

Annual Due Diligence Report (“DDR”)

This DDR examines the time period November 1, 2020 to October 31, 2021 (the “**Current Period**”).

I. Financial Results and Company Information

A. Summary

During the Current Period, Revenue grew from Covid to \$_____ compared to \$_____ USD in the Previous Period. Polished sales increased from \$_____ USD in the Previous Period to \$_____ in the Current Period. Rough sales were decreased from \$_____ USD to _____ M.

Dialog grew 5x in terms of user base and deployment. The company focused on securing a solid customer base and ideal inventory in order to service the customers as best as possible. Dialog deployment over the year grew from _____ to _____ and its user base from _____ to _____.

Crossworks Manufacturing Ltd. (“Crossworks”)

Crossworks’ headquarters is in Vancouver, BC. In 2016, Crossworks also opened an office in the Shanghai Diamond Exchange in Shanghai to service the Chinese market. Crossworks has 5 sales people that work and live in their territory and one employee in the Vancouver office.

HRA Group Holdings Ltd. (“HRA”)

HRA is a wholesale company, founded in 1982 and is the parent of Crossworks. It is the result of an amalgamation of HRA Investments, Hyperion Industries and Sun Gems Inc. HRA has two main business units: loose polished diamonds and diamond jewellery. However, in 2018, the company will implement a strategy to move all loose polished diamond procurement and sales to Crossworks and isolate only diamond jewellery in HRA. HRA’s headquarters is also in Vancouver, BC. It has 33 employees that work in the Vancouver and Seattle offices. Due to Covid, the border was closed most of the Current Period, but has recently opened up again to traffic in between Canada and the US. There are three employees that work in the Seattle office, but two during the Current Period.

II. Review of Company’s Due Diligence Policies

Under the supervision of the RJC Manager, the Company has the following policies:

1. Procurement Policy with Supply Chain Policy adhering to Annex II of the OECD Due Diligence Guidance for Responsible Supply Chains with accompanying Grievance Procedure
2. Employee Manual
3. Statement of Business Practices
4. Health and Safety Policy
5. J Secure Machine Policy

6. Product and Security Addendum
7. Employee Grievance Procedure
8. Human Rights Assessment Tool
9. Know Your Customer Forms and Procedures

In the course of each calendar year, the staff receive access to and time to review each policy. The relevant employees ensure that all suppliers, customers and relevant stakeholders adhere to KYC policies and Supply Chain Policies to ensure that breaches do not occur.

III. The Human Rights Assessment Tool (“HRAT”)

The HRAT is used by the Company to conduct a risk assessment of all Human Rights risks in the supply chain. Develop an ongoing risk management process, we identify actual and potential Human Rights risks for workers in our operations and supply chains based on the following list:

Internal Risks

- Failing to pay wages to employees (COP15)
- Discriminating against certain employees (COP22)
- Exposing workers to hazardous conditions without adequate safety equipment (COP23)
- Employing child and/or forced labour (COP19 and 20)
- Preventing employees enjoying Freedom of Association (COP21)
- Using security personnel who violate employees’ Human Rights (COP13)
- Polluting drinking water supplies by dumping chemical effluents from production processes into waterways (COP26.2C)

External Risks

- Causing suppliers to breach labour standards due to last minute changes to production requirements without adjusting deadlines
- Working with a supplier that is using non-voluntary prison labour without any policies or supplier agreements forbidding this
- Relying on labour agents using deceptive tactics to recruit migrant workers, who are then forced into debt to pay recruitment-related fees

Although these risks are assessed on an ongoing and continual basis, they are reviewed annually on a deep dive. All of the company’s locations are reviewed for any internal risks and breaches. Supply Chain partners are asked to comply with KYC policies. Measures are taken to mitigate any possible red flags or breaches.

During the Current Period, no red flags or breaches were found during the Due Diligence Review.

The Company is also renewing its membership in the Responsible Jewellery Council to ensure its systems are up to date with today’s rules and regulations.

IV. TRACEABILITY

Based on recommendations from the OECD Guidance, Chain of Custody System Standards, the Company has a real time traceability on its product. Every diamond is serialized the traced at every point in the supply chain. The objective is to provide assurance that the minerals exported originate from countries which are not CAHRAs and are not involved in any of the Annex II risks (see Supply Chain Policy).

All of the Company's suppliers are vetted and performed KYCs. This is to ensure that no supplier is in breach of the Supply Chain Policy, and that all diamonds originate in countries and mines that are RJC Certified and assurances can be provided that they do not breach any of the Annex II risks.

V. GRIEVANCE MECHANISM

The Company has two grievance mechanisms – one for employees and one for all stakeholders. The employee grievance mechanism is two-fold:

1. There exists a confidential method for reporting any issues to management
2. There exists a grievance procedure involving an arbitration and escalation mechanism for any unresolved issues.

The Company did not have any employee grievances this Current Period. The Grievance Procedure is located on the Company's internal sharepoint and is accessible to all employees.

The stakeholder grievance procedure is located as part of the Supply Chain Policy and is located on the Company's website. It is a way for any relevant party who is affected by the Company's supply chain to launch a grievance.

The Company did not have any grievances during the Current Period initiated by any party with respect to the Supply Chain.

VI. SECURITY RISK

The Company has a security addendum in regards to product and employee security. This policy addresses the security of the Company's inventory and the safety of its employees on a daily basis as the product is high value.

This policy has been informed by the Company's insurers and security advisors.

VII. CHILD LABOUR RISK

The Company operates in countries whose labour and employment laws are the best in the world. The Company does not use labour agencies to hire people from other countries. The Company

interviews and hires it's own people and ensures that its due diligence of social insurance numbers and social security numbers and W4 slips ensure no child is ever hired.

No red flags or breaches were found in the Current Period.

VIII. Independent Audits

The Company is audited by KPMG who delivers an unqualified audit. Moreover, the Company is audited by SGS for the Responsible Jewellery Council. The next audit is schedule for April 2022.

IX. Public Reporting

While the Company is a private company and does not need to report its financial performance, certain elements of its Supply Chain and other relevant policies must be reported. These documents can be found on the Company's website. Where policies and information needs to be reported internally to employees, these policies are found on the Company's Sharepoint which every employee has access to.

X. Community Engagement

The Company desires to be an example for all industry players is committed to contributing to stability and economic activity in Canada where it is located. The Company was the first diamond manufacturer to be Carbon Neutral and strives to maintain this status in this regard.

For many years, the Company supported Georgian College in its jewellery and metals program. It subsidized its many programs there and provided product and work space for its students. Since leaving Sudbury last year, the Company donates jewellery pieces for charities close to its employees' hearts. Furthermore, the Company encourages community philanthropy through its departments and performs a community engagement project twice annually.

This report reported to the board of directors of the Company, January 2022.