

ASX Announcement

Burgundy Diamond Mines – Quarterly Activities Report – December 2022

30 January 2023

Highlights

- In November, Non-Executive Chairman, Mr Kim Truter was appointed Chief Executive Officer and Mr Michael O'Keefe was appointed Executive Chairman.
- Burgundy secured further sales of jewellery pieces with new customers and established new sales channels to secure further revenue as retailers restock inventories post-Christmas.
- Prior to suspending operations for the wet season, further alluvial sampling was conducted at the Ellendale Diamond Project in the Kimberley with additional diamonds recovered during the December quarter, following the recovery of the first diamond at Blina during the previous quarter: a 1.51 carat octahedral Fancy Yellow stone.
- Cutting and polishing capacity was doubled at the specialised facilities in Perth, Western Australia where Burgundy is headquartered, with minimal capital expenditure, helping to expedite cutting and polishing of existing and future inventory.
- Exploration projects worldwide continue to progress including the completion of the bulk sample diamond analysis from the Naujaat Project in Canada.
- In December, Burgundy voluntarily entered into a trading suspension pending the release of an announcement in relation to a material acquisition.

Burgundy Diamond Mines Ltd (ASX: BDM) ("Burgundy" or "the Company") is pleased to provide its quarterly activities and cashflow report for the quarter ended 31 December 2022 ("December quarter").

Burgundy Chief Executive Officer, Kim Truter said he was excited about the prospects for the Company after taking over its leadership in November.

"I'm very pleased and genuinely excited to be leading Burgundy through this next stage of growth," he said.

"The Master Craftsmen in our specialised cutting and polishing facility continue to create stunning polished diamonds for use in high-end jewellery, which will increasingly deliver cashflow from sales of Fancy Colour diamonds.

"Furthermore, as we continue to generate sales, we are also focussed on post-Christmas restocking by retailers, which we are currently capitalising on."

Collaborative sales agreements

Burgundy secured further sales of its Fancy Colour 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.

Cutting and polishing

Capacity at Burgundy's cutting and polishing facilities in Perth were doubled during the quarter with two highly skilled master craftsmen joining the team, which continues to operate at high capacity, refining third-party rough diamonds purchased in 2021 and 2022, as well as diamonds being recovered from the Ellendale Diamond Project.

The Company previously purchased approximately 350 carats of 2-5 carat stones from the former Ellendale Mine and around 150 carats of Fancy Yellow rough diamonds purchased from Arctic Canadian Diamond Company Ltd. Further selective purchases of rough diamonds are also planned for 2023.

Ellendale Diamond Project

More diamonds were recovered from Ellendale during the December quarter and further alluvial sampling was conducted before the site was temporarily shut down due to the impending wet season.

Naujaat Project

Having confirmed the presence of high value, Fancy Orange and Yellow diamonds from the 2,000-tonne bulk sample in 2022, the bulk sample diamond analysis was completed during the quarter at the laboratory in Saskatchewan, Canada, helping the Company to fully understand the implications of these encouraging results.

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

Corporate

Consistent with the Company's request for voluntary suspension on 19 December 2022, the Company is progressing with due diligence activities and negotiations in respect of a potential material acquisition to which Listing Rule 11.1.3 may apply. As at the date of this quarterly activities report, the Company expects to make an announcement during this quarter.

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	\$351,734	Directors' salary and fees
Michael O'Keeffe – Director	\$74,795	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 currently under development with a view to establish a significant position in the high-value niche sector of Fancy Colour diamonds.

Caution regarding Forward Looking Information

This document contains forwardlooking 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")

31 December 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	186	186
1.2	Payments for		
	(a) exploration & evaluation	(1,412)	(4,189)
	(b) development (branding, marketing and purchases of inventory)	(846)	(7,256)
	(c) production	-	-
	(d) staff costs	(656)	(1,344)
	(e) administration and corporate costs	(508)	(711)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	18	34
1.5	Interest and other costs of finance paid	(554)	(1,053)
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	(3,772)	(14,333)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(55)	(1,639)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(55)	(1,639)

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	9,404	21,507
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,772)	(14,333)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(55)	(1,639)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(20)	22
4.6	Cash and cash equivalents at end of period	5,557	5,557

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	5,557	9,404
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)	5,557	9,404

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	427
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)	(3,772)
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)	(3,772)
8.4 Cash and cash equivalents at quarter end (item 4.6)	5,557
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	5,557
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.47
<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>	
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: Yes the Company expects a similar level of net operating cash flows.	
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: 30 January 2023

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.