



Management's Discussion and Analysis

For the Year Ended December 31, 2021

TSX: MPVD

MOUNTAIN PROVINCE DIAMONDS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

TABLE OF CONTENTS	<u>Page</u>
Fourth Quarter and Year End 2021 Highlights	3
Company Overview	5
Gahcho Kué Diamond Mine	5
2022 Production Outlook	8
Gahcho Kué Exploration	8
Kennady North Project Exploration	9
Results of Operations	12
Selected Annual Information	12
Summary of Full Year 2021 Financial Results	12
Summary of Quarterly Results	15
Summary of Fourth Quarter Financial Results	16
Income and Mining Taxes	18
Financial Position and Liquidity	18
Off-Balance Sheet Arrangements	20
Financial Instrument Risks	21
Significant Accounting Policies Adopted in the Current Period	22
Significant Accounting Judgments, Estimates and Assumptions	22
Standards and Amendments to Existing Standards	22
Related Party Transactions	22
Contractual Obligations	25
Non-IFRS Measures	25
Subsequent Events	26
Other Management Discussion and Analysis Requirements	27
Disclosure of Outstanding Share Data	28
Controls and Procedures	28
Cautionary Note Regarding Forward-Looking Statements	29

This Management's Discussion and Analysis ("MD&A") as of March 28, 2022 provides a review of the financial performance of Mountain Province Diamonds Inc. (the "Company" or "Mountain Province" or "MPV") and should be read in conjunction with the audited consolidated financial statements and the notes thereto as at December 31, 2021 and for the years ended December 31, 2021 and 2020. The following MD&A has been approved by the Board of Directors.

The audited consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All amounts are expressed in thousands of Canadian dollars, except share and per share amounts, unless otherwise noted.

The disclosure in this MD&A of scientific and technical information regarding exploration projects on Mountain Province's mineral properties has been reviewed and approved by Tom McCandless, Ph.D., P.Geo., while that regarding mine development and operations has been reviewed and approved by Matthew MacPhail, P.Eng., MBA, both of whom are Qualified Persons as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Properties ("NI 43-101").

Additional information, related to the Company is available on SEDAR at <http://sedar.com/> and on EDGAR at <http://www.sec.gov/edgar.shtml>.

HIGHLIGHTS

- During the three months and year ended December 31, 2021, an impairment reversal on property, plant and equipment of \$240,593 was recognized compared to an impairment loss on property, plant and equipment of \$217,366 for the same periods in 2020. The impairment reversal was a result of an impairment test performed due to changes in market sentiment and long-term diamond prices.
- Earnings from mine operations for the three months ended December 31, 2021, amounted to \$31,664 compared to \$22,823 for the same period in 2020. Earnings from mine operations for the year ended December 31, 2021, amounted to \$113,728 compared to loss from mine operations of \$1,485 for the same period in 2020.
- Net income for the three months and year ended December 31, 2021, respectively, was \$237,619 and \$276,167 or \$1.13 and \$1.31 earnings per share (basic and diluted) compared to a net loss of \$189,166 and \$263,429 or \$0.90 and \$1.25 loss per share (basic and diluted) for the prior comparative periods. Adjusted EBITDA for these periods was \$37,091 and \$135,314 compared to \$37,002 and \$51,451 (Adjusted EBITDA is not defined under IFRS and therefore may not be comparable to similar measures presented by other issuers; refer to the Non-IFRS Measures section). Included in the net income for the three months and year ended December 31, 2021 is an impairment reversal of \$240,593 compared to an impairment loss of \$217,366 for the same periods in 2020.
- Cash at December 31, 2021 was \$25,000 with net working capital deficit of \$275,691, reflecting secured notes payable, now categorized as current debt. Cash at December 31, 2020 was \$35,152 with net working capital of \$52,757.
- In the fourth quarter of 2021, the Company sold 809,000 carats and recognized revenue of \$85,144 at an average realized value of \$105 per carat (US\$84) compared to sales in the fourth quarter of 2020 totaling 957,000 carats and recognized revenue of \$80,206 at an average realized value of \$84 per carat (US\$65). Revenue for the year ended December 31, 2021 totaled \$298,325 (including direct sales of fancies and specials made to De Beers Canada Inc. and excluding the upside revenue from the Dunebridge Worldwide Ltd. "Dunebridge" Agreement) at an average realized value of \$94 per carat (US\$75) for 3,158,000 carats, compared to revenue for the year ended December 31, 2020 of \$226,993 at an average realized value of \$68 per carat (US\$51) for 3,329,000 carats. The fourth quarter of 2021 revenue does not include any upside profit related to the Dunebridge diamonds (see below).
- In the year ended December 31, 2021, all diamonds sold to Dunebridge in 2020 were sold by Dunebridge to third parties. Included in diamond sales of \$308,723 for the year ended December 31, 2021, is \$10,399 of upside proceeds related to this Dunebridge agreement (See related party transactions section below).
- Cash costs of production, including capitalized stripping costs, for the three months ended December 31, 2021 were \$111 per tonne of ore treated, and \$60 per carat recovered compared to \$116 per tonne of ore treated, and \$56 per carat recovered for the same period in 2020. Cash costs of production, including capitalized stripping costs, for the year ended December 31, 2021 were \$110 per tonne of ore treated, and \$55 per carat recovered compared to \$103 per tonne of ore treated and \$51 per carat recovered for the same period in 2020 (cash costs of production per tonne and per carat are not defined under IFRS and may not be comparable to similar measures presented by other issuers; refer to the Non-IFRS Measures section). The costs per tonne for the year ended December 31, 2021 compared to the same period last year have increased mainly due to the effect on tonnes processed from the ongoing impact of COVID-19 and the unplanned operational stand down in February. Also, the Company incurred increased waste stripping costs in the year ended December 31, 2021, compared to the same period in 2020 mainly due in part to the deferral of previously scheduled activities in 2020 as a result of COVID-19.

- Mining of waste and ore combined in the 5034, Hearne and Tuzo open pits for the three months December 31, 2021 was approximately 2,598,000 tonnes, 3,500,000 tonnes and 4,715,000 tonnes, respectively, for a total of 10,813,000 tonnes. This represents a 10% increase in tonnes mined over the comparative period in 2020, driven by improved equipment and labour availability. Ore mined for the three months totaled 1,019,000 tonnes, with approximately 748,000 tonnes of ore stockpile available at period end. For the comparative three months ended December 31, 2020, ore mined totaled 840,000 tonnes, with approximately 269,000 tonnes of ore stockpile. Mining performance also improved sequentially relative to the prior quarter, benefitting from improved equipment and labour availability, due in part to fewer incidences of extreme weather.
- Mining of waste and ore combined in the 5034, Hearne and Tuzo open pits for the year ended December 31, 2021 was approximately 13,895,000 tonnes, 11,174,000 tonnes and 10,378,000 tonnes, respectively, for a total of 35,447,000 tonnes. This represents a 1% decrease in tonnes mined over the comparative period in 2020, mainly due to the unplanned operational stand-down in February to limit the spread of COVID-19. Ore mined for the year ended December 31, 2021 totalled 3,561,000 tonnes, with approximately 748,000 tonnes of ore stockpile available at year end. For the comparative year ended December 31, 2020, ore mined totalled 3,287,000 tonnes, with approximately 269,000 tonnes of ore stockpile.
- For the year ended December 31, 2021, the GK Mine treated approximately 3,083,000 tonnes of ore and recovered approximately 6,229,000 carats on a 100% basis for an average recovered grade of approximately 2.02 carats per tonne ("cpt"). For the comparative year ended December 31, 2020, the GK Mine treated approximately 3,246,000 tonnes of ore and recovered approximately 6,518,000 carats on a 100% basis for an average recovered grade of approximately 2.01 cpt.

The following table summarizes key operating highlights for the three months and year ended December 31, 2021 and 2020.

		Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
GK operating data					
<i>Mining</i>					
*Ore tonnes mined	kilo tonnes	1,019	840	3,561	3,287
*Waste tonnes mined	kilo tonnes	9,794	8,956	31,886	32,583
*Total tonnes mined	kilo tonnes	10,813	9,796	35,447	35,870
*Ore in stockpile	kilo tonnes	748	269	748	269
<i>Processing</i>					
*Ore tonnes treated	kilo tonnes	814	736	3,083	3,246
*Average plant throughput	tonnes per day	8,848	8,270	8,447	8,869
*Average plant grade	carats per tonne	1.86	2.07	2.02	2.01
*Diamonds recovered	000's carats	1,511	1,521	6,229	6,518
Approximate diamonds recovered - Mountain Province	000's carats	740	745	3,052	3,194
Cash costs of production per tonne of ore, net of capitalized stripping**	\$	77	89	89	86
Cash costs of production per tonne of ore, including capitalized stripping**	\$	111	116	110	103
Cash costs of production per carat recovered, net of capitalized stripping**	\$	42	43	44	43
Cash costs of production per carat recovered, including capitalized stripping**	\$	60	56	55	51
<i>Sales</i>					
Approximate diamonds sold - Mountain Province***	000's carats	809	957	3,158	3,329
Average diamond sales price per carat	US \$	84	65	75	51

* 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

COMPANY OVERVIEW

Mountain Province is a Canadian-based resource company listed on the Toronto Stock Exchange under the symbol 'MPVD'. The Company's registered office and its principal place of business is 161 Bay Street, Suite 1410, P.O. Box 216, Toronto, ON, Canada, M5J 2S1. The Company, through its wholly owned subsidiaries 2435572 Ontario Inc. and 2435386 Ontario Inc., holds a 49% interest in the Gahcho Kué diamond mine (the "GK Mine"), located in the Northwest Territories of Canada. De Beers Canada Inc. ("De Beers" or the "Operator") holds the remaining 51% interest. The Joint Arrangement between the Company and De Beers is governed by the 2009 amended and restated Joint Venture Agreement.

The Company's primary assets are its 49% interest in the GK Mine and 100% owned Kennady North Project ("KNP" or "Kennady North"). The Company predominantly sells its 49% share of diamond production in Antwerp, Belgium.

GAHCHO KUÉ DIAMOND MINE

Gahcho Kué Joint Venture Agreement

The GK Mine is in the Northwest Territories, approximately 300 kilometers northeast of Yellowknife. The mine covers 5,216 hectares held in trust by the Operator. The Project hosts four primary kimberlite bodies – 5034, Hearne, Tuzo and Tesla. The four main kimberlite bodies are within two kilometers of each other.

The GK Mine is an unincorporated Joint Arrangement between De Beers (51%) and Mountain Province (49%) through its wholly owned subsidiaries. The Company accounts for the mine as a joint operation in accordance with IFRS 11, *Joint Arrangements*. Mountain Province through its subsidiaries holds an undivided 49% ownership interest in the assets, liabilities and expenses of the GK Mine.

Between 2014 and 2020, the Company and De Beers signed agreements allowing the Operator to utilize De Beers' credit facilities to issue reclamation and restoration security deposits to the federal and territorial governments. In accordance with these agreements, the Company agreed to a 3% fee annually for their share of the letters of credit issued. During the year ended December 31, 2020, the Company and De Beers signed an agreement to reduce the fee from 3% to 0.3%, annually, for their share of the letters of credit issued. As at December 31, 2021, the Company's share of the letters of credit issued were \$44.1 million (2020 - \$44.1 million).

During 2020, a resolution was passed by the joint venture management committee to establish a decommissioning fund, where the Company will fund \$15 million in 2020, and \$10 million each year for four years thereafter until the Company's 49% share totaling \$55 million is fully funded. The target funding over time will increase, dependent on future increases to the decommissioning and restoration liability. During the year ended December 31, 2021, the Company funded \$10 million (2020 - \$15 million) into the decommissioning fund, which is presented as restricted cash on the balance sheet.

Mining and Processing

For the three months and year ended December 31, 2021, on a 100% basis, a total of 10.8 million and 35.4 million tonnes of waste and ore respectively was extracted from the 5034, Hearne and Tuzo open pits. Mining efficiency was negatively affected because of the unplanned operational stand-down in February due to measures taken to limit the spread of COVID-19 at Gahcho Kué. For the three months and year ended December 31, 2020, a total of 9.8 million and 35.9 million tonnes of waste and ore respectively was extracted from the 5034 and Hearne open pits.

Total ore tonnes mined in the three months and year ended December 31, 2021 were 1,019,000 tonnes and 3,561,000 tonnes compared to 840,000 tonnes and 3,287,000 for the same periods in 2020. The total ore tonnes mined for the year ended December 31, 2021 were higher than the comparative period as a result of targeted equipment availability improvements, and improved labour availability.

For the three months and year ended December 31, 2021, 814,000 tonnes and 3,083,000 tonnes of kimberlite ore were treated, with 1,511,000 carats and 6,229,000 carats (100% basis) recovered, at a grade of 1.86 carats per tonne and 2.02 carats per tonne respectively. For the three months and year ended December 31, 2020, 736,000 tonnes and 3,246,000 tonnes of kimberlite ore were treated, with 1,521,000 carats and 6,518,000 carats recovered, at a grade of 2.07 carats per tonne and 2.01 carats per tonne respectively. The grade for Q4 2021 was lower than Q4 2020 as a result of mine sequencing.

The plant treated 814,000 tonnes and recovered over 1,511,000 carats in Q4 2021, 1% lower than the same period last year.

At December 31, 2021, the GK Mine had 541,269 carats on a 100% basis in rough diamond inventory at the GK Mine and at the sorting facility in Yellowknife. The Company had 497,205 carats within its sale preparation channel plus its share of carats at the GK Mine and sorting facility for a total of 675,062 carats in inventory.

Diamond Sales

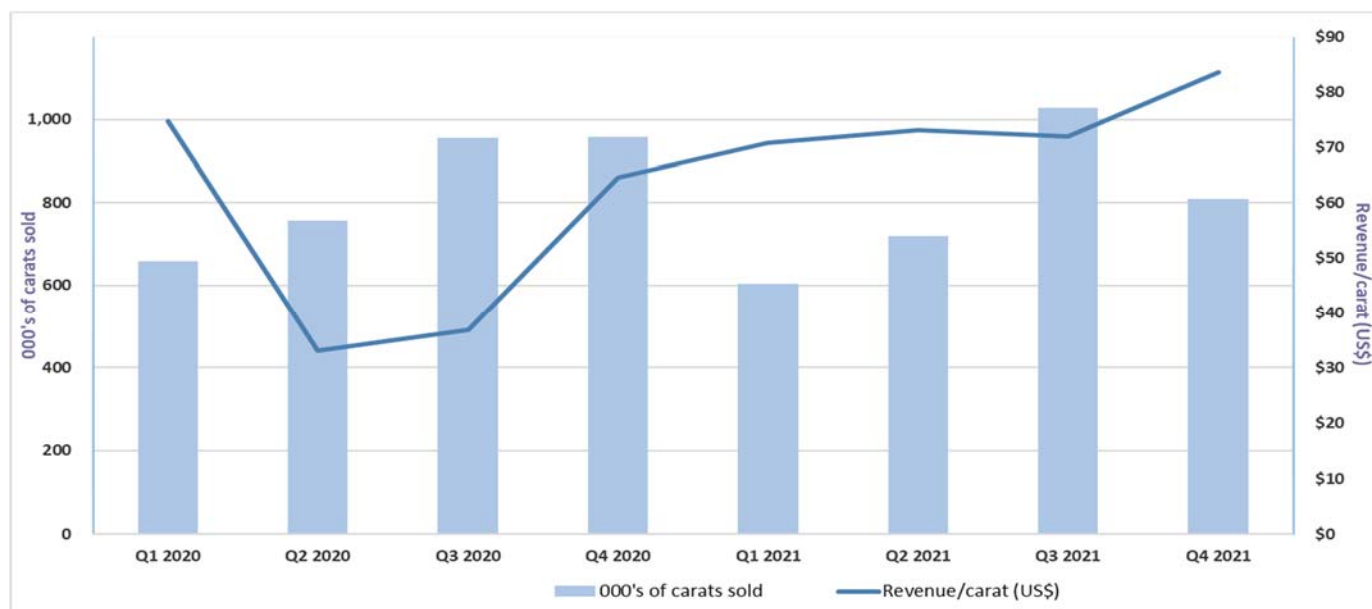
After five successful years of sales, the Gahcho Kué diamonds are firmly established in the rough diamond market. The Gahcho Kué ore bodies and product profiles are complex, producing a broad range of white commercial goods together with a consistent supply of exceptional, high value, gem quality diamonds as well as large volumes of small and brown diamonds. The Gahcho Kué product also exhibits varying degrees of fluorescence for which the Company has attracted specialist customers who are developing strategies to market this characteristic.

The Company's diamonds have established a strong market and customer base. Except for some industrial, non-gem quality diamonds, the majority of the Company's diamonds are sold into market segments that cut and polish the rough, with resultant polished destined for the major diamond jewellery markets of the US, India and China. Having transitioned from an explorer and mine developer into a diamond marketer, the Company is in early-stage development of a diamond marketing brand. Although somewhat delayed by the COVID-19 pandemic, the brand will promote the unique attributes of our diamonds and support demand through their distribution channels, with potential to reach the consumer level.

Given the variety across the Gahcho Kué rough diamond profile and the variability of the mining plan through the year, the mix of diamond categories may differ from sale to sale. Each sale's results can and do vary.

The Company undertook two sales in Antwerp, Belgium during the fourth quarter of 2021. Most of the Company's revenue is derived from open market sales, with the remainder attributed to sales of fancies and specials directly to De Beers on such occasions where De Beers has won the periodic fancies and specials bidding process. The average realized value per carat for all sales held in the year ended December 31, 2021 was US\$75 per carat. The average realized value per carat for all sales held for the year ended December 31, 2020 was US\$51 per carat.

The following chart summarizes the sales for the trailing eight quarters:



The following table summarizes the results of sales in 2021:

	000's of carats sold	Revenue (US\$ 000's)	Revenue/carat (US\$)
Q1	603	\$ 42,725	\$ 71
Q2	719	\$ 52,570	\$ 73
Q3	1,027	\$ 74,094	\$ 72
Q4	809	\$ 67,623	\$ 84
Total	3,158	\$ 237,012	\$ 75

The following table summarizes the results for sales in 2020:

	000's of carats sold	Revenue (US\$ 000's)	Revenue/carat (US\$)
Q1	659	\$ 49,220	\$ 75
Q2	757	\$ 25,003	\$ 33
Q3	956	\$ 35,309	\$ 37
Q4	957	\$ 61,746	\$ 65
Total	3,329	\$ 171,278	\$ 51

In the second quarter of 2020, the Company entered into an agreement to sell up to US\$50 million of its run of mine diamonds (below 10.8 carats) to Dunebridge at prevailing market price at the time of each sale. The transaction also allowed the Company to participate, after fees and expenses, in a portion of any increase in the value of the diamonds realized by Dunebridge upon the future sale of the diamonds to third parties. During the year ended December 31, 2021, all of the original diamonds sold to Dunebridge in 2020 have been sold by Dunebridge to third parties. Included in the diamond sales of \$308,723 for the year ended December 31, 2021, is \$10,399 of upside proceeds related to this Dunebridge agreement. This \$10,399 is not included in the US\$237,012 gross proceeds above for total 2021 sales.

Gahcho Kué Capital Program

During the year ended December 31, 2021, stay in business capital items included generator upgrades and repairs, a new haul truck under construction and investments in other general infrastructure. All capital additions in the period are considered sustaining capital expenditure, and were largely on budget. Stay in business capital does not include capital waste stripping. Sustaining capital expenditure is a non IFRS measure and is defined as those expenditures required to sustain the current operation.

2022 Production Outlook

The Company is providing production and cost guidance for 2022, as described below (all figures reported on a 100% basis).

- 35 – 40 million total tonnes mined (ore and waste)
- 3.75 – 4.30 million ore tonnes mined
- 3.35 – 3.60 million ore tonnes treated
- 6.2 – 6.4 million carats recovered
- Production costs of \$131 - \$137 per tonne treated
- Production costs of \$71 – \$76 per carat recovered
- Sustaining Capital Expenditure of approximately \$11 million

Diamond Outlook

The diamond industry's outlook for 2022 is positive. Global rough diamond output remained steady in 2021 with major producers reporting low inventories. Rough prices across all product segments strengthened through the year as demand exceeded supply. Demand for lower price-point rough, notably small, brown, and cheaper white assortments, rose in H2 2021 as manufacturers of these goods sought replacement supply for the high-volume Argyle goods from the Argyle mine. Demand for rough on the open market was very high by year's end as major producers streamlined their distribution models and customer portfolios for 2022. The Company experienced strong demand in the market for its unique profile Canadian origin diamonds in the first two sales of 2022 with an overall average of \$167 per carat (US\$132).

Polished manufacturers ended the year with factories operating at full capacity. Many anticipate retailers will restock quickly and early in the new year after strong holiday retail sales. Polished diamond prices increased through 2021.

Socially responsible and ethical supply are growing considerations for diamond consumers, with many prepared to pay a premium for demonstrable proof of a sustainably sourced diamond. This desire has accelerated in recent years and is now evident in all major markets, particularly in the key demographics of educated, higher income millennials and younger consumers.

Consumer demand for diamond jewellery is expected to remain strong as the pandemic continues to impact consumers' spending on travel and experiential luxury. The strength of jewellery retail, particularly in the US and China, continues to generate positive momentum for polished and rough diamonds.

Demand for diamond jewellery containing smaller, lower quality and brown diamonds has increased markedly with US consumers. This preference aligns well with the production profile of Gahcho Kué diamonds and gives confidence to the sustainability of price growth seen in 2021.

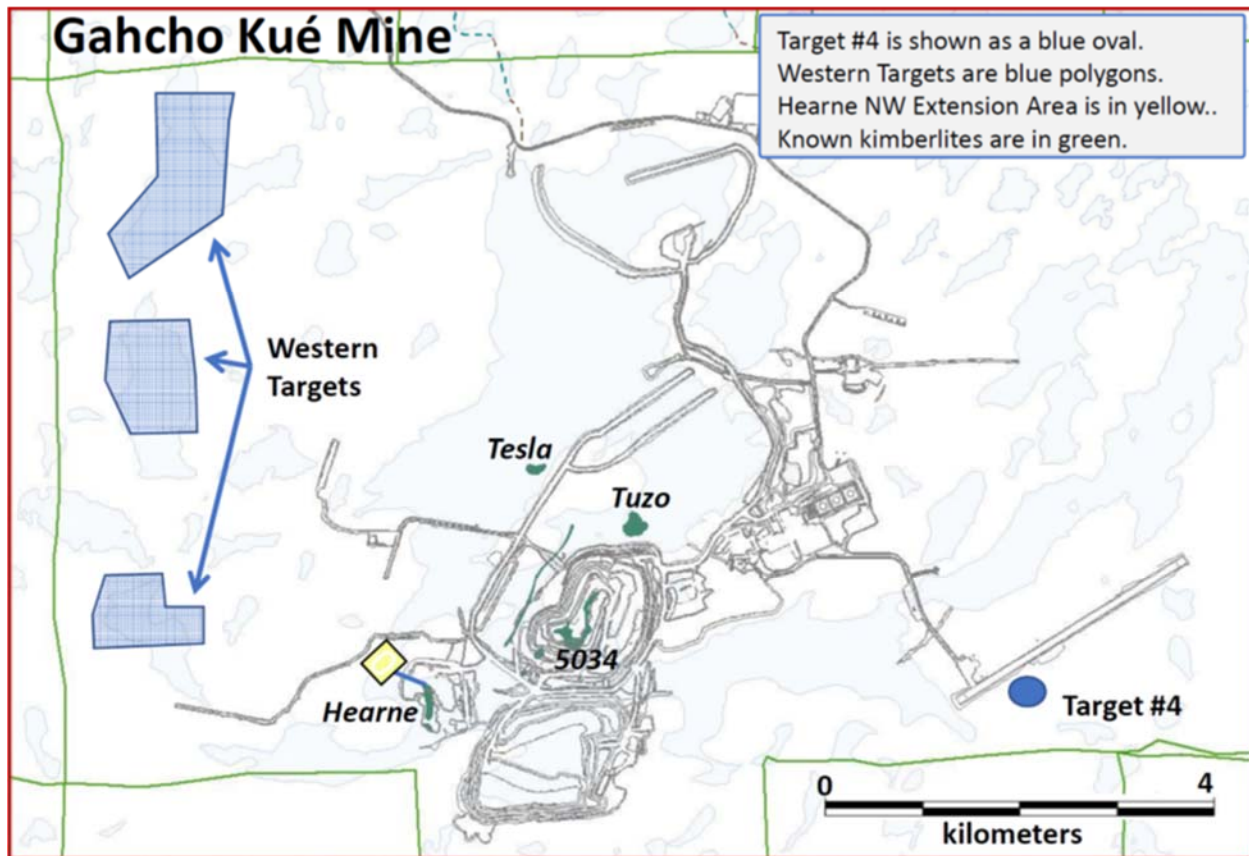
GAHCHO KUÉ EXPLORATION

The Gahcho Kué Joint Venture with De Beers Canada covers 5,216 hectares of mining leases that includes the Gahcho Kué Mine. Exploration within the GKJV is focused on near-mine and brownfield discoveries that can extend the life of the mine. In early 2020 a geophysical program prioritized 13 targets, of which eight were selected for drill-testing.

Targets 1,3,10, 8 and 12 have been drill-tested with no significant kimberlite intersected. Targets 6 and 7 were eliminated from drilling based on follow-up ground geophysics. Target #4 remains to be tested and will be drilled in Q2 of 2022.

In early 2021 a desk-top study of structural features was combined with 3D differential modeling of susceptibility, gravity and conductivity data to generate additional target areas over the GKJV leases. The Western Target areas located 2-3 kilometers west and northwest of the known kimberlites are scheduled for ground geophysics in early 2022. Drilling is planned for early 2022 if the geophysical results are positive.

In November 2021 an unknown extension of kimberlite was exposed in the northwest face of the Hearne open pit. Drilling and ground geophysics will be undertaken in early 2022 to assess the subsurface limits of the Hearne northwest extension. The map image below shows the location of Target #4, the Western Targets, and the Hearne northwest extension study area.

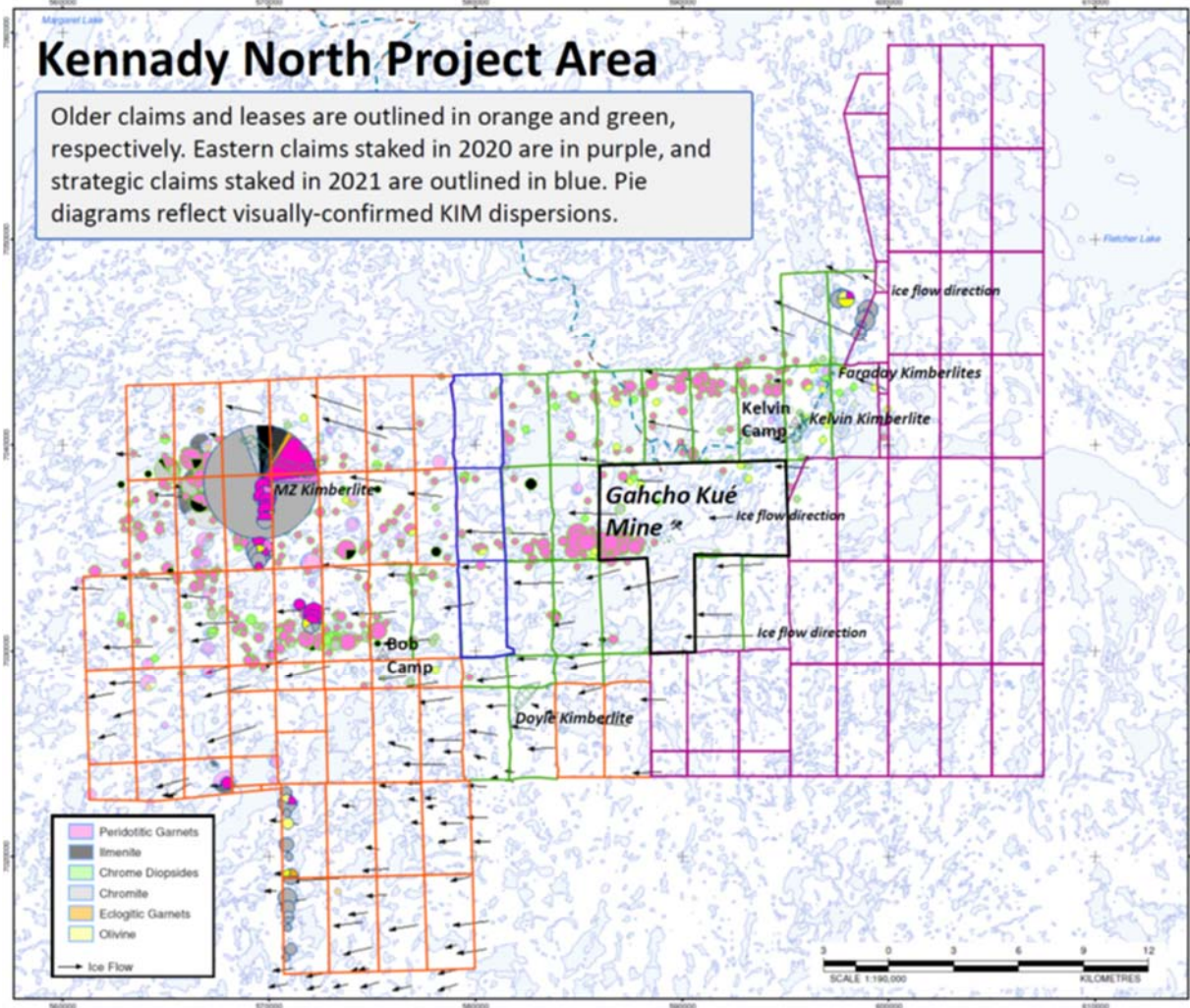


Additional resource expansion work on the Gahcho Kué Joint Venture included the collection of focused mining samples from the Northeast facies of the 5034 kimberlite. The samples were collected in order to develop a higher confidence in the extrapolation of value to the deeper extension of the Northeast facies ('NEX'). Three samples were collected in the latter half of 2021 with a total processed weight of 49,186 tonnes and a diamond recovery of roughly 101,515 carats.

KENNADY NORTH PROJECT EXPLORATION

The Kennady North Project includes 22 federal leases and 97 claims covering an area of over 107,000 hectares that surround the Gahcho Kué Mine on all sides. Kennady North has five known kimberlites; Kelvin, Faraday 2, Faraday 1-3, MZ, and Doyle. Significant diamond sampling and drilling programs between 2014 and 2018 resulted in the estimation of resources for the Kelvin and Faraday bodies.

The Project was expanded with staking of the eastern claims in early 2020. In October 2021, three strategic claims were staked. The claim, lease, and kimberlite locations relative to Gahcho Kué are shown in the map image below.

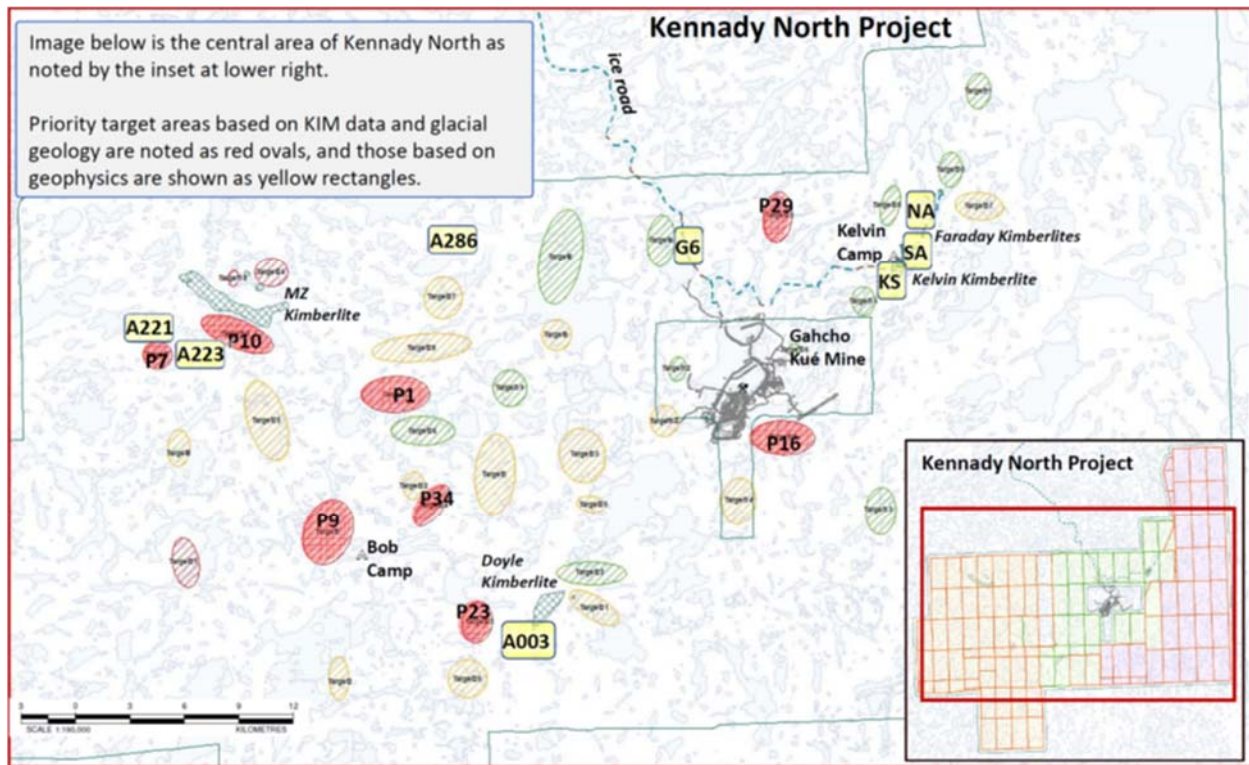


A detailed glacial geology study was completed on the eastern claims. The study incorporated field mapping and remote imagery data to identify glacial materials that are most amenable for recovery of kimberlite indicator minerals (KIM), and for tracking those KIM back to a primary source. Summer 2021 till sampling on the eastern was also conducted with 327 samples being collected under guidance from glacial geology study. An additional 298 till samples were also collected from the western Kennady claims. A minerals incentive program (MIP) award was received from the Government of Northwest Territories to help offset exploration costs on the eastern claims.

A new geophysical tool developed by Aurora Geoscience (Yellowknife, NT) was used to survey a large area of interest between the Kelvin and Faraday kimberlites in winter 2021. The Aurora Rapid Reactance Tomography system (ARRT) instrument provides greater resolution and depth resistivity data over potential kimberlite targets. Two anomalous areas of interest were identified near the Faraday kimberlites, referred to as the North and the South Anomaly (NA and SA on the map image below). A minerals incentive program (MIP) award was also received from the Government of Northwest Territories to support the drilling of these anomalies.

An in-house exploration workshop was held in December and reviewed the 38 target areas of interest ('AOI') that were identified in a glacial geology and kimberlite indicator study conducted in 2018. Eight of the AOI were selected for follow-up ground geophysics (including ARRT) with drilling planned for winter 2022. At a second in-house

workshop several historical geophysical anomalies were reviewed with six AOI selected for follow-up drilling in winter 2022. Locations for the AOI selected at these two workshops are shown in the map image below.



Successful environmental programs included under-ice water quality and fish habitat data sampling, the collection of historical drill samples for geochemical analysis of host rock, breeding bird and waterfowl surveys, and open-water fish, water quality, and hydrological monitoring. Baseline soil and vegetation sampling was also conducted. In the latter part of the year, environmental baseline data studies focused on the static and kinetic geochemical analysis of kimberlite and country rock. Engagement with local indigenous communities was undertaken to support the extension of the Advanced Exploration Permit for the project.

The Kennedy assets include both an Indicated Resource for the Kelvin kimberlite and Inferred Resources for the Faraday kimberlites. Geological model domains for the Kelvin, Faraday 2 and Faraday 1-3 kimberlites were adopted as the resource domains for the estimation of Mineral Resources. The volumes of these domains were combined with estimates of bulk density to derive tonnage estimates. Bulk sampling programs using large diameter RC drilling were conducted to obtain grade and value information. Microdiamond data from drill core were used to forecast grades for the different kimberlite lithologies. Details of the modeling are available in NI 43-101 Compliant Technical Reports (filed in 2016 and 2017 under Kennedy Diamonds Inc.) and the NI43-101 Compliant Technical Report filed April 11, 2019 under Mountain Province Diamonds. All reports are available on SEDAR and on the Company website. Details for the estimated resources are provided in the table below.

Mineral Resource Estimates for the Kelvin and Faraday Kimberlites (as of February 2019 as referenced in the April 11, 2019 NI43-101 Compliant Technical Report)

Resource	Classification	Tonnes (Mt)	Carats (Mct)	Grade (cpt)	Value (US\$/ct)
Kelvin	Indicated	8.50	13.62	1.60	\$63
Faraday 2	Inferred	2.07	5.45	2.63	\$140
Faraday 1-3	Inferred	1.87	1.90	1.04	\$75

- (1) Mineral Resources are reported at a bottom cut-off of 1.0mm. Incidental diamonds are not incorporated into grade calculations.
- (2) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

RESULTS OF OPERATIONS

The Company, as discussed above, held eight diamond sales during the year ended December 31, 2021.

SELECTED ANNUAL INFORMATION

Expressed in thousands of Canadian dollars	December 31 2021	December 31 2020	December 31 2019
	\$	\$	\$
Sales	308,723	226,993	276,334
Earnings (loss) from mine operations	113,728	(1,485)	24,843
Impairment reversal (loss) on property, plant and equipment	240,593	(217,366)	(115,753)
Operating (loss) income	334,916	(235,811)	(112,852)
Net Income (loss) for the year	276,167	(263,429)	(128,758)
Basic and diluted earnings (loss) per share	1.31	(1.25)	(0.61)
Cash flow provided by operating activities	112,578	51,748	79,359
Cash flow provided by (used in) investing activities	(53,743)	(53,686)	(27,574)
Cash flow provided by (used in) financing activities	(69,794)	2,009	(47,479)
Balance Sheet			
Total assets	877,497	595,329	822,695
Total financial liabilities	526,726	521,629	486,549
Total cash dividends declared per common share	-	-	-

In the year ended December 31, 2021, diamond sales related to 3,158,000 carats sold for \$298,325 (US\$237,012), compared to 3,329,000 carats sold for \$226,993 (US\$171,278) and to 3,284,000 carats sold for \$276,334 (US\$208,246) for the same periods in 2020 and 2019, respectively. In the year ended December 31, 2021, all of the original diamonds sold to Dunebridge in 2020 have been sold by Dunebridge to third parties. Included in the diamond sales of \$308,723 for the year ended December 31, 2021, is \$10,399 of upside proceeds related to this Dunebridge agreement (Financial Statements Note 16). During year ended December 31, 2021, the Company benefited from higher realized diamond prices, and was able to experience a recovery from the Covid 19 lows. These factors resulted in operating income during year ended December 31, 2021, compared to significant operating losses in years ended December 31, 2020 and 2019. Net income (loss) is also affected by unrealized foreign exchange gains (losses) from period-to-period on our US\$ denominated debt. The higher realized prices of diamonds also contributed to higher operating cash flow reported for 2021 compared to years of 2020 and 2019. Cash flow from investing activities mainly represent the capital expenditure and development costs spent on the GK Mine, which were all largely in line with budgeted expectations. Cash flow from financing activities have significantly decreased during 2021, because of the full repayment of the Dunebridge RCF and the interest charges in line with prior years.

Overall total assets have increased in 2021 compared to 2020, the main reason of decrease of assets during 2020 is related to the impairment losses on property, plant and equipment.

SUMMARY OF FULL YEAR 2021 FINANCIAL RESULTS

Year ended December 31, 2021, compared to the year ended December 31, 2020, expressed in thousands of Canadian dollars.

For the year ended December 31, 2021, the Company recorded net income of \$276,167 or \$1.31 earnings per share compared to \$263,429 net loss or \$1.25 loss per share for the same period in 2020. A significant difference was reported in earnings from mine operations of \$113,728 in the year ended December 31, 2021, compared to loss from mine operations of \$1,485 for the same period in 2020. Furthermore, the significant net income for the year

ended December 31, 2021 was due to the impairment reversal of \$240,593 on property, plant and equipment compared to an impairment loss on property, plant and equipment of \$217,366 in the year ended December 31, 2020.

Earnings (loss) from mine operations

Earnings from mine operations for the year ended December 31, 2021 were \$113,728, compared to loss from mine operations of \$1,485 for the same period in 2020. For the year ended December 31, 2021, diamond sales of 3,158,000 carats generated \$298,325 (US\$237,012), or approximately \$94 per carat sold, compared to 3,329,000 carats for \$226,993 (US\$298,325), or approximately \$68 per carat sold, for the same period in 2020. During the year ended December 31, 2021, the Company benefited from higher realized prices compared to the COVID-19 impacted lows during 2020. A significant amount of these sale (17%) was made to Dunebridge in 2020, (Financial Statements Note 16). The significantly lower prices realized in 2020 were affected by the overall sentiment and demand and the rough diamond market because of the COVID-19 pandemic, primarily hitting price from March to September 2020, but with a significant recovery observed in the final quarter of 2020.

For the year ended December 31, 2021, production costs (net of capitalized stripping costs) related to diamonds sold were \$140,099; depreciation and depletion charges on the GK Mine commissioned assets related to diamonds sold for the year ended December 31, 2021 were \$39,173; and the cost of acquired diamonds for the year ended December 31, 2021 was \$15,723, which had been previously paid to De Beers when winning the periodic fancies and specials bids. The total production of \$194,995, equates to a per carat cost of approximately \$62 per carat sold. Resultant earnings from mine operations were \$113,728. For the year ended December 31, 2020, production costs (net of capitalized stripping costs) related to diamonds sold were \$153,679; depreciation and depletion charges on the GK Mine commissioned assets were \$63,711; and the cost of acquired was \$11,088, which had been previously paid to De Beers when winning the periodic fancies and specials bids. The total production cost of \$228,478, equates to a per carat cost of approximately \$69 per carat sold. Resultant loss from mine operations were \$1,485. The decrease in production costs for the year ended December 31, 2021, over the same period in 2020, is mainly due to the lower depreciation and depletion on the GK mine commissioned assets, as an impairment charge was taken at December 31, 2020, hence resulting in a lower net book value being depreciated in 2021, therefore a lower depreciation and depletion amount per carat sold. The production costs related to diamonds sold were consistent from 2021 compared to 2020.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended December 31, 2021 were \$13,858 compared to \$13,153 for the same period in 2020. The slight increase in overall selling, general and administrative costs is mainly attributed to the increase of consulting fees and payroll, which are partially offset by the reduction of professional fees and investor fees. The consulting fees and payroll costs increased during 2021, because of bonus payments to management, which were significantly reduced or eliminated during 2020, and the payout for the former CEO of the Company during the fourth quarter of 2021. Professional fees have decreased during 2021, due to lower legal and professional fees related to Dunebridge sales agreement (Financial Statements Note 16) and revolving credit facility amendments which were completed during 2020. The significant expenses included in selling, general and administrative for the year ended December 31, 2021 were \$5,259 related to selling and marketing, \$3,535 for consulting fee and payroll, \$1,994 related to professional fees, \$998 related to office administration and \$868 related to share-based payment expense.

Exploration and evaluation expenses

Exploration and evaluation expenses for the year ended December 31, 2021, were \$5,547, compared to \$3,807 for the same period in 2020. Exploration and evaluation expenses have increased for the year ended December 31, 2021 compared to the same period in 2020, as targeted exploration activities resumed in 2021, after having been curtailed in 2020 in order to conserve cash due to the COVID-19 situation. Of the \$5,547 total exploration and evaluation expenses incurred in the year ended December 31, 2021, \$604 related to the Company's 49% share of the exploration and evaluation expenses on the GK Mine, while the remaining \$4,943 related to those spent on the KNP.

Of the \$3,807 total exploration and evaluation expenses incurred in the year ended December 31, 2020, \$1,076 related to the Company's 49% share of the exploration and evaluation expenses on the GK Mine, while the remaining \$2,731 related to those spent on the KNP.

Net finance expenses

Net finance expenses for the year ended December 31, 2021 were \$40,373 compared to \$39,997 for the same period in 2020. Included in these amounts for the year ended December 31, 2021 were \$39,865 relating to finance costs, \$710 relating to accretion expense on decommissioning liability and \$202 relating to interest income. Included in these amounts for the year ended December 31, 2020 were \$39,115 relating to finance costs, \$1,052 relating to accretion expense on decommissioning liability and \$170 relating to interest income. Finance costs have slightly increased by \$754 for the year ended December 31, 2021 compared to 2020 mainly due the additional interest expense incurred on the US\$25 million drawdown from the Dunebridge RCF and the Dunebridge Term Facility. This increase was partially offset by the decrease in the expense related to accretion by \$343

Foreign exchange gains

Foreign exchange gains for the year ended December 31, 2021 were \$2,268 compared to \$12,252 for the same period in 2020. The foreign exchange gains for the year ended December 31, 2021 were a result of the Canadian dollar strengthening relative to the U.S. dollar and the translation of the secured notes payable, net of U.S. dollar cash balances, to Canadian dollar at the spot rate at the year end. The majority of the foreign exchange gains for the year ended December 31, 2021 relates to the unrealized gains associated with the translation of the U.S. dollar based secured notes payable, which is not closely tied to operational metrics. At December 31, 2021, the spot exchange rate was \$1.2637/US\$1 compared to \$1.2725/US\$1 at December 31, 2020 and \$1.2978/US\$1 at December 31, 2019. The foreign exchange gains for the year ended December 31, 2020 was a result of the Canadian dollar strengthening relative to the U.S. dollar and the translation of the secured notes payable, net of U.S. dollar cash balances, to Canadian dollar at the spot rate at the year end.

Deferred income taxes

Deferred income taxes for the year ended December 31, 2021 were \$20,720 compared to Nil for the same period in 2020. For the year ended December 31, 2021, deferred income taxes were recognized as a result of the impairment reversal for which the value of the property, plant and equipment exceeded the mining royalty tax pools available to the Company.

SUMMARY OF QUARTERLY RESULTS

Table 1 - Quarterly Financial Data

Expressed in thousands of Canadian dollars

	December 31 2021	Three months ended		
		September 30 2021	June 30 2021	March 31 2021
Earnings and Cash Flow				
Number of sales	2	2	2	2
Sales	\$ 85,144	94,208	75,147	54,224
Impairment reversal on property, plant and equipment	\$ 240,593	-	-	-
Operating income	\$ 265,491	30,137	28,756	10,532
Net income for the period	\$ 237,619	8,764	22,472	7,312
Basic and diluted earnings per share	\$ 1.13	0.04	0.11	0.03
Adjusted EBITDA*	\$ 37,091	41,171	37,874	19,178
Cash flow provided by (used in) operating activities	\$ 48,012	51,905	22,465	(9,804)
Cash flow provided by (used in) investing activities	\$ (26,476)	(8,849)	(7,803)	(10,615)
Cash flow provided by (used in) financing activities	\$ (41,014)	(33,545)	5,471	(706)
Balance Sheet				
Total assets	\$ 877,497	624,288	632,728	613,723

*Adjusted EBITDA is not defined under IFRS and therefore may not be comparable to similar measures presented by other issuers; refer to the Non-IFRS Measures section.

	December 31 2020	Three months ended		
		September 30 2020	June 30 2020	March 31 2020
Earnings and Cash Flow				
Number of sales	2	3	1	2
Sales	\$ 80,206	47,337	34,020	65,430
Impairment loss on property, plant and equipment	\$ (217,366)	-	-	-
Operating (loss) income	\$ (198,643)	(5,712)	(38,958)	7,502
Net loss for the period	\$ (189,166)	(6,532)	(26,762)	(40,969)
Basic and diluted loss per share	\$ (0.90)	(0.03)	(0.13)	(0.19)
Adjusted EBITDA*	\$ 37,220	15,300	(23,894)	22,825
Cash flow provided by (used in) operating activities	\$ 51,396	21,117	(21,941)	1,176
Cash flow provided by (used in) investing activities	\$ (22,302)	(15,766)	(10,452)	(5,166)
Cash flow provided by (used in) financing activities	\$ (16,531)	1,427	17,462	(349)
Balance Sheet				
Total assets	\$ 595,329	793,919	795,789	842,332

*Adjusted EBITDA is not defined under IFRS and therefore may not be comparable to similar measures presented by other issuers; refer to the Non-IFRS Measures section.

The Company typically holds between eight to ten sales per year in Antwerp, Belgium, and had typically alternated between two and three sales per quarter since the start of commercial production. The COVID-19 pandemic caused a significant postponement and altering of the regular sales schedule in 2020 and 2021.

During the three months ended December 31, 2021, the Company sold 809,000 carats and recognized revenue of \$85,144 at an average realized value of \$94 per carat (US\$84) over two sales in Antwerp, Belgium. Before considering

the effects of the impairment reversal on property plant and equipment in the three months ended December 31, 2021, the operating income was \$24,898 (not defined under IFRS and may not be comparable to similar measures presented by other issuers).

During the three months ended September 30, 2021, the Company sold 1,027,000 carats and recognized revenue of \$94,208 at an average realized value of \$92 per carat (US\$72) over two sales in Antwerp, Belgium. The Company had operating income of \$30,137.

During the three months ended June 30, 2021, the Company held two formal sales in Antwerp, Belgium resulting in the sale of 719,000 carats and recognized revenue of \$64,748 at an average realized value of \$90 per carat (US\$73). This total does not include any upside profit related to the Dunebridge diamonds. During the three months ended June 30, 2021, all of the original diamonds sold to Dunebridge in 2020 have been sold by Dunebridge to third parties. Included in the diamond sales of \$75,147 for the three months ended June 30, 2021, is \$10,399 of upside proceeds related to the Dunebridge agreement (See related party transactions section below). The Company had operating income of \$28,756.

During the three months ended March 31, 2021, the Company held two formal sales in Antwerp, Belgium resulting in the Company selling 603,000 carats and recognized revenue of \$54,224 at an average realized value of \$90 per carat (US\$71). The Company had operating income of \$10,532.

During the three months ended December 31, 2020, the Company held two formal sales in Antwerp, Belgium including, on October 30, 2020, its largest open market sale to date of \$45.7 million (US\$34.3 million) resulting in an average realized value of \$81 per carat (US\$61 per carat). Before considering the effects of the impairment loss on property plant and equipment in the three months ended December 31, 2020, the operating income was \$18,723.

During the three months ended September 30, 2020, the Company held one formal sale in Antwerp, and completed two sales to Dunebridge at a time when the lingering effects of COVID-19 continued to put pressure across the diamond industry.

During the three months ended June 30, 2020, the Company was not able to carry out its formal sales process in Antwerp, due to the COVID-19 pandemic, and as a result completed one sale to Dunebridge (see financial statement note 16). Due to the pandemic, the demand for diamonds had been significantly reduced in the period, and the Company's average realized sales price was much lower than previous quarters, resulting in a loss from mine operations, and operating and net loss.

For the three months ended March 31, 2020, the Company began to experience the impact of the global pandemic of COVID-19 and in March halted the previously scheduled sale that was in progress. Despite the third sale not being completed, the Company experienced strong sales and operating income for the three months ended March 31, 2020.

SUMMARY OF FOURTH QUARTER FINANCIAL RESULTS

Three months ended December 31, 2021 compared to the three months ended December 31, 2020, expressed in thousands of Canadian dollars.

For the three months ended December 31, 2021, the Company recorded a net income of \$237,619 or \$1.13 earnings per share compared to a net loss of \$189,166 or \$0.90 loss per share for the same period in 2020. The significant increase in the net income from the three months ended December 31, 2021 compared to the same period in 2020, is largely attributed to higher realized diamond price in 2021 and the impairment reversal on property, plant and equipment of \$240,593 compared to an impairment loss on property, plant and equipment of \$217,366 incurred by the Company during the fourth quarter in 2020.

Earnings (loss) from mine operations

Earnings from mine operations for the three months ended December 31, 2021, were \$31,664 compared to earnings from mine operations of \$22,823 for the same period in 2020. For the three months ended December 31, 2021, the Company sold 809,000 carats for proceeds of \$85,144 with diamond sales value per carat of US\$84 (three months ended December 31, 2020 – 957,000 carats for \$80,206 at US\$65 per carat). The prices realized in the last quarter of 2021 exemplify improved sentiment and demand in the rough diamond market recovering from the peak of the COVID-19 pandemic effects.

Production costs (net of capitalized stripping costs) related to diamonds sold for the three months ended December 31, 2021 were \$38,025; depreciation and depletion on the GK Mine commissioned assets related to the three months ended December 31, 2021, were \$10,326; and the cost of acquired diamonds for the three months ended December 31, 2021 were \$5,129, which had been previously paid to De Beers when winning the periodic fancies and specials bids. Resultant earnings from mine operations for the three months ended December 31, 2021 were \$31,664. Included in production costs, for the three months ended December 31, 2021 are the Company's 49% costs specifically arising related to COVID-19 of \$1.45 million. Production costs (net of capitalized stripping costs) related to the three months ended December 31, 2020 were \$36,552 and; depreciation and depletion on the GK Mine commissioned assets related to the three months ended December 31, 2020 were \$16,229; and the cost of acquired diamonds for the three months ended December 31, 2020 were \$4,602. The production costs for the three months ended December 31, 2021, over the same period in 2020, are lower due to lower depreciation and depletion in 2021 because of the impairment charge in 2020.

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended December 31, 2021, were \$5,467 compared to \$3,474 for the same period in 2020. The main expenses included in these amounts for the three months ended December 31, 2021 were \$2,032 relating to selling and marketing, \$2,180 related to consulting fees and payroll, \$420 related to professional fees and \$279 relating to office and administration. The main expenses included in these amounts for the three months ended December 31, 2020 were \$2,003 relating to selling and marketing, \$596 related to consulting fees and payroll, \$142 relating to share-based payment expenses, and \$94 related to professional fees. The increase in overall selling, general and administrative costs for the year ended December 31, 2021, compared to the same period in 2020, can mainly be attributed to an increase in consulting and payroll fees. The increase to the consulting fees and payroll is mainly related to payment of bonuses during 2021 to management, along with a payout to the former CEO of the Company.

Exploration and evaluation expenses

Exploration and evaluation expenses for the three months ended December 31, 2021, were \$1,299 compared to \$626 for the same period in 2020. Exploration and evaluation expenses have increased for the three months ended December 31, 2021 compared to the same period in 2020 as the COVID-19 pandemic exploration activities were curtailed in order to conserve cash. As a result of some of the resumption of exploration activities, the three months ended December 31, 2021, had an increase of these costs. Of the \$1,299 total exploration and evaluation expenses incurred in the three months ended December 31, 2021, \$278 is related to the Company's 49% share of the exploration and evaluation expenses on the GK Mine, while the remaining \$1,021 related to those spent on the KNP. Of the \$626 total exploration and evaluation expenses incurred in the three months ended December 31, 2020, \$249 is related to the Company's 49% share of the exploration and evaluation expenses on the GK Mine, while the remaining \$377 related to those spent on the KNP.

Net finance expenses

Net finance expenses for the three months ended December 31, 2021, were \$9,254 compared to \$9,297 for the same period in 2020. Included in the amount for the three months ended December 31, 2021, were \$9,077 relating to finance costs, \$236 relating to accretion expense on decommissioning liability and \$59 relating to interest income. Included in the amount for the three months ended December 31, 2020, were \$9,151 relating to finance costs, \$173

relating to accretion expense on decommissioning liability and \$27 relating to interest income. Finance costs were higher for the three-month periods ended December 31, 2021, compared to the same period in 2020, related to the additional financing costs and interest incurred on the Dunebridge RCF and Term Facility, which was first drawn on May 17, 2021.

Foreign exchange gains

Foreign exchange gains for the three months ended December 31, 2021, were \$1,865 compared to \$18,597 for the three months ended December 31, 2020. The foreign exchange gains for the three months ended December 31, 2021 were mainly a result of the Canadian dollar strengthening relative to the US dollar on the translation of the secured notes payable, net of US dollar cash balances. The spot rate on December 31, 2021 was \$1.2637/US\$1 compared to \$1.2680/US\$1.

Deferred income taxes

Deferred income taxes for the three months ended December 31, 2021 were \$20,720 compared to Nil for the same period in 2020. For the three months ended December 31, 2021, deferred income taxes were recognized as a result of the impairment reversal for which the value of the property, plant and equipment exceeded the mining royalty tax pools available to the Company.

INCOME AND MINING TAXES

The Company is subject to income and mining taxes in Canada with the statutory income tax rate at 26.5%.

No deferred tax asset has been recorded in the financial statements as a result of the uncertainty associated with the ultimate realization of these tax assets.

The Company is subject to assessment by Canadian authorities, which may interpret tax legislation in a manner different from the Company. These differences may affect the final amount or the timing of the payment of taxes. When such differences arise, the Company makes provision for such items based on management's best estimate of the outcome of these matters.

The Company's current tax expenses are associated with mining royalty taxes in the Northwest Territories. There are no other current tax expenses for income tax purposes, as there are significant losses carried forward that are available to offset current taxable income.

FINANCIAL POSITION AND LIQUIDITY

The Company originally funded its share of the construction and commissioning costs of the GK Mine through a combination of equity and a project lending facility. In December 2017, the Company terminated its project lending facility through the issuance of US\$330 million in second lien secured notes payable. Concurrent with the closing of the secured notes payable, the Company entered into a US\$50 million first lien revolving credit facility ("RCF") with Scotiabank and Nedbank Ltd. During the second quarter of 2020, the Company drew US\$25 million from the RCF in order to maintain the liquidity of the business during the challenges faced by COVID-19. The RCF was subject to several financial covenants, which were breached and for which a waiver was obtained as at July 3, 2020.

On September 30, 2020, the RCF with Scotiabank and Nedbank Ltd. was assigned to Dunebridge. The amount drawn at the time of US\$22.7 million was paid by Dunebridge to Scotiabank and Nedbank Ltd. and the remaining available amount of US\$2.3 million was advanced to the Company.

On September 30, 2020, the Company entered a senior secured revolving credit facility with Dunebridge ("Dunebridge RCF") (Financial Statements Note 9 and 16) for US\$25 million to reassign the previous RCF, with first ranking lien terms. The Dunebridge RCF carried an interest rate of 5% per annum, and was repayable on September

30, 2021, and was fully repaid during the year ended December 31, 2021. Interest was payable on a monthly basis. The agreement also required an upfront 1% financing fee, which was paid on September 30, 2020.

The Dunebridge RCF also requires that no further indebtedness be entered into, and no new agreements related to the sale of diamonds occur without prior written approval from Dunebridge.

Permitted distributions to third parties (which include dividends) are subject to the Company having a net debt to EBITDA ratio of less than or equal to 1.75:1. Net debt is equal to total debt, less cash and cash equivalents. The aggregate amount of all distributions paid during the rolling four quarters up to and including the date of such distribution does not exceed 25% of free cash flows ("FCF") during such period. FCF is defined as EBITDA minus, without duplication, (a) capital expenditures, (b) cash taxes, (c) any applicable standby fee, other fees or finance costs payable to the finance parties in connection with the Dunebridge RCF, (d) interest expenses and (e) any indebtedness (including mandatory prepayments) permitted under the existing agreement. Also, the available liquidity after payment of a distribution must be greater than or equal to US\$60 million for distributions paid during a quarter ending March 31, or US\$50 million for other quarters, where the aggregate amount of the all-advances outstanding does not exceed US\$10 million.

On May 12, 2021, the Company, with Dunebridge as lender, added a US\$33 million term loan facility to its existing US\$25 million Dunebridge RCF, with first ranking lien terms. The Dunebridge Term Facility bears interest at a fixed rate of 10% per annum, net of withholding taxes, payable monthly. In addition to the interest, a flat 5% fee is payable on each advance made thereunder. The Term Facility will reduce in size to a maximum of US\$22 million on July 15, 2021 and mature on December 31, 2021. On May 17, 2021, a US\$23 million advance was drawn by the Company, followed by a US\$8 million draw in June 2021. The terms of the Dunebridge RCF were unchanged as a result of the amendment. The Term Facility is subject to certain cash sweep requirements, when the following month's weekly ending projected cash is above US\$2 million. This cash sweep is calculated 5 business days after each sale takes place in Antwerp, Belgium. Any cash sweep repayments are not subject to further drawdown fees, if the amount needs to be re-drawn, therefore the cash sweep portion is revolving.

On September 24, 2021, the Dunebridge RCF was extended with the same restrictive covenants described above. The repayment date was extended to March 31, 2022, and an upfront 2% extension fee of US\$500,000 was paid. The extension of the Dunebridge RCF was subject to the Dunebridge Term Facility being fully repaid, and terminated. The Dunebridge RCF continues to carry an interest rate of 5% per annum. On September 29, 2021, the Company made a partial repayment of US\$5 million, and in the last quarter of 2021, the Company fully repaid the Dunebridge RCF.

On June 30, 2021, the Company repaid US\$9 million ahead of the reduction of size requirement to US\$22 million on July 15, 2021. The Company also repaid a cash sweep amount of US\$2 million. On September 23, 2021, the Company had fully repaid the Dunebridge Term Facility, and in accordance with the Dunebridge RCF extension described above, was terminated.

These consolidated financial statements have been prepared using the going concern basis of preparation which assumes that the Company will realize its assets and settle its liabilities in the normal course of business.

As of December 31, 2021, the Company faces various liquidity challenges as a result of liabilities with maturity dates through December 2022, short-term financial liquidity needs to fund GK operations and the uncertainty of future cash flows from the GK operations, specifically related to the diamond pricing environment (due to fluctuations in the price per carat over the last 2 years) and also as a result of any future impacts of COVID-19. The liabilities with approaching maturity dates in fiscal 2022 include the revolving credit facility ("RCF") with Dunebridge Worldwide Ltd. ("Dunebridge") (Financial Statements Note 10 and 16) which matures on March 31, 2022 and the Senior Secured Notes which mature on December 15, 2022 with a principal amount outstanding of \$379,034. The Company does not currently have sufficient cash flows expected from operations available to discharge the Senior Secured Notes amount when they come due. The Company will need to obtain additional financing in the future and/or seek to renegotiate with the holders of the Senior Secured Notes to extend the maturity dates or amend the underlying payment terms. However, there is no guarantee that such financing will be available, or at terms acceptable to the

Company, or that holders of the Senior Secured Notes would be willing to renegotiate the amounts in a manner necessary to enable the Company to satisfy its obligations.

On March 28, 2022, the Company executed a US\$50 million credit facility with Dunebridge, which will be secured on a subordinated basis to the Company's existing debt, together with the issuance of warrants to purchase an aggregate of 41,000,000 common shares of the Corporation. This credit facility will assist in providing additional cash flows for funding operational and other costs as well as repay any portion drawn on the Dunebridge RCF on maturity.

The above conditions related to the Company's revolving credit facility, Senior Secured Notes, and short-term and long-term operational financing needs represent material uncertainties that result in substantial doubt as to the Company's ability to continue as a going concern. These consolidated financial statements do not include the adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

Failure to meet the obligations for cash calls to fund the Company's share of expenditures at the GK Mine may lead to De Beers Canada Inc. enforcing its remedies under the JV Agreement, which could result in, amongst other things the dilution of Mountain Province's interest in the GK Mine, and at certain dilution levels trigger cross-default clauses within the Senior Notes.

Cash flows provided by operating activities, including changes in non-cash working capital for the three months and year ended December 31, 2021, were \$48,012 and \$112,578 compared to cash flows provided of \$51,396 and \$51,748 for the same periods in 2020. The cash generated from the operating activities for the year ended December 31, 2021 was significantly higher compared to the same period in 2020 as a result of the strong earnings from mine operations. The increased cash flows provided by operating activities are also as a result of the inclusion of the \$10,399 of upside proceeds related to the Dunebridge sales agreement (See related party transactions section below).

Cash flows used in investing activities for the three months and year ended December 31, 2021, were \$26,476 and \$53,743 compared to \$22,302 and \$53,686 for the same periods in 2020. For the three months and year ended December 31, 2021, the outflows for the purchase of property, plant and equipment were \$16,494 and \$43,820 compared to \$12,313 and \$38,837 for the same periods in 2020. For the three months and year ended December 31, 2021, the outflow for restricted cash was \$10,041 and \$10,125, which relates to the reclamation funding and interest earned on the decommissioning fund of the GK Mine. For the three months and year ended December 31, 2021, the amount of cash used in the acquisition of property, plant and equipment and restricted cash was offset by \$59 and \$202 of interest income, compared to \$27 and \$170 for the same periods in 2020. The increase of cash used in investing activities during the year ended December 31, 2021, compared to the same period in 2020, can be attributed to the increased stripping activity in the current period.

Cash flows used in financing activities for the three months and year ended December 31, 2021, were \$41,014 and \$69,794 compared to cash flows provided of \$1,427 and cash flows used of \$2,009 for the same periods in 2020. Cash flows used in financing activities for the three months and year ended December 31, 2021, relate to the cash provided by the Dunebridge Term Facility, offset by the full repayment of Dunebridge Term Facility and Dunebridge RCF, the payment of lease liabilities and the payment of interest on the secured notes payable. The payments of Dunebridge RCF and Dunebridge Term Facility have resulted in higher cash outflows compared to the third and second quarter of 2021. Cash flows provided by financing activities for the three months and year ended December 31, 2020 related to the inflow from the US\$25 million drawdown of the RCF (\$35,093 Canadian dollar equivalent) offset by interest and stand-by charges on the RCF, the payment of lease liabilities and the payment of the interest on the secured notes payable.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FINANCIAL INSTRUMENT RISKS

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include credit risk, liquidity risk, market risk, foreign currency risk and interest rate risk.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's exposure to credit risk is for its amounts receivable of which all of the outstanding amounts of \$877 and \$797 as at December 31, 2021 and 2020, respectively, were collected.

On December 31, 2021 and 2020, the Company does not have any allowance for doubtful accounts, and does not consider that any such allowance is necessary.

All of the Company's cash and restricted cash is held with a major Canadian financial institution and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to amounts receivable. The Company considers the risk of loss for its amounts receivable to be remote and significantly mitigated due to the financial strength of the parties from whom most of the amounts receivable are due - the Canadian government for harmonized sales tax ("HST") refunds receivable in the amount of approximately \$722 (2020 - \$604).

The Company's current policy is to hold excess cash in bank accounts.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to monitor forecast cash flows so that it will have sufficient liquidity to meet liabilities when due. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support its ongoing requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process. To achieve this, the Company relies on regular sales throughout the year, generally nine or ten tender sales, in addition to occasional sales of fancies and special diamonds to De Beers, in order to fund ongoing operations.

Being able to maintain positive cash flows from operations and/or maintain sufficient liquidity, is dependent upon many factors including, but not limited to, diamond prices, exchange rates, operating costs and levels of production. Adverse changes in one or more of these factors negatively impact the Company's ability to comply with the covenants and/or maintain sufficient liquidity, all of which are subject to the effects of the ongoing COVID-19 pandemic.

As at December 31, 2021, the Company has a current obligation for US\$299.9 million or \$379 million Canadian dollar equivalent (2020 – US\$299.9 million or \$381.7 Canadian dollar equivalent) from the secured notes payable. The notes are secured by a second-priority lien on substantially all of the assets which includes the 49% participating rights to the GK Mine. The Dunebridge RCF is granted first priority, if amounts are drawn. Failure to meet the obligations of the secured notes payable as they come due may lead to the sale of the 49% participating interest in the GK Mine. Subsequent to the year ended December 31, 2021, the Company executed a credit facility with Dunebridge, for US\$50 million (Financial Statements Note 20).

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income and the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

(i) Interest rate risk

The Company does not have significant exposure to interest rate risk at December 31, 2021 and 2020, since the secured notes payable and Dunebridge RCF do not have variable interest rates. At December 31, 2021, the total

secured notes payable was US\$299.9 million (2020 – US\$299.9 million) and the Dunebridge RCF was Nil (2020 - US\$25 million).

(ii) Foreign currency

The Company is exposed to market risk related to foreign exchange rates. The Company operates in Canada and has foreign currency exposure to transactions in U.S. dollars. The majority of the ongoing operational costs of the GK Mine are in Canadian dollars, and are funded through operating cash flows. The Company’s operating cash flows include the sale, in U.S. dollars, of its 49% share of the GK Mine diamonds produced.

As at December 31, 2021 and 2020, the Company had cash, derivative assets, accounts payable and accrued liabilities, the Dunebridge revolving credit facility and the secured notes payable that are in U.S. dollars. The Canadian dollar equivalent is as follows:

	December 31, 2021	December 31, 2020
Cash	\$ 11,968	\$ 33,703
Derivative assets	731	-
Accounts payable and accrued liabilities	(1,949)	(2,538)
Dunebridge revolving credit facility	-	(31,813)
Secured notes payable	(379,034)	(381,674)
Total	\$ (368,284)	\$ (382,322)

A 10% appreciation or depreciation of the Canadian dollar relative to the U.S. dollar at December 31, 2021 and 2020 would have resulted in an increase or decrease to net income for the year of approximately \$36.8 million and \$38.2 million, respectively.

SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN THE CURRENT PERIOD

There were no significant accounting policies adopted in the current year.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Significant accounting estimates and assumptions are disclosed in Note 3 of the financial statements.

STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

There are currently no new standards or amendments to existing standards.

RELATED PARTY TRANSACTIONS

The Company’s related parties include the Operator of the GK Mine, Dermot Desmond, Dunebridge and Vertigol Unlimited Company (“Vertigol”) (corporations ultimately beneficially owned by Dermot Desmond), key management and their close family members, and the Company’s directors. Dermot Desmond, indirectly through Vertigol, is the ultimate beneficial owner of greater than 10% of the Company’s shares. International Investment and Underwriting (“IIU”) is also a related party since it is ultimately beneficially owned by Dermot Desmond.

Related party transactions are recorded at their exchange amount, being the amount agreed to by the parties.

The Company had the following transactions and balances with its related parties including key management personnel including the Company’s directors, Dermot Desmond, Dunebridge, Vertigol, IIU and the Operator of the GK Mine. The transactions with key management personnel are in the nature of remuneration. The transactions with the Operator of the GK Mine relate to the funding of the Company’s interest in the GK Mine for the current

year's expenditures, capital additions, management fee, and production sales related to the 49% share of fancies and special diamonds. The transactions with IIU are for the director fees of the Chairman of the Company.

In the second quarter of 2020, the Company entered into an agreement to sell up to US\$50 million of diamonds to Dunebridge. The agreement permits the Company to sell its run of mine diamonds (below 10.8 carats) at the estimated prevailing market price at the time of each sale. The transaction also allows the Company to participate, after fees and expenses in a portion of any increase in the value of diamonds realized by Dunebridge upon its future sale of diamonds to a third party. Dunebridge is entitled to receive 10% annualized returns in respect to these future sales of Dunebridge diamonds, calculated with reference to each specific Dunebridge sales parcel. These fees are fixed at 10% of the amount of the future sales for the first year. In the second and third year following the date of Dunebridge diamond purchase from the Company, an additional 10% of the amount of the future sale is compounded and pro-rated based on the amount of time in each of the second and third years have passed. After three years, the agreement is terminated, and any upside realized by Dunebridge will not be shared with the Company. The expenses relate to any future sale costs. Once all fees and expenses have been deducted any surplus will be shared equally between Dunebridge and the Company. The purchase price was determined using the Company's price book, adjusted for the estimated current underlying market conditions.

On September 29, 2020, the shareholders approved to have this agreement amended to increase the total sales value from US\$50 million of diamonds to US\$100 million. Effective November 6, 2020, the new agreement with the incremental increase to US\$100 million was executed. During the year ended December 31, 2020, approximately US\$49.4 million of run of mine diamonds have been sold to Dunebridge under the agreement. As at December 31, 2021, all of the original diamonds included in the US\$49.4 million sold to Dunebridge have been re-sold to third parties. Included in the diamond sales of \$308,723 for the year ended December 31, 2021, is \$10,399 of upside proceeds which has been realized and received related to this Dunebridge agreement.

On September 30, 2020, the Company entered into the Dunebridge RCF for US\$25 million to reassign the previous RCF, with first ranking lien terms. The Dunebridge RCF carries an interest rate of 5% per annum, and was repayable on September 30, 2021 (Financial Statements Note 9). The agreement included an upfront 1% financing fee, which was paid on September 30, 2020.

On September 24, 2021, the Dunebridge RCF was extended to March 31, 2022 and an upfront 2% extension fee of US\$500 was paid. The extension of the Dunebridge RCF was subject to the Term Facility (below) being repaid in full and terminated. The Dunebridge RCF continues to carry an interest rate of 5% per annum. On September 29, 2021, the Company made a partial repayment of US\$5 million, and in the fourth quarter of 2021, the Company fully repaid the Dunebridge RCF for the remainder US\$20 million. Subsequent to the year ended December 31, 2021, the Company drew US\$5M from the Dunebridge RCF for funding operations.

On March 28, 2022, the Company executed a credit facility with Dunebridge, for US\$50 million (Financial Statements Note 20).

On May 12, 2021, the Company, with Dunebridge as lender, added a US\$33 million Term Facility to its existing US\$25 million Dunebridge RCF, with first ranking lien terms as described in Financial Statements Note 9. US\$31 million was ultimately advanced under the Term Facility. On June 30, 2021, the Company repaid US\$9 million ahead of the reduction of size requirement to US\$22 million on July 15, 2021. The Company also repaid a cash sweep amount of US\$2 million in June 2021, and US\$8.5 million in July 2021. On September 23, 2021, the Company had fully repaid the Term Facility, and in accordance with the Dunebridge RCF extension described above, was terminated.

Between 2014 and 2020, the Company and De Beers signed agreements allowing De Beers ("the Operator") to utilize De Beers' credit facilities to issue reclamation and restoration security deposits to the federal and territorial governments. In accordance with these agreements, the Company agreed to a 3% fee annually for their share of the letters of credit issued. As at December 31, 2021, the Company's share of the letters of credit issued were \$44.1 million (2020 - \$44.1 million).

During the year ended December 31, 2020, the Company and De Beers signed an agreement to reduce the fee from 3% to 0.3%, annually, for their share of the letters of credit issued. Furthermore, a resolution was passed by the joint venture management committee to establish a decommissioning fund, where the Company will fund \$15 million in 2020, and \$10 million each year for four years thereafter until the Company's 49% share totaling \$55 million is fully funded. The target funding can change over time, dependent on future changes to the decommissioning and restoration liability and returns on decommissioning fund investments. During the year ended December 31, 2021, the Company funded \$10 million (2020 - \$15 million) into the decommissioning fund, which is presented as restricted cash on the balance sheet.

Failure to meet the obligations for cash calls to fund the Company's share in the GK Mine may lead to De Beers enforcing its remedies under the JV Agreement, which could result in, amongst other things the dilution of Mountain Province's interest in the GK Mine, and at certain dilution levels trigger cross-default clauses within the Senior Notes.

The balances as at December 31, 2021 and 2020 were as follows:

	December 31, 2021	December 31, 2020
Payable De Beers Canada Inc. as the operator of the GK Mine*	\$ 2,732	\$ 2,789
Payable to De Beers Canada Inc. for interest on letters of credit	99	550
Revolving credit facility with Dunebridge Worldwide Ltd.**	-	31,813
Payable to key management personnel	67	158

*Included in accounts payable and accrued liabilities

**Does not include \$510 of unamortized deferred transaction costs and issuance discount

The transactions for the years ended December 31, 2021 and 2020 were as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
The total of the transactions:		
International Investment and Underwriting	\$ 120	\$ 23
Remuneration to key management personnel	3,329	1,875
Upside revenue on diamonds sold to Dunebridge Worldwide Ltd.	10,399	-
Diamonds sold to Dunebridge Worldwide Ltd.	-	66,671
Diamonds sold to De Beers Canada Inc.	10,338	12,610
Diamonds purchased from De Beers Canada Inc.	14,990	11,523
Finance costs incurred from De Beers Canada Inc.	135	198
Finance costs incurred from Dunebridge Worldwide Ltd.	5,882	852
Assets purchased from De Beers Canada Inc.	-	42
Management fee charged by the Operator of the GK Mine	4,763	4,368

The remuneration expense of directors and other members of key management personnel for the year ended December 31, 2021 and 2020 were as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Consulting fees, payroll, director fees, bonus and other short-term benefits	\$ 2,982	\$ 1,357
Share-based payments	467	541
	\$ 3,449	\$ 1,898

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

CONTRACTUAL OBLIGATIONS

The following table summarizes the contractual maturities of the Company's significant financial liabilities and capital commitments, including contractual obligations:

		Less than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years	Total
Gahcho Kué Diamond Mine commitments	\$	4,391	\$ -	\$ -	\$ -	\$ 4,391
Gahcho Kué Diamond Mine decommissioning fun		10,000	20,000	-	-	30,000
Notes payable - Principal		379,034	-	-	-	379,034
Notes payable - Interest		30,323	-	-	-	30,323
	\$	423,748	\$ 20,000	\$ -	\$ -	\$ 443,748

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 "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 secured notes payable 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 (loss) on the consolidated statements of comprehensive income (loss):

		Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
(in thousands of Canadian dollars, except where otherwise noted)					
Cost of sales production costs	\$	38,025	36,552	140,099	153,679
Timing differences due to inventory and other non-cash adjustments	\$	(7,273)	(4,535)	(6,326)	(16,430)
Cash cost of production of ore processed, net of capitalized stripping	\$	30,752	32,017	133,773	137,249
Cash costs of production of ore processed, including capitalized stripping	\$	44,124	41,681	166,661	164,408
Tonnes processed	kilo tonnes	399	361	1,511	1,591
Carats recovered	000's carats	740	745	3,052	3,194
Cash costs of production per tonne of ore, net of capitalized stripping	\$	77	89	89	86
Cash costs of production per tonne of ore, including capitalized stripping	\$	111	116	110	103
Cash costs of production per carat recovered, net of capitalized stripping	\$	42	43	44	43
Cash costs of production per carat recovered, including capitalized stripping	\$	60	56	55	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 (loss):

	Three months ended December 31, 2021	Three months ended December 31, 2020	Year ended December 31, 2021	Year ended December 31, 2020
Net income (loss) for the period	\$ 237,619	\$ (189,166)	\$ 276,167	\$ (263,429)
Add/deduct:				
Non-cash depreciation and depletion	10,537	16,447	39,384	63,929
Impairment (reversal) loss on property, plant and equipment	(240,593)	217,366	(240,593)	217,366
Share-based payment expense	172	142	868	983
Net finance expenses	9,254	9,297	40,373	39,997
Derivative gains	(228)	(177)	(67)	(127)
Deferred income taxes	20,720	-	20,720	-
Unrealized foreign exchange gains	(390)	(16,689)	(1,538)	(7,268)
Adjusted earnings before interest, taxes, depreciation and depletion and impairment (Adjusted EBITDA)	\$ 37,091	\$ 37,220	\$ 135,314	\$ 51,451
Sales	85,144	80,206	308,723	226,993
Adjusted EBITDA margin	44%	46%	44%	23%

SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2021, the Company completed the US\$50M credit facility with Dunebridge Worldwide Ltd. bearing an interest rate of 8% per annum, paid semi-annually until December 2022. Following this date, the interest rate would be 2% above the margin on the second lien notes then outstanding. The maturity date of this credit facility is December 15, 2027.

As a part of the new financing package, 41 million share warrants at an exercise price of US\$0.60975 per common share for an aggregate exercise price of approximately US\$25,000 and expire on December 15, 2027.

The exercise price of the warrants represents an approximately 3.1% premium over the 5-day volume weighted average price of the Common Shares on January 4, 2022, the date a letter providing notice with respect to the proposed transactions was delivered to the TSX. The foregoing calculation is based on the Bank of Canada exchange rate for US dollars as of January 4, 2022; for clarity, given that the Company will receive the proceeds from any exercise of the warrants in US dollars, the value of such proceeds in Canadian dollars will depend on the prevailing currency exchange rate available to the Company at the time of any such exercise.

Subsequent to the year ended December 31, 2021, the Company drew and repaid US\$5M from the Dunebridge RCF for funding operations.

Subsequent to the year end, the Company entered into a further US\$22 million foreign currency put option contract at a strike price of 1.25 with settlement dates from February 2022 to December 2022.

Subsequent to the year ended December 31, 2021, 3,101,042 stock options were granted, with an exercise price of \$0.714.

Subsequent to the year ended December 31, 2021, 1,142,493 RSUs were granted with a fair value of \$0.714 per unit.

OTHER MANAGEMENT DISCUSSION AND ANALYSIS REQUIREMENTS

Risks

Mountain Province's business of developing and operating mineral resources involves a variety of operational, financial and regulatory risks that are typical in the mining industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future, and investing in the Company's common shares should be considered speculative.

Mountain Province's business of developing and operating mineral properties is subject to a variety of risks and uncertainties, including, without limitation:

- risk that the COVID-19 pandemic continues and materially impedes operations and/or the ability of the Company to sell and distribute diamonds;
- risk of COVID-19 affecting commodity prices and demand for diamond inventory, future sales and increased market volatility;
- risk that the production from the mine will not be consistent with the Company's expectation;
- risk that production and operating costs are not within the Company's estimates;
- risk that financing required to manage liquidity can be obtained with acceptable terms;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits;
- results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; mining exploration risks, including risks related to accidents, equipment breakdowns or other unanticipated difficulties with or interruptions in production;
- the potential for delays in exploration activities or the completion of studies;
- risks related to the inherent uncertainty of exploration and cost estimates and the potential for unexpected costs and expenses;
- risks related to foreign exchange fluctuations, prices of diamonds, and continued growth in demand for laboratory grown diamonds;
- risks related to challenges in the diamond market causing the sale of some or all of the diamond inventory to be sold below cost;
- risks related to commodity price fluctuations;
- risks related to failure of its joint venture partner;
- risks relating to complying with the covenants in our revolver credit facility;
- development and production risks including and particularly risks for weather conducive to the building and use of the Tibbitt to Contwoyto Winter Road upon which the GK Mine is reliant upon for the cost-effective annual resupply of key inventory including fuel and explosives, the effects of climate change may limit or make impossible the building of the Winter Road;
- risks related to environmental regulation, permitting and liability;
- risks related to legal challenges to operating permits that are approved and/or issued;
- political and regulatory risks associated with mining, exploration and development;
- the ability to operate the Company's GK Mine on an economically profitable basis;
- aboriginal rights and title;
- failure of plant, equipment, processes and transportation services to operate as anticipated;
- possible variations in ore grade or recovery rates, permitting timelines, capital expenditures, reclamation activities, land titles, and social and political developments, and other risks of the mining industry; and
- other risks and uncertainties related to the Company's prospects, properties and business strategy.

As well, there can be no assurance that any further funding required by the Company will become available to it, and if so, that it will be offered on reasonable terms, or that the Company will be able to secure such funding. Furthermore, there is no assurance that the Company will be able to secure new mineral properties or Projects, or that they can be secured on competitive terms.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company's common shares are traded on the Toronto Stock Exchange under the symbol MPVD.

At March 28, 2022, there were 210,909,141 shares issued, 7,881,043 stock options and 2,357,493 restricted share units outstanding. There were no warrants outstanding as at March 28, 2022.

There are an unlimited number of common shares without par value authorized to be issued by the Company.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") based on the Internal Control – Integrated Framework (2013) developed by COSO (Committee of Sponsoring Organizations of the Treadway Commission).

Pursuant to regulations adopted by the U.S. Securities and Exchange Commission, under the Sarbanes-Oxley Act of 2002, the CEO and CFO evaluates the effectiveness of the design and operation of the Company's disclosure controls and procedures, and internal control over financial reporting.

DC&P are designed to provide reasonable assurance that material information relating to the Corporation is made known to the CEO and CFO during the reporting period and the information required to be disclosed by the Corporation under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Due to the inherent limitations associated with any such controls and procedures, management recognizes that, no matter how well designed and operated, they may not prevent or detect misstatements on a timely basis.

The Corporation's management, under the supervision of, and with the participation of, the CEO and the CFO, has evaluated its DC&P and ICFR as defined under NI 52-109 and rules 13a-15(e), 13a-15(f), 15d-15(e), and 15d-15(f), under the United States Securities Exchange Act and concluded that, as of December 31, 2021, they were designed effectively to provide reasonable assurance regarding required disclosures and the reliability of financial reporting and the preparation of financial statements for external purposes.

NI 52-109 also requires Canadian public companies to disclose in their MD&A any change in ICFR that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to the internal controls during the year ended December 31, 2021. The Company's CEO and CFO have each evaluated the design and effectiveness of the Company's disclosure controls and procedures and have concluded they are operating effectively as of December 31, 2021.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This MD&A 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 the future financial or operating performance of the Company; operational hazards, including possible disruption due to pandemic such as COVID-19, its impact on travel, self-isolation protocols and business, operations and prospects; estimated production and mine life of the project of Mountain Province; the realization of mineral resource 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 and operating expenditures; use of proceeds from financings; the ability to obtain permits or approvals for operations; liquidity and requirements for additional capital; government regulation of mining operations; environmental risks; reclamation expenses; title disputes or claims; limitations of insurance coverage; 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,” “budget,” “scheduled,” “forecasts” and other similar words and variations of such words (including negative variations), or statements that certain events or conditions “may,” “should,” “could,” “would,” “might” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the time such statements are made, and, by their nature, are based on a number of assumptions and subject to a variety of inherent 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 are difficult to predict, 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 that 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, operations and prospects; variations in ore grade or recovery rates; changes in market conditions; the global economic climate; changes in project parameters; mine sequencing; production rates and estimates; dependence on the Gahcho Kué diamond mine; cash flow; risks relating to financing requirements; insurance risks; failure by the Company to maintain its obligations under its debt facilities; risks relating to the availability and timeliness of permitting and governmental approvals; regulatory and licensing risks; environmental and climate risks; supply of, and demand for, diamonds; fluctuating commodity prices and currency exchange rates; the possibility of project cost overruns or unanticipated costs and expenses; the availability of skilled personnel and contractors; labour disputes and other risks of the mining industry; and failure of plant, equipment or processes to operate as anticipated.

These and other factors are discussed in greater detail in this MD&A and in Mountain Province's most recent Annual Information Form filed on SEDAR, which also provides 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 MD&A should not be unduly relied upon.

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. The forward-looking statements and forward-looking information contained herein is given as of the date of this MD&A, and Mountain Province undertakes no obligation to update forward-looking statements, whether as a result of new information, future events or results or 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. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

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 notes and credit facilities, Mountain Province is subject to certain limitations on its ability to pay dividends on common shares. 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.

Cautionary Note to US Investors – Information Concerning Preparation of Resource Estimates

This MD&A has been prepared in accordance with the requirements of the securities laws in effect in Canada, which differ from the requirements of United States securities laws. Unless otherwise indicated, all resource and reserve estimates included in this MD&A have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining and Metallurgy Classification System. NI 43-101 is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. As such, the information included herein concerning mineral properties, mineralization and estimates of mineral reserves and mineral resources is not comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the United States Securities and Exchange Commission.