



WATER LICENCE INSPECTION FORM

☒ Original
☐ Follow-Up Report

Licensee		Licensee Representative	
Shear Diamonds Ltd (formally Shear Minerals Ltd.)		Unknown	
Licence No. / Expiry		Representative	
2BE-CHU0813/ September 1 st , 2013		--	
Land / Other Authorizations		Land / Other Authorizations	
Camp is on IOL		N2009C0002 (formally N2003C0009)	
Date of Inspection		Inspector	
15/07/16		WRO C. Wilson	
Activities Inspected			
<input checked="" type="checkbox"/> Camp	<input type="checkbox"/> Drilling	<input type="checkbox"/> Mining	<input type="checkbox"/> Construction
<input type="checkbox"/> Roads/Hauling	<input checked="" type="checkbox"/> Other:		<input type="checkbox"/> Reclamation
			<input checked="" type="checkbox"/> Fuel Storage

SECTION 1	<input checked="" type="checkbox"/> Comments (s.1)	<input type="checkbox"/> Non-Compliance with Act or Licence (s. __)	<input type="checkbox"/> Action Required (s. __)
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Water Licence no. 2BE-CHU0813 is issued to Shear Minerals Ltd. (“the proponent”) October 6th, 2008 for the use of water and deposit of waste associated with the Churchill Diamond Project (“the project”). On July 15th, 2016 a joint inspection was conducted of the project by Indigenous and Northern Affairs Canada’s, Water Resource Officer, Christine Wilson and Kivalliq Inuit Association’s Land Use Inspector, Jeff Tulugak.

The proponent was not notified of the inspection as past attempts have failed and it is unclear how to contact the company or the previous representatives. The contact information for the proponent is no longer valid or was changed without notice.

Preliminary notes

- On January 12th, 2011 the proponent announced a share consolidation and name change.
- Water use fees are outstanding for 2010-2013
- Annual reports for 2010, 2011, 2012, and 2013 are not available for review on the Nunavut Water Board FTP site.
- October 16th, 2012 a letter of non-compliance was issued to the proponent, no response was received by INAC
- The project utilized a camp located on Inuit Owned Land at approximately N63° 12’ 27.45” W91° 15’ 8.7”. The camp is referred to by the company as the Josephine or Sedna Camp.
- Both the project and the Churchill West Project utilized the camp.

Observations

1. The camp remains in the same state as the last inspection 2012.
2. An approximate inventory of major site infrastructure remaining onsite as follow;

Quantity	Description
16	framed tent buildings (majority of the tents are furnished)
5	plywood buildings (all materials used in the course of operation remain)
1	seacan (full of camp related supplies)
150m	potable water conveyance lines (also a water treatment system, 3 water tanks)
1	Incinerator “Cyclonator” brand
18	Solar panels (with supporting equipment batteries, invertors, power distribution panel)
1	Cumming Generator
1	Drilling ancillary (hoses, drill rods, drilling additives, drilling salt, helicopter fly fuel tank)
1	Satellite dish
106	¼ to full drums of either diesel or aviation fuel
200m	Wooden walk ways

3. A cache located North West of the camp has 56 drums of expired aviation fuel. The berm is full of water, which has a sheen and smells of hydrocarbons.
4. The camp and infrastructure is located 100m plus from any nearby water body. Impacts on water would be restricted with more concern for the impacts to the land.
5. The waste water inside the secondary containment berms is especially concerning as the drums integrity is becoming compromised due to improper storage.
6. The ground surrounding the North West cache has staining which may be associated with spilled hydrocarbons.
7. An area approximately located at N63° 12’ 26.61”, W91° 14’ 56.5” should be noted as an area of potential concern. The vegetation is discoloured and different from the surrounding vegetation.
8. A lot of materials have become windblown and littering the land proximal to the project.
9. The area used as a sump is located on the West side of the camp; the tundra is eroded but has vegetation has begun growing back.
10. Four open drums, tied together with rope, at approximately N63° 12’ 27.45” W91° 15’ 8.7” are ¼ full of an unknown black, thick liquid.

SECTION 2	<input type="checkbox"/> Comments (s.__)	<input checked="" type="checkbox"/> Non-Compliance with Act or Licence (s.2)	<input type="checkbox"/> Action Required (s.__)
<div>Failure to submit water use fees pursuant to PART B item 1</div> <div>Failure to file an Annual Report pursuant to PART B item 2</div> <div>Failure to provide notice to the Board of Operational changes to the project pursuant to PART B item 3</div> <div>Failure to implement the Abandonment and Reclamation Plan as approved by the Board pursuant to PART B item 6</div> <div>Failure to ensure proper treatment of hazardous waste pursuant to PART D item 10</div> <div>Failure to report a spill pursuant to PART H item 6</div> <div>Failure to complete restoration activities pursuant to PART I item 4 and 7</div>			

SECTION 3	<input type="checkbox"/> Comments (s.__)	<input type="checkbox"/> Non-Compliance with Act or Licence, (s.__)	<input checked="" type="checkbox"/> Action Required (s.3)
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CONCLUSION

Following the inspection the land owners, the Kivalliq Inuit Association, stabilized the site. They have verified that any threats to the environment have been mitigated and the camp has been demobilized with removal anticipated upon re-assessment.

This will be a final inspection conducted by Field Operations under the water license. An inspection will be conducted with the Kivalliq Inuit Association in the summer 2017 to confirm that all threats to water have been removed.

Licensee or Representative	Inspector's Name
	WRO C Wilson
Signature	Signature
	Original signed on file
Date	Date
	August 8 2016

Office Use Only:	Follow-up report to be issued by Inspector	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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cc. Erik Allain, Manager Field Operations, AANDC

Attached: Photo Log, July 19th, 2016



PHOTO LOG

Date:	Authorization Number:	Camera/Model:	Inspector
July 19 th , 2016	2BE-CHU0813	Sony DSC-HX50V Cyber shot	WRO Wilson



Photo 1: Josephine Camp looking North West



Photo 2: Drilling Laydown



Photo 3: North West (referred to by the proponent as Jigsaw) Cache, 56 Full drums of Aviation Fuel



Photo 4: Josephine Camp looking East



Photo 5: Core area, incinerator and Solar Panels



Photo 6: Satellite Dish, Seacan, 150M potable water conveyance lines

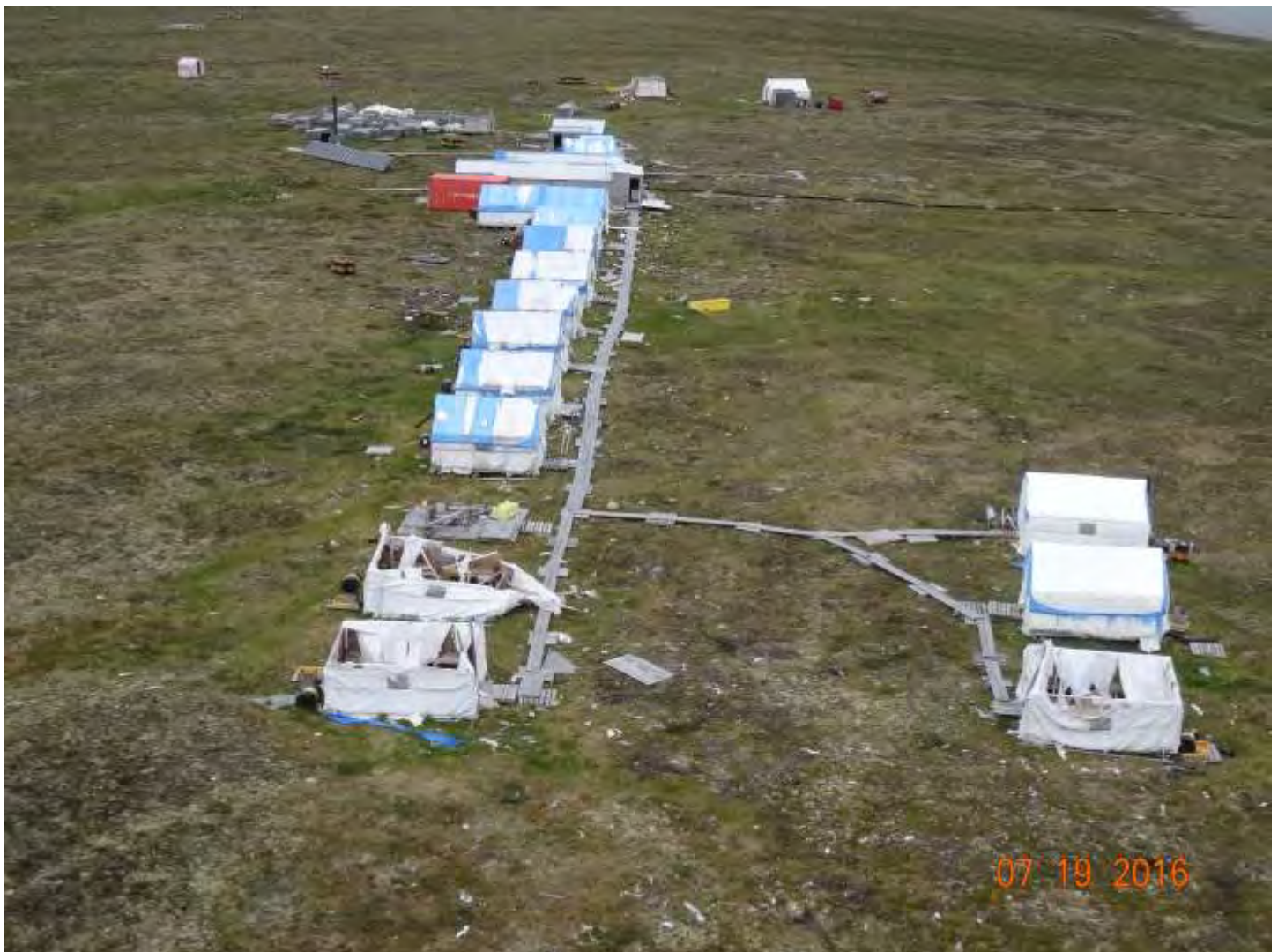


Photo 7: Josephine Camp looking North, dilapidated tents, windblown debris



Photo 8: Josephine Camp looking North West, unmonitored partial fuel drums of fuel drums





Photo 9: Tent 3



Photo 10: Tent 3 interior



Photo 11: Tent 2



Photo 12: Tent 2 interior



Photo 13: Tent 3



Photo 14: Tent 3 interior



Photo 15: Tent 4



Photo 16: Tent 5 interior



Photo 17: Tent 6



Photo 18: Tent 7



Photo 19: Tent 7 interior



Photo 20: Tent 8



Photo 21: Tent 9, 10, 11



Photo 22: Tent 10



Photo 23: Tent 10 interior



Photo 24: Tent 9



Photo 25: Tent 9 interior



Photo 26: Discoloured Foliage, uneven ground, Area of Concern (N63° 12' 26.61", W91° 14' 56.5")



Photo 27: Shear Minerals Signage



Photo 28: Bathroom interior, Ply wood building



Photo 29: Bathroom building



Photo 30: Generator



Photo 31: Batteries for Solar Panels



Photo 32: Solar power panels



Photo 33: Incinerator



Photo 34: Solar panels and full drums of diesel



Photo 35: Laundry and freshwater storage



Photo 36: Water tanks



Photo 37: Paint and Cleaning Products



Photo 38: Water treatment system



Photo 39: Bathroom interior



Photo 40: Bathroom interior



Photo 41: Fuel hook up on kitchen tent



Photo 42: Office tent interior



Photo 43: Core shack



Photo 44: Mega Bags, Core



Photo 45: Discoloured tundra, Drums with unknown content



Photo 46: Drilling materials, Pink drilling shack



Photo 47: Interior of Pink drilling Shack



Photo 48: three drums with unknown black materials



Photo 49 Black unknown materials in drum



Photo 50: North West Fuel Cache



Photo 51: North West Cache, contaminated water



Photo 52: Drums



Photo 53: Major Drilling Shack



Photo 54: Interior Major Drilling Shack, propane cylinder



Photo 55: Interior Major Drilling Shack, Drilling additives



Photo 56: Drilling equipment



Photo 57: Fly Fuel tank



Photo 58: Major Drilling equipment



Photo 59: Water Conveyance Lines



Photo 60: Waste and debris



Photo 61: Propane hooked up



Photo 62: Seacan interior



Photo 63: Shear Minerals Ltd. contact info

Photo 64: Fuel Cache info





Photo 66: Unmaintained drums



Photo 67: Satellite dish