

Griffin and Highbury Comments on the Diamond Landscape Post Argyle Mine

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The Argyle diamond mine, owned and operated by Rio Tinto, enjoys brand name recognition in the diamond world. What will happen to diamond values when the mine closes?

For those not familiar with the diamond and gemstone industry or those who are unfamiliar with the prominence of the Argyle mine, a brief recap may be in order. The Argyle mine is located in the remote East Kimberley region of Western Australia. After discovery of the Argyle pipe in 1979, commercial mining of the deposit began in 1985. Certainly, there were hopes that this mine would have a successful production life. However, many did not expect anywhere near the kind of output that the mine has produced over the past thirty years.

In the world of diamonds and precious gemstones, the Argyle mine has assumed a brand of its own.

The Argyle mine is the fourth largest diamond mine in the world by volume and averages an annual production of 8 million carats, or 1,600 kilograms. Additionally, the mine has been the largest and most significant source of rare pink diamonds, producing more than 90% of the world's supply. Admittedly, pink diamonds have been found in other mines, in Brazil, Russia and India for example. But, the Argyle mine is unmatched in the sheer quantity and quality of pink diamonds it's produced over the years.

It's clear that the Argyle mine occupies a special, not to mention influential, spot in the diamond and gemstone industry. Which has led to much speculation over the past several years as to what will happen when production at the Argyle mine ends. All mines eventually burn out, that's a given. And the Argyle mine, despite its success and renown, is no exception.

So, the question is, how will the global diamond and gemstone marketplace react when this happens?

This question is especially pertinent considering that only three years ago, in 2012, Mining.com published an article describing how the Argyle mine would largely be depleted within a decade.

Admittedly in 2013, Rio Tinto announced that it had extended the life of the Argyle mine by opening a new underground portion of the mine. But, when taking in consideration the full life of the mine, this extension is fairly minor and the reality remains that by 2019, or perhaps a little later, the Argyle mine will either be closed or sold off.

This will be a major milestone and its significance hasn't been lost on the jewelry community or investors of hard assets.

"The fact of the matter is that another mine hasn't been found yet to take the [Argyle] mine's place." This is a comment coming from Geoff Black who operates Griffin and Highbury, Inc., a natural colored diamond and precious gemstone dealer based out of Toronto, Canada.

Geoff Black and his team at Griffin and Highbury specialize in acquiring, educating and even re-marketing gemstones and diamonds for their clients. Griffin and Highbury is also a firm that assures that all its diamonds come from conflict-free mines, like the Argyle mine.

In April this year, Rio Tinto (RIO), the globally known mining company that owns and operates the equally renowned Argyle diamond mine, announced that its first quarter diamond production was up 14 per cent on a year-to-year basis, a notable increase that many have attributed to increased diamond production at Rio Tinto's Argyle mine.

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Geoff Black of Griffin and Highbury Inc. sees the eventual closure of the Argyle mine lowering supply and driving up prices of diamonds and precious gemstones.

"The diamond and gemstone market really follows the supply and demand model, perhaps even more closely than other precious resource sectors", says Geoff Black. "So, when the Argyle mine closes, the supply of diamonds, and particularly the supply of pink diamonds, will be even more limited. That will undoubtedly decrease global supply."

As if already anticipating the Argyle mine's closure, recently there have been record sales of pink diamonds. For example, this week it was reported that a rare pink diamond would break record sales when it goes to [Sotheby's auction later this month](#). Other data also demonstrates the steady appreciation of pink diamonds over the past decade.



Geoff Black of Griffin and Highbury provides a final comment, "There's no doubt it will be the end of an era when Argyle closes. But, I'm eagerly anticipating what the future holds. Either way, I tell my clients and other investors – now's the time to get in on diamonds and gemstones because we really don't know if there will ever be another Argyle mine again."



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A graduate of York University with a dual degree in Journalism and Philosophy, Mike Luft is a respected financial and resource journalist. With heavy experience in commodity journalism, in particular in the areas of diamonds and tech metals, he has worked with resource leaders and corporate investors from around the globe. .

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