

ASX Announcement

Burgundy Diamond Mines – Quarterly Activities Report September 2022

13 October 2022

Highlights

- Officially launched the ultra-luxury diamond brand, Maison Mazerea, in Perth where Burgundy is headquartered; this followed the successful global launch event in Paris during the previous quarter, confirming Burgundy's innovative strategy to become an end-to-end diamond company.
- Entered into a two-stage collaborative sales and profit-sharing agreement with Solid Gold Diamonds, one of Australia's leading independent jewellers headquartered in Perth, Western Australia.
- Secured first sales of jewellery pieces with Solid Gold Diamonds featuring Maison Mazerea diamonds.
- Recovered the first diamond at the Ellendale Diamond Project as bulk sampling ramps up at the state-of-the-art plant on site at Blina in the West Kimberley region of Western Australia.
- Ongoing cutting and polishing of rough Fancy Colour diamonds at specialised facilities in Perth, Western Australia, which continues to operate at high capacity.
- Exploration projects worldwide continue to progress:
 - **Canada:** Conducted further analysis and processing of the remaining 30% of the bulk sample shipped from the Naujaat Diamond Project; and
 - **Australia:** In addition to the bulk sampling program underway, exploration activities continue onsite including drilling programs intended to update resource models and complete a Scoping Study to define development options for the Blina and Ellendale projects, which together comprise the Ellendale Diamond Project.

Management Comment

Burgundy Diamond Mines Ltd (ASX: BDM) ("Burgundy" or "the Company") is pleased to provide its quarterly activities and cashflow report for the quarter ended 30 September 2022 ("September quarter").

Burgundy Managing Director, Peter Ravenscroft said all the pieces are now in place to continue rapidly growing the diamond business, from discovery to design, delivering even greater returns to shareholders.

"The September quarter has proven to be busy for Burgundy, with the Perth launch of our ultra-luxury diamond brand Maison Mazerea and our collaborative sales and profit-sharing agreement with Solid Gold Diamonds already delivering returns for the Company and our shareholders," Mr Ravenscroft said.

"We are starting to generate revenue from our sales agreements and, while it's still early days, the runway for growth and ongoing, increasingly lucrative diamond sales is genuinely exciting.

"Adding to that is the news of the commissioning at our Ellendale Diamond Project, and the recovery of our first Fancy Yellow diamond at Blina in the Kimberley – a beautiful 1.51 carat octahedral Fancy Yellow stone.

"Our Naujaat project in Canada also continues to make positive progress with ongoing analysis of the remaining bulk sample results which commenced in the June quarter.

"And the talented Master Craftsmen in our specialised cutting and polishing facility in Perth continue to create exceptional polished stones for use in high-end jewellery locally and globally, which will increasingly deliver cashflow from sales of Fancy Colour diamonds."



Sales and Marketing Update

Branding

Burgundy's new ultra-luxury diamond brand, Maison Mazerea, was officially launched in Australia at Wildflower, one of the nation's leading and most exclusive restaurants located within the award-winning, heritage-listed State Buildings in the Perth CBD.

Specialising in the rarest Fancy Colour diamonds of irreproachable provenance, Maison Mazerea is the world's first Haute Diamanterie Maison, and has been inspired by the famous 17th century diamond collection bequeathed by Cardinal Jules Mazarin to Louis XIV and the French Crown Jewels.

A select list of prominent guests from across Australia and Asia were able to exclusively view a spectacular collection of rough and polished Fancy Colour diamonds in a dazzling display which drew great attention and generated immediate sales enquiries, while also being introduced to the first finished pieces of bridal and high-end jewellery being created and sold by Solid Gold Diamonds.

The Company is progressing plans for further global launch events to take place over the next two quarters, including events in New York and London, which will incorporate significant sales components via private viewings with target clientele.

Collaborative sales agreements

Burgundy entered into a two-stage collaborative sales and profit-sharing agreement with Solid Gold Diamonds while continuing to progress discussions with other high-end design jewellers in establishing similar agreements, in line with the existing agreement in place with Bäumer Vendôme in Paris.

The first sales of jewellery pieces featuring Maison Mazerea diamonds were secured with Solid Gold Diamonds during the quarter, with revenue from these sales to be reported in the December quarter.

Stage one of the agreement with Solid Gold Diamonds was initially focussed on bridal jewellery, presenting uniquely cut Maison Mazerea branded diamonds in Solid Gold's engagement and bridal jewellery designs. Stage two has commenced with close collaboration between Burgundy and Solid Gold on the design and production of exclusive fine jewellery featuring larger and higher value Maison Mazerea diamonds, with a profit-sharing agreement on all sales.

The Company continued to progress the partnership between Maison Mazerea and the Princess Grace Foundation, as the collaborative arrangements with the Foundation and its Grace de Monaco luxury brand culminate in an exclusive launch event in New York in November, with fine jewellery sales to be generated via private invitation-only viewings.

Cutting and Polishing Update

Burgundy's cutting and polishing facilities in Perth continue to operate at high capacity, refining third-party rough diamonds purchased in 2021 and 2022.

The Company has previously purchased rare rough Fancy Colour stones including stones from the former Ellendale Mine and is expecting to generate multiples of value from the sale of these diamonds through its collaborative sales and profit-sharing agreements with selected jewelers worldwide.

During the quarter the Company purchased a significant parcel of high-value rough diamonds, providing an inventory of Fancy Vivid Yellow stones for cutting and polishing in early 2023.

Operations Update

Ellendale Diamond Project

The bulk sampling plant at Blina was commissioned during the quarter and has been operating at steady state for the month of September. Diamond recovery started with a 1.51 carat octahedral Fancy Yellow stone, and subsequent recovery of diamonds has been in line with expectations. Building up operating

rates will allow the team to continue enhancing their knowledge and understanding of this innovative plant design, which was shipped from South Africa to Perth in March before being transported to site.

Developing the Ellendale Diamond Project in Western Australia remains a core part of the Company's strategy of securing sources of Fancy Colour rough diamonds. Rough diamonds from Ellendale will continue to feed into the broader business of cutting, polishing and selling diamonds through profit-sharing agreements with the world's leading design jewellers via the Maison Mazerea ultra-luxury diamond brand.

Exploration activities continue onsite including drilling programs intended to update resource models and complete a Scoping Study to define development options for the Blina and Ellendale projects, which together comprise the Ellendale Diamond Project.

Exploration Update

Naujaat Project

Diamond recovery was completed for the remaining 30% of the 2,000-tonne bulk sample completed at site in 2021, reconfirming the presence of high value, Fancy Orange and Yellow diamonds.

Further analysis is required to fully understand the implications of these encouraging results, including assessment of the value of the diamonds by independent parties.

On completion of the bulk sampling program, Burgundy will assume 40% ownership of the Naujaat Project under the terms of an earn-in option agreement with North Arrow Minerals.

Additional Information

The following table sets out the information as required by ASX Listing Rule 5.3.3 namely:

1. Mining tenements held at the end of the Quarter and their location;
2. Mining tenements disposed during the Quarter and location;
3. Beneficial percentage interests held in farm-in or farm-out agreements at end of Quarter; and
4. Beneficial percentage interests held in farm-in or farm-out agreements acquired or disposed of during the Quarter.

| Agreement | Project | Location | Area | Holder | % at start of quarter | % at end of quarter |
|-------------|---------------------|----------------|---------------------|--------------------------|-----------------------|---------------------|
| Farm-in | La Victoria Project | Peru | ~80 km ² | Elores Resources Limited | 18% | 18% |
| Acquisition | Nanuk Diamonds | Quebec, Canada | 274 km ² | Nanuk Diamonds Inc. | 100% | 100% |

The following table sets out the information as required by ASX Listing Rule 5.3.5 regarding payments to related parties of the entity and their associates:

| Related Party | Amount | Description |
|-----------------------------|-----------|----------------------------|
| Directors | \$145,031 | Directors' salary and fees |
| Michael O'Keeffe – Director | \$75,616 | Convertible note interest |

-ENDS-

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

Further Information:

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About Burgundy Diamond Mines Limited

Burgundy Diamond Mines is focused on the mining, production and sale of polished Fancy Colour diamonds through a vertically integrated business model, with the vision to become the world's leading end-to-end diamond company

In mid-2021, Burgundy acquired capability and facilities for the cutting and polishing of rough diamonds in Perth, Western Australia. This capability will be used for cutting and polishing of Burgundy's own production from future mining operations, as well as rough diamonds from third party producers. Marketing and sales will be conducted under a visionary brand with a view to establish a significant position in the high-value niche sector of Fancy Colour diamonds. Burgundy is now launching the exclusive diamond brand of Maison Mazerea, producing extraordinary cuts of the most exquisite natural Fancy Colour diamonds, and bringing the concept of Haute Diamanterie to exceptional jewellery.

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 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Burgundy Diamond Mines Limited

ABN

33 160 017 390

Quarter ended ("current quarter")

30 September 2022

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---------------------------------------------------------------------|----------------------------|---------------------------------------|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | - | - |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | (4,263) | (4,263) |
| | (b) development (branding, marketing and purchases of inventory) | (6,410) | (6,410) |
| | (c) production | - | - |
| | (d) staff costs | (688) | (688) |
| | (e) administration and corporate costs | (203) | (203) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 16 | 16 |
| 1.5 | Interest and other costs of finance paid | (499) | (499) |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (GST) | - | - |
| 1.9 | Net cash from / (used in) operating activities | (12,047) | (12,047) |
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | (98) | (98) |
| | (d) exploration & evaluation | - | - |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---------------------------------------------|-------------------------------------------------------|------------------------------------|------------------------------------------------|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (Option fee to GIB) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (98) | (98) |

| | | | |
|-------------|-----------------------------------------------------------------------------------------|----------|----------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | - |

| | | | |
|-----------|------------------------------------------------------------------------------|----------|----------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 21,507 | 21,507 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (12,047) | (12,047) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (98) | (98) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---------------------------------------------|---------------------------------------------------|------------------------------------|------------------------------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | 42 | 42 |
| 4.6 | Cash and cash equivalents at end of period | 9,404 | 9,404 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------|
| 5.1 | Bank balances | 9,404 | 21,507 |
| 5.2 | Call deposits | - | - |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (provide details) | - | - |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 9,404 | 21,507 |

| 6. | Payments to related parties of the entity and their associates | Current quarter \$A'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|------------------------------------|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 221 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |
| <i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i> | | |

| 7. | Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------------------------|
| 7.1 | Loan facilities | - | - |
| 7.2 | Credit standby arrangements | - | - |
| 7.3 | Other (please specify) | - | - |
| 7.4 | Total financing facilities | - | - |
| 7.5 | Unused financing facilities available at quarter end | | |
| 7.6 | Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well. | | |
| | N/A | | |

| 8. | Estimated cash available for future operating activities | \$A'000 |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (12,047) |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | - |
| 8.3 | Total relevant outgoings (item 8.1 + item 8.2) | (12,047) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 9,404 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 9,404 |
| 8.7 | Estimated quarters of funding available (item 8.6 divided by item 8.3) <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | 0.78 |
| 8.8 | If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 | Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not? | |
| | Answer: No the Company does not expect that it will continue to have the level of net operating cash flows disclosed in this quarterly cash flow report. The September 2022 quarter included purchases of rough diamond inventory and construction and commissioning costs for a bulk sampling plant at the Ellendale Diamond Project. These costs are non-recurring. In addition, the Company paid GST on the import of rough diamonds that the Company expects will be refundable during the December 2022 quarter. | |
| 8.8.2 | Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? | |
| | Answer: No, the Company has not taken any steps to raise further cash to fund its operations at this stage. | |
| 8.8.3 | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? | |
| | Answer: Yes, the Company anticipates that operating revenues from the next quarter will fund its continuing operations and enable the Company to meet its business objectives. | |
| | <i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i> | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 13 October 2022

Authorised by: Board of Burgundy Diamond Mines Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.