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| To: Nunavut Water Board | Date: July 15, 2011 |
| From: Shear Diamonds Ltd. | cc: |
| Ref: Jericho Diamond Mine: 2AM-JER0410 | |

2AM-JER Renewal Application Technical Meeting June 20-21, 2011

List of Commitments: Current Operational Plans – Jericho Diamond Mine

This technical memorandum is being submitted in response to the question raised by AANDC during the Technical Meeting with regard to the plans that should be included in the review of the Type A water licence renewal application filed by Shear Diamonds Ltd (“Shear”) on February 28, 2011.

At the time of the original water licence application, and subsequent to going into operations (following the issuance of the Type A water licence), Tahera Diamond Corporation (“TDC”) submitted a number of design, operational and management plans. A number of these plans were further revised as the project transitioned from conceptual, through construction and into operations.

When Shear acquired the project in August 2010, they conducted a thorough review of the existing plans as well as a compliance audit. In support of the Type A water licence renewal application filed on February 28, 2011, Shear contracted EBA Engineering Consultants Ltd. (EBA) to assist in the development of plans that would supplement the plans previously filed by TDC to support the Type A water licence renewal application filed on February 28, 2011. Shear submitted a total of eighteen (18) plans, five (5) on January 31, 2011 and an additional thirteen (13) on February 28, 2011. These eighteen (18) plans are intended to complement, augment and support the plans already in place: to fill in gaps and deficiencies that exist; identify additional information needs and address how and when these will be filled; and, in instances where TDC had failed to submit a plan, are being submitted in accordance with the water licence requirements.

A summary of the plans submitted in accordance with the water licence is provided in Table 1. Cells that are shaded indicate that the plan submitted by TDC has been replaced by the plan submitted by Shear.

Table 1. Design, Operational and Management Plans, Jericho Diamond Mine

| Submitted by TDC | Submitted by Shear |
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| PART D: CONDITIONS APPLYING TO CONSTRUCTION | |
| Jericho Diamond Mine, Mine Plan, October 2005 | |
| Borrow Management Plan, AMEC, March 2005 | |
| Technical Memorandum P, Design of the Processed Kimberlite Containment Area, SRK Consulting, August 2004 | |
| Landfill Design, Waste and Hazardous Material Management Plan, EBA, January 2007 | Preliminary Landfill Design Plan, EBA, February 2011 |
| Jericho Project Landfarm and Contaminated Snow Containment Facility Design Summary Report, December 2005 | Preliminary Landfarm Design Plan, EBA, February 2011 |
| Jericho Mine Wastewater Treatment Plant Design Plan – Addendum, Dillon, January 30, 2006 | |
| Fuel Farm Design, January 2005 | Fuel Storage Containment Facility Design Plan, EBA, February 2011 |
| Explosives Management Plan – TDC, November 14, 2005 | |
| | C1 Diversion Construction Summary Report, EBA, February 2011 |

PART F: CONDITIONS APPLYING TO WATER MANAGEMENT

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| Site Water Management Plan, AMEC, October 2005 | Site Water Management Plan, EBA, February 2011 |
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PART H: CONDITIONS APPLYING TO WASTE MANAGEMENT

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| Processed Kimberlite Management Plan, EBA, February 2006 | Processed Kimberlite Containment Area Management Plan, EBA, February 2011 |
| | Operations, Maintenance and Surveillance Manual PKCA Dams, EBA, February 2011 |
| Waste Rock Management Plan, SRK Consulting, May 2005 | Waste Rock Management Plan, EBA, February 2011 |
| Jericho Mine Wastewater Treatment Plant, O & M Manual, Dillon, 19 April 2006 | Wastewater Treatment Management Plan, EBA, February 2011 |
| Landfill Management Plan, AMEC, August 2004 | Landfill Management Plan, EBA, February 2011 |

| Submitted by TDC | Submitted by Shear |
|--|--|
| Landfarm Management Plan, AMEC, August 2004; Jericho Project Landfarm and Contaminated Snow Containment Facility Operating Manual, January 2006 | Landfarm Management Plan, EBA, February 2011 |
| Hazardous Materials Management Plan, AMEC, May 2004 | Waste Management Plan, EBA, February 2011 |

PART J: CONDITIONS APPLYING TO CONTINGENCY PLANNING

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|------------------------------|---|
| Contingency Plan, April 2007 | Contingency Management Plan, EBA, February, 2011 |
| Contingency Plan, April 2008 | Care and Maintenance Plan, EBA, January 2011 |
| | Emergency Preparedness and Emergency Response for Dame Emergencies at the Jericho Project, EBA, February 2011 |

PART L: CONDITIONS APPLYING TO GENERAL AND AQUATIC EFFECT MONITORING PLANS

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| General Operational Monitoring Plan, May 2007 | General Monitoring Plan, EBA, January 2011 |
| Quality Assurance/Quality Control, May 2007 | |
| Aquatic Effects Monitoring Plan, Mainstream Aquatics and AMEC, March 2005 | Aquatic Effects Monitoring Plan, EBA, January 2011 |

PART M: CONDITIONS APPLYING TO CLOSURE AND RECLAMATION

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| Abandonment and Restoration Plan, Jericho Diamond Mine, Nunavut, AMEC, July 2004 | |
| Closure and Reclamation Plan Update, April 2007 | Interim Closure and Reclamation Plan, EBA, February 2011 |

To assist with the review of the above submitted plans (Table1), Shear has also prepared a list of supporting documents that have been used and referenced during development of the plans submitted by Shear. This list of supporting references is presented in Attachment A.

When reviewing the water licence renewal application, it is critical to review all of the plans (Table 1) and be aware of supporting references (Attachment A), as mining projects, by their very nature, are dynamic and changeable. Jericho is no different. This project went from design to construction, production, and into temporary

suspension. Plans were developed during the environmental impact assessment phase, final environmental impact statement development, to support the Type A water licence application, during construction of the mine, in accordance with the issuance of the Type A water licence, in response to information and clarification requests, and most recently in support of the Type A water licence renewal application.

As new information becomes available and new technologies are developed, each revision of the plans not only reflects these changes but also builds from the foundation of the original plans submitted. A knowledge and understanding of the history and context for each plan is required in order to fully and comprehensively conduct a review of each plan.

We trust that the information contained within this technical memorandum assists reviewers in conducting a thorough review of the Type A water licence renewal application and an understanding of the context under which the submitted plans were developed.

Shear respectfully submits its Current Operational Plans in Table 1, in accordance with its list of commitments as agreed upon at the Pre-Hearing Conference of June 2^{1st} in Cambridge Bay.

Sincerely,



Julie Lassonde
Chairman & CEO
Shear Diamonds Ltd.
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ATTACHMENT A

Supporting References

- AMEC Earth and Environmental (AMEC), 2004. Supplemental to Water License Application Sediment Quality Update Report Jericho Diamond Project. Prepared for Tahera Diamond Corporation. 47 p.
- AMEC Earth & Environmental, 2005. Long Lake Dewatering Plan, Jericho Project, Nunavut. Prepared for Tahera Diamond Corporation, July 2005.
- AMEC Earth & Environmental, April 2005, Spill Prevention and Emergency Response-Contingency Plan, Jericho Diamond Project.
- AMEC Earth and Environmental (AMEC), 2007. Dispersion Modelling of Air Emissions From the Jericho Diamond Mine Project Air Quality Update. Prepared for Tahera Diamond Corporation. September 2007, File No. VE51295/1300
- Dillon Consulting Limited (Dillon), 2006. Jericho Mine Wastewater Treatment Plant Design Plan – Addendum, Dillon, Submitted to Tahera Diamond Corporation, January 30, 2006
- EBA Engineering Consultants Ltd., 2005. C1 Diversion – Geotechnical Design, Jericho Diamond Project, NU. Report submitted to Tahera Diamond Corporation, August 2005. EBA File No.: 1100060.006.
- EBA Engineering Consultants Ltd., 2005. Fuel Storage Facilities – Desktop Geotechnical Assessment, Jericho Diamond Project. Submitted to Tahera Diamond Corporation in February 2005, EBA File: 1100060.002
- EBA Engineering Consultants Ltd., December 2005, Landfarm and Contaminated Snow Containment Facility, Design Summary Report, Tahera Diamond Corporation.
- EBA. 2005. Jericho West Dam Design Report. Prepared for Tahera Diamond Corporation.
- EBA. 2005. Jericho Project East and Southeast Dam Design Report. Prepared for Tahera Diamond Corporation.
- EBA. 2005. Jericho Project Long Lake Divider Dyke Design Report. Prepared for Tahera Diamond Corporation.
- EBA. 2006. Jericho Project Processed Kimberlite Management Plan. Prepared for Tahera Diamond Corporation.

EBA Engineering Consultants Ltd., 2006. Fuel Storage Facilities – Set 3 Desktop Geotechnical Assessment, Jericho Diamond Project. Submitted to Tahera Diamond Corporation in April 2006.

EBA Engineering Consultants Ltd., 2006. Jericho Diamond Mine 2006 Geotechnical Inspection. Submitted to Tahera Diamond Corporation in September 2006.

EBA Engineering Consultants Ltd., 2007. Construction Specifications for Set 3 Tank Farm of Fuel Storage Facilities, Jericho Diamond Project. Submitted to Tahera Diamond Corporation in June 2007.

EBA Engineering Consultants Ltd. (EBA), 2007. East and Southeast Dams Construction Record Report, Jericho Project, Prepared for Tahera Diamond Corporation, October 2007.

EBA Engineering Consultants Ltd. (EBA), 2007. Fish Habitat Compensation Work at the Jericho Diamond Mine, Nunavut Territory – Construction and Monitoring of Eight Rock Shoals in 2007. Prepared for Tahera Diamond Mine Corporation, July 2007.

EBA. 2007. Jericho Project North Dam Design Report. Report prepared for Tahera Diamond Corporation.

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- SRK Consulting Inc. (SRK), 2003. Technical Memorandum C: Supplemental Climate and Hydrology, Jericho Project, Nunavut. Prepared for Tahera Corporation, October 2003.
- SRK Consulting Inc. (SRK), 2003. Technical Memorandum F: Site Water Balance and Load Concentration Model, Jericho Project. Prepared for Tahera Corporation, October 2003.
- SRK Consulting Inc. (SRK), 2003. Technical Memorandum G: Water Management Facilities Design Criteria Jericho Project. Prepared for Tahera Corporation, October 2003.
- SRK Consulting, 2004. Technical Memorandum N: Estimates of Receiving Water Quality for the Jericho Project, Nunavut. Prepared for Tahera Corporation, August 2004.

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