

[Dominion Diamond Corp.](#) (TSX:DDC)(NYSE:DDC) (the “Company” or “Dominion”) reports fourth quarter 2015 (November through January) and fiscal 2015 full year financial results. Unless otherwise indicated, all financial information is presented in US dollars.

Dividend

Following the strong results of fiscal 2015, the Board of Directors has declared a dividend of 40 cents per share to be paid in full on May 21, 2015 to shareholders of record at the close of business on April 30, 2015. This dividend will be an eligible dividend for Canadian income tax purposes.

The Company also announces that, subject to declaration by the Board of Directors, it intends to pay a regular annual dividend of 40 cents per share in total to be paid semi-annually through an interim and final dividend. For fiscal 2016 an interim dividend of \$0.20 per share is expected to be paid in or around November 2015, and the final dividend is expected to be paid in or around May 2016. These dividends will also be eligible dividends for Canadian income tax purposes.

Dan Jarvis, Acting Chairman stated: “We have initiated a dividend at a level which we are confident is sustainable, while allowing us to continue to pursue our plans for growth for the Company.”

Cash Flow

During the fourth quarter of fiscal 2015, the Company generated strong free cash flow of \$108 million and free cash flow per share of \$1.27 (2014: \$30 million or \$0.36 per share). During the full year of fiscal 2015, the Company generated free cash flow of \$183 million and free cash flow per share of \$2.15 (2014: \$44 million and \$0.52 per share). The terms free cash flow and free cash flow per share do not have a standardized meaning according to IFRS. See “Non-IFRS Measures” below for additional information.

Brendan Bell, Acting Chief Executive Officer stated: “This cash flow is reflective of strong operating performance illustrated by operating profit of \$52 million for the fourth quarter and \$196 million for the full year.”

Profit Before Income Taxes

The Company recorded profit before income taxes of \$166 million for the year (2014 “\$4 million), and net profit attributable to shareholders from continuing operations of \$66 million or \$0.78 per share for the year (2014 “\$(23) million or \$(0.27) per share). Included in net profit attributable to shareholders was the impact of foreign exchange on income tax expense. The Canadian dollar weakened significantly against the US dollar year over year, moving from a Canadian/US dollar exchange rate of CDN\$1.11:US\$1.00 to CDN\$1.27:US\$1.00, the majority of which occurred late in January 2015. This change in foreign exchange rates resulted in income tax expense in the year of \$34 million or \$0.40 per share (2014 “\$21 million or \$0.24 per share), \$15 million (2014 - \$16 million) of which relates to revaluations of foreign currency non-monetary items (primarily consisting of mining assets and liabilities), and of net deferred tax liabilities, both of which are non-cash items. Continuing operations includes all costs related to the Company’s mining operations, including those previously reported as part of the corporate segment.

The Company recorded profit before income taxes of \$48 million in the fourth quarter (2014 “\$7 million), and a consolidated net loss attributable to shareholders of \$(1) million or \$(0.01) per share (2014 “\$(8) million or \$(0.09) per share). Included in net loss attributable to shareholders was the foreign exchange impact on income tax expense. During the quarter the Canadian dollar weakened significantly against the US dollar, moving from a Canadian/US dollar exchange rate of CDN\$1.13:US\$1.00 to CDN\$1.27:US\$1.00, the majority of which occurred late in January 2015. This change in foreign exchange rates resulted in an income tax expense of \$29 million or \$0.34 per share in the fourth quarter (2014 “\$14 million or \$0.16 per share), \$12 million (2014 - \$9 million) of which relates to revaluations of foreign currency non-monetary items, and of net deferred tax liabilities, both of which are non-cash items.

Balance Sheet

The Company has a strong balance sheet and is well-funded to achieve its growth objectives. As of January 31, 2015, the Company held total cash and cash equivalents of \$458 million.

Diamond Market

The market remained subdued in the fourth fiscal quarter, but the year ended on a more positive note as the major producers allowed their clients to defer rough diamond purchases in areas where they had accumulated polished diamond stocks. This took some pressure off of liquidity at the time when cash from sales made into the United States for the holiday season flowed

back into the market. The fiscal year ended with rough diamond prices slightly ahead of prices at the beginning of the year.

Highlights

- The fourth quarter saw a continued good performance at the Ekati Diamond Mine in terms of grade and recovery, which were both higher than planned. The Company estimates that the process plant improvements that it has implemented have increased the recovered grade of reserve and resource material by approximately 15% during the 2015 fiscal year.
- Stripping at the Misery pipe pushback is proceeding according to plan. A total of approximately \$70 million of capital expenditure is expected to be spent on the continued development of the Misery pipe in fiscal 2016 and \$38 million at the beginning of fiscal 2017 before ore from the Misery Main pipe, estimated at 4.7 carats per tonne and \$86 per carat (as of October 2014), is anticipated to be put through the processing plant in early fiscal 2017.
- A bulk sample drilling program on the fully permitted Sable pipe at the Ekati Diamond Mine has just been completed and is in the process of being analyzed. For fiscal 2016, planned exploration expenditures on the Sable pipe (on a 100% basis) will be approximately \$6 million at an estimated average Canadian/US dollar exchange rate of CDN\$/US\$1.25. The Sable pipe contains 15.4 million tonnes of indicated resources with a grade of 0.90 carats per tonne at an estimated value of \$162 per carat (as of October, 2014).
- On January 27, 2015, the Company announced the results of a pre-feasibility study (âߝJay PFSâߝ) on the Jay kimberlite pipe deposit located within the Buffer Zone Joint Venture property of the Ekati Diamond Mine.
 - Jay is the most significant undeveloped deposit at the Ekati Diamond Mine due to its large size and high grade and would supply ore to the existing process plant at its full capacity of approximately 4.3 million dry metric tonnes per annum for approximately 11 years beyond the current projected closure of the Ekati Diamond Mine in calendar year 2020.
 - Based on the Jay PFS, 84.6 million carats were promoted to mineral reserves.
 - The Jay Project was estimated to have a stand-alone after-tax net present value of \$610 million.
 - For fiscal 2016, planned exploration expenditures on the Jay pipe will be approximately \$27 million at an estimated average Canadian/US dollar exchange rate of CDN\$/US\$ 1.25. During the twelve months ended January 31, 2015, the Company has expensed \$25.2 million on the Jay Project.
 - On November 6, 2014, the Company filed the Developers Assessment Report for the Jay Project and a ministerial decision is anticipated in late calendar 2015/early calendar 2016. Once this decision is issued, the water license and land-use permitting process is expected to take approximately a further 6 months.
 - Given the availability of additional rig time during this drilling season following the drilling of the Sable pipe, the Company is currently drilling to collect an additional Reverse Circulation sample at the Jay pipe. The results of the subsequent analysis will inform the feasibility-level design of the Jay Project.
- On November 26, 2014 the Company announced that [Rio Tinto Plc](#), the parent company of the operator of the Diavik Diamond Mine, approved the development of the A-21 pipe at the Diavik Diamond Mine. A-21 production is expected to begin in late calendar 2018. The Companyâߝs 40% share of development capital in relation to the A-21 pipe is estimated to be CDN \$157 million which is expected to be spent between calendar years 2015 to 2019.
- On March 6, 2015, the Company released an updated reserves and resources statement for the Diavik Diamond Mine. The updated reserves and resources statement added an additional 3.9 million tonnes containing approximately 13.0 million carats to the mineral reserves. As of December 31, 2014, the Diavik Diamond Mine had 18.1 million tonnes of proven and probable mineral reserves containing 53.3 million carats of diamonds (compared to 16.4 million tonnes of proven and probable mineral reserves containing 46.8 million carats as of December 31, 2013).
- On March 12, 2015, the Company filed a technical report under National Instrument 43-101 for the Ekati Diamond Mine which includes an updated mineral reserves and mineral resources statement with an effective date of January 31, 2015.

Financial Summary

- On April 7, 2015, the Company entered into a new \$210 million senior secured corporate revolving credit facility with a syndicate of commercial banks. The facility has a four-year term, and it may be extended for an additional period of one year with the consent of the lenders. Proceeds received by the Company under the new credit facility are to be used for general corporate purposes. Accommodations under this credit facility may be made to the Company, at the Company's option, by way of an advance, or letter of credit, and the interest payable will vary in accordance with a pricing grid ranging between 2.5% and 3.5% above LIBOR. The Company will be required to comply with financial covenants customary for a financing of this nature.
- On November 6, 2014, the Company announced that Dominion Diamond Ekati Corporation, the operator of the Ekati Diamond Mine, posted surety bonds with the Government of the Northwest Territories in the aggregate amount of CDN\$253 million to secure the obligation under its Water Licence to reclaim the Ekati mine site.

Consolidated Financial Highlights (in millions of US dollars except earnings per share and where otherwise noted)	Three months ended Jan 31, 2015	Three months ended Jan 31, 2014	Year ended Jan 31, 2015	Year ended Jan 31, 2014 ¹
Sales	240.6	233.2	915.8	751.9
Cost of Sales	179.8	202.0	685.7	650.9
Gross Margin	60.8	31.1	230.1	101.0

At the Ekati Diamond Mine, the fourth quarter saw a continued good performance in terms of grade and recovery, which were

both higher than planned. Underground production at both Koala and Koala North was 20% lower than planned during the fourth quarter due to a conveyor belt failure in mid-December which required ore to be trucked to surface rather than conveyed. With the benefit of multiple sources of kimberlite material, the shortfall associated with lower than expected underground tonnage from Koala Underground and Koala North during the quarter was made up by processing additional coarse ore rejects (â–CORâ–) and Misery satellite material, while repairs to the conveyor were carried out. Repairs to return the system to full operations were completed in January.

During the fourth quarter, the commissioning of the re-crush circuit was also completed. Further work is expected to be carried out over the course of the coming months to continue optimizing plant recovery. The Company has now incorporated the higher recovery rates into an updated reserve and resource statement for the Ekati Diamond Mine, which was published on March 12, 2015.

At the Diavik Diamond Mine, processing volumes in the fourth calendar quarter were 5% lower than the same quarter of the prior year due to the improved processing rates in prior quarters fully exhausting the stockpiled ore by the third calendar quarter. This resulted in only run of mine ore being processed in the fourth quarter. Carats recovered in the fourth calendar quarter were 25% lower than the comparable quarter of the prior year as a result of lower realized grades in all three ore bodies and a higher proportion of the lower grade A-154 North ore being processed in the fourth calendar quarter of 2014 than in the comparable calendar quarter of 2013.

	Three months ended Jan 31, 2015	Three months ended Jan 31, 2014	Year ended Jan 31, 2015	Year Ended Jan 31, 2014 ¹
Rough Diamond Production				
Ekati Diamond Mine (100%)				
Tonnes processed (â–000â–)	967	918	4,131	3,360
Carats Recovered (â–000â–)	821	482	3,158	1,655
Grade (carats per tonne)	0.85	0.53	0.76	0.49
	Three months ended Dec 31, 2014	Three months ended Dec 31, 2013	Year ended Dec 31, 2014	Year ended Dec 31, 2013
Diavik Diamond Mine (40%) ²				
Tonnes processed (â–000â–)	204	216	910	848
Carats Recovered (â–000â–)	617	826	2,892	2,897
Grade (carats per tonne) ³	2.96	3.66	3.09	3.26

¹ Represents the period for the Ekati Diamond Mine from April 10, 2013 (the date of acquisition by the Company of its interest in the Ekati Diamond Mine) to January 31, 2014.

² The Diavik Diamond Mine reports on a calendar quarter, whereas the Ekati Diamond Mine reports to the Company's fiscal quarter. For the three months ended January 31, 2015, the Diavik Diamond Mine (on a 40% basis) produced 628,000 carats from the processing of 211,000 tonnes of ore. The last month of this production is not included in the Company's fourth quarter financial results, as the Company reports Diavik results on a one-month lag.

³ Grade adjusted to exclude COR. COR is not included in the reserves and is therefore incremental production.

Segmented Summary

Ekati and Diavik Summary (in millions of US dollars, except carats sold and where otherwise noted)	Three months ended Jan 31, 2015	Three months ended Jan 31, 2014	Year ended Jan 31, 2015	Year ended Jan 31, 2014 ¹
Ekati Diamond Mine (100%)				
Sales ⁽²⁾	159.1	114.0	564.2	399.6
Carats sold (â–000â–)	897	413	2,166	1,379
Cost of Sales ⁽³⁾	117.7	114.3	435.9	392.9
Gross Margin	41.4	(0.3)	128.3	6.7
Gross Margin (%)	26.1%	(0.3%)	22.7%	1.7%
Operating Profit	40.8	(1.5)	124.7	4.0
Cash Cost of Production ⁽⁴⁾	95.7	101.3	349.1	303.9
Depreciation & amortization	21.6	25.9	104.5	55.6
EBITDA ⁽⁵⁾	62.5	24.4	229.2	59.6
EBITDA Margin (%) ⁽⁶⁾	39%	21%	41%	15%

¹ Represents the period for the Ekati Diamond Mine from April 10, 2013 (the date of acquisition by the Company of its interest in the Ekati Diamond Mine) to January 31, 2014.

³ Cost of sales for the Ekati Diamond Mine in the fourth quarter of the prior year reflected the purchase of inventory at market values as part of the acquisition of the Ekati Diamond Mine. There was no impact during the fourth quarter of the current fiscal year.

⁵ The term EBITDA (earnings before interest, taxes, depreciation and amortization) does not have a standardized meaning according to IFRS. See “Non-IFRS Measures” below for additional information.

Diamond Inventory		January 31, 2015	January 31, 2014
(in millions of US dollars, except carats)		2015	2014
Ekati Diamond Mine (100%)	Carats (million)	0.9	0.5
	At Cost	175	128
	Estimated Market Value	200	140
Diavik Diamond Mine (40%)	Carats (million)	0.3	0.4
	At Cost	42	47
	Estimated Market Value	50	65
Consolidated Diamond Inventory	Estimated Market Value of Total Inventory ¹	250	205

Diamond Prices

Diavik Ore Type	Ekati Ore Type
A-154 South	Koala
Â\$135	Â\$325

A-154 North	\$180	Koala North	\$380
A-418	\$95	Fox	\$285
COR	Â\$45	Misery Satellite Pipes COR	\$80 \$60-115

Rough Diamond Prices January 1, 2014 to

December 31, 2014

[+3%]

January 1, 2015 to February 28, 2015

Â [-3%] Â Â

Â Â

Full Year Guidance¹ (in millions of US dollars)² Â Cash Costs of Production³ Â Depreciation & Amortization Â Cost of Sales Â Capital Expenditures

Ekati Diamond Mine (100%)	Â 340	Â 125	Â 495	Â 165
Diavik Diamond Mine (40%)	Â 130	Â 90	Â 230	Â 44

¹ The guidance provided in the table above for the Diavik Diamond Mine and Ekati Diamond Mine are for the calendar year ending December 31, 2015 and for the fiscal year ending January 31, 2016, respectively

² Assuming an average Canadian/US dollar exchange rate of Â CDN\$/US\$1.25.

³ The term cash costs of production does not have a standardized meaning according to IFRS. See "Non-IFRS Measures" below for additional information.

See "Caution Regarding Forward-Looking Information" in the Company's 2015 Annual Report Management's Discussion and Analysis for additional information with respect to guidance on projected capital expenditure requirement, expected cost of sales, depreciation & amortization and cash costs of production for the Ekati Diamond Mine and Diavik Diamond Mine.

Non-IFRS Measures

The terms free cash flow, free cash flow per share, EBITDA, EBITDA margin and cash cost of production do not have standardized meanings according to International Financial Reporting Standards. See "Non-IFRS Measures" in the Company's 2015 Annual Report Management's Discussion and Analysis for additional information.

Conference Call and Webcast

Beginning at 8:30AM (ET) on Thursday, April 9, the Company will host a conference call for analysts, investors and other interested parties. Listeners may access a live broadcast of the conference call on the Company's web site at www.ddcorp.ca or by dialing 877-280-4959 within North America or 857-244-7316 from international locations and entering passcode 49598675.

An online archive of the broadcast will be available by accessing the Company's web site at www.ddcorp.ca. A telephone replay of the call will be available one hour after the call through 11:00PM (ET), Thursday, April 23, 2015, by dialing 888-286-8010 within North America or 617-801-6888 from international locations and entering passcode 17917169.

About Dominion Diamond Corporation

[Dominion Diamond Corp.](http://www.dominiondiamondcorp.ca) is a Canadian diamond mining company with ownership interests in two major producing diamond mines. Both mines are located in the low political risk environment of the Northwest Territories in Canada.

The Company operates the Ekati Diamond Mine through its 88.9% ownership as well as a 65.3% ownership in the surrounding areas containing additional reserves, and also owns 40% of the Diavik Diamond Mine. It supplies rough diamonds to the global market through its sorting and selling operations in Canada, Belgium and India and is the world's third largest producer of rough diamonds by value.

For more information, please visit www.ddcorp.ca

Highlights

(ALL FIGURES ARE IN UNITED STATES DOLLARS UNLESS OTHERWISE INDICATED)

CONSOLIDATED FINANCIAL HIGHLIGHTS

(expressed in millions of United States dollars, except per share amounts and where otherwise noted)

(unaudited)

	Three months ended January 31, 2015	Three months ended January 31, 2014	Year ended January 31, 2015	Year ended January 31, 2014
Sales	\$ 240.6	\$ 233.2	\$ 915.8	\$ 751.9
Cost of sales	179.8	202.0	685.7	650.9
Gross margin	60.8	31.1	230.1	101.0
Gross margin (%)	25.3%	13.4%	25.1%	13.4%
Selling, general and administrative expenses	9.2	10.1	33.9	49.4
Operating profit from continuing operations	51.6	21.0	196.2	51.6
EBITDA from continuing operations ⁽ⁱ⁾	95.6	76.2	390.2	191.7
EBITDA margin (%) ⁽ⁱⁱ⁾	40%	33%	43%	25%
Free cash flow ⁽ⁱⁱⁱ⁾	107.7	30.4	182.7	44.0
Capital expenditures	34.9	33.6	168.3	122.3
Profit (loss) before income taxes from continuing operations	48.3	6.7	166.1	4.0
Net profit (loss) from continuing operations attributable to shareholders	(0.5)	(7.8)	66.2	(23.0)
Earnings (loss) per share attributable to shareholders ^(iv)	(0.01)	(0.09)	0.78	(0.27)

(i) The term EBITDA (earnings before interest, taxes, depreciation and amortization) does not have a standardized meaning according to IFRS. The Company defines EBITDA as sales minus cost of sales and selling, general and administrative expenses, meaning it represents operating profit before depreciation and amortization. See "Non-IFRS Measures" for additional information.

(ii) The term EBITDA margin does not have a standardized meaning according to IFRS. See "Non-IFRS Measures" for additional information.

(iii) The term free cash flow does not have a standardized meaning according to IFRS. See "Non-IFRS Measures" for additional information.

(iv) Earnings per share for the fourth quarter was reduced by \$0.34 per share (2014 - \$0.16 per share) due to the impact of foreign exchange on tax expense. The full year impact was \$0.40 per share (2014 - \$0.24 per share).

Fourth Quarter Results

[Dominion Diamond Corp.](#) (the "Company") recorded profit before income taxes from continuing operations of \$48.3 million for the quarter (2014 - \$6.7 million), and a consolidated net loss attributable to shareholders of \$(0.5) million or \$(0.01) per share for the quarter (2014 - \$(7.8) million or \$(0.09) per share). Included in net loss attributable to shareholders was the foreign exchange impact on income tax expense. During the quarter the Canadian dollar weakened significantly against the US dollar, moving from a Canadian/US dollar exchange rate of CDN\$1.13:US\$1.00 to CDN\$1.27:US\$1.00, the majority of which occurred in the month of January. This change in foreign exchange rates resulted in income tax expense of \$29.1 million or \$0.34 per share (2014 - \$13.5 million or \$0.16 per share), \$12.2 million (2014 - \$8.9 million) of which relates to revaluations of foreign currency non-monetary items, and of the deferred tax liability, both of which are non-cash items.

Consolidated sales from continuing operations were \$240.6 million for the quarter (2014 - \$233.2 million), resulting in an operating profit of \$51.6 million (2014 - \$21.0 million). Consolidated EBITDA from continuing operations was \$95.6 million (2014 - \$76.2 million).

During the fourth quarter, the Company recorded sales from the Diavik Diamond Mine of \$81.5 million (2014 - \$119.2 million). The Company sold approximately 0.8 million carats (2014 - 1.0 million) from the Diavik Diamond Mine for an average price per carat of \$105 (2014 - \$114). The Diavik segment generated gross margins and EBITDA margins as a percentage of sales of 23.7% and 49%, respectively (2014 - 26.4% and 50%). At January 31, 2015, the Company had 0.3 million carats of Diavik Diamond Mine produced inventory with an estimated market value of approximately \$50 million (2014 - 0.4 million and \$65 million).

During the fourth quarter, the Company recorded sales from the Ekati Diamond Mine of \$159.1 million (2014 âߝߞ \$114.0 million). The Company sold approximately 0.9 million carats (2014 âߝߞ 0.4 million) from the Ekati Diamond Mine for an average price per carat of \$177 (2014 âߝߞ \$276). Excluded from sales recorded in the fourth quarter were carats produced from Misery South & Southwest during the pre-commercial production phase, some of which were sold in the fourth quarter. The Ekati Diamond Mine generated gross margins and EBITDA margins as a percentage of sales of 26.1% and 39%, respectively (2014 âߝߞ (0.3%) and 21%). Cost of sales and gross margins in the current quarter were positively impacted by the increased production during the second and third quarters as a result of improvements in diamond recoveries and greater processing volumes. Increased production results in a lower cost per carat as operating costs that are largely fixed are spread over a greater volume of production. The Company estimates that gross margins and EBITDA margins for the fourth quarter would have been approximately 28.9% and 42%, respectively, if the carats sold from material excavated from the Misery South & Southwest kimberlite pipes during the pre-commercial production phase were recognized as revenue. During pre-production, sales of Misery South & Southwest carats have been applied as a reduction of mining assets. The Misery South & Southwest pipes commenced commercial production (for accounting purposes) on September 1, 2014. At January 31, 2015, the Company had 0.9 million carats of Ekati Diamond Mine produced inventory with an estimated market value of approximately \$200 million (January 31, 2014 âߝߞ 0.5 million and \$140 million, respectively).

The Corporate segment, which includes all costs not specifically related to the operations of the Diavik and Ekati mines, recorded selling, general and administrative expenses of \$7.3 million (2014 âߝߞ \$7.9 million).

The Company generated free cash flow in the fourth quarter of 2015 of \$107.7 million and free cash flow per share of \$1.27 (2014 âߝߞ \$30.4 million or \$0.36 per share). The increase was due primarily to higher gross margins which were driven by increased production during the third quarter at the Ekati Diamond Mine as a result of improvements in diamond recoveries and greater processing volumes.

Annual Results

During the year, the Company completed the acquisition of the interests of Fipke Holdings Ltd. (âߝߞFipkeCoâߝߞ) in the Ekati Diamond Mine. Each of Dr. Stewart Blusson and Archon Minerals Limited (âߝߞArchonâߝߞ) exercised their rights of first refusal to acquire their proportionate share of the interest in the Core Zone and Buffer Zone, respectively, being sold by FipkeCo. As a consequence, the Company acquired an additional 8.889% participating interest in the Core Zone and an additional 6.53% in the Buffer Zone, increasing its interest in the Core Zone and Buffer Zone to 88.9% and 65.3%, respectively. The base purchase price for the acquired Core Zone interest was \$42.2 million, plus purchase price adjustments of \$13.4 million, for a total purchase price of \$55.6 million. The purchase price adjustments were paid in cash at closing, and the base purchase price was satisfied by a promissory note payable in instalments over 31 months. The Company has the right, but not the obligation, to satisfy one or more instalments due under the promissory note in common shares of the Company. The base purchase price for the acquired Buffer Zone interest was \$11.1 million, plus purchase price adjustments of \$3.2 million, for a total amount paid in cash at closing of \$14.3 million.

The Company recorded profit before income taxes from continuing operations of \$166.1 million for the year (2014 âߝߞ \$4.0 million), and a consolidated net profit attributable to shareholders of \$66.2 million or \$0.78 per share for the year (2014 âߝߞ \$479.7 million or \$5.64 per share). Net profit from continuing operations attributable to shareholders was \$66.2 million or \$0.78 per share (2014 âߝߞ \$(23.0) million or \$(0.27) per share). Included in net profit attributable to shareholders was the foreign exchange impact on income tax expense. During the year the Canadian dollar weakened significantly against the US dollar, moving from a Canadian/US dollar exchange rate of CDN\$1.11:US\$1.00 to CDN\$1.27:US\$1.00, the majority of which occurred in the month of January. This change in foreign exchange rates resulted in income tax expense of \$34.0 million or \$0.40 per share (2014 âߝߞ \$20.7 million or \$0.24 per share), \$14.6 million (2014 âߝߞ \$16.3 million) of which relates to revaluations of foreign currency non-monetary items, and of the deferred tax liability, both of which are non-cash items. Continuing operations includes all costs related to the Companyâߝߞs mining operations, including those previously reported as part of the corporate segment.

Consolidated sales from continuing operations were \$915.8 million for the year (2014 âߝߞ \$751.9 million), resulting in an operating profit of \$196.2 million (2014 âߝߞ \$51.6 million). Gross margin increased 128% to \$230.1 million from \$101.1 million in the prior year. Consolidated EBITDA from operations was \$390.2 million compared to \$191.7 million in the prior year.

During the year, the Company recorded sales from the Diavik Diamond Mine of \$351.6 million (2014 âߝߞ \$352.3 million). The Company sold approximately 3.0 million carats (2014 âߝߞ 3.0 million) from the Diavik Diamond Mine for an average price per carat of \$117 (2014 âߝߞ \$118). The Diavik segment generated gross margins and EBITDA margins as a percentage of sales of 29.0% and 53%, respectively (2014 âߝߞ 26.8% and 49%).

During the year, the Company recorded sales from the Ekati Diamond Mine of \$564.2 million (2014 âߝߞ \$399.6 million) and sold approximately 2.2 million carats (2014 âߝߞ 1.3 million) for an average price per carat of \$260 (2014 âߝߞ \$301). The Ekati segment generated gross margins and EBITDA margins as a percentage of sales of 22.7% and 41%, respectively (2014 âߝߞ 1.7% and 15%). The Company estimates that gross margins and EBITDA margins for the year would have been approximately 25.8% and 43%, respectively, if the carats sold from material excavated from the Misery South & Southwest kimberlite pipes were recognized as revenue. Comparisons to the prior year (fiscal 2014) for the Ekati segment are for the period from April 10, 2013, which was the date the Ekati Diamond Mine was acquired (the âߝߞEkati

Diamond Mine Acquisition, to January 31, 2014.

The Company generated free cash flow during the year of \$182.7 million and free cash flow per share of \$2.15 (2014: \$44.0 million and \$0.52 per share). The increase was due primarily to higher sales and gross margins which were driven by increased production during the second and third quarters at the Ekati Diamond Mine as a result of improvements in diamond recoveries and greater processing volumes, and by the prior year only reflecting Ekati Diamond Mine results after April 10, 2013.

DIAMOND MINE (40%)

(expressed in millions of United States dollars, except per share amounts and where otherwise noted)

(unaudited)

	Three months ended January 31, 2015	Three months ended January 31, 2014	Year ended January 31, 2015	Year ended January 31, 2014
Sales	\$ 81.5	\$ 119.2	\$ 351.6	\$ 352.3
Carats sold (000s)	778	1,049	3,014	2,983
Cost of sales	62.1	87.7	249.7	258.0
Gross margin	19.4	31.5	101.9	94.3
Gross margin (%)	23.7%	26.4%	29.0%	26.8%
Operating profit	18.1	30.4	97.7	89.6
Cash cost of production ⁽ⁱ⁾	36.8	43.3	148.6	162.6
Depreciation and amortization	22.1	28.9	88.3	83.0
EBITDA ⁽ⁱⁱ⁾	40.2	59.3	185.9	172.6
EBITDA margin (%) ⁽ⁱⁱⁱ⁾	49%	50%	53%	49%
Capital expenditures	\$ 6.3	\$ 3.2	\$ 21.5	\$ 26.6

EKATI DIAMOND MINE (100%)

(expressed in millions of United States dollars, except per share amounts and where otherwise noted)

(unaudited)

	Three months ended January 31, 2015	Three months ended January 31, 2014	Year ended January 31, 2015	Period from April 10, 2013 to January 31, 2014
Sales	\$ 159.1	\$ 114.0	\$ 564.2	\$ 399.6
Carats sold (000s)	897	413	2,166	1,379
Cost of sales	117.7	114.3	435.9	392.9
Gross margin	41.4	(0.3)	128.3	6.7
Gross margin (%)	26.1%	(0.3%)	22.7%	1.7%
Operating profit (loss)	40.8	(1.5)	124.7	4.0
Cash cost of production ⁽ⁱ⁾	95.7	101.3	349.1	303.9
Depreciation and amortization	21.6	25.9	104.5	55.6
EBITDA ⁽ⁱⁱ⁾	62.5	24.4	229.2	59.6
EBITDA margin (%) ⁽ⁱⁱⁱ⁾	39%	21%	41%	15%
Capital expenditures	\$ 28.6	\$ 30.4	\$ 146.8	\$ 95.7

(i) The term cash cost of production does not have a standardized meaning according to IFRS. See "Non-IFRS Measures" for additional information.

(ii) The term EBITDA (earnings before interest, taxes, depreciation and amortization) does not have a standardized meaning according to IFRS. The Company defines EBITDA as sales minus cost of sales and selling, general and administrative expenses, meaning it represents operating profit before depreciation and amortization. See "Non-IFRS Measures" for additional information.

(iii) The term EBITDA margin does not have a standardized meaning according to IFRS. See "Non-IFRS Measures" for additional information.

Measures— for additional information.

Management's Discussion and Analysis

(ALL FIGURES ARE IN UNITED STATES DOLLARS UNLESS OTHERWISE INDICATED)

Basis of Presentation

The following is management's discussion and analysis (—MD&A—) of the results of operations for [Dominion Diamond Corp.](#) for the year ended January 31, 2015, and its financial position as at January 31, 2015. This MD&A is based on the Company's audited consolidated financial statements prepared in accordance with International Financial Reporting Standards (—IFRS—), as issued by the International Accounting Standards Board (—IASB—), and should be read in conjunction with the audited consolidated financial statements and related notes. Unless otherwise specified, all financial information is presented in United States dollars. Unless otherwise indicated, all references to —year— refer to the fiscal year ended January 31, 2015.

Caution Regarding Forward-Looking Information

Certain information included in this MD&A constitutes forward-looking information within the meaning of Canadian and United States securities laws. Forward-looking information can generally be identified by the use of terms such as —may—, —will—, —should—, —could—, —would—, —expect—, —plan—, —anticipate—, —foresee—, —appears—, —believe—, —intend—, —estimate—, —predict—, —potential—, —continue—, —objective—, —modeled—, —hope—, —forecast— or other similar expressions concerning matters that are not historical facts. Forward-looking information relates to management's future outlook and anticipated events or results, and can include statements or information regarding plans for mining, development, production and exploration activities at the Company's mineral properties, projected capital expenditure requirements, liquidity and working capital requirements, estimated production from the Ekati Diamond Mine and Diavik Diamond Mine, expectations concerning the diamond industry, and expected cost of sales, cash operating costs and gross margin. Forward-looking information included in this MD&A includes the current production forecast, cost of sales, cash cost of production and gross margin estimates and planned capital expenditures for the Diavik Diamond Mine and other forward-looking information set out under —Diavik Operations Outlook—, and the current production forecast, cost of sales, cash cost of production and gross margin estimates and planned capital expenditures for the Ekati Diamond Mine and other forward-looking information set out under —Ekati Operations Outlook—.

Forward-looking information is based on certain factors and assumptions described below and elsewhere in this MD&A including, among other things, the current mine plans for each of the Ekati Diamond Mine and the Diavik Diamond Mine; mining, production, construction and exploration activities at the Company's mineral properties, currency exchange rates, and estimates related to the capital expenditures required to bring the A-21 pipe into production, required operating and capital costs, labour and fuel costs, world and US economic conditions, future diamond prices, and the level of worldwide diamond production. While the Company considers these assumptions to be reasonable based on the information currently available to it, they may prove to be incorrect. Forward-looking information is subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what the Company currently expects. These factors include, among other things, the uncertain nature of mining activities, including risks associated with underground construction and mining operations, risks associated with joint venture operations, including risks associated with the inability to control the timing and scope of future capital expenditures, risks associated with the estimates related to the capital expenditures required to bring the A-21 pipe into production, the risk that the operator of the Diavik Diamond Mine may make changes to the mine plan and other risks arising because of the nature of joint venture activities, risks associated with the remote location of and harsh climate at the Company's mineral property sites, variations in mineral resource and mineral reserve estimates or expected recovery rates, failure of plant, equipment or processes to operate as anticipated, risks resulting from the Eurozone financial crisis and macroeconomic uncertainty in other financial markets, risks associated with regulatory requirements and the ability to obtain all necessary regulatory approvals, modifications to existing practices so as to comply with any future permit conditions that may be imposed by regulators, delays in obtaining approvals and lease renewals, the risk of fluctuations in diamond prices and changes in US and world economic conditions, uncertainty as to whether dividends will be declared by the Company's board of directors or the Company's dividend policy will be maintained, the risk of fluctuations in the Canadian/US dollar exchange rate and cash flow and liquidity risks. Please see page 26 of this MD&A, as well as the Company's current Annual Information Form, available at [www.sedar.com](#) and [www.sec.gov](#), for a discussion of these and other risks and uncertainties involved in the Company's operations. Actual results may vary from the forward-looking information.

Readers are cautioned not to place undue importance on forward-looking information, which speaks only as of the date of this MD&A, and should not rely upon this information as of any other date. Due to assumptions, risks and uncertainties, including the assumptions, risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company uses forward-looking statements because it believes such statements provide useful information with respect to the currently expected future operations and financial performance of the Company, and cautions readers that the information may not be appropriate for other purposes. While the Company may elect to, it is under no obligation and does not undertake to update or revise any forward-looking information, whether as a result of new information, future events or otherwise at any particular time, except as required by law.

Summary Discussion

[Dominion Diamond Corp.](#) is focused on the mining and marketing of rough diamonds to the global market. The Company supplies rough diamonds to the global market from its operation of the Ekati Diamond Mine (in which it owns controlling interest), and its 40% ownership interest in the Diavik Diamond Mine. Both mineral properties are located at Lac de Gras in Canada's Northwest Territories.

The Company controls the Ekati Diamond Mine as well as the associated diamond sorting and sales facilities in Toronto and Yellowknife, Canada, Mumbai, India and Antwerp, Belgium. The Company acquired its initial interest in the Ekati Diamond Mine on April 10, 2013. The Ekati Diamond Mine consists of the Core Zone (of which the Company owns 88.9%), which includes the current operating mine and other permitted kimberlite pipes, as well as the Buffer Zone (of which the Company owns 65.3%), an adjacent area hosting kimberlite pipes having both development and exploration potential, such as the Jay kimberlite pipe and the Lynx kimberlite pipe. The Company controls and consolidates the Ekati Diamond Mine; minority shareholders are presented as non-controlling interests in the consolidated financial statements.

The Company has an ownership interest in the Diavik group of mineral claims. The Diavik Joint Venture (the "Diavik Joint Venture") is an unincorporated joint arrangement between Diavik Diamond Mines (2012) Inc. ("DDMI") (60%) and Dominion Diamond Diavik Limited Partnership ("DDDLP") (40%) where DDDL holds an undivided 40% ownership interest in the assets, liabilities and expenses of the Diavik Diamond Mine. DDMI is the operator of the Diavik Diamond Mine. Both DDMI and DDDL are headquartered in Yellowknife, Canada. DDMI is a wholly owned subsidiary of [Rio Tinto Plc](#) of London, England. The Company receives 40% of the diamond production from the Diavik Diamond Mine.

Since November 20, 2014, Robert Gannicott, Chairman and Chief Executive Officer of the Company, has been on a medical leave of absence to undergo important treatment which is continuing. In his absence, lead director Dan Jarvis has assumed the role of Acting Chairman (supported in this role by Audit Committee Chairman Ollie Oliveira) and Brendan Bell has assumed the role of Acting Chief Executive Officer.

Market Commentary

The positive momentum that boosted the diamond market in early fiscal 2015 did not continue in the second half of the fiscal year. Continued constraints on liquidity by the banks, a weak global macro-economic outlook and lacklustre retail jewelry markets in Asia dampened sentiment resulting in prices declining from the recent highs achieved in the second fiscal quarter.

The market remained subdued in the fourth fiscal quarter, but the year ended on a more positive note as the major producers allowed their clients to defer rough diamond purchases in areas where they had accumulated polished diamond stocks. This took some pressure off of liquidity at the time when cash from sales made into the United States for the holiday season flowed back into the market. The fiscal year ended with rough diamond prices slightly ahead of prices at the beginning of the year.

The US year-end holiday season was positive and in most cases met the market's expectations. The Chinese retail market has felt the effect of evolving customer dynamics, an influx of new and emerging luxury labels, and an economic slowdown that will have a short-term negative impact on demand. More importantly, the Chinese consumer jewelry market is evolving into a mature and developed market catering to the growing middle class and therefore consuming more commercial ranges of polished diamonds. The retail market in India has started to recover from the declines suffered in fiscal 2014 and confidence returned at the end of fiscal 2015 as the macro-economic climate there strengthened. The retail jewelry market in Europe and Japan was less positive as slower growth in both regions impacted a market already facing headwinds of increasing polished diamond prices driven by a strengthening US dollar.

Consolidated Financial Results

The following is a summary of the Company's consolidated quarterly results for the eight quarters ended January 31, 2015.

(expressed in thousands of United States dollars except per share amounts and where otherwise noted)

(unaudited)

	Â 2015 Â Â Q4	Â 2015 Â Â Q3	Â 2015 Â Â Q2
Â Sales	\$ 240,582	\$ 222,336	\$ 277,314
Cost of sales	Â Â 179,813	Â Â 146,951	Â Â 221,240
Gross margin	60,769		

Gross margin (%)	25.3%	33.9%	20.2%
Selling, general and administrative expenses	Â 9,201	Â 7,904	Â 9,606
Operating profit from continuing operations	Â 51,568	Â 67,481	Â 46,468
Finance expenses	(4,087)	(3,389)	(3,206)
Exploration costs	(2,110)	(7,360)	(6,846)
Finance and other income	420	781	933
Foreign exchange gain (loss)	Â 2,523	Â 1,864	Â 816
Profit (loss) before income taxes from continuing operations	48,314	59,377	38,165
Current income tax expense	9,612	51,662	22,017
Deferred income tax expense (recovery)	Â 35,035	Â (25,905)	Â (8,048)
Net profit (loss) from continuing operations	\$ 3,667	\$ 33,620	\$ 24,196
Net profit from discontinued operations	Â â,â“	Â â,â“	Â â,â“
Net profit (loss)	Â \$ 3,667	Â \$ 33,620	Â \$ 24,196
Net profit (loss) from continuing operations attributable to Shareholders	\$ (546)	\$ 25,478	\$ 26,586
Non-controlling interest	Â 4,213	Â 8,142	Â (2,390)
Net profit (loss) attributable to Shareholders	\$ (546)	\$ 25,478	\$ 26,586
Non-controlling interest	Â 4,213	Â 8,142	Â (2,390)
Earnings (loss) per share from continuing operations attributable to shareholders ^(iv)			
Basic	\$ (0.01)	\$ 0.30	\$ 0.31
Diluted	\$ (0.01)	\$ 0.30	\$ 0.31
Earnings (loss) per share attributable to shareholders ^(iv)			
Basic	\$ (0.01)	\$ 0.30	\$ 0.31
Diluted	\$ (0.01)	\$ 0.30	\$ 0.31
Cash dividends declared per share	\$ 0.00	\$ 0.00	\$ 0.00
Total assets ⁽ⁱ⁾	\$ 2,427	\$ 2,390	\$ 2,356
Total long-term liabilities ⁽ⁱ⁾	Â \$ 729	Â \$ 702	Â \$ 668
Operating profit from continuing operations	\$ 51,568	\$ 67,481	\$ 46,468
Depreciation and amortization ⁽ⁱⁱ⁾	Â 44,067	Â 47,898	Â 63,164
EBITDA from continuing operations ⁽ⁱⁱⁱ⁾	Â \$ 95,635	Â \$ 115,379	Â \$ 109,632

(i) Total assets and total long-term liabilities are expressed in millions of United States dollars.

(ii) Depreciation and amortization included in cost of sales and selling, general and administrative expenses.

(iii) Earnings before interest, taxes, depreciation and amortization (â”EBITDAâ”). The term EBITDA does not have a standardized meaning according to IFRS. See â”Non-IFRS Measuresâ” for additional information.

(iv) Earnings per share for the fourth quarter was reduced by \$0.34 per share (2014 - \$0.16 per share) due to the impact of foreign exchange on tax expense. The full year impact was \$0.40 per share (2014 - \$0.24 per share).

Three Months Ended January 31, 2015, Compared to Three Months Ended January 31, 2014

CONSOLIDATED PROFIT BEFORE INCOME TAXES AND NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Company recorded profit before income taxes from continuing operations of \$48.3 million for the quarter (2014 â”\$6.7 million), and a consolidated net loss attributable to shareholders of \$(0.5) million or \$(0.01) per share for the quarter (2014 â”\$ (7.8) million or \$(0.09) per share). Included in net loss attributable to shareholders was the foreign exchange impact on income tax expense. During the quarter the Canadian dollar weakened significantly against the US dollar, moving from a Canadian/US dollar exchange rate of CDN\$1.13:US\$1.00 to CDN\$1.27:US\$1.00. This change in foreign exchange rates resulted in income tax expense of \$29.1 million or \$0.34 per share (2014 â”\$13.5 million or \$0.16 per share), \$12.2 million (2014 â”\$8.9 million) of which relates to revaluations of foreign currency non-monetary items, and of the deferred tax liability, both of which are non-cash items.

CONSOLIDATED SALES

Consolidated sales for the fourth quarter totalled \$240.6 million (2014 – \$233.2 million), consisting of Diavik rough diamond sales of \$81.5 million (2014 – \$119.2 million) and Ekati rough diamond sales of \$159.1 million (2014 – \$114.0 million).

The Company expects that results for its mining operations will fluctuate depending on the seasonality of production at its mineral properties, the number of sales events conducted during the quarter, rough diamond prices and the volume, size and quality distribution of rough diamonds delivered from the Company's mineral properties and sold by the Company in each quarter. See "Segmented Analysis" on page 11 for additional information.

CONSOLIDATED COST OF SALES AND GROSS MARGIN

The Company's fourth quarter cost of sales was \$179.8 million resulting in a gross margin of 25.3% (2014 – \$202.0 million and 13.4%, respectively). The Company's cost of sales includes costs associated with mining and rough diamond sorting activities. Consolidated cost of sales and gross margins in the current quarter were positively impacted by the increased production during the second and third quarters from the Ekati Diamond Mine. Increased production results in a lower cost per carat as operating costs that are largely fixed are spread over a greater volume of production. Cost of sales for the prior year reflected the purchase of inventory at market values as part of the Ekati Diamond Mine Acquisition. See "Segmented Analysis" on page 11 for additional information.

CONSOLIDATED SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The principal components of selling, general and administrative ("SG&A") expenses include expenses for salaries and benefits, professional fees, consulting and travel. The Company incurred SG&A expenses of \$9.2 million in the fourth quarter (2014 – \$10.1 million).

CONSOLIDATED FINANCE EXPENSES

Finance expense in the fourth quarter was \$4.1 million (2014 – \$3.6 million). Included in consolidated finance expense is accretion expense of \$2.4 million (2014 – \$2.8 million) related to future site restoration liabilities at the Diavik Diamond Mine and the Ekati Diamond Mine.

CONSOLIDATED EXPLORATION EXPENSE

Exploration expense of \$2.1 million was incurred during the fourth quarter (2014 – \$3.3 million), all of which relates to exploration work on the Jay pipe within the Buffer Zone at the Ekati Diamond Mine.

CONSOLIDATED FINANCE AND OTHER INCOME

Finance and other income of \$0.4 million was recorded during the fourth quarter (2014 – \$0.5 million).

CONSOLIDATED FOREIGN EXCHANGE

A net foreign exchange gain of \$2.5 million was recognized during the fourth quarter (2014 – loss of \$(7.9) million). The Company does not currently have any significant foreign exchange derivative instruments outstanding.

CONSOLIDATED INCOME TAXES

The Company recorded a net income tax expense of \$44.6 million during the fourth quarter (2014 – \$19.0 million). The Company's combined Canadian federal and provincial statutory income tax rate for the quarter is 26.5% (2014 – 26.5%). A tax deductible Northwest Territories mining royalty of 13% (2014 – 13%) is also applicable to the Company. There are a number of items that can significantly impact the Company's effective tax rate, the most significant being the foreign exchange rate fluctuations. As a result, the Company's recorded tax provision can be significantly different than the expected tax provision calculated based on the statutory tax rate.

The recorded tax provision is particularly impacted by foreign currency exchange rate fluctuations. The Company's functional and reporting currency is US dollars; however, the calculation of income tax expense is based on income in the currency of the country of origin, a substantial portion of which is denominated in Canadian dollars. As such, the Company is continually subject to foreign exchange fluctuations, particularly as the Canadian dollar moves against the US dollar. During the

fourth quarter, the Canadian dollar significantly weakened against the US dollar. As a result, the Company recorded an unrealized foreign exchange gain of \$23.1 million (2014 " \$14.6 million) on the revaluation of the Company's Canadian dollar denominated deferred income tax liability, which is a non-cash tax recovery. The unrealized foreign exchange gain is recorded as part of the Company's deferred income tax recovery, and is not taxable for Canadian income tax purposes. During the fourth quarter, the Company also recognized a deferred income tax expense of \$35.3 million (2014 " \$23.5 million) for the temporary differences arising from the difference between the historical exchange rate and the current exchange rate translation of foreign currency non-monetary items, primarily consisting of mining assets and liabilities. This revaluation is a non-cash tax expense. The recorded tax provision during the quarter also included a net income tax expense of \$4.4 million (2014 " \$1.3 million) relating to foreign exchange differences between income in the currency of the country of origin and the US dollar. The Company also recorded income tax expense of \$12.5 million (2014 " \$3.3 million) related to other foreign exchange impacts.

Due to the number of factors that can potentially impact the effective tax rate and the sensitivity of the tax provision to these factors, as discussed above, it is expected that the Company's effective tax rate will fluctuate in future periods.

Year Ended January 31, 2015, Compared to Year Ended January 31, 2014

CONSOLIDATED PROFIT BEFORE INCOME TAXES AND NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Company recorded profit before income taxes from continuing operations of \$166.1 million for the year ended January 31, 2015 (2014 " \$4.0 million), and a consolidated net profit attributable to shareholders of \$66.2 million or \$0.78 per share for the year (2014 " \$479.7 million or \$5.64 per share). Included in net profit attributable to shareholders was the foreign exchange impact on income tax expense. During the year the Canadian dollar weakened significantly against the US dollar, moving from a Canadian/US dollar exchange rate of CDN\$1.11:US\$1.00 to CDN\$1.27:US\$1.00. This change in foreign exchange rates resulted in income tax expense of \$34.0 million or \$0.40 per share (2014 " \$20.7 million or \$0.24 per share), \$14.6 million (2014 " \$16.3 million) of which relates to revaluations of foreign currency non-monetary items, and of the deferred tax liability, both of which are non-cash items. Included in the year ended January 31, 2014 is a \$502.9 million gain on the sale of Harry Winston Inc. (the "Luxury Brand Segment") on March 26, 2013. Continuing operations includes all costs related to the Company's mining operations, including those previously reported as part of the corporate segment.

CONSOLIDATED SALES

Consolidated sales totalled \$915.8 million for the year ended January 31, 2015 (2014 " \$751.9 million), consisting of Diavik rough diamond sales of \$351.6 million (2014 " \$352.3 million) and Ekati rough diamond sales of \$564.2 million (2014 " \$399.6 million). The Ekati rough diamond sales for the prior year are for the period from April 10, 2013, the date the Ekati Diamond Mine Acquisition was completed, to January 31, 2014.

See "Segmented Analysis" on page 11 for additional information.

CONSOLIDATED COST OF SALES AND GROSS MARGIN

The Company's cost of sales was \$685.7 million for the year ended January 31, 2015 (2014 " \$650.9 million), resulting in a gross margin of 25.1% (2014 " 13.4%). The Company's cost of sales includes costs associated with mining and rough diamond sorting activities. Consolidated cost of sales and gross margins in the year were positively impacted by increased production during the year from the Ekati Diamond Mine. Increased production results in a lower cost per carat as operating costs that are largely fixed are spread over a greater volume of production. Cost of sales for the prior year reflected the purchase of inventory at market values as part of the Ekati Diamond Mine Acquisition.

CONSOLIDATED SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The principal components of SG&A expenses include expenses for salaries and benefits, professional fees, consulting and travel. The Company incurred SG&A expenses of \$33.9 million during the year ended January 31, 2015 (2014 " \$49.4 million). The decrease from the prior year was primarily due to \$11.2 million of transaction costs and \$4.9 million of restructuring costs at the Antwerp, Belgium office, related in each case to the Ekati Diamond Mine Acquisition. See "Segmented Analysis" on page 11 for additional information.

CONSOLIDATED FINANCE EXPENSES

Finance expense was \$14.0 million in the year ended January 31, 2015 (2014 " \$27.4 million). Included in the prior year was \$14.0 million of finance expenses related to the cancellation of the credit facilities that had been previously arranged in connection with the Ekati Diamond Mine Acquisition. Included in finance expense for the year ended January 31, 2015 is accretion expense of \$11.3 million (2014 " \$9.3 million) related to future site restoration liabilities at the Diavik

Diamond Mine and the Ekati Diamond Mine.

CONSOLIDATED EXPLORATION EXPENSE

Exploration expense of \$25.4 million was incurred during the year ended January 31, 2015 (2014 â \$14.6 million). Included in exploration expense for the period is \$25.2 million of exploration work on the Jay pipe within the Buffer Zone at the Ekati Diamond Mine and \$0.2 million of exploration work on the Companyâs other mining claims in the Northwest Territories.

CONSOLIDATED FINANCE AND OTHER INCOME

Finance and other income of \$5.0 million was recorded during the year ended January 31, 2015 (2014 â \$3.2 million). Included in the current period was a gain on the sale of an asset of \$2.4 million.

CONSOLIDATED FOREIGN EXCHANGE

A net foreign exchange gain of \$4.3 million was recognized during the year ended January 31, 2015 (2014 â loss of \$(8.9) million). The Company does not currently have any significant foreign exchange derivative instruments outstanding.

CONSOLIDATED INCOME TAXES

The Company recorded a net income tax expense of \$93.9 million during the year ended January 31, 2015 (2014 â \$35.5 million). The Companyâs combined Canadian federal and provincial statutory income tax rate for the year ended January 31, 2015 is 26.5% (2014 â 26.5%). A tax deductible Northwest Territories mining royalty of 13% (2014 â 13%) is also applicable to the Company. There are a number of items that can significantly impact the Companyâs effective tax rate, the most significant being foreign currency exchange rate fluctuations. As a result, the Companyâs recorded tax provision can be significantly different than the expected tax provision calculated based on the statutory tax rate.

The recorded tax provision is particularly impacted by foreign currency exchange rate fluctuations. The Companyâs functional and reporting currency is US dollars; however, the calculation of income tax expense is based on income in the currency of the country of origin, a substantial portion of which is denominated in Canadian dollars. As such, the Company is continually subject to foreign exchange fluctuations, particularly as the Canadian dollar moves against the US dollar. During the year ended January 31, 2015, the Canadian dollar significantly weakened against the US dollar. As a result, the Company recorded an unrealized foreign exchange gain of \$24.9 million (2014 â \$24.1 million) on the revaluation of the Companyâs Canadian dollar denominated deferred income tax liability, which is a non-cash tax recovery. The unrealized foreign exchange gain is recorded as part of the Companyâs deferred income tax recovery, and is not taxable for Canadian income tax purposes. During the year ended January 31, 2015, the Company also recognized a deferred income tax expense of \$39.5 million (2014 â \$40.4 million) for the temporary differences arising from the difference between the historical exchange rate and the current exchange rate translation of foreign currency non-monetary items, primarily consisting of mining assets and liabilities. This revaluation is a non-cash tax expense. The recorded tax provision during the year also included a net income tax expense of \$6.8 million (2014 â \$0.7 million) relating to foreign exchange differences between income in the currency of the country of origin and the US dollar. The Company also recorded income tax expenses of \$12.6 million (2014 â \$3.7 million) related to other foreign exchange impacts.

Due to the number of factors that can potentially impact the effective tax rate and the sensitivity of the tax provision to these factors, as discussed above, it is expected that the Companyâs effective tax rate will fluctuate in future periods.

Segmented Analysis

The operating segments of the Company include the Diavik Diamond Mine, the Ekati Diamond Mine and the Corporate segment. The Corporate segment captures costs not specifically related to operating the Diavik and Ekati mines.

Diavik Diamond Mine

This segment includes the production, sorting and sale of rough diamonds from the Diavik Diamond Mine.

(expressed in thousands of United States dollars)

(unaudited)

	Â 2015 Â Â Q4	Â 2015 Â Â Q3	Â 2015 Â Â Q2	Â 2015 Â Â Q1	Â 2014 Â Â Q4	Â 2014 Â Â Q3
Â Sales						
North America	\$ ââ,~“	\$ ââ,~“	\$ ââ,~“	\$ ââ,~“	\$ 511	\$ ââ,~“
Europe	78,050	74,310	94,858	73,918	112,001	45,08
India	Â Â 3,413	Â Â 6,094	Â Â 12,175	Â Â 8,757	Â Â 6,704	Â Â 7,818
Total sales	81,463	80,404	107,033	82,675	119,216	52,90
Cost of sales	Â Â 62,145	Â Â 52,619	Â Â 78,751	Â Â 56,232	Â Â 87,690	Â Â 40,01
Gross margin	19,318	27,785	28,282	26,443	31,526	12,88
Gross margin (%)	23.7%	34.6%	26.4%	32.0%	26.4%	24.4%
Selling, general and administrative expenses	Â Â 1,247	Â Â 851	Â Â 1,067	Â Â 975	Â Â 1,122	Â Â 1,123
Operating profit	\$ 18,071	\$ 26,934	\$ 27,215	\$ 25,468	\$ 30,404	\$ 11,76
Depreciation and amortization ⁽ⁱ⁾	Â Â 22,101	Â Â 20,336	Â Â 27,435	Â Â 18,389	Â Â 28,885	Â Â 12,43
EBITDA ⁽ⁱⁱ⁾	Â \$ 40,172	Â \$ 47,270	Â \$ 54,650	Â \$ 43,857	Â \$ 59,289	Â \$ 24,19
Capital expenditures	Â Â 6,339	Â Â 4,601	Â Â 3,750	Â Â 6,779	Â Â 3,204	Â Â 6,868

(i) Depreciation and amortization included in cost of sales and selling, general and administrative expenses.

(ii) Earnings before interest, taxes, depreciation and amortization (ââ,~&oulig;EBITDAââ,~). See ââ,~&oulig;Non-IFRS Measuresââ,~ for additional information.

Three Months Ended January 31, 2015, ComparedÂ toÂ Three Months Ended January 31, 2014

DIAMIK SALES

During the fourth quarter, the Company sold approximately 0.8 million carats (2014 ââ,~“ 1.0 million) from the Diavik Diamond Mine for a total of \$81.5 million (2014 ââ,~“ \$119.2 million) for an average price per carat of \$105 (2014 ââ,~“ \$114). At January 31, 2015, the Company had 0.3Â million carats of Diavik Diamond Mine produced inventory with an estimated market value of approximately \$50Â million (January 31, 2014 ââ,~“ 0.4 million carats and \$65 million).

DIAMIK COST OF SALES AND GROSS MARGIN

The Companyââ,~™s fourth quarter cost of sales for the Diavik Diamond Mine was \$62.1 million (2014 ââ,~“ \$87.7 million). Cost of sales in the fourth quarter included \$22.1 million of depreciation and amortization (2014 ââ,~“ \$28.9 million). The Diavik segment generated gross margins and EBITDA margins of 23.7% and 49%, respectively (2014 ââ,~“ 26.4% and 50%). The gross margin is anticipated to fluctuate between quarters, resulting from variations in the specific mix of product produced and sold during each quarter and rough diamond prices.

A substantial portion of consolidated cost of sales is mining operating costs incurred at the Diavik Diamond Mine. During the fourth quarter, the Diavik cash cost of production was \$36.8 million (2014 ââ,~“ \$43.3 million). The reduction in cash cost of production is due to the combination of operational improvements at the mine and the weakening of the Canadian dollar. The term cash cost of production does not have a standardized meaning according to IFRS. See ââ,~&oulig;Non-IFRS Measuresââ,~ for additional information. Cost of sales also includes sorting costs, which consist of the Companyââ,~™s cost of handling and sorting product in preparation for sales to third parties, and depreciation and amortization, the majority of which is recorded using the unit-of-production method over estimated proven and probable reserves.

DIAMIK SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses for the Diavik Diamond Mine segment during the fourth quarter were \$1.2 million (2014 ââ,~“ \$1.1 million).

Year Ended January 31, 2015, ComparedÂ toÂ Year Ended January 31, 2014

DIAMIK SALES

During the year ended January 31, 2015, the Company sold approximately 3.0 million carats (2014 ââ,~“ 3.0 million) from the Diavik Diamond Mine for a total of \$351.6 million (2014 ââ,~“ \$352.3 million) for an average price per carat of \$117 (2014 ââ,~“ \$118).

DIAMIK COST OF SALES AND GROSS MARGIN

The Company's cost of sales for the Diavik Diamond Mine for the year ended January 31, 2015 was \$249.7 million (2014 " \$257.9 million). Cost of sales for the year ended January 31, 2015 included \$87.8 million of depreciation and amortization (2014 " \$82.2 million). The Diavik segment generated gross margins and EBITDA margins of 29.0% and 53%, respectively (2014 " 26.8% and 49%). The gross margin is anticipated to fluctuate between quarters and year over year, resulting from variations in the specific mix of product sold during each quarter and the year and rough diamond prices.

A substantial portion of consolidated cost of sales is mining operating costs incurred at the Diavik Diamond Mine. During the year ended January 31, 2015, the Diavik cash cost of production was \$148.6 million (2014 " \$162.6 million). The reduction in cash cost of production is due to the combination of operational improvements at the mine and the weakening of the Canadian dollar. See "Non-IFRS Measures" for additional information. Cost of sales also includes sorting costs, which consists of the Company's cost of handling and sorting product in preparation for sales to third parties, and depreciation and amortization, the majority of which is recorded using the unit-of-production method over estimated proven and probable reserves.

DIAVIK SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses for the Diavik Diamond Mine segment during the year were \$4.1 million (2014 " \$4.8 million).

Operational Update

During the fourth quarter of calendar year 2014, the Diavik Diamond Mine produced (on a 100% basis) 1.5 million carats from 0.5 million tonnes of ore processed (2014 " 2.1 million and 0.5 million, respectively). Total production includes coarse ore rejects ("COR"), which are not included in the Company's reserves and resource statement and are therefore incremental to production.

Carats recovered in the fourth calendar quarter were 25% lower than the comparable quarter of the prior year as a result of lower realized grades in all three ore bodies and a higher proportion of the lower grade A-154 North ore being processed in the fourth calendar quarter of 2014 than in the comparable calendar quarter of 2013.

On November 26, 2014, the Company reported that [Rio Tinto Plc](#), the parent company of the operator of the Diavik Diamond Mine (DDMI), approved the development of the A-21 pipe at the Diavik Diamond Mine, in which the Company holds a 40% stake. Diamond production from A-21 is planned for late calendar 2018. DDMI has estimated the total capital cost for the development of the A-21 pipe to be approximately \$312 million at the Company's estimated Canadian/US dollar exchange rate of 1.25 (on a 100% basis), with the Company's share being \$125 million.

The charts below show the Company's 40% share of Diavik Diamond Mine carat production, ore processed and recovered grade for the eight most recent calendar quarters.

DOMINION DIAMOND DIAVIK LIMITED PARTNERSHIP'S 40% SHARE OF DIAVIK DIAMOND MINE PRODUCTION " CARATS

(reported on a one-month lag) (000s)

Please see associated chart titled "Diavik Diamond Mine Production " Carats".

DOMINION DIAMOND DIAVIK LIMITED PARTNERSHIP'S 40% SHARE OF DIAVIK DIAMOND MINE PRODUCTION " ORE PROCESSED AND RECOVERED GRADE

(reported on a one-month lag)

Please see associated chart titled "Diavik Diamond Mine Production " Ore Processed and Recovered Grade".

Operations Outlook

PRODUCTION

The mine plan for calendar 2015 foresees Diavik Diamond Mine production (on a 100% basis) of approximately 6.7 million

carats from the mining and processing of approximately 2.1 million tonnes of ore. Mining activities will be exclusively underground with approximately 0.8 million tonnes expected to be sourced from A-154 North, approximately 0.4 million tonnes from A-154 South and approximately 0.9 million tonnes from A-418. In addition to the 6.7 million carats produced from run of mine ore, there will be production from COR. This additional production is not included in the Company's ore reserves, and is therefore incremental. Based on historical recovery rates, the tonnage of this material that is planned to be processed during calendar 2015 would produce 0.3 million carats from COR.

The aforementioned mine plan for the Diavik Diamond Mine was prepared by DDMI, operator of the Diavik Diamond Mine, under the supervision of Calvin Yip, P. Eng., Principal Advisor, Strategic Planning of DDMI, and a Qualified Person within the meaning of National Instrument 43-101 of the Canadian Securities Administrators.

PRICING

Based on the average prices per carat achieved by the Company in the latest sale held in February 2015, the Company has modeled the approximate rough diamond price per carat for each of the Diavik kimberlite process plant feed types in the table that follows:

Ore type	February 2015 sales cycle average price per carat Â (in US dollars)
A-154 South	\$ 135
A-154 North	180
A-418	95
COR	Â 45

COST OF SALES, CASH COST OF PRODUCTION AND GROSS MARGIN

Based on current sales expectations for the Diavik Diamond Mine segment for fiscal 2016, the Company currently expects cost of sales to be approximately \$230 million (including depreciation and amortization of approximately \$90 million). Based on the current mine plan for the Diavik Diamond Mine for calendar 2015, the Company's 40% share of the cash cost of production at the Diavik Diamond Mine is expected to be approximately \$130 million at an estimated average Canadian/US dollar exchange rate of 1.25.

The Company expects gross margins as a percentage of sales to fluctuate depending on, among other things, production volumes, diamond prices and cost of production. Gross margin as a percentage of sales in fiscal 2016 is expected to be lower than that achieved in fiscal 2015 as production volumes are expected to decrease year over year.

CAPITAL EXPENDITURES

The Company currently expects DDDL's 40% share of the planned capital expenditures for the Diavik Diamond Mine in fiscal 2016 to be approximately \$43.6 million, at an estimated average Canadian/US dollar exchange rate of 1.25. During the fourth quarter, DDDL's share of capital expenditures was \$6.3 million (\$21.5 million for the year ended January 31, 2015).

The Company expects development capital in relation to the newly approved A-21 pipe to be incurred between calendar years 2015 and 2019 and for DDDL's 40% share of the planned expenditure to total approximately CDN \$157 million.

Ekati Diamond Mine

This segment includes the production, sorting and sale of rough diamonds from the Ekati Diamond Mine.

(expressed in thousands of United States dollars)

(unaudited)

	Â 2015 Â Q4	Â 2015 Â Q3	Â 2015 Â Q2	Â 2015 Â Q1	Â 2014 Â Q4	Â 2014 Â Q3
Sales						
North America	\$ ";	\$ ";	\$ ";	\$ ";	\$ 413	\$ ";
Europe	155,695	137,769	160,667	88,469	111,542	95,23

India	Â 3,424	Â 4,163	Â 9,614	Â 4,378	Â 1,992	Â 2,000
Total sales	159,119	141,932	170,281	92,847	113,947	95,231
Cost of sales	Â 117,668	Â 94,332	Â 142,489	Â 81,448	Â 114,340	Â 96,200
Gross margin	41,451	47,600	27,792	11,399	(393)	(970)
Gross margin (%)	26.1%	33.5%	16.3%	12.3%	(0.3%)	(1.0%)
Selling, general and administrative expenses	Â 618	Â 557	Â 941	Â 1,475	Â 1,120	Â 362
Operating profit (loss)	\$ 40,833	\$ 47,043	\$ 26,851	\$ 9,924	\$ (1,513)	\$ (1,332)
Depreciation and amortization ⁽ⁱ⁾	Â 21,655	Â 27,269	Â 35,438	Â 20,154	Â 25,892	Â 19,160
EBITDA ⁽ⁱⁱ⁾	Â 62,488	Â 74,312	Â 62,289	Â 30,078	Â 24,379	Â 17,831
Capital expenditure	Â \$ 28,576	Â \$ 26,951	Â \$ 41,981	Â \$ 49,244	Â \$ 95,697	Â \$ 28,311

(i) Depreciation and amortization included in cost of sales and selling, general and administrative expenses. All sales of inventory purchased as part of the Ekati Diamond Mine Acquisition are accounted for as cash cost of sales.

(ii) Earnings before interest, taxes, depreciation and amortization (EBITDA). The term EBITDA does not have a standardized meaning according to IFRS. See "Non-IFRS Measures" for additional information.

Three Months Ended January 31, 2015, Compared to Three Months Ended January 31, 2014

EKATI SALES

During the fourth quarter, the Company sold approximately 0.9 million carats (2014 "0.4 million) from the Ekati Diamond Mine for a total of \$159.1 million (2014 " \$114.0 million) for an average price per carat of \$177 (2014 " \$276). Excluded from sales recorded in the fourth quarter were carats produced and sold from the processing of materials from Misery South & Southwest kimberlite pipes during its pre-commercial production phase, some of which were sold in the fourth quarter. The diamonds that have been recovered to date from this material display similar characteristics to diamonds from the Misery Main kimberlite pipe. During the fourth quarter, the Company sold an estimated 0.1 million carats (2014 " 0.2 million) of production from the Misery South & Southwest kimberlite pipe material for estimated proceeds of \$9.7 million (2014 " \$10.8 million) for an average price per carat of \$79, which includes the recovery of small diamonds. Sales of diamonds recovered during pre-production from the Misery South & Southwest material have been applied as a reduction of mining assets. The Misery South & Southwest pipes commenced commercial production (for accounting purposes) on September 1, 2014. At January 31, 2015, the Company had 0.9 million carats of Ekati Diamond Mine produced inventory with an estimated market value of approximately \$200 million (January 31, 2014 " 0.5 million and \$140 million, respectively).

EKATI COST OF SALES AND GROSS MARGIN

The Company's cost of sales for the Ekati Diamond Mine during the fourth quarter was \$117.7 million (2014 " \$114.3 million), resulting in a gross margin of 26.1% (2014 " (0.3%)) and an EBITDA margin of 39% (2014 " 21%). Cost of sales and gross margins in the current quarter were positively impacted by the increased production during the second and third quarters as a result of improvements in diamond recoveries and greater processing volumes. Increased production results in lower cost per carat as operating costs that are largely fixed are spread over a greater volume of production. Cost of sales in the fourth quarter of the prior year reflected the purchase of inventory at market values as part of the Ekati Diamond Mine Acquisition. There was no impact during the fourth quarter of the current fiscal year. The gross margin is anticipated to fluctuate between quarters, resulting from variations in the specific mix of product sold during each quarter and rough diamond prices.

Consolidated cost of sales includes mining operating costs incurred at the Ekati Diamond Mine. During the fourth quarter, the Ekati cash cost of production was \$95.7 million (2014 " \$101.3 million). The reduction in cash cost of production is primarily due to the weakening of the Canadian dollar. See "Non-IFRS Measures" for additional information. Cost of sales also includes sorting costs, which consist of the Company's cost of handling and sorting product in preparation for sales to third parties, and depreciation and amortization, the majority of which is recorded using the straight-line method over the remaining mine life.

EKATI SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses for the Ekati Diamond Mine segment for the fourth quarter were \$0.6 million (2014 " \$1.1 million).

Year Ended January 31, 2015, Compared to the Period from April 10, 2013 to January 31, 2014

Comparisons to the prior year ended January 31, 2014 for the Ekati segment are for the period from April 10, 2013, which is the

date the Ekati Diamond Mine Acquisition was completed, to January 31, 2014.

EKATI SALES

During the year ended January 31, 2015, the Company sold approximately 2.2 million carats (2014 " 1.3 million) from the Ekati Diamond Mine for a total of \$564.2 million (2014 " \$399.6 million) for an average price per carat of \$260 (2014 " \$301). Excluded from sales recorded during the year were carats produced and sold from the processing of materials from Misery South & Southwest kimberlite pipes during its pre-commercial production phase. During the year ended January 31, 2015, the Company sold an estimated 0.5 million carats of production from the

Misery South & Southwest kimberlite pipes for estimated proceeds of \$40.7 million for an average price per carat of \$78, which includes the recovery of small diamonds. Sales of diamonds recovered during pre-production from the Misery South & Southwest material have been applied as a reduction of mining assets. The Misery South & Southwest pipes commenced commercial production (for accounting purposes) on September 1, 2014.

EKATI COST OF SALES AND GROSS MARGIN

The Company's cost of sales for the Ekati Diamond Mine during the year ended January 31, 2015 was \$435.9 million (2014 " \$392.9 million), resulting in a gross margin of 22.7% (2014 " 1.7%) and an EBITDA margin of 41% (2014 " 15%). Cost of sales for the period from April 10, 2013 to January 31, 2014 reflected the purchase of inventory at market values as part of the Ekati Diamond Mine Acquisition. Cost of sales for the period from April 10, 2013 to January 31, 2014 would have been approximately \$376.7 million excluding the market value adjustment made as part of the Ekati Diamond Mine Acquisition. There was no impact during the current year. The gross margin is anticipated to fluctuate between quarters and annually, resulting from variations in the specific mix of product sold during each quarter and the year and rough diamond prices.

Consolidated cost of sales includes mining operating costs incurred at the Ekati Diamond Mine. During the year ended January 31, 2015, the Ekati cash cost of production was \$349.1 million (2014 " \$303.9 million). See "Non-IFRS Measures" for additional information. Cost of sales also includes sorting costs, which consist of the Company's cost of handling and sorting product in preparation for sales to third parties, and depreciation and amortization, the majority of which is recorded using the straight-line method over the remaining mine life.

EKATI SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses for the Ekati Diamond Mine segment for the year ended January 31, 2015 were \$3.6 million (2014 " \$2.7 million).

Operational Update

During the fourth quarter of fiscal 2015, the Ekati Diamond Mine produced (on a 100% basis) 0.3 million carats from the processing of 0.3 million tonnes of ore from the reserves. Mining activities during the quarter were focused on ore production from the Koala underground operation and pre-stripping operations at the Misery pushback open pit. The Company recovered 0.1 million carats from the processing of 0.1 million tonnes of inferred resources from the Koala North and Koala underground mines, 0.2 million carats from the processing of 0.3 million tonnes of COR, and an additional 0.3 million carats from the processing of 0.2 million tonnes of satellite material excavated from the Misery South pipe, Southwest extension and Northeast pipe during the pre-stripping of the Misery Main pipe. These diamond recoveries are not included in the Company's reserves statement and are therefore incremental to production.

The Company estimates that process plant improvements to date have increased the recovered grade during the year ended January 31, 2015 by approximately 15% compared to the mine plan. The resulting additional diamonds are included in the reserves and the mine plan as at January 31, 2015.

The charts below show the Ekati Diamond Mine carat production, ore processed and recovered grade for eight most recent quarters.

EKATI DIAMOND MINE PRODUCTION (100% SHARE) " CARATS

Please see associated chart titled "Ekati Diamond Mine Production (100% Share) " Carats".

EKATI DIAMOND MINE PRODUCTION (100% SHARE) " ORE PROCESSED AND RECOVERED GRADE

Please see associated chart titled "Ekati Diamond Mine Production (100% Share) –&Idquo; Ore Processed and Recovered Grade".

Ekati Operations Outlook

PRODUCTION

The mine plan for fiscal year 2016 foresees Ekati Diamond Mine production of approximately 1.2 million carats from the mining and processing of approximately 1.9 million tonnes of mineral reserves (the base case). This includes approximately 1.1 million tonnes from the Koala underground operation (combined Koala phases 5, 6 and 7) and approximately 0.8 million tonnes from the Pigeon open pit. Average grade from Koala underground is expected to be lower than that achieved in fiscal 2015 as the mine plan expects the processing of a higher proportion of the lower grade phase 5 ore.

In addition to the mineral reserves noted above, the plan for fiscal year 2016 also contemplates processing the inferred resources from the Misery South & Southwest kimberlite that are made available as the Misery reserves are accessed (the operating case). When this additional resource material from the Misery South & Southwest pipes is included, the plan for fiscal year 2016 foresees total Ekati Diamond Mine production of approximately 3.3 million carats from the mining and processing of approximately 3.0 million tonnes of mineral reserves and resources, which includes approximately 1.1 million tonnes from Misery South & Southwest kimberlite. The Company cautions that this assessment is preliminary in nature and is based on inferred resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Accordingly, there is no certainty that this assessment will be realized.

The reserves and resources that are planned to be processed during fiscal 2016 do not fully utilize the Ekati processing plant's capacity of up to approximately 4.35 million tonnes per year. The Company plans to use the spare capacity to process additional material from Koala North, Misery Northeast and COR, but has not included this additional material in the above mentioned mine plan. It is expected that approximately

0.1 million tonnes of Koala North, 0.1 million tonnes of Misery Northeast, and 1.1 million tonnes of COR material will be processed during fiscal 2016. In addition, as part of the Koala mining, a small portion of inferred mineral resource is extracted along with the reserves. This material is not included in the current production estimate, but will be processed along with the reserve ore and will be incremental to production. Mineral resources that are not reserves do not have demonstrated economic viability.

The foregoing scientific and technical information for the Ekati Diamond Mine was prepared under the supervision of Peter Ravenscroft, FAusImm, of Burgundy Mining Advisors Ltd., an independent mining consultancy. Mr. Ravenscroft is a Qualified Person within the meaning of National Instrument 43-101 of the Canadian Securities Administrators.

PRICING

Based on the average prices per carat achieved by the Company in the latest sale which was held in February 2015, the Company has modeled the approximate rough diamond price per carat for the Ekati kimberlite process plant feed types below. For consistency with the Company's current reserve estimates, the Ekati prices now reflect the increased recovery of small diamonds from the improvements in processing.

Ore type	February 2015 sales cycle Average price per carat (in US dollars)
Koala	\$ 325
Koala North	380
Fox	285
Misery South & Southwest	80
COR	60 –&Idquo; 115

COST OF SALES, CASH COST OF PRODUCTION AND GROSS MARGIN

Based on current sales expectations for the Ekati Diamond Mine segment for fiscal 2016, the Company currently expects cost of sales to be approximately \$495 million (including depreciation and amortization of approximately \$125 million). Based on the current mine plan for the Ekati Diamond Mine for fiscal 2016, the cash cost of production at the Ekati Diamond Mine is expected to be approximately \$340 million (on a 100% basis) at an estimated average Canadian/US dollar exchange rate of 1.25.

The Company expects gross margins as a percentage of sales to fluctuate depending on, among other things, production

volumes, diamond prices and cost of production. Gross margin as a percentage of sales in fiscal 2016 is expected to be lower than that achieved in fiscal 2015 as production volumes are expected to decrease, and the product mix is expected to have a lower average value than the prior year.

CAPITAL EXPENDITURES AND EXPLORATION

The planned capital expenditures for the Ekati Diamond Mine for fiscal 2016 (on a 100% basis) are expected to be approximately \$165 million at an estimated average Canadian/US dollar exchange rate of 1.25. The planned capital expenditures include approximately \$70 million for the continued development of the Misery pipe, consisting largely of mining costs to achieve ore release, \$18 million towards the development of the Pigeon pipe, and \$16 million for the development of the Lynx pipe. During the fourth quarter, the Ekati Diamond Mine incurred capital expenditures (on a 100% basis) of \$28.6 million (\$146.8 million for the year ended January 31, 2015).

Beyond fiscal 2016 the Company currently expects a further \$38 million for the continued development of the Misery pipe and \$22 million for the development of the Lynx pipe, all of which is forecasted to be spent in fiscal 2017. No further development capital is forecast for Misery, Pigeon, or Lynx after fiscal 2017.

The Company expects development capital in relation to the recently announced Jay pipe to be incurred between fiscal years 2016 and 2020 and to total approximately CDN \$760 million.

The planned exploration expenditures for the Ekati Diamond Mine for fiscal 2016 (on a 100% basis) are expected to be approximately \$33 million at an estimated average Canadian/US dollar exchange rate of 1.25. Planned exploration expenditures include approximately \$27 million on the Jay pipe and \$6 million on the Sable pipe. During the fourth quarter, the Ekati Diamond Mine incurred exploration expenses (on a 100% basis) of \$2.2 million (\$25.2 million for the year ended January 31, 2015).

Corporate

The Corporate segment captures costs not specifically related to the operations of the Diavik and Ekati Diamond Mines.

(expressed in thousands of United States dollars) (unaudited)

	Â 2015 Â Â Q4	Â 2015 Â Â Q3	Â 2015 Â Â Q2	Â 2015 Â Â Q1	Â 2014 Â Â Q4
Sales	\$ ââ,-“	\$ ââ,-“	\$ ââ,-“	\$ ââ,-“	\$ ââ,-“
Cost of sales	Â Â ââ,-“	Â Â ââ,-“	Â Â ââ,-“	Â Â ââ,-“	Â Â ââ,-“
Gross margin	ââ,-“	ââ,-“	ââ,-“	ââ,-“	ââ,-“
Gross margin (%)	ââ,-“%	ââ,-“%	ââ,-“%	ââ,-“%	ââ,-“
Selling, general and administrative expenses	Â Â 7,336	Â Â 6,496	Â Â 7,598	Â Â 4,698	Â Â 7,875
Operating loss	\$ (7,336)	\$ (6,496)	\$ (7,598)	\$ (4,698)	\$ (7,875)
Depreciation and amortization ⁽ⁱ⁾	Â Â 311	Â Â 293	Â Â 291	Â Â 342	Â Â 451
EBITDA ⁽ⁱⁱ⁾	Â \$ (7,025)	Â \$ (6,203)	Â \$ (7,307)	Â \$ (4,356)	Â \$ (7,424)
Capital expenditure	Â Â ââ,-“	Â Â 19	Â Â 28	Â Â ââ,-“	Â Â 14

(i) Depreciation and amortization included in cost of sales and selling, general and administrative expenses.

(ii) Earnings before interest, taxes, depreciation and amortization (ââ,-öEBITDAââ,-). The term EBITDA does not have a standardized meaning according to IFRS. See ââ,-öNon-IFRS Measuresââ,- for additional information.

Three Months Ended January 31, 2015, ComparedÂ toÂ Three Months Ended January 31, 2014

CORPORATE SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses for the Corporate segment during the quarter decreased by \$0.5 million from the comparable quarter of the prior year.

Year Ended January 31, 2015, ComparedÂ toÂ Year Ended January 31, 2014

CORPORATE SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

SG&A expenses for the Corporate segment during the year ended January 31, 2015 decreased by \$15.9 million from the

comparable period of the prior year. SG&A expenses were higher during the comparable prior year period primarily due to \$11.2 million of transaction costs and \$6.0 million of restructuring costs related to the Ekati Diamond Mine Acquisition.

Liquidity and Capital Resources

The following chart shows the Company's working capital balances as at January 31, 2015 and 2014, as well as the working capital ratio for the same years. Working capital is calculated as total current assets less total current liabilities, and working capital ratio is calculated as total current assets divided by total current liabilities.

Working Capital

As at January 31, 2015, the Company had unrestricted cash and cash equivalents of \$457.9 million and restricted cash of \$34.6 million, compared to \$224.8 million and \$113.6 million, respectively, at January 31, 2014. During the year, the Company posted surety bonds with the Government of the Northwest Territories in the aggregate amount of CDN \$253 million to secure the obligations under its Water Licence to reclaim the Ekati Diamond Mine. As a result of the posting of the surety bonds, the Government of the Northwest Territories released and returned to the Company letters of credit in the amount of CDN \$83 million previously posted as security for reclamation activities at the Ekati Diamond Mine. Letters of credit in the amount of CDN \$44 million continue to be held by the Government of the Northwest Territories as security for reclamation and related activities at the Ekati Diamond Mine pending completion of a review by the Government of the Northwest Territories of duplication between the security required under the Water Licence and security held by the Government of the Northwest Territories under the environmental agreement. The surety bonds were issued by a consortium of insurance companies. The Company has agreed to indemnify these insurers against liabilities arising under these surety bonds. During the year ended January 31, 2015, the Company reported cash flow from operations of \$328.9 million, compared to \$155.2 million in the prior year.

As at January 31, 2015, the Company had 1.2 million carats of rough diamond inventory with an estimated market value of approximately \$250 million, \$85 million of inventory available for sale and \$165 million of work in progress.

Working capital increased to \$752.4 million at January 31, 2015 from \$572.1 million at January 31, 2014. During the year, the Company decreased accounts receivable by \$0.3 million, increased other current assets by \$3.9 million, increased inventory and supplies by \$26.6 million, increased trade and other payables by \$13.2 million, and increased employee benefit plans by \$1.0 million.

The Company's liquidity requirements fluctuate year over year and quarter over quarter depending on, among other factors, the seasonality of production at the Company's mineral properties, seasonality of mine operating expenses, capital expenditure programs, the number of rough diamond sales events conducted during the year, and the volume, size and quality distribution of rough diamonds delivered from the Company's mineral properties and sold by the Company in the year.

The Company assesses liquidity and capital resources on a consolidated basis. The Company's requirements are for cash operating expenses, working capital, contractual debt requirements and capital expenditures. The Company believes that it will generate sufficient liquidity to meet its anticipated requirements for the next 12 months.

Financing Activities

As at January 31, 2015, \$nil was outstanding under the Company's revolving financing facility relating to its Belgian subsidiary, Dominion Diamond International NV, and its Indian subsidiary, Dominion Diamond (India) Private Limited, similar to January 31, 2014.

On October 15, 2014, the Company completed the acquisition of the interests of FipkeCo in the Ekati Diamond Mine. Each of Dr. Stewart Blusson and Archon exercised their rights of first refusal to acquire their proportionate share of the interests in the Core Zone and Buffer Zone, respectively, being sold by FipkeCo. As a consequence, the Company acquired an additional 8.889% participating interest in the Core Zone and an additional 6.53% in the Buffer Zone, increasing its interest in the Core Zone and Buffer Zone to 88.9% and 65.3%, respectively. The base purchase price for the acquired Core Zone interest was US \$42.2 million, plus purchase price adjustments of US \$13.4 million, for a total amount payable of US \$55.6 million. The purchase price adjustments were paid in cash at closing, and the base purchase price was satisfied by a promissory note payable in instalments over 31 months. The base purchase price for the acquired Buffer Zone interest was US \$11.1 million, plus purchase price adjustments of US \$3.2 million, for a total amount paid in cash at closing of US \$14.3 million.

On April 7, 2015, the Company entered into a new \$210 million senior secured corporate revolving credit facility with a syndicate of commercial banks. The facility has a four-year term, and it may be extended for an additional period of one year with the consent of the lenders. Proceeds received by the Company under the new credit facility are to be used for general corporate purposes. Accommodations under this credit facility may be made to the Company, at the Company's option, by way of an advance, or letter of credit, and the interest payable will vary in accordance with a pricing grid ranging between 2.5% and 3.5% above LIBOR. The Company will be required to comply with financial covenants customary for a financing of this nature.

The Company will be closing the existing revolving financing facility of \$45 million relating to its Belgian subsidiary, Dominion Diamond International NV, and its Indian subsidiary, Dominion Diamond (India) Private Limited as of April 30, 2015.

On April 8, 2015, the Board of Directors declared a dividend of 40 cents per share to be paid in full on May 21, 2015 to shareholders of record at the close of business on April 30, 2015. This dividend will be an eligible dividend for Canadian income tax purposes.

Subject to declaration by the Board of Directors, the Company intends to pay a regular annual dividend of 40 cents per share in total to be paid semi-annually through an interim and final dividend. For fiscal 2016 the interim dividend is expected to be paid in or around November 2015, and the final dividend is expected to be paid in or around May 2016. These dividends will also be eligible dividends for Canadian income tax purposes.

Investing Activities

During the year, the Company purchased property, plant and equipment of \$167.4 million for its continuing operations, of which \$21.5 million was purchased for the Diavik Diamond Mine and \$145.8 million for the Ekati Diamond Mine.

Contractual Obligations

The Company has contractual payment obligations with respect to interest-bearing loans and borrowings and, through its participation in the Diavik Joint Venture and the Ekati Diamond Mine, future site restoration costs at both the Ekati and Diavik Diamond Mines. Additionally, at the Diavik Joint Venture, contractual obligations exist with respect to operating purchase obligations, as administered by DDML, the operator of the mine. In order to maintain its 40% ownership interest in the Diavik Diamond Mine, DDDL is obligated to fund 40% of the Diavik Joint Venture's total expenditures on a monthly basis. The most significant contractual obligations for the ensuing five-year period can be summarized as follows:

CONTRACTUAL OBLIGATIONS

	Year	Less than 1 Year	1 to 3 Years	3 to 5 Years
(expressed in thousands of United States dollars)				
(unaudited)	Total	1 year	2-3 years	4-5 years
Loans and borrowings (a)(b)	\$ 47,875	\$ 12,822	\$ 34,409	\$ 644
Environmental and participation agreements incremental commitments (c)	97,942	53,221	1,106	8,502
Operating lease obligations (d)	6,060	4,892	1,168	
Capital obligations (e)	\$ 36,460	\$ 36,460		
Total contractual obligations	\$ 188,337	\$ 107,395	\$ 36,683	\$ 9,146

(a) (i) Loans and borrowings presented in the foregoing table include current and long-term portions.

(ii) The Company has available a \$45.0 million revolving financing facility (utilization in either US dollars or Euros) with Antwerp Diamond Bank for inventory and receivables funding in connection with the marketing activities through its Belgian subsidiary, Dominion Diamond International NV, and its Indian subsidiary, Dominion Diamond (India) Private Limited. Borrowings under the Belgian facility bear interest at the bank's base rate plus 1.5%. Borrowings under the Indian facility bear an interest rate of 17.5%. At January 31, 2015, \$nil was outstanding under this facility relating to Dominion Diamond International NV and Dominion Diamond (India) Private Limited. The facility is guaranteed by [Dominion Diamond Corp.](#) The Company will be closing this revolving financing facility as of April 30, 2015.

(iii) The Company's first mortgage on real property has scheduled principal payments of approximately \$0.2 million quarterly, may be prepaid at any time, and matures on September 1, 2018. On January 31, 2015, \$3.1 million was outstanding on the mortgage payable.

(iv) The Company issued a promissory note in the amount of US \$42.2 million for the base purchase price for the acquisition of an additional 8.889% interest in the Core Zone. The promissory note is payable in instalments over 31 months and the Company has the right, but not the obligation, to satisfy one or more instalments due under the promissory note in common shares of the Company.

(b) Interest on loans and borrowings is calculated at various fixed and floating rates. Projected interest payments on the current debt outstanding were based on interest rates in effect at January 31, 2015, and have been included under loans and borrowings in the table above. Interest payments for the next 12 months are approximated to be \$0.2 million.

(c) Both the Diavik Joint Venture and the Ekati Diamond Mine, under environmental and other agreements, must provide

funding for the Environmental Monitoring Advisory Board and the Independent Environmental Monitoring Agency, respectively. These agreements also state that the mines must provide security deposits for the performance of their reclamation and abandonment obligations under all environmental laws and regulations. The operator of the Diavik Joint Venture has fulfilled such obligations for the security deposits by posting letters of credit, of which DDDL's share as at January 31, 2015 was \$51 million based on its 40% ownership interest in the Diavik Diamond Mine. The Company expects that the operator of the Diavik Joint Venture will in the future require DDDL to post its proportionate share of such security directly. The requirement to post security for the reclamation and abandonment obligations may be reduced to the extent of amounts spent by the Diavik Joint Venture on those activities. On November 6, 2014, the Company posted surety bonds with the Government of the Northwest Territories in the aggregate amount of CDN \$253 million to secure the obligations under its Water Licence to reclaim the Ekati Diamond Mine. As a result of the posting of the surety bonds, the Government of the Northwest Territories has released and returned to the Company letters of credit in the amount of CDN \$83 million previously posted as security for reclamation activities at the Ekati Diamond Mine. Letters of credit in the amount of CDN \$44 million continue to be held by the Government of the Northwest Territories as security for reclamation and related activities at the Ekati Diamond Mine pending completion of a review by the Government of the Northwest Territories of duplication between the security required under the Water Licence and security held by the Government of the Northwest Territories under the environmental agreement. The Company has also provided a guarantee of CDN \$20 million for other obligations under the environmental agreement for the Ekati Diamond Mine.

Both the Diavik and Ekati Diamond Mines have also signed participation agreements with various Aboriginal communities. These agreements are expected to contribute to the social, economic and cultural well-being of these communities. The actual cash outlay for obligations of the Diavik Joint Venture under these agreements is not anticipated to occur until later in the life of the mine. The actual cash outlay in respect of the Ekati Diamond Mine under these agreements includes annual payments and special project payments during the operation of the Ekati Diamond Mine.

(d) Operating lease obligations represent future minimum annual rentals under non-cancellable operating leases at the Ekati Diamond Mine.

(e) The Company has various long-term contractual commitments related to the acquisition of property, plant and equipment. The commitments included in the table above are based on expected contract prices.

Non-IFRS Measures

In addition to discussing earnings measures in accordance with IFRS, the MD&A provides the following non-IFRS measures, which are also used by management to monitor and evaluate the performance of the Company.

Cash Cost of Production

The MD&A refers to cash cost of production, a non-IFRS performance measure, in order to provide investors with information about the measure used by management to monitor performance. This information is used to assess how well each of the Diavik Diamond Mine and Ekati Diamond Mine is performing compared to the mine plan and prior periods. Cash cost of production includes mine site operating costs such as mining, processing and administration, but is exclusive of amortization, capital, and exploration and development costs. Cash cost of production does not have any standardized meaning prescribed by IFRS and differs from measures determined in accordance with IFRS. This performance measure is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. This measure is not necessarily indicative of net profit or cash flow from operations as determined under IFRS.

The following table provides a reconciliation of cash cost of production to the Diavik Diamond Mine's cost of sales disclosed for the three months ended January 31, 2015 and 2014.

(expressed in thousands of United States dollars) (unaudited)	Three months ended January 31, 2015	Three months ended January 31, 2014
Diavik cash cost of production	\$ 36,817	\$ 43,284
Private royalty	1,580	2,287
Other cash costs	690	1,270
Total cash cost of production	39,087	46,841
Depreciation and amortization	19,021	24,121
Total cost of production	58,108	70,962
Adjusted for stock movements	4,037	16,725
Total cost of sales	\$ 62,145	\$ 87,687

The following table provides a reconciliation of cash cost of production to the Diavik Diamond Mine's cost of sales disclosed for the years ended January 31, 2015 and 2014.

(expressed in thousands of United States dollars)

	Â 2015	Â 2014
(unaudited)		
Diavik cash cost of production	Â \$ 148,552	Â \$ 162,648
Private royalty	6,560	6,217
Other cash costs	Â 3,639	Â 3,988
Total cash cost of production	158,751	172,853
Depreciation and amortization	Â 86,880	Â 84,888
Total cost of production	245,631	257,741
Adjusted for stock movements	Â 4,118	Â 181
Total cost of sales	Â \$ 249,749	Â \$ 257,922

The following table provides a reconciliation of cash cost of production to the Ekati Diamond Mineâ€™s cost of sales disclosed for the three months ended January 31, 2015 and 2014.

(expressed in thousands of United States dollars)	Â Three months ended	Â Three months ended
(unaudited)	Â January 31, 2015	Â January 31, 2014
Ekati cash cost of production	\$ 95,714	\$ 101,320
Other cash costs	Â 1,131	Â 1,055
Total cash cost of production	96,845	102,375
Depreciation and amortization	Â 29,257	Â 29,808
Total cost of production	126,102	132,183
Adjusted for stock movements	Â (8,434)	Â (17,843)
Total cost of sales	Â \$ 117,668	Â \$ 114,340

The following table provides a reconciliation of cash cost of production to the Ekati Diamond Mineâ€™s cost of sales disclosed for the year ended January 31, 2015 and the period from April 10, 2013 to January 31, 2014.

(expressed in thousands of United States dollars)	Â 2015	Â April 10, 2013 to
(unaudited)		January 31, 2014
Ekati cash cost of production	Â \$ 349,063	Â \$ 303,902
Other cash costs	Â 4,201	Â 167,794
Total cash cost of production	353,264	471,696
Depreciation and amortization	Â 131,191	Â 87,767
Total cost of production	484,455	559,463
Adjusted for stock movements	Â (48,517)	Â (166,515)
Total cost of sales	Â \$ 435,938	Â \$ 392,948

EBITDA and EBITDA Margin

The term EBITDA (earnings before interest, taxes, depreciation and amortization) is a non-IFRS financial measure, which is defined as sales minus cost of sales and selling, general and administrative expenses, meaning it represents operating profit before depreciation and amortization. EBITDA margin is calculated by dividing EBITDA over total sales for the period.

Management believes that EBITDA and EBITDA margin are important indicators commonly reported and widely used by investors and analysts as an indicator of the Companyâ€™s operating performance and ability to incur and service debt, and also as a valuation metric. The intent of EBITDA and EBITDA margins is to provide additional useful information to investors and analysts and such measures do not have any standardized meaning under IFRS. These measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate EBITDA and EBITDA margins differently.

CONSOLIDATED

(expressed in thousands of United States dollars)

(unaudited)

	Â 2015	Â 2015	Â 2015	Â 2015	Â 2014	Â 2014	Â 2014	Â 2014	Â 2014
Â	Â Q4	Â Q3	Â Q2	Â Q1	Â Q4	Â Q3	Â Q2	Â Q1	Â T
Operating profit from continuing operations	\$ 51,568	\$ 67,481	\$ 46,468	\$ 30,694	\$ 21,016	\$ 4,509	\$ 15,661	\$ 10,459	\$ 1
Depreciation and amortization	Â 44,067	Â 47,898	Â 63,164	Â 38,885	Â 55,228	Â 31,978	Â 32,644	Â 20,211	Â 1

EBITDA from continuing operations \$ 95,635 \$ 115,379 \$ 109,632 \$ 69,579 \$ 76,244 \$ 36,487 \$ 48,305 \$ 30,670 \$ 30,670

DIAMOND MINE SEGMENT

(expressed in thousands of United States dollars)

(unaudited)

	2015	2015	2015	2015	2014	2014	2014	2014	2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Total
Operating profit	\$ 18,071	\$ 26,934	\$ 27,215	\$ 25,468	\$ 30,404	\$ 11,765	\$ 21,530	\$ 25,918	\$ 97,615
Depreciation and amortization	\$ 22,101	\$ 20,336	\$ 27,435	\$ 18,389	\$ 28,885	\$ 12,434	\$ 21,768	\$ 19,906	\$ 88,244
EBITDA from continuing operations	\$ 40,172	\$ 47,270	\$ 54,650	\$ 43,857	\$ 59,289	\$ 24,199	\$ 43,298	\$ 45,824	\$ 185,859

DIAMOND MINE SEGMENT

(expressed in thousands of United States dollars)

(unaudited)

	2015	2015	2015	2015	2014	2014	2014	2014	2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Total
Operating profit (loss)	\$ 40,833	\$ 47,043	\$ 26,851	\$ 9,924	\$ (1,513)	\$ (1,332)	\$ 7,102	\$ (246)	\$ 92,740
Depreciation and amortization	\$ 21,655	\$ 27,269	\$ 35,438	\$ 20,154	\$ 25,892	\$ 19,166	\$ 10,513	\$ 10,513	\$ 140,538
EBITDA from continuing operations	\$ 62,488	\$ 74,312	\$ 62,289	\$ 30,078	\$ 24,379	\$ 17,834	\$ 17,615	\$ (246)	\$ 233,278

CORPORATE SEGMENT

(expressed in thousands of United States dollars)

(unaudited)

	2015	2015	2015	2015	2014	2014	2014	2014	2015
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Total
Operating profit (loss)	\$ (7,336)	\$ (6,496)	\$ (7,598)	\$ (4,698)	\$ (7,875)	\$ (5,924)	\$ (12,971)	\$ (15,213)	\$ (54,333)
Depreciation and amortization	\$ 311	\$ 293	\$ 291	\$ 342	\$ 451	\$ 378	\$ 363	\$ 305	\$ 1,933
EBITDA from continuing operations	\$ (7,025)	\$ (6,203)	\$ (7,307)	\$ (4,356)	\$ (7,424)	\$ (5,546)	\$ (12,608)	\$ (14,908)	\$ (52,400)

Free Cash Flow and Free Cash Flow per Share

The term free cash flow is a non-IFRS measure, which is defined as cash provided from (used in) operating activities, less sustaining capital expenditures and less development capital expenditure. Free cash flow per share is calculated by dividing free cash flow by the weighted average fully diluted shares outstanding.

Management believes that free cash flow is a useful indicator of our ability to operate without reliance on additional borrowing or usage of existing cash. The intent of free cash flow and free cash flow per share is to provide additional useful information to investors and analysts and such measures do not have any standardized meaning under IFRS. These measures should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate free cash flow and free cash flow per share differently.

CONSOLIDATED

(expressed in thousands of United States dollars)

(unaudited)

	2015	2015	2015	2015	2014	2014	2014	2014
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1

Cash provided from (used in) operating activities	\$ 134,550	\$ 70,539	\$ 94,023	\$ 23,420	\$ 52,907	\$ 6,580	\$ 105,140	\$ (9,46
Sustaining capital expenditure	Â\$ (17,786)	Â\$ (15,658)	Â\$ (14,355)	Â\$ (18,996)	Â\$ (9,663)	Â\$ (14,371)	Â\$ (14,486)	Â\$ (19,7
Free cash flow before development	\$ 116,764	\$ 54,881	\$ 79,668	\$ 4,424	\$ 43,244	\$ (7,791)	\$ 90,654	\$ (29,1
Development capital expenditure ⁽ⁱ⁾	Â\$ (9,034)	Â\$ (7,072)	Â\$ (24,040)	Â\$ (32,859)	Â\$ (12,813)	Â\$ (20,815)	Â\$ (19,298)	Â\$ (19,298)
Free cash flow	Â\$ 107,730	Â\$ 47,809	Â\$ 55,628	Â\$ (28,435)	Â\$ 30,431	Â\$ (28,606)	Â\$ 71,356	Â\$ (29,1

⁽ⁱ⁾ Development capital expenditures is calculated net of proceeds from pre-production sales.

Sustaining Capital Expenditure

Sustaining capital expenditure is generally defined as expenditures that support the ongoing operations of the assets or business without any associated increase in capacity, life of assets or future earnings. This measure is used by management and investors to assess the extent of non-discretionary capital spending being incurred by the Company each period.

Development Capital Expenditure

Development capital expenditure is generally defined as capital expenditures that expand existing capacity, increase life of assets and/or increase future earnings. This measure is used by management and investors to assess the extent of discretionary capital spending being undertaken by the Company each period.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties as a result of its operations. In addition to the other information contained in this MD&A and the Company's other publicly filed disclosure documents, readers should give careful consideration to the following risks, each of which could have a material adverse effect on the Company's business prospects or financial condition.

Nature of Mining

The Company's mining operations are subject to risks inherent in the mining industry, including variations in grade and other geological differences, unexpected problems associated with required water retention dikes, water quality, surface and underground conditions, processing problems, equipment performance, accidents, labour disputes, risks relating to the physical security of the diamonds, force majeure risks and natural disasters. Particularly with underground mining operations, inherent risks include variations in rock structure and strength as it impacts on mining method selection and performance, de-watering and water handling requirements, achieving the required crushed rock-fill strengths, and unexpected local ground conditions. Hazards, such as unusual or unexpected rock formations, rock bursts, pressures, collapses, flooding or other conditions, may be encountered during mining. Such risks could result in personal injury or fatality; damage to or destruction of mining properties, processing facilities or equipment; environmental damage; delays, suspensions or permanent reductions in mining production; monetary losses; and possible legal liability.

The Company's mineral properties, because of their remote northern location and access only by winter road or by air, are subject to special climate and transportation risks. These risks include the inability to operate or to operate efficiently during periods of extreme cold, the unavailability of materials and equipment, and increased transportation costs due to the late opening and/or early closure of the winter road. Such factors can add to the cost of mine development, production and operation and/or impair production and mining activities, thereby affecting the Company's profitability.

Nature of Interest in Diavik Diamond Mine

DDLP holds an undivided 40% interest in the assets, liabilities and expenses of the Diavik Diamond Mine and the Diavik group of mineral claims. The Diavik Diamond Mine and the exploration and development of the Diavik group of mineral claims is a joint arrangement between DDMI (60%) and DDLP (40%), and is subject to the risks normally associated with the conduct of joint ventures and similar joint arrangements. These risks include the inability to exert influence over strategic decisions made in respect of the Diavik Diamond Mine and the Diavik group of mineral claims, including the inability to control the timing and scope of capital expenditures, and risks that DDMI may change the mine plan. By virtue of DDMI's 60% interest in the Diavik Diamond Mine, it has a controlling vote in all Diavik Joint Venture management decisions respecting the development and operation of the Diavik Diamond Mine and the development of the Diavik group of mineral claims. Accordingly, DDMI is able to determine the timing and scope of future project capital expenditures, and therefore is able to impose capital expenditure requirements on DDLP that the Company may not have sufficient cash to meet. A failure to meet capital expenditure requirements imposed by DDMI could result in DDLP's interest in the Diavik Diamond Mine and the Diavik group of mineral claims being diluted.

Diamond Prices and Demand for Diamonds

The profitability of the Company is dependent upon the Company's mineral properties and the worldwide demand for and price of diamonds. Diamond prices fluctuate and are affected by numerous factors beyond the control of the Company, including worldwide economic trends, worldwide levels of diamond discovery and production, and the level of demand for, and discretionary spending on, luxury goods such as diamonds. Low or negative growth in the worldwide economy, renewed or additional credit market disruptions, natural disasters or the occurrence of terrorist attacks or similar activities creating disruptions in economic growth could result in decreased demand for luxury goods such as diamonds, thereby negatively affecting the price of diamonds. Similarly, a substantial increase in the worldwide level of diamond production or the release of stocks held back during recent periods of lower demand could also negatively affect the price of diamonds. In each case, such developments could have a material adverse effect on the Company's results of operations.

Cash Flow and Liquidity

The Company's liquidity requirements fluctuate from quarter to quarter and year to year depending on, among other factors, the seasonality of production at the Company's mineral properties, the seasonality of mine operating expenses, exploration expenses, capital expenditure programs, the number of rough diamond sales events conducted during the quarter, and the volume, size and quality distribution of rough diamonds delivered from the Company's mineral properties and sold by the Company in each quarter. The Company's principal working capital needs include investments in inventory, prepaid expenses and other current assets, and accounts payable and income taxes payable. There can be no assurance that the Company will be able to meet each or all of its liquidity requirements. A failure by the Company to meet its liquidity requirements could result in the Company failing to meet its planned development objectives, or in the Company being in default of a contractual obligation, each of which could have a material adverse effect on the Company's business prospects or financial condition.

Economic Environment

The Company's financial results are tied to the global economic conditions and their impact on levels of consumer confidence and consumer spending. The global markets have experienced the impact of a significant US and international economic downturn since autumn 2008. A return to a recession or a weak recovery, due to recent disruptions in financial markets in the United States, the Eurozone or elsewhere, budget policy issues in the United States, political upheavals in the Middle East and Ukraine, and economic sanctions against Russia, could cause the Company to experience revenue declines due to deteriorated consumer confidence and spending, and a decrease in the availability of credit, which could have a material adverse effect on the Company's business prospects or financial condition. The credit facilities essential to the diamond polishing industry are largely underwritten by European banks that are currently under stress. The withdrawal or reduction of such facilities could also have a material adverse effect on the Company's business prospects or financial condition. The Company monitors economic developments in the markets in which it operates and uses this information in its continuous strategic and operational planning in an effort to adjust its business in response to changing economic conditions.

Synthetic Diamonds

Synthetic diamonds are diamonds which are produced by artificial processes (e.g., laboratory grown), as opposed to natural diamonds, which are created by geological processes. An increase in the acceptance of synthetic gem-quality diamonds could negatively affect the market prices for natural stones. Although significant questions remain as to the ability of producers to produce synthetic diamonds economically within a full range of sizes and natural diamond colours, and as to consumer acceptance of synthetic diamonds, synthetic diamonds are becoming a larger factor in the market. Should synthetic diamonds be offered in significant quantities or consumers begin to readily embrace synthetic diamonds, on a large scale, demand and prices for natural diamonds may be negatively affected. Additionally, the presence of undisclosed synthetic diamonds in jewelry would erode consumer confidence in the natural product and negatively impact demand.

Currency Risk

Currency fluctuations may affect the Company's financial performance. Diamonds are sold throughout the world based principally on the US dollar price, and although the Company reports its financial results in US dollars, a majority of the costs and expenses of the Company's mineral properties are incurred in Canadian dollars. Further, the Company has a significant deferred income tax liability that has been incurred and will be payable in Canadian dollars. The Company's currency exposure relates to expenses and obligations incurred by it in Canadian dollars. From time to time, the Company may use a limited number of derivative financial instruments to manage its foreign currency exposure.

Licences and Permits

The Company's mining operations require licences and permits from the Canadian and Northwest Territories governments, and the process for obtaining and renewing such licences and permits often takes an extended period of time and is subject to numerous delays and uncertainties. Such licences and permits are subject to change in various circumstances. Failure to comply with applicable laws and regulations may result in injunctions, fines, criminal liability, suspensions or

revocation of permits and licences, and other penalties. There can be no assurance that DDMI, as the operator of the Diavik Diamond Mine, or the Company has been or will be at all times in compliance with all such laws and regulations and with their applicable licences and permits, or that DDMI or the Company will be able to obtain on a timely basis or maintain in the future all necessary licences and permits that may be required to explore and develop their properties, commence construction or operation of mining facilities and projects under development, or to maintain continued operations.

Regulatory and Environmental Risks

The operations of the Company's mineral properties are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health, waste disposal, mine safety and other matters. New laws and regulations, amendments to existing laws and regulations, or more stringent implementation or changes in enforcement policies under existing laws and regulations could have a material adverse effect on the Company by increasing costs and/or causing a reduction in levels of production from the Company's mineral properties.

Mining is subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mining operations. To the extent that the Company's operations are subject to uninsured environmental liabilities, the payment of such liabilities could have a material adverse effect on the Company.

The environmental agreements relating to the Diavik Diamond Mine and the Ekati Diamond Mine require that security be provided to cover estimated reclamation and remediation costs. The operator of the Diavik Joint Venture has fulfilled such obligations for the security deposits in respect of the Diavik Diamond Mine by posting letters of credit, of which DDDL's share as at January 31, 2015 was \$51 million based on its 40% ownership interest in the Diavik Diamond Mine. The Company does not expect that the operator of the Diavik Joint Venture will continue its practice of posting letters of credit in fulfillment of this obligation. Accordingly, the Company expects that DDDL will be required to post its proportionate share of such security directly, which would result in additional constraints on liquidity. In June 2013, the Wek'ezh'i Land and Water Board (WLB) adjusted the total reclamation liability for the Ekati Diamond Mine (inclusive of the Sable property) to reflect the revised Interim Closure and Reclamation Plan, and this liability is currently set at CDN \$264 million. On November 6, 2014, the Company posted surety bonds with the Government of the Northwest Territories in the aggregate amount of CDN \$253 million to secure the obligations under its Water Licence to reclaim the Ekati Diamond Mine. Letters of credit in the amount of CDN \$44 million are currently held by the Government of the Northwest Territories as security under the environmental agreement relating to the Ekati Diamond Mine. The letters of credit held under the environmental agreement for the Ekati Diamond Mine continue to be held by the Government of the Northwest Territories pending completion of a review by the Government of the Northwest Territories of duplication between this security and the security required under the Water Licence. The Company also has provided a guarantee of CDN \$20 million for other obligations under the environmental agreement for the Ekati Diamond Mine.

The reclamation and remediation plans for the Ekati Diamond Mine and the Diavik Diamond Mine, as well as the costs of such plans, are subject to periodic regulatory review, which could result in an increase to the amount of security required to be posted in connection with the operation of each of the Ekati Diamond Mine and the Diavik Diamond Mine. This could result in additional constraints on liquidity.

Climate Change

The Canadian government has established a number of policy measures in response to concerns relating to climate change. While the impact of these measures cannot be quantified at this time, the likely effect will be to increase costs for fossil fuels, electricity and transportation; restrict industrial emission levels; impose added costs for emissions in excess of permitted levels; and increase costs for monitoring and reporting. Compliance with these initiatives could have a material adverse effect on the Company's results of operations.

Resource and Reserve Estimates

The Company's figures for mineral resources and ore reserves are estimates, and no assurance can be given that the anticipated carats will be recovered. The estimation of reserves is a subjective process. Forecasts are based on engineering data, projected future rates of production and the timing of future expenditures, all of which are subject to numerous uncertainties and various interpretations. Estimates made at a given time may change significantly in the future when new information becomes available. The Company expects that its estimates of reserves will change to reflect updated information as well as to reflect depletion due to production. Reserve estimates may be revised upward or downward based on the results of current and future drilling, testing or production levels, and on changes in mine design. In addition, market fluctuations in the price of diamonds or increases in the costs to recover diamonds from the Company's mineral properties may render the mining of ore reserves uneconomical. Any material changes in the quantity of mineral reserves or resources or the related grades may affect the economic viability of the Company's mining operations and could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty that may attach to inferred mineral resources, there is no assurance that mineral resources will be upgraded to proven and probable ore

reserves. Inferred mineral resources are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves.

Insurance

The Company's business is subject to a number of risks and hazards, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, risks relating to the physical security of diamonds held as inventory or in transit, changes in the regulatory environment, and natural phenomena such as inclement weather conditions. Such occurrences could result in damage to the Company's mineral properties, personal injury or death, environmental damage to the Company's mineral properties, delays in mining, monetary losses and possible legal liability. Although insurance is maintained to protect against certain risks in connection with the Company's mineral properties and the Company's operations, the insurance in place will not cover all potential risks. It may not be possible to maintain insurance to cover insurable risks at economically feasible premiums.

Fuel Costs

The expected fuel needs for the Company's mineral properties are purchased periodically during the year for storage, and transported to the mine site by way of the winter road. These costs will increase if transportation by air freight is required due to a shortened winter road season or unexpected high fuel usage.

The cost of the fuel purchased is based on the then prevailing price and expensed into operating costs on a usage basis. The Company's mineral properties currently have no hedges for their future anticipated fuel consumption.

Reliance on Skilled Employees

Production at the Company's mineral properties is dependent upon the efforts of certain skilled employees. The loss of these employees or the inability to attract and retain additional skilled employees may adversely affect the level of diamond production.

The Company's success in marketing rough diamonds is dependent on the services of key executives and skilled employees, as well as the continuance of key relationships with certain third parties, such as diamantaires. The loss of these persons or the Company's inability to attract and retain additional skilled employees or to establish and maintain relationships with required third parties may adversely affect its business and future operations in marketing diamonds.

Labour Relations

The Company is party to a collective bargaining agreement at its Ekati Diamond Mine operation which was due to expire on August 31, 2014. The Company entered into negotiations on August 6, 2014 and on August 26, 2014. A Memorandum of Understanding was signed which suspended negotiations until the latter part of February 2015 and continued unchanged all provisions in the current collective bargaining agreement. The Company is currently in active negotiations with the union. If the Company is ultimately unable to renew this agreement, or if the terms of any such renewal are materially adverse to the Company, then this could result in work stoppages and other labour disruptions, or otherwise materially impact the Company, all of which could have a material adverse effect on the Company's business, results from operations and financial condition.

Disclosure Controls and Procedures

The Company has designed a system of disclosure controls and procedures to provide reasonable assurance that material information relating to [Dominion Diamond Corp.](#), including its consolidated subsidiaries, is made known to management of the Company by others within those entities, particularly during the period in which the Company's annual filings are being prepared. In designing and evaluating the disclosure controls and procedures, the management of the Company recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The management of [Dominion Diamond Corp.](#) was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The results of the inherent limitations in all control systems mean no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

The management of [Dominion Diamond Corp.](#) has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by the Annual Report. Based on that evaluation, management has concluded that these disclosure controls and procedures, as defined in Canada by Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings, and in the United States by Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), are effective as of January 31, 2015, to ensure that information required to be disclosed in reports that the Company will file or submit under Canada securities legislation and the Exchange

Act is recorded, processed, summarized and reported within the time periods specified in those rules and forms.

Internal Controls over Financial Reporting

The certifying officers of the Company have designed a system of internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS and the requirements of the

US Securities and Exchange Commission, as applicable. Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, including its consolidated subsidiaries.

Management has evaluated the effectiveness of internal control over financial reporting using the framework and criteria established in Internal Control “Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that internal control over financial reporting was effective as of January 31, 2015.

Changes in Internal Controls over Financial Reporting

During the fiscal year 2015, there were no changes in the Company’s disclosure controls and procedures or internal controls over financial reporting that materially affected, or are reasonably likely to materially affect, the Company’s disclosure controls and procedures or internal control over financial reporting.

Critical Accounting Estimates

Management is often required to make judgments, assumptions and estimates in the application of IFRS that have a significant impact on the financial results of the Company. Certain policies are more significant than others and are, therefore, considered critical accounting policies. Accounting policies are considered critical if they rely on a substantial amount of judgment (use of estimates) in their application, or if they result from a choice between accounting alternatives and that choice has a material impact on the Company’s financial performance or financial position.

Mineral Reserves, Mineral Properties and Exploration Costs

The estimation of mineral reserves is a subjective process. The Company estimates its mineral reserves based on information compiled by an appropriately qualified person. Forecasts are based on engineering data, projected future rates of production and the timing of future expenditures, all of which are subject to numerous uncertainties and various interpretations. The Company expects that its estimates of reserves will change to reflect updated information. Reserve estimates can be revised upward or downward based on the results of additional future drilling, testing or production levels, and diamond prices. Changes in reserve estimates may impact the carrying value of exploration and evaluation assets, mineral properties, property, plant and equipment, mine rehabilitation and site restoration provisions, recognition of deferred tax assets, and depreciation charges. Estimates and assumptions about future events and circumstances are also used to determine whether economically viable reserves exist that can lead to commercial development of an ore body. Estimated mineral reserves are used in determining the depreciation of mine-specific assets. This results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production. A units-of-production depreciation method is applied, and depending on the asset, is based on carats of diamonds recovered during the period relative to the estimated proven and probable reserves of the ore deposit being mined or to the total ore deposit. Changes in estimates are accounted for prospectively.

Impairment of Long-lived Assets

The Company assesses each cash-generating unit at least annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value of an asset less costs to sell and its value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Financial results as determined by actual events could differ from those estimated.

Mine Rehabilitation and Site Restoration Provision

Provision for the cost of site closure and reclamation is recognized at the time that the environmental disturbance occurs. When the extent of disturbance increases over the life of the operation, the provision is increased accordingly. Costs included in the provision encompass all restoration and rehabilitation activities expected to occur progressively over the life of the operation and at the time of closure. Routine operating costs that may impact the ultimate restoration and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as contamination caused by unplanned discharges, are recognized as an expense

and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The site closure and reclamation provision is measured at the expected value of future cash flows and is discounted to its present value. Significant judgments and estimates are involved in forming expectations of future site closure and reclamation activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements. The Ekati Diamond Mine rehabilitation and site restoration provision is prepared by management at the Ekati Diamond Mine.

The Diavik Diamond Mine rehabilitation and site restoration provisions have been provided by management of the Diavik Diamond Mine and are based on internal estimates. Assumptions, based on the current economic environment, have been made which DDML management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly by management of the Diavik Diamond Mine to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future costs for the necessary decommissioning work required, which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the Diavik Diamond Mine ceases to produce at economically viable rates. This, in turn, will depend upon a number of factors including future diamond prices, which are inherently uncertain.

Pension Benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension obligation.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 13 to the annual audited financial statements for the year ended January 31, 2015.

Changes in Accounting Policies

(a) New Accounting Standards Effective in 2014

IFRIC 21 “Levies

In May 2013, the IASB issued International Financial Reporting Interpretations Committee (“IFRIC”) 21, Levies. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is to be applied retrospectively. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Company has performed an assessment of the impact of IFRIC 21 and concluded it did not have a significant impact on its consolidated financial statements, upon its adoption on February 1, 2014.

(b) New Accounting Standards Issued but Not Yet Effective

IFRS 9 “Financial Instruments

In November 2009, the IASB issued IFRS 9, Financial Instruments (“IFRS 9”), as the first step in its project to replace IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. Requirements for classification and measurement of financial liabilities were added in October 2010; they largely carried forward existing requirements in IAS 39, except that fair value changes due to an entity’s own credit risk for liabilities designated at fair value through profit or loss would generally be recorded in other comprehensive income (“OCI”) rather than the statement of income. In November 2013, IFRS 9 was amended to include guidance on hedge accounting.

In July 2014, the IASB issued the final version of IFRS 9. This standard is effective for annual periods beginning on or after

January 1, 2018; however, early adoption of the new standard is permitted. The Company is currently assessing the impact of the standard on its consolidated financial statements.

IFRS 15 “Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers (“IFRS 15”). IFRS 15 is effective for periods beginning on or after January 1, 2017 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning February 1, 2017. The extent of the impact of the adoption of IFRS 15 has not yet been determined.

Outstanding Share Information

As at March 31, 2015

Authorized	∞ Unlimited
Issued and outstanding shares	85,152,730
Options outstanding	2,865,780
Fully diluted	∞ 88,018,510

Additional Information

Additional information relating to the Company, including the Company’s most recently filed Annual Information Form, can be found on SEDAR at www.sedar.com, and is also available on the Company’s website at www.ddcorp.ca.

Consolidated Balance Sheets

(UNAUDITED) (EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

	∞ January 31, 2015	∞ January 31, 2014
ASSETS	∞	∞
Current assets		
Cash and cash equivalents (note 4)	\$ 457,934	\$ 224,778
Accounts receivable (note 5)	13,717	20,879
Inventory and supplies (note 6)	469,641	440,853
Other current assets	∞ 31,071	∞ 27,156
	972,363	713,666
Property, plant and equipment (note 9)	1,393,918	1,469,557
Restricted cash (note 4)	34,607	113,612
Other non-current assets (note 11)	20,470	4,737
Deferred income tax assets (note 14)	∞ 6,000	∞ 3,078
Total assets	∞ \$ 2,427,358	∞ \$ 2,304,650
		∞
LIABILITIES AND EQUITY		
Current liabilities		
Trade and other payables (note 12)	\$ 99,242	\$ 103,653
Employee benefit plans (note 13)	4,237	3,643
Income taxes payable	105,199	33,442
Current portion of loans and borrowings (note 19)	∞ 11,308	∞ 794
	219,986	141,532
Loans and borrowings (note 19)	33,985	3,504
Deferred income tax liabilities (note 14)	229,287	242,563
Employee benefit plans (note 13)	13,715	14,120
Provisions (note 15)	∞ 452,477	∞ 430,968
Total liabilities	∞ 949,450	∞ 832,687
Equity		
Share capital (note 16)	508,573	508,523
Contributed surplus	25,855	23,033
Retained earnings	836,201	775,419
Accumulated other comprehensive income	∞ (6,957)	∞ (2,447)
Total shareholders’ equity	1,363,672	1,304,528
Non-controlling interest	∞ 114,236	∞ 167,435

Net profit	Â Â 20
Other comprehensive income	Â \$ 72
Items that may be reclassified to profit	
Net loss on translation of net foreign operations (net of tax of \$nil)	(2,
Items that will not be reclassified to profit	
Actuarial (loss) gain on employee benefit plans (net of tax recovery of \$0.9 million for the year ended January 31, 2015; 2014	Â Â (2,
â“ tax expense of \$1.5 million)	
Other comprehensive loss, net of tax	Â Â (4,
Total comprehensive income	Â \$ 67
Comprehensive income (loss) from continuing operations	\$ 67
Comprehensive income from discontinued operations	Â Â â

Comprehensive income (loss) attributable to
Shareholders
Non-controlling interest

\$ 61
\$ 5,9

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Equity

(UNAUDITED) (EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

	2015
Common shares:	
Balance at beginning of period	\$ 508,
Issued during the period	\$ 50
Balance at end of period	\$ 508,
Contributed surplus:	
Balance at beginning of period	23,0
Stock-based compensation expense	2,83
Exercise of stock options	(13)
Balance at end of period	\$ 25,8
Retained earnings:	
Balance at beginning of period	775,
Net profit attributable to common shareholders	66,1
Acquisition of additional interest in Ekati	(5,4)
Balance at end of period	\$ 836,
Accumulated other comprehensive income:	
Balance at beginning of period	(2,4
Items that may be reclassified to profit	
Net loss on translation of net foreign operations (net of tax of \$nil)	(2,4
Items that will not be reclassified to profit	
Actuarial gain (loss) on employee benefit plans (net of tax recovery of \$0.9 million for the year ended January 31, 2015; 2014	(2,1
â— tax expense of \$1.5 million)	
Balance at end of period	\$ (6,9
Non-controlling interest:	
Balance at beginning of period	167,
Net profit (loss) attributed to non-controlling interest	5,98
Acquisition of interest in Ekati	(71,
Contributions made by minority partners	\$ 11,8
Balance at end of period	\$ 114,
Total equity	\$ 1,47

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(UNAUDITED) (EXPRESSED IN THOUSANDS OF UNITED STATES DOLLARS)

	2015	2014
Cash provided by (used in)		
OPERATING		
Net profit (loss)	\$ 72,168	\$ 471,168
Depreciation and amortization	194,016	140,061
Deferred income tax recovery	(22,113)	(4,894)
Current income tax expense	116,019	40,399
Finance expenses	13,993	27,351
Stock-based compensation	2,835	2,646
Other non-cash items	(1,597)	(22)
Foreign exchange (gain) loss	(4,618)	10,166
Loss (gain) on disposition of assets	(1,863)	362
Change in non-cash operating working capital, excluding taxes and finance expenses	(15,960)	6,320
Cash provided from operating activities	352,880	693,557
Interest paid	(1,168)	(6,383)

Income and mining taxes paid	Â Â (29,180)	Â Â (29,354)
Cash provided from operating activities â continuing operations	322,532	657,820
Cash provided from (used in) operating activities â discontinued operations	Â Â â	Â Â (502,656)
Net cash from operating activities	Â Â 322,532	Â Â 155,164
FINANCING		
Decrease in loans and borrowings	(797)	(789)
Acquisition of additional interest in Ekati	(27,512)	â
Decrease in revolving credit	â	(1,128)
Repayment of senior secured credit facility	â	(50,000)
Contributed from non-controlling interest	21,269	2,414
Issue of common shares, net of issue costs	Â Â 34	Â Â 516
Cash used in financing activities	Â Â (7,006)	Â Â (48,987)
INVESTING		
Acquisition of Ekati	â	(490,925)
Proceeds from sale of assets	3,725	â
Decrease (increase) in restricted cash	66,391	(113,612)
Net proceeds from pre-production sales	28,469	11,114
Purchase of property, plant and equipment	(168,268)	(122,278)
Net proceeds from sale of property, plant and equipment	2,216	1,911
Other non-current assets	Â Â 589	Â Â (2,981)
Cash used in investing activities â continuing operations	(66,878)	(716,771)
Cash provided from investing activities â discontinued operations	Â Â â	Â Â 746,738
Cash provided from (used in) investing activities	Â Â (66,878)	Â Â 29,967
Foreign exchange effect on cash balances	(15,492)	(15,679)
Increase in cash and cash equivalents	233,156	120,465
Cash and cash equivalents, beginning of period	Â Â 224,778	Â Â 104,313
Cash and cash equivalents end of period	Â \$ 457,934	Â \$ 224,778
Change in non-cash operating working capital, excluding taxes and finance expenses		
Accounts receivable	343	(2,532)
Inventory and supplies	(26,627)	9,758
Other current assets	(3,939)	2,850
Trade and other payables	13,204	(5,164)
Employee benefit plans	Â Â 1,059	Â Â 1,408
Â	Â \$ (15,960)	Â \$ 6,320

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

JANUARY 31, 2015 (UNAUDITED) WITH COMPARATIVE FIGURES

(TABULAR AMOUNTS IN THOUSANDS OF UNITED STATES DOLLARS, EXCEPT AS OTHERWISE NOTED)

Note 1:

Nature of Operations

[Dominion Diamond Corp.](#) (the "Company") is focused on the mining and marketing of rough diamonds to the global market.

The Company is incorporated and domiciled in Canada and its shares are publicly traded on the Toronto Stock Exchange and the New York Stock Exchange under the symbol "DDC". The address of its registered office is Toronto, Ontario.

The Company has ownership interests in the Diavik and the Ekati group of mineral claims. The Diavik Joint Venture (the "Diavik Joint Venture") is an unincorporated joint arrangement between Diavik Diamond Mines (2012) Inc. ("DDMI") (60%) and Dominion Diamond Diavik Limited Partnership ("DDDLP") (40%) where DDDL P holds an undivided 40% ownership interest in the assets, liabilities and expenses of the Diavik Diamond Mine. DDMI is the operator of the Diavik Diamond Mine. DDMI is a wholly owned subsidiary of [Rio Tinto Plc](#) of London, England, and DDDL P is a wholly owned subsidiary of [Dominion Diamond Corp.](#) The Company records its interest in the assets, liabilities and expenses of the Diavik Joint Venture in its consolidated financial statements with a one-month lag. The accounting policies described below include those of the Diavik Joint Venture.

The Ekati Diamond Mine consists of the Core Zone, which includes the current operating mine and other permitted kimberlite

pipes, as well as the Buffer Zone, an adjacent area hosting kimberlite pipes having both development and exploration potential. The Company owns an 88.9% interest in the Core Zone and a 65.3% interest in the Buffer Zone (see note 8). The Company controls and consolidates the Ekati Diamond Mine; minority shareholders are presented as non-controlling interests within the consolidated financial statements.

Note 2:

Basis of Preparation

(a) Statement of compliance

These consolidated financial statements (the "financial statements") have been prepared in accordance with International Financial Reporting Standards (the "IFRS") as issued by the International Accounting Standards Board (the "IASB").

These financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets and liabilities, which are measured at fair value. The significant accounting policies are presented in note 3 and have been consistently applied in each of the periods presented.

(b) Currency of presentation

These consolidated financial statements are expressed in United States dollars, which is the functional currency of the Company. All financial information presented in United States dollars has been rounded to the nearest thousand.

(c) Use of estimates, judgments and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements, and the reported amounts of sales and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Note 3:

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Company entities.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at January 31, 2015. Subsidiaries are fully consolidated from the date of acquisition or creation, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the Company's subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances, income and expenses, and unrealized gains and losses resulting from intercompany transactions are eliminated in full. For partly owned subsidiaries, the net assets and net earnings attributable to minority shareholders are presented as non-controlling interests within the consolidated financial statements.

Interest in Diavik Joint Venture

DDLP has an undivided 40% ownership interest in the assets, liabilities and expenses of the Diavik Joint Venture. The Company records its interest in the assets, liabilities and expenses of the Diavik Joint Venture in its consolidated financial statements with a one-month lag. The accounting policies described below include those of the Diavik Joint Venture.

Interest in Ekati Diamond Mine

Dominion Diamond Ekati Corporation has an 88.9% ownership interest in the Core Zone and Dominion Diamond Resources

Corporation has a 65.3% interest in the Buffer Zone. The Company controls and consolidates the Ekati Diamond Mine and minority shareholders are presented as non-controlling interest (11.1% in the Core Zone and 34.7% in the Buffer Zone) within the consolidated financial statements.

(b) Revenue

Sales of rough diamonds are recognized when significant risks and rewards of ownership are transferred to the customer, the amount of sales can be measured reliably and the receipts of future economic benefits are probable. Sales are measured at the fair value of the consideration received or receivable and after eliminating sales within the Company.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and short-term money market instruments (with a maturity on acquisition of less than 90 days), and are carried at fair value.

(d) Trade accounts receivable

Trade accounts receivable are recorded at the invoiced amount and generally do not bear interest.

(e) Inventory and supplies

Rough diamond inventory is recorded at the lower of cost or net realizable value. Cost is determined on a weighted average cost basis including production costs and value-added processing activity.

Supplies inventory is recorded at the lower of cost or net realizable value. Supplies inventory includes consumables and spare parts maintained at the Diavik Diamond Mine, Ekati Diamond Mine and at the Company's sorting and distribution facility locations. Costs are determined on a weighted average cost basis.

Stockpiled ore represents coarse ore that has been extracted from the mine and is stored for future processing. Stockpiled ore value is based on the costs incurred (including depreciation and amortization) in bringing the ore to the stockpile. Costs are added to the stockpiled ore based on current mining costs per tonne and are removed at the average cost per tonne of ore in the stockpile.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs of selling the final product. In order to determine net realizable value, the carrying amount of obsolete and slow-moving items is written down on a basis of an estimate of their future use or realization. A write-down is made when the carrying amount is higher than net realizable value.

(f) Assets held for sale and discontinued operations

A discontinued operation represents a separate major line of business that either has been disposed of or is classified as held for sale. Classification as held for sale applies when an asset's carrying value will be recovered principally through a sale transaction rather than through continuing use, it is available for immediate sale in its present condition and its sale is highly probable. Results for assets held for sale are disclosed separately as net profit from discontinued operations in the consolidated statements of income and comparative periods are reclassified accordingly.

(g) Business combination and goodwill

Acquisitions of businesses are accounted for using the purchase method of accounting whereby all identifiable assets and liabilities are recorded at their fair value as at the date of acquisition. Any excess purchase price over the aggregate fair value of identifiable net assets is recorded as goodwill. Goodwill is identified and allocated to cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired. For goodwill arising on acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year.

When the recoverable amount of a CGU is less than the carrying amount of that CGU, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to that CGU, and then to the other assets of that CGU pro rata on the basis of the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognized directly in the consolidated statement of income. An impairment loss recorded on goodwill is not reversed in subsequent periods.

(h) Exploration, evaluation and development expenditures

Exploration and evaluation activities include: acquisition of rights to explore; topographical, geological, geochemical and geophysical studies; exploratory drilling; trenching and sampling; and activities involved in evaluating the technical feasibility and commercial viability of extracting mineral resources. Mineral exploration is expensed as incurred. Exploration and evaluation costs are only capitalized when the activity relates to proven and probable reserves and the Company concludes that the technical feasibility and commercial viability of extracting the mineral resource has been demonstrated and the future economic benefits are probable. In making this determination, the extent of exploration, as well as the degree of confidence in the mineral resource is considered. Capitalized exploration and evaluation expenditures are recorded as a component of property, plant and equipment. Recognized exploration and evaluation assets will be assessed for impairment when specific facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Once development is sanctioned, any capitalized exploration and evaluation costs are tested for impairment and reclassified to mineral property assets within property, plant and equipment. All subsequent development expenditure is capitalized, net of any proceeds from pre-production sales.

(i) Commencement of commercial production

There are a number of quantitative and qualitative measures the Company considers when determining if conditions exist for the transition from pre-commercial production to commencement of commercial production of an operating mine, which include:

- all major capital expenditures have been completed to bring the mine to the condition necessary for it to be capable of operating in the manner intended by management;
- mineral recoveries are at or near expected production levels; and
- the ability to sustain ongoing production of ore.

This list of measures is not exhaustive and management takes into account the surrounding circumstances before making any specific decision.

(j) Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price and construction cost, any costs directly attributable to bringing the asset into operation, including stripping costs incurred in open pit development before production commences, the initial estimate of the site restoration obligation, and for qualifying assets, borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

When parts of an item of property, plant and equipment have different useful lives, the parts are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from the disposal with the carrying amount of property, plant and equipment and are recognized within cost of sales or selling, general and administrative expenses.

(i) DEPRECIATION

Depreciation commences when the asset is available for use. Depreciation is charged so as to write off the depreciable amount of the asset to its residual value over its estimated useful life, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company.

The unit-of-production method is applied to a substantial portion of the Diavik Diamond Mine and Ekati Diamond Mine property, plant and equipment, and, depending on the asset, is based on either tonnes of material processed or carats of diamonds recovered during the period relative to the estimated proven and probable ore reserves of the ore deposit being mined, or to the total ore deposit. Other property, plant and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets which are as follows:

Asset	Estimated useful life (years)
Buildings	10 to 40
Machinery and mobile equipment	3 to 10
Computer equipment and software	3
Furniture, fixtures and equipment	2 to 10
Leasehold and building improvements	Up to 20

Depreciation for mine related assets is charged to mineral properties during the pre-commercial production stage.

Upon the disposition of an asset, the accumulated depreciation and accumulated impairment losses are deducted from the original cost, and any gain or loss is reflected in current net profit or loss.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. The impact of changes to the estimated useful lives or residual values is accounted for prospectively.

(ii) STRIPPING COSTS

Mining costs associated with stripping activities in an open pit mine are expensed unless the stripping activity can be shown to represent a betterment to the mineral property, in which case the stripping costs would be capitalized and included in deferred mineral property costs within mining assets.

IFRIC 20 specifies the accounting for costs associated with waste removal (stripping) during the production phase of a surface mine. When the benefit from the stripping activity is realized in the current period, the stripping costs are accounted for as the cost of inventory. When the benefit is the improved access to ore in future periods, the costs are recognized as a mineral property asset, if improved access to the ore body is probable, the component of the ore body can be accurately identified and the cost associated with improving the access can be reliably measured. If these conditions are not met, the costs are expensed to the consolidated statement of operations as incurred. After initial recognition, the stripping activity asset is depreciated on a systematic basis (unit-of-production method) over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

(iii) MAJOR MAINTENANCE AND REPAIRS

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. When an asset, or part of an asset that was separately depreciated, is replaced and it is probable that future economic benefits associated with the new asset will flow to the Company through an extended life, the expenditure is capitalized. The unamortized value of the existing asset or part of the existing asset that is being replaced is expensed. Where part of the existing asset was not separately considered as a component, the replacement value is used to estimate the carrying amount of the replaced asset, which is immediately written off. All other day-to-day maintenance costs are expensed as incurred.

(k) Financial instruments

From time to time, the Company may use a limited number of derivative financial instruments to manage its foreign currency and interest rate exposure. For a derivative to qualify as a hedge at inception and throughout the hedged period, the Company formally documents the nature and relationships between the hedging instruments and hedged items, as well as its risk-management objectives, strategies for undertaking the various hedge transactions and a method of assessing hedge effectiveness. Financial instruments qualifying for hedge accounting must maintain a specified level of effectiveness between the hedge instrument and the item being hedged, both at inception and throughout the hedged period. Gains and losses resulting from any ineffectiveness in a hedging relationship are recognized immediately in net profit or loss.

(l) Provisions

Provisions represent obligations of the Company for which the amount or timing is uncertain. Provisions are recognized when (a) the Company has a present obligation (legal or constructive) as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is included in net profit or loss. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in net profit or loss.

Mine rehabilitation and site restoration provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligations generally arise when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related assets. Over time, the discounted liability is increased/decreased for the change in present value based on the

discount rates that reflect current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs, including remeasurement from changes in the discount rate, are recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. The periodic unwinding of the discount is recognized in net profit or loss as a finance cost.

(m) Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at exchange rates in effect at the balance sheet date, and non-monetary assets and liabilities are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in net profit or loss.

For certain subsidiaries of the Company where the functional currency is not the US dollar, the assets and liabilities of these subsidiaries are translated at the rate of exchange in effect at the reporting date. Sales and expenses are translated at the rate of exchange in effect at the time of the transactions. Foreign exchange gains and losses are accumulated in other comprehensive income within shareholders' equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange reserve account is reclassified to net profit or loss as part of profit or loss on disposal.

(n) Income taxes

Income tax expense comprises current and deferred tax and is recognized in net profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity or in other comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax expense is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax expense is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is probable that the related tax benefit will not be realized.

Deferred income and mining tax assets and deferred income and mining tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

The Company classifies foreign exchange differences on deferred tax assets or liabilities in jurisdictions where the functional currency is different from the currency used for tax purposes as income tax expense.

(o) Stock-based payment transactions

STOCK-BASED COMPENSATION

Grants under the Company's share-based compensation plans are accounted for in accordance with the fair value method of accounting. For stock option plans that will settle through the issuance of equity, the fair value of stock options is determined on their grant date using a Black-Scholes valuation model and recorded as compensation expense over the period that the award vests, with the corresponding credit to contributed surplus. When option awards vest in instalments over the vesting period, each instalment is accounted for as a separate arrangement. Forfeitures are estimated throughout the vesting period based on past experience and future expectations, and adjusted upon actual option vesting. When stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital.

RESTRICTED AND DEFERRED SHARE UNIT PLANS

The Restricted and Deferred Share Unit (RSU and DSU) Plans are full value phantom shares that mirror the value of Dominion Diamond Corporation's publicly traded common shares. Grants under the RSU Plan are on a discretionary basis to employees of the Company subject to Board of Directors' approval. Under the prior RSU Plan, each RSU grant vests on the third anniversary of the grant date. Under the 2010 RSU Plan, each RSU grant vests equally over a three-year period. Vesting under both RSU Plans is subject to special rules for death, disability and change in control. Grants under the DSU Plan are awarded to non-executive directors of the Company. Each DSU grant vests immediately on the grant date.

The expenses related to the RSUs and DSUs are accrued based on fair value, determined as of the date of grant. This expense is recognized as compensation expense over the vesting period. Until the liability is settled, the fair value of the RSUs and DSUs is remeasured at the end of each reporting period and at the date of settlement, with changes in fair value recognized as share-based compensation expense or recovery over the vesting period.

(p) Employee pension plans

The Company operates various pension plans. The plans are generally funded through payments to insurance companies or trustee-administered funds determined by periodic actuarial calculations. The Company has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the employer pays fixed contributions into a separate entity or fund in respect of each member of the plan. These contributions are expensed as incurred. Unless otherwise provided in the plan documentation, the employer has no legal or constructive obligation to pay any further contributions. The benefits each member of the plan will receive are based solely on the amount contributed to the member's account and any income, expenses, gains and losses attributed to the member's account.

A defined benefit plan is a pension plan that guarantees a defined amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in income.

(q) Operating leases

Minimum rent payments under operating leases, including any rent-free periods and/or construction allowances, are recognized on a straight-line basis over the term of the lease and included in net profit or loss.

(r) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets other than inventory and deferred taxes are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and its value in use. In the absence of a binding sales agreement, fair value is estimated on the basis of values obtained from an active market or from recent transactions or on the basis of the best information available that reflects the amount that the Company could obtain from the disposal of the asset. Value in use is defined as the present value of future pre-tax cash flows expected to be derived from the use of an asset, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired asset. Impairment losses recognized in respect of cash-generating units would be allocated first to reduce goodwill and then to reduce the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

For property, plant and equipment, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

(s) Basic and diluted earnings per share

Basic earnings per share are calculated by dividing net profit or loss by the weighted average number of shares outstanding during the period. Diluted earnings per share are determined using the treasury stock method to calculate the dilutive effect of options and warrants. The treasury stock method assumes that the exercise of any "in-the-money" options with the option proceeds would be used to purchase common shares at the average market value for the period. Options with an exercise price higher than the average market value for the period are not included in the calculation of diluted earnings per share as such options are not dilutive.

(t) Non-controlling interest

Non-controlling interest in the Company's less than wholly owned subsidiaries is classified as a separate component of equity. On initial recognition, non-controlling interests are measured at their proportionate share of the acquisition date fair value of identifiable net assets of the related subsidiary acquired by the Company. Subsequent to the acquisition date, adjustments are made to the carrying amount of non-controlling interests for the non-controlling interests' share of the changes to the subsidiary's equity. Adjustments to recognize the non-controlling interests' share of changes to the subsidiary's equity are made even if this results in the non-controlling interest having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are recorded as equity transactions. The carrying value of the non-controlling interests is adjusted to reflect the change in the non-controlling interests' relative interest in the subsidiary and the difference between the adjustment to the carrying amount of non-controlling interest and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to the shareholders of the Company.

(u) Use of estimates, judgments and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and contingent liabilities at the date of the consolidated financial statements, and the reported amounts of sales and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is as follows:

a. SIGNIFICANT JUDGMENTS IN APPLYING ACCOUNTING POLICIES

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the consolidated balance sheet. Deferred tax assets, including those arising from unused tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted income from operations and the application of existing tax laws in each jurisdiction. To the extent that future taxable income differs significantly from estimates, the ability of the Company to realize the deferred tax assets recorded at the consolidated balance sheet date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

Commitments and contingencies

The Company has conducted its operations in the ordinary course of business in accordance with its understanding and interpretation of applicable tax legislation in the countries where the Company has operations. The relevant tax authorities could have a different interpretation of those tax laws that could lead to contingencies or additional liabilities for the Company. The Company believes that its tax filing positions as at the balance sheet date are appropriate and supportable. Should the ultimate tax liability materially differ from the provision, the Company's effective tax rate and its profit or loss could be affected positively or negatively in the period in which the matters are resolved.

Commercial production

Commencement of production is an important "point in time" determination for accounting purposes, and signifies the point in time at which a constructed asset is capable of operating in the manner intended by management. At this point in

time, recognition of revenue and expenses from the operation commence for accounting purposes. The date of transition from pre-commercial production to production accounting is based on both qualitative and quantitative measures such as substantial physical project construction, sustained level of mining and sustained levels of processing activity.

b. SIGNIFICANT ESTIMATES AND ASSUMPTIONS IN APPLYING ACCOUNTING POLICIES

Mineral reserves, mineral properties and exploration costs

The estimation of mineral reserves is a subjective process. The Company estimates its mineral reserves based on information compiled by an appropriately qualified person. Forecasts are based on engineering data, projected future rates of production and the timing of future expenditures, all of which are subject to numerous uncertainties and various interpretations. The Company expects that its estimates of reserves will change to reflect updated information. Reserve estimates can be revised upward or downward based on the results of additional future drilling, testing or production levels, and diamond prices. Changes in reserve estimates may impact the carrying value of exploration and evaluation assets, mineral properties, property, plant and equipment, mine rehabilitation and site restoration provisions, recognition of deferred tax assets, and depreciation charges. Estimates and assumptions about future events and circumstances are also used to determine whether economically viable reserves exist that can lead to commercial development of an ore body.

Estimated mineral reserves are used in determining the depreciation of mine-specific assets. This results in a depreciation charge proportional to the depletion of the anticipated remaining life of mine production. A units-of-production depreciation method is applied, and depending on the asset, is based on carats of diamonds recovered during the period relative to the estimated proven and probable reserves of the ore deposit being mined or to the total ore deposit. Changes in estimates are accounted for prospectively.

Impairment of long-lived assets

The Company assesses each CGU at least annually to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value of an asset less costs to sell and its value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Financial results as determined by actual events could differ from those estimated.

Mine rehabilitation and site restoration provision

Provision for the cost of site closure and reclamation is recognized at the time that the environmental disturbance occurs. When the extent of disturbance increases over the life of the operation, the provision is increased accordingly. Costs included in the provision encompass all restoration and rehabilitation activities expected to occur progressively over the life of the operation and at the time of closure. Routine operating costs that may impact the ultimate restoration and rehabilitation activities, such as waste material handling conducted as an integral part of a mining or production process, are not included in the provision. Costs arising from unforeseen circumstances, such as contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The site closure and reclamation provision is measured at the expected value of future cash flows and is discounted to its present value. Significant judgments and estimates are involved in forming expectations of future site closure and reclamation activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements. The Ekati Diamond Mine rehabilitation and site restoration provision is prepared by management at the Ekati Diamond Mine.

The Diavik Diamond Mine rehabilitation and site restoration provisions have been provided by management of the Diavik Diamond Mine and are based on internal estimates. Assumptions, based on the current economic environment, have been made which DDMI management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly by management of the Diavik Diamond Mine to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future costs for the necessary decommissioning work required, which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the Diavik Diamond Mine ceases to produce at economically viable rates. This, in turn, will depend upon a number of factors including future diamond prices, which are inherently uncertain.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension obligation.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to

determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions. For additional information refer to note 13 of these consolidated financial statements.

(v) New accounting standards adopted during the year

The Company has adopted the following new standards, along with any consequential amendments, effective February 1, 2014. These changes were made in accordance with the applicable transitional provisions.

IFRIC 21 “LEVIES

In May 2013, the IASB issued International Financial Reporting Interpretations Committee (“IFRIC”) 21, Levies. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is to be applied retrospectively. IFRIC 21 provides guidance on accounting for levies in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets. The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The Company has performed an assessment of the impact of IFRIC 21 and concluded it did not have a significant impact on its consolidated financial statements upon its adoption on February 1, 2014.

(w) Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the consolidated financial statements are listed below. The listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

IFRS 9 “FINANCIAL INSTRUMENTS

In November 2009, the IASB issued IFRS 9, Financial Instruments (“IFRS 9”), as the first step in its project to replace IAS 39, Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity’s business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. Requirements for classification and measurement of financial liabilities were added in October 2010; they largely carried forward existing requirements in IAS 39, except that fair value changes due to an entity’s own credit risk for liabilities designated at fair value through profit or loss would generally be recorded in Other Comprehensive Income (“OCI”) rather than the statement of income. In November 2013, IFRS 9 was amended to include guidance on hedge accounting.

In July 2014, the IASB issued the final version of IFRS 9. This standard is effective for annual periods beginning on or after January 1, 2018; however, early adoption of the new standard is permitted. The Company is currently assessing the impact of the standard on its consolidated financial statements.

IFRS 15 “REVENUE FROM CONTRACTS WITH CUSTOMERS

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers (“IFRS 15”). IFRS 15 is effective for periods beginning on or after January 1, 2017 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning February 1, 2017. The extent of the impact of the adoption of IFRS 15 has not yet been determined.

Note 4:

Cash and Cash Equivalents and Restricted Cash

Â	Â 2015	Â 2014
Cash and cash equivalents	Â \$ 457,934	Â \$ 224,778
Restricted cash	Â 34,607	Â 113,612
Total cash resources	Â \$ 492,541	

On November 6, 2014, the Company posted surety bonds with the Government of the Northwest Territories in the aggregate amount of CDN \$253 million to secure the obligations under its Water Licence to reclaim the Ekati Diamond Mine. As a result of the posting of the surety bonds, the Government of the Northwest Territories has released and returned to the Company letters of credit in the amount of CDN \$83 million previously posted as security for reclamation activities. Letters of credit in the amount of CDN \$44 million (US \$34.6 million), supported by restricted cash, continue to be held by the Government of the Northwest Territories as security for reclamation and related activities at the Ekati Diamond Mine pending completion of a review by the Government of the Northwest Territories of duplication between the security required under the Water Licence and security held by the Government of the Northwest Territories under the environmental agreement.

Note 5:

Accounts Receivable

	2015	2014
Trade receivables	\$ 52	\$ 451
Accounts receivable — minority partners	9,158	
Sales tax credits	8,508	7,622
Other	\$ 5,157	\$ 3,648
Total accounts receivable	\$ 13,717	\$ 20,879

The Company's exposure to credit risk is disclosed in note 23.

Note 6:

Inventory and Supplies

	2015	2014
Stockpile ore	\$ 13,368	\$ 38,475
Rough diamonds — work in progress	150,911	139,520
Rough diamonds — finished goods (available for sale)	66,486	35,573
Supplies inventory	\$ 238,876	\$ 227,285
Total inventory and supplies	\$ 469,641	\$ 440,853

Total inventory and supplies are net of a write-down for obsolescence of \$5.7 million at January 31, 2015 (\$4.3 million at January 31, 2014).

Note 7:

Discontinued Operations

On March 26, 2013, the Company completed the sale of Harry Winston Inc. to Swatch Group. Continuing operations no longer includes the operations of the Luxury Brand Segment and the results of this segment were treated as discontinued operations for reporting purposes.

Results of the discontinued operations are presented separately as net profit from discontinued operations in the consolidated statements of income.

	Period ended March 26, 2013
Sales	\$ 63,799
Cost of sales	(31,355)
Other expenses	(30,964)
Other income and foreign exchange loss	(1,551)
Net income tax expense	\$ (186)
Net profit (loss) from discontinued operations before gain on sale	\$ (257)
Gain on sale	\$ 502,913
Net profit from discontinued operations	\$ 502,656
Earnings per share from discontinued operations	
Basic	5.91
Diluted	\$ 5.85

Note 8:

(a) On April 10, 2013, the Company completed the acquisition from BHP Billiton Canada Inc. and its various affiliates of all of BHP Billiton's diamond assets, including its controlling interest in the Ekati Diamond Mine as well as the associated diamond sorting and sales facilities in Yellowknife, Canada, and Antwerp, Belgium.

The allocation of the purchase price to the fair values of assets acquired and liabilities assumed is set forth below. In accordance with IFRS 3, Business Combinations (â IFRS 3â), the provisional purchase price allocation at acquisition has been revised to reflect final adjustments to fair values made during the fourth quarter of fiscal year 2014.

The main adjustments to the provisional fair value relate to the fair value attributed to property, plant and equipment, stockpile ore and provision for future site restoration costs acquired as part of the Ekati Diamond Mine Acquisition and the associated tax impacts.

From the closing date of the Ekati Diamond Mine Acquisition, revenues of \$399.6 million and a net loss of \$40.8 million were generated by the operations of the Ekati Diamond Mine. If the acquisition had taken place at the beginning of the 2014 fiscal year, the Company's consolidated pro forma revenue including the Ekati mining segment would have been \$860.6 million and pro forma net loss would have been \$27.0 million for the year ended January 31, 2014. The Company incurred total transaction costs of \$14.4 million related to the Ekati Diamond Mine Acquisition, of which \$11.2 million has been expensed and included in selling, general and administrative costs during the current year, with the balance of \$3.2 million expensed in fiscal 2013.

(b) On October 15, 2014, the Company completed the acquisition of the interests of Fipke Holdings Ltd. (ââFipkeCoââ) in the Ekati Diamond Mine. Each of Dr. Stewart Blusson and Archon Minerals Limited (ââArchonââ) exercised their rights of first refusal to acquire their proportionate share of the interests in the Core Zone and Buffer Zone, respectively, being sold by FipkeCo. As a consequence, the Company acquired an additional 8.889% participating interest in the Core Zone and an additional 6.53% in the Buffer Zone, increasing its interest in the Core Zone and Buffer Zone to 88.9% and 65.3%, respectively. The base purchase price for the acquired Core Zone interest was US \$42.2 million, plus purchase price adjustments of US \$13.4 million, for a total amount payable of US \$55.6 million. The purchase price adjustments were paid in cash at closing, and the base purchase price was satisfied by a promissory note payable in instalments over 31 months. The Company has the right, but not the obligation, to satisfy one or more instalments due under the promissory note in common shares of the Company. The base purchase price for the acquired Buffer Zone interest was US \$11.1 million, plus purchase price adjustments of US \$3.2 million, for a total amount paid in cash at closing of US \$14.3 million.

MINING OPERATIONS					
	Mineral	Equipment and	Furniture, equipment and	Real property and land	Assets under
	properties(a,e)	leaseholds(b)	other(c)	building(d)	construction
Cost:					
Balance at February 1, 2014	\$ 413,387	\$ 1,371,331	\$ 13,145	\$ 225,657	\$ 169,984
Additions	19,356	165,414	1,711	1,254	157,071
Disposals	(19,356)	(6,035)	(2,514)	(935)	(847)
Foreign exchange differences	(19,356)	(165,414)	(301)	(3,464)	(847)
Pre-production revenue	(28,469)	(165,414)	(165,414)	(165,414)	(165,414)
Transfers and other movements	162,035	80,182	165,414	15,393	(257,610)
Balance at January 31, 2015	\$ 566,309	\$ 1,445,478	\$ 12,041	\$ 237,905	\$ 68,598
Accumulated depreciation/amortization:					
Balance at February 1, 2014	\$ 211,165	\$ 468,595	\$ 8,260	\$ 35,927	\$ 15,302
Depreciation and amortization for the year	19,053	165,414	1,825	34,549	143,802
Disposals	(19,053)	(5,205)	(1,364)	(853)	(119,750)
Foreign exchange differences	(19,053)	(165,414)	(1,364)	(953)	(119,750)
Balance at January 31, 2015	\$ 230,218	\$ 628,804	\$ 8,721	\$ 68,670	\$ 15,302
Net book value at January 31, 2015	\$ 336,091	\$ 816,674	\$ 3,320	\$ 169,235	\$ 68,598
	Mineral	Equipment and	Furniture, equipment and	Real property and land	Assets under
	properties(a,e)	leaseholds(b)	other(c)	building(d)	construction
Cost:					
Balance at February 1, 2013	\$ 314,559	\$ 899,595	\$ 11,664	\$ 40,194	\$ 15,302
Acquisition (note 8)	70,000	405,796	1,007	186,802	143,802
Additions	(926)	2,632	1,077	1,258	119,750
Disposals	(926)	(4,460)	(326)	(1,258)	(119,750)
Foreign exchange differences	(926)	(4,460)	(326)	(3,108)	(119,750)
Pre-production revenue	(11,114)	(4,460)	(4,460)	(4,460)	(4,460)
Transfers and other movements	40,868	67,768	(277)	511	(108,870)
Balance at January 31, 2014	\$ 413,387	\$ 1,371,331	\$ 13,145	\$ 225,657	\$ 169,984
Accumulated depreciation/amortization:					
Balance at February 1, 2013	\$ 196,821	\$ 339,343	\$ 6,781	\$ 10,880	\$ 15,302
Depreciation and amortization for the year	14,344	131,552	1,689	25,811	143,802
Disposals	(14,344)	(2,300)	(210)	(2,300)	(119,750)
Foreign exchange differences	(14,344)	(131,552)	(210)	(764)	(119,750)
Balance at January 31, 2014	\$ 211,165	\$ 468,595	\$ 8,260	\$ 35,927	\$ 15,302
Net book value at January 31, 2014	\$ 202,222	\$ 902,736	\$ 4,885	\$ 189,730	\$ 169,984

(a) Represents the Company's ownership share of mineral claims, which contains commercially mineable diamond reserves.

(c) Furniture, equipment and other includes equipment located at the Company's diamond sorting facility.

(d) Real property includes land and a building that houses the corporate activities of the Company, and various betterments to the corporate offices.

(e) Both the Diavik Joint Venture and the Ekati Diamond Mine have obligations under various agreements (note 15) to reclaim and restore the lands disturbed by its mining operations.

Note 10:

Diavik Joint Venture and Ekati Diamond Mine

DIAVIK JOINT VENTURE

The following represents DDDL's 40% interest in the net assets and operations of the Diavik Joint Venture as at December 31, 2014 and December 31, 2013:

	2014	2013
Current assets	\$ 99,376	\$ 97,078
Non-current assets	558,686	618,141
Current liabilities	39,583	31,296
Non-current liabilities and participant's account	618,479	683,923
Expenses net of interest income ⁽ⁱ⁾	\$ 232,897	\$ 253,592
Cash flows used in operating activities	(134,793)	(162,535)
Cash flows resulting from financing activities	151,790	182,841
Cash flows used in investing activities	(17,243)	(22,300)

(i) The Joint Venture only earns interest income.

DDL is contingently liable for DDMI's portion of the liabilities of the Diavik Joint Venture, and to the extent DDL's participating interest has increased because of the failure of DDMI to make a cash contribution when required, DDL would have access to an increased portion of the assets of the Diavik Joint Venture to settle these liabilities. Additional information on commitments and contingencies related to the Diavik Joint Venture is found in note 21.

EKATI DIAMOND MINE

The following represents 100% interest in the net assets and operations of the Ekati Diamond Mine as at January 31, 2015 and January 31, 2014:

	2015	2014
Current assets	\$ 487,767	\$ 394,866
Non-current assets	768,142	761,407
Current liabilities	24,568	89,651
Non-current liabilities and participant's account	1,231,341	1,066,622

Note 11:

Other Non-Current Assets

	2015	2014
Prepaid assets	\$ 551	\$ 418
Goodwill	1,188	1,188
Sample diamonds	16,343	
Other assets	933	1,524
Security deposits	1,455	1,607
	\$ 20,470	\$ 4,737

Note 12:

Trade and Other Payables

	2015	2014
Trade and other payables	\$ 54,182	\$ 69,373
Accrued expenses	44,473	33,693
Customer deposits	587	587
	\$ 99,242	\$ 103,653

Note 13:

Employee Benefit Plans

The employee benefit obligation reflected in the consolidated balance sheet is as follows:

	2015	2014
Defined benefit plan obligation " Ekati Diamond Mine (a)	\$ 11,090	\$ 10,990
Defined contribution plan obligation " Ekati Diamond Mine (b)	300	300
Defined contribution plan obligation " Dominion Diamond Corp.	170	"
Post-retirement benefit plan " Diavik Diamond Mine (c)	749	746
RSU and DSU plans (d)	\$ 5,643	\$ 5,727
Total employee benefit plan obligation	\$ 17,952	\$ 17,763
	2015	2014
Non-current	\$ 13,715	\$ 14,120
Current	\$ 4,237	\$ 3,643
Total employee benefit plan obligation	\$ 17,952	\$ 17,763

(a) Defined benefit pension plan

Dominion Diamond Ekati Corporation sponsors a non-contributory defined benefit registered pension plan covering employees in Canada who were employed by BHP Billiton Canada Inc. and employed in its diamond business prior to June 30, 2004. As a result of the Ekati Diamond Mine Acquisition, the plan was assigned to Dominion Diamond Ekati Corporation and renamed the Dominion Diamond Ekati Corporation Defined Benefit Pension Plan. Pension benefits are based on the length of service and highest average covered earnings. Any benefits in excess of the maximum pension limit for registered pension plans under the Income Tax Act accrue for the employee, via an unfunded supplementary retirement plan. New employees could not become members of this defined benefit pension arrangement after June 30, 2004.

(i) NET BENEFIT OBLIGATION

	January 31, 2015	January 31, 2014
Accrued benefit obligation	\$ 77,213	\$ 76,670
Plan assets	\$ 66,123	\$ 65,680
Funded status " plan deficit	\$ 11,090	\$ 10,990

As at the last valuation date, on January 31, 2015, the present value of the defined benefit obligation comprised approximately \$64.4 million relating to active employees, \$7.4 million relating to deferred members and \$5.6 million relating to retired members.

	2015	2014
Defined benefit obligation as at February 1, 2014 and April 10, 2013	\$ 76,670	\$ 87,483
Service cost	4,525	4,094
Interest expense	3,016	2,719
Benefit payments	(6,677)	(6,627)
Administrative expense	"	(95)
Remeasurements	15,677	(8,438)
Effect on changes in foreign exchange rates	\$ (15,998)	\$ (2,466)
Defined benefit obligation as at January 31, 2015 and 2014	\$ 77,213	\$ 76,670

(ii) PLAN ASSETS

	2015	2014
Plan assets as at February 1, 2014 and April 10, 2013	\$ 65,680	\$ 68,721
Interest income	2,679	2,205
Total employer contributions	5,006	6,859
Benefit payments	(6,677)	(6,627)
Taxes paid from plan assets	(12)	(95)
Return on plan assets, excluding imputed interest income	12,472	(3,238)
Effect on changes in foreign exchange rates	\$ (13,025)	\$ (2,145)
Plan assets as at January 31, 2015 and 2014	\$ 66,123	\$ 65,680

The amounts recognized in the statement of income are as follows:

	2015	2014
Current service costs	\$ 4,525	\$ 4,094

Interest costs	337	514
Taxes paid from plan assets	12	—
Total, included in cost of sales	\$ 4,874	\$ 4,608

The actuarial losses/(gains) recognized in other comprehensive income/(loss) net of taxes for defined benefit plans were as follows:

	2015	2014
Return on plan assets, excluding imputed interest income	\$ 12,472	\$ (3,238)
Actuarial (loss)/gain from change in demographic assumptions	(785)	(2,791)
Actuarial (loss)/gains from change in financial assumptions	(14,370)	11,229
Actuarial loss from experience adjustments	(369)	(319)
Total net actuarial (loss)/gain recognized in other comprehensive loss before income taxes	\$ (3,052)	\$ 4,881
Income tax recovery/(expenses) on actuarial gains/(losses)	944	(1,457)
Total actuarial (losses)/gains, net of income taxes	\$ (2,108)	\$ 3,424

The asset allocation of pension assets at January 31 was as follows:

	January 31, 2015	January 31, 2014
ASSET CATEGORY		
Cash equivalents	1%	2%
Equity securities	24%	22%
Fixed income securities	75%	70%
Other	0%	6%
Total	100%	100%

(iii) THE SIGNIFICANT ASSUMPTIONS USED FOR THE PLAN ARE AS FOLLOWS:

	January 31, 2015	January 31, 2014
ACCRUED BENEFIT OBLIGATION		
Discount rate	3.40%	4.4%
Rate of salary increase	2.50%	3.0%
Rate of price inflation	2.00%	2.25%
Mortality table	CPM2014Priv with CPM-B	CPM-Rpp2014Priv with CPM
BENEFIT COSTS FOR THE YEAR		
Discount rate	4.40%	4.0%
Expected rate of salary increase	3.00%	4.0%
Rate of compensation increase	2.25%	2.25%

The weighted average duration of the defined benefit obligation is 12 years. The sensitivity of the gross accrued benefit obligation to changes in the weighted principal assumption is:

	Changes in assumption	Decrease in assumption	Increase in assumption
Impact on defined benefit obligation			
Discount rate	0.50%	\$ 82,577	\$ 72,900
Salary growth rate	0.25%	76,642	78,294
Mortality table	Life expectancy 1	76,488	78,452

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

(iv) RISK ANALYSIS

Through its defined benefit pension plan, the Company is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with references to corporate bond yields; if the plan underperforms the yields, this will create a deficit.

Changes in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this would likely be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk

Most of the plan's obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member and the member's spouse, so increases in life expectancy will result in an increase in the plan's liabilities.

Salary risk

The present value of the defined benefit obligation was calculated by reference to the future salaries of plan participants. An increase in the salary of the plan's participants will increase the plan's liability.

(v) FUNDING POLICY

The Company funds the plan in accordance with the requirements of the Pension Benefits Standards Act, 1985 and the Pension Benefits Standards Regulations and the actuarial professional standards with respect to funding such plans. Funding deficits are amortized as permitted under the Regulations. In the Company's view, this level of funding is adequate to meet current and future funding needs in light of projected economic and demographic conditions. The Company may in its absolute discretion fund in excess of the legislated minimum from time to time, but no more than the maximum contribution permitted under the Income Tax Act.

The expected contributions to the plan for fiscal year 2016 are \$7.4 million.

(b) Defined contribution plan

[Dominion Diamond Corp.](#) sponsors a defined contribution plan for Canadian employees who are not employed by Dominion Diamond Ekati Corporation whereby the employer contributes a maximum of 6% of the employee's salary to the maximum contribution limit under Canada's Income Tax Act. The total defined contribution plan liability at January 31, 2015 was \$0.2 million (\$nil at January 31, 2014).

Dominion Diamond Ekati Corporation sponsors a defined contribution plan for its employees who are not members of the defined benefit pension plan referred to in 13(a) above. The employer contributes 8% of earnings up to 2.5 times the Year's Maximum Pensionable Earnings (YMPE, as defined under the Canada Pension Plan), and 12% of earnings above 2.5 times YMPE. The employer also matches additional contributions made by an employee up to 3% of earnings. Employer contributions in excess of the maximum contribution limit for defined contribution plans under Canada's Income Tax Act are credited by the employer to a notional (unfunded) supplementary retirement plan. The defined contribution plan liability at January 31, 2015 was \$0.3 million (2014 " \$0.3 million). (Supplemental plan liability has been included in the accrued benefit obligation disclosed in 13(a) above.)

(c) Post-retirement benefit plan

The Diavik Joint Venture sponsors a defined contribution plan whereby the employer contributes 6% of the employee's salary.

The Diavik Joint Venture provides non-pension post-retirement benefits to retired employees. The post-retirement benefit plan liability was \$0.3 million at January 31, 2015 (\$0.8 million at January 31, 2014).

(d) Restricted Stock Units (RSUs) and Deferred Stock Units (DSUs) plans

Grants under the RSU Plan are on a discretionary basis to employees of the Company and its subsidiaries subject to Board of Directors' approval. The RSUs granted vest one-third on March 31 following the date of the grant and one-third on each anniversary thereafter. The vesting of grants of RSUs are subject to special rules for a change in control, death and

disability. The Company shall pay out cash on the respective vesting dates of RSUs and redemption dates of DSUs.

Only non-executive directors of the Company are eligible for grants under the DSU Plan. Each DSU grant vests immediately on the grant date.

The expenses related to the RSUs and DSUs are accrued based on fair value, determined as of the date of grant. This expense is recognized as compensation expense over the vesting period. Until the liability is settled, the fair value of the RSUs and DSUs is remeasured at the end of each reporting period and at the date of settlement, with changes in fair value recognized as share-based compensation expense or recovery over the vesting period.

Note 14:

Income Taxes

The deferred income tax asset of the Company is \$6.0 million. Included in the deferred tax asset is \$5.2 million that has been recorded to recognize the benefit of \$19.6 million of net operating losses that the Company has available for carryforward to shelter income taxes for future years.

The deferred income tax liability of the Company is \$229.3 million. The Company's deferred income tax asset and liability accounts are revalued to take into consideration the change in the Canadian dollar compared to the US dollar and the unrealized foreign exchange gain or loss is recorded as part of deferred tax expenses for each year.

(a) The income tax provision consists of the following:

	2015	2014
CURRENT TAX EXPENSE FROM CONTINUING OPERATIONS		
Current period	\$ 115,663	\$ 36,530
Adjustment for prior periods	\$ 356	\$ 3,869
Total current tax expense	116,019	40,399
DEFERRED TAX EXPENSE FROM CONTINUING OPERATIONS		
Origination and reversal of temporary differences	(22,012)	(4,889)
Change in unrecognized deductible temporary differences	(130)	(39)
Current year losses for which no deferred tax asset was recognized	\$ 29	\$ 34
Total deferred tax expense	(22,113)	(4,894)
Total income tax expense from continuing operations	\$ 93,906	\$ 35,505

(b) The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at January 31, 2015 and 2014 are as follows:

	2015	2014
DEFERRED INCOME TAX ASSETS:		
Net operating loss carryforwards	\$ 5,196	\$ 2,043
Property, plant and equipment	5,451	799
Future site restoration costs	113,237	120,739
Deferred mineral property costs	3,531	5,215
Other deferred income tax assets	\$ 34,416	\$ 27,293
	161,831	156,089
Reclassification to deferred income tax liabilities	(155,831)	(153,011)
Deferred income tax assets	\$ 6,000	\$ 3,078
DEFERRED INCOME TAX LIABILITIES:		
Deferred mineral property costs	(105,760)	(49,706)
Property, plant and equipment	(253,173)	(320,485)
Other deferred income tax liabilities	(26,185)	(25,383)
	(385,118)	(395,574)
Reclassification from deferred income tax assets	155,831	153,011
Deferred income tax liabilities	(229,287)	(242,563)
Deferred income tax liabilities, net	\$ (223,287)	\$ (239,485)

Movement in net deferred tax liabilities:

	2015	2014
Balance at the beginning of the year	\$ (239,485)	\$ (177,332)
Recognized in income	22,113	4,894
Recognized in other comprehensive income	944	(1,457)

Acquired	(6,598)	(65,513)
Other	Â Â (261)	Â Â (77)
Balance at the end of the year	Â \$ (223,287)	Â \$ (239,485)

(c) Unrecognized deferred tax assets and liabilities:

Deferred tax assets have not been recognized in respect of the following items:

Â	Â Â 2015	Â Â 2014
Tax losses	Â \$ 481	Â \$ 568
Deductible temporary differences	Â Â â“ Â Â 177	
Total	Â \$ 481	Â \$ 745

The tax losses not recognized expire as per the amount and years noted below. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because management has determined it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

The following table summarizes the Companyâs non-capital losses as at January 31, 2015 that may be applied against future taxable profit:

Jurisdiction	Â Type	Â Â Amount	Â Expiry date
Luxembourg	Â Net operating losses	Â \$ 1,647	Â No expiry

The taxable temporary differences associated with investments in subsidiaries and joint ventures, for which a deferred tax liability has not been provided, aggregate to \$397.6 million (2014 â“ taxable temporary differences of \$295.4 million).

(d) The difference between the amount of the reported consolidated income tax provision and the amount computed by multiplying profit (loss) before income taxes by the statutory tax rate of 26.5% (2014 â“ 26.5%) is a result of the following:

Â	Â Â 2015	Â Â 2014
Expected income tax expense from continuing operations	Â \$ 44,070	Â \$ 1,065
Non-deductible (non-taxable) items	274	3,184
Impact of foreign exchange	34,040	20,655
Northwest Territories mining royalty (net of income tax relief)	22,187	8,519
Earnings subject to tax different than statutory rate	(191)	576
Assessments and adjustments	1,573	664
Current year losses for which no deferred tax asset was recognized	29	34
Tax effect on income allocated to non-controlling interest	(4,137)	1,389
Change in unrecognized temporary differences	(130)	(39)
Other	Â Â (3,809)	Â Â (542)
Recorded income tax expense from continuing operations	Â \$ 93,906	Â \$ 35,505

(e) The Company has net operating loss carryforwards for Canadian income tax purposes of approximately \$19.6 million that are scheduled to expire between 2035 and 2036, and \$1.6 million for other foreign jurisdictionsâ tax purposes with no expiry.

Note 15:

Provisions

Future site restoration costs

Â	Â Â 2015	Â Â 2014
Diavik Diamond Mine (a)	Â	Â
Balance at February 1, 2014 and 2013	\$ 80,188	\$ 79,055
Revisions of previous estimates	6,158	(924)
Accretion of provision	Â Â 2,082	Â Â 2,057
Total Diavik Diamond Mine site restoration costs	Â Â 88,428	Â Â 80,188
Ekati Diamond Mine (b)		
Balance at February 1, 2014 and April 10, 2013	350,780	348,230
Revisions of previous estimates	4,043	(4,729)
Accretion of provision	Â Â 9,226	Â Â 7,279

Total Ekati Diamond Mine site restoration costs	Â Â 364,049 Â Â 350,780
Total site restoration costs	Â \$ 452,477 Â \$ 430,968

The Company has an obligation under various agreements to reclaim and restore the lands disturbed by its mining operations.

(a) Diavik Diamond Mine

The Company's share of the total undiscounted amount of the future cash flows that will be required to settle the obligation incurred at January 31, 2015 is estimated to be CDN \$88 million. The expenditures are discounted using a discount rate of 1.55%. The revision of previous estimates in fiscal 2014 and 2015 is based on revised expectations of reclamation activity costs and changes in estimated reclamation timelines. The Diavik Joint Venture is required to provide security for future site closure and reclamation costs for the Diavik Diamond Mine's operations and for various permits and licences. The operator of the Diavik Joint Venture has fulfilled such obligations for the security deposits by posting letters of credit, of which DDDL's share as at January 31, 2015 was \$51 million based on its 40% ownership interest in the Diavik Diamond Mine.

(b) Ekati Diamond Mine "Future site restoration

The undiscounted estimated expenditures required to settle the obligation totals approximately CDN \$393 million through 2048. The expenditures are discounted using a discount rate of 1.55%. The Company is required to provide security for future site closure and reclamation costs for the Ekati Diamond Mine's operations and for various permits and licences. As at January 31, 2015, the Company posted surety bonds in the aggregate amount of CDN \$253 million and letters of credit of CDN \$44 million with the Government of the Northwest Territories supported by restricted cash to secure the obligations under its Water Licence to reclaim the Ekati Diamond Mine.

The Company has provided a guarantee of CDN \$20 million to the Government of Canada for other obligations under the Environmental Agreement.

Note 16:

Share Capital

(a) Authorized

Unlimited common shares without par value.

(b) Issued

Â	Â Number of shares	Â Â Amount
Balance, January 31, 2013	Â 84,883,031	Â \$ 508,007
SHARES ISSUED FOR:		
Exercise of options	Â 140,000	Â Â 516
Balance, January 31, 2014	85,023,031	508,523
SHARES ISSUED FOR:		
Exercise of options	Â 10,000	Â Â 50
Balance, January 31, 2015	Â 85,033,031	Â \$ 508,573

(c) Stock options

Under the Employee Stock Option Plan, amended and approved by the shareholders on June 4, 2008, the Company may grant options for up to 6,000,000 shares of common stock. Options may be granted to any director, officer, employee or consultant of the Company or any of its affiliates. Options granted to directors vest immediately and options granted to officers, employees or consultants vest over three to four years. The maximum term of an option is ten years. The number of shares reserved for issuance to any one optionee pursuant to options cannot exceed 2% of the issued and outstanding common shares of the Company at the date of grant of such options.

The exercise price of each option cannot be less than the fair market value of the shares on the last trading day preceding the date of grant.

The Company's shares are primarily traded on a Canadian dollar based exchange, and accordingly stock option information is presented in Canadian dollars, with conversion to US dollars at the average exchange rate for the year.

Compensation expense for stock options was \$2.8 million for fiscal 2015 (2014 \$2.6 million) and is presented as a component of both cost of sales and selling, general and administrative expenses. The amount credited to share capital for the exercise of the options is the sum of (a) the cash proceeds received and (b) the amount debited to contributed surplus upon exercise of stock options by optionees (2015 \$0.1 million; 2014 \$nil).

Changes in share options outstanding are as follows:

	2015	2014	2015	2014	2015	2014
	Options	Options	Weighted average exercise price	Weighted average exercise price	Options	Options
	000s	000s	US\$	US\$	000s	000s
Outstanding, beginning of year	2,438	11.93	11.49	11.49	2,362	12.56
Granted	403	14.75	13.44	13.44	435	13.19
Forfeited	-	-	-	-	-	-
Exercised	(10)	5.23	4.76	4.76	(140)	3.78
Expired	(136)	41.43	37.78	37.78	(219)	26.45
Outstanding, end of year	2,695	10.91	10.51	10.51	2,438	11.93

The following summarizes information about stock options outstanding at January 31, 2015:

	Options outstanding	Options exercisable
	Number	Number
	000s	000s
Range of exercise prices	Weighted average remaining contractual life in years	Weighted average exercise price
CDN\$	CDN\$	CDN\$
3.78	858	858
12.35-14.75	1,487	795
16.70	350	350
	2,695	2,003

(d) Stock-based compensation

The Company applies the fair value method to all grants of stock options.

The fair value of options granted during the years ended January 31, 2015 and 2014 was estimated using a Black-Scholes option pricing model with the following weighted average assumptions:

	2015	2014
Risk-free interest rate	2.30%	1.68%
Dividend yield	0.00%	0.00%
Volatility factor	57.00%	50.00%
Expected life of the options	6.0 years	3.5 years
Average fair value per option, CDN	\$ 8.10	\$ 5.18
Average fair value per option, US	\$ 7.38	\$ 4.65

Expected volatility is estimated by considering historic average share price volatility based on the average expected life of the options.

(e) RSU and DSU Plans

	Number of units
RSU	
Balance, January 31, 2013	277,026
AWARDS AND PAYOUTS DURING THE YEAR (NET)	
RSU awards	293,096
RSU payouts	(128,633)
Balance, January 31, 2014	441,489
AWARDS AND PAYOUTS DURING THE YEAR (NET)	
RSU awards	322,945
RSU payouts	(178,503)
Balance, January 31, 2015	585,931
DSU	
Balance, January 31, 2013	189,685

AWARDS AND PAYOUTS DURING THE YEAR (NET)	
DSU awards	39,366
DSU payouts	Â (65,556)
Balance, January 31, 2014	163,495
AWARDS AND PAYOUTS DURING THE YEAR (NET)	
DSU awards	26,624
DSU payouts ^(a)	Â (96,074)
Balance, January 31, 2015	Â 94,045

(a) DSU payouts were to retired directors.

During the 2015 fiscal year, the Company granted 322,945 RSUs (net of forfeitures) and 26,624 DSUs under an employee and director incentive compensation program, respectively. The RSU and DSU plans are full value phantom shares that mirror the value of [Dominion Diamond Corp.](#)’s publicly traded common shares.

Grants under the RSU Plan are on a discretionary basis to employees of the Company and its subsidiaries subject to Board of Directors’ approval. The RSUs granted vest one-third on March 31 and one-third on each anniversary thereafter. The vesting of grants of RSUs is subject to special rules for a change in control, death and disability. The Company shall pay out cash on the respective vesting dates of RSUs and redemption dates of DSUs.

Only non-executive directors of the Company are eligible for grants under the DSU Plan. Each DSU grant vests immediately on the grant date.

The expenses related to the RSUs and DSUs are accrued based on fair value, determined as of the date of grant. The compensation expense is accrued over the vesting period of the award. Until the liability is settled, fluctuations in the fair value of the award will be remeasured at each reporting period, with changes to accrued compensation expense recognized in the period in which the fluctuation occurs.

The Company recognized an expense of \$3.7Â million for the year ended January 31, 2015 (2014 ‘‘ \$3.4Â million). The total carrying amount of liabilities for cash settled share-based payment arrangements is \$5.6 million (2014 ‘‘ \$5.7 million). The amounts for obligations and expense (recovery) for cash settled share-based payment arrangements have been grouped with Employee Benefit Plans in note 13 for presentation purposes.

Note 17:

Expenses by Nature

Operating profit (loss) from continuing operations includes the following items of expense:

Â	Â 2015	Â 2014
Research and development	Â \$ 2,458	Â \$ 2,316
Operating lease	2,217	1,651
Employee compensation expense	158,242	118,393
Depreciation and amortization	Â 194,016	Â 140,061

Note 18:

Earnings per Share

The following table presents the calculation of diluted earnings per share:

Â	Â 2015	Â 2014
NUMERATOR	Â	Â
Net earnings for the year attributable to shareholders	\$ 66,187	Â \$ 479,681
DENOMINATOR (000S SHARES)		
Weighted average number of shares outstanding	85,132	85,020
Dilutive effect of employee stock options (a)	Â 957	Â 860
	Â 86,089	Â 85,880

(a) A total of 0.4 million options were excluded from the dilution calculation (2014 – 0.6 million) as they are anti-dilutive.

Note 19:

Loans and Borrowings

	2015	2014
Credit facilities	\$ –	\$ –
First mortgage on real property (a)	3,071	4
Promissory note (b)	42,222	42,222
Total loans and borrowings	45,293	46,226
Less current portion	(11,308)	(11,308)
	\$ 33,985	\$ 34,918

(a) First mortgage on real property

	Nominal interest	Carrying amount at January 31, 2015	Face value at January 31, 2015	Borrower
First mortgage on real property	CDN\$ 7.98%	\$3.1 million	\$3.1 million	6019838 Canada Inc.

The Company has available a \$45.0 million revolving financing facility (utilization in either US dollars or Euros) with Antwerp Diamond Bank for inventory and receivables funding in connection with marketing activities through its Belgian subsidiary, Dominion Diamond International NV, and its Indian subsidiary, Dominion Diamond (India) Private Limited. The Company will be closing this revolving financing facility as of April 30, 2015.

(b) Promissory note

The Company issued a promissory note in the amount of US \$42.2 million in connection with its acquisition of an additional 8.889% interest in the Core Zone. The promissory note is interest bearing at the prime rate and is payable in instalments over 31 months and the Company has the right, but not the obligation, to satisfy one or more instalments due under the promissory note in common shares of the Company.

Note 20:

Related Party Disclosure

There were no material related party transactions in the years ended January 31, 2015 and January 31, 2014 other than compensation of key management personnel.

(a) Operational information

The Company had the following investments in significant subsidiaries at January 31, 2015:

Name of company	Effective interest	Jurisdiction of formation
Dominion Diamond Holdings Ltd.	100%	Northwest Territories
Dominion Diamond Diavik Limited Partnership	100%	Northwest Territories
Dominion Diamond (India) Private Limited	100%	India
Dominion Diamond International N.V.	100%	Belgium
Dominion Diamond Marketing Corporation	100%	Canada
Dominion Diamond (UK) Limited	100%	England
6019838 Canada Inc.	100%	Canada
Dominion Diamond Ekati Corporation	100%	Canada
Dominion Diamond Resources Corporation	100%	Canada
Dominion Diamond Marketing N.V.	100%	Belgium

Note 21:

Commitments and Guarantees

CONTRACTUAL OBLIGATIONS

Loans and borrowings (a)	Â Â Total	Â Â 1 year	Â Â 2â“3 Â Â 4â“5	Â Â 6â“7
Environmental and participation agreements incremental commitments (b)(c)	\$ 47,875	\$ 12,822	\$ 34,409	\$ 644
Operating lease obligations (d)	97,942	53,221	1,106	8,502
Capital commitments (e)	6,060	4,892	1,168	â“3
Total contractual obligations	Â Â 36,460	Â Â 36,460	Â Â â“3	Â Â â“3
	Â \$ 188,337	Â \$ 107,395	Â \$ 36,683	Â \$ 9,146

(a) Promissory note

The Company issued a promissory note in the amount of US \$42.2 million in connection with its acquisition of an additional 8.889% interest in the Core Zone at the Ekati Diamond Mine. The promissory note is payable in instalments over 31 months and the Company has the right, but not the obligation, to satisfy one or more instalments due under the promissory note in common shares of the Company.

(b) Environmental agreements

Through negotiations of environmental and other agreements, both the Diavik Joint Venture and the Ekati Diamond Mine must provide funding for the Environmental Monitoring Advisory Board, and the Independent Environmental Monitoring Agency, respectively. Further funding will be required in future years; however, specific amounts have not yet been determined. As described in note 15, these agreements also state that the mines must provide security for the performance of their reclamation and abandonment obligations under all environmental laws and regulations.

(c) Participation agreements

Both the Diavik Joint Venture and the Ekati Diamond Mine have signed participation agreements with various Aboriginal communities. These agreements are expected to contribute to the social, economic and cultural well-being of these communities. The Diavik participation agreements are each for an initial term of twelve years and shall be automatically renewed on terms to be agreed upon for successive periods of six years thereafter until termination. The Diavik participation agreements terminate in the event that the Diavik Diamond Mine permanently ceases to operate. The Ekati Diamond Mine participation agreements are in place during the life of the Ekati Diamond Mine and the agreements terminate in the event the mine ceases to operate.

(d) Operating lease commitments

The Company has entered into non-cancellable operating leases for the rental of fuel tanks and office premises for the Ekati Diamond Mine, which expire at various dates through 2016. The leases have varying terms, escalation clauses and renewal rights. Any renewal terms are at the option of the lessee at lease payments based on market prices at the time of renewal. Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease, including any periods of free rent.

(e) Capital commitments

The Company has various long-term contractual commitments related to the acquisition of property, plant and equipment. The commitments included in the table above are based on expected contract prices.

Note 22:

Capital Management

The Companyâ™s capital includes cash and cash equivalents, current and non-current loans and borrowings, and equity, which includes issued common shares, contributed surplus and retained earnings.

The Companyâ™s primary objective with respect to its capital management is to ensure that it has sufficient cash resources to maintain its ongoing operations, to provide returns to shareholders and benefits for other stakeholders, and to pursue growth opportunities. To meet these needs, the Company may from time to time raise additional funds through borrowing and/or the issuance of equity or debt or by securing strategic partners, upon approval by the Board of Directors. The Board of Directors reviews and approves any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as annual capital and operating budgets.

The declaration and payment of dividends on the Companyâ™s common shares and the amount thereof are at the discretion of the Board of Directors which takes into account the Companyâ™s financial results, capital requirements,

available cash flow, future prospects of the Company's business and other factors considered relevant from time to time.

The Company is not subjected to any externally imposed capital requirements. The Company assesses liquidity and capital resources on a consolidated basis. The Company's requirements are for cash operating expenses, working capital, contractual debt requirements and capital expenditures. The Company believes that it will generate sufficient liquidity to meet its anticipated requirements for the next twelve months.

Note 23:

Financial Risk Management Objectives and Policies

The Company is exposed, in varying degrees, to a variety of financial-instrument-related risks by virtue of its activities. The Company's overall financial risk-management program focuses on the preservation of capital and protecting current and future Company assets and cash flows by minimizing exposure to risks posed by the uncertainties and volatilities of financial markets.

The Company's Audit Committee has responsibility to review and discuss significant financial risks or exposures and to assess the steps management has taken to monitor, control, report and mitigate such risks to the Company.

Financial risk management is carried out by the finance department, which identifies and evaluates financial risks and establishes controls and procedures to ensure financial risks are mitigated.

The types of risk exposure and the way in which such exposures are managed are as follows:

(i) Currency risk

The Company's sales are predominantly denominated in US dollars. As the Company operates in an international environment, some of the Company's financial instruments and transactions are denominated in currencies other than the US dollar. The results of the Company's operations are subject to currency transaction risk and currency translation risk. The operating results and financial position of the Company are reported in US dollars in the Company's consolidated financial statements.

The Company's primary foreign exchange exposure impacting pre-tax profit arises from the following sources:

NET CANADIAN DOLLAR DENOMINATED MONETARY ASSETS AND LIABILITIES

The Company's functional and reporting currency is US dollars; however, many of the mining operation's monetary assets and liabilities are denominated in Canadian dollars. As such, the Company is continually subject to foreign exchange fluctuations, particularly as the Canadian dollar moves against the US dollar. The weakening/strengthening of the Canadian dollar versus the US dollar results in an unrealized foreign exchange gain/loss on the revaluation of the Canadian dollar denominated monetary assets and liabilities.

COMMITTED OR ANTICIPATED FOREIGN CURRENCY DENOMINATED TRANSACTIONS

Primarily the Company incurs costs in Canadian dollars at both the Diavik Diamond Mine and Ekati Diamond Mine.

Based on the Company's net exposure to Canadian dollar monetary assets and liabilities at January 31, 2015, a one-cent change in the exchange rate would have impacted pre-tax profit for the year by \$2.9 million (2014 - \$1.1 million).

(ii) Interest rate risk

Interest rate risk is the risk borne by an interest-bearing asset or liability as a result of fluctuations in interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company's most significant interest rate risk arises from its various credit facilities, which bear variable interest based on LIBOR.

(iii) Concentration of credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

The Company's exposure to credit risk in the mining operations is minimized by its sales policy, which requires receipt of cash prior to the delivery of rough diamonds to its customers.

The Company manages credit risk, in respect of short-term investments, by maintaining bank accounts with creditworthy major banks and investing only in term deposits or bankers' acceptances with highly rated financial institutions that are capable of prompt liquidation. The Company monitors and manages its concentration of counterparty credit risk on an ongoing basis.

At January 31, 2015, the Company's maximum counterparty credit exposure consists of the carrying amount of cash and cash equivalents and accounts receivable, which approximates fair value.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages its liquidity by ensuring that there is sufficient capital to meet short-term and long-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company also strives to maintain sufficient financial liquidity at all times in order to participate in investment opportunities as they arise, as well as to withstand sudden adverse changes in economic circumstances. The Company assesses liquidity and capital resources on a consolidated basis. Management forecasts cash flows for its current and subsequent fiscal years to predict future financing requirements. Future financing requirements are met through a combination of committed credit facilities and access to capital markets.

At January 31, 2015, the Company had \$457.9 million of cash and cash equivalents.

The following table summarizes the aggregate amount of contractual undiscounted future cash outflows for the Company's financial liabilities:

	Â	Â Less than Â	Â Year	Â Year	Â After
Â	Â Total	Â 1 year	Â 2â3	Â 4â5	Â 5 years
Trade and other payables	\$ 99,242	\$ 99,242	\$ â	\$ â	\$ â
Loans and borrowings ^(a)	47,875	12,822	34,409	644	â
Environmental and participation agreement incremental commitments	97,942	53,221	1,106	8,502	35,113

(a) Includes projected interest payments on the current debt outstanding based on interest rates in effect at January 31, 2015.

Note 24:

Financial Instruments

The Company has various financial instruments comprising cash and cash equivalents, accounts receivable, trade and other payables, and loans and borrowings.

Cash and cash equivalents consist of cash on hand and balances with banks, and short-term investments held in overnight deposits with a maturity on acquisition of less than 90 days. Cash and cash equivalents, which are designated as held-for-trading, are carried at fair value based on quoted market prices and are classified within Level 1 of the fair value hierarchy established by the IASB.

The fair value of accounts receivable is determined by the amount of cash anticipated to be received in the normal course of business from the financial asset.

The Company's loans and borrowings are for the most part fully secured, hence the fair values of these instruments at January 31, 2015 and January 31, 2014 are considered to approximate their carrying values.

The carrying values and estimated fair values of these financial instruments are as follows:

	2015		2014	
	Estimated fair value	Carrying value	Estimated fair value	Carrying value
Financial assets				
Cash and cash equivalents, including restricted cash	\$ 492,541	\$ 492,541	\$ 338,390	\$ 338,390
Accounts receivable	\$ 13,717	\$ 13,717	\$ 20,879	\$ 20,879
	\$ 506,258	\$ 506,258	\$ 359,269	\$ 359,269
Financial liabilities				
Trade and other payables	\$ 99,242	\$ 99,242	\$ 103,653	\$ 103,653
Loans and borrowings	\$ 45,293	\$ 45,293	\$ 4,298	\$ 4,298
	\$ 144,535	\$ 144,535	\$ 107,951	\$ 107,951

Note 25:

Segmented Information

The reportable segments are those operations whose operating results are reviewed by the Chief Operating Decision Makers to make decisions about resources to be allocated to the segment and assess its performance provided those operations pass certain quantitative thresholds. Operations whose revenues, earnings or losses, or assets exceed 10% of the total consolidated revenue, earnings or losses, or assets are reportable segments.

In order to determine reportable segments, management reviewed various factors, including geographical locations and managerial structure. Management determined that the Company operates in three segments within the diamond industry “Diavik Diamond Mine, Ekati Diamond Mine and Corporate” for the years ended January 31, 2015 and 2014.

The Diavik segment consists of the Company’s 40% ownership interest in the Diavik group of mineral claims and the sale of rough diamonds. The Ekati segment consists of the Company’s ownership interest in the Ekati group of mineral claims and the sale of rough diamonds. The Corporate segment captures all costs not specifically related to the operations of the Diavik and Ekati Diamond Mines.

For the year ended January 31, 2015	Diavik	Ekati	Corporate	Total
Sales				
North America	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 3,000,000
Europe	321,135	542,601	1,000,000	863,736
India	\$ 30,439	\$ 21,578	\$ 1,000,000	\$ 52,017
Total sales	\$ 351,574	\$ 564,179	\$ 1,000,000	\$ 915,753
Cost of sales				
Depreciation and amortization	87,844	104,434	1,000,000	192,278
All other costs	\$ 161,905	\$ 331,502	\$ 1,000,000	\$ 493,408
Total cost of sales	\$ 249,749	\$ 435,936	\$ 1,000,000	\$ 685,685
Gross margin	101,826	128,243	1,000,000	230,068
Gross margin (%)	29.0%	22.7%	1,000,000%	25.1%
Selling, general and administrative expenses				
Selling and related expenses	4,140	3,590	1,000,000	7,730
Administrative expenses	\$ 1,000,000	\$ 1,000,000	\$ 26,129	\$ 2,000,000
Total selling, general and administrative expenses	\$ 4,140	\$ 3,590	\$ 26,129	\$ 33,859
Operating profit (loss)	97,686	124,652	(26,129)	196,209
Finance expenses	(2,744)	(11,249)	1,000,000	(13,993)
Exploration costs	(204)	(25,155)	1,000,000	(25,359)
Finance and other income	3,773	1,189	1,000,000	4,962
Foreign exchange gain	\$ (8,341)	\$ 12,596	\$ 1,000,000	\$ 4,255
Segment profit (loss) before income taxes	\$ 90,170	\$ 102,033	\$ (26,129)	\$ 166,074
Segmented assets as at January 31, 2015				
Canada	\$ 944,896	\$ 1,353,760	\$ 20,319	\$ 2,318,975
Other foreign countries	\$ 33,590	\$ 74,793	\$ 1,000,000	\$ 108,383
	\$ 978,486	\$ 1,428,553	\$ 20,319	\$ 2,427,358
Capital expenditures	\$ (21,469)	\$ (146,752)	\$ (47)	\$ (167,351)
Inventory	111,843	357,798	1,000,000	469,641
Total liabilities	99,060	840,047	10,343	949,450
Other significant non-cash items:				
Deferred income tax recovery	\$ (23,338)	\$ 1,136	\$ 89	\$ (22,113)

For the year ended January 31, 2014	Diavik	Ekati	Corporate	Total
Sales	\$	\$	\$	\$
North America	\$ 6,690	\$ 413	\$ -	\$ 7,103
Europe	299,262	397,230	-	696,492
India	\$ 46,355	\$ 1,992	\$ -	\$ 48,347
Total sales	\$ 352,307	\$ 399,635	\$ -	\$ 751,942
Cost of sales				
Depreciation and amortization	82,250	55,572	-	137,822
All other costs	\$ 175,674	\$ 337,376	\$ -	\$ 513,050
Total cost of sales	\$ 257,924	\$ 392,948	\$ -	\$ 650,872
Gross margin	94,383	6,687	-	101,070
Gross margin (%)	26.8%	1.7%	-	13.4%
Selling, general and administrative expenses				
Selling and related expenses	4,763	2,679	-	7,442
Administrative expenses	\$ -	\$ -	\$ 41,983	\$ 41,983
Total selling, general and administrative expenses	\$ 4,763	\$ 2,679	\$ 41,983	\$ 49,425
Operating profit (loss)	89,620	4,008	(41,983)	51,645
Finance expenses	(19,690)	(7,662)	-	(27,352)
Exploration costs	(4,469)	(10,081)	-	(14,550)
Finance and other income	2,741	412	-	3,153
Foreign exchange gain (loss)	\$ 3,373	\$ (12,252)	\$ -	\$ (8,879)
Segmented profit (loss) before income taxes	\$ 71,575	\$ (25,575)	\$ (41,983)	\$ 4,017
Segmented assets as at January 31, 2014				
Canada	\$ 885,567	\$ 1,365,389	\$ 21,529	\$ 2,272,485
Other foreign countries	\$ 26,880	\$ 5,285	\$ -	\$ 32,165
\$	\$ 912,447	\$ 1,370,674	\$ 21,529	\$ 2,304,650
Capital expenditures	\$ (26,564)	\$ (95,697)	\$ (17)	\$ (122,278)
Inventory	115,438	325,415	-	440,853
Total liabilities	27,840	795,239	9,608	832,687
Other significant non-cash items:				
Deferred income tax expense (recovery)	\$ 650	\$ (5,544)	\$ -	\$ (4,894)

Sales to one customer totalled \$104 million for the year ended January 31, 2014.

Note 26:

Subsequent Events

(i) Credit Facility

On April 7, 2015, the Company entered into a new \$210 million senior secured corporate revolving credit facility with a syndicate of commercial banks. The facility has a four-year term, and it may be extended for an additional period of one year with the consent of the lenders. Proceeds received by the Company under the new credit facility are to be used for general corporate purposes. Accommodations under this credit facility may be made to the Company, at the Company's option, by way of an advance, or letter of credit, and the interest payable will vary in accordance with a pricing grid ranging between 2.5% and 3.5% above LIBOR. The Company will be required to comply with financial covenants customary for a financing of this nature.

(ii) Dividend

On April 8, 2015, the Board of Directors declared a dividend of 40 cents per share to be paid in full on May 21, 2015 to shareholders of record at the close of business on April 30, 2015. This dividend will be an eligible dividend for Canadian income tax purposes.

Subject to declaration by the Board of Directors, the Company intends to pay a regular annual dividend of 40 cents per share in total to be paid semi-annually through an interim and final dividend. For fiscal 2016 the interim dividend is expected to be paid in or around November 2015, and the final dividend is expected to be paid in or around May 2016. These dividends will also be eligible dividends for Canadian income tax purposes.

Diavik Diamond Mine Mineral Reserve and

Mineral Resource Statement

AS OF DECEMBER 31, 2014 (UNAUDITED) (100% BASIS)

Mineral Reserves

Â	Â	Â Proven			Â Probable			Â Proven and Probable
		Â Millions	Â Carats	Â Millions	Â Millions	Â Carats	Â Millions	
Kimberlite pipes	Â Type	Â of tonnes	Â per tonne	Â of carats	Â of tonnes	Â per tonne	Â of carats	Â of tonnes
A-154 South	UG	0.9	4.0	3.7	0.9	3.4	3.1	1.8
A-154 North	UG	5.0	2.3	11.5	2.1	2.2	4.5	7.0
A-418	UG	3.5	4.1	14.3	2.1	2.9	6.1	5.5
A-21	OP	3.7	2.7	10.0	â–	â–	â–	3.7
Stockpile	Â N/A	Â 0.02	Â 3.1	Â 0.1	Â â–	Â â–	Â â–	Â 0.02
Sub-Total â– Underground	Â	Â 9.4	Â 3.1	Â 29.5	Â 5.0	Â 2.7	Â 13.7	Â 14.4
Sub-Total â– Open Pit	Â	Â 3.7	Â 2.7	Â 10.0	Â â–	Â â–	Â â–	Â 3.7
Sub-Total â– Stockpile	Â	Â 0.02	Â 3.1	Â 0.1	Â â–	Â â–	Â â–	Â 0.02
Total Reserves		13.1	Â 3.0	Â 39.6	Â 5.0	Â 2.7	Â 13.7	Â 18.1

Note: Totals may not add up due to rounding.

Mineral Resources

Â	Â	Â Measured Resources			Â Indicated Resources			Â Inferred Resources	
		Â Millions	Â Carats	Â Millions	Â Millions	Â Carats	Â Millions	Â Millions	Â Carats
Kimberlite pipes	Â Type	Â of tonnes	Â per tonne	Â of carats	Â of tonnes	Â per tonne	Â of carats	Â of tonnes	Â per tonne
A-154 South	UG	â–	â–	â–	â–	â–	â–	0.1	3.8
A-154 North	UG	â–	â–	â–	â–	â–	â–	2.0	2.5
A-418	UG	â–	â–	â–	â–	â–	â–	0.3	2.4
A-21	Â OP	Â â–	Â â–	Â â–	Â 0.4	Â 2.6	Â 1.0	Â 0.8	Â 3.0
Total Resources		â–	Â â–	Â â–	Â 0.4	Â 2.6	Â 1.0	Â 3.1	Â 2.6

Note: Totals may not add up due to rounding.

Cautionary Note to United States Investors Concerning Disclosure of Mineral Reserves and Resources: The Company is organized under the laws of Canada. The mineral reserves and resources described herein are estimates, and have been prepared in compliance with National Instrument 43-101 (â–NI 43-101â–). The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the United States Securities and Exchange Commission (â–SECâ–) Industry Guide 7. In addition, the terms â–mineral resourceâ–, â–measured mineral resourceâ–, â–indicated mineral resourceâ– and â–inferred mineral resourceâ– are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7, and normally are not permitted to be used in reports and registration statements filed with the SEC. Accordingly, information contained in this financial report containing descriptions of the Diavik Diamond Mineâ–s mineral deposits may not be comparable to similar information made public by US companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

The reserve and resource information for the Diavik Diamond Mine was prepared by or under the supervision of Calvin G. Yip, P. Eng., an employee of Diavik Diamond Mines (2012) Inc. and a Qualified Person within the meaning of NI 43-101. For further details and information concerning the Companyâ–s mineral reserves and mineral resources, readers should refer to the technical report entitled â–Diavik Diamond Mine, Northwest Territories, Canada, NI 43-101 Technical Reportâ– that has an effective date of March 18, 2015, and the Companyâ–s most recently filed Annual Information Form, which can be found on the Companyâ–s profile at www.sedar.com and on the Companyâ–s website at www.ddcorp.ca.

Ekati Diamond Mine Mineral Reserve and

Mineral Resource Statement

AS OF JANUARY 31, 2015 (UNAUDITED) (100% BASIS)

Mineral Reserves

Â	Â	Â Proven			Â Probable			Â Proven and Probable	
		Â Millions	Â Carats	Â Millions	Â Millions	Â Carats	Â Millions	Â Millions	Â Carats
Kimberlite	Â	Â							

pipes	Â Zone location	Â Type	Â of tonnes	Â per tonne	Â of carats	Â of tonnes	Â per tonne	Â of carats	Â of tonnes	Â per tonne
Koala	Core	UG	â 	â 	â 	4.0	6.0	2.3	4.0	0.6
Misery Main	Core	OP	â 	â 	â 	3.0	4.7	14.2	3.0	4.7
Pigeon	Core	OP	â 	â 	â 	7.4	0.5	3.6	7.4	0.5
Jay	Buffer	OP	â 	â 	â 	45.6	1.9	84.6	45.6	1.9
Lynx	Buffer	OP	â 	â 	â 	1.1	0.9	1.0	1.1	0.9
Stock-pile	Â Core	Â N/A	Â â 	Â â 	Â â 	Â 0.1	Â 0.4	Â 0.02	Â 0.1	Â 0.4
Sub-Total Core Zone			Â â 	Â â 	Â â 	Â 14.5	Â 1.4	Â 20.2	Â 14.5	Â 1.4
Sub-Total Buffer Zone			Â â 	Â â 	Â â 	Â 46.7	Â 1.9	Â 85.6	Â 46.7	Â 1.9
Total Reserves			â 	â 	â 	61.21	8.105	861.21	8105.8	

Note: Totals may not add up due to rounding.

Mineral Resources

Â			Â Measured Resources			Â Indicated Resources			
Kimberlite	Â	Â	Â Millions	Â Carats	Â Millions	Â Millions	Â Carats	Â Millions	Â
pipes	Â Zone location	Â Type	Â of tonnes	Â per tonne	Â of carats	Â of tonnes	Â per tonne	Â of carats	Â
Koala	Core	UG	â 	â 	â 	6.6	0.8	5.0	Â
Koala North	Core	UG	â 	â 	â 	â 	â 	â 	â
Fox	Core	OP	â 	â 	â 	35.2	0.3	9.8	Â
Misery Main	Core	UG	â 	â 	â 	3.7	4.5	16.8	Â
Misery South	Core	OP	â 	â 	â 	â 	â 	â 	â
Misery Southwest	Core	OP	â 	â 	â 	â 	â 	â 	â
Misery Northeast	Core	OP	â 	â 	â 	â 	â 	â 	â
Pigeon	Core	OP	â 	â 	â 	12.0	0.5	5.9	Â
Sable	Core	OP	â 	â 	â 	15.4	0.9	14.0	Â
Jay	Buffer	OP	â 	â 	â 	48.2	1.9	90.6	Â
Lynx	Buffer	OP	â 	â 	â 	1.3	0.8	1.0	Â
Stock-pile	Â Core	Â N/A	Â â 	Â â 	Â â 	Â 0.1	Â 0.4	Â 0.02	Â
Sub-Total Core Zone	Â Â	Â Â	Â â 	Â â 	Â â 	Â 72.9	Â 0.7	Â 51.4	Â
Sub-Total Buffer Zone	Â Â	Â Â	Â â 	Â â 	Â â 	Â 49.4	Â 1.9	Â 91.6	Â
Total Resources			Â â 	Â â 	Â â 	Â 122.3	Â 1.2	Â 143.0	Â

Mineral resources are inclusive of mineral reserves.

Mineral resources are reported at +1.0 mm (diamonds retained on a 1.0 mm slot screen).

Note: Totals may not add up due to rounding.

Cautionary Note to United States Investors Concerning Disclosure of Mineral Reserves and Resources: The Company is organized under the laws of Canada. The mineral reserves and resources described herein are estimates, and have been prepared in compliance with National Instrument 43-101 (â NI 43-101â). The definitions of proven and probable reserves used in NI 43-101 differ from the definitions in the United States Securities and Exchange Commission (â SECâ) Industry Guide 7. In addition, the terms â mineral resourceâ , â measured mineral resourceâ , â indicated mineral resourceâ and â inferred mineral resourceâ are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under SEC Industry Guide 7, and normally are not permitted to be used in reports and registration statements filed with the SEC. Accordingly, information contained in this financial report containing descriptions of the Ekati Diamond Mineâ 's mineral deposits may not be comparable to similar information made public by US companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder. United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.

The reserve and resource information for the Ekati Diamond Mine was prepared by or under the supervision of Peter Ravenscroft, FAusIMM, of Burgundy Mining Advisors Ltd., an independent mining consultancy. Mr. Ravenscroft is a Qualified Person within the meaning of NI 43-101. For further details and information concerning the Companyâ 's mineral reserves and mineral resources, readers should refer to the technical report entitled â Ekati Diamond Mine, Northwest Territories, Canada, NI 43-101 Technical Reportâ that has an effective date of January 31, 2015, and the Companyâ 's most recently filed Annual Information Form, which can be found on the Companyâ 's profile at www.sedar.com and on the Companyâ 's website at www.ddcorp.ca.

Photos/Multimedia Gallery Available: <http://www.businesswire.com/multimedia/home/20150408006712/en/>

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