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Sent: September 11, 2000 8:39 PM

To: D'Auray, Johanne: #CB - BC

Subject: RE: What is a Canadian Diamond

1.) When should a diamond be deemed to "come into being" Why?

When does a person become a Canadian? Either by birth or by becoming a citizen...The parallel question is more complex when it comes to regulating definition on a trade practice. In my opinion it is essential that one defines more closely what we are saying. If any other product is defined as being made in Canada...that should apply to diamonds as well. The diamond should be cut in Canada. Other diamonds are often defined in the trade by the place they were cut as it has been up to now virtually impossible to trace country of origin since the loose rough was all sourced from one place...De Beers and there are no essential differences between diamonds of different source origin. The Canadian market is in a unique historic position in that we have the ability to control the sale of rough and the cutting of the stones.

2.)What do consumers and trade buyers perceive the terms "Canadian diamond" and "Diamond of Canada" or equivalent Canadian typical symbols or words to mean?

When I buy a stone that is purported to be "Canadian" I expect it to originate from a mine in Canada and be cut in Canada to Canadian "standards". Our Customers expect the same...the only way to guarantee that a product is truly Canadian to track it from origin to sale.

**3.) What are purchasers' expectations when they seek out a "Canadian Diamond"?
i)mined in Canada; ii)mined, cut and polished in Canada; oriii) cut and polished in Canada?**

The consistent answer from our customers is ii) mined, cut and polished in Canada.

4.) Is it industry practice to refer to the origin of a diamond as the place it is mined OR the place it is cut?

The answer is not clear cut as both terms are used but usually defined. Prime examples would be Russian-cut, Belgian-cut, Israel-cut, India-cut diamonds. With three of these countries not even having current diamond mines. Sometimes actual mine source is used to define origin where there are particular qualities attached...ie: Russian stones - preeminantly good white colour, Australian stones - larger than usual supply of fancy colour, Jager stones - blue/white stones from a particular mine in South Africa, Cape stones - yellow-tinted stones from a particular area of South Africa, Burmese Ruby - particular colour of ruby, Ceylon Sapphire - a particular colour of sapphire. By saying that I believe there is room for a new standard of definition where a "Canadian Diamond" would be Canadian in every sense of the word. Mined, cut and polished in Canada. That is the only way the uniqueness and competitiveness of the market for Canadian stones can ever be maintained or controlled.

Bryan Roset

President

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