



P.O. Box 119
GJOA HAVEN, NU X0B 1J0
TEL: (867) 360-6338
FAX: (867) 360-6369

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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYIT
OFFICE DES EAUX DU NUNAVUT

NWB File No: 2AM-JER0410

September 13, 2011

Pamela Strand, P. Geol.
President and CEO
Shear Diamonds (Nunavut) Corp.
Suite 220, 17010 – 103 Avenue
Edmonton, AB T5S 1K7

E-mail: pstrand@shearminerals.com

Re: Licence No. 2AM-JER0410; Submissions Pertaining to the List of Commitments Developed During the Technical Meeting and Pre-Hearing Conference

Dear Ms. Strand:

On July 31, 2011, the Nunavut Water Board (NWB or Board) received from Shear Diamonds (Nunavut) Corp. (“Shear” or “Proponent”) the submission

- *Technical Memorandum E: Landfill and Sludge Pit Location Addendum to Landfill Management Plan, Jericho Diamond Mine, Nunavut* with regard to the Item 35e,

and the following submissions with regard to the Items identified as Plan N 1, 16, 17, and Items 10, 13 and 25 in the List of Commitments generated during the Technical Meeting and Pre Hearing Conference (TM/PHC) held in Cambridge Bay on June 20-21, 2011:

Technical Memoranda

- *Technical Memorandum F: Onsite Nitrate and TSS Analysis Methods*
- *Technical Memorandum G: Proposed PKCA Effluent Discharge Criteria*
- *Technical Memorandum H: Final Specifications of the Hydrocarbon Contact Water Remediation Unit (Oztek®)*

Executive Summaries – for previously filed plans

- *Aquatic Effects Monitoring Plan*
- *Care and Maintenance Plan*
- *Contingency Management Plan*
- *Emergency Preparedness Plan*

- *Fuel Storage Containment Facility Design Plan Set 3 Tank Farm*
- *General Monitoring Plan*
- *Interim Closure and Reclamation Plan*
- *Landfarm Management Plan*
- *Landfill Management Plan*
- *Operations, Maintenance and Surveillance Manual*
- *Preliminary Landfarm Design Plan*
- *Preliminary Landfill Design Plan*
- *Processed Kimberlite Containment Area Management Plan*
- *Site Water Management Plan*
- *Waste Management Plan*
- *Waste Rock Management Plan*
- *Waste Water Treatment Management Plan*

Other correspondence

- *Jericho Site Reclamation Cost Estimate– Inuit Owned Lands dated December 22, 2010 from Nuna Logistics*
- *Jericho Site Reclamation Cost Estimate – Crown Owned Lands dated August 5, 2011 from Nuna Logistics*
- *Life of mine water balance summary sheet, Jericho Diamond Mine, August 5, 2011*

Additionally, on August 15, 2011, Shear submitted, under separate cover letters, two (2) additional letters and one (1) updated plan:

- *Letter 1 – General Commitment #17, Proposed amendments to existing terms and conditions and any proposed discharge criteria for the Project*
- *Letter 2 – Request for extension related to General Commitment #16, Operational commitment list*
- *Updated Plan – Processed Kimberlite Containment Area Management Plan with the Operations, Maintenance and Surveillance Manual (OMS) PKCA Dams*

On August 19, 2011, and August 22, 2011, respectively, the NWB received the following submissions:

- *Technical Memorandum G: Proposed PKCA Effluent Discharge Criteria Amended*
- *Technical Memorandum I: General Commitment #16, Operation commitment list, Two (2) year Implementation Schedule*

The submissions have been placed in the Board's Public Registry and are available from our ftp site using the following access (Username: *public* and Password: *registry*) and link: folio

<ftp://nunavutwaterboard.org/1%20PRUC/2%20MINING%20MILLING/2A/2AM%20-%20Mining/2AM-JER0410/2%20ADMIN/4%20HEARINGS/1%20PREHRG%20TECH%20MTG/>

A complete list of Shear's Submissions related to the List of Commitments is set out in



Appendix A.

In the *Letter I* Shear indicated that there is an apparent conflict between Part G, Items 2(b), 2(e) and 8(a) in Type A Water Licence 2AM-JER0410 and suggested that the Board consider amending the Licence to include a new condition to address the apparent conflict . Shear also proposed a new naming system for the existing and new sampling stations.

The Board would like to assure the proponent as well as interested parties that it is aware of the conditions in the Licence that can be considered as being in conflict. Therefore, should the Water Licence be renewed, the Board will address this issue appropriately while considering Shear's as well as other parties' recommendations brought to the Board's attention during the review and/or Public Hearing processes. The Board acknowledges and recognizes the efforts made by Shear in working with the Board toward the development of the renewed Water Licence for the Jericho Diamond Mine.

As indicated by the NWB during the TM/PHC, the Board encourages interaction, wherever possible, between the Proponent and intervening parties in an effort to clarify and resolve any concerns that could be addressed prior to the Hearing. However, the Board requests that it be informed of any joint submission(s) and/or agreement(s) reached on outstanding issues. It should be noted that concerns and issues that remain unresolved will be addressed, if necessary, at a public hearing.

If you have any questions, please contact David Hohnstein, Director of Technical Services at (780) 443-4406 or by email to dts@nunavutwaterboard.org or Karén Kharatyan, Technical Advisor at (867) 360-6338 or by email to k.kharatyan@nunavutwaterboard.org.

Sincerely,

Original signed by:

Karén Kharatyan, Ph.D
Technical Advisor

cc. Distribution List – Kitikmeot

Attachment

Appendix A: Submissions Pertaining to the List of Commitments

