



Vancouver, August 26, 2020

Dear Industry Colleagues

Our industry is at a crossroads. For generations, we have relied on the same processes to distribute rough diamonds between producers and the midstream. Processes such as the “Sight Week” and “Rough Assortments” have historically enabled an efficient and reliable transaction paradigm that led to years of healthy profits for all stakeholders. Over generations, this paradigm has become a part of our industry’s culture.

These same processes that have endured as a value-creating framework are now, not only preventing the industry from meaningful growth, but are also slowly eroding the equity that has been built over generations. Although existing processes enable the trade of large volumes of rough diamonds between producers and manufacturers, they also require healthy margins for manufacturers to offset the large capital requirements of manufacturing and holding polished inventory.

Margins have contracted significantly in recent years. Manufacturers are unable to build equity within their businesses, creating ongoing liquidity pressure and an inability to weather headwinds in global markets. Consequently, the industry has been through several volatile boom and bust cycles. Equity and debt markets now view our industry as high risk. These market forces are impairing the financial health of even some of the industry’s most successful companies.

We believe that the COVID-19 pandemic is the tipping point. We must have the foresight and ingenuity to challenge the antiquated processes that lay at our foundation. If not, we will continue to face financial uncertainty and hardship across the industry. We can do this by embracing recent advancements in technology to reinvent our supply chain.

The restrictions placed on travel during the COVID-19 pandemic compound the rationale behind our industry’s need to modernize. The ability to freely travel will be severely affected for the next 18-24 months. In the existing sales model, parcels are inspected in person before they are purchased, which requires industry participants to travel to global diamond hubs regularly. This will not be possible in our near future and the industry must find alternate solutions.

Clara is a new and innovative digital marketplace for buying and selling rough diamonds. In Clara, each manufacturer can select individual rough diamonds that are optimal for its distribution. It does this by collecting desired parameters for polished diamonds from all buyers and matching rough diamonds to the diamond manufacturer best positioned to extract the most value.

On Clara, manufacturers receive the exact product they want without the restrictive assortment process. This maximizes margins as well as minimizes expenses, unwanted inventory and leverage. Producers sell in real time when the rough diamond is uploaded to the marketplace, improving cash conversion cycles. Traceability is

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enhanced as rough diamonds are fingerprinted at source and sold individually so they can be tracked through the pipeline to the consumer. Manufacturers can procure rough diamonds against their precise polished demand without travel, unnecessary costs and time away from their businesses. The product is then delivered straight to the factory, individually planned and already prepared to be manufactured against a polished diamond order. Clara is not just a digital marketplace, it is a paradigm shift for the buying and selling of rough diamonds that unlocks greater value for all participants.

Our industry has been under tremendous downward pressure for years due to our collective inertia. We can no longer harken back to a past era and unwisely cling to processes that haven't changed in generations. I have been in the industry for over 25 years and I believe the best is still yet to come, but we must change our ways and we must move forward. It is incumbent on us to take responsibility for the future of the diamond industry and champion a new era of modernization. We believe Clara lays the foundation for a more robust paradigm and a brighter future. We invite you to join us in this exciting new chapter.

Yours sincerely



Eira Thomas
Director