

September 15, 2000.

In response to your fax dated 9-11-00 "What is a Canadian Diamond"

Question

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

When it is mined, because then it becomes a marketable product.

- 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?

We believe that a diamond must be mined, cut and polished in Canada in order to be marketed as Canadian.

- 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?

Please refer to our response to question # 2. We are confident that our customers feel the same.

- 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?

We DO NOT refer to the origin OR the place it is cut, etc, unless it is a Canadian Diamond.



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