

June 10, 2005

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

Re: Final Waste Water Treatment 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 Final Waste Water Treatment Plan. We look forward to receiving your prompt approval of this plan.

**General**

As indicated in the INAC review the plan, as submitted, generally meets Water Licence requirements. Our review of government comments suggests all issues can be adequately addressed in the Operation and Maintenance Plan that will be developed for the treatment plant.

**Specific**

Monitoring

The Water Licence specifies what monitoring is required during operation of the plant and, except for monitoring during upsets, this level of monitoring should provide adequate management information, keeping in mind that treatment plant water will be discharged to the PKCA which is a monitored, controlled facility.

Number of People to Service

The plant has been designed for 200 people and comes as a package for that size, thus a 200-person capacity plant would be required for 120 people in any case. Original plans were to use the exploration camp with a 60-person capacity. Those plans have been abandoned and all personnel will use the new mine accommodations.

Effluent Criteria

Effluent criteria quoted on the drawing and in the text are similar and exceed criteria required for discharge directly to the environment under most situations, whereas the discharge from the plant will be to the PKCA where dilution will occur. The discharge criteria for the specific plant installed at Jericho can be included in the Operations and Monitoring Plan. Further as the INAC review indicates all parameters except TSS are below PKCA discharge criteria and TSS will be diluted in the PKCA.

Contingency

The treatment plant effluent will always be discharged to the PKCA. Note that the East Dam will have PK slurry spigotted against the upstream side of the dam which will move water progressively further from the dam face. As well, the natural topography east of the east dam rises several meters and any small amount of seepage would be contained in the area immediately east of the East Dam and could readily be pumped back into the PKCA.

Summary System Components

As built drawings and specifications will be provided in the Operations and Maintenance Plan. The plant is a package design and proven system and we do not believe resubmission of the design plan should be necessary.

Drawings

The plan contained drawings, including the subject drawing, provided by the contractor and Hatch. Any amendments reflecting as-built conditions will be included in the Operation and Maintenance Plan. In the main, we believe the plan satisfactorily outlines design concepts.

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