

The Washington Companies ("Washington"), a group of privately held North American mining, industrial and transportation businesses founded by industrialist and entrepreneur Dennis R. Washington, today announced that it has made a proposal to the board of directors of Dominion Diamond Corporation (TSX: DDC, NYSE: DDC) ("Dominion") for a transaction in which Washington would acquire all of the outstanding common shares of Dominion for US\$13.50 per share in cash, representing a 36 percent premium to Dominion's closing stock price on March 17, 2017 and a 54 percent premium to the price when discussions ended on March 15, 2017.

The proposal, which was made in a letter to Dominion's board of directors on February 21, 2017, is not conditional on financing but is conditional on Washington conducting confirmatory due diligence during a period of exclusivity and negotiating an acquisition agreement. After multiple discussions and concessions made by Washington over a three-week period, Dominion's board of directors continues to refuse to grant Washington access to due diligence, which Washington has stated could lead to an increased offer price, on terms acceptable to Washington.

Washington has a long track record of growing its businesses throughout North America, with expertise in the mining industry and the Canadian market. Washington strongly supports Dominion's plans to develop the Company's mining assets, while positively impacting current and future employees and benefiting local communities. Washington would provide Dominion opportunities for further growth and work closely with management to put in place an appropriate long-term cost structure to preserve the operational and financial flexibility for management to execute its strategic plan. The nature of the mining business favors an owner such as Washington, which has a deep understanding of the sector, a long-term view and permanent capital to invest in the business over multiple decades.

"We believe our proposal is extremely compelling and clearly in the best interests of Dominion and all of its stakeholders, including shareholders, customers, employees, and communities," said Lawrence R. Simkins, President of Washington. "If the transaction is consummated, it would provide Dominion shareholders with a substantial cash premium and offer superior value to that which Dominion could realize through ongoing execution of its plan or any other available alternative transaction. As a part of Washington, Dominion would receive significant, long-term investment to develop its most promising growth assets, creating meaningful opportunities for its employees and the communities in which it operates."

Mr. Simkins continued, "We are disappointed that Dominion's board has thus far prevented Washington from moving ahead with its proposal under which shareholders would receive a substantial premium and immediate liquidity, but we remain fully committed to completing this transaction."

#### Background On Discussions

Following Washington's proposal to Dominion's board of directors on February 21, 2017, the companies engaged in discussions and an in-person meeting to discuss the terms upon which Washington would be given access to due diligence and a potential path forward. On March 15, 2017 the Dominion board of directors advised that it would not grant Washington access to due diligence unless Washington agreed to a broad 12-month standstill and would not agree to an exclusivity period as requested by Washington for it to complete its due diligence. Despite reasonable accommodations, which included Washington agreeing to a partial standstill providing that it would not acquire shares, make an unsolicited offer or sponsor a proxy fight during the standstill period and offering generous carve-outs to its exclusivity request, Dominion still refused. Washington made it clear to Dominion that, while it would agree to certain standstill restrictions, under no circumstances would it agree to be restricted from publicly disclosing its proposal if the parties could not come to a definitive agreement. As a result, discussions have ended.

The proposal letter sent by Washington to Dominion Diamond's board of directors on February 21, 2017 follows:

February 21, 2017

STRICTLY CONFIDENTIAL

James Gowans, Chairman,  
and the Board of Directors  
Dominion Diamond Corporation  
4920-52nd Street Suite 1102  
Yellowknife, NT X1A 3T1 | Canada

Dear Mr. Gowans and Directors:

The Washington Corporations ("Washington" or "we") are pleased to submit this non-binding proposal to acquire 100% of the equity of Dominion Diamond Corporation (the "Company" or "you") in an all-cash transaction (the "Proposed Transaction") on

substantially the terms described in this letter.

Based on our knowledge of the Company from publicly available sources, we are proposing to acquire 100% of the Company's outstanding common shares in cash at USD\$13.50/share, which represents a 35% premium to the closing price of USD\$9.98 on Friday, February 17th. The Proposed Transaction allows all of the Company's shareholders to realize immediate, significant cash consideration for their shares. The making of a binding proposal with respect to the Proposed Transaction will be subject to our confirmatory diligence, as discussed below, and the negotiated terms of a customary definitive acquisition agreement (the "Acquisition Agreement"). We anticipate that the Proposed Transaction would be structured as a statutory plan of arrangement under the Canada Business Corporations Act. Subject to the completion of due diligence we may value the Company higher than the indicated price.

The Washington Companies are a group of individual privately held companies headquartered throughout the United States and Western Canada, conducting business internationally. Our purpose is to reliably provide equipment, technology, service, and special expertise that aid our customers to operate more efficiently and more profitably. We have focused our businesses in the areas of mining, marine transportation, rail transportation, heavy equipment distribution, environmental remediation and aviation technology and service. We have a long history of successfully completing transactions of this nature in an expedient fashion. We have consistently demonstrated our commitment to our businesses by supporting our management teams' growth initiatives through high levels of service and the timely and prudent investment of capital. In particular, we are committed to mining in North America and have deep experience as the owner and operator of Montana Resources, which is an open pit copper and molybdenum mine in Butte, Montana &mdash; one of the largest in North America.

We, along with our team of advisors, have followed the Company closely and are familiar with its operations, assets and with the diamond industry. We strongly support management's plans to develop the Company's mining assets and to continue to pursue strategies for further growth. In particular, we believe that development of the Ekati Mine Jay pipe is important to all of the stakeholders of the Company, including the local economy, and is an integral part of the value of the business. We also believe that the nature of the mining business favors a shareholder with a long-term view, patience and effectively permanent capital to invest in the business over multiple decades.

Given our long-term investment philosophy, we anticipate starting with a conservative capital structure that will allow us to continue development of the Ekati Mine Jay pipe and pursue the Company's current mining plan, while providing opportunity for further growth. We have the resources to fund the Proposed Transaction from existing liquidity. However, we will likely access the debt markets for a portion of the consideration in order to provide the Company with the most appropriate and cost-effective long-term capital structure. Based on our experience, we are confident that we will be able to arrange the debt financing needed to support this acquisition and do not expect the Acquisition Agreement or related documentation to contain a financing contingency. Any changes to this proposed leverage and structure will be assessed in collaboration with management to ensure that we preserve the operational and financial flexibility necessary for the management to execute its business plan.

As noted above, the making of a binding proposal to complete the Proposed Acquisition would be subject to: (a) negotiation of a mutually satisfactory binding Acquisition Agreement and related documentation with standard representations, warranties, conditions and other provisions; and (b) completion of confirmatory due diligence, including: site visits, meeting with management and customary operational, financial, legal and tax due diligence. The Acquisition Agreement would be subject to standard conditions of closing, including but not limited to, satisfaction of any required regulatory approvals (which are not expected to be of any consequence).

We have been working with advisors and the publicly available information to further our understanding of the diamond industry and the Company in particular. We are prepared to move expeditiously to complete our due diligence and to negotiate the definitive Acquisition Agreement within a 45-day confirmatory due diligence period, which would be extendable by 15 days if we are still working in good faith to negotiate the definitive Acquisition Agreement after 45 days, and to do so in a manner which would not be disruptive to the Company.

Until such time as we and the Company enter into a definitive Acquisition Agreement, any public disclosure by the Company of the existence or contents of this letter would be premature. If this letter is accepted and agreed to, the Company agrees that the existence and contents of this letter shall be held in strict confidence by the Company and, except as required by law or the rules and regulations of any applicable stock exchange and after prior notice to Washington to the extent permissible, no disclosure of the contents of this letter shall be made to any person whatsoever other than its directors, officers and employees and/or advisors who "need to know" such information for the purpose of proceeding with the Proposed Transaction.

Based upon the substantial premium we expect to be offering to your shareholders, the benefits involved for all of your stakeholders, and the substantial time and resources we are spending on the Proposed Transaction, we request an exclusivity period for Washington to complete its outstanding diligence and enter into a definitive Acquisition Agreement with the Company. If this letter is accepted, in consideration of the time that will be expended and the expenses incurred by us in connection with pursuing the Proposed Transaction, you agree that for a period commencing on the date of your acceptance of this letter until 45 days from the date we are first given access to a formal and substantially complete data room with due diligence materials (which period shall be extended by 15 days if we are still working in good faith to negotiate the definitive Acquisition Agreement after 45 days): (a) you and your affiliates will not, and will not permit your and their respective officers, directors or agents (collectively, "Agents"), directly or indirectly, to take any action to solicit, initiate, encourage or facilitate any inquiries regarding, or the making of, any Acquisition Proposal (as hereinafter defined), and: (b) you will promptly advise us if you receive any

inquiries or proposals from a third party or their Agents regarding an Acquisition Proposal, including the material terms of any such Acquisition Proposal. The term "Acquisition Proposal" means any offer or proposal for, or any indication of interest in, (i) the direct or indirect purchase of any of the shares of the Company or any successor, (ii) any merger, amalgamation, arrangement or other business combination involving the Company or any successor, (iii) the acquisition of any equity interest in, or any material portion of, the assets of the Company or its subsidiaries or any successor or any assets used in the business of the Company, or (iv) any offer or proposal for a securitization, monetization or similar arrangements relating to the Company, its business or its assets, other than the transactions contemplated by this letter. You represent and warrant to us that you and your Agents are not currently involved in any discussions or negotiations with respect to any Acquisition Proposal by any person or entity other than Washington.

Except for the two preceding paragraphs (which are intended to be binding), this letter is non-binding and does not create or impose any legal obligation on any party. In particular, notwithstanding anything in this letter to the contrary, this letter is a statement of our intentions, shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflict of laws, is not a legally binding agreement on Washington, and shall not give rise to any legal consequences in any respect. Washington will not be legally bound to purchase the Company until the parties enter into binding definitive agreements.

Should you have any questions regarding this letter, please contact Larry Simkins at (406) 523-1383.

We hope you will agree that the prompt implementation of the Proposed Transaction is in the best interests of the Company and all of its stakeholders. The Proposed Transaction provides all shareholders immediate, substantial cash consideration for their shares, while providing the Company a stable, long-term owner focused on growing the Company. This will provide significant employment and economic benefit over a mine life that may be extended by decades, positively impacting the Company's current and future employees and the communities of the First Nations, the Northwest Territories and all of Canada. We ask that you respond to us by February 28, 2017. We look forward to hearing from you, so that we can begin to move forward together with this exciting transaction.

Sincerely,

WASHINGTON CORPORATIONS

By: /s/ Lawrence R. Simkins, President

BDT & Company, LLC is providing financial advice to The Washington Companies, Skadden, Arps, Slate, Meagher & Flom LLP is providing legal counsel in the U.S. and Blake, Cassels & Graydon LLP is providing legal counsel in Canada.

About The Washington Companies

The Washington Companies, founded by industrialist and entrepreneur Dennis R. Washington, are privately held companies active in the core industries of mining, rail and marine transportation, aviation, environmental remediation and restoration services, and heavy equipment sales and service. The companies are headquartered throughout Montana, the Pacific Northwest and western Canada and conduct business internationally.

Cautionary Statement Regarding Forward Looking Statements and Regarding the Nature and Legal Effect of the Proposal

Some information in this news release may be forward-looking. Implicit in that information are assumptions and expectations which, although considered reasonable by us, may prove to be incorrect. Actual future outcomes and results, including whether our proposal is acted upon by Dominion, whether a transaction and the definitive documentation relating thereto are agreed to by the parties and whether the conditions relating to such transaction are satisfied, are subject to a number of risks and uncertainties, and could differ materially from what is currently proposed or planned as described herein. You should not place undue importance on forward-looking information. While we may elect to, we are under no obligation and do not undertake to update this information at any particular time.

The non-binding proposal is subject to, among other things, the satisfactory completion of confirmatory due diligence, the negotiation and execution of a definitive agreement on mutually agreeable terms and the receipt of any necessary corporate and other third party approvals, including the approval of Dominion's board of directors and shareholders. No binding obligation will arise with respect to the proposed transaction unless and until a definitive agreement with Dominion has been executed and delivered.

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