



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

COM
Dec. 11 2020
Justice Eidsvik

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 NINTH 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.

November 15, 2020

ADDRESS FOR SERVICE AND
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NINTH REPORT OF THE MONITOR

Table of Contents

INTRODUCTION 3
PURPOSE 3
TERMS OF REFERENCE 4
UPDATE ON THE APPLICANTS’ RESTRUCTURING EFFORTS 5
CASH FLOW VARIANCE ANALYSIS 6

Appendix A – Dominion Press Release Dated November 13, 2020

INTRODUCTION

1. On April 22, 2020, 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. (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. On September 18, 2020, Dominion Diamond Marketing Corporation was added as an applicant in the CCAA Proceedings.
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. On September 18, 2020 this Honourable Court granted an order extending the Stay of Proceedings until and including November 7, 2020.
3. On October 30, 2020, this Honourable Court granted an order:
 - a. extending the Stay of Proceedings until and including December 15, 2020; and
 - b. directing the Monitor to provide this Honourable Court with a report on or before each of November 15, 2020 and December 1, 2020, providing an update on material developments with respect to the Applicants’ restructuring efforts (the “**Reporting Requirements**”).

PURPOSE

4. The purpose of this Ninth Report is to provide this Honourable Court and the Applicants’ stakeholders with information and the Monitor’s comments with respect to:
 - a. the Applicant’s restructuring efforts since the Seventh Report dated October 27, 2020 in accordance with the Reporting Requirements; and

- b. the Applicants' actual cash receipts and disbursements for the 29-week period ended November 6, 2020 as compared to the cash flow statement included in the Seventh Report of the Monitor dated October 27, 2020 (the "**Fifth Cash Flow Statement**").

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. All capitalized terms that are used in this Ninth Report but not defined herein are intended to bear their meanings as defined in the Monitor's prior Reports.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

UPDATE ON THE APPLICANTS' RESTRUCTURING EFFORTS

11. Since the date of the Seventh Report, the Applicants' activities have included, among other things:
- a. continuing to facilitate ongoing discussions with representatives of key creditor constituencies, including the senior secured first lien lenders (the "**First Lien Lenders**"), the ad hoc committee of senior secured second lien lenders (the "**Ad Hoc Group**"), and the Government of the Northwest Territories ("**GNWT**"), and other stakeholders as well as their respective legal and financial advisors;
 - b. with the assistance of their financial advisor, sharing confidential information, documentation, analysis and financial models with both the First Lien Lenders and the Ad Hoc Group in an effort to assist both parties in assessing and considering various options including potential restructuring transactions;
 - c. continuing care and maintenance activities at the Ekati mine site to preserve the assets and ensure compliance with environmental and regulatory requirements including Dominion's obligations under its water licence; and
 - d. planning, preparing and taking required preliminary steps for an anticipated restart of mining operations at the Ekati mine in the near term, in light of Dominion's having been informed by the First Lien Lenders and the Ad Hoc Group that they expect to be able to reach a binding agreement in the near future to restructure Dominion's debt and fund the Company, as described below.
12. The First Lien Lenders and the Ad Hoc Group have engaged in ongoing discussions and exchanged term sheets setting out the key commercial terms on which they would be supportive of a going concern restructuring transaction with respect to Dominion.
13. As at November 13, 2020, the Monitor understands that the First Lien Lenders and the Ad Hoc Group have agreed in principle, subject to agreement on binding terms, to a

restructuring transaction that, should it be formalized and approved by the parties and this Honourable Court, would see the Company recapitalized and continue to operate as a going concern with a planned restart of mining operations in early 2021. The parties have advised the Monitor that they are working towards formalizing their agreement by way of a Mutual Support Agreement that will be subject to, among other things, reaching acceptable agreements with other key stakeholders including the GNWT and the Applicants' surety providers.

14. The Monitor is advised by the Ad Hoc Group that they are engaged in discussions with the surety providers regarding the terms of a restructuring and recapitalization transaction that would be acceptable to all parties.

15. The Monitor and its legal counsel corresponded with the Company, legal counsel for each of Dominion, the First Lien Lenders, the Ad Hoc Group and the surety providers on November 13, 2020 and based on these discussions, is of the view that the parties are working diligently and in good faith to reach a going concern restructuring transaction.

16. As a result of the anticipated agreement among key stakeholders, the Applicants issued a press release on November 13, 2020 advising that it will be recalling approximately 60 furloughed employees effective early December 2020 in order to prepare for an expected restart of the Ekati Mine. That press release is attached as Appendix "A" to this Report. The Monitor understands that the terms of the Mutual Support Agreement will likely require a restart of the Ekati Mine as quickly as possible in early 2021.

CASH FLOW VARIANCE ANALYSIS

17. The Applicants' actual cash flows in comparison to those contained in the Fifth Cash Flow Statement for the period April 22, 2020 to November 6, 2020 are summarized below:

Cash Flow Variance Analysis			
Twenty-Nine Week Period Ending November 6, 2020			
<i>(\$ thousands)</i>	Actual	Forecast	Variance
Operating Receipts			
Sales	\$ 82,796	\$ 82,796	\$ -
Total Operating Receipts	82,796	82,796	-
Operating Disbursements			
Payroll and Benefits	20,323	20,647	(323)
Consultants and Contractors	4,792	5,759	(968)
Rent	781	867	(85)
Equipment Leases	5,806	6,017	(211)
Underground Mining Contractor	2,837	3,102	(266)
Travel	535	599	(63)
Insurance	3,924	5,026	(1,102)
IT & Software	3,067	3,140	(73)
IBA Payments	575	1,669	(1,093)
Power	846	1,144	(298)
Site Maintenance & Environment	2,299	3,490	(1,191)
CCAA Professional Fees	19,310	20,514	(1,205)
Critical Vendors Accounts Payable	2,510	2,409	101
Winter Road & Diesel Purchases	8,349	8,797	(447)
Net GST	(12,705)	(12,544)	(161)
Other	2,720	3,996	(1,276)
Total Operating Disbursements	65,968	74,630	(8,662)
Startup Disbursements			
Diesel purchases / freight	-	2,488	(2,488)
Other Winter Road consumables	560	1,437	(877)
Total Startup Disbursements	560	3,924	(3,364)
Net Change in Cash from Operations	16,268	4,242	12,026
Financing			
Intercompany Receipts / (Disbursements)	4,884	4,632	253
Interest & Bank Charges	(4,377)	(4,660)	283
DIP Facility Interest	(437)	(439)	2
Government Support Program	6,108	6,108	-
FX on DIP Draw	(2,198)	(2,198)	-
DIP Facility Draw	42,600	42,600	-
DIP Facility Repayment	(40,402)	(40,402)	-
Net Change in Cash from Financing	6,178	5,640	538
Net Change in Cash	22,446	9,881	12,565
Opening Cash	26,823	26,823	-
Ending Cash	\$ 49,269	\$ 36,704	\$ 12,565

- a. Operating Disbursements are approximately \$8.7 million lower than forecast which is primarily due to timing differences which are expected to reverse in future periods; and

- b. Startup Disbursements are \$3.4 million below forecast due to delays in certain fuel purchases until a decision is made with respect to timelines for a possible restart of mining operations and other timing differences in delivery of winter road consumables which are expected to reverse in the following weeks.
18. As at November 6, 2020, the Applicants have an ending cash balance of approximately \$49.3 million.
19. The Applicants, in conjunction with their financial advisors, are preparing an updated cash flow forecast to set out the liquidity requirements of Dominion under the anticipated restart of the Ekati mine and the Monitor is planning to report on the updated cash flow forecast once finalized.

All of which is respectfully submitted this 15th day of November, 2020.

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



Deryck Helkaa
Senior Managing Director



Tom Powell
Senior Managing Director

APPENDIX “A”

Dominion Diamond Mines Press Release
dated November 13, 2020

Dominion Diamond Mines Provides Update On Ekati Mine And Sale Process

Business Wire

13 November 2020

CALGARY, Alberta--(BUSINESS WIRE)--Dominion Diamond Mines ULC ("Dominion" or the "Company") announced today that it will be recalling approximately 60 furloughed employees effective early December, 2020 in order to prepare for an anticipated restart of the Ekati Mine.

Dominion has been informed by the banks that comprise its senior secured lenders and an ad hoc group of holders of Dominion's second lien notes that they expect to be able to reach a binding agreement in the near future to restructure Dominion's debt and fund the Company. In anticipation of the parties reaching such an agreement, Dominion has determined to recall these employees given necessary lead times required to mobilize the workforce while adequately complying with COVID-19 isolation protocols.

In connection with the employee recall, the Company continues to take necessary precautions to maintain a safe and healthy work environment for its employees and the communities in the Northwest Territories.

Pursuant to an order from the CCAA Court, Dominion is protected from its creditors until December 15, 2020. Copies of the applicable Court orders and other Court materials and information related to the Company's CCAA proceedings are available on the website maintained by FTI, which has been appointed by the Court as Dominion's Monitor to oversee the CCAA proceedings: cfcanada.fticonsulting.com/Dominion.

Any binding agreement to restructure Dominion would be subject to, among other things, CCAA Court approval. To date, no binding agreement has been entered into between the parties.

About Dominion Diamond Mines

Dominion Diamond Mines ULC is a Canadian mining company and one of the world's largest producers and suppliers of premium rough diamond assortments to the global market. The company owns a controlling interest in the Ekati Diamond Mine, which it operates, and owns 40% of the Diavik Diamond Mine. The company also holds a controlling interest in the Lac de Gras Diamond Project. The Ekati and Diavik Diamond Mines, and the Lac de Gras Diamond Project are located in the Northwest Territories of Canada. In addition to its mining and exploration operations, Dominion has offices in Canada, Belgium and India.

For more information, please visit www.ddmines.com and Dominion's private investor portal, or contact investor@ddcorp.ca.

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