

SITE WATER MANAGEMENT PLAN

JERICO DIAMOND MINE, NUNAVUT

Executive Summary

Introduction

The Site Water Management Plan (SWMP) provides a methodology for the collection, treatment and discharge of site water with a goal to ensuring that water from the site does not enter the receiving environment until the quality of the water meets regulated discharge criteria.

Site Water Management Facilities

The general site layout and the location of existing, planned and potential water management infrastructure for the Jericho project are discussed in this section of this plan. This includes a description of the: fresh water intake; diversion channels; collection ditches and site grading; pit sump; east sump; processed kimberlite containment area; contingency ponds A, B and C; hydrocarbon containment facilities; and, other facilities.

Site Water Balance

During 2011, Shear Diamonds Ltd. (Shear) will assess the historical assumptions used to develop the site water balance while also gathering new data. The existing site water balance was based on climate and hydrology studies carried out by SRK (SRK 2003). Those parameters were also adopted in the current water balance in this plan.

Water Flow and Quality Monitoring

Water flows and quality are monitored at key locations as described in the General Monitoring Plan (EBA 2011). The sampling locations are broken out into three categories:

- Water flow monitoring;
- Seepage survey program; and
- Site water quality monitoring.

Conclusions

This report presents the designs of the site water management facilities and a summary of the overall site water balance. The water balance will be confirmed following the completion and analysis of the monitoring programs being conducted by Shear in 2011.