

**Shear Minerals Ltd.
Jericho Diamond Mine
Water License Compliance Report
NWB1JER0410**

November 16, 2010

Shear Minerals Ltd.**Jericho Diamond Mine - NWB1JER0410, Water License Compliance Report****Part D. Conditions applying to Construction**

	Item	Timelines as written in the licence	Status
D1	Mine Plan	(30) days of the effective date of licence	Completed
D2	Design Plan for Structures intended to contain, withhold, divert or retain Water or Waste	(60) days prior to construction	Superceded
D3	Rock used in construction to meet Schedule D Item 3 for geochemical criteria	Prior to construction	Completed for dams and dykes and the causeway
D4	Borrow Management Plan	(60) days prior to the extraction of any borrow material	Completed
D5	Design Plan for PKCA	(60) days prior to the construction	Superceded
D6	Landfill Design Plan	(60) days prior to the construction	Submitted in 2007 – Not yet approved
D7	Landfarm Design Plan	(60) days prior to the construction	Plan not approved
D8	Waste Water Treatment Plant Design Plan	(60) days prior to construction	Superceded
D9	Site Water Management Facilities	(60) days prior to construction	Plan not approved
D10	Design Plan Ore Stockpile, Coarse Processed Kimberlite. Recovery Rejects Stockpile, Waster Rock Dump No.1 and Waste Rock Dump No.2	(60) days prior to construction	Superceded
D11	Design Plans for Collection Ponds A, B and C	(60) days prior to construction	Ponds not constructed
D12	Design Plans for the Fuel Storage and Containment Facility	(60) days prior to construction	Phase 1 and 2 superceded. Phase 3 not approved
D13	Long Lake Dewatering Plan	(60) days prior to construction	Superceded
D14	Explosives Management Plan	(60) days prior to construction	Completed
D15	Causeway Design Plan	(60) days prior to construction	Completed
D16	C1 Diversion Design Plan	(60) days prior to construction	Superceded
D17	All containment and runoff control structures are constructed and maintained to prevent escape of wastes to surface or ground water systems	No timeline associated	Addressed in site water management plan
D18	Construction reports of any structure designed to contain, withhold, divert or retain waters or wastes	Within (90) days of completion	Not completed for all
D19	All construction of engineered structures will be supervised and field checked by qualified and experienced Engineer	No timeline associated	Not completed for all
D20	<u>All detailed design plans referred to in the Part shall consider Adaptive Management strategies</u>	<u>No timeline associated</u>	<u>Unknown</u>

1. “The Licensee shall submit to the Board for review, within thirty (30) days of the effective date of the licence, a detailed Mine Plan which outlines timing of construction for all infrastructure components. The Plan shall identify measures to be taken should implementation deviate from the proposal. The plan shall be developed in accordance with Schedule D, Item 1.”

The Mine Plan was submitted for review and received by the Nunavut Water Board on March 21st, 2005. A follow-up revision was submitted by Tahera Diamond Corporation October 17, 2005.

2. “The Licensee shall submit to the Board for approval, design plans and drawings stamped by a Geotechnical Engineer, at least sixty (60) days prior to the construction of any dams, dikes or structures intended to contain, withhold, divert or retain Water or Waste. The Licensee shall ensure that such facilities are designed and constructed to engineering standards such that a minimum they comply with the Dam Safety Guidelines.”

AMEC Earth and Environmental submitted a response to review requests on behalf of Tahera Diamond Corporation on October 26, 2006. The response was intended to provide requested information regarding the following plans:

- Waste Water Treatment Plant Operation and Maintenance Plan
- PKCA Management Plan
- Divider Dyke Design Plan
- Divider Dyke Construction Specifications
- East and Southeast Dam designs

There was no response from the Nunavut Water Board. The East Dam was completed in the spring of 2006 and the Southeast Dam was completed in the summer of 2007. All design plans submitted by E.B.A. were signed and stamped. Post constructions as-builts were created by Sub-Arctic Surveys and do not bear an engineer's stamp.

On October 20, 2006, EBA Engineering submitted a letter on behalf of Tahera Diamond Corporation addressing question and comments regarding the West Dam construction specification as outlined in Nunavut Water Board's letter dated September 12, 2006. There was no response from the Nunavut Water Board and construction began without plan approval. Post construction as-builts were created by Sub-Arctic Surveys and do not bear an engineer's stamp.

The North Dam Design Report and North Dam Construction Specifications were received by the Nunavut Water Board on August 17, 2007. Acknowledgement of receipt was given on Feb 8, 2008. Plan approval was not given. The dam construction was started without approval.

3. “All rock used in construction must meet the appropriate geochemical criteria as specified in the approved as per Schedule D Item 3.”

Construction rock was evaluated against geochemical criteria for the construction of the dams and dykes and is outlined in the detailed design plans of each. The causeway construction plan also evaluated geochemical criteria. No file evidence has been located that demonstrates that this was evaluated prior to the construction of any other infrastructure.

4. “The Licensee shall submit to the Board for review, a revised Borrow Management Plan at least sixty (60) days prior to the extraction of any borrow material. This plan shall be developed in accordance with Schedule D, Item 4.”

The Borrow Management Plan was submitted March 2005 and was written by Amec Earth and Environmental. The Nunavut Water Board acknowledged receipt and distributed for comment April 12, 2005. Comments were

received and additional information addressing comments was provided June 10, 2005. The Borrow Management Plan was approved October 27, 2005.

5. "The Licensee shall submit to the Board for approval, a detailed Design Plan at least sixty (60) days prior to the construction of the Processed Kimberlite Containment Area including drawings, stamped by a Geotechnical Engineer and/or Engineering Geologist. The plan shall be developed in accordance with Schedule D, Item 5."

On March 22, 2006 the Nunavut Water Board acknowledged receipt of Benachee Resources Inc. submission "Processed Kimberlite Management Plan". The submission was intended to satisfy Part D, Item 4 as well as Part H, Item 1 and Schedule H, Item 1 of the water license.

On October 10, 2006 the Nunavut Water Board sent a request for further information addressing interveners concerns. October 26, 2006 Amec Earth and Science submitted responses to information requests on behalf of Tahera Diamond Corporation.

On November 1 to 3 a technical meeting took place at EBA Engineering Consultants Edmonton Offices. At the meetings the Nunavut Water Board requested that a report containing stamped drawings, construction records and other design modifications to date, be submitted on the dam and dyke constructions in the PKCA. This was intended to meet the license requirements and the Nunavut Water Board indicated that an interim report would be acceptable. No file records of this submission have been located. Construction of the PKCA superseded approval of design plans.

6. "The Licensee shall submit to the Board for approval, a detailed Landfill Design Plan at least (60) days prior to the construction of the Landfill including drawings, stamped by an Engineer. The plan shall be developed in accordance with Schedule D, Item 6."

In February of 2007 Tahera Diamond Corporation submitted a Landfill Design, Waste and Hazardous Material Management Plan written by EBA Engineering. It was intended that this plan would meet the requirements of Part D, Item 6 of the Water License. Intervener comments were received. There is no record of a response from Tahera Diamond Corporation.

7. "The Licensee shall submit to the Board for approval, a detailed Landfarm Design Plan at least (60) days prior to the construction of the Landfarm including drawings, stamped by and Engineer. The plan shall be developed in accordance with Schedule D, Item 7."

On January 9, 2006 Tahera Diamond Corporation submitted a package of three documents to the Nunavut Water Board.

- 1) Landfarm and Contaminated Snow Containment Facility Construction Specifications,
- 2) Landfarm and Contaminated Snow Containment Design Summary Report
- 3) Landfarm and Contaminated Snow Containment Operating Manual. The packaged documents were intended to satisfy Part D, Item 7 as well as Part H, Item 5 of water license however the design plan did not address all items identified in Schedule D, Item 7. The Nunavut Water Board acknowledged receipt on February 17, 2006 and the documents were submitted for intervener comments. A request for further information and clarity was made in a letter from the Nunavut Water Board dated August 30, 2006. The landfarm has not been constructed on site.

8. "The Licensee shall submit to the Board for approval, a detailed Waste Water Treatment Plant Design Plan at least sixty (60) days prior to the construction of the Waste Water Treatment Plant including drawings, stamped by an Engineer. The plan shall be developed in accordance with Schedule D, Item 8."

A submission intended to meet the requirements for Part D, Item 8 was sent to the Nunavut Water Board April 2005. It was titled Waste Water Treatment Plant Design Plan and was labelled revision 2. April 14, 2005 the Nunavut Water Board acknowledged receipt and distributed the document for intervener comments. Intervener concerns and information requests triggered the requirement of a re-submission as the requirements of Part D, Item 8 and Schedule D Item 8(b) and (e) were not met. A formal request for a re-submission was sent from the Nunavut Water Board to Tahera Diamond Corporation on July 28, 2005. Tahera Diamond Corporation enlisted the services of Dillon Consulting to create an addendum that was intended to address the deficiencies and it was submitted to the board and acknowledged on February 22nd, 2006. The ensuing reviewer comments prompted a further response request which Dillon Consulting prepared on Tahera Diamond Corporations behalf and was submitted on October 25, 2006. No response on file from the Nunavut Water Board. Construction of the Waste Water Treatment Plant superceded approval of the design plan.

9. “The Licensee shall, submit to the Board for approval, a detailed Design Plan at least sixty (60) days prior to the construction of the Site Water Management Facilities, including drawings stamped by an Engineer, The plan shall be developed in accordance with Schedule D, Item 9”

There is no record on file of a design plan for the construction of site water management facilities. The construction plans for these facilities were incorporated into the site water management plan.

10. “The Licensee shall submit to the Board for approval, a detailed Design Plan at least sixty (60) days prior to the construction of the Ore Stockpile, Coarse Processed Kimberlite, Recovery Rejects Stockpile, Waste Rock Dump No.1 and Waste Rock Dump No.2, including drawings, stamped by a Geotechnical Engineer and/or Engineering Geologist.”

There is no separate record on file of a design plan for the construction of the Ore Stockpile, Coarse Processed Kimberlite, Recovery Rejects Stockpile, Waste Rock Dump No.1 nor Waster Rock Dump No.2. The construction plans for these facilities were incorporated into the waste rock management plans. Tahera Diamond Corporation submitted to the board a report prepared for Tahera by SRK Consulting title “Waste Rock Management Plan” intended to address item in both Section D, item 10 Schedule D, Item 10. A letter was sent addressing intervener requests relating to construction items within the waste rock management plan on October 16, 2006. No response to these questions is on file. On October 25, 2006 Tahera submitted a reply , prepared by Amec Earth and Environment, to address these items. No response from the Nunavut Water Board on file.

11. “The Licensee shall, at least sixty (60) days prior to the construction of the Collection Ponds A, B and C submit to the Board for approval the final detailed Design Plan stamped by a Geotechnical Engineer and/or Engineering Geologist .This report shall be developed in accordance with Schedule D, Item 11”

There is no record on file of design plans for the construction of Collection Ponds A, B, and C. The collection ponds were not constructed.

12. “The Licensee shall, at least sixty (60) days prior to the construction of the Fuel Storage and Containment Facility, submit to the Board for approval the final detailed design plan stamped by a qualified Engineer. This report shall be developed in accordance with Schedule D, Item 12.”

The Nunavut Water Board acknowledged receipt of the “Final Design Plan – Fuel Farm, Jericho Mine” on January 26, 2005. Additional information was requested and provided by Tahera Diamond Corporation on February 4th and February 28, 2005. Conditional approval was granted on March 30, 2005. April 12, 2010 Tahera Diamond Corporation submitted a report titled Project Summary for Nunavut Water Board- Phase I Construction- Jericho Fuel Farm that addressed how the conditional items were going to be handled during construction. No further comment from the Board was received. Construction of phase 1 and phase 2 fuel

storage facilities has been superceded. Phase three plans were submitted as Fuel Storage Facilities- Set 3 Desktop Geotechnical Assessment and were acknowledge on a letter dated April 10, 2006. On February 20th, 2007 the Nunavut Water Board requested more information based on a review of the document. No response from Tahera Diamond Corporation is on file. The Phase 3 fuel storage facility was not built on site.

13. "The Licensee shall, at least sixty (60) days prior to the dewatering of Long Lake, submit to the Board for approval, a Long Lake Dewatering Plan, certified by a Hydrologist. This report shall be developed in accordance with Schedule D, Item 13."

Nunavut Water Board received "Long Lake Dewatering Plan July 14, 2005". It was prepared by AMEC Earth and Environmental on behalf of Benachee Resources Inc. The Nunavut Water Board distributed the plan for comments and received requests for more information from the Department of Fisheries and Oceans (DFO). Tahera submitted a report on Dec 8, 2005 detailing the dewatering procedures that were followed. The letter was intended as a response to inquiries posed by the DFO. Dewatering of Long Lake commenced prior to plan approval.

14. "The Licensee shall, at least sixty (60) days prior to commencement operations, submit to the Board for review, an approved Explosives Management Plan. This report shall be developed in accordance with Schedule D, Item 14."

A letter dated May 19th, 2006 from the Nunavut Water Board acknowledged receipt of the Explosives Management Plan received December 7th, 2005. The plan was approved.

15. "The Licensee shall, at least sixty (60) days prior to the construction of the Causeway, submit to the Board for approval the final detailed Causeway design plan stamped by a Geotechnical Engineer and/or Engineering Geologist. This report shall be developed in accordance with Schedule D. Item 15."

April 25th, 2005 the Nunavut Water Board acknowledged receipt of the submission from Benachee Resources Inc. titled "Specifications for the Fresh Water Intake Causeway" that was submitted on April 19th 2005. Requests for additional information were submitted by Indian and Northern Affairs Canada (INAC) and DFO. A letter was sent June 10 to the Nunavut Water Board from Tahera Diamond Corporation in response to intervener comments. Further information was sent from Tahera Diamond Corporation to the Nunavut Water Board in the form of two addendums. Conditional approval of the plan was supplied on July 28, 2005. Conditions included compliance with Part D, Item 18 and Part D, Item 19 of the water license. Construction as-builts drawings and construction records were submitted to meet these conditions.

16. "The Licensee shall, at least sixty (60) day prior to the construction of the C1 Diversion, submit to the Board for approval the final detailed design plan stamped by a Geotechnical Engineer and/or Engineering Geologist. This report shall be developed in accordance with Schedule D, Item 16."

The Nunavut Water Board acknowledged receipt of Benachee Resources submission titled "C1 Diversion- Geotechnical Design" on September 22nd, 2005. Multiple intervener requests for more information and clarifications were made by Environment Canada, INAC, DFO and from Acres International who was retained by the Nunavut Water Board for an independent review. Efforts were made by Benachee Resources to address the issues but ultimately the construction of the C1 Diversion superceded design approval.

17. "The Licensee shall ensure that all containment and runoff control structures are constructed and maintained to prevent escape of wastes to the surface or ground water systems."

These were general construction terms that were addressed within specific plans. Shear does not have any records or files that clearly describe conditions during or post construction. Shear is working with consultants

and contractors to update the plans. As well, Shear will be on site prior to and during freshet 2011. Observations will be recorded to determine if the structures are functioning as planned.

18. “The Licensee shall, within ninety (90) days of completion of any structure designed to contain, withhold, divert or retain water or wastes, submit to the Board for review, a construction report prepared by a qualified Engineer that shall include as-built drawings, documentation of field decisions that deviate from original plans and any data used to support these decisions.”

In the files that were provided to Shear at the time of purchase, no records of construction could be located. Shear is unable to address conditions prior to purchase that were not recorded or documented. Shear is working with a contractor to produce as-built drawings for the structures on site. To the best of our ability from survey documents, these drawings will be included in the water licence renewal application. Some structures will need to be surveyed on site in 2011 where information is not adequate to produce as-builts. A schedule and summary will be provided in the water licence renewal.

19. “The Licensee shall ensure that all construction of engineered structures will be supervised and field checked by an appropriately qualified and experienced Engineer in such a manner that the project specifications can be enforced and, where required, the quality control measures can be followed. The licensee shall also ensure that the construction records of all engineered structures are maintained and made available at the request of the Board and/or and Inspector.”

Shear is unable to address this requirement.

20. “All detailed design plans referred to in the Part shall consider Adaptive Management strategies.”

Shear is unable to address this requirement.

PLANS

The plans described herein were not approved by the Nunavut Water Board either because they were deficient, additional information and clarification was required or because the plans were submitted after the fact, therefore superceded by the action. This is a summary of the status of the plans at the time of purchase by Shear Minerals and how Shear will address the non-compliances in the water licence renewal application.

Some of the plans described require updates, others the incorporation of additional comments developed to address information requests, others require a complete rewrite. Shear Minerals will, to the best of our abilities, address the comments and requests for additional information submitted by interveners and the NWB while updating the plans. As well, Shear will update plans to reflect current legislation and regulations.

With the exception of the Care and Maintenance Plan, which will be submitted by the end of January, 2011, all of the plans described will comprise part of the Water Licence Renewal Application to be submitted by the end of February, 2011.

Part F: Conditions Applying to Waste Management Plans

1. "The Licensee shall, at least four (4) months prior to commencement of production, submit to the Board for approval a detailed Site Water Management Plan. The final detailed report shall be stamped by an Engineer. This report shall be developed in accordance with Schedule F, Item 1."

A letter was sent to Tahera Diamond Corporation on May 17th, 2006 requesting additional information and further clarity. The letter requested additional information, clarification as well as details, plans and designs. There is no response on file from the company.

Shear Minerals will incorporate these requests when updating the Site Water Management Plan for submission to the Nunavut Water Board as part of the Water Licence Renewal Application.

Part H: Conditions Applying to Waste Management Plans

1. "The Licensee shall, at least four (4) months prior to the first effluent discharge from the PKCA, submit to the Board for approval, the PKCA Management Plan. The final detailed report shall be stamped by an Engineer. This report shall be in accordance with Schedule H, Item 1."

A letter was sent to Tahera from the NWB on October 10, 2006 requesting additional information and clarification based on intervener comments received on the PKCA Management Plan. On October 25, 2006, EBA on behalf Tahera, submitted a response to the letter from the NWB. There is no further correspondence on file.

Shear Minerals will incorporate the additional information into the updated PKCA Management Plan for submission with the Water Licence Renewal Application.

3. "The Licensee shall submit to the Board for approval within four (4) months of the effective date of this license a Waste Rock Management Plan, to address the management of all rock this is disturbed, moved, stored or otherwise affected by mining-related activity on the property over the term of the project. This Plan shall be developed in accordance with Schedule H, Item 2."

A preliminary technical review was completed by the Nunavut Water Board. Tahera provided a response, dated October 25, 2006, addressing the points raised in the technical review, as well as a response prepared by AMEC on behalf of Tahera, dated October 20, 2006. A technical meeting was held in Edmonton on

November 1-3, 2006, to review the Waste Rock Management Plan, Dam/Dyke Structures in the PKCA, PKCA, Site Water Management Plan and the Landfill Design. There is no further correspondence on this file.

Shear Minerals will incorporate the comments, additional information requested and provided, and comments from the technical meeting into the updated Waste Rock Management Plan.

5. “The Licensee shall, within one (1) year of the effective date of this License, submit to the Board for approval an Operation and Management Plan for the Waste Water Treatment Plant, the Landfill and the Landfarm. The plan(s) shall be developed in accordance with Schedule H, Item 3.”

On August 3rd, 2006 the NWB sent a letter to Tahera outlining the non-compliances with the terms and conditions of the licence with regard to Part D Item 6, Part D Item 13, Part H Item 1 and Part H Item 5. On August 30th, 2006 the NWB sent a letter to Tahera following the review of the Landfarm and Contaminated Snow Containment Facility - Construction Specifications. The Board was seeking additional information and clarification. The Board also sent a letter, dated August 30th, 2006 with comments on the review of the Landfarm and Contaminated Snow Containment Facility - Operating Manual. The O&M document was deemed “insufficient” in satisfying the items identified in Schedule H3.

On September 12th, 2006 the NWB provided comments to Tahera on the Waste Water Treatment Plant - Operation and Maintenance Manual. There are no responses on file to any of these letters.

Shear Minerals has contracted a consulting expert to assist in the development of a Landfarm Plan to be submitted as part of the Water Licence Renewal Application. This will be a new plan which will incorporate advances in technology and design.

Shear Minerals is working closely with the Kitikmeot Inuit Association to address and resolve the non-compliances with regard to waste being deposited in the waste rock on Inuit Owned Lands.

Shear Minerals will incorporate the comments and concerns in updating the Waste Water Treatment Plant O&M Plan.

Part J: Conditions Applying to Contingency Planning

1. “The Licensee shall submit to the Board for approval within thirty (30) days of the effective of this Licence, a revised Contingency Plan prepared in accordance with the NWT Water Board’s, “Guidelines for Contingency Planning, January 1987,” or subsequent editions. This Plan shall be developed in accordance with Schedule J, Item 1.”

The Contingency Plan was submitted on March 22, 2005. Comments were provided with the request for additional information. Tahera responded on June 10, 2005. The Plan was approved on July 24, 2006 with suggested revisions and the need for clarification/additional information. Tahera provided an updated plan on May 28, 2007. INAC pointed out that a number of items identified in the NWB letter dated July 24, 2006 had not yet been addressed and summarized the items in a letter dated July 9th, 2007. Tahera responded to the letter from INAC on July 23, 2007.

Shear Minerals will review the comments provided and incorporate them into the updated Plan to be submitted with the Water Licence Renewal application. As well, Shear Minerals will bring the Plan forward to comply with recent regulatory and legislative changes/advances.

6. “If, during the period of this Licence, the Licensee enters into a Care and Maintenance phase, the Licensee shall submit to the Board for approval an addendum to the Contingency Plan within thirty (30) days of providing notification to the Board. This shall be developed in accordance with Schedule I, Item 2.”

On April 10, 2008 AMEC, on behalf of Tahera, submitted an updated Contingency Plan pursuant to Part J, Item 6. INAC reviewed the Plan update and provided comments in a letter dated June 27, 2008, as did Environment Canada. No response from the company is on file and there is no further correspondence.

A Care and Maintenance Plan was never specifically submitted by Tahera. A Care and Maintenance Plan was never submitted by subsequent responsible authorities. No Care and Maintenance Plan exists for the site.

Shear Minerals will submit a Care and Maintenance Plan for the site by the end of January 2011. Shear Minerals has contracted EBA to assist in the development of a Care and Maintenance Plan for the site. This plan will describe; site water management, infrastructure inspections, equipment inspections, general site inspections and monitoring programs while the project remains on Care and Maintenance. This Plan will also address physical non-compliances.

Part L: Conditions Applying to General and Aquatic Effects Monitoring Plans

- 1. "The Licensee shall within one (1) month of the effective date of this License, submit to the Board for approval a General Monitoring Plan. The plan shall be developed in accordance with Schedule L, Item 1."**

On June 28, 2007, INAC provided comments on the General Operational Monitoring Plan. A number of recommendations and requests were outlined in the letter. No response is on file from Tahera.

Shear Minerals will address these recommendations in updating the Plan for submission with the Water Licence Renewal application.

- 5. "The Licensee shall submit to an Analyst for approval within three (3) months of the effective date of this License, a Quality Assurance/Quality Control (QA/QC) Plan that includes field and laboratory procedures and requirements. This report shall be developed in accordance with Schedule L, Item 2."**

The QA/QC Plan was approved by the Analyst on May 14, 2007 following revisions.

- 10. "The Licensee shall within two (2) months of the effective date of this License, submit to the Board for approval an Aquatic Effects Monitoring Plan. The plan shall be developed in accordance with Schedule L, Item 4."**

A letter was sent to Tahera from the NWB on July 20, 2006 following a review conducted by Dillon Consulting on behalf of the NWB. The review identified a number of discrepancies and deficiencies.

Shear Minerals will, to the best of our abilities, address these in the updated plan to be submitted with the Water Licence Renewal Application. An AEM Program will be proposed to reflect the Care and Maintenance status of the project.

Part M: Conditions applying to Closure and Reclamation

- 2. "The Licensee shall submit to the Board for approval within nine (9) months of effective date of this Licence, a revised Interim Closure and Reclamation Plan in accordance with the NWT Water Board's, "Guidelines for Abandonment and Restoration Planning for Mines in the Northwest Territories," or subsequent editions. The plan shall be developed in accordance with Schedule M, Item 1."**

On August 25, 2006 the NWB provided comments and requested revisions to the Interim Closure and Reclamation Plan. On April 2007 Tahera provided an updated plan. INAC requested and was granted an extension to the review period. The only comments on file are from the Kitikmeot Inuit Association. Those

comments identify that Tahera had buried non-combustible waste in the waste rock pile on Inuit Owned Land without the required KIA approval. This issue was left unresolved. Shear Minerals will work with the KIA to resolve this issue. This will be reflected in the updated Waste Rock Management Plan.

Shear Minerals will be traveling to site with the KIA to conduct an updated Reclamation Costing. This information will be incorporated into the updated Closure and Reclamation Plan and will be submitted with the Water Licence Renewal Application.

General Comments

Shear Minerals will, to the best of our abilities, address the comments that were provided to Tahera by interveners and the Nunavut Water Board. There are some instances, however, where these comments cannot be addressed, specifically those that relate to past operational decisions, events superceded by drawings, designs and plans and information that was not documented. Updated plans will be submitted for the Water Licence Renewal which will describe current conditions and Shear Minerals commitment moving forward.

In addition to the non-compliances described in this summary, there are also a number of physical non-compliances. These will be fully addressed in the Water Licence Renewal Application. Those non-compliances that have the potential to cause an environmental impact will also be addressed in the Care and Maintenance Plan that will be submitted at the end of January 2011.