

June 10, 2005

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

Re: Final Causeway Design  
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 Final Causeway Design Plan. We look forward to receiving your prompt approval of this plan.

#### General

Due to date of the submittal of the causeway plan and the required 60-day review period, Phase 1 will now be combined and constructed as part of Phase 2. The ice is now considered unsafe to be trafficked by heavy equipment.

#### Specific

##### INAC Comments

##### Design Criteria and Parameters

1. The causeway, based on new bathymetric data, will be within the 90 m long estimate.
2. The intake pipe inlet will be in 4.5 m depth from the current lake level. The depth is considered sufficiently conservative to avoid freezing of the inlet at that depth.
3. Back flushing of sediment will not be undertaken.
4. Field construction drawings have Alternative 1 crossed out, [there is no confusion at site.]
5. Ice rafting at the south end of Carat Lake has not occurred during the time Tahera has occupied the site for exploration. The lake bottom initially drops off relatively steeply and ice driven by the wind will merely push fast against the shore and not raft appreciably. As well a very narrow shore lead develops on the southeast shore in the proposed area of the causeway until the ice is well melted, the largest shore lead being on the east shore where several small streams feed water into the lake shore margin during break-up.
6. While Tahera initially recommended the use of Alternative 1 design, which was used at EKATI, the Company was required to modify its plans based on the requirements of the Department of Fisheries and Oceans. Many issues surrounding ice and construction would fall away with the Alternative 1 design. However, this is not the planned or approved design.
7. The surface bank material size has not been based on potential wave heights. Based on Tahera experience at Jericho during exploration, the two meter height is adequate to prevent wave overtopping. We note that the strongest winds at Jericho occur in the winter when the lake is frozen.

- d. Construction Sampling Monitoring of Waste Rock  
This is no longer an issue as there will be no on-ice construction.

##### DFO Comments

##### Pumping Rates

Pump capacity is based on the zero head and zero friction loss and is the theoretical maximum the pump is capable of, not the actual rate of pumping when considering the 50m of head differential and close to 2000 meters of pipeline friction losses.

#### Screen Size

The screen size has been designed to meet DFO guideline specifications.

#### Causeway Length

The causeway length will be within the 90 m estimate. Should any exceedance of that length be required, NWB will be notified.

#### Use of Explosives

No explosives will be used in Carat Lake to construct the causeway.

#### Habitat Enhancement Monitoring

The requirement for causeway habitat enhancement monitoring has been noted and will be included with habitat compensation monitoring and plans provided in that context.

#### Section 1.6-1 – Construction Waste Rock

Construction waste rock will be tested; Tahera is committed to using only non-acid generating host rock for causeway construction.

#### Section 2.1 – Use of Explosives

See the above comment.

#### Section 2.2 – Expansion of the Causeway

This should have read to the `north` and not west. As-built drawing will be provided after installation.

#### Section 2.3 – Silt Curtains

Since Phase 1 was not able to be carried out, all work done during open water will use silt curtains to control sedimentation as required. As well, the use of clean rock should help minimize suspended sediment.

Water will be sampled inside and outside the silt curtain daily during construction for turbidity and periodically for TSS (the minimum turn around time at labs is approximately 1 week and thus this would be the maximum frequency for TSS sampling).

See the note above about Alternative 1.

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