



This is the 1st affidavit of
Brent Mierau in this case and was
made on April 30, 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

PETITIONERS

AFFIDAVIT

I, Brent Mierau, c/o Suite 3500, 1133 Melville Street, Vancouver, British Columbia, AFFIRM THAT:

1. I am the Corporate Secretary and the Head of Finance of Arctic Canadian Diamond Company Ltd. ("**ACDC**") and Burgundy Diamond Mines Ltd. ("**Burgundy**"). I am also a director of Burgundy Diamonds (Canada) Ltd. ("**BDC**") and ACDC. Burgundy is the ultimate one-hundred percent owner of ACDC and BDC, the "**Applicants**" in this proceeding. 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.

I. OVERVIEW

2. ACDC and BDC are part of the "**Burgundy Group**", a group of entities owned and operated by Burgundy, a publicly traded company listed on the Australian Stock Exchange (the "**ASX**") (ASX: BDM).

3. ACDC and BDC are British Columbia incorporated companies with their Registered and Records offices in Vancouver.

4. The business of the Burgundy Group is focused on the mining, production and sale of diamonds. Burgundy is the largest diamond company listed on the ASX, and one of the largest listed diamond companies globally.

5. ACDC is the main operating entity within the Burgundy Group. ACDC's core business is its one-hundred percent ownership interest in the "**Ekati Mine**", which ACDC acquired in 2021. Located in the Northwest Territories, the Ekati Mine is Canada's first surface and underground diamond mine. The Ekati Mine has been in operation since 1998. As the current owner of the Ekati Mine, ACDC is Canada's largest independent producer of natural and responsibly mined diamonds and the largest such producer in The Group of Seven (G7). In fiscal year 2025, the Burgundy Group had revenue from ordinary activities of approximately US \$186.3 million, which consisted primarily of rough diamond sales of approximately US \$182.7 million and polished diamond sales of US \$3.6 million.

6. In its capacity as owner of the Ekati Mine, ACDC is one of the largest employers in the Northwest Territories. As of December 31, 2024, before layoffs associated with the financial distress that is the subject of this application, ACDC employed the services of more than 1,000 individuals. A significant proportion of these persons were Indigenous peoples and northern residents. However, ACDC's impact on Canada's North extends beyond employment. The Ekati Mine has been a cornerstone of economic development in the Northwest Territories, delivering sustained benefits not only in terms of employment opportunities, but also through Indigenous partnerships, regional investment, and long-term community engagement, across more than 25 years of operation. As of December 31, 2024, the total amount invested by ACDC in connection with the operation of the Ekati Mine for 2024 was approximately CDN \$430 million. Almost 70% of this amount (approximately CDN \$290 million) was spent with northern Indigenous-run or northern-based businesses.

7. Notwithstanding the Ekati Mine's long history and importance to the socio-economic health of the Northwest Territories, challenging economic conditions in the global diamond market have placed ACDC's operation of the Ekati Mine in financial distress. Since Burgundy acquired the Ekati Mine in 2023, diamond prices have dropped significantly. The factors impacting diamond prices include the emergence of lab-grown alternatives, decline in purchases from China, and tariff-related impacts. In terms of tariff-related impacts, prior to the implementation of United States tariffs, the Burgundy Group's average price per carat at the end of 2024 was US \$92/carat. Since the imposition of tariffs in early 2025, the average price has dropped to as low as US

\$24/carat, as of December 2025 (representing a 74% drop from average diamond prices at the end of 2024).

8. The sudden impact of adverse global market trends, including but not limited to tariffs, has also aggravated the asymmetry between the costs and operational requirements for diamond mining in Canada's North and revenue. This asymmetry and its threat to the viability not only of ACDC's operations at the Ekati Mine but to Canada's diamond industry generally has been recognized by industry participants and stakeholders alike. ACDC and similarly situated industry participants in the Northwest Territories have incurred hundreds of millions in losses over the past couple of years. This has translated into significant losses for the communities serving these operations.

9. ACDC and other northern diamond mine operators have advised the Government of the Northwest Territories ("**GNWT**") that absent concerted action, the survival of an industry that is responsible for a collective workforce of approximately 3,200 (with over 1,000 northern workers) and a joint expenditure of approximately CDN \$1.3 billion per year will be placed in jeopardy. Extensive consultation and discussion has taken place between ACDC, similarly situated industry participants, the GNWT, and affected Indigenous groups. In April 2025, the GNWT announced several new policies aimed at supporting diamond mining in the territory. Northern Indigenous groups have similarly expressed support for action to support continued operations at the Ekati Mine.

10. For its part, ACDC has made significant efforts, in consultation with ACDC's lenders, surety bond providers, governmental agencies, and others, to preserve the economic viability of the Ekati Mine. These efforts have included improving efficiencies at the operational level, engaging constructively with the GNWT on industry-wide challenges, and strengthening ACDC's balance sheet through strategic debt repayment, prudent capital management, reduction and deferral of costs, sales channel optimization, and the identification of ways to extend the life of the Ekati Mine.

11. In particular, in 2025 and 2026, ACDC sought and obtained a loan facility of up to a total amount of CDN \$175 million through Canada's Large Enterprise Tariff Loan facility (the "**LETL Facility**") in an effort to address its ongoing liquidity challenges.

12. Despite these concerted efforts, ACDC remains in a financially distressed position. Presently, ACDC is not able to meet its ongoing obligations, including related to its secured debt

and significant trade and supply payables. If ACDC is not able to stabilize its operations, it will not be able to meet its ongoing financial obligations that are necessary to sustain the current operations at the Ekati Mine, including payments to employees, contractors, and suppliers. Failure to make these payments will inevitably jeopardize the ongoing operations at the Ekati Mine, to the detriment of ACDC's stakeholders, including the employees and contractors engaged at the Ekati Mine, the Indigenous and northern communities who have supported and benefitted from the Ekati Mine's operations for more than two decades, and the economy of the Northwest Territories.

13. As a result of this ongoing financial strain, ACDC's cash reserves are depleted and absent near-term funding, ACDC cannot meet its payroll and other obligations. Knowing its financial situation and given the nature of a diamond mining operation, ACDC has commenced preparatory steps towards scaling down operations at the Ekati Mine in an effort to preserve value.

14. While it is currently insolvent and requires protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "CCAA"), ACDC remains in possession of a viable business. ACDC requires protection under the CCAA as it continues to engage constructively with its government, community, and industry partners, with a view to a consideration of restructuring options for the benefit of its stakeholder community. Given the integrated nature of its operations, it is critical that this protection be extended to ACDC's affiliates, BDC and Burgundy.

15. Given the stability that will be provided to ACDC by a stay of proceedings, the other protections afforded by the CCAA, and having a reasonable time to advance the Applicants' restructuring efforts, as described below, ACDC's management is of the view that the overall value of ACDC's business could be enhanced to the benefit of its stakeholders as compared to a forced liquidation scenario.

II. BURGUNDY'S ACQUISITION OF THE EKATI MINE

A. Dominion Diamonds CCAA Proceedings

16. The Ekati Mine was previously owned and operated by Dominion Diamond Mines ULC ("Dominion Diamonds"), formerly Canada's largest independent producer of natural and responsibly mined diamonds. Dominion Diamonds acquired the Ekati Mine from BHP Billiton in 2013. In 2017, Dominion Diamonds (which owned both the Ekati Mine and an interest in the nearby Diavik Mine, among other assets) was acquired by The Washington Companies, a group

of privately held North American mining and industrial transportation businesses, for approximately US \$1.2 billion.

17. Due to, among other factors, major disruptions to the global diamond trade caused by the COVID-19 pandemic, the Ekati Mine was placed in care and maintenance in March 2020. Dominion Diamonds commenced proceedings under the CCAA in April 2020.

18. The Dominion Diamonds CCAA proceedings resulted in a sale of Dominion Diamonds' interest in the Ekati Mine to ACDC (the "**ACDC Transaction**") in 2021.

19. ACDC was formed for the purpose of completing the ACDC Transaction by the then second ranking lenders to Dominion Diamonds, being DDJ Capital Management (which was subsequently acquired by Polen Capital Management ("**Polen**")), Brigade Capital Management LP ("**Brigade**"), and ACD Western Holding LLC (collectively, the "**2L Group**").

20. Certain key aspects of the 2021 ACDC Transaction can be summarized as follows:

- (a) the Ekati Mine was acquired by ACDC, with 100% of ACDC's shares owned by Arctic Canadian Holdings LLC (the "**Arctic Shareholder**"), a limited liability company owned and managed by the 2L Group;
- (b) the Arctic Shareholder also acquired the shares of Arctic Canadian Diamond Marketing N.V. ("**ACDM**") (previously Dominion Diamond Marketing N.V.);
- (c) ACDC assumed the existing US \$70 million secured debt owed to Credit Suisse AG, Dominion Diamonds' first-ranking lender (the "**Dominion 1L Loan**");
- (d) ACDC assumed Dominion Diamonds' indemnity obligations under its existing reclamation bonds; and
- (e) a new second lien loan of US \$70 million was provided by the 2L Group (the "**2L Loan**").

21. The ACDC Transaction closed on February 3, 2021, with operations at the Ekati Mine restarting that same month.

22. From 2021-2022, ACDC operated the Ekati Mine, realizing in 2022 revenue of approximately US \$494 million and a net profit of approximately US \$75 million. That year, ACDC also fully repaid the Dominion 1L Loan of approximately US \$70 million.

23. In February 2023, ACDC received new first ranking financing (the "**Second 1L Loan**") from a syndicate of investment funds represented by Brigade and Polen, in the amount of US \$30 million, which was subsequently repaid.

B. Burgundy's Acquisition of the Ekati Mine

24. In March 2023, Burgundy entered into a share purchase agreement with the Arctic Shareholder pursuant to which Burgundy would acquire the shares of ACDC and ACDM (the "**Burgundy Acquisition**").

25. The consideration to be paid by Burgundy to the Arctic Shareholder to acquire ACDC and ACDM totaled approximately US \$117 million, which included:

- (a) US \$21.7 million in ordinary shares of Burgundy;
- (b) a deferred payment of US \$8.4 million in cash, which payment was made in December 2023;
- (c) repayment by Burgundy of most of the outstanding debt held by ACDC of approximately US \$73 million, including complete payment of the Second 1L Loan, a substantial portion of the 2L Loan, and a complete payment of a third ranking secured loan of US \$7 million (the "**Previous 3L Loan**"), comprised of an approximate US \$48 million cash payment and the issuance of approximately US \$25.1 million in Burgundy shares; and
- (d) certain contingent earn-out payments to be made based on the Ekati Mine's performance in 2024 and 2025, totaling US \$15 million (recorded at fair market value of US \$14.3 million and which have not been made due to the Ekati Mine's financial performance in 2024 and 2025).

26. The Burgundy Acquisition closed on July 1, 2023. Since that time, ACDC has operated the Ekati Mine within the Burgundy Group.

27. As part of the Burgundy Acquisition, ACDC was incorporated on June 30, 2023, through an amalgamation of two British Columbia companies: 1403432 B.C. Ltd., which was incorporated on March 3, 2023, and the former Arctic Canadian Diamond Company Ltd., which was incorporated on December 18, 2020.

III. CORPORATE STRUCTURE AND INTERCOMPANY OPERATIONS

28. Attached as **Exhibit "A"** to the 1st Affidavit of Jennifer Alambre made April 29, 2026 (the "**Alambre Affidavit**") is an organizational chart of the Burgundy Group, within which ACDC and BDC operate. In summary, the organizational structure of the Burgundy Group can be described as follows:

Entity	Role
Burgundy Diamond Mines Ltd. (" Burgundy ") (Non-Applicant Stay Party)	A publicly traded company incorporated under the laws of Australia and parent company of the Burgundy Group. Burgundy previously operated a commercial diamond cutting facility in Perth, Australia that received certain rough diamonds. These diamond cutting operations were discontinued in 2025.
Arctic Canadian Diamond Company Ltd. (" ACDC ") (a CCAA Applicant)	A company incorporated under the laws of British Columbia. This is the entity that owns and operates the Ekati Mine. ACDC's business operations are, to a significant degree, managed from ACDC's office located in Calgary.
Burgundy Diamonds (Canada) Limited (" BDC ") (a CCAA Applicant)	A company incorporated under the laws of British Columbia. This entity owns the Burgundy Group's 40% interest as a joint venture participant in the Naujaat Project Joint Venture in Nunavut (the " Naujaat JV "). The Naujaat JV is operated by North Arrow Minerals Inc., who owns the other 60% interest. The property subject to the Naujaat JV is presently not under active development.
Arctic Canadian Diamond Marketing N.V. (" ACDM ") (not a CCAA applicant)	A company formerly incorporated under the laws of Belgium. ACDM was liquidated on December 30, 2025. ACDM was the sales office for the Burgundy Group and conducts marketing and sales for all diamonds mined at the Ekati Mine.

Entity	Role
BDM Del Peru S.A.C. (not a CCAA applicant)	A company incorporated under the laws of Peru. This entity was created for the purpose of participating in a joint venture with a local Peruvian company, but does not presently have any material assets or operations.
Burgundy Diamonds SARL (not a CCAA applicant)	A corporation incorporated under the laws of France. This entity does not have any material assets or operations and has been in liquidation since 2023.

29. The Burgundy Group's active business interests are conducted on an integrated basis through ACDC.

30. ACDC's operations at the Ekati Mine primarily consist of ore extraction and processing to separate the rough diamonds from the Ekati Mine's host kimberlite material. This process is performed continuously throughout the year. Once extracted, the majority of ACDC's sorted diamonds are sent to third-party facilities in India for further sorting and cleaning. The sorting process refers to the classification of diamonds by carat (size), colour, clarity and shape, with rough diamonds sorted into one of 11,000 categorizations.

31. Previously, once diamonds were sorted and cleaned, they were sold by ACDC to ACDM, a Belgian entity in the Burgundy Group, for marketing and sale. Certain special diamonds (including, for example, diamonds approximately 10.8 carats and above) were not sent to third parties in India for sorting and cleaning but instead were sent directly to ACDM for sorting and cleaning before becoming available-for-sale inventory. Once acquired from ACDC, ACDM marketed and sold diamond parcels on a contractual and auction basis to a wide range of clients, including diamond polishers (manufacturers), traders, integrated companies that have polishing and jewelry retailing operations, and end-customers. Sales were tailored to the specific needs of the client and marketplace. ACDM held several sales cycles per year (approximately 10-12) and received all sale proceeds from these sales.

32. However, ACDM operations permanently closed on December 30, 2025. Subsequent to the closure of ACDM, sales and marketing functions were assumed by ACDC.

33. In 2024, ACDC and the Burgundy Group realized revenue of approximately US \$442 million from the sale of rough and polished diamonds (with approximately US \$439 million attributable to the sale of rough diamonds and approximately US \$3 million attributable to the sale of polished diamonds).

34. In 2025, ACDC and the Burgundy Group realized revenue of approximately US \$186.2 million from the sale of rough and polished diamonds (with approximately US \$182.7 million attributable to the sale of rough diamonds and approximately US \$3.6 million attributable to the sale of polished diamonds).

IV. THE EKATI MINE AND ITS OPERATIONS

A. Overview

35. The Ekati Mine is Canada's first surface and underground diamond mine. It has been in operation since October 1998 (with exploration and development work beginning in 1981) and is renowned for its premium gem-quality diamonds. In late 2024, following 26 years of production, the Ekati Mine reached the historic milestone of 100 million carats of diamonds produced.

36. The mining operations at the Ekati Mine are highly technical and subject to complex environmental, regulatory and other laws of the Government of Canada ("**Canada**") and the GNWT.

37. While I am not an expert in the technical aspects of ACDC's operations, or the complex regulatory and environmental laws and regulations that apply to them, I have set out below as part of the description of ACDC's operations a high-level description of some of the key environmental and regulatory laws, regulations, and arrangements governing the ACDC's operations. The listing of regulatory and environmental permits and corresponding performance security requirements set out below is not intended to be exhaustive.

B. The Mine Site

38. The Ekati Mine is located in the Northwest Territories near Lac de Gras, approximately 300 km northeast of Yellowknife and 200 km south of the Arctic Circle. Despite its location in the Canadian sub-arctic (with a coldest average monthly temperature of minus 28 degrees Celsius in January, with extremes reaching minus 50 degrees Celsius), the Ekati Mine operates year-round.

39. The Ekati Mine consists of the “**Core Zone**”, which is the primary focus of mining operations, and the adjacent “**Buffer Zone**”, which is the focus of new development and exploration potential.

40. The Ekati Mine is a remote site with strictly controlled access and security. The mine can be accessed by air year-round, and by a 425 km ice road that is typically open for approximately 8 - 10 weeks out of the year, from early February to late March. The ice road is constructed each year as part of a joint venture between ACDC, as owner of the Ekati Mine, and the owners of the nearby Diavik and Gahcho Kué mines. Nearly all supplies required for the mine for the ensuing year, including fuel, lubricants, construction materials, and bulk explosives, are transported to the Ekati Mine over this road during this eight to ten week period.

41. For year-round access, the Ekati Mine is equipped with a 1,950 meter long all season runway and airport facilities suitable for aircraft. Outside of the winter road season, general and light freight, fresh produce, and equipment are flown to the site. Air transport is used year round for transport of personnel to and from the site as well as light or perishable supplies, and, as required, emergency freight. On occasion, when high value, large dimension spares are required but not held in stock, a Hercules C130 transport aircraft is chartered to fly such components to the site. These production-critical flights are infrequent and amount to one or two every two to five years.

42. The remoteness of the mine requires it to operate like a self-contained community, generating its own electricity and potable water, managing its own wastes including sewage and effluent treatment, maintaining emergency response and medical services, offering site-based recreation and education facilities, and providing meals and single-occupancy quarters. All of the mine workings, tailings impoundments, mine rock stockpiles, ore processing operations, shops and other service facilities/utilities including dining and accommodations are integrated within the Ekati Mine site.

43. Important infrastructure at the Ekati Mine site includes the open pits, underground mines, sample and process plants, waste rock storage and processed kimberlite storage facilities, buildings (mobile and permanent), pipelines, pump stations, electrical systems, quarry site, camp pads and lay-downs, ore storage pads, roads, culverts and bridges, airstrip, helipad, and mobile equipment.

44. There have historically been two active mining operations at the Ekati Mine that continued at the time of the Burgundy Acquisition: the **“Misery Underground Mine”** and the **“Sable Open Pit”**. As discussed below, ACDC has been working to advance a new underground project at the **“Fox Open Pit”**, which will adopt the underground mining method currently used at the Misery Underground Mine. ACDC also established a new **“Point Lake Open Pit”**, which entered production in 2025 but, as discussed below, has paused operations due to depressed market conditions. The Ekati Mine also has further potential development with other kimberlite pipes, such as the Jay Pipe, which is one of the largest undeveloped kimberlite pipes in the world.

45. The current life of mine of the Ekati Mine, including the addition of the new Point Lake Open Pit, runs to 2040, based on an updated life of mine plan, which is discussed in further detail below. Exploration and project evaluation activities are ongoing, including the development of innovative mining techniques that could be used to extract deeper resources from the Fox Open Pit.

C. Government and Regulatory Framework

46. ACDC operates the Ekati Mine under an **“Environmental Agreement”** with Canada and the GNWT that was concluded in 1997. As a result of the 2014 devolution agreement among Canada and the GNWT, the GNWT has assumed the responsibilities and obligations of Canada under the Environmental Agreement (Canada retains some jurisdiction with respect to matters substantially within the jurisdiction of Canada under the Environmental Agreement).

47. The Environmental Agreement applies until full and final reclamation has been completed. The Environmental Agreement provides for an Independent Environmental Monitoring Agency which operates at arm’s length and independent of the parties to the Environmental Agreement as a public watchdog of the regulatory process and implementation of the Environmental Agreement. The security currently required under the Environmental Agreement is set at CDN \$19.9 million, which is secured by the Primary Bond (as discussed below). ACDC has also provided a letter of guarantee to the GNWT in the amount of CDN \$20 million under the Environmental Agreement for the Ekati Mine.

48. Within the footprint of the Ekati Mine mining leases, ACDC holds 11 surface leases, which provide surface tenure for current operational infrastructure. The surface leases were issued by Canada under the *Territorial Lands Act* and *Territorial Lands Regulations* and are now maintained

by the GNWT in accordance with the terms of the devolution agreement between Canada and the GNWT.

49. ACDC holds 11 Type A land-use permits issued by the Wek'eezhii Land and Water Board ("WLWB") pursuant to the *Mackenzie Valley Resource Management Act*.

50. ACDC holds one Type A water licence (the "**Type A Water Licence**"), which was issued by the WLWB pursuant to the *Territorial Waters Act* in December 2023 and expires on December 17, 2033. The Type A Water Licence provides for use of water and impacts to water associated with the Ekati Mine.

51. The Type A Water Licence requires that ACDC provide financial security for the estimated cost of reclamation of the Ekati Mine, based on the Interim Closure and Reclamation Plan approved by the WLWB in 2011 and subsequent Closure and Reclamation Process Reports. The financial security ACDC provides with respect to its reclamation obligations with respect to the Ekati Mine is described in further detail below.

52. ACDC holds two authorizations pursuant to the *Canadian Navigable Waters Act*, which allow certain structures to interfere with navigation, and two fisheries authorizations pursuant to the *Fisheries Act*, which permit the alteration of fish habitat in specified circumstances.

D. Socio-Economic Impact of the Ekati Mine

53. The Ekati Mine has been a cornerstone of economic development in the Northwest Territories, delivering sustained benefits in terms of employment opportunities, Indigenous partnerships, regional investment, and long-term community engagement across more than 25 years of operation.

54. As of December 31, 2024, ACDC employed the services of approximately 1,240 individuals in Canada. At that time, ACDC's total workforce was comprised of: (a) approximately 425 unionized employees; (b) approximately 275 non-unionized employees (for a total of approximately 700 employees); and (c) approximately 540 contractors. As discussed below, ACDC's current employee numbers are lower because of lay-offs that have occurred since 2024, including in July 2025 due to operational demands and the temporary closure of operations at the Point Lake Open Pit. As of December 31, 2025, ACDC employed the services of approximately 890 individuals in Canada. ACDC's workforce was comprised of: (a) approximately 280 unionized employees; (b) approximately 200 non-unionized employees (for a total of approximately 480

employees); and (c) approximately 405 contractors. With respect to its unionized employees, ACDC (as successor to Dominion Diamond Ekati Corporation) is party to a Collective Agreement signed February 23, 2023, with the Public Service Alliance of Canada (as represented by its component, the Union of Northern Workers, Diamond Workers Local X3050), with an expiry of May 31, 2026.

55. In addition to being a significant employer, ACDC operates under the parameters of a broader "**Socio-Economic Agreement**" that was concluded with the GNWT with respect to the Ekati Mine and has been in place since 1996. Pursuant to this agreement, ACDC provides financial support for long-term sustainable community development projects. ACDC also works to incorporate traditional knowledge in environmental monitoring programs through discussions with communities and on-the-land initiatives which provide direct input into these programs.

56. Further, ACDC is a successor to historical Impact Benefit Agreements ("**IBAs**") with five Indigenous governments: Tłıchǫ, Akaitcho, North Slave Metis Alliance, Kitikmeot Inuit Association, and Dogrib Treaty 11 Council. The IBAs operate under a policy based on mutual respect, active partnership and long-term commitment. The IBAs extend over the life of mine of the Ekati Mine, and provide mine-related training, employment, business development, and capacity-building opportunities to members of the four Indigenous groups. In May 2022, ACDC also entered into a further agreement with the Tłıchǫ in relation to the Point Lake Open Pit. ACDC's contractual obligations under the IBAs and related agreements totalled US \$33.5 million as of December 31, 2025 and are intended to contribute to the social, economic, and cultural well-being of the affected Indigenous peoples. However, given its ongoing liquidity challenges, ACDC is in arrears of its annual IBA payments for 2025 and 2026, with approximately CDN \$5 million owing for 2025 and approximately CDN \$3.2 million owing for 2026.

57. As a northern employer, and party to the Socio-Economic Agreement and IBAs, ACDC has a policy of maximizing the number of employees and contractors from the Northwest Territories, including local Indigenous communities. Employment of northern residents, and Indigenous residents specifically, is a priority. For example, in 2025, ACDC had filled approximately 30% of employee positions with northern residents. A further approximately 20% of ACDC's contractor workforce was comprised of northern residents.

58. In 2024, funds spent with respect to the Ekati Mine totaled approximately CDN \$430 million, with northern Indigenous businesses accounting for approximately 50% of the total spent,

and approximately 68% of total spent being on northern businesses generally. While 2025 spending was lower than previous years at CDN \$241 million, over CDN \$177 million (approximately 74%) was spent with Indigenous-run or northern-based businesses.

59. In addition to providing employment and economic opportunities to northern and Indigenous residents, ACDC supports numerous socially significant sustainable development projects, as identified by local northern communities and Indigenous groups. ACDC reports on its social development projects on an annual basis pursuant to its Socio-Economic Agreement with the GNWT. Further, through IBA payments, scholarships, community sponsorships, and donations, ACDC and the Burgundy Group contributed approximately CDN \$5.1 million in 2024 to communities across the North.

V. BURGUNDY'S ENHANCEMENT OF THE EKATI MINE'S FINANCIAL VIABILITY

i. Overview

60. Since acquiring the Ekati Mine in 2023, ACDC and the Burgundy Group have made significant efforts, in consultation with ACDC's lenders, surety bond providers, governmental agencies, and others to improve the economic viability of the Ekati Mine. The efforts have included improving efficiencies at the operational level, engaging constructively with the GNWT on industry-wide challenges, and strengthening ACDC's and the Burgundy Group's balance sheets through debt repayment and prudent capital management, reducing development capital and exploration expenditures through postponing or pausing non-critical projects, deferring or cancelling discretionary spending, optimizing sales channels, and identifying ways to extend the life of the Ekati Mine.

ii. Operational Initiatives

61. At the operational level, ACDC and the Burgundy Group have been working to improve the efficiency of the existing mine sites at the Ekati Mine to reduce costs and increase revenue.

62. As a result of these efforts, the production rates at the Misery Underground Mine have significantly increased, due to the implementation of new mining techniques and equipment (such as increased hauling capacity through the purchase of larger equipment, dilution management, and other operational optimizations). I note that funding uncertainty in Q4 of 2025 resulted in reduced production to some extent given a reduction in workforce with respect to one of ACDC's contractors, but in 2026 the workforce is increasing and production has again begun to improve.

63. Further, beginning in 2024, ACDC worked to transition operations away from the Sable Open Pit to the newly established Point Lake Open Pit. The Point Lake Open Pit is significantly closer to the Misery Underground Mine than the Sable Open Pit (with the Point Lake Open Pit being located approximately 8 kilometers from the Misery Underground Mine, whereas the Sable Open Pit is located approximately 50 kilometers away). This proximity creates operational advantages not available with the Sable Open Pit, such as having the bulk of the workforce located at the Misery camp, reducing travel time, and allowing ore long haul back to the process plant to occur in a single direction. Moving operations to the Point Lake Open Pit has improved overall efficiency and lowered operating costs.

64. ACDC and the Burgundy Group have also completed significant additional exploration and project evaluation with respect to the existing orebodies at the Ekati Mine to extend the life of the Ekati Mine. As a result of these efforts, on July 31, 2025, Burgundy announced the release of an updated life of mine plan (the "**Updated LOM Plan**"), which plan identifies an extension of the life of the Ekati Mine to 2040. A copy of Burgundy's July 31, 2025 announcement attaching the Updated LOM Plan is attached as **Exhibit "B"** to the Alambre Affidavit.

65. Highlights of the Updated LOM Plan include: (a) an updated resource model for the Misery Underground Mine based on a successful drilling program that will extend the life of mine plan for the Misery Underground Mine for two and a half years, until the end of 2027; and (b) an updated pre-feasibility study for the new underground project at the Fox Deposit, which demonstrates robust and positive economics. Also included in the Updated LOM Plan is ACDC's plan to optimize revenue for an additional stockpile currently located at the Fox Open Pit.

66. Other efforts by ACDC to increase revenue at the operational and sales level include operational changes made to reduce ore dilution, working with the GNWT to expedite royalty valuations and the export of shipments (as is discussed in further detail below), and pursuing a multi-channel sales approach, including partnership, luxury brand, and online platform sales.

67. With respect to the costs incurred in relation to supplies required to operate the Ekati Mine, ACDC has also taken steps to mitigate the strain of the working capital challenges created by the annual requirement to acquire all fuel required for a given year in the short period of time the ice road is in operation.

68. Diesel fuel is one of the most critical supplies at the Ekati Mine that is transported during this short period while the ice road is in operation. In February 2025, ACDC entered into an

innovative offtake agreement (the “**Macquarie Offtake Agreement**”) with its previous fuel supplier (a subsidiary of Macquarie Bank Ltd. (“**Macquarie**”)) to ensure a sufficient fuel supply for the Ekati Mine while spreading fuel costs throughout the year and better manage working capital and reduce the seasonal volatility of cash flows created by the challenges of transporting supplies to the Ekati Mine. Pursuant to the Macquarie Offtake Agreement, Macquarie purchased the fuel required to operate the Ekati Mine annually, which ACDC then purchased from Macquarie monthly. The Macquarie Offtake Agreement provided a mechanism that enabled the Burgundy Group to better manage the levels of working capital and reduce seasonal volatility of its operating cash outflows. The fuel offtake liability under the Macquarie Offtake Agreement was fully repaid by February 19, 2026. All fuel for 2026 has been purchased by ACDC and has been delivered to the Ekati Mine, with all fuel at the Ekati Mine now owned by ACDC.

iii. Surety and Governmental Engagement

69. In addition to efforts to extend and enhance the operations at the Ekati Mine, ACDC has also been in active consultation with its surety bond providers, the GNWT, the federal government, and Indigenous nations, with a view to improving the Ekati Mine's financial viability.

70. As a starting point, ACDC has significant obligations related to the future reclamation of the Ekati Mine (collectively, the “**Reclamation Obligations**”). Mining legislation in the Northwest Territories and Canada requires ACDC to provide security for the total estimated closure cost of the Ekati Mine.

71. Addressing issues with respect to the funding of the Reclamation Obligations has been a key objective of ACDC. ACDC's Reclamation Obligations are primarily secured by: (a) bonds provided by third-party sureties in favour of the GNWT; and (b) cash collateralization paid directly to governmental entities, including through restricted cash and lines of credit.

72. As of December 31, 2025, the estimated total *undiscounted* amount of the future cash flows required to settle the Reclamation Obligations is estimated to be CDN \$427.9 million.

73. ACDC has two primary groups of surety bonds in place to secure its Reclamation Obligations:

- (a) surety bonds with the GNWT have been posted with an approximate value of CDN \$184 million (the “**Primary Bond**”), the liability for which rests collectively with

Zurich Insurance Company Ltd. (“**Zurich**”), Aviva Insurance Company of Canada (“**Aviva**”), and Argonaut Insurance Company; and

- (b) Axis Reinsurance Company (“**Axis**”) has posted a surety bond in favour of the GNWT with an approximate value of CDN \$13.5 million, which is specifically related to Reclamation Obligations for the Point Lake Open Pit (the “**Point Lake Bond**”, and together with the Primary Bond, the “**Bonds**”).

74. ACDC is in arrears of payment of premiums with respect to both the Primary Bond and the Point Lake Bond, with approximately CDN \$4.8M of premiums owing with respect to the Primary Bond as of December 31, 2025 and approximately CDN \$340,000 of premiums owing with respect to the Point Lake Bond as of March 31, 2026.

75. In connection with the Primary Bond, ACDC, Burgundy, and 1403432 B.C. Ltd. (which was amalgamated with ACDC in June 2023) have entered into indemnity agreements with the sureties, whereby ACDC, Burgundy, and 1403432 B.C. Ltd. agree to indemnify the sureties for any loss suffered by or claim against these entities in connection with the Primary Bond. A similar indemnity has been granted in favour of Axis by ACDC and Burgundy with respect to the Point Lake Bond.

76. To manage ACDC’s cash flow and improve its liquidity position, in August 2024, ACDC and the Burgundy Group negotiated a revision to the Primary Bond that provided for a revised cash collateralization payment schedule to extend until 2027 (the “**Bond Agreement**”). This amounted to a significant reduction in the annual amounts required to be posted to the Primary Bond by ACDC and the other indemnitors under the Primary Bond.

77. Prior to the Bond Agreement, ACDC was required to make quarterly cash payments to collateralize the Primary Bond of CDN \$43.8 million, ending in Q2 of 2024. Pursuant to the Bond Agreement, ACDC is now required to make quarterly payments (due 45 days after the end of each quarter) of CDN \$14.5 million (a total of CDN \$58 million per year) until Q3 of 2027. These payments are only required to be made if ACDC has a minimum balance of US \$30 million on hand (meaning that ACDC does not anticipate making the next owing quarterly payment due to its strained financial position).

78. In addition to the Bonds, as of February 28, 2026, the Burgundy Group had restricted cash of US \$2.1 million to secure letters of credit granted with respect to the Reclamation Obligations,

reclamation deposits of US \$42.2 million with government agencies and sureties as cash collateral for the Reclamation Obligations, and, as discussed below, an environmental trust fund of US \$58.7 million.

79. With respect to the environmental trust, and further to its efforts to minimize costs associated with the Reclamation Obligations, in December 2024, ACDC entered into an agreement with Royal Trust Corporation and the GNWT to establish an environmental trust whereby ACDC would pay funds into a trust established for the benefit of ACDC and the GNWT with respect to the Reclamation Obligations (the "**Environmental Trust**"). The purpose of the Environmental Trust is to create a fund wherein ACDC can pay funds with respect to its Reclamation Obligations under the Primary Bond to be held in trust for the benefit of the GNWT that is both a "qualifying environmental trust" for the purposes of the *Income Tax Act* (Canada) and a "mining reclamation trust" for the purpose of mining regulations in the Northwest Territories. Establishing the Environmental Trust allows ACDC to deposit funds towards its Reclamation Obligations while obtaining the benefit of a favorable accounting treatment of tax liabilities.

80. In 2025, there were no reclamation deposit contributions made to the Environmental Trust and to the Bonds given the liquidity challenges facing ACDC.

81. ACDC has also engaged frequently with governmental authorities with respect to challenges facing the Canadian diamond market. For example, ACDC has worked with the GNWT to expedite the process to have its rough diamonds valued in Yellowknife prior to being sent to the market for sale, which is done in relation to the royalty paid to the GNWT. As discussed below, in April 2025, the GNWT announced an initiative intended to speed up this process.

iv. LETL Facility and Related Bridge Financing

82. In light of ACDC's financial difficulties, in 2025 ACDC made the decision to pursue funding in the form of a Large Enterprise Tariff Loan (or "**LETL**"), a program managed by Canada Enterprise Emergency Funding Corporation ("**CEEFC**"), which provides financial support to large Canadian enterprises impacted by actual and potential tariffs and countermeasures. The LETL facility program was announced by Canada in March 2025.

83. ACDC applied for a LETL facility in July 2025 and announced that it had met the "eligibility" criteria for a potential LETL facility in an amount of up to CDN \$150 million on September 29, 2025. At that time, a final decision approving funding was pending the outcome of due diligence and further consideration by Canada.

84. Having received positive indications that the Ekati Mine may be approved for LETL funding, but with its application still pending, on November 5, 2025, ACDC obtained approximately US \$7.1 million in bridge financing (the "**Bridge Financing**"). The Bridge Financing was provided by Arctic Canadian Diamond Holding, LLC ("**ACDH**") (an unrelated entity to the Burgundy Group that is affiliated with the 2L Group), Zurich, and Aviva (collectively, the "**Bridge Financing Lenders**") in the form of promissory notes with a maturity date of February 2, 2026 (the "**Promissory Notes**").

85. Further, pursuant to a contribution agreement dated November 5, 2025, the GNWT agreed to provide an interest payment contribution of US \$1.5 million in connection with the Bridge Financing.

86. On or about December 17, 2025, ACDC obtained the LETL Facility in an initial amount of up to CDN \$115 million pursuant to a loan agreement and warrant agreement, each dated December 17, 2025. The LETL Facility is guaranteed by Burgundy.

87. In granting the LETL Facility, Canada recognized that the Ekati Mine "contributes significantly to the territory's economy". Canada further stated that the LETL Facility is being provided "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". A copy of Canada's December 18, 2025 news release is attached as **Exhibit "C"** to the Alambre Affidavit.

88. On February 2, 2026, the Promissory Notes provided pursuant to the Bridge Financing and outstanding interest were repaid in full.

89. On March 4, 2026, pursuant to an amended and restated loan agreement and an amended and restated warrant agreement, ACDC secured an increase of up to an additional CDN \$60 million in the total borrowing amount in the LETL Facility for a total LETL Facility of up to CDN \$175 million. Additional conditions precedent for this increased facility included the hiring of a financial advisor acceptable to CEEFC and that any advances made under this increased facility are subject to CEEFC's approval in their sole and absolute discretion. ACDC must also complete an equity raise of at least CDN \$25 million by May 1, 2026.

90. The LETL Facility has a maturity date of December 17, 2032. In connection with the LETL Facility, CEEFC holds first-ranking security over all present and after-acquired assets of ACDC, with Burgundy as guarantor. Pursuant to an Intercreditor Agreement dated December 17, 2025 (the "ICA"), as between (among others) ACDC, Burgundy, Alter Domus (US) LLC (as agent to the 2L Group), Zurich, Axis, and Aviva, the 2L Group and Zurich, Axis, and Aviva have subordinated their respective debts to the security provided to CEEFC to secure the LETL Facility.

91. The full amount of the LETL Facility of CDN \$175 million has been drawn.

v. Trade Creditor Debt Reduction

92. ACDC has also taken significant steps to reach agreement with its trade creditors to reduce and defer the amount of trade debt owing to help with its long-term viability. ACDC has negotiated and executed approximately 150 settlement agreements with its trade creditors. These settlement agreements have resulted in approximately CDN \$18 million of ACDC's debt being forgiven (provided that ACDC meets the terms of such settlement agreements), which accounts for approximately 20% of ACDC's trade creditor debt.

93. While these have been significant and important measures that have made a material improvement to the financial outlook for the Ekati Mine, as discussed below, factors beyond ACDC's control have continued to place significant financial strain on the Ekati Mine's operations, which have now come to a critical point and necessitate a filing under the CCAA.

VI. STRAIN ON THE DIAMOND INDUSTRY AND IMPACT ON ACDC

A. Financial Challenges Facing the Global Diamond Market

94. Despite ACDC's strong financial performance in prior years, and the efforts made by ACDC and the Burgundy Group to improve the outlook for the Ekati Mine since the Burgundy Acquisition, a global depression in diamond prices has had a significant and negative impact on the profitability on the Ekati Mine, and other diamond mines operating in the Northwest Territories.

95. Since Burgundy acquired the Ekati Mine in 2023, diamond prices have dropped significantly. This current depression in the global diamond market is caused by a number of factors, including changes to global tariffs, a decrease in Chinese consumption of diamonds due to a reduction in national spending, the emergence of lab-grown alternatives, oversupply from two of the largest diamond producers, and a decrease in diamond jewelry sales.

96. The strain facing the diamond market has also adversely impacted other operators in the Northwest Territories. For example, in an April 4, 2025 article, the CBC reported that the nearby Diavik Mine reported a CDN \$127 million loss in 2024, and the minority owner of the Gahcho Kué Mine reported a CDN \$81 million loss in 2024. A copy of this April 4, 2025 CBC article is attached as **Exhibit "D"** to the Alambre Affidavit.

97. With the diamond market already under pressure (including due to the costs of operations in the Northwest Territories, which are discussed in further detail below), the uncertainty and financial strain caused by the introduction of increased global tariffs by the United States government has had an adverse impact on ACDC's business and the global diamond trade at large.

98. Approximately 50% of global production of natural diamond products are sold into the United States, which is the largest global consumer of polished diamonds. United States tariffs on jewelry imports have caused lower demand and lower diamond prices. A particularly significant impact relates to the current tariffs imposed on India. India accounts for nine in every 10 diamonds processed globally. A copy of an April 4, 2025 Reuters article is attached as **Exhibit "E"** to the Alambre Affidavit, which further speaks to the current challenges facing India's diamond market.

99. While I understand that a reduction in the United States tariffs imposed on India has occurred in 2026, the tariffs have continued to result in a reduced American demand and a buildup of inventory with wholesalers (resulting in wholesalers curtailing their purchase of rough diamonds). The commencement of the conflict in Iran has also had a negative impact on diamond pricing.

100. In summary, the tariffs imposed by the United States and other global forces have had a sudden and blunting impact on the diamond market, with direct negative implications for upstream producers such as ACDC and the Burgundy Group. Prior to the imposition of United States tariffs, the Burgundy Group's average price per carat at the end of 2024 was US \$92/carat. Since the introduction of tariffs in early 2025, the average price has dropped to US \$24/carat, as of December 2025, with the last two sales of ACDC's diamonds achieving an average price of US \$27/carat.

101. On September 29, 2025, ACDC requested a public trading halt on the ASX until it could secure sufficient external funding.

B. Efforts to Address Regulatory Challenges Given Market Challenges

102. Another challenge faced by ACDC and other mining companies operating in the Northwest Territories is the asymmetry between the distressed state of the diamond industry and the regulatory requirements currently in place for diamond operations, including the terms for the posting of security for future Reclamation Obligations. Presently, mining legislation in the Northwest Territories and Canada requires ACDC to provide security for the total estimated closure costs of the Ekati Mine. ACDC has significant obligations in place with respect to the reclamation bonds. Even with the benefit provided to ACDC by its Bond Agreement, this is a significant financial burden to ACDC.

103. Other regulatory challenges and concerns related to ACDC's ability to operate in the Northwest Territories given current pressures on the diamond industry include: (a) regulatory changes that may require ACDC to renegotiate its existing IBAs, to the detriment of the Ekati Mine's financial viability and, by extension, the stakeholders who rely on the mine's continued operation; (b) that the regulatory process with respect to new projects or developments at the Ekati Mine (such as the planned underground developments at the Fox Open Pit) is costly, complicated, and time consuming; and (c) issues related to the obligations placed on ACDC regarding water management and watering standards.

104. As parent company to ACDC, Burgundy has previously written to the Premier of the Northwest Territories to express its concern with these issues, and others, considering the challenges facing the global diamond market. A copy of Burgundy's September 24, 2024 correspondence in this respect is attached as **Exhibit "F"** to the Alambre Affidavit.

105. ACDC's concerns with the asymmetry between the regulatory constraints placed on the diamond industry in the Northwest Territories and prevailing market factors are also shared by other industry participants. On March 13, 2025, Burgundy and the operators of the Diavik Mine (Rio Tinto) and the Gahcho Kué Mine (De Beers Group and Mountain Province Diamonds) wrote a joint letter to the Ministers of Finance and Industry, Tourism and Investment to express their shared concerns about the profitability of all three mines. In that letter, Burgundy and these other northern diamond mine operators noted that these three mines significantly contribute to the economy of the Northwest Territories, with a collective workforce of approximately 3,200 (with over 1,000 northern workers) and a joint expenditure of approximately CDN \$1.3 billion per year, of which approximately CDN \$900 million is with Northern businesses. This correspondence also

identified several key action items that the GNWT could take to mitigate the current pressure on the diamond industry in the Northwest Territories.

106. The outreach of Burgundy and other diamond mine operators has resulted in engagement between industry and the GNWT. In April 2025, the GNWT announced several new policies aimed at supporting diamond mining in the territory given the strains currently facing the diamond market. These include a temporary reduction in property taxes. While these are positive developments, these measures have not resolved the significant financial strain currently facing the Ekati Mine.

107. The concern for the viability of the Ekati Mine is also shared by northern Indigenous communities, who, as discussed above, receive significant benefit for its ongoing operation. On August 4, 2025, representatives of Tłı̨ch̨o Investment Corporation, Det'on Cho Group of Companies, North Slave Metis Alliance, and Denesoline Corporations (which are Indigenous groups or corporate entities affiliated with Indigenous groups in the Northwest Territories) wrote to the federal Minister of Crown-Indigenous Relations to similarly express concern about the circumstances facing the global diamond market, noting that diamond mines in the Northwest Territories account for over 20% of the Northwest Territories' GDP. This letter identified these parties' concerns with any potential closure of the Ekati Mine and the impact that would have on the Northwest Territories, as well as to express support for ACDC's application for the LETL facility (along with any other support that could be provided to the Ekati Mine).

VII. RECENT OPERATIONAL AND WORKFORCE UPDATES

108. Considering the current challenges facing the Ekati Mine, on July 18, 2025, ACDC made the decision to temporarily cease operations at the Point Lake Open Pit. Despite attempts to streamline operations at the Ekati Mine, the depressive forces experienced in the global diamond market, combined with the other challenges described above, have rendered the operations at the Point Lake Open Pit sub-economic at this time.

109. Despite cost-cutting and value increasing efforts, as described above, the strain on the diamond industry has resulted in the Burgundy Group realizing a net loss of US \$86.8 million in 2025 due to lower sales that were impacted by suspension of Point Lake Open Pit operations that resulted in lower carat recoveries and lower pricing realized during the year due to the adverse impact of tariffs on diamond markets. As noted above, it has been reported that in 2024, the

nearby Diavik Mine incurred a CDN \$127 million loss and the minority owner of the Gahcho Kué Mine reported a loss of CDN \$81 million.

110. The pause of operations at the Point Lake Open Pit in July 2025 also required ACDC to lay off approximately 120 of its unionized employees and 20 staff members. As of the close of Q1 2026 (March 31, 2026), ACDC has approximately 340 employees with an additional approximately 35 employees on long term leave or temporary layoff. ACDC has also reduced its contractor usage, from approximately 540 contractors in January 2025 to approximately 200 contractors in March 2026.

111. Given the importance of ACDC's operations to the northern community, including to the Indigenous population, several Indigenous groups have expressed disappointment at the closure of the Point Lake Open Pit and concerns about the impact of this halt of operations on the northern Indigenous community. Attached as **Exhibit "G"** to the Alambre Affidavit is a July 18, 2025 CBC news article where leaders of certain Indigenous communities in the Northwest Territories and others commented on the impact of the pause on operations of the Point Lake Open Pit.

VIII. THE NEED FOR AND BENEFITS OF CREDITOR PROTECTION

112. Despite obtaining the LETL Facility, the circumstances described above, including a depressed diamond market, increases in global tariffs, the burden of ACDC's secured debt, trade debt, and Reclamation Obligations, have placed ACDC in financial distress.

113. While ACDC remains of the view that it has a viable business, it presently finds itself in a liquidity crisis. Simply put, ACDC is no longer able to fund the day-to-day costs of operating the Ekati Mine, including payments to employees, trade creditors, and suppliers, in addition to its other ongoing financial obligations. This places the current operations at the Ekati Mine in significant risk, which will in turn jeopardize ACDC's ability to ensure continued operations at the Ekati Mine, employment of its current employees, safeguard the environment, and preserve the Ekati Mine assets and infrastructure.

114. Faced with these circumstances, ACDC requires a stay of proceedings to permit interim financing to be obtained and acquire the breathing room required to consider strategic alternatives and pursue and implement a restructuring strategy, including in particular through a sales process for its assets, or investment, if available. It is imperative for the success of any such strategy that current and potential actions against ACDC be stayed, and that ACDC's current supplier and customer contracts and arrangements are preserved.

115. With the benefit of the protection afforded by the CCAA, ACDC will be able to avoid an abandonment of the Ekati Mine, protect the environment, and maintain the value of ACDC's assets, including by potentially continuing the existing operations at the Ekati Mine if longer term funding is obtained, or taking other measures, preserving the potential for employment opportunities, and generally stabilizing its business operations for the continued benefit of ACDC's stakeholders, including contractors, private and government partners, and the local northern communities in which ACDC operates.

116. In the absence of the imposition of a stay of proceedings and the granting of other relief afforded by the CCAA, there are material risks as outlined above.

117. To protect against such negative effects and to address ACDC's current liquidity challenges, ACDC's current plan while under CCAA protection involves, among other things, efforts to:

- (a) stabilize the current financial situation and obtain interim financing;
- (b) provide comfort to ACDC's stakeholders of its ability to continue to operate if longer term funding is obtained;
- (c) explore potential further cost-cutting measures;
- (d) implement a sale and investment solicitation process (the "SISP") to solicit offers for the purchase of the Ekati Mine; and
- (e) continue to work with its stakeholders to determine the best outcome in the circumstances.

118. While ACDC is currently in a challenging financial position, ACDC and the Burgundy Group continue to benefit from a strong market reputation and a significant asset base.

IX. RESTRUCTURING MATTERS

A. Financial Statements

119. Given the structure of the Burgundy Group, annual financial statements are prepared on a consolidated basis. ACDC does not prepare standalone financial statements. Copies of annual reports, which include audited financial statements, for the Burgundy Group for the years ended

December 31, 2023, and December 31, 2024, are attached as **Exhibits “H” – “I”**, respectively, to the Alambre Affidavit. Attached as **Exhibit “J”** to the Alambre Affidavit is Burgundy’s half-year financial report for the half-year ended June 30, 2025. Attached as **Exhibit “K”** to the Alambre Affidavit is Burgundy’s preliminary unaudited financial report for the year ended December 31, 2025.

B. Assets

120. As of December 31, 2025, the Burgundy Group had total assets with a book value of approximately US \$440 million, consisting of current assets with a book value of approximately US \$141 million and non-current assets with a book value of approximately US \$298 million.

121. As of March 31, 2026, the approximate value of inventory held by ACDC, including the rough and polished diamond inventory, was US \$41 million.

122. BDC holds an interest in the Naujaat Project, located nine kilometers northeast of the hamlet of Naujaat (formerly Repulse Bay), Melville Peninsula, Nunavut. The Naujaat Project comprises 10,742 hectares of contiguous mineral leases and claims owned 100% by North Arrow Minerals. A total of eight kimberlite pipes have been identified, as well as several associated kimberlite dykes, with the Q1-4 kimberlite being the largest and most diamondiferous of these bodies.

123. In 2020, BDC entered into an Option Agreement with North Arrow Minerals over the Naujaat Project. The agreement details included a right to earn a 40% interest in the project, in return for funding of CDN \$5.6 million for a preliminary bulk sample of 2,000 tonnes. In July 2022, diamond recovery was completed for the 2,000 tonne bulk sample, completed at site in 2021, reconfirming the presence of high-value Fancy Orange and Fancy Yellow diamonds. BDC officially earned 40% interest in the Naujaat Project in February 2023. BDC also has an optional Letter of Intent with North Arrow Minerals to earn an additional 20% undivided interest in the project through a Phase Two Earn-in Option Agreement. The Phase Two Agreement would include a larger bulk sample to establish diamond price to a prefeasibility study level of precision.

C. Liabilities

i. Overview

124. As of December 31, 2025, the Burgundy Group had total liabilities with a book value of approximately US \$482 million, consisting of current liabilities with a book value of approximately US \$98 million and non-current liabilities of approximately US \$384 million.

125. The Burgundy Group's liabilities increased in 2025 due to the buildup of payables to conserve cash and higher loans and borrowings. The increase in loans and borrowings is attributed to the Bridge Financing (as defined and discussed below)(which was paid off in February 2026) and the loan financing received from the LETL Facility.

126. As of April 23, 2026, ACDC has 39 *Personal Property Security Act* (Alberta) registrations, including 2 land charges, against its assets by 12 parties and 10 *Personal Property Security Act* (British Columbia) registrations against its assets by 9 parties. These registrations are primarily in respect of (a) financed equipment and serial numbered goods, and (b) all the present and after-acquired personal property of ACDC.

127. As of April 23, 2026, BDC has 2 *Personal Property Security Act* (Alberta) registrations, against its assets by 4 parties. These registrations were registered by the sureties under the Primary Bond and the Point Lake Bond against all the present and after-acquired personal property of BDC.

ii. The LETL Facility

128. As set out above, ACDC has been advanced CDN \$175 million pursuant to the LETL Facility, with respect to which CEEFC holds first-ranking security.

iii. The 2L Loan

129. The Burgundy Acquisition was funded by an equity raise by Burgundy of approximately US \$129 million. Following the Burgundy Acquisition, the only remaining significant secured debt of ACDC was the 2L Loan. ACDC's senior secured creditor in connection with the 2L Loan and related debt obligations is the 2L Group (with the 2L Loan now ranking subsequent in priority to the LETL Facility pursuant to the ICA).

130. Pursuant to a Second Lien Credit Agreement dated as of February 3, 2021 (the "**2L Credit Agreement**") among ACDC, as borrower, ACDM, as guarantor, the lenders party thereto from time to time, as lenders (the "**Lenders**"), and Alter Domus (US) LLC, as administrative agent and collateral agent (the "**Agent**"), the Lenders agreed to extend a US \$70 million loan (the "**2L Loan**")

in a single draw to ACDC. The 2L Credit Agreement is governed by the laws of the State of New York.

131. The Credit Agreement was amended by Amendment No. 1 dated as of December 13, 2022 and Amendment No. 2 dated as of June 30, 2023, whereby, among other things, the outstanding commitments were reduced to approximately US \$73.8 million. The 2L Loan originally matured on June 30, 2026 (and now matures 1 year following maturity of the LETL Facility). Interest is payable in the amount of approximately US \$813,000 per quarter. The 2L Group is owed approximately US \$78.3 million as of March 31, 2026.

132. In light of the financial challenges that ACDC faced, the 2L Group has agreed to defer interest payments due on the 2L Loan from September 1, 2025 onwards on a "payment in kind" (or PIK'd) basis.

133. The 2L Group has registered security over essentially all of ACDC's assets. The security is with respect to:

- (a) all of ACDC's present and future personal property;
- (b) all of ACDM's present and future personal property;
- (c) Burgundy's ownership of its shares in ACDM;
- (d) a guarantee by ACDM guaranteeing the obligations of ACDC under the 2L Credit Agreement; and
- (e) a security interest in ACDC's two CIBC bank accounts (account numbers 9519718 and 0257419), each of which hold accounts receivable, negotiable instruments, currency and other deposits pursuant to a blocked account agreement.

134. Existing obligations under the 2L Credit Agreement rank subordinate to the LETL Facility pursuant to the ICA. In December 2025, the 2L Loan was amended in which the maturity date was revised from June 30, 2026 to 12 months after the date of maturity of the LETL Facility.

iv. Surety Bonds and Cash Collateral

135. As discussed above, ACDC provides security for its Reclamation Obligations in two primary forms: (a) bonds provided by third-party sureties in favour of the GNWT; and (b) cash

collateralization paid directly to governmental entities, including through restricted cash and lines of credit. These include:

- (a) the Primary Bond of approximately CDN \$184 million;
- (b) the Point Lake Bond of approximately CDN \$13.5 million;
- (c) approximately CDN \$84.2 million that has been paid into the Environmental Trust;
- (d) approximately CDN \$20 million in surety bond deposits that have been deposited with the GNWT as part of the Primary Bond reduction protocol; and
- (e) over CDN \$25 million in cash security postings with the GNWT in a general corporate trust account.

136. As part of the LETL Facility negotiations, and pursuant to the ICA, the surety bond providers agreed to subordinate claims they have against the Burgundy Group to the Burgundy Group's obligations under the LETL Facility. Agreed-upon quarterly bond reduction payments of CDN \$14.5 million have been extended past the maturity date of the LETL Facility.

v. ATB/Servus Credit Union Letters of Credit

137. Pursuant to a Commitment Letter dated as of December 13, 2022, as amended on March 5, 2024, between ACDC, as borrower, and ATB Financial, as lender ("**ATB**"), ATB issued letters of credit to ACDC in the amount of approximately CDN \$10 million (the "**ATB LCs**").

138. The ATB LCs secured the Point Lake Bond and certain permitting obligations to the Receiver General of Canada on behalf of Fisheries and Oceans.

139. CDN \$6.75 million of the ATB LCs were called on in November 2025 with respect to the Point Lake Bond and the cash security provided to secure this amount of the ATB LCs has been transferred to the bond provider. The remainder of the ATB LCs have been moved to Servus Credit Union and are fully cash collateralized.

vi. Trade Creditors

140. ACDC currently has approximately CDN \$63 million owing to its trade creditors (as reduced by the settlement agreements), excluding property tax amounts and amounts owing

under the IBAs. This is despite the approximately CDN \$18 million reduction to ACDC's trade creditor debt as a result of the settlement agreements negotiated with these trade creditors (which debt reduction shall only remain effective if ACDC meets its obligations under these settlement agreements).

vii. Employees and Pension Plans

141. As of the date of my affidavit, ACDC is current on payroll obligations, including accrued and unpaid wages, and source deductions, for all of its current employees.

142. ACDC sponsors various pension plans for its employees, being a registered defined benefit pension plan (the "**DB Plan**") and a registered defined contribution pension plan (the "**DC Plan**"). The DB Plan and the DC Plan are both registered under the *Pension Benefits Standards Act, 1985* (the "**PBSA**").

143. The DB Plan is required to be funded in accordance with the PBSA and the regulations thereunder, which generally require pre-funding of benefits of the DB Plan along with amortization of funding deficits. It closed to new members over 20 years ago but remains active for prior existing members.

144. The DC Plan is a defined contribution pension plan for which fixed contributions are contributed by an employer on an ongoing basis as required by the PBSA and regulations thereunder.

145. In addition to the DB Plan and the DC Plan, the Burgundy Group maintains an unfunded and unregistered supplemental plan for certain high-earning employees.

146. As discussed below, if granted protection under the CCAA, ACDC intends to seek court approval of a SISF to market its assets for sale or solicit an investment in its business. During the SISF, ACDC intends to make payments of approximately CDN \$3.2 million of accrued vacation pay to its employees (subject to having sufficient funding to do so).

viii. Royalties

147. ACDC pays the following two royalties on production from the Ekati Mine:

- (a) a “**Private Royalty**” in favour of Dr. Stuart Blusson, who formerly owned an interest in the Ekati Mine, in the amount of 2% of gross proceeds of sale from the Core Zone and 2.3% of gross proceeds from the Buffer Zone; and
- (b) a “**Crown Royalty**” in favour of the GNWT pursuant to the Socio-Economic Agreement, which is equal to the lesser of either (i) 13% of the output value of the mine, or (ii) an amount calculated based on a sliding scale of royalty rates dependent upon the value of output of the mine, that can range from 5% for production between CDN \$10,000 and CDN \$5 million to 14% for production over CDN \$45 million.

148. In 2024, ACDC paid approximately US \$10.9 million with respect to the Private Royalty. ACDC has also made certain payments to the Private Royalty holder pursuant to a settlement agreement entered into as between ACDC and the Private Royalty holder on account of amounts owing for 2025. No amounts were owing or paid in respect of the Crown Royalty in 2024 or 2025.

D. Payments During CCAA Proceedings

149. During these CCAA proceedings, ACDC intends to make payments for goods and services supplied to ACDC post-filing as set out in the cash flow projections referred to below and as permitted by the proposed form of Initial Order.

150. Additionally, ACDC seeks the Court's authorization to make payment of pre-filing amounts or to honour cheques issued to providers of goods and services prior to the date of filing that ACDC, with the consent of the proposed monitor, believes are necessary to facilitate ACDC's ongoing operations and to preserve value in these CCAA proceedings. ACDC has already received numerous demands from various trade suppliers with respect to its outstanding obligations, including requests for cash on delivery or payment plans.

151. The payment of pre-filing amounts may be crucial for ACDC to maintain ongoing operations at the Ekati Mine and preserve the value of the Ekati Mine, to the benefit of ACDC and its stakeholders. It will also permit ACDC to maintain positive relationships with their current goods and services suppliers who are not subject to long-term contracts and who may otherwise increase prices for goods and services provided should these relationships deteriorate.

152. Critical supplies and services without which the Ekati Mine cannot operate include aviation services (which are required to transport both personnel and freight up to the Ekati Mine at this

time of year), camp and catering services, equipment parts and labour, waste disposal, mining contractors, and explosives, among others.

153. The goods and services provided by the above-mentioned categories of suppliers are by their nature critical to supporting ACDC's ongoing operations at the Ekati Mine.

154. The ability for ACDC to make payments to the above-mentioned suppliers is accordingly critical and necessary to maintaining stability during the CCAA proceedings and to allow ACDC to advance its restructuring efforts for the benefit of its stakeholders.

E. Addition of Burgundy as Non-Applicant Stay Party

155. The Burgundy Group operates as an integrated business. If a stay is not extended to Burgundy, it would have a negative impact on the Applicants' ability to restructure, potentially jeopardizing the success of their restructuring and the continuation of the Ekati Mine as a going concern in circumstances where longer term funding is available.

156. The operations of Burgundy are critical to the ongoing viability of ACDC. Burgundy is the parent company of ACDC, performs a central operational role in the Burgundy Group (and with respect to ACDC's business), and owns of all the shares of ACDC. Its business and operations fully intertwined with those of the ACDC.

157. Further, as a party to key security agreements involving ACDC, Burgundy is highly integrated with and indispensable to the business of ACDC. Burgundy is an indemnitor of the Primary Bond and the Point Lake Bond and a guarantor of the LETL Facility.

158. Extending the stay to Burgundy prevents uncoordinated realization and enforcement attempts, which would be counterproductive to the maximization and protection of value for Applicants' stakeholders and would consume key personnel and ACDC's already limited resources. If a stay is not extended to Burgundy, the purpose of the Applicants' restructuring and their ability to maximize value for stakeholders under the CCAA would be undermined.

F. Cash Management and Intercompany Loans

159. ACDC maintains separate bank accounts from the other members of the Burgundy Group and there is no cash pooling between the Burgundy Group entities.

160. With respect to intercompany debt, as of April 27, 2026, ACDC owes Burgundy approximately US \$2 million.

G. Cash-flow Projections

161. The Applicants retained FTI Consulting Canada Inc. ("**FTI**") to assist the Applicants with the preparation of cash-flow projections as required by the CCAA. ACDC's management has worked with FTI to prepare the cash-flow projections attached and marked as **Exhibit "L"** to the Alambre Affidavit for the 10 week period ending July 3, 2026 (the "**Cash-flow Projections**"). Based on the Cash-flow Projections, the Applicants should have enough cash to operate through the proposed 10 day stay period.

162. Based on my knowledge of ACDC's financial position and the assumptions set out in the Cash-flow Projections, I believe that the Cash-flow Projections are accurate and reasonable, noting that:

- (a) the hypothetical assumptions set out in the Cash-flow Projections are reasonable and consistent with the purpose of the projections described in the Cash-flow Projections. The probable assumptions are suitably supported and consistent with ACDC's plans and provide a reasonable basis for the projections. All such assumptions are disclosed in the notes to the Cash-flow Projections;
- (b) since the projections are based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material; and
- (c) the projections have been prepared solely for the purpose described in the notes to the Cash-flow Projections, using the probable and hypothetical assumptions set out in the notes to the Cash-flow Projections. Consequently, readers of the Cash-flow Projections are cautioned that they may not be appropriate for other purposes.

H. The Monitor

163. It is proposed that FTI act as the monitor of the Applicants in these CCAA proceedings (in such capacity, the "**Monitor**") on the terms set out in the proposed Initial Order. Attached as **Exhibit "M"** to the Alambre Affidavit is a copy of the signed FTI consent to act as the Applicants' monitor. FTI has acted as a financial advisor to ACDC and is informed and knowledgeable about

ACDC, its assets, and its financial challenges. I believe FTI is qualified and competent to act as the Applicants' monitor in these proceedings.

I. Court Ordered Charges

i. Administration Charge

164. As noted above, FTI has consented to act as the monitor in these proceedings to provide supervision, monitoring and to generally assist the Applicants with their restructuring efforts, including the potential preparation of a CCAA plan to be put to their creditors pursuant to the terms of the proposed Initial Order and the statutory provisions of the CCAA.

165. The Monitor, counsel for the Monitor, and ACDC's counsel will be essential to the Applicants' restructuring efforts. They are prepared to provide or continue to provide professional services to ACDC if they are protected by a first-ranking priority charge (the "**Administration Charge**") over the Applicants' assets.

166. The Applicants believe that an Administration Charge in the amount of CDN \$1 million is fair and reasonable and will provide the level of appropriate protection for the payment of the Applicants' essential professional services given the size and complexity of their business. At this time, Applicants are only requesting an Administration Charge of CDN \$500,000. The Applicants intend to seek an increase of the authorized amount to the full \$1 million at the comeback hearing.

ii. Directors' and Officers' Charge

167. It is contemplated that the Applicants' directors and officers would ultimately be granted a second-ranking priority charge (the "**D&O Charge**") on the assets, property and undertakings of the Applicants, up to the maximum amount of CDN \$5 million. At this time, the Applicants are only seeking a D&O Charge of CDN \$2.75 million (based on the estimated payroll amount for the first two weeks of the anticipated CCAA filing). The Applicants intend to seek an increase of the D&O Charge to the full amount of \$ 5 million at the comeback hearing.

168. The Applicants believe that the D&O Charge is fair and reasonable in the circumstances.

169. A potential restructuring of the Applicants' business will only be possible with the continued participation of the Applicants' directors and officers. These individuals have specialized expertise and knowledge of the Ekati Mine and relationships with the Applicants' stakeholders that cannot be replicated or replaced.

170. The Applicants' directors and officers have the benefit of directors' and officers' liability insurance coverage which is provided as part of the coverage maintained by Burgundy for the various entities in the Burgundy Group (the "**D&O Coverage**"). The D&O Coverage provides for AUD \$50 million (CDN \$45 million) in total coverage and the current policies will expire March 31, 2027.

171. Although the D&O Coverage insures the directors and officers of the Applicants for certain claims that could be brought against them in their capacities as directors and/or officers of the Applicants, these entities share the D&O Coverage limits with several other entities within the Burgundy Group. The D&O Coverage could therefore be eroded by claims against these other entities and/or their directors and officers. The D&O Coverage is also subject to conventional exclusions and limitations. Accordingly, there is a potential for insufficient coverage in respect of potential director and officer liabilities incurred in connection with these CCAA proceedings. The directors and officers of the Applicants have expressed their desire for certainty with respect to their potential personal liability if they continue in their current capacities in the context of these CCAA proceedings.

172. The D&O Charge is vital to encouraging the continued participation of the directors and officers in these CCAA proceedings. The Applicants' directors and officers will provide necessary experience and stability to the Applicants' business and guide the Applicants' restructuring efforts. It is critical that a level of continuity be maintained within the Applicants to ensure focus on achieving a restructuring plan that will benefit their stakeholders.

J. Interim Financing

173. While the Applicants' current cash flow projections indicate that the Applicants will have sufficient liquidity to operate through an initial 10 day stay period, the Applicants will require interim financing in order to fund their ongoing restructuring efforts. The Applicants are working to obtain interim financing and anticipate bringing an application for approval of interim financing at the comeback hearing.

K. Sales Process

174. At the comeback hearing, the Applicants also intend to seek court approval of a SISP.


175. To that end, the Applicants have been working with FTI, as proposed Monitor, to develop the SISP in preparation for a filing for CCAA protection. As currently contemplated, the SISP will

be implemented by FTI, with the assistance of ACDC and its management, and will follow a two-phase process (with phase 1 providing for the submission of non-binding letters of interest and phase 2 providing for the submission of binding bids).

176. It is anticipated that, should the SISP be approved at the comeback hearing, it will commence in the very near term following court approval. ACDC is of the view that implementing a SISP at this time is appropriate given the Applicants' current financial position and restructuring objectives.

X. CONCLUSION

177. For the foregoing reasons, the Applicants request that this Court grant them protection under the CCAA on the terms sought in their proposed Initial Order.

AFFIRMED BEFORE ME at Calgary, Alberta)
on April 30, 2026)
Abdulallah Abbas)
Student-at-Law)
)
_____)
Commissioner for taking Affidavits for)
Alberta)



Brent Mierau