

June 10, 2005

Philippe di Pizzo
Executive Director
Nunavut Water Board
Box 119
Gjoa Haven, Nunavut
X0E 1J0

Re: Comments on Contingency Plan
Delivered by Electronic Mail

Dear Mr. di Pizzo,

Please find below Tahera's response to key comments received by the Nunavut Water Board related to the Company's Contingency Plan. We look forward to receiving your prompt approval of this plan.

General

We concur with INAC that the Contingency Plan is adequate for the construction phase at the Jericho Diamond Mine. During the year it is anticipated that some circumstances at the site may change as a result of the realities of the construction phase. A final plan, incorporating review comments where appropriate will be submitted when construction has been completed. We note that many of the comments refer to information already contained in the current plan.

Specific

Reportable Spills

We suggest INAC's suggestion under Section 11, logging all spills, making logs available to inspectors and providing a report to the Water Board and INAC, KIA and Environment Canada is workable for the mine. Environment Canada indicated that all spills must be reported on the 24-hour spill line, which we suggest is not workable for small or insignificant spills. Any spills close to or above reportable quantities under the *Spill Reporting Regulation* will be reported by phone as a legal requirement. Small spill should be able to be handled through logging the occurrence and monthly reporting.

PKCA Dam Failure

The conceptual designs for the PKCA dams submitted for the Water Licence application conform to Canadian Dam Safety guidelines and this was discussed fully at the Water Licence hearings. Detailed dam designs are required by the Water Licence, Section D, Item 2 and once completed, the safety analysis and contingency plans for the dams can be included in the Contingency Plan.

Response Equipment on Hand, Protective Equipment, Emergency Phone Numbers

A new communications system has recently been installed at Jericho. As well new appointees have recently been made to the mine management team. Site-specific details for on-hand equipment and emergency phone numbers will be provided with the next Contingency Plan update. Communications at the site are understood by all personnel working at Jericho for the construction phase and emergency contact numbers are posted where required. Adequate spill response equipment (spill kits) and heavy equipment are currently on hand at the mine to respond to conceivable emergencies during the construction phase.

Jet Fuel

At present only Jet B is on site. In the future, if Jet A is also stored, the Contingency Plan will be amended to reflect this.

Radioactive Sources

No radioactive sources are currently on the site. More specific details will be provided once these sources are installed at the Jericho Diamond Mine. Allan Reeves, a Tahera employee, has been trained and is currently the radiation safety officer.

Emergency Preparedness Training

Training has been and will be instituted as required. Training will be logged together with the organization giving the training noted (if other than Tahera Diamond Mine personnel).

Fuel Handling On Site

Fuel trucks will be off loaded by Tahera personnel in a bermed area that was capable of containing any spills. The updated Contingency Plan will be amended to reflect this arrangement. In that the fuel supply haul has been completed there does not appear to be any reason to provide an interim update of the Contingency Plan to address this issue.

Maps

Larger scale maps showing potential spill and sensitive areas will be produced for the Contingency Plan update. We note the information is provided in the written text.

The opportunity to review the comments received by the NWB is appreciated and we trust that this will assist you in completing your approvals promptly.

Yours truly,
Tahera Diamond Corporation

Greg Missal
Vice President, Government and Regulatory Affairs

Cheryl Wray
Environmental Supervisor – Jericho Mine Site