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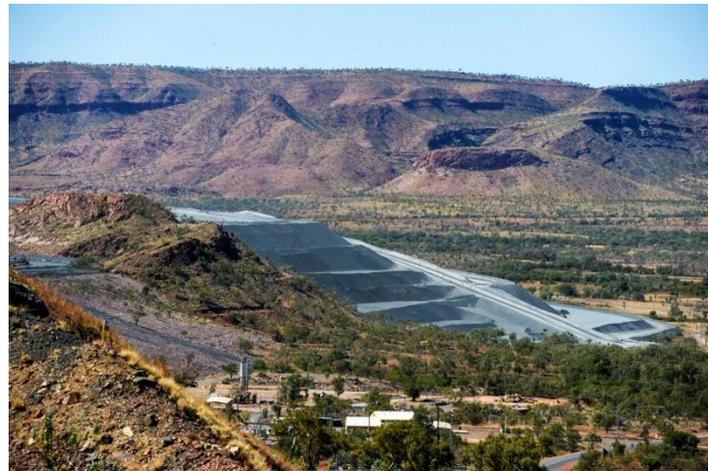
RIO TINTO'S ARGYLE MINE CLOSURE TO PUSH PINK DIAMOND PRICES HIGHER

The Financial Times, Kate Youde, November 7/20

November 1, 2020 marked the final day of mining at Rio Tinto's Argyle mine in Western Australia, the only consistent source of pink diamonds and responsible for 90 per cent of the world's supply.

The precise impact of the closure on the market remains to be seen but, with demand growing, a further reduction in the limited supply is likely to push rising prices even higher.

First discovered in India in the 17th century, pink diamonds – the colour of which is believed to be the result of



The Rio Tinto owned Argyle mine
Courtesy: Bloomberg

stress on the diamonds during their formation – are rare. Found today at two of Alrosa's Russian mines – including the Yakutia site where the miner unearthed the 27.85-carat clear pink rough from which the Spirit of the Rose was cut – they account for less than 0.001 per cent of the company's production volume.

Argyle pink diamonds are "typically small" but have a potency of colour", says Patrick Coppens, general manager of sales and marketing for Rio Tinto's diamond business. The gems make up 0.13 per cent of the approximately 865m carats of rough diamonds mined since production began in 1983. "An entire year's worth of Argyle pink diamonds over half a carat would fit in the palm of your hand," says Mr. Coppens.

The mine's rarest polished pinks are sold via sealed bids in the annual Argyle Pink Diamonds Tender, an

invitation-only event for around 100 collectors, jewellery houses and diamond connoisseurs. The remainder of the polished production is sold to 14 partners, which supply 35 "select ateliers".

Six "hero" gems in this year's 2020 62-stone tender collection – the penultimate – include the 2.24 carat purplish Argyle Eternity, the largest fancy vivid round brilliant diamond offered in the tender's history.

Bids closed December 2, 2020. Interest is "very intense", with the market recognizing the "finiteness of supply and the rarity of Argyle pink diamonds".

“Currently there are no other consistent sources of pink diamonds and even if another deposit of pink diamond bearing ore is discovered it would take on average 10 years for a mine to proceed from discovery to production,” he says. Among the bidders were Boodles, an Argyle select atelier. Last month, the British jeweller bought the largest and most expensive pink diamond in its history – a pear-shaped stone weighing more than 10 carats (pictured below) from the Williamson mine in Tanzania. It expects to sell the gem for about £3.5m set in a ring. The purchase came on the back of strong



14.83-carat Spirit of the Rose
Courtesy: Bloomberg



Pear-shaped stone weighing more than 10 carats from the Williamson mine in Tanzania
Courtesy: Boodles

interest: pink diamond jewellery accounted for 32 per cent of Boodles’ sales in excess of £100,000 between mid-June and mid-October/2020, compared to 10 per cent over the same period in 2019.

Michael Wainwright, Boodle’s managing director, predicts “very high” prices for the latest Argyle diamonds. **Overall, the price of the Argyle Pink Diamonds Tender has increased by more than 500 per cent since 2000, according to Rio Tinto.** “We’ll be prepared to pay more for them because the brand is worth a lot,” says Mr. Wainwright.

Alisa Moussaieff, managing director of Moussaieff, says the mine has been “very, very good in marketing their products”. “At the moment the name ‘Argyle’ adds to the saleability,” she says.

Graeme Thompson, worldwide head of jewellery at Phillips, agrees there is a premium attached to Argyle diamonds due to brand recognition. **But prices for pinks in general have soared: the auction house says they have risen by 300 per cent in the past decade and doubled in the past five years.**

Five of the 10 most expensive diamonds sold at auction are pink, according to Sotheby’s, including the record-holding 59.60 carat CTF Pink Star sold by the auction house for HK\$553m (\$71.2m) in Hong Kong in 2017. Rio Tinto announced in 2018 that the Argyle mine had sufficient reserves to produce diamonds until the end of 2020. Mr. Thompson says there was an “uptick in interest” in pink diamonds after press coverage of the closure put them “front and centre of coloured diamond collectors’ minds”. Although this interest was global, he says the Asian market in particular drives consumption. “Pink in Asia is just a very, very popular colour,” he says.



Alrosa’s Yakutia mine where the Spirit of the Rose was unearthed
Courtesy: Getty Images

RIO TINTO CLOSES ARGYLE DIAMOND AFTER 37 YEARS

www.mining.com, Cecilia Jamasmie, November 3/20



The Argyle Mine, in remote Western Australia
Courtesy: Dan Nelson

Pink diamonds, already rare, are about to get scarcer as Rio Tinto (ASX, LON, NYSE: RIO) has closed its iconic Argyle diamond mine, the world's biggest and the main global source of high-quality pink diamonds. Since opening its doors 37 years ago, the Western Australia mine produced 865 million carats of rough diamonds and became the source of about 90% of the world's prized rose-to-magenta hued stones.

The Argyle ore body, a single pipe known as AK1, was discovered in October 1979. Alluvial operations began in 1983, open pit mining kicked off in 1985 and the mine became a fully underground operation in 2013.

Today, Rio has mined the very last of these unique diamonds from the site, located within the ancient Matsu Ranges more than 3,000 km north of Perth.

"Fifty years ago, there were very few people who believed there were diamonds in Australia – even fewer could have foreseen how the Argyle story would unfold," Rio Tinto's chief executive of Copper and Diamonds, Arnaud Soirat, said in a statement.

"To arrive at this final chapter has required vision, courage and determination to overcome significant challenges to enter new territory in diamond exploration, mining and marketing," Soirat added.

The closure of Argyle will remove about 75% of Rio's diamond output, yet the impact on the miner's earnings will be negligible. Diamonds bring in only about 2% of its earnings, while iron ore – the company's main commodity – accounts for almost 60%.

The operation will now undergo decommissioning and rehabilitation, which is expected to take five years. After that, Rio will monitor the site for a period yet to be defined.

End of an era

Andrew Wilson, general manager of Argyle, said the mine transformed the diamond sector since its opening, supplying gems for both ends of the market. “A new chapter will now begin as we start the process of respectfully closing the Argyle mine and rehabilitating the land, to be handed back to its traditional custodians,” he said.

Argyle was Australia’s first large-scale diamond operation, pioneering the fly-in-fly-out model, and seen as an opportunity for a workforce drawn from across the nation. It also triggered the adoption of new technology and exploration methods to make the search for diamonds more efficient across the rugged and remote Kimberly landscape.

At its peak, Argyle churned out 40% of the world’s diamond output, which made it the biggest producer by volume.



Forty years ago, in the Kimberley region of Western Australia, four diamonds in a dry creek bed ultimately led Rio’s geologists to a massive diamond deposit.
Courtesy: Rio Tinto

Pricy gems



The Pink Legacy diamond
Courtesy: Christie’s

Analysts and auctioneers alike expect prices for pink diamonds to go up and, potentially spur exploration.

Pink stones have already been fetching record prices in the past few years and the closure of their main source could see that trend strengthen.

The “Pink Star” went for \$71.2 million at Sotheby’s Hong Kong in April 2017, setting a record for diamonds sold in auctions.

In 2018, the 18.96-carat Pink Legacy fetched \$50 million at Christie’s auction

house, breaking the world record for price paid per carat for a pink diamond at auction.

At Sotheby’s Hong Kong 2019 sale, one of the star pieces – described as an “exquisite 10.64-carat vivid purplish pink diamond” – sold for just under \$20 million.

Rio Tinto’s own data show that prices for their Argyle pink diamonds jumped by 500% from 2000 to earlier this year.

Jardin de Giverny, a necklace which can also be worn as a bracelet or ring and has a 19-carat fancy light pink diamond as its centerpiece, is one of two lots created by the Chinese fine jewellery designer Feng J for Phillips’ Jewels & Jadeite auction in Hong Kong on 28 November. It has an estimate of HK \$20 – 30m (\$2.5 – 3.8m).

Mr. Thompson says pinks are seen as an “alternative investment”. When 90 per cent of the world’s (pink) diamonds are not being produced, you would expect demand will certainly outstrip supply and that should drive prices up even further,” he says.



The Feng J designed Jardin de Giverny necklace