

June 10, 2005

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

Re: Borrow Management 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 Borrow Management Plan. We look forward to receiving your prompt approval of this plan.

#### **General**

The Borrow Management Plan covers the management of esker extraction essentially to the satisfaction of reviewers. A few additional details were requested and the next version of the Plan will be consistent with the Wildlife Mitigation and Monitoring Plan where the two overlap, e.g., with respect to nesting birds. When the plan needs revision due to changes in extraction procedures or at the time the mine commences operation, reviewer comments will be addressed.

For the purposes of operation of the Jericho Diamond Mine we note that Benachee Resources Inc., the owner of the land leases, is a wholly owned subsidiary of Tahera Diamond Corporation. Through the regulatory process, Tahera has continually attempted to clarify this relationship to all parties and has done so in writing to the NWB, NIRB, and the KIA. It is our understanding that these parties are satisfied with the Company's response related to this matter.

#### **Specific**

##### Use of Esker Borrow Material

The limited esker borrow material utilized to date has only been taken from borrow area A1, covered under Land Use Permit N2003C0029, which allows for this activity, and no new borrow areas will be exploited prior to plan approval.

##### Natural Drainage Areas

As indicated on the Borrow Management Plan, the natural drainages are intermittent. Water only flows for a short time during freshet because the drainages are entirely dependent on relatively small amounts of snow to supply water. The drainage areas are not planned to be exploited at this time, i.e., they are entirely contained within Area A3.

##### Topsoil Removal and Revegetation

There is no "topsoil" to remove from the esker sites and only a relatively small amount of vegetation that is not readily salvageable. Revegetation research is currently planned to be initiated by the University of Alberta at Jericho and future details on revegetation at Jericho will be derived from such studies, much as Ekati's revegetation work has relied on test plots and revegetation research on going at the mine since commencement of operations.

##### Exploitable Esker Sand

Esker is currently planned to be exploited down to the frozen layer. The three defined areas are the current targets. Prior to exploitation of borrow areas the actual footprint, depth of exploitable esker material and drainage control will be determined. Changes in borrow extraction areas will be reflected in future versions of the plan. We note the environmental impact statement indicated relatively broad areas for potential esker extraction based on geotechnical studies conducted by BGC.

#### Drainage Control

Ditches will be installed to drain away any melt water and silt fences will be placed across drainage ditches upslope of any water body if water has the potential to flow into these bodies. If silt curtains are required, turbidity measurements will be made above and below the silt curtains and samples submitted for total suspended solids analyses. The General Monitoring Plan discusses developing relationships between turbidity and total suspended solids. Under normal circumstances and based on site experience, e.g., the airstrip, runoff water should be expected to be absorbed completely by esker sand or the tundra within a few meters.

#### Air Quality Management

Water would be used for any dust suppression needed at the borrow sites.

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