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MOUNTAIN
PROVINCE DIAMONDS

Management's Discussion and Analysis

For the Years Ended December 31, 2023 and 2022

TSX: MPVD

MOUNTAIN PROVINCE DIAMONDS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2023

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This Management's Discussion and Analysis ("MD&A") as of April 1, 2024, 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 consolidated financial statements and the notes thereto as at December 31, 2023 and 2022, and for the years ended December 31, 2023 and 2022. The following MD&A has been approved by the board of directors of the Company (the 'Board of Directors') as of this date.

The consolidated financial statements of the Company were prepared in accordance with IFRS Accounting Standards 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.

All references in this MD&A denoted with [NI] are not standardized financial measures under IFRS and these measures may not be comparable to similar financial measures disclosed by other issuers. Refer to the Non-IFRS Measures section for a discussion of the specified financial measures.

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://sedarplus.ca/ and on EDGAR at http://www.sec.gov/edgar.shtml.

HIGHLIGHTS

- Earnings from mine operations for the three months and year ended December 31, 2023, amounted to $25,642 and $102,425 compared to $31,640 and $170,525 for the same periods in 2022.

- Net loss for the three months ended December 31, 2023, amounted to $75,792 or $0.36 basic and diluted loss per share compared to net income $9,421 or $0.04 earnings per share (basic and diluted) for the comparable period in 2022. For the year ended December 31, 2023, net loss amounted to $43,671 or $0.21 loss per share (basic and diluted) compared to net income of $49,195 or $0.23 earnings per share (basic and diluted) for comparable period in 2022. Three months and year ended December 31, 2023, included a non-cash impairment loss on property, plant and equipment of $104,593. Adjusted EBITDA[NI] for the three months and year ended December 31, 2023 were $39,767 and $165,049 compared to $24,203 and $178,609 for the three months and year ended December 31, 2022.

- Cash at December 31, 2023, was $29,674 with net working capital of $170,622. Cash on December 31, 2022, was $17,247 with net working capital of $130,416.

- In the fourth quarter of 2023, the Company sold 918,000 carats and recognized revenue of $79,778 at an average realized value of $87 per carat (US$64) compared to sales in the fourth quarter of 2022 totaling 758,000 carats and recognized revenue of $96,315 at an average realized value of $127 per carat (US$94). Revenue for the year ended December 31, 2023 totaled $328,630 (including direct sales of fancies and specials made to De Beers Canada Inc. at an average realized value of $121 per carat (US$90) for 2,718,000 carats, compared to revenue for the year ended December 31, 2022 of $388,853 at an average realized value of $146 per carat (US$112) for 2,657,000 carats.

- Cash costs of production[NI], including capitalized stripping costs, for the three months ended December 31, 2023, were $93 per tonne of ore treated, and $50 per carat recovered compared to $160 per tonne of ore treated, and $82 per carat recovered for the same period in 2022. Cash costs of production, including capitalized stripping costs, for the year ended December 31, 2023, were $129 per tonne of ore treated, and $75 per carat recovered compared to $122 per tonne of ore treated, and $69 per carat recovered for the same period in 2022. The costs per tonne including capitalized stripping for the year ended December 31, 2023, compared to the same period in 2022 have increased primarily due to increased waste tonnes mined, along with increased labor costs in-line with inflationary adjustments, a higher-than-expected incidence of unplanned maintenance interventions and higher process consumables.

- Mining of waste and ore combined in the 5034, Hearne and Tuzo open pits at the Gahcho Kué diamond mine, ('GK Mine') for the year end December 31, 2023, was approximately 26,651,000 tonnes, 1,040,000 tonnes and 9,456,000 tonnes, respectively, for a total of 37,147,000 tonnes. This represents a 9% increase in tonnes mined over the comparative period in 2022. Ore mined for the year ended December 31, 2023, totaled 3,807,000 tonnes, with approximately 2,316,000 tonnes of ore stockpile available at year end, an increase of 557,000 tonnes during the year. For the comparative year ended December 31, 2022, ore mined totaled 4,114,000 tonnes, with approximately 1,759,000 tonnes of ore stockpile.

- Mining of waste and ore combined in the 5034, Hearne and Tuzo open pits for the three months ended December 31, 2023, was approximately 6,331,000 tonnes, 572,000 tonnes and 2,928,000 tonnes, respectively, for a total of 9,831,000 tonnes. This represents a 3% decrease in tonnes mined over the comparative period in 2022. Ore mined for the three months ended December 31, 2023, totaled,1,895,000 tonnes, with approximately 2,316,000 tonnes of ore stockpile available at year end, an increase of 1,040,000 tonnes during the period. For the comparative three months ended December 31, 2022, ore mined totaled 706,000 tonnes, with approximately 1,759,000 tonnes of ore stockpile.

- For the year ended December 31, 2023, the GK Mine treated approximately 3,250,000 tonnes of ore and recovered approximately 5,558,000 carats on a 100% basis for an average recovered grade of approximately 1.71 carats per tonne ("cpt"). For the comparative year ended December 31, 2022, the GK Mine treated approximately 3,102,000 tonnes of ore and recovered approximately 5,519,000 carats on a 100% basis for an average recovered grade of approximately 1.78 cpt.

- For the three months ended December 31, 2023, the GK Mine treated approximately 855,000 tonnes of ore and recovered approximately 1,573,000 carats on a 100% basis for an average recovered grade of approximately 1.84 cpt. For the comparative three months ended December 31, 2022, the GK Mine treated approximately 828,000 tonnes of ore and recovered approximately 794,000 carats on a 100% basis for an average recovered grade of approximately 1.96 cpt.

The following table summarizes key operating highlights for the three months and years ended December 31, 2023 and 2022.

		Three months ended December 31, 2023	Three months ended December 31, 2022	**Year ended December 31, 2023**	Year ended December 31, 2022
GK operating data					
Mining					
*Ore tonnes mined	kilo tonnes	1,895	706	3,807	4,114
*Waste tonnes mined	kilo tonnes	7,936	9,439	33,340	29,833
*Total tonnes mined	kilo tonnes	9,831	10,145	37,147	33,947
*Ore in stockpile	kilo tonnes	2,316	1,759	2,316	1,759
Processing					
*Ore tonnes treated	kilo tonnes	855	828	3,250	3,102
*Average plant throughput	tonnes per day	9,293	9,303	8,904	8,593
*Average plant grade	carats per tonne	1.84	1.96	1.71	1.78
*Diamonds recovered	000's carats	1,573	1,621	5,558	5,519
Approximate diamonds recovered - Mountain Province	000's carats	771	794	2,723	2,704
Cash costs of production per tonne of ore, net of capitalized stripping **	$	51	101	82	89
Cash costs of production per tonne of ore, including capitalized stripping**	$	93	160	129	122
Cash costs of production per carat recovered, net of capitalized stripping**	$	28	52	48	50
Cash costs of production per carat recovered, including capitalized stripping**	$	50	82	75	69
Sales					
Approximate diamonds sold - Mountain Province***	000's carats	918	758	2,718	2,657
Average diamond sales price per carat	US	$ 64	$ 94	$ 90	$ 112

* 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 151 Yonge Street, Suite 1100, Toronto, ON, Canada, M5C 2W7. 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 Gahcho Kué Joint Ventue Arrangement ("GKJVA") between the Company and De Beers is governed by the 2009 Amended and Restated Joint Venture Agreement ("JVA").

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 it's 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 GK Mine hosts four primary kimberlite bodies – 5034, Hearne, Tuzo and Wilson. The four main kimberlite bodies are within two kilometers of each other.

The GK Mine is jointly managed under 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 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 of December 31, 2023, the Company's share of the letters of credit issued were $44.7 million (2022 - $44.7 million).

In 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. In the year ended December 31, 2022, the joint venture management committee approved a funding of $5 million. 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, 2023, the Company funded $Nil (2022 - $5 million) into the decommissioning fund, which is presented as restricted cash on the balance sheet.

Mining and Processing

For the three months and years ended December 31, 2023, on a 100% basis, a total of 9.8 million and 37.1 million tonnes of waste and ore respectively was extracted from the 5034, Hearne and Tuzo open pits. For the three months and year ended December 31, 2022, a total of 10.1 million and 33.9 million of waste and ore respectively was extracted from the 5034, Hearne and Tuzo open pits.

Total ore tonnes mined in the three months and year ended December 31, 2023, were 1,895,000 tonnes and 3,807,000 tonnes compared to 706,000 tonnes and 4,114,000 tonnes for the same periods in 2022. The total ore tonnes mined for the three months and year ended December 31, 2023, were higher than the comparative period as a result of increased ore release from the 5034 pit, during the quarter.

For the three months and year ended December 31, 2023, 855,000 tonnes and 3,250,000 tonnes of kimberlite ore were treated, with 1,573,000 carats and 5,558,000 carats (100% basis) recovered, at a grade of 1.84 carats per tonne and 1.71 carats per tonne, respectively. For the three months and year ended December 31, 2022, 828,000 tonnes and 3,102,000 tonnes of kimberlite ore were treated, with 1,621,000 carats and 5,519,000 carats recovered, at a grade of 1.96 carats per tonne and 1.78 carats per tonne, respectively. The average grade for 2023, was in-line with expectations.

On December 31, 2023, the Company had 663,347 carats within its sale preparation channel plus 81,201 carats reflecting its share at the GK Mine and sorting facility for a total of 744,548 carats in inventory. This compares to a total of 731,685 carats in inventory on December 31, 2022.

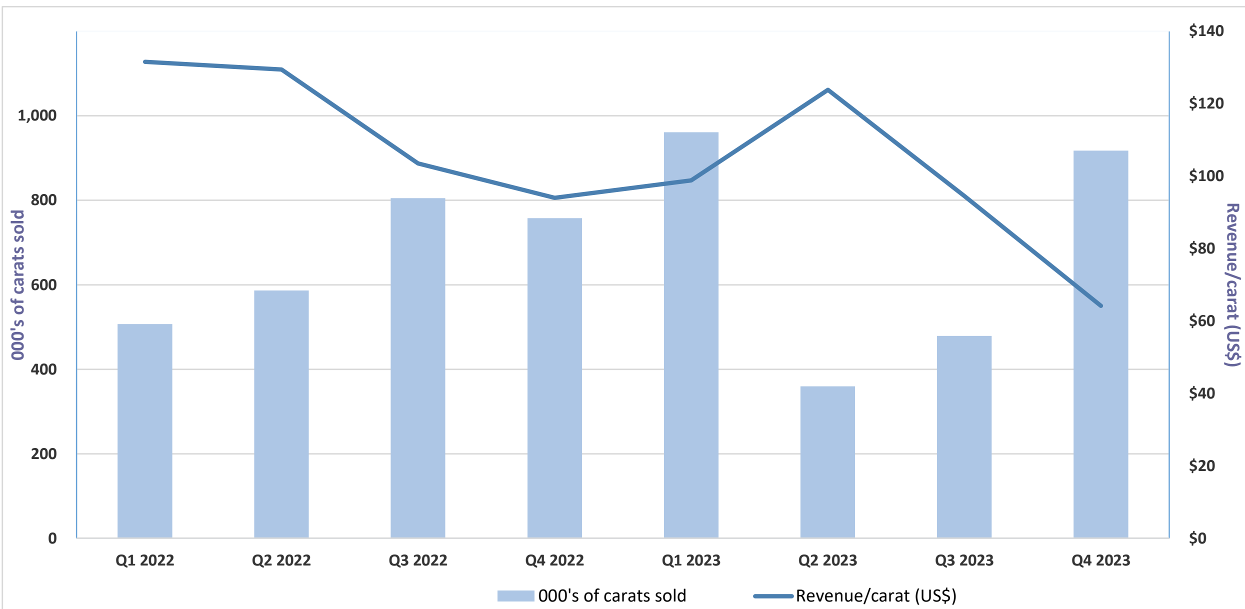
Diamond Sales

After six 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 presence 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 diamonds, with resultant polished diamonds destined for the major diamond jewelry markets of the US, India and China. Given the variety across the Gahcho Kué rough diamond profile and the variability of the mining plan through the period, the mix of diamond categories may differ from sale to sale.

The Company undertook two sales in Antwerp, Belgium during the fourth quarter of 2023. Most of the Company's revenue is derived from open market and contract sales, with the remainder attributed to sales of fancies and specials directly to De Beers on those 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, 2023, was US$90 per carat. The average realized value per carat for all sales held for the year ended December 31, 2022, was US$112 per carat. In addition to changes in broader market performance, a different mix of diamonds was sold in 2023, compared with 2022, which also impacted the average realized sales value per carat.

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



The following table summarizes the results of sales in 2023:

	000's of carats sold	Revenue (US$ 000's)	Revenue/carat (US$)
Q1	**961**	**$ 94,986**	**$ 99**
Q2	**360**	**$ 44,591**	**$ 124**
Q3	**479**	**$ 45,283**	**$ 95**
Q4	**918**	**$ 58,928**	**$ 64**
Total	**2,718**	**$ 243,788**	**$ 90**

The following table summarizes the results for sales in 2022:

	000's of carats sold	Revenue (US$ 000's)	Revenue/carat (US$)
Q1	**507**	**$ 66,693**	**$ 132**
Q2	**587**	**$ 76,019**	**$ 130**
Q3	**805**	**$ 83,322**	**$ 104**
Q4	**758**	**$ 71,261**	**$ 94**
Total	**2,657**	**$ 297,295**	**$ 112**

Gahcho Kué Capital Program

During the year ended December 31, 2023, stay in business capital[NI] was $8.9 million compared to $15.5 million for the year ended December 31, 2022. Capital expenditures included truck repairs, pit viper repairs, dyke construction equipment and other general repairs. All capital additions in the period are considered stay in business capital and were largely on budget. Stay in business capital does not include capital waste stripping. It is defined as those expenditures required to maintain the current operation.

2024 PRODUCTION GUIDANCE

The Company wishes to provide the following production outlook for 2024. While some additional carats have come into the plan, the aggregate quantity across the Life-of-Mine is not materially different from the NI 43-101 Technical Report filed in March 2022. Work has been done in order to smooth the production profile via mine sequence optimization. The Company will continue to review both the 2024 plan, and the entire Life-of-Mine plan in our normal strategic business plan process during 2024 to seek further optimization and improvement. The 2024 production outlook is as follows:

2024: 4.2 million to 4.7 million carats recovered

Diamond Outlook

Despite closing a challenging year for the diamond industry, the fourth quarter of 2023 saw stabilizing prices. Following the record-breaking prices of 2022, enthusiastic purchasing by manufacturers exceeded downstream demand. Amid ongoing macro-economic uncertainty and softening retail, large midstream inventories of polished diamonds built up in Q2 2023 and pushed prices down sharply in Q3 2023. Recovery in Q4 2023 was driven largely by self-imposed rough sales restrictions and limited midstream polishing activity ahead of a modest but better-than-forecast holiday season. Goods have begun to move downstream, bringing inventories down and even creating scarcity in certain categories. While prices are lower than a year ago, they have begun to recover from the low point in October.

Globally, 2023 saw continued inflation and interest rate increases. Employment rates and consumer spending remain high despite increases in the cost of living. Ongoing and escalating conflicts in Ukraine and the Middle East continue to cause uncertainty. The global impacts of Chinese economic challenges are also unclear, despite government efforts to stimulate recovery there.

Diamond production remained steady in Q4 and throughout 2023, with no reports of significant disruption. Despite US sanctions against Russian goods, ALROSA product did enter the market, disrupting smaller size segments most significantly. It is anticipated that broader sanctions against Russian diamonds will come into force in 2024. G7 members and the EU are developing a set of comprehensive controls and verification measures to be rolled out through 2024.

Falling prices posed the greatest challenge for producers in 2023, with many producers in the latter half of the year resorting to cancelling or postponing sales or holding back certain categories until prices stabilized. Smaller goods were more resilient and buoyed sales in the first half of the year, driven by strong demand among consumers looking for cheaper product and from design trends in fine jewellery and watch making. However, by Q3, rough prices in these smaller categories were also falling and catching up with the sharp decline in polished prices seen earlier in the year. Late Q4 2023 saw some price recovery from the low point in October, with modest increases seen in all product segments by year end.

Large midstream inventories built up early in the year in response to high consumer demand and corresponding increases in downstream prices in late 2022-early 2023. As retail contracted, midstream inventories ballooned and polished prices rapidly fell. The India Gem and Jewellery Export Promotion Council, representing Indian manufacturers, introduced a 2-month self-imposed import ban on rough goods in October 2023, resulting in a 76% decrease in rough diamond imports to India in November compared to the same month in 2022. Many producers, including De Beers, restricted their market offerings in the final sales of 2023. These supply-tightening measures appears to have met their intended outcome, reducing manufacturer inventories as polished goods were sold downstream for the retail holiday season and anticipated restocking.

Polished prices experienced sharp declines earlier in 2023 but have stabilized at around pre-pandemic levels. Small price increases are being seen in response to scarcity in certain categories, but more broadly prices remain steady.

Despite ongoing economic uncertainty and rising living costs, there were signs of continued post-Covid recovery in many markets. In the US and Europe, interest rate increases, and high living costs continued to dominate market news. Although resilient, consumer spending was more focused on travel and experiences in 2023 than 2022. The US saw a stronger-than-forecast holiday season, up 3-4% on 2022, although jewellery sales year-on-year fell 2% according to Mastercard.

The outlook in China was uncertain for much of 2023, as the post-pandemic rebound of the Chinese economy did not materialize, despite government stimuli and rate cuts. Short-lived boosts in spending were seen earlier in the year as Covid restrictions were finally lifted, with Hong Kong and Macau seeing record numbers of shoppers in luxury goods sales, mainly fueled by shoppers from mainland China. Sales in those regions remained strong, although were beginning to slow towards the end of 2023.

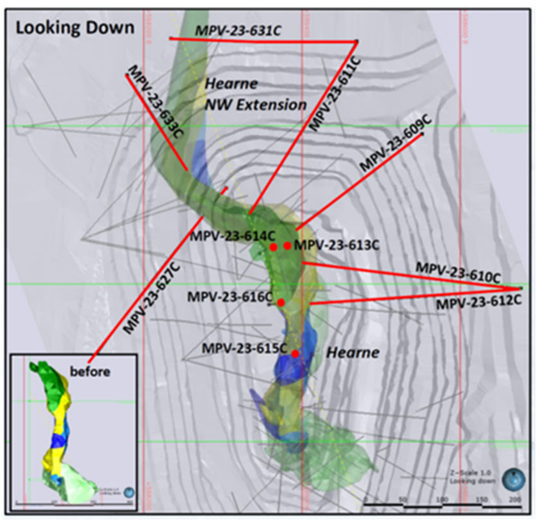
The demand for lab-grown diamonds continues to grow. Sales of lab-grown diamonds grew 30-40% in the US in 2023. Despite prices continuing to fall against natural diamonds, more retailers and jewellers are developing lab-grown product lines. Demand is strongest among younger price-sensitive consumers who may perceive them as more ethical and certainly more cost-effective compared to natural counterparts. In addition to retail gains, growth is also driven by higher usage of smaller lab-grown product in certain manufacturing streams, amid reduced availability of small natural diamonds after the closure of Argyle and the sanctions on Russian diamonds .

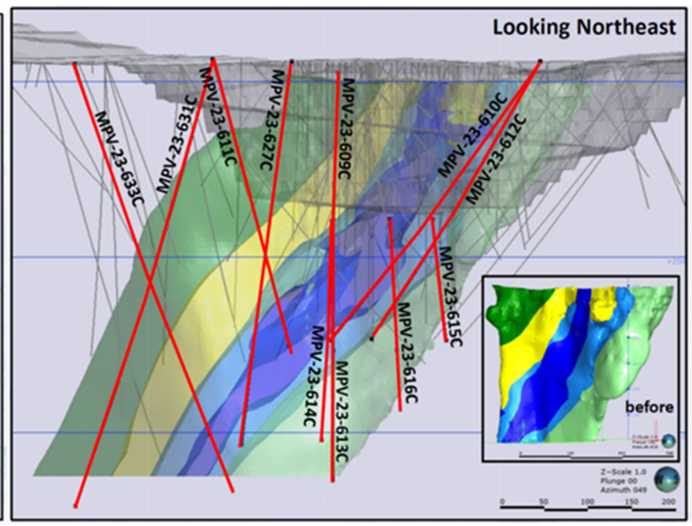
Most of 2023 saw sharp declines in rough and polished prices as first retail and downstream purchasing slowed, leading to accumulation of large midstream inventories that subdued demand in all sectors. The last quarter of 2023 saw some stabilization, fueled by fewer rough goods entering the market as producers held back goods, self-imposed restrictions were introduced. This was followed by a healthy holiday retail season. While prices are lower than a year ago, they did recover at the end of Q4 2023 and were stable going into 2024 . Rough and polished inventories among manufacturers and traders are lower than a year ago, and while post-season restocking may be slower and more focused than in previous years, many are cautiously optimistic the market has stabilized and should remain so in the coming year.

GAHCHO KUÉ EXPLORATION

The GKJVA with De Beers covers 5,216 hectares of mining leases that includes the Gahcho Kué Mine. Exploration within the GKJVA has focused on near-mine and brownfield discoveries that can extend the life of the GK Mine. Near-mine discoveries since 2018 include the NEX and SWC extensions to 5034, the Wilson kimberlite adjacent to Tuzo, and the Hearne Northwest Extension.

The Hearne Northwest Extension was discovered in late 2021, when kimberlite measuring 25 meters across was exposed in a bench face during routine mining operations. Drilling programs completed in 2022 and 2023 further delineated the extension, with preliminary logging suggesting that the internal geology is consistent with the known portions of the body. Drill traces for the 2023 program are shown as red lines in the images below, with the internal geology projected at depth from the preliminary logging. Modeling of the results indicates that the Hearne kimberlite extends vertically to depth by at least 150 meters.





Following on the success at Hearne, exploration for a similar extension was started at Tuzo. One drillhole collared northeast of Tuzo intersected kimberlite from 669.8-710 meters (~40m total). A second drillhole positioned 100 meters to the east of the first drillhole did not intersect kimberlite.

Core from the 2022-2023 drilling programs at Hearne and Tuzo is undergoing microdiamond, petrographic, mineralogical, and geochemical analysis to assess internal geology and commercial potential. Results are expected in Q2 of 2024.

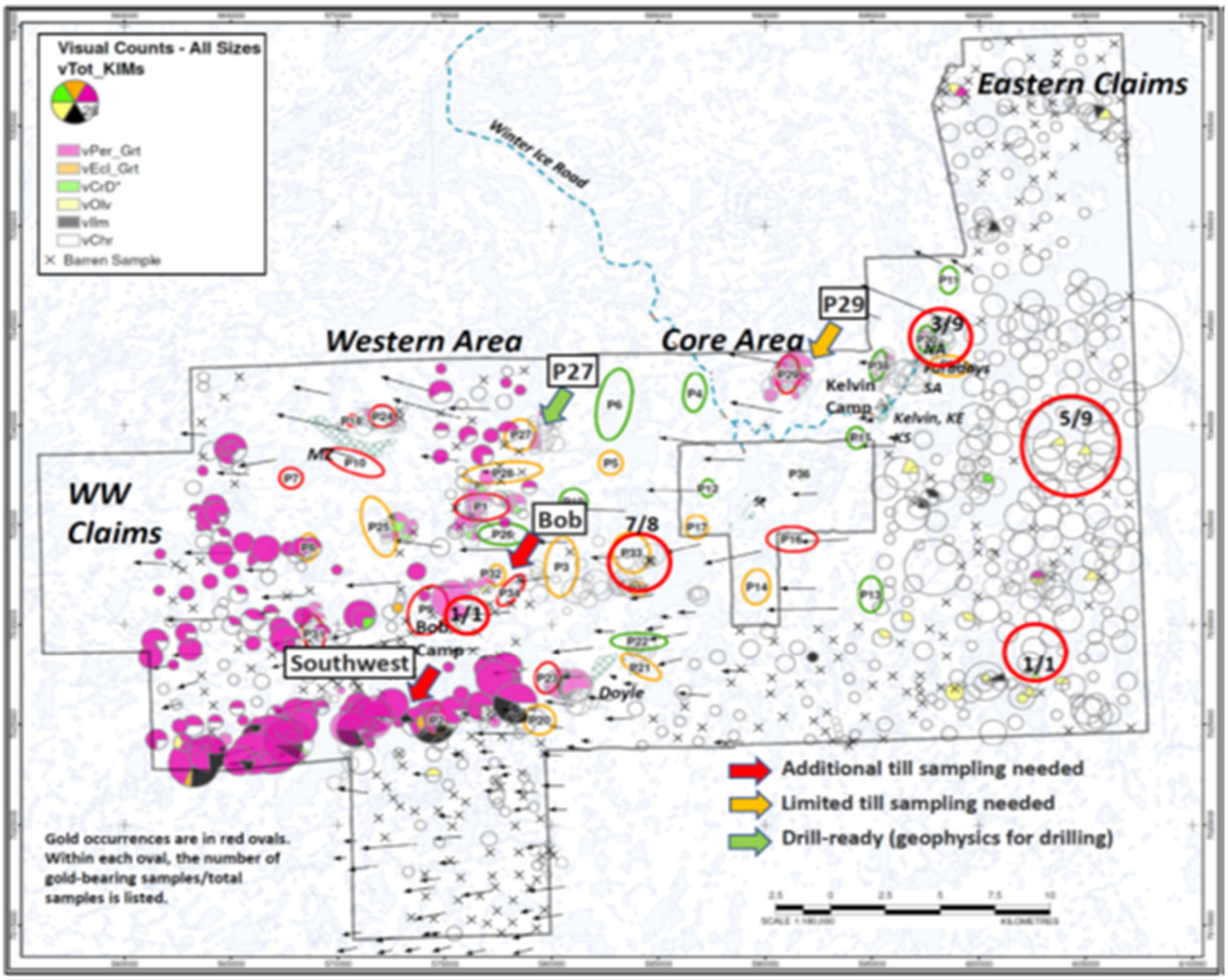
KNP PROJECT ("KNP") EXPLORATION

The KNP includes 22 federal leases and 97 claims covering an area of over 113,000 hectares that surround the GK Mine on all sides. KNP has five historic kimberlites: Kelvin, Faraday 2, Faraday 1-3, MZ, and Doyle. Four new areas of kimberlite were discovered in 2022: NA, SA, KS and KE.

The winter 2023 drilling program completed 2,540 meters of a 3,000-meter drill program. Kimberlite was intersected in two of five drillholes at the KE kimberlite. Two drillholes at SA also intersected kimberlite, as did two drillholes collared in an area between the SA and Faraday 2 kimberlites. All the kimberlite at these locations were identified as hypabyssal with intersects ranging from 0.18 to 1.85 meters. Nine drillholes that tested anomalies at Blob Lake, Fox Lake and Dragon Lake intersected no kimberlite.

Over 900 till samples were collected in 2021 and 2022 to provide infill for areas of interest and to confirm the presence of strong historic kimberlite indicator mineral ('KIM') dispersions on the western claims. The data have identified four areas of interest that merit further sampling and/or localized geophysics to identify drill targets. In the image below arrows note the P29, P27, Bob, and Southwest areas of interest for follow-up KIM sampling.

Four till samples were also confirmed to have visible gold grains in the +0.25-0.50mm range, with three grains showing features of minimal transport. As supporting evidence, the -0.25mm fractions of the four anomalous samples plus 24 additional samples were processed for gold recovery. Gold grains were recovered in 18 of the 28 samples. The locations of the gold-bearing till samples are circled in red in the image below.



A summer 2023 field program was planned to conduct infill till sampling for the four areas of interest as shown in the map above. Float and outcrop sampling up-ice of the anomalous gold samples was also planned. Both activities were cancelled by the secondment of all aircraft to battle wildfires near Yellowknife and elsewhere in the Northwest Territory.

Regulatory activities for Kennady North included the preparation and submission of water licenses and land use permits for renewal. The applications underwent a review and comment process, with renewals granted in Q1 of 2024. Ongoing community engagement centered on the permitting applications, and meetings were held with all applicable indigenous groups. Securities for the new licenses and permits were updated for inflation following discussions with the GNWT. Further kinetic geochemical testing of kimberlite and its host rock was deemed unnecessary, and it was discontinued in Q4 2023. Planned exploration in 2024 is contingent on the successful renewal of the permits and on the availability of discretionary funding.

The KNP includes 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 Kennady Diamonds Inc.) and the NI43-101 Compliant Technical Report filed April 11, 2019, under Mountain Province. 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 nine diamond sales during the year ended December 31, 2023.

SELECTED ANNUAL INFORMATION

Expressed in thousands of Canadian dollars	December 31 2023	December 31 2022
	$	$
Sales	328,630	388,853
Earnings from mine operations	102,425	170,525
Impairment loss on property, plant and equipment	(104,593)	-
Operating (loss) income	(23,039)	141,027
Net (loss) income for the year	(43,671)	49,195
Basic and diluted earnings (loss) per share	(0.21)	0.23
Cash flow provided by operating activities	143,415	172,629
Cash flow provided by (used in) investing activities	(82,520)	(64,639)
Cash flow provided by (used in) financing activities	(47,069)	(115,495)
Balance Sheet		
Total assets	856,854	898,541
Total liabilities	495,850	491,383
Total cash dividends declared per common share	-	-

In the year ended December 31, 2023, diamond sales related to 2,718,000 carats sold for $328,630 (US$243,788), compared to 2,657,000 carats sold for $388,853 (US$297,295) in 2022. During the years ended December 31, 2023 and 2022, the Company benefited from higher realized diamond prices, and was able to experience a recovery from the Covid 19 lows of the previous years. This resulted in significant positive earnings from mine operations during the years ended December 31, 2023 and 2022. The net loss for the year ended December 31, 2023 resulted from an impairment loss of $104,593 on property, plant and equipment specific to the GK Mine cash generating unit. Net income (loss) is also affected by unrealized foreign exchange gains (losses) from period-to-period on our US$ denominated debt. The lower realized prices of diamonds contributed to lower operating cash flow reported for 2023 compared to 2022.

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 2023 compared to 2022, because of the full repayment of the Dunebridge revolving credit facility (Dunebridge RCF) and the repayment of the Old Notes in 2022.

The Company typically holds between nine 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.

Overall total assets have decreased in 2023 compared to 2022, and the main reason for the decrease was due to the non-cash impairment write down of the value of property plant and equipment .

SUMMARY OF FULL YEAR 2023 FINANCIAL RESULTS

Year ended December 31, 2023, compared to the year ended December 31, 2022, expressed in thousands of Canadian dollars.

For the year ended December 31, 2023, the Company recorded a net loss of $43,671 or $0.21 loss per share compared to $49,195 net income or $0.23 earnings per share for the same period in 2022.

The lower net income for the year ended December 31, 2023, compared to 2022 is largely attributed to the impairment loss on property, plant and equipment, a decrease in earnings from mine operations, reflecting lower sales due to lower average diamond sales price per carat (with slightly higher carats sold), off-set by foreign exchange and derivative gains in 2023 compared to the loss in 2022.

Earnings from mine operations

Earnings from mine operations for the year ended December 31, 2023, were $102,425 compared to earnings from mine operations of $170,525 for the same period in 2022. For the year ended December 31, 2023, diamond sales of 2,718,000 carats generated $328,630 (US$243,788), or approximately $121 per carat sold, compared to 2,657,000 carats for $388,853 (US$297,295), or approximately $146 per carat sold. During the years ended December 31, 2023 and 2022, the Company benefited from higher realized prices compared to Covid-19 impacted lows during 2020 and 2021. However, the lower prices realized in 2023 compared to 2022 reflects the general slowdown that started late in Q1 2023 and a reversion back to pre-Covid levels.

For the year ended December 31, 2023 production costs (excluding capitalized stripping costs) related to diamonds sold were $138,383 ; depreciation and depletion charges on the GK Mine commissioned assets related to diamonds sold for the year ended December 31, 2023 were $70,574; and the cost of acquired diamonds for the year ended December 31, 2023 was $17,248,which was paid to De Beers after winning the periodic fancies and specials bids. The total cost of production of $226,205 in 2023, equates to a per carat cost of approximately $83 per carat sold. Earning from mine operations were $102,425. For the year ended December 31, 2022, production costs (net of capitalized stripping costs) related to diamonds sold were $131,596; depreciation and depletion charges on the GK Mine commissioned assets related to diamonds sold for the year ended December 31, 2022 were $56,935; and the cost of acquired diamonds for the year ended December 31, 2022 was $29,797, which was paid to De Beers after winning the periodic fancies and specials bids. The total production of $218,328, equates to a per carat cost of approximately $82 per carat sold. Resultant earnings from mine operations were $170,525.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended December 31, 2023, were $14,317 compared to $17,171 for the same period in 2022. The decrease in overall selling, general and administrative costs for the year ended December 31, 2023, compared to the same period in 2022, can mainly be attributed to a decrease in consulting and payroll fees due mainly to the payout in 2022 for the former CFO, the overlapping salaries of the CFO role during the transition period, the recruiting agency fee incurred and also, a reduction in the share-based payment expense compared to the prior period, as less stock options and restricted share units were granted. These reductions are offset by an increase in selling and marketing expenses due to the return to normal operations and resumption of travel to the sorting facilities.

Exploration and evaluation expenses

Exploration and evaluation expenses for the year ended December 31, 2023, were $6,554 compared to $12,327 for the same period in 2022. Exploration and evaluation expenses have decreased for the year ended December 31, 2023 compared to same period in 2022, as targeted exploration activities in respect of KNP continued but were scaled back in 2023. Of the $6,554 total exploration and evaluation expenses incurred in the year ended December 31, 2023, $2,093 is related to the Company's 49% share of the exploration and evaluation expenses on the GK Mine, while the remaining $4,461 is related to activity on the KNP. Of the $12,327 total exploration and evaluation expenses incurred in the year ended December 31, 2022, $1,667 related to the Company's 49% share of the exploration and evaluation expenses on the GK Mine, while the remaining $10,660 related to those spent on the KNP.

Finance expenses

Finance expenses for the year ended December 31, 2023, were $41,918 compared to $47,812 for the same period in 2022. Included in these amounts for the year ended December 31, 2023 were $39,213 relating to financing costs and $2,705 relating to accretion expense on decommissioning liability. Included in these amounts for the year ended December 31, 2022 were $35,916 relating to financing costs, $10,031 relating to loss on loan and $1,865 relating to accretion expense on decommissioning liability. Finance costs have decreased due to the $10,031 loss on loan on the Dunebridge JCF booked in 2022 that did not reoccur.

Foreign exchange (losses) gains

Foreign exchange gains for the year ended December 31, 2023, were $6,637 compared to foreign exchange losses of $28,162 for the same period in 2022. The foreign exchange gains for the year ended December 31, 2023 were a result of the Canadian dollar strengthening relative to U.S dollar and the translation of the Notes and Dunebridge JCF, net of U.S dollar cash balances, to Canadian dollar at the spot rate at year end. The majority of the foreign exchange gains for the year ended December 31, 2023 relates to unrealized gains associated with the translation of the U.S dollar-based Notes and Dunebridge JCF, which is not closely tied to operational metrics. At December 31, 2023 the U.S. dollar Canadian dollar spot exchange rate was $1.3243/US$1 compared to $1.3554/US$1 at December 31, 2022 and $1.2637/US$1 at December 31,2021. The foreign exchange losses for the year ended December 31, 2022 was a result of the Canadian dollar weakening relative to U.S dollar and translation of the Notes and the, Dunebridge JCF, 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, 2023 were $1,980 compared to $21,200 for the same period in 2022. For the year ended December 31, 2023, the deferred tax liability and corresponding expense decreased due to the impairment loss recorded in the period and lower production income generated in the period resulting in utilizing lower tax pools compared to the periods in 2022.

SUMMARY OF QUARTERLY RESULTS

Table 1 - Quarterly Financial Data

Expressed in thousands of Canadian dollars

		Three months ended			
		December 31 2023	**September 30 2023**	**June 30 2023**	**March 31 2023**
Earnings and Cash Flow					
Number of sales		2	2	2	3
Sales	$	79,778	60,277	59,918	128,657
Operating (loss) income	$	(83,356)	(1,125)	20,351	41,091
Net (loss) income for the period	$	(75,792)	(13,421)	17,318	28,224
Basic (loss) earnings per share	$	(0.36)	(0.06)	0.08	0.13
Diluted (loss) earnings per share	$	(0.36)	(0.06)	0.08	0.13
Adjusted EBITDA[NI]	$	39,767	25,626	31,479	68,177
Cash flow provided by (used in) operating activities	$	48,017	30,322	(17,854)	82,930
Cash flow provided by (used in) investing activities	$	(20,498)	(18,034)	(20,954)	(23,034)
Cash flow provided by (used in) financing activities	$	(10,845)	(7,987)	(11,183)	(17,054)
Balance Sheet					
Total assets	$	856,854	924,382	940,593	985,749

		Three months ended			
		December 31 2022	**September 30 2022**	**June 30 2022**	**March 31 2022**
Earnings and Cash Flow					
Number of sales		2	2	3	2
Sales	$	96,315	110,124	97,761	84,653
Operating income	$	25,257	37,705	43,047	35,018
Net (loss) income for the period	$	9,421	(7,187)	22,634	24,327
Basic (loss) earnings per share	$	0.04	(0.03)	0.11	0.12
Diluted (loss) earnings per share	$	0.05	(0.03)	0.11	0.11
Adjusted EBITDA[NI]	$	23,409	54,104	55,127	44,597
Cash flow provided by (used in) operating activities	$	68,937	59,368	37,316	7,008
Cash flow provided by (used in) investing activities	$	(30,795)	(9,721)	(9,736)	(14,387)
Cash flow provided by (used in) financing activities	$	(97,522)	(1,894)	(15,674)	(394)
Balance Sheet					
Total assets	$	898,541	966,173	936,017	935,753

The Company typically holds between nine to ten sales per year in Antwerp, Belgium, and has typically alternated between two and three sales per quarter since the start of commercial production.

During the three months ended December 31, 2023, the Company sold 918,000 carats and recognized revenue of $79,778 at an average realized value of $87 per carat (US$64) over two sales in Antwerp, Belgium. The Company had operating loss[NI] of $83,356.

During the three months ended September 30, 2023, the Company sold 479,000 carats and recognized revenue of $60,277 at an average realized value of $126 per carat (US$95) over two sales in Antwerp, Belgium. The Company had operating loss of $1,125.

During the three months ended June 30, 2023, the Company sold 360,000 carats and recognized revenue of $59,918 at an average realized value of $166 per carat (US$124) over two sales in Antwerp, Belgium. The Company had operating income of $20,351.

During the three months ended March 31, 2023, the Company sold 961,000 carats and recognized revenue of $128,657 at an average realized value of $134 per carat (US$99) over three sales in Antwerp, Belgium. The Company had operating income of $41,091.

During the three months ended December 31, 2022, the Company sold 758,000 carats and recognized revenue of $96,315 at an average realized value of $127 per carat (US$94) over two sales in Antwerp, Belgium. The Company had operating income of $25,257.

During the three months ended September 30, 2022, the Company sold 805,000 carats and recognized revenue of $110,124 at an average realized value of $137 per carat (US$104) over three sales in Antwerp, Belgium. The Company had operating income of $37,705.

During the three months ended June 30, 2022, the Company sold 587,000 carats and recognized revenue of $97,761 at an average realized value of $167 per carat (US$130) over three sales in Antwerp, Belgium. The Company had operating income of $43,047.

During the three months ended March 31, 2022, the Company sold 507,000 carats and recognized revenue of $84,653 at an average realized value of $167 per carat (US$132) over two sales in Antwerp, Belgium. The Company had operating income of $35,018.

SUMMARY OF FOURTH QUARTER FINANCIAL RESULTS

Three months ended December 31, 2023, compared to the three months ended December 31, 2022, expressed in thousands of Canadian dollars.

For the three months ended December 31, 2023, the Company recorded net loss of $75,792 or $0.36 basic and diluted loss per share compared to a net income of $9,421 or $0.04 basic and diluted earnings per share for the same period in 2022. The lower net income for the three months ended December 31, 2023, compared to 2022 is largely attributed to the impairment loss on property, plant and equipment, a decrease in earnings from mine operations, reflecting lower sales due to lower average diamond sales price per carat (although higher carats were sold in Q4 2023) and, off-set by higher foreign exchange gain and derivative gains in 2023 compared to 2022.

Earnings from mine operations

Earnings from mine operations for the three months ended December 31, 2023, were $25,642 compared to earnings from mine operations of $31,640 for the same period in 2022. For the three months ended December 31, 2023, the Company held two sales and sold 918,000 carats for proceeds of $79,778 with diamond sales value per carat of US$64 (three months ended December 31, 2022, the Company held two sales and sold 758,000 carats for $96,315 at US$94 per carat).

Production costs (net of capitalized stripping costs) related to diamonds sold for the three months ended December 31, 2023, were $33,415; depreciation and depletion on the GK Mine assets related to the three months ended December 31, 2023, were $18,962; and the cost of acquired diamonds for the three months ended December 31, 2023, were $1,759, which was paid to De Beers after winning the periodic fancies and specials bids. Resultant earnings from mine operations for the three months ended December 31, 2023, were $25,642. Production costs (net of capitalized stripping costs) related to the three months ended December 31, 2022, were $38,449; and depreciation and depletion on the GK Mine commissioned assets related to the three months ended December 31, 2022, were $17,748; and the cost of acquired diamonds for the three months ended December 31, 2022, were $8,478.

The decrease in production costs for the three months ended December 31, 2023, over the same period in 2022, is that despite inflationary pressures there were lower labour and consumable costs.

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended December 31, 2023, were $3,837 compared to $5,476 for the same period in 2022. The main expenses included in these amounts for the three months ended December 31, 2023, were $1,876 relating to selling and marketing, $724 related to consulting fees and payroll, $476 related to professional fees, $228 related to share-based payment and $257 relating to office and administration. The main expenses included in these amounts for the three months ended December 31, 2022, were $2,180 relating to selling and marketing, $1,593 related to consulting fees and payroll, $393 related to professional fees, $496 related to share-based payment and $322 relating to office and administration. The decrease in total selling, general and administrative costs for the three months ended December 31, 2023, compared to the same period in 2022, can mainly be attributed to a decrease in consulting and payroll fees due mainly to a reduction in bonuses and also, a reduction in the share-based payment expense compared to the prior period, as less stock options and restricted share units were granted.

Exploration and evaluation expenses

Exploration and evaluation expenses for the three months ended December 31, 2023, were $568 compared to $907 for the same period in 2022. Of the $568 total exploration and evaluation expenses incurred in the three months ended December 31, 2023, $52 is related to the Company's 49% share of the exploration and evaluation expenses on the GK Mine, while the remaining $516 related to expenditure on the KNP. Of the $907 total exploration and evaluation expenses incurred in the three months ended December 31, 2022, $2 related to the Company's 49% share of the exploration and evaluation expenses on the GK Mine, while the balance of $905 related to expenditure on the KNP and reflected a larger drill program being undertaken in 2022, than was the case during 2023.

Finance expenses

Finance expenses for the three months ended December 31, 2023, were $12,672 compared to $19,861 for the same period in 2022. Included in the amount for the three months ended December 31, 2023, were $11,908 relating to finance costs and $764 relating to accretion expense on the decommissioning liability. Included in the amount for the three months ended December 31, 2022, were $9,211 relating to finance costs, $619 relating to accretion expense on the decommissioning liability and $10,031 relating to loss on JCF. Finance costs were lower for the three months ended December 31, 2023, compared to the same period in 2022, due to loss on loan relating to JCF that did not reoccur.

Foreign exchange gains

Foreign exchange gains for the three months ended December 31, 2023, were $6,683 compared to foreign exchange gains of $5,592 for the same period in 2022. The higher foreign exchange gains for the three months ended December 31, 2023, were mainly a result of the Canadian dollar strengthening relative to the US dollar at a higher rate compared to the same periods of 2022. The spot rate on December 31, 2023, was $1.3243/US$1 compared to $1.3577/US$1 at September 30, 2023, and $1.3554/US$1 at December 31, 2022.

Deferred income taxes

Deferred income taxes or recovery for the three months ended December 31, 2023, were $610 compared to $5,520 for the same period in 2022. The deferred income tax expenses were lower in the three months ended December 31, 2023 due to the impact of the impairment loss on property, plant and equipment.

INCOME AND MINING TAXES

The Company is subject to income and mining taxes in Canada with the statutory income tax rate at 26.5% and the variable mining tax rate, which is on a tiered basis from 5% to 14%.

At this time, no deferred tax asset has been recorded in the consolidated 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 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 the US$330 million in second lien secured notes payable (the 'Old Notes'). On December 14, 2022, the Old Notes were settled, and the Company issued US$195 million notes (the "Notes") (Consolidated Financial Statements, Note 8). The Notes includes a covenant that the consolidated financial statements do not include a qualification as to scope or going concern. In addition, the Notes include a cash sweep mechanism where any excess cash held by the Company that is greater than US$20 million at quarter end is required to be used to redeem the Notes, commencing with fiscal quarter ending March 31, 2023. During the year ended December 31, 2023, the Company redeemed US$18 million of Notes. For the year ended December 31, 2023, the Company obtained a waiver from the Note holders to waive the unqualified financial statements covenant.

On March 28, 2022, the Company executed a junior secured term loan facility (the "Dunebridge JCF") agreement with Dunebridge Worldwide Ltd. ("Dunebridge"), for US$50 million (consolidated financial statements Note 9).

Cash flows provided by operating activities, including changes in non-cash working capital for the three months and year ended on December 31, 2023, were $48,017 and $143,415 compared to cash flows of $68,938 and $172,630 for the same periods in 2022. The cash generated from the operating activities excluding changes in non-cash working capital for the year ended December 31, 2023, at $152,504 compared with $200,313 earned in the same period in 2022. The respective cash flows reflect the net loss of $43,671 for the year ended December 31, 2023, and net income earned of $49,195 for the year ended December 31, 2022, which are impacted by differing adjustments in those respective periods. The major differences in adjustments for the year ended December 31, 2023, compared to year ended December 31, 2022 comprise the impairment of property, plant and equipment of $104,593, compared to Nil in 2022, foreign exchange gain of $6,637 compared to a loss of $28,162 in 2022; derivative gain of $11,790 compared to a loss of $2,513 in 2022, and deferred income taxes of $1,980 compared to $21,200 in 2022.

In respect of the adjustments for changes in non-cash working capital for the year ended December 31, 2023, the adjustments amounted to $9,089, compared to $27,683 for the year ended December 31, 2022. The difference is explained by the adjustment in respect of inventories consumed and expensed in the year ended December 31, 2023, being $11,019 less than for the year ended December 31, 2022, and a comparative increase in accounts payable and accrued liabilities

Cash flows used in investing activities for the three months and year ended December 31, 2023, were $20,498 and $82,520 compared to $30,795 and $64,639 for the same periods in 2022. For the three months and year ended December 31, 2023, the outflows for the purchase of property, plant and equipment were $20,536 and $83,302 compared to $26,302 and $60,432 for the same periods in 2022, reflecting the increase in capitalised waste stripping activity in 2023 compared to 2022. For the three months and year ended December 31, 2023, the outflow for restricted cash was $448 and $1,658 compared to $5,287 and $5,579 for the same periods in 2022, which relates to interest earned on the decommissioning fund of the GK Mine. For the three months and year ended December 31, 2023, reclamation costs were $187 and $187, compared to nil for the same periods in 2022. For the three months and year ended December 31, 2023, interest income was $673 and $2,627, compared to $794 and $1,372 for the same periods in 2022.

Cash flows used in financing activities for the three months and year ended December 31, 2023, were $10,845 and $47,069 compared to cash flows used of $97,533 and $115,495 for the same periods in 2022. Cash flows used in financing activities for the year ended December 31, 2023, relate mainly to the redemption of $24,032 principal from the Notes and $22,748 interest payment on the remaining balance and redemption amounts during the period. Cash flows used by financing activities for the three months and year ended December 31, 2022, relate to the cash provided by the Dunebridge JCF, offset by redemptions on the Old Notes and interest payments.

FINANCIAL INSTRUMENT RISKS

The Company examines the various financial instruments 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 $1,109 and $912 as at December 31, 2023 and 2022, respectively, were received post year end.

On December 31, 2023 and 2022, the Company does not have any allowance of 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 financial strength of the parties from whom most of the amount receivable are due- the Canadian government for harmonized sales tax ("HST") refunds receivable in the amount of approximately $901 (2022 - $822).

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

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 (eight during Covid impacted markets in 2020 and 2021) , in addition to occasional sales of fancies and special diamonds to De Beers, 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 of the Notes indenture and/or maintain sufficient liquidity.

As of December 31, 2023, the Company has an obligation of US$177 million or $234.4 million Canadian dollar equivalent (2022 – US$195 million or $264.3 Canadian dollar equivalent) from the Notes. 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. Failure to meet the obligations of the Notes as they come due may lead to the sale of the 49% participating interest in the GK Mine.

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.

The Company realized cash flows from operating activities of $143,415 in the year ended December 31, 2023 (2022 – $172,630) and has $29,674 cash on hand at December 31, 2023 (December 31, 2022 - $17,247). The Company's revenues, operating results and cash inflows are highly dependent on achieving certain thresholds of diamond production, sales, and prices. The Company has prepared its liquidity assessment based on the actual results through February 2024 and using forecasted diamond production, sales, and prices for the 12-month period ending December 31, 2024. If these thresholds are not substantially achieved, the Company will have to implement alternative plans to ensure that it will have sufficient liquidity for the 12-month period from continuing operations. 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 enforcing its remedies under the joint venture agreement with De Beers (the 'JV Agreement'), which could result in, amongst other things the dilution of the Company's interest in the GK Mine, and at certain dilution levels trigger cross-default clauses within the Senior Secured Notes. The volatility in production, sales and pricing of the Company's diamonds indicate the existence of material uncertainties that may cast significant doubt about 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.

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, 2023 and 2022, since the Notes and Dunebridge JCF do not have variable interest rates. At December 31, 2023, the total Notes principal was US$177 million (2022 – US$195 million) and the Dunebridge JCF principal was US$50 million (2022 - US$50 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 proceeds, in U.S. dollars, of its 49% share of the GK Mine diamonds produced.

As at December 31, 2023 and 2022, the Company had cash, derivative assets, accounts payable and accrued liabilities, the Dunebridge JCF and the Notes that are in U.S. dollars. The Canadian dollar equivalent is as follows:

	December 31, 2023	December 31, 2022
Cash	$ 26,874	$ 11,417
Derivative assets	3,267	2,214
Accounts payable and accrued liabilities	(11,073)	(2,950)
Dunebridge JCF	(67,153)	(67,770)
Secured notes payable	(234,401)	(264,303)
Total	**$ (282,486)**	$ (321,392)

A 10% appreciation or depreciation of the Canadian dollar relative to the U.S. dollar at December 31, 2023 and 2022 would have resulted in an increase or decrease to net income for the year of approximately $28.2 million and $32.1 million, respectively.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

MATERIAL ACCOUNTING POLICIES ADOPTED IN THE CURRENT PERIOD

The new accounting policies and amendments that became effective in the current period are disclosed in Note 3 of the consolidated financial statements.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Significant accounting estimates and assumptions are disclosed in Note 4 of the consolidated financial statements.

STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

New standards applicable to the Company are disclosed in Note 3 of the consolidated financial statements.

RELATED PARTY TRANSACTIONS

The Company's related parties include Mr. Dermot Desmond, Dunebridge and Vertigol Unlimited Company ("Vertigol") (Dunebridge and Vertigol being corporations ultimately beneficially owned by Mr. Dermot Desmond), the Operator of the GK Mine, key management, and the Company's directors. Mr. 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 Mr. Dermot Desmond.

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

Transactions with key management personnel and directors are in respect 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 chair of the Company.

On March 28, 2022, the Company executed the Dunebridge JCF agreement with Dunebridge, for US$50 million (consolidated financial statements Note 9).

Between 2014 and 2020, the Company and De Beers signed agreements allowing De Beers 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 the Company's share of the letters of credit issued. In 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. In the year ended December 31, 2022, the joint venture management committee approved a funding of $5 million for a total funded of $30 million. 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, 2023, the Company funded $Nil (2022 - $5 million) into the decommissioning fund, which is presented as restricted cash on the balance sheet of $32,381 (2022 - $30,723) representing the total funded amount and interest earned.

As at December 31, 2023, the Company's share of the letters of credit issued were $44.7 million (2022 - $44.7 million).

Failure to meet the obligations for cash calls to fund the Company's share in the GK Mine may lead to the operator enforcing its remedies under the joint venture agreement with De Beers (the "JV Agreement"), which could result in, amongst other things the dilution of the Company's interest in the GK Mine.

The balances on December 31, 2023, and 2022, were as follows:

		December 31, 2023		December 31, 2022
Payable to De Beers Canada Inc. as the operator of the GK Mine*	**$**	**8,896**	$	3,427
Payable to De Beers Canada Inc. for interest on letters of credit		**89**		136
Loan payable to Dunebridge Worldwide Ltd.		**76,612**		68,923
Payable to key management personnel		**82**		592

*Included in accounts payable and accrued liabilities

The transactions for the years ended December 31, 2023 and 2022 were as follows:

		Year ended December 31, 2023		Year ended December 31, 2022
The total of the transactions:				
International Investment and Underwriting	**$**	**120**	$	120
Remuneration to key management personnel		**2,497**		3,764
Diamonds sold to De Beers Canada Inc.		**9,940**		15,376
Diamonds purchased from De Beers Canada Inc.		**20,812**		26,346
Finance costs incurred from De Beers Canada Inc.		**134**		136
Finance costs incurred from Dunebridge Worldwide Ltd.		**9,551**		1,724
Management fee charged by the Operator of the GK Mine		**3,431**		3,332

The remuneration expense of directors and other members of key management personnel for the years ended December 31, 2023 and 2022 were as follows:

		Year ended December 31,2023		Year ended December 31,2022
Consulting fees, payroll, director fees, bonus and other short-term benefits	**$**	**1,714**	$	2,842
Share-based payments		**903**		1,042
	$	**2,617**	$	3,884

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	$ 3,812	$ -	$ -	$ -	**$ 3,812**
Gahcho Kué Diamond Mine decommissioning fund	25,000	-	-	-	**25,000**
Junior Credit facility - Principal	-	-	66,215	-	**66,215**
Junior Credit facility - Interest	-	-	54,069	-	**54,069**
Notes payable - Principal	-	245,394	-	-	**245,394**
Notes payable - Interest	21,096	20,924	-	-	**42,020**
	$ 49,908	**$ 266,318**	**$ 120,284**	**$ -**	**$ 436,510**

NON-IFRS MEASURES

The MD&A refers to the terms "Cash costs of production per tonne of ore processed" and "Cash costs of production per carat recovered", both including and net of capitalized stripping costs and "Operating Income", "Adjusted Earnings Before Interest, Taxes Depreciation and Amortization (Adjusted EBITDA)" and "Adjusted EBITDA Margin". Each of these is a non-IFRS performance measure and is referenced in order to provide investors with information about the measures used by management to monitor performance. These measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. They do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers.

Cash costs of production per tonne of ore processed and cash costs of production per carat recovered are used by management to analyze the actual cash costs associated with processing the ore, and for each recovered carat. Differences from production costs reported within cost of sales are attributed to the amount of production cost included in ore stockpile and rough diamond inventories.

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

Adjusted EBITDA is used by management to analyze the operational cash flows of the Company, as compared to the net income for accounting purposes. It is also a measure which is defined in the Notes documents. Adjusted EBITDA margin is used by management to analyze the operational margin % on cash flows of the Company.

The following table provides a reconciliation of the Adjusted EBITDA and Adjusted EBITDA margin with the net income on the consolidated statement of comprehensive (loss) income:

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

The following table provides a reconciliation of the cash costs of production per tonne of ore processed and per carat recovered and the production costs reported within cost of sales on the consolidated statements of comprehensive (loss) income:

(in thousands of Canadian dollars, except where otherwise noted)		**Three months ended December 31, 2023**	Three months ended December 31, 2022	**Year ended December 31, 2023**	Year ended December 31, 2022
Cost of sales production costs	$	33,415	38,449	138,383	131,596
Timing differences due to inventory and other non-cash adjustments	$	(12,026)	2,507	(7,802)	4,105
Cash cost of production of ore processed, net of capitalized stripping	$	21,389	40,956	130,581	135,701
Cash costs of production of ore processed, including capitalized stripping	$	38,721	64,858	204,927	185,536
Tonnes processed	kilo tonnes	419	406	1,593	1,520
Carats recovered	000's carats	770	794	2,723	2,704
Cash costs of production per tonne of ore, net of capitalized stripping	$	51	101	82	89
Cash costs of production per tonne of ore, including capitalized stripping	$	93	160	129	122
Cash costs of production per carat recovered, net of capitalized stripping	$	28	52	48	50
Cash costs of production per carat recovered, including capitalized stripping	$	50	82	75	69

OTHER MANAGEMENT DISCUSSION AND ANALYSIS REQUIREMENTS

Risks

The Company'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.

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

- 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 cannot be maintained on acceptable terms;
- risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits;

- risk that the future exploration, development, or mining results will not be consistent with the Company's expectations;
- risks that accidents, equipment breakdowns or other unanticipated difficulties interrupt production;
- risk of delays in exploration activities or the completion of studies;
- risks that exploration costs are not within the Company's estimates;
- risks related to foreign exchange fluctuations, prices of diamonds, and growth in demand for laboratory grown diamonds;
- risks in market stability causing the sale of diamond inventory at below cost;
- risks related to price fluctuations in respect of critical production related commodities;
- risks relating to failure to comply with the covenants in the Dunebridge JCF;
- risks relating to failure to comply with covenants of the Notes;
- risks of weather (climate change and other) adverse to the building and use of the Tibbitt to Contwoyto winter road upon which the GK Mine is reliant for the cost-effective annual resupply of key inventory including fuel and explosives;
- risks related to environmental regulation, environmental liability and permitting;
- risks related to legal challenges to operating permits that are approved and/or issued;
- political and regulatory risks associated with mining, exploration, and development, particularly in environmentally sensitive areas;
- risks of new aboriginal rights and title being raised;
- risks of failure of the specialised plant, equipment, processes, and transportation services to operate as anticipated;
- risk of material variations in ore grade or recovery rates; and
- other risks and uncertainties related to the Company's prospects, properties, and business strategy.

Also, there can be no assurance that any further funding required by the Company will become available to it, and if it is, 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.

On April 1, 2024, there were 211,559,588 common shares issued, 7,980,984 stock options and 2,618,058 restricted share units outstanding. There were 41,000,000 warrants outstanding on April 1, 2024.

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).

DC&P are designed to provide reasonable assurance that material information relating to the Company is made known to the CEO and CFO during the reporting period and the information required to be disclosed by the Company 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 Company'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 concluded that, as of December 31, 2023, 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, 2023. The Company's CEO and CFO have each evaluated the design of the Company's disclosure controls and procedures as of December 31, 2023.

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 the Company; 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 the Company, 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 the Company 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 the return of 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 GK 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. the Company's 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. The Company 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 the Company 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 The Company 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, the Company may make changes to its business plans that could affect its results. The principal assets of the Company are administered pursuant to a joint venture under which the Company is not the operator. The Company 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 Notes and credit facilities, The Company is subject to certain limitations on its ability to pay dividends on common shares. Subject to these limitations under the Company's debt facilities, the declaration of dividends is otherwise at the discretion of Mountain Province's Board of Directors, 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.