BURGUNDY DIAMOND MINES LIMITED

ABN 33 160 017 390

2021 ANNUAL REPORT

Annual Report
For the year ended 30 June 2021

Contents

Corporate Directory

Board of Directors

Stephen Dennis	Non-Executive Chairman
Peter Ravenscroft	Managing Director and Chief Executive Officer
Jeremy King	Non-Executive Director
Michael O'Keeffe	Non-Executive Director
Marc Dorion	Non-Executive Director (appointed 5 July 2020)
Kim Truter	Non-Executive Director (appointed 22 September 2020)

Secretary

Ms Sarah Smith

Registered Office

Level 25
South 32 Tower

108 St Georges Terrace
Perth WA 6000

Telephone: 08 6313 3945
Website: www.burgundy-diamonds.com

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: BDM)

Auditors

RSM Australia Partners
Level 32, 2 The Esplanade
Perth WA 6000

Solicitors

K & L Gates LLP
32/44 St Georges Terrace
Perth WA 6000

Bankers

Westpac Banking Corporation
Level 4, Brookfield Place, Tower Two
123 St Georges Terrace
Perth WA 6000

Share Registry

Automic Share Registry
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

Managing Directors' Report

Dear Fellow Shareholder

On behalf of the Board of Directors, I am pleased to present the Company's Annual Report for the financial year ended 30 June 2021.

Amid another year which has been very challenging globally, I am pleased to report continued progress on the initial phase of our strategy of establishing a balanced portfolio of high potential development projects, securing the necessary funding to progress these projects and continue to enhance our management team.

As I have previously reported, the diamond sector has been severely underfunded for more than a decade and requires significant investment to respond to an increasing diamond supply shortfall forecast in the next 10 years. Our strategy centres around working closely with the world's best diamond explorers and investing in a select portfolio of projects, from early stage to more advanced exploration. Importantly, we seek to add value to our investments through the provision of capital and expertise to progress them to development.

We are patient counter-cyclical investors with a long-term view, taking advantage of high-quality opportunities presented by an undervalued sector.

There has been a significant improvement in the diamond industry in 2021 with positive demand for rough diamonds, notably in the US and China, and price increases in virtually all sizes and quality of diamonds. This follows a challenging time during the height of the COVID-19 pandemic that created difficult economic conditions for explorers, miners and retailers alike.

Despite these global challenges, your Company has made strong progress over the past year:

- In Botswana, we continue to progress our exploration alliance with leading private company Diamond Exploration Strategies Ltd. This alliance is focused on earlier stage exploration in one of the world's best diamond jurisdictions. The Exploration Alliance is focused on the evaluation of some 15 prospective targets over the 12-month period to mid-2022, with geophysical and drilling programs progressing well.
- In Nunavut, Canada, our Naujaat Project represents the largest undeveloped diamond property in Canada that is not under the control of a major mining company. In August 2021, we announced the successful completion of a 2,000 tonne bulk sample that will be shipped south to Saskatchewan via Montreal in September with processing and diamond recovery expected to start in Q4 2021.
- In March 2021, we expanded our project portfolio with an Option Deed with Gibb River Diamonds Ltd to acquire 100% ownership of the Ellendale and Blina projects (together the "Ellendale Diamond Project") in the West Kimberley region of Western Australia. The acquisition includes all tenements pegged by Gibb River in 2019 over the historic Ellendale diamond mine, famed for its production of iconic yellow diamonds, as well as the highly prospective Blina alluvial diamond deposit to the north-west of the Ellendale properties.
- I was excited to announce strong progress with our strategy for downstream operations that includes cutting, polishing, marketing and sales of potential production from the Company's project portfolio as well as from third party supply. The Company has leased purpose built high security premises in Perth WA, specifically designed for downstream diamond operations. Additionally, equipment has been secured for valuing, cutting, polishing and grading diamonds and we have been fortunate to be able to recruit a team of specialists to support our move into downstream operations. This includes specialised cutting, polishing and grading professionals who will shortly commence work on the recently acquired third party rough diamonds.
- In July 2021, we secured the necessary funding to support our future activities, announcing a capital raising of $50.2 million in July 2021, comprising equity and convertible notes. This was a significant achievement and a stamp of approval of our progress to date and our strategy moving forward.

Our progress over the past 12 months positions the Company to continue to deliver on its strategy in the year ahead, where our key objectives are:

- Analysing the results of ongoing exploration in Botswana and the diamond recovery from the bulk sample collected from Naujaat. These results will provide us with a roadmap for our next steps with each project.
- At Ellendale, we are preparing the site to commence a bulk sampling program expected to be in the first quarter of 2022 with first results from the program expected later in the year.
- We expect our downstream operation will deliver the first polished Fancy Diamonds that will be marketed under an emerging ultra-luxury Fancy Colour diamond brand and we will look forward to expanding on these initial purchases and source additional stones.

Looking forward, it is unfortunate that COVID-19 and its impact will likely be with us for a while yet. However, we are fortunate that we operate in countries and regions, where to date, effective management of the widespread impact of the pandemic has allowed the Company to progress its projects and I look forward to providing further updates on progress.

Thank you for your continuing support of Burgundy Diamond Mines Limited

Peter Ravenscroft
Managing Director and Chief Executive Officer

DIRECTORS’ REPORT

Directors' Report

The Directors of Burgundy Diamond Mines Limited ("BDM" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Burgundy Diamond Mines Limited and its controlled entities (the "Group") for the financial year ended 30 June 2021 ("FY2021").

Directors

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

Stephen Dennis (Non-Executive Chairman, appointed 22 August 2012)

Mr Dennis has been actively involved in the mining industry for over 35 years, having held senior management positions in a number of Australian resources companies. Mr Dennis was previously the Managing Director and Chief Executive Officer of CBH Resources Limited which is the Australian subsidiary of Toho Zinc Co., Ltd of Japan. Mr Dennis is currently a director of several ASX listed mineral resource companies.

Current and former directorships of listed entities in the last three years:

Non-Executive Chairman of Heron Resources Limited (current)
Non-Executive Chairman of Rox Resources Limited (current)
Non-Executive Chairman of Marvel Gold Limited (current)
Non-Executive Chairman of Kalium Lakes Limited (current)
Non-Executive Chairman of Lead FX Inc.

Special responsibilities:

Chair of the Remuneration and Nomination Committee and member of the Audit and Risk Committee.

Interest in securities:

7,689,957 ordinary shares

Peter Ravenscroft (Managing Director and Chief Executive Officer, appointed 11 March 2020)

Mr Ravenscroft brings 40 years of experience in the international mining industry, with specific knowledge of diamonds, and a background in exploration, geostatistics, resource evaluation and mine planning. He progressed from technical roles in De Beers and Anglo American in southern Africa to leadership positions in Rio Tinto in the UK, Australia and Canada. He has been involved in operations, projects and M&A in base metals, gold and iron ore across the Rio Tinto group, and was also for many years Rio Tinto's leading expert on diamond resource evaluation. In an executive role with Cleveland Cliffs Inc., Mr Ravenscroft built a global exploration function focused on diversification through earn-in deals with junior partners and brought several successful projects to an advanced evaluation stage. More recently he has been an independent consultant providing strategic advisory services to a number of global clients, with a particular focus on the diamond sector in Canada. He has served as a non-executive director on a number of boards in Australia and Canada. Mr Ravenscroft has a Masters equivalent from the Paris School of Mines and is a Fellow of the AusIMM.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

None

Interest in securities:

4,375,000 ordinary shares
5,500,000 unlisted options

Jeremy King (Non-Executive Director, appointed 16 February 2016)

Mr King is a corporate advisor and lawyer with over 15 years' experience in domestic and international legal, financial and corporate matters. Mr King spent several years in London where he worked with Allen & Overy LLP and Debevoise & Plimpton LLP and has extensive corporate experience, particularly in relation to cross-border private equity, leveraged buy-out acquisitions and acting for financial institutions and corporate issuers in respect of various equity capital raising.

Current and former directorships of listed entities in the last three years:

Executive Director of Red Mountain Mining Limited (current)
Non-Executive Director ECS Botanics Holdings Ltd (formerly Axxis Technology Limited) (current)
Non-Executive Director of Smart Parking Limited (current)
Non-Executive Director of Transcendence Technologies Limited (current)
Non-Executive Director of Sultan Resources Limited (current)
Non-Executive Chairman of Aldoro Resources Limited (resigned November 2019)
Non-Executive Director of Vanadium Resources Limited (resigned July 2019)
Non-Executive Director of DTI Group Limited (resigned January 2019)
Non-Executive Chairman of Pure Minerals Limited (resigned November 2018)

Special responsibilities:

Chair of the Audit and Risk Committee.

Interest in securities:

5,413,122 ordinary shares.

Michael O'Keeffe (Non-Executive Director, appointed 15 June 2017)

Mr O'Keeffe was the Managing Director of Glencore Australia Limited from 1995-2004 and was Executive Chairman of Riversdale Mining Limited prior to that company being acquired by Rio Tinto PLC in 2011. Mr O'Keeffe is currently the Executive Chairman and former Chief Executive Officer of Champion Iron Limited which operates an iron ore project in Canada. Mr O'Keeffe is a significant shareholder holding 8.29% of the ordinary share capital of the Group.

Current and former directorships of listed entities in the last three years:

Executive Chairman of Champion Iron Limited (current)
Non-Executive Director of Mont Royal Resources Limited (current)

Special responsibilities:

Member of the Remuneration and Nomination Committee.

Interest in securities:

27,903,535 ordinary shares
5,000,000 convertible notes

Marc Dorion (Non-Executive Director, appointed 5 July 2020)

Mr Dorion is a partner in the Business Law Group of prominent Canadian law firm McCarthy Tétrault, based in Montreal, where he supervises the natural resources group in Québec. He received his LLL from the Université de Sherbrooke, Quebec, Canada then did post graduate studies in corporate taxation at Osgoode Hall Law School, York University. His practice focuses on development, financing, construction and operation of major projects in the natural resources, energy, infrastructure and industrial sectors. He received the titles of Advocate Emeritus from the Quebec Bar and also of Queen's Counsel.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

None

Interest in securities:

12,541,667 ordinary shares

Kim Truter (Non-Executive Director, appointed 22 September 2020)

Mr Truter was most recently the Chief Executive Officer of De Beers Canada from 2015 to 2019. During his tenure he led the successful completion and ramp-up to full production of the $1bn Gahcho Kué diamond project in Canada, as well as the value-adding acquisition of the former Peregrine Diamonds assets. He was also a member of the De Beers Group executive team, driving global business performance across operations, sales, and marketing.

Previously, Mr Truter served as Chief Operating Officer of Rio Tinto Diamonds, managing their global portfolio in Australia, Canada and Zimbabwe. He also served as Managing Director of Argyle Diamond Mines Pty Limited in Australia and as the President and Chief Operating Officer of Diavik Diamond Mines Inc in Canada.

Mr Truter brings over 30 years of mining experience in both surface and underground operations and large-scale project development across multiple geographies. He has substantial diamond experience, providing executive global leadership in Canada, Australia and Africa; often in complex, remote and challenging operating environments. He has worked extensively with communities and governments to ensure that local benefits are sustainably established. His proven leadership capabilities include a very strong dedication to safety, productivity and financial performance improvement.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

Member of the Audit and Risk Committee and Remuneration and Nomination Committee.

Interest in securities:

2,500,000 unlisted options

David Bradley (Non-Executive Director, Resigned 5 July 2020)

Mr Bradley is an energy industry commercial specialist with over 30 years of business development experience including senior management roles with El Paso Corporation, Epic Energy, and senior managing consulting roles with Wood McKenzie as well as privately advising a broad range of upstream, midstream and downstream energy players in developing and executing commercialisation strategies and business development initiatives. Experience includes significant merger and acquisition coordination roles realising over $2 billion in completed transactions. Mr. Bradley recently organized the successful acquisition of Exmouth Power Pty Ltd along with Fengate Capital Management Group – a Toronto based Super fund. Mr. Bradley is current Managing Director of the Exmouth Power business, and as well remains involved in general energy consulting as Managing Director of Gas Transport Solutions, and as Non-Executive Director on a number of unlisted companies.

Current and former directorships of listed entities in the last three years:

None.

Special responsibilities:

Not applicable.

Interest in securities:

Not applicable.

Company Secretary

Sarah Smith (appointed 20 November 2015)

Sarah Smith is an employee of Mirador Corporate, where she specialises in corporate advisory, company secretarial and financial management services. Sarah has over 8 years' experience in the provision of company secretarial and financial management services for ASX listed companies, capital raisings and IPOs, due diligence reviews and ASX and ASIC compliance. Sarah is a Chartered Accountant and has acted as the Company Secretary of a number of ASX listed companies.

Principal Activities

The Company's principal activity is exploration and development projects in the diamond sector.

Review of Operations

Naujaat Diamond Project

The world class Naujaat project represents the largest undeveloped diamond property in Canada that is not under the control of a major mining company. First discovered by BHP in the early 2000's, it was divested as part of BHP's corporate refocus on iron ore, coal and petroleum operations later that decade. North Arrow acquired the project in 2013, and subsequent evaluation has focused on the potential value contribution from an exceptional population of uniquely coloured Fancy Vivid Orangey-Yellow stones. This is a specific and rare colour which has been certified by the Gemological Institute of America ("GIA"), and these diamonds today are expected to sell at high premiums to white diamond prices, upon which the historic project economics were mostly based.

On 2 June 2020, the Company announced that it had entered into a Phase One Option Agreement with North Arrow Minerals Inc. (TSXV: NAR; North Arrow) over the Naujaat diamond project in the Nunavut territory of Canada (Figure 1). The agreement provides BDM with the option to earn a 40% interest in the project in return for funding of C$5.6 million for a preliminary bulk sample of 1,500 – 2,000 tonnes. BDM has also made a preliminary proposal to earn an additional 20% interest by funding a larger 10,000 tonne Phase 2 bulk sample, pending positive results from the first phase.

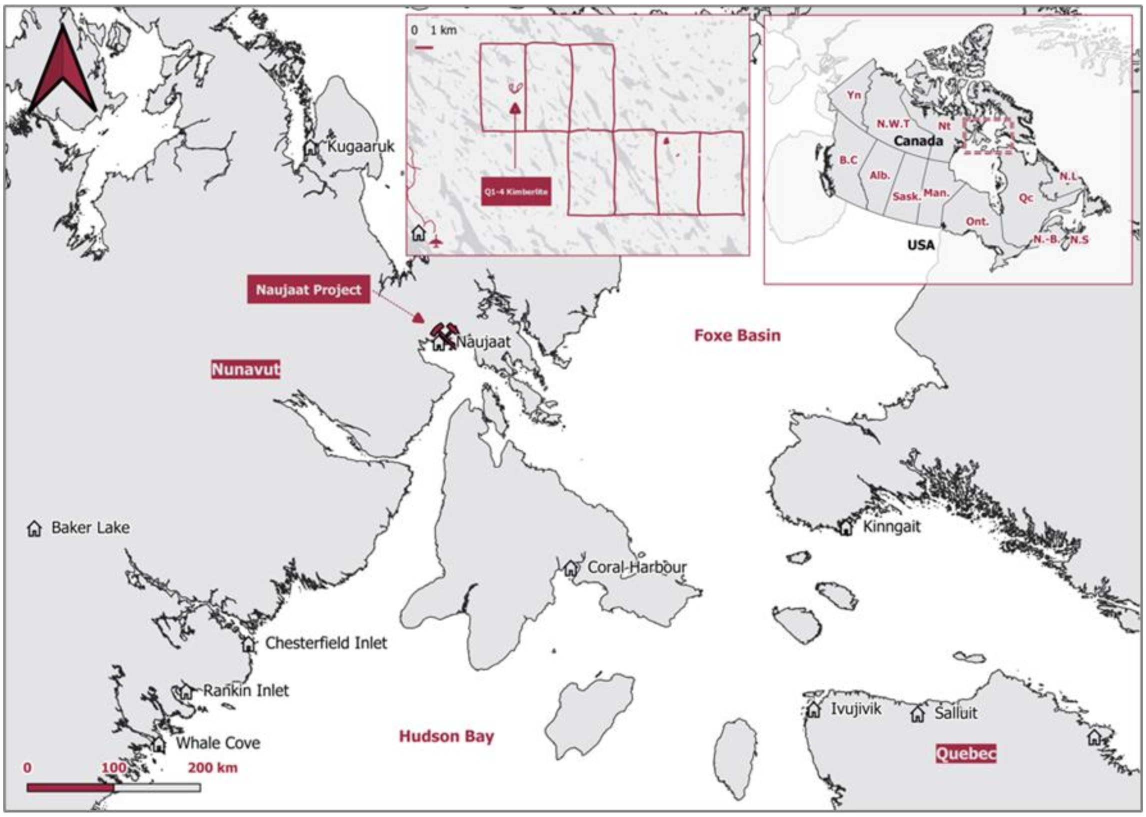

Figure 1 – Location of Naujaat Project

Field crews arrived on site in June in preparation to commence the bulk sampling program on schedule in July 2021. The collection of approximately 2,000 tonnes from the Q1-4 kimberlite was completed in August 2021 representing the high end of the anticipated tonnage from the bulk sampling program. The bulk sample is being shipped south to Saskatchewan via Montreal in September with processing and diamond recovery expected to start in Q4 2021.

Diamonds recovered from the sample are intended to confirm the size distribution and character of the important population of potentially high-value, fancy yellow to orange yellow diamonds found in the Q1-4 deposit. Burgundy believes the population of Fancy Vivid Orangey-Yellow diamonds present in the Q1-4 kimberlite has been under-represented in previous sampling, and the aim of the current program is to provide a large enough bulk sample to confirm their potential contribution to a higher average diamond price at Naujaat than previously indicated. Success from this program will lead to decisions on definitive work required to progress this project through feasibility study.

Botswana Exploration Alliance

The Company has an Exploration Alliance Agreement in Botswana with Diamond Exploration Strategies Ltd ("DES"), a privately-owned company with an excellent management team. Burgundy is providing funding of US$1.5 million over three years to finance exploration activities, earning 50% ownership of any discoveries made, with options to earn-in up to 70% by completing a Scoping Study or 90% on completion of a Feasibility Study. The Alliance was initially over five areas that had existing prospecting licenses (Figure 2) but has now extended to cover other very prospective areas of Botswana.

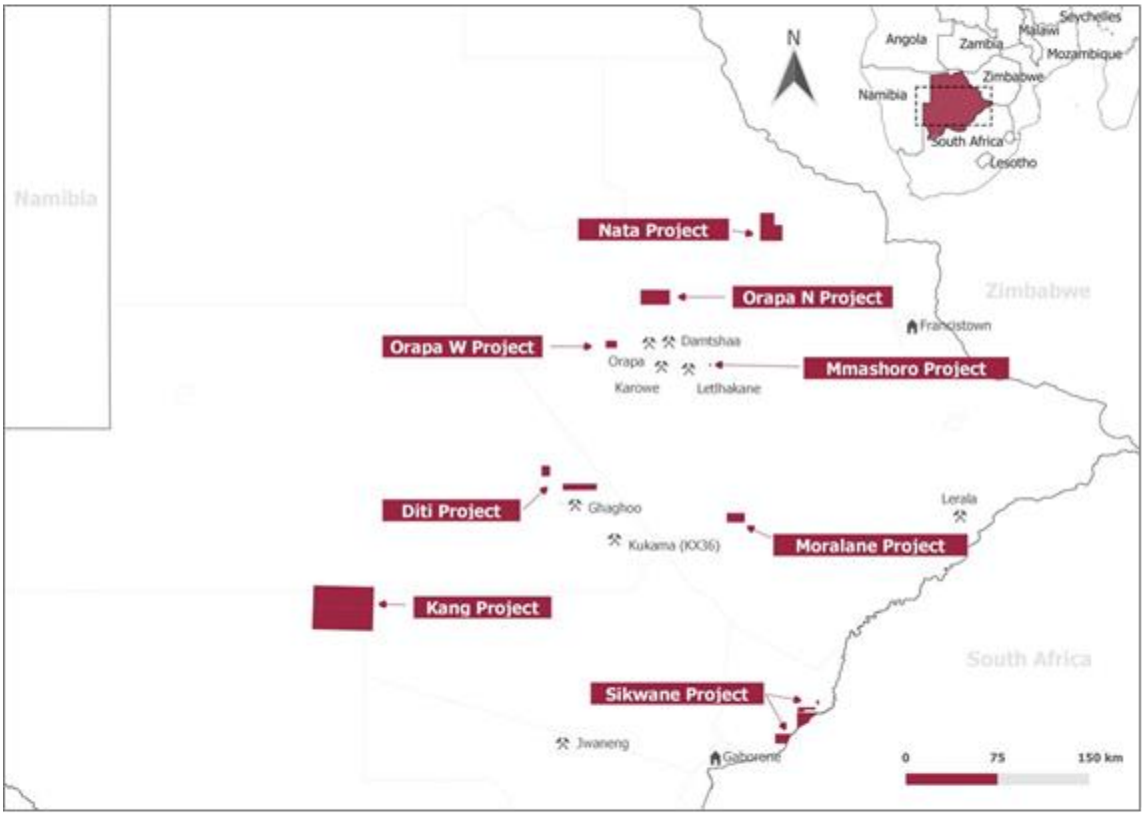

Figure 2 - Location of Project Areas in Botswana

The Exploration Alliance is focused on the evaluation of some 15 prospective targets over the 12-month period to mid-2022. During the June quarter, early geophysical work was completed over two alluvial diamond targets with results currently being processed before any further work is planned in these areas. Initial drilling programs on two promising kimberlite targets were started soon after the end of the June quarter, and planning is underway for activities on a number of other prioritised targets in this broad 12-month work program.

The project generator model being used by Burgundy in this alliance program provides a cost-effective way of performing rapid evaluation of a comprehensive tenement package assembled by DES, including through earn-in partnerships with other diamond exploration companies. Burgundy is confident that this program will yield a number of projects in which Burgundy will immediately have a 50% interest, with the ability to earn-in to higher levels of ownership through funding of further work programs and studies.

Ellendale Diamond Project

On 22 March 2021 Burgundy announced the signing of an Option Deed with Gibb River Diamonds Ltd (ASX: GIB; “Gibb River”) to acquire 100% ownership of the Ellendale and Blina projects (together the “Ellendale Diamond Project”) in the West Kimberley region of Western Australia.

The acquisition of the Ellendale Diamond Project includes all tenements pegged by Gibb River in 2019 over the historic Ellendale diamond mine, famed for its production of iconic yellow diamonds, as well as the highly prospective Blina alluvial diamond deposit to the north-west of the Ellendale properties.

Access to the Blina deposits, as well as the Ellendale remnant stockpiles, unworked alluvial deposits, unexplored pit-rim deposits and potentially remnant material from the E9 and E4 open pits, gives Burgundy the opportunity to reach accelerated production of high-value diamonds within the two-year option period, at the same time as establishing longer-term mineral resources for potential ongoing production at the Ellendale Diamond Project. Burgundy intends to extract maximum value from the natural beauty of the Ellendale stones via its own marketing initiatives and re-establish Western Australia as a supplier of unique high-value diamonds to luxury goods markets worldwide.

The transaction is in the form of an Option Deed over two years, with a series of staged payments from Burgundy to Gibb River at Burgundy’s election:

(i) On execution of the formal agreement, Burgundy paid Gibb River A$1.7 million in cash and issued to Gibb River 4 million shares;

(ii) On the first-year anniversary of the grant of the option, Burgundy to pay Gibb River A$1 million in cash and issue to Gibb River 5 million shares; and

(iii) On the exercise of the option to purchase the Ellendale Diamond Project, Burgundy to pay Gibb River A$4 million in cash and issue to Gibb River 7 million Shares in Burgundy. Burgundy will also pay Gibb River a 1.5% gross revenue royalty on the diamonds and other minerals obtained from the tenements while it remains the registered holder of the tenements.

In March 2021, Burgundy made the A$1.7 million cash payment and issued 4 million Shares.

The total tenement package being acquired under the current option agreement is shown in Figure 3, comprising a number of mining leases, applications for the grant of certain tenements, exploration licences and miscellaneous licenses that cover all of the prospective ground in the Ellendale and Blina project areas. Together, these are now being referred to as the "Ellendale Diamond Project".

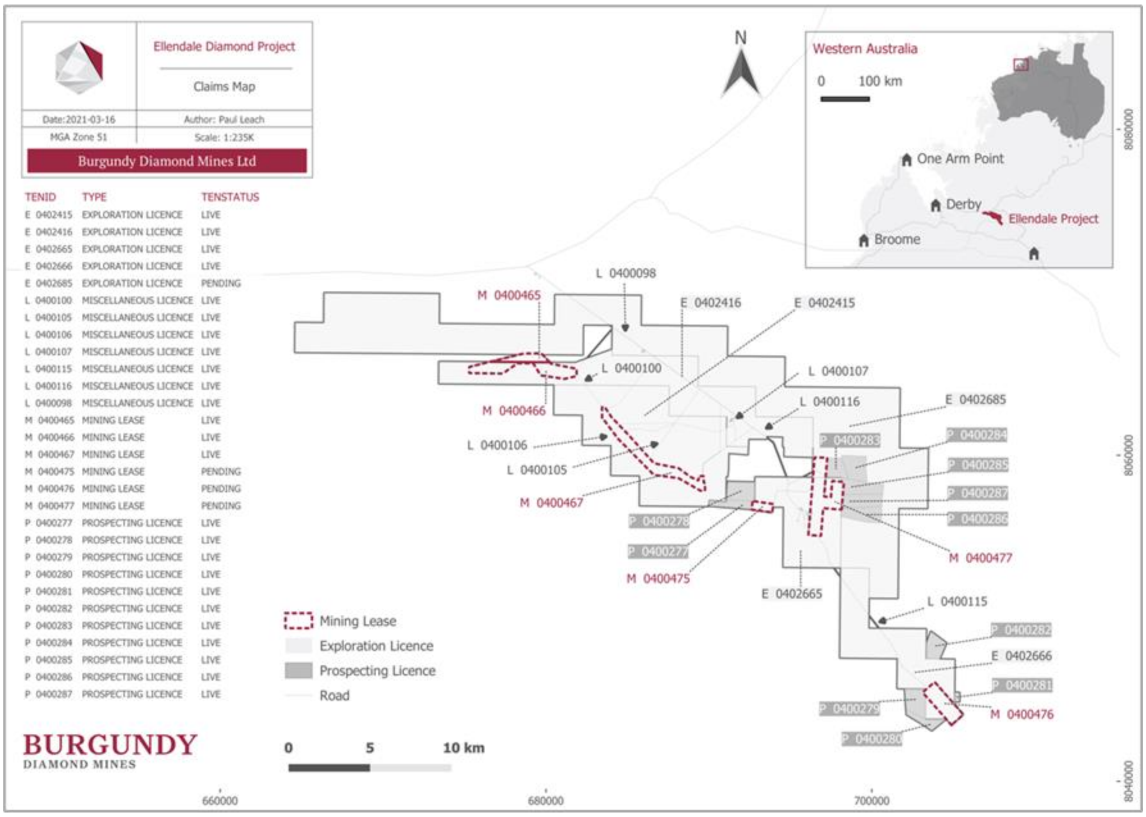

Figure 3 - Location of Ellendale Diamond Project Tenements

The Company has made significant progress towards developing an operating plan to re-start production before the end of calendar year 2022 starting with the engagement of a dedicated team of highly experienced geological, engineering and project management consultants and contractors with direct knowledge of the Ellendale Diamond Project and other alluvial and hard- rock diamond projects and operations worldwide. Activity on the project to date has encompassed:

- Collation and assessment of the extensive historical data and information provided by Gibb River.
- Commencement of work on developing revised mineral resource and exploration target estimates on selected parts of the suite of potential opportunities across the project area.
- Initial clearing of tracks, camp site and plant site at the Blina alluvial deposit, and design of a trenching and bulk sampling program planned for the September quarter.
- Start of fabrication of a fit-for-purpose bulk sampling plant by IMP International Solutions Ltd (Imilingo Mineral Processing) in South Africa. This plant includes the use of a Tomra XRT COM 300 /FR sorter supplied by TOMRA Sorting GmbH in Germany. The total cost of this plant is some US$3.5 million, and

fabrication was around 50% complete at the end of the June quarter. Delivery of the fully containerised plant to Western Australia is scheduled for the December 2021 quarter.

- Preliminary planning and design of a larger operational processing plant for start of fabrication in the September quarter, with planned start of operation before the end of 2022.

La Victoria Gold and Silver Project

Burgundy holds an 18% interest in the La Victoria Gold/Silver Project, located in the prolific North-Central Mineral Belt of Peru (Figure 4), which it acquired through earn-in arrangements starting in 2017 and is able, pursuant to a 2018 option agreement, to increase this interest to 25% by expending a further C$1.4 million, subject to the receipt of all permitting.

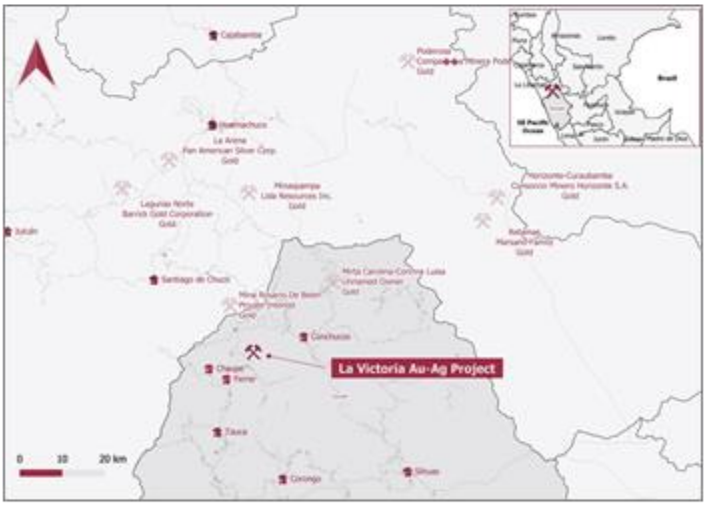

Figure 4 - Location of La Victoria Project in Peru

Proposed drilling at this project has been impacted by permitting delays, however, Burgundy's project partner, Eloro Resources Ltd (TSX-V: ELO, Eloro), announced in September that it had entered into a surface rights agreement with the local community that allows exploration activities including drilling to proceed. With the surface rights agreement in place, Eloro can now proceed with the drill permitting process with the Peruvian Ministry of Energy and Mines and the Water Authority.

Burgundy will participate in any drilling program as an 18% partner and has advised Eloro that, at this time, it has no intention of exercising its option to increase its interest.

Nanuk Diamond Project

Nanuk Diamonds Inc is a 100% subsidiary of Burgundy and is the owner of 625 mineral claims located East of the Ungava Bay in Northern Quebec, a prospective diamond district that has received little attention over the last 15 years. There is no on-site activity currently planned for the Nanuk Project.

Corporate

Board and Executive Appointments

On 5 July 2020 and 22 September 2020 respectively, Mr Marc Dorion and Mr Kim Truter were appointed as Non-Executive Directors of the Company. On 8 September 2020, Mr Sean Whiteford and Mr George Read were appointed as Vice President Business Development and Vice President Exploration respectively. Mr Whiteford will play a key role in implementing the Company's strategy of forming commercial relationships with partner companies focused on diamond project development and Mr Read will be responsible for all technical aspects of existing Company projects and the assessment of future investment opportunities.

Capital Raising

On 22 June 2020, the Company announced that it had received commitments to raise $10 million (before costs) via a new share placement to institutional and sophisticated investors ("Placement"). The issue price of the new shares was 9.6 cents per share, and the Placement was to be conducted in two tranches. On 29 June 2020, the

Company completed the first tranche and issued 36,666,997 new shares at 9.6 cents per share to raise approximately $3.52 million. On 4 August 2020, the issue of tranche 2 shares was approved by shareholders at the Company's Extraordinary General Meeting. On the same day, 67,499,670 shares were issues at 9.6 cents per share to raise approximately $6.48 million.

On 26 July 2021, the Company announced that it had received binding commitments from institutional and sophisticated investors to raise $50.2m in new capital via the issue of 35 million unsecured convertible notes with a face value of $1 to raise $35.0 million (before issue costs and subject to shareholder approval) and a share placement of 63,313,647 ordinary shares at 24 cents per share to raise approximately $15.2 million (before costs of the offer). The Share Placement shares were issued on 2 August 2021 and shareholders approved the issue of the convertible notes 14 September 2021.

Share Purchase Plan

In August 2020, the Company completed a Share Purchase Plan for $592,314 (before issue costs) and issued 6,169,936 new shares at 9.6 cents per share.

Change of Name

On 18 November 2020, a resolution was passed by shareholders to change the name of the Company from EHR Resources Limited to Burgundy Diamond Mines Limited. The name change reflected both the focus of the Company in the diamond sector and the clear intent to become an operating diamond mining company.

Impact of COVID-19

The onset of the COVID-19 pandemic unfortunately coincided with the launch of the Company's diamond strategy. The immediate impact on market sentiment necessitated a period of watchful consolidation of our planned activities. The Company has continued to operate prudently and has implemented required measures to minimise spread of the virus, ensure the safety and wellbeing of employees, and maintain business continuity.

Results of Operations

The net loss of the Group for the year ended 30 June 2021 was $12,118,039 (2020: $3,201,605). The loss reflects the development stage of the Group and arises primarily from exploration expenditure.

Financial performance for the previous 5 years is as follows:

	2021 $	2020 $	2019 $	2018 $	2017 $
Net Loss after tax	(12,118,039)	(3,201,605)	(1,327,120)	(4,723,092)	(1,459,042)
EPS (cents per share)	(4.82)	(2.42)	(1.05)	(4.35)	(1.90)
Share Price ($)	0.29	0.096	0.035	0.08	0.07

Financial Position

The statement of cash flows shows a decrease in cash and cash equivalents for the year ended 30 June 2021 of $2,642,345 (2020: $1,810,067 increase). During the year, the Group raised $7,842,280 (2020 $3,520,032) before costs from the issue of share capital. At year end the Group had funds of $1,694,046 (2020: $4,342,785) available for future operational use.

Dividends

No dividends have been paid or declared by the Group since the end of the previous financial year. No dividend is recommended in respect of the current financial year.

Significant Changes in the State of Affairs

There were no other significant changes in the state of affairs of the Company other than those described within the operating and corporate activities review.

Matters Subsequent to The Reporting Period

As the impact of the COVID-19 pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is still evolving and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any further economic stimulus that may be provided.

On 26 July 2021, the Company announced that it had received binding commitments from institutional and sophisticated investors to raise $50.2m in new capital via the issue of 35 million unsecured Convertible Notes ("Notes") with a face value of $1 to raise $35.0 million (before issue costs) and a Share Placement of 63,313,647 ordinary shares at $0.24 cents per share to raise approximately $15.2 million (before costs of the offer). The Share Placement shares were issued on 2 August 2021 and shareholders approved the issue of the Notes on 14 September 2021. Each Note has a face value of $1, with a 3-year term to maturity and a 6% coupon rate. The Notes are unsecured and will convert at a 10% premium to the price of the Share Placement ($0.24) at the election of the Note holders. The Notes are redeemable if they are not converted to equity by the maturity date.

On 25 August 2021 the Company paid a cash backed financial guarantee of $182,974 with an expiry date of 31 January 2027 for a property lease contract for the Company's head office.

On 14 September 2021, shareholders approved the issue of 3 million zero options with a 3-year expiry to Mr Peter Ravenscroft, Managing Director and CEO, in recognition of Mr Ravenscroft's achievement of his short term incentive milestones.

There were no other significant events after the balance sheet date

Likely Developments and Expected Results

The strategic objectives of the Company are to create shareholder value through the discovery, development, and acquisition of technically and economically viable diamond projects. The Company will continue to develop its existing projects in Australia, Botswana, Canada and Peru will also pursue other global diamond project opportunities that meet the Company's investment criteria.

Directors' Meetings

The number of Directors' meetings held during the financial year and to the date of this report and the number of meetings attended by each Director during the time the Director held office are:

	Board		Remuneration and Nomination		Audit and Risk Committee	
	Held[1]	Attended[2]	Held[1]	Attended[2]	Held[1]	Attended[2]
Stephen Dennis	10	10	2	2	1	1
Peter Ravenscroft	10	10	N/A	N/A	N/A	N/A
Jeremy King	10	8	N/A	N/A	1	1
Michael O'Keeffe	10	9	2	2	N/A	N/A
Marc Dorion[3]	9	5	N/A	N/A	N/A	N/A
Kim Truter[4]	7	7	2	2	1	1
David Bradley[5]	1	1	N/A	N/A	N/A	N/A

1. Number of meetings held during the time the director held office or was a member of the committee during the year.
2. Number of meetings attended.
3. Appointed 5 July 2020.
4. Appointed 22 September 2020.
5. Resigned 5 July 2020.
N/A: Not a member of this committee.

On 16 March 2021, the Company established an Audit and Risk Committee (Jeremy King as chairperson and Stephen Dennis and Kim Truter as members) and a Remuneration and Nomination Committee (Stephen Dennis as chairperson and Michael O'Keeffe and Kim Truter as members).

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Remuneration Report (Audited)

This remuneration report for the year ended 30 June 2021 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

The KMP of the Group for the year ended 30 June 2021 are as follows:

Director	Role	Appointment	Resigned
Stephen Dennis	Non-Executive Chairman	22 August 20212	N/a
Peter Ravenscroft	Managing Director	11 March 2020	N/a
Jeremy King	Non-Executive Director	16 February 2016	N/a
Michael O'Keeffe	Non-Executive Director	15 June 2017	N/a
Marc Dorion	Non-Executive Director	5 July 2020	N/a
Kim Truter	Non-Executive Director	22 September 2020	N/a
David Bradley	Non-Executive Director	22 August 2012	5 July 2020

Voting and comments made at the company's 2020 Annual General Meeting ("AGM")

At the 2020 AGM, 99.65% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. During the financial year, KMP of the Group comprise the Board of Directors and the Managing Director/Chief Executive Officer.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board. The nature and amount of remuneration is collectively considered by the Board with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

The Remuneration and Nomination Committee is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees (plus statutory superannuation), payable in arrears. The current maximum total aggregate fixed sum per annum that may be paid to Non-Executive Directors in accordance with the Company's Constitution is $350,000 which may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

Executive Remuneration Structure

The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high-performance individuals.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

Relationship between Remuneration and Company Performance

Given the current phase of the Company's development, the Board does not consider corporate earnings to be an appropriate measure when determining the nature and amount of KMP remuneration.

The remuneration framework for KMP comprises fixed remuneration, and at risk components comprising short-term and long-term variable incentives that are determined by individual and Company performance.

Fixed Remuneration

Fixed remuneration consists of fixed contractual salary or fees, legislated employer contributions to superannuation funds and other employee benefits.

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary and statutory superannuation. It is structured as a total employment cost package.

KMP are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary is reviewed annually to ensure the executives' pay is competitive with the market. The remuneration of KMP is also reviewed on promotion. There is no guaranteed pay increase included in any KMP's contract.

Short -Term Incentives ("STI")

Short term incentives such as cash incentives may be awarded and are determined based on performance targets established by the Remuneration and Nomination Committee and take into consideration performance metrics such as the Company's performance, an individual employee's performance, and the individual employee's contribution to the Company's performance.

Long-Term Incentives ("LTI")

Options may be issued at the Board's discretion. The Board is of the opinion that the expiry date and exercise price of the options currently on issue to the Directors and Executives is a sufficient, long-term incentive to reward Directors and Executives in a manner which aligns the element of remuneration with the creation of shareholder wealth.

Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group for the year ended 30 June 2021 and 30 June 2020 are as follows

2021	Short Term Benefits		Long Term Benefits	At Risk Component	Total
	Base Salary/ fees	Other	Post-Employment Benefits	Share Based Payments	
30 June 2021	$	$	$	$	$
Directors					
Mr Stephen Dennis	74,637	-	7,091	-	81,728
Peter Ravenscroft (i)	318,387	-	30,247	125,000	473,634
Jeremy King	57,782	-	5,489	-	63,271
Michael O'Keeffe	56,855	-	5,401	-	62,256
Marc Dorion (ii)	59,416	-	-	-	59,416
Kim Truter (iii)	46,335	-	4,402	113,000	163,737
David Bradley (iv)	-	-	-	-	-
Total	**613,412**	**-**	**52,630**	**238,000**	**904,042**

(i) Shareholders approved the issue of ordinary shares to Peter Ravenscroft on 2 July 2020 as part of his executive employment agreement.
(ii) Appointed 5 July 2020.
(iii) Appointed 22 September 2020. Following shareholder approval at the Annual General Meeting on 18 November 2020, the Company issued 2,500,000 unlisted options to Mr Truter.
(iv) Resigned 5 July 2020

2020	Short Term Benefits		Long Term Benefits	At Risk Component	Total
	Base Salary/ fees	Other	Post-Employment Benefits	Share Based Payments	
30 June 2020	$	$	$	$	$
Directors					
Stephen Dennis (i)	59,698	60,000	5,671	-	125,369
Peter Ravenscroft (ii)	131,452	-	9,500	115,274	256,226
Jeremy King (iii)	44,677	40,000	4,244	-	88,921
Michael O'Keeffe	44,677	-	4,244	-	48,921
David Bradley (iv)	44,677	-	4,244	-	48,921
Total	**325,181**	**100,000**	**27,903**	**115,274**	**568,358**

(i) An amount of $60,000 was paid to Mr Dennis relating to additional consulting services provided during the year.
(ii) Following shareholder approval at the 9 March 2020 General Meeting of shareholders, the Company issued 2,500,000 Unlisted Options (exercisable at $0.07 on or before 19 March 2022) to Mr Ravenscroft as part of his incentive package following his appointment to the Board. Refer to Note 15 for the option valuation.
(iii) An amount of $40,000 was paid to Mirador Corporate Pty Ltd, an entity of which Mr Jeremy King is a director, relating to additional consulting services provided to the Company for the Nanuk Diamonds Inc. Acquisition.
(iv) Resigned 5 July 2020.

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
Name	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Directors						
Stephen Dennis	**100%**	**52%**	**-**	**48%**	**-**	-
Peter Ravenscroft	**100%**	**55%**	**-**	**-**	**-**	**45%**
Jeremy King	**100%**	**55%**	**-**	**45%**	**-**	-
Michael O'Keeffe	**100%**	**100%**	**-**	**-**	**-**	-
Marc Dorion	**100%**	**-**	**-**	**-**	**-**	-
Kim Truter	**31%**	**-**	**-**	**-**	**69%**	-
David Bradley	**-**	**-**	**-**	**-**	**-**	-

Shareholdings of KMP (direct and indirect holdings)

	Balance at 1 July 2020	Granted as Remuneration	Purchased	Issued upon exercise of Options	Other	Balance at 30 June 2021
Directors						
Stephen Dennis	4,669,123	-	520,834	2,500,000	-	7,689,957
Peter Ravenscroft (i)	-	1,250,000	3,125,000	-	-	4,375,000
Jeremy King	2,913,122	-	-	2,500,000	-	5,413,122
Michael O'Keeffe	24,033,927	-	1,369,608	2,500,000	-	27,903,535
Marc Dorion (ii)	11,883,948	-	657,719	-	-	12,541,667
Kim Truter	-	-	-	-	-	-
David Bradley (iii)	1,713,278	-	-	-	(1,713,278)	-
Total	**45,213,398**	**1,250,000**	**5,673,161**	**7,500,000**	**(1,713,278**	**57,923,281**

(i) Shareholders approved the issue of ordinary shares to Peter Ravenscroft on 2 July 2020 as part of his executive employment agreement.
(ii) Mr Dorion owned 11,883,948 shares in the Company prior to his appointment on 5 July 2020.
(iii) Resigned 5 July 2020.

Unlisted Option holdings of KMP (direct and indirect holdings)

30 June 2021	Balance at 1 July 2020	Issued as Remuneration	Exercised	Other	Balance at 30 June 2021
Directors					
Stephen Dennis	2,500,000	-	(2,500,000)	-	-
Peter Ravenscroft	2,500,000	-	-	-	2,500,000
Jeremy King	2,500,000	-	(2,500,000)	-	-
Michael O'Keeffe	2,500,000	-	(2,500,000)	-	-
Marc Dorion	-	-	-	-	-
Kim Truter (i)	-	2,500,000	-	-	2,500,000
David Bradley (ii)	2,500,000	-	-	(2,500,000)	-
Total	**12,500,000**	**2,500,000**	**(7,500,000)**	**(2,500,000)**	**5,000,000**

(i) Following shareholder approval at the Annual General Meeting of Shareholders on 18 November 2020, the Company issued 2,500,000 Unlisted Options subject to 24 months voluntary escrow (exercisable at $0.12 on or before 30 September 2023) to Mr Truter following his appointment to the Board.
(ii) Resigned 5 July 2020.

KMP Contractual Arrangements

Peter Ravenscroft Managing Director and Chief Executive Officer

Mr Ravenscroft is employed under an open term contract that may be terminated with 3 months' notice by either the Group or Mr Ravenscroft. The key terms of the contract are:

- Fixed remuneration of $300,000 plus statutory superannuation, increased to $360,000 plus statutory superannuation effective from 11 March 2021 in accordance with the terms of Mr Ravenscroft's Executive Employment Agreement dated 11 March 2020.
- Maximum short-term incentive in year 1 of 3 million zero priced options with a 3-year expiry subject to key performance indicators. On 14 September 2021, shareholders approved the issue of 3 million zero options with a 3-year expiry to Mr Ravenscroft, , in recognition of his achievement of his short-term incentive milestones.
- After year 1 the maximum short-term incentive will be equivalent to 50% of Mr Ravenscroft's base salary (payable in cash or equity) and subject to shareholder approval.
- Long term incentive in year 1 is a maximum of 3 million zero priced options with a 5-year expiry subject to Mr Ravenscroft meeting key performance indicators. After year 1, the maximum long-term incentives are to be agreed (payable in equity only) subject to Mr Ravenscroft meeting key performance indicators.

Non-Executive Director Arrangements

Non-executive directors receive a board fee and fees for chairing or participating on board committees**.** The term of each Non-Executive Director is open to the extent that they hold office subject to retirement by rotation, as per the Company's Constitution, at each AGM and are eligible for re-election as a director at the meeting. Appointment shall cease automatically if the Director gives written notice to the Board, or the Director is not re-elected as a Director by the shareholders of the Company. There are no entitlements following retirement or termination of an appointment.

The Non-executive Chairman is paid a fee of $70,000 (plus statutory superannuation) and Non-Executive Directors are paid fees of $55,000 per annum (plus statutory superannuation). The fee for chairing board committees is $7,500 (plus statutory superannuation) per annum and the fee for participating on board committees is $5,000 per annum (plus statutory superannuation).

Share-based Compensation

The Company may reward Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits. Details of shares and options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021 are noted below.

Options

Following shareholder approval at the Annual General Meeting of Shareholders on 18 November 2020, the Company issued 2,500,000 Unlisted Options (exercisable at $0.12 on or before 30 September 2023) to Mr Truter following his appointment to the Board.

Shares

On 2 July 2020, Shareholders approved the issue of 1,250,000 ordinary shares to Peter Ravenscroft as part of his executive employment agreement.

Equity Instruments Issued on Exercise of Options

On 20 April 2021, Mr Stephen Dennis, Mr Michael O' Keeffe and Mr Jeremy King each exercised 2,500,000 options and were each issued 2,500,000 ordinary shares.

Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2021 (2020: nil). There were no loans from any KMP during the year ended 30 June 2021 (2020: nil).

Other Transactions with KMP

During the financial year, the Company incurred fees of $121,880 for company secretarial and accounting services to Mirador Corporate Pty Ltd ("Mirador") (a company of which Mr Jeremy King is a Director).

At 30 June 2021, the Group had an outstanding payable to key management personnel and their related parties as follows:

	2021 **$**
Mirador Corporate Pty Ltd (i)	20,328
Peter Ravenscroft	3,819
Marc Dorion	15,056
Stephen Dennis	22,583

(i) Entity related to Jeremy King

All transactions were made on normal commercial terms and conditions and at market rates.

There were no other transactions with KMP during the year ended 30 June 2021.

This concludes the remuneration report, which has been audited.

Indemnification and Insurance of Officers and Auditors

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Environmental Regulations

The Company is not currently subject to any specific environmental regulation. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of these proceedings.

Auditor

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

Officers of the Company Who Are Former Partners of RSM Australia Partners

There are no officers of the company who are former partners RSM Australia Partners.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and included within these financial statements.

Shares Under Option

At the date of this report there were the following unissued ordinary shares for which options are outstanding:

2,500,000 options expiring 19 March 2023, exercisable $0.07

2,500,000 options expiring 31 July 2023, exercisable $0.12

2,500,000 options expiring 31 August 2023, exercisable $0.12

2,500,000 options expiring 30 September 2023, exercisable $0.12

10,000,000 options expiring 23 September 2024, exercisable $0.36

3,000,000 options expiring 21 September 2024, issued to Peter Ravenscroft in recognition of achieving board approved milestones. There is no consideration payable for the options.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 18 to the financial statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

This report is signed in accordance with a resolution of Board of Directors.

Stephen Dennis
Non-Executive Chairman

30 September 2021

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Burgundy Diamond Mines Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

AWhyte

Perth, WA
Dated: 30 September 2021

ALASDAIR WHYTE
Partner

FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	2021 $	2020 $
Revenue from continuing operations			
Other income	4	63,148	80,121
Expenses			
Administrative expenses		(263,083)	(308,691)
Compliance and regulatory expenses		(91,551)	(49,455)
Consultancy and legal expenses		(163,641)	(305,736)
Employee benefit expenses		(841,501)	(248,085)
Exploration expenditure expense		(9,944,536)	(2,176,543)
Investor relations expense		(125,448)	(18,909)
Share-based payment expense	15	(448,690)	(115,274)
Other expenses		(72,519)	(43,124)
Foreign currency losses		(230,218)	(15,909)
Loss from continuing operations before income tax		**(12,118,039)**	**(3,201,605)**
Income tax expense	6	-	-
Loss from continuing operations after income tax		**(12,118,039)**	**(3,201,605)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(6,395)	(40,033)
Other comprehensive income for the year, net of tax		**(6,395)**	**(40,033)**
Total comprehensive loss attributable to the members of		**(12,124,434)**	**(3,241,638)**
Loss per share for the year attributable to the members			
Basic loss per share (cents)	7	(4.82)	(2.42)
Diluted loss per share (cents)	7	(4.82)	(2.42)

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

Consolidated Statement of Financial Position

	Note	2021 $	2020 $
Current assets			
Cash and cash equivalents	8	1,694,046	4,342,785
Trade and other receivables	9	75,495	69,205
Total current assets		**1,769,541**	**4,411,990**
Non-current Assets			
Plant and equipment		6,797	-
Total non-current assets		**6,797**	**-**
Total assets		**1,776,338**	**4,411,990**
Current liabilities			
Trade and other payables	10	350,989	216,344
Total current liabilities		**350,989**	**216,344**
Total liabilities		**350,989**	**216,344**
Net assets		**1,425,349**	**4,195,646**
Equity			
Contributed equity	11	26,101,068	17,070,620
Reserves	12	1,720,298	1,403,003
Accumulated losses		(26,396,017)	(14,277,977)
Total equity		**1,425,349**	**4,195,646**

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

	Issued Capital	Share-based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
At 1 July 2019	**12,210,989**	**1,357,213**	**(29,451)**	**(11,076,372)**	**2,462,379**
Loss for the year	-	-	-	(3,201,605)	(3,201,605)
Other comprehensive income	-	-	(40,033)	-	(40,033)
Total comprehensive loss for the year after tax	-	-	(40,033)	(3,201,605)	(3,241,638)
Transactions with owners in their capacity as owners:					
Issue of share capital	5,040,032	-	-	-	5,040,032
Share issue costs	(180,401)	-	-	-	(180,401)
Share-based payments	-	115,274	-	-	115,274
At 30 June 2020	**17,070,620**	**1,472,487**	**(69,484)**	**(14,277,977)**	**4,195,646**
At 1 July 2020	**17,070,620**	**1,472,487**	**(69,484)**	**(14,277,977)**	**4,195,646**
Loss for the year	-	-	-	(12,118,040)	(12,118,040)
Other comprehensive income	-	-	(6,394)	-	(6,394)
Total comprehensive loss for the year after tax	-	-	(6,394)	(12,118,040)	(12,124,434)
Transactions with owners in their capacity as owners:					
Issue of share capital	9,387,282	-	-	-	9,387,282
Share issue costs	(356,834)	-	-	-	(356,834)
Share-based payments	-	323,689	-	-	323,689
At 30 June 2021	**26,101,068**	**1,796,176**	**(75,878)**	**(26,396,017)**	**1,425,349**

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

Consolidated Statement of Cash Flows

	Note	2021 $	2020 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,577,865)	(902,672)
Payments for exploration and evaluation expenditure		(8,555,513)	(679,013)
Interest received		13,148	30,121
Net cash used in operating activities	8(a)	**(10,120,230)**	**(1,551,564)**
Cash flows from investing activities			
Cash acquired from acquisition of subsidiary		-	22,000
Payments for property, plant and equipment		(7,563)	-
Net cash inflow from investing activities		**(7,563)**	**22,000**
Cash flows from financing activities			
Proceeds from issues of shares		7,842,282	3,520,032
Share issue costs		(356,834)	(180,401)
Net cash from financing activities		**7,485,448**	**3,339,631**
Net (decrease)/increase in cash and cash equivalents		(2,642,345)	1,810,067
Cash and cash equivalents at the beginning of the financial year		4,342,785	2,532,718
Effect of exchange rate fluctuations		(6,394)	-
Cash and cash equivalents at the end of the financial year	8	**1,694,046**	**4,342,785**

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

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Reporting Entity

Burgundy Diamond Mines Limited ("BDM" or the "Company") is a company limited by shares and domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity" or the "Group").

b) Basis of Preparation

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 annual report was authorised for issue by the Board of Directors on 30 September 2021.

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 19.

New, revised or amended standards and interpretations adopted by the Group

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standard is most relevant for the Group.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

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 consolidated entity'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 2.

(a) Comparatives

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(b) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Burgundy Diamond Mines Limited as at 30 June 2021 and the results of all subsidiaries for the year then ended. Burgundy Diamond Mines Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition method of accounting is used to account for business combinations by the consolidated entity. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

e) Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Australian dollars, which is Burgundy Diamond Mines Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Consolidated entity companies

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 account 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.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

f) Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is expensed at the end of the reporting period unless it relates to a project that the Group has determined economically viable in which case it is carried forward to the extent that it is expected to be recouped through the successful development of the area, or by its sale.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

g) Current and Non-Current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

h) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

NOTE 2 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.

Share based payments

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

NOTE 3 SEGMENT INFORMATION

The Group require operating segments to be identified on the basis of internal reports above components of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segments and to assess their performance. On this basis, the Group’s reportable segments under AASB Operating Segments are the Group’s exploration in Australia, Canada, Peru and Botswana.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in Note 1. Information regarding the Group's reportable segments is presented below.

2021	Peru $	Canada $	Botswana $	Australia $	Other $	Total $
Other income	-	-	-	-	63,148	63,148
Exploration expenditure	(35,045)	(2,851,624)	(517,087)	(6,540,780)	-	(9,944,536)
Share based payments expense	-	-	-	-	(448,690)	(448,690)
Administration and other expense	(1,128)	-	-	-	(1,786,833)	(1,787,962)
Loss before income tax	**(36,173)**	**(2,851,624)**	**(517,087)**	**(6,540,780)**	**(2,172,375)**	**(12,118,039)**
Income tax expense	-	-	-	-	-	-
Loss after income tax for the year	**(36,173)**	**(2,851,624)**	**(517,087)**	**(6,540,780)**	**(2,172,375)**	**(12,118,039)**
Total assets	9,016	61,652	-	-	1,705,670	**1,776,338**
Total liabilities	-	-	-	-	350,989	**350,989**

2020	Peru $	Canada $	Botswana $	Australia $	Other $	Total $
Other income	-	-	-	-	80,121	80,121
Exploration expenditure	40,548)	(1,789,974)	(346,021)		-	(2,176,543)
Share based payments expense	-	-	-	-	(115,274)	(115,274)
Administration and other expense	(14,617)	-	-	-	(975,292)	(989,909)
Loss before income tax	**(55,165)**	**(1,789,974)**	**(346,021)**	**-**	**(1,010,445)**	**(3,201,605)**
Income tax expense		-	-		-	-
Loss after income tax for the year	**(55,165)**	**(1,789,974)**	**(346,021)**	**-**	**(1,010,445)**	**(3,201,605)**
Total assets	4,690	35,743	-	-	4,371,557	**4,411,990**
Total liabilities	-	-	-	-	216,344	**216,344**

NOTE 4 OTHER INCOME

	2021 $	2020 $
Interest income	13,148	30,121
Australian Taxation Office ("ATO") Cash Flow Boost	50,000	50,000
	63,148	**80,121**

Accounting Policy

Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Interest Income

Interest income is recognised when the Company gains controls of the right to receive the interest payment.

All revenue is stated net of the amount of goods and services tax.

NOTE 5 INVESTMENT IN CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage Owned (%)	
		2021	2020
Cottesloe Oil and Gas Pty Ltd (i)	Australia	-	100
BDM Del Peru S.A.C.	Peru	100	100
Nanuk Diamonds Inc.	Canada	100	100
1261620 B.C. Ltd. (ii)	Canada	100	-

i) Deregistered on 11 February 2021

ii) Incorporated on 17 August 2020

NOTE 6 INCOME TAX

	2021	2020
	$	$
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the statement of profit or loss and other	**-**	
(b) The prima facie tax on loss from ordinary activities before income tax is		
(Loss) / profit before income tax expense	(12,118,040)	(3,201,605)
Prima facie tax benefit on loss before income tax at 30% (2020: 30%)	(3,635,413)	(960,482)
Increase income tax expense due to:		
Non-deductible expenses	129,272	238,686
Timing differences not recognised	2,841,072	385,431
Tax losses not brought to account	665,069	336,365
Tax effect of derivation of non-assessable income	-	-
Income tax expense/(benefit)	-	-
(c) Deferred tax assets not brought to account are:		
Accruals/provisions	22,305	8,762
Business related costs	20,561	16,202
Tax losses	2,527,217	1,862,148
Capitalised expenditure	3,289,148	415,608
Capital raising	137,648	82,369
Set-off against deferred tax liabilities	(2,039)	(3,440)
Total deferred tax assets not brought to account	**5,994,840**	**2,381,649**

(d) Deferred tax liabilities not recognised		
Prepayments	2,039	3,440
Set-off against deferred tax assets	(2,039)	(3,440)
Total unrecognised deferred tax liabilities	-	**-**

The benefit for tax losses will only be obtained if:

(i) The Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

(ii) The Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and

(iii) There are no changes in tax legislation in Australia which will adversely affect the Group in realising the benefit from the deductions for the losses.

At 30 June 2021, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiary as the Group has no liability for additional taxation should such amounts be remitted.

Accounting Policy

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred Tax

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 7 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2021	**2020**
	$	**$**
Net loss for the year attributable to ordinary equity holders	(12,118,039)	(3,201,605)
Weighted average number of ordinary shares outstanding during the year used to calculate basic and diluted loss per share.	251,483,286	132,505,874

	2021	**2020**
	Cents	**Cents**
Loss per share attributable to ordinary equity holders of the Group	**(4.82)**	(2.42)

Options on issue are not considered dilutive to the earnings per share because the Company is in a loss making position.

Accounting Policy

Basic earnings per share
Basic earnings per share are calculated by dividing:

- The profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share
Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTE 8 CASH AND CASH EQUIVALENTS

	2021	2020
	$	**$**
Cash at bank and in hand	1,694,046	3,842,785
Short-term deposits	-	500,000
Total cash and cash equivalents	**1,694,046**	**4,342,785**

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

The Group's exposure to interest rate and credit risks is disclosed in Note 13.

(a) Reconciliation of net loss after tax to net cash flows from operations

	2021	2020
	$	**$**
Loss for the financial year	(12,118,040)	(3,201,605)
Adjustments to add/(deduct) non-cash items:		
Consideration shares issued for asset acquisition	1,420,000	1,520,000
Depreciation	766	-
Foreign currency	(6,394)	(40,034)
Share-based payments	448,690	115,274
Impairment of other assets	-	8,637
Changes in assets and liabilities		
Trade and other receivables	-	(46,134)
Trade and other payables	134,748	92,298
Net cash used in operating activities	**(10,120,230)**	**(1,551,564)**

(b) Non-cash investing and financing activities

Adjustments for:

Consideration shares issued for asset acquisition	**1,420,000**	1,520,000

Accounting Policy

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term high liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

NOTE 9 TRADE AND OTHER RECEIVABLES

	2021	2020
	$	$
GST receivable	50,684	46,346
Other deposits and receivables	24,811	22,859
Total trade and other receivables	**75,495**	**69,205**

The consolidated entity has recognised a loss of $nil in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

Accounting Policy

Trade and Other Receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Goods and Services Tax ('GST')
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset of the assets or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST on investing and financial activities, which are disclosed as operating cash flows.

Impairment of Assets
Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

NOTE 10 TRADE AND OTHER PAYABLES

	2021	2020
	$	$
Trade payables	225,105	133,852
Accrued expenses	80,008	50,370
Other payables	45,876	32,122
Total trade and other payables	**350,989**	**216,344**

Due to the short-term nature of these payables, their carrying value is assumed to be the same as their fair value.

Accounting Policy

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 11 CONTRIBUTED EQUITY

(a) Ordinary Shares

	2021		2020	
	No.	**$**	No.	$
Ordinary shares	**273,254,589**	**26,101,068**	183,334,983	17,070,620

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

(b) Movements in Ordinary Shares Issued

2021		**Number**	**$**
At 1 July 2020		183,334,983	17,070,620
3 Jul 2020	Issue of shares to Managing Director (i)	1,250,000	125,000
6 Aug 2020	Placement (ii)	67,499,670	6,479,968
6 Aug 2020	Share purchase plan (ii)	6,169,936	592,314
10 Dec 2020	Exercise of options	500,000	35,000
20 Aug 2020	Exercise of options	500,000	35,000
24 Mar 2021	Issue of shares to Gibb River Limited	4,000,000	1,420,000
20 Apr 2021	Exercise of options	7,500,000	525,000
23 Apr 2021	Exercise of options	2,500,000	175,000
	Transaction costs	-	(356,834)
Balance at 30 June 2021		**273,254,589**	**26,101,068**

i) Shareholders approved the issue of ordinary shares to Peter Ravenscroft on 2 July 2020 as part of his executive employment agreement.

ii) Shares were issued to provide working capital to the Company.

2020		**Number**	**$**
At 1 July 2019		126,667,986	12,210,989
17 Mar 2020	Issue of shares to acquire of the issued capital of Nanuk Diamonds Inc	20,000,000	1,520,000
29 Jun 2020	Placement (i)	36,666,997	3,520,032
	Transaction costs	-	(180,401)
Balance at 30 June 2020		**183,334,983**	**17,070,620**

i) Shares were issued to provide working capital to the Company.

Accounting Policy

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.

NOTE 12 RESERVES

	2021	2020
	$	$
Share based payments reserve	1,796,177	1,472,487
Foreign currency translation reserve	(75,879)	(69,484)
Total reserves	**1,720,298**	**1,403,003**

Movement reconciliation		
Share-based payments reserve		
Balance at the beginning of the year	1,472,487	1,357,213
Equity settled share-based payment transactions (Note 15)	323,690	115,274
Balance at the end of the year	**1,796,177**	**1,472,487**
Foreign currency translation reserve		
Balance at the beginning of the year	(69,484)	(29,451)
Effect of translation of foreign currency operations to group presentation	(6,395)	(40,033)
Balance at the end of the year	**(75,879)**	**(69,484)**

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.

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 13 FINANCIAL RISK MANAGEMENT

a. Accounting classifications and fair values

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term in nature and their carrying values equate to their fair values. Financial assets at fair value through other comprehensive income that comprise equity securities in listed entities are classified as level 1 in the fair value hierarchy and are carried at the quoted price of the equity securities at the period end date.

b. Financial Risk Management Policies

Risk management has focused on limiting liabilities to a level which could be extinguished by sale of assets if necessary.

The Group's activities expose it to a variety of financial risks; market risk (including interest rate risk, equity price risk, commodity price risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group is engaged in mineral exploration and evaluation and does not currently sell products and derives only limited revenue from interest earned.

Risk management is carried out by the Board and the Company has adopted a formal risk management policy.

c. Market risk

Interest rate risk

Exposure to interest rate risk arises on floating interest rates on term deposits of cash and cash equivalents only. The Group has no debt arrangements and interest rate risk is not material.

Equity Price risk

The Group is not exposed to equity risk.

Commodity Price risk

The Group is not exposed to commodity price risk.

Foreign currency risk

Exposure to foreign currency risk may result in the fair value of future cash flows of a financial instrument to fluctuate due to the movement in the foreign exchange rates of currencies in which the Group holds financial instruments which are other than Australian dollar.

With instruments being held by overseas operations, fluctuations in currencies may impact on the Group's financial results. Since the Group has not yet commenced mining operations, the exposure is limited to short-term liabilities for expenses which are payable in foreign currencies. The Group limits its foreign currency risk by limiting funds held in overseas bank accounts and paying its creditors promptly. The Board regularly reviews this exposure.

d. Credit risk

Credit exposure represents the extent of credit related losses that the Group may be subject to on amounts to be received from financial assets. Credit risk arises principally from bank balances and trade and other receivables. The objective of the Group is to minimise the risk of loss from credit risk. The Group's exposure to bad debt risk is insignificant.

e. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration and development, the Group does not have ready access to credit facilities, with the primary source of funding being equity. 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.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

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

Accounting Policy

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

NOTE 14 RELATED PARTY DISCLOSURE

a) Key Management Personnel Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2021	2020
	$	$
Short-term benefits	613,412	425,181
Post-employment benefits	52,630	27,903
Share-based payments	238,000	115,274
Total KMP Compensation	**904,042**	**568,358**

b) Transactions with related parties

During the financial year, the Company incurred fees of $121,880 for company secretarial and accounting services paid/is payable to Mirador Corporate Pty Ltd ("Mirador") (a company of which Mr Jeremy King is a director). At 30 June 2021, the Group had an outstanding payable to key management personnel and their related parties as follows:

	2021	2020
	$	$
Mirador Corporate Pty Ltd (i)	20,328	14,240
Peter Ravenscroft	3,819	-
Marc Dorion	15,056	-
Mr Stephen Dennis	22,583	17,500
Michael O'Keeffe	-	13,750
Bushwood Nominees Pty Ltd(i)	-	13,750
Gas Transport Solutions Pty Ltd(ii)	-	13,750

(i) Entity related to Jeremy King
(ii) Entity related to David Bradley

All transactions were made on normal commercial terms and conditions and at market rates. There were no other transactions with KMP during the year ended 30 June 2021.

NOTE 15 SHARE-BASED PAYMENTS

a) Recognised share-based payment transactions

	2021	2020
	$	$
Shares issued to Directors (i)	125,000	-
Options issued to Directors (ii)	113,000	115,274
Options issued to consultants	210,690	-
Total share-based payments	**448,690**	**115,274**

(i) Shareholders approved the issue of ordinary shares to Peter Ravenscroft on 2 July 2020 as part of his executive employment agreement.
(ii) Following shareholder approval at the Annual General Meeting of shareholders on 18 November 2020, the Company issued 2,500,000 Unlisted Options to Mr Truter following his appointment to the Board.

b) Summary of options

30 June 2021

Options	Grant Date	Date of Expiry	Exercise Price	Balance at the start of the year	Granted during the year	Exercised during the year	Balance at the end of the year
Directors	15-06-17	30-06-21	$0.07	10,000,000	-	(10,000,000)	-
Consultant	01-08-17	22-08-20	$0.07	500,000	-	(500,000)	-
Consultant	15-06-18	30-06-21	$0.07	500,000	-	(500,000)	-
Director	09-03-20	19-03-23	$0.07	2,500,000	-	-	2,500,000
Consultant	14-08-20	31-07-23	$0.12	-	2,500,000	-	2,500,000
Consultant	08-09-20	31-08-23	$0.12	-	2,500,000	-	2,500,000
Director	18-11-20	30-09-23	$0.12	-	2,500,000	-	2,500,000
				13,500,000	7,500,000	(11,000,000)	10,000,000

Weighted average exercise price is $0.11

The fair value of the options granted is estimated as at the date of grant using a Black-Scholes model taking into account the terms and conditions upon which the options were granted.

The following tables list the inputs to the model used for the year ended 30 June 2021.

	Consultant Options[1]	Consultant Options[2]	Director Options[3]
Number of listed options – Tranche 1	1,250,000	1,250,000	2,500,000
Number of listed options – Tranche 2	1,250,000	1,250,000	N/A
Grant date	14 Aug 2020	8 Sep 2020	18 Nov 2020
Expiry date	31 Jul 2023	31 Aug 2023	30 Sep 2023
Exercise price	$0.12	$0.12	$0.12
Share price at grant date	$0.097	$0.089	$0.095
Fair value of listed option – Tranche 1	$0.045	$0.042	$0.040
Fair value of listed option – Tranche 2	$0.050	$0.047	N/A
Expected volatility	100%	100%	100%
Risk-free interest rate	0.27%	0.28%	0.11%
Valuation	**$118,000**	**$111,125**	**$113,000**

1. 1,250,000 options vested on grant and the remaining 1,250,000 options vested on 1 August 2021.
2. 1,250,000 options vested on grant and the remaining 1,250,000 options vested on 1 September 2021.
3. Following shareholder approval at the Annual General Meeting of Shareholders on 18 November 2020, the Company issued 2,500,000 Unlisted Options to Mr Truter following his appointment to the Board. The options are subject to voluntary escrow for 24 months from date of issue.

30 June 2020

Options	Grant Date	Date of Expiry	Exercise Price	Balance at the start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year
Directors	15-06-17	30-06-21	$0.07	10,000,000	-	-	-	10,000,000
Consultant	01-08-17	22-08-20	$0.07	500,000	-	-	-	500,000
Consultant	15-06-18	30-06-21	$0.07	500,000	-	-	-	500,000
Director	09-03-20	19-03-23	$0.07	-	2,500,000	-	-	2,500,000
				11,000,000	2,500,000			13,500,000
Weighted average exercise price			$0.07					

The options issued to the Mr Peter Ravenscroft, Director, of the Company, have been valued using the Black-Scholes model. The model and assumptions are shown in the table below:

Black-Scholes Option Pricing Model	
	Directors
Grant Date	09-03-20
Expiry Date	19-03-23
Strike (Exercise) Price	$0.07
Underlying Share Price (at date of issue)	$0.083
Risk-free Rate (at date of issue)	0.38%
Volatility	80%
Number of Options Issued	2,500,000
Dividend Yield	0%
Probability	100%
Black-Scholes Valuation	$0.046
Total Fair Value of Options	$115,274

Accounting Policy

Equity-settled and cash-settled share-based compensation benefits are provided to Key Management Personnel and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying an appropriate valuation model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.

- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. 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 the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

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 16 COMMITMENTS

In June 2020, the Company entered into an Exploration Alliance Agreement (“Alliance”) with Diamond Exploration Strategies Ltd (“DES”), a privately owned company focused on diamond exploration in Botswana. Under the terms of the Alliance, BDM will provide funding of US$1,5 million over three years to finance exploration activities, earning 50% ownership of any discoveries made. At 30 June 2021, the remaining commitment is approximately US$1.2 million.

On 2 June 2020, the Company announced that it had entered into an Option Agreement with North Arrow Minerals Inc (TSXV: NAR) over the Naujaat Diamond Project (Project) in the Nunavut territory of Canada. The agreement provides Burgundy with the option to earn a 40% interest in the Project in return for funding of CAD$5.6 million for a preliminary bulk sample of 1,500 – 2,000 tonnes. At 30 June 2021, the Company’s remaining commitment under the Option Agreement was CAD$2,800,000.

NOTE 17 CONTINGENCIES

All purchases in Peru are subject to the payment of the Impuesto General a las Ventas (“IGV”) which is a General Sales Tax. Eloro Resources Ltd is entitled to claim back the IGV tax it has paid on all Peruvian purchases which, if successfully claimed, can then be recovered by BDM. As at 30 June 2021, the potential IGV tax receivable is approximately US$354,155 (2020: US$352,080). A receivable has not been recognised at 30 June 2021 as receipt of the amount is dependent upon Eloro and the Company meeting the IGV required refund and the assessment of the relevant taxation authorities in Peru.

NOTE 18 AUDITOR'S REMUNERATION

	2021	2020
	$	$
Amounts received or due and receivable by RSM Australia:		
Audit and review of the annual and half-year financial report	36,000	33,500
Other services - RSM Australia:		
- Taxation services	5,400	4,000
- Independent Expert's Report	-	20,000
	41,400	**57,500**
Other service- RSM Canada		
- Tax compliance services	7,825	7,284
	7,825	**7,284**

NOTE 19 PARENT ENTITY

	2021	2020
	$	$
Assets		
Current assets	1,698,873	4,371,556
Non-current assets	77,465	38,949
Total assets	**1,776,338**	**4,410,505**
Liabilities		
Current liabilities	350,989	214,859
Total liabilities	**350,989**	**214,859**
Equity		
Contributed equity	26,101,068	17,070,620
Reserves	1,796,175	1,472,485
Accumulated losses	(26,471,894)	(14,347,459)
Total equity	**1,425,349**	**4,195,646**
Loss for the year	(12,124,435)	(3,241,638)
Total comprehensive loss	**(12,124,435)**	**(3,241,638)**

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Exploration commitments
The parent entity had exploration commitments as disclosed in Note 16.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, 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 20 EVENTS AFTER THE REPORTING DATE

As the impact of the COVID-19 pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is still evolving and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any further economic stimulus that may be provided.

On 26 July 2021, the Company announced that it had received binding commitments from institutional and sophisticated investors to raise $50.2m in new capital via the issue of 35 million unsecured convertible notes with a face value of $1 to raise $35.0 million (before issue costs and subject to shareholder approval) and a Share Placement of 63,313,647 ordinary shares at $0.24 cents per share to raise approximately $15.2 million (before costs of the offer). The Share Placement shares were issued on 2 August 2021 and shareholders approved the issue of the convertible notes 14 September 2021.

On 25 August 2021 the Company paid a cash backed financial guarantee with an expiry date of 31 January 2027 of $182,974 for a property lease contract for the Company’s head office.

On 14 September 2021, shareholders approved the issue of 3 million zero options with a 3-year expiry to Mr Peter Ravenscroft, Managing Director and CEO, in recognition of Mr Ravenscroft’s achievement of his short term incentive milestones.

Other than the above, there has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Stephen Dennis
Non-Executive Chairman

30 September 2021

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
BURGUNDY DIAMOND MINES LIMITED**

Opinion

We have audited the financial report of Burgundy Diamond Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RSM

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Exploration Expenditure Refer to Statement of Profit or Loss and Other Comprehensive Income and Note 1(f).	
The Group has incurred exploration expenditure of $9,944,536 for the year ended 30 June 2021, which has been recognised as an expense to the statement of profit or loss and other comprehensive income in accordance with the Group's accounting policy. This is primarily comprised of expenditure to earn an interest in diamond projects in Canada, Botswana and Australia. Exploration expenditure is a key audit matter as it is the most significant expense in the statement of profit or loss and other comprehensive income.	Our audit procedures included: • Reviewing the key terms and conditions of the joint venture agreements; • Obtaining confirmation from the joint venture partners that cash calls transferred/paid have been expended on activities that would qualify as exploration activities in accordance with the joint venture agreements and the Group's earned interest in its projects at the reporting date; • Performing substantive testing on exploration expenditure expense on a sample basis; • Assessing whether the Group's accounting policy for exploration expenditure is in accordance with Australian Accounting Standards; and • Assessing the adequacy of the disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Burgundy Diamond Mines Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

AWhyte

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 30 September 2021

Corporate Governance Statement

The Board of Directors of Burgundy Diamond Mines Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and accountable. The Board continuously reviews its governance practices to ensure they remain consistent with the needs of the Company.

The Company complies with each of the recommendations set out in the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("the ASX Principles"). This statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, are in place.

The Company's Corporate Governance Statement and policies can be found on its website at www.BDM-resources.com.

BURGUNDY
DIAMOND MINES

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 28 September 2021.

1. Fully paid ordinary shares

- There is a total of 336,568,236 fully paid ordinary shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 1,358.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no preference shares on issue.

2. Distribution of fully paid ordinary shareholders is as follows:

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	53	4,923	0.00%
above 1,000 up to and including 5,000	234	723,293	0.21%
above 5,000 up to and including 10,000	219	1,816,828	0.54%
above 10,000 up to and including 100,000	578	22,386,396	6.65%
above 100,000	274	311,636,796	92.59%
Totals	**1,358**	**336,568,236**	**100.00%**

3. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those whose shareholding is valued at less than $500. There are 120 shareholders who hold less than a marketable parcel of shares, amount to 0.03% of issued capital.

4. Substantial shareholders of ordinary fully paid shares

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Holding Balance	% of Issued Capital
MICHAEL O'KEEFFE	27,903,535	8.29%
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	23,080,000	6.86%
HSBC & FRAYNE	18,451,656	5.48%

5. Restricted Securities

None

6. Share buy-backs

There is currently no on-market buyback program for any of BDM Resources' listed securities.

7. Voting rights of Shareholders

All fully paid ordinary shareholders are entitled to vote at any meeting of the members of the Company and their voting rights are on:

- Show of hands – one vote per shareholder; and
- Poll – one vote per fully paid ordinary share.

8. Major Shareholders

The Top 20 largest fully paid ordinary shareholders together held 53.99% of the securities in this class and are listed below:

	Holder Name	Number Held	Percentage
1	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	23,080,000	6.86%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	18,451,656	5.48%
3	WYNNCHURCH STRATEGIC OPPORTUNITY LP (A DELAWARE LP)	14,583,334	4.33%
4	PROSPECT AG TRADING PTY LTD <O'KEEFFE FAMILY A/C>	14,353,535	4.26%
5	EASTBOURNE DP PTY LTD <O'KEEFFE SUPER FUND A/C>	11,050,000	3.28%
6	9064-6316 QUEBEC INC	11,041,667	3.28%
7	SANDY DOG PTY LTD <THE SANDY DOG UNIT A/C>	9,375,000	2.79%
8	CITICORP NOMINEES PTY LIMITED	7,358,912	2.19%
9	ANDJEN PTY LTD <DIMSEY SUPER FUND A/C>	6,033,138	1.79%
10	SANDY DOG PTY LTD <CHAS STEWART NO 2 FAM A/C>	5,995,191	1.78%
11	DR SALIM CASSIM	5,300,000	1.57%
12	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	5,231,992	1.55%
13	MR STEPHEN BRUCE DENNIS & MRS ALISON JILL DENNIS <DENNIS SUPER FUND A/C>	5,189,957	1.54%
14	ZERO NOMINEES PTY LTD	5,125,000	1.52%
15	BUSHWOOD NOMINEES PTY LTD	4,831,822	1.44%
16	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,660,000	1.38%
17	SABRINA PAULINE MARSHALL	4,375,000	1.30%
18	BASS FAMILY FOUNDATION PTY LTD <BASS FAMILY FOUNDATION A/C>	4,350,000	1.29%
19	METECH SUPER PTY LTD <METECH NO 2 SUPER FUND A/C>	4,200,000	1.25%
20	BLUE CRYSTAL PTY LTD <JULIAN FAMILY A/C>	4,166,667	1.24%
	Totals	**168,752,871**	**50.14%**

9. Unlisted Options

- 2,500,000 options expiring 19 March 2023, exercisable $0.07
- 2,500,000 options expiring 31 July 2023, exercisable $0.12
- 2,500,000 options expiring 31 August 2023, exercisable $0.12
- 2,500,000 options expiring 30 September 2023, exercisable $0.12
- 10,000,000 options expiring 23 September 2024, exercisable $0.36
- 3,000,000 options expiring 21 September 2024, There is no consideration payable for the options.

10. Tax Status

The Company is treated as a public company for taxation purposes.

11. Franking Credits

The Company has no franking credits.

Business Objectives

Burgundy Diamond Mines Limited has used cash and cash equivalents held at the time of re-compliance in a way consistent with its stated business objectives.

12. Securities Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited under Security Code EHX.

13. Registered Office

Suite 2, Level 1, 1 Altona Street
West Perth WA 6005

Telephone: 08 6559 1792
Website: www.burgundy-diamonds.com

14. Company Secretary
Ms Sarah Smith

15. Share Registry
Automic Share Registry
Level 2, 267 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

16. Group Assets

Project	Location	Area	Nature of Interest	Holder	Interest at beginning of year	Interest at end of year
La Victoria Project	Peru	~80km^2	Farm-in Agreement	Eloro Resources Limited	18%	18%
Nanuk Diamonds	Quebec, Canada	274km^2	100% Acquisition	Nanuk Diamonds Inc.	100%	100%