



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

September 27, 2011

Dionne Filiatrault
Executive Director
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

Sent via email: dionne@nunavutwaterboard.org

Re: NIRB consideration of Shear Diamonds (Nunavut) Corp.'s amendment and renewal application for NWB Type A Water Licence 2AM-JER0410 for the Jericho Diamond Mine

Dear Dionne Filiatrault:

On March 22, 2011 the Nunavut Impact Review Board (NIRB or Board) received correspondence from the Nunavut Water Board (NWB) regarding Shear Diamonds (Nunavut) Corp.'s (Shear or the Proponent) application for an amendment and renewal to its Type A Water Licence (2AM-JER0410) for the Jericho Diamond Mine Project. Pursuant to Section 12.3.5 of the Nunavut Land Claims Agreement (NLCA), the NWB requested that the NIRB consider whether or not the current application to renew and amend the Type A Water Licence requires further screening, reconsideration of the terms and conditions of the current Project Certificate, or public review by the NIRB.

As you are aware, the NIRB previously conducted an extensive public review of the Jericho Diamond Mine Project (NIRB File No. 00MN059) in accordance with NLCA Section 12.5. On February 3, 2004 the NIRB issued its Final Hearing Report to the Minister of Indian and Northern Affairs Canada, recommending that the Jericho Diamond Mine Project be allowed to proceed subject to project-specific terms and conditions¹. Following the Minister's acceptance of the NIRB's report and associated recommendations, on July 20, 2004 the NIRB issued Project Certificate [No. 002] to then-proponent Tahera Corporation Limited.

¹ Final Hearing Report and recommended terms and conditions were provided to the Honourable Andy Mitchell and are available from the NIRB's FTP site at: <http://ftp.nirb.ca/02-REVIEWS/COMPLETED%20REVIEWS/00MN059-JERICO%20DIAMOND%20MINE/2-REVIEW/11-FINAL%20HEARING%20DECISION/02-FINAL%20HEARING%20REPORT/>

Since issuing the Project Certificate for this project, the NIRB has maintained responsibility for monitoring the Project pursuant to Part 7 of NLCA Article 12, regularly assessing the effectiveness of, and the Proponent's compliance with, the terms and conditions of the NIRB Project Certificate. The NIRB maintains an online public registry of all information pertaining to its monitoring of the Jericho Diamond Mine Project which can be accessed using the following link:

<http://ftp.nirb.ca/03-MONITORING/00MN059-JERICO%20DIAMOND%20MINE/>

In consideration of the NWB's request, the NIRB has conducted a thorough assessment of the renewal and amendment application materials as submitted to the NWB, the materials submitted to the Board during its public review of the Jericho Diamond Mine Project, and the NIRB Project Certificate [No. 002]. The NIRB has determined that the project activities as outlined by Shear and relating to the water license renewal and amendment application are within the scope of those considered during the NIRB's previous Review of the Jericho Project (NIRB File No. 00MN059). Provided that Shear operates in accordance with its stated commitments and with all previously issued authorizations, the activities proposed as part of the current application for the renewal of water license 2AM-JER0410 do not require further screening by the Board and remain subject to the terms and conditions of NIRB Project Certificate [No. 002].

The NIRB is of the understanding that Shear is currently evaluating the Jericho site to determine the feasibility of re-opening the Jericho Diamond Mine. The NIRB recognizes that while the site remains in a "care and maintenance phase" some of the terms and conditions of Project Certificate [No. 002] may not be directly applicable or achievable. The Board has recently corresponded with Shear, requesting that the NIRB be kept informed of its development plans for the Jericho site, noting that any future decisions to re-commence mining and milling at the Jericho Mine may require reconsideration of the terms and conditions contained within Project Certificate [No. 002] as per NLCA Section 12.8.2.²

The NIRB continues to actively monitor the Jericho Diamond Mine Project and has encouraged Shear's efforts to maintain compliance with Project Certificate [No. 002] and other relevant regulatory instruments. The Board would like to thank the NWB for providing an opportunity to advise it on the applicability of NLCA Section 12.3.5 to the current water licence application. The NIRB can also confirm that it will have staff in attendance at the NWB's upcoming Public Hearing for the Jericho Diamond Mine Project, scheduled for Kugluktuk this November.

If you have any questions or require clarification on the NIRB's monitoring of this project, please contact the NIRB's Monitoring Officer for the Jericho Diamond Mine Project, Tara Arko, at (867) 983-4611 or tarko@nirb.ca.

² NIRB correspondence to Shear dated July 4, 2011 available from the NIRB's FTP site at: <http://ftp.nirb.ca/03-MONITORING/00MN059-JERICO%20DIAMOND%20MINE/06-GENERAL%20CORRESPONDENCE/110704-00MN059-NIRB%20Ltr%20to%20Shear%20Re%20PC%20Compliance-OT2E.pdf>

Sincerely,

A handwritten signature in black ink that reads "Ryan Barry". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Ryan Barry
Executive Director
Nunavut Impact Review Board

cc: The Honourable John Duncan, Minister of Aboriginal Affairs and Northern Development
Pamela Strand, President & CEO, Shear Diamonds (Nunavut) Corp.
Stephanie Autut, VP, Environment and Community Affairs, Shear Diamonds (Nunavut) Corp.
Phyllis Beaulieu, Manager of Licensing, Nunavut Water Board