

## Quarterly Activities Report

For the period ending 30th September 2023

### Highlights

- Revenue of \$91.2 million, up 13% on the prior corresponding period (Q3 2022: \$80.9 million)
- Average realised price of \$116 per carat up 29% on the prior corresponding period (Q3 2022: \$90 per carat)
- Carats recovered of 1.4 million, up 36% on the prior corresponding period (Q3 2022: 1.0 million)
- Average grade of 1.26, up 24% on the prior corresponding period (Q3 2022: 1.02)
- Carats sold of 0.79 million, down 13% on the prior corresponding period (Q3 2022: 0.90 million) in line with previously announced September sales performance as the next auction sale event completed post quarter-end.
- Total tonnes mined of 5.0 million tonnes, down 22% on the prior corresponding period (Q3 2022: 6.4 million tonnes) due in part to lower waste stripping requirements.
- Tonnes processed of 1.1 million tonnes, up 10% on the prior corresponding period (Q3 2022: 1.0 million)
- Adjusted EBITDA<sup>1</sup> of \$21.1 million
- Cash of \$45.5 million, rough diamond inventory of 156.9 million, and net debt (excluding rough diamond inventory) of 89.1 million to end the quarter.
- Successful completion of the transformational acquisition of Ekati Diamond Mine (Ekati)

**Burgundy Diamond Mines Limited (ASX: BDM) (Burgundy or the Company)** is pleased to provide its quarterly activities report for the quarter ended 30 September 2023 (**September quarter**).

Burgundy would like to recognise all new and existing shareholders for their continued support of the Company with the successful completion of the transformational acquisition of Ekati Diamond Mine (**Ekati**) and 100% of the outstanding shares of the Arctic Companies.



## Sales Performance

During the third quarter, 784,681 carats were sold for total proceeds of \$91.2 million, with an average selling price of \$116 per carat. These results compare to Q3 2022 where 901,579 carats were sold for total proceeds of \$80.9 million, with an average selling price of \$90 per carat.

The reduction of relative volume decline reflects the Company's decision to hold back certain segments of lower value rough diamond goods where there was less demand in the current market environment. The goods will be sold when the market conditions are better suited to support the sale of these goods.

Despite a softer market, due to sluggish sales of cut and polished diamonds that has created reduced demand for rough diamonds, Ekati product has continued to generate strong buyer interest and high sell-through rates. The quality of the Ekati product and Canadian provenance remain highly valued in the market, supporting the Company's sales events in line with its vertically integrated business model to capture margins across the full diamond value chain.

The increased focus on provenance and traceability is highlighted by the ongoing efforts of the G7 sanctions to restrict the flow of Russian goods, which should further restrict the supply of natural diamonds ultimately leading to increased prices.

The Company has four remaining auction sale events in the upcoming quarter including one for special stones that will be held in December.

## Ekati Operational Performance

Total tonnes mined for the September quarter was less than the prior corresponding period in 2022 due to the lower waste strip requirement in the Sable pit. Mining during the quarter was from the Sable Open Pit and Misery Underground with ~75% of the ore mined coming from the Sable Open Pit.

Ore processed in Q3 2023 was 10% higher than the equivalent period in 2022 and carats recovered exceeded the equivalent period in 2022 primarily due to an improved feed mix to the process plant.

Carats recovered for the quarter were 1.4 million carats, up 36% from the same period in 2022 and in line with expectations from the June Prospectus.

Key operating performance metrics are included in the table below.

	<i>Units</i>	Q3 2023	Q3 2022	% Variance
Total tonnes mined	<i>Wmt</i>	4.97	6.40	(22%)
Ore tonnes mined	<i>Wmt</i>	1.24	0.47	164%
Tonnes processed	<i>Dmt</i>	1.09	0.99	10%
Carats recovered	<i>mCts</i>	1.37	1.01	36%
Carats sold	<i>mCts</i>	0.78	0.90	(13%)
Rough diamond inventories	<i>mCts</i>	1.89	1.17	62%
Carats recovered per tonne processed	<i>C/t</i>	1.26	1.02	24%

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**Burgundy Diamond Mines Chief Executive Officer & Managing Director, Kim Truter** said:

“Following the conclusion of the transformational purchase of Ekati on 1st July 2023, it has been an exciting and busy quarter for the Company. We have successfully completed the integration of Burgundy Diamond Mines and the Arctic Canadian group of companies. As a result, we have emerged as a unified team with a single Burgundy brand and a common focus to become a sustainable leader in the global diamond industry.

“During the third quarter devastating wildfires in the Northwest Territories resulted in the evacuation of Yellowknife and many of the remote surrounding communities. Fortunately, the resilience of the people in the north shone through and we encountered only minor disruption to our mining activities due to some labour shortages during the period which has now passed.

“Efforts to extend the life of the Ekati asset have accelerated during the quarter, with five credible, conventional mining method, low capital cost options under study. A new conceptual life of mine plan has been produced, which will be enhanced in the coming months as further work is carried out. Engagement with all stakeholders on these mine life enhancement options has met with an extremely positive and supportive response.

“We also launched a rigorous business improvement framework which is focused on sustainable efficiency, cost reduction, cash management and revenue enhancement. It has been exciting to see the level of engagement and the number of ideas that have emerged, many of which have already been implemented. Building a culture of continuous improvement is a cornerstone of the Company’s focus across its portfolio.

“Efforts to restructure closure provisioning accelerated during the period with the goal being to optimise the closure arrangements over the life of the asset in line with the new life of mine plan under development.

“Ongoing discussions are being held with our strategic partner, the Choron Group, on ways to enhance our diamond sorting, manufacturing, and selling processes to capture the maximum value from our sales of rough and polished diamonds both in Belgium and Australia.

“Due to the above-mentioned activities, the balance sheet of the Company remains in a very strong position with low debt, healthy working capital, excellent cash management and robust cost containment. We are confident of successfully navigating through the current market conditions to emerge even stronger and remain well positioned for sustainable growth.”

### **Cutting and Polishing (Perth operations)**

The artisans at Burgundy’s sophisticated cutting and polishing facilities continue to deliver world class fancy colour and white diamonds for global markets. No significant sales of cut and polished diamonds occurred during the quarter. The Company purchased approximately 225 fancy carats for cutting & polishing that will be available for sale in the next quarter.

### **Other Projects**

#### **Naujaat Project**

No substantive activities occurred during the September quarter.

#### **Ellensdale**

Reclamation of the Ellensdale project was completed in August. The Company has commenced the ongoing monitoring and reporting as required by Australian regulators and other stakeholders.

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## Corporate

Corporate and financial summary 30th September 2023

	<i>Units</i>	<b>As at 30 September 2023</b>	<b>As at 30 June 2023 – Pro forma<sup>3</sup></b>
Cash	<i>US\$m</i>	<b>45.5</b>	68.5
Diamond inventories	<i>US\$m</i>	<b>156.9</b>	129.3
	<i>mcarats</i>	<b>1.9</b>	1.3
Bank loans and Borrowings	<i>US\$m</i>	<b>73.8</b>	73.8
Convertible Notes	<i>US\$m</i>	<b>20.6</b>	20.7
Earn-out promissory notes	<i>US\$m</i>	<b>13.2</b>	12.8
Capital leases	<i>US\$m</i>	<b>27.0</b>	29.8
Consolidated Net Debt/(Cash) <sup>2</sup>	<i>US\$m</i>	<b>89.1</b>	69.0
Consolidated Net Debt/(Cash) including diamond inventories <sup>2</sup>	<i>US\$m</i>	<b>(67.8)</b>	(60.7)

### Notes:

- Adjusted EBITDA removes the effects of transaction costs, purchase accounting adjustments, non-cash adjustment related to remeasurement of asset retirement obligation, unrealized foreign exchange gains/losses, fair value and related royalty payment adjustments on consideration payable from EBITDA (earnings before interest, taxes, depreciation and amortisation)
- Consolidated Net Debt comprises of bank loans and borrowings, convertible notes, earn-out promissory notes and capital leases less cash.
- These proforma figures represent Burgundy Diamond Mines Ltd. consolidated with Arctic Canadian Diamond Company Ltd and Arctic Canadian Diamond Marketing NV ("Arctic entities") assuming the acquisition of Arctic entities was completed on June 30, 2023.

## Investor Webinar

Webinar presentation for institutional investors and analysts on Thursday November 2<sup>nd</sup> at 5:30pm PST (Canada/US) / Friday November 3<sup>rd</sup> at 11:30am AEST (Australia).

Please click the link below to join the webinar:

[https://us06web.zoom.us/j/89898772270?pwd=OnMUVoDGZ8rPukoJfbL3x2LIi85-yw.PAJHjKJ0vLx\\_Pme0](https://us06web.zoom.us/j/89898772270?pwd=OnMUVoDGZ8rPukoJfbL3x2LIi85-yw.PAJHjKJ0vLx_Pme0)

Passcode: 187142

Webinar ID: 898 9877 2270

Passcode: 187142

International numbers available: <https://us06web.zoom.us/j/kfmh4XPP>

**-ENDS-**

This announcement was authorised for release by the Board of Burgundy Diamond Mines Limited.

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## About Burgundy Diamond Mines Limited

Burgundy Diamond Mines is a premier independent global scale diamond company focused on capturing the end-to-end value of its unique vertically integrated business model.

Burgundy's innovative strategy is focused on capturing margins along the full value chain of the diamond market, inclusive of mining, production, cutting and polishing, and sale of diamonds. By building a balanced portfolio of the world's best diamond projects in favourable jurisdictions, including the globally ranked Canadian mining asset Ekati, a world class diamond cutting and polishing facility in Perth, and high value diamond brands including Maison Mazerea and Canadamark, Burgundy has unlocked access to the full diamond value chain.

This end-to-end business model with total chain of custody provides traceability along every step of the process, with Burgundy able to safeguard the ethical production of the diamonds from mining to marketing and discovery to design.

Burgundy is founded in Perth, Western Australia and led by a world-class management team and Board.

## Caution regarding Forward Looking Information

This document contains forward looking statements concerning Burgundy Diamond Mines Limited. Forward looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward-looking statements as a result of a variety of risks, uncertainties and other factors. Forward looking statements in this document are based on Burgundy's beliefs, opinions and estimates as of the dates the forward-looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions or estimates should change or to reflect other future developments.

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