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SAIMM
THE SOUTHERN AFRICAN INSTITUTE
OF MINING AND METALLURGY

Building a New Diamond Company in Challenging Times

Burgundy Diamond Mines Limited
ASX: BDM

Managing Director:
Peter Ravenscroft

SAIMM – The Southern African Institute of Mining and Metallurgy
Diamonds – Source to Use – 2021 Hybrid Conference
9–10 June 2021

Outline

- Company Snapshot
- Diamond Industry Context in 2019
- An Innovative Strategy
- Challenges in Company Formation
- Early Success
- Current Projects
- Impact on the Diamond Sector
- Outlook
- Conclusions



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Burgundy Diamonds Snapshot

Strong established base in ASX listing

ASX:

BDM

Issued Shares

273m

Options Unlisted, Escrowed

10m

Market Capitalisation

A\$104m

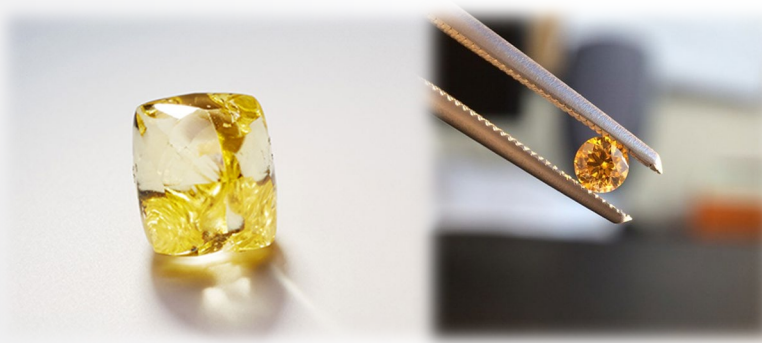
Management & Director Ownership

21%

Numbers as of May 31, 2021

- An emerging, fast-growing diamond company
- Innovative strategy
- World-class management team and board
- Access to significant funding
- Building a balanced portfolio of the world's best diamond projects in favourable jurisdictions
- Focus on **fancy-coloured diamonds** and **large stone** production
- Planning **end-to-end business** from exploration to polished diamond production and sales

Vision: to become **the world's leading mid-cap diamond company**



Diamond Industry Context

The opportunity identified over last 5 years

- Junior diamond companies have insufficient access to capital
- Inability to fund diamond portfolios
- Stagnation of the diamond exploration sector
- Diamond industry economics indicate significant demand as high-output producers deplete resources
- Forecast growth in diamond demand, especially China and India
- 3x exploration spend required NOW to meet demand

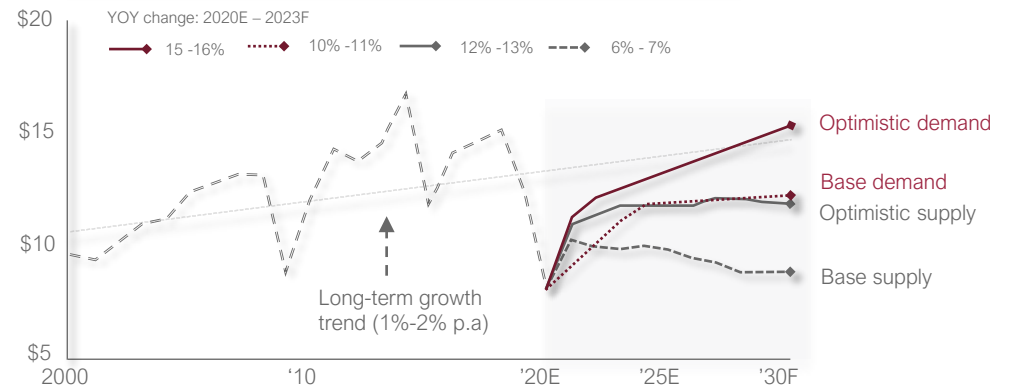
A huge opportunity for an innovative strategy

- Recent months suggest a changing market, particularly for explorers?



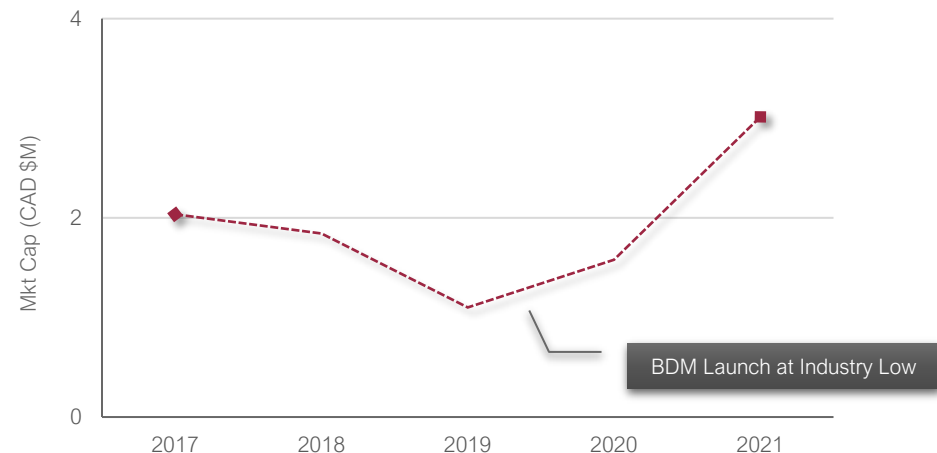
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Rough Natural Diamond Supply & Demand, \$ Billions



Source: The Global Diamond Industry 2020-21, Bain & Company

Average Weighted Market Cap – Basket of Junior Exploration Companies



Source: Burgundy Diamond Mines, S&P Global Market Intelligence

Innovative Strategy ▼

Doing things differently



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Build **SCALE** for adequate funding

- Use big company approach to accelerate growth
- World-class management team with deep technical expertise
- Build over-strength Board for future growth

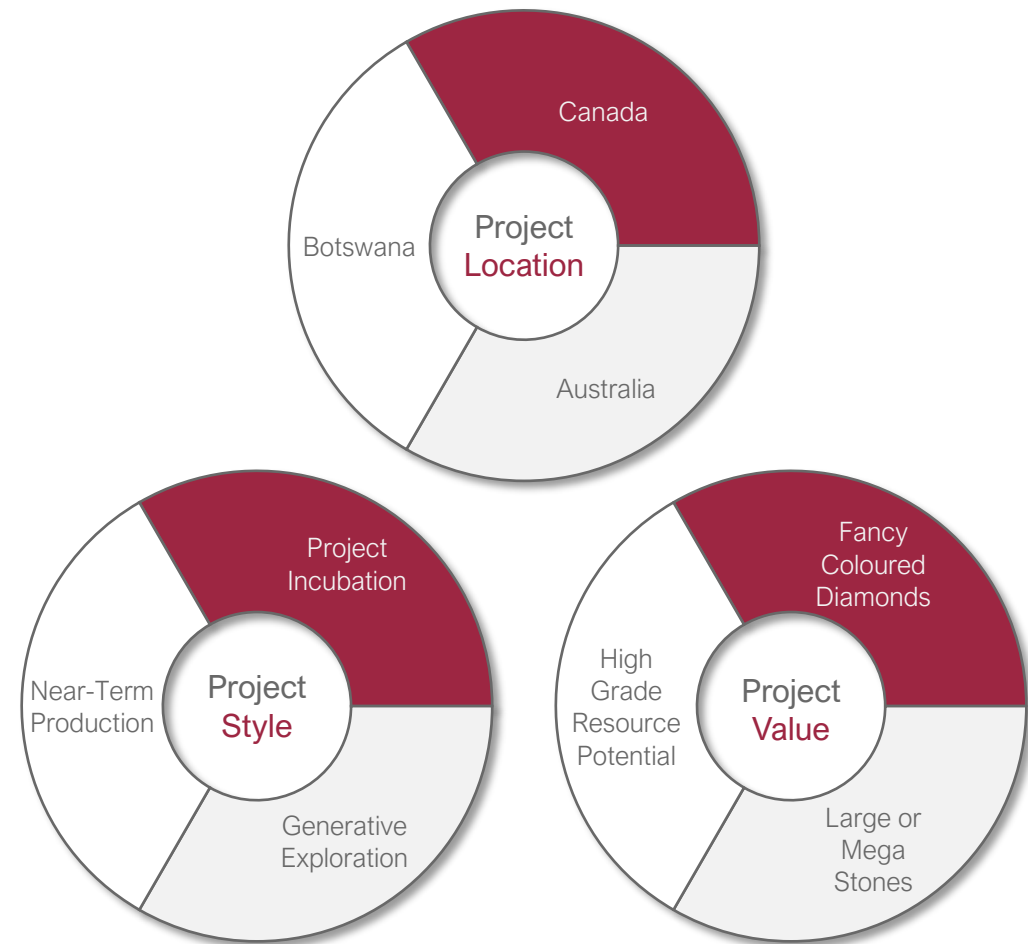
Build **BALANCED PORTFOLIO** of world's best diamond projects

- Clear target selection criteria
- Rigorous evaluation
- Balance of location, style and value-drivers to ensure robust portfolio

Retain **AGILITY** to react to changing context

- Adapt strategy to emerging opportunities
- Minimise project development risk and maximise capital flexibility
- Expand scope where required
- Move on quickly from unattractive opportunities

Targeted Project Selection



Challenges in Company Formation ▼



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Industry hurdles and a global pandemic

Headwinds faced by 3 recent new diamond operations
(**Gahcho Kué, Renard, Liqhobong**)

- Shortfall in realized diamond prices vs forecasts
- Negative impact on investor confidence in diamonds



- Focus on *high-value production* (fancy-coloured stones, large and *mega diamond production*)
- Industry-leading evaluation techniques

Rising prominence of **synthetic diamonds**

- Increased publicity and growing production
- Negative sentiment against natural diamonds



- Focus on high-value production
- Work only in jurisdictions ensuring *ethical sourcing* of natural diamonds

Covid-19

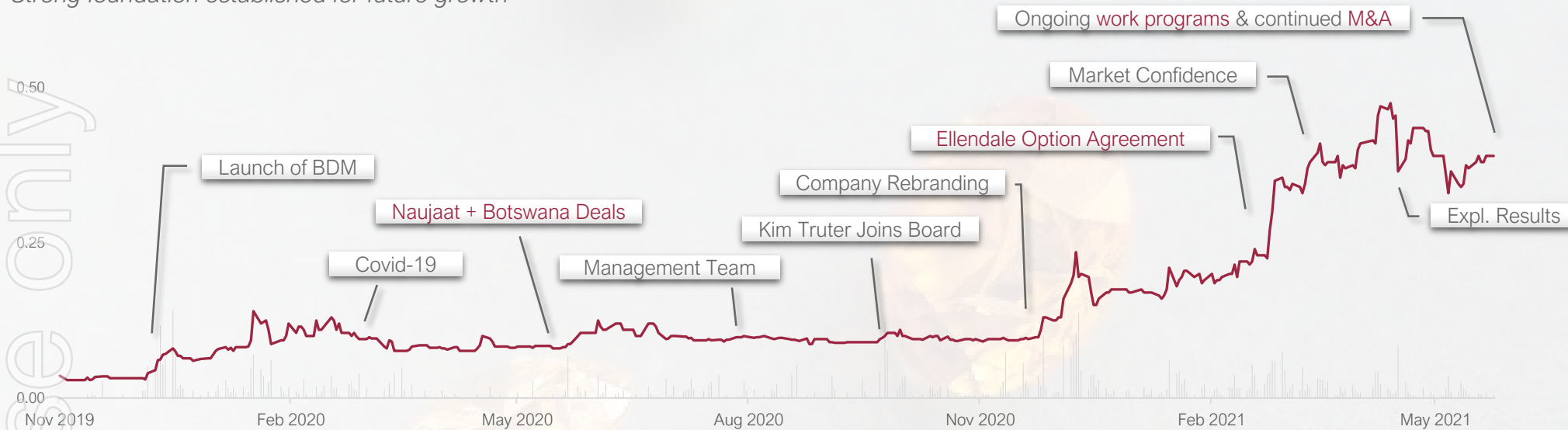
- Onset coincided exactly with company launch
- Immediate impact on diamond sales volumes and prices
- Shut-down of a number of producing operations worldwide



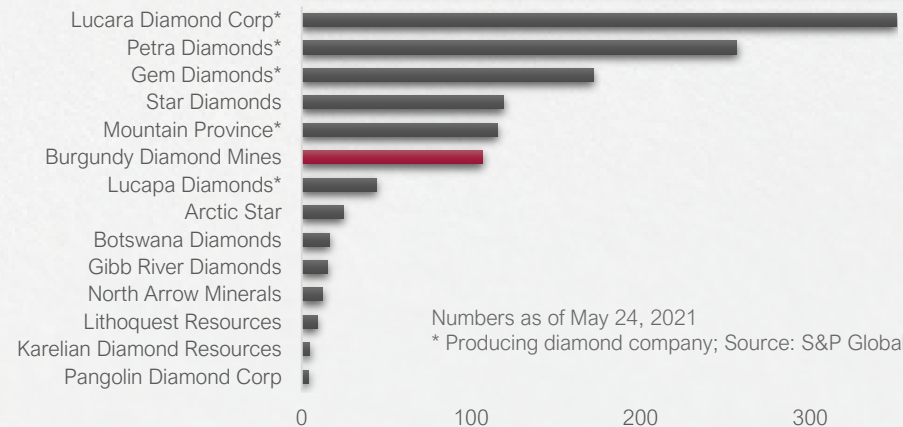
- Focus on longer-term *supply/demand fundamentals* and price trends

Early Success

Strong foundation established for future growth



Diamond Company Market Capitalisation (\$AUDm)



Numbers as of May 24, 2021

* Producing diamond company; Source: S&P Global Market Intelligence

▪ Backing from hugely successful mining entrepreneur, Michael O'Keeffe

▪ BDM is in a strong position to become the world's **leading mid-cap diamond company**

Canada

Naujaat Project

Nanuk Project

Peru

La Victoria Au-Ag Project

Botswana

DES Exploration Alliance

Australia

Ellendale Project

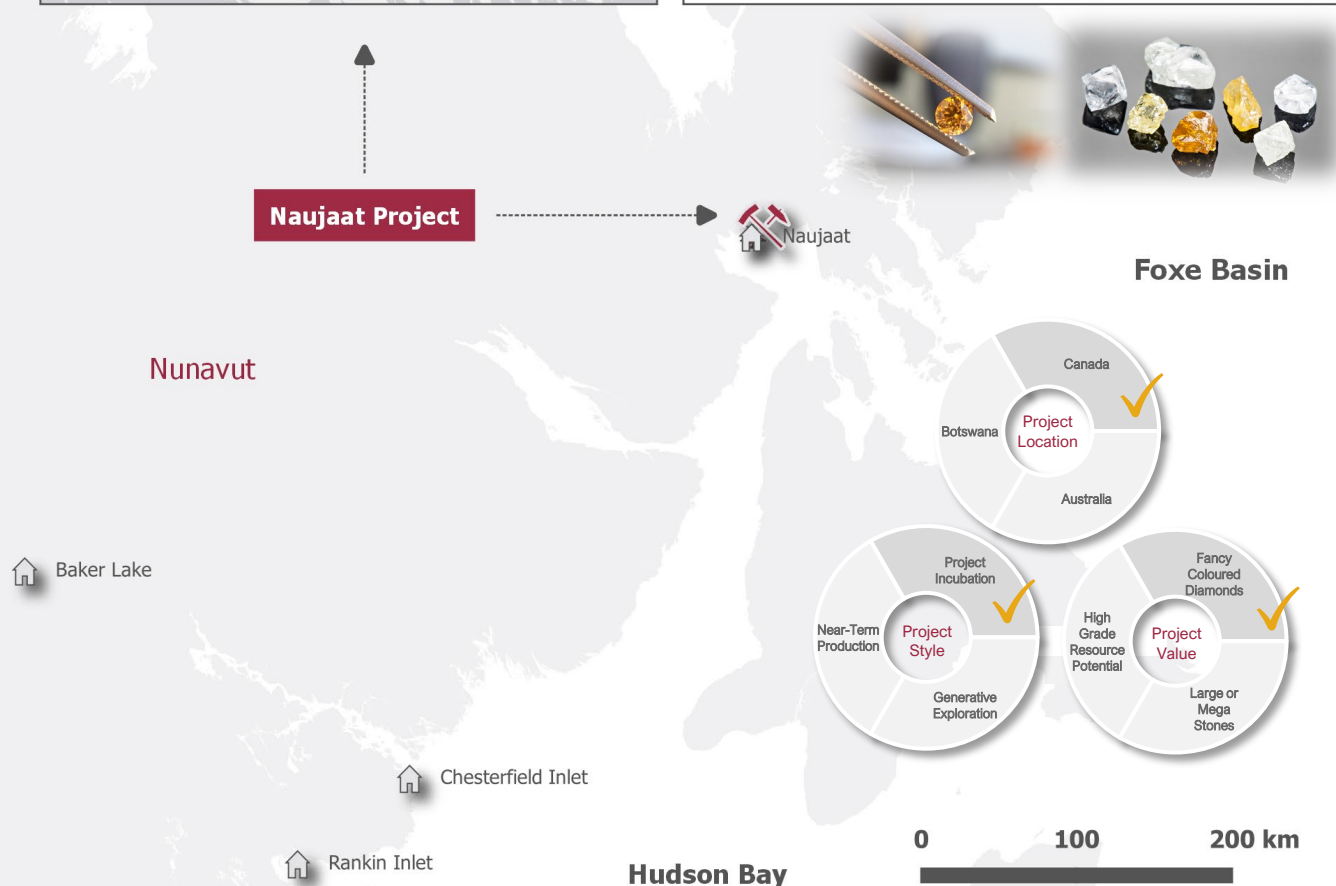
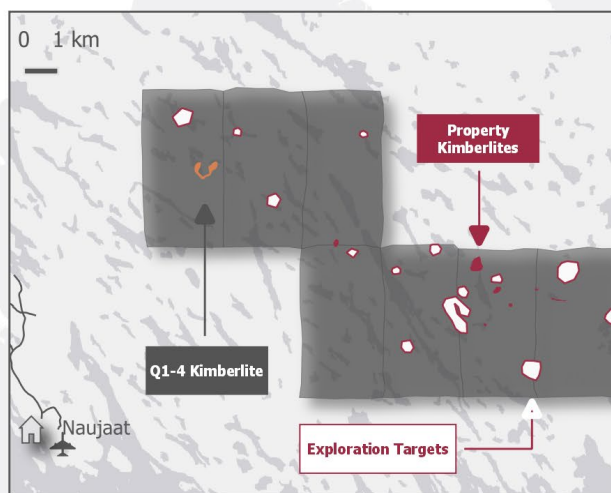
Perth Registered Office

Project Overview

- Global presence
- Stable jurisdictions
- Partnerships with leading diamond explorers

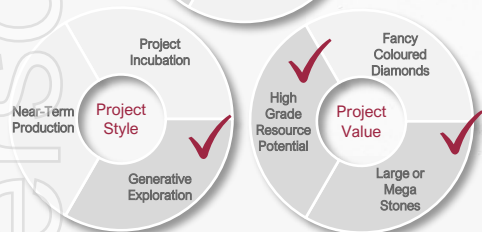
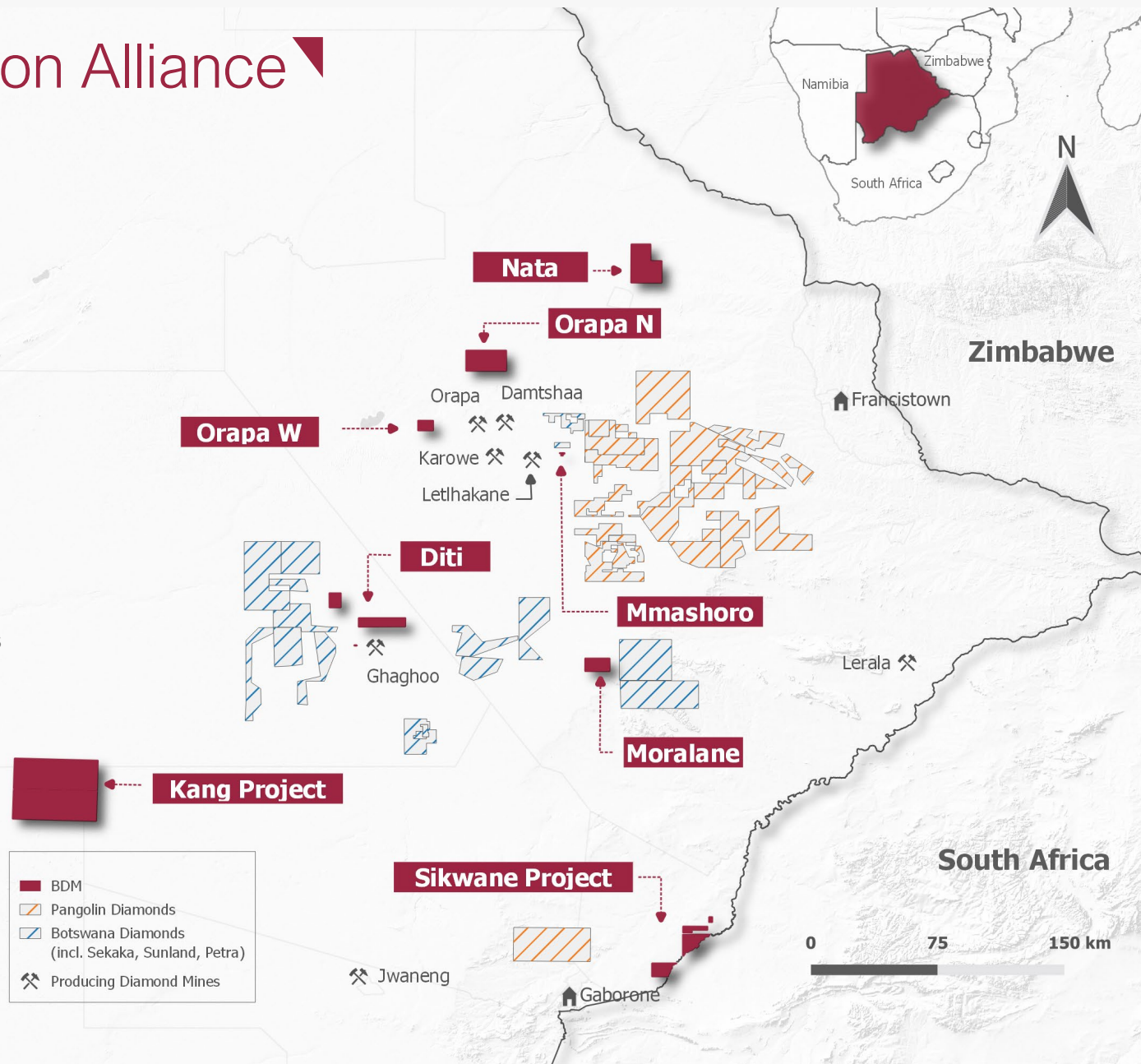
Naujaat Project

- North Arrow Minerals: leading diamond exploration company in Canada with an advanced stage project
- 2-phase earn-in structure:
 - BDM earns a 40% interest by completing a 1,500t to 2,000t bulk sample expected to cost C\$5.3M.
 - BDM can earn additional 20% by sole funding an additional 10,000t bulk sample.
- Fancy Vivid Orangey-Yellow stones
- Located in Naujaat, Nunavut
 - Tidewater accessible, community and commercial air-strip
 - Significant mineral resource established by BHP, but substantial price upside identified by Burgundy
- Targeted collection of 2,000t sample July 2021; processing of sample in Q4 2021; diamond results in Q1 2022



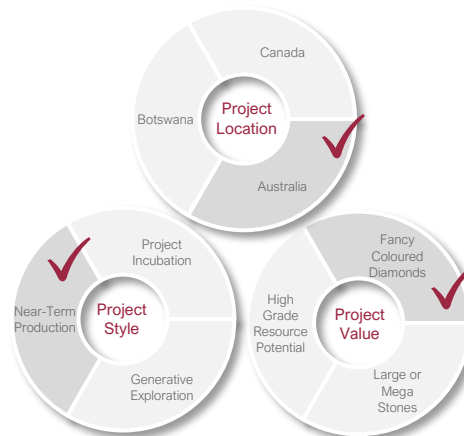
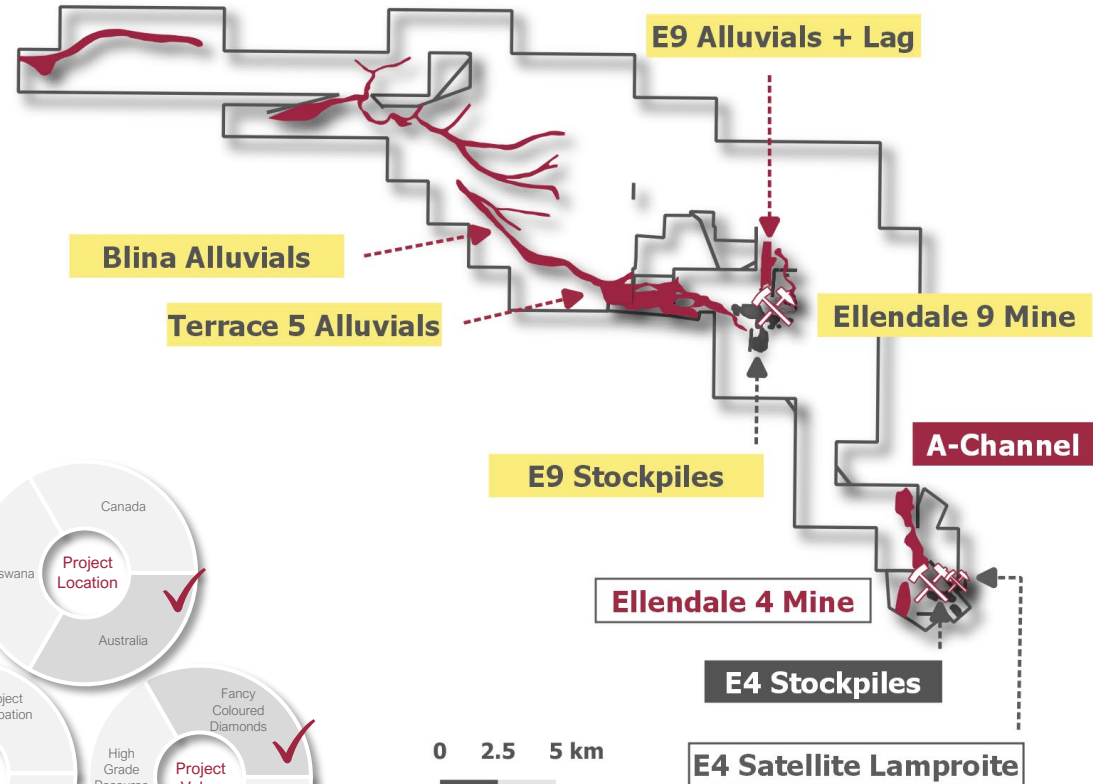
Botswana Exploration Alliance

- Diamond Exploration Strategies Pty Ltd (DES) is a highly experienced technical team (ex De Beers executives with >60 years of diamond knowledge)
- US\$1.5 million over three years to finance exploration activities, **earning 50% ownership of any discoveries made**
- Working in Botswana has very **low operating costs with quick turnarounds**
- Significant value for money in a stable jurisdiction with exceptional geology
- > 15 target program on-going during 2021
- Access to earn-in deals on other properties (Pangolin Diamonds, Botswana Diamonds)



Ellendale Diamond Project

- Two-year option agreement with Gibb River Diamonds
- 31,233 Ha property located in Western Australia; 130 km east of Derby
- Past production of ca. 1.3 million carats
- Previously represented over 50% of the world's Fancy Yellow diamond supply
- Previous owner ended production prematurely
- 2021 work program and commissioning of XRT sampling plant, in addition to updating previous owner's resource
- Near-term cash producing asset with multiple untapped targets
- Potential for niche, in-house cutting/polishing and marketing of signature Fancy Yellow stones



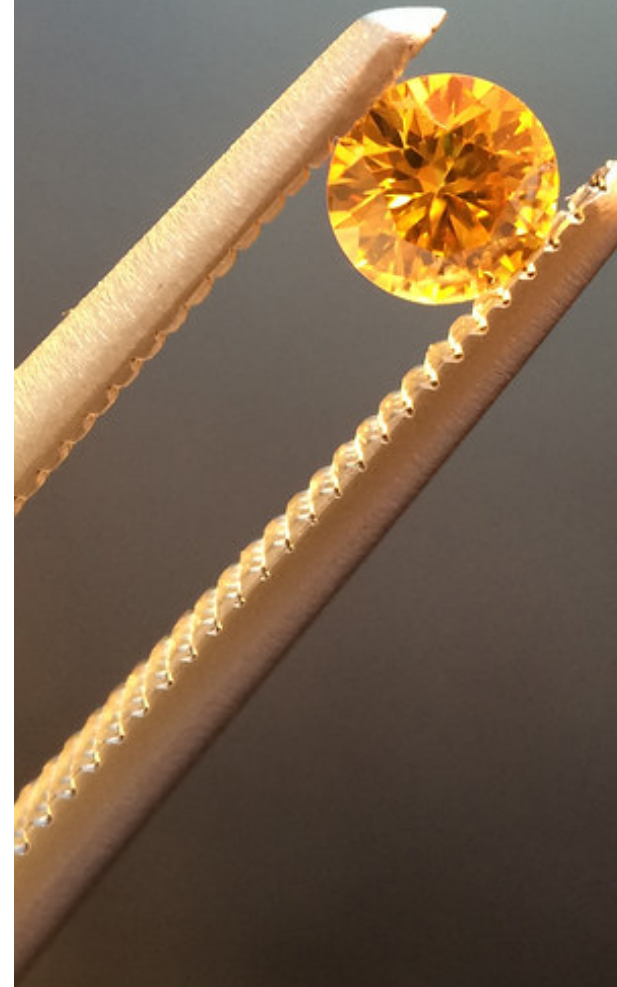
Impact on Diamond Sector

Partnering with competitors for mutual benefit

- Partner of choice for junior diamond explorers:
 - Consolidation in Botswana
 - Select partners in Canada
 - Assessment of opportunities in Australia
 - Other countries being assessed (Finland, Brazil)
- Positive impetus for peer companies
 - Renewed investor interest in diamonds
 - Improved sector confidence
- Building longer term strength and accelerating development of next generation of diamond mines



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Outlook



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The story continues to unfold

- **Progress** on current projects:
 - Naujaat Phase 1 bulk sample expected to complete in Q4 2021, diamond results in Q1 2022
 - Botswana 15 target program over next 12 months
 - Ellendale Project updated resource estimates anticipated in Q3 2021, sample plant commissioning Q3/4, early results at year-end
- **Continued M&A assessment of opportunities:**
 - Ongoing pursuit of strategy
 - Portfolio growth and pipeline replenishment
- Focus on downstream:
 - **Branding/marketing** of future production
 - **Cutting/polishing** of fancy-coloured diamonds in Western Australia
 - Longer term **consolidation of fancy diamond** sector



Conclusions

Emerging success story in challenging times

- Significant remaining potential in diamond sector
- Invigoration by new approach, backed by **deep experience** and wide networks
- Perseverance and persistence in times of great challenge
- Strategy evolving to capture emerging opportunities



**Building the World's Leading
Mid-cap Diamond Company**



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