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Nobody's home at Jericho

Shear Diamonds abandons open-pit diamond mine in Nunavut

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IKALUKTUTIAK/CAMBRIDGE BAY

Trouble is mounting for the Jericho diamond mine since its current owner appears to have fled the project.

"The proponent has been asked to respond to our last correspondence within 60 days, which passed," said Ryan Barry, executive director of the Nunavut Impact Review Board.

"The next step for us is to continue to try and contact the proponent and in the meantime follow up with Aboriginal Affairs and Northern Development Canada and the Kitikmeot Corporation and ask about their contact with the proponent."

The Alberta Securities Commission issued a cease trade order on Nov. 1 against Shear Diamonds Ltd. for failing to file interim audited financial statements, interim management's discussion and analysis, and certification of interim filings by the required date of Aug. 31.

The Investment Industry Regulatory Organization of Canada issued a cease trade order on Nov. 2.

Shear Diamonds was last listed on the Toronto Stock Exchange Nov. 1 and shares closed at 0.045 that day.

E-mails by News/North to Julie Lassonde, president and chief executive officer of Shear Diamonds, went unanswered, the company's telephone lines are disconnected and its website is down.

Shear bought the Jericho mine, located about 350 km southwest of Cambridge Bay, its diamond processing plant, and other surface facilities in August 2010 for \$38 million.

The company announced last September it would halt production of Jericho diamond stockpiles "as a result of continuing weak world diamond prices."

On Nov. 15, Shear Diamonds announced the resignation of chief financial officer, Greg Powell, and directors Pamela Strand and David Prince.

Pamela Strand had resigned as president of Shear Diamonds Ltd. last March in order to commit more time to her new role as president of the NWT and Nunavut Chamber of Mines.

The mine's previous owners, Tahera Diamond Corp., closed Jericho in early 2008 due to high operating costs and low revenue.

Jericho is Nunavut's first diamond mine and produced 780,000 carats of diamonds during operations



An aerial view of the past-producing Jericho Diamond Mine open pit in May 2012, with the camp and facilities shown at the back beyond the mine. - photo courtesy of Tahera Diamond Corp.

between 2006 and 2008.

The repeated failures at Jericho are likely due to the type of ore at the site, stated Tom Hoefer, executive director for the NWT and Nunavut Chamber of Commerce, in an e-mail to News/North.

"Given that there have been two attempts, it suggests to me that it comes down to ore body quality," he stated. "Not all ore bodies are created equal ... and if one is hugely rich and its processing is straightforward then there is assurance that sales of diamonds will exceed costs to mine them ... This deposit must be presenting difficulties making a profit, or somebody would have (done so) the first time."



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