TAHERA
DIAMOND CORPORATION

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Via Email (pdf)

Kevin Buck
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Cc: Phyllis Beaulieu (NWB), Melissa Joy (INAC), Bernie MacIsaac (INAC), Lee Staples (Tahera Mine Manger), Greg Missal (Tahera VP), Andrew Coster (Tahera Environment), Bruce Ott (AMEC)

Dear Mr. Buck;

Thanks for your time discussing our site containment berm run-off treatment issues last week.

It is prudent to start by saying that Tahera has always and will continue to abide by our water licence requirements and regulations. In this it is our goal to meet, or ideally exceed these requirements. To that end, we are happy to provide some additional information with regard to our handling of potentially hydrocarbon contaminated run-off water from our fuel and waste containment berms.

Attached is our methodology for handling of rain and snowmelt water which accumulates in our fuel and waste containment berms. This water has to be removed from the berms as it reduces our available containment in the unfortunate event of a spill.

Water builds up within the fuel tanks and hazardous waste storage berms from snow and rainwater. Typically, this additional volume of water comes during the freshet period when the snow melts quickly. However, during late summer 2008, high rainfall has dramatically increased beyond seasonal levels, and the water building up in these berms needs to be dealt with immediately.

As a result of normal operations (i.e. minor spills and drips within the fuel containment berms) the sand lining the containment areas can become stained and potentially contaminated with diesel and/or Jet-A hydrocarbons. The soil's degree of contamination is variable from containment to containment depending on rate of usage. Although most of the fuel stays in the sand lining the berm, each time water fills the area some fuel residue shows up visibly as a sheen on the water surface. In some containment areas there is no visible sign of contamination on the water.

Prior to August 2008, water in these areas had been transferred to the east end of the East Cell of the PKCA, where it is allowed to percolate through the processed kimberlite clays. However, after INAC`s inspection on August 6, it was recommended that this water be treated before discharge into the PKCA area. Unfortunately we do not currently have a system in place to treat this water before it is transferred to the PKCA nor is it a requirement of the Jericho Water License.

Although Tahera feels the practise of direct transfer of the water to the PKCA conforms to our water license and does not pose a threat to the environment, we are in agreement that a filtration system would be prudent and lessen the risk of PKCA contamination. Tahera's water license regulates the PKCA discharge in terms of concentrations of various chemicals and elements, including oils and grease.

The rationale for putting the material in the PKCA is that it is weakly contaminated and that within the PKCA area, it is contained and typically breaks down to non-hazardous components and evaporates. The material is put into the PKCA at the east end of the East Cell, where it must percolate through hundreds of meters of kimberlite clays before diffusing into the West Cell. We believe that much of the hydrocarbons will be filtered by these clays before being diluted in the West Cell. The oil and grease discharge limits for Tahera's PKCA is an average of 3mg/L with no single sample exceeding 5mg/L. Our records show that no sample has ever exceeded 1mg/L, which is well within our limits.

Since the August INAC inspection, we have been trying to come up with a simple and inexpensive treatment system that can be installed and utilized to treat the water before transfer to the PKCA. My discussion with you last week helped confirm that an activated carbon system could be a viable solution. Although this is a difficult time for significant capital purchases at the Jericho site, we are willing to investigate the purchase and use of an activated carbon filtration system. However, the purchase, shipping and installation of this filtration system has not yet occurred but would be installed before freshet 2009. No further transfer of run-off water will take place after mid October, until late spring 2009.

In the interim, Tahera has continued with its practise of transferring this water to the PKCA. We began the transfer practise again on September 2, 2008 as the water levels within the containment berms had risen too high to be safe any longer. As noted above, high water volumes in the bermed areas reduce available space within the berms in the event of a significant fuel spill, which would have far reaching environmental impacts. In addition, the onset of the winter would have seen this water freeze and potentially cause significant damage to fuel tanks, lines, and valves. Finally, it was also necessary to provide available berm containment volume in the event that the site continued to receive further rainfall and to prepare room for spring melt in 2009.

For the noted reasons we believe that we have acted responsibly and within the parameters of the Jericho Mine's water license in dealing with this matter. For your reference, I have also attached a summary of the methodology for the waste water transfer to the PKCA. I welcome any comments or discussion with regard to what has been outlined and appreciate INAC`s cooperation on this matter.

Sincerely,

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Run-off Waste Water Handling Procedure

Procedure proposed for September through March 2009 only.

Purpose:

To transfer the waste water from several containment berms around the Jericho Mine Site to the PKCA area. This is a procedure that will be replaced once a filtration system can be procured and installed at the mine site.

Site Areas Effected:

Source Areas and approximate September 2nd 2008 containment run-off water volumes (see map)

		Approximate depth, dimensions and volumes				
#	**Sump Site**	**Water Depth**	**Length**	**Width**	**Volume m3**	**Volume litres**
1	Main Fuel - small tanks	0.15	65	30	292.5	292,500
2	Main Fuel - big tanks	0.15	55	55	453.75	453,750
3	Generator Day Tank	0.15	20	20	60	60,000
4	Airstrip Jet-B storage	0.15	20	20	60	60,000
5	Waste storage, west	0.15	45	45	303.75	303,750
6	Waste storage, east	0.15	40	40	240	240,000
6	Total				1,410	1,410,000

Dump Location;

The water will be pumped or vac truck transported to a site along the East and Southeast Dam of the east cell of the PKCA (see map)

PKCA:

There is no current estimate for the total amount of hydrocarbons that have been or will be deposited in the PKCA. Samples of the run-off water in several containment berms were sampled in late August, but the sample results have not yet been returned. These results should help to calculate an approximate concentration and total amount of hydrocarbons for the material transferred to the PKCA in September 2008.

Material:

The material in the berms is water with variable amounts of diesel or Jet-A contaminants. The concentration of the material is currently not known, however samples were taken in the last week of August and we expect sample results shortly. These results will be passed on to the agencies and Tahera Management by Andrew Coster or Lee Staples once they are complete.

Procedure:

Step 1:
Identify areas of immediate concern with regard to water build up within a containment area. These are areas that may overflow into uncontained areas or areas that a build up of water or ice will limit the effectiveness of containment systems in the event of a spill.

Step2:
A sump has been created that will be placed in the deepest point of water or the area with the best access. This sump will consist of a 45gallon drum ringed with absorbent booms and holes cut into lower end. This will protect the bottom of the berm from dewatering while trying to collect the bulk of the surface contamination in the absorbent booms. (See Picture Below) As much as possible, water will therefore be drawn from below the potentially more contaminated surface water.

Figure 1: Pumping from the Main Tank Farm

Step3:
All water removed from containment areas will be deposited along the east and southeast dams of the PKCA (See attached map). This will allow the potentially contaminated

water the greatest distance to travel before passing through the Divider Dyke between the East and West cells.

Figure 2 : Transfer site to PKCA

Monitoring:

Volume of water pumped and/or vac truck loads of water will be logged for accurate volume estimates from each containment. All water licence required testing will be completed with regard to PKCA water quality both within the cell and at the discharge site.

Map:

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