

2208932 ONTARIO INC.
#301, 141 Adelaide Street West, Toronto, Ontario, M5H 3L5

December 4, 2013

VIA EMAIL

Nunavut Impact Review Board
P.O. Box 1360
Cambridge Bay, NU, X0B 0C0

Attention: Tara Arko

Dear Madam:

Re: The Nunavut Impact Review Board's 2013 Site Visit Report for Shear Diamonds (Nunavut) Corp.'s Jericho Mine Project

I am in receipt of your letters dated November 14, 2013 and November 27, 2013 and the enclosed reports regarding the site visit by the Nunavut Impact Review Board to the Jericho Mine (the "**Mine**") (the "**2013 Report**").

As I am sure you are aware, Julie Lassonde-Gray ("**Lassonde**") has resigned as a director of Shear Diamonds (Nunavut) Corp. ("**Shear Nunavut**"). Upon Lassonde's resignation, Shear Diamonds Ltd. ("**Shear Diamonds**" and, together with Shear Nunavut, "**Shear**"), as the sole shareholder of Shear Nunavut, appointed Manuel Rappaport ("**Rappaport**") as the sole director of Shear Nunavut. Rappaport, as the sole director of both Shear Diamonds and Shear Nunavut, then appointed 2208932 Ontario Inc., operating through me, as the Chief Restructuring Officer (the "**CRO**") of Shear.

The purpose of the CRO's appointment was essentially to commence work with respect to the refinancing and, ultimately, reopening of the Mine for the benefit of all stakeholders. To this end, I, in conjunction with the senior secured creditor (the "**Creditor**") of the Mine, have identified and been in discussions with potential financiers. In the interim, it is my understanding that Aboriginal Affairs and Northern Development Canada ("**AANDC**") has assumed responsibility for the care and maintenance of the Mine. To this end, letters of credit totalling \$2 million dollars that had been standing as deposits for remediation work with respect to the Mine have been fully drawn by AANDC and the Kitikmeot Inuit Association.

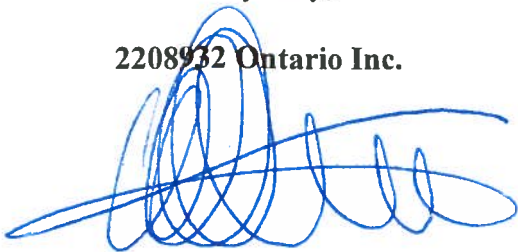
Continued progress with respect to the refinancing, including potentially finding another operator for the Mine, requires an assignment of the debt and security held by the Creditor (the "**Assignment**"). However, a subordination agreement between Shear Nunavut, the Creditor and AANDC contemplates AANDC's consent to the Assignment, which has not been provided by AANDC.

We are currently in discussions with AANDC regarding the consent. However, until such consent is received, we are unable to take any steps to consider whether any remediation is possible at this time, including the rectification of any defaults with respect to the Jericho Project Certificate, including those listed in the 2013 Report. Since AANDC currently has control of the Mine, I ask that you direct the 2013 Report to a representative of AANDC.

As I have also indicated to AANDC, we are committed to finding a resolution here, however we have been significantly delayed by the lack of cooperation from AANDC, including the failure to consent to the Assignment. As we have made clear to AANDC, there is no source of financing currently available to Shear. If you would like to discuss this further please do not hesitate to contact me.

Yours very truly,

2208932 Ontario Inc.

A handwritten signature in blue ink, consisting of a large, stylized 'T' followed by several loops and a long horizontal stroke extending to the right.

Thomas Pladsen