

# Mountain Province Diamonds Inc

## Corporate Disclosure Policy

May 29, 2006

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Mountain Province Diamonds Inc (the "Corporation") is committed to providing full, timely, true and plain disclosure of material information about itself, consistent with the statutory and regulatory requirements of Canada and the United States.

This disclosure policy confirms in writing the existing disclosure policies and practices of the Corporation. The goal of this Policy is to raise awareness of the Corporation's approach to disclosure and promote compliance among the board of directors and senior management of the Corporation and its other insiders, employees and consultants. As such, this Policy applies to the board of directors and senior management of the Corporation and its other insiders, employees and consultants and, to the extent possible, others who have non-public material information regarding the Corporation.

This Policy covers disclosure in documents filed with the securities commissions and stock exchanges in Canada and the United States, written statements made in the Corporation's annual and quarterly reports, news releases, letters to shareholders of the Corporation, presentations by senior management and information contained on its website and other electronic communications. The Policy extends to verbal statements made in meetings, speeches by senior management and telephone conversations with analysts and investors, interviews with the media, press conferences and conference calls.

### **A. Disclosure Committee**

The Corporation has established a disclosure committee (the "Committee") responsible for all regulatory disclosure requirements and for overseeing the Corporation's disclosure practices. The Committee consists of the CEO, CFO and the chair of the Corporate Governance Committee.

It is essential that the Committee be kept fully apprised of all pending material developments of the Corporation in order to evaluate and discuss those events to determine the appropriateness and timing for public release of information. If it is deemed that material information should remain confidential, the Committee will determine how that information will be controlled. If material information is not disclosed, Market Regulation Services, Inc. ("RS") will immediately be advised.

### **B. Designated Spokespersons**

The CEO and CFO (collectively, the "Representatives") of the Corporation shall be responsible for communication on its behalf with the media, investors and analysts. The Representatives shall be the official spokespersons for the Corporation. A Representative may, from time to time, designate others within the Corporation or investor relations consultants to the Corporation to speak on

its behalf as back-ups, or to respond to specific inquiries from the investment community or the media.

Any persons who are not authorized spokespersons must not respond under any circumstance to inquiries from the investment community or the media, and are prohibited from otherwise publicly communicating information about or on behalf of the Corporation unless specifically asked to do so by a Representative. All such inquiries shall be referred to a Representative.

Any Representative may consult with the Corporation's legal counsel as he or she considers necessary in connection with this Policy.

Although the Representatives are responsible for communication with the media, investors and analysts on behalf of the Corporation, its board of directors and/or certain of the committees of the board of directors may review certain public disclosure of the Corporation prior to its release. In particular: (i) the Disclosure Committee will review all material disclosure documents prior to their release or filing; and (ii) the Audit Committee of the board of directors will review the Corporation's annual and interim financial statements and related financial reporting, including management's discussion and analysis and financial press releases and the Corporation's renewal annual information form prior to their release.

### **C. Responsibility for Electronic Communications**

Any one of the Representatives or a designated individual shall also be responsible for electronic communications. As such, they are responsible for monitoring all information placed on the Corporation's website to ensure that it is accurate, complete and up to date. The Corporation's website must be updated as soon as practical, following the issuance of any press release announcing material information in the information disclosed on the website. The website shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures. All data posted to the website, including text and audio-visual material, shall show the date that such material was posted.

Disclosure on the website alone does not constitute adequate disclosure of material information. Therefore, any disclosure of material information on the website will only follow the proper dissemination of a news release and, if appropriate, a securities regulatory filing.

Any one of the Representatives or a designated individual shall also be responsible for responses to electronic inquiries from the investment community or the media. Only public information or information which could otherwise be disclosed in accordance with this Policy shall be utilized in responding to electronic inquiries.

Directors and officers of the Corporation and its employees and consultants are prohibited from participating in internet chat room or news group discussions on any matters pertaining to the Corporation's activities or securities. Directors, officers, employees and consultants who encounter a discussion pertaining to the

Corporation should advise one of the Representatives immediately, in order that the discussion may be monitored.

**D. Material Information**

Securities legislation, stock exchange policies and this Policy make frequent reference to material information. In this Policy, material information is any information relating to the business and affairs of the Corporation that results in, or would reasonably be expected to affect the investment decisions of a reasonable holder of securities of the Corporation or an investor or if the information would reasonably be expected to affect the market price or value of any of the securities of the Corporation. Some examples of potential material changes:

2. changes in strategic business plans;
3. changes in project development plans;
4. exploration, permitting or development delays or stops;
5. changes in resource estimates;
6. changes in diamond price estimates;
7. acquisitions or dispositions of material properties; and
8. potential financings.

**E. Principles of Disclosure of Material Information**

Material information that is not subject to confidentiality restrictions will be disclosed via news release and broadly disseminated to the public. Unfavourable material information will be disclosed in the same manner as favourable information. Disclosure shall be consistent among all audiences, including the investment community, the media, customers, employees and consultants and shall not be disclosed selectively. Disclosure must include any information which, if omitted, would make the rest of the disclosure misleading. If determined appropriate by the Disclosure Committee, disclosure shall be updated if earlier disclosure has become misleading as a result of intervening events.

News releases containing financial results will be reviewed by the Audit Committee, and approved by the board of directors of the Corporation or the Audit Committee, as applicable. They are then filed with RS, and upon acceptance by RS, publicly released immediately thereafter.

News releases containing technical data will be reviewed by a qualified person who shall be disclosed in the release.

The Corporation uses a wire service to disseminate news releases that provides Canadian and United States disclosure. In addition, news releases are

subsequently filed with the applicable regulatory authorities, posted on the Corporation's website and faxed or e-mailed to interested parties who requested to receive such releases directly. The Representatives are responsible for providing proper pre-notification of news releases to the TSX and RS and monitoring all disclosures to ensure accurate reporting and taking corrective measures, if and when appropriate.

When necessary, the Corporation will file a material change report with the Canadian and United States securities regulators.

**F. Insider Trading**

Securities laws prohibit "insider trading" or "tipping". Insider trading occurs when a director or officer of the Corporation or its employee or consultant trades in securities of MPV or other affected securities while possessing material, non-public information. Tipping occurs when a director or officer of the Corporation or its employee or consultant passes on material, non-public information ("tips") to someone else, who then uses the information to trade in securities of the Corporation or other affected securities.

**G. News Releases**

Once the Disclosure Committee determines that a development is material, it will authorise the issuance of a news release, unless such development must remain confidential for a certain time. In such circumstances, appropriate control of the non-public material information will be enforced and such information must not be disclosed to any officers, employees, consultants or third parties except as is necessary and all confidential filings will be made as required under applicable securities laws. In such event, RS will be immediately advised by telephone so the Company can be placed on "stock watch". Should material information inadvertently be disclosed in a selective forum, a news release will be issued immediately in order to fully publicly disclose that information and RS will be contacted to decide whether trading in the stock should be halted.

News releases containing any earnings guidance and financial results will be reviewed by the Audit Committee prior to issuance. Financial results will be publicly released immediately following Audit Committee or board approval of the Management Discussion and Analysis and financial statements.

News releases will be disseminated through a news wire service that provides Canadian and United States disclosure. News releases will be transmitted to all stock exchange members, relevant regulatory bodies, major national financial media and local media in areas where headquarters are located.

If the stock exchanges listing the Corporation's securities are open for trading at the time of a proposed announcement, prior notice will be provided (where practicable) to the market surveillance departments of the exchanges. If the announcement is issued outside of normal trading hours, market surveillance will be notified before the markets opens.

News releases will be posted on the Corporation's website subsequent to dissemination.

**H. Market Rumours**

Provided it is clear that the Corporation is not the source of the market rumour, spokespersons will consistently respond by saying "It is our policy not to comment on market rumours or speculation." The Corporation will not respond to rumours on the internet. Should any stock exchange request a definitive statement be issued in response to a market rumour that is causing significant volatility in shares, the Disclosure Committee will consider the matter and decide on an appropriate response.

**I. Forward-Looking Information**

If forward-looking information is provided in a disclosure document, meaningful cautionary language should be included warning investors that the information is forward-looking and providing the material factors or assumptions that were used in making the forward-looking statement and the risks and uncertainties that could cause actual results to differ materially. In the case of a verbal forward-looking statement, the statement will be identified as such and the spokesperson will refer to the cautionary language included in written disclosure documents. All forward-looking information will be updated to reflect any material changes.

**J. Contacts with Analysts, Investors and the Media**

The Corporation recognises that analysts are important for disseminating information to the investing public and play a role in interpreting and clarifying existing public data, as well as providing investors with background information and details that cannot practically be put in public documents. Representatives of the Corporation will meet with analysts and investors on an individual or small group basis as needed, and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Policy. The Corporation will provide only publicly disclosed information to such analysts or investors and will provide the same information that has been provided to analysts to individual investors who request it.

It is recognised that analyst disclosure does not constitute adequate disclosure of information that is considered material non-public information. If material information is to be announced at an analyst or shareholder meeting, press conference or conference call, its announcement must be in conjunction with a general public announcement via news release. One week prior to the release of quarterly or annual financial results, the Corporation will enact a "quiet period" where no discussions with analysts or the media will occur.

*A review should be conducted after meetings with analysts, investors or the media to ensure that selective disclosure of previously undisclosed material information has not been made. If selective disclosure of undisclosed material information has been made, the Corporation will immediately notify RS, if necessary, and disclose such information promptly via news release.*

**K. Reviewing Analyst Draft Reports and Models**

The Corporation will not confirm, provide any guidance or attempt to influence an analyst's opinions or conclusions and will not express comfort with the analyst's model and earnings estimates.

Analyst reports are proprietary information belonging to the analyst's firm. A list of all analysts covering the Corporation, and their contact numbers, will be posted on the Corporation's website and be provided to anyone requesting such information.

**L. Conference Calls**

A quarterly conference call may be held with members of the investment community to discuss quarterly financial and operating results of the Corporation or other significant developments after or concurrently with the widespread dissemination of the news release announcing such results. At the beginning of the call, a Representative will provide appropriate cautionary language regarding any forward-looking information and direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties applicable to the news.

Advance public notice of the date and time of the call will be given by news release and the call may be broadcast simultaneously via webcast over the internet. The media and individual investors may call a toll-free number or access the webcast over the internet and listen to the call on a real-time basis. A tape recording of the conference call will be made available for a period of one month following the call on either a toll-free number or an archived audio webcast on the internet. Conference calls relating to the business developments of the Corporation and other material information likely to affect its share price should, where possible, be scheduled outside trading hours, to avoid or minimize the risk of selective disclosure. All non-material supplemental information will be posted on the Corporation's website.

*A debriefing should be held after the conference call and if such debriefing reveals a selective disclosure of previously undisclosed material information, the Corporation will immediately notify RS, if necessary, and disclose such information promptly via news release.*

**M. Retention Period for Disclosure Material**

A file will be maintained containing all public information about the Corporation, including continuous disclosure documents, news releases, analysts' reports, transcripts or tape recordings of conference calls, if any, debriefing notes and newspaper articles. This will be maintained by the Corporation's Secretary.

The minimum retention period for material information posted on the Corporation's website and transcripts or tape recordings of conference calls will be two years.

## **N. Maintaining Confidentiality**

Any employee privy to confidential information is prohibited from communicating such information to anyone else unless it is necessary to do so in the course of business. Efforts will be made to limit access to such confidential information to only those who need to know the information to perform their duties, and such persons will be advised that the information is to be kept confidential.

*No material information should be disclosed by directors, officers, employees or consultants to outside parties except in the necessary course of business. Outside parties' privy to undisclosed material information concerning the Corporation will be told they must not divulge such information to anyone else, other than in the necessary course of business, and that they may not trade in securities of the Corporation until the information has been generally disclosed. The Corporation may, if deemed appropriate, require such outside parties to enter into a confidentiality agreement.*

In order to prevent the misuse or inadvertent disclosure of material information, the procedures set forth below should be observed at all times:

1. Confidential matters should not be discussed in places where the discussion may be overheard.
2. Confidential documents should not be read in public places and should not be discarded where others can retrieve them.
3. Transmission of documents by electronic means should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.
4. Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.
5. Access to confidential electronic data should be restricted through the use of passwords.
6. Documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who "need to know" in the necessary course of business. Code names should be used if necessary.
7. All proprietary information, including computer programs and other records, remain the property of the Corporation and may not be removed, disclosed, copied or otherwise used except in the normal course of employment or with prior permission.

**O. Communication and Enforcement**

All directors and officers of the Corporation and its employees and consultants will be advised of this Policy and its importance. They will be given a copy of the Policy and requested to sign an acknowledgement.

*An employee or consultant who violates this Policy may face disciplinary action up to and including termination of employment in the case of employees and termination of the consulting agreement in the case of consultants.* Violation of this Policy may also cause violation of certain Canadian and United States securities laws. If it is discovered that securities laws have been violated, this matter may be referred to the appropriate regulatory authorities.

**P. The Internet**

The Corporation appreciates the value that access to email and the Internet provides for employees and consultants to perform their jobs. Employer liability is, however, a concern and could arise from the leaking of confidential information, transmission or downloading of copyrighted material, transmission of harassing, discriminatory or pornographic material, defamatory comments or even accidental or purposeful transmission of a computer virus.

Employees and consultants using these tools are reminded that the corporate email address and related personal sub email addresses (i.e. employee's name attached to corporate address) are company addresses and that all correspondence received and sent via email are to be considered corporate correspondence. All computer equipment owned by MPV and used by MPV employees is subject to access and monitoring. As such, the Corporation reserves the right to read any and all email messages.

In addition, computer errors or glitches often occur and undeliverable messages return to the system; information systems technicians are required to access computers to correct problems, add software or enhance the system; and sometimes due to the unavailability of computers, someone else may need access to another person's computer. In this regard, employees and consultants are advised to have no expectation of personal privacy with regard to the computer being used to access the Corporation email address system.

Electronic mail messages are a written document. They are not secure and can be forwarded or circulated to others beyond your control

**Q. Message Guidelines**

1. Avoid where possible the sending of messages or attached documents containing the Corporation's confidential or proprietary information.
2. Do not transmit messages using credit card numbers, telephone calling numbers, log-in passwords, and other parameters which can be used to gain access to the Corporation's records unless done so in a secure environment;

3. Do not transmit messages or download or save attachments that are libelous, defamatory, pornographic, racist, sexist or disclose personal or private matters concerning someone else;
4. Do not use another person's email address to send messages;
5. Do not access another person's files or messages;
6. Obey all copyright laws regarding material that you send;
7. Do not attach executable programs, macros or other forms of computer software. Software copyrights have specific protections under the *Criminal Code* (Canada);
8. Do not participate in, or forward, chain messages, or other forms of external solicitations; and
9. Do not broadcast personal messages or discussions relating to the Corporation or its securities to public group lists or Internet chat rooms.

**R. Communication and Enforcement**

All directors and officers of the Corporation and its employees and consultants will be advised of this Policy and its importance. They will be provided a copy of this Policy and requested to sign an acknowledgement. This Policy will be brought to the attention of all directors, officers, employees and consultants on an annual basis.

An employee or consultant who violates this Policy may face disciplinary action up to and including termination of employment, in the case of an employee, and, in the case of a consultant, termination of the consulting contract with the Corporation. Violation of this Policy may also cause violation of certain securities laws. If it is discovered that securities laws have been violated, this matter may be referred to the appropriate regulatory authorities. Questions with respect to this Policy may be referred to the Corporation's Secretary.