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NUNAVUT WATER BOARD HEARING

MATTER: 2AM-JER0410 JERICH0 PROJECT
COMMUNITY OF KUGLUKTUK

HEARING HELD AT KUGLUKTUK COMMUNITY HALL
KUGLUKTUK, NUNAVUT
VOLUME 2
DECEMBER 1, 2011

1 APPEARANCES:

2

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EXHIBITS

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3	No.	Description
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5	1	Shear Diamonds Jericho Diamond Mine,
6		2AM-JER0410 Type 'A' Water Licence Renewal
7		Powerpoint Presentation, Hard Copy.
8	2	11-11-30, 2AM-JER0410 Public Hearing
9		Powerpoint True Copy of Shear Diamonds
10		Jericho Diamond Mine 2AM-JER0410 Type 'A'
11		Water Licence Renewal Powerpoint
12		Presentation, Electronic Copy.
13	3	Shear Diamonds Jericho Diamond Mine,
14		2AM-JER0410 Type 'A' Water Licence Renewal
15		Powerpoint Presentation Revised, Hard Copy.
16	4	11-11-30, 2AM-JER0410 Public Hearing
17		Powerpoint Revised True Copy of Shear
18		Diamonds Jericho Diamond Mine 2AM-JER0410
19		Type 'A' Water Licence Renewal Powerpoint
20		Presentation Revised, Electronic Copy.
21	5	Shear Diamonds Limited Type 'A' Water
22		Licence Renewal Public Hearing in Response
23		to AANDC Submission, Appendix 2 Proposed
24		Schedule of Submission on Conformity, Hard
25		Copy.
26		

1 6 11-11-30, 2AM-JER0410 Public Hearing
2 Shear Response to AANDC Submission True
3 Copy of Shear Diamonds Limited Type 'A'
4 Water Licence Renewal Public Hearing in
5 Response to AANDC Submission, Appendix 2
6 Proposed Schedule of Submission on
7 Conformity, Electronic Copy.
8 7 Shear Diamonds Public Hearing For
9 Renewal of the Jericho Project Type 'A'
10 Water Licence 2AM-JER0410, Table of
11 Technical Submission and Shear's Responses
12 and Commitments Dated November 30 to
13 December 1, 2011, Hard Copy.
14 8 11-11-30 2AM-JER0410 Public Hearing Shear
15 Response Table of Technical Submissions,
16 True Copy of Shear Diamonds Public Hearing
17 For the Renewal of the Jericho Project Type
18 'A' Water Licence 2AM-JER0410 Table of
19 Technical Submission and Shear's Responses
20 and Commitments Dated November 30-December
21 1, 2011, Electronic Copy.
22 9 Shear Diamonds Public Hearing For Renewal of
23 the Jericho Project Type 'A' Water Licence
24 2AM-JER0410 Figures Package, Dated November
25 30 to December 1, 2011, Hard Copy.
26

1 10 11-11-30 2AM-JER0410 Public Hearing Shear
2 Figure Package True Copy of Shear Diamonds
3 Public Hearing For Renewal of the Jericho
4 Project Type 'A' Water Licence 2AM-JER0410
5 Figures Package Dated November 30 to
6 December 1, 2011, Electronic Copy.
7 11 Shear Diamonds Water Quality Monitoring
8 Location Plan Figure 3 Dated June 2011, Hard
9 Copy.
10 12 11-11-30 2AM-JER0410 Public Hearing True
11 Copy of Shear Diamonds Water Quality
12 Monitoring Location Plan Figure 3 Dated June
13 2011, Electronic Copy.
14 13 Technical Memorandum 'C' Submitted to the
15 Nunavut Water Board By Shear Diamonds
16 Limited, Reference Jericho Diamond Mine
17 2AM-JER0410, Dated July 15, 2011, Hard
18 Copy.
19 14 11-11-30 2AM-JER0410 Public Hearing Tech
20 Memo 'c' True Copy of Technical Memorandum
21 'c' Submitted to Nunavut Water Board By
22 Shear Diamonds Limited, Reference Jericho
23 Diamond Mine 2AM-JER0410, Dated July 15,
24 2011.
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- 1 15 Letter From Shear Diamonds, Julie Lassonde,
2 Executive Chairman & CEO To Nunavut Water
3 Board, to Phyllis Beaulieu, Manager of
4 Licensing, Regarding Technical Memorandum
5 'E', Landfill and Sludge Pit Location
6 Addendum to Landfill Management Plan, Hard
7 Copy.
- 8 16 11-11-30 2AM-JER0410 Public Hearing Shear
9 Tech Memo 'E', True Copy of Letter From
10 Shear Diamond, Julie Lassonde, Executive
11 Chairman & CEO To Nunavut Water Board, to
12 Phyllis Beaulieu, Manager of Licensing,
13 Regarding Technical Memorandum 'E', Landfill
14 and Sludge Pit Location Addendum to Landfill
15 Management Plan, Electronic Copy.
- 16 18 11-11-30 2AM-JER0410 Public Hearing
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- 22 19 Environment Canada's Intervention to the
23 Public Hearing For the Jericho Mine Water
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1 20 11-11-30 2AM-JER0410 Environment Canada
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3 Environment Canada's Intervention to the
4 Nunavut Water Board Public Hearing For the
5 Jericho Mine Water Licence Renewal
6 Application Powerpoint Presentation.
7 21 Aboriginal Affairs and Northern Development
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12 22 11-11-30 2AM-JER0410 AANDC Public Hearing
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14 Affairs and Northern Development Canada's
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- 6 25 Brodie Consulting Limited Retained By AANDC
7 For Reclamation Security (Electronic
8 Included Within AANDC'S Powerpoint
9 Presentation, Exhibit 22), Hard Copy.
- 10 26 Aboriginal Affairs and Northern Development
11 Canada's Intervention to the Nunavut Water
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14 3 Schedule of Submission on Conformity, Hard
15 Copy in Inuinnaqtun. (Amended)
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26 Copy.

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5 2 Proposed Schedule of Submission on
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18 Electronic Copy.
- 19 32 Aboriginal Affairs and Northern Development
20 Canada's Detailed Reclamation Security Cost
21 Estimate, Electronic Copy.
- 22 33 Shear Diamonds Nunavut Corp. 2011 Seepage
23 Survey Report, November 2011, EBA
24 FILE:E14101140, Hard Copy.
25
26

1 34 11-11-30 2AM-JER0410 Public Hearing Black
2 Line Draft Water Licence, True Copy of Black
3 Line Version of Draft Water Licence
4 Consolidation Provided By Shear Diamonds,
5 Electronic Copy.
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1 (PROCEEDINGS COMMENCED AT 9:00 AM)

2 THE CHAIR: Good morning, everyone.

3 Welcome back everyone to the Nunavut Water Board
4 hearing regarding the Jericho project type 'A'
5 water licence renewal for water licence
6 2AM-JER0410. As you will recall from yesterday's
7 proceedings, I am Thomas Kabloona, chairman of
8 the Nunavut Water Board. To my right is Board
9 member, Ross Mrazek, and on the telephone is
10 Lootie Toomassie.

11 As a reminder, we will proceed with
12 questioning of the applicant by Environment
13 Canada, Aboriginal Affairs and Northern
14 Development, and then Kitikmeot Inuit
15 Association, followed by Board staff and the
16 panel. We are in item 9 of our agenda.

17 **Environment Canada Questions Shear Diamonds**
18 **Nunavut Corporation**

19 THE CHAIR: Environment Canada,
20 proceed from yesterday's proceedings, thank you.

21 Q MS. WILSON: Thank you, Mr. Chairman.
22 It's Anne Wilson with Environment Canada, and I
23 have a few more questions for Shear. The first
24 question is: In respect of the various
25 monitoring plans, and I was wanting to check when
26 an updated quality assurance quality control plan

1 might be prepared?

2 MS. LASSONDE: Mr. Chair, I just need a
3 moment to confer with a colleague, please.

4 A MS. LASSONDE: Mr. Chair, Ms. Wilson, May
5 29th. It's -- I think we've placed it into our
6 table of commitments as well, 2012, just to be
7 clear.

8 Q MS. WILSON: Thank you. And
9 Mr. Chairman, my next question is with respect of
10 the plume delineation study. I'm wondering if
11 that could be done when the pit water is being
12 discharged, as I would expect that would have
13 good tracer concentrations that might even
14 provide better tracking than the routine process
15 water?

16 MS. LASSONDE: Mr. Chair, I'm going to
17 need a moment, sorry.

18 Mr. Chair, I'm going to ask William Liu from
19 EBA to answer this question on Shear's behalf?

20 THE CHAIR: Okay. Go ahead, William.

21 MR. LIU: Thanks, Mr. Chairman.

22 A MR. LIU: Ms. Wilson, well, we
23 collected the pure water profile testing in
24 February 2011, and based on the quality of the
25 water, we -- there is large -- relatively high
26 initial concentrations for the tracer parameters,

1 such as sodium and chloride. We will have an
2 opportunity after the freshet in 2011 to collect
3 the additional profile testing. Shear is
4 planning to collect additional confirmatory
5 sample -- profile sampling in winter 2012 to
6 confirm the actual concentration of those tracer
7 parameters. If we have -- if we could determine
8 at that time that the concentration of those
9 tracer parameters are high enough and adequate
10 for the plume delineation, we will consider the
11 option for the plume delineation study in the
12 coming year. Will this answer your question?

13 Q MS. WILSON: Thank you. Yes, that
14 does. And my next question goes to the --
15 further on the dilution study review, and I'm
16 wondering if the recent review of the dilution
17 took into account water volumes released and the
18 receiving water flows, so it was more of a mass
19 balance in predictive tool instead of a forensic
20 tool?

21 MS. LASSONDE: Mr. Chair, we need a
22 moment, please.

23 Mr. Chair, Ms. Wilson, can we probably have
24 you ask the question again, please.

25 THE CHAIR: Environment Canada.

26 Q MS. WILSON: Thank you. It's Anne

1 Wilson. My question is whether the water flows
2 and the amounts of flow were taken into account
3 so that we weren't just working from
4 concentrations measured in the outflow and then
5 the receiving environment so that we could
6 know -- basically my question is: How will
7 receiving environment concentrations be affected
8 if flows are higher or lower, such as when the
9 pit dewatering happens? Does that clarify
10 things?

11 THE CHAIR: If you need to take some
12 time to put your answers together, don't be
13 afraid to ask for a timeout.

14 MS. LASSONDE: Thank you, Mr. Chair. I
15 believe we may require at least five minutes
16 here.

17 THE CHAIR: Thank you. Five minutes.
18 (ADJOURNMENT)

19 MS. LASSONDE: Sorry, Mr. Chair.
20 Apparently we didn't need a full five minutes.

21 I'm going to ask Bill Horne from EBA to
22 answer the question.

23 A MR. HORNE: Bill Horne from EBA
24 Engineering. If the -- as you're aware, there's
25 been a model carried out to estimate the dilution
26 in Lake C3. What we propose is if the flow rates

1 are higher than the modeled flow rates, we will
2 have weekly sampling in the mixing zone in Stream
3 C3, just to verify that the 10 times dilution
4 ratio is respected. Does that answer your
5 question?

6 Q MS. WILSON: Thank you. It's Anne
7 Wilson. Not directly, but I think we're correct
8 in not being able to predict what the increased
9 loadings from the pit will do and the increased
10 flows perhaps, as far as concentrations of
11 nitrate in the receiving environment. That's
12 what I'm trying to get at is the exercise that
13 William had done just looked at what was existing
14 in the environment without necessarily taking
15 into account changes in flow, changes in
16 loadings. I'm trying to get my mind around the
17 potential concentrations at the edge of the
18 mixing zone with higher levels of nitrate coming
19 out?

20 THE CHAIR: Applicant.

21 A MR. HORNE: The modeled flow rates --

22 THE CHAIR: Could you state your name?

23 A MR. HORNE: Bill Horne, EBA. The
24 modeled flow rates ranged from 550,000 cubic
25 metres in June, and then during the summers
26 months, July, August, September, they ranged from

1 90,000 cubic metres to 150,000 cubic metres a
2 month. At those rates, the model predicted
3 dilution factors between 20 and 30 times, so
4 quite a bit in the mixing zone. So a fair buffer
5 between the 10 times and 20 -- 10 times and the
6 predicted values. The discharge rates with the
7 pit dewatering last summer, the maximum discharge
8 rate was expected to be 168,000 cubic metres per
9 month, so it did exceed our modeled rates.
10 However, we were in the buffer zone that we were
11 confident that we could achieve the 10 times
12 dilution ratio. However, we recognize that that
13 flow rate in the summer months was not modeled,
14 so that's why we're proposing that we actually do
15 additional modeling in the mixing zone this
16 summer. That will tie in to the dilution
17 modeling study, and it's part of the plume study,
18 and as part of the plume study, it is intended to
19 remodel Lake C3, to do a dispersion model in Lake
20 C3.

21 Q MS. WILSON: It's Anne Wilson. And
22 just to confirm the commitment that if the weekly
23 samplings show the concentrations increasing
24 within the receiving environment, then the
25 commitment is to cease the discharge?

26 A Reduce the discharge rates. An evaluation will

1 be made, but the discharge rates will definitely
2 be reduced to values where we respect the 10
3 times dilution ratio.

4 Q It's Anne Wilson. And I think -- where I'm
5 trying to go with this is not -- let me just back
6 up here. If we look at the numbers within the
7 receiving environment for nitrate that would be
8 considered protective on a long-term basis, we
9 wouldn't want to see anything get above 3.6
10 milligrams per litre of nitrate at the mixing
11 zone being where it was assessed to get back to
12 fully protective of aquatic life. I think what
13 I'm looking for then is a commitment that the
14 aquatic protection would be respected with some
15 threshold in the receiving environment being tied
16 to how the release was being done?

17 THE CHAIR: Applicant.

18 MS. LASSONDE: Mr. Chair, we will need
19 five minutes, please.

20 THE CHAIR: Okay.

21 MS. LASSONDE: Thank you.

22 (ADJOURNMENT)

23 A MS. LASSONDE: Mr. Chair, Julie Lassonde.
24 Ms. Wilson, these are my -- these are the answers
25 from Shear. To begin with, while we are
26 discharging the pit and the PKCA water, Shear

1 will commit to weekly monitoring in Lake C3 and
2 in Stream C3.

3 Second point, as William Liu stated earlier,
4 I think, if the levels of the tracer parameters
5 are elevated, then Shear will undertake a plume
6 delineation study in 2012. And finally, Shear
7 will respect the 3.6 milligrams per litre of
8 nitrate average and that will dictate the flow
9 rates of the discharge. The results of the
10 monitoring -- ongoing monitoring will dictate the
11 flow rates of the discharge. Sorry, I hashed
12 that a little bit, sorry. Does that answer your
13 question, sufficiently?

14 THE CHAIR: Environment Canada.

15 Q MS. WILSON: Thank you, Mr. Chairman,
16 Anne Wilson. Yeah, that is a very good answer.

17 So I have two questions left. The next one
18 moving on to dust control. Chris Morton had
19 mentioned that water from the east sump, which
20 includes pit water, had been used in the past
21 to -- for dust control on the roads. Typically
22 water would normally have to meet water licence
23 limits before it was sprayed onto roads and
24 released into the environment, and most mining
25 operations these days are finding that water is
26 not an effective or efficient means of dust

1 control because you have to apply it so
2 frequently, and it doesn't last very long. With
3 that as a preamble, if you are going to continue
4 using water, how will it be ensured that it's of
5 good enough quality? And, secondly, is Shear
6 looking for other alternatives for dust control?

7 THE CHAIR: Applicant.

8 MS. LASSONDE: Mr. Chair, I'll need just
9 a few moments for this with my colleagues.

10 THE CHAIR: Okay.

11 A MS. LASSONDE: Mr. Chair, Ms. Wilson, to
12 begin with, we will only be using water that
13 meets the licence discharge criteria to -- for
14 the purposes of dust control at this point in
15 time. We will be examining other dust control
16 measures, possible dust control measures. At
17 this time, under the care and maintenance, we are
18 just considering water at this time; however, we
19 will spend some time this summer looking at other
20 measures. Thank you very much, Ms. Wilson.

21 THE CHAIR: Environment Canada.

22 Q MS. WILSON: Thank you, Mr. Chair.
23 You'll be glad to hear this is my last question.
24 With respect to completion of the dykes and dams
25 at the PKCA, will there be a dam spillway?

26 THE CHAIR: Applicant. For the

1 benefit of our member who's connected to us via
2 teleconference, I'd like to remind you to please
3 state your name before you speak, thank you.

4 A MR. HORNE: Bill Horne, EBA
5 Engineering. There is no plan to construct a
6 spillway across the west dam. It was in the
7 original application in 2004; however, all
8 subsequent plans for the PKCA did not include the
9 spillway, and it's -- this -- it's been
10 determined that the spillway is not needed, that
11 pumping can control the water out of the PKCA.
12 So to answer your question, there is no spillway
13 going to be constructed.

14 THE CHAIR: Environment Canada.

15 MS. WILSON: Thank you, Mr. Chairman.
16 That's all my questions.

17 THE CHAIR: Thank you. Next we have
18 Aboriginal Affairs and Northern Development
19 questioning of the -- to the applicant.

20 **Aboriginal Affairs and Northern Development**
21 **Canada Questions Shear Diamonds Nunavut**
22 **Corporation**

23 Q MR. MACISAAC: Thank you, Mr. Chairman.
24 My name is Bernie MacIsaac. I'm with Aboriginal
25 Affairs and Northern Development.

26 Aboriginal Affairs and Northern Development

1 has had the opportunity to review Shear's various
2 reports that were submitted, previous reports and
3 has discussed them during the pre-hearing in
4 Cambridge Bay on June 20th and 21st of this year
5 and during a site visit August 25th, 26th of this
6 year as well. The outstanding issues that we had
7 were provided to Shear in a table, and Shear has
8 provided a response to these issues in their
9 table of technical submissions and Shear's
10 response commitments, which was provided at the
11 table, which is available at the back of this
12 room and should become part of the record for
13 this meeting. Thus, our questions pertain
14 primarily to new matters that were brought up in
15 their presentation yesterday, and, Mr. Chairman,
16 for the most part, these questions were presented
17 to Shear yesterday so that they could -- so they
18 could think about them last night in preparation
19 for today's session.

20 So my first question is: Could Shear
21 explain how the contemplated interim abandonment
22 and restoration plan, which they are proposing to
23 be submitted one year after the issuance of the
24 licence, is different from the current
25 abandonment and restoration plan? And in
26 addition to that, what changes to the site are

1 contemplated between then and now? Thank you,
2 Mr. Chairman.

3 THE CHAIR: Applicant.

4 MS. LASSONDE: Mr. Chair, just -- I do
5 require a minute, as a matter of fact. My
6 apologies.

7 Mr. Chair, I'll be asking Ms. Allison Rippin
8 Armstrong to answer this question on behalf of
9 Shear.

10 A MS. RIPPIN ARMSTRONG: Thank you, Mr. Chair.
11 Allison Rippin Armstrong with EBA. At the time
12 that the interim closure and reclamation plan was
13 filed in -- on February 28th, 2011, Shear had not
14 had an opportunity to fully investigate the site.
15 Since that plan was filed, a number of
16 commitments have been made and a number of things
17 have been -- have come to light of significant
18 importance. The discovery of the FPK earlier
19 this year has -- has led to us reconsidering a
20 number of the options that we had put in the
21 closure plan that was filed in February 28th.
22 Shear has also committed to filing a technical
23 memo in next -- I think it's in the first quarter
24 of next year looking at pit infill rates and the
25 various scenarios for -- for that, and finally
26 next year, Shear is committed to conducting a pit

1 water quality modeling, and the information from
2 those studies, along with what we are looking at
3 with the FPK, all of that information is going to
4 be included in the updated interim closure and
5 reclamation plan, and that's why Shear has
6 requested the additional -- the additional time
7 for that submission. Is that sufficient to
8 answer AANDC's question?

9 THE CHAIR: Aboriginal Affairs.

10 Q MR. MACISAAC: Thank you. Second
11 question also deals with abandonment and
12 restoration plan, and it deals with the final
13 one, which Shear is asking be submitted three
14 years after the issuance of the licence, and the
15 question is: At what point will this plan, the
16 final abandonment and restoration plan be
17 completed? We noted in the schedule of
18 activities or the timeline that Shear had
19 presented that there was a scoping study
20 suggested, and we're asking the question: Will
21 that final plan be completed or worked on during
22 that scoping study?

23 THE CHAIR: Applicant.

24 MS. LASSONDE: Mr. Chair, if I could just
25 ask for a few minutes, please, to confer with my
26 colleagues.

1 A MS. LASSONDE: Mr. Chair, Julie Lassonde
2 in response to AANDC's question. Bernie, we are
3 committing to performing a scoping study in the
4 next 18 to 24 months. It will be complete,
5 sorry, not just performing, but completed in the
6 next 18 to 24 months, and that will feed in
7 directly to the final closure and reclamation
8 plan. I believe the question is, will that final
9 closure and reclamation plan be done and complete
10 in three years with this information?

11 Absolutely.

12 Q MR. MACISAAC: I guess my question was
13 trying to figure out -- based on the schedule
14 that you presented yesterday, which was a
15 20-month schedule with commencing operations in
16 that 20th month, trying to figure out somewhere
17 along that timeline that that final abandonment
18 and restoration plan, like, when would it be
19 finalized along that timeline? And the reason I
20 suggested the scoping study was I'm assuming that
21 that's like a feasibility study, which would look
22 at all the various elements that would have to be
23 included with AMA feasibility study. I noticed
24 that it's right before your financing, so,
25 therefore, I guess the crux of the question was:
26 Is that final plan going to be part of that

1 study?

2 THE CHAIR: Applicant.

3 MS. LASSONDE: Mr. Chairman, I'll just
4 require a minute or two to answer that question.

5 A MS. LASSONDE: Mr. Chair, Julie Lassonde
6 in response to AANDC's question. Bernie, the
7 water licence dictates where we came up with the
8 three years. Certainly from a reclamation
9 perspective on just strictly, for example, the
10 pit, I think you're right. We will have that,
11 and we will be able to have a look at that during
12 the scoping study, but it's other studies that
13 are dictated by the water licence that dictate
14 the three years that we came up with, and those
15 include a human health and ecological risk
16 assessment, the setting soil quality remediation
17 objectives along CCME guidelines, all results of
18 landfarming, all results of re-vegetation trials,
19 multi-stage and environmental site assessment
20 plans, and a revised closure and reclamation cost
21 estimate. So that section 'G' is probably the
22 only one we could finish during the scoping
23 study. The other -- the other articles dictate
24 the three years.

25 THE CHAIR: Aboriginal Affairs.

26 Q MR. MACISAAC: Okay, thank you. My next

1 question is: Could Shear --

2 THE CHAIR: Please state your name.

3 Q MR. MACISAAC: I'm sorry. It's Bernie
4 MacIsaac, Mr. Chairman. Could Shear explain how
5 the new geological model and some of the offsite
6 potential, that you referred to in your
7 presentation yesterday, how that would factor
8 into your tenure mining life and how will that
9 impact the mining plan?

10 THE CHAIR: Applicant?

11 A MS. LASSONDE: Mr. Chair, Julie Lassonde
12 in response to Bernie MacIsaac's question from
13 AANDC. Bernie, the potential exists for -- and I
14 think you're referring to the Muskox, the Muskox
15 kimberlite possibility, and the potential exists
16 for additional ore in the geological model;
17 however, at this point in time, there is
18 significant amounts of work that would be
19 required. Certainly Muskox is years --
20 definitely years away before we would even look
21 at Muskox. The additional geo -- the additional
22 ore on the geological model, there is potential,
23 but at this point in time, we are really holding
24 to keeping to the mine plan as submitted by
25 Tahera in October 2005. We would certainly --
26 obviously, if any changes were to come along, we

1 would have to make an application and mine plan
2 update and make those applications to the Nunavut
3 Water Board, as well as all the regulators. Does
4 that answer your question?

5 THE CHAIR: Aboriginal affairs.

6 Q MR. MACISAAC: Thank you. It's Bernie
7 MacIsaac. So the model that you presented
8 yesterday, which showed, like, a change in
9 geometry, if you like -- the way I understood it
10 anyway, a change in geometry of the ore body,
11 that is not going to change your mining plan?

12 A MS. LASSONDE: Mr. Chair, Julie Lassonde
13 in response to AANDC. There is a potential in
14 the original mine plan to go underground, and it
15 includes approximately a two-year additional mine
16 life. My preference is not to go underground, if
17 I don't have to. So the new geological model
18 shows that -- and, again, this is very early
19 stages on that geological model, but my hope
20 would be that I can maintain open pit and not
21 have to go underground. So not recovering that
22 ore underground, which would then not change the
23 overall scope and life of the mine, at this point
24 in time.

25 THE CHAIR: Aboriginal affairs.

26 Q MR. MACISAAC: Thank you, Mr. Chairman.

1 It's Bernie MacIsaac. So if I understand
2 correctly then, it's going to be an open-pit
3 operation with no major changes in the design, if
4 you like, of that pit to accommodate this new
5 geological model that you guys are working on?

6 THE CHAIR: Applicant.

7 A MS. LASSONDE: Mr. Chair, Julie Lassonde.
8 Bernie, at this point in time, I said it is very
9 early stages. That geological model is only
10 based on six drill holes and significant amounts
11 of modeling, but we really -- I mean, if there is
12 a new design of the pit, it won't be -- first of
13 all, it certainly wouldn't be significantly
14 different, from what I can tell, but I have
15 not -- we haven't done nearly enough work for me
16 to say at this point in time. So certainly the
17 first stages, the initial stages, that pit model
18 on the top, sort of, 50-metre layer is not any
19 different than what is in the mine plan today.

20 THE CHAIR: Aboriginal Affairs.

21 Q MR. MACISAAC: Thank you. Thank you,
22 Mr. Chairman. It's Bernie MacIsaac. When you
23 were describing your request for a 14-year term
24 on your -- on your water licence, you mentioned
25 that there would be a seven -- a compliance audit
26 in year seven. Can you provide a little more

1 detail on what you anticipate would be in that
2 compliance audit report?

3 THE CHAIR: Applicant.

4 MS. LASSONDE: Mr. Chair, just a few
5 minutes to confer with my colleagues, please.

6 A MS. LASSONDE: Mr. Chair, Julie Lassonde.
7 Bernie, it -- the answer to that update is it
8 won't be just a compliance update. It will be a
9 full review of, for example, a review of the
10 predicted models and a confirmation of those
11 models, a review of the mine plan, a review of
12 the AMP, and a review -- a full review of the
13 water quality at site. That's what Shear is
14 committing to today. Is that an acceptable
15 answer?

16 THE CHAIR: Aboriginal Affairs.

17 Q MR. MACISAAC: Thank you. It's Bernie
18 MacIsaac. This is a similar type question. What
19 is anticipated to be in the quarterly reports
20 that Shear has committed to providing? And will
21 there be a compliance element within those
22 reports as well?

23 THE CHAIR: Applicant.

24 MS. LASSONDE: Mr. Chair, just a minute.
25 I need a minute -- I think I need a few minutes
26 to confer, please.

1 A MS. LASSONDE: Mr. Chair, Julie Lassonde.
2 Bernie, the updates -- we foresee having an
3 update similar to the one Stephanie gave
4 yesterday on a quarterly basis for compliance
5 status. We will have a summary of the sampling
6 programs that have been undertaken in that
7 quarter; a summary of construction and building
8 plans that have been undertaken in that quarter,
9 as well as a schedule of operational plans;
10 construction and building plans for the following
11 quarter, so the quarter forward; a bullet-point
12 list of all correspondence that has been to the
13 regulators over the course of that quarter; and
14 an update of the timeline. You know, if there
15 are any additional documentation or information
16 that the regulators would like to see in that
17 quarter, Shear is committed to being open and
18 transparent about our processes, so we would
19 appreciate any additional input on that; however,
20 that's what we see as being helpful to the
21 regulators and the Nunavut Water Board.
22 Mr. Chair, hopefully that answers AANDC's
23 question.
24 THE CHAIR: Aboriginal Affairs.
25 Q MR. MACISAAC: Thank you. Thank you,
26 Mr. Chair. It's Bernie MacIsaac. Next question,

1 what mechanism does Shear anticipate for
2 adjusting security considering that there will be
3 a yearly reclaim estimate?

4 A MS. LASSONDE: Mr. Chair, Julie Lassonde
5 in response to this question. Bernie, as you
6 know, Shear has, prior to our purchase of
7 Jericho, we spoke at length with AANDC, and we
8 posted a promissory note against the additional
9 reclamation security that was required at that
10 time. I think at this point in time, Shear would
11 appreciate continuing, if there is additional
12 posting that is required; however, once we are in
13 production, and there is positive cash flow, as
14 you know, the promissory note is to be replaced
15 with cash, and I would expect that on a yearly
16 basis that that would -- we would continue, if
17 there is any other security required during full
18 production, that that would be topped up with
19 cash as well. As I understand, that's AANDC's
20 preference.

21 THE CHAIR: Aboriginal Affairs.

22 Q MR. MACISAAC: Thank you. That wasn't
23 exactly my question, but it was nice. But the
24 question is: What mechanism do you foresee as a
25 way of revealing security on an ongoing basis and
26 determining -- either based on your records for

1 progressive reclamation through the -- you know,
2 through your operations or changes in plans or
3 whatever, what mechanism do you foresee to be
4 that would enable changes to security? I'm not
5 talking specifically about the form, et cetera,
6 but just a mechanism for addressing needs for the
7 changes that might happen in security because of
8 changes in plans, et cetera?

9 THE CHAIR: Applicant.

10 A MS. LASSONDE: Mr. Chair, Julie Lassonde
11 for Shear. I'm responding to AANDC. Bernie, I'm
12 just trying to understand. I think what you're
13 asking is how will we know what the additional
14 reclamation -- or what reclamation costing is on
15 an annual or biannual basis; is this correct?

16 Mr. Chair, I'm seeing Bernie as nodding a
17 yes, so I will respond to that question. Right
18 now, we have committed to KIA for -- to a yearly
19 review. I don't know if a yearly review is
20 appropriate, but if that's what AANDC would like,
21 Shear is happy to perform a yearly review on
22 reclamation costing. AANDC, please let me know
23 if that's acceptable.

24 THE CHAIR: Aboriginal Affairs.

25 Q MR. MACISAAC: Thank you for that answer,
26 yes. And this is my final question: In the

1 schedule -- it's Bernie MacIsaac. In the
2 schedule, it's a 20-month schedule, in the 20th
3 month, Shear is anticipating the commencement of
4 mining activities. Could you provide a
5 definition of what you consider to be the
6 commencement of mining activities or mining
7 operations?

8 THE CHAIR: Applicant.

9 MS. LASSONDE: Mr. Chair, I will ask
10 Chris Morton, VP of operations to answer this
11 question.

12 A MR. MORTON: Thank you, Mr. Chair.

13 It's Chris Morton. To answer your question, full
14 commercial mining, which would be run of mine, in
15 the two years ramping up to full production,
16 we'll be processing the low-grade stockpiles that
17 we have on site, as well as re-running some of
18 the coarse processed kimberlite that's already
19 been through, and in addition, for the commercial
20 mining aspect of it, it would be blasting and
21 with full -- full production of a running mine.

22 Q MR. MACISAAC: So I understand in the --
23 in the first two years, you'll be processing and
24 tweaking your mill, et cetera, but at some point,
25 as you mentioned, you're going to be commencing
26 commercial operations, and you said -- you talked

1 about blasting, et cetera, so, like, where's that
2 line in terms of testing bulk sampling, tweaking,
3 and commercial operation?

4 THE CHAIR: Applicant.

5 A MS. LASSONDE: Mr. Chair, Julie Lassonde,
6 on behalf of Shear. Bernie, going to mining from
7 the pit requires significant commitment on
8 Shear -- on the part of Shear in the sense that
9 we have to bring up significant mining equipment.
10 We have to have the pit fully dewatered and
11 prepared for blasting purposes, so the 20 months
12 run-up to that, we absolutely do not foresee
13 that, and if you remember from the timeline,
14 there is a good six-month period where we have
15 equipment purchases and also equipment delivery
16 and installation. I'm not sure. You're probably
17 aware of this, but the equipment purchases, there
18 can be lead times of three to six months, so we
19 can purchase them, but in terms of actual
20 commercial production, IE, production of, you
21 know, 1,250 tonnes per day, with the ore being
22 trucked from the pit, that, you know, Shear
23 really does not foresee that happening until the
24 20-month period, so there won't be a period
25 before that where we will be undertaking work in
26 the pit.

1 THE CHAIR: Aboriginal Affairs.

2 Q MR. MACISAAC: So just to be clear, so on
3 that first day in that 20th month, that will be
4 the first be blasting, if you like, that Shear
5 will be doing on the site?

6 THE CHAIR: Applicant.

7 A MS. LASSONDE: Mr. Chair, Bernie, I will
8 be so happy if we're right on time, absolutely.
9 You know, our goal is for the first day of the
10 20th month. There is likely going to be some
11 slippage in there, which is why I say 18 to 24
12 months. 18 is a pipe dream. 24 months is
13 probably closer to reality. And my VP of
14 operations would like to make an additional
15 comment there.

16 A MR. MORTON: This is Chris Morton. To
17 answer your question also, there's going to be
18 some reorganization of the pit to reorganize the
19 stopes and get everything back into operational,
20 so the possibility of blasting prior to
21 commercial operations is within that 20-month
22 period as well, so basically the 20 months is
23 when we're going to start looking at the pit, by
24 the time it's dewatered and we have the equipment
25 on site so that we can start blasting to
26 reorganize, so that will be classified as the

1 beginning of commercial mining out of it.

2 THE CHAIR: Aboriginal Affairs.

3 Q MR. MACISAAC: Sorry, so to be clear,
4 blasting in the pit will be the start of
5 commercial operations?

6 THE CHAIR: Applicant.

7 A MR. MORTON: This is Chris Morton.
8 Yeah, that is correct.

9 THE CHAIR: Aboriginal Affairs.

10 MR. MACISAAC: It's Bernie MacIsaac.

11 Thank you, Shear, and thank you, Mr. Chair.

12 Those are my questions.

13 THE CHAIR: Thank you. Next, on our
14 agenda, we have Kitikmeot Inuit Association to
15 ask questions to the applicant.

16 **Kitikmeot Inuit Association Questions Shear**
17 **Diamonds Nunavut Corporation**

18 MR. CLARK: Thank you, Mr. Chair.

19 Good morning to everyone. First of all, I'd like
20 to --

21 THE CHAIR: Please state your name.

22 Q MR. CLARK: Thank you, Mr. Chair. My
23 name is Geoff Clark from the Kitikmeot Inuit
24 Association.

25 Firstly, I'd like to thank Shear for their
26 thorough presentation yesterday. KIA has three

1 areas of questions, and the first question
2 relates to the comment yesterday related to the
3 time and expense that it took to get this licence
4 renewal in place. KIA has been updated in part
5 of this process of renewing the licence, and we
6 understand that it's taken a lot of time and
7 effort over the last year. My understanding is
8 also that the Jericho mine was largely out of
9 compliance with their water licence for many
10 years, and the question is is that assuming that
11 Jericho was compliant with its water licence, do
12 you think that the process of going through a
13 renewal would be easier and less expensive?

14 THE CHAIR: Applicant.

15 MS. LASSONDE: Mr. Chair, may I have a
16 moment with my colleagues, please.

17 THE CHAIR: Go ahead.

18 A MS. LASSONDE: Mr. Chair, Julie Lassonde.
19 Geoff, specifically to your -- to answer your
20 question, the expense of the renewal is
21 completely within the Shear -- the Shear team
22 here is completely decoupled from the expense of
23 bringing the licence into compliance. In fact,
24 we had to bring on additional resources and spend
25 additional funds specifically towards bringing
26 the licence back into compliance, so the cost

1 that is related to the expense of the renewal
2 is definitely clearly delineated in our -- in our
3 books.

4 THE CHAIR: KIA.

5 Q MR. CLARK: This is Geoff Clark, KIA.
6 Thank you. The next question is: How does Shear
7 propose to manage the fine processed kimberlite
8 in the processed kimberlite containment area so
9 that it is not dispersed by wind?

10 THE CHAIR: Applicant.

11 MS. LASSONDE: Mr. Chair, may I take a
12 moment with my colleagues for this answer,
13 please.

14 A MS. LASSONDE: Mr. Chair, Julie Lassonde.
15 Geoff, our answer is actually quite involved
16 here, so I've -- I have several different phases
17 to the answer. First, while Jericho was in its
18 production days, 2006 to 2008, there was no FPK
19 issue seen. This was clearly an issue when --
20 when the site became abandoned and the FPK dried
21 out, so to that, first of all, we have people on
22 site 24 hour, 7 now -- 24/7, and we do have a
23 daily -- we have an air quality monitoring
24 program, and it is part of our daily inspections
25 to look around the PKCA for FPK. In addition to
26 that, we have been keeping the FPK wet, and we

1 now have an ice cover on the FPK, and we continue
2 to ensure that it is wet, so during operations
3 or, if you will, during the next 20 months, when
4 we are processing some of the low-grade
5 stockpile, it will continue to be wet. The water
6 will be coming in. This year, if we do, you
7 know -- because it's a daily thing, we can take
8 immediate mitigative precautions as soon as -- if
9 we were to see something, and we have plans for
10 snow berms within the PKCA, so that is to help
11 when the wind carries the FPK as to how that can
12 be deposited back within the PKCA, so we can go
13 over how the wind works, and also when we move to
14 discharging into cell 'B', we will undertake
15 progressive reclamation of cell 'A'. I hope that
16 answers your question, Geoff.

17 THE CHAIR: KIA.

18 Q MR. CLARK: Thank you. That gives
19 enough detail to KIA to understand how you'll
20 manage the -- any potential for wind-borne fine
21 processed kimberlite?

22 The next -- this is Geoff Clark from KIA.
23 The next question regards the seeps found at the
24 waste rock pile. First question is: Were there
25 any other elevated parameters that were found in
26 the seeps regarding water chemistry, aside from

1 total suspended solids and nitrate?

2 THE CHAIR: Applicant.

3 MS. LASSONDE: Mr. Chair, I will confer
4 with my colleagues for a moment, please.

5 Mr. Chair, I will ask William Liu and
6 possibly Allison Rippin Armstrong to answer this
7 question. William will begin with the answer
8 shortly.

9 THE CHAIR: Please go ahead, William.

10 A MR. LIU: Okay. It's William Liu
11 with EBA. First, Geoff, the first point I would
12 like to make is looking at all the parameters
13 from the seep survey -- the samples. The only
14 parameter that I could see in the water licence
15 are TSS, total suspended solids, and the nitrate,
16 as you mentioned before, and on the site, of --
17 only comparing to the water licence, we also --
18 we also -- when we will continue to look at all
19 the parameters that has potential to increase
20 and/or has been increased already, and in our
21 plan -- with our discussion with Shear, we have
22 also made a recommendation and Shear has already
23 adapted the recommendation is that -- to conduct
24 a full-scale seep survey in the coming year
25 starting at the freshet as the seep -- the
26 quality of the seepage is -- is not -- the

1 previous seepage survey is only looking at one
2 point of year, and to determine that the
3 seepage -- the entire seepage quality for the
4 year -- for the entire year, the new plan for
5 next year is to look at the timing variation for
6 the quality of the seepage as well as the
7 quantity of the seepage, which is the water flow,
8 to determine the pollution loadings for all the
9 parameters that are poured into the receiving
10 lakes. So would that answer your questions?

11 THE CHAIR: KIA.

12 Q MR. CLARK: Geoff Clark from KIA.

13 That -- that answers my question that TSS and
14 nitrate were the only elevated parameters, and I
15 think you went beyond answering my question in
16 terms of telling me what you plan to do next year
17 to try and determine over the entire season what
18 the seepage is and the water quality is. My next
19 question related to that is: How much water --
20 well, I guess, now that you've answered my
21 question -- I'll ask it anyways, at the time that
22 you did do this monitoring in 2011, how much
23 water was seeping or flowing from these areas?
24 Was it -- were they truly seeps? Was it just a
25 very small -- very small amount of water? Or was
26 it a large amount of water?

1 THE CHAIR: Applicant.

2 MR. LIU: May I have a minute to
3 discuss with my team, Mr. Chair.

4 THE CHAIR: Please go ahead.

5 A MR. LIU: Thank you.

6 Okay. It's William Liu with EBA again.

7 Okay. For the -- when I say the active seeps in
8 my -- in the survey report, they are the -- they
9 are following the definition in the water licence
10 that the water flowing from the -- either the toe
11 of the waste rock piles or any other rock piles,
12 so they are the active seeps that were flowing at
13 the time of the seepage survey. That answers
14 your question for the -- for the seepages, and
15 for the other part of the question that the
16 amount of the seep, most of the seeps that were
17 observed are in a very low -- quantity wise, they
18 are very low. Just one -- just one example --
19 the point before -- before there was a snow event
20 a week before I arrived to the site, and then the
21 temperature got warmer. When I arrived to the
22 site in the morning, and there's a raining event,
23 so when I -- the seeps I observed on site may not
24 be flowing prior my arrival to the side. One of
25 the examples is, okay, I have conducted a seepage
26 survey for two days on September the 14th and

1 September the 15th. One of the seeps that I
2 observed and sampled is -- it's the seep from
3 low-grade ore, one of them. They were flowing on
4 September the 14th, and I sampled them, but when
5 I go back to check the seep on the 15th, there's
6 no flow anymore. So that will tell us that the
7 flow is not continuous and the quantities are
8 small. Will this answer your question?

9 THE CHAIR: KIA.

10 Q MR. CLARK: Geoff Clark, KIA. That
11 answers the question, and it's clear that there
12 will need to be more monitoring to determine what
13 the quality of this water is and what the true
14 seasonal flow rates are and whether it's true
15 seepage from the waste rock piles or whether it's
16 just runoff.

17 What is the -- and pardon me if this was
18 missed in the presentation or if -- by KIA or if
19 we just didn't have enough detail relative to
20 this line of questioning. What is the mitigation
21 proposed if future monitoring shows that this is
22 an issue of seepage with water quality that
23 doesn't meet discharge criteria or -- or that's
24 at a flow rate that's unacceptable? What's the
25 mitigation?

26 THE CHAIR: Applicant.

1 MS. LASSONDE: Mr. Chair, if we could
2 just have a moment, please.

3 A MS. LASSONDE: Mr. Chair, in addition to
4 the monitoring program of the seeps, there will
5 be a monitoring program of Carat Lake and C1 that
6 will determine and dictate the need and the
7 design that -- the possible need and then the
8 design of Ponds 'A' and 'C' specifically. Those
9 would be the -- this has been considered, and the
10 significant ongoing monitoring will help
11 negotiate our way through that design and
12 decision.

13 THE CHAIR: KIA.

14 MR. CLARK: Thank you, and those are
15 all the questions from KIA at this time.

16 THE CHAIR: Thank you. Next on our
17 agenda is questioning by the public to the
18 applicant, the public.

19 **Members of the Public Question Shear Diamonds**
20 **Nunavut Corporation**

21 BARBARA ADJUN: Good morning. This is the
22 first hearing I've attended as an HTO manager,
23 so it's a learning experience for me.

24 THE CHAIR: Please state your name.

25 Q BARBARA ADJUN: My name is Barbara Adjun.
26 I'm the manager for the Kugluktuk Hunters and

1 Trappers Organization?

2 The organization worries about our -- is --
3 their mandate is to monitor environmental issues
4 and wildlife management, monitor wildlife. I
5 don't know if this is the time to ask or -- this
6 is new to me, so I'm going to ask anyway. There
7 were -- there was questions that came to me from
8 a local hunter, before, worried about any kind of
9 seepage into Contwoyo Lake. So this could be a
10 question -- or this could relate to any kind of
11 seepage into all the lakes, into the Burnside
12 River, if that's the last place that they run off
13 into. I'm talking about sewer. I can't remember
14 the proper -- the technical name for it, but --
15 and water -- I guess, any kind of seepage into
16 these lakes. We want to hear -- to pass forward
17 to, you know -- there's people that live at
18 Contwoyto Lake. They live there at, like, an
19 outpost camp, so they want to hear if that lake
20 is being kept clean, like Contwoyto Lake from any
21 kind of seepage, so we want to hear those kind of
22 things brought back to our community -- or back
23 to the HTO, just to pass forward to the local
24 hunters and trappers. It's something I want to
25 hear back. There's really no question, but just
26 I'm hearing that those questions were being

1 answered by -- or those questioned were brought
2 forward by the other departments already.

3 My question is for -- related to wildlife
4 monitoring, animals, wildlife animals. I don't
5 know if this is the time to ask, but what kind of
6 wildlife monitoring plan do you have? How soon
7 does it start? When does it start? Is it all
8 year, seasonal? And what are you monitoring?

9 THE CHAIR: Applicant.

10 MS. LASSONDE: Mr. Chair, may I have a
11 few minutes, please, with my colleagues.

12 A MS. AUTUT: Okay. Mr. Chair, we're
13 prepared to speak to the questions. Thank you,
14 Barbara. Stephanie Autut with Shear Diamonds
15 Limited. So with respect to the concerns of the
16 HTO regarding Contwoyto Lake and the water
17 quality and where the water is flowing, we do
18 have onsite the Lynne Lake group of water bodies,
19 which includes Ash Lake, Key Lake, and Lynne
20 Lake, and that group of lakes flows into
21 Contwoyto Lake. So we do have to monitor those
22 lakes to make sure that the water quality is good
23 and that there's no negative impacts happening to
24 those lakes. So Shear does -- we do have a
25 monitoring station established at Contwoyto Lake
26 to conduct the monitoring to make sure that the

1 water quality and air quality is good, and I
2 would like to point out that it was Shear
3 Diamonds Limited that actually added that
4 monitoring station to Contwoyto Lake. It was not
5 a part of the program when under the operation of
6 Tahera Corporation. So the monitoring -- we
7 consider our monitoring to be more thorough than
8 what was actually taking place under Tahera
9 Corporation's ownership. I can report that the
10 studies that we've done so far with respect to
11 the analysis of the water quality, the results
12 that we've received back are showing that the
13 water quality is good at that station, and the
14 lakes will continue to be monitored on an annual
15 basis. So the Lynne Lake group in addition to
16 other water bodies around our site are part of
17 our aquatic effects monitoring program, so they
18 do get monitored and sampled on an annual basis,
19 and that will be ongoing through the life of our
20 project.

21 With respect to air quality, as I mentioned
22 last night, we do have dust fall stations that
23 have been established around the site that do
24 monitor dust deposition so where dust is falling
25 out, if it is, and we can monitor that. We also
26 collect lichen samples, so from the ground

1 itself, from the lichen to determine where the
2 dust deposition is occurring, if at all. Also
3 we've got sediment traps located in the lakes to
4 look at what dust deposition may be occurring in
5 the lakes in the sediment at the bottom. So
6 these are programs that are ongoing and
7 continuous throughout the life of the Jericho
8 project.

9 We talked about the seepage, so the seeps
10 that were observed. They do not flow toward the
11 Lynne Lake group, and, therefore, do not flow
12 toward Contwoyto Lake. If seepage -- the water
13 licence does speak to what has to happen if
14 seepage is identified, and it requires the
15 company to collect that water and pump it back
16 into the processed kimberlite containment area
17 where it can be treated, and it's not discharged
18 until it meets the water licence criteria for --
19 at safe levels. So that -- that's the answer
20 I've -- I'd like to provide on the water side of
21 things. You also asked about wildlife, and while
22 the water licence doesn't address the wildlife
23 issues, I can acknowledge that the wildlife
24 effects monitoring program required that a plan
25 be provided to the Nunavut Impact Review Board.
26 The NIRB Board did approve that plan, and that's

1 the plan that the company is currently following
2 with respect to wildlife monitoring, so there are
3 management policies within that plan that we do
4 have to follow. We do monitor all types of
5 wildlife, so it's a very -- it's an extensive
6 list. We look at everything, and there are
7 daily -- on a daily basis, part of the routine on
8 site is should wildlife be observed, we maintain
9 records of that, so the site -- people that are
10 working on site are made aware of that policy
11 when they come to camp, and it's part of the
12 orientation process that they undergo when they
13 first arrive, so any wildlife that are observed
14 in the area have to be noted and tracked through
15 tables that are maintained throughout the camp
16 itself.

17 Last night I committed to one of the
18 questions that Donald had asked with respect to
19 reporting back to the community on issues related
20 to the water quality. So we can -- the answer
21 that we gave last night was, in addition to doing
22 the monthly reporting to the Water Board, we
23 would commit to providing that same report to the
24 Kitikmeot Inuit Association, so we're prepared to
25 take that one step further and provide that
26 report to the Hunters and Trappers Organization

1 locally as well.

2 So, Mr. Chair, that's my -- that's my
3 response at this point, if Ms. Adjun has any
4 further questions, we're happy to address those.

5 THE CHAIR: Thank you. Any more
6 questions?

7 Q BARBARA ADJUN: Thank you, Stephanie.
8 And I knew that the wildlife question wasn't the
9 proper place here, but thank you for answering it
10 any way. I appreciate it.

11 With the -- sorry, Barb Adjun with HT0.
12 Just to clarify, how many times is the water --
13 the test -- all this testing done? Do you
14 start -- and when do you start? How often do you
15 do it? Like, you said annually. How often is
16 the water quality done? Is it done continuously?
17 And/or when does it start? And when does it end?

18 THE CHAIR: Applicant.

19 MS. AUTUT: Mr. Chair, if I could just
20 take a few moments to confer with my colleagues.

21 A MS. AUTUT: Thank you, Mr. Chair. And
22 thank you, Barb, for that followup question. The
23 aquatic effects monitoring program is where we do
24 the full sampling and -- the full sampling
25 program. On the Lynne Lake group, so the group
26 of lakes that does flow into Contwoyto Lake, the

1 aquatic effects monitoring program is done twice
2 per year. So it's a thorough -- thorough program
3 that's done in April under the ice, so during the
4 ice conditions, and it's also repeated in August
5 when we can actually sample the open water. With
6 respect to Contwoyto Lake specifically, during
7 care and maintenance -- so the current phase of
8 the -- you know, the current operating status of
9 the project, which is care and maintenance, the
10 sampling is only done during the summer program
11 right now, and that is it due to safety reasons,
12 due to the safety concerns that we have with the
13 limited number of people that are on the site,
14 but once we resume production, the sampling and
15 monitoring under the aquatic effects program will
16 resume to twice annually, so in April and August
17 as well. Thank you.

18 THE CHAIR: Thank you, HT0.

19 BARBARA ADJUN: Thank you. Barb Adjun
20 with HT0. Thank you. That's all the questions I
21 had.

22 We have the elder that -- one of the elders
23 that lives out at the -- around Contwoyto Lake.
24 His name is Johnny Ivalok, and he is sitting in
25 the audience here. He has a red coat, so thank
26 you, and I'm sure he appreciates your answers

1 too. Thank you very much.

2 THE CHAIR: Koana. Anybody else from
3 the public?

4 Q DONALD HAVIAYAK: Thank you. Yesterday I
5 had a question about the monitoring. I forgot to
6 ask one question. The question being the
7 monitoring equipment that you have. I was to --
8 it was perfect, so I won't have to ask these type
9 of questions, but anyway, monitoring equipment
10 that you have on -- in different places, should
11 there be a fail to detect some of the things that
12 are going through that monitoring equipment, is
13 there a backup that you can say -- or alternative
14 that you can say -- if you could fail to detect
15 some of these things, what other things are in
16 place to make sure there is nothing flowing
17 through to some water, to the lakes? Because of
18 the faulty equipment, it can miss some of these
19 things, if this happen. I'm sorry I forgot to
20 mention, I'm Donald Haviayak?

21 THE CHAIR: Applicant.

22 MS. LASSONDE: Mr. Chair, I'm going to
23 ask Allison Rippin Armstrong from EBA to answer
24 this question, please.

25 THE CHAIR: Go ahead, Allison.

26 A MS. RIPPIN ARMSTRONG: Thank you, Mr. Chair,

1 Allison Ripplin Armstrong, EBA. Thank you very
2 much for that question, and it's a very valid and
3 important question, especially when conducting
4 the winter sampling when we have so many
5 additional issues with equipment not wanting to
6 work very well when it's minus 40 outside. One
7 of the things that Shear Diamonds did in 2011 is
8 the equipment we required on site to do the
9 monitoring program we did actually buy backups,
10 so the actual piece of equipment that we use to
11 collect the water sample we do have a full second
12 backup system, as well as parts on site so that
13 if -- if the equipment malfunctions or doesn't
14 work, we can use the backup one while the other
15 one gets repaired. We -- the results of the
16 monitoring program, the samples that are
17 collected, those are sent offsite to a certified
18 lab, and when we're collecting samples -- when we
19 collect our water samples, we collect additional
20 samples with us. They are called field blanks
21 and travel blanks, and those blanks help detect
22 if there's any contamination in the bottles or if
23 the sampler themselves didn't do a proper job
24 collecting the sample. As well we collect
25 duplicate samples so that we can test and make
26 sure that we don't have errors. When we get our

1 water quality results back, if we have
2 contamination or we do have sampling errors, we
3 repeat those sampling programs. I hope this
4 answers the question. Thank you, Mr. Chair.

5 THE CHAIR: Donald.

6 DONALD HAVIAYAK: Thank you for those
7 responses. That's all my questions. Koana.

8 THE CHAIR: Anybody else from the
9 public that has questions to the applicant?
10 Anyone from the public? General public?

11 Thank you. Before we get to the next agenda
12 item, I'm told that they need some time to put
13 their questions together, so we will take a
14 15-minute health break, so they can prepare their
15 questions. Thank you.

16 (ADJOURNMENT)

17 THE CHAIR: Lootie, are you on the
18 line?

19 MR. TOOMASSIE: Yes, Mr. Chair. I'm on
20 the line.

21 THE CHAIR: Thank you.

22 Welcome back, everybody. Next on the agenda
23 is the staff questioning the applicant.

24 **Nunavut Water Board Staff Questions Shear**
25 **Diamonds Nunavut Corporation**

26 Q MR. HOHNSTEIN: Thank you, Mr. Chair.

1 David Hohnstein, Nunavut Water Board. I
2 apologize right off for probably the disorder for
3 some of the questions. We've been crossing off
4 questions that have been answered and asked, and
5 we've got it down to, I think, six questions
6 remaining that we want to ask here this morning.

7 First two questions are with regards to the
8 commitment list, I guess, that was originally
9 agreed to back at the technical meeting,
10 pre-hearing conference. The first question is
11 with regards to the site water management plan
12 and the requirement -- there was a requirement to
13 provide an appendix 'A' that was omitted from the
14 plan and the -- I guess, the design for the
15 diversion that did come in. So the question
16 is --

17 MR. KHARATYAN: The C4 --

18 Q MR. HOHNSTEIN: The C4 diversion, yeah.
19 So the question was: Is the information that was
20 omitted from the plan, the appendix 'A', has
21 that -- is there plans to submit that information
22 sometime in the future here? And, I guess, the
23 appendix 'A' referred to the design of ditches
24 and ponds and such and how it relates to
25 monitoring that was carried out this past season,
26 and as we noted in the presentation, there was a

1 number of exceedances that were noted during that
2 monitoring, and I guess, you know, what might be
3 done as far as measures that were -- are going to
4 be put in place for control, collection, and
5 treatment of that water.

6 THE CHAIR: Applicant.

7 MS. LASSONDE: Mr. Chair, I'll just ask
8 for a few minutes with my colleagues, please.

9 Mr. Chair, I'm going to ask Mr. Bill Horne
10 from EBA to answer this question, please.

11 THE CHAIR: Please go ahead.

12 A MR. HORNE: Bill Horne, EBA
13 Engineering. Appendix 'A' in the site water
14 management plan referred to the C4 diversion that
15 was dealt in a technical memo that was submitted
16 September 15th for the C4 diversion describing
17 how we're going to deal with that. There's been
18 a number of plans that we've committed to that
19 are going to occur in 2012 that will require an
20 update to the site water management plan, which
21 we've committed to submitting by the end of 2012,
22 so that will deal with the other structures after
23 we've carried out the additional studies this
24 summer, particularly on the seepage. So as of
25 right now, there won't be any additional
26 information provided for appendix A. That's been

1 dealt with, in Shear's opinion.

2 THE CHAIR: Staff.

3 Q MR. HOHNSTEIN: Thank you, Mr. Chair.

4 David Hohnstein, thanks for the response to that
5 question. The second question is, again, with
6 regards to the commitment list. There was an
7 item on the commitment list regarding the
8 submission of an incineration management plan,
9 and I understand that the date of the submission
10 of the commitment was for November 1st, which
11 would have been following the original public
12 hearing that was scheduled for back in October.
13 However, we still -- as far as we know, with our
14 licencing department, there hasn't been an
15 incineration management plan submitted as
16 indicated in the commitment list. So just a
17 question as to when that might be expected to be
18 submitted?

19 THE CHAIR: Applicant.

20 MS. LASSONDE: May I please have a moment
21 with my colleagues to confer.

22 A MS. LASSONDE: Mr. Chair, Julie Lassonde.
23 Dave, the incineration management plan as I --
24 from our notes is actually a standard operating
25 procedure that we were to submit November 1st.
26 We will submit the -- you can expect it by

1 December 15th, 2011, so in two weeks, but also
2 the waste management plan should be -- new waste
3 management plan or updated management plan should
4 be submitted by October 29th, 2012. Thank you.

5 THE CHAIR: Thank you. Staff.

6 Q MR. HOHNSTEIN: Thank you, Mr. Chair.
7 David Hohnstein, with the Water Board. The third
8 question I've got here is a followup, I guess, to
9 Environment Canada's question on the procedures
10 and management for blasting, and I understand
11 there's an explosive management plan to be
12 submitted. We've got here in our proposed
13 schedule, April of 2012, and, I guess, I was just
14 wondering when might the information on the -- on
15 the blasting and explosive management be expected
16 so that it might be considered in determining,
17 you know, the impacts to the nitrate levels in
18 the pit and the eventual PKCA discharge. Thank
19 you.

20 MS. LASSONDE: May I please have a
21 moment, Mr. Chair.

22 A MS. LASSONDE: Mr. Chair, Dave -- Julie
23 Lassonde. Dave, I think this is going to
24 probably require a little back and forth here.
25 We are going to be working with Dyno-Nobel to
26 provide the explosives management plan, as stated

1 in our commitment list, April 2012. If we are
2 able to provide it to you earlier -- and I think
3 that maybe what you're getting at or at least
4 some initial comments to you -- we will. I think
5 I'm struggling with what you actually are looking
6 for, sorry. If you could clarify, please,
7 Mr. Chair.

8 THE CHAIR: Staff.

9 Q MR. HOHNSTEIN: Thank you, Mr. Chair.
10 David Hohnstein, I think I was looking for
11 probably a little more explanation to -- or an
12 answer to Environment Canada's question
13 regarding, you know, I guess, the risk and the
14 expected decrease in the nitrate levels coming
15 from the pit, based on the management practices
16 that would be put into place, as opposed to what
17 had been practices in the past. Kind of a --
18 excuse me, a little bit of help as far as, you
19 know, what we're looking for as far as Shear's
20 commitments to meeting discharge limits and, you
21 know, what Environment Canada has been proposing
22 as new levels for discharge.

23 MS. LASSONDE: Mr. Chair, I'd just like a
24 brief moment, please.

25 A MS. LASSONDE: Mr. Chair, Dave, I think
26 what you -- Julie Lassonde speaking, pardon me.

1 I think what you're trying to get at, and please
2 correct me if I'm wrong here, is that you're
3 looking for some kind of assurance or an
4 indication as to our -- our blasting management
5 practices, and then ultimately our nitrate
6 levels. The reason that we've asked for two
7 years to get a determination on the nitrate
8 levels that will come out of our blasting
9 management practices is because we just cannot
10 make a determination at this point in time of
11 what -- how much best practices on the
12 management -- on management and on explosives
13 management, what kind of effect that will
14 ultimately have on our nitrate levels. Obviously
15 our hope is significant, but we just don't have
16 the -- we don't have the data, and we don't have
17 the experience and the knowledge from our team.
18 You know, we haven't gone through the process,
19 the operational process, so that's why we need
20 those two years. I'm sorry I can't give you a
21 better answer, Mr. Chair.

22 THE CHAIR: Staff.

23 Q MR. HOHNSTEIN: Thank you, Mr. Chair.

24 Yes, that's -- it's, I think, the answer we were
25 looking for and just trying to get some
26 confirmation and some assurance as far as, you

1 know, trying to take in the information as far
2 as, you know, the commitment that Shear is making
3 as far as meeting discharge limits and, you know,
4 the effluent quality limit changes that
5 Environment Canada is looking for. Thank you
6 very much.

7 Moving on to the next question. The next
8 question is with regards to the, I guess,
9 20-month timeline that Shear has laid out in one
10 of their slides, and, you know, looking at
11 commercial production at the end of those 20
12 months, and the question is regarding the pit
13 dewatering still required and whether or not
14 there is -- expected to be a capacity available
15 to dewater the pit in that timeframe, taking into
16 account that, you know, there's -- there's water
17 quality issues associated with that and the use
18 of the PKCA, and from what I heard this morning,
19 there is some planned production to take place
20 from -- from kimberlite stockpiles that are on
21 site at present and how those two, I guess,
22 functions would work together in order to
23 facilitate the pit being dewatered in time for
24 commercial production.

25 THE CHAIR: Applicant.

26 MR. HOHNSTEIN: Thank you.

1 MS. LASSONDE: Thank you, Mr. Chair. I
2 request a few minutes, please.

3 A MS. LASSONDE: Mr. Chair, Julie Lassonde.
4 Dave, to begin with, we will be -- we plan to use
5 the pit water in the process plant as a first
6 measure there. Also, we will have to update the
7 dilution model, and ultimately the pit dewatering
8 and meeting the discharge criteria, meeting the
9 water licence criteria, I apologize, will dictate
10 the length of time to production, so if we can't
11 make it this summer, then it moves out next
12 summer. It's really that simple. Thank you,
13 Dave.

14 THE CHAIR: Staff.

15 Q MR. HOHNSTEIN: Thank you very much,
16 Mr. Chair. Yeah, that was -- I guess, my
17 followup question was capability of meeting the
18 proposed discharge criteria for the PKCA, and I
19 believe you answered the question adequately.
20 Thank you very much. The next question I've got
21 here is a followup, I guess, to -- and maybe a
22 little bit more elaboration to a question that
23 was brought up earlier. The QAQC, qualify
24 assurance quality control, is important in
25 providing, you know, valid data and was a concern
26 of one of the members of the public this morning,

1 and I was wondering when will Shear be prepared
2 to provide the updated plans? The current plan
3 that we've got on file, I believe, is from 2006.
4 It was an original Tahera submission, and I
5 believe it's on one of our lists as May 2012.
6 I've got written down here "commitment 3, item
7 20". I guess the reason for my question is I'm
8 not sure if a submission in May 2012 or the end
9 of May 2012 would provide the Board enough time
10 for review prior to carrying out the monitoring
11 program for the spring and summer of 2012. Thank
12 you.

13 THE CHAIR: Applicant.

14 MS. LASSONDE: Mr. Chair, a moment,
15 please.

16 A MS. LASSONDE: Mr. Chair, Julie Lassonde.
17 Dave, would it be helpful if we submitted the
18 QAQC at the end of April instead?

19 THE CHAIR: Staff.

20 Q MR. HOHNSTEIN: Thank you, Mr. Chair. It
21 would be -- it would be helpful. It would give,
22 you know, an extra 30 days for providing review.
23 Thank you very much.

24 I've got one last question here before we
25 move -- move the questions over to Dionne and
26 Teresa. The question is with regards to -- I

1 believe it was the table of responses that were
2 submitted. It took a little bit of time to go
3 through some of the responses and, you know,
4 understanding that we haven't actually gone
5 through them item by item. Just one question on
6 the -- on the submission of the revised aquatic
7 effects monitoring program. There was mention in
8 the -- in INAC's comments regarding a new control
9 lake to be used for that monitoring, and the
10 submission indicates that, you know, a control
11 lake would be investigated in 2012. However, the
12 revised plan is -- indicated it would be
13 submitted in August 2012, so I was wondering if
14 that, I guess, potential alternative control lake
15 would be included in that revision or if it would
16 be something that would be taken in account later
17 on.

18 MS. LASSONDE: Mr. Chair, just a moment,
19 please.

20 A MS. LASSONDE: Mr. Chair, Julie Lassonde.
21 Dave, we will include the new control lake in the
22 revised AMP; however, we would like to note that
23 all the monitoring, or rather the samples taken,
24 IE, sedimentation water samples, that analysis,
25 that data analysis when that returns, and all the
26 regulators will be -- we will submit all this

1 information to help determine whether it is an
2 appropriate control lake after that time. Thank
3 you.

4 MR. HOHNSTEIN: Thank you, Mr. Chair.
5 That, I believe, is the questions from the
6 technical staff. I'm going to pass it over to
7 the executive director and legal for -- I think
8 there's three further questions. One of them is
9 kind of technical related, so I may interject
10 with the clarification on one of those questions.
11 Thank you very much.

12 THE CHAIR: Thank you. Dionne.

13 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
14 Dionne Filiatrault, my questions relate to
15 ultimately the jurisdiction of the Board to be
16 able to issue a licence, should they choose to
17 renew this particular water licence, and making
18 sure that there's an understanding of the
19 legislative requirements, so I'm going to speak
20 specifically to a couple of points of the
21 legislation and get some clarification from the
22 applicant. As you're aware under Section 57(b)
23 of the *Nunavut Waters and Nunavut Surface Rights*
24 *Tribunal Act*, the Nunavut Water Board may not
25 issue a licence, unless the applicant satisfies
26 the Board that the financial responsibility of

1 the applicant is adequate for three components,
2 and I'll quote directly from the Act: (as read)
3 1, the completion of the appurtenant
4 undertaking; 2, such measures as may be
5 required in mitigation of any adverse
6 impact; and 3, the satisfactory maintenance
7 and restoration of the site in the event of
8 any future closing or abandonment of that
9 undertaking.

10 On this basis, the Board is looking for some
11 clarification regarding statements of evidence
12 given yesterday to the effect that the financing
13 for the return to full mining operations will
14 actually not be in place until some 11 to 13
15 months after a potential licence might be
16 granted. So a quick clarification; is this
17 correct?

18 THE CHAIR: Applicant.

19 MS. LASSONDE: Mr. Chair, may I just take
20 a moment, please?

21 MS. FILIATRAULT: Mr. Chairman, if the
22 applicant -- Dionne Filiatrault, if the applicant
23 does, in fact, need to confer with legal, we
24 understand.

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

26 Shear has raised funds to get to this point in

1 the process. Money has been used to assess the
2 site and adjust the mine plans, conduct
3 appropriate studies and fieldwork, and confirm
4 site operations. As at today, Shear has taken
5 steps to arrange financing to get the project
6 through to startup, and this financing ongoing is
7 contingent on receiving the water licence. Once
8 Shear commences recovery plant trials, the mine
9 will be generating its own income. However,
10 Shear will still have to take steps to arrange
11 additional financing for both capital
12 investment and operating cost, not unlike,
13 most -- in fact, all junior exploration companies
14 that move into the development phase, which is
15 what Shear is. Shear anticipates arranging this
16 financing approximately, as you said, Dionne, 11
17 to 13 months from today.

18 THE CHAIR: Dionne.

19 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
20 Dionne Filiatrault, at present the Nunavut Water
21 Board has in evidence the third quarter financial
22 statements for Shear that were filed with the
23 Board, from 2010, I apologize. Will the
24 applicant be updating this information such that
25 the Board can have a better understanding of the
26 financial viability?

1 THE CHAIR: Applicant.

2 MS. LASSONDE: Mr. Chair, as we are a
3 public -- my apologies, just a moment.

4 A MS. LASSONDE: Just also want to make a
5 point that financing is imminent, and we can
6 provide that information shortly. Now, that
7 being said, and that was to your previous
8 question -- sorry. Mr. Chair, could I please ask
9 Dionne to repeat her second question? I lost my
10 train of thought.

11 THE CHAIR: Dionne.

12 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
13 I'll simplify. There's third quarter financial
14 statements that gives the most publicly available
15 information that has been given to this Board.
16 We did, in fact, try to ascertain if, say, on
17 your website there was the more up-to-date
18 financial information publicly available. We're
19 unable to do so, so my question is: Is there
20 financial statements more recent than the third
21 quarter for 2010? Given that there's been
22 significant levels of commitments and whatnot
23 been undertaken since 2010, we need a better
24 understanding of what the financial statements of
25 the company are at present.

26 THE CHAIR: Applicant.

1 A MS. LASSONDE: Mr. Chair, thank you very
2 much. Dionne, yes, the documents that you speak
3 of are publicly available. We have to submit
4 quarterly financial reports as part of being a
5 public company and within the regulatory body of
6 the Toronto Stock Exchange. That being said, as
7 I was mentioning that we do have financing
8 imminent, I would like to also be able to
9 consider at this point offering on a very
10 confidential basis -- and I don't know how the
11 Water Board feels about this -- the RR financials
12 in the -- by December 10th. Would that be
13 acceptable, Mr. Chair?

14 THE CHAIR: Dionne.

15 Q MS. FILIATRAULT: I'll speak to the first
16 point. One, with respect to the financial
17 statements, it would be helpful for the Board to
18 be able to consider it as part of this proceeding
19 if that could be provided before the close of the
20 hearing, if at all possible, and with respect to
21 the financing, I think it's helpful. It does
22 allude -- it does speak to my followup question,
23 so if you can -- maybe if I can ask those
24 questions, and if you feel that that is the
25 response to being able to provide the evidence
26 that we may be seeking, maybe we can then -- I

1 can talk with our legal as far as what that
2 implication may have and how we would handle the
3 confidential as a public board. We need to
4 figure out how we would handle that confidential
5 information. So with respect to the financial
6 statements, it would be before the close of the
7 hearing. With respect to the financing, I'll
8 finish my questions and get back.

9 A MS. JAMIESON: Dionne, maybe I -- perhaps
10 I can assist the Board and add some clarity. So
11 it's JoAnn Jamieson. I'm legal counsel with
12 Shear. I just want to make sure that we're --
13 the answer to this last question around financial
14 statements, it's absolutely -- it's, yes. There
15 are recent quarterly financial statements that
16 are available, and those -- we'll get those to
17 the Board as soon as possible.

18 There's two pieces of financing here. The
19 one that Ms. Lassonde is referencing that is
20 imminent is sort of this bridge financing. It's
21 to carry on and to complete this piece of work up
22 until startup, so they've had some funding raised
23 that they've been working off of. There's an
24 additional top up that's imminent, and so it's
25 that financing that they would be able to confirm
26 for you and provide on a confidential basis

1 probably next week, by the end of next week,
2 Friday, and that's separate and apart from what's
3 really the major financing move, which would be
4 to bring it into commercial production, which is
5 where we started, the -- 20 months from now,
6 okay.

7 THE CHAIR: Dionne.

8 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
9 I'll move to my question next because I think it
10 probably speaks to the bridge financing that
11 you're referring to. With respect to the
12 financial commitments necessary to mitigate the
13 adverse impacts that are referred to in item 2,
14 the NWB includes monitoring and mitigation
15 commitments as part of that obligations. We've
16 heard a lot of extensive commitments that have
17 been proposed, either through the written
18 application and through the public hearing
19 process. Does Shear currently have an estimate
20 for those costs? And followup to that, is there
21 any evidence that can be provided to us in the
22 ability to meet those estimated costs, which --
23 and I'm not going to presume that the bridge
24 financing will address that. I guess I would
25 seek clarification from the applicant on that,
26 Mr. Chairman.

1 THE CHAIR: Before you answer that
2 question, I would like to suggest that you can
3 work on that answer over lunch because it's 11:45
4 now. You can come back after lunch and answer
5 that question. How does that sound?

6 MS. LASSONDE: That's fantastic. Thank
7 you very much, Mr. Chair. Dionne has a question.

8 MS. FILIATRAULT: Mr. Chairman, for the
9 benefit of the applicant, there is one more
10 question, and if they're going to be given time,
11 maybe I can get the question on the record now,
12 and then they can also work on that one over
13 lunch and will speed things up when the Board
14 returns from lunch. Would that be acceptable to
15 ask this question?

16 THE CHAIR: How many more questions
17 are you going to ask? One?

18 Q MS. FILIATRAULT: It's one final question,
19 Mr. Chairman. Thank you, Mr. Chairman. With
20 respect to the legislative requirements dealing
21 with compensation, there's two provisions in the
22 legislation. One is Section 58, which
23 talks about compensation of existing users and
24 Section 63, which deals with compensation for
25 Inuit-owned lands. The question is: Can the
26 applicant confirm for the Board that there are no

1 outstanding compensation issues related to this
2 licence, either for existing users or on
3 Inuit-owned lands, at this time?

4 THE CHAIR: Answer after lunch.

5 MS. LASSONDE: Yes, Mr. Chair. Have a
6 lovely lunch. Thank you.

7 THE CHAIR: You're welcome.

8 (LUNCHEON ADJOURNMENT AT 11:47 AM)

9 (PROCEEDINGS RESUMED AT 1:16 PM)

10 THE CHAIR: Welcome back, everyone. I
11 trust everybody had a good lunch.

12 Lootie, are you with us?

13 MR. TOOMASSIE: Yes, Mr. Chair. I'm --

14 THE CHAIR: Okay, thank you. Pick up
15 where we left off.

16 Q MS. FILIATRAULT: So thank you,
17 Mr. Chairman. I think that we're just, at this
18 point, looking for the clarification to the two
19 questions posed to the applicant before the
20 break. As well as I did, for your benefit,
21 Mr. Chairman, and the members, the followup
22 question related to the technical issue that Dave
23 had mentioned in relation to the financial
24 ability of the applicant, I did, on aside, ask
25 them to address the financial implications of the
26 winter road as an example in their response, so I

1 just wanted to highlight that for all the parties
2 before going on.

3 Also, one housekeeping issues, before the
4 applicant responds, Mr. Chairman, is passengers
5 on Canadian North flight this afternoon should
6 call and check. They may be departing early. I
7 thought it went mechanical? Okay. Call,
8 Canadian North, okay.

9 MS. LASSONDE: Mr. Chairman, could Dionne
10 please just restate the two questions from before
11 lunch, just so that we're all clear what I'm
12 answering, please? Thank you.

13 THE CHAIR: Please go ahead.

14 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
15 So with respect to the financial commitments
16 necessary to mitigate adverse impacts, the
17 Nunavut Water Board includes monitoring and
18 mitigation commitments as part of those
19 obligations. Does Shear currently have an
20 estimate for those costs? And does Shear have
21 any evidence to offer the Board with respect to
22 their financial ability to meet these estimated
23 costs? And the third component to that is using
24 the -- has the Board -- had the applicant using
25 the winter road, as an example, considered the
26 costs associated with that component of the

1 project? That was the first question, Mr.
2 Chairman. I'll let them answer, and then I'll
3 ask the second.

4 A MS. LASSONDE: Thank you, Mr. Chair.
5 Yes, we have indeed a tally for the commitments
6 that we have made, and the approximate is
7 \$850,000 in terms of cost. Just to be clear, we
8 actually have budgeted \$1.26 million for the
9 costs over the next year, so that's an over 40
10 percent contingency. I believe that should be
11 robust enough to cover any additional costs. In
12 terms of -- I think, Dionne you just -- we did
13 absolutely consider costs such as the winter
14 road. That is a half million dollar fee that
15 we've included in our -- in our cash flows. In
16 addition, we have -- we've considered operational
17 costs and increases over the course of the
18 ten-year mine life that include a 3 percent
19 inflation cost every year, so we track on 3
20 percent increase in costs every year, while
21 maintaining an unadjusted profit, so we have a
22 very conservative economic look forward.

23 As to -- I think you were looking for
24 financial comment with statement; is that
25 correct? That shows our continuity over the
26 course of the next year. I can provide -- and I

1 think -- you know, we've made mention of the
2 bridge financing, and I can, on a -- because we
3 are a public company, and we are regulated by the
4 exchange, there are some information that I can
5 provide publicly, such as this public forum, and
6 there is information that I have to provide to
7 the Board on a confidential basis. Understanding
8 that you are a public entity as well, I can only
9 hope to ask our two legal counsels here to confer
10 and ascertain what we are able to provide you.
11 However, on a public basis, when I say it's
12 imminent, I would strongly -- I feel that within
13 two to three weeks, we would be able to have a
14 public -- but I really cannot say -- I can't
15 confirm or commit to a date on that front. I
16 hope that answers the three parts to that first
17 question, Dionne, and if I've forgot something,
18 please remind me. Thank you, Mr. Chair.

19 THE CHAIR: Dionne.

20 Q MS. FILIATRAULT: Thank you, Mr. Chairman,
21 so from what I understand, just to wrap up the
22 first -- this first question, we will get copies
23 of financial statements by the close of the
24 hearing. With respect to evidence that is
25 potentially private, there is not an indication
26 of when that information can be provided; is that

1 correct?

2 A MS. LASSONDE: Mr. Chair, thank you.

3 Julie Lassonde, on a confidential basis, I could
4 provide it to you by this afternoon.

5 Q MS. FILIATRAULT: So, Mr. Chairman, that
6 would be most helpful, I believe, for the Board's
7 deliberations for the application, and just to
8 clarify for all of the parties, and to -- I will
9 have legal counsel just highlight how we will
10 deal with the confidential information.

11 MS. MEADOWS: Mr. Chairman, Teresa
12 Meadows, legal counsel to the Nunavut Water
13 Board. With respect to the financing information
14 that Shear will be providing in confidence,
15 essentially, I wish to advise all the
16 participants that the Board has, in the past,
17 accepted financial information or information
18 that comprises contractual or trade secrets in
19 confidence and is willing to consider doing so in
20 this case. However, I want to make it clear to
21 all the parties present that the manner and the
22 terms which govern our handling of information of
23 this type are set out in access to information
24 laws, so firstly, the Nunavut Water Board is
25 bound by the federal *Access to Information Act*
26 *And Regulations*, and as such, while we agree to

1 preserve the confidentiality of the information
2 provided to the extent possible, in order to be
3 exempt, as I'm sure your legal counsel is well
4 aware, there are certain parameters under which
5 the information needs to be provided to us,
6 including but not limited to direction that the
7 information is provided in confidence that it
8 contains confidential information; financial
9 information of the applicant; and that further
10 disclosure, public disclosure could be very
11 harmful to the interests of the applicant. The
12 Board requests that the applicant include those
13 kind of assertions, that they are listed in the
14 information when the information -- when and if
15 the information is provided to us.

16 But secondly and more broadly with respect
17 to all of the parties that are here and the
18 members of the public that are here today, I want
19 to emphasize that if the information is provided
20 by the applicant under confidentiality
21 protections, it will not be provided to the
22 parties. It will not be circulated. It will not
23 be provided to the public, and it will not form
24 part of the record of this hearing, nor will it
25 form part of the public registry in association
26 with this hearing, and so at this point, if any

1 of the parties or the public have objections to
2 the Board receiving and reviewing this
3 information, under these terms and conditions,
4 the Board invites those parties to please step
5 forward and identify their objections and put
6 them on the record for us at this time. Thank
7 you.

8 THE CHAIR: Thank you, Teresa. Any
9 objections?

10 MS. FILIATRAULT: Mr. Chairman, just a
11 question on whether or not we actually want a
12 formal polling of the parties to confirm that
13 there are, in fact, no objections for the record?

14 So, Mr. Chairman, what I would suggest is
15 the parties to be polled would be, Does
16 Aboriginal Affairs have any objections to the
17 proposal?

18 You're going to need to come to the mic.

19 MR. MACISAAC: It's Bernie MacIsaac with
20 Aboriginal Affairs and Northern Development. No
21 objections to the proposal.

22 THE CHAIR: Thank you. Environment
23 Canada.

24 MS. WILSON: Anne Wilson, Environment
25 Canada. EC has no objection to the proposal.

26 THE CHAIR: KIA.

1 MR. CLARK: Geoff Clark, Kitikmeot

2 Inuit Association. KIA has no objections.

3 THE CHAIR: Thank you. Public.

4 MS. JAMIESON: Dionne, excuse me. It's

5 JoAnn Jamieson again, legal counsel. I'm just

6 getting some clarity from Ms. Lassonde about

7 timing, and what we would propose, if we could

8 have a little bit more time, possibly until

9 tomorrow afternoon or Monday, that we would

10 construct the cover letter that you're thinking

11 about, Teresa, and then submit some confirmation

12 of this bridge financing that's being arranged.

13 MS. FILIATRAULT: So, Mr. Chairman, as far

14 as timing goes, I don't think there would be an

15 issue with respect to the timing. As Teresa

16 indicated, it wouldn't form part of the record,

17 but the Board would use it in its deliberations,

18 but, again, we would appreciate the commitment,

19 that it would come --

20 MS. JAMIESON: If we could have until

21 Monday, that would be terrific.

22 MS. FILIATRAULT: That's fine. Thank you.

23 THE CHAIR: Carry on.

24 MS. FILIATRAULT: Mr. Chairman, just another

25 housekeeping item. I've been advised that

26 Canadian North will be leaving for Yellowknife in

1 20 minutes, if that affects anybody that is here
2 in attendance, except for yourself.

3 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
4 Dionne Filiatrault, I will go to the last
5 question, and this one was in relation to the
6 compensation issues and whether or not given
7 Section 58 and Section 63 of the *Nunavut Waters*
8 *And Nunavut Surface Rights Tribunal Act*, which
9 referred to compensation of existing users and
10 compensation regarding Inuit-owned lands
11 respectively, can the applicant confirm for the
12 Board that there are no outstanding compensation
13 issues related to this licence at this time?

14 THE CHAIR: Applicant.

15 A MS. LASSONDE: Mr. Chairman, Julie
16 Lassonde. I can confirm on behalf of Shear that
17 we have no outstanding compensation issues as
18 related to Section 58 and Section 63. Thank you.

19 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
20 So just to confirm, with respect to Section 63 in
21 relation to Inuit-owned lands, there is an
22 agreement in place between yourself and the
23 DIO -- or the RIA?

24 A Mr. Chairman, Julie Lassonde. Yes, I can confirm
25 that, Dionne. Thank you.

26 MS. FILIATRAULT: Dionne Filiatrault, thank

1 you, Mr. Chairman. That's the tantamount of the
2 staff's questions. Thank you.

3 THE CHAIR: Thank you. Any questions
4 from the Board members? No.

5 Lootie, any questions from Lootie?

6 MR. TOOMASSIE: No, I don't have a
7 question, Mr. Chair.

8 THE CHAIR: Thank you. Following our
9 agenda, next we have Environment Canada to do the
10 presentation, and does she need to be sworn in?

11 **MARGARET ANNE WILSON, Sworn**

12 THE CHAIR: Thank you, Teresa.

13 Please go ahead with your presentation.

14 **Presentation by Environment Canada**

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

16 I would just like to note that if I am able to be
17 finished by 2:00, I will be able to catch the
18 First Air flight out this afternoon. If it
19 doesn't work, I'm certainly willing to stay
20 longer, but just if that might be possible, and I
21 promise not to talk too fast.

22 THE CHAIR: If you can talk slow like
23 me, you might make it.

24 MS. WILSON: Okay. Well, I'll say good
25 afternoon, Mr. Chairman and members of the panel.
26 Thank you for the opportunity to present

1 Environment Canada's intervention on the Jericho
2 Diamond Mine water licence renewal.

3 In this presentation, I'm going to cover
4 Environment Canada's mandate, then our technical
5 comments on effluent and water quality on
6 monitoring landfarming, closure, and reclamation.
7 Environment Canada has a broad mandate based on
8 several acts and regulations. The ones that
9 influences the content of this particular
10 submission include the *Canadian Environmental*
11 *Protection Act*, the *Department of Environment*
12 *Act*, Section 36(3) of the *Fisheries Act*, and the
13 *Migratory Birds Convention Act and Regs*. The
14 written intervention has further information on
15 these pieces of legislation in appendix 'A'. The
16 first area that I would like to cover deals with
17 effluent quality.

18 Shear has not suggested any changes to the
19 existing effluent quality criteria, and EC agrees
20 with the proposal to maintain the existing
21 licence limits with the exception of the criteria
22 for nitrate, nitrite, chloride, and total
23 dissolved solids. We also recommend taking out
24 the oil and grease parameter and instead having
25 the total extractible hydrocarbons as a regulated
26 parameter.

1 The next slide shows the suggested changes.
2 For the total dissolved solids and chloride,
3 Environment Canada does not recommend setting
4 effluent quality criteria at this time. It is
5 suggested that these parameters be monitored and
6 water quality objectives set that are
7 environmentally relevant and operationally
8 appropriate. These objectives would then be used
9 for adaptive management, IE, to determine
10 thresholds for management response or action.
11 They are not intended to be put in as regulated
12 limits. Determining objectives should be done
13 within 24 months of resuming production, and
14 contrary to the wording in Shear's presentation,
15 which implies that monitoring would start after
16 two years. We would think that monitoring would
17 be ongoing from the inception of the new licence
18 onward or the renewal onward. In effect, the
19 current limits are so high as to provide no
20 practical effect, so we feel they should be taken
21 out or could be taken out.

22 Next the nitrate, the expiring licence had
23 limits of 56 and 28. Those came directly from
24 the Snap Lake licence. That was some eight or
25 nine years ago, and at the time, that was based
26 on what we knew about who lived in the lake and

1 what the likely chronic toxicity would be to
2 them. Now we feel the limit in the expiring
3 licence is higher than would be warranted in the
4 context of current work on nitrate toxicity and
5 note that the CCME guideline for nitrate, which
6 is still draft and not yet published, is expected
7 to be approximately 3.6 milligrams per litre,
8 nitrate is nitrogen, and that's for long-term
9 exposure. Environment Canada recommends that
10 lower limits be set to provide better
11 environmental protection.

12 We would be open to a staged approach with
13 higher limits for the initial years, provided
14 that the commitment made earlier by Shear to
15 respect the CCME numbers at the edge of the
16 mixing zone, would be committed to and met for
17 that period. Thereafter, we would recommend the
18 lower limits on an ongoing longer-term basis.

19 Lastly the removal of oil and grease and the
20 inclusion of total extractible hydrocarbons.
21 That's just a practical matter. It takes out the
22 camp lipids -- like, the biological lipids that
23 you might have picked up by the analysis for
24 total oil and grease and just gets anything that
25 might be of a petroleum origin more so.

26 Okay. The next issue is the mixing zone.

1 We voiced some concerns about the extent used.
2 The dilution calculations are based on
3 concentrations at the Lake C3 outlet, using the
4 assumption that the mixing zone encompasses all
5 of Lake C3. In the original environmental
6 assessment though, what was agreed to was no
7 chronic effects beyond 200 metres of the point
8 where Stream C3 enters Lake C3, and we do
9 acknowledge that Shear will continue to monitor
10 water quality at the 200-metre point from Stream
11 C3, and we support use of that data as a
12 go-forward with updating and validating the
13 modeling.

14 So next onto toxicity testing, some pretty
15 pictures here. These are some of the lab
16 organisms that are used to assess toxicity.
17 Bioassay tests are a very useful tool to help
18 evaluate the whole effluent toxicity. Acute
19 tests measure survival over a short time period.
20 The two most commonly used tests are the rainbow
21 trout and Daphnia magna tests. Chronic tests
22 look at different end points. These include
23 growth, reproduction, and survival with longer
24 exposure, and that's all relative. If you're an
25 alga and you turn over every few days, you know,
26 your lifetime is pretty short, so a longer

1 exposure is seven days or longer. Chronic
2 bioassays are not intended to be used as
3 regulated tests. They are not reference methods.
4 They are biological test methods; IE, they
5 wouldn't stand up in court. So they help us
6 understand effects in environment, rather than
7 define effluent quality.

8 So further on chronic toxicity testing, work
9 has done on samples taken from the edge of the
10 mixing zone in Lake C3, and EC recommends that
11 rather than take samples in the mixing zone that
12 this be done on discharge at end of pipe, testing
13 Ceriodaphnia and also chronic toxicity. This
14 should be done once prior to discharge and a
15 second time prior to completion of discharge.
16 Testing 100 percent effluent would be more useful
17 for determining whether environmental impacts are
18 potentially of concern. EC doesn't disagree with
19 keeping the mixing zone testing in schedule 'L',
20 but we note that until there is a clear
21 understanding of the plume behaviour, we won't
22 really be able to interpret the results fully.

23 So now on to monitoring. One of my
24 favourite creatures here. Shear proposes to
25 modify the plan for the AEMP, which had been
26 submitted with the renewal application, and this

1 was the AMEP and mainstream 2005 version. To
2 address concerns with reference sites, sampling
3 locations, which are air monitored in other
4 aspects.

5 EC would like to see an integrated plan
6 provided, which includes details of the sampling
7 program and explicitly describes the study design
8 statistical test, which would be used, and
9 quality control protocols. The sample -- sorry,
10 the sampling program description should also
11 include information on data quality and handling
12 of outliers as outlined in our intervention
13 document. EC recommends that Shear conduct
14 sampling and reference investigations as proposed
15 with a goal to refine the AEMP and submit a
16 revised study design document within two years of
17 licence issuance, and an update to this
18 presentation, we do note that Shear is going to
19 provide this by April of 2012, and we're very
20 pleased to hear that.

21 With respect to the plume delineation, EC
22 has reviewed the water chemistry data that is
23 available for the three monitoring sites related
24 to Lake C3. Results do not clearly identify
25 differences in water quality for some of the
26 conservative parameters, and EC would like to

1 gain a clear understanding of how the effluent
2 behaviour will be in the receiving environment.
3 For example, how does the conductivity change
4 with depth? And where are water quality
5 objectives being met?

6 EC recommends that a plume delineation study
7 be done late in the discharge season and have
8 this examine the extent and behaviour of the
9 plume in three dimensions. Water quality
10 objectives should be stated and comparisons drawn
11 for where they are expected to be met in C3 based
12 on the tracer concentrations, so we confirm
13 hopefully that they are meeting the objectives at
14 the edge of the mixing zone at 200 metres, and as
15 earlier asked, it would be very expeditious if
16 this could be done -- if it's appropriate with
17 pit water being discharged. If the quality works
18 for that, that will give us an earlier start on
19 understanding the behaviour.

20 Now onto hydrocarbon contaminates. Shear
21 has presented preliminary plans for management
22 and treatment of contaminated soils and
23 materials. We identified a few comments and
24 concerns with the plans, and these have been
25 addressed, to some extent, the disposal or
26 treatment of contaminated snow and ice as melt

1 water is being addressed using the Oztech system.
2 This should be formalized in an updated plan. We
3 had also flagged that birds need to be deterred
4 from landing on water ponded in the landfarm, so
5 they don't get exposed to hydrocarbons, and the
6 plan should outline how covered hydrocarbons are
7 going to be disposed of. EC recommends that a
8 revised plan for the management and disposal of
9 hydrocarbon contaminated materials be submitted
10 within 12 months of licence issuance, and we
11 understand that the plan may be broader than just
12 for landfarming treatment.

13 My last topic deals with closure and
14 reclamation. EC has two concerns for the closure
15 of the open pit. Water quantity regarding the
16 rate of filling and water quality. Environment
17 Canada questions the estimate fill time of 20
18 years for the open pit and the extend to which
19 there are going to be groundwater contributions
20 into this. We acknowledge Shear's commitment to
21 re-evaluate the pit fill rate by April 2012, and
22 we look forward to reviewing the revised plan and
23 the updated fill rate numbers when available.
24 Quality as well as quantity is of concern. We
25 have some questions around the impacts of pit
26 wall weathering and the introduction of blast

1 residues and poor quality water from the PKCA and
2 pit water quality. We acknowledge Shear's
3 commitment to remodel the pit water quality, and
4 if the remodeling identifies new contaminants of
5 concern, we recommend the proponent revise their
6 closure plan to include treatment options for
7 these contaminants. We also request the
8 proponent commit to a timeline for delivering its
9 pit water quality remodeling. I think that has
10 been listed already, as Shear has committed to
11 deliver that -- I think it's within two years.
12 My hope is that to better inform closure, the
13 information gained from the temporary shutdown,
14 as far as contributions from the pit sumps from
15 weathering of the walls of the pit on the water
16 quality will be evaluated and included in their
17 water quality evaluation for the pit.

18 Lastly, the licence, we would appreciate if
19 it was possible for the Board to circulate a
20 licence for comments. Sometimes even just
21 editorial comments could be provided, you know,
22 acknowledging that the hearing record closes and
23 there would not be any substantive changes to
24 anything being introduced. We also want to note
25 the increased term that Shear is proposing to the
26 licence, tying this to the life of mine, and we

1 would respectfully suggest that eight to ten
2 years would be more of a reasonable timeframe.
3 This would allow the mine to develop its own
4 track record, and things may change within the
5 life of mine that might want to be looked at in a
6 licence renewal, such as the potential for moving
7 underground or new pipes.

8 So with that, I will say thank you to the
9 panel and the Nunavut Water Board and to Shear
10 for a very constructive and proactive approach to
11 the hearing and the renewal.

12 THE CHAIR: Thank you. Questions to
13 Environment Canada from the applicant.

14 **Shear Diamond Nunavut Corporation Questions**
15 **Environment Canada**

16 Q MS. RIPPIN ARMSTRONG: Thank you, Mr. Chair.
17 Thank you, Anne Wilson. Allison Rippin Armstrong
18 with EBA, not so much a question. I just wanted
19 to inform Environment Canada and the Nunavut
20 Water Board that Shear has had an opportunity to
21 speak with Environment Canada, and we've had an
22 opportunity to review Environment Canada's
23 submission, and Shear accepts the removal of TDS
24 and chloride from the -- from the water licence
25 discharge criteria, and I would like to ask
26 that -- that Environment Canada work with us

1 toward -- we'd like some input on setting those
2 monitoring parameters.

3 THE CHAIR: EC.

4 A MS. WILSON: It's Anne Wilson with
5 Environment Canada, and we would be very happy to
6 work interactively on developing objective for
7 chloride and TDS.

8 Q MS. RIPPIN ARMSTRONG: Yes, Mr. Chair. It's
9 Allison Rippin Armstrong with EBA, and, again,
10 it's not a question, but I would like to just
11 follow up. Anne Wilson from Environment Canada
12 mentioned that with the pit having -- with the
13 mine having been shut down, we do have this
14 opportunity as a little mini pilot project, if
15 you will, on what closure could look like, and we
16 will absolutely -- just to let everybody know, we
17 have contracted and are fortunate to have Kelly
18 Sexsmith from SRK working with us on
19 geochemistry, and we will be looking at the
20 additions of weathering from the pit walls, and
21 we will be taking that into consideration. So
22 thank you very much?

23 THE CHAIR: Thank you. Environment
24 Canada.

25 A MS. WILSON: It's Anne Wilson. That's
26 very good. Thank you.

1 THE CHAIR: Shear.

2 MS. LASSONDE: Thank you, Mr. Chair. We
3 have nothing else at this time for Environment
4 Canada.

5 THE CHAIR: Thank you. Next on the --
6 Aboriginal Affairs and Northern Development,
7 questions to Environment Canada.

8 MR. MACISAAC: It's Bernie MacIsaac with
9 Aboriginal Affairs and Northern Development. We
10 have no questions for Environment Canada.

11 THE CHAIR: Thank you. Kitikmeot
12 Inuit Association.

13 MR. CLARK: It's Geoff Clark from KIA,
14 and KIA has no questions.

15 THE CHAIR: Thank you. Questions to
16 Environment Canada from the public.
17 Staff.

18 **Nunavut Water Board Staff Questions Environment**
19 **Canada**

20 Q MR. KHARATYAN: Thank you, Mr. Chair.
21 Karen Kharatyan, are you still recommending the
22 decrease of nitrate incorporated in the licence
23 or not? My understanding was that you would be
24 working together for two years.

25 THE CHAIR: Environment Canada.

26 A MS. WILSON: Thank you, Mr. Chairman.

1 It's Anne Wilson. The working for two years was
2 with respect to objectives for total dissolved
3 solids and chloride. My current thinking on the
4 nitrate issue is that if the proponent is able to
5 and has committed to meeting the CCME guidelines
6 at the edge of the 200-metre mixing zone, so 3.6
7 milligrams per metre is what we expect the number
8 to be, then for the period required to dewater
9 the pit and commission the production, it would
10 not be unreasonable to retain the existing limits
11 thereafter. I feel the limits should be lowered
12 to the 40 and 20 as recommended.

13 THE CHAIR: Staff.

14 MR. KHARATYAN: Thank you. No more
15 questions.

16 THE CHAIR: Thank you. Thank you,
17 Anne.

18 Questions to Environment Canada from Board
19 members. Lootie?

20 MR. TOOMASSIE: Mr. Chair, I don't have a
21 question.

22 MS. WILSON: Thank you.

23 THE CHAIR: Next we have Aboriginal
24 Affairs and Northern Development to do their
25 presentation.

26 **BERNIE MACISAAC, Sworn**

1 **CASSANDRA HALL, Sworn**

2 **TANYA TRENHOLM, Sworn**

3 THE CHAIR: Aboriginal Affairs, you
4 can start your presentation.

5 **Presentation by Aboriginal Affairs and Northern**
6 **Development Canada**

7 MR. MACISAAC: Thank you, Mr. Chairman.
8 Good afternoon, everyone. My name is Bernie
9 MacIsaac, and I'm the director of operations for
10 Aboriginal Affairs and Northern Development in
11 Nunavut, and I would like to thank the Nunavut
12 Water Board for this opportunity to make a
13 presentation and intervention regarding Shear
14 Diamonds Limited's type 'A' water licence renewal
15 for the Jericho Diamond Mine. I am joined at the
16 table by Cassandra Hall and Tanya Trenholm,
17 colleagues. Cassandra is a consultant working
18 for us, and Tanya is the lead for our department
19 on this particular file. Also joining us today
20 is Andrew Campbell of the Federal Department of
21 Justice, Eva Paul with our water resources
22 section within the Nunavut regional office and
23 soon to be a water resource officer and
24 inspector, and also joining us are Kevin Bigger
25 and Holger Holtmaier from BGC Engineering, and
26 they have provided us with technical advice

1 during this -- during our intervention and with
2 this presentation. So on behalf of my
3 colleagues, I would like to express
4 our appreciation to the hamlet and people of
5 Kugluktuk for their hospitality. Our department
6 takes very seriously its role in water management
7 in Nunavut, so we would like to thank the Water
8 Board, the Kitikmeot Inuit Association, and Shear
9 Diamonds for their collaboration and cooperation
10 in responding to our questions and concerns in
11 preparing this intervention.

12 Onto slide 2. Aboriginal Affairs and
13 Northern Development Canada has a broad mandate
14 for the co-management of water resources and the
15 management of Crown land in Nunavut under the
16 following applicable law and policy: the
17 *Department of Indian Affairs and Northern*
18 *Development Act*, the *DIAND Act*; the *Nunavut Land*
19 *Claims Agreement* and the *Nunavut Land Claims*
20 *Agreement Act*; the *Territorial Lands Act and*
21 *Regulations*; the *Nunavut Waters and Surface*
22 *Rights Tribunal Act*; the *Canadian Environmental*
23 *Assessment Act*; and Aboriginal Affairs and
24 Northern Developments Mine Reclamation Policy for
25 Nunavut. Aboriginal Affairs and Northern
26 Development Canada administers Crown land and

1 resources and enforces regulatory permits
2 affecting land and water resources in Nunavut.
3 We also intervene in water licence hearings,
4 along with other stakeholders, to provide advice
5 and expertise to the Nunavut Water Board.

6 The next slide, which is slide 3. With
7 respect to the Jericho Diamond Mine, Aboriginal
8 Affairs and Northern Development administered
9 surface and mineral leases as well as compliance
10 monitoring duties through the inspection process
11 related to the existing type 'A' water licence.
12 In preparation for this hearing, we have reviewed
13 the type 'A' water renewal application submitted
14 by Shear Diamonds, along with further information
15 submitted by Shear, and we have considered the
16 historic data and information submitted to the
17 Nunavut Water Board by past licencees in relation
18 to the Jericho project. We have conducted a
19 technical evaluation of the licence application
20 and supporting plans for the diamond -- the
21 Jericho Diamond Mine. In carrying out this
22 review, we have considered the impacts of
23 proposed operations of water quality, the
24 quantity of water used, surface and permafrost
25 disturbance, waste management where it may affect
26 water, and abandonment and reclamation planning.

1 To support our review, we have engaged
2 external advisors, BGC and Brodie Consulting
3 Incorporated to conduct a technical evaluation of
4 the licence application and supporting plans for
5 Jericho and to conduct an updated reclamation
6 estimate for the project. Our submission has
7 also been informed by ongoing communication with
8 Shear and a site visit in August of 2011 in which
9 we were able to resolve many outstanding
10 information requests, and we are grateful for the
11 cooperation we have had from Shear in those -- in
12 that review.

13 The next slide, which is slide 4, and it
14 relates to our intervention. So our intervention
15 consists of a technical review and the following
16 recommendations for licencing considerations:
17 excuse me, we submitted a table of outstanding
18 information requests and conforming requirements
19 to the Nunavut Water Board with our November
20 15th, 2001, intervention. This is attached as
21 appendix 1 to our intervention. It is important
22 to note that this table was developed in
23 cooperation with Shear, and it is understood that
24 Shear will address the outstanding issues
25 identified in that table through its submission
26 of outstanding plans after this water licence

1 hearing process. This table, however, does not
2 include settled issues or issues raised by other
3 interested parties. BGC Engineering contracted
4 Brodie Consulting Limited to conduct an
5 updated reclamation security estimate, and a
6 summary of this estimate is attached as appendix
7 3 to our intervention.

8 To assist in moving forward with the
9 existing water licence, we respectfully present
10 considerations for the Nunavut Water Board when
11 developing a draft water licence. These
12 considerations include: suggested timeframes
13 required for the review of outstanding plans and
14 reports to be submitted by Shear before effected
15 site activities are permitted to occur; Nunavut
16 Water Board approval of operating plans prior to
17 the commencement of any mining activities;
18 requirements for the provisions -- for the
19 provisions of quarterly reporting and projections
20 to facilitate timely reviews of outstanding plans
21 by interveners; and in our intervention --
22 original intervention, we were in support of a
23 ten-year licence term to allow the company to
24 carry out exploration, operation, and
25 reclamation, at which time it would be expected
26 the licence would be renewed during the

1 transition phase from reclamation to long-term
2 monitoring.

3 Additional considerations that were brought
4 up after our intervention was submitted included:
5 issues related to the term of the licence and
6 also issues related to reclamation plans,
7 abandonment and reclamation plans.

8 So consideration in terms of the 14-year
9 licence, we are not adverse to that term,
10 providing certain conditions, which I'll get to
11 later in the presentation but relate to various
12 types of reporting, including quarterly
13 reporting, the seven-year compliance audit that
14 was mentioned earlier, and a provision for
15 reassessing security as time progresses during
16 the project.

17 So the next slide, which is slide 5 deals
18 with technical issues and recommendations. So we
19 have submitted a draft conformance table with our
20 intervention as appendix 1. The draft
21 conformance table summarizes conformity
22 requirements for the outstanding plans to be
23 submitted by Shear, and this draft conformance
24 table does not include issues raised by other
25 interested parties or interveners. Aboriginal
26 Affairs and Northern Development also understands

1 that some of the items will not be resolved in
2 advance of or at this hearing, but rather by way
3 of outstanding plans to be submitted by Shear
4 after this licencing hearing process, and the
5 list that -- the list that you see there are some
6 of the important plans. For the most part, these
7 issues related to these plans have been addressed
8 by Shear; however, we do have two particular
9 questions on the aquatic effects management plan,
10 and they are, the aquatics effects management
11 plan does not mention toxicity testing of the
12 effluent discharge to Stream C3; additionally and
13 in general, the current version of the AEMP does
14 not include any fish sampling or toxicity
15 testing. Shear indicated at the August 24th,
16 26th, 2011, meeting -- site visit, sorry, that
17 fish sampling and toxicity testing would be
18 forthcoming, and we look forward to receiving the
19 updated AEMP. That reflects the inclusion of the
20 sampling and recommend that ongoing toxicity
21 testing be carried out at the effluent discharge
22 location in Stream C3. Excuse me.

23 And the second question is location of
24 phytoplankton and zooplankton monitoring. The
25 current AEMP monitoring for phytoplankton and
26 zooplankton appears to be limited to the south

1 basin of Lake C3, and in brackets, so that's this
2 location, JER-AEM-07, which is a distance from
3 the stream discharge. In order to sample at a
4 location more representative of the mixing zone
5 and closer to the discharge point, we would like
6 to recommend Shear consider changing the sample
7 location to JER-AEM-06.

8 Next slide, which is slide 6. This slide
9 relates to our reclamation estimate, and I will
10 talk generally about this, and then I will turn
11 the presentation over to my colleague, Cassandra
12 Hall, to go into more detail. As you can see,
13 our estimate -- our reclamation estimate states
14 that a balance is required to be furnished by
15 Shear for both Crown lands and waters. So just
16 moving down the slide, the total reclamation
17 estimate for lands is 8,527,431. Our estimate
18 for KIA lands is 1 point -- proximately \$1.26
19 million. So for Crown lands only, subtracting
20 the KIA portion, we end up with 7,263,397. The
21 Crown already holds security in respect of lands
22 of 6,120,000, so the balance required for lands
23 would be 1,142,000. Our total reclamation
24 estimate for waters is \$3,389,074. At this
25 point, we already own 2 million -- or we already
26 hold 2,200,000 in security, leaving a balance

1 of \$1,189,074. As such, we would like to ask the
2 Board to consider setting the water-related
3 liability at a total amount to be furnished and
4 maintained by the proponent of \$3,389,074. In
5 respect to the balance on -- for lands, for Crown
6 lands, the land administration unit of Aboriginal
7 and Northern Development (sic) is committed to
8 working with Shear to furnish the remaining
9 balance with respect to land.

10 I'd like now to turn the presentation over
11 to Cassandra Hall.

12 MS. HALL: Mr. Chairman, Cassandra
13 Hall, Brodie Consulting Limited. Brodie
14 Consulting Limited was retained by Aboriginal
15 Affairs to prepare an updated reclamation cost
16 estimate for the reclamation liability of Jericho
17 Mine. We were tasked to calculate the total
18 water and land-related liabilities. The approach
19 for the reclamation security was to review the
20 mine development and the interim closure plan.
21 Following that, identify a scope of tasks -- a
22 scope of work, tasks, and quantities considering
23 the site conditions, and then identify
24 appropriate unit costs for each task.

25 We had previously done a cost estimate for
26 Jericho in 2004, so we used the same scope of

1 tasks as per the 2004 estimate because the mine
2 plan was the same as the previous owners. The
3 only other assumption we used was the
4 reprocessing of the recovery circuit rejects.
5 This reduction of the coarse reject pile and an
6 increase in the process tailings overall has no
7 impact in the reclamation strategy. The
8 reclamation cost estimates results you can see
9 there. Bernie has already indicated the precise
10 numbers, so I won't read them out. The total
11 liability includes indirect costs, which is 5
12 percent for project management, 5 percent for
13 engineering, and 20 percent contingency.

14 To determine the land and water segregation,
15 it's the same methodology that's been applied to
16 numerous northern mining projects since the late
17 '90s. The rationale for the segregation is
18 technical. For each reclamation task, it is
19 assigned to land or water based on the impact
20 that would result if the work was not conducted,
21 where impacts to land and water would result.
22 The liability is split based on judgment.

23 To segregate the indirect costs, and the
24 indirect costs include mobilization, monitoring,
25 project management, engineering, and contingency,
26 you can see the ratios there, so the direct land

1 reclamation costs over the total direct
2 reclamation costs, and for water, it's the water
3 reclamation costs over the total direct
4 reclamation costs. The land liability is further
5 segregated into KIA lands. KIA lands have large
6 portions of waste dumps 1 and 2, as well as an
7 emulsion plant and ammonium nitrate storage area.
8 The KIA land liability is shown there.

9 So just to reconfirm that the total land
10 liability is the 8.5, and then the portion of
11 Crown is 7.2, and the KIA is 1.2. The total land
12 liability calculation was based on the plan view
13 area of the waste dumps segregate into Crown and
14 KIA lands. Thank you.

15 MR. MACISAAC: Thank you, Cassandra.
16 It's Bernie MacIsaac. So in summary, we are
17 asking that the Board consider setting a
18 water-related liability at a total amount to be
19 furnished and maintained by the proponent of
20 \$3,389,074. In addition, considering the yearly
21 reclaim assessment and the various reporting
22 commitments, we would like the Board to consider
23 amending the amount of security from time to
24 time, as it might be in the public interest to
25 revisit that security amount based on changes
26 that might happen within that particular project

1 as time goes on.

2 So moving onto slide 6 -- or slide -- why
3 are we slide 15? Okay. Moving onto slide 15,
4 so -- so this is a schedule of planned
5 submissions and recommended timeframes for
6 review, and this legend relates to -- I'm not
7 sure of the appendix number there -- appendix 2
8 that was part of our intervention, and it relates
9 to various plans and the schedule for their
10 delivery, and a timeframe basically associated
11 with those various plans that allows for what we
12 feel is an appropriate review. We're requesting
13 that a number of reports be submitted 90 days
14 prior to the implementation of an associated
15 activity. This is because of previously
16 experienced time requirements for reports to be
17 forwarded to the Board, then to Aboriginal
18 Affairs and Northern Development, and then to --
19 and then for us to secure external expertise to
20 review those plans, and through contracts and
21 availability of personnel resources to provide
22 the reviewers adequate time to do their review,
23 these 90-day request plans are, for the most
24 part, plans where new information is being
25 provided to us where a detailed review is
26 required in our opinion. We are also -- we've

1 also acknowledged that summary reports or plans
2 would suffice with 60-days notice, and for the
3 most part, those plans would be information that
4 we're already quite familiar with. So in some
5 instances, these timelines differ from the
6 current licence requirements and those proposed
7 by Shear contained in Shear's submitted response
8 to our submission; however, we would request that
9 the Board consider our request for those
10 timelines.

11 So dealing with appendix 2, on August 22nd,
12 2011, Shear submitted an operational commitment
13 list that proposed a schedule of plan submissions
14 to the Water Board. This operational commitment
15 list provided a schedule that identified many of
16 the outstanding plans will be submitted following
17 a public hearing in issuance of the renewal
18 licence. So generally speaking, we prefer that
19 plans be submitted prior to the issuance of a
20 licence where technically feasible. However, in
21 this case, we are supportive of allowing files
22 to be -- allowing plans to be filed after the
23 issuance of the licence, taking into
24 consideration the timeframes that we -- that I
25 just talked about. We recommend that each plan
26 be submitted to the Board and circulated for

1 comment by interested parties, as outlined, and
2 the -- so we have recommended four categories of
3 recommended lead time: red, yellow, or orange
4 would be circulated for review prior to the
5 Board's consideration of the plan's
6 acceptability, and you see the colour codes
7 there, and if you look at appendix 2, you'll see
8 those reports, so in each case, the plan would be
9 submitted and circulated with sufficient events
10 lead time to allow for a reasonable review and
11 comment period by interest parties, and for
12 proper consideration by the Board. For example,
13 plans identified as yellow are plans that will
14 likely require significant changes, therefore,
15 should be submitted to the Board 90 days before
16 any activities related to that plan that require
17 approval commence. This would allow time for the
18 Board to distribute for an adequate public review
19 period.

20 So moving onto slide 16, so recommended
21 procedure to approve plans. So in order to
22 provide greater certainty and clarity to the
23 existing licence, Aboriginal Affairs and Northern
24 Development Canada would like to propose that any
25 renewed licence reflect more descriptive language
26 regarding licence conditions dealing with the

1 submission of plans post licencing. For
2 instance, if a plan relates to a specific
3 activity, the licence would explicitly state that
4 the Board must complete its review and approval
5 of such a plan prior to the specific undertaking
6 or activity becoming permissible, and further
7 that the activity shall not occur until such a
8 time as the Board approval is obtained.

9 Aboriginal Affairs and Northern Development
10 Canada recommends that such language would also
11 allow for sufficient lead time for the Board to
12 receive and review the plans and obtain whatever
13 technical assistance or comments it deems
14 necessary prior to approval.

15 Moving onto slide 17, plans/components to be
16 submitted. The following plans are to be
17 submitted subsequent to the issuance of this
18 licence in accordance with appendix 2, in
19 accordance with the PKCA management plan, the
20 divider dyke 'B' design, the perimeter berm
21 design, and the north dam design. In accordance
22 with the waste management -- with the waste
23 management plan, the landfill design report, the
24 landfill design, the landfarm management plan,
25 and the waste rock management plan, and other
26 plans would include the site water management

1 plan, the aquatic effects monitoring plan, the
2 contingency management plan, the mine plan,
3 updated abandonment and restoration plan, general
4 monitoring plan, explosives management plan, and
5 the quality assurance quality control plan.

6 Moving onto slide 18, licence terms and
7 conditions. In order to promote a clear
8 understanding of the project and its direction
9 and to facilitate timely reviews of outstanding
10 plans, Shear has suggested that it submit
11 quarterly reports and projections to the Nunavut
12 Water Board. Aboriginal Affairs and Northern
13 Development Canada recommends the requirement for
14 quarterly reporting and projections be included
15 as a licence term and condition, understanding
16 that projections will be draft and, therefore,
17 any such submissions will be for informative
18 purposes only, not for review or comment by
19 interveners. However, based on the questions
20 this morning, these reports, if I understand
21 correctly, would include or comment on compliance
22 related to the water licence.

23 By way of the type 'A' water licence
24 application for renewal, the original
25 application, Shear has asked for a renewed
26 licence term of ten years to allow for the

1 completion of proposed exploration, site
2 evaluations, maintenance, upgrades, et cetera to
3 allow for subsequent mine operation. As such,
4 Aboriginal Affairs and Northern Development
5 Canada was in support of a ten-year licence term
6 to carry out the aforementioned mine life-cycle
7 stages, including reclamation with a renewal
8 revisited during a transition phase from
9 amalgamation to long-term monitoring.

10 Considering the arguments and requests that
11 the proponent has made with respect to a 14-year
12 licence in the special case of this particular
13 project, which it is no -- not going into
14 operation, according to our time schedule, for at
15 least another two years, which is quite different
16 than other projects, which normally do go into
17 operation after the water licence has been
18 issued, Aboriginal Affairs and Northern
19 Development Canada would not be adverse to a
20 14-year licence provided that there is robust
21 quarterly reporting with a compliance element to
22 it; the seven-year compliance audit, as described
23 by the proponent this morning to questions; and a
24 mechanism for adjusting security when required.

25 And, Mr. Chairman, that is my presentation.

26 THE CHAIR: Thank you, Aboriginal

1 Affairs. Questions from the applicant to
2 Aboriginal Affairs.

3 **Shear Diamonds Nunavut Corporation Questions**
4 **Aboriginal Affairs and Northern Development**
5 **Canada**

6 Q MS. RIPPIN ARMSTRONG: Thank you, Mr. Chair.
7 Allison Rippin Armstrong, EBA, with regards to
8 the aquatic effects monitoring program and
9 AANDC's recommendation to move the station with
10 Lake C3 from JER-07 to 06. The reason that
11 the -- that the zooplankton and phytoplankton
12 sampling was maintained at station 07 was that
13 was where the historical data had been collected
14 from. Shear is prepared to move the station to
15 06, if there is agreement amongst the regulators.
16 We were simply trying to maintain that
17 consistency, but we understand the rationale and
18 agree with the rationale, but we would look to
19 that agreement before we move that station.
20 Thank you.

21 A MR. MACISAAC: So we agreed to that
22 discussion with other regulators.

23 Q MS. LASSONDE: Mr. Chair, Julie Lassonde.
24 This question is directed specifically to
25 Cassandra, and I'm not sure you'll be able to
26 answer it, but if I don't ask, I don't know. So

1 in your opinion, why do you believe there is such
2 a large difference between the KIA land estimate
3 and your reclamation costing versus the one that
4 we had done performed by NUNA Logistics? And I
5 realize we don't have a full breakdown. Do you
6 have any -- can you give me even a guess?

7 THE CHAIR: Aboriginal Affairs.

8 A MS. HALL: Mr. Chairman, Cassandra
9 Hall. Julie, I looked at the information that
10 was provided, and there's not enough detail for
11 me to give a direct comparison to my calculations
12 and the calculations that you had provided. If
13 you could give me additional details, then I
14 might be able to do a better comparison. Thank
15 you, Mr. Chairman.

16 THE CHAIR: Thank you. Shear.

17 Q MS. LASSONDE: Yes, Mr. Chair, thank you.
18 Thank you, Cassandra.

19 Moving on. I just have a statement rather
20 than a question, with regard to appendix 2, the
21 proposed schedule of submissions on conformity.
22 Shear has had an opportunity to clarify a few
23 points with Aboriginal Affairs, and Shear would
24 like, at this point, to amend our earlier
25 statement of continuing to stand on our earlier
26 submission, technical memo 'I', and accept

1 Aboriginal Affairs' request to change the
2 currently licenced timelines for submissions of
3 plans, for example, from 60 to 90 days, in order
4 that Aboriginal Affairs and other regulators and
5 reviewers may have additional time to review and
6 comment our submissions. Just one final
7 addition, the only plan that has changed in our
8 presentation that requires a longer submission
9 timeframe is the final closure and reclamation
10 plan. Thank you, Mr. Chair.

11 THE CHAIR: Thank you. Aboriginal
12 Affairs.

13 A MR. MACISAAC: We'll acknowledge that
14 response, and thank you.

15 THE CHAIR: Shear.

16 MS. LASSONDE: Thank you, Mr. Chair.
17 We're done with questions for Aboriginal Affairs
18 from our end. Thank you.

19 THE CHAIR: Thank you. Next we have
20 Kitikmeot Inuit Association to ask questions to
21 Aboriginal Affairs.

22 **Kitikmeot Inuit Association Questions Aboriginal**
23 **Affairs and Northern Development Canada**

24 Q MR. CLARK: Thank you. It's Geoff
25 Clark from KIA, and thank you for the good
26 presentation. I want -- I don't want to put this

1 in the form of a question because I know the
2 answer, but I think it's important for the Board
3 to understand or have it on the record how -- in
4 regards to communication regarding reclamation
5 security for Inuit-owned land has -- has occurred
6 between Crown land and Inuit-owned land and also
7 as it relates to the estimate that you just saw,
8 and I just wanted to state that there -- there
9 wasn't any communication between KIA and INAC in
10 regards to the reclamation costing for the
11 information that you saw, and that is likely a --
12 one of the reasons for why there could be such a
13 large discrepancy because KIA and INAC -- or
14 AANDC may have had different reclamation
15 objectives, may have different costing
16 methodologies, but I just wanted to confirm --
17 and it might be -- this was all I wanted to do
18 was confirm for the record that KIA and AANDC did
19 not communicate in regards to the estimate for
20 the portion related to lands on Inuit-owned land.
21 Could AANDC confirm that?

22 THE CHAIR: Aboriginal Affairs.

23 A MR. MACISAAC: I'm not sure I completely
24 understand the question because there -- this
25 reclamation estimate is based on a reclamation
26 plan that's been in the works for many, many

1 years in regard to this project, so I can't speak
2 for discussions that may or may not have happened
3 in the past. I will confirm that from our
4 perspective, from Aboriginal Affairs and Northern
5 Development, that there were no technical
6 discussions that I'm aware of between ourselves
7 and the KIA on that reclamation estimate, and
8 maybe I can ask my colleague, Cassandra, if there
9 were any discussions between her company and the
10 KIA in regard to this estimate.

11 So for this -- I guess, for the short term,
12 Geoff, I'll have to say the answer is no, but I
13 can't speak for what might have happened in the
14 past.

15 MR. CLARK: Thank you. Those are all
16 my questions.

17 THE CHAIR: Thank you. Questions to
18 Aboriginal Affairs from the public. Public.

19 Thank you. We will now take a 15-minute
20 health break before we go on to the next group of
21 people with questions. Thank you.

22 (ADJOURNMENT)

23 THE CHAIR: Questions to Aboriginal
24 Affairs from staff.

25 **Nunavut Water Board Staff Questions Aboriginal**
26 **Affairs and Northern Development Canada**

1 Q MR. HOHNSTEIN: Thank you, Mr. Chair.
2 David Honstein, Water Board. So first -- first
3 question for Aboriginal Affairs -- Aboriginal
4 Affairs was with regards to the statements on
5 changing sampling statements stations and the
6 toxicity testing. It wasn't clarified as to
7 whether or not the toxicity testing required --
8 or recommended was either acute or chronic
9 toxicity or both or ... thank you?

10 MR. MACISAAC: Please, can you give us a
11 moment, Mr. Chairman.

12 A MR. MACISAAC: Mr. Chairman, thank you.
13 It's Bernie MacIsaac. In response to that
14 question, if we understand it correctly, we were
15 just trying to ensure that those provisions were
16 included in the AEMP, and likely it would be the
17 chronic and acute.

18 THE CHAIR: Staff.

19 MR. HOHNSTEIN: Thank you, Mr. Chairman.
20 I believe Shear would like to provide
21 some clarification on that as well.

22 THE CHAIR: Thank you. Shear.

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

24 Allison Ripplin Armstrong, EBA. I was just
25 wondering if you wanted some -- if you were
26 looking for some response from Shear as to -- I

1 didn't provide any response to AANDC's
2 presentation, but I did want to just confirm that
3 the chronic toxicity testing will be -- will be
4 included in the AEMP, and as our presentation --
5 in our presentation, it will include the
6 monitoring station within Lake C3 in the -- in
7 the 200-metre mixing zone, using both the
8 Ceriodaphnia and the alga. As well, we will be
9 incorporating Environment Canada's recommendation
10 to also do that chronic toxicity test -- the
11 chronic toxicity test in using 100 percent
12 strength effluent water for both those species,
13 and additionally, we do do acute toxicity testing
14 as part of our discharge criteria, if that helps
15 provides any clarity. Thank you.

16 THE CHAIR: Thank you.

17 Q MR. HOHNSTEIN: Thanks, Mr. Chair. Yes,
18 thanks to Shear. That's an excellent response
19 and provides a lot of clarity. My second
20 question for INAC is -- or Aboriginal Affairs, my
21 apologies, is a two-part question. First off,
22 the Water Board would like to request the
23 provision of details of the reclamation estimate
24 that was calculated for this project, just so
25 there's a little more clarity on where the actual
26 costs come in, rather than just a single-figure

1 number. And the second part to the question
2 is -- I'm not too sure if we got a clear answer
3 on the numbers that were provided for the
4 KIA-land component of the estimate that was
5 provided, and our understanding is that it was an
6 internal calculation by Aboriginal Affairs.
7 There wasn't any information provided by KIA.
8 Thank you.

9 THE CHAIR: Aboriginal Affairs.

10 A MR. MACISAAC: Thank you, Mr. Chairman.
11 It's Bernie MacIsaac. Yes, we can provide you
12 today with the breakdown of how those costs were
13 arrived at, and in response to the second part of
14 your question, yes, that was an internal
15 calculation.

16 MR. CHAIR: Staff.

17 MR. HOHNSTEIN: Thank you, Mr. Chair.
18 I'll turn the questions over to our executive
19 director.

20 THE CHAIR: Dionne.

21 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
22 I have two questions. One following up again
23 based on the security. I just -- there is sort
24 of a methodology approach to assessing security
25 for mine development projects in Nunavut, and
26 traditionally the Nunavut Water Board, in the

1 past, based on previous decisions, does look at
2 it from a very traditional standpoint and a more
3 holistic approach without a segregation of land
4 and water, and I believe Aboriginal Affairs is
5 aware of that and that component, but that being
6 said, based on the way that the security
7 information was presented in your submission, you
8 have listed, in essence, subtracting from the
9 full cost of the security that should be applied
10 a value for Inuit-owned lands, so can you confirm
11 that your reclamation estimate with respect to
12 the reclamation security that's identified is
13 land-based security being held with respect to
14 the activities on Inuit-owned lands, including
15 any potential effects on water flowing through
16 Inuit-owned lands is sufficient under the
17 land-based instruments and that does not need to
18 be considered by the Water Board in fixing the
19 amount required under the licence, regardless of
20 the fact that waters are vested in the Crown.

21 A MR. MACISAAC: Mr. Chairman, if I may be
22 so bold, could I ask the executive director to
23 repeat the question?

24 THE CHAIR: Well, would you like to
25 rephrase your question?

26 Q MS. FILIATRAULT: Thank you, Mr. Chairman.

1 Dionne Filiatrault, I'll get to the point without
2 giving the preamble this time. What we're
3 looking for is confirmation from Aboriginal
4 Affairs that the reclamation estimate with
5 respect to the reclamation security that is
6 identified in your submission related to
7 land-based security on Inuit-owned lands, with
8 respect to -- sorry, with respect to Inuit-owned
9 lands, including any potential effects of waters
10 flowing through Inuit-owned lands, is sufficient
11 under the land-based instruments and that the
12 Water Board does not need to consider collecting
13 security for waters -- waters flowing through in,
14 on, and through Inuit-owned lands on behalf of
15 the Minister?

16 THE CHAIR: Bernie.

17 A MR. MACISAAC: If I understand your
18 question correctly, the security estimate that we
19 did was originally -- was a holistic estimate for
20 security on the project area, which included both
21 land and water. The estimate was then divided,
22 based on a formula equal to land area and other
23 considerations, on what portion of that land
24 security was attributable to the Crown and what
25 portion of that land security was attributable to
26 the KIA lands, and as mentioned earlier, there

1 was no discussion with the KIA in terms of how we
2 arrived at that number. The methodology that we
3 used to arrive at that number is one that we've
4 used in the past. The model that we used is one
5 that we've used in the past. The amount that
6 we've recommended for water security is for the
7 whole project, which includes KIA lands plus
8 Crown lands.

9 THE CHAIR: Thank you. Dionne?

10 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
11 So just to follow up on that then, I would
12 definitely recommend further to Dave's request
13 that, for the record, the detailed estimate that
14 you provide that before the close of the record
15 as an exhibit to this hearing, that would go a
16 long way to providing some clarity?

17 THE CHAIR: Bernie.

18 A MR. MACISAAC: We'll undertake to do
19 that, and just further to that question, we're
20 not aware -- we know that that an agreement has
21 been reached of some sort in terms of land
22 security -- or security between the KIA and the
23 proponent. We're not aware of what the details
24 are of that, and we're not aware of what the
25 instruments are that actually govern that
26 security.

1 THE CHAIR: Dionne.

2 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
3 Dionne Filiatrault, and I'm sure that will come
4 out in the next intervening submission, so we'll
5 wait for clarification from KIA on that point.

6 With respect to my final question,
7 Mr. Chairman, to Aboriginal Affairs, I
8 would refer to the applicant's submission and
9 their slides that they provided to us, slide 73,
10 Dave.

11 MR. HOHNSTEIN: You guys got it --

12 MS. FILIATRAULT: Here just walk. Just
13 don't ask. Just go.

14 Q MS. FILIATRAULT: So, Mr. Chairman, this
15 relates directly to information that's been
16 provided both by the applicant on the term of the
17 licence and trying to understand better the
18 recommendations on term of licence that -- that
19 Aboriginal Affairs is either agreeing to or
20 proposing. One of the key factors in determining
21 the expiry of the licence is determining where we
22 are with respect to final closure, and if I go
23 again based on -- I just want to make sure that
24 I've got it clear in my head the timeline for the
25 project. Shear is proposing two years to bring
26 them or 20 months to bring them up to operations.

1 Then they will be operating for a period of ten
2 years, and then two years for closure of the
3 site. Are we in agreement on that? I'm hearing
4 -- Aboriginal Affairs is nodding, and the company
5 is nodding "yes". So with that in mind, based on
6 the recommendation that the company has put
7 forward, and I believe it is the basis of
8 discussions with Aboriginal Affairs that this
9 conclusion has been reached, and this proposal
10 has been put forward, they're recommending that a
11 final closure and reclamation plan be submitted
12 to the Board in three years, from the issuance of
13 the licence. That would, in effect, put the
14 requirement of a final closure and reclamation
15 plan, in essence, in the Board's hands one year,
16 only one year after the company would supposedly
17 flip the switch to begin operating, and I guess
18 I'm trying to get a better understanding based on
19 this Board's past history in closing down two
20 mine development projects in Nunavut, it has a
21 significant level of experience in understanding
22 the needs and the requirements and standards
23 required to put together a human health and
24 ecological risk assessment and Canadian standards
25 association environmental site assessment plans
26 that really, to be able to have the most complete

1 thorough information, you need to actually know
2 what your site is, and I just want to get an
3 understanding from you of whether or not it
4 really is reasonable and practical to require a
5 final closure and reclamation plan with only one
6 year of operation when typically for previous
7 licences in Nunavut, the requirement has been
8 three years prior to the closure of a site, which
9 actually, in this case, if we use that
10 methodology would put, in fact, a closure and
11 reclamation plan seven years into operation, as
12 opposed to three years -- or as opposed to one
13 year. So I guess I'm just trying to assimilate
14 the practical needs of development of final
15 closure and reclamation plans, versus the
16 recommendations that have been put forward.

17 THE CHAIR: Aboriginal Affairs.

18 A MR. MACISAAC: Thank you, Mr. Chairman.
19 It's Bernie MacIsaac. Your point is well taken.
20 I guess our understanding of the final
21 reclamation plan is that it is a living document
22 to be revised, as time progresses through the
23 project and things do change. We do acknowledge
24 that there is a lot of information that has to be
25 fed into this -- into the reclamation plan,
26 including the human health and ecological risk

1 assessment. I guess our view was that we would
2 like an opportunity, acknowledging that that work
3 is maybe not complete, but an opportunity to look
4 at that to ensure that we're comfortable with the
5 approach and the various types of plans and
6 analysis that was actually going into the final
7 plan, so maybe, to be clear, and excuse our
8 inability maybe to communicate properly, but we
9 would like to review the approach that's taken
10 with the plan with an acknowledgement that the
11 plan is going to be modified as time goes on and
12 information that's going to form it.

13 THE CHAIR: Dionne.

14 Q MS. FILIATRAULT: So just a final point of
15 clarification. So what really, in essence,
16 Aboriginal Affairs is looking for is the
17 methodology associated with the final closure and
18 reclamation definitely after year one of
19 operation leading toward closure, but not
20 necessarily a fully complete detailed final
21 closure and reclamation plan that includes the
22 components that are listed on slide 73?

23 THE CHAIR: Aboriginal Affairs.

24 A MR. MACISAAC: Yes. It's Bernie
25 MacIsaac, yes. And, you know, we would even
26 consider an earlier date than three years to

1 examine that methodology as well.

2 THE CHAIR: Dionne.

3 MS. FILIATRAULT: Thank you, Mr. Chairman.

4 No further questions from the Water Board staff.

5 THE CHAIR: Thank you. Questions from
6 the Board. Lootie Toomassie, any questions?

7 MR. TOOMASSIE: No, Mr. Chairman. I
8 don't have a question.

9 THE CHAIR: Thank you. Thank you,
10 Aboriginal Affairs.

11 MR. MACISAAC: Thank you, Mr. Chairman
12 and staff of the Board and also to Shear, thank
13 you.

14 THE CHAIR: Next on our agenda we have
15 Kitikmeot Inuit Association.

16 **GEOFFRY CLARK, Sworn**

17 **LUIGI TORRETTI, Sworn**

18 **STANLEY ANABLAK, Sworn**

19 THE CHAIR: You may proceed with your
20 presentation.

21 **Presentation by Kitikmeot Inuit Association**

22 MR. CLARK: Thank you. It's Geoff
23 Clark from KIA. Before we start, I'd like to, on
24 behalf of KIA, welcome everyone to Kugluktuk. We
25 thank the panel of the Nunavut Water Board for
26 accepting our submission and hearing the

1 presentation we're about to make, and we also
2 thank Shear Diamonds, the Board staff, the other
3 interveners, and the public for being with us
4 here today.

5 I'd like to do some short introductions, and
6 then I'll pass the presentation onto Luigi
7 Torretti. Before I introduce staff, I would like
8 to send regrets on behalf of the KIA president
9 and the KIA board. We did intend to have Charlie
10 Evalik and Joe Allen Evyagotailak here. The
11 KIA's president and vice president, but they were
12 both unavailable due to other KIA and work
13 commitments, so we just have -- we do have staff
14 here today, and with me today, on my right, is
15 Luigi Torretti, who is KIA's senior environment
16 officer, and on my left, is Stanley Anamblak, who
17 is KIA's senior lands officer, and our
18 presentation will be a broad overview of this
19 presentation, a description of KIA's specific
20 concerns and conclusions and any questions that
21 anyone will have. I jumped ahead of myself.

22 Luigi, so I'll pass it over to you.

23 MR. TORRETTI: Luigi Torretti, KIA. I
24 will continue with the rest of the presentation.

25 KIA's role in the Jericho project: KIA is
26 the regional Inuit association for the Kitikmeot

1 region and represents the beneficiaries -- the
2 Inuit beneficiaries of the *NLCA*. Our mandate is
3 to represent the interests of the Kitikmeot Inuit
4 by protecting, promoting -- protecting and
5 promoting our social, cultural, political,
6 environmental, and economic well-being. KIA
7 promotes appropriate mining development in the
8 interests of all Inuit. Projects must balance
9 economic development with social development, and
10 projects must also protect the land, wildlife,
11 and Inuit lifestyles. KIA's role in the Jericho
12 project: KIA owns the surface Inuit -- the
13 surface Inuit-owned lands, IOL, in the Kitikmeot
14 region, including parcel C0-05, where
15 approximately 40 percent of Jericho's
16 infrastructure is built.

17 KIA issues leases and licences for surface
18 land management on IOL, and KIA is responsible
19 for reclamation on IOL, and KIA will continue to
20 hold reclamation security under the surface lease
21 with Shear. KIA is the designated Inuit
22 organization, the DIO, for several components of
23 the *NLCA*, of which the Inuits Impact and Benefits
24 Agreement, article 26, as well as Inuit water
25 rights, article 20. The KIA has a water
26 compensation agreement that is in place that was

1 signed as part of an IIBA, signed in September of
2 2004, with, obviously, the previous holder of the
3 project, Tahera.

4 We are also responsible for wildlife
5 compensation, and we have set forth a
6 compensation procedure for the destruction of
7 terrestrial wildlife, so we do have that as a --
8 we do have a policy identified for the
9 destruction of various terrestrial mammals.

10 KIA has consistently participated in the
11 regulatory process, whether with the Nunavut
12 Impact Review Board, NIRB, or with the Nunavut
13 Water Board. We have also participated with MPC,
14 but to a lesser extent due to the -- currently
15 there is no land-use plan in the Kitikmeot
16 region. KIA's review of the water licence. KIA
17 has set out its -- has set out its detailed
18 position on the water licence renewal in our
19 written submission to the Nunavut Water Board on
20 November 15th, 2011. We have carefully looked at
21 the evidence submitted by Shear, as well as other
22 parties to this hearing, and we would like to
23 highlight the following four points: the term of
24 the water licence, water compensation, closure
25 and reclamation plan, and closure and reclamation
26 security. There is going to be a preamble to the

1 closure and reclamation components, the two
2 items.

3 Under the terms of the water licence, Shear
4 originally applied for a ten-year water licence.
5 The evidence here at the hearing obviously
6 suggested a revision to a 14-year water licence.
7 KIA recommended that the Shear licence be renewed
8 for a maximum term for five years; however, given
9 the consideration of the evidence that has been
10 provided here at the hearing, KIA is willing
11 to -- has revised its recommendation and suggests
12 that the Jericho water licence be renewed for --
13 with a maximum term of eight years, and the
14 reason for that is that this timeframe will
15 provide KIA, the Board, and other participants in
16 the regulatory process with an opportunity to
17 review outstanding issues, as well as reduce cost
18 and uncertainty for Shear. Instead of five
19 years, a longer -- eight years, giving them three
20 additional years on that water licence.

21 Water compensation: KIA negotiated and
22 signed an IIBA, as previously stated in September
23 of 2004. That IIBA was assigned to Shear in
24 2010. A water compensation agreement is part of
25 that IIBA. Shear payments under the water
26 compensation agreement are current to the end of

1 2011, and, therefore, KIA has no issues related
2 to water compensation. KIA does recommend that
3 the Board should require that Shear disclose the
4 annual -- in its annual report whether or not
5 water compensation payments to KIA are up to
6 date. Simply a disclosure in the annual report.

7 As a preamble to the closure and
8 reclamation, that is something that is very -- of
9 high -- that KIA directs a lot of attention to,
10 and KIA has consulted with Inuit in the
11 Kitikmeot, and there have been quite a few
12 discussions that have led to these guiding
13 principles, and obviously protection of the
14 environment is a very important one. Following
15 the project closure, the site needs to be safe
16 for future use by humans and animals. That is --
17 that was made loud and clear to KIA by the
18 beneficiaries. It has to be restored -- the site
19 has to be restored to a state where it will be
20 used in the future by people and animals, and it
21 has to be a maintenance free, a carefree state.
22 We're not in favour of a site that needs to be
23 constantly maintained.

24 Closure and reclamation plan: KIA is always
25 interested, as I stated before, in closure and
26 reclamation on IOL. KIA will continue to provide

1 input on the closure and reclamation plan as part
2 of the NWB process. Shear has committed to
3 submit the final closure and reclamation plan
4 within three years of the issuance of the
5 licence. KIA recommends that Shear provide a
6 final closure and reclamation plan within two
7 years from the date of the issuance of the water
8 licence.

9 Forgive me a second. I'm just going to take
10 a second to ask a question, Mr. Chair.

11 Koana. Closure and reclamation security:
12 KIA has strong interest in ensuring that IOL is
13 reclaimed to Inuit standards and that KIA does
14 not incur residual reclamation liability on IOL,
15 as a result of the project. Reclamation
16 securities held by both KIA for IOL and the Crown
17 for Crown land. The KIA lease addresses
18 security, so we do have an agreement in place to
19 address reclamation security with Shear. The IOL
20 used by the Jericho project needs to be fully
21 secured and the KIA currently has an agreement
22 with Shear to ensure that. The KIA has its own
23 process for estimating reclamation security. The
24 KIA does not recognize nor accept reclamation --
25 the reclamation estimate presented by Aboriginal
26 Affairs for Inuit-owned land. They -- we're --

1 we're not expressing an opinion on whether they
2 have appropriate coverage for Crown land, but
3 definitely we do not accept their reclamation
4 estimate for IOL.

5 Conclusions: In general, KIA supports
6 appropriate mining as stated previously. Mining
7 development in the Kitikmeot and the KIA
8 continues to support the development of the
9 Jericho project. The KIA has important
10 responsibilities to Kitikmeot Inuit to balance
11 economic development with environmental
12 protection to protect the land, wildlife, and
13 Inuit lifestyles. KIA and Shear have signed
14 agreements addressing the IIBA, water
15 compensation, and reclamation security, and KIA
16 is satisfied that concerns related to Inuit
17 rights have been addressed with these agreements.

18 Conclusion in terms of the licence renewal,
19 just to recap. The IOL used by the Jericho
20 project needs to be fully secured, and the KIA
21 has agreements in place to ensure that IOL is
22 secured. The KIA recommends that the Board
23 should require that Shear should disclose, in its
24 annual report, whether or not water compensation
25 payments are up to date with KIA. We also
26 recommend that Shear provide a final closure and

1 reclamation plan within two years from the date
2 of issuance of the water licence, and finally the
3 water licence is to be issued for a maximum term
4 of eight years.

5 We hope that our input has provided a little
6 bit more information for the Board, and we thank
7 you for the opportunity, and this concludes our
8 presentation. If you have any questions, we're
9 here to answer them. Koana.

10 THE CHAIR: Thank you. Questions to
11 KIA by Shear.

12 **Shear Diamonds Nunavut Corporation Questions**
13 **Kitikmeot Inuit Association**

14 Q MS. RIPPIN ARMSTRONG: Thank you, Mr. Chair.
15 Allison Ripplin Armstrong, EBA. Thank you very
16 much, KIA, for your presentation. I have a
17 question with regards to the final closure and
18 reclamation plan. Mr. Chair, Shear has outlined
19 the time required to conduct the numerous studies
20 that are needed to guide the final closure plan.
21 The KIA have requested that the final closure and
22 reclamation plan be provided two years from
23 issuance of the water licence. We're wondering
24 are there particular components of the final
25 closure plan that are causing some concern and
26 the need for the plan within two years? Thank

1 you.

2 THE CHAIR: KIA.

3 MR TORRETTI: If we can be permitted a
4 couple of minutes to discuss it, Mr. Chair.

5 THE CHAIR: Please go ahead.

6 A MR. CLARK: Geoff Clark, KIA. The
7 reason why we ask for a two-year term in the
8 licence is because there is a considerable
9 uncertainty about the project, and its -- and
10 hopefully it will become an operating mine, but
11 it's -- it's somewhat uncertain in that regard,
12 and two years is the approximate time that it
13 will take the company to make a determination
14 about whether or not it will proceed or not
15 according to its timeline and according to what
16 we anticipated its timeline will be, so we feel
17 that a reclamation plan based on what's at site
18 now, because I don't expect that what's at site
19 is going to change very much in the next two
20 years, would -- would -- is what KIA is asking
21 for because we feel that there's a chance -- we
22 can't say how big that is, but there's a chance
23 that -- that reclamation of what's at site would
24 be what might be proceeding, and so having a
25 clearer understanding of what -- of what that
26 would entail would be useful to KIA. KIA also

1 acknowledges that this -- that a closure plan --
2 any closure plan is a document that is
3 continually subject to being updated, and -- and
4 so we would expect that in future years after
5 that that it would need to be reviewed as well
6 once the site began changing, if operations
7 started and the site -- the infrastructure at the
8 site changed in any way materially because of the
9 operations.

10 THE CHAIR: Thank you. Shear.

11 Q MS. LASSONDE: Thank you, Mr. Chair.

12 Julie Lassonde, I -- my understanding -- and it
13 may not be clear, so perhaps Dionne or Teresa
14 could speak to this, but my understanding is that
15 it is outside the Nunavut Water Board's
16 jurisdiction to monitor or police our payments to
17 KIA in regard to the WCPA, the water compensation
18 payments and agreements. If you could please
19 provide or shed some light on the rationale
20 behind that ask, it would be greatly appreciated.

21 THE CHAIR: Thank you. KIA?

22 A MR. CLARK: Geoff Clark, KIA. Part of
23 the reason KIA requested that is it would be for
24 the benefit of all for that to be on the public
25 record to show that the company was in compliance
26 with its water compensation agreement.

1 THE CHAIR: Thank you. Shear.

2 Q MS. RIPPIN ARMSTRONG: Thank you, Mr. Chair.

3 Allison Rippin Armstrong EBA. I have a followup
4 question to my earlier question with regards to
5 the final closure plan. Would the KIA be -- if
6 the final closure and reclamation plan were to be
7 filed within two years of issuance of the water
8 licence, would it be acceptable to the KIA that
9 the human health and ecological risk assessment,
10 the multi-stage of our site assessments, the
11 results of the re-vegetation trials, and those
12 aspects that are outlined currently in schedule
13 'M', item 2, if those would be not required
14 within that two-year plan? Thank you.

15 THE CHAIR: KIA.

16 MR. CLARK: If we could just have a
17 moment, Mr. Chairman, to consider this question.

18 THE CHAIR: Please go ahead.

19 A MR. CLARK: It's Geoff Clark, KIA.

20 First of all, I want to acknowledge Shear's
21 question in that basically asking, you know,
22 there's some aspects that might not be complete
23 to incorporate into a final plan in two years.
24 KIA's view would still be, at least for
25 Inuit-owned land, that we would like to have a
26 more detailed assessment within two years, and as

1 the results of those other reports are completed,
2 if they have any material effect on that
3 estimate, it can be adjusted at that time.

4 THE CHAIR: Thank you. Shear?

5 MS. LASSONDE: We have no further
6 questions. Thank you, Mr. Chair.

7 THE CHAIR: Thank you. Aboriginal
8 Affairs and Northern Development, questions to
9 KIA.

10 MR. MACISAAC: We have no questions for
11 the KIA.

12 THE CHAIR: Thank you. Questions to
13 KIA from the general public. Questions from KIA
14 to the public.

15 Questions from KIA from staff. Go ahead.

16 **Nunavut Water Board Staff Question Kitikmeot**
17 **Inuit Association.**

18 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
19 Similar to questions that I posed to the
20 applicant with regards to our legislative
21 requirements and making sure that, sort of, all
22 the 'I's are dotted and 'T's are crossed, there
23 are a few questions that I need to pose to KIA
24 that would not preclude the Board from should
25 they so decide to issue a licence that they can
26 be -- do that without infringing on Inuit rights,

1 so with that said, with respect to compensation,
2 the wording in your presentation and the wording
3 in your submissions is a little bit different
4 than the legislation, so just looking to
5 understand and have KIA confirm that there is
6 water compensation agreement in place between the
7 applicant and KIA.

8 A MR. CLARK: Geoff Clark, KIA. There
9 is a water compensation agreement.

10 THE CHAIR: Dionne.

11 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
12 With respect to security, again, holistic
13 approach to and traditional approach to security
14 sometimes makes it very difficult in this Board
15 setting; security in the sense of it does
16 sometimes create a double bonding issue that
17 we're always cognizant of. In relation to the
18 information that's been put forward, we
19 acknowledge that the information that was put
20 forward by Aboriginal Affairs included an
21 assessment for KIA that you had no -- none of
22 those dollar figures are supported by KIA, but
23 that being said, for this Board to approach
24 security from the holistic and traditional view
25 of it, it would be very helpful for this Board to
26 understand how much security KIA holds for

1 Inuit-owned lands, and is that dollar figure
2 available? And a followup question to that is
3 understanding the -- that while KIA disagrees
4 with methodology that's been proposed by
5 Aboriginal Affairs, and it's not -- is there --
6 would KIA object to providing -- recognizing that
7 KIA is a private landowner? Would KIA object to
8 providing this Board with the detailed cost
9 estimate for Inuit-owned lands only portion
10 confidentially to this Board for their
11 deliberations on security in relation to the
12 water licence?

13 THE CHAIR: KIA.

14 MR. CLARK: If we can take a moment to
15 collect our thoughts on that -- on our response
16 for that.

17 THE CHAIR: Please go ahead.

18 A MR. CLARK: It's Geoff Clark from KIA.
19 My response to the question of how much does KIA
20 hold for security and would KIA object to
21 providing the NWB a detailed cost estimate for
22 that. First thing I'd like to point out is that
23 in Shear's presentation yesterday, they noted
24 that on August 15th, 2011, that they submitted a
25 reclamation estimate for Inuit-owned land to the
26 Nunavut Water Board, and that estimate included

1 KIA in the generation of the estimate. We were
2 consulted during that procedure, and so that
3 estimate is also KIA's estimate, so the Nunavut
4 Water Board has -- has KIA's estimate in hand as
5 evidence, and as was provided yesterday in
6 Shear's presentation, that amount -- I don't have
7 the number in my mind what the exact amount is,
8 but it's -- I believe it's the \$2.892 million
9 that Shear presented yesterday for reclamation of
10 Inuit-owned land for land and water, for entire
11 reclamation of Inuit-owned land.

12 It's KIA's view that we take a holistic view
13 of reclamation, and we don't separate out land
14 from water when we look at reclamation on
15 Inuit-owned land. However, I would like to say
16 that for this particular project where the water
17 footprint is, there is very little water
18 reclamation involved. Virtually all of the
19 water-related reclamation activities are on Crown
20 land, so that question of splitting really isn't
21 that relevant for -- for splitting of land versus
22 water or the possibility of overbonding as a
23 result of duplicate reclamation security held for
24 water is very low in this circumstances. I know
25 in INAC's estimate, they did have a small amount
26 for water on IOL, but we consider it to

1 be negligible.

2 THE CHAIR: Dionne.

3 Q MS. FILIATRAULT: Thank you for the
4 response. So just to be 100 percent clear, KIA
5 supports the dollar figures provided for for
6 security on Inuit-owned lands as provided by
7 Shear?

8 THE CHAIR: KIA.

9 A MR. CLARK: Geoff Clark, KIA. That is
10 correct.

11 THE CHAIR: Dionne.

12 MS. FILIATRAULT: With your indulgence,
13 Mr. Chair, could I speak one final point of
14 clarification from Shear at this point in time?

15 THE CHAIR: Go ahead.

16 **Nunavut Water Board Staff Questions Shear**
17 **Diamonds Nunavut Corporation.**

18 Q MS. FILIATRAULT: Thank you, Mr. Chairman.
19 Dionne Filiatrault, the dollar figure that's been
20 provided for security on Inuit-owned lands at
21 \$2.8 million on slide 78 of your presentation, is
22 this figure consistent with the detailed cost
23 estimate that was referred to by KIA as the
24 details that were provided previously to the
25 Board?

26 THE CHAIR: Shear.

1 MS. LASSONDE: Mr. Chair, I need a moment
2 to collect my thoughts, so if we could just hold
3 on for a second, that would be great. Thank you.

4 A MS. LASSONDE: Mr. Chair, Julie Lassonde.
5 Dionne, the number in the slide in the Shear
6 presentation, the \$2.892 million is a reflection
7 of an agreement that we have with the KIA. The
8 estimate and the detailed estimate that was
9 submitted to the Board August 15th may have
10 slightly different numbers. Thank you,
11 Mr. Chair.

12 THE CHAIR: Dionne.

13 MS. FILIATRAULT: Thank you, Mr. Chairman.
14 What I'm -- Dionne Filiatrault. Similar to the
15 requests that were put to Aboriginal Affairs to
16 understand the detail and assumptions and the
17 estimates that were put forward, it's helpful to
18 have the detail, so if you could just allow us,
19 Mr. Chairman, one second to check those numbers
20 to see the level of detail and whether or not
21 there's a significance difference in the number
22 that was provided in the submission. That would
23 be helpful.

24 THE CHAIR: I'm nodding.

25 MR. CLARK: Mr. Chairman, it's Geoff
26 Clark from KIA. I just wanted to advise the

1 Board that there is a difference, but in KIA's
2 view, it's not significant. It might be 100,
3 \$200,000 difference, but it's -- it's in -- in
4 KIA's view, it's insignificant.

5 THE CHAIR: Dionne.

6 MS. FILIATRAULT: Thank you, Mr. Chairman.
7 Dionne Filiatrault, I'm just trying to once again
8 100 percent confirm with the technical staff that
9 we actually have the detailed information in
10 relation to the figure recognizing that it may
11 not be the 2.8 plus or minus a couple hundred
12 thousand dollars.

13 Thank you very much, Mr. Chairman. I can
14 confirm we do have that information, thank you.
15 No further questions to KIA.

16 THE CHAIR: Thank you. Any questions
17 to KIA from Board members.

18 Lootie, any questions to KIA.

19 MR. TOOMASSIE: No, Mr. Chairman. I don't
20 have a question.

21 THE CHAIR: Thank you. Thank you,
22 KIA.

23 Following the agenda here, next we have
24 presentations by other persons, associations,
25 agencies, et cetera who have authority and wish
26 to speak.

1 MS. FILIATRAULT: Thank you, Mr. Chairman.
2 Dionne Filiatrault, I would include the public in
3 this as the final opportunity from anybody
4 within -- from the community who has anything
5 that they would like to present.

6 **Presentation and Final Remarks by Members of the**
7 **Public**

8 THE CHAIR: Your microphone.

9 TOMMY PIGALAK: Mr. Chairman and ladies
10 and gentlemen, I just have a comment on the
11 meeting that you guys are having. It's the first
12 time that I ever listen to water boards and the
13 mining companies. It's very good, interesting,
14 and I like to see what's going on. I like to see
15 what's happening, and I like to see the Jericho
16 and the Water Board agree to what they said the
17 past few days. That is very interesting and
18 because there's a lot of people in Kugluktuk and
19 Nunavut, especially young people, not old like
20 me. So -- so a lot of young people are looking
21 for jobs, and they have a hard time getting jobs
22 when you have no companies. So if you agree to,
23 the Water Board and the other group, it would be
24 very helpful for the communities in Nunavut. So
25 it's very -- the first time I listened to Water
26 Board's meeting, and I hope they do what they --

1 what the gentlemen -- or ladies and gentlemen
2 have to say here. So that's a comment I like to
3 make from Kugluktukmiut and Nunavutmiut because
4 they are all the same. They all the same. They
5 want jobs.

6 So what else? That's about all, I guess.
7 I'd just like to keep you guys confirmed all the
8 time and with KIA and whatever, so that's what I
9 have to say for now. Thank you, Mr. Chairman.

10 THE CHAIR: Thank you .

11 TOMMY PIGALAK: I forgot to mention my
12 name. I'm sorry.

13 THE CHAIR: Anybody else from the
14 public?

15 JOHN IVALOK: Good afternoon. John
16 Ivalok here from Kugluktuk and Contwoyto. I'd
17 like to say a little bit to the miners here that
18 I'm glad they're -- came up here to say what they
19 had to say to the people in Kugluktuk, and on my
20 behalf, I'd like to see that they do a good job
21 of what they plan to do and look after wildlife
22 and look after the water because that's where
23 people long ago used to live, and I still live up
24 there myself from year to year, and hopefully
25 I'll be back up there this spring. Koana.

26 THE CHAIR: Thank you. Anybody else

1 from the public?

2 BARBARA ADJUN: I too want to say --

3 THE CHAIR: Your name?

4 BARBARA ADJUN: Barbara Adjun with the
5 Kugluktuk Hunters and Trappers Association. I do
6 want to say thank you for coming to Kugluktuk,
7 and it's also a learning experience for me to see
8 how the Nunavut Water Board works, and maybe just
9 one little recommendation when you do the public
10 part of the Nunavut Water Board just to -- so the
11 public understands how Nunavut Water Board works,
12 maybe just a quick little blurb on why you're
13 here, what you look for when you do this
14 intervention. The public does not, you know --
15 we got to make them understand how Nunavut Water
16 Board works, and it would be nice to -- just a
17 little introduction to the community.

18 Thank you, Chair. And to Shear, good luck
19 with your project, and we do like to see that
20 from the last company that held the -- the area
21 before, it looks like your monitoring programs
22 are, you know, better, I guess. I can't find the
23 word, but it looks -- you know, it's nice to see
24 that monitoring programs are there that are more
25 detailed. It's really important for us to take
26 care of the animals, the fish, the land, and to

1 see that it's returned to what it was before, and
2 to the best of what it was -- or how it was
3 before, but monitoring programs are really
4 important, and we want to see a lot of local
5 people getting involved in those monitoring
6 programs so they can take that information back
7 to the communities. It's just -- and water is a
8 really big issue. You know, it's really
9 important to keep that water clean, and no matter
10 how -- you know, even if it involves doing a lot
11 of work, it's really important. But just wanted
12 to say it's good to hear all this monitoring
13 programs, reclamation, these things, and I want
14 to see -- from all groups that were here today, I
15 would like to see if information is being passed
16 around, you know, include our HTO to receive that
17 information as well, so to KIA, to INAC, to
18 Shear, to MWB -- NWB, so thank you, and thank you
19 for allowing us to speak today as well.

20 THE CHAIR: Koana. Thank you.
21 Anybody else from the public? This is your
22 community. Anybody else from the public?

23 We will now take a 20-minute break, and this
24 will give the parties the opportunity to prepare
25 their closing remarks for the day. In the past
26 two days, I know lots has been said, and

1 everything has to be condensed into two days, but
2 you will have time to -- after the break, you
3 will have time to do your closing remarks. If
4 you want more than 20 minutes, please say so now.

5 Dionne.

6 MS. FILIATRAULT: Thank you, Mr. Chairman.
7 Dionne Filiatrault, actually, as people were
8 asking questions, Mr. Chairman, I did poll the
9 parties, and Aboriginal Affairs needs -- and KIA
10 have suggested that 30 minutes would be
11 appropriate for them to put their closing
12 statements together.

13 THE CHAIR: 30 minutes, three zero.

14 (ADJOURNMENT)

15 THE CHAIR: Welcome back, everyone.
16 Before we get into the closing remarks by
17 parties, I understand legal counsel has exhibits
18 that she wants to present, and before you go I
19 should confirm that Lootie is online.

20 MR. TOOMASSIE: Yeah. I'm on the line.

21 THE CHAIR: Thank you.

22 MS. FILIATRAULT: Thank you, Mr. Chairman.
23 Dionne Filiatrault, with respect to the
24 proceedings, at this point in time, we'd like to
25 enter in all the exhibits, and we appreciate the
26 parties' patience. Normally we would enter these

1 in after each presenter. It's a little unusual
2 for us to do this sort of at the end of the day,
3 but that being said: Exhibit 1 would be Shear
4 Diamonds Jericho Diamond Mine 2AM-JER0410 type
5 'A' water licence renewal PowerPoint
6 presentation, hard copy.

7 **EXHIBIT 1 - SHEAR DIAMONDS JERICH0**
8 **DIAMOND MINE, 2AM-JER0410 TYPE 'A' WATER**
9 **LICENCE RENEWAL POWERPOINT PRESENTATION,**
10 **HARD COPY.**

11 MS. FILIATRAULT: Number 2, 11-11-30,
12 2AM-JER0410 public hearing PowerPoint true copy
13 of Shear Diamonds Jericho Diamond Mine
14 2AM-JER0410 type 'A' water licence renewal
15 PowerPoint presentation, electronic copy.

16 **EXHIBIT 2 - 11-11-30, 2AM-JER0410 PUBLIC**
17 **HEARING POWERPOINT TRUE COPY OF SHEAR**
18 **DIAMONDS JERICH0 DIAMOND MINE**
19 **2AM-JER0410 TYPE 'A' WATER LICENCE**
20 **RENEWAL POWERPOINT PRESENTATION,**
21 **ELECTRONIC COPY.**

22 MS. FILIATRAULT: 3, Shear Diamonds Jericho
23 Diamond Mine, 2AM-JER0410 type 'A' water licence
24 renewal PowerPoint presentation revised, hard
25 copy.

26 **EXHIBIT 3 - SHEAR DIAMONDS JERICH0**

1 **DIAMOND MINE, 2AM-JER0410 TYPE 'A' WATER**
2 **LICENCE RENEWAL POWERPOINT PRESENTATION**
3 **REVISED, HARD COPY.**

4 MS. FILIATRAULT: Number 4, 11-11-30,
5 2AM-JER0410 public hearing PowerPoint revised
6 true copy of Shear Diamonds Jericho Diamond Mine
7 2AM-JER0410 type 'A' water licence renewal
8 PowerPoint presentation revised, electronic copy.

9 **EXHIBIT 4 - 11-11-30, 2AM-JER0410 PUBLIC**
10 **HEARING POWERPOINT REVISED TRUE COPY OF**
11 **SHEAR DIAMONDS JERICO DIAMOND MINE**
12 **2AM-JER0410 TYPE 'A' WATER LICENCE**
13 **RENEWAL POWERPOINT PRESENTATION REVISED,**
14 **ELECTRONIC COPY.**

15 MS. FILIATRAULT: Shear Diamonds Limited
16 Type 'A' -- number 5, Shear Diamonds Limited type
17 'A' water licence renewal public hearing in
18 response to AANDC submission, appendix 2 proposed
19 schedule of submission on conformity, hard copy.

20 **EXHIBIT 5 - SHEAR DIAMONDS LIMITED TYPE**
21 **'A' WATER LICENCE RENEWAL PUBLIC HEARING**
22 **IN RESPONSE TO AANDC SUBMISSION,**
23 **APPENDIX 2 PROPOSED SCHEDULE OF**
24 **SUBMISSION ON CONFORMITY, HARD COPY.**

25 MS. FILIATRAULT: Number 6, 11-11-30,
26 2AM-JER0410 public hearing Shear response to

1 AANDC submission true copy of Shear Diamonds
2 Limited type 'A' water licence renewal public
3 hearing in response to AANDC submission, appendix
4 2 proposed schedule of submission on conformity,
5 electronic copy.

6 **EXHIBIT 6 - 11-11-30, 2AM-JER0410 PUBLIC**
7 **HEARING SHEAR RESPONSE TO AANDC**
8 **SUBMISSION TRUE COPY OF SHEAR DIAMONDS**
9 **LIMITED TYPE 'A' WATER LICENCE RENEWAL**
10 **PUBLIC HEARING IN RESPONSE TO AANDC**
11 **SUBMISSION, APPENDIX 2 PROPOSED SCHEDULE**
12 **OF SUBMISSION ON CONFORMITY, ELECTRONIC**
13 **COPY.**

14 MS. FILIATRAULT: Number 7, Shear Diamonds
15 public hearing for renewal of the Jericho project
16 type 'A' water licence 2AM-JER0410, table of
17 technical submission and Shear's responses and
18 commitments dated November 30 to December 1,
19 2011, hard copy.

20 **EXHIBIT 7 - SHEAR DIAMONDS PUBLIC**
21 **HEARING FOR RENEWAL OF THE JERICHO**
22 **PROJECT TYPE 'A' WATER LICENCE**
23 **2AM-JER0410, TABLE OF TECHNICAL**
24 **SUBMISSION AND SHEAR'S RESPONSES AND**
25 **COMMITMENTS DATED NOVEMBER 30 TO**
26 **DECEMBER 1, 2011, HARD COPY.**

1 MS. FILIATRAULT: There's no 8 exhibit.
2 Number 9, Shear Diamonds public hearing for
3 renewal of the Jericho project type 'A' water
4 licence 2AM-JER0410 figures package, dated
5 November 30 to December 1, 2011, hard copy.

6 **EXHIBIT 9 - SHEAR DIAMONDS PUBLIC**
7 **HEARING FOR RENEWAL OF THE JERICH0**
8 **PROJECT TYPE 'A' WATER LICENCE**
9 **2AM-JER0410 FIGURES PACKAGE, DATED**
10 **NOVEMBER 30 TO DECEMBER 1, 2011, HARD**
11 **COPY.**

12 MS. FILIATRAULT: Number 10, 11-11-30
13 2AM-JER0410 public hearing Shear figure package
14 true copy of Shear Diamonds project -- pardon me,
15 true copy of Shear Diamonds public hearing for
16 renewal of the Jericho project type 'A' water
17 licence 2AM-JER0410 figures package dated
18 November 30 to December 1, 2011, electronic copy.

19 **EXHIBIT 10 - 11-11-30 2AM-JER0410 PUBLIC**
20 **HEARING SHEAR FIGURE PACKAGE TRUE COPY**
21 **OF SHEAR DIAMONDS PUBLIC HEARING FOR**
22 **RENEWAL OF THE JERICH0 PROJECT TYPE 'A'**
23 **WATER LICENCE 2AM-JER0410 FIGURES**
24 **PACKAGE DATED NOVEMBER 30 TO DECEMBER 1,**
25 **2011, ELECTRONIC COPY.**

26 MS. FILIATRAULT: 11, Shear Diamonds water

1 quality monitoring location plan figure dated
2 June 2011, hard copy.

3 **EXHIBIT 11 - SHEAR DIAMONDS WATER**
4 **QUALITY MONITORING LOCATION PLAN FIGURE**
5 **3 DATED JUNE 2011, HARD COPY.**

6 MS. FILIATRAULT: Number 12, 11-11-30
7 2AM-JER0410 public hearing water quality
8 monitoring location plan, true copy of Shear
9 Diamonds water quality monitoring location plan
10 figure 3 dated June 2011, electronic copy.

11 **EXHIBIT 12 - 11-11-30 2AM-JER0410 PUBLIC**
12 **HEARING TRUE COPY OF SHEAR DIAMONDS**
13 **WATER QUALITY MONITORING LOCATION PLAN**
14 **FIGURE 3 DATED JUNE 2011, ELECTRONIC**
15 **COPY.**

16 MS. FILIATRAULT: Number 13, technical
17 memorandum 'C' submitted to the Nunavut Water
18 Board by Shear Diamonds Limited, reference
19 Jericho Diamond Mine 2AM-JER0410, dated July
20 15th, 2011, hard copy.

21 **EXHIBIT 13 - TECHNICAL MEMORANDUM 'C'**
22 **SUBMITTED TO THE NUNAVUT WATER BOARD BY**
23 **SHEAR DIAMONDS LIMITED, REFERENCE**
24 **JERICO DIAMOND MINE 2AM-JER0410, DATED**
25 **JULY 15, 2011, HARD COPY.**

26 MS. FILIATRAULT: 14, 11-11-30 2AM-JER0410

1 public hearing tech memo 'C' true copy of
2 technical memorandum 'C' submitted to Nunavut
3 Water Board by Shear Diamonds Limited, reference
4 Jericho Diamond Mine 2AM-JER0410, dated July 15,
5 2011.

6 **EXHIBIT 14 - 11-11-30 2AM-JER0410 PUBLIC**
7 **HEARING TECH MEMO 'C' TRUE COPY OF**
8 **TECHNICAL MEMORANDUM 'C' SUBMITTED TO**
9 **NUNAVUT WATER BOARD BY SHEAR DIAMONDS**
10 **LIMITED, REFERENCE JERICH0 DIAMOND MINE**
11 **2AM-JER0410, DATED JULY 15, 2011.**

12 MS. FILIATRAULT: 15, letter from Shear
13 Diamonds, Julie Lassonde, executive chairman &
14 CEO to Nunavut Water Board, to Phyllis Beaulieu,
15 manager of licensing, regarding technical
16 memorandum 'E', landfill and sludge pit location
17 addendum to landfill management plan, hard copy.

18 **EXHIBIT 15 - LETTER FROM SHEAR DIAMONDS,**
19 **JULIE LASSONDE, EXECUTIVE CHAIRMAN & CEO**
20 **TO NUNAVUT WATER BOARD, TO PHYLLIS**
21 **BEAULIEU, MANAGER OF LICENSING,**
22 **REGARDING TECHNICAL MEMORANDUM 'E',**
23 **LANDFILL AND SLUDGE PIT LOCATION**
24 **ADDENDUM TO LANDFILL MANAGEMENT PLAN,**
25 **HARD COPY.**

26 MS. FILIATRAULT: 16, 11-11-30 2AM-JER0410

1 public hearing Shear tech memo 'E', true copy of
2 letter from Shear Diamond, Julie Lassonde,
3 executive chairman & CEO to Nunavut Water Board,
4 to Phyllis Beaulieu, manager of licensing,
5 regarding technical memorandum 'E', landfill and
6 sludge pit location addendum to landfill
7 management plan, electronic copy.

8 **EXHIBIT 16 - 11-11-30 2AM-JER0410 PUBLIC**
9 **HEARING SHEAR TECH MEMO 'E', TRUE COPY**
10 **OF LETTER FROM SHEAR DIAMOND, JULIE**
11 **LASSONDE, EXECUTIVE CHAIRMAN & CEO TO**
12 **NUNAVUT WATER BOARD, TO PHYLLIS**
13 **BEAULIEU, MANAGER OF LICENSING,**
14 **REGARDING TECHNICAL MEMORANDUM 'E',**
15 **LANDFILL AND SLUDGE PIT LOCATION**
16 **ADDENDUM TO LANDFILL MANAGEMENT PLAN,**
17 **ELECTRONIC COPY.**

18 MS. FILIATRAULT: 18, 11-11-30 2AM-JER0410
19 public hearing PowerPoint, community, true copy
20 of Shear Diamonds Jericho Diamond Mine
21 2AM-JER0410 Type 'A' water licence renewal
22 PowerPoint presentation - community, electronic
23 copy.

24 **EXHIBIT 18 - 11-11-30 2AM-JER0410 PUBLIC**
25 **HEARING POWERPOINT, COMMUNITY, TRUE COPY**
26 **OF SHEAR DIAMONDS JERICH0 DIAMOND MINE**

1 **2AM-JER0410 TYPE 'A' WATER LICENCE**
2 **RENEWAL POWERPOINT PRESENTATION -**
3 **COMMUNITY, ELECTRONIC COPY.**

4 MS. FILIATRAULT: 19, Environment Canada's
5 intervention to the public hearing for the
6 Jericho Mine water licence renewal application
7 PowerPoint presentation, hard copy.

8 **EXHIBIT 19 - ENVIRONMENT CANADA'S**
9 **INTERVENTION TO THE PUBLIC HEARING FOR**
10 **THE JERICH0 MINE WATER LICENCE RENEWAL**
11 **APPLICATION POWERPOINT PRESENTATION,**
12 **HARD COPY.**

13 MS. FILIATRAULT: 20, 11-11-30 2AM-JER0410
14 Environment Canada public hearing intervention,
15 true copy of Environment Canada's intervention to
16 the Nunavut Water Board public hearing for the
17 Jericho Mine water licence renewal application
18 PowerPoint presentation.

19 **EXHIBIT 20 - 11-11-30 2AM-JER0410**
20 **ENVIRONMENT CANADA PUBLIC HEARING**
21 **INTERVENTION, TRUE COPY OF ENVIRONMENT**
22 **CANADA'S INTERVENTION TO THE NUNAVUT**
23 **WATER BOARD PUBLIC HEARING FOR THE**
24 **JERICH0 MINE WATER LICENCE RENEWAL**
25 **APPLICATION POWERPOINT PRESENTATION.**

26 MS. FILIATRAULT: 21, Aboriginal Affairs and

1 Northern Development Canada's intervention to the
2 Nunavut Water Board public hearing for the
3 Jericho Mine water licence renewal application
4 PowerPoint presentation, hard copy.

5 **EXHIBIT 21 - ABORIGINAL AFFAIRS AND**
6 **NORTHERN DEVELOPMENT CANADA'S**
7 **INTERVENTION TO THE NUNAVUT WATER BOARD**
8 **PUBLIC HEARING FOR THE JERICO MINE**
9 **WATER LICENCE RENEWAL APPLICATION**
10 **POWERPOINT PRESENTATION, HARD COPY.**

11 MS. FILIATRAULT: 22, 11-11-30 2AM-JER0410
12 AANDC public hearing intervention, true copy of
13 Aboriginal Affairs and Northern Development
14 Canada's intervention to the Nunavut Water Board
15 public hearing for the Jericho Mine water licence
16 renewal application PowerPoint presentation,
17 electronic copy.

18 **EXHIBIT 22 - 11-11-30 2AM-JER0410 AANDC**
19 **PUBLIC HEARING INTERVENTION, TRUE COPY**
20 **OF ABORIGINAL AFFAIRS AND NORTHERN**
21 **DEVELOPMENT CANADA'S INTERVENTION TO THE**
22 **NUNAVUT WATER BOARD PUBLIC HEARING FOR**
23 **THE JERICO MINE WATER LICENCE RENEWAL**
24 **APPLICATION POWERPOINT PRESENTATION,**
25 **ELECTRONIC COPY.**

26 MS. FILIATRAULT: 23, Aboriginal Affairs and

1 Northern Development Canada's intervention to the
2 Nunavut Water Board public hearing for the
3 Jericho Mine water licence renewal application
4 PowerPoint presentation in Inuktitut, hard copy.

5 **EXHIBIT 23 - ABORIGINAL AFFAIRS AND**
6 **NORTHERN DEVELOPMENT CANADA'S**
7 **INTERVENTION TO THE NUNAVUT WATER BOARD**
8 **PUBLIC HEARING FOR THE JERICO MINE**
9 **WATER LICENCE RENEWAL APPLICATION**
10 **POWERPOINT PRESENTATION IN INUKTITUT,**
11 **HARD COPY.**

12 MS. FILIATRAULT: 24, Aboriginal Affairs and
13 Northern Development Canada's intervention to the
14 Nunavut Water Board public hearing for the
15 Jericho Mine water licence renewal application
16 PowerPoint Presentation in Inuinnaqtun, hard
17 copy.

18 **EXHIBIT 24 - ABORIGINAL AFFAIRS AND**
19 **NORTHERN DEVELOPMENT CANADA'S**
20 **INTERVENTION TO THE NUNAVUT WATER BOARD**
21 **PUBLIC HEARING FOR THE JERICO MINE**
22 **WATER LICENCE RENEWAL APPLICATION**
23 **POWERPOINT PRESENTATION IN INUINNAQTUN,**
24 **HARD COPY.**

25 MS. FILIATRAULT: 25, Brodie Consulting
26 Limited retained by AANDC for reclamation

1 security (electronic included within AANDC's
2 PowerPoint presentation, Exhibit 22), hard copy.

3 **EXHIBIT 25 - BRODIE CONSULTING LIMITED**
4 **RETAINED BY AANDC FOR RECLAMATION**
5 **SECURITY (ELECTRONIC INCLUDED WITHIN**
6 **AANDC'S POWERPOINT PRESENTATION, EXHIBIT**
7 **22), HARD COPY.**

8 MS. FILIATRAULT: 26, Aboriginal Affairs and
9 Northern Development Canada's intervention to the
10 Nunavut Water board public hearing for the
11 Jericho Mine water licence renewal application,
12 appendix 3, reclaim summary in Inuinnaqtun, hard
13 copy.

14 **EXHIBIT 26 - ABORIGINAL AFFAIRS AND**
15 **NORTHERN DEVELOPMENT CANADA'S**
16 **INTERVENTION TO THE NUNAVUT WATER BOARD**
17 **PUBLIC HEARING FOR THE JERICO MINE**
18 **WATER LICENCE RENEWAL APPLICATION,**
19 **APPENDIX 3 SCHEDULE OF SUBMISSION ON**
20 **CONFORMITY, HARD COPY IN INUINNAQTUN.**
21 **(AMENDED)**

22 MS. FILIATRAULT: 27, Aboriginal Affairs and
23 Northern Development Canada's intervention to the
24 Nunavut Water Board Public hearing for the
25 Jericho Mine water licence renewal application,
26 appendix 3 reclaim summary in Inuktitut.

1 **EXHIBIT 27 - ABORIGINAL AFFAIRS AND**
2 **NORTHERN DEVELOPMENT CANADA'S**
3 **INTERVENTION TO THE NUNAVUT WATER BOARD**
4 **PUBLIC HEARING FOR THE JERICO MINE**
5 **WATER LICENCE RENEWAL APPLICATION,**
6 **APPENDIX 3 RECLAIM SUMMARY IN INUKTITUT.**

7 MS. FILIATRAULT: 28, Aboriginal Affairs and
8 Northern Development Canada's intervention to the
9 Nunavut Water Board's public hearing for the
10 Jericho Mine water licence renewal application,
11 appendix 2 reclamation summary in Inuinnaqtun,
12 hard copy.

13 **EXHIBIT 28 - ABORIGINAL AFFAIRS AND**
14 **NORTHERN DEVELOPMENT CANADA'S**
15 **INTERVENTION TO THE NUNAVUT WATER BOARD**
16 **PUBLIC HEARING FOR THE JERICO MINE**
17 **WATER LICENCE RENEWAL APPLICATION,**
18 **APPENDIX 2 RECLAMATION SUMMARY IN**
19 **INUINNAQTUN, HARD COPY.**

20 MS. FILIATRAULT: 29, Aboriginal Affairs and
21 Northern Development Canada's intervention to the
22 Nunavut Water Board public hearing for the
23 Jericho Mine water licence renewal application,
24 appendix 2 reclamation summary in Inuktitut, hard
25 copy.

26 **EXHIBIT 29 - ABORIGINAL AFFAIRS AND**

1 **NORTHERN DEVELOPMENT CANADA'S**
2 **INTERVENTION TO THE NUNAVUT WATER BOARD**
3 **PUBLIC HEARING FOR THE JERICO MINE**
4 **WATER LICENCE RENEWAL APPLICATION,**
5 **APPENDIX 2 PROPOSED SCHEDULE**
6 **OF SUBMISSION ON CONFORMITY IN**
7 **INUKTITUT, HARD COPY (AMENDED).**

8 MS. FILIATRAULT: 30, Kitikmeot Inuit
9 Association's intervention to the Nunavut Water
10 Board Public hearing for the Jericho Mine water
11 licence renewal application PowerPoint
12 presentation in hard copy.

13 **EXHIBIT 30 - KITIKMEOT INUIT**
14 **ASSOCIATION'S INTERVENTION TO THE**
15 **NUNAVUT WATER BOARD PUBLIC HEARING FOR**
16 **THE JERICO MINE WATER LICENCE RENEWAL**
17 **APPLICATION POWERPOINT PRESENTATION,**
18 **HARD COPY.**

19 MS. FILIATRAULT: 31, 11-11-30 2AM-JER0410
20 KIA public hearing intervention, true copy of KIA
21 intervention to the Nunavut Water Board public
22 hearing for the Jericho Mine water licence
23 renewal application PowerPoint presentation,
24 electronic copy.

25 **EXHIBIT 31 - 11-11-30 2AM-JER0410 KIA**
26 **PUBLIC HEARING INTERVENTION, TRUE COPY**

1 **OF KIA INTERVENTION TO THE NUNAVUT WATER**
2 **BOARD PUBLIC HEARING FOR THE JERICHO**
3 **MINE WATER LICENCE RENEWAL APPLICATION**
4 **POWERPOINT PRESENTATION, ELECTRONIC**
5 **COPY.**

6 MS. FILIATRAULT: 32, Aboriginal Affairs and
7 Northern Development Canada's detailed
8 reclamation security cost estimate in electronic
9 copy.

10 **EXHIBIT 32 - ABORIGINAL AFFAIRS AND**
11 **NORTHERN DEVELOPMENT CANADA'S DETAILED**
12 **RECLAMATION SECURITY COST ESTIMATE,**
13 **ELECTRONIC COPY.**

14 MS. FILIATRAULT: 33, Shear Diamonds Nunavut
15 Corp. 2011 seepage survey report-November 2011,
16 EBA File:E14101140, hard copy.

17 **EXHIBIT 33 - SHEAR DIAMONDS NUNAVUT**
18 **CORP. 2011 SEEPAGE SURVEY REPORT,**
19 **NOVEMBER 2011, EBA FILE:E14101140, HARD**
20 **COPY.**

21 MS. FILIATRAULT: 34, 11-11-30 2AM-JER0410
22 public hearing black line draft water licence,
23 true copy of black line version of draft water
24 licence consolidation provided by Shear Diamonds,
25 electronic copy.

26 **EXHIBIT 34 - 11-11-30 2AM-JER0410 PUBLIC**

1 **HEARING BLACK LINE DRAFT WATER LICENCE,**
2 **TRUE COPY OF BLACK LINE VERSION OF DRAFT**
3 **WATER LICENCE CONSOLIDATION PROVIDED BY**
4 **SHEAR DIAMONDS, ELECTRONIC COPY.**

5 MS. FILIATRAULT: And with one correction,
6 Mr. Chairman. Exhibit 8 is 11-11-30 2AM-JER0410
7 public hearing Shear response table of technical
8 submissions, true copy of Shear Diamonds public
9 hearing for the renewal of the Jericho Project
10 type 'A' water licence 2AM-JER0410 table of
11 technical submission and Shear's responses and
12 commitments dated November 30-December 1, 2011,
13 electronic copy.

14 **EXHIBIT 8 - 11-11-30 2AM-JER0410 PUBLIC**
15 **HEARING SHEAR RESPONSE TABLE OF**
16 **TECHNICAL SUBMISSIONS, TRUE COPY OF**
17 **SHEAR DIAMONDS PUBLIC HEARING FOR THE**
18 **RENEWAL OF THE JERICH0 PROJECT TYPE 'A'**
19 **WATER LICENCE 2AM-JER0410 TABLE OF**
20 **TECHNICAL SUBMISSION AND SHEAR'S**
21 **RESPONSES AND COMMITMENTS DATED NOVEMBER**
22 **30-DECEMBER 1, 2011, ELECTRONIC COPY.**

23 MS. FILIATRAULT: Mr. Chairman, that is the
24 exhibit list for the public hearing. At this
25 time, Mr. Chairman, I would request that all
26 parties, including the applicant, if they have

1 any objections or comments to the exhibit list
2 that you poll the applicant and parties of any
3 objections or comments to the exhibit list.

4 THE CHAIR: Shear Diamonds.

5 MS. LASSONDE: Thank you, Mr. Chair. We
6 have no objections -- oh, wait.

7 MS. FILIATRAULT: Mr. Chairman, I apologize,
8 Dionne Filiatrault. There are a couple of
9 corrections that have just been identified by the
10 technical staff before we seek clarification from
11 the parties.

12 MR. HOHNSTEIN: My apologies, Mr. Chair.
13 A couple cut and pastes didn't quite work out
14 right. So we've got a correction to Exhibit
15 Number 28 is the Inuinnaqtun version -- I guess I
16 have to read it out exactly. So it's the
17 Aboriginal Affairs and Northern Development
18 Canada's intervention to the NWB public hearing
19 for the Jericho mine water licence renewal
20 application, appendix 2 is the proposed schedule
21 of submission on conformity, hard copy in
22 Inuinnaqtun.

23 (EXHIBIT 26 AMENDED)

24 MR. HOHNSTEIN: Then Exhibit Number 29 is
25 the Aboriginal Affairs and Northern Development
26 Canada's intervention to the NWB public hearing

1 for the Jericho Mine water licence renewal
2 application, appendix 2, the proposed schedule
3 of submission on conformity in -- or my apologies
4 Inuktitut, hard copy.

5 (EXHIBIT 29 AMENDED)

6 MR. HOHNSTEIN: And what about the number
7 8? That's all the corrections, thank you.

8 THE CHAIR: Should we try again?

9 MS. LASSONDE: Thank you, Mr. Chair.
10 Julie Lassonde. We have no objections or changes
11 to the Nunavut Water Board's list of inclusions.

12 THE CHAIR: INAC -- or Aboriginal
13 Affairs, sorry.

14 MR. MACISAAC: Bernie MacIsaac, Mr.
15 Chairman. No objections.

16 THE CHAIR: KIA.

17 MR. CLARK: Geoff Clark, KIA. We have
18 no objections.

19 THE CHAIR: Thank you. What this
20 means now is that we will be doing the closing
21 remarks by parties. We'll start first with
22 Aboriginal Affairs, KIA, public, Shear Diamonds
23 and then the Chairman.

24 Aboriginal Affairs, go ahead with your
25 closing remarks.

26 **Closing Remarks by Aboriginal Affairs and**

1 **Northern Development Canada**

2 MR. MACISAAC: Bear with us,
3 Mr. Chairman. We just have to re-log on to the
4 computer.

5 My fingerprints aren't the same as his.
6 Thank God.

7 First of all, Mr. Chairman, it's Bernie
8 MacIsaac. I'd like to thank the Board, staff,
9 Shear Diamonds, all the other regulators in the
10 community of Kugluktuk for a great meeting,
11 hospitality was very good, and I think a very
12 productive meeting. So considering our final
13 remarks, and they're quite brief, and these are
14 in no particular order.

15 With respect to the request and the
16 arguments that have been made by the proponent
17 with respect to a 14-year licence term and the
18 special case of this project not going into
19 operation for two years with operations for ten
20 years and then reclamation activity for a further
21 two years, Aboriginal Affairs and Northern
22 Development would not be adverse to a 14-year
23 licence term, provided that there is robust
24 quarterly reporting with a compliance component
25 to that report as agreed to by Shear in their
26 response to our question in this matter in this

1 hearing earlier. The same goes for the
2 seven-year compliance audit where commitments
3 were made in regard to what would be in that
4 audit in response to a question made earlier, and
5 there is an appropriate mechanism for adjusting
6 securities in place in an appropriate timeframe.
7 We'd like to assert that the amount of security
8 is in the public interest and a mechanism for
9 amending the amount of security during the term
10 of the licence be included within the term --
11 within the licence.

12 For the final abandonment and restoration
13 plan, we would like to review that plan for
14 methodology and framework within a three-year
15 timeframe of the issuance of the licence and
16 preferably before commencement of operations,
17 understanding that it is a living document that
18 has to be updated from time to time as new
19 information or relevant information becomes
20 available. Shear has acknowledged that the
21 definition of commercial operations is when
22 mining activity commences in the open pit. We
23 would also like an approval process wherein the
24 implementation of the activity related to a
25 particular plan will not commence until formal
26 approval of that plan is obtained from the Board.

1 We agree with Environment Canada's request
2 for review on a new draft licence. To support an
3 effective and thorough review of outstanding
4 plans being submitted by Shear, Aboriginal
5 Affairs and Northern Development Canada would
6 like to request that the Board consider, during
7 its deliberations, appendix 2 of our intervention
8 which provides a schedule of plan submission and
9 timeframes for review, and finally, Mr. Chairman,
10 for the Board's deliberations, Aboriginal Affairs
11 and Northern Development Canada request that the
12 Board consider the proposed Aboriginal and
13 Northern Affairs -- Northern Development Canada
14 reclamation estimate of \$3,389,074 specific to
15 water related reclamation for the project. Those
16 are our final comments, Mr. Chairman. Thank you.
17 THE CHAIR: Thank you. Next we have
18 KIA.

19 **Closing Remarks by Kitikmeot Inuit Association**

20 MR. CLARK: It's Geoff Clark from KIA.
21 I guess KIA, first of all, would like to thank
22 the public, the Nunavut Water Board, the Nunavut
23 Water Board staff, Shear, and Shear Diamonds
24 Limited consultants and AANDC and Environment
25 Canada for contributing to good discussions over
26 the last couple of days about the renewal of the

1 water licence for the Jericho Diamond project.
2 KIA would like to -- in these closing remarks,
3 would like to summarize our important points that
4 we felt that we made that are related to this
5 water licence renewal, and the first is that KIA
6 supports a water licence term of eight years.
7 This is longer than the original licence for the
8 Jericho Diamond project, and it will allow time
9 to evaluate the operational performance of the
10 project and make adjustments to the licence, if
11 necessary. After eight years, there will also be
12 more information available about the final
13 closure planning of the project, and finally in
14 regards to this, KIA relies on the Nunavut Water
15 Board as a comanagement body and its staff for
16 expertise related to reviewing projects, such as
17 the Jericho Diamond project, and we feel that
18 eight years -- an eight-year licence will allow
19 the Nunavut Water Board also the time to
20 reconsider and review the Jericho Diamond water
21 licence.

22 KIA confirms that there are no outstanding
23 water -- or water compensation issues at Jericho.
24 KIA would like a condition added to the licence
25 that require Shear to disclose to the Nunavut
26 Water Board whether it is up to date on water

1 compensation payments to KIA.

2 Regarding reclamation planning, KIA would
3 like a final reclamation plan completed within
4 two years of the issuance of the licence. If
5 there is additional information that is material
6 to this closure plan, it can be added at that
7 time. KIA wishes to confirm, again, with the
8 Board that Shear and KIA cooperated on the
9 development of a reclamation estimate, that Shear
10 filed with the Nunavut Water Board on August
11 15th, 2011, and this reclamation estimate was for
12 the Inuit-owned land. That submission showed the
13 estimate for reclamation was approximately \$3.1
14 million, and KIA and Shear have come to an
15 agreement on the amount of reclamation security
16 required for Inuit-owned land, which is slightly
17 less than the amount that was in the document
18 provided on August 15th, but KIA is satisfied
19 with the agreement that we have with Shear.

20 Aside from the issues regarding reclamation
21 security that AANDC showed specifically for the
22 Inuit-owned land and -- except for the matters
23 that we've -- or that KIA has just put forward in
24 our closing comments, KIA supports all the other
25 recommendations that AANDC have made in this
26 presentation, and KIA also supports the

1 recommendations of Environment Canada.

2 We know that the Nunavut Water Board has a
3 lot to consider as a result of this hearing.
4 We've put our views forward in regards to the
5 renewal of this licence, and KIA recommends that
6 the water licence should be renewed subject to
7 KIA's recommendations being incorporated into the
8 licence, and finally, once again, I'd like to
9 thank everyone here and thank you to the Nunavut
10 Water Board and to the proponent, Shear Diamonds
11 Limited, for an excellent hearing. Thank you.

12 THE CHAIR: Thank you. Final closing
13 comments from the public.

14 **Closing Remarks from Members of the Public**

15 ARTHUR ONIAK: Thank you, Chair. My name
16 is Arthur Oniak from Kugluktuk. I have been
17 employed by Shear Diamonds since April of 2011,
18 and I have seen some ups and downs with the
19 company, but I've learned to overcome and discuss
20 my thoughts with supervisors and coworkers, of
21 course. I've been -- I've been to Jericho
22 before. Since I came back to Jericho, I have
23 been trusted and looked at as an equal person.
24 Nobody's perfect, but we all try to pull it
25 together. I feel I have learned a lot of things
26 that I have always wanted to try, and supervisors

1 have given me the chance to learn and properly
2 handle different situations.

3 In saying that, I think I work with a good
4 bunch of people. I get opportunities to learn
5 different things and operate equipment, and I
6 jumped into every opportunity to -- opportunity
7 to learn and try different things. If it wasn't
8 for KIA getting me into a mine training course
9 back in 1993, I'm pretty sure today I'd be
10 working 9 to 5 every day. I'm very thankful for
11 KIA for getting me signed up for this mine -- for
12 their mine training course. It's not a good fit
13 for everyone, but for a few of us who enjoy
14 living a life that most people try to live. In a
15 way, it's a different kind of work where I've had
16 to learn to sacrifice Christmases, long weekends,
17 special events that happen at home. It does take
18 a few years for people like us to get used to
19 mine life, of course. The company that I worked
20 for before have done a lot of things to help me
21 learn and live the life of a mine employee and
22 learning to work with equipment and different
23 tools. I'm hoping it will be a huge benefit for
24 me to find employment at home or other
25 communities that look for skilled labourers. I
26 feel that I have gained my supervisor's trust and

1 respect by listening and learning in a safe and
2 efficient manner. I respect other people's
3 differences, and I have been respected in having
4 my own differences. I feel that I have been
5 listened -- listened to when I say my thoughts,
6 opinions, or an option to sort problems or
7 differences that may occur at work. I feel that
8 we can turn Jericho back into a full production
9 mine. It just takes time and the right attitude,
10 and hopefully hiring more Northerns and teaching
11 Northerners to be patient and hopeful in a mining
12 career.

13 I can't say enough of how a site manager can
14 put a group of people from different cities or
15 communities in Canada to function as a team, to
16 build what Shear Diamond is trying to accomplish.
17 I think my supervisors have done -- have been
18 very patient with me, as I have been patient with
19 my supervisors. Thanks.

20 THE CHAIR: Thank you. Any others
21 from the public that wish to make final closing
22 remarks?

23 Shear Diamonds, final closing remarks.

24 **Final Closing Remarks by Shear Diamonds Nunavut**
25 **Corporation**

26 MS. LASSONDE: Thank you very much,

1 Mr. Chair. On behalf of Shear Diamonds, I want
2 to thank the Board and its staff for providing
3 the opportunity to come together and share
4 information about the Jericho Diamond project.
5 This is an important project to Shear and, we
6 believe, to the Inuit of the Kitikmeot and
7 Nunavut as well, and, therefore, we appreciate
8 that it is very important to understand the
9 potential impacts from a renewal of the water
10 licence and Shear plans to mitigate those impacts
11 on the environment. We wish to thank, first and
12 foremost, the elders that have participated in
13 this hearing over the last two days. You have
14 our utmost respect, and we hope to continue to
15 have the opportunity to learn from you, Koana.
16 Thank you to the Kitikmeot Inuit Association for
17 your efforts over the past few months to meet and
18 work with us relative to this renewal
19 application. We look forward to a productive
20 continued working relationship with you as our
21 mine plans proceed. To the interveners, we also
22 extend our thanks. You have taken the time to
23 re-educate yourselves on the Jericho Diamond Mine
24 project. We respect and appreciate your
25 attendance at the hearing and the time you have
26 dedicated on reviewing and commenting on our

1 situation. To the interpreters and the sound
2 technician, thank you. You have provided a
3 seamless service over the past two days, and your
4 talents are truly appreciated. To the ladies who
5 have been providing the refreshments, you have
6 done a great job, and we send our thanks to you
7 as well. Thank you to the community of Kugluktuk
8 for your generous hospitality in participating
9 this hearing. We have been witness to your
10 talents, which are evident through all the arts
11 and crafts that have been presented to us this
12 week. Further to that, however, you have shown
13 us your knowledge of the Jericho project and your
14 desire in ensuring that your traditional lands
15 and waters are protected, and finally a special
16 thank you to Board member Lootie Toomassie for
17 stepping in at the last minute and making this
18 hearing possible. Without you, this could not
19 have happened.

20 Shear considers both environment and
21 effective community relations as high priorities,
22 and to that end, has developed a position within
23 the organization titled vice president of
24 environment and community affairs. Stephanie
25 Autut assumed this position in August of this
26 year, and she looks forward to working with the

1 community and keeping them informed of the work
2 being undertaken by Shear Diamonds and with
3 meeting with them on a more regular basis as the
4 project advances.

5 Yesterday Shear presented a very detailed
6 presentation. Their presentation described a
7 great deal of work that has gone on by all
8 parties involved over the past few months. All
9 working together to sort through the issues and
10 move toward consensus. Again, we want to
11 thank the elders, the Nunavut Water Board, the
12 Kitikmeot Inuit Association, Aboriginal Affairs
13 and Northern Development Canada, Environment
14 Canada, the Department of Fisheries and Oceans,
15 and the Community of Kugluktuk for all the
16 efforts that have been made to review our
17 submissions and assist us in building the best
18 possible project we can.

19 We also -- we have also had some very
20 important discussions over the past few days. We
21 believe it has been a very positive dialogue and
22 that some very good outcomes have arisen through
23 the Board's process. We are especially pleased
24 that we have been able to agree on the vast
25 majority of issues that have been raised in
26 relation to this water licence renewal. For

1 example, Shear has committed to continue to
2 address the legacy issues at site to bring the
3 project into full compliance. Shear has come to
4 agreement with the Kitikmeot Inuit Association on
5 matters of reclamation and compensation. Despite
6 the short timeframe to review and address the
7 technical submissions from interveners, Shear has
8 given every recommendation thoughtful
9 consideration and made appropriate commitments.
10 Where a full response could not be provided at
11 this time, Shear has committed to undertake the
12 appropriate studies or actions to address these
13 concerns. Shear has undertaken to conduct a
14 number of studies during the first two years of
15 operation to fill in information gaps and verify
16 the data that underpins the water quality
17 monitoring, for example, the plume delineation
18 study, the pit water quality remodeling. Shear
19 has committed to revise and update all of the
20 plans required under the water licence to address
21 operations. We view this collaborative approach
22 to be a key factor in the eventual success of the
23 Jericho project and look forward to continuing
24 our ongoing productive relationship with the
25 Kitikmeot Inuit Association and the regulators.

26 At this point, we would like to focus our

1 closing comments on the three items that we
2 believe to be vital to the success of this
3 renewal application and the Jericho Diamond Mine
4 going forward. First of all, the term of the
5 licence. You might have noticed that in our
6 application, Shear originally applied for a term
7 of ten years. This was based on a production
8 rate of 2,000 tonnes per day. At this production
9 rate, the projected mine life was eight years
10 with two years of reclamation. At the time we
11 put the application together, we had not yet had
12 the opportunity to fully understand the
13 processing operations and the various issues
14 associated with those operations. As discussed
15 yesterday, we now believe that the rate of
16 processing will likely be closer to 1,250 tonnes
17 per day. This results in a projected mine life
18 of ten years, plus two years for reclamation.
19 Taking into account an estimated two years to
20 resume production, this takes us to our request
21 for 14 years. A life of mine term is important
22 to Shear for two main reasons. First, it will
23 help us raise the money needed to reopen the
24 mine. Shear is a small exploration company, and
25 this will be our first producing mine. We cannot
26 move forward with our plans to bring the Jericho

1 Mine into production without raising additional
2 funds. A longer water licence term will help us
3 do that. Once the project financing is in place,
4 then Shear can restart the mine, and we can move
5 into production. This move would require us to
6 restaff the mine, which in turn will bring
7 benefits to the communities, the region, and
8 Nunavut. The second reason is that all the
9 stakeholders would avoid the additional time and
10 cost associated with further regulatory process.
11 The project has just gone through an extensive
12 regulatory process to renew the water licence.
13 This was a significant undertaking in terms of
14 cost and human resources for all of us involved.
15 The Nunavut Water Board, the Kitikmeot Inuit
16 Association, Aboriginal Affairs and Northern
17 Development Canada, Environment Canada, and the
18 Department of Fisheries and Oceans. We know that
19 there are limited Inuit, federal, and territorial
20 resources, and given the regulatory and licence
21 controls that are in place, we believe that these
22 resources might be better spent in places other
23 than a renewal hearing in five years.

24 Having said that, we heard initially from
25 the Kitikmeot Inuit Association and members of
26 the community who express the desire for

1 an opportunity to review the project at the
2 five-year mark. Today we heard from the KIA that
3 they would support an eight-year water licence.
4 We understand that what is behind this request is
5 a concern about whether or not our management of
6 this site and monitoring program are truly
7 protective of the environment. We agree that it
8 is important for all the participants in the
9 process, and especially the community residents,
10 to have an opportunity to learn how we are doing.
11 I have asked our vice president of environment
12 and community affairs, Stephanie Autut, to help
13 me describe the ongoing reporting, monitoring,
14 and enforcement requirements under the licence.

15 MS. AUTUT: We believe that the
16 regulatory system in place in Nunavut creates the
17 opportunity for ongoing regulatory and public
18 input. For example, Shear will be filing a
19 number of plans over the course of the licence,
20 which will be submitted to the Nunavut Water
21 Board and circulated to the Jericho distribution
22 list for review and comment by regulatory and
23 Inuit authorities, as well as interested members
24 of the public. These include updated annual
25 estimates of current mine restoration liability
26 so that the Board may re-evaluate the security

1 posted under the reclamation bond and make sure
2 it is still enough to cover the costs of
3 clean-up; an updated mine plan before Shear
4 resumes production; design drawings for
5 facilities that have not yet been built, for
6 example, divider dyke 'B' and the perimeter berm.
7 An updated explosives management plan, aquatic
8 effects management plan, quality QAQC plan,
9 general monitoring plan, waste management plan,
10 site water management plan, a landfill plan, a
11 landfarm plan, an interim closure and reclamation
12 plan. Shear is also required under the water
13 licence to submit regular monitoring reports,
14 which will tell regulatory and Inuit authorities,
15 as well as members of the public, about how the
16 mine is doing. Monthly reporting will include
17 reporting on the use of water and deposit of
18 effluents, the quantity of ore processed, the
19 amount of waste rock generated, the amount of
20 coarse processed kimberlite produced, till and
21 overburden used and results of site water quality
22 monitoring. By March 31st of each year, an
23 annual report that includes an extensive summary
24 of water used, amount and type of waste generated
25 and/or discharged, a summary of monitoring data
26 collected throughout the year, progress reports

1 on plans and studies required under the licence,
2 a community consultation summary, a summary of
3 non-compliance events, and Shear's response to
4 each event. The detail required for the annual
5 report is set out in schedule 'B' of the licence
6 and includes over 20 required components. In
7 addition to these, Shear has committed to
8 additional reporting requirements as follows:
9 quarterly updates. As discussed throughout this
10 hearing, Shear is prepared to send these reports
11 directly out to a mailing list of those who are
12 interested. These quarterly reports will provide
13 updates to compliance status, sampling programs,
14 construction and building plans, as well as an
15 update on schedule of construction plans for the
16 next quarter. They will also provide a
17 bullet-point list of correspondence with
18 regulatory authorities and an update to our
19 production schedule timeline. This will not only
20 help keep the communities and the Board informed
21 about proposed provisions to our regulatory
22 schedule, but will also serve as an update on the
23 result of the ongoing monitoring programs.
24 Additionally, after seven years, a comprehensive
25 compliance report will be filed. This report
26 will be a compliance update, as well as a full

1 review of the mine plan, the aquatic effects
2 monitoring plan, the site water management plan,
3 and all confirmed and predicted modeling.
4 Separate and apart from the water licence
5 obligations, Shear also must also carry out
6 substantial monitoring and reporting as per the
7 Nunavut Impact Review Board project certificate
8 and the Department of Fisheries and Oceans Canada
9 authorization. These authorities provide an
10 added level of scrutiny and accountability in the
11 event issues do arise with the project. There
12 are also mechanisms within the Water Board's
13 jurisdiction or within the terms of the licence
14 itself if there is a need to adjust or amend the
15 licence in any way. For example, Section 43 of
16 the *Nunavut Waters and Nunavut Surface Rights*
17 *Tribunal Act* allows the Nunavut Water Board to
18 amend any condition of the licence where the
19 Board considers the amendment to be in the public
20 interest. Further to that, if the Board thinks
21 it is in the public interest, it may cancel the
22 licence. Over and above consequences relating to
23 the licence, Shear is subject to enforcement
24 action under Section 90 of the *Nunavut Waters and*
25 *Nunavut Surface Rights Tribunal Act*. If it
26 contravenes any condition of the licence or

1 otherwise uses water or deposits waste in a way
2 that is not authorized under the licence, for a
3 company, the penalty for contravention under this
4 Act is a fine of up to 100,000 per incident per
5 day for as long as the offence continues and for
6 individuals up to one year imprisonment. It is
7 our understanding that Aboriginal Affairs and
8 Northern Development Canada is the agency
9 responsible for enforcing the licence.
10 Aboriginal affairs and Northern Development
11 Canada inspectors regularly attend at site and
12 have the power to do so at any time without
13 notice. So if Shear does not do what it says it
14 is going to do and what they are required to do
15 under the licence, there is the potential for
16 very severe consequences. These consequences are
17 an essential component of the regulatory system,
18 which is built to encourage compliance. For all
19 of these reasons, including the strong regulatory
20 framework and ongoing reporting that has been
21 committed to by Shear, it remains our position
22 that there is no need to come back for a
23 mandatory renewal hearing before production
24 mining is complete. We believe a life of mine
25 licence, in our case, 14 years would be
26 appropriate.

1 MS. LASSONDE: Number 2, water discharge
2 limits. Discharge limits are also an extremely
3 important matter to Shear, as you heard during
4 Shear's presentation and from subsequent
5 discussions, Shear has already conducted
6 extensive work to review the current criteria in
7 the licence and proposes appropriate amendments
8 going forward. This work has been done by a very
9 knowledgeable team of experts with many years of
10 experience at the Jericho site. Shear has also
11 reviewed and accepted the majority of the
12 recommendations from Aboriginal Affairs
13 and Northern Development Canada and Environment
14 Canada. Shear has proposed what it believes to
15 be very appropriate discharge limits. Limits
16 that can be complied with. Accordingly, Shear
17 requests that the Board accept the discharge
18 limits that we have presented.

19 Shear requests that the criteria for nitrate
20 remain the same for the time being, such that the
21 dewatering of the pit and the startup of the
22 operation can occur without the risk of
23 non-compliance. This proposed two-year time
24 frame will provide Shear the opportunity to work
25 with Environment Canada to confirm the
26 achievability of the nitrate limit that they have

1 recommended.

2 Shear has also committed to convening a
3 technical meeting to work cooperatively through
4 this issue following the two years of verifiable
5 operational data. This morning Environment
6 Canada requested a commitment that Shear would
7 manage the flow of discharge so that we do not
8 exceed the 3.6 milligrams per litre limit at the
9 edge of the mixing zone such that the aquatic
10 environment would always be protected. During
11 dewatering of the pit, Shear confirms that it
12 will commit to weekly monitoring in Stream C3 and
13 Lake C3. If the levels of tracer parameters are
14 elevated, then Shear will undertake a plume
15 delineation study in 2012. Shear will respect
16 the 3.6 milligrams per litre limit and adjust the
17 flow rate as required.

18 Financial ability and security: Shear would
19 like to briefly address its financial ability to
20 pursue this project and our plans to meet the
21 financial commitments that come with developing
22 the Jericho Diamond project, including security.
23 First, as we described earlier today, we were
24 able to put financing in place to not only
25 purchase the mine but also to conduct our initial
26 assessments and the compliance -- the full

1 compliance audit. Shear has a good reputation
2 within the mining industry, and it was not
3 difficult to arrange this initial financing. We
4 have almost come to the end of this initial
5 financing, which is why we took steps in place
6 the bridge financing we spoke of earlier. This
7 financing will take us to the startup of the mine
8 and cover our commitments made to date. We
9 estimate those to be in the order of \$840,000 and
10 have budgeted \$1.26 million. This financing is
11 conditional upon receipt of the water licence.
12 We will file details of the bridge financing on a
13 confidential basis with the Water Board on
14 Monday, December 5th.

15 Once we have operational, we will review
16 from the trial processing, which will contribute
17 to cash flow during the pre-startup phase. We
18 will then arrange for large-scale financing to
19 take us up -- to take us through the startup of
20 the mine. This financing will be in the order of
21 \$25 million. We acknowledge that this is a
22 staged approach. However, it is a common
23 approach in moving to development of a mine.
24 Shear is confident that it will be able to meet
25 its financial commitments and responsibilities
26 for the life of the project.

1 With respect to the security for the
2 project, Shear presented a number of reclamation
3 costs based on the work performed by NUNA
4 Logistics. You heard from Aboriginal Affairs and
5 Northern Development Canada a number that was
6 slightly larger. The parties are not that far
7 apart, approximately \$200,000. It is now the
8 Board's task to review the parties' submission
9 and make a decision on the appropriate amount of
10 security. Shear does ask that the Board take
11 into consideration the amount of security being
12 held by the Kitikmeot Inuit Association and for
13 what purposes. Shear acknowledges the Board's
14 role in deciding on security, and we will abide
15 by the decision of the Board on this issue.
16 Finally, I would like to close by asking the
17 Water Board to give Shear the opportunity to see
18 what we can do with the Jericho Mine. We stepped
19 in to take over a bankrupt asset, and we did --
20 we did so, site unseen, knowing full well that
21 there would be environment liabilities that we
22 would need to take over and clean up. We did
23 this up because we think reopening Jericho will
24 be worth the effort and eventually the first
25 successful diamond mine in Nunavut.

26 Once in possession of the site, the first

1 things we did was conduct a full compliance audit
2 to determine what needed to be done to get back
3 on track with respect to the regulatory
4 instruments that we had inherited. Since that
5 time, Shear has diligently worked to bring the
6 site back into compliance. Many of those issues
7 identified as noncompliant have been addressed.
8 Where we were not able to get the work done to
9 bring the site back into compliance prior to the
10 hearing, we have made commitments and have
11 identified to the best of our ability timelines
12 as to when the work will get completed. We are
13 committed to doing things right, and so far, we
14 believe we have accomplished exactly that. We
15 know there are things that are outstanding, but
16 we have a great team of experts behind us, and
17 with their help, we have developed a plan
18 that will get this site into compliance.

19 Another significant piece of work that we
20 have completed is the assessment to ensure this
21 project is economically viable. We have gone
22 back and evaluated the processes that Tahera used
23 to determine what we should keep and what needed
24 to be improved. Out of that analysis, we believe
25 we can significantly improve on the systems to
26 achieve a much high recovery of diamonds.

1 Diamond pricing and markets are also favourable,
2 and we are confident that this is the time to
3 optimize on the project. We believe that we can
4 use the infrastructure that is already built to
5 ensure that we, the Kitikmeot region, and Nunavut
6 are able to extract maximum value from this mine.
7 We have also assembled a team with depth and
8 experience in mining general and Nunavut,
9 specifically, and they have retained their
10 experience and learnings from the Tahera
11 experience by keeping people like Chris and
12 Arthur involved. We look forward to hiring more
13 staff from the region and bringing the benefits
14 of this diamond mine to Nunavut. We want to hear
15 from the communities and their elders, and we
16 want to incorporate traditional and community
17 knowledge into our plans and processes in order
18 to ensure the success of the project.

19 Mr. Chair, we believe this is a good
20 project. We believe it is not only good for
21 Shear but also the Kitikmeot region and Nunavut
22 as a whole. We respectfully ask the Nunavut
23 Water Board to give Shear a chance to complete
24 the endeavour we have begun and renew the water
25 licence on the proposed terms. We consider it
26 our privilege to do business in Nunavut and hope

1 for that privilege to continue. Thank you for
2 your attention.

3 **Closing Remarks by Nunavut Water Board Chair**

4 THE CHAIR: Thank you. The Board
5 would like to thank the parties, including,
6 especially the applicant; the staff; the
7 interveners; interpreters, Ben Kogvik and Joe
8 Otokiak; court reporter, Toni Rizzoli; Peter --
9 PIDO, Trevor Bourque; all of the community
10 members and elders for their valued participation
11 in this hearing. Thanks also to the Hamlet of
12 Kugluktuk for their outstanding hospitality and
13 patience with the Board.

14 As we are at the close of the hearing, I
15 will make some comments to let parties know what
16 happens next. First, I will close the hearing
17 record for the application for type 'A' water
18 licence renewal 2 AM-JAR 0410 submitted by Shear
19 Diamonds Nunavut Corporation. What this means is
20 that no additional information, other than the
21 confidential financial information to be supplied
22 by the applicant, Shear Diamonds, by Monday,
23 December 6th (sic), will be accepted by the Board
24 prior to making a final decision. The Board will
25 make its decision on the application as quickly
26 as possible, recognizing that the licence expires

1 on March 1, 2012, and will provide the parties
2 with a copy of our decision and licence when the
3 board sends these documents to the Minister.

4 Have a good evening. Safe travel home, and
5 to all visitors to Kugluktuk, the hearing is now
6 adjourned in accordance with these instructions.
7 With that, I'd like to ask Lootie Toomassie via
8 teleconference to do the closing prayer.

9 MR. TOOMASSIE: Thank you
10 Mr. Chairman. Let us pray.

11 (CLOSING PRAYER)

12 (WHICH WAS ALL THE EVIDENCE TAKEN AT 6:01 PM)

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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.

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Toni Rizzoli, CSR(A)

14 Official Court Reporter

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