27 July 2007

File: 2AM-JER0410

VIA E-Mail

Indian and Northern Affairs Canada
Building 918, P.O. Box 100
Iqaluit, NU, X0A 0H0

Attention: Mr. Andrew Keim

Dear Mr. Keim,

Reference: Jericho Waste Rock Dump South Side Seepage

Pursuant to a verbal request from yourself during a 30 June 2007 site inspection of the Jericho Diamond Mine, the enclosed provides the proposed management plan for seepage water from the south side of Waste Rock Dump 2.

The till dump (central part of Waste Rock Dump 2) south toe has ponded water against it. Water accumulated from till placed on this side of the dump during the 2005-2006 and 2006-2007 seasons. During the open water season, water is pumped over into the open pit sump and from there to the East Sump (2006) or the PKCA, East Cell (2007). During the 2007 INAC inspection on 30 June 2007, inspectors requested a plan to eliminate water ponding on the south side of the dump. This plan outlines actions to be taken to address the ponding.

Water quality samples were collected from the toe of the waste rock dump and from the south side of the pond June 15. Results are attached in Table 1, together with Jericho Water License discharge criteria. All sample parameters are below the discharge criteria except total suspended solids from the dump toe sample. Most parameters are also below CCME guidelines for protection of freshwater aquatic life.

The purpose of the plan is to provide an outline of actions to be taken and a timetable for environmental control of the ponded water. Figure 1 shows the location.

The till stockpiled on the dump will be required throughout much of the mine life for construction (till plugs; dam core material) and reclamation purposes, thus isolating the till by covering with waste rock is not a viable solution. Alternately, picking up the till with a hoe or loader and depositing it on the north side of Waste Rock Dump 2 is also not economically viable and complete removal may not be possible due to permafrost intrusion into the till. Also note the placement of the till material located on the South side of the Surface mine was due to the till runoff would drain into the mine based on the location of the Water catchement boundaries. Any runoff into the mine is pumped to the Fine PKCA via the dewatering line.

The current management practice of pumping seepage water during the open water season with a small gasoline pump and two inch water line over to the open pit will be continued. To date this approach (with close monitoring) has been successful in preventing any water spilling over the height of land into the Key Lake drainage.

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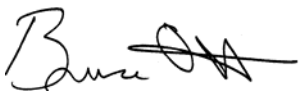
We trust this information meets your requirements. Please contact me should you have additional questions.

Yours truly,



Bruce Ott
Director of Environment
Jericho Diamond Mine

/bo

C. Licensing Administrator, Nunavut Water Board
R. Jones, G. Missal, C. Wray, Tahera Diamond Corporation

RESULTS OF ANALYSIS

Sample ID	Units	WRD2 Toe	WRD2 S End	Water Licence	CCME
Date Sampled		15-JUN-07	15-JUN-07	Criteria	Guidelines
Time Sampled		09:30	13:30	(30d Avg)	
ALS Sample ID		L518690-4	L518690-5		Freshwater
Matrix		Water	Water	Water	Aquatic Life
Physical Tests					
Hardness (as CaCO3)	mg/L	19.6	14.1		
Conductivity	uS/cm	50.3	36.9		
pH		7.01	6.65		
pH		7.40	7.18	6-8.8	
Total Dissolved Solids	mg/L	43.0	26.0	2000	
Total Suspended Solids	mg/L	35.7	<3.0	15.0	
Turbidity	NTU	61.6	9.21		
Anions and Nutrients					
Ammonia as N	mg N/L	0.129	0.0197		1
Alkalinity, Bicarbonate (as CaCO3)	mg/L	13.1	8.0		
Alkalinity, Carbonate (as CaCO3)	mg/L	<1.0	<1.0		
Alkalinity, Hydroxide (as CaCO3)	mg/L	<1.0	<1.0		
Alkalinity, Total (as CaCO3)	mg/L	13.1	8.0		
Chloride (Cl)	mg/L	0.99	1.21	500	
Sulfate (SO4)	mg/L	2.82	2.07		0
Nitrate (as N)	mg N/L	1.45	1.04	28	13
Nitrite (as N)	mg N/L	0.0187	0.0011	2.5	0.06
Ortho Phosphate as P	mg/L	0.0040	0.0013	0.2	
Total Dissolved Phosphate As P	mg/L	0.0097	0.0064		0
Total Phosphate as P	mg/L	0.0562	0.0219		0
					0
Total Metals					0
Aluminum (Al)-Total	mg/L	1.13	0.324	1.5	0.1
Antimony (Sb)-Total	mg/L	<0.00010	<0.00010		
Arsenic (As)-Total	mg/L	0.00054	0.00024	0.05	0.005
Barium (Ba)-Total	mg/L	0.0196	0.00800		
Beryllium (Be)-Total	mg/L	<0.00050	<0.00050		
Bismuth (Bi)-Total	mg/L	<0.00050	<0.00050		
Boron (B)-Total	mg/L	<0.010	<0.010		
Cadmium (Cd)-Total	mg/L	<0.000050	<0.000050	0.0012	0.000017
Calcium (Ca)-Total	mg/L	4.50	2.96		0.0089
Chromium (Cr)-Total	mg/L	0.00281	0.00081	0.087	
Cobalt (Co)-Total	mg/L	0.00135	0.00026		
Copper (Cu)-Total	mg/L	0.00396	0.00257	0.02	
Iron (Fe)-Total	mg/L	1.30	0.328		
Lead (Pb)-Total	mg/L	0.000836	0.000300	0.01	
Lithium (Li)-Total	mg/L	<0.0050	<0.0050		
Magnesium (Mg)-Total	mg/L	2.53	1.63		
Manganese (Mn)-Total	mg/L	0.169	0.0127		
Mercury (Hg)-Total	mg/L	<0.000050	<0.000050		
Molybdenum (Mo)-Total	mg/L	0.000237	0.000110	0.73	
Nickel (Ni)-Total	mg/L	0.00624	0.00257	0.05	
Potassium (K)-Total	mg/L	1.22	0.69		

Sample ID	Units	WRD2 Toe	WRD2 S End	Water Licence	CCME
Date Sampled		15-JUN-07	15-JUN-07	Criteria	Guidelines
Time Sampled		09:30	13:30	(30d Avg)	
ALS Sample ID		L518690-4	L518690-5		Freshwater
Matrix		Water	Water	Water	Aquatic Life
Selenium (Se)-Total	mg/L	<0.0010	<0.0010		0.001
Silicon (Si)-Total	mg/L	2.59	1.29		
Silver (Ag)-Total	mg/L	0.000010	0.000010		0.0001
Sodium (Na)-Total	mg/L	1.12	1.06		
Strontium (Sr)-Total	mg/L	0.0172	0.0114		
Thallium (Tl)-Total	mg/L	<0.00010	<0.00010		
Tin (Sn)-Total	mg/L	<0.00010	<0.00060		
Titanium (Ti)-Total	mg/L	0.042	0.011		
Uranium (U)-Total	mg/L	0.00123	0.000406	0.05	
Vanadium (V)-Total	mg/L	0.0022	<0.0010		
Zinc (Zn)-Total		<0.0060	<0.0050	0.25	0.03
Dissolved Metals					
Aluminum (Al)-Dissolved	mg/L	0.0464	0.0704	1.0	
Antimony (Sb)-Dissolved	mg/L	<0.00010	<0.00010		
Arsenic (As)-Dissolved	mg/L	0.00033	0.00018		
Barium (Ba)-Dissolved	mg/L	0.00789	0.00544		
Beryllium (Be)-Dissolved	mg/L	<0.00050	<0.00050		
Bismuth (Bi)-Dissolved	mg/L	<0.00050	<0.00050		
Boron (B)-Dissolved	mg/L	<0.010	<0.010		
Cadmium (Cd)-Dissolved	mg/L	<0.000050	<0.000050		
Calcium (Ca)-Dissolved	mg/L	4.51	3.05		
Chromium (Cr)-Dissolved	mg/L	<0.00050	<0.00050		
Cobalt (Co)-Dissolved	mg/L	0.00030	<0.00010		
Copper (Cu)-Dissolved	mg/L	0.00206	0.00235		0.004
Iron (Fe)-Dissolved	mg/L	0.042	<0.030		
Lead (Pb)-Dissolved	mg/L	<0.000050	<0.000050		0.001
Lithium (Li)-Dissolved	mg/L	<0.0050	<0.0050		
Magnesium (Mg)-Dissolved	mg/L	2.02	1.56		
Manganese (Mn)-Dissolved	mg/L	0.128	0.00274		
Mercury (Hg)-Dissolved	mg/L	<0.000050	<0.000050		0.000026
Molybdenum (Mo)-Dissolved	mg/L	0.000318	0.000080		
Nickel (Ni)-Dissolved	mg/L	0.00267	0.00168		0.025
Potassium (K)-Dissolved	mg/L	0.83	0.63		
Selenium (Se)-Dissolved	mg/L	<0.0010	<0.0010		
Silicon (Si)-Dissolved	mg/L	0.602	0.747		
Silver (Ag)-Dissolved	mg/L	<0.000010	<0.000010		
Sodium (Na)-Dissolved	mg/L	1.02	1.08		
Strontium (Sr)-Dissolved	mg/L	0.0166	0.0110		
Thallium (Tl)-Dissolved	mg/L	<0.00010	<0.00010		
Tin (Sn)-Dissolved	mg/L	<0.00010	<0.00010		
Titanium (Ti)-Dissolved	mg/L	<0.010	<0.010		
Uranium (U)-Dissolved	mg/L	0.000760	0.000329		
Vanadium (V)-Dissolved	mg/L	<0.0010	<0.0010		
Zinc (Zn)-Dissolved	mg/L	<0.0010	<0.0020		

Sample ID	Units	WRD2 Toe	WRD2 S End	Water Licence	CCME
Date Sampled		15-JUN-07	15-JUN-07	Criteria	Guidelines
Time Sampled		09:30	13:30	(30d Avg)	
ALS Sample ID		L518690-4	L518690-5		Freshwater
Matrix		Water	Water	Water	Aquatic Life
Organic Parameters					
Total Inorganic Carbon	mg/L	2.77	1.36		
Total Organic Carbon	mg/L	4.32	5.49		

Tahera Diamond Corp	
	Waste Rock Dump 2 Seepage Pond
Date:9/7/2007	
Author: Bott	
Office: Jericho	
Drawing: 001	
Scale: 1:0	Projection: Non-Earth (feet)