

# Mountain Province Diamonds Announces Full Year and Fourth Quarter 2023 Results

## TSX and OTC: MPVD

TORONTO, April 1, 2024 /CNW/ - Mountain Province Diamonds Inc. ("**Mountain Province Diamonds**", or the "**Company**") (TSX: MPVD) (OTC: MPVD) today announces its financial and operating results for the fourth quarter ("**the Quarter**" or "**Q4 2023**") and the full year ended December 31, 2023 ("**FY 2023**").

All figures are expressed in Canadian dollars unless otherwise noted and are unaudited.

## FY 2023 Highlights

- 43% improvement in key site safety KPI (TRIFR) in 2023 vs 2022.
- Adjusted EBITDA<sup>1</sup> of \$165.0 million, down 8% relative to 2022 (2022: \$178.6 million).
- Total sales revenue at \$328.6 million (US\$243.8 million) compared to \$388.9 million in 2022 (US\$297.3 million: at an average realized value of \$121 per carat (US\$90) 2022: \$146 per carat (US\$112)).
- Repaid US\$18 million in Senior Secured Second Lien Notes.
- 9% increase in total tonnes mined in 2023 relative to 2022, coupled with a 5% increase in tonnes treated.
- Net loss of \$43.7 million or \$0.21 loss per share (2022: net income \$49.2 million or \$0.23 earnings per share. Included in the determination of net loss is an impairment loss on property, plant and equipment of \$104.6 million and foreign exchange gains of \$6.6 million (2022: foreign exchange loss of \$28.2 million) on the translation of the Company's USD-denominated long-term debt. The unrealized foreign exchange gains are a result of the relative strengthening of the Canadian dollar versus the US dollar.

## Operational Highlights for Q4 2023 and FY 2023

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

- 1,572,696 carats recovered during the Quarter at an average grade of 1.84 carats per tonne, 3% lower than the comparable quarter in 2022 (Q4 2022: 1,621,800 carats at 1.96 carats per tonne). 5,557,655 carats recovered during FY 2023 at an average grade of 1.71 carats per tonne, 1% higher than the comparable period (full year ended December 31, 2022 ("**FY 2022**"): 5,519,309 at 1.78 carats per tonne).
- 1,895,492 ore tonnes mined during the quarter, a 169% increase on the comparable period in 2022 (Q4 2022: 705,924). 3,807,102 ore tonnes mined during FY 2023, a 7% decrease from 2022 (FY 2022: 4,113,648).
- 855,319 ore tonnes treated during the quarter, a 3% increase on the comparable period in 2022 (Q4 2022: 828,644). 3,249,963 ore tonnes treated during FY 2023, a 5% increase from 2022 (FY 2022: 3,102,219).
- 9,831,021 total tonnes mined during the quarter, a 3% decrease on the comparable period (Q4 2022: 10,144,844). 37,147,350 total tonnes mined during FY 2023, a 9% increase from 2022 (FY 2022: 33,947,188).

## Q4 2023 and FY 2023 Production Statistics

	Q4 2023	Q4 2022	YoY Variance
Total tonnes mined (ore and waste)	9,831,021	10,144,844	-3 %
Ore tonnes mined	1,895,492	705,924	169 %
Ore tonnes treated	855,319	828,644	3 %
<b>Diamonds recovered</b>	<b>1,572,696</b>	<b>1,621,800</b>	<b>-3 %</b>
Carats recovered (49% share)	770,621	794,682	-3 %
Recovered grade (carats per tonne)	1.84	1.96	-6 %

	FY 2023	FY 2022	YoY Variance
Total tonnes mined (ore and waste)	37,147,350	33,947,188	9 %
Ore tonnes mined	3,807,102	4,113,648	-7 %
Ore tonnes treated	3,249,963	3,102,219	5 %
<b>Diamonds recovered</b>	<b>5,557,655</b>	<b>5,519,309</b>	<b>1 %</b>
Carats recovered (49% share)	2,723,251	2,704,461	1 %
Recovered grade (carats per tonne)	1.71	1.78	-4 %

## Financial Highlights for Q4 2023

- 918,000 carats sold (Q4 2022: 758,000), with total proceeds of \$79.8 million (US\$58.9 million) at an average realized value of \$87 per carat (US\$64), compared to \$96.3 million in Q4 2022, (US\$71.3 million), at an average realized value of \$127 per carat, (US\$94).
- Adjusted EBITDA<sup>1</sup> of \$39.8 million.
- Earnings from mine operations of \$25.6 million.
- Cash costs of \$93 per tonne treated and \$50 per carat recovered, include capitalized stripping costs<sup>1</sup>.
- Net loss of \$75.8 million or \$0.36 loss per share. Included in the determination of net loss for Q4 2023, is an impairment loss on property, plant and equipment of \$104.6 million and foreign exchange gains of \$6.7 million, on the translation of the Company's USD-denominated long-term debts. The unrealized foreign exchange gains are a result of the relative strengthening of the Canadian dollar versus the 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.

## Financial Highlights for FY 2023

- Total sales revenue at \$328.6 million (US\$243.8 million) at an average realized value of \$121 per carat (US\$90) compared to \$388.9 million in 2022 (US\$297.3 million sales revenue at an average realized value of \$146 per carat, (US\$112)).
- Adjusted EBITDA<sup>2</sup> of \$165.0 million down 8% (2022: \$178.6 million).
- Earnings from mine operations of \$102.4 million (2022: earnings from mine operations \$170.5 million).
- Cash costs of production, including capitalized stripping costs<sup>2,3</sup> of \$129 per tonne treated (2022: \$122 per tonne) and \$75 per carat recovered (2022: \$69 per carat).
- Net loss of \$43.7 million or \$0.21 loss per share (2022: net income \$49.2 million or \$0.23 earnings per share. Included in the determination of net loss is an impairment loss on property, plant and equipment of \$104.6 million and foreign exchange gains of \$6.6 million (2022: loss of \$28.2 million) on the translation of the Company's USD-denominated long-term debt. The unrealized foreign exchange gains are a result of the relative strengthening of the Canadian dollar versus the US dollar.
- Capital expenditures were \$83.3 million, \$74.4 million of which were deferred stripping costs, with the remaining \$8.9 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 December 31, 2023 MD&A for explanation and reconciliation.

<sup>3</sup> In FY 2023 a total of 37.1 million tonnes mined, compared to a total of 33.9 million tonnes mined in 2022; a 9% increase year over year.

## Market Highlights and Commentary for Q4 2023 and FY 2023

In Q4 2023, 918,000 carats were sold at an average value of \$87 per carat (US\$64 per carat) for total proceeds of \$79.8 million (US\$58.9 million) in comparison to 758,000 carats sold at an average value of \$127 per carat (US\$94 per carat) for total proceeds of \$96.3 million (US\$71.3 million) in Q4 2022.

During FY 2023, 2,718,000 carats were sold at an average value of \$121 per carat (US\$90 per carat) for total proceeds of \$328.6 million (US\$243.8 million) in comparison to 2,657,000 carats sold at an average value of \$146 per carat (US\$112 per carat) for total proceeds of \$388.9 million (US\$297.3 million).

After a record-breaking previous year, 2023 was more challenging for the diamond industry. Retail activity and consumer demand softened in the US and Europe amid global inflation concerns and ongoing conflict in Ukraine and the Middle East. Chinese retail remained persistently quiet.

Towards the end of the third quarter, major producers postponed or cancelled sales until more favourable market conditions prevailed. The Company elected to strategically stock select categories of goods to defend prices. In October, India's Gem and Jewellery Export Promotion Council, representing Indian manufacturers, introduced a two-month self-imposed import ban. These supply-tightening measures reduced manufacturers' inventories and moved polished goods downstream for the retail holiday season and anticipated restocking. By year end, diamond prices had steadied, and the Company sold most of its strategic stock at a premium to withdrawn prices.

#### Mountain Province Diamonds President and CEO Mark Wall commented:

"Coming from record 2022 where multiple Company financial records were broken, 2023 saw reduced revenues primarily due to a softening market. Driven by this softening, the Company, along with its JV partner De Beers Group, made the prudent decision to limit discretionary spending, including continuing internal studies on a potential transition to underground mining at Gahcho Kué to extend mine life. The Company intends to take all reasonable steps to maintain the underground mining optionality.

Despite the challenging market in H2, during 2023 the Company paid down US\$18 million in senior secured second lien notes. While we would have preferred to pay down more, this is aligned with our strategy to pay down debt principal as cash flows allow, to maintain financial flexibility.

Operationally, 2023 saw improvements on certain key metrics, including an increase in tonnes treated of 3.25 million tonnes in 2023 vs 3.10 million tonnes in 2022, primarily driven by improvement post the mid-2023 major plant shut-down.

Moving into 2024, the Company faces a lower production year due to the effects of mine sequencing and grade profile changes, all normal occurrences in open pit diamond mining. This lower production year was anticipated, and the mine remains on-track to achieve the previously stated 2024 production guidance of 4.2 - 4.7 million carats at the JV level and 2.3 - 2.6 million carats sold at the Company level.

On the rough diamond market, we continue to monitor developments closely as many factors are integrated in the market dynamic. Initial stages of a recent G7 sanction banning imports of Russian-origin rough diamonds have increased efforts through the diamond pipeline to track and promote diamond's origin tracing. This could yield a positive impact on demand for Canadian origin goods, and the Company is reviewing opportunities."

#### Gahcho Kué Mine Operations

The following table summarizes the key operating statistics for Q4 2023 and FY 2023, and the previous year, at the Gahcho Kué Mine.

		Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
<b>GK operating data</b>					
<i>Mining</i>					
*Ore tonnes mined	kilo tonnes	1,895	706		3,807
*Waste tonnes mined	kilo tonnes	7,936	9,439		33,340
*Total tonnes mined	kilo tonnes	9,831	10,145		37,147
*Ore in stockpile	kilo tonnes	2,316	1,759		2,316
<i>Processing</i>					
*Ore tonnes processed	kilo tonnes	855	828		3,250
*Average plant throughput	tonnes per day	9,293	9,303		8,904
*Average diamond recovery	carats per tonne	1.84	1.96		1.71
*Diamonds recovered	000's carats	1,573	1,621		5,558
Approximate diamonds recovered - Mountain Province	000's carats	771	794		2,723
Cash costs of production per tonne of ore, net of capitalized stripping **	\$	51	101		82
Cash costs of production per tonne of ore, including capitalized stripping**	\$	93	160		129
Cash costs of production per carat recovered, net of capitalized stripping**	\$	28	52		48
Cash costs of production per carat recovered, including capitalized stripping**	\$	50	82		75
<i>Sales</i>					
Approximate diamonds sold - Mountain Province***	000's carats	918	758		2,718
Average diamond sales price per carat	US \$	64	94		90

\* 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

		Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
(in thousands of Canadian dollars, except where otherwise noted)					
Sales	\$	79,778	96,315	328,630	388,853
Carats sold	000's carats	918	758	2,718	2,657
Average price per carat sold	\$/carat	87	127	121	146
Cost of sales per carat*	\$/carat	59	85	83	82
Earnings from mine operations per carat	\$	28	42	38	64
Earnings from mine operations	%	32 %	33 %	31 %	44 %
Selling, general and administrative expenses	\$	3,837	5,476	14,317	17,171
Operating (loss) income	\$	(83,356)	25,257	(23,039)	141,027
Net (loss) income for the period	\$	(75,792)	9,421	(43,671)	49,195
Basic (loss) earnings per share	\$	(0.36)	0.04	(0.21)	0.23
Diluted (loss) earnings per share	\$	(0.36)	0.04	(0.21)	0.23

#### Conference Call

The Company will host its quarterly conference call on Tuesday, April 2<sup>nd</sup>, 2024 at 11:00am ET.

#### Title: Mountain Province Diamonds Inc Q4 2023 and FY 2023 Earnings Conference Call

Conference ID: 16709659

Date of call: 04/02/2024

Time of call: 11:00 Eastern Time

Expected Duration: 60 minutes

Webcast Link: <https://app.webinar.net/relP03xo4Qa>

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.

#### NON-IFRS MEASURES

The MD&A 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 "Operating Income", "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.

Operating (loss) income is used by management to analyze the profitability of the Company that is generated during the regular course of its mining operations. It excludes income and expenses that are derived from activities not related to the Company's core business operations such as finance expenses, derivative gains (losses), and foreign exchange revaluation gains (losses).

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 statement of comprehensive (loss) income:

	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
Net (loss) income for the year	\$ (75,792)	\$ 9,421	\$ (43,671)	\$ 49,195
<b>Add/deduct:</b>				
Non-cash depreciation and depletion	19,019	17,805	70,803	57,159
Impairment loss on property, plant and equipment	104,593	-	104,593	-
Net realizable value adjustment included in production costs	-	-	9,706	-
Share-based payment expense	228	496	1,363	1,923
Fair value gain of warrants	(1,842)	(391)	(4,816)	(6,242)
Finance expenses	12,672	19,861	41,918	47,812
Derivative (gains) losses	(12,013)	(2,627)	(11,790)	2,513
Deferred income taxes	(610)	5,520	1,980	21,200
Current income taxes	150	-	1,200	-
Unrealized foreign exchange (gains) losses	(6,638)	(25,882)	(6,237)	5,049
<b>Adjusted earnings before interest, taxes, depreciation and depletion (Adjusted EBITDA)</b>	\$ 39,767	\$ 24,203	\$ 165,049	\$ 178,609
Sales	79,778	96,315	328,630	388,853
<b>Adjusted EBITDA margin</b>	50 %	25 %	50 %	46 %

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 (loss) income:

	Three months ended December 31, 2023	Three months ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2022
(in thousands of Canadian dollars, except where otherwise noted)				
Cost of sales production costs	\$ 33,415	38,449	138,383	131,596
Timing differences due to inventory and other non-cash adjustments	\$ (12,026)	2,507	(7,802)	4,105
<b>Cash cost of production of ore processed, net of capitalized stripping</b>	\$ 21,389	40,956	130,581	135,701
<b>Cash costs of production of ore processed, including capitalized stripping</b>	\$ 38,721	64,858	204,927	185,536
Tonnes processed	kilo tonnes	419	406	1,593
	000's			
Carats recovered	carats	770	794	2,723
<b>Cash costs of production per tonne of ore, net of capitalized stripping</b>	\$ 51	101	82	89
<b>Cash costs of production per tonne of ore, including capitalized stripping</b>	\$ 93	160	129	122
<b>Cash costs of production per carat recovered, net of capitalized stripping</b>	\$ 28	52	48	50
<b>Cash costs of production per carat recovered, including capitalized stripping</b>	\$ 50	82	75	69

## 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 consists of several kimberlites that are actively being mined, developed, and explored for future development. The Company also controls over 113,000 hectares of highly prospective mineral claims and leases surrounding the Gahcho Kué diamond 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/car. 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/car. 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 Diamond'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 estimated production and mine life of the project of Mountain Province Diamonds; 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 Diamonds, 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 Diamonds 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 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 Diamond'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 Diamonds 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 Diamonds 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 Diamonds 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 Diamonds 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 Diamonds may make changes to its business plans that could affect its results. The principal assets of Mountain Province Diamonds are administered pursuant to a joint venture under which Mountain Province Diamonds is not the operator. Mountain Province Diamonds 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 Diamonds. Under its current note and junior credit facilities Mountain Province Diamond 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 Diamond's board of directors, subject to the limitations under the Company's debt facilities, and will depend on Mountain Province Diamond's financial results, cash requirements, future prospects, and other factors deemed relevant by the board of directors.*

SOURCE Mountain Province Diamonds Inc.

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<https://www.mountainprovince.com/2024-04-01-Mountain-Province-Diamonds-Announces-Full-Year-and-Fourth-Quarter-2023-Results>