



NIRB File No.: 07EN023
INAC File No.: N2009C0002

March 3, 2011

Honourable John Duncan
Minister of Indian and Northern Affairs Canada
c/o Jeff Mercer
Manager Land Administration
Indian and Northern Affairs Canada
Iqaluit, NU

Via email: jeff.mercer@inac-ainc.gc.ca; landsmining@inac-ainc.gc.ca

Re: Application exempt from Screening Pursuant to Section 12.4.3 of the NLCA: Shear Diamonds Ltd.'s "Churchill Diamond" Project

Dear Jeff Mercer:

On February 25, 2011 the Nunavut Impact Review Board (NIRB or Board) received an application from Indian and Northern Affairs Canada (INAC) for an extension to INAC Land Use Permit N2009C0002 for Shear Diamonds Ltd.'s "Churchill Diamond" project proposal.

Please be advised that the original project proposal (NIRB File No.: 07EN023) was received by the NIRB from INAC on February 5, 2007 and was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On March 30, 2007 the NIRB issued the enclosed NLCA 12.4.4(a) screening decision to the Minister of INAC which indicated the proposed project could proceed subject to the NIRB's recommended project-specific terms and conditions.

On January 3, 2007 the NIRB received an extension request from INAC for the above mentioned project. After a thorough assessment of the extension request, the NIRB determined that the application was exempt from further screening as per Section 12.4.3 of the NLCA, and reissued the enclosed screening decision report on January 11, 2007. On February 12, 2009 the NIRB received a second extension request from INAC for this file and, following a thorough assessment of the request, the NIRB determined that the application was exempt from further screening as per Section 12.4.3 of the NLCA, and reissued the enclosed screening decision report on February 13, 2009.

The current INAC application, the original NIRB Screening Decision Report (07EN023) and related file information are available from the NIRB's ftp site at the following link:

PREVIOUSLY-SCREENED PROJECT PROPOSAL:

As previously screened by the NIRB (File No. 07EN023), the “Churchill Diamond” project was located within the Kivalliq region, approximately 30 kilometres (km) from the hamlet of Chesterfield Inlet. The Proponent indicated that it intended to conduct exploration for mineral deposits in the area surrounding Chesterfield Inlet.

The activities/components associated with this proposal included:

- Bulk sampling;
- Geoscientific sampling by trenching;
- Blasting;
- Excavation;
- Till sampling conducted by foot and supported by helicopter;
- Geological mapping conducted by foot and supported by helicopter;
- Geophysical surveys conducted by foot and supported by helicopter;
- Diamond drilling activities supported by helicopter;
- Fuel and chemical transportation;
- Temporary fuel storage – to be removed at the end of the field season;
- Permanent fuel storage – to remain for the life of the authorization;
- Aircraft use for surveys and pick up and drop off of personnel;
- Use of on-site mechanized vehicles;
- Use of a Right-of-Way trail for the transportation of project equipment;
- Water use and waste deposition;
- Explosives storage;
- Soil disposal/soil storage;
- Abandonment and site restoration; and,
- Use of camp at Josephine River.

CURRENT APPLICATION:

Shear Diamonds Ltd. is currently proposing extend its Land Use Permit (N2009C0002) with INAC for this project. No additional activities have been proposed at this time.

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 extension does not change the general scope of the original 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 March 30, 2007 Screening Decision Report (enclosed).

If you have any questions or concerns, please contact Amanda Hanson, Technical Advisor, at 867-983-4615 or ahanson@nirb.ca.

Sincerely,

A handwritten signature in black ink, appearing to read 'Stephanie Autut', with a stylized flourish at the end.

Stephanie Autut
Executive Director

cc: Pamela Strand, Shear Diamonds Ltd. (pstrand@shearminerals.com)
Allison Rippin Armstrong, Shear Diamonds Ltd. (ar_enviro@yahoo.ca)
Phyllis Beaulieu, Nunavut Water Board (licensing@nunavutwaterboard.org)

Enclosed: NIRB Screening Decision Report, File No.: 07EN023 (March 30, 2007)