



**BURGUNDY**  
DIAMOND MINES

# APPENDIX 4E

FOR THE YEAR ENDED  
31 DECEMBER 2025



**BURGUNDY DIAMOND MINES LIMITED**  
**APPENDIX 4E**  
**PRELIMINARY UNAUDITED FINANCIAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

Name of Company	Burgundy Diamond Mines Limited
ABN	33 160 017 390
Current Reporting Period	12 months ended 31 December 2025
Previous Reporting Period	12 months ended 31 December 2024

**Results for Announcement to the Market**

These unaudited results are prepared in accordance with Australian Accounting Standards. Amounts presented are in US Dollars, except as otherwise noted.

<b>Statutory Results</b>	<b>31 December 2025</b>	<b>31 December 2024</b>	<b>Up/(Down)</b>	<b>%</b>
		<b>(*Restated)</b>		
Unaudited	\$'000	\$'000	\$'000	
Revenue from ordinary activities	186,232	442,117	(255,885)	(58%)
Loss before taxes*	(86,660)	(139,003)	(52,343)	(38%)
Net loss after taxes*	(86,847)	(103,192)	(16,345)	(16%)
Total comprehensive loss attributable to the owners*	(87,412)	(103,156)	(15,744)	(15%)

\* Refer to Note 34 - Restatement of comparatives in the accompanying preliminary unaudited financial report.

There were no dividends paid or declared during the year ended 31 December 2025 (year ended 31 December 2024: \$nil). Basic loss per share and diluted loss per share are shown on page 4.

**Explanation of Results**

Revenue from ordinary activities of \$186.2 million, consists primarily of rough diamond sales of \$182.7 million and \$3.6 million of polished diamond sales. The decrease in revenue from prior year is primarily as a result of lower carats recovered and lower pricing realised during the year as Point Lake mining operations were temporarily suspended in July 2025 due to challenging conditions for the diamond market including the imposition of significant tariffs between the USA and India resulted in sub-economic prices for the diamond population of Point Lake.

The net loss for the year ended 31 December 2025 was \$86.8 million compared to a net loss of \$103.2 million in the year ended 31 December 2024. Net loss incurred during 2025 was primarily due to lower sales that were impacted by suspension of Point Lake operations that resulted in lower carat recoveries and lower pricing realised during the year due to the adverse impact of tariffs on diamond markets. Whereas in the prior year net loss was primarily attributed to the impairment of Ekati Diamond Mine property, plant and equipment of \$151.6 million.

As at 31 December 2025, the Group had funds of \$26.6 million (31 December 2024: \$25.1 million). During the year, the Group generated \$42.6 million from operating activities primarily from sales of rough diamonds, income tax refund of \$10.5 million and working capital related timing adjustments that reflect deferral of payable payments to conserve cash. Cash generated from financing activities of \$38.1 million reflects proceeds from borrowings of \$37.7 million representing the loan financing received from Canada's Large Enterprise Tariff Loan Facility in December 2025, net proceeds from fuel offtake financing of \$6.9 million and principal lease repayments of \$6.5 million. Cash used in investing activities of \$79.6 million mainly comprised of \$80.5 million on purchase of property, plant and equipment offset by refund of restricted cash of \$0.9 million.

### Net tangible assets per ordinary share

Net tangible assets per ordinary share	31 December 2025	31 December 2024 (*Restated)	Up/(Down)
Unaudited	\$	\$	\$
Net tangible assets per ordinary share	(0.03)	0.03	(0.06) Cents

The Group's liabilities increased due to build up of payables in order to conserve cash and higher loans and borrowings. The increase in loans and borrowings is attributed to bridge financing of \$7.0 million that was received in November 2025 and \$37.7 million of loan financing received from Canada's Large Enterprise Tariff Loan Facility. The significant increase in liabilities resulted in a negative net tangible asset per ordinary share as at 31 December 2025.

### Changes in controlled entities

The Company's wholly owned Belgian subsidiary, Arctic Canadian Diamond Marketing N.V. was liquidated on 30 December 2025.

### Details of Associates and Joint ventures

During the year, there was no change in the Company's 40% interest in the Naujaat Project which is a joint venture with North Arrow Minerals Inc.

### Accounting standards used by foreign entities

All subsidiaries use International Financial Reporting Standards.

### Independent auditor's report

The financial report is in the process of being audited with an expectation of an unmodified audit report containing a material uncertainty relating to going concern.

### Attachments forming part of Appendix 4E

Preliminary unaudited financial report of Burgundy Diamond Mines Limited for the year ended 31 December 2025 is attached.

## Consolidated Statement of Loss and Other Comprehensive Loss

(expressed in thousands of United States dollars)

	Note	Year ended 31 December 2025	Year ended 31 December 2024 (*Restated)
Revenue	5	186,232	442,117
Cost of sales*	6	(253,631)	(375,864)
<b>Gross margin*</b>		(67,399)	66,253
Other income	7	14,467	9,046
Selling and distribution expenses	6	(5,718)	(6,031)
General and administrative expenses	6	(14,980)	(23,158)
Mine development costs		(8,544)	—
Impairment of property, plant and equipment	6,11	—	(151,621)
Other expenses	6	(10,894)	(9,731)
<b>Operating loss*</b>		(93,068)	(115,242)
Finance expenses	8	(19,463)	(27,416)
Finance income		25,125	6,509
<b>Net finance income (costs)</b>		5,662	(20,907)
Foreign exchange gain (loss)		746	(2,854)
<b>Loss before taxes*</b>		(86,660)	(139,003)
Current tax (expense) recovery	9	(242)	13,645
Deferred tax recovery	9	55	22,166
Tax (expense) recovery		(187)	35,811
<b>Net loss*</b>		(86,847)	(103,192)
<b>Other comprehensive income (loss)</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of defined benefit obligation (net of tax recovery of \$0.0 million for year ended 31 December 2025 - net of tax recovery of \$0.3 million for period ended 31 December 2024)	17	(565)	36
<b>Other comprehensive (loss) income for the period, net of tax</b>		(565)	36
<b>Total comprehensive loss attributable to the owners*</b>		(87,412)	(103,156)
<b>Loss per share for the period attributable to the owners:</b>			
Basic loss per share (cents)*	10	(6.11)	(7.26)
Diluted loss per share (cents)*	10	(6.11)	(7.26)

The Consolidated Statement of Loss and Other Comprehensive Loss should be read in conjunction with the notes to the consolidated financial statements.

\*Refer to Note 34 - Restatement of comparatives.

## Consolidated Statement of Financial Position

(expressed in thousands of United States dollars)

	Note	31 December 2025	31 December 2024 (*Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	201,764	135,594
Other non-current assets	12	96,417	92,521
<b>Total non-current assets</b>		<b>298,181</b>	<b>228,115</b>
<b>Current assets</b>			
Tax receivable		355	11,221
Inventory and supplies	13	104,244	186,049
Other current assets		7,571	5,081
Trade and other receivables	14	2,681	6,178
Cash and cash equivalents	15	26,582	25,142
<b>Total current assets</b>		<b>141,433</b>	<b>233,671</b>
<b>Total assets</b>		<b>439,614</b>	<b>461,786</b>
<b>EQUITY</b>			
Contributed equity	16	200,607	200,607
Reserves	17	7,665	7,862
Accumulated losses*		(250,870)	(164,023)
<b>Total equity*</b>		<b>(42,598)</b>	<b>44,446</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	18	88,451	73,834
Provision for make good	20	—	65
Deferred income		117	211
Deferred payables		12,461	—
Royalty provision*		32,238	36,536
Lease obligations	22	4,103	7,603
Employee benefit plans	23	2,009	3,566
Reclamation provisions	24	244,793	229,224
Deferred tax liabilities	9	—	55
<b>Total non-current liabilities*</b>		<b>384,172</b>	<b>351,094</b>
<b>Current liabilities</b>			
Trade and other payables*	25	68,847	50,388
Loans and borrowings	18	7,067	—
Provision for make good	20	65	—
Fuel offtake liability		8,299	—
Warrant liability		631	—
Deferred income		94	94
Royalty provision*		4,298	4,298
Lease obligations	22	7,235	9,463
Employee benefit plans	23	1,504	2,003
<b>Total current liabilities*</b>		<b>98,040</b>	<b>66,246</b>
<b>Total liabilities*</b>		<b>482,212</b>	<b>417,340</b>
<b>Total equity and liabilities*</b>		<b>439,614</b>	<b>461,786</b>

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the consolidated financial statements. \*Refer to Note 34 - Restatement of comparatives.

**Consolidated Statement of Changes in Equity**  
**(expressed in thousands of United States dollars)**  
**For the Year Ended 31 December 2025**

	Note	Issued Capital	Convertible Notes Reserve	Other Reserves	Accumulated Losses (*Restated)	Total
<b>Balance at 31 December 2023</b>		<b>200,607</b>	<b>4,384</b>	<b>2,412</b>	<b>(60,831)</b>	<b>146,572</b>
Net loss for the period*		—	—	—	(103,192)	(103,192)
Re-measurement of defined benefit obligation		—	—	36	—	36
<b>Total comprehensive loss for the period*</b>		<b>—</b>	<b>—</b>	<b>36</b>	<b>(103,192)</b>	<b>(103,156)</b>
<b>Transactions with owners of the Group:</b>						
Issue of share capital	16	—	—	—	—	—
Share-based payments	17	—	—	1,030	—	1,030
<b>Balance at 31 December 2024*</b>		<b>200,607</b>	<b>4,384</b>	<b>3,478</b>	<b>(164,023)</b>	<b>44,446</b>
Net loss for the year		—	—	—	(86,847)	(86,847)
Re-measurement of defined benefit obligation		—	—	(565)	—	(565)
<b>Total comprehensive loss for the year</b>		<b>—</b>	<b>—</b>	<b>(565)</b>	<b>(86,847)</b>	<b>(87,412)</b>
<b>Transactions with owners of the Group:</b>						
Share-based payments	17	—	—	368	—	368
<b>Balance at 31 December 2025</b>		<b>200,607</b>	<b>4,384</b>	<b>3,281</b>	<b>(250,870)</b>	<b>(42,598)</b>

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the consolidated financial statements.

\*Refer to Note 34 - Restatement of comparatives.

## Consolidated Statement of Cash Flows

(expressed in thousands of United States dollars)

	Note	Year ended 31 December 2025	Year ended 31 December 2024 (*Restated)
<b>OPERATING</b>			
Net loss*		(86,847)	(103,192)
Adjustments for			
Depreciation and amortisation	6	26,003	52,312
Deferred tax recovery	9	(55)	(22,166)
Current tax (expense) recovery	9	242	(13,645)
Finance expenses	8	19,463	27,416
Finance income		(25,125)	(6,509)
Share-based compensation		(785)	2,880
Other non-cash items		(597)	78
Debt forgiveness from vendor settlements		(11,247)	—
Derecognition of contingent consideration		—	(7,500)
Private royalties paid		—	(10,896)
Unrealised foreign exchange (gain) loss		(688)	3,259
Defined benefit plan contributions	23	(1,457)	(2,073)
Impairment losses on inventory	6	14,843	—
Drawdown of royalty provision*		(4,298)	(4,298)
Impairment of property, plant and equipment	6	—	151,621
Government grants		—	351
Interest paid		(5,989)	(14,733)
Interest received		3,566	4,006
Income taxes recovered		10,508	(23,426)
Change in non-cash operating working capital			
Accounts receivable		15,863	2,333
Inventory and supplies		65,939	47,560
Other current assets		(2,490)	(820)
Trade and other payables*		26,215	2,438
Employee benefit plans		(424)	2,079
<b>Net cash from operating activities</b>		<b>42,640</b>	<b>87,075</b>
<b>INVESTING</b>			
Purchase of property, plant and equipment		(80,534)	(98,490)
Proceeds from sale of property, plant and equipment		—	771
Decrease in restricted cash	12	922	2,391
Increase in collateral for reclamation security deposits	12	—	31,735
Contribution to environmental trust fund	12	—	(58,670)
<b>Net cash used in investing activities</b>		<b>(79,612)</b>	<b>(122,263)</b>
<b>FINANCING</b>			
Repayment of convertible notes		—	(23,245)
Proceeds from fuel offtake financing		39,194	—
Repayment of fuel offtake financing		(32,238)	—
Proceeds from borrowings		37,656	—
Lease payments	22	(6,485)	(10,025)
<b>Net cash from (used in) financing activities</b>		<b>38,127</b>	<b>(33,270)</b>
Net increase (decrease) in cash and cash equivalents		1,155	(68,458)
Cash and cash equivalents, beginning of the period		25,142	94,426
Foreign exchange effect on cash balances		285	(826)
<b>Cash and cash equivalents, end of the period</b>		<b>26,582</b>	<b>25,142</b>

The Consolidated Statement of Cash Flow should be read in conjunction with the notes to the consolidated financial statements.

\*Refer to Note 34 - Restatement of comparatives

## Notes to the Consolidated Financial Statements

### NOTE 1 REPORTING ENTITY

#### Reporting Entity

Burgundy Diamond Mines Limited ("Burgundy" or "the Company") is a company limited by shares and domiciled in Australia. Burgundy's registered office is located at Level 25, Palace Tower Perth, 108 St Georges Terrace, Perth WA 6000, Australia. The consolidated financial statements of the Company as at and for the year ended 31 December 2025 comprise the Company and its subsidiaries ("the Group").

The Company's Canadian subsidiary ACDC owns 100% of Ekati Diamond Mine, a producing diamond mine located in Canada's Northwest Territories. Ekati Diamond Mine consists of the Core Zone, which includes the primary mining operations and other kimberlite pipes, as well as the Buffer Zone, an adjacent area hosting kimberlite pipes having both development and exploration potential. The Company's Belgium subsidiary ACDM was the marketing business that was previously responsible for management of supply chain, sorting, preparing, marketing and sales of rough diamonds from Ekati Diamond Mine. ACDM operations were permanently closed on 30 December 2025. Subsequent to the closure of ACDM sales and marketing functions were assumed by ACDC. The Company's Perth location focused on cutting, polishing and sales of polished diamonds, and was permanently closed on 30 June 2025.

### NOTE 2 BASIS OF PRESENTATION

#### (a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). Burgundy Diamond Mines Limited is a for-profit entity for the purpose of preparing the financial statements.

The Group is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the consolidated financial statements are rounded off to the nearest thousand dollars (\$'000), unless otherwise indicated.

#### (b) Going concern

The consolidated financial statements have been prepared on a going concern basis that contemplates the continuity of business activities in the foreseeable future and the realisation of assets and extinguishment of liabilities in the normal course of operations at the amounts stated in the consolidated financial statements that will generate sufficient income and cash flows to repay obligations, finance operations and fund capital investments to sustain operations. During the year ended 31 December 2025, the Group incurred a net loss of \$86.8 million, generated cash flows of \$42.6 million from operating activities and has net current assets of \$43.4 million. The Group also has \$36.4 million of contractual commitments that primarily include purchase commitments.

In order to strengthen the Group's liquidity position, which had been adversely affected by the impact of tariffs, the Group secured up to \$83.4 million (CDN\$115.0 million) of loan financing via Canada's Large Enterprise Tariff Loan Facility, that is managed by Canada Enterprise Emergency Funding Corporation ("CEEFC") (see Note 18(b)). As of 31 December 2025, the Group had drawn \$32.8 million (CDN\$45.0 million) and subsequent to year-end the remaining LETL Facility was drawn.

As a condition of the LETL Facility, the Group went through the following financial restructuring:

- The 2L Loan was amended in which the maturity date was revised from 30 June 2026 to 12 months after the date of maturity of the LETL Facility and 2L Loan was fully subordinated to the LETL Facility (see Note 18 (b)).
- The surety bond providers agreed to subordinate claims they have against the Group to the obligations under the LETL Facility. Agreed upon quarterly bond reduction payments of \$10.6 million (CDN\$14.5 million) have been extended past the maturity date of the LETL Facility (see Note 30 (b)).

- ACDC's credit position was improved through negotiated discounts of \$11.2 million with creditors, further supported by structured payment plans.

Notwithstanding the liquidity considerations outlined above, the Group's current cash flow forecast indicates that it is not expected to generate sufficient cash flows from operations to meet its obligations as they fall due over the next 12 months. The cash shortfall is mainly attributed to the adverse ongoing impact of US tariffs on diamond prices and production delays resulting from timing of financing received in 2025. This indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The Group is currently exploring various options to improve liquidity and address the forecast cash shortfall as noted below:

- Subsequent to year-end, the Group received the remaining CDN\$70.0 million from the LETL Facility.
- The Group has entered into discussions with CEEFC, regarding a potential increase in the LETL Facility to provide additional liquidity that will address the forecasted funding shortfall.
- As needed, the Group is reducing development capital and exploration expenditures through postponing or pausing non-critical projects and deferring or cancelling discretionary spending.

In addition to the above noted measures, additional financing via debt or equity may be required to continue operations and repay obligations as these become due.

Furthermore, the ability of the Group to continue as a going concern is subject to the following material uncertainties:

- Obtaining further funding in the form of debt or equity financing. There is material uncertainty as to whether the required financing will be secured within the necessary timeframe and on acceptable terms.
- Price and production forecasts being met to enable the Group to generate sufficient cash from operations to meet its obligations in the next 12 months. The Group predominantly operates in an industry closely correlated with commodity prices. The commodity prices have an inherent risk of external market/price volatilities which are outside of the Group's control. The cashflow forecast is sensitive to these external factors. In the event that the price and production forecasts are not met, the current forecast funding shortfall can increase, requiring additional financing or additional cost rationalisation measures.

In order to continue as a going concern, the Group must generate sufficient income and cash flows to repay obligations, finance operations and fund capital investments to sustain operations. This will require the Group to generate funds from operations, and obtain support from lenders by obtaining additional debt or equity financing. There is no certainty that the Group will achieve the production and price forecasts, obtain additional debt or equity funding.

The Directors believe that there are reasonable grounds to conclude the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial statements after consideration of the above. Notwithstanding this, as a result of the material uncertainties outlined above there is a material uncertainty as to whether the Group can continue to operate as a going concern in the period of 12 months from the date of the approval of the financial statements and be able to realise its assets and settle its liabilities at the amounts recorded in the financial statements.

#### **(c) Basis of measurement**

The consolidated financial statements have been prepared in accordance with the historical cost convention unless otherwise stated.

#### **(d) Significant Judgements and Estimates**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**(e) Parent entity information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 32.

**(f) New, revised or amended standards and interpretations adopted by the Group**

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Lack of Exchangeability (Amendments to AASB 2023-5)

The Group has adopted AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability as of 1 January 2025. The amendments require application of a consistent approach in determining exchangeability of currencies and associated spot rates and to provide enhanced disclosures where exchangeability does not exist.

Adoption of the amendments to AASB 2023-5 did not result in any material impact to the Group's consolidated financial statement figures or disclosures.

**(g) New accounting standards issued but not yet effective**

A number of new accounting standards and amendments to accounting standards are effective for annual periods on and after 1 January 2026 and early application is permitted. The Group has not early adopted any of the forthcoming new or amended accounting standards in preparing the consolidated financial statements.

Presentation and disclosure in financial statements (AASB 18)

In June 2024, AASB 18 was issued by the AASB introducing new requirements to help achieve comparability of the financial performance of similar entities. AASB 18 focuses on the income statement requiring new subtotals and the classification of income and expenses into operating, investing and financing categories as well as disclosure of management performance measures and guidance on grouping information in the financial statements. AASB 18 will replace AASB 101, Presentation of Financial Statements, retaining many of the general requirements of AASB 101. The new standard is effective for reporting periods beginning on 1 January 2027, applied retrospectively. The Group is currently assessing the impact of AASB 18 on its consolidated financial statements.

Classification and measurement of financial instruments (Amendments to AASB 2024-2)

AASB 2024-2 applies to annual periods beginning on or after 1 January 2026. The amendments refine certain classification and measurement requirements in AASB 7 and AASB 9, including enhancements around settlement of financial liabilities, contractual cash flow assessments for financial assets with specific features, and additional disclosures. The Group is currently assessing the impact of the amendments but does not expect them to have a material effect on the financial statements.

Annual improvements Volume 11 (AASB 2024-3)

AASB 2024-3 makes minor improvements to the following accounting standards to address inconsistencies or to clarify requirements:

- AASB 2 - First-time Adoption of Australian Accounting Standards;
- AASB 7 - Financial Instruments: Disclosures;
- AASB 9 - Financial Instruments;
- AASB 10 - Consolidated Financial Statements; and
- AASB 107 - Statement of Cash Flows.

The new standard is effective for reporting periods beginning on 1 January 2026. The Group does not expect any material impact to consolidated financial statement figures or disclosures as the changes are minor and include improving the consistency between standards and clarifying existing requirements.

### NOTE 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### a) Judgements

- Note 26 (b) – Liquidity and capital risk management: forecasting cash flows for current and subsequent fiscal years;
- Note 33 (e) – Impairment: assessment of impairment indications;
- Note 33 (n) – Commitments and contingencies: assumptions about likelihood and magnitude of an outflow of resources; and
- Note 33 (r) – Functional currency: determination of functional currency.

#### b) Assumptions and estimates

- Note 33 (c) (iv) – Depreciation and amortisation: ore reserve and mineral resource estimates and unit-of-production depreciation;
- Note 33 (e) – Impairment of non-financial assets: assumptions used to determine recoverable amounts;
- Note 33 (f) – Inventories: determination of net realisable value;
- Note 33 (k) – Mine rehabilitation and site restoration provision: expectation of future site closure and reclamation activities and the amount and timing of associated cash flows;
- Note 33 (l) – Recovery of deferred tax assets: assess the likelihood of taxable earnings;
- Note 33 (u) – Share based payments: assumptions used in determining the fair value of the equity instruments at the date at which they are granted.

**NOTE 4 SEGMENT INFORMATION****(a) Business segments**

The identification of operating segments by management is based on product areas in internal reports regularly examined by the Board of Directors. This process facilitates resource allocation and performance evaluation for each segment based on differences in products or services. The Group's reportable segments comprise Rough Diamond and Polished Diamond. The Rough Diamond segment encompasses mining, sales and marketing of rough diamonds. The Polished Diamond segment encompasses manufacturing, sales and marketing of polished diamonds.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in Note 33. Information regarding the Group's reportable segments is presented below.

<i>For the year ended 31 December 2025</i>	<b>Rough Diamond</b>	<b>Polished Diamond</b>	<b>Total Reportable Segments</b>	<b>Unallocated Amounts</b>	<b>Total</b>
Revenue	182,667	4,916	187,583	—	187,583
Elimination of inter-segment	-	(1,351)	(1,351)	—	(1,351)
<b>Segment revenue</b>	<b>182,667</b>	<b>3,565</b>	<b>186,232</b>	<b>—</b>	<b>186,232</b>
<b>Cost of sales</b>					
Production cost of inventories	(220,883)	(16,127)	(237,010)	—	(237,010)
Depreciation and amortisation	(20,919)	—	(20,919)	—	(20,919)
Other non cash royalty provision	4,298	—	4,298	—	4,298
Total cost of sales	(237,504)	(16,127)	(253,631)	—	(253,631)
<b>Gross margin</b>	<b>(54,837)</b>	<b>(12,562)</b>	<b>(67,399)</b>	<b>—</b>	<b>(67,399)</b>
Other income	13,500	6	13,506	961	14,467
Selling and distribution expenses <sup>(i)</sup>	(3,959)	(441)	(4,400)	(1,318)	(5,718)
General and administration expenses <sup>(i)</sup>	—	—	—	(14,980)	(14,980)
Mine standby expenses	(8,544)	—	(8,544)	—	(8,544)
Other expenses	(10,894)	—	(10,894)	—	(10,894)
Operating profit (loss)	(64,734)	(12,997)	(77,731)	(15,337)	(93,068)
Finance expenses	(11,830)	—	(11,830)	(7,633)	(19,463)
Finance income	5,810	5	5,815	19,310	25,125
Foreign exchange (gain) loss	4,366	(12)	4,354	(3,608)	746
Segment profit (loss) before taxes	(66,388)	(13,004)	(79,392)	(7,268)	(86,660)
Tax expense	(187)	—	(187)	—	(187)
<b>Segment profit (loss) after taxes</b>	<b>(66,575)</b>	<b>(13,004)</b>	<b>(79,579)</b>	<b>(7,268)</b>	<b>(86,847)</b>
<b>Segmented assets as at 31 December 2025</b>	<b>434,337</b>	<b>2,371</b>	<b>436,708</b>	<b>2,906</b>	<b>439,614</b>
<b>Segmented liabilities as at 31 December 2025</b>	<b>419,055</b>	<b>(2,065)</b>	<b>416,990</b>	<b>65,222</b>	<b>482,212</b>
Capital expenditures <sup>(ii)</sup>	89,813	—	89,813	88	89,901

(i) \$0.2 million of share-based compensation recovery and \$1.0 million of depreciation and amortisation are included in selling and distribution expenses and general and administrative expenses.

(ii) Capital expenditures includes PP&E additions and right-of-use assets.

<i>For the year ended 31 December 2024</i> <i>(*Restated)</i>	Rough Diamond	Polished Diamond	Total Reportable Segments	Unallocated Amounts	Total
	\$	\$	\$	\$	\$
Revenue	440,308	5,043	445,351	—	445,351
Elimination of inter-segment	(1,009)	(2,225)	(3,234)	—	(3,234)
<b>Segment revenue</b>	<b>439,299</b>	<b>2,818</b>	<b>442,117</b>	<b>—</b>	<b>442,117</b>
<b>Cost of sales</b>					
Production cost of inventories*	(322,530)	(2,108)	(324,638)	—	(324,638)
Depreciation and amortisation	(51,043)	(183)	(51,226)	—	(51,226)
Total cost of sales*	(373,573)	(2,291)	(375,864)	—	(375,864)
<b>Gross margin*</b>	<b>65,726</b>	<b>527</b>	<b>66,253</b>	<b>—</b>	<b>66,253</b>
Other income	1,420	—	1,420	7,626	9,046
Selling and distribution expenses	(3,260)	(447)	(3,707)	(2,324)	(6,031)
General and administration expenses <sup>(i)</sup>	—	—	—	(23,158)	(23,158)
Impairment of property, plant and equipment	(151,621)	—	(151,621)	—	(151,621)
Other expenses	(9,675)	—	(9,675)	(56)	(9,731)
Operating profit (loss)*	(97,410)	80	(97,330)	(17,912)	(115,242)
Finance expenses	(16,843)	—	(16,843)	(10,573)	(27,416)
Finance income	5,677	23	5,700	809	6,509
Foreign exchange gain (loss)	(10,440)	(13)	(10,453)	7,599	(2,854)
Segment profit (loss) before taxes*	(119,016)	90	(118,926)	(20,077)	(139,003)
Tax expense	35,811	—	35,811	—	35,811
<b>Segment profit (loss) after taxes*</b>	<b>(83,205)</b>	<b>90</b>	<b>(83,115)</b>	<b>(20,077)</b>	<b>(103,192)</b>
<b>Segmented assets as at 31 December 2024</b>	<b>447,529</b>	<b>8,478</b>	<b>456,007</b>	<b>5,779</b>	<b>461,786</b>
<b>Segmented liabilities as at 31 December 2024*</b>	<b>338,275</b>	<b>594</b>	<b>338,869</b>	<b>78,471</b>	<b>417,340</b>
Capital expenditures <sup>(ii)</sup>	113,969	—	113,969	647	114,616

(i) \$2.9 million of share-based compensation expense and \$1.1 million of depreciation and amortisation are included in selling and distribution expenses and general and administrative expenses.

(ii) Capital expenditures includes PP&E additions and right-of-use assets.

**(b) Geographical information:**

The geographical information analyses the Group's revenue and non-current assets by the Company's country of domicile and other countries. Revenues from external customers have been identified on the basis of the customer's geographical location and non-current assets are allocated based on their physical location.

	Revenue		Non-Current assets	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Belgium	116,879	188,724	—	3,047
United Arab Emirates	42,002	175,534	—	—
India	14,038	45,235	—	—
Canada	6,267	9,505	203,036	134,830
Australia	1,374	536	—	376
Other	5,672	22,583	—	—
<b>Consolidated</b>	<b>186,232</b>	<b>442,117</b>	<b>203,036</b>	<b>138,253</b>

Non-current assets exclude financial instruments such as reclamation deposits, restricted cash and environmental trust fund.

During the year ended 31 December 2025, \$50.8 million (31 December 2024: \$51.7 million) or 27% (31 December 2024: 12%) of the Group's revenues depended on a single customer in the Rough Diamond segment.

**NOTE 5 REVENUE**

	Year ended 31 December 2025	Year ended 31 December 2024
Revenue streams:		
Rough diamond sales	182,667	439,299
Polished diamond sales	3,565	2,818
<b>Total revenue</b>	<b>186,232</b>	<b>442,117</b>

All revenues from rough and polished diamonds sales are recognised at a point in time when control transfers to the customer. See Note 33 (m) for further details.

**NOTE 6 EXPENSE BY NATURE**

Expenses including cost of sales, selling and distribution expenses, general and administrative expenses, impairment of assets, mine development costs and other expenses as reported in the consolidated statement of loss, have been grouped by nature of expenses as follows:

	Year ended 31 December 2025	Year ended 31 December 2024 (*Restated)
Raw materials, consumables and spare parts	90,323	150,413
Salaries and employee benefits	56,332	78,873
Contractors and engineering services	67,837	89,082
Property tax and insurance costs	13,032	13,740
Depreciation and amortisation	26,003	52,312
Mine development costs	7,852	—
Exploration costs	5,259	9,781
Selling and distribution expenses	5,393	5,565
Impairment of property, plant and equipment	—	151,621
Impairment of inventory	14,843	—
Other	6,893	15,018
<b>Total expenses</b>	<b>293,767</b>	<b>566,405</b>

**NOTE 7 OTHER INCOME**

Other income for the year ended 31 December 2025 consists primarily of the debt forgiveness of \$11.2 million arising from vendor settlement negotiations.

	Year ended 31 December 2025	Year ended 31 December 2024
Derecognition of contingent consideration	—	7,500
Debt forgiveness arising from vendor settlements	11,247	—
Other	3,220	1,546
<b>Total other income</b>	<b>14,467</b>	<b>9,046</b>

**NOTE 8 FINANCE EXPENSES**

	Year ended 31 December 2025	Year ended 31 December 2024
Interest on loans	6,284	7,583
Interest on convertible debt	—	996
Accretion of reclamation provision <sup>(Note 24)</sup>	7,830	6,925
Accretion of convertible debt	—	1,437
Accretion of contingent consideration	—	389
Accretion of loans <sup>(Note 18)</sup>	197	—
Interest on lease liabilities <sup>(Note 22)</sup>	984	1,711
Finance expense on reclamation deposits <sup>(Note 12)</sup>	—	1,382
Interest on taxes payable	1	4,063
Other interest	4,167	2,930
<b>Total finance expenses</b>	<b>19,463</b>	<b>27,416</b>

**NOTE 9 INCOME TAX**

	Year ended 31 December 2025	Year ended 31 December 2024
<b>(a) The components of tax expense comprise:</b>		
<b>Current tax (recovery) expense</b>		
Current reporting period	242	(9,635)
Assessments and adjustments	—	(4,010)
<b>Total current tax (recovery) expense</b>	<b>242</b>	<b>(13,645)</b>
<b>Deferred tax recovery</b>		
Origination and reversal of temporary differences	(4,494)	(20,948)
Assessments and adjustments	4,439	(1,218)
<b>Total deferred tax recovery</b>	<b>(55)</b>	<b>(22,166)</b>
<b>Total tax (recovery) expense</b>	<b>187</b>	<b>(35,811)</b>

**Reconciliation of income tax expense to prima facie tax payable:**

Profit (loss) for the period	(86,660)	—
Income tax expense (benefit) using the domestic Corporate tax rate of 30% (2024: 30%)	(26,241)	(40,579)
Increase in income tax expense due to:		
Non-deductible expenses	(150)	2,359
Mining Royalty Tax in Canada, net of tax benefit	(3,425)	(2,370)
Timing differences not recognised	22,124	4,120
Current period tax losses	—	—
Effect of different statutory rates in foreign countries	2,710	5,777
Prior year adjustments	4,440	(5,227)
Other	729	109
<b>Tax expense</b>	<b>187</b>	<b>(35,811)</b>

**(b) Net deferred tax assets not recognised**

	Year ended 31 December 2025	Year ended 31 December 2024
<b>Net deferred tax assets not recognised</b>		
Tax losses	73,731	22,911
Reclamation Provision	44,790	66,972
Timing differences	12,590	11,052
<b>Total unrecognised net deferred tax assets</b>	<b>131,111</b>	<b>100,935</b>

**(c) Composition of deferred tax balances:**

	31 December 2024 (*Restated)	Recognised in Statement of Profit or Loss	Recognised in Other Comprehensive Loss	31 December 2025
<b>Deferred tax assets</b>				
Net operating loss carryforwards	71	(71)	—	—
Inventory	108	(108)	—	—
Lease obligations	4,796	(2,418)	—	2,378
Employee Benefit Plans	908	(437)	—	471
Provision for royalties	6,680	3,002	—	9,682
Other deferred income tax assets	14,529	29,578	—	44,107
	27,092	29,546	—	56,638
Reclassification to deferred tax liabilities	(27,092)	(29,546)	—	(56,638)
Deferred tax assets:	—	—	—	—
<b>Deferred tax liabilities</b>				
Deferred mineral property costs				
Property, plant and equipment	(12,742)	(20,347)	—	(33,089)
Inventory	—	(137)	—	(137)
Right of use asset	(68)	68	—	—
Deferred financing charges	—	—	—	—
Environmental Trust Pool	(14,074)	(9,192)	—	(23,266)
Other deferred income tax liabilities	(263)	117	—	(146)
	(27,147)	(29,491)	—	(56,638)
Reclassification from deferred tax assets	27,092	29,546	—	56,638
Deferred tax liabilities:	(55)	55	—	—

As at 31 December 2025 the Group had the following tax losses carried forward available to offset against future profits:

Year of expiry	Canada	Australia
Year 2044	215,306	—
Indefinitely	—	55,284
	<b>215,306</b>	<b>55,284</b>

Each period the Group assesses the future taxable income in each jurisdiction which it operates and determines the nature and amount sufficient to enable the benefit of such deductions to be obtained in the future. As at 31 December 2025, the Group has not recognised the benefit of deductible temporary differences and tax losses amounting to \$131.1 million (31 December 2024: \$100.9 million).

Deferred tax liabilities with respect to investments in foreign subsidiaries are not recognised where the Group is able to control the timing of the reversal and any temporary differences are not expected to reverse in the foreseeable future. The Group has not recognised a deferred tax liability with respect of \$nil (31 December 2024: \$nil million) of temporary differences associated with investments in foreign subsidiaries as the Group is able to control the timing of the reversal and any temporary differences are not expected to reverse in the foreseeable future.

**NOTE 10 EARNINGS PER SHARE**

The following table reflects the net loss and share data used in the basic and diluted earnings per share calculations:

	Year ended 31 December 2025	Year ended 31 December 2024 (*Restated)
<b>NUMERATOR:</b>		
Net loss attributable to ordinary shareholders (\$)	(86,847)	(103,192)
<b>DENOMINATOR:</b>		
Number of ordinary shares outstanding at end of the period	1,421,701,987	1,421,205,230
Vested share options exercisable for no consideration	809,842	1,306,599
Effect of share options exercised	(11,292)	(443,332)
Effect of ordinary shares issued on conversion of convertible note	—	(32,083)
Weighted average number of ordinary shares outstanding during the period used to calculate basic and diluted loss per share	1,422,500,537	1,422,036,414
<b>Basic and diluted loss per share attributable to shareholders (cents)</b>	<b>(6.11)</b>	<b>(7.26)</b>

(i) A total of 49.3 million options were excluded from the dilution calculation for the year ended 31 December 2025 (31 December 2024: 31.6 million) as they are anti-dilutive. For the year ended 31 December 2025 and period ended 31 December 2024, all potentially dilutive securities have been excluded from the calculation of diluted earnings per share, given the Group was in a net loss position during that period and their effect would be anti-dilutive.

(ii) A total of 156.2 million warrants were excluded from the dilution calculation for the year ended 31 December 2025, given the Group was in a net loss position during that period and their effect would be anti-dilutive.

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of completion of these financial statements.

**NOTE 11 PROPERTY, PLANT AND EQUIPMENT**

	Mineral properties	Equipment and leaseholds	Polishing Equipment	Furniture, equipment and other	Land and building	Assets under construction	Right-of- use assets	Total
<b>COST</b>								
Balance at 1 January 2025	68,078	159,648	253	3,254	68,101	32,825	36,865	369,024
Additions <sup>(iii)</sup> <sup>(iii)</sup>	(3,867)	179	—	—	—	88,483	1,075	85,870
Disposals	—	(183)	(253)	(123)	—	(73)	(912)	(1,544)
Transfers from assets under construction	81,491	1,966	—	799	—	(84,262)	6	—
Foreign exchange differences <sup>(i)</sup>	11,606	—	—	—	—	—	—	11,606
<b>Balance at 31 December 2025</b>	<b>157,308</b>	<b>161,610</b>	<b>—</b>	<b>3,930</b>	<b>68,101</b>	<b>36,973</b>	<b>37,034</b>	<b>464,956</b>
<b>ACCUMULATED DEPRECIATION/AMORTISATION AND IMPAIRMENT LOSSES</b>								
Balance at 1 January 2025	68,078	91,150	114	930	37,439	23,767	11,952	233,430
Depreciation and amortisation	2,155	19,712	—	604	2,969	—	6,668	32,108
Disposals	—	(24)	(114)	(71)	(3)	(26)	(234)	(472)
Foreign exchange differences <sup>(i)</sup>	(1,874)	—	—	—	—	—	—	(1,874)
<b>Balance at 31 December 2025</b>	<b>68,359</b>	<b>110,838</b>	<b>—</b>	<b>1,463</b>	<b>40,405</b>	<b>23,741</b>	<b>18,386</b>	<b>263,192</b>
<b>NET BOOK VALUE</b>	<b>88,944</b>	<b>50,774</b>	<b>—</b>	<b>2,467</b>	<b>27,696</b>	<b>13,232</b>	<b>21,363</b>	<b>204,476</b>
<b>At 31 December 2025</b>	<b>88,949</b>	<b>50,772</b>	<b>—</b>	<b>2,467</b>	<b>27,696</b>	<b>13,232</b>	<b>18,648</b>	<b>201,764</b>

	Mineral properties	Equipment and leaseholds	Polishing Equipment	Furniture, equipment and other	Land and building	Assets under construction	Right-of-use assets	Total
<b>COST</b>								
Balance at 1 January 2024	7,692	139,497	253	1,237	67,852	19,886	33,899	270,316
Additions <sup>(ii)</sup> <sup>(iii)</sup>	5,554	55	—	—	—	115,321	—	120,930
Disposals	—	(1,838)	—	—	—	—	(925)	(2,763)
Transfers from assets under construction	74,291	21,934	—	2,017	249	(102,382)	3,891	—
Foreign exchange differences <sup>(i)</sup>	(19,459)	—	—	—	—	—	—	(19,459)
<b>Balance at 31 December 2024</b>	<b>68,078</b>	<b>159,648</b>	<b>253</b>	<b>3,254</b>	<b>68,101</b>	<b>32,825</b>	<b>36,865</b>	<b>369,024</b>
<b>ACCUMULATED DEPRECIATION/AMORTISATION</b>								
Balance at 1 January 2024	42	22,326	96	268	5,606	—	3,460	31,798
Depreciation and amortisation	1,110	33,416	18	392	9,434	—	7,056	51,426
Impairment of assets	66,926	36,640	—	270	22,399	23,767	1,619	151,621
Disposals	—	(1,232)	—	—	—	—	(183)	(1,415)
<b>Balance at 31 December 2024</b>	<b>68,078</b>	<b>91,150</b>	<b>114</b>	<b>930</b>	<b>37,439</b>	<b>23,767</b>	<b>11,952</b>	<b>233,430</b>
<b>NET BOOK VALUE</b>								
<b>At 31 December 2024</b>	<b>—</b>	<b>68,498</b>	<b>139</b>	<b>2,324</b>	<b>30,662</b>	<b>9,058</b>	<b>24,913</b>	<b>135,594</b>

<sup>(i)</sup> These foreign exchange differences relate to the revaluation of the reclamation provisions.

<sup>(ii)</sup> Additions include cash additions, right-of-use asset additions, property, plant and equipment (“PP&E”) additions in payables, changes in estimate of reclamation provision and capitalised depreciation.

<sup>(iii)</sup> As at 31 December 2025, the estimate for the reclamation provision was decreased by \$3.9 million (31 December 2024 - \$5.6 million increase in estimate of reclamation provision), resulting in a corresponding decrease in the reclamation asset of the same amount.

## NOTE 12 OTHER NON-CURRENT ASSETS

The Group is required to post security with government agencies to ensure reclamation is completed on its mining properties as required by the legislation and regulations of Canada and the Northwest Territories. The security is in the form of cash, letters of credit (“LCs”) or surety bond.

	31 December 2025	31 December 2024
Sample diamonds	392	2,378
Restricted cash <sup>(a)</sup>	7,348	7,793
Reclamation deposits <sup>(b)</sup>	87,797	82,069
- Collateral posted for reclamation surety bonds	13,441	13,037
- Reclamation security deposits	56,838	16,065
- Collateral posted in environmental trust funds	17,518	52,967
Other	880	281
<b>Total other non-current assets</b>	<b>96,417</b>	<b>92,521</b>

	Restricted Cash	Reclamation Deposits			Total
		Cash Collateral for Surety	Reclamation Security	Cash Deposits under Environmental Trust Funds	
Balance at 1 January 2025	7,793	13,037	52,967	16,065	89,862
Refund/transfer received	(922)	—	—	—	(922)
Interest income on restricted cash	111	—	—	—	111
Finance income / (expense)	—	(245)	1,237	654	1,646
Foreign exchange revaluation	366	649	2,634	799	4,448
<b>Balance as at 31 December 2025</b>	<b>7,348</b>	<b>13,441</b>	<b>56,838</b>	<b>17,518</b>	<b>95,145</b>

	Restricted	Reclamation Deposits			Total
	Cash	Cash Collateral for Surety	Cash Deposits under Environmental Trust Funds	Reclamation Security	
Balance at 1 January 2024	10,564	44,575	—	16,993	72,132
Reclamation deposits made	3,053	—	26,935	—	29,988
Refund received	(5,444)	(31,735)	31,735	—	(5,444)
Interest income on restricted cash	640	—	—	—	640
Finance income / (expense)	—	3,743	(5,563)	438	(1,382)
Foreign exchange revaluation	(1,020)	(3,546)	(140)	(1,366)	(6,072)
<b>Balance as at 31 December 2024</b>	<b>7,793</b>	<b>13,037</b>	<b>52,967</b>	<b>16,065</b>	<b>89,862</b>

**(a) Restricted cash**

Restricted cash comprised of CDN\$10.7 million held by financial institutions as collateral for LCs. These LCs were held by government agencies as security for reclamation obligations.

**(b) Reclamation deposits**

Collateral posted for reclamation surety bonds

The Group has an agreement with surety providers whereby the Group provides cash collateral over time up to 100% of the face amount of the bond; and the bond value will be reduced by the payment. There were no reclamation deposit contributions made during 2025. During 2024, total contribution of CDN\$84.2 million were made to the environmental trust and surety bond value was reduced accordingly. The contribution includes CDN\$45.6 million transferred from collateral for surety, CDN\$29.0 million of cash collateral under new surety bond agreement signed in August 2024 and CDN\$9.6 million pursuant to the security requirements for Phase Two development for Point Lake Water Licence.

**NOTE 13 INVENTORY AND SUPPLIES**

	31 December 2025	31 December 2024
Stockpile ore	4,026	925
Rough diamonds – work in progress	12,751	28,432
Rough diamonds – finished goods	145	26,874
Polished diamonds – finished goods	365	5,361
Supplies inventory	86,957	124,457
<b>Total inventory and supplies</b>	<b>104,244</b>	<b>186,049</b>

For the year ended 31 December 2025, inventories recognised in cost of sales were \$253.6 million (31 December 2024: \$370.6 million).

During the year ended 31 December 2025, there were \$13.2 million (period ended 31 December 2024: \$nil) diamond inventory write-downs in the Rough Diamond and \$1.6 million (period ended 31 December 2024: \$nil) in Polished Diamond segments.

**NOTE 14 TRADE AND OTHER RECEIVABLES**

	31 December 2025	31 December 2024
Trade receivables	78	913
Sales & income tax credits	1,846	2,842
Other deposits and receivables	757	2,423
<b>Total trade and other receivables</b>	<b>2,681</b>	<b>6,178</b>

The Group has recognised a loss of \$nil (period ended 31 December 2024: \$nil) in profit or loss in respect of the expected credit losses for the period ended 31 December 2025. The Group's exposure to credit risk is disclosed in Note 26. Total trade receivables are collectable within the next 12 months.

**NOTE 15 CASH AND CASH EQUIVALENTS**

	31 December 2025	31 December 2024
Cash at bank and in hand	26,582	25,142
<b>Total cash and cash equivalents</b>	<b>26,582</b>	<b>25,142</b>

**NOTE 16 CONTRIBUTED EQUITY****(a) Ordinary Shares**

Ordinary share capital is classified as equity. The issued shares do not have a par value and there is no limit on the authorised share capital of the Company.

	31 December 2025		31 December 2024	
	No.	\$	No.	\$
Ordinary shares	1,421,701,987	200,607	1,421,634,421	200,607

**(b) Movements in Ordinary Shares Issued**

Year ended 31 December 2025	Number	\$
At 1 January 2025	1,421,634,421	200,607
Exercise of options <i>(Note 28 b)</i>	67,566	—
<b>Balance at 31 December 2025 - fully paid</b>	<b>1,421,701,987</b>	<b>200,607</b>

Year ended 31 December 2024	Number	\$
At 1 January 2024	1,421,205,230	200,607
Exercise of options	429,191	—
<b>Balance at 31 December 2024 - fully paid</b>	<b>1,421,634,421</b>	<b>200,607</b>

**NOTE 17 RESERVES**

	31 December 2025	31 December 2024
Convertible note reserve	4,384	4,384
Share-based payments reserve	4,368	4,000
Revaluation Reserve	(1,034)	(469)
Foreign currency translation reserve	(53)	(53)
<b>Total reserves</b>	<b>7,665</b>	<b>7,862</b>

## Movement reconciliation

**Convertible Note Reserve**

Balance at the beginning of the period	4,384	4,384
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<b>Balance at the end of the period</b>	<b>4,384</b>	<b>4,384</b>
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**Share Based Payment Reserve**

Balance at the beginning of the period	4,000	2,970
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Equity settled share-based payment transactions <sup>(Note 28)</sup>	368	1,030
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<b>Balance at the end of the period</b>	<b>4,368</b>	<b>4,000</b>
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**Revaluation Reserve**

Balance at the beginning of the period	(469)	(505)
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Re-measurement of defined benefit obligation	(565)	36
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<b>Balance at the end of the period</b>	<b>(1,034)</b>	<b>(469)</b>
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**Foreign Currency Translation Reserve**

Balance at the beginning of the period	(53)	(53)
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<b>Balance at the end of the period</b>	<b>(53)</b>	<b>(53)</b>
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**Convertible notes reserve**

The amount shown for other equity securities is the value of the conversion rights relating to the 6% convertible notes that was fully repaid in September 2024.

**Share-based payment reserve**

The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

**Revaluation reserve**

The revaluation reserve is used to record the re-measurement of defined benefit obligation net of tax expenses.

**Foreign currency translation reserve**

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

**NOTE 18 LOANS AND BORROWINGS**

	Currency	Year of Maturity	Nominal Interest rate	31 December 2025		31 December 2024	
				Face value	Carrying amount	Face value	Carrying amount
2nd Lien Credit Agreement ("2L Loan") <sup>(a)</sup>	US\$	2033	Note 18 (a)	73,834	58,443	73,834	73,834
Large Enterprise Tariff Loan Facility ("LETL Facility") <sup>(b)</sup>	A\$	2032	Note 18 (b)	32,730	30,008	—	—
Bridge Financing <sup>(c)</sup>	US\$/CDN\$	2026	10%	7,067	7,067	—	—
<b>Total loans and borrowings</b>				<b>113,631</b>	<b>95,518</b>	<b>73,834</b>	<b>73,834</b>
Less current portion					7,067		—
Non-current portion					88,451		73,834

**(a) 2L Loan**

The 2L Loan with initial principal amount of \$73.8 million and maturity date of 30 June 2026, was amended during December 2025 to have an extended maturity date of 17 December 2033 (12 months after the date of maturity of the LETL Facility). The loan initially had an interest rate of 10% per annum payable in arrears on the last day of each quarter until 30 June 2025. From 1 July 2025 till 17 December 2025, Payment in Kind ("PIK") interest was incurred on the loan and is payable on maturity. As of 17 December 2025 interest rates will match those of the LETL Facility (refer to 18 (b)). Payment in Kind ("PIK") interest representing interest capitalised to the principal loan balance will be incurred over the next 4 years to 17 December 2029. For the year-ended 31 December 2025, \$3.7 million of interest was paid on the 2L Loan and \$3.7 million of PIK interest was included in the carrying value of the loan (year ended 31 December 2024: \$7.6 million).

There are no financial covenants under the 2L Loan agreement. All owned assets of Arctic Companies were initially pledged under the 2L Loan. However, during December 2025, the 2L Loan agreement was amended and 2L Loan was subordinated to the LETL Facility with respect to collateral on assets. The remaining non-financial covenants under the 2L Loan agreement that are applicable as at 31 December 2025, mainly relate to the submission of financial information by certain due dates. Under the 2L Loan agreement, intercompany loans between the Arctic Companies and the parent entity must be an unsecured loan, subordinated to the 2L Loan with maturity date after 17 December 2033.

Under the requirements of AASB 9 - Financial Instruments the accounting for modification of a financial liability depends on whether the modification is a substantial or a non-substantial modification. The modification is substantial where the present value of the amended cash flows differ from the carrying value of the original debt by more than 10%. Although, the quantitative assessment of the 2L Loan cash flow modification did not result in a difference of 10% or more, the Group determined that the modification was substantial after considering qualitative factors such as the 2L Loan being subordinated to the LETL Facility and amendment of interest from quarterly cash payment to PIK. Accordingly, these amendments to the 2L Loan were accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. As such on 17 December 2025, the carrying value of the 2L Loan decreased by \$19.2 million representing debt extinguishment with the offset in Finance Income. In addition, accretion of \$0.1 million was also recorded on the 2L Loan.

On 1 July 2023, 2L Loan holders were granted 149.6 million shares of Burgundy at A\$0.25 amounting to \$25.1 million (A\$37.4 million) and as such also own an equity stake in the Company.

**(b) Large Enterprise Tariff Loan Facility ("LETL Facility")**

In December 2025, Arctic Canadian Diamond Company Ltd, the Borrower under this facility, secured up to a \$83.4 million (CDN\$115.0) loan facility through Canada's Large Enterprise Tariff Loan facility. The LETL Facility is managed by the Canada Enterprise Emergency Funding Corporation ("CEEFC"), which is a subsidiary of Canada Development Investment Corporation ("CDEV") and provides financial support to large Canadian enterprises impacted by actual and potential tariffs and countermeasures. The LETL Facility has a maturity date of 17 December 2032. As at 31 December 2025 the LETL Facility principal amount drawn was \$32.8 million (CDN\$45.0 million). Subsequent to 31 December 2025, the Group received the remaining CDN\$70.0 million from the LETL Facility (see Note 35 (i)).

The LETL Facility interest rate is calculated by taking the quarterly Canadian Overnight Repo Rate Average (“CORRA”) rate plus a margin of 200 basis points for the first two years till 31 December 2027, stepping up by 200 basis points each year thereafter till 31 December 2030, with no further step up till maturity. Interest accrued in the first 2 years may be capitalised as PIK interest, and subsequently is payable at the end of each quarter.

In consideration for providing the LETL Facility, the Company has also agreed to issue CEEFC 1,110,424,472 unlisted warrants, each exercisable into one fully-paid ordinary share of the Company at an exercise price of A\$0.017 per warrant with a 10 year expiry. Warrants will vest proportionately as draws are made from the LETL Facility (see Note 19).

Transaction costs of \$2.3 million were incurred and capitalised against the LETL Facility.

<b>Reconciliation of face value to carrying value</b>	<b>31 December 2025</b>
Face value	32,730
Warrants issued - value of conversion rights	(631)
Costs associated with the issuance of LETL Facility	(2,290)
	<b>29,809</b>
Unwinding of interest per effective interest rate method	55
PIK interest	56
Foreign exchange revaluation	88
<b>Non-current portion</b>	<b>30,008</b>

Mandatory prepayments are required upon occurrence of specific events such as:

- mandatory repayment on the maturity date;
- quarterly cash-sweeps of all cash and cash-equivalents in excess of an agreed amount, with effect on and from 1 January 2027;
- prepayment of all amounts outstanding under the LETL Facility, if a financing package for the development of Fox Mine has not been entered into by 31 December 2028 and
- pro-rata repayment of outstanding loan principal at any time the Borrower is required to repay principal amounts under its existing debt.

The LETL Facility includes various customary positive and negative covenants, including restrictions on corporate and financial activities, including limitations on incurring additional indebtedness or liens, asset dispositions, acquisitions, investments, distributions, related-party transactions, amendments to material contracts, entry into new lines of business, capital expenditures, hedging arrangements, and sale-leaseback transactions, except as expressly permitted under the loan agreements.

All assets of the Arctic Canadian Diamond Company Ltd. are pledged under the LETL Facility, except fuel inventory which is pledged under the fuel financing arrangement and capital leases that are collateral for the respective lessors. The Group is also required to maintain lender security interest over substantially all material assets of the Group and certain subsidiaries, ensure that such assets are owned by loan parties free of non-permitted encumbrances, preserve title to such assets, and cause certain subsidiaries and affiliates to provide guarantees.

The 2L Loan is subordinated under the LETL Facility. In addition, the surety bond providers have agreed to subordinate claims they have against the Group to the obligations under the LETL Facility. Agreed upon bond reduction payments have been extended past the maturity date of the LETL Facility.

### (c) Bridge financing

Bridge financing represents \$7.1 million received on 5 November 2025 from 2L lenders (\$4.0M) and certain existing surety providers (\$3.1 million) in the form of promissory notes with a maturity date of 2 February 2026. These promissory notes bear interest at 10% per annum that is calculated monthly and is payable upon maturity. These promissory notes are not subject to any covenants. As of 31 December, 2025, interest of \$0.1 million was payable on these promissory notes and is recorded in Trade and Other Payables. On 2 February, 2026, these promissory notes and outstanding interest were repaid in full (See Note 35 (ii)).

**NOTE 19 WARRANTS LIABILITY**

In consideration for providing the LETL Facility, the Company agreed to issue CEEFC 1,110,424,472 unlisted warrants, each exercisable into one fully-paid ordinary share of the Company at an exercise price of A\$0.017 per warrant with a 10 year expiry. Warrants will vest proportionately as draws are made from the LETL facility.

The Warrants will be issued in two tranches as follows:

- 156,185,448 Warrants ("Tranche A") were issued on December 17, 2025 under the Company's existing placement capacity under ASX Listing Rule 7.1 and
- 954,239,024 Warrants ("Tranche B") to be issued subject to shareholder approval that is expected in the the first six months of 2026.

As of 31 December 2025, the Group recognised warrant liability of \$0.6 million.

The inputs used in the measurement of the fair values are shown in the table below:

Share price - A\$	\$0.017
Exercise Price - A\$	\$0.017
Grant date	17 December 2025
Expiry date	17 December 2035
Volatility	102%
Risk-free rate	4.75%

**NOTE 20 PROVISIONS**

	31 December 2025	31 December 2024
Lease make good	65	65
<b>Total provisions</b>	<b>65</b>	<b>65</b>

The provision represents the estimated costs to make good the premises leased by the Group at the end of the respective lease term. A provision has been recognised for the present value of the estimated expenditure required to make good any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

**NOTE 21 FUEL OFFTAKE FINANCING**

During February 2025, the Group entered into a fuel offtake financing agreement with a subsidiary of Macquarie Bank Ltd. ("Macquarie"). Through this new agreement, Macquarie provided \$39.2 million in financing to the Group in February 2025 which is secured by the underlying fuel inventory. The Group has made payments of \$32.2 million to Macquarie for fuel consumption during the year ended 31 December 2025. The fuel offtake liability was fully repaid by 19 February 2026. This agreement provides a mechanism that enables the Group to better manage the levels of working capital and reduce seasonal volatility of its operating cash outflows.

**NOTE 22 LEASE LIABILITIES**

Property, plant and equipment comprises both owned and leased assets. The Group leases many assets including land and buildings, vehicles and machinery. Leases for which the Group is a lessee are presented below.

	Mineral properties	Equipment and leaseholds	Land and buildings	Total
Right-of-use assets				
Balance at 1 January 2025	395	20,325	4,193	24,913
Additions/modifications for the year	—	1,075	—	1,075
Disposals for the year	—	—	(678)	(678)
Transfers from assets under construction	—	6	—	6
Depreciation charge for the year	(165)	(6,034)	(469)	(6,668)
<b>Balance at 31 December 2025</b>	<b>230</b>	<b>15,372</b>	<b>3,046</b>	<b>18,648</b>

Right-of-use assets	Mineral properties	Equipment and leaseholds	Land and buildings	Total
Balance at 1 January 2024	559	22,698	7,182	30,439
Additions/modifications for the year	—	3,136	(3,136)	—
Disposals for the year	—	—	(742)	(742)
Transfers from assets under construction	—	—	3,891	3,891
Depreciation charge for the year	(164)	(4,088)	(2,804)	(7,056)
Impairment	—	(1,421)	(198)	(1,619)
<b>Balance at 31 December 2024</b>	<b>395</b>	<b>20,325</b>	<b>4,193</b>	<b>24,913</b>

#### Lease liabilities

Maturity analysis — contractual undiscounted cash flows	31 December 2025
Less than one year	7,716
Two to five years	4,207
More than five years	107
Total undiscounted lease liability as at 31 December 2025	12,030
Finance expense	692
<b>Lease liabilities included in the statement of financial position at 31 December 2025</b>	<b>11,338</b>
Current	7,235
Non-current	4,103

#### Lease liabilities

Maturity analysis — contractual undiscounted cash flows	31 December 2024
Less than one year	10,347
Two to five years	7,838
More than five years	410
Total undiscounted lease liability as at 31 December 2024	18,595
Finance expense	(1,529)
<b>Lease liabilities included in the statement of financial position at 31 December 2024</b>	<b>17,066</b>
Current	9,463
Non-current	7,603

Amounts recognised in profit or loss	31 December 2025	31 December 2024
Depreciation of right-of-use assets	6,668	7,056
Interest on lease liabilities	983	1,711

#### Amounts recognised in the statement of cashflows

Total cash outflows for leases	6,485	10,025
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### NOTE 23 EMPLOYEE BENEFITS

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

	31 December 2025	31 December 2024
Defined benefit plan obligation <sup>(a)</sup>	1,770	3,177
Defined contribution plan and other post-retirement plan obligation <sup>(b)</sup>	318	544
RSU and DSU Plans <sup>(b) (c)</sup>	1,426	1,848
<b>Total employee benefit plan obligation</b>	<b>3,514</b>	<b>5,569</b>
Less current portion	1,505	2,003
Non-current portion	2,009	3,566

**(a) Defined benefit pension plan**

The Group contributes to defined benefit plans in Canada. Pension benefits are based on the length of service and highest average covered earnings. The plans are governed by the Retirement Advisory Committee. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market investment risk.

*(i) NET BENEFIT OBLIGATION*

<b>Funded Status</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Accrued benefit obligation	44,237	54,585
Plan assets	44,466	51,408
<b>Funded status - plan surplus</b>	<b>(229)</b>	<b>3,177</b>

As at the last valuation date, on 31 December 2025, the present value of the defined benefit obligation comprised approximately \$31.0 million relating to active employees, \$4.6 million relating to deferred members and \$8.7 million relating to retired members.

<b>Defined Benefit Obligations</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Opening balance	54,585	60,763
Service cost	1,463	1,874
Past service cost	(632)	—
Gain on settlements	(1,612)	—
Interest expense	2,375	2,613
Benefit payments	(2,993)	(6,220)
Settlement payments from plan assets	(9,916)	—
Remeasurements	(1,497)	404
Effect of changes in foreign exchange rates	2,464	(4,849)
<b>Ending balance</b>	<b>44,237</b>	<b>54,585</b>

*(ii) PLAN ASSETS*

<b>Plan Assets</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Opening balance	51,408	57,136
Interest income	2,275	2,497
Total employer contributions	1,304	2,073
Benefit payments	(2,993)	(6,220)
Settlement payments from plan assets	(9,916)	—
Administrative expenses paid from plan assets	(47)	(34)
Return on plan assets, excluding imputed interest income	59	516
Effect of changes in foreign exchange rates	2,376	(4,560)
<b>Ending balance</b>	<b>44,466</b>	<b>51,408</b>

The asset allocation of pension assets at 31 December 2025 and 2024 was as follows:

<b>Asset Category</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
	<b>%</b>	<b>%</b>
Cash equivalents	0%	1%
Equity securities	24%	25%
Fixed income securities	62%	64%
Real Estate	12%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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

Actuarial assumptions	31 December 2025	31 December 2024
<b>ACCRUED BENEFIT OBLIGATION</b>		
Discount rate	4.70%	4.50%
Rate of salary increase	2.75%	2.75%
Rate of price inflation	2.00%	2.00%
Mortality table	CPM2014Priv with CPM-B Improvement	CPM2014Priv with CPM-B Improvement
<b>BENEFIT COSTS</b>		
Discount rate	4.50%	4.60%
Expected rate of salary increase	2.75%	2.75%
Rate of compensation increase	2.75%	2.75%

<b>Sensitivity Analysis - Defined Benefit Obligation</b>	Changes in assumption	Decrease in assumption	Increase in assumption
Discount rate	0.50%	45,941	42,677
Salary growth rate	0.25%	44,072	44,404
Mortality table	1 year	44,647	43,817

*The above sensitivity analysis illustrates the present value of defined benefit obligation and 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) FUNDING POLICY**

The Group funds the plans in accordance with the requirements of the Canadian 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 amortised as permitted under the Regulations. In the Group's view, this level of funding is adequate to meet current and future funding needs in light of projected economic and demographic conditions. The Group 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 Canada's Income Tax Act. The expected contribution to the plan for the next fiscal year is \$1.1 million.

	<b>Total</b>
Defined benefit schedule for disbursements within 1 year	4,959
Defined benefit schedule for disbursements within 2-5 years	33,978
Defined benefit schedule for disbursements after five or more years	8,784

**(b) Defined contribution plan**

During the year ended 31 December 2025, the Group recognised \$3.5 million expenses (31 December 2024 - \$5.0 million). As at 31 December 2025, the defined contribution plan liability was \$0.3 million (31 December 2023 - \$0.4 million).

**(c) Restricted Share Unit ("RSU") and Deferred Share Unit ("DSU") Plans - cash settled**

Grants under the RSU plans are on a discretionary basis to employees of the Group subject to Board of Directors' approval. Grants of RSU under the RSU Plan vest annually on the anniversary of the original grant date over the specified vesting period. The Group shall pay out cash on the respective vesting dates of RSUs equivalent to the number of RSUs vested at the fair market value of the RSUs. Fair market value is determined as the volume weighted average trading price ("VWAP") of the Common Shares on the Australian Stock Exchange for the five trading days immediately preceding the redemption date.

Grants under the DSU plans are on a discretionary basis to employees of the Group and its subsidiaries subject to Board of Directors' approval. Grants of DSU under the DSU Plan vest annually on the anniversary of the original grant date over the specified vesting period. Vested DSU grants are only exercisable on departure of the employee (e.g. retirement, resignation, death). The Group shall pay out cash on the respective vesting dates of DSUs equivalent to the number of DSUs vested at the fair market value of the DSUs. Fair market value is determined as the VWAP of the Common Shares on the Australian Stock Exchange for the five trading days immediately preceding the redemption date.

The expenses related to RSUs and DSUs are accrued based on fair value, determined as at the date of grant. This expense is recognised 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 recognised as share-based compensation expense or recovery over the vesting period.

*RSU and DSU Plans*

	Number of units	
	31 December 2025	31 December 2024
<b>RSU</b>		
Opening balance	12,213,065	6,032,568
Awards and payouts during the year		
RSU awards	65,454,184	6,180,497
RSU forfeited	(4,668,888)	—
<b>Ending balance</b>	<b>72,998,361</b>	<b>12,213,065</b>

	Number of units	
	31 December 2025	31 December 2024
<b>DSU</b>		
Opening balance	43,546,115	36,195,408
Awards and payouts during the year		
DSU awards	123,479,154	7,350,707
DSU forfeited	(19,397,279)	—
<b>Ending balance</b>	<b>147,627,990</b>	<b>43,546,115</b>

The Group recognised a recovery of \$0.4 million for the year ended 31 December 2025 (year ended 31 December 2024: \$1.7 million) in respect of the RSU and DSU plans. The total carrying amount of liabilities for RSU and DSU arrangements as at 31 December 2025 is \$1.4 million (31 December 2024: \$1.8 million).

**NOTE 24 RECLAMATION PROVISIONS**

As at 31 December 2025, the estimated total undiscounted amount of the future cash flows required to settle the reclamation obligation is estimated to be CDN\$427.9 million (31 December 2024: CDN\$397.4 million). These obligations will be settled between 2026 to 2045. This amount has been discounted using risk-free rate of 3.85% and an inflation rate of 1.98% was applied.

Reclamation provisions are related to future environmental remediation and site restoration of mining site. Because of the long-term nature of the liability, the greatest uncertainty in estimating the provision is the costs that will be incurred and the timing of these cash outflows. The expected timing of expenditures can also change for other reasons, for example because of changes to expectations relating to Ore Reserves and Mineral Resources, production rates, renewal of operation licences, economic conditions and regulatory assessment of reclamation expenditures. The revision of previous estimates is based on revised expectations of reclamation activity costs, changes in estimated reclamation timelines and fluctuations in foreign exchange rates. A reconciliation of the carrying amount of asset retirement obligations is set out below:

	31 December 2025	31 December 2024
Opening balance	229,224	236,204
Revisions of previous estimates	(3,866)	5,554
Accretion of provision	7,829	6,925
Foreign exchange revaluation	11,606	(19,459)
<b>Ending balance</b>	<b>244,793</b>	<b>229,224</b>
Non-current portion	244,793	229,224

As at 31 December 2025, the Group had restricted cash of \$7.3 million (31 December 2024: \$7.8 million) at banks, reclamation deposits of \$31.0 million (31 December 2024: \$29.1 million) with government agencies as cash collateral for reclamation obligations and environment trust fund of \$56.8 million (31 December 2024: \$53.0) with a trustee (see Note 12).

**NOTE 25 TRADE AND OTHER PAYABLES**

	31 December 2025	31 December 2024
Trade and other payables	39,312	17,094
Accrued expenses	29,428	31,326
Interest payable on loans	107	—
<b>Total trade and other payables</b>	<b>68,847</b>	<b>48,420</b>

**NOTE 26 FINANCIAL RISK MANAGEMENT****(a) Financial Instruments**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position are as follows:

	31 December 2025		31 December 2024 (*restated)	
	Fair value	Carrying value	Fair value	Carrying value
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents <sup>(i)</sup>	26,582	26,582	25,142	25,142
Trade and other receivables <sup>(i), (ii)</sup>	835	835	3,336	3,336
Restricted cash <sup>(i)</sup>	7,348	7,348	7,793	7,793
<b>Financial assets at fair value</b>				
Reclamation deposits	87,797	87,797	82,069	82,069
<b>Total financial assets</b>	<b>122,562</b>	<b>122,562</b>	<b>118,340</b>	<b>118,340</b>
Total current	27,417	27,417	28,478	28,478
Total non-current	95,145	95,145	89,862	89,862
<b>Financial liabilities at amortised cost</b>				
Trade and other payables <sup>(i)</sup>	68,847	68,847	48,420	48,420
Fuel offtake liability <sup>(i)</sup>	8,299	8,299	—	—
Deferred payables	12,461	12,461	—	—
Loans and borrowings	95,518	95,518	73,834	73,834
<b>Financial liabilities at fair value (*)</b>				
Warrant liability	621	621		
<b>Total financial liabilities</b>	<b>185,746</b>	<b>185,746</b>	<b>122,254</b>	<b>122,254</b>
Total current	76,535	76,535	48,420	50,388
Total non-current	109,211	109,211	73,834	73,834

(i) The fair value of these financial instruments approximates their carrying value due to the short term to maturity.

(ii) Excludes sales tax credits receivable (see Note 14).

All financial assets and liabilities measured at amortised cost are classified as Level 2 measurements.

**(i) Measurement of fair value****Reclamation deposits**

Reclamation deposits is classified as Level 2 fair value measurement. The fair value of reclamation deposits was discounted by applying respective Government of Canada Benchmark Bond yields rate to respective deposits dependent on its year of maturity when the deposits are released for reclamation recovery.

### Warrant liability

Warrant liability is classified as Level 2 fair value measurement. The warrant liability is measured using Black Scholes option pricing model. The valuation technique incorporates inputs such as quoted market price of the Company's shares, expected volatility based on historical volatility, risk-free interest rate, contractual exercise price and expected life based on contractual terms.

### **(b) Risk Management Overview**

The Group has exposure to the following risks arising from financial instruments:

- (i) Market risk: foreign currency and interest rate risk
- (ii) Financial risk: credit and liquidity risk

### **Risk Management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The Committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risk faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by third-party consultant. The consultant undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

#### *(i) Currency risk management*

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of the Group. The functional currency of the Group is the US dollar. Purchases are primarily denominated in Canadian dollars, sales and loans are primarily denominated in US dollars and convertible notes are denominated in Australian dollars.

Based on the Group's net exposure to Canadian and Australian dollar monetary assets and liabilities as at 31 December 2025, a one-cent change in the exchange rate would have impacted pre-tax loss for the year by \$0.2 million (31 December 2024 - \$0.1 million) for Canadian Dollar denominated monetary assets and liabilities, and respectively by \$nil (31 December 2024 - \$nil million) for Australian dollar denominated monetary assets and liabilities.

The current risk management policy is to monitor the foreign exchange rate and purchase at spot rate before the settlement of liabilities. The Group limits its foreign currency risk by limiting funds held in overseas bank accounts and paying its creditors promptly.

#### *(ii) Interest rate risk*

The Group has exposure to variable interest rates on the 2L Loan and LETL Facility. A change of 100 basis points in variable interest rates at the reporting date would have had a \$nil impact on the pre-tax loss for the year.

#### *(iii) Credit risk management*

Credit risk is the risk of a financial loss to the Group if a customer or counterparty in a transaction fails to meet its contractual obligation. The Group adopts a sales policy which requires receipt of cash prior to the delivery of rough diamonds to its majority of customers and an investing policy to invest with major financial institutions. In contrast, the Group employs credit policies to its customers on polished diamond sales by monitoring exposure to credit risk on an ongoing basis. As a result, the Group's exposure to credit risk arising from diamond sales is minimal.

The Group's cash, restricted cash and reclamation deposits are deemed low risk as it's invested in short-dated money market securities and bank accounts held at investment grade financial institutions. The financial institutions are medium credit quality or higher operating in low-geopolitical risk jurisdictions, including Canada, Belgium and Australia. As at 31 December 2025, the Group's maximum counterparty credit exposure consists of the carrying amount of cash, restricted cash, accounts receivable and reclamation deposits.

*(iv) Liquidity and capital risk management*

The Group's capital includes cash, current and non-current borrowings and contributed equity. Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The Group 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, the Group's holdings of cash and cash equivalents, debt and equity offering and equipment financing or leasing arrangement. The Group 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 Group's capital includes cash, non-current borrowings and contributed equity.

Management applies judgement when forecasting cash flows for its current and subsequent fiscal years to predict future financing requirements by managing sales, monitoring operating and capital expenditures, and obtaining alternative financing arrangement for short term cash needs. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required. Any surplus funds are invested with major financial institutions. See Note 2 (b) for further details on the going concern assumption.

The following table summarises the aggregate amount of expected remaining gross contractual undiscounted cash flow requirements for the Group's financial liabilities based on repayment or maturity periods.

	<b>Contractual cash flows</b>				
	<i>Carrying amount</i>	<i>Less than 1 year</i>	<i>Year 2-3</i>	<i>Year 4-5</i>	<i>After 5 years</i>
Trade and other payables	68,847	(68,847)	—	—	—
Deferred payables	12,461	—	(12,461)	—	—
Fuel offtake	8,299	(8,299)	—	—	—
Lease liabilities	12,062	(7,716)	(4,207)	(64)	(75)
Loans and borrowings <sup>(i)</sup>	223,709	(7,267)	—	—	(216,442)

*(i) These contractual cashflows include coupon interest.*

The future cash flows of consideration payable may be different from the amounts in the table above as diamond production, pricing or other relevant conditions underlying the consideration payable change.

**Capital risk management**

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Group's development, there are no formal targets set for return on capital. There were no changes to the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements. The net equity of the Group is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

**NOTE 27 RELATED PARTY DISCLOSURE****a) Investment in controlled entities**

Name	Country of Incorporation	Percentage Owned	
		31 December 2025	31 December 2024
Arctic Canadian Diamond Company Ltd.	Canada	100%	100%
Arctic Canadian Diamond Marketing N.V. <sup>(i)</sup>	Belgium	—	100%
BDM Del Peru S.A.C.	Peru	100%	100%
Burgundy Diamonds (Canada) Limited	Canada	100%	100%
Burgundy Diamonds SARL <sup>(ii)</sup>	France	100%	100%
Naujaat Project	Canada	40%	40%

(i) Dissolution completed on 30 December 2025.

(ii) Under dissolution.

**b) Key management personnel compensation**

The aggregate compensation made to directors and other key management personnel ("KMP") of the Group is set out below:

	Year ended 31 December 2025	Year ended 31 December 2024
Short-term benefits	719	1,959
Post-employment benefits	131	322
Share-based payments	186	1,521
<b>Total KMP Compensation</b>	<b>1,036</b>	<b>3,802</b>

**c) Transactions with related parties**

During the year ended 31 December 2025, the Arctic Companies had sales of \$50.8 million to companies managed by a director of the Group. Included in these related party sales, there were sales \$46.6 million that were under the advance inventory purchase agreements. These advances were provided at an interest rate of 15% per annum and were settled through sale of diamond inventories to the companies managed by a director of the Group. Two independent valuations were obtained to determine the value of diamond inventories that were sold under the advance inventory purchases agreements. These advances were secured by diamond inventories of the Group. The 2L lenders provided a waiver to exempt such inventories from being pledged under the 2L agreement. As of 31 December 2025, there was no balance outstanding under the advance inventory purchase agreement.

During 2024, the Company also had purchases of \$0.4 million from and had sales of \$0.2 million to a company managed by a director of the Group. Furthermore, the Arctic Companies had sales of \$5.7 million to companies managed by a director of the Group during the year ended 31 December 2024.

As at 31 December 2025, the Group had \$73,038 of directors fees payable in deferred share units (31 December 2024: \$129,046) and \$nil in bonuses payable to KMP (31 December 2024: \$382,236).

During September 2024, the Company paid \$5.0 million to cash settle the convertible notes that were issued to KMP and paid KMP \$0.1 million as interest on convertible notes during 2024.

There were no other transactions with related parties during the year ended 31 December 2025.

**NOTE 28 SHARE-BASED PAYMENTS****(a) Recognised share-based payment transactions**

(rounded to the nearest US dollar)

	Year ended 31 December 2025	Year ended 31 December 2024
Options issued to employees <sup>(i)</sup>	368,265	1,007,719
<b>Total share-based payments expense</b>	<b>368,265</b>	<b>1,007,719</b>

(i) Recorded in other reserves.

Share-based payments expense for the year ended 31 December 2025 is \$368,265 (31 December 2024: \$1,007,719). Included in the expense is reversal of \$174,390 of unvested options that were forfeited during the year.

**(b) Summary of options**

**31 December 2025**

Options	Grant Date	Date of Expiry	Exercise Price (A\$)	Balance at the start of the period	Granted during the period	Exercised during the period	Forfeited during the period	Balance at the end of the period
Employees	02-08-22	30-08-27	\$nil	877,408	—	(67,566)	—	809,842
Consultant	02-08-22	05-08-26	\$0.26	1,000,000	—	—	—	1,000,000
Employee - CEO	21-11-23	01-07-26	\$0.30	10,000,000	—	—	(5,000,000)	5,000,000
Employees - CEO & other employees	01-12-23	30-11-28	\$0.18	12,065,136	—	—	(5,048,526)	7,016,610
Employees - CEO & other employees	01-04-24	31-03-29	\$0.21	12,360,994	—	—	(4,289,249)	8,071,745
Employees - other employees	01-04-25	31-03-30	\$0.05	—	23,168,750	—	—	23,168,750
				<b>36,303,538</b>	<b>23,168,750</b>	<b>(67,566)</b>	<b>(14,337,775)</b>	<b>45,066,947</b>

On 1 April 2025, the Company issued 23,168,750 unlisted options with an exercise price of A\$0.05 to employees of the Group in accordance with the Company's Option Plan. The fair value of the options were measured using the Black-Scholes valuation Model. As at 31 December 2025 an expense of \$253,122 was recorded for stock option issued under this grants. These options can be redeemed at the option of the holder via issuance of Company shares, cashless exercise or settled for net cash benefit which would represent the difference between the share price on date of exercise and share price on grant date.

The inputs used in the measurement of the fair values at grant date are shown in the table below:

	<b>Employee Options</b>
Number of options	23,168,750
Grant date	1 April 2025
Expiry date	31 March 2030
Exercise price - A\$	\$0.05
Share price at grant date - A\$	\$0.05
Expected volatility	98%
Risk-free interest rate	3.85%
<b>Fair Value - A\$</b>	<b>\$0.04</b>

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, over the historical period commensurate with the term of the option.

## 31 December 2024

Options	Grant Date	Date of Expiry	Exercise Price (A\$)	Balance at the start of the period	Granted during the period	Exercised during the period	Expired during the period	Balance at the end of the period
Lead Managers	23-09-21	22-09-24	\$0.36	10,000,000	—	—	(10,000,000)	—
Employees	02-08-22	30-08-27	\$nil	1,306,599	—	(429,191)	—	877,408
Consultant	02-08-22	05-08-26	\$0.26	1,000,000	—	—	—	1,000,000
Employee - CEO	21-11-23	01-07-26	\$0.30	10,000,000	—	—	—	10,000,000
Employees - CEO & other employees	01-12-23	30-11-28	\$0.18	12,065,136	—	—	—	12,065,136
Employees - CEO & other employees	01-04-24	31-03-29	\$0.21	—	12,360,994	—	—	12,360,994
				<b>34,371,735</b>	<b>12,360,994</b>	<b>(429,191)</b>	<b>(10,000,000)</b>	<b>36,303,538</b>

On 1 April 2024, the Company issued 12,360,994 unlisted options with an exercise price of A\$0.21 to employees of the Group in accordance with the Company's Option Plan. The fair value of the options were measured using the Black-Scholes valuation Model. As at 31 December 2024 an expense of \$548,575 was recorded for stock option issued under this grants. These options can be redeemed at the option of the holder via issuance of Company shares, cashless exercise or settled for net cash benefit which would represent the difference between the share price on date of exercise and share price on grant date.

The inputs used in the measurement of the fair values at grant date are shown in the table below:

	Employee Options
Number of unlisted options	12,360,994
Grant date	1 April 2024
Expiry date	31 March 2029
Exercise price - A\$	\$0.21
Share price at grant date - A\$	\$0.20
Expected volatility	98%
Risk-free interest rate	3.61%
<b>Fair Value - A\$</b>	<b>\$0.15</b>

**(c) Reconciliation of outstanding share options**

The Company's shares are primarily traded in Australian Dollar on the Australian Stock Exchange and, accordingly, share option information is presented in Australian dollars. The number and weighted average prices of share options are as follows:

Range of exercise prices	31 December 2025		31 December 2024	
	Options	Weighted average exercise price A\$	Options	Weighted average exercise price A\$
Outstanding at 1 January and 1 July	36,303,538	0.22	34,371,735	0.26
Granted during the year	23,168,750	0.05	12,360,994	0.21
Forfeited during the year	(14,337,775)	0.17	—	—
Exercised during the year	(67,566)	—	(429,191)	—
Expired during the year	—	—	(10,000,000)	0.36
<b>Outstanding, at 31 December</b>	<b>45,066,947</b>	<b>0.10</b>	<b>36,303,538</b>	<b>0.22</b>

The weighted average share price at date of exercise for share options exercised during the year ended 31 December 2025 was A\$0.05 (31 December 2024: A\$0.12).

The following table summarises information about share options outstanding as at 31 December 2025:

Range of exercise prices	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life in years	Weighted average exercise price	Number exercisable	Weighted average exercise price
A\$			A\$		A\$
Nil	809,842	1.67	—	809,842	—
0.05-0.10	23,168,750	4.25	0.05	—	—
0.18-0.21	15,088,355	3.09	0.20	7,368,322	0.19
0.26-0.36	6,000,000	0.52	0.29	6,000,000	0.29
	<b>45,066,947</b>	<b>—</b>	<b>0.13</b>	<b>14,178,164</b>	<b>0.22</b>

The following table summarises information about share options outstanding as at 31 December 2024:

Range of exercise prices	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life in years	Weighted average exercise price	Number exercisable	Weighted average exercise price
A\$			A\$		A\$
Nil	877,408	2.67	—	877,408	—
0.18-0.21	24,426,130	4.09	0.19	4,021,712	0
0.26-0.36	11,000,000	1.51	0.30	6,000,000	0.29
	<b>36,303,538</b>	<b>—</b>	<b>0.22</b>	<b>10,899,120</b>	<b>0.23</b>

## NOTE 29 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Cashflow <sup>(i)</sup>		Non-cash changes			31 December 2025	
	1 January 2025		Additions or modifications	Foreign exchange	Finance expenses		Other <sup>(ii)</sup>
2L Loan	73,834	—	(19,192)	—	3,802	—	58,444
LETL Facility	—	32,730	—	88	111	(2,921)	30,007
Bridge financing	—	7,067	—	—	—	—	7,067
Lease obligations	17,066	(7,140)	(386)	815	983	—	11,338
<b>Total</b>	<b>90,900</b>	<b>32,657</b>	<b>(19,578)</b>	<b>903</b>	<b>4,895</b>	<b>(2,921)</b>	<b>106,856</b>

<sup>(i)</sup> Lease cashflows include lease principal and lease interest payments.

<sup>(ii)</sup> These represent transaction costs of \$2.3 million and warrant liability of \$0.6 million that was recorded separately from the LETL Facility.

	Cashflow <sup>(i)</sup>		Non-cash changes			31 December 2024
	1 January 2024		Additions	Foreign exchange	Finance expenses	
Convertible notes <sup>(ii)</sup>	22,304	(23,245)	—	(496)	1,437	—
2L and 3L Loans <sup>(iii)</sup>	73,834	—	—	—	—	73,834
Lease obligations	26,111	(11,918)	2,627	(1,465)	1,711	17,066
<b>Total</b>	<b>122,249</b>	<b>(35,163)</b>	<b>2,627</b>	<b>(1,961)</b>	<b>3,148</b>	<b>90,900</b>

<sup>(i)</sup> Lease cashflows include lease principal and lease interest payments.

<sup>(ii)</sup> Non-cash changes on convertible notes in 'Other' include \$33 thousand in exercise of convertible note (note 19).

<sup>(iii)</sup> 3L Term Loan was an assumed liability by the Group with the acquisition of Arctic Companies that was repaid on acquisition date.

**NOTE 30 COMMITMENTS**

As at 31 December 2025, the Group had commitments that require the following minimum future payments, which were not accrued in the consolidated statement of financial position:

		Less than 1	Year	Year	After
Contractual Obligations	Total	year	2–3	4–5	5 years
Participation agreements commitments <sup>(a)</sup>	33,499	3,718	7,436	7,436	14,909
Environmental agreements commitments <sup>(b)</sup>	7,158	707	1,492	1,559	3,400
Surface and mineral licenses	7,254	1,374	900	900	4,080
Purchase commitments	30,561	30,561	—	—	—
<b>Total contractual obligations</b>	<b>78,472</b>	<b>36,360</b>	<b>9,828</b>	<b>9,895</b>	<b>22,389</b>

**(a) Participation agreements**

Ekati Diamond Mine has signed participation agreements with various aboriginal communities. Contractual obligations under these agreements amount to \$33.5 million and are expected to contribute to the social, economic and cultural well-being of these communities.

**(b) Environmental commitments**

To comply with environmental and other regulatory agreements, the Group has secured its reclamation obligations for the Ekati Diamond Mine through surety bonds and Letter of Credit ("LCs") for reclamation obligation for the Ekati Diamond Mine. These LCs issued under the LC Facility are fully cash collateralised at 100% of their face value. As at 31 December 2025, CDN\$3.1 million LCs were issued and outstanding.

During 2024, the Group signed a new surety bond agreement, in which the Group is required to make four quarterly payments of CDN\$14.5 million each to cash collateralise the surety bonds until 2027. These payments are contingent on maintaining a minimum cash balance of at least US\$30.0 million at all times. Additionally, while the bonds remain outstanding, Arctic Companies are prohibited from declaring or paying dividends or distributions without prior written consent from the surety providers. As part of the LETL Facility negotiations, the surety bond providers have agreed to subordinate claims they have against the Group to the obligations under the LETL Facility. The quarterly bond reduction payments have been extended past the maturity date of the LETL Facility.

No cash collateral was posted by the Group during the year ended 31 December 2025.

		31 December 2025	31 December 2024
Surety bonds	CDN\$	190,740	193,490
	US\$ equivalent	139,297	134,471

**(c) Contingent liabilities**

In the ordinary course of business activities, the Group may be contingently liable for litigation and claims that arise due to the size, complexity and nature of the Group's operations. The outcome of such claims against the Group is not determinable at this time; however, their ultimate resolution is not expected to have a material adverse effect on the Group.

**NOTE 31 AUDITOR'S REMUNERATION**

(rounded to the nearest US dollar)

	31 December 2025			Total
	KPMG Australia	KPMG Canada	KPMG Belgium	
<b>Amounts received or due and receivable by auditors:</b>				
Audit and review of the annual and half-year financial report	192,165	465,048	125,896	783,109
<b>Total audit and audit related</b>	<b>192,165</b>	<b>465,048</b>	<b>125,896</b>	<b>783,109</b>
<b>Other services</b>				
Kimberley certification audit	—	—	9,255	9,255
Audit of pension plans	—	32,140	—	32,140
Audit of ACDM dissolution	—	—	6,941	6,941
<b>Total other services</b>	<b>—</b>	<b>32,140</b>	<b>16,196</b>	<b>48,336</b>
<b>Total audit and other services</b>	<b>192,165</b>	<b>497,188</b>	<b>142,092</b>	<b>831,445</b>

(rounded to the nearest US dollar)

	31 December 2024			Total
	KPMG Australia	KPMG Canada	KPMG Belgium	
<b>Amounts received or due and receivable by auditors:</b>				
Audit and review of the annual and half-year financial report	177,286	321,385	132,243	630,914
<b>Total audit and audit related</b>	<b>177,286</b>	<b>321,385</b>	<b>132,243</b>	<b>630,914</b>
<b>Other services</b>				
Kimberley certification audit	—	—	8,076	8,076
Audit of pension plans	—	29,801	—	29,801
Accounting matters	27,031	—	—	27,031
<b>Total other services</b>	<b>27,031</b>	<b>29,801</b>	<b>8,076</b>	<b>64,908</b>
<b>Total audit and other services</b>	<b>204,317</b>	<b>351,186</b>	<b>140,319</b>	<b>695,822</b>

**NOTE 32 PARENT ENTITY**

	31 December 2025	31 December 2024
<b>Assets</b>		
Current assets	5,744	9,238
Non-current assets	147,627	154,230
<b>Total assets</b>	<b>153,371</b>	<b>163,468</b>
<b>Liabilities</b>		
Current liabilities	1,608	1,625
Non-current liabilities	—	179
<b>Total liabilities</b>	<b>1,608</b>	<b>1,804</b>
<b>Equity</b>		
Contributed equity	200,607	200,607
Reserves	8,752	8,384
Accumulated losses	(57,596)	(47,327)
<b>Total equity</b>	<b>151,763</b>	<b>161,664</b>
Net profit/(loss) for the year	(10,270)	6,265
<b>Total comprehensive loss</b>	<b>(10,270)</b>	<b>6,265</b>

*Contingent liabilities*

The parent entity had no contingent liabilities as at 31 December 2025 and 2024.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2025 and 2024.

*Warrants commitments*

The parent entity has a commitment to issue 1,110,424,472 Tranche B warrants to CEFFEC upon receiving shareholder approval (see Note 19).

*Exploration commitments*

The parent entity has no significant exploration commitments.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed through the report, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

### **NOTE 33 MATERIAL ACCOUNTING POLICIES**

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

#### **(a) Basis of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Burgundy Diamond Mines Limited as at 31 December 2025 and 31 December 2024. The results of subsidiaries are presented for the year from 1 January 2025 to 31 December 2025 and the year from 1 January 2024 to 31 December 2024.

##### **(i) SUBSIDIARIES**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity. All subsidiaries are consolidated from the date on which control is transferred to the Group until the date on which control ceases.

All intra-group balances, income and expenses, and unrealised gains and losses resulting from intra-group transactions of the consolidated entities are eliminated in full on consolidation.

##### **(ii) JOINT ARRANGEMENTS**

Joint arrangements represent activities where the Company has joint control established by a contractual agreement. Joint control requires unanimous consent for financial and operational decisions. A joint arrangement is either a joint operation, whereby the parties have rights to the assets and obligations for the liabilities, or a joint venture, whereby the parties have rights to the net assets. Classification of a joint arrangement as either joint operation or joint venture requires judgement. Management's consideration includes, but are not limited to, determining if the arrangement is structured through as separate vehicle and whether the legal form and contractual arrangements give the entity direct rights to the assets and obligations for the liabilities within the normal course of business. Other facts and circumstances are also assessed by management, including the entity's rights to the economic benefits of assets and its involvement and responsibility for settling liabilities associated with the arrangement.

#### **(b) Business combination**

Acquisitions of businesses are accounted for using the acquisition method whereby all identifiable assets and liabilities are recorded at their fair value as at the date of acquisition with limited exceptions. Any excess purchase price over the aggregate fair value of identifiable net assets is recorded as goodwill. Acquisition related costs are expensed as incurred and are included in the consolidated statement of profit or loss. Estimates of future cash flows, forecast prices, interest rates and discount rates are made in determining the fair value of assets acquired and liabilities assumed. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities, intangible assets and goodwill in the purchase price equation.

#### **(c) Property, plant and equipment ("PPE")**

##### **(i) EXPLORATION AND EVALUATION 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. Exploration and evaluation costs are expensed as incurred. They are only capitalised when the Group concludes that there is evidence to support probability of generating positive economic returns in the future. A mineral resource is considered to have economic potential when it is expected that the technical feasibility and commercial viability of extracting the mineral resource can be 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. Capitalised exploration and evaluation expenditures are recorded as a component of property, plant and equipment. Capitalised 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 capitalised exploration and evaluation costs are tested for impairment and reclassified to mineral property assets within property, plant and equipment. All subsequent development expenditure is capitalised.

Capitalised exploration and evaluation costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

(ii) COMMENCEMENT OF COMMERCIAL PRODUCTION

There are a number of quantitative and qualitative measures the Group 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 exists to sustain ongoing production of ore.

(iii) PP&E COST

Items of PP&E 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, borrowing costs for qualifying assets. Repair and maintenance costs are expensed as incurred. When parts of an item of PP&E have different useful lives, the parts are accounted for as separate items (major components) of property, plant and equipment.

(iv) DEPRECIATION AND AMORTISATION

Assets under construction are not depreciated until these assets are ready for their intended use. The unit-of-production method is applied to a substantial portion of the Ekati Diamond Mine property, plant and equipment. Depending on the asset, it 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 is depreciated using the straight-line method over the estimated useful lives of the related assets which are as follows:

<b>Asset</b>	<b>Estimated useful life (years)</b>
Buildings	Up to 15
Machinery and mobile equipment	2–15
Computer equipment and software	3–6
Furniture, fixtures and equipment	2–10
Polishing equipment	4–10
Leasehold and building improvements	Up to 15
Right-of-use assets	Lease term or life of the asset

The estimation of mineral reserves is a subjective process. The Group 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 Group 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 on 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.

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.

(v) 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 capitalised and included in deferred mineral property costs within mining assets.

When the benefit from the stripping activity is realised 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 recognised 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 profit or loss 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.

(vi) 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 Group through an extended life, the expenditure is capitalised. The unamortised 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.

**(d) Assets held for sale**

Non-current assets are classified for held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment loss on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, property, plant and equipment is no longer amortised or depreciated.

**(e) Impairment of non-financial assets**

The carrying amounts of the Group'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, the recoverable amount is estimated.

IMPAIRMENT INDICATOR

Determining whether there are any indications of impairment requires significant judgement of external factors, such as customer turnover, marketing supply and demand, change in discount and foreign exchange rates, a significant decline in an asset's market value and significant changes in the technological, market, economic or legal environment that would have an adverse impact on the Group's cash generating unit ("CGU"). 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, referred to as a CGU. If the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, the asset is tested as part of a CGU.

RECOVERABLE AMOUNT

The recoverable amount of an asset is the greater of its fair value less cost of disposal ("FVLCD") 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 Group could obtain from the disposal of the asset.

FVLCD is estimated by using the discounted future after-tax cash flows expected to be derived from the CGU, less an estimated amount for cost to dispose. The determination of FVLCD for each CGU are considered to be Level 3 of the fair value measurements, as they are derived from valuation techniques that include inputs that are not based on observable market data. When discounting estimated future after-tax cash flows, the Group uses an after-tax discount rate which reflects the risks specific to the CGU. Estimated cash flows are based on expected future production, expected selling prices, expected operating costs and expected capital expenditures. 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.

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. Expected rough diamond production levels, which comprise proven and probable reserves and an estimate of the recoverable amount of resources, are used to estimate expected future cash flows. Expected future rough diamond prices are estimated based on realised prices for rough diamonds sold during the Group's most recent sale, geological data regarding the quality of rough diamonds in reserves and resources and expected future levels of worldwide diamond production. Future operating and capital costs, including labour and fuel costs, are based on the most recently approved life of mine plan, which is reviewed and approved annually by senior management and the Board of Directors. The assessment also requires estimates and assumptions related to foreign exchange rates and discount rates, which are determined based on prevailing market conditions at the date of the assessment. Where applicable, assumptions are aligned with the Group's most recent economic analysis of mineral reserves and resources. Financial results as determined by actual events could differ from those estimated, and changes in these estimates that decrease the estimated recoverable amount of the CGU could affect the carrying amounts of assets and result in an impairment charge.

#### IMPAIRMENT LOSS

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 is recognised directly in the consolidated statement of profit in those expense categories consistent with the function of the impaired asset. Impairment losses for property, plant and equipment and intangible assets are reversed if there has been a change in the estimates used to determine an asset's recoverable amount since the last impairment loss was recognised, and it has been determined that the asset is no longer impaired or that impairment has decreased. The reversal is recognised in earnings before income taxes in the period in which the reversal occurred and is limited to the carrying value less any subsequent depreciation that would have been determined had no impairment charge been recognised in prior years.

#### ***(f) Inventory and supplies***

Inventory includes stockpile ore inventory, rough diamond inventory (work-in-progress and finished goods) recovered from Ekati Mine and supplies inventory that are all related to the rough diamond mining segment. Inventory in the polished diamond segment includes purchased rough diamonds, polished diamonds and jewellery. All inventories are recorded at the lower of cost and net realisable value.

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 amortisation) in bringing the ore to the stockpile. Stockpile ore inventory is determined on a weighted average cost basis. Mining rough diamonds inventory costs are determined on a weighted average cost basis and include cash production costs, depreciation and amortisation. Supplies inventory includes consumables and spares maintained at the Ekati Mine site and is measured on a weighted average cost basis.

In the polished diamond segment, costs of purchased rough diamonds, polished diamond inventory and jewellery are determined either using a weighted average basis or specific unit identification basis depending on the nature of the item.

Net realisable value is the estimated selling price for the final product. The measurement of inventory, including the determination of its net realisable value, involves the use of estimates. The significant sources of estimation uncertainty include diamond prices, production grade and expenditure, and determining the remaining costs of completion to bring inventory into its saleable form. The Group uses historical data on prices achieved, grade and expenditure in forming its assessment.

**(g) 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 excludes restricted cash.

**(h) Restricted cash**

Cash which is subject to legal or contractual restrictions on its use and is classified separately as restricted cash.

**(i) Leases**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset that may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- (ii) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (iii) the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (i) fixed payments, including in-substance fixed payments;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (iii) amounts expected to be payable under a residual value guarantee; and
- (iv) the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" in the consolidated statement of financial position.

#### (i) SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets being those assets with a fair value of less than US\$5,000 when new. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### *(j) Employee pension plans*

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

#### DEFINED CONTRIBUTION PLAN

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### DEFINED BENEFIT PLAN

The liability recognised in the statement of financial position 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 recognised immediately in income. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis including discount rate, life expectancy and expected return on plan assets. The assumptions are reviewed each year and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations. Any changes in these assumptions will impact the carrying amount of the pension obligation.

**(k) Provisions**

The Group 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The expense relating to any provision is included in net profit or loss. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost in net profit or loss.

Significant judgements 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.

**(l) Income taxes**

Income tax expense comprises current and deferred tax and is recognised in net profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Income tax expense includes mining royalty taxes that the owner or operator of a mine shall pay to the Government of the Northwest Territories royalties ("Royalty Tax") on the value of the mine's output during that fiscal year.

The Group has determined that the global minimum top-up tax – which is required to pay under Pillar Two legislation – is an income tax in the scope of AASB 112. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

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 recognised 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 is not recognised for:

- (i) Temporary differences arising on the initial recognition of assets and liabilities in a transaction that:
  - is not a business combination; and
  - at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- (ii) Temporary differences related to investment in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on initial recognition of goodwill.

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 recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

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

The Group 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. The unrealised foreign exchange gain or loss related to deferred income tax asset and liability is recorded as part of deferred tax expense or recovery for each year.

Judgement is required in determining whether deferred tax assets are recognised in the consolidated statement of financial position. Deferred tax assets, including those arising from unused tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods in order to utilise recognised 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 Group to realise the deferred tax assets recorded at the consolidated statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

**(m) Revenue**

The Group is principally engaged in the business of producing diamonds and earns revenue predominantly through the sale of rough diamonds in the Rough Diamond Segment. The Polished Diamond segment earns revenue through cutting, polishing and sale of polished diamonds and fine jewellery.

All diamond sales to customers generally include one performance obligation. Revenue from contracts with customers is recognised at a point of time when control of the diamonds is transferred to the customer and selling prices are known, generally on delivery of the diamonds. Sales are measured at the fair value of the consideration received. The Group's sales policy requires receipt of cash prior to delivery of rough diamonds to customers. There is no return policy, as all diamond sales are final.

Revenue from cutting and polishing collaborative sale agreements:

- is considered to be variable consideration and is recognised to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been resolved. This is generally the case when cutting and polishing work has substantially been completed and relative certainty exists over the quality of the final product or when the polished diamonds have been sold; and
- is recognised once a high level of certainty exists regarding factors that influence the sale prices including the size, quality and colour of the final polished diamonds. These factors are considered per individual stone. If the Group satisfies a performance obligation before it receives the consideration, either a contract asset or a receivable.

**(n) Commitments and contingencies**

Provisions and liabilities for legal and other contingent matters are recognised in the period when the circumstance becomes probable that a future cash outflow resulting from past operations or events will occur and the amount of the cash outflow can be reasonably estimated. The timing of recognition and measurement of the provision requires the application of judgement to existing facts and circumstances, which can be subject to change, and the carrying amounts of provisions and liabilities are reviewed regularly and adjusted accordingly. The Group is required to both determine whether a loss is probable based on judgement and interpretation of laws and regulations and determine if the loss can be reasonably estimated. When a loss is recognised, it is charged to net profit. The Group continually monitors known and potential contingent matters and makes appropriate disclosure and provisions when warranted by the circumstances present. Contingent assets are not recognised in financial statements. However, when the realisation of income is virtually certain, then the related asset is recognised.

**(o) Financial instruments**

Financial instruments are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are not offset unless there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

The Group's financial instruments include cash and cash equivalents, restricted cash, trade and other receivables, reclamation deposits, trade and other payables, consideration payable, contingent consideration and loans and borrowings.

## CLASSIFICATION

Financial assets are classified in one of the following categories: amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Financial liabilities are classified as measured at amortised cost or FVTPL. Classification of financial instruments in the Group's financial statements depends on the purpose for which the financial instruments were acquired or incurred. The classification of financial instruments is determined at initial recognition.

## MEASUREMENT

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognised immediately in profit or loss.

Subsequently, financial instruments measured at amortised cost are measured using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

## IMPAIRMENT

A loss allowance for expected credit losses is recognised on a financial asset that is measured at amortised cost and FVTOCI. The loss allowance for a financial asset measured at amortised cost and FVTOCI is recognised in profit or loss as an impairment gain or loss. At each reporting date, the loss allowance for a financial instrument should be measured at the amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance should be measured at the amount equal to 12-month expected credit losses. The loss allowance should always be measured at the amount equal to lifetime expected credit losses for trade receivables not containing a significant financing component.

## DERECOGNITION

A financial asset is derecognised when:

1. the contractual right to the cash flows from the financial asset expire; and
2. the Group transfers the contractual rights to receive the cash flows of the financial asset and transfers substantially all the risks and rewards of ownership of the financial asset.

A financial liability is derecognised when the liability is extinguished, discharged, cancelled or expires. The Group also derecognises a financial liability when its terms are substantially modified. Terms are considered substantially different where the present value of the modified cash flows, discounted at the original effective interest rate, differs by at least 10% from the present value of the remaining cash flows of the original financial liability. Qualitative factors are also considered when assessing whether a modification is substantial. In the event the modification is assessed as substantial, a new financial liability is recognised at fair value.

### **(p) Compound financial instruments**

Compound financial instruments in issuance comprise convertible notes denominated in Australian Dollars that can be converted to ordinary shares at the option of the holder, where the number of shares to be issued is fixed and does not vary with changes in fair value.

Upon issuance of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost using the effective interest rate method. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years.

The corresponding interest on convertible notes is expensed to profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

The Group has applied an accounting policy choice to not reclassify financial instruments due to a change in functional currency when there are no changes in contractual terms of such instruments, which, had this change in functional currency occurred before initial recognition of the instrument, would have changed its classification.

**(q) Fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described below. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: The fair value measurements are classified as Level 1 if the fair value is determined using quoted, unadjusted market prices for identical assets or liabilities.
- Level 2: The fair value measurements are classified as Level 2 when inputs other than quoted prices in Level 1 which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: The fair value measurements are classified as Level 3 when inputs require unobservable market data or use statistical techniques to derive forward curves from observable market data and unobservable inputs.

**(r) Foreign currency**

*Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). Determination of functional currency requires judgements. The consolidated financial statements are presented in US Dollar, which is the Group's functional and presentation currency effective 1 July 2023.

*Transactions and balances*

Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at exchange rates in effect at the statement of financial position 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.

*Foreign operations*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position account presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position.

When a foreign operation is sold, the cumulative exchange differences in the translation reserve related to that foreign operation are reclassified to profit or loss as part of the gain or loss on sale.

**(s) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the Company reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

**(t) 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 adjusts the figures used in determination of basic earnings per share to take into account the net impact of any dilutive potential ordinary shares arising out of option or convertible notes exercises. Diluted earnings per share are determined using the treasury stock method to calculate the dilutive effect of options. 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.

**(u) Share-based compensation**

Cash-settled RSU and DSU awards are provided to certain employees, officers and directors of the Group. The Group also offers equity settled awards such as options over shares to certain employees, officers, consultants and directors of the Group that are settled via issuance of shares, cash-less exercise or via cash payout (requires approval from Board of Directors).

**Restricted Share Units**

Under the RSU plan certain employees are granted RSUs that generally vest within three years and are paid out in cash. A liability for RSUs is measured at the fair value on grant date is subsequently adjusted for changes in fair value. The liability is recognised on a straight-line basis over the vesting period, with a corresponding charge to share-based compensation expense, as a component of general and administrative expenses.

**Deferred Share Units**

DSUs vest over a period of three years and are paid out in cash. Vested DSU grants are only exercisable on departure of the employee (e.g. retirement, resignation, death). The initial fair value of the DSU liability is measured on grant date and is subsequently adjusted for changes in fair value. The liability is recognised on a straight-line basis over the vesting period with a corresponding charge to share-based compensation expense.

**Equity settled awards**

Grants under the Group’s share-based compensation plan are accounted for in accordance with the fair value method of accounting. For share option plans that will settle through the issuance of equity, the fair value of options is determined on their grant date using an appropriate valuation model that takes into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share price, the expected dividend yield and the risk-free rate for the term of the option.

The cost of equity settled awards is recorded as compensation expense measured using the grant date fair value of the award over the period that the award vests, with the corresponding credit to share-based payments reserve in Other Reserves. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. Depending on terms of the option grant, these awards can be settled via issuance of Company shares, cashless exercise or payment in cash (Board approval).

If equity-settled awards are modified, an additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

#### **NOTE 34      RESTATEMENT OF COMPARATIVES**

During the year ended 31 December 2025, it was identified that a royalty agreement associated with the future production of diamonds from the Ekati Core tenements, forming part of the acquisition of the Arctic Companies on 1 July 2023, was incorrectly recognised as a financial liability at the date of acquisition (“Consideration Payable”). This financial liability was subsequently fair valued each reporting period based on changes in expected cash flows, resulting in a fair value adjustment being incorrectly recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. The actual royalty expense incurred each period was then recorded as a reduction to the consideration payable liability.

This future obligations under the royalty agreement should have instead been designated as a participating interest in the Ekati Core tenements held by the vendor. The fair value of the contractual arrangement at the 1 July 2023 acquisition date should have been recognised as a royalty obligation that unwinds as a reduction to cost of sales in the Condensed Consolidated Statement of Profit or loss and Other Comprehensive Income over the expected life of the Ekati Core tenement non-current assets. The royalty expense incurred each period under the royalty agreement is then recognised within cost of sales.

The fair value attributed to this royalty agreement in the business combination at 1 July 2023 of \$47.3 million was correct and remains unchanged.

The error has been corrected by restating each of the affected financial statement line items as at 31 December 2024 and for the year ended 31 December 2025. The following tables summarise the impacts of the correction.

The correction of this error has no impact on net cash flows used in operating activities for the year ended 31 December 2025, however, as the Group uses the indirect method of presenting these cash flows, certain reconciling items within the net cash flows used in operating activities have been restated

The impact of the error on the 31 December 2023 Consolidated Statement of Financial Position was to derecognise the Consideration Payable of \$36.8 million and recognise:

- a royalty obligation of \$45.1 million;
- an accrued royalty payable of \$3.3 million within Trade and other payables;
- a decrease in deferred tax liabilities of \$3.1 million; and
- an increase in Accumulated Losses of \$8.5 million.

The following tables summarise the impacts on the Group's consolidated financial statements:

(i) Consolidated statement of financial position:

December 31, 2024	Impact of error correction		
	As previously reported	Adjustments	As restated
Consideration payable - current	(6,280)	6,280	—
Trade and other payables	—	(1,968)	(1,968)
Provision for royalties - current	—	(4,298)	(4,298)
<b>Total current liabilities</b>	<b>(66,260)</b>	<b>14</b>	<b>(66,246)</b>
Consideration payable – non-current	(18,927)	18,927	—
Provision for royalties – non-current	—	(36,536)	(36,536)
<b>Total non-current liabilities</b>	<b>(333,485)</b>	<b>(17,609)</b>	<b>(351,094)</b>
<b>Total liabilities</b>	<b>(399,745)</b>	<b>(17,595)</b>	<b>(417,340)</b>
Accumulated losses	146,428	17,595	164,023
<b>Net assets/ total equity</b>	<b>(62,041)</b>	<b>17,595</b>	<b>(44,446)</b>

(ii) Consolidated statement of profit or loss and other comprehensive income:

Year ended - 31 December 2024	Impact of error correction		
	As previously reported	Adjustments	As restated
Cost of sales	(370,605)	(5,259)	(375,864)
Gross margin	71,512	(5,259)	66,253
Operating (loss)/profit	(109,983)	(5,259)	(115,242)
Fair value adjustment on consideration payable	676	(676)	—
(Loss)/profit before income taxes	(133,068)	(5,935)	(139,003)
<b>Net (loss)/profit</b>	<b>(97,257)</b>	<b>(5,935)</b>	<b>(103,192)</b>
<b>Total comprehensive income</b>	<b>(97,221)</b>	<b>(5,935)</b>	<b>(103,156)</b>

(iii) Consolidated statement of cash flows

Year ended - 31 December 2024	Impact of correction of error		
	As previously reported	Adjustments	As restated
Net loss	(97,257)	(5,935)	(103,192)
Drawdown of royalty provision	—	(4,298)	(4,298)
Fair value adjustment on consideration payable	(676)	676	—
Changes in non-cash operating working capital:			
Trade and other payables	(7,119)	9,557	2,438
Other items – not impacted by error correction	192,127	—	192,127
<b>Net cash used in operating activities</b>	<b>87,075</b>	<b>—</b>	<b>87,075</b>

There is no material impact on the Group's basic or diluted loss per share for the year ended 31 December 2024.

**NOTE 35      MATTERS SUBSEQUENT TO THE REPORTING PERIOD**

(i) Draw-down of LETL Facility

Subsequent to 31 December 2025, the Group received the remaining CDN\$70.0 million from the LETL Facility.

(ii) Repayment of bridge financing

On 2 February, 2026, the Group repaid the principal and outstanding interest owed to under the promissory notes issued by the Bridge financing lenders.

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