

EDC Project Review Summary: Gahcho Kue Project

Project Description	Gahcho Kue Diamond Mine Project
Sponsors	Mountain Province Diamonds Inc.
Country	Canada
Project Category	A
Canadian Exporter(s)	2435572 Ontario Inc./ Mountain Province Diamonds Inc.
Description of capital goods and/or services	Diamonds
EDC Product	Limited Recourse Financing
Date of publication on EDC's website (dd/mm/yy)	16/01/2015
Date of Signing (dd/mm/yy)	02/04/2015

Project Categorization

The Gahcho Kué project is a joint venture between De Beers Canada Inc. (De Beers) and Mountain Province Diamonds Inc., with ownership interests of 51% and 49%, respectively. The property is located in the Northwest Territories of Canada, 300 km east-northeast of Yellowknife on Kennady Lake. The mine will eventually consist of three pits, to be mined by conventional truck and shovel open pit mining methods, and supported by a mill, waste rock storage, processed kimberlite containment, power plant, camps and supporting infrastructure. Land access to the property is limited to winter haulage on the Tibbit-Contyoto Winter Road, otherwise year round access is by air. Mine life will be approximately 12 years and production is based on a mill feed requirement of 3.0 Mt/y with a peak annual mining rate of 39.2 Mt (ore and waste combined). The Project was classified as Category A. (Category definitions can be found [here](#), see D3 Environmental & Social Reporting).

Summary of EDC's Review

EDC reviewed the project in accordance with our *Environmental and Social Review Directive* and the *Equator Principles*. Environmental Advisory Services determined that the project has been designed in compliance with applicable host country environmental requirements and the Equator Principles. To reach this conclusion, EDC reviewed a project Environmental Impact Assessment and an independent due diligence report.

Key environmental and social issues associated with the project, and related mitigation measures reviewed by EDC include, but are not limited to, the following:

Impacts on Communities and Indigenous Peoples: The project is located in traditional lands of First Nations and Metis group including the Lutsel K'e Dene, Yellowknife Dene and Deninu Kué First Nations, the Tlicho Government and the North Slave Metis Alliance.

Mitigation measures included: EDC's due diligence determined that the project undertook extensive consultation in accordance the Project Terms of Reference established by the Mackenzie Valley Environmental Impact Review Board (MVEIRB). Further a socio-economic agreement for the project was signed between the sponsors and the Government of the Northwest Territories (GNWT) in June 2013 that establishes the methods and procedures by which the project sponsors and the GNWT will work together to maximize the benefits of the project and minimize negative socio-economic impacts. The sponsors also signed or is in the process of finalizing Impact Benefit Agreements (IBA) with First Nations and Metis groups within the mines area of influence addressing royalties, economic development, training and social programs.

All mines in the NWT must establish and fund an independent monitoring agency run by a joint venture of First Nations and Metis groups in association with mining companies. For Gahcho Kué the agency is called the *Ni Hadi Yati* or "People Watching the Land Together" in Dogrib. Grievance and consultation mechanisms are entrenched through numerous avenues such as IBA, project social management and community engagement systems and *Ni Hadi Yati*. The project has extensive monitoring and disclosure commitments as part of its various licenses and approvals that are publically disclosed on the Mackenzie Valley Land and Water Board (MVLWB) web site.

Fresh Water Environment: The mining process will result in the draining of Kennady Lake and impact local watersheds during the life of mine resulting in impacts to surface water, fish and aquatic habitat.

Mitigation measures included: A final closure and remediation plan and cost estimate has been developed and accepted by the MVLWB. During due diligence, EDC reviewed the closure and ongoing reclamation plan which, coupled with an Aquatic Effects Monitoring Program, have been developed with the objective of no net loss of aquatic habitat.

Wildlife: Gahcho Kué will be the fourth diamond mine in the region and cumulative effects related to wildlife and caribou in particular were identified as a concern during the consultation process with stakeholders.

Mitigation measures included: The MVEIRB was satisfied with De Beers Cumulative effects assessment and monitoring programs presented in the EIA and conditions are included in key permits related to ongoing monitoring related to regional effects. Specific requirements have been included such as the development of extensive aquatic and wildlife monitoring programs including participation in the regional caribou monitoring efforts lead by the GNWT.

Documentation Reviewed:

1. Environmental Impact Statement, Gahcho Kué Project. De Beers Canada (Golder). December 2010.
2. Environmental Impact Statement, Gahcho Kué Project plain language summaries (English, French Chipewyan)
3. Terms of Reference for the Gahcho Kué Project, Mackenzie Valley Environmental Impact Review Board, October 2007.
4. Socio Economic Agreement GNWT and De Beers, June 2013.
5. Environmental Management Plans, Gahcho Kué Project.
6. Type A Water License, Gahcho Kué Project.
7. Type A Land Use Permit, Gahcho Kué Project.
8. De Beers Canada Environmental Policies.
9. Examples of consultations comments and Responses on permit applications between the MVEIRB, De Beers and Various First Nations Groups.
10. Examples of Inspection reports prepared by the MVLWB and GNWT.
11. Independent Review of the Gahcho Kué Project, prepared for Natixis by SRK Consultants.

Applicable International Finance Corporation (IFC) Environmental and Social Standards used by EDC (in addition to host country requirements):

- None