

# Mountain Province Diamonds Announces Third Quarter and Nine Months Ended September 30, 2023 Results

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TORONTO, Nov. 9, 2023 - [Mountain Province Diamonds Inc.](#) ("Mountain Province", the "Company") (TSX: MPVD) (OTC: MPVDF) announces its financial and operating results for the third quarter ("Q3 2023") and nine months ended September 30, 2023. All figures are expressed in Canadian dollars unless otherwise noted.

## Q3 2023 Key Highlights

- 478,653 carats were sold for total proceeds of \$60.3 million (US\$45.3 million) at an average price of \$126 per carat (US\$95).
- Quarterly Adjusted EBITDA of \$25.1 million<sup>1</sup>
- Earnings from mine operations of \$2.7 million.
- Net loss of \$13.4 million or \$0.06 basic and diluted loss per share.
- Included in the determination of the net loss at September 30, 2023 is a non-cash adjustment to net realizable value from carrying cost, of \$9.7 million in respect of total rough diamond inventories held by the Company.
- At September 30th, 2023 the Company held \$214 million in current assets, and \$153 million in net working capital.
- Capital expenditures in the nine months ended September 30, 2023 were \$62.8 million, \$57.0 million of which were deferred stripping costs, with the remaining \$5.8 million sustaining capital expenditures related to mine operations<sup>1</sup>
- Repurchase for cancellation of approximately US\$6 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.

Company to pause all discretionary spending and focus on cash generation

Given the challenging state of the current rough diamond market, the Company agreed with its joint venture partner, De Beers (the "Joint Venture Partner"), to pause all discretionary spending and cut costs where appropriate to focus on maximizing cash generation. Growth related expenditure at the Gahcho Kué mine will be suspended, with the option to resume when the Company and its JV Partner deem appropriate. This includes pausing spending and further work on the Gahcho Kué underground expansion. As a part of this spending reduction Dr. Tom McCandless, Vice President of Exploration will transition from a full time role to continuing to provide support on an as needs basis via a consulting arrangement.

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

"For most of 2023 the diamond market has been under pressure as a result of various factors which include: a slowing market in the US; low Chinese demand; and the uncertainty in the diamond supply chain related to Lab Grown diamonds and continued supply of Russian diamonds following the invasion of Ukraine. Despite this, MPD performed reasonably well through H1 compared to our peers; largely as a result of our sales strategy and mix of goods outperforming the general market. In Q3 the market deteriorated further. The major diamond producers have reacted by significantly cutting their sales and the Indian diamond industry announced a two month import moratorium to run from October 15<sup>th</sup> to December 15<sup>th</sup>. The hope being that this pause in selling rough diamonds, together with December being the busiest time for diamond purchases, will reduce the excess supply in the sector and stabilise prices.

For our part, the Company took the decision to withhold some of our lower value goods during Quarter 3 and

took the unprecedented step in October to sell some of our production directly to our joint venture partner, De Beers. In addition, and as stated in our October 6 press release, we have also agreed with De Beers to pause all discretionary spend and reduce costs wherever prudent. We continue to monitor the market closely, while focusing on the controllables, which are costs, production and operating efficiencies. We aim to maintain the optionality of growth opportunities for an improved price environment.

On the production front, Q3 saw continued strong performance from the process plant, with Overall Plant Utilization of 84%, above the design range of 80 - 82%. Continued strong performance from the plant, combined with a planned improved grade profile coming out of the 5034 and Hearne pits will be required to hit our carat production guidance for the year."

#### Operational Highlights for Q3 2023

- 1,326,610 carats recovered in Q3 2023 at an average grade of 1.51 carats per tonne, 9% decrease relative to Q3 2022 (Q3 2022: 1,451,455 carats recovered).
- 877,617 ore tonnes treated in Q3 2023, an 8% increase relative to Q3 2022 (Q3 2022, 816,201 ore tonnes treated).
- 887,695 ore tonnes mined in Q3 2023, a 34% decrease relative to 1,345,654 tonnes mined in Q3 2022.
- 9,145,849 total tonnes mined, an 18% increase relative to Q3 2022.

#### Financial Highlights for Q3 2023

- Revenue from 478,653 carats sold in Q3 2023 at \$60.3 million (US\$45.3 million) at an average realised price of \$126 per carat (US\$95) compared to \$110.1 million (US\$83.3 million) from 805,000 carats sold in Q3 2022 at an average realized price of \$137 per carat (US\$104).
- Adjusted EBITDA<sup>1</sup> of \$25.1 million in Q3 2023 compared to \$54.1 million in Q3 2022.
- Earnings from mine operations \$2.7 million in Q3 2023 compared to \$44.7 million in Q3 2022.
- Cash costs of production, including capitalized stripping costs<sup>1</sup> of \$118 per tonne treated (2022: \$128 per tonne) and \$78 per carat recovered (2022: \$72 per carat).
- Net loss in Q3 2023 was \$13.4 million or \$0.06 loss per share (2022: Net loss of \$7.2 million or \$0.03 loss per share). Included in the determination of the Net loss for Q3 2023 are foreign exchange losses of \$5.7 million, the majority of which is an unrealized loss arising on the translation of the Company's US Dollar denominated long term debt, as a result of the weakening 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 September 30, 2023 MD&A for explanation and reconciliation.

#### Operational Highlights for the nine months ended September 30, 2023

- 3,985,000 carats recovered in the nine months ended September 30, 2023 at an average grade of 1.66 carats per tonne, 2% higher than the 3,898,000 carats, 1.71 carats per tonne, recovered for the nine months ended September 30, 2022.
- 2,395,000 tonnes of ore treated in the nine months ended September 30, 2023; compared to the 2,274,000 tonnes treated for the nine months ended September 30, 2022.
- 27.3 million total tonnes mined for the nine months ended September 30, 2023, a 15% increase from the 23.8 million total tonnes mined for the nine months ended September 30, 2022.

#### Financial Highlights for the nine months ended September 30, 2023

- Total sales revenue of \$248.9 million (US\$184.9 million) for the nine months ended September 30, 2023 at an average realised price of \$138 per carat (US\$103) compared to \$292.5 million in 2022 (US\$226 million) at an average realized price of \$154 per carat (US\$119).
- Adjusted EBITDA<sup>2</sup> of \$123.3 million for the nine months ended September 30, 2023, compared to \$153.8 million for the nine months ended September 30, 2022.
- Earnings from mine operations for the nine months ended September 30, 2023 of \$76.8 million (for the nine months ended September 30, 2022: \$138.9 million).
- Cash costs of production, including capitalized stripping costs<sup>2</sup>, of \$142 per tonne treated (2022: \$133 per tonne) and \$85 per carat recovered (2022: \$78 per carat).

- Net income for the nine months ended September 30, 2023 was \$32.1 million or \$0.15 earnings per share (for the nine months ended September 30, 2022: net income \$39.8 million or \$0.19 earnings per share).
- Capital expenditures in the nine months ended September 30, 2023 were \$62.8 million, \$57.0 million of which were deferred stripping costs, with the remaining \$5.8 million accounting 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 September 30, 2023 MD&A for explanation and reconciliation.

Market comment for Q3 2023 & nine months ended September 30, 2023

As previously reported, during Q3 2023, 478,653 carats were sold for total proceeds of \$60.3 million (US\$45.3 million), resulting in an average price of \$126 per carat (US\$95 per carat). These results compare to Q3 2022 where 805,227 carats were sold for total proceeds of \$110.6 million (US\$83.3 million), resulting in an average value of \$137 per carat (US\$103 per carat).

The relative reduction in volume sold in Q3 2023 reflects the Company's decision to strategically stock certain categories of the lower valued goods in order to defend its prices in the rough diamond market. In addition, recognising the overall lack of confidence in the rough diamond market, and a direct result of the Indian import ban, the Company took the unprecedented decision, subsequent to the quarter end, to sell a portion of its production to the Company's JV Partner De Beers, thereby removing it temporarily from the diamond market. The Company intends to recommence its tender sales in mid-December following the end of the Indian import moratorium.

Year to date 2023, 1,799,985 carats have been sold at an average price of \$138 per carat (US\$103 per carat) for total proceeds of \$248.9 million (US\$184.9 million) in comparison to 1,898,557 carats sold at an average price of \$154 per carat (US\$119 per carat) for total proceeds of \$292.9 million (US\$226.0 million) during the same period in 2022.

The diamond market is experiencing low levels of demand since returning from the August holiday period. Macro-economic concerns and delays to post-covid restocking of diamond jewellery in China coupled with continued erosion to polished prices downstream have motivated diamond polishers to temporarily halt rough diamond buying and reduce polished inventories. This includes a temporary measure tabled by the Indian cutting and jewellery trade to voluntarily reduce rough diamond imports into the country.

#### Gahcho Kué Mine Operations

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

Three months ended Th

September 30, 2023 Se

## GK operating data

## Mining

*Ore tonnes mined	kilo tonnes	888	1,3
*Waste tonnes mined	kilo tonnes	8,258	6,4
*Total tonnes mined	kilo tonnes	9,146	7,7
*Ore in stockpile	kilo tonnes	1,276	1,8

## Processing

*Ore tonnes processed	kilo tonnes	878	81
*Average plant throughput	tonnes per day	9,756	8,9
*Average diamond recovery	carats per tonne	1.51	1.7
*Diamonds recovered	000's carats	1,326	1,4
Approximate diamonds recovered - Mountain Province	000's carats	650	71
Cash costs of production per tonne of ore, net of capitalized stripping **	\$	81	10
Cash costs of production per tonne of ore, including capitalized stripping**	\$	118	12
Cash costs of production per carat recovered, net of capitalized stripping**	\$	54	61
Cash costs of production per carat recovered, including capitalized stripping**	\$	78	72

## Sales

Approximate diamonds sold - Mountain Province***	000's carats	479	80
Average diamond sales price per carat	US	\$ 95	\$ 1

\* at 100% interest in the Gahcho Kué Mine

\*\*See Non-IFRS Measures section of the Company's September 30, 2023 MD&A 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

(in thousands of Canadian dollars, except where otherwise noted)	Three months ended	
	September 30, 2023	September 30, 2022
Sales	\$ 60,277	97,761
Carats sold	000's carats 479	587
Average price per carat sold	\$/carat 126	167
Cost of sales per carat*	\$/carat 120	79
Earnings from mine operations per carat	\$ 6	88
Earnings from mine operations	%	5 %
Selling, general and administrative expenses	\$ 3,250	3,803
Operating (loss) income	\$ (1,125)	43,047
Net (loss) income for the period	\$ (13,421)	22,634
Basic (loss) earnings per share	\$ (0.06)	0.11
Diluted (loss) earnings per share	\$ (0.06)	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, November 10<sup>th</sup>, 2023 at 11:00am EST.

Title: [Mountain Province Diamonds Inc.](#) Q3 2023 Earnings Conference Call

Conference ID: 47510442  
 Date of call: 11/10/2023  
 Time of call: 11:00 Eastern Time  
 Expected Duration: 60 minutes

#### Webcast Link:

<https://app.webinar.net/K9ARjDR2YOp>  
 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.

#### 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 condensed consolidated interim statements of comprehensive (loss) income:

	Three months ended September 30, 2023	Three months ended September 30, 2022
Net (loss) income for the period	\$ (13,421)	\$ (7,187)
Add/deduct:		
Non-cash depreciation and depletion	15,826	18,028
Net realizable value adjustment included in production costs	9,706	-
Share-based payment expense	429	503
Fair value gain of warrants	(2,265)	(54)
Net finance expenses	8,990	9,167
Derivative losses	1,094	3,702
Deferred income taxes	(1,310)	5,760
Current income taxes	150	-
Unrealized foreign exchange losses	5,910	24,185
Adjusted earnings before interest, taxes, depreciation and depletion (Adjusted EBITDA)	\$ 25,108	\$ 54,104
Sales	60,277	110,124
Adjusted EBITDA margin		42 %

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 condensed consolidated interim statements of comprehensive (loss) income:

		Three months ended	Three months ended
(in thousands of Canadian dollars, except where otherwise noted)		September 30, 2023	September 30, 2022
Cost of sales production costs	\$	37,233	39,367
Timing differences due to inventory and other non-cash adjustments	\$	(2,224)	4,266
Cash cost of production of ore processed, net of capitalized stripping	\$	35,009	43,633
Cash costs of production of ore processed, including capitalized stripping	\$	50,743	51,155
Tonnes processed	kilo tonnes	431	400
Carats recovered	000's carats	650	711
Cash costs of production per tonne of ore, net of capitalized stripping	\$	81	109
Cash costs of production per tonne of ore, including capitalized stripping	\$	118	128
Cash costs of production per carat recovered, net of capitalized stripping	\$	54	61
Cash costs of production per carat recovered, including capitalized stripping	\$	78	72

\*\*\*\*

## About the Company

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 that surround the Gahcho Kué Joint Venture property that include an indicated mineral resource for the Kelvin kimberlite and inferred mineral resources for the Faraday kimberlites.

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 Matthew MacPhail, P.Eng., MBA, an employee of Mountain Province Diamonds and 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.](#) 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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