

naturallyNorthern

2007 Snap Lake Mine Socio-Economic Report

 **DE BEERS**
CANADA
SNAP LAKE MINE



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Naturally Northern

At the De Beers Family of Companies “doing the right thing” is a way of life and excellence in *Corporate Social Responsibility* is a tradition that De Beers employees are proud of. It is this tradition that we aim to achieve in the way we do business in the Northwest Territories and Canada, and every day our employees make us proud.

One reflection of De Beers’ commitment to excellence in *Corporate Social Responsibility* is our Socio-Economic Agreement with the Government of the Northwest Territories. The Agreement establishes how the company and the Government will work together to balance economic development with environmental stewardship. It puts in place a framework for measuring our success in achieving Corporate Social Responsibility and in meeting the commitments we have made.

This year’s Annual Socio-Economic Report marks our third report to the Government and the people of the Northwest Territories. It reflects our achievements at a time when construction at Snap Lake was focused on finishing the major building and technology infrastructure above ground. This included commissioning of all systems in the utilities building, the process plant, and the main services complex. It also included advancing the construction of the under ground crusher and conveyor system. Recruitment of



Chantal Lavoie, Senior Vice-President – Operations, leads a tour of Snap Lake Mine.

“Our employees, business partners, and leaders tell you their stories about how De Beers does business.”

our permanent workforce was a huge initiative in 2007, and the highlight for our new employees was in August when our first billion year old beauties (Snap Lake diamonds) were produced in the new process plant.

We have taken a slightly different approach in putting together our Snap Lake Socio-Economic Report this year. Our report still conveys the numbers and data regarding our contribution to the

economy and to communities close by. Additionally, in the tradition of Northern storytelling, we’ve talked to our employees, business partners, and leaders in the community so they can tell you their stories about how De Beers does business.

It is with pride that we share these stories from the people whose lives have been touched by our company, the opportunities we are providing and our 2007 results.

While the year has been a busy and

a fast-paced blur, we know that when you see the results and read the stories, you’ll agree with our observation. De Beers, though rooted in South Africa, is already emerging as “naturally Northern” here. We are proud to be a strong contributor to the NWT and Canadian economy and a good neighbour to communities close by.

Chantal Lavoie
Senior Vice-President – Operations



Ken Smith, De Beers Business Development Coordinator

The De Beers Northern Business Development Journey

One of our goals with the Snap Lake Mine is to assist in economic development for our neighbours,” says Ken Smith, Business Development Coordinator with De Beers.

That’s why when reaching Impact Benefit Agreements with the Lutsel K’e Dene First Nation, the Yellowknives Dene First Nation, the Tlicho Government and the North Slave Métis Alliance, business development was an important component.

“These Aboriginal communities have taken a long term view, establishing businesses that extend

As De Beers succeeds,
so do Northern companies.

past the life of Snap Lake Mine. When we began discussing business opportunities with them, we started by asking ‘what are your business goals and strategies, and how can our project requirements help you achieve them while meeting our needs?’” explains Smith.

De Beers’ approach enables Aboriginal and NWT companies to optimize the opportunities presented by the Snap Lake Mine. The company structures its business

so that Snap Lake is not only a stepping stone to create new businesses, but also builds on existing businesses. The company aims to help grow a strong Northern workforce, offering opportunities for existing businesses to diversify their field of operations.

“We hired 52 new employees to work at De Beers in 2007,” says Barry Henkel, Construction Manager at Tli Cho Logistics Inc., a subsidiary company of the Tlicho Investment Corporation.

Of those 52 employees, 60 percent are Tlicho residents and another 10 percent are NWT Aboriginal hires.

Tli Cho Logistics performs site services at Snap Lake – grading the roads, receiving and offloading planes, providing waste management (including disposal of dangerous goods) and general labour around the site.

“Snap Lake has also allowed us to diversify our services and expand our sources of revenue. We are a much stronger company because of our operations at Snap Lake,” states Henkel.

One such diversification for Tli Cho Logistics is supplying fuel for the winter road. That means another 20 seasonal employees and 40 trucks working during the winter.

Over at Ek’Ati Services Ltd., 104 employees provide food, housekeeping and janitorial services as well as light camp maintenance for De Beers. Ek’Ati Services is a joint venture between the PTI Group and Deton’Cho Investments North Ltd., which is the corporate and investment arm of the Yellowknives Dene First Nation.

“Our first priority is to use qualified NWT and Aboriginal businesses. They are the first place we look when contracting out work.”

“Our workforce is 78 percent Northern, and 61 percent of those are Aboriginal,” says Bob Davies, Senior Branch Manager with Ek’Ati Services.

That’s the success of De Beers’ vision: Northern and Aboriginal companies growing and giving



Keri Ann Wedzin, truck operator with Tli Cho Logistics at Snap Lake.

their NWT employees the training and skills they’ll need once the mines close. Essentially, this makes employees recession proof and enables them to take their skill sets, developed at Snap Lake, anywhere in the world.

In the meantime, these companies are taking every opportunity to work with De Beers.

De Beers has set high expectations for engaging Northern and Aboriginal companies. As part of its Socio-Economic Agreement with the GNWT, De Beers committed to spending up to 35% of the total mine construction expenditure with NWT businesses. In 2007, De Beers continued to exceed this commitment. By the end of 2007, De Beers has spent \$939.2 million on the construction of the Snap Lake Mine. Of that, 68%, or \$642.5 million, was with NWT businesses. Aboriginal

businesses were awarded \$438.5 million of that total.

“Our first priority is to use qualified NWT and Aboriginal businesses. They are the first place we look when contracting out work,” says Smith.

De Beers continues to use its NWT Business Registry, to ensure open access for Aboriginal and Northern companies. By the end of 2007, more than 150 Northern businesses had registered with De Beers as potential suppliers of goods or services.

The De Beers NWT Businesses Registry enables businesses to transmit their profiles through the online registry and to access information about goods and services required by De Beers. This, in turn, enables De Beers purchasing staff to stay on top of which Northern businesses are available,

and it provides the businesses with the means to quickly get a handle on the needs of the mine.

“We also hold business information sessions to outline opportunities and upcoming contracts,” says Smith. “And, when a company doesn’t win a bid, we sit down with them and identify areas of improvement for future business opportunities.”

It’s not only Northern businesses that have had an impact on the North. Southern organizations have set up offices here and are hiring Northern employees. Smith points to Sandvik Mining and Construction as one of the biggest success stories of a previously southern-based supplier establishing itself in the NWT as a result of new business with De Beers.

“We know the Snap Lake Mine has a long life, albeit a limited one, and we have to approach our business from a sustainable viewpoint,” says Smith. “That’s why the companies who we do business



Roberta Maki, Jennifer Lennie, Daphane Bear, Chloe Parent-Bergeron and Peter Porter work with Ek’Ati Services at Snap Lake.

with are working with us to advance their long term goals, and in a way that ensures the development and success of their employees long term.”

With the future in mind, Ek’Ati Services is providing training to its employees so they can transfer into the food service industry no matter

the location. Tli Cho Logistics is diversifying its business base to make it more flexible in the future.

By helping others succeed, De Beers is not only ensuring the viability of Snap Lake, it has created a legacy of business experience and success for the NWT economy today and tomorrow.

2007 Construction Expenditures

(January to December 2007)

Total Expenditures

\$362,406,205

NWT Expenditures

\$278,930,952

(76.97% of Total)

NWT Expenditures

\$278,930,952

Aboriginal Expenditures

\$195,268,098

(70.01% of NWT Total)

Cumulative Construction Expenditures

(January 2005 to December 2007)

Total Expenditures

\$939,172,722

NWT Expenditures

\$642,541,171

(68% of Total)

NWT Expenditures

\$642,541,171

Aboriginal Expenditures

\$438,508,004

(68% of NWT Total)

It Takes Trust!

Trust played a role in the Impact Benefit Agreement that De Beers signed with the North Slave Métis Alliance (NSMA).

“De Beers gave us an opportunity to prove ourselves. We didn’t have a shotcrete business, but they promised that if the product was reasonably priced and met their standards, they would make us a supplier,” says Bill Enge, President of Métcor Inc., the economic development arm of the NSMA.

“It’s been tough incubating a new industry in the North, but I think we’ve proven that their trust was well placed,” adds Enge.

The NSMA is the organization that represents the political and economic interests of the North Slave Métis.

De Beers and the NSMA signed an Impact Benefit Agreement in the summer of 2006, in which De Beers promised opportunities with respect to business, employment, training and scholarships.

“The North Slave Métis Alliance is a great success story. When we started negotiating, they had clear ideas of where they saw themselves in the future,” says Ken Smith, Business Development Coordinator for De Beers.

“We advised Métcor of the mine’s requirements, which helped them set up development plans. They tapped into De Beers as required to achieve their goals, and we were more than happy to help.”

Enge says De Beers’ confidence and support is the foundation for the success of the new enterprise.

“Our relationship with De Beers has grown leaps and bounds since signing the Impact Benefit Agreement,” says Enge. “They’re a great organization to do business with and whenever we need help, they’ve been there for us.”

Métcor’s shotcrete nozzle persons were certified through the Mine Training Society in 2007.



Bill Enge, President of Métcor Inc.

“They’re a great organization to do business with and whenever we need help, they’ve been there for us.”

Métcor started by training 14 northern Aboriginal people as shotcrete nozzle operators. Twelve of these new workers were placed at partner shotcrete plants in Manitoba and Alberta during the first year. Eventually eight found work in the mines, six of which were hired by De Beers.

“We’re victims of our own success,” says Enge. “We’ve had to hire six more employees.”

Now two years into the partnership, Métcor is working on building its own shotcrete batching plant in Spruce Grove, Alberta, and purchasing land in Yellowknife for a winter road staging area. Métcor expects the plant to be up and running for the 2008/09 season.

As well, Métcor has signed a contract with De Beers to haul the shotcrete it produces via the ice road, which led to the purchase of

three trailer trucks and five more Northern jobs.

During the 2007/08 trucking season, Métcor hauled 140 loads, or 36 tonnes, of shotcrete to Snap Lake.

“We are benefiting from two businesses because of De Beers,” says Enge. “Their trust in us is what made all this happen.”



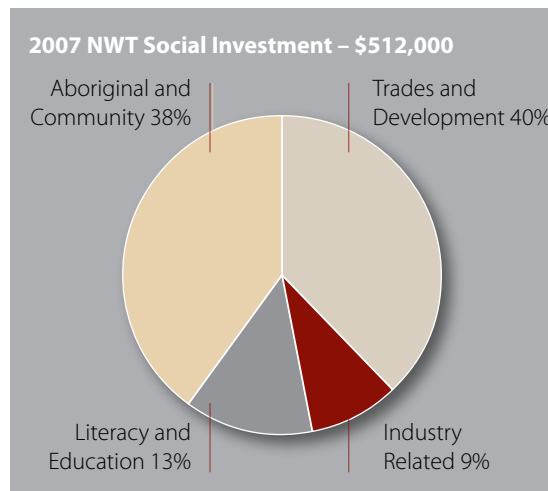
Empowering People to Shape their Future

De Beers' commitment to improving literacy rates across the NWT brought the *De Beers Books in Homes Program* to eight communities in 2007. This year, the company put a new twist in the program, making it a bit different and a little more exciting in its fifth year.

"We asked the NWT Literacy Council to put together some activities for classrooms to encourage teamwork and problem solving using literacy and numbers skills," says Cathie Bolstad, Manager of Public & Corporate Affairs.

Establishing a new partnership with the NWT Literacy Council and the Yellowknife Book Cellar, staff at De Beers brought literacy and numeracy activities and a flying bookstore to schools in Behchoko, Gameti, Whati, Wekweeti, Lutsel K'e, Dettah and Ndilo.

"We provided a treasure chest of De Beers book bucks that each classroom was able to access by solving their assigned problems and by working together as teams," says Grace MacKenzie, Community Liaison Coordinator.



"The NWT Literacy Council provided a workshop for teachers regarding the problem solving activities and then the teachers undertook the activities with their students while we waited in their school gymnasiums with our 'flying bookstore.'"

Students in the classrooms completed their literacy activities, earned their book bucks and then came shopping at the flying bookstore. Each student was able to "purchase" three (free) books with their De Beers book bucks.

De Beers believes that literacy is the first step in empowering people to shape their own future and that it's a key to ensuring individual

opportunities, community development and economic success. So, partnerships with the local bookstore and the NWT Literacy Council make sense.

"We think it's important that we get the whole family involved and the De Beers Books in Homes Program does that," says Lisa Campbell, Community Literacy Co-ordinator with the NWT Literacy Council.

Once the students have finished their shopping sprees, the bookstore opens to the public, enabling everyone to buy additional books for themselves, their children and extended families.

"There has been a remarkable change in the past few years," she says. "Kids are coming to kindergarten having a knowledge of books and their own to share. With no libraries and no bookstores in most communities, De Beers is often providing the only access to books at home."

The 2007 program was aimed at teaching students that literacy really does pay off and that investing in reading is a wise investment. The smiles on the faces of youth and parents reading their new books is evidence the goal was achieved.



De Beers Books in Homes

NWT students reached each annually:	1,000
Schools visited annually:	8
Flying bookstores annually:	8
Total books distributed:	15,000*
Investment in Books for Homes:	\$300,000*

* To December 31, 2007



Stacie McSwain receives her graduation certificate from Aurora College President, Maurice Evans. De Beers was part of the partnership that offered the Mineral Processing Operator Training Program. Stacie now works for De Beers at Snap Lake.

recruit someone from a community, upgrade their education or in some cases their literacy, and then train them to be an underground miner. That's \$100,000 to train just one underground miner apprentice!

While recruiting and training has become a "one-person-at-a-time" process, De Beers has not lost sight of the big picture and is working with industry partners to find solutions for the Northern skills shortage.

Hiring a Workforce is One Thing. Making a Workforce is Quite Another.

Skills shortage! Virtually every industrial and professional sector in Canada is clamoring to find people. The numbers are staggering.

Even the mining sector can't escape the icy chill of too few people to get the job done. The national Mining Industry Human Resources Council forecasts 87,000 new employees are required over the next five years for projects across the country¹.

In the NWT, mining companies need more than 2,000 new employees by 2012².

Here in the North the recruiting mission comes with many, well, Northern challenges: a small

local labour pool and the lowest unemployment rate in NWT history.

More and more companies across Canada are tapping into unemployed or "underemployed" pockets of the population to fill job vacancies one person at a time. De Beers is no different.

It's a good economic strategy, but it takes more time and patience and a lot of "out of the box" thinking to get candidates trained for steady employment. Companies like De Beers understand the scope of the challenge and have expanded the menu of training to include job and life skills development, individual mentoring, and literacy initiatives.

The dollars required to make new recruits job-ready would have been impractical just 10 years ago. For example, it costs roughly \$100,000 to

"When Northern mines, schools, and training organizations come together, we become a powerful force."

"When Northern mines, schools, and training organizations come together, we become a powerful force that can transform the challenges facing the North," says Deborah Williamson, De Beers' Training Coordinator at Snap Lake.

It's this kind of thinking that's beginning to turn the NWT's unemployed and underemployed into the gainfully employed.

"Hiring a workforce is one thing. Making a workforce is quite another. You can't do it overnight. But the efforts we're putting in today will pay off in the future. And we're in this for the long run," says Gaeleen MacPherson, Senior HR Coordinator at De Beers.

¹ Mining Industry Human Resources Council "Mining Labour Market Transition Project, Final Report".

² Mine Training Society.

Some of those recruiting efforts are outlined in the article “How Sweet It Is!” Among them: pick up points to fly employees in and out every two weeks increased to 10 NWT communities. That’s critical for several reasons, the most important one being family.

Many new employees from NWT communities have never been apart from their families. NWT government data indicates that more than 70% of diamond mine employees have children. Being apart from community and family is a major adjustment.

Another significant adjustment is the shift to the wage-based economy from land-based livelihoods. While everyone agrees that well-paying jobs can enrich a family and a community, it takes new knowledge for an employee to deal with making a higher income.

De Beers offers a number of training programs, which include social wellness components, and where possible these are done in collaboration with the GNWT. These include: money management, life



Deborah Williamson, De Beers' Training Coordinator at Snap Lake, speaks to NWT students about careers and training opportunities at the mine.

skills, cross cultural awareness and literacy. All of these programs make it easier for new recruits and their families to successfully adjust to the two weeks in and two weeks out rotations and a higher household income.

“De Beers fully understands the people challenges and was at the table long before the mine was

permitted,” says Hillary Jones, General Manager of the Mine Training Society (MTS). “They understand the need to put people and families first; that we’re not just working at job-creation, we’re working with a culture.”

MTS is the place where training and jobs connect. Its board of directors includes Aboriginal

Northern Trades Training and Apprenticeships

De Beers has set aside 40 training positions for the operations phase of the mine to make Northerners a big part of its long term workforce. Subject to the availability of persons who can meet the requirements of the NWT Apprenticeship, Trade and Occupations Certification Act, the company committed to having these positions filled within three years of establishing operations. With operations getting underway in the fall of 2007, the company is already well on the way to establishing trainees.

2007 Summer Student Program

Environmental Assistant	Two Northern students
Warehouse Assistant	Two Northern students
Engineering Assistant	One Southern student
Geology Assistant	One Southern student
Maintenance Engineer Assistant	One Northern student
Information Technology	One Northern student

Northern Trades Training and Apprenticeships

	Trades Training	Apprenticeships	Underground
2010 Commitment	10	10	20
2007 Achievements		3	6

governments, Aurora College, the Department of Education, Culture and Employment and, of course, the diamond mines. Since MTS was created in 2004, nearly 300 NWT Aboriginal people have passed through its programs and moved into full time jobs in the mining sector.

With an estimated 450 full time and 100 contractor positions needed to operate the Snap Lake Mine, De Beers has been an active voice on the MTS board.

“They have really good people who are committed to building on MTS initiatives and committed to the legacy of learning and development that’s underway,” says Jones.

On one initiative De Beers joined forces with the North Slave Métis Alliance and pitched MTS for a Mineral Processing Operator Training program. It got the green light

Peter Jarvis, Senior Vice-President, Sandvik, and De Beers’ Kelly Arychuk, Manager of Human Resources for NWT Projects, test out the new \$1.2 million underground mine training simulator.

and De Beers hired seven of the 11 graduates, all Aboriginal.

Over the past three years, De Beers has increased its Aboriginal full-time equivalent (FTE) employees to 126 from 39 and Northern (FTE) workers now total 270, up from 95.

As of 2007, NWT residents have filled 27% of the FTE positions created by De Beers. While a first glimpse at the pure percentage would suggest De Beers has fallen short of its commitment, this is not the case. The Snap Lake Mine in fact

employed 588 full-time equivalents in 2007, which is more than 400 full-time equivalent positions than the company established as its target. At this employment level, neither the Aboriginal nor the non-Aboriginal population has been able to match the demand in its entirety. De Beers and its contractors aggressively continue their reach into NWT communities to fill available positions.

The company’s efforts to solve the skills shortage also reaches



2007 Training Initiatives

Programs	Partners	Achievements
Mineral Processing Operator Trainee Program	Mine Training Society North Slave Metis Alliance Aurora College BHP Billiton	16 students attended 3 months of schooling at Aurora College in Fort Smith followed by 3 months of work experience at Snap Lake. De Beers hired 7 on a full-time basis. All 7 were Northern Aboriginals.
Sandvik Simulator	Sandvik	De Beers training staff worked with Sandvik to develop Snap Lake specific training modules for the simulator.
Office Administration Program	Aurora College	Offered 3 work placement positions on 2 separate occasions to Aurora College Office Administration students.
Protective Services Officer Program	Mine Training Society	De Beers Protective Services Officials deployed to Ontario for training program. PSO's are now certified to standards in Ontario and the NWT.
Underground Miner Training Program	Mine Training Society Aurora College	6 Underground Mine Trainees were hired. All 6 were Northern Aboriginals.

into Aurora College and the Department of Education, Culture and Employment (ECE).

In 2007, Aurora College purchased a \$1.2 million underground equipment simulator with major contributions from Indian and Northern Affairs Canada, De Beers and other mining companies.

The simulator accelerates student training on four different types of equipment. The cab and controls are interchangeable and every detail has been factored in to make the experience “real-time”. The seat even simulates movement over rough terrain.

Perhaps the biggest breakthrough in tackling the skills shortage came in late 2007 when Aurora College

registered its first 11 students for the Underground Miner Training Program. It’s another “made in the North” solution and another first for the NWT.

With the backing of De Beers and the rest of the mining industry, ECE put in countless hours on a national mining standards project and took the lead in developing NWT standards and certification for underground miners.

“Making a workforce is a game of inches. It is a significant investment of time and money. When the training and certification programs for the Underground Miner Training Program finally rolled out, it felt like we’d taken some giant leaps forward,” says MacPherson.

Snap Lake is the first diamond mine in Canada that is completely underground, which makes the program that much more important to De Beers.

When a project like Snap Lake goes from receipt of permits to production in three years it says a lot about the effort behind the scenes. The year 2007 marked Snap Lake’s transition from capital development to commissioning and operations. It also marked another transition: from incubating human resource solutions to growing a “made in the North” workforce; putting workforce development on a firm foundation and pulling together with local partners to open the doors of opportunity for NWT residents.

Diamonds are a hot commodity, but when it comes to recruits, apprentices and employees, these have been almost as rare in 2007.

The challenge facing De Beers, and industry across the NWT, is finding, training and employing enough Northerners to achieve socio-economic commitments. De Beers isn’t leaving anything off the table when it comes to meeting this challenge.

In 2007, the company sweetened its Northern benefit package in order to accelerate recruitment and relocation and to meet its NWT employment commitments. Here’s a snapshot of the 2007 package De Beers used to ensure that NWT residents who were available for work would see De Beers as an attractive option. The package was also aimed at ensuring those living in the south would see relocating to the NWT in order to work at Snap Lake as a great choice.

1. Aircraft pick-up points were expanded to include 10 NWT communities: Gameti, Wekweeti, Whati, Lutsel K’e, Fort Simpson, Fort Smith, Inuvik, Norman Wells, Hay River, and Yellowknife.
2. Travel subsidies for residents living outside of pick-up points were put in place.
3. De Beers’ NWT Cost of Living and Travel Allowance was

How Sweet It Is!

increased by 50%. The increase ensures NWT resident employees continue to be treated more favourably

4. Full relocation costs to assist and entice employees to move to the NWT are in place.
5. All employees working a rotation at Snap Lake are paid a remote site allowance over and above salary and benefits.
6. An annual “performance” bonus program is in place to reward and retain workers; over and above salary, benefits and other allowances and bonus programs.
7. A significant NWT Salary Enhancement is in place to make working in the NWT more attractive compared to southern projects.

At the time of the project’s inception, a 40% local workforce meant a commitment by De Beers and its contractors to provide 180 full-time equivalent jobs to NWT residents during the construction phase of Snap Lake. As of 2007, NWT residents have filled 588 (27%) of the 2,214 full time equivalent positions created.

While this is below the 40% target, it appears that the steps taken by De Beers to sweeten the pot have helped exceed that absolute target by more than 400 full time equivalent positions.

De Beers: Works for Me!

Work isn't everything in life. Being able to balance work and personal priorities is important. De Beers understands that and so the company fosters a work environment and a rotation schedule that suits the needs of its employees, while ensuring operational needs of the mine can also be achieved.

"The company is very family-oriented. We're in an isolated spot at Snap Lake, so we tend to stick together, and look out for each other. And De Beers makes sure we understand that family means everything for them as well," says Shirley Gray, Safety, Health, Environment Management Systems Administrator.

It's a small mine and the family atmosphere is one that employees say makes the difference between liking their job and just doing it.

Following in Her Sons' Footsteps

When Esther Semmler took early retirement from the NWT government she thought she was ready for full time relaxation.

At 60 years old then and still full of energy, she wasn't ready to sit still,



Esther Semmler, Housekeeping Supervisor with Ek'Ati Services at Snap Lake.

At 60 years old and still full of energy, Esther wasn't ready to sit still, so she looked for a new opportunity.

so she looked for a new opportunity. As fate would have it, she followed in her sons' footsteps.

"My sons were working in the mining industry; one at Snap Lake

with Sandvik. I wasn't ready to stay home and have my sons look after me. I'm still looking after them," she says.

Esther is a cheerful Gwich'in woman, whose energy is contagious. In 2004, she went to work for Ek'Ati Services at Snap Lake Mine. Now, at 66, Esther is the housekeeping supervisor, in charge of 23 full time staff.

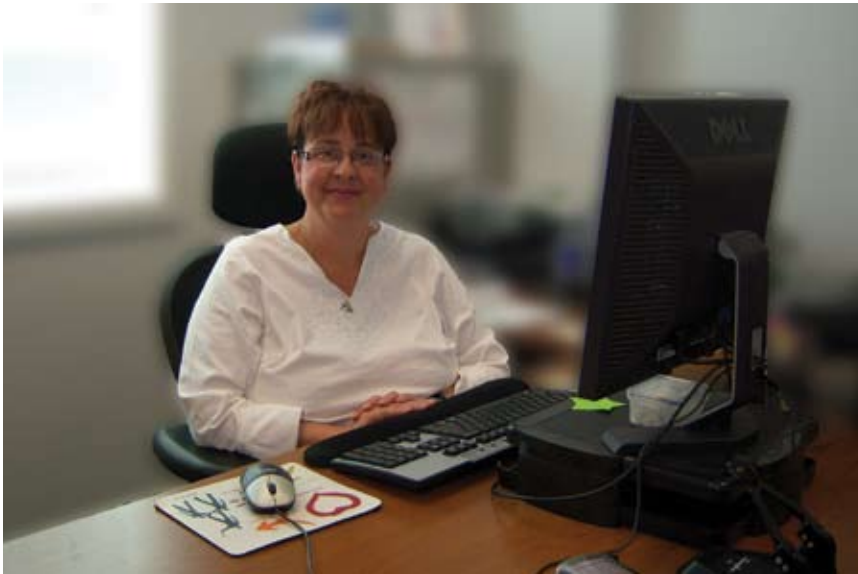
"I wasn't ready to live off my pension," says Esther, who lives in Yellowknife, but is originally from Inuvik.

"We work 10 hours a day, seven days a week for two weeks. The working environment is good at the mine. I enjoy

being around people and my job allows me to meet a lot of them. The time goes by fast because we're always busy."

Then there's the bonus, at least from Esther's point of view.

"When you near the end of your rotation, you start thinking about your time off, what you're going to do. It's like having a holiday every two weeks. I usually just work on my sewing – slippers, mitts, mukluks and parkas – but sometimes I take trips to Inuvik or Edmonton. I can do whatever I want," she says with a smile.



Shirley Gray, Safety, Health and Environment Management Systems Administrator at Snap Lake.

In the Comfort Zone

Shirley Gray can remember the first night she spent at Snap Lake, almost four years ago.

“It was November 2004. I was sitting on my bed and thought: what am I doing here? I don’t know anyone here. I won’t be going home to see my husband tonight and I have to wake up at 5:30 in the morning,” she recalls.

Shirley, then 48, had just been hired on a six-month contract as a diamond sorter.

“I’d never even seen a raw diamond before. But the next day, when my training began, all my fears went away. I got to know people, I liked what I was doing and my husband was very supportive.”

Four years later, she is now the Safety, Health and Environment (SHE) Management Systems Administrator.

“De Beers gave me the opportunity to move up from an unskilled position. I didn’t know anything about computers. But they saw something in me that I didn’t see in myself and they trained me.”

De Beers knew they had a good worker, someone enthusiastic and accustomed to working at the site in two-week rotations. More than that, the company recognized how well Shirley worked alongside everyone.

“Shirley is very outgoing. By the time her initial six-month contract was up, she pretty much knew everybody on site. She was a perfect fit for this position. We really only had to train her in operating computers and health and safety management systems,” says Kelly Arychuk, Manager of Human Resources/Administration for Snap Lake. “Those are things you can teach someone. Shirley proved she had all the important traits, the ones you can’t necessarily teach.”

Shirley credits De Beers for an open workplace, based on trust and respect.

“There’s a comfort zone with everyone. You can speak about anything. You can speak to Chantal (Lavoie, Senior Vice-President of Operations). Even if he’s busy, he

always makes time for the staff,” she says.

Shirley is in charge of documenting all on-site concerns and actions in regards to Safety, Health and Environment, and she actively promotes healthy living and working safely at the mine.

“I love the work I do. I want our little SHE group to work 100% and I want to be a contributor,” she says.

She and her husband of 33 years, Bob, a retired RCMP staff sergeant, have fully adjusted to their new life. Now, they take vacations at the spur of the moment, work around their Hay River home, or just spend time enjoying each other’s company.

“They saw something in me that I didn’t see in myself and they trained me.”

“Our options are to do whatever we want. We’re able to have some extra privileges that we’ve never had before,” she says.

While the money and schedule are a bonus, Shirley credits De Beers’ family-oriented values for truly making Snap Lake a great place to work.

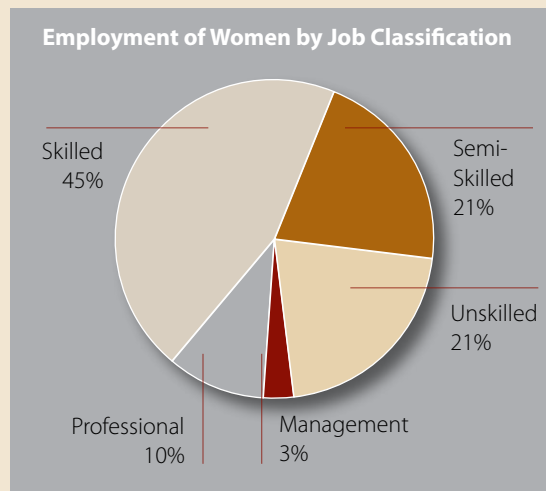
The “family first” attitude came to life for her when she found out her father was suddenly ill. “They had me on a flight that same day so I could be with him. I know that if something came up unexpectedly, they would do all they could to support their employees. It’s whatever works for families,” she adds.

Support for Women

De Beers supports and encourages the participation of women on an equal basis with men in all aspects of work. The company also encourages similar commitments from its contractors.

Women represented 10% of the total workforce in 2007.

While the overall workforce is dominated by men (90%), the absolute number of women employed by De Beers and its contractors rose from 93 in 2006 to 119 in 2007. Of these women, 69 (58%) worked in



management, professional or skilled positions. The company has a number of specific initiatives to promote and encourage women in the workforce. Examples include:

- Website promotions featuring women working at Snap Lake
- Support for Women in Mining, Oil & Gas Research Project
- Skills Canada Young Women's Conference
- Women Role Models at all De Beers Books in Homes Community Visits

The Perfect Fit

For Marie Nickerson, starting work at De Beers in 2007 was the perfect fit.

"I'm enjoying the work here, and love the people. Everybody is so friendly. They all seem to really enjoy their work," she says.

Marie was actually working at the Snap Lake site before De Beers purchased the project in 2000.

"I was working in purchasing, logistics and administration and just loved it," she says.

In 2006, after working for several mining entities, she decided to further her education.

"I went to Mount Royal College in Alberta for a year. I wanted to get more involved in this field and find permanent work. Then I saw the opening for a purchasing assistant at De Beers."

"I decided to apply because De Beers had exactly what I wanted to do. And here I am," says the 29-year-old Yellowknifer.



Marie Nickerson, Purchasing Assistant, Snap Lake

Her experience working in the mining industry and her motivation and good work habits were soon evident. She fit right into the De Beers family.

Marie started at the Yellowknife office in September and moved to the site with her department in December 2007.

"It's a challenging environment. I like the work. And the four and three rotation means I have extended weekends. It's great because I can spend time with my family."

Marie sees a lot of potential for herself at De Beers. "I'm hoping to gain enough experience to move up the ranks, hopefully make it to senior buyer some day."

At De Beers, where hard work and loyalty are encouraged and rewarded, there's every opportunity for someone like Marie to achieve her goals.

Life with De Beers. It's great!

Building a Sustainable Workforce – One Student at a Time

For Adrian Gherghe, a graduate of the Kimberlite Career and Technical Centre (KCTC) in Yellowknife, training has come full circle. What began as something he liked in high school has turned into a full time Millwright Apprenticeship position with De Beers.

He's the first KCTC student to make the leap from the Centre to permanent employment with De Beers.

"I wouldn't be where I am today if it wasn't for KCTC's programs with high school students, and their connection with De Beers," says Gherghe.

"Our job is to spark interest in trades that can lead high school students into mining industry careers."

That connection began in 2003, four years prior to the opening of the Snap Lake Mine. De Beers initially invested \$500,000 to help build the KCTC, a proactive step in developing a sustainable Northern workforce.

Then in 2005, De Beers spearheaded the drive to expand the



Adrian Gherghe, De Beers apprentice.

facility, adding another \$100,000 and bringing on board its construction business partners for an industry investment of \$750,000 which was matched by the Government of the Northwest Territories to complete the \$1.5 million expansion. The KCTC provides more than 500 grade 7-12 students with training in a variety of trades including welding, construction and hair styling.

"Mining jobs are knocking at the door if our young people have the right preparation. Our job is to spark interest in trades that can lead high school students into mining industry careers," says Larry Connelly, Director

of the KCTC. "We provide them with the fundamentals. De Beers' apprenticeships take them the rest of the way to certification."

The collaboration illustrates the degree to which De Beers is honouring its Northern hiring commitments: create interest in mining jobs early in life and then move young Northerners into mining careers.

Adrian's interest was sparked in grade 10 when he discovered that welding was something that he excelled in.

The KCTC training programs are structured like apprenticeships: 20%

class time and 80% hands on. The student to instructor ratio is kept low, around 8:1. Students are given a lot of one-on-one time, providing a more enriched learning experience with instructors who are all certified journeymen.

“I think our students are better prepared than anyone else,” says Connelly. Those who complete the high school courses at the KCTC are ready for an apprenticeship.

“If there’s anything we need, we can approach De Beers. Their doors are always open to us.”

The relationship between De Beers and the KCTC has crystallized through mutual goals based on understanding one another’s needs. In 2007, De Beers took the entire KCTC career development committee on a tour of the Snap Lake Mine to get a first hand understanding of the workplace and work processes. This also gave De Beers’ site supervisors a chance to meet the people who are developing their future workforce.

“We consider ourselves a partner,” says Connelly. “If there’s anything we need, we can approach De Beers. Their doors are always open to us.”

Adrian’s story is proof that De Beers and KCTC are on the right path, building a sustainable workforce – one student at a time.

KCTC Enrollment 2007-2008

Grades 7 – 8:	297
High School:	214
Aurora College:	36
Adults:	30
TOTAL:	577

Continuous Learning

In preparation for the ongoing learning and training that would be delivered at the Snap Lake Mine, De Beers hired its first Training Coordinator in February 2006 and a second Training Coordinator in April 2007.

Prior to their deployment to the Snap Lake Mine in June 2007, the Training Coordinators established the criteria for and built the Learning Management System which houses all of the company’s training information. Establishing the system also included building a framework for the way internal and external training would be conducted at the mine, specifically, which programs would be mandatory, and which would be specific to a particular job, department, regulation or policy.

In preparation for hiring the company’s first apprentices, De Beers NWT Apprenticeship Policy was established. In addition a number of computer based learning modules were developed so that employees could log onto the computer in the new learning centre and complete various courses on line. Two adult educators for the learning centre were hired in 2007.

Training Offered at the Snap Lake Mine in 2007

Safety-Related (Mandatory)

- WHMIS
- Fire Extinguisher Training
- Safe Work Plans
- Safety, Health and Environmental Awareness
- First Aid
- 5 Point Safety
- Accident/Incident Awareness
- SUPA
- SHEOPS – specific to Safety, Health & Environmental Operating Procedures

Job-Specific (Dependent on Position)

- Overhead and Aerial Crane Training
- Chainsaw Training
- Fall Protection
- Transportation of Dangerous Goods
- Confined Space Training
- Train the Trainer
- Supervisory Tools

Optional Training Courses

- Computer Courses (Microsoft Word, Excel)
- GED Preparation
- Resume Writing – In addition to offering this at Snap Lake, this program was offered to a number of communities close to Snap Lake. Two Tlicho communities opted to participate.
- Managing Your Money – Provides participants with general information on how to “stretch” their dollar.

Other Mandatory Training

- Cross Cultural Training – this program was developed and piloted in 2007 in preparation for mandatory scheduling of this program for all employees in 2008.
- Site Orientation

2007 Employment Data

De Beers Canada Inc. is committed to employing NWT residents throughout the life of the Snap Lake Project. During construction activities, our local employment goal is 40% of the total workforce. This commitment extends to our contractors.

Achieving this target is subject to the availability of persons in the priority groups with the required skills, training and experience.¹ Finding the necessary skill sets within the available labour force in these priority groups has been a challenge this year. The economy has remained at or near its productive capacity throughout 2007. For the third consecutive year, the unemployment rate for the NWT was 5.4% with Yellowknife's unemployment rate also remaining unchanged from 2006 at 2.2%.

This steady state within the territory's unemployment rate is the result of a relatively stable employment base

and virtually no growth in the labour force. The number of new entrants into the labour market, either through graduation from high school or a post-secondary institution or through migration, has been offset by an equal number of working-aged people leaving the territory.

De Beers and its contractors were further challenged in 2007 by an increased need for specialised labour. Similar to 2006, over 70% of all workers involved in construction activities were classified as "skilled". The qualifications of available labour found within the Project's priority groups tended to be unskilled or semi-skilled.

These labour market conditions resulted in a smaller representation of local residents in this year's overall workforce at 24%. In absolute terms, however, the number of local residents working on the Snap Lake



1 See Section 3.4.2 in the *Snap Lake Socio-Economic Agreement*.

Project grew by 21% from 2006 to equal 270 full-time equivalent (FTE) employees.

At the time of the project's inception, a 40% local workforce meant a commitment on the part of De Beers and its contractors to provide 180 FTE jobs to NWT residents during the construction phase of the Snap Lake Project.² However, an extended construction schedule increased the requirement for labour from what was originally estimated. De Beers and its contractors have continued to look to NWT's communities to supply it with this additional labour requirement; however, neither the Aboriginal nor the non-Aboriginal population has been able to match the demand in its entirety. As of 2007, NWT residents have filled 588 (27%) of the 2,214 FTE positions created for the construction phase. This figure is below the relative target of 40%, but exceeds the absolute target by more than 400 FTE jobs.

Employment by Hiring Priority

Table 1 presents employment in person-years³ for the construction of the Snap Lake Mine by hiring priority from 2005 to 2007. Employment totalled 1,145 for the

year, which represents an increase of 307 employees from last year. This rising labour demand has been met by a consistent increase in the contribution of NWT residents. The contribution by Aboriginal residents has climbed to 126 – 33 – more than 2006, while the contribution of other NWT residents grew to 143, an increase of 13 from last year. By year end, NWT residents had supplied the project with 27% of its total labour force requirement for the construction phase.

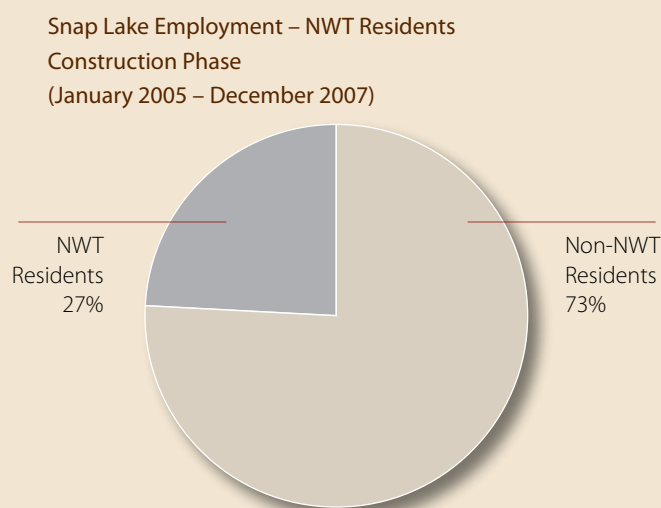


Table 1: Employment by Hiring Priority, to the end of 2007

	2005	2006	2007	Total	Average
	(person-years)				
NWT Aboriginal	39	93	126	259	86
Other NWT Residents	56	130	143	329	110
Subtotal NWT Residents	95	223	270	588	196
Non-NWT	137	614	875	1,626	542
Grand Total	231	838	1,145	2,214	738
	(percent of total)				
NWT Aboriginal	17%	11%	11%	12%	12%
Other NWT Residents	24%	16%	13%	15%	15%
Subtotal NWT Residents	41%	27%	24%	27%	27%
Non-NWT	59%	73%	76%	73%	73%
Grand Total	100%	100%	100%	100%	100%

² Original engineering estimates put the number of FTE construction workers for the Snap Lake Project at 450.

³ In 2007, it was expected that over one full year construction employees work 13 cycles of 14 days at 12 hours per day classified as the 2/2 rotation. This represents 2,184 hours per year or an average of 182 hours per month. A person-year is estimated by dividing the number of hours worked in the year by 2,184.

Table 2 provides further details on the employment results from 2007. Specifically, it reveals the employment record of De Beers and its contractors with respect to hiring priority. Employment totalled 1,145 for the year of which 192 were employees of De Beers. De Beers was able to exceed its commitment to employ locally, with NWT residents making up 49% of its overall staff compliment. Of the 953 employees working for contractors, 18% were from the NWT. The difference in hiring records is not entirely unexpected since the contractors were under pressure to increase the number of skilled employees throughout the year for which the NWT could supply few. The total Aboriginal contribution to Snap Lake Mine's labour force equalled 17%, of which 11% represent a First Nation from within the NWT.⁴ Non-NWT residents represented 76% of the workforce during 2007.



Serge Bedard, Underground Miner operating the Jumbo.

Table 2: Employment by Hiring Priority, 2007

	De Beers	Contractor	Total
		(person-years)	
NWT Aboriginal	26	100	126
Other NWT Residents	67	76	143
Subtotal NWT Residents	94	176	270
Non-NWT Aboriginal	14	56	70
Other Non-NWT Residents	84	721	805
Subtotal Non-NWT Residents	98	777	875
Total	192	953	1,145
		(percent of total)	
NWT Aboriginal	14%	11%	11%
Other NWT Residents	35%	8%	13%
Subtotal NWT Residents	49%	18%	24%
Non-NWT Aboriginal	7%	6%	6%
Other Non-NWT Residents	44%	76%	70%
Subtotal Non-NWT Residents	51%	82%	76%
Total	100%	100%	100%

4 The employment survey conducted for the Snap Lake Project results in data which require some explanation and interpretation. Aboriginal employees can record their status in one of three categories within the survey: IBA Group, NWT Aboriginal or Other Aboriginal. De Beers assumes that an Aboriginal person who is a member of the North Slave Metis Alliance, Yellowknives Dene First Nation, Lutselk'e Dene First Nation or Tl'icho would identify themselves as representatives of their IBA Group, regardless of where they live. "NWT Aboriginal" is defined in the survey as *Any Indian, Inuit or Metis individual who originated in the NWT or is a descendant of an Aboriginal person originating in the NWT*. De Beers assumes that this will capture every employee who represents any other Aboriginal community in the NWT regardless of their residency. Finally, De Beers assumes that "Other Aboriginal" captures all other Aboriginal people.

With every survey, a number of individuals choose not to self-identify themselves by their heritage. In 2007, 6.4 per cent of all employees made this choice. For the purpose of reporting, De Beers Canada Inc. assumes these individuals represent "Other Non-NWT Residents".

Employment by Hiring Priority and Job Classification

Table 3 offers employment results from 2007 by hiring priority and job classification. It verifies what De Beers and its contractors have found within the NWT's labour market – that the majority of labour available for work in Aboriginal communities qualify for unskilled or semi-skilled jobs on the construction site. While Aboriginal hires in skilled and professional positions were largely unchanged from last year (41 and four respectively) and some gains were realised in semi-skilled positions (seven more than last year), the greatest share of new Aboriginal hires were in unskilled positions climbing from 16 in 2006 to 47 in 2007.

NWT residents as a whole made up 90% of the 67 unskilled jobs and 53% of the 128 semi-skilled jobs. NWT residents held 15 of the 49 management positions, 18 of the 82 professional positions and 108 or the 818 skilled positions for the year.

Snap Lake

Employment by Job Classification and Hiring Priority

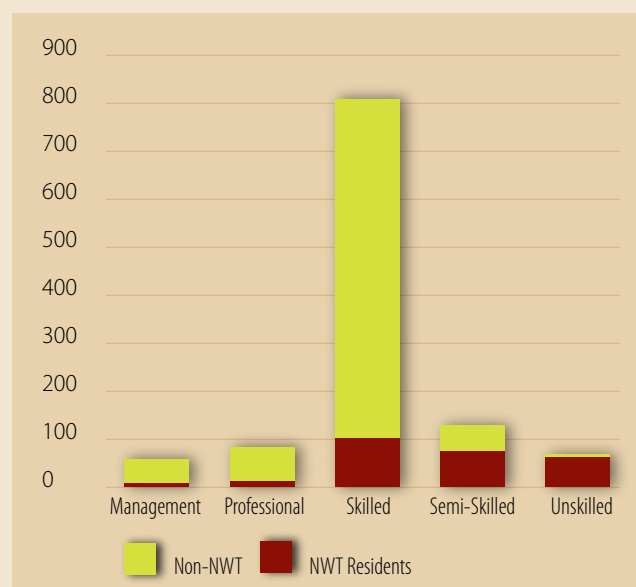


Table 3: Employment by Hiring Priority and Job Classification, 2007

	NWT Aboriginal	Other NWT Residents	Subtotal NWT Residents	Non-NWT Aboriginal	Total Non- NWT	Grand Total
Number of new hires	(person-years)					
Management	0	15	15	0	34	49
Professional	4	14	18	1	64	82
Skilled	41	67	108	53	710	818
Subtotal	45	96	141	54	809	950
Semi-Skilled	38	30	69	9	60	128
Unskilled	43	17	60	7	7	67
Subtotal	81	47	129	16	66	195
Total	126	143	270	70	875	1,145
Percent of total by job classification						
Management	0%	30%	30%	1%	70%	100%
Professional	5%	17%	22%	1%	78%	100%
Skilled	5%	8%	13%	6%	87%	100%
Subtotal	5%	10%	15%	6%	85%	100%
Semi-Skilled	30%	24%	53%	7%	47%	100%
Unskilled	65%	25%	90%	11%	10%	100%
Subtotal	42%	24%	66%	8%	34%	100%
Total	11%	13%	24%	6%	76%	100%
Percent of total by hiring priority						
Management	0%	10%	6%	1%	4%	4%
Professional	3%	10%	7%	1%	7%	7%
Skilled	32%	47%	40%	75%	81%	71%
Subtotal	36%	67%	52%	77%	92%	83%
Semi-Skilled	30%	21%	25%	13%	7%	11%
Unskilled	34%	12%	22%	11%	1%	6%
Subtotal	64%	33%	48%	23%	8%	17%
Total	100%	100%	100%	100%	100%	100%

Employment by Community

Table 4 reveals the employment data by NWT community. Unlike most of the employment data discussed in this chapter, the community data are recorded as the number of people who held positions either permanently or temporarily throughout the year. De Beers continued to focus its hiring according to the priorities established in the *Snap Lake Socio-Economic Agreement*.⁵ The order of hiring priority was as follows:

1. Members of Aboriginal Authorities, including
 - a. Lutselk'e Dene First Nation;
 - b. North Slave Métis Alliance;
 - c. Tlicho Nation; and,
 - d. Yellowknives Dene First Nation.
2. Aboriginal people residing in the NWT;
3. NWT residents who have been continuously resident in the NWT for at least six months;
4. All others residing in or relocating to the NWT; and,
5. Others (non-NWT residents).

Over the course of 2007, 16 different NWT communities were represented by the Snap Lake construction workforce. The largest share of the workforce (70% of the 502 total) resided in Yellowknife. The community of Behchoko saw 61 people employed by De Beers or its contractors during the year. The communities represented in the table as *other* include Fort Resolution, Fort Providence, Fort Simpson, Tulita, Norman Wells, Aklavik, and Inuvik.

Table 4: Employment by NWT Community

	Number of Employees	Percent of Total
Fort Smith	14	3%
Hay River	35	7%
Lutsel K'e	5	1%
Behchoko	61	12%
Gameti	3	1%
Wekweeti	3	1%
Whati	7	1%
Yellowknife	353	70%
Other NWT	21	4%
Total NWT	502	100%

New Hires by Residency

Table 5 presents the number of new hires by residency separated between employees of De Beers and its contractors. The data in this table are not in person-years, but rather number of individuals hired. During 2007, De Beers and its contractors employed 1,600 workers. This is an increase of 250 from 2006 due largely to the need for specialised labour; some of whom worked on the project for a two or three week period. Most of these new hires worked for one of De Beers 14 contractors, with Eka'ti Services, Ledcor, Tli Cho Logistics and Monad contributing a combined 1,015 of the 1,306 total. De Beers Canada Inc. hired 294 people over the year.

In terms of residency, 71% of the new hires do not reside in the NWT. Of those new hires living in the territory (a total of 469), 78% have lived in the region for more than six months.

Table 5: New Hires by Residency

	>6 Months	<6 Months	NWT	Non-NWT	Total
Number of Employees					
De Beers Canada Inc.	91	22	113	181	294
Contractors	273	83	356	950	1,306
Total	364	105	469	1,131	1,600
Percent of Total					
De Beers Canada Inc.	31%	7%	38%	62%	100%
Contractors	21%	6%	27%	73%	100%
Total	23%	7%	29%	71%	100%

5 See Section 3.2 in the *Snap Lake Socio-Economic Agreement*.



Employment by Gender and Job Classification

De Beers Canada Inc. supports and encourages the participation of women on an equal basis with men in all aspects of work related to the Project. De Beers encourages similar commitments from its contractors.⁶ Table 6 and Table 7 provide evidence of De Beers' success in this area. While the overall workforce is dominated by men (90%), the absolute number of women employed by De Beers or its contractors rose from 93 in 2006 to 119 in 2007 – 69 of these women (58%) worked in management, professional or skilled positions. Women represented 10% of the total workforce.

Valerie Kimiksana, Women in Mining, Oil & Gas Research Project.

Table 6: Employment by Job Classification and Gender

	Men		Women		Total	
	(person-years)	(percent)	(person-years)	(percent)	(person-years)	(percent)
Management	45	92%	4	8%	49	100%
Professional	71	86%	12	14%	83	100%
Skilled	765	93%	53	7%	818	100%
Subtotal	882	93%	69	7%	951	100%
Semi-Skilled	103	81%	25	19%	128	100%
Unskilled	41	62%	25	38%	67	100%
Subtotal	145	74%	50	26%	195	100%
Grand Total	1,026	90%	119	10%	1,145	100%

Table 7: Employment by Job Classification for Women

	(person-years)	(percent)
Management	4	3%
Professional	12	10%
Skilled	53	45%
Subtotal	69	58%
Semi-Skilled	25	21%
Unskilled	25	21%
Subtotal	50	42%
Grand Total	119	100%

⁶ See Section 4.10 in the *Snap Lake Socio-Economic Agreement*.

