

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

NUNAVUT WATER BOARD HEARING

MATTER: 2AM-JER0410 JERICH0 PROJECT
COMMUNITY OF KUGLUKTUK

HEARING HELD AT KUGLUKTUK COMMUNITY HALL
KUGLUKTUK, NUNAVUT
VOLUME 1
NOVEMBER 30, 2011

1 APPEARANCES:

2

3 NUNAVUT WATER BOARD PANEL:

4 Mr. T. Kabloona Chair

5 Mr. L. Toomassie Member(via teleconference)

6 Mr. R. Mrazek Member

7

8 NUNAVUT WATER BOARD STAFF:

9 Ms. D. Filiatrault Executive Director

10 Mr. B. Kogvik Board Secretary/

11 Interpreter/Translator

12 Mr. D. Hohnstein Director of Technical

13 Services

14 Mr. K. Kharatyan Technical Advisor

15 Mr. E. Skiby Assistant Technical

16 Advisor

17 Ms. T. Meadows Legal Counsel

18

19 APPLICANT

20

21 SHEAR DIAMONDS NUNAVUT CORPORATION:

22 Ms. J. Lassonde Chief Executive

23 Officer

24 Mr. C. Morton Vice President of

25 Operations

26

1	Ms. S. Autut	Vice President of
2		Environment and Community
3		Affairs
4	Mr. K. Conway	Site Environment
5	Ms. C. Kowbel	Legal Counsel
6	Ms. J. Jamieson	Legal Counsel
7	Mr. G. Koop	Engineering Team Lead
8	Mr. W. Liu	Environmental Scientist
9		(EBA Engineering Ltd.)
10	Mr. B. Horne	Senior Technical Reviewer
11		(EBA Engineering Ltd.)
12	Ms. A. Rippin	Armstrong Environmental Team
13		Lead (EBA Engineering
14		Ltd.)
15		
16	INTERVENERS	
17		
18	ENVIRONMENT CANADA	
19	Ms. A. Wilson	Water Pollution
20		Specialist
21		
22	ABORIGINAL AFFAIR AND NORTHERN DEVELOPMENT	
23	Mr. B. MacIsaac	Director of Operations
24	Ms. E. Paul	Water Resources Technician
25	Ms. T. Trenholm	Policy Advisor
26		

1 Mr. H. Hartmaier Geotechnical Engineer
2 (BGC Engineering)
3 Mr. K. Bigger Engineer (BGC Engineering)
4 Ms. C. Hall Engineer (Brodie
5 Consulting)

6

7 KITIKMEOT INUIT ASSOCIATION

8 Mr. G. Clark Director of Lands and
9 Environment
10 Mr. L. Torretti Senior Environment Officer
11 Mr. S. Amablak Senior Lands Officer

12

13 INTERPRETERS/TRANSLATORS

14 Mr. J. Otokiak Inuktitut Language

15

16 Mr. T. Bourque Sound Technician

17 Ms. T. Rizzoli, (CSR)A Official Court Reporter

18

19

20

21

22

23

24

25

26

1	INDEX	
2		
3	Appearances	2
4	Discussion	7
5	Opening Remarks by Nunavut Water	10
6	Board Chair	
7	Roll Call	27
8		
9	JULIE LASSONDE, Affirmed	31
10	Presentation by Shear Diamonds	31
11	Nunavut Corporation	
12	CHRIS MORTON, Affirmed	56
13	STEPHANIE AUTUT, Sworn	62
14	ALLISON RIPPIN ARMSTRONG, Sworn	71
15	BILL HORNE, Sworn	73
16	WILLIAM LIU, Affirmed	88
17		
18	Environment Canada Questions	116
19	Shear Diamonds Nunavut Corporation	
20		
21	Evening Session	
22	Opening Remarks by Nunavut Water Board	126
23	Chair	
24	Roll Call	134
25		
26		

1	Presentation by Shear Diamonds Nunavut	136
2	Corporation	
3		
4	Members of the Community Question	170
5	Shear Diamonds Nunavut Corporation	
6		
7	Certificate of Transcription	188
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		

1 (PROCEEDINGS COMMENCED AT 9:01 AM)

2 **Discussion**

3 THE CHAIR: Good morning, everyone.

4 My name is Thomas Kabloona, and I'm the chair of
5 the Nunavut Water Board. Let me start out today
6 by saying that the Nunavut Water Board is
7 starting today's proceedings with a very heavy
8 heart. One of the members of the Board who was
9 going to be participating at this hearing as a
10 panel member received word last night of a sudden
11 death in his family, and he has returned home to
12 be with his family at this difficult time. As
13 you can imagine, our thoughts and sympathy are
14 with him and his family during their last --
15 their time of loss. With respect to how these
16 sad events will affect these proceedings, the
17 panel's structure of the Board requires at least
18 three members to hear evidence and make decisions
19 in order for the Board to have a quorum. The
20 Board has been working since last night to ensure
21 that the hearing can proceed with as little delay
22 and effect as possible to these developments,
23 including getting into contact with an alternate
24 member to take his place on this panel.
25 Unfortunately, given the location of the
26 alternate member's flight schedules, we will not

1 be able to have the alternate member attend the
2 hearing in person, but rather he will have to
3 participate by teleconference. I want to assure
4 the parties that this is the -- in keeping with
5 the past Board procedures when circumstances have
6 dictated that panel members or Board staff have
7 had to attend by teleconference due to the
8 weather-related delays and such. Reflecting
9 these developments and in order to make the
10 necessary logistical arrangements for
11 our replacement panel member to prepare and join
12 us via teleconference, we will be delaying, with
13 our apologies, the start of the hearing until
14 10:30 AM this morning so that we can ensure the
15 new panel member has received information and
16 logistical support he requires to fully
17 participate in the hearing of this matter. The
18 Board is grateful and fortunate that Mr. Lootie
19 Toomassie is able to join the panel by
20 teleconference from Iqaluit as Mr. Lootie
21 Toomassie has been involved in the hearings
22 associated with the original licence in this
23 matter, he has a familiarity with this site
24 licence and undertaking that will greatly assist
25 in his ability to participate with so little
26 notice in this way.

1 Before we break, if any of the parties have
2 concerns regarding the NWB proceeding in this
3 matter, I ask you to bring your concerns to the
4 attention of the Board executive director, Dionne
5 Filiatrault.

6 In the interim, we thank you for your
7 patience as we work to respond to these changing
8 circumstances, and we look forward to the
9 commencement of the hearing at 10:30 AM. Thank
10 you.

11 MS. FILIATRAULT: At this point, the
12 Chairman has adjourned until 10:30, and if you
13 have anything you want to add, then that's fine,
14 but otherwise I would just reconvene at 10:30.

15 MS. LASSONDE: Thank you, Mr. Chair, and
16 I just want to say that all the Shear team here
17 today, our hearts and sympathy go out to the
18 member of the Water Board at this time.

19 THE CHAIRMAN: Okay.

20 (ADJOURNMENT)

21 THE CHAIR: Good morning again. I'd
22 like to apologize that we're having some
23 technical problems getting the information out to
24 our panel member via teleconference. We will
25 reconvene at 11, and adjourn at 11:45 for lunch.
26 Thank you.

1 (ADJOURNMENT)

2 THE CHAIR: Welcome back, everyone,
3 and thank you again for your patience. I think
4 we are now good to go, so before we begin this
5 hearing, I would like to ask Alice Ayalik to do
6 the opening prayer.

7 (OPENING PRAYER)

8 THE CHAIR: Koana, Alice. Just
9 between you and me, we give you a big welcome.
10 Welcome our elder, Tommy Pigalak, to the hearing.

11 If I start to fade, you are more than
12 welcome to take your water bottle and throw it in
13 my direction to wake me up.

14 **Opening Remarks by Nunavut Water Board Chair**

15 THE CHAIR: On behalf of the Nunavut
16 Water Board, I welcome everyone to Nunavut,
17 Kugluktuk, and thank you for your understanding,
18 patience, and concern while we work to respond to
19 the events that unfolded last night. I would
20 also like to thank my colleague, Mr. Lootie
21 Toomassie, who was agreed to participate in the
22 hearing via teleconference on very short notice.
23 These events have changed the schedule for today
24 and tomorrow slightly as follows: This morning I
25 will give my opening remarks, and we will have
26 the introduction of the parties who will be

1 participating at the hearing. Time permitting,
2 the applicant will begin their presentation, and
3 we will be adjourning for lunch at 11:45 to 1:15
4 PM. This afternoon, the applicant will continue
5 their presentation, and subject to periodic
6 breaks, we'll be adjourning the hearing portion
7 of the day at 5:00. We will reconvene at 7 PM
8 tonight, back here to commence the public session
9 in association with the hearing. We will
10 reconvene the hearing at 9 AM tomorrow and will
11 continue with questions and presentations of the
12 interveners and members of the public. Please
13 direct any questions or comments regarding the
14 revised agenda and timelines to the executive
15 director, Dionne Filiatrault.

16 MS. FILIATRAULT: No. I just said I'm fine
17 with -- yeah.

18 THE CHAIR: Now, to give you some
19 background to this hearing, the Nunavut Water
20 Board, which I will refer to as "the Board" or
21 the "NWB" is an institution of public government
22 created under Article 13 of the *Nunavut Land*
23 *Claims Agreement* and is responsible for the use,
24 management, and regulation of fresh water in the
25 Nunavut settlement area. The purpose of this
26 public hearing is to review the application filed

1 by Shear Diamonds Nunavut Corporation, who I will
2 refer to as "Shear", for a renewal of a type 'A'
3 water licence in accordance with the *Nunavut*
4 *Waters and Nunavut Rights Tribunal Act* (sic).

5 The type 'A' water licence that Shear is
6 seeking to renew was originally granted by the
7 NWB to Benachee Resources Incorporated, a wholly
8 owned subsidiary of Tahera Diamond Corporation
9 and authorized the use of water and deposit of
10 waste in relation to the operation of the Jericho
11 Diamond Mine, which is located about 260
12 kilometres south east of Kugluktuk, and is about
13 30 kilometres northwest of the Lupin mine. After
14 the Board recommended the regional licence be
15 granted in December of 2004, the minister of what
16 was then Indian and Northern Affairs Canada
17 issued the original licence to Benachee Resources
18 on January 25, 2005.

19 Pursuant to Section 13.3.6 of the *Nunavut*
20 *Land Claims Agreement* and Section 29 of the
21 *Nunavut Waters and Nunavut Surface Tribunal Act*,
22 the Board has delegated its power to dispose all
23 matters related to the type 'A' licence renewal
24 application 2AM-JAR0410 for the Jericho Diamond
25 Mine project, including the conduct of this
26 public hearing, to a panel of the Board.

1 I am chairing this panel. With me today are
2 members from the panel, Board member, Ross Mrazek
3 on my right, and attending by teleconference in
4 Iqaluit, Nunavut, is Lootie Toomassie. Several
5 members -- staff members who have contributed to
6 the NWB's administration and the technical review
7 of the application are present along with legal
8 counsel to the NWB, and I will introduce the
9 individuals attending today. Dionne Filiatrault,
10 executive director; David Hohnstein, director of
11 technical services; Karen Kharatyan, technical
12 advisor; Erik Skiby, assistant technical advisor;
13 and Teresa Meadows with Miller Thomson, legal
14 counsel to the Board.

15 In addition, we have two interpreters
16 available for simultaneous translation, Ben
17 Kogvik, secretary to the Board and
18 interpreter/translator; Joe Otokiak. To ensure
19 an accurate record of the proceeding, we have
20 with us a court reporter, Toni Rizzoli. To
21 assist Toni, I ask that all parties please state
22 their name prior to speaking.

23 I would like to notify participants that in
24 the event media is present at the hearing today,
25 while we are happy that the media is here, I
26 would ask on behalf of the Board that no party

1 makes any comment regarding the Board concluding
2 on the matter in any way. It would be unfair, as
3 the Board cannot and does not comment on any
4 matter before it reaches a decision. In the
5 past, parties in other proceedings have
6 approached the media prior to the release of the
7 Board's decision, suggesting comments about what
8 the Board is going to do, either procedurally or
9 in terms of the final result. Since the Board
10 cannot comment on pending matters, either by
11 confirming or denying the accuracy of others'
12 statements to the media, the Board would
13 appreciate if all parties would refrain from any
14 such comments that may imply a certain action or
15 decision by the Board. Board members will not
16 discuss the hearing or the matter before the
17 Board with any of the parties or the media. If
18 you have any questions about the Board and its
19 practice and procedure, please speak to the
20 executive director, as she will assist you.

21 Prior to identifying and introducing all the
22 parties in attendance today, I will provide a
23 brief summary of the application before the
24 Board. On July 20, 2004, the Nunavut Impact
25 Review Board project certificate was released for
26 Jericho Diamond Mine project, pursuant to Section

1 12.5.5 of the *Nunavut Land Claims Agreement*,
2 *NLCA*. The certificate contained numerous
3 requirements to be considered during the water
4 licencing process. On December 22, 2004, the NWB
5 issued NWB1JER0410, the original licence, the
6 type 'A' mining and milling licence for the
7 Jericho Diamond Mine project to Benachee Resource
8 Incorporated, a wholly owned subsidiary
9 diamond -- Tahera Diamond Corporation to
10 authorize the use of water and deposit waste in
11 relation to the operation of the Jericho Diamond
12 Mine located approximately 260 kilometres
13 southeast of the community of Kugluktuk and 30
14 kilometres northwest of the Lupin mine. The
15 minister, subsequently, approved the issuance of
16 the licence on January 25, 2005. Between July 1,
17 2006, when commercial production was achieved and
18 2008 when the mine went into receivership, the
19 Jericho Mine produced 780,000 carats of gem
20 quality diamonds from 1.2 million tonnes of
21 kimberlite. The mine has not been operating
22 since 2008 and is currently in care and
23 maintenance.

24 On June 9, 2009, the Tahera Diamond
25 Corporation applied to assign a type 'A' water
26 licence now renumbered 2AM-JER0410 from the

1 Tahera Diamond Corporation to a new entity,
2 Benachee Resources Incorporated, no longer a
3 wholly owned subsidiary of Tahera Diamond
4 Corporation. On July 31, 2009, the NWB
5 authorized an assignment of the water licence to
6 a new licensee, Benachee Resources Incorporated.
7 In doing so, the Board required the submission of
8 several outstanding requirements of the licence,
9 including water use fees and confirmation of
10 reclamation security in the amount of 2.2
11 million.

12 A little over a year later, on July 27th,
13 2010, the sale of the Jericho Mine was agreed to
14 during court proceedings in relation to the
15 Tahera receivership. Under the court
16 proceedings, the Ontario Supreme Court of Justice
17 approved the sale of Tahera's assets, including
18 the Jericho Diamond Mine to Shear Minerals
19 Limited. In addition, the judge presiding over
20 the case directed this Board to consider the
21 application for assignment of the existing
22 licence forthwith. After a brief period of due
23 diligence, the purchase of the Jericho Diamond
24 Mine was completed by Shear Minerals Limited at
25 the end of August 2010.

26 On November 15th, 2010, the NWB received an

1 assignment request under Section 44 of the
2 *Nunavut Waters and Nunavut Surface Rights*
3 *Tribunal Act, NWNSRTA*, and associated
4 documentation from Shear Minerals Limited, who
5 requested the assignment of licence 2AM-JER0410
6 from Benachee Resources to Shear Diamonds Nunavut
7 Corporation, Shear, or applicant, a wholly owned
8 subsidiary of Shear Minerals Limited. As the
9 licence was set to expire on December 31, 2010.
10 Shear also included, with the assignment
11 application, a request that the Board consider
12 exercising their discretion under Section 174 of
13 the Nunavut -- *NWNSRTA*, which allows the NWB to
14 grant a short-term renewal of an existing licence
15 for up to a maximum of 60 days. The NWB also
16 determined that the current circumstances of
17 application, imminent expiry of the licence and
18 direction of the Court to process the amendment
19 forthwith, constituted urgent circumstances under
20 Section 55 of the *NWNSRTA*, and the Board reduced
21 the usual common period from 30 days to 10 days.

22 On December 2, 2010, the NWB assigned the
23 licence to Shear and submitted a request to the
24 Minister for consideration of the assignment and
25 approval. In addition, the Board issued a 60-day
26 short-term renewal of the licence. The

1 assignment and short-term renewal was approved by
2 the Minister on December 21, 2010.

3 On January 12, 2011, Shear Minerals Limited
4 changed their corporate name to Shear Diamonds
5 Limited. On January 31, 2011, Shear Diamonds
6 Limited, Shear, requested an amendment to the
7 term of the water licence from March 1, 2011, to
8 March 1, 2012, to be processed without a hearing
9 on an emergency basis pursuant to Sections 174
10 and 55 of the *NWNSRTA*. In the amendment request,
11 a number of issues at the mine site were
12 identified that could cause environmental impact
13 if left unattended. At that time, a care and
14 maintenance plan was also submitted with a
15 request for an amendment for the review of the
16 Board.

17 On February 18th, 2011, the Nunavut Planning
18 Commission, NPC, confirmed that the project
19 proposal falls outside the boundaries of an
20 approved land use plan, and, therefore, no review
21 was required by NPC. On February 21, 2011, the
22 NWB issued the amendment to licence 2AM-JER0410,
23 which provided a renewal of the licence for one
24 year without a public hearing. Other than
25 extending the term of the licence, there was no
26 other changes to the terms and conditions of the

1 licence. A Minister-approved amendment to the
2 term of the licence on March 1, 2011, on this
3 basis, the licence expires on March 1, 2012.

4 On February 28th, 2011, Shear submitted a
5 type 'A' water licence renewal for the Jericho
6 Mine. The following updated plans were included
7 with the renewal application: C1 diversion
8 construction summary; fuel storage containment
9 facility design plan; preliminary landfill design
10 plan; landfill management plan; preliminary land
11 form design plan; land form management plan;
12 contention sheet management plan; wastewater
13 treatment management plan; operations,
14 maintenance, and surveillance manual PKCA dams;
15 emergency preparedness and response plans for dam
16 emergencies; waste management plan; waste rock
17 management plan; interim closure and reclamation
18 plan; and 2011 dewatering plan addendum to the
19 PKCA management plan, May 2011.

20 The application was prepared and submitted
21 with the consulting support of EBA Engineers
22 Consulting Limited. Copies of the above
23 mentioned submissions are available at NWB's FTP
24 site.

25 Eric Skiby, our technical advisor has
26 made available for public viewing at this hearing

1 a hard copy of each submission on this file and
2 has been received to date. If you are interested
3 in reviewing any of this documentation, please
4 see Erik.

5 On March 21, 2011, NWB acknowledged receipt
6 of the application and asked interested parties
7 to review the scope and completeness of the
8 information provided, as well as identify
9 deficiencies.

10 By April 29th, 2011, the Board received
11 comments on the completeness of the application
12 from Aboriginal Affairs and Northern Development
13 Canada, AANDC; Environment Canada, EC; Department
14 of Fisheries and Oceans, DFO; and the Kitikmeot
15 Inuit Association.

16 On May 11, 2011, based on the comments we
17 received from the interested parties and
18 discussions with the Nunavut Impact Review Board,
19 which has jurisdiction over the pre-licencing
20 environmental screening or review of the
21 application, the NWB determined that the
22 application could proceed to the next steps in
23 the NWB regulatory process and in accordance with
24 Section 55, inviting interested persons to
25 complete a full technical assessment of the
26 application, making representation to the NWB by

1 mid-June.

2 On March 30, 2011, the Board Jericho panel
3 directed the NWB staff to hold a technical
4 meeting and pre-hearing conference in Cambridge
5 Bay on June 20 and 21, 2011. By June 14, 2011,
6 the Board was in receipt of written submissions
7 from AANDC, EC, and DFO by June 16th. AANDC
8 and KIA confirmed they would be in attendance at
9 the technical meeting and pre-hearing conference.

10 On the morning of June 20, 2011, the NWB
11 held an informal technical meeting, TM, in
12 Cambridge Bay, in which the applicant,
13 interveners, and community members were invited
14 to participate to discuss and seek resolution of
15 issues raised during the technical review of the
16 application. During the TM, the NWB
17 staff compiled a list of commitments made by the
18 various parties that were carried forward to the
19 discussion of the pre-hearing conference held the
20 next day. On the evening of June 20, a community
21 session was held at the same venue. The
22 following morning, June 21, 2011, the PHC was
23 held with the applicant, community members,
24 interveners who also participated. The
25 PHC addressed several matters related to this
26 public hearing, including establishing, 'A', time

1 table for the exchange of information; 'B', the
2 list of issues to be dealt with at the hearing;
3 'C', identification of interested parties; 'D',
4 desirability of amending an application for the
5 purpose of clarification; and 'E', the procedures
6 to be followed in the hearing.

7 July 4, 2011, the NWB issued a pre-hearing
8 conference decision, in which set out a deadline
9 of no later than August 15th, 2011, for the
10 receipt of Shear's response to several comments
11 made in the TM and PHC. In this decision, the
12 Board also requested the written submissions by
13 interested parties complete with executive
14 summary in English, Inuktitut, and Inuinnaqtun be
15 filed with the Board no later than September 23,
16 2011. In its decision, the Board also confirmed
17 October 12 and 13, 2011, as the date for the
18 public hearing.

19 The notice -- a public hearing was issued
20 officially July 12, 2011, in local newspapers and
21 on bulletin boards in the affected communities.
22 On July 15th, 2011, Shear filed the following
23 documents in response to the list of commitments
24 developed and accepted during the technical
25 meeting and pre-hearing conference: technical
26 memorandum 'A', schedule of monitoring; technical

1 memorandum 'B', current operational plans-Jericho
2 diamond mine; technical memorandum 'C', proposed
3 changes to the aquatic effects monitoring plan;
4 technical memorandum 'D', operation commitments.

5 On July 31, 2011, Shear submitted to the
6 Board the following document: technical
7 memorandum 'E', landfill and sludge pit location
8 addendum to landfill management plan. On August
9 15th, 2011, the following additional documents
10 were submitted: technical memorandum 'F', on
11 site nitrite and TSS analysis methods; technical
12 memorandum 'G', proposed PKCA effluent discharge
13 criteria; technical memorandum 'H', final
14 specifications of the hydrocarbon contact water
15 remediation unit; executive summaries for
16 previously filed plans; Jericho site cost
17 estimate, Inuit-owned lands dated December 22,
18 2010, prepared by NUNA Logistics;
19 Jericho site reclamation cost estimate, Crown
20 owned lands dated August 5, 2011, from NUNA
21 Logistics; life of mine water balance summary
22 sheet; letter 1, general commitment number 17,
23 proposed amendments to the existing terms and
24 conditions and any proposed discharge criteria
25 for the project; letter 2, request for extension
26 related to general commitment number 16,

1 operational commitments list; updated plan,
2 processed kimberlite area management plan with
3 the operations, maintenance, and surveillance
4 manual, OAS, PKCA dams.

5 On August 19th, 2011, and August 22, 2011,
6 respectively, the NWB received the following
7 submissions: technical memorandum 'G', proposed
8 PKCA effluent discharge criteria amended;
9 technical memorandum 1, general commitment number
10 16, operational commitment list 2, two-year
11 implementation schedule.

12 On September 15th, 2011, received the
13 following submissions: technical memorandum 'J',
14 water surface management, C4 diversion; and
15 annual geotechnical inspection report.

16 I wish to remind everyone again that copies
17 of these documents are available from NWB's FTP
18 site, and if you want to receive a hard copy of
19 the documents, please see Erik.

20 On August 23, 2011, the Nunavut Impact
21 Review Board approved Shear's request to change
22 the name of the holder of the Jericho Project
23 Certificate [002] to Shear Diamonds Nunavut
24 Corporation.

25 On September 14th, 2011, the Kitikmeot Inuit
26 Association requested one-week extension for the

1 submissions of the deadline from September 23,
2 2011, to September 30, 2011, in order to complete
3 their representation on the application.

4 On September 15th, 2011, Shear requested
5 that the Board postpone the public hearing
6 scheduled for October 12 and 13 to a later date,
7 no later than December 15th, 2011, in order to
8 allow Shear and Kitikmeot Inuit Association
9 adequate time to discuss the matters of mutual
10 interest that relate to the mine.

11 On September 20, 2011, the Board met to
12 consider the two requests associated with the
13 application and the hearing. After consideration
14 of these requests and the comments received, the
15 Board decided to postpone the hearing until
16 November 30 and December 1, 2011. The Board
17 requested the written submissions of the
18 interested parties complete with an executive
19 summary in English, Inuktitut, and Inuinnaqtun
20 filed with the Board by November 15th, 2011. A
21 public -- a notice of public hearing postponement
22 was issued officially on September 20, 2011, in
23 local newspapers and bulletin boards in affected
24 communities.

25 On the week of October 31, 2011, radio
26 announcements became airing on the local radio

1 station in Kugluktuk. Based on the application,
2 written submissions received that the information
3 exchanged at the TM/PHC, the NWB staff identified
4 the following issued to be addressed at the
5 hearing: 1, dilution model; 2, effluent
6 discharge criteria; 3, processed kimberlite
7 containment area management; 4, waste rock; 5,
8 waste, solid, hazardous bulky metal management;
9 6, waste rock management (sic) -- pardon me. I'd
10 like to take a five-minute break to catch my
11 breath.

12 MS. FILIATRAULT: Mr. Chairman, it is ten to
13 12, and the hotel is, I think, serving the meals
14 for many of the participants that are at the
15 hearing, and they're only starting to serve at 12
16 until 1:00 on a first-come, first-served basis,
17 so it would be my recommendation to you,
18 Mr. Chairman, that you adjourn until 1:15 to
19 allow people to have lunch and then conclude your
20 opening remarks first thing this afternoon.

21 THE CHAIR: Okay. We'll see you back
22 here at 1:15.

23 (LUNCHEON ADJOURNMENT AT 11:55 AM)

24 (PROCEEDINGS RESUMED AT 1:18 PM)

25 THE CHAIR: Welcome back. To carry on
26 where I left off this morning before lunch, item

1 number 7, aquatic effect monitoring; 8,
2 contingency management; 9, abandonment and
3 restoration; 10, liability cost estimate,
4 security requirements; 11, monitoring.

5 Written submissions for this hearing have
6 been received from Kitikmeot Inuit Association,
7 Aboriginal Affairs and Northern Development
8 Canada, Environment Canada, and then Department
9 of Fisheries and Oceans Canada. If I have missed
10 the written submission of any intervener, please
11 let me know.

12 **Roll Call**

13 THE CHAIR: If there are no concerns,
14 I would like to move forward to a roll call. I
15 will begin the roll call with the applicant,
16 Shear Diamonds Nunavut Corporation. Please
17 introduce yourselves.

18 MS. LASSONDE: This is Julie Lassonde.

19 MR. MORTON: I'm Chris Morton.

20 MS. AUTUT: Good afternoon, Stephanie
21 Autut.

22 MS. LASSONDE: Mr. Chair --

23 THE CHAIR: Thank you.

24 MS. LASSONDE: Sorry, do introduce our
25 consultants as well, representing here on behalf
26 of Shear?

1 THE CHAIR: I can't hear you.
2 MS. LASSONDE: We can or --
3 MS. FILIATRAULT: Yes.
4 MS. LASSONDE: Okay. So I'm -- we also
5 have joining us today Allison Rippin Armstrong,
6 Bill Horne, William Liu, Gary Koop, and also, not
7 present at this particular moment, is Kyle Conway
8 from Shear Diamonds.
9 THE CHAIR: Thank you. Next we have
10 Environment Canada.
11 MS. WILSON: It's Anne Wilson from
12 Environment Canada.
13 THE CHAIR: Thank you. Aboriginal
14 Affairs and Northern Development Canada.
15 MR. MACISAAC: Thank you, Mr. Chairman.
16 I'm Bernie MacIsaac, and with me today are Andrew
17 Campbell for the Department of Justice for the
18 Federal Government; Tanya Trenholm, with
19 Aboriginal Affairs and Northern Development; Eva
20 Paul, Aboriginal Affairs and Northern
21 Development; Cassandra Hall, one of our
22 consultants; Holger Hartmaier, one of our
23 consultants; Kevin Bigger, one of our
24 consultants. That's it.
25 THE CHAIR: Thank you. Kitikmeot
26 Inuit Association.

1 MR. AMABLAK: Thank you, Mr. Chairman.
2 My name is Stanley Anablak. I'm the senior lands
3 office for KIA. We also have Luigi Torretti, who
4 is our environmental -- senior environmental
5 officer, and our director Geoff Clark. Koana.

6 THE CHAIR: Thank you. It is with
7 regret that I must inform those in attendance at
8 the hearing and on the phone that the following
9 parties are not in attendance at the hearing
10 today: Department of Fisheries and Oceans,
11 Government of Nunavut Department of Environment,
12 and Government of Nunavut Department of Culture,
13 Language, Elders and Youth. If any other
14 interveners would like to speak, please identify
15 yourselves.

16 BARBARA ADJUN: Good afternoon, my name is
17 Barbara Adjun, and I am the manager for the
18 Kugluktuk Hunters and Trappers Organization, just
19 to let you know who I am, and I'll be listening
20 in for a couple of days, along with another Board
21 member. His name is Tommy Pigalak. He's the
22 elder that you acknowledged. He's a board of
23 director. Thank you.

24 THE CHAIR: Thank you. Anybody else?
25 It is our tradition to give respect to our
26 elders. Therefore, at any time during the

1 proceedings an elder may speak to an application
2 on file.

3 Are there any other members of the general
4 public who would like to identify themselves?
5 Are there any representatives from agencies,
6 associations, et cetera who have not submitted
7 interventions but would like to speak? Before
8 proceeding, I would like to request that all
9 parties register with Erik Skiby, NWB's assistant
10 technical advisor at the entrance side table.

11 I will now proceed with the identification
12 of any motions as to registries or any objections
13 to the application that is before the Board.

14 We will now proceed with item 8 of the
15 agenda, the presentation by the applicant. The
16 applicant has requested to make a brief
17 presentation on the application before the Board.

18 Ms. Lassonde, how long will your
19 representatives require?

20 MS. LASSONDE: Mr. Chair, we expect it to
21 be approximately three hours.

22 THE CHAIR: Thank you.

23 Participants are reminded to state their name
24 prior to speaking to assist the stenographer in
25 keeping an accurate record. Thank you.

26 Teresa, please swear or affirm the witness.

1 **JULIE LASSONDE, Affirmed**

2 THE CHAIR: Thank you, Teresa.

3 Ms. Lassonde, if you could go on with your
4 presentation.

5 **Presentation by Shear Diamonds Nunavut**
6 **Corporation**

7 MS. LASSONDE: Thank you, Mr. Chair.

8 Good morning -- good afternoon, members of the
9 Board, staff, elders, members of the public, and
10 all interveners joining us today. I am pleased
11 to be here today to speak to you about the
12 renewal of the Jericho Diamonds Mine type 'A'
13 water licence. My name is Julie Lassonde, and I
14 am the chair and CEO of Shear Diamonds Limited.
15 I will be taking the lead on our presentation
16 today, but I will be having members of the Shear
17 team speaking to certain issues in their
18 particular field of expertise throughout.

19 To that end, Mr. Chair, I would like to get
20 underway. This is the agenda for our
21 presentation today. Slide 2 and moving on to
22 slide 3. First, I'd like to introduce the team
23 that is here today. There's myself, with over 15
24 years of experience in the mining industry in
25 various capacities, including civil engineer,
26 investment banker, risk manager, and senior

1 management. Stephanie Autut, I dare say she does
2 not require an introduction, but on the offchance
3 that a few of you have never met her, Stephanie
4 is the ex-executive director of the Nunavut
5 Impact Review Board. She has been involved in
6 some capacity or other with the Jericho project
7 since its inception. Shear is very fortunate to
8 have had her join us earlier this year. To my
9 left is Chris Morton. He is Shear's vice
10 president of operations. Chris worked previously
11 for Tahera in the plant while Jericho was in
12 production in 2007. He is also responsible for
13 setting up Kennecott's small diamond processing
14 plant in Thunder Bay. Shear is very fortunate to
15 have him as we -- as he was one of the last
16 people at the Jericho site prior to its temporary
17 shutdown under Tahera management, and as a
18 result, has important knowledge as to how the
19 plant shut down. From the perspective of
20 restarting Jericho, this is critical knowledge to
21 the company. Chris's processing expertise and
22 his intimate understanding of the Jericho
23 kimberlite have made invaluable contributions to
24 the design and future plans for Shear to some day
25 restart Jericho. Mr. Kyle Conway, who is
26 back there somewhere, is Shear's environmental

1 coordinator. He comes to us after many years of
2 travel worldwide, as you can see from his
3 picture, which was taken in the wild jungles of
4 Costa Rica. Kyle is passionate about preserving
5 the natural beauty that Mother Earth provides us
6 with and very wisely decided that one of the best
7 ways of doing that was to join a mining company.
8 He is never afraid to remind us of the importance
9 of considering potential effects during design
10 and conceptual phases of any of our undertakings.

11 Shear's team continues to grow, and I'd like
12 to make mention of those who are not here today,
13 as they are back home watching the fort either in
14 Toronto or at site. There is Pamela Strand, our
15 president; Martha Sabogal, our head of HR;
16 Richard Belfer, our chief financial officer; and
17 Kelly Fearman, investor relations. At the mine
18 site, we have Joe Leil, who is the assistant site
19 manager. There's also Jim Kane, the cross shift
20 assistant site manager, and Christina Seitz, the
21 site administrator and site human resources.

22 I'd like to make special mention of our
23 beneficiaries that are all past employees of
24 Tahera and whose past knowledge of the project
25 have made them invaluable resources to Shear.
26 The first time I flew to site is also the first

1 time I met Andy. We had been told that he was
2 the individual to give the Shear team the
3 inaugural tour of our purchase. He has been with
4 us since just prior to the purchase of Jericho
5 and is an important part of our tight-knit
6 family. Then there are the brothers Oniak.
7 Arthur joined us first in February of this year,
8 shortly followed by his brother, Raymond. Both
9 worked at the Jericho project previously. I have
10 personally worked alongside both Raymond and
11 Arthur. It's been a pleasure to learn from these
12 gentlemen about Jericho and to share in the
13 satisfaction of some pretty signature milestones
14 for Shear and Jericho. Raymond showed me how to
15 clean the grease tables the first time we
16 restarted the recovery portion of the plant.
17 Arthur and I moved -- together moved material
18 from the recovery reject pile to the newly
19 installed mini rolls crusher.

20 I'd also like to point out -- I'm on slide
21 6, 6 -- the continuity that Shear has with
22 respect to the Jericho Diamond Mine. Chris
23 Morton, as I mentioned earlier, was a previous --
24 previously at the Jericho project under Tahera
25 management and has intimate knowledge of the
26 project. Joe Leil, the assistant site manager,

1 was also with Jericho while it was under previous
2 management and has comprehensive knowledge of the
3 project. Also, I need to make mention that
4 Stephanie Autut, obviously, has significant
5 knowledge of the Jericho project, as she was part
6 of the renewal process for the original
7 application for Jericho.

8 Moving on to slide 7, just to reidentify our
9 technical team, we have Mr. Bill Horne, our --
10 from -- these are all consultants from EBA
11 Engineering. Mr. Horne is our senior technical
12 reviewer; Mr. Gary Koop, our engineer team lead;
13 Ms. Allison Rippin Armstrong, our environmental
14 team lead; and Mr. William Liu, our environmental
15 scientist. Also here today that I'd like to just
16 make mention of is our legal counsel from Lawson
17 Lundell, Ms. JoAnn Jamieson and Ms. Christine
18 Kowbel.

19 Shear has a significant support network, and
20 these include the firms: EBA Engineering, SRK
21 Consulting, Rescan, Dyno-Nobel, DRA Engineering,
22 McCarthy Tétrault, Lawson Lundell, QDC or Det'on
23 Cho Logistics, NUNA Logistics.

24 I'd like to begin with the history of the
25 project. I'm now in slide 11. The project
26 certificate for the Jericho Diamond Mine was

1 issued on July 20th, 2004.

2 I realize, Mr. Chair, you went over a lot of
3 this previously, but I think it stands to -- it's
4 important enough that we'll still go over it. Is
5 that okay?

6 THE CHAIR: Please go ahead.

7 MS. LASSONDE: Thank you. The public
8 hearing for the original water licence was held
9 December 6th and 7th, 2004. The date of the type
10 'A' water licence, NWB1JER0410, December 20th --
11 21st -- pardon me -- 2004, with an effective date
12 of January 25th, 2005. The Jericho Diamond Mine
13 was constructed in 2005 and 2006. The mine went
14 into commercial production on July 1st, 2006.
15 The mine operated for 24 months and produced
16 780,000 carats of gem quality diamonds. Tahera
17 went into bankruptcy protection on January 10th
18 in 2008. Jericho was temporarily shut down --
19 has been temporarily shut down since June 2008.
20 Aboriginal Affairs and Northern Development
21 Canada assumed responsibility for the site at
22 this time. Shear acquired Jericho August 27th,
23 2010. At this time, the water licence was due to
24 expire on December 31st, 2010, and post some
25 critical issues to Shear. Shear immediately
26 began discussions with the Nunavut Water Board

1 and the Aboriginal Affairs and Northern
2 Development Canada to determine how best to
3 proceed with the renewal of the water licence.

4 In discussions that began October 2010, a
5 staged approach with commitments from the company
6 was decided to be the best way forward. These
7 discussions were held with the Aboriginal Affairs
8 and Northern Development Canada, the Nunavut
9 Water Board, the Nunavut Impact Review Board, the
10 Kitikmeot Inuit Association, and Shear. We were
11 to discuss the application to assign the type 'A'
12 water licence, an emergency amendment request,
13 and finally the type 'A' water licence renewal
14 labelled 2AMJER0410. Shear has worked closely
15 with the regulators within an aggressive
16 timeframe.

17 On November 15th, 2010, Shear submitted an
18 assignment request. This included a completed
19 application, a full compliance assessment of the
20 property, and a cover letter, which included a
21 request for a 60-day extension for the water
22 licence. The assignment and the 60-day extension
23 was granted to Shear on December 1st, 2010. The
24 water licence was extended to March 1st, 2011.

25 On January 31st, 2011, Shear submitted an
26 emergency amendment request, which included:

1 identifying four most critical action items that
2 if left unattended would constitute an emergency
3 situation; a care and maintenance plan in
4 accordance with schedule J2A of the water
5 licence; including the following plans: a site
6 water management plan, a processed kimberlite
7 containment management plan, general monitoring
8 plan, and aquatic effects monitoring. In
9 addition, we submitted a work plan describing the
10 activities to be taken by Shear over the next
11 year. The emergency amendment request was
12 granted March 1st, 2011, for a term of one year.
13 The applications for the type 'A' water -- type
14 'A' water licence renewal application was
15 submitted February 28th, 2011. These included
16 the following supporting documents: number 1, an
17 emergency preparedness and response plan for dam
18 emergencies; number 2, a C1 diversion
19 construction summary report; number 3, a
20 contingency management plan; number 4, a fuel
21 shortage containment facility design plan; number
22 5, interim closure and reclamation plan; number
23 6, landfarm management plan; number 7,
24 preliminary landfarm design plan; number 8,
25 preliminary landfill design plan; number 9, waste
26 management plan; number 10, waste rock management

1 plan; number 11, wastewater treatment management
2 plan; and number 12, the OMS manual.

3 We're now on slide 18, 18. There was a
4 technical meeting and pre-hearing conference held
5 in Cambridge Bay June 20th and 21st of this year.
6 The technical submissions received -- we received
7 technical submissions from Aboriginal Affairs and
8 Northern Development Canada, Environment Canada,
9 and Department of Fisheries and Oceans. Shear
10 provided a PowerPoint presentation at this time
11 with written response to the submissions. A
12 table of commitments was also developed at this
13 time. Since the technical hearing, we have made
14 additional submissions. These include the
15 technical memos 'A' through 'I': 'A', schedule
16 of monitoring activities; 'B', current
17 operational plans; technical memo 'C', proposed
18 changes to the aquatic effects monitoring plan;
19 technical memo 'D', operational commitments; 'E',
20 landfill and sludge pit location addendum; 'F'
21 onsite nitrate and TSS analysis methods -- sorry,
22 TSS is total solids -- total suspended solids;
23 'G', proposed processed kimberlite containment
24 area effluent discharge criteria; technical memo
25 'H', final specifications of the hydrocarbon
26 contact water remediation unit; and technical

1 memo 'I', two-year implementation schedule.

2 We're now moving on to slide 20. Again,
3 additional submissions since the technical
4 meeting also included a processed kimberlite
5 containment area management plan, executive
6 summaries for plans previously filed. Also there
7 was a letter dated August 15th, 2011, in response
8 to general commitment number 17, proposed
9 amendments to existing terms and conditions and
10 any proposed discharge criteria for the project.
11 Other correspondence submitted August 15th
12 included the Jericho site reclamation cost
13 estimate for Inuit-owned lands and Jericho site
14 reclamation cost estimate for Crown lands.
15 The life of mine water balance summary sheet was
16 also submitted. Shear has addressed all the
17 items that were requested in the table of
18 commitments from the pre-hearing conference.

19 I'd like to now move into a section called
20 "Who is Shear?" I think it's important to
21 address why Shear bought Jericho. On this slide
22 22, I outline the major reasons. First of all,
23 it would become the flagship asset in the Shear
24 company, with 100 percent ownership of the past
25 producing Jericho Diamond Mine. It contained --
26 Jericho contains today a current resource of

1 approximately 3 million carats. There is also
2 excellent exploration potential. Jericho has
3 over \$200 million invested in its infrastructure
4 and a fully functional camp. It is in Nunavut, a
5 mining favourable jurisdiction. The experienced
6 management team has a strong record with over 50
7 cumulative years of operating in the north,
8 and finally Shear brings processing expertise
9 that enables optimization of diamond recovery.

10 THE CHAIR: Excuse me.

11 MS. FILIATRAULT: Mr. Chairman, just as a
12 matter of the process of getting the materials to
13 the Board member that's not here, he has to
14 switch emails, so if we could just pause for just
15 one second to confirm that he's now opening the
16 second set of emails for the presentation. So I
17 don't think we need a break, Mr. Chairman, but
18 just a couple of minutes to confirm that he's got
19 the proper slides.

20 THE CHAIR: Five minutes.

21 MS. FILIATRAULT: Lootie, can you hear us?

22 Of course we caught you when --

23 MR. BOURQUE: Go ahead.

24 MS. FILIATRAULT: Lootie, if you're on the
25 line, can you confirm that you are at and have
26 slide 22 open.

1 MR. TOOMASSIE: Yeah, I have it open.

2 MS. FILIATRAULT: We're good to go,

3 Mr. Chairman. Thank you.

4 THE CHAIR: Please go ahead.

5 MS. LASSONDE: Thank you, Mr. Chairman.

6 Thank you, Dionne.

7 Ultimately, I think the question is, Why
8 diamonds? And I think the diamond market
9 dynamics today, specifically with relation to why
10 Shear bought Jericho, if we can look here on the
11 left-hand side of the screen, there is a graph
12 that demonstrates the rough diamond market. In
13 short, demand is increasing, particularly from
14 the emerging markets, such as China and India,
15 who, only ten years ago, accounted for less than
16 10 percent of all gem quality stones purchased
17 on -- purchased worldwide. Today China has
18 surpassed the United States as the single largest
19 purchaser of gemstones, diamond quality -- sorry,
20 gem quality diamonds. Supplies are also
21 declining. If you look at the graph with the
22 light grey filled-in area, you can see that this
23 is the supply from all current diamond mines in
24 production today. There is a significant decline
25 that occurs over the next five to ten years. If
26 we were to include -- and this is the dark grey

1 area of the graph also filled in, it shows that
2 even if we were to include all the diamond mines
3 that could possibly go into production in the
4 next five to ten years, that we would still be
5 significantly undersupplied, considering the
6 demand, which is the light blue line. On the
7 right, rough diamond prices have significantly
8 increased, and this is an estimate that was
9 performed by Alrose; however, just to speak to
10 this a little more comprehensively, what I can
11 tell you is that as of May 2009 to today, diamond
12 prices have increased by 300 percent. This is a
13 significant number and really points to the fact
14 that the demand is increasing and significantly
15 outstripping supplies and will continue to do so
16 in the foreseeable future.

17 We are now moving on to slide 24, 24. Shear
18 is not just a single-asset company. We have
19 other assets and -- in the pipeline, and it shows
20 the depth and breadth that Shear plans to be here
21 for the long haul. Churchill is an advanced
22 stage project with over 88 kimberlites on its
23 property that were discovered by our president,
24 Pamela Strand. Jericho also -- the purchase of
25 Jericho also came with the Great Bear assets,
26 which are diamond assets surrounding Jericho and

1 in the general vicinity of the Jericho area.
2 Jericho obviously itself is in development.
3 Shear has over 120 kimberlites on its properties
4 throughout Nunavut at this time.

5 Moving on to slide 25. Shear is clearly
6 Nunavut focused, especially if you look at this
7 map here, and you can see that all our projects
8 are currently in Nunavut. We feel that Nunavut
9 is extremely mining friendly, and Nunavut is
10 seeking sustainable future through the mining.
11 The permitting process is well-defined as we can
12 see here today. We also have strong partnerships
13 in place with the Kitikmeot Inuit Association,
14 Aboriginal Affairs and Northern Development
15 Canada, the Government of Nunavut, and the
16 Nunavut Resource Corporation. In February of
17 2011, we signed a memorandum of understanding
18 with the NRC. We also believe that Nunavut has
19 significant underexplored geology, and it speaks
20 to the excellent future potential of discovery in
21 Nunavut.

22 Moving on to slide 26 -- 26. Shear is
23 committed to being an environmental leader, and I
24 think that this statement is important for us to
25 say that it's Shear's corporate social
26 responsibility. Shear Diamonds is committed to

1 being a leader in environmental sustainability
2 while integrating environmental considerations
3 into our business. Shear employees exemplify
4 environmental stewardship through the application
5 of sound judgment, best practices, meeting and
6 exceeding regulatory requirements, and minimizing
7 any adverse effects Shear's activities may have
8 on the environment.

9 Shear also has an environmental track
10 record. Shear won the Thomas Kudloo Award in
11 2007. Shear also won the environmental
12 stewardship award from the Kivalliq Inuit
13 Association in 2007 and also won a community
14 award from NTI in 2006.

15 Moving on to more specific information about
16 the Jericho Diamond Mine. I'm now on slide 29.
17 Jericho was discovered in 1995, and exploration
18 and development was taking place at the Jericho
19 site between 1998 and 2004. Between 2005 and
20 2006, the construction of Jericho was underway
21 with over 350 million invested in its
22 infrastructure and exploration. Between 2006 and
23 2008, Jericho was operated by the Tahera Diamond
24 Corporation with 1.5 million tonnes of ore mined,
25 1.2 million tonnes of ore processed, and
26 resulting in 780,000 carats recovered. In 2008,

1 Tahera was granted bankruptcy court protection
2 and suspended operations at site. In 2007, Shear
3 completed a court-sanctioned transaction to
4 acquire the Jericho Diamond Mine. This is what
5 Jericho looks like today and what came with the
6 purchase of the Jericho assets. Over \$200
7 million was invested in its infrastructure.
8 Labelled number 1, which is this blue building
9 here, is the 2,000 tonnes per day diamond
10 processing plant. Number 2, the smaller blue
11 building is the truck maintenance shop. Number 3
12 is the fuel farm. Number 4 are the staff offices
13 and accommodations for 225 people. Number 5 is
14 the Jericho open-pit mine, and number 6, not
15 pictured here, is a year-round airstrip. Jericho
16 has excellent project access via air and winter
17 road. We also have our operating permits in
18 place, as you know. Speaking to Jericho's
19 economic viability and economics, Jericho
20 produced some very beautiful diamonds and also,
21 more importantly, over 1,000 gemstones greater
22 than 10 carats. A 59-carat gem was discovered
23 and sold in 2007 for \$450,000. Just to speak
24 again of the strength of the diamond market -- to
25 the rough diamond market today, that gemstone
26 would have sold today for approximately 750 to

1 \$800,000.

2 I'm now moving on to slide 32. This is a
3 summary and highlight of the Jericho project.
4 Shear owns 100 percent of the Jericho Diamond
5 Mine. It previously was in production between
6 2006 and 2008. As I mentioned earlier, there was
7 1.5 million tonnes worth of kimberlite processed
8 and 1.2 million tonnes worth of -- sorry, mined
9 and 1.2 million tonnes worth of kimberlite
10 processed. Of that we -- Tahera recovered a
11 total of 780,000 carats. Previous investment in
12 the entire project totals an approximate of \$350
13 million. There is 1.8 and 1.3 million carats in
14 various indicated and inferred resources. Just
15 to speak to that briefly, indicated and inferred
16 is just a suggestion of higher probability, its
17 various levels of probability, and it's a
18 function of a government regulatory governed
19 geological resource definition.

20 On the left, on slide 33, is the old model,
21 and this is the model that we did our due
22 diligence on prior to the purchase of Jericho.
23 We knew that there was some work that was left to
24 be done, and you can see that the new model in
25 2011 is although similar in width at the top has
26 significant changes near the base of the pipe.

1 We believe it is wider, and we look forward to
2 significant resource upside potential.

3 Okay. I'm on slide 34. I think this is the
4 guts of Jericho for the next 18 months. So at
5 the top here on the -- in the top left-hand box,
6 there's a -- I discuss an 18,000 tonnes recovery
7 reject pile. This pile is, as a result, of
8 processing -- incomplete processing that the
9 plant itself was unable to process, and if you
10 look on the right-hand side, the top right is
11 called an eclogitic mantle nodule. It is 20
12 percent diamondiferous. There are -- the red
13 stones in there are garnets, and the green stone
14 or green mineral is chrome diopside. Those are
15 called indicator minerals, and are always
16 associated with kimberlite, not necessarily
17 diamondiferous, but in this case, very much so.
18 Jericho is a very rare product of Mother Earth,
19 and no other diamond mine on the planet produces
20 this exact kind of eclogite nodule. There's only
21 one other diamond mine that does produce eclogite
22 nodules, and that's in South Africa. It's called
23 the Roberts Victor Mine. This particular -- the
24 interesting thing about this is it makes it very
25 difficult to crush and very difficult to process,
26 and this is one of the issues that Tahera most

1 definitely had. So in late 2007, Tahera
2 performed an audit on this recovery reject pile,
3 and 4,000 kilos were processed in an audit and
4 recovered over 14-and-a-half carats per tonne.
5 Earlier this year, Shear undertook its own audit
6 of this same stockpile with 300 kilos and recover
7 11.3 carats per tonne. Most importantly -- and
8 this is on the bottom -- we were able to restart
9 the recovery reject -- the recovery portion of
10 the plant, so that's the last third of the
11 diamond processing plant at site, and we
12 processed 22 wet tonnes through the recovery
13 portion and recovered 200 carats, so that gives
14 us an approximate of 10 carats per tonne. 20 dry
15 tonnes -- it would be 20 dry tonnes, the
16 equivalent of.

17 Speaking to the milling issues, Tahera had
18 expected to recover approximately 1.05 carats per
19 tonne. However, over the two-year period they
20 were in production, their average recovery rate
21 only accounted to .62 carats per tonne. We have
22 spent the last year at Shear trying to assess and
23 identify areas that we can improve upon.
24 Certainly we have found those, and these include
25 the re-engineering of the front end crushing
26 circuit. The additional installation of two

1 X-ray machines and a grease table. In the
2 original Tahera design, there was actually four
3 X-ray machines and three grease tables. However,
4 due to financial constraints, Tahera was only
5 able to install two X-ray machines, and two
6 grease tables. We intend to rectify that. Also,
7 additional -- significant additional
8 metallurgical work must be performed on the
9 kimberlite to assess the possible need for larger
10 cyclones, and finally, there is an important
11 piece of machinery in the plant that needs
12 service and rehabilitation, the HPGR, the high
13 purchase grinding rolls.

14 Finally, this slide is to address questions
15 that we get the most often, I would have to say,
16 the top ten questions we get and possibly how
17 Shear can mitigate these various factors and
18 issues that have arisen over the course of the
19 last year or through examination of Tahera's
20 issues. First of all, Tahera's original
21 feasibility was based on a Canadian/U.S. dollar
22 exchange rate of 65 cents. When they went into
23 production in 2006, the Canadian dollar had
24 reached parity so a dollar for a dollar. Today
25 we still stand at that same dollar, and it has
26 been rather stable over the course of the last

1 five years -- four years. This gives us some
2 comfort that that foreign exchange
3 movement wouldn't be as dramatic, and we wouldn't
4 see as dramatic, and the reality is if we did see
5 a change, it would be a downward exchange rate,
6 which would actually increase the feasibility of
7 Jericho today. Diamond prices over the course of
8 2006 and 2007, when Tahera was in production,
9 were strong, not overly strong. They were flat,
10 but I think that Tahera had hoped that perhaps
11 those diamond prices might make up for the lack
12 of profitability due to the negative foreign
13 exchange movement. Unfortunately, that was
14 not -- that did not occur. Of course, a diamond
15 mine can't be productive if it doesn't recover
16 the diamonds it's supposed to, and there's no
17 doubt that analysis and re-engineering of the
18 diamond recovery we plan to ensure that we
19 recover all of the diamonds will make a large
20 difference in the profitability.

21 As I showed you earlier, in comparison to
22 the old model and the new model, the geological
23 controls at Tahera left something to be desired.
24 In that case, Shear has done significant work
25 with diamond geologists, and we will continue to
26 do so. We commit to having a mine geologist on

1 site during commercial production.

2 Finally, I think the last, sort of, major
3 issue that Tahera faced was its lack of controls
4 on its contractors. Tahera's total employees
5 only amounted to 20 percent versus the number of
6 contractors that were used at site and in various
7 capacities. Shear most definitely will be
8 running the operation, and Shear does have
9 effective management and contractor management.

10 Finally, to go back to the fact that Shear
11 is not just all about Jericho. We do have other
12 assets, and I'd like to just outline those. I'm
13 on slide 37, moving to slide 38 now.

14 MS. FILIATRAULT: Mr. Chairman, if I could
15 interrupt for a second, the member from this
16 morning is due to depart. I don't know if you
17 want to just take five minutes to see him off,
18 and if that's okay with the parties, just to give
19 the Board five minutes, with your indulgence,
20 Mr. Chairman.

21 THE CHAIR: Are you okay with that
22 five-minute break?

23 MS. LASSONDE: Absolutely, Mr. Chair.

24 THE CHAIR: Okay. We'll take a
25 five-minute health break.

26 (ADJOURNMENT)

1 THE CHAIR: Welcome back.

2 Ms. Lassonde, please carry on where you left
3 off.

4 MS. LASSONDE: Thank you, Mr. Chair. We
5 can go back to the other -- so as I mentioned, I
6 am going to just discuss briefly the other assets
7 that Shear -- are within the Shear Diamonds
8 company.

9 Slide 38 now. Specifically with the Jericho
10 asset purchase, we received -- we also purchased
11 the claims that came along with all of the assets
12 surrounding Jericho. I want to just take a step
13 back here for a minute and discuss the slim green
14 triangles that are on the diagram here, as you
15 can see. These -- some of them have -- they are
16 called dispersion trains, and they are identified
17 by indicator minerals. As I mentioned earlier,
18 the indicator mineral are garnets and chrome
19 diopsides. What happens is, with glacial action,
20 they scrape the top of the kimberlite pipes, and
21 over the course of glacial melt, they drop these
22 indicator minerals, which are significantly
23 easier to find because they are significantly
24 more populous in the -- in the kimberlite rock,
25 the plain -- across the tundra here in Nunavut
26 and other areas where there are kimberlite pipes

1 and there has been glacial action. So what you
2 see here is that there are what we call unsourced
3 dispersion trains, and these unsourced dispersion
4 trains speak to other kimberlites that are in the
5 area but that have not been discovered to explain
6 these dispersement trains. So you can see that
7 there are several known kimberlites in the area.
8 Those are the green diamonds, and the yellow
9 stars -- sorry, stars -- the yellow stars are
10 unsourced kimberlite float, and that, again,
11 speaks to these dispersion trains. Now, I only
12 have two stars there, but there are significantly
13 other dispersion trails there that don't have a
14 kimberlite associated with them, so there is
15 significant discovery potential in and around the
16 Jericho property.

17 I'm going to move on to the next slide.
18 This is a slide that highlights the Churchill
19 diamond project, which we -- Shear has 62 percent
20 -- approximately -- ownership. The balance of
21 the ownership is with Stornoway. It's a
22 relationship with another diamond exploration
23 company in Canada here. On this property, there
24 are currently 88 known kimberlites of which 11
25 are high grade kimberlite dykes. They have some
26 significant diamonds. However, at this point in

1 time, the engineering techniques are not up to
2 the same standards and economic viabilities as
3 mining kimberlite pipes. Dykes are straight up
4 and down, and they kind of look like walls,
5 whereas kimberlite pipes look like carrots.

6 Moving on to the next slide, which is slide
7 40. I'm just going to speak to the Polar and the
8 Rockinghorse. The Polar project is a project
9 which is a joint venture with De Beers. It
10 contains the MuskoX kimberlite, which has a
11 currently -- which had some bulk sample work done
12 on it and returned a recovery rate of .51 carats
13 per tonne, or rather a grade of .51 carats per
14 tonne. This is not an insignificant grade, and
15 it is within trucking distance. It's merely 14
16 kilometres from the Jericho Mine site. Also
17 there is, number 3, the Rockinghorse property,
18 which contains the very large Anuri kimberlite,
19 which is -- contains approximately 15 million
20 tonnes worth of kimberlite ore. It grades at .35
21 carats per tonne and has had some bulk sample
22 work done on it. We will continue to do work on
23 this in the future, and the land package is
24 significant with over 112,000 acres, and this is
25 a joint venture with Rio Tinto.

26 With this last slide, I am done the initial

1 presentation for an overview of Shear, and I'm
2 going to pass over the microphone to my VP of
3 operations, Chris Morton, to give you a project
4 overview specific to the Jericho Diamond Mine.

5 MR. MORTON: Thank you, Julie, Mr.
6 Chair.

7 MS. MEADOWS: Mr. Chair, if I might,
8 I'll come over and swear the witness before he
9 provides the testimony.

10 THE CHAIR: Go ahead.

11 MR. HOHNSTEIN: Push the button.

12 **CHRIS MORTON, Affirmed**

13 MR. MORTON: My name is Chris Morton.
14 I'm going to be doing the project overview for
15 this presentation. There's been questions in the
16 past about which direction the water flow from
17 Jericho actually goes. As you can see by the
18 green arrow here, it actually flows to Bathurst
19 Inlet.

20 Slide 43, Jericho site waterways, pathways.
21 As you can see, the red area here is processed
22 kimberlite containment area discharge, which
23 flows into Lake C3. The brown coloured one here
24 is the surface runoff into Lake C1 catchment.
25 The green to the bottom is the surface runoff
26 into Lynne Lake group. The blue, toward the

1 centre, is the surface runoff into Lake C4
2 drainage. The purple up above centre is lake
3 flow into the Jericho River, and the yellow is
4 the surface runoff into O-Lake group.

5 This is a site layout. As you can see,
6 there's the process plant, truck shop, fire and
7 training buildings, gold storage, camp and
8 office, fuel farm phase 1 and 2, the processed
9 kimberlite containment area cell 'A', the divider
10 dyke 'A', the processed kimberlite containment
11 area cell B/C, mobile jaw crusher, moveable
12 storage building. Over to the left, is the
13 coarse PK storage area, a run-of-mine pad, and
14 it's the PKCA -- processed kimberlite containment
15 area cell 'A'. This is a site overview for site
16 water flow, and it also indicates where the
17 outline of our waste rock pile is, as the 2005
18 Tahera mine plan. The illustration here is our
19 intake from Carat Lake, which provides the camp
20 with our raw water. It also provides raw water
21 to the process plant. We have a reclaimed water
22 system set up to also assist in providing water
23 to the process plant, and the illustration --
24 animation is the discharge for the fine processed
25 kimberlite. So once the settlement settles, the
26 water is then transferred through the filter dyke

1 into cells 'B' and then into cells 'C', at which
2 point, once it meets discharge criteria, it will
3 be discharged into lake -- or C3 Stream. Our
4 wastewater treatment plant also discharges the
5 effluent into the coarse PK -- or PKCA, which is
6 also part of our reclaim. When we're dewatering
7 the pit, the water is transferred from the pit to
8 the processed kimberlite containment area, which
9 also aids in the make-up water for the process
10 plant. There's an east sump, which we also
11 keep -- can put the pit water in. We use this
12 water also for dust control on the roads during
13 the summer. We have a hydrocarbon water
14 treatment plant. During precipitation, we vacuum
15 up the containment areas, which is then treatable
16 by the hydrocarbon water treatment plant and then
17 transferred into the processed kimberlite
18 containment area. We have a C1 diversion, which
19 is to divert the water away from the pit and into
20 Carat Lake.

21 Slide 47, site facilities. At Jericho
22 there's accommodations and office buildings. We
23 have the wastewater treatment plant, the
24 all-weather year-round air strip. We have fuel
25 facilities, the open pit, the waste rock piles,
26 the process plant, the processed kimberlite

1 containment area as PKCA, coarse processed
2 kimberlite stockpiles, the landfill, and proposed
3 land farm.

4 In this slide here, slide 48 is a picture of
5 the open pit, with the -- a couple of years of
6 inactivity of mining, the open pit has
7 accumulated some water in it. So it's an open
8 pit mine. From the open pit, the processed
9 kimberlite goes to the process plant. It
10 consists of two categories, low grade and high
11 grade. The waste rock generally consists of two
12 categories, granite and diabase.

13 Slide 50, waste rock piles. As you can see
14 in the photo, this is an aerial photo of a waste
15 rock pile right to the left of the open pit. In
16 this illustration, the waste rock piles, as
17 before, is outlined by the 2005 Tahera mine plan,
18 and the existing waste rock pile is contained
19 within the perimetered area.

20 In this photo, slide 52, you see the process
21 plant here, the truck shop, the camp area, fuel
22 farms, and this is a lay down area. This is the
23 mobile crusher.

24 Processing the diamonds, the crushed
25 kimberlite goes into coarse processed kimberlite
26 stockpiles after going through the process plant.

1 The coarse PK consists of 81 percent gravelly
2 sand where recovery rejects consists of 4 percent
3 sand and gravel. The processed kimberlite
4 contained area is also classified as the fine PK.
5 15 percent is less than .1 millimetres. 70
6 percent consists of 85 percent -- or 70 to 85
7 percent silt and then 50 to 35 -- or 30 percent
8 clay, and then the balance is sand.

9 And this slide, slide 54 is an area photo,
10 as you can see, this is the processed kimberlite
11 stockpiles, and then this is the processed
12 kimberlite containment area.

13 Slide 55, coarse processed kimberlite
14 stockpiles. As marked out, these are
15 the existing outlines of the coarse processed
16 kimberlite, and then this is the indicated future
17 stockpiles for the coarse kimberlite. The
18 processed kimberlite containment facility, the
19 effluent from the process plant goes into cell
20 'A', then the water transfers from a filter --
21 filter dyke -- or divider dyke 'A' into cell 'B'.
22 There is a silt curtain in between, and then it
23 goes into cell 'A', and once it meets discharge
24 criteria, then it's discharged over the west dam
25 into Stream C3.

26 Slide 57, this is an overview of the fine PK

1 cell 'A', where the water goes through divider
2 dyke 'A' into cell 'B'. This is our proposed
3 divider dyke 'B' where the silt curtain is
4 currently placed, and then cell 'C', once it
5 meets discharge criteria, then it's just
6 discharged into the C3 Stream.

7 Slide 58, what's showing here is our
8 existing landfill, which has been taken out of
9 service and a -- or a lift of 6-inch crush
10 grinder has been placed over it. Illustrated
11 here is our proposed landfill location.

12 Slide 59, right here is our proposed
13 landfarm location, right next to the low grade
14 stockpile. This is a better, clearer indication
15 of where the proposed landfill -- or landfarm
16 area will be.

17 Slide 60, this is a photograph of our
18 low-grade kimberlite stockpile, which will be
19 moved, and this will be the area where the
20 landfarm is located. I'm going to now pass it
21 over to Stephanie Autut

22 MR. HOHNSTEIN: Mr. Chair, it's David
23 Hohnstein. I was wondering if we could check
24 with our Board member on the phone right now
25 because we're switching from another set of
26 slides that I sent him, so if we could

1 just confirm that he's on slide 61 now. Thank
2 you.

3 THE CHAIR: Thank you. Lootie, do you
4 have slide 61?

5 MR. TOOMASSIE: I'm just getting to it
6 right now.

7 MS. FILIATRAULT: Just give him --

8 MR. TOOMASSIE: Okay. I got it.

9 THE CHAIR: Teresa, please swear the
10 next witness.

11 **STEPHANIE AUTUT, Sworn**

12 THE CHAIR: Thank you, Teresa.

13 Please go ahead.

14 MS. AUTUT: Thank you, Mr. Chair and
15 member of the Board. As mentioned, my name is
16 Stephanie Autut, and I'm the vice president of
17 environment and community affairs with Shear
18 Diamonds Limited. I'm pleased to provide you
19 with a status update regarding compliance of the
20 Jericho Diamond Mine site as of today.

21 So when Shear acquired the Jericho site, one
22 of the first things that they did was undertake a
23 compliance audit. As seen here on this slide,
24 deficiencies were noted in four key areas,
25 including administration, construction, waste
26 management, and monitoring. So when Shear

1 submitted their water licence renewal
2 application, they provided a compliance report as
3 part of that application, and Shear has worked
4 diligently since acquisition towards bringing the
5 site back into full compliance.

6 One of Shear's key objectives was and
7 continues to be bringing the site back into
8 compliance, and as seen on this slide here, you
9 can see some of the major accomplishments to
10 date, which include: the submittance of a care
11 and maintenance plan, significant improvements to
12 the aquatic effects monitoring program. We've
13 conducted an aquatic effects monitoring program
14 sampling in April and August of 2011. We've
15 conducted site water sampling under the general
16 monitoring program and the site water management
17 program. We've taken inventory of all hazardous
18 wastes that are on site. We have cleaned up the
19 old fuel and hazardous waste, which were located
20 at the Muskox camp. We've purchased and tested a
21 mobile water treatment unit, referred to as the
22 Oztek hydrocarbon contaminated water. That was a
23 project that we had been involved in designing.
24 Shear has pumped and treated and sampled the
25 accumulated storm and melt water in the fuel
26 containment facilities, and we've developed

1 procedures for onsite monitoring of total
2 suspended solids and nitrate.

3 Ongoing achievements include the
4 establishment of an onsite wide lab. We have
5 conducted site-wide clean up. We've cleaned up
6 the stained soils and evidence of old spills,
7 which were inherited by Tahera. Sub-Arctic
8 Surveys has done a full survey of the site. We
9 updated the reclamation cost estimate for both
10 Crown and Inuit-owned lands. We have developed
11 and implemented an air quality monitoring
12 program, and in doing so, worked with Environment
13 Canada in bringing that forward. In 2010 and
14 2011, we've conducted geotechnical inspections
15 through a third party. We have conducted a
16 seepage survey in 2011. We filed a fish habitat
17 compensation plan with the Department of
18 Fisheries and Oceans following numerous
19 discussions with that organization, and we've
20 been officially registered as a hazardous waste
21 generator.

22 Since acquiring the project, regulators have
23 been to site to carry out inspections under their
24 various regulatory instruments and mandates on
25 five different occasions. Aboriginal Affairs and
26 Northern Development Canada have conducted two

1 inspections in June and November of 2011.
2 Environment Canada conducted inspections in
3 September of 2010 and September of 2011, and the
4 Kitikmeot Inuit Association conducted a site
5 inspection in August of 2011. Both Aboriginal
6 Affairs and Environment Canada identified action
7 items or provided comments through their
8 inspection reports for followup discussions with
9 Shear. These included the requirement
10 of providing a plan identifying how Shear was
11 going to deal with old fuel located on site. A
12 plan has -- a plan addressing the old fuel on
13 site is currently being developed by Shear
14 Diamonds Limited, and to date the old fuel tanks
15 have been dipped, and the fuel has been tested.
16 The need to treat and pump water contained in the
17 secondary containment facilities was identified,
18 and as noted previously, Shear has assisted in
19 the design of the Oztek mobile hydrocarbon
20 treatment system, which treats water, which is
21 then sampled and pumped to the processed
22 kimberlite containment area. The need to clean
23 up the numerous minor legacy spills, which were
24 inherited at the time of acquisition, was
25 addressed, and I'm pleased to advise that the
26 minor spills and stains have all been cleaned up.

1 The requirement to provide a plan for the
2 hazardous waste transferred area was identified.
3 Shear will be addressing the hazardous waste
4 transfer area in 2012, and finally the need to be
5 storing all fuel, including that that is located
6 in drums in secondary containment was noted as an
7 issue. I can advise that secondary containment
8 was on order and en route to the site at the time
9 of the inspector's visit, and that as of today,
10 all fuel on site is contained within secondary
11 containment.

12 Environment Canada identified a number of
13 action items and made comments as well. They
14 wanted to receive copies of Shear plans, and in
15 their correspondence in particular, mentioned the
16 sample monitoring plan, the containment pond
17 inspection reports, and the spill contingency
18 plan. I can advise at this time that Shear has
19 provided the inspector electronic copies of the
20 general monitoring plan, the processed kimberlite
21 containment management plan, and the spill
22 contingency plan. The inspector also requested
23 that amounts of all E2 gases on the site be
24 measured, and I can advise that Shear has
25 measured and reported on all E2 gases located at
26 site. The inspector advised that water, which

1 was contained within the fuel berms had to be
2 moved. I can advise that the water in question
3 was pumped out of the fuel berms on September
4 23rd of 2011 following the inspection, and can
5 further advise that pumping of water from all
6 bermed areas on site is a standard practice and
7 part of our daily inspection protocol. The
8 inspector also advised that we had to register
9 all E2 gases that were located on site, which
10 falls under the *Canadian Environment Protection*
11 *Act*. Shear has confirmed registration of all E2
12 gases on site as of November 15th of this year.

13 At this point, Mr. Chair, I'd like to hand
14 the presentation back to Julie, who is going to
15 walk us through a summary of the licence renewal
16 application

17 MS. LASSONDE: Thank you, Stephanie, for
18 that fulsome account of our compliant status to
19 date.

20 Mr. Chair, I'd like to address the licence
21 terms. First of all, it's summary of
22 application, and now I'm on slide 70.

23 Dionne, can I confirm that we're good with
24 the member?

25 MR. HOHNSTEIN: Thank you, Mr. Chair.
26 Yeah, I've sent slides in batches of 20, so the

1 next check should be at slide 80 to make sure he
2 has moved to slide 81.

3 MS. LASSONDE: Okay. Thank you, Dave.

4 MR. HOHNSTEIN: Thank you.

5 MS. LASSONDE: So in opening, I would
6 like to state that we would like to renew the
7 existing water licence on substantially the same
8 terms for the life of the mine, which is 14
9 years. The requesting amendments concern the
10 term of the licence, the timing of the submission
11 of final closure and reclamation plan, the
12 flexibility of filing timeline, the removal of
13 part 'G', item 2, and the removal of terms and
14 conditions that no longer apply and update other
15 conditions. We'd also like to address and update
16 the security.

17 Specifically on the term of the licence,
18 which I understand is a significant task of the
19 Water Board, shareholders and investors -- I'll
20 speak plainly. Shareholders and investors invest
21 or purchase shares for the purpose of making
22 money. The short version is that the uncertainty
23 of having one's operation permits in place
24 significantly affects a company's ability to
25 apply for and receive financing. These include
26 equity raises and debt financing. It is

1 difficult to convince a future investor that
2 although you do have a water licence now, it is
3 only good for five years, so in reality, Shear
4 could only possibly guarantee that for the next
5 five years Shear would be able to produce. The
6 second point is that the cost, both in money and
7 in human resources, to renew a water licence is
8 substantial. I can assure you that this has been
9 an incredible experience, but having lived it and
10 breathed it, I am keenly aware of the amount of
11 time, the number of people required, the number
12 of hours that we've put in, and in the cash cost
13 of renewing a water licence. It is without a
14 doubt a significant burden to any company to
15 renew its water licence. I believe that the
16 funds and the human resources dedicated to the
17 renewal of a water licence would be better put to
18 use at the Jericho site in ongoing efforts to
19 maintain, upkeep, and surpass all of the water
20 licence requirements and criteria. As we realize
21 that it is very important to keep regulators
22 aware and abreast of all of Shear's activities at
23 the Jericho mine site in order to provide comfort
24 to the regulators, if we were to be granted a
25 life-of-mine term licence, Shear has committed to
26 quarterly updates. We believe that this

1 transparency should provide significant comfort
2 to the regulators, that we are not trying to
3 avoid our commitment to the environment, but
4 rather a new way to put to better use funds, both
5 human and monetary, at our disposal. Just go
6 back for a second.

7 Also, I would just like to make the point
8 that to assist the Nunavut Water Board and the
9 interveners, we are providing a markup of Shear's
10 proposed changes to the water licence for the
11 next part of the presentation.

12 The term of the licence, as I've identified,
13 the original application that was made and
14 submitted February 28th of this year proposed a
15 term of ten years. This was based on the
16 original Tahera mine plan, which foresaw a
17 production rate of 2,000 tonnes per day. At this
18 production rate, the projected total mine life
19 was eight years and included two years of
20 reclamation. However, over the course of this
21 past year, a review of their processing
22 operations revealed that the rate of processing
23 will be lower and closer to 1,250 tonnes per day.
24 This results in a projected mine life of ten
25 years, plus two years for reclamation and also
26 anticipates two years to resume or ramp up

1 productions; therefore, based on these new
2 productions, Shear is requesting that the term of
3 the licence be 14 years. Finally, I'm sorry, as
4 I've already stated, Shear has committed to
5 quarterly updates, as per technical memo 'I', to
6 the Nunavut Water Board to maintain transparency,
7 and we seek an ongoing working relationship with
8 all of our regulators. Finally Shear is prepared
9 to provide a full compliance report over seven
10 years.

11 At this time, I would like to ask
12 Ms. Allison Rippin Armstrong to continue our
13 presentation.

14 THE CHAIR: Teresa.

15 **ALLISON RIPPIN ARMSTRONG, Sworn**

16 THE CHAIR: Please go ahead.

17 MS. RIPPIN ARMSTRONG: Thank you, Mr. Chair.

18 Thank you, Julie. As I stated, I'm Allison
19 Rippin Armstrong with EBA. As you're aware, in
20 the current water licence, the proponent was to
21 submit a proposed final closure and reclamation
22 plan at the time of water licence renewal.
23 Critical to the development of the final closure
24 and reclamation plan are a number of studies,
25 including a human health and ecological risk
26 assessment, a multi-stage environmental site

1 assessment, and results of the land farming and
2 the re-vegetation trials.

3 As previously discussed in this
4 presentation, at the time of the renewal
5 submission, the Jericho Diamond Mine had operated
6 for less than two years, ending in 2008, and has
7 remained on care and maintenance since that time.
8 The landfarm was not constructed and the
9 re-vegetation trials had not been undertaken, as
10 well the human health and ecological risk
11 assessment and the multi-stage environmental site
12 assessments, to our knowledge, have not been
13 conducted. As such, Shear respectfully requests
14 that the submission of the final closure and
15 reclamation plan be a condition of the renewed
16 licence and that a term of three years be
17 provided in order that this important work can be
18 undertaken. Shear will submit a revised interim
19 closure and reclamation plan within one year of
20 issuance of the water licence.

21 I'm going to speak to the flexibility of
22 filing timelines. The current licence sets
23 out numerous timelines for reporting and filing
24 with respect to plans and approvals. Some of the
25 timelines are not practical. For example, part
26 'L' of the licence, conditions applying to

1 general and aquatic effects and monitoring plans,
2 item 14, states that: (as read)

3 The data and information, including the
4 results of the QAQC program be submitted to
5 the Board within the 30 days following the
6 month being reported.

7 Some of the data that is collected for the
8 aquatic effects monitoring programs takes months
9 to receive back from the lab, specifically the
10 biological sampling components of the program.
11 Shear asks that the licence be amended to allow
12 the Board discretionary flexibility with regard
13 to timelines applicable to reporting or filing.

14 I will now turn the presentation over to my
15 colleague, Mr. Bill Horne.

16 THE CHAIR: Teresa.

17 **BILL HORNE, Affirmed**

18 THE CHAIR: Please go ahead.

19 MR. HORNE: As discussed at the
20 technical meetings, the mine has a couple of
21 problems with the wording in some clauses in the
22 licence that are -- which can't be met. In
23 particular, this applies to the discharge out of
24 the PKCA area into Stream 2. Part 'G' -- clause
25 part 'G' 2(e) states that: (as read)

26 The licensee shall make every effort to

1 simulate the natural water flows in Stream
2 C3 during discharge.

3 This wording is also repeated in the clause part
4 'G' 8(a) that says: (as read)

5 During operations, the flow should simulate
6 the natural seasonal flows.

7 The problem with this clause is the natural flow
8 in Stream C3 is very low. In fact, the flow
9 approaches zero at certain times, times during
10 the summer. Historic operation shows that Tahera
11 exceeded the natural stream flows on a regular
12 basis, and this is actually unavoidable as Stream
13 C3 flow rates reduce following freshet, and as
14 all mine waters are pumped to the PKCA, these
15 waters have to be discharged in order to meet the
16 required 1 metre freeboard on the dams. Looking
17 back at historic records, the maximum discharge
18 from the PKCA was 17,800 metre cubed per day,
19 which is equivalent to an average discharge of .2
20 metre cubed per second. That's on a daily basis,
21 and on a monthly basis, the maximum discharge was
22 183,000 metre cubed per month, which is an
23 average 0.7 metre cubed per second. No adverse
24 effects to Stream C3 were reported during those
25 times, and during the observations -- during the
26 Shear discharges this year, no -- no signs of

1 erosion were noted in the Stream 3 channel
2 either.

3 Shear requested these conditions be removed,
4 as it's not possible to truly simulate the
5 natural seasonal flows and maintain a 1 metre
6 freeboard on the dams. Shear proposes that the
7 maximum discharge to C3 be restricted to 0.2
8 metre per second, as it's still a very small
9 flow. Erosion considerations will still be
10 addressed in the licence in part 'G' items 8(c)
11 and 8(d).

12 Now I'll turn it back to Julie.

13 MS. LASSONDE: Thank you. Thank you,
14 Bill.

15 We are now on slide 78, updating the
16 licence. There are a number of conditions that
17 apply to the construction of facilities that are
18 now in place. Some plans and reports have been
19 superseded, and the plans that were required to
20 be submitted, for example, the waste management
21 plan, the waste rock management plan, the
22 explosives management plan, the landfill and
23 landfarm management plans have been filed. The
24 licence should speak to the revision of these
25 plans.

26 Slide 79, I'm just going to briefly make a

1 note of the reclamation security and the
2 reclamation estimates. Aboriginal Affairs and
3 Northern Development Canada's estimate and
4 Shear's estimate for the total land and water
5 reclamation for the entire of the Jericho Diamond
6 Mine site are extremely close. Our estimates
7 only differ by approximately 245,000. That gives
8 us some comfort that we're obviously on the same
9 page. I think what's important here is that we
10 do have a significantly different number to the
11 Inuit-owned lands, so the KIA attributable number
12 is significantly different with a difference of
13 approximately \$1.6 million. We'll leave this to
14 the Board. Obviously, you will have your view
15 and make an election decision on this.

16 Just as a final note, on slide 80, we have
17 reached an agreement with the Kitikmeot Inuit
18 Association for a total amount of security on
19 Inuit-owned lands of \$2.892 million.

20 We're going to move to slide 81, response to
21 submissions, and, Dave, we are reaching that
22 stage, so I'm going to look to you to give me
23 advice on whether to continue.

24 MR. HOHNSTEIN: Thank you, Mr. Chair. If
25 we could check with our Board member on the phone
26 to see if he is currently on slide 81 now?

1 THE CHAIR: Lootie, do you have 81?

2 MR. TOOMASSIE: Mr. Chair, I'm at 81 now.

3 THE CHAIR: Go ahead.

4 MS. LASSONDE: Thank you, Mr. Chair.

5 So our response to submissions, Shear
6 appreciates the time and effort that reviewers
7 have invested -- the significant amount of time
8 and effort that reviewers have invested in
9 reviewing our application and submissions. In
10 responding to the technical submissions received
11 to date, Shear has provided a written response to
12 every query, comment, and recommendation
13 received. The written response has been provided
14 today in a table format. Shear has also made a
15 number of commitments which have been provided in
16 this same table. Shear has identified six
17 primary concerns while reviewing these
18 submissions, and we will be discussing those at
19 length further in the presentation. Specific
20 responses, responding to the Kitikmeot Inuit
21 Association. In response to their closure and
22 reclamation security, Shear and the KIA have
23 reached an agreement related to reclamation
24 security. We have also no outstanding issues
25 related to the water compensation.

26 Moving on to slide 84. We have -- the

1 Kitikmeot Inuit Association specifically
2 identified that they would like the final closure
3 and reclamation plan filed within two years of
4 the issuance of the licence. Shear's response,
5 we propose submitting the final closure and
6 reclamation plan within three years of the
7 issuance of the licence, in order that Shear can
8 undertake the studies required under schedule
9 'M', item 2 of the licence. With respect to the
10 term of the water licence, the Kitikmeot Inuit
11 Association is requesting a five-year term.
12 Shear is requesting a 14-year term of licence, as
13 I noted and discussed earlier, which will
14 included two years leading up to production, ten
15 years of production, and two years for
16 reclamation and closure.

17 In response to the Department of Fisheries
18 and Oceans, Shear will continue to work with
19 Department of Fisheries and Oceans to develop
20 plans, timelines to achieve the completion of the
21 outstanding fish habitat compensation and
22 monitoring. Shear will also provide copies of
23 all future plans and reports to the Department of
24 Fisheries and Oceans for review as they become
25 available.

26 In response to the Aboriginal Affairs and

1 Northern Development Canada, in response to
2 appendix 1, Shear has submitted a detailed table
3 of responses and commitments, and we will speak
4 to those issues in detail further in this
5 presentation. In response to appendix 2,
6 Shear submits that the timelines proposed by
7 Shear in technical memo 'I', as requested by the
8 Nunavut Water Board, and the current licence
9 terms should continue to apply, and in response
10 to appendix 3, Shear and Aboriginal Affairs and
11 Northern Development Canada have reached an
12 agreement.

13 In response to Environment Canada, in
14 Canada's (sic) submission, Shear has submitted a
15 detailed table of responses and commitments, and
16 Shear will, again, speak to a number of these
17 issues further in the presentation.

18 In reviewing the intervener Aboriginal
19 Affairs and Northern Development Canada and
20 Environment Canada's submissions, Shear has
21 identified particular issues to address in
22 significantly more detail. These include:
23 further work required on the processed kimberlite
24 containment area, residual flocculent and
25 coagulant and toxicity, the dilution factor, the
26 effluent quality criteria recommended by

1 Environment Canada, the site water quality, and
2 open pit infill rates.

3 The next section of this presentation will
4 address these issues. I would like at this time
5 now to turn the presentation back over to
6 Mr. Bill Horne.

7 MR. HORNE: As Chris Morton pointed
8 out the various parts of the PCKA in their
9 operation, maybe I'll just do a quick --

10 THE CHAIR: Please state your name.

11 MR. HORNE: Bill Horne from EBA
12 Engineering. The PKCA is made up of three cells,
13 cell 'A', the fine PK is deposited right now.
14 Cell 'B', which is part of our polishing pond
15 right now, but eventually we will have fine PK in
16 cell 'B', and cell 'C', which is a polishing
17 pond. The water flows through the divider dykes
18 and gets filtered, and eventually the water is
19 discharged over the west dam, so the facility has
20 various structures to it to -- so that we
21 reach -- so that capacity is enough for the
22 mining life. We have the southeast dam, east
23 dam, divider dyke 'A', divider dyke 'B', the west
24 dam, and the north dam. So I'll just go through
25 what has to be done to these facilities during
26 the mine life.

1 This is a summary of the facilities and the
2 design elevations that the facilities have, where
3 they are, so the east dam and southeast dam are
4 built as designed. Divider dyke 'A' has about
5 3-and-a-half metres to build up the filter layer
6 on. The north dam is not in place, so it must be
7 constructed. The divider dyke 'B', again, is not
8 in place, so it will have to be constructed.
9 Divider dyke 'A', the north dam, will be
10 constructed. Construction will start before the
11 mine goes back in production. We call that year
12 zero, and divider dyke 'B' will be constructed --
13 or construction will start in year one, after the
14 mine goes into production, and the west dam, we
15 have to bring up the core several metres, about
16 3-and-a-half metres, and we plan to do that in
17 year one, also. There will be a dyke around cell
18 'A' to reach our capacity, a small dyke, and it's
19 currently not in place. It will be a staged
20 construction, and the first stage will start in
21 year one, so I'll just quickly take you through
22 what has to be done to these structures. It's
23 divider dyke 'A', so it's almost built to its
24 design elevations. We've got the filters at the
25 front of the dyke that must be placed. It's a
26 fairly small task to finish divider dyke 'A' off.

1 The west dam, the core, as mentioned, is
2 3-and-a-half metres below its design elevation,
3 so it must be raised. The grey -- again, the
4 grey is the shape of the dam as it is today, and
5 our design crest is up here. The southeast dam
6 has been constructed as designed; however,
7 this -- the perimeter berm, which goes around
8 cell 'A', must be constructed, and this is the
9 southeast dam, and, likewise, it was constructed
10 as designed, but it must be raised. The cell 'A'
11 perimeter berm must be constructed on top of it.

12 The north dam has not been constructed. The
13 design was submitted to the Water Board under
14 Tahera operation. It will be resubmitted. A
15 small cofferdam has been built for the north dam,
16 but, essentially, the construction hasn't
17 started. This is the perimeter berm around cell
18 'A'. It's about 4 metres high, a fairly low-head
19 structure. The intent is to construct the berm
20 out of coarse PK with a geomembrane liner tied in
21 to the existing fine PK. It will not be a water
22 retaining structure that will be the tail slope
23 away from the berm into the centre of the pond.

24 I'll just quickly go through the fine
25 processed kimberlite, what it is. It's basically
26 deposited as a slurry, 30 percent solids content,

1 which is equivalent to a dry density of .37 cubic
2 metres. In 2008, there was a topographic survey
3 done on the fine PK areas, which allowed us to
4 accurately calculate what the in-place density of
5 that material is, and it calculated it to .68
6 times per cubic metre. That includes all the ice
7 that's been entrained in the fine PK. The beach
8 slope was 2.9 percent, which we'll use to our
9 advantage in the -- in the disposal plan.

10 So the capacity of the facility, we've
11 got -- in cell 'A', we've got 1.1 million cubic
12 metres. Cell 'B', we've got a capacity of
13 250,000 cubic metres, so up to 2008, there was
14 579,000 cubic metres placed, and future mine plan
15 predicts that we've got an additional 806,000
16 cubic metres, so the total capacity of -- the
17 total volume of that is slightly less than the
18 capacity we have. We do believe we've got some
19 conservatism built into these numbers, in that
20 the measured densities are going to be slightly
21 higher than -- or the densities are going to be
22 slightly higher than our measured densities
23 because the measured densities don't take into
24 account some of the consolidation that we're
25 getting in thawed consolidation.

26 So these are just some diagrams which show

1 the fine PK that's the existing condition, so
2 eventually year one will deposit off the north
3 and south ends of the facility, and then we'll
4 need the perimeter berm around cell 'A' and
5 deposit off the perimeter berm, and the water
6 will pond in the centre and flow through divider
7 dyke 'A'. In total, we've got about seven years
8 storage in cell 'A'. In the last two years of
9 the mine life, the fine PK will be deposited in
10 cell 'B', so, again, up to year nine, we'll have
11 material placed in cell 'B'.

12 And pass it to Allison.

13 THE CHAIR: Can I -- it might be an
14 idea to take a 15-minute health break.

15 MS. LASSONDE: Thank you, Mr. Chair.

16 (ADJOURNMENT)

17 THE CHAIR: Welcome back.

18 MS. FILIATRAULT: Mr. Chairman, just as a
19 housekeeping, the presentation that is showing on
20 the wall I don't believe is actually where we
21 stopped off, so we need to give the company a
22 couple of minutes to get it back to where it
23 needs to be.

24 THE CHAIR: Okay. No rush.

25 You're good to go?

26 MS. RIPPIN ARMSTRONG: Thank you, Mr. Chairman.

1 Allison Ripplin Armstrong with EBA. For
2 those following along with the spiral bound
3 handout, I would like to note that some of the
4 slides in the section that I'm going to be
5 presenting have been updated since this was
6 printed. Shear can provide electronic copies of
7 the final presentation to anyone who would like
8 it following today's proceedings.

9 Residual flocculents and coagulant, concerns
10 have been raised with regard to residual
11 flocculent and coagulant in the processed water
12 that is deposited into the PKCA and the discharge
13 water. It is difficult to measure actual
14 residual flocculent and coagulant in water.
15 Shear has begun discussions with Maxxam's
16 Laboratory to design a program to determine the
17 toxicity of the flocculent and coagulant that
18 will be used at Jericho at various strengths.

19 What is flocculent? The name "flocculent"
20 comes from the woolly appearance of the flock.
21 Flocculent is added to the thickener in the
22 process plant. The flocculent attaches to
23 particles and clumps the suspended solids
24 together, making them heavier. This aids in
25 settling. The clumps settle out quickly in the
26 processed kimberlite containment area.

1 What is toxicity? What is toxicity testing?
2 Toxicology is defined as the study of the adverse
3 effects or harmful effects of chemical, physical,
4 or biological agents on living organisms. So
5 it's the harmful effects that things in water can
6 have on living organisms, living animals in the
7 water and in the ecosystem. Toxicity tests have
8 been developed as a tool for evaluating the
9 potential harmful effects of effluents discharged
10 into the receiving environments. Acute toxicity
11 is the adverse effects of a substance that result
12 either from a single exposure or from multiple
13 exposures in a short space of time. Chronic
14 toxicity is the adverse effects from repeated
15 exposure to a substance over a longer period of
16 time.

17 Maxxam -- as I mentioned, Shear is working
18 with Maxxam Laboratory. Maxxam has extensive
19 experience in aquatic toxicity testing. They
20 have conducted product tests on a number of
21 flocking agents to determine potential toxicity
22 dosing limits. This has helped other mining
23 companies in the development of site specific
24 dosing limits.

25 Environment Canada has recommended the
26 addition of chronic toxicity testing using 100

1 percent strength effluent water for the purposes
2 of monitoring the potential for sub-lethal
3 effects in the receiving environment. Shear
4 is -- Shear accepts this recommendation made by
5 Environment Canada with regard to using the 100
6 percent strength effluent, and the results will
7 be used for monitoring, as opposed to a condition
8 of approval to discharge in the PKCA to the
9 receiving environment. As such, Shear believes
10 these additional chronic toxicity tests should be
11 included in schedule 'L' of the water licence
12 conditions applying to general and aquatic
13 effects monitoring plans.

14 Environment Canada recommended the removal
15 of the condition described in schedule 'L' 4(d)
16 from the water licence. This condition described
17 the chronic toxicity testing required within the
18 mixing zone of Lake C3. Give than Tahera did not
19 monitor or sample from the mixing zone in 2006
20 and 2007 while discharging, despite the mixing
21 zone being part of the monitoring location within
22 the aquatic effects monitoring program and a
23 requirement of the water licence, Shear believes
24 that the chronic toxicity sampling is important
25 to building the understanding of the current
26 conditions in Lake C3 prior to resuming mining

1 operations. Environment Canada has also
2 recommended that Shear undertake a plume
3 delineation study within Lake C3. This will be
4 discussed in more detail later in the
5 presentation by my colleague, William Liu. Shear
6 accepts this recommendation made by Environment
7 Canada and will conduct a plume delineation study
8 when mining operations resume. The results of
9 the study will confirm the chronic toxicity
10 sampling location within Lake C3. The chronic
11 toxicity testing in Lake C3 will be conducted
12 once a week following the start of discharge and
13 once prior to completion of discharge.

14 AANDC has asked that Shear get back to them
15 regarding chronic toxicity testing of
16 flocculents. As I stated, Shear is working with
17 Maxxam Laboratory to undertake due diligent tests
18 on flocking agents, using both process water and
19 site specific receiving environment water from
20 Jericho to determine potential toxicity dosing
21 limits. The results of these tests will be
22 provided when they are available. I would now
23 like to turn the presentation over to my
24 colleague, William Liu.

25 THE CHAIR: Teresa.

26 **WILLIAM LIU, Affirmed**

1 THE CHAIR: Thank you. Please go
2 ahead with your presentation.

3 MR. LIU: Thanks, Allison.

4 Mr. Chair, my name is William Liu. I'm with
5 EBA Engineering, okay. Before I start this
6 discussion regarding the dilution factor, I would
7 like to go over the initial development for the
8 discharge limits, just so that we understand the
9 importance for the dilution factors, okay.

10 As shown here on this slide, the yellow line
11 shows the general footprint of the mine site. As
12 my colleague discussed before, when effluent is
13 discharged from the processed kimberlite
14 containment area, which is PKCA, it will flow
15 through Stream C3 into -- into Lake C3 and
16 further north into Carat Lake. 200 metres out
17 from the outlet of Stream C3 was initially
18 identified as the edge of the mixing zone in Lake
19 C3 to dilute the discharged water that's been
20 released from the process of the kimberlite
21 containment area, and the principle for
22 the discharged limit development was to determine
23 the maximum-allowed concentration in this mixing
24 zone in the receiving lake, and to then calculate
25 the maximum-allowed concentration at the
26 discharge point from the processed kimberlite

1 containment area, right at this point on the
2 slide. So as showing -- the equation at the
3 bottom of the slide is to -- is for the
4 calculation for the discharge limit. It is --
5 the discharged concentration is calculated by the
6 concentration of the aquatic thresholds, which is
7 the maximum-allowed concentration that's in the
8 lake. Subtract the background concentration
9 that's already been in the lake, and multiply the
10 dilution factors in the mixing zone, okay. And
11 the next slide will illustrate this equation
12 better.

13 Okay, okay. The orange cylinder here will
14 represent the maximum-allowed concentration for
15 the Lake C3 mixing zone, which is aquatic
16 thresholds, and the blue cylinder will represent
17 the natural concentration that's already in the
18 lake, and the space in between is the additional
19 concentration that can be put into the mixing
20 zone of the lake, and the provision of discharge
21 limit is then calculated by multiplying this
22 concentration with a dilution factor that's been
23 predicted by the model, and the provision of PKC
24 discharge limit was further modified by the
25 predicted discharge water quality at that time
26 and the other diamond mine's licence limit. So

1 we can see from this illustration that the
2 dilution factor in the mixing zone of Lake C3
3 plays a very important rule for the development
4 of the discharge limit. In proposing the
5 discharge limits for the new water licence, it is
6 critical for Shear to verify and understand the
7 dilution factor in Lake C3, so our work in 2011
8 was to compile all the water quality data in a
9 useful format and to better calculate and verify
10 the actual dilution in Lake C3.

11 Okay. Now, moving to the next slide, slide
12 111, okay. The predicted dilution factors were
13 included in Tahera's 2004 technical memorandum
14 'N', estimates of receiving water quality.

15 In this document, dilution factors were
16 predicted using Princeton ocean model on the two
17 operational scenarios. The first one being
18 discharging the normal amount of effluent from
19 the processed kimberlite containment area during
20 one's open water season, and the second one,
21 being a worst scenario, assuming the effluent
22 could not be discharged for a year and is
23 discharged with the second year's normal amount
24 of effluent, basically discharging two years'
25 worth of effluent in one season.

26 Okay. Moving to the next slide, 112. This

1 page represents the dilution factor that's being
2 predicted in the 2004 mixing model. In this
3 model, dilution factors in Lake C3 is through the
4 mixing zone, and Lake C3 outlet in the Lake C3
5 was predicted. For the location in the mixing
6 zone of Lake C3 in -- for the first scenario, the
7 dilution factors were predicted to be 20 in June,
8 and this dilution factor will increased to 40
9 times by mid-July, and for the second, the worst
10 scenario was the dilution factor was being
11 predicted as 10 times, which will then increase
12 to 20 times by beginning of July.

13 In the Lake C3 -- in the Lake C3 outlet, for
14 the first scenario, which is the normal -- for
15 the normal discharge, the dilution factor
16 being -- has been predicted to be 30 times in
17 June, which is then increased to 40 times by
18 mid-July. For the second worst scenario, the
19 dilution factor being predicted as 20 times in
20 June, which is increased to 27 times in mid-July.
21 As a conservative approach at that time, the
22 dilution factor of 10 was chosen in the 2004
23 discharge limit calculation, okay. To verify the
24 dilution factor that's been predicted in the 2004
25 mixing model, we have reviewed the previously
26 measured water quality data. The green points

1 here showing on this -- on the figure are the
2 water quality sampling stations in the 2005
3 aquatic effects monitoring plan, and two sampling
4 stations should be routinely sampled from the
5 startup of the mining operations. These include
6 the processed kimberlite containment area
7 discharged; the Stream C3 outlet; the mixing
8 zone in Lake C3, which is 200 metres from Stream
9 C3 mouth; the Lake C3 basin; and the Lake C3
10 outlet. However, based on the data that we
11 obtained, one of the most important monitor
12 stations at the mixing zone of Lake C3 was only
13 sampled from July of 2005 to early August 2006 as
14 processed -- as the PKC effluent discharge did
15 not start until mid-July in 2006. The
16 very limited monitored data in the mixing zone
17 could not be used for analysis, so with the
18 available record, we are only able to then
19 calculate the dilution factors in Lake C3 basin
20 and outlet.

21 With all the collected samples, for each
22 water sample, there were typically over
23 20 parameters that had been analyzed. The
24 examples are all the metals and the nutrients,
25 and when we review the water chemistry data, we
26 would have to focus on the parameters that are

1 conservative. So we chose chloride and sodium
2 was essentially the table salt, okay, and those
3 parameters, they have -- for those parameters,
4 they have relatively high solubility in the
5 water, and they do not react with other substance
6 chemicals in the water, and they cannot be easily
7 biologically consumed in the water, and they have
8 relatively high concentration in the effluent.

9 As nitrate has been identified as the parameter
10 that was close to the discharge limit that was
11 recommended by Environment Canada, which we'll
12 discuss later in detail, we also review the fate
13 of the discharged nitrate in Lake C3.

14 This slide -- slide 115, this slide showed
15 chloride dilution in Lake C3. The blue points
16 are chloride concentration in the PKCA effluence
17 from 2006 to 2009, and the green and red points
18 are chloride in Lake C3 basin and outlet, and
19 this figure shows the chloride in the Lake C3
20 basin and outlet on an enlarged scale. Those two
21 figures show the pattern of chloride in the lake
22 water responded to the change of the -- in the
23 discharged water, which is chloride in the lake.
24 Chloride in the lake water increased to its
25 limit concentration at the end of the 2007
26 season, and decreased below the detection limits

1 when the mining operation was suspended in 2008.

2 This slide shows chloride dilution in Lake
3 C3 -- sorry, this slide shows sodium dilution in
4 Lake C3. Again, the bullet points are sodium
5 concentration in processed kimberlite containment
6 area effluents from 2006 to 2009, and the green
7 points are the sodium in Lake C3 basin and
8 outlet, and, again, this figure showed enlarged
9 sodium -- sodium concentration in Lake C3 basin
10 and outlet. Similar to the patterns of chloride,
11 sodium showed an increasing trend in the
12 discharge effluent during the operation years in
13 2006 and 2007 and decreased rapidly when
14 operations suspended in 2008. Sodium in the lake
15 water also followed a similar pattern, but with
16 considerably lower concentration.

17 The next slide is slide 117. This slide
18 shows the nitrate dilution in Lake C3, with the
19 same approach. The blue points are the nitrate
20 concentration in PKC effluent. The green and red
21 points are nitrate in Lake C3 basin and outlet.
22 Nitrate also has a similar pattern as chloride
23 and sodium where it shows an increasing trend in
24 the discharge effluents during mining operations
25 in 2006 and 2007 and decreased rapidly when
26 operations suspended.

1 This slide shows the calculation of the
2 dilution factor using the measured data and the
3 equation -- using the equation that we discussed
4 before. In a second -- the second column showed
5 the average concentration of the discharge
6 effluent in summer 2007, and the third and fourth
7 columns are the average concentration in the Lake
8 C3 basin and the outlet. For the background
9 concentration, we used the data from Control Lake
10 that had water of Lake C3. The calculated
11 dilution factors in Lake C3 basin and outlet are
12 shown in blue, and the model dilution factors in
13 2004 was showing in orange, okay.

14 At Lake C3 outlet, the calculated dilution
15 factor using chloride and sodium are 42 and 26.
16 It is in the same range as the model of the
17 dilution factor, and now looking at a dilution
18 factor for nitrate, the calculated dilution
19 factor is 95. It is two to three times of the
20 calculate dilution factor for chloride and
21 nitrate, and this tells us that when nitrate is
22 discharged into the natural environment, it is
23 not only physically diluted but also biologically
24 consumed in the lake water. In the Lake C3
25 basin, the calculated diluted factor using the
26 measured data of 24 and 20 for chloride and

1 sodium, and this is -- this gives us confidence
2 that, at minimum in the Lake C3 mixing zone, the
3 calculated dilution is two times of the dilution
4 factor in the initial discharge limit
5 development, which is the factor of 10.

6 So in conclusion, Shear acknowledged the
7 lack of the monitoring effort under the previous
8 ownership and the uncertainty for the -- for the
9 current dilution factor verification. Based on
10 the above study, Shear has verified that the
11 calculated dilution factor, using the measured
12 data at the Lake C3 outlet, is similar to the
13 predicted dilution using the mixing zone -- using
14 the mixing model.

15 Environment Canada has recommended a plume
16 delineation study to be done late in the
17 discharge season, which examines the extent and
18 behaviour of the plume in three dimensions.
19 Water quality objectives should be stated and a
20 comparison drawn from where they are expected to
21 be met in Lake C3. Shear's response are Shear
22 has started and will continue to monitor the
23 water quality in the Lake C3 mixing zone. Shear
24 will directly verify the dilution factor in Lake
25 C3 mixing zone once mining operations resume.
26 Shear will also undertake a plume delineation

1 study within two years following commencement of
2 mining operations, okay.

3 Now, I'm going to go into discussion for the
4 effluent quality criteria.

5 MR. HOHNSTEIN: Mr. Chair, could we just
6 confirm with Lootie that he's on the next side of
7 slides.

8 Lootie, we should be on slide 121; is that
9 correct?

10 MR. TOOMASSIE: Okay.

11 MR. LIU: That's correct.

12 MR. TOOMASSIE: Okay. I got it.

13 THE CHAIR: Let's carry on.

14 MR. TOOMASSIE: Mr. Chair, I got it.

15 THE CHAIR: All right, Lootie.

16 MR. TOOMASSIE: Yeah. I got the 121 now,
17 so --

18 THE CHAIR: Thank you, Lootie. Please
19 carry on.

20 MR. TOOMASSIE: Thank you.

21 MR. LIU: Thanks, Mr. Chair and
22 panel members.

23 Now I'm going to start the discussion for
24 effluent quality criteria. In the -- in Shear's
25 technical memorandum 'G' submitted in August
26 2011, Shear has proposed no change to the current

1 effluent criteria limits. Environment Canada, in
2 the latest intervention, has recommended the
3 reduction in effluent discharge limits for
4 nitrite and nitrate; the addition of discharge
5 limits for total extractable hydrocarbons; the
6 removal of discharge limits for dissolved solids
7 and chloride, instead monitoring those parameters
8 once mining operations resumes; the removal of
9 discharge limits for oil/grease, if not deposited
10 in untreated camp waste directly into PKCA.

11 This table summarized the discharge limits
12 in the current water licence and the discharge
13 limits being recommended by Environment Canada.
14 As discussed before -- excuse me, okay. As
15 discussed before, Environment Canada recommended
16 monitoring the total dissolved solids and
17 chloride, instead of regulating them. Reducing
18 the discharge limits for the nitrate for the
19 maximum -- for the maximum grab concentration
20 of 5 milligrams per litre to 2 milligrams per
21 litre and reducing the maximum average
22 concentration for nitrate -- sorry, let me
23 repeat, okay. Reducing the maximum grab
24 concentration for nitrate from 56 milligrams per
25 litre to 40 milligrams per litre. Reducing the
26 maximum average concentration of nitrate from 28

1 milligrams per litre to 20 milligrams per litre.
2 Reducing the maximum grab concentration from
3 nitrite from 5 milligrams per litre to 2
4 milligrams per litre. Reducing the maximum
5 average concentration for nitrite from 2.5
6 milligrams per litre to 1 milligrams per litre.
7 Remove the discharge criteria for oil and grease
8 in both maximum grab and maximum average
9 concentrations, and as the total extracted
10 hydrocarbon as one of the regular parameters and
11 adding maximum average concentration of 3
12 milligrams per litre.

13 In the next few slides, we'll discuss those
14 recommended discharge limits separately. For
15 total dissolved solids and chloride, both total
16 dissolved solids and chloride show the increasing
17 trend from 2006 to 2007 during previous
18 operations. However, the maximum concentrations
19 of both parameters were insignificant comparing
20 to the current discharge limits. In addition,
21 concentrations of both parameters show rapid
22 reductions after the suspension of the mining
23 operations. Environment Canada recommended that
24 removal of discharge limits for total
25 dissolved solids and chloride, instead monitoring
26 those parameters within 24 months of resuming

1 mining operations. Shear's response is, Shear
2 proposed that current criteria remain in the
3 licence while Shear works with Environment Canada
4 to consider these recommendations over the next
5 two years.

6 Slide 126 for nitrate. Similarly, nitrate
7 concentration showed an increasing trend in 2006
8 and 2007, during previous mining operation.
9 However, the maximum concentration was
10 insignificant compared to the current water
11 licence discharge limit. Environment Canada has
12 recommended reductions in the discharge limits
13 for nitrate reducing the maximum average
14 concentration of 2.5 milligrams per litre to 1
15 milligrams per litre. Shear's response is based
16 on the current data review, Shear believes that
17 the recommended discharge limit of 1 milligrams
18 per litre for maximum average concentration can
19 be achieved once mining operations resume. Shear
20 accepts this recommendation.

21 Slide 128 for nitrate. Environment Canada
22 recommended that reduction in effluent discharge
23 limits for nitrate from 28 milligrams per litre
24 to 20 milligrams per litre for the maximum
25 average concentration and reducing from 56
26 milligrams per litre to 40 milligrams per litre

1 for maximum grab concentrations. Shear's
2 response is, Shear proposed that natural limits
3 remain at the currently licenced limits of 28
4 milligrams per litre for maximum average
5 concentration, and 56 milligrams per litre for
6 maximum grab concentration and that in two years
7 following the commencement of the mining
8 operations, a technical meeting be held to review
9 the water quality data and to reassess the
10 natural discharge limit.

11 In the next few slides, I'm going to be
12 giving a few rationales for this proposal. The
13 first one, Environment Canada recommended
14 lowering the discharge limits for nitrate from 28
15 milligrams per litre to 20 milligrams per litre.
16 During the previous operations, the nitrate
17 concentration in the grab samples increased from
18 less than the detection limit, which is 0.05
19 milligrams per litre in 2005 up to 17.8
20 milligrams per litre in September 2007. The
21 maximum average concentration of nitrate from
22 August 27th to September 24th, 2007, was 17.5
23 milligrams per litre. If the previous mining
24 operation had continued in 2008, which is the
25 third year of the operation, it is possible that
26 nitrate and effluent may have exceeded the

1 discharge limit currently being recommended by
2 Environment Canada. Second, based on a current
3 review of the site of water quality data,
4 elevated nitrate in the processed kimberlite
5 containment area, effluent mainly originates from
6 the pit dewatering during the operations.
7 Nitrite in a pit of water ranges from 46
8 milligrams per litre to 121 milligrams per litre
9 between June 2006 and August 2007. 121
10 milligrams per litre is approximately six times
11 of the recommended new discharge limit for
12 nitrate, and we have determined the source of the
13 nitrate in a pit of water is the residual
14 ammonium nitrate dissolving in the pit sump from
15 previous blasting activities, and Shear is going
16 to investigate and improve the previous blasting
17 activities -- previous mining blasting practice
18 and is going to improve the ammonium nitrate
19 management, which will be discussed later by
20 Julie.

21 And the next one, the current nitrate
22 discharge limit of 28 milligrams per litre for
23 maximum average concentration was calculated
24 based on the current CCME guideline over 2.9
25 milligrams per litre, and the equation -- I have
26 explained the equation in earlier slides that the

1 CCME guideline is protective to the aquatic
2 environment and are conservative. Shear believes
3 maintaining the current nitrate discharge limit
4 within two years of resuming mining operations
5 will adequately protect the aquatic health in the
6 receiving environment.

7 And the last point I would like to make is
8 nitrate concentration in Lake C3 were well below
9 the aquatic threshold limits during the previous
10 mining operations. Despite an increased trend
11 of PKCA discharge, which approves the discharge
12 limit being recommended by Environment Canada.
13 Nitrate concentration is controlled -- nitrate
14 concentration in Lake C3 is controlled by
15 physical dilution and biological consumptions.
16 Maintaining the effluent discharge and --
17 maintaining the effluent concentration at the
18 current water licence limit of 28 milligrams per
19 litre will keep nitrate concentration below
20 aquatic thresholds in Lake C3. I would like to
21 restate Shear's recommendation and proposal
22 again. Environment Canada recommended
23 reductions -- the reduction in the effluent
24 discharge limits from 28 milligrams per litre to
25 20 milligrams per litre for maximum average
26 concentration, and then from 26 milligrams per

1 litre to 40 milligrams per litre for maximum grab
2 concentrations. Shear's pro -- Shear proposed
3 nitrate limits remain at the current licence
4 limits of 28 milligrams per litre for the maximum
5 average concentration and 56 milligrams per litre
6 for grab concentrations, and in two years, for
7 the commencement of the mining operations, a
8 technical meeting be held to review the water
9 quality data and to reassess the nitrate
10 discharge limits, and the next point I would like
11 to make is within the two years time following
12 the mining operations, Shear will have the
13 opportunity to investigate and improve the
14 previous blasting practice and ammonium
15 nitrate management and have a better
16 understanding for the pure water quality and the
17 PKC water quality during the operations. At the
18 same time, effluent dilution in Lake C3 mixing
19 zone, as well as the fate of nitrate in the
20 receiving environment will be better understood.

21 I would like to turn the presentation to
22 Julie for discussing the plan for improving the
23 previous blasting practice and the management for
24 the ammonium nitrate. Thank you.

25 MS. LASSONDE: Thank you, William Liu.

26 THE CHAIR: Thank you.

1 MS. LASSONDE: Mr. Chair, I think just to
2 take a step back for a minute here. Ideal
3 blasting does not leave any ammonium nitrate
4 residual. It consumes the ammonium nitrate in
5 its entirety, instead only emitting nitrogen gas,
6 carbon dioxide, and water vapour. However,
7 unless in ideal conditions, IE, when it -- the
8 ground is wet and the bore holes, where the
9 ammonium nitrate are wet, the drill holes are
10 wet, you don't get ideal blasting. In addition
11 to this, we have some historical knowledge
12 through discussions with various employees, who
13 had been at the Tahera site at the time, that
14 Tahera's blasting practices were perhaps not
15 ideal, certainly were not best practice --
16 blasting practices, so what we propose here is
17 to, obviously, adhere to best blasting practices,
18 and in these two slides that follow, slide 134,
19 and 135, I'm just going to outline Shear's
20 proposal for blasting -- best blasting management
21 practices. That's a bit of a mouthfull.

22 The storage area will be bermed, including a
23 geomembrane liner, as per current best practices.
24 All emulsion materials are acutely toxic to
25 aquatic life, thus will be stored at the emulsion
26 plant where spills would be 100 percent contained

1 within the building. All empty, partially full,
2 contaminated or ribbed bags of prill, which is
3 another term for ANFO or ammonium nitrate, will
4 be collected and stored in a dedicated contained
5 location for backhaul on the winter road.

6 I'm now moving to slide 135. Thank you.
7 Any reportable spills of ammonium nitrate will be
8 reported by the Shear Diamond's site -- site and
9 plant manager as required by the Nunavut spill
10 reporting regulations. And finally, Shear will
11 investigate possible deficiencies during past
12 blasting operations and prill management.

13 I'm now moving on to slide 136. Environment
14 Canada recommends -- and I'm specifically moving
15 toward -- to a different topic here.
16 Effluent quality criteria, oil and grease.
17 Environment Canada has recommended the removal of
18 the discharge limit for all oil and grease if not
19 depositing of untreated camp waste directly into
20 the processed kimberlite containment area. Our
21 response is that all wastewater generated from
22 the camp is to treated in the wastewater
23 treatment camp before being discharged into the
24 processed kimberlite containment area, and no
25 camp waste will be directly deposited in the
26 processed kimberlite containment area. Shear

1 accepts Environment Canada's recommendation to
2 remove oil and grease from the regulated
3 parameters.

4 Moving to slide 137. The effluent quality
5 criteria for total extractable hydrocarbons,
6 Environment Canada recommends the addition of
7 discharge limits for a total extractable
8 hydrocarbons, and our response is that we will
9 contact -- is specifically contact water from the
10 tank farm containment area and future landfarm
11 will be treated using the onsite treatment unit
12 before being discharged into the processed
13 kimberlite containment area. Shear believes that
14 the recommended total extractable hydrocarbons
15 discharge limit of 3 milligrams per litre can be
16 achieved. Shear accepts Environment Canada's
17 recommendation to add total extractable
18 hydrocarbon as a regulated parameter for the
19 processed kimberlite containment area discharge
20 effluent. In addition, Shear proposes to add a
21 maximum grab concentration limit of 6 milligrams
22 per litre for total extractable hydrocarbons in
23 the processed containment -- processed kimberlite
24 containment area discharge effluent.

25 Moving on to slide 138. Oh, it's me, okay.
26 Moving along, 139. I'd like to speak to site

1 water quality and management. A number of
2 comments were received with regard to site water
3 quality and management. In 2011, over the course
4 of the year, this year, Shear has gained a
5 significantly better understanding of site water.
6 Shear will revise and submit the site water
7 management plan by the end of year 2012. Shear
8 will incorporate the recommendations from the
9 interveners and the knowledge that Shear has
10 gained through its monitoring and sampling
11 programs over the course of 2011.

12 Moving on to slide 141, okay. Oh, sorry,
13 140, my apologies. Site water quality pit water,
14 Aboriginal Affairs and Northern Development
15 Canada have asked Shear to reassess the pit water
16 quality dilution modeling after production, and
17 Environment Canada recommends that the -- that
18 Shear commit to a timeline for delivering its pit
19 water quality remodeling. Our response is we
20 will be able to understand pit water quality
21 after resumption of mining operations. Shear
22 proposes sampling and monitoring pit water
23 quality for a period of two years, at which time
24 the company will update the pit water quality
25 model. Shear is requesting two years because the
26 first year of mining will not be representative

1 of a typical year of operations.

2 Moving on to slide 141. In regard to the
3 seepage survey, which was handed out today, we
4 conducted a seepage survey on site on September
5 14th and 15th, 2011. At that time, we identified
6 seven active seeps. Three were flowing toward
7 Carat Lake, and these are on the very first -- if
8 you press forward, it will circle it, yeah. So
9 that's the first for the Board member on the
10 phone joining us by teleconference. It is the
11 top right-hand yellow circle. Two seeps were
12 flowing toward Lake C1, and that is the bottom
13 left-hand corner yellow circle, and finally two
14 were flowing on the road between the pit and the
15 waste rock dump area and infiltrate the road, and
16 that is the metal circle.

17 Moving on to slide 142. Here we identify
18 four grab samples on the seeps, and I won't
19 necessarily read through what we have there, but
20 I think it's quite legible, and what you can see
21 is that there are definitely issues in terms of
22 exceeding some of the grab limits -- no --
23 correct, the water licence average. My
24 apologies.

25 Moving on to the next slide. In
26 consideration of the elevated total suspended

1 solids may be attributed to snow melt and rain
2 event that occurred on the day of the seepage
3 survey, significant rain event. By the time the
4 analytical results were received from the
5 laboratory, freeze-up had already occurred. The
6 sources and fates of the seeps were -- are
7 currently under evaluation.

8 With respect to collection ponds, Aboriginal
9 Affairs and Northern Development Canada,
10 suggests -- comments, design of berms, retention
11 ponds, conceptual design of ponds will
12 be included in the revised site water management
13 plan, not in advance of these hearings. Our
14 response, Shear conducted a seepage survey, as I
15 just discussed, in September of 2011. Copies of
16 the report are being provided -- have been
17 provided today. Based on the results of the
18 seepage survey, Shear will implement a more
19 detailed seepage survey program in 2012 that will
20 include seasonal sampling and establishing
21 sampling stations in Carat Lake and Lake C1.
22 Shear will conduct a surface water dispersion
23 model in Carat Lake. The detailed survey program
24 will include source and fate investigations.
25 Finally the results of the detailed seepage
26 survey program will assist Shear in determining

1 the need for and the design requirements for any
2 collection system.

3 Slide 145, aboriginal -- with respect to pit
4 water quality and the processed kimberlite
5 containment area, Aboriginal Affairs and Northern
6 Development Canada state, Shear to reassess water
7 quality dilution modeling after production,
8 Shear's response, Shear will reassess water
9 quality mixing modeling after production resumes.
10 TDC water quality during production nitrate
11 concentration was up to 121 milligrams per litre
12 in August of 2007. Anecdotal information
13 indicated that blasting practices did not adhere
14 to the management plan, as I mentioned earlier
15 today. Shear will include the site water quality
16 prediction for production in the updated site
17 water management plan.

18 On to slide 146, in respect to open pit
19 infill rates. Aboriginal Affairs and Northern
20 Development Canada recommend that Shear include
21 contingency measures in the updated ANR to
22 facilitate filling of the pit, if it is not found
23 to be filling to schedule. Our response, Shear
24 will include contingency measures that will
25 facilitate pit filling in the final closure and
26 reclamation plan. A revised interim closure and

1 reclamation plan will be filed within one year of
2 the date of re-issuance of the water licence.

3 On to slide 147, open pit infill rates.
4 Environment Canada recommends Shear's commitment
5 to reevaluate the pit fill rate by April 2012 and
6 looks forward to reviewing the revised plan and
7 pit fill rate when available. Our response,
8 Shear is reevaluating the pit infill rates and
9 will provide a technical memo in April of 2012 as
10 committed. The technical memo will present
11 scenarios and options for infilling. This
12 information will also be included in the revised
13 interim closure reclamation plan and final
14 closure and reclamation plan.

15 We are nearing the end of our presentation.
16 I am now on slide 148, and what's next, our
17 timeline, and I will speak to, actually, slide
18 149 now. This is our timeline over the course of
19 the next 20 months, and it is always difficult to
20 have a start date -- to set a start date
21 effectively or in stone, if you will. So what
22 I've done here -- what Shear has done here is put
23 months attributable and so to give you a
24 concept -- conceptually the amount of time that
25 it will take to do things, and it also shows and
26 delineates the need for previous things to

1 happen. So right at the top in the recovery
2 plant trials, when they begin, it will take
3 approximately nine months. These are
4 specifically in relation to the high-grade
5 recovery reject pile that I discussed at the very
6 beginning of my presentation, where there is
7 between 10 and 15 carats per tonne contained.
8 The total number of carats within that particular
9 stockpile approximates to 200,000 carats. This
10 is not an insignificant stockpile of gemstones.
11 With those recovery plant trials, we will then
12 also conduct a drill program. This is also --
13 again, you know, we are a public company, so I
14 have to be cognizant of what I do say in terms of
15 making commitments, not just to the Nunavut Water
16 Board, but also in terms of securities laws, but
17 if everything goes to plan, the drill program
18 would be conducted in the spring of this year, so
19 when you see there months four, five, and six,
20 well, typically that would be March, April, May,
21 and followed by a scoping study. The scoping
22 study is required to then fulfill the need for
23 the financing for the full restart of the Jericho
24 Mine. Just to give you an idea, the financing --
25 the capital expenditures expected for the full
26 restart of the Jericho Mine amount to

1 approximately between 20 and \$25 million.
2 Finally, once the financing has taken place,
3 there will be the equipment purchases, delivery,
4 and installation, and that foresees winter road
5 usage, and finally the restart of the Jericho
6 Diamond Mine. So I say 20 months, but sort of if
7 things go really well, it could be 18 months. If
8 things take a little longer, 24 months. There's
9 a little bit of wiggle room in there, but
10 ostensibly that is what Shear's timeline looks
11 like for the next two years. Everything being
12 equal and going well.

13 So finally I think I'd like to come to the
14 conclusion of my presentation. I would like to,
15 once again, thank the interveners for their
16 submissions, their time, their effort, their
17 patience, for taking the time to meet with us
18 over the last couple of weeks and clarifying the
19 issues and discussing possible solutions. You
20 have been very good to us, and we appreciate
21 that. As well, we would like to thank the elders
22 and community residents for finding time to sit
23 and listen to our presentation. It was very much
24 appreciated.

25 Mr. Chair, we are now prepared to take
26 questions that the parties and/or the Board may

1 have, and thank you very much for your time
2 today.

3 THE CHAIR: Thank you. I think before
4 we get to the next round, we'll take a
5 five-minute health break.

6 (ADJOURNMENT)

7 THE CHAIR: Welcome back, everyone.
8 Now we go on to the next round, questioning of
9 the applicant by interveners. We have
10 Environment Canada.

11 **Environment Canada Questions Shear Diamonds**
12 **Nunavut Corporation**

13 Q MS. WILSON: Thank you, Mr. Chairman.
14 It's Anne Wilson with Environment Canada, and I
15 have a potpourri list of questions here, so I'm
16 hoping that I can ask them without jumping around
17 too much?

18 I'm going to start with blasting management.
19 I appreciated the description of how the
20 practices are planned to be improved and really
21 noted in the receipt of the seepage report how
22 much of residue -- a legacy residue is coming out
23 of the waste rock pile. The pit dewater addendum
24 also shows that there's a large nitrite reservoir
25 in the pit, and, of course, the best approach is
26 to prevent loss of nitrate and reduce its source.

1 Can you describe a little further about how you
2 can do further reductions, such as use of sleeves
3 or other technical aspects that could be explored
4 to further reduce the nitrite? And I was also
5 going to ask when the blasting may start again?

6 A MS. LASSONDE: Mr. Chair, Ms. Wilson, I
7 think I can speak to some of that, but I won't be
8 able to speak to all of it. I will have to come
9 back to you with some responses. Certainly
10 sleeves -- we intend to use sleeves. Currently
11 we foresee using the contractor by the name of
12 Dyno-Nobel. They were the contractors that
13 worked for Tahera as well, so obviously
14 there's -- you may have some questions regarding
15 that, but the reality is the emulsion plant that
16 is at the Jericho site was designed and has
17 proprietary infrastructure within it to create
18 the emulsion. I have spoken recently to
19 Dyno-Nobel, and they have a new product that they
20 believe is -- will consume the ammonium nitrate
21 in a more fulsome fashion despite possible water
22 issues in the drill holes. That being said, I
23 think I could give you a more fulsome response
24 after further conferring with my Dyno-Nobel
25 colleagues. Is that acceptable?

26 MS. FILIATRAULT: Mr. Chairman --

1 MS. WILSON: Thank you, Mr. Chairman.

2 MS. FILIATRAULT: Before we go on, Mr.

3 Chairman, the member on the phone was cut off, so
4 we need to reestablish the connection, so bear
5 with us.

6 THE CHAIR: Please bear with us,
7 again, please.

8 MS. FILIATRAULT: He's actually just in the
9 other room just checking the connections, so
10 he'll be -- he's working on it.

11 THE CHAIR: Thank you.

12 Lootie, are you back with us.

13 MR. TOOMASSIE: Yeah. I'm back now.

14 THE CHAIR: Thank you, Lootie.

15 Please go ahead.

16 Q MS. WILSON: It's Anne Wilson. Thank
17 you, Mr. Chairman?

18 Just to recap, in case Lootie had missed
19 some of that. The proponent has suggested coming
20 back with further information on the ways in
21 which the blasting reagent use can be managed
22 better, and that's acceptable, as far as I'm
23 concerned, so I will move on to my next question,
24 if that's all right.

25 Going to the seepage report, it sounds like
26 a good comprehensive program is going to be

1 conducted next year, and that will really
2 help inform when the next ponds 'A', 'B', and 'C'
3 are going to be constructed. I would -- I had a
4 few questions on there for QAQC, but one of the
5 things in the bigger picture that I flagged is
6 that sulfate coming off the waste rock is also
7 very elevated. My question is, will you be
8 considering that when you think about the timing
9 for constructing a capture and control system for
10 the seepage?

11 MS. LASSONDE: Mr. Chair, Ms. Wilson, I
12 would like to just confer with my colleagues
13 briefly.

14 Ms. Wilson, I'm going to ask Allison Rippin
15 Armstrong to answer this question.

16 A MS. RIPPIN ARMSTRONG: Mr. Chair, Allison Rippin
17 Armstrong, EBA. And I just want to clarify, when
18 you're asking that question, is that in regards
19 to the fact that sulfate currently is not one of
20 the licenced discharge criteria.

21 Q MS. WILSON: Mr. Chairman, thank you.
22 The concern arises because it is -- it's rarely a
23 regulated criteria. It's a hard one to treat
24 for, and -- but it does have environmental
25 concerns at the levels we're starting to see, so
26 I was going to propose that would be something to

1 consider when you're thinking about the timing of
2 capture and control of seepage.

3 A Thank you, Mr. Chairman, Allison Rippin
4 Armstrong, EBA. When reviewing the water quality
5 data, we'll be looking at any of the parameters
6 that are elevated in terms of the health of the
7 receiving environment, not just those parameters
8 that are currently licenced discharge criteria,
9 so the response would be, yes. We would be -- we
10 did note the sulfate -- the elevated sulfate
11 levels, and it will be incorporated into our
12 monitoring program in 2012, and as well, if -- we
13 don't just look at the licenced discharge
14 criteria. We look at all of the parameters that
15 are -- if there would be exceedances.

16 Q Thank you. Last question on seepage. I didn't
17 see in the report that dam seepage had been
18 collected. Is there any seepage from the west
19 dam?

20 A MS. LASSONDE: Mr. Chair, Ms. Wilson,
21 there was no observed seepage from the west dam.

22 Q MS. WILSON: Thank you, and thank you,
23 Mr. Chairman. I have a couple of questions on
24 waste management. What alternatives for
25 treatment of contaminated soils -- hydrocarbon
26 contaminated soils have been considered beyond

1 landfarming?

2 A Mr. Chair, Ms. Wilson, I'd like to consult with
3 my -- confer with my consultants. Thank you.

4 Mr. Chair, Ms. Wilson, at this time, we are
5 considering the possibility of incineration. It
6 would require a winter road, and it also
7 requires, at this time, complete soil analysis
8 and characterization for further consideration,
9 so, yes, we are considering other methods.

10 Q Thank you. It's Anne Wilson again. Will this be
11 brought forward as a formal proposal? I
12 know some of our concerns had been flagged around
13 the use of a landfill. I know that Meadowbank
14 has decided against -- sorry, landfarm -- against
15 doing a landfarm for reasons of the length of
16 time and the treatability aspects, so I wondered
17 if you had decided one way or another to proceed
18 with the landfarm or not?

19 THE CHAIR: Applicant.

20 MS. LASSONDE: Mr. Chair, Ms. Wilson, I
21 will ask Ms. Allison Rippin Armstrong to answer
22 the question on behalf of Shear.

23 A MS. RIPPIN ARMSTRONG: Mr. Chairman, Allison
24 Rippin Armstrong, EBA. There will be a formal --
25 at the present time, one of the -- as
26 Ms. Lassonde mentioned, we have to complete the

1 soil characterization. The company that -- the
2 company that we had spoken to with regards to
3 coming to site with an incinerator and working
4 with us requires some additional information, and
5 as well, as Ms. Lassonde mentioned, we would
6 require the use of the winter road for
7 transportation, and so once we've completed that
8 investigate -- that characterization, and over
9 the winter, we'll be making a final
10 determination, and we will be filing something,
11 once that determination is made. Thank you.

12 THE CHAIR: Thank you.

13 Q MS. WILSON: Thank you, Mr. Chairman.
14 The other waste management question I had was
15 regarding contingencies for treatment if
16 discharge criteria from the processed kimberlite
17 containment area are being approached. Was land
18 treatment still on the radar as something that
19 might be used for effluent treatment?

20 THE CHAIR: Applicant.

21 Q MS. LASSONDE: Mr. Chair and Ms. Wilson,
22 I'd just like to confer with my colleagues
23 briefly.

24 Mr. Chair, Ms. Wilson, land treatment at
25 this point in time is not a consideration. I
26 think further to that, we have -- we believe, for

1 good reason, that we should be able to meet the
2 discharge criteria of the processed kimberlite
3 containment area. It was designed specifically
4 for that, and during the two years of production,
5 they were able to do so, and we believe we will
6 have best practices and should easily be able to
7 meet those. I hope that is -- thank you.

8 Thank you, Mr. Chair.

9 THE CHAIR: Thank you. Environment
10 Canada. Dionne?

11 MS. FILIATRAULT: Mr. Chairman, I think it's
12 important to clarify a point possibly, just for
13 the benefit of Environment Canada on the issue
14 that was just questioned. The project
15 certificate that was issued for the project
16 actually required that if spray irrigation, which
17 was -- at the time of the original project, was
18 to be considered, if it was going to be
19 incorporated as a project component in the future
20 that it, in fact, would be referred back to NIRB
21 for further design detail before a decision could
22 be made, so even if this was an option, at this
23 point in time, the Board would not be able to
24 make a decision on that matter without it going
25 back to NIRB.

26 THE CHAIR: Thank you.

1 Q MS. WILSON: Thank you. That's a good
2 clarification.

3 A question on closure. The proposal, at
4 this point, is to put half a metre of coarse
5 kimberlite material on top of the fine PK and
6 then perhaps a thin soil layer, and my question
7 is whether the coarse PK weathering behaviour is
8 going to be assessed. The Ekati Mines kimberlite
9 which is -- I don't think is as hard as the
10 Jericho kimberlite, exhibits a tendency to
11 crumble and be -- go to fine over time, and so
12 I'm just wondering if you're going to be
13 monitoring yours or if you have a sense of that.

14 THE CHAIR: Thank you. Applicant.

15 MS. LASSONDE: Mr. Chair, I'll require
16 just a few minutes, please.

17 Mr. Chair, I will ask Mr. Bill Horne from
18 EBA to answer this question.

19 A MR. HORNE: Early in the mine life, we
20 did do some tests on the coarse PK. We did some
21 Micro-Deval test to test the weatherability of
22 the coarse PK, and the tests came back that the
23 coarse PK does not weather. It is harder than
24 the coarse PK at the other diamond mines, a
25 considerable amount.

26 THE CHAIR: Environment Canada.

1 Q MS. WILSON: Thank you, Mr. Chairman.
2 It's Anne Wilson. Will ongoing onsite vigilance
3 be made so that you can watch the long-term
4 behaviour of it? Or are you quite confident that
5 the characterization holds for in perpetuity that
6 it may be supposed to the environment?

7 THE CHAIR: Applicant, please state
8 your name before speaking.

9 A MR. HORNE: Bill Horne EBA. During
10 the course of the mine life definitely, it's --
11 some observations will continue to be made of the
12 coarse PK stockpiles and see how they behave over
13 time.

14 THE CHAIR: Environment Canada.

15 Q MS. WILSON: Thank you. It's Anne
16 Wilson. I have a couple of my questions that are
17 probably going to take a little more time. I
18 don't know if I should just knock off my few
19 shorter questions and leave the rest to tomorrow.
20 I know we're getting close to when you said you
21 wanted us to wind up for the day.

22 THE CHAIR: How long are your
23 questions, approximately?

24 MS. WILSON: It's Anne Wilson.
25 Depending on the level of detail for the answers,
26 it could be another 15 or 20 minutes for the two

1 main questions that I've got, but I've also got a
2 few that are shorter that I should wind up in
3 five to ten minutes with those ones.

4 THE CHAIR: For the benefit of
5 everybody time wise. We're pressed for time, and
6 I think it might be wise to adjourn until
7 tomorrow morning. Leave your questions for
8 tomorrow morning, and we'll break now for supper,
9 and we'll have our public session at 7 tonight.
10 Does that sound okay with everybody?

11 MS. LASSONDE: It certainly does,
12 Mr. Chair. Thank you very much.

13 (DINNER ADJOURNMENT AT 4:57 AM)

14 (PROCEEDINGS RESUMED AT 7:03 PM)

15 **Evening Session**

16 THE CHAIR: Good evening. Just before
17 we begin, somebody will say an opening prayer,
18 Alice. I wonder if she can open with a prayer.
19 (OPENING PRAYER)

20 **Opening Remarks by Nunavut Water Board Chair**

21 THE CHAIR: Thank you, Alice. My name
22 is Thomas Kabloona, I'm the chair of the Nunavut
23 Water Board. On behalf of the Nunavut Water
24 Board that I'll refer to as the "NWB" or "the
25 Board", I welcome everyone to Kugluktuk and thank
26 the members of the community for joining us

1 tonight.

2 By way of background, the Nunavut Water
3 Board is an institution of public government
4 created under Article 13 of the *Nunavut Land*
5 *Claims Agreement* and is responsible for the use,
6 management, and regulation of fresh water in the
7 Nunavut settlement area. The purpose of this
8 public hearing is to review the application filed
9 with the Board by the Shear Diamonds Nunavut
10 Corporation, "Shear", or "applicant" for the
11 renewal of the Jericho Mine type 'A' water
12 licence in accordance with the *Nunavut Waters and*
13 *Nunavut Surface Rights Tribunal Act*.

14 Pursuant to the *Nunavut Land Claims*
15 *Agreement* and the *Nunavut Waters And Nunavut*
16 *Surface Rights Tribunal Act*, the Board has
17 delegated its power to dispose of all matters
18 relating to the type 'A' licence renewal
19 application, 2AM-JER0410 for the Jericho Diamond
20 Mine project, including the conduct of this
21 public hearing, to a panel of the Board. I am
22 the chair of this panel, and to my right is my
23 fellow Board and panel member, Ross Mrazek. As
24 those of you who attended this morning's opening
25 of the hearing are aware, the other Board member
26 who was scheduled to sit as a panel member for

1 this hearing was suddenly unexpectedly called
2 away due to a death in his family last night. As
3 a result, we delayed the start of this hearing
4 until we could make arrangements to have an
5 alternate Board member to attend the hearing via
6 teleconference in order for the panel to reach
7 the quorum of three members necessary to hear and
8 render a decision with respect to this matter.
9 As such, we have Board member Lootie Toomassie in
10 attendance via teleconference from Iqaluit.

11 Several staff members of the Nunavut Water
12 Board are assisting us today. Dionne
13 Filiatrault, executive director; David Hohnstein,
14 director of technical services; Karen Kharatyan,
15 technical advisor; Erik Skiby, assistant
16 technical advisor; and Teresa Meadows with Miller
17 Thomson LLP is here as the Board's legal counsel.
18 We have two interpreters available for
19 simultaneous translation, Ben Kogvik from the
20 Water Board and Joe Otokiak. To ensure an
21 accurate record of the proceeding, we have with
22 us a court reporter, Toni Rizzoli. To assist
23 Toni, I ask that anyone speaking please state
24 their name first.

25 For members of the community just joining
26 us, the application we are considering at this

1 public hearing was filed by Shear Diamonds
2 Nunavut Corporation, Shear. The purpose of the
3 application is to allow for the use of water and
4 disposal of waste associated with Jericho Diamond
5 Mine project. All of the documents filed for
6 this application are available electronically on
7 the Board's public registry, including Inuktitut
8 and Inuinnaqtun translations of the executive
9 summary of the application. Hard copies are
10 available at the back of the meeting room.

11 I will now briefly go over the history of
12 the application. On February 28, 2011, the NWB
13 received the application for renewal of the
14 existing licence, including supporting documents
15 from Shear. The application was prepared and
16 submitted with the support of EBA Engineering
17 Consultants Limited. Because of the volume of
18 water applied for, the application is a type 'A'
19 water licence and requires a public hearing.

20 On February 18th, 2011, the Board was
21 informed by Nunavut Planning Commission, NPC,
22 that the project proposal falls outside the
23 boundaries of an approved land use plan, so no
24 review was required by NPC.

25 On March 21, 2011, the NWB acknowledged
26 receipt of the application and asked interested

1 parties to review the scope and completeness of
2 information provided, as well as to identify
3 deficiencies. By April 29th, 2011, the Board
4 received comments on the completeness of the
5 application from Aboriginal Affairs and Northern
6 Development Canada, AANDC; Environment Canada,
7 EC; Fisheries and Oceans, DFO; and the Kitikmeot
8 Inuit Association, KIA. On March 30, 2011, the
9 Board Jericho panel directed the NWB staff to
10 hold a technical meeting and pre-hearing
11 conference, PHC in Cambridge Bay on June 20 and
12 21, 2011.

13 On May 11, 2011, based on the comments
14 received from AANDC, EC, DFO, and KIA and
15 discussions with the Nunavut Impact Review Board,
16 NIRB, the NWB determined that the application
17 could proceed to technical review steps and the
18 NWB's regulatory process in inviting interested
19 persons to complete a full technical assessment
20 of the application and provide the Board with
21 their comments by mid-June.

22 By June 14, 2011, the Board was in receipt
23 of written representations from Aboriginal
24 Affairs and Northern Development, Environment
25 Canada, and Department of Fisheries and Oceans.
26 By June 16, 2011, Aboriginal Affair and Northern

1 Development and KIA confirmed their attendance at
2 the technical meeting and pre-hearing conference.
3 A technical meeting, including community
4 information session and pre-hearing conference
5 were held on 20 and 21 June, 2011, in Cambridge
6 Bay. During the technical meeting and
7 pre-hearing conference, a list of commitments
8 were developed and accepted in a timetable for
9 the exchange of information and for the
10 submission of additional information was
11 established. Additional information has been
12 provided by the applicant, including a schedule
13 of monitoring activities, proposed changes to the
14 aquatic effects monitoring plan, proposed
15 effluent discharge criteria, proposed location
16 for waste disposal, and sludge disposal
17 facilities, updated processed kimberlite
18 containment area plan, on July 15, 31, and August
19 15 and 19, 2011. This information is available
20 on NWB public registry and hard copy of all the
21 documents filed with the Board for this
22 application is available for your review on the
23 table to the side. Please see Erik Skiby at the
24 back of the hall if you would like to take a look
25 at this material tonight.

26 The Board confirmed the date of the public

1 hearing in its July 4, 2011, pre-hearing
2 decision, and set out related procedural
3 requirements, including timelines for submission
4 of information and a list of issues to be
5 presented at this final hearing.

6 On July 12, 2011, the Board, as we are
7 required to do, issued notice that the public
8 hearing related to this application could be held
9 on October 12 and 13, 2011, at the Kugluktuk
10 Community Hall. However, on September 14th,
11 2011, Kitikmeot Inuit Association requested a
12 one-week extension for the deadline for providing
13 written submission from September 23, 2011, to
14 September 30, 2011. A day later on September
15 15th, Shear requested the Board to postpone the
16 public hearing schedule for October 12 and 13 to
17 a date no later than December 15th, 2011, in
18 order to allow Shear and the Kitikmeot Inuit
19 Association adequate time to discuss the matters
20 of mutual interest that relate to the mine.

21 After consideration of these requests and
22 comments received, the Board decided to grant
23 these requests and postpone the public hearing
24 until November 30 and December 1, 2011.
25 Reflecting the adjournment of the hearing, the
26 Board requested that the written submissions of

1 interested parties, complete with an executive
2 summary in English, Inuktitut, and Inuinnaqtun be
3 filed with the Board by November 15th, 2011. A
4 notice of public hearing postponement was issued
5 officially on September 20, 2011, in local
6 newspapers and on bulletin boards in affected
7 communities. On the week of October 31, 2011,
8 radio announcement began airing on local stations
9 in Kugluktuk.

10 I would like to notify participants that if
11 any member of the media are present at this
12 meeting, I would ask on behalf of the Board that
13 the Board cannot comment on pending matters,
14 either by confirming or denying the accuracy of
15 others' statements to the media. The Board would
16 appreciate if all parties would refrain from
17 making any such comments to the media that may
18 imply a certain action or decision by the Board.
19 Board members and staff will not discuss the
20 hearing or the matters before the Board with any
21 of the parties or the media or the matters before
22 the Board or the Minister of Aboriginal Affairs
23 and Northern Development. If you have any
24 questions about the Board and its practice or
25 procedure in this regard, please speak to the
26 executive director, Dionne Filiatrault, and she

1 will assist you.

2 **Roll Call**

3 THE CHAIR: If there are no concerns,
4 I would like to move forward to a roll call. I
5 will begin the roll call with the applicant,
6 Shear Diamonds Nunavut Corporation, and then go
7 on to other intervening parties.

8 MS. LASSONDE: Yes, Mr. Chair. Thank
9 you. My name is Julie Lassonde. I'm here on
10 behalf of Shear Diamonds. With me is Stephanie
11 Autut, my vice president of environment and
12 community affairs. To my right, is Chris Morton
13 who is the vice president of operations for Shear
14 Diamonds, and behind, also to my right, is Kyle
15 Conway who is the environmental coordinator at
16 site. Thank you.

17 THE CHAIR: Thank you. I'd like to
18 take a five-minute health break.

19 (ADJOURNMENT)

20 THE CHAIR: We will carry on. Before
21 we proceed, Lootie Toomassie, are you still on
22 the line. Lootie Toomassie, are you still with
23 us?

24 MR. BOURQUE: I hear something.

25 THE CHAIR: Thank you. Lootie, are
26 you with us now?

1 MR. TOOMASSIE: Yeah, yeah.

2 THE CHAIR: Thank you. We will carry
3 on with -- if there are any other interveners who
4 would like to speak, please identify yourself.

5 MS. TRENHOLM: Hi, my name is Tanya
6 Trenholm. I am here on behalf of the Department
7 of Aboriginal Affairs and Northern Development.
8 With me here tonight is Eva Paul, and she is also
9 with Aboriginal Affairs and Northern Development.
10 Thank you.

11 THE CHAIR: It is our tradition to
12 give respect to our elders; therefore, at any
13 time during the proceedings, an elder may speak
14 to the application on file. Are there any
15 members of the general public who would like to
16 identify themselves?

17 Are there any representatives from agencies,
18 associations, et cetera, who have not submitted
19 interventions but would like to speak. Before
20 proceeding, I would like to request that all
21 parties register with Erik Skiby, NWB's assistant
22 technical advisor, at the entrance side table.

23 We will now proceed with a short
24 presentation by the applicant, application by
25 Ms. Stephanie Autut on behalf of Shear Diamonds
26 Nunavut Corporation.

1 Ms. Autut, please go ahead with the
2 presentation.

3 **Presentation by Shear Diamonds Nunavut**
4 **Corporation**

5 MS. AUTUT: QujananiK, Mr. Chair,
6 members of the Board. I am Stephanie Autut. I
7 am vice president of environment and community
8 affairs of Shear Diamonds Ltd. Tonight I am
9 going to give a brief presentation outlining a
10 more technical presentation that we provided
11 earlier this afternoon. Shear is pleased to be
12 here in Kugluktuk to speak to the Board and the
13 community about its water licence renewal
14 application. On behalf of Shear, I will be
15 presenting to you this evening, and our agenda
16 will focus on some key items, including
17 introductions, a history of the project, who is
18 here, project overview, compliance status, a
19 summary of our application, response to
20 submissions, what's next in terms of timelines,
21 and some brief acknowledgements. Representing
22 Shear in Kugluktuk, we have our CEO, Julie
23 Lassonde. Next to Julie, we have Chris Morton,
24 our vice president of operations, and behind
25 Chris, we have Kyle Conway, the site and
26 environmental coordinator. Sending regrets from

1 our head office in Toronto and from the mine site
2 itself, we have Pamela Strand, our president;
3 Martha Sabogal, head of human resources; Richard
4 Belfer, who is our chief financial officer; Kelly
5 Fearman, who is with investor relations. At the
6 mine site itself, we have Joe Leil, who is the
7 assistant site manager; his cross shift, Mr. Jim
8 Kane; and Christina Seitz, who is the site's
9 administrator and who also handles human
10 resources issues on site.

11 In terms of continuity, Shear is proud to
12 acknowledge three Kitikmeot residents and wishes
13 to recognize their service, not only with the
14 original owner of the Jericho Mine, Tahera
15 Corporation, but now as employees who have
16 returned to work with Shear Diamonds Limited.
17 Andy Uyarrai is a native of Gjoa Haven. Andy has
18 worked closely with the Jericho project for many
19 years and understands the many different facets
20 of Jericho's operations and has proven to be a
21 valuable asset to Shear Diamonds. We have both
22 Raymond and Arthur Oniak, also natives of
23 Kugluktuk. Raymond has firmly established
24 himself within the mining industry and has many
25 years of experience. He brings a vast array of
26 knowledge and skill to the site services division

1 of Shear Diamonds. I believe Arthur is with us
2 tonight. Is he -- he has joined us. Hi, Arthur.
3 Arthur is Raymond's brother, and Arthur's work
4 ethic and aspiration to learn has made him a
5 valuable asset to the Shear site services
6 division as well. Arthur demonstrates a strong
7 work ethic and offers incredible skill sets to
8 the Shear team.

9 Shear has been fortunate as well to have
10 other staff join its team that carry along in
11 that line of continuity. We have Chris Morton,
12 as I mentioned earlier, a vice president of
13 operations, who has been with Jericho when it was
14 owned by Tahera Corporation, who has intimate
15 knowledge of the project and its operations. Joe
16 Leil, the assistant site manager was with Jericho
17 when it was owned by Tahera as well. He brings a
18 comprehensive knowledge of the project to the
19 team, and myself, now the vice president of
20 environment and community affairs, was previously
21 the executive director with the Nunavut Impact
22 Review Board, and I had the pleasure of reviewing
23 this application when it was first filed with the
24 Board back in the late '90s.

25 With us this week, we have our technical
26 team, and I'll ask that they just raise their

1 hands when mentioned. We have Bill Horne, a
2 senior technical reviewer with EBA Engineering.
3 We have Gary Koop, the engineering team lead with
4 EBA; Allison Rippin Armstrong, the environment
5 team lead with EBA; and William Liu, an
6 environmental scientist with EBA. Also
7 travelling with us our legal counsel, JoAnn
8 Jamieson and Christine Kowbel from Lawson
9 Lundell.

10 Shear has quite a lengthy support team whose
11 services we rely on to get the work done. We
12 have EBA Engineering, who I just introduced. SRK
13 Consulting, Rescan Environmental Services,
14 Dyno-Nobel, DRA Engineering, McCarthy Tétrault,
15 Lawson Lundell, QDC/Det'on Cho Logistics, and
16 NUNA Logistics.

17 Now moving into a brief history of the
18 project. The project certificate for the Jericho
19 Mine was issued on July 20th, 2004. Public
20 hearings for the original water licence were held
21 December 6th and 7th, 2004, and the type 'A'
22 water licence was issued on December 21st, 2004,
23 with an effective date of January 2005.
24 Construction took place at the Jericho diamond
25 mine in 2005 and 2006, and commercial production
26 began on July 1st, 2006. Tahera was in operation

1 for 24 months and produced 780,000 carats. They
2 went into bankruptcy protection on January 10th,
3 2008. The Jericho site was temporarily shut down
4 since June of 2008. Aboriginal Affairs and
5 Northern Development Canada assumed
6 responsibility for the site at that time. Shear
7 Diamonds Limited acquired Jericho in August of
8 2010. The water licence currently in place was
9 due to expire on December the 31st, and Shear
10 immediately began discussions with the Water
11 Board and Aboriginal Affairs to determine how
12 best to proceed with renewing the water licence.
13 So the application for that renewal was filed, as
14 the chair indicated, on February the 28th, 2010.
15 Technical meetings and a pre-hearing conference
16 were held in relation to that application in
17 Cambridge Bay in June of this year, and technical
18 submissions were received on the application from
19 Aboriginal Affairs, Environment Canada, and the
20 Department of Fisheries and Oceans. Shear
21 provided a presentation and a written response to
22 all of those submissions, and a table of
23 commitments was developed as a followup to that
24 conference.

25 So I'm going to hand over to Julie to speak
26 to the "Who is Shear" piece.

1 MS. LASSONDE: Good evening. Pardon me.
2 So Shear, first and foremost, is Nunavut focused.
3 It is a mining friendly jurisdiction, and we
4 realize and understand that Nunavut is seeking a
5 sustainable future through mining. The
6 permitting process is well-defined, and Shear
7 Diamonds has strong partnerships in place with
8 the Kitikmeot Inuit Association, Aboriginal
9 Affairs, the Government of Nunavut, and the
10 Nunavut Resource Corporation. We signed a
11 memorandum of understanding in February of this
12 year.

13 I just want to point out that all our
14 significant exploration and development asset
15 projects are here in Nunavut, and you can see
16 them in the red and the yellow and black dots.
17 Nunavut also has significantly underexplored
18 geology, and it means that there is significant
19 potential for future discoveries. Shear is
20 committed to the environment, and we have a
21 corporate social responsibility statement. Shear
22 Diamonds is committed to being a leader in
23 environmental sustainability while integrating
24 environmental considerations into our business.
25 Shear employees exemplify environmental
26 stewardship through the application of sound

1 judgment, best practices, meeting and exceeding
2 regulatory requirements, and minimizing any
3 adverse effects Shear's activities may have on
4 the environment.

5 To this, Shear also has an environmental
6 track record. Shear won the Thomas Kudloo Award
7 in 2007. Shear also won the Environmental
8 Stewardship Award awarded to us by the Kivalliq
9 Inuit Association in 2007, and we also won the
10 Community Award awarded to us by NTI in 2006.

11 I'm going to become a little more specific
12 here and discuss the actual Jericho Diamond Mine.
13 So I know we've outlined the permitting history
14 of Jericho, but I'll give you the history of the
15 mine itself. So in 1995, the Jericho kimberlite
16 was discovered. Between 1998 and 2004,
17 exploration and development were undertaken.
18 Between 2005 and 2006, the construction of the
19 Jericho Mine occurred. It's important to note
20 that over \$350 million were invested in
21 infrastructure and exploration over this period.
22 Between 2006 and 2008, the Jericho diamond mine
23 was operated by the Tahera Diamond Corporation.
24 1.2 million tonnes worth of kimberlite ore were
25 mined. 1.2 million tonnes of kimberlite ore was
26 processed, and recovered of that was 780,000

1 carats. In 2008, Tahera was granted bankruptcy
2 court protection and suspended all operations.
3 In 2010, Shear completed its court sanction
4 transaction to acquire the Jericho Diamond Mine
5 on August 27th, 2010.

6 Contained in the \$200 million in
7 infrastructure are these next infrastructure
8 articles. Number 1, the large blue building with
9 the white top in this picture is a 2,000 tonne
10 per day diamond processing plant. Number 2 is
11 the truck maintenance shop, and it is the smaller
12 blue building with the white top. Number 3 is
13 the fuel farm, and number 4 are the staff offices
14 and accommodations for 225 people. Number 5,
15 pictured below is the Jericho open-pit mine, and
16 number 6 is the year-round -- and not pictured
17 here is a year-round airstrip. It has excellent
18 project access via air and winter road, and we
19 currently have our operating permits in place.

20 Jericho has a history of beautiful -- of
21 producing beautiful diamonds, and they have --
22 there are also large diamonds. Over 1,000 stones
23 during the two years that it produced, over 1,000
24 stones greater than 10.8 carats. Of that,
25 specifically, there was an extremely large stone,
26 a 59-carat gem sold for \$450,000 in 2007. Today,

1 diamond prices have increased so much that it
2 would probably have sold for 750 or \$800,000. In
3 addition, there was a 200-carat stone that was
4 crushed. This speaks to some of the issues that
5 Tahera suffered. Factors contributing to
6 Tahera's shutdown. First and foremost, there's
7 no doubt that the economic viability and the
8 economics of the Jericho diamond mine were
9 significantly affected by the foreign exchange
10 movement. The original feasibility study was
11 done in 2003 and 2004 and was done at a 65 cent
12 exchange rate to the U.S. dollar. Unfortunately
13 when they went into production in 2006, the
14 exchange rate had risen to a dollar. This is a
15 35 percent increase in costs, if you will, or a
16 35 percent decrease in profitability. Very few
17 projects can -- are robust enough to submit
18 themselves to something like this and still be
19 profitable. Diamond prices during 2006 and 2007
20 were flat and did not make up for the loss of
21 profitability due to the foreign exchange rate.
22 The diamond recoveries at Tahera were not what
23 they were supposed to be, and I will speak to
24 that -- oh, I won't speak to that later.
25 Originally they were expected to recover between
26 1 and 1.05 carats per tonne. Unfortunately they

1 only recovered .62 carats per tonne. Shear has
2 done significant work on understanding how and
3 why this occurred, and we believe we understand
4 how to make it work properly. There are also
5 very poor geological controls on the geological
6 model and during the mining process. Shear is
7 committed to having a mine geologist on site.
8 Finally Tahera had a significant number of
9 contractors on site, and unfortunately perhaps
10 did not effectively manage their contractors as
11 well as they should have. Shear has an
12 experienced team, and they are effective in
13 contract management.

14 Our other Kitikmeot assets. Shear does not
15 just have the Jericho Diamond Mine. We also
16 have -- in the purchase of the Jericho Diamond
17 Mine we also acquired a significant number of
18 exploration assets that came with the project.
19 Right here what you see are all of the different
20 projects that are around the Jericho kimberlite
21 pipe. Specifically I'd like to draw your
22 attention to the long skinny green triangles.
23 Those are called dispersion trains, and they
24 consist of indicator minerals. Indicator
25 minerals are garnets in chrome diopside. They
26 are red and green minerals. They are very easily

1 identified and can be noticed easily as you walk
2 along the tundra, if you're looking for them, and
3 specifically these dispersion trains -- what they
4 are is when the glacial action scraped the top of
5 the kimberlites off, and then during glacial
6 melt, dropped them down. What you see here,
7 these dispersion trains, what we are looking for
8 are unsourced dispersion trains, IE, we don't
9 know where they are coming from, so there must be
10 a kimberlite there. The green stars are
11 kimberlites that have been identified today. The
12 yellow stars are unsourced kimberlite float, and
13 the green triangles are unsourced and
14 unidentified dispersion trains, so as you can see
15 from the number of triangles -- long skinny
16 triangles and yellow stars, there is significant
17 potential for further discoveries. We certainly
18 hope so.

19 We also have, in the purchase of the Jericho
20 Diamond assets, the Polar project, which contains
21 the Muskox kimberlite pipe. We've done
22 significant work on it, and it's a joint venture
23 with De Beers. The Rockinghorse asset has the
24 Anuri kimberlite pipe, which also diamondiferous.
25 It is a joint venture with Rio Tinto, and
26 significant work was done on it as well with a

1 bulk sample of grading at .35 carat per tonne.
2 It's a very large pipe at 5 million tonnes worth
3 of kimberlite ore. We look forward to doing
4 additional work on that.

5 At this time, I'm going to hand over the
6 ongoing part of the presentation to my VP of
7 operations, Chris Morton, to give you a project
8 overview of the Jericho Diamond Mine.

9 MR. MORTON: Thank you, Julie,
10 Mr. Chairman, it's Chris Morton. I'm going to do
11 the project overview segment for this
12 presentation. In this slide here, we have the
13 regional water flow pathways. There's been
14 questions in the past regarding which way the
15 water flows from the Jericho Mine site. As
16 this green arrow indicates, the water flow goes
17 to Bathurst Inlet. This slide here shows the
18 indicated waste rock pile outlined in black as in
19 the Tahera's 2005 mine plan, and this slide here
20 we have the site layout. This is slide 31. We
21 have the process plant fire and training
22 building; cold storage; camp and offices; fuel
23 farm phrase 1, phrase 2; truck shop; power house;
24 lay down area; mobile jaw crusher; moveable
25 storage building; our coarse processed kimberlite
26 storage area; run of mine pad; and the processed

1 kimberlite containment area cell 'A'; the divider
2 dyke 'A'; and then cell 'B' and 'C'.

3 In this slide here, again, it's the waste
4 rock pile -- or, sorry, it's the water flow
5 intake from Carat Lake, which goes to camp to
6 provide us with drinking water. It also goes to
7 the process plant. We have a reclaim where we
8 reclaim our water to aid in the processing. This
9 is the discharge of that fine processed
10 kimberlite from the process plant. Once the
11 water goes through, it goes through a divider
12 dyke 'A', which is a filter dyke. It goes into
13 cell 'A' -- or 'B' and then into 'C'. Once we
14 meet discharge criteria, then it's discharged
15 into Stream C3. Our wastewater treatment plant
16 also discharges into the processed kimberlite
17 containment area, and it also becomes part of the
18 reclaimed water for the process plant. When
19 we're dewatering the pit, the pit water is also
20 distributed into the processed kimberlite
21 containment area, and also becomes part of our
22 reclaim for the process. We have an east sump
23 for extra storage for the pit water. This water
24 is used for dust control on the roads during the
25 summer. We have a hydrocarbon water treatment
26 unit, the Oztech. When there's precipitation

1 that accumulates into our containment areas, it
2 is then transferred to our hydrocarbon wastewater
3 treatment system, treated. Once it meets
4 discharge criteria, then it is discharged into
5 the processed kimberlite containment area. We
6 have C1 diversion, which diverts water away from
7 the pit and into Carat Lake.

8 Site facilities, facilities at Jericho
9 Diamond Mine includes camp and office
10 accommodations, the wastewater treatment system,
11 our year-round, all weather airstrip, fuel
12 facilities, our open pit, waste rock piles, the
13 process plant, the processed kimberlite area, the
14 coarse processed kimberlite stockpiles, our
15 proposed landfill site, and our proposed landfarm
16 site.

17 In this slide here, you can see the open
18 pit. With years of inactivity of mining, the pit
19 has accumulated water, which will be dewatered
20 prior to starting operations. So it's an
21 open-pit mine. The process plant -- the
22 kimberlite goes to the process plant and is
23 categorized into two categories, low grade and
24 high grade. The waste rock is generally two
25 categories, which is granite and diabase. This
26 slide here, it shows our waste rock pile to the

1 left-hand side of the open pit, and this is our
2 waste rock pile indicated that's contained within
3 the 2005 Tahera mine plan. In this slide, you
4 see the process plant in the background, the
5 plant facilities, fuel farm, truck shop, and then
6 this is our mobile crusher.

7 Processing the diamonds, the kimberlite is
8 crushed, and then the coarse PK stockpiles. The
9 coarse PK consists of 81 percent gravelly sand.
10 The recovery rejects are about 4 percent sand and
11 gravel. The processed kimberlite containment
12 area, the fine PK is about 15 percent. That's
13 less than .1 millimetres. 70 percent to 85
14 percent silt, 15 to 30 percent clay, the balance
15 is sand. This slide -- in this slide here, this
16 is our coarse -- coarse processed kimberlite
17 stockpile. This is marking out our coarse PK
18 piles as we stand, and then future spots for
19 future stockpiles.

20 PKCA facility discharges from the process
21 plant. It goes into cell 'A'. It is filtered
22 through divider dyke 'A' into cell 'B', which is
23 our polishing pond. There's a silt curtain set
24 up between. It goes into cell 'C'. Once the
25 water meets discharge criteria, then it's
26 discharged over the west dam and into Stream C3.

1 This slide -- this slide also illustrates the
2 fine PK in cell 'A'. The water filters through
3 divider dyke 'A' into cell 'B'. This is our
4 proposed area for our filter dyke -- or filter
5 dyke 'B'. Then into cell 'C'. Once it meets
6 discharge criteria, then it's discharged into the
7 C3 Stream.

8 And I'm going to hand over the mike now to
9 Stephanie Autut.

10 MS. AUTUT: Thank you, Chris.

11 Stephanie Autut, so I'm going to speak to a
12 few slides with respect to our compliance status.
13 So compliance means we're following the rules of
14 the licence, so the licence dictates what we're
15 supposed to do. We're supposed to follow those
16 rules, and when we don't, it's referred to as a
17 noncompliance.

18 So when Shear acquired the Jericho site, one
19 of the first things they did was undertake a
20 compliance audit. Deficiencies were noted in
21 four key areas, including administration,
22 construction, waste management, and monitoring.
23 So in the area of administration, there were
24 plans that had not been submitted for approval or
25 notification. Under construction, there were
26 certain facilities that had not been constructed

1 as per the plans or had been constructed
2 differently than they were supposed to. With
3 respect to waste management, there were some
4 noncompliance issues with respect to waste
5 storage and the handling and disposal of waste.
6 And in the area of monitoring, there was a
7 deficiency in the area of submitting their actual
8 monitoring reports.

9 So when Shear submitted their water licence
10 renewal application, they provided a compliance
11 report as part of that application and has worked
12 diligently since acquisition toward bringing the
13 site into full compliance.

14 One of Shear's key objectives was and
15 continues to be to work toward full compliance.
16 Some of the major accomplishments to date include
17 the submittal of a care and maintenance plan,
18 significant improvements to the aquatic effects
19 monitoring program. Shear conducted an aquatic
20 effects monitoring program sampling in April and
21 August of 2011. We have conducted site water
22 sampling under both the general monitoring
23 program and the site water management program.
24 We have taken a full inventory of hazardous
25 wastes that are located on the site. We have
26 cleaned up the old fuel and hazardous waste that

1 were located at the Muskox camp. We were a part
2 of the design and purchased and tested a mobile
3 water treatment unit referred to as Oztech
4 hydrocarbon contaminated water treatment. We
5 pumped, treated, and sampled the accumulated
6 storm and melt water in the fuel containment
7 facility, and we developed procedures of onsite
8 monitoring of total suspended solids and
9 nitrates. Additionally we've established an
10 onsite lab. We have conducted a full site wide
11 clean-up. We've cleaned up stained soil and
12 evidence of old spills that we inherited from the
13 previous owner. Sub-Arctic Surveyors have done a
14 survey of the site. We have updated the
15 reclamation cost estimate for both Crown and
16 Inuit-owned lands. Shear has developed and
17 implemented a near air quality monitoring program
18 and worked with Environment Canada to have an
19 effective program. In 2010 and 2011, we
20 contracted a third party to undertake the
21 geotechnical inspections. We've conducted a
22 seepage survey in 2011. We filed a fish habitat
23 compensation plan to the Department of Fisheries
24 and Oceans, following numerous discussions with
25 that organization, and we've officially been
26 registered as a hazardous waste generator site.

1 So since acquiring the project, regulators
2 have been to the site to carry out inspections
3 under their various regulatory instruments and
4 mandates. So inspections have taken place on
5 five different occasions. Aboriginal Affairs
6 conducted two inspections, in June and November
7 of 2011. Environment Canada conducted
8 inspections in September of both 2010 and 2011,
9 and the Kitikmeot Inuit Association conducted a
10 site inspection in August of 2011. Aboriginal
11 Affairs and Environment Canada identified action
12 items or provided comments through their
13 inspection reports for followup discussions.
14 These included the requirement to provide a plan
15 identifying how Shear was going to clean up old
16 fuel on site. Shear is working on addressing the
17 old fuel and is preparing that plan now, so
18 operations and environment are working together
19 to prepare that. To date, the old fuel tanks
20 have been dipped and the fuel has been tested.
21 They also identified the need to treat and pump
22 water that was contained in secondary containment
23 facilities. As just mentioned, Shear assisted in
24 the design of a mobile hydrocarbon water
25 treatment system called the Oztech unit. This
26 unit treats the water, which is then sampled and

1 pumped to the processed kimberlite containment
2 area. The need to clean up the numerous minor
3 legacy spills that were inherited at the time of
4 acquisition was also mentioned, and I'm pleased
5 to report that minor spills and stains have
6 cleaned up. The requirement to provide a plan
7 for the hazardous waste transfer area was also
8 noted, and Shear will be addressing the hazardous
9 waste transfer in 2012. Finally, the need to be
10 storing all fuel, including drum fuel and
11 secondary containment was mentioned, and I can
12 advise that secondary containment was en route at
13 the time of inspector's visit and today all fuel
14 on site is contained within secondary
15 containment.

16 Environment Canada identified the following
17 items: They wanted copies of Shear plans, in
18 particular our sample monitoring plan, our
19 containment pond inspection reports, and our
20 spill contingency plan, and I can advise that all
21 copies of these documents were provided by email
22 to the inspector. We call them the general
23 monitoring plan, the processed kimberlite
24 containment area management plan, and the spill
25 contingency plan. The Environment Canada
26 inspector requested that all E2 gases on site be

1 measured, and I can report that Shear has
2 measured and reported on all E2 gases. Further
3 to that, the inspector advised that we had to
4 register those gases under the *Canadian*
5 *Environmental Protection Act*, and I can confirm
6 that registration of those gases took place
7 November 15th, 2011. The inspector advised that
8 water contained within the fuel berms had to be
9 removed. The water in question was pumped by the
10 end of September 2011, and pumping of water from
11 all bermed areas is a standard practice on site
12 and part of our daily site inspection protocol.

13 I'd like to note that Shear inherited and
14 went on to identify many areas of noncompliance
15 at the time of acquisition, but as you can see,
16 we worked diligently over the course of the past
17 year to bring the site back toward full
18 compliance and we'll continue to do so moving
19 forward.

20 So now moving on to a summary of our
21 application. So this is the renewal application
22 that we had to file with the Nunavut Water Board.
23 Three key areas related to the conditions and
24 terms of the licence that we wanted to highlight.
25 The first being that we hope to renew the
26 existing water licence on substantially the same

1 terms that we currently have in place, but we
2 want to do it for the life of the mine, and in
3 our case, that's 14 years. So that includes two
4 years leading up to production, ten years for
5 being in operation, and two years for closure.
6 We're requesting amendments to that licence,
7 including the term of the licence, the timing of
8 when we have to file our final closure and
9 reclamation plan. We're looking for the Board to
10 consider flexibility of the filing timelines,
11 removing part 'G' item 2(e) of the existing
12 licence, and removing terms and conditions that
13 no longer apply, and we want to update -- modify
14 some other conditions, and thirdly we're looking
15 to update security.

16 So with respect to the term of the licence,
17 when we -- when we applied to the Water Board
18 originally, we proposed a term of ten years.
19 That was based on a production rate of 2,000
20 tonnes per day, and with production being at that
21 rate, the projected mine -- the projected mine
22 life was eight years, which included the two
23 years of reclamation. When we undertook a review
24 of the processing operations, we revealed that
25 the rate of processing was more likely to be
26 close to 1,250 tonnes per day, which then results

1 in a longer mine life, so we've got the mine life
2 of ten years and two years of reclamation, and
3 we're assuming that it's going to take us two
4 years to get into production. So based on these
5 projections, Shear is requesting that the term of
6 the licence be 14 years. With respect to
7 security, Shear and the Kitikmeot Inuit
8 Association have reached an agreement that the
9 total amount of security for Inuit-owned lands is
10 approximately \$2,900,000. With respect to
11 Aboriginal Affairs, we've got a breakdown for
12 total land and water. Their estimates are just
13 shy of \$12 million. When Shear undertook its
14 assessment, our numbers come in around
15 \$11,700,000. So we're not -- there's not a large
16 difference there. So we're fairly close. Where
17 we do differ is the amount that is attributable
18 to the Inuit-owned lands, and so there is a
19 significant difference there, and we continue to
20 work with INAC -- my apologies, aboriginal
21 affairs on -- in discussions on this issue, and
22 we'll report back to the Board accordingly.

23 So in terms of responding to the
24 submissions, the parties, as part of this
25 process, had to file technical submissions to the
26 Water Board, and Shear is obligated to respond to

1 those submissions. Shear appreciates the efforts
2 that have been made by the interveners in
3 reviewing our application and our submissions.
4 Shear has provided a written response to every
5 question, comment, and recommendation that was
6 received, and we have also made a number of
7 commitments which have been provided in table
8 format as well, and the copies of that table that
9 I'm referring to are located at the back.

10 So I'm going to speak to each of the
11 individual submissions made by the Kitikmeot
12 Inuit Association, the Department of Fisheries
13 and Oceans, Aboriginal Affairs and Northern
14 Development Canada, and Environment Canada, and
15 I'm going to simply highlight the issues that
16 were raised and provide the Shear response and/or
17 commitment. So in responding to the Kitikmeot
18 Inuit Association, in their submission, they
19 spoke to closure and reclamation security, and I
20 can report that Shear and the KIA have reached an
21 agreement related to the reclamation security, as
22 previously mentioned. With respect to water
23 compensation, Shear and the KIA have no
24 outstanding issues related to water
25 compensation under article 20. Final closure and
26 reclamation plan, the KIA would like the final

1 closure and reclamation plan to be filed within
2 two years of the Water Board issuing the renewal
3 of the licence. Shear, however, is proposing
4 that we submit that final closure and reclamation
5 plan within three years of the water licence
6 being reissued so that we can undertake the
7 studies that are required under the licence and
8 have a better idea of what to incorporate and
9 build into that final closure plan.

10 With respect to the term of the water
11 licence, the KIA is requesting a five-year term
12 of licence, and as previously mentioned, Shear is
13 seeking a 14-year term, which will include two
14 years leading up to production, the ten years of
15 production, and the two years of reclamation and
16 closure.

17 Shear has an excellent working relationship
18 with the Department of Fisheries and Oceans. We
19 are working with them to bring the Jericho Mine
20 site back into full compliance with the fishery's
21 authorization. We have agreed to a phased
22 approach with respect to submitting the
23 fish habitat compensation plan and ongoing
24 monitoring, and Shear commits to providing copies
25 of all future plans and reports to the Department
26 of Fisheries and Oceans for review as they become

1 available.

2 Aboriginal Affairs made their submission
3 that included three appendixes, and Shear has
4 prepared detailed responses in the table of
5 responses, which is available at the back, and
6 I'll speak to some of those key issues a little
7 later in the presentation.

8 Similarly, Environment Canada, Shear has
9 provided detailed answers in the table
10 of responses and commitments, and we will speak
11 to those issues in a few slides.

12 Maybe next slide. There we go. So
13 responses to particular issues. So in reviewing
14 the interventions from Aboriginal Affairs and
15 Environment Canada, Shear identified some
16 particular issues, which needed to be addressed
17 in more detail. These included further work
18 required for the processed kimberlite containment
19 area; residual flocculent and coagulant and the
20 issue of chronic toxicity; the dilution factor,
21 effluent quality criteria, as recommended by
22 Environment Canada; site water quality issues;
23 and open-pit infill rates. So speaking first to
24 the processed kimberlite containment area, the
25 processed kimberlite containment area management
26 plan was based on proven technology from other

1 diamond mines in the area and was very effective
2 throughout the previous Jericho operation. So
3 the fine processed kimberlite slurry is deposited
4 into cell 'A', and the slurry water passes
5 through the filter dykes into a polishing pond.
6 Water in the polishing pond is either reclaimed
7 back to the process plan or discharged to the
8 environment, if it meets the discharge criteria.
9 The Jericho processed kimberlite area is divided
10 into three cells, 'A', 'B', and, 'C', and dams
11 have been constructed in the west, the southeast,
12 and east to retain the solids and allow a higher
13 water storage level.

14 So looking at the processed kimberlite
15 containment area from a capacity perspective,
16 we've highlighted in this table what the capacity
17 of cell 'A' and cell 'B' are. We've looked at
18 the fine processed kimberlite and what the
19 historical data tells us and what our future
20 needs will be or future production of processed
21 kimberlite, and as you can see, we're still
22 within the capacity of the PKCA for the life of
23 the mine.

24 Speaking now to the flocculent. Concerns
25 have been raised with regard to residual
26 flocculent and coagulant in the processed water

1 that's deposited into the processed kimberlite
2 containment area and the discharge water. It's
3 difficult to measure the actual residual
4 flocculent and coagulant in the water, but Shear
5 has begun discussion with Maxxam Laboratory to
6 design a program to determine the toxicity of the
7 flocculent and coagulant that will be used at the
8 Jericho site and at various strengths.

9 So when you add the flocculent to the water,
10 it all clumps together, and you get what's in the
11 second bottle where things will settle out to the
12 bottom, and that's a real basic definition. I --
13 not my area of expertise, but I'll give it a go.
14 So Shear had begun an extremely productive
15 dialogue with Maxxam Laboratories, as I just
16 mentioned, and we commit to working with them and
17 better understanding the products that will be
18 used at the Jericho site. Shear further commits
19 to provide the results of any and all studies
20 that are undertaken to the regulators, and in
21 conducting our sampling program, Shear will
22 ensure that the amount of residual flocculent is
23 minimal and that it does not have a harmful
24 effect on the receiving environment.

25 So now speaking to the dilution factor.
26 Environment Canada recommended that a plume

1 delineation study be done late in the discharge
2 season, which would examine the extent and the
3 behaviour of the plume in three dimensions.
4 Water quality objectives should be stated and
5 comparisons drawn for where they are expected to
6 be met in Lake C3, so Shear responded to that
7 recommendation, and Shear has started and will
8 continue to monitor the water quality in the Lake
9 C3 mixing zone, will directly verify the dilution
10 factor in the Lake C3 mixing zone once mining
11 operations resume. So once we're back in
12 production, and we will undertake a plume
13 delineation study within two years following
14 commencement of mining operations.

15 Moving on to effluent quality criteria. So
16 Shear has proposed no changes to the current
17 effluent criteria limits through its submissions
18 to the Water Board. However, Environment Canada
19 has recommended that reductions in the effluent
20 discharge limits take place for nitrate and
21 nitrite, that the addition of discharge limits
22 for total extractible hydrocarbons be put in
23 place, that we remove discharge limits for total
24 dissolved solids -- is that correct? TDS, total
25 dissolved solids and chloride, and instead just
26 monitor those parameters within 24 months of

1 resuming mining operations, and they've
2 recommended the removal of discharge limits for
3 oil and grease if we're not depositing untreated
4 camp waste directly into the processed kimberlite
5 containment area.

6 So this table here summarizes the discharge
7 limits in the current water licence and the
8 discharge limits that are being recommended by
9 Environment Canada. As discussed previously,
10 Environment Canada has recommended monitoring
11 total dissolved solids and chloride instead of
12 regulating them. They've recommended reducing
13 the nitrate discharge limit from 28 to 20
14 milligrams per litre for the maximum average
15 concentration. They've recommended reducing
16 nitrate discharge units from 2.5 to 1 milligram
17 per litre from the maximum average concentration,
18 and they've recommended removing oil and grease
19 discharge limits and adding discharge limits of 3
20 milligrams per litre for total extractable
21 hydrocarbon. So Shear's response to Environment
22 Canada was that we accept the reduction of
23 nitrate. We accept the addition of total
24 extractable hydrocarbons, and we accept the
25 removal of the discharge limit for oil and
26 grease. Shear, however, proposes maintaining

1 total dissolved solids in chloride, as licence
2 criteria, rather than just monitoring them, and
3 we're proposing no change to the current nitrate
4 limit, and we're asking that the company hold a
5 technical meeting following two years of
6 operation so that we can review the water quality
7 data.

8 Looking now at site water quality. While a
9 site water management plan has been submitted.
10 Shear is still gaining a better understanding
11 of the Jericho site water. Shear commits to
12 submitting a revised site water management plan
13 by the end of 2012, and this report will include
14 the recommendations provided by the interveners,
15 as well as the knowledge gained by Shear, which
16 has been obtained through the monitoring and
17 sampling programs conducted in 2011.

18 So site water quality with respect to pit
19 water. Both Aboriginal Affairs and Environment
20 Canada spoke to pit water quality in their
21 technical submissions. Shear will be in a
22 position to better understand pit water quality
23 after resuming mining operations. Shear is
24 proposing both sampling and monitoring of pit
25 water quality for a period of two years, at which
26 we will better be in a position to update the pit

1 water quality model.

2 Shear doesn't believe that the first year of
3 mining will be representative of a typical
4 operations year, and that's why we're proposing
5 the two years. So site water quality, looking
6 with respect to collection ponds. With respect
7 to site water quality, Shear can advise that a
8 proper seepage survey was conducted in September
9 of 2011, and copies of that report have been
10 distributed to the interveners. Based on the
11 results of that survey, Shear would like to
12 conduct a more detailed seepage survey program in
13 2012, which will include both source and fate of
14 the seeps. The results of this detailed survey
15 will assist Shear in determining the need for and
16 the design requirement for any collection system
17 that may be required. Shear also commits to
18 conducting a surface water dispersion model in
19 Carat Lake.

20 So pit water quality in the processed
21 kimberlite containment area. Aboriginal Affairs
22 would like Shear to reassess water quality
23 dilution modeling after production resumes.
24 Shear commits to reassessing the water quality
25 mixing model after production, and while in
26 operations, I should note, that Tahera water

1 quality showed that nitrate concentration was up
2 as high as 121 milligrams per litre in August of
3 2007. Anecdotal information suggests that
4 blasting practices did not follow the approved
5 management plan. Shear will include the site
6 water quality prediction for production in the
7 revised site water management plan.

8 Open-pit infill rates, Aboriginal Affairs
9 would like Shear to include contingency measures
10 in its updated abandonment and restoration plan
11 to facilitate filling of the pit in the event it
12 is not filling to schedule. Shear commits to
13 including contingency measures that will
14 facilitate pit filling in the final closure and
15 reclamation plan. Shear also commits to filing a
16 revised interim closure and reclamation plan
17 within one year of the water licence being
18 reissued.

19 Continuing with open-pit infill rates, Shear
20 is reevaluating the pit infill rates and will
21 provide had a technical memo by April of 2012, as
22 previously committed. This report will present
23 scenarios and options for infilling of the pit,
24 and the information will also be included in the
25 updated final closure and reclamation plan.

26 So I'm going to ask Julie to speak to the

1 timeline.

2 MS. LASSONDE: As with any project, it's
3 difficult to set in stone a start day, so here
4 I've put month 1 through 20. I think the
5 important part is basically that, you know, we're
6 looking for possible restart of the Jericho
7 Diamond Mine in a, sort of, 20- to 24-month
8 timeframe. Importantly you can see that each --
9 on each line, each previous line is the trigger
10 effect for the following line. So here we have
11 the recovery plant trials right at the very top,
12 and those will take about nine months, and that's
13 the process to do some trials and get the
14 recovery plant up and running. The recovery
15 portion of the plant, and that's the last third
16 of the plant. Whilst we're doing that project,
17 we're doing a drill program between months four
18 and six, and, you know, if I was to take a stab
19 at that, it would be spring, so sort of April,
20 May, June, that would then feed into a scoping
21 study, which we will require to have to then
22 finance the full restart of the Jericho Mine
23 project. The capital expenditures that we have
24 estimated to date with significant work by our
25 team is approximately 20 to \$25 million. That
26 will cover the significant equipment purchases,

1 deliveries, and installation that are required,
2 and you can see that's months 14 through to 19
3 with an estimated restart of the Jericho Diamond
4 Mine at month 20. Obviously there are
5 significant other factors in terms of the restart
6 of the Jericho Diamond Mine, but at this point in
7 time, this is what Shear Diamonds is looking at.

8 Thank you, Stephanie.

9 MS. AUTUT: Thanks, Julie.

10 So Mr. Chair, this concludes my
11 presentation. Shear is now happy to take any
12 questions that the residents may have. Koana.

13 THE CHAIR: Thank you, Stephanie.

14 **Members of the Community Question Shear Diamonds**
15 **Nunavut Corporation**

16 THE CHAIR: This is now the time for
17 members of the community to ask questions of the
18 applicant. If you wish to speak, please raise
19 your hand, and someone will bring the microphone
20 over to you. Please remember to state your name
21 before speaking, so that we can ensure that your
22 comments are accurately identified in our record.

23 Q DONALD HAVIAYAK: Hello, welcome. I'm
24 speaking as a resident of Kugluktuk, not MMG.
25 Take that MMG cap off, but anyway, thank you for
26 the presentation. Most of the questions may be

1 already answered by Diane when they were looking
2 after the place, but it would be interesting to
3 know the water quality that you mentioned about
4 how you monitor it. That's one, and number two
5 would be the number of years of the licence
6 itself. You talked about 5 years, and KIA talked
7 about 5 years, and Shear is 14 years.

8 First of all, the water quality you talked
9 about. I know there's ongoing -- I'm sure
10 there's an ongoing monitoring system that you
11 have. The question to that is maybe -- might be
12 directed to Diane or whoever was looking after
13 during the time before you took over, how much
14 changed? Is there any -- any negative things
15 that happened during that period? What I mean by
16 that is I mean by the quality itself have there
17 been some changes? In regards to the number of
18 years of licence, just a comment by saying, I
19 believe that monitoring -- I mean, the issue of
20 the licence for five years would be more
21 appropriate. If I was to do that, I would do it
22 that way because at least it's -- there's
23 continuity of monitoring. 14 years might be a
24 little bit longer. That's my -- that's how I
25 feel, because at least there's ongoing reports
26 going into the communities or Kugluktuk region.

1 So there's a couple of things that -- especially
2 the water quality.

3 I have noticed in one of your presentations,
4 Burnside Rivers there. See, if there's any flow
5 going into that, into the river, if it is, has
6 there been monitoring in place since Diane -- not
7 Diane, but Aboriginal Affairs took over. I'm
8 hoping there was an ongoing monitoring system in
9 the results that come out from that test that
10 they do. It's -- what I'm doing here, when I ask
11 those questions, making sure our water in our
12 region is well looked after and monitored.
13 Again, a number of places where you monitor, you
14 mentioned the pit. You talked about the lakes
15 probably. It's our interest. As an Inuit, the
16 water quality is very important to us, and also
17 the monitoring of the -- of the wildlife around
18 the area. It's a couple of things that I'd like
19 to know about what's going on in that area.

20 Thank you.

21 THE CHAIR: Thank you.

22 A MS. AUTUT: Thank you, Mr. Chair.

23 Stephanie Autut, and thank you, Donald. So
24 I'll address the water quality issue first, and
25 if I need to call upon one of our experts, I'll
26 do that to provide you additional information, if

1 you need it, and I may also call upon Aboriginal
2 Affairs to speak to what efforts were undertaken
3 during their care and maintenance phase of the
4 site with respect to water quality monitoring and
5 any sampling that may have taken place. Shear
6 has -- you know, we've got -- we do ongoing
7 monitoring -- ongoing sampling on site on a
8 regular because we can't discharge water from the
9 processed kimberlite containment area, unless it
10 meets the discharge limits that have been set by
11 the Water Board through the licence. So all of
12 our water is sampled. It goes out to a lab. The
13 lab will conduct the proper sampling -- the
14 proper analysis, and once those results are
15 received, only then can we discharge into the
16 receiving environment, which is in the Stream C3
17 that I noted on the map. The discharge that's
18 taking place by Shear Diamonds Limited is within
19 their water quality standards that have been
20 set with input from Environment Canada and other
21 regulators and are included in the water licence
22 itself.

23 In addition, we have a very thorough aquatic
24 effects monitoring program that we've established
25 at site, and it's -- Tahera had a very
26 basic program in place, and we've -- we've added

1 to that significantly to get a better idea and a
2 better understanding of any potential effects
3 that may be occurring. So it gives us better
4 information that we can work with, and more
5 sampling points that have been in place. In the
6 event that we notice there's a problem, it gives
7 us that information far in advance so that we can
8 address those issues right away. So that's a
9 program that will take place every spring and
10 every summer while we're in operations.

11 We do weekly monitoring from our fresh water
12 intake points. We do regular monitoring through
13 the water licence while there are -- there's no
14 ice on the lakes in the water system. So until
15 freeze-up, we monitor on a weekly and/or monthly
16 basis. What we have seen is during Tahera's
17 operations, because there's blasting and things
18 happening and water seeping through rocks and
19 whatnot, you do see some elevations of certain
20 parameters, like nitrates, for example. All
21 within the limits, though, of the water licence,
22 so it's not at levels that are of danger to
23 anybody. They're still below the proper
24 guidelines, but what we have seen is in the two
25 years of shutdown, so when there was no mining
26 taking place, those levels in many of those

1 parameters have fallen right back down to what we
2 saw at baseline, so that tells us -- that gives
3 us a good idea of what we can expect looking
4 forward at closure of the mine. So it's
5 information that we can use to help build our
6 monitoring and our sampling programs for closure.

7 So, Donald, does that help with the water
8 quality? And maybe we can, at this point, if,
9 Mr. Chair, it's okay, we can ask maybe Aboriginal
10 Affairs to speak to the time in which they had
11 oversight of the site.

12 THE CHAIR: Go ahead.

13 MS. AUTUT: So I'm not sure, Bernie,
14 if that's something you can address at this
15 point.

16 A MR. MACISAAC: Hi. It's Bernie MacIsaac,
17 and I'm Aboriginal Affairs and Northern
18 Development. Our involvement in the site
19 resulted from basically the company that was in
20 there before abandoning the site, as they were
21 going through a bankruptcy. Our interest was
22 protecting the assets on site until we could
23 determine what was our next move, if you like,
24 whether or not we were going to be able to sell
25 that site to -- or facilitate the sale of that
26 site to another party, which is ultimately what

1 happened, or whether the site was going to have
2 to be reclaimed, so our involvement at that time
3 was very basic. We just did the minimum to keep
4 the lights on, and that's about it, at this
5 point.

6 THE CHAIR: Thank you.

7 MR. MACISAAC: Did that answer your
8 question, Donald?

9 Q DONALD HAVIAYAK: I talked about Burnside
10 River, so it's close right down to Bathurst
11 Inlet. It would be of interest to us. I don't
12 know if you'll be able to answer the question,
13 but it's -- there would have to be a good
14 monitoring system in place, if not there already,
15 to make sure the water quality stays the same,
16 because it flows right down the coast to
17 Coronation Gulf, so it would be something that I
18 would be interested in the future how -- if
19 there's any change with the water that would come
20 out from the monitoring. Thank you?

21 THE CHAIR: Thank you. Applicant.

22 A MS. AUTUT: Okay. Thanks, Donald.
23 Thank you, Mr. Chair. Stephanie Autut.

24 Yeah. Again, Donald, the reason we do the
25 sampling, at this point, is with respect to
26 our -- the discharging out of the PKCA, so the

1 water on site right now -- everything is pumped
2 into our PKCA area, if it's over elevated -- you
3 know, if there's high limits of -- like, things
4 that's contained in our secondary containment or
5 in our fuel berms, all of that water is pumped
6 into the processed containment area, and only
7 when it meets the appropriate discharge criteria
8 is it released to the environment, so we know
9 when it's being discharged that the water quality
10 is good quality water, and that water then makes
11 its way eventually -- it flows down toward the
12 Burnside River and over to Bathurst Inlet. So we
13 have developed, like I mentioned earlier, the
14 monitoring program for aquatic effects, and we do
15 our routine weekly and monthly sampling as per
16 the water licence to be ensure that we're meeting
17 the appropriate discharge criteria before any
18 water is discharged into the environment, so as
19 to ensure that we're not having an impact, a
20 negative impact on any waterbody heading over to
21 Bathurst Inlet, okay. So that's the water
22 quality, and I'm going to ask Julie to speak to
23 the 14-year mine life, as opposed to the 5-year.
24 Mr. Chair, if that's okay.

25 THE CHAIR: Go ahead.

26 A MS. LASSONDE: Thank you, Mr. Chair.

1 Julie Lassonde speaking.

2 Donald, you ask an interesting question.

3 The reason that we feel we could apply for 14
4 years or rather that we felt it important to
5 apply for 14 years, we want to work with the
6 regulators, and we want them to understand that
7 we don't do it lightly. I understand your
8 concern, and I understand why you might feel
9 that, you know, having us renew our water licence
10 in five years might be a good way to keep -- I
11 guess, to keep tabs on us. What we have offered
12 to the regulators, including the KIA and
13 Aboriginal Affairs, in fact, all our regulators
14 is quarterly updates, so what that means is that
15 every three, along with -- because we are a
16 publicly trade, along with every three months,
17 similar to our financial updates that we have to
18 give to the public to remain in compliance with
19 the Toronto Stock Exchange, we would then also
20 make regular updates to our regulators as to what
21 is going on. We feel that these reports four
22 times a year will give the regulators an
23 understanding of where we are and what we're
24 doing, and also, I hope, and I certainly believe
25 that everybody at Shear hopes, that this will
26 encourage an ongoing working relationship with

1 all our regulators so that everyone is aware of
2 what is going on at Jericho, how it's happening,
3 what is being taken care of, and how we are
4 continuing to be good environment stewards of the
5 Jericho Diamond Mine site. Donald, does that
6 answer your question? Thank you.

7 THE CHAIR: Thank you. Donald?

8 Q DONALD HAVIAYAK: Thank you, Mr. Chairman.
9 Just, again, there will be monitoring. Now, I'm
10 sure you have it placed in the plan where
11 something should happen, how soon can Kugluktuk
12 hear from you if there was a negative impact?
13 Let's say it happened today at the site, just
14 using it as an example, something -- I don't
15 know. Bad water quality was cited or learned
16 about the water quality, how soon can our
17 community hear from the company that the test is
18 not good today. We need to know those things and
19 through the process, how soon? The reason I'm
20 saying that, past experience in different --
21 different companies or different activities in
22 Nunavut. Sometimes the results don't come back
23 to the community. I'm just using those as an
24 example, and I don't want to see it delayed or
25 hear about it six (sic) to a year down the road
26 or never hear at all about some incidents that

1 happen or occur during the operations of the --
2 of the diamond mine. I just need to be assured
3 that, yes, Community of Kugluktuk will hear about
4 these things. Thank you.

5 THE CHAIR: Thank you. Applicant.

6 A MS. AUTUT: Thank you, Mr. Chair,
7 Stephanie Autut.

8 Thanks, Donald. One of the requirements of
9 our water licence is that we have to file a
10 monthly plan with the Nunavut Water Board, and in
11 that plan we include a number of things,
12 including the results of any sampling and
13 monitoring that have taken place since -- in
14 the -- over the course of the previous month.
15 You know, one of the timing issues of -- we may
16 send a sample out, but we may not get results
17 back for a week; two, three weeks, depending on
18 what the parameter is that we're monitoring for.
19 In some cases, it's months, right. We wait for
20 some of these samples. One of the commitments
21 that Shear is prepared to make at this point is
22 when we file those reports with the Nunavut Water
23 Board, we'd be more than happy to copy the
24 Kitikmeot Inuit Association specific to the
25 relative community in question so that they're
26 aware of the parameters within that report as

1 well, and they have that information that they
2 can make available then to their constituents as
3 they see fit. Would that work for the community?

4 THE CHAIR: Donald?

5 Q DONALD HAVIAYAK: Thanks for the responses,
6 and hoping to hear from Aboriginal Affairs how
7 they did during the time they were looking after
8 the place. Although I heard a little bit of it,
9 but I know they're -- I'd require the monitoring
10 system at the time. Maybe the question should
11 have been, how was it during the time it took
12 over of the maintaining the camp, thank you. And
13 that's all the questions I have, and, again,
14 thank you for your response.

15 MS. AUTUT: So, Mr. Chair, Stephanie
16 Autut. I don't -- I don't think Donald's final
17 comment was to the applicant. I think he would
18 be more interested in hearing more from
19 Aboriginal Affairs, if they had information
20 available for him. Is that correct? Yeah, thank
21 you.

22 THE CHAIR: Thank you.

23 A MR. MACISAAC: Donald, as I said before,
24 the -- our interest was basically to stabilize
25 the site and to ensure that there was no gross
26 danger to the environment or human health, and we

1 did that. We stabilized the site while we
2 decided what our next steps were on that site,
3 whether it was to be a full stage reclamation of
4 that site or the possible sale of that site to
5 another party, and ultimately that's what
6 happened.

7 THE CHAIR: Thank you. Donald.

8 Thank you. Aboriginal affairs.

9 Any other questions from the public to the
10 applicant?

11 MS. FILIATRAULT: Mr. Chairman, what I might
12 propose is there's been a lot of information in
13 the last hour-and-a-half or so, and it might be
14 worthwhile just before you close the period of
15 questions from the public to maybe take a
16 five-minute break, allow people to talk amongst
17 themselves and mingle a little bit, and then
18 maybe come back for a final ten minutes, just to
19 see if there's any final questions from the
20 public before you close the community session.

21 THE CHAIR: Thank you. We will take a
22 ten-minute health break.

23 (ADJOURNMENT)

24 THE CHAIR: Lootie, are you still
25 online.

26 MR. TOOMASSIE: Yes. I'm still online.

1 THE CHAIR: Welcome back, everyone.
2 Carrying on where we left off. Any more
3 questions from the public, general public to the
4 applicant?

5 Q ALICE AYALIK: Hello. I just want to
6 make a few comments. It's good to listen to your
7 presentation. Water -- if water quality is
8 monitored -- we often have to worry about the
9 quality of contaminants into our water system
10 with blasting and whatnot going on. When I was a
11 young lady, my parents moved here to Kugluktuk.
12 Water was clear. Once mining -- mining
13 development happened, water to make tea turns
14 very dark. It was nice and clear years ago. Now
15 our tea is very different from the water we get.

16 As a young lady, my parents moved here. We
17 often got water from the -- from the river, and
18 today it's not the same, and I've often been
19 concerned. Thank you that I was able to hear
20 comments and our young people because we won't
21 live forever and development is happening.
22 Rivers need to be looked after, the quality of
23 water. Blasting happening in places and not to
24 contaminate water systems with contaminants of
25 any sort.

26 If water is dispersed to the environment,

1 the quality should be clear. The fish used to be
2 good quality. Now they're -- a lot of the fish
3 are not healthy it seems. Some are all right,
4 and there's fish that don't look healthy, and
5 I've often thought the quality of the water must
6 have something to do with it. If this is looked
7 after, not to disperse contaminated water into
8 the water system, into the rivers, water coming
9 out of the mills and that.

10 I just want to make a few comments as an
11 elder. Thank you that we're able to hear some of
12 your -- see your presentation. If there was
13 regular monitoring done -- because I've often
14 been concerned of a -- water flowing into the
15 river system. The Lake Contwoyto (sic) area --
16 God, that was scary. I have no more comments to
17 say. That made me jump.

18 THE CHAIR: Thank you. Applicant.

19 A MS. AUTUT: Thank you, Mr. Chair.

20 Stephanie Autut, and thank you, Elder Ayalik, for
21 your comments. I would just, I guess, not as an
22 official response, but I would also like to
23 mention that Shear Diamonds also has dust fall
24 monitoring that takes place at site, so not only
25 are we sampling and monitoring the water itself,
26 but we are also monitoring the dust fall around

1 the mine site itself to better understand how far
2 dust is blowing, so those dust fall stations, we
3 have some close to the camp itself, and then we
4 have some further out as well, so we have a good
5 understanding of how far things in the air are
6 travelling as well that could potentially affect
7 the water, and so we keep a close eye, in
8 particular, on the dust fall monitoring stations
9 that are very close to our project, so that if we
10 do see any signs of dust entering those
11 monitoring stations, we're able to mitigate any
12 potential impacts that may have a longer effect
13 farther away from our site.

14 And as I mentioned in the presentation, we
15 worked very closely with Environment Canada in
16 establishing our air quality monitoring program,
17 including the location of those dust fall
18 monitoring stations, so the regulators that are
19 involved in making sure that we're within the
20 parameters of the environmental quality controls
21 that are in place for Canada have been a part of
22 establishing and developing the programs that are
23 on site at the Shear project, at the Jericho site
24 itself. Thank you, Mr. Chair.

25 THE CHAIR: Anybody else from the
26 general public? Dionne?

1 MS. FILIATRAULT: Just, Mr. Chairman, to
2 address -- I think it's helpful to understand
3 that there are regulations in place to monitor
4 not only water quality through the Water Board
5 and the licence that this Board issues, but this
6 Board also, in relation to the elder's question
7 in relation to impacts to fish and the water
8 quality associated with the assessments and the
9 effects that they're seeing in the fish, this
10 Board has a set of laws that are governed under
11 our *Nunavut Waters Act*, but even though we have
12 that act, we are required to coordinate our
13 provisions of our licence with the regulations
14 under the *Fisheries Act*, so we do coordinate our
15 assessments on water quality and fisheries
16 impacts with any regulations made under the
17 *Fisheries Act*, so I don't know if that gives her
18 just a little bit of clarification to know that
19 that is taken into account.

20 THE CHAIR: Thank you. Do you
21 understand? I hope you understand. Thank you.

22 Anybody else from the general public?

23 Dionne?

24 MS. FILIATRAULT: Mr. Chairman, we did this
25 community session this evening to help facilitate
26 and provide a comfortable atmosphere for

1 community members to participate in the process.
2 I would remind members of the public that this
3 isn't the final opportunity for you to ask any
4 questions. This hearing is continuing tomorrow,
5 and after each presentation from various parties,
6 there is an opportunity for members of the public
7 to also ask questions tomorrow throughout the
8 process, so we would encourage you to, if you are
9 able to, come back, and if you have questions at
10 that time, it's also an option for you.

11 THE CHAIR: Thank you, Dionne. I hope
12 that's understandable. With that, if there are
13 no further questions from the general public, the
14 Board would like to thank the parties and members
15 of the community for participating in tonight's
16 community meeting. This hearing will continue
17 tomorrow morning at 9 AM Mountain, and it will
18 proceed throughout the day tomorrow, and with
19 that, I would like to, once again, ask Alice
20 Ayalik to do the closing prayer.

21 (CLOSING PRAYER)

22 (WHICH WAS ALL THE EVIDENCE TAKEN AT 9:10 PM)

23

24

25

26

1 CERTIFICATE OF TRANSCRIPT:

2 I, Toni Rizzoli, certify that the foregoing pages
3 are a complete and accurate transcript of the
4 proceedings, taken down by me in shorthand and
5 transcribed from my shorthand notes to the best
6 of my skill and ability.

7 Dated at the City of Calgary, Province of
8 Alberta, this 7th day of December, 2011.

9

10

11

12

13 Toni Rizzoli, CSR(A)

14 Official Court Reporter

15

16

17

18

19

20

21

22

23

24

25

26