

TAHERA DIAMOND CORPORATION**Consolidated Balance Sheets
(unaudited)**

	Dec 31, 2008	Dec 31, 2007
ASSETS		
Current Assets		
Cash and short term deposits	\$ 774,616	\$ 1,735,354
Accounts receivable	1,213,388	3,437,706
Prepaid expenses	153,255	1,151,968
Diamond inventory	-	15,345,485
Supplies inventory	3,606,641	4,327,139
	<u>5,747,900</u>	<u>25,997,652</u>
Restricted Deposits	13,077,796	12,958,447
Investments	33,098	134,937
Exploration and Development Projects	43,166,947	44,089,932
Fixed Assets	43,027,992	49,284,663
Deferred Financing Costs	<u>253,773</u>	<u>354,935</u>
	<u>\$ 105,307,507</u>	<u>\$ 132,820,566</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 38,002,661	\$ 27,639,620
Working Capital Loan	9,357,838	8,791,361
Deferred Revenue	-	9,604,772
Capital Lease Obligations	3,134,172	6,077,493
Long-Term Debt	44,260,706	41,418,955
Deferred Lease Inducements	59,778	86,316
Asset Retirement Obligations	<u>4,533,817</u>	<u>4,016,934</u>
	<u>99,348,973</u>	<u>97,635,451</u>
SHAREHOLDERS' EQUITY		
Share Capital		
Common shares	205,808,506	205,447,604
Common share purchase warrants	6,030,011	9,125,377
	<u>211,838,517</u>	<u>214,572,981</u>
Contributed Surplus	5,892,986	7,789,731
Accumulated OCI	33,096	134,935
Deficit	<u>(211,806,065)</u>	<u>(187,312,532)</u>
	<u>5,958,535</u>	<u>35,185,115</u>
	<u>\$ 105,307,507</u>	<u>\$ 132,820,566</u>

TAHERA DIAMOND CORPORATION**Consolidated Statements of Loss and Deficit
(unaudited)**

	YTD Dec 2008
Revenues	
Diamond Sales	27,777,570
Other Revenue	552,223
	<u>28,329,793</u>
Cost of Goods Sold	
Mining Costs	8,331,283
Processing costs	203,150
Overheads - Camp	979,100
Overheads - Power	2,474,658
Overheads - Travel	1,465,639
Overheads - Environmental	819,216
Overheads - Labour	2,938,676
Overheads - Regulatory	(230,635)
Overheads - Other	4,853,625
Depreciation and amortization (Operating)	9,093,071
COGS in Inventory	12,936,171
	<u>43,863,954</u>
Operating Income (Loss)	<u>(15,534,161)</u>
Corporate	
Amortization and Depletion (Non-Operating)	408,732
Salaries and benefits	2,199,413
Office and general	1,106,820
Exchange Gain/Loss	(174,427)
Legal, audit, and consulting	2,822,953
Travel	11,518
Director's fees and expenses	(1,027,258)
Transfer agent and listing fees	41,202
Other	288,014
	<u>5,676,967</u>
Income (Loss) Before Other Items	<u>(21,211,128)</u>
Other Items	
Asset impairment charges	-
Write down of exploration and development projects	-
Interest income / expense	(3,394,905)
Gains / losses	112,500
Other income / expense	-
	<u>-</u>
Net Income (Loss) before Income Taxes	<u>(24,493,533)</u>
(Recovery of) Provision for Income Taxes	<u>-</u>
Net Income (Loss)	<u>(24,493,533)</u>
Deficit - Beginning of Period	<u>(187,312,532)</u>
Deficit - End of Period	<u>\$ (211,806,065)</u>