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The Mining Association of Canada  
L'Association minière du Canada



## For Immediate Release

### MINING INDUSTRY RELEASES RESPONSE TO NATIONAL DIAMOND STRATEGY

**Ottawa, May 5, 2004.** The Canadian mining industry today released *National Diamond Strategy: An Industry Response* as input into the development of a national diamond strategy led by Canada's provincial and territorial governments.

"In less than a decade, Canada has emerged as a diamond powerhouse," stated Gordon Peeling, President and CEO of The Mining Association of Canada. "We are already producing 15 percent of the world's supply of rough diamonds by value, with the potential to produce even more in the years to come. By providing the right mix of fiscal and regulatory policies, governments have the opportunity to maximize the contribution of Canada's diamond industry to the benefit of all Canadians."

The report includes a number of key recommendations to governments to support the growth of Canada's diamond industry, including:

- ? Improving the investment climate for exploration and mining by reducing the uncertainty and complexity of Canada's regulatory environment,
- ? Investing in northern geoscience and infrastructure and human resource skills development and modernizing the tax system.
- ? Conducting a thorough economic analysis of the competitiveness and cost structure of the diamond polishing and cutting industry to properly identify the economic opportunities for developing this downstream activity in Canada.
- ? Avoiding the use of short-term, unsustainable policies to stimulate the development of diamond cutting and polishing in Canada that penalize primary producers.
- ? Eliminating the federal excise tax on jewellery.

"Exploration is key to assuring a long-term supply of Canadian diamonds, which will underpin the growth of other parts of the diamond pipeline," added Tony Andrews, Executive Director of the Prospectors and Developers Association of Canada. "If Canadian governments want to develop Canada's diamond industry, then they should invest in geoscience and work to reduce the high and growing costs associated with northern exploration."

Canada's diamond mines are delivering sustainable benefits directly to the people and economy of the Northwest Territories and Nunavut, and indirectly across Canada. Employing 2,200 people, the vast majority of whom are northerners, the two operating mines are building capacity among Aboriginal and non-Aboriginal northerners through education, training, high paying jobs and business development. The De Beers Snap

Lake mine is scheduled for full production in 2008 and, when this is included, it is estimated that revenue from federal royalties, federal and territorial corporate income tax, municipal taxes and employment and other business income taxes will exceed \$10 billion over the life of the mines. The three mines are also expected to generate \$25.7 billion to \$29.7 billion in GDP over their lifetimes.

“The benefits of diamond mining are tremendous and we’re only just beginning,” stated Mike Vaydik, General Manager of the NWT and Nunavut Chamber of Mines. “We urge all governments to maintain, introduce and reinforce effective policy measures that will ensure that Canadians maximize the long-term benefits of diamond mining, including the development of sustainable and profitable downstream activities, such as jewellery design and retail.”

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