



NIHADI XA

Annual Report 2017

CHAIR’S MESSAGE

Tom Unka



It is my pleasure to present our third annual report. In 2017, staff and Governance Committee Members worked hard to ensure the completion of the critical infrastructure necessary to deliver our programs. We are proud to have met key program milestones during this period and we are excited to be transitioning from a phase of administrative development to a phase of program implementation.

While our core activities are centered around environmental monitoring of the Gahcho Kué Diamond Mine -which we deliver through a combination of on-site monitoring, on-the-land observation and technical review -we are constantly looking for new and innovative ways to meet our objectives. In 2018 we will be rolling out new programming aimed at increasing community participation and engagement. In the following pages of this report you can read more about our accomplishments and future goals.

Ni Hadi Xa remains committed to minimize negative impacts of the Gahcho Kué Mine and respect and protect the land, water, wildlife, plants and the land-based economy, essential to the way of life and well-being of present and future generations. Your input and feedback are essential to the success of Ni Hadi Xa -we want to hear from you. Please contact us if you would like to find out more about ways to get involved.

NI HADI XA KEY OBJECTIVES



Ni Hadi Xa (NHX) is an agreement between five (5) Indigenous Nations (Deninu Kué First Nation, Łutsel K’é Dene First Nation, North Slave Métis Alliance, Northwest Territory Métis Nation, and Tłı̨chǫ Government) and De Beers Canada. The Ni Hadi Xa Agreement is a binding contract which provides for environmental monitoring and management of the Gahcho Kué Diamond Mine additional to such matters governed by legislation.

This effort aims to provide ways to avoid or minimize the impacts of Gahcho Kué Mine on: the rights of Indigenous Parties; their traditional lands; their relationship to the land, water and resources; their social, cultural, economic and spiritual values; their way of life; and the environment.

Ni Hadi Xa exists to watch over the Gahcho Kué Mine. This is similar to the agencies set up to monitor other mines in the NWT, but one key difference is that Ni Hada Xa puts a much greater level of importance on traditional knowledge monitoring.

- ▶ Respect and protect land, water, wildlife, plants and the land-based economy, essential to the way of life and well-being of present and future generations of the Indigenous Parties.
- ▶ Ensure ongoing review of environmental monitoring and management plans, activities, and reports of De Beers and the regulators in relation to the Gahcho Kué Diamond Mine.
- ▶ Develop and improve the capacity of the Indigenous Parties to participate in adaptive environmental management.
- ▶ Integrate and promote equal use of traditional knowledge in environmental monitoring and management.
- ▶ Communicate to the Parties and the public on activities and achievements of these objectives and make recommendations to De Beers with respect to these objectives.



Cover photo by Dawn Keim

STRUCTURE

Ni Hadi Xa was established in December 2014. It is administered by a Governance Committee comprised of six (6) land and environmental specialists appointed by each Party to the Agreement: five (5) indigenous party members, and, one (1) member representing De Beers Canada. The committee makes decisions by motion and seeks to have consensus.

The Governance Committee exercises its will through Ni Hadi Xa staff who run the day-to-day operations. Staff monitor the impacts of Gahcho Kué Mine in three different ways: The first is technical: staff review the environmental monitoring and management plans. The second is observational: we have a staff member on-site within the De Beers environmental team acting as an observer. The third is through traditional knowledge monitoring: our staff and land users are out on the land, in the area around Gahcho Kué, observing and recording aspects such as wildlife, water, vegetation, and natural resources.

Technical Review

NHX employs a Technical Coordinator who carries out technical reviews of permits, licences and regulatory documents and provides reports and recommendations to the Governance Committee. Additionally, NHX has dedicated resources to ensure that outside experts can be bought in to conduct external reviews.

On-site Observation

NHX has an Environmental Monitor who works on-site at the mine within the mine’s environmental team. Their role is to observe what happens at the site, report observations and incidents and provide recommendations to the Ni Hadi Xa Leadership.

Traditional Knowledge

NHX employs two part-time Traditional Knowledge Monitors (TKMs) and one part-time Administrator who are responsible for the implementation of our traditional knowledge monitoring program. Traditional knowledge monitoring is carried out via two avenues: 1) through observations and data collected by the NHX TKM staff who spend approximately 12 weeks of the year on-the-land near the mine site, and 2) through observations and data collected by indigenous party beneficiaries who participate in our On-the-Land Travel Program (OTLTP).

GOVERNANCE COMMITTEE REPORT

In 2017, the Governance Committee met five times and held several conference calls to oversee the work of the Ni Hadi Xa Agreement. All meetings were held in Yellowknife with exception to our annual On-the-Land Meeting which took place at the NHX Monitoring Cabin at Fletcher Lake. Governance Committee Members discuss all aspects of NHX’s programs and operations and use these meetings as a platform for shaping and guiding the direction of NHX’s future.

Finances

Fiscal responsibility is a priority; we continue to balance quality programing and fiscal responsibility to meet our program objectives. In 2017, we met programing milestones including the completion of the construction of our monitoring cabin on Fletcher Lake, and the official launch of our On-the-Land Travel Program.

Programing

All monitoring programs are ongoing. In 2017, we supported a five-week community based Environmental Monitoring Training Program which complimented our newly-developed Traditional Knowledge Monitoring Framework now adopted by our TK monitors. On-site environmental monitoring continued at the Gahcho Kué mine and the Technical Coordinator continued to focus on reviewing regulatory documents and mine management plans. Our On-the-Land Travel Program was launched in September 2017 when we had a group of community members from the North Slave Métis Alliance travel to our monitoring cabin.

Administration

In 2017, we welcomed new representation on our Governance Committee and saw the Technical Coordinator role change hands. Our traditional knowledge monitoring team and Environmental Monitor staff remained unchanged.

Photo by Shin Shiga





PROJECT FOCUS

The Ni Hadi Xa Monitoring Cabin

We are proud to report that we reached a major program milestone in 2017 when we completed the construction of the Ni Hadi Xa Monitoring Cabin at Fletcher Lake. Our cabin is located near the Gahcho Kué mine site and acts as a base for our Traditional Knowledge Monitors when they are carrying out their on-the-land monitoring activities. Participants of our On-the-Land Travel Program use the cabin when they engage in monitoring activities. The program aims to create opportunities for individuals and groups to strengthen and maintain their cultural knowledge of the land, water, wildlife, plants and resources.

In September 2017, the NHX Governance Committee members and NHX staff held their first annual On-the-Land Meeting at the NHX Monitoring Cabin. Staff and Committee members spent two nights and three days at the cabin. Between meeting hours, staff and committee members spent time on the land and water and enjoyed preparing meals together and sharing stories.

The cabin is fully equipped with communal sleeping areas and an open concept living and kitchen space overlooking Fletcher Lake. The cabin has a stove for heating and electricity is available at times when the

generator is running. There are also two standard canvas wall tents on site for additional lodging and storage. There are two additional out buildings on site for storage and waste management purposes.

Construction is underway at the boat launch on Fletcher Lake to install a dock to facilitate incoming and outgoing float plane visitors, as well as loading and unloading of supplies. In the summer months, after break-up and before freeze-up, our Traditional Knowledge Monitors use the waterways for monitoring activities. The cabin is equipped with a canoe and a small boat and outboard motor.

Safety is important to us: the cabin is equipped with Level 2 First Aid Kits and emergency stocks in the event of hibernation. Safety messaging and protocols are posted in the cabin along with communication guidelines in the event of an emergency. Bear kits are available on-site and a bear fence will be installed in the spring of 2018. Satellite and radio communication means are available on-site when NHX staff and program participants are at the cabin.



PROJECT FOCUS

Interim Closure and Reclamation Planning (ICRP) Process Update

Gahcho Kué mine closure and reclamation planning has been ongoing since late 2013 when De Beers submitted the first conceptual version (V1) of the ICRP to the Mackenzie Valley Land and Water Board (MVLWB). In February 2016, De Beers submitted the second version (V2) of their ICRP to stakeholders for feedback and comments. Following this process, in July 2016, De Beers submitted Version 3 (V3) of their ICRP to MVLWB for review. The review process and De Beers response for V3 was completed in November 2016.

In January 2017, the MVLWB announced their decision to defer the approval of the ICRP V3 and set a revision workplan intended to lead to a fourth version (V4). The workplan outlined three review processes focussing on the main components of the ICRP V3: 1) Closure Objectives; 2) Closure Options and Research Plan; and 3) Closure Criteria.

The V3 ICRP Closure Objectives review process took place from January to March 2017. Following this, approval was granted by the MVLWB. The V3 ICRP Closure Options and Research Plan review process took place from March to September 2017. Following this, approval was granted by the MVLWB. The final review process for V3 ICRP, Closure Criteria, began in September 2017 and was still under review at the end of 2017. In 2018, we anticipate that De Beers will submit a fourth version (V4) ICRP to the MVLWB for approval.

In 2017, NHX staff, Governance Committee Members and NHX Agreement Signatories participated in the V3 ICRP review processes and submitted comments and recommendations to regulators aiming to meet the objectives of the NHX Agreement. Our participation in these processes is the main mechanism by which we address the concerns of the Indigenous Parties to the Agreement regarding the effects of the Gahcho Kué Diamond Mine on the lands and the environment, such that those lands and the environment can be protected for all peoples.

TECHNICAL COORDINATOR'S REPORT

The Technical Coordinator position provides both general technical review and administrative support for the Governance Committee. The majority of the Technical Coordinator’s time is allocated to financial administration, supporting the Governance Committee and contract execution.

Aspects of financial administration include expenditure tracking, year-to-date budget balancing and financial projections. Financial management and development continues to improve as NHX grows.

Governance Committee support included direct meeting support, providing background material for the decision making, recording the deliberations, follow-through on action items and implementing the motions passed by the governance committee.

Staffing and contracting is a major focus arising out of the governance decision making. In 2017, a variety of contracts were completed, and staff worked hard to successfully meet programming milestones including the completion of the construction of the NHX Monitoring Cabin and implementation of the On-the-Land Travel Program.

Technical reviews were completed with results provided back to the Governance Committee for the community’s use. Topics ranged from relatively straightforward matters to participation in the review process for the mine’s the closure plan.

Reporting is a key aspect of the position. During 2017, the Technical Coordinator facilitated the distribution of environmental, technical and annual reports to the Indigenous Signatories of the NHX Agreement.

MONITORING REPORTS

Traditional Knowledge

In 2017, NHX’s Traditional Knowledge Monitors carried out on-the-land activities during eight separate field trips of approximately two weeks each. Between January and April 2017, our monitors travelled by snow machine within the monitoring area on six occasions where they broke trail and carried out monitoring and data collection activities. Four of these monitoring trips included stays at the NHX Monitoring Cabin. An additional two trips were conducted following break-up; our monitors traveled by air to the NHX Monitoring Cabin on these occasions.

While travelling by snow machine, monitors follow traditional travel routes between Łutsel K’é, Tacheé (Fort Reliance), ?edacho Tłáázı̨ (Timber Bay), ?edacho Tué (Artillery Lake), Detthi Tué (Walmsley Lake), Fletcher Lake, Kelvin Camp, Kennedy Lake and Gahcho Kué. During the summer months, while at the NHX Monitoring Cabin, monitors routinely monitor the accessible waterways of Fletcher Lake and carry out other monitoring activities on foot along some of our mapped monitoring routes.





MONITORING REPORTS

Traditional Knowledge Observations

Our monitors made several observations of fur-bearing animals between January and March 2017 during their on-the-land monitoring trips. There were numerous sightings of muskox, caribou and foxes and occasional sightings of wolves and wolverines. Moose, muskox, caribou, fox, wolf, wolverine, rabbit and ptarmigan tracks were abundant. Monitors reported a presence of otters in early January 2017 while travelling between Pike Portage and ʔedacho Tué.

Monitoring results from on-the-land trips during August and September 2017 returned a high volume of waterfowl observations of geese and ducks. Hundreds of species of small birds were counted. Several whooping cranes were sighted during the first week in September 2017. While on the land, our monitors harvested several fish from Fletcher Lake; these were primarily trout, but northern pike were also caught. Moose and bear sightings during this period were abundant.

During 2017 our traditional knowledge monitoring team participated in several training events including ice safety and bear awareness courses and mine and helicopter safety training. Staff also attended a 5-week environmental monitoring training program hosted by Łutsel K'é Dene First Nation. The course focused on skills and understanding required to conduct effective traditional knowledge monitoring programs. Staff were trained in journaling, note taking, data collection and observation techniques.



MONITORING REPORTS

Environment

The Environment Monitor works on-site within the De Beers environmental team as an observer. The Environment Monitor works in rotation; shift reports are produced following each rotation and are circulated to NHX staff and Governance Committee members.

Our Environment Monitor interacts with almost all De Beers departments, various consulting companies, and industrial or environmental contractors. The Monitor is involved in a variety of monitoring efforts on site. Their typical activities are:

Reporting

The Environment Monitor is Ni Hadi Xa's eyes and ears on site. Their main responsibility is to report back to Ni Hadi Xa. This is done through a variety of reporting, starting with the shift report which is completed every rotation.

Sampling

Water quality monitoring, air quality monitoring and soil sampling is conducted by the Environment Monitor from the area around the mine and the receiving environment.

Wildlife Monitoring

The Environment Monitor participates in surveillance efforts, mammal monitoring, as well as specific bird and fish studies.

Site Inspections

The Environment Monitor conducts site inspections, each week focussing on a different area around the Gahcho Kué mine site. They look for anything out of the ordinary. This can include spills, damaged equipment or best practices that are not being followed.

Photo by Daniel Acton



2018 WORKPLAN

Incorporation

NHX hopes to become incorporated as a Society under the Societies Act of the Northwest Territories during the first half of 2018. This move will give NHX more financial flexibility and administrative power to independently manage NHX operations; once incorporated, NHX will have the ability to directly hire staff and manage funds.

Policy Development

While the bulk of NHX policies, manuals and protocols are close to completion, final touches and approvals are still pending. These documents will have to undergo minor revisions to account for necessary changes resulting from incorporation. The Governance Committee is prioritizing the finalization of policy development in 2018.

TK Monitoring

Activities in 2018 will be centered around the implementation of the TKM Framework that was developed in 2017. Monitoring activities will begin during the winter season when monitors will start up their annual monitoring activities by snow machine along the traditional travel routes between Łutsel K'é and the NHX Monitoring Cabin. Early season activities will include breaking trail and getting the cabin prepared for the year.

On-the-Land Travel Program:

In 2017, NHX launched the On-the-Land Travel Program when we had our first group of community members from the North Slave Métis Alliance spend time on the land at the NHX Monitoring Cabin. In 2018, we hope to roll out this program further and have participation from all our indigenous party communities. Our website will be updated in early 2018 and program and cabin booking information will be publicly available.

2018 WORKPLAN

On-site Environmental Monitoring

Mine site observation and monitoring activities will continue much the same as it has in previous years: our Environmental Monitor will work within the De Beers environmental team and report findings and observations back to the NHX Governance Committee.

Technical Review

We anticipate a very active year of technical environmental reviews in 2018. The focus in 2018 will be on reviewing the V4 ICRP which is on-track to be submitted by De Beers to the MVLWB in early 2018 and reviewing of the upcoming Water Licence Amendment and Land Use Permit Amendment, also planned to be submitted to the MVLWB in early 2018. For these reviews, NHX will use both in-house resources and external expert support.

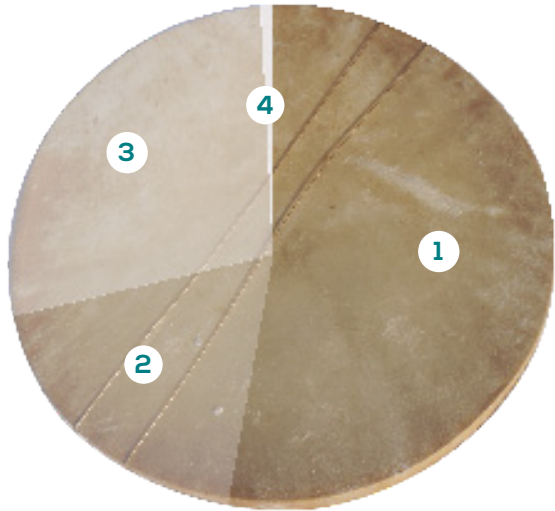
Photo by Sarah McLean

Community Outreach

In the spring of 2018, we will be rolling out our Community Outreach Strategy and launching our first round of community visits. These visits will provide opportunities for Ni Hadi Xa staff to actively engage with community members and exchange information, disseminate monitoring results and provide opportunities for community members to provide feedback and guidance on Ni Hadi Xa activities.



FINANCES



Year in focus: 2017

2017 was a successful year: we spent almost 95% of the allocated amount specified in the NHX Agreement for 2017 operations. We saw a large increase in spending from that in 2016. The increase is largely attributed to an increase in our traditional knowledge monitoring program activities and the launch of our On-the-Land Travel Program; funds allocated to Independent Peer Review and Dispute Resolution were reallocated to on-the-land activities to cover expenses related to the scale up of activities. While there were small transfers of unspent funds between different budget classes, the majority of our surplus funds will be carried over to 2018.

| ALLOCATED | EXPENDED | BALANCE | TRANSFERS ¹ | SURPLUS ² | |
|-----------|-----------|-----------|------------------------|----------------------|---------------------------|
| \$321,816 | \$276,336 | \$45,480 | -\$12,992 | \$32,488 | 1 HUMAN RESOURCES |
| \$86,147 | \$97,362 | -\$11,216 | \$11,216 | \$0 | 2 COMMUNITY SUPPORT |
| \$81,264 | \$143,760 | -\$62,497 | \$62,497 | \$0 | 3 TKM & OTLTP |
| \$7,590 | \$4,500 | \$3,090 | \$0 | \$3,090 | 4 TRAINING |
| \$40,480 | \$0 | \$40,480 | -\$40,480 | \$0 | 5 INDEPENDENT PEER REVIEW |
| \$20,240 | \$0 | \$20,240 | -\$20,240 | \$0 | 6 DISPUTE RESOLUTION |
| \$557,536 | \$521,958 | | | \$35,578 | TOTAL |

¹Reallocation of funds ²End of year surplus from 2017 to be carried over to 2018



Looking back

While we have previously had significant carry-overs, as our operations increase we are starting to reach an equilibrium between annual allocations and expenditures. Very little was expended in 2014; this is because the NHX Agreement was not signed until December of that year. 2015 was a very active year for NHX: staff were hired, monitoring equipment was purchased and ICRP reviews were well underway. Much of the following year, 2016, was focussed on cabin construction, program development and administration. The fruits of the 2016 development year paid off and in 2017 we hit the ground running and achieved some major program milestones.

| FUNDS EXPENDED TO DATE | |
|------------------------|-------------|
| 2014 | \$20,773 |
| 2015 | \$712,749 |
| 2016 | \$294,343 |
| 2017 | \$521,958 |
| TOTAL | \$1,594,823 |

Looking forward

The outlook for 2018 is exciting for NHX: with a base budget amount of \$564,147 and a 2017 surplus of \$35,578, we are looking at a total budget amount of \$599,725. Our main focus in 2018 will be on continuous program improvement of existing programs, and the launch of a community outreach program. In light of the anticipated submission of the V4 ICRP and mine licencing and permit amendments in 2018, we are planning large scale reviews where we will bring in outside expertise.

| 2018 BUDGET | |
|------------------|-----------|
| 2018 BASE BUDGET | \$564,147 |
| 2017 SURPLUS | \$35,578 |
| TOTAL | \$599,725 |

CLOSING MESSAGE

Ni Hadi Xa is entering into its fifth year of operation since the signing of the NHX Agreement in December of 2014. We are still relatively young; The NHX Agreement will span approximately 17 years (2014-2030) based on the current estimate of the active mine life for the Gahcho Kué Mine. While we are very proud of our accomplishments to date, we are even more enthusiastic about the future which will include stepping up our programming and rolling out new initiatives.

We are excited to be transitioning from a phase of administrative development to a phase of program implementation. Our programing is centered around traditional knowledge monitoring, on-site environmental monitoring and technical review. We will continue to evaluate, improve and deliver these core programs while also searching for new and innovative approaches to meet our objectives.

Ni Hadi Xa remains committed to ensuring that the Gahcho Kué Diamond Mine will not adversely affect the rights of the Indigenous Parties of the NHX Agreement, or effect their traditional lands, their relationship to the land, water and resources, their social, cultural, economic and spiritual values, their way of life or the environment. We will continue to seek guidance and input from community members and leadership to shape our programs and meet our obligations as guardians of the land.

Have your say! Look out for an event near you. In 2018, NHX will be visiting the communities of Fort Resolution, Łutsel K'é, Yellowknife, Hay River, Behchokǫ̀, Gamèti, Wekweètì and Whatì. If you have suggestions or questions, please do not hesitate to contact your representative on the Governance Committee or Ni Hadi Xa staff.

Photo by Shin Shiga



TECHNICAL COORDINATOR

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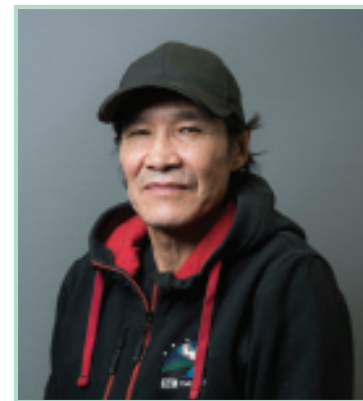
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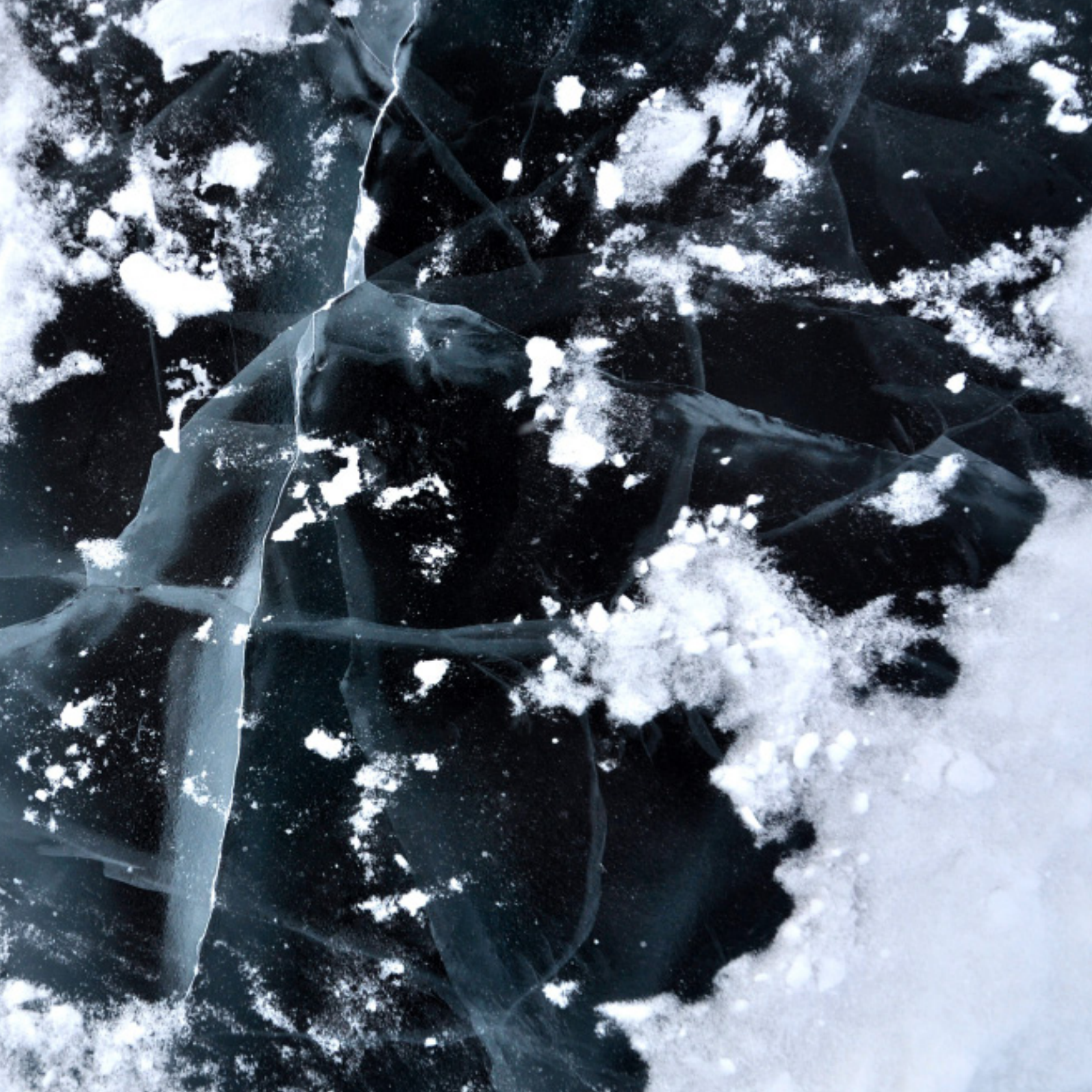
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CONTEST

Cut and Mail to Win!

August 1st 2018 Deadline.



| | |
|---------|---|
| Name | What lake is the NHX Monitoring Cabin near? |
| | |
| Address | How do our TKMs travel in the winter? |
| | |
| Email | What site does our EM work at? |
| | |
| Phone | |
| | |



Tłı̨chʼı̨ Government

Micheal Birlea



De Beers

Sarah McLean



North Slave Métis Alliance

Nicole Goodman



Łutsél K'édene First Nation

Lauren King



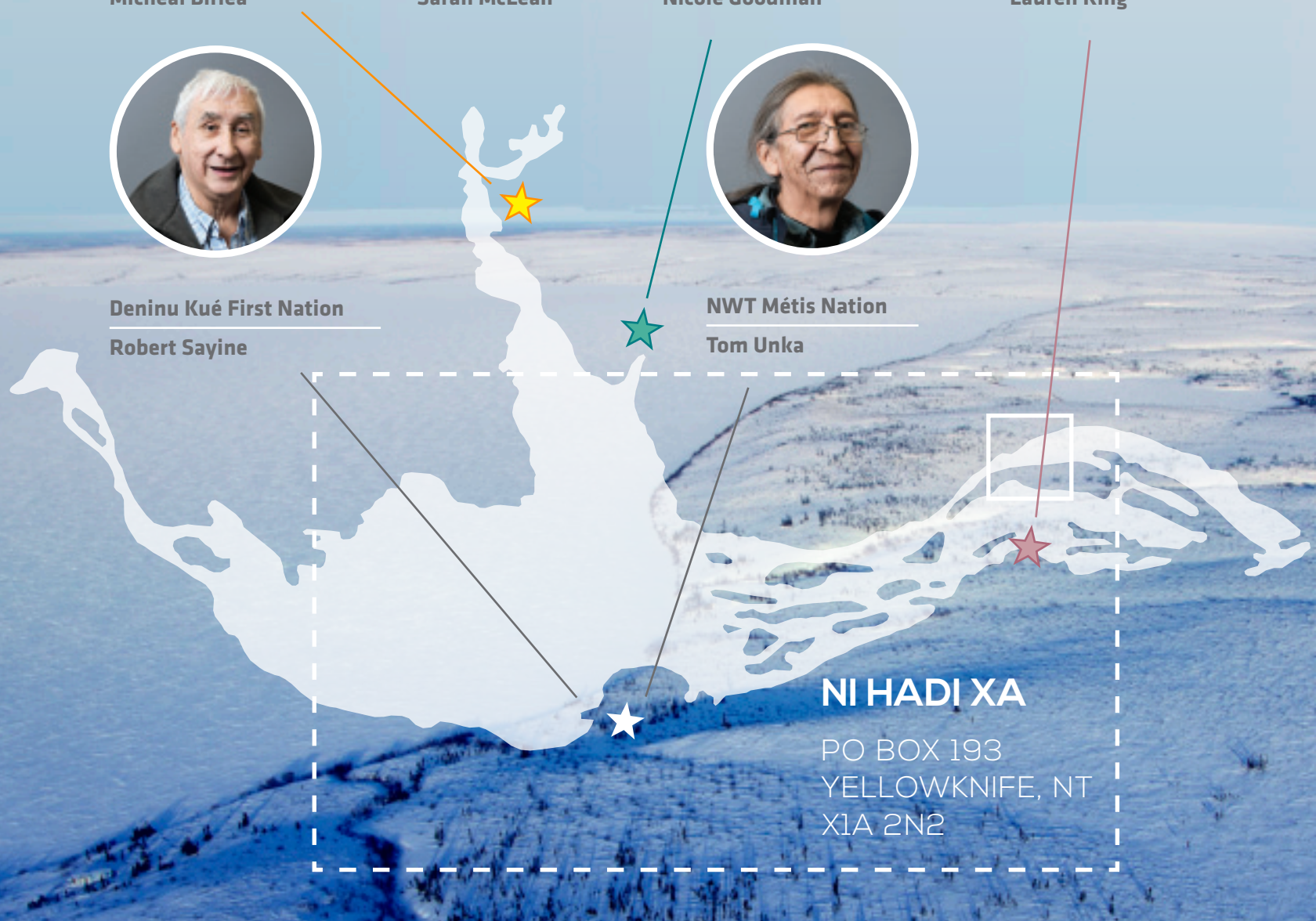
Deninu Kué First Nation

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