



NUNAVUT WATER BOARD WATER LICENCE
ONE YEAR RENEWAL

Pursuant to the Nunavut Waters and Nunavut Surface Rights Tribunal Act and the Agreement Between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in right of Canada, the Nunavut Water Board, hereinafter referred to as the Board, hereby grants to

SHEAR DIAMONDS (NUNAVUT) CORP., A WHOLLY OWED SUBSIDIARY OF
SHEAR DIAMONDS LTD. (Assigned December 1, 2010)

(Licensee)

SUITE 220-17010-103 AVENUE, EDMONTON, ALBERTA T5S 1K7

(Mailing Address)

hereinafter called the Licensee, the right to alter, divert or otherwise use water or dispose of waste for a period subject to restrictions and conditions contained within this Licence:

Licence Number/Type: 2AM-JER0410 Type "A"

Water Management Area: NUNAVUT 07

Location: KITIKMEOT REGION, NUNAVUT

Purpose: INDUSTRIAL WATER USE AND WASTE DISPOSAL

Description: MINING AND PROCESSING

Quantity of Water not to be Exceeded: 350,400 CUBIC METRES ANNUALLY

Date of Licence: DECEMBER 21, 2004

Expiry of Licence: MARCH 1, 2012 (ORIGINALLY DECEMBER 31, 2010
AND RENEWED TO MARCH 1, 2011)

This License issued and recorded at Baker Lake, Nunavut includes and is subject to the annexed conditions.

Thomas Kabloona, Chair
Nunavut Water Board

APPROVED BY: Minister of Indian and
Northern Affairs Canada

EFFECTIVE DATE OF LICENCE: