



Field Operations
AANDC, Nunavut District Office
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Phyllis Beaulieu, Manager of Licensing
Nunavut Water Board
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RE: Jericho Mine (2AM-JER1119)

Ms. Beaulieu,

I wanted to inform you of recent events regarding the Jericho Mine (Shear Diamonds Ltd. ("Shear") water licence 2AM-JER1119). As you are aware, Shear left the site in September 2012. Despite persistent communications and the issuance of an Inspector's Direction, Shear failed to return to site in order to rectify non-compliances and to manage issues that may cause a danger to persons, property or the environment.

In my April 4 communication with Shear (on which the NWB was copied), I informed Shear that a failure to act would result in action being taken by my department to manage the risks identified at site. I informed Shear that in doing so, the reasonable costs of doing so would be recovered from the existing security held by the Minister of Aboriginal Affairs and Northern Development Canada ("AANDC") under Shear's water licence. No response was received from Shear.

On April 29, I submitted a request to AANDC's Contaminated Sites Program ("CSP") to act as my Agent in this regard. CSP agreed to serve as a project manager and liaise with Public Works and Government Services Canada to oversee immediate environmental protection at the Jericho Mine Site. The scope of services that they will provide includes:

1. The management of site water during freshet.
2. Tailings management.
3. Fuel and hazardous waste management and site closure.

This will serve to manage the risks to persons, property or the environment until such time as the project's future becomes clearer.

The first site visit was conducted May 24-28 2013 and preliminary steps were taken to manage freshet and to formalize a work plan for moving forward this season. If you have any questions



regarding this file, please do not hesitate to contact me, or alternatively you can contact Stephen Hooey, the CSP Project Manager on this file. He can be contacted at Stephen.Hooey@aadnc-aadnc.gc.ca.

Regards,

Eva Paul

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CC: Stephen Hooey, Project Manager, AANDC
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