

Sluggish Demand Leads Mountain Province to Loss



Mountain Province reported a loss in 2023 amid weak demand and a drop in the average price of rough diamonds.

The [miner](#), which operates the Gahcho Kué mine in Canada, plunged to a net loss of CAD 43.7 million (\$32.2 million) for the full year, it said Monday. That compares to a profit of CAD 49.2 million (\$36.3 million) the year before. Sales for the year fell 15% to CAD 328.6 million (\$243.8 million), as the average price dropped 17% to CAD 121 (\$90) per carat.

During the year, the company was hit with an impairment charge — a downgrade on a company's asset — of CAD 104.6 million (\$77.1 million) on its property, plant and equipment, due to the market slowdown. Foreign-exchange gains of CAD 6.6 million (\$4.9 million) due to the Canadian dollar strengthening against its US counterpart offset the charge slightly. Mountain Province makes money in Canadian dollars, but it pays its debt in US currency.

Total production — which included Mountain Province's 49% share and joint-venture

partner De Beers' 51% portion — grew 1% to 5.6 million carats.

“After a record-breaking previous year, 2023 was more challenging for the diamond industry,” the company noted. “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.”

Revenue in the fourth quarter slid 17% to CAD 79.8 million (\$58.8 million), even as sales volume rose 21% to 918,000 carats. The average price plummeted 31% to CAD 87 (\$64). The company posted a net loss for the three months of CAD 75.8 million (\$55.9 million) compared to a profit of CAD 9.4 million (\$6.9 million) a year earlier. Output for the period fell 3% to 1.6 million carats.

During the year, Mountain Province repaid \$18 million in debt, versus \$110 million in 2022. Prices for its rough had steadied by year end, the miner noted.

In 2024, the miner expects to recover between 4.2 million and 4.7 million carats from Gahcho Kué.

“Moving into 2024, the company faces a lower production year,” said Mountain Province CEO Mark Wall. “This lower-production year was anticipated, and the mine remains on track to achieve [its] guidance. Initial stages of a recent G7 [Group of Seven] sanction banning imports of Russian-origin rough diamonds have increased efforts through the diamond pipeline to track and promote [a] diamond’s origin tracing. This could yield a positive impact on demand for Canadian-origin goods.”

RELATED READING

[Small Stones Dent Mountain Province Sales](#)



MAIN IMAGE: THE GAHCHO KU&EACUTE; MINE. (MOUNTAIN PROVINCE)