

c/o 220 - 9797 - 45th Avenue
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June 2, 2005

SENT VIA EMAIL

David Hohnstein
Technical Advisor Mining
Nunavut Water Board
Gjoa Haven, NU X0B 1J0
Tel: (867) 360-6338
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RE: Information Requested – Water Licence NWB2CHU Renewal Application

Dear David;

Thank you for your letter dated May 18, 2005 regarding our application for a renewal to our Water Licence NWB2CHU. We will address each of the points raised and have attached a revised Abandonment and Restoration Plan and Spill Contingency Plan. We have also attached a map showing the camp location (along with airstrip, water source for camp and proximal fuel caches), a map showing potential drill target and fuel cache locations, a diagram of the camp layout and some photos of the camp as it is currently standing.

The name under which the renewal application is being made has been changed from 4579 Nunavut Ltd. to Shear Minerals Ltd. We have attached the revised renewal application form with this change along with a revised supplementary questionnaire.

The camp location was moved following concerns raised by the community of Chesterfield Inlet. The camp is still located on Josephine Lake, however, the location was moved to avoid any disturbance of spawning ground for char. Shear Minerals worked very closely with Chesterfield Inlet in choosing the new location. Shear Minerals provided criteria needed for a camp to the community and they chose the new location based on those criteria and at the same time satisfied their concerns. It was our understanding (verbally) that an amendment would not be required as our current water licence was due to expire and that a new water licence could be issued prior to our existing water licence expiring. We have since discovered, through conversations with you, that this is not the case. Please be assured that it was our understanding that we were following the proper protocol. We submitted our renewal application well in advance on January 7, 2005 and then re-submitted on March 15, 2005. The new camp location coordinates are, N 63° 12' 25.7", W 91° 14' 58.2", (Northing 7009670, Easting 588034).

We have updated the Supplementary Questionnaire to address your questions with regard to water supply and quantity. This is attached. We have also attached a map showing potential drill targets. Please keep in mind when reviewing this map that these are potential targets, not all of these targets will be drilled. At this time we cannot provide exact locations for water sources as many of the lakes and ponds freeze to or near the bottom. In these circumstances we haul water in a tank for drilling. We also haul water for those drill targets that are not located near a water source. The water source for the camp is Josephine Lake as illustrated on the attached map. The coordinate for this source is N 63° 12' 29.2", W 91° 14' 51.3", (Northing 7009782, Easting 588127E).

As previously mentioned, Pacto toilets are in use at the camp. The bags are being removed from site and taken to Rankin Inlet for disposal in a pre-approved area within the landfill designated for septic waste. As the camp is located within the range for polar bears, it is our preference to remove sewage waste for disposal rather than burning or burying. Other materials removed for disposal from site are taken to Rankin Inlet. Only materials approved for disposal in the landfill are taken there. No materials are buried at the site. All combustible wastes are incinerated and any non-combustible wastes are taken back to Rankin Inlet for sorting and/or disposal.

We have revised the Abandonment and Restoration Plan and the Spill Contingency Plan. Below is a table summarizing the fuel caches:

Location: (UTM Nad 27, Zone 15V)

CACHE_NO	EASTING	NORTHING	Lat d m s.	Long d m s.	# of drums
1	599702	7007489	63 11 04.3	91 01 08.3	1
9	531755	7017720	63 17 19.5	92 22 00.6	3
10	550361	7015973	63 16 15.4	91 59 47.2	18
11	528705	7032732	63 25 25.4	92 25 29.9	19
13	582081	6993433	63 03 46.4	91 22 33.5	4
14	600794	6990753	63 02 02.8	91 00 27.4	8
15	576775	7008268	63 11 49.7	91 28 26.2	25
16	597026	7003478	63 08 57.4	91 04 28.2	25
KD702	594049	7003549	63 12 20.2	91 07 47.9	4
Sedna_Camp	588034	7009670	63 12 25.7	91 14 58.2	150

There are two large spill kits, one at the fuel cache at Sedna camp and one with the drill. There is also an empty drum kept at each fuel cache to be used in the event of a damaged drum as well as additional absorbent pads.



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Below is the inventory of products stored at camp:

Product	Quantity - May 31, 2005
Jet B (10 gallon)	4
Jet B (drum)	85
Diesel	114
Gasoline	3
Propane (100 lb)	45
Propane (20 lb)	6

Thank you for providing advice and examples to us for the completion of the Spill and Abandonment and Restoration plans.

To summarise, this package contains:

- Cover letter
- Revised water licence application form
- Revised supplementary questionnaire
- Revised Spill Contingency Plan
- Revised Abandonment and Restoration Plan
- Map illustrating potential drill targets and fuel cache locations
- Map showing camp location, water source location for camp and the airstrip
- Diagram of camp layout
- Photos of the camp

Should you require any further information, please do not hesitate to contact Allison Armstrong.

Sincerely,



Pamela Strand, P.Geol.
President
Shear Minerals Ltd. &
4579 Nunavut Limited



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