# Arctic Blue Diamonds Ltd. Acquires Controlling Interest In Wo Diamond Project Hosting The DO27 Kimberlite

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Arctic Blue Diamonds Ltd. ("Arctic Blue"), a private NWT diamond company, today announced the acquisition of an 89.7 percent interest in the WO Diamond Project, which hosts the large, high-grade DO27 kimberlite. A 72.1 percent interest was acquired from Peregrine Diamonds Ltd., a subsidiary of De Beers Canada Inc., and a further 17.6 percent interest was acquired from Archon Minerals Ltd.

Arctic Blue is part of the Arctic Blue Group, which includes Arctic Blue LLC, an online diamond jewelry retailer offering a large selection of Canadian fluorescent diamonds on arcticblue.com. As operator of the WO Joint Venture ("WO JV"), Arctic Blue holds the diamond marketing rights of future diamond production.

The WO Project encompasses eight mining leases covering 5,815 hectares located approx. 11 kilometers (km) off the seasonal ice road, 23km from the Diavik Diamond Mine and 53km from the Ekati Diamond Mine.

DO27 is one of the largest diamond-bearing kimberlites in Canada. The pipe has a surface area of approx. 9 hectares and lies below a shallow lake with an area of approx. 1 square km and an average depth of approx. 4 meters (m). By comparison, all the kimberlites mined at the Diavik Diamond Mine have surface areas less than 2 hectares, and most of the kimberlites at the Ekati Diamond Mine have surface areas less than 3 hectares.

Extensive delineation and resource drilling has been undertaken at DO27, including 114 core holes (24,185m) and 46 large diameter reverse circulation holes (8,840m). DO27 has been explored in detail to a depth of approx. 350m and remains open further to depth.

Based on drilling completed to date, the DO27 kimberlite hosts the following Mineral Resources:

| | Tonnes (1,000,000s | Carats (1,000,000s) | Grade (cpt) |
|---|---|---|---|
| Indicated Mineral Resource | 19.5 | 18.2 | 0.94 |

***Notes:***
*- Effective data is August 7, 2008*
*- Dr. Ted Eggleston, RM SME and Ken Brisebois, P.Eng. are the Qualified Persons for the estimate.*
*- Mineral Resources are stated at an effective 1mm bottom cutoff and are constrained within a conceptual mining shell based on assumptions of a diamond price of US$72/carat, 100% metallurgical recovery, US$2.05/t mining costs with an incremental $0.02 per 10m depth, US$19.96/t operating costs including on-site scrubbing and an estimate for trucking to, and processing at, an off-site diamond processing facility.*

At depth, beneath the Indicated Mineral Resource, an additional 6.5-8.5 million tonnes of kimberlite grading in the range of 0.8-1.0 carats per tonnes (cpt) represents a target for further exploration. The potential quantity and grade of this target is conceptual in nature. Further resource drilling will be required to define an expanded mineral resource. It is uncertain whether additional exploration will result in the target being delineated as a mineral resource.

Independent valuations of diamonds recovered from DO27 were conducted in 2006 and 2007 by WWW International Diamond Consultants Ltd. ("WWW"). The 2007 valuation was based on a parcel of 2,075 carats. The DO27 Mineral Resource declared in 2008 assumed an average rough diamond price of US$72 per carat. In July 2014, WWW provided a report showing a general upward trend of rough diamond prices since the 2007 valuation. Based on independent rough diamond price indices, the average rough diamond price for the DO27 parcel is now projected to have increased to between US$90 and US$100 per carat.

Unlike most kimberlites, the DO27 ore is extremely soft with a very low density. Based on this, Peregrine Diamonds retained AMEC Americas Ltd. to develop an Ore Concentrate Option whereby a simple ore washing process removes high quantities of unwanted fines fractions below 1mm and retains the +1mm ore

fractions for final processing at an off-site diamond recovery plant. Testing of the DO27 kimberlite confirmed that approx. 90 percent of the ore in the first 60m depth interval will report to fines after the washing process. This significantly reduces the volume of diamond-bearing ore to be transported to an off-site diamond plant.

Arctic Blue Executive Chair Patrick Evans commented: "As some of the existing diamond mines approach the end of their economic lives, DO27 offers the opportunity to extend the life of the existing diamond plants by producing a very high-grade diamond concentrate of over 80 carats per tonne suitable for shipment to existing diamond recovery facilities, or alternatively to a purpose-built facility in Yellowknife."

Mr. Evans added: "The extremely soft nature of the DO27 ore also opens the potential for the deployment of Underwater Remote Mining (URM) technology. Kimberlites with soft, low-density ore can be mined most efficiently using URM systems. Besides offering exceptionally low capital and operating cost opportunities, URM is the most sustainable form of mining, with minimal impact on the environment."

The URM system for kimberlites was developed by IHC Mining, a division of Royal IHC ("IHC") of The Netherlands, and is based on decades of deep-sea mining and trenching experience. In 2018, Dominion Diamond Mines contracted IHC to develop a URM system for deployment at the Ekati Diamond Mine in Canada's Northwest Territories. Over the past seven years, various elements of URM systems have been tested, and capital and operating costs have been modeled. The test results confirmed that the most suitable system for underwater kimberlite mining is the "Crawler" system.

As announced by IHC Mining on September 14, 2022: "The underwater mining crawler is a remote operated continuous mining machine, equipped with the latest underwater control and positioning equipment. The ore is directly excavated with a drum cutter in small layers and eliminates the need for blasting explosives. From the crawler, the ore is pumped to the surface of the flooded pit via a vertical pipeline system to the Launch and Recovery Platform, from where the ore is transported further to a dewatering plant. The crawler system is capable of operating at a water depth of up to 400 meters."

The Ekati Diamond Mine's first mining crawler has been built at IHC's facility in the United Kingdom.

While the WO Project remains on care and maintenance, environmental, geological, and engineering studies will be undertaken to assess development opportunities for the DO27 kimberlite, including the potential for deployment of URM technology and production of a high-grade diamond concentrate for offsite treatment and final diamond recovery.

**About Arctic Blue Diamonds Ltd.**

Arctic Blue Diamonds Ltd. is a private NWT corporation focused on the development of the DO27 kimberlite in Canada's Northwest Territories. The Company is part of the Arctic Blue Group, including the online diamond jewelry retailer Arctic Blue LLC which offers a large selection of Canadian diamonds through www.arcticblue.com.

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