



Condensed Consolidated Interim Financial Statements
(Expressed in thousands of Canadian Dollars)

**MOUNTAIN PROVINCE
DIAMONDS INC.**

Three and nine months ended September 30, 2023
(Unaudited)

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RESPONSIBILITY FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Mountain Province Diamonds Inc. (the "Company") are the responsibility of management and have been approved by the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the Company's audited consolidated financial statements as at December 31, 2022. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting using accounting policies consistent with IFRS Accounting Standards as issued by the International Accounting Standards Board appropriate in the circumstances.

Management has established processes, which are in place to provide sufficient knowledge to support management representations that it has exercised reasonable diligence that the unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, financial performance, and cash flows of the Company, as at and for the periods presented in the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the condensed consolidated interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. The Audit Committee assists the Board of Directors in fulfilling this responsibility.

The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its unaudited condensed consolidated interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with IFRS as issued by the IASB, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Mark Wall"

Mark Wall

President and Chief Executive Officer

Toronto, Canada

November 9, 2023

"Steven Thomas"

Steven Thomas

VP Finance and Chief Financial Officer

Condensed Consolidated Interim Balance Sheets

Expressed in thousands of Canadian dollars
(Unaudited)

	Notes	September 30, 2023	December 31, 2022
ASSETS			
Current assets			
Cash		\$ 14,130	\$ 17,247
Amounts receivable		1,475	912
Prepaid expenses and other		542	345
Derivative assets	14	2,039	2,214
Inventories	5	196,513	160,789
		214,699	181,507
Restricted cash	17	31,933	30,723
Reclamation deposit		250	250
Property, plant and equipment	6	677,500	686,061
Total assets		\$ 924,382	\$ 898,541
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 54,615	\$ 42,470
Income taxes payable		452	-
Decommissioning and restoration liability	7	2,304	1,057
Lease obligations		192	317
Warrant liability	9, 10	4,273	7,247
		61,836	51,091
Dunebridge junior credit facility	9	68,021	61,231
Secured notes payable	8	235,149	256,889
Lease obligations		620	119
Decommissioning and restoration liability	7	73,832	80,133
Deferred income tax liabilities		44,510	41,920
Shareholders' equity:			
Share capital	12	637,911	637,862
Share-based payments reserve	12	9,638	8,552
Deficit		(208,469)	(240,590)
Accumulated other comprehensive income		1,334	1,334
Total shareholders' equity		440,414	407,158
Total liabilities and shareholders' equity		\$ 924,382	\$ 898,541

On behalf of the Board:

"Ken Robertson"

Director

"Jonathan Comerford"

Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Comprehensive (Loss) Income

Expressed in thousands of Canadian dollars, except for the number of shares
(Unaudited)

	Notes	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Sales		\$ 60,277	\$ 110,124	\$ 248,852	\$ 292,538
Cost of sales:					
Production costs		37,233	39,367	104,968	93,147
Cost of acquired diamonds		4,626	8,122	15,489	21,319
Depreciation and depletion		15,768	17,972	51,612	39,187
Earnings from mine operations		2,650	44,663	76,783	138,885
Exploration and evaluation expenses		525	3,060	5,986	11,420
Selling, general and administrative expenses	13	3,250	3,898	10,480	11,695
Operating (loss) income		(1,125)	37,705	60,317	115,770
Net finance expenses	11	(8,990)	(9,167)	(27,292)	(27,373)
Other income	10	2,286	69	3,005	5,951
Derivative losses	14	(1,094)	(3,702)	(223)	(5,140)
Foreign exchange losses		(5,658)	(26,332)	(46)	(33,754)
(Loss) income before taxes		(14,581)	(1,427)	35,761	55,454
Current income taxes		(150)	-	(1,050)	-
Deferred income taxes		1,310	(5,760)	(2,590)	(15,680)
Net (loss) income for the period		\$ (13,421)	\$ (7,187)	\$ 32,121	\$ 39,774
Total comprehensive (loss) income for the period		\$ (13,421)	\$ (7,187)	\$ 32,121	\$ 39,774
Basic (loss) earnings per share	12(iv)	\$ (0.06)	\$ (0.03)	\$ 0.15	\$ 0.19
Diluted (loss) earnings per share	12(iv)	\$ (0.06)	\$ (0.03)	\$ 0.15	\$ 0.19
Basic weighted average number of shares outstanding		211,524,316	210,909,141	211,518,172	210,862,969
Diluted weighted average number of shares outstanding		211,524,316	210,909,141	214,302,896	213,381,414

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Equity

Expressed in thousands of Canadian dollars, except for the number of shares
(Unaudited)

	Notes	Number of shares	Share capital	Share-based payments reserve	Deficit	Accumulated other comprehensive income	Total
Balance, January 1, 2022		210,697,474	\$ 631,717	\$ 7,469	\$ (289,785)	\$ 1,334	\$ 350,735
Net income for the period		-	-	-	39,774	-	39,774
Share-based payments	12(iii)	-	-	1,427	-	-	1,427
Issuance of common shares – restricted share units		211,667	184	(184)	-	-	-
Balance, September 30, 2022		210,909,141	\$ 631,901	\$ 8,712	\$ (250,011)	\$ 1,334	\$ 391,936
Balance, January 1, 2023		211,489,141	\$ 637,862	\$ 8,552	\$ (240,590)	\$ 1,334	\$ 407,158
Net income for the period		-	-	-	32,121	-	32,121
Share-based payments	12(iii)	-	-	1,135	-	-	1,135
Issuance of common shares - restricted share units		70,447	49	(49)	-	-	-
Balance, September 30, 2023		211,559,588	\$ 637,911	\$ 9,638	\$ (208,469)	\$ 1,334	\$ 440,414

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statements of Cash Flows

Expressed in thousands of Canadian dollars
(Unaudited)

	Notes	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash provided by (used in):					
Operating activities:					
Net (loss) income for the period		\$ (13,421)	\$ (7,187)	\$ 32,121	\$ 39,774
<i>Adjustments:</i>					
Net finance expenses		8,971	9,158	27,260	27,342
Depreciation and depletion		15,826	18,028	51,784	39,354
Premium paid on foreign currency put option		-	-	-	(696)
Net realizable value adjustment		9,706	-	9,706	-
Share-based payment expense		429	503	1,135	1,427
Fair value gain of warrants		(2,265)	(54)	(2,974)	(5,851)
Derivative losses		1,094	4,079	223	5,836
Foreign exchange losses		5,658	26,332	46	33,754
Deferred income taxes		(1,310)	5,760	2,590	15,680
		24,688	56,619	121,891	156,620
<i>Changes in non-cash operating working capital:</i>					
Amounts receivable		2,287	478	(564)	214
Prepaid expenses and other		(354)	496	(197)	234
Income taxes payable		150	-	452	-
Inventories		6,414	6,349	(31,876)	(51,796)
Accounts payable and accrued liabilities		(2,863)	(4,574)	5,692	(1,808)
		30,322	59,368	95,398	103,464
Investing activities:					
Restricted cash		(436)	(166)	(1,210)	(292)
Interest income		517	351	1,954	578
Purchase of property, plant and equipment		(18,115)	(9,906)	(62,766)	(34,130)
		(18,034)	(9,721)	(62,022)	(33,844)
Financing activities:					
Payment of lease liabilities		(66)	(75)	(222)	(231)
Deferred financing costs		-	-	-	(1,034)
Provided by Dunebridge revolving credit facility		-	-	-	81
Repurchase of secured notes		(7,906)	(20,690)	(24,032)	(33,218)
Provided by Dunebridge junior credit facility		-	19,456	-	31,958
Financing costs paid	11	(15)	(585)	(11,970)	(15,518)
		(7,987)	(1,894)	(36,224)	(17,962)
Effect of foreign exchange rate changes on cash		519	2,155	(269)	2,683
Increase (decrease) in cash		4,820	49,908	(3,117)	54,341
Cash, beginning of period		9,310	29,433	17,247	25,000
Cash, end of period		\$ 14,130	\$ 79,341	\$ 14,130	\$ 79,341

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2023

**Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted
(Unaudited)**

1. NATURE OF OPERATIONS

Mountain Province Diamonds Inc. ("Mountain Province" and together with its subsidiaries collectively, the "Company") was incorporated on December 2, 1986 under the British Columbia Company Act. Mountain Province amended its articles and continued incorporation under the Ontario Business Corporations Act effective May 8, 2006. The Company holds a 49% interest in the operating Gahcho Kué Project ("Gahcho Kué Diamond Mine" or "GK Mine" or "GK Project") in Canada's Northwest Territories. The Company also owns 100% of the mineral rights of the Kennedy North Project ("KNP") in Canada's Northwest Territories.

The address of the Company's registered office and its principal place of business is 161 Bay Street, Suite 1410, Toronto, ON, Canada, M5J 2S1. The Company's shares are listed on the Toronto Stock Exchange ("TSX") under the symbol 'MPVD'.

2. BASIS OF PRESENTATION

These condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended December 31, 2022 ("Annual Consolidated Financial Statements"), except as noted below under Note 3 new accounting policies adopted in the current period.

These Interim Financial Statements were prepared under the historical cost convention except for certain financial instruments which are measured at fair value as explained in Note 3 of the accounting policies in the Annual Consolidated Financial Statements.

These Interim Financial Statements were approved by the Board of Directors on November 9, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) New accounting policies adopted in the current period

Definition of Accounting Estimates (Amendments to IAS 8)

The IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)* on February 12, 2021. The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. They also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for annual periods beginning on or after January 1, 2023. The adoption of the amendments did not impact the Interim Financial Statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The IASB issued *Definition of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements)* on February 12, 2021. The amendments require the disclosure of material accounting policy information rather than disclosing significant accounting policies. They also clarify how to distinguish between changes in accounting policies and changes in accounting estimates. The amendments are effective for annual

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2023

Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted
(Unaudited)

periods beginning on or after January 1, 2023. The adoption of the amendments did not impact the Interim Financial Statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

The IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* on May 7, 2021. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. The amendments are effective for annual periods beginning on or after January 1, 2023. The adoption of the amendments did not impact the Interim Financial Statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Interim Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these Interim Financial Statements, are described in Note 3 of the Annual Consolidated Financial Statements.

5. INVENTORIES

	September 30, 2023	December 31, 2022
Ore stockpile	\$ 54,051	\$ 52,845
Rough diamonds	69,893	56,745
Supplies inventory	72,569	51,199
Total	\$ 196,513	\$ 160,789

Depreciation and depletion included in inventories at September 30, 2023 is \$47,082 (December 31, 2022 - \$32,299).

The amount of inventory expensed approximates cost of sales with respect to production costs incurred, and the cost of acquired diamonds. Included in the production costs is a net realizable value adjustment for \$9.7 million that was recognized against the rough diamond inventory for the three and nine months ended September 30, 2023 (\$nil for the three and nine months ended September 30, 2022). The write-down is included in the cost of sales included in the condensed consolidated interim statements of comprehensive (loss) income.

Included in inventories and production costs, for the three and nine months ended September 30, 2023 are the Company's 49% share of payroll and employee benefits for staff of the GK Mine of \$11,951 and \$36,821 (three and nine months ended September 30, 2022 - \$10,049 and \$31,433, respectively).

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2023

Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted
(Unaudited)

6. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment as at September 30, 2023 and December 31, 2022 are as follows:

	Property, plant and equipment GK	Assets under construction GK	Property, plant and equipment KNP	Exploration and evaluation assets KNP	Total
Cost					
At January 1, 2022	\$ 959,788	\$ 10,185	\$ 1,686	\$ 169,392	\$ 1,141,051
Decommissioning and restoration adjustment	(12,415)	-	177	-	(12,238)
Additions/transfers*	66,369	127	-	-	66,496
Disposals	-	-	-	-	-
At December 31, 2022	1,013,742	10,312	1,863	169,392	1,195,309
Decommissioning and restoration adjustment	(5,353)	-	-	-	(5,353)
Additions/transfers*	67,081	995	-	-	68,076
Disposals	(3)	-	-	-	(3)
At September 30, 2023	\$ 1,075,467	\$ 11,307	\$ 1,863	\$ 169,392	\$ 1,258,029
Accumulated depreciation and impairment					
At January 1, 2022	\$ (426,571)	\$ -	\$ -	\$ -	\$ (426,571)
Depreciation and depletion**	(82,655)	-	(21)	-	(82,676)
At December 31, 2022	(509,226)	-	(21)	-	(509,247)
Depreciation and depletion**	(71,264)	-	(18)	-	(71,282)
At September 30, 2023	\$ (580,490)	\$ -	\$ (39)	\$ -	\$ (580,529)
Carrying amounts					
At December 31, 2022	\$ 504,516	\$ 10,312	\$ 1,842	\$ 169,392	\$ 686,061
At September 30, 2023	\$ 494,977	\$ 11,307	\$ 1,824	\$ 169,392	\$ 677,500

*Included in additions of property, plant and equipment for GK mine is \$61,721 (December 31, 2022 - \$55,822) related to deferred stripping of which \$4,707 relates to the depreciation of earthmoving equipment (December 31, 2022 - \$5,987).

**Included in depreciation and depletion is \$147 of depreciation on the right-of-use assets (December 31, 2022 - \$194).

7. DECOMMISSIONING AND RESTORATION LIABILITY

The decommissioning and restoration liability is comprised of the liabilities for the GK Mine and the Kennedy North Project.

The GK Mine decommissioning and restoration liability was calculated using the following assumptions as at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Expected undiscounted cash flows	\$ 90,703	\$ 90,317
Nominal risk-free discount rate	4.03%	3.30%
Inflation rate	2.00%	2.00%
Periods	2030	2030

The decommissioning and restoration liability has been calculated using expected cash flows that are current dollars, with inflation.

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2023

Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted
(Unaudited)

During the nine months ended September 30, 2023, the GK Mine decommissioning and restoration liability decreased by \$6,995 (December 31, 2022 – decrease of \$13,965), resulting primarily from the change in nominal risk-free discount rate.

The continuity of the decommissioning and restoration liability at September 30, 2023 is as follows:

	GK Mine	KNP	Total
Balance, at January 1, 2023	\$ 78,311	\$ 2,879	\$ 81,190
Change in estimate of discounted cash flows	(6,995)	-	(6,995)
Accretion recorded during the period	1,863	78	1,941
Balance, at September 30, 2023	\$ 73,179	\$ 2,957	\$ 76,136
Less: current portion of decommissioning and restoration liability	2,304	-	2,304
Non-current decommissioning and restoration liability, at September 30, 2023	\$ 70,875	\$ 2,957	\$ 73,832

8. SECURED NOTES PAYABLE (THE “NOTES”)

As of September 30, 2023, the Company had an obligation of US\$177 million or \$240.3 million Canadian dollar equivalent under the Notes (December 31, 2022 - US\$195 million or \$264.3 million).

	September 30, 2023	December 31, 2022
Total outstanding secured notes payable	\$ 240,313	\$ 264,303
Less: unamortized deferred transaction costs and issuance discount	(5,164)	(7,414)
Total secured notes payable	\$ 235,149	\$ 256,889

9. DUNEBRIDGE JUNIOR CREDIT FACILITY (“DUNEBRIDGE JCF”)

As at September 30, 2023, the Company had an obligation of US\$50 million or \$67.9 million Canadian dollar equivalent under the Dunebridge JCF (December 31, 2022 - US\$50 million or \$67.8 million Canadian dollar equivalent).

	September 30, 2023
Total outstanding secured notes payable	\$ 67,885
Less: unamortized deferred transaction costs	(8,147)
Add: Accrued Interest	8,283
Total Dunebridge Junior Credit Facility	\$ 68,021

10. WARRANT LIABILITY

As part of the Dunebridge JCF (Note 9), 41 million share warrants were issued at an exercise price of US\$0.60975 per common share with an expiry date of December 15, 2027. The warrants have an exercise price denominated in US dollars, which differs from the Company’s Canadian dollar functional currency, and are therefore accounted for as derivative liabilities at fair value, with changes in fair value recorded in profit or loss as they occur.

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2023

Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted
(Unaudited)

The warrants were valued on the date of grant using the following assumptions:

	March 28, 2022
Exercise price	US\$0.61 (\$0.77)
Expected volatility	61.72%
Expected warrant life	5.7 years
Expected dividend yield	0%
Risk-free interest rate	2.42%
Weighted average fair value per warrant granted	\$0.33

In valuing the warrants on March 28, 2022, the Company applied a liquidity discount of 32% from the Black-Scholes value.

As at September 30, 2023, the fair value of the warrants were revalued to \$4,273. The following assumptions were used in determining the fair value:

	September 30, 2023
Exercise price	US\$0.61 (\$0.82)
Expected volatility	71.00%
Expected warrant life	4.2 years
Expected dividend yield	0%
Risk-free interest rate	4.33%
Weighted average fair value per warrant granted	\$0.14

In valuing the warrants on September 30, 2023, the Company applied a liquidity discount of 24% from the Black-Scholes value.

In the nine months ended September 30, 2023, the change in fair value of \$2,974 (nine months ended September 30, 2022 - \$5,851) was recorded to other income in the condensed consolidated interim statements of comprehensive (loss) income.

11. NET FINANCE EXPENSE

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Interest income	\$ 517	\$ 351	\$ 1,954	\$ 578
Accretion expense on decommissioning and restoration liability	(663)	(601)	(1,941)	(1,246)
Interest expense	(7,999)	(8,404)	(24,172)	(23,851)
Amortization of deferred financing costs	(748)	(1,012)	(2,741)	(3,196)
Other finance costs	(97)	499	(392)	342
	\$ (8,990)	\$ (9,167)	\$ (27,292)	\$ (27,373)

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2023

Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted
(Unaudited)

12. SHAREHOLDERS' EQUITY

i. Authorized share capital

Unlimited common shares, without par value.

ii. Share capital

The number of common shares issued and outstanding as at September 30, 2023 is 211,559,588 (December 31, 2022 - 211,489,141).

iii. Stock options, RSUs, DSUs and share-based payments reserve

The Company has a long-term equity incentive plan (the "Plan") which, among other things, allows for the maximum number of shares that may be reserved for issuance under the Plan to be 10% of the Company's issued and outstanding shares at the time of the grant. The Board of Directors has the authority and discretion to grant stock options, restricted share units ("RSU") and deferred share units ("DSU") awards within the limits identified in the Plan, which includes provisions limiting the issuance of options to directors and employees of the Company to maximums identified in the Plan.

As at September 30, 2023, the aggregate maximum number of shares pursuant to options and RSUs granted under the Plan will not exceed 21,155,958 shares. All stock options are settled by the issuance of common shares.

The following table summarizes information about the stock options outstanding and exercisable:

	Nine months ended September 30, 2023		Nine months ended September 30, 2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the period	6,436,042	\$ 0.73	4,680,001	\$ 1.36
Granted during the period	2,249,234	0.61	3,101,042	0.71
Expired during the period	-	-	(100,000)	5.86
Forfeited during the period	(290,010)	0.67	-	-
Balance at end of the period	8,395,266	\$ 0.70	7,681,043	\$ 1.04
Options exercisable at the end of the period	2,499,106	\$ 0.83	1,713,334	\$ 1.55

The fair value of the stock options granted has been estimated on the date of grant using the Black-Scholes option pricing model. The assumptions are presented below for options granted during the September 30, 2023, and September 30, 2022 period. Expected volatility is calculated by reference to the weekly closing share price for a period that reflects the expected life of the options.

A total of 2,249,234 stock options were granted in the nine months ended September 30, 2023, with an exercise price of \$0.61. The stock options will vest 1/3 on February 23, 2024, 1/3 on February 23, 2025 and 1/3 on February 23, 2026. A total of 3,101,042 stock options were issued during the nine months ended September 30, 2022, with an exercise price of \$0.714. Of that total, 2,439,668 stock options vested 1/3 on January 17, 2023, and 1/3 will vest on January 17, 2024 and 1/3 on January 17, 2025. and for the balance of 661,376 stock options 1/3 vested on February 21, 2023, and 1/3 will vest on February 21, 2024 and 1/3 February 21, 2025.

MOUNTAIN PROVINCE DIAMONDS INC.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three and Nine Months Ended September 30, 2023****Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted (Unaudited)**

The stock options were valued on the date of grant using the following assumptions:

	During the period ended September 30, 2023	During the period ended September 30, 2022
Weighted average exercise price per share	\$0.61	\$0.71
Expected volatility	67.44%	64.43% - 64.68%
Expected option life	5 years	5 years
Expected forfeiture	none	none
Expected dividend yield	0%	0%
Risk-free interest rate	3.54%	1.68% - 1.79%
Weighted average fair value per option granted	\$0.36	\$0.39

The following tables reflect the number of stock options outstanding, the grant date fair value, and the exercise price of stock options outstanding at September 30, 2023.

Expiry Date	Grant Date Fair Value	Number of Options	Number of Exercisable Options	Exercise Price
December 27, 2024	\$ 244	610,000	610,000	\$ 1.30
February 2, 2026	230	725,000	241,668	0.65
November 15, 2026	675	2,000,000	666,667	0.62
January 17, 2027	895	2,280,936	760,312	0.71
February 21, 2027	260	661,376	220,459	0.71
February 23, 2028	769	2,117,954	-	0.61
	\$ 3,073	8,395,266	2,499,106	\$ 0.70

The weighted average remaining contractual life of the options outstanding as of September 30, 2023 is 3.32 years (September 30, 2022 - 3.51 years).

The restricted and deferred share units issuable under the Plan are full value phantom shares that mirror the value of the Company's publicly traded common shares. RSU and DSU grants are made on a discretionary basis to directors and employees of the Company subject to the Board of Directors' approval. Under the Plan, RSUs and DSUs vest according to the terms set out in the award agreement which are determined on the initial grant date on an individual basis at the discretion of the Board of Directors. Vesting of the RSUs and DSUs is subject to special rules for death, disability and change in control. The awards can be settled through issuance of common shares or paid in cash, at the discretion of the Board of Directors. These awards are accounted for as equity settled RSUs and DSUs. The fair value of each RSU issued is determined at the closing share price on the grant date. No DSU awards have been granted to date, therefore as at September 30, 2023 there are no DSUs outstanding.

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The following table shows the RSU awards which have been granted and settled during the period:

RSU	September 30, 2023		September 30, 2022	
	Number of units	Weighted average value grant date fair value	Number of units	value grant date fair value
Balance at beginning of period	1,755,892	\$ 0.69	1,426,667	\$ 0.87
Awards and payouts during the period (net):				
RSUs awarded	1,221,480	0.61	1,196,914	0.71
RSUs settled and common shares issued	(70,447)	0.70	(211,667)	0.87
RSUs forfeited	(122,201)	0.67	(76,022)	0.69
Balance at end of the period*	2,784,724	\$ 0.65	2,335,892	\$ 0.80

*As at September 30, 2023, 704,787 RSUs (September 30, 2022 – 531,671 RSUs) have vested and have not yet been settled.

The share-based payments recognized as an expense in selling, general and administrative expenses for the three and nine months ended September 30, 2023 and 2022 are as follows:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Expense recognized in the period for share-based payments	\$ 429	\$ 503	\$ 1,135	\$ 1,427

iv. (Loss) earnings per share

The following table sets forth the computation of basic and diluted (loss) earnings per share:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Numerator				
Net (loss) income for the period	\$ (13,421)	\$ (7,187)	\$ 32,121	\$ 39,774
Effect of dilutive securities	177	185	463	524
	\$ (13,244)	\$ (7,002)	\$ 32,584	\$ 40,298
Denominator				
For basic - weighted average number of shares outstanding	211,524,316	210,909,141	211,518,172	210,862,969
Effect of dilutive securities	-	-	2,784,724	2,518,445
For diluted - adjusted weighted average number of shares outstanding	211,524,316	210,909,141	214,302,896	213,381,414
(Loss) Earnings Per Share				
Basic	\$ (0.06)	\$ (0.03)	\$ 0.15	\$ 0.19
Diluted	\$ (0.06)	\$ (0.03)	\$ 0.15	\$ 0.19

For the three months ended September 30, 2023, 8,395,266 stock options, 2,784,724 RSUs and 41 million warrants were not included in the calculation of diluted earnings per share since to include them would be anti-dilutive (three months ended September 30, 2022 - 7,681,043 stock options and 2,518,445 RSUs and 4,836,042 stock options, and 41 million warrants). For the nine months ended September 30, 2023, 8,395,266 stock options and 41 million warrants were not included in the calculation of diluted earnings per share since to include them would be anti-dilutive (nine months ended September 30, 2022 - 4,836,042 stock options and 41 million warrants).

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13. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Selling and marketing	\$ 1,284	\$ 1,253	\$ 4,214	\$ 3,763
General and administrative:				
Consulting fees and payroll	600	620	1,837	2,453
Share-based payment expense	429	503	1,135	1,427
Depreciation	58	56	172	167
Office and administration	277	289	832	853
Professional fees	316	679	1,311	1,603
Promotion and investor relations	33	64	142	195
Director fees	137	206	413	615
Transfer agent and regulatory fees	69	97	279	362
Travel	47	131	145	257
	\$ 3,250	\$ 3,898	\$ 10,480	\$ 11,695

14. DERIVATIVES ASSETS AND LIABILITIES

- i) During the nine months ended September 30, 2023 and the year ended December 31, 2022, the Company entered into foreign currency forward contracts and swing collars to mitigate the foreign currency risk associated with the U.S. dollar sales proceeds and the risk that the Company would not have sufficient Canadian dollar funds to contribute to the operations of the GK Mine. These derivatives have been accounted as non-hedge derivatives and are recorded at fair value. Changes in the fair value of the foreign currency put option contracts are recognized in the condensed consolidated interim statements of comprehensive (loss) income as gains or losses on derivatives.

The table below provides a summary of currency contracts outstanding as at September 30, 2023:

Execution Date of Contracts	Settlement Dates of Contracts	Notional Amount (CAD)	Weighted Average Price (USD)	Notional Amount (USD)
January 30, 2023*	October 1, 2023 to December 31, 2023	\$ 13,100	\$ 1.3100	\$ 10,000
April 26, 2023	January 1, 2024 to March 28, 2024	\$ 20,175	\$ 1.3450	\$ 15,000
September 5, 2023	April 1, 2023 to June 30, 2024	\$ 20,318	\$ 1.3545	\$ 15,000
Total		\$ 53,593	\$ 1.3398	\$ 40,000

*On settlement date, if the spot rate exceeds 1.35, the Company will settle at 1.321 and if the spot rate is between 1.31 to 1.35, there is no obligatory settlement.

- ii) On December 11, 2017, the Company completed an offering of US\$330 million of 8.000% Senior Secured Second Lien Notes due 2022 ("Old Notes"). The Old Notes were settled in December 2022. The Company redeemed the Old Notes in whole on December 14, 2022, at a redemption price equal to 100% of the principal amount of the Old Notes, plus accrued and unpaid interest.

On December 14, 2022, the Company completed an offering of US\$195 million of 9.000% Notes due 2025. The Notes grant the Company the option to prepay the Notes at any time prior to the maturity of the instruments. In addition, upon the occurrence of certain events, the Company is either mandatorily required to, or can be requested to, at the option of the holder, prepay the Notes in part or in full. These events include a change of control of the Company, an event of default or in accordance with the excess cash flow sweep mechanism.

At the date of prepayment or redemption, the Company pays a total price equal to 100% of the principal amount

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of the Notes redeemed, plus accrued and unpaid interest to the date of redemption and the true-up amount (if any).

These prepayment and redemption features have been accounted for as embedded derivatives at fair value through profit and loss and are outlined below.

The following table presents the various derivative assets and liabilities as at September 30, 2023 and December 31, 2022:

	September 30, 2023	December 31, 2022
Currency derivative contracts	\$ (601)	\$ (940)
Embedded derivatives	2,640	3,154
(Liability) Asset	\$ 2,039	\$ 2,214

The following table presents amounts recognized in the condensed consolidated interim statements of comprehensive (loss) income for the three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Gain (loss) on currency derivative contracts	\$ (1,502)	\$ (3,482)	\$ 298	\$ (5,073)
Gain (loss) on prepayment option embedded derivative	408	(220)	(521)	(67)
Total	\$ (1,094)	\$ (3,702)	\$ (223)	\$ (5,140)

15. FINANCIAL INSTRUMENTS

Fair value measurement

IFRS 13, Fair Value Measurement, provides a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs are those that reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions with respect to how market participants would price an asset or liability. These two inputs which are used to measure fair value fall into the following three different levels of the fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical instruments that are observable.
- Level 2 – Quoted prices in active markets for similar instruments; inputs other than quoted prices that are observable and derived from or corroborated by observable market data.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

There have been no changes in the classification of financial instruments in the fair value hierarchy since December 31, 2022.

The following table shows the carrying amounts and fair values of the Company's financial assets and financial liabilities, including their levels in the fair value hierarchy.

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September 30, 2023	Carrying amount			Total	Fair value			Total
	Assets at amortized cost	Fair value through profit and loss	Liabilities at amortized cost		Level 1	Level 2	Level 3	
Financial assets measured at fair value								
Derivative assets	\$ -	\$ 2,039	\$ -	\$ 2,039	\$ -	\$ -	\$ 2,039	\$ 2,039
	\$ -	\$ 2,039	\$ -	\$ 2,039				
Financial assets not measured at fair value								
Cash	\$ 14,130	\$ -	\$ -	\$ 14,130	14,130	-	-	14,130
Cash held in trust	-	-	-	-	-	-	-	-
Restricted cash	31,933	-	-	31,933	31,933	-	-	31,933
	\$ 46,063	\$ -	\$ -	\$ 46,063				
Financial liabilities measured at fair value								
Warrant liability	-	4,273	-	4,273	-	-	4,273	4,273
	\$ -	\$ 4,273	\$ -	\$ 4,273				
Financial liabilities not measured at fair value								
Dunebridge junior credit facility	-	-	68,021	68,021	-	67,885	-	67,885
Secured notes payable	-	-	235,149	235,149	-	-	242,373	242,373
	\$ -	\$ -	\$ 303,170	\$ 303,170				

I. Valuation techniques

Cash, Cash held in trust and Restricted Cash

Cash and restricted cash are included in Level 1 due to the short-term maturity of these financial assets.

Warrant Liability

The level 3 financial liability relates to warrants which are accounted for as derivative liabilities at fair value, with changes in fair value recorded to profit or loss as they occur (Note 10).

Dunebridge JCF

The fair value of the Dunebridge JCF is classified as Level 2 as it is valued using a discounted cash flow (“DCF”) model. The models require a variety of observable inputs including market prices, forward price curves, yield curves and credit spreads.

Secured Notes Payable

The fair value of the Notes is determined using the risk free interest rate, interest rate volatility and credit spread.

Derivative assets

Derivative assets are carried at fair value which is determined based on an internal valuation model that reflects the observable currency exchange rates in the markets.

As at September 30, 2023, the derivative asset is an embedded derivative that relates to the Company’s prepayment and redemption features attached to the Notes and foreign currency put options. See Note 8 and Note 14. The fair value of the embedded derivative has been determined by using a *with* and *without* approach. The estimated fair

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value of the embedded derivative was then calculated as the weighted average of the fair values estimated under two scenarios, based on the probability of each scenario occurring.

The fair value of the Notes under the ‘without’ scenario was based on a discounted cash flow approach and the Notes under ‘with’ scenario, was valued based on the Black-Derman-Toy model (“BDT model”). The BDT model is a short-term interest rate model that is based on binomial tree methodology. It is used for forecasting interest rates and for estimating values of interest rate derivatives. The model inputs include interest rate volatility and risk-free rates term structure.

The key inputs used in determining the fair value of the derivative assets is as follows:

	September 30, 2023
Key observable inputs	
Risk free interest rate	3.88%
Key unobservable inputs	
Likelihood of redemption event occurring	75%
Interest rate volatility	34.3%
Credit spread of Notes	2.85%

The most significant input, which is unobservable, is the interest rate volatility. The overall valuation is sensitive to the interest rate volatility assumption as the estimated fair value increases if the interest rate volatility declines. Assuming all other inputs remain constant, a 10% change in the interest rate volatility used will have the following impact on the fair value of the embedded derivative at September 30, 2023:

	Original	20%	10%	(10%)	(20%)
Interest rate volatility at September 30, 2023	\$ 2,640	\$ 4,645	\$ 3,650	\$ 1,636	\$ 697

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

Balance, at January 1, 2022	\$ -
Issuance of embedded derivatives	3,154
Change in fair value	-
Balance, at December 31, 2022	\$ 3,154
Change in fair value	(514)
Balance, at September 30, 2023	\$ 2,640

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Financial instruments risks

Liquidity risk

These financial statements were prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business as they become due in the foreseeable future. The Company realized total comprehensive income of \$32,121 during the nine-month period ended September 30, 2023 (2022 – \$39,774) and has \$14,130 of cash on hand at September 30, 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 October 2023 using forecasted diamond production, sales and prices for the 12-month period ending September 30, 2024. Based on this assessment, the Company believes it will have adequate liquidity for the 12-month period from continuing operations and cash on hand. If these thresholds are not achieved, the Company may have to implement alternative plans to ensure that it will have sufficient liquidity for the 12-month period from continuing operations. The volatility in production and pricing of the Company's diamonds represents an uncertainty related to the liquidity assessment and, to the extent that these are not realized the Company may need to implement additional plans as noted. These alternatives may impact future operating and financial performance.

16. COMMITMENTS

	Less than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years	Total
Gahcho Kué Diamond Mine commitments	\$ 3,945	\$ -	\$ -	\$ -	3,945
Gahcho Kué Diamond Mine decommissioning fund	10,000	15,000	-	-	25,000
Junior Credit facility - Principal	-	-	67,885	-	67,885
Junior Credit facility - Interest	-	-	48,305	-	48,305
Notes payable - Principal	-	240,313	-	-	240,313
Notes payable - Interest	21,628	32,382	-	-	54,010
	\$ 35,573	\$ 287,695	\$ 116,190	\$ -	439,458

17. RELATED PARTIES

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

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 Chairman of the Company.

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On March 28, 2022, the Company executed a credit facility with Dunebridge, for US\$50 million (Note 9).

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 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. 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 nine months ended September 30, 2023, the Company funded \$Nil (December 31, 2022 - \$5 million) into the decommissioning fund, which is presented as restricted cash on the balance sheet.

As at September 30, 2023, the Company’s share of the letters of credit issued was \$44.7 million (December 31, 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 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.

The balances as at September 30, 2023 and December 31, 2022 were as follows:

	September 30, 2023	December 31, 2022
Payable to De Beers Canada Inc. as the operator of the GK Mine*	\$ 9,363	\$ 3,427
Payable to De Beers Canada Inc. for interest on letters of credit	56	136
Loan payable to Dunebridge Worldwide Ltd.	76,168	68,923
Payable to key management personnel	90	592

*included in accounts payable and accrued liabilities

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The transactions for the three and nine months ended September 30, 2023 and 2022 were as follows:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
The total of the transactions:				
International Investment and Underwriting	\$ 30	\$ 30	\$ 90	\$ 90
Remuneration to key management personnel	684	652	1,867	2,498
Diamonds sold to De Beers Canada Inc.	-	5,402	5,720	10,429
Diamonds purchased from De Beers Canada Inc.	3,561	10,866	17,248	22,548
Finance costs incurred from De Beers Canada Inc.	34	34	100	102
Finance costs incurred from Dunebridge Worldwide Ltd.	2,376	526	7,059	754
Management fee charged by the Operator of the GK Mine	857	833	2,573	2,499

The remuneration expense of directors and other members of key management personnel for the three and nine months ended September 30, 2023 and 2022 were as follows:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Consulting fees, payroll, director fees, bonus and other short-term benefits	\$ 451	\$ 435	\$ 1,220	\$ 1,776
Share-based payments	263	247	737	812
	\$ 714	\$ 682	\$ 1,957	\$ 2,588

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. In addition to the directors of the Company, key management personnel include the Chief Executive Officer ("CEO") and Chief Financial Officer.

18. SEGMENTED REPORTING

The reportable operating segments are those operations for which operating results are reviewed by the CEO who is the chief operating decision maker regarding decisions about resources to be allocated to the segment and to assess performance provided those operations pass certain quantitative thresholds. Operations with revenues, earnings or losses or assets that exceed 10% of total consolidated revenue, earnings or losses or assets are reportable segments.

The Company owns two diamond projects in the Northwest Territories, Canada. The GK Mine is a diamond mine in operation, while the KNP resource continues to be developed through exploration and evaluation programs.

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	GK Mine		KNP		Total
Sales	\$	248,852	\$	-	\$ 248,852
Cost of sales:					
Production costs		104,968		-	104,968
Cost of acquired diamonds		15,489		-	15,489
Depreciation and depletion		51,612		-	51,612
Earnings from mine operations		76,783		-	76,783
Exploration and evaluation expenses		2,041		3,945	5,986
Selling, general and administrative expenses		10,433		47	10,480
Operating income (loss)		64,309		(3,992)	60,317
Net finance expenses		(27,292)		-	(27,292)
Other income		2,984		21	3,005
Derivative losses		(223)		-	(223)
Foreign exchange losses		(46)		-	(46)
Net income (loss) before taxes	\$	39,732	\$	(3,971)	\$ 35,761
Total assets	\$	752,787	\$	171,595	\$ 924,382
Total liabilities	\$	480,901	\$	3,067	\$ 483,968

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	GK Mine	KNP	Total
Sales	\$ 60,277	\$ -	\$ 60,277
Cost of sales:			
Production costs	37,233	-	37,233
Cost of acquired diamonds	4,626	-	4,626
Depreciation and depletion	15,768	-	15,768
Earnings from mine operations	2,650	-	2,650
Exploration and evaluation expenses	53	472	525
Selling, general and administrative expenses	3,221	29	3,250
Operating loss	(624)	(501)	(1,125)
Net finance expenses	(8,990)	-	(8,990)
Other income	2,265	21	2,286
Derivative losses	(1,094)	-	(1,094)
Foreign exchange losses	(5,658)	-	(5,658)
Net loss before taxes	\$ (14,101)	\$ (480)	\$ (14,581)
Total assets	\$ 752,787	\$ 171,595	\$ 924,382
Total liabilities	\$ 480,901	\$ 3,067	\$ 483,968

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	GK Mine		KNP	Total
Sales	\$	292,538	\$ -	\$ 292,538
Cost of sales:				
Production costs		93,147	-	93,147
Cost of acquired diamonds		21,319	-	21,319
Depreciation and depletion		39,187	-	39,187
Earnings from mine operations		138,885	-	138,885
Exploration and evaluation expenses		1,665	9,755	11,420
Selling, general and administrative expenses		11,670	25	11,695
Operating income (loss)		125,550	(9,780)	115,770
Net finance expenses		(27,373)	-	(27,373)
Other income		5,851	100	5,951
Derivative losses		(5,140)	-	(5,140)
Foreign exchange losses		(33,754)	-	(33,754)
Net income (loss) before taxes	\$	65,134	\$ (9,680)	\$ 55,454
Total assets	\$	794,671	\$ 171,502	\$ 966,173
Total liabilities	\$	571,085	\$ 3,152	\$ 574,237

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(Unaudited)****As at and for the three months ended September 30, 2022**

	GK Mine	KNP	Total
Sales	\$ 110,124	\$ -	\$ 110,124
Cost of sales:			
Production costs	39,367	-	39,367
Cost of acquired diamonds	8,122	-	8,122
Depreciation and depletion	17,972	-	17,972
Earnings from mine operations	44,663	-	44,663
Exploration and evaluation expenses	439	2,621	3,060
Selling, general and administrative expenses	3,889	9	3,898
Operating income (loss)	40,335	(2,630)	37,705
Net finance expenses	(9,167)	-	(9,167)
Other income	54	15	69
Derivative losses	(3,702)	-	(3,702)
Foreign exchange losses	(26,332)	-	(26,332)
Net income (loss) before taxes	\$ 1,188	\$ (2,615)	\$ (1,427)
Total assets	\$ 794,671	\$ 171,502	\$ 966,173
Total liabilities	\$ 571,085	\$ 3,152	\$ 574,237