INV# 501734
COM MAY 29/2020
MME. JUSTICE EIDSVIK

COURT FILE NUMBER	2001-05630
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN THE MATTER OF A PLAN OF ARRANGEMENT OF DOMINION DIAMOND MINES ULC, DOMINION DIAMOND DELAWARE COMPANY LLC, DOMINION DIAMOND CANADA ULC, WASHINGTON DIAMOND INVESTMENTS, LLC, DOMINION DIAMOND HOLDINGS, LLC AND DOMINION FINCO INC.
DOCUMENT	FOURTH REPORT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS MONITOR OF DOMINION DIAMOND MINES ULC, DOMINION DIAMOND DELAWARE COMPANY LLC, DOMINION DIAMOND CANADA ULC, WASHINGTON DIAMOND INVESTMENTS, LLC, DOMINION DIAMOND HOLDINGS, LLC AND DOMINION FINCO INC. **May 26, 2020**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	**FOURTH REPORT OF THE MONITOR** FTI Consulting Canada Inc. 720, 440 – 2nd Ave S.W. Calgary, AB T2P 5E9 Deryck Helkaa / Tom Powell Telephone: (403) 454-6031 / (604) 551-9881 Fax: (403) 232-6116 E-mail: deryck.helkaa@fticonsulting.com E-mail: tom.powell@fticonsulting.com **COUNSEL** Bennett Jones LLP 4500 Bankers Hall East, 855 - 2nd Street SW Calgary, AB, T2P 4K7 Christopher Simard Telephone: (403) 298-4485 Fax: (403) 265-7219 E-mail: simardc@bennettjones.com

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FOURTH REPORT OF THE MONITOR

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INTRODUCTION

1. On April 22, 2020, Dominion Diamond Mines ULC ("**DDM**"), Dominion Diamond Delaware Company LLC ("**DDD**"), Dominion Diamond Canada ULC; Washington Diamond Investments, LLC ("**WDI**"), Dominion Diamond Holdings, LLC ("**DDH**") and Dominion Finco Inc. (collectively, "**Dominion**" or the "**Applicants**") were granted an initial order (the "**Initial Order**") commencing proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

2. The Initial Order appointed FTI Consulting Canada Inc. as Monitor in the CCAA Proceedings (the "**Monitor**") and established a stay of proceedings (the "**Stay of Proceedings**") in favour of the Applicants until May 2, 2020. The Stay of Proceedings has since been extended until and including June 1, 2020 by a subsequent Amended and Reinstated Initial Order ("**ARIO**") granted by this Honourable Court on May 1, 2020.

3. On May 21, 2020, the Applicants served an application returnable May 29, 2020 for a second ARIO (the "**Second ARIO**") including, among other things, the following relief:

    a. approving a financial advisor agreement (the "**Financial Advisor Agreement**") dated April 22, 2020 between the Applicants and Evercore Group L.L.C. (the "**Financial Advisor**") and authorizing the Applicants to continue the engagement of the Financial Advisor on the terms set out in the Financial Advisor Agreement;

    b. granting a charge in favour of the Financial Advisor as security for amounts payable under the Financial Advisor Agreement (the "**Financial Advisor Charge**");

    c. authorizing and empowering the Applicants to obtain and borrow under a credit facility (the "**Interim Facility**") pursuant to a term sheet (the "**Interim Financing Term Sheet**") among the Applicants and Washington Diamond Lending, LLC ("**Washington Lending**") and the other lenders party thereto (collectively, the "**Interim Lenders**"), provided that borrowings under the Interim Facility shall not exceed US$60.0 million;

d. granting a charge in favour of the Interim Lenders to secure all obligations under the Interim Facility (the "**Interim Lenders' Charge**");

e. approving procedures for a sales and investment solicitation process (the "**SISP**");

f. authorizing DDH and DDM (collectively, the "**Dominion Vendors**") to execute a stalking horse term sheet (the "**Stalking Horse Term Sheet**") with an affiliate of Washington Diamond Investments Holdings II, LLC (the "**Stalking Horse Bidder**"), authorizing the Dominion Vendors to negotiate and finalize a definitive stalking horse agreement of purchase and sale substantially in accordance with the Stalking Horse Term Sheet (the "**Stalking Horse Bid**") and approving the Dominion Vendors' obligation to pay the break-up fee and expense reimbursements provided for in the Stalking Horse Term Sheet;

g. granting a charge in favour of the Stalking Horse Bidder as security for the payment of the break-up fee and expense reimbursement provided for under the Stalking Horse Term Sheet (the "**Break-up Fee and Expense Charge**");

h. approving a key employee retention plan (the "**KERP**");

i. granting a charge in favor of certain key employees as security for the amounts payable under the KERP (the "**KERP Charge**"); and

j. extending the Stay of Proceedings until and including August 31, 2020 (the "**Stay Extension**").

PURPOSE

4. The purpose of this fourth report of the Monitor is to provide this Honourable Court and the Applicants' stakeholders with information and the Monitor's comments with respect to:

   a. the appointment of the Financial Advisor;

b. a letter of intent entered into between Washington Diamond Investments Holdings II, LLC (“**Washington Diamond**”), WDI, DDH and DDM (the “**Washington LOI**”);

c. the terms of the Interim Facility;

d. the components and timelines of the proposed SISP;

e. the key commercial terms of the proposed Stalking Horse Bid;

f. a summary of the proposed KERP;

g. a summary of the amount and priority of the proposed Court-ordered charges;

h. the Applicants’ actual cash receipts and disbursements for the four-week period ended May 15, 2020 (“**Reporting Period**”) as compared to the cash flow statement filed in connection with the initial CCAA application (the “**Cash Flow Statement**”);

i. a summary of the updated cash flow statement (the "**Second Cash Flow Statement**") prepared by the Applicants for the 28 weeks ending October 30, 2020, including the key assumptions on which the Second Cash Flow Statement is based; and

j. Dominion’s application for the Stay Extension.

TERMS OF REFERENCE

5. In preparing this report, the Monitor has relied upon certain information (the “**Information**”) including Dominion’s unaudited financial information, books and records and discussions with senior management (“**Management**”).

6. Except as described in this report, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.

7. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

8. Future oriented financial information reported to be relied on in preparing this report is based on Management's assumptions regarding future events. Actual results may vary from forecast and such variations may be material.

9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

APPOINTMENT OF THE FINANCIAL ADVISOR

10. The Applicants have retained the Financial Advisor to provide Dominion with general investment banking advice and assistance in connection with any financing or restructuring transaction as described in the Financial Advisor Agreement and the Affidavit of Brendan Bell dated May 21, 2020 (the "**Bell Affidavit**").

11. The Financial Advisor's engagement team includes senior professionals from its Metals, Mining and Minerals and Debt Advisory and Restructuring Groups whom have extensive experience in restructuring proceedings of a similar nature and scale.

12. The Monitor has engaged in direct discussions with the Financial Advisor on a number of occasions during the CCAA Proceedings to date to discuss, among other things, the process to secure interim financing, the SISP and the Stalking Horse Bid.

13. The Monitor shares the views of Mr. Bell, as set out in the Bell Affidavit, that the Applicants do not have the capability of conducting the SISP without the assistance of a financial advisor.

14. The Financial Advisor Agreement provides for fees to be paid to the Financial Advisor including the following:

    a. a monthly fee (a "**Monthly Fee**") of US$200,000, provided that 50% of the Monthly Fee payments in June 2020 and thereafter shall be credited against any Restructuring Fee or Financing Fee (each as subsequently defined);

    b. a fee (a "**Restructuring Fee**") payable upon the consummation of any restructuring transaction or sale of US$6,500,000, provided that 50% of any incremental amount above the Minimum Financing Fee (subsequently defined) will be credited against the Restructuring Fee;

    c. a fee (a "**Liability Management Transaction Fee**"), payable upon the closing of any liability management transaction such as a liability exchange or conversion (a "**Liability Management Transaction**") equal to 1.125% of the aggregate principal amount of the Company's debt exchanged in connection with any such Transaction;

        i. a fee (a "**Liability Management Incentive Fee**"), payable upon closing of any Liability Management Transaction equal to 1.375% of any discount captured as part of any exchange transaction; and

        ii. notwithstanding the foregoing, any debt that is exchanged by The Washington Companies and its affiliates shall not count towards the calculation of any Liability Management Transaction Fee;

    d. a fee (a "**Financing Fee**"), payable upon consummation of any financing (including any interim financing and/or exit financing) and incremental to any Restructuring Fee or Liability Management Transaction Fee, as set forth in the table below:

Financing	As a Percentage of Financing Gross Proceeds
Senior DIP Financing	1.100%
Indebtedness Secured by a First Lien including exit financing	1.116%
Indebtedness Secured by a Second Lien, Junior DIP, Unsecured and/or Subordinated	2.000%
Equity or Equity-linked Securities/Obligations	3.600%

The minimum Financing Fee payable is US$2.5 million (the "**Minimum Financing Fee**") and would not be credited against a Restructuring Fee. However, any Financing Fee payable on account of amounts funded by The Washington Companies, including interim financing, would be capped at US$2.0 million and shall be fully credited against any Restructuring Fee or Liability Management Transaction Fee; and

e. the Financial Advisor shall be reimbursed for certain reasonable disbursements.

15. For illustrative purposes, if the Interim Facility is approved by this Honourable Court and the Stalking Horse Bid is the successful transaction resulting from the SISP, the estimated fees payable to the Financial Advisor over the course of the CCAA Proceedings would be approximately US$7.4 million (C$10.5 million), which includes a Financing Fee of approximately US$2.0 million (C$2.8 million), work fees of US$1.4 million (C$2.0 million) and a Restructuring Fee of US$4.0 million (C$5.7 million) net of credits for the Financing Fee and 50% of June to October work fees.

16. A sample of 83 recent North American restructuring proceedings is attached as Confidential Appendix "**A**". The estimated Financial Advisor fees (estimated on the basis described above) and the comparable cases, normalized for seven-month sales periods, are summarized as follows:

Sample of 83 Comparable Cases (US$ thousands)	Restructuring Fee		Illustrative Fees (7-months)		Illustrative Fees (% of Debt)
Mean	$	4,774	$	5,753	0.79%
Median	$	4,250	$	5,300	0.79%
75th Percentile	$	6,500	$	7,550	0.94%
Financial Advisor Agreement (Note 1)	$	6,500	$	7,400	0.73%

Note 1
Fees payable to the Financial Advisor are presented net of estimated credits.

17. The Monitor has reviewed the fees in comparable formal restructuring proceedings of similar scale and is of the view that the fees and terms provided for in the Financial Advisor Agreement are reasonable in the circumstances.

18. The Second ARIO provides for the Financial Advisor's Charge which ranks subordinate to the Administration Charge and D&O Charge and *pari passu* with the Interim Lenders' Charge. It is the Monitor's view that the Financial Advisors Charge, including the relative priority thereof, is reasonable in the circumstances and necessary to ensure the Financial Advisors' ongoing assistance in the CCAA Proceedings.

WASHINGTON LOI

19. The Washington LOI provides for a proposed transaction whereby the Stalking Horse Bidder may purchase substantially all of the assets of the Dominion Vendors and assume substantially all of the liabilities of the Dominion Vendors, except for its debt obligations owed under the Existing Credit Facility (defined subsequently) and the 7.125% senior secured second lien notes (the "**Notes**"), and any contracts that are disclaimed during the CCAA Proceedings as set out in the Stalking Horse Bid.

20. The transaction contemplated by the Washington LOI is conditional upon, among other things, the following being approved pursuant to the Second ARIO:

    a. Washington Diamond being approved as an Interim Lender on the terms set out in the Interim Financing Term Sheet;

b. the SISP Procedures as set out in the SISP; and

c. the Stalking Horse Bid on the terms set out in the Stalking Horse Term Sheet.

21. The main components of the Washington LOI are described in further detail in the following sections of this Fourth Report.

INTERIM FINANCING

22. As reflected in the Second Cash Flow Statement, the Applicants are unable to pay current and ongoing expenses without a significant infusion of cash very soon. Accordingly, the Applicants, in conjunction with the Financial Advisor, have arranged for the Interim Facility to fund the continuation of its business and preserve its assets through to the conclusion of the proposed SISP on or before October 31, 2020.

23. The Financial Advisor approached 19 parties to solicit their interest in providing interim financing, including three existing creditors of Dominion and 16 third-party lenders, which has ultimately resulted in the receipt of seven interim financing proposals.

24. The proposals received by the Financial Advisor are summarized as follows. The names of the parties have been removed from this summary, but are included in Confidential Appendix "**B**" to this Fourth Report, which the Monitor will be asking this Honourable Court to seal on the Court record:

	Interim Facility	Proposal 2	Proposal 3	Proposal 4	Proposal 5	Proposal 6	Proposal 7
Maximum Facility Size	US$60 million	US$25-30 million	US$60 million	US$65 million	US$75 million	US$75 million	C$90 million (US$64 million)
Interest Rate	5.25% Default: +2.0%	Libor + 6.5% (Financial Advisor assumes LIBOR = 0.40%) Undrawn: 1.0%	Libor + 7.0% (Financial Advisor assumes LIBOR = 0.40%) Default: +2.0%	9.9%	10%	10%	12.0% +1.0% every 3 months Max: 14.0%
Fees	None	Greater of 0.75% of commitments or $300,000 + $25,000	2.0%	3.0% Standby: 2.0% Break Fee: 3.0% Deposit: $500,000	2.5% Upfront fee 1.5% Structuring Fee	2.0% Break fee: $500,000	C$5 million (US$3.6 million) Monitoring fee of C$20,000/month
Expense Reimursement	All	All	Usual and customary	All	Unknown	All inc. US$100,000 retainer	All inc. C$400,000 retainer
Annualized Cost Excl. Expenses (per Financial Advisor)	5.25%	12.3%	12.8%	17.0%	19.5%	14.8%	26.0%
Conditions	Approval of the SISP and Stalking Horse	N/A	Certain advances subject to diamond sales and restart of mine operations No material change to amount, quality or location of inventory	Completion of due diligence	N/A	Completion of due diligence including review of Stalking Horse Bid	Completion of due diligence

25. On May 21, 2020 Dominion selected and entered into the Interim Financing Term Sheet, subject to the approval of this Honourable Court.

26. Key commercial terms of the Interim Facility are as follows:

    a. the Interim Lenders include Washington Lending with any or all of the existing lenders in the senior secured first lien syndicate (the "**Existing Credit Facility Lenders**") also being allowed to participate, up to a total aggregate share of 34% of the total commitment, with each Interim Lender to fund its *pro rata* share of the advances;

    b. DDM is the borrower and WDI, DDH, DFI, DDDC and DDC are guarantors;

c. the Interim Facility is a senior secured, non-revolving credit facility for up to a maximum principal amount of US$60.0 million;

d. the Interim Facility shall be made available by way of up to six cash advances, each of not less than US$2.0 million with the initial advance capped at US$10.0 million if an asset purchase agreement has not been signed prior to the initial advance;

e. the advances under the Interim Facility are subject to conditions and milestones which include, among other things, Court approval of the Second ARIO by May 29, 2020, including approval of the SISP and the Stalking Horse Bid;

f. the proceeds of the Interim Facility are to be used in accordance with the Second Cash Flow Statement that serves as the DIP Budget as defined in the Interim Financing Term Sheet;

g. interest is payable at a rate of 5.25% per annum, payable monthly, and increases to 7.25% in the event of a default;

h. DMI shall pay all outstanding fees and expenses to date of the Existing Credit Facility Lenders, including legal and financial advisory expenses, via the initial draw under the Interim Facility (up to a capped amount of US$750,000);

i. DMI shall reimburse the Interim Lenders and the Existing Credit Facility Lenders for all reasonable fees and expenses including legal and financial advisory expenses in connection with the Interim Facility, with a maximum amount of US$250,000 per month being paid from the Interim Facility proceeds for the ongoing legal and financial advisory expenses of the Existing Credit Facility Lenders;

j. amounts owing under the Interim Facility shall be due and repayable in full upon the earlier of:

i. the occurrence of an event of default which is occurring and has not been cured;

ii. the completion of a restructuring transaction;

iii. conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act*;

iv. the closing of a successful bid under the SISP; or

v. the outside date of October 31, 2020;

vi. all obligations under the Interim Facility shall be secured by the Interim Lenders' Charge against Dominion's assets which shall rank subordinate to any encumbrances under the Diavik Joint Venture Agreement in respect of the assets owned by the Diavik Joint Venture and the Applicants' interest in the Diavik Joint Venture (the "**Diavik Collateral**"), but in priority to all encumbrances on the Applicants' assets, other than the Diavik Collateral;

k. any advances used to pay obligations accruing after October 1, 2020 (the "**October Advances**") shall be funded by Washington Lending only, and such advances shall rank subordinate to the senior secured credit facility (the "**Existing Credit Facility**"); and

l. Dominion is to deliver cash flow variance reporting as compared to the DIP Budget every two weeks. The Applicants are permitted to incur an adverse variance of not more than 20% relative to the aggregate disbursement line items in the applicable DIP Budget, provided that if any adverse variance is reversing a prior positive variance, such adverse timing variance shall not be counted towards the 20% variance threshold.

27. The Monitor has considered Dominion's application for approval of the Interim Facility and the Interim Financing Charge and has the following comments:

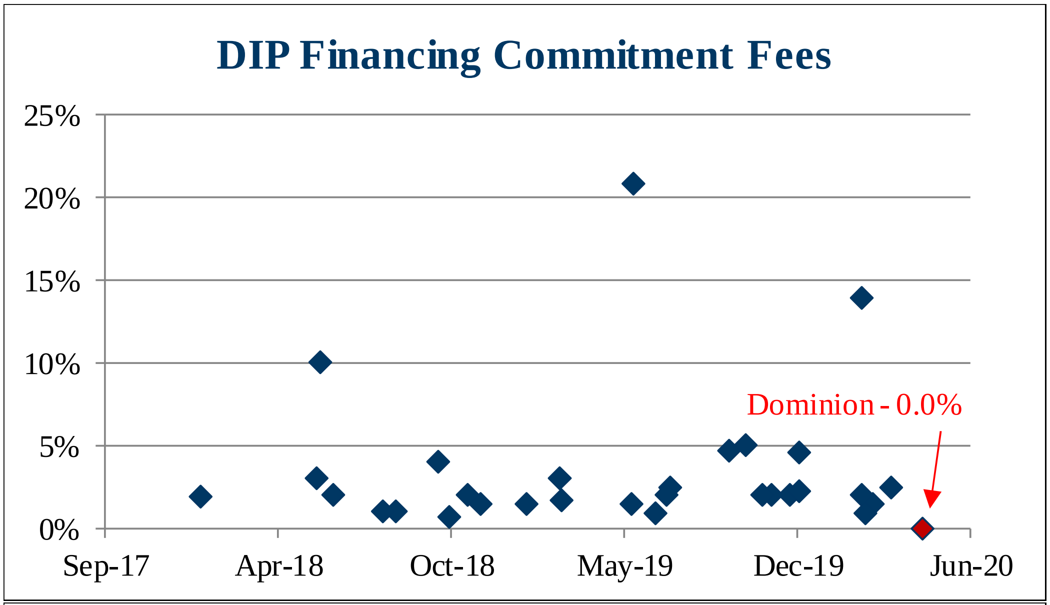
a. the Applicants are in urgent need of funding to support Dominion's ordinary course operating expenses, restructuring costs and costs associated with the SISP;

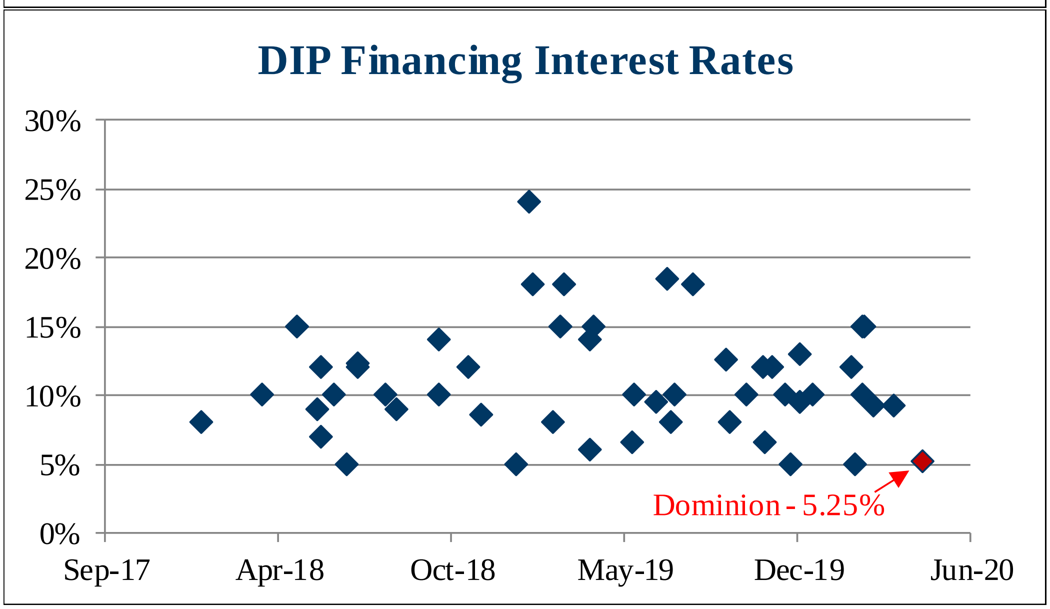
b. absent interim financing, the Applicants will be unable to carry on their care and maintenance operations at the Ekati Mine, which will have a negative impact on the value of their assets and businesses as well as suppliers, employees, First Nations groups, the Government of the Northwest Territories ("**GNWT**") and other stakeholders;

c. the terms of the interim financing were subject to a competitive process and affected stakeholders were provided with an opportunity to submit competing interim financing proposals;

d. the interest rates and fees under the Interim Facility are lower than any of the alternative proposals received by the Financial Advisor;

e. the interest and fees payable to the Interim Lenders under the Interim Facility are at the low end of the range of market comparable transactions for debtor-in-possession ("**DIP**") interim financings. The interest and fees charged in Canadian restructuring proceedings in recent years are attached as Confidential Appendix "**C**" and are summarized in the following graphs:





f. the Monitor has considered the Interim Financing Term Sheet in the overall context of all the interconnected components of the Washington LOI, including the Stalking Horse Bid. As described below, the Stalking Horse Bid provides for the immediate reimbursement of the expenses incurred to date by the Stalking Horse Bidder, up to US$1.75 million (the "**SHB Upfront Expense Reimbursement**"). While the SHB Upfront Expense Reimbursement is not a fee being charged under the Interim Facility, the Monitor has considered its overall economic impact. The Monitor has concluded that even if the SHB Upfront Expense Reimbursement were analyzed as a fee being charged under the Interim Facility, the Interim Financing Term Sheet would still be less expensive than any of the other interim financing proposals. The Monitor has also concluded that the Washington LOI and Stalking Horse Bid provide additional benefits to Dominion including enhancing the prospects of a successful restructuring, as further described in paragraphs 34 and 35 below;

g. as noted above, the fees associated with the Interim Facility are lower than under any of the other interim financing proposals on the basis of a standalone comparison. There are additional overall savings to the Applicants resulting from the Interim Facility, because as noted above, the Financial Advisor Agreement provides that the Financing Fee payable to the Financial Advisor with respect to interim financing provided by The Washington Companies, shall be credited against any Restructuring Fee payable to the Financial Advisor;

h. the purchase price under the Stalking Horse Bid indicates that the Applicants' assets and businesses may have substantial value which could be preserved or enhanced through access to the Interim Facility; and

i. all of the interim financing proposals received by the Financial Advisor require that an Interim Lenders' Charge be granted and the Monitor has been advised that the Interim Lenders would not be willing to advance funds without a charge.

28. Overall, it is the Monitor's view that the financing contemplated by the Interim Facility is necessary for the funding of the Applicants' operations and restructuring costs in the near term, and will enhance the Applicants' prospects of achieving one or more successful restructuring transactions. The terms of the Interim Facility, including its associated costs and the corresponding Stalking Horse Bid, make it the most favourable option available to the Applicants in the circumstances.

SALE AND INVESTMENT SOLICITATION PROCESS

29. One of the primary objectives of the CCAA Proceedings, as identified by Dominion in the April 22, 2020 application for the Initial Order, is to undertake the SISP in order to identify a sale of, or investment in, some or all of the Applicants' assets, in a fair, transparent and timely manner. The Second ARIO being sought by Dominion would approve the SISP and authorize and direct Dominion, in conjunction with the Financial Advisor, to carry out the SISP procedures described therein.

30. The key components of the SISP are as follows (capitalized terms used but not defined below are intended to bear their meanings as defined in the SISP):

    a. the SISP is intended to solicit a sale or sales of some or all assets of the Applicants and certain of their subsidiaries or a restructuring, recapitalization, refinancing or other form of reorganization of Dominion;

    b. the Financial Advisor shall prepare a confidential information memorandum ("**CIM**") providing additional information about the opportunity and set up a virtual data room ("**VDR**") containing due diligence materials, a template letter of intent (the "**Template LOI**") and a proposed purchase and sale agreement based on the Stalking Horse Bid;

    c. the Financial Advisor shall send a summary outline of the opportunity to potential bidders and invite them to execute a non-disclosure agreement ("**NDA**") with Dominion. A potential bidder that has executed a NDA will be deemed a "Phase 1 Qualified Bidder" and will be provided with a copy of the CIM and access to the VDR;

    d. the Stalking Horse Bid constitutes a qualified bid for all purposes under the SISP;

    e. if a Phase 1 Qualified Bidder (other than the Stalking Horse Bidder) wishes to submit a bid, it must deliver a non-binding letter of intent to the Financial Advisor, with a copy to the Monitor, by 5:00 p.m. MST on June 26, 2020 (the "**Phase 1 Bid Deadline**");

f. following the Phase 1 Bid Deadline, the Applicants, in consultation with the Financial Advisor, the advisor to the agent of the Existing Credit Facility Lenders (the "**Agent Advisor**") and the Monitor shall determine which bidders shall be deemed "Phase 2 Qualified Bidders" and be permitted to proceed to Phase 2 of the SISP. The Agent Advisor is granted certain consultation rights in the SISP, but only if it confirms on behalf of all the Existing Credit Facility Lenders that none of them will be bidders in the SISP;

g. in the event that no qualified letters of intent are received by the Phase 1 Bid Deadline other than the Stalking Horse Bid, the Applicants shall promptly proceed to seek Court approval of the Stalking Horse Bid, provided that, in such circumstances, the Applicants may extend the Phase 1 bid deadline with the consent of the Monitor, Stalking Horse Bidder and the Agent Advisor or seek Court approval to amend or terminate the SISP;

h. binding offers, including a deposit of 10% of the purchase price or investment amount, must be provided to the Financial Advisor, with a copy to the Monitor, by 5:00 p.m. MST on August 7, 2020 (the "**Phase 2 Bid Deadline**") or such other time as may be agreed by the Applicants with the consent of the Monitor and consultation of the Agent Advisor;

i. in the event there is at least one Phase 2 Qualified Bid in addition to the Stalking Horse Bid, the Applicants shall identify the successful bid by holding an auction (the "**Auction**") at the Calgary offices of Blake, Cassels and Graydon LLP on August 10, 2020;

j. the Applicants shall file an application for an order approving a successful bid and a back-up bid, as applicable, by August 26, 2020; and

k. the target closing date shall be on or before September 9, 2020, with an outside closing date of October 31, 2020.

31. For ease of reference, the key dates pursuant to the SISP are summarized as follows:

Event	**Date**
Financial Advisor to publish a notice of the SISP in the Globe & Mail and other publications as appropriate	As soon as practical
Financial Advisor to distribute Teaser to potential bidders	As soon as practical
Financial Advisor to have CIM and VDR available	As soon as practical
Phase 1 Bid Deadline	June 26, 2020
Financial Advisor to notify Phase 1 Qualified Bidders as to whether its bid constituted a Phase 1 Successful Bid	July 1, 2020 or such later date as the Applicants deem appropriate
Sale approval hearing in respect of the Stalking Horse Bid in the event that no other Phase 1 Successful Bids are received	July 13, 2020
Phase 2 Bid Deadline (for submitting definitive offers in respect of a successful bid)	August 7, 2020
Auction commencement date (if applicable)	August 10, 2020
Deadline for selection of a successful bid	August 14, 2020 or such later date as the Applicants deem appropriate
Deadline for submitting definitive documents in respect of a successful bid	August 18, 2020
Deadline for filing an approval motion in respect of a successful bid	August 26, 2020
Deadline for closing of a successful bid	September 9, 2020
Outside side by which a successful bid must close	October 31, 2020

32. The Monitor has the following comments on the SISP:

a. the SISP procedures were developed with extensive input from the Financial Advisor, who has considerable experience in marketing assets of the size and nature of Dominion's assets, including in related industries;

b. certain key stakeholders including the Existing Credit Facility Lenders and the Interim Lenders have been consulted in respect of the SISP;

c. the timeframe to solicit a purchaser or investor in the business is reasonable and appropriate in light of Dominion's circumstances and the significant costs being incurred during the CCAA Proceedings. It is the view of the Monitor and the Financial Advisor that the SISP provides adequate time for any party that may wish to submit a superior bid to the Stalking Horse to perform appropriate due diligence and participate in an auction, if applicable. It is further noted that the Interim Lenders have expressed that they are not willing to finance Dominion if it were to pursue a lengthier process;

d. we understand that the Financial Advisor is prepared to immediately launch the SISP, should the Second ARIO be granted. Due to the timelines set out in the SISP, the VDR and CIM should be made available to Phase 1 Qualified Bidders without delay and information requests should be addressed by the Financial Advisor and Dominion in a time sensitive manner;

e. the Monitor is advised by the Financial Advisor and the Applicants that the universe of potential buyers for Dominion's assets is relatively small and the assets have been subject to a strategic process as recently as 2017;

f. the CCAA Proceedings of the Applicants have been well publicized and the Applicants issued a press release on April 22, 2020 which stated, among other matters, that the Applicants would be soliciting and evaluating strategic restructuring alternatives and that a proposal had been received from an affiliate of

The Washington Companies that was conditional on bidding procedures for the solicitation of competing offers;

g. the Stalking Horse Bid, while subject to material conditions, may serve to either enhance the potential bid values or, in the event there are no Phase 1 Qualified Bids after the Phase 1 Bid Deadline, facilitate an expedited conclusion of the SISP. Further details and commentary in respect of the Stalking Horse Bid are set out in paragraphs 34 and 35 below;

h. the process for the preparation and distribution of information in the SISP, as well as consultation rights for certain affected stakeholders, are reasonable and preserve the confidentiality of such information where applicable; and

i. the SISP is a fair and transparent marketing process designed to identify the highest and best offers for the Dominion Vendors' assets and to maximize recoveries, by seeking offers superior to the Stalking Horse Bid.

33. Overall, it is the Monitor's view that the SISP terms and timeframe are reasonable in the circumstances and afford the Applicants with an opportunity to achieve a successful restructuring transaction within the circumstances facing Dominion, and the constraints of the available interim financing.

STALKING HORSE BID

34. After extensive discussion and negotiation among the Buyer, the Applicants and the Financial Advisor, the Applicants have entered into the Stalking Horse Term Sheet which is summarized as follows:

a. the Stalking Horse Bidder will agree to acquire substantially all of the assets used in connection with Dominion's business, with the exception of certain excluded assets (comprised of DDH's equity interest in DFI and DDM as well as DDM's equity interest in DDD, Dominion Diamond (Cyprus) Ltd. and Dominion Diamond (Luxemburg) S.a.r.l.);

b. the Stalking Horse Bidder will assume substantially all of the operating liabilities of the Dominion Vendors, including all obligations of the Dominion Vendors under operational contracts and joint venture agreements as well as amounts due to employees, unions, First Nations, aboriginal groups and GNWT. The Stalking Horse Bidder will not assume any liabilities with respect of the Existing Credit Facility, the Notes, or cure obligations or liabilities with respect to any contracts that are disclaimed in the CCAA Proceedings or otherwise terminated prior to closing;

c. The purchase price is US$126.1 million in cash, plus up to US$5.0 million in respect of any incremental amounts outstanding, plus the assumption of certain liabilities, as follows:

    i. the core liabilities (the "**Core Liabilities**") to be assumed include DDM's obligations to collateralize or refinance outstanding letters of credit issued under the Existing Credit Facility to secure closure costs pursuant to the Diavik Joint Venture;

    ii. DDM's obligations under its pension plan; and

    iii. DDM's obligations under the Diavik Joint Venture with respect to accrued and unpaid capital calls.

d. The Stalking Horse Bid is subject to, among other things, the following:

    i. Court approval of the SISP;

    ii. Court approval of the Stalking Horse Bidder or its designated affiliate as Interim Lender;

iii. an agreement with GNWT and Dominion's surety providers with respect to collateralization obligations of the Stalking Horse Bidder under environmental agreements, permits, licenses and subleases to be transferred;

iv. the Stalking Horse Bidder shall not be subject to any mandatory governmental regulations, advisories, or restrictions related to COVID-19 which would prevent or materially restrict it from conducting operations at the Ekati Mine or its ability to transport, sort and conduct diamond tenders;

v. an agreement acceptable to the Stalking Horse Bidder with Diavik Diamond Mines (2012) Inc. ("**DDMI**") and GNWT in relation to the timing and quantum of capital calls and reclamation liabilities at Diavik (the "**Rio Condition**");

vi. the Stalking Horse Bidder shall have determined that, upon payment of outstanding cash calls and related costs, it will be in full compliance with the Diavik Joint Venture Agreement, shall hold a 40% interest in the Diavik asset, free and clear of any encumbrances other than as imposed by DDMI under the Diavik Joint Venture Agreement, and that DDMI shall agree to deliver any diamond inventory which has accrued to the account of DDM but which has not yet been delivered; and

vii. the Stalking Horse Bidder shall have arranged third party equity and debt commitments including at least US$140.0 million of equity less 50% of any debt raised (the "**Financing Condition**");

e. if the Rio Condition is not satisfied or waived by July 21, 2020, the parties will proceed with the Stalking Horse Bid but the Stalking Horse Bidder will not acquire or assume any rights or obligations with respect to the Diavik Mine Joint Venture, which would become excluded assets (the "**Ex-Rio Toggle**");

f. if the Ex-Rio Toggle occurs, then:

    i. the cash purchase price would remain at US$126.1 million (plus up to US$5.0 million in respect of additional interim financing), minus the amount, if any, by which the amount outstanding under the Interim Facility is less than US$55.0 million;

    ii. the excluded assets would include DDM's interest in the Diavik Joint Venture and any diamonds distributed to DDM during the CCAA Proceedings;

    iii. the Stalking Horse Bidder would not assume the Core Liabilities with respect to Diavik; and

    iv. the aggregate amount of third-party equity required to be committed under the Financing Condition would be reduced to US$70.0 million, less 50% of any debt raised;

g. if the Stalking Horse Bidder removes or satisfies the Financing Condition and Rio Condition on or prior to July 21, 2020, and an alternate transaction (an "**Alternative Transaction**") is closed, the Buyer would be entitled to:

    i. its reasonable SISP and Purchase Agreement expenses, subject to a cap of US$2.25 million (the "**Break-up Expense Reimbursement**"); and

    ii. a break-up fee in an amount equal to 2.0% of the cash purchase price under the Stalking Horse Bid (the "**Break Fee**").

h. a bid will qualify as an Alternative Transaction, if it: (i) is a Successful Bid under the SISP at the conclusion of Phase 2 of the SISP; or (ii) is another sale of assets or a CCAA plan that (A) results in a change of control; or (B) provides cash on closing to Dominion equal to or greater than: (x) the cash payable under the Stalking Horse

Bid; plus (y) the Break Fee and the Break-up Expense Reimbursement; plus (z) a minimum overbid amount of US$1 million;

i. if an Alternative Transaction is not concluded during the SISP but a transaction is concluded in a reasonable period following the termination of the SISP, the Break Fee shall also be payable to the Stalking Horse Bidder. The length of time and conditions relating to this “tail period” are to be agreed amongst parties;

j. the Stalking Horse Bid shall not be a back-up bid under the SISP, unless the Stalking Horse Bidder elects to provide an overbid in the Auction; and

k. all out-of-pocket expenses related to the Stalking Horse Term Sheet, Stalking Horse Bid and the SISP, up to the time of signing the Stalking Horse Bid, will become payable upon signing of the Stalking Horse Bid, subject to a US$1.75 million cap (the "Upfront SHB Expense Reimbursement", as defined and discussed above).

35. The Monitor’s comments in respect of the Stalking Horse Bid are as follows:

a. it sets a baseline price that may improve any bids received under the SISP;

b. should the conditions be removed or waived, the Stalking Horse Bid will provide a level of reassurance to stakeholder groups as to likelihood of a going concern sale in respect of the Applicants’ business;

c. substantially all ongoing obligations to suppliers, employees and other creditors, other than the Existing Credit Facility and the Notes, are to be assumed by the Stalking Horse Bidder;

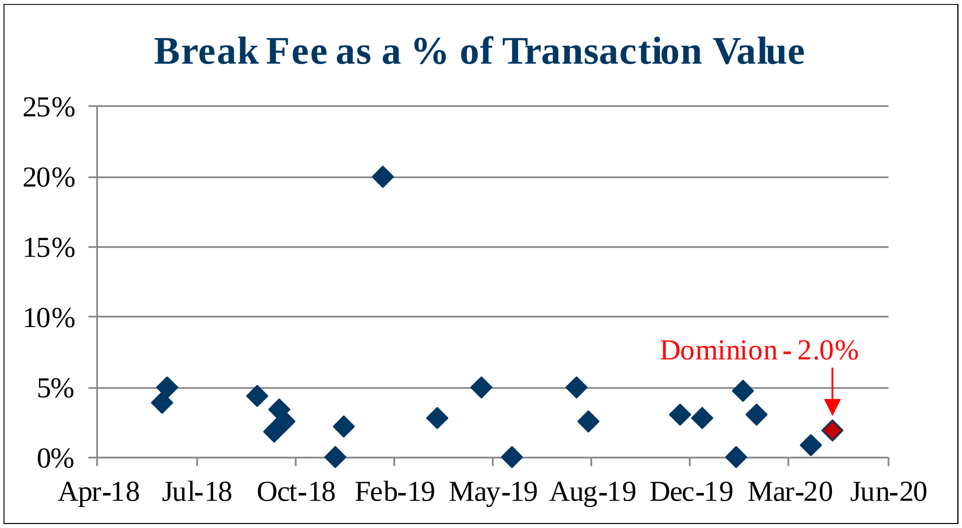
d. the presence of the Stalking Horse Bid may influence the Applicants’ highly skilled employees and contractors to continue their employment with Dominion, and may also provide comfort to suppliers and other stakeholders, so that they continue to work constructively with Dominion;

e. the estimated recoveries from the Stalking Horse Bid are such that all amounts owing to creditors will be settled, with the exception of (i) the Notes; (ii) potentially certain obligations in respect of the Diavik Joint Venture; and (iii) obligations in respect of any contracts disclaimed or otherwise terminated in the CCAA Proceedings;

f. the Stalking Horse Bidder spent considerable time, resources and legal costs in respect of the drafting and negotiation of the Stalking Horse Bid and related transactions, and the payment of the Upfront SHB Expense Reimbursement is justified, in the circumstances;

g. while the Stalking Horse Bid is subject to significant conditions, the Monitor has concluded that these conditions are not unreasonable in the circumstances, and the presence of such conditions does not outweigh the beneficial aspects of the Stalking Horse Bid. Significantly, the majority of the fees, comprised of the Break Fee and the Break-up Expense Reimbursement, that would be payable to the Stalking Horse Bidder in the event that the Applicants pursue an Alternative Transaction would only be payable in the event that the Stalking Horse Bidder has removed the Financing Condition and Rio Condition, which is appropriate;

h. the Break Fee and the other expense reimbursement provisions of the Stalking Horse Term Sheet are in line with market comparable transactions and are commercially reasonable in the circumstances. A list of stalking horse break fees as a percentage of transaction value in 18 recent insolvency proceedings are included as Confidential Appendix "**D**" and are summarized in the table below:



i. as noted above, the Second ARIO provides for the Break-up Fee and Expense Charge, which would secure the Applicants' obligation to pay the Break Fee and the Break-up Expense Reimbursement. Given that these amounts will only become payable if the Applicants are proceeding with an Alternative Transaction (which, by definition, would be superior to the Stalking Horse Bid), the securing of these payment obligations via the Break-up Fee and Expense Charge is appropriate in the circumstances; and

j. overall, while the Stalking Horse Bid is subject to more conditionality than is typical, it provides a reasonable potential for a going concern restructuring transaction and sets price expectations for prospective bidders, which will assist with the efficiency of the SISP. Reimbursing the Stalking Horse Bidder for certain fees and offering bid protections should a superior bid be selected in accordance with the SISP is reasonable in the circumstances.

KEY EMPLOYEE RETENTION PLAN

36. The Applicants have developed the KERP to incentivize certain key employees (the "**Key Employees**") to continue their employment with Dominion while it seeks to restructure its affairs in the context of the CCAA Proceedings.

37. The key terms of the KERP are summarized as follows:

   a. a limited number of Key Employees will be offered a lump sum bonus (an "**Incentive Bonus**") to incentivize them to continue their employment with the Applicants;

   b. payment of the Incentive Bonus shall be made as follows:

      i. one-third of the Incentive Bonus is to be paid to each Key Employee on June 6, 2020; and

      ii. the remaining two-thirds of the Incentive Bonus shall be paid to each Key Employee on the earlier of November 6, 2020 and the closing of a restructuring transaction;

   c. the Incentive Bonus will only be paid to a Key Employee if, at the date that the relevant payment is due, the Key Employee has fulfilled his or her employment obligations and has not voluntarily resigned or been terminated for cause;

   d. the maximum aggregate amount payable under the KERP to all beneficiaries is $580,000; and

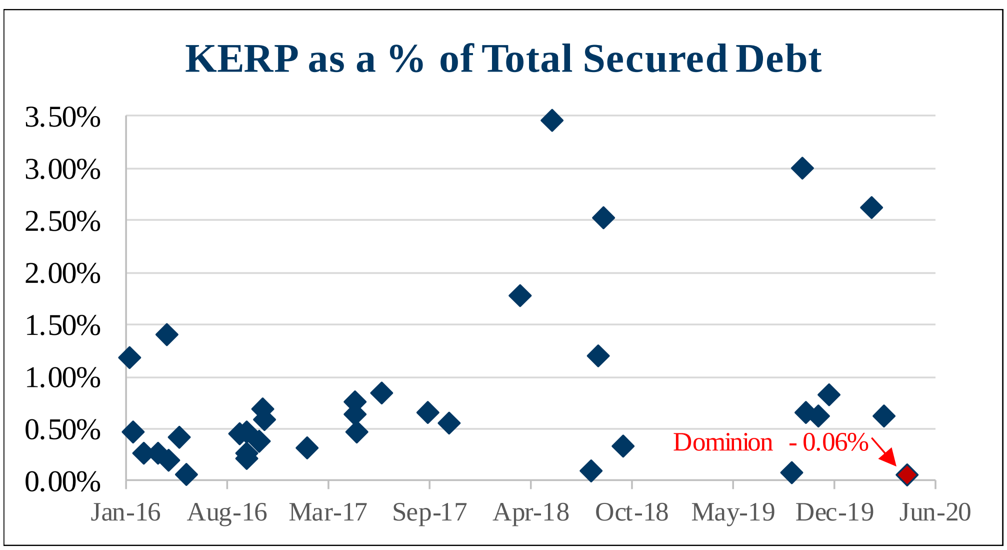
   e. payments under the proposed KERP are to be secured by the KERP Charge which will rank subordinate in priority to the Administration Charge and the Directors' Charge and in priority to the other charges.

38. The Applicants have taken several factors into consideration when determining the amount of each proposed Incentive Bonus, including the Key Employee's base salary, their role at Dominion, the ability of others to perform their job functions, the ability to replace such employee without loss of continuity, the risk that such employee may resign, and their relative importance to the Applicants' overall restructuring efforts. Not every Key Employee will receive the same Incentive Bonus, either as a gross figure or as a proportion

of their annual compensation. Rather, each Incentive Bonus has been customized, based on the Applicants' consideration of the factors described above.

39. A summary (the "**KERP Summary**") of the Key Employees and proposed payments under the KERP has been included as Confidential Exhibit "A" to the Patrick Merrin Affidavit dated May 11, 2020 and is sought to be sealed due to the confidential nature of the personal information contained therein. The Monitor agrees that the disclosure of the KERP Summary would be harmful to the Company's commercial interests, as well as the privacy interests of its employees. Accordingly, the Monitor is supportive of the Company's request that the KERP Summary be sealed.

40. A list of 36 other CCAA filings where employee retention plans have been approved, dating back to 2016, and the respective amounts paid to employees is attached as Confidential Appendix "**E**". The total retention plan payments as a percentage of the respective companies' total secured debt, including the KERP proposed by the Applicants, are summarized in the table below.



41. The Monitor's comments in respect of the proposed KERP are as follows:

a. the Monitor agrees that the Key Employees appear to be critical to Dominion's ongoing business operations, the implementation of the SISP and the preservation and maximization of the value of the Applicants' business and assets for the benefit of stakeholders;

b. the retention of the Key Employees will enhance the likelihood of a successful outcome of the CCAA Proceedings;

c. the KERP is supported by the Interim Lenders and the Incentive Payments are provided for in the Second Cash Flow Statement; and

d. the proposed KERP is consistent with current practice for retention plans in the context of CCAA proceedings and the quantum of the proposed Incentive Bonuses is reasonable in the circumstances.

42. Based on the foregoing, the Monitor is of the opinion that the KERP is reasonable in the circumstances and will be beneficial to Dominion and its stakeholders.

AMOUNT AND PRIORITY OF COURT ORDERED CHARGES

43. The Second ARIO provides for certain Court-ordered charges that rank in priority to all other charges and security interests against the Applicants' assets.

44. The quantum and relative priorities of all of the existing and proposed Court-ordered charges in the CCAA Proceedings are summarized as follows:

First – Administration Charge (to the maximum amount of $3.5 million);

Second – Director's Charge (to the maximum amount of $4.0 million);

Third – proposed KERP Charge (to a maximum amount of $580,000);

Fourth – proposed Break Up Fee and Expense Charge; and

Fifth – proposed Interim Lenders' Charge and the proposed Financial Advisor Charge, *pari passu*.

45. Each of the charges shall constitute a charge against the property of the Applicants in priority to all other encumbrances, provided that:

   a. the KERP Charge, the Break-up Fee and Expense Charge, the Interim Lenders' Charge and the Financial Advisors' Charge shall rank subordinate to any encumbrances under the Diavik Joint Venture Agreement in respect of the Diavik Collateral;

   b. the encumbrances of the Existing Credit Facility shall rank senior to the Interim Lenders' Charge in respect of the Diavik Collateral;

   c. the encumbrances of the Existing Credit Facility shall be senior to the Interim Lenders' Charge in respect of any October Advances and related interest; and

   d. the Interim Lenders' Charge shall be senior to any encumbrances of the Existing Credit Facility securing letter of credit obligations.

CASH FLOW VARIANCE ANALYSIS

46. The Applicants' actual cash flows in comparison to those contained in the Cash Flow Statement for the period April 22, 2020 to May 15, 2020 are summarized below:

Cash Flow Variance Analysis Four Week Period Ending May 15, 2020 *($ thousands)*	Actual	Forecast	Variance
Operating Receipts			
Sales	$ -	$ -	$ -
Total Operating Receipts	-	-	-
Operating Disbursements			
Payroll and Benefits	1,969	3,080	(1,111)
Consultants and Contractors	664	859	(195)
Rent	211	261	(49)
Equipment Leases	572	745	(173)
Underground Mining Contractor	-	441	(441)
Travel	12	156	(144)
Insurance	-	483	(483)
IT & Software	486	711	(225)
Power	-	126	(126)
Site Maintenance & Environment	-	655	(655)
CCAA Professional Fees	584	7,062	(6,478)
Critical Vendors Accounts Payable	1,524	5,000	(3,476)
Net GST	(365)	-	(365)
Other	-	791	(791)
Total Operating Disbursements	5,657	20,371	(14,714)
Net Change in Cash from Operations	(5,657)	(20,371)	14,714
Financing			
Intercompany Receipts / (Disbursements)	-	1,222	(1,222)
Interest & Bank Charges	(541)	(521)	(20)
Net Change in Cash from Financing	(541)	701	(1,242)
Net Change in Cash	(6,198)	(19,670)	13,472
Opening Cash	26,823	27,519	(696)
Ending Cash	**$20,625**	**$ 7,849**	**$12,776**

a. Operating Disbursements are approximately $14.7 million lower than forecast which is primarily the result of timing differences which are expected to reverse in future periods;

b. Intercompany Receipts are approximately $1.2 million lower than forecast as a result of the Applicants' joint venture partner in respect of the Ekati mine failing to make cash calls when requested; and

c. opening cash was approximately $696,000 lower than forecast as a result of payments clearing Dominion's bank accounts prior to commencement of CCAA Proceedings.

SECOND CASH FLOW STATEMENT

47. Management, in conjunction with the Financial Advisor, has prepared the Second Cash Flow Statement to set out the liquidity requirements for the 28 weeks ending October 30, 2020. A copy of the Second Cash Flow Statement is attached as Appendix "**F**" to this Fourth Report.

48. The Second Cash Flow Statement is summarized as follows:

($ thousands)	Weeks 1 - 4 Actuals	Weeks 5 - 28 Forecast	Weeks 1 - 28 Total
Operating Receipts			
Sales	$ -	$ -	$ -
Total Operating Receipts	-	-	-
Operating Disbursements			
Payroll and Benefits	1,969	18,538	20,507
Consultants and Contractors	664	4,304	4,968
Rent	211	824	1,036
Equipment Leases	572	3,897	4,469
Underground Mining Costs	-	2,646	2,646
Travel	12	1,259	1,271
Insurance	-	4,957	4,957
IT & Software	486	3,919	4,405
IBA Payments	-	1,899	1,899
Power	-	756	756
Site Maintenance & Environment	-	3,921	3,921
CCAA Professional Fees	584	33,889	34,473
Critical Vendors Accounts Payable	1,524	3,476	5,000
Net Taxes	(365)	-	(365)
Winter Road & Ramp-up Costs	-	5,901	5,901
Other	-	14,405	14,405
Total Operating Disbursements	**5,657**	**104,591**	**110,248**
Net Change in Cash from Operations	**(5,657)**	**(104,591)**	**(110,248)**
Financing			
Intercompany Receipts / (Disbursements)	-	1,095	1,095
Interest & Bank Charges	(541)	(4,656)	(5,197)
DIP Facility Interest	-	(969)	(969)
Governmernt Support Program	-	3,330	3,330
DIP Facility Draw	-	85,200	85,200
Net Change in Cash from Financing	**(541)**	**84,000**	**83,459**
Net Change in Cash	(6,198)	(20,591)	(26,789)
Opening Cash	26,823	20,625	26,823
Ending Cash	**$ 20,625**	**$ 34**	**$ 34**

49. The Second Cash Flow Statement is based on the following key assumptions:

a. operating receipts will be nil during the period as Dominion is, generally unable to transport its inventory in the normal course to market due to restrictions relating to the COVID-19 pandemic;

b. operating disbursements relate primarily to ordinary course payments to run Dominion's corporate office and care and maintenance operations at Ekati;

c. the Second Cash Flow Statement includes approximately $5.0 million of payments of pre-filing amounts due to critical suppliers that may be required to avoid disruption of key supplies and services, of which $1.5 million have been incurred to date, and $3.5 million are forecast to be incurred during the Forecast Period;

d. professional fees are forecast to be approximately $34.5 million during the period. A summary of the fees forecast to be incurred by role are set out in the table below:

($ thousands) **Role**	**Weeks 1 - 4** **Actuals**	**Weeks 5 - 28** **Forecast**	**Weeks 1 - 28** **Total**
Financial Advisor	$ -	$ 10,493	$ 10,493
Legal Counsel to Applicants	584	6,416	7,000
US Legal Counsel to Applicants	-	2,421	2,421
Monitor	-	2,750	2,750
Legal Counsel to Monitor	-	1,675	1,675
Legal Counsel to The Washington Companies	-	5,964	5,964
Agent Advisor & Legal Counsel to the Existing Credit Facility Lenders	-	3,195	3,195
Other	-	975	975
Total Professional Fees	**$ 584**	**$ 33,889**	**$ 34,473**

The professional fees are forecast based on the assumption that the Stalking Horse Bid conditions are waved or satisfied and that the Stalking Horse Transaction or a superior transaction has closed within the timelines of the SISP; and

e. interim financing of approximately $85.2 million is forecast to be advanced by the Interim Lenders during the period under the Interim Facility.

50. The Second Cash Flow Statement is proposed to serve as the DIP Budget under the Interim Facility.

STAY EXTENSION

51. The Monitor’s comments with respect to Dominion’s application for the Stay Extension are as follows:

    a. the Second Cash Flow Statement forecasts that the anticipated proceeds of the Interim Facility will provide the Applicants with sufficient liquidity during the term of the proposed Stay Extension;

    b. the Applicants require the Stay Extension in order to undertake the SISP in conjunction with the Financial Advisor;

    c. there will be no material prejudice to the Applicants’ creditors and other stakeholders as a result of the Stay Extension;

    d. the Applicants are acting in good faith and with due diligence; and

    e. Dominion’s overall prospects of effecting a viable restructuring will be enhanced by the Stay Extension.

CONCLUSION AND RECOMMENDATIONS

52. Overall, the Financial Advisor Agreement, Interim Facility, SISP, Stalking Horse Bid and KERP provide a comprehensive restructuring plan to the Applicants, while allowing for a fair and transparent process to identify a restructuring transaction to the benefit of all stakeholders.

53. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the Second ARIO.

*****

All of which is respectfully submitted this 26th day of May 2020.

FTI Consulting Canada Inc.
in its capacity as Monitor of the Applicants

Deryck Helkaa
Senior Managing Director

Tom Powell
Senior Managing Director

Appendix "F" – Second Cash Flow Statement
Dominion Diamond Mines
Consolidated Second Cash Flow Statement
For the 28-week period ending October 30, 2020

		Initial Stay Period													
($ thousands) *Week Ending*	Notes	Week 1 24-Apr Actual	Week 2 1-May Actual	Week 3 8-May Actual	Week 4 15-May Actual	Week 5 22-May Forecast	Week 6 29-May Forecast	Week 7 5-Jun Forecast	Week 8 12-Jun Forecast	Week 9 19-Jun Forecast	Week 10 26-Jun Forecast	Week 11 3-Jul Forecast	Week 12 10-Jul Forecast	Week 13 17-Jul Forecast	Week 14 24-Jul Forecast
Operating Receipts															
Sales	**[1]**	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating Receipts		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Disbursements															
Payroll and Benefits	**[2]**	-	400	1,569	-	1,540	-	1,540	-	-	1,733	-	1,540	-	1,479
Consultants and Contractors	**[3]**	25	85	117	437	51	524	405	382	75	257	406	28	51	18
Rent	**[4]**	-	98	113	-	-	58	156	-	-	-	156	-	-	-
Equipment Leases		-	-	572	-	-	173	745	-	-	-	745	-	-	-
Underground Mining Costs	**[5]**	-	-	-	-	441	-	441	-	-	-	441	-	-	-
Travel	**[6]**	-	-	-	12	-	156	144	-	-	-	156	15	15	15
Insurance	**[7]**	-	-	-	-	2,454	-	483	-	-	76	483	12	-	-
IT & Software		-	-	73	413	-	-	711	-	106	66	711	53	-	-
IBA Payments	**[8]**	-	-	-	-	-	-	-	-	-	-	417	-	-	-
Power	**[9]**	-	-	-	-	-	126	126	-	-	-	126	-	-	-
Site Maintenance & Environment	**[10]**	-	-	-	-	54	54	651	432	54	99	452	54	111	149
CCAA Professional Fees	**[11]**	-	-	370	214	229	379	10,031	584	681	1,606	531	590	1,756	250
Critical Vendors Accounts Payable	**[12]**	-	-	-	1,524	-	-	1,159	1,159	1,159	-	-	-	-	-
Net Taxes	**[13]**	-	(2,122)	-	1,757	-	-	-	-	-	-	-	-	-	-
Winter Road & Ramp-up Costs		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	**[14]**	-	-	-	-	141	42	1,738	67	551	1,215	395	176	50	163
Total Operating Disbursements		25	(1,539)	2,814	4,358	4,911	1,512	18,329	2,624	2,625	5,053	5,018	2,469	1,984	2,075
Net Change in Cash from Operations		(25)	1,539	(2,814)	(4,358)	(4,911)	(1,512)	(18,329)	(2,624)	(2,625)	(5,053)	(5,018)	(2,469)	(1,984)	(2,075)
Financing															
Intercompany Receipts / (Disbursements)	**[15]**	-	-	-	-	(1)	(1)	715	(1)	-	1,000	(110)	-	-	(0)
Interest & Bank Charges	**[16]**	-	(276)	(70)	(195)	-	(237)	-	(153)	-	-	(1,248)	(153)	-	-
DIP Facility Interest		-	-	-	-	-	-	-	-	-	(62)	-	-	-	-
Governmernt Support Program		-	-	-	-	-	1,800	-	850	-	-	-	-	680	-
DIP Facility Draw		-	-	-	-	-	-	14,200	-	-	-	14,200	-	-	-
Net Change in Cash from Financing		-	(276)	(70)	(195)	(1)	1,563	14,915	697	-	938	12,842	(153)	680	(0)
Net Change in Cash		(25)	1,264	(2,884)	(4,552)	(4,911)	51	(3,414)	(1,927)	(2,625)	(4,115)	7,824	(2,622)	(1,304)	(2,075)
Opening Cash		26,823	26,798	28,061	25,177	20,625	15,714	15,764	12,350	10,423	7,798	3,683	11,507	8,885	7,581
Ending Cash		**$ 26,798**	**$ 28,061**	**$ 25,177**	**$ 20,625**	**$ 15,714**	**$ 15,764**	**$ 12,350**	**$ 10,423**	**$ 7,798**	**$ 3,683**	**$ 11,507**	**$ 8,885**	**$ 7,581**	**$ 5,506**

($ thousands) *Week Ending*	Week 15 31-Jul Forecast	Week 16 7-Aug Forecast	Week 17 14-Aug Forecast	Week 18 21-Aug Forecast	Week 19 28-Aug Forecast	Week 20 4-Sep Forecast	Week 21 11-Sep Forecast	Week 22 18-Sep Forecast	Week 23 25-Sep Forecast	Week 24 2-Oct Forecast	Week 25 9-Oct Forecast	Week 26 16-Oct Forecast	Week 27 23-Oct Forecast	Week 28 30-Oct Forecast	Total
Operating Receipts															
Sales	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Operating Receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Disbursements															
Payroll and Benefits	-	1,465	-	1,465	-	1,465	-	-	1,465	-	1,465	-	1,465	1,914	**20,507**
Consultants and Contractors	112	510	41	47	41	494	18	41	91	478	18	41	90	90	**4,968**
Rent	-	152	-	-	-	152	-	-	-	152	-	-	-	-	**1,036**
Equipment Leases	-	745	-	-	-	745	-	-	-	745	-	-	-	-	**4,469**
Underground Mining Costs	-	441	-	-	-	441	-	-	-	441	-	-	-	-	**2,646**
Travel	15	172	15	43	15	172	15	15	54	153	15	15	27	27	**1,271**
Insurance	-	483	-	-	-	483	-	-	-	483	-	-	-	-	**4,957**
IT & Software	139	433	139	-	139	433	139	-	139	433	139	-	69	69	**4,405**
IBA Payments	-	458	-	-	-	-	458	-	55	-	458	-	27	27	**1,899**
Power	-	126	-	-	-	126	-	-	-	126	-	-	-	-	**756**
Site Maintenance & Environment	89	474	89	40	35	419	35	53	35	419	35	53	17	17	**3,921**
CCAA Professional Fees	815	250	1,756	250	815	250	1,401	605	531	676	250	2,287	250	7,118	**34,473**
Critical Vendors Accounts Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**5,000**
Net Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**(365)**
Winter Road & Ramp-up Costs	-	-	-	-	-	-	-	-	-	-	-	4,900	1,001	-	**5,901**
Other	910	334	40	192	15	226	15	1,686	178	299	15	2,241	139	3,576	**14,405**
Total Operating Disbursements	2,080	6,042	2,080	2,036	1,059	5,406	2,080	2,400	2,547	4,405	2,395	9,537	3,086	12,838	**110,248**
Net Change in Cash from Operations	(2,080)	(6,042)	(2,080)	(2,036)	(1,059)	(5,406)	(2,080)	(2,400)	(2,547)	(4,405)	(2,395)	(9,537)	(3,086)	(12,838)	**(110,248)**
Financing															
Intercompany Receipts / (Disbursements)	888	(3,802)	(15)	(0)	(0)	(635)	-	1,666	(0)	(830)	-	2,222	(0)	(0)	**1,095**
Interest & Bank Charges	-	(237)	(153)	-	-	(237)	(153)	-	-	(1,248)	(153)	-	-	(686)	**(5,197)**
DIP Facility Interest	(124)	-	-	-	(186)	-	-	-	(249)	-	-	-	-	(348)	**(969)**
Governmernt Support Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**3,330**
DIP Facility Draw	-	14,200	-	-	-	14,200	-	-	-	14,200	-	14,200	-	-	**85,200**
Net Change in Cash from Financing	764	10,161	(168)	(0)	(187)	13,328	(153)	1,666	(249)	12,123	(153)	16,422	(0)	(1,034)	**83,459**
Net Change in Cash	(1,316)	4,119	(2,248)	(2,037)	(1,246)	7,921	(2,233)	(734)	(2,795)	7,717	(2,547)	6,885	(3,086)	(13,872)	**(26,789)**
Opening Cash	5,506	4,190	8,309	6,062	4,025	2,779	10,700	8,467	7,734	4,938	12,655	10,108	16,993	13,906	**26,823**
Ending Cash	**$ 4,190**	**$ 8,309**	**$ 6,062**	**$ 4,025**	**$ 2,779**	**$ 10,700**	**$ 8,467**	**$ 7,734**	**$ 4,938**	**$ 12,655**	**$ 10,108**	**$ 16,993**	**$ 13,906**	**$ 34**	**$ 34**

Kristal Kaye, Chief Financial Officer
Dominion Diamond Mines

Notes:

Management has prepared this Cash Flow Statement solely for the purposes of determining the liquidity requirements of the Company during the CCAA Proceedings.
The Cash Flow Statement is based on the probable and hypothetical assumptions detailed below. Actual results will likely vary from performance projected and such variations may be material.

[1] Receipts are assumed to be nil during the Forecast Period as COVID-19 related business disruptions have resulted in the Applicants being unable to sell diamonds in the normal course.
[2] Payroll and benefits relate to management and employees at Dominion's corporate office as well as two rotating shifts of employees that perform care and maintenance activities at the Ekati mine site.
[3] Consultants and contractors relate primarily to contract camp and catering staff and consultants.
[4] Rent includes lease costs, utilities and property taxes for the Applicants' offices in Calgary and Yellowknife.
[5] Underground mining costs relate to dewatering costs and standby fees for the contractor that operates the underground mine.
[6] Travel relates to airlines that transport employees and contractors to the Ekati mine site.
[7] Insurance relates to a premium financing arrangement for the Applicants' insurance policies including Directors & Officers insurance.
[8] Impact and benefit agreements are assumed to remain current during the forecast period.
[9] Power includes contractors that operate the power plant at the Ekati mine.
[10] Site maintenance and environmental costs are based on Dominion's care and maintenance plan and are assumed to be consistent with current run rates.
[11] CCAA Professional fees includes the Applicants' Canadian legal counsel, United States legal counsel and financial advisor, the Monitor and the Monitor's legal counsel, Canadian and United States legal counsel to the DIP Lender, Canadian and United States legal counsel and financial advisor to the Revolving Facility Lenders.
[12] The Initial Order authorizes the Applicants to pay certain pre-filing amounts owing to critical suppliers of up to $5.0 million, with prior approval of the Monitor.
[13] Net Taxes includes pre-filing fuel tax payments for March and April and refund for certain pre-filing GST payments.
[14] Other operating costs include miscellaneous disbursements and a contingency.
[15] Intercompany accounts relate to cash calls to the joint venture partner in respect of the Ekati Core Zone and cash requirements of DDMC, DDMNV (Belgium) and DDIPL (India) beyond existing cash balances.
[16] Interest and bank fees are comprised of interest and letter of credit fees in respect of the Applicants' Revolving Facility.