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BURGUNDY
DIAMOND MINES

BURGUNDY DIAMOND MINES LIMITED

(formerly known as EHR Resources Limited)

ABN 33 160 017 390

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2020

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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

Directors' Report

The Directors of Burgundy Diamond Mines Limited ("BDM" or "the Company") (formerly known as EHR Resources Limited) present their report, together with the financial statements on the consolidated entity consisting of Burgundy Diamond Mines Limited and its controlled entities for the half-year ended 31 December 2020 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2020 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

Directors

The following persons were directors of Burgundy Diamond Mines Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Director	Position
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)
David Bradley	Non-Executive Director (resigned 5 July 2020)

Principal Activities

During the financial year the Company expanded its mineral resource strategy to focus on exploration and development projects in the diamond sector. Three new diamond exploration projects were brought into the portfolio, while activity at the 18% owned La Victoria Gold/Silver project in Peru continued to be delayed by local permitting issues.

Review of Operations

The operating loss for the half-year ended 31 December 2020 was \$1,556,056 (31 December 2019: loss of \$287,333).

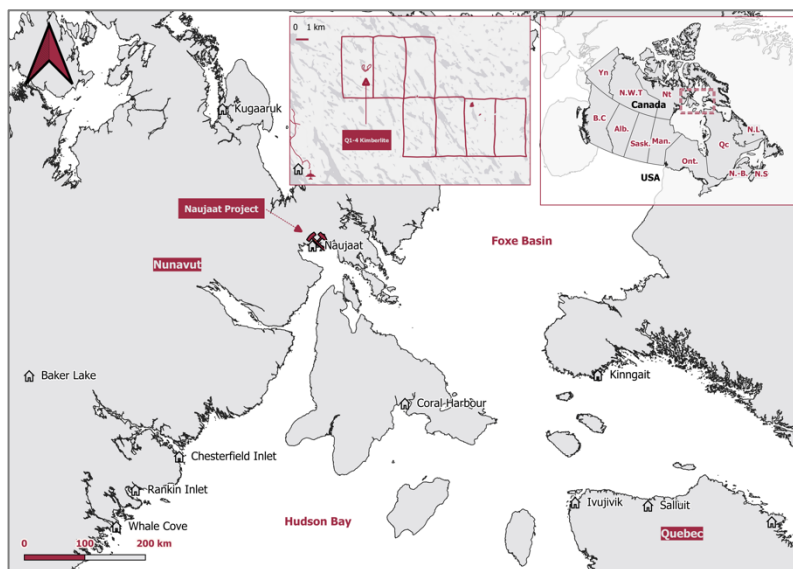
Naujaat Diamond Project

Project Overview

The Company is progressing an earn-in agreement with North Arrow Minerals Inc. over the Naujaat diamond project in Nunavut, Canada (Figure 1). The world class Naujaat project contains an exceptional population of uniquely coloured and rare high value stones. BDM has the option to earn-in to a 40% interest in the project by funding the Phase 1 program: a C\$5.6 million preliminary 1,500 to 2,000 tonne bulk sampling program to be undertaken in the Canadian summer of 2021. 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.

Directors' Report

Figure 1 - Location of Naujaat Project



Activity Update

The upfront payment of C\$0.3 million was made on signing the Phase One Option agreement, and these funds were used during the period by the project operator North Arrow to pre-order and ship fuel, sample bags and other supplies to the project site, ready for the commencement of the bulk sampling program in 2021. This preparatory work has saved significant costs through lower current fuel prices and by using sea transportation, rather than more expensive air transportation that would have been required later.

During the half-year period the focus was on optimizing the design of the 2021 bulk sample program, to both minimise costs and maximise the yield of larger diamonds from the sampling. Preparations are now well underway for the on-time mobilisation to site in the Canadian summer of 2021 and the successful implementation of the sampling program

Botswana Exploration Alliance

Project Overview

The Company has an Exploration Alliance Agreement in Botswana with Diamond Exploration Strategies Ltd (DES), a privately-owned company with an excellent management team. BDM 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% of any discovery by completing a Scoping Study or 90% on completion of a Feasibility Study. The Alliance is initially over five areas that have existing prospecting licenses (Figure 2) but extends to cover other prospective areas of Botswana that may be identified.

Activity Update

Despite restricted activities in the country during varying stages of the Covid-19 lock-down in Botswana, DES succeeded in obtaining renewals to 30 June 2022 from the Ministry of Mines for the seven Prospecting Licences that required renewal.

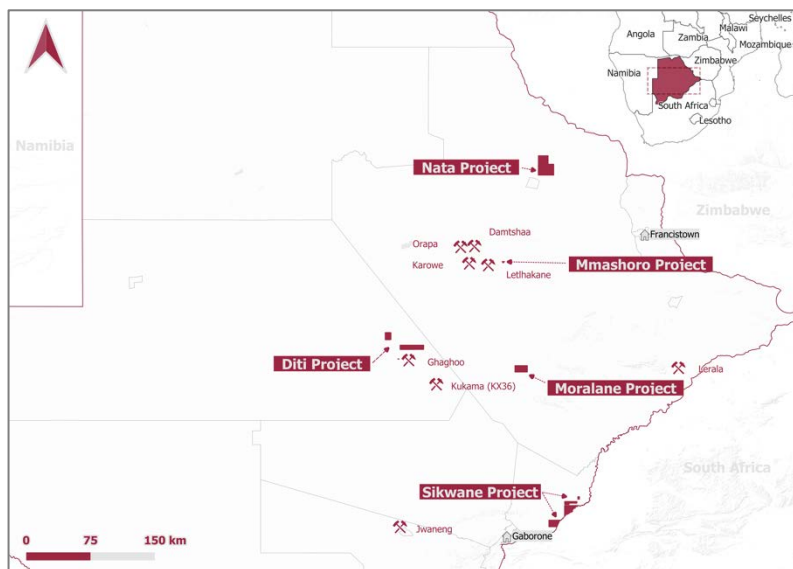
Following detailed analysis of proprietary databases and innovative targeting strategies, DES identified four additional areas for which new license applications were made in the half-year period.

Drilling programs on the Nata and Mmashoro projects, earlier planned for the December 2020 quarter, were delayed due to Covid-19 impacts, and are on track to commence early in the first quarter of 2021.

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Directors' Report

Figure 2 – Location of Botswana Exploration Alliance Project Areas



Nanuk Diamond Project

Project Overview

Nanuk Diamonds Inc is a 100% subsidiary of BDM and is the owner of 625 mineral claims located East of the Ungava Bay in Northern Quebec, a highly prospective diamond district that has received little attention over the last 15 years.

Activity Update

No activity was undertaken on the Nanuk Diamond Project during the half-year period ending 31 December 2020, whilst future activities are being evaluated.

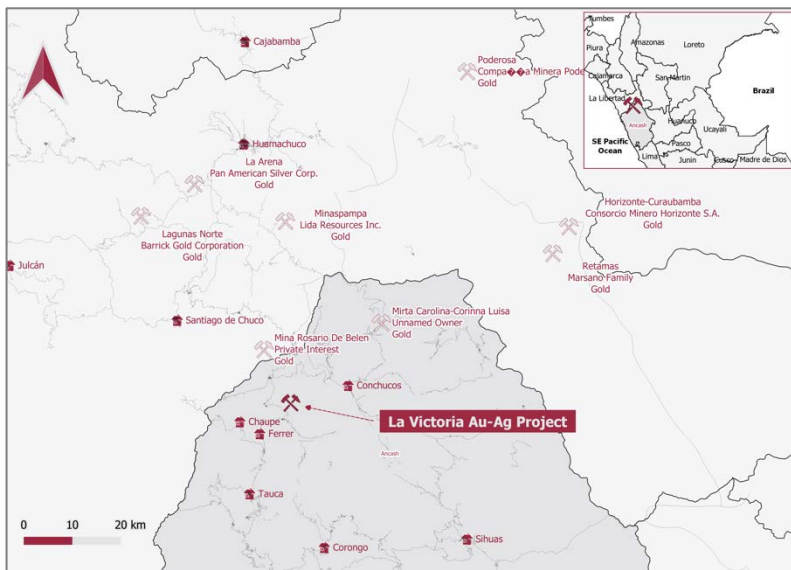
La Victoria Gold and Silver Project

BDM holds an 18% interest in the La Victoria Gold/Silver Project, located in the prolific North-Central Mineral Belt of Peru, which it acquired through earn-in arrangements starting in 2017. Proposed drilling at this project has been impacted by permitting delays, which the project operator, Eloro Resources Ltd, has advised appear likely to be resolved in early 2021. BDM remains enthusiastic about the potential of this project and will participate in the next drilling program when drill permits are granted.

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Directors' Report

Figure 1 - Location of La Victoria Project in Peru



Project M&A Activity

Consistent with BDM’s stated strategy of identifying and acquiring interests in a balanced portfolio of the world’s best diamond projects, concerted focus on potential M&A opportunities was applied during the half-year period ending 31 December 2020. This included continued construction of a comprehensive database of diamond projects within the Company’s target jurisdictions of Canada, Botswana and Australia as well as various levels of assessment of potential opportunities.

Due diligence exercises were performed on selected development and operational opportunities, with a view to obtain an interest in near-term production or operating diamond assets. Disciplined evaluation of these potential opportunities is continuing into 2021 as BDM looks to build substantially on the solid organisational and financial base established over the course of 2020.

Corporate

Board Appointments

On 5 July 2020, Mr Marc Dorion was appointed as a Non-Executive Director of the Company. On the same day, Mr David Bradley tendered his resignation as a Non-Executive Director of the Company.

On 22 September 2020, the Company appointed Mr Kim Truter as a Non-Executive Director, with immediate effect. Following shareholder approval at the 18 November 2020 Annual General Meeting of shareholders, the Company issued 2,500,000 Unlisted Options (exercisable at \$0.12 on or before 30 September 2023) to Mr Truter as part of his incentive package following his appointment to the Board.

Appointments to Management Team

In September 2020 the Company announced two high-calibre additions to its management team:

- Mr Sean Whiteford was appointed as Vice President Business Development and will have a key role in implementing the Company’s strategy of forming commercial relationships with partner companies focused on diamond project development. He is a geologist with more than 25 years of experience, including more than 10 years in the diamond sector, with a strong track record in operational, commercial and executive roles across BHP, Rio Tinto and Cleveland Cliffs.

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Directors' Report

- Mr George Read assumed the role of Vice President Exploration and will be responsible for all technical aspects of existing Company projects and assessment of future investment opportunities. He is a highly respected exploration geologist and internationally renowned in the diamond mining industry, with more than 35 years of diamond experience across multiple jurisdictions. Mr Read initially spent 12 years with De Beers and subsequently over 20 years in the Canadian diamond sector, culminating in an executive role with Star Diamond Corporation. He has extensive expertise in mineral chemistry, design and execution of diamond exploration programs, management of drilling and sampling programs, studies from scoping to feasibility, and joint venture relationships.

Capital Raising

Placement Shares

On 6 August 2020, the Company issued 67,499,670 shares at an issue price at \$0.096 per share for the second tranche of the Share Placement. Tranche 2 Placement Shares were approved by shareholders at the Company's Extraordinary General Meeting on 4 August 2020. On the same day, the Company issued 6,169,936 shares at an issue price of \$0.096 per share as part of a Share Purchase Plan. The total funds raised from the two Placement tranches and the Share Purchase Plan was \$10,592,314 (before issue costs).

Share Purchase Plan

The Company completed a Share Purchase Plan in August 2020 and raised A\$592,314 (before issue costs) from the issue of 6,169,936 new shares.

Issue of Shares and Unlisted Options

On 3 July 2020, the Company issued 1,250,000 fully paid ordinary shares at a deemed issue price of \$0.10 per share to Mr Peter Ravenscroft, Managing Director of EHX, as part of his remuneration package in accordance with an Executive Services Agreement. The issue of the share was approved by shareholders at the Company's Extraordinary General Meeting held on 2 July 2020.

On 20 August 2020, the Company issued 500,000 fully paid ordinary shares at an exercise price of \$0.07 per share upon the exercise of unlisted options by a consultant previously engaged by the Company.

On 20 August 2020, the Company issued 2,500,000 unquoted options (exercise price of \$0.12 and expiring on 31 July 2023) to a consultant as part of a remuneration package. The options are subject to 24 months voluntary escrow.

On 10 September 2020, the Company issued 2,500,000 unquoted options (exercise price of \$0.12 and expiring on 31 August 2023) to a consultant as part of a remuneration package. The options are subject to 24 months voluntary escrow.

On 20 November 2020, the Company issued 2,500,000 unquoted options (exercise price of \$0.12 and expiring on 30 September 2023) to Non-Executive Director, Kim Truter, following his appointment to the Board. The Options were approved by shareholders at the Annual General Meeting held on 18 November 2020.

On 10 December 2020, the Company issued 500,000 fully paid ordinary shares at an exercise price of \$0.07 per share upon the exercise of unlisted options by a consultant engaged by the Company.

Change of Company Name

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

Directors' Report

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, and curtailment of exploration activities in Quebec and Peru meant deferral of planned expenditure on these projects. In addition, the period of the Phase One earn-in at the Naujaat Project was extended by 12 months due to inability to perform any site-based activities during COVID-19 restrictions.

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.

Significant changes in the state of affairs

Refer to Principal Activities and Review of Operations on page 4.

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is included within this financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

For and on behalf of the Board.



Stephen Dennis
Non-Executive Chairman

Perth, Western Australia
12 March 2021



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Burgundy Diamond Mines Limited for the half-year ended 31 December 2020, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

ALASDAIR WHYTE
Partner

Perth, WA
Dated: 12 March 2021

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2020

	Note	31-Dec-20 \$	31-Dec-19 \$
Revenue from continuing operations			
Other income		55,300	19,885
Administrative expenses		(153,480)	(113,386)
Compliance and regulatory expenses		(65,567)	(14,632)
Consulting and legal fees		(51,758)	(17,381)
Employee benefit expenses		(356,484)	(98,931)
Exploration and evaluation expenditure		(499,850)	(45,377)
Investor relations expenses		(70,699)	-
Share-based payments expense	5	(346,125)	-
Other expenses		(43,376)	(17,511)
Foreign currency losses		(24,017)	-
Loss before income tax expense		(1,556,056)	(287,333)
Income tax expense		-	-
Loss after income tax for the period		(1,556,056)	(287,333)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(718)	(389)
Total comprehensive loss for the period, net of tax		(718)	(389)
Total comprehensive loss for the period attributable to members of Burgundy Diamond Mines Limited		(1,556,774)	(287,722)
Loss per share for the period attributable to the members of Burgundy Diamond Mines Limited			
Basic and diluted loss per share (cents)		(0.64)	(0.23)

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

As at 31 December 2020

	Notes	31-Dec-20 \$	30-June-20 \$
ASSETS			
Current Assets			
Cash and cash equivalents		10,067,284	4,342,785
Trade and other receivables		39,845	69,205
Total Current Assets		10,107,129	4,411,990
Non-Current Assets			
Plant and equipment		3,783	-
Total Non-Current Assets		3,783	-
TOTAL ASSETS		10,110,912	4,411,990
LIABILITIES			
Current Liabilities			
Trade and other payables		301,897	216,344
Total Current Liabilities		301,897	216,344
TOTAL LIABILITIES		301,897	216,344
NET ASSETS		9,809,015	4,195,646
EQUITY			
Contributed equity	3	24,019,638	17,070,620
Reserves	4	1,623,410	1,403,003
Accumulated losses		(15,834,033)	(14,277,977)
TOTAL EQUITY		9,809,015	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

For the half-year ended 31 December 2020

	Issued Capital	Option Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
At 1 July 2020	17,070,620	1,472,487	(69,484)	(14,277,977)	4,195,646
Loss for the period	-	-	-	(1,556,056)	(1,556,056)
Other comprehensive income	-	-	(718)	-	(718)
Total comprehensive loss for the period after tax	-	-	(718)	(1,556,056)	(1,556,774)
<i>Transactions with owners in their capacity as owners:</i>					
Issue of share capital	7,267,282	-	-	-	7,267,282
Share issue costs	(318,264)	-	-	-	(318,264)
Share-based payments	-	221,125	-	-	221,125
As at 31 December 2020	24,019,638	1,693,612	(70,202)	(15,834,033)	9,809,015

	Issued Capital	Option Reserve	Foreign Currency 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 period	-	-	-	(287,333)	(287,333)
Other comprehensive income	-	-	(389)	-	(389)
Total comprehensive loss for the period after tax	-	-	(389)	(287,333)	(287,722)
As at 31 December 2019	12,210,989	1,357,213	(29,840)	(11,363,705)	2,174,657

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

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2020

	31-Dec-20	31-Dec-19
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(738,552)	(268,182)
Payments for exploration and evaluation expenditure	(362,226)	(45,377)
Interest received	5,300	19,884
Net cash used in operating activities	(1,095,478)	(293,675)
Cash flows from investing activities		
Payments for plant and equipment	(4,041)	-
Net cash used in investing activities	(4,041)	-
Cash flows from financing activities		
Proceeds from issued shares	7,142,282	-
Share issue costs	(318,264)	-
Net cash from financing activities	6,824,018	-
Net increase/(decrease) in cash and cash equivalents	5,724,499	(293,675)
Cash and cash equivalents at beginning of the period	4,342,785	2,532,718
Cash and cash equivalents at end of the period	10,067,284	2,239,043

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

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Notes to the Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

(a) Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements are presented in Australian dollars, which is Burgundy Diamond Mines Limited's functional and presentation currency.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

(b) Significant accounting judgements and key estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2020.

(c) New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

Note 2 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 reportable segments under AASB Operating Segments are as follows:

- EHR del Peru ("Peru") which includes the Group's gold mineral exploration in Peru.
- Nanuk Diamonds Inc ("Canada") which includes the Group's diamond exploration in Canada.
- Botswana Alliance ("Botswana") which includes the Group's diamond exploration in Botswana.

Information regarding the Group's reportable segments is presented below.

Notes to the Consolidated Financial Statements

Note 2 Segment Information (Continued)

31-Dec-20	Peru \$	Canada \$	Botswana \$	Other \$	Total \$
Other income	-	-	-	55,300	55,300
Exploration expenditure	(6,770)	(269,369)	(223,711)	-	(499,850)
Share based payments expense	-	-	-	(346,125)	(346,125)
Administration and other expense	(5,915)	-	-	(759,466)	(765,381)
Loss before income tax	(12,685)	(269,369)	(223,711)	(1,050,291)	(1,556,056)
Income tax expense	-	-	-	-	-
Loss after income tax for the year	(12,685)	(269,369)	(223,711)	(1,050,291)	(1,556,056)
Total assets	4,130	34,105	-	10,072,677	10,110,912
Total liabilities	-	-	-	301,897	301,897
31-Dec-19	Peru \$	Canada \$	Botswana \$	Other \$	Total \$
Other income	-	-	-	19,885	19,885
Exploration expenditure	(7,841)	-	-	(37,536)	(45,377)
Administration and other expense	(7,418)	-	-	(254,423)	(261,841)
Loss before income tax	(15,259)	-	-	(272,074)	(287,333)
Income tax expense	-	-	-	-	-
Loss after income tax for the year	(15,259)	-	-	(272,074)	(287,333)
Total assets	1,000	-	-	2,262,132	2,263,132
Total liabilities	-	-	-	88,475	88,475

Notes to the Consolidated Financial Statements

Note 3 Contributed Equity

	31-Dec-20		30-Jun-20	
	No.	\$	No.	\$
Fully paid ordinary shares	259,254,589	24,019,638	183,334,983	17,070,620
Movement in ordinary shares				
	Date	Issue Price	No.	\$
Balance at 1 July 2020			183,334,983	17,070,620
Shares issued to Managing Director	3/07/2020	\$0.10	1,250,000	125,000
Placement Tranche 2	6/08/2020	\$0.096	67,499,670	6,479,968
Share Purchase Plan	6/08/2020	\$0.096	6,169,936	592,314
Exercise of options	20/08/2020	\$0.07	500,000	35,000
Exercise of options	10/12/2020	\$0.07	500,000	35,000
Share issue costs			-	(318,264)
Balance at 31 December 2020			259,254,589	24,019,638
Balance at 1 July 2019			126,667,986	12,210,989
Consideration shares to acquire 100% of the issued capital of Nanuk Diamonds Inc			20,000,000	1,520,000
Placement - Tranche 1			36,666,997	3,520,032
Share issue costs			-	(180,401)
Balance at 30 June 2020			183,334,983	17,070,620

Note 4 Reserves

	31-Dec-20	30-Jun-20
	\$	\$
Share-based payments	1,693,612	1,472,487
Foreign currency translation reserve	(70,202)	(69,484)
	1,623,410	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 5)	221,125	115,274
Balance at the end of the year	1,693,612	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	(718)	(40,033)
Balance at the end of the year	(70,202)	(69,484)

Notes to the Consolidated Financial Statements

Note 5 Share-based Payments

a) Recognised share-based payment transactions

	31-Dec-20	31-Dec-19
	\$	\$
Shares issued to a Director ⁽ⁱ⁾	125,000	-
Options issued to a Director ⁽ⁱⁱ⁾	113,000	-
Options issued to consultants ⁽ⁱⁱⁱ⁾	108,125	-
	346,125	-

i) Shares issued to a Director

Following shareholder approval at the 2 July 2020 General Meeting of shareholders, the Company issued 1,250,000 fully paid ordinary shares to Mr Peter Ravenscroft as part of incentive package following his appointment to the BDM Board.

ii) Options issued to a Director

Following shareholder approval at the 18 November 2020 Annual General Meeting of shareholders, the Company issued 2,500,000 Unquoted Options (exercisable at \$0.12; expiry 30 September 2023) to Mr Kim Truter as part of incentive package following his appointment to the BDM Board.

iii) Options issued to consultants

On 20 August 2020, the Company issued 2,500,000 Unquoted Options (exercisable at \$0.12; expiry 31 July 2023) to a consultant of the Company as part of a remuneration package. Of 2,500,000 options issued, 1,250,000 options vested immediately upon issue and 1,250,000 options will vest on 1 August 2021.

On 10 September 2020, the Company issued 2,500,000 Unquoted Options (exercisable at \$0.12; expiry 31 August 2023) to a consultant of the Company as part of a remuneration package. Of 2,500,000 options issued, 1,250,000 options vested immediately upon issue and 1,250,000 options will vest on 1 September 2021.

b) Summary of options

Options	Grant Date	Date of Expiry	Exercise Price	Balance at 1 July 2020	Granted during the half-year	Exercised during the half-year	Expired during the half-year	Balance at 31 December 2020
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 ⁽ⁱ⁾	31-07-23	\$0.12	-	2,500,000	-	-	2,500,000
Consultant	08-09-20 ⁽ⁱⁱ⁾	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	(1,000,000)	-	20,000,000
Weighted average exercise price			\$0.09					

(i) These options were issued on 20 August 2020.

(ii) These options were issued on 10 September 2020.

Notes to the Consolidated Financial Statements

Note 5 Share-based Payments (Continued)

The options issued during the period have been valued using the Hoadley ES02 valuation Model. The model and assumptions are shown in the table below:

Hoadley ES02 valuation Model				
	Consultant Tranche 1	Consultant Tranche 2	Consultant Tranche 1	Consultant Tranche 2
Grant Date	14-08-20	14-08-20	08-09-20	08-09-20
Expiry Date	31-07-23	31-07-23	31-08-23	31-08-23
Strike (Exercise) Price	\$0.12	\$0.12	\$0.12	\$0.12
Underlying Share Price (at date of issue)	\$0.097	\$0.097	\$0.089	\$0.089
Risk-free Rate (at date of issue)	0.27%	0.27%	0.28%	0.28%
Volatility	100%	100%	100%	100%
Number of Options Issued	1,250,000	1,250,000	1,250,000	1,250,000
Dividend Yield	0%	0%	0%	0%
Early exercise multiple	2.5x	2.5x	2.5x	2.5x
Valuation	\$0.0445	\$0.0499	\$0.0420	\$0.0469
Total Fair Value of Options	\$55,625	\$62,375	\$52,500	\$58,625

Hoadley ES02 valuation Model	
	Director
Grant Date	18-11-20
Expiry Date	30-09-23
Strike (Exercise) Price	\$0.12
Underlying Share Price (at date of issue)	\$0.095
Risk-free Rate (at date of issue)	0.11%
Volatility	100%
Number of Options Issued	2,500,000
Dividend Yield	0%
Early Exercise Multiple	2.5x
Valuation	\$0.0452
Total Fair Value of Options	\$113,000

Note 6 Dividends

No dividend has been declared or paid during the half-year ended 31 December 2020 (31 December 2019: Nil), and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2020.

Note 7 Contingent Liabilities

There are no contingent liabilities at 31 December 2020 (30 June 2020: Nil).

Note 8 Contingent Assets

There are no changes to contingent assets since 30 June 2020.

Note 9 Commitments

There are no changes to commitments since 30 June 2020.

Notes to the Consolidated Financial Statements

Note 10 Events Subsequent to the Reporting Period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 17 February 2021, the Company signed an earn-in agreement between Diamond Exploration Strategies Ltd (“DES”) and AIM listed diamond exploration company Botswana Diamonds plc (LON: BOD). The earn-in agreement provides DES access to all of Botswana Diamonds’ existing prospecting licenses in Botswana, as well as the Sekaka Diamonds Exploration Pty Ltd database and prospecting licenses recently acquired by Botswana Diamonds from Petra Diamonds. DES can earn up to a 70% stake in projects that fall under the earn-in agreement.

Other than the above, no other matter or circumstance has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

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Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Stephen Dennis
Non-Executive Chairman

12 March 2021

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Burgundy Diamond Mines Limited, which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Burgundy Diamond Mines Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Burgundy Diamond Mines Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

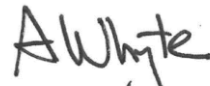
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Burgundy Diamond Mines Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

RSM

RSM AUSTRALIA PARTNERS



ALASDAIR WHYTE
Partner

Perth, WA
Dated: 12 March 2021

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