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1.0 INTRODUCTION

Tahera Diamond Corporation (Tahera) received a Project Certificate by the Nunavut Impact Review Board (NIRB) on July 2004. The Jericho Diamond Mine (Jericho) is situated in the West Kitikmeot region about 430 km southwest of Cambridge Bay (Iqaluktuutiaq) and 240 km southeast of Kugluktuk. Tahera commenced construction of the mine in 2005 and full operation was underway by July 2006. A total of 295,579 carats of diamonds were produced by the mine in 2006.

Pursuant to the Project Certificate, the NIRB is required to monitor the project in accordance with Section 12.7.1 of the Nunavut Land Claims Agreement (NLCA). As a result, the following report has been prepared. The report is based on the following:

- An assessment of the successes and failures of the terms and conditions of Tahera's Jericho Project Certificate;
- The adequacy of the monitoring program and on the ecosystemic and socio-economic impacts of the diamond mine project; and,
- Appendix D issued to Tahera on October 3, 2006, which gives direction to both Tahera and the Monitoring Officer for the monitoring of the Jericho Project¹.

¹ Appendix D was revised in August 2007 as the previous requirements were unclear and has led to problems with receiving the required information to monitor the project and to provide a meaningful monitoring report to the Board. The revised Appendix D is currently under review.

2.0 MONITORING RESULTS

2.1. Compliance Monitoring by Authorizing Agencies

2.1.1. Indian and Northern Affairs Canada

Indian and Northern Affairs Canada (INAC) is responsible for issuing Tahera Crown land leases for the Jericho Diamond Mine. INAC have incorporated relevant terms and conditions from the Jericho Project Certificate into the land leases and they are part of the compliance inspections conducted by INAC. In addition, even though INAC does not issue water licences, they are responsible for the compliance inspections with respect to the licence issued by the Nunavut Water Board (NWB). An inspection was conducted last year (August 2, 2006) at the Tahera mine site for compliance with the water licence. The following was noted by INAC:

- elevated levels of ammonia in the water samples;
- dykes and dams not built up to final heights;
- the Southeast dam construction was stalled at the key trench stage;
- the North dam spillway was not yet constructed;
- fencing was required around the bulk fuel storage area to prevent caribou from entering the tank farm; and
- possible evidence of landfarming.

A follow-up inspection by INAC occurred in late September of 2007 to evaluate the changes that Tahera has put in place and to determine compliance. A summary of the results from this inspection was not available at the time of the writing of this report.

Recommendation #1: INAC provide a summary report to NIRB on the results from the follow-up inspection that occurred at Tahera in 2007.

The INAC inspector also went to site to determine the status of three fuel spills that occurred between April 1, 2006 and March 31, 2007. A summary of the spills inspected by INAC are presented in Table 1.

Table 1
Spills inspected by INAC (2006 to 2007)

| Date of occurrence | Spill | Tahera clean-up procedure | Follow up required |
|----------------------------------|--|--|--|
| December 29 th , 2006 | Buffalo Airways DC4 aircraft overshot the runway | Contaminated material moved to a temporary stockpile on a lined bed near the Lube Site to be contained and tested during summer 2007 with a hydrocarbon meter. The excavated area will be filled with clean material in order to maintain the integrity of the permafrost. | Follow-up visit by INAC to ensure activities have taken place |
| March 4 th , 2007 | Release valve accidentally opened | Majority of spill was cleaned-up as soon as possible. | Tahera to modify valve design. Follow-up visit required by INAC to inspect results of clean-up and new valves. |
| March 6 th , 2007 | Tahera employee left the filling station while refuelling a tank | Contaminated snow and dirt was shovelled into empty drums and will be removed in the summer. | Tahera instituted a new policy requiring all employees filling tanks to remain at their posts. INAC to do a follow-up visit. |

Recommendation #2: INAC do follow-up inspections to inspect the results of the clean-up from all spills (e.g., December 29th, 2006 spill) and to ensure that better spill prevention measures are in place by Tahera to prevent future spills.

From their inspections conducted last year, INAC has determined that Tahera is in compliance with the requirements of the land lease obligations.

2.1.2. Government of Nunavut, Department of Environment

Under the *Wildlife Act*, Government of Nunavut, Department of Environment (GN-DOE) is responsible for the wildlife management within Nunavut. GN-DOE and Environment Canada (EC) are the lead agencies for the Jericho Project Certificate terms and conditions related to wildlife (Conditions 9-18). Tahera has been working with GN-DOE to finalize the Wildlife Mitigation and Monitoring Plan (WMMP). Through GN-DOE's wildlife research permits, GN-DOE is ensuring that the wildlife research undertaken at the site is consistent with the WMMP as well as with the guidance provided to Tahera by NIRB.

On October 19, 2007, the GN-DOE accepted the current draft WMMP as a final document. However, GN-DOE reserves the right to provide future evaluations of

Tahera's WMMP based on the outcomes of the annual monitoring reports submitted by Tahera and DOE inspections.

GN-DOE have not conducted any inspections at the site to date; however, GN-DOE is not aware of any non-compliance with its Wildlife Research Permit.

2.1.3. Department of Fisheries and Oceans (Canada)

Fisheries and Oceans Canada (DFO) is the lead agency responsible for the terms and conditions which relate to the *Fisheries Act* which include conditions 20, 21 and 24 from the Jericho Project Certificate.

DFO conducted a compliance monitoring site visit on September 5, 2007. DFO was satisfied with the causeway and the eight rock shoals that were constructed in August 2005 and April 2007, respectively; however, the lower reach of stream C1 diversion, the connecting channel (Stream 021) between Lakes 02 and 03, and the fourteen rock shoals in various lakes remain to be constructed (as required).

DFO also requested a rationale for the lack of fish data collected in 2006 (2006 annual monitoring report and 2006 Aquatic Effects Monitoring Report) and requested that future AEMP reports include fish data collected for each year of the mine development to ensure that the health and integrity of the aquatic environment are protected and that mitigation measures are effective.

Tahera and DFO are in discussion in regard to the above mentioned outstanding items and the amendment to the *Fisheries Act* Authorization which expires on December 31, 2007. DFO indicated that NIRB will be kept informed of the progress.

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| Recommendation #3: DFO and Tahera keep NIRB informed of any changes/amendments to monitoring plans and to the <i>Fisheries Act</i> Authorization, and to forward the updated/amended documents to NIRB when available. |
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2.2. Wildlife Mitigation and Monitoring

2.2.1. Wildlife Mitigation and Monitoring Plan (WMMP)

On May 15, 2007, Tahera submitted its 4th draft of the *Wildlife Mitigation and Monitoring Plan* (WMMP) for the Jericho Diamond Project. This plan is a requirement of Condition #10 of the Project Certificate. The purpose of the plan is to provide the GN-DOE and EC with a summary of the wildlife mitigation and monitoring which Tahera intends to carry out, as well as to provide Jericho environmental staff with a blueprint for carrying out wildlife monitoring activities. This plan was sent out to interested parties for comment and NIRB received comments from GN-DOE, KIA, and EC on July 30th, 2007.

Parties indicated that the WMMP was still inadequate and did not meet the requirements of a final wildlife plan. Previous issues raised by both GN-DOE and EC were not addressed in the 2007 WMMP and therefore the concerns were re-iterated by the Parties. NIRB recommended that Tahera cooperate with both GN-DOE and EC to address all the stated recommendations/concerns such that a satisfactory final WMMP is developed and implemented.

After a review of the comments received and the changes incorporated into the 4th draft of the WMMP, the NIRB found that the current WMMP fulfilled the wildlife monitoring and mitigation requirements of the Jericho Project Certificate and considers this document to be final. However, the GN-DOE requested that Tahera provide written response to their comments made on July 24th, 2007 to prevent further uncertainties in the future. On October 19, 2007, the GN-DOE accepted the current draft WMMP as a final document.

2.2.2. Annual Wildlife Summary Report

In April 2007, Tahera submitted its *Wildlife Monitoring Program Data Summary Report* which is a requirement of Appendix D, Part I, number 1 of the Project Certificate. The report presented the results of the wildlife monitoring program conducted during the construction (2005) and operation (2006) phases. NIRB requested Parties review the report. Comments were received from the GN-DOE and the Kitikmeot Inuit Association

(KIA) on May 23, 2007, and from EC on June 8, 2007. A list of recommendations and comments in regards to the 2006 Wildlife Summary Report was forwarded to Tahera. On June 26, Tahera responded to all the recommendations. One recommendation/comment to emphasize is the DNA mark-recapture method that was recommended by GN-DOE for the use for grizzly bears and wolverine. Tahera agreed to the use of DNA mark-recapture technique for wolverine which was initiated in April 2007 in addition to the wolverine snow-track surveys².

For grizzly bears, Tahera suggested that this method would not yield useful data due to the number of possible combinations of DNA which may result from grizzly bear family group (which travels together and in effect behaves as a single unit). Instead, Tahera would use the current method utilized by other mines (grizzly bear signs) to determine the abundance of grizzly bears in the area. No comment was provided by GN-DOE on this topic to date.

Recommendation #4: GN-DOE provide written confirmation that they are satisfied with the technique (grizzly bear signs instead of DNA mark-recapture) used by Tahera to determine grizzly abundance.

2.3. Annual Monitoring Report

On May 14, 2007, the NIRB received Tahera's Annual Monitoring Reports: 1) *Annual Monitoring Program – 2006 Report* and 2) *Environmental and Socio-Economic Monitoring Summary Report, Year 2 of the Jericho Diamond Mine*. These reports summarized monitoring activities at Jericho mine that occurred during the 2006 construction and operations phases. The NIRB requested comments from interested Parties with respect to their areas of expertise on compliance monitoring and effects monitoring, and comments were received from EC, INAC, GN, and Health Canada on June 29, 2007.

Based on an internal review of the annual report, the NIRB found the summaries presented in the annual report to lack sufficient information to provide an adequate conclusion on the 2006 activities at Tahera. Summaries were provided with no

² June 26, 2007 letter from Cheryl Wray, Tahera to Sophia Granchinho, NIRB re: 2006 Wildlife Monitoring Program-Data Summary

corresponding data analysis and no discussion or comparison of the relationship between the data collected and the impacts predicted were presented. Therefore, the NIRB requested that Tahera provide this additional information.

On September 28, 2007, Tahera provided the requested additional information. After a review of the additional information provided, the NIRB found it difficult to provide an adequate conclusion to assess the accuracy of the predictions contained in the project impact statements (Section 12.7.2, part (d) of the NLCA and Part I, Section 4(a) of Appendix D of the Jericho Project Certificate). In addition, as per Section 12.7.2 part (c) of the NLCA, Tahera is to provide the information base necessary for agencies to enforce terms and conditions of land or resource use approvals. The comments and recommendations received from Parties indicated that they required additional information from Tahera in the annual report and requested that Tahera include this information (i.e. report on the complete suite of impacts as outlined in the 2003 FEIS, comparative evidence of past empirical data to present data, comprehensive analysis of data, etc.). Tahera indicated that most of the information was submitted to the NWB as part of the Water Licence reporting requirements and did not anticipate any need for detailed re-reporting of this information.

In addition to the above information requested for the 2006 annual report, the NIRB also recommends that Tahera include several information requests in future annual reports as outlined in Appendix I.

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| Recommendation #5: Tahera ensure that the information requests outlined in Appendix I of the Monitoring Report be included in future reports. |
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The NIRB also proposes the following recommendations to authorizing agency based on the internal review of the 2006 Annual Report:

The GN are signatory to the Canada-wide Standards for dioxins and furans and the Canada-wide Standards for mercury. As such, the NIRB recommends that GN do follow-up inspections to ensure Tahera reports on their effort to comply with the Canada-wide Standards for the incineration of solid wastes. In addition, reports from Tahera should be forwarded to EC for review (**Recommendation #6**).

In 2005, Tahera reported that aluminium and copper (dissolved and total) were both above site-specific guidelines and suggested sampling error as the probable cause. In 2006, the annual report suggests that the observed increase in chromium levels was possibly due to a change in analytical procedure or detection limits. No evidence was provided by Tahera to support this explanation. The NIRB recommends Tahera and the NWB work together to refine Tahera's sampling and quality control protocol. The collection of accurate and precise data is imperative to the success of the monitoring/follow up program (***Recommendation #7***).

Tahera noted in the annual report that the concentration of arsenic and copper in sediment were often in exceedance of the CCME Interim Sediment Quality Guidelines (ISQG). Concentrations of arsenic in sediment samples were found to be higher in 2006 compared to baseline values for several sampling stations, including at both control points. The report suggested that the increase in arsenic concentrations in the sediment samples may be due to lake factors. No evidence was provided by Tahera to support this explanation. The NIRB recommends that Tahera work with the NWB to refine their sediment chemistry sampling protocol and quality control measures (***Recommendation #8***).

No air quality monitoring had been conducted by Tahera to the end of 2006. The air quality monitoring plan and monitoring program will be amended by Tahera once the air quality modelling is completed by an air quality consultant. The NIRB is requesting an update from both Tahera and EC on the anticipated timeline for the completion of the modelling and when the monitoring plan and program will be finalized (***Recommendation #9***).

2.4. Socio-Economic Monitoring

As part of Tahera's annual monitoring report, a section regarding socio-economic impacts was presented. Socio-economic monitoring is a requirement of the Jericho Project Certificate, items 42 through 49. As with the other sections of the annual report submitted by Tahera on May 14, 2007, the section on socio-economic impacts lacked sufficient information to provide an adequate conclusion on the 2006 Socio-Economics

Monitoring at Tahera. See Appendix I for the additional information requests requested by the NIRB.

The following is a summary of the socio-economic monitoring from the 2006 annual report.

In 2006, Inuit employment at the Jericho Diamond Mine averaged 30%, an increase from 17% in 2005. This figure includes employment by Tahera and contractors.

Construction costs to the end of 2006 total to approximately \$116 million, with the split between labour and materials (actual numbers for labours and materials not provided by Tahera).

The results of the work place safety review indicated one lost time accident in 2006 by an employee of one of the mine contractors; an improvement from 2005 (2.31 injuries occurred/200,000 hrs worked). Tahera's goal for 2007 is zero lost time accidents and injuries on the job.

Tahera indicated that visits were made to the communities of Kugluktuk and Cambridge Bay in 2006 and discussions were held with the public and stakeholder organizations in these communities. Tahera continues to work with KIA regarding the implementation of the Inuit Impact Benefit Agreement (IIBA) and a highlight of the 2006 work by the Implementation Committee was the commencement of apprentice training of Beneficiaries at Jericho.

Under the terms and conditions of the NIRB Project Certificate #44, a socioeconomic monitoring committee (SEMC) was to be established to monitor certain socioeconomic data from the mine site. The SEMC members of the committee were to include GN, INAC, KIA, and NIRB's Monitoring Officer. Since the inception of Jericho's project certificate, NIRB staff have attempted to facilitate the creation of the socio-economic monitoring committee. However, the NIRB staff felt that it is a conflict of interest being a participant of the committee as well as trying to objectively monitor the committee. The Board decided during the June 2007 board meeting that:

“... 1) the terms of reference (TOR) of the SEMC are found in Section 12.7.1 through Section 12.7.5 of the NLCA;

2) the TOR will focus on the Jericho project; and

3) the sole role of the NIRB’s Monitoring Officer on the Committee is to carry a report to the Board annually on the monitoring information collected by the Committee. The Monitoring Officer will not be attending any meetings or otherwise participating in the Committee’s functions.”

The first report expected from the SEMC to the Board is on January 1st, 2008.

2.4.1. Inuit Impact Benefit Agreement

On October 1, 2007, the NIRB received KIA’s report outlining their experience with the implementation of the Jericho/KIA IIBA. KIA indicated that since the signing of the IIBA the relationship between KIA and Tahera has been positive. The IIBA Implementation Committee meetings have occurred 2 – 3 times per year and during these meetings effort was made to respectfully understand respective positions and realities.

The report focused solely on employment as it is a key commitment of the IIBA. The report demonstrated that during construction Inuit employment represented 18% of the total workforce, at the commencement of operations Inuit employment increased to 19% of the total workforce and by June 2007 Inuit employment increased to 23.6 % of the total workforce.

Factors that contribute to successful Inuit employment at Jericho include implementation of many ‘best-practices’ consistent with the IIBA and the Implementation Committee working proactively towards finding solutions to early issues (e.g. contractor employment). However, the report mentioned that there remain several factors that require further work some of which include: 1) both Tahera and Government agencies need to make greater effort to facilitate further enhanced training, 2) establishment of a trades training centre in the Kitikmeot region and increase trades training in the education system, 3) establishment of a liaison office, 4) recruitment of Inuit workers from eastern Kitikmeot communities, and 5) increased competition from other mining related projects for limited number of Inuit employees.

2.5. Site Visit

Due to logistical issues, a site visit to Jericho was not completed in 2007. The NIRB recommends that the Monitoring Officer completes a site visit to the Jericho Diamond Mine prior to the end of the 2007 year (*Recommendation #10*).

3.0 CONCLUSIONS AND RECOMMENDATIONS

Tahera has provided information concerning the results of their on site monitoring program for 2006. Based on this information, it does not appear that there have been any adverse ecosystemic and socio-economic effects resulting from this project as it is still in the beginning phases of operations.

However, the NIRB has determined that additional information is required before a complete assessment of the impact of this site can be made (as was the case for the 2005 monitoring year). The following is recommended:

- 1) INAC provide a summary report to NIRB on the results from the follow-up inspection that occurred at Tahera in 2007.
- 2) INAC do follow-up inspections to inspect the results of the clean-up from all spills (e.g., December 29th, 2006 spill) and to ensure that better spill prevention measures are in place by Tahera to prevent future spills.
- 3) DFO and Tahera keep NIRB informed of any changes/amendments to monitoring plans and to the *Fisheries Act* Authorization, and to forward the updated/amended documents to NIRB when available.
- 4) GN-DOE provide written confirmation that they are satisfied with the technique (grizzly bear signs instead of DNA mark-recapture) used by Tahera to determine grizzly abundance.
- 5) Tahera ensure that the information requests outlined in Appendix I of the Monitoring Report be included in future reports.
- 6) GN do follow-up inspections to ensure Tahera reports on their effort to comply with the Canada-wide Standards for the incineration of solid wastes. In addition, reports from Tahera should be forwarded to EC for review.

- 7) Tahera and NWB work together to refine Tahera's sampling and quality control protocol. The collection of accurate and precise data is imperative to the success of the monitoring/follow up program.
- 8) Tahera work with NWB to refine their sediment chemistry sampling protocol and quality control measures.
- 9) Tahera and EC provide an update on the anticipated timeline for the completion of the air quality modelling and when the air quality monitoring plan and program will be finalized.
- 10) A site visit to be completed by the Monitoring Officer before the end of the 2007 year.

Appendix I

Recommendations (Information Requests) for Future Annual Reports

NIRB is requesting that the following information be included in future annual reports to address concerns resulting from the review of the 2006 annual report:

- 1) Future annual reports should meet the monitoring requirements as outlined in Appendix D of the Project Certificate as well as any guidelines (Section 12.7, NLCA) provided by the NIRB Monitoring Officer.
- 2) The 2006 annual report indicated that there were a total of 13 spills reported³. Given the number of spills occurring on the Tahera property, it is recommended that additional preventive measures be implemented in order to reduce the number of spills at the site. Tahera should provide confirmation that any additional, preventive mitigation measures have been successful.
- 3) For the camp incinerator, the NIRB recommends Tahera demonstrate their efforts to achieve compliance with the Canada-wide Standards for dioxins and furans and the Canada-wide Standard for mercury in future reports. This should include, but not limited to, appropriate record management, including maintenance reports, and operator training logs. This information should also be provided to Environment Canada and GN.
- 4) Tahera should also specify if handling methods and/or laboratory use have changed for the 2006 year and provide details on the sampling methods in order to verify a procedural issue versus an environmental issue. If these items change, including analytical methods, during a monitoring period, it should be noted in your future reports.
- 5) Future annual reports should include updated plans to improve the accuracy and precision of data collected for both compliance monitoring and post environmental assessment monitoring (e.g. updated QA/QC plan).
- 6) It was noted by INAC that the combined area of the disturbance from both of the pads and coarse PK stockpiles (industry related infrastructure and ore stockpiles) is of 39.5 hectares (ha), which is 16.8 ha greater than the predicted (FEIS) value of 22.7 ha. The NIRB is requesting that an explanation for this as well as any adaptive management strategy to prevent environmental impacts be provided in Tahera's 2007 annual report.
- 7) In the annual report, Tahera advises that the total amount of the land disturbance footprint of 166.6 ha (as of December 2006) is 10.4 ha below the FEIS prediction. INAC has recommended that Tahera report any changes, and provide an alternative strategy evaluation assessment for any proposed mitigation measures should the land disturbance area increase beyond the FEIS predictions. This should be addressed in the 2007 annual report.
- 8) It is recommended that Tahera include a discussion/comparison of the relationship between the data collected and the impacts predicted in future reports. In addition, NIRB

³ Tahera Corporation. 2007. *Monitoring Program – 2006 Annual Report*. Submitted May 2007 to the Nunavut Impact Review Board.

- requests that Tahera submit a comparison of the data collected against the historical data (i.e. water quality chemistry, sediment quality chemistry, sediment deposition, lake profile parameters, phytoplankton, zooplankton and benthic macroinvertebrate). The comparison should clearly identify any parameter exceedances. For example, for water quality, results should be compared to water quality criteria including site specific criteria, CCME guidelines and/or impact predictions.
- 9) In addition, INAC recommends that future annual monitoring reports present further information in the presentations of evidence so support Tahera's post-environmental assessment monitoring conclusions. NIRB requires this information to effectively monitor the project as well as to present informed conclusions to the Board and the public. NIRB can not support conclusions where the proponent has not supplied evidentiary support.
 - 10) In the 2007 annual report Tahera should support any conclusions for the applicable parameters measured (i.e. sediment deposition, water quality) through a statistical comparison of the data collected against the historical baseline data. Any changes from baseline may indicate project effects and warrant additional monitoring of these parameters.
 - 11) Levels of arsenic in the sediment should be closely monitored. Any increase in comparison to baseline data, as well as the potential cause, such as increased sediment loading from runoff, should be explained and discussed.
 - 12) Tahera predicted in the annual report (Section 4.5.4.3) that there will be no increased pressure on existing community infrastructure and services as a result of the Jericho Project. As the project evolves, Tahera will need to test this prediction and provide empirical evidence for any conclusions reached on community-level impacts. INAC suggests that employment of individuals from a community should form the basis for the initial assessment of the project's impact on a community. INAC recommends that Tahera track the community of origin of its Nunavummiut employees in order to provide an empirical base from which to identify impacted communities. Please include this information in your 2007 annual report.
 - 13) INAC recommends that evidence of community consultation in Cambridge Bay and Kugluktuk be included in the report. Future annual reports should describe the nature of these consultations.
 - 14) Condition #43 states that "[w]omen should be included as much as possible in the work force" while Condition #46 states that "Tahera should make best efforts to find management positions for this mine from Nunavut." Please provide a discussion in your 2007 report on how these two conditions were met.
 - 15) Condition #47 of the NIRB Project Certificate states that "...training shall include safety and emergency programs for all personnel". Tahera should indicate how this condition was met, for all personnel, in the 2007 report.
 - 16) The 2007 report should provide a discussion on how the goal of 60% Inuit employment is being achieved as well as the strategies Tahera has put in place to fulfill this commitment. The socio-economic section of the annual report would benefit greatly from some figures and tables with the breakdown of project employment.

- 17) Tahera predicted in the FEIS that permanent employment positions in the plant and on the catering team will be the most attractive to individuals with full time jobs in local affected communities. The 2007 annual report should substantiate this prediction with empirical data.
- 18) Future reports would benefit from a detailed cost breakdown, *i.e.* construction costs (labour and materials) versus operational costs. A comparison of expenditures in the North (Nunavut based businesses) versus total costs would also be beneficial. This is likely a “good news” story for Tahera and the Board should be made aware of this on a yearly basis. Please note that we will be providing, to the Board, the socioeconomic data Tahera submitted to Kevin Buck in April, 2007. This will also provide for a meaningful commentary on the impacts of this project on Nunavut.
- 19) The 2007 annual report should include information related to how many Nunavut based and/or Inuit owned businesses Tahera had contracts with for the year.
- 20) Tahera stated in the 2006 annual report (Section 4.5.5.2) that it “... *believes that local people deserve the opportunity to be involved in its projects, and has successfully hired a number of local people.*” Future reports should include the actual number of Inuit versus non Inuit employees for the report year. This should include figures for Tahera and its contractors.
- 21) The annual report stated that the data available at the time of writing suggest that no mitigation is currently required to address socio-economic issues. Future reports should include empirical data to support any conclusions made and/or any adaptive strategies implemented.