



May 2009 Newsletter

Pastor Genève News

The first major auctions held in the Spring of 2009 showed very positive results in a number of important segments of the market, including pink, yellow, green and autumn diamonds, with stable prices, solid sales volumes and a wide scope of buying coming from Europe North America as well as Asia.

The Hong Kong and New York auctions featured robust sales figures from both buyers in the trade as well as private buyers and showed that the rare colored diamond market has been a bright spot in the downturn of the global economy.

There have been several reports in Asian magazines on the development of the colored diamond market, as well as recent reports in Forbes Magazine and the Sovereign Society newsletter informing buyers about the rarity and long-term fundamentals of the colored diamond market.

We are pleased to have completed the acquisition of a rare 1.5 dominant green chameleon diamond along with a very attractive deep pink Argyle stone, the color of which is off the charts.

We are looking forward to a strong spring season and if any of our readers would like a copy of the any of the new articles, please feel free to contact you advisor.

DiaMine Explorations News

DiaMine has continued plans for the summer drill program to further target critical areas of discovery in the Coral Rapids project area. DiaMine has already sourced the firm expected to do the drilling work and plans on started the drill program, weather and market conditions permitting, in July or August of 2009.

DiaMine has also been in negotiations with several companies looking for both diamonds as well as precious metals and has entered advanced negotiations on a gold project in one of the most promising areas of Canada.

DiaMine is also looking closely at a very interesting diamond project that would further add to the developing property portfolio of claims areas currently being developed.

Diamond News

Rapaport CD Investment Value

However, the stronger trend has emerged in the fancy color diamond segment, which has shown far less price volatility than white diamonds throughout the crisis. The Codiam Fund was recently established to invest specifically in high-end polished color diamonds, but more telling was a reported spike in the number of private buyers seeking such stones at the Basel show. "They'd rather have their money invested in a fancy color diamond than with J.P. Morgan," said Eden Rachminov, owner of Rachminov Diamonds 1891, which specializes in fancy color stones.

Kazanjian Red Diamond Returns to the LA Natural History Museum

The Kazanjian Red diamond will be on display at the Natural History Museum of Los Angeles County through May 29, 2009. The rare diamond was found in South Africa, probably in 1927. During World War II, it was stolen in Arnhem during the Nazi occupation of the Netherlands, and hidden in a salt mine with other looted treasures. When it was recovered it was initially mistaken for a ruby. The diamond has passed through several owners, including Sir Ernest Oppenheimer, but was finally purchased by Los Angeles-based Kazanjian Bros. in 2007. This is the first exhibition of the diamond in the U.S. A sneak peak at the stone was offered at the museum this past October, before the diamond was sent to the Gemological Institute of America (GIA) for examination. The diamond can be viewed seven days a week at the museum, located at 900 Exposition Boulevard, from 9:30 a.m. to 5 p.m.



Diamonds Hold Steady at Sotheby's New York Auction

Fine signed and decorative jewelry sold well at Sotheby's New York sale as no matter what happens in the economy strong prices are always realized for these items. The sale tallied up \$11,098,638 and was sold 68 percent by lot and 55 percent by value. The top lot of the sale was a diamond necklace, which sold to a European private collector for \$698,500. An Asian private collector nabbed the second top lot of the sale — a 13.98-carat GVS2 diamond ring for \$482,500, or \$34,514 per carat. Although the sale lacked the very special large DIF stones that generally sell at auction there was still movement in diamonds, but mostly in the under 10-carat range. Notably, sapphires, emeralds and

natural pearls did well at this sale. Natural pearls are becoming a hot item at auction as buyers from the Gulf region scoop up these wonders of the sea prized for their rarity.

Diamonds Strong at Christie's NY Auction

Christie's New York Jewels sale fared remarkably well; the 208 lots — much fewer than usual for this time of year — garnered \$19,293,675 against a presale estimate of \$15 million. The sale was 84 percent sold by lot and 85 percent by value. The top lot of the day, a 30.02-carat pear-shaped D internally flawless type IIa diamond, sold to a private for \$4,002,500, or \$133,000 per carat, nicely surpassing its estimate of \$2.5 million. Of the top 10 lots, nine were diamonds; the tenth was a Burmese ruby and diamond ring.

Chopard Reports Strong High-End Sales

Caroline Gruosi-Scheufele, Chopard's copresident, acknowledged that Chopard is feeling the impact of the economic crisis, but not disastrously and not across the board. The high end of the market, pieces over \$100,000 is holding strong. Even though the crisis is causing some companies, and their customers, to lower their profiles, Gruosi-Scheufele said that she believed that it was more important than ever for Chopard to promote its brand.



Renewed Demand in India Brings Workers Back

The Indian diamond industry is now looking to hire about 50,000 people. The industry was hampered by huge inventories, but a 20 percent surge in demand for polished stones from the U.S., Europe and Asia has used up these stocks, and as many as 300 units have reopened. Some 40 companies have announced increases of more than 10 percent in workers' salaries.

Christie's Dubai Jewels Sale Tops \$4M

Jewelry belonging to Umm Kulthum, a legendary Egyptian singer, sold for \$118,000 at a Christie's auction in Dubai on Tuesday night. The entire sale reached just over \$4 million, with 76 percent sold by lot. The highlight of the sale was a kite-shaped, 5.01-carat, D, internally flawless diamond pendant, which sold for \$194,500 to a Middle Eastern private collector. The number of Middle Eastern buyers at Christie's auctions globally has risen 400 percent since 2004.

Good Demand for Diamond Jewelry During Akshaya Tritiya

Akshaya Tritiya, an auspicious occasion for buying gold, is seeing many customers opting for diamonds rather than gold. As gold prices soar, jewelers are promoting diamond jewelry, feeding a gradual shift in Indian consumer preference towards diamonds. Jewelers are offering promotions and discounts to take advantage of the growing market. Nonetheless, some gold shops reported that sales during the Akshaya Tritiya festival were as much as 20 times higher than on an average day. The majority of the sales were in the leading gold-houses such as Bheema, Alukkas and Josco, while small shops remained deserted — a result of the marketing strategies of the bigger stores, which included promotional offers, discounts and hallmarked jewelry.

Rio Tinto's Blue Diamond Tender Exceeds Expectations

Rio Tinto's recent tender of its "Once in a Blue Moon" collection of blue and violet diamonds garnered record prices, according to Rio spokespersons, who did not disclose the value of the sale. Diamonds for the tender were sourced from several years of production at Argyle.



Investing In Diamonds - Russia

ALROSA has teamed up with the asset management company Leader to form a market of polished diamonds for investment. The partners will work to create infrastructure for trading in investment diamonds on the Russian and global markets through a so-called investment club.

And they are not alone in their focus on diamonds as investment. The Russian investment company Alfa Capital is working to set up a diamond investment fund. "People are looking for a safe harbor, after being disappointed in other investment tools," said Vadim Loginov, director of strategic marketing for the company. The Russian government has allowed mutual funds to invest in precious metals since November 2008, and experts say similar regulations on diamonds are expected to follow.

Meanwhile, those interested in investing in gems are heading to jewelry shops. "There is a growing tendency of people to invest in gems," said Irina Zhurba, the manager of Leviev boutique in Moscow. "Customers are showing strong interest in unframed gems."

The diamond auction scheduled for March 31 will be the first one since September 2008, when the auctions were put on hold due to the crisis. It will be held by Gokhran, although previous ones were conducted by ALROSA. Since December 2008, the miner has been selling its rough exclusively to Gokhran. The auction lots contain diamonds larger than 10 carats.

Diamond production in Russia totaled 36.9 million carats in 2008, which is 3.5 percent less than in 2007. The production was valued at \$2.5 billion, an average of \$67.95 per carat. Russia exported 24.47 million carats worth \$1.6 billion in 2008, according to Kimberley Process (KP) certificate data, a 15.25 percent decrease from 2007. Russia imported 254,485 carats of rough diamonds worth \$60.862 million in 2008



Big luxury companies are looking to China's new rich to buy their jewelry, clothes and bags. The Chinese market shows remarkable resilience in the financial crisis because it has an increasing number of people able and willing to buy luxury goods. China's impressive economic growth and rising number of new rich have drawn many luxury companies, says Huang Siwei, director of neeu.com, a Beijing-based luxury and lifestyle portal. An estimated 415,000 Chinese had more than \$1 million in disposable assets in 2007, more than any other country, according to the Merrill-Lynch Asia-Pacific Wealth Report released in September. LVMH claims that, despite sales drops in the U.S. and in Japan, performance in China was "solid" and strong in 2008. Cartier is planning more stores in first- and second-tier Chinese cities after posting local double-digit growth in 2008. The Ministry of Commerce says that China will become the world's largest luxury market by 2014, accounting for 23 percent of global business.

Mining News

Debswana to Cut 2009 Production by 60%

Debswana plans to cut production by more than 60 percent, even as the company resumes production at its three mines. Production for this year will be in the region of 15 million carats. The Diamond Trading Company Botswana (DTCB) has suggested that it they might only be able to sell between 18 and 20 million carats. Debswana is cutting back to even less than that because the company has inventory remaining from weak sales in December and November.

De Beers 1Q Production -91%

De Beers production fell 91 percent in the first quarter of 2009, to 1.1 million carats, after

the company scaled back its mining in line with the weakened demand for rough diamonds. Anglo American, which owns 45 percent of De Beers, expects production to ramp up again in the second quarter as many of its mines come back on stream.

Auction Results

The first of three spring auctions have shown solid results in a number of categories of the market, with strong sales for \$20,000 to \$100,000 dollar pieces and good percentage of lot sales on a historical basis. Although volumes are down, the number of lots on offer has also moved down, so prices continue to hold up well.

Christies NY Apr. \$19.3 million

Sotheby's NY \$11.1 million

Sotheby's HK \$16.2 million



New York	3.08	Intense Yellow	\$56,250
New York	4	Intense Yellow	\$62,500
New York	3.07	Intense Yellow	\$41,250
New York	8.69	Fancy Orange Brown	\$86,500
New York	17.33	Deep Br. orangey Yellow	\$170,500
New York	12.17	Intense Yellow	\$158,500
New York	6.41	Dp. Br. Yell. Orange	\$46,875
Hong Kong	1.02	Very Light Green	\$26,000
Hong Kong	1.52	Vivid Yellow	\$34,125
Hong Kong	0.3	Fancy Light Grey Blue	\$8,125
Hong Kong	4.37	Fancy Grey Blue	\$704,600
Hong Kong	7.37	Fancy Light Pink	\$673,400
Hong Kong	3.04	Fancy Pink	\$267,000
Hong Kong	6.27	Fancy greyish yell. Green	\$104,000
Hong Kong	5.95	Light Yellow	\$40,625
Hong Kong	1.28	Fancy Light Pink	\$61,750
Hong Kong	2.03	Intense Yellow	\$48,750
Hong Kong	10.02	Intense Yellow	\$213,200
New York	14.57	Fancy Yellow	\$170,500
New York	5.36	Fancy Yellow	\$84,100
New York	8.06	Vivid Yellow	\$266,500
New York	10.46	Vivid Yellow	\$386,500

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