



Nunavut Regional Office
Box 100
Iqaluit, NU, X0A 0H0

AANDC reference: 651578
NIRB File No: 00MN059

March 21, 2013

Ms. Tara Arko
Nunavut Impact Review Board
PO Box 1360
Cambridge Bay, NU X0A 0C0

Sent via email to tarko@nirb.ca

Re: Requested Compliance Update – Jericho Water Licence 2AM-JER1119

Dear Ms. Arko:

In response to your letter of February 19, 2013, requesting an update on Shear Diamonds Nunavut Inc. (Shear) compliance, I can provide the following outline of the company's outstanding non-compliance with respect to their type 'A' water licence. No submissions have been received from Shear under this licence since October 2, 2012. At that time, Shear provided a Compliance Plan and a Temporary Shut-Down Plan which outlined actions that Shear would take to address risks remaining on-site prior to freeze-up. Aboriginal Affairs and Northern development Canada (AANDC) tried on several occasions in December and January to reach Shear's President and CEO, Julie Lassonde, to determine if this work was carried out, but the calls were not returned. AANDC has also continued to try to contact Shear's legal counsel with no response. AANDC has not succeeded in making any contact with Shear following their October 2, 2012, submission.

Here are the current outstanding non-compliance items with respect to the terms and conditions of the Jericho mine water licence 2AM-JER1119:

- Part B (3). Failure to submit quarterly reports.
- Part B (7). Failure to notify the NWB of changes in conditions associated with the project 60 days in advance.
- Part B (15). Failure to implement Plans as approved by the Board.
- Part C (1). Security has not been furnished in the amount required by the Board.
- Part E (6)(c). Failure to conduct weekly inspections of site water management facilities during periods of flow.
- Part F (5). Failure to submit revised PKCA Management Plan within 12 months of effective date of licence.
- Part F (6)(d). Failure to carry out weekly inspections of dams, spillways, pipelines.
- Part F (6)(e). Failure to permanently contain the processed kimberlite within the PKCA.
- Part F (7). Failure to submit revised Waste Rock Management Plan within 12 months of effective date of licence.
- Part F (8). Failure to submit Consolidated Waste Management Plan within 12 months of effective date of licence.
- Part F (14). Failure to carry out weekly inspections of all major earthworks.
- Part H (5). Failure to carry out weekly inspections of fuel containment facilities.
- Part H (9). Failure to provide an addendum to the Contingency Plan within 30 days of providing notification of temporary closure.



- Part I (1). Failure to file a revised General Monitoring Plan within 6 months of the effective date of the licence.
- Part I (3). Failure to fully undertake monitoring as described in Table 2.
- Part I (18). Failure to submit monthly monitoring reports.
- Part J (1)(b). Failure to file an updated Interim Care and Maintenance Plan within one year of issuance of the licence.
- Part J (3). Failure to provide plans to maintain compliance with the Terms and Conditions of the licence while in temporary closure.

AANDC conducted a site inspection of the Jericho mine on July 4, 2012 and September 13, 2012. Inspection reports and photos can be found on the NWB public registry. If you have any questions with respect to this file, please do not hesitate to contact Eva Paul, Water Resources Officer, Nunavut Regional Office AANDC by phone at 867-975-4548 or by email at Eva.Paul@aadnc-aadnc.gc.ca.

Regards,

Murray Ball

Acting Director Resource Management
Aboriginal Affairs and Northern Development Canada
Nunavut Regional Office
Building 918, PO Box 100
Iqaluit, NU X0A 0H0

Phone: 867-975-4550

murray.ball@aadnc-aadnc.gc.ca

cc: Phyllis Beaulieu, Manager of Licensing, Nunavut Water Board
David Hohnstein, Director Technical Services, Nunavut Water Board
Julie Lassonde, President and CEO, Shear Diamonds Nunavut Inc.