

SIRIUS DIAMONDS LTD.

WHAT IS A "CANADIAN DIAMOND"

The government of Canada, through the Competition Bureau of Industry Canada is undertaking a review of the promotion and advertising of diamonds, in particular, whether diamonds should be mined and manufactured in Canada in order to be called "Canadian" or marketed with Canadian symbols. The Bureau has asked that all interested parties (all those in the jewelry trade) respond to the four questions below on or before **September 23, 2000** (to the fax or e-mail address also listed below). It is imperative that you make your views on the subject known at this time. The future of the Canadian diamond manufacturing industry depends on it. All replies and other relevant information will be posted on the Bureau's web site.

- 1) When should a diamond be deemed to "come into being" Why? *where it is mined!*
- 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? *Where the Rough material was mined - Not Cut.*
- 3) What are purchasers' expectations when they seek out a "Canadian diamond"? i) mined in Canada; ii) mined, cut and polished in Canada; **or iii) cut and polished in Canada?** *Both*
- 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? *MINED!!!*

Most of our customers already know our company view on these issues. A diamond must be mined and manufactured in Canada in order to be marketed as "Canadian". Clearly, this is the only way the fledgling manufacturing industry here will survive. If diamonds manufactured abroad 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, manufactured in the cheapest possible places, like Bombay, imported to Canada and passed off as "Canadian". The industry in Canada, paying first world wages, could not compete. The fact remains that there is currently no way adequately to police the provenance of a rough diamond. In addition, it is a widely known industry practice to market a diamond according to its place of manufacture i.e. Russia, Belgium Thailand. Two last points to consider: 1) gold mined in Canada, exported in rough form, and then imported back in finished form is no longer a Canadian product (duty is charged) and 2) stones like the Burmese Ruby and Ceylon Sapphire refer to country source ONLY because they have peculiar traits or qualities unfound in other rubies and sapphires. Canadian diamonds do not.

REPLY TO: Johanne D'Auray at fax #: 819-953-4792
email: dauray.johanne@ic.gc.ca