

# Mountain Province Diamonds Announces March 31, 2018 Quarter End Results

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TSX and NASDAQ: MPVD

TORONTO and NEW YORK, May 10, 2018 /CNW/ - [Mountain Province Diamonds Inc.](#) ("Mountain Province", or the "Company" (TSX and NASDAQ: MPVD) today announces its financial and operating results for the quarter ended March 31, 2018. All amounts are expressed in Canadian dollars unless otherwise noted.

## Highlights

- Earnings from mine operations of \$24.6 million and net income of \$0.7 million or \$0.00 per share for the first quarter of 2018, with adjusted EBITDA<sup>1</sup> of \$33.2 million. Included in the determination of net income is an unrealized foreign exchange gain of the quarter of \$10.3 million on the translation of the Company's USD-denominated long-term debt. The Company did not record any sales in the comparable period for 2017 as sales were still credited against mine construction costs in 2017.
- Two tender sales conducted in the first quarter of 2018, through the Company's diamond broker based in Antwerp, Belgium. Mountain Province anticipates conducting three tender sales in the second quarter, two tender sales in the third quarter and three tender sales in the fourth quarter.
- Total sales of \$67 million (US\$52 million) in the first quarter of 2018. Revenue was realized through the first two tender sales of the 2018 year. Average realization in the first quarter was \$126 Canadian dollars per carat sold (US\$99 per carat). The third sale of the year began at the end of the quarter and closed in early April, yielding \$33.3 million (US\$26.4 million) in tender sale proceeds as reported in the news release of April 18, 2018.
- Approximately 786,000 tonnes of ore were treated through the process plant and 1,641,000 carats recovered, on a per tonne basis, for an average recovered grade of 2.09 carats per tonne ("cpt"), in line with budget. The Company's 49% share of diamond production for the three months ended March 31, 2018 was approximately 804,000 carats.
- Cash costs of production, including capitalized stripping costs<sup>1</sup>, for the three months ended March 31, 2018 of \$77 million per tonne of ore processed and \$37 per carat recovered.
- Pioneering waste removal at Hearne continued throughout the quarter, and in April the first ore was mined from the new pit. The plant will begin processing Hearne ore during this second quarter of 2018.
- Customer participation rates at the Company's two tender sales concluded in the first quarter were very strong. The number of customers placing bids increased by 30% over 2017 levels and the number of bids received per lot increased from an average of eleven in 2017 to over fourteen this quarter. The average number of lots per sale (164, compared to an average 125 in 2017) was elevated due to the large number of individual fancy and special stones which were marketed as individual stone lots.
- Quarter end cash position of \$28.7 million and net working capital of \$113.5 million, with the US\$50 million revolver facility remaining undrawn.

<sup>1</sup> Cash costs of production, including capitalized stripping costs, and adjusted EBITDA are non-IFRS measures with no standardized meaning prescribed under IFRS. See the Non-IFRS Measures section of the Company's March 31, 2018 MD&A for explanation and reconciliation.

David Whittle, the Company's Interim President and CEO, commented, "Mountain Province recorded a solid start to the year by generating \$33.2 million in adjusted EBITDA in a two sale quarter. We remain on pace to achieve our production guidance for the year. Rough diamond markets in general continued to firm notably through the quarter, with strong demand and price increases reported across all product categories, supported by robust retail jewellery sales reported from both the US and Asian markets. Ending the quarter with \$113.5 million in net working capital, and with our US\$50 million revolver remaining undrawn, our

sheet is strong and growing."

Mr. Whittle continued, "Consistent with our stated commitment to return value to our shareholders, the Board anticipate determining and declaring our inaugural dividend in conjunction with the preparation and release of our second quarter

#### Financial Highlights

(in millions of Canadian dollars, except where otherwise noted)	Three months ended	
	March 31, 2018	March 31, 2017
Sales	\$ 66,565	-
Carats sold	000's carats 527	-
Average price per carat sold	\$/carat 126	-
Cost of sales per carat*	\$/carat 80	-
Earnings from mine operations per carat	\$ 46	-
Earnings from mine operations	% 37%	-
Selling, general and administrative expenses	\$ 3,589	3,428
Operating income (loss)	\$ 20,105	(3,428)
Net income (loss) for the period	\$ 67	(2,144)
Basic and diluted earnings (loss) per share	\$ 0.00	(0.01)

\* This cost of sales per carat includes the cost of acquiring 51% of the fancies and specials which have been sold, after having been won in a tendering process with De Beers.

#### GK Mine Operations

The following table summarizes key operating statistics for the Gahcho Kué diamond mine (the "GK mine") in the first quarter of 2018. Cash costs of production have not been determined for the first quarter of 2017 as mine operations were in the commissioning and ramp-up phase through that period.

			Three months ended T	
			March 31, 2018	M
GK operating data				
Mining				
*Ore tonnes mined	kilo tonnes	741	6	
*Waste tonnes mined	kilo tonnes	7,461	7,	
*Total tonnes mined	kilo tonnes	8,202	7,	
*Ore in stockpile	kilo tonnes	796	22	
Processing				
*Ore tonnes processed	kilo tonnes	786	49	
*Average plant throughput	tonnes per day	8,733	5,	
*Average diamond recovery	carats per tonne	2.09	1.	
*Diamonds produced	000's carats	1,641	86	
Approximate diamonds produced - Mountain Province	000's carats	804	42	
Cash costs of production per tonne, net of capitalized stripping **	\$	75	-	
Cash costs of production per tonne of ore, including capitalized stripping**	\$	76	-	
Cash costs of production per carat recovered, net of capitalized stripping**	\$	36	-	
Cash costs of production per carat recovered, including capitalized stripping**	\$	37	-	
Sales				
Approximate diamonds sold - Mountain Province***	000's carats	527	-	
Average diamond sales price per carat	US	\$ 99	\$	

\* at 100% interest in the GK Mine including ramp-up period

\*\*See Non-IFRS Measures section

\*\*\*Includes the sales directly to De Beers for fancies and specials acquired by De Beers through the production split bidding process

The production results are consistent with expectations for the annual plan and the Company is on track to achieve its full-year 2018 production guidance of 6.3 to 6.6 million carats recovered on a 100% basis. The processing plant continues to achieve higher throughput than originally anticipated, having achieved and broken daily throughput records in a given 24 hour period during the first quarter of 2018. The plant recorded an average processing rate over the quarter of 8,733 tonnes per day, a 60% increase over the first quarter of 2017 as the mine was ramping up towards commercial production during the comparative period.

All ore processed during the first quarter of 2018 was sourced from the 5034 pit. Approximately 1.9 million tonnes of waste were mined from the Hearne pit in the quarter, as it was being prepared for production. First ore from the Hearne pit was mined subsequent to the quarter in April 2018, and processing of Hearne ore through the plant will commence in the second quarter.

The winter road program was safely and successfully executed during the first quarter. The final shipments of fuel, explosives and other supplies arrived in early April 2018, meeting the targeted delivery schedule.

#### Conference Call

Full details of the financial and operating results for the three months ended March 31, 2018 are described in Mountain Province's unaudited condensed consolidated interim financial statements with accompanying notes and related Management's Discussion and Analysis. These documents are available on the Company's website at [www.mountainprovince.com](http://www.mountainprovince.com) and on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml). Shareholders may contact Mountain Province at 161 Bay Street, PO Box 216, Toronto, ON, M5J 2S1, to request, free of charge, hard copies of the unaudited condensed consolidated interim financial statements and related Management's Discussion and Analysis.

The Company will host an earnings conference call for analysts and investors on Friday, May 11, 2018, at 11:00 a.m. Eastern Time. The conference call can be accessed using the following details. A replay of the call will also be available on the Company's website.

Conference ID: 9788803  
Date of call: 05/11/2018  
Time of call: 11:00 Eastern Time  
Expected Duration: 30 minutes

Participant Toll-Free Dial-In Number: 1 (866) 300-0510  
Participant International Dial-In Number: +1 (636) 812-6656

Replay:  
Toll-Free Dial-In: (855) 859-2056  
International Dial-In: (404) 537-3406  
Passcode: 9788803

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.

#### Qualified Person

The disclosure in this news release of scientific and technical information regarding Mountain Province's mineral properties has been reviewed and approved by Keyvan Salehi, P.Eng., MBA, a Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects.

#### 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.](http://www.mountainprovince.com) Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to estimated production and mine life of the project of Mountain Province; 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; and currency exchange rate fluctuations. Except for statements of historical fact relating to Mountain Province, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "anticipates," "may,"

