent, with the

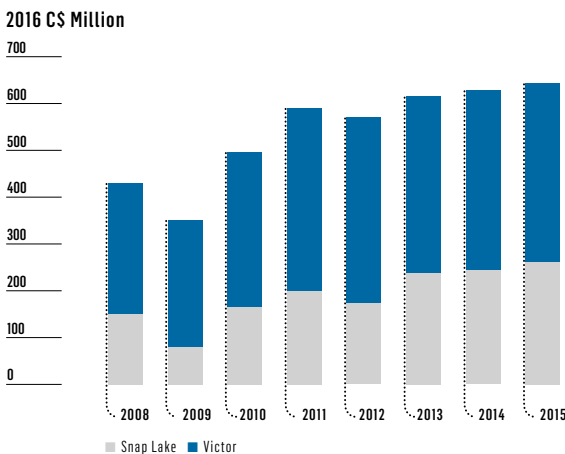
remaining 21 per cent representing 'other' payments to Government. These include employment insurance, health tax, workers' compensation, pension plans, fuel tax, insurance excise tax, and land transfer tax.

While De Beers' operations have made sizeable payments to Government, they have not been liable for corporation tax thus far. This reflects the tax framework, which provides tax relief to allow for the high risk and uncertain returns on investments made during the exploration and development phases of the mining cycle.¹⁴

DE BEERS' PAYMENTS TO GOVERNMENT 2006-2015



DE BEERS' EXPORT CONTRIBUTION BROKEN DOWN BY MINE



13. Payments to Government have been reported on a payments basis, with the exception of employee taxes, which have been reported on an accruals basis.

14. For further discussion, see: Anglo American (2015). Driving change, defining our future: Tax and economic contribution report 2015.

In 2015, output from Victor and Snap Lake represented 28 per cent of Canada's diamond exports by value¹⁵

2.2 PER CENT OF MINING SECTOR EMPLOYMENT

Between 2006 and 2015, De Beers' operations have directly supported 1,000 full-time jobs on average annually in Canada. In addition, De Beers has indirectly supported on average a further 2,600 jobs a year through its supply chain, 23 per cent of which were onsite contractors. The induced employment impact was an additional 1,300 jobs on average annually over the same time period.

De Beers' direct employment in 2015 alone (1,400 FTEs) was equivalent to 2.2 per cent of the total mining sector across Canada, rising from 1.8 per cent in 2011 (1,000 FTEs).¹⁶

The rise in employment over time highlights the fact that De Beers' employment impact has increased at a faster pace than that of the mining sector as a whole.



CS\$4.0 BILLION CONTRIBUTION TO GROSS EXPORTS BY 2015

Between 2006 and 2015, Victor contributed C\$3.0 billion in Canadian gross exports. In 2015, the mine contributed 16 per cent of Canada's diamond exports by value.¹⁷ A further 1.5 million carats are expected to be mined before currently planned production ceases in 2018.¹⁸

Over the same period, Snap Lake contributed C\$1.0 billion in Canadian gross exports. In 2015, the mine accounted for 11 per cent of Canada's diamond exports by value.¹⁹

In addition, Gahcho Kué is expected to produce approximately 54 million carats from an estimated 35 million tonnes of ore over the life of the mine.²⁰

15,17,19. Gross exports reported here to assist comparison. Kimberley Process Certification Scheme (2015) annual statistics.

16. Figures based on Statistics Canada employment data by sector.

18,20. These indicative projections are based on De Beers' currently planned activities, which are dependent upon a number of factors, including the prevailing and expected price of diamonds. For further information, refer to the Anglo American Ore Reserves and Mineral Resources Report 2015, angloamerican.com/investors/annual-reporting. Note, however, that Snap Lake has been placed on Care and Maintenance since its publication.



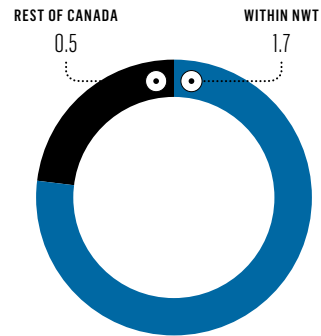
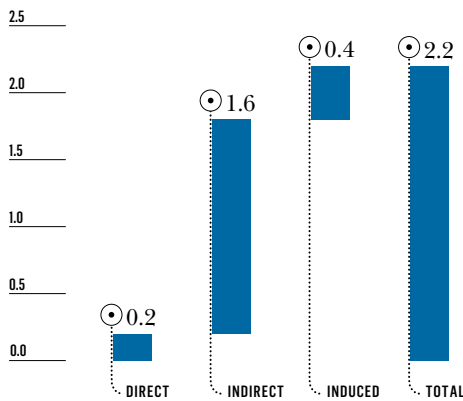


THE ECONOMIC CONTRIBUTION OF DE BEERS IN CANADA – SNAP LAKE

Snap Lake was De Beers' first mine outside Africa. Located to the north-east of Yellowknife, NWT, the site was discovered in 1997 and underwent development until its official opening in July 2008. The mine was placed on Care and Maintenance in December 2015, following seven years of production.

TOTAL GVA CONTRIBUTION OF SNAP LAKE TO CANADA 2006–2015

2016 C\$ Billion



92 PER CENT OF GVA IMPACT RESULTS FROM INDIRECT AND INDUCED IMPACTS

In total, Snap Lake is estimated to have contributed C\$1.7 billion to the NWT economy between 2006 and 2015 (including indirect and induced impacts), with a further C\$0.5 billion accruing to the rest of Canada.

This contribution to the NWT was equivalent to approximately 14 per cent of extractive industries' GVA in the NWT over the same period.²¹

Notably, the vast majority of these impacts (92 per cent) result from the indirect and induced effects supported through the supply chain of the mine and through the employment it supports. This highlights the spillover benefits of its operations despite the challenging profitability of the mine itself.

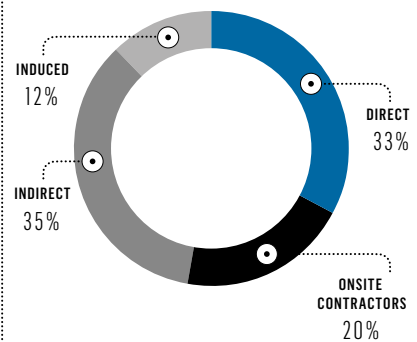
EMPLOYMENT IMPACT

Over the past decade, the mine has directly employed an average of 440 people annually, averaging 230 through the development phase and 500 through the production phase. In addition, the mine has supported 270 onsite contractors annually, with a further 610 FTEs supported indirectly through the mining supply chain within the NWT and through induced spending impacts within the Territory.

In 2015, direct employment at Snap Lake was equivalent to 35 per cent of employment in the NWT's extractive industries.²²

EMPLOYMENT SUPPORTED BY SNAP LAKE WITHIN THE NWT

Average FTEs 2006–2015



PAYMENTS TO GOVERNMENT

Up to 2015, the activities at Snap Lake have generated C\$255 million in payments to Government, with the majority (62 per cent) of these being driven by employee income taxes.²³ IBA support to First Nations has contributed C\$10 million to the total amount.

21,22. Comparison against Statistics Canada data.

23. Payments to Government have been reported on a payments basis, with the exception of employee taxes, which have been reported on an accruals basis.

EXPORT CONTRIBUTIONS

Over its lifetime, Snap Lake has contributed C\$1.5 billion in gross export revenues for Canada, accounting for 11 per cent of diamond export values in 2015.²⁴

COMMUNITY ENGAGEMENT TO SUPPORT LOCAL SKILLS

Across the lifetime of Snap Lake, De Beers has made a conscious effort to employ NWT residents. Doing so requires recognising and addressing the challenges of recruitment across the NWT, including the availability of skilled labour, the remoteness of the mine's location and the interest in working in the sector.

De Beers supports a number of initiatives targeted at these issues. These include:

- **Hosting a series of career fairs** focused on communities close to Snap Lake, including Behchoko, Whati, Lutsel K'e, Hay River and Fort Simpson, which aim to encourage more NWT residents and students to build a career in mining.
- **Community visits** alongside representatives from the Government's Student Financial Assistance (SFA) programme to discuss financial support available to students to attend post-secondary education.
- **The De Beers Summer Employment Program** whereby 13 positions, in departments such as mine engineering, and external and corporate affairs, were made available to local students.

These initiatives help to stimulate interest and skills in the sector, which in turn encourage higher local employment within mining, raising provincial employment levels and productivity during, and beyond, the life of the mine.

SUPPORTING ACCESS

De Beers operates 10 NWT pick-up points throughout the Territories and offers travel allowances to help NWT residents travel to a pickup point. These schemes have been successful in attracting a significant share of employees from the local area. As at 2014, 35 per cent of De Beers' employees at Snap Lake were residents of the NWT, representing 14 local communities and Yellowknife.

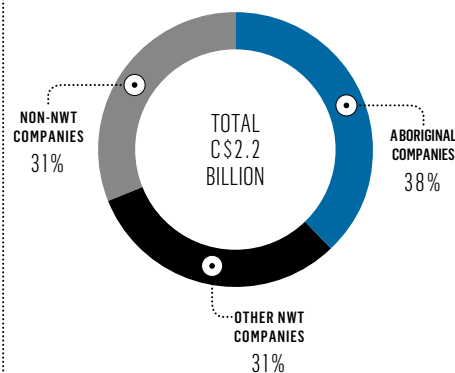
KICK-STARTING LOCAL BUSINESSES AND BUILDING CAPACITY

De Beers aims to work with local companies within the NWT, maintaining close communication with the business community to ensure they are aware of upcoming opportunities. This has supported 38 per cent of mine spend going to Aboriginal companies.

This relationship, however, extends beyond procurement: De Beers also plays an active role in encouraging capacity development of businesses within the NWT. In recent years, this has included providing financial support for initiatives designed to assist small businesses, such as the Small Business Workshop coordinated by the Yellowknives Dene First Nation.

2005–2014 SNAP LAKE MINE

CUMULATIVE SPENDING*



* These figures have not been inflation adjusted.

INVESTING IN SKILLS AND JOB CREATION

Snap Lake has provided substantial assistance to the improvement of skills and training in the NWT province through the provision of scholarships and sponsorship programmes. Between 2006 and 2015 Snap Lake invested more than C\$300,000 in this area.

In December 2014, De Beers provided 20 modules from the former Snap Lake construction camp to the Deninu Kué Development Corporation (DKDC), the business development arm of the Deninu Kué First Nation. These modules were refurbished by nearly two dozen workers employed by a joint venture between the DKDC and Arcan Construction of Yellowknife. Around 11 Fort Resolution residents were employed on the project, learning new skills alongside employees of Arcan Construction. Following completion of the project, the modules became additional office space and lunchrooms needed during construction at the Gahcho Kué Project.

The transfer of knowledge gained through the employment and procurement opportunities offered by the operations at Snap Lake have the potential to bring economic and social benefits for years to come.

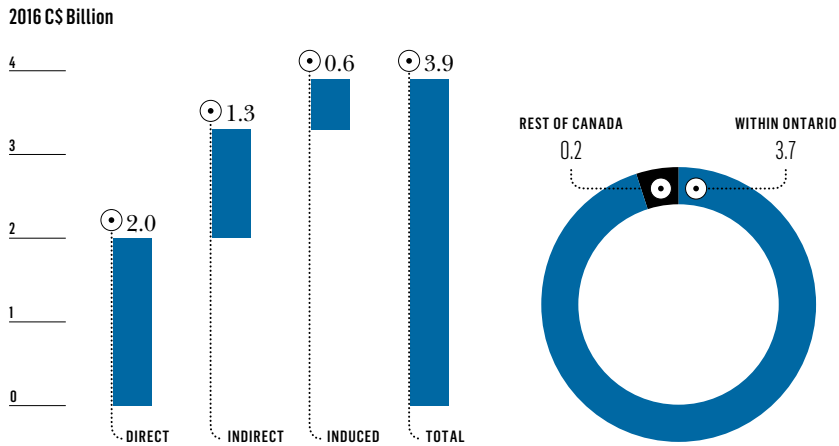
Higher levels of skills and increased capacity within the business community present the potential for greater economic opportunities in future.

24. Kimberley Process Certification Scheme (2015) annual statistics.

THE ECONOMIC CONTRIBUTION OF DE BEERS IN CANADA – VICTOR

Victor was the second De Beers mine to open in Canada, and is Ontario’s first diamond mine. Construction began in February 2006, and Victor was officially opened two years later, in July 2008. The mine remains in its production phase, which is currently expected to run until 2018.

TOTAL GVA CONTRIBUTION OF VICTOR TO CANADA 2006-2015



C\$1.3 BILLION INVESTMENT SUPPORTS VICTOR

- Between 2006 and 2015, De Beers invested substantially to support operations at Victor.
- This investment underpins the C\$3.7 billion in GVA that Victor has contributed to the Ontario economy over the past decade, with an additional C\$150 million accruing to the rest of Canada.
- This is equivalent to approximately five per cent of the GVA of the extractive industries within Ontario over the same period, providing support to the less developed northern areas of Ontario.²⁵
- From 2016 to 2024, the mine is expected to generate a GVA contribution of C\$0.8 billion within Ontario, with a further C\$40 million accruing to the rest of Canada.^{26,27}

PROVIDING EMPLOYMENT OPPORTUNITIES FOR MORE THAN 1,400 PEOPLE

- Between 2006 and 2015, Victor directly supported 360 jobs on average annually, across Canada as a whole. In addition, the mine indirectly supported 730 jobs on average annually through its supply chain, as well as an induced impact of an additional 400 jobs across Canada.
- On average, 1,360 FTE jobs were supported annually within Ontario alone.
- Total employment supported by the site (including contractors) in 2015 was 1,300 FTEs within Ontario, with a further 130 FTEs elsewhere in Canada. Of these, 410 FTEs were directly employed by De Beers and 250 were onsite contractors.

25. Comparison against Statistics Canada data.

26. The impacts from 2018 onwards represent those supported through the decommissioning phase.

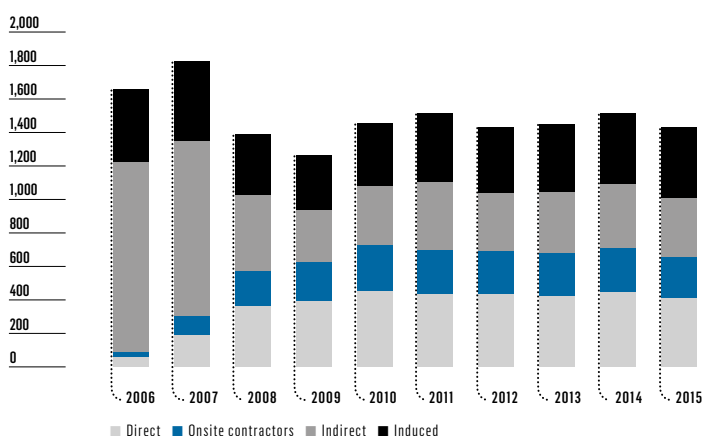
27. These indicative projections are based on De Beers’ currently planned activities, which are dependent upon a number of factors, including the prevailing and expected price of diamonds. For further information, refer to the Anglo American Ore Reserves and Mineral Resources Report 2015, angloamerican.com/investors/annual-reporting. Note, however, that Snap Lake has been placed on Care and Maintenance since its publication.

— *Victor has contributed C\$3.7 billion to the Ontario economy to date*



EMPLOYMENT CONTRIBUTION OF VICTOR TO CANADA

2006–2015 (FTEs)



CONTRIBUTING ALMOST C\$200 MILLION IN PAYMENTS TO GOVERNMENT

- Between 2006 and 2015, the site generated C\$195 million in payments to Government. The largest share of these payments (47 per cent) resulted from employee income taxes. IBA support to First Nations accounted for C\$41 million of the total amount (21 per cent).

GENERATING C\$2.8 BILLION IN EXPORT EARNINGS

- In total, Victor has contributed C\$2.8 billion in Canadian gross exports since 2006.
- In 2015, Victor contributed 16 per cent of Canada’s diamond exports by value.²⁸
- Including 2016, a further 1.5 million carats are expected to be removed from the mine before production is planned to cease in 2018.²⁹

28. Kimberley Process Certification Scheme (2015) annual statistics.

29. These indicative projections are based on De Beers currently planned activities, which are dependent upon a number of factors, including the prevailing and expected price of diamonds. For further information, refer to the Anglo American Ore Reserves and Mineral Resources Report 2015, angloamerican.com/investors/annual-reporting. Note, however, that Snap Lake has been placed on Care and Maintenance since its publication.

Since 2008, De Beers has invested C\$105 million in building the annual ice road leading to Victor



De Beers' operations in Canada involve building strong connections with the communities situated close to each mining site. These connections are characterised by the significant emphasis placed on enhancing the social and economic opportunities available to these local populations. Victor, in particular, located approximately 90km west of the First Nation community of Attawapiskat, has played an active role throughout its life in supporting five local communities: Attawapiskat, Fort Albany, Kashechewan, Moose Factory and Moosonee.

As illustrated on the right, De Beers' support has covered a broad range of activities across four main pillars of economic development: Infrastructure, Community, Skills and Local Business, all of which offer a variety of long-term benefits.

The 400km road leading to the mine is built each year and remains operational for around six weeks, providing a secure access route through the region for local communities.

The road provides an essential route for supplying Victor, but also offers vital support for local communities, which benefit from this secure access route through the region. To reflect its importance, De Beers' use of the road follows a transportation schedule designed to accommodate peak times for local communities and other road users.

Local communities also stand to benefit from the employment opportunities offered to local contractors and suppliers throughout the planning and construction of the road. With De Beers' investment in the road averaging C\$12 million each year, this represents a sizeable undertaking, which depends significantly on local expertise.

Beyond the ice road, De Beers has focused its community engagement and investment across four pillars.

VICTOR SOCIAL INVESTMENT INITIATIVES 2011-2015

1

INFRASTRUCTURE

Infrastructure programmes help improve local connectivity and access to services. These are particularly important in remote areas where access to utilities and public services has been limited

2

COMMUNITY

Programmes addressing social issues in the community and those in spheres such as wellness and food freight programmes are estimated to increase the welfare of the communities and subsequently the quality of life in the area

3

SKILLS

Educational programmes, such as annual scholarships and literacy programmes, provide opportunities to improve skills, productivity and the future earning potential of their beneficiaries, thus contributing to the future prosperity of the regional and national economy

4

LOCAL BUSINESS

Initiatives to support local businesses aim to raise procurement opportunities for local suppliers, maximising the economic gains from Victor that flow into existing communities

TOTAL SPEND:*	C\$160,000	C\$640,000	C\$580,000	C\$80,000
AVERAGE NUMBER OF DIRECT BENEFICIARIES PER PROGRAMME:**	710	1,155	290	610

* These figures have not been adjusted for inflation.

** Average direct beneficiaries are based on data from 2011 to 2013.

GLOSSARY

CARE AND MAINTENANCE

A steady state in which mining operations are suspended, though the ability to resume in the future is maintained.

DIRECT IMPACT

A direct economic impact arises from the initial increase in economic activity (eg the GVA generated, the additional employment created and the taxes that are contributed to public finances).

EMPLOYMENT TAX

Payments to Government arising from payment of remuneration to employees, including wages, salaries and bonuses.

FULL-TIME EQUIVALENTS (FTEs)

FTEs represent the number of people who work on a full-time basis, where persons working less than full-time hours represent a proportion of an FTE determined by the percentage of full-time hours typically worked.

GROSS DOMESTIC PRODUCT (GDP)

GDP is a basic measure of a country's overall economic output. As an aggregate measure of production, GDP is equal to the sum of the gross value added of all residential units (ie industries) engaged in production, plus any taxes, and minus any subsidies, on products not included in the value of their outputs.

GROSS VALUE ADDED (GVA)

GVA is a measure of economic activity. It is often referred to as the 'income from production' and is broadly equivalent to the wages and profits generated by a particular economic activity, or total output (revenues) minus intermediate costs. GVA differs from GDP in that it does not include net taxes and subsidies levied on products.

IMPACT BENEFIT AGREEMENT (IBA)

IBAs are formal contracts outlining the impacts of the project, the commitment and responsibilities of both parties, and how the associated Aboriginal community will share in benefits of the operation through employment and economic development.

INDIRECT IMPACT

As producers increase their output, there will be an increase in the demands they place on their suppliers, which continues down the supply chain.

INDUCED IMPACT

As a result of the direct and indirect effects, increased employment results in an increase in household incomes throughout the economy. A proportion of this increased income will be re-spent on final goods and services, thus generating further economic impacts.

ONSITE CONTRACTORS

Onsite contractors represent indirect employees working at a particular mining site.

PAYMENTS TO GOVERNMENT

Payments in respect of taxes by De Beers Canada, including both taxes borne and taxes collected.

ROYALTIES AND MINING TAXES

Royalties and mining taxes refer to payments to Government in relation to revenue, production or profit generated under licence agreements.

SOCIAL INVESTMENT

Social investment refers to social contributions paid on a compulsory or voluntary basis, either from allocated budgets or established programmes.

WAGES AND SALARIES

Wages typically relate to employment based on hourly rate of pay, while salaries are typically agreed on an annual basis. This means salary payments do not tend to vary based on short-term (eg weekly/monthly) fluctuations in hours worked, while wages would.

SOURCES

1. Bureau of Statistics, Government of Northwest Territories, www.statsnwt.ca
2. Driving change, defining our future: Tax and economic contribution report 2015, Anglo American, 2015
3. Facts & Figures of the Canadian Mining Industry, The Mining Association of Canada, 2015
4. Kimberley Process Certification Scheme (2015) annual statistics
5. Ore Reserves and Mineral Resources Report, Anglo American, 2015, www.angloamerican.com/investors/annual-reporting
6. Statistics and data, Statistics Canada: Canada's national statistics agency, www.canada.ca/en/government/statistics.html

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