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NUNAVUT WATER BOARD NUNAVUT IMALIRIYIN KATIMAYINGI

March 23, 2005

File No: NWB1JER0410/TR

Gregory G. Missal Vice President, Government and Regulatory Affairs Tahera Diamond Corporation 803 - 121 Richmond Street West Toronto, Ontario M5II 2K1

Subject:

Proposed Process Review and Approval of Submissions under Licence NWB1JER0410

Dear Mr. Missal:

On December 22, 2004, the Nunavut Water Board (NWB) issued License NWB1JER0410 authorizing Benachee Resources Incorporated ("BRI"), a wholly owned subsidiary of Tahera Diamond Corporation, to use water and dispose of water in relation to the operation of the Jericho Diamond Mine. As required, the License was approved by the Minister on January 25, 2005.

The License was issued subject to restrictions and conditions contained within the License. When the conditions for this License were established, the NWB was guided by the objects of the Nunavut Water and Nunavut Surface Rights Tribunal Act (NWNSRTA) and the NIRB Project Certificate¹. In the NWB Reasons for Decision, a number of specific conditions in the NIRB Project Certificate were cited as relating directly or by implication to the water license². At the time the License was issued, the NWB stated its belief that it is necessary to proceed "proactively and carefully in the face of scientific uncertainties resulting from the newness of the project and conflicting opinions from the parties and federal authorities on matters of water science, engineering and technology."3

Accordingly, Licence NWB1JER0410 requires Benachec Resources Inc. ("BRI") to file for NWB approval several important documents, as listed hereafter, before the mine could be built, operated, and abandoned:

Part D, Item 1:

Detailed Mine Plan (Review)

Part D, Item 2:

Design Plans and Drawings for dams, dykes or retention structures

Part D, Item 4;

Borrow Management Plan (Review)

Part D, Item 5:

Processed Kimberlite Containment Area Design Plan

Part H, Item 1:

Processed Kimberlite Containment Area Management Plan

Part D, Item 6:

Landfill Design Plan

Part D, Item 7:

Landfarm Design Plan

Part D, Item 8:

Waste Water Treatment Plant Design Plan

¹ Nunavut Water Board, Reasons for Decision Including Record of Proceedings (Benachee Resources Incorporated), December 22, 2004, at p. 8. [Hereinafter "Reasons for Decision."].

²Reasons for Decision, at FN 33-37. Citing monitoring (NIRB Project Certificate Conditions No. 6 and 7), fish and aquatics (NIRB Project Certificate Conditions No. 19-21), environmental management (NIRB Project Certificate Conditions No. 25, 29-37), abandonment and restoration (NIRB Project Certificate Conditions No. 41) and others (NIRB Project Certificate Conditions No. 50 and 52). ³ Reasons for Decision, at p. 9.

Part H, Item 5: Landfill O&M Plan(s) for the Landfill, Landfarm and Waste Water Treatment

Plant

Part D. Item 9: Site Water Management Facilities Design Plan and

Part F, Item 1: Site Water Management Plan

Part D, Item 10: Ore Stockpile, Coarse Processed Kimberlite, Recovery Rejects Stockpile, Waste

Rock #1, and Waste Rock #2 Design Plan(s)

Part H, Item 4: Recovery Plant Rejects Characterization

Part D, Item 11: Collection Ponds Design Plan

Part D, Item 12: Fuel Storage and Containment Facilities Design Plan

Part D, Item 13: Long Lake Dewatering Plan
Part D, Item 14: Explosives Management Plan
Part D, Item 15: Causeway Design Plan
Part D, Item 16: C1 Diversion Design Plan
Part H, Item 3: Waste Rock Management Plan

Part J. Item 1: Contingency Plan

Part K, Item 11: Annual Geotechnical Inspection Report (Review)

Part L, Item 1: General Monitoring Plan

Part L, Item 5: Quality Assurance/Quality Control Plan (Review)

Part L, Item 10: Aquatic Effects Monitoring Plan

Part L, Item 14: Monthly Monitoring Reports (Review)
Part M, Item 2: Interim Closure and Reclamation Plan

Part M, Item 5: Proposed Final Closure and Reclamation Plan Part M, Item 7: Mine Closure Reclamation Liability Estimate

The NWB recognizes the importance of this project for Nunavut in general and the Inuit of the Kitikmeot in particular, and believes that the public must be involved throughout the review and approval of these submissions. To this end, the NWB is proposing to hold written hearings before approving these submissions, which will result in a fair and expeditious process. However, the NWB reserves the right to convene a public hearing on any of these submissions if determined to be in the public interest, in which case the NWB Rules of Practice and Procedure for Public Hearings will apply.

As a general rule, and unless the NWB decides otherwise, the NWB will give interested persons at least thirty days from the time a submission has been deemed complete by the NWB, to make representations. During that period, the NWB may decide to hold technical and community meetings to facilitate the exchange of information and the resolution of issues between BRI and interested persons. After reviewing the representations submitted before the deadline, the NWB will give BRI at least ten days to respond or provide additional information. The NWB will then meet to review all submissions and make a decision in a timely fashion.

The NWB will issue additional procedural instructions, including deadlines for representations and rebuttal and dates of technical and community meetings, regarding each submission as they are filed with the NWB.

Please contact the NWB should you have any questions or concerns.

Sincerely,

Original signed by:

Philippe di Pizzo Executive Director

c.c. Distribution List

Jericho

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NWB Licensing Administrator

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