



Pastor-Genève News

As we approach the busy spring auction season, we have seen several auction offerings in New York and Hong Kong that offer very promising numbers based on reserve estimates and expected selling prices of rare colored diamonds. The auction houses are expecting a very buoyant auction season as buyers look for rare tangible assets to add to their personal holdings in an environment of low interest rates, volatile equity markets and declining real estate prices.

We continue to see stable offering prices at the dealer level on a global basis and consistent demand at the retail level in emerging markets as severe declines in supply from Australia to South Africa means that replacement values dictate offering prices as high as possible.

We just had a very successful editorial in the March edition of the Sovereign Society Newsletter and we are working on some very special activities in the Spring, including working with a new representative in Russia who is beginning to market and promote colored diamonds on behalf of Pastor-Genève.

DiaMine News

DiaMine Explorations Inc. has just completed a ground magnetic survey at their Coral Rapids Project in Northern Ontario, the results of which are very encouraging. The anomaly under the earth measures 366 gammas, which is exactly right for a kimberlite. The size of the anomaly is 17.5 hectares, which is bigger than the Victor mine, which is 16 hectares in size.

DiaMine would like to welcome David Sinclair to the company. Mr. Sinclair has been working with DiaMine for the last few months and is an expert in strategic development. He will be working closely with the DiaMine board as well as the shareholders, working for the growth and advancement of shareholder value.

After a successful drill program in 2008, we are currently in the planning phase of the next drill program later in the year.

Diamond News

De Beers Diamond Jewellers 2008 Revenues +6%

Revenues at De Beers Diamond Jewellers rose 6 percent in 2008 as a strong bridal market helped boost sales. De Beers Group — which owns 50 percent of De Beers

Diamond Jewellers in partnership with LVMH Moët Hennessy Louis Vuitton — announced in its annual report that its retail arm saw sales increase dramatically in the first half of 2008, before the economic crisis slowed the retail jewelry market. The company did not provide total sales figures in the report.



DTC Launches Southern Africa 2009 Collection

The Diamond Trading Company (DTC) launched a new collection of diamond jewelry — the DTC Shining Light Awards Southern Africa 2009 Collection — at the Radisson Hotel in Sandton, South Africa. The new collection comprises 18 spectacular pieces of diamond jewelry, including natural black diamonds, green diamonds, canary yellow and cape colored diamonds and, of course, brilliant white diamonds.

Rio Tinto Tenders a Rare Offering of Blue Diamonds

Rio Tinto's Argyle Diamond Mine is set to showcase its rare blue diamonds to the world in a unique sale known as the "Once in a Blue Moon" collection. While the Argyle Diamond Mine is well-known for producing rare pink and champagne diamonds, it also produces other colors such as rare blue stones. It is a closed tender and will be showcased in Perth, Hong Kong and Tokyo before bids close on April 8.

U.S. Feb. Jewelry CPI +4%

The consumer price index (CPI) for jewelry in the U.S. rose 3.6 percent year-on-year during the month of February to 155.69 points. While the index was two points higher than in January, the month of February also finished 13 consecutive monthly readings higher than 150 points. Prior to this run, the index had not touched 150 points since February 1998.

Kinross to Invest \$150M in Harry Winston Diamond Corp.

Harry Winston Diamond Corporation has entered into a strategic investment agreement with Kinross Gold Corporation, whereby Kinross will make a net investment of \$150 million to acquire an indirect interest in the Diavik Diamond Mine in Canada and direct equity stake in the company. Kinross Gold has agreed to subscribe for 15.2 million treasury shares from Harry Winston at a price of \$3 per share, which is approximately 20 percent of the company's issued equity -- post transaction. Harry Winston will use the proceeds to repay existing bank debt and to fund capital costs associated with completion of Diavik's underground expansion.

Graff Sells \$5M Stone at Tefaf

Laurence Graff sold a 30-carat emerald-cut diamond for \$5 million at Tefaf Maastricht '09, an art and antiques fair in The Netherlands. The show, which runs through March 22, reportedly attracted a record 239 dealers and hosts more than \$1 billion in museum-quality artwork. Graff is also offering a \$30-million, 20.02-carat blue diamond at the show. Graff's son, Francois, was said that cash was useless right now and that sales of the higher-end gemstones remained steady at this time of economic uncertainty.

Diamond Jewelry Gains in Popularity Across South India

Industry experts say that although the Kerala market is known for its affinity for gold, diamond jewelry is becoming increasingly popular with customers in that state. While India's sales of diamond jewelry have fallen nearly 70 percent from this time in 2008, in Kerala, sales show a growth rate of about 25 percent. The sale of diamond jewelry in the state has increased from \$33 million in 2005 to \$50 million in 2008.



Mining News

Pangea DiamondFields Raises \$12M

Pangea DiamondFields raised at least \$12 million in an open offer placement of its shares. The diamond exploration company reported that it has now met all of the offer's conditions. A total of 1,608,579,082 offer shares have been issued, more than the minimum amount required for the offer to be valid. The company received payment for 71,263,050 shares this week, helping it reach the \$12 million target.

Fort a la Corne Delivers Seventh Diamond Sample

The Fort a la Corne joint venture in Canada has so far produced 299.3 carats in bulk sampling from 2,010.5 dry metric tons (2216.2 tons) of kimberlite. With a seventh sample from the project now sent for valuation, a total of 1,394 commercial-sized diamonds — i.e. stones greater than a 1.18-millimeter-square mesh screen — have been recovered. The four largest are 9.37, 7.16, 5.42 and 4.77 carats.

Namdeb Expects Production to Drop by Half in '09

Namdeb, the diamond mining joint venture of the Namibian government and De Beers, is expecting production to fall by 50 percent in 2009. Namdeb appealed to Minister of Mines and Energy Erkki Nghimtina to allow it to take a three-month production holiday

beginning in April. The decision would affect Namdeb's MA 1, Orange River and Elizabeth mines, while the company's marine and pocket beach operations will continue to produce diamonds, albeit at lower levels.

Investing In Diamonds March 2009

What do analysts say?

As with any other funding, experts have diverse opinions about diamond investments. However here are some views by popular figures of the diamond market.

Diamond analyst James Allan once revealed that the demand for diamonds will grow by 10% by 2015. As the demand for high quality diamonds will increase, purchasing them now could prove to be a good investment.

Martin Rapaport says that decline in the value of dollar, currency used in pricing diamonds have increased investment values in diamonds. This has made diamonds suitable as hedge against inflation.

What are the advantages of investing in diamonds?

Popularity: Diamonds have been highly popular through time. International demand for diamonds is on the rise due to increase in number of high net worth individuals in Asia, Russia and the Middle East. As principles of economics indicate, higher the demand, higher is the rates of increase in prices.



Portability: Diamonds have high value for a small size as compared to other items of jewelry. This portability makes diamonds an excellent concentrated tool for providing money to those displaced by war and other natural calamities. It can also be carried upon oneself at all times in the form of jewelry for further protection of your valuable assets.

Durability: Diamonds are highly durable and do not undergo wear and tear like other jewelry items. There is hardly any erosion or loss over time.(just like any asset it is very important to take care of the diamonds you own thus storing them in an appropriate place).

Natural and rare: Approximately 130 million carats of diamonds are mined annually and the numbers have been growing through the years. However diamonds are natural

resources. This makes them a commodity with limited supply. As scarce supply drives demand, diamonds would should go up in value over time.

Personal property: What makes diamond most personal is that it offers benefits of complete ownership and financial privacy. Low profile can be maintained about it, if the owner so decides.

Independent values: Values are not linked directly to stock and bond markets. Fluctuations in the latter will not affect the value of diamonds in a direct manner.

History of prices: history reveals that the prices of diamonds have steadily gone up over the years. Prices have risen at an average of 15% every year since 1949. Over the past 30 years, value of colored diamonds as also doubled in every six to seven years.

Diamonds are suitable vehicles of investment; however buyers must be careful that they invest in the right diamond. Given the proper grading and required certification, customers can ensure that the stones they buy not only last a lifetime but also reap rich dividends when time comes.

Forbes February 2009

Perhaps you find the blue and red diamonds to be out of your price range. I have just the solution. A company called LifeGem reportedly can turn the cremated remains of a loved one into a diamond. It just so happens that the most expensive offering is a red version. It may only cost you \$25,000. Check with the manufacturer for current pricing.

Rare colored diamond sales have been solid as a rock in recent months. In fact, the Wittelsbach blue diamond sold for \$24.3 M USD at Christie's in London on Dec. 11, 08, setting a record price for any diamond or jewelry sold at auction.



Christie's Rahul Kadakia believes rare colored gems will remain stable at respectable levels. When it comes to colored diamonds, especially blues and pinks, those are rare in any market.

Says Lisa Hubbard “ Those appear to be holding their value, and they have not been subject to the ups and downs of the white diamond market. Sotheby's had also logged strong results in its recent colored diamond sales. An oval shaped, vivid yellow diamond weighing 36.99 carats, IF, sold at Sotheby's in New York in December 08 for \$71,870 per carat.

These gems are still the most sought after by famous private purveyors like the William Goldberg Diamond Corp. In New York, which has produced some of the most extraordinary colored diamonds in history, including the 30 carat \$50 million Blue lili and the 5.11 carat, \$20 million Red Shield, the largest red diamond ever graded by the GIA.

I've heard different talk totally about mines shutting down. Says Barry Berg of the WGD Corp. adding that he expects pink and blue to become even scarcer. Its very hard to find blue today, rough or polished. Yelow is a little more available, but orange, I haven't seen in ages.

We recently sold a 10 carat intense pink for \$8 million, we also sold a bracelet of 58 carats of fancy colored diamonds for close to \$3 million.

The company has moved from selling stones into jewelry and is pushing deeper into markets like Brazil, Russia, China and India in the hunt for now clients. Back in NY its opening a boutique jewelry store.

Clients have started asking the Goldbergs whether they should consider buying diamonds as an investment and a shelter from plunging markets. Sotheby's Hubbard is not surprised. Diamonds have an international market and they are seen as a way to preserve wealth, she says.

Red Diamonds

Red colored diamonds are the rarest and most valuable diamonds on earth. Only 20 are thought to exist. It is said that the lowest value of any one of them exceeds \$2 million with another that has sold for around \$8 million.

The largest red colored diamond ever sold is named the Moussaieff. It weighs a total of 5.11 carats. Supposedly the Moussaieff, which is cut into a triangular brilliant cut pattern, was found by a Brazilian farmer. Who says farm work doesn't pay? The gemstone was reported to have weighed around 11 carats before it was cut.



Other examples of the extremely rare red colored diamond gemstones are held in off-limit private collections and in a handful of investors' portfolios. A few more are held by museums. Of course, with a commodity so small that it could be hidden in a thimble, and so valuable that wars are fought over them, some owners prefer to remain anonymous.

I was not able to easily locate any source that had a red colored diamond for sale. That does not mean that one does not exist. Therein lies the opportunity for a wily and rich investor. If you can locate one of these for sale and can afford to buy it, you most certainly will be able to eventually profit from the transaction. With an item so rare that only twenty may exist in the world, there is no doubt that demand will outstrip supply forever.

Russian Investment Diamond Market

ALROSA has signed a memorandum with the Leader Management Company to create a market for investment diamonds in Russia. The companies will work together to put the infrastructure in place to trade high-end cut diamonds as a marketable commodity. "It's an attempt to create a new class of investor who will put money into a new product, the base for which will be ALROSA's diamond stocks," said company president, Sergei Vybornov, at the signing ceremony on March 19.

The companies expect "a market worth up to \$500 million emerge in the short term," Vybornov said. "But there are, of course, problems on the regulatory front; they won't be resolved so quickly," he said. A special investment club will draft the principles and regulations for trading cut diamonds as an investment tool. It will be backed by a center that appraises and certifies diamonds, insures and re-insures against risk and provides banking services and loans with investment gems as collateral.

Specialized stock market tools may also be instituted. They include the opportunity to buy shares in mutual funds backed by investment-graded diamonds. Leader's general director, Anatoly Gavrilenko, said mutual funds backed by diamonds could not operate in Russia today, but that the company has asked the Federal Financial Markets Service (FFMS) to adjust the regulations accordingly and that he thought small closed funds could be set up with a small number of investors at the initial stage.

Diamond miners have been focusing on ways to improve marketing and sales during the crisis. ALROSA launched a pilot project to sell high-end diamonds for investment purposes back in September and it, De Beers, BHP, Rio Tinto and jeweler Harry Winston launched a marketing campaign in February.

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