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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYIT
OFFICE DES EAUX DU NUNAVUT

NWB File No: 2AM-JER0410/
2011 Renewal

June 22, 2011

Pamela Strand, P. Geol.
President and CEO
Shear Diamonds (Nunavut) Corp.
Suite 220, 17010 – 103 Avenue
Edmonton, AB T5S 1K7
E-mail: pstrand@shearminerals.com

**Re: Technical Meeting and Pre Hearing Conference for the Renewal of the Type “A”
Water Licence 2AM-JER0410; Shear Diamonds (Nunavut) Corp. Responses to
interested persons comments, and List of Commitments.**

Dear Ms. Strand:

Further to the Nunavut Water Board (NWB or Board) letter of June 14, 2011 asking interested persons to confirm their attendance at the Technical Meeting and Pre-Hearing Conference (TM and PHC) and to provide comments on the proposed Agenda, the Board held a TM and PHC in Cambridge Bay on June 20-21, 2011. The meeting was attended by the Board's staff, the proponent, Shear Diamonds (Nunavut) Corp. (Shear or Licensee) along with their consultants and representatives from Aboriginal Affairs and Northern Development Canada (AANDC) and the Kitikmeot Inuit Association (KIA).

During the TM and PHC Shear provided a Table of Responses to the comments previously presented by interveners including AANDC, Environment Canada (EC) and Department Fisheries and Oceans Canada (DFO). The interested parties comments and concerns, as a result of the technical review of the water licence renewal application and supporting documents, were discussed during the TM and PHC. A List of Commitments summarizing information requiring clarification or in addition to the application was prepared. This information was reviewed during the PHC and confirmation of the timeline for provision of the information was accepted by the parties present.

Please find attached the Table of Shear's responses to the comments of interested parties and the List of Commitments completed and accepted during the PHC.

By copy of this letter, the NWB requests that the above referenced documents be reviewed by **all parties**, including those parties who were not in attendance at the TM/PHC, to confirm by June 29, 2011 that they are satisfied that the responses provided by the proponent adequately address

their concerns and questions raised during the technical review and that there are no issues that would preclude the NWB from proceeding to a Hearing on this matter. The NWB encourages interaction between the proponent and the parties in an effort to clarify and resolve any concerns that may remain to be clarified and to provide the information that would assist in that clarification. Concerns unresolved will be carried forward if necessary to be discussed at a public hearing.

With respect to the List of Commitments, the NWB requests that, by June 29, 2011, the parties that were not present at the TM and PHC who had provided intervention comments, confirm with the NWB Manager of Licensing (Phyllis Beaulieu, licensing@nunavutwaterboard.org), that the commitments included in the table and the timeline for providing a response to those commitments, is acceptable.

In addition, as a result of the TM and PHC, a Pre-Hearing Decision (PHD) will be issued by NWB. This Decision may include additional direction to the proponent as well as the parties with respect to the Application and the anticipated public hearing to be determined.

If you have any questions or require clarification on the above, please contact David Hohnstein, Director of Technical Services at (780) 443-4406 or by email at dts@nunavutwaterboard.org for any technical inquiries, or Phyllis Beaulieu, Manager of Licensing at (867) 360-6338, or by email licensing@nunavutwaterboard.org for any procedural or administrative inquiries.

Sincerely,

Original signed by:

David Hohnstein, C.E.T.
Director Technical Services

cc. Distribution List – Kitikmeot