



ASX Announcement

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## Burgundy raises A\$49.7m accelerating transformative diamond strategy towards early cashflow

26 July 2021

### Highlights

- Burgundy receives binding commitments from institutional and sophisticated investors to raise A\$49.7m in new capital:
  - A\$34.5 million via an unsecured Convertible Notes issue, and
  - A\$15.2 million through a Share Placement at an issue price of \$0.24 per share.
- The funds raised will be utilised in two parallel streams:
  - to underpin the development of Burgundy's international portfolio of high-potential diamond projects including bringing the Ellendale Diamond Project into production in 2022
  - to progress Burgundy's plans to move rapidly downstream and produce cashflow from diamond cutting, polishing and sales of Fancy Colour diamonds.

Burgundy Diamond Mines Limited (ASX: BDM; "Burgundy" or "the Company") is pleased to announce it has received binding commitments to raise A\$49.7 million (before costs), via the issue of Convertible Notes ("Notes") in tandem with a Share Placement ("Placement").

Burgundy Managing Director and CEO Peter Ravenscroft said the funding package was tailored to give impetus to the ramp up of the Company's diamond strategy, including the move downstream as previously announced in an ASX release on 29 June 2021.

*"Since commencing our diamond strategy we have methodically and significantly expanded our portfolio across favourable mining jurisdictions, and are now pursuing rapid cashflow through early production and significant vertical integration. This positions us well to achieve our goal to become the world's leading mid-cap diamond company," Mr Ravenscroft said.*

*"Recent asset acquisitions have given the Company a pathway to near-term revenue. In view of this, Burgundy has taken the opportunity to broaden its sources of funding beyond just equity, in order to minimise dilution whilst maintaining a robust balance sheet.*

*"We are now fully-funded to successfully execute several key initiatives within our diamond strategy, predominantly advancing the Ellendale project towards production with lucrative downstream potential, finalising the first stage of the bulk sampling program at Naujaat, and continuing the promising exploration program in Botswana.*

*"Importantly, the funding package also gives us significant financial flexibility to advance our downstream initiatives and continue to consolidate the Fancy-Colour diamond segment.*

*"This is a transformative stage in Burgundy's unique growth strategy, bringing an innovative and cutting-edge approach to developing an end-to-end diamond business in a high-value niche sector of the market. We are excited to now be in a position to pursue the substantial value opportunities that we have identified."*



### Convertible Notes

Burgundy will issue 34.5 million Notes to a number of sophisticated and high net worth investors.

Each Note has a face value of A\$1, with a 3-year term to maturity and a 6% coupon rate. The Notes are unsecured and will convert at a 10% premium to the price of the Share Placement at the election of the holders. The Notes are redeemable in the event they are not converted to equity by the maturity date.

The Note issue will require shareholder approval at a general meeting of shareholders to be held in September 2021. Notice of this meeting will be provided in due course.

(See Annexure 1 of this announcement for further details relating to the terms of the Convertible Notes).

### Share Placement

In conjunction with the Notes issue, Burgundy has raised A\$15.2 million in a single tranche Placement via the issue of 63.3 million new fully paid ordinary shares.

The Placement was undertaken at A\$0.24 per share, representing a 7.7 per cent discount to the last close and a 7.9 per cent discount to the 30-day VWAP.

The Company anticipates settlement of the Shares to occur on 30 July 2021 and intends to issue the Shares on 2 August 2021.

The Placement is in accordance with the Company's existing placement capacity. As required under ASX Listing Rule 7.1A.4(b), the Company notes that the Share Placement will be comprised of:

- 36,388,188 shares to be issued pursuant to the Company's placement capacity under Listing Rule 7.1;
- 26,925,459 shares to be issued pursuant to the Company's placement capacity under Listing Rule 7.1A.

### Use of Funds

The anticipated use of funds as a result of the Notes issue and Share Placement is detailed in the table below

Use of Funds	A\$ million
Expanded downstream business	13
Existing Projects	25
New business opportunities	6
Working capital/costs of the offer	6
<b>Total</b>	<b>50</b>

Aitken Murray Capital Partners and Euroz Hartleys were the Joint Lead Managers to the capital raising. Transaction fees are 2% for the Notes and 3% for the Placement, with an award on successful completion of 10 million BDM options at a strike price of 36 cents.

**Important Notices:** This announcement may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. The Convertible Notes and any shares issued on conversion of the Convertible Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States, unless they have been registered under the U.S. Securities Act (which the Company has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.



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

Further Information:

**Investors**

Peter Ravenscroft  
Managing Director  
Burgundy Diamond Mines Ltd  
[info@burgundy-diamonds.com](mailto:info@burgundy-diamonds.com)  
+61 8 6313 3945

**Media**

Adrian Rauso / Steve Suleski  
FTI Consulting  
+61 8 9321 8533

**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 through a vertically integrated business model.

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.

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### 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.*

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## Annexure 1 Convertible Notes Key Terms Summary

Face Value	\$1 per Convertible Note
Condition Precedent	The issue of the Convertible Notes is subject to the receipt of shareholder approval.
Security Status	Unsecured
Interest Rate	6% per annum on the principal amount of outstanding Convertible Notes.
Interest Payment	Interest will be paid quarterly in arrears for the term of the Convertible Notes.
Maturity Date	36 months from the issue date
Redemption	Convertible Notes which have not previously been converted or redeemed will be redeemed on the Maturity Date.
Redemption Amount	The amount payable on redemption of a Convertible Note is the Issue Price and any accrued but unpaid interest.
Early Redemption on an Event of Default	Any Convertible Notes which have not yet been converted or redeemed may be redeemed prior to the Maturity Date by the Noteholder if an event of default occurs (i.e. insolvency, material breach) and continues un-remedied for 5 Business Days.
Conversion	Convertible Notes which have not been redeemed may be converted into fully paid ordinary shares in the Company ( <b>Shares</b> ) by written notice at the election of the Noteholder at the relevant Conversion Price by dividing the Issue Price of the Convertible Notes being converted by the relevant Conversion Price. To the extent that this calculation does not result in a round number of Shares, the number will be rounded up to the next whole number of Shares. The aggregate principal amount of the Convertible Notes which are to be converted must be a minimum of \$250,000 or any higher multiple of \$250,000, or if the Principal Amount of all outstanding Convertible Notes is less than \$250,000, that lesser amount).
Conversion Price	10% premium to the issue price under the share placement.
Adjustments for reorganisations etc	If the Company reorganises or reconstructs its capital (including consolidation, subdivision, reduction or return) at any time when there is a principal amount outstanding to a Noteholder, then the Conversion Price, number of Shares and/or Convertible Notes will be amended to the extent applicable and, subject to the Listing Rules, to place that Noteholder in substantially the same position as it would have been had no such event occurred.
Warranties and Termination Events	The convertible note deed also contains warranties and termination events that are standard for a transaction of this nature.
Transferability	Convertible Notes will not be listed and will not be able to transferred without the prior written consent of the Company unless the transfer is to an affiliate of the noteholder.