

NORTONS jewellers Ltd.

Confederation Court Mall, Charlottetown, P.E.I.
P.O. Box 263 C1A 7K4
Telephone 894-3922 Fax 368-3087

To: Johanne D'Auray
From: Peter Norton, Nortons Jewellers Ltd., Charlottetown, P.E.I.
Date: September 25, 2000
Subject: Response to: WHAT IS A "CANADIAN DIAMOND"

1. A diamond is deemed coming into being when it is formed in its natural state.
2. To the consumer the words "Canadian Diamond" means a totally natural diamond, mined, cut and polished under strict controls and trademarked to guarantee this fact.
3. My clients expect the diamond to be mined, **cut and polished in Canada** to guarantee its authenticity.
4. When we refer to gems other than diamonds, the place of origin is often referred to, such as the case of a Burmese Ruby or Ceylon Sapphire. These gems possess particular characteristics that are found only in these gems. This is not true for diamonds, Canadian or otherwise. However, the diamond industry does refer to the place of manufacture for example, Russian cut, Belgium cut etc.

The Canadian diamond industry has a very unique opportunity to brand its own diamonds, and keep the value added component in Canada and at the same time supply a preferred product which is guaranteed by trade mark to be a truly Canadian, a diamond cut from its natural state and not enhanced in any way. Shipping diamonds out of the country would create a situation where it would be impossible to police the origin of the returning diamonds, and most likely cause the demise of our fledgling diamond cutting industry.