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In Depth

Diamonds

Canada's diamond rush

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There was the gold rush in the late-19th century in the Yukon when tens of thousands of stampedeers headed north to Dawson City to make their fortunes. Now it's diamonds, first in the Northwest Territories, now in the new territory of Nunavut. From a standing start in 1991, Canada now ranks in the top three diamond producers in the world in terms of value.

Canada's quest for diamonds looks like one of the biggest stories in Canada for the next 10, 20 years – and beyond.

The first diamond discovery in 1991 happened at Point Lake near Lac de Gras in the Northwest Territories, some 300 kilometres northeast of Yellowknife.

Two diamond mines have since come into production in the area:

- The Ekati, about 300 kilometres northeast of Yellowknife, opened in 1998. Ekati is owned by Australian mining conglomerate BHP Billiton (80 per cent) and by prospectors Charles Fipke and Stewart Blusson (20 per cent).
- The Diavik, about 100 kilometres southeast of Ekati, opened in 2003. Diavik is owned by Diavik Diamond Mines Inc. (60 per cent), a Yellowknife-based subsidiary of Britain's Rio Tinto PLC and Toronto-based Aber Diamond Corp. (40 per cent).



Canada's third and Nunavut's first diamond mine, Jericho, is about 400 km northeast of Yellowknife. The mine, owned by the Toronto-based Tahera Diamond Corporation, officially opened in August 2006.

A fourth diamond mine, Snap Lake-4 in the Northwest Territories about 220 kilometres northeast of Yellowknife, is expected to begin production in late 2007. It is owned by De Beers.

Statistics Canada says that between 1998 and 2002, 13.8 million carats have been mined, and the diamonds – precious stones of pure carbon – are worth \$2.8 billion. "This is roughly a 1.5-kilogram bag of ice each day for five years, with each bag worth \$1.5 million," a Statistics Canada paper says.

Even better, Canada's diamonds have gained a world reputation for quality. They are also "clean" in that they are not used to finance terror, war and weapons as they are in parts of the world such as Sierra Leone and Angola. At the end of 2003, Canada was the world's third-largest producer of diamonds, providing 15 per cent of the world's supply. The top two diamond producers are Botswana and Russia.

Canadian diamonds not only are clean, as in not being "dirty diamonds" or "blood diamonds," they are actually rather wholesome-looking, each etched with a speck of polar bear as a trademark. They're also fashionable, as when Canadian teen singer Avril Lavigne attended the MTV Awards in New York in 2003, wearing \$50,000 worth of Canadian diamonds.

The supply of Canadian diamonds is not expected to diminish any time soon. Ekati, Diavik, Jericho and Snap Lake are expected to keep producing the best diamonds in the world for the next 18 years. By then, of course, judging by the prospecting, claims and permit action in the Canadian North, more diamond mines will have come on line, probably lots more.

The intense diamond activity produces more than diamonds. Many ancillary activities spin off the diamond action, such as non-residential construction, transportation in the North, as well as Arctic and sub-Arctic engineering projects. No other pursuits – not gold, not pipelines – promise more long-term excitement and riches than the production of diamonds in the vast expanse of the Canadian North.

This means high-income jobs, many of them permanent, not just smash-and-grab projects. Workers directly involved in diamond mining in the North increased from 90 to 700 between 1998 and 2001. Recent figures say diamond-jobs are nearing 2,000 in early 2004.

The average salary is about \$63,000, with nearly a third of the jobs – in some regions, nearly 80 per cent – done by aboriginals. Trained diamond cutters – many in Canada from Armenia, Israel, China and Vietnam – command salaries above \$100,000.

A *Globe and Mail* report in February 2004 referred to "a new wave of diamond lust" in the Canadian Arctic, reporting that prospecting companies have laid claim to more than 70 million acres in the Northwest Territories and Nunavut. The newspaper said the most dramatic increase in diamond action is in Nunavut, where the number of prospecting permits jumped to 1,518 in 2004 from 190 in 2003.

The lure of diamonds has ignited a boom that is the talk across the North. Skilled tradesmen are in short supply in places such as Yellowknife, as top tradesmen are hired away to work at diamond mines. The ripple effect has resulted in hikes to an already high cost of living, with low vacancy rates and high rents. A basement apartment in Yellowknife can fetch \$1,500 a month.

Yellowknife Mayor Dave Lowell said in 1998 that the diamond rush might have saved Yellowknife. "Quite simply, it is our future," Lowell said. "We'd be going into quite a recession if it wasn't for the diamond mine."

Beginning on Dec. 1, 2003, companies had a month to apply for prospecting permits. There were long, round-the-clock line-ups at offices in Yellowknife and Iqaluit. It costs about 10 cents an acre to register a claim, \$1.50 to \$2 an acre to stake a claim. With 70 million acres involved, this could add up quickly. To speed things up, especially in the brief periods of daylight in winter, some claim stakes have been dropped from helicopters.