

# Kennady Obtains Interim Order for Plan of Arrangement

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TORONTO, March 5, 2018 /CNW/ - [Mountain Province Diamonds Inc.](#) (TSX and NASDAQ: MPVD) ("Mountain Province") and [Kennady Diamonds Inc.](#) (TSX-V: KDI) ("Kennady") are pleased to announce that today Kennady obtained an interim order from the Ontario Superior Court of Justice (Commercial List) ("Interim Order") in respect of the acquisition by Mountain Province of Kennady by way of plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement").

## Special Meetings of Shareholders of Mountain Province and Kennady Diamonds

The Interim Order authorizes, among other things, Kennady to call and hold a special shareholders meeting (the "Kennady Special Meeting") to approve the Arrangement. In accordance with the Interim Order, the Kennady Special Meeting is scheduled to be held at 1:00 p.m. (Pacific Standard Time) on Monday, April 9, 2018 at the Terminal City Club, 837 West Hastings Street, Vancouver, British Columbia, Canada V6C 1B4. Mountain Province has also scheduled a special shareholders meeting (the "Mountain Province Meeting") to be held at 2:30 p.m. (Pacific Standard Time) on Monday, April 9, 2018 at the Terminal City Club, 837 West Hastings Street, Vancouver, British Columbia, Canada V6C 1B4 to approve an ordinary resolution to approve the issuance of Mountain Province shares to be issued to Kennady shareholders, pursuant to the Arrangement.

## The Arrangement Agreement

Under the terms of the Arrangement, holders of Kennady Shares ("Kennady Shareholders") will be entitled to receive 0.975 common shares of Mountain Province ("Mountain Province Shares") in exchange for each common share of Kennady ("Kennady Shares") held (the "Exchange Ratio"), representing an implied offer price of \$3.46 per Kennady Share. This Exchange Ratio represents a premium of 26% to Kennady's closing price and a premium of 15% based on the 20-day volume-weighted-average-price of Mountain Province Shares on the TSX and Kennady Shares on the TSX-V, both as of close on January 26, 2018 (being the last trading day prior to the announcement of the Arrangement).

Shareholders of Mountain Province and Kennady as of the record date of March 5, 2018, respectively, will receive notice of, and be entitled to vote at, their respective special meetings. A joint management information circular will be mailed to shareholders of Mountain Province and Kennady as of March 5, 2018 and will provide updated information about the companies and provide information about the Arrangement.

## Reasons and Benefits of the Arrangement

### Benefits to Mountain Province Shareholders

- Adds Kennady's 100% owned diamondiferous bodies, which contain indicated resources of 13.62 million carats and inferred resources of 5.02 million carats
- Kelvin kimberlite &ndash; indicated resources of 13.62 million carats at an average grade of 1.60 carats per tonne and average value of US\$63 per carat as estimated by bulk samples completed in 2015 and 201
- Faraday kimberlites &ndash; inferred resources of 5.02 million carats at an average grade of 1.54 carats per tonne and average value of US\$98 per carat as estimated by a 2017 bulk sampl
- Size and grade of Kelvin and Faraday add to total number of carats owned by Mountain Province for future productio
- Addition of these two bodies opens up new mine planning opportunities that could deliver optimized revenue realization and operating cost control

- Upside to grow resources at both Kelvin and Faraday and develop potential resources at the Doyle and MZ kimberlites
- Adds 67,164 hectares of highly prospective and 100%-owned exploration ground strategically surrounding the Gahcho Kué mine
- Benefit of complementary assets held by Mountain Province and Kennady
  - Kennady controls the bulk of the prospective kimberlite belt and Mountain Province owns 49% of the belt's operating mine, creating opportunities to add Kennady assets to Gahcho Kué joint venture (subject to agreement with Mountain Province's joint venture partner, De Beers) or advance exploration, building 100%-owned value that can be combined with Gahcho Kué joint venture at a later date
  - Potential to significantly reduce pre-production capital expenditures, transportation costs and operating expenses on a combined basis
- Timing is right
  - Lead time to develop and permit Kennady assets &ndash; potential to partially displacing lower-grade Tuzo ore scheduled to be mined from 2023-2025 with higher-grade ore from Kelvin or Faraday should Kennady assets be integrated into Gahcho Kué joint venture
  - Will fully control Kennady's 2018 drill program &ndash; 2017 summer drilling program highlighted key opportunities to grow the current Faraday resource and 2018 plan is in place to explore other key value enhancing targets

#### Benefits to Kennady Shareholders

- All-share deal allows Kennady's current shareholders to retain ongoing exposure to Kennady's assets as well as gain exposure to Mountain Province's 49% interest in the operating Gahcho Kué mine
- Gain access to Mountain Province's exploration and development expertise and financial strength to enhance the advancement of Kennady's North Project, generating enhanced exploration upside for the combined assets
- Immediate premium on the Kennady Shares
- Enhanced liquidity and improved capital markets profile
- Access to Mountain Province's expertise &ndash; potential to mitigate risks relating to any future commercialization of Kennady's mineral properties, including risk of Kennady becoming a stranded asset

#### Board Recommendations

The joint management information circular will include the unanimous recommendations of both Mountain Province and Kennady's Board of Directors for each party's shareholders to vote FOR the Arrangement. The joint management information circular will be available on SEDAR under Mountain Province and Kennady's issuer profiles at [www.sedar.com](http://www.sedar.com).

The hearing date for the application for the Final Order of the Court is scheduled for April 11, 2018. The Arrangement is anticipated to become effective on or about April 13, 2018, subject to obtaining the required approvals from the shareholders of both Mountain Province and Kennady, the final order from the Ontario Superior Court of Justice (Commercial List) and the satisfaction or waiver of all other closing conditions.

#### Shareholder Questions

For shareholder inquiries regarding the Arrangement, please contact Laurel Hill Advisory Group:

Laurel Hill Advisory Group  
North America Toll Free: 1-877-452-7184  
Collect Calls Outside North America: 1-416-304-0211  
Email: [assistance@laurelhill.com](mailto:assistance@laurelhill.com)

#### About Mountain Province Diamonds Inc.

Mountain Province Diamonds is a 49% participant with De Beers Canada in the Gahcho Kué diamond mine located in Canada's Northwest Territories. Gahcho Kué is the world's largest new diamond mine, consisting

of a cluster of four diamondiferous kimberlites, three of which are being developed and mined under the initial 12 year mine plan.

About Kennady Diamonds Inc.

[Kennady Diamonds Inc.](#) owns 100% of the Kennady North diamond project located in Canada's Northwest Territories. Kennady North is adjacent to the Gahcho Kué diamond mine. Kennady is focused on expanding its high-grade diamond resources along the Kelvin-Faraday kimberlite corridor, as well as identifying new kimberlites outside of the corridor. To date an indicated resource of 13.62 million carats of diamonds contained in 8.50 million tonnes of kimberlite, with a grade of 1.60 carats per tonne and an average value of US\$63 per carat, has been defined for the Kelvin kimberlite and an inferred resource of 5.02 million carats contained in 3.27 million tonnes of kimberlite, with a grade of 1.54 carats per tonne and an average value of US\$98 per carat, has been defined for the Faraday kimberlites using a 1mm bottom cutoff size. The Kelvin&ndash;Faraday corridor is also a target for further exploration.

#### Scientific and Technical Information and Qualified Persons

The disclosure in this news release of scientific and technical information regarding Kennady's mineral properties has been reviewed and approved by Dr. Tom McCandless, P. Geo., a director of Kennady Diamonds and a "qualified person" under National Instrument 43-101 &ndash; Standards of Disclosure for Mineral Projects.

#### Disclaimers and Caution Regarding Forward Looking Information

This news release contains certain "forward-looking statements" and "forward-looking information" under applicable Canadian and United States securities laws concerning the business, operations and financial performance and condition of [Mountain Province Diamonds Inc.](#) and [Kennady Diamonds Inc.](#) (collectively, the "Corporations"). Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to the anticipated benefits of the Arrangement to Mountain Province and Mountain Province Shareholders; the anticipated benefits of the Arrangement to Kennady and Kennady Shareholders; the Exchange Ratio and value of the Mountain Province Shares being delivered as arrangement consideration; the timing and receipt of the required shareholder, court, stock exchange and regulatory approvals for the Arrangement; the timing and ability of the Corporations to satisfy the conditions precedent to completing the Arrangement; the anticipated timing for mailing the joint management information circular to the Kennady Shareholders and Mountain Province Shareholders in respect of the matters to be considered by such shareholders at the Kennady Meeting and Mountain Province Meeting, as the case may be, in respect of the Arrangement; the closing of the Arrangement; the timing and receipt of the required stock exchange and regulatory approvals for the Arrangement the length of the current market cycle and requirements for an issuer to survive in the current market cycle; future growth potential of the Corporations and their respective business; future mine development plans; estimated production and mine life of the Corporations' projects; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; the future price of diamonds; the estimation of mineral reserves and resources; the ability to manage debt; capital expenditures; the ability to obtain permits for operations; liquidity; tax rates; strategic plans; future operations; future work programs and objectives; and currency exchange rate fluctuations. Except for statements of historical fact relating to the Corporations, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "to be," "potential" and other similar words, or statements that certain events or conditions "may", "should" or "will" occur, including, without limitation, that all conditions precedent to the transaction will be met and the realization of the anticipated benefits derived therefrom for shareholders of the Corporations and the view on (i) the quality and the potential of the Corporations' assets, (ii) the consideration offered to Kennady's shareholders, and (iii) the potential of the combined entity. Forward-looking statements are based on the opinions and estimates of management of each of the Corporations at the date the statements are made, and are based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of the Corporations, there is no assurance they will prove to be correct and are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements.

These forward-looking statements are based on reasonable assumptions and estimates of management of

Mountain Province and Kennady, as the case may be, at the time such statements were made. Actual future results may differ materially as forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Mountain Province or Kennady, as the case may be, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors, among other things, include: satisfaction or waiver of all applicable conditions to closing of the Arrangement (including receipt of all necessary shareholder, court, stock exchange and regulatory approvals or consents and the absence of material changes with respect to the parties and their respective businesses, all as more particularly set forth in the arrangement agreement between Mountain Province and Kennady dated January 28, 2018); the synergies expected from the Arrangement not being realized; business integration risks; fluctuations in general macroeconomic conditions; fluctuations in securities markets and the market price of Mountain Province Shares and Kennady Shares; change in national and local government, legislation, taxation, controls, regulations and political or economic developments; variations in ore grade or recovery rates; changes in market conditions; changes in project parameters; mine sequencing; production rates; cash flow; risks relating to the availability and timeliness of permitting and governmental approvals; supply of, and demand for, diamonds; fluctuating commodity prices and currency exchange rates; the possibility of project cost overruns or unanticipated costs and expenses; labour disputes and other risks of the mining industry; and failure of plant, equipment or processes to operate as anticipated.

Although the Corporations have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Corporations undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent they involve estimates of the mineralization that will be encountered as the property is developed. Further, the Corporations may make changes to their respective business plans that could affect results. The principal assets of Mountain Province are administered pursuant to a joint venture under which Mountain Province is not the operator. Mountain Province is exposed to actions taken or omissions made by the operator within its prerogative and/or determinations made by the joint venture under its terms. Such actions or omissions may impact the future performance of Mountain Province and the combined company. Under its current note and revolving credit facilities Mountain Province is subject to certain limitations on its ability to pay dividends on common stock. The declaration of dividends is with the discretion of Mountain Province's Board of Directors, subject to the limitations, under the MSJESI Articles, (416) 640-1111, Email: [investors@mountainprovince.com](mailto:investors@mountainprovince.com), for further requirements, please contact the Factory Owner, President and CEO, Phone: (416) 640-1111, Email: [investors@kennadydiamonds.com](mailto:investors@kennadydiamonds.com)

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Readers should not place undue reliance on the forward-looking statements and information contained in this news release. Except as required by law, Kennady and Mountain Province assume no obligation to update the forward-looking statements of beliefs, opinions, projections, or other factors, should they change, except as required by law.

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