

Dominion Diamond Mines Reaches Agreement to Sell Ekati Mine

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Bidders Agree to Provide US\$70 Million in New Financing

Proposed Sale is Subject to Court Approval

Dominion Diamond Mines ULC and certain affiliates (the "Company") announced today that they have settled an asset purchase agreement (the "Agreement") with DDJ Capital Management, LLC and Brigade Capital Management, LP (the "Bidders"), both investment managers to holders of the Company's second lien notes. Under the agreement, an entity to be controlled by the Bidders (the "Purchaser") would acquire substantially all of Dominion's assets, excluding Dominion's joint venture agreement and liabilities relating to the Diavik Mine, in consideration for the assumption by the Purchaser of various liabilities owing to Dominion's creditors, employees, suppliers and surety bond holders, and the provision of a US\$70 million working capital facility (the "Working Capital Facility"). This capital is intended to fund the post-closing satisfaction of certain assumed liabilities, operations at the Ekati Mine, and for general working capital purposes (the "Proposed Transaction").

As previously announced, on April 22, 2020, Dominion filed for insolvency protection under the Companies' Creditors Arrangement Act (the "CCAA") and obtained an order from the Alberta Court of Queen's Bench (the "Court") granting Dominion protection under the CCAA pursuant to an order from the CCAA Court.

Details on Proposed Transaction

Under the terms of the Agreement, upon closing of the Proposed Transaction, the Purchaser will purchase from Dominion substantially all of its assets, excluding Dominion's joint venture agreement and liabilities relating to the Diavik Mine, in exchange for the Purchaser (i) assuming US\$70 million of Dominion's outstanding indebtedness under its Revolving Credit Agreement, dated November 1, 2017, as amended (the "Pre-filing Credit Agreement") with the First-lien lenders of the Company (the "First-lien Lenders"), (ii) assuming indemnity and related obligations under Dominion's surety bonds in the face amount of CND\$279 million issued by Aviva Insurance Company of Canada, Argonaut Insurance Company and Zurich Insurance Company Ltd (the "Surety Bond Issuers"), subject to the terms and conditions set out in certain support confirmations provided by the Surety Bond Issuers to the Bidders on December 4, 2020 (the "Surety Support Confirmations"), (iii) permitting the Working Capital Facility to be utilized to satisfy cure cost payments to certain trade creditors of Dominion at the closing of the Proposed Transaction, all to the extent the Company is able to negotiate satisfactory arrangements with such trade creditors, and (iv) assuming various additional pre-filing liabilities related to the Company's employees. The Purchaser will not assume any liabilities in respect of the Company's senior second-lien notes with an outstanding principal amount of US\$550 million or in respect of the Pre-filing Credit Agreement indebtedness relating to CND\$105 million in letters of credit issued in connection with the Company's interests in the Diavik Mine.

The Bidders have also agreed to make available to the Purchaser the Working Capital Facility to fund the post-closing satisfaction of certain assumed liabilities of the Company, operations at Ekati, and general working capital, subject to compliance with a Mutual Support Agreement dated December 4, 2020 between the Bidders and the First-lien Lenders whereby the First-lien Lenders agree to support the Proposed Transaction on negotiated terms and conditions.

Upon completion of the Proposed Transaction, Dominion expects the ongoing business to pay or otherwise

satisfy, among other things, obligations to certain stakeholders, including:

- Dominion's employees, including pension obligations;
- Governmental authorities, including reclamation obligations at Ekati; and
- Dominion's Impact Benefit Agreement partners and other Indigenous groups and Northern communities.

The Proposed Transaction is subject to certain closing conditions, including (i) CCAA Court approval, (ii) the successful transfer or reissuance of the material governmental/regulatory authorizations required to operate Dominion's business or for the Purchaser to acquire the Company's assets as contemplated by the Agreement (the "Authorizations"), (iii) the Surety Bond Issuers taking all steps contemplated by the Surety Support Confirmations, and (iv) additional customary closing conditions.

The Company has agreed to take all action reasonably necessary or appropriate to restart operations at the Ekati Mine as soon as possible, and no later than January 29, 2021.

Under the terms of the Agreement, the Proposed Transaction must close no later than February 1, 2021 (the "Outside Date"), subject to certain exceptions, including the ability of the parties to extend the Outside Date for up to an additional four weeks if any required approvals to transfer or reissue the Authorization has not been obtained by the Outside Date.

Copies of the applicable Court orders and other Court materials and information related to the Company's CCAA proceedings are available on the website maintained by FTI, which has been appointed by the Court as Dominion's Monitor to oversee the CCAA proceedings: cfcanada.fticonsulting.com/Dominion.

Blake, Cassels & Graydon LLP is serving as Dominion's legal counsel. Evercore is serving as financial advisor.

Osler, Hoskin & Harcourt LLP and Cahill Gordon & Reindel LLP are serving as legal counsel for the First-Lien Lenders; Administrative Agent. RPA Advisors, LLC is serving as financial advisor.

Torys LLP is serving as the Bidders' legal counsel. Houlihan Lokey, Inc. is serving as financial advisor.

About Dominion Diamond Mines

Dominion Diamond Mines ULC is a Canadian mining company and one of the world's largest producers and suppliers of premium rough diamond assortments to the global market. The company owns a controlling interest in the Ekati Diamond Mine, which it operates, and owns 40% of the Diavik Diamond Mine. The company also holds a controlling interest in the Lac de Gras Diamond Project. The Ekati and Diavik Diamond Mines, and the Lac de Gras Diamond Project are located in the Northwest Territories of Canada. In addition to its mining and exploration operations, Dominion has offices in Canada, Belgium and India.

For more information, please visit www.ddmines.com and Dominion's private investor portal, or contact investor@ddcorp.ca.

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