



Eastern Arctic Area Region Arctique de L'est
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July 8, 2011

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
PO Box 119
Gjoa Haven NU, X0B 1J0

Dear Ms. Beaulieu:

Subject: DFO Comments Regarding Proponent's Responses and Commitments made at Water Licence Renewal Technical Review Meeting, Jericho Mine

On June 10, 2011 Fisheries and Oceans Canada (DFO) sent a letter to the Nunavut Water Board (NWB) outlining comments regarding the renewal of the Type A water license for the Jericho Diamond Mine. Prior to the technical meeting that occurred on June 20, 2011, Shear Diamonds (Nunavut) Corp. (Shear) provided a table that outlined Shear's responses and commitments to DFO and all other agencies concerns and comments.

The comments that were supplied by Shear addressing recommendations provided by DFO are acceptable to DFO with one exception. DFO recommended that the sampling frequency of zooplankton and phytoplankton should be conducted on a continuous annual basis during the care and maintenance phase of mine operations. Shear response was that in 2012, Shear will conduct seasonal sampling of phytoplankton and zooplankton in Carat Lake and the new Control Lake only.

The Aquatic Effects Monitoring Plan (AEMP) that was submitted by Shear for the Jericho Mine (January 2011) states that the sampling of zooplankton and phytoplankton will be conducted once during care and maintenance and annual monitoring will begin once mining operations resume. DFO would like to stress the importance of performing a consistent level of zooplankton and phytoplankton sampling effort and providing data across years. Providing constant annual data without gaps will help to establish a historical source of data that can be referenced should the mine go into production in the future. DFO recommends annual sampling be performed in Lake C3, Carat Lake, Key Lake, Lake 02, Lynne Lake and the to be named Control Lake.

The most recent AEMP data that has been collected at the Jericho mine was in 2007, as such there is a multi-year gap in AEMP data. DFO views the sampling that will be performed during the care and maintenance phase of the mine as a valuable opportunity to provide continuous reference data should the mine go into production in the future. DFO suggests that the data supplied by performing zooplankton and phytoplankton sampling on an annual basis provides continuity in data collection to be able to identify potential effects within the aquatic environment surrounding the Jericho Mine.

In discussions with Shear's environmental representatives, Shear has committed to performing annual sampling during care and maintenance within Lake C3, Carat Lake, Key Lake, Lake 02, Lynne Lake and the Control Lake, which is to be identified upon further investigation. As a result of this issue being rectified, DFO has no objections for the renewal of the Jericho Mine Type A water license to proceed forward within the NWB review process.

If you have any questions concerning the above or would like to discuss in greater detail please contact me directly by telephone at (403) 292-8675 by email at Robert.Bedingfield@dfo-mpo.gc.ca

Sincerely,



Bobby Bedingfield
Fish Habitat Biologist
Eastern Arctic Area, Iqaluit Office

cc. Derrick Moggy, DFO Eastern Arctic
Michelle Tanguay, Shear Diamonds Ltd.
Sophia Granchinho, Nunavut Impact Review Board