



Nunavut Regional Office  
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Iqaluit NU X0A 0H0

19 December 2013

Nunavut Impact Review Board  
PO Box 1360  
Cambridge Bay, NU, X0B 0C0



**RE: Request for clarification regarding ongoing responsibilities for the Jericho Diamond Mine Site**

Dear Mr. Barry:

Thank you for your correspondence dated December 12<sup>th</sup>, 2013 concerning a request for clarification from Aboriginal Affairs and Northern Development Canada (AANDC). I am pleased to have the opportunity to follow up on this issue.

In September 2012, the Licensee, Shear Diamonds (Nunavut) Corp. (here referenced as "Shear Diamonds"), suspended operations at its Jericho Diamond Mine Project. All personnel vacated the site and to our knowledge, have not returned to the property since. On September 13, 2012, a Water Resource Officer conducted an inspection at the mine and identified several non-compliance issues. Shear Diamonds had committed in writing to attending site that winter to address the identified risks, but failed to undertake the necessary work. As such, a Direction was issued to the company on March 8, 2013, identifying environmental issues that required immediate attention, particularly with respect to spring freshet. Shear Diamonds informed the Department that they could not meet the terms set out in the letter of Direction. Since Shear Diamonds failed to meet its responsibilities, AANDC took the necessary steps to ensure the environmental stability of the site.

From June to October 2013, Contaminated Sites Program (CSP) conducted periodic work on the Jericho mine site to manage water levels, ensure tailings management and manage fuel storage and containment. Most recently, CSP was on-site from October 15 to 19, 2013, to ensure the stability of the tailings through the winter. AANDC will continue to inspect and monitor the site to ensure its environmental stability is maintained.

The Government of Canada will only step in to manage a site when a project owner fails to meet its legal responsibilities to do so. That being said, AANDC has not taken over the management of the Jericho Diamond Mine Project. Shear Diamonds continues to be responsible for maintaining compliance with the terms and conditions of all authorizations and permits issued for the project. Shear Diamonds is still the owner of the site and the company remains accountable during the temporary closure. AANDC's involvement regarding site management has



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been limited to ensuring environmental stability at the property by addressing the terms set out in the letter of Direction issued to Shear Diamonds.

Regarding the status of security, the Department currently has \$6,618,556 in cash-equivalent and \$1,701,858 in debentured security under the Crown land lease and type A water license for the Jericho mine site. The work done on-site by the Department from June to October 2013 to manage water levels and ensure tailings management is maintained has cost approximately \$232,000.

Aboriginal Affairs and Northern Development Canada is committed to working with partners and regulatory authorities to ensure environmental protection in Nunavut. Clear and regular communication being key to ensuring we fulfill our individual mandates, I encourage you to contact me if you have any further questions on this matter.

Sincerely,

Ian D. Gray  
Regional Director General  
Nunavut Region