



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

SIXTH 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.

September 22, 2020

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
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SIXTH 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.
3. On June 19, 2020, this Honourable Court granted a second Amended and Reinstated Initial Order (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**” or “**Evercore**”);
 - b. authorizing and empowering the Applicants to obtain and borrow under a credit facility (the “**Interim Facility**”) pursuant to a 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;
 - c. approving procedures for a sales and investment solicitation process (the “**SISP**”);
 - d. authorizing DDH and DDM (collectively, the “**Sellers**”) to execute a stalking horse agreement of purchase and sale (the “**Stalking Horse Bid**”) with an affiliate of Washington Diamond Investments Holdings II, LLC (the “**Stalking Horse**”).

Bidder”), and approving the Sellers’ obligation to pay the break-up fee and expense reimbursements provided for in the Stalking Horse Bid; and

- e. extending the Stay of Proceedings until and including September 28, 2020.
4. On September 18, 2020 the Applicants filed a Notice of Application for an order (the “**Extension Order**”) which provides for, among other things:
- a. extending the Stay of Proceedings until and including November 7, 2020 (the “**Stay Extension**”); and
 - b. adding Dominion Diamond Marketing Corporation (“**Dominion Marketing**”) as an applicant in the CCAA Proceedings.

PURPOSE

5. The purpose of this Sixth Report is to provide this Honourable Court and the Applicants’ stakeholders with information and the Monitor’s comments with respect to:
- a. the status of the Stalking Horse Bid and the conditions thereunder;
 - b. the status of the SISP;
 - c. the sale of certain diamond inventory by the Applicants;
 - d. the Applicants’ actual cash receipts and disbursements for the twenty one-week period ended September 11, 2020 (the “**Reporting Period**”) as compared to the cash flow statement included in the Fifth Report of the Monitor dated May 26, 2020 (the “**Third Cash Flow Statement**”);
 - e. a summary of the updated cash flow statement (the “**Fourth Cash Flow Statement**”) prepared by the Applicants for the 29 weeks ending November 6,

2020, including the key assumptions on which the Fourth Cash Flow Statement is based;

- f. the Stay Extension;
- g. the addition of Dominion Marketing as an Applicant;
- h. an update with respect to the administration of the CaseLines document management platform in the CCAA Proceedings; and
- i. the Monitor's conclusions and recommendations.

TERMS OF REFERENCE

- 6. 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**”).
- 7. 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.
- 8. 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.
- 9. 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.
- 10. All capitalized terms that are used in this Sixth Report but not defined herein are intended to bear their meanings as defined in the Monitor's prior Reports.

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

UPDATE ON THE STALKING HORSE BID

12. As described in the Fourth and Fifth Reports of the Monitor, the Stalking Horse Bid was subject to, among other things, the following:

- a. an agreement with the Government of the Northwest Territories (“**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;
- b. the Stalking Horse Bidder not being 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;
- c. an agreement acceptable to the Stalking Horse Bidder with DDMI and GNWT in relation to the timing and quantum of capital calls and reclamation liabilities of the Diavik JV (the “**Rio Condition**”); and
- d. the Stalking Horse Bidder having 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**”).

13. On July 31, 2020 the Stalking Horse Bidder provided notice to the Applicants that it:

- a. would not acquire or assume any rights or liabilities with respect to the Diavik JV (the “**Ex-Rio Toggle**”); and
- b. waived the Financing Condition.

14. As a result of the Ex-Rio Toggle, certain Stalking Horse Bid terms were confirmed, as follows:

- a. the cash purchase price remains 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;
- b. the excluded assets will include DDM's interest in the Diavik JV and any diamonds distributed by the Diavik JV to DDM during the CCAA Proceedings; and
- c. the Stalking Horse Bidder will not assume liabilities with respect to the Diavik Mine, including DDM's obligations to collateralize or refinance outstanding letters of credit issued to secure closing and reclamation costs, obligations under Diavik's pension plan and obligations under the Diavik JV with respect to accrued and unpaid capital calls.

UPDATE ON THE SISP

15. The Applicants, in conjunction with Evercore, have been marketing the business and assets of Dominion in accordance with the SISP. The detailed timelines and procedures of the SISP are described in the Fifth Report of the Monitor and are not repeated herein.

16. The Applicants received one or more qualified bids in addition to the Stalking Horse Bid prior to the Phase I non-binding bid deadline, and therefore advanced the SISP to Phase 2.

17. Prior to the August 31, 2020 Phase 2 Bid Deadline, one of the qualified bidders participating in Phase 2 of the SISP requested an extension to the bid deadline, citing a need for additional time to secure financing and to attempt to come to agreements with Dominion's surety providers and also with Diavik Diamond Mines (2012) Inc. ("**DDMI**") in its capacity as the manager of the Diavik Mine under the Diavik Joint Venture Agreement (the "**Diavik JVA**").

18. Prior to August 31, 2020, the Applicants, with the approval of the Stalking Horse Bidder, the Interim Lenders and the Monitor, agreed to an extension of the timelines under the SISP as follows:
- a. binding Phase 2 bids would remain due on August 31, 2020 and bidders would be required to submit Phase 2 bids in accordance with the terms of the SISP, subject to the terms below:
 - i. Dominion extended the requirements that (A) bidders identify whether they were purchasing the Diavik interest and (B) bids not contain financing conditionality, until 3:00 o'clock p.m. Eastern Standard Time on September 8, 2020, at which point bidders must have confirmed whether they were purchasing the Applicants' interest in the Diavik JV and also have removed any financing condition; and
 - ii. certain corresponding dates under the SISP were also extended.
19. On September 9, 2020, the Applicants extended the Phase 2 bid deadline until September 15, 2020.
20. Notwithstanding the above-noted extensions, no bids were submitted on September 9, 2020, to compete with the Stalking Horse Bid. Accordingly, the Applicants anticipate making an application at a future date to this Honourable Court for an approval and vesting order in respect of the Stalking Horse Bid. They will continue to work with the Stalking Horse Bidder to waive or satisfy the remaining conditions under the Stalking Horse Bid with an outside closing date of November 7, 2020.
21. The Ex-Rio Toggle prescribes that the Stalking Horse Bidder shall not acquire or assume any rights or liabilities with respect to the Diavik JV. The Applicants, in consultation with the Monitor and other affected stakeholders, including the senior secured first lien lenders and DDMI, are considering the appropriate next steps with respect to Dominion's interest in the Diavik JV and related assets.

DIAMOND SALES

22. The Applicants have advised the Monitor that international diamond markets have gradually begun to reopen following a shutdown relating to the COVID-19 global pandemic.
23. At the outset of the CCAA Proceedings, the Applicants were holding diamond inventory with a book value of approximately \$180 million. They have recently been able to monetize certain of their diamond inventory through their Antwerp, Belgium sales office and as of September 17, 2020, the Applicants have sold one tranche of larger diamonds for gross proceeds of approximately US\$46 million (C\$61 million). They are planning to sell a second tranche of smaller diamonds for estimated gross proceeds of US\$8 million (C\$11 million) during the week ending September 25, 2020. However, it is uncertain how sustainable the gradual reopening will be.
24. The Applicants plan to use the net proceeds from these diamond sales to reduce the amounts outstanding under the Interim Financing Facility.
25. The Applicants may consider further diamond sales, should the economics be considered favourable.

CASH FLOW VARIANCE ANALYSIS

26. The Applicants' actual cash flows in comparison to those contained in the Third Cash Flow Statement for the period April 22, 2020 to September 11, 2020 are summarized below:

Cash Flow Variance Analysis			
21 Week Period Ended Sept 11, 2020			
<i>(\$ thousands)</i>	Actual	Forecast	Variance
Operating Receipts			
Sales	\$ -	\$ -	\$ -
Total Operating Receipts	-	-	-
Operating Disbursements			
Payroll and Benefits	13,907	14,197	(290)
Consultants and Contractors	3,936	5,118	(1,182)
Rent	780	603	177
Equipment Leases	4,445	4,266	179
Underground Mining Costs	437	2,205	(1,768)
Travel	405	845	(440)
Insurance	3,919	4,059	(140)
IT & Software	2,337	2,493	(156)
IBA Payments	441	1,332	(891)
Power	794	630	164
Site Maintenance & Environment	1,266	3,402	(2,136)
CCAA Professional Fees	15,383	22,756	(7,373)
Critical Vendors Accounts Payable	2,345	5,000	(2,655)
Net Taxes	(1,235)	(365)	(870)
Other	1,189	6,272	(5,083)
Total Operating Disbursements	50,349	72,814	(22,465)
Net Change in Cash from Operations	(50,349)	(72,814)	22,465
Financing			
Intercompany Receipts / (Disbursements)	2,044	(2,284)	4,328
Interest & Bank Charges	(2,722)	(3,110)	388
DIP Facility Interest	(245)	(326)	81
Government Support Program	4,629	3,379	1,250
FX on DIP Draw	(2,198)	-	(2,198)
DIP Facility Draw	42,600	56,800	(14,200)
Net Change in Cash from Financing	44,107	54,458	(10,350)
Net Change in Cash	(6,243)	(18,356)	12,113
Opening Cash	26,823	26,823	-
Ending Cash	\$ 20,580	\$ 8,467	\$ 12,113

- a. Operating Disbursements are approximately \$22.5 million lower than forecast which is primarily due to timing differences which are expected to reverse in future periods;

- b. Intercompany Receipts are approximately \$4.3 million higher than forecast which is partially due to the deferral of a \$3.8 million tax payment in Belgium to Q4 2020;
 - c. Government Support Program receipts are approximately \$1.3 million higher than forecast as the Canadian Emergency Wage Subsidy program was extended beyond the initial three months; and
 - d. DIP Facility Draws are lower than forecasted due to foreign exchange fluctuations and timing of draws. The forecast is based on an assumed foreign exchange rate of CAD1.42/USD versus an average realized rate of CAD1.36/USD. The Applicants are managing to the reduced availability under the Interim Facility resulting from the US dollar denomination.
27. Overall, the Applicants have drawn approximately \$42.6 million under the Interim Facility and are holding cash of approximately \$20.6 million.
28. On July 9, 2020 the Applicants received a Notice of Default from Washington Lending as an Interim Lender under the Interim Facility. The subject default was in relation to an interest payment due under the Interim Facility on June 30, 2020. Dominion made the required interest payment on July 10, 2020 and Washington Lending agreed to waive any event of default arising from the non-payment.

FOURTH CASH FLOW STATEMENT

29. Management has prepared the Fourth Cash Flow Statement to set out the Applicants' liquidity requirements for the 29 weeks ending November 6, 2020. A copy of the Fourth Cash Flow Statement is attached as Appendix "A" to this Fourth Report.
30. The Fourth Cash Flow Statement is summarized as follows:

(\$ thousands)	April 22 to September 11 Actual	September 12 to November 6 Forecast	April 22 to November 6 Total
Operating Receipts			
Sales	\$ -	\$ 53,014	\$ 53,014
Total Operating Receipts	<u>-</u>	<u>53,014</u>	<u>53,014</u>
Operating Disbursements			
Payroll and Benefits	13,907	6,944	20,851
Consultants and Contractors	3,936	2,517	6,453
Rent	780	196	977
Equipment Leases	4,445	1,599	6,044
Underground Mining Costs	437	2,115	2,552
Travel	405	664	1,070
Insurance	3,919	774	4,693
IT & Software	2,337	869	3,207
IBA Payments	441	1,482	1,923
Power	794	350	1,144
Site Maintenance & Environment	1,266	2,096	3,362
CCAA Professional Fees	15,383	19,155	34,537
Critical Vendors Accounts Payable	2,345	2,655	5,000
Net Taxes	(1,235)	-	(1,235)
Winter Road & Ramp-up Costs	-	5,901	5,901
Other	1,189	3,495	4,684
Total Operating Disbursements	<u>50,349</u>	<u>50,813</u>	<u>101,162</u>
Net Change in Cash from Operations	(50,349)	2,202	(48,148)
Financing			
Intercompany Receipts / (Disbursements)	2,044	(661)	1,382
Interest & Bank Charges	(2,722)	(2,364)	(5,086)
DIP Facility Interest	(245)	(265)	(510)
Government Support Program	4,629	1,220	5,849
FX on DIP Draw	(2,198)	(1,704)	(3,902)
DIP Facility Draw	42,600	28,400	71,000
DIP Facility Repayment	-	(42,600)	(42,600)
Net Change in Cash from Financing	<u>44,107</u>	<u>(17,974)</u>	<u>26,133</u>
Net Change in Cash	(6,243)	(15,772)	(22,015)
Opening Cash	<u>26,823</u>	<u>20,580</u>	<u>26,823</u>
Ending Cash	\$ 20,580	\$ 4,808	\$ 4,808

31. The key assumptions on which the Fourth Cash Flow Statement is based are summarized as follows:

- a. operating receipts include the proceeds of diamond sales during the week ending September 18, 2020. The Fourth Cash Flow Statement does not include proceeds of sales that may occur during the week ending September 25, 2020 or any future sales that may occur during the forecast period due to uncertainty around the size and pricing that may be realized from such sales. As noted above, the Applicants may consider additional diamond sales, should the economics be favourable;
- b. operating disbursements relate primarily to current and accrued ordinary course payments to run Dominion's corporate office and care and maintenance operations at the Ekati Mine;
- c. the Fourth 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 \$2.3 million has been incurred to date, and \$2.7 million is forecast to be incurred during the Forecast Period; and
- d. professional fees are forecast to be approximately \$34.5 million. A summary of the fees forecast to be incurred by role are set out in the table below:

<i>(\$ thousands)</i>	Weeks 1 - 21	Weeks 22 - 29	Weeks 1 - 29
Role	Actuals	Forecast	Total
Financial Advisor to Applicant	\$ 3,832	\$ 6,661	\$ 10,493
Legal Counsel to Applicants	3,758	5,663	9,421
Monitor	866	1,884	2,750
Legal Counsel to Monitor	253	1,422	1,675
Legal Counsel to The Washington Companies	4,290	1,674	5,964
Agent advisor & Legal Counsel to the Existing Credit Facility Lenders	2,364	831	3,195
Other	20	1,020	1,040
Total Professional Fees	\$ 15,383	\$ 19,155	\$ 34,538

32. Overall, the Applicants are forecasting to have approximately \$28.4 million drawn on the Interim Facility at the outside close date under the SISF.

ADDITION OF DOMINION MARKETING

33. The Extension Order provides for the addition of Dominion Marketing as an Applicant in the CCAA Proceedings.

34. Dominion Marketing is a wholly owned subsidiary of DDH that holds a 0.01% interest in Dominion Diamond (India) Private Limited and a 0.0003% interest in Dominion Diamond Marketing N.V.
35. While it has historically operated with the Applicants and their affiliated entities on an integrated basis, Dominion Marketing is not currently engaged in any diamond sorting or marketing activities and does not have any employees. Its residual assets from past operations include:
- a. a sorting building in Yellowknife located on leased land; and
 - b. a commercial lease for certain office space in Toronto, Ontario and a related storage lease.
36. The office space in Toronto has been subleased to a subtenant that is in arrears for six months of rent totalling approximately \$582,000. The subtenant's default has rendered Dominion Marketing unable to meet its own obligations to the landlord under its lease.
37. The Monitor is advised that the lease payments owed by Dominion Marketing of approximately \$113,000 per month are current but Dominion Marketing is unable to meet these obligations for the remaining lease term which expires on January 31, 2024.
38. The Monitor is advised by the Applicants that they intend to disclaim the lease for the Toronto office premises, should the Extension Order be granted and should Dominion Marketing be added as an Applicant in these proceedings.
39. The Monitor is supportive of the relief being sought to have Dominion Marketing added as an Applicant in the CCAA Proceedings and afforded the same rights and protections as the other Applicants.

STAY EXTENSION

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

- a. the extension is required in order for the Applicants to continue with the SISP and seek to close the transaction contemplated by the Stalking Horse Bid;
- b. the Fourth 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;
- c. there will be no 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.

CIVIL CLAIM AGAINST DDMI

41. On June 16, 2020, DDM filed a Notice of Civil Claim and commenced an action against DDMI, alleging harm incurred by Dominion in respect of alleged breaches of the Diavik JVA. The alleged breaches relate to, among other things, claims of misconduct with respect to the management of operations and funding requirements of the Diavik Mine.

42. Dominion is seeking relief against DDMI including a declaration that DDMI has conducted operations in breach of or in a manner inconsistent with the Diavik JVA and various damages and costs in favour of Dominion.

43. DDMI brought an application for security for costs in respect of the action which was heard by the British Columbia Supreme Court on September 16, 2020 and the decision has been reserved.

CASELINES UPDATE

44. As referenced in previous reports, the Monitor established a CaseLines cloud-based document management platform to, among other things, coordinate the uploading, service and review of Court materials in the CCAA Proceedings and facilitate Court presentations in a virtual format (the "**CaseLines Filesite**").

45. On May 29, 2020 this Honourable Court granted an order declaring that all documents uploaded to the CaseLines Filesite shall be deemed as having been properly served on all parties named on the service list in the CCAA Proceedings, as of the date and time that such documents were uploaded.

46. The CaseLines platform includes functionality that allows users to create “sub-bundles” of materials that can be uploaded to the CaseLines Filesite under seal or as redacted records. All parties that have filed sealed materials in the CCAA Proceedings have been made aware of this functionality and all such materials are now uploaded to the CaseLines Filesite with restricted viewing permissions, as appropriate.

CONCLUSIONS AND RECOMMENDATIONS

47. The Applicants require an extension of the Stay of Proceedings while they continue to undertake the SISF, seek to conclude the transaction contemplated by the Stalking Horse Bid and develop a plan to address any residual assets in consultation with affected stakeholders.

48. Based on the forgoing, the Monitor respectfully recommends that this Honourable Court grant the Extension Order including the addition of Dominion Marketing as an Applicant.

All of which is respectfully submitted this 22nd day of September, 2020.

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

A handwritten signature in blue ink, appearing to read 'Deryck Helkaa'.

Deryck Helkaa
Senior Managing Director

A handwritten signature in blue ink, appearing to read 'Tom Powell'.

Tom Powell
Senior Managing Director

APPENDIX "A"

Fourth Cash Flow Statement

Dominion Diamond Mines
Fourth Cash Flow Statement
For the 29-week period ending November 6, 2020

(\$ thousands)	Week Ending	Notes	Initial Stay Period		Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15	Week 16	Week 17	Week 18	Week 19	Week 20	Week 21	Week 22	Week 23	Week 24	Week 25	Week 26	Week 27	Week 28	Week 29	Weeks 1 - 29 Total		
			24-Apr Actual	1-May Actual	8-May Actual	15-May Actual	22-May Actual	29-May Actual	5-Jun Actual	12-Jun Actual	19-Jun Actual	26-Jun Actual	3-Jul Actual	10-Jul Actual	17-Jul Actual	24-Jul Actual	31-Jul Actual	7-Aug Actual	14-Aug Actual	21-Aug Actual	28-Aug Actual	4-Sep Actual	11-Sep Actual	18-Sep Forecast	25-Sep Forecast	2-Oct Forecast	9-Oct Forecast	16-Oct Forecast	23-Oct Forecast	30-Oct Forecast	6-Nov Forecast			
Operating Receipts																																		
Sales		[1]	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,014
Total Operating Receipts																																	\$ 53,014	
Operating Disbursements																																		
Payroll and Benefits		[2]	-	400	1,569	-	1,314	605	1,060	218	1,262	20	196	1,342	(2)	1,471	230	1,271	(1)	1,340	320	1,161	132	168	1,447	235	1,443	-	1,443	-	2,209	20,851		
Consultants and Contractors		[3]	25	85	117	437	28	263	342	9	416	373	156	391	23	-	278	196	96	16	262	241	183	217	247	557	251	141	132	597	375	6,453		
Rent		[4]	-	98	113	-	0	-	98	-	-	-	98	-	-	-	99	-	173	2	-	99	-	-	-	-	99	-	-	-	98	977		
Equipment Leases			-	-	572	-	-	841	-	371	-	-	558	-	371	-	451	99	371	-	-	440	371	-	457	99	116	371	-	457	99	6,044		
Underground Mining Costs		[5]	-	-	-	-	-	-	-	-	-	-	-	-	-	164	-	70	-	-	202	-	-	-	140	-	-	100	-	-	1,875	2,552		
Travel		[6]	-	-	-	12	-	8	17	38	6	77	0	8	18	9	43	57	4	12	90	-	4	68	111	62	78	78	89	89	89	1,070		
Insurance		[7]	-	-	-	-	2,418	-	-	381	-	-	-	383	-	-	-	378	-	(10)	-	369	-	-	-	-	-	387	-	-	387	4,693		
IT & Software			-	-	73	413	15	62	19	70	130	19	114	447	140	79	121	47	4	126	370	40	49	192	76	105	201	84	42	38	133	3,207		
IBA Payments		[8]	-	-	-	-	-	-	-	-	-	-	-	441	-	-	-	-	-	-	-	-	-	-	-	255	-	915	-	27	27	258	1,923	
Power		[9]	-	-	-	-	-	-	203	187	-	55	-	101	-	55	38	127	-	-	-	-	29	53	-	-	127	45	-	-	126	1,144		
Site Maintenance & Environment		[10]	-	-	-	-	88	33	42	118	196	15	34	-	17	275	42	41	29	28	75	50	182	114	280	313	271	253	542	245	78	3,362		
CCAA Professional Fees		[11]	-	-	370	214	-	-	-	5	-	6,738	3,679	608	-	646	336	333	118	1,828	137	-	372	295	1,890	2,163	1,766	2,047	1,776	1,766	7,453	34,537		
Critical Vendors Accounts Payable		[12]	-	-	-	1,524	58	-	163	-	-	-	-	-	30	0	-	2	-	-	568	-	-	-	-	379	379	379	379	379	379	5,000		
Net Taxes		[13]	-	(2,122)	-	1,757	-	-	-	0	(333)	-	-	66	(4)	(188)	-	-	51	(392)	-	(824)	754	-	-	-	-	-	-	-	-	(1,235)		
Winter Road & Ramp-up Costs			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,092	746	245	2,308	1,244	166	100	5,901		
Other		[14]	-	-	-	-	-	-	-	58	13	183	14	20	7	111	462	16	133	113	16	1	41	55	387	972	431	412	443	362	432	4,684		
Total Operating Disbursements			25	(1,539)	2,814	4,358	3,922	1,811	1,741	1,472	1,876	7,425	4,905	3,706	701	2,567	2,116	2,169	1,482	3,073	2,029	1,208	2,487	1,161	6,760	5,631	6,321	6,604	6,117	4,127	14,093	101,162		
Net Change in Cash from Operations			(25)	1,539	(2,814)	(4,358)	(3,922)	(1,811)	(1,741)	(1,472)	(1,876)	(7,425)	(4,905)	(3,706)	(701)	(2,567)	(2,116)	(2,169)	(1,482)	(3,073)	(2,029)	(1,208)	(2,487)	(1,161)	30,350	10,274	(6,321)	(6,604)	(6,117)	(4,127)	(14,093)	(48,148)		
Financing																																		
Intercompany Receipts / (Disbursements)		[15]	-	-	-	-	(6)	(115)	-	-	1,540	-	(79)	(1)	(18)	748	90	66	(7)	(117)	(104)	47	(4)	(31)	3,225	(50)	(50)	(50)	(3,586)	(115)	1,382			
Interest & Bank Charges		[16]	-	(276)	(70)	(195)	(191)	-	(119)	-	-	(1,240)	(72)	-	44	(332)	(6)	-	-	(265)	-	-	(278)	-	(1,248)	(153)	-	-	(686)	-	(5,086)			
DIP Facility Interest			-	-	-	-	-	-	-	-	-	-	(10)	-	(93)	-	-	-	-	(142)	-	-	-	-	(186)	-	-	-	(50)	(29)	(510)			
Government Support Program			-	-	-	-	1,849	-	-	714	-	675	-	-	639	-	-	-	-	-	-	-	752	-	-	-	750	-	-	470	5,849			
FX on DIP Draw		[17]	-	-	-	-	-	-	-	(613)	-	(635)	-	-	-	-	-	-	(950)	-	-	-	-	-	-	-	-	(852)	-	(852)	-	(3,902)		
DIP Facility Draw			-	-	-	-	-	-	-	-	14,200	-	-	14,200	-	-	-	-	-	14,200	-	-	-	-	-	-	-	14,200	-	14,200	-	71,000		
DIP Facility Repayment			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(42,600)	-	-	-	-	(42,600)			
Net Change in Cash from Financing			-	(276)	(70)	(195)	-	1,652	(115)	(119)	714	15,127	(565)	(161)	13,564	26	962	84	66	13,243	(524)	(104)	799	(282)	(217)	(40,623)	547	13,298	(50)	9,027	326	26,133		
Net Change in Cash			(25)	1,264	(2,884)	(4,552)	(3,922)	(159)	(1,857)	(1,591)	(1,163)	7,701	(5,469)	(3,867)	12,863	(2,541)	(1,155)	(2,085)	(1,416)	10,169	(2,553)	(1,311)	(1,688)	(1,443)	30,133	(30,349)	(5,773)	6,694	(6,167)	4,900	(13,766)	(22,015)		
Opening Cash			26,823	26,798	28,061	25,177	20,625	16,703	16,543	14,687	13,095	11,933	19,634	14,165	10,298	23,161	20,619	19,465	17,380	15,964	26,133	23,580	22,268	20,580	19,137	49,270	18,921	13,147	19,842	13,674	18,574	26,823		
Ending Cash			\$ 26,798	\$ 28,061	\$ 25,177	\$ 20,625	\$ 16,703	\$ 16,543	\$ 14,687	\$ 13,095	\$ 11,933	\$ 19,634	\$ 14,165	\$ 10,298	\$ 23,161	\$ 20,619	\$ 19,465	\$ 17,380	\$ 15,964	\$ 26,133	\$ 23,580	\$ 22,268	\$ 20,580	\$ 19,137	\$ 49,270	\$ 18,921	\$ 13,147	\$ 19,842	\$ 13,674	\$ 18,574	\$ 4,808	\$ 4,808		

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] Sales are shown after deducting profit margin in Belgium, sorting expenses in India, Government Royalties, Private Royalties and CZ NCI partner portion of sale which is assigned to cash calls receivable.
- [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 rehabilitation 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.
- [17] FX on DIP Draw accounts for the impact of the change in the FX rate on the DIP draw amount. The Forecast is based on an assumed foreign exchange rate of CAD1.42/USD versus an average rate of CAD1.3576/USD. The Applicants are managing to the revised DIP availability under the US dollar denominated Interim Facility.