



Pastor-Genève News

As the global economies continue to show signs of stabilization, rare colored diamond buyers around the world continue to consider the consequences of monetary policy and inflationary pressures that could potentially mount in the future. With several diamond dealers and hard asset firms recognizing the potential of the market, the number of new dealers in rare colored diamonds should continue to increase demand over the medium to long term as new buyers are introduced to the market and supply continues to decline.

Two small auctions in June showed solid results for colored diamonds, on the back end of a very strong auction season in New York, Geneva and Hong Kong in the spring.

The market continues to shift towards the Asian economies, as rare colored diamonds continue to penetrate new locations of wealth. With the Argyle tender of 2009 only offering 43 stones, as opposed to 65 stones last year, the strain of supply in Australia is beginning to show. Bidding is expected to be strong, as the Argyle pink diamond tour will spend more time in Asia.

We are proud to offer for sale a rare pear shaped violet gray diamond as well as a beautiful pink diamond. These pieces were acquired from a collector with very good tastes and has given us the opportunity to work with two very special pieces.

DiaMine Explorations News

As the summer approaches, DiaMine is considering two very interesting gold explorations projects in West Timmons that offer very good potential in areas with proven reserves and strong exploration activity. There have already been gold strikes in the area that has led our focus to this exciting opportunity. The projects are in advanced negotiations and future news should be reported in the coming weeks. This joint venture would be a very promising addition to the DiaMine property portfolio as the grade of gold in the area is the highest reported.

After a full analysis of the initial drill program in the Coral Rapids area, DiaMine is continuing to plan future expenditures on the site for this year as the fall approaches. Our chief geologist along with the ground crew are currently planning this activity with the intention of further work later in the year.

Diamond News

Phu Nhuan 1Q Sales Double, Profits +57%

Phu Nhuan Jewelry reported net profit of \$5.3 million for the first quarter, which was in line with the company's expectation of 57 percent growth. Revenues rose 110 percent to \$302 million between January and April.

Rio Tinto Cuts Diamond Production, Plans Pink Diamond Tender

Rio Tinto is cutting its diamond production by 20 percent as it tries to avoid the division swinging to a loss, Brett Clayton, its chief executive for copper and diamonds, said Tuesday at the World Mining Investment Conference in London. He said that the company is striving to break even in its diamond segment. Rio Tinto expects demand to start to recover now that inventories of the precious stone have been destocked, but if this turns out not to be the case, the miner will reassess its production levels. Meanwhile, Rio Tinto has planned its 2009 Argyle Pink Diamond Tender, titled "Grand Passions," which will celebrate its 25th anniversary with a collection of 43 pink diamonds, including four heart-shaped gems. The star of the tender, the 2.61-carat, intense pink, heart-shaped Argyle Amour, is the most valuable heart-shaped pink diamond ever produced from the Argyle mine. This will be the first year that the Argyle Pink Diamond Tender will be presented in Mumbai, with viewings from August 6 to 10. Also for the first time, Argyle Pink Diamonds Select Ateliers in London, Sydney and Perth will showcase the diamonds at in-store preview events.



Christie's London Jewels Sale Tops \$6M

Christie's Jewels: The London Sale was 84 percent sold by lot and garnered a total of \$6.1 million (GBP 3.7 million). The top lot was a 44.14-carat circular-cut, fancy yellow, SII diamond set in an art deco mount, which fetched \$865,324, or \$19,600 per carat. A 10.09-carat, cushion-shaped, F, VS2 diamond sold to an Asian private for \$414,064, and a 4.99-carat brilliant-cut, F, VS2 diamond sold to a member of the U.S. trade for \$135,460.

De Beers at AWDC Town Hall: 'We See Signs of Recovery'

At the diamond town hall meeting organized by the Antwerp World Diamond Centre (AWDC) on June 3, representatives of De Beers and other heads of the industry maintained that the crisis in the diamond sector has bottomed out and that the industry is now set for renewed growth. In a two-hour question-and-answer session, Gareth Penny,

De Beers managing director, said that applications for the next Diamond Trading Company (DTC) sight were well above \$700 million, among other signs of a recovery. Retail sales, he said, are improving, and prices seem to be holding steady.

Another Success for Christie's NY

Christie's New York's small, 184-lot, end of season sale on June 11 sold 91 percent by lot and 86 percent by value. The auction tallied up \$11,367,875, with diamonds making a strong showing. The top lot — a pear-shaped fancy intense internally flawless 6.29-carat blue diamond — sold for \$3,554,500. The highly touted blue diamonds were the stars of the show, with a 3.28-carat modified rectangular-cut fancy dark gray-blue diamond selling for \$386,500, the fifth biggest lot. Two blue rose-cut diamonds, however, failed to sell.



Rio Tinto Launches Champagne Diamond Competition

Rio Tinto Diamonds launched the Champagne Diamond Design Competition, which aims to attract talented new jewelry designers to showcase the range of champagne diamonds in innovative designs. The competition comprises four categories, with the overall winner receiving the title of "Champagne Visionary." The four winning designs will form part of a nationwide travelling exhibition hosted at leading jewelry retail locations.

Consumer demand for rare colored diamonds has skyrocketed in recent years. One of the reasons they have grown so popular, aside from being a smart investment strategy, is that they have been donned with greater and greater frequency by some of the world's most famous celebrities. With more and more celebrities walking down the red carpet wearing natural colored diamond jewelry, it was only a matter of time before the adoring masses took notice.

While it's difficult to pinpoint the start of the trend, most celebrity watchers agree that it started when singer Jennifer Lopez became engaged to actor Ben Affleck. Back in 2002, Ben proposed to Jennifer with a stunning pink diamond ring weighing in at 6.1 carats. The heart shaped pink diamond engagement ring was produced by famed jeweler, Harry Winston and sold for \$1.2 million dollars. While their relationship wasn't destined to last, diamonds are indeed forever. The ring was eventually re-acquired by Harry Winston, and it's current status remains unknown.

Famous supermodel Heidi Klum has also been spotted recently wearing a large, fancy yellow diamond ring. It was given to her by her husband and popular singer, Seal as a

symbol of his love and devotion to his beloved wife. Nigel Schwartz is a marketing consultant currently on assignment with Kimberlite Diamond Corporation, trusted distributors and traders of investment grade natural colour diamonds, based in Toronto, Ontario, Canada. For more information on colored diamond investing, please visit KimberliteDiamond.com to request an information package.

The value of diamonds as an investment has been the subject of great controversy for many years. Let's take a quick look at the topic.



What makes for a better investment: white diamonds or colored diamonds? Well, it really is no contest. Colored diamonds are far and away the better investment vehicle.

Colored diamonds are extremely rare; far, far more rare than white diamonds. Obviously, that fact alone makes them more valuable. It is difficult to find a natural, valuable colored diamond. For this reason, colored diamonds have become known as the “high end” piece of luxury jewelry, and are highly sought after by diamond investors.

On top of that, colored diamonds are exempt from the Rapaport Diamond Report. That report is the one that retailers go by when deciding what to charge consumers for their products, and it is sometimes criticized for its generalizations. This exemption makes colored diamonds even more desirable.

The biggest factor that makes colored diamonds a good investment is, of course, the money making potential. Buying colored diamonds is much like investing in fine art. Colored diamonds often double or even triple in value. How many other investment vehicles can say that?

DODAQ Diamond Interview

Nina de Roy:

Hello and welcome back to today's show. DODAQ is the world's first online certified diamond exchange. It offers electronic two-way auctions for buyers and sellers to trade individual diamonds based on real time tradable spot prices, and it's transformed the market by allowing diamonds now to be traded just like any other commodity. For more on DODAQ and its relevance to the emerging markets, let's go over to Brussels now where I'm delighted to say I'm joined by the Chief Finance Officer, his name is Alex Fray. Thank you very much for joining us today, Alex. Let's start out by talking about the relevance to all of this. You're launching this this week, what's the significance of DODAQ here for the market?

Alex Fray:

Okay, I think it's important to say that what we're doing is creating a real time cash market, and the diamond industry is obviously linked to the global economy and is facing problems from the recession, and in particular a lack of credit. Now there's a lot of companies that are over-reliant on credit and we believe that now is the time when actually the establishment of a properly functioning cash market is more relevant than ever to bring in new revenue streams and cash transactions to the industry.

Nina de Roy:

Yeah, India as you were just saying, 60% of market sort of share for the world's diamonds, the world's biggest jewellery market as well, talk to me about the relevance of these emerging markets to a company like yours, how is all this going to play in with the emerging market space?



Alex Fray:

Okay, I think the diamond industry has a strong base in emerging markets, from mining in Africa and Russia through the cutting and polishing, manufacturing and trading in India, China, South East Asia, Israel and Dubai, and I think that the point is DODAQ is a global electronic market, it's accessible online, so we're actually allowing significant efficiency benefits to all the participants irrespective of their geographic location. And we can bring efficiency gains through lower cost of sales because we have an integrated logistics solution as well where we have all of the goods vaulted in a free economic zone as well, overcoming some of the traditional barriers to entry for new participants, namely investors.

Nina de Roy:

Are you expecting the emerging market demand for some of these polished diamonds that you trade to remain strong? Are you expecting demand to remain strong?

Alex Fray:

I think the long term outlook for demand by both city analysts and mining companies is strong.

There's been a well known continuous demand for diamonds, and that's not going to go away. Additionally, diamonds are rare and getting rarer and most analysts predict that demand will outstrip supply in the medium term to long term future.

Nina de Roy:

Would you stick your neck out for us and tell us what your price predictions would be then for diamonds? 2009, would it be a year of gains on the price side?

Alex Fray:

Okay, well DODAQ, we see our role as a facilitator of trade in diamonds, and therefore we do not appine on prices. Having said that, we will be bringing further price transparency and more efficiency to create an efficient market price, and we strongly believe in the fundamentals of the diamond industry, namely long term demand growth.

Diamond Mining

True North Gems to Raise \$2M Through Private Placement

True North Gems intends to complete a nonbrokered private placement of up to 20 million units — each comprised of one common share and one common share purchase warrant — at a price of CAD 0.10 per unit. Proceeds will be used to initiate the exploitation permit application process with the Greenland government, to conduct exploration activities on its properties there, and for general working capital and other corporate purposes.



DTC June Sight Estimate \$425M, High Demand Raises Questions

The Diamond Trading Company (DTC) June sight is estimated to have been the largest so far this year, at \$425 million. The sight one year ago June was estimated at \$700 million. While sightholders were clearly in the mood to buy rough goods, few could explain the surge in demand, as trends in the polished market remain weak. DTC June prices were relatively consistent with a month ago, with some adjustments on prices for smaller, lower-quality goods.

South Africa's April Diamond Production -65%

South Africa's diamond production fell 62 percent by volume in April 2009 compared with one year earlier. The country's total mineral production for the month declined 11 percent, with gold production down 13 percent and non-gold production decreasing 10 percent, year on year.

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