



NIRB File No.: 00MN059

Related to NIRB File No. 16UN058

NWB File No.: 2AM-JER-1119

CIRNAC File No.: IQA-N 5510-5-10

Related to DFO File No.: NU-00-0068

December 4, 2020

Shear Diamonds (Nunavut) Corporation

Sent via email: info@sheardiamonds.com

Re: The Nunavut Impact Review Board's 2019-2020 Annual Monitoring Report for the Jericho Diamond Mine Project and Board's Recommendations

Dear Shear Diamonds (Nunavut) Corporation:

The Nunavut Impact Review Board (NIRB or Board) is hereby releasing its *2019-2020 Annual Monitoring Report for the Jericho Diamond Mine Project* (NIRB File No. 00MN059; Monitoring Report) and the NIRB's Assessment of Shear Diamonds (Nunavut) Corporation's Compliance Status with the Jericho Diamond Mine Project Certificate No. 002. The enclosed Monitoring Report is based on the NIRB's monitoring activities as set out within the Jericho Diamond Mine Project Certificate No. 002 and pursuant to Sections 12.7.1 and 12.7.2 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada (Nunavut Agreement)*. This report provides findings that resulted from monitoring of this Project that took place from October 2019 to September 2020.

All materials pertaining to the NIRB's ongoing Monitoring program for the Jericho Diamond Mine Project can be accessed online from the NIRB's online public registry at www.nirb.ca/projects/123035.

By way of a motion carried during its regular meeting held in October 2020, the Board has issued the following recommendations to assist Shear Diamonds (Nunavut) Corporation [Shear or the Proponent] in achieving compliance with the Jericho Project Certificate. These recommendations ensure that the NIRB has all the information necessary to adequately discharge its mandate with respect to provisions within Section 12.7 of the *Nunavut Agreement* as they pertain to the Jericho Diamond Mine Project.

Non-compliance with Project Certificate No. 002 and Outstanding reports

Since the proposal, approval, and undertaking of CIRNAC's more substantial stabilization works under NIRB File No. 16UN058, the NIRB has not received a plan of action from Shear to remedy its non-compliance to the Project Certificate No. 002 terms and conditions.

Recommendation 1: The Board requires the Proponent (Shear Diamonds (Nunavut) Corp.) to provide a proposed plan of action to remedy the overall non-compliance with the Project Certificate No. 002.

The plan of action is to be provided within 90 days.

The Proponent is required to submit several reports as outlined in Appendix D of the Project Certificate No. 002. Since Shear's purchase of the site in 2010 the NIRB has not received any of the required reports and, despite the Board's recommendations to Shear since 2011, no additional information has been received to date.

Recommendation 2: The Board continues to remind Shear Diamonds (Nunavut) Corp. that submission of the following outstanding submissions is required to address areas of non-compliance:

- a) 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, and 2019 annual reports;
- b) Quarterly reports for 2010 through 2020; and
- c) Wildlife monitoring data from 2010 through 2020.

These outstanding reports are to be provided within 90 days.

Site Risk Management during Temporary Shutdown – Crown Land

In photos provided by CIRNAC during their visit to site on August 31 – September 2, 2020, it was noted that the pumphouse located on the jetty in Carat Lake had suffered damage, presumably caused by lake ice buildup and movement, and that the ice movement had also displaced armour stone meant to protect the jetty from erosion. The damage indicates the possibility of increased erosion at the jetty and undercutting of the pumphouse base.

Recommendation 3: The Board requests that Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) provide a contingency plan for inspection and potential moving or dismantling of the Carat Lake pumphouse in order to prevent collapse into Carat Lake in the event of erosion or future ice buildup and movement.

This information should be provided to the Board in the 2021 CIRNAC site report.

Site Risk Management during Temporary Shutdown on Inuit Owned Land

Although the majority of the stabilization works related to site water management, tailing storage facilities, fuel and hazardous waste storage and waste management have been completed by CIRNAC on Crown land. The long-term plans and stabilization activities regarding of the site infrastructure and the waste rock piles on Inuit Owned Land remains uncertain.

Waste Rock Piles

The chemistry of the waste rock pile, the chemical reaction rates, the presence of minerals within the pile that can either cause or neutralize acidic water are currently unknown. If reactive the timing of poor-quality drainage can occur over years to many decades. Without seepage quality and quantity monitoring it is uncertain what the impacts are or could potentially be to the receiving environment.

In follow up to both the 2018 and 2019 Board recommendation requesting additional information from the KIA, through verbal communication it was noted that they would provide an update regarding the waste rock piles. The Board acknowledges the cost of producing a plan, however there is significant uncertainty around monitoring and managing annual water movement in these areas and potential risk around seeps and contact water from the waste rock piles.

Recommendation 4: Board requests that the Kitikmeot Inuit Association (KIA) provide a detailed update on their site stabilization activities including monitoring of the waste rock pile, waste rock seeps, and contact water to date as well as any completed reclamation efforts at the Jericho Diamond Mine.

The Board also requests that the KIA provide their long-term plans for dismantling/reclaiming/remediating site infrastructure (e.g., roads, buildings, waste rock piles) and restoring the area to natural conditions, with a discussion on any monitoring expected to occur following the completion of site reclamation.

This information should be provided to the Board by March 31, 2021.

The Board respectfully requests that for items requiring follow-up action by Shear that a response be provided within the timeline as requested for each of the recommendations.

Should you have any questions or require further clarification regarding this request or related to the NIRB's monitoring program for the Jericho Diamond Mine project, please contact the undersigned via email at kmorrison@nirb.ca.

Sincerely,



Keith Morrison
Manager, Impact Assessment
Nunavut Impact Review Board

cc. Charlotte Lamontagne, Contaminated Sites Program, Crown-Indigenous Relations and Northern Affairs Canada
Mark Yetman, Contaminated Sites Program, Crown-Indigenous Relation and Northern Affairs Canada
Stanley Anablak, Kitikmeot Inuit Association
Geoff Clark, Kitikmeot Inuit Association
Daniel Coombs, Fisheries and Oceans Canada
Jericho Distribution List

Enclosure: The Nunavut Impact Review Board's *2019-2020 Annual Monitoring Report for the Jericho Diamond Mine Project*