



Water Resources Division
Nunavut Regional Office
P.O. Box 100
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Our File: / CIDMS
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July 31, 2008

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
PO Box 119
Gjoa Haven NU X0B 1J0

**Refer: 2BE-CHU0508 – Shear Minerals Ltd. / Churchill Diamond Project /
Type B Licence Application for Renewal**

Please be advised that Indian and Northern Affairs Canada (INAC) has reviewed the Type B Water License Application for Renewal submitted by Shear Minerals Ltd for the Churchill Diamond Project. In conducting the review, INAC has referred to the documents on the NWB's FTP-site under 2BE-CHU.

The following recommendations are provided for consideration by the Nunavut Water Board during its review/approval of Shear Minerals Ltd application for renewal.

Spill Contingency Plan

- Under sections 3.1 and 3.3 of the Churchill Diamond Project Spill Contingency Plan, Shear Minerals should correct the contact information for the DIAND Water Resources Inspector. The telephone number should be (867) 975-4289 rather than (867) 975-4298.
- The Proponent should include the date which the Spill Contingency Plan was created, as well as any revision dates.

Monitoring

- The current water quality monitoring program requirements should be expanded to include the collection of basic water quality data at the water sources downstream of each drill site. Using a calibrated field meter or other approved method, a total of three (3) parameters (pH, water temperature, and conductivity) should be collected / analysed upstream and downstream of each drill prior to and upon completion of drilling activities. The information should be provided to the Nunavut Water Board in the Proponent's annual report. If pH or conductivity changes significantly (ie., the order on one magnitude as a minimum), the Proponent should provide a report to the NWB advising of the reasons why the change occurred and, if related to drilling activities, advise of any mitigation measures that were undertaken.



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

- If drilling extends through the permafrost base, INAC recommends the Board request the Proponent to provide the depth and location of the permafrost in their annual report to the Board.

Should you have any questions or comments, please do not hesitate to contact me at (867) 975-4566 or by email at trenholmt@inac.gc.ca

Sincerely,

Originally signed by

Tanya Trenholm
Pollution Policy Specialist

Cc. Kevin Buck, Manager of Water Resources – Indian and Northern
Affairs Canada