

Court File No. 08-CL-7355

**TAHERA DIAMOND CORPORATION
AND BENACHEE RESOURCES INC.**

**MONITOR'S FOURTH REPORT TO THE COURT
May 12, 2008**

**ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF

TAHERA DIAMOND CORPORATION
BENACHEE RESOURCES INC.

**FOURTH REPORT TO THE COURT SUBMITTED BY
PRICEWATERHOUSECOOPERS INC.
IN ITS CAPACITY AS MONITOR**

INTRODUCTION

1. On January 16, 2008, Tahera Diamond Corporation and its wholly owned subsidiary, Benachee Resources Inc. (collectively referred to herein as the "Applicants" or the "Company"), made an application under the *Companies' Creditors Arrangement Act* (the "CCAA") and an initial order (the "Initial Order") was granted by the Honourable Mr. Justice Spence of the Ontario Superior Court of Justice (Commercial List) (the "Court") granting, *inter alia*, a stay of proceedings against the Company until February 14, 2008 (the "Stay Period") and appointing PricewaterhouseCoopers Inc. as monitor (the "Monitor"). The proceedings commenced by the Company under the CCAA will be referred to herein as the "CCAA Proceedings".
2. Pursuant to the Order of the Honourable Madam Justice Pepall made February 11, 2008, the Stay Period was extended and currently expires on June 30, 2008.

3. The Marketing Process, as defined in the Monitor's first report to this Honourable Court (the "First Report"), was approved pursuant to the Order of the Honourable Madam Justice Pepall made February 22, 2008 (the "Marketing Process Order").
4. The purpose of this, the Monitor's fourth report (the "Fourth Report"), is to inform the Court with respect to the following:
 - (i) The cessation of the Company's processing operations; and
 - (ii) The status of the Marketing Process.
5. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars. Capitalized terms used herein not otherwise defined are as defined in the Initial Order.

CESSATION OF PROCESSING OPERATIONS

6. As reported in the Monitor's Third Report, the Company had planned on continuing its processing operations until the stock-piled ore had been processed, which had been estimated to be on or around April 16, 2008. Processing operations were completed on April 22, 2008.
7. The Company is now in the process of transitioning the Jericho mine site to 'care and maintenance' mode, which includes decommissioning processing plant assets, completing the recovery of all diamonds processed and ensuring staff are properly trained to oversee the mine site during this period. It is expected that the transition to care and maintenance will be completed by the end of May 2008.

STATUS OF THE MARKETING PROCESS

8. The Marketing Process is being carried out pursuant to the Marketing Process Order. Activities to date are summarized as follows:

- (i) The Company, its advisors and the Monitor compiled a list of logical potential purchasers and 88 parties were contacted directly with respect to the opportunity to acquire the Company or its assets;
 - (ii) 32 parties requested and were sent “teaser” information;
 - (iii) 15 parties requested confidentiality agreements (“CA”), of which 12 executed a CA. In addition, 5 parties who had executed CAs with the Company prior to the start of the Marketing Process were also invited to participate in the Marketing Process;
 - (iv) The parties that executed CAs were provided with a copy of the Company’s Confidential Information Memorandum and access to an electronic data room to enable them to undertake preliminary due diligence activities;
 - (v) 7 parties (collectively the “Interested Parties”) have submitted non-binding preliminary expressions of interest.
9. The Company, with the assistance of its advisors and the Monitor, is in the process of clarifying and analysing the expressions of interest and it is expected that a number of the Interested Parties will be invited to participate in the next stage of the process.
10. While the Company, its advisors and the Monitor are hopeful a transaction or series of transactions will result from this process there is, at this time, no certainty as to the outcome of the Marketing Process.

11. PricewaterhouseCoopers (“PwC”) tax personnel have been providing assistance and advice to the Monitor and the Company in respect of various tax matters. In addition, different PwC tax personnel have been asked by one of the Interested Parties to provide advice in respect of relevant tax matters. PwC independence personnel have considered the situation and have concluded that there is no independence concern *per se*, provided disclosure is made to the relevant parties and that appropriate “ethical wall” procedures are in place.
12. Tiffany and the Interested Party in question have stated that they consent to PwC tax personnel providing advice to the parties as described in the foregoing paragraph provided that satisfactory “ethical wall” procedures are in place.
13. It is the Monitor’s current intention to provide a further report on the Marketing Process within approximately four weeks of the date hereof.

The Monitor respectfully submits to the Court this, its Fourth Report.

Dated this 12th day of May 2008.

PricewaterhouseCoopers Inc.
in its capacity as Monitor of
Tahera Diamond Corporation
and Benachee Resources Inc.



Nigel D. Meakin
Senior Vice President