

(INAC) and the President of KIA indicating the proposed project could proceed subject to NIRB's recommended project-specific terms and conditions.

The current KIA application, the original NIRB Screening Decision Report (11EN009) and related file information are available from the NIRB's ftp site at the following link: <http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2011/>.

PREVIOUSLY-SCREENED PROJECT PROPOSAL:

As previously screened by the NIRB (File No. 11EN009), the "Carat Property" project was located within the Kitikmeot region, approximately 266 kilometres (km) southeast of Kugluktuk and 450 km southwest of Cambridge Bay. The Proponent indicated that it intended to conduct mineral exploration on the Carat Property in order to discover new kimberlites adjacent to the Jericho mine site, as part of the reassessment of the feasibility of re-opening the Jericho mine. The program was proposed to take place from April 2011 to November 2011, with an additional program in 2012 dependent upon the results of the 2011 exploration program.

The activities/components associated with this proposal included:

- Prospecting;
- Rock, till and soil sampling;
- Geological mapping;
- Ground and airborne geophysical surveys;
- On-ice and on-land diamond drilling;
- Test pit trenching, using hand tools and small mechanized equipment;
- Possible bulk sample program;
- Small fuel cache to be located near drill sites;
- Use of helicopter to transport equipment and personnel to drill sites;
- Use of snow machines to transport personnel to drill sites in spring;
- Water removal for use at drill sites; and
- Use of existing Jericho Mine facilities including airstrip, accommodation facilities and incinerator facilities.

CURRENT APPLICATION:

The Polar Property is adjacent to the Carat Property and the objective of the proposed Polar Property program is to evaluate the potential for occurrences of economic concentrations of diamonds. Any discovery of new kimberlites could be highly favourable in the re-assessment of the economics relating to any re-opening of the Jericho mine. The activities proposed for Shear's Polar Property are the same as those included for the exploration program that was screened for the Carat Property, with all activities to be based out of the Jericho Mine camp and using the same equipment and crews. The proposed project activities at the Polar Property also include the following:

- In 2011, removal of all fuel, hazardous waste and/or contaminated material from the Muskox Camp to the Jericho Mine for sorting, disposal and back haul depending on the type of material involved – Future use of Muskox camp to be determined.

Please note that Section 12.4.3 of the NLCA states that:

“Any application for a component or activity of a project proposal that has been permitted to proceed in accordance with these provisions shall be exempt from the requirement for screening by NIRB unless:

(a) such component or activity was not part of the original project proposal; or

(b) its inclusion would significantly modify the project.”

After completing a review of the information provided in support of the current application, the NIRB is of the understanding that the proposed application does not change the general scope of the original Carat Property project activities, and the exceptions noted in NLCA 12.4.3(a) and (b) do not apply. Therefore, this application is exempt from screening as per Section 12.4.3 of the NLCA and the activities therein remain subject to the terms and conditions recommended in the original May 2, 2011 Screening Decision Report (enclosed).

If you have any questions or concerns, please contact Sophia Granchinho, Technical Advisor, at (867)-793-4633 or sgranchinho@nirb.ca.

Sincerely,



Ryan Barry
Director, Technical Services

for:

Stephanie Autut
Executive Director

cc: Allison Rippin Armstrong, Shear Diamonds (Nunavut) Corp.
Michelle Tanguay, Shear Diamonds (Nunavut) Corp.
Phyllis Beaulieu, Nunavut Water Board

Enclosed: NIRB Screening Decision Report, File No.: 11EN009 (May 2, 2011)