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By Licensing Administrative Assistant at 9:56 am, Nov 08, 2011



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TSXV: SRM

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P: 867-975-4290 F: 867-975-4560

E: Bernie.MacIsaac.aandc.gc.ca

Dear Bernie:

RE: Water Licence Inspection, November 1, 2011 – Jericho Diamond Mine, NU, Shear Diamonds Ltd.

As you are aware, Water Resource Officer Andrew Keim conducted an inspection under the Type A Water Licence, 2AM-JER0410, for the Jericho Diamond Mine on November 1, 2011. The public hearing for the renewal of this water licence will be held later this month, November 30th and December 1st with interventions to be submitted by November 15th, 2011.

In fairness to all of the interveners who will be filing their submissions by November 15th, as well as to the Nunavut Water Board and their process, Shear respectfully asks that if the Inspection Report is going to be submitted prior to the public hearing, that it be filed on or before November 15th. This will provide other interveners with an opportunity to review the Inspector's findings and comments and for Shear to prepare any necessary responses. It is our preference to address all information, comments, questions and concerns at the public hearing which requires adequate time to receive submissions and gather the information to compile the necessary responses. This is not possible if new information is presented after November 15th.

We look forward to your response and to receiving the Inspection Report in the near future. Thank you in advance for your attention to this matter.

Sincerely,

SHEAR DIAMONDS LTD.

Stephanie Autut

VP Environment and Community Affairs