## NUNAVUT WATER BOARD

BENACHEE RESOURCES INC. WATER LICENSE APPLICATION

DECEMBER 6, 2004

VOLUME 1

LOCATION: KUGLUKTUK COMMUNITY COMPLEX

KUGLUKTUK, NUNAVUT

PANEL:

Thomas Kudloo

Chairman

Robert Hanson Vice-Chairman

Lootie Toomasie

Guy Kakkiarniun

Thomas Kabloona

George Porter

BOARD STAFF:

Dr. Bill Tilleman, Q.C. Legal counsel

Philippe di Pizzo Executive Director

Dionne Filiatrault

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Ben Kogvik

Dave Hohnstein

Phyllis Beaulieu

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FEB 1 4 2005 Public Registry

Nunavut Water Board

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1 (Hearing commenced at 7:15 p.m., December 6, 2004) OPENING REMARKS BY CHAIRMAN: 2 3 CHAIRMAN: Good evening, ladies and gentlemen. My name is Thomas Kudloo, chairman 4 of the Nunavut Water Board, and I'm from Baker 5 Lake, Nunavut. 6 7 We will now proceed. If you have not done so already, would you please register at the front 8 9 door with Phyllis Beaulieu, licensing 10 administrator. Thank you. 11 The Nunavut Water Board welcomes you all to 12 this public hearing which will now be open in Kugluktuk to hear an application by Tahera to 13 14 obtain a water license for the Jericho diamond 15 mine. 16 I would like to welcome the residents of 17 Kugluktuk, intervenors from the federal and 18 territorial governments, the Kitikmeot Inuit 19 Association and Nunavut Tunngavik Incorporated, and 20 a particular warm welcome to all the people from 21 Bathurst Inlet area who have travelled to Kuqluktuk 22 to attend this important hearing. 23 The Jericho project was subject to an environmental assessment conducted by our sister 24 25 board, the Nunavut Impact Review Board, last spring. NIRB held public hearings in Kugluktuk, 26

Cambridge Bay and Gjoa Haven, and that Board
recommended to the Minister of DIAND to approve the
project and to send it to the regulatory approval,
which we are now doing

Last fall Tahera filed its application for water license, and the Nunavut Water Board then held a technical meeting and a prehearing conference in Kugluktuk in October. We are now here for a public hearing, and after this hearing, the Board will likely render its decision.

Before we begin the public hearing, I would like to invite Lootie Toomasie to say the opening prayer. Lootie?

OPENING PRAYER:

LOOTIE TOOMASIE: (Opening prayer)

INTRODUCTIONS AFTER OPENING PRAYER

17 CHAIRMAN: Thank you, Lootie

The Nunavut Water Board has jurisdiction and responsibility for the use, management, and regulation of fresh water in Nunavut. In other words, this means that the Water Board must approve any water use or direct or indirect deposit of waste, liquid, gaseous or solid into water. This includes municipal services, mining exploration, mining development, water storage and dams, and any other water uses or disposal of waste which could

1 adversely affect the quality, quantity or flow of 2 water.

When approving an application, the Water Board can include any condition that it deems appropriate with respect to that water use and waste disposal activity, including the provision for abandonment of the undertaking, financial assurance or financial security deposit.

Before approving any water use or disposable waste for a major project, such as the opening of the Jericho mine, the Water Board is required to hold a public hearing like this one to hear the applicant and the views and concerns of interested parties, such as government, community groups and the general public.

The Water Board has all the powers and authority of a commissioner under the Inquiries Act. This means that the Board can subpoena witnesses to appear before it at any hearing to provide relevant information which will become part of a public record and will be considered in the decision-making process.

Unless a matter is directly relevant to an application, the Board will not consider it in its deliberations.

So I will formally request from time to time

that intervenors and members from the general

public limit their interventions or questions to

the matter under consideration within the

iurisdiction of the Board.

To conclude my opening remarks, I invite you to take some information on this application from Phyllis Beaulieu, our license administrator. And I ask anyone to sign in with her, as well, so that we will keep a record of attendance for future reference.

I will now give you some brief instructions on how to proceed with your presentation or interventions. When you come up to make your presentation or intervention, please state your name for the record before you speak, spell it out, if necessary. Anyone who will present evidence shall do so under oath or affirmation, but this requirement does not apply to persons who simply want to ask questions or make observations. All questions shall be directly through the chairman, who in turn will ask Tahera, intervenors and any other person to answer it.

Since we have simultaneous translations in Inuktitut and English, it is very important that only one person speaks at any given time. And please speak clearly and slowly, especially because

we have simultaneous interpretations in both Innuinaqtun and Inuktitut.

Our interpreters today are Edna Elias and Ben Kogvik in Innuinaqtun. Mary Hunt and Deborah Tagornak in Inuktitut. You can pick up the headphones from them. Please return the headphones to them when you leave so that they can recharge the batteries and have them ready for the next session.

The hearing will be recorded, and transcripts of proceedings will be eventually produced.

However, this will take some time, and I ask you not to rely on eventual transcripts and instead take your own notes for any evidence heard during this hearing.

In terms of scheduling, we will start with the business on our agenda, but we will likely go on as far as item 8, and we will continue tomorrow starting at 8:30 sharp. Out of respect for many elders in this room, we will adjourn the hearing at a reasonable time tonight, no later than 10:30 tonight.

Does anyone have any questions before we proceed with the public hearing? Thank you. We will now proceed and follow the agenda as outlined in the order of events.

The Board is normally made up of eight members, plus the chairman. As I already stated, my name is Thomas Kudloo, chairman of the Nunavut Water Board, and I am from Baker Lake. To my left is Bob Hanson, the vice-chairman from Iqaluit. We have Guy Kakkiarniun from Pelly Bay. We also have Lootie Toomasie from Qikiqtarjuaq. To my right is Thomas Kabloona from Baker Lake, and George Porter from Gjoa Haven.

Missing Water Board members are Charlie
Inuaraq from Pond Inlet, Geoff Kusugak from Rankin
Inlet. They are unable to make it here due to
weather problems. We also have Bill Lyall who is
absent, and he is from Cambridge Bay.

The Board's head office is over in Gjoa Haven. Philippe di Pizzo is the chief administrative officer. Dionne Filiatrault is the senior technical advisor. David Hohnstein is a technical advisor. Stephen Lines is the hearing coordinator. Phyllis Beaulieu is the manager of licensing up front there. And we also have Susie Ikkutisluk as a licensing trainee. We also have Ben Kogvik who is the secretary to the Board. Also present is Dr. Bill Tilleman, legal counsel for the Board.

We will now take a 15-minute break. And if

1	you have not registered already, please do so now
2	with Phyllis Beaulieu. This will give you time to
3	register in case you haven't, and we will just take
4	a 15-minute break, by then the others will also be
5	here. Thank you.
6	(BRIEF ADJOURNMENT)
7	CHAIRMAN: Welcome back.
8	Welcome. Cambridge Bay, Bathurst Inlet, Bay Chimo
9	now have arrived. Thank you very much.
10	Welcome back. Now let's move on to item 4 of
11	the agenda. I recognize here Mr. Greg Missal who
12	is the vice-president of Nunavut affairs for
13	Tahera. Mr. Missal, would you please introduce
14	yourself and your group, and please inform the
15	Board and the audience who will make the
16	presentation on behalf of Tahera. Thank you. Mr.
17	Missal?
18	GREG MISSAL: Thank you very much,
19	Mr. Chairman. On behalf of Tahera Diamond
20	Corporation, we are very pleased to be here this
21	evening in Kugluktuk, always nice to come back.
22	Obviously we were all here a month ago, and
23	now we are here for this very important occasion.
24	The team that's with me here this evening is:
25	I'll start on my left, Rick Pattenden, Mainstream
26	Aquatics doing aquatic consulting for us. Bruce

1	Ott, most of you many of you know Bruce here,
2	and he will be giving our monitoring portion of the
3	presentation, this evening. Letha McLaughlin to my
4	immediate left is Tahera's legal counsel. To my
5	right, Kelly Sexsmith with SRK Consulting primarily
6	working on water quality. Cam Scott, SRK
7	Consulting, working on geotechnical matters related
8	to the project. Pete McCreath of Clearwater
9	Consulting working on site water management. And
10	Don Hayley of EBA Consulting working on the
11	processed kimberlite containment area design. And
12	behind me I have Court Smith who is the
13	vice-president with Nuns Logistics who will be
14	giving our restoration and closure cost estimates
15	on behalf of Tahera. And also Dan Johnson who is a
16	vice-president with Tahera Corporation,
17	vice-president of operations, who will be
18	responsible for the operations component of the
19	Jericho diamond project.
20	And I will be giving the beginning of the
21	presentation this evening, and I will be calling on
22	our consultants, as required, throughout the
23	presentation, and they will be presenting their
24	portions of that, and we will move through in that
25	fashion. Thank you.
26	CHAIRMAN: Thank you, Mr. Missal.
I	

1 For those that did not register yet, please 2 go over to the strip. for your information here, I 3 just said anyone who has not signed in yet, please 4 do so with Phyllis Beaulieu and Susie there at the 5 front, so we may use your names for reference in 6 the future, thank you. 7 I have a list of persons or agencies who have submitted written interventions to the Board and 8 who have registered with Phyllis Beaulieu, 9 10 licensing administrator. 11 I will now do a roll call to confirm who is 12 going to intervene and the names of their agents or 13 legal counsel, if they have one. If no one has any objections, we will start with DIAND, I believe, 14 15 thank you. Followed by Environment Canada. Is 16 Environment Canada here? No. DFO, Department of Fisheries and Oceans? 17 18 GLEN STEPHENS Mr. Chair, would they be maybe on the phone? I don't know. 19 20 CHAIRMAN: Okav. NTI? Thank 21 you, Jeannie. KIA? Thank you. Hamlet of Kugluktuk? Hamlet of Kugluktuk, anybody here? But 22 23 we will assume that they will make a presentation. 24 Thank you. So please come up and state your name. 25 Starting with DIAND, I believe Mr. Carl McLean from 26

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1
       Igaluit is here with a number of people from his
2
       department.
3
       GLEN STEPHENS:
                                     Hello, Mr. Chairman.
       My name is Glen Stephens, and I represent the
4
       Department of Indian and Northern Affairs. I am
5
6
       acting director of operations. With me today is
7
       Carl McLean, lands manager; Elizabeth Sherlock,
8
       manager of water resources; Robert Eno, water
       resource coordinator for the Kitikmeot region;
10
       Scott Stewart, water resource officer; Jennifer
11
       Hayword, senior communications officer; and Norm
12
       Cavanagh, legal advisor for justice. And on the
13
       phone we have some of our other DIAND team who will
       be joining us as well tomorrow in person. We have
14
15
       Geoff Howell with lands specialist; we have David
16
       Osmond and Sally Howsen from Gartner Lee, John
       Brodie from Brodie Consulting; and Kendra Patrick
17
18
       from the INAC regional office as well. Thank you.
19
       CHAIRMAN:
                                     Thank you.
                                                 Next was
       Environment Canada, but I believe they are not here
20
       right now. Environment Canada? Next was DFO. I
21
       believe they are not here right now.
22
23
       Jeannie?
24
       JEANNIE EHALOAK:
                                     Hello, Mr. Chairman.
       Jeannie Ehaloak, environmental coordinator with NTI
25
       Lands and Resource Department out of Cambridge Bay.
26
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	1	CHAIRMAN:	Thank you. Next was
	2	KIA.	
	3	MR. DONIHEE:	Good evening, Mr.
	4	Chairman. My name is John Do	nihee. I'm counsel
	5	for the Kitikmeot Inuit Assoc	iation. We have
	6	Raymond Kayasark, vice-presid	ent of KIA; Mr. Geoff
	7	Clark; Mr. Jack Kaniak and Mi	solin (phonetic)
	8	Carter, all with KIA. And we	are assisted by Dr.
	9	Michael McGurk from Rescan Co	nsultants. So that
	10	will be the team that's avail	able to make a
	11	presentation for you when you	get to us. Thank
	12	you.	
	13	CHAIRMAN:	Hamlet of Kugluktuk?
	14	Hamlet of Kugluktuk? We will	assume that the
	15	Hamlet of Kugluktuk will make	a presentation when
	16	they are ready, thank you.	
	17	I would just like to en	courage the Elders to
	18	speak up at any time. We enc	ourage the Elders to
	19	provide information, evidence	and express their
	20	concerns and speak up at any	time.
	21	I am encouraging the El	ders to speak up in
	22	presenting their evidence. T	hank you.
	23	Thank you very much, la	dies and gentlemen.
	24	We will now hear your present	ation after
	25	introducing other intervenors	at this hearing.
	26	Before we ask intereste	d parties to come
	I		

forward, I would like to invite any Elder to speak if they wish. The Water Board considers that traditional Inuit knowledge has an important role to play in the decision-making process, along with the western scientific knowledge. In our culture, Elders are highly respected for their knowledge and wisdom, therefore we invite and encourage them to ask questions or make comments, not only now, but at any time convenient to them during this hearing, just raise your hand or make a sign, and we will make sure that you have the floor and a microphone.

I would like to welcome Elders, the community here to say anything what they want to say. I would like them to feel comfortable to give us your knowledge. We would like to share everything what you have to say. And you have your wisdom and knowledge, traditional knowledge, you can say anything, every time, whatever you want to say, just raise your hand.

So let's move on to item 6 of the agenda. As of now, I would like anyone who has not submitted interventions but who wish to speak at this hearing and would like to make a presentation to come forward and state your name and the organization that you represent at this time. It is only for presentations only and not for questions.

I do have a note here from the independent consultants, Ramli Halim from Acres International, Bruce Bennett, Acres International, Dr. Brian Leece, Dillon Consulting.

To my knowledge, no organization or individuals have made any motion or stated a written objection to the holding of this hearing, but at this time I will ask if there are any motions or objections to the holding of this hearing? If any organization or individual has an objection to the holding of this hearing, please come forward and state your concerns and reasons to why you would object.

I encourage the Elders, the floor is open for the Elders to make presentations. Are there any Elders who would like to make a statement or presentation, a verbal presentation at this time?

I would like to remind you that as Elders, we will give you any chance that you want to make comments, please just let me know at any given time

I will repeat myself again. I encourage you Elders to make presentations at your own pace. Thank you.

So we are now ready to start with Tahera's presentation as of this moment. Thank you, Mr.

Missal. BILL TILLEMAN: Mr. Chairman, thank It is Bill Tilleman with the staff. We note vou. that since we are going into the presentation, it might be a good idea to just swear all of their witnesses so that we can have them all done in one batch, and that way we don't interrupt them as in they do whatever they do in presenting their different parts. And also for the purpose of the record, the Board would like to propose that we file exhibits in the following order. 

The first thing which may not be apparent to the audience, Mr. Chairman, is that just a couple of days ago we received a letter regarding the specific name of the company, and it is a corporate relationship issue, but we would like to file a letter that was sent to the Board from a Board request regarding the naming of the licensee.

And so we propose that that letter dated

December 3rd to the Board from Greg Missal be filed
as Exhibit number 1. And then as Exhibits number 2
and 3, that tomorrow the Tahera could file, and we
will mark this presentation that everyone is about
to see, as Exhibit number 2, the electronic copy.

And then as Exhibit number 3, this presentation in
hard copy. So we will work with the company to try

1	to get copies available as best we can for
2	reference tomorrow, and that's the staff's concern.
3	And then the second one, Mr. Chairman, with
4	your permission is that I will swear the team that
5	Mr. Missal would like me to.
6	EXHIBIT NO. 1
7	LETTER DATED DECEMBER 3RD TO THE BOARD
8	FROM GREG MISSAL RE: REGULATORY INSTRUMENTS
9	FOR THE JERICHO DIAMOND CORPORATION
10	EXHIBIT NO. 2:
11	TAHERA PRESENTATION - ELECTRONIC COPY
12	EXHIBIT NO. 3:
13	TAHERA PRESENTATION - HARD COPY
14	BILL TILLEMAN: Mr. Chairman, we will
15	swear the witnesses. Mr. Missal, please state your
16	name for the record, and spell your last name.
17	GREG MISSAL: My name is Gregory
18	Glen Missal. Last name is spelled M-I-S-S-A-L,
19	vice-president with Tahera Diamond Corporation.
20	(GREGORY GLEN MISSAL SWORN)
21	BILL TILLEMAN: Please state your name
22	for the record and spell your last name.
23	CAM SCOTT: Cam Scott, S-C-O-T-T.
24	(CAM SCOTT SWORN)
25	BILL TILLEMAN: Thank you. Please
26	state your name for the record and spell your last

1	name.
2	RICK PATTENDEN: Rick Pattenden,
3	P-A-T-T-E-N-D-E-N.
4	(RICK PATTENDEN SWORN)
5	BILL TILLEMAN: Please state your name
6	for the record and spell your last name.
7	BRUCE OTT: Bruce Ott. O-T-T.
8	(BRUCE OTT SWORN)
9	BILL TILLEMAN: Please state your name
10	and spell you last name for the record.
11	DANIEL JOHNSON: Daniel Johnson,
12	J-0-H-N-S-0-N.
13	(DANIEL JOHNSON SWORN)
14	BILL TILLEMAN: Please state your name
15	for the record and spell your last name.
16	KELLY SEXSMITH: Kelly Sarah Sexsmith,
17	S-E-X-S-M-I-T-H.
18	(KELLY SARAH SEXSMITH AFFIRMED)
19	BILL TILLEMAN: Please state your name
20	for the record, and spell your last name.
21	COURT SMITH: Court Smith, S-M-I-T-H
22	(COURT SMITH SWORN)
23	BILL TILLEMAN: Please state your name
24	for the record, and spell your last name.
25	PETER McCREATH: Peter McCreath,
26	M-c-C-R-E-A-T-H.

1	(PETER MCCREATH SWORN)
2	BILL TILLEMAN: Please state your name
3	for the record, and spell your last name.
4	DONALD HAYLEY: Donald Hayley,
5	H-A-Y-L-E-Y.
6	(DONALD HAYLEY SWORN)
7	BILL TILLEMAN: Thank you, Mr.
8	Chairman.
9	CHAIRMAN: Thank you. Mr.
10	Missal, please proceed with your presentation.
11	PRESENTATION BY THE LICENSEE:
12	GREG MISSAL: Thank you very much,
13	Mr. Chairman.
14	Our presentation is fairly lengthy. We will
15	try to move through it as efficiently as we can;
16	however, I do believe it is important to involve
17	our consultants who are experts in the areas that
18	we are going to discuss tonight so that you, the
19	Board, and the audience here this evening can hear
20	their interpretation and presentations on these
21	topics.
22	Just like to add one item as legal counsel
23	for the Board had mentioned regarding the naming of
24	the company. The project is being developed by a
25	wholly owned subsidiary of Tahera Diamond
26	Corporation, that being Benachee Resources.

Tahera has the full right to act on behalf of Benache Resources since it is a wholly owned subsidiary.

When the company submitted the Final
Environmental Impact Statement for the project, it
was stated that Tahera was acting on behalf of
Benache, and the same statement was made in the
water permit submission to your Board as well.

So I'll move along into the presentation.

Just a little bit of background information for the Board, more of a refresher than anything. Tahera is a 100 percent Canadian owned company. We are a publicly traded company on the Toronto Stock Exchange.

Our focus right now is developing Nunavut's first diamond mine. We have made some very significant progress recently in helping us to bring together the development of this project, and in particular, the financing for this project. We entered an agreement with Tiffany & Co. from New York for the marketing of the diamonds from the Jericho project. We are very, very pleased with this agreement with Tiffany's. I believe it brings instant credibility to this project, as well as bringing credibility to Nunavut diamonds. And I think that once everyone saw that Tiffany's was

interested in doing a deal with a company mining diamonds in Nunavut, I think it immediately draws more attention to diamond mining in Nunavut and will be beneficial for years to come. And we are very pleased to be part of an agreement like this to help to bring this sort of attention to Nunavut.

Part of the deal with Tiffany's was a \$35 million credit facility. And in addition to that, we have also completed a \$50 million financing. Essentially what that means is that this project is fully financed and ready to go.

We are currently in a growth phase within our company. We are adding staff and personnel to the company to help us ramp up the work that's required to handle a project such as this. And in addition to all of this, we are also very active in exploring for more diamonds in the west Kitikmeot in particular. And we hope to be here and mining for many years to come.

Some other achievements related to the project, as many people are probably aware of was the completion of the Inuit Impact Benefit Agreement or IIBA, which we completed with KIA. And very pleased to say that we had a signing ceremony only a couple of months ago with the KIA. That agreement was forwarded to the Minister for

1 Indian and Northern Affairs, and we did receive his 2 sign-off on that. 3 Also, as you know, which allows us to be here 4 today, was receiving approval from the Nunavut 5 Impact Review Board regarding the environmental assessment of this project. That recommendation 6 7 from NIRB was also approved by the Minister for Indian and Northern Affairs. 8 9 And as you also know, we met here a little 10 more than a month ago regarding a technical meeting 11 for the project. I think a very useful process. 12 It fostered a real flow of information, of 13 technical information, that is. We resolved many issues while we were here, and of course at the end 14 15 of that a couple of days, all parties agreed that 16 the water permit submission conformed to the 17 auidelines. 18 This is just a very general map showing the 19 location. I am sure we all know where we are. Jericho is located approximately 200 kilometres 20 21 southeast of where we are this evening, about 350 kilometres from Cambridge Bay, and about 400 22 23 kilometres, approximately, northeast of 24 Yellowknife. This shows us a little closer scale, Jericho 25

being located on the north end of Contwoyto Lake.

26

And of course you can see Kugluktuk on this map, as
well as Bathurst Inlet also being about 200
kilometres away from the Jericho site.

This picture basically just shows the exploration camp that exists at the Jericho site today. It is used for our exploration crew to conduct their work out of, and we will be utilizing part of this during the very early phases of some construction, but there is no long-term plans for utilizing this camp.

I want to very quickly point out some of the most important components of the proposed future mine site to just give everyone a general idea of where those items are located, because the consultants are going to be speaking about each of them in much more detail as we move through our presentation.

Just to start in the north end, we have the airstrip that exists today. Our intent is to lengthen that airstrip to accommodate some larger aircraft into that area, onto that strip. Moving down, we have the open pit that will be constructed where the kimberlite ore will be removed. Waste-rock stockpiles are located adjacent to the open pit. Processed kimberlite piles and ore piles located here, right next to the processing plant,