

# Mountain Province Diamonds Announces Second Quarter Financial Results for 2023

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TORONTO, Aug. 10, 2023 - [Mountain Province Diamonds Inc.](#) ("Mountain Province", the "Company") (TSX: MPVD) today announces financial results for the second quarter ended June 30, 2023 ("the Quarter" or "Q2 2023") from the Gahcho Kué Diamond Mine ("GK Mine"). All figures are expressed in Canadian Dollars unless otherwise noted.

## Second Quarter 2023 Key Takeaways

- 360,308 carats were sold for total proceeds of \$59.9 million (US\$44.6 million) at an average price of \$166 per carat (US\$124).
- Adjusted EBITDA<sup>1</sup> of \$30.7 million.
- Earnings from mine operations of \$26.9 million.
- Net income of \$17.3 million or \$0.08 basic and diluted earnings per share.
- Capital expenditures in H1 2023 were \$44.7 million, \$41.3 million of which were deferred stripping costs, with the remaining \$3.4 million sustaining capital expenditures related to mine operations<sup>1</sup>.
- Repurchase for cancellation of approximately US\$12 million aggregate principal amount of the 9.000% Senior Secured Second Lien Notes during the fiscal quarter

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

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

"Second quarter production numbers saw quarter-on-quarter improvements relative to Q1 2023 with the exception of ore tonnes mined. The revenue reduction from Q1 2023 is due to the additional sale held during the first quarter delivering record revenue results. Our H1 sales results in Canadian Dollars are slightly up year on year when compared to H1 2022.

On ore tonnes mined there was a refocus towards Tuzo waste stripping to ensure that the 5034 orebody can be mined safely given that it will be mined concurrently with the Tuzo pit, which is directly above it. During the period there was also temporarily blocked ramp access due to geotechnical considerations in the 5034 pit.

This movement of the sequence of ore release is temporary with mining in the 5034 pit returning to planned rates in H2 2023. Given the large stockpile of ore, there is no expected carat production interruption.

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. An increase in mine waste stripping is helpful to the overall plan, we expect these costs to reduce as we phase out of the heavy waste stripping and return to planned areas of mining in the pit. Excluding capitalised waste stripping costs, cash cost of production on a per tonne treated and per carat basis in the first half of 2023, are approximately 10% below the same period in 2022.

A key operational initiative in Q2 was the 5-day plant maintenance shutdown. There were several areas of the processing plant that were identified as being the primary drivers of plant instability. There remains one further task to be completed on the primary crusher in September for the major refresh of the processing plant to be completed. We have seen a step change in processing plant performance since these works were completed.

Considering the points above our 2023 guidance remains unchanged, with production trending to the mid/lower end and production costs trending to the mid/upper end of the range.

We remain focused on paying down debt, with US\$12.0 million repaid during the quarter. Subsequent to the quarter end, we repaid a further US\$6 million of debt. The Company continues to focus on achieving our long-run debt to EBITDA ratio target. Our earnings per share (EPS) at 8 cents for Q2 brings us to 22 cents for H1 2023, which is consistent with H1 2022.

On growth, drilling results to date near Tuzo, the Hearne Deep and the Northwest Extension are returning positive intercepts. We look forward to continuing our work with our joint venture partner De Beers to explore and evaluate mine life extension possibilities for the project, such as deeper drilling at Gahcho Kué, as well as reviewing potential opportunities to incorporate kimberlites from our nearby Kennady North Project. We intend to report on the next phase of this project in early Q4, 2023"

#### Financial Highlights for Second Quarter 2023 ("Q2 2023")

- Revenue from 360,000 carats sold at \$59.9 million (US\$44.6 million) at an average realised value of \$166 per carat (US\$124) compared to \$97.8 million from 587,000 carats sold in Q2 2022 (US\$76.0 million) at an average realised value of \$167 per carat (US\$130).
- Adjusted EBITDA<sup>1</sup> of \$30.7 million compared to \$55.1 million in Q2 2022.
- Earnings from mine operations \$26.9 million compared to \$51.4 million in Q2 2022.
- Cash costs of production, including capitalized stripping costs<sup>1</sup> of \$156 per tonne treated (2022: \$126 per tonne) and \$87 per carat recovered (2022: \$75 per carat).
- Net income of \$17.3 million or \$0.08 earnings per share (2022: \$22.6 million or \$0.11 earnings per share). Included in the determination of the net income are foreign exchange gains of \$5.5 million, the majority of which is an unrealized gain arising on the translation of the Company's US Dollar denominated long term debt, as a result of the strengthening of the Canadian Dollar versus US Dollar.

<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 June 30, 2023 MD&A for explanation and reconciliation.

#### Operational Highlights for Second Quarter 2023

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

- 750,241 ore tonnes treated, largely unchanged relative to Q2 2022 (749,821 tonnes treated);
- 1,339,196 carats recovered, 6% higher than the comparable quarter (Q2 2022: 1,260,899 carats)
- Average grade of 1.79 carats per tonne, a 6% increase relative to Q2 2022 (1.68 carats per tonne)
- 595,990 ore tonnes mined, a 43% decrease relative to Q2 2022 (1,043,348 ore tonnes mined)

#### Financial Highlights for H1 2023

- Total sales revenue of \$188.6 million (US\$139.6 million) at an average realised value of \$143 per carat (US\$106) compared to \$182.4 million in 2022 (US\$142.7 million) at an average realised value of \$167 per carat (US\$130).
- Half year Adjusted EBITDA<sup>2</sup> of \$98.2 million compared to \$99.7 million in H1 2022.
- Earnings from mine operations of \$74.1 million (2022: \$94.2 million).
- Cash costs of production, including capitalized stripping costs<sup>2</sup>, of \$155 per tonne treated (2022: \$136 per tonne) and \$89 per carat recovered (2022: \$81 per carat).
- Net income for half year 2023 at June 30, 2023 was \$45.5 million or \$0.22 basic earnings per share and \$0.21 diluted earnings per share (2022: net income \$47 million or \$0.22 earnings per share). Included in the determination of the net income for the half year at June 30, 2023 are foreign exchange gains of \$5.6 million, the majority of which is an unrealized gain on the translation of the Company's US Dollar denominated long term debt arising as a result of the strengthening of the Canadian Dollar versus US Dollar.
- Capital expenditures in H1 2023 were \$44.7 million, \$41.3 million of which were deferred stripping costs, with the remaining \$3.4 million for sustaining capital expenditures related to mine operations.

<sup>2</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 June 30, 2023 MD&A for explanation and reconciliation.

### Operational Highlights for H1 2023

- 18.2 million total tonnes mined in H1 2023, a 13% increase from the 16.0 million total tonnes mined in H1 2022.
- 1,517,000 tonnes of ore treated in H1 2023; a 4% increase compared to the 1,457,000 tonnes treated in H1 2022.
- 2,659,000 carats recovered at an average grade of 1.75 carats per tonne, a 9% increase compared to the 2,446,000 carats, (1.68 carats per tonne) recovered in H1 2022.

### Sales Highlights for Second Quarter 2023

As previously released, during the second quarter, 360,308 carats were sold for total proceeds of \$59.9 million (US\$44.6 million), resulting in an average price of \$166 per carat (US\$124 per carat). These results compare to Q2 2022 where 586,567 carats were sold for total proceeds of \$97.0 million (US\$74.5 million) at an average price per carat of \$165 per carat (US\$129 per carat).

The reduction in volume sold in Q2 2023 relative to Q2 2022 was due to the acceleration of sales into Q1 2023, where three sales were held versus the historical norm of two. Relative to Q2 2022, average price per carat in Q2 2023 benefitted from a coarser than average mix of goods sold, offsetting a softening in the market. We expect a finer mix of goods sold in Q3 2023.

### Growth

Recent results from the Company's 2023 drill program revealed a new kimberlite discovery located 40 metres northeast of the known Tuzo kimberlite. Following the discovery and delineation of the Hearne Northwest Extension, a program to look for a similar extension was started at Tuzo; a single drillhole was collared east of Tuzo to test for a northeast extension, returning approximately 40 metres of kimberlite. Despite exploration northeast of Tuzo being in the early stage, the Company is encouraged by the width of the kimberlite intersection and its similarities to Tuzo based on initial logging.

In addition, during the quarter, the Company announced positive drilling results at Hearne Deep and the Northwest Extension, which returned multiple intercepts with the longest returning 287 meters of kimberlite. During the 2023 program, 11 drillholes were drilled (seven drillholes were collared outside of the pit and four were collared on the kimberlite within the pit) to test the width and depth of the extension. Combined with past results, Mountain Province has 21 drillholes that define the extension below the final pit and to the northwest, which will be evaluated with our operating partner De Beers to examine ways to recover this deeper kimberlite.

### Gahcho Kué Mine Operations

The following table summarizes key operating statistics for the Gahcho Kué Mine in the three and six months ended June 30, 2023 and 2022.

		Three months ended Th	
		June 30, 2023	Jun
<b>GK operating data</b>			
<b>Mining</b>			
*Ore tonnes mined	kilo tonnes	596	1,0
*Waste tonnes mined	kilo tonnes	8,639	6,8
*Total tonnes mined	kilo tonnes	9,235	7,8
*Ore in stockpile	kilo tonnes	1,266	1,3
<b>Processing</b>			
*Ore tonnes processed	kilo tonnes	750	74
*Average plant throughput	tonnes per day	8,333	8,2
*Average diamond recovery	carats per tonne	1.79	1.6
*Diamonds recovered	000's carats	1,339	1,2
Approximate diamonds recovered - Mountain Province	000's carats	656	61
Cash costs of production per tonne of ore, net of capitalized stripping **	\$	100	10
Cash costs of production per tonne of ore, including capitalized stripping**	\$	156	12
Cash costs of production per carat recovered, net of capitalized stripping**	\$	56	61
Cash costs of production per carat recovered, including capitalized stripping**	\$	87	75
<b>Sales</b>			
Approximate diamonds sold - Mountain Province***	000's carats	360	58
Average diamond sales price per carat	US	\$ 124	\$ 1

\* at 100% interest in the GK Mine

\*\*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

#### Financial Performance

(in thousands of Canadian dollars, except where otherwise noted)	Three months ended	
	June 30, 2023	June 30, 2022
Sales	\$ 59,918	97,761
Carats sold	000's carats 360	587
Average price per carat sold	\$/carat 166	167
Cost of sales per carat*	\$/carat 92	79
Earnings from mine operations per carat	\$ 74	88
Earnings from mine operations	%	45 %
Selling, general and administrative expenses	\$ 3,223	3,803
Operating income	\$ 20,351	43,047
Net income for the period	\$ 17,318	22,634
Basic earnings per share	\$ 0.08	0.11
Diluted earnings per share	\$ 0.08	0.11

\* 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 Canada.

#### Conference Call

The Company will host its quarterly conference call on Friday, August 11<sup>th</sup>, 2023 at 11:00AM Eastern Time.

Title: [Mountain Province Diamonds Inc.](#) Q2 2023 Earnings Conference Call

Conference ID: 76959572

Date of call: 08/11/2023

Time of call: 11:00AM Eastern Time

Expected Duration: 60 minutes

#### Webcast Link:

<https://app.webinar.net/9x2L4L5jok8>

Participant Toll-Free Dial-In Number: (+1) 888-390-0546

Participant International Dial-In Number: (+1) 416-764-8688

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

#### 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	Three months ended
	June 30, 2023	June 30, 2022
Net income for the period	\$ 17,318	\$ 22,634
Add/deduct:		
Non-cash depreciation and depletion	10,640	12,378
Share-based payment expense	366	480
Fair value (gain) loss of warrants	(563)	(7,322)
Net finance expenses	8,780	9,054
Derivative (gains) losses	(1,936)	1,361
Deferred income taxes	2,080	5,650
Current income taxes	150	-
Unrealized foreign exchange losses (gains)	(6,154)	10,892
Adjusted earnings before interest, taxes, depreciation and depletion (Adjusted EBITDA)	\$ 30,681	\$ 55,127
Sales	59,918	97,761
Adjusted EBITDA margin		51 %

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)		June 30, 2023	June 30, 2022
Cost of sales production costs	\$	18,619	26,660
Timing differences due to inventory and other non-cash adjustments	\$	18,284	11,209
Cash cost of production of ore processed, net of capitalized stripping	\$	36,903	37,869
Cash costs of production of ore processed, including capitalized stripping	\$	57,223	46,396
Tonnes processed	kilo tonnes	367	367
Carats recovered	000's carats	656	618
Cash costs of production per tonne of ore, net of capitalized stripping	\$	100	103
Cash costs of production per tonne of ore, including capitalized stripping	\$	156	126
Cash costs of production per carat recovered, net of capitalized stripping	\$	56	61
Cash costs of production per carat recovered, including capitalized stripping	\$	87	75

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, labor 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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