



NIRB File No. 00MN059
NWB File No: 2AM-JER0410

July 4, 2011

Shear Diamonds (Nunavut) Corp.
c/o Allison Rippin Armstrong
Director of Environment and Permitting
Suite 220, 17010-103rd Ave
Edmonton, AB
T5S 1K7

Via email: info@shearminerals.com; ar_enviro@yahoo.ca

Re: Shear Diamonds Corp.'s compliance update with the Nunavut Impact Review Board's Project Certificate [002] for the Jericho Diamond Mine

Dear Allison Rippin Armstrong:

The Nunavut Impact Review Board (NIRB or Board) acknowledges receipt of Shear Diamonds (Nunavut) Corporation's (Shear) letter dated June 3, 2011 providing information on how Shear intends to comply with the terms and conditions set out within the Jericho Diamond Mine Project Certificate [002]. This information was submitted in support of Shear's request for re-assignment of the Jericho Diamond Mine Project Certificate [002] from Benachee Resources Inc. to Shear. The NIRB agrees with the majority of the statements on how Shear intends to comply with the requirements within the Project Certificate and has included a response to each point in the enclosed table (see Table of Commitments, *Tab 1-Project Certificate Requirements*). The NIRB also notes that the supporting documents listed in the cover letter in addition to the annual and quarterly reports (submission date June 10, 2011) were not received by the NIRB and request that these documents be forwarded to the NIRB for review (see *Tab 2-Outstanding Reports* for further details).

In previous correspondence to the Nunavut Water Board (NWB) and copied to Shear dated November 25, 2010 the NIRB requested that Shear provide a discussion on how it intends to meet the outstanding items outlined in previous correspondence to Benachee Resources Inc. (November 16, 2009). The NIRB notes that it has not yet received a complete discussion on how Shear intends to meet the outstanding items outlined within the November 16, 2009 correspondence, and the Board has included these items in a tabulated format in the enclosed table (*Tab 3-Other Outstanding Items*) along with comments for your attention.

The NIRB is of the understanding that Shear is currently evaluating the Jericho site to determine the feasibility of re-opening the Jericho Mine. The NIRB requests that the Board be kept informed of this progress and notes that any future decisions to re-open the Jericho Mine are expected to require reconsideration of the terms and conditions contained within the Project Certificate [002] as per Section 12.8.2 of the Nunavut Land Claims Agreement.

The NIRB would like to acknowledge the dedicated work by Shear to keep the Board fully informed and maintain compliance with the requirements of the Project Certificate for the Jericho Diamond Mine project. The NIRB respectfully requests that arrangements be made for its Monitoring Officer to conduct a site visit at the Jericho mine site and suggests that the Monitoring Officer be contacted directly for these arrangements.

Please forward all forthcoming submissions or comments to the NIRB at info@nirb.ca or via fax at **(867) 983-2594**.

If you have any questions or require clarification on this or other matters related to the NIRB's monitoring of the Jericho Diamond Mine Project, please contact Sophia Granchinho, Technical Advisor and NIRB's Monitoring Officer for the Jericho Diamond Mine Project, at (867) 793-4633 or sgranchinho@nirb.ca

Sincerely,



Ryan Barry
Director, Technical Services

cc: Jericho Distribution List
Stanley Anablak, Kitikmeot Inuit Association
Phyllis Beaulieu, Nunavut Water Board
Jeff Mercer, Indian and Northern Affairs Canada
Pamela Strand, Shear Diamonds (Nunavut) Corp.
Michelle Tanguay, Shear Diamonds (Nunavut) Corp.

Enclosed: Table of Commitments – July 4, 2011