

Mountain Province Diamonds Announces First Quarter Financial Results for 2023

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TORONTO, May 9, 2023 - [Mountain Province Diamonds Inc.](#) ("Mountain Province", the "Company") (TSX: MPVD) (OTC: MPVD) today announces financial results for the first quarter ended March 31, 2023 ("the Quarter" or "Q1 2023") from the Gahcho Kué Diamond Mine ("GK Mine"). All figures are expressed in Canadian dollars unless otherwise noted.

Financial Highlights for First Quarter 2023

- 961,000 carats sold, with total proceeds of \$128.7 million (US\$95.0 million) at an average realised value of \$134 per carat (US\$99), a record quarterly revenue result for the Company.
- Record Adjusted EBITDA¹ of \$67.5 million.
- Earnings from mine operations of \$47.2 million.
- Record Net income of \$28.2 million or \$0.13 basic and diluted earnings per share².
- Repaid US\$12.0 million of second lien bond debt principal on April 4th 2023.

¹Cash costs of production, including capitalized stripping costs, and adjusted EBITDA are non-IFRS measures with no standardized meaning prescribed under IFRS. See "Reconciliation of non-IFRS measures" at the end of the news release for explanation and reconciliation.

² Record Net Income, with Q4 2021, normalised for Impairment reversal of \$240.6 million

Operational Highlights for First Quarter 2023

(all figures reported on a 100% basis unless otherwise stated)

- 766,786 ore tonnes treated, an 8% increase relative to Q1 2022, (Q1 2022: 707,553 tonnes treated;)

Sales Highlights for First Quarter 2023

- 1,185,156 carats sold, a 12% increase relative to Q1 2022 (Q1 2022: 1,058,000 carats)
- Average grade of 1.72 carats per tonne, a 3% increase relative to Q1 2022 (1.67 carats per tonne)
- Cost per carat recovered, including capitalized stripping of \$90/carat, and cost per tonne processed, including capitalized stripping of \$155/tonne. ● Increase in unit cost relative to prior periods reflects greater capital expenditures (approximately \$42 million vs \$20 million in Q1 2022), as well as sales were completed in the quarter to deliver the highest sales revenue recorded by the Company to date.

As previously released, during the first quarter 961,024 carats were sold for total proceeds of \$128.7 million (US\$95.0 million), resulting in an average value of \$134 per carat (US\$99 per carat). Three open market sales were completed in the quarter to deliver the highest sales revenue recorded by the Company to date. These results compare favourably with two open market sales during Q1 2022 when 506,567 carats were sold for total proceeds of \$84.7 million (US\$66.7 million).

- Net of capitalized stripping, cost per carat recovered was \$58/

Reid Mackie, the Company's Vice President Sales and Marketing, commented:

"In Q1 2023 the Company achieved record sales on the back of a three-sale first quarter, which included three full production shipments and buoyant prices for smaller diamonds. Compared with Q1 2022, the lower average sales price achieved can be primarily attributed to the different mix of goods sold in both quarters with market prices also adjusting downwards from the record high seen early last year."

Growth

The latest round of drilling at Hearne has been highly successful with the results strongly supporting the Hearne Extension as modeled. Ten holes have been completed, with each featuring kimberlite intercepts. One scheduled hole remains to be drilled on Hearne, with two additional holes planned to test for extension to the known Tuzo orebody. Final drilling results are expected later in Q2 2023. The Company continues to work with its joint venture partner to study the economic viability of extending the life-of-mine at Gahcho Kué to include underground mining and the potential inclusion of the Kennady North Project kimberlites.

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

"In the first quarter we saw an improvement in production compared to Q1 in 2022 despite unplanned maintenance challenges. There remains work to be done to fully optimize production and we are working with our joint venture partner on the required opportunities. The mine operator expects to see production increase as we move through the year in response to these initiatives and warmer weather.

Quarter 1 was an excellent sales period, with our sales team bringing three sales to the market to achieve record sales results in a market that continues to oscillate. We continue to enjoy healthy adjusted EBITDA to revenue margins.

On costs, the mine entered a period of heavy capitalized waste stripping during the quarter, which coupled with some one-off maintenance related costs, resulted in a high unit cost per carat recovered and tonne processed. We expect these costs to reduce as we phase out of the heavy waste stripping, and return to normal operations in the plant.

Reducing our debt by US\$12 million in early April was a positive as Q1 is a capital-intensive period for the Company, with all of the bulk commodities and heavy equipment for the year transported up the winter ice road. We remain focused on paying down our debt from free cashflow and we are fortunate to have no early repayment penalties in our debt facilities.

On growth we continue to work with our joint venture partner De Beers on reviewing mine life extension possibilities for the project via the drilling we are currently doing on the underground potential of the Gahcho Kué mine, as well as reviewing any potential to incorporate kimberlites from the Kennady property.

We will continue to push hard in quarter 2 where we have important maintenance work scheduled that is planned to further optimize the processing plant at Gahcho Kué."

Gahcho Kué Mine Operations

The following table summarizes key operating statistics for the Gahcho Kué Mine in the three months ended March 31, 2023 and 2022.

		Three months ended Th	
		March 31, 2023	Ma
GK operating data			
Mining			
*Ore tonnes mined	kilo tonnes	428	1,0
*Waste tonnes mined	kilo tonnes	8,507	7,1
*Total tonnes mined	kilo tonnes	8,935	8,1
*Ore in stockpile	kilo tonnes	1,420	1,0
Processing			
*Ore tonnes processed	kilo tonnes	767	70
*Average plant throughput	tonnes per day	8,247	7,8
*Average diamond recovery	carats per tonne	1.72	1.6
*Diamonds recovered	000's carats	1,320	1,1
Approximate diamonds recovered - Mountain Province	000's carats	647	58
Cash costs of production per tonne of ore, net of capitalized stripping **	\$	99	93
Cash costs of production per tonne of ore, including capitalized stripping**	\$	155	12
Cash costs of production per carat recovered, net of capitalized stripping**	\$	58	56
Cash costs of production per carat recovered, including capitalized stripping**	\$	90	73
Sales			
Approximate diamonds sold - Mountain Province***	000's carats	961	50
Average diamond sales price per carat	US	\$ 99	\$ 1

* at 100% interest in the Gahcho Kué Mine

**See "Reconciliation of non-IFRS measures" at the end of the news release for explanation and reconciliation.

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

Financial Performance

		Three months ended	Three months ended
(in thousands of Canadian dollars, except where otherwise noted)		March 31, 2023	March 31, 2022
Sales	\$	128,657	84,653
Carats sold	000's carats	961	507
Average price per carat sold	\$/carat	134	167
Cost of sales per carat*	\$/carat	85	83
Earnings from mine operations per carat	\$	49	84
Earnings from mine operations	%	37 %	50
Selling, general and administrative expenses	\$	4,007	3,994
Operating income	\$	41,091	35,018
Net income for the period	\$	28,224	24,327
Basic earnings per share	\$	0.13	0.12
Diluted earnings per share	\$	0.13	0.11

Conference Call

The Company will host its quarterly conference call on Wednesday, May 10th, 2023 at 11:00am ET.

Title: [Mountain Province Diamonds Inc.](#) Q1 2023 Earnings Conference Call

Conference ID: 44495174

Date of call: 05/10/2023

Time of call: 11:00 Eastern Time

Expected Duration: 60 minutes

Webcast Link:

<https://app.webinar.net/dpA23QXRjg8>

Participant Toll-Free Dial-In Number: (+1) 888-390-0561

Participant International Dial-In Number: (+1) 416-764-8668

A replay of the webcast and audio call will be available on the Company's website.

Reconciliation of Non-IFRS measures

This news release refers to the terms "Cash costs of production per tonne of ore processed" and "Cash costs of production per carat recovered", both including and net of capitalized stripping costs and "Adjusted Earnings Before Interest, Taxes Depreciation and Amortization (Adjusted EBITDA)" and "Adjusted EBITDA Margin". Each of these is a non-IFRS performance measure and is referenced in order to provide investors with information about the measures used by management to monitor performance. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. They do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

Cash costs of production per tonne of ore processed and cash costs of production per carat recovered are used by management to analyze the actual cash costs associated with processing the ore, and for each

recovered carat. Differences from production costs reported within cost of sales are attributed to the amount of production cost included in ore stockpile and rough diamond inventories.

Adjusted EBITDA is used by management to analyze the operational cash flows of the Company, as compared to the net income for accounting purposes. It is also a measure which is defined in the Notes documents. Adjusted EBITDA margin is used by management to analyze the operational margin % on cash flows of the Company.

The following table provides a reconciliation of the Adjusted EBITDA and Adjusted EBITDA margin with the net income on the consolidated statements of comprehensive income:

	Three months ended	
	March 31, 2023	March 31, 2022
Net income for the period	\$ 28,224	\$ 24,327
Add/deduct:		
Non-cash depreciation and depletion	25,318	8,948
Share-based payment expense	340	444
Fair value (gain) loss of warrants	(146)	1,525
Net finance expenses	9,522	9,140
Derivative losses	1,065	77
Deferred income taxes	1,820	4,270
Current income taxes	750	
Unrealized foreign exchange losses (gains)	645	(4,146)
Adjusted earnings before interest, taxes, depreciation and depletion (Adjusted EBITDA)	\$ 67,538	\$ 44,585
Sales	128,657	84,653
Adjusted EBITDA margin		52 %

The following table provides a reconciliation of the cash costs of production per tonne of ore processed and per carat recovered and the production costs reported within cost of sales on the consolidated statements of comprehensive income:

		Three months ended	Three months ended
(in thousands of Canadian dollars, except where otherwise noted)		March 31, 2023	March 31, 2022
Cost of sales production costs	\$	49,116	27,120
Timing differences due to inventory and other non-cash adjustments	\$	(11,835)	5,150
Cash cost of production of ore processed, net of capitalized stripping	\$	37,281	32,270
Cash costs of production of ore processed, including capitalized stripping	\$	58,241	42,154
Tonnes processed	kilo tonnes	376	347
Carats recovered	000's carats	647	581
Cash costs of production per tonne of ore, net of capitalized stripping	\$	99	93
Cash costs of production per tonne of ore, including capitalized stripping	\$	155	122
Cash costs of production per carat recovered, net of capitalized stripping	\$	58	56
Cash costs of production per carat recovered, including capitalized stripping	\$	90	73

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 more than 113,000 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, at February 2019. 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, at February 2019. 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, at February 2019. All resource estimations are based on a 1mm diamond size bottom cut-off.

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 Matthew MacPhail, P.Eng., MBA, and Tom E. McCandless, Ph.D., P.Geo., both employees of Mountain Province Diamonds 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 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 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.

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.](#)

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