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June 19, 2008

Phyllis Beaulieu
Licensing Manager
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU X0E 1J0

Sent via email, original to follow via courier

Dear Phyllis Beaulieu;

**RE: WATER LICENCE RENEWAL FOR NWB2CHU0508, CHURCHILL DIAMOND PROJECT,
SHEAR MINERALS LTD.**

Please find attached the completed copy of the water licence renewal and amendment application along with a cheque for \$60.00 (water use fees and administration fees).

This package includes:

- Completed water licence application form
- Supplementary Questionnaire
- Maps, general location, permits and claims and proposed locations of work
- 2008 Workplan that was submitted to the KIA and INAC (on CD)
- Non-technical summary (in English, and Inuktitut)
- Spill Contingency Plan
- Abandonment and Reclamation Plan
- Environmental Procedures Plan
- Cheque for required fees

A CD is enclosed with all of the above mentioned documents. Due to the size of the Spill Contingency Plan, Abandonment and Reclamation Plan, Environmental Procedures Plan and the 2008 Workplan, these documents are provided on the CD only.

If you have any further questions or require any additional information, please do not hesitate to contact Melodie Sammurtok, Environment Management at (867) 645-2444, or by email, melodie@shearminerals.com.

Sincerely,

Pamela Strand, P.Geol.
President and CEO
Shear Minerals Ltd.



Effective June 16, 2006

P.O. Box 119
GJOA HAVEN, NU X0B 1J0
TEL: (867) 360-6338
FAX: (867) 360-6369

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NUNAVUT IMALIRIYIN KATIMAYINGI
NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

WATER LICENCE APPLICATION FORM

Application for: (check one)

☐ New ☒ **Renewal** ☐ Amendment ☐ Assignment ☐ Cancellation

LICENCE NO:
(for NWB use only)

1. NAME AND MAILING ADDRESS OF APPLICANT/LICENSEE <u>Pamela Strand, President & CEO</u> <u>Shear Minerals Ltd.</u> <u>Suite 100, 9797 45th Ave.</u> <u>Edmonton, AB, Canada</u> Phone: <u>(780) 435-0045</u> Fax: <u>(780) 989-0322</u> e-mail: <u>pstrand@shearminerals.com</u>	2. ADDRESS OF CORPORATE OFFICE IN CANADA (if applicable) _____ Phone: _____ Fax: _____ e-mail: _____								
3. LOCATION OF UNDERTAKING (describe and attach a topographical map, indicating the main components of the Undertaking) Latitude: <u>(63°0'0" N)</u> Longitude: <u>(93°2'0" W)</u> NTS Map Sheet No. <u>55 J, K, N, O</u> Scale: <u>1:150,000</u>									
4. DESCRIPTION OF UNDERTAKING (attach plans and drawings) <u>This is a diamond exploration program located between Rankin and Chesterfield Inlet within the Kivalliq Region of Nunavut. Water is required to support a 40 person camp and a diamond drill program.</u>									
5. TYPE OF PRIMARY UNDERTAKING (A supplementary questionnaire <u>must</u> be submitted with the application for undertakings listed in " bold ") <table><tr><td><input type="checkbox"/> Industrial</td><td><input type="checkbox"/> Agricultural</td></tr><tr><td><input checked="" type="checkbox"/> Mining and Milling(includes exploration/drilling)</td><td><input type="checkbox"/> Conservation</td></tr><tr><td><input type="checkbox"/> Municipal (includes camps/lodges)</td><td><input type="checkbox"/> Recreational</td></tr><tr><td><input type="checkbox"/> Power</td><td><input type="checkbox"/> Miscellaneous (describe below):</td></tr></table>		<input type="checkbox"/> Industrial	<input type="checkbox"/> Agricultural	<input checked="" type="checkbox"/> Mining and Milling (includes exploration/drilling)	<input type="checkbox"/> Conservation	<input type="checkbox"/> Municipal (includes camps/lodges)	<input type="checkbox"/> Recreational	<input type="checkbox"/> Power	<input type="checkbox"/> Miscellaneous (describe below):
<input type="checkbox"/> Industrial	<input type="checkbox"/> Agricultural								
<input checked="" type="checkbox"/> Mining and Milling (includes exploration/drilling)	<input type="checkbox"/> Conservation								
<input type="checkbox"/> Municipal (includes camps/lodges)	<input type="checkbox"/> Recreational								
<input type="checkbox"/> Power	<input type="checkbox"/> Miscellaneous (describe below):								

See Schedule II of *Northwest Territories Waters Regulations* for Description of Undertakings

6. WATER USE

- ☒ To obtain water
 ☐ Flood control
☐ To cross a watercourse
 ☐ To divert a watercourse
☐ To modify the bed or bank of a watercourse
 ☐ To alter the flow of, or store, water
☐ Other (describe):

7. QUANTITY OF WATER INVOLVED (cubic metres per day including both quantity to be used and quantity to be returned to source)

Water use ☒ 100m³/day or less
☐ Greater than 100m³/day; if greater, indicate quantities to be used for each purpose (camp, drilling, etc.)

Water returned to source
0 m³/day

8. WASTE (for each type of waste describe: composition, quantity (cubic metres per day), methods of treatment and disposal, etc.)

- ☒ Sewage
 ☐ Waste oil
☒ Solid Waste
 ☒ Greywater
☐ Hazardous
 ☒ Sludges
☐ Bulky Items/Scrap Metal
 ☒ Other describe): Drill water

9. OTHER PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING (give name, mailing address and location; attach if necessary)

Land Use Permit
 DIAND

☒ Yes ☐ No If no, date expected _____

Regional Inuit Association

☒ Yes ☐ No If no, date expected _____

Commissioner

☐ Yes ☒ No If no, date expected _____

10. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION MEASURES (direct, indirect, cumulative impacts, etc.)

NIRB Screening ☒ Yes ☐ No If no, date expected _____

11. INUIT WATER RIGHTS

Will the project or activity substantially affect the quality, quantity, or flow of water flowing through Inuit Owned Lands and the rights of Inuit under Article 20 of the Nunavut Land Claims Agreement?

This project will not affect the quality, quantity or flow of water flowing through IOL.

If yes, has the applicant entered into an agreement with the Designated Inuit organization to pay compensation for any loss or damage that may be caused by the alteration. If no compensation agreement has been made, how will compensation be determined?

12. CONTRACTORS AND SUB-CONTRACTORS (name, address and functions)

APEX Geoscience Ltd., #200, 9797-45 Ave., Edmonton, AB T6E 5V8 – Geological services
 Great Slave Helicopters, 106 Dickens Street, Yellowknife NT X1A 2R3 – Helicopter support
 Ken Borek Air, Rankin Inlet - Fixed wing support
 Major Drilling Group International Inc. – Drilling services
 Kowmuk Expediting Services - expeditor

13. STUDIES UNDERTAKEN TO DATE (list and attach copies of studies, reports, research, etc.)

A Traditional Knowledge Study began in 2006 and is on-going. This Study is the property of the communities of Rankin and Chesterfield Inlet.

14. THE FOLLOWING DOCUMENTS MUST BE INCLUDED WITH THE APPLICATION FOR THE REGULATORY PROCESS TO BEGIN

Supplementary Questionnaire (where applicable: see section 5) ☒ Yes ☐ No If no, date expected _____

Inuktitut and/or Inuinnaqtun/English Summary of Project ☒ Yes ☐ No If no, date expected _____

Application fee of \$30.00 (Payee Receiver General for Canada) ☒ Yes ☐ No If no, date expected _____

Water Use fee of \$30.00 (unless otherwise indicated in Section 9 of the *NWT Waters Regulations*; Payee Receiver General for Canada)

☒ Yes ☐ No If no, date expected _____

15. PROPOSED TIME SCHEDULE (unless otherwise indicated, the NWB will consider the application for a five (5) year term)

☐ one year or less (or) ☒ Multi Year

Start Date: _____ Completion Date: _____

Pamela Strand
Name (Print)

President & CEO
Title (Print)

Pamela Strand
Signature

June 19, 2008
Date

For Nunavut Water Board office use only

APPLICATION FEE Amount: \$ _____ Pay ID No.: _____

WATER USE DEPOSIT Amount: \$ _____ Pay ID No.: _____