



ASX Announcement

Burgundy builds downstream market capability for Fancy Colour diamonds

29 June 2021

Highlights

- Burgundy progressing plans for downstream operations including proposed future production of Fancy Yellow diamonds from the Ellendale project;
- Specialised premises, equipment and skilled staff being secured in Perth, Western Australia.

Burgundy Diamond Mines Limited (ASX: BDM; “Burgundy” or “the Company”) is pleased to announce it has advanced several recent arrangements that will facilitate its evolving strategy to grow into downstream operations in the high-value Fancy Colour Diamonds sector.

Based off the proposed start of production of Fancy Yellow diamonds from the Ellendale Diamond Project in 2022, the Company has previously announced the potential of cutting and polishing some of this production in Western Australia to unlock further latent value (see ASX announcement dated 30 April 2020).

Additionally, Burgundy has been formulating a wider downstream strategy that includes cutting, polishing, marketing and sales of potential production from other projects in the Company’s international portfolio, such as the Naujaat Project in Canada, as well as from third party supply.

With closure of other diamond operations in 2020, the Company has had the opportunity to start building the required capability for this strategy, and is pleased to announce the following steps:

- A leasing agreement is being finalised to acquire secure premises in Perth comprising a purpose built high-security facility specifically designed for downstream diamond operations.
- Agreement has been reached for the purchase of specialised equipment for the valuing, cutting, polishing, grading, secure storage and sale of high-value diamonds.
- Burgundy has initiated a process to recruit a team of specialists to support the move to downstream operations. These include highly specialised cutting, polishing and grading professionals with deep experience and unique skills, as well as other skills critical to the coordination, control and security of a production stream of high-value Fancy Colour diamonds.

Burgundy Managing Director and CEO Peter Ravenscroft welcomed this progress in advancing the Company’s diamond strategy.

“This is an ideal opportunity to secure specialist facilities and skills as a springboard for our planned business growth, incorporating a downstream extension to our diamond strategy.” Mr Ravenscroft said.

“Burgundy will use this capability to maximise the value of our own future Fancy Colour diamond production and to pursue other business opportunities in this high-value segment.”

-Ends-



This announcement was authorised for release on the ASX by the Board of Burgundy Diamond Mines Ltd.

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About Burgundy Diamond Mines Limited

Burgundy is focused on global diamond exploration and project development with a vision to become a leading mid-cap diamond company.

Since mid 2020, Burgundy has acquired interests in three diamond projects:

- An earn-in agreement with North Arrow Minerals Inc. (TSX-V: NAR) over the Naujaat diamond project in Nunavut, Canada. The world class Naujaat project contains an exceptional population of uniquely coloured and rare high value stones. Burgundy has the option to earn-in to a 40% interest in the project by funding a C\$5.6 million preliminary 1,500 to 2,000 tonne bulk sampling program in 2021. Site activities started in June 2021, with sample collection expected to complete in Q3 2021, processing of the sample to start Q4 2021 and results expected early in 2022. Burgundy has also made a preliminary proposal to earn an additional 20% interest by funding a larger 10,000 tonne bulk sample pending positive results from the first phase.
- An Exploration Alliance Agreement in Botswana with Diamond Exploration Strategies Ltd (DES), a privately-owned company with an excellent management team. Burgundy is providing funding of US\$1.5 million over three years to finance exploration activities, earning 50% ownership of any discoveries made. Burgundy will have the option to sole fund a Scoping Study on a designated project to earn-in to a 70% ownership interest, with a further option to reach a 90% ownership interest by sole funding a Feasibility Study. The Alliance was initially over five areas that have existing prospecting licenses held by DES. Subsequent to the formation of the Alliance, DES has expanded its tenement holding, as well as signing agreements with other diamond exploration companies in Botswana, providing access to significant areas of highly prospective ground. An extensive program evaluating some 15 separate target areas is underway.
- An option to acquire 100% ownership of the Ellendale and Blina projects (together the "Ellendale Diamond Project") in the West Kimberley region of Western Australia. The acquisition includes all tenements pegged by Gibb River Diamonds Ltd (ASX: GIB) in 2019 over the historic Ellendale diamond mine, famed for its production of iconic yellow diamonds, as well as the highly prospective Blina alluvial diamond deposit to the north-west of the Ellendale properties. The transaction is in the form of an Option Agreement over two years, with a series of staged payments from Burgundy to Gibb River at Burgundy's election. Substantial review of the available data has been completed by Burgundy, and work programs are already underway including the fabrication of a state-of-the-art bulk sampling plant including advanced XRT recovery technology.

In addition to these projects, Burgundy continues to actively evaluate other investment opportunities, principally in Canada, Botswana and Australia, as it seeks to build a world-class portfolio of diamond projects, operations and downstream opportunities.



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.