SIRIUS DIAMONDS LTD.

WHAT IS A "CANADIAN DIAMOND"

The government of Canada, through the Competition Bur au of Industry Canada is undertaking a review of the promotion and advertising f diamonds, in particular, whether diamonds should be mined and manu ctured in Canada in order to be called "Canadian" or marketed with Canadian ymbols. The Bureau has asked that all interested parties (all those in the jewe ry trade) respond to the four questions below on or before **September 23, 2 00** (to the fax or e-mail address also listed below). It is imperative that you ake your views on the subject known at this time. The future of the Canadian di mond manufacturing industry depends on it. All replies and other relevant info nation will be posted in the Bureau's web site.

WHEN FOUND IN ROUGH

1) When should a diamond be deemed to "come into beir " Why?
2) What do consumers and trade buyers perceive the terr s "Canadian diamond" and "Diamond of Canada" or equivalent Canadian typic l symbols or words to mean?
3) What are purchasers' expectations when they seek out "Canadian diamond"? I) ~~mined in Canada~~; ii) mined, cut and polis ed in Canada; or iii) cut ~~and polished in Canada?~~
4) Is it industry practice to refer to the origin of a diamon as the place it is mined OR the place it is cut?

Most of our customers already know our company view on hese issues. A diamond must be **mined** and **manufactured** in Canada i order to be marketed as **"Canadian"**. Clearly, this is the only way the fledgling anufacturing industry here will survive. If diamonds manufactured abro d can be labeled as "Canadian", the door will be wide open for rough diamonds to be purchased overseas, with no guarantee as to their origin, manufactur d in the cheapest possible places, like Bombay, imported to Canada and pass d off as "Canadian". The industry in Canada, paying first world wages, could no compete. The fact remains that there is currently no way adequately to police he provenance of a rough diamond. In addition, it is a widely known industry actice to market a diamond according to its place of manufacture i.e. Russia, elgium Thailand. Two last points to consider: 1) gold mined in Canada, expo ed in rough form, and then imported back in finished form is no longer a Can dian product (duty is charged) and 2) stones like the Burmese Ruby and Ceylon apphire refer to country source **ONLY** because they have peculiar traits or ualities unfound in other rubies and sapphires. Canadian diamonds do not.

WE AGREE 100%

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