

ASX Announcement

SPA amendment in respect of Ekati Diamond Mine acquisition

18 April 2023

Burgundy Diamond Mines Limited (ASX: BDM) (*Burgundy* or *the Company*) announces an amendment to the share purchase agreement (*the SPA*)¹ entered into with Arctic Canadian Diamond Holding LLC (*Arctic Shareholder* or *the Vendor*) on 14 March 2023 to acquire 100% of the common shares of Arctic Canadian Diamond Company Limited (*ACDC*) and 100% of the shares of Arctic Canadian Diamond Marketing NV (*ACDM*) (together with ACDC, the *Arctic Companies*) (the *Proposed Acquisition*).

ACDC is the 100% owner of all businesses, assets and other interests comprising the Ekati Diamond Mine located in Canada's Northwest Territories. ACDM is the marketing business responsible for management of the supply chain, sorting, preparation, marketing and sales of rough diamonds from Ekati.

Amended SPA

As previously announced on 14 March 2023, total consideration at closing for the Proposed Acquisition will be US\$136 million (~A\$209 million)², comprised of:

- US\$21 million (~A\$32 million) in Burgundy ordinary shares, issued to the Vendor at the same issue price³ in the Placement (as defined below) (*Scrip Consideration*)⁴;
- a deferred payment of US\$15 million (~A\$23 million) in cash in December 2023 to the Vendor (*Deferred Payment*); and
- Burgundy will repay outstanding debt of ACDC of ~US\$100 million (~A\$154 million) (or such greater amount approved by Burgundy) (*Debt Repayment*)⁵

Under the amendment to the SPA, Burgundy and the Vendor have agreed that the Debt Repayment is to be made via a combination of cash and scrip, instead of cash only (with Burgundy shares issued at the same price as the Placement). In exchange for forgiveness of ~US\$23 million of debt owed by ACDC, Burgundy agrees to issue existing lenders (being the shareholders of the Vendor) with US\$23 million (~A\$35 million) of shares in Burgundy (*Debt Repayment Shares*)⁶, provided that the number of shares that will be issued to the existing lenders, when taken together with the Scrip Consideration, will not be more than 19.9% in voting power in Burgundy.

The Scrip Consideration and Deferred Payment remain unchanged.

Proposed Placement and Share Purchase Plan

As previously announced on 14 March 2023, to fund the Proposed Acquisition, Burgundy will conduct an equity raising via a conditional placement to raise up to US\$150 million (~A\$231 million) (excluding the

¹ To facilitate the Proposed Acquisition, a newly incorporated wholly owned subsidiary of Burgundy, will be a party to the SPA.

² All AUD references assume AUD-USD FX of 0.65.

³ The issue price under the Placement will be determined prior to the lodgement of the prospectus with ASIC.

⁴ The Burgundy shares issued under the Scrip Consideration will be subject to a 12 month voluntary escrow period.

⁵ The Debt Repayment amount has been calculated based on an outstanding debt balance as at 30 April 2023. Since the Proposed Acquisition will complete after 30 April 2023, the Debt Repayment will be adjusted to reflect accrued outstanding debt at the time of completion. Existing debt is in three tiers – 1L, 2L and 3L. The Debt Repayment will close out the 1L and 3L existing debt and be used to repay a portion of the 2L existing debt, including through the issuance of the Debt Repayment Shares (as defined below), with the remainder of the 2L debt to be repaid within three years from the completion of the Proposed Acquisition.

⁶ The Debt Repayment Shares will be subject to a 12 month voluntary escrow period.

Scrip Consideration) (**Placement**). The Debt Repayment Shares will be issued under the Placement, with US\$127 million (~A\$195 million) to be raised from other investors.

It is proposed that the Placement will be underwritten by Aitken Mount Capital Partners Limited, Bell Potter Securities Limited and Euroz Hartleys Limited.

All other terms of the Placement and SPP remain unchanged.

Indicative transaction timetable

Despatch Notice of Meeting	Early May 2023
Lodge Prospectus with ASIC	Mid May 2023
Offer period commences	Late May 2023
Offer period closes	Early June 2023
General meeting of shareholders to approve the Proposed Acquisition, Placement and Scrip Consideration	Early June 2023
Issue of shares under the Placement and Share Purchase Plan	Early June 2023
Expected completion under the SPA	Early June 2023
Re-commencement of normal settlement and trading of Burgundy shares	Mid June 2023

All dates and times are indicative and Burgundy reserves the rights to amend any or all of these events, dates and times.

Allens and Davies Ward Phillips & Vineberg LLP have been appointed as legal advisers to Burgundy.

-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.