

# Extractive Sector Transparency Measures Act Report

Reporting Year From: 2/1/2016 To: 1/31/2017  
Reporting Entity Name Dominion Diamond Corporation  
Reporting Entity ESTMA Identification Number E673647  
Subsidiary Reporting Entities (if necessary) N/A

Attestation ( by Reporting Entity)

*In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.*

Attestation (through independent audit)

*In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.*

*The auditor expressed an unmodified opinion, dated 06/27/2017, on the ESTMA report for the entity(ies) and period listed above. The independent auditor's report is included within this PDF report.*

Director or Officer of Reporting Entity Full Name:  
Position Title:

Matthew Quinlan  
Chief Financial Officer

Date: 06/27/2017

## Extractive Sector Transparency Measures Act - Annual Report

Reporting Year  
Reporting Entity Name

From: 2/1/2016 To: 1/31/2017  
*Dominion Diamond Corporation*

Reporting Entity ESTMA Identification Number

*E673647*

Subsidiary Reporting Entities (if necessary)

*N/A*

### Payments by Payee

Country	Payee Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
Canada	Government of Canada	\$ 36,340,000	\$ 3,400,000	\$ -		\$ -		\$ 110,000	\$ 39,850,000	
Canada	Government of the Northwest Territories	\$ 11,590,000	\$ 23,850,000	\$ 2,180,000		\$ 210,000		\$ -	\$ 37,830,000	
	<b>Total</b>	<b>\$ 47,930,000</b>	<b>\$ 27,250,000</b>	<b>\$ 2,180,000</b>		<b>\$ 210,000</b>		<b>\$ 110,000</b>	<b>\$ 77,680,000</b>	

## Extractive Sector Transparency Measures Act - Annual Report

Reporting Year  
 Reporting Entity Name  
 Reporting Entity ESTMA Identification  
 Number

From: 2/1/2016 To: 1/31/2017  
 Dominion Diamond Corporation  
 E673647

Subsidiary Reporting Entities (if  
 necessary)

N/A

### Payments by Project

Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada	Diavik Diamond Mine	\$ 38,770,000	\$ 23,850,000	\$ 570,000		\$ 50,000			\$ 63,240,000	
Canada	Ekati Diamond Mine	\$ 9,160,000	\$ 3,400,000	\$ 1,610,000		\$ 160,000		\$ 110,000	\$ 14,440,000	
	Total	\$ 47,930,000	\$ 27,250,000	\$ 2,180,000		\$ 210,000		\$ 110,000	\$ 77,680,000	

## Notes - Financial Reporting Framework

### (a) Basis of accounting:

The Schedule of Payments by Payee and the Schedule of Payments by Project (collectively "the Schedules") prepared by Dominion Diamond Corporation (the "Company") for the year ended 31st January, 2017 has been prepared in accordance with the financial reporting provisions in Section 9 of the Extractive Sector Transparency Measures Act, Section 2.3 of the Extractive Sector Transparency Measures Act - Technical Reporting Specifications and Sections 3.1 to 3.6 of Extractive Sector Transparency Measures Act - Guidance (collectively the "financial reporting framework").

The schedules are prepared to provide information to the Directors of Dominion Diamond Corporation and the Minister of Natural Resources Canada to assist in meeting the requirements of the Extractive Sector Transparency Measures Act. As a result, the schedules may not be suitable for another purpose.

### (b) Significant accounting policies:

#### i) Cash basis

The Schedules have been prepared on a cash basis of accounting, as required by the financial reporting framework, and exclude any accruals related to payments due to governments (as defined in the financial reporting framework). The Schedules include all cash payments made, without inclusion of cash inflows from a government. Where the Company makes a payment to a government that is net of credits from that government, the net payment amount has been presented.

#### ii) Projects

The Company has aligned its projects with its cash generating units as determined for financial statement reporting purposes:

- Diavik Diamond Mine
- Ekati Diamond Mine

#### iii) Rounding

All figures have been rounded to the nearest \$10,000 Canadian dollars.

#### iv) Control

As required by the financial reporting framework, the Company has reported payments made by entities controlled by the Company. The Company has determined whether it controls an entity in accordance with International Financial Reporting Standards.

#### v) Joint Ventures

Payments made by Diavik Diamond Mines (2012) Inc. are presented at the Company's 40% share of the Joint Venture.



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## INDEPENDENT AUDITORS' REPORT

To Dominion Diamond Corporation and the Minister of Natural Resources Canada

We have audited the accompanying Schedule of Payments by Payee totaling \$77,680,000 and the Schedule of Payments by Project totaling \$77,680,000 of Dominion Diamond Corporation (the "Company") for the year ended January 31, 2017 and notes comprising a summary of significant accounting policies and other explanatory information (together "the schedules"). The schedules have been prepared by management in accordance with the financial reporting provisions in Section 2, 3, 4 and 9 of the Extractive Sector Transparency Measures Act ("ESTMA"), Section 2.3 of the ESTMA - Technical Reporting Specifications and Sections 3.1 to 3.6 of the Extractive Sector Transparency Measures Act – Guidance (collectively, the "financial reporting framework").

### *Management's Responsibility for the Schedules*

Management is responsible for the preparation of the schedules in accordance with the financial reporting framework referred to above, and for such internal control as management determines is necessary to enable the preparation of the schedules that is free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these schedules based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement in the schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of the schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the Schedule of Payments by Payee amounting to \$77,680,000 and the Schedule of Payments by Project amounting to \$77,680,000 of the Company for the year ended January 31, 2017 are prepared, in all material respects, in accordance with the financial reporting framework referred to above.

*Basis of Accounting*

Without modifying our opinion, we draw attention to Note 1 of the Schedules, which describes the basis of accounting. The Schedules are prepared to provide information to the Directors of Dominion Diamond Corporation and the Minister of Natural Resources of Canada to assist the Company in meeting the requirements of the ESTMA. As a result, the Schedules may not be suitable for another purpose.

*Restriction on Use*

Our report is intended solely for management and the Board of Directors of the Company and the Minister of Natural Resources Canada, and should not be used by parties other than management, the Board of Directors of the Company and Minister of Natural Resources Canada.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants  
June 27, 2017  
Calgary, Alberta