



NOTIFICATION

DOMINION DIAMOND MINES PROVIDES UPDATE ON SALE PROCESS

CALGARY, AB – October 9, 2020 – Dominion Diamond Mines ULC (“Dominion” or the “Company”) provided an update today on its previously announced sales and investment solicitation process and the stalking horse bid (the “Stalking Horse Bid”) submitted by Canadian Diamond Holdings, L.P. and CA Canadian Diamond Mines ULC (the “Purchaser”), affiliates of the Washington Companies, for the purchase of certain of Dominion’s assets.

Dominion has been advised that surety bond issuers, Aviva Insurance Company of Canada, Argonaut Insurance Company and Zurich Insurance Company Ltd. (collectively, “the Surety Bond Issuers”) and the Purchaser have reached an impasse in negotiations and there is no reasonable prospect of reaching a satisfactory agreement among them. The Surety Bond Issuers are the issuers of approximately C\$280 million in surety bonds currently posted with the Government of the Northwest Territories, which provide continued security for the reclamation obligations of Dominion related to the Ekati mine. The Stalking Horse Bid is subject to a condition that the Surety Bond Issuers and the Purchaser reach an agreement regarding the treatment of the existing surety bonds.

In these circumstances, Dominion has determined that it is impractical to seek court approval of the Stalking Horse Bid, which is scheduled to be heard on October 14, 2020, because there is no transaction capable of being completed as a result of, among other things, the Purchaser being unable to satisfy the surety condition. As a result, Dominion does not anticipate it will be able to complete the transaction contemplated by the Stalking Horse Bid. As previously disclosed, no other qualified bids were submitted as part of the sale and investment solicitation process in relation to Dominion’s business.

The current bonds issued by the Surety Bond Issuers will continue in place for the benefit of the Government of the Northwest Territories in accordance with their terms.

Dominion remains in creditor protection until November 7, 2020, unless extended. Dominion is working with its advisors and will be consulting with stakeholders to determine next steps. The Company will be assessing all strategic alternatives to hopefully return the Ekati Diamond Mine to full operations for the benefit of its employees, the Northwest Territories and other stakeholders.

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: cfcanda.fticonsulting.com/Dominion.

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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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