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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI

File No: NWB2CHU0305 Type “B”

May 26, 2004

Pamela Strand
President, Shear Minerals Ltd.
Suite 220, 9797-45th Avenue
Edmonton, AB
E-mail: pstrand@compusmart.ab.ca

RE: Amendment 1 to NWB2CHU0305 Type “B”

Dear Ms. Strand:

Please find attached Amendment 1 to License No. NWB2CHU0305 Type “B” issued to Shear Minerals Ltd. by the Nunavut Water Board (**Motion #: 2004-04**) pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters and Nunavut Surface Rights Tribunal Act*. The terms and conditions of the original Licence related to water use and waste disposal remain an integral part of this approval.

Sincerely,

Original signed by:

Philippe di Pizzo
Executive Director

Enclosure: Licence No. **NWB2CHU0305 Type “B”-Amendment 1**

cc: Elizabeth Sherlock, DIAND Iqaluit
Constantine Bodykevich, DIAND Inspector
Scott Stewart, DIAND Inspector
Tongola Sandy, Kivalliq Inuit Association
Josee Gallipeau, Nunavut Wildlife Management Board
Colette Meloche, Environment Canada
Joel Holder, Department of Sustainable Development
Derrick Moggy, Department of Fisheries and Oceans

LICENCE AMENDMENT No. 1

Licensee:	Shear Minerals Ltd.
License No:	NWB2CHU0305 Type "B"
License Issued:	June 5, 2003
Effective Date:	May 20, 2004

Pursuant to its authority under Article 13 of the *Agreement between the Inuit of the Nunavut Settlement Area and Her Majesty the Queen in Right of Canada* and the *Nunavut Waters* and the *Nunavut Surface Rights Tribunal Act*, the Nunavut Water Board hereby grants the following license amendment.

The License issued June 5, 2003 shall be amended to include the following terms and conditions to allow Shear Minerals Ltd. to undertake camp operation activities on the Churchill Property campsite (63°04'N; 91°48'W). This Amendment shall also allow for Shear Minerals Ltd. to undertake drilling operations at the locations indicated in the Application filed on January 12, 2004, and illustrated on the Churchill Diamond Property 2004 Land Use Map (December, 2003).

PART A: SCOPE, DEFINITIONS & ENFORCEMENT

Insert Item 1 **"Emergency Response Plan"** means the approved "Shear Minerals Ltd. Spill Contingency Plan for Camps and Remote Operations (December 2003)" developed to deal with unforeseen events during camp operation and drilling activities;

"Greywater" means all liquid wastes from showers, baths, sinks, kitchens and domestic washing facilities, but does not include toilet wastes;

"Sewage" means all toilet wastes and greywater;

"Sewage Treatment Facilities" comprises the designed to contain and treat sewage as described in the Application for Water Licence filed by the Applicant on January 12, 2004;

"Toilet Wastes" means all human excreta and associated products, but does not include greywater;

PART C: CONDITIONS FOR THE USE AND PROTECTION OF WATER

Amend Item 1 Water use for each drill unit shall not exceed 50 cubic meters per day. The Licensee shall obtain water for camp operations from the un-named water supply lake adjacent to the Churchill Property camp site, to a maximum of 10 cubic metres *per* day.

PART D: CONDITIONS APPLYING TO WASTE DISPOSAL

Insert Item 3 The Licensee shall discharge and contain all greywater in a sump located at least thirty (30) metres from the high water mark of any water body, at a site where direct flow into a water body is not possible and no additional impacts are created.

Insert Item 4 The Licensee shall discharge all sewage into latrine pits located at least thirty (30) metres from the high water mark of any water body. These latrine pits shall be treated with lime and covered with 0.5 m of sand prior to abandonment.

PART F: CONDITIONS APPLYING TO SPILL PREVENTION AND CONTINGENCY PLANNING

Amend Item 1 The Licensee shall revise the approved Emergency Response Plan to reflect the following:

- i. The addition of Environment Canada personnel in Iqaluit at 867-975-4639 to the spill response contact list for Nunavut;
- ii. The notification of the DIAND Water Resources Inspector in Nunavut at (867) 975-4298 following the occurrence of any spill of chemicals, petroleum products or waste associated with the project;
- iii. The location (including GPS and map sheets coordinates) of all fuel storage areas associated with the undertaking;
- iv. The provision of a diagram indicating the camp layout, including the location of spill response kits and additional spill response resources; and
- v. The inclusion of spill response training requirements (including training exercises) for both Shear Minerals Ltd. personnel and site contractors.

Amend Item 2 The information required in Part F, Item 1 shall be submitted as an addendum to the approved Plan within thirty (30) days of issuance of this amendment.

PART I: CONDITIONS FOR CAMPS AND ACCESS INFRASTRUCTURES

Insert Item 1 The Licensee shall not erect camps or store material on the surface of frozen streams or lakes except what is for immediate use. Camps shall be located such as to minimize impacts on surface drainage.

Insert Item 2 All activities shall be conducted in such a way as to minimize impacts on surface drainage and the Licensee shall immediately undertake any corrective measures in the event of any impacts on surface drainage.

Insert Item 3 Winter lake and stream crossings, including ice bridges, shall be constructed entirely of water, ice or snow; stream crossings shall be removed or notched prior to spring break-up.

Insert Item 4 With respect to access road and pad construction or other earthworks, the deposition of debris or sediment into any water body is prohibited. These materials shall be disposed of above the high water mark in such a fashion that they do not enter the water.

All terms and conditions of the License NWB2CHU0305 Type ‘B’ dated June 5th, 2003 still apply.

This License Amendment issued and recorded at Gjoa Haven on May 20, 2004.

Approved by,

Original signed by:

Philippe di Pizzo
Executive Director