October 25, 2006 EBA File: 1100060.004

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via email: DJohnson@Tahera.com

Attention: Dan Johnson

Subject: Jericho Diamond Mine
Reply to NWB
Review of TDC East and Southeast Dam Design

EBA Engineering Consultants Ltd.'s responses to questions and comments in NWB Letter dated September 12, 2006 regarding the Jericho East and Southeast Dam designs are presented below. The original NWB comments are in italics. EBA's reply follows each comment.

a. (2.2 – Foundation Conditions) TDC indicates that borehole locations are listed on Drawing ED-3, yet after consulting the referenced drawing, these locations could not be found. Could TDC please further clarify?

The borehole locations are shown on Drawing ED-2 rather than ED-3.

b. (2.2 – Foundation Conditions) TDC states "The liner will be keyed into the foundation materials, and sufficient cover over the key trench will maintain the base of the liner in a frozen condition".

Details of thermal analyses of the dam were provided in an EBA Letter dated January 26. The active layer at the dam crest is expected to be approximately 3.5 m. The fill cover thickness above the liner was specified to be greater than this amount.

c. (5.0 – Settlement; 9.2 – Thermal Monitoring) As per Section 5.0, TDC states that "The frozen condition of the foundation soils below the liner will be maintained;" and through Section 9.2 TDC indicates that horizontal ground temperature cables will be installed in the key trench backfill of each dam. How will this monitoring information be presented to the NWB? Will TDC be filing this information through the annual geotechnical inspection to be filed with the Board as per Part G, Item 2 (g)?

The measured ground temperature data will be presented in the annual geotechnical report. The data will be discussed as an element of dam performance and any trends will be identified.

d. (6.0 – Worse Case Failure Scenario) In TDC's response (received February 14th, 2006) TDC states "It is recognized that there is a risk of seepage from the dam. If excessive seepage is observed, a collection system can be constructed downstream of the dam, and the seepage returned to the PKCA". Is TDC committing to the construction of a collection system downstream to ensure waters leaving the PKCA are managed? The NWB requests additional information in what the qualitative and quantitative markers are in determining if a collection system is to be constructed and a brief description of the design of the collection system that would be constructed if it is qualitatively and quantitatively determined that the collection system is needed.

Construction of a seepage collection system will only be considered if seepage is observed. The situation would be evaluated at the time to determine the appropriate remedial action. Water quality

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and flows would be monitored and seepage that risks not meeting discharge criteria would be contained by construction of a berm and installation of a pump-back system.

e. (7.0 – Material Properties) The NWB understands that TDC, through the response received February 14th, 2006, states that coarse processed kimberlite and dam fill materials are not acid generating or metal leaching. The NWB requests detail in how construction materials were characterized (methods, quantifiable markers, sampling etc.) with respect to ARD and metal leaching potential. If TDC has provided this detail through another standalone document, the NWB invites TDC to appropriately reference where this information can be found (document title, document section, page numbers where detail can be found).

Construction materials are derived from the open pit mining operations. The waste rock is regularly sampled and results of these tests are sent to NWB as part of the Waste Rock Management Plan. To date there is no indication of acid generating material.

f. (7.1 – Slope Protection) As described by TDC "The coarse tailings will be replaced if wave action erodes them. The initial performance will be monitored and slope protection added if required". Will this information be communicated to the NWB through the construction records to be submitted? If not, how will this follow-up information be communicated to the NWB?

The information will be submitted to the NWB in the annual geotechnical report along with a description of maintenance carried out at the dams during the year.

g. (8.2 – Construction Requirements) TDC states that "It is anticipated that the contractor chosen to conduct work will develop a construction plan. This construction plan must satisfy the requirements presented in the Construction Specifications to meet their design intent". The Board requests the construction plan referenced and also requests construction records of the South and Southeast Dam be provided to the Board as per Part D, Item 19 of water licence 2AM-JER0410 (formerly NWB1JER0410).

Details of the construction will be submitted to the NWB along with construction records. The work was carried out by experienced contractors on site.

h. (8.3 – Schedule) In TDC's response (received February 14th, 2006) construction of the South and Southeast Dams had taken place. TDC also stated that dam construction was to take place January through April 2006. The NWB understands that this structure has been completed and the PKCA is in operation. Thus the NWB understands that dams are retaining waters. Furthermore, TDC states that "It is planned to construct the dams as shown on the drawings to the full height in 2006. If there is a requirement to raise the dam, a design will be prepared and submitted for regulatory approval".

Of the East and Southeast Dams design package, only the East Dam was fully completed in 2006. The Southeast Dam will be constructed during Winter 2006-2007. The staged delay is due to slow construction progress last year. The PKCA is operational however the water level in the PKCA is below the base of both of these dams until 2007. Furthermore, these dams are or will be lined on the upstream side with coarse PK and beached fine PK and as such are not expected to directly retain waters.

i. (8.5 – Moisture Conditioning of Embankment Materials) Through the final design presented TDC states "Water must be added to the 20 mm material to bring the moisture content to about 2% above optimum water content as determined by ASTM 698 (by mass). The water must be heated to prevent freezing before placement in the key trench". After construction, how will this information be communicated to the NWB? Does TDC intend to include this information in the construction records they are to submit to the NWB as per Part D, Item 19 of water licence 2AM-JER0410 (formerly NWB1JER0410)?

Water and fill temperature monitoring is part of the quality assurance testing. This information can be included in the construction summary report.

j. (8.6.1 – Key Trench Backfill) TDC states "When required, the moisture content of the key trench backfill must be maintained so that excessive water is not available to form ice lenses" and "… parameters such as mixing water content, surface cleaning and lift thickness should be optimized by controlled experimentation early in the construction season. These parameters may need to be periodically changed to suit varied weather conditions". The NWB requests a follow-up to this information. Does TDC plan to include the follow-up details in the construction records they are to submit to the NWB as per Part D, Item 19 of water licence 2AM-JER0410 (formerly NWB1JER0410)? If not, how does TDC plan to report this information to the NWB?

A description and photos of the key trench material placement will be presented in the construction summary report along with the quality assurance testing information.

k. (8.6.3 – Run-of-Mine Material) The NWB requests additional information on how materials are to be placed and not cause segregation and nesting.

Material placement will be observed. If segregation is observed, the material will be removed or blended with other material.

l. (8.6.4 – 200 mm Transition Material) TDC states "It is anticipated that the number of passes, vibration frequency and volume of water required will be checked periodically throughout construction using a proof roll". The NWB requests additional information on how TDC is to report the findings of the proof roll. Will discussions related to this issue be included in the construction records to be provided to the NWB?

The haul truck traffic on the fill and the fill performance are observed on a regular basis during construction. These frequent observations are substituted for formal proof rolls. Proof rolls will not be reported in the construction records. The function of the proof roll is to allow the contractor to optimize placement methods in order to meet end-product specifications. The final placement process is monitored and reported in the quality control and quality assurance testing program then reported in the construction summary report.

m. (9.3 – Survey Monitoring) The NWB understands that TDC will be installing pipe anchored into the dam fill as surveying monuments. The NWB would like to better understand how survey monitoring data will be presented to the Board. Will this be communicated through the annual geotechnical inspection to be filed with the Board as per Part G, Item 2 (g)?

The results of the survey monitoring will be reported in the annual geotechnical report.

We trust the above addresses the NWB's comments and questions. We welcome the opportunity to discuss the replies further at the scheduled meetings between the NWB and Tahera and EBA.

Regards,
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