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November 16th, 2010

Ms. Dionne Filiatrault, P.Eng.
Executive Director
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

Sent Electronically

Dear Ms. Filiatrault:

RE: Assignment of Tahera Diamonds Water Licence to Shear Diamonds (Nunavut) Corp.

On August 27th, 2010 as part of the general sale of Tahera's assets at the Jericho site to Shear Minerals Ltd. and Shear Diamonds (Nunavut) Corp. the Kitikmeot Inuit Association (KIA) and the captioned companies (the companies) entered into an agreement which resulted in the assignment of the Water Compensation Agreement entered into between Tahera and KIA to the companies. The agreement also resulted in the companies making payments to KIA to cover Tahera's outstanding annual water compensation payments for 2010 and 2011.

As a result, the companies are in good standing with KIA in relation to water compensation payments and Shear Diamonds (Nunavut) Corp. is party to a water compensation agreement with KIA as required both by Article 20 of the NLCA and the *Nunavut Waters and Surface Rights Tribunal Act*.

I trust that the foregoing will be of assistance to the Board. If there are any questions, do not hesitate to contact me.

Yours truly,



John Donihee
KIA Counsel

cc. G. Clark, KIA
P. Strand, Shear Diamonds (Nunavut) Corp.

* Practising law through the John Donihee Professional Corporation.