

NORTHERN MINING WORKFORCE INITIATIVE

BETWEEN

DIAVIK DIAMOND MINES INC. AND BHP BILLITON DIAMONDS INC., and

DE BEERS CANADA INC.,

and the

GOVERNMENT OF THE NORTHWEST TERRITORIES

Background

In a meeting on August 23, 2007, the most senior executives from the Ekati, Diavik and Snap Lake diamond mines met with the Premier of the Northwest Territories and his Ministers of Industry, Tourism and Investment, Finance, and Education, Culture and Employment to discuss the labour challenges industry faces today in Canada and in the Northwest Territories.

It was acknowledged that the three diamond mines are creating significant local benefits by providing training, employment and business opportunities for northern and Aboriginal residents and companies. It was also acknowledged that there may be opportunities to increase these benefits even more, particularly in the area of employment. A particular area of discussion was around the mines' current need to fly skilled workers to the mines from residences in southern Canada, and the growing need for trained and experienced underground miners, skills which are not readily available yet in the Northwest Territories.

The mining industry is facing an unprecedented and very competitive local and global labour market. Skilled workers face a variety of attractive opportunities not just in the North, but also in southern Canada. The mines are already making significant efforts to attract and retain the skills needed to ensure their businesses remain viable, including competitive wages, cost of living allowances, and provision of travel to and from work. Projections indicate that this labour market will continue to be challenging for some time.

The diamond mines and the Government of the Northwest Territories expressed interest in seeking creative ways to increase the number of northern workers employed at the mines. Each acknowledged it has tools and powers at its disposal to help make this happen. It was agreed that by working together, the opportunity to increase Northwest Territories employment would be enhanced.

The following Memorandum of Understanding is intended to formally reinforce the Northwest Territories Government's and the diamond mines' mutual desire to increase northern employment at the diamond mines through the development of a cooperative "Northern Mining Workforce Initiative" that will be enabled by having most senior level participation from both parties.

Dated this 27th day of November, 2008

MEMORANDUM OF UNDERSTANDING
FOR A
NORTHERN MINING WORKFORCE INITIATIVE

Between:

THE GOVERNMENT OF THE NORTHWEST TERRITORIES (hereinafter referred to as the “GNWT”) as represented by the Ministers of Industry, Tourism and Investment and Education, Culture and Employment,

of the first part

and

BHP BILLITON DIAMONDS INC., DE BEERS CANADA INC., AND DIAVIK DIAMOND MINES INC., (hereinafter referred to as “the Diamond Mines”) as represented by the President of BHP Billiton Diamonds Inc., the President of Diavik Diamond Mines Inc., and the Senior Vice President – Operations, De Beers Canada Inc.,

of the second part

Whereas:

- A. The GNWT and the Diamond Mines (the Parties) wish to increase the number of Northwest Territories residents working at the diamond mines;
- B. The Parties have powers and tools at their disposal to enhance Northwest Territories employment;
- C. The Diamond Mines require a trained and skilled workforce to maintain safe, economically viable mining operations;
- D. The full breadth of mining skill levels is currently not available in the Northwest Territories and the Diamond Mines must employ skilled workers from both northern and southern communities;
- E. The Diamond Mines must use a variety of incentives to attract and retain the necessary skilled workers to maintain the economic viability of their Northwest Territories mining operations;
- F. The Diamond Mines expect the combination of training and development of northern mining skills and the creation of an attractive lifestyle environment can help increase the numbers of Northwest Territories workers employed at the diamond mines;

NOW THEREFORE the Parties intend to work together as follows:

1. Purpose

- 1.1. The Parties intend to work cooperatively to develop a *Northwest Territories Mining Workforce Initiative* for the purposes of training, developing and retaining a Northwest Territories diamond mining workforce.
- 1.2. The *Northwest Territories Mining Workforce Initiative* will develop a number of activities or strategies to achieve the following two major purposes:

Purpose 1: Development of Northern Mining Skills

The Parties will:

- identify, develop and provide all necessary assistance and incentives towards training programs to increase the education and mining skills of Northwest Territories residents and to encourage residents to enter into the diamond mining industry;
- investigate and develop economically feasible transportation initiatives that can allow the Diamond Mines to draw on interested candidates from a broader selection of Northwest Territories communities.

Purpose 2: Northern Attraction and Retention

The Parties will:

- develop strategies to attract skilled workers and their families to become residents of the Northwest Territories to work at the Diamond Mines in occupations where there is a lack of or insufficient number of skilled workers available in the Northwest Territories;
- seek initiatives to help retain worker residency in the Northwest Territories in the face of a competitive southern Canadian employment market.

2. Strategic Executive Committee

- 2.1 In order to work towards achieving the above described purposes, the Parties will create a Strategic Executive Committee comprised of the President of BHP Billiton Diamonds Inc., the President of Diavik Diamond Mines Inc., and the Senior Vice President – Operations, De Beers Canada Inc., and the GNWT Ministers of Industry, Tourism and Investment and Education, Culture and Employment.
- 2.2 The Strategic Executive Committee will meet on a regular basis to review and advance the efforts of a Working Committee.
- 2.3 The Strategic Executive Committee will regularly review and analyze the Working Committee's work, and will recommend the creation of, and adjustments to,

appropriate initiatives to increase the levels of employment of Northwest Territories residents at the Diamond Mines.

- 2.4 With the consent of all Parties, the Strategic Executive Committee will publicize the results of its cooperative efforts on a regular basis.
- 2.5 The Strategic Executive Committee will make recommendations by consensus.
- 2.6 The Strategic Executive Committee will set benchmarks and review these on a regular basis. The Strategic Executive Committee will also ensure that strategies developed will mean all efforts are exhausted for a northern first policy before looking at other alternatives.
- 2.7 Minutes from the meetings of the Strategic Executive committee will be recorded.

3. Working Committee

- 3.1 The Strategic Executive Committee will appoint a Working Committee comprised of appropriate senior staff from each of the Parties.
- 3.2 The Working Committee will develop activities and strategies for achieving the above stated purposes of the *Northwest Territories Mining Workforce Initiative*, and implement as appropriate, where recommended by the Strategic Executive Committee.
- 3.3 To assist in delivery, the Working Committee will seek opportunities to use Northwest Territories training institutions and facilities.
- 3.4 The Working Committee may elect to invite representatives from other groups to participate in making various initiatives more successful.
- 3.5 The mechanism for decision making in the Working Committee is by consensus.
- 3.6 Minutes from the meetings of the Working Committee will be recorded.

4. Formal Documentation

- 4.1 Commitments are Conditional: This Memorandum of Understanding is not legally binding and is intended to reflect the understanding of the Parties and their good faith intentions with respect to achieving a northern mining workforce for the Diamond Mines.
- 4.2 This Memorandum of Understanding is not intended to and does not create legally binding obligations in respect of implementing any particular strategy, activity or initiative as recommended by the Working Committee and/or Strategic Executive Committee. The Parties intend that all commitments as set out herein or in any notice of intention to proceed with any particular activity, strategy or initiative are subject to agreement and the negotiation, entering into, execution and delivery of definitive and formal legal documentation of such terms. The Parties will co-operate in good faith to settle, execute and deliver such agreements as expeditiously as possible.

- 4.3 *Fees and Expenses:* Each Party will bear and pay their own costs, legal and other professional fees and expenses incurred by it in connection with participating in the *Northwest Territories Mining Workforce Initiative*.

5. General

- 5.1 *No partnership or agency:* This Memorandum of Understanding (MOU) does not create any partnership or agency relationship between the Parties.
- 5.2 *Term:* This MOU has a term of two years and is subject to renewal upon agreement by all Parties.
- 5.3 *Termination:* This MOU will terminate upon the agreement of the Parties or upon any Party giving notice to the other that it does not wish to proceed with the *Northwest Territories Mining Workforce Initiative* or its involvement in it as contemplated by this Memorandum of Understanding.
- 5.4 *Disclosure:* The Parties will consult with each other with respect to news releases or other public disclosure of the existence or terms of this Memorandum of Understanding prior to making any public disclosure.
- 5.5 *Changes or waivers:* No change may be made to this Memorandum of Understanding, and no provision may be waived, unless all Parties agree in writing to the change or waiver.
- 5.6 *Assignment:* This Memorandum of Understanding may not be assigned by any Party without the consent of the other Parties hereto.
- 5.7 *Participation:* This MOU does not preclude the Parties from inviting participation from other organizations or governments with similar employment goals.
- 5.8 *Socio-Economic Agreements:* This MOU does not affect or alter commitments made by the Parties under their respective Socio-Economic Agreements.

IN WITNESS WHEREOF the parties have executed this Memorandum of Understanding by their authorized signatories, effective the date first written above.

ORIGINAL SIGNED BY

Ricus Grimbeek
President
BHP Billiton Diamonds Inc.

ORIGINAL SIGNED BY

Chantal Lavoie
Senior Vice-President –
Operations
De Beers Canada Inc.

ORIGINAL SIGNED BY

Kim Truter
President Diavik Diamond
Mines Inc.

ORIGINAL SIGNED BY

Robert R. McLeod
Minister
GNWT Industry, Tourism and
Investment

ORIGINAL SIGNED BY

Jackson Lafferty
Minister
GNWT Education, Culture
and Employment