

# Mountain Province Diamonds Inc. Announces that Board of Directors Approves Junior Credit Facility Transaction

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## And Mailing of Materials for Upcoming Special Meeting of Shareholders

TORONTO, Feb. 1, 2022 - [Mountain Province Diamonds Inc.](#) ("Mountain Province" or the "Company") (TSX: MPVD) (OTCQX: MPVD) today announces that it has mailed to its shareholders a notice of special meeting and management information circular (collectively, the "Information Circular") and related materials for a special meeting of shareholders (the "Special Meeting") to be held on February 28, 2022 at 11:00 a.m. Eastern Time. The record date for determining the shareholders entitled to receive notice of and vote at the Special Meeting was set as the close of business on January 21, 2022.

At the Special Meeting, the Company will seek disinterested shareholder approval for (i) the entry into a new US\$50 million junior secured term loan credit facility (the "Proposed Loan Agreement") with an entity (the "Lender") ultimately beneficially owned by Dermot Desmond, and (ii) the issuance to the Lender or another entity ultimately beneficially owned by Dermot Desmond of warrants (the "Warrants" and together with the Proposed Loan Agreement, the "Proposed Transactions") to purchase up to 41,000,000 common shares of the Company for an aggregate exercise price of approximately US\$25,000,000. The Warrants will be exercisable in whole or in part at any time up to the Maturity Date (as defined below) by paying US\$0.60975 per common share.

The Proposed Loan Agreement will mature on December 15, 2027 (the "Maturity Date") and be secured by substantially all of the properties and assets of the Company and its subsidiaries on a junior basis to the Company's existing second lien notes. The Proposed Loan Agreement will bear interest at a rate of 8% per annum until December 15, 2022, after which the interest rate will be 2% per annum greater than the interest rate on the debt that replaces or refinances the Company's existing second lien notes, payable on a semi-annual basis. The Company will be entitled to prepay the Proposed Loan Agreement at any time prior to the Maturity Date without penalty.

The Company intends to issue the Warrants, as described above, as partial consideration for the extension of credit under the Proposed Loan Agreement. The exercise price and number of common shares underlying the Warrants will each be subject to customary anti-dilution adjustments.

Mark Wall, the Company's President and Chief Executive Officer, commented:

"This loan agreement represents a further vote of confidence from our largest shareholder, and long-standing supporter Mr. Dermot Desmond and positions the Company very well to execute on the broader bond refinancing later this year. With the rough diamond market fundamentals currently moving in our favour, the Company expects to be well placed to execute on its strategy through 2022 and beyond. The Company's strategy being to optimize operations and costs, focus on sustainability and CO<sub>2</sub> emissions reduction, effectively manage debt and grow the mine life through new discoveries. This proposed loan agreement forms an integral part of that plan."

Dermot Desmond is an insider and a related party of Mountain Province. The Proposed Transactions therefore each constitute a "related party transaction" within the meaning of Multilateral Instrument 61-101 Protection of Minority Shareholders in Special Transactions ("MI 61-101").

In accordance with MI 61-101 and the rules of the Toronto Stock Exchange (the "TSX"), the shareholders' resolution approving the Proposed Transactions must be passed by a simple majority of the votes cast thereon by the disinterested shareholders present electronically or by proxy at the Special Meeting, which excludes the votes attached to common shares beneficially owned by Dermot Desmond, Brett Desmond and

Jonathan Comerford.

The Proposed Loan Agreement constitutes the borrowing of money from, or the entering into of, a credit facility with a related party. Accordingly, pursuant to Section 5.4(1) of MI 61-101, a formal valuation in respect of the Proposed Loan Agreement is not required.

In respect of the Warrants, Section 6.3(1) of MI 61-101 provides the subject matter of a formal valuation are the non-cash assets involved in a related party transaction. Pursuant to Section 6.3(2) of MI 61-101, because the non-cash assets, being the Warrants, are securities of a reporting issuer, a formal valuation in respect of the Warrants is also not required.

On November 9, 2021, the board of directors of the Company established a special committee of independent directors (the "Special Committee") in connection with the consideration and oversight of options to improve the Company's capital structure and its short and long-term liquidity, including by way of a restructuring or refinancing of its outstanding indebtedness.

The review, direction and supervision of the Proposed Transactions falls within the mandate of the Special Committee. Each member of the Special Committee is independent of the Company's management and the Lender and unrelated to the Proposed Transactions. The Special Committee was advised by independent legal counsel and an independent financial advisor, Eight Capital, in connection with the Proposed Transactions.

The Special Committee has reviewed and considered the Proposed Transactions and, giving due consideration to the best interests of the Company and the impact on shareholders and the Company's other stakeholders, unanimously concluded that the Proposed Transactions are in the best interests of the Company and that the terms of the Proposed Transactions are reasonable in the circumstances of the Company.

The final form of the Proposed Loan Agreement, Warrants and other definitive documents in respect of the Proposed Transactions will be subject to approval by the Special Committee.

The Information Circular contains a detailed description of the items to be considered at the Special Meeting, the Proposed Transactions, and other information relating to the Company. A copy of the Information Circular is available under the Company's profile on SEDAR.

In addition to disinterested shareholder approval, the Proposed Transactions are subject to final approval by the TSX.

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. The Gahcho Kué Joint Venture property consists of several kimberlites that are actively being mined, developed, and explored for future development. The Company also controls 107,373 hectares of highly prospective mineral claims and leases surrounding the Gahcho Kué Mine that include an Indicated mineral resource for the Kelvin kimberlite and Inferred mineral resources for the Faraday kimberlites. Kelvin is estimated to contain 13.62 million carats (Mct) in 8.50 million tonnes (Mt) at a grade of 1.60 carats/tonne and value of US\$63/carats. Faraday 2 is estimated to contain 5.45Mct in 2.07Mt at a grade of 2.63 carats/tonne and value of US\$140/ct. Faraday 1-3 is estimated to contain 1.90Mct in 1.87Mt at a grade of 1.04 carats/tonne and value of US\$75/carats. All resource estimations are based on a 1mm diamond size bottom cut-off.

For further information on Mountain Province Diamonds and to receive news releases by email, visit the Company's website at [www.mountainprovince.com](http://www.mountainprovince.com).

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 Tom E. McCandless, Ph.D., P.Geol., and Matthew MacPhail, P.Eng, MBA, both employees of [Mountain Province Diamonds Inc.](#) and Qualified Persons 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.](#) Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to the ability to negotiate and enter into binding documentation for the Proposed Transactions, the ability to obtain necessary approvals for the Proposed Transactions, operational hazards, including possible disruption due to pandemic such as COVID-19, its impact on travel, self-isolation protocols and business and operations, 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," "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. Forward-looking statements are based on the opinions and estimates of management 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 Mountain Province and there is no assurance they will prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include the negotiating stances taking by the parties with respect to the Proposed Transactions, the ability to obtain approval of regulators, parties and shareholders, as may be required, on conditions acceptable to the parties, the development of operation hazards which could arise in relation to COVID-19, including, but not limited to protocols which may be adopted to reduce the spread of COVID-19 and any impact of such protocols on Mountain Province's business and operations, 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, failure of plant, equipment or processes to operate as anticipated.

These factors are discussed in greater detail in Mountain Province's most recent Annual Information Form and in the most recent MD&A filed on SEDAR, which also provide additional general assumptions in connection with these statements. Mountain Province cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Mountain Province believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this news release should not be unduly relied upon. These statements speak only as of the date of this news release.

Although Mountain Province has 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. Mountain Province undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change 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. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Further, Mountain Province may make changes to its business plans that could affect its 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. 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 at the discretion of Mountain Province's Board of Directors, subject to the limitations under the Company's debt facilities, and will depend on Mountain Province's financial results, cash requirements, future prospects, and other factors deemed relevant by the Board.

SOURCE [Mountain Province Diamonds Inc.](#)

#### Contact

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