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**TAHERA CORPORATION**  
**(TSE: TAH)**

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**PRESS RELEASE**

## **TAHERA SIGNS LETTER OF UNDERSTANDING WITH RIO TINTO (KENNECOTT) TO JOINT VENTURE JERICHO CLAIMS**

Toronto – Thursday September 6, 2001

Tahera Corporation is pleased to report that it has signed a Letter of Understanding with Kennecott Canada Exploration Inc. that outlines the terms and conditions under which Tahera's Jericho Claims may be incorporated into the existing joint venture between the two companies.

Kennecott, a member of the Rio Tinto Group of companies, is the operator of the existing joint venture under which Kennecott can earn a 62.5% interest in Tahera's Rockinghorse and Hood River Properties by funding all costs on discoveries up to and including a production decision.

As part of the agreement between the two companies, Tahera will continue to seek regulatory approval for the development of the Jericho kimberlite. The draft Environmental Impact Statement ("EIS") for the Jericho Project is currently being reviewed by numerous regulatory agencies, and Tahera will be submitting a final EIS as part of the permitting process.

Pursuant to the Letter of Understanding, Kennecott will have the option to incorporate the Jericho Claims and known kimberlites on the Jericho Claims under the terms of the existing joint venture. The option term will last up to 12 months. The additional conditions, listed below, must also be fulfilled by Kennecott:

- Kennecott is required to spend a minimum of C\$1 million and drill a minimum of 20 kimberlite targets during the twelve months from the date of signing the Letter of Understanding.
- If Kennecott elects to exercise its option and incorporate the Jericho Claims in the existing joint venture, Kennecott would spend a minimum of C\$1 million per year on the Jericho Claims in addition to the C\$1.5 million per year commitment on the rest of the joint venture title.
- In the event of encouraging results on the Jericho Claims, Kennecott would advance exploration at a rate in excess of these minimums. This is occurring on the exciting Anuri kimberlite discovery that is located on the Tahera / Kennecott joint venture property.
- If Kennecott elects to incorporate the Jericho Claims into the existing joint venture, Kennecott would make a C\$1 million private placement in Tahera at a premium of 10% to the market value of Tahera's shares at that time and would continue to make annual C\$1 million private placements in Tahera for the next four years at premiums of 25%, 50%, 100% and 200% on the original placement price on the second, third, fourth and fifth anniversaries, respectively.
- Kennecott would market all diamonds produced from kimberlites on the Jericho Claims for the first 5 years of production. At the end of 5 years, Tahera would have the opportunity to market its share of production. Tahera would be an invited sightholder at all diamond sales from the joint venture and would have the right to purchase diamonds produced by the joint venture.
- Kennecott's share of production from the known kimberlites on the Jericho Claims would be subject to a 2% gross royalty payable to Tahera.
- If Kennecott has not committed to a plan to mine the Jericho kimberlite within 24 months of incorporating the Jericho Claims in the joint venture, Tahera may elect to develop, mine and market diamonds produced from the Jericho kimberlite on its own. In this case, Kennecott would transfer any rights and interest that it may have acquired in the Jericho kimberlite to Tahera.

Kennecott's parent company (Rio Tinto plc) is currently developing the world-class Diavik Diamond Mine in the Northwest Territories, and Kennecott is an aggressive diamond explorer throughout Canada. Tahera is very excited to be developing further partnerships with a major international mining company that is committed to the diamond industry and that has the available resources to aggressively explore and develop the Jericho Claims.

**To find out more about Tahera Corporation (TSE: TAH), visit our website, [www.tahera.com](http://www.tahera.com)**

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