

Mountain Province Profit Nosedives in 2022



Mountain Province's profit dropped sharply in 2022 amid an unfavorable comparison with the previous year and a drop in the value of the Canadian dollar.

Profit for the full year came to CAD 49.2 million (\$35.8 million), Mountain Province, which runs the Gahcho Kué mine in Canada, said last week. That compares to a profit of CAD 276.2 million (\$201.2 million) in 2021. Sales for the year rose 26% to CAD 388.9 million (\$283.2 million).

In 2021, the company received CAD 240.6 million (\$175.2 million) back after an impairment charge — a downgrade on a company's asset — was reversed when the market improved. The income drop in 2022 was also the result of a CAD 28.2 million (\$20.5 million) loss on currency exchange due to the Canadian dollar weakening against its US counterpart. Mountain Province makes money in Canadian dollars, but it pays its debt in US currency. In 2021, the miner had a foreign exchange gain of \$2.3 million.

Total production — which included Mountain Province’s 49% share and De Beers’ 51% portion — fell 12% to 5.5 million carats.

Sales in the fourth quarter grew 13% year on year to CAD 96.3 million (\$70.6 million), with the average price up 21% to \$127 (\$93) per carat. Profit for the three months plunged 96% to CAD 9.4 million (\$6.9 million).

During the year, Mountain Province repaid \$110 million in debt. It also made a “significant discovery” next to the Hearne open-pit portion of the mine. That has the potential to transition Gahcho Kué to underground and extend its mine life, the company explained.

In 2024, the miner expects to recover between 4 million and 4.4 million carats from Gahcho Kué, versus the 2023 forecast of 5.6 million to 6.1 million carats it announced in January.

Image: The Gahcho Kué mine. (Mountain Province)