VANCOUVER
MAY 0 1 2026
REGISTRY

This is the 1st affidavit of
Jennifer Alambre in this case and was
made on April 29, 2026

No. S-263255
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36 AS AMENDED

AND

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ARCTIC CANADIAN DIAMOND COMPANY LTD., AND BURGUNDY DIAMONDS (CANADA) LIMITED

AFFIDAVIT

I, Jennifer Alambre, of Suite 3500, 1133 Melville Street, Vancouver, British Columbia, SWEAR THAT:

1. I am the legal administrative assistant at Blake, Cassels & Graydon LLP, the solicitors for Arctic Canadian Diamond Company Ltd. and Burgundy Diamonds (Canada) Ltd., the Petitioners in this proceeding, and as such I have personal knowledge of the matters deposed to in this Affidavit except where I depose to a matter based on information from an informant I identify in which case I believe that both the information from the informant and the resulting statement are true.

2. Attached as **Exhibit "A"** to this Affidavit is a copy of an organizational chart titled "Corporate Structure as of December 31, 2024".

3. Attached as **Exhibit "B"** to this Affidavit is a copy of an Australian Stock Exchange announcement dated July 31, 2025 from Burgundy Diamond Mines Limited ("**Burgundy**") titled "Life of Mine Plan Update".

4. Attached as **Exhibit "C"** to this Affidavit is a copy of a Government of Canada December 18, 2025 news release titled "Government provides crucial support to the Ekati Diamond Mine amid trade uncertainty, protects Northern workers and local communities in the Northwest Territories".

5. Attached as **Exhibit "D"** to this Affidavit is a copy of an April 4, 2025 CBC article titled "Low diamond prices raise risk of early closure of N.W.T. mines, experts say".

6. Attached as **Exhibit "E"** to this Affidavit is a copy of an April 4, 2025 Reuters article titled "US tariffs set to cripple India's diamond industry, hurting jobs, exports".

7. Attached as **Exhibit "F"** to this Affidavit is a copy of correspondence from Burgundy to the Honourable R. J. Simpson dated September 24, 2024.

8. Attached as **Exhibit "G"** to this Affidavit is a copy of a July 18, 2025 CBC news article titled "'Surprised and disappointed': Ekati layoffs reverberate across N.W.T."

9. Attached as **Exhibit "H"** to this Affidavit is a copy of Burgundy's 2023 Annual Report for the Period Ended 31 December 2023.

10. Attached as **Exhibit "I"** to this Affidavit is a copy of Burgundy's 2024 Annual Report for the Period Ended 31 December 2024.

11. Attached as **Exhibit "J"** to this Affidavit is a copy of Burgundy's Half-Year Financial Report dated June 30, 2025.

12. Attached as **Exhibit "K"** to this Affidavit is a copy of Burgundy's Appendix 4E for the Year Ended 31 December 2025.

Attached as **Exhibit "L"** to this Affidavit is a copy of the cash-flow projections for the 10-week period ending July 10, 2026 prepared by FTI Consulting Canada Inc. ("**FTI**").

13. Attached as **Exhibit "M"** to this Affidavit is a copy of the signed Consent to Act from FTI.

SWORN BEFORE ME at Vancouver, British Columbia on April 29, 2026

A Commissioner for taking Affidavits for British Columbia

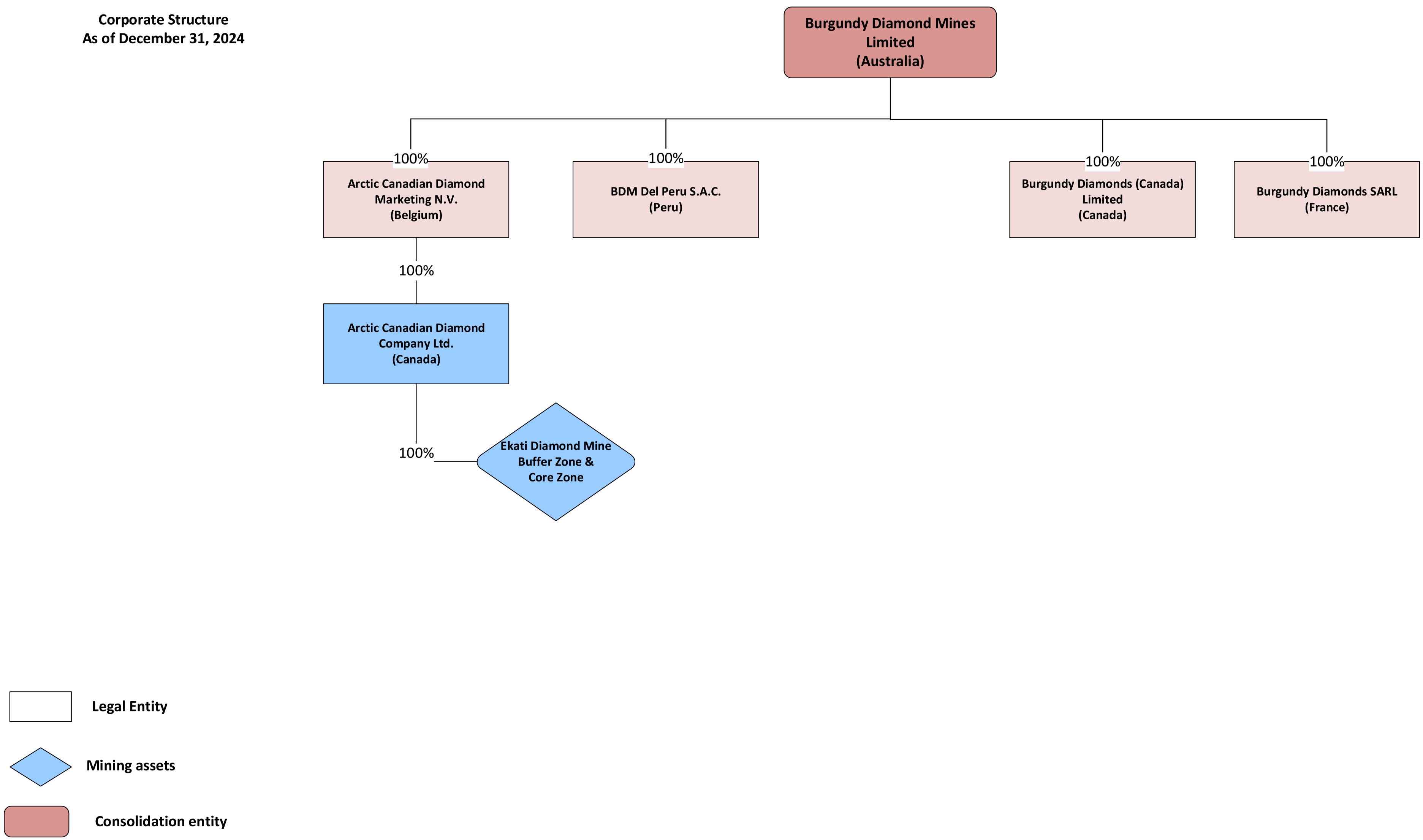
E. ROH
Barrister & Solicitor
BLAKE, CASSELS & GRAYDON LLP
1133 Melville Street
Suite 3500, The Stack
Vancouver, B.C. V6E 4E5
604-631-4254

Jennifer Alambre

This is **Exhibit "A"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

A Commissioner for the taking of Affidavits for *British Columbia*

Corporate Structure
As of December 31, 2024



This is **Exhibit "B"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

A Commissioner for the taking of Affidavits for
British Columbia

BURGUNDY
DIAMOND MINES

31 July 2025
ASX Announcement

Life of Mine Plan Update

Calgary, Alberta – **Burgundy Diamond Mines Limited** (**ASX:BDM**) (**Burgundy** or **the Company**) is pleased to provide an updated Life of Mine (LOM) plan for the Ekati Diamond Mine for the years 2025-2040, including the updated Mineral Resource Estimate (MRE) for the Misery pipe, updated Mineral Resource and Ore Reserve Estimates for the Fox pipe, and results of a recent bulk sample trial from the Point Lake pipe.

The updates are in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves, December 2012 (JORC Code) and the Australian Securities Exchange (ASX) Listing Rules, Chapter 5. Supporting information relating to the changes of Mineral Resources and Ore Reserves is set out in this release and its appendices. Other deposits part of the LOM have their Mineral Resource and/or Ore Reserve results, including supporting information, as part of the Company's ASX market announcement released 13 May 2025.

Highlights

- Misery Main Development Update
    - After the successful drilling program of the high value deposit at Misery, the resource model was updated, and the underground mine plan has been extended by 2.5 years to the end of 2027.
    - Misery Underground is currently being mined on the 2000 level, 1975 level and 1950 level, at a LOM average mining rate of 3,300 wet metric tonnes per day (tpd). The updated mine plan extends down to the 1800 level.
    - In June 2025, the Misery Main pipe MRE was updated to include 28 diamond drill holes drilled between 28 August 2024 and 30 June 2025 and 1,380 kg of microdiamond samples.
    - The update has resulted in an increase in Inferred Resources of 0.5 million tonnes (Mt) and 0.2 million carats (Mct), and a decrease in Indicated Resources, due to mining activities and updated grade data, of 0.2 Mt and 0.9 Mct.
    - The pipe remains open at depth, and delineation drilling will continue to investigate the potential to extend mining beyond 2027.

- Fox Underground Development Update
    - Updated prefeasibility study (PFS) for the Fox Underground Project demonstrates robust and positive economics, with a post-tax NPV (9%) of US$272M and an IRR of 30% for the Ore Reserves Case, and with a post-tax NPV (9%) of US$352M and an IRR of 32% for the Upside Case (mine plan includes additional 3.6 Mt Inferred Resources). Fox Underground development is expected to commence in mid-2026 and supports a mine life of 14 years.
    - An update to the 2018 PFS was completed, significantly lowering initial capital by using the sublevel retreat mining method successfully applied at Misery, and removing the need for underground crushing and conveying infrastructure via Railveyor system.
    - The update on the Fox mine plan has resulted in the Ore Reserves increasing by 2.6 Mt and 0.3 Mct to Probable Reserves, (represented in no change in grade).
    - In June 2025, the Fox pipe MRE was updated to include data from a 2018 winter drilling campaign conducted by Dominion Diamond Corporation.

- The 2018 drilling reduced the overall size of the pipe within Mineral Resource categories by ~10%. The update has resulted in a decrease of 4.3 Mt and 2.6 Mct to Indicated (represented by a change in grade from 0.36 to 0.34 cpt) and a gain of 0.18 Mt and 0.04 Mct to the Inferred resources (represented by no change in grade).

- Point Lake Bulk Sample
  - 67,757 carats (cts) were recovered from 122,291 dry metric tonnes (dmt) processed, with an average value of $52/ct. Mining of the Point Lake pit is anticipated to resume by mid-2026 subject to diamond prices.

Life of Mine Plan Update

The Life of Mine (LOM) plan has been updated based on the MRE update for Misery underground, and the Mineral Resource and Ore Reserve Estimate updates for Fox underground. Key components of the LOM plan include the following:

- Misery Underground – Currently in operation and planned for mining until Q4 2027. 6% of the Misery tonnage in the plan is classified as indicated, 68% of the Misery tonnage in the plan is classified as inferred, while a further 26% (exploration target) lacks the necessary geological information to be assigned a resource classification. The pipe remains open at depth.
- Fox Stockpile – Low-grade ore from historic open pit mining of Fox pit, which was completed in 2014. The stockpile will be blended with Misery production until Q4 2028. The stockpile has been blended in the processing feed intermittently in 2024 and H1 2025. The stockpile is classified as an Inferred Mineral Resource.
- Point Lake Pit stripping began in Q4, 2024, with the objective of obtaining a bulk sample. Based on the bulk sample results, further mining is deferred in the mine plan to mid-2026.
- Fox Underground – Development and pit dewatering is planned to start in 2026, with first development ore in Q4 2028 and first production ore in Q2 2029.
- Plant Production – Plant operations will be reduced to a 2 week on/2 week off schedule in August 2025. This schedule will remain in place until Point Lake is brought back into full production in mid-2026.

The LOM production profile is shown in Table A and includes inferred and exploration tonnes. The definition of these terms is defined below.

The Inferred Mineral Resource category is the lowest confidence category of Mineral Resource. It is based on limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.

The breakdown of the LOM production profile by classification category is shown in Table B and Table C.

Table A: LOM Production Profile

Pipe	Description	Unit	LOM Total	2025*	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Misery UG	Ore tonnage**	k dmt	**2,574**	614	1,105	855	-	-	-	-	-	-	-	-	-	-	-	-	-
	Grade	cpt	**2.59**	2.61	2.56	2.61	-	-	-	-	-	-	-	-	-	-	-	-	-
	Carats	k cts	**6,658**	1,603	2,826	2,228	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste tonnage	k dmt	**236**	64	119	52	-	-	-	-	-	-	-	-	-	-	-	-	-
Fox UG	Ore tonnage**	k dmt	**37,268**	-	-	-	16	971	2,530	3,573	3,744	3,702	3,696	3,713	3,715	3,734	3,599	3,638	638
	Grade	cpt	**0.31**	-	-	-	0.41	0.32	0.31	0.36	0.37	0.36	0.32	0.31	0.30	0.32	0.24	0.27	0.18
	Carats	k cts	**11,704**	-	-	-	6	311	795	1,278	1,373	1,322	1,190	1,165	1,099	1,202	872	979	112
	Waste tonnage	k dmt	**2,182**	-	87	191	386	300	239	176	180	171	173	173	41	7	50	10	-
Point Lake OP	Ore tonnage**	k dmt	**13,485**	-	1,888	2,173	3,917	4,000	1,506	-	-	-	-	-	-	-	-	-	-
	Grade	cpt	**0.66**	-	0.71	0.76	0.64	0.59	0.67	-	-	-	-	-	-	-	-	-	-
	Carats	k cts	**8,866**	-	1,349	1,647	2,499	2,360	1,010	-	-	-	-	-	-	-	-	-	-
	Waste tonnage	k dmt	**14,641**	-	1,978	8,065	4,345	250	4	-	-	-	-	-	-	-	-	-	-
Sable OP	Ore tonnage**	k dmt	**200**	200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Grade	cpt	**0.7**	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Carats	k cts	**140**	140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste tonnage	k dmt	**109**	109	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total* **	Ore tonnage**	k dmt	**53,526**	814	2,993	3,028	3,933	4,972	4,036	3,573	3,744	3,702	3,696	3,713	3,715	3,734	3,599	3,638	638
	Grade	cpt	**0.51**	2.14	1.4	1.28	0.64	0.54	0.45	0.36	0.37	0.36	0.32	0.31	0.30	0.32	0.24	0.27	0.18
	Carats	k cts	**27,368**	1,743	4,175	3,875	2,506	2,672	1,805	1,278	1,373	1,322	1,190	1,165	1,099	1,202	872	979	112
	Waste tonnage	k dmt	**17,168**	173	2,183	8,308	4,730	550	243	176	180	171	173	173	41	7	50	10	-

** Note that 2025 production is for six months representing the latter half of the year.*
*** Ore tonnage in the LOM plan includes inferred and exploration tonnes.*
**** Total ore tonnage does not include stockpile in the production profile.*
K dmt = kilo dry metric tonnes
Cpt = carat per (dry metric) tonne
K cts = kilo carats

Table B: LOM Production Profile by Classification Category

Pipe	Category	Unit	LOM Total	2025*	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Misery UG	Measured	k dmt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Indicated	k dmt	163	125	38	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Inferred	k dmt	1,745	488	1,052	204	-	-	-	-	-	-	-	-	-	-	-	-	-
	Exploration**	k dmt	666	-	16	651	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	k dmt	2,574	614	1,105	855	-	-	-	-	-	-	-	-	-	-	-	-	-
Fox UG	Measured	k dmt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Indicated	k dmt	33,645	-	-	-	16	971	2,530	3,573	3,744	3,702	3,696	3,701	2,666	1,653	3,118	3,638	638
	Inferred	k dmt	3,623	-	-	-	-	-	-	-	-	-	0	12	1,049	2,081	481	-	-
	Exploration**	k dmt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	k dmt	37,268	-	-	-	16	971	2,530	3,573	3,744	3,702	3,696	3,713	3,715	3,734	3,599	3,638	638
Point Lake OP	Measured	k dmt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Indicated	k dmt	8,790	-	1,113	698	2,119	3,432	1,429	-	-	-	-	-	-	-	-	-	-
	Inferred	k dmt	4,664	-	769	1,465	1,790	563	76	-	-	-	-	-	-	-	-	-	-
	Exploration**	k dmt	31	-	6	10	9	5	1	-	-	-	-	-	-	-	-	-	-
	Total	k dmt	13,485	-	1,888	2,173	3,917	4,000	1,506	-	-	-	-	-	-	-	-	-	-
Sable OP	Measured	k dmt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Indicated	k dmt	200	200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Inferred	k dmt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Exploration**	k dmt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	k dmt	200	200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total***	Measured	k dmt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Indicated	k dmt	42,797	325	1,150	698	2,134	4,403	3,959	3,573	3,744	3,702	3,696	3,701	2,666	1,653	3,118	3,638	638
	Inferred	k dmt	10,032	488	1,821	1,669	1,790	563	76	-	-	-	0	12	1,049	2,081	481	-	-
	Exploration**	k dmt	697	-	21	661	9	5	1	-	-	-	-	-	-	-	-	-	-
	Total	k dmt	53,526	814	2,993	3,028	3,933	4,972	4,036	3,573	3,744	3,702	3,696	3,713	3,715	3,734	3,599	3,638	638

** Note that 2025 production is for six months representing the latter half of the year.*
*** Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.*
**** Total ore tonnage does not include stockpile in the production profile.*
K dmt = kilo dry metric tonnes

Table C: LOM Production Profile Percentage Breakdown by Classification Category

Pipe	Category	LOM Total	2025*	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Misery UG	Measured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Indicated	**6%**	20%	3%	0%	-	-	-	-	-	-	-	-	-	-	-	-	-
	Inferred	**68%**	80%	95%	24%	-	-	-	-	-	-	-	-	-	-	-	-	-
	Exploration**	**26%**	0%	1%	76%	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**100%**	100%	100%	100%	-	-	-	-	-	-	-	-	-	-	-	-	-
Fox UG	Measured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Indicated	**90%**	-	-	-	100%	100%	100%	100%	100%	100%	100%	100%	72%	44%	87%	100%	100%
	Inferred	**10%**	-	-	-	-	-	-	-	-	-	0%	0%	28%	56%	13%	-	-
	Exploration**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**100%**	-	-	-	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Point Lake OP	Measured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Indicated	**65%**	-	59%	32%	54%	86%	95%	-	-	-	-	-	-	-	-	-	-
	Inferred	**35%**	-	41%	67%	46%	14%	5%	-	-	-	-	-	-	-	-	-	-
	Exploration**	**0%**	-	0%	0%	0%	0%	0%	-	-	-	-	-	-	-	-	-	-
	Total	**100%**	-	100%	100%	100%	100%	100%	-	-	-	-	-	-	-	-	-	-
Sable OP	Measured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Indicated	**100%**	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Inferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Exploration**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**100%**	100%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total* **	Measured	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Indicated	**80%**	40%	38%	23%	54%	89%	98%	100%	100%	100%	100%	100%	72%	44%	87%	100%	100%
	Inferred	**19%**	60%	61%	55%	46%	11%	2%	0%	0%	0%	0%	0%	28%	56%	13%	0%	0%
	Exploration**	**1%**	0%	1%	22%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Total	**100%**	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

** Note that 2025 production is for six months representing the latter half of the year.*

*** Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource.*

**** Total breakdown does not include stockpile in the production profile.*

The diamond price forecast for each deposit is shown in Table D.

Table D: Diamond Price Forecast

Deposit	Unit	Base	2025	2026	2027	2028	2029	2030+
Misery	USD/ct	**76.00**	76.00	77.52	86.82	89.43	92.11	94.87
Misery SW	USD/ct	**76.00**	77.52	86.82	89.43	92.11	94.87	97.72
Sable	USD/ct	**86.00**	87.72	98.25	101.19	104.23	107.36	110.58
Point Lake	USD/ct	**52.12**	53.16	70.00	72.10	74.26	76.49	78.79
Fox UG	USD/ct	**250.00**	255.00	285.60	294.17	302.99	312.08	321.45
Fox LG/VLG stockpile	USD/ct	**250.00**	255.00	285.60	294.17	302.99	312.08	321.45
Challenge	USD/ct	**52.12**	53.16	59.54	61.33	63.17	65.06	67.01
Phoenix	USD/ct	**50.00**	51.00	57.12	58.83	60.60	62.42	64.29

Capital costs and AISC for the LOM plan are shown in Table E.

Table E: LOM Capital Costs & AISC

Description	Unit	Total	2025*	2026	2027	2028	2029	2030	2031	2032
Capital Costs	USD M	**516**	46	79	56	71	68	25	23	21
AISC**	USD M	**3,926**	311	245	299	246	277	263	265	266
AISC**	USD/ct	**131.43**	92.86	64.52	70.27	90.58	123.53	134.64	152.38	153.92

Description	Unit	Total	2033	2034	2035	2036	2037	2038	2039	2040
Capital Costs	USD M	**516**	21	27	21	15	13	14	10	6
AISC**	USD M	**3,926**	255	252	247	241	240	234	232	54
AISC**	USD/ct	**131.43**	171.85	211.96	212.20	219.05	199.99	268.19	236.59	479.81

** Note that 2025 figures include actuals in the first half of the year.*
***AISC definition as per World Gold Council (WGC). AISC is a non-GAAP measure. AISC includes Ekati operating costs, S&D, G&A, Technical & Exploration, Royalties, and Sustaining CAPEX. AISC excludes growth capital, interest loans, surety, and income taxes.*

Misery Main Mine Plan Update

The updated MRE for the Main pipe of the Misery deposit has extended its mine life to Q4 2027.

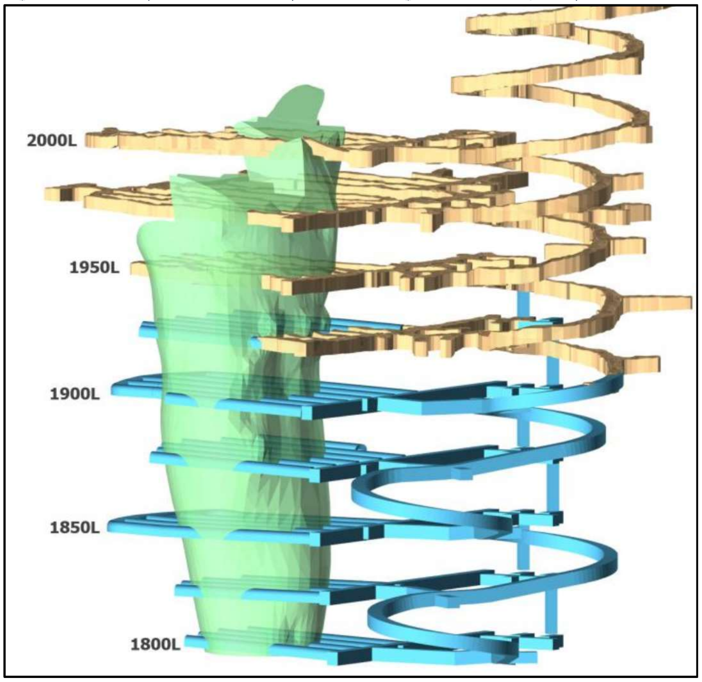
Initially planned as a four-level mine when started in 2019, the most recent design update extends mining down to a 14th level at 1800 level. 6% of the Misery tonnage in the plan is classified as indicated, 68% of the Misery tonnage in the plan is classified as inferred, while a further 26% (exploration target) lacks the necessary geological information to be assigned a resource classification. The pipe remains open at depth but tapers, as shown in Figure 1.

Core drilling to further refine the deposit model and upgrade unclassified material for inclusion in the MRE is ongoing at the time of publication.

The planned mining rate has been increased to 3,300 tpd versus the historical average of 2,900 tpd by the addition of Burgundy-owned 45-tonne haul trucks to the fleet of contractor-owned 30-tonne trucks. There are currently three newly rebuilt Caterpillar AD45 trucks in the fleet, with two more expected to be rebuilt by November 2025. Two more used trucks will arrive on the 2026 winter road, bringing the fleet to seven.

Forecasted production rates are reduced from 3,800 tonnes per day to 2,900 tonnes per day during the four coldest winter months (December through March). Though active mining levels are protected from exposure to the arctic temperatures on surface by a blanket of previously blasted ore (diluted with waste from pipe wall sloughing), the cold air freezes the moisture in the blanket and interferes with the free flow of this material into drawpoints. The mine is limited to drawing freshly blasted material, necessitating an increase in blasting frequency.

Figure 1: Misery Main mine layout, looking southwest (completed levels above 2000L omitted for clarity).



Misery Main Resource Update

The Misery Main pipe geological and resource models utilized for the 31 December 2024 Mineral Resource statement have been updated by SRK Consulting Canada Inc. (SRK), based on 28 diamond drill holes totalling 2,446 metres (m) and drilled between 28 August 2024 and 30 June 2025. The update also includes 76 new dry bulk density measurements and 1,380 kg of microdiamond samples collected from these drill holes and from underground workings.

The base of the modelled pipe has been extended 70 m deeper, from -130 meters mean sea level (m MSL) (2023 model) to -200 m MSL. Figure 2 compares the 2025 and 2023 geological models, as well as highlighting the new drilling (wider drill traces) relative to the pre-existing drilling (thin drill traces).

Two estimation domains are defined based on contrasting kimberlite geology and corresponding bulk density and grade variations. The updated block model comprises 15 by 15 by 15 m blocks with 5 by 5 by 5 m sub-blocks on the pipe margins. It contains block grades in cpt that reflect ordinary kriging models applied to macrodiamond grades calculated from microdiamond sample results using benchmarking procedures. The base of the Indicated Resource is at -40 m MSL, and the lower extent of the Inferred Resource has been extended 45 m deeper, from -80 m MSL (2023 model) to -125 m MSL. The estimated tonnes and cpt grades for Indicated and Inferred Mineral Resources at Misery Main as at 30 June 2025 are presented in Table F and incorporate production and underground mining depletions since 31 December 2024.

Overall, the new update has resulted in an increase in the Inferred Resources of 0.5 Mt and 0.2 Mct (represented by a change in grade to 3.3 cpt) and a decrease in Indicated Resources due to mining activities and updated grade data of 0.2 Mt and 0.9 Mct.

The updated Resource supports the continuation of mining to Q4-2027.

Table F: Misery Main Mineral Resources as at 30 June 2025.

		Measured			Indicated			Inferred		
	Pipe	Mt	Cpt	Mct	Mt	cpt	Mct	Mt	cpt	Mct
2025 Mineral Resources	Misery Main	-	-	-	0.1	4.6	0.6	1.3	3.3	4.3
2024 Mineral Resources	Misery Main	-	-	-	0.3	5.2	1.5	0.8	5.5	4.1

Notes on Mineral Resources Table

- *Mineral Resources are classified as Indicated and Inferred (no Measured category) and are reported on a 100% basis. Tonnes are expressed as millions of dry metric tonnes (Mt). Grade is in carats per tonne (cpt). Carats are expressed as millions of carats (Mct).*
- *Mineral Resources incorporate production and underground mining depletions up to 30 June 2025 and are exclusive of all mine stockpile material.*
- *Mineral Resources are quoted above a +0.5 mm bottom cut-off square-mesh screen size and retained on a 1.0 mm circular aperture screen, based on diamond recovery by the Ekati bulk sample plant.*
- *Inferred Mineral Resources are estimated on the basis of limited geological evidence and sampling, sufficient to imply but not verify geological grade and continuity. They have a lower level of confidence than that applied to Indicated Mineral Resources and cannot be directly converted into Ore Reserves.*
- *Mineral Resources have been estimated with no allowance for mining dilution and mining recovery.*
- *Mineral Resources have been classified considering drillhole spacing, kriging performance variables, volume and moisture models, grade, internal geology and diamond valuation, mineral tenure, processing characteristics, and geotechnical and hydrogeological factors.*
- *Misery Main pipe Mineral Resources are amenable to underground mining based on the sublevel retreat method.*
- *Mineral Resources are not Ore Reserves and do not have demonstrated economic viability. All numbers have been rounded to reflect the accuracy of the estimate.*

Figure 2: Misery Main Pipe 2025 vs. 2023 Geological Model

Fox Underground Mine Plan Update

An updated prefeasibility study (PFS) was completed in 2025 for the Fox underground deposit. The previous study on which Ore Reserves were based was completed in 2018. The updated study was completed internally by Burgundy with select components completed by external consultants. Key changes include the following:

- The Fox Mineral Resource model was updated by WSP in 2025. This model formed the basis for the updated PFS and Ore Reserve estimate.
- The mining method was changed from incline caving to sublevel retreat (SLR). SLR is a lower risk, proven method currently in use at Ekati that requires lower initial capital expenditures and provides earlier ore release.
- Underground material haulage was designed using the Railveyor system, replacing the previously designed conveyor system. Railveyor has the advantage of handling run of mine material, negating the need for an underground crusher. It is extended as the mine gets deeper, so is amenable to a top-down method like SLR.

The re-evaluation of Fox by applying SLR, Railveyor materials handling system has significantly improved the value of Fox UG from the previous PFS. Summary results in Table G, Table H and Table I contain a summary table of mine life, ore tonnes and grade, production rate, initial capital, sustaining capital, operating costs, all-in cost, financials – price, pre- and post-tax cashflow, NPV, IRR, and payback period.

Table G: Fox UG Key Economic Assumptions and Results

Description	Unit	Ore Reserves Case	Upside Case
UG mineralized rock	k dmt	33,645	37,268
Diamond grade	cpt	0.31	0.31
Diamond recovery [1]	%	99	99
Diamond price [1]	US$/ct	321	321
Exchange rate [1]	CDN : USD	1.33	1.33
Diamond contained	k ct	10,550	11,704
Diamond recovered	k ct	10,445	11,587
Gross revenue	US$M	3,354	3,722
Royalties	US$M	67	74
Total net revenue	US$M	3,287	3,647
Capital costs	US$M	350	350
Operating costs (total) [2a]	US$M	1,969	2,034
Operating costs (total) [2b]	US$/dmt milled	59.98	55.91
Operating cash cost	US$/ct	193	180
Total all in sustaining cost (AISC)	US$/ct	228	212
Mine life	Years	14.0	14.0
Post-tax and depreciation payback period [3]	Years	6.6	6.6
Pre-tax cumulative net cashflow [4]	US$M	968	1,263
Post-tax and depreciation cumulative net cashflow [4]	US$M	694	910
Pre-tax NPV (9%)	US$M	411	520
Post-tax NPV (9%)	US$M	272	352
Pre-tax IRR	%	38	39
Post-tax IRR	%	30	32

Notes:
1) LOM average.
2a) Includes mine operating costs, rehandling, transport, milling, and G&A. Excludes capitalized opex.
2b) Includes mine operating costs, rehandling, transport, milling, and G&A. Includes capitalized opex.
3) Values are discounted at 9%, from base date of Year 1.
4) Undiscounted.

Table H: Fox UG Production Profile (Ore Reserves Case)

Description	Unit	LOM Total	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Ore tonnage*	k dmt	33,645	-	-	-	16	971	2,530	3,573	3,744	3,702	3,696	3,701	2,666	1,653	3,118	3,638	638
Grade	cpt	0.31	-	-	-	0.41	0.32	0.31	0.36	0.37	0.36	0.32	0.31	0.29	0.32	0.23	0.27	0.18
Production rate	tpd	7,034	-	-	-	43	2,661	6,931	9,790	10,230	10,141	10,126	10,172	10,150	10,229	9,861	9,966	1,742
Diamond price	US$/ct	321	-	286	294	303	312	321	321	321	321	321	321	321	321	321	321	321
Net revenue	US$M	3,287	-	-	-	2	94	248	399	428	412	371	361	243	166	223	305	35
Initial capital costs	US$M	187	-	46	48	70	23	-	-	-	-	-	-	-	-	-	-	-
Critical path initial capital	*US$M*	*36*	-	*15*	*21*	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-critical path initial capital	*US$M*	*151*	-	*31*	*28*	*70*	*23*	-	-	-	-	-	-	-	-	-	-	-
Sustaining capital costs	US$M	163	-	-	-	-	43	19	16	14	14	20	14	7	5	7	2	2
Operating costs	US$M	1,969	-	-	-	1	79	155	189	205	205	204	203	184	154	169	174	47
Total capital and operating costs	US$M	2,319	-	46	48	70	145	173	205	219	220	224	217	192	160	175	176	49
Pre-tax undiscounted cashflow	US$M	968	-	-46	-48	-68	-51	75	193	209	193	147	144	52	6	47	129	-14
Pre-tax discounted cashflow	US$M	411	-	-45	-44	-57	-39	52	123	117	99	69	62	21	2	16	40	-4
Post-tax undiscounted cashflow	US$M	694	-	-46	-48	-68	-51	63	145	158	146	111	111	44	6	42	98	-14
Post-tax discounted cashflow	US$M	272	-	-45	-44	-57	-39	43	92	88	75	52	48	17	2	14	30	-4

**Note: For the Ore Reserves Case, the Inferred ore has zero grade. For the purpose of Ore Reserves reporting, the inferred tonnes are mined as waste since the mining shapes may contain both indicated and inferred material; however, none of the inferred tonnes is processed.*

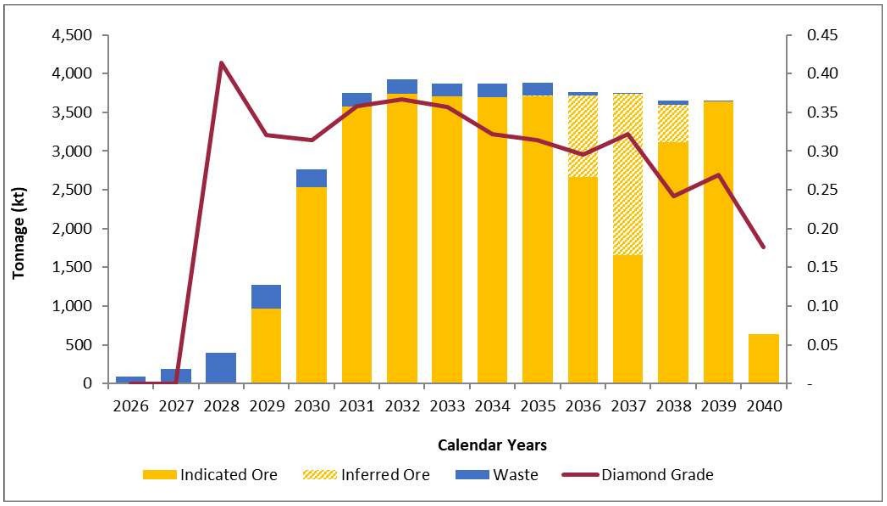
Table I: Fox UG Production Profile (Upside Case)

Description	Unit	LOM Total	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Ore tonnage*	k dmt	37,268	-	-	-	16	971	2,530	3,573	3,744	3,702	3,696	3,713	3,715	3,734	3,599	3,638	638
Grade	cpt	0.31	-	-	-	0.41	0.32	0.31	0.36	0.37	0.36	0.32	0.31	0.30	0.32	0.24	0.27	0.18
Production rate	tpd	7,034	-	-	-	43	2,661	6,931	9,790	10,230	10,141	10,126	10,172	10,150	10,229	9,861	9,966	1,742
Diamond price	US$/ct	321	-	286	294	303	312	321	321	321	321	321	321	321	321	321	321	321
Net revenue	US$M	3,647	-	-	-	2	94	248	399	428	412	371	363	343	375	272	305	35
Initial capital costs	US$M	187	-	46	48	70	23	-	-	-	-	-	-	-	-	-	-	-
Critical path initial capital	*US$M*	*36*	-	*15*	*21*	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-critical path initial capital	*US$M*	*151*	-	*31*	*28*	*70*	*23*	-	-	-	-	-	-	-	-	-	-	-
Sustaining capital costs	US$M	163	-	-	-	-	43	19	16	14	14	20	14	7	5	7	2	2
Operating costs	US$M	2,034	-	-	-	1	79	155	189	205	205	204	203	203	192	178	174	47
Total capital and operating costs	US$M	2,385	-	46	48	70	145	173	205	219	220	224	217	211	197	184	176	49
Pre-tax undiscounted cashflow	US$M	1,263	-	-46	-48	-68	-51	75	193	209	193	147	146	132	178	88	129	-14
Pre-tax discounted cashflow	US$M	520	-	-45	-44	-57	-39	52	123	117	99	69	63	52	65	29	40	-4
Post-tax undiscounted cashflow	US$M	910	-	-46	-48	-68	-51	63	145	158	146	111	112	103	136	68	98	-14
Post-tax discounted cashflow	US$M	352	-	-45	-44	-57	-39	43	92	88	75	52	49	41	49	23	30	-4

** Ore tonnage in the LOM plan for the Upside Case includes inferred tonnes.*

Fox underground production profile is shown in Figure 3.

Figure 3: Fox UG production profile



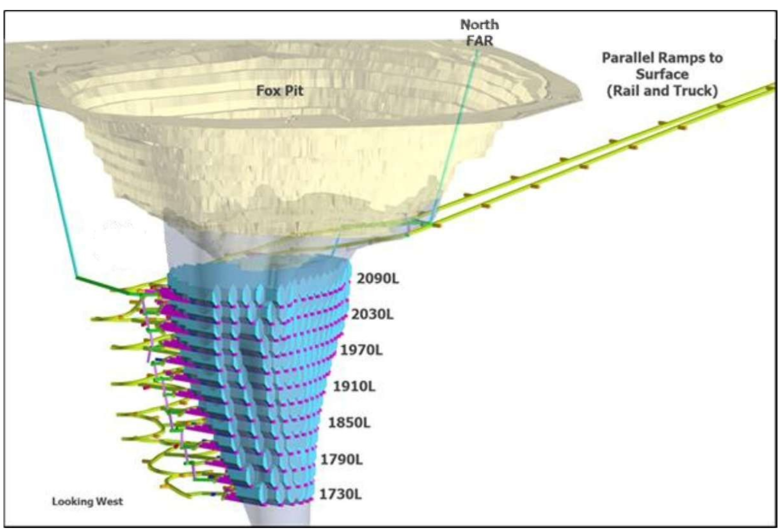
Key timeline for the ramp development, pit dewatering, vent raises, first ore development, first ore production for Fox UG is presented in Table J.

Table J: Fox UG Timeline

Activity	Start Date	End Date	2026				2027				2028				2029				'30+
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Pit dewatering	2026-05	2027-09		■	■			■	■										
Ramp development	2026-07	2035-12		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Vent raise 1	2026-12	2027-02				■	■												
Vent raise 2	2027-07	2027-11							■	■									
Development Ore	2028-11	2037-11												■	■	■	■	■	■
SLR Ore	2029-05	2040-03														■	■	■	■

Fox UG mine design is shown in Figure 4.

Figure 4: Isometric View of the Fox UG mine design



A sensitivity analysis was undertaken to identify the impact of key parameters on the project value. A sensitivity on diamond price, diamond grade, mining capital costs and mining operating costs were undertaken with a range of -25% to 25%. The project is most sensitive to the diamond prices and diamond grade, which is then followed by mining operating costs and then mining capital costs. For the Ore Reserves Case, the sensitivity results shows that the NPV is positive within the range of sensitivities considered except when the diamond price or grade drops by 25%, as shown in Figure 5. For the Upside Case, the sensitivity results shows that the NPV is positive within the range of sensitivities considered, as shown in Figure 6.

Figure 5: Fox UG sensitivity analysis chart (Ore Reserves Case)

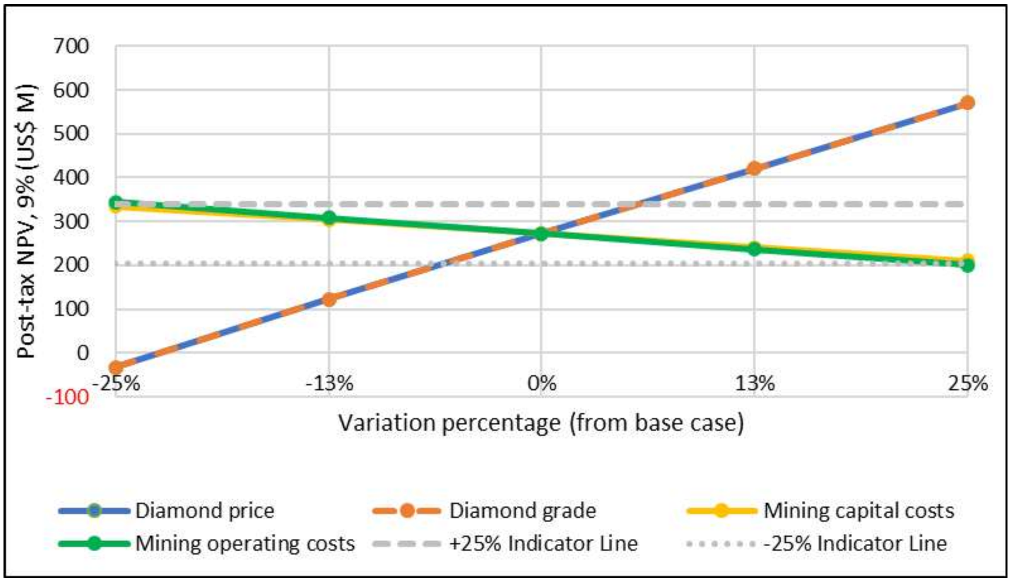
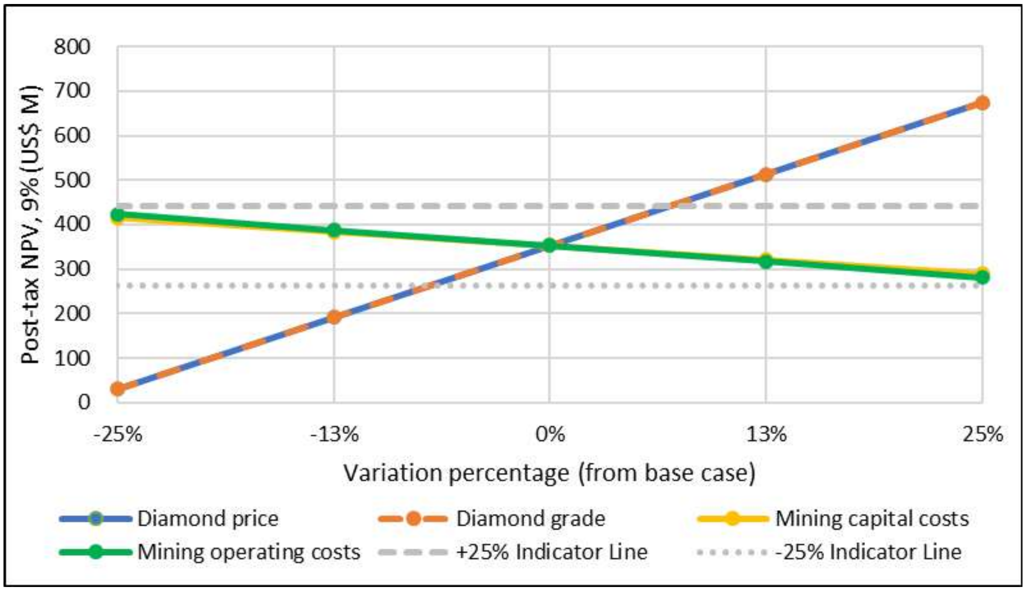


Figure 6: Fox UG sensitivity analysis chart (Upside Case)



Risks

Key risks for Fox are:

- Delays in permitting.
- Delays in procuring major infrastructure components.
- Delays in pit dewatering.
- Lower grade or diamond valuation than expected.
- Poorer-than-expected ground conditions in either the decline or in kimberlite drawpoints.

Permitting and Licensing

The Fox Project requires two primary regulatory instruments: a new Land Use Permit and an amendment to the existing Water Licence.

Land Use Permit

The Ekati mine currently operates under 11 Type A Land Use Permits. A new Land Use Permit will be necessary for the Fox Project due to incremental infrastructure requirements. The Government of the Northwest Territories (GNWT) expects new land uses to be permitted through land use permits issued by the Wek'èezhìi Land and Water Board (WLWB).

Water Licence

The Ekati mine operates under one Type A Water Licence (W2022L2-0001). An amendment to this licence is required for the Fox Project to incorporate it into the scope of the Ekati mine Water Licence. This amendment may also establish Effluent Quality Criteria (EQC) for any discharge to the receiving environment not already covered. The Water Licence was issued in December 2023, and its expiry date is 17 December 2033.

Fisheries Act Authorization

The Fox Project is not expected to cause serious harm to fish as defined under the Fisheries Act, as the aquatic footprint is not anticipated to increase.

Northwest Territories and Nunavut Mining Regulations

Explosives magazine permits are required from the chief inspector under the Northwest Territories Mine Health and Safety Act and Regulations.

Existing Environmental Monitoring Programs and Management Plans

Several existing programs and plans, including Surveillance Network Program (SNP), Aquatic Effects Monitoring Program (AEMP), Air Quality and Emissions Monitoring and Management Program, Wildlife Effects Monitoring Program (WEMP), Waste Rock and Ore Storage Management Plan, and Wastewater and Processed Kimberlite Management Plan (WPKMP), will be reviewed and revised to incorporate the Fox Project; however, no significant changes are expected:

Interim Closure and Reclamation Plan (ICRP): The ICRP is required by the Water Licence and Environmental Agreement. Minor revisions related to the Ekati mine's closure planning will be made to incorporate the Fox Project into a future update of the ICRP.

Permitting Process and Timeline

Burgundy must prepare applications for both the Land Use Permit and Water Licence amendment. Key contents include a project description, environmental impacts, water use, reclamation plans, and management plans.

After filing, major steps include:

- Preliminary screening: the WLWB determines if the project requires an Environmental Assessment (EA) by the Mackenzie Valley Environmental Impact Review Board (MVEIRB).
- Comments, technical sessions, information requests, interventions, public hearing, and undertakings: these steps involve questions, discussions, evidence presentation, and responses from various parties.
- Draft water licence, closing arguments, board recommendation, and minister's decision: the WLWB produces a draft, interveners summarize evidence, the WLWB makes a recommendation, and the GNWT Minister of Environment makes a final decision.

A timeline of 12 to 16 months is assumed for this permitting phase. A typical timeline for receiving an amended Water Licence is 12 months after submission.

Fox Mineral Resource and Ore Reserve Update

Fox Mineral Resource Update

The Fox pipe geological and Mineral Resource block models utilized for the 31 December 2024 Mineral Resource statement have been updated by WSP Canada Ltd. (WSP) to include information from a 2018 winter drill campaign. This includes four diamond drill holes, totalling 3,377 m, intersecting the kimberlite pipe 600 metres below surface, as well as four RC drill holes drilled from the base of the open pit, totalling 1,400 m and 75 grade samples. The data was reviewed and validated recently by Burgundy and WSP.

The new geological model resulted in a decrease of 2 million cubic metres volume (~10%) within Mineral Resource categories.

Figure 7 compares the 2025 and 2017 geological models, looking east, as well as highlighting the 2018 drilling (wider drill traces) relative to the pre-existing drilling (thin drill traces).

As with the previous Fox grade estimate, the stable size fraction of stones per cubic metre (spm^3) was used for estimation. Ordinary kriging was used for grade estimation instead of simple kriging for the update. 723 grade samples from 65 RC holes were composited to 15 m lengths. The spm^3 was converted on a block-by-block basis to carats per cubic metre (cpm^3) using a linear factor to map the estimated variable onto the chosen size frequency distribution. The pipe contains zones of significantly higher internal dilution, and an ordinary kriged dilution estimate, along with 3D modelled dilution wireframes, were used to complement the grade estimate in areas where sampling restrictions may have prevented accurate accounting for this increased dilution in the grade model. This is in contrast to a bulk dilution discount applied to the total carats, by bench, used in the previous block model.

Dry bulk density in grams per cubic centimetre (g/cm^3) and moisture content in percent were added into the block model based on 15 m bench averages from sample data. Block grade, expressed in cpt, was calculated by dividing the block cpm^3 grade by the block dmt value.

Overall, the new update has resulted in a total decrease of 4.3 Mt and 2.6 Mct in the Indicated category (represented by a change in grade from 0.36 to 0.34 cpt) and a minor gain of 0.18 Mt and 0.04 Mct in the Inferred category (represented by no change in grade).

Updated Mineral Resources for Fox are presented in Table K and are inclusive of Ore Reserves.

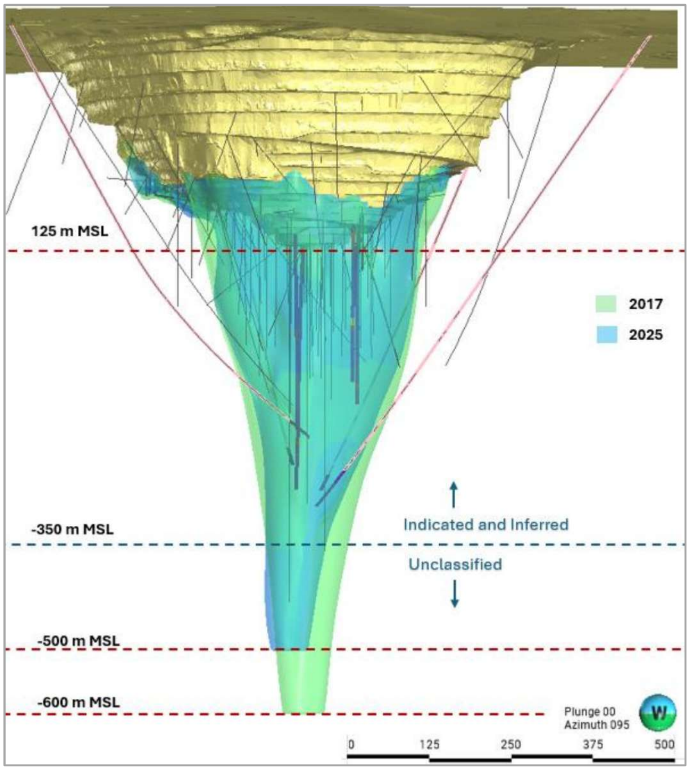
Table K: Fox Mineral Resources as at 30 June 2025.

		Measured			Indicated			Inferred		
	Pipe	Mt	cpt	Mct	Mt	cpt	Mct	Mt	cpt	Mct
2025 Mineral Resources	Fox	-	-	-	41.2	0.34	13.9	5.6	0.40	2.2
2024 Mineral Resources	Fox	-	-	-	45.5	0.36	16.5	5.4	0.40	2.2

Notes on Mineral Resources Table

- *Mineral Resources are classified as Indicated and Inferred (no Measured category) and are reported on a 100% basis. Tonnes are expressed as millions of dry metric tonnes (Mt). Grade is in carats per tonne (cpt). Carats are expressed as millions of carats (Mct).*
- *Mineral Resources are in-situ Mineral Resources and are inclusive of in-situ Ore Reserves.*
- *Mineral Resources are quoted above a +0.5 mm bottom cut-off square-mesh screen size and retained on a 1.0 mm circular aperture screen, based on diamond recovery by the Ekati bulk sample plant.*
- *Inferred Mineral Resources are estimated on the basis of limited geological evidence and sampling, sufficient to imply but not verify geological grade and continuity. They have a lower level of confidence than that applied to Indicated Mineral Resources and cannot be directly converted into Ore Reserves.*
- *Mineral Resources have been classified considering drillhole spacing, volume and moisture models, grade, internal geology and diamond valuation, mineral tenure, processing characteristics and geotechnical and hydrogeological factors.*
- *Fox Mineral Resources are amenable to underground mining methods and are based on the 2025 Prefeasibility Study completed by Burgundy.*
- *Mineral Resources are not Ore Reserves and do not have demonstrated economic viability. All numbers have been rounded to reflect the accuracy of the estimate.*

Figure 7: Fox Pipe 2025 vs. 2017 Geological Model.



Fox Ore Reserve Update

Ore Reserves were updated for Fox based on the completed PFS in 2025. The mine plan for Fox does include some Inferred material but is not included in the Ore Reserves statement. Update on the Fox mine plan has resulted the Ore Reserves to increase by 2.6 Mt and 0.3 Mct to Probable Reserves, (represented by a no change in grade). Ore Reserves statement is presented in Table L.

Table L: Fox UG Ore Reserve Statement

		Proven			Probable		
	Pipe	Mt	Cpt	Mct	Mt	cpt	Mct
2025 Ore Reserves	Fox	-	-	-	33.6	0.3	10.6
2024 Ore Reserves	Fox	-	-	-	31.0	0.3	10.3

Notes on Ore Reserve Table

- *All Fox UG Ore Reserves are classified as Probable. Tonnes are expressed as millions of dry metric tonnes (Mt). Grade is in carats per tonne (cpt). Carats are expressed as millions of carats (Mct).*
- *Ore Reserve carats are reported assuming the use of a 1.0-mm slot de-grit screen, matching the methodology used in the 2018 prefeasibility study, and the current Ekati process plant configuration.*
- *The underground Ore Reserves for Fox UG are based on sublevel retreat with 30 m levels. External dilution of 7% waste is included, while internal dilution (e.g. granite xenoliths) is incorporated into the resource model. A mining recovery of 96% of diluted material for SLR levels.*
- *Tables may not sum as totals have been rounded in accordance with reporting guidelines.*

Point Lake Bulk Sample Results and Mine Plan

A bulk sample was collected from the Point Lake open pit in May 2025 for assessing updated diamond size frequency distribution (SFD) and valuation. Previous valuations were based on approximately 1,280 carats combined from historical drilling campaigns in 1992, 1998, 2018, and 2019. The May 2025 bulk sample recovered a total of 67,757 carats from 122,291 dmt processed, all from the RVK unit in the 370-390 benches of the pit.

Recovered diamonds were sent to an external contractor for sorting and valuation, resulting in an average price of $52/ct at the current market prices, which is 27% lower than the previous estimate using historical samples with the current price book. The price variance is largely due to a finer SFD in the bulk sample compared to the historical reverse circulation (RC) samples.

Based on the updated SFD and price information, open pit mining at Point Lake (which includes the upper extents of the Phoenix and Challenge pipes) will be deferred to mid-2026.

Pre-stripping is complete and the natural lake overlying the deposit has been completely removed. As no significant seeps have been encountered to date, minimal water accumulation is expected.

As the open-pit mining fleet is owned by Burgundy, mainly comprising shovels, loaders, 240-tonne haul trucks, and drills, the company will not incur significant costs to demobilize or rent contractor equipment while Point Lake mining is suspended.

During the Point Lake suspension, the ore stockpile from Point Lake will be available to be hauled to the process plant to compliment the plant feed if required. Although it is not envisioned as the process plant will be operational 2 weeks on and 2 weeks off during the suspension, which would be sufficient to process the Misery UG ore and Fox low grade stockpile.

Summary of Material Information to Support Mineral Resources

Ekati Mineral Resources are supported by the information set out in Appendix 1 in accordance with Table 1 of the JORC Code as well as the amended 13 May 2025 announcement on the ASX of the "Annual Mineral Resources and Ore Reserves for the period ended 31 December 2024" (https://burgundydiamonds.com/wp-content/uploads/2025/04/2024-Annual-Mineral-Resouces-and-Ore-Reserves-.pdf).

Geology and Geological Interpretation

The Ekati Diamond Mine, Canada's first surface and underground diamond mine, began operations in October 1998. Located in the Northwest Territories, approximately 300 kilometres north-northeast of Yellowknife, the mine's kimberlite pipes are part of the Lac de Gras kimberlite field. Comprehensive geological models have been constructed for each kimberlite containing resources, utilizing a dataset that includes drilling data, surficial mapping, geophysics, and mapping from both open pit and underground operations. Maptek Vulcan and Seequent Leapfrog software are employed to develop 3D wireframe models of the kimberlite pipes and their internal lithological divisions, which are refined and updated with mining development and production data.

Drilling, Sampling and Sub-sampling Techniques

Drilling at Ekati includes diamond core drilling and large diameter RC drilling, conducted by contractors under the supervision of Ekati geologists. Diamond drilling is used for grade estimation, lithology characterization, bulk density, and moisture content, while RC drilling collects larger samples for diamond valuation and grade estimation. Kimberlite is sampled in 8-kg aliquots every 5 m for caustic fusion processing and analysis of microdiamonds. RC hole samples, ranging from 15 to 30 m long, are processed through a dense media separation plant to recover diamonds with a bottom cut-off size of 0.5 millimetres (mm). These samples, along with microdiamond results, are used to estimate commercially recoverable grades. Reported grades are expressed at a bottom stone size of 0.5 mm.

Criteria for Classification

Resource classification at Ekati Diamond Mine is based on geological interpretation, drillhole spacing, sample density, grade estimation robustness, and potential mining methods. The LOM mine plan contains both Indicated and Inferred Resources, with no Measured Resources reported.

Sample Analysis Method

Sample analysis methods have evolved throughout time, with recent samples processed at the Saskatchewan Research Council Diamond Laboratory, adhering to ISO 17025:2017 standards.

Estimation Methodology

Resource estimation methodology involves RC sampling and microdiamond sampling programs providing diamond grade and size frequency distribution data. Simple kriging and ordinary kriging interpolation have been used for grade estimation. Block grade variables for Fox, Sable and Point Lake are estimated with stable stone size fractions and converted to cpm^3 after estimation. At Misery Main, block grades in carats per tonne reflect ordinary kriging models applied to macrodiamond grades calculated from microdiamond sample results using benchmarking procedures.

Where feasible, non-mineralised units (i.e., granitic xenoliths or breccia >2 m in size) are modelled separately and assessed in comparison to grade samples. Waste kimberlite, mud, and country rock xenoliths <4 m in size are considered part of the models and therefore included in the Mineral Resource estimation as internal dilution. Fox pipe contains areas of significantly higher internal dilution and utilizes an ordinary kriged dilution estimate, along with 3D modelled dilution wireframes, to inform areas of the grade estimate where grade samples may not have been able to account for this increased dilution.

Table M summarises the model parent block sizes, and the estimation method used for each kimberlite pipe where Mineral Resources are estimated. Misery Main was sub-blocked along the pipe margins with 5 by 5 by 5 m sub-blocks.

Table M: Ekati block model details.

Pipe	Model parent block size (m)	Date of latest model revision	Estimation method
Fox	15 × 15 × 15	June 2025	Ordinary kriging
Misery Main	15 × 15 × 15	June 2025	Ordinary kriging
Sable	15 × 15 × 12	Dec 2023	Simple kriging
Point Lake	10 × 10 × 10	Aug 2023	Simple kriging
Phoenix	10 × 10 × 10	Aug 2023	Simple kriging
Challenge	10 × 10 × 10	Aug 2023	Simple kriging

Recovery Bottom Cut-Off Size

During estimation of Mineral Resources, a slot screen size cut-off of 0.5 mm and a 100% recovery factor are used. The 0.5 mm slotted de-grit screens were generally used in the Ekati bulk sample plant to maximize diamond recovery in the smaller sizes. Conversion of Mineral Resource block model grades to reflect recovery at different screen size is done by comparative analysis of size frequency distribution data, and adjustment factors determined for each pipe.

Mining and Metallurgical Methods

Mining methods include open pit and underground mining, with site-specific metallurgical factors known from 25 years of operation. Recovery estimates are based on appropriate metallurgical test work and confirmed with production data. High granite or clay quantities are managed through surface sorting and blending of different kimberlite domains.

Summary of Material Information to Support Ore Reserves

Ekati's Fox Ore Reserves are supported by the information set out in Appendix 1 in accordance with Table 1 of the JORC Code. The following summary is provided in accordance with Rule 5.9 of the ASX reporting requirements.

Economic Assumptions and Study Outcomes

All Mineral Resources converted to Ore Reserves have undergone prefeasibility studies following Canadian Institute of Mining, Metallurgy and Petroleum (CIM) guidelines. The level of study for each kimberlite deposit is shown in Table N below. Study outcomes are contained in Table 1.

Table N: Level of study completed for each kimberlite deposit

Kimberlite Pipe	Level of study (year published)
Fox Underground	Prefeasibility (2025)
Point Lake Open Pit	Prefeasibility (2020)
Sable Open Pit	Prefeasibility (2016)

Diamond prices are estimated for each size cut-off using valuations from exploration or production sample parcels ranging in size from several hundred carats to tens of thousands of carats. The average diamond price for each pipe is a function of diamond size frequency distribution and diamond quality/colour.

Ekati's diamond price book contains approximately 18,000 categories (price points expressed as US$ per carat). The valuation of diamond parcels is periodically updated to a more recent price book to ensure the diamond prices are representative of current sorting categories and market conditions. Prices in the price book are updated with each sale. To facilitate economic analysis, all pipe valuations are carried out on a common fixed price book, and the Diamond Price Index is then applied to reflect market movement relative to the date when the price book was set.

Criteria for Classification

Ore Reserve estimates are based on material classed as Indicated Resources with dilution and mining/processing recovery factors applied. Factors which may affect the Ore Reserve estimates include diamond price and valuation assumptions, underground and open pit designs including geotechnical analysis, dilution control, changes to capital and operating cost estimates and variations to the permitting, operating or social licence regime assumptions. Inferred Resources are not included in the Ore Reserve estimates.

Mining Methods and Assumptions, Material Modifying Factors

The Fox pipe was first mined with an open pit from 2004-2014. Current Ore Reserves are based on an underground mining method using sublevel retreat (SLR) with 30m sublevel spacing and 20 m drawpoint spacing. External dilution of 7% waste is assumed, while internal dilution (e.g. granite xenoliths) is incorporated into the resource model grades directly. Dilution is scaled from 0.5% on the first mining level to 21% at the bottom of the pipe, reflecting experience at Misery that dilution increases as more waste rock is encountered with the deepening of the exposed granite walls. Dilution is mitigated by the effect of the low-grade blanket / crown pillar atop the first SLR level. A mining recovery of 96% (of diluted material) is used for SLR levels; for crown pillar material within the SLR footprint, this is reduced to 63%.

Processing Method and Assumptions

Site-specific metallurgical factors are known due to the operation of the main process plant facility for over 25 years. The plant was commissioned at the end of 1998 and obtained full production in 1999. It uses standard diamond liberation, concentration, and recovery processes. A bulk sample plant adjacent to the processing plant building has been used for diamond recovery audits and for grade control in the past but is not currently in operation.

Production trials have been completed at various times for the open pit operations (including Fox, Misery Main, Lynx, Koala and Sable) and during pre-feasibility studies for Koala North and Pigeon (test pits). Production trials were recently completed for Point Lake in 2025.

While there are no deleterious elements in diamonds processing, high granite or clay quantities can lead to process issues. These are managed by a combination of surface sorting and blending of different kimberlite domains.

Bottom Cut-off Sizes and Estimation Methodology

Ore Reserves updated in 2025 for Fox are estimated using a 1.0 mm slot de-grit bottom cut-off size, matching the current plant configuration. Ore Reserves for Sable and Point Lake pits were estimated using a 1.2 mm bottom cut-off, based on inconsistent operation of the fines DMS at the time of the studies.

Selective mining is not feasible within a kimberlite pipe, so generally for a given bench or sublevel, the entire pipe is mined and sent for processing. Estimation of Ore Reserves is based on the reduction in carats (recovery factor) for 1.0/1.2 mm bottom cut-off compared to the Mineral Resource cut-off of 0.5 mm after accounting for dilution and mining recovery. Inferred Resources included in the mined shapes are considered zero grade for the purpose of Ore Reserve estimation.

Mineral Resource and Ore Reserve Governance and Internal Controls

In accordance with ASX Listing Rule 5.21.5, governance and internal controls are in place with respect to estimates, and the estimation process, of Mineral Resources and Ore Reserves. The principles are outlined in Burgundy's Corporate Governance Plan, Resource and Reserve Policy, summarized in the following:

a) The Company follows industry standards and best practice guidelines throughout the Mineral Resources and Ore Reserves estimation process.

b) Estimates of Mineral Resources and Ore Reserves are prepared objectively and reviewed by Competent Persons using reliable data and all available information without restriction or interference.

c) Estimates of Mineral Resources and Ore Reserves, and related information are prepared and disclosed in strict compliance with all applicable laws and regulations.

d) The Mineral Resources and Ore Reserve estimation process, the appointment of Competent Persons, and the publication of estimates are subject to oversight by the Board.

Burgundy reports its Mineral Resources and Ore Reserves, at a minimum, on an annual basis, in accordance with ASX Listing Rule 5.21 and Clause 14 of the JORC Code. A standardized process with checklist is followed that is reviewed and signed by the Head of Strategic Planning and Projects, and the VP of Technical. The process ensures models, files, and assumptions are confirmed and reviewed internally and stored safely for reference and verification.

Competent Persons' Statements

The information in this report that relates to Mineral Resources for Fox, Sable and Point Lake is based on, and fairly represents, information compiled by Ms. Colleen Laroulandie, P.Geo., who is registered with Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists (NAPEG). Ms. Laroulandie is a full-time employee of WSP Canada Inc. in the capacity of Lead Resource Geologist. She has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Ms. Laroulandie consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

The information in this report that relates to the Mineral Resources for Misery Main is based on, and fairly represents, information compiled by Dr. Hermanus Grütter, P.Geo., Ph.D., registered Licensee with the Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists (NAPEG). Dr. Grütter is contracted by SRK Consulting (Canada) Inc. in capacity of Principal Consultant. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Dr. Grütter consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

The information in this report that relates to estimates of Ore Reserves is based on, and fairly represents, information compiled by Mr. Kevin Cymbalisty, P.Eng., who is registered with the Northwest Territories and Nunavut Association of Professional Engineers and Geoscientists (NAPEG) and is a full-time employee of Burgundy Diamond Mines' Arctic Canadian Diamond Company. Mr. Cymbalisty has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr. Cymbalisty consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Appendices

Appendix 1 details Table 1 of JORC Code 2012

Appendix 2 details the Ekati Mine Lease

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

-ENDS-

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Previously Reported Information

The information in this report that references previously reported Mineral Resources and Ore Reserves is extracted from the Company's ASX market announcement released 13 May 2025. The previous market announcements are available to view on the Company's website or on the ASX website (www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the original market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

About Burgundy Diamond Mines Limited

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

Burgundy's innovative strategy is focused on capturing margins along the full value chain of the diamond industry, including mining, production, and the sale of diamonds. By building a balanced portfolio of diamond projects in favourable jurisdictions, including the globally ranked Canadian mining asset, Ekati, Burgundy has unlocked access to the full diamond value chain.

Caution regarding Forward Looking Information

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

Appendix 1

JORC Code, 2012 Edition – Table 1

Section 1: Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (e.g., cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report.* *In cases where 'industry standard' work has been done this would be relatively simple (e.g., 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay').* *In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g., submarine nodules) may warrant disclosure of detailed information.*	Sampling techniques used to support estimation of the Ekati Mineral Resources and Ore Reserves include various drilling techniques to define the kimberlite volume, tonnage, and diamond content. Drilling completed on the Ekati Diamond Project between 1991, and June 2025 includes 1,492 core (diamond drill) holes (273,372 m), 111 sonic drill (sonic) holes (2,596 m) and 527 reverse circulation (RC) holes (115,548 m). All drill holes have been collated into a secure database. RC sampling programs are used for diamond grade and valuation. A small subsample (approximately 300 cm^3) of RC drill material is taken for every 2 m of drilling within kimberlite and a representative portion of this material (approximately 50–100 cm^3) is washed and retained; these drill chips are examined and described macroscopically and under binocular microscope. As the drill sample consists of small rock fragments and drill fines, RC chip logs are less precise than those obtained from core logging. Ekati staff consider that an accuracy of approximately ±1 m is possible when combining chip geology with downhole geophysical logs. Prior to 2019, the RC bulk samples were processed through an on-site sampling plant to support diamond grade and diamond valuation inputs for Mineral Resource and Ore Reserve reporting. The 2019 RC drill samples from the Point Lake and Challenge kimberlite pipes and the 2024 RC drill samples from the Sable pipe, were processed at the Diamond Laboratory of the Saskatchewan Research Council (SRC). The SRC's quality management system (QMS) adheres to the ISO 17025:2017 standard and is subject to regular assessment by the accrediting body (Standards Council of Canada). The QMS has specific procedures for document and data control.

Criteria	JORC Code explanation	Commentary
		Core hole sampling programs are used for determination of dry bulk density, moisture content of country rock and kimberlite, and lithological characterisation. Sample spacing has historically varied from 1 m to 10 m in kimberlite and every 10 m in country rock. The density and spatial distribution of RC drill holes between pipes varies considerably and depends on several factors including pipe size, geologic complexity, and grade characteristics relative to economic cut-offs. If warranted, additional open pit/underground bulk samples are extracted from kimberlite pipes to provide a larger sample size for appropriately constraining diamond size frequency distributions and diamond prices. In 2025 at Misery Main, microdiamond samples were collected from trenches every 8 m within drawpoints across a single mining level to augment core hole microdiamond sample data for Mineral Resource estimation. The Mineral Resource estimate for stockpiles is based on the Mineral Resource and Ore Reserve estimate for each primary source. The stockpiles are not sampled for diamond grade and value (known from primary ROM material); however, they are surveyed on an annual basis – and tracked monthly via depletion – for determining tonnage.
Drilling techniques	*Drill type (e.g., core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g., core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	A variety of drilling techniques have been used at the Ekati Mine since 1991 to recover information on the location, type of kimberlite and diamond content. Drilling techniques used on the property include diamond core drilling, sonic drilling and RC drilling, of varying diameter (HQ, NQ, BQ) and orientation (vertical to angled). Typical drill hole lengths range from <100 m to 600 m. Core drilling ▪ Used to define the kimberlite pipe contacts, wall-rock conditions, internal structure(s) and internal kimberlite geology. ▪ Core drilling is additionally used to obtain geotechnical and hydrogeological data. ▪ It also is used to obtain microdiamond and mineral chemistry samples for assessing diamond carrying capacity. In the case of Misery Main,

Criteria	JORC Code explanation	Commentary
		microdiamond data from core holes are used in combination with production bulk sample grade data for grade modelling. ▪ Core drilling uses standard core barrels and synthetic diamond or carbide bits, reaming shells, and casing shoes. ▪ Hole diameters used to date include HQ (63.5-mm core diameter), NQ (46.7 mm) and BQ (36.5 mm), as well as PQ (85mm) at Misery Main. ▪ Downhole surveys are conducted with industry standard instruments (e.g., Maxibor and Century Geophysical Corporation gyroscope). ▪ Oriented core is used for geotechnical investigation of the country rocks and is not employed in kimberlite. ▪ Orientation tools include clay imprint, Reflex ACT[1] tool (digital core orientation system), and optical/acoustic televiewing. RC drilling ▪ Used for diamond grade estimation and valuation, in conjunction with bulk sampling techniques. Prior to 2019, samples were processed through an on-site sampling plant; in 2019 and 2024, RC drill samples were processed at the SRC Diamond Laboratory. ▪ The diameter of drill holes employed prior to 1995 ranges from 27 cm to 71 cm, but from 1995 to 2008, the hole diameter was standardised to between 31 cm and 45 cm. ▪ The 2015, 2016, 2018 and 2019 drilling programs used large diameter drilling (LDD) in order to provide larger individual samples for grade estimation. ▪ The drill hole diameters for the 2015, 2016, 2018 and 2019 programs ranged from 45 cm to 61 cm. ▪ Three Century Geophysical Corporation tools, including the “9095” tool (for gyroscopic deviation surveying); the “9065” three-arm calliper; and the “9511” tool (conductivity induction and natural gamma readings), are used on all RC holes. Sonic drilling

Criteria	JORC Code explanation	Commentary
		▪ Used to core both soil and bedrock along proposed civil construction projects. Recovered soil is geotechnically logged and geotechnical laboratory testing is performed on selected samples. ▪ Sonic drilling samples are not used for diamond information purposes (grade and valuation). ▪ The sonic drilling method uses relatively high frequency mechanical vibration, down pressure and optional rotation to advance an inner drill string and an outer casing. A one-piece core barrel with a 150-mm diameter is threaded onto the bottom of the inner drill string and obtains samples.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Within country rock, typical recoveries are 95 to 100% for both core and RC drill holes. In kimberlite, the core recoveries can be as low as 20% and as high as 95%, however, are more typically in the 75% to 85% range. For RC drill holes, kimberlite recoveries may range from 50% to over 100% in cases of in-hole sloughing. For core samples, recovery is assessed through direct measurements of recovered core versus drill hole interval. RC sampling recovery relies on calliper data for volume coupled with dry bulk density data of RC chips and/or nearby drill holes. The recovery is largely a function of the hardness and alteration of the kimberlite. Details of sampling methods are discussed in Sampling Techniques criteria of this table. Prior to 2019, sampled drilling material was processed through an on-site sample plant. 2019 RC drill samples from the Point Lake kimberlite and 2024 RC drill samples from the Sable pipe were processed at the SRC.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* *The total length and percentage of the relevant intersections logged.*	Core drill holes are logged by trained kimberlite geologists and/or by trained geotechnical consultants. Historically, geological logging was undertaken using a set of digital logging forms which were loaded into a drill database specifically developed for the Ekati Diamond Mine. Since 2023, logging has been entered directly into an MXDeposit database. Once digital geological and geotechnical logging are completed, the core is photographed and stored either in an unheated core storage facility or outdoors in a designated core storage area.

Criteria	JORC Code explanation	Commentary
		Geological logging utilises a digital logging form for both country rock lithology, kimberlite/country rock contacts, and internal kimberlite geology. Kimberlite lithologies are classified according to a kimberlite classification scheme standard to the industry. Country rock is logged by: ▪ Rock-type. ▪ Mineralogy. ▪ Alteration. ▪ Rock strength. ▪ Major structures. Kimberlite core is logged by: ▪ Concentration and size of macrocrystic olivine. ▪ Juvenile pyroclast characteristics. ▪ Kimberlite texture. ▪ Matrix composition. ▪ Abundance and type of country-rock xenoliths. ▪ Approximate abundance of indicator minerals. ▪ Rock fabric, colour, and alteration. Colour photographs are taken of delineation drill core and used to verify significant contacts and lithologies as well as provide a permanent record of the drill core. These photographs are annotated with the unit names and lithological contacts.
Subsampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all subsampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in-situ material collected, including*	A small subsample (approximately 300 cm^3) of RC drill material (chips) is taken for every 2 m of drilling within kimberlite and a representative portion of this material (approximately 50–100 cm^3) is washed and retained. These drill chips are examined and described macroscopically and under binocular microscope. As the drill samples consist of small rock fragments and drill fines, RC chip logs are less precise than those obtained from core logging. Drill core is primarily used for geological and geotechnical logging but in some cases is also sampled for microdiamond analysis. Samples weighing 8 kg for microdiamond analysis are collected every 5 m in kimberlite core. Core drilling samples are not used for diamond price/valuation purposes.

Criteria	JORC Code explanation	Commentary
	for instance results for field duplicate/second-half sampling. *Whether sample sizes are appropriate to the grain size of the material being sampled.*	In 2025 at Misery Main, 24 kg microdiamond samples (each comprising three 8 kg aliquots) were collected from trenches every 8 m within drawpoints across a single mining level for a total of 836.5 kg.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (e.g., standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e., lack of bias) and precision have been established.*	Prior to 2019, bulk samples were processed through an on-site sampling plant, and therefore not subject to external laboratory checks. The sample plant underwent several quality control procedures (tracer tests, visual inspections, plant washing for decontamination) and multiple industry standard audits. RC drill samples since 2019, drill core samples for microdiamond analysis, and Misery Main underground (drawpoint) microdiamonds samples were processed at the SRC Diamond Laboratory. The SRC's QMS adheres to the ISO 17025:2017 standard and is subject to regular assessment by the accrediting body (Standards Council of Canada). The QMS has specific procedures for document and data control.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	Data verification is undertaken on geological, geotechnical, survey and bulk density data collected. Data are reviewed for accuracy by the Resource and/or Production Geologists and corrected, as necessary. The findings of this data validation process are summarised and any modifications to the database are reviewed by appropriate staff prior to implementation of those changes. A reasonable level of verification has been completed during the exploration and production phases, and no material issues would have been left unidentified from the verification programs undertaken. RC drilling has been noted as a potential source of stone damage from the bit itself or high-pressure transport around sharp corners. Regular production reconciliation audits are in-place, adding to the robust and unbiased nature of the geological data used in the reporting of Mineral Resources and Ore Reserves.

Criteria	JORC Code explanation	Commentary
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	Collar surveys ▪ All surface core hole collar positions are surveyed using a real-time GPS, providing an accuracy of ±0.01 m. Hole collar, dip and azimuth are verified by surveying the top and bottom of the in-hole drill steel and then calculating the initial azimuth and dip of the hole at surface. ▪ All RC drill hole collars are surveyed using a real-time GPS instrument prior to and after drilling; these have an accuracy of ±10 mm. Ekati staff consider that the drill hole collar location error is minimal. Downhole surveys ▪ RC and core hole downhole surveys were completed with one of four survey instruments: EZ-shot, Lightlog, Maxibor or Century Geophysics 9096 Gyroscope. Currently, only Maxibor and gyroscope are used as they proved to be the most consistent. ▪ The maximum error in the drill hole location for holes less than 100 m long is about 1 m, while the locations of longer holes (100–600 m) are accurate to within approximately 1 m per 100 m drilled over the entire length of the drill hole. In 2004, survey precision and accuracy were tested by coring two holes of significant length (300 m) collared by the surface surveyors to target an underground heading location provided by underground surveyors. Both holes resulted in absolute error of less than the anticipated +3 m of error when they breached the underground workings. ▪ This validated the surface and underground location surveys of two discrete points (drill and drill target) and indicated that the downhole deviation surveys are providing useable modelling data. Previous mining has intersected old large diameter drill holes (open and grouted) which have been used to validate and confirm the drill hole survey. When drill holes are encountered in the underground mine, the intersection is surveyed using differential GPS and compared to known drill holes in the area to determine which drill hole was intersected. There are no known instances where surveyed intersections did not closely coincide with downhole drill hole surveys. The projection system used is North American Datum (NAD) 1983 Universal Transverse Mercator (UTM) Zone 12N. The digital elevation model (DEM) was

Criteria	JORC Code explanation	Commentary
		interpolated from 1 m, 2 m and 5 m contour data from an airborne survey flown in 2002.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Ore Reserve & Mineral Resource estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	The data spacing varies between the kimberlite pipes. Accordingly, the Mineral Resource classification varies from Inferred to Indicated. There is no Measured classification. RC sample intervals are typically composited over 15–30-m intervals for smaller hole diameters, whereas larger hole diameters do not composite samples. Collected sample masses typically range from 5 t to 9 t; the sample intervals are selected appropriately to ensure each composite contains at least 30 diamonds to mitigate the effect of variable diamond particle sizes. An Exploration Target has been defined deeper than the Inferred Mineral Resource in Misery Main where the data spacing and distribution is insufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource estimation.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	The drilling sample collection is predominantly vertical, within vertical, generally steep sided bodies. It is considered that there is minimal to no sampling bias.
Sample security	*The measures taken to ensure sample security.*	During RC drilling programs for large-scale samples, the RC drilling area is monitored by an Ekati site security officer and access is limited to essential personnel only. Sample bags are secured with zip ties and numbered security tags which are logged in by security staff. The sample locks are only removed by security staff under supervision of the project supervisor. When the on-site sample plant was in use, a card-locked door controlled the access to the sample plant and strategically installed cameras operate in sensitive areas such as the recovery plant. The sample plant was a high-risk area where 100% of the employees were searched by a security officer prior to exiting the area. For each sample, the x-ray concentrate and the grease table goods were transferred to the sort-house for diamond sorting. Each sample was kept separate from the process plant goods and individually labelled for shipment to Ekati's sorting and valuation facility

Criteria	JORC Code explanation	Commentary
		located in Yellowknife. The sample goods were individually sieved and cleaned in Yellowknife. Microdiamond samples collected from core, open-pit exposures or underground workings are transported to the locked, controlled-access Ekati core logging facility and 8.0 to 8.2 kg are weighed out per sample, whereafter the numbered sample bag is (re)sealed and placed into a 5-gallon sealable bucket or stacked into a securable bulk bag on a shipping pallet. Prior to leaving site, the Security Team Leader completes a detailed Perspective report, including a Request and Authorisation email, logistics shipping order form, sample shipment form, and email notification to recipient and department representatives. Industry standard chain-of-custody protocols are in place for shipment to assay laboratories by road or air transport. Receiving parties are required to report on samples received, by sample number and weight.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	The sample plant adjacent to the processing plant building was routinely used for diamond recovery audits and for grade control until 2018. In 2014, a small diamond recovery circuit was added to the main process plant and targeted coarse rejects (tailings) have periodically been processed in the plant along with ROM ore through the main process plant circuit. The QMS for SRC Diamond Laboratories adheres to the ISO 17025:2017 standard and is subject to regular assessment by the accrediting body (Standards Council of Canada). The QMS has specific procedures for document and data control. SRC applies external sample quality audits and quality controls such as density bead testing of heavy concentrates, diamond tracer tests and routine spiking of diamond concentrates.

Section 2: Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	See Appendix 2 for Ekati's Mineral Lease Table.

Criteria	JORC Code explanation	Commentary
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	The discovery of kimberlites in the Lac de Gras region was the result of systematic heavy mineral sampling over a 10-year period by prospectors Dr. Charles E. Fipke and Dr. Stewart Blusson. By late 1989, Dia Met Minerals Ltd (Dia Met) was funding the programs and began staking mineral claims in the region. After making significant indicator mineral finds in the area, Dia Met approached BHP Minerals (BHP) as a potential partner. The Core Zone Joint Venture Agreement between BHP, Dia Met, Charles Fipke and Stewart Blusson was subsequently signed in August 1990 (no longer in effect). Dia Met share was acquired by BHP in 2001. The first diamond-bearing kimberlite pipe on the property was discovered by drilling in 1991. An Addendum to the Core Zone Joint Venture in October 1991 gave BHP the right to acquire additional mineral claims within 22,500 ft of the exterior boundaries of the then property area. The claims acquired as a result became the Buffer Zone Joint Venture claims (no longer in effect). To date, exploration activities have included till sampling, airborne and ground geophysical surveys, and drilling programs. More than 400 geophysical and/or indicator dispersion targets were drilled from 1991 to 2022, with a total of 175 kimberlites discovered on the Ekati property. The kimberlites were prioritised using microdiamond and indicator mineral chemistry. Thirty-nine kimberlite occurrences were subsequently tested for diamond content using RC drilling and/or surface bulk samples.
Geology	*Deposit type, geological setting and style of mineralisation.*	Ekati kimberlite pipes are part of the Lac de Gras kimberlite field which is in the central Slave craton in the Northwest Territories of Canada. The kimberlites intrude both granitoids and metasediments. They define several linear trends and are typically associated with dykes and lineaments. There is no dominant or unique structural association of the kimberlites. The Ekati kimberlites are generally steep-sided volcanic pipes that are comprised mainly of volcaniclastic material interpreted to be resedimented, with lesser primary

Criteria	JORC Code explanation	Commentary
		volcaniclastic and/or coherent kimberlite. Fine-grained sediments have been preserved as xenoliths and disaggregated material in kimberlite which indicates that some sedimentary cover was present at the time of the kimberlite emplacement. None of this sedimentary cover has been preserved outside of the kimberlites. The Ekati kimberlites range in age from 45 Ma to 75 Ma. They are mostly small, vertical pipe-like bodies (surface areas are mostly <3 ha but can extend to as much as 20 ha) that typically extend to projected depths of 400–600 m below the current land surface. Kimberlite distribution is controlled by fault zones, fault intersections and dyke swarms. Pipe infill has been broadly classified into six rock types: • Coherent kimberlite (CK). • Tuffisitic kimberlite (TK). • Primary volcaniclastic kimberlite (PVK). • Olivine-rich volcaniclastic kimberlite (ORVK). • Mud-rich, resedimented volcaniclastic kimberlite (RVK). • Kimberlitic sediment. With few exceptions, the kimberlites are made up almost exclusively of volcaniclastic material (VK), including very fine-grained to medium-grained kimberlitic sediments, RVK and PVK. RVK represents pyroclastic material that has been transported (e.g., by gravitational slumping and flow processes) from its original location (likely on the crater rim) into the open pipe and has undergone varying degrees of reworking with the incorporation of surficial material (mudstone and plant material). In rare cases (e.g., Leslie), pipes are dominated by or include significant proportions of CK. While occasional peripheral kimberlite dykes are present, geological investigations undertaken to date do not provide any evidence for the presence of complex root zones or markedly flared crater zones. Depending on the lithological unit, mud can make up a reasonable percentage of a given kimberlite unit. It occurs as disaggregated mud in the rock matrix and as mud clasts ranging in size from millimetres to centimetres that are usually uniformly fine-grained, dark grey to black in colour, and can have portions made up of kimberlitic minerals such as olivine and serpentine but with the majority consisting of smectite, quartz and pyrite.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Drill Hole information</td><td>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
• easting and northing of the drill hole collar
• elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
• dip and azimuth of the hole
• downhole length and interception depth
• hole length.
If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td><td>With the exception of the Exploration Target at Misery Main, the Competent Person considers exploration results to be non-material given the advanced stage of the Ekati Project (operating mine) with stated Mineral Resources and Ore Reserves.
An Exploration Target has been defined deeper than the Inferred Mineral Resource in Misery Main where the data spacing and distribution are insufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource estimation. The Exploration Target is defined between elevations of -125 and -200 m MSL based on two diamond drillhole intercepts as detailed in the table below.
<table>
<tr><th></th><th colspan="3">Collar</th><th></th><th></th><th></th></tr>
<tr><th>Hole ID</th><th>Easting</th><th>Northing</th><th>Elevation</th><th>Dip</th><th>Azimuth</th><th>Kimberlite intercept (m)</th></tr>
<tr><td>MDC-105</td><td>539426.4</td><td>7159805.5</td><td>-47.7</td><td>-77</td><td>13</td><td>66</td></tr>
<tr><td>MGT-84</td><td>539357.5</td><td>7159845.5</td><td>-50.05</td><td>-43</td><td>135.5</td><td>32</td></tr>
</table></td></tr>
<tr><td>Data aggregation methods</td><td>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g., cutting of high grades) and cut-off grades are usually Material and should be stated.
Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.
The assumptions used for any reporting of metal equivalent values should be clearly stated.</td><td>Tonnage and grade ranges for the Misery Main Exploration Target are reported below.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g., 'downhole length, true width not known').*	Kimberlite deposits may be regarded as massive deposits and so sample orientation is not relevant. Downhole length is reported for the two drill holes used to delineate the Misery Main Exploration Target deeper than the Inferred Resource.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Not applicable – Exploration Results are not being reported. The Misery Main Exploration Target is not considered a significant discovery.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Ranges in tonnes and grade for the Misery Main Exploration Target are stated at one standard deviation above and below the mean bulk density value and the mean estimated block grade, as tabulated below.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Bulk density data are available for the two drill hole intercepts defining the Misery Main Exploration Target. The microdiamond sample results for one of the intercepts are pending. The pipe geometry and internal geology are poorly constrained, consistent with the designation of Exploration Target.
Further work	*The nature and scale of planned further work (e.g., tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Continued core drilling of the Misery Main Exploration Target is planned as part of normal operational activity to improve data spacing and distribution with the objective of establishing the degree of geological and grade continuity appropriate for Mineral Resource estimation.

Table within Balanced reporting commentary:

Volume (m^3)	Density Range (g/cm^3)	Mass Range (kt)	Grade Range (cpt)
233,000	2.20 – 2.48	513 – 578	2.7 – 4.2

Criteria	JORC Code explanation	Commentary
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	

Section 3: Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* *Data validation procedures used.*	Ekati's operating team maintains a site-wide Records Information Management (RIM) system using digital filing. All non-digital information relevant to the Mineral Resource has been scanned and is stored in this system. All digital data not compatible with Ekati's digital filing system are stored on file servers at Ekati and Calgary. The resource and production geologists maintain the Vulcan project databases and metadata documentation. These are employed to secure the data and maintain an audit trail of the deposit database. Verification procedures include visual checking for transcription errors, and database checks using software routines. After this preliminary error-checking, all hardcopy and digital data for each drill hole are validated by the Resource Geologist. Drill logs are entered into an MXDeposit database which has various quality control checks on the data allowed to be entered (e.g., data overlaps or gaps). Core photos are loaded into Imago software to maintain data integrity.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.*	Site visits were undertaken by Ms. C. Laroulandie between January 27-30, 2025, March 3-6, 2025, and May 12-15, 2025. Active open pit operations, including the Point Lake bulk sample were reviewed, various geological, mineral resource and reconciliation data reviewed with on-site geologists, a selection of drill core and RC chips reviewed for bodies within the 5-year mine plan, a main plant and sort house tour, including preliminary recoveries for Point Lake bulk sample. The core shack and current sampling procedures were also reviewed.

Criteria	JORC Code explanation	Commentary
		Dr. H. Grütter completed a site visit from March 31 to April 3, 2025, to conduct a review of geological activities, sampling and datasets related to expansion of the Misery Main underground resource.
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* *Nature of the data used and of any assumptions made.* *The effect, if any, of alternative interpretations on Mineral Resource estimation.* *The use of geology in guiding and controlling Mineral Resource estimation.* *The factors affecting continuity both of grade and geology.*	The geological interpretation is based on a standard kimberlite emplacement model, which suggests kimberlite "pipes" are vertically emplaced volcanic intrusive bodies that maintain a predictable geometry with depth. This has been demonstrated through surface expression, extensive open pit and underground excavations and drilling data. Interpretation of the internal geology of the kimberlite pipes is based on an emplacement model that considers the geological setting and timing of emplacement, and volcanological processes and products that have been repeated in time and space in the Lac de Gras kimberlite field, and on the orebody knowledge developed from mining exposures and drilling data The Ekati property kimberlites each contain various kimberlite domains, which represent different textural rock types and the products of successive emplacement events. Generally, each domain comprises one phase of kimberlite. Geological continuity within domains is used to support grade continuity between samples.
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	Details of the Mineral Resource extents and variability can be found in the table below:

Kimberlite Pipes	Type	Starting elevation (m MSL)	Ending elevation (m MSL)
Sable*	Open pit	300	122
Point Lake*	Open pit	415	165
Phoenix*	Open pit	410	260
Challenge*	Open pit	425	195
Misery Main*	Underground	25	-125
Fox Underground	Underground	250	-345

**Current operations (partly depleted).*

Table notes:

- *m MSL = metres mean sea level.*

Criteria	JORC Code explanation	Commentary
Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* *The assumptions made regarding recovery of by-products.* *Estimation of deleterious elements or other non-grade variables of economic significance (e.g., sulphur for acid mine drainage characterisation).* *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* *Any assumptions behind modelling of selective mining units.* *Any assumptions about correlation between variables.* *Description of how the geological interpretation was used to control the resource estimates.* *Discussion of basis for using or not using grade cutting or capping.* *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	RC sampling programs provide diamond grade and stone size frequency distribution data for grade estimation. For Mineral Resource estimates for all pipes except Phoenix, Challenge and Misery Main, the base grade estimation variable is the stones per metre cubed (spm^3) from +1.0-mm diamonds. The spm^3 is calculated from a subset of stones over a representative set of size fractions chosen to obviate the effects of poor recovery of small stones and variability in recovery of large stones (i.e. stone density method). Phoenix and Challenge have not been estimated and only have an average global grade. At Misery Main, micro and macrodiamond benchmarks are used to calculate macrodiamond grades for spatially distributed drill core and underground microdiamond sample results, enabling grade estimation per domain in carats per tonne (cpt) utilizing ordinary kriging. Basic geostatistical analysis of sample data is used to inform estimation domaining decisions. Some deposits use the internal 3D geological model as estimation domains, while others only utilize the pipe shape due to similar grades or diamond population between units. At Misery Main, two estimation domains are based on contrasting geology and corresponding bulk density and grade variation. Where feasible, non-mineralised units (i.e., granitic xenoliths or breccia >2 m in size) are modelled separately and assessed in comparison to grade samples. Waste kimberlite, mud, and country rock xenoliths <4 m in size are considered part of the models and therefore included in the Mineral Resource estimation as internal dilution. Fox pipe contains areas of significantly higher internal dilution and utilizes an ordinary kriged dilution estimate, along with 3D modelled dilution wireframes, to inform areas of the grade estimate where grade samples may not have been able to account for this increased dilution. Simple kriging and Ordinary kriging have been used for diamond resource estimation. Statistical and geostatistical analyses of grade, density, and moisture content are performed to characterize the distributions of these variables. Contact analysis is used to support both hard and soft boundaries. Data are reviewed for outliers, and outlying samples are treated depending on their genesis.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td></td><td>
All data are de-surveyed to the midpoint of the sample.

Block models are built for Mineral Resource estimates (typically created in Vulcan) for kimberlite pipes that are deemed to have reasonable prospects of eventual economic extraction. Block models are periodically updated as new data are collected (e.g., completion of a drill program, diamond parcel pricing) or as required for reporting and economic studies.

The table below summarises the parent block model size and modelling method for each kimberlite pipe. Misery Main was sub-blocked to 5 m along the pipe margin.
<table>
<tr><th>Kimberlite Pipe</th><th>Model block size (m)</th><th>Modelling method</th></tr>
<tr><td>Fox</td><td>15 × 15 × 15</td><td>Ordinary kriging</td></tr>
<tr><td>Misery Main</td><td>15 × 15 × 15</td><td>Ordinary kriging</td></tr>
<tr><td>Sable</td><td>15 × 15 × 12</td><td>Simple kriging</td></tr>
<tr><td>Point Lake</td><td>10 × 10 × 10</td><td>Simple kriging</td></tr>
<tr><td>Phoenix</td><td>10 × 10 × 10</td><td>Avg global grade</td></tr>
<tr><td>Challenge</td><td>10 × 10 × 10</td><td>Avg global grade</td></tr>
</table>
The block grade estimates were validated by visual checks of estimated block grades versus sample grades, summary statistics of estimated and declustered input grade distributions, histograms and probability plots, swath plots, scatterplots, and quantile-quantile (QQ) plots. No significant errors or biases were identified as a result of the validation process.

No grade cutting is applied, except for Fox. A high-grade search restriction was applied for Fox, limiting samples above a certain grade from being estimated beyond a specified ellipsoid search distance. A distance equivalent to 3 times the block size was used (45 m x 45 m x 45 m) in the major, semi-major, and minor directions, respectively, for spm^3.

Moisture content (%) and bulk density measurements vary across different domains within a kimberlite pipe(s).
</td></tr>
<tr><td>Moisture</td><td>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</td><td>Tonnages are estimated on a dry basis. Moisture content (%) measurements vary across different domains within a kimberlite pipe(s) but are predominantly determined by the ratio between wet and oven dried weights of samples.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	The Mineral Resource estimates are calculated using a lower cut-off size of 0.5 mm slotted de-grit screen as used in the Ekati bulk sample plant or at SRC to maximize diamond recovery in the smaller sizes. The sample plant ran at a much lower throughput than the main plant and achieved a higher overall diamond recovery, as does the SRC.
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	Mineral Resources currently amenable to open pit mining methods include Point Lake, Sable, Phoenix and Challenge. Conceptual pit designs for open pit Mineral Resources were completed using Whittle shell analysis. Open pit mining with similar truck and shovel methods and equipment have been used previously at Ekati in the Koala, Panda, Fox, Pigeon, Beartooth, Misery and Lynx open pits. Detailed operational designs are currently in use in active operations at Sable and Point Lake. Mineral Resources currently amenable to underground mining methods include Misery Main and Fox. Underground design is based on the sublevel retreat method, currently being used at Misery Main. Fox is based on the updated Prefeasibility Study completed in 2025 by Burgundy which also assumed a sublevel retreat method. The sublevel retreat mining method has been used previously at Ekati in the Panda and Koala North pipes. Ekati has extensive past operating performance on which to base mining factor assumptions, including experience with all the planned mining methods. Mining of current Ore Reserves has been taking place at Sable open pit since 2018, Misery Main underground since 2019, and Point Lake open pit since 2024. Open pit mining took place at Fox from 2004-2014. Prefeasibility studies underpin the Ore Reserve estimates for the Sable (open pit), Point Lake (open pit), Misery Main (underground) and Fox (underground) pipes.

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	Site specific metallurgical factors are well established through approximately 25 years of mine operation (more than 100 million carats have been recovered to date from the Ekati property). Metallurgical test work and associated analytical procedures were performed by recognised testing facilities, and the tests performed were appropriate to the mineralisation type. Samples selected for testing were representative of the various kimberlite types and domains. Industry-standard studies were performed as part of process development and initial plant design. Subsequent production experience and focused investigations have guided plant expansions and process changes. Recovery estimates are based on appropriate metallurgical test work and confirmed with production data and are appropriate for the various kimberlite domains. While there are no deleterious elements in diamonds processing, high granite or clay quantities can lead to process issues. These are managed by a combination of surface sorting and blending of different kimberlite domains.
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options.* *It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation.* *While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported.* *Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	Ekati Diamond Mine is predominantly regulated through an Environmental Agreement and permits with the following key agencies: ▪ Government of Northwest Territories (GNWT). ▪ Wek´èezhìi Land and Water Board (WLWB). ▪ Fisheries and Oceans Canada (DFO). Ekati entered into an Environmental Agreement (January 1997) with the Government of Canada and the GNWT which provides environmental obligations in addition to those under applicable legislation. Key provisions include: ▪ Funding of an independent environmental monitoring agency to serve as a public watchdog. ▪ Submission of environmental reports and management plans (including reclamation plans). ▪ Provide security deposits and guarantee.

Criteria	JORC Code explanation	Commentary
		The Environmental Agreement provides for the Independent Environmental Monitoring Agency and continues in effect until full and final reclamation of the Ekati Project site is completed. Compliance with environmental requirements and agreements is reported publicly by Ekati on an annual basis. Version 8.1 of the Waste Management Plan was approved by the WLWB in August 2022. The Waste Management Plan includes the following plans: ▪ Hydrocarbon Impacted Material Management Plan ▪ Solid Waste Landfill Management Plan. ▪ Hazardous Waste Management Plan. ▪ Composter Management Plan. ▪ Incinerator Management Plan. The Waste Management Plan also references the Waste Rock and Ore Storage Management Plan and the Wastewater and Processed Kimberlite Management Plan. Version 11.1 of the Waste Rock and Ore Storage Management Plan was approved by the WLWB in November 2022. Version 9.0 of the Wastewater and Processed Kimberlite Management Plan was approved by the WLWB in June 2019. All environmental permits are in place for Ekati's current operations.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	Dry bulk density estimates are determined for each kimberlite domain using a sufficient number of data points. Water immersion bulk density testing is done on wet samples, and after samples are oven dried, the calculated moisture content is used to obtain dry bulk density values. Due to the low variance and large number of representative dry bulk density samples within a single kimberlite or domain, the variability in the density is considered to be an insignificant risk component of Mineral Resource and Ore Reserve estimation.

Criteria	JORC Code explanation	Commentary
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.* *Whether appropriate account has been taken of all relevant factors (i.e., relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* *Whether the result appropriately reflects the Competent Person's view of the deposit.*	Resource classification is fundamentally dependent on the geological interpretation, drill hole spacing, sample density, the robustness of grade estimation within distinct geological domains, extent of demonstrated geological continuity within domains, and the potential mining method. Mineral Resources take into account geological, mining, processing and economic constraints, and have been defined within a conceptual stope design or a conceptual open pit shell. Depletion has been included in the estimates. No Measured Mineral Resources are estimated. Factors which may affect the Mineral Resource classifications include: ▪ Diamond book price and valuation assumptions. ▪ Changes to geological interpretations. ▪ Changes to the assumptions used to estimate the diamond carat content. ▪ Conceptual underground and open pit design assumptions. ▪ Geotechnical, mining and process plant recovery assumptions. ▪ Diamond parcel sizes for the pipes with estimates that are not in production or planned for production. ▪ And the effect of different sample-support sizes between RC drilling and underground sampling. The Mineral Resource classification (as listed in Table F for Misery and Table K for Fox), including drill hole spacing, appropriately reflects the Competent Person's view of the Ekati property deposits.
Audits or reviews	*The results of any audits or reviews of Mineral Resource estimates.*	Mineral Resource estimates have been reviewed by internal senior staff at Ekati, and historically by external consultants such as Mineral Services, SRK, Burgundy Mining Advisors and WSP Canada. Data verification is undertaken on geological, geotechnical, survey and bulk density data collected. Data are reviewed for accuracy by the Resource and/or Production Geologists and corrected, as necessary.

Criteria	JORC Code explanation	Commentary
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	The relative accuracy and confidence level in the Mineral Resource estimates are in line with the accepted accuracy and confidence in the nominated Mineral Resources categories. Geological certainty is considered to be reasonable for the majority of the Resources. Production data from the past 25 years of mining and the recovered grade has shown good annual reconciliation with the modelled targets, suggesting the methodology of estimation and sampling to be robust. **Factors that may affect the accuracy of the Mineral Resource estimates include:** ▪ Diamond price and valuation assumptions. ▪ Changes to the assumptions used to estimate diamond carat content (e.g., bulk density estimation, internal country rock dilution, grade model methodology). ▪ Geological interpretation (internal kimberlite domains and/or pipe contacts). ▪ Changes to design parameter assumptions that pertain to underground and/or open pit designs. ▪ Changes to geotechnical and/or mining assumptions. ▪ Changes to process plant recovery estimates if the diamond size in certain domains is finer or coarser than currently assumed. ▪ The effect of different sample-support sizes between RC drilling and underground sampling or other larger-scale sampling programs. ▪ Diamond parcel sizes for the pipes with estimates that are not in production or planned for production. The Competent Persons are confident that the global Mineral Resource estimates achieve an acceptable level of accuracy using industry best practices, including robust geostatistical methods and regular reconciliation (grade, tonnage and geological modelling) from production data.

Section 4: Estimation and Reporting of Ore Reserves

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	*Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	Ore Reserves estimates were converted for Fox from the Indicated Mineral Resources listed in Table K. The resource model used for the Fox Mineral Resource estimates was created in 2025.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.*	The Competent Person for Ore Reserves visits the site regularly as part of their normal job requirements.
Study status	*The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* *The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	All Mineral Resources converted to Ore Reserves have undergone prefeasibility studies following CIM guidelines. A prefeasibility study was first completed for Fox underground in 2018 and was updated in 2025.
Cut-off parameters	*The basis of the cut-off grade(s) or quality parameters applied.*	The Ore Reserve lower cut-off size for Fox is 1.0 mm slotted de-grit screen, which is the current configuration of the processing plant. Ore Reserves for Sable and Point Lake pits were estimated using a 1.2 mm bottom cut-off, based on inconsistent operation of the fines DMS at the time of the studies. The diamond recovery factor to convert Mineral Resources at 0.5 mm cut-off to Ore Reserves at 1.0/1.2 mm cut-off varies by pipe. Different kimberlite sources have different diamond recoveries as a function of the inherent size frequency distribution and interaction with processing settings and various other contributing factors. Diamond prices are estimated for each size cut-off using valuations from exploration or production sample parcels ranging in size from several hundred carats to tens of thousands of carats. The average diamond price for each pipe (and in some cases, multiple geological domains within a pipe) is a function of diamond size frequency

Criteria	JORC Code explanation	Commentary
		distribution and diamond quality/colour. The Fox Ore Reserve diamond price is based on approximately 2,600 carats, which includes bulk samples from a 1994 exploration decline, and 2016 and 2018 RC drilling programs. Ekati's diamond price book contains approximately 18,000 categories (price points expressed as US$ per carat). The valuation of diamond parcels is periodically updated to a more recent price book to ensure the diamond prices are representative of current sorting categories and market conditions. Prices in the price book are updated with each sale. To facilitate economic analysis, all the pipe valuations are carried out on a common fixed price book, and the Diamond Price Index is then applied to reflect market movement relative to the date when the price book was set.
Mining factors or assumptions	*The method and assumptions used as reported in the Prefeasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e., either by application of appropriate factors by optimisation or by preliminary or detailed design).* *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.* *The assumptions made regarding geotechnical parameters (e.g., pit slopes, stope sizes, etc.), grade control and pre-production drilling.* *The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).* *The mining dilution factors used.* *The mining recovery factors used.* *Any minimum mining widths used.* *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* *The infrastructure requirements of the selected mining methods.*	Ekati has extensive past operating performance on which to base mining factor assumptions, including experience with all the planned mining methods. Open pit mining took place at Fox from 2004-2014. The Fox pipe was first mined as an open pit from 2004-20146% of the Misery tonnage in the plan is classified as indicated, 68% of the Misery tonnage in the plan is classified as inferred, while a further 26% (exploration target) lacks the necessary geological information to be assigned a resource classification.. Current Ore Reserves are based on an underground mining method using sublevel retreat (SLR) with 30 m sublevel spacing and 20 m drawpoint spacing. External dilution of 7% waste is assumed, while internal dilution (e.g. granite xenoliths) is incorporated into the resource model grades directly. Dilution is scaled from 0.5% on the first mining level to 21% at the bottom of the pipe, reflecting experience at Misery that dilution increases as more waste rock is exposed with the deepening of the exposed granite walls. Dilution is mitigated by the effect of the low-grade blanket / crown pillar atop the first SLR level. A mining recovery of 96% (of diluted material) is used for SLR levels; for crown pillar material within the SLR footprint, this is reduced to 63%. Inferred Resources are not considered in the estimation of Ore Reserves. Where Inferred Resources lie within mining shapes, they are considered to have zero grade. Major infrastructure required for the planned mining method at Fox includes dual ramps from surface and two sub-vertical ventilation raises. Typical surface and

Criteria	JORC Code explanation	Commentary
		underground infrastructure include maintenance shops, electrical sub-stations, and dewatering equipment.

Metallurgical factors or assumptions	*The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*
	Whether the metallurgical process is well-tested technology or novel in nature.
	The nature, amount and representativeness of metallurgical testwork undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.
	Any assumptions or allowances made for deleterious elements.
	The existence of any bulk sample or pilot-scale testwork and the degree to which such samples are considered representative of the orebody as a whole.
	For minerals that are defined by a specification, has the Ore Reserve estimation been based on the appropriate mineralogy to meet the specifications?
		Site-specific metallurgical factors are known due to the operation of the main process plant facility for 25 years. The processing plant was designed by HA Simons and Signet Engineering in 1995, utilising standard diamond liberation, concentration, and recovery processes. The plant was commissioned at the end of 1998 and obtained full production in 1999.
		The recovery of diamonds from the processing of the host kimberlite ore at the Ekati mine includes:
		• primary crushing—redundancy with primary, secondary and reclaim sizers
		• stockpiling—used as a buffer between plant and crushing
		• secondary crushing (wet cone crusher)
		• tertiary crushing and re-crushing for further diamond liberation
		• sizing, de-gritting, and de-sanding
		• Dense Media Separation (DMS)
		• final recovery:
		  ○ wet high-intensity magnetic separation
		  ○ wet X-ray sorting
		  ○ drying
		  ○ dry single particle X-ray sorting
		  ○ grease tables
		
		A bulk sample plant adjacent to the processing plant building has been used for diamond recovery audits and for grade control in the past but is not currently in operation.

Criteria	JORC Code explanation	Commentary
		Processing and metallurgical test work has been carried out at Ekati mine using both the Ekati processing plant (production trials) and the similarly configured smaller sampling plant (approximately 10 t/h), which was also used for diamond recovery audits and for grade control in the past but is not currently in operation. Production trials have been completed at various times for the open pit operations (including Fox, Misery, Lynx, Koala and Sable) and during PFSs for Koala North and Pigeon (test pits). A production trial was recently completed for Point Lake in 2025. Production experience and focused investigations have guided plant expansions and process changes over Ekati's history. Recovery estimates are based on appropriate metallurgical testwork and confirmed with production data and are appropriate for the various kimberlite domains. While there are no deleterious elements in diamonds processing, high granite or clay quantities can lead to process issues. These are managed by a combination of surface sorting and blending of different kimberlite domains.
Environmental	*The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	The Ekati Project operates under an Environmental Agreement with the Government of Canada and the GNWT that was concluded in 1997. The agreement is binding over the life-of-mine until full and final reclamation has been completed. The Environmental Agreement provides for an Independent Environmental Monitoring Agency that acts as an independent reviewer representing the public interest. Several environmental monitoring programs are in place, and include ongoing assessments of water quality, aquatic effects, fish habitat compensation measures, site reclamation projects, waste rock storage area seepage, wildlife effects, air quality and geotechnical stability of engineered structures. Compliance with environmental requirements and agreements is reported publicly on an annual basis through the Water Licence, Environmental Agreement, Fisheries Act Authorisations and other means.

Criteria	JORC Code explanation	Commentary
Infrastructure	*The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	Ekati is an operating mine and key infrastructure on site includes the open pits, underground mines, sample and process plants, waste rock storage and processed kimberlite storage facilities, buildings, and accommodation (mobile and permanent), pipelines, pump stations, electrical systems, quarry site, camp pads and laydowns, ore storage pads, roads, culverts and bridges, airstrip, helipad, and mobile equipment. The existing and planned infrastructure, availability of staff, the existing power, water, and communications facilities, the methods whereby goods are transported to the mine, and any planned modifications or supporting studies are sufficiently well established, or the requirements to establish such, are well understood by Ekati management and can support the estimation of Mineral Resources and Ore Reserves, in addition to the mine plan.
Costs	*The derivation of, or assumptions made, regarding projected capital costs in the study.* *The methodology used to estimate operating costs.* *Allowances made for the content of deleterious elements.* *The source of exchange rates used in the study.* *Derivation of transportation charges.* *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* *The allowances made for royalties payable, both Government and private.*	The derivation and methodology of the capital cost assumptions have followed industry standard (CIM) practices, which have been completed during Prefeasibility and Feasibility studies. These studies have made allowances for all royalties, capital cost developments, environmental and rehabilitation/closure costs, and operating costs. The Ekati Diamond Mine has been in production for 25 years and has a well-established internal financial model. Given the robust understanding of all project costs (capital and operating), the Competent Person is confident all assumptions used for economic analysis of the project are reasonable. The Competent Person cautions that projected costs since the date of the relevant study completion may vary.
Revenue factors	*The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.* *The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.*	The derivation and methodology of revenue assumptions have followed industry standard (CIM) practices, which have been completed during Prefeasibility and Feasibility studies. The US$/ct for each kimberlite pipe has been derived from a sufficient number of carats (production parcels and/or exploration parcels) for each pipe's level of Ore Reserve and Mineral Resource classification – see *Value Estimation* Table in Section 5, considering price/market sensitivity at the time of the study completion.

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Market assessment</td><td>The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.
A customer and competitor analysis along with the identification of likely market windows for the product.
Price and volume forecasts and the basis for these forecasts.
For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.</td><td>No forward market for rough diamonds exists to provide external long-term pricing trends. The reasons for this are rooted in the lack of homogeneity in quality and absence of agreed standards for classifying and pricing the diamonds. Consequently, diamond price forecasts are dependent upon the fundamental views of future supply and demand.
Various independent diamond market forecasts are produced by specialist companies, financial institutions, and respected major consulting firms, such as Paul Zimnisky Diamond Analytics, Boston Consulting Group (BGC), and Bain & Company.</td></tr>
<tr><td>Economic</td><td>The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.
NPV ranges and sensitivity to variations in the significant assumptions and inputs.</td><td><table>
<tr><th rowspan="2">Kimberlite</th><th rowspan="2">Study level</th><th rowspan="2">Discount rate</th><th rowspan="2">Sensitivity</th><th colspan="3">After-tax NPV (US$ millions)</th></tr>
<tr><th>Low</th><th>Base</th><th>High</th></tr>
<tr><td rowspan="5">Fox (UG)</td><td rowspan="5">PFS (2025)</td><td rowspan="5">9%</td><td>Price growth</td><td>276.1</td><td>352.3</td><td>432.1</td></tr>
<tr><td>Diamond price</td><td>29.5</td><td>352.3</td><td>674.5</td></tr>
<tr><td>Total capital</td><td>290.2</td><td>352.3</td><td>414.4</td></tr>
<tr><td>Operating costs</td><td>280.7</td><td>352.3</td><td>423.7</td></tr>
<tr><td>Grade</td><td>29.5</td><td>352.3</td><td>674.5</td></tr>
</table>
<u>Table notes:</u>
▪ PFS = Prefeasibility Study; FS = Feasibility Study.
▪ Sensitivity (Low, Base, High) analysis includes variable price growth, diamond price, initial capital, operating costs and grade.
▪ Stockpiles are not included.</td></tr>
<tr><td>Social</td><td>The status of agreements with key stakeholders and matters leading to social licence to operate.</td><td>Ekati currently holds the appropriate social licenses to operate.
A Socio-Economic Agreement was concluded with the GNWT and has been in place since 1996.
Four Impact and Benefit Agreements (IBAs) have also been concluded; current relationships with each of the IBA groups are considered positive and are maintained through regular meetings and communications.
The Ekati Mine currently provides financial support for projects that support the development of long-term sustainable community initiatives.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
		The Ekati Mine also tries to incorporate the use of traditional knowledge in monitoring programs by involving communities in the programs and teaching the environmental staff the traditional way of the land.
Other	*To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the prefeasibility or feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.*	At the time of this News Release, the Competent Person is unaware of any impediments to operating in the Ekati project area.
Classification	*The basis for the classification of the Ore Reserves into varying confidence categories.* *Whether the result appropriately reflects the Competent Person's view of the deposit.* *The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	Ore Reserves take into consideration environmental factors, permitting, legal, title, taxation, socio-economic, marketing and political factors support the estimation of Ore Reserves. Factors which may affect the Ore Reserve estimates include: ▪ Diamond price assumptions. ▪ Grade model assumptions. ▪ Underground mine design. ▪ Open pit mine design. ▪ Geotechnical, mining and process plant recovery assumptions. ▪ Practical control of dilution. ▪ Changes to capital and operating cost estimates.

Criteria	JORC Code explanation	Commentary
		▪ Variations to the permitting, operating or social licence regime assumptions, in particular if permitting parameters are modified by regulatory authorities during permit renewals. The Ore Reserve classification (Fox Ore Reserve as listed in Table L, Ore Reserve for the other deposits are in the "Annual Mineral Resources and Ore Reserves for the period ended 31 December 2024" document) appropriately reflects the Competent Person's view of the Ekati property's deposits.
Audits or reviews	*The results of any audits or reviews of Ore Reserve estimates.*	The sample plant adjacent to the processing plant building was routinely used for diamond recovery audits and for grade control until 2018 as part of a Mineral Resource and Ore Reserve reconciliation process. Data verification is undertaken on geological, geotechnical, survey and bulk density data collected. These data are reviewed for accuracy by the Resource and/or Production Geologists and corrected, as necessary. The findings of this data validation process are summarised, and any modifications are reviewed by appropriate staff prior to implementation of those changes. This includes data audit results from the SRC laboratory (used for sample processing from 2019). Ore Reserve estimates are reviewed internally on an annual basis. Ore Reserve estimates have not been audited externally.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.*	The relative accuracy and confidence level in the Ore Reserve estimates are in line with the accepted accuracy and confidence in the nominated Mineral Resource and Ore Reserve categories. Production data from the past 25 years of mining and the recovered grade has shown good annual reconciliation with the modelled targets, suggesting the methodology of estimation and sampling to be robust. **Factors that may affect the accuracy of the Ore Reserve estimate include:** ▪ Mineral Resource factors listed in Section 3. ▪ Appropriate dilution control being able to be maintained. ▪ Changes to capital and operating cost estimates, in particular to fuel cost assumptions. ▪ Changes to royalty payment assumptions.

Criteria	JORC Code explanation	Commentary
	Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	▪ Variations to the permitting, operating or social licence regime assumptions, in particular if permitting parameters are modified by regulatory authorities during permit renewals. The Competent Person is confident that the Ore Reserve estimate achieves an acceptable level of accuracy using industry best practices, including robust geostatistical analysis and regular reconciliation (grade, tonnage and geological modelling) from production data.

Section 5: Estimation and Reporting of Diamonds and Other Gemstones

(Criteria listed in other relevant sections also apply to this section. Additional guidelines are available in the 'Guidelines for the Reporting of Diamond Exploration Results' issued by the Diamond Exploration Best Practices Committee established by the Canadian Institute of Mining, Metallurgy and Petroleum.)

Criteria	JORC Code explanation	Commentary
Indicator minerals	*Reports of indicator minerals, such as chemically/physically distinctive garnet, ilmenite, chrome spinel and chrome diopside, should be prepared by a suitably qualified laboratory.*	Not applicable – Indicator grains are not relevant to diamond Mineral Resource and Ore Reserve estimates.
Source of diamonds	*Details of the form, shape, size and colour of the diamonds and the nature of the source of diamonds (primary or secondary) including the rock type and geological environment.*	Diamonds recovered from the Ekati Mine are sourced from primary, hard-rock kimberlite deposits.
Sample collection	*Type of sample, whether outcrop, boulders, drill core, reverse circulation drill cuttings, gravel, stream sediment or soil, and purpose (e.g., large diameter drilling to establish stones per unit of volume or bulk samples to establish stone size distribution).* *Sample size, distribution and representivity.*	Sample collection used to estimate the Mineral Resource and Ore Reserve statements include various drilling techniques to define the volume, tonnage, and diamond content. Extensive diamond core and RC drilling has been carried out since 1991, including 1,492 core (diamond drill) holes (273,372 m), and 527 reverse circulation (RC) holes (115,548 m). Bulk samples have been collected by underground and open pit mining and RC drilling at Fox, open pit mining and RC drilling at Sable, open pit mining and RC drilling at Point Lake, and open pit mining and RC drilling at Misery. At Misery Main, underground microdiamond sampling of drawpoints has been used to augment core sample data.

Criteria	JORC Code explanation	Commentary
		Sample sizes currently used for valuation are listed under *Value Estimation* further below in this section. Extensive open pit and underground mining processing data also contribute to the Mineral Resource and Ore Reserve estimate.
Sample treatment	*Type of facility, treatment rate, and accreditation.* *Sample size reduction. Bottom screen size, top screen size and re-crush.* *Processes (dense media separation, grease, X-ray, hand-sorting, etc.).* *Process efficiency, tailings auditing and granulometry.* *Laboratory used, type of process for micro diamonds and accreditation.*	Sample and production material is processed through on-site dense media separation (DMS) plants (production and sampling). The recovery process involves DMS, grease recovery, x-ray sorting of the dense media concentrate, and hand sorting of the x-ray and grease concentrates. The on-site plants are not accredited; however, auditing is performed regularly, following the industry standard protocols typical for an active diamond producer. The sampling plant, not currently in operation, can process approximately 10 tonnes per hour (tph), whilst the production plant rate is 400-600 tph. The production plant has a fines DMS 1.0 mm de-grit slotted screen, a DMS top screen cut-off size of 28 mm (square screen), and a re-crush size of -25+10 mm. Routine quality control, in line with diamond value management (DVM) principles, is undertaken by laboratory staff to ensure maximum efficiencies. Microdiamond testing is carried out at the Saskatchewan Research Council Diamond laboratory (SRC) in Saskatoon, Saskatchewan. The Quality Management System (QMS) for SRC adheres to the ISO 17025:2017 standard and is subject to regular assessment by the accrediting body (Standards Council of Canada). The QMS has specific procedures for documentation and data control.
Carat	*One fifth (0.2) of a gram (often defined as a metric carat or MC).*	Reported as carats.
Sample grade	*Sample grade in this section of Table 1 is used in the context of carats per units of mass, area or volume.*	Grade measured from sampled and production data is calculated from diamond recovery per metric tonne (dry) recovered. In the case of sample grade, this is derived from stones per tonne (stone frequency) and carats per stone (stone size). The grade reported in the Mineral Resource and Ore Reserve statement is calculated using a bottom cut-off size of 0.5-mm slotted de-grit screen and 1.0/1.2-mm slotted de-grit screen respectively (see Table F and Table K).

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td>The sample grade above the specified lower cut-off sieve size should be reported as carats per dry metric tonne and/or carats per 100 dry metric tonnes. For alluvial deposits, sample grades quoted in carats per square metre or carats per cubic metre are acceptable if accompanied by a volume to weight basis for calculation.

In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive sample grade (carats per tonne).</td><td></td></tr>
<tr><td>Reporting of Exploration Results</td><td>Complete set of sieve data using a standard progression of sieve sizes per facies. Bulk sampling results, global sample grade per facies. Spatial structure analysis and grade distribution. Stone size and number distribution. Sample head feed and tailings particle granulometry.

Sample density determination.

Per cent concentrate and undersize per sample.

Sample grade with change in bottom cut-off screen size.

Adjustments made to size distribution for sample plant performance and performance on a commercial scale.

If appropriate or employed, geostatistical techniques applied to model stone size, distribution or frequency from size distribution of exploration diamond samples.

The weight of diamonds may only be omitted from the report when the diamonds are considered too small to be of commercial significance. This lower cut-off size should be stated.</td><td>Microdiamond samples collected from the 98 m of drill core that intersects the Misery Main Exploration Target were processed at the SRC in the same manner as reported in Section 1. Microdiamond assay results for five samples located within the Exploration Target and reported to date are tabulated below, by square-mesh sieve.

<table>
<tr><th>Drill Hole</th><th>Weight (kg)</th><th>0.106 mm</th><th>0.150 mm</th><th>0.212 mm</th><th>0.300 mm</th><th>0.425 mm</th><th>0.600 mm</th><th>0.850 mm</th><th>1.18 mm</th></tr>
<tr><td>MGT-84</td><td>39.7</td><td>37</td><td>28</td><td>18</td><td>16</td><td>8</td><td>6</td><td>1</td><td>1</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td>Grade estimation for reporting Mineral Resources and Ore Reserves</td><td>Description of the sample type and the spatial arrangement of drilling or sampling designed for grade estimation.

The sample crush size and its relationship to that achievable in a commercial treatment plant.

Total number of diamonds greater than the specified and reported lower cut-off sieve size.

Total weight of diamonds greater than the specified and reported lower cut-off sieve size.

The sample grade above the specified lower cut-off sieve size.</td><td>Mineral Resources
▪ RC sampling programs provide diamond grade and size frequency distribution data for grade estimation.
▪ The diamond grade estimation variable is stones per metre cubed (spm^3).
▪ The spm^3 is calculated from a subset of stones over a representative set of size fractions chosen to obviate the effects of poor recovery of small stones and variability in recovery of large stones (i.e., stone density method).
▪ At Misery Main, micro- and macrodiamond benchmarks are used to calculate macrodiamond grades for spatially distributed drill core and underground microdiamond sample results, enabling grade estimation per domain in carats per tonne (cpt) utilizing ordinary kriging.

Ore Reserves
▪ Grade data used in the Ore Reserve estimation is calculated from Mineral Resources using recovery factors derived from mining production recoveries, and mining modifying factors.
▪ The grade used for Ore Reserve reporting is specified to a lower cut-off size of 1.0-mm de-grit slotted screen for Fox.</td></tr>
<tr><td>Value estimation</td><td>Valuations should not be reported for samples of diamonds processed using total liberation method, which is commonly used for processing exploration samples.

To the extent that such information is not deemed commercially sensitive, Public Reports should include:

diamonds quantities by appropriate screen size per facies or depth.

Details of parcel valued.

Number of stones, carats, lower size cut-off per facies or depth.</td><td>Given the production status of many of the Ekati kimberlite pipes, the parcel carat size used for the determination of the US$/carat is large (see table below).

Ore Reserves are calculated using a 1.0-mm (de-grit slotted screen) lower cut-off size, which is the current configuration of the processing plant. Mineral Resources are calculated using a 0.5-mm (de-grit slotted screen) lower cut-off size.

Diamond breakage is considered by the Competent Persons to not have a material effect on the value of Ekati diamonds over a production period.

<table><tr><th>Kimberlite Pipe</th><th>Parcel carats</th><th>US$/ct</th><th>US$/t</th></tr><tr><td>Ore Reserves</td><td></td><td></td><td></td></tr><tr><td>Fox</td><td>2,603</td><td>250</td><td>78</td></tr></table></td></tr>
</table>

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td>The average $/carat and $/tonne value at the selected bottom cut-off should be reported in US Dollars. The value per carat is of critical importance in demonstrating project value.
The basis for the price (e.g., dealer buying price, dealer selling price, etc.).
An assessment of diamond breakage.</td><td><table>
<tr><th>Mineral Resources</th><th></th><th></th><th></th></tr>
<tr><td>Sable</td><td>97,820</td><td>76</td><td>72</td></tr>
<tr><td>Point Lake</td><td>67,757</td><td>52</td><td>39</td></tr>
<tr><td>Misery Main</td><td>248,933</td><td>65</td><td>299</td></tr>
<tr><td>Fox</td><td>2,603</td><td>226</td><td>77</td></tr>
</table></td></tr>
<tr><td>Security and integrity</td><td>Accredited process audit.
Whether samples were sealed after excavation.
Valuer location, escort, delivery, cleaning losses, reconciliation with recorded sample carats and number of stones.
Core samples washed prior to treatment for micro diamonds.
Audit samples treated at alternative facility.
Results of tailings checks.
Recovery of tracer monitors used in sampling and treatment.
Geophysical (logged) density and particle density.
Cross validation of sample weights, wet and dry, with hole volume and density, moisture factor.</td><td>All stones are sent to an external contractor for sorting. Details of the delivery, sorting and valuation security process are considered sensitive information.
Reconciliation of the Mineral Resource and Ore Reserve estimate from production data is performed regularly.
The details of many of these procedures (e.g., tracer monitors) have been described in previous sections of the JORC Table 1 of this Report.</td></tr>
<tr><td>Classification</td><td>In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive grade (carats per tonne). The elements of uncertainty in these estimates should be considered, and classification developed accordingly.</td><td>The Ore Reserve and Mineral Resource grade estimations have, in the opinion of the Competent Persons, met industry standard procedures, including robust size frequency distribution analysis and other geostatistical methods for the purpose of accurate grade and diamond valuation reporting.</td></tr>
</table>

Appendix 2

Ekati Mineral Leases

Lease No.	Area (Km^2)	Area (Ha)	Issue Date	Expiry Date
3473	10.48	1048.30	1996-Apr-10	2038-Apr-09
3474	9.60	959.50	1996-Apr-10	2038-Apr-09
3475	9.80	979.80	1996-Apr-10	2038-Apr-09
3476	10.01	1001.00	1996-Apr-10	2038-Apr-09
3477	10.53	1052.50	1996-Apr-10	2038-Apr-09
3478	9.48	947.90	1996-Apr-10	2038-Apr-09
3479	9.61	960.60	1996-Apr-10	2038-Apr-09
3480	10.20	1020.00	1996-Apr-10	2038-Apr-09
3481	9.77	977.10	1996-Apr-10	2038-Apr-09
3482	9.96	996.30	1996-Apr-10	2038-Apr-09
3483	9.79	978.50	1996-Apr-10	2038-Apr-09
3484	10.01	1001.20	1996-Apr-10	2038-Apr-09
3485	10.05	1004.80	1996-Apr-10	2038-Apr-09
3486	10.22	1021.70	1996-Apr-10	2038-Apr-09
3487	5.81	580.50	1996-Apr-10	2038-Apr-09
3488	10.32	1031.90	1996-Apr-10	2038-Apr-09
3489	10.19	1019.30	1996-Apr-10	2038-Apr-09
3490	9.79	979.00	1996-Apr-10	2038-Apr-09
3491	10.30	1029.80	1996-Apr-10	2038-Apr-09
3492	9.80	979.60	1996-Apr-10	2038-Apr-09
3493	10.58	1058.20	1996-Apr-10	2038-Apr-09
3494	9.92	992.30	1996-Apr-10	2038-Apr-09
3495	9.97	996.90	1996-Apr-10	2038-Apr-09
3496	10.09	1009.40	1996-Apr-10	2038-Apr-09
3497	10.18	1017.70	1996-Apr-10	2038-Apr-09
3498	10.51	1051.40	1996-Apr-10	2038-Apr-09
3499	9.36	935.60	1996-Apr-10	2038-Apr-09
3500	9.55	954.80	1996-Apr-10	2038-Apr-09
3501	10.16	1016.00	1996-Apr-10	2038-Apr-09
3502	10.13	1012.70	1996-Apr-10	2038-Apr-09
3503	4.23	422.70	1996-Apr-10	2038-Apr-09

Lease No.	Area (Km^2)	Area (Ha)	Issue Date	Expiry Date
3504	6.78	678.40	1996-Apr-10	2038-Apr-09
3505	10.16	1015.70	1996-Apr-10	2038-Apr-09
3506	5.20	519.80	1996-Apr-10	2038-Apr-09
3507	4.46	446.00	1996-Apr-10	2038-Apr-09
3508	3.25	325.00	1996-Apr-10	2038-Apr-09
3509	9.55	955.30	1996-Apr-10	2038-Apr-09
3510	10.69	1069.00	1996-Apr-10	2038-Apr-09
3511	9.70	969.60	1996-Apr-10	2038-Apr-09
3512	10.92	1092.10	1996-Apr-10	2038-Apr-09
3513	9.76	975.60	1996-Apr-10	2038-Apr-09
3514	10.27	1027.00	1996-Apr-10	2038-Apr-09
3515	6.32	632.30	1996-Apr-10	2038-Apr-09
3516	6.66	666.46	1996-Apr-10	2038-Apr-09
3517	4.45	445.30	1996-Apr-10	2038-Apr-09
3518	10.15	1015.30	1996-Apr-10	2038-Apr-09
3519	9.64	964.40	1996-Apr-10	2038-Apr-09
3520	9.95	995.40	1996-Apr-10	2038-Apr-09
3521	10.11	1011.20	1996-Apr-10	2038-Apr-09
3522	9.59	959.30	1996-Apr-10	2038-Apr-09
3589	9.81	980.80	1997-Jun-26	2039-Jun-25
3590	9.73	973.10	1997-Jun-26	2039-Jun-25
3591	10.12	1011.90	1997-Jun-26	2039-Jun-25
3592	9.63	963.00	1997-Jun-26	2039-Jun-25
3593	10.49	1048.80	1997-Jun-26	2039-Jun-25
3594	9.93	992.50	1997-Jun-26	2039-Jun-25
3595	9.72	972.40	1997-Jun-26	2039-Jun-25
3596	10.24	1024.30	1997-Jun-26	2039-Jun-25
3597	9.91	991.10	1997-Jun-26	2039-Jun-25
3803	9.50	949.60	1999-Nov-05	2041-Nov-04
3804	10.80	1080.30	1999-Nov-05	2041-Nov-04

Lease No.	Area (Km^2)	Area (Ha)	Issue Date	Expiry Date
3805	9.72	972.10	1999-Nov-05	2041-Nov-04
3807	10.20	1020.00	1999-Nov-17	2041-Nov-16
3812	9.62	962.20	1999-Nov-17	2041-Nov-16
3813	10.41	1040.90	1999-Nov-17	2041-Nov-16
3818	9.93	992.50	1999-Nov-17	2041-Nov-16
3824	9.49	948.50	1999-Nov-17	2041-Nov-16
3825	9.92	992.20	1999-Nov-17	2041-Nov-16
3848	10.44	1043.80	1999-Aug-16	2041-Aug-15
3854	9.89	988.90	1999-Nov-05	2041-Nov-04
3855	9.93	993.40	1999-Nov-05	2041-Nov-04
3856	10.53	1052.50	1999-Nov-05	2041-Nov-04
3857	10.24	1023.70	1999-Nov-17	2041-Nov-16
3858	10.05	1004.70	1999-Nov-17	2041-Nov-16
3859	9.95	994.70	1999-Nov-17	2041-Nov-16
3860	10.40	1040.10	1999-Nov-17	2041-Nov-16
3861	9.44	943.80	1999-Nov-17	2041-Nov-16
3862	10.06	1006.30	1999-Nov-17	2041-Nov-16
3863	10.21	1020.90	1999-Nov-17	2041-Nov-16
3864	9.59	958.90	1999-Nov-17	2041-Nov-16
3865	10.70	1069.80	1999-Nov-17	2041-Nov-16
3866	9.84	983.90	1999-Nov-17	2041-Nov-16
3867	9.89	989.00	1999-Nov-17	2041-Nov-16
3868	10.26	1026.10	1999-Nov-17	2041-Nov-16
3869	9.53	952.60	1999-Nov-17	2041-Nov-16
3870	10.12	1011.80	1999-Nov-17	2041-Nov-16
3871	9.99	998.70	1999-Nov-17	2041-Nov-16
3872	9.54	953.80	1999-Nov-17	2041-Nov-16
3873	9.67	966.50	1999-Nov-17	2041-Nov-16
3874	10.13	1013.30	1999-Nov-17	2041-Nov-16
3875	9.82	982.20	1999-Nov-17	2041-Nov-16

Lease No.	Area (Km^2)	Area (Ha)	Issue Date	Expiry Date
3876	9.71	970.50	1999-Nov-17	2041-Nov-16
3877	10.23	1023.40	1999-Nov-17	2041-Nov-16
3906	10.29	1029.10	2000-Jun-02	2042-Jun-01
3907	9.86	986.20	2000-Jun-02	2042-Jun-01
3940	9.37	936.90	2000-Jun-02	2042-Jun-01
3953	10.47	1046.90	2000-Jun-02	2042-Jun-01
3959	10.08	1008.10	2000-Jun-02	2042-Jun-01
3975	8.82	881.80	2001-Jul-27	2043-Jul-26
3976	9.07	907.10	2001-Jul-27	2043-Jul-26
3977	10.27	1027.00	2001-Nov-01	2043-Oct-31
3979	9.69	968.90	2001-Jul-27	2043-Jul-26
3980	9.87	986.90	2001 Nov 01	2043-Oct-31
3986	8.08	807.50	2001 Jul 27	2043-Jul-26
3989	6.08	608.20	2001 Jul 27	2043-Jul-26
3990	6.47	646.90	2001 Jul 27	2043-Jul-26
4024	6.41	640.90	2001 Nov 01	2043-Oct-31
4025	9.51	951.20	2001 Nov 01	2043-Oct-31
4029	9.61	961.00	2001 Jul 27	2043-Jul-26
4030	10.59	1059.30	2001 Jul 27	2043-Jul-26
4033	9.53	953.10	2001 Nov 01	2043-Oct-31
4034	9.79	978.90	2001 Nov 01	2043-Oct-31
4035	9.85	984.60	2001 Nov 01	2043-Oct-31
4036	7.08	708.10	2001 Jul 27	2043-Jul-26
4037	10.43	1043.00	2001 Jul 27	2043-Jul-26
4038	11.61	1161.10	2001 Jul 27	2043-Jul-26
4362	5.89	588.50	2001 Nov 16	2043-Nov-15
4363	6.67	667.00	2001 Nov 16	2043-Nov-15
4364	6.25	625.10	2001 Nov 16	2043-Nov-15
4365	6.29	629.40	2001 Nov 16	2043-Nov-15
4372	9.47	946.60	2001 Nov 16	2043-Nov-15

This is **Exhibit "C"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

A Commissioner for the taking of Affidavits for *British Columbia*

Government of Canada Gouvernement du Canada

Government provides crucial support to the Ekati Diamond Mine amid trade uncertainty, protects Northern workers and local communities in the Northwest Territories

From: Department of Finance Canada

News release

December 18, 2025 - Ottawa, Ontario - Department of Finance Canada

Disruptive trade patterns are bringing uncertainty to sectors across Canada and impacting businesses' longer-term planning and operations. The diamond sector, a centrepiece of the Northwest Territories' economy – employing over 1,000 Northerners and contributing close to 20 per cent of territorial gross domestic product – is particularly exposed.

Tariffs coupled with low global diamond prices, inflationary pressures, and sustained supply chain bottlenecks are proving a challenge to navigate. That's why the government is responding with a loan to support the Ekati Diamond Mine in the Northwest Territories.

Today, the Honourable François-Philippe Champagne, Minister of Finance and National Revenue, announced that the federal government, through Canada Enterprise Emergency Funding Corporation, is providing financial support to Arctic Canadian Diamond Company Ltd., the operator of the Ekati Diamond Mine located along Lac de Gras.

This $115 million loan through the Large Enterprise Tariff Loan facility will help the Ekati Diamond Mine continue operations and protect valuable jobs in the community.

The Government of Canada recognizes that the Ekati Diamond Mine contributes significantly to the territory's economy. While diamond mining remains one of the Northwest Territories' primary economic drivers, many mines are approaching the end of their operational lives.

That's why the Government of Canada is both providing the loan to ensure the Ekati mine can continue to operate and also working with the Government of the Northwest Territories, Indigenous governments, and Northern organizations to proactively support economic diversification and create new, sustainable opportunities for Northerners.

Quotes

> "Our government understands the value diamond mining brings to the Northwest Territories' economy and its people. The loan announced today will support stability. It will help to maintain good, high-value jobs, strengthen our Northern industries, and help us build a more diversified and prosperous economic future for all of Canada."
>
> - *The Honourable François-Philippe Champagne, Minister of Finance and National Revenue*

> “Tariffs are having a real impact on workers, families, and communities across the Northwest Territories. From the beginning, our government has always been clear that we will be there to protect Canadian interests. Today’s announcement of $115 million to help the Ekati Diamond Mine not only reflects our commitment to supporting jobs and families but also our commitment to ensuring this moment of economic change becomes a generational opportunity for Northerners.”
>
> *- The Honourable Rebecca Alty, Minister of Crown-Indigenous Relations*

> “Ekati has been a cornerstone of the Northwest Territories’ economy for decades, supporting workers, families, and Indigenous communities. This support will help protect good jobs today while giving the North the stability it needs to plan for a resilient, diversified, and sustainable economic future.”
>
> *- The Honourable Tim Hodgson, Minister of Energy and Natural Resources*

Quick facts

- The Ekati Diamond Mine, operated by Arctic Canadian Diamond Company Ltd., is Canada’s first combined surface and underground diamond mine. It is located approximately 300 km northeast of Yellowknife in the Lac de Gras region of the Northwest Territories.
- In 2024, Ekati employed 208 Northern Indigenous workers and invested $210 million in Northern Indigenous businesses.

- In March 2025, the government announced the creation of the Large Enterprise Tariff Loan (LETL) facility, a $10 billion financing facility managed by Canada Enterprise Emergency Funding Corporation, a subsidiary of Canada Development Investment Corporation, to support Canadian companies affected by actual or potential tariffs and countermeasures.
- On September 5, the government announced updates to the LETL facility to extend more flexible terms to all sectors.
- Amendments included reducing the minimum annual revenue requirement from $300 million to $150 million, reducing the minimum loan size from $60 million to $30 million, extending the loan maturity from 5 to 7 years, reducing the initial interest rate, and requiring companies to prioritize worker retention.

Related products

- Large Enterprise Tariff Loan facility - Overview

Contacts

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Search for related information by keyword: Economics and Industry | Department of Finance Canada | Canada | Business and industry | general public | news releases | Hon. François-Philippe Champagne

Date modified: 2025-12-18

This is **Exhibit "D"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

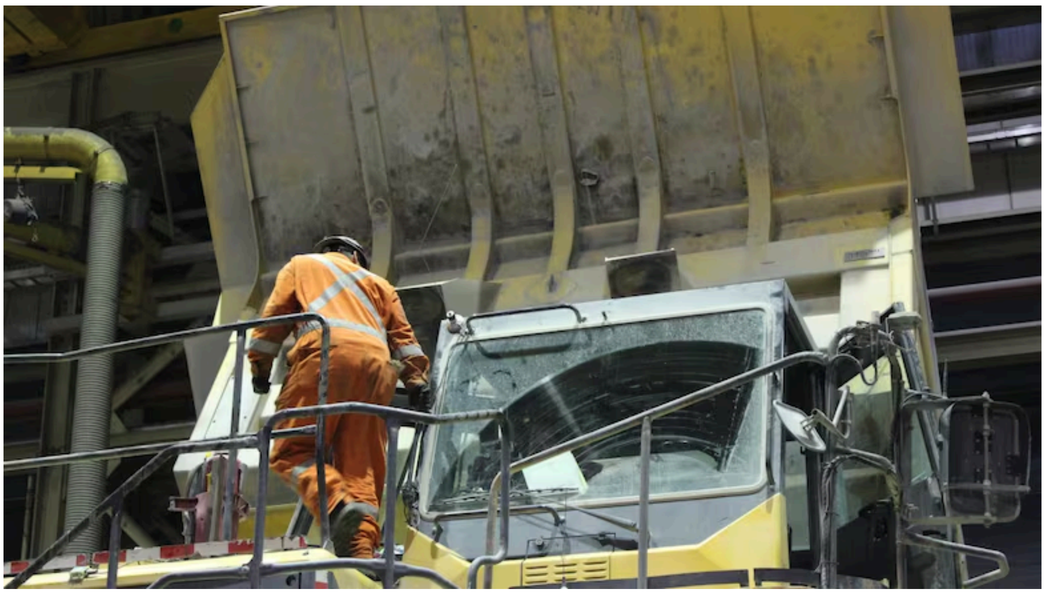
A Commissioner for the taking of Affidavits for
British Columbia

North

Low diamond prices raise risk of early closure of N.W.T. mines, experts say

All three N.W.T. diamond mines reported millions of dollars of losses in 2024

Luke Carroll · CBC News · Posted: Apr 04, 2025 1:00 AM PDT | Last Updated: April 4



Diavik took media on a tour of its mine site on East Island in Lac de Gras on Aug. 23, 2024. The mine is reporting steep losses from 2024 due to a number of factors including declining diamond prices. (Liny Lamberink/CBC)

All of the N.W.T.'s diamond mines are reporting millions of dollars in losses from last year as they deal with inflation and slumping diamond prices.

With just a short time left in the lifespan of the three mines and more potential economic turbulence ahead, experts believe there is risk the mines could close — and leave the territory with no economic replacement plan — earlier than expected.

Rio Tinto reported its Diavik diamond mine experienced a $127 million loss in 2024, Burgundy reported that Ekati saw a $94.7 million loss, and Gahcho Kué's minority stake owner Mountain Province reported a $81 million loss.

Graeme Clinton is a Yellowknife economist and the owner of the firm Impact Economics. He also authored the Eyes Wide Open report published last winter, which painted a grim picture of the territory's economic future once the mines close.

- **N.W.T. could lose hundreds of jobs and residents when the mines close, economist warns**

"I don't think nearly enough is made of the state of the markets which are most important to our economy," said Clinton.

A file photo of Graeme Clinton, a Yellowknife economist and author of a report that looked at the territory's bleak economic fortunes once the diamond mines close. (Peter Sheldon/CBC)

"These low prices could very well mean an early closure" at all three mines, he said.

Clinton said there's no indication the mines will be closing early and he doesn't want to alarm people but he said the low prices are something the public should be aware of because closure could mean the loss of over 1,000 jobs, both directly and indirectly.

He said that remediation also won't offer nearly as much employment as the operating mines will.

"It's not like Giant Mine where there's going to be a 25-year legacy," he said.

Heather Exner-Pirot is a senior fellow and director of energy, natural resources and environment at the Macdonald-Laurier Institute in Ottawa. Her research focuses on the

Arctic and natural resources.

She said her husband works for Gahcho Kué, and that there's fear among workers about what the slumping prices mean.

Heather Exner-Pirot, a senior fellow and director of natural resources, energy and environment at the Macdonald-Laurier Institute, said the N.W.T. has no industry ready to replace the diamond industry when the mines close. (Submitted by Heather Exner-Pirot)

Exner-Pirot also said the price of diamonds is important, whether the mines close early or operate until their intended lifespan is over. That's because if diamond prices remain low, the territory will continue to get fewer royalty payments.

What are the mines saying?

Diavik's closure is scheduled for the first quarter of 2026, Ekati is expected to operate until 2029 — although there's been some discussion on its lifespan extending — and Gahcho Kué is expected to operate until about 2030.

Rio Tinto says part of the financial losses in 2024 were impacted by the tragic Fort Smith plane incident, the end of surface-level mining at the A21 pit in 2023, as well as weather and geotechnical issues.

"We are constantly reviewing and managing our costs and expenditures to ensure we run a safe and profitable operation," reads a statement from Matthew Breen, Diavik's chief operating officer.

Matt Breen, Diavik's chief operating officer, on August 23, 2024. 'We are constantly reviewing and managing our costs and expenditures to ensure we run a safe and profitable operation,' he said. (Liny Lamberink/CBC)

Ariella Calin, a spokesperson for Burgundy, wrote in an email that "2024 was extremely challenging for Ekati due to historic low rough diamond prices with no relief on costs."

Calin wrote the mine was also impacted by production being lower due to the ramping down of the Sable open pit and preparing for the new Point Lake open pit.

"Even though we are operating in one of the most expensive jurisdictions globally, we are optimistic about the future of Ekati well into the mid-2030s. We will continue to work with our local government, suppliers and communities to help build a sustainable future for the mine for other generations."

CBC News reached out to Gahcho Kue's minority owner Mountain Province and majority owner DeBeers. Neither responded by deadline.

Why are the prices so low?

Paul Zimnisky, an independent diamond industry analyst, said the overall diamond market has been challenging for the entire supply chain over the last two years.

Zimnisky said lab-grown diamonds only represented about one per cent of the market 10 years ago, but five years ago it grew to about 10 per cent and now — it's over 20 per cent.

He said another factor impacting the low prices is that demand for diamonds from China — which was the second largest consumer of diamonds — has gone down by as much as 50 per cent from pre-pandemic levels.

The A21 pit at Diavik Diamond Mine in 2024. (Liny Lamberink/CBC)

What does the future look like?

Karen Costello, the executive director of the N.W.T. and Nunavut Chamber of Mines, said a big fear for the mines were the tariffs.

Zimnisky said looking forward, the tariffs could complicate supply chains and inflation could impact consumer spending overall. But he said if the U.S. ends up benefiting in the medium-term, it could help with the global consumer diamond demand.

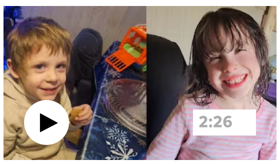
"Overall, I would speculate that a lot of countries will cut or reduce their levies on the U.S. in the coming days and a lot of this will simmer down," he wrote in a follow-up email.

Zimnisky said the markets have recently been showing some promising signs in consumer spending on diamonds, which could be good news for the territory's mines.

But even with a bounce back in diamond prices some experts, like Exner-Pirot, say it doesn't change the territory's fortune as the mines heads toward closure date with no industry ready to replace them.

"What happens to that capacity when that sector goes, whether it's next year or five years from now?" she said.

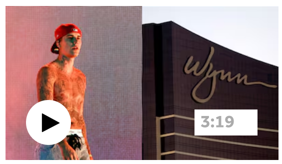
TRENDING VIDEOS



VIDEO

Court documents shed new light on case of missing N.S. children

CBC News Nova Scotia



VIDEO

Justin Bieber look-alike crashes Vegas nightclub, racks up $10K bill | Hanomansing Tonight

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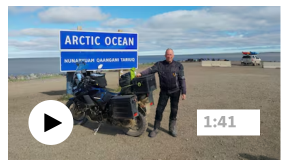

VIDEO

Kitchener man goes on an epic motorcycle ride to take a dip in the Arctic Ocean

VIDEO

Zelenskyy's Oval Office zinger

About That With Andrew Chang

VIDE

Putir

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?

Trump says imports of wood products may pose national security threat to U.S. — raising fears in B.C.

Akshay Kulkarni

Canada - British Columbia

|

REVIEW

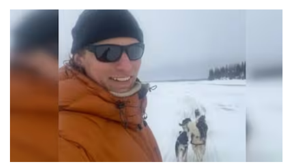
Oasis hits Toronto with nostalgia rock in wet and woeful Rogers Stadium

Jackson Weaver

Entertainment

Nearly $1K in fines after driver claimed he was speeding due to fuel shortage

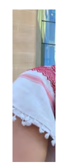
Canada - British Columbia



Missing Norwegian trekker found dead near York Factory in northern Manitoba

Dave Baxter

Canada - Manitoba



Pride being Pales

Gabri

Cana

This is **Exhibit "E"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

A Commissioner for the taking of Affidavits for *British Columbia*

US tariffs set to cripple India's diamond industry, hurting jobs, exports

By **Sumit Khanna** and **Rajendra Jadhav**

April 4, 2025 5:08 AM PDT · Updated April 4, 2025

[1/5] A craftsman checks the grading of polished diamonds in the grading department of a diamond processing unit in Surat, India April 3, 2025. REUTERS/Anushree Fadnavis/File Photo

Summary

- Business at standstill in diamond polishing hub of Surat
- U.S. takes more than 30% of India's jewellery exports
- Export slowdown could cut output, cost jobs

SURAT, India, April 4 (Reuters) - A wave of anxiety has gripped India's diamond polishing hub of Surat, as hefty U.S. tariffs threaten to undermine the country's gem and jewellery exports, putting at risk the livelihoods of thousands of workers.

The United States, which takes more than 30% of the South Asian nation's gem and jewellery exports, set a 27% reciprocal tariff on it on Thursday, at a time when demand is softening in other key markets such as China, the Middle East, and Europe.

"Tariffs will hit hard the demand for diamonds in the United States and job losses look inevitable, at least in the short term," said Dinesh Navadiya, chairman of the Surat-based Indian Diamond Institute.

Surat, the second-largest city in Gujarat, the western home state of Prime Minister Narendra Modi, processes and polishes more than 80% of the world's rough diamonds, and India accounts for nine in every 10 diamonds processed globally.

Business has ground to a halt in its teeming diamond market, where more than 10,000 traders and brokers gather each day, as the industry tries to figure out how matters will evolve in the coming months.

Conditions are worse than during the 2008 financial crisis, when the industry was plagued by fears of a prolonged recession, said Mansukh Mangukiya, a diamond trader for five decades.

A slowdown in the industry will hit all manufacturers, but smaller players will suffer most, said Sevanti Shah, chairman of Venus Jewels, adding, "Many smaller manufacturers will have no choice but to shut down."

The United States accounted for nearly $10 billion, or 30.4%, of India's annual gems and jewellery exports, totalling $32 billion in the fiscal year 2023/24.

U.S accounts for more than 30% of India's gems and jewellery exports

THIRD LARGEST EXPORT TO U.S.

Gems and jewellery are India's third largest export to the United States, after engineering and electronic goods, and employ millions of workers, including artisans.

Poorer business prospects also raise questions about the future of the Surat Diamond Bourse, inaugurated by Modi in 2023 to create thousands of new jobs and serve as a trade hub.

Built over 6.6 million square feet, it was touted as the world's largest office building, surpassing the Pentagon.

The industry will seek alternative markets to compensate for the loss of U.S. demand, but no other country will be able to replace the U.S. market, diamond dealers said.

The sudden decline in U.S. demand would require short-term production adjustments within the industry and could lead to reduced rough diamond imports, said Shaunak Parikh, vice chairman of the Gem and Jewellery Export Promotion Council.

Exporters are making last-minute efforts to ship as much as possible to the United States before its new tariffs take effect, Parikh said, while orders that cannot be delivered earlier may be cancelled or put on hold.

The tariffs would also drive up U.S. prices, crimping demand, said Vipul Shah, managing director of Asian Star, a leading diamond exporter.

An uncertain future lies ahead for Chetan Navadiya, a diamond manufacturer turned job-work contractor.

"I lost my business due to the market slowdown," Navadiya said. "I took up job work to survive, but even those contracts may not come by now, because of U.S. tariffs."

Reporting by Rajendra Jadhav and Sumit Khanna; Editing by Mayank Bhardwaj and Clarence Fernandez

New Development Bank names RBI's Rajiv Ranjan as vice president

ago

Sustainability

India warns foe Pakistan of potential flooding as both battle torrential rains

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India

Flutter shuts down money-based online games in India following law change

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India

India to tap Amazon, Flipkart data directly in inflation revamp, roll out services index

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World >

Syria says Israel takes some territory around Mount Hermon despite talks

Middle East · August 25, 2025 · 9:15 AM PDT · 9 mins ago

Syria said on Monday that Israel had sent 60 soldiers to take control of an area inside the Syrian border around Mount Hermon, saying the operation violated its sovereignty and posed a further threat to regional security.

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This is **Exhibit "F"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

A Commissioner for the taking of Affidavits for *British Columbia*

BURGUNDY
DIAMOND MINES

ASX: BDM
www.burgundy-diamonds.com

September 24, 2024

The Honourable R.J Simpson
Premier of the Northwest Territories,
Minister of Executive and Indigenous Affairs,
Minister of Justice,
Government House Leader
P.O. Box 1320
Yellowknife, NT
X1A 2L9

RE: BURGUNDY DIAMOND MINES REQUEST FOR URGENT REVIEW AND SUPPORT

Background

Since acquiring Ekati, the team at Burgundy Diamond Mines has worked tirelessly to improve the economic viability of the asset by strengthening the balance sheet, improving efficiencies, reducing costs, optimising sales channels and identifying ways to extend the mine life. Our team met with key government and community stakeholders soon after the acquisition and several times since then. The key message was that Burgundy would make every effort to extend the life of the asset but needed support from all stakeholders to assist in this significant challenge. Since the acquisition, diamond prices have declined by at least 20% and the industry remains in a state of turmoil. The recent financial loss announced by one of the other local diamonds mines proves how difficult things have become. Despite this backdrop, there has been very little support forthcoming. Environmental requirements are getting unnecessarily more onerous, government agencies are inflexible to change, and the burden placed on the asset is increasing. Should this trend continue, then Burgundy will need to revisit the viability of the Ekati asset and focus on growth elsewhere. This would be tragic, as there is no technical reason why the Ekati asset could not keep operating until at least 2040 and beyond due to the significant diamond resources that remain undeveloped on the property. In fact, Jay pipe alone represents one of the largest undeveloped kimberlite pipes on the planet.

Specific Support Required

Burgundy has identified several areas where the government could provide support which would significantly alleviate the burden of operating in the north. These areas include but are not limited to:

Burgundy Diamond Mines Limited
Level 25, South 32 Tower, 108 St Georges Terrace, Perth WA 6000, AUSTRALIA | Ph: +61 8 6313 3945
Suite 900, 604 Fourth Street S.W., Calgary, Alberta, T2P 1T1, CANADA | Ph: +001 1 403 910 1933
Schupstraat 15, 2018 Antwerp, Belgium

BURGUNDY
DIAMOND MINES

ASX: BDM
www.burgundy-diamonds.com

1. Mine Reclamation Provisioning

Current legislation requires the total estimated closure cost to be underwritten by either a letter of credit or fully insured by surety providers. It is not possible for a small independent mining company to obtain a letter of credit for hundreds of millions of dollars, so Burgundy has no choice but to use a consortium of surety providers. This costly arrangement requires cash to be set aside in a bank account and annual interest to be paid. Despite renegotiating the surety arrangement, by extending the term of the payment schedule, the annual burden is significant. Approximately US$50M needs to be set aside annually even under the new terms. Burgundy would like to explore alternate arrangements with the GNWT to reduce the size of this annual burden so that the much-needed funds can be spent on projects that extend the life of the mine. We also request a review of the progressive reclamation funding process which can be carried out concurrent to existing operations in a cost-effective manner.

2. Diamond Royalty Valuation Process

As a legacy of the De Beers selling cycle of 10 sales per year, the current royalty valuation process only allows for 10 royalty valuations to occur each year. Practically this means that diamond inventory is held in Yellowknife for many weeks waiting for government valuers to attend, before it can be exported for sale (our current cycle time is 16 weeks from mine to sale). The current process allows some goods to be 'fast tracked' but these are smaller low value goods so does not allow material sales revenue acceleration. This existing process unnecessarily ties up much needed revenue. It is worth noting that the royalty paid by Burgundy is based on the actual sale price achieved not the government valuation. Burgundy therefore requires that the royalty valuation process be reviewed with urgency to allow diamonds to be exported as soon as they are ready for shipment. This would increase the velocity of the inventory pipeline and provide a more regular cash stream to the business and thereby improving the economic viability of the business.

3. Mineral Resource Act Regulations Development

Ekati has been in operation for over 25 years, and we have made a significant financial contribution to the territorial government as well as the indigenous communities through taxes, direct financial contributions, employment, training and service/supply contracts. However, given the significantly higher Ekati operational costs associated with mining kimberlites further and further afield as well as transitioning to underground mining methods, along with global diamond prices being at all time lows, maintaining the Ekati's financial viability is under enormous pressure. From the Mineral Resource Act Regulation development process, we understand new Benefit Agreement requirements will be implemented under the new Regulations and as such our existing IBAs may not be directly

Burgundy Diamond Mines Limited
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Schupstraat 15, 2018 Antwerp, Belgium

accepted, which may require us to negotiate new Benefit Agreements further eroding Ekati's financial viability. Burgundy requests assurance that existing IBAs will be directly accepted under the new MRA Regulation.

4. Environmental Permitting Process

Whilst permitting of new mining projects is necessary, the process in the north has become so unduly complicated and unnecessary, that projects are being held back and potentially becoming unviable. The process needs to be reviewed with urgency. Ekati has been in operation for over 25 years. The environmental impacts are well understood and have been demonstrably well managed. The process of recovering diamonds uses no chemicals, heat or reagents that are harmful to the environment. The process simply involves, digging, crushing, grinding and x-ray machines to recover the diamonds. The current permitting process involves numerous participants, including community members, scientists, legal advisors and others, all of whom gain financially through all permitting processes taking longer. Burgundy understands this process is not owned by the GNWT, as such Burgundy requests support from the GNWT to invoke an urgent review of this process by the MVLWB and WLWB with the goal of streamlining and reducing the costs and time involved so that projects can be progressed in a timely manner to improve economic viability. Particularly when considering underground expansions beneath existing surface disturbances, where the environmental impacts of extending mining deeper are incremental or negligible.

5. Water Management Requirements

It is undisputed that the water resources in the north are pristine and precious and must maintained as such. Once water has been affected by mining activities it must meet threshold criteria before it can be reintroduced back into the receiving environment. This is not disputed. However, with over 25 years of extensive water quality and environmental monitoring data collected in and around Ekati, combined with existing treatment and management methodologies, there is no doubt that we can discharge suitable water quality back to the environment.

Burgundy requests support in approaching the federal agencies to urgently review the water management and monitoring standards with the goal of balancing practical and sensible controls coupled with the use of our extensive database of monitoring results along with current technology and practises.

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6. Improving understanding

Diamond mining has been the key economic driver in the north for over 25 years. Billions of dollars have been spent on exploring, developing and mining diamonds. Burgundy believes there are still very significant diamond resources that exist in the north that can be economically advanced. Very valuable infrastructure has been established to support the industry that is probably economically irreplaceable in the form of power generation, roads, equipment, warehousing, airports, accommodation facilities, medical facilities, maintenance workshops, offices and many more. This infrastructure must continue to be used for as long as possible. This infrastructure along with the diamond resources in the ground should be viewed by the government as a strategic asset. Burgundy believes the mindset in the north needs to change from that of "closure" to "opportunity". In fact, there is no reason that diamond mining cannot continue at scale for the next 25 years. Burgundy would be very happy to discuss with government what else can be done to ensure that diamond mining stays an important contributor to the local economy for many years to come.

What Burgundy Has to Offer

Burgundy has established a highly experienced management team with many years of experience in the diamond industry and in the north. We are fully committed to making the business successful. If this can be achieved with support from the government and other key stakeholders, the benefits for the north which include the following will continue:

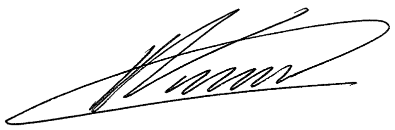
1. Taxes and royalties - Burgundy currently contributes tens of millions of dollars in the form of taxes each year to the local economy.
2. Employment – Burgundy and northern contractors employ around 1200 workers, with over 350 from northern communities. Each of these employees support their local economies as well as the territorial economy in the form of payroll taxes and spending their hard-earned dollars on local goods and services. We are committed to maximising northern employment and will continue to strive to increase the proportion of northern employees in our workforce. We also believe there is an opportunity to leverage northern hires further with the upcoming closure of Diavik, and potentially Gahcho Kue in the future, mitigating the direct employment impact occurring in the north.
3. Community payments – Burgundy contributes around $5M each year to the various communities in the form of IBA payments, donations, and sponsorships.
4. Community support – Burgundy regularly supports community projects and consistently sponsors students and training for northerners each year.
5. Support for local businesses – Burgundy engages local businesses in support of day-to-day operations that benefit the community. In 2023 northern contractor spend was over $245

million. These businesses in turn make a profit and spend money locally on goods and services.

6. It is estimated that if Burgundy can successfully operate for the next 25 years, the size of the prize for the north could be upwards of $500M when combining all the above towards the local economy.

We are confident that our continued collaboration will bring substantial benefits to the Northwest Territories, fostering economic growth and sustainable development. We look forward to discussing this further in our upcoming meetings.

Sincerely,



Kim Truter
Chief Executive Officer
Burgundy Diamond Mines Ltd.

CC:

Deputy Premier, Minister of Finance, Minister of Infrastructure, Minister Responsible for the Northwest Territories Power Corporation – The Honourable Caroline Wawzonek

Minister of Education, Culture and Employment and Minister of Industry, Tourism, and Investment - The Honourable Caitlin Cleveland

Minister of Environment and Climate Change - The Honourable Jay Macdonald

Deputy Minister of Industry, Tourism and Investment - Pamela Strand

Ministerial Special Advisor to Minister Caitlin Cleveland - Nigel Wodrich

Tłı̨chǫ, Mines Liaison Coordinator - Grace Mackenzie

Tłı̨chǫ, Grand Chief - Jackson Lafferty

Tłı̨chǫ, Behchokǫ̀ Chief - Clifford Daniels

Tłı̨chǫ, Gamètì Chief - Doreen Arrowmaker

Tłı̨chǫ, Whatì Chief - Alfonz Nitsiza

Tłı̨chǫ, Wekweètì Chief Adeline Football

North Slave Métis Alliance, President - Marc Whitford

Łutsel K'e Dene First Nation, Chief - James Marlowe

Yellowknives Dene First Nation, Chief - Ernest Betsina

Yellowknives Dene First Nation, Chief - Fred Sangris

Hamlet of Kugluktuk, Mayor - Ryan Nivingalok

Kitikmeot Inuit Association, President - Robert Greenly

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This is **Exhibit "G"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

A Commissioner for the taking of Affidavits for *British Columbia*

North

'Surprised and disappointed': Ekati layoffs reverberate across N.W.T.

Dene National Chief says job losses will have a big impact on Tłı̨chǫ communities

Sidney Cohen · CBC News · Posted: Jul 18, 2025 2:51 PM PDT | Last Updated: July 18

Ekati owner Burgundy Diamond Mines announced Wednesday that it was suspending open pit operations at Ekati and laying off 'several hundred employees and contractors.' The company is still mining at the Misery underground site. (Arctic Canadian Diamond Company)

As Indigenous leaders and northern workers absorb the shock of this week's layoffs at Ekati Diamond Mine in the Northwest Territories, industry observers say the scaling back of operations at Ekati is indicative of challenges facing the diamond industry.

Dene National Chief George Mackenzie said the job losses are going to affect Tłı̨chǫ communities "big time."

"Some of the workers there have worked there almost 30 years," said Mackenzie, who is also a former Tłı̨chǫ grand chief. "They have bills, and they have to look after their family, and to be out of work is going to be a huge effect on our community, in our region."

Ekati owner Burgundy Diamond Mines announced Wednesday that it was suspending open pit operations at Ekati and laying off "several hundred employees and contractors." The company is still mining at the Misery underground site.

The Yellowknives Dene First Nation (YKDFN) Chief of Dettah said he was "very surprised and disappointed" by the layoffs.

"We have a number of members that worked at Ekati for years and years, and I hope that each one of them will be given a fair treatment with their seniority," said Chief Ernest Betsina.

Neither Betsina nor Mackenzie could say exactly how many YKDFN or Tłı̨chǫ citizens lost their jobs. Betsina said that for those affected, he's going to work to ensure they get "the right payout for how many years they've been serving" at Ekati.

Dene National Chief George Mackenzie said job losses at Ekati Diamond Mine are going to affect Tłı̨chǫ communities 'big time.' (Spencer Colby/The Canadian Press)

Johnny McKinney is the regional vice president of the Kimberlite Division for the Union of Northern Workers (UNW). UNW represents about 400 workers at Ekati.

He said UNW was told that around 160 of its members were laid off, but the union has yet to see an official list.

Not all those workers are necessarily northern.

"What we have been ensured of is that through the process of selecting the laid off individuals that they are considering all the IBA (Impact Benefit Agreements)

agreements and really keeping in mind trying to keep the Northern numbers up," said McKinney.

Union members are feeling a full spectrum of emotions, said McKinney: confused, sad, upset, angry, indifferent and disappointed.

He said any worker who was given less than a two-week notice will get two weeks of pay. Laid off workers will be on "recall" for the next 12 months, meaning they don't get severance pay because they can be called back to work within that period.

But Burgundy hasn't offered the union a timeline.

"All they've really given us is once the diamond prices rebound, and once there's an increased cash flow, and all these other things that they're looking at, once that happens then they will be recalling," said McKinney.

He noted that so far Burgundy appears to be complying with their collective agreement.

'We have a number of members that worked at Ekati for years and years, and I hope that each one of them will be given a fair treatment with their seniority,' said Ernest Betsina, the Yellowknives Dene First Nation chief of Dettah. (Sara Minogue/CBC)

'Mining is a very difficult business'

Industry watchers were less shocked by news that Burgundy was pausing mining at Ekati's Point Lake open pit, which went into production earlier this year.

Paul Zimnisky, an independent diamond industry analyst based in New Jersey, said several factors likely led the company to downsize operations.

The diamond market has been weak for more than two years, with prices down 10 to 30 per cent from all-time highs in early 2022, he said.

What's more, said Zimnisky, demand for diamonds in China – the second largest consumer after the US – was down as much as 50 per cent last year. Competition from lab-grown diamonds also continues to put pressure on the natural diamond market.

"So those three factors combined have led to this elongated crisis the last few years," he said.

Paul Zimnisky, a diamond industry analyst, at Ekati in June of 2024. Zimnisky said diamond prices are down 10 to 30 per cent from all-time highs in early 2022. (Submitted by Paul Zimnisky)

Ekati is Canada's first diamond mine – production began there in 1998 – and Zimnisky said it becomes harder to make mines economical as they age.

Typically, he said, a company will mine their most profitable sources early on so they can pay back debt and costs from building their mine. Over time, the company will look for other opportunities to continue production, "but the economics could get more challenging."

He said Point Lake was one of the first economic diamond-bearing kimberlites discovered in Canada, but it was one of the last to go into production, which suggests it wasn't as favourable as other deposits at Ekati.

Zimnisky took a dim view of Point Lake's future.

It's possible Burgundy will resume mining there if diamond prices recover, he said, but it will be difficult to maintain equipment and rehire all those workers.

"Mining is a very difficult business and I think this is an example of that," he said.

Karen Costello, executive director of the Northwest Territories and Nunavut Chamber of Mines, said the situation at Ekati is a "true reflection" of pressures diamond miners are facing amid low prices, increased costs and challenges related to U.S. tariffs.

But she's encouraged by private N.W.T. company Arctic Blue Diamond's recent acquisition of a controlling interest in the WO Diamond Project. The project includes eight mining leases about 23 kilometres from Diavik Diamond Mine and 53 kilometres from Ekati.

In an update Friday, Burgundy said it plans to release a "pre-feasibility study on the proposed development of Fox underground as a long-term project." It described Fox as a "high value per carat deposit" that was last mined in 2014.

The company plans to release a new mine plan by the end of July.

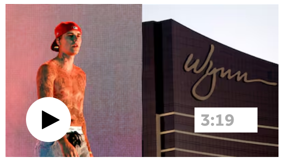
With files from Marc Winkler and Meghan Roberts

TRENDING VIDEOS

VIDEO

Court documents shed new light on case of missing N.S. children

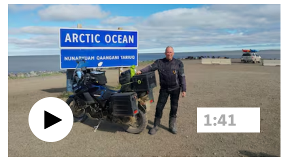
CBC News Nova Scotia



VIDEO

Justin Bieber look-alike crashes Vegas nightclub, racks up $10K bill | Hanomansing Tonight

Hanomansing Tonight



VIDEO

Kitchener man goes on an epic motorcycle ride to take a dip in the Arctic Ocean

VIDEO

Zelenskyy's Oval Office zinger

About That With Andrew Chang

VIDE

Putir

RECOMMENDED FOR YOU

?

Trump says imports of wood products may pose national security threat to U.S. — raising fears in B.C.

Akshay Kulkarni

Canada - British Columbia

|

REVIEW

Oasis hits Toronto with nostalgia rock in wet and woeful Rogers Stadium

Jackson Weaver

Entertainment

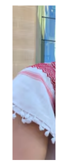
Nearly $1K in fines after driver claimed he was speeding due to fuel shortage

Canada - British Columbia

Missing Norwegian trekker found dead near York Factory in northern Manitoba

Dave Baxter

Canada - Manitoba



Pride being Pales

Gabri

Cana

This is **Exhibit "H"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

A Commissioner for the taking of Affidavits for *British Columbia*

2023

ANNUAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2023

Burgundy Diamond Mines Limited
ABN 33 160 017 390

BURGUNDY
DIAMOND MINES

Annual Report
For the period ended 31 December 2023

Contents

Corporate Directory

Board of Directors

Michael O'Keeffe	Executive Chair
Kim Truter	Chief Executive Officer and Managing Director
Marc Dorion	Non-Executive Director
Stephen Dennis	Non-Executive Director (Appointed 30 January 2024)
Trey Jackson	Non-Executive Director (Appointed 30 January 2024)

Company Secretary

Brad Baylis

Registered Office

Level 25
South32 Tower

108 St Georges Terrace
Perth WA 6000

Telephone: 08 6313 3945
Website: www.burgundydiamonds.com
Email: info@burgundydiamonds.com

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: BDM)

Auditors

KPMG Australia
235 St Georges Terrace
Perth WA 6000

Share Registry

Automic Share Registry
Level 5, 191 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

Managing Directors' Report

On behalf of the Board of Directors, I am pleased to present the Company's Annual Report for the financial period ended 31 December 2023 ("FY2023").

The year was a landmark for the company as we pivoted from a modest-sized exploration company into a globally significant diamond producer. Burgundy is now the world's leading publicly listed end-to-end diamond company, and the biggest diamond producer in Canada and the Group of 7 nations ("G7") worldwide.

In the early half of the year, as the transaction to acquire the Arctic Canadian Diamond Company Ltd. ("ACDC") and Arctic Canadian Diamond Marketing N.V. ("ACDM NV") was underway, we took the time to thoroughly review our portfolio of projects across globe. As a result of this review, we ceased diamond exploration in Botswana, Namibia, and curtailed activities in Chile. We carry 40% stake in the Naujaat project in Nunavut, Canada. We also made the difficult decision to withdraw from the Ellendale alluvial project in Western Australia. The primary reason for these decisions was to focus on the transformational acquisition of Ekati Diamond Mine ("Ekati") in the Northwest Territories of Canada a tier one jurisdiction. Ekati is the seventh largest diamond producer globally and has the third largest diamond endowment. Apart from these characteristics the asset has excellent infrastructure, people, and a plethora of high-quality development options at very low capital cost. This is unique in the industry and speaks to the quality of this asset which has a long history (25 years) of production and has many more years to offer. This asset now forms the benchmark for our growth aspirations.

We successfully completed the Ekati acquisition on 1 July 2023, and we successfully integrated the Burgundy teams throughout Canada, Belgium and Australia. We have continued to enhance our operations and improve the performance across all business units, centred primarily on our Ekati Diamond Mine in Canada's Northwest Territories and our selling activities in Antwerp, Belgium. Our manufacturing facilities in Perth, Australia also produced some of the finest polished fancy diamonds from our very own supply in Canada, ensuring provenance throughout.

I have been pleased to see the entire Burgundy team integrate and engage as one unified organisation under one global brand. Our people have been unwavering in their commitment and professionalism throughout what has been an immense period of change and growth. I would like to thank our people for their endurance, expertise and commitment.

We have worked hard during the year to meet with stakeholders, including investors, customers, contractors, senior government officials and community leaders. We strongly believe that a key to our success will be to treat all stakeholders with respect, as equals and as a valued part of our business. We also hosted some key investors, customers, and stakeholders on a site visit to Ekati mine in November last year, giving them first-hand experience and insight into our world class operations. The feedback from those who attended was extremely positive, in line with the effort and energy of our teams on site.

Importantly, during the year we worked hard to improve and evolve our operations, while maintaining safety as our top priority amid seeking extension of the life of mine at Ekati as well as looking at other growth opportunities. A landmark milestone of 25 years of production and 95 million carats produced was achieved at Ekati in October 2023. This is a terrific achievement and a testament to the quality of this asset, which still contains one of the largest undeveloped diamond resources in the world. We improved and stabilised mining production and consistently achieved mine planning targets each month in the back half of 2023, helping us to achieve the highest tonnage processed in the plant since 2013.

A key focus has been on identifying options to extend the mine life at Ekati. This work started early in the year and were able to develop an exciting new conceptual life of mine plan for Ekati, that will potentially extend operations towards 2040. This will be achieved through the extension of Misery underground, moving underground at Sable, developing an underground mine at Fox, processing a remnant stockpile at Fox, optimising the Point Lake project, and implementing the underwater remote mining project if trials are successful.

We also spent a lot of time reviewing the diamond sales process and diamond inventory pipeline. Whilst there is always room to improve, a key feature of our rough diamond sales process is the proprietary and company owned and managed auction platform. Our team in Antwerp, Belgium manage this process which is high valued and respected in the industry. The system allows full transparency, is competitive and fair to all customers. Most importantly it ensures we receive the most competitive market prices for our diamonds. As a result, we achieved excellent sales results despite a softer market in the second half of the year. This performance clearly demonstrates the strength of the Ekati asset performance, the value of Canadian provenance and how well our proprietary company auction process is managed in Belgium. Furthermore, we sold all available rough diamond inventory by the end of the year.

We are pleased that the global diamond market is also showing resilience and greater opportunities over the short to medium terms thanks, in part, to the responsible actions taken by the industry to manage the supply chain and the support we have received from our existing and new customers. As such, we are very confident in the strength of the natural diamond industry fundamentals where long-term demand is expected to outstrip supply.

In 2024 we will build on our success as we strengthen the long-term production plan at Ekati, further enhance our sales efforts and continue to advance value accretive growth opportunities to cement our position as the leading end to end listed diamond company.

Thank you again for all your support of Burgundy as we continue to grow the business and assert our position as the largest list pure play diamond company in the world.

Kim Truter
Chief Executive Officer and Managing Director

BURGUNDY
DIAMOND MINES

2023

DIRECTORS' REPORT

Directors' Report

The Directors of Burgundy Diamond Mines Limited ("BDM" or "the Company") present their report, together with the financial statements of the consolidated entity consisting of Burgundy Diamond Mines Limited and its controlled entities for the financial period ended 31 December 2023 ("FY2023").

Directors

The names and particulars of the Company's directors in office during the financial period and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

Michael O'Keeffe (Executive Chair, appointed 15 June 2017)

Mr. O'Keeffe was the Managing Director of Glencore Australia Limited from 1995-2004 and was Executive Chair of Riversdale Mining Limited prior to that company being acquired by Rio Tinto PLC in 2011. Mr. O'Keeffe is currently the Executive Chair and former Chief Executive Officer of Champion Iron Limited which operates an iron ore project in Canada. Mr. O'Keeffe is a significant shareholder holding 4.78% of the ordinary share capital of the Company.

Current and former directorships of listed entities in the last three years:

Executive Chair of Champion Iron Limited (current)
Non-Executive Director of Mont Royal Resources Limited (current)

Special responsibilities:

Chair of the Board.

Interest in securities:

67,903,535 ordinary shares
5,000,000 convertible notes

Kim Truter (Chief Executive Officer & Managing Director, appointed 17 November 2022 and previously non-executive director, appointed 22 September 2020)

Mr. Truter was most recently the Chief Executive Officer of De Beers Canada from 2015 to 2019. During his tenure he led the successful completion and ramp-up to full production of the $1.0 billion Gahcho Kué diamond project in Canada, as well as the value-adding acquisition of the former Peregrine Diamonds assets. He was also a member of the De Beers Group executive team, driving global business performance across operations, sales, and marketing.

Previously, Mr. Truter served as Chief Operating Officer of Rio Tinto Diamonds, managing their global portfolio in Australia, Canada and Zimbabwe. He also served as Managing Director of Argyle Diamond Mines Pty Limited in Australia and as the President and Chief Operating Officer of Diavik Diamond Mines Inc in Canada.

Mr. Truter brings over 30 years of mining experience in both surface and underground operations and large-scale project development across multiple geographies. He has substantial diamond experience, providing executive global leadership in Canada, Australia and Africa; often in complex, remote and challenging operating environments. He has worked extensively with communities and governments to ensure that local benefits are sustainably established. His proven leadership capabilities include a very strong dedication to safety, productivity and financial performance improvement.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

None.

Interest in securities:

527,000 ordinary shares
15,048,526 unlisted options

Marc Dorion (Non-Executive Director, appointed 5 July 2020)

Mr. Dorion is a partner in the Business Law Group of prominent Canadian law firm McCarthy Tétrault, based in Montreal, where he supervises the natural resources group in Québec. He received his LLL from the Université de Sherbrooke, Quebec, Canada then did post graduate studies in corporate taxation at Osgoode Hall Law School, York University. His practice focuses on development, financing, construction and operation of major projects in the natural resources, energy, infrastructure and industrial sectors. He received the titles of Advocate Emeritus from the Quebec Bar and also of Queen's Counsel.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

Chair of the Human Resources and Compensation Committee and member of the Audit and Risk Committee

Interest in securities:

12,541,667 ordinary shares

Stephen Dennis (Non-Executive Director, appointed 30 January 2024)

Mr. Dennis has experience in the resource industry spanning over 35 years during which he held various joint venture roles and senior management positions in Australia and internationally. He has been involved in all aspects of the mining and resources business throughout his career, including the financing and development of major mine projects with strong track record of achieving positive results. He has held senior operational and commercial positions in MIM Holdings Limited, where he spent four years based at Mount Isa Mines operations, CBH Resources Limited, Brambles Australia Limited and Minara Resources Limited.

Current and former directorships of listed entities in the last three years:

Non-Executive Chair of Rox Resources Limited (current)

Non-Executive Chair of Marvel Gold Limited (current)

Non-Executive Director of Evolution Energy Minerals Limited (current)

Special responsibilities:

Chair of the Audit and Risk Committee and member of the Human Resources and Compensation Committee.

Interest in securities:

2,100,000 ordinary shares

Trey Jackson (Non-Executive Director, appointed 30 January 2024)

Mr. Jackson has more than 25 years of experience in the metals & mining and energy sectors as a private equity investor and executive in the US, Canada, Europe, and Australia, including numerous board appointments to private and public companies.

Mr. Jackson was an executive with The Cline Group from 2011 to 2019 as part of the team that built Foresight Energy from a greenfield development into a public company. While at The Cline Group, Mr. Jackson was the Chief Commercial Officer during the period the company developed the Coalspur and Donkin mines in Canada. He also led the acquisition, expansion, and divestment of Cline's subsidiary Convent Marine Terminals and served as company president during his tenure there.

Currently, Mr. Jackson serves as a co-founder of PBE Mining, a mining technology company with global patents and operations in Australia, and Tetra Resources, an Australian mining operator. With his experience serving on boards, including a prior Director role for a NYSE listed company, he brings a depth of experience and knowledge.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

Member of the Audit and Risk committee and member of Human Resources and Compensation Committee.

Interest in securities:

None.

Chief Financial Officer & Company Secretary

Brad Baylis (appointed on 26 April 2023)

Mr. Baylis has more than 25 years of experience in the energy and mining sectors in leadership roles spanning commercial, corporate, and operational finance. Mr. Baylis was most recently the Chief Financial Officer for Air Tindi, a regional airline based in Yellowknife in the Northwest Territories of Canada. Previous roles include the Chief Financial Officer of De Beers Canada and the Chief Financial Officer of Riverdale Resources.

Interest in securities:

None.

Principal Activities

The principal activities during the financial year were the operation of the 100% owned world class Ekati diamond mine located in Canada's Northwest Territories, sale of rough diamonds through auctions held in Antwerp Belgium and sale of polished diamonds manufactured in Burgundy's cutting and polishing facility in Perth Australia.

Review of Operations

During the period ended 31 December 2023, the focus of the Company was the integration of the transformational purchase of 100% interest in Ekati mine into the Burgundy portfolio. Specific activities focused on optimising Ekati's current mine performance and extending mine life through underwater remote mining, assessment of the Jay deposit and Fox and Sable Underground opportunities, and systematic exploration using newly applied machine learning (artificial intelligence) technology.

For the purpose of providing comparable information for the period 1 July 2022 to 31 December 2022, the Group has presented tonnes mined, ore processed, carats recovered, carat inventory on hand and carats sold by ACDC and ACDM NV for the period prior to acquisition by Burgundy.

During the period, a total of 9.2 million tonnes were mined, down 28% over the same period in 2022 (July to December 2022: 12.8 million tonnes) due to lower waste movement requirements in 2023. Whereas a total of 2.3 million tonnes of ore were mined, up 77% over the same period in 2022 (July to December 2022: 1.3 million tonnes).

A total of 2.1 million tonnes of ore was processed through the process plant during the period up 8% from the same period in 2022 (July to December 2022: 2.0 million tonnes). The plant performed extremely well in 2023 with the ore processed through the plant for the year was the most since 2014.

During the period, 2.6 million carats were recovered, up 27% versus the same period in 2022 (July to December 2022: 2.0 million carats). Carats recovered were higher than previous period due to better plant performance and improved grade. The Group ended the year with 1.3 million carats in ending inventory up 43% versus ending inventory in 2022 (0.9 million carats). The ending inventory represents the normal work in progress and finished goods inventory based on the current sales cycle.

Capturing incremental margins along the diamond value chain by cutting and polishing coloured Ekati diamonds at Burgundy's commercial facilities in Perth and leveraging collaborative sales agreements with international jewellers remains a key focus.

Further, the Group continues actively assessing merger and acquisition ("M&A") opportunities to build out a balanced portfolio of diamond projects in Tier 1 jurisdictions.

Sales and Marketing

During the period, the Group held seven rough diamonds auctions in our Antwerp office. Out of the seven auctions, five were for regular stones and the remaining two auctions were for special stones (stones over 10.8 carats).

During the period, 2.6 million carats were sold, up 18% over the same period in 2022 (July to December 2022: 2.2 million carats) for total proceeds of $257.5 million up 28% over the same period in 2022 (July to December 2022: $201.5 million). Despite the extremely challenging rough diamond market the Group was able to sell all available product as Ekati Canadian natural diamonds provide customers with sustainably produced high-value diamonds with low fluorescence, optimal assortment, and unique fancy colours.

During the period, the Group's cutting and polishing facilities in Perth continued to operate at full capacity, refining third-party rough diamonds purchased in 2022 and 2023. The Group is developing its channel strategy and anticipates further sales collaborations in 2024.

Corporate

Board and Executive Appointments

On 30 January 2024, the company announced that Mr. Stephen Dennis and Mr. Trey Jackson were joining the board of Burgundy Diamond Mines.

Mr. Dennis, who previously served as Burgundy Chair, re-joined the board as a non-executive independent director and will now also be the Chair of the Audit and Risk Committee. Mr. Dennis is based in Australia and is a highly experienced director who serves on various resource company boards. Prior to his board appointments, Mr. Dennis had a long and illustrious career in the resource industry spanning over 35 years during which he held various senior management positions both in Australia and internationally.

Mr. Jackson, previously served on the board of directors for Arctic Canadian Diamond Company Ltd (subsidiary acquired by Burgundy), joined the board as a non-executive independent director. Mr. Jackson has more than 25 years of experience in the metals & mining and energy sectors as a private equity investor and executive in the US, Canada, Europe, and Australia, including numerous board appointments to private and public companies.

Change of Financial Year-End and Reporting Currency

On 30 November 2023, the Company changed the financial year-end from 30 June to 31 December to align with the operations in Canada. In addition, the Company changed its reporting currency from Australian dollars to US dollars.

Capital Raising

As part of the consideration transferred for the acquisition of Arctic Companies, on 1 July 2023, the Company issued 278,829,226 fully paid ordinary shares escrowed to 1 July 2024, to Arctic Canadian Diamond Holding LLC and 2L Loan Lenders.

Issue of Unlisted Options

On 21 November 2023, the Company issued 10,000,000 unlisted options to the Chief Executive Officer with exercise price of AUD0.30.

On 1 December 2023, the Company issued 12,065,136 options to senior executives including the Chief Executive Officer and Chief Financial Officer with exercise price of AUD0.1764.

Results of Operations

The net loss of the Group for the period ended 31 December 2023 was $0.7 million (30 June 2023: net loss of $17.8 million). The significant decrease in net loss reflects the income generated primarily from sale of rough diamonds recovered from Ekati Diamond Mine during the period, whereas prior year net loss arose from loss on sale of polished diamonds and polished diamond inventory write-down, impairment of Ellendale Diamond Project and transaction costs incurred in acquisition of Arctic Companies.

Financial performance for the previous five years is as follows:

(US$ '000)	31 December 2023	30 June 2023	30 June 2022	30 June 2021	30 June 2020
Net (Loss) after tax	(676)	(17,802)	(13,601)	(9,088)	(2,204)
(Loss) per share (cents per share)	(0.05)	(5.09)	(4.09)	(3.61)	(1.66)
Share price at end of the period (AUD)	0.195	0.30[i]	0.14	0.29	0.096

[i] As at 30 June 2023, the Company's shares were voluntarily suspended from quotation on the ASX, the share price represented the share price as at 19 December 2022, the Company as subsequently reinstated on 5 July 2023.

[ii] Prior year comparatives have been translated from Australian Dollar to US Dollar at the closing spot rate as at end of the respective year-end.

Financial Position

The statement of cash flows shows a decrease in cash and cash equivalents for the period ended 31 December 2023 of $30.9 million (30 June 2023: net increase of $111.0 million). During the period, the Group generated $68.0 million from operating activities primarily from sales of rough diamonds and working capital related timing adjustments. Cash used in financing activities of $30.7 million related to $26.6 million in repayment of debt assumed with the Ekati acquisition and $4.1 million of principal lease repayments. Cash used in investing activities of $68.0 million mainly comprised of $28.0 of consideration transferred for acquisition of Arctic Canadian Diamond Company ("ACDC") net of cash acquired, $12.6 million on purchase of property, plant and equipment and $27.8 million related to cash collateral for reclamation security and surety deposits. As at 31 December 2023, the Group had funds of $94.4 million (30 June 2023: $125.4 million of which $123.4 million were held in escrow pending acquisition of 100% of the common shares of ACDC on 1 July 2023, with a balance of $1.9 million available for future operational use).

Material risks and uncertainties

The Board is responsible for overseeing the processes used by management to assess and manage risk, including the identification by management of the principal risks of the business and the implementation of appropriate systems to address such risks.

The Group is subject to a number of risks and uncertainties as a result of our operations, each of which could have a material adverse effect on our business prospects or financial condition. These factors include, among other things:

Operational risks

- the uncertain nature of mining activities, including risks associated with underground construction and mining operations.
- risks associated with the estimates related to the capital expenditures required to sustain and grow mining operations.
- due to the remoteness of our mining operations, we are forced to rely heavily on a seasonal winter road or air transport for the supply of goods and services. Both forms of transport are very susceptible to disruptions due to adverse weather conditions, resulting in unavoidable delays in planned programs and/or cost overruns.
- variations in mineral resource and mineral reserve estimates or expected recovery rates.
- failure of plant, equipment or processes to operate as anticipated.
- mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mining operations. To the extent that the Group's operations are subject to uninsured environmental liabilities, the payment of such liabilities could have a material adverse effect on the Group.

- risks associated with potential environmental liabilities, our estimates related to reclamation plans and costs, and any increase to the amount or change in the form of security required to be posted in connection with such plans and costs.
- modifications to mine plans and capital development schedule as planned projects are optimized.
- the risk of increased demand for synthetic diamonds or the presence of undisclosed synthetic diamonds in jewellery, negatively impacting demand for diamond jewellery.
- disruption, damage or failure of information technology systems from a variety of sources, including, but not limited to, cable cuts; damage to physical plants; natural disasters; terrorism; fire; power loss; hacking, cyber-attacks and other information security breaches; non-compliance by third party service providers; computer viruses; vandalism and theft.

Financial risks

- the risk that future diamond price assumptions may prove to be incorrect.
- risks resulting from macro-economic uncertainty in financial markets and other world economic conditions.
- the risk of fluctuations in diamond prices and changes to consumer demand in the principal markets of the US, China and India.
- cash flow and liquidity risks including our ability to generate sufficient cash to service our debt obligations, working capital requirements and financial commitments.
- the risk of fluctuations in the Australian, Canadian and US dollar exchange rate.
- risks related to our ability to meet our employee benefit obligations.

Laws and regulations

- modifications to existing practices so as to comply with any future permit conditions that may be imposed by regulators.
- risks associated with regulatory requirements and the ability to obtain all necessary regulatory approvals and permits.
- delays in obtaining approvals and lease renewals.
- labour disputes and disruptions related to the collective bargaining agreement at the Ekati Diamond Mine.

As part of the Group's risk oversight practices, we have:

- An Audit and Risk Committee (from January 2024) comprised of members of the Board of Directors of the Company, which, pursuant to its charter, has a mandate to assist the board in fulfilling its financial reporting and risk oversight responsibilities. During the period ended 31 December 2023, the Board of Directors was responsible for performing this function.
- Key executives of the Group who are tasked with overseeing the day-to-day management of the primary business of the Company, including the implementation of appropriate systems to monitor, control, report on and mitigate principal risks.
- A Burgundy Diamond Mines' Code of Conduct which is applicable to its subsidiaries and sets out the standards which guide the conduct of our business and behaviour of all employees, suppliers, contractors, agents, advisors and other representatives when dealing or acting on behalf of the Company and its subsidiaries. The Code of Conduct is a risk management tool that exemplifies our commitment to maintaining high standards of conduct.
- Whistleblower Policy, which together ensures a formal, simple and anonymous channel to report concerns regarding fraud or significant ethical issues related to the Group.

Dividends

No dividends have been paid or declared by the Company since the end of the previous financial period. No dividend is recommended in respect of the current financial period.

Significant Changes in the State of Affairs

There were no other significant changes in the state of affairs of the Group other than those described within the operating and corporate activities review.

Matters Subsequent to The Reporting Period

(i) Surety bond agreement for Point Lake

In February 2024, the Group entered into an agreement with surety providers to issue a new surety bond for CDN$13.6 million that was issued on 1 March 2024, pursuant to the security requirements for Phase Two development for Point Lake Water Licence.

The associated surety bond agreement requires the Group to collateralise the surety bond on an aggregate basis of 30% in 2024, 50% in 2025, 70% in 2026 and 100% in 2028. The initial 30% collateral payment was secured by way of a fully cash collateralised irrevocable letter of credit issued to the surety provider. After the issuance of the letter of credit of CDN$4.0 million the remaining Letter of Credit facility available to the Group is CDN$2.7 million.

(ii) Agreement-in-principle negotiated for surety bond payment commitments

On 14 March 2024, the Group announced that an agreement-in-principle with surety providers had been reached to extend the cash collateralisation schedule of the remaining surety commitments (excluding Point Lake) over four years, instead of full payment by end of June 2024. As per the revised cash collateralisation schedule the Group would make quarterly instalments of CDN$14.5 million, concluding with a final payment of approximately CDN$9.7 million in the third quarter of 2027. The revised payment schedule is consistent with the existing Ekati life of mine and is subject to entry of long form documentation with surety providers.

Likely Developments and Expected Results

The strategic objectives of the Group are to create shareholder value through the operation of an end-to-end diamond company, with activities including exploration, project development, mining, cutting, and polishing and retail jewellery sales. Expected results have not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Directors’ Meetings

The number of Directors’ meetings held during the financial period and to the date of this report and the number of meetings attended by each Director during the time the Director held office are:

	Board		**Audit and Risk Committee**		**Human Resources and Compensation Committee**	
	Held[(i)]	**Attended**[(ii)]	**Held**[(i)]	**Attended**[(ii)]	**Held**[(i)]	**Attended**[(ii)]
Kim Truter	2	2	—	—	—	—
Michael O’Keeffe	2	2	—	—	—	—
Marc Dorion	2	2	—	—	—	—

[(i)] Number of meetings held during the time the director held office or was a member of the committee during the period.

[(ii)] Number of meetings attended.

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Directors' appointment

Mr. Stephen Dennis and Mr. Trey Jackson were appointed as directors of the Board of Burgundy Diamond Mines. From 1 January 2024 onward, Michael O'Keeffe became non-executive chair of the Board.

Rounding

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Class Instrument, amounts in the directors' report and financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Remuneration Report (Audited)

This remuneration report for the period ended 31 December 2023 outlines the remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* ("the Act") and its regulations. All amounts are in United States Dollars unless otherwise noted. This information has been audited as required by section 308(3C) of the Corporations Act 2001.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

The KMP of the Company for the period ended 31 December 2023 are as follows:

	Role	Appointment	Resigned
Michael O'Keeffe	Executive Chair	15 June 2017	N/a
Kim Truter	Chief Executive Officer and Managing Director	17 November 2022	N/a
Marc Dorion	Non-Executive Director	5 July 2020	N/a
Brad Baylis	Chief Financial Officer and Company Secretary	26 April 2023	N/a

Voting and comments made at the Company's 2022 Annual General Meeting ("AGM")

At the 21 November 2023 AGM, 80.51% of the votes received supported the adoption of the remuneration report for the period ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration Philosophy

Members of key management have authority and responsibility for planning, directing and controlling the activities of the Company. During the financial period, KMP of the Company comprises the Board of Directors, Chief Executive Officer and Chief Financial Officer.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining, and motivating people of the highest quality.

Lane Caputo were engaged as remuneration consultants during the financial period to review the amounts and elements of KMP remuneration and provide recommendations in relation thereto. Based on their advice the Company implemented the following:

(i) introduced the deferred and restricted share unit plans as part of the long-term incentive for directors and executives;

(ii) aligned the salary and board fees of directors and executives to the comparable range as noted in the Lane Caputo report; and

(iii) implemented Director and Officer Share ownership standard.

The Board undertook its own inquiries and review of the processes and procedures followed by Lane Caputo during the course of its assignment and is satisfied that the remuneration recommendations were made free from undue influence.

These inquiries included arrangements under which Lane Caputo was required to provide the Board with a summary of the way in which it carried out its work, details of its interaction with KMP in relation to the assignment and other services, and respond to questioning by members of the Board after the completion of the assignment.

Lane Caputo were paid $35,061 as fees for their services.

Remuneration Governance, Structure and Approvals

The remuneration of Directors is currently set by the Board, however, in the first quarter of 2024, the Human Resources and Compensation Committee was established to carry on the remuneration governance and approval function. The nature and amount of remuneration is collectively considered by the Board with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high-performing Directors.

The Board and the subsequent Human Resources and Compensation Committee established in the first quarter of 2024 is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fairly competitive and aligned with the long-term interests of the Company.

Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees (plus statutory superannuation), payable in arrears. The current maximum total aggregate fixed sum per annum that may be paid to Non-Executive Directors in accordance with the Company's Constitution is $238,193 (AUD350,000) which may be varied by ordinary resolution of the Shareholders in a General Meeting. The Company will be seeking to increase the maximum total aggregate fixed sum per annum at the next General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company, and they may from time to time vary this scheme or plan.

Remuneration may also include an invitation to receive retainer compensation in the form of Deferred Share Units per the terms of the program.

Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high-performance individuals.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Company, the performance of the Executives and the general pay environment.

Relationship between Remuneration and Company Performance

The remuneration framework for KMP comprises fixed remuneration and at-risk components comprising short-term and long-term variable incentives that are determined by individual and Company performance.

Fixed Remuneration

Fixed remuneration consists of fixed contractual salary or fees, employer contributions to pension funds and other employee benefits.

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and the knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary and regulatory and non-regulatory pension. It is structured as a total employment cost package.

KMP are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Lane Caputo were engaged as remuneration consultants during the period. Base salary is reviewed annually to ensure the executives' pay is competitive with the market. The remuneration of KMP is also reviewed on promotion. There is no guaranteed pay increase included in any KMP's contract.

Short-Term Incentives ("STI")

Short term incentives such as cash incentives may be awarded and are determined based on performance targets established by the Human Resources and Compensation Committee and take into consideration performance metrics such as the Company's performance against safety and environmental, social and governance ("ESG") goals, production metrics such as tonnes mined, tonnes processed and carats recovered and the individual employee's contribution to the Company's performance. The Human Resources and Compensation Committee has not exercised their discretion to reduce any performance-based elements of remuneration in the current period.

		Weight	Weighted Score
SAFETY		**20.0%**	
TRIF - Total Recordable Injury Frequency Rate	Rate	5.0%	6.8%
SIFP - Significant Injury Frequency Potential	Number/200,000 hours	10.0%	0.0%
FPE Reports	# of FPE Reports	5.0%	7.5%
ESG		**5.0%**	
Unsuccessful Landfill Inspections	Misdirected Waste %	2.5%	3.8%
Reportable Human Error Spills	Number/200,000 hours	2.5%	2.2%
MINING		**20.0%**	
Mining to Plan	% of m2 Scheduled	2.5%	3.7%
Total Tonnes Mined	WMT	10.0%	13.3%
CAT 793 Utilisation	WMT/gross Operating Hour	7.5%	0.0%
PROCESS PLANT		**20.0%**	
Total Tonnes processed	DMT	10.0%	9.9%
MUG Processed	MUG tonnes processed	5.0%	5.9%
Carats Recovered	Cts	5.0%	4.5%
MAINTENANCE		**15.0%**	
OEE - Overall Plant Equipment Effectiveness	%	7.5%	8.0%
Hauling Mechanical Availability	%	7.5%	7.2%
INDIVIDUAL CONTRIBUTION	%	**20.0%**	20.0%
TOTAL		**100.0%**	**92.8%**

Long-Term Incentives ("LTI")

Options may be issued at the Board's discretion. The Board is of the opinion that the expiry date and exercise price of the options currently on issue to the Directors and Executives is a sufficient, long-term incentive to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth.

During the period the Board also approved the Company's Restricted Share Units ("RSU") and Deferred Share Units ("DSU") plan in terms of which Executives were issued RSU and DSU awards as a long-term incentive to incentivise executives to enhance shareholder results. Both the RSU and DSU vest over a three-year vesting period, and on redemption are cash settled at the market value on date of redemption. Market value is determined as the 5 day volume weighted average trading share price of the Company's common shares on the ASX. RSU are exercisable upon vesting, whereas vested DSU are exercisable after the executive's departure (e.g. retirement, resignation, death) from the Company.

Financial Performance

Financial performance for the previous five years is as follows:

(US$ '000)	31 December 2023	30 June 2023	30 June 2022	30 June 2021	30 June 2020
Net (Loss) after tax	(676)	(17,802)	(13,601)	(9,088)	(2,204)
(Loss) per share (cents per share)	(0.05)	(5.09)	(4.09)	(3.61)	(1.66)
Share price at end of the period (AUD)	0.195	0.30[i]	0.14	0.29	0.096

[i] As at 30 June 2023, the Company's shares were voluntarily suspended from quotation on the ASX, the share price represented the share price as at 19 December 2022, the Company as subsequently reinstated on 5 July 2023.

[ii] Prior year comparatives have been translated from Australian Dollar to US Dollar at the closing spot rate as at end of the respective year-end.

Director and Officer Share Ownership Standard

Effective as of 1 December 2023, the Board of Directors of the Company has adopted a Share Ownership Standard to set out share ownership guidelines which will enhance alignment of the interests of non-executive directors and senior executive officers of the Company with its shareholders.

The share ownership requirements are as follows:

i. Senior Executive Officers

Senior executive officers of the Company are required to beneficially own, control or direct, directly or indirectly, common shares or share units (including Restricted Share Units and Deferred Share Units) of the Company (the "Shares") having minimum values as follows:

- Chief Executive Officer: Value equal to three (3) times the gross amount of his/her annual base salary.
- Chief Financial Officer: Value equal to two (2) times the gross amount of his/her annual base salary.
- Other named executive officers: Value equal to the gross amount of his/her annual base salary.

Individuals in office as at the effective date of this Policy (the "Effective Date") are required to achieve the applicable level of share ownership within five (5) years following the Effective Date. Senior executive officers hired subsequent to the Effective Date must achieve their minimum share ownership level within five (5) years from the date they are appointed a senior executive officer of the Company.

ii. Non-Executive Directors

Non-executive directors of the Company are required to beneficially own, control or direct, directly or indirectly, Shares of the Company having a value equal to three (3) times the gross amount of his/her annual director retainer. Individuals who are non-executive directors as at the Effective Date are required to achieve this level of share ownership within five (5) years following the Effective Date. Non-executive directors appointed subsequent to the

Effective Date must achieve this share ownership within five (5) years from the date they are elected or appointed a director of the Company.

Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Company for the period ended 31 December 2023 and 30 June 2023 are as follows:

31 December 2023	Short Term Benefits			Post-Employment Benefits		Share Based Payments			Total
	Base Salary and Fees	Short Term Cash Incentive paid	Short-Term Cash Incentive accrued (i)	Super-annuation	Other benefits (ii)	Equity-settled options	Equity-or cash settled options	Cash-settled restricted and deferred share units	
	$	$	$	$	$	$	$	$	$
Michael O'Keeffe	18,002	—	—	1,929	—	—	—	—	19,931
Kim Truter	318,552	81,478	246,601	4,774	78,637	102,010	18,610	119,417	970,079
Marc Dorion	19,892	—	—	—	—	—	—	—	19,892
Brad Baylis	121,759	20,112	57,335	—	36,374	—	9,305	59,709	304,594
Total	**478,205**	**101,590**	**303,936**	**6,703**	**115,011**	**102,010**	**27,915**	**179,126**	**1,314,496**

(i) Short-term cash incentive accrued as at 31 December 2023 payable in 2024.

(ii) Other benefits include annual vacation entitlement, defined pension contributions for Canadian residents, and taxable benefits for life insurance and Accidental Death and Dismemberment.

30 June 2023	Short Term Benefits		Post-Employment Benefits	Share Based Payments		Total
	Base Salary and Fees	Short Term Cash Incentive	Superannuation	Equity-settled options	Equity-settled shares	
	$	$	$	$	$	$
Michael O'Keeffe	36,614	—	3,844	—	—	40,458
Kim Truter	183,902	—	19,310	—	—	203,212
Marc Dorion	40,459	—	—	—	—	40,459
Peter Ravenscroft (i)	226,443	—	17,824	—	—	244,267
Total	**487,418**	—	**40,978**	—	—	**528,396**

(i) Resigned 22 November 2022.

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Name	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
	31 December 2023	30 June 2023	31 December 2023	30 June 2023	31 December 2023	30 June 2023
Michael O'Keeffe	100%	100%	—	—	—	—
Kim Truter	50%	100%	25%	—	25%	—
Marc Dorion	100%	100%	—	—	—	—
Peter Ravenscroft (i)	—	100%	—	—	—	—
Brad Baylis	58%	—	19%	—	23%	—

(i) Resigned 22 November 2022.

The Proportion of the bonus payable or forfeited is as follows:

Name	Cash bonus payable		Cash bonus forfeited	
	31 December 2023	30 June 2023	31 December 2023	30 June 2023
Michael O'Keeffe	—	—	—	—
Kim Truter	100%	—	—	—
Marc Dorion	—	—	—	—
Peter Ravenscroft (i)	—	—	—	—
Brad Baylis	47%	—	—	—

(i) Resigned 22 November 2022.

Shareholdings of KMP (direct and indirect holdings)

The number of ordinary shares in the Company held by each KMP of the Company during the period ended 31 December 2023 is as follows:

	Balance at 1 July 2023	Issued as Remuneration	Acquired / Converted	Held at date of appointment/ (resignation)	Acquired	Balance at 31 December 2023
Michael O'Keeffe	67,903,535	—	—	—	—	67,903,535
Kim Truter	—	—	527,000	—	—	527,000
Marc Dorion	12,541,667	—	—	—	—	12,541,667
Brad Baylis	—	—	—	—	—	—
Total	**80,445,202**	—	**527,000**	—	—	**80,972,202**

Unlisted Option holdings of KMP (direct and indirect holdings)

The number of unlisted options in the Company held by each KMP of the Company during the period ended 31 December 2023 is as follows:

	Balance at 1 July 2023	Issued as Remuneration	Exercised	Held at Resignation	Balance at 31 December 2023
Michael O'Keeffe	—	—	—	—	—
Kim Truter	2,500,000	15,048,526	(2,500,000)	—	15,048,526
Marc Dorion	—	—	—	—	—
Brad Baylis	—	2,524,263	—	—	2,524,263
Total	**2,500,000**	**17,572,789**	**(2,500,000)**	—	**17,572,789**

KMP Contractual Arrangements

Kim Truter - Chief Executive Officer and Managing Director

Upon his new contract, which was issued on 1 July 2023, Mr. Truter's new annual remuneration package is to include the following key items:

- Fixed remuneration of CDN$800,000.
- Short-term cash incentive eligibility based on performance, equivalent to a target of 100% of Mr. Truter's base salary.
- Long term incentive eligibility comprising of three parts:
  - a RSU award valued at CDN$400,000 (50% of base salary) effective 1st December 2023. The RSU's will be valued at parity with the share price determined based on the volume weighted average price (VWAP) per share traded of the Company on the ASX over the five (5) trading days immediately preceding the identified issue date of 1 December 2023, unless otherwise specified. One third of the RSU award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. These RSU awards are cash-settled.
  - options award valued at CDN$400,000 (50% of base salary) effective 1 December 2023. The options quantum will be valued at 50% of face value share price determined based on the volume weighted average price (VWAP) per share traded of the Company on the ASX over the five (5) trading days immediately preceding the identified issue date of 1 December 2023, unless otherwise specified. A valuation factor of 0.5 is applied when determining the total award value. One third of the options award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. The options will expire 5 years from the date of the original grant. The option holder has the right to have these awards settled via issuance of Company shares, cashless exercise or payment in cash.
  - a one-off DSU award valued at CDN$2,400,000 (300% of base salary) effective 1 December 2023. The DSU's will be valued at parity with the share price determined based on the volume weighted average

price ("VWAP") per share traded of the Company on the ASX over the five (5) trading days immediately preceding the identified issue date of 1 December 2023, unless otherwise specified. One third of the DSU award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. Vested DSU's are exercisable only after departure from the Company. These DSU awards are cash-settled.

- Initial Share-Based Incentive comprising of three parts:
  - an option to purchase 5,000,000 Shares at a strike price of AUD0.30 per Share, which options shall vest on the date that is one year after the close of the acquisition of Arctic Companies, which option may be exercised within two years of the date on which they vest and, if not exercised by such date, shall expire.
  - an option to purchase 3,000,000 Shares at a strike price of AUD0.30 per Share which options shall vest on the date on which the Group's carat production in fiscal 2026 exceeds 3,000,000 carats, and which option may be exercised within two years of the date on which they vest and, if not exercised by such date, shall expire.
  - an option to purchase 2,000,000 Shares at a strike price of AUD0.30, which options shall vest on the date on which the Group's carat production in fiscal 2027 exceeds 3,000,000 carats, and which option may be exercised within two years of the date on which they vest and, if not exercised by such date, shall expire.

Brad Baylis - Chief Financial Officer

Upon his new contract, which was issued on 23 November 2023, Mr. Baylis' new annual remuneration package is to include the following key items:

- Fixed remuneration of CDN$400,000.
- Short-term cash incentive eligibility based on performance, equivalent to a target of 75% of Mr. Baylis' base salary.
- Long term incentive comprising of three parts:
  - a RSU award valued at CDN$200,000 (50% of base salary) effective 1 December 2023. The RSU's will be valued at parity with the share price determined based on the volume weighted average price (VWAP) per share traded of the Company on the ASX over the five (5) trading days immediately preceding the identified issue date of 1 December 2023, unless otherwise specified. One third of the RSU award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. These RSU awards are cash-settled.
  - options award valued at CDN$200,000 (50% of base salary) effective 1 December 2023. The options quantum will be valued at 50% of face value share price determined based on the volume weighted average price (VWAP) per share traded of the Company on the ASX over the five (5) trading days immediately preceding the identified issue date of 1 December 2023, unless otherwise specified. A valuation factor of 0.5 is applied when determining the total award value. One third of the options award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. The options will expire 5 years from the date of the original grant. The option holder has the right to have these awards settled via issuance of Company shares, cashless exercise or payment in cash.
  - a one-off DSU award valued at CDN$1,200,000 (300% of base salary) effective 1 December 2023. The DSU's will be valued at parity with the share price determined based on the volume weighted average price ("VWAP") per share traded of the Company on the ASX over the five (5) trading days immediately preceding the identified issue date of 1 December 2023, unless otherwise specified. One third of the DSU award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. Vested DSU's are exercisable only after departure from the Company. These DSU awards are cash-settled.

Non-Executive Director Arrangements

Non-executive directors receive a board fee and fees for chairing or participating on board committees**.** The term of each Non-Executive Director is open to the extent that they hold office subject to retirement by rotation, as per the Company's Constitution, at each AGM and are eligible for re-election as a director at the meeting. Appointment shall cease automatically if the Director gives written notice to the Board, or the Director is not re-elected as a Director by the shareholders of the Company. There are no entitlements following retirement or termination of an appointment.

The Non-executive Chair is paid a fee of $47,639 (AUD70,000 plus statutory superannuation) and Non-Executive Directors are paid fees of $37,430 (AUD55,000 plus statutory superannuation) per annum. The fee for chairing board committees is $5,104 (AUD7,500 plus statutory superannuation) and the fee for participating on board committees is $3,403 (AUD5,000 plus statutory superannuation) per annum.

Effective 1 January 2024, the Non-executive Chair is paid a fee of $166,339 (CDN$220,000) and Non-Executive Directors are paid fees of $90,730 (CDN$120,000) per annum. The fee for chairing board committees is $15,122 (CDN$20,000) per annum. Statutory superannuation is paid for directors that are resident of Australia.

The Company will be seeking to increase the maximum total aggregate fixed sum per annum at the next General Meeting.

Share-based Compensation

The Company may reward management for their performance and align their remuneration with the creation of shareholder wealth by issuing share options. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits. Details of shares and options issued to directors and other KMP as part of compensation during the period ended 31 December 2023 are noted below.

Options

The Company issued 17,572,789 options as part of compensation to KMP during the period.

Ordinary Shares

The Company issued no ordinary shares as part of compensation to KMP during the period.

Equity Instruments Issued on Exercise of Options

There were 2,500,000 options exercised during the period.

RSU and DSU awards

The Company issued 3,786,395 in RSU awards and 22,718,367 in DSU awards to KMP during the period.

Loans with KMP

There were no other loans made to any KMP during the period ended 31 December 2023 (30 June 2023: $nil). There were no loans from any KMP during the period ended 31 December 2023 (30 June 2023: $nil).

During the period ended 30 June 2022, Mr. Michael O'Keeffe subscribed for 5,000,000 unsecured convertible notes with a face value of AUD1. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 16 September 2024. The number of shares that will be issued on conversion is equivalent to the principal amount of notes converted divided by the fixed conversion price of AUD0.264 per share. The interest rate is 6% per annum and during the period, interest of $98,186 was paid to Mr. O'Keeffe (30 June 2023, interest paid Mr. O'Keeffe was $201,960). At 31 December 2023, accrued interest payable due to Mr. O'Keeffe was $8,915 (30 June 2023, accrued interest payable due to Mr. O'Keeffe was approximately $7,113).

Other Transactions with KMP

At 31 December 2023, the Company had $19,684 of directors fees payable and $303,936 of bonuses payable to KMP. There were no other transactions with KMP during the period ended 31 December 2023.

This concludes the remuneration report, which has been audited.

Indemnification and Insurance of Officers and Auditors

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Environmental Regulations

Burgundy's subsidiary Arctic Canadian Diamond Company Ltd is subject to meeting Canadian Northwest Territories ("NWT") environmental regulations and Canadian Federal Environmental guidelines. We are currently evaluating the ESG reporting requirements. There have not been any known significant breaches of any environmental regulations during the period under review and up until the date of this report.

People

During period ended 31 December 2023, 31% of our Ekati employees were northern residents, and of this figure, over 70% were northern Indigenous. Our total number of employees and contractors in 2023 at the Ekati Diamond Mine was 1,217 including 724 employees and 493 contractors; in Belgium was 7 employees and in Australia was 12 employees.

Safety

We continue our commitment to mine in a safe and responsible way by providing our people with the data and information needed to perform their work safely. Two lost time injuries were experienced during the period ended across the Ekati Diamond Mine.

Environment

The Group invests in the communities in which it operates and is committed to protecting and reclaiming the environment. During the period ended 31 December 2023, there were no significant environmental incidents at the Ekati Diamond Mine.

Greenhouse Gas Emissions during the period ended 31 December 2023 were 79,420 tonnes of Carbon Dioxide equivalent.

As at 31 December 2023 the total site reclamation costs recorded as a liability on the statement of financial position was $236.2 million for the Ekati Diamond Mine. Further information regarding future site restoration costs is included in Note 25 of the consolidated financial statements.

The Group is in the process of assessing the reporting requirements under sustainability and ESG reporting.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of these proceedings.

Auditor

RSM Australia Partners resigned as auditor of the Company effective 21 November 2023, and KPMG Australia were appointed as auditor on 21 November 2023 in accordance with section 327 of the *Corporations Act* 2001.

Officers of the Company Who Are Former Partners of KPMG Australia

There are no officers of the Company who are former partners of KPMG Australia.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 for the period ended 31 December 2023 has been received and included within these financial statements.

Shares Under Option

At the date of this report there were the following unissued ordinary shares for which options are outstanding:

10,000,000 options expiring 23 September 2024, exercisable AUD0.36

1,000,000 options expiring 5 August 2026, exercisable AUD0.26

1,306,599 options expiring 30 August 2027, issued to employees in recognition of achieving performance milestones. There is no consideration payable for the options.

10,000,000 options expiring 20 November 2025, exercisable AUD0.36

12,065,136 options expiring 30 November 2028, exercisable AUD0.18

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in Note 32 to the financial statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

This report is signed in accordance with a resolution of the Board of Directors.

Michael O'Keeffe
Executive Chair

27 March 2024

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Burgundy Diamond Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Burgundy Diamond Mines Limited for the financial period ended 31 December 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Matthew Hingeley

Partner

Perth

27 March 2024

BURGUNDY
DIAMOND MINES

2023

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2023

Consolidated Statement of Loss and Other Comprehensive Loss
(expressed in thousands of United States dollars)

	Note	Six month period ended 31 December 2023	(Restated*) Twelve month period ended 30 June 2023
Revenue	6	257,484	3,452
Cost of sales	7	(231,146)	(6,203)
Gross margin		26,338	(2,751)
Other income	8	7,532	—
Selling and distribution expenses	7	(3,709)	(1,511)
General and administrative expenses	7	(10,460)	(3,749)
Other expenses	7	(2,049)	(7,694)
Operating profit (loss)		17,652	(15,705)
Finance expenses	9	(14,155)	(3,084)
Finance income		2,685	44
Net finance costs		(11,470)	(3,040)
Fair value adjustment on consideration payable	22	5,764	—
Foreign exchange (loss) gain		(864)	943
Profit (loss) before income taxes		11,082	(17,802)
Current tax expense	10	(14,951)	—
Deferred tax recovery	10	3,193	—
Tax expense		(11,758)	—
Net loss		(676)	(17,802)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		—	(0)
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit obligation (net of tax recovery of $0.3 million for period ended 31 December 2023)		(505)	—
Other comprehensive loss for the period, net of tax		(505)	(0)
Total comprehensive loss attributable to the owners		(1,181)	(17,802)
Loss per share for the period attributable to the owners:			
Basic loss per share (cents)	11	(0.05)	(5.09)
Diluted loss per share (cents)	11	(0.05)	(5.09)

* See Note 35 for further details on restatement of comparatives.

The Consolidated Statement of Loss and Other Comprehensive Loss should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Financial Position
(expressed in thousands of United States dollars)

	Note	31 December 2023	(Restated*) 30 June 2023
ASSETS			
Non-current assets			
Property, plant and equipment	12	238,518	718
Other non-current assets	13	74,941	—
Total non-current assets		**313,459**	**718**
Current assets			
Inventory and supplies	14	244,931	5,272
Other current assets		4,262	376
Plant and equipment classified as held for sale	12	—	22
Trade and other receivables	15	9,907	5,559
Cash and cash equivalents	16	94,426	125,355
Total current assets		**353,526**	**136,584**
Total assets		**666,985**	**137,302**
EQUITY			
Contributed equity	17	200,607	153,511
Reserves	18	6,796	7,324
Accumulated losses		(49,171)	(48,495)
Total equity		**158,232**	**112,340**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	19	73,834	20,845
Provision for make good	20	64	64
Contingent consideration	21	7,111	—
Consideration payable	22	25,935	—
Lease obligations	23	16,468	312
Employee benefit plans	24	3,828	—
Reclamation provisions	25	236,204	—
Deferred tax liabilities	10	22,202	—
Total non-current liabilities		**385,646**	**21,221**
Current liabilities			
Trade and other payables	26	54,017	3,644
Current portion of loans and borrowings	19	22,304	—
Current portion of consideration payable	22	10,844	—
Current portion of lease obligations	23	9,644	97
Current portion of employee benefit plans	24	354	—
Tax payable	10	25,944	—
Total current liabilities		**123,107**	**3,741**
Total liabilities		**508,753**	**24,962**
Total equity and liabilities		**666,985**	**137,302**

* See Note 35 for further details on restatement of comparatives.

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity
(expressed in thousands of United States dollars)
For the Period Ended 31 December 2023

(Restated*)	Note	Issued Capital	Convertible Notes Reserve	Other Reserves	Accumulated Losses	Total
At 1 July 2022		27,375	4,384	2,478	(30,693)	3,544
Net loss for the period		—	—	—	(17,802)	(17,802)
Effect of translating foreign operations to Company presentation currency		—	—	(0)	—	(0)
Total comprehensive loss for the period		**—**	**—**	**(0)**	**(17,802)**	**(17,802)**
Transactions with owners of the Group:						
Issue of share capital	17	131,304	—	—	—	131,304
Share issue costs	17	(5,168)	—	—	—	(5,168)
Share-based payments	29	—	—	462	—	462
At 30 June 2023		**153,511**	**4,384**	**2,940**	**(48,495)**	**112,340**
Net loss for the period		—	—	—	(676)	(676)
Re-measurement of defined benefit obligation		—	—	(505)	—	(505)
Total comprehensive loss for the period		**—**	**—**	**(505)**	**(676)**	**(1,181)**
Transactions with owners of the Group:						
Issue of share capital	17	47,096	—	—	—	47,096
Share-based payments	29	—	—	(23)	—	(23)
At 31 December 2023		**200,607**	**4,384**	**2,412**	**(49,171)**	**158,232**

* See Note 35 for further details on restatement of comparatives.

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows
(expressed in thousands of United States dollars)

	Note	Six month period ended 31 December 2023	(Restated*) Twelve month period ended 30 June 2023
OPERATING			
Net loss		(676)	(17,802)
Adjustments for			
Depreciation and amortisation	7	43,897	554
Deferred tax expense	10	(3,193)	—
Current tax expense	10	14,951	—
Finance expenses	9	14,155	3,084
Share-based compensation		298	462
Other non-cash items		(234)	(31)
Derecognition of contingent consideration	21	(7,401)	—
Fair value adjustment on consideration payable	22	(5,764)	—
Private royalties paid	22	(4,739)	—
Unrealised foreign exchange loss (gain)		457	(986)
Defined benefit plan contributions	24	(906)	—
Impairment losses on inventory	7	146	2,131
Impairment of assets	7	—	2,488
Interest paid		(5,538)	—
Reclamation expenditures		53	—
Income taxes paid		(1,366)	—
Settlement of share-based compensation	29	(62)	—
Change in non-cash operating working capital			
Accounts receivable		4,629	(2,606)
Inventory and supplies		8,569	(258)
Other current assets		3,127	—
Trade and other payables		8,008	548
Employee benefit plans		(458)	(15)
Net cash from (used in) operating activities		**67,953**	**(12,431)**
FINANCING			
Net proceeds from issuance of shares		—	123,670
Repayment of borrowings	30	(26,626)	—
Lease payments	23	(4,116)	(95)
Net cash (used in) from financing activities		**(30,742)**	**123,575**
INVESTING			
Consideration for acquisition (net of cash acquired)		(27,994)	—
Proceeds from exercise of stock options		338	
Purchase of property, plant and equipment		(12,614)	(1,091)
Decrease in restricted cash	13	153	—
Increase in collateral for reclamation surety bonds	13	(11,943)	—
Increase in collateral for reclamation security deposits	13	(15,899)	—
Net cash used in investing activities		**(67,959)**	**(1,091)**
Net (decrease) increase in cash and cash equivalents		(30,748)	110,053
Cash and cash equivalents, beginning of the period		125,355	14,317
Foreign exchange effect on cash balances		(181)	985
Cash and cash equivalents, end of the period		**94,426**	**125,355**

* See Note 35 for further details on restatement of comparatives.

The Consolidated Statement of Cash Flow should be read in conjunction with the notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

NOTE 1 REPORTING ENTITY

Reporting Entity

Burgundy Diamond Mines Limited ("Burgundy" or "the Company") is a company limited by shares and domiciled in Australia. Burgundy's registered office is located at Level 25, South32 Tower, 108 St Georges Terrace, Perth WA 6000, Australia. The consolidated financial statements of the Company as at and for the period ended 31 December 2023 comprise the Company and its subsidiaries ("the Group") - see Note 2(e).

On 1 July 2023, the Group completed the acquisition of Arctic Canadian Diamond Company Ltd. ("ACDC") in Canada and Arctic Canadian Diamond Marketing N.V. ("ACDM") in Belgium (collectively referred to as "Arctic Companies").

The Company's Perth location focuses on cutting, polishing and sales of polished diamonds. ACDC owns 100% of Ekati Diamond Mine, a producing diamond mine located in Canada's Northwest Territories. Ekati Diamond Mine consists of the Core Zone, which includes the primary mining operations and other kimberlite pipes, as well as the Buffer Zone, an adjacent area hosting kimberlite pipes having both development and exploration potential. ACDM is a marketing business responsible for management of the supply chain, sorting, preparation, marketing and sales of rough diamonds from Ekati Diamond Mine. Refer to Note 4 for details of assets acquired and liabilities assumed.

NOTE 2 BASIS OF PRESENTATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). Burgundy Diamond Mines Limited is a for-profit entity for the purpose of preparing the financial statements.

The Group is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the consolidated financial statements are rounded off to the nearest thousand dollars ($'000), unless otherwise indicated.

The annual report was authorised for issue by the Board of Directors on 27 March 2024.

(b) Going concern

The consolidated financial statements have been prepared on the going concern basis that contemplates the continuity of business activities in the foreseeable future and the realisation of assets and extinguishment of liabilities in the normal course of operations. During the period ended 31 December 2023, the Group incurred a net loss of $0.7 million, generated cash flows of $68.0 million from operating activities and has net current assets of $230.4 million. The Group also has $231.4 million of contractual commitments of which $161.0 million (see Note 31) relates to surety cash collateralisation due in the second quarter of 2024 and $123.1 million of current liabilities due in the next 12 months. Included in current liabilities is the current portion of convertible notes of $23.8 million (face value) maturing on 16 September 2024, which will require cash settlement if not converted into shares by the noteholders on maturity.

Management has prepared a cash flow forecast for a period of 12 months ("forecast period") from the date of signing this report which indicates that the Group will generate sufficient cash flows from operations to repay obligations as they fall due. Operating cash flow assumptions are consistent with the historical mine performance. The cash flow forecast also assumes the following critical investing and financing assumptions:

- The agreement-in-principle reached with surety providers to issue a modified surety bond to extend the cash collateralisation schedule of the remaining surety commitments (excluding Point Lake) over four years, being CDN$14.5 million quarterly, instead of full payment of $161.0 million by the end of June 2024.

- Convertible notes of $23.8 million which mature on 16 September 2024 are either paid out, converted into equity or have terms renegotiated.
- Capital expenditure of $198.9 million of which $59.4 million relates to sustaining current operations and $139.5 million for development capital expenditures including $131.3 million that is strategic for the development of Point Lake.

The Directors believe that there are reasonable grounds that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial statements after consideration of the following:

- On 14 March 2024, the Group announced that an agreement-in-principle with surety providers had been reached to extend the cash collateralisation schedule of the remaining surety commitments (excluding Point Lake) over four years, instead of full payment by end of June 2024 (see Note 37).
- Closer to maturity of the convertible notes the Group will proactively approach the convertible noteholders to extend the term of the notes. In the event a cash repayment is required ACDC and ACDM generate sufficient income and have sufficient cash reserves to advance an intercompany loan to the Company. Approval of surety providers is required prior to advancing funds from ACDC or ACDM to the Company.
- In the event that the cash flows become constrained, the Group can reduce development capital and exploration expenditures, including $139.5 million of development capital expenditure within the cash flow forecast, through postponing or pausing projects; deferring or cancelling discretionary spending.

Management is highly confident that the agreement-in-principle with the surety providers will be executed. However, as the revised agreement is not executed and should there be any unexpected variations to the agreement reached, as at the date of this report there is material uncertainty as to whether the Group can meet its commitments and obligations as they come due and continue as a going concern.

The consolidated financial statements do not reflect adjustments that might be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, adjustments to the carrying value of assets and liabilities would be necessary, the reported revenues and expenses and the statement of financial position classification used.

(c) Basis of measurement

The consolidated financial statements have been prepared in accordance with the historical cost convention unless otherwise stated.

(d) Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(e) Change in fiscal year end and comparatives

Effective 30 November 2023, the Company changed its fiscal year end from 30 June 2023 to 31 December 2023 to better align the Company's financial disclosures with its peers in the mining sector and for operational and administrative efficiencies. The operating results represent the 6 month period from 1 July 2023 to 31 December 2023 ("Transitional Financial Year") with comparative figures being for the period from 1 July 2022 to 30 June 2023. Certain comparative figures have been reclassified to conform to the presentation adopted in the current period (see Note 34). Due to the longer comparative period, the comparative amounts presented are not entirely comparable.

(f) Change in functional and presentation currency

Effective 1 July 2023, the Company changed its functional and presentation currency from Australian Dollars ("AUD") to US Dollars ("US$"). The change in functional and presentation currency of the Company is due to the increased exposure to the US dollar as a result of the growth in international operations through acquisition of the Arctic Companies, diamonds are traded in US$ predominantly globally and diamond prices are often quoted in US$ in diamond price indexes. Furthermore, the Company purchases diamond inventory in US$, all rough diamond sales are denominated in US$ and a significant portion of polished diamond sales are in US$. The Company and all subsidiaries now have a functional currency of US Dollars.

A change in presentation currency is accounted for retrospectively and a change in functional currency is accounted for prospectively from the date of change. On 1 July 2023, the financial position of Company was translated from Australian Dollar to US Dollar using the exchange rate of 0.66571 at that date. All comparative information as at 30 June 2023 including the consolidated statement of loss and other comprehensive loss, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and all comparative note disclosures were translated from Australian Dollar to US Dollar at the exchange rate as at 1 July 2023.

(g) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 33.

(h) New, revised or amended standards and interpretations adopted by the Group

The Group adopted the following accounting standards and interpretations adopted during the period:

Deferred tax assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12) from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

Adoption of the amendment to IAS 12 did not result in any material impact to the Group's consolidated financial statement figures or disclosures.

Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 36 Material accounting policies (30 June 2022: Significant accounting policies) in certain instances in line with the amendments.

(i) New accounting standards issued but not yet effective

Non-current liabilities with covenants (Amendments to IAS 1)

The International Accounting Standards Board ("IASB") has published 'Non-current Liabilities with Covenants (Amendments to IAS 1) to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. These amendments modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for reporting periods beginning on or after 1 January 2024. The amendments are applied retrospectively in accordance with IAS 8 and earlier application is permitted. The Group is on track for implementation of this standard by the effective date and does not expect any material impact on the consolidated financial statements.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Judgements

- Note 27 (b) – Liquidity and capital risk management: forecasting cash flows for current and subsequent fiscal years;
- Note 36 (c) (ii) – Commercial production: the start date of commercial production;
- Note 36 (e) – Impairment: assessment of impairment indications;
- Note 36 (n) – Commitments and contingencies: assumptions about likelihood and magnitude of an outflow of resources; and
- Note 36 (r) – Functional currency: determination of functional currency.

b) Assumptions and estimates

- Note 36 (b) – Business combination: fair value of consideration paid, the assets acquired and liabilities assumed;
- Note 36 (c) (iv) – Depreciation and amortisation: ore reserve and mineral resource estimates and unit-of-production depreciation;
- Note 36 (e) – Impairment of non-financial assets: assumptions used to determine recoverable amounts;
- Note 36 (f) – Inventories: determination of net realisable value;
- Note 36 (j) – Pension benefits: key actuarial assumptions;
- Note 36 (k) – Mine rehabilitation and site restoration provision: expectation of future site closure and reclamation activities and the amount and timing of associated cash flows;
- Note 36 (l) – Recovery of deferred tax assets: assess the likelihood of taxable earnings;
- Note 36 (o) – Assumptions used in determining the fair value of Consideration Payable and Contingent Consideration; and
- Note 36 (u) – Share based payments: assumptions used in determining the fair value of the equity instruments at the date at which they are granted.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 4 ACQUISITION OF ARCTIC COMPANIES

On 14 March 2023, Burgundy announced that it had executed a binding share purchase agreement ("SPA") with Arctic Canadian Diamond Holding, LLC ("Arctic Shareholder") to acquire 100% of the issued capital of the Arctic Companies. The acquisition completion date was 1 July 2023 (the "Acquisition").

The Arctic Companies were acquired for total consideration of $117.5 million ("Consideration") which comprised of total up front consideration of $103.2 million as follows:

- $21.7 million in ordinary shares of the Company issued to the Arctic Shareholder, through the issuance of approximately 129.2 million shares at an issuance price of AUD0.25 ("Consideration Shares");
- A deferred payment of $8.4 million payable by December 2023 ("Deferred Payment") to the Arctic Shareholder;
- Repayment of the $73.2 million outstanding debt balance owed by ACDC to the First and the Second Lien Term loan providers (the "Lenders"), who through the Arctic Shareholder entity were also the primary equity holders of Arctic Companies prior to the acquisition. Repayment to the lenders comprised of a $48.1 million cash payment and the issuance of US$25.1 million in Company shares to the lenders, based on the issue price of AUD0.25. This repayment serves as full settlement of the First Lien Term Loan and as partial settlement of the Second Lien Term loan of ACDC; and
- $100 promissory note issued to the Arctic Shareholder relating to the acquisition of ACDM.

In addition, the Company has agreed to the following earn-out payments to the Arctic Shareholder ("Contingent Consideration"):

- an earn-out cash payment of $7.5 million to the Arctic Shareholder in the first quarter of 2024, subject to the reported earnings before income tax, depreciation and amortisation ("EBITDA") of the Arctic Companies for the 2023 calendar year being equal to or exceeding $200.0 million ("Earn-out Payment 1"); and
- an earn-out cash payment of $7.5 million to the Arctic Shareholder in the first quarter of 2025, subject to the reported EBITDA of the Arctic Companies for the 2024 calendar year being equal to or exceeding $200.0 million ("Earn-out Payment 2").

Contingent consideration comprising of the two earnout notes totalling to $15.0 million was recorded at its fair value of $14.3 million. The fair value was measured using a discounted risk-free rate of 4.0% adopted based on the 5-year treasury bill as at 1 July 2023.

The breakdown of total consideration is noted in the table below and presented in USD '000:

	1 July 2023
Consideration shares	21,656
Deferred Payment	8,366
Debt Repayment	48,140
Debt Repayment Shares	25,069
Earn-out Payment 1	7,304
Earn-out Payment 2	6,970
Total consideration (i)	**117,505**

(i) *Total consideration also includes $100 for acquisition of ACDM*

The Acquisition has been accounted for as a business combination in accordance with IFRS 3, Business Combinations ("IFRS 3"). The results of Arctic Companies have been consolidated with those of the Company commencing on the Acquisition Date. The acquisition of Arctic Companies is to complete Burgundy's strategy of becoming vertically integrated across the diamond value chain. Ekati Diamond Mine delivers rough diamond production that can be cut and polished in the polishing facilities in Perth and sold to end-customers.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

The purchase price was allocated to underlying assets acquired and liabilities assumed based on the fair values at the date of acquisition. With the involvement of external specialists, these fair values were determined as follows:

(i) Property, Plant and equipment: The valuation techniques applied consider market prices for similar items when these are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical and economic obsolescence. These values are further adjusted after comparison to the overall assessed fair value of the Ekati Diamond Mine.

(ii) Diamond inventory: Fair value is determined based on selling price in the ordinary course of business and a reasonable profit margin based on effort required to complete and sell these inventories.

Identifiable assets acquired and liabilities assumed

The following table provides the final fair values of net assets acquired:

	1 July 2023
Inventory and supplies	260,794
Other current assets	7,013
Trade and other receivables	8,942
Cash and cash equivalents	20,147
Property, plant and equipment	249,035
Other non-current assets	49,469
Trade and other payables	(33,251)
Consideration payable	(47,282)
Lease liabilities	(29,434)
Employee benefit plans	(3,121)
Reclamation provision	(226,302)
Income taxes payable	(12,385)
Loans and borrowings	(100,460)
Deferred tax liabilities	(25,660)
Total net assets acquired	**117,505**
Total consideration	**117,505**

Transaction costs of $7.5 million were incurred of which $5.2 million were capitalised to contributed equity as these relate to the share issuance as part of the Acquisition and $2.3 million were expensed in other expenses in consolidated statement of loss. These transaction costs were primarily related to professional fees, legal, consulting and advisory fees for services rendered in connection with the Acquisition. On acquisition date, the reclamation asset was valued at nil.

As the acquisition was completed on 1 July 2023 which is also the commencement of the fiscal year, revenue and income of Arctic Companies is included in the consolidated statement of loss from 1 July 2023, $257.0 million of revenue and $4.3 million of net profit of Arctic Companies were included in the consolidated statement of loss.

NOTE 5 SEGMENT INFORMATION

(a) Business segments

The identification of operating segments by management is based on product areas in internal reports regularly examined by the Board of Directors. This process facilitates resource allocation and performance evaluation for each segment based on differences in products or services. The Group's reportable segments comprise Rough Diamond and Polished Diamond. The Rough Diamond segment encompasses mining, sales and marketing of rough diamonds. The Polished Diamond segment encompasses manufacturing, sales and marketing of polished diamonds.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in Note 1. Information regarding the Group's reportable segments is presented below.

For the six month period ended 31 December 2023	**Rough Diamond**	**Polished Diamond**	**Total Reportable Segments**	**Unallocated Amounts**	**Total**
Revenue	257,036	918	257,954	—	257,954
Elimination of inter-segment	(470)	—	(470)	—	(470)
Segment revenue	256,566	918	257,484	—	257,484
Cost of sales					
Production cost of inventories	(176,728)	(1,229)	(177,957)	—	(177,957)
Depreciation and amortisation	(53,189)	—	(53,189)	—	(53,189)
Total cost of sales	(229,917)	(1,229)	(231,146)	—	(231,146)
Gross margin	**26,649**	**(311)**	**26,338**	—	**26,338**
Other income	35	18	53	7,479	7,532
Selling and distribution expenses	(1,345)	(291)	(1,636)	(2,073)	(3,709)
General and administration expenses [(i)]	—	—	—	(10,460)	(10,460)
Other expenses	—	—	—	(2,049)	(2,049)
Operating profit (loss)	25,339	(584)	24,755	(7,103)	17,652
Finance expenses	(8,369)	—	(8,369)	(5,786)	(14,155)
Finance income	2,589	14	2,603	82	2,685
Fair value adjustment on consideration payable	5,764	—	5,764	—	5,764
Foreign exchange (gain) loss	346	(995)	(649)	(215)	(864)
Segment profit (loss) before taxes	25,669	(1,565)	24,104	(13,022)	11,082
Tax expense	(11,758)	—	(11,758)	—	(11,758)
Segment profit (loss) after taxes	**13,911**	**(1,565)**	**12,346**	**(13,022)**	**(676)**
Segmented assets as at 31 December 2023	**653,769**	**7,653**	**661,422**	**5,563**	**666,985**
Segmented liabilities as at 31 December 2023	**354,432**	**955**	**355,387**	**153,366**	**508,753**
Capital expenditures [(ii)]	11,880	—	11,880	1,629	13,509

(i) $0.6 million in depreciation and amortisation is included in selling and distribution expenses and in general and administrative expenses.
(ii) Capital expenditures includes PP&E additions and right-of-use assets.

(Restated) ***For the twelve month period ended 30 June 2023***	**Rough Diamond**	**Polished Diamond**	**Total Reportable Segments**	**Unallocated Amounts**	**Total**
Revenue	—	3,452	3,452	—	3,452
Cost of sales					
Production cost of inventories	—	(4,072)	(4,072)	—	(4,072)
Inventory impairment	—	(2,131)	(2,131)	—	(2,131)
Total cost of sales	—	(6,203)	(6,203)	—	(6,203)
Gross margin	—	**(2,751)**	**(2,751)**	—	**(2,751)**
Selling and distribution expenses	—	(1,511)	(1,511)	—	(1,511)
General and administration expenses	—	—	—	(3,749)	(3,749)
Other expenses	—	—	—	(7,694)	(7,694)
Operating loss	—	(4,262)	(4,262)	(11,443)	(15,705)
Finance expenses	—	—	—	(3,084)	(3,084)
Finance income	—	—	—	44	44
Foreign exchange gain (loss)	—	48	48	895	943
Segment loss before taxes	—	(4,214)	(4,214)	(13,588)	(17,802)
Tax recovery (expense)	—	—	—	—	—
Segment loss after taxes	**—**	**(4,214)**	**(4,214)**	**(13,588)**	**(17,802)**
Segmented assets as at 30 June 2023	—	**5,658**	**5,658**	**131,644**	**137,302**
Segmented liabilities as at 30 June 2023	—	—	—	**24,962**	**24,962**
Capital expenditures	—	1,026	1,026	—	1,026

(tabular amounts in thousands of United States dollars, except as otherwise noted)

(b) Geographical information:

The geographical information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. Revenues from external customers have been identified on the basis of the customer's geographical location and non-current assets are allocated based on their physical location.

	Revenue		Non-Current assets	
	31 December 2023	**(Restated) 30 June 2023**	**31 December 2023**	**(Restated) 30 June 2023**
Belgium	127,198	2,456	3,459	—
United Arab Emirates	93,399	—	—	—
India	19,635	—	—	—
Canada	733	—	237,293	—
Australia	193	759	575	718
Other	16,326	237	—	—
Consolidated	**257,484**	**3,452**	**241,327**	**718**

Non-current assets exclude financial instruments such as reclamation deposits and restricted cash.

During the period ended 31 December 2023, $37.2 million or 14% of the Group's revenues depended on a single customer in the Rough Diamond segment.

NOTE 6 REVENUE

	Period ended 31 December 2023	**(Restated) Period ended 30 June 2023**
Revenue streams:		
Rough diamond sales	256,566	—
Polished diamond sales	918	3,452
Total revenue	**257,484**	**3,452**

All revenue from rough and polished diamonds sales is recognised at a point in time when control transfers to the customer. See Note 36 (m) for further details.

NOTE 7 EXPENSE BY NATURE

Expenses including cost of sales, selling and distribution expenses, general and administrative expenses and other expenses as reported in the consolidated statement of loss, have been grouped by nature of expenses as follows:

	Period ended 31 December 2023	**(Restated) Period ended 30 June 2023**
Raw materials, consumables and spare parts	94,430	4,025
Salaries and employee benefits	44,649	1,908
Contractors and engineering services	45,365	328
Transaction costs	6	2,279
Property tax and insurance costs	7,833	58
Depreciation and amortisation	43,897	554
Exploration costs	1,884	2,927
Selling and distribution expenses	3,489	1,511
Impairment of assets	—	2,488
Impairment of inventory	146	2,131
Other	5,665	948
Total expenses	**247,364**	**19,157**

Total expenses as disclosed above are comprised of cost of sales, selling and distribution, general and administrative, and other expenses presented in the consolidated statement of loss.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 8 OTHER INCOME

Other income for the period ended 31 December 2023 consists primarily of the derecognition of the contingent consideration as the EBITDA threshold was not met.

	Period ended 31 December 2023	(Restated) Period ended 30 June 2023
Derecognition of contingent consideration *(note 21)*	7,401	—
Other	131	—
Total other income	**7,532**	**—**

NOTE 9 FINANCE EXPENSES

	Period ended 31 December 2023	(Restated) Period ended 30 June 2023
Interest on loans	3,733	—
Interest on convertible debt	739	1,398
Accretion of reclamation provision *(note 25)*	3,433	—
Accretion of convertible debt *(note 30)*	996	1,657
Accretion of contingent consideration *(note 21)*	238	—
Interest on lease liabilities *(note 23)*	989	29
Finance expense on reclamation deposits *(note 13)*	2,553	—
Other interest	1,474	—
Total finance expenses	**14,155**	**3,084**

NOTE 10 INCOME TAX

(a) The components of tax expense comprise:	Period ended 31 December 2023	(Restated) Period ended 30 June 2023
Current tax expense		
Current reporting period	14,951	—
Assessments and adjustments	—	—
Total current tax expense	**14,951**	**—**
Deferred tax recovery		
Origination and reversal of temporary differences	(3,193)	—
Assessments and adjustments	—	—
Change in unrecognised deductible temporary differences	—	—
Total deferred tax recovery	**(3,193)**	**—**
Total tax expense	**11,758**	**—**
Reconciliation of income tax expense to prima facie tax payable:		
Profit (loss) for the period	11,082	(17,802)
Income tax expense (benefit) using the domestic Corporate tax rate of 30% (30 June 2023: 25%)	3,325	(4,451)
Increase in income tax expense due to:		
Non-deductible expenses	690	1,634
Mining Royalty Tax in Canada, net of tax benefit	4,692	—
Timing differences not recognised	2,643	220
Current period tax losses	937	2,804
Effect of different statutory rates in foreign countries	(620)	—
Other	91	(207)
Tax expense	**11,758**	**—**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

(b) Net deferred tax assets not recognised

	Period ended 31 December 2023	(Restated) Period ended 30 June 2023
Net deferred tax assets not recognised		
Tax losses	8,684	7,747
Reclamation Provision	81,349	—
Timing differences	2,546	2,540
Total unrecognised net deferred tax assets	**92,579**	**10,287**

(c) Composition of deferred tax balances:

	(Restated) 30 June 2023	Recognised on Acquisition of Arctic Companies	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Loss	31 December 2023
Deferred tax assets					
Inventory	—	7,578	7,401	—	14,979
Lease obligations	—	10,037	(1,342)	—	8,695
Employee Benefit Plans	—	1,079	28	265	1,372
Consideration Payable	—	12,530	(2,784)	—	9,746
Other deferred tax assets	—	5,657	373	—	6,030
	—	36,881	3,676	265	40,822
Reclassification to deferred tax liabilities	—	(36,881)	(3,676)	(265)	(40,822)
Deferred tax assets:	—	—	—	—	—
Deferred tax liabilities					
Property, plant and equipment	—	(62,087)	1,195		(60,892)
Other deferred tax liabilities	—	(454)	(1,678)	—	(2,132)
	—	(62,541)	(483)	—	(63,024)
Reclassification from deferred tax assets	—	36,881	3,676	265	40,822
Deferred tax liabilities:	—	(25,660)	3,193	265	(22,202)

As at 31 December 2023 the Group had the following tax losses carried forward available to offset against future profits:

Year of expiry	**Canada**	**Australia**
Indefinitely	—	28,948
	—	**28,948**

Each period the Group assesses the future taxable income in each jurisdiction which it operates and determines the nature and amount sufficient to enable the benefit of such deductions to be obtained in the future. As at 31 December 2023, the Group has not recognised the benefit of deductible temporary differences and tax losses amounting to $273.6 million.

Deferred tax liabilities with respect to investments in foreign subsidiaries are not recognise where the Group is able to control the timing of the reversal and any temporary differences are not expected to reverse in the foreseeable future. The Group has not recognised a deferred tax liability with respect of $7.7 million of temporary differences associated with investments in foreign subsidiaries as the Group is able to control the timing of the reversal and any temporary differences are not expected to reverse in the foreseeable future.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 11 EARNINGS PER SHARE

The following table reflects the net loss and share data used in the basic and diluted earnings per share calculations:

	Six month period ended 31 December 2023	(Restated) Twelve month period ended 30 June 2023
NUMERATOR:		
Net loss attributable to ordinary shareholders ($)	(676)	(17,802)
DENOMINATOR:		
Number of ordinary shares outstanding at end of the period	1,421,205,230	1,137,210,661
Vested share options exercisable for no consideration	1,306,599	—
Effect of share options exercised	(443,332)	(3,407,217)
Effect of ordinary shares issued on conversion of convertible note	(32,083)	—
Effect of shares issued related to share placement	—	(784,042,722)
Weighted average number of ordinary shares outstanding during the period used to calculate basic and diluted loss per share	1,422,036,414	349,760,722
Basic and diluted loss per share attributable to shareholders (cents)	**(0.05)**	**(5.09)**

(i) For the period ended 31 December 2023 and 30 June 2023, given the Group was in a net loss position the impact of share options on issue and convertible notes is not considered dilutive.

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of completion of these financial statements.

NOTE 12 PLANT AND EQUIPMENT

	Mineral properties	Equipment and leaseholds	Polishing Equipment	Furniture, equipment and other	Land and building	Assets under construction	Right-of-use assets	Total
COST								
Balance at 1 July 2023	—	51	253	109	—	—	621	1,034
Acquisition of Arctic Companies (note 4)	—	126,313	—	615	67,347	22,464	32,296	249,035
Additions (ii) (iii)	6,533	—	—	—	—	12,909	936	20,378
Disposals	—	(22)	—	—	—	—	—	(22)
Transfers from assets under construction	1,268	13,155	—	513	505	(15,487)	46	—
Foreign exchange differences (i)	(109)	—	—	—	—	—	—	(109)
Balance at 31 December 2023	**7,692**	**139,497**	**253**	**1,237**	**67,852**	**19,886**	**33,899**	**270,316**
ACCUMULATED DEPRECIATION/AMORTISATION								
Balance at 1 July 2023	—	13	61	58	—	—	184	316
Depreciation and amortisation	42	22,324	35	210	5,606	—	3,276	31,493
Disposals	—	(11)	—	—	—	—	—	(11)
Balance at 31 December 2023	**42**	**22,326**	**96**	**268**	**5,606**	**—**	**3,460**	**31,798**
NET BOOK VALUE								
At 31 December 2023	**7,650**	**117,171**	**157**	**969**	**62,246**	**19,886**	**30,439**	**238,518**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

(Restated)	Equipment and leaseholds	Polishing Equipment	Furniture, equipment and other	Land and building	Bulk Sample Plant	Assets under construction	Right-of-use assets	Total
COST								
Balance at 1 July 2022	22	253	103	—	—	1,867	621	2,866
Additions [i][ii]	29	—	6	—	—	990	—	1,025
Transfers from assets under construction	—	—	—	—	2,857	(2,857)	—	—
Balance at 30 June 2023	**51**	**253**	**109**	**—**	**2,857**	**—**	**621**	**3,891**
ACCUMULATED DEPRECIATION/AMORTISATION								
Balance at 1 July 2022	3	24	23	—	—	—	72	122
Depreciation and amortisation	10	37	35	—	358	—	112	552
Impairment of assets	—	—	—	—	2,477	—	—	2,477
Transfer to assets held for sale	—	—	—	—	22	—	—	22
Balance at 30 June 2023	**13**	**61**	**58**	**—**	**2,857**	**—**	**184**	**3,173**
NET BOOK VALUE								
At 30 June 2023	**38**	**192**	**51**	**—**	**—**	**—**	**437**	**718**

[i] *These foreign exchange differences relate to the revaluation of the reclamation provisions.*

[ii] *Additions include cash additions, right-of-use asset additions, property, plant and equipment ("PP&E") additions in payables, changes in estimate of reclamation provision and capitalised depreciation.*

[iii] *As at 31 December 2023, the estimate for the reclamation provision was increased by $6.5 million, resulting in a corresponding increase in the reclamation asset of the same amount.*

NOTE 13 OTHER NON-CURRENT ASSETS

The Group is required to post security with government agencies to ensure reclamation is completed on its mining properties as required by the legislation and regulations of Canada and the Northwest Territories. The security is in the form of cash, letters of credit ("LCs") or surety bond.

	31 December 2023
Sample diamonds	2,378
Restricted cash [a]	10,564
Reclamation deposits [b]	61,568
- Collateral posted for reclamation surety bonds	*44,575*
- Reclamation security deposits	*16,993*
Other	431
Total other non-current assets	**74,941**

	Restricted Cash	**Reclamation Deposits**		**Total**
		Cash Collateral for Surety	**Reclamation Security**	
Balance at 1 July 2023	—	—	—	—
Acquisition of Arctic companies [Note 4]	10,644	33,189	2,689	46,522
Reclamation deposits made	—	11,943	15,899	27,842
Refund received	(153)	—	—	(153)
Interest income on restricted cash	61	—	—	61
Finance expense	—	(803)	(1,750)	(2,553)
Foreign exchange revaluation	12	246	155	413
Balance as at 31 December 2023	**10,564**	**44,575**	**16,993**	**72,132**

(a) Restricted cash

Restricted cash comprised of CDN$14.0 million held by financial institutions as collateral for LCs. These LCs were held by government agencies as security for reclamation obligations.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

(b) Reclamation deposits

Collateral posted for reclamation surety bonds

The Group has an agreement with surety providers whereby the Group provides cash collateral over time up to 100% of the face amount of the bond; and the bond value will be reduced by the payment. During 1 July to 31 December 2023, CDN$16.2 million were made to government agencies and surety bond value was reduced accordingly.

NOTE 14 INVENTORY AND SUPPLIES

	31 December 2023	(Restated) 30 June 2023
Stockpile ore	1,811	—
Rough diamonds – work in progress	61,058	
Rough diamonds – finished goods	40,718	—
Polished diamonds – finished goods	4,942	5,272
Supplies inventory	136,402	—
Total inventory and supplies	**244,931**	**5,272**

For the period ended 31 December 2023, inventories recognised in cost of sales were $231.1 million (30 June 2023: $6.2 million). This includes a $9.9 million increase in fair value recorded on the acquisition date which was later recognised in the cost of sales when the goods were sold. During the period ended 31 December 2023, there were no inventories written down in the Rough Diamond segment, whereas $0.1 million of diamond inventories were written down in the Polished Diamond segment (30 June 2023: $2.1 million).

NOTE 15 TRADE AND OTHER RECEIVABLES

	31 December 2023	(Restated) 30 June 2023
Trade receivables	130	683
Sales & income tax credits	8,545	257
Share purchase plan receivables	—	2,467
Legal cost receivable *(note 35)*	—	1,919
Other deposits and receivables	1,232	233
Total trade and other receivables	**9,907**	**5,559**

The Group has recognised a loss of $nil (30 June 2023: $nil) in profit or loss in respect of the expected credit losses for the period ended 31 December 2023. The Group's exposure to credit risk is disclosed in note 27. Total trade receivables are collectable within the next 12 months.

NOTE 16 CASH AND CASH EQUIVALENTS

	31 December 2023	(Restated) 30 June 2023
Cash at bank and in hand	94,426	1,640
Restricted - Cash held in escrow pending acquisition	—	123,715
Total trade and other receivables	**94,426**	**125,355**

NOTE 17 CONTRIBUTED EQUITY

(a) Ordinary Shares

Ordinary share capital is classified as equity. The issued shares do not have a par value and there is no limit on the authorised share capital of the Company.

	31 December 2023		30 June 2023	
	No.	$	No.	$
Ordinary shares	1,421,205,230	200,607	1,137,210,661	153,511

(tabular amounts in thousands of United States dollars, except as otherwise noted) 139

(b) Movements in Ordinary Shares Issued

Period ended 31 December 2023	Number	$
At 1 July 2023	1,137,210,661	153,511
Issue of Shares - Consideration [(i)]	278,829,226	46,725
Exercise of options	725,949	—
Exercise of options	4,250,000	338
Exercise of convertible note	189,394	33
Balance at 31 December 2023 - fully paid	**1,421,205,230**	**200,607**

[(i)] These shares were issued to Arctic Shareholder and 2L Loan holders as consideration in the acquisition of ACDC. See Note 4.

Period ended 30 June 2023	Number	(Restated) $
At 1 July 2022	341,568,236	27,375
Exercise of options	4,775,959	—
Exercise of options	2,500,000	116
Placement [(i)]	773,478,466	128,710
Share Purchase plan [(i)]	14,888,000	2,478
Transaction costs	—	(5,168)
Balance at 30 June 2023	**1,137,210,661**	**153,511**

[(i)] Shares were issued to acquire 100% of the common shares of Arctic Canadian Diamond Company Ltd. and 100% of the shares of Arctic Canadian Diamond Marketing N.V. and to provide working capital to the Company. The proceeds of the share purchase plan, net of fees, were received in July 2023.

NOTE 18 RESERVES

	31 December 2023	(Restated) 30 June 2023
Convertible note reserve	4,384	4,384
Share-based payments reserve	2,970	2,993
Revaluation Reserve	(505)	—
Foreign currency translation reserve	(53)	(53)
Total reserves	**6,796**	**7,324**

<u>Movement reconciliation</u>

Convertible Note Reserve		
Balance at the beginning of the period	4,384	4,384
Balance at the end of the period	**4,384**	**4,384**
Share Based Payment Reserve		
Balance at the beginning of the period	2,993	2,531
Equity settled share-based payment transactions (Note 29)	(23)	462
Balance at the end of the period	**2,970**	**2,993**
Revaluation Reserve		
Balance at the beginning of the period	—	—
Re-measurement of defined benefit obligation	(505)	—
Balance at the end of the period	**(505)**	—
Foreign Currency Translation Reserve		
Balance at the beginning of the period	(53)	(53)
Effect of translating foreign operations to Company presentation currency	—	0
Balance at the end of the period	**(53)**	**(53)**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

Convertible notes reserve

The amount shown for other equity securities is the value of the conversion rights relating to the 6% convertible notes, details of which are shown in Note 19.

Share-based payment reserve

The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

Revaluation reserve

The revaluation reserve is used to record the re-measurement of defined benefit obligation net of tax expenses.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

NOTE 19 LOANS AND BORROWINGS

				31 December 2023		30 June 2023	
	Currency	**Year of Maturity**	**Nominal Interest rate**	**Face value**	**Carrying amount**	**Face value**	**Carrying amount**
2nd Lien Credit Agreement ("2L Loan") [(a)]	US$	2026	10%	73,834	73,834	—	—
Convertible Notes ("Notes") [(b)]	AUD	2024	6%	23,785	22,304	23,300	20,845
Promissory note payable to Arctic Shareholder [(c)]	US$			0	0	—	—
Total loans and borrowings				**97,619**	**96,138**	**23,300**	**20,845**
Less current portion					22,304		—
Non-current portion					73,834		20,845

(a) 2L Loan

The 2L Loan in principal amount of $73.8 million has a maturity date of 30 June 2026. The loan bears an interest rate of 10% per annum payable in arrears on the last day of each quarter. During the period interest of $3.7 million was paid on the 2L Loan.

There are no financial covenants under the 2L Loan agreement. The remaining non-financial covenants under the 2L agreements that are applicable as at 31 December 2023, mainly relate to submission of financial information by certain dues dates. All assets of Arctic Companies are pledged under the 2L Loan. Under the 2L agreement, intercompany loans between the Arctic Companies and the parent entity must be unsecured loan, subordinated to the 2L loan with maturity date after 30 June 2026. On 1 July 2023, 2L Loan holders were granted 149.6 million shares of Burgundy at AUD0.25 amounting to $25.1 million (AUD37.4 million) and as such also own an equity stake in the Company.

As at 31 December 2023, the Group was in compliance with the required non-financial covenants.

(b) Convertible Notes

The Company issued 35,000,000 6% convertible notes for AUD35,000,000 on 16 September 2021. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 16 September 2024. If a note holder elects to convert all or part of its convertible notes, the minimum number of notes that may be converted is 250,000. The number of shares that will be issued on conversion is equivalent to the principal amount of notes converted divided by the fixed conversion price of AUD0.264 per share. The conversion option of the convertible notes was classified in other reserves in equity as the fixed for fixed criteria under IAS 32 was met on the date the notes were issued. Upon change in functional currency of the Company on 1 July 2023 from AUD to US$, the Company did not reclassify the equity portion of notes. See Note 36(p) for further details.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

	31 December 2023	(Restated) 30 June 2023
Face value of notes issued	23,300	23,300
Other equity securities - value of conversion rights	(4,384)	(4,384)
Costs associated with the issue of convertible notes	(819)	(819)
	18,097	**18,097**
Unwinding of interest per effective interest rate method	3,745	2,748
Exercise of convertible note	(33)	—
Foreign exchange revaluation	495	—
Non-current liability	**22,304**	**20,845**

Interest paid to note holders during the period was $0.7 million (30 June 2023: $1.4 million).

(c) Promissory note payable to Arctic Shareholder

On 1 July 2023 the Company has a payable of $100 to Arctic Shareholder as consideration to acquire ACDM.

NOTE 20 PROVISIONS

	31 December 2023	(Restated) 30 June 2023
Lease make good	64	64
Total provisions	**64**	**64**

The provision represents the estimated costs to make good the premises leased by the Group at the end of the respective lease term. A provision has been recognised for the present value of the estimated expenditure required to make good any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

NOTE 21 CONTINGENT CONSIDERATION

Contingent consideration was recognised at fair value on 1 July 2023, and is calculated as the present value of two earn-out payments of total $15.0 million to the Arctic Shareholder in the first quarter of 2024 ($7.5 million) and 2025 ($7.5 million), subject to the reported EBITDA of the Arctic Companies for the respective 2023 and 2024 calendar years being equal to or exceeding $200.0 million in each year. If the conditions are met, the earn-out payments are payable in cash within thirty days of end of first quarter following end of 2023 and 2024 calendar year.

The fair value of contingent consideration is remeasured at each reporting period with changes in fair value recognised in profit or loss. The fair value of contingent consideration was measured using a discounted risk-free rate of 4.0% adopted based on the 5-year treasury bill as at 1 July 2023.

As at 31 December 2023, present value of $7.4 million for 2023 earn-out cash payment was derecognised as other income (note 8) as the reported 2023 EBITDA of Arctic Companies was below $200.0 million. During period ended 31 December 2023, $0.3 million of present value adjustment was recorded as finance expense.

A reconciliation of the carrying amount of contingent consideration is set out below:

	Earn-out Payment 1	Earn-out Payment 2	Total
Balance at 1 July 2023	7,304	6,970	14,274
Accretion	97	141	238
Derecognition of Earn-out Payment 1	(7,401)	—	(7,401)
Balance at 31 December 2023	**—**	**7,111**	**7,111**
Non-current portion	—	7,111	7,111

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 22 CONSIDERATION PAYABLE

	31 December 2023
Balance at 1 July 2023	—
Acquisition of Arctic Companies *(Note 4)*	47,282
Royalties paid	(4,739)
Changes in fair value	(5,764)
Balance at 31 December 2023	**36,779**
Less current portion	10,844
Non-current portion	25,935

Consideration payable relates to a royalty agreement entered into on the acquisition of the non-controlling interest in Core Zone which has been recognised as consideration. Consideration payable is calculated as the present value of future royalty distributions that are expected as diamonds are produced from Core Zone. These royalty distributions are calculated by multiplying a specific royalty percentage agreed upon with the minority partner; with the value of diamonds produced from Core Zone and are payable in cash within thirty days of end of each quarter.

The fair value of consideration payable is remeasured at each reporting period with any changes in fair value recognised in profit or loss. The fair value of consideration payable was measured using a discounted cash flow valuation model that considered the present value of future royalty distributions discounted using a discount rate of 12%. During the period ended 31 December 2023, $4.7 million was paid in cash.

NOTE 23 LEASE LIABILITIES

Property, plant and equipment comprises both owned and leased assets. The Group leases many assets including land and buildings, vehicles and machinery. Leases for which the Group is a lessee are presented below.

Right-of-use assets	**Mineral properties**	**Equipment and leaseholds**	**Land and buildings**	**Total**
Balance at 1 July 2023	—	—	437	437
Acquisition of Arctic Companies *(note 4)*	641	24,555	7,100	32,296
Additions/modifications for the period	—	(100)	1,036	936
Transfers from assets under construction	—	—	46	46
Depreciation charge for the period	(82)	(1,757)	(1,437)	(3,276)
Balance at 31 December 2023	**559**	**22,698**	**7,182**	**30,439**

Right-of-use assets	**Mineral properties**	**Equipment and leaseholds**	**Land and buildings**	**(Restated) Total**
Balance at 1 July 2022	—	—	549	549
Additions for the period	—	—	—	—
Depreciation charge for the period	—	—	(112)	(112)
Balance at 30 June 2023	**—**	**—**	**437**	**437**

Lease liabilities

Maturity analysis — contractual undiscounted cash flows	**31 December 2023**
Less than one year	11,245
Two to five years	17,845
More than five years	144
Total undiscounted lease liability as at 31 December 2023	29,234
Finance expense	(3,122)
Lease liabilities included in the statement of financial position at 31 December 2023	**26,112**
Current	9,644
Non-current	16,468

(tabular amounts in thousands of United States dollars, except as otherwise noted)

Lease liabilities **Maturity analysis — contractual undiscounted cash flows**	**(Restated)** **30 June 2023**
Less than one year	—
Two to five years	455
More than five years	—
Total undiscounted lease liability as at 30 June 2023	455
Finance expense	(46)
Lease liabilities included in the statement of financial position at 30 June 2023	**409**
Current	97
Non-current	312

Amounts recognised in profit or loss	**31 December 2023**	**(Restated)** **30 June 2023**
Depreciation of right-of-use assets	3,276	112
Interest on lease liabilities	989	29
Amounts recognised in the statement of cashflows		
Total cash outflows for leases	4,116	95

NOTE 24 EMPLOYEE BENEFITS

	31 December 2023
Defined benefit plan obligation *(a)*	3,627
Defined contribution plan and other post-retirement plan obligation *(b)*	356
RSU, and DSU, and Options Plans *(c) (d)*	199
Total employee benefit plan obligation	**4,182**
Less current portion	354
Non-current portion	3,828

(a) Defined benefit pension plan

The Group contributes to defined benefit plans in Canada. Pension benefits are based on the length of service and highest average covered earnings. The plans are governed by the Retirement Advisory Committee. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market investment risk.

Defined Benefit Obligations	**31 December 2023**
Defined benefit obligation at 1 July 2023	59,176
Service cost	915
Interest expense	1,385
Benefit payments	(1,926)
Remeasurements	1,110
Effect of changes in foreign exchange rates	103
Defined benefit obligations at 31 December 2023	**60,763**

Plan Assets	**31 December 2023**
Plan assets at 1 July 2023	56,329
Interest income	1,409
Total employer contributions	906
Benefit payments	(1,926)
Administrative expenses paid from plan assets	(17)
Return on plan assets, excluding imputed interest income	361
Effect of changes in foreign exchange rates	74
Plan assets at 31 December 2023	**57,136**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

Funded Status	**31 December 2023**
Accrued benefit obligation	60,763
Plan assets	57,136
Funded status - plan deficit	**3,627**

As at the last valuation date, on 31 December 2023, the present value of the defined benefit obligation comprised approximately $47.7 million relating to active employees, $5.5 million relating to deferred members and $7.5 million relating to retired members.

Funding Policy

The Group funds the plans in accordance with the requirements of the Canadian Pension Benefits Standards Act, 1985 and the Pension Benefits Standards Regulations and the actuarial professional standards with respect to funding such plans. Funding deficits are amortised as permitted under the Regulations. In the Group's view, this level of funding is adequate to meet current and future funding needs in light of projected economic and demographic conditions. The Group may in its absolute discretion fund in excess of the legislated minimum from time to time, but no more than the maximum contribution permitted under the Canada's Income Tax Act. The expected contribution to the plan for the next fiscal year is $2.6 million.

Asset Category	**31 December 2023**
	%
Cash equivalents	1%
Equity securities	23%
Fixed income securities	65%
Real Estate	11%
Total	**100%**

	Period ended
Actuarial assumptions	**31 December 2023**
	%
ACCRUED BENEFIT OBLIGATION	
Discount rate	5.00%
Rate of salary increase	2.75%
Rate of price inflation	2.00%
Mortality table	CPM2014Priv with CPM-B Improvement
BENEFIT COSTS FOR THE PERIOD	
Discount rate	5.20%
Expected rate of salary increase	2.75%
Rate of compensation increase	2.75%

	Total
Defined benefit schedule for disbursements within 1 year	3,909
Defined benefit schedule for disbursements within 2-5 years	18,944
Defined benefit schedule for disbursements after five or more years	33,733

Sensitivity Analysis - Defined Benefit Obligation	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	0.50%	63,278	58,463
Salary growth rate	0.25%	60,377	61,156
Mortality table	1 year	61,350	60,159

(b) Defined contribution plan

During the period ended 31 December 2023, the Group recognised $4.6 million expenses. As at 31 December 2023 the defined contribution plan liability was $0.2 million.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

(c) Restricted Share Unit ("RSU") and Deferred Share Unit ("DSU") Plans - cash settled

Grants under the RSU plans are on a discretionary basis to employees of the Group subject to Board of Directors' approval. Grants of RSU under the RSU Plan vest annually on the anniversary of the original grant date over the specified vesting period. The Group shall pay out cash on the respective vesting dates of RSUs equivalent to the number of RSUs vested at the fair market value of the RSUs. Fair market value is determined as the volume weighted average trading price ("VWAP") of the Common Shares on the Australian Stock Exchange for the five trading days immediately preceding the redemption date.

Grants under the DSU plans are on a discretionary basis to employees of the Group and its subsidiaries subject to Board of Directors' approval. Grants of DSU under the DSU Plan vest annually on the anniversary of the original grant date over the specified vesting period. Vested DSU grants are only exercisable on departure of the employee (e.g. retirement, resignation, death). The Group shall pay out cash on the respective vesting dates of DSUs equivalent to the number of DSUs vested at the fair market value of the DSUs. Fair market value is determined as the VWAP of the Common Shares on the Australian Stock Exchange for the five trading days immediately preceding the redemption date.

The expenses related to RSUs and DSUs are accrued based on fair value, determined as at the date of grant. This expense is recognised as compensation expense over the vesting period. Until the liability is settled, the fair value of the RSUs and DSUs is remeasured at the end of each reporting period and at the date of settlement, with changes in fair value recognised as share-based compensation expense or recovery over the vesting period.

RSU and DSU Plans

RSU	**Number of units**
Balance at 1 July 2023	—
Awards and payouts during the year	
RSU awards	6,032,568
RSU payouts	—
Balance at 31 December 2023	**6,032,568**

DSU	**Number of units**
Balance at 1 July 2023	—
Awards and payouts during the year	
DSU awards	36,195,408
DSU payouts	—
Balance at 31 December 2023	**36,195,408**

The Group recognised an expense of $0.1 million for the period ended 31 December 2023 (30 June 2023: $nil) in respect of the RSU and DSU plans. The total carrying amount of liabilities for RSU and DSU arrangements as at 31 December 2023 is $0.1 million (30 June 2023: $nil).

(d) Option grants with cash settlement option

The Group also issues options grants to employees where the option holder has the right to have these awards settled via issuance of Company shares, cashless exercise or payment in cash (requires Board approval). In instances, where the option holder has the unconditional right to choose cash settlement such awards are classified as liability. The initial fair value of the liability which is calculated as of the grant date is recognised within compensation expense over the vesting period and is subsequently revalued at each reporting period.

On 1 December 2023, the Company issued 12,065,136 unlisted options with an exercise price of AUD0.1764 and expiry date of 30 November 2028, to employees of the Group in accordance with the Company's Option Plan. A valuation factor of 0.5 is applied when determining the total award value. These options can be redeemed at the option of the holder via issuance of Company shares, cashless exercise or cash payout. As at 31 December 2023 an expense and liability of $44,476 was recognised for these options. During the period ended 31 December 2023, there were no option exercises under this option award.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 25 RECLAMATION PROVISIONS

As at 31 December 2023, the estimated total undiscounted amount of the future cash flows required to settle the reclamation obligation is estimated to be CDN$376.9 million (30 June 2023: $nil). These obligations will be settled between 2025 to 2042. This amount has been discounted using risk-free rate of 3.02% and an inflation rate of 1.62% was applied.

Reclamation provisions are related to future environmental remediation and site restoration of mining site. The revision of previous estimates is based on revised expectations of reclamation activity costs, changes in estimated reclamation timelines and fluctuations in foreign exchange rates. A reconciliation of the carrying amount of asset retirement obligations as at 31 December 2023 is set out below:

	31 December 2023
Balance at 1 July 2023	—
Acquisition of Arctic Companies *(Note 4)*	226,302
Revisions of previous estimates	6,578
Accretion of provision	3,433
Foreign exchange revaluation	(109)
Balance at 31 December 2023	**236,204**
Non-current portion	236,204

As at 31 December 2023, the Group had restricted cash of $10.6 million at banks and reclamation deposits of $61.6 million with government agencies as cash collateral for reclamation obligations (see note 13).

NOTE 26 TRADE AND OTHER PAYABLES

	31 December 2023	(Restated) 30 June, 2023
Trade and other payables	19,120	2,396
Accrued expenses	34,848	1,248
Interest payable on loans	49	—
Total trade and other payables	**54,017**	**3,644**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 27 FINANCIAL RISK MANAGEMENT

a) Financial Instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	31 December 2023		(Restated) 30 June 2023	
	Fair value	**Carrying value**	**Fair value**	**Carrying value**
Financial assets at amortised cost				
Cash and cash equivalents [(i)]	94,426	94,426	125,355	125,355
Trade and other receivables [(i), (ii)]	1,362	1,362	5,302	5,302
Restricted cash [(i)]	10,564	10,564	—	—
Financial assets at fair value				
Reclamation deposits	61,568	61,568	—	—
Total financial assets	**167,920**	**167,920**	**130,657**	**130,657**
Total current	95,788	95,788	130,657	130,657
Total non-current	72,132	72,132	—	—
Financial liabilities at amortised cost				
Trade and other payables [(i)]	54,017	54,017	3,644	3,644
Convertible notes	23,785	22,304	23,300	20,845
Loans and borrowings – 2L loan	73,834	73,834	—	—
Financial liabilities at fair value				
Contingent consideration	7,111	7,111	—	—
Consideration payable	36,779	36,779	—	—
Total financial liabilities	**195,526**	**194,045**	**26,944**	**24,489**
Total current	77,802	87,165	3,644	3,644
Total non-current	117,724	106,880	23,300	20,845

(i) The fair value of these financial instruments approximates their carrying value due to the short term to maturity.
(ii) Excludes sales tax credits receivable (see note 15).

All financial assets and liabilities measured at amortised cost are classified as Level 2 measurements.

(i) Measurement of fair value

Reclamation deposits

Reclamation deposits is classified as Level 2 fair value measurement. The fair value of reclamation deposits was discounted by applying respective Government of Canada Benchmark Bond yields rate to respective deposits dependent on its year of maturity when the deposits are released for reclamation recovery.

Loans and borrowing

The 2L Loan is classified as Level 2 fair value measurement. The loan approximated its carrying value at the acquisition date on 1 July 2023 and there were no substantive changes in the Group's credit risk since the acquisition to 31 December 2023.

As at 31 December 2023, fair value of 2L Term loan was calculated with a net present value model using discount rates from the valuation report.

Convertible notes

The convertible notes are classified as Level 2 fair value measurement. The convertible notes fair value was calculated as its value on maturity date on 16 September 2024 in AUD converted to US$ using the exchange rate on 31 December 2023.

(tabular amounts in thousands of United States dollars, except as otherwise noted) 148

Contingent consideration

Contingent consideration is classified as Level 3 fair value measurement. The fair value of contingent consideration was determined by using the payment distribution defined in SPA and was calculated using a pre-tax discount rate of 4%.

The future cashflows of contingent consideration may be different from the amounts presented in the table above as discount rate or subjected conditions underlying the consideration change.

Consideration payable

Consideration payable is classified as Level 3 fair value measurement. The fair value of consideration payable was determined by using the discounted cash flow model in which the present value of future royalty distributions was calculated using a pre-tax discount rate of 12%.

The future cashflows of consideration payable may be different from the amounts presented in the table above as discount rates, diamond pricing or other relevant conditions underlying the consideration change.

(ii) Sensitivity analysis

For the fair value of contingent consideration, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Profit or loss	
Contingent Consideration	**Increase**	**Decrease**
31 December 2023	**$**	**$**
Discount rate (1% movement)	95	(95)

For the fair value of consideration payable, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Profit or loss	
Consideration Payable	**Increase**	**Decrease**
	$	**$**
31 December 2023		
Expected cash flows (10% movement)	(2,934)	2,934
Discount rate (1% movement)	643	(643)

During the period ended 31 December 2023 and 30 June 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

For a reconciliation of the fair value measurements within Level 3, refer to the fair value movements in Notes 21 and 22 in these financial statements.

b) Risk Management Overview

The Group has exposure to the following risks arising from financial instruments:

- Market risk: foreign currency
- Financial risk: credit and liquidity risk

Risk Management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by third-party consultant. The consultant undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(i) Currency risk management

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Group. The functional currency of the Group is the US dollar. Purchases are primarily denominated in Canadian dollars, sales and loans are primarily denominated in US dollars and convertible notes are denominated in Australian dollars.

Based on the Group's net exposure to Canadian and Australian dollar monetary assets and liabilities as at 31 December 2023, a one-cent change in the exchange rate would have impacted pre-tax loss for the year by $0.1 million (30 June 2023 - $nil) for Canadian Dollar denominated monetary assets and liabilities, and respectively by $0.2 million (30 June 2023 - $0.7 million) for Australian dollar denominated monetary assets and liabilities.

The current risk management policy is to monitor the foreign exchange rate and purchase at spot rate before the settlement of liabilities. The Group limits its foreign currency risk by limiting funds held in overseas bank accounts and paying its creditors promptly.

(ii) Credit risk management

Credit risk is the risk of a financial loss to the Group if a customer or counterparty in a transaction fails to meet its contractual obligation. The Group adopts a sales policy which requires receipt of cash prior to the delivery of rough diamonds to its customers and an investing policy to invest with major financial institutions. In contrast, the Group employs credit policies to its customers on polished diamond sales by monitoring exposure to credit risk on an ongoing basis. As a result, the Group's exposure to credit risk arising from diamond sales is minimal. As at 31 December 2023, the Group has significant sales tax receivables due from Canadian Revenue Agency and as such has minimal credit risk exposure.

The Group's cash, restricted cash and reclamation deposits are deemed low risk as it's invested in short-dated money market securities and bank accounts held at investment grade financial institutions. The financial institutions are medium credit quality or higher operating in low-geopolitical risk jurisdictions, including Canada, Belgium and Australia. As at 31 December 2023, the Group's maximum counterparty credit exposure consists of the carrying amount of cash, restricted cash, accounts receivable and reclamation deposits.

(iii) Liquidity and capital risk management

The Group's capital includes cash, current and non-current borrowings and contributed equity. Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The Group manages its liquidity by ensuring that there is sufficient capital to meet short-term and long-term business requirements, after taking into account cash flows from operations, the Group's holdings of cash and cash equivalents, debt and equity offering and equipment financing or leasing arrangement. The Group also strives to maintain sufficient financial liquidity at all times in order to participate in investment opportunities as they arise, as well as to withstand sudden adverse changes in economic circumstances. The Group's capital includes cash, current and non-current borrowings and contributed equity.

Management applies judgement when forecasting cash flows for its current and subsequent fiscal years to predict future financing requirements by managing sales, monitoring operating and capital expenditures, and obtaining alternative financing arrangement for short term cash needs. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions. See Note 2 (b) for further details on the going concern assumption.

The following table summarises the aggregate amount of expected remaining gross contractual undiscounted cash flow requirements for the Group's financial liabilities based on repayment or maturity periods.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

		Contractual cash flows			
	Carrying amount	***Less than 1 year***	***Year 2-3***	***Year 4-5***	***After 5 years***
Trade and other payables	54,017	(54,017)	—	—	—
Lease liabilities	29,234	(11,245)	(15,550)	(2,295)	(144)
Contingent Consideration	7,500		(7,500)		
Consideration payable	46,326	(10,844)	(20,656)	(12,800)	(2,026)
Convertible Notes *(i)*	24,798	(24,798)	—	—	—
2L loan *(i)*	92,580	(7,548)	(85,032)	—	—

(i) The contractual cashflow of convertible notes and 2L loan includes coupon interest.

The future cash flows of consideration payable may be different from the amounts in the table above as diamond production, pricing or other relevant conditions underlying the consideration payable change.

Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Group's development, there are no formal targets set for return on capital. There were no changes to the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements. The net equity of the Group is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

NOTE 28 RELATED PARTY DISCLOSURE

a) Investment in controlled entities

Name	**Country of Incorporation**	**Percentage Owned 31 December 2023**	**30 June 2023**
Arctic Canadian Diamond Company Ltd.	Canada	100%	—
Arctic Canadian Diamond Marketing N.V.	Belgium	100%	—
BDM Del Peru S.A.C.	Peru	100%	100%
Burgundy Diamonds (Canada) Limited	Canada	100%	100%
Burgundy Diamonds SARL *(i)*	France	100%	100%
Burgundy Diamonds LLC *(ii)*	United States	100%	100%
Naujaat Project	Canada	40%	40%

(i) Under dissolution.
(ii) Filed certification of cancellation on 1 December 2023.

b) Key management personnel compensation

The aggregate compensation made to directors and other key management personnel ("KMP") of the Group is set out below:

	Period ended 31 December 2023	**(Restated) Period ended 30 June 2023**
Short-term benefits	884	487
Post-employment benefits	121	41
Share-based payments	309	—
Total KMP Compensation	**1,314**	**528**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

c) Transactions with related parties

During the period ended 31 December 2023, there were intercompany sales of $0.5 million from ACDM to the Company.

As at 31 December 2023, the Group had $19,684 of directors fees payable and $303,936 in bonuses payable to KMP.

There were no other transactions with KMP during the year ended 31 December 2023.

NOTE 29 SHARE-BASED PAYMENTS

a) Recognised share-based payment transactions

(rounded to the nearest US dollar)	Period ended 31 December 2023	(Restated) Period ended 30 June 2023
Options issued to employees (i)	84,104	405,658
Shares issued to consultants	—	56,585
Options issued to Directors	—	—
Total share-based payments expense	**84,104**	**462,243**

(i) $39,628 is recorded in other reserves and $44,476 is recorded as a liability.

Share-based payments expense for the period ended 31 December 2023 is $84,104 (30 June 2023: $462,243).

b) Summary of options

31 December 2023

Options	Grant Date	Date of Expiry	Exercise Price (AUD)	Balance at the start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at the end of the period
Consultant	14-08-20	31-07-23	$0.12	2,500,000	—	(1,750,000)	(750,000)	—
Consultant	08-09-20	31-08-23	$0.12	2,500,000	—	(2,500,000)	—	—
Director (i)	18-11-20	30-09-23	$0.12	2,500,000	—	(2,500,000)	—	—
Lead Managers	23-09-21	22-09-24	$0.36	10,000,000	—	—	—	10,000,000
Employees	02-08-22	30-08-27	$nil	2,032,548	—	(725,949)	—	1,306,599
Consultant	02-08-22	05-08-26	$0.26	1,000,000	—	—	—	1,000,000
Employee - CEO	21-11-23	20-11-25	$0.30	—	10,000,000	—	—	10,000,000
Employees - CEO & other employees	01-12-23	30-11-28	$0.18	—	12,065,136	—	—	12,065,136
				20,532,548	**22,065,136**	**(7,475,949)**	**(750,000)**	**34,371,735**

(i) Cashless exercise of 2.5 million options in which the after-tax value of the award was used to purchase common shares on the open market for $62,381.

On 21 November 2023, the Company issued 10,000,000 unlisted options to the Chief Executive Officer in accordance with the Company's Option Plan for which an expense of $39,628 was recorded. As per the terms of this option award, each option carries the right in favour of the option holder to subscribe to one fully paid ordinary share of the Company.

On 1 December 2023, the Company issued 12,065,136 unlisted options with an exercise price of AUD0.1764 to employees of the Group in accordance with the Company's Option Plan. A valuation factor of 0.5 is applied when determining the total award value. These options can be redeemed at the option of the holder via issuance of Company shares, cashless exercise or cash payout. As at 31 December 2023 an expense and liability of $44,476 was recognised for these options.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

The options issued to employees during the period have been valued using the Black-Scholes valuation Model. The model and assumptions are shown in the table below:

	CEO Options
Number of options	10,000,000
Grant date	21 November 2023
Expiry date	20 November 2025
Exercise price - AUD	$0.30
Share price at grant date - AUD	$0.19
Expected volatility	85%
Risk-free interest rate	4.16%
Fair Value - AUD	**$0.07**

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, over the historical period commensurate with the term of the option.

30 June 2023

Options	Grant Date	Date of Expiry	Exercise Price (AUD)	Balance at the start of the period	Granted during the period	Exercised during the period	Balance at the end of the period
Director	03-09-20	19-03-23	$0.07	2,500,000	—	(2,500,000)	—
Consultant	14-08-20	31-07-23	$0.12	2,500,000	—	—	2,500,000
Consultant	08-09-20	31-08-23	$0.12	2,500,000	—	—	2,500,000
Director	18-11-20	30-09-23	$0.12	2,500,000	—	—	2,500,000
Director	22-09-21	21-09-24	$nil	3,000,000	—	(3,000,000)	—
Lead Managers	23-09-21	22-09-24	$0.36	10,000,000	—	—	10,000,000
Employees	02-08-22	30-08-27	$nil	—	3,808,507	(1,775,959)	2,032,548
Consultant	02-08-22	05-08-26	$0.26	—	1,000,000	—	1,000,000
				23,000,000	**4,808,507**	**(7,275,959)**	**20,532,548**

On 30 August 2022, the Company issued 3,808,507 zero priced unlisted options to employees of the Group of the employees’ achievement short-term term incentive milestones. The options were issued in accordance with the Company’s Option Plan and have been valued based on the closing share price on the grant date being 16 cents. The total value of $609,361 has been recognised as share-based payments expense in the statement of loss.

On 30 August 2022, the Company issued 1,000,000 unlisted options to a brand consultant to provide ongoing advice to the Company and to incentive the consultant to promote the Company’s brand and products. The total value of $85,000 has been recognised as share-based payments expense in the statement of loss.

The options issued to employees and the consultant during the period have been valued using the Hoadley ES02 valuation Model. The model and assumptions are shown in the table below:

	Employee Options	**Consultant Options**
Number of unlisted options	3,808,507	1,000,000
Grant date	2 Aug 2022	2 Aug 2022
Expiry date	30 Aug 2027	5 Aug 2026
Exercise price - AUD	$0.00	$0.26
Share price at grant date - AUD	$0.16	$0.16
Expected volatility	85.09%	85.09%
Risk-free interest rate	2.90%	2.90%
Fair Value - AUD	**$609,361**	**$85,000**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

c) Reconciliation of outstanding share options

The Company's shares are primarily traded in Australian Dollar on the Australian Stock Exchange and, accordingly, share option information is presented in Australian dollars. The number and weighted average prices of share options are as follows:

Range of exercise prices	31 December 2023 Options	31 December 2023 Weighted average exercise price AUD	30 June 2023 Options	30 June 2023 Weighted average exercise AUD
Outstanding, at the beginning of the period	20,532,548	0.23	23,000,000	0.20
Granted	22,065,136	0.23	4,808,507	0.05
Forfeited	—	—	—	—
Exercised	(7,475,949)	0.11	(7,275,959)	0.02
Expired	(750,000)	0.12	—	—
Outstanding, at the end of the period	**34,371,735**	**0.26**	**20,532,548**	**0.23**

The weighted average share price at date of exercise for share options exercised during the period 31 December 2023 was AUD0.22 (30 June 2023: AUD0.25).

The following table summarises information about share options outstanding as at 31 December 2023:

Range of exercise prices AUD	Options outstanding: Number outstanding	Options outstanding: Weighted average remaining contractual life in years	Options outstanding: Weighted average exercise price AUD	Options exercisable: Number exercisable	Options exercisable: Weighted average exercise AUD
Nil	1,306,599	3.67	—	1,306,599	—
0.18	12,065,136	4.92	0.18	—	—
0.26–0.36	21,000,000	1.37	0.33	11,000,000	0.35
	34,371,735	**—**	**0.26**	**12,306,599**	**0.31**

NOTE 30 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	(Restated) 1 July 2023	Acquisition of Arctic Companies	Cashflow (i)	Non-cash changes: Additions or modifications	Non-cash changes: Foreign exchange	Non-cash changes: Finance expenses	Non-cash changes: Other	31 December 2023
Convertible notes (ii)	20,845	—	—	—	496	996	(33)	22,304
2L and 3L Loans (iii)	—	100,460	(26,626)	—	—	—	—	73,834
Lease obligations	409	29,434	(5,477)	733	23	989	—	26,111
Total	**21,254**	**129,894**	**(32,103)**	**733**	**519**	**1,985**	**(33)**	**122,249**

(i) Lease cashflows include lease principal and lease interest payments.
(ii) Non-cash changes on convertible notes in 'Other' include $33 thousand in exercise of convertible note (note 19).
(iii) 3L Term Loan was an assumed liability by the Group with the acquisition of Arctic Companies that was repaid on acquisition date.

	(Restated) 1 July 2022	Cashflow (i)	Non-cash changes: Additions	Non-cash changes: Foreign exchange	Non-cash changes: Finance expenses	(Restated) 30 June 2023
Convertible notes	19,890	(1,414)	—	(721)	3,090	20,845
Lease obligations	525	(126)	—	(19)	29	409
Total	**20,415**	**(1,540)**	**—**	**(740)**	**3,119**	**21,254**

(i) Lease cashflows include lease principal and lease interest payments.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 31 COMMITMENTS

As at 31 December 2023, the Group had commitments that require the following minimum future payments, which were not accrued in the consolidated statement of financial position:

Contractual Obligations	Total	Less than 1 year	Year 2–3	Year 4–5	After 5 years
Participation agreements commitments [(a)]	40,705	3,698	7,394	7,394	22,219
Environmental agreements commitments [(b)]	189,561	172,018	11,636	1,441	4,466
Surface and mineral licenses	9,012	988	1,934	932	5,158
Purchase commitments	54,660	54,660	—	—	—
Total contractual obligations	**293,938**	**231,364**	**20,964**	**9,767**	**31,843**

(a) Participation agreements

Ekati Diamond Mine has signed participation agreements with various aboriginal communities. Contractual obligations under these agreements amount to $40.7 million and are expected to contribute to the social, economic and cultural well-being of these communities.

(b) Environmental commitments

To meet the requirements under environmental and other agreements, the Group posted surety bonds and provided LCs for reclamation obligations for the Ekati Diamond Mine. These LCs were issued against the Letter of Credit Facility with cash collateral equals to 103% of the value of the LC. The Letter of Credit Facility has a capacity of CDN$20.0 million with CDN$13.3 million utilised as at 31 December 2023. See Note 37.

In fiscal 2024, the Group is required to make payments to fully cash collateralise the surety bonds. These payments are due by May 2024, subject to maintenance at all times of minimum cash on hand of at least US$15.0 million. Under the surety agreement, no cash advance from Arctic Companies to the parent is permitted without the prior written consent of the surety providers.

		31 December 2023
Surety bonds	CDN$	212,969
	US$ equivalent	161,023

(c) Contingent liabilities

In the ordinary course of business activities, the Group may be contingently liable for litigation and claims that arise due to the size, complexity and nature of the Group's operations. The outcome of such claims against the Group is not determinable at this time; however, their ultimate resolution is not expected to have a material adverse effect on the Group.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 32 AUDITOR'S REMUNERATION

(rounded to the nearest US dollar)	**31 December 2023**				**(Restated) 30 June 2023**
Amounts received or due and receivable by auditors:	**KPMG Australia**	**KPMG Canada**	**KPMG Belgium**	**Total**	
Audit and review of the annual and half-year financial report (i)	130,431	601,427	92,988	824,846	43,117
Taxation services (i)	—	—	—	—	2,996
Preparation of Investigating Accountant's Report (i)	—	—	—	—	46,256
Total audit and audit related	**130,431**	**601,427**	**92,988**	**824,846**	**92,369**
Other services					
RSM Canada - Tax compliance services	—	—	—	—	937
RSM France - Company compliance	—	—	—	—	13,242
KPMG Belgium - Contribution audit and Kimberley Certification audit	—	—	78,512	78,512	—
KPMG Calgary - Accounting matters, prospectus and ASX filings review	—	60,350	—	60,350	—
Total other services	—	**60,350**	**78,512**	**138,862**	**14,179**
Total audit and other services	**130,431**	**661,777**	**171,500**	**963,708**	**106,548**

(i) As at 30 June 2023, these amounts were received or due and receivable by RSM Australia Partners.

NOTE 33 PARENT ENTITY

	31 December 2023	**(Restated) 30 June 2023**
Assets		
Current assets	7,024	136,489
Non-current assets	170,548	813
Total assets	**177,572**	**137,302**
Liabilities		
Current liabilities	22,898	3,706
Non-current liabilities	344	21,255
Total liabilities	**23,242**	**24,961**
Equity		
Contributed equity	200,607	153,512
Reserves	7,315	7,377
Accumulated losses	(53,592)	(48,548)
Total equity	**154,330**	**112,341**
Net loss for the year	(5,034)	(17,859)
Total comprehensive loss	**(5,034)**	**(17,859)**

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2023 and 30 June 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2023 and 30 June 2023.

Exploration commitments

The parent entity has no significant exploration commitments.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed through the report, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 34 RECLASSIFICAITON OF COMPARATIVES

During the period the Group has reclassified the following comparative information relating to 30 June 2023 to align with current year presentation. Amounts presented below are rounded to the nearest US$:

(i) Consolidated statement of loss and other comprehensive loss:

- As at 31 December 2023, the consolidated statement of loss and other comprehensive loss is presented using the expense by function classification to better align the Group's disclosures with its peers in the mining sector, instead of expense by nature classification that was used as at 30 June 2023. As such, the 30 June 2023 comparatives have been reclassified from expense by nature into expense by function categories;
- Transaction costs associated with acquisition of Arctic Companies of $2,278,636 included in General and Administrative expenses have been reclassified to other expenses; and
- Other income of $44,000 included in other income has been reclassified to finance income.

(ii) Consolidated statement of financial position:

- Prepaid expenses of $375,660 included in trade and other receivables have been reclassified to other current assets;
- Right-of-use assets of $437,000 that were presented separately on the consolidated statement of financial position as at 30 June 2023, have been included with Property, Plant and Equipment;
- Employee benefits of $94,557 comprising of leave pay at 30 June 2023 have been included in Trade and Other Payables;

(iii) Consolidated statement of cash flows:

- For the period ended 31 December 2023, the Group has presented the consolidated statement of cash flows using the indirect method of presentation to better align the Group’s disclosures with its peers in the mining sector, instead of the direct method presentation that was used as at 30 June 2023. As such, the 30 June 2023 comparatives have been reclassified from direct to the indirect method of cash flow presentation.

Other than the correction of error as disclosed in Note 35, these reclassifications had no effect on the reported consolidated statement of loss and other comprehensive loss, consolidated statement of financial position and consolidated statement of cash flow.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 35 RESTATEMENT OF COMPARATIVES

(a) Restatement of all comparatives due to change in functional and presentation currency

All comparative figures in the consolidated financial statements were restated due to change in functional and presentation currency from Australian Dollar to United States Dollar as disclosed in Note 2 (f).

(b) Correction of error

Legal expenses directly related to due diligence on acquisition of Arctic Companies were overstated and recorded in consolidated statement of loss and other comprehensive loss rather than being correctly allocated to the cost of capital raising in the consolidated statement of financial position. Furthermore, these expenses were reimbursed from the proceeds of the June 2023 capital raise during July 2023 for which a receivable should have been recorded as at 30 June 2023.

The following tables summarise the impacts on the Group's consolidated financial statements:

(i) Consolidated statement of financial position

30 June 2023	**Impact of correction of error**		
	As previously reported	**Adjustments**	**As restated**
Trade and other receivables	3,640	1,919	5,559
Others	131,743	—	131,743
Total assets	**135,383**	**1,919**	**137,302**
Total liabilities	**(24,962)**	—	**(24,962)**
Contributed equity	(152,422)	(1,089)	(153,511)
Accumulated losses	49,325	(830)	48,495
Others	(7,324)	—	(7,324)
Total equity	**(110,421)**	**(1,919)**	**(112,340)**

(ii) Consolidated statement of loss and other comprehensive loss

30 June 2023	**Impact of correction of error**		
	As previously reported	**Adjustments**	**As restated**
Other expenses	(8,524)	830	(7,694)
Others	(10,108)	—	(10,108)
Net loss	**(18,632)**	**830**	**(17,802)**
Total comprehensive loss	**(18,632)**	**830**	**(17,802)**

(iii) Consolidated statement of cash flows

30 June 2023	**Impact of correction of error**		
	As previously reported	**Adjustments**	**As restated**
Net loss	(18,632)	830	(17,802)
Others	7,702	—	7,702
Changes in non-cash operating working capital:			
Accounts receivable	(687)	(1,919)	(2,606)
Other changes in non-cash operating working capital	275	—	275
Net cash used in operating activities	**(11,342)**	**(1,089)**	**(12,431)**
Net proceeds from issuance of shares	122,581	1,089	123,670
Others	(95)	—	(95)
Net cash from financing activities	**122,486**	**1,089**	**123,575**
Net cash used in investing activities	**(1,091)**	—	**(1,091)**

There is no material impact on the Group's basic or diluted loss per share for the year-ended 30 June 2023.

NOTE 36 MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

In addition, the Group adopted *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 36 in certain instances (see Note 1 for further information).

(a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Burgundy Diamond Mines Limited as at 31 December 2023 and 30 June 2023. The results of subsidiaries are presented for the period from 1 July 2023 to 31 December 2023 and 1 July 2022 to 30 June 2023.

(i) SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. All subsidiaries are consolidated from the date on which control is transferred to the Group until the date on which control ceases.

All intra-group balances, income and expenses, and unrealised gains and losses resulting from intra-group transactions of the consolidated entities are eliminated in full on consolidation.

(ii) JOINT ARRANGEMENTS

Joint arrangements represent activities where the Company has joint control established by a contractual agreement. Joint control requires unanimous consent for financial and operational decisions. A joint arrangement is either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities, or a joint venture, whereby the parties have rights to the net assets. Classification of a joint arrangement as either joint operation or joint venture requires judgement. Management's consideration includes, but are not limited to, determining if the arrangement is structured through as separate vehicle and whether the legal from and contractual arrangements give the entity direct rights to the assets and obligations for the liabilities within the normal course of business. Other facts and circumstances are also assessed by management, including the entity's rights to the economic benefits of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

(b) Business combination

Acquisitions of businesses are accounted for using the acquisition method whereby all identifiable assets and liabilities are recorded at their fair value as at the date of acquisition with limited exceptions. Any excess purchase price over the aggregate fair value of identifiable net assets is recorded as goodwill. Acquisition related costs are expensed as incurred and are included in the consolidated statement of profit or loss. Estimates of future cash flows, forecast prices, interest rates and discount rates are made in determining the fair value of assets acquired and liabilities assumed. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities, intangible assets and goodwill in the purchase price equation.

(c) Property, plant and equipment ("PPE")

(i) EXPLORATION AND EVALUATION EXPENDITURES

Exploration and evaluation activities include: acquisition of rights to explore; topographical, geological, geochemical and geophysical studies; exploratory drilling; trenching and sampling; and activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources. Exploration and evaluation costs are expensed as incurred. They are only capitalised when the Group concludes that there is evidence to support probability of generating positive economic returns in the future. A mineral resource is considered to have economic potential when it is expected that the technical feasibility and commercial viability of extracting the mineral resource can be demonstrated and the future economic benefits are probable.

In making this determination, the extent of exploration, as well as the degree of confidence in the mineral resource, is considered. Capitalised exploration and evaluation expenditures are recorded as a component of property, plant and equipment. Capitalised exploration and evaluation assets will be assessed for impairment when specific facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Once development is sanctioned, any capitalised exploration and evaluation costs are tested for impairment and reclassified to mineral property assets within property, plant and equipment. All subsequent development expenditure is capitalised.

Capitalised exploration and evaluation costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

(ii) COMMENCEMENT OF COMMERCIAL PRODUCTION

There are a number of quantitative and qualitative measures the Group considers when determining if conditions exist for the transition from pre-commercial production to commencement of commercial production of an operating mine, which include:

- all major capital expenditures have been completed to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management;
- mineral recoveries are at or near expected production levels; and
- the ability exists to sustain ongoing production of ore.

(iii) PP&E COST

Items of PP&E are measured at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price and construction cost, any costs directly attributable to bringing the asset into operation including stripping costs incurred in open pit development before production commences, the initial estimate of the site restoration obligation and, borrowing costs for qualifying assets. Repair and maintenance costs are expensed as incurred. When parts of an item of PP&E have different useful lives, the parts are accounted for as separate items (major components) of property, plant and equipment.

(iv) DEPRECIATION AND AMORTISATION

Assets under construction are not depreciated until these assets are ready for their intended use. The unit-of-production method is applied to a substantial portion of the Ekati Diamond Mine property, plant and equipment. Depending on the asset, it is based on either tonnes of material processed or carats of diamonds recovered during the period relative to the estimated proven and probable ore reserves of the ore deposit being mined, or to the total ore deposit. Other property, plant and equipment is depreciated using the straight- line method over the estimated useful lives of the related assets which are as follows:

Asset	*Estimated useful life (years)*
Buildings	Up to 15
Machinery and mobile equipment	2–15
Computer equipment and software	3–6
Furniture, fixtures and equipment	2–10
Polishing equipment	4–10
Leasehold and building improvements	Up to 15
Right-of-use assets	Lease term or life of the asset

The estimation of mineral reserves is a subjective process. The Group estimates its mineral reserves based on information compiled by an appropriately qualified person. Forecasts are based on engineering data, projected future rates of production and the timing of future expenditures, all of which are subject to numerous uncertainties and various interpretations. The Group expects that its estimates of reserves will change to reflect updated information. Reserve estimates can be revised upward or downward based on the results of additional future drilling, testing or production levels and on diamond prices. Changes in reserve estimates may impact the carrying value of exploration and evaluation assets, mineral properties, property, plant and equipment, mine rehabilitation and site restoration provisions, recognition of deferred tax assets, and depreciation charges. Estimates and assumptions about future events and circumstances are also used to determine whether economically viable reserves exist that can lead to commercial development of an ore body.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. The impact of changes to the estimated useful lives or residual values is accounted for prospectively.

(v) STRIPPING COSTS

Mining costs associated with stripping activities in an open pit mine are expensed unless the stripping activity can be shown to represent a betterment to the mineral property, in which case the stripping costs would be capitalised and included in deferred mineral property costs within mining assets.

When the benefit from the stripping activity is realised in the current period, the stripping costs are accounted for as the cost of inventory. When the benefit is the improved access to ore in future periods, the costs are recognised as a mineral property asset – if improved access to the ore body is probable, the component of the ore body can be accurately identified, and the cost associated with improving the access can be reliably measured. If these conditions are not met, the costs are expensed to the consolidated statement of profit or loss as incurred. After initial recognition, the stripping activity asset is depreciated on a systematic basis (unit-of- production method) over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

(vi) MAJOR MAINTENANCE AND REPAIRS

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. When an asset, or part of an asset that was separately depreciated, is replaced and it is probable that future economic benefits associated with the new asset will flow to the Group through an extended life, the expenditure is capitalised. The unamortised value of the existing asset or part of the existing asset that is being replaced is expensed. Where part of the existing asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced asset, which is immediately written off. All other day-to-day maintenance costs are expensed as incurred.

(d) Assets held for sale

Non-current assets are classified for held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment loss on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, property, plant and equipment is no longer amortised or depreciated.

(e) Impairment of non-financial assets

The carrying amounts of the Group’s non-financial assets other than inventory and deferred taxes are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated.

IMPAIRMENT INDICATOR

Determining whether there are any indications of impairment requires significant judgement of external factors, such as customer turnover, marketing supply and demand, change in discount and foreign exchange rates, a significant decline in an asset's market value and significant changes in the technological, market, economic or legal environment that would have an adverse impact on the Group's cash generating unit (“CGU”). For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, referred to as a CGU. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the asset is tested as part of a CGU.

RECOVERABLE AMOUNT

The recoverable amount of an asset is the greater of its fair value less cost of disposal ("FVLCD") and its value in use. In the absence of a binding sales agreement, fair value is estimated on the basis of values obtained from an active market or from recent transactions or on the basis of the best information available that reflects the amount that the Group could obtain from the disposal of the asset.

FVLCD is estimated by using the discounted future after-tax cash flows expected to be derived from the CGU, less an estimated amount for cost to dispose. The determination of FVLCD for each CGU are considered to be Level 3 of the fair value measurements, as they are derived from valuation techniques that include inputs that are not based on observable market data. When discounting estimated future after-tax cash flows, the Group uses an after-tax discount rate which reflects the risks specific to the CGU. Estimated cash flows are based on expected future production, expected selling prices, expected operating costs and expected capital expenditures. Value in use is defined as the present value of future pre-tax cash flows expected to be derived from the use of an asset, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Expected rough diamond production levels, which comprise proven and probable reserves and an estimate of the recoverable amount of resources, are used to estimate expected future cash flows. Expected future rough diamond prices are estimated based on realised prices for rough diamonds sold during the Group's most recent sale, geological data regarding the quality of rough diamonds in reserves and resources and expected future levels of worldwide diamond production. Future operating and capital costs, including labour and fuel costs, are based on the most recently approved life of mine plan, which is reviewed and approved annually by senior management and the Board of Directors. The assessment also requires estimates and assumptions related to foreign exchange rates and discount rates, which are determined based on prevailing market conditions at the date of the assessment. Where applicable, assumptions are aligned with the Group's most recent economic analysis of mineral reserves and resources. Financial results as determined by actual events could differ from those estimated, and changes in these estimates that decrease the estimated recoverable amount of the CGU could affect the carrying amounts of assets and result in an impairment charge.

IMPAIRMENT LOSS

When the recoverable amount of a CGU is less than the carrying amount of that CGU, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to that CGU, and then to the other assets of that CGU pro rata on the basis of the carrying amount of each asset in the CGU. Any impairment loss is recognised directly in the consolidated statement of profit in those expense categories consistent with the function of the impaired asset. Impairment losses for property, plant and equipment and intangible assets are reversed if there has been a change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognised, and it has been determined that the asset is no longer impaired or that impairment has decreased. The reversal is recognised in earnings before income taxes in the period in which the reversal occurred and is limited to the carrying value less any subsequent depreciation that would have been determined had no impairment charge been recognised in prior years.

(f) Inventory and supplies

Inventory includes stockpile ore inventory, rough diamond inventory (work-in-progress and finished goods) recovered from Ekati Mine and supplies inventory that are all related to the rough diamond mining segment. Inventory in the polished diamond segment includes purchased rough diamonds, polished diamonds and jewellery. All inventories are recorded at the lower of cost and net realisable value.

Stockpiled ore represents coarse ore that has been extracted from the mine and is stored for future processing. Stockpiled ore value is based on the costs incurred (including depreciation and amortisation) in bringing the ore to the stockpile. Stockpile ore inventory is determined on a weighted average cost basis. Mining rough diamonds inventory costs are determined on a weighted average cost basis and include cash production costs, depreciation and amortisation. Supplies inventory includes consumables and spares maintained at the Ekati Mine site and is measured on a weighted average cost basis.

In the polished diamond segment, costs of purchased rough diamonds, polished diamond inventory and jewellery are determined either using a weighted average basis or specific unit identification basis depending on the nature of the item.

Net realisable value is the estimated selling price for the final product. The measurement of inventory, including the determination of its net realisable value, involves the use of estimates. The significant sources of estimation uncertainty include diamond prices, production grade and expenditure, and determining the remaining costs of completion to bring inventory into its saleable form. The Group uses historical data on prices achieved, grade and expenditure in forming its assessment.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short-term money market instruments (with a maturity on acquisition of less than 90 days) and excludes restricted cash.

(h) Restricted cash

Cash which is subject to legal or contractual restrictions on its use and is classified separately as restricted cash.

(i) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(i) the contract involves the use of an identified asset that may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

(ii) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(iii) the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(i) fixed payments, including in-substance fixed payments;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(iii) amounts expected to be payable under a residual value guarantee; and

(iv) the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" in the consolidated statement of financial position.

(i)SHORT-TERM LEASES AND LEASESOF LOW-VALUE ASSETS

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets being those assets with a fair value of less than US$5,000 when new. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Employee pension plans

The Group operates various pension plans. The plans are generally funded through payments to insurance companies or trustee-administered funds determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

DEFINED CONTRIBUTION PLAN

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

DEFINED BENEFIT PLAN

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in income. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis including discount rate, life expectancy and expected return on plan assets. The assumptions are reviewed each year and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations. Any changes in these assumptions will impact the carrying amount of the pension obligation.

(k) Provisions

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The expense relating to any provision is included in net profit or loss. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in net profit or loss.

Significant judgements and estimates are involved in forming expectations of future site closure and reclamation activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements. The Ekati Diamond Mine rehabilitation and site restoration provision is prepared by management at the Ekati Diamond Mine.

(l) Income taxes

Income tax expense comprises current and deferred tax and is recognised in net profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Income tax expense includes mining royalty taxes that the owner or operator of a mine shall pay to the Government of the Northwest Territories royalties ("Royalty Tax") on the value of the mine's output during that fiscal year.

The Group has determined that the global minimum top-up tax – which is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax expense is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

(i) Temporary differences arising on the initial recognition of assets and liabilities in a transaction that:

- is not a business combination; and
- at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

(ii) Temporary differences related to investment in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii)Taxable temporary differences arising on initial recognition of goodwill.

Deferred tax expense is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is probable that the related tax benefit will not be realised. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group classifies foreign exchange differences on deferred tax assets or liabilities in jurisdictions where the functional currency is different from the currency used for tax purposes as income tax expense. The unrealised foreign exchange gain or loss related to deferred income tax asset and liability is recorded as part of deferred tax expense or recovery for each year.

Judgement is required in determining whether deferred tax assets are recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from unused tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecasted income from operations and the application of existing tax laws in each jurisdiction. To the extent that future taxable income differs significantly from estimates, the ability of the Group to realise the deferred tax assets recorded at the consolidated statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(m) Revenue

The Group is principally engaged in the business of producing diamonds and earns revenue predominantly through the sale of rough diamonds in the Rough Diamond Segment. The Polished Diamond segment earns revenue through cutting, polishing and sale of polished diamonds and fine jewellery.

All diamond sales to customers generally include one performance obligation. Revenue from contracts with customers is recognised at a point of time when control of the diamonds is transferred to the customer and selling prices are known, generally on delivery of the diamonds. Sales are measured at the fair value of the consideration received. The Group's sales policy requires receipt of cash prior to delivery of rough diamonds to customers. There is no return policy, as all diamond sales are final.

Revenue from cutting and polishing collaborative sale agreements:

- is considered to be variable consideration and is recognised to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been resolved. This is generally the case when cutting and polishing work has substantially been completed and relative certainty exists over the quality of the final product or when the polished diamonds have been sold; and
- is recognised once a high level of certainty exists regarding factors that influence the sale prices including the size, quality and colour of the final polished diamonds. These factors are considered per individual stone. If the Group satisfies a performance obligation before it receives the consideration, either a contract asset or a receivable.

(n) Commitments and contingencies

Provisions and liabilities for legal and other contingent matters are recognised in the period when the circumstance becomes probable that a future cash outflow resulting from past operations or events will occur and the amount of the cash outflow can be reasonably estimated. The timing of recognition and measurement of the provision requires the application of judgement to existing facts and circumstances, which can be subject to change, and the carrying amounts of provisions and liabilities are reviewed regularly and adjusted accordingly. The Group is required to both determine whether a loss is probable based on judgement and interpretation of laws and regulations and determine if the loss can be reasonably estimated. When a loss is recognised, it is charged to net profit. The Group continually monitors known and potential contingent matters and makes appropriate disclosure and provisions when warranted by the circumstances present. Contingent assets are not recognised in financial statements. However, when the realisation of income is virtually certain, then the related asset is recognised.

(o) Financial instruments

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are not offset unless there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The Group's financial instruments include cash and cash equivalents, restricted cash, trade and other receivables, reclamation deposits, trade and other payables, consideration payable, contingent consideration and loans and borrowings.

CLASSIFICATION

Financial assets are classified in one of the following categories: amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Financial liabilities are classified as measured at amortised cost or FVTPL. Classification of financial instruments in the Group's financial statements depends on the purpose for which the financial instruments were acquired or incurred. The classification of financial instruments is determined at initial recognition.

MEASUREMENT

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in profit or loss.

Subsequently, financial instruments measured at amortised cost are measured using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

IMPAIRMENT

A loss allowance for expected credit losses is recognised on a financial asset that is measured at amortised cost and FVTOCI. The loss allowance for a financial asset measured at amortised cost and FVTOCI is recognised in profit or loss as an impairment gain or loss. At each reporting date, the loss allowance for a financial instrument should be measured at the amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance should be measured at the amount equal to 12-month expected credit losses. The loss allowance should always be measured at the amount equal to lifetime expected credit losses for trade receivables not containing a significant financing component.

DERECOGNITION

A financial asset is derecognised when:

- the contractual right to the cash flows from the financial asset expire; or
- the Group transfers the contractual rights to receive the cash flows of the financial asset and transfers substantially all the risks and rewards of ownership of the financial asset.

A financial liability is derecognised when the liability is extinguished, discharged, cancelled or expires.

(p) Compound financial instruments

Compound financial instruments in issuance comprise convertible notes denominated in Australian Dollars that can be converted to ordinary shares at the option of the holder, where the number of shares to be issued is fixed and does not vary with changes in fair value.

Upon issuance of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost using the effective interest rate method. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years.

The corresponding interest on convertible notes is expensed to profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

The Group has applied an accounting policy choice to not reclassify financial instruments due to a change in functional currency when there are no changes in contractual terms of such instruments, which, had this change in functional currency occurred before initial recognition of the instrument, would have changed its classification.

(q) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described below. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: The fair value measurements are classified as Level 1 if the fair value is determined using quoted, unadjusted market prices for identical assets or liabilities.
- Level 2: The fair value measurements are classified as Level 2 when inputs other than quoted prices in Level 1 which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: The fair value measurements are classified as Level 3 when inputs require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs.

(r) Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). Determination of functional currency requires judgements. The consolidated financial statements are presented in US Dollar, which is the Group’s functional and presentation currency effective 1 July 2023. Refer to Note 2 for further information on change in functional currency during the year.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at exchange rates in effect at the statement of financial position date, and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in net profit or loss.

Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position account presented are translated at the closing rate at the date of that statement of financial position;

- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); an
- All resulting exchange differences are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position.

When a foreign operation is sold, the cumulative exchange differences in the translation reserve related to that foreign operation are reclassified to profit or loss as part of the gain or loss on sale.

(s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(t) Basic and diluted earnings per share

Basic earnings per share are calculated by dividing net profit or loss by the weighted average number of shares outstanding during the period. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the net impact of any dilutive potential ordinary shares arising out of option or convertible notes exercises. Diluted earnings per share are determined using the treasury stock method to calculate the dilutive effect of options. The treasury stock method assumes that the exercise of any “in-the-money” options with the option proceeds would be used to purchase common shares at the average market value for the period. Options with an exercise price higher than the average market value for the period are not included in the calculation of diluted earnings per share as such options are not dilutive.

(u) Share-based compensation

Cash-settled RSU and DSU awards are provided to certain employees, officers and directors of the Group. The Group also offers equity settled awards such as options over shares to certain employees, officers, consultants and directors of the Group that are settled via issuance of shares, cash-less exercise or via cash payout (requires approval from Board of Directors).

Restricted Share Units

Under the RSU plan certain employees are granted RSUs that generally vest within three years and are paid out in cash. A liability for RSUs is measured at the fair value on grant date is subsequently adjusted for changes in fair value. The liability is recognised on a straight-line basis over the vesting period, with a corresponding charge to share-based compensation expense, as a component of general and administrative expenses.

Deferred Share Units

DSUs vest over a period of three years and are paid out in cash. Vested DSU grants are only exercisable on departure of the employee (e.g. retirement, resignation, death). The initial fair value of the DSU liability is measured on grant date and is subsequently adjusted for changes in fair value. The liability is recognised on a straight-line basis over the vesting period with a corresponding charge to share-based compensation expense.

Equity settled awards

Grants under the Group’s share-based compensation plan are accounted for in accordance with the fair value method of accounting. For share option plans that will settle through the issuance of equity, the fair value of options is determined on their grant date using an appropriate valuation model that takes into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share price, the expected dividend yield and the risk-free rate for the term of the option.

The cost of equity settled awards is recorded as compensation expense measured using the grant date fair value of the award over the period that the award vests, with the corresponding credit to share-based payments reserve in Other Reserves. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. Depending on terms of the option grant, these awards can be settled via issuance of Company shares, cashless exercise or payment in cash Board approval).

If equity-settled awards are modified, an additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTE 37 MATTERS SUBSEQUENT TO THE REPORTING PERIOD

(i) Surety bond agreement for Point Lake

In February 2024, the Group entered into an agreement with surety providers to issue a new surety bond for CDN$13.6 million that was issued on 1 March 2024, pursuant to the security requirements for Phase Two development for Point Lake Water Licence.

The associated surety bond agreement requires the Group to collateralise the surety bond on an aggregate basis of 30% in 2024, 50% in 2025, 70% in 2026 and 100% in 2028. The initial 30% collateral payment was secured by way of a fully cash collateralised irrevocable letter of credit issued to the surety provider. After the issuance of the letter of credit of CDN$4.0 million the remaining Letter of Credit facility available to the Group is CDN$2.7 million.

(ii) Agreement-in-principle negotiated for surety bond payment commitments

On 14 March 2024, the Group announced that an agreement-in-principle with surety providers had been reached to extend the cash collateralisation schedule of the remaining surety commitments (excluding Point Lake) over four years, instead of full payment by end of June 2024. As per the revised cash collateralisation schedule the Group would make quarterly instalments of CDN$14.5 million, concluding with a final payment of approximately CDN$9.7 million in the third quarter of 2027. The revised payment schedule is consistent with the existing Ekati life of mine and is subject to entry of long form documentation with surety providers.

Directors' Declaration

In the opinion of the directors of Burgundy Diamond Mines Limited (the "Company"):

1. a) the consolidated financial statements and notes that are set out on pages 24 to 72 and the Remuneration report on page 13 to 20 in the Directors' report, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial period ended on that date; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial period ended 31 December 2023.

3. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated on 27th of March 2024

Michael O'Keeffe
Executive Chair

KPMG

Independent Auditor's Report

To the shareholders of Burgundy Diamond Mines Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Burgundy Diamond Mines Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2023 and of its financial performance for the Transitional Financial Year, being the period from 1 July 2023 to 31 December 2023; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of Financial Position as at 31 December 2023
- Consolidated Statement of Loss and Other Comprehensive Loss, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the Transitional Financial Year, being the period from 1 July 2023 to 31 December 2023
- Notes, including material accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at 31 December 2023 or from time to time during the Transitional Financial Year, being the period from 1 July 2023 to 31 December 2023.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Material uncertainty related to going concern

We draw attention to Note 2(b), "Going concern" in the Financial Report. The conditions disclosed in Note 2(b), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Financial Report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern, we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Evaluating the feasibility, quantum and timing of the Group's plans to renegotiate its surety cash collateralisation timeline and to settle convertible notes at maturity. We did this by reading correspondence with the surety providers and convertible note holders to understand and assess the financial options available to the Group and to assess the level of associated uncertainty;
- Assessing the Group's cash flow forecasts from operations and plans to address going concern, in particular in light of the surety cash collateralisation commitments and potential settlement of maturing convertible notes;
- Determining the completeness of the Group's going concern disclosures for the principle matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

Key Audit Matters

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the ***Key Audit Matters***:

- Acquisition of Arctic Companies and restatement of comparative balances
- Reclamation provisions

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Acquisition of Arctic Companies (USD$117.5m) and restatement of comparative balances	
Refer to Note 4, Note 35(b) and Note 36(b) to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

Acquisition of Arctic Companies
 	
On 1 July 2023, the Group acquired 100% of the issued capital of Arctic Canadian Diamond Ltd. and Arctic Canadian Diamond Marketing N.V. (together the "Arctic Companies") for consideration of USD$117.5m, resulting in the recognition of property, plant and equipment, diamond inventory, reclamation provision and other assets and liabilities.
 	
These transactions are considered to be a key audit matter due to the:
 	
• Size of the acquisition having a significant impact on the Group's financial statements and the nature of its operations;
 	
• Group's judgement and complexity relating to the determination of the fair values of assets acquired and liabilities assumed ("net assets acquired") in the transaction, requiring us to use significant audit effort. The Group engaged an external valuation expert to assess the fair value of certain assets including property, plant and equipment, and diamond inventory. We focused on certain key assumptions used by the external valuation expert in performing these valuations, and their sensitivity given the values are sensitive to changes in certain assumptions including depreciated replacement cost and diamond sales prices.
 	
We involved our valuation specialists to supplement our senior audit team members in assessing this key audit matter.
 	
Restatement of comparative balances
 	
As disclosed in Note 35(b) to the Financial Report, legal expenses related to due diligence and associated capital raise on acquisition of the Arctic Companies were overstated and recorded incorrectly in the Company's Financial Report for the year ended 30 June 2023, and therefore restated
	Our procedures included:
	
	• We evaluated the acquisition accounting by the Group against the requirements of the accounting standards;
	
	• We read the underlying transaction agreement to understand the terms of the acquisition and the nature of net assets acquired;
	
	• We assessed the accuracy and measurement of the consideration paid to acquire the Arctic Companies to underlying documentation, including the transaction agreement and the Group's bank statements;
	
	• Working with our valuation specialists, we assessed the Group's external expert's report and;
	
	    • Considered the objectivity, competence and scope of the Group's external valuation expert;
	
	    • Evaluated the valuation methodology used to determine the fair value of the net assets acquired, including property plant and equipment and diamond inventory, considering accounting standard requirements and observed industry practices;
	
	    • Assessed the key assumptions in the Group's external valuation expert report prepared in relation to the fair value of the property, plant and equipment and diamond inventory including:
	
	        • independently assessing the depreciated replacement cost for a sample of property, plant and equipment by checking key inputs to publicly available market data; and
	
	        • checking the fair value of diamond inventory determined

KPMG

in the comparative balances to the current period Financial Report. We considered the significant impact on revising the presentation of these transactions in the Financial Report, including the restatement of prior year amounts using *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors,* which were fundamental to the users' understanding of the Financial Report.	by the Group's external valuation expert against selling prices subsequent to acquisition. • We performed procedures on the reclamation provision assumed by the Group in connection with the acquisition of the Arctic Companies. Further refer to the procedures included in the "Reclamation provisions" Key Audit Matter below. • We checked the accuracy of the restated legal expenses by inspecting underlying documentation; and • We assessed the adequacy of associated disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of the accounting standards, including *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* for the restatement of prior year amounts.

Reclamation provisions (USD$236.2m)

Refer to Note 25 and Note 36(k) to the Financial Report

The key audit matter	**How the matter was addressed in our audit**
Reclamation provisions is a key audit matter due to the additional audit effort arising from the: • significant acquisition of reclamation provisions by the Group during the Transitional Financial Year in connection with the acquisition of the "Arctic Companies", noted in the Key Audit Matter above. • inherent complexity in the Group estimating future environmental remediation and site restoration costs, and • significant judgement applied by the Group, and effort for us, in gathering persuasive audit evidence on the expected costs,	Our procedures included: • Comparing the basis for recognition and measurement of the reclamation provisions for consistency with environmental and regulatory requirements and criteria in the accounting standards; • Evaluating the methodology applied by the Group in determining the nature and extent of reclamation activities by comparison to industry practice; • Obtaining and critically evaluating the Group's reclamation provisions estimation by: ○ Comparing the nature, timing and quantum of a sample of costs contained in the Group's reclamation provisions to the Group's

KPMG

particularly for those costs to be incurred several years in the future. The estimate of the Group's reclamation provisions is influenced by: • The complexity in current environmental and regulatory requirements, and the impact to completeness of the reclamation provisions; • The expected environmental management strategy of the Group and the nature of the costs incorporated into the reclamation provisions; and • The expected timing of expenditure which is planned to occur several years into the future, and the associated inflation and discounting of costs in the present value calculation of the reclamation provisions.	Government approved reclamation plan and internal and external underlying documentation. o Assessing the planned timing of reclamation activities through comparison to the Group's strategy and plans for commencement and completion of reclamation activities and against the Group's Government approved reclamation plan; o Assessing the competence of the Group's staff involved in determining the reclamation provisions estimate; o Comparing inflation rate and discount rate assumptions in the Group's reclamation provisions determination to external market data such as the Canadian bond rates and Canadian inflation targets; • Evaluating the completeness of the reclamation provisions against the Group's analysis of where disturbance requires reclamation. We compared to our understanding of the Group's operations and to the Government approved reclamation plan. • Assessing the disclosures in the financial report using our understanding obtained from our testing against the requirements of the accounting standard. This included evaluating the current and non-current reclamation provisions disclosure for consistency to the planned timing of the reclamation expenditure.

Other matter

The Financial Report of Burgundy Diamond Mines Limited for the year ended 30 June 2023 was audited by another auditor who issued an unmodified opinion on that Financial Report on 27 September 2023.

KPMG

Other Information

Other Information is financial and non-financial information in Burgundy Diamond Mines Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf
This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Burgundy Diamond Mines Limited for the Transitional Financial Year, being the period from 1 July 2023 to 31 December 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 13 to 20 of the Directors' report for the Transitional Financial Year, being the period from 1 July 2023 to 31 December 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Matthew Hingeley

Partner

Perth

27 March 2024

Corporate Governance Statement

The Board of Directors of Burgundy Diamond Mines Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

The Company's Corporate Governance Statement and policies can be found on its website at www.burgundydiamonds.com.

BURGUNDY
DIAMOND MINES

2023
ADDITIONAL ASX INFORMATION

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 14 March 2024.

1. Fully paid ordinary shares

- There is a total of 1,421,205,230 fully paid ordinary shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 2,215.
- There is a total of 278,829,226 fully paid ordinary shares escrowed to 01/07/2024.
- The number of holders of fully paid ordinary shares escrowed to 01/07/2024 is 54.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no preference shares on issue.

2. Distribution of fully paid ordinary shareholders is as follows:

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	62	3,961	0.00%
above 1,000 up to and including 5,000	364	1,167,154	0.08%
above 5,000 up to and including 10,000	244	2,031,809	0.14%
above 10,000 up to and including 100,000	903	37,283,513	2.62%
above 100,000	642	1,380,718,793	97.15%
Totals	**2,215**	**1,421,205,230**	**100.00%**

3. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those whose shareholding is valued at less than AUD500.

There are 173 shareholders who hold less than a marketable parcel of shares, amount to 0.01% of issued capital.

4. Substantial shareholders of ordinary fully paid shares

The following holders have notified that they are substantial holders of the company at 31 December 2023:

	Holding Balance	% of Issued Capital
ARCTIC CANADIAN DIAMOND HOLDING LLC	129,230,769	9.09%
KAMA CAPITAL PTE LTD	120,000,000	8.44%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	107,113,401	7.54%
BNPP NOMS PTY LTD HUB24 CUSTODIAL SERV LTD	103,200,320	7.26%
CITICORP NOMINEES PTY LIMITED	73,022,065	5.14%

5. Restricted Securities

None

6. Share buy-backs

There is currently no on-market buyback program for any of BDM listed securities.

7. Voting rights of Shareholders

All fully paid ordinary shareholders are entitled to vote at any meeting of the members of the Company and their voting rights are on:

- Show of hands – one vote per shareholder; and
- Poll – one vote per fully paid ordinary share.

8. Major Shareholders

The Top 20 largest fully paid ordinary shareholders together held 59.85% of the securities in this class and are listed below:

Position	Holder Name	Holding	% IC
1	ARCTIC CANADIAN DIAMOND HOLDING LLC	129,230,769	9.09%
2	KAMA CAPITAL PTE LTD	120,000,000	8.44%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	106,192,975	7.47%
4	BNPP NOMS PTY LTD HUB24 CUSTODIAL SERV LTD	104,220,320	7.33%
5	CITICORP NOMINEES PTY LIMITED	75,131,863	5.29%
6	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	60,619,450	4.27%
7	PROSPECT AG TRADING PTY LTD <O'KEEFFE FAMILY A/C>	54,353,535	3.82%
8	UBS NOMINEES PTY LTD	32,705,979	2.30%
9	BASS FAMILY FOUNDATION PTY LTD <BASS FAMILY FOUNDATION A/C>	20,300,000	1.43%
10	METECH SUPER PTY LTD <METECH NO 2 SUPER FUND A/C>	19,000,000	1.34%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	18,550,000	1.31%
12	WYNNCHURCH STRATEGIC OPPORTUNITY LP (A DELAWARE LP)	14,583,334	1.03%
13	ZERO NOMINEES PTY LTD	14,362,500	1.01%
14	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	13,907,461	0.98%
15	BRIGADE CREDIT FUND II LTD	12,609,013	0.89%
16	PRINCIPAL FUNDS INC - DIVERSIFIED INCOME FUND	11,967,877	0.84%
17	EASTBOURNE DP PTY LTD <O'KEEFFE SUPER FUND A/C>	11,050,000	0.78%
18	9064-6316 QUEBEC INC	11,041,667	0.78%
19	SANDY DOG PTY LTD <THE SANDY DOG UNIT A/C>	10,760,000	0.76%
20	PRECISION OPPORTUNITIES FUND LTD <INVESTMENT A/C>	10,000,000	0.70%
	Totals	**850,586,743**	**59.85%**
	Total Issued Capital	**1,421,205,230**	**100.00%**

9. Unlisted Options

- 10,000,000 options expiring 23 September 2024, exercisable AUD0.36
- 1,000,000 options expiring 5 August 2026, exercisable AUD0.26
- 1,306,599 options expiring 30 August 2027, there is no consideration payable for the options.
- 10,000,000 options expiring 20 November 2025, exercisable AUD0.36
- 12,065,136 options expiring 30 November 2028, exercisable AUD0.18

10. Tax Status

The Company is treated as a public company for taxation purposes.

11. Franking Credits

The Company has no franking credits.

12. Business Objectives

Burgundy Diamond Mines Limited has used cash and cash equivalents held in a way consistent with its stated business objectives.

13. Securities Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited under Security Code BDM.

14. Registered Office

Level 25, Suite 32

108 St Georges Terrace
Perth WA 6000

Telephone: 08 6559 1792
Website: www.burgundydiamonds.com

15. Company Secretary

Brad Baylis

16. Share Registry

Automic Share Registry
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

17. Company Assets

Project	Location	Area	Nature of Interest	Holder	Interest at beginning of period	Interest at end of the period
La Victoria Project	Peru	~80km^2	Farm-in Agreement	Eloro Resources Limited	18%	18%
Naujaat Project	Nunavut, Canada	~127km^2	Earn-in Agreement and 40% interest	North Arrow Minerals Inc.	40%	40%

BURGUNDY
DIAMOND MINES

Burgundy Diamond Mines Ltd.
Suite 900, 604 4th Street SW
Calgary, Alberta, T2P 1T1
Tel: 1-403-910-1933
Fax: 1-403-910-1934
info@burgundydiamonds.com

Burgundy Diamond Mines Ltd.
Level 25 South 32 Tower
108 St Georges Terrace,
Perth, WA 6000
Tel: 011 61 86 313 3945
info@burgundydiamonds.com

This is **Exhibit "I"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

A Commissioner for the taking of Affidavits for
British Columbia

BURGUNDY
DIAMOND MINES

2024

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

Burgundy Diamond Mines Limited
ABN 33 160 017 390

Annual Report
For the year ended 31 December 2024

Contents

Corporate Directory

Board of Directors

Michael O'Keeffe	Chair
Kim Truter	Chief Executive Officer and Managing Director
Marc Dorion	Non-Executive Director
Stephen Dennis	Non-Executive Director (Appointed 30 January 2024, retired 14 January 2025)
Trey Jackson	Non-Executive Director (Appointed 30 January 2024)
Jeremy King	Non-Executive Director (Appointed 9 April 2024)
Anshul Gandhi	Non-Executive Director (Appointed 1 August 2024)

Company Secretary

Brad Baylis

Registered Office

Level 25
South32 Tower

108 St Georges Terrace
Perth WA 6000

Telephone: 08 6313 3945
Website: www.burgundydiamonds.com
Email: info@burgundydiamonds.com

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: BDM)

Auditors

KPMG Australia
235 St Georges Terrace
Perth WA 6000

Share Registry

Automic Share Registry
Level 5, 191 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

Managing Directors' Report

On behalf of the Board of Directors, I am pleased to present the Company's Annual Report for the financial year ended 31 December 2024 ("FY2024").

Burgundy cemented its position as the largest G7 producer of natural diamonds, supplying around 4% of global rough diamonds. During the year Burgundy achieved the milestone of 100 million carats produced and sold from the Ekati asset over the course of its 26-year history. This is a remarkable achievement and a testament to the quality of the asset, the people, the strong resource base, a replicable operating model, and an abundance of kimberlite pipes.

The year was overshadowed by depressed diamond prices due to several factors including a sluggish Chinese economy, the ongoing conflict in Ukraine, over supply from the two largest producers and lower than normal diamond jewellery retail sales. All these factors resulted in a buildup of inventory in the mid-stream and a corresponding drop in demand for rough diamonds. Aggregate global diamond prices dropped approximately 25% year over year, yet Burgundy saw its revenue decline by only 6%, a testament to the quality of Ekati diamonds and the benefits of operating in the Canadian jurisdiction. This also underscores how the Ekati product generally outperforms the market, making the asset more resilient to market headwinds.

A strong focus was placed on strengthening the balance sheet for the business. Key highlights included:

- The renegotiation of the closure provisioning terms (referred to as the Surety Agreement) such that the formula for calculating the annual cash contributions is now and in the future aligned with the published Life of Mine Plan, and the introduction of a sizeable minimum cash balance of $30.0 million to ensure ongoing balance sheet strength. This new agreement reflects the ongoing support from the Government of the Northwest Territories and the strong relationship with our surety providers.
- The establishment of a new environmental trust account, closely related to the Surety Agreement, that has been jointly set up to include all historical and ongoing environmental and closure related cash collateralization payments. A key benefit of this new trust account is the favourable accounting treatment of tax liabilities with a significant reduction anticipated during 2025 and beyond.
- As part of our broader debt reduction focus, the historical convertible note debt and associated 6% coupon rate were paid out of operating cashflow.

As a result of these initiatives, total debt reduction since June 2023 is circa $123.0 million.

A key focus of the team has been on extending the mine life of the Ekati asset by leveraging off the established fixed infrastructure base and the abundance of kimberlite pipes on the property. The development strategy that was adopted focuses on kimberlite pipes that exists within the reserve or near the reserve base, that have been previously mined as open pit operations and lend themselves to underground mining. This approach dramatically reduces the permitting needed, capital burden and development lead times. The mining method that is currently in use at the Misery underground mine, will likely be adopted at the planned underground projects for Sable and Fox pits. These three underground mines, coupled with ongoing surface production from the newly established Point Lake open pit, should see mine life extended all the way into mid-2030. Further potential for development still exists with other kimberlite pipes such as Jay pipe in the future. These mine plans will be officially released to the market in 2025.

One of the highlights in 2024 was the transition from Sable open pit to the new Point Lake open pit, located nearly 50km away in the opposite direction. By the end of the year the necessary overburden movement had been completed to expose the first kimberlite ore, while Sable operations had wound down significantly. During early 2025, the new Point Lake open pit will enter full production, which will complement Misery underground production, located only a few kilometres away. These two mining sources will ensure that the process plant runs at full capacity. The close proximity of Point Lake to Misery enables significant operational advantages with the bulk of the workforce located at Misery camp, thus reducing travel time and allowing ore long haul back to the process plant to occur in a single direction. This improves our overall operational efficiency and lowers our operating costs.

As we look ahead into 2025, we are excited about the rough diamond supply and demand equation tightening up, which will inevitably lead to improved rough diamond price realization. There will likely be more stability in the market as the major producers cut their supply, consumers return to normal spending levels, and sentiment improves. Burgundy is well positioned to take advantage of the market swing with strong production forecast for the year, a strong balance sheet, very low debt, and a long pipeline of supply for many years to come.

Kim Truter
Chief Executive Officer and Managing Director

BURGUNDY
DIAMOND MINES

2024
DIRECTORS' REPORT

Directors' Report

The Directors of Burgundy Diamond Mines Limited ("BDM" or "the Company") present their report, together with the financial statements of the consolidated entity consisting of Burgundy Diamond Mines Limited and its controlled entities for the financial year ended 31 December 2024 ("FY2024").

Directors

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

Michael O'Keeffe (Chair, appointed 15 June 2017)

Mr. O'Keeffe was the Managing Director of Glencore Australia Limited from 1995-2004 and was Executive Chair of Riversdale Mining Limited prior to that company being acquired by Rio Tinto PLC in 2011. Mr. O'Keeffe is currently the Executive Chair and former Chief Executive Officer of Champion Iron Limited which operates an iron ore project in Canada. Mr. O'Keeffe is a significant shareholder holding 4.78% of the ordinary share capital of the Company.

Current and former directorships of listed entities in the last three years:

Executive Chair of Champion Iron Limited (current)

Special responsibilities:

Chair of the Board.

Interest in securities:

67,903,535 ordinary shares

Kim Truter (Chief Executive Officer & Managing Director, appointed 17 November 2022 and previously non-executive director, appointed 22 September 2020)

Mr. Truter was most recently the Chief Executive Officer of De Beers Canada from 2015 to 2019. During his tenure he led the successful completion and ramp-up to full production of the $1.0 billion Gahcho Kué diamond project in Canada, as well as the value-adding acquisition of the former Peregrine Diamonds assets. He was also a member of the De Beers Group executive team, driving global business performance across operations, sales, and marketing.

Previously, Mr. Truter served as Chief Operating Officer of Rio Tinto Diamonds, managing their global portfolio in Australia, Canada and Zimbabwe. He also served as Managing Director of Argyle Diamond Mines Pty Limited in Australia and as the President and Chief Operating Officer of Diavik Diamond Mines Inc in Canada.

Mr. Truter brings over 30 years of mining experience in both surface and underground operations and large-scale project development across multiple geographies. He has substantial diamond experience, providing executive global leadership in Canada, Australia and Africa; often in complex, remote and challenging operating environments. He has worked extensively with communities and governments to ensure that local benefits are sustainably established. His proven leadership capabilities include a very strong dedication to safety, productivity and financial performance improvement.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

None.

Interest in securities:

527,000 ordinary shares
19,337,775 unlisted options

Marc Dorion (Non-Executive Director, appointed 5 July 2020)

Mr. Dorion is a counsel in the Business Law Group of prominent Canadian law firm McCarthy Tétrault, based in Montreal, where he supervises the natural resources group in Québec. He received his LLL from the Université de Sherbrooke, Quebec, Canada then did post graduate studies in corporate taxation at Osgoode Hall Law School, York University. His practice focuses on development, financing, construction and operation of major projects in the natural resources, energy, infrastructure and industrial sectors. He received the titles of Advocate Emeritus from the Quebec Bar and also of King's Counsel.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

Chair of the Human Resources and Compensation Committee and member of the Audit and Risk Committee.

Interest in securities:

12,541,667 ordinary shares

Stephen Dennis (Non-Executive Director, appointed 30 January 2024, retired 14 January 2025)

Mr. Dennis has experience in the resource industry spanning over 35 years during which he held various joint venture roles and senior management positions in Australia and internationally. He has been involved in all aspects of the mining and resources business throughout his career, including the financing and development of major mine projects with strong track record of achieving positive results. He has held senior operational and commercial positions in MIM Holdings Limited, where he spent four years based at Mount Isa Mines operations, CBH Resources Limited, Brambles Australia Limited and Minara Resources Limited.

Current and former directorships of listed entities in the last three years:

Non-Executive Chair of Rox Resources Limited (current)

Non-Executive Chair of Marvel Gold Limited (current)

Non-Executive Director of Evolution Energy Minerals Limited (current)

Special responsibilities:

Former Chair of the Audit and Risk Committee and member of the Human Resources and Compensation Committee.

Interest in securities at date of resignation:

2,100,000 ordinary shares

Trey Jackson (Non-Executive Director, appointed 30 January 2024)

Mr. Jackson has more than 25 years of experience in the metals & mining and energy sectors as a private equity investor and executive in the US, Canada, Europe, and Australia, including numerous board appointments to private and public companies.

Mr. Jackson was an executive with The Cline Group from 2011 to 2019 as part of the team that built Foresight Energy from a greenfield development into a public company. While at The Cline Group, Mr. Jackson was the Chief Commercial Officer during the period the company developed the Coalspur and Donkin mines in Canada. He also led the acquisition, expansion, and divestment of Cline's subsidiary Convent Marine Terminals and served as company president during his tenure there.

Currently, Mr. Jackson serves as a co-founder of PBE Mining, a mining technology company with global patents and operations in Australia, and Tetra Resources, an Australian mining operator. With his experience serving on boards, including a prior Director role for a NYSE listed company, he brings a depth of experience and knowledge.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

Member of the Audit and Risk committee and member of Human Resources and Compensation Committee.

Interest in securities:

916,833 deferred share units were granted during 2024 which represent Mr. Jackson's annual director retainer and contribute towards Mr. Jackson's share ownership obligation.

Jeremy King (Non-Executive Director, appointed 9 April 2024)

Mr. King has over 25 years experience in domestic and international legal, finance and corporate matters, including cross-border private equity investments, leveraged buy-out acquisitions, and acting for banks, financial institutions and corporate issuers in respect of debt and equity capital raisings.

In recent years, Mr. King's focus has been on the natural resources industry where he has gained significant experience both within Australia and internationally. Mr. King is the founding director of a boutique advisory service in Perth, Australia that supports companies with corporate transactions and compliance issues associated with ASX-listed companies. In addition to serving on the Burgundy Diamond Mines board, Mr. King serves on boards of four additional companies listed on the Australia Stock Exchange (ASX), and regularly advises ASX listed companies on a range of corporate matters.

Current and former directorships of listed entities in the last three years:

Non-Executive Director of Red Mountain Mining Limited (current)

Non-Executive Director of DTI Group Limited (current)

Non-Executive Director of Smart Parking Limited (current)

Non-Executive Director of Transcendence Technologies Limited (current)

Non-Executive Director of Tando Resources Limited (current)

Special responsibilities:

Chair of the Audit and Risk Committee.

Interest in securities:

4,646,215 ordinary shares

Anshul Gandhi (Non-Executive Director, appointed 1 August 2024)

Mr. Gandhi has extensive experience in the diamond industry. Raised in Antwerp, Belgium, Mr. Gandhi has been in and around the diamond industry from a young age. He began his formal journey by earning a Graduate Gemologist degree from the prestigious Gemological Institute of America in New York.

Mr. Gandhi joined the Choron Group in 2010 to helm the rough diamond division. Over the years, Mr. Gandhi was instrumental in launching the division responsible for manufacturing exceptional rough diamonds as well as managing global polished diamond operations. In his role as CEO since 2023, Mr. Gandhi oversees major strategic business decisions and leads key corporate functions.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

None.

Interest in securities:

120,000,000 ordinary shares

Chief Financial Officer & Company Secretary

Brad Baylis (appointed on 26 April 2023)

Mr. Baylis has more than 25 years of experience in the energy and mining sectors in leadership roles spanning commercial, corporate, and operational finance. Mr. Baylis was most recently the Chief Financial Officer for Air Tindi, a regional airline based in Yellowknife in the Northwest Territories of Canada. Previous roles include the Chief Financial Officer of De Beers Canada and the Chief Financial Officer of Riverdale Resources.

Interest in securities:

4,668,888 unlisted options

Principal Activities

The principal activities during the financial year were the operation of the 100% owned world class Ekati diamond mine located in Canada's Northwest Territories, sale of rough diamonds through auctions held in Antwerp Belgium and sale of polished diamonds manufactured in Burgundy's cutting and polishing facility in Perth Australia.

Review of Operations

For the purpose of providing comparable information for the period 1 January 2023 to 31 December 2023, the Group has presented tonnes mined, ore processed, carats recovered, carat inventory on hand, carats sold and total proceeds by ACDC and ACDM NV for the period prior to acquisition by Burgundy.

In 2024, a total of 11.8 million tonnes were mined, down 44% from 2023 (2023: 21.1 million tonnes) due to lower waste and lower ore mined during the year resulting from lower waste movement requirements for Sable Pit in 2024 as Sable operations draw to a close and delays in mining activity at Point Lake.

A total of 4.1 million tonnes of ore was processed through the process plant during the year down 2% from 2023 (2023: 4.2 million tonnes).

During the year, 4.6 million carats were recovered, down 10% from 2023 (2023: 5.1 million carats). Carats recovered were lower than previous period due to lower ore processed during the year and decrease in overall grade. The Group ended the year with 1.1 million carats in ending inventory down 15% versus ending inventory in 2023 (1.3 million carats). The ending inventory represents the normal work in progress and finished goods inventory based on the current sales cycle.

Capturing incremental margins along the diamond value chain by leveraging collaborative sales agreements with international jewellers remains a key focus.

Further, the Group continues actively assessing merger and acquisition ("M&A") opportunities to build out a balanced portfolio of diamond projects in Tier 1 jurisdictions.

Sales and Marketing

During the year, the Group held eleven rough diamonds auctions in our Antwerp office. During the year, 4.9 million carats were sold, up 4% from 2023 (2023: 4.7 million carats) for total proceeds of $442.1 million down 6% from 2023 (2023: $471.3 million). Despite the extremely challenging rough diamond market the Group was able to sell all high-value available product as Ekati Canadian natural diamonds provide customers with sustainably produced high-value diamonds with low fluorescence, optimal assortment, and unique fancy colours.

During the year, the Group's cutting and polishing facilities in Perth continued to operate at full capacity, refining third-party rough diamonds purchased during the 2023 and 2024. The Group is developing its channel strategy and anticipates further sales collaborations in 2025.

Corporate

Issue of Unlisted Options

On 1 April 2024, the Company issued 12,360,994 unlisted options to senior executives including the Chief Executive Officer and Chief Financial Officer with exercise price of A$0.21.

Results of Operations

The net loss of the Group for the year ended 31 December 2024 was $97.3 million (period ended 31 December 2023: net loss of $0.7 million). The net loss incurred during 31 December 2024 reflects a full twelve months of results of the Ekati Diamond Mine, whereas the period ended 31 December 2023 only reflected results of Ekati Diamond Mine for six months from 1 July 2023 till 31 December 2023 (post acquisition period). As at 31 December 2024, the market capitalisation of the Group decline significantly by $110.2 million which represents a 58% decline compared to the period ended 31 December 2023. Furthermore, price per carat realised in the Rough Diamond CGU decreased by 10% compared to period ended 31 December 2023. As a result of these factors management performed an impairment assessment of the Rough Diamond CGU which resulted in an impairment of the Ekati Diamond Mine property, plant and equipment of $151.6 million for the year. The significant increase in net loss in 2024 is primarily due to the impairment charge recorded on Ekati property, plant and equipment.

Financial performance for the previous five years is as follows:

(US$ '000)	31 December 2024	31 December 2023	30 June 2023 (i)	30 June 2022 (i)	30 June 2021 (i)
Net Loss after tax	(97,257)	(676)	(17,802)	(13,601)	(9,088)
Loss per share (cents per share)	(6.84)	(0.05)	(5.09)	(4.09)	(3.61)

(i) Prior year comparatives have been translated from Australian Dollar to US Dollar at the closing spot rate as at end of the respective year-end.

Financial Position

The statement of cash flows shows a decrease in cash and cash equivalents for the year ended 31 December 2024 of $69.3 million (period ended 31 December 2023: net decrease of $30.9 million). During the year, the Group generated $87.1 million from operating activities primarily from sales of rough diamonds and working capital related timing adjustments. Cash used in financing activities of $33.3 million related to $23.2 million in repayment of convertible notes and $10.0 million of principal lease repayments. Cash used in investing activities of $122.3 million mainly comprised of $98.5 million on purchase of property, plant and equipment and net contributions for cash collateralisation of reclamation surety bonds of $24.5 million. As at 31 December 2024, the Group had funds of $25.1 million (31 December 2023: $94.4 million).

Material risks and uncertainties

The Board is responsible for overseeing the processes used by management to assess and manage risk, including the identification by management of the principal risks of the business and the implementation of appropriate systems to address such risks.

The Group is subject to a number of risks and uncertainties as a result of our operations, each of which could have a material adverse effect on our business prospects or financial condition. These factors include, among other things:

Operational risks

- the uncertain nature of mining activities, including risks associated with underground construction and mining operations.
- risks associated with the estimates related to the capital expenditures required to sustain and grow mining operations.
- due to the remoteness of our mining operations, we are forced to rely heavily on a seasonal winter road or air transport for the supply of goods and services. Both forms of transport are very susceptible to disruptions due to adverse weather conditions, resulting in unavoidable delays in planned programs and/or cost overruns.

- variations in mineral resource and mineral reserve estimates or expected recovery rates.
- failure of plant, equipment or processes to operate as anticipated.
- mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mining operations. To the extent that the Group's operations are subject to uninsured environmental liabilities, the payment of such liabilities could have a material adverse effect on the Group.
- risks associated with potential environmental liabilities, our estimates related to reclamation plans and costs, and any increase to the amount or change in the form of security required to be posted in connection with such plans and costs.
- modifications to mine plans and capital development schedule as planned projects are optimized.
- the risk of increased demand for synthetic diamonds or the presence of undisclosed synthetic diamonds in jewellery, negatively impacting demand for diamond jewellery.
- disruption, damage or failure of information technology systems from a variety of sources, including, but not limited to, cable cuts; damage to physical plants; natural disasters; terrorism; fire; power loss; hacking, cyber-attacks and other information security breaches; non-compliance by third party service providers; computer viruses; vandalism and theft.

Financial and diamond pricing risks

- the risk that future diamond price assumptions may prove to be incorrect.
- risks resulting from macro-economic uncertainty in financial markets and other world economic conditions.
- the risk of fluctuations in diamond prices and changes to consumer demand in the principal markets of the US, China and India.
- cash flow and liquidity risks including our ability to generate sufficient cash to service our debt obligations, working capital requirements and financial commitments.
- the risk of fluctuations in the Australian, Canadian and US dollar exchange rate.
- risks related to our ability to meet our employee benefit obligations.

Laws and regulations

- modifications to existing practices so as to comply with any future permit conditions that may be imposed by regulators.
- risks associated with regulatory requirements and the ability to obtain all necessary regulatory approvals and permits.
- delays in obtaining approvals and lease renewals.
- labour disputes and disruptions related to the collective bargaining agreement at the Ekati Diamond Mine.

As part of the Group's risk oversight practices, we have:

- An Audit and Risk Committee comprised of members of the Board of Directors of the Company, which, pursuant to its charter, has a mandate to assist the board in fulfilling its financial reporting and risk oversight responsibilities.
- Key executives of the Group who are tasked with overseeing the day-to-day management of the primary business of the Company, including the implementation of appropriate systems to monitor, control, report on and mitigate principal risks.
- A Burgundy Diamond Mines' Code of Conduct which is applicable to its subsidiaries and sets out the standards which guide the conduct of our business and behaviour of all employees, suppliers, contractors, agents,

advisors and other representatives when dealing or acting on behalf of the Company and its subsidiaries. The Code of Conduct is a risk management tool that exemplifies our commitment to maintaining high standards of conduct.

- Whistleblower Policy, which together ensures a formal, simple and anonymous channel to report concerns regarding fraud or significant ethical issues related to the Group.

Dividends

No dividends have been paid or declared by the Company since the end of the previous financial period. No dividend will be paid in respect of the current financial period.

Significant Changes in the State of Affairs

There were no other significant changes in the state of affairs of the Group other than those described within the operating and corporate activities review.

Matters Subsequent to The Reporting Period

(i) Fuel offtake agreement

During February 2025, ACDC entered into a fuel offtake agreement for 2025 with a subsidiary of Macquarie Bank Ltd. ("Macquarie"). Through this new agreement, Macquarie owns the diesel in the Ekati fuel tanks and supplies diesel to Ekati as it is required. This agreement provides a mechanism that enables Burgundy to better manage the levels of working capital and reduce seasonal volatility of its operating cash outflows. In February, the Group received $39.2 million from Macquarie and will make monthly payment to Macquarie based on fuel consumption.

Likely Developments and Expected Results

The strategic objectives of the Group are to create shareholder value through the operation of an end-to-end diamond company, with activities including exploration, project development, mining, cutting, and polishing and retail jewellery sales. Expected results have not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Directors' Meetings

The number of Directors' meetings held during the financial period and to the date of this report and the number of meetings attended by each Director during the time the Director held office are:

	Board		Audit and Risk Committee		Human Resources and Compensation Committee	
	Held[(i)]	Attended[(ii)]	Held[(i)]	Attended[(ii)]	Held[(i)]	Attended[(ii)]
Kim Truter	4	4	2	2	2	1
Michael O'Keeffe	4	4	—	—	2	—
Marc Dorion	4	4	2	2	2	2
Stephen Dennis	4	3	2	2	2	2
Trey Jackson	4	4	2	2	2	2
Jeremy King	4	4	—	—	2	1
Anshul Gandhi	3	3	—	—	2	—

(i) Number of meetings held during the time the director held office or was a member of the committee during the year.

(ii) Number of meetings attended.

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Rounding

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Class Instrument, amounts in the directors' report and financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Remuneration Report (Audited)

This remuneration report for the year ended 31 December 2024 outlines the remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* ("the Act") and its regulations. All amounts are in United States Dollars unless otherwise noted. This information has been audited as required by section 308(3C) of the Corporations Act 2001.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

The KMP of the Company for the year ended 31 December 2024 are as follows:

	Role	**Appointment**	**Resigned**
Michael O'Keeffe	Chair	15 June 2017	N/a
Kim Truter	Chief Executive Officer and Managing Director	17 November 2022	N/a
Marc Dorion	Non-Executive Director	5 July 2020	N/a
Brad Baylis	Chief Financial Officer and Company Secretary	26 April 2023	N/a
Stephen Dennis	Non-Executive Director	30 January 2024	14 January 2025
Trey Jackson	Non-Executive Director	30 January 2024	N/a
Jeremy King	Non-Executive Director	9 April 2024	N/a
Anshul Gandhi	Non-Executive Director	1 August 2024	N/a

Voting and comments made at the Company's 2024 Annual General Meeting ("AGM")

At the 21 May 2024 AGM, 95.36% of the votes received supported the adoption of the remuneration report for the period ended 31 December 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration Philosophy

Members of key management have authority and responsibility for planning, directing and controlling the activities of the Company. During the financial period, KMP of the Company comprises the Board of Directors, Chief Executive Officer and Chief Financial Officer.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining, and motivating people of the highest quality.

The Company did not utilise services of any remuneration consultant during the year ended 31 December 2024.

Remuneration Governance, Structure and Approvals

The remuneration of Directors is currently set by the Board, however, in the first quarter of 2024, the Human Resources and Compensation Committee was established to carry on the remuneration governance and approval function. The nature and amount of remuneration is collectively considered by the Board with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high-performing Directors.

The Board and the subsequent Human Resources and Compensation Committee established in the first quarter of 2024 is primarily responsible for:

- The over-arching executive remuneration framework;

- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fairly competitive and aligned with the long-term interests of the Company.

Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees (plus statutory superannuation), payable in arrears. The current maximum total aggregate fixed sum per annum that may be paid to Non-Executive Directors in accordance with the Company's Constitution is CDN$1,000,000 which may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company, and they may from time to time vary this scheme or plan.

Remuneration may also include an invitation to receive retainer compensation in the form of Deferred Share Units per the terms of the program.

Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high-performance individuals.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Company, the performance of the Executives and the general pay environment.

Relationship between Remuneration and Company Performance

The remuneration framework for KMP comprises fixed remuneration and at-risk components comprising short-term and long-term variable incentives that are determined by individual and Company performance.

Fixed Remuneration

Fixed remuneration consists of fixed contractual salary or fees, employer contributions to pension funds and other employee benefits.

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and the knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary and regulatory and non-regulatory pension. It is structured as a total employment cost package.

KMP are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base salary is reviewed annually to ensure the executives' pay is competitive with the market. The remuneration of KMP is also reviewed on promotion. There is no guaranteed pay increase included in any KMP's contract.

Short-Term Incentives ("STI")

Short term incentives such as cash incentives may be awarded and are determined based on performance targets established by the Human Resources and Compensation Committee and take into consideration performance metrics such as the Company's performance against safety and environmental, social and governance ("ESG") goals, production metrics such as tonnes mined, tonnes processed and carats recovered and the individual employee's contribution to the Company's performance. The Human Resources and Compensation Committee has not exercised their discretion to reduce any performance-based elements of remuneration in the current year. Subsequent to 31 December 2024, Human Resources and Compensation Committee approved the payment of 2024 KMP short term incentives as Restricted Share Units with a three year redemption period.

Key Performance Indicator ("KPI") Scorecard

	100.0%	21.9%
Weighted above at 75%		16.4%
Add 25% of Strategic Score		15.8%
TOTAL SCORE		32.2%

Long-Term Incentives ("LTI")

Options may be issued at the Board's discretion. The Board is of the opinion that the expiry date and exercise price of the options currently on issue to the Directors and Executives is a sufficient, long-term incentive to reward Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth.

During the year the Board also approved the Company's Restricted Share Units ("RSU") and Deferred Share Units ("DSU") plan in terms of which Executives were issued RSU and DSU awards as a long-term incentive to incentivise executives to enhance shareholder results. Both the RSU and DSU vest over a three-year vesting period, and on redemption are cash settled at the market value on date of redemption. Market value is determined as the 5 day volume weighted average trading share price of the Company's common shares on the ASX. RSU are exercisable upon vesting, whereas vested DSU are exercisable after the executive's departure (e.g. retirement, resignation, death) from the Company.

Financial Performance

Financial performance for the previous five years is as follows:

(US$ '000)	31 December 2024	31 December 2023	30 June 2023 (i)	30 June 2022 (i)	30 June 2021 (i)
Net Loss after tax	(97,257)	(676)	(17,802)	(13,601)	(9,088)
Loss per share (cents per share)	(6.84)	(0.05)	(5.09)	(4.09)	(3.61)

(i) Prior year comparatives have been translated from Australian Dollar to US Dollar at the closing spot rate as at end of the respective year-end.

Director and Officer Share Ownership Standard

Effective as of 1 December 2023, the Board of Directors of the Company has adopted a Share Ownership Standard to set out share ownership guidelines which will enhance alignment of the interests of non-executive directors and senior executive officers of the Company with its shareholders.

The share ownership requirements are as follows:

i. Senior Executive Officers

Senior executive officers of the Company are required to beneficially own, control or direct, directly or indirectly, common shares or share units (including Restricted Share Units and Deferred Share Units) of the Company (the "Shares") having minimum values as follows:

- Chief Executive Officer: Value equal to three (3) times the gross amount of his/her annual base salary.
- Chief Financial Officer: Value equal to two (2) times the gross amount of his/her annual base salary.
- Other named executive officers: Value equal to the gross amount of his/her annual base salary.

Individuals in office as at the effective date of this Policy (the "Effective Date") are required to achieve the applicable level of share ownership within five (5) years following the Effective Date. Senior executive officers hired subsequent to the Effective Date must achieve their minimum share ownership level within five (5) years from the date they are appointed a senior executive officer of the Company.

ii. Non-Executive Directors

Non-executive directors of the Company are required to beneficially own, control or direct, directly or indirectly, Shares of the Company having a value equal to three (3) times the gross amount of his/her annual director retainer. Individuals who are non-executive directors as at the Effective Date are required to achieve this level of share ownership within five (5) years following the Effective Date. Non-executive directors appointed subsequent to the Effective Date must achieve this share ownership within five (5) years from the date they are elected or appointed a director of the Company.

Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Company for the year ended 31 December 2024 and period ended 31 December 2023 are as follows:

31 December 2024	Short Term Benefits			Post-Employment Benefits		Share Based Payments			Total
	Base Salary and Fees	Short Term Cash Incentive paid	Short-Term Cash Incentive accrued [i]	Super-annuation	Other benefits [ii]	Equity-settled options	Equity-or cash settled options	Cash-settled restricted and deferred share units	
	$	$	$	$	$	$	$	$	$
Michael O'Keeffe	160,499	—	—	—	—	—	—	—	160,499
Kim Truter	584,029	274,162	179,026	—	217,549	180,306	307,032	553,276	2,295,380
Marc Dorion	102,205	—	—	—	—	—	—	—	102,205
Brad Baylis	292,015	105,026	67,135	—	94,094	—	153,516	276,637	988,423
Stephen Dennis	93,402	—	—	5,754	—	—	—	—	99,156
Trey Jackson	—	—	—	—	—	—	—	50,556	50,556
Jeremy King	65,161	—	—	4,938	—	—	—	—	70,099
Anshul Gandhi	36,355	—	—	—	—	—	—	—	36,355
Total	**1,333,666**	**379,188**	**246,161**	**10,692**	**311,643**	**180,306**	**460,548**	**880,469**	**3,802,673**

[i] Short-term cash incentive accrued as at 31 December 2024 payable in 2025.

[ii] Other benefits include annual vacation entitlement, defined pension contributions for Canadian residents, and taxable benefits for life insurance and Accidental Death and Dismemberment.

31 December 2023	Short Term Benefits			Post-Employment Benefits		Share Based Payments			Total
	Base Salary and Fees	Short Term Cash Incentive paid	Short-Term Cash Incentive accrued [i]	Super-annuation	Other benefits [ii]	Equity-settled options	Equity-or cash settled options	Cash-settled restricted and deferred share units	
	$	$	$	$	$	$	$	$	$
Michael O'Keeffe	18,002	—	—	1,929	—	—	—	—	19,931
Kim Truter	318,552	81,478	246,601	4,774	78,637	102,010	18,610	119,417	970,079
Marc Dorion	19,892	—	—	—	—	—	—	—	19,892
Brad Baylis	121,759	20,112	57,335	—	36,374	—	9,305	59,709	304,594
Total	**478,205**	**101,590**	**303,936**	**6,703**	**115,011**	**102,010**	**27,915**	**179,126**	**1,314,496**

[i] Short-term cash incentive accrued as at 31 December 2023 payable in 2024.

[ii] Other benefits include annual vacation entitlement, defined pension contributions for Canadian residents, and taxable benefits for life insurance and Accidental Death and Dismemberment.

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Name	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Michael O'Keeffe	100%	100%	—	—	—	—
Kim Truter	47%	50%	8%	25%	45%	25%
Marc Dorion	100%	100%	—	—	—	—
Brad Baylis	50%	58%	7%	19%	44%	23%
Stephen Dennis	100%	—	—	—	—	—
Trey Jackson	—	—	—	—	100%	—
Jeremy King	100%	—	—	—	—	—
Anshul Gandhi	100%	—	—	—	—	—

The Proportion of the bonus payable or forfeited is as follows:

Name	Cash bonus payable		Cash bonus forfeited	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Michael O'Keeffe	—	—	—	—
Kim Truter	31%	100%	—	—
Marc Dorion	—	—	—	—
Brad Baylis	23%	47%	—	—
Stephen Dennis	—	—	—	—
Trey Jackson	—	—	—	—
Jeremy King	—	—	—	—
Anshul Gandhi	—	—	—	—

Shareholdings of KMP (direct and indirect holdings)

The number of ordinary shares in the Company held by each KMP of the Company during the year ended 31 December 2024 is as follows:

	Balance at 1 January 2024	Issued as Remuneration	Acquired / Converted	Held at date of appointment/ (resignation)	Acquired	Balance at 31 December 2024
Michael O'Keeffe	67,903,535	—	—	—	—	67,903,535
Kim Truter	527,000	—	—	—	—	527,000
Marc Dorion	12,541,667	—	—	—	—	12,541,667
Brad Baylis	—	—	—	—	—	—
Stephen Dennis	—	—	—	2,100,000	—	2,100,000
Trey Jackson	—	—	—	—	—	—
Jeremy King	—	—	—	4,646,215	—	4,646,215
Anshul Gandhi	—	—	—	120,000,000	—	120,000,000
Total	**80,972,202**	—	—	126,746,215	—	**207,718,417**

Unlisted Option holdings of KMP (direct and indirect holdings)

The number of unlisted options in the Company held by each KMP of the Company during the year ended 31 December 2024 is as follows:

	Balance at 1 January 2024	Issued as Remuneration	Exercised	Held at Resignation	Balance at 31 December 2024
Michael O'Keeffe	—	—	—	—	—
Kim Truter	15,048,526	4,289,249	—	—	19,337,775
Marc Dorion	—	—	—	—	—
Brad Baylis	2,524,263	2,144,625	—	—	4,668,888
Stephen Dennis	—	—	—	—	—
Trey Jackson	—	—	—	—	—
Jeremy King	—	—	—	—	—
Anshul Gandhi	—	—	—	—	—
Total	**17,572,789**	6,433,874	—	—	**24,006,663**

KMP Contractual Arrangements

Kim Truter - Chief Executive Officer and Managing Director

Upon his new contract, which was issued on 1 July 2023, Mr. Truter's new annual remuneration package is to include the following key items updated to reflect subsequent option, RSU and DSU grants:

- Fixed remuneration of CDN$800,000.
- Short-term cash incentive eligibility based on performance, equivalent to a target of 100% of Mr. Truter's base salary.
- Long term incentive eligibility comprising of the following:
  - an option to purchase 4,289,249 shares at a strike price of A$0.2116 per share. One third of the options award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. The options will expire 5 years from the date of the original grant. The option holder has the right to have these awards settled via issuance of Company shares, cashless exercise or payment in cash.
  - a RSU award of 2,144,625 RSU granted on 1st April 2024. One third of the RSU award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. These RSU awards are cash-settled.
  - a RSU award valued at CDN$400,000 (50% of base salary) effective 1st December 2023. The RSU's will be valued at parity with the share price determined based on the volume weighted average price (VWAP) per share traded of the Company on the ASX over the five (5) trading days immediately preceding the identified issue date of 1 December 2023, unless otherwise specified. One third of the RSU award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. These RSU awards are cash-settled.
  - options award valued at CDN$400,000 (50% of base salary) effective 1 December 2023. The options quantum will be valued at 50% of face value share price determined based on the volume weighted average price (VWAP) per share traded of the Company on the ASX over the five (5) trading days immediately preceding the identified issue date of 1 December 2023, unless otherwise specified. A valuation factor of 0.5 is applied when determining the total award value. One third of the options award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. The options will expire 5 years from the date of the original grant. The option holder has the right to have these awards settled via issuance of Company shares, cashless exercise or payment in cash.
  - a one-off DSU award valued at CDN$2,400,000 (300% of base salary) effective 1 December 2023. The DSU's will be valued at parity with the share price determined based on the volume weighted

average price ("VWAP") per share traded of the Company on the ASX over the five (5) trading days immediately preceding the identified issue date of 1 December 2023, unless otherwise specified. One third of the DSU award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. Vested DSU's are exercisable only after departure from the Company. These DSU awards are cash-settled.

- Initial Share-Based Incentive comprising of three parts:
  - an option to purchase 5,000,000 shares at a strike price of A$0.30 per Share, which options shall vest on the date that is one year after the close of the acquisition of Arctic Companies, and expire two years from the date on which they vest.
  - an option to purchase 3,000,000 shares at a strike price of A$0.30 per Share which options shall vest on the date on which the Group's carat production in fiscal 2026 exceeds 3,000,000 carats, and expire two years from the date on which they vest.
  - an option to purchase 2,000,000 shares at a strike price of A$0.30, which options shall vest on the date on which the Group's carat production in fiscal 2027 exceeds 3,000,000 carats, and expire two years from the date on which they vest.

Brad Baylis - Chief Financial Officer

Upon his new contract, which was issued on 23 November 2023, Mr. Baylis' new annual remuneration package updated to reflect subsequent option, RSU and DSU grants is to include the following key items:

- Fixed remuneration of CDN$400,000.
- Short-term cash incentive eligibility based on performance, equivalent to a target of 75% of Mr. Baylis' base salary.
- Long term incentive comprising of the following:
  - an option to purchase 2,144,625 shares at a strike price of A$0.2116 per share. One third of the options award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. The options will expire 5 years from the date of the original grant. The option holder has the right to have these awards settled via issuance of Company shares, cashless exercise or payment in cash.
  - a RSU award of 1,072,312 RSU granted on 1st April 2024. One third of the RSU award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. These RSU awards are cash-settled.
  - a RSU award valued at CDN$200,000 (50% of base salary) effective 1 December 2023. The RSU's will be valued at parity with the share price determined based on the volume weighted average price (VWAP) per share traded of the Company on the ASX over the five (5) trading days immediately preceding the identified issue date of 1 December 2023, unless otherwise specified. One third of the RSU award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. These RSU awards are cash-settled.
  - options award valued at CDN$200,000 (50% of base salary) effective 1 December 2023. The options quantum will be valued at 50% of face value share price determined based on the volume weighted average price (VWAP) per share traded of the Company on the ASX over the five (5) trading days immediately preceding the identified issue date of 1 December 2023, unless otherwise specified. A valuation factor of 0.5 is applied when determining the total award value. One third of the options award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. The options will expire 5 years from the date of the original grant. The option holder has the right to have these awards settled via issuance of Company shares, cashless exercise or payment in cash.

- o a one-off DSU award valued at CDN$1,200,000 (300% of base salary) effective 1 December 2023. The DSU's will be valued at parity with the share price determined based on the volume weighted average price ("VWAP") per share traded of the Company on the ASX over the five (5) trading days immediately preceding the identified issue date of 1 December 2023, unless otherwise specified. One third of the DSU award will vest annually on the anniversary of the original grant date over a three-year period per the terms of the plan. Vested DSU's are exercisable only after departure from the Company. These DSU awards are cash-settled.

Non-Executive Director Arrangements

Non-executive directors receive a board fee and fees for chairing or participating on board committees. The term of each Non-Executive Director is open to the extent that they hold office subject to retirement by rotation, as per the Company's Constitution, at each AGM and are eligible for re-election as a director at the meeting. Appointment shall cease automatically if the Director gives written notice to the Board, or the Director is not re-elected as a Director by the shareholders of the Company. There are no entitlements following retirement or termination of an appointment.

Effective 1 January 2024, the Non-executive Chair is paid a fee of $152,895 (CDN$220,000) and Non-Executive Directors are paid fees of $83,397 (CDN$120,000) per annum. The fee for chairing board committees is $13,900 (CDN$20,000) per annum. Statutory superannuation is paid for directors that are resident of Australia.

Share-based Compensation

The Company may reward management for their performance and align their remuneration with the creation of shareholder wealth by issuing share options. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits. Details of shares and options issued to directors and other KMP as part of compensation during the year ended 31 December 2024 are noted below.

Options

The Company issued 6,433,874 options as part of compensation to KMP during the year.

Ordinary Shares

The Company did not issue ordinary shares as part of compensation to KMP during the year.

Equity Instruments Issued on Exercise of Options

There were no options exercised during the year by KMP.

RSU and DSU awards

The Company issued 3,216,937 in RSU awards to KMP during the year. 916,833 DSU awards were issued to KMP during the year.

Loans with KMP

There were no other loans made to any KMP during the year ended 31 December 2024 (31 December 2023: $nil). There were no loans from any KMP during the year ended 31 December 2024 (31 December 2023: $nil).

During September 2024, the convertible notes that Mr. Michael O'Keeffe had subscribed for amounting to 5,000,000 unsecured convertible notes with a face value of A$1 were fully settled in cash. The interest rate on these convertible notes is 6% per annum and during the year, interest of $149,389 was paid to Mr. O'Keeffe (period ended 31 December 2023: $98,186 was paid to Mr. O'Keeffe and accrued interest payable due to Mr. O'Keeffe was $8,915).

Other Transactions with KMP

The Company also had purchases of $0.4 million from and sales of $0.2 million to a company managed by a director of the Group for the year ended 31 December 2024. Furthermore, the Arctic Companies had sales of $5.7 million to companies managed by a director of the Group.

At 31 December 2024, the Company had $129,046 of directors fees payable (31 December 2023: $19,684) and $382,236 of bonuses payable (31 December 2023: $303,936) to KMP . There were no other transactions with KMP during the period ended 31 December 2024.

This concludes the remuneration report, which has been audited.

Shares Under Option

At the date of this report there were the following unissued ordinary shares for which options are outstanding:

1,000,000 options expiring 5 August 2026, exercisable A$0.26

877,408 options expiring 30 August 2027, issued to employees in recognition of achieving performance milestones. There is no consideration payable to exercise the options.

10,000,000 options of which 5,000,000 options expire 1 July 2026, 3,000,000 options expire two years after the date on which Group's carat production in fiscal 2026 exceeds 3,000,000 carats and 2,000,000 options expire two years after the date on which Group's carat production in fiscal 2027 exceeds 3,000,000 carats, exercisable A$0.30
12,065,136 options expiring 30 November 2028, exercisable A$0.18

12,360,994 options expiring on 31 March 2029, exercisable A$0.21

Indemnification and Insurance of Officers and Auditors

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Environmental Regulations

Burgundy's subsidiary Arctic Canadian Diamond Company Ltd is subject to meeting Canadian Northwest Territories ("NWT") environmental regulations and Canadian Federal Environmental guidelines. We are currently evaluating the ESG reporting requirements. There have not been any known significant breaches of any environmental regulations during the period under review and up until the date of this report.

People

During the year ended 31 December 2024, 30% of our Ekati employees were northern residents, and of this figure, 68% were northern Indigenous. Our total number of employees and contractors in 2024 at the Ekati Diamond Mine was 862 including 593 employees and 269 contractors; in Belgium was 6 employees and in Australia was 14 employees.

Safety

We continue our commitment to mine in a safe and responsible way by providing our people with the data and information needed to perform their work safely. Seven lost time injuries were experienced during the year ended 31 December 2024 across the Ekati Diamond Mine.

Environment

The Group invests in the communities in which it operates and is committed to protecting and reclaiming the environment. During the year ended 31 December 2024, there were no significant environmental incidents at the Ekati Diamond Mine.

Greenhouse Gas Emissions during the year ended 31 December 2024 were 151,841 tonnes of Carbon Dioxide equivalent (period ended 31 December 2023: 79,420 tonnes).

As at 31 December 2024 the total site reclamation costs recorded as a liability on the statement of financial position was $229.2 million for the Ekati Diamond Mine (31 December 2023: $236.2 million). Further information regarding future site restoration costs is included in Note 25 of the consolidated financial statements.

The Group is in the process of assessing the reporting requirements under sustainability and ESG reporting.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of these proceedings.

Auditor

KPMG Australia are the auditor of the Group and were appointed as auditor on 21 November 2023 in accordance with section 327 of the *Corporations Act* 2001.

Officers of the Company Who Are Former Partners of KPMG Australia

There are no officers of the Company who are former partners of KPMG Australia.

Lead Auditor’s Independence Declaration

The lead auditor’s independence declaration under Section 307C of the Corporations Act 2001 for the year ended 31 December 2024 has been received and included within these financial statements.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor’s expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 32 to the financial statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

This report is signed in accordance with a resolution of the Board of Directors.

M. O'Keeffe

Michael O’Keeffe
Chair

31 March 2025

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Burgundy Diamond Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Burgundy Diamond Mines Limited for the financial year ended 31 December 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Matthew Hingeley

Partner

Perth

31 March 2025

BURGUNDY
DIAMOND MINES

2024
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Consolidated Statement of Loss and Other Comprehensive Loss
(expressed in thousands of United States dollars)

	Note	Year ended 31 December 2024	Six month period ended 31 December 2023
Revenue	6	442,117	257,484
Cost of sales	7	(370,605)	(231,146)
Gross margin		71,512	26,338
Other income	8	9,046	7,532
Selling and distribution expenses	7	(6,031)	(3,709)
General and administrative expenses	7	(23,158)	(10,460)
Impairment of property, plant and equipment	7,12	(151,621)	—
Other expenses	7	(9,731)	(2,049)
Operating (loss) profit		(109,983)	17,652
Finance expenses	9	(27,416)	(14,155)
Finance income		6,509	2,685
Net finance costs		(20,907)	(11,470)
Fair value adjustment on consideration payable	22	676	5,764
Foreign exchange loss		(2,854)	(864)
(Loss) profit before income taxes		(133,068)	11,082
Current tax recovery (expense)	10	13,645	(14,951)
Deferred tax recovery	10	22,166	3,193
Tax recovery (expense)		35,811	(11,758)
Net loss		(97,257)	(676)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit obligation (net of tax expense of $0.0 million for year ended 31 December 2024 - net of tax expense of $0.3 million for period ended 31 December 2023)	18	36	(505)
Other comprehensive income (loss) for the period, net of tax		36	(505)
Total comprehensive loss attributable to the owners		(97,221)	(1,181)
Loss per share for the period attributable to the owners:			
Basic loss per share (cents)	11	(6.84)	(0.05)
Diluted loss per share (cents)	11	(6.84)	(0.05)

The Consolidated Statement of Loss and Other Comprehensive Loss should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Financial Position
(expressed in thousands of United States dollars)

	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Property, plant and equipment	12	135,594	238,518
Other non-current assets	13	92,521	74,941
Total non-current assets		**228,115**	**313,459**
Current assets			
Tax receivable		11,221	—
Inventory and supplies	14	186,049	244,931
Other current assets		5,081	4,262
Trade and other receivables	15	6,178	9,907
Cash and cash equivalents	16	25,142	94,426
Total current assets		**233,671**	**353,526**
Total assets		**461,786**	**666,985**
EQUITY			
Contributed equity	17	200,607	200,607
Reserves	18	7,862	6,796
Accumulated losses		(146,428)	(49,171)
Total equity		**62,041**	**158,232**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	19	73,834	73,834
Provision for make good	20	65	64
Deferred income		211	—
Contingent consideration	21	—	7,111
Consideration payable	22	18,927	25,935
Lease obligations	23	7,603	16,468
Employee benefit plans	24	3,566	3,828
Reclamation provisions	25	229,224	236,204
Deferred tax liabilities	10	55	22,202
Total non-current liabilities		**333,485**	**385,646**
Current liabilities			
Trade and other payables	26	48,420	54,017
Current portion of loans and borrowings	19	—	22,304
Current portion of deferred income		94	—
Current portion of consideration payable	22	6,280	10,844
Current portion of lease obligations	23	9,463	9,644
Current portion of employee benefit plans	24	2,003	354
Tax payable	10	—	25,944
Total current liabilities		**66,260**	**123,107**
Total liabilities		**399,745**	**508,753**
Total equity and liabilities		**461,786**	**666,985**

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity
(expressed in thousands of United States dollars)
For the Year Ended 31 December 2024

	Note	Issued Capital	Convertible Notes Reserve	Other Reserves	Accumulated Losses	Total
Balance at 1 July 2023		**153,511**	**4,384**	**2,940**	**(48,495)**	**112,340**
Net loss for the period		—	—	—	(676)	(676)
Re-measurement of defined benefit obligation		—	—	(505)	—	(505)
Total comprehensive loss for the period		**—**	**—**	**(505)**	**(676)**	**(1,181)**
Transactions with owners of the Group:						
Issue of share capital	17	47,096	—	—	—	47,096
Share-based payments	18	—	—	(23)	—	(23)
Balance at 31 December 2023		**200,607**	**4,384**	**2,412**	**(49,171)**	**158,232**
Net loss for the year		—	—	—	(97,257)	(97,257)
Re-measurement of defined benefit obligation		—	—	36	—	36
Total comprehensive loss for the year		**—**	**—**	**36**	**(97,257)**	**(97,221)**
Transactions with owners of the Group:						
Share-based payments	18	—	—	1,030	—	1,030
Balance at 31 December 2024		**200,607**	**4,384**	**3,478**	**(146,428)**	**62,041**

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the consolidated financial statements.

Consolidated Statement of Cash Flows
(expressed in thousands of United States dollars)

	Note	Year ended 31 December 2024	Six month period ended 31 December 2023
OPERATING			
Net loss		(97,257)	(676)
Adjustments for			
Depreciation and amortisation	7	52,312	43,897
Deferred tax recovery	10	(22,166)	(3,193)
Current tax recovery (expense)	10	(13,645)	14,951
Finance expenses	9	27,416	14,155
Finance income		(6,509)	(2,685)
Share-based compensation		2,880	298
Other non-cash items		78	(173)
Derecognition of contingent consideration	21	(7,500)	(7,401)
Fair value adjustment on consideration payable	22	(676)	(5,764)
Private royalties paid	22	(10,896)	(4,739)
Unrealised foreign exchange loss		3,259	457
Defined benefit plan contributions	24	(2,073)	(906)
Impairment losses on inventory	7	—	146
Impairment of property, plant and equipment	7	151,621	—
Government grants		351	—
Interest paid		(14,733)	(5,538)
Interest received		4,006	1,198
Reclamation expenditures		—	53
Income taxes paid		(23,426)	(1,366)
Settlement of share-based compensation	29	—	(62)
Change in non-cash operating working capital			
Accounts receivable		2,333	4,568
Inventory and supplies		47,560	8,569
Other current assets		(820)	3,127
Trade and other payables		(7,119)	8,008
Employee benefit plans		2,079	1,029
Net cash from operating activities		**87,075**	**67,953**
INVESTING			
Consideration for acquisition (net of cash acquired)		—	(27,994)
Proceeds from exercise of stock options		—	338
Purchase of property, plant and equipment		(98,490)	(12,614)
Proceeds from sale of property, plant and equipment		771	—
Decrease in restricted cash	13	2,391	153
Decrease (increase) in collateral for reclamation surety bonds	13	31,735	(11,943)
Increase in collateral for reclamation security deposits	13	—	(15,899)
Contribution to environmental trust fund	13	(58,670)	—
Net cash used in investing activities		**(122,263)**	**(67,959)**
FINANCING			
Repayment of borrowings	30	—	(26,626)
Repayment of convertible notes	30	(23,245)	—
Lease payments	23	(10,025)	(4,116)
Net cash used in financing activities		**(33,270)**	**(30,742)**
Net decrease in cash and cash equivalents		(68,458)	(30,748)
Cash and cash equivalents, beginning of the period		94,426	125,355
Foreign exchange effect on cash balances		(826)	(181)
Cash and cash equivalents, end of the period		**25,142**	**94,426**

The Consolidated Statement of Cash Flow should be read in conjunction with the notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

NOTE 1 REPORTING ENTITY

Reporting Entity

Burgundy Diamond Mines Limited ("Burgundy" or "the Company") is a company limited by shares and domiciled in Australia. Burgundy's registered office is located at Level 25, South32 Tower, 108 St Georges Terrace, Perth WA 6000, Australia. The consolidated financial statements of the Company as at and for the year ended 31 December 2024 comprise the Company and its subsidiaries ("the Group").

The Company's Perth location focuses on cutting, polishing and sales of polished diamonds. ACDC owns 100% of Ekati Diamond Mine, a producing diamond mine located in Canada's Northwest Territories. Ekati Diamond Mine consists of the Core Zone, which includes the primary mining operations and other kimberlite pipes, as well as the Buffer Zone, an adjacent area hosting kimberlite pipes having both development and exploration potential. ACDM is a marketing business responsible for management of the supply chain, sorting, preparation, marketing and sales of rough diamonds from Ekati Diamond Mine.

NOTE 2 BASIS OF PRESENTATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). Burgundy Diamond Mines Limited is a for-profit entity for the purpose of preparing the financial statements.

The Group is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the consolidated financial statements are rounded off to the nearest thousand dollars ($'000), unless otherwise indicated.

The annual report was authorised for issue by the Board of Directors on 31 March 2025.

(b) Going concern

The consolidated financial statements have been prepared on a going concern basis that contemplates the continuity of business activities in the foreseeable future and the realisation of assets and extinguishment of liabilities in the normal course of operations at the amounts stated in the consolidated financial statements that will generate sufficient income and cash flows to repay obligations, finance operations and fund capital investments to sustain operations. During the year ended 31 December 2024, the Group incurred a net loss of $97.3 million, generated cash flows of $87.1 million from operating activities and has net current assets of $167.4 million. The Group also has $129.0 million of contractual commitments that include quarterly surety cash collateralisation payments of $10.1 million totalling to $62.5 million by the end of 2025 (see Note 31) and $66.3 million of current liabilities due in the next 12 months.

In making the going concern assessment, the directors prepared a detailed cash flow forecast for the Consolidated Group ending 31 March 2026 which indicates that it will be able to meet its obligations as and when they fall due. The Directors consider it is appropriate to adopt the going concern basis in the preparation of the consolidated financial statements after consideration of the following factors:

- Management completed a fuel offtake agreement to improve working capital management. In February 2025, the Group received approximately $39.2 million from Macquarie and will make monthly payments to Macquarie based on fuel consumption with total amount payable by February 2026 (refer to Note 35);
- Quarterly surety payments will be deferred if the Group is not able to maintain at least US$30.0 million of cash at all times (in line with the terms of agreement to defer the payments without any default - refer to Note 31(b));

- Management is in discussions with lenders to provide non-dilutive working capital debt facility. The cashflow forecast does not assume any further financing however in the event of reduced profitability additional financing would be required; and
- In the event that the cash flows become constrained, the Group can reduce development capital and exploration expenditures through postponing or pausing projects, deferring or cancelling discretionary spending.

The Group has made key assumptions in preparing the cashflow forecast that drives the uncertainty in going concern basis of preparation, namely:

- Price and production forecasts will be met to enable the Group to generate sufficient cash from operations to meet its obligations in the next 12 months. The Group predominantly operates in an industry closely correlated with commodity prices. The commodity prices have an inherent risk of external market/price volatilities which are outside of the Group's control. The cashflow forecast is sensitive to these external factors. In the event that the price and production forecasts are not met, the Group would require additional financing.
- The liability of 2L Loan due in June 2026 will be deferred to a later future date and/or re-financed.

In order to continue as a going concern, the Group must generate sufficient income and cash flows to repay obligations, finance operations and fund capital investments to sustain operations. This will require the Group to generate sufficient funds from operations, and in the event this is not achieved, support from lenders by obtaining new debt financing. There is no certainty that the Group will achieve the production and price forecasts or receive the required support from its lenders.

As a result, there is a material uncertainty as to whether the Group can continue to operate as a going concern in the period 12 months from the date of the approval of the financial statements and be able to realise its assets and liabilities at the amounts recorded in the financial statements.

(c) Basis of measurement

The consolidated financial statements have been prepared in accordance with the historical cost convention unless otherwise stated.

(d) Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(e) Change in fiscal year end and comparatives

Effective 30 November 2023, the Company changed its fiscal year end from 30 June 2023 to 31 December 2023 to better align the Company's financial disclosures with its peers in the mining sector and for operational and administrative efficiencies.

The comparative figures presented in these annual financial statements cover the six-month period from 1 July 2023 to 31 December 2023 ("Transitional Financial Year") during which the Company changed its fiscal year-end. As a result of the change in prior fiscal year-end, the comparative amounts presented may not be entirely comparable with the current annual reporting period.

(f) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 33.

(g) New, revised or amended standards and interpretations adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Non-current liabilities with covenants (Amendments to IAS 1)

The International Accounting Standards Board ("IASB") has published 'Non-current Liabilities with Covenants (Amendments to IAS 1) to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. These amendments modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months. The amendments are effective for reporting periods beginning on or after 1 January 2024. The amendments are applied retrospectively in accordance with IAS 8 and earlier application is permitted. The adoption of this accounting standard on 1 January 2024, did not result in any material impact to the Group's consolidated financial statement figures or disclosures.

Deferred tax assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12) from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

Adoption of the amendment to IAS 12 did not result in any material impact to the Group's consolidated financial statement figures or disclosures.

Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and made updates to the information disclosed in Note 34 Material accounting policies in certain instances in line with the amendments.

(h) New accounting standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods on and after 1 January 2025 and early application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing the consolidated financial statements.

Presentation and disclosure in financial statements (IFRS 18)

In April 2024, IFRS 18 was issued by the IASB introducing new requirements to help achieve comparability of the financial performance of similar entities. IFRS 18 focuses on the income statement requiring new subtotals and the classification of income and expenses into operating, investing and financing categories as well as disclosure of management performance measures and guidance on grouping information in the financial statements. IFRS 18 will replace IAS 1, Presentation of Financial Statements, retaining many of the general requirements of IAS 1. The new standard is effective for reporting periods beginning on 1 January 2027, applied retrospectively. The Company is currently assessing the impact of IFRS 18 on its consolidated financial statements.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Judgements

- Note 27 (b) – Liquidity and capital risk management: forecasting cash flows for current and subsequent fiscal years;
- Note 34 (c) (ii) – Commercial production: the start date of commercial production;
- Note 34 (e) – Impairment: assessment of impairment indications;
- Note 34 (n) – Commitments and contingencies: assumptions about likelihood and magnitude of an outflow of resources; and
- Note 34 (r) – Functional currency: determination of functional currency.

b) Assumptions and estimates

- Note 34 (c) (iv) – Depreciation and amortisation: ore reserve and mineral resource estimates and unit-of-production depreciation;
- Note 34 (e) – Impairment of non-financial assets: assumptions used to determine recoverable amounts;
- Note 34 (f) – Inventories: determination of net realisable value;
- Note 34 (k) – Mine rehabilitation and site restoration provision: expectation of future site closure and reclamation activities and the amount and timing of associated cash flows;
- Note 34 (l) – Recovery of deferred tax assets: assess the likelihood of taxable earnings;
- Note 34 (u) – Share based payments: assumptions used in determining the fair value of the equity instruments at the date at which they are granted.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 4 ACQUISITION OF ARCTIC COMPANIES

On 14 March 2023, Burgundy announced that it had executed a binding share purchase agreement (“SPA”) with Arctic Canadian Diamond Holding, LLC (“Arctic Shareholder”) to acquire 100% of the issued capital of the Arctic Companies. The acquisition completion date was 1 July 2023 (the "Acquisition").

The Arctic Companies were acquired for total consideration of $117.5 million (“Consideration”) which comprised of total up front consideration of $103.2 million as follows:

- $21.7 million in ordinary shares of the Company issued to the Arctic Shareholder, through the issuance of approximately 129.2 million shares at an issuance price of A$0.25 (“Consideration Shares”);
- A deferred payment of $8.4 million payable by December 2023 (“Deferred Payment”) to the Arctic Shareholder;
- Repayment of the $73.2 million outstanding debt balance owed by ACDC to the First and the Second Lien Term loan providers (the "Lenders"), who through the Arctic Shareholder entity were also the primary equity holders of Arctic Companies prior to the acquisition. Repayment to the lenders comprised of a $48.1 million cash payment and the issuance of US$25.1 million in Company shares to the lenders, based on the issue price of A$0.25. This repayment serves as full settlement of the First Lien Term Loan and as partial settlement of the Second Lien Term loan of ACDC; and
- $100 promissory note issued to the Arctic Shareholder relating to the acquisition of ACDM.

In addition, the Company has agreed to the following earn-out payments to the Arctic Shareholder ("Contingent Consideration"):

- an earn-out cash payment of $7.5 million to the Arctic Shareholder in the first quarter of 2024, subject to the reported earnings before income tax, depreciation and amortisation ("EBITDA") of the Arctic Companies for the 2023 calendar year being equal to or exceeding $200.0 million ("Earn-out Payment 1"); and
- an earn-out cash payment of $7.5 million to the Arctic Shareholder in the first quarter of 2025, subject to the reported EBITDA of the Arctic Companies for the 2024 calendar year being equal to or exceeding $200.0 million ("Earn-out Payment 2").

Contingent consideration comprising of the two earnout notes totalling to $15.0 million was recorded at its fair value of $14.3 million. The fair value was measured using a discounted risk-free rate of 4.0% adopted based on the 5-year treasury bill as at 1 July 2023.

The breakdown of total consideration is noted in the table below and presented in USD '000:

	1 July 2023
Consideration shares	21,656
Deferred Payment	8,366
Debt Repayment	48,140
Debt Repayment Shares	25,069
Earn-out Payment 1	7,304
Earn-out Payment 2	6,970
Total consideration [(i)]	**117,505**

[(i)] Total consideration also includes $100 for acquisition of ACDM

The Acquisition has been accounted for as a business combination in accordance with IFRS 3, Business Combinations (“IFRS 3”). The results of Arctic Companies have been consolidated with those of the Company commencing on the Acquisition Date. The acquisition of Arctic Companies is to complete Burgundy’s strategy of becoming vertically integrated across the diamond value chain. Ekati Diamond Mine delivers rough diamond production that can be cut and polished in the polishing facilities in Perth and sold to end-customers.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

The purchase price was allocated to underlying assets acquired and liabilities assumed based on the fair values at the date of acquisition. With the involvement of external specialists, these fair values were determined as follows:

(i) Property, Plant and equipment: The valuation techniques applied consider market prices for similar items when these are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical and economic obsolescence. These values are further adjusted after comparison to the overall assessed fair value of the Ekati Diamond Mine.

(ii) Diamond inventory: Fair value is determined based on selling price in the ordinary course of business and a reasonable profit margin based on effort required to complete and sell these inventories.

Identifiable assets acquired and liabilities assumed

The following table provides the final fair values of net assets acquired:

	1 July 2023
Inventory and supplies	260,794
Other current assets	7,013
Trade and other receivables	8,942
Cash and cash equivalents	20,147
Property, plant and equipment	249,035
Other non-current assets	49,469
Trade and other payables	(33,251)
Consideration payable	(47,282)
Lease liabilities	(29,434)
Employee benefit plans	(3,121)
Reclamation provision	(226,302)
Income taxes payable	(12,385)
Loans and borrowings	(100,460)
Deferred tax liabilities	(25,660)
Total net assets acquired	**117,505**
Total consideration	**117,505**

Transaction costs of $7.5 million were incurred of which $5.2 million were capitalised to contributed equity as these relate to the share issuance as part of the Acquisition and $2.3 million were expensed in other expenses in consolidated statement of loss. These transaction costs were primarily related to professional fees, legal, consulting and advisory fees for services rendered in connection with the Acquisition. On acquisition date, the reclamation asset was valued at $nil.

As the acquisition was completed on 1 July 2023 which is also the commencement of the fiscal year, revenue and income of Arctic Companies is included in the consolidated statement of loss from 1 July 2023, $257.0 million of revenue and $4.3 million of net profit of Arctic Companies were included in the consolidated statement of loss.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 5 SEGMENT INFORMATION

(a) Business segments

The identification of operating segments by management is based on product areas in internal reports regularly examined by the Board of Directors. This process facilitates resource allocation and performance evaluation for each segment based on differences in products or services. The Group's reportable segments comprise Rough Diamond and Polished Diamond. The Rough Diamond segment encompasses mining, sales and marketing of rough diamonds. The Polished Diamond segment encompasses manufacturing, sales and marketing of polished diamonds.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in Note 34. Information regarding the Group's reportable segments is presented below.

For the year ended 31 December 2024	**Rough Diamond**	**Polished Diamond**	**Total Reportable Segments**	**Unallocated Amounts**	**Total**
Revenue	440,308	5,043	445,351	—	445,351
Elimination of inter-segment	(1,009)	(2,225)	(3,234)	—	(3,234)
Segment revenue	439,299	2,818	442,117	—	442,117
Cost of sales					
Production cost of inventories	(317,271)	(2,108)	(319,379)	—	(319,379)
Depreciation and amortisation	(51,043)	(183)	(51,226)	—	(51,226)
Total cost of sales	(368,314)	(2,291)	(370,605)	—	(370,605)
Gross margin	**70,985**	**527**	**71,512**	—	**71,512**
Other income	1,420	—	1,420	7,626	9,046
Selling and distribution expenses (i)	(3,260)	(447)	(3,707)	(2,324)	(6,031)
General and administration expenses (i)	—	—	—	(23,158)	(23,158)
Impairment of property, plant and equipment	(151,621)	—	(151,621)	-	(151,621)
Other expenses	(9,675)	—	(9,675)	(56)	(9,731)
Operating profit (loss)	(92,151)	80	(92,071)	(17,912)	(109,983)
Finance expenses	(16,843)	—	(16,843)	(10,573)	(27,416)
Finance income	5,677	23	5,700	809	6,509
Fair value adjustment on consideration payable	676	—	676	—	676
Foreign exchange (gain) loss	(10,440)	(13)	(10,453)	7,599	(2,854)
Segment profit (loss) before taxes	(113,081)	90	(112,991)	(20,077)	(133,068)
Tax expense	35,811	—	35,811	—	35,811
Segment profit (loss) after taxes	**(77,270)**	**90**	**(77,180)**	**(20,077)**	**(97,257)**
Segmented assets as at 31 December 2024	**447,529**	**8,478**	**456,007**	**5,779**	**461,786**
Segmented liabilities as at 31 December 2024	**320,680**	**594**	**321,274**	**78,471**	**399,745**
Capital expenditures (ii)	113,969	—	113,969	647	114,616

(i) $2.9 million of share-based compensation expense and $1.1 million of depreciation and amortisation are included in selling and distribution expenses and general and administrative expenses.

(ii) Capital expenditures includes PP&E additions and right-of-use assets.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

For the six month period ended 31 December 2023	**Rough Diamond**	**Polished Diamond**	**Total Reportable Segments**	**Unallocated Amounts**	**Total**
Revenue	257,036	918	257,954	—	257,954
Elimination of inter-segment	(470)	—	(470)	—	(470)
Segment revenue	256,566	918	257,484	—	257,484
Cost of sales					
Production cost of inventories	(176,728)	(1,229)	(177,957)	—	(177,957)
Depreciation and amortisation	(53,189)	—	(53,189)	—	(53,189)
Total cost of sales	(229,917)	(1,229)	(231,146)	—	(231,146)
Gross margin	**26,649**	**(311)**	**26,338**	**—**	**26,338**
Other income	35	18	53	7,479	7,532
Selling and distribution expenses	(1,345)	(291)	(1,636)	(2,073)	(3,709)
General and administration expenses (i)	—	—	—	(10,460)	(10,460)
Other expenses	—	—	—	(2,049)	(2,049)
Operating profit (loss)	25,339	(584)	24,755	(7,103)	17,652
Finance expenses	(8,369)	—	(8,369)	(5,786)	(14,155)
Finance income	2,589	14	2,603	82	2,685
Fair value adjustment on consideration payable	5,764	—	5,764	—	5,764
Foreign exchange gain (loss)	346	(995)	(649)	(215)	(864)
Segment profit (loss) before taxes	25,669	(1,565)	24,104	(13,022)	11,082
Tax expense	(11,758)	—	(11,758)	—	(11,758)
Segment profit (loss) after taxes	**13,911**	**(1,565)**	**12,346**	**(13,022)**	**(676)**
Segmented assets as at 31 December 2023	**653,769**	**7,653**	**661,422**	**5,563**	**666,985**
Segmented liabilities as at 31 December 2023	**354,432**	**955**	**355,387**	**153,366**	**508,753**
Capital expenditures (ii)	11,880	—	11,880	1,629	13,509

(i) $0.6 million in depreciation and amortisation is included in selling and distribution expenses and in general and administrative expenses.

(ii) Capital expenditures includes PP&E additions and right-of-use assets.

(b) Geographical information:

The geographical information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. Revenues from external customers have been identified on the basis of the customer's geographical location and non-current assets are allocated based on their physical location.

	Revenue		**Non-Current assets**	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Belgium	188,724	127,198	3,047	3,459
United Arab Emirates	175,534	93,399	—	—
India	45,235	19,635	—	—
Canada	9,505	733	134,830	237,293
Australia	536	193	376	575
Other	22,583	16,326	—	—
Consolidated	**442,117**	**257,484**	**138,253**	**241,327**

Non-current assets exclude financial instruments such as reclamation deposits, restricted cash and environmental trust fund.

During the year ended 31 December 2024, $51.7 million (31 December 2023: $37.2 million) or 12% (31 December 2023: 14%) of the Group's revenues depended on a single customer in the Rough Diamond segment.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 6 REVENUE

	Year ended 31 December 2024	Period ended 31 December 2023
Revenue streams:		
Rough diamond sales	439,299	256,566
Polished diamond sales	2,818	918
Total revenue	**442,117**	**257,484**

All revenues from rough and polished diamonds sales are recognised at a point in time when control transfers to the customer. See Note 34 (m) for further details.

NOTE 7 EXPENSE BY NATURE

Expenses including cost of sales, selling and distribution expenses, general and administrative expenses, impairment of assets and other expenses as reported in the consolidated statement of loss, have been grouped by nature of expenses as follows:

	Year ended 31 December 2024	Period ended 31 December 2023
Raw materials, consumables and spare parts	150,413	94,430
Salaries and employee benefits	78,873	44,649
Contractors and engineering services	89,082	45,365
Transaction costs	—	6
Property tax and insurance costs	13,740	7,833
Depreciation and amortisation	52,312	43,897
Exploration costs	9,781	1,884
Selling and distribution expenses	5,565	3,489
Impairment of property, plant and equipment	151,621	—
Impairment of inventory	—	146
Other	9,759	5,665
Total expenses	**561,146**	**247,364**

NOTE 8 OTHER INCOME

Other income for the year ended 31 December 2024 consists primarily of the derecognition of the contingent consideration as the EBITDA threshold was not met.

	Year ended 31 December 2024	Period ended 31 December 2023
Derecognition of contingent consideration *(Note 21)*	7,500	7,401
Other	1,546	131
Total other income	**9,046**	**7,532**

NOTE 9 FINANCE EXPENSES

	Year ended 31 December 2024	Period ended 31 December 2023
Interest on loans	7,583	3,733
Interest on convertible debt	996	739
Accretion of reclamation provision *(Note 25)*	6,925	3,433
Accretion of convertible debt *(Note 30)*	1,437	996
Accretion of contingent consideration *(Note 21)*	389	238
Interest on lease liabilities *(Note 23)*	1,711	989
Finance expense on reclamation deposits *(Note 13)*	1,382	2,553
Interest on taxes payable	4,063	—
Other interest	2,930	1,474
Total finance expenses	**27,416**	**14,155**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 10 INCOME TAX

(a) The components of tax expense comprise:	Year ended 31 December 2024	Period ended 31 December 2023
Current tax (recovery) expense		
Current reporting period	(9,635)	14,951
Assessments and adjustments	(4,010)	—
Total current tax (recovery) expense	**(13,645)**	**14,951**
Deferred tax recovery		
Origination and reversal of temporary differences	(20,948)	(3,193)
Assessments and adjustments	(1,218)	—
Total deferred tax recovery	**(22,166)**	**(3,193)**
Total tax (recovery) expense	**(35,811)**	**11,758**
Reconciliation of income tax expense to prima facie tax payable:		
Profit (loss) for the period	(133,068)	11,082
Income tax expense (benefit) using the domestic Corporate tax rate of 30% (2023: 30%)	(40,579)	3,325
Increase in income tax expense due to:		
Non-deductible expenses	2,359	690
Mining Royalty Tax in Canada, net of tax benefit	(2,370)	4,692
Timing differences not recognised	4,120	2,643
Current period tax losses	—	937
Effect of different statutory rates in foreign countries	5,777	(620)
Prior year adjustments	(5,227)	—
Other	109	91
Tax expense	**(35,811)**	**11,758**

(b) Net deferred tax assets not recognised

	Year ended 31 December 2024	Period ended 31 December 2023
Net deferred tax assets not recognised		
Tax losses	22,911	8,684
Reclamation Provision	66,972	81,349
Timing differences	11,052	2,546
Total unrecognised net deferred tax assets	**100,935**	**92,579**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

(c) Composition of deferred tax balances:

	31 December 2023	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Loss	31 December 2024
Deferred tax assets				
Net operating loss carryforwards	—	71	—	71
Inventory	14,979	(14,871)	—	108
Lease obligations	8,695	(3,899)	—	4,796
Employee Benefit Plans	1,372	(445)	(19)	908
Consideration Payable	9,746	(3,066)	—	6,680
Other deferred income tax assets	6,030	8,499	—	14,529
	40,822	(13,711)	(19)	27,092
Reclassification to deferred tax liabilities	(40,822)	13,711	19	(27,092)
Deferred tax assets:	—	—	—	—
Deferred tax liabilities				
Property, plant and equipment	(60,892)	48,150	—	(12,742)
Right of use asset	—	(68)	—	(68)
Environmental Trust Pool	—	(14,074)	—	(14,074)
Other deferred income tax liabilities	(2,132)	1,869	—	(263)
	(63,024)	35,877	—	(27,147)
Reclassification from deferred tax assets	40,822	(13,711)	(19)	27,092
Deferred tax liabilities:	(22,202)	22,166	(19)	(55)

As at 31 December 2024 the Group had the following tax losses carried forward available to offset against future profits:

Year of expiry	**Canada**	**Australia**
Year 2044	44,929	
Indefinitely	4,229	36,923
	49,158	**36,923**

Each period the Group assesses the future taxable income in each jurisdiction which it operates and determines the nature and amount sufficient to enable the benefit of such deductions to be obtained in the future. As at 31 December 2024, the Group has not recognised the benefit of deductible temporary differences and tax losses amounting to $287.9 million (31 December 2023: $273.6 million).

Deferred tax liabilities with respect to investments in foreign subsidiaries are not recognised where the Group is able to control the timing of the reversal and any temporary differences are not expected to reverse in the foreseeable future. The Group has not recognised a deferred tax liability with respect of $nil (31 December 2023: $7.7 million) of temporary differences associated with investments in foreign subsidiaries as the Group is able to control the timing of the reversal and any temporary differences are not expected to reverse in the foreseeable future.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 11 EARNINGS PER SHARE

The following table reflects the net loss and share data used in the basic and diluted earnings per share calculations:

	Year ended 31 December 2024	Six month period ended 31 December 2023
NUMERATOR:		
Net loss attributable to ordinary shareholders ($)	(97,257)	(676)
DENOMINATOR:		
Number of ordinary shares outstanding at end of the period	1,421,634,421	1,421,205,230
Vested share options exercisable for no consideration	877,408	1,306,599
Effect of share options exercised	(343,087)	(443,332)
Effect of ordinary shares issued on conversion of convertible note	—	(32,083)
Weighted average number of ordinary shares outstanding during the period used to calculate basic and diluted loss per share	1,422,168,742	1,422,036,414
Basic and diluted loss per share attributable to shareholders (cents)	**(6.84)**	**(0.05)**

(i) A total of 31.6 million options were excluded from the dilution calculation for the year ended 31 December 2024 as they are anti-dilutive. For the year ended 31 December 2024 and period ended 31 December 2023, all potentially dilutive securities have been excluded from the calculation of diluted earnings per share, given the Group was in a net loss position during that period and their effect would be anti-dilutive.

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of completion of these financial statements.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

	Mineral properties	Equipment and leaseholds	Polishing Equipment	Furniture, equipment and other	Land and building	Assets under construction	Right-of-use assets	Total
COST								
Balance at 1 January 2024	7,692	139,497	253	1,237	67,852	19,886	33,899	270,316
Additions (ii) (iii)	5,554	55	—	—	—	115,321	—	120,930
Disposals	—	(1,838)	—	—	—	—	(925)	(2,763)
Transfers from assets under construction	74,291	21,934	—	2,017	249	(102,382)	3,891	—
Foreign exchange differences (i)	(19,459)	—	—	—	—	—	—	(19,459)
Balance at 31 December 2024	**68,078**	**159,648**	**253**	**3,254**	**68,101**	**32,825**	**36,865**	**369,024**
ACCUMULATED DEPRECIATION/AMORTISATION AND IMPAIRMENT LOSSES								
Balance at 1 January 2024	42	22,326	96	268	5,606	—	3,460	31,798
Depreciation and amortisation	1,110	33,416	18	392	9,434	—	7,056	51,426
Impairment of property, plant and equipment	66,926	36,640	—	270	22,399	23,767	1,619	151,621
Disposals	—	(1,232)	—	—	—	—	(183)	(1,415)
Balance at 31 December 2024	**68,078**	**91,150**	**114**	**930**	**37,439**	**23,767**	**11,952**	**233,430**
NET BOOK VALUE								
At 31 December 2024	**—**	**68,498**	**139**	**2,324**	**30,662**	**9,058**	**24,913**	**135,594**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

	Mineral properties	Equipment and leaseholds	Polishing Equipment	Furniture, equipment and other	Land and building	Assets under construction	Right-of-use assets	Total
COST								
Balance at 1 July 2023	—	51	253	109	—	—	621	1,034
Acquisition of Arctic Companies (Note 4)	—	126,313	—	615	67,347	22,464	32,296	249,035
Additions (ii) (iii)	6,533	—	—	—	—	12,909	936	20,378
Disposals	—	(22)	—	—	—	—	—	(22)
Transfers from assets under construction	1,268	13,155	—	513	505	(15,487)	46	—
Foreign exchange differences (i)	(109)	—	—	—	—	—	—	(109)
Balance at 31 December 2023	**7,692**	**139,497**	**253**	**1,237**	**67,852**	**19,886**	**33,899**	**270,316**
ACCUMULATED DEPRECIATION/AMORTISATION								
Balance at 1 July 2023	—	13	61	58	—	—	184	316
Depreciation and amortisation	42	22,324	35	210	5,606	—	3,276	31,493
Disposals	—	(11)	—	—	—	—	—	(11)
Balance at 31 December 2023	**42**	**22,326**	**96**	**268**	**5,606**	**—**	**3,460**	**31,798**
NET BOOK VALUE								
At 31 December 2023	**7,650**	**117,171**	**157**	**969**	**62,246**	**19,886**	**30,439**	**238,518**

(i) *These foreign exchange differences relate to the revaluation of the reclamation provisions.*
(ii) *Additions include cash additions, right-of-use asset additions, property, plant and equipment ("PP&E") additions in payables, changes in estimate of reclamation provision and capitalised depreciation.*
(iii) *As at 31 December 2024, the estimate for the reclamation provision was increased by $5.6 million (31 December 2023 - $6.5 million increase in estimate of reclamation provision), resulting in a corresponding increase in the reclamation asset of the same amount.*

As at 31 December 2024, the market capitalisation of the Group declined significantly by $110.2 million representing a 58% decline compared to period ended 31 December 2023. Furthermore, price per carat realised in the Rough Diamond CGU decreased by 10% compared to period ended 31 December 2023. As a result of these factors management performed an impairment analysis of the Rough Diamond CGU which resulted in the following impairment loss that was recognised in the statement of loss during the year ended 31 December 2024:

	Year ended 31 December 2024	Period ended 31 December 2023
Impairment of property, plant and equipment	151,621	—

The recoverable amount of the Rough Diamond CGU was $236.0 million based on FVLCD, estimated using discounted cash flows methodology for cash flows in the life of mine ("LOM") plan over a five year production period with the unrecognised reclamation outflows extending up until 2048. Residual mineral resources not reflected in the LOM were valued using market approach in the form of resource multiples. The fair value measurement was categorized as a Level 3 fair value using a present value technique.

(i) KEY ASSUMPTIONS (ROUGH DIAMOND SEGMENT)

The determination of FVLCD is most sensitive to the following key assumptions:

PRODUCTION VOLUMES AND DIAMOND PRICES

In calculating the FVLCD, the production volumes incorporated into the cash flow model are based on detailed life of mine plans and take into account development plans for the mines agreed by management. Production volumes are dependent on a number of variables, such as the recoverable quantities, operational and capital expenditure requirements and selling prices of diamonds recovered. These production volumes are consistent with the reserves and resource volumes approved as part of the Group's process for the estimation of proven and probable reserves and resource estimates. Diamond price forecasts are based on management's estimates based on market outlook and past experience. Diamond price escalation of 3% in 2025, 9% in 2026 and 3% each year from 2027 till 2029 was factored in the LOM.

Mineral resources

Mineral resources that include inferred and indicated resources that were not reflected in the LOM plan were valued using a resource multiple ranging from 0.35 to 0.69.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

DISCOUNT RATE

In calculating the FVLCD, a post-tax discount rate of 14.5% was applied to the cash flows. The discount rate is derived from the Group's post-tax weighted average cost of capital ("WACC") with appropriate adjustments made to reflect the risks specific to the CGU. The WACC takes into account both the debt and equity.

OPERATING COSTS

Significant amount of the mining operating costs are incurred in Canadian Dollar, which are developed based on expected mining activity in the LOM. As the Group's functional currency is the US dollar the Group is exposed to foreign exchange rate movements arising from operating costs that are primarily in Canadian dollars. The foreign exchange rates are estimated with reference to external market forecasts and updated at least annually. The rates applied in the valuation are based on observable market data including spot and forward values. A Canadian to US dollar exchange rate in the range of $0.73 to $0.75 was used in the cash flow analysis.

(ii) SENSITIVITIES

ROUGH DIAMOND SEGMENT

Holding all other assumptions constant, reasonable possible changes at the reporting date to one of the significant assumptions would have the following impact:

		Impairment reversal (additional impairment)	
	Changes in assumption	**Increase in assumption**	**Decrease in assumption**
31 December 2024			
Diamond prices	1%	11,267	(10,311)
Carats recovered	1%	10,019	(10,019)
Discount rate	1%	(5,886)	6,175
Operating costs	1%	(8,062)	8,062

NOTE 13 OTHER NON-CURRENT ASSETS

The Group is required to post security with government agencies to ensure reclamation is completed on its mining properties as required by the legislation and regulations of Canada and the Northwest Territories. The security is in the form of cash, letters of credit ("LCs") or surety bond.

	31 December 2024	**31 December 2023**
Sample diamonds	2,378	2,378
Restricted cash [(a)]	7,793	10,564
Reclamation deposits [(b)]	82,069	61,568
- Collateral posted for reclamation surety bonds	13,037	44,575
- Reclamation security deposits	16,065	16,993
- Collateral posted in environmental trust funds	52,967	—
Other	281	431
Total other non-current assets	92,521	74,941

	Restricted	**Reclamation Deposits**			**Total**
	Cash	**Cash Collateral for Surety**	**Reclamation Security**	**Cash Deposits under Environmental Trust Funds**	
Balance at 1 January 2024	10,564	44,575	16,993	—	72,132
Reclamation deposits made	3,053	—	—	26,935	29,988
Refund/transfer received	(5,444)	(31,735)	—	31,735	(5,444)
Interest income on restricted cash	640	—	—	—	640
Finance expense	—	3,743	438	(5,563)	(1,382)
Foreign exchange revaluation	(1,020)	(3,546)	(1,366)	(140)	(6,072)
Balance as at 31 December 2024	**7,793**	**13,037**	**16,065**	**52,967**	**89,862**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

	Restricted	Reclamation Deposits		Total
	Cash	Cash Collateral for Surety	Reclamation Security	
Balance at 1 July 2023	—	—	—	—
Acquisition of Arctic companies (Note 4)	10,644	33,189	2,689	46,522
Reclamation deposits made	—	11,943	15,899	27,842
Refund received	(153)	—	—	(153)
Interest income on restricted cash	61	—	—	61
Finance expense	—	(803)	(1,750)	(2,553)
Foreign exchange revaluation	12	246	155	413
Balance as at 31 December 2023	**10,564**	**44,575**	**16,993**	**72,132**

(a) Restricted cash

Restricted cash comprised of CDN$9.9 million held by financial institutions as collateral for LCs. These LCs were held by government agencies as security for reclamation obligations.

(b) Reclamation deposits

Collateral posted for reclamation surety bonds

The Group has an agreement with surety providers whereby the Group provides cash collateral over time up to 100% of the face amount of the bond; and the bond value will be reduced by the payment. During 2024, total contribution of CDN$84.2 million were made to the environmental trust and surety bond value was reduced accordingly. The contribution includes CDN$45.6 million transferred from collateral for surety, CDN$29.0 million of cash collateral under new surety bond agreement signed in August 2024 and CDN$9.6 million pursuant to the security requirements for Phase Two development for Point Lake Water Licence.

NOTE 14 INVENTORY AND SUPPLIES

	31 December 2024	31 December 2023
Stockpile ore	925	1,811
Rough diamonds – work in progress	28,432	61,058
Rough diamonds – finished goods	26,874	40,718
Polished diamonds – finished goods	5,361	4,942
Supplies inventory	124,457	136,402
Total inventory and supplies	**186,049**	**244,931**

For the year ended 31 December 2024, inventories recognised in cost of sales were $370.6 million (31 December 2023: $231.1 million, including a $9.9 million increase in fair value recorded on the acquisition date which was later recognised in the cost of sales when the goods were sold).

During the year ended 31 December 2024, there were $nil (period ended 31 December 2023: $nil) diamond inventory write-downs in the Rough Diamond and $nil (period ended 31 December 2023: $0.1 million) in Polished Diamond segments.

NOTE 15 TRADE AND OTHER RECEIVABLES

	31 December 2024	31 December 2023
Trade receivables	913	130
Sales & income tax credits	2,842	8,545
Other deposits and receivables	2,423	1,232
Total trade and other receivables	**6,178**	**9,907**

The Group has recognised a loss of $nil (period ended 31 December 2023: $nil) in profit or loss in respect of the expected credit losses for the period ended 31 December 2024. The Group's exposure to credit risk is disclosed in Note 27. Total trade receivables are collectable within the next 12 months.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 16 CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash at bank and in hand	25,142	94,426
Total cash and cash equivalents	**25,142**	**94,426**

NOTE 17 CONTRIBUTED EQUITY

(a) Ordinary Shares

Ordinary share capital is classified as equity. The issued shares do not have a par value and there is no limit on the authorised share capital of the Company.

	31 December 2024		31 December 2023	
	No.	**$**	**No.**	**$**
Ordinary shares	1,421,634,421	200,607	1,421,205,230	200,607

(b) Movements in Ordinary Shares Issued

Year ended 31 December 2024	**Number**	**$**
At 1 January 2024	1,421,205,230	200,607
Exercise of options *(Note 29 b)*	429,191	—
Balance at 31 December 2024 - fully paid	**1,421,634,421**	**200,607**

Period ended 31 December 2023	**Number**	**$**
At 1 July 2023	1,137,210,661	153,511
Issue of Shares - Consideration *(i)*	278,829,226	46,725
Exercise of options	725,949	—
Exercise of options	4,250,000	338
Exercise of convertible note	189,394	33
Balance at 31 December 2023 - fully paid	**1,421,205,230**	**200,607**

(i) These shares were issued to Arctic Shareholder and 2L Loan holders as consideration in the acquisition of ACDC. See Note 4.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 18 RESERVES

	31 December 2024	31 December 2023
Convertible note reserve	4,384	4,384
Share-based payments reserve	4,000	2,970
Revaluation Reserve	(469)	(505)
Foreign currency translation reserve	(53)	(53)
Total reserves	**7,862**	**6,796**
Movement reconciliation		
Convertible Note Reserve		
Balance at the beginning of the period	4,384	4,384
Balance at the end of the period	**4,384**	**4,384**
Share Based Payment Reserve		
Balance at the beginning of the period	2,970	2,993
Equity settled share-based payment transactions *(Note 29)*	1,030	(23)
Balance at the end of the period	**4,000**	**2,970**
Revaluation Reserve		
Balance at the beginning of the period	(505)	—
Re-measurement of defined benefit obligation	36	(505)
Balance at the end of the period	**(469)**	**(505)**
Foreign Currency Translation Reserve		
Balance at the beginning of the period	(53)	(53)
Balance at the end of the period	**(53)**	**(53)**

Convertible notes reserve

The amount shown for other equity securities is the value of the conversion rights relating to the 6% convertible notes, details of which are shown in Note 19.

Share-based payment reserve

The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

Revaluation reserve

The revaluation reserve is used to record the re-measurement of defined benefit obligation net of tax expenses.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 19 LOANS AND BORROWINGS

				31 December 2024		31 December 2023	
	Currency	Year of Maturity	Nominal Interest rate	Face value	Carrying amount	Face value	Carrying amount
2nd Lien Credit Agreement ("2L Loan") [(a)]	US$	2026	10%	73,834	73,834	73,834	73,834
Convertible Notes ("Notes") [(b)]	A$	2024	6%	—	—	23,785	22,304
Promissory note payable to Arctic Shareholder [(c)]	US$			—	—	0	0
Total loans and borrowings				**73,834**	**73,834**	**97,619**	**96,138**
Less current portion					—		22,304
Non-current portion					73,834		73,834

(a) 2L Loan

The 2L Loan in principal amount of $73.8 million has a maturity date of 30 June 2026. The loan bears an interest rate of 10% per annum payable in arrears on the last day of each quarter. During the year interest of $7.6 million was paid on the 2L Loan (period ended 31 December 2023: $3.7 million).

There are no financial covenants under the 2L Loan agreement. The remaining non-financial covenants under the 2L Loan agreement that are applicable as at 31 December 2024, mainly relate to submission of financial information by certain dues dates. All assets of Arctic Companies are pledged under the 2L Loan. Under the 2L Loan agreement, intercompany loans between the Arctic Companies and the parent entity must be unsecured loan, subordinated to the 2L Loan with maturity date after 30 June 2026. On 1 July 2023, 2L Loan holders were granted 149.6 million shares of Burgundy at A$0.25 amounting to $25.1 million (A$37.4 million) and as such also own an equity stake in the Company.

As at 31 December 2024, the Group was in compliance with the required non-financial covenants.

(b) Convertible Notes

The Company issued 35,000,000 6% convertible notes for A$35,000,000 on 16 September 2021. The notes are convertible into ordinary shares of the Company, at the option of the holder, or repayable on 16 September 2024. If a note holder elects to convert all or part of its convertible notes, the minimum number of notes that may be converted is 250,000. The number of shares that will be issued on conversion is equivalent to the principal amount of notes converted divided by the fixed conversion price of A$0.264 per share. The conversion option of the convertible notes was classified in other reserves in equity as the fixed for fixed criteria under IAS 32 was met on the date the notes were issued. Upon change in functional currency of the Company on 1 July 2023 from A$ to US$, the Company did not reclassify the equity portion of notes. See Note 34(p) for further details. During September 2024, all outstanding convertible notes were settled in cash.

	31 December 2024	31 December 2023
Face value of notes issued	23,300	23,300
Other equity securities - value of conversion rights	(4,384)	(4,384)
Costs associated with the issue of convertible notes	(819)	(819)
	18,097	**18,097**
Unwinding of interest per effective interest rate method	5,183	3,745
Exercise of convertible note	(33)	(33)
Payout of convertible note	(23,247)	—
Foreign exchange revaluation	—	495
Current liability	**—**	**22,304**

Interest paid to note holders during the year was $1.0 million (31 December 2023: $0.7 million).

(c) Promissory note payable to Arctic Shareholder

On 1 July 2023 the Company had a payable of $100 to Arctic Shareholder as consideration to acquire ACDM. The note was paid out during the year.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 20 PROVISIONS

	31 December 2024	31 December 2023
Lease make good	65	64
Total provisions	**65**	**64**

The provision represents the estimated costs to make good the premises leased by the Group at the end of the respective lease term. A provision has been recognised for the present value of the estimated expenditure required to make good any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

NOTE 21 CONTINGENT CONSIDERATION

Contingent consideration was recognised at fair value on 1 July 2023, and is calculated as the present value of two earn-out payments of total $15.0 million to the Arctic Shareholder in the first quarter of 2024 ($7.5 million) and 2025 ($7.5 million), subject to the reported EBITDA of the Arctic Companies for the respective 2023 and 2024 calendar years being equal to or exceeding $200.0 million in each year. If the conditions are met, the earn-out payments are payable in cash within thirty days of end of first quarter following end of 2023 and 2024 calendar years.

The fair value of contingent consideration is remeasured at each reporting period with changes in fair value recognised in profit or loss. The fair value of contingent consideration was measured using a discounted risk-free rate of 4.0% adopted based on the 5-year treasury bill as at 1 July 2023.

As at 31 December 2024, present value of $7.5 million for 2024 earn-out cash payment was derecognised as other income (Note 8) as the reported 2024 EBITDA of Arctic Companies was below $200.0 million. During the year ended 31 December 2024, $0.4 million of present value adjustment was recorded as finance expense.

A reconciliation of the carrying amount of contingent consideration is set out below:

	Earn-out Payment 2
Balance at 1 January 2024	7,111
Accretion	389
Derecognition of Earn-out Payment 2	(7,500)
Balance at 31 December 2024	**—**
Non-current portion	—

	Earn-out Payment 1	Earn-out Payment 2	Total
Balance at 1 July 2023	7,304	6,970	14,274
Accretion	97	141	238
Derecognition of Earn-out Payment 1	(7,401)	—	(7,401)
Balance at 31 December 2023	**—**	**7,111**	**7,111**
Non-current portion	—	7,111	7,111

NOTE 22 CONSIDERATION PAYABLE

	31 December 2024	31 December 2023
Opening balance	36,779	—
Acquisition of Arctic Companies *(Note 4)*	—	47,282
Royalties paid	(10,896)	(4,739)
Changes in fair value	(676)	(5,764)
Ending balance	**25,207**	**36,779**
Less current portion	6,280	10,844
Non-current portion	18,927	25,935

Consideration payable relates to a royalty agreement entered into on the acquisition of the non-controlling interest in Core Zone which has been recognised as consideration. Consideration payable is calculated as the present value of future royalty distributions that are expected as diamonds are produced from Core Zone. These royalty distributions are calculated by multiplying a specific royalty percentage agreed upon with the minority partner; with the value of diamonds produced from Core Zone and are payable in cash within thirty days of end of each quarter.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

The fair value of consideration payable is remeasured at each reporting period with any changes in fair value recognised in profit or loss. The fair value of consideration payable was measured using a discounted cash flow valuation model that considered the present value of future royalty distributions discounted using a discount rate of 20.5% (31 December 2023: 12%). During the year ended 31 December 2024, $10.9 million (period ended 31 December 2023: $4.7 million) was paid in cash.

NOTE 23 LEASE LIABILITIES

Property, plant and equipment comprises both owned and leased assets. The Group leases many assets including land and buildings, vehicles and machinery. Leases for which the Group is a lessee are presented below.

Right-of-use assets	**Mineral properties**	**Equipment and leaseholds**	**Land and buildings**	**Total**
Balance at 1 January 2024	559	22,698	7,182	30,439
Additions/modifications for the year	—	3,136	(3,136)	—
Disposals for the year	—	—	(742)	(742)
Transfers from assets under construction	—	—	3,891	3,891
Depreciation charge for the year	(164)	(4,088)	(2,804)	(7,056)
Impairment	—	(1,421)	(198)	(1,619)
Balance at 31 December 2024	**395**	**20,325**	**4,193**	**24,913**

Right-of-use assets	**Mineral properties**	**Equipment and leaseholds**	**Land and buildings**	**Total**
Balance at 1 July 2023	—	—	437	437
Acquisition of Arctic Companies *(Note 4)*	641	24,555	7,100	32,296
Additions/modifications for the period	—	(100)	1,036	936
Transfers from assets under construction	—	—	46	46
Depreciation charge for the period	(82)	(1,757)	(1,437)	(3,276)
Balance at 31 December 2023	**559**	**22,698**	**7,182**	**30,439**

Lease liabilities

Maturity analysis — contractual undiscounted cash flows	**31 December 2024**
Less than one year	10,347
Two to five years	7,838
More than five years	410
Total undiscounted lease liability as at 31 December 2024	18,595
Finance expense	(1,529)
Lease liabilities included in the statement of financial position at 31 December 2024	**17,066**
Current	9,463
Non-current	7,603

(tabular amounts in thousands of United States dollars, except as otherwise noted)

Lease liabilities

Maturity analysis — contractual undiscounted cash flows	**31 December 2023**
Less than one year	11,245
Two to five years	17,845
More than five years	144
Total undiscounted lease liability as at 31 December 2023	29,234
Finance expense	(3,122)
Lease liabilities included in the statement of financial position at 31 December 2023	**26,112**
Current	9,644
Non-current	16,468

Amounts recognised in profit or loss	**31 December 2024**	**31 December 2023**
Depreciation of right-of-use assets	7,056	3,276
Interest on lease liabilities	1,711	989

Amounts recognised in the statement of cashflows		
Total cash outflows for leases	10,025	4,116

NOTE 24 EMPLOYEE BENEFITS

The employee benefit obligation reflected in the consolidated balance sheet is as follows:

	31 December 2024	**31 December 2023**
Defined benefit plan obligation *(a)*	3,177	3,627
Defined contribution plan and other post-retirement plan obligation *(b)*	544	356
RSU and DSU Plans *(b) (c)*	1,848	199
Total employee benefit plan obligation	**5,569**	**4,182**
Less current portion	2,003	354
Non-current portion	3,566	3,828

(a) Defined benefit pension plan

The Group contributes to defined benefit plans in Canada. Pension benefits are based on the length of service and highest average covered earnings. The plans are governed by the Retirement Advisory Committee. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market investment risk.

(i) NET BENEFIT OBLIGATION

Funded Status	**31 December 2024**	**31 December 2023**
Accrued benefit obligation	54,585	60,763
Plan assets	51,408	57,136
Funded status - plan deficit	**3,177**	**3,627**

As at the last valuation date, on 31 December 2024, the present value of the defined benefit obligation comprised approximately $42.3 million relating to active employees, $5.3 million relating to deferred members and $7.0 million relating to retired members.

Defined Benefit Obligations	**31 December 2024**	**31 December 2023**
Opening balance	60,763	59,176
Service cost	1,874	915
Interest expense	2,613	1,385
Benefit payments	(6,220)	(1,926)
Remeasurements	404	1,110
Effect of changes in foreign exchange rates	(4,849)	103
Ending balance	**54,585**	**60,763**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

(ii) PLAN ASSETS

Plan Assets	**31 December 2024**	**31 December 2023**
Opening balance	57,136	56,329
Interest income	2,497	1,409
Total employer contributions	2,073	906
Benefit payments	(6,220)	(1,926)
Administrative expenses paid from plan assets	(34)	(17)
Return on plan assets, excluding imputed interest income	516	361
Effect of changes in foreign exchange rates	(4,560)	74
Ending balance	**51,408**	**57,136**

The asset allocation of pension assets at 31 December 2024 and 2023 was as follows:

Asset Category	**31 December 2024**	**31 December 2023**
Cash equivalents	1%	1%
Equity securities	25%	23%
Fixed income securities	64%	65%
Real Estate	10%	11%
Total	**100%**	**100%**

(iii) THE SIGNIFICANT ASSUMPTIONS USED FOR THE PLAN ARE AS FOLLOWS:

Actuarial assumptions	**31 December 2024**	**31 December 2023**
ACCRUED BENEFIT OBLIGATION		
Discount rate	4.50%	5.00%
Rate of salary increase	2.75%	2.75%
Rate of price inflation	2.00%	2.00%
Mortality table	CPM2014Priv with CPM-B Improvement	CPM2014Priv with CPM-B Improvement
BENEFIT COSTS		
Discount rate	4.60%	5.20%
Expected rate of salary increase	2.75%	2.75%
Rate of compensation increase	2.75%	2.75%

Sensitivity Analysis - Defined Benefit Obligation	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	0.50%	56,830	52,536
Salary growth rate	0.25%	54,284	54,890
Mortality table	1 year	55,137	54,018

The above sensitivity analysis illustrates the present value of defined benefit obligation and is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

(iv) FUNDING POLICY

The Group funds the plans in accordance with the requirements of the Canadian Pension Benefits Standards Act, 1985 and the Pension Benefits Standards Regulations and the actuarial professional standards with respect to funding such plans. Funding deficits are amortised as permitted under the Regulations. In the Group's view, this level of funding is adequate to meet current and future funding needs in light of projected economic and demographic conditions. The Group may in its absolute discretion fund in excess of the legislated minimum from time to time, but no more than the maximum contribution permitted under the Canada's Income Tax Act. The expected contribution to the plan for the next fiscal year is $2.0 million.

	Total
Defined benefit schedule for disbursements within 1 year	4,395
Defined benefit schedule for disbursements within 2-5 years	37,572
Defined benefit schedule for disbursements after five or more years	8,951

(tabular amounts in thousands of United States dollars, except as otherwise noted)

(b) Defined contribution plan

During the year ended 31 December 2024, the Group recognised $5.0 million expenses (31 December 2023 - 4.6 million). As at 31 December 2024, the defined contribution plan liability was $0.4 million (31 December 2023 - $0.2 million).

(c) Restricted Share Unit ("RSU") and Deferred Share Unit ("DSU") Plans - cash settled

Grants under the RSU plans are on a discretionary basis to employees of the Group subject to Board of Directors' approval. Grants of RSU under the RSU Plan vest annually on the anniversary of the original grant date over the specified vesting period. The Group shall pay out cash on the respective vesting dates of RSUs equivalent to the number of RSUs vested at the fair market value of the RSUs. Fair market value is determined as the volume weighted average trading price ("VWAP") of the Common Shares on the Australian Stock Exchange for the five trading days immediately preceding the redemption date.

Grants under the DSU plans are on a discretionary basis to employees of the Group and its subsidiaries subject to Board of Directors' approval. Grants of DSU under the DSU Plan vest annually on the anniversary of the original grant date over the specified vesting period. Vested DSU grants are only exercisable on departure of the employee (e.g. retirement, resignation, death). The Group shall pay out cash on the respective vesting dates of DSUs equivalent to the number of DSUs vested at the fair market value of the DSUs. Fair market value is determined as the VWAP of the Common Shares on the Australian Stock Exchange for the five trading days immediately preceding the redemption date.

The expenses related to RSUs and DSUs are accrued based on fair value, determined as at the date of grant. This expense is recognised as compensation expense over the vesting period. Until the liability is settled, the fair value of the RSUs and DSUs is remeasured at the end of each reporting period and at the date of settlement, with changes in fair value recognised as share-based compensation expense or recovery over the vesting period.

RSU and DSU Plans

	Number of units	
RSU	**31 December 2024**	**31 December 2023**
Opening balance	6,032,568	—
Awards and payouts during the year		
RSU awards	6,180,497	6,032,568
Ending balance	**12,213,065**	**6,032,568**

	Number of units	
DSU	**31 December 2024**	**31 December 2023**
Opening balance	36,195,408	—
Awards and payouts during the year		
DSU awards	7,350,707	36,195,408
Ending balance	**43,546,115**	**36,195,408**

The Group recognised an expense of $1.7 million for the year ended 31 December 2024 (period ended 31 December 2023: $0.1 million) in respect of the RSU and DSU plans. The total carrying amount of liabilities for RSU and DSU arrangements as at 31 December 2024 is $1.8 million (31 December 2023: $0.1 million).

NOTE 25 RECLAMATION PROVISIONS

As at 31 December 2024, the estimated total undiscounted amount of the future cash flows required to settle the reclamation obligation is estimated to be CDN$397.4 million (31 December 2023: CDN$376.9 million). These obligations will be settled between 2026 to 2042. This amount has been discounted using risk-free rate of 3.33% and an inflation rate of 1.82% was applied.

Reclamation provisions are related to future environmental remediation and site restoration of mining site. Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred and the timing of these cash outflows. The expected timing of expenditures can also change for other reasons, for example because of changes to expectations relating to Ore Reserves and Mineral

(tabular amounts in thousands of United States dollars, except as otherwise noted)

Resources, production rates, renewal of operation licences, economic conditions and regulatory assessment of reclamation expenditures. The revision of previous estimates is based on revised expectations of reclamation activity costs, changes in estimated reclamation timelines and fluctuations in foreign exchange rates. A reconciliation of the carrying amount of asset retirement obligations is set out below:

	31 December 2024	31 December 2023
Opening balance	236,204	—
Acquisition of Arctic Companies (Note 4)	—	226,302
Revisions of previous estimates	5,554	6,578
Accretion of provision	6,925	3,433
Foreign exchange revaluation	(19,459)	(109)
Ending balance	**229,224**	**236,204**
Non-current portion	229,224	236,204

As at 31 December 2024, the Group had restricted cash of $7.8 million (31 December 2023: $10.6 million) at banks, reclamation deposits of $29.1 million (31 December 2023: $61.6 million) with government agencies as cash collateral for reclamation obligations and environment trust fund of $53.0 million (31 December 2023: $nil) with a trustee (see Note 13).

NOTE 26 TRADE AND OTHER PAYABLES

	31 December 2024	31 December 2023
Trade and other payables	17,094	19,120
Accrued expenses	31,326	34,848
Interest payable on loans	—	49
Total trade and other payables	**48,420**	**54,017**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 27 FINANCIAL RISK MANAGEMENT

a) Financial Instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	31 December 2024		31 December 2023	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets at amortised cost				
Cash and cash equivalents (i)	25,142	25,142	94,426	94,426
Trade and other receivables (i), (ii)	3,336	3,336	1,362	1,362
Restricted cash (i)	7,793	7,793	10,564	10,564
Financial assets at fair value				
Reclamation deposits	82,069	82,069	61,568	61,568
Total financial assets	**118,340**	**118,340**	**167,920**	**167,920**
Total current	28,478	28,478	95,788	95,788
Total non-current	89,862	89,862	72,132	72,132
Financial liabilities at amortised cost				
Trade and other payables (i)	48,420	48,420	54,017	54,017
Convertible notes	—	—	23,785	22,304
Loans and borrowings – 2L Loan	73,834	73,834	73,834	73,834
Financial liabilities at fair value				
Contingent consideration	—	—	7,111	7,111
Consideration payable	25,207	25,207	36,779	36,779
Total financial liabilities	**147,461**	**147,461**	**195,526**	**194,045**
Total current	54,700	54,700	77,802	87,165
Total non-current	92,761	92,761	117,724	106,880

(i) The fair value of these financial instruments approximates their carrying value due to the short term to maturity.
(ii) Excludes sales tax credits receivable (see Note 15).

All financial assets and liabilities measured at amortised cost are classified as Level 2 measurements.

(i) Measurement of fair value

Reclamation deposits

Reclamation deposits is classified as Level 2 fair value measurement. The fair value of reclamation deposits was discounted by applying respective Government of Canada Benchmark Bond yields rate to respective deposits dependent on its year of maturity when the deposits are released for reclamation recovery.

Loans and borrowing

The 2L Loan is classified as Level 2 fair value measurement. The loan approximated its carrying value at the acquisition date on 1 July 2023 and there were no substantive changes in the Group's credit risk since the acquisition to 31 December 2024.

As at 31 December 2024, fair value of 2L Loan was calculated with a net present value model using discount rates from the valuation report.

Convertible notes

The convertible notes are classified as Level 2 fair value measurement. The convertible notes were settled in September 2024.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

Contingent consideration

Contingent consideration is classified as Level 3 fair value measurement. The fair value of contingent consideration was determined by using the payment distribution defined in SPA and was calculated using a pre-tax discount rate of 4%.

Consideration payable

Consideration payable is classified as Level 3 fair value measurement. The fair value of consideration payable was determined by using the discounted cash flow model in which the present value of future royalty distributions was calculated using a pre-tax discount rate of 20.5%.

The future cashflows of consideration payable may be different from the amounts presented in the table above as discount rates, diamond pricing or other relevant conditions underlying the consideration change.

(ii) Sensitivity analysis

For the fair value of consideration payable, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Profit or loss	
Consideration Payable	**Increase**	**Decrease**
31 December 2024		
Expected cash flows (10% movement)	(2,324)	2,324
Discount rate (1% movement)	465	(465)

During the year ended 31 December 2024 and period ended 31 December 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

For a reconciliation of the fair value measurements within Level 3, refer to the fair value movements in Notes 21 and 22 in these financial statements.

b) Risk Management Overview

The Group has exposure to the following risks arising from financial instruments:

- Market risk: foreign currency
- Financial risk: credit and liquidity risk

Risk Management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by third-party consultant. The consultant undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(i) Currency risk management

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Group. The functional currency of the Group is the US dollar. Purchases are primarily denominated in Canadian dollars, sales and loans are primarily denominated in US dollars and convertible notes are denominated in Australian dollars.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

Based on the Group's net exposure to Canadian and Australian dollar monetary assets and liabilities as at 31 December 2024, a one-cent change in the exchange rate would have impacted pre-tax loss for the year by $0.1 million (31 December 2023 - $0.1 million) for Canadian Dollar denominated monetary assets and liabilities, and respectively by $nil (31 December 2023 - $0.2 million) for Australian dollar denominated monetary assets and liabilities.

The current risk management policy is to monitor the foreign exchange rate and purchase at spot rate before the settlement of liabilities. The Group limits its foreign currency risk by limiting funds held in overseas bank accounts and paying its creditors promptly.

(ii) Credit risk management

Credit risk is the risk of a financial loss to the Group if a customer or counterparty in a transaction fails to meet its contractual obligation. The Group adopts a sales policy which requires receipt of cash prior to the delivery of rough diamonds to its majority of customers and an investing policy to invest with major financial institutions. In contrast, the Group employs credit policies to its customers on polished diamond sales by monitoring exposure to credit risk on an ongoing basis. As a result, the Group's exposure to credit risk arising from diamond sales is minimal.

The Group's cash, restricted cash and reclamation deposits are deemed low risk as it's invested in short-dated money market securities and bank accounts held at investment grade financial institutions. The financial institutions are medium credit quality or higher operating in low-geopolitical risk jurisdictions, including Canada, Belgium and Australia. As at 31 December 2024, the Group's maximum counterparty credit exposure consists of the carrying amount of cash, restricted cash, accounts receivable and reclamation deposits.

(iii) Liquidity and capital risk management

The Group's capital includes cash, current and non-current borrowings and contributed equity. Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The Group manages its liquidity by ensuring that there is sufficient capital to meet short-term and long-term business requirements, after taking into account cash flows from operations, the Group's holdings of cash and cash equivalents, debt and equity offering and equipment financing or leasing arrangement. The Group also strives to maintain sufficient financial liquidity at all times in order to participate in investment opportunities as they arise, as well as to withstand sudden adverse changes in economic circumstances. The Group's capital includes cash, non-current borrowings and contributed equity.

Management applies judgement when forecasting cash flows for its current and subsequent fiscal years to predict future financing requirements by managing sales, monitoring operating and capital expenditures, and obtaining alternative financing arrangement for short term cash needs. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions. See Note 2 (b) for further details on the going concern assumption.

The following table summarises the aggregate amount of expected remaining gross contractual undiscounted cash flow requirements for the Group's financial liabilities based on repayment or maturity periods.

		Contractual cash flows			
	Carrying amount	***Less than 1 year***	***Year 2-3***	***Year 4-5***	***After 5 years***
Trade and other payables	48,420	(48,420)	—	—	—
Lease liabilities	18,595	(10,347)	(7,619)	(219)	(410)
Consideration payable	39,392	(6,280)	(14,971)	(15,868)	(2,273)
2L Loan [(i)]	85,032	(7,486)	(77,546)	—	—

(i) The contractual cashflow of 2L Loan includes coupon interest.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

The future cash flows of consideration payable may be different from the amounts in the table above as diamond production, pricing or other relevant conditions underlying the consideration payable change.

Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Group's development, there are no formal targets set for return on capital. There were no changes to the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements. The net equity of the Group is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

NOTE 28 RELATED PARTY DISCLOSURE

a) Investment in controlled entities

Name	Country of Incorporation	Percentage Owned 31 December 2024	31 December 2023
Arctic Canadian Diamond Company Ltd.	Canada	100%	100%
Arctic Canadian Diamond Marketing N.V.	Belgium	100%	100%
BDM Del Peru S.A.C.	Peru	100%	100%
Burgundy Diamonds (Canada) Limited	Canada	100%	100%
Burgundy Diamonds SARL [(i)]	France	100%	100%
Burgundy Diamonds LLC [(ii)]	United States	—	100%
Naujaat Project	Canada	40%	40%

(i) Under dissolution.
(ii) Filed certificate of cancellation on 1 December 2023.

b) Key management personnel compensation

The aggregate compensation made to directors and other key management personnel ("KMP") of the Group is set out below:

	Year ended 31 December 2024	Period ended 31 December 2023
Short-term benefits	1,959	884
Post-employment benefits	322	121
Share-based payments	1,521	309
Total KMP Compensation	**3,802**	**1,314**

c) Transactions with related parties

During the year ended 31 December 2024, there were intercompany sales from the Company to ACDC of $1.2 million and intercompany sales of $1.0 million from ACDC to the Company (period ended 31 December 2023: $0.5 million intercompany sale from ACDM to the Company).

The Company also had purchases of $0.4 million from and sales of $0.2 million to a company managed by a director of the Group for the year ended 31 December 2024. Furthermore, the Arctic Companies had sales of $5.7 million to companies managed by a director of the Group.

As at 31 December 2024, the Group had $129,046 of directors fees payable (31 December 2023: $19,684) and $382,236 in bonuses payable to KMP (31 December 2023: $303,936).

During the year ended December 31, 2024 - $0.1 million of interest on convertible notes was paid to KMP (period ended 31 December 2023: $0.1 million). During September 2024, the Company paid $5.0 million to cash settle the convertible notes that were issued to KMP.

There were no other transactions with KMP during the year ended 31 December 2024.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 29 SHARE-BASED PAYMENTS

a) Recognised share-based payment transactions

(rounded to the nearest US dollar)	**Year ended 31 December 2024**	**Period ended 31 December 2023**
Options issued to employees (i)	1,007,719	84,104
Total share-based payments expense	**1,007,719**	**84,104**

(i) $1,007,719 is recorded in other reserves.

Share-based payments expense for the year ended 31 December 2024 is $1,007,719 (31 December 2023: $84,104).

b) Summary of options

31 December 2024

Options	Grant Date	Date of Expiry	Exercise Price (A$)	Balance at the start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at the end of the period
Lead Managers	23-09-21	22-09-24	$0.36	10,000,000	—	—	(10,000,000)	—
Employees	02-08-22	30-08-27	$nil	1,306,599	—	(429,191)	—	877,408
Consultant	02-08-22	05-08-26	$0.26	1,000,000	—	—	—	1,000,000
Employee - CEO	21-11-23	01-07-26	$0.30	10,000,000	—	—	—	10,000,000
Employees - CEO & other employees	01-12-23	30-11-28	$0.18	12,065,136	—	—	—	12,065,136
Employees - CEO & other employees	01-04-24	31-03-29	$0.21	—	12,360,994	—	—	12,360,994
				34,371,735	**12,360,994**	**(429,191)**	**(10,000,000)**	**36,303,538**

On 1 April 2024, the Company issued 12,360,994 unlisted options with an exercise price of A$0.21 to employees of the Group in accordance with the Company's Option Plan. The fair value of the options were measured using the Black-Scholes valuation Model. As at 31 December 2024 an expense of $548,575 was recorded for stock option issued under this grants. These options can be redeemed at the option of the holder via issuance of Company shares, cashless exercise or settled for net cash benefit which would represent the difference between the share price on date of exercise and share price on grant date.

The inputs used in the measurement of the fair values at grant date are shown in the table below:

	Employee Options
Number of options	12,360,994
Grant date	1 April 2024
Expiry date	31 March 2029
Exercise price - A$	$0.21
Share price at grant date - A$	$0.20
Expected volatility	98%
Risk-free interest rate	3.61%
Fair Value - A$	**$0.15**

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, over the historical period commensurate with the term of the option.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

31 December 2023

Options	Grant Date	Date of Expiry	Exercise Price (A$)	Balance at the start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at the end of the period
Consultant	14-08-20	31-07-23	$0.12	2,500,000	—	(1,750,000)	(750,000)	—
Consultant	08-09-20	31-08-23	$0.12	2,500,000	—	(2,500,000)	—	—
Director (i)	18-11-20	30-09-23	$0.12	2,500,000	—	(2,500,000)	—	—
Lead Managers	23-09-21	22-09-24	$0.36	10,000,000	—	—	—	10,000,000
Employees	02-08-22	30-08-27	$nil	2,032,548	—	(725,949)	—	1,306,599
Consultant	02-08-22	05-08-26	$0.26	1,000,000	—	—	—	1,000,000
Employee - CEO	21-11-23	20-11-25	$0.30	—	10,000,000	—	—	10,000,000
Employees - CEO & other employees	01-12-23	30-11-28	$0.18	—	12,065,136	—	—	12,065,136
				20,532,548	**22,065,136**	**(7,475,949)**	**(750,000)**	**34,371,735**

(i) Cashless exercise of 2.5 million options in which the after-tax value of the award was used to purchase common shares on the open market for $62,381.

On 21 November 2023, the Company issued 10,000,000 unlisted options to the Chief Executive Officer in accordance with the Company's Option Plan for which an expense of $180,306 was recorded at 31 December 2024 (31 December 2023: $39,628). As per the terms of this option award, each option carries the right in favour of the option holder to subscribe to one fully paid ordinary share of the Company.

On 1 December 2023, the Company issued 12,065,136 unlisted options with an exercise price of A$0.1764 to employees of the Group in accordance with the Company's Option Plan for which an expense of $278,838 was recorded at 31 December 31 2024 (31 December 2023: $44,476). A valuation factor of 0.5 is applied when determining the total award value. These options can be redeemed at the option of the holder via issuance of Company shares, cashless exercise or cash payout which would represent the net cash benefit being the difference between the share price on date of exercise and share price on grant date.

	CEO Options	CEO and other employees Options
Number of unlisted options	10,000,000	12,065,136
Grant date	21 November 2023	1 December 2023
Expiry date	20 November 2025	30 November 2028
Exercise price - A$	$0.30	$0.18
Share price at grant date - A$	$0.19	$0.16
Expected volatility	85%	98%
Risk-free interest rate	4.16%	4.11%
Fair Value - A$	**$0.07**	**$0.13**

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c) Reconciliation of outstanding share options

The Company's shares are primarily traded in Australian Dollar on the Australian Stock Exchange and, accordingly, share option information is presented in Australian dollars. The number and weighted average prices of share options are as follows:

	31 December 2024		31 December 2023	
Range of exercise prices	**Options**	**Weighted average exercise price**	**Options**	**Weighted average exercise price**
		A$		**A$**
Outstanding at 1 January and 1 July	34,371,735	0.26	20,532,548	0.23
Granted during the year	12,360,994	0.21	22,065,136	0.23
Forfeited during the year	—	—	—	—
Exercised during the year	(429,191)	—	(7,475,949)	0.11
Expired during the year	(10,000,000)	0.36	(750,000)	0.12
Outstanding, at 31 December	**36,303,538**	**0.22**	**34,371,735**	**0.26**

The weighted average share price at date of exercise for share options exercised during the year ended 31 December 2024 was A$0.12 (31 December 2023: A$0.22).

The following table summarises information about share options outstanding as at 31 December 2024:

	Options outstanding			Options exercisable	
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life in years**	**Weighted average exercise price**	**Number exercisable**	**Weighted average exercise price**
A$			**A$**		**A$**
Nil	877,408	2.67	—	877,408	—
0.18-0.21	24,426,130	4.09	0.19	4,021,712	0.18
0.26–0.36	11,000,000	1.51	0.30	6,000,000	0.29
	36,303,538	**—**	**0.22**	**10,899,120**	**0.23**

The following table summarises information about share options outstanding as at 31 December 2023:

	Options outstanding			Options exercisable	
Range of exercise prices	**Number outstanding**	**Weighted average remaining contractual life in years**	**Weighted average exercise price**	**Number exercisable**	**Weighted average exercise price**
A$			**A$**		**A$**
Nil	1,306,599	3.67	—	1,306,599	—
0.18-0.21	12,065,136	4.92	0.18	—	—
0.26–0.36	21,000,000	1.37	0.33	11,000,000	0.35
	34,371,735	**—**	**0.26**	**12,306,599**	**0.31**

NOTE 30 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

		Cashflow [(i)]	Non-cash changes			
	1 January 2024		**Additions or modifications**	**Foreign exchange**	**Finance expenses**	**31 December 2024**
Convertible notes	22,304	(23,245)	—	(496)	1,437	—
2L Loan	73,834	—	—	—	—	73,834
Lease obligations	26,111	(11,918)	2,627	(1,465)	1,711	17,066
Total	**122,249**	**(35,163)**	**2,627**	**(1,961)**	**3,148**	**90,900**

[(i)] *Lease cashflows include lease principal and lease interest payments.*

(tabular amounts in thousands of United States dollars, except as otherwise noted)

	1 July 2023	Acquisition of Arctic Companies	Cashflow [i]	Non-cash changes: Additions	Non-cash changes: Foreign exchange	Non-cash changes: Finance expenses	Non-cash changes: Other	31 December 2023
Convertible notes [ii]	20,845	—	—	—	496	996	(33)	22,304
2L and 3L Loans [iii]	—	100,460	(26,626)	—	—	—	—	73,834
Lease obligations	409	29,434	(5,477)	733	23	989	—	26,111
Total	**21,254**	**129,894**	**(32,103)**	**733**	**519**	**1,985**	**(33)**	**122,249**

[i] *Lease cashflows include lease principal and lease interest payments.*
[ii] *Non-cash changes on convertible notes in 'Other' include $33 thousand in exercise of convertible note (note 19).*
[iii] *3L Term Loan was an assumed liability by the Group with the acquisition of Arctic Companies that was repaid on acquisition date.*

NOTE 31 COMMITMENTS

As at 31 December 2024, the Group had commitments that require the following minimum future payments, which were not accrued in the consolidated statement of financial position:

Contractual Obligations	**Total**	**Less than 1 year**	**Year 2–3**	**Year 4–5**	**After 5 years**
Participation agreements commitments [(a)]	34,632	3,461	6,919	6,919	17,333
Environmental agreements commitments [(b)]	151,355	63,106	81,374	2,904	3,971
Surface and mineral licenses	7,885	1,421	1,296	856	4,312
Purchase commitments	61,051	61,051	—	—	—
Total contractual obligations	**254,923**	**129,039**	**89,589**	**10,679**	**25,616**

(a) Participation agreements

Ekati Diamond Mine has signed participation agreements with various aboriginal communities. Contractual obligations under these agreements amount to $34.6 million and are expected to contribute to the social, economic and cultural well-being of these communities.

(b) Environmental commitments

To comply with environmental and other regulatory agreements, the Group has secured its reclamation obligations for the Ekati Diamond Mine through surety bonds and Letter of Credit ("LCs") for reclamation obligation for the Ekati Diamond Mine. These LCs were issued under the LC Facility and are fully cash collateralised at 100% of their face value. The LC Facility has a capacity of CDN$20.0 million with CDN$7.7 million utilised as at 31 December 2024 (CDN$13.3 million as at 31 December 2023).

The Group signed a new surety bond agreement, in which the Group is required to make four quarterly payments of CDN$14.5 million each to cash collateralise the surety bonds until 2027. These payments are contingent on maintaining a minimum cash balance of at least US$30.0 million at all times. Additionally, while the bonds remain outstanding, Arctic Companies are prohibited from declaring or paying dividends or distributions without prior written consent from the surety providers. During 2024, CDN$29.0 million of cash collateral were contributed.

		31 December 2024	**31 December 2023**
Surety bonds	CDN$	193,490	212,969
	US$ equivalent	134,471	161,023

(c) Contingent liabilities

In the ordinary course of business activities, the Group may be contingently liable for litigation and claims that arise due to the size, complexity and nature of the Group's operations. The outcome of such claims against the Group is not determinable at this time; however, their ultimate resolution is not expected to have a material adverse effect on the Group.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 32 AUDITOR'S REMUNERATION

(rounded to the nearest US dollar)	**31 December 2024**			
Amounts received or due and receivable by auditors:	**KPMG Australia**	**KPMG Canada**	**KPMG Belgium**	**Total**
Audit and review of the annual and half-year financial report	177,286	321,385	132,243	630,914
Total audit and audit related	**177,286**	**321,385**	**132,243**	**630,914**
Other services				
Kimberley certification audit	—	—	8,076	8,076
Audit of pension plans	—	29,801	—	29,801
Accounting matters	27,031	—	—	27,031
Total other services	**27,031**	**29,801**	**8,076**	**64,908**
Total audit and other services	**204,317**	**351,186**	**140,319**	**695,822**

(rounded to the nearest US dollar)	**31 December 2023**			
Amounts received or due and receivable by auditors:	**KPMG Australia**	**KPMG Canada**	**KPMG Belgium**	**Total**
Audit and review of the annual and half-year financial report	130,431	601,427	92,988	824,846
Total audit and audit related	**130,431**	**601,427**	**92,988**	**824,846**
Other services				
KPMG Belgium - Contribution audit and Kimberley Certification audit	—	—	78,512	78,512
KPMG Canada - Accounting matters, prospectus and ASX filings review	—	60,350	—	60,350
Total other services	**—**	**60,350**	**78,512**	**138,862**
Total audit and other services	**130,431**	**661,777**	**171,500**	**963,708**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 33 PARENT ENTITY

	31 December 2024	31 December 2023
Assets		
Current assets	9,238	7,024
Non-current assets	154,230	170,548
Total assets	**163,468**	**177,572**
Liabilities		
Current liabilities	1,625	22,898
Non-current liabilities	179	344
Total liabilities	**1,804**	**23,242**
Equity		
Contributed equity	200,607	200,607
Reserves	8,384	7,315
Accumulated losses	(47,327)	(53,592)
Total equity	**161,664**	**154,330**
Net profit/(loss) for the year	6,265	(5,034)
Total comprehensive loss	**6,265**	**(5,034)**

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2024 and 2023.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2024 and 2023.

Exploration commitments

The parent entity has no significant exploration commitments.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed through the report, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 34 MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

In addition, the Group adopted *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in Note 34 in certain instances (see Note 1 for further information).

(a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Burgundy Diamond Mines Limited as at 31 December 2024 and 31 December 2023. The results of subsidiaries are presented for the year from 1 January 2024 to 31 December 2024 and the period from 1 July 2023 to 31 December 2023.

(i) SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. All subsidiaries are consolidated from the date on which control is transferred to the Group until the date on which control ceases.

All intra-group balances, income and expenses, and unrealised gains and losses resulting from intra-group transactions of the consolidated entities are eliminated in full on consolidation.

(ii) JOINT ARRANGEMENTS

Joint arrangements represent activities where the Company has joint control established by a contractual agreement. Joint control requires unanimous consent for financial and operational decisions. A joint arrangement is either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities, or a joint venture, whereby the parties have rights to the net assets. Classification of a joint arrangement as either joint operation or joint venture requires judgement. Management's consideration includes, but are not limited to, determining if the arrangement is structured through as separate vehicle and whether the legal from and contractual arrangements give the entity direct rights to the assets and obligations for the liabilities within the normal course of business. Other facts and circumstances are also assessed by management, including the entity's rights to the economic benefits of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

(b) Business combination

Acquisitions of businesses are accounted for using the acquisition method whereby all identifiable assets and liabilities are recorded at their fair value as at the date of acquisition with limited exceptions. Any excess purchase price over the aggregate fair value of identifiable net assets is recorded as goodwill. Acquisition related costs are expensed as incurred and are included in the consolidated statement of profit or loss. Estimates of future cash flows, forecast prices, interest rates and discount rates are made in determining the fair value of assets acquired and liabilities assumed. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities, intangible assets and goodwill in the purchase price equation.

(c) Property, plant and equipment ("PPE")

(i) EXPLORATION AND EVALUATION EXPENDITURES

Exploration and evaluation activities include: acquisition of rights to explore; topographical, geological, geochemical and geophysical studies; exploratory drilling; trenching and sampling; and activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources. Exploration and evaluation costs are expensed as incurred. They are only capitalised when the Group concludes that there is evidence to support probability of generating positive economic returns in the future. A mineral resource is considered to have economic potential when it is expected that the technical feasibility and commercial viability of extracting the mineral resource can be demonstrated and the future economic benefits are probable.

In making this determination, the extent of exploration, as well as the degree of confidence in the mineral resource, is considered. Capitalised exploration and evaluation expenditures are recorded as a component of property, plant and equipment. Capitalised exploration and evaluation assets will be assessed for impairment when specific facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Once development is sanctioned, any capitalised exploration and evaluation costs are tested for impairment and reclassified to mineral property assets within property, plant and equipment. All subsequent development expenditure is capitalised.

Capitalised exploration and evaluation costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

(ii) COMMENCEMENT OF COMMERCIAL PRODUCTION

There are a number of quantitative and qualitative measures the Group considers when determining if conditions exist for the transition from pre-commercial production to commencement of commercial production of an operating mine, which include:

- all major capital expenditures have been completed to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management;
- mineral recoveries are at or near expected production levels; and
- the ability exists to sustain ongoing production of ore.

(iii) PP&E COST

Items of PP&E are measured at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price and construction cost, any costs directly attributable to bringing the asset into operation including stripping costs incurred in open pit development before production commences, the initial estimate of the site restoration obligation and, borrowing costs for qualifying assets. Repair and maintenance costs are expensed as incurred. When parts of an item of PP&E have different useful lives, the parts are accounted for as separate items (major components) of property, plant and equipment.

(iv) DEPRECIATION AND AMORTISATION

Assets under construction are not depreciated until these assets are ready for their intended use. The unit-of-production method is applied to a substantial portion of the Ekati Diamond Mine property, plant and equipment. Depending on the asset, it is based on either tonnes of material processed or carats of diamonds recovered during the period relative to the estimated proven and probable ore reserves of the ore deposit being mined, or to the total ore deposit. Other property, plant and equipment is depreciated using the straight- line method over the estimated useful lives of the related assets which are as follows:

Asset	***Estimated useful life (years)***
Buildings	Up to 15
Machinery and mobile equipment	2–15
Computer equipment and software	3–6
Furniture, fixtures and equipment	2–10
Polishing equipment	4–10
Leasehold and building improvements	Up to 15
Right-of-use assets	Lease term or life of the asset

The estimation of mineral reserves is a subjective process. The Group estimates its mineral reserves based on information compiled by an appropriately qualified person. Forecasts are based on engineering data, projected future rates of production and the timing of future expenditures, all of which are subject to numerous uncertainties and various interpretations. The Group expects that its estimates of reserves will change to reflect updated information. Reserve estimates can be revised upward or downward based on the results of additional future drilling, testing or production levels and on diamond prices. Changes in reserve estimates may impact the carrying value of exploration and evaluation assets, mineral properties, property, plant and equipment, mine rehabilitation and site restoration provisions, recognition of deferred tax assets, and depreciation charges. Estimates and assumptions about future events and circumstances are also used to determine whether economically viable reserves exist that can lead to commercial development of an ore body.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. The impact of changes to the estimated useful lives or residual values is accounted for prospectively.

(v) STRIPPING COSTS

Mining costs associated with stripping activities in an open pit mine are expensed unless the stripping activity can be shown to represent a betterment to the mineral property, in which case the stripping costs would be capitalised and included in deferred mineral property costs within mining assets.

When the benefit from the stripping activity is realised in the current period, the stripping costs are accounted for as the cost of inventory. When the benefit is the improved access to ore in future periods, the costs are recognised as a mineral property asset – if improved access to the ore body is probable, the component of the ore body can be accurately identified, and the cost associated with improving the access can be reliably measured. If these conditions are not met, the costs are expensed to the consolidated statement of profit or loss as incurred. After initial recognition, the stripping activity asset is depreciated on a systematic basis (unit-of- production method) over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

(vi) MAJOR MAINTENANCE AND REPAIRS

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. When an asset, or part of an asset that was separately depreciated, is replaced and it is probable that future economic benefits associated with the new asset will flow to the Group through an extended life, the expenditure is capitalised. The unamortised value of the existing asset or part of the existing asset that is being replaced is expensed. Where part of the existing asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced asset, which is immediately written off. All other day-to-day maintenance costs are expensed as incurred.

(d) Assets held for sale

Non-current assets are classified for held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment loss on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, property, plant and equipment is no longer amortised or depreciated.

(e) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets other than inventory and deferred taxes are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated.

IMPAIRMENT INDICATOR

Determining whether there are any indications of impairment requires significant judgement of external factors, such as customer turnover, marketing supply and demand, change in discount and foreign exchange rates, a significant decline in an asset's market value and significant changes in the technological, market, economic or legal environment that would have an adverse impact on the Group's cash generating unit ("CGU"). For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, referred to as a CGU. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the asset is tested as part of a CGU.

RECOVERABLE AMOUNT

The recoverable amount of an asset is the greater of its fair value less cost of disposal ("FVLCD") and its value in use. In the absence of a binding sales agreement, fair value is estimated on the basis of values obtained from an active market or from recent transactions or on the basis of the best information available that reflects the amount that the Group could obtain from the disposal of the asset.

FVLCD is estimated by using the discounted future after-tax cash flows expected to be derived from the CGU, less an estimated amount for cost to dispose. The determination of FVLCD for each CGU are considered to be Level 3 of the fair value measurements, as they are derived from valuation techniques that include inputs that are not based on observable market data. When discounting estimated future after-tax cash flows, the Group uses an after-tax discount rate which reflects the risks specific to the CGU. Estimated cash flows are based on expected future production, expected selling prices, expected operating costs and expected capital expenditures. Value in use is defined as the present value of future pre-tax cash flows expected to be derived from the use of an asset, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Expected rough diamond production levels, which comprise proven and probable reserves and an estimate of the recoverable amount of resources, are used to estimate expected future cash flows. Expected future rough diamond prices are estimated based on realised prices for rough diamonds sold during the Group's most recent sale, geological data regarding the quality of rough diamonds in reserves and resources and expected future levels of worldwide diamond production. Future operating and capital costs, including labour and fuel costs, are based on the most recently approved life of mine plan, which is reviewed and approved annually by senior management and the Board of Directors. The assessment also requires estimates and assumptions related to foreign exchange rates and discount rates, which are determined based on prevailing market conditions at the date of the assessment. Where applicable, assumptions are aligned with the Group's most recent economic analysis of mineral reserves and resources. Financial results as determined by actual events could differ from those estimated, and changes in these estimates that decrease the estimated recoverable amount of the CGU could affect the carrying amounts of assets and result in an impairment charge.

IMPAIRMENT LOSS

When the recoverable amount of a CGU is less than the carrying amount of that CGU, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to that CGU, and then to the other assets of that CGU pro rata on the basis of the carrying amount of each asset in the CGU. Any impairment loss is recognised directly in the consolidated statement of profit in those expense categories consistent with the function of the impaired asset. Impairment losses for property, plant and equipment and intangible assets are reversed if there has been a change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognised, and it has been determined that the asset is no longer impaired or that impairment has decreased. The reversal is recognised in earnings before income taxes in the period in which the reversal occurred and is limited to the carrying value less any subsequent depreciation that would have been determined had no impairment charge been recognised in prior years.

(f) Inventory and supplies

Inventory includes stockpile ore inventory, rough diamond inventory (work-in-progress and finished goods) recovered from Ekati Mine and supplies inventory that are all related to the rough diamond mining segment. Inventory in the polished diamond segment includes purchased rough diamonds, polished diamonds and jewellery. All inventories are recorded at the lower of cost and net realisable value.

Stockpiled ore represents coarse ore that has been extracted from the mine and is stored for future processing. Stockpiled ore value is based on the costs incurred (including depreciation and amortisation) in bringing the ore to the stockpile. Stockpile ore inventory is determined on a weighted average cost basis. Mining rough diamonds inventory costs are determined on a weighted average cost basis and include cash production costs, depreciation and amortisation. Supplies inventory includes consumables and spares maintained at the Ekati Mine site and is measured on a weighted average cost basis.

In the polished diamond segment, costs of purchased rough diamonds, polished diamond inventory and jewellery are determined either using a weighted average basis or specific unit identification basis depending on the nature of the item.

Net realisable value is the estimated selling price for the final product. The measurement of inventory, including the determination of its net realisable value, involves the use of estimates. The significant sources of estimation uncertainty include diamond prices, production grade and expenditure, and determining the remaining costs of completion to bring inventory into its saleable form. The Group uses historical data on prices achieved, grade and expenditure in forming its assessment.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short-term money market instruments (with a maturity on acquisition of less than 90 days) and excludes restricted cash.

(h) Restricted cash

Cash which is subject to legal or contractual restrictions on its use and is classified separately as restricted cash.

(i) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(i) the contract involves the use of an identified asset that may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

(ii) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(iii) the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(i) fixed payments, including in-substance fixed payments;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(iii) amounts expected to be payable under a residual value guarantee; and

(iv) the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" in the consolidated statement of financial position.

(i)SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets being those assets with a fair value of less than US$5,000 when new. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Employee pension plans

The Group operates various pension plans. The plans are generally funded through payments to insurance companies or trustee-administered funds determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

DEFINED CONTRIBUTION PLAN

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

DEFINED BENEFIT PLAN

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in income. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis including discount rate, life expectancy and expected return on plan assets. The assumptions are reviewed each year and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations. Any changes in these assumptions will impact the carrying amount of the pension obligation.

(k) Provisions

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The expense relating to any provision is included in net profit or loss. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in net profit or loss.

Significant judgements and estimates are involved in forming expectations of future site closure and reclamation activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements. The Ekati Diamond Mine rehabilitation and site restoration provision is prepared by management at the Ekati Diamond Mine.

(l) Income taxes

Income tax expense comprises current and deferred tax and is recognised in net profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Income tax expense includes mining royalty taxes that the owner or operator of a mine shall pay to the Government of the Northwest Territories royalties (“Royalty Tax”) on the value of the mine’s output during that fiscal year.

The Group has determined that the global minimum top-up tax – which is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax expense is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

(i) Temporary differences arising on the initial recognition of assets and liabilities in a transaction that:

- is not a business combination; and
- at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

(ii) Temporary differences related to investment in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii)Taxable temporary differences arising on initial recognition of goodwill.

Deferred tax expense is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is probable that the related tax benefit will not be realised. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group classifies foreign exchange differences on deferred tax assets or liabilities in jurisdictions where the functional currency is different from the currency used for tax purposes as income tax expense. The unrealised foreign exchange gain or loss related to deferred income tax asset and liability is recorded as part of deferred tax expense or recovery for each year.

Judgement is required in determining whether deferred tax assets are recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from unused tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecasted income from operations and the application of existing tax laws in each jurisdiction. To the extent that future taxable income differs significantly from estimates, the ability of the Group to realise the deferred tax assets recorded at the consolidated statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(m) Revenue

The Group is principally engaged in the business of producing diamonds and earns revenue predominantly through the sale of rough diamonds in the Rough Diamond Segment. The Polished Diamond segment earns revenue through cutting, polishing and sale of polished diamonds and fine jewellery.

All diamond sales to customers generally include one performance obligation. Revenue from contracts with customers is recognised at a point of time when control of the diamonds is transferred to the customer and selling prices are known, generally on delivery of the diamonds. Sales are measured at the fair value of the consideration received. The Group's sales policy requires receipt of cash prior to delivery of rough diamonds to customers. There is no return policy, as all diamond sales are final.

Revenue from cutting and polishing collaborative sale agreements:

- is considered to be variable consideration and is recognised to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been resolved. This is generally the case when cutting and polishing work has substantially been completed and relative certainty exists over the quality of the final product or when the polished diamonds have been sold; and
- is recognised once a high level of certainty exists regarding factors that influence the sale prices including the size, quality and colour of the final polished diamonds. These factors are considered per individual stone. If the Group satisfies a performance obligation before it receives the consideration, either a contract asset or a receivable.

(n) Commitments and contingencies

Provisions and liabilities for legal and other contingent matters are recognised in the period when the circumstance becomes probable that a future cash outflow resulting from past operations or events will occur and the amount of the cash outflow can be reasonably estimated. The timing of recognition and measurement of the provision requires the application of judgement to existing facts and circumstances, which can be subject to change, and the carrying amounts of provisions and liabilities are reviewed regularly and adjusted accordingly. The Group is required to both determine whether a loss is probable based on judgement and interpretation of laws and regulations and determine if the loss can be reasonably estimated. When a loss is recognised, it is charged to net profit. The Group continually monitors known and potential contingent matters and makes appropriate disclosure and provisions when warranted by the circumstances present. Contingent assets are not recognised in financial statements. However, when the realisation of income is virtually certain, then the related asset is recognised.

(o) Financial instruments

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are not offset unless there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The Group's financial instruments include cash and cash equivalents, restricted cash, trade and other receivables, reclamation deposits, trade and other payables, consideration payable, contingent consideration and loans and borrowings.

CLASSIFICATION

Financial assets are classified in one of the following categories: amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Financial liabilities are classified as measured at amortised cost or FVTPL. Classification of financial instruments in the Group's financial statements depends on the purpose for which the financial instruments were acquired or incurred. The classification of financial instruments is determined at initial recognition.

MEASUREMENT

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in profit or loss.

Subsequently, financial instruments measured at amortised cost are measured using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

IMPAIRMENT

A loss allowance for expected credit losses is recognised on a financial asset that is measured at amortised cost and FVTOCI. The loss allowance for a financial asset measured at amortised cost and FVTOCI is recognised in profit or loss as an impairment gain or loss. At each reporting date, the loss allowance for a financial instrument should be measured at the amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance should be measured at the amount equal to 12-month expected credit losses. The loss allowance should always be measured at the amount equal to lifetime expected credit losses for trade receivables not containing a significant financing component.

DERECOGNITION

A financial asset is derecognised when:

- the contractual right to the cash flows from the financial asset expire; or
- the Group transfers the contractual rights to receive the cash flows of the financial asset and transfers substantially all the risks and rewards of ownership of the financial asset.

A financial liability is derecognised when the liability is extinguished, discharged, cancelled or expires.

(p) Compound financial instruments

Compound financial instruments in issuance comprise convertible notes denominated in Australian Dollars that can be converted to ordinary shares at the option of the holder, where the number of shares to be issued is fixed and does not vary with changes in fair value.

Upon issuance of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost using the effective interest rate method. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years.

The corresponding interest on convertible notes is expensed to profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

The Group has applied an accounting policy choice to not reclassify financial instruments due to a change in functional currency when there are no changes in contractual terms of such instruments, which, had this change in functional currency occurred before initial recognition of the instrument, would have changed its classification.

(q) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described below. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: The fair value measurements are classified as Level 1 if the fair value is determined using quoted, unadjusted market prices for identical assets or liabilities.
- Level 2: The fair value measurements are classified as Level 2 when inputs other than quoted prices in Level 1 which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: The fair value measurements are classified as Level 3 when inputs require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs.

(r) Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). Determination of functional currency requires judgements. The consolidated financial statements are presented in US Dollar, which is the Group's functional and presentation currency effective 1 July 2023. Refer to Note 2 for further information on change in functional currency during the year.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at exchange rates in effect at the statement of financial position date, and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in net profit or loss.

Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position account presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); an
- All resulting exchange differences are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position.

When a foreign operation is sold, the cumulative exchange differences in the translation reserve related to that foreign operation are reclassified to profit or loss as part of the gain or loss on sale.

(s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(t) Basic and diluted earnings per share

Basic earnings per share are calculated by dividing net profit or loss by the weighted average number of shares outstanding during the period. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the net impact of any dilutive potential ordinary shares arising out of option or convertible notes exercises. Diluted earnings per share are determined using the treasury stock method to calculate the dilutive effect of options. The treasury stock method assumes that the exercise of any "in-the-money" options with the option proceeds would be used to purchase common shares at the average market value for the period. Options with an exercise price higher than the average market value for the period are not included in the calculation of diluted earnings per share as such options are not dilutive.

(u) Share-based compensation

Cash-settled RSU and DSU awards are provided to certain employees, officers and directors of the Group. The Group also offers equity settled awards such as options over shares to certain employees, officers, consultants and directors of the Group that are settled via issuance of shares, cash-less exercise or via cash payout (requires approval from Board of Directors).

Restricted Share Units

Under the RSU plan certain employees are granted RSUs that generally vest within three years and are paid out in cash. A liability for RSUs is measured at the fair value on grant date is subsequently adjusted for changes in fair value. The liability is recognised on a straight-line basis over the vesting period, with a corresponding charge to share-based compensation expense, as a component of general and administrative expenses.

Deferred Share Units

DSUs vest over a period of three years and are paid out in cash. Vested DSU grants are only exercisable on departure of the employee (e.g. retirement, resignation, death). The initial fair value of the DSU liability is measured on grant date and is subsequently adjusted for changes in fair value. The liability is recognised on a straight-line basis over the vesting period with a corresponding charge to share-based compensation expense.

Equity settled awards

Grants under the Group's share-based compensation plan are accounted for in accordance with the fair value method of accounting. For share option plans that will settle through the issuance of equity, the fair value of options is determined on their grant date using an appropriate valuation model that takes into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share price, the expected dividend yield and the risk-free rate for the term of the option.

The cost of equity settled awards is recorded as compensation expense measured using the grant date fair value of the award over the period that the award vests, with the corresponding credit to share-based payments reserve in Other Reserves. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. Depending on terms of the option grant, these awards can be settled via issuance of Company shares, cashless exercise or payment in cash Board approval).

If equity-settled awards are modified, an additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTE 35 MATTERS SUBSEQUENT TO THE REPORTING PERIOD

(i) Fuel offtake agreement

During February 2025, the Group entered into a fuel offtake agreement for 2025 with a subsidiary of Macquarie Bank Ltd. ("Macquarie"). Through this new agreement, Macquarie owns the diesel in the Ekati fuel tanks and supplies diesel to Ekati as it is required. This agreement provides a mechanism that enables the Group to better manage the levels of working capital and reduce seasonal volatility of its operating cash outflows. In February 2025, the Group received $39.2 million from Macquarie and will make monthly payment to Macquarie based on fuel consumption.

Consolidated entity disclosure statement

Entity name	Body corporate, partnership or trust	Place incorporated/formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or foreign tax resident	Jurisdiction for foreign tax resident
Burgundy Diamonds Mines	Body corporate	Australia		Australia	N/A
Arctic Canadian Diamond Company Ltd.	Body corporate	Canada	100%	Foreign	Canada
Arctic Canadian Diamond Marketing N.V.	Body corporate	Belgium	100%	Foreign	Belgium
BDM Del Peru S.A.C.	Body corporate	Peru	100%	Foreign	Peru
Burgundy Diamonds (Canada) Limited	Body corporate and a participant in the Naujaat Project Joint Venture	Canada	100%	Foreign	Canada
Burgundy Diamonds SARL	Body corporate	France	100%	Foreign	France

Basis of preparation

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement ("CEDS") be disclosed. In the context of an entity which was an Australian resident, “Australian resident” has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the consolidated entity has applied the following interpretations:

• Australian tax residency

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation’s public guidance in *Tax Ruling TR 2018/5*.

• Foreign tax residency

The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Branches (permanent establishments)

Foreign branches of Australian subsidiaries are not separate level entities and therefore do not have a separate residency for Australian tax purposes. Generally, the Australian subsidiary that the branch is a part of will be the relevant tax resident, rather than the branch operations. Additional disclosures on the tax status of Australian subsidiaries having a foreign branch with a taxable presence in that jurisdiction have been provided where relevant.

Directors' Declaration

In the opinion of the directors of Burgundy Diamond Mines Limited (the "Company"):

1. a) the consolidated financial statements and notes that are set out on pages 25 to 75 and the Remuneration report on page 13 to 22 in the Directors' report, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The consolidated entity disclosure statement as at 31 December 2024 set out on page 76 is true and correct.

3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 December 2024.

4. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated on 31st of March 2025

Michael O'Keeffe
Chair

Independent Auditor's Report

To the shareholders of Burgundy Diamond Mines Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Burgundy Diamond Mines Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 31 December 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001,* in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of financial position as at 31 December 2024
- Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 31 December 2024
- Notes, including material accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note 2(b), "Going concern" in the Financial Report. The conditions disclosed in Note 2(b), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Financial Report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern, we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Assessing the Group's cash flow forecasts from operations and plans to address going concern, in particular the ability to achieve forecast revenue and ability to obtain alternate sources of finance when and if required; and
- Determining the completeness of the Group's going concern disclosures for the principle matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Impairment of non-financial assets ($151.6m)	
Refer to Note 12 to the financial report	
The key audit matter	**How the matter was addressed in our audit**
The Group has concluded that there were indicators of impairment of the Rough Diamond Segment assets (CGU) given the decline in diamond prices and the deficiency of the Group's market capitalisation compared to its net assets at 31 December 2024. As a result, and in accordance with the accounting standard, the Group is required to assess the recoverable amount of each CGU. The impairment of non-financial assets is a key audit matter due to: • the inherent complexity associated with auditing the forward-looking assumptions incorporated in the Group's "fair value less	Our procedures included: • Working with our specialists, we considered the appropriateness of the fair value less costs of disposal (FVLCD) method applied by the Group to perform the test for impairment against the requirements of the accounting standards. • We assessed the integrity of the FVLCD model used, including the accuracy of the underlying calculation formulas. • We compared the forecast cash flows contained in the FVLCD model to Board

costs of disposal" (FVLCD) model. • The judgement exercised by the Group in applying FVLCD method to estimate the value of the Group's non-financial assets contained within each CGU (the valuation); and • The Group's FVLCD model is internally developed and use a range of internal and external data as inputs. The key assumptions in the Group's FVLCD models include forecast production volume and diamond prices, foreign exchange rates, mineral resources and discount rates. These forward- looking assumptions may be prone to greater risk for potential bias, error and inconsistent application, therefore necessitating additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. • The Group recorded an impairment charge of $151.6 million on the carrying value of property, plant and equipment assets during the year. The significance of this balance further increased our audit effort in this key audit area. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	approved forecasts. • We assessed the Group's allocation of corporate assets to CGUs for reasonableness and consistency based on the requirements of the accounting standards. • We assessed the Group's determination of CGU assets for consistency with the assumptions used in the forecast cash flows and the requirements of the accounting standards. • We compared forecast growth rates during the forecast period to published studies of industry trends and expectations, and considered differences for the Group's operations, stated plans and strategy. We used our knowledge of the Group, their past performance, business and customers, and our industry experience regarding the feasibility of these in the economic environment in which the CGUs operate; and assessed the Groups mineral resource estimates and future production forecasts against reported probable, proven and indicated and inferred resources. • Working with our valuation specialists we independently developed a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Group and the industry it operates in. • We compared the forecast foreign exchange rates to published views of market commentators on future trends. • We considered the sensitivity of the model by varying key assumptions, such as forecast growth rates, mineral resources and discount rates, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures. • We recalculated the impairment charge against the recorded amount disclosed; • We assessed the Group's analysis of the market capitalisation shortfall versus the total recoverable amount of all CGUs. This included

KPMG

	consideration of the market capitalisation range implied by recent share price trading ranges, to the Group's latest internal enterprise valuation model. • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Burgundy Diamond Mines Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration *Report* and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Company, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:
https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf
This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Burgundy Diamond Mines Limited for the year ended 31 December 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 13 to 22 of the Directors' report for the year ended 31 December 2024.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

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KPMG

Matthew Hingeley

Partner

Perth

31 March 2025

Corporate Governance Statement

The Board of Directors of Burgundy Diamond Mines Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

The Company's Corporate Governance Statement and policies can be found on its website at www.burgundydiamonds.com.

BURGUNDY
DIAMOND MINES

2024
ADDITIONAL ASX INFORMATION

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 12 March 2025.

1. **Fully paid ordinary shares**
   - There is a total of 1,421,701,987 fully paid ordinary shares on issue which are listed on the ASX.
   - The number of holders of fully paid ordinary shares is 2,077.
   - Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
   - There are no preference shares on issue.

2. **Distribution of fully paid ordinary shareholders is as follows:**

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	64	4,273	0.00%
above 1,000 up to and including 5,000	318	1,017,845	0.07%
above 5,000 up to and including 10,000	242	2,009,194	0.14%
above 10,000 up to and including 100,000	831	34,113,130	2.40%
above 100,000	622	1,384,557,545	97.39%
Totals	**2,077**	**1,421,701,987**	**100.00%**

3. **Holders of non-marketable parcels**

   Holders of non-marketable parcels are deemed to be those whose shareholding is valued at less than A$500.

   There are 680 shareholders who hold less than a marketable parcel of shares, amount to 0.26% of issued capital.

4. **Substantial shareholders of ordinary fully paid shares**

   The following holders have notified that they are substantial holders of the company at 31 December 2024:

	Holding Balance	% of Issued Capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	248,052,956	17.45%
ARCTIC CANADIAN DIAMOND HOLDING LLC	129,230,769	9.09%
BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	109,843,792	7.73%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	76,378,529	5.37%

5. **Restricted Securities**

   None

6. **Share buy-backs**

   There is currently no on-market buyback program for any of BDM listed securities.

7. **Voting rights of Shareholders**

   All fully paid ordinary shareholders are entitled to vote at any meeting of the members of the Company and their voting rights are on:

   - Show of hands – one vote per shareholder; and
   - Poll – one vote per fully paid ordinary share.

8. Major Shareholders

The Top 20 largest fully paid ordinary shareholders together held 62.07% of the securities in this class and are listed below:

Position	Holder Name	Holding	% IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	251,555,833	17.69%
2	ARCTIC CANADIAN DIAMOND HOLDING LLC	129,230,769	9.09%
3	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	113,953,712	8.02%
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	71,368,120	5.02%
5	CITICORP NOMINEES PTY LIMITED	54,357,867	3.82%
6	PROSPECT AG TRADING PTY LTD <O'KEEFFE FAMILY A/C>	54,353,535	3.82%
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	35,397,133	2.49%
8	BASS FAMILY FOUNDATION PTY LTD <BASS FAMILY FOUNDATION A/C>	22,376,843	1.57%
9	METECH SUPER PTY LTD <METECH NO 2 SUPER FUND A/C>	22,000,000	1.55%
10	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	15,986,386	1.12%
11	PALM BEACH NOMINEES PTY LIMITED	14,658,208	1.03%
12	WYNNCHURCH STRATEGIC OPPORTUNITY LP (A DELAWARE LP)	14,583,334	1.03%
13	UBS NOMINEES PTY LTD	11,932,994	0.84%
14	9064-6316 QUEBEC INC	11,041,667	0.78%
15	ROBDUET 2 PTY LTD <DEUTCH FAMILY NO 2 A/C>	11,000,000	0.77%
16	MR DAVID BRIAN ARGYLE	10,800,000	0.76%
17	SANDY DOG PTY LTD <THE SANDY DOG UNIT A/C>	10,760,000	0.76%
18	MR ANDREW GRANTON BROWN	9,600,000	0.68%
19	SANDY DOG PTY LTD <CHAS STEWART NO 2 FAM A/C>	9,026,930	0.63%
20	GREEN LITE ELECTRICAL SERVICES PTY LTD <GREEN LITE SF A/C>	8,400,000	0.59%
	Totals	**882,383,331**	**62.07%**
	Total Issued Capital	**1,421,701,987**	**100.00%**

9. Unlisted Options

- 1,000,000 options expiring 5 August 2026, exercisable A$0.26
- 809,842 options expiring 30 August 2027, there is no consideration payable for the options.
- 10,000,000 options of which 5,000,000 options expire 1 July 2026, 3,000,000 options expire two years after the date on which Group's carat production in fiscal 2026 exceeds 3,000,000 carats and 2,000,000 options expire two years after the date on which Group's carat production in fiscal 2027 exceeds 3,000,000 carats, exercisable A$0.30
- 12,065,136 options expiring 30 November 2028, exercisable A$0.18
- 12,360,994 options expiring 31 March 2029, exercisable A$0.21

10. Tax Status

The Company is treated as a public company for taxation purposes.

11. Franking Credits

The Company has no franking credits.

12. Business Objectives

Burgundy Diamond Mines Limited has used cash and cash equivalents held in a way consistent with its stated business objectives.

13. Securities Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited under Security Code BDM.

14. Registered Office

Level 25, Suite 32

108 St Georges Terrace
Perth WA 6000

Telephone: 08 6559 1792
Website: www.burgundydiamonds.com

15. Company Secretary

Brad Baylis

16. Share Registry

Automic Share Registry
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

17. Company Assets

Project	Location	Area	Nature of Interest	Holder	Interest at beginning of period	Interest at end of the period
La Victoria Project	Peru	~80km^2	Farm-in Agreement	Eloro Resources Limited	18%	18%
Naujaat Project	Nunavut, Canada	~127km^2	Earn-in Agreement and 40% interest	North Arrow Minerals Inc.	40%	40%

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Suite 900, 606 4 Street SW
Calgary, Alberta, T2P 1T1
T: 1-403-910-1933
F: 1-403-910-1934
E: info@burgundydiamonds.com

Burgundy Diamond Mines Ltd.
Level 25 Palace Tower
108 St. Georges Terrace
Perth, WA 6000
T: 001 61 86 313 3945
E: info@burgundydiamonds.com

This is **Exhibit "J"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

A Commissioner for the taking of Affidavits for *British Columbia*

BURGUNDY DIAMOND MINES LIMITED

HALF-YEAR FINANCIAL REPORT
30 JUNE 2025

Appendix 4D

Burgundy Diamond Mines Limited
ABN 33 160 017 390
Half-Year Report

Current reporting period: For the half-year ended 30 June 2025
Prior corresponding period: For the half-year ended 30 June 2024

Results for announcement to the market

		% up/down	30 June 2025	30 June 2024
Total revenue from ordinary activities	US$'000	(44%)	125,165	223,714
Net profit (loss) for the period attributable to members	US$'000	(415%)	(29,495)	9,350
Net tangible assets per share	US$	(91%)	0.01	0.11

* Refer to Note 14 in the accompanying unaudited financial report for details on restatement of comparatives.

Dividends

There were no interim dividends paid or declared during the half-year ended 30 June 2025 (Six month period ended 30 June 2024: $Nil).

Explanation of results

Refer to the review of operations contained in the directors' report of the Interim Financial Report for the half-year ended 30 June 2025 and the subsequent events.

Changes in controlled entities

The Group did not gain or lose control over any entities during the period.

Accounting standards used by foreign entities

All subsidiaries use International Financial Reporting Standards.

Information about review

The condensed consolidated interim financial statements for the half-year ended 30 June 2025 have been reviewed by the Company's auditors.

Additional information supporting the Appendix 4D disclosure requirements can be found in the review of operations, condensed consolidated interim financial statements and accompanying notes.

Contents

Corporate Directory

Board of Directors

Michael O'Keeffe	Chair (Appointed 15 June 2017)
Jeremy King	Interim Chief Executive Officer and Director (Appointed Interim Chief Executive Officer on 24 April 2025 and previously appointed as non-executive on 9 April 2024)
Kim Truter	Chief Executive Officer and Managing Director (Retired on 31 May 2025)
Marc Dorion	Non-Executive Director
Stephen Dennis	Non-Executive Director (Appointed 30 January 2024, retired 14 January 2025)
Trey Jackson	Non-Executive Director (Appointed 30 January 2024)
Anshul Gandhi	Non-Executive Director (Appointed 1 August 2024)

Company Secretary

Brad Baylis (Retired 25 June 2025)

Brent Mierau (Appointed 26 June 2025)

Registered Office

Level 25
South32 Tower

108 St Georges Terrace
Perth WA 6000

Telephone:	08 6313 3945
Website:	www.burgundydiamonds.com
Email:	info@burgundydiamonds.com

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: BDM)

Auditors

KPMG Australia
235 St Georges Terrace
Perth WA 6000

Share Registry

Automic Share Registry
Level 5, 191 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

Directors' Report

The Directors of Burgundy Diamond Mines Limited ("BDM" or "the Company") present their report, together with the condensed consolidated interim financial statements of the consolidated entity consisting of Burgundy Diamond Mines Limited and its controlled entities for the half-year ended 30 June 2025 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 31 December 2024 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

Directors

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

Michael O'Keeffe	Chair
Jeremy King	Interim Chief Executive Officer and Director (appointed Interim Chief Executive Director on 24 April 2025 and previously appointed as non-executive director on 9 April 2024)
Kim Truter	Chief Executive Officer and Managing Director (Retired on 31 May 2025)
Marc Dorion	Non-Executive Director
Stephen Dennis	Non-Executive Director (appointed 30 January 2024, retired 14 January 2025)
Trey Jackson	Non-Executive Director
Anshul Gandhi	Non-Executive Director

Principal Activities

The principal activities during the financial period were the operation of the 100% owned world class Ekati diamond mine located in Canada's Northwest Territories, sale of rough diamonds through auctions held in Antwerp Belgium and sale of polished diamonds manufactured in Burgundy's cutting and polishing facility in Perth Australia.

Review of Operations

The focus of the Group during the period was to fully transition mining operations from Sable to Point Lake open pit. The transition to Point Lake has not proceeded without disruption to ore supply due to wet and muddy mining conditions hampering ore and waste removal during the first quarter of 2025. By the end of the first quarter of 2025 this had been dealt with and there was strong mining performance at Point Lake with ore tonnes mined significantly exceeding the ore tonnes mined in the first quarter of the year.

Misery production was also impacted by the cold winter conditions freezing the ore blanket and inhibiting free ore flow through the underground draw points during the first quarter of 2025. A campaign to increase production ring drilling, blast the frozen ore and increase underground haul capacity ensured Misery production was back on track by the end of the quarter. Production rates at Misery significantly improved in the second quarter of 2025, via improved mining techniques and equipment utilization

The Group also reached an agreement with a subsidiary of Macquarie Bank ("Macquarie") for a fuel offtake contract that provides a mechanism for the Group to better manage the levels of working capital and reduce seasonal volatility of its operating cash flows.

The comparable period discussed in review of operations is 1 January 2024 to 30 June 2024.

During the period, a total of 6.9 million tonnes of ore and waste were mined, up 25% from 2024 (2024: 5.5 million tonnes) due to higher waste mined at Point Lake partially offset by lower ore mined as Sable mining operations were substantially completed by end of 2024.

A total of 1.3 million tonnes of ore was processed through the process plant during the year down 34% from 2024 (2024: 2.0 million tonnes) as there was less ore mined in the period.

During the period, 1.6 million carats were recovered, down 33% from 2024 (2024: 2.4 million carats). Carats recovered were lower than previous period due to lower ore processed during the period and change in ore blend. The Group ended the period with 0.6 million carats in ending inventory down 58% versus ending inventory in 2024 (1.3 million carats). The ending inventory represents the normal work in progress and finished goods inventory based on the current sales cycle.

Sales and Marketing

During the period, the Group held five rough diamonds auctions in our Antwerp office. During the period, 2.1 million carats were sold, down 11% from 2024 (2024: 2.4 million carats) for total proceeds of $125.2 million down 44% from 2024 (2024: $223.7 million). Revenue was lower than prior period due to change in lower carats recovered during the period, change in ore blend, and the introduction of tariffs, 2024 included relatively higher value Sable in the ore blend which was replaced by Point Lake in 2025.

Diamond cutting and polishing operations in Perth, Australia were closed and focus placed on strategic partnerships with diamond manufacturers and traders, jewellers and luxury brands to maximize value.

Capturing incremental margins along the diamond value chain by leveraging collaborative sales agreements with international jewellers remains a key focus.

Corporate

Board and Executive Appointments

On 14 January 2025 Mr. Stephen Dennis (non-executive director) retired from the board.

On 31 May 2025, Mr. Kim Truter retired as the Chief Executive Officer and Mr. Jeremy King (non-executive director) was appointed as the Interim Chief Executive Officer effective 1 May 2025.

On 25 June 2025, Mr. Brad Baylis retired as the Chief Financial Officer and Company Secretary. Mr. Brent Mierau was appointed as the new Corporate Secretary with effect from 26 June 2025.

Issue of Unlisted Options

On 1 April 2025, the Company issued 23,168,750 unlisted options to senior executives including the Chief Executive Officer and Chief Financial Officer with exercise price of A$0.0561. These options were issued as part of executive remuneration, but did not vest due to retirement of both these executives during 2025.

On 1 May 2025, the Company issued 5,000,000 unlisted options to the Interim Chief Executive Officer with exercise price of A$0.10.

Results of Operations

The net loss of the Group for the period ended 30 June 2025 was $29.5 million (period ended 30 June 2024: restated net profit of $9.4 million). The net loss incurred during the period ended 30 June 2025, was due to significantly lower sales in the period and higher open pit mining costs. In addition, diamond inventories were written down by $7.8 million during the period, of which $6.2 million relates to rough diamond and $1.6 million relates to polished diamond inventories.

Financial Position

The statement of cash flows shows a decrease in cash and cash equivalents for the period ended 30 June 2025 of $18.2 million (period ended 30 June 2024: net decrease of $37.3 million). During the period, the Group generated $41.6 million from operating activities primarily from sales of rough diamonds and working capital related timing adjustments. Cash used in financing activities of $23.1 million relates to proceed of $39.2 million received as part of the fuel offtake financing of which $15.2 million were repaid during the period, $4.1 million of net financing received from a related party and $5.0 million of principal lease payments. Cash used in investing activities of $83.0 million mainly comprised of mainly of $83.3 million on purchase of property, plant and equipment. As at 30 June 2025, the Group had funds of $7.2 million (31 December 2024: $25.1 million).

Dividends

No dividends have been paid or declared by the Company since the end of the previous financial period. No dividend will be paid in respect of the current financial period.

Significant Changes in the State of Affairs

There were no other significant changes in the state of affairs of the Group other than those described within the operating and corporate activities review during the period ended 30 June 2025.

Matters Subsequent to The Reporting Period

(i) Related Party Loan

Subsequent to period ended 30 June 2025, the Group obtained $24.9 million in short-term financing at an 15% interest rate from a related party lender, being a company managed by a director of the Group. The loan was fully settled through the sale of diamond inventories to the related party lender.

(ii) Temporary suspension of open pit mining at Point Lake

On 18 July 2025, the Group announced a temporary suspension of open pit mining at Point Lake, mainly due to depressed diamond price environment which causes Point Lake operational results to be sub-economic. As a result, the Group laid off a portion of its workforce including employees and contractors that had been mobilized at Point Lake resulting in redundancy provision of approximately $3.1 million.

Rounding

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191 and, in accordance with that Class Instrument, amounts in the directors' report and financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 for the half-year ended 30 June 2025 has been received and included within these condensed consolidated interim financial statements.

Michael O'Keeffe
Chair

29 August 2025

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Burgundy Diamond Mines Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Burgundy Diamond Mines Limited for the half-year ended 30 June 2025 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

John Ward

John Ward

Partner

Perth

29 August 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income
(expressed in thousands of United States dollars)

	Note	Six month period ended 30 June 2025	Six month period ended 30 June 2024 (* Restated)
Revenue		125,165	223,714
Cost of sales*		(134,698)	(193,315)
Gross margin*		(9,533)	30,399
Other income		908	8,658
Selling and distribution expenses		(2,974)	(3,466)
General and administrative expenses		(7,270)	(13,040)
Other expenses		(3,046)	(3,345)
Operating (loss) profit*		(21,915)	19,206
Finance expenses		(8,910)	(16,225)
Finance income		1,674	3,119
Net finance costs		(7,236)	(13,106)
Foreign exchange loss		(24)	(844)
(Loss) profit before income taxes*		(29,175)	5,256
Current tax expense		(320)	(2,685)
Deferred tax recovery		—	6,779
Tax (expense) recovery		(320)	4,094
Net (loss) profit*		(29,495)	9,350
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit obligation		468	(669)
Other comprehensive income (loss) for the period, net of tax		468	(669)
Total comprehensive (loss) income attributable to the owners*		(29,027)	8,681
Profit (loss) per share for the period attributable to the owners:			
Basic earnings (loss) per share (cents)*	4	(2.07)	0.66
Diluted earnings (loss) per share (cents)*	4	(2.07)	0.66

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the consolidated financial statements.

*Refer to Note 14 - Prior Period Restatement.

Consolidated Statement of Financial Position
(expressed in thousands of United States dollars)

	Note	30 June 2025	31 December 2024 (* Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		217,632	135,594
Other non-current assets		99,114	92,521
Total non-current assets		**316,746**	**228,115**
Current assets			
Tax receivable		9,872	11,221
Inventory and supplies	5	146,846	186,049
Other current assets		4,854	5,081
Trade and other receivables		4,163	6,178
Cash and cash equivalents		7,200	25,142
Total current assets		**172,935**	**233,671**
Total assets		**489,681**	**461,786**
EQUITY			
Contributed equity	7	200,607	200,607
Reserves		8,400	7,862
Accumulated losses*		(193,518)	(164,023)
Total equity*		**15,489**	**44,446**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	8	—	73,834
Provision for make good		65	65
Deferred income		164	211
Royalty provision*		34,387	36,536
Lease obligations		4,695	7,603
Employee benefit plans	10	2,942	3,566
Reclamation provisions		245,783	229,224
Deferred tax liabilities		301	55
Total non-current liabilities*		**288,337**	**351,094**
Current liabilities			
Trade and other payables*		69,973	50,388
Loans and borrowings	8	77,927	—
Deferred income		94	94
Royalty provision*		4,298	4,298
Lease obligations		8,208	9,463
Employee benefit plans	10	1,629	2,003
Fuel offtake liability	9	23,726	—
Total current liabilities*		**185,855**	**66,246**
Total liabilities*		**474,192**	**417,340**
Total equity and liabilities		**489,681**	**461,786**

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the consolidated financial statements.
*Refer to Note 14 - Prior Period Restatement.

Condensed Consolidated Statement of Changes in Equity
(expressed in thousands of United States dollars)
For the Half-Year Ended 30 June 2025

	Note	Issued Capital	Convertible Notes Reserve	Other Reserves	Accumulated Losses (* Restated)	Total
Balance at 1 July 2024*		**200,607**	**4,384**	**1,901**	**(50,749)**	**156,143**
Net loss for the period*		—	—	—	(113,274)	(113,274)
Re-measurement of defined benefit obligation		—	—	706	—	706
Total comprehensive loss for the period*		**—**	**—**	**706**	**(113,274)**	**(112,568)**
Transactions with owners of the Group:						
Share-based payments		—	—	871	—	871
Balance at 31 December 2024*		**200,607**	**4,384**	**3,478**	**(164,023)**	**44,446**
Net loss for the period		—	—	—	(29,495)	(29,495)
Re-measurement of defined benefit obligation		—	—	468	—	468
Total comprehensive income (loss) for the period		**—**	**—**	**468**	**(29,495)**	**(29,027)**
Transactions with owners of the Group:						
Share-based payments		—	—	70	—	70
Balance at 30 June 2025		**200,607**	**4,384**	**4,016**	**(193,518)**	**15,489**

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the consolidated financial statements.
*Refer to Note 14 - Prior Period Restatement.

Condensed Consolidated Statement of Cash Flows
(expressed in thousands of United States dollars)

	Note	Six month period ended 30 June 2025	Six month period ended 30 June 2024
OPERATING			**(* Restated)**
Net (loss) profit*		(29,495)	9,350
Adjustments for			
Depreciation and amortisation		9,966	29,425
Deferred tax recovery		—	(6,779)
Current tax expense		320	2,685
Finance expenses		8,910	16,225
Finance income		(1,674)	—
Share-based compensation		(874)	2,149
Other non-cash items		(254)	(214)
Derecognition of contingent consideration		—	(7,500)
Drawdown of royalty provision*		(2,149)	(2,149)
Private royalties paid		—	(6,526)
Unrealised foreign exchange (gain) loss		(1,228)	1,300
Defined benefit plan contributions		(900)	(1,041)
Impairment losses on inventory		7,844	—
Interest paid		(4,352)	(8,939)
Interest received		506	–
Income tax refund (paid)		977	(25,963)
Change in non-cash operating working capital			
Accounts receivable		2,019	1,282
Inventory and supplies		29,784	3,108
Other current assets		227	(3,102)
Trade and other payables*		20,788	(6,643)
Employee benefit plans		1,233	(245)
Net cash from (used in) operating activities		**41,648**	**(3,577)**
INVESTING			
Purchase of property, plant and equipment		(83,347)	(26,826)
Decrease (Increase) in restricted cash		348	(2,229)
Net cash used in investing activities		**(82,999)**	**(29,055)**
FINANCING			
Proceeds from fuel offtake financing		39,194	—
Repayment of fuel offtake financing		(15,166)	—
Net cash from related party financing		4,093	—
Lease payments		(4,981)	(4,654)
Net cash from (used in) financing activities		**23,140**	**(4,654)**
Net decrease in cash and cash equivalents		(18,211)	(37,286)
Cash and cash equivalents, beginning of the period		25,142	94,426
Foreign exchange effect on cash balances		269	(194)
Cash and cash equivalents, end of the period		**7,200**	**56,946**

The Consolidated Statement of Cash Flow should be read in conjunction with the notes to the consolidated financial statements.

*Refer to Note 14 - Prior Period Restatement.

Notes to the Condensed Consolidated Interim Financial Statements

NOTE 1 REPORTING ENTITY

Reporting Entity

Burgundy Diamond Mines Limited ("Burgundy" or "the Company") is a company limited by shares and domiciled in Australia. Burgundy's registered office is located at Level 25, South32 Tower, 108 St Georges Terrace, Perth WA 6000, Australia. The condensed consolidated Interim financial statements of the Company as at and for the half-year ended 30 June 2025 comprise the Company and its subsidiaries ("the Group").

The Company's Canadian subsidiary Arctic Canadian Diamond Company ("ACDC") owns 100% of Ekati Diamond Mine, a producing diamond mine located in Canada's Northwest Territories. Ekati Diamond Mine consists of the Core Zone, which includes the primary mining operations and other kimberlite pipes, as well as the Buffer Zone, an adjacent area hosting kimberlite pipes having both development and exploration potential. The Company's Belgium subsidiary Arctic Canadian Diamond Marketing N.V ("ACDM") is a marketing business responsible for management of the supply chain, sorting, preparation, marketing and sales of rough diamonds from Ekati Diamond Mine. The Company's Perth location focuses on cutting, polishing and sales of polished diamonds and was permanently closed by 30 June 2025.

NOTE 2 BASIS OF PRESENTATION

(a) Statement of compliance

The condensed consolidated interim financial statements for the half-year reporting period 30 June 2025 have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

These condensed consolidated interim financial statements do not include all the notes of the type normally included within the annual financial report. Accordingly, this report should be read in conjunction with the annual report of the Group for the year ended 31 December 2024 and any public announcements made by Burgundy during the interim financial period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

(b) Going concern

These condensed consolidated interim financial statements have been prepared on a going concern basis that contemplates the continuity of business activities and the realisation of assets and extinguishment of liabilities in the normal course of operations at the amounts stated in the consolidated financial statements that will generate sufficient income and cash flows to repay obligations, finance operations and fund capital investments to sustain operations. During the period ended 30 June 2025, the Group incurred a net loss of $29.5 million, generated cash flows of $41.6 million from operating activities and has a working capital deficit of $12.9 million. The Group also has $111.3 million of contractual commitments that include quarterly surety cash collateralisation payments of $10.6 million with the accumulated historical deferrals totalling to $63.9 million by 30 June 2026 (see Note 12) and $185.9 million of current liabilities due in the next 12 months.

Based on the current cash flow forecast, the Group is not expected to generate sufficient cash flows from operations to meet its obligations as they fall due over the next 12 months. This indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The Group is currently exploring various options to improve liquidity and address the forecasted cash shortfall as noted below:

- During June 2025, $18.5 million of non-dilutive working capital loan was obtained from Related Party Lender (refer to Note 8(b)). The related party loan bears an interest rate of 15% per annum and was subsequently settled by sales of rough diamond inventories to the related party lender. Subsequent to period end, an additional $24.9 million funds were received from the same Related Party Lender (refer to Note 13 (a)). The

Related Party Lender has indicated their intention to provide further financing on similar terms to be settled via sales of rough diamond inventories to the lender of up to $75.0 million over the next 12 months. Although, the related party lender's intention to provide further financing is non-binding, the lender has demonstrated both their intention and capacity to support the Group's liquidity requirements, as evidenced by the funding provided since June 2025 and thereafter.

- On 18 July 2025, the Group announced a temporary suspension of open pit mining at Point Lake mainly due to depressed diamond prices which causes Point Lake operational results to be sub-economic. The Group temporarily laid off employees and reduced contractors that had been mobilized at Point Lake – (refer to Note 13 (b)). The temporary suspension of open pit mining will have a one-time cost impact mainly related to employee lay-off payments but will provide cost savings and preserve cash over the remainder of the year.
- In February 2025, the Group entered into a fuel offtake agreement with a subsidiary of Macquarie Bank Ltd ("Macquarie") to improve working capital management. As part of this agreement the Group makes monthly payments to Macquarie based on fuel consumption. This agreement allows the Group to better manage the levels of working capital and reduce seasonal volatility of its operating cash flows.
- Quarterly surety payments will be deferred if the Group is not able to maintain at least US$30.0 million of cash at all times (in line with the terms of agreement to defer the payments without any default - refer to Note 12(b));
- The current liability of 2L Loan due in June 2026 being deferred to a later future date and/or re-financed. Negotiations are being held with 2L Lenders to move the quarterly cash interest payments of $1.8 million per quarter to a Payment in Kind Model with interest payments being paid as a lump sum with the principal loan repayment.
- As needed, the Group is reducing development capital and exploration expenditures through postponing or pausing non-critical projects and deferring or cancelling discretionary spending.

In addition to the above noted measures, additional financing via debt or equity is required to continue operations and repay obligations as these become due. Management is actively engaged in discussions with new and existing lenders to secure additional financing.

Furthermore, the ability of the Group to continue as a going concern is subject to the following material uncertainties:

- Obtaining further funding in the form of debt or equity financing. While management is confident in its ability to raise the necessary funds, there is material uncertainty as to whether the required financing will be secured within the necessary timeframe and on acceptable terms.
- Price and production forecasts being met to enable the Group to generate sufficient cash from operations to meet its obligations in the next 12 months. The Group predominantly operates in an industry closely correlated with commodity prices. The commodity prices have an inherent risk of external market/price volatilities which are outside of the Group's control. The cashflow forecast is sensitive to these external factors. In the event that the price and production forecasts are not met, the current forecast funding shortfall can increase, requiring additional financing or additional cost rationalisation measures.
- The liability of 2L Loan due in June 2026 being deferred to a later future date and/or re-financed.
- The continued deferral of surety payments subject to the Group maintaining compliance with the contractual arrangements.

In order to continue as a going concern, the Group must generate sufficient income and cash flows to repay obligations, finance operations and fund capital investments to sustain operations. This will require the Group to generate funds from operations, and obtain support from lenders by obtaining new debt or equity financing and refinance existing debt obligations. There is no certainty that the Group will achieve the production and price forecasts, obtain additional debt or equity funding or receive the required support from its lenders.

The Directors believe that there are reasonable grounds to conclude the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the condensed consolidated interim financial statements after consideration of the above. Notwithstanding this, as a result of the material uncertainties outlined above there is a material uncertainty as to whether the Group can continue to operate as a going concern in the period of 12 months from the date of the approval of the financial statements and be able to realise its assets and settle its liabilities at the amounts recorded in the financial statements.

(c) Basis of measurement

The consolidated financial statements have been prepared in accordance with the historical cost convention unless otherwise stated.

(d) New accounting standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods on and after 1 January 2025 and early application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing the consolidated financial statements.

Presentation and disclosure in financial statements (AASB 18)

In April 2024, AASB 18 was issued by the AASB introducing new requirements to help achieve comparability of the financial performance of similar entities. AASB 18 focuses on the income statement requiring new subtotals and the classification of income and expenses into operating, investing and financing categories as well as disclosure of management performance measures and guidance on grouping information in the financial statements. AASB 18 will replace AASB 101, Presentation of Financial Statements, retaining many of the general requirements of AASB 101. The new standard is effective for reporting periods beginning on 1 January 2027, applied retrospectively. The Company is currently assessing the impact of AASB 18 on its consolidated financial statements.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 3 SEGMENT INFORMATION

(a) Business segments

The identification of operating segments by management is based on product areas in internal reports regularly examined by the Board of Directors. This process facilitates resource allocation and performance evaluation for each segment based on differences in products or services. The Group's reportable segments comprise Rough Diamond and Polished Diamond. The Rough Diamond segment encompasses mining, sales and marketing of rough diamonds. The Polished Diamond segment encompasses manufacturing, sales and marketing of polished diamonds.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in the previous financial year. Information regarding the Group's reportable segments is presented below.

For the half-year ended 30 June 2025	**Rough Diamond**	**Polished Diamond**	**Total Reportable Segments**	**Unallocated Amounts**	**Total**
Revenue	124,631	1,774	126,405	—	126,405
Elimination of inter-segment	—	(1,240)	(1,240)	—	(1,240)
Segment revenue	124,631	534	125,165	—	125,165
Cost of sales					
Production cost of inventories	(123,081)	(1,928)	(125,009)	—	(125,009)
Depreciation and amortisation	(9,689)	—	(9,689)	—	(9,689)
Total cost of sales	(132,770)	(1,928)	(134,698)	—	(134,698)
Gross margin	**(8,139)**	**(1,394)**	**(9,533)**	—	**(9,533)**
Other income	626	6	632	276	908
Selling and distribution expenses (i)	(1,576)	(428)	(2,004)	(970)	(2,974)
General and administration expenses (i)	— -	—	—	(7,270)	(7,270)
Other expenses	(3,046)	—	(3,046)	—	(3,046)
Operating profit (loss)	(12,135)	(1,816)	(13,951)	(7,964)	(21,915)
Finance expenses	(5,105)	—	(5,105)	(3,805)	(8,910)
Finance income	1,627	3	1,630	44	1,674
Foreign exchange gain (loss)	5,732	5	5,737	(5,761)	(24)
Segment profit (loss) before taxes	(9,881)	(1,808)	(11,689)	(17,486)	(29,175)
Tax recovery	(320)	—	(320)	—	(320)
Segment profit (loss) after taxes	**(10,201)**	**(1,808)**	**(12,009)**	**(17,486)**	**(29,495)**
Segmented assets as at 30 June 2025	**481,421**	**2,024**	**483,445**	**6,236**	**489,681**
Segmented liabilities as at 30 June 2025	**395,439**	**423**	**395,862**	**78,330**	**474,192**

(i) $0.7 million of depreciation and amortisation are included in selling and distribution expenses and general and administrative expenses.

(tabular amounts in thousands of United States dollars, except as otherwise noted) 291

For the six month period ended 30 June 2024 (Restated)	**Rough Diamond**	**Polished Diamond**	**Total Reportable Segments**	**Unallocated Amounts**	**Total**
Revenue	224,483	2,465	226,948	—	226,948
Elimination of inter-segment	(1,009)	(2,225)	(3,234)	—	(3,234)
Segment revenue	223,474	240	223,714	—	223,714
Cost of sales					
Production cost of inventories*	(164,276)	(226)	(164,502)	—	(164,502)
Depreciation and amortisation	(28,813)	—	(28,813)	—	(28,813)
Total cost of sales*	(193,089)	(226)	(193,315)	—	(193,315)
Gross margin*	**30,385**	**14**	**30,399**	—	**30,399**
Other income	1,049	—	1,049	7,609	8,658
Selling and distribution expenses *(i)*	(2,006)	(281)	(2,287)	(1,179)	(3,466)
General and administration expenses *(i)*	—	—	—	(13,040)	(13,040)
Other expenses	—	—	—	(3,345)	(3,345)
Operating profit (loss)*	29,428	(267)	29,161	(9,955)	19,206
Finance expenses	(6,217)	—	(6,217)	(10,008)	(16,225)
Finance income	3,071	15	3,086	33	3,119
Foreign exchange gain (loss)	(3,440)	397	(3,043)	2,199	(844)
Segment profit (loss) before taxes*	22,842	145	22,987	(17,731)	5,256
Tax expense	4,094	—	4,094	—	4,094
Segment profit (loss) after taxes*	**26,936**	**145**	**27,081**	**(17,731)**	**9,350**
Segmented assets as at 31 December 2024	**447,529**	**8,478**	**456,007**	**5,779**	**461,786**
Segmented liabilities as at 31 December 2024	**338,275**	**594**	**338,869**	**78,471**	**417,340**

*Refer to Note 14 - Prior Period Restatement.

(i) $2.1 million in share-based compensation and $0.6 million in depreciation and amortisation are included in selling and distribution expenses and in general and administrative expenses.

(b) Geographical information:

The geographical information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. Revenues from external customers have been identified on the basis of the customer's geographical location and non-current assets are allocated based on their physical location.

	Revenue		**Non-Current assets *(i)***	
	30 June 2025	**30 June 2024**	**30 June 2025**	**31 December 2024**
Belgium	60,787	107,614	2,910	3,047
United Arab Emirates	39,926	83,523	—	—
India	13,604	17,673	—	—
Canada	5,851	655	241,998	134,830
Australia	57	32	—	376
Other	4,940	14,217	—	—
Consolidated	**125,165**	**223,714**	**244,908**	**138,253**

(i) Non-current assets exclude financial instruments such as reclamation deposits, restricted cash and environmental trust fund.

During the half-year ended 30 June 2025, $15.4 million or 12% of the Group's revenues depended on a single customer in the Rough Diamond segment (half-year ended 30 June 2024, no external single customer accounted for 10% or more of the Group's revenue).

NOTE 4 EARNINGS PER SHARE

The following table reflects the net loss and share data used in the basic and diluted earnings per share calculations:

	Six month period ended 30 June 2025	Six month period ended 30 June 2024 (* Restated)
NUMERATOR:		
Net profit (loss) attributable to ordinary shareholders ($000)*	(29,495)	9,350
DENOMINATOR:		
Number of ordinary shares outstanding at end of the period	1,421,701,987	1,421,332,274
Vested share options exercisable for no consideration	809,842	1,306,599
Effect of share options exercised	(22,522)	(84,228)
Effect of ordinary shares issued on conversion of convertible note	-	—
Weighted average number of ordinary shares outstanding during the period used to calculate basic and diluted loss per share	1,422,489,307	1,422,554,645
Basic earnings (loss) per share attributable to shareholders (cents)*	**(2.07)**	**0.66**

	Six month period ended 30 June 2025	Six month period ended 30 June 2024 (* Restated)
NUMERATOR:		
Net profit (loss) attributable to ordinary shareholders ($000)*	(29,495)	9,350
DENOMINATOR:		
Weighted average number of ordinary shares outstanding during the period	1,422,489,307	1,422,554,645
Effects of dilution from:		
Future employee stock options under share based payment *(i)*	—	533,358
Weighted average number of ordinary shares outstanding during the period adjusted for the effect of dilution *(ii)*	1,422,489,307	1,423,088,003
Diluted earnings (loss) per share attributable to shareholders (cents)*	**(2.07)**	**0.66**

*Refer to Note 14 - Prior Period Restatement.

(i) A total of 54.3 million options were excluded from the dilution calculation for the year ended 30 June 2025 as they are anti-dilutive (a total of 27.4 million options were excluded from the dilution calculation for the half-year ended 30 June 2024). For the period ended 30 June 2025, all potentially dilutive securities have been excluded from the calculation of diluted earnings per share, given the Group was in a net loss position during that period and their effect would be anti-dilutive.

(ii) A total of 132.4 million common shares that would have been issued if the convertible notes were converted into common shares, were excluded from the dilution calculation for the half-year ended 30 June 2024 as they are anti-dilutive.

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of completion of these financial statements.

NOTE 5 INVENTORY AND SUPPLIES

	30 June 2025	31 December 2024
Stockpile ore	4,415	925
Rough diamonds – work in progress	3,510	28,432
Rough diamonds – finished goods	24,927	26,874
Polished diamonds – finished goods	5,093	5,361
Supplies inventory	108,901	124,457
Total inventory and supplies	**146,846**	**186,049**

(tabular amounts in thousands of United States dollars, except as otherwise noted)

For the period ended 30 June 2025, inventories recognised in cost of sales were $135.3 million (30 June 2024: $190.1 million). During the period ended 30 June 2025, there were $6.2 million diamond inventory write-downs in the Rough Diamond and $1.6 million in the Polished Diamond segments.

NOTE 6 PROPERTY, PLANT AND EQUIPMENT - IMPAIRMENT ASSESSMENT

At 30 June 2025, management reviewed the carrying value of Rough Diamond CGU in light of changes in the life of mine ("LOM") and the temporary suspension of surface mining operations at Point Lake. In accordance with AASB 136 Impairment of Assets, an impairment assessment was performed to determine whether the change in LOM gave rise to any additional impairment losses or a reversal of previously recognised impairment. Based on this assessment, no further impairment was identified, nor was there evidence to support a reversal of the impairment previously recognised.

NOTE 7 CONTRIBUTED EQUITY

(a) Ordinary Shares

Ordinary share capital is classified as equity. The issued shares do not have a par value and there is no limit on the authorised share capital of the Company.

	30 June 2025		30 June 2024	
	No.	$	No.	$
Ordinary shares	1,421,701,987	200,607	1,421,634,421	200,607

(b) Movements in Ordinary Shares Issued

Half-year ended 30 June 2025	Number	$
At 1 January 2025	1,421,634,421	200,607
Exercise of options	67,566	—
Balance at 30 June 2025 - fully paid	**1,421,701,987**	**200,607**

Year ended 31 December 2024	Number	$
At 1 January 2024	1,421,205,230	200,607
Exercise of options	429,191	—
Balance at 31 December 2024 - fully paid	**1,421,634,421**	**200,607**

NOTE 8 LOANS AND BORROWINGS

				30 June 2025		31 December 2024	
	Currency	Year of Maturity	Nominal Interest rate	Face value	Carrying amount	Face value	Carrying amount
2nd Lien Credit Agreement ("2L Loan") [(a)]	US$	2026	10%	73,834	73,834	73,834	73,834
Related Party Loan [(b)]	US$	2025	15%	4,093	4,093	—	—
Total loans and borrowings				**77,927**	**77,927**	**73,834**	**73,834**
Less current portion					77,927		—
Non-current portion					—		73,834

(a) 2L Loan

The 2L Loan in principal amount of $73.8 million has a maturity date of 30 June 2026. The loan bears an interest rate of 10% per annum payable in arrears on the last day of each quarter. During the period interest of $3.7 million was paid on the 2L Loan (period ended 30 June 2024: $3.7 million).

There are no financial covenants under the 2L Loan agreement. The affirmative non-financial covenants under the 2L Loan agreement as at 30 June 2025, relate to the disclosure of financial information and material events by certain dues dates. All owned assets of Arctic Companies are pledged under the 2L Loan, except rough diamond inventories which were pledged to the Related Party Lender (Note 8(b)). Under the 2L Loan agreement, intercompany loans between the Arctic Companies and the parent entity must be unsecured loan, subordinated to the 2L Loan with maturity date after 30 June 2026. On 1 July 2023, 2L Loan holders were granted 149.6 million shares of Burgundy at A$0.25 amounting to $25.1 million (A$37.4 million) and as such also own an equity stake in the Company.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

As at 30 June 2025, the Group was in compliance with all affirmative non-financial covenants.

(b) Related Party Loan

As part of managing non-dilutive working capital financing, the Group received $18.5 million in June 2025, from a company ("Related Party Lender") managed by a director of the Group bearing an interest rate of 15% per annum. Under the terms of this financing, the Group would settle the outstanding balance of the loan and interest payable through sales of diamond inventories to the Related Party Lender. The Group sold $14.4 million of diamond inventories to the Related Party lender during June 2025 after which the outstanding loan payable as of 30 June 2025 was $4.1 million that was fully settled subsequent to 30 June, 2025. In addition, subsequent to period ended 30 June 2025, the Group received an additional $24.9 million from the Related Party Lender that was fully settled through the sale of diamond inventories to the related party lender (refer to Note 13 (a)).

The related party loan is secured by the rough diamond inventories of the Group. The 2L lenders provided a waiver to exempt such inventories from being pledged under the 2L agreement.

NOTE 9 FUEL OFFTAKE FINANCING

During February 2025, the Group entered into a fuel offtake financing agreement with a subsidiary of Macquarie Bank Ltd. ("Macquarie"). Through this new agreement, Macquarie provided $39.2 million in financing to the Group in February 2025 which is secured by the underlying fuel inventory. The Group has made payments of $15.2 million to Macquarie for fuel consumption during the period ended 30 June 2025. This agreement provides a mechanism that enables the Group to better manage the levels of working capital and reduce seasonal volatility of its operating cash outflows.

NOTE 10 EMPLOYEE BENEFITS

The employee benefit obligation reflected in the consolidated balance sheet is as follows:

	30 June 2025	**31 December 2024**
Defined benefit plan obligation	2,840	3,177
Defined contribution plan and other post-retirement plan obligation	255	544
RSU and DSU Plans [(a)]	1,476	1,848
Total employee benefit plan obligation	**4,571**	**5,569**
Less current portion	1,629	2,003
Non-current portion	2,942	3,566

(a) Restricted Share Unit ("RSU") and Deferred Share Unit ("DSU") Plans - cash settled

Grants under the RSU plans are on a discretionary basis to employees of the Group subject to Board of Directors' approval. Grants of RSU under the RSU Plan vest annually on the anniversary of the original grant date over the specified vesting period. The Group shall pay out cash on the respective vesting dates of RSUs equivalent to the number of RSUs vested at the fair market value of the RSUs. Fair market value is determined as the volume weighted average trading price ("VWAP") of the Common Shares on the Australian Stock Exchange for the five trading days immediately preceding the redemption date.

Grants under the DSU plans are on a discretionary basis to employees of the Group and its subsidiaries subject to Board of Directors' approval. Grants of DSU under the DSU Plan vest annually on the anniversary of the original grant date over the specified vesting period. Vested DSU grants are only exercisable on departure of the employee (e.g. retirement, resignation, death). The Group shall pay out cash on the respective vesting dates of DSUs equivalent to the number of DSUs vested at the fair market value of the DSUs. Fair market value is determined as the VWAP of the Common Shares on the Australian Stock Exchange for the five trading days immediately preceding the redemption date.

(tabular amounts in thousands of United States dollars, except as otherwise noted)

The expenses related to RSUs and DSUs are accrued based on fair value, determined as at the date of grant. This expense is recognised as compensation expense over the vesting period. Until the liability is settled, the fair value of the RSUs and DSUs is remeasured at the end of each reporting period and at the date of settlement, with changes in fair value recognised as share-based compensation expense or recovery over the vesting period.

RSU and DSU Plans

	Number of units	
RSU	**30 June 2025**	**31 December 2024**
Opening balance	12,213,065	6,032,568
Awards and payouts during the year		
RSU awards	70,826,057	6,180,497
Forfeitures during the year	(4,668,888)	
Ending balance	**78,370,234**	**12,213,065**

	Number of units	
DSU	**30 June 2025**	**31 December 2024**
Opening balance	43,546,115	36,195,408
Awards and payouts during the year		
DSU awards	121,189,925	7,350,707
Forfeitures during the year	(19,397,279)	
Ending balance	**145,338,761**	**43,546,115**

The Group recognised a recovery of $0.4 million for the period ended 30 June 2025 (period ended 30 June 2024: expense of $1.6 million) in respect of the RSU and DSU plans. The total carrying amount of liabilities for RSU and DSU arrangements as at 30 June 2025 is $1.5 million (31 December 2024: $1.8 million).

(tabular amounts in thousands of United States dollars, except as otherwise noted)

NOTE 11 FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	30 June 2025		31 December 2024 (*Restated)	
Financial assets at amortised cost	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**
Cash and cash equivalents [i]	7,200	7,200	25,142	25,142
Trade and other receivables [i, ii]	1,381	1,381	3,336	3,336
Restricted cash [i]	7,837	7,837	7,793	7,793
Financial assets at fair value				
Reclamation deposits	88,389	88,389	82,069	82,069
Total financial assets	**104,807**	**104,807**	**118,340**	**118,340**
Total current	8,581	8,581	28,478	28,478
Total non-current	96,226	96,226	89,862	89,862
Financial liabilities at amortised cost				
Trade and other payables [i]	69,973	69,973	50,388	50,388
Loans and borrowings	77,927	77,927	73,834	73,834
Fuel offtake liability	23,726	23,726	—	—
Total financial liabilities*	**171,626**	**171,626**	**124,222**	**124,222**
Total current*	171,626	171,626	124,222	124,222
Total non-current*	—	—	—	—

*Refer to Note 14 - Prior Period Restatement.

(i) The fair value of these financial instruments approximates their carrying value due to the short term to maturity.

(ii) Excludes sales tax credits receivable.

All financial assets and liabilities measured at amortised cost are classified as Level 2 measurements.

(a) Measurement of fair value

Reclamation deposits

Reclamation deposits is classified as Level 2 fair value measurement. The fair value of reclamation deposits was discounted by applying respective Government of Canada Benchmark Bond yields rate to respective deposits dependent on its year of maturity when the deposits are released for reclamation recovery.

Loans and borrowing

Loan and borrowings are classified as Level 2 fair value measurement.

As at 30 June 2025, fair value of loans and borrowings approximated their carrying values due to the short maturity period.

Fuel offtake liability

Fuel offtake liability is classified as Level 2 fair value measurement. As at 30 June 2025, fair value of Fuel offtake liability approximated carrying values due to the short maturity period.

During the year ended 30 June 2025 and period ended 31 December 2024, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurement.

(tabular amounts in thousands of United States dollars, except as otherwise noted) 297

NOTE 12 COMMITMENTS

As at 30 June 2025, the Group had commitments that require the following minimum future payments, which were not accrued in the consolidated statement of financial position:

Contractual Obligations	Total	Less than 1 year	Year 2–3	Year 4–5	After 5 years
Participation agreements commitments [a]	33,001	1,683	7,360	7,360	16,598
Environmental agreements commitments [b]	157,572	64,541	85,825	3,018	4,188
Surface and mineral licenses	7,807	1,465	1,116	903	4,323
Purchase commitments	33,631	33,631	—	—	—
Total contractual obligations	**232,011**	**101,320**	**94,301**	**11,281**	**25,109**

(a) Participation agreements

Ekati Diamond Mine has signed participation agreements with various aboriginal communities. Contractual obligations under these agreements amount to $33.0 million and are expected to contribute to the social, economic and cultural well-being of these communities.

(b) Environmental commitments

To comply with environmental and other regulatory agreements, the Group has secured its reclamation obligations for the Ekati Diamond Mine through surety bonds and Letter of Credit ("LCs") for reclamation obligation for the Ekati Diamond Mine. These LCs were issued under the LC Facility and are fully cash collateralised at 100% of their face value. The LC Facility has a capacity of CDN$20.0 million with CDN$10.5 million utilised as at 30 June 2025 (CDN$7.7 million as at 31 December 2024).

The Group signed a new surety bond agreement, in which the Group is required to make four quarterly payments of CDN$14.5 million (US$10.6 million) each to cash collateralise the surety bonds until 2027. These payments are contingent on maintaining a minimum cash balance of at least US$30.0 million at all times. Additionally, while the bonds remain outstanding, Arctic Companies are prohibited from declaring or paying dividends or distributions without prior written consent from the surety providers. During 2025, the Group did not make any cash collateral payments.

		30 June 2025	31 December 2024
Surety bonds	CDN$	190,740	193,490
	US$ equivalent	139,808	134,471

(c) Contingent liabilities

In the ordinary course of business activities, the Group may be contingently liable for litigation and claims that arise due to the size, complexity and nature of the Group's operations. The outcome of such claims against the Group is not determinable at this time; however, their ultimate resolution is not expected to have a material adverse effect on the Group.

NOTE 13 MATTERS SUBSEQUENT TO THE REPORTING PERIOD

(a) Related Party Loan

Subsequent to period ended 30 June 2025, the Group obtained $24.9 million in short-term financing at an 15% interest rate from a related party lender, being a company managed by a director the Group. The loan was fully settled through the sale of diamond inventories to the related party lender.

(b) Temporary suspension of open pit mining at Point Lake

On 18 July 2025, the Group announced a temporary suspension of open pit mining at Point Lake, mainly due to depressed diamond price environment which causes Point Lake operational results to be sub-economic. As a result, the Group temporarily laid off some employees and reduced contractors that had been mobilized at Point Lake resulting in redundancy provision of approximately $3.1 million.

NOTE 14 PRIOR PERIOD RESTATEMENT

During the half-year ended 30 June 2025, it was identified that a royalty agreement associated with the future production of diamonds from the Ekati Core tenements, forming part of the acquisition of the Arctic Companies on 1 July 2023, was incorrectly recognised as a financial liability at the date of acquisition ("Consideration Payable"). This financial liability was subsequently fair valued each reporting period based on changes in expected cash flows, resulting in a fair value adjustment being incorrectly recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. The actual royalty expense incurred each period was then recorded as a reduction to the consideration payable liability.

This future obligations under the royalty agreement should have instead been designated as a participating interest in the Ekati Core tenements held by the vendor. The fair value of the contractual arrangement at the 1 July 2023 acquisition date should have been recognised as a royalty obligation that unwinds as a reduction to cost of sales in the Condensed Consolidated Statement of Profit or loss and Other Comprehensive Income over the expected life of the Ekati Core tenement non-current assets. The royalty expense incurred each period under the royalty agreement is then recognised within cost of sales.

The fair value attributed to this royalty agreement in the business combination at 1 July 2023 of $47.3 million was correct and remains unchanged.

The error has been corrected by restating each of the affected financial statement line items as at 31 December 2024 and for the half-year period ended 30 June 2024. The following tables summarise the impacts of the correction.

The correction of this error has no impact on net cash flows used in operating activities for the half year ended 30 June 2024, however, as the Group uses the indirect method of presenting these cash flows, certain reconciling items within the net cash flows used in operating activities have been restated

The impact of the error on the 31 December 2023 Condensed Consolidated Statement of Financial Position was to derecognise the Consideration Payable of $36.8 million and recognise:

- a royalty obligation of $45.1 million;
- an accrued royalty payable of $3.3 million within Trade and other payables;
- a decrease in deferred tax liabilities of $3.1 million; and
- an increase in Accumulated Losses of $8.5 million.

The following tables summarise the impacts on the Group's consolidated financial statements:

(i) Consolidated statement of financial position:

December 31, 2024	**Impact of error correction**		
	As previously reported	**Adjustments**	**As restated**
Consideration payable - current	(6,280)	6,280	—
Trade and other payables	—	(1,968)	(1,968)
Provision for royalties - current	—	(4,298)	(4,298)
Total current liabilities	**(66,260)**	**14**	**(66,246)**
Consideration payable – non-current	(18,927)	18,927	—
Provision for royalties – non-current	—	(36,536)	(36,536)
Total non-current liabilities	**(333,485)**	**(17,609)**	**(351,094)**
Total liabilities	**(399,745)**	**(17,595)**	**(417,340)**
Accumulated losses	146,428	17,595	164,023
Net assets/ total equity	**(62,041)**	**17,595**	**(44,446)**

(ii) Consolidated statement of profit or loss and other comprehensive income:

Six months ended - 30 June 2024	**Impact of error correction**		
	As previously reported	**Adjustments**	**As restated**
Cost of sales	(190,124)	(3,191)	(193,315)
Gross margin	33,590	(3,191)	30,399
Operating (loss)/profit	22,397	(3,191)	19,206
Fair value adjustment on consideration payable	(2,458)	2,458	—
(Loss)/profit before income taxes	5,989	(733)	5,256
Net (loss)/profit	**10,083**	**(733)**	**9,350**
Total comprehensive income	**9,414**	**(733)**	**8,681**

(iii) Consolidated statement of cash flows

Six months ended - 30 June 2024	**Impact of correction of error**		
	As previously reported	**Adjustments**	**As restated**
Net loss	10,083	(733)	9,350
Drawdown of royalty provision	—	(2,149)	(2,149)
Fair value adjustment on consideration payable	2,458	(2,458)	—
Changes in non-cash operating working capital:			
Trade and other payables	(11,983)	5,340	(6,643)
Other items – not impacted by error correction	(4,135)	—	(4,135)
Net cash used in operating activities	**(3,577)**	—	**(3,577)**

There is no material impact on the Group's basic or diluted loss per share for the six months ended 30 June 2024.

Directors' Declaration

In the opinion of the directors of Burgundy Diamond Mines Limited (the "Company"):

1. a) the condensed consolidated interim financial statements and notes that are set out on pages 7 to 23 are in accordance with the Corporations Act 2001, including:

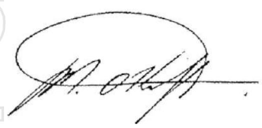
    (i) giving a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial half-year ended on that date; and

    (ii) complying with Australian Accounting Standards AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001; and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors

Dated on 29th of August 2025



Michael O'Keeffe
Chair

Independent Auditor's Review Report

To the shareholders of Burgundy Diamond Mines Limited

Conclusion

We have reviewed the accompanying ***Condensed Half-year Financial Report*** of Burgundy Diamond Mines Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Half-year Financial Report of Burgundy Diamond Mines Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2025 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Condensed Half-year Financial Report*** comprises:

- Condensed consolidated statement of financial position as at 30 June 2025
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 14 including selected explanatory notes
- The Directors' Declaration.

The ***Group*** comprises Burgundy Diamond Mines Limited (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Condensed Half-year Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 2(b), "Going concern" in the Condensed Half-year Financial Report. The events or conditions disclosed in Note 2(b), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Condensed Half-year Financial Report. Our conclusion is not modified in respect of this matter.

Emphasis of matter – restatement of comparative balances

We draw attention to Note 14 to the Condensed Half-year Financial Report, which states that amounts reported in the previously issued 30 June 2024 Condensed Half-year Financial Report and 31 December 2024 Annual Financial Report have been restated and disclosed as comparatives in this Condensed Half-year Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Condensed Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Half-year Financial Report

Our responsibility is to express a conclusion on the Condensed Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2025 and its performance for the Half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

John Ward

John Ward

Partner

Perth

29 August 2025

This is **Exhibit "K"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

A Commissioner for the taking of Affidavits for *British Columbia*

BURGUNDY
DIAMOND MINES

APPENDIX 4E

FOR THE YEAR ENDED 31 DECEMBER 2025

Burgundy Diamond Mines Limited
ABN 33 160 017 390

BURGUNDY DIAMOND MINES LIMITED
APPENDIX 4E
PRELIMINARY UNAUDITED FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

Name of Company	Burgundy Diamond Mines Limited
ABN	33 160 017 390
Current Reporting Period	12 months ended 31 December 2025
Previous Reporting Period	12 months ended 31 December 2024

Results for Announcement to the Market

These unaudited results are prepared in accordance with Australian Accounting Standards. Amounts presented are in US Dollars, except as otherwise noted.

Statutory Results	**31 December 2025**	**31 December 2024 (*Restated)**	**Up/(Down)**	**%**
Unaudited	$'000	$'000	$'000	
Revenue from ordinary activities	186,232	442,117	(255,885)	(58%)
Loss before taxes*	(86,660)	(139,003)	(52,343)	(38%)
Net loss after taxes*	(86,847)	(103,192)	(16,345)	(16%)
Total comprehensive loss attributable to the owners*	(87,412)	(103,156)	(15,744)	(15%)

* Refer to Note 34 - Restatement of comparatives in the accompanying preliminary unaudited financial report.

There were no dividends paid or declared during the year ended 31 December 2025 (year ended 31 December 2024: $nil). Basic loss per share and diluted loss per share are shown on page 4.

Explanation of Results

Revenue from ordinary activities of $186.2 million, consists primarily of rough diamond sales of $182.7 million and $3.6 million of polished diamond sales. The decrease in revenue from prior year is primarily as a result of lower carats recovered and lower pricing realised during the year as Point Lake mining operations were temporarily suspended in July 2025 due to challenging conditions for the diamond market including the imposition of significant tariffs between the USA and India resulted in sub-economic prices for the diamond population of Point Lake.

The net loss for the year ended 31 December 2025 was $86.8 million compared to a net loss of $103.2 million in the year ended 31 December 2024. Net loss incurred during 2025 was primarily due to lower sales that were impacted by suspension of Point Lake operations that resulted in lower carat recoveries and lower pricing realised during the year due to the adverse impact of tariffs on diamond markets. Whereas in the prior year net loss was primarily attributed to the impairment of Ekati Diamond Mine property, plant and equipment of $151.6 million.

As at 31 December 2025, the Group had funds of $26.6 million (31 December 2024: $25.1 million). During the year, the Group generated $42.6 million from operating activities primarily from sales of rough diamonds, income tax refund of $10.5 million and working capital related timing adjustments that reflect deferral of payable payments to conserve cash. Cash generated from financing activities of $38.1 million reflects proceeds from borrowings of $37.7 million representing the loan financing received from Canada's Large Enterprise Tariff Loan Facility in December 2025, net proceeds from fuel offtake financing of $6.9 million and principal lease repayments of $6.5 million. Cash used in investing activities of $79.6 million mainly comprised of $80.5 million on purchase of property, plant and equipment offset by refund of restricted cash of $0.9 million.

Net tangible assets per ordinary share

Net tangible assets per ordinary share	**31 December 2025**	**31 December 2024 (*Restated)**	**Up/(Down)**
Unaudited	$	$	$
Net tangible assets per ordinary share	(0.03)	0.03	(0.06) Cents

The Group's liabilities increased due to build up of payables in order to conserve cash and higher loans and borrowings. The increase in loans and borrowings is attributed to bridge financing of $7.0 million that was received in November 2025 and $37.7 million of loan financing received from Canada's Large Enterprise Tariff Loan Facility. The significant increase in liabilities resulted in a negative net tangible asset per ordinary share as at 31 December 2025.

Changes in controlled entities

The Company's wholly owned Belgian subsidiary, Arctic Canadian Diamond Marketing N.V. was liquidated on 30 December 2025.

Details of Associates and Joint ventures

During the year, there was no change in the Company's 40% interest in the Naujaat Project which is a joint venture with North Arrow Minerals Inc.

Accounting standards used by foreign entities

All subsidiaries use International Financial Reporting Standards.

Independent auditor's report

The financial report is in the process of being audited with an expectation of an unmodified audit report containing a material uncertainty relating to going concern.

Attachments forming part of Appendix 4E

Preliminary unaudited financial report of Burgundy Diamond Mines Limited for the year ended 31 December 2025 is attached.

Consolidated Statement of Loss and Other Comprehensive Loss
(expressed in thousands of United States dollars)

	Note	Year ended 31 December 2025	Year ended 31 December 2024 (*Restated)
Revenue	5	186,232	442,117
Cost of sales*	6	(253,631)	(375,864)
Gross margin*		(67,399)	66,253
Other income	7	14,467	9,046
Selling and distribution expenses	6	(5,718)	(6,031)
General and administrative expenses	6	(14,980)	(23,158)
Mine development costs		(8,544)	—
Impairment of property, plant and equipment	6,11	—	(151,621)
Other expenses	6	(10,894)	(9,731)
Operating loss*		(93,068)	(115,242)
Finance expenses	8	(19,463)	(27,416)
Finance income		25,125	6,509
Net finance income (costs)		5,662	(20,907)
Foreign exchange gain (loss)		746	(2,854)
Loss before taxes*		(86,660)	(139,003)
Current tax (expense) recovery	9	(242)	13,645
Deferred tax recovery	9	55	22,166
Tax (expense) recovery		(187)	35,811
Net loss*		(86,847)	(103,192)
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit obligation (net of tax recovery of \$0.0 million for year ended 31 December 2025 - net of tax recovery of \$0.3 million for period ended 31 December 2024)	17	(565)	36
Other comprehensive (loss) income for the period, net of tax		(565)	36
Total comprehensive loss attributable to the owners*		(87,412)	(103,156)
Loss per share for the period attributable to the owners:			
Basic loss per share (cents)*	10	(6.11)	(7.26)
Diluted loss per share (cents)*	10	(6.11)	(7.26)

The Consolidated Statement of Loss and Other Comprehensive Loss should be read in conjunction with the notes to the consolidated financial statements.

*Refer to Note 34 - Restatement of comparatives.

Consolidated Statement of Financial Position
(expressed in thousands of United States dollars)

	Note	31 December 2025	31 December 2024 (*Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	11	201,764	135,594
Other non-current assets	12	96,417	92,521
Total non-current assets		**298,181**	**228,115**
Current assets			
Tax receivable		355	11,221
Inventory and supplies	13	104,244	186,049
Other current assets		7,571	5,081
Trade and other receivables	14	2,681	6,178
Cash and cash equivalents	15	26,582	25,142
Total current assets		**141,433**	**233,671**
Total assets		**439,614**	**461,786**
EQUITY			
Contributed equity	16	200,607	200,607
Reserves	17	7,665	7,862
Accumulated losses*		(250,870)	(164,023)
Total equity*		**(42,598)**	**44,446**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	18	88,451	73,834
Provision for make good	20	—	65
Deferred income		117	211
Deferred payables		12,461	—
Royalty provision*		32,238	36,536
Lease obligations	22	4,103	7,603
Employee benefit plans	23	2,009	3,566
Reclamation provisions	24	244,793	229,224
Deferred tax liabilities	9	—	55
Total non-current liabilities*		**384,172**	**351,094**
Current liabilities			
Trade and other payables*	25	68,847	50,388
Loans and borrowings	18	7,067	—
Provision for make good	20	65	—
Fuel offtake liability		8,299	—
Warrant liability		631	—
Deferred income		94	94
Royalty provision*		4,298	4,298
Lease obligations	22	7,235	9,463
Employee benefit plans	23	1,504	2,003
Total current liabilities*		**98,040**	**66,246**
Total liabilities*		**482,212**	**417,340**
Total equity and liabilities*		**439,614**	**461,786**

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the consolidated financial statements. *Refer to Note 34 - Restatement of comparatives.

Consolidated Statement of Changes in Equity
(expressed in thousands of United States dollars)
For the Year Ended 31 December 2025

	Note	Issued Capital	Convertible Notes Reserve	Other Reserves	Accumulated Losses (*Restated)	Total
Balance at 31 December 2023		**200,607**	**4,384**	**2,412**	**(60,831)**	**146,572**
Net loss for the period*		—	—	—	(103,192)	(103,192)
Re-measurement of defined benefit obligation		—	—	36	—	36
Total comprehensive loss for the period*		**—**	**—**	**36**	**(103,192)**	**(103,156)**
Transactions with owners of the Group:						
Issue of share capital	16	—	—	—	—	—
Share-based payments	17	—	—	1,030	—	1,030
Balance at 31 December 2024*		**200,607**	**4,384**	**3,478**	**(164,023)**	**44,446**
Net loss for the year		—	—	—	(86,847)	(86,847)
Re-measurement of defined benefit obligation		—	—	(565)	—	(565)
Total comprehensive loss for the year		**—**	**—**	**(565)**	**(86,847)**	**(87,412)**
Transactions with owners of the Group:						
Share-based payments	17	—	—	368	—	368
Balance at 31 December 2025		**200,607**	**4,384**	**3,281**	**(250,870)**	**(42,598)**

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the consolidated financial statements.

*Refer to Note 34 - Restatement of comparatives.

Consolidated Statement of Cash Flows
(expressed in thousands of United States dollars)

	Note	Year ended 31 December 2025	Year ended 31 December 2024
OPERATING			**(*Restated)**
Net loss*		(86,847)	(103,192)
Adjustments for			
Depreciation and amortisation	6	26,003	52,312
Deferred tax recovery	9	(55)	(22,166)
Current tax (expense) recovery	9	242	(13,645)
Finance expenses	8	19,463	27,416
Finance income		(25,125)	(6,509)
Share-based compensation		(785)	2,880
Other non-cash items		(597)	78
Debt forgiveness from vendor settlements		(11,247)	—
Derecognition of contingent consideration		—	(7,500)
Private royalties paid		—	(10,896)
Unrealised foreign exchange (gain) loss		(688)	3,259
Defined benefit plan contributions	23	(1,457)	(2,073)
Impairment losses on inventory	6	14,843	—
Drawdown of royalty provision*		(4,298)	(4,298)
Impairment of property, plant and equipment	6	—	151,621
Government grants		—	351
Interest paid		(5,989)	(14,733)
Interest received		3,566	4,006
Income taxes recovered		10,508	(23,426)
Change in non-cash operating working capital			
Accounts receivable		15,863	2,333
Inventory and supplies		65,939	47,560
Other current assets		(2,490)	(820)
Trade and other payables*		26,215	2,438
Employee benefit plans		(424)	2,079
Net cash from operating activities		**42,640**	**87,075**
INVESTING			
Purchase of property, plant and equipment		(80,534)	(98,490)
Proceeds from sale of property, plant and equipment		—	771
Decrease in restricted cash	12	922	2,391
Increase in collateral for reclamation security deposits	12	—	31,735
Contribution to environmental trust fund	12	—	(58,670)
Net cash used in investing activities		**(79,612)**	**(122,263)**
FINANCING			
Repayment of convertible notes		—	(23,245)
Proceeds from fuel offtake financing		39,194	—
Repayment of fuel offtake financing		(32,238)	—
Proceeds from borrowings		37,656	—
Lease payments	22	(6,485)	(10,025)
Net cash from (used in) financing activities		**38,127**	**(33,270)**
Net increase (decrease) in cash and cash equivalents		1,155	(68,458)
Cash and cash equivalents, beginning of the period		25,142	94,426
Foreign exchange effect on cash balances		285	(826)
Cash and cash equivalents, end of the period		**26,582**	**25,142**

The Consolidated Statement of Cash Flow should be read in conjunction with the notes to the consolidated financial statements.

*Refer to Note 34 - Restatement of comparatives

Notes to the Consolidated Financial Statements

NOTE 1 REPORTING ENTITY

Reporting Entity

Burgundy Diamond Mines Limited ("Burgundy" or "the Company") is a company limited by shares and domiciled in Australia. Burgundy's registered office is located at Level 25, Palace Tower Perth, 108 St Georges Terrace, Perth WA 6000, Australia. The consolidated financial statements of the Company as at and for the year ended 31 December 2025 comprise the Company and its subsidiaries ("the Group").

The Company's Canadian subsidiary ACDC owns 100% of Ekati Diamond Mine, a producing diamond mine located in Canada's Northwest Territories. Ekati Diamond Mine consists of the Core Zone, which includes the primary mining operations and other kimberlite pipes, as well as the Buffer Zone, an adjacent area hosting kimberlite pipes having both development and exploration potential. The Company's Belgium subsidiary ACDM was the marketing business that was previously responsible for management of supply chain, sorting, preparing, marketing and sales of rough diamonds from Ekati Diamond Mine. ACDM operations were permanently closed on 30 December 2025. Subsequent to the closure of ACDM sales and marketing functions were assumed by ACDC. The Company's Perth location focused on cutting, polishing and sales of polished diamonds, and was permanently closed on 30 June 2025.

NOTE 2 BASIS OF PRESENTATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). Burgundy Diamond Mines Limited is a for-profit entity for the purpose of preparing the financial statements.

The Group is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the consolidated financial statements are rounded off to the nearest thousand dollars ($'000), unless otherwise indicated.

(b) Going concern

The consolidated financial statements have been prepared on a going concern basis that contemplates the continuity of business activities in the foreseeable future and the realisation of assets and extinguishment of liabilities in the normal course of operations at the amounts stated in the consolidated financial statements that will generate sufficient income and cash flows to repay obligations, finance operations and fund capital investments to sustain operations. During the year ended 31 December 2025, the Group incurred a net loss of $86.8 million, generated cash flows of $42.6 million from operating activities and has net current assets of $43.4 million. The Group also has $36.4 million of contractual commitments that primarily include purchase commitments.

In order to strengthen the Group's liquidity position, which had been adversely affected by the impact of tariffs, the Group secured up to $83.4 million (CDN$115.0 million) of loan financing via Canada's Large Enterprise Tariff Loan Facility, that is managed by Canada Enterprise Emergency Funding Corporation ("CEEFC") (see Note 18(b)). As of 31 December 2025, the Group had drawn $32.8 million (CDN$45.0 million) and subsequent to year-end the remaining LETL Facility was drawn.

As a condition of the LETL Facility, the Group went through the following financial restructuring:

- The 2L Loan was amended in which the maturity date was revised from 30 June 2026 to 12 months after the date of maturity of the LETL Facility and 2L Loan was fully subordinated to the LETL Facility (see Note 18 (b)).
- The surety bond providers agreed to subordinate claims they have against the Group to the obligations under the LETL Facility. Agreed upon quarterly bond reduction payments of $10.6 million(CDN$14.5 million) have been extended past the maturity date of the LETL Facility (see Note 30 (b)).

- ACDC's credit position was improved through negotiated discounts of $11.2 million with creditors, further supported by structured payment plans.

Notwithstanding the liquidity considerations outlined above, the Group's current cash flow forecast indicates that it is not expected to generate sufficient cash flows from operations to meet its obligations as they fall due over the next 12 months. The cash shortfall is mainly attributed to the adverse ongoing impact of US tariffs on diamond prices and production delays resulting from timing of financing received in 2025. This indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The Group is currently exploring various options to improve liquidity and address the forecast cash shortfall as noted below:

- Subsequent to year-end, the Group received the remaining CDN$70.0 million from the LETL Facility.
- The Group has entered into discussions with CEEFC, regarding a potential increase in the LETL Facility to provide additional liquidity that will address the forecasted funding shortfall.
- As needed, the Group is reducing development capital and exploration expenditures through postponing or pausing non-critical projects and deferring or cancelling discretionary spending.

In addition to the above noted measures, additional financing via debt or equity may be required to continue operations and repay obligations as these become due.

Furthermore, the ability of the Group to continue as a going concern is subject to the following material uncertainties:

- Obtaining further funding in the form of debt or equity financing. There is material uncertainty as to whether the required financing will be secured within the necessary timeframe and on acceptable terms.
- Price and production forecasts being met to enable the Group to generate sufficient cash from operations to meet its obligations in the next 12 months. The Group predominantly operates in an industry closely correlated with commodity prices. The commodity prices have an inherent risk of external market/price volatilities which are outside of the Group's control. The cashflow forecast is sensitive to these external factors. In the event that the price and production forecasts are not met, the current forecast funding shortfall can increase, requiring additional financing or additional cost rationalisation measures.

In order to continue as a going concern, the Group must generate sufficient income and cash flows to repay obligations, finance operations and fund capital investments to sustain operations. This will require the Group to generate funds from operations, and obtain support from lenders by obtaining additional debt or equity financing. There is no certainty that the Group will achieve the production and price forecasts, obtain additional debt or equity funding.

The Directors believe that there are reasonable grounds to conclude the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial statements after consideration of the above. Notwithstanding this, as a result of the material uncertainties outlined above there is a material uncertainty as to whether the Group can continue to operate as a going concern in the period of 12 months from the date of the approval of the financial statements and be able to realise its assets and settle its liabilities at the amounts recorded in the financial statements.

(c) Basis of measurement

The consolidated financial statements have been prepared in accordance with the historical cost convention unless otherwise stated.

(d) Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(e) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 32.

(f) New, revised or amended standards and interpretations adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Lack of Exchangeability (Amendments to AASB 2023-5)

The Group has adopted AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability as of 1 January 2025. The amendments require application of a consistent approach in determining exchangeability of currencies and associated spot rates and to provide enhanced disclosures where exchangeability does not exist.

Adoption of the amendments to AASB 2023-5 did not result in any material impact to the Group's consolidated financial statement figures or disclosures.

(g) New accounting standards issued but not yet effective

A number of new accounting standards and amendments to accounting standards are effective for annual periods on and after 1 January 2026 and early application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing the consolidated financial statements.

Presentation and disclosure in financial statements (AASB 18)

In June 2024, AASB 18 was issued by the AASB introducing new requirements to help achieve comparability of the financial performance of similar entities. AASB 18 focuses on the income statement requiring new subtotals and the classification of income and expenses into operating, investing and financing categories as well as disclosure of management performance measures and guidance on grouping information in the financial statements. AASB 18 will replace AASB 101, Presentation of Financial Statements, retaining many of the general requirements of AASB 101. The new standard is effective for reporting periods beginning on 1 January 2027, applied retrospectively. The Group is currently assessing the impact of AASB 18 on its consolidated financial statements.

Classification and measurement of financial instruments (Amendments to AASB 2024-2)

AASB 2024-2 applies to annual periods beginning on or after 1 January 2026. The amendments refine certain classification and measurement requirements in AASB 7 and AASB 9, including enhancements around settlement of financial liabilities, contractual cash flow assessments for financial assets with specific features, and additional disclosures. The Group is currently assessing the impact of the amendments but does not expect them to have a material effect on the financial statements.

Annual improvements Volume 11 (AASB 2024-3)

AASB 2024-3 makes minor improvements to the following accounting standards to address inconsistencies or to clarify requirements:

- AASB 2 - First-time Adoption of Australian Accounting Standards;
- AASB 7 - Financial Instruments: Disclosures;
- AASB 9 - Financial Instruments;
- AASB 10 - Consolidated Financial Statements; and
- AASB 107 - Statement of Cash Flows.

The new standard is effective for reporting periods beginning on 1 January 2026. The Group does not expect any material impact to consolidated financial statement figures or disclosures as the changes are minor and include improving the consistency between standards and clarifying existing requirements.

NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Judgements

- Note 26 (b) – Liquidity and capital risk management: forecasting cash flows for current and subsequent fiscal years;
- Note 33 (e) – Impairment: assessment of impairment indications;
- Note 33 (n) – Commitments and contingencies: assumptions about likelihood and magnitude of an outflow of resources; and
- Note 33 (r) – Functional currency: determination of functional currency.

b) Assumptions and estimates

- Note 33 (c) (iv) – Depreciation and amortisation: ore reserve and mineral resource estimates and unit-of-production depreciation;
- Note 33 (e) – Impairment of non-financial assets: assumptions used to determine recoverable amounts;
- Note 33 (f) – Inventories: determination of net realisable value;
- Note 33 (k) – Mine rehabilitation and site restoration provision: expectation of future site closure and reclamation activities and the amount and timing of associated cash flows;
- Note 33 (l) – Recovery of deferred tax assets: assess the likelihood of taxable earnings;
- Note 33 (u) – Share based payments: assumptions used in determining the fair value of the equity instruments at the date at which they are granted.

NOTE 4 SEGMENT INFORMATION

(a) Business segments

The identification of operating segments by management is based on product areas in internal reports regularly examined by the Board of Directors. This process facilitates resource allocation and performance evaluation for each segment based on differences in products or services. The Group's reportable segments comprise Rough Diamond and Polished Diamond. The Rough Diamond segment encompasses mining, sales and marketing of rough diamonds. The Polished Diamond segment encompasses manufacturing, sales and marketing of polished diamonds.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in Note 33. Information regarding the Group's reportable segments is presented below.

For the year ended 31 December 2025	**Rough Diamond**	**Polished Diamond**	**Total Reportable Segments**	**Unallocated Amounts**	**Total**
Revenue	182,667	4,916	187,583	—	187,583
Elimination of inter-segment	-	(1,351)	(1,351)	—	(1,351)
Segment revenue	182,667	3,565	186,232	—	186,232
Cost of sales					
Production cost of inventories	(220,883)	(16,127)	(237,010)	—	(237,010)
Depreciation and amortisation	(20,919)	—	(20,919)	—	(20,919)
Other non cash royalty provision	4,298	—	4,298	—	4,298
Total cost of sales	(237,504) -	(16,127) -	(253,631) -	— -	(253,631)
Gross margin	**(54,837)**	**(12,562)**	**(67,399)**	—	**(67,399)**
Other income	13,500	6	13,506	961	14,467
Selling and distribution expenses [(i)]	(3,959)	(441)	(4,400)	(1,318)	(5,718)
General and administration expenses [(i)]	—	—	—	(14,980)	(14,980)
Mine standby expenses	(8,544)	—	(8,544)	—	(8,544)
Other expenses	(10,894)	—	(10,894)	—	(10,894)
Operating profit (loss)	(64,734)	(12,997)	(77,731)	(15,337)	(93,068)
Finance expenses	(11,830)	—	(11,830)	(7,633)	(19,463)
Finance income	5,810	5	5,815	19,310	25,125
Foreign exchange (gain) loss	4,366	(12)	4,354	(3,608)	746
Segment profit (loss) before taxes	(66,388)	(13,004)	(79,392)	(7,268)	(86,660)
Tax expense	(187)	—	(187)	—	(187)
Segment profit (loss) after taxes	**(66,575)**	**(13,004)**	**(79,579)**	**(7,268)**	**(86,847)**
Segmented assets as at 31 December 2025	**434,337**	**2,371**	**436,708**	**2,906**	**439,614**
Segmented liabilities as at 31 December 2025	**419,055**	**(2,065)**	**416,990**	**65,222**	**482,212**
Capital expenditures [(ii)]	89,813	—	89,813	88	89,901

(i) $0.2 million of share-based compensation recovery and $1.0 million of depreciation and amortisation are included in selling and distribution expenses and general and administrative expenses.

(ii) Capital expenditures includes PP&E additions and right-of-use assets.

For the year ended 31 December 2024 (*Restated)	**Rough Diamond $**	**Polished Diamond $**	**Total Reportable Segments $**	**Unallocated Amounts $**	**Total $**
Revenue	440,308	5,043	445,351	—	445,351
Elimination of inter-segment	(1,009)	(2,225)	(3,234)	—	(3,234)
Segment revenue	439,299	2,818	442,117	—	442,117
Cost of sales					
Production cost of inventories*	(322,530)	(2,108)	(324,638)	—	(324,638)
Depreciation and amortisation	(51,043)	(183)	(51,226)	—	(51,226)
Total cost of sales*	(373,573)	(2,291)	(375,864)	—	(375,864)
Gross margin*	**65,726**	**527**	**66,253**	**—**	**66,253**
Other income	1,420	—	1,420	7,626	9,046
Selling and distribution expenses	(3,260)	(447)	(3,707)	(2,324)	(6,031)
General and administration expenses (i)	—	—	—	(23,158)	(23,158)
Impairment of property, plant and equipment	(151,621)	—	(151,621)	—	(151,621)
Other expenses	(9,675)	—	(9,675)	(56)	(9,731)
Operating profit (loss)*	(97,410)	80	(97,330)	(17,912)	(115,242)
Finance expenses	(16,843)	—	(16,843)	(10,573)	(27,416)
Finance income	5,677	23	5,700	809	6,509
Foreign exchange gain (loss)	(10,440)	(13)	(10,453)	7,599	(2,854)
Segment profit (loss) before taxes*	(119,016)	90	(118,926)	(20,077)	(139,003)
Tax expense	35,811	—	35,811	—	35,811
Segment profit (loss) after taxes*	**(83,205)**	**90**	**(83,115)**	**(20,077)**	**(103,192)**
Segmented assets as at 31 December 2024	**447,529**	**8,478**	**456,007**	**5,779**	**461,786**
Segmented liabilities as at 31 December 2024*	**338,275**	**594**	**338,869**	**78,471**	**417,340**
Capital expenditures (ii)	113,969	—	113,969	647	114,616

(i) $2.9 million of share-based compensation expense and $1.1 million of depreciation and amortisation are included in selling and distribution expenses and general and administrative expenses.

(ii) Capital expenditures includes PP&E additions and right-of-use assets.

(b) Geographical information:

The geographical information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. Revenues from external customers have been identified on the basis of the customer's geographical location and non-current assets are allocated based on their physical location.

	Revenue		**Non-Current assets**	
	31 December 2025	**31 December 2024**	**31 December 2025**	**31 December 2024**
Belgium	116,879	188,724	—	3,047
United Arab Emirates	42,002	175,534	—	—
India	14,038	45,235	—	—
Canada	6,267	9,505	203,036	134,830
Australia	1,374	536	—	376
Other	5,672	22,583	—	—
Consolidated	**186,232**	**442,117**	**203,036**	**138,253**

Non-current assets exclude financial instruments such as reclamation deposits, restricted cash and environmental trust fund.

During the year ended 31 December 2025, $50.8 million (31 December 2024: $51.7 million) or 27% (31 December 2024: 12%) of the Group's revenues depended on a single customer in the Rough Diamond segment.

NOTE 5 REVENUE

	Year ended 31 December 2025	Year ended 31 December 2024
Revenue streams:		
Rough diamond sales	182,667	439,299
Polished diamond sales	3,565	2,818
Total revenue	**186,232**	**442,117**

All revenues from rough and polished diamonds sales are recognised at a point in time when control transfers to the customer. See Note 33 (m) for further details.

NOTE 6 EXPENSE BY NATURE

Expenses including cost of sales, selling and distribution expenses, general and administrative expenses, impairment of assets, mine development costs and other expenses as reported in the consolidated statement of loss, have been grouped by nature of expenses as follows:

	Year ended 31 December 2025	Year ended 31 December 2024 (*Restated)
Raw materials, consumables and spare parts	90,323	150,413
Salaries and employee benefits	56,332	78,873
Contractors and engineering services	67,837	89,082
Property tax and insurance costs	13,032	13,740
Depreciation and amortisation	26,003	52,312
Mine development costs	7,852	—
Exploration costs	5,259	9,781
Selling and distribution expenses	5,393	5,565
Impairment of property, plant and equipment	—	151,621
Impairment of inventory	14,843	—
Other	6,893	15,018
Total expenses	**293,767**	**566,405**

NOTE 7 OTHER INCOME

Other income for the year ended 31 December 2025 consists primarily of the debt forgiveness of $11.2 million arising from vendor settlement negotiations.

	Year ended 31 December 2025	Year ended 31 December 2024
Derecognition of contingent consideration	—	7,500
Debt forgiveness arising from vendor settlements	11,247	—
Other	3,220	1,546
Total other income	**14,467**	**9,046**

NOTE 8 FINANCE EXPENSES

	Year ended 31 December 2025	Year ended 31 December 2024
Interest on loans	6,284	7,583
Interest on convertible debt	—	996
Accretion of reclamation provision *(Note 24)*	7,830	6,925
Accretion of convertible debt	—	1,437
Accretion of contingent consideration	—	389
Accretion of loans *(Note 18)*	197	—
Interest on lease liabilities *(Note 22)*	984	1,711
Finance expense on reclamation deposits *(Note 12)*	—	1,382
Interest on taxes payable	1	4,063
Other interest	4,167	2,930
Total finance expenses	**19,463**	**27,416**

NOTE 9 INCOME TAX

(a) The components of tax expense comprise:

	Year ended 31 December 2025	Year ended 31 December 2024
Current tax (recovery) expense		
Current reporting period	242	(9,635)
Assessments and adjustments	—	(4,010)
Total current tax (recovery) expense	**242**	**(13,645)**
Deferred tax recovery		
Origination and reversal of temporary differences	(4,494)	(20,948)
Assessments and adjustments	4,439	(1,218)
Total deferred tax recovery	**(55)**	**(22,166)**
Total tax (recovery) expense	**187**	**(35,811)**
Reconciliation of income tax expense to prima facie tax payable:		
Profit (loss) for the period	(86,660)	—
Income tax expense (benefit) using the domestic		
Corporate tax rate of 30% (2024: 30%)	(26,241)	(40,579)
Increase in income tax expense due to:		
Non-deductible expenses	(150)	2,359
Mining Royalty Tax in Canada, net of tax benefit	(3,425)	(2,370)
Timing differences not recognised	22,124	4,120
Current period tax losses	—	—
Effect of different statutory rates in foreign countries	2,710	5,777
Prior year adjustments	4,440	(5,227)
Other	729	109
Tax expense	**187**	**(35,811)**

(b) Net deferred tax assets not recognised

	Year ended 31 December 2025	Year ended 31 December 2024
Net deferred tax assets not recognised		
Tax losses	73,731	22,911
Reclamation Provision	44,790	66,972
Timing differences	12,590	11,052
Total unrecognised net deferred tax assets	**131,111**	**100,935**

(c) Composition of deferred tax balances:

	31 December 2024 (*Restated)	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Loss	31 December 2025
Deferred tax assets				
Net operating loss carryforwards	71	(71)	—	—
Inventory	108	(108)	—	—
Lease obligations	4,796	(2,418)	—	2,378
Employee Benefit Plans	908	(437)	—	471
Provision for royalties	6,680	3,002	—	9,682
Other deferred income tax assets	14,529	29,578	—	44,107
	27,092	29,546	—	56,638
Reclassification to deferred tax liabilities	(27,092)	(29,546)	—	(56,638)
Deferred tax assets:	—	—	—	—
Deferred tax liabilities				
Deferred mineral property costs				
Property, plant and equipment	(12,742)	(20,347)	—	(33,089)
Inventory	—	(137)	—	(137)
Right of use asset	(68)	68	—	—
Deferred financing charges	—	—	—	
Environmental Trust Pool	(14,074)	(9,192)	—	(23,266)
Other deferred income tax liabilities	(263)	117	—	(146)
	(27,147)	(29,491)	—	(56,638)
Reclassification from deferred tax assets	27,092	29,546	—	56,638
Deferred tax liabilities:	(55)	55	—	—

As at 31 December 2025 the Group had the following tax losses carried forward available to offset against future profits:

Year of expiry	**Canada**	**Australia**
Year 2044	215,306	—
Indefinitely	—	55,284
	215,306	**55,284**

Each period the Group assesses the future taxable income in each jurisdiction which it operates and determines the nature and amount sufficient to enable the benefit of such deductions to be obtained in the future. As at 31 December 2025, the Group has not recognised the benefit of deductible temporary differences and tax losses amounting to $131.1 million (31 December 2024: $100.9 million).

Deferred tax liabilities with respect to investments in foreign subsidiaries are not recognised where the Group is able to control the timing of the reversal and any temporary differences are not expected to reverse in the foreseeable future. The Group has not recognised a deferred tax liability with respect of $nil (31 December 2024: $nil million) of temporary differences associated with investments in foreign subsidiaries as the Group is able to control the timing of the reversal and any temporary differences are not expected to reverse in the foreseeable future.

NOTE 10 EARNINGS PER SHARE

The following table reflects the net loss and share data used in the basic and diluted earnings per share calculations:

	Year ended 31 December 2025	Year ended 31 December 2024 (*Restated)
NUMERATOR:		
Net loss attributable to ordinary shareholders ($)	(86,847)	(103,192)
DENOMINATOR:		
Number of ordinary shares outstanding at end of the period	1,421,701,987	1,421,205,230
Vested share options exercisable for no consideration	809,842	1,306,599
Effect of share options exercised	(11,292)	(443,332)
Effect of ordinary shares issued on conversion of convertible note	—	(32,083)
Weighted average number of ordinary shares outstanding during the period used to calculate basic and diluted loss per share	1,422,500,537	1,422,036,414
Basic and diluted loss per share attributable to shareholders (cents)	**(6.11)**	**(7.26)**

(i) A total of 49.3 million options were excluded from the dilution calculation for the year ended 31 December 2025 (31 December 2024: 31.6 million) as they are anti-dilutive. For the year ended 31 December 2025 and period ended 31 December 2024, all potentially dilutive securities have been excluded from the calculation of diluted earnings per share, given the Group was in a net loss position during that period and their effect would be anti-dilutive.

(ii) A total of 156.2 million warrants were excluded from the dilution calculation for the year ended 31 December 2025, given the Group was in a net loss position during that period and their effect would be anti-dilutive.

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of completion of these financial statements.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

	Mineral properties	Equipment and leaseholds	Polishing Equipment	Furniture, equipment and other	Land and building	Assets under construction	Right-of-use assets	Total
COST								
Balance at 1 January 2025	68,078	159,648	253	3,254	68,101	32,825	36,865	369,024
Additions (ii) (iii)	(3,867)	179	—	—	—	88,483	1,075	85,870
Disposals	—	(183)	(253)	(123)	—	(73)	(912)	(1,544)
Transfers from assets under construction	81,491	1,966	—	799	—	(84,262)	6	—
Foreign exchange differences (i)	11,606	—	—	—	—	—	—	11,606
Balance at 31 December 2025	**157,308**	**161,610**	**—**	**3,930**	**68,101**	**36,973**	**37,034**	**464,956**
ACCUMULATED DEPRECIATION/AMORTISATION AND IMPAIRMENT LOSSES								
Balance at 1 January 2025	68,078	91,150	114	930	37,439	23,767	11,952	233,430
Depreciation and amortisation	2,155	19,712	—	604	2,969	—	6,668	32,108
Disposals		(24)	(114)	(71)	(3)	(26)	(234)	(472)
Foreign exchange differences (i)	(1,874)	—	—	—	—	—	—	(1,874)
Balance at 31 December 2025	**68,359**	**110,838**	**—**	**1,463**	**40,405**	**23,741**	**18,386**	**263,192**
NET BOOK VALUE	88,944	50,774	—	2,467	27,696	13,232	21,363	204,476
At 31 December 2025	**88,949**	**50,772**	**—**	**2,467**	**27,696**	**13,232**	**18,648**	**201,764**

	Mineral properties	Equipment and leaseholds	Polishing Equipment	Furniture, equipment and other	Land and building	Assets under construction	Right-of-use assets	Total
COST								
Balance at 1 January 2024	7,692	139,497	253	1,237	67,852	19,886	33,899	270,316
Additions *(ii) (iii)*	5,554	55	—	—	—	115,321	—	120,930
Disposals	—	(1,838)	—	—	—	—	(925)	(2,763)
Transfers from assets under construction	74,291	21,934	—	2,017	249	(102,382)	3,891	—
Foreign exchange differences *(i)*	(19,459)	—	—	—	—	—	—	(19,459)
Balance at 31 December 2024	**68,078**	**159,648**	**253**	**3,254**	**68,101**	**32,825**	**36,865**	**369,024**
ACCUMULATED DEPRECIATION/AMORTISATION								
Balance at 1 January 2024	42	22,326	96	268	5,606	—	3,460	31,798
Depreciation and amortisation	1,110	33,416	18	392	9,434	—	7,056	51,426
Impairment of assets	66,926	36,640	—	270	22,399	23,767	1,619	151,621
Disposals	—	(1,232)	—	—	—	—	(183)	(1,415)
Balance at 31 December 2024	**68,078**	**91,150**	**114**	**930**	**37,439**	**23,767**	**11,952**	**233,430**
NET BOOK VALUE								
At 31 December 2024	**—**	**68,498**	**139**	**2,324**	**30,662**	**9,058**	**24,913**	**135,594**

(i) *These foreign exchange differences relate to the revaluation of the reclamation provisions.*

(ii) *Additions include cash additions, right-of-use asset additions, property, plant and equipment ("PP&E") additions in payables, changes in estimate of reclamation provision and capitalised depreciation.*

(iii) *As at 31 December 2025, the estimate for the reclamation provision was decreased by $3.9 million (31 December 2024 - $5.6 million increase in estimate of reclamation provision), resulting in a corresponding decrease in the reclamation asset of the same amount.*

NOTE 12 OTHER NON-CURRENT ASSETS

The Group is required to post security with government agencies to ensure reclamation is completed on its mining properties as required by the legislation and regulations of Canada and the Northwest Territories. The security is in the form of cash, letters of credit ("LCs") or surety bond.

	31 December 2025	31 December 2024
Sample diamonds	392	2,378
Restricted cash *(a)*	7,348	7,793
Reclamation deposits *(b)*	87,797	82,069
- *Collateral posted for reclamation surety bonds*	13,441	13,037
- *Reclamation security deposits*	56,838	16,065
- *Collateral posted in environmental trust funds*	17,518	52,967
Other	880	281
Total other non-current assets	96,417	92,521

	Restricted Cash	Reclamation Deposits			Total
		Cash Collateral for Surety	Reclamation Security	Cash Deposits under Environmental Trust Funds	
Balance at 1 January 2025	7,793	13,037	52,967	16,065	89,862
Refund/transfer received	(922)	—	—	—	(922)
Interest income on restricted cash	111	—	—	—	111
Finance income / (expense)	—	(245)	1,237	654	1,646
Foreign exchange revaluation	366	649	2,634	799	4,448
Balance as at 31 December 2025	**7,348**	**13,441**	**56,838**	**17,518**	**95,145**

	Restricted Cash	Reclamation Deposits			Total
		Cash Collateral for Surety	Cash Deposits under Environmental Trust Funds	Reclamation Security	
Balance at 1 January 2024	10,564	44,575	—	16,993	72,132
Reclamation deposits made	3,053	—	26,935	—	29,988
Refund received	(5,444)	(31,735)	31,735	—	(5,444)
Interest income on restricted cash	640	—	—	—	640
Finance income / (expense)	—	3,743	(5,563)	438	(1,382)
Foreign exchange revaluation	(1,020)	(3,546)	(140)	(1,366)	(6,072)
Balance as at 31 December 2024	**7,793**	**13,037**	**52,967**	**16,065**	**89,862**

(a) Restricted cash

Restricted cash comprised of CDN$10.7 million held by financial institutions as collateral for LCs. These LCs were held by government agencies as security for reclamation obligations.

(b) Reclamation deposits

Collateral posted for reclamation surety bonds

The Group has an agreement with surety providers whereby the Group provides cash collateral over time up to 100% of the face amount of the bond; and the bond value will be reduced by the payment. There were no reclamation deposit contributions made during 2025. During 2024, total contribution of CDN$84.2 million were made to the environmental trust and surety bond value was reduced accordingly. The contribution includes CDN$45.6 million transferred from collateral for surety, CDN$29.0 million of cash collateral under new surety bond agreement signed in August 2024 and CDN$9.6 million pursuant to the security requirements for Phase Two development for Point Lake Water Licence.

NOTE 13 INVENTORY AND SUPPLIES

	31 December 2025	31 December 2024
Stockpile ore	4,026	925
Rough diamonds – work in progress	12,751	28,432
Rough diamonds – finished goods	145	26,874
Polished diamonds – finished goods	365	5,361
Supplies inventory	86,957	124,457
Total inventory and supplies	**104,244**	**186,049**

For the year ended 31 December 2025, inventories recognised in cost of sales were $253.6 million (31 December 2024: $370.6 million).

During the year ended 31 December 2025, there were $13.2 million (period ended 31 December 2024: $nil) diamond inventory write-downs in the Rough Diamond and $1.6 million (period ended 31 December 2024: $nil) in Polished Diamond segments.

NOTE 14 TRADE AND OTHER RECEIVABLES

	31 December 2025	31 December 2024
Trade receivables	78	913
Sales & income tax credits	1,846	2,842
Other deposits and receivables	757	2,423
Total trade and other receivables	**2,681**	**6,178**

The Group has recognised a loss of $nil (period ended 31 December 2024: $nil) in profit or loss in respect of the expected credit losses for the period ended 31 December 2025. The Group's exposure to credit risk is disclosed in Note 26. Total trade receivables are collectable within the next 12 months.

NOTE 15 CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash at bank and in hand	26,582	25,142
Total cash and cash equivalents	**26,582**	**25,142**

NOTE 16 CONTRIBUTED EQUITY

(a) Ordinary Shares

Ordinary share capital is classified as equity. The issued shares do not have a par value and there is no limit on the authorised share capital of the Company.

	31 December 2025		31 December 2024	
	No.	$	No.	$
Ordinary shares	1,421,701,987	200,607	1,421,634,421	200,607

(b) Movements in Ordinary Shares Issued

Year ended 31 December 2025	**Number**	**$**
At 1 January 2025	1,421,634,421	200,607
Exercise of options *(Note 28 b)*	67,566	—
Balance at 31 December 2025 - fully paid	**1,421,701,987**	**200,607**

Year ended 31 December 2024	**Number**	**$**
At 1 January 2024	1,421,205,230	200,607
Exercise of options	429,191	—
Balance at 31 December 2024 - fully paid	**1,421,634,421**	**200,607**

NOTE 17 RESERVES

	31 December 2025	31 December 2024
Convertible note reserve	4,384	4,384
Share-based payments reserve	4,368	4,000
Revaluation Reserve	(1,034)	(469)
Foreign currency translation reserve	(53)	(53)
Total reserves	**7,665**	**7,862**

Movement reconciliation		
Convertible Note Reserve		
Balance at the beginning of the period	4,384	4,384
Balance at the end of the period	**4,384**	**4,384**
Share Based Payment Reserve		
Balance at the beginning of the period	4,000	2,970
Equity settled share-based payment transactions *(Note 28)*	368	1,030
Balance at the end of the period	**4,368**	**4,000**
Revaluation Reserve		
Balance at the beginning of the period	(469)	(505)
Re-measurement of defined benefit obligation	(565)	36
Balance at the end of the period	**(1,034)**	**(469)**
Foreign Currency Translation Reserve		
Balance at the beginning of the period	(53)	(53)
Balance at the end of the period	**(53)**	**(53)**

Convertible notes reserve

The amount shown for other equity securities is the value of the conversion rights relating to the 6% convertible notes that was fully repaid in September 2024.

Share-based payment reserve

The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

Revaluation reserve

The revaluation reserve is used to record the re-measurement of defined benefit obligation net of tax expenses.

Foreign currency translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

NOTE 18 LOANS AND BORROWINGS

	Currency	Year of Maturity	Nominal Interest rate	31 December 2025 Face value	31 December 2025 Carrying amount	31 December 2024 Face value	31 December 2024 Carrying amount
2nd Lien Credit Agreement ("2L Loan") [(a)]	US$	2033	Note 18 (a)	73,834	58,443	73,834	73,834
Large Enterprise Tariff Loan Facility ("LETL Facility") [(b)]	A$	2032	Note 18 (b)	32,730	30,008	—	—
Bridge Financing [(c)]	US$/CDN$	2026	10%	7,067	7,067	—	—
Total loans and borrowings				**113,631**	**95,518**	**73,834**	**73,834**
Less current portion					7,067		—
Non-current portion					88,451		73,834

(a) 2L Loan

The 2L Loan with initial principal amount of $73.8 million and maturity date of 30 June 2026, was amended during December 2025 to have an extended maturity date of 17 December 2033 (12 months after the date of maturity of the LETL Facility). The loan initially had an interest rate of 10% per annum payable in arrears on the last day of each quarter until 30 June 2025. From 1 July 2025 till 17 December 2025, Payment in Kind ("PIK") interest was incurred on the loan and is payable on maturity. As of 17 December 2025 interest rates will match those of the LETL Facility (refer to 18 (b)). Payment in Kind ("PIK") interest representing interest capitalised to the principal loan balance will be incurred over the next 4 years to 17 December 2029. For the year-ended 31 December 2025, $3.7 million of interest was paid on the 2L Loan and $3.7 million of PIK interest was included in the carrying value of the loan (year ended 31 December 2024: $7.6 million).

There are no financial covenants under the 2L Loan agreement. All owned assets of Arctic Companies were initially pledged under the 2L Loan. However, during December 2025, the 2L Loan agreement was amended and 2L Loan was subordinated to the LETL Facility with respect to collateral on assets. The remaining non-financial covenants under the 2L Loan agreement that are applicable as at 31 December 2025, mainly relate to the submission of financial information by certain due dates. Under the 2L Loan agreement, intercompany loans between the Arctic Companies and the parent entity must be an unsecured loan, subordinated to the 2L Loan with maturity date after 17 December 2033.

Under the requirements of AASB 9 - Financial Instruments the accounting for modification of a financial liability depends on whether the modification is a substantial or a non-substantial modification. The modification is substantial where the present value of the amended cash flows differ from the carrying value of the original debt by more than 10%. Although, the quantitative assessment of the 2L Loan cash flow modification did not result in a difference of 10% or more, the Group determined that the modification was substantial after considering qualitative factors such as the 2L Loan being subordinated to the LETL Facility and amendment of interest from quarterly cash payment to PIK. Accordingly, these amendments to the 2L Loan were accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. As such on 17 December 2025, the carrying value of the 2L Loan decreased by $19.2 million representing debt extinguishment with the offset in Finance Income. In addition, accretion of $0.1 million was also recorded on the 2L Loan.

On 1 July 2023, 2L Loan holders were granted 149.6 million shares of Burgundy at A$0.25 amounting to $25.1 million (A$37.4 million) and as such also own an equity stake in the Company.

(b) Large Enterprise Tariff Loan Facility ("LETL Facility")

In December 2025, Arctic Canadian Diamond Company Ltd, the Borrower under this facility, secured up to a $83.4 million (CDN$115.0) loan facility through Canada's Large Enterprise Tariff Loan facility. The LETL Facility is managed by the Canada Enterprise Emergency Funding Corporation ("CEEFC"), which is a subsidiary of Canada Development Investment Corporation ("CDEV") and provides financial support to large Canadian enterprises impacted by actual and potential tariffs and countermeasures. The LETL Facility has a maturity date of 17 December 2032. As at 31 December 2025 the LETL Facility principal amount drawn was $32.8 million (CDN$45.0 million). Subsequent to 31 December 2025, the Group received the remaining CDN$70.0 million from the LETL Facility (see Note 35 (i)).

The LETL Facility interest rate is calculated by taking the quarterly Canadian Overnight Repo Rate Average ("CORRA") rate plus a margin of 200 basis points for the first two years till 31 December 2027, stepping up by 200 basis points each year thereafter till 31 December 2030, with no further step up till maturity. Interest accrued in the first 2 years may be capitalised as PIK interest, and subsequently is payable at the end of each quarter.

In consideration for providing the LETL Facility, the Company has also agreed to issue CEEFC 1,110,424,472 unlisted warrants, each exercisable into one fully-paid ordinary share of the Company at an exercise price of A$0.017 per warrant with a 10 year expiry. Warrants will vest proportionately as draws are made from the LETL Facility (see Note 19).

Transaction costs of $2.3 million were incurred and capitalised against the LETL Facility.

Reconciliation of face value to carrying value	**31 December 2025**
Face value	32,730
Warrants issued - value of conversion rights	(631)
Costs associated with the issuance of LETL Facility	(2,290)
	29,809
Unwinding of interest per effective interest rate method	55
PIK interest	56
Foreign exchange revaluation	88
Non-current portion	**30,008**

Mandatory prepayments are required upon occurrence of specific events such as:

- mandatory repayment on the maturity date;
- quarterly cash-sweeps of all cash and cash-equivalents in excess of an agreed amount, with effect on and from 1 January 2027;
- prepayment of all amounts outstanding under the LETL Facility, if a financing package for the development of Fox Mine has not been entered into by 31 December 2028 and
- pro-rata repayment of outstanding loan principal at any time the Borrower is required to repay principal amounts under its existing debt.

The LETL Facility includes various customary positive and negative covenants, including restrictions on corporate and financial activities, including limitations on incurring additional indebtedness or liens, asset dispositions, acquisitions, investments, distributions, related-party transactions, amendments to material contracts, entry into new lines of business, capital expenditures, hedging arrangements, and sale-leaseback transactions, except as expressly permitted under the loan agreements.

All assets of the Arctic Canadian Diamond Company Ltd. are pledged under the LETL Facility, except fuel inventory which is pledged under the fuel financing arrangement and capital leases that are collateral for the respective lessors. The Group is also required to maintain lender security interest over substantially all material assets of the Group and certain subsidiaries, ensure that such assets are owned by loan parties free of non-permitted encumbrances, preserve title to such assets, and cause certain subsidiaries and affiliates to provide guarantees.

The 2L Loan is subordinated under the LETL Facility. In addition, the surety bond providers have agreed to subordinate claims they have against the Group to the obligations under the LETL Facility. Agreed upon bond reduction payments have been extended past the maturity date of the LETL Facility.

(c) Bridge financing

Bridge financing represents $7.1 million received on 5 November 2025 from 2L lenders ($4.0M) and certain existing surety providers ($3.1 million) in the form of promissory notes with a maturity date of 2 February 2026. These promissory notes bear interest at 10% per annum that is calculated monthly and is payable upon on maturity. These promissory notes are not subject to any covenants. As of 31 December, 2025, interest of $0.1 million was payable on these promissory notes and is recorded in Trade and Other Payables. On 2 February, 2026, these promissory notes and outstanding interest were repaid in full (See Note 35 (ii)).

NOTE 19 WARRANTS LIABILITY

In consideration for providing the LETL Facility, the Company agreed to issue CEEFC 1,110,424,472 unlisted warrants, each exercisable into one fully-paid ordinary share of the Company at an exercise price of A$0.017 per warrant with a 10 year expiry. Warrants will vest proportionately as draws are made from the LETL facility.

The Warrants will be issued in two tranches as follows:

- 156,185,448 Warrants ("Tranche A") were issued on December 17, 2025 under the Company's existing placement capacity under ASX Listing Rule 7.1 and
- 954,239,024 Warrants ("Tranche B") to be issued subject to shareholder approval that is expected in the the first six months of 2026.

As of 31 December 2025, the Group recognised warrant liability of $0.6 million.

The inputs used in the measurement of the fair values are shown in the table below:

Share price - A$	$0.017
Exercise Price - A$	$0.017
Grant date	17 December 2025
Expiry date	17 December 2035
Volatility	102%
Risk-free rate	4.75%

NOTE 20 PROVISIONS

	31 December 2025	31 December 2024
Lease make good	65	65
Total provisions	**65**	**65**

The provision represents the estimated costs to make good the premises leased by the Group at the end of the respective lease term. A provision has been recognised for the present value of the estimated expenditure required to make good any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

NOTE 21 FUEL OFFTAKE FINANCING

During February 2025, the Group entered into a fuel offtake financing agreement with a subsidiary of Macquarie Bank Ltd. ("Macquarie"). Through this new agreement, Macquarie provided $39.2 million in financing to the Group in February 2025 which is secured by the underlying fuel inventory. The Group has made payments of $32.2 million to Macquarie for fuel consumption during the year ended 31 December 2025. The fuel offtake liability was fully repaid by 19 February 2026. This agreement provides a mechanism that enables the Group to better manage the levels of working capital and reduce seasonal volatility of its operating cash outflows.

NOTE 22 LEASE LIABILITIES

Property, plant and equipment comprises both owned and leased assets. The Group leases many assets including land and buildings, vehicles and machinery. Leases for which the Group is a lessee are presented below.

Right-of-use assets	Mineral properties	Equipment and leaseholds	Land and buildings	Total
Balance at 1 January 2025	395	20,325	4,193	24,913
Additions/modifications for the year	—	1,075	—	1,075
Disposals for the year	—	—	(678)	(678)
Transfers from assets under construction	—	6	—	6
Depreciation charge for the year	(165)	(6,034)	(469)	(6,668)
Balance at 31 December 2025	**230**	**15,372**	**3,046**	**18,648**

Right-of-use assets	**Mineral properties**	**Equipment and leaseholds**	**Land and buildings**	**Total**
Balance at 1 January 2024	559	22,698	7,182	30,439
Additions/modifications for the year	—	3,136	(3,136)	—
Disposals for the year	—	—	(742)	(742)
Transfers from assets under construction	—	—	3,891	3,891
Depreciation charge for the year	(164)	(4,088)	(2,804)	(7,056)
Impairment	—	(1,421)	(198)	(1,619)
Balance at 31 December 2024	**395**	**20,325**	**4,193**	**24,913**

Lease liabilities **Maturity analysis — contractual undiscounted cash flows**	**31 December 2025**
Less than one year	7,716
Two to five years	4,207
More than five years	107
Total undiscounted lease liability as at 31 December 2025	12,030
Finance expense	692
Lease liabilities included in the statement of financial position at 31 December 2025	**11,338**
Current	7,235
Non-current	4,103

Lease liabilities **Maturity analysis — contractual undiscounted cash flows**	**31 December 2024**
Less than one year	10,347
Two to five years	7,838
More than five years	410
Total undiscounted lease liability as at 31 December 2024	18,595
Finance expense	(1,529)
Lease liabilities included in the statement of financial position at 31 December 2024	**17,066**
Current	9,463
Non-current	7,603

Amounts recognised in profit or loss	**31 December 2025**	**31 December 2024**
Depreciation of right-of-use assets	6,668	7,056
Interest on lease liabilities	983	1,711
Amounts recognised in the statement of cashflows		
Total cash outflows for leases	6,485	10,025

NOTE 23 EMPLOYEE BENEFITS

The employee benefit obligation reflected in the consolidated balance sheet is as follows:

	31 December 2025	**31 December 2024**
Defined benefit plan obligation [(a)]	1,770	3,177
Defined contribution plan and other post-retirement plan obligation [(b)]	318	544
RSU and DSU Plans [(b) (c)]	1,426	1,848
Total employee benefit plan obligation	**3,514**	**5,569**
Less current portion	1,505	2,003
Non-current portion	2,009	3,566

(a) Defined benefit pension plan

The Group contributes to defined benefit plans in Canada. Pension benefits are based on the length of service and highest average covered earnings. The plans are governed by the Retirement Advisory Committee. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market investment risk.

(i) NET BENEFIT OBLIGATION

Funded Status	**31 December 2025**	**31 December 2024**
Accrued benefit obligation	44,237	54,585
Plan assets	44,466	51,408
Funded status - plan surplus	**(229)**	**3,177**

As at the last valuation date, on 31 December 2025, the present value of the defined benefit obligation comprised approximately $31.0 million relating to active employees, $4.6 million relating to deferred members and $8.7 million relating to retired members.

Defined Benefit Obligations	**31 December 2025**	**31 December 2024**
Opening balance	54,585	60,763
Service cost	1,463	1,874
Past service cost	(632)	—
Gain on settlements	(1,612)	—
Interest expense	2,375	2,613
Benefit payments	(2,993)	(6,220)
Settlement payments from plan assets	(9,916)	—
Remeasurements	(1,497)	404
Effect of changes in foreign exchange rates	2,464	(4,849)
Ending balance	**44,237**	**54,585**

(ii) PLAN ASSETS

Plan Assets	**31 December 2025**	**31 December 2024**
Opening balance	51,408	57,136
Interest income	2,275	2,497
Total employer contributions	1,304	2,073
Benefit payments	(2,993)	(6,220)
Settlement payments from plan assets	(9,916)	—
Administrative expenses paid from plan assets	(47)	(34)
Return on plan assets, excluding imputed interest income	59	516
Effect of changes in foreign exchange rates	2,376	(4,560)
Ending balance	**44,466**	**51,408**

The asset allocation of pension assets at 31 December 2025 and 2024 was as follows:

Asset Category	**31 December 2025**	**31 December 2024**
	%	**%**
Cash equivalents	0%	1%
Equity securities	24%	25%
Fixed income securities	62%	64%
Real Estate	12%	10%
Total	**100%**	**100%**

(iii) THE SIGNIFICANT ASSUMPTIONS USED FOR THE PLAN ARE AS FOLLOWS:

Actuarial assumptions	**31 December 2025**	**31 December 2024**
ACCRUED BENEFIT OBLIGATION		
Discount rate	4.70%	4.50%
Rate of salary increase	2.75%	2.75%
Rate of price inflation	2.00%	2.00%
Mortality table	CPM2014Priv with CPM-B Improvement	CPM2014Priv with CPM-B Improvement
BENEFIT COSTS		
Discount rate	4.50%	4.60%
Expected rate of salary increase	2.75%	2.75%
Rate of compensation increase	2.75%	2.75%

Sensitivity Analysis - Defined Benefit Obligation	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	0.50%	45,941	42,677
Salary growth rate	0.25%	44,072	44,404
Mortality table	1 year	44,647	43,817

The above sensitivity analysis illustrates the present value of defined benefit obligation and is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

(iv) FUNDING POLICY

The Group funds the plans in accordance with the requirements of the Canadian Pension Benefits Standards Act, 1985 and the Pension Benefits Standards Regulations and the actuarial professional standards with respect to funding such plans. Funding deficits are amortised as permitted under the Regulations. In the Group's view, this level of funding is adequate to meet current and future funding needs in light of projected economic and demographic conditions. The Group may in its absolute discretion fund in excess of the legislated minimum from time to time, but no more than the maximum contribution permitted under the Canada's Income Tax Act. The expected contribution to the plan for the next fiscal year is $1.1 million.

	Total
Defined benefit schedule for disbursements within 1 year	4,959
Defined benefit schedule for disbursements within 2-5 years	33,978
Defined benefit schedule for disbursements after five or more years	8,784

(b) Defined contribution plan

During the year ended 31 December 2025, the Group recognised $3.5 million expenses (31 December 2024 - $5.0 million). As at 31 December 2025, the defined contribution plan liability was $0.3 million (31 December 2023 - $0.4 million).

(c) Restricted Share Unit ("RSU") and Deferred Share Unit ("DSU") Plans - cash settled

Grants under the RSU plans are on a discretionary basis to employees of the Group subject to Board of Directors' approval. Grants of RSU under the RSU Plan vest annually on the anniversary of the original grant date over the specified vesting period. The Group shall pay out cash on the respective vesting dates of RSUs equivalent to the number of RSUs vested at the fair market value of the RSUs. Fair market value is determined as the volume weighted average trading price ("VWAP") of the Common Shares on the Australian Stock Exchange for the five trading days immediately preceding the redemption date.

Grants under the DSU plans are on a discretionary basis to employees of the Group and its subsidiaries subject to Board of Directors' approval. Grants of DSU under the DSU Plan vest annually on the anniversary of the original grant date over the specified vesting period. Vested DSU grants are only exercisable on departure of the employee (e.g. retirement, resignation, death). The Group shall pay out cash on the respective vesting dates of DSUs equivalent to the number of DSUs vested at the fair market value of the DSUs. Fair market value is determined as the VWAP of the Common Shares on the Australian Stock Exchange for the five trading days immediately preceding the redemption date.

The expenses related to RSUs and DSUs are accrued based on fair value, determined as at the date of grant. This expense is recognised as compensation expense over the vesting period. Until the liability is settled, the fair value of the RSUs and DSUs is remeasured at the end of each reporting period and at the date of settlement, with changes in fair value recognised as share-based compensation expense or recovery over the vesting period.

RSU and DSU Plans

	Number of units	
RSU	**31 December 2025**	**31 December 2024**
Opening balance	12,213,065	6,032,568
Awards and payouts during the year		
RSU awards	65,454,184	6,180,497
RSU forfeited	(4,668,888)	—
Ending balance	**72,998,361**	**12,213,065**

	Number of units	
DSU	**31 December 2025**	**31 December 2024**
Opening balance	43,546,115	36,195,408
Awards and payouts during the year		
DSU awards	123,479,154	7,350,707
DSU forfeited	(19,397,279)	—
Ending balance	**147,627,990**	**43,546,115**

The Group recognised a recovery of $0.4 million for the year ended 31 December 2025 (year ended 31 December 2024: $1.7 million) in respect of the RSU and DSU plans. The total carrying amount of liabilities for RSU and DSU arrangements as at 31 December 2025 is $1.4 million (31 December 2024: $1.8 million).

NOTE 24 RECLAMATION PROVISIONS

As at 31 December 2025, the estimated total undiscounted amount of the future cash flows required to settle the reclamation obligation is estimated to be CDN$427.9 million (31 December 2024: CDN$397.4 million). These obligations will be settled between 2026 to 2045. This amount has been discounted using risk-free rate of 3.85% and an inflation rate of 1.98% was applied.

Reclamation provisions are related to future environmental remediation and site restoration of mining site. Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred and the timing of these cash outflows. The expected timing of expenditures can also change for other reasons, for example because of changes to expectations relating to Ore Reserves and Mineral Resources, production rates, renewal of operation licences, economic conditions and regulatory assessment of reclamation expenditures. The revision of previous estimates is based on revised expectations of reclamation activity costs, changes in estimated reclamation timelines and fluctuations in foreign exchange rates. A reconciliation of the carrying amount of asset retirement obligations is set out below:

	31 December 2025	**31 December 2024**
Opening balance	229,224	236,204
Revisions of previous estimates	(3,866)	5,554
Accretion of provision	7,829	6,925
Foreign exchange revaluation	11,606	(19,459)
Ending balance	**244,793**	**229,224**
Non-current portion	244,793	229,224

As at 31 December 2025, the Group had restricted cash of $7.3 million (31 December 2024: $7.8 million) at banks, reclamation deposits of $31.0 million (31 December 2024: $29.1 million) with government agencies as cash collateral for reclamation obligations and environment trust fund of $56.8 million (31 December 2024: $53.0) with a trustee (see Note 12).

NOTE 25 TRADE AND OTHER PAYABLES

	31 December 2025	31 December 2024
Trade and other payables	39,312	17,094
Accrued expenses	29,428	31,326
Interest payable on loans	107	—
Total trade and other payables	**68,847**	**48,420**

NOTE 26 FINANCIAL RISK MANAGEMENT

(a) Financial Instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	31 December 2025		31 December 2024 (*restated)	
	Fair value	Carrying value	Fair value	Carrying value
Financial assets at amortised cost				
Cash and cash equivalents *(i)*	26,582	26,582	25,142	25,142
Trade and other receivables *(i), (ii)*	835	835	3,336	3,336
Restricted cash *(i)*	7,348	7,348	7,793	7,793
Financial assets at fair value				
Reclamation deposits	87,797	87,797	82,069	82,069
Total financial assets	**122,562**	**122,562**	**118,340**	**118,340**
Total current	27,417	27,417	28,478	28,478
Total non-current	95,145	95,145	89,862	89,862
Financial liabilities at amortised cost				
Trade and other payables *(i)*	68,847	68,847	48,420	48,420
Fuel offtake liability *(i)*	8,299	8,299	——	—
Deferred payables	12,461	12,461	—	—
Loans and borrowings	95,518	95,518	73,834	73,834
Financial liabilities at fair value (*)				
Warrant liability	621	621		
Total financial liabilities	**185,746**	**185,746**	**122,254**	**122,254**
Total current	76,535	76,535	48,420	50,388
Total non-current	109,211	109,211	73,834	73,834

(i) The fair value of these financial instruments approximates their carrying value due to the short term to maturity.
(ii) Excludes sales tax credits receivable (see Note 14).

All financial assets and liabilities measured at amortised cost are classified as Level 2 measurements.

(i) Measurement of fair value

<u>Reclamation deposits</u>

Reclamation deposits is classified as Level 2 fair value measurement. The fair value of reclamation deposits was discounted by applying respective Government of Canada Benchmark Bond yields rate to respective deposits dependent on its year of maturity when the deposits are released for reclamation recovery.

<u>Warrant liability</u>

Warrant liability is classified as Level 2 fair value measurement. The warrant liability is measured using Black Scholes option pricing model. The valuation technique incorporates inputs such as quoted market price of the Company's shares, expected volatility based on historical volatility, risk-free interest rate, contractual exercise price and expected life based on contractual terms.

(b) Risk Management Overview

The Group has exposure to the following risks arising from financial instruments:

(i) Market risk: foreign currency and interest rate risk
(ii) Financial risk: credit and liquidity risk

Risk Management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by third-party consultant. The consultant undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(i) Currency risk management

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Group. The functional currency of the Group is the US dollar. Purchases are primarily denominated in Canadian dollars, sales and loans are primarily denominated in US dollars and convertible notes are denominated in Australian dollars.

Based on the Group’s net exposure to Canadian and Australian dollar monetary assets and liabilities as at 31 December 2025, a one-cent change in the exchange rate would have impacted pre-tax loss for the year by $0.2 million (31 December 2024 - $0.1 million) for Canadian Dollar denominated monetary assets and liabilities, and respectively by $nil (31 December 2024 - $nil million) for Australian dollar denominated monetary assets and liabilities.

The current risk management policy is to monitor the foreign exchange rate and purchase at spot rate before the settlement of liabilities. The Group limits its foreign currency risk by limiting funds held in overseas bank accounts and paying its creditors promptly.

(ii) Interest rate risk

The Group has exposure to variable interest rates on the 2L Loan and LETL Facility. A change of 100 basis points in variable interest rates at the reporting date would have had a $nil impact on the pre-tax loss for the year.

(iii) Credit risk management

Credit risk is the risk of a financial loss to the Group if a customer or counterparty in a transaction fails to meet its contractual obligation. The Group adopts a sales policy which requires receipt of cash prior to the delivery of rough diamonds to its majority of customers and an investing policy to invest with major financial institutions. In contrast, the Group employs credit policies to its customers on polished diamond sales by monitoring exposure to credit risk on an ongoing basis. As a result, the Group’s exposure to credit risk arising from diamond sales is minimal.

The Group's cash, restricted cash and reclamation deposits are deemed low risk as it's invested in short-dated money market securities and bank accounts held at investment grade financial institutions. The financial institutions are medium credit quality or higher operating in low-geopolitical risk jurisdictions, including Canada, Belgium and Australia. As at 31 December 2025, the Group's maximum counterparty credit exposure consists of the carrying amount of cash, restricted cash, accounts receivable and reclamation deposits.

(iv) Liquidity and capital risk management

The Group's capital includes cash, current and non-current borrowings and contributed equity. Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The Group manages its liquidity by ensuring that there is sufficient capital to meet short-term and long-term business requirements, after taking into account cash flows from operations, the Group's holdings of cash and cash equivalents, debt and equity offering and equipment financing or leasing arrangement. The Group also strives to maintain sufficient financial liquidity at all times in order to participate in investment opportunities as they arise, as well as to withstand sudden adverse changes in economic circumstances. The Group's capital includes cash, non-current borrowings and contributed equity.

Management applies judgement when forecasting cash flows for its current and subsequent fiscal years to predict future financing requirements by managing sales, monitoring operating and capital expenditures, and obtaining alternative financing arrangement for short term cash needs. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions. See Note 2 (b) for further details on the going concern assumption.

The following table summarises the aggregate amount of expected remaining gross contractual undiscounted cash flow requirements for the Group's financial liabilities based on repayment or maturity periods.

		Contractual cash flows			
	Carrying amount	***Less than 1 year***	***Year 2-3***	***Year 4-5***	***After 5 years***
Trade and other payables	68,847	(68,847)	—	—	—
Deferred payables	12,461	—	(12,461)	—	—
Fuel offtake	8,299	(8,299)	—	—	—
Lease liabilities	12,062	(7,716)	(4,207)	(64)	(75)
Loans and borrowings [(i)]	223,709	(7,267)	—	—	(216,442)

[(i)] *These contractual cashflows include coupon interest.*

The future cash flows of consideration payable may be different from the amounts in the table above as diamond production, pricing or other relevant conditions underlying the consideration payable change.

Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Group's development, there are no formal targets set for return on capital. There were no changes to the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements. The net equity of the Group is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

NOTE 27 RELATED PARTY DISCLOSURE

a) Investment in controlled entities

Name	Country of Incorporation	Percentage Owned 31 December 2025	Percentage Owned 31 December 2024
Arctic Canadian Diamond Company Ltd.	Canada	100%	100%
Arctic Canadian Diamond Marketing N.V. (i)	Belgium	—	100%
BDM Del Peru S.A.C.	Peru	100%	100%
Burgundy Diamonds (Canada) Limited	Canada	100%	100%
Burgundy Diamonds SARL (ii)	France	100%	100%
Naujaat Project	Canada	40%	40%

(i) Dissolution completed on 30 December 2025.
(ii) Under dissolution.

b) Key management personnel compensation

The aggregate compensation made to directors and other key management personnel ("KMP") of the Group is set out below:

	Year ended 31 December 2025	Year ended 31 December 2024
Short-term benefits	719	1,959
Post-employment benefits	131	322
Share-based payments	186	1,521
Total KMP Compensation	**1,036**	**3,802**

c) Transactions with related parties

During the year ended 31 December 2025, the Arctic Companies had sales of $50.8 million to companies managed by a director of the Group. Included in these related party sales, there were sales $46.6 million that were under the advance inventory purchase agreements. These advances were provided at an interest rate of 15% per annum and were settled through sale of diamond inventories to the companies managed by a director of the Group. Two independent valuations were obtained to determine the value of diamond inventories that were sold under the advance inventory purchases agreements. These advances were secured by diamond inventories of the Group. The 2L lenders provided a waiver to exempt such inventories from being pledged under the 2L agreement. As of 31 December 2025, there was no balance outstanding under the advance inventory purchase agreement.

During 2024, the Company also had purchases of $0.4 million from and had sales of $0.2 million to a company managed by a director of the Group. Furthermore, the Arctic Companies had sales of $5.7 million to companies managed by a director of the Group during the year ended 31 December 2024.

As at 31 December 2025, the Group had $73,038 of directors fees payable in deferred share units (31 December 2024: $129,046) and $nil in bonuses payable to KMP (31 December 2024: $382,236).

During September 2024, the Company paid $5.0 million to cash settle the convertible notes that were issued to KMP and paid KMP $0.1 million as interest on convertible notes during 2024.

There were no other transactions with related parties during the year ended 31 December 2025.

NOTE 28 SHARE-BASED PAYMENTS

(a) Recognised share-based payment transactions

(rounded to the nearest US dollar)	Year ended 31 December 2025	Year ended 31 December 2024
Options issued to employees (i)	368,265	1,007,719
Total share-based payments expense	**368,265**	**1,007,719**

(i) Recorded in other reserves.

Share-based payments expense for the year ended 31 December 2025 is $368,265 (31 December 2024: $1,007,719). Included in the expense is reversal of $174,390 of unvested options that were forfeited during the year.

(b) Summary of options

31 December 2025

Options	Grant Date	Date of Expiry	Exercise Price (A$)	Balance at the start of the period	Granted during the period	Exercised during the period	Forfeited during the period	Balance at the end of the period
Employees	02-08-22	30-08-27	$nil	877,408	—	(67,566)	—	809,842
Consultant	02-08-22	05-08-26	$0.26	1,000,000	—	—	—	1,000,000
Employee - CEO	21-11-23	01-07-26	$0.30	10,000,000	—	—	(5,000,000)	5,000,000
Employees - CEO & other employees	01-12-23	30-11-28	$0.18	12,065,136	—	—	(5,048,526)	7,016,610
Employees - CEO & other employees	01-04-24	31-03-29	$0.21	12,360,994	—	—	(4,289,249)	8,071,745
Employees - other employees	01-04-25	31-03-30	$0.05	—	23,168,750	—	—	23,168,750
				36,303,538	**23,168,750**	**(67,566)**	**(14,337,775)**	**45,066,947**

On 1 April 2025, the Company issued 23,168,750 unlisted options with an exercise price of A$0.05 to employees of the Group in accordance with the Company's Option Plan. The fair value of the options were measured using the Black-Scholes valuation Model. As at 31 December 2025 an expense of $253,122 was recorded for stock option issued under this grants. These options can be redeemed at the option of the holder via issuance of Company shares, cashless exercise or settled for net cash benefit which would represent the difference between the share price on date of exercise and share price on grant date.

The inputs used in the measurement of the fair values at grant date are shown in the table below:

	Employee Options
Number of options	23,168,750
Grant date	1 April 2025
Expiry date	31 March 2030
Exercise price - A$	$0.05
Share price at grant date - A$	$0.05
Expected volatility	98%
Risk-free interest rate	3.85%
Fair Value - A$	**$0.04**

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, over the historical period commensurate with the term of the option.

31 December 2024

Options	Grant Date	Date of Expiry	Exercise Price (A$)	Balance at the start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at the end of the period
Lead Managers	23-09-21	22-09-24	$0.36	10,000,000	—	—	(10,000,000)	—
Employees	02-08-22	30-08-27	$nil	1,306,599	—	(429,191)	—	877,408
Consultant	02-08-22	05-08-26	$0.26	1,000,000	—	—	—	1,000,000
Employee - CEO	21-11-23	01-07-26	$0.30	10,000,000	—	—	—	10,000,000
Employees - CEO & other employees	01-12-23	30-11-28	$0.18	12,065,136	—	—	—	12,065,136
Employees - CEO & other employees	01-04-24	31-03-29	$0.21	—	12,360,994	—	—	12,360,994
				34,371,735	**12,360,994**	**(429,191)**	**(10,000,000)**	**36,303,538**

On 1 April 2024, the Company issued 12,360,994 unlisted options with an exercise price of A$0.21 to employees of the Group in accordance with the Company's Option Plan. The fair value of the options were measured using the Black-Scholes valuation Model. As at 31 December 2024 an expense of $548,575 was recorded for stock option issued under this grants. These options can be redeemed at the option of the holder via issuance of Company shares, cashless exercise or settled for net cash benefit which would represent the difference between the share price on date of exercise and share price on grant date.

The inputs used in the measurement of the fair values at grant date are shown in the table below:

	Employee Options
Number of unlisted options	12,360,994
Grant date	1 April 2024
Expiry date	31 March 2029
Exercise price - A$	$0.21
Share price at grant date - A$	$0.20
Expected volatility	98%
Risk-free interest rate	3.61%
Fair Value - A$	**$0.15**

(c) Reconciliation of outstanding share options

The Company's shares are primarily traded in Australian Dollar on the Australian Stock Exchange and, accordingly, share option information is presented in Australian dollars. The number and weighted average prices of share options are as follows:

	31 December 2025		**31 December 2024**	
Range of exercise prices	**Options**	**Weighted average exercise price A$**	**Options**	**Weighted average exercise price A$**
Outstanding at 1 January and 1 July	36,303,538	0.22	34,371,735	0.26
Granted during the year	23,168,750	0.05	12,360,994	0.21
Forfeited during the year	(14,337,775)	0.17	—	—
Exercised during the year	(67,566)	—	(429,191)	—
Expired during the year	—	—	(10,000,000)	0.36
Outstanding, at 31 December	**45,066,947**	**0.10**	**36,303,538**	**0.22**

The weighted average share price at date of exercise for share options exercised during the year ended 31 December 2025 was A$0.05 (31 December 2024: A$0.12).

The following table summarises information about share options outstanding as at 31 December 2025:

Range of exercise prices	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life in years	Weighted average exercise price	Number exercisable	Weighted average exercise price
A$			A$		A$
Nil	809,842	1.67	—	809,842	—
0.05-0.10	23,168,750	4.25	0.05	—	—
0.18-0.21	15,088,355	3.09	0.20	7,368,322	0.19
0.26–0.36	6,000,000	0.52	0.29	6,000,000	0.29
	45,066,947	**—**	**0.13**	**14,178,164**	**0.22**

The following table summarises information about share options outstanding as at 31 December 2024:

Range of exercise prices	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life in years	Weighted average exercise price	Number exercisable	Weighted average exercise price
A$			A$		A$
Nil	877,408	2.67	—	877,408	—
0.18-0.21	24,426,130	4.09	0.19	4,021,712	0
0.26–0.36	11,000,000	1.51	0.30	6,000,000	0.29
	36,303,538	**—**	**0.22**	**10,899,120**	**0.23**

NOTE 29 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2025	Cashflow (i)	Non-cash changes				31 December 2025
			Additions or modifications	Foreign exchange	Finance expenses	Other (ii)	
2L Loan	73,834	—	(19,192)	—	3,802	—	58,444
LETL Facility	—	32,730	—	88	111	(2,921)	30,007
Bridge financing	—	7,067	—	—	—	—	7,067
Lease obligations	17,066	(7,140)	(386)	815	983	—	11,338
Total	**90,900**	**32,657**	**(19,578)**	**903**	**4,895**	**(2,921)**	**106,856**

(i) Lease cashflows include lease principal and lease interest payments.

(ii) These represent transaction costs of $2.3 million and warrant liability of $0.6 million that was recorded separately from the LETL Facility.

	1 January 2024	Cashflow (i)	Non-cash changes			31 December 2024
			Additions	Foreign exchange	Finance expenses	
Convertible notes (ii)	22,304	(23,245)	—	(496)	1,437	—
2L and 3L Loans (iii)	73,834	—	—	—	—	73,834
Lease obligations	26,111	(11,918)	2,627	(1,465)	1,711	17,066
Total	**122,249**	**(35,163)**	**2,627**	**(1,961)**	**3,148**	**90,900**

(i) Lease cashflows include lease principal and lease interest payments.

(ii) Non-cash changes on convertible notes in 'Other' include $33 thousand in exercise of convertible note (note 19).

(iii) 3L Term Loan was an assumed liability by the Group with the acquisition of Arctic Companies that was repaid on acquisition date.

NOTE 30 COMMITMENTS

As at 31 December 2025, the Group had commitments that require the following minimum future payments, which were not accrued in the consolidated statement of financial position:

Contractual Obligations	Total	Less than 1 year	Year 2–3	Year 4–5	After 5 years
Participation agreements commitments [(a)]	33,499	3,718	7,436	7,436	14,909
Environmental agreements commitments [(b)]	7,158	707	1,492	1,559	3,400
Surface and mineral licenses	7,254	1,374	900	900	4,080
Purchase commitments	30,561	30,561	—	—	—
Total contractual obligations	**78,472**	**36,360**	**9,828**	**9,895**	**22,389**

(a) Participation agreements

Ekati Diamond Mine has signed participation agreements with various aboriginal communities. Contractual obligations under these agreements amount to $33.5 million and are expected to contribute to the social, economic and cultural well-being of these communities.

(b) Environmental commitments

To comply with environmental and other regulatory agreements, the Group has secured its reclamation obligations for the Ekati Diamond Mine through surety bonds and Letter of Credit ("LCs") for reclamation obligation for the Ekati Diamond Mine. These LCs issued under the LC Facility are fully cash collateralised at 100% of their face value. As at 31 December 2025, CDN$3.1 million LCs were issued and outstanding.

During 2024, the Group signed a new surety bond agreement, in which the Group is required to make four quarterly payments of CDN$14.5 million each to cash collateralise the surety bonds until 2027. These payments are contingent on maintaining a minimum cash balance of at least US$30.0 million at all times. Additionally, while the bonds remain outstanding, Arctic Companies are prohibited from declaring or paying dividends or distributions without prior written consent from the surety providers. As part of the LETL Facility negotiations, the surety bond providers have agreed to subordinate claims they have against the Group to the obligations under the LETL Facility. The quarterly bond reduction payments have been extended past the maturity date of the LETL Facility.

No cash collateral was posted by the Group during the year ended 31 December 2025.

		31 December 2025	31 December 2024
Surety bonds	CDN$	190,740	193,490
	US$ equivalent	139,297	134,471

(c) Contingent liabilities

In the ordinary course of business activities, the Group may be contingently liable for litigation and claims that arise due to the size, complexity and nature of the Group's operations. The outcome of such claims against the Group is not determinable at this time; however, their ultimate resolution is not expected to have a material adverse effect on the Group.

NOTE 31 AUDITOR'S REMUNERATION

(rounded to the nearest US dollar)	31 December 2025			
Amounts received or due and receivable by auditors:	**KPMG Australia**	**KPMG Canada**	**KPMG Belgium**	**Total**
Audit and review of the annual and half-year financial report	192,165	465,048	125,896	783,109
Total audit and audit related	**192,165**	**465,048**	**125,896**	**783,109**
Other services				
Kimberley certification audit	—	—	9,255	9,255
Audit of pension plans	—	32,140	—	32,140
Audit of ACDM dissolution	—	—	6,941	6,941
Total other services	**—**	**32,140**	**16,196**	**48,336**
Total audit and other services	**192,165**	**497,188**	**142,092**	**831,445**

(rounded to the nearest US dollar)	31 December 2024			
Amounts received or due and receivable by auditors:	**KPMG Australia**	**KPMG Canada**	**KPMG Belgium**	**Total**
Audit and review of the annual and half-year financial report	177,286	321,385	132,243	630,914
Total audit and audit related	**177,286**	**321,385**	**132,243**	**630,914**
Other services				
Kimberley certification audit	—	—	8,076	8,076
Audit of pension plans	—	29,801	—	29,801
Accounting matters	27,031	—	—	27,031
Total other services	**27,031**	**29,801**	**8,076**	**64,908**
Total audit and other services	**204,317**	**351,186**	**140,319**	**695,822**

NOTE 32 PARENT ENTITY

	31 December 2025	31 December 2024
Assets		
Current assets	5,744	9,238
Non-current assets	147,627	154,230
Total assets	**153,371**	**163,468**
Liabilities		
Current liabilities	1,608	1,625
Non-current liabilities	—	179
Total liabilities	**1,608**	**1,804**
Equity		
Contributed equity	200,607	200,607
Reserves	8,752	8,384
Accumulated losses	(57,596)	(47,327)
Total equity	**151,763**	**161,664**
Net profit/(loss) for the year	(10,270)	6,265
Total comprehensive loss	**(10,270)**	**6,265**

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2025 and 2024.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2025 and 2024.

Warrants commitments

The parent entity has a commitment to issue 1,110,424,472 Tranche B warrants to CEFFEC upon receiving shareholder approval (see Note 19).

Exploration commitments

The parent entity has no significant exploration commitments.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed through the report, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 33 MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

(a) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Burgundy Diamond Mines Limited as at 31 December 2025 and 31 December 2024. The results of subsidiaries are presented for the year from 1 January 2025 to 31 December 2025 and the year from 1 January 2024 to 31 December 2024.

(i) SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. All subsidiaries are consolidated from the date on which control is transferred to the Group until the date on which control ceases.

All intra-group balances, income and expenses, and unrealised gains and losses resulting from intra-group transactions of the consolidated entities are eliminated in full on consolidation.

(ii) JOINT ARRANGEMENTS

Joint arrangements represent activities where the Company has joint control established by a contractual agreement. Joint control requires unanimous consent for financial and operational decisions. A joint arrangement is either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities, or a joint venture, whereby the parties have rights to the net assets. Classification of a joint arrangement as either joint operation or joint venture requires judgement. Management's consideration includes, but are not limited to, determining if the arrangement is structured through as separate vehicle and whether the legal from and contractual arrangements give the entity direct rights to the assets and obligations for the liabilities within the normal course of business. Other facts and circumstances are also assessed by management, including the entity's rights to the economic benefits of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

(b) Business combination

Acquisitions of businesses are accounted for using the acquisition method whereby all identifiable assets and liabilities are recorded at their fair value as at the date of acquisition with limited exceptions. Any excess purchase price over the aggregate fair value of identifiable net assets is recorded as goodwill. Acquisition related costs are expensed as incurred and are included in the consolidated statement of profit or loss. Estimates of future cash flows, forecast prices, interest rates and discount rates are made in determining the fair value of assets acquired and liabilities assumed. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities, intangible assets and goodwill in the purchase price equation.

(c) Property, plant and equipment ("PPE")

(i) EXPLORATION AND EVALUATION EXPENDITURES

Exploration and evaluation activities include: acquisition of rights to explore; topographical, geological, geochemical and geophysical studies; exploratory drilling; trenching and sampling; and activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources. Exploration and evaluation costs are expensed as incurred. They are only capitalised when the Group concludes that there is evidence to support probability of generating positive economic returns in the future. A mineral resource is considered to have economic potential when it is expected that the technical feasibility and commercial viability of extracting the mineral resource can be demonstrated and the future economic benefits are probable.

In making this determination, the extent of exploration, as well as the degree of confidence in the mineral resource, is considered. Capitalised exploration and evaluation expenditures are recorded as a component of property, plant and equipment. Capitalised exploration and evaluation assets will be assessed for impairment when specific facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Once development is sanctioned, any capitalised exploration and evaluation costs are tested for impairment and reclassified to mineral property assets within property, plant and equipment. All subsequent development expenditure is capitalised.

Capitalised exploration and evaluation costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

(ii) COMMENCEMENT OF COMMERCIAL PRODUCTION

There are a number of quantitative and qualitative measures the Group considers when determining if conditions exist for the transition from pre-commercial production to commencement of commercial production of an operating mine, which include:

- all major capital expenditures have been completed to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management;
- mineral recoveries are at or near expected production levels; and
- the ability exists to sustain ongoing production of ore.

(iii) PP&E COST

Items of PP&E are measured at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price and construction cost, any costs directly attributable to bringing the asset into operation including stripping costs incurred in open pit development before production commences, the initial estimate of the site restoration obligation and, borrowing costs for qualifying assets. Repair and maintenance costs are expensed as incurred. When parts of an item of PP&E have different useful lives, the parts are accounted for as separate items (major components) of property, plant and equipment.

(iv) DEPRECIATION AND AMORTISATION

Assets under construction are not depreciated until these assets are ready for their intended use. The unit- of-production method is applied to a substantial portion of the Ekati Diamond Mine property, plant and equipment. Depending on the asset, it is based on either tonnes of material processed or carats of diamonds recovered during the period relative to the estimated proven and probable ore reserves of the ore deposit being mined, or to the total ore deposit. Other property, plant and equipment is depreciated using the straight-line method over the estimated useful lives of the related assets which are as follows:

Asset	***Estimated useful life (years)***
Buildings	Up to 15
Machinery and mobile equipment	2–15
Computer equipment and software	3–6
Furniture, fixtures and equipment	2–10
Polishing equipment	4–10
Leasehold and building improvements	Up to 15
Right-of-use assets	Lease term or life of the asset

The estimation of mineral reserves is a subjective process. The Group estimates its mineral reserves based on information compiled by an appropriately qualified person. Forecasts are based on engineering data, projected future rates of production and the timing of future expenditures, all of which are subject to numerous uncertainties and various interpretations. The Group expects that its estimates of reserves will change to reflect updated information. Reserve estimates can be revised upward or downward based on the results of additional future drilling, testing or production levels and on diamond prices. Changes in reserve estimates may impact the carrying value of exploration and evaluation assets, mineral properties, property, plant and equipment, mine rehabilitation and site restoration provisions, recognition of deferred tax assets, and depreciation charges. Estimates and assumptions about future events and circumstances are also used to determine whether economically viable reserves exist that can lead to commercial development of an ore body.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. The impact of changes to the estimated useful lives or residual values is accounted for prospectively.

(v) STRIPPING COSTS

Mining costs associated with stripping activities in an open pit mine are expensed unless the stripping activity can be shown to represent a betterment to the mineral property, in which case the stripping costs would be capitalised and included in deferred mineral property costs within mining assets.

When the benefit from the stripping activity is realised in the current period, the stripping costs are accounted for as the cost of inventory. When the benefit is the improved access to ore in future periods, the costs are recognised as a mineral property asset – if improved access to the ore body is probable, the component of the ore body can be accurately identified, and the cost associated with improving the access can be reliably measured. If these conditions are not met, the costs are expensed to the consolidated statement of profit or loss as incurred. After initial recognition, the stripping activity asset is depreciated on a systematic basis (unit-of- production method) over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

(vi) MAJOR MAINTENANCE AND REPAIRS

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. When an asset, or part of an asset that was separately depreciated, is replaced and it is probable that future economic benefits associated with the new asset will flow to the Group through an extended life, the expenditure is capitalised. The unamortised value of the existing asset or part of the existing asset that is being replaced is expensed. Where part of the existing asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced asset, which is immediately written off. All other day-to-day maintenance costs are expensed as incurred.

(d) Assets held for sale

Non-current assets are classified for held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment loss on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, property, plant and equipment is no longer amortised or depreciated.

(e) Impairment of non-financial assets

The carrying amounts of the Group’s non-financial assets other than inventory and deferred taxes are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated.

IMPAIRMENT INDICATOR

Determining whether there are any indications of impairment requires significant judgement of external factors, such as customer turnover, marketing supply and demand, change in discount and foreign exchange rates, a significant decline in an asset's market value and significant changes in the technological, market, economic or legal environment that would have an adverse impact on the Group's cash generating unit (“CGU”). For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets, referred to as a CGU. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the asset is tested as part of a CGU.

RECOVERABLE AMOUNT

The recoverable amount of an asset is the greater of its fair value less cost of disposal (“FVLCD”) and its value in use. In the absence of a binding sales agreement, fair value is estimated on the basis of values obtained from an active market or from recent transactions or on the basis of the best information available that reflects the amount that the Group could obtain from the disposal of the asset.

FVLCD is estimated by using the discounted future after-tax cash flows expected to be derived from the CGU, less an estimated amount for cost to dispose. The determination of FVLCD for each CGU are considered to be Level 3 of the fair value measurements, as they are derived from valuation techniques that include inputs that are not based on observable market data. When discounting estimated future after-tax cash flows, the Group uses an after-tax discount rate which reflects the risks specific to the CGU. Estimated cash flows are based on expected future production, expected selling prices, expected operating costs and expected capital expenditures. Value in use is defined as the present value of future pre-tax cash flows expected to be derived from the use of an asset, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Expected rough diamond production levels, which comprise proven and probable reserves and an estimate of the recoverable amount of resources, are used to estimate expected future cash flows. Expected future rough diamond prices are estimated based on realised prices for rough diamonds sold during the Group's most recent sale, geological data regarding the quality of rough diamonds in reserves and resources and expected future levels of worldwide diamond production. Future operating and capital costs, including labour and fuel costs, are based on the most recently approved life of mine plan, which is reviewed and approved annually by senior management and the Board of Directors. The assessment also requires estimates and assumptions related to foreign exchange rates and discount rates, which are determined based on prevailing market conditions at the date of the assessment. Where applicable, assumptions are aligned with the Group's most recent economic analysis of mineral reserves and resources. Financial results as determined by actual events could differ from those estimated, and changes in these estimates that decrease the estimated recoverable amount of the CGU could affect the carrying amounts of assets and result in an impairment charge.

IMPAIRMENT LOSS

When the recoverable amount of a CGU is less than the carrying amount of that CGU, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to that CGU, and then to the other assets of that CGU pro rata on the basis of the carrying amount of each asset in the CGU. Any impairment loss is recognised directly in the consolidated statement of profit in those expense categories consistent with the function of the impaired asset. Impairment losses for property, plant and equipment and intangible assets are reversed if there has been a change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognised, and it has been determined that the asset is no longer impaired or that impairment has decreased. The reversal is recognised in earnings before income taxes in the period in which the reversal occurred and is limited to the carrying value less any subsequent depreciation that would have been determined had no impairment charge been recognised in prior years.

(f) Inventory and supplies

Inventory includes stockpile ore inventory, rough diamond inventory (work-in-progress and finished goods) recovered from Ekati Mine and supplies inventory that are all related to the rough diamond mining segment. Inventory in the polished diamond segment includes purchased rough diamonds, polished diamonds and jewellery. All inventories are recorded at the lower of cost and net realisable value.

Stockpiled ore represents coarse ore that has been extracted from the mine and is stored for future processing. Stockpiled ore value is based on the costs incurred (including depreciation and amortisation) in bringing the ore to the stockpile. Stockpile ore inventory is determined on a weighted average cost basis. Mining rough diamonds inventory costs are determined on a weighted average cost basis and include cash production costs, depreciation and amortisation. Supplies inventory includes consumables and spares maintained at the Ekati Mine site and is measured on a weighted average cost basis.

In the polished diamond segment, costs of purchased rough diamonds, polished diamond inventory and jewellery are determined either using a weighted average basis or specific unit identification basis depending on the nature of the item.

Net realisable value is the estimated selling price for the final product. The measurement of inventory, including the determination of its net realisable value, involves the use of estimates. The significant sources of estimation uncertainty include diamond prices, production grade and expenditure, and determining the remaining costs of completion to bring inventory into its saleable form. The Group uses historical data on prices achieved, grade and expenditure in forming its assessment.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short-term money market instruments (with a maturity on acquisition of less than 90 days) and excludes restricted cash.

(h) Restricted cash

Cash which is subject to legal or contractual restrictions on its use and is classified separately as restricted cash.

(i) Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(i) the contract involves the use of an identified asset that may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

(ii) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(iii) the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(i) fixed payments, including in-substance fixed payments;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(iii) amounts expected to be payable under a residual value guarantee; and

(iv) the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The Group presents right-of-use assets that do not meet the definition of investment property in “property, plant and equipment” in the consolidated statement of financial position.

(i) SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets being those assets with a fair value of less than US$5,000 when new. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(j) Employee pension plans

The Group operates various pension plans. The plans are generally funded through payments to insurance companies or trustee-administered funds determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

DEFINED CONTRIBUTION PLAN

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

DEFINED BENEFIT PLAN

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in income. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis including discount rate, life expectancy and expected return on plan assets. The assumptions are reviewed each year and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations. Any changes in these assumptions will impact the carrying amount of the pension obligation.

(k) Provisions

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The expense relating to any provision is included in net profit or loss. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in net profit or loss.

Significant judgements and estimates are involved in forming expectations of future site closure and reclamation activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements. The Ekati Diamond Mine rehabilitation and site restoration provision is prepared by management at the Ekati Diamond Mine.

(l) Income taxes

Income tax expense comprises current and deferred tax and is recognised in net profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Income tax expense includes mining royalty taxes that the owner or operator of a mine shall pay to the Government of the Northwest Territories royalties (“Royalty Tax”) on the value of the mine’s output during that fiscal year.

The Group has determined that the global minimum top-up tax – which is required to pay under Pillar Two legislation – is an income tax in the scope of AASB 112. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax expense is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

(i) Temporary differences arising on the initial recognition of assets and liabilities in a transaction that:

- is not a business combination; and
- at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

(ii) Temporary differences related to investment in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii)Taxable temporary differences arising on initial recognition of goodwill.

Deferred tax expense is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is probable that the related tax benefit will not be realised. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Group classifies foreign exchange differences on deferred tax assets or liabilities in jurisdictions where the functional currency is different from the currency used for tax purposes as income tax expense. The unrealised foreign exchange gain or loss related to deferred income tax asset and liability is recorded as part of deferred tax expense or recovery for each year.

Judgement is required in determining whether deferred tax assets are recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from unused tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods in order to utilise recognised deferred tax assets. Estimates of future taxable income are based on forecasted income from operations and the application of existing tax laws in each jurisdiction. To the extent that future taxable income differs significantly from estimates, the ability of the Group to realise the deferred tax assets recorded at the consolidated statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(m) Revenue

The Group is principally engaged in the business of producing diamonds and earns revenue predominantly through the sale of rough diamonds in the Rough Diamond Segment. The Polished Diamond segment earns revenue through cutting, polishing and sale of polished diamonds and fine jewellery.

All diamond sales to customers generally include one performance obligation. Revenue from contracts with customers is recognised at a point of time when control of the diamonds is transferred to the customer and selling prices are known, generally on delivery of the diamonds. Sales are measured at the fair value of the consideration received. The Group's sales policy requires receipt of cash prior to delivery of rough diamonds to customers. There is no return policy, as all diamond sales are final.

Revenue from cutting and polishing collaborative sale agreements:

- is considered to be variable consideration and is recognised to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been resolved. This is generally the case when cutting and polishing work has substantially been completed and relative certainty exists over the quality of the final product or when the polished diamonds have been sold; and
- is recognised once a high level of certainty exists regarding factors that influence the sale prices including the size, quality and colour of the final polished diamonds. These factors are considered per individual stone. If the Group satisfies a performance obligation before it receives the consideration, either a contract asset or a receivable.

(n) Commitments and contingencies

Provisions and liabilities for legal and other contingent matters are recognised in the period when the circumstance becomes probable that a future cash outflow resulting from past operations or events will occur and the amount of the cash outflow can be reasonably estimated. The timing of recognition and measurement of the provision requires the application of judgement to existing facts and circumstances, which can be subject to change, and the carrying amounts of provisions and liabilities are reviewed regularly and adjusted accordingly. The Group is required to both determine whether a loss is probable based on judgement and interpretation of laws and regulations and determine if the loss can be reasonably estimated. When a loss is recognised, it is charged to net profit. The Group continually monitors known and potential contingent matters and makes appropriate disclosure and provisions when warranted by the circumstances present. Contingent assets are not recognised in financial statements. However, when the realisation of income is virtually certain, then the related asset is recognised.

(o) Financial instruments

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are not offset unless there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The Group's financial instruments include cash and cash equivalents, restricted cash, trade and other receivables, reclamation deposits, trade and other payables, consideration payable, contingent consideration and loans and borrowings.

CLASSIFICATION

Financial assets are classified in one of the following categories: amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Financial liabilities are classified as measured at amortised cost or FVTPL. Classification of financial instruments in the Group's financial statements depends on the purpose for which the financial instruments were acquired or incurred. The classification of financial instruments is determined at initial recognition.

MEASUREMENT

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in profit or loss.

Subsequently, financial instruments measured at amortised cost are measured using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

IMPAIRMENT

A loss allowance for expected credit losses is recognised on a financial asset that is measured at amortised cost and FVTOCI. The loss allowance for a financial asset measured at amortised cost and FVTOCI is recognised in profit or loss as an impairment gain or loss. At each reporting date, the loss allowance for a financial instrument should be measured at the amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance should be measured at the amount equal to 12-month expected credit losses. The loss allowance should always be measured at the amount equal to lifetime expected credit losses for trade receivables not containing a significant financing component.

DERECOGNITION

A financial asset is derecognised when:

1. the contractual right to the cash flows from the financial asset expire; and
2. the Group transfers the contractual rights to receive the cash flows of the financial asset and transfers substantially all the risks and rewards of ownership of the financial asset.

A financial liability is derecognised when the liability is extinguished, discharged, cancelled or expires. The Group also derecognises a financial liability when its terms are substantially modified. Terms are considered substantially different where the present value of the modified cash flows, discounted at the original effective interest rate, differs by at least 10% from the present value of the remaining cash flows of the original financial liability. Qualitative factors are also considered when assessing whether a modification is substantial. In the event the modification is assessed as substantial, a new financial liability is recognised at fair value.

(p) Compound financial instruments

Compound financial instruments in issuance comprise convertible notes denominated in Australian Dollars that can be converted to ordinary shares at the option of the holder, where the number of shares to be issued is fixed and does not vary with changes in fair value.

Upon issuance of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost using the effective interest rate method. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years.

The corresponding interest on convertible notes is expensed to profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

The Group has applied an accounting policy choice to not reclassify financial instruments due to a change in functional currency when there are no changes in contractual terms of such instruments, which, had this change in functional currency occurred before initial recognition of the instrument, would have changed its classification.

(q) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described below. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: The fair value measurements are classified as Level 1 if the fair value is determined using quoted, unadjusted market prices for identical assets or liabilities.
- Level 2: The fair value measurements are classified as Level 2 when inputs other than quoted prices in Level 1 which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: The fair value measurements are classified as Level 3 when inputs require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs.

(r) Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). Determination of functional currency requires judgements. The consolidated financial statements are presented in US Dollar, which is the Group’s functional and presentation currency effective 1 July 2023.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at exchange rates in effect at the statement of financial position date, and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in net profit or loss.

Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position account presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); an
- All resulting exchange differences are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position.

When a foreign operation is sold, the cumulative exchange differences in the translation reserve related to that foreign operation are reclassified to profit or loss as part of the gain or loss on sale.

(s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(t) Basic and diluted earnings per share

Basic earnings per share are calculated by dividing net profit or loss by the weighted average number of shares outstanding during the period. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the net impact of any dilutive potential ordinary shares arising out of option or convertible notes exercises. Diluted earnings per share are determined using the treasury stock method to calculate the dilutive effect of options. The treasury stock method assumes that the exercise of any "in-the-money" options with the option proceeds would be used to purchase common shares at the average market value for the period. Options with an exercise price higher than the average market value for the period are not included in the calculation of diluted earnings per share as such options are not dilutive.

(u) Share-based compensation

Cash-settled RSU and DSU awards are provided to certain employees, officers and directors of the Group. The Group also offers equity settled awards such as options over shares to certain employees, officers, consultants and directors of the Group that are settled via issuance of shares, cash-less exercise or via cash payout (requires approval from Board of Directors).

Restricted Share Units

Under the RSU plan certain employees are granted RSUs that generally vest within three years and are paid out in cash. A liability for RSUs is measured at the fair value on grant date is subsequently adjusted for changes in fair value. The liability is recognised on a straight-line basis over the vesting period, with a corresponding charge to share-based compensation expense, as a component of general and administrative expenses.

Deferred Share Units

DSUs vest over a period of three years and are paid out in cash. Vested DSU grants are only exercisable on departure of the employee (e.g. retirement, resignation, death). The initial fair value of the DSU liability is measured on grant date and is subsequently adjusted for changes in fair value. The liability is recognised on a straight-line basis over the vesting period with a corresponding charge to share-based compensation expense.

Equity settled awards

Grants under the Group's share-based compensation plan are accounted for in accordance with the fair value method of accounting. For share option plans that will settle through the issuance of equity, the fair value of options is determined on their grant date using an appropriate valuation model that takes into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share price, the expected dividend yield and the risk-free rate for the term of the option.

The cost of equity settled awards is recorded as compensation expense measured using the grant date fair value of the award over the period that the award vests, with the corresponding credit to share-based payments reserve in Other Reserves. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. Depending on terms of the option grant, these awards can be settled via issuance of Company shares, cashless exercise or payment in cash Board approval).

If equity-settled awards are modified, an additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTE 34 RESTATEMENT OF COMPARATIVES

During the year ended 31 December 2025, it was identified that a royalty agreement associated with the future production of diamonds from the Ekati Core tenements, forming part of the acquisition of the Arctic Companies on 1 July 2023, was incorrectly recognised as a financial liability at the date of acquisition ("Consideration Payable"). This financial liability was subsequently fair valued each reporting period based on changes in expected cash flows, resulting in a fair value adjustment being incorrectly recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. The actual royalty expense incurred each period was then recorded as a reduction to the consideration payable liability.

This future obligations under the royalty agreement should have instead been designated as a participating interest in the Ekati Core tenements held by the vendor. The fair value of the contractual arrangement at the 1 July 2023 acquisition date should have been recognised as a royalty obligation that unwinds as a reduction to cost of sales in the Condensed Consolidated Statement of Profit or loss and Other Comprehensive Income over the expected life of the Ekati Core tenement non-current assets. The royalty expense incurred each period under the royalty agreement is then recognised within cost of sales.

The fair value attributed to this royalty agreement in the business combination at 1 July 2023 of $47.3 million was correct and remains unchanged.

The error has been corrected by restating each of the affected financial statement line items as at 31 December 2024 and for the year ended 31 December 2025. The following tables summarise the impacts of the correction.

The correction of this error has no impact on net cash flows used in operating activities for the year ended 31 December 2025, however, as the Group uses the indirect method of presenting these cash flows, certain reconciling items within the net cash flows used in operating activities have been restated

The impact of the error on the 31 December 2023 Consolidated Statement of Financial Position was to derecognise the Consideration Payable of $36.8 million and recognise:

- a royalty obligation of $45.1 million;
- an accrued royalty payable of $3.3 million within Trade and other payables;
- a decrease in deferred tax liabilities of $3.1 million; and
- an increase in Accumulated Losses of $8.5 million.

The following tables summarise the impacts on the Group's consolidated financial statements:

(i) Consolidated statement of financial position:

December 31, 2024	**Impact of error correction**		
	As previously reported	**Adjustments**	**As restated**
Consideration payable - current	(6,280)	6,280	—
Trade and other payables	—	(1,968)	(1,968)
Provision for royalties - current	—	(4,298)	(4,298)
Total current liabilities	**(66,260)**	**14**	**(66,246)**
Consideration payable – non-current	(18,927)	18,927	—
Provision for royalties – non-current	—	(36,536)	(36,536)
Total non-current liabilities	**(333,485)**	**(17,609)**	**(351,094)**
Total liabilities	**(399,745)**	**(17,595)**	**(417,340)**
Accumulated losses	146,428	17,595	164,023
Net assets/ total equity	**(62,041)**	**17,595**	**(44,446)**

(ii) Consolidated statement of profit or loss and other comprehensive income:

Year ended - 31 December 2024	**Impact of error correction**		
	As previously reported	**Adjustments**	**As restated**
Cost of sales	(370,605)	(5,259)	(375,864)
Gross margin	71,512	(5,259)	66,253
Operating (loss)/profit	(109,983)	(5,259)	(115,242)
Fair value adjustment on consideration payable	676	(676)	—
(Loss)/profit before income taxes	(133,068)	(5,935)	(139,003)
Net (loss)/profit	**(97,257)**	**(5,935)**	**(103,192)**
Total comprehensive income	**(97,221)**	**(5,935)**	**(103,156)**

(iii) Consolidated statement of cash flows

Year ended - 31 December 2024	**Impact of correction of error**		
	As previously reported	**Adjustments**	**As restated**
Net loss	(97,257)	(5,935)	(103,192)
Drawdown of royalty provision	—	(4,298)	(4,298)
Fair value adjustment on consideration payable	(676)	676	—
Changes in non-cash operating working capital:			
Trade and other payables	(7,119)	9,557	2,438
Other items – not impacted by error correction	192,127	—	192,127
Net cash used in operating activities	**87,075**	—	**87,075**

There is no material impact on the Group's basic or diluted loss per share for the year ended 31 December 2024.

NOTE 35 MATTERS SUBSEQUENT TO THE REPORTING PERIOD

(i) Draw-down of LETL Facility

Subsequent to 31 December 2025, the Group received the remaining CDN$70.0 million from the LETL Facility.

(ii) Repayment of bridge financing

On 2 February, 2026, the Group repaid the principal and outstanding interest owed to under the promissory notes issued by the Bridge financing lenders.

This is **Exhibit "L"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

A Commissioner for the taking of Affidavits for *British Columbia*

Arctic Canadian Diamond Company Ltd. and Burgundy Diamonds (Canada) Limited
Cash Flow Statement
For the 10-week period ending July 10, 2026

Week Ending (C$000s)		Week 1 8-May-26 Forecast	Week 2 15-May-26 Forecast	Week 3 22-May-26 Forecast	Week 4 29-May-26 Forecast	Week 5 5-Jun-26 Forecast	Week 6 12-Jun-26 Forecast	Week 7 19-Jun-26 Forecast	Week 8 26-Jun-26 Forecast	Week 9 3-Jul-26 Forecast	Week 10 10-Jul-26 Forecast	Weeks 1-10 10-Jul-26 Total
		Initial Stay Period > >										
Operating Receipts												
Diamond Sales	[1]	$ -	$ -	$ 11,545	$ 7,696	$ -	$ 2,490	$ 5,386	$ 2,484	$ -	$ -	**$ 29,601**
GST Refunds		-	-	-	1,317	-	-	-	627	-	-	**1,943**
Total Operating Receipts		**-**	**-**	**11,545**	**9,013**	**-**	**2,490**	**5,386**	**3,111**	**-**	**-**	**31,544**
Operating Disbursements												
Payroll and Benefits	[2]	(1,400)	(1,332)	(1,400)	(1,332)	(1,400)	(1,332)	(1,400)	(1,332)	-	(1,573)	**(12,501)**
Procon (Labour & Equipment)	[3]	(598)	(598)	(598)	(598)	(598)	(598)	(598)	(598)	(598)	(598)	**(5,984)**
Flights		(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	(70)	**(700)**
Freight and Transportation	[4]	(95)	(95)	(95)	(95)	(95)	(95)	(95)	(95)	(95)	(95)	**(950)**
Site Services and Consumables	[5]	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	(120)	**(1,200)**
Repair and Maintenance - Equipment	[6]	(700)	(700)	(700)	(700)	(700)	(700)	(700)	(700)	(700)	(700)	**(7,000)**
Labour (other than Procon)		(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	**(300)**
Explosives		(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	(57)	**(570)**
Fire Suppression		-	(70)	-	-	-	-	-	(70)	-	-	**(140)**
Repair and Maintenance - Vehicles		(85)	-	-	-	(85)	-	-	-	-	(85)	**(255)**
Insurance and Banking		-	(424)	-	-	-	(6)	-	-	-	-	**(430)**
Utilities		(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	**(500)**
Software		(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	**(500)**
Health & Safety		(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	(50)	**(500)**
GNWT Mineral Leases		-	-	(903)	-	-	-	-	-	-	-	**(903)**
Selling and Distribution		-	-	(222)	-	-	-	-	(201)	-	-	**(423)**
Other Professional Fees		-	-	-	-	-	-	-	-	-	(100)	**(100)**
Other Operating Expenses	[7]	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(425)	**(3,125)**
Contingency	[8]	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	**(2,500)**
Total Operating Disbursements		**(3,855)**	**(4,196)**	**(4,895)**	**(3,702)**	**(3,855)**	**(3,708)**	**(3,770)**	**(3,974)**	**(2,370)**	**(4,253)**	**(38,581)**
Net Change in Cash from Operations		**(3,855)**	**(4,196)**	**6,650**	**5,311**	**(3,855)**	**(1,218)**	**1,616**	**(863)**	**(2,370)**	**(4,253)**	**(7,037)**
Non-Operating Receipts and Disbursements												
Capex	[9]	(670)	(617)	(2,213)	(41)	(300)	(181)	-	-	(26)	-	**(4,047)**
Capex - Fox Underground	[10]	(125)	(30)	-	(25)	(30)	(100)	-	(25)	-	-	**(335)**
Restructuring Professional Fees	[11]	-	(500)	-	-	-	-	(500)	-	-	-	**(1,000)**
Others	[12]	-	(700)	(4,561)	(339)	-	-	(700)	-	-	-	**(6,300)**
Net Change in Cash from Non-Operating Activities		**(795)**	**(1,847)**	**(6,774)**	**(405)**	**(330)**	**(281)**	**(1,200)**	**(25)**	**(26)**	**-**	**(11,682)**
Financing												
DIP Facility	[13]	-	-	-	-	-	139	-	473	2,396	4,253	**7,261**
Net Change in Cash from Financing		**-**	**-**	**-**	**-**	**-**	**139**	**-**	**473**	**2,396**	**4,253**	**7,261**
Net Change in Cash		(4,650)	(6,044)	(124)	4,906	(4,185)	(1,360)	416	(416)	-	-	**(11,457)**
Opening Cash		14,457	9,807	3,763	3,639	8,545	4,360	3,000	3,416	3,000	3,000	**14,457**
Ending Cash		**$ 9,807**	**$ 3,763**	**$ 3,639**	**$ 8,545**	**$ 4,360**	**$ 3,000**	**$ 3,416**	**$ 3,000**	**$ 3,000**	**$ 3,000**	**$ 3,000**

Management has prepared this Cash Flow Statement solely for the purposes of determining the liquidity requirements of Arctic Canadian Diamond Company Ltd. and Burgundy Diamonds (Canada) Limited 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.

Notes:
[1] Diamond sales reflect the proceeds resulting from ongoing production.
[2] Payroll includes payroll and source deductions for corporate employees and workers at the Ekati Mine.
[3] Procon provides contracted miners and supplies certain equipment for underground mining.
[4] Freight and Transportation primarily relates to the shipment of supplies to the mine site.
[5] Site services and consumables include general operational service costs as well as materials used in mining and processing.
[6] Repair and maintenance costs relate to scheduled servicing of equipment and vehicles to keep the mining fleet operational along with a contingency for unforeseen urgent repairs.
[7] Other operating expenses capture the remaining site level costs necessary to support mining operations.
[8] Contingency relates to unforeseen expenses and disbursements during the CCAA Proceedings.
[9] Capex relates primarily to the construction of the wash plant, with the majority of costs deferred beyond the Forecast Period. Capex also includes repair costs associated with the dual powered road trains used to haul ore and waste rock.
[10] Capex - Fox Underground relates to development costs of the underground mine.
[11] Restructuring professional fees represents fees of Company counsel, the Monitor, and the Monitor's counsel during the CCAA Proceedings.
[12] Others represents surety bond premium and IBA payments.
[13] The Applicants' are forecasting to require interim financing of approximately $7.3 million during the Forecast Period.

This is **Exhibit "M"** referred to in the Affidavit of Jennifer Alambre made before me at Vancouver, BC, this 29th day of April, 2026.

A Commissioner for the taking of Affidavits for
British Columbia

No. ________
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT,* R.S.C. 1985, C. C-36 AS AMENDED

AND

IN THE MATTER OF THE PLAN OF COMPROMISE OR ARRANGEMENT OF ARCTIC CANADIAN DIAMOND COMPANY LTD. AND BURGUNDY DIAMONDS (CANADA) LIMITED

PETITIONERS

CONSENT TO ACT

FTI Consulting Canada Inc. ("**FTI**") is a licensed trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c C-36, as amended ("**CCAA**").

FTI hereby consents to act as court-appointed monitor of Arctic Canadian Diamond Company Ltd. and Burgundy Diamonds (Canada) Limited in the above-captioned CCAA proceedings.

DATED at Vancouver, British Columbia, this 28th day of April 2026.

FTI CONSULTING CANADA INC.

Per: ______________________
Name: Tom Powell
Title: Senior Managing Director