



INAC Nunavut Regional Office  
Field Operations  
P.O. Box 100, Iqaluit, Nunavut, X0A 0H0

Submitted via Email  
Our File: 2BE-CHU0813  
CIDM #: 440120

February 10, 2011

Ms. Pamela Strand, President & CEO  
Shear Minerals Ltd  
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**Re: Inspection of Water Licence 2BE-CHU0813**

Ms. Strand,

Please find enclosed the water licence inspection report for the above referenced site, conducted on July 19, 2010. A copy of this document is to be kept on site (i.e.: main base of camp operations) for future reference and provided to the Water Resource Officer or Inspector upon request.

Please read the entire inspection report; in particular, all comments and observations with respect to any identified areas of concern and non-compliance with the water licence and the Nunavut Water and Nunavut Surface Rights Tribunal Act (herein referred to as "the Act").

Subject to the Act, you will be required to submit a response, satisfactory to the Inspector, which addresses any concerns and/or non-compliance issues identified within this report.

Any work the company undertakes to correct deficiencies noted in this report (or outstanding from previous inspections) are to be documented and provided to the Inspector, as well as included in the Annual Report submitted to the Nunavut Water Board.

The water licence and inspection reports should be made available to all camp staff on site, where the licence is to be reviewed on an ongoing basis or at a minimum at the opening of your camp each year. This will ensure everyone is familiar with the requirements of the licence terms and conditions.

Should you have any concerns with respect to this report or the conditions of your water licence and require more information or clarification please contact the undersigned. Please feel free to contact our office with any questions you may have.

Sincerely,

**Original signed by:**

Peter Kusugak  
Manager of Field Operations, Nunavut Regional Office  
Indian & Northern Affairs Canada  
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WATER USE INSPECTION REPORT

Date: July 19, 2010	Licensee Rep. (Name/Title): Site inactive on inspection
Licensee: Shear Minerals Ltd	Licence No.: 2BE-CHU (Josephine Lake/Sedna Camp)

WATER SUPPLY

Source(s): Josephine Lake	Quantity used: NA
Owner:/Operator: Shear Minerals	

Indicate: A - Acceptable U - Unacceptable NA - Not Applicable NI - Not Inspected

Intake Facilities: NI	Storage Structure: NI	Treatment Systems: NI	Chemical Storage: NI
Flow Meas. Device: NI	Conveyance Lines: NI	Pumping Stations:	Screen : NI

Comments: Site inactive during inspection –no water use.

WASTE DISPOSAL

Sewage:

Natural Water Body: NA	Continuous Discharge (land or water): NA	
Seasonal Discharge: NA	Wetlands Treatment: NA	Trench: NA

Indicate: **A** - Acceptable   **U** - Unacceptable   **NA** - Not Applicable   **NI** - Not Inspected

Discharge Quality: NA	Decant Structure: NA	Erosion: NA
Discharge Meas. Device: NA	Dyke Inspection: NA	Seepages: NA
Dams, Dykes: NA	Freeboard: NA	Spills: NA
Construction: NA	O&M Plan: NI	A&R Plan: NI
Discharge: NA	Effluent Discharge Rate: NA	

Comments: Camp closed on inspection.

Solid Waste:

Landfill: NA	Burn & Landfill: NA	Other: Incinerator on site
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Comments: Camp closed on inspection: some issues with wastes stored on site.

There were multiple open barrels and containers filling up with water (improperly covered): some of these barrels contained an oily substance and a dead bird was found floating inside one (drums on a pallet, located between pink driller shack and Major drilling shack).

Also, in the same location, there were a number of barrels left upside down directly on the ground, presumably left to drain.

FUEL STORAGE:

Indicate: A - Acceptable U - Unacceptable NA - Not Applicable NI - Not Inspected

Berms & Liners: A	Water within Berms: U	Evidence of Leaks: No
Drainage Pipes: NA	Pump Station & Catchments Berm: NA	
Pipeline Condition: NA	Condition of Tanks: NA	

Comments: Fuel stored on site was inspected; tent heating drums with secondary containment berms were filled with water. Two of these containment berms contained dead birds (presumably drowned).

- 5 fuel drums were located near a pond –these are to be relocated.
- Not all fuel cached at the camp was stored in secondary containment (as per Part H, sec. 7 of Water Licence): 1) there was a cache of approx. 29 drums (uncontained) located near another cache which was secured under a grey tarp just outside the camp. 2) airstrip near camp: one cache secured under tarps; another without containment. 3) esker strip: one cache secured under tarps; another without, labelled as “used drums” –clarification is to be provided as to the use and content of these drums, as well as plan for disposal.

Several large fuel caches were identified: drums were stored within berms and securely covered with large grey tarps. Only concern is that these caches should be better marked for easier visual identification (i.e. reflective material could be used). Coordinates for all fuel caches are to be provided to the Inspector and included within the Annual Report.

**SURVEILLANCE NETWORK PROGRAM (SNP)**

Samples Collected		Owner /Operator: NA	
0		INAC:. NA	
Signs Posted	SNP: No		Warning: No
Records & Reporting: NA at time of inspection			
Geotechnical Inspection: NA			

**OTHER:** Site was very wet during inspection; there was evidence of rutting of the tundra due to previous activity away from designated pathways. These areas should be backfilled or reinforced to prevent further degradation of the tundra.

**Issues/Non-Compliance of Act or Licence:** Licensee is to confirm monitoring schedule intended for the site(s) and is to secure all seasonally unattended fuel inside secondary containment.

- All wastes are to be securely covered if not removed from site seasonally
- Fuel drums cannot be left to drain on the tundra: licensee is to confirm whether this practice is taking place and, if so, to correct immediately.
- Coordinates confirming all locations of cached fuel are to be provided.

Melissa Joy

Inspector’s Name

Sent by E-mail

Inspector’s Signature