MOUNTAIN PROVINCE DIAMONDS

Management's Discussion and Analysis

For the Year Ended December 31, 2022

TSX: MPVD

MOUNTAIN PROVINCE DIAMONDS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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This Management's Discussion and Analysis ("MD&A") as of March 22, 2023 provides a review of the financial performance of Mountain Province Diamonds Inc. (the "Company" or "Mountain Province" or "MPV") and should be read in conjunction with the audited consolidated financial statements and the notes thereto as at December 31, 2022 and 2021 and for the years ended December 31, 2022 and 2021. The following MD&A has been approved by the Board of Directors.

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

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

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

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

HIGHLIGHTS

- Earnings from mine operations for the three months and year ended December 31, 2022, amounted to $31,640 and $170,525 compared to $31,664 and $113,728 for the same periods in 2021.

- Net income for the three months ended December 31, 2022 amounted to $9,421 or $0.04 earnings per share (basic and diluted) and net income for the year ended December 31, 2022, were $49,195 or $0.23 earnings per share (basic and diluted) compared to $237,619 and $276,167 or $1.13 and $1.31 earnings per share (basic and diluted) for the prior comparative periods. Adjusted EBITDA for these periods were $23,409 and $177,237 compared to $37,091 and $135,314 (Adjusted EBITDA is not defined under IFRS and therefore may not be comparable to similar measures presented by other issuers; refer to the Non-IFRS Measures section).

- Cash on December 31, 2022 was $17,247 with net working capital of $129,263. Cash on December 31, 2021 was $25,000 with net working capital deficit of $275,691.

- In December 2022, the Company completed the refinancing transaction involving the issuance of US$195 million aggregate principal amount of its 9.000% Senior Secured Second Lien Notes due 2025 ('**Notes**'), to refinance US$189,150 aggregate principal amount of the Company's existing 8.000% Senior Secured Second Lien Notes due 2022 ('**Old Notes**')

- In the fourth quarter of 2022, the Company sold 758,000 carats and recognized revenue of $96,315 at an average realized value of $127 per carat (US$94) compared to sales in the fourth quarter of 2021 totaling 809,000 carats and recognized revenue of $85,144 at an average realized value of $105 per carat (US$84). Revenue for the year ended December 31, 2022 totaled $388,853 (including direct sales of fancies and specials made to De Beers Canada Inc. at an average realized value of $146 per carat (US$112) for 2,657,000 carats, compared to revenue for the year ended December 31, 2021 of $298,325 at an average realized value of $94 per carat (US$75) for 3,158,000 carats.

- Cash costs of production, including capitalized stripping costs, for the three months ended December 31, 2022 were $160 per tonne of ore treated, and $82 per carat recovered compared to $111 per tonne of ore treated, and $60 per carat recovered for the same period in 2021. Cash costs of production, including capitalized stripping costs, for the year ended December 31, 2022 were $122 per tonne and $69 per carat recovered, compared to $110 and $55 per carat recovered for the same period in 2021. (Cash costs of production per tonne and per carat are not defined under IFRS and may not be comparable to similar measures presented by other issuers; refer to the Non-IFRS Measures section). The costs per tonne including capitalized stripping for the year ended December 31, 2022 compared to the same period in 2021 have increased due to lower productivity caused by lower than planned equipment availability and utilization. The increase in cost per carat recovered reflects the reduction in average grade at 1.78 carats per tonne, for the year ended December 31, 2022, compared to 2.02 carats per tonne treated, for the comparable period in 2021.

- Mining of waste and ore combined in the 5034, Hearne and Tuzo open pits for the year end December 31, 2022 was approximately 22,221,000 tonnes, 4,651,000 tonnes and 7,075,000 tonnes, respectively, for a total of 33,947,000 tonnes. This represents a 4% decrease in tonnes mined over the comparative period in 2021, which was impacted primarily due to work force constraints in mining and mobile maintenance. Ore mined for the year ended December 31, 2022 totaled 4,114,000 tonnes, with approximately 1,759,000 tonnes of ore stockpile available at year end, an increase of 1,011,000 tonnes during the year. For the comparative year ended December 31, 2021, ore mined totaled 3,561,000 tonnes, with approximately 748,000 tonnes of ore stockpile.

- Mining of waste and ore combined in the 5034, Hearne and Tuzo open pits for the three months December 31, 2022 was approximately 7,438,000 tonnes, 224,000 tonnes and 2,483,000 tonnes, respectively, for a total of 10,145,000 tonnes. This represents a 6% decrease in tonnes mined over the comparative period in 2021, mainly due to work force constraints in mining and mobile maintenance. Ore mined for the three months totaled 706,000 tonnes, with approximately 1,759,000 tonnes of ore stockpile available at period end, a decrease of 123,000 tonnes during the quarter. For the comparative three months ended December 31, 2021, ore mined totaled 1,019,000 tonnes, with approximately 748,000 tonnes of ore stockpile.

- For the 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 carats per tonne ("cpt"). For the comparative year ended December 31, 2021, the GK Mine treated approximately 3,083,000 tonnes of ore and recovered approximately 6,229,000 carats on a 100% basis for an average recovered grade of approximately 2.02 cpt. Grade in the year ended December 31, 2022 was impacted by unplanned external dilution from mining that was primarily due to workforce inefficiencies around shovel operations and bottom pit mining causing space constraints, in conjunction with a different ore mix than was planned. The Company worked with its joint venture partner DeBeers, who are the operator of the mine, to address these operating issues and De Beers implemented several procedures, some of which were previously prohibited due to Covid related constraints, to improve grade control.

The following table summarizes key operating highlights for the three months and years ended December 31, 2022 and 2021.

		Three months ended December 31, 2022	Three months ended December 31, 2021	**Year ended December 31, 2022**	Year ended December 31, 2021
GK operating data					
Mining					
*Ore tonnes mined	kilo tonnes	706	1,019	4,114	3,561
*Waste tonnes mined	kilo tonnes	9,439	9,794	29,833	31,886
*Total tonnes mined	kilo tonnes	10,145	10,813	33,947	35,447
*Ore in stockpile	kilo tonnes	1,759	748	1,759	748
Processing					
*Ore tonnes treated	kilo tonnes	828	814	3,102	3,083
*Average plant throughput	tonnes per day	9,303	8,848	8,593	8,447
*Average plant grade	carats per tonne	1.96	1.86	1.78	2.02
*Diamonds recovered	000's carats	1,621	1,511	5,519	6,229
Approximate diamonds recovered - Mountain Province	000's carats	794	740	2,704	3,052
Cash costs of production per tonne of ore, net of capitalized stripping **	$	101	77	89	89
Cash costs of production per tonne of ore, including capitalized stripping**	$	160	111	122	110
Cash costs of production per carat recovered, net of capitalized stripping**	$	52	42	50	44
Cash costs of production per carat recovered, including capitalized stripping**	$	82	60	69	55
Sales					
Approximate diamonds sold - Mountain Province***	000's carats	758	809	2,657	3,158
Average diamond sales price per carat	US	$ 94	$ 84	$ 112	$ 75

* at 100% interest in the GK Mine

**See Non-IFRS Measures section

***Includes the sales directly to De Beers for fancies and specials acquired by De Beers through the production split bidding process

COMPANY OVERVIEW

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

interest. The Joint Arrangement between the Company and De Beers is governed by the 2009 amended and restated Joint Venture Agreement.

The Company's primary assets are its 49% interest in the GK Mine and 100% owned Kennady North Project ("KNP" or "Kennady North"). The Company predominantly sells 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 Project 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 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 at December 31, 2022, the Company's share of the letters of credit issued were $44.7 million (2021 - $44.1 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, 2022, the Company funded $5 million (2021 - $10 million) into the decommissioning fund, which is presented as restricted cash on the balance sheet.

Mining and Processing

For the three months and year ended December 31, 2022, on a 100% basis, a total of 10.1 million and 33.9 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, 2021, a total of 10.8 million and 35.4 million tonnes of waste and ore respectively was extracted from the 5034 and Hearne open pits. Mining in the year ended December 31, 2022 was impacted primarily due to work force constraints in mining and mobile maintenance.

Total ore tonnes mined in the three months and year ended December 31, 2022 were 706,000 tonnes and 4,114,000 tonnes compared to 1,019,000 tonnes and 3,561,000 tonnes for the same periods in 2021. The total ore tonnes mined for the three months and year ended December 31, 2022 were higher than the comparative period as a result of the unplanned operational stand-down in February 2021 due to measures taken to limit the spread of COVID-19 at Gahcho Kué.

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 (100% basis) recovered, at a grade of 1.96 carats per tonne and 1.78 carats per tonne, respectively. For the three months and year ended December 31, 2021, 814,000 tonnes and 3,083,000 tonnes of kimberlite ore were treated, with 1,511,000 carats and 6,229,000 carats recovered, at a grade of 1.86 carats per tonne and 2.02 carats per tonne. The grade for 2022 was largely in-line with expectations, with some residual impacts of unplanned external dilution from mining that was primarily due to workforce constraints. The Company worked with its joint venture partner DeBeers, who are the operator of the mine, to address these operating issues and De Beers implemented several procedures to improve ore grade fed to the plant and stockpile management.

At December 31, 2022, the Company had 597,709 carats within its sale preparation channel plus 133,976 carats reflecting its share at the GK Mine and sorting facility for a total of 731,685 carats in inventory.

Diamond Sales

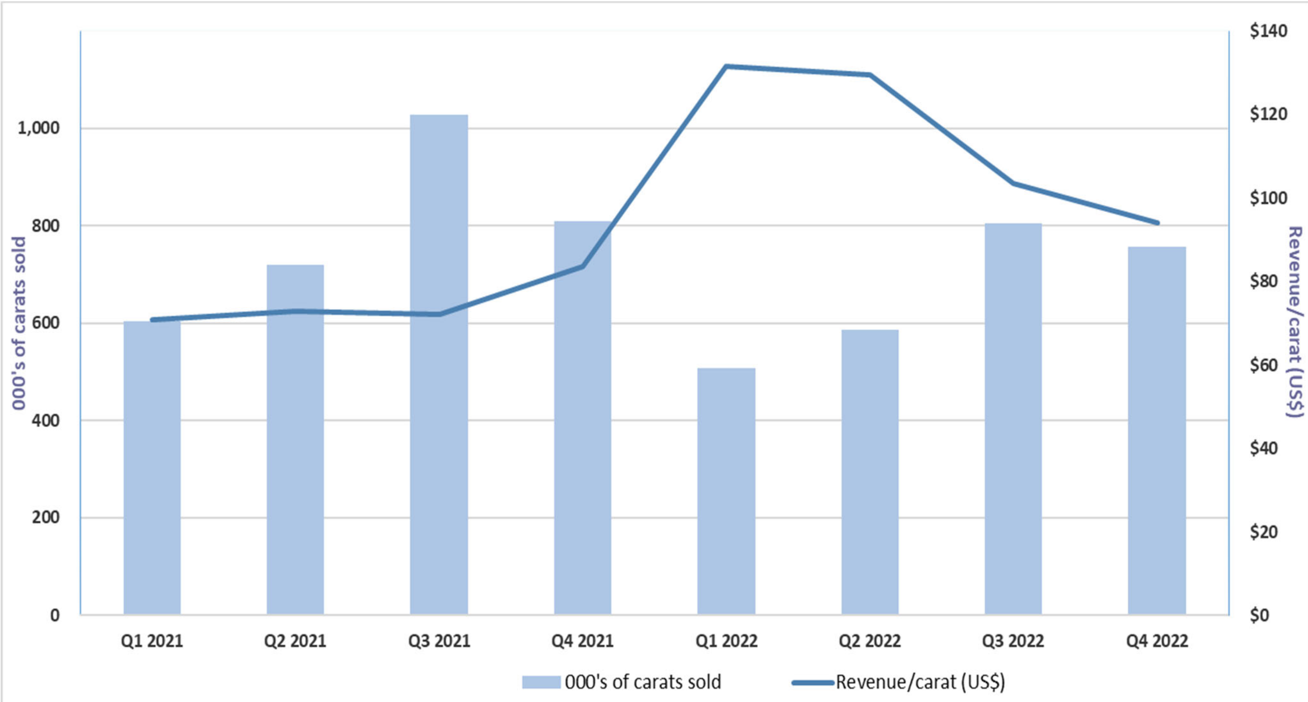
After six years of sales, the Gahcho Kué diamonds are firmly established in the rough diamond market. The Gahcho Kué ore bodies and product profiles are complex, producing a broad range of white commercial goods together with a consistent supply of exceptional, high value, gem quality diamonds as well 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, with resultant polished destined for the major diamond jewellery markets of the US, India and China. Having transitioned from an explorer and mine developer into a diamond marketer, the Company is in the early-stage development of a diamond marketing brand. Although somewhat delayed by the COVID-19 pandemic, the brand will promote the unique attributes of our diamonds and support demand through their distribution channels, with potential to reach the consumer level.

Given the variety across the Gahcho Kué rough diamond profile and the variability of the mining plan through the period, the mix of diamond categories may differ from sale to sale.

The Company undertook nine sales in Antwerp, Belgium during 2022. Most of the Company's revenue is derived from open market sales, with the remainder attributed to sales of fancies and specials directly to De Beers on such occasions where De Beers has won the periodic fancies and specials bidding process. The average realized value per carat for all sales held in the year ended December 31, 2022 was US$112 per carat. The average realized value per carat for all sales held for the year ended December 31, 2021 was US$75 per carat.

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



The following table summarizes the results of 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

The following table summarizes the results for sales in 2021:

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

Gahcho Kué Capital Program

During the year ended December 31, 2022, stay in business capital was $15.5 million compared to $14.5 million for the year ended December 31, 2021. Capital expenditures included generator repairs, haul trucks under construction and investments in other general infrastructure. 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. Stay in business capital is a non IFRS measure and is defined as those expenditures required to maintain the current operation.

2023 Production Outlook

The Company is providing production and cost guidance for 2023, as described below (all figures reported on 100% basis unless otherwise specified).

- 37 – 42 million total tonnes mined (ore and waste)
- 4.1 – 4.5 million ore tonnes mined
- 3.2 – 3.5 million ore tonnes treated
- 5.6 – 6.1 million carats recovered
- Production costs of $127 - $137 per tonne treated
- Production costs of $70 – $80 per carat recovered
- Sustaining capital expenditure of approximately $7 million (49% share)

2024 Production Outlook

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 2024, and the entire Life-of-Mine plan in our normal strategic business plan process during 2023 to seek further optimization and improvement. The 2024 production outlook is as follows:

2024: 4.0 million to 4.4 million carats

Diamond Outlook

The outlook at the start of 2022 was positive, with strong pricing, low inventories and robust demand across all industry sectors in Q1 following easing of pandemic-related restrictions. In Q2 prices softened due to rising inflation, political uncertainty around the Russian invasion of Ukraine, and ongoing lockdowns in China. By the end of Q3 prices had stabilized and consumer holiday spending boosted market sentiment at year end. The outlook for 2023 is cautious but hopeful that movement of goods downstream will increase again.

Global rough diamond production was relatively stable throughout 2022, although the flow of Russian rough supply was disrupted by sanctions placed against companies including Alrosa. This supply disruption was most severely felt in the smaller, high quality goods that the producer is known for. Locally, covid-19 temporarily affected production at several mines, but all major producers were operating at year end.

At the start of 2022, consumer spending was boosted by post-pandemic sales, particularly bridal and luxury sales, in the US and Europe. Polished diamond prices strengthened further in Q1 on the back of this increased consumer spending. Rough diamond prices, already at record highs at the end of 2021, spiked in Q1 as polished manufacturers aggressively sought supply to replenish factories and meet high downstream demand for polished goods.

As the year progressed, retail activity decelerated as consumer spending slowed amid economic and political uncertainty around rising inflation, the war in Ukraine, and ongoing pandemic restrictions in China. Demand for polished diamonds softened and manufacturers began accumulating higher inventories. By mid year some manufacturing centres reportedly slowed activities to dampen build up of polished stocks. Higher inventories lowered demand and prices for both rough and polished diamonds through Q2 and early Q3. By year end prices had stabilized.

Global consumer spending through 2022 was stifled by rising interest rates and inflation, although Q4 holiday spending did boost revenues and some US retailers reported record Black Friday sales. The Chinese retail sector remained subdued for much of 2022 due to ongoing covid restrictions, although these were lifted at the end of the year, and a resurgence in consumer spending is expected there. General consumer trends include continued demand for ethically and sustainably sourced goods, which is driving the roll-out of digital provenance and traceability platforms by major traders, producers, and retailers.

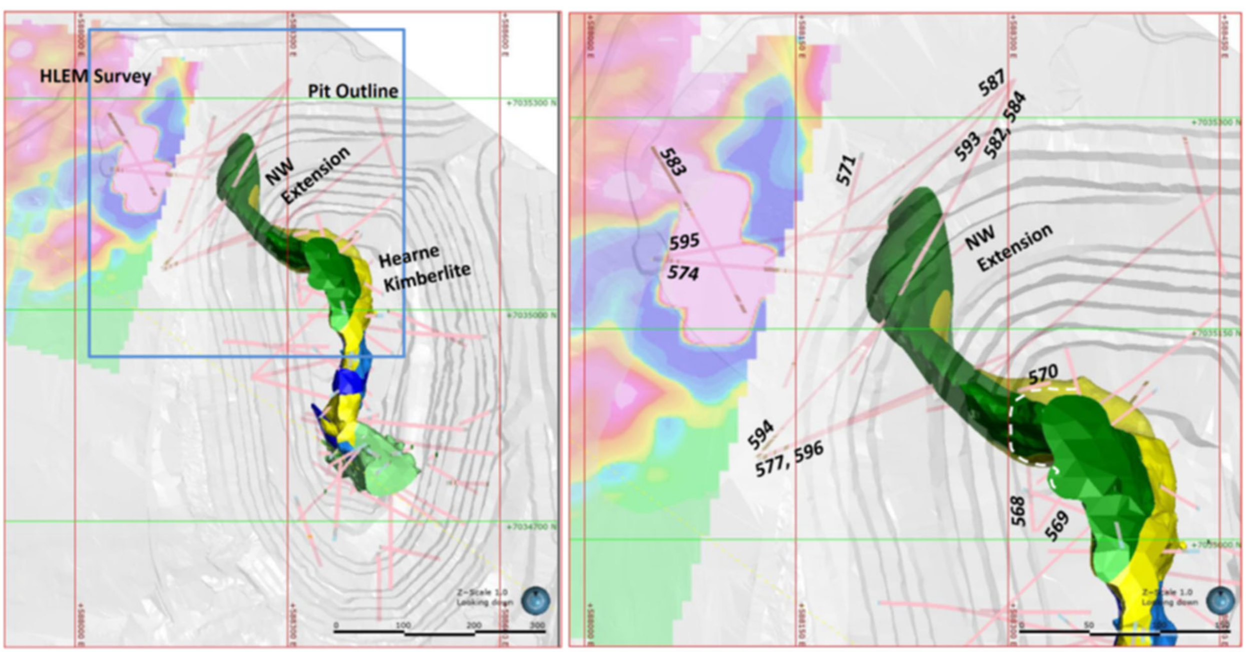
The outlook for 2023 is cautiously optomistic, with expectations that upstream inventories will reduce in Q1 as retailers restock in the post-holiday season. Global rough production is expected to be around 115-125 Mct, including a budgeted 6 Mct from Gahcho Kué, and rough inventories held by producers remain low. Russian supply is expected to remain muted while sanctions remain in place. Mid-stream inventories are higher than they were at the start of 2022 but are lower than in recent years. Consumers continue to be concerned about rising inflation but are still purchasing luxury and bridal jewellery, and the easing of restrictions in China is expected to boost spending there.

GAHCHO KUÉ EXPLORATION

The Gahcho Kué Joint Venture with De Beers Canada covers 5,216 hectares of mining leases that includes the Gahcho Kué Mine. Exploration within the GKJV has focused on near-mine and brownfield discoveries that can extend the life of the mine.

The Hearne Northwest Extension was discovered in late 2021, when kimberlite measuring 25 meters in a bench face was exposed during routine mining operations. A delineation drilling program was subsequently launched with initial results reported earlier this year (see news release, July 18, 2022). Ground-based geophysics initially suggested a west-northwest direction for the extension, but a northwest direction has been confirmed from the phase one drilling.

Drilling of the Hearne Northwest Extension as at the end of 2022 totaled 16 drillholes and 5,026 meters. Ten of the sixteen drillholes have significant kimberlite intersections that have been used to model the Hearne Northwest Extension. Completion of the phase one drilling and subsequent modeling of the data suggests that a significant volume of kimberlite may be present in the Northwest Extension. A plan view image of the drilling is provided below.

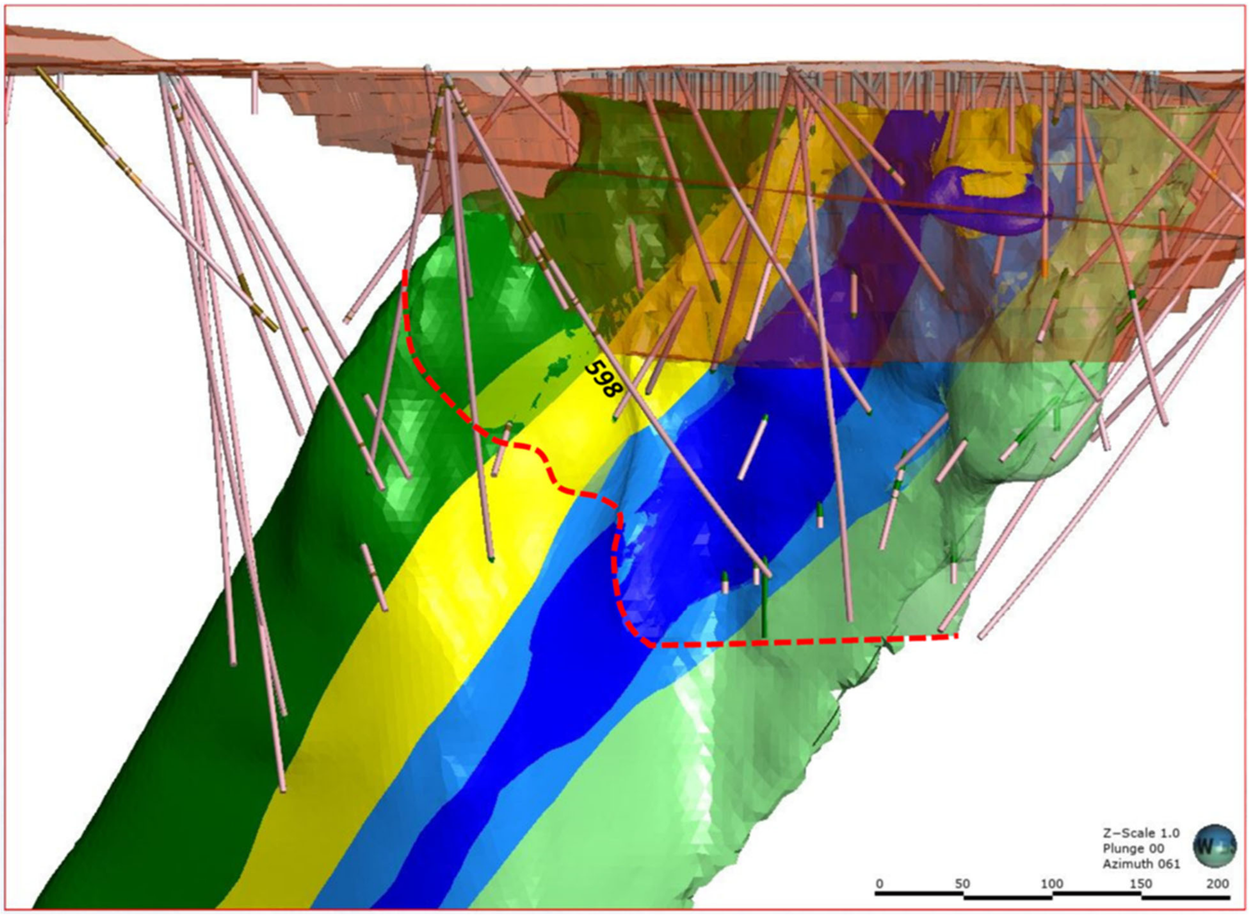


The drill intersections consist of hypabyssal kimberlite (‘HK’) and tuffisitic kimberlite (‘TK’) ranging from 23.02 to 114.53 meters. Both the HK and TK rock types are visually consistent with the known internal units at Hearne. The true thickness and depth extent of the Northwest Extension are unknown based on the limited drilling results. Drilling results that presently define the Hearne Northwest Extension are provided below.

Drill Hole	Azimuth[2]	Inclination[2]	Kimberlite Intersect[1,2] (m)			Initial	End of Hole[2](m)
			From	To	Length[1]	Rock ID[2]	
MPV-22-568C	355	-58	85.42	171.24	85.82	TK	201
MPV-22-569C	35	-46	82.51	154.00	71.49	TK	184
MPV-22-570C	255	-46	36.84	89.80	52.96	TK	130
MPV-22-571C	195	-55	--	--	--	--	294
MPV-22-574C[3]	94	-55	--	--	--	--	250
MPV-22-577C	67	-45	183.10	224.40	41.30	TK/HK	260
MPV-22-582C	205	-46	241.90	266.25	24.35	HK	333
MPV-22-583C[3]	150	-49	--	--	--	--	203
MPV-22-584C	205	-55	261.75	330.00	68.25	TK	375
MPV-22-587C	230	-60	--	--	--	--	402
MPV-22-593C	221	-65	--	--	--	--	450
MPV-22-594C	40	-61	260.29	374.80	114.51	TK	405
MPV-22-595C	80	-64	407.00	476.28	69.28	TK/HK	512
			487.60	502.26	14.66	HK	
MPV-22-596C	70	-66	308.75	325.00	16.25	TK/HK	375
			325.00	329.00	4.00	HK	
			329.00	331.77	2.77	TK	
MPV-22-597C[4]	100	-51	--	--	--	--	168[4]
MPV-22-598C	100	-51	393.30	413.13	19.83	HK	484
			413.13	456.00	42.87	TK	

[1]Intersects are not true thicknesses. [2]Initial measurements and rock ID may change with further logging. [3]Targeted on geophysics west-northwest of the geological trend of the extension. [4]Terminated early due to technical problems. HK = hypabyssal kimberlite; TK = fragmental kimberlite; TK/HK = intervals of both HK and TK.

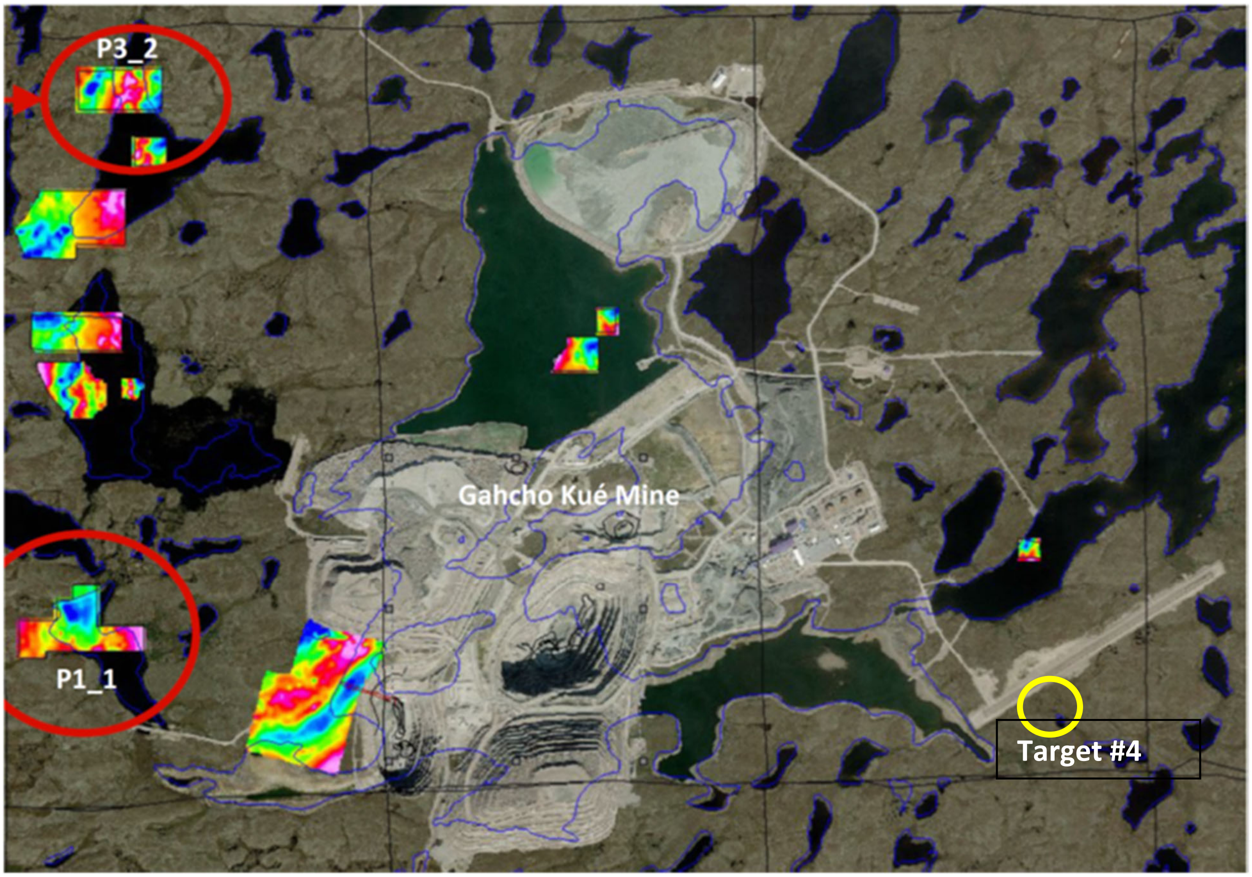
A 3D sectional view looking northeast is provided in the image below, with brown shading indicating the Hearne pit as of September 2022. Only a portion of the historical drilling is shown in the image. The red dashed line indicates the edge of Hearne before discovery of the Northwest Extension.



Logging, petrographic, mineral chemistry and microdiamond analysis is underway to properly define the HK and TK contacts in the extension and their relationship to the main Hearne kimberlite. A second phase of drilling will be required to define the volume and depth extent of the Northwest Extension and its economic viability for extraction by underground mining methods.

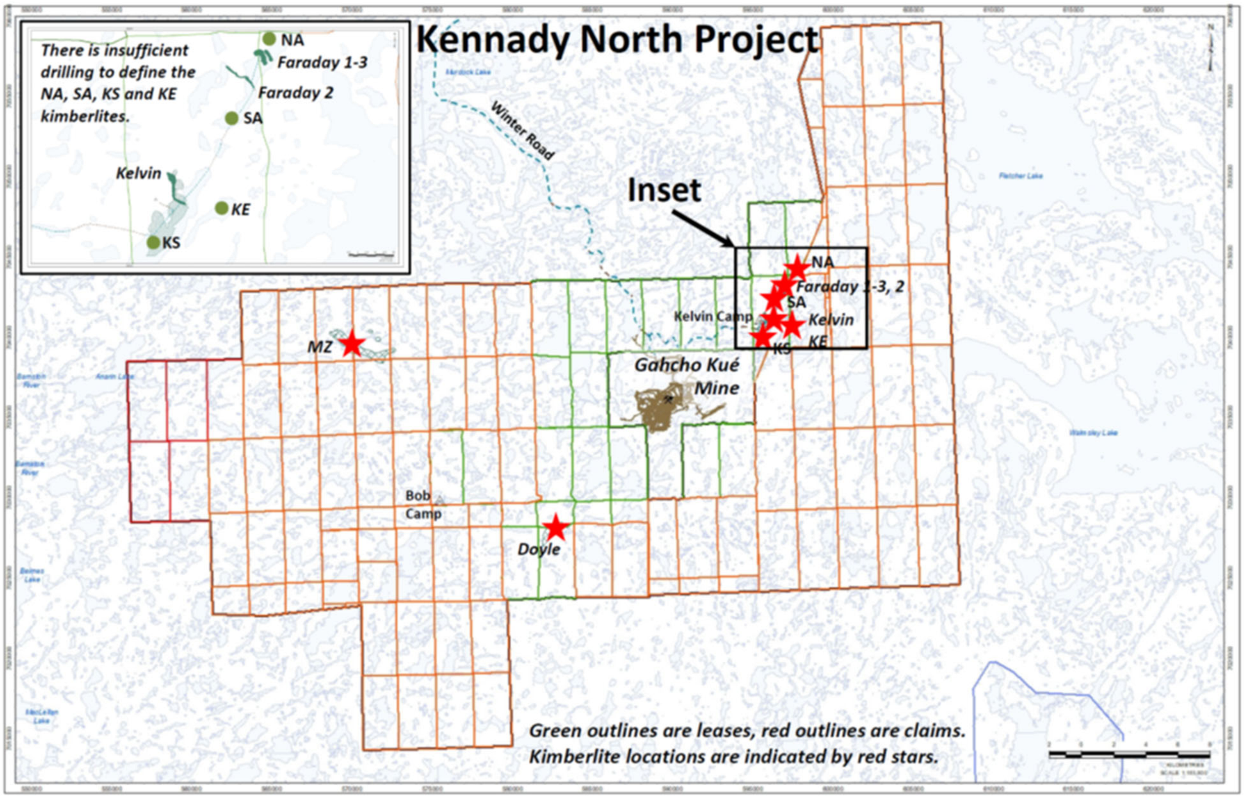
The Western Target areas of interest ('AOI') were identified from a review of historical geophysics available to the joint venture. Ground gravity surveys completed in winter 2022 prioritized two AOI for drill-testing. The lake-based target P1_1 was drill-tested in the winter (508m from five drillholes) with only 0.2m of silicified kimberlite intersected. Land-based target P3_2 was drill-tested in Q3 (270m from two drillholes) and encountered no kimberlite. No further drilling is planned for these targets.

A drill-ready geophysical anomaly from the 2020 joint venture workshop had not been tested due to its proximity to the Gahcho Kué airstrip. Target #4 was drill-tested in late 2022 with two drillholes (224m) and no kimberlite was intersected. The image below shows the locations of the drilled areas of interest.

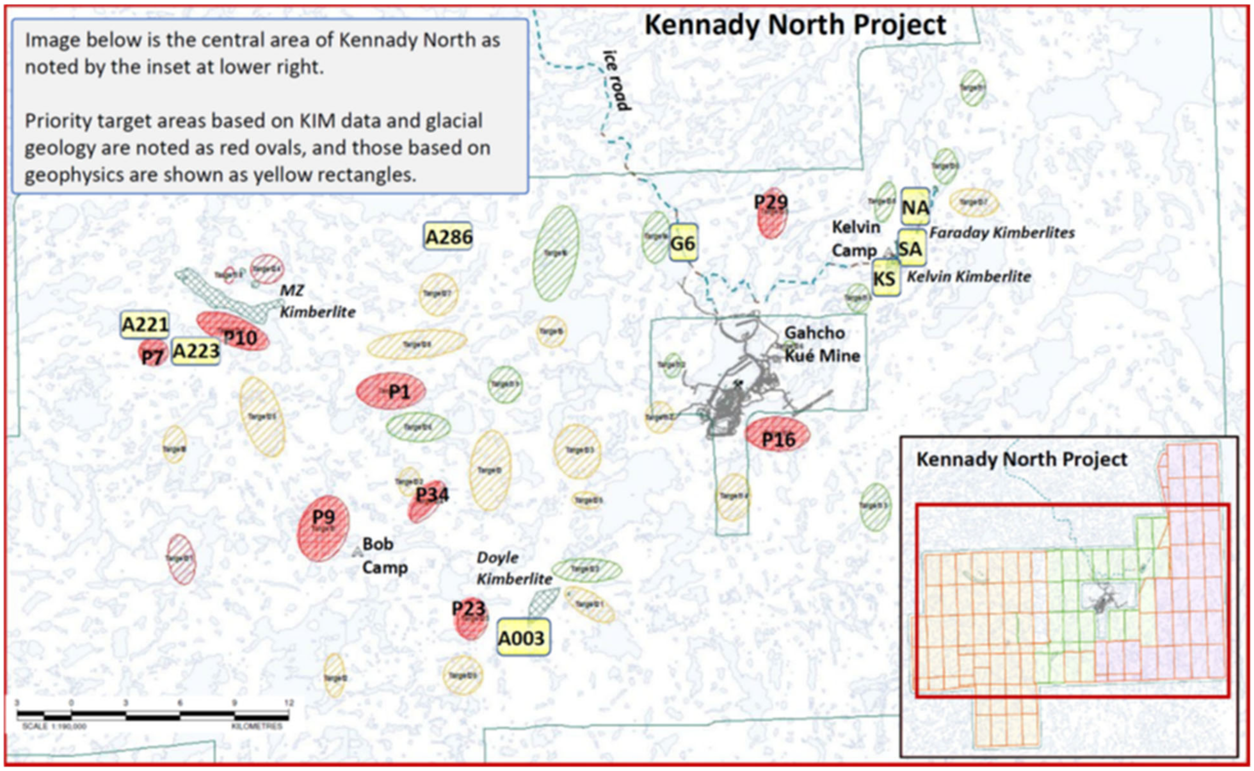


KENNADY NORTH PROJECT EXPLORATION

The Kennady North Project includes 22 federal leases and 97 claims covering an area of over 113,000 hectares that surround the Gahcho Kué Mine on all sides. Kennady North 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 project area was expanded with addition of the eastern claims in early 2020, three strategic claims near the center of the project area in 2021, and five claims on the far west in 2022. The claim, lease, and kimberlite locations relative to Gahcho Kué are shown in the map image below.



An in-house exploration workshop held in December 2021 prioritized eight target areas of interest ('AOI') that were previously identified using glacial geology and kimberlite indicator data. The eight AOI were selected for follow-up ground geophysics (including ARRT) with drilling planned for winter 2022. A second in-house workshop defined additional AOI from historical geophysics with six AOI selected for follow-up drilling in winter 2022. A third workshop with the Gahcho Kué exploration team was held in February 2022 and the combined AOI were prioritized in order of receiving winter ground geophysics followed by drilling. The AOI received ARRT and ground gravity surveys with a total of 188.8 line-km of ARRT and 3,139 gravity stations completed over the AOI. A map image of the AOI that received ground geophysics for drill-targeting is shown below.

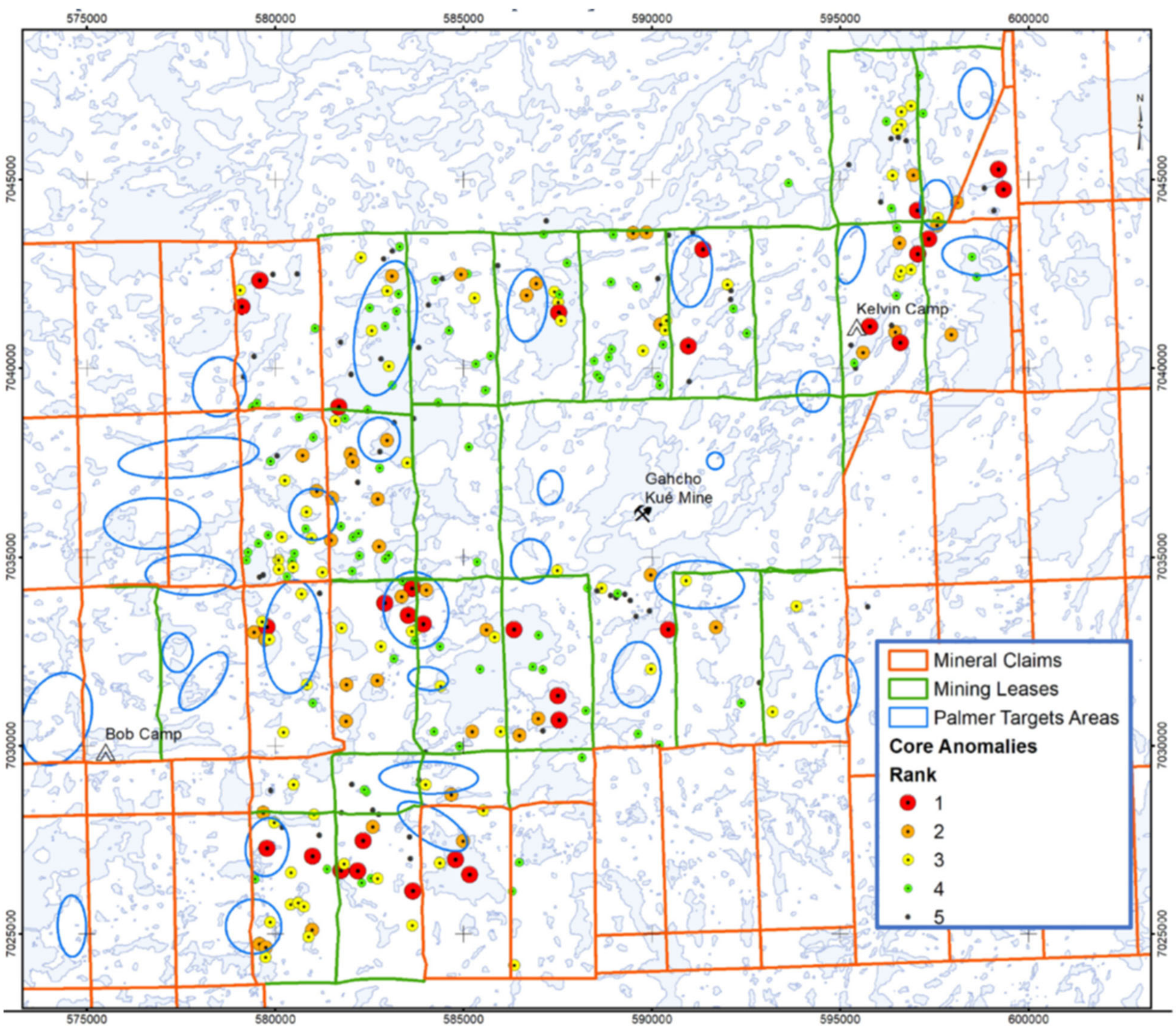


During the winter 2022 exploration program 3,844 meters from 26 drillholes were completed on the North Anomaly ('NA'), South Anomaly ('SA'), KS Anomaly ('KS'), and G6 Anomaly. At the North Anomaly depth-extensive zones of highly altered country rock intermixed with intersects of hypabyssal kimberlite ('HK') ranging from 0.03 to 6.93 meters in thickness (average thickness 1.69m), along with volcaniclastic kimberlite ('VK') in three drillholes and ranging from 0.16 to 3.50 meters in thickness (average 1.38m). Drilling at the South Anomaly encountered HK with thicknesses from 0.68 to 6.96 meters (average 3.23m). Four of six drillholes at the KS anomaly intersected HK kimberlite ranging from 0.22 to 1.49 meters in thickness. Details of the winter drilling were provided in Q2 of 2022.

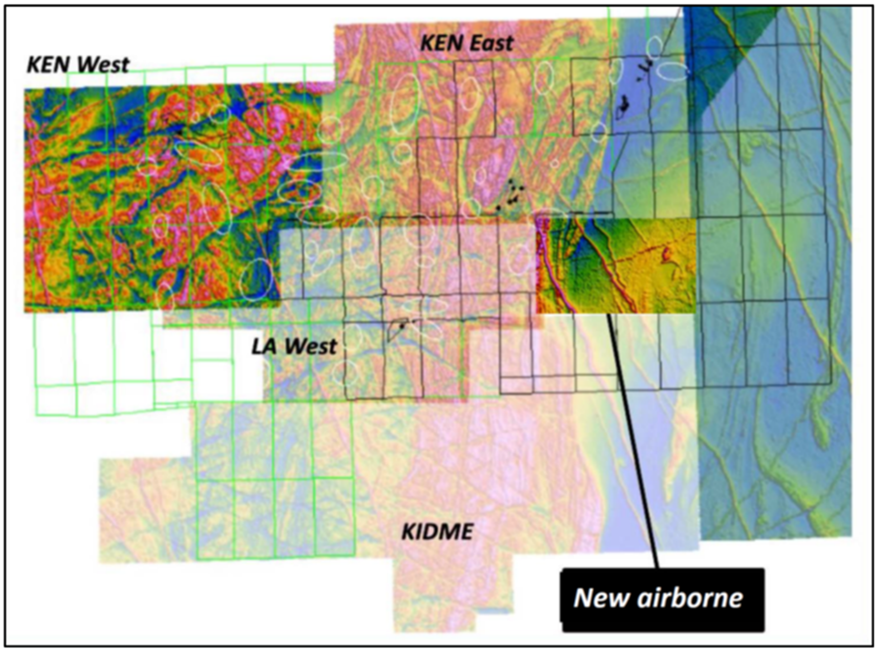
In Q3 a summer exploration program included two land-based drillholes into the North Anomaly, with no kimberlite intersected in two drillholes (352m). Two land-based drillholes were also completed on a coincident geophysical anomaly in the southeast portion of A003 but no kimberlite was encountered (214m). Two drillholes completed on a coincident anomaly at P1 (370m) encountered hydrothermal breccia consisting of granitoid fragments supported in a matrix of quartz with subordinate pyrite. Intervals of altered granitic and diabase country rock occur within the hydrothermal breccia. The longest continuous intervals of hydrothermal breccia and country rock alteration is 60.25 meters. Whole rock and metals analyses of the hydrothermal breccia and altered country rock were received in late 2022; no significantly elevated pathfinder or ore metal elements were detected.

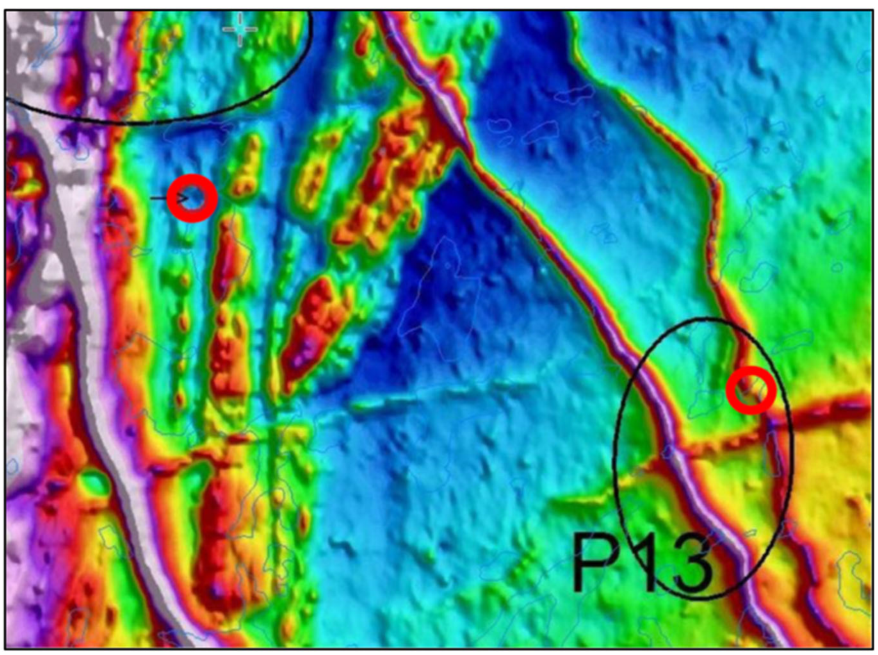
In the combined winter and summer programs, a total of 5,355.9m of core was drilled 25 of 35 drillholes intersecting kimberlite.

A reassessment of historic horizontal loop electromagnetic (HLEM) data for the project area identified several areas of interest proximal to the Kelvin and Faraday kimberlites. The KE anomaly was one of these areas and drilling at the end of the summer drilling program intersected hypabyssal kimberlite ranging from 0.10 to 0.95 meters in thickness. The KE anomaly is located roughly 400 meters east of the Kelvin kimberlite and is not believed to be part of the Kelvin kimberlite system. Additional geophysics and drilling of the KE anomaly is planned for the winter 2023 exploration program. A map image showing the distribution of HLEM anomalies by rank is provided below.



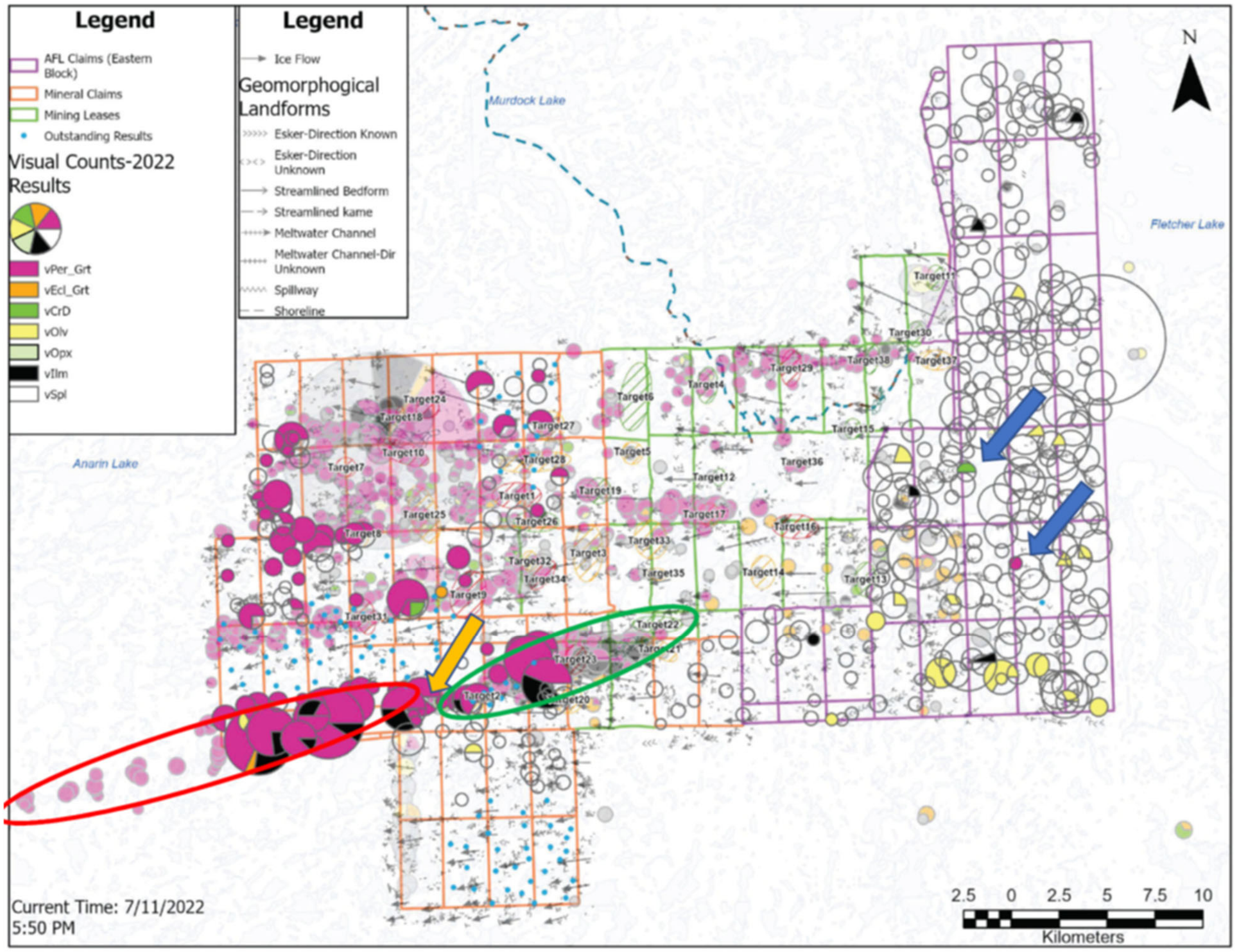
An airborne magnetic/electromagnetic survey was conducted over an area located immediately southeast of Gahcho Kué for which there was no historical geophysical coverage. A total of 1,291 line-km of data were collected over the area. One anomalous area that lies within the P13 KIM area of interest was surveyed with ground magnetics and gravity. The two anomalies identified on the new survey are indicated as red circles on the map images below.



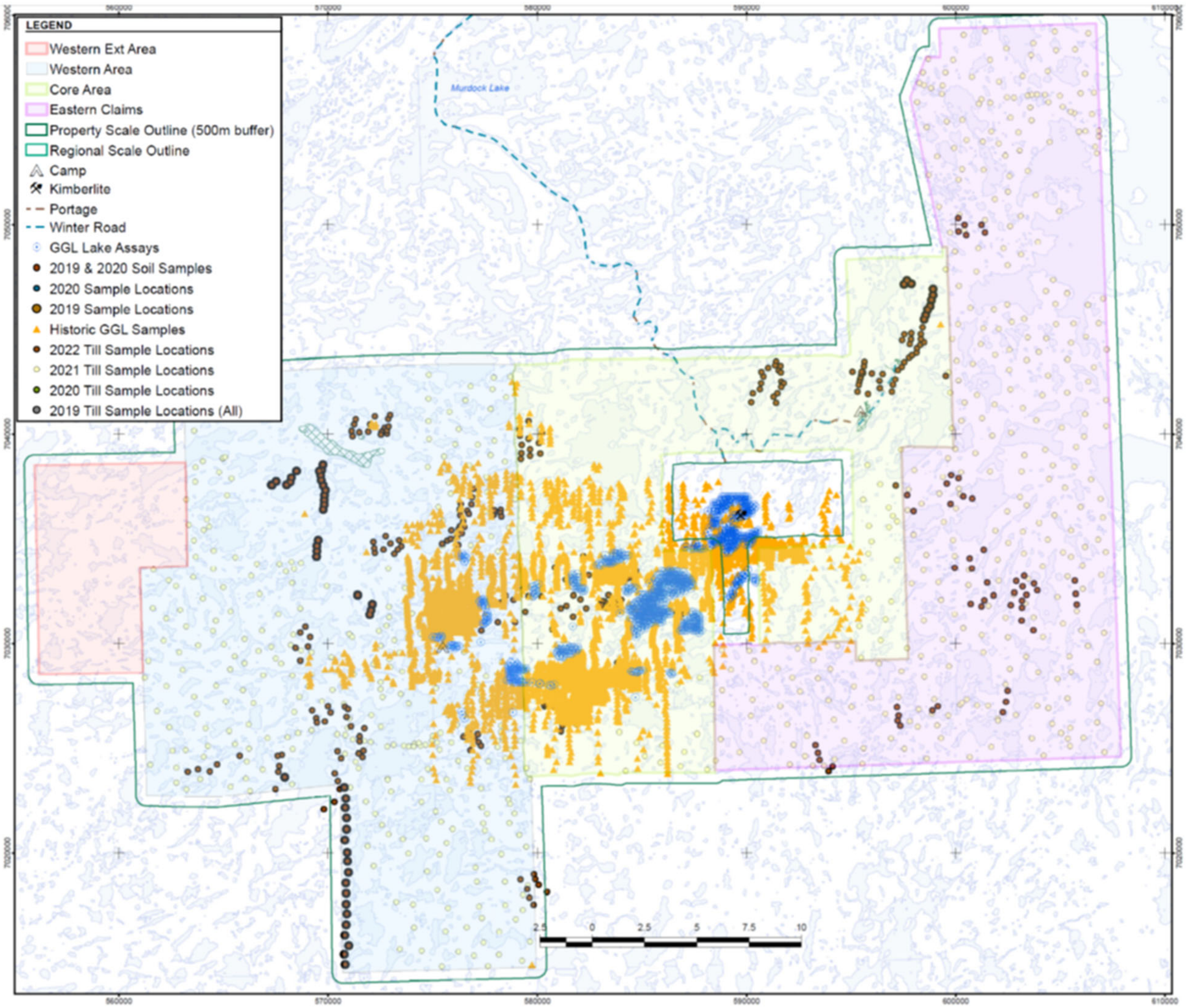


Over 600 till samples were collected over the project area in 2021, with half of those covering the recently staked Kennady East claims. The results have confirmed that a ubiquitous dispersion of chromite is present on the Kennady East claims. Based on morphology and surface features, the chromite are believed to be non-kimberlitic and are eroded from metavolcanics and metasediments that dominate the geology of these claims. Non-kimberlitic olivine is also present and likely derived from the same sources as the chromite.

Within the background chromite, two KIM dispersions are supported by pyrope and by chrome diopside and follow-up sampling was conducted in 2022 to fill in the dispersions. On the western claims, results from the 2022 sampling have also confirmed the presence of strong KIM dispersions in the southwest of the project area, with 29 pyrope in one sample at the suspected head of one of the dispersions. Results for the remaining samples collected in 2022 are expected in early 2023. The distribution of 2021 till sample results is shown in the image below, with blue arrows indicating pyrope and chrome diopside anomalies on the Kennady East Claims, and the orange arrow showing the location of the sample containing 29 pyrope.



An extensive geochemical and drilling database exists over the Kennady North project area. In 2019 a due diligence review of historical drilling and glacial sediment geochemical data was started, to ensure that both diamonds and metals discovery potential was not overlooked. Historic drillhole MPV-97-021C was logged from 108 to 176 meters as granite/quartz syenite with magnetite veinlets throughout the interval and 2% molybdenite based on visual estimations. Consequently, five claims were secured over rocks of interest associated with this drillhole. The Western Extension claims are noted on the image below, which also shows the distribution of glacial sediment geochemistry samples for the project area.



KDI applied for and received a new Type A Land Use Permit and Type B Water Licence from the Mackenzie Land and Water Board to enable future drilling on mineral claims that were acquired in 2020, 2021, and 2022. Community engagement in Q4 was centered around the Land Use Permit and Water Licence applications as well as ongoing socioeconomic opportunities and environmental data collection activities. 2022 baseline environmental data collection programs, including hydrology, water quality, fish and fish habitat, wildlife, and archaeological programs, concluded successfully. Kinetic geochemical analysis of kimberlite and its host rock continued through Q4.

The Kennady North Project 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 Diamonds. All reports are available on SEDAR and on the Company website. Details for the estimated resources are provided in the table below.

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

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

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

RESULTS OF OPERATIONS

The Company, as discussed above, held nine diamond sales during the year ended December 31,2022.

SELECTED ANNUAL INFORMATION

Expressed in thousands of Canadian dollars	December 31 2022	December 31 2021	December 31 2020
	$	$	$
Sales	388,853	308,723	226,993
Earnings (loss) from mine operations	170,525	113,728	(1,485)
Impairment reversal (loss) on property, plant and equipment	-	240,593	(217,366)
Operating income (loss)	141,027	334,916	(235,811)
Net Income (loss) for the year	49,195	276,167	(263,429)
Basic and diluted earnings (loss) per share	0.23	1.31	(1.25)
Cash flow provided by operating activities	172,630	112,578	51,748
Cash flow provided by (used in) investing activities	(64,639)	(53,743)	(53,686)
Cash flow provided by (used in) financing activities	(115,495)	(69,794)	2,009
Balance Sheet			
Total assets	898,541	877,497	595,329
Total financial liabilities	491,383	526,726	521,629
Total cash dividends declared per common share	-	-	-

In the year ended December 31,2022, diamond sales related to 2,657,000 carats sold for $388,853 (US$297,295), compared to 3,158,000 carats sold for $298,325 (US$237,012) and to 3,329,000 carats sold for $226,993 (US$171,278) for the same periods in 2021 and 2020, respectively. In the year ended December 31, 2021, all of the original diamonds sold to Dunebridge Worldwide Ltd ('Dunebridge') in 2020 have been sold by Dunebridge to third parties. Included in the sales of $308,723 for the year ended December 31,2021, is $10,399 of upside proceeds related to this Dunebridge agreement (Financial statement note 17). During the year ended December 31, 2022 and 2021, the Company benefited from higher realized diamond prices, and was able to experience a recovery from the Covid 19 lows. These factors resulted in operating income during the years ended December 31, 2022 and 2021, compared to significant operating losses in the year ended December 31, 2020. Net income (loss) is also affected by unrealized foreign exchange gains (losses) from period-to-period on our US$ denominated debt. The higher realized prices of diamonds also contributed to higher operating cash flow reported for 2022 compared to years of 2021 and 2020. 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 2022, because of the full repayment of the Dunebridge Revolving Credit Facility (Dunebridge RCF) and the repayment of theOld Notes.

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

Overall total assets have increased in 2022 compared to 2021 and total assets from 2021 have increased compared to 2020 and the main reason of increase of assets during 2021 was related to the impairment reversal on property, plant and equipment.

SUMMARY OF FULL YEAR 2022 FINANCIAL RESULTS

Year ended December 31, 2022, compared to the year ended December 31, 2021, expressed in thousands of Canadian dollars.

For the year ended December 31, 2022, the Company recorded a net income of $49,195 or $0.23 earnings per share compared to $276,167 net income or $1.31 earnings per share for the same period in 2021.

A significant difference was reported in earnings from mine operations of $170,525 in the year ended December 31, 2022, compared to earnings from mine operations of $113,728 for the same period in 2021. Furthermore, the significant net income for the year ended December 31, 2021 was due to the impairment reversal of $240,593 on property, plant and equipment.

Earnings from mine operations

Earnings from mine operations for the year ended December 31, 2022, were $170,525 compared to earnings from mine operations of $113,728 for the same period in 2021. For the year ended December 31, 2022, diamond sales of 2,657,000 carats generated $388,853 (US$297,295), or approximately $146 per carat sold, compared to 3,158,000 carats for $298,325 (US$237,012), or approximately $94 per carat sold. During the year ended December 31, 2022 and 2021, the Company benefited from higher realized prices compared to Covid-19 impacted lows during 2020. The earnings from mine operations for the year ended December 31, 2021 also included the $10,399 of upside profit related to the Dunebridge sales agreement. The prices realized in 2022 exemplify continued improved sentiment and demand in the rough diamond market recovering from the peak of the COVID-19 pandemic effects.

For the year ended December 31, 2022 production costs (excluding 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 had been previously paid to De Beers when winning the periodic fancies and specials bids. The total cost of production of $218,328, equates to a per carat cost of approximately $82 per carat sold. Earning from mine operations were $170,525. For the year ended December 31, 2021, production costs (net of capitalized stripping costs) related to diamonds sold were $140,099; depreciation and depletion charges on the GK Mine commissioned assets related to diamonds sold for the year ended December 31, 2021 were $39,173; and the cost of acquired diamonds for the year ended December 31, 2021 was $15,723, which had been previously paid to De Beers when winning the periodic fancies and specials bids. The total production of $194,995, equates to a per carat cost of approximately $62 per carat sold. Resultant earnings from mine operations were $113,728.

Selling, general and administrative expenses

Selling, general and administrative expenses for the year ended December 31, 2022, were $17,171 compared to $13,858 for the same period in 2021. The increase in overall selling, general and administrative costs for the year ended December 31, 2022, compared to the same period in 2021, can mainly be attributed to an increase in consulting and payroll fees and selling and marketing expenses. The payroll increase reflects the appointment of the Chief Sustainability Officer plus an office administration support post along with a payout to the former CFO of the Company. Selling and marketing increased due to the return to normal operations and resumption of travel to the sorting facility. The share-based payment expense also increased compared to prior period as more stock options and RSUs were granted compared to prior periods.

Exploration and evaluation expenses

Exploration and evaluation expenses for the year ended December 31, 2022, were $12,327 compared to $5,547 for the same period in 2021. Exploration and evaluation expenses have increased for the year ended December 31, 2022 compared to same period in 2021, as targeted exploration activities continued to develop in 2022. Of the $12,327 total exploration and evaluation expenses incurred in the year ended December 31, 2022, $1,667 is related to the Company's 49% share of the exploration and evaluation expenses on the GK Mine, while the remaining $10,660 is related to activity on the KNP. Of the $5,547 total exploration and evaluation expenses incurred in the year ended December 31, 2021, $604 related to the Company's 49% share of the exploration and evaluation expenses on the GK Mine, while the remaining $4,943 related to those spent on the KNP.

Net finance expenses

Net finance expenses for the year ended December 31, 2022, were $46,440 compared to $40,373 for the same period in 2021. 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, $1,865 relating to accretion expense on decommissioning liability and $1,372 related to interest income. Included in these amounts for the year ended December 31, 2021 were $39,865 relating to financing costs, $710 related to accretion expense on decommissioning liability and $202 relating to interest income. Finance costs have increased due to a loss on loan, that was recorded in relation to the Dunebridge JCF amendment. This is offset by a higher interest income earned in the period ended December 31, 2022 and lower financing costs due to repayment of secured notes during the year.

Foreign exchange (losses) gains

Foreign exchange losses for the year ended December 31, 2022, were $28,162 compared to foreign exchange gains of $2,268 for the same period in 2021. The foreign exchange losses for the year ended December 31, 2022 were a result of the Canadian dollar weakening 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 losses for the year ended December 31, 2022 relates to unrealized losses associated with the translation of the U.S dollar based secured notes payable and Dunebridge JCF, which is not closely tied to operational metrics. At December 31, 2022 the spot exchange rate was $1.3554/US$1 compared to $1.2637/US$1 at December 31, 2021 and $1.2575/US$1 at December 31,2020. The foreign exchange gains for the year ended December 31, 2021 was a result of the Canadian dollar strengthening relative to U.S dollar and translation of the secured notes payable, net of U.S. dollar cash balances, to Canadian dollar at the spot rate at the year end.

Deferred income taxes

Deferred income taxes for the year ended December 31, 2022 were $21,200 compared to $20,720 for the same period in 2021. For the year ended December 31, 2022, the deferred tax liability and corresponding expense increased due to the utilization of tax pools to offset the production income generated. For the year ended December 31,2021, deferred income taxes recognized as a result of the impairment reversal for which the value of the property, plant and equipment exceeded the mining royalty tax pools available to the Company.

SUMMARY OF QUARTERLY RESULTS

Table 1 - Quarterly Financial Data

Expressed in thousands of Canadian dollars

		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
Impairment reversal on property, plant and equipment	$	-	-	-	-
Operating income	$	25,257	37,705	43,047	35,018
Net income (loss) for the period	$	9,421	(7,187)	22,634	24,327
Basic and diluted (loss) earnings per share	$	0.04	(0.03)	0.11	0.12
Adjusted EBITDA*	$	23,409	54,104	55,127	44,597
Cash flow provided by (used in) operating activities	$	68,938	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	$	(97,533)	(1,894)	(15,674)	(394)
Balance Sheet					
Total assets	$	898,541	966,173	936,017	935,753

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

		Three months ended			
		December 31 2021	September 30 2021	June 30 2021	March 31 2021
Earnings and Cash Flow					
Number of sales		2	2	2	2
Sales	$	85,144	94,208	75,147	54,224
Impairment reversal on property, plant and equipment	$	240,593	-	-	-
Operating income	$	265,491	30,137	28,756	10,532
Net income for the period	$	237,619	8,764	22,472	7,312
Basic and diluted earnings per share	$	1.13	0.04	0.11	0.03
Adjusted EBITDA*	$	37,091	41,171	37,874	19,178
Cash flow provided by (used in) operating activities	$	48,012	51,905	22,465	(9,805)
Cash flow provided by (used in) investing activities	$	(26,476)	(8,849)	(7,803)	(10,615)
Cash flow provided by (used in) financing activities	$	(41,014)	(33,545)	5,471	(706)
Balance Sheet					
Total assets	$	877,497	624,288	632,728	613,723

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

The Company typically holds between eight 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. The Covid-19 pandemic caused a significant postponement and altering of the regular sales schedules in 2021 and 2020.

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 (not defined under IFRS and may not be comparable to similar measures presented by other issuers).

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.

During the three months ended December 31, 2021, the Company sold 809,000 carats and recognized revenue of $85,144 at an average realized value of $94 per carat (US$84) over two sales in Antwerp, Belgium. Before considering the effects of the impairment reversal on property plant and equipment in the three months ended December 31, 2021, the operating income was $24,898.

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

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

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

SUMMARY OF FOURTH QUARTER FINANCIAL RESULTS

Three months ended December 31, 2022 compared to the three months ended December 31,2021, expressed in thousands of Canadian dollars.

For the three months ended December 31,2022, the Company recorded a net income of $9,421 or $0.04 earnings per share compared to a net income of $237,619 or $1.31 earnings per share for the same period in 2021. The significant decrease in the net income for the three months ended December 31, 2022 compared to the same period in 2021, is largely attributed to the impairment reversal of $240,593 on property, plant and equipment in the year ended December 31, 2021.

Earnings (loss) from mine operations

Earnings from mine operations for the three months ended December 31, 2022, were $31,640 compared to earnings from mine operations of $31,664 for the same period in 2021. For the three months ended December 31, 2022, the Company sold 758,000 carats for proceeds of $96,315 with diamond sales value per carat of US$94 (three months ended December 31, 2021 – 809,000 carats for $85,144 at US$84 per carat. The prices realized in 2022 exemplify improved sentiment and demand in the rough diamond market recovering from the peak of the COVID-19 pandemic effects.

Production costs (net of capitalized stripping costs) related to diamonds sold for the three months ended December 31, 2022 were $38,449; 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, which had been previously paid to De Beers when winning the periodic fancies and specials bids. Resultant earnings from mine operations for the three months ended December 31, 2022 were $31,640. Included in production costs, for the three months ended December 31, 2022 are the Company's 49% costs specifically arising related to COVID-19 of $3.4 million. Production costs (net of capitalized stripping costs) related to the three months ended December 31, 2021 were $38,025; and depreciation and depletion on the GK Mine commissioned assets related to the three months ended December 31, 2021 were $10,326; and the cost of acquired diamonds for the three months ended December 31, 2021 were $5,129. The production costs for the three months ended December 31, 2022, over the same period in 2021 are higher due to lower depreciation and depletion in 2021 because of the impairment reversal taken at end of 2021.

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended December 31, 2022, were $5,476 compared to $5,467 for the same period in 2021. 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 main expenses included in these amounts for the three months ended December 31, 2021 were $2,032 relating to selling and marketing, $596 related to consulting fees and payroll, $279 relating to office and administration, and $420 related to professional fees. The increase in overall selling, general and administrative costs for the year ended December 31, 2022, compared to the same period in 2021, can mainly be attributed to an increase in consulting and payroll fees and selling and marketing expenses. The payroll increase reflects the appointment of the Chief Sustainability Officer plus an office administration support and the payment of bonuses to management and staff. Selling and marketing increased due to the return to normal operations and resumption of travel to the sorting facility. The share-based payment expense also increased compared to prior period as more stock options and RSUs were granted compared to prior periods.

Exploration and evaluation expenses

Exploration and evaluation expenses for the three months ended December 31, 2022, were $907 compared to $1,299 for the same period in 2021. As a result of some of the resumption of exploration activities, the three months ended December 31, 2022 and 2021, had an increase of these costs. Of the $907 total exploration and evaluation expenses incurred in the three months ended December 31, 2022, $2 is related to the Company's 49% share of the exploration and evaluation expenses on the GK Mine, while the remaining $905 related to those spent on the KNP. Of the $1,299 total exploration and evaluation expenses incurred in the three months ended December 31, 2021, $278 is related to the Company's 49% share of the exploration and evaluation expenses on the GK Mine, while the remaining $1,021 related to those spent on the KNP.

Net finance expenses

Net finance expenses for the three months ended December 31, 2022, were $19,067 compared to $9,254 for the same period in 2021. 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 decommissioning liability and $794 relating to interest income. Included in the amount for the three months ended December 31, 2021, were $9,077 relating to finance costs, $236 relating to accretion expense on decommissioning liability and $59 relating to interest income. Finance costs were higher for the three months ended December 31,2022, compared to the same period in 2021, due to a loss on loan of $10,031 because of the Dunebridge JCF amendment. This is offset by lower financing costs paid as a result of the secured notes repayment, resulting in lower interest expense.

Foreign exchange gains

Foreign exchange gains for the three months ended December 31, 2022, were $5,592 compared to foreign exchange gains of $1,865 for the same period in 2021. The foreign exchange gains for the three months ended December 31, 2022, were mainly a result of the Canadian dollar strengthening relative to the US dollar on the translation of the Notes and Dunebridge JCF, net of US dollar cash balances. The spot rate on December 31, 2022 was $1.3554/US$1 compared to $1.2637/US$1 at December 31, 2021.

Deferred income taxes

Deferred income taxes for the three months ended December 31, 2022 were $5,520 compared to $20,720 for the same period in 2021. For the three months ended December 31, 2021, deferred income taxes were recognized as a result of the impairment reversal for which the value of the property, plant and equipment exceeded the mining royalty tax pools available to the Company. In the three months ended December 31, 2022, deferred income taxes increased due to the utilization of tax pools to offset the production income generated in the period.

INCOME AND MINING TAXES

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

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

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

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

FINANCIAL POSITION AND LIQUIDITY

The Company originally funded its share of 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. On December 14, 2022, the Old Notes were settled and the Company issued US$195 million Notes.

On March 28, 2022, the Company executed a credit facility with Dunebridge, for US$50 million (Financial Statements Note 10) in respect of the Dunebridge RCF.

Cash flows provided by operating activities, including changes in non-cash working capital for the three months and year ended on December 31, 2022, were $68,938 and $172,630 compared to cash flows provided of $48,012 and $112,578 for the same periods in 2021. The cash generated from the operating activities for the three months and year ended December 31, 2022, were significantly higher compared to the same periods in 2021 as a result of the strong earnings from mine operations.

Cash flows used in investing activities for the three months and year ended December 31, 2022, were $30,795 and $64,639 compared to $26,476 and $53,743 for the same periods in 2021. For the three months and year ended December 31, 2022, the outflows for the purchase of property, plant and equipment were $26,302 and $60,432 compared to $16,494 and $43,820 for the same periods in 2021. For the three and year ended December 31, 2022, the outflow for restricted cash was $5,287 and $5,579 compared to $10,041 and $10,125 for the same periods in 2021, which relates to the reclamation funding and interest earned on the decommissioning fund of the GK Mine.

For the three months and year ended December 31, 2022, the amount of cash used in the acquisition of property, plant and equipment and restricted cash was offset by $794 and $1,372 of interest income, compared to $59 and $202 for the same periods in 2021. The increase of cash used in investing activities during the three months and year ended December 31, 2022, compared to the same periods in 2021, can be attributed to the increased stripping activity.

Cash flows used in financing activities for the three months and year ended December 31, 2022, were $97,533 and $115,495 compared to cash flows used of $41,014 and $69,794 for the same periods in 2021. Cash flows used in financing activities for the three months and year ended December 31, 2022, relate to the cash provided by the Dunebridge JCF and Notes, offset by the repurchase and repayment of the Old Notes, payment of interest on the Old Notes and Dunebridge JCF and Dunebridge RCF, the payment of deferred financing costs on the Dunebridge JCF and refinancing of the Notes and the payment of lease liabilities. Cash flows used by financing activities for the three months and year ended December 31, 2021, related to cash provided by the Dunebridge Term Facility, offset by the full repayment of Dunebridge Term Facility and Dunebridge RCF, the payment of lease liabilities and the payment of interest on the Old Notes.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

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 $912 and $877 as at December 31, 2022 and 2021, respectively, were collected.

On December 31, 2022 and 2021, 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 $822 (2021 - $722).

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, 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 and/or maintain sufficient liquidity.

As of December 31, 2022, the Company has an obligation of US$195 million or $264.3 million Canadian dollar equivalent (2021 – US$299.9 million or $379 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 secured notes payable as they come due may lead to the sale of the 49% participating interest in the GK Mine.

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, 2022 and 2021, since the secured notes payable and Dunebridge JCF do not have variable interest rates. At December 31, 2022, the total secured notes payable was US$195 million (2021 – US$299.9 million) and the Dunebridge JCF was US$50 million (2021 - $Nil).

(ii) Foreign currency

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

As at December 31, 2022 and 2021, the Company had cash, derivative assets, accounts payable and accrued liabilities, the Dunebridge JCF and the secured notes payable that are in U.S. dollars. The Canadian dollar equivalent is as follows:

	December 31, 2022	December 31, 2021
Cash	$ 11,417	$ 11,968
Derivative assets	2,214	731
Accounts payable and accrued liabilities	(2,950)	(1,949)
Dunebridge JCF	(67,770)	-
Secured notes payable	(264,303)	(379,034)
Total	**$ (321,392)**	$ (368,284)

A 10% appreciation or depreciation of the Canadian dollar relative to the U.S. dollar at December 31, 2022 and 2021 would have resulted in an increase or decrease to net income for the year of approximately $32.1 million and $36.8 million, respectively.

SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN THE CURRENT PERIOD

There was one significant accounting policy adopted in the current period disclosed in Note 3 of the financial statements.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

STANDARDS AND AMENDMENTS TO EXISTING STANDARDS

There is currently one new standard disclosed in Note 3 of the financial statements.

RELATED PARTY TRANSACTIONS

The Company's related parties include Dermot Desmond, Dunebridge and Vertigol Unlimited Company ("Vertigol") (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 ("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 the nature of remuneration. The transactions with the Operator of the GK Mine relate to the funding of the Company's interest in the GK Mine for the current year's expenditures, capital additions, management fee, and production sales related to the 49% share of fancies and special diamonds. The transactions with IIU are for the director fees of the Chairman of the Company.

On March 28, 2022, the Company executed a credit facility with Dunebridge, for US$50 million (Financial Statements Note 10).

On September 30, 2020, the Company entered into the Dunebridge RCF for US$25 million to reassign the previous revolving credit facility provided by Bank of Nova Scotia, with first ranking lien terms. On September 24, 2021, the Dunebridge RCF was extended to March 31, 2022 (Note 9).

In 2020, the Company entered into an agreement to sell up to US$50 million of diamonds to Dunebridge (the "Dunebridge Sales Agreement"). The agreement permits the Company to sell its run of mine diamonds (below 10.8 carats) at the estimated prevailing market price at the time of each sale. The transaction also allows the Company to participate, after fees and expenses, in a portion of any increase in the value of diamonds realized by Dunebridge upon its future sale of diamonds to a third party. Dunebridge is entitled to receive 10% annualized returns in respect to these future sales of Dunebridge diamonds, calculated with reference to each specific Dunebridge sales parcel. These fees are fixed at 10% of the amount of the future sales for the first year. In the second and third year following the date of Dunebridge diamond purchase from the Company, an additional 10% of the amount of the future sale is compounded and pro-rated based on the amount of time in each of the second and third years have passed. After three years, the agreement is effectively terminated, and any upside realized by Dunebridge will not be shared with the Company. The expenses relate to any future sale costs. Once all fees and expenses have been deducted any surplus will be shared equally between Dunebridge and the Company. The purchase price has been determined using the Company's price book, adjusted for the estimated current underlying market conditions. As at December 31, 2020, approximately US$49.4 million of run of mine diamonds have been sold under the agreement. On September 29, 2020, the shareholders approved to have this agreement amended to increase the total sales value from US$50 million of diamonds, to US$100 million. Effective November 6, 2020, the new agreement with the incremental increase to US$100 million was executed. Included in the diamond sales of $308,723 for the year ended December 31, 2021, was $10,399 of upside proceeds which was realized and received related to this Dunebridge agreement.

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 year ended December 31, 2022, the Company funded $5 million (2021 - $10 million) into the decommissioning fund, which is presented as restricted cash on the balance sheet.

As at December 31,2022, the Company's share of the letters of credit issued were $44.7 million (2021 - $44.1 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 December 31,2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Payable De Beers Canada Inc. as the operator of the GK Mine*	**$ 3,427**	$ 2,732
Payable to De Beers Canada Inc. for interest on letters of credit	**136**	99
Loan payable to Dunebridge Worldwide Ltd.	**68,923**	-
Payable to key management personnel	**592**	67

*Included in accounts payable and accrued liabilities

The transactions for the years ended December 31,2022 and 2021 were as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
The total of the transactions:		
International Investment and Underwriting	**$ 120**	$ 120
Remuneration to key management personnel	**3,764**	3,329
Upside revenue on diamonds sold to Dunebridge Worldwide Ltd.	**-**	10,399
Diamonds sold to De Beers Canada Inc.	**15,376**	10,338
Diamonds purchased from De Beers Canada Inc.	**26,346**	14,990
Finance costs incurred from De Beers Canada Inc.	**136**	135
Finance costs incurred from Dunebridge Worldwide Ltd.	**1,724**	5,882
Management fee charged by the Operator of the GK Mine	**3,332**	4,763

The remuneration expense of directors and other members of key management personnel for the years ended December 31, 2022 and 2021 were as follows:

	Year ended December 31,2022	Year ended December 31, 2021
Consulting fees, payroll, director fees, bonus and other short-term benefits	**$ 2,842**	$ 2,982
Share-based payments	**1,042**	467
	$ 3,884	$ 3,449

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	$ 971	$ -	$ -	$ -	**$ 971**
Gahcho Kué Diamond Mine decommissioning fund	10,000	15,000	-	-	**25,000**
Revolving Junior Credit facility - Principal	-	-	67,770	-	**67,770**
Revolving Junior Credit facility - Interest	-	-	48,223	-	**48,223**
Notes payable - Principal	-	264,303	-	-	**264,303**
Notes payable - Interest	24,184	48,301	-	-	**72,485**
	$ 35,155	**$ 327,604**	**$ 115,993**	**$ -**	**$ 478,752**

NON-IFRS MEASURES

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

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

Adjusted EBITDA is used by management to analyze the operational cash flows of the Company, as compared to the net income for accounting purposes. It is also a measure which is defined in the 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 statements of comprehensive income:

	Three months ended December 31, 2022	Three months ended December 31, 2021	**Year ended December 31, 2022**	Year ended December 31, 2021
Net income for the period	$ 9,421	$ 237,619	$ 49,195	$ 276,167
Add/deduct:				
Non-cash depreciation and depletion	17,805	10,537	57,159	39,384
Impariment (reversal) loss on property, plant and equipment	-	(240,593)	-	(240,593)
Share-based payment expense	496	172	1,923	868
Fair value gain of warrants	(391)	-	(6,242)	-
Net finance expenses	19,067	9,254	46,440	40,373
Derivative losses	(2,627)	(228)	2,513	67
Deferred income taxes	5,520	20,720	21,200	20,720
Unrealized foreign exchange losses (gains)	(25,882)	(390)	5,049	(1,538)
Adjusted earnings before interest, taxes, depreciation and depletion (Adjusted EBITDA)	$ 23,409	$ 37,091	$ 177,237	$ 135,448
Sales	96,315	85,144	388,853	308,723
Adjusted EBITDA margin	24%	44%	46%	44%

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

(in thousands of Canadian dollars, except where otherwise noted)		**Three months ended December 31, 2022**	Three months ended December 31, 2021	**Year ended December 31, 2022**	Year ended December 31, 2021
Cost of sales production costs	$	38,449	38,025	131,596	140,099
Timing differences due to inventory and other non-cash adjustments	$	2,507	(7,273)	4,105	(6,326)
Cash cost of production of ore processed, net of capitalized stripping	$	40,956	30,752	135,701	133,773
Cash costs of production of ore processed, including capitalized stripping	$	64,858	44,124	185,536	166,661
Tonnes processed	kilo tonnes	406	399	1,520	1,511
Carats recovered	000's carats	794	740	2,704	3,052
Cash costs of production per tonne of ore, net of capitalized stripping	$	101	77	89	89
Cash costs of production per tonne of ore, including capitalized stripping	$	160	111	122	110
Cash costs of production per carat recovered, net of capitalized stripping	$	52	42	50	45
Cash costs of production per carat recovered, including capitalized stripping	$	82	60	69	55

SUBSEQUENT EVENTS

Subsequent to the year ended December 31, 2022, the Company entered into the following currency contracts:

Execution Date of Contracts	Settlement Dates of Contracts	Notional Amount (CAD)	Weighted Average Price (USD)	Notional Amount (USD)
January 10, 2023	May 1, 2023 to September 29, 2023	$ 26,640	$ 1.3320	$ 20,000
January 30, 2023*	May 1, 2023 to December 31, 2023	$ 26,200	$ 1.3100	$ 20,000
March 10, 2023	July 5, 2023 to September 28, 2023	$ 12,330	$ 1.3700	$ 9,000
Total		**$ 65,170**	**$ 1.3300**	**$ 49,000**

*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.

Subsequent to the year ended December 31, 2022, 2,249,234 stock options were granted, with an exercise price of $0.61.

Subsequent to the year ended December 31, 2022, 1,221,480 RSUs were granted with a fair value of $0.61 per unit.

OTHER MANAGEMENT DISCUSSION AND ANALYSIS REQUIREMENTS

Risks

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

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

- risk that the COVID-19 pandemic continues and materially impedes operations and/or the ability of the Company to sell and distribute diamonds;
- risk of COVID-19 affecting commodity prices and demand for diamond inventory, future sales and increased market volatility;
- risk that the production from the mine will not be consistent with the Company's expectation;
- risk that production and operating costs are not within the Company's estimates;
- risk that financing required to manage liquidity can be obtained with acceptable terms;
- risk that the if needed, Notes cannot be refinanced with acceptable terms and that the holders of the Notes are not willing to negotiate with the Company;

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

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

DISCLOSURE OF OUTSTANDING SHARE DATA

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

At March 22, 2023, there were 211,489,141 shares issued, 8,685,276 stock options and 2,942,162 restricted share units outstanding. There were 41,000,000 warrants outstanding as at March 22, 2023.

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

The Corporation's management, under the supervision of, and with the participation of, the CEO and the CFO, has evaluated its DC&P and ICFR as defined under NI 52-109 and concluded that, as of December 31, 2022, 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, 2022. The Company's CEO and CFO have each evaluated the design and effectiveness of the Company's disclosure controls and procedures and have concluded they are operating effectively as of December 31, 2022.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking statements" and "forward-looking information" under applicable Canadian and United States securities laws concerning the business, operations and financial performance and condition of Mountain Province Diamonds Inc. Forward-looking statements and forward-looking information include, but are not limited to, statements with respect to the future financial or operating performance of the Company; operational hazards, including possible disruption due to pandemic such as COVID-19, its impact on travel, self-isolation protocols and business, operations and prospects; estimated production and mine life of the project of Mountain Province; the realization of mineral resource estimates; the timing and amount of estimated future production; costs of production; the future price of diamonds; the estimation of mineral reserves and resources; the ability to manage debt; capital and operating expenditures; use of proceeds from financings; the ability to obtain permits or approvals for operations; liquidity and requirements for additional capital; government regulation of mining operations; environmental risks; reclamation expenses; title disputes or claims; limitations of insurance coverage; tax rates; and currency exchange rate fluctuations. Except for statements of historical fact relating to Mountain Province, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "anticipates," "may," "can," "plans," "believes," "estimates," "expects," "projects," "targets," "intends," "likely," "will," "should," "to be," "potential," "budget," "scheduled," "forecasts" and other similar words and variations of such words (including negative variations), or statements that certain events or conditions "may," "should," "could," "would," "might" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the time such statements are made, and, by their nature, are based on a number of assumptions and subject to a variety of inherent risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of Mountain Province and are difficult to predict, and there is no assurance they will prove to be correct.

Factors that could cause actual results to vary materially from results anticipated by such forward-looking statements include the development of operation hazards that could arise in relation to COVID-19, including, but not limited to protocols which may be adopted to reduce the spread of COVID-19 and any impact of such protocols on Mountain Province's business, operations and prospects; variations in ore grade or recovery rates; changes in market conditions; the global economic climate; changes in project parameters; mine sequencing; production rates and estimates; dependence on the Gahcho Kué diamond mine; cash flow; risks relating to financing requirements; insurance risks; failure by the Company to maintain its obligations under its debt facilities; risks relating to the availability and timeliness of permitting and governmental approvals; regulatory and licensing risks; environmental and climate risks; supply of, and demand for, diamonds; fluctuating commodity prices and currency exchange rates; the possibility of project cost overruns or unanticipated costs and expenses; the availability of skilled personnel and *contractors; labour disputes and other risks of the mining industry; and failure of plant, equipment or processes to operate as anticipated.*

These and other factors are discussed in greater detail in this MD&A and in Mountain Province's most recent Annual Information Form filed on SEDAR, which also provides additional general assumptions in connection with these statements. Mountain Province cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Mountain Province believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon.

Although Mountain Province has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking statements and forward-looking information contained herein is given as of the date of this MD&A, and Mountain Province undertakes no obligation to update forward-looking statements, whether as a result of new information, future events or results or if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements. Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent they involve estimates of the mineralization that will be encountered as the property is developed. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Further, Mountain Province may make changes to its business plans that could affect its results. The principal assets of Mountain Province are administered pursuant to a joint venture under which Mountain Province is not the operator. Mountain Province is exposed to actions taken or omissions made by the operator within its prerogative and/or determinations made by the joint venture under its terms. Such actions or omissions may impact the future performance of Mountain Province. Under its Notes and credit facilities, Mountain Province 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

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.

MOUNTAIN
PROVINCE DIAMONDS

Consolidated Financial Statements
(Expressed in thousands of Canadian Dollars)

MOUNTAIN PROVINCE DIAMONDS INC.

As at and for the years ended December 31, 2022 and 2021

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RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated 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 consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) 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 consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of and for the periods presented in the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated 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 consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consolidated 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

“Steven Thomas”

Steven Thomas

VP Finance and Chief Financial Officer

Toronto, Canada

March 22, 2023

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Canada
Tel 416-777-8500
Fax 416-777-8818

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mountain Province Diamonds Inc.

Opinion

We have audited the consolidated financial statements of Mountain Province Diamonds Inc. (the Entity), which comprise:

- the consolidated balance sheet as at December 31, 2022;
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies
(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our auditor's report.

Evaluation of Indicators of Impairment or Reversal of Impairment of Property, Plant and Equipment of the Gahcho Kue Cash Generating Unit

Description of the Matter
We draw attention to Notes 3 (v), 4 i) a) and 6 to the financial statements. The carrying value of the Entity's property, plant and equipment balance is $686,061 thousand, of which $514,828 thousand relates to the Gahcho Kue cash generating unit ("CGU"). The carrying value of the Entity's property, plant and equipment are assessed for impairment when indicators of potential impairment are identified to exist. A previously recognized impairment loss is reversed if there has been a change in the estimates previously used to determine the asset's recoverable amount since the last impairment loss was recognized. Significant judgment is required in assessing indicators of impairment or impairment reversal of property, plant and equipment. For each asset or CGU, the Entity completes an evaluation at each reporting period of potential indicators of impairment or impairment reversal. The Entity considers both external and internal sources of information in assessing whether there are any indications that assets or CGUs may be impaired. Judgement is required around significant changes in the business climate which may be indicators of impairment such as a significant decline in the Entity's market capitalization relative to its net asset carrying value, prolonged significant changes in diamond prices, discount rates, foreign exchange rates and significant changes to life-of-mine plans.

Why the Matter is a Key Audit Matter
We identified the evaluation of indicators of impairment or reversal of impairment of property, plant and equipment of the Gahcho Kue cash generating unit as a key audit matter. Significant auditor judgment was required in evaluating the results of our audit procedures to determine if changes in certain inputs of estimated future diamond prices, future foreign exchange rates, discount rate and the Entity's market capitalization relative to its net asset carrying value resulted in indicators of impairment or reversal of impairment.

How the Matter was Addressed in the Audit
The primary procedures we performed to address this key audit matter included the following:

We performed an assessment of the market capitalization to the carrying amount of the net assets of the Entity, which included evaluating industry and corporation specific factors.

We evaluated estimated future diamond prices by comparing to prior year mine plan assumptions and historical results.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating future foreign exchange rates by comparing them to third party estimates
- Evaluating the discount rate used by comparing to a discount rate that was independently developed using third party sources and data for comparable entities.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern.
  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- Determine, from the matters communicated with those charged with governance, those matters

that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.
We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yours truly,

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Daniel G. Ricica

Toronto, Canada
March 22, 2023

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Canada
Tel 416-777-8500
Fax 416-777-8818

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Mountain Province Diamonds Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Mountain Province Diamonds Inc. (the Company) as of December 31, 2021, the related consolidated statements of comprehensive income (loss), equity, and cash flows for the year then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and its financial performance and its cash flows for the year then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the 2021 consolidated financial statements (not presented herein and authorized for issuance on March 28, 2022), the Company faces liquidity challenges as a result of liabilities with maturity dates through December 2022 and short-term financial liquidity needs that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1 to the 2021 consolidated financial statements (not presented herein and authorized for issuance on March 28, 2022). The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

We have served as the Company's auditor since 1999.

Toronto, Canada
March 28, 2022

Consolidated Balance Sheets

Expressed in thousands of Canadian dollars

	Notes		December 31, 2022		December 31, 2021
ASSETS					
Current assets					
Cash		$	**17,247**	$	25,000
Amounts receivable			**912**		877
Prepaid expenses and other			**345**		820
Derivative assets	15		**2,214**		775
Other assets	9		**-**		319
Inventories	5		**160,789**		109,832
			181,507		137,623
Restricted cash	17		**30,723**		25,144
Reclamation deposit			**250**		250
Property, plant and equipment	6		**686,061**		714,480
Total assets		$	**898,541**	$	877,497
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		$	**43,623**	$	36,893
Decommissioning and restoration liability	7		**1,057**		721
Lease obligations			**317**		183
Warrant liability	10, 11		**7,247**		-
Secured notes payable	8		**-**		375,517
			52,244		413,314
Dunebridge junior credit facility	10		**60,078**		-
Secured notes payable	8		**256,889**		-
Lease obligations			**119**		336
Decommissioning and restoration liability	7		**80,133**		92,392
Deferred income tax liabilities	18		**41,920**		20,720
Shareholders' equity:					
Share capital	13		**637,862**		631,717
Share-based payments reserve	13		**8,552**		7,469
Deficit			**(240,590)**		(289,785)
Accumulated other comprehensive income			**1,334**		1,334
Total shareholders' equity			**407,158**		350,735
Total liabilities and shareholders' equity		$	**898,541**	$	877,497
Commitments	16				
Subequent events	13, 15				

On behalf of the Board:

"Ken Robertson"
Director

"Jonathan Comerford"
Director

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

Consolidated Statements of Comprehensive Income

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

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Sales		$ 388,853	$ 308,723
Cost of sales:			
Production costs		131,596	140,099
Cost of acquired diamonds		29,797	15,723
Depreciation and depletion		56,935	39,173
Earnings from mine operations		170,525	113,728
Reversal impairment on property, plant and equipment	6	-	(240,593)
Exploration and evaluation expenses		12,327	5,547
Selling, general and administrative expenses	14	17,171	13,858
Operating income		141,027	334,916
Net finance expenses	12	(46,440)	(40,373)
Other income	11	6,483	143
Derivative losses	15	(2,513)	(67)
Foreign exchange (losses) gains		(28,162)	2,268
Income before taxes		70,395	296,887
Deferred income taxes	18	(21,200)	(20,720)
Net income for the year		$ 49,195	$ 276,167
Total comprehensive income for the year		$ 49,195	$ 276,167
Basic and diluted earnings per share	13(iv)	$ 0.23	$ 1.31
Basic weighted average number of shares outstanding		210,879,374	210,526,871
Diluted weighted average number of shares outstanding		212,741,227	211,953,538

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

Consolidated Statements of Equity

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

	Notes	Number of shares	Share capital	Share-based payments reserve	Deficit	Accumulated other comprehensive income	Total
Balance, January 1, 2021		210,490,807	$ 631,498	$ 6,820	$ (565,952)	$ 1,334	$ 73,700
Net income for the year		-	-	-	276,167	-	276,167
Share-based payments	**13(iii)**	-	-	868	-	-	868
Issuance of common shares – restricted share units		206,667	219	(219)	-	-	-
Balance, December 31, 2021		210,697,474	$ 631,717	$ 7,469	$ (289,785)	$ 1,334	$ 350,735
Net income for the year		-	-	-	49,195	-	49,195
Share-based payments	**13(iii)**	-	-	1,923	-	-	1,923
Capital contribution	**10**	-	5,305	-	-	-	5,305
Issuance of common shares – restricted share units		791,667	840	(840)	-	-	-
Balance, December 31, 2022		**211,489,141**	**$ 637,862**	**$ 8,552**	**$ (240,590)**	**$ 1,334**	**$ 407,158**

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

Consolidated Statements of Cash Flows

Expressed in thousands of Canadian dollars

	Notes	Year ended December 31, 2022	Year ended December 31, 2021
Cash provided by (used in):			
Operating activities:			
Net income for the year		$ 49,195	$ 276,167
Adjustments:			
Net finance expenses		46,403	40,313
Depreciation and depletion		57,159	39,384
Premium paid on foreign curency put option		(696)	(680)
Impairment reversal on property, plant and equipment		-	(240,593)
Share-based payment expense		1,923	868
Fair value loss of warrants		(6,242)	-
Derivative losses		3,209	67
Foreign exchange losses (gains)		28,162	(2,268)
Deferred income taxes		21,200	20,720
		200,313	133,978
Changes in non-cash operating working capital:			
Amounts receivable		(35)	(79)
Prepaid expenses and other		476	1,188
Inventories		(33,928)	(18,399)
Accounts payable and accrued liabilities		5,804	(4,110)
		172,630	112,578
Investing activities:			
Restricted cash		(5,579)	(10,125)
Interest income		1,372	202
Purchase of property, plant and equipment		(60,432)	(43,820)
		(64,639)	(53,743)
Financing activities:			
Payment of lease liabilities		(308)	(422)
Deferred financing costs		(3,819)	-
Provided by Dunebridge revolving credit facility		6,367	-
Provided by Dunebridge term facility		-	37,505
Repayment of Dunebridge term facility		-	(38,855)
Repayment of secured notes	8	(403,137)	-
Provided by secured notes	8	256,506	-
Provided by Dunebridge junior credit facility	10	66,103	-
Repayment of Dunebridge revolving credit facility		(6,286)	(31,548)
Financing costs paid	12	(30,921)	(36,474)
		(115,495)	(69,794)
Effect of foreign exchange rate changes on cash		(249)	807
Decrease in cash		(7,753)	(10,152)
Cash, beginning of year		25,000	35,152
Cash, end of year		$ 17,247	$ 25,000

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

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. The Company 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 Kennady 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'. During the year ended December 31, 2020, the Company voluntarily delisted its common shares from the NASDAQ.

Authorization of Financial Statements
These consolidated financial statements were approved by the Board of Directors on March 22, 2023.

2. BASIS OF PRESENTATION

These consolidated financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies set out below were consistently applied to all the periods presented, except as otherwise noted.

These consolidated financial statements were prepared under the historical cost convention except for certain financial instruments which are measured at fair value and the statements are presented in thousands of Canadian dollars.

The consolidated financial statements include the accounts of Mountain Province and its wholly-owned subsidiaries:

- 2435572 Ontario Inc. (100% owned)
- 2435386 Ontario Inc. (100% owned by 2435572 Ontario Inc.)
- Kennady Diamonds Inc. (100% owned)

The Company's 49% interest in the GK Mine is held through 2435386 Ontario Inc. All intercompany balances, transactions, income, expenses, profits and losses, including unrealized gains and losses have been eliminated on consolidation.

The Company's interest in the GK Mine through its joint arrangement is a joint operation under IFRS 11, Joint Arrangements, and accordingly has recorded the assets, liabilities, revenues and expenses in relation to its interest in the joint operation. The Company's 49% interest in the GK Mine is bound by a contractual arrangement establishing joint control over the mine through required unanimous consent of the Company and De Beers Canada Inc. ("De Beers" or the "Operator", and together with the Company, the "Participants") for strategic, financial and operating policies of the GK Mine. The GK Mine management committee has two representatives of each of the Company and De Beers. The Participants have appointed De Beers as the operator of the GK Mine.

3. SIGNIFICANT ACCOUNTING POLICIES

(i) Foreign currency

The functional currency of the Company and its subsidiaries is the Canadian Dollar.

In preparing the consolidated financial statements, transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are measured at fair value in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the rate on the date of transaction.

Exchange differences are recognized in the period in which they arise and presented in the consolidated statements of comprehensive income.

(ii) Share-based payments

The Company maintains a Restricted Share Unit ("RSU"), Deferred Share Unit ("DSU") and stock option plan for employees, directors, and other qualified individuals.

Equity-settled transactions, which include RSUs, DSUs and stock options, are measured by reference to their fair value at the grant date. The fair values for RSU's and DSU's are determined using the market value of the share, as listed on the TSX, at the close of business at the grant date. The fair value for stock options is determined using a Black-Scholes option pricing model, which relies on estimates of the future risk-free interest rate, future dividend payments, future share price volatility and the expected average life of options. The Company believes this model adequately captures the substantive features of the option awards and is appropriate to calculate their fair values.
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed in profit or loss over the vesting period, if any, which is the period during which the employee becomes unconditionally entitled to equity instruments, with a corresponding increase to share-based payments reserve. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest, if any.

(iii) Income taxes and deferred taxes

The income tax expense or benefit for the year consists of two components: current and deferred.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date in each of the jurisdictions and includes any adjustments for taxes payable or recovery in respect of prior periods.

Taxable profit or loss differs from profit or loss as reported in the consolidated statements of comprehensive income because of items of income or expenses that are taxable or deductible in other years, and items that are never taxable or deductible.

Deferred tax is recognized as temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, loss carryforwards and tax credit carryforwards to the extent that it is probable that future taxable profits will be available against which they can be utilized. To the extent that the Company does not consider it to be probable that taxable profits will be available against which deductible temporary differences, loss carryforwards, and tax credit carryforwards can be utilized, a deferred tax asset is not recognized.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient future taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its deferred tax assets and liabilities on a net basis.

Current and deferred taxes are recognized in consolidated statements of comprehensive income, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

(iv) Mineral properties and exploration and evaluation costs and development costs

Exploration and evaluation ("E&E") costs are those costs required to find a mineral property and determine commercial viability and technical feasibility. E&E costs include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves.

Exploration and evaluation costs consist of:
- gathering exploration data through topographical and geological studies;
- exploratory drilling, trenching and sampling;
- determining the volume and grade of the resource;
- test work on geology, metallurgy, mining, geotechnical and environmental; and
- conducting and refining engineering, marketing and financial studies.

Costs in relation to these activities are expensed as incurred until such time that the technical feasibility and commercial viability of extracting the mineral resource are demonstrable. At such time, mineral properties are assessed for impairment, and an impairment loss, if any, is recognized, and future development costs will be capitalized to assets under construction.

The key factors management uses in determining technical feasibility and commercial viability are the following;
- completion of a feasibility study;
- obtaining required permits to construct the mine;
- completion of an evaluation of the financial resources required to construct the mine;
- availability of financial resources necessary to commence development activities to construct the mine; and
- management's determination that a satisfactory return on investment, in relation to the risks to be assumed, is likely to be obtained.

The Company recognizes exploration and evaluation costs as assets when acquired as part of a business combination, or asset purchase, or as a result of rights acquired relating to a mineral property.

(v) Impairment of non-financial assets

The carrying value of the Company's property, plant and equipment, and exploration and evaluation assets are assessed for impairment when indicators of potential impairment are identified to exist. If any indication of impairment is identified, an estimate of the asset's recoverable amount is calculated to determine the extent of the impairment loss, if any. The recoverable amount is determined as the higher of the fair value less costs of disposal for the asset and the asset's value in use. In assessing the fair value, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment is determined on an asset by asset basis, whenever possible. If it is not possible to determine impairment on an individual asset basis, then impairment is considered on the basis of a cash generating unit ("CGU"). CGUs represent the lowest level for which there are separately identifiable cash inflows that are largely independent of the cash flows from other assets or the Company's other group of assets.

If the carrying amount of the asset exceeds its recoverable amount, the asset is impaired, and an impairment loss is charged immediately to profit or loss so as to reduce the carrying amount to its recoverable amount.

For property, plant and equipment, a previously recognized impairment loss is reversed if there has been a change in the estimates previously used to determine the asset's recoverable amount since the last impairment loss was recognized. The impairment reversal is limited to the carrying value that would have been determined, net of any applicable depreciation, had no impairment charge been recognized previously.

(vi) Capitalized interest

Interest costs for qualifying assets are capitalized. Qualifying assets are assets that require a significant amount of time to prepare for their intended use, including projects that are in development or construction stages. Capitalized interest costs are considered an element of the cost of the qualifying asset. Capitalization ceases when the asset is substantially complete or if active development is suspended or ceases. Where funds borrowed are directly attributable to a qualifying asset, the amount capitalized represents the borrowing costs specific to those borrowings. Interest costs are not capitalized for exploration and evaluation assets.

(vii) Provisions

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expected expenditures to settle the obligation, applying a pre-tax risk-free discount rate. The increase in the provision due to passage of time is recognized as accretion expense. The Company does not have any provisions as of December 31, 2022 and 2021 other than the provision for decommissioning and restoration associated with the property, plant and equipment.

The Company records as decommissioning and restoration liability the present value of estimated costs of legal and constructive obligations required to restore locations in the period in which the obligation is incurred. The nature of these decommissioning and restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground and/or environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized if the Company has a related asset on its balance sheet or expense. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and is added to inventory, and then in production costs as inventory is sold. Over time, the discounted liability is adjusted for the change in present value. The periodic unwinding of the discount is recognized in profit or loss as a finance cost called "accretion expense on decommissioning and restoration liability". Additional disturbances or changes in rehabilitation costs will be recognized as additional capitalized costs (or exploration and evaluation expense depending on whether there was a related asset when the liability was initially recognized) and additional decommissioning and restoration liability when they occur. If it is determined that the expected costs for decommissioning and restoration are reduced, the change in the present value of the reduction is recorded as a reduction in the capitalized costs (expensed), and a reduction of the decommissioning and restoration liability.

(viii) Earnings or loss per share

Basic earnings or loss per share is calculated by dividing earnings or loss attributable to common shares by the weighted average number of shares outstanding during the year.

The Company follows the treasury stock method in the calculation of diluted earnings per share. The treasury stock method assumes that outstanding stock options with an average exercise price below the market price of the underlying shares are exercised and the assumed proceeds are used to repurchase common shares of the Company at the average market price of the common shares for the period.

(ix) Revenue recognition

The Company utilizes a sales agent to facilitate the sale of rough and/or fancies and specials diamonds to the end-customer. The Company recognizes revenue when consideration has been received by the Company's sales agent, which represents the completion of the performance obligation of the Company and when control is passed to the customer.

As outlined in the joint venture agreement between the Company and De Beers Canada, fancies and specials diamonds produced at the GK mine are subject to a bid process. When De Beers is the successful bidder, the Company recognizes 49% of the bid price as revenue at the completion of the bid process, as De Beers receives the fancies and specials diamonds and the Company is paid immediately for its share by De Beers.

For sales that were subject to the Dunebridge Worldwide Ltd ("Dunebridge") Sales Agreement (Note 17), (which expired in February 2022) the Company recognized revenue when consideration was received by the Company, which represents the completion of the performance obligations of the Company and when control is passed to Dunebridge. Any upside variable consideration is recognized on a net basis, when it can be estimated reliably, is not constrained by external factors out of the Company's control and is highly probable that a significant reversal of the amount will not occur in the future.

(x) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire an asset and includes the direct charges associated with bringing the asset to the location and condition necessary to put the asset into use, as well as the future cost of dismantling and removing the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Replacement costs, including major inspection and overhaul expenditures are capitalized for components of property, plant and equipment, which are accounted for separately.

Development costs are capitalized under assets under construction. Expenditures, including engineering to design the size and scope of the project, environmental assessment and permitting and borrowing costs are capitalized to assets under construction.

Property, plant and equipment are amortized over their estimated useful lives commencing when the asset is available for use. The estimated useful lives, residual values and amortization method are reviewed at the end of each annual reporting period. Mineral properties are not amortized until the properties to which they relate are placed into commercial production, at which time the costs will be amortized on a unit-of-production method following commencement of commercial production. Assets under construction are not amortized; rather costs are deferred until the asset is ready for use, at which point the deferred amount is transferred to the appropriate asset category and amortized as set out below.

Upon entering commercial production stage, capitalized costs associated with the acquisition of the mineral property or the development of the mine, are amortized using the various methods based in the asset categories as follows:

Corporate assets	two to seven years, straight line
Vehicles	three to five years, straight line
Production and related equipment	units of production over proven and probable reserves
General infrastructure	units of production over proven and probable reserves
Earthmoving equipment	straight line over shorter of life of mine or life of the asset
Mineral properties	units of production over proven and probable reserves
Assets under construction	not depreciated until ready for use

(xi) Inventories

Inventories are recorded at the lower of cost and net realizable values. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion. An impairment adjustment is made when the carrying amount is higher than the net realizable value.

Rough diamonds classified as finished goods comprise diamonds that have been subject to the sorting process. Cost is determined on a weighted average cost per carat basis including production costs and value-added processing activity. As outlined in the joint venture agreement between the Company and De Beers Canada, fancies and special diamonds produced at the GK Mine are subject to a bid process. Upon a successful bid by the Company, the fancies and specials diamonds will be included in inventories and 51% of the bid amount will be paid to De Beers and capitalized to the cost of inventory. Cost for fancies and specials diamonds is determined on a weighted average cost basis including production costs and value-added processing activity plus the direct cost of acquiring the fancies and specials diamonds from De Beers.

Stockpiled ore represents coarse ore that has been extracted from the mine and is available for future processing. Stockpiled ore value is based on costs incurred in bringing ore to the stockpile. Costs are added to the stockpiled ore based on current mining costs per tonne and are removed at the average cost per tonne of ore in the stockpile.

Supplies inventory are consumable materials which are measured at the lower of weighted average cost and net realizable value.

(xii) Capitalized stripping costs

In open pit mining operations, it is necessary to remove overburden and other waste materials to access ore from which minerals can be extracted economically. The process of removing overburden and waste materials is referred to as stripping. Stripping costs incurred in order to provide initial access to the ore body (referred to as pre-production stripping) are capitalized as mine development costs. These amounts were capitalized under assets under construction.

It may be also required to remove waste materials and to incur stripping costs during the production phase of the mine. The Company recognizes a stripping activity asset if all of the below conditions are met:

- It is probable that the future economic benefit (improved access to the component of the ore body) associated with the stripping activity will flow to the Company.
- The Company can identify the component of the ore body for which access has been improved.

- The costs relating to the stripping activity associated with that component can be measured reliably.

The Company measures the stripping activity at cost based on an accumulation of costs incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable costs. The waste to ore strip ratio projected for the life of the specific orebody must be exceeded for the costs to be capitalized as stripping costs.

After initial recognition, the stripping activity asset is carried at cost less depreciation and impairment losses in the same way as the existing asset of which it is a part.

The stripping activity asset is depreciated over the expected useful life of the identified components of the ore body that becomes more accessible as a result of the stripping activity using the units of production method.

(xiii) Financial Instruments

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Financial liabilities are measured at amortized cost unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

Asset/Liability	Classification
Cash	Amortized cost
Equity securities	FVTOCI
Amounts receivable	Amortized cost
Derivative assets (liabilities)	FVTPL
Warrants	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Dunebridge junior credit facility	Amortized cost
Secured notes payable	Amortized cost

Measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income.

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value, plus transaction costs, and subsequently carried at amortized cost less any impairment. Financial liabilities carried at amortized cost utilize the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive income. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive income in the period in which they arise.

Derivative assets (liabilities) related to foreign currency contracts, which become realized, are reclassified from derivative gains and losses into realized foreign exchange gains and losses.

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive income. However, gains and losses on derecognition of financial assets classified as FVTOCI are reclassified to retained earnings (deficit) as a reclassification within equity.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of comprehensive income.

(xiv) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company does not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. For these leases, the Company recognizes the lease payments as an expense in net earnings on a straight-line basis over the term of the lease.

The Company recognizes a right-of-use asset and the associated lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial costs incurred, an estimate of costs to restore the underlying asset, any site upon which it is located to the condition required by the terms and conditions of the lease, and lease payments made at or before the commencement date less any lease incentives received. The lease payments include fixed payments, including in-substance fixed payments, variable lease payments that depend on an index or a rate less any lease incentives, amount expected to be payable under a residual value guarantee, and the exercise price of a purchase option if the exercise of the extension option and early termination penalties is certain, unless the Company is reasonably certain it will not terminate early. The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. The assets are depreciated using the lower of the useful life of the right-of-use asset or the lease term, using the straight-line method.

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if the rate cannot be readily determined, the Company's incremental borrowing rate. The lease liabilities are subsequently measured at amortized cost using the effective interest rate method.

Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to net income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(xv) Government grants and assistance

Government grants and assistance related to expenses are presented as part of comprehensive income, as a deduction to the related expense in the reporting period.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Judgments, estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ materially from these estimates. The key areas where judgements, estimates and assumptions have been made are summarized below:

i) Significant accounting estimates and assumptions

The areas which require management to make significant estimates and assumptions in determining carrying values include, but are not limited to:

a) *Impairment analysis – property, plant and equipment and evaluation and exploration assets*

Significant judgment is required in assessing indicators of impairment or impairment reversal of property, plant and equipment and evaluation and exploration assets. For each asset or CGU, the Company completes an evaluation at each reporting period of potential indicators of impairment or impairment reversal. The Company considers both external and internal sources of information in assessing whether there are any indications that assets or CGUs may be impaired. Judgement is required around significant changes in the business climate which may be indicators of impairment such as a significant decline in the Company's market capitalization relative to its net asset carrying value, prolonged significant changes in diamond prices, discount rates, foreign exchange rates and significant changes to life-of-mine plans.

When completing an impairment test, the Company calculates the estimated recoverable amount of CGUs, which requires management to make estimates and assumptions related to items such as future production levels, operating and capital costs, long-term commodity prices, foreign exchange rates, discount rates, proven and probable reserves and resources, closure and environmental remediation costs, and capital equipment values. These estimates and assumptions are subject to risk and uncertainty, particularly in circumstances where there is limited operating history of the asset or CGU. Judgment is also required in determining the appropriate valuation method for mineralization and ascribing anticipated economics to mineralization in cases where limited, dated or no comprehensive economic study has been completed. Therefore, there is a possibility that changes in circumstances will have an impact on these projections, which may impact the recoverable amount of assets or CGUs. Changes in these estimates which decrease or increase the estimated recoverable amount of a CGU could affect the carrying amounts of assets and result in an impairment loss or reversal. While management believes that estimates of future cash flows are reasonable, different assumptions regarding such cash flows could materially affect the recoverable amount of a CGU.

b) *Mineral reserves and resources*

Mineral reserve and resource estimates include numerous uncertainties and depend heavily on geological interpretations and statistical inferences drawn from drilling and other data and require estimates of the future price for the commodity and future cost of operations. The mineral reserve and resources are subject to uncertainty and actual results may vary from these estimates. Results from drilling, testing and production, as well as material changes in commodity prices and operating costs subsequent to the date of the estimate, may justify revision of such estimates. Changes in the proven and probable mineral reserves or measured and indicated and inferred mineral resources estimates may impact the carrying value of the properties. This will also impact the carrying value of the decommissioning and restoration liability and future depletion charges.

c) *Provision for decommissioning and restoration*

The decommissioning and restoration liability and the accretion recorded are based on estimates of future cash flows, discount rates, and assumptions regarding timing. The estimates are subject to change and the actual costs for the decommissioning and restoration liability may change significantly. Significant assumptions exist for the determination of what constitutes decommissioning and restoration. Judgment has been applied by management to determine which decommissioning and restoration costs have been appropriately capitalized to inventory, based on the nature of the costs incurred upon reaching commercial production.

d) *Fair value of derivative asset*

The derivative asset resulting from the prepayment and redemption features attached to the Notes is valued at fair value at each reporting date. The fair value of the derivative asset is measured using a with and without approach based on two valuation techniques including the discounted cash flow (DCF) model and the Black-Derman-Toy model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as interest rate volatility and credit spread. Changes in assumptions relating to these inputs could affect the reported fair value of the derivative asset. See Note 16 for further disclosures.

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

5. INVENTORIES

		December 31, 2022		December 31, 2021
Ore stockpile	$	52,845	$	26,411
Rough diamonds		56,745		44,255
Supplies inventory		51,199		39,166
Total	$	160,789	$	109,832

Depreciation and depletion included in inventories at December 31, 2022 is $32,299 (2021 - $12,203).

Included in inventories and production costs, for the year ended December 31, 2022 are the Company's 49% share of payroll and employee benefits for staff of the GK Mine of $43,838 (2021 - $41,054).

6. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment as at December 31, 2022 and 2021 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, 2021	$	902,445	$	6,506	$	1,654	$	169,144	$ 1,079,749
Decommissioning and restoration adjustment		12,228		-		-		248	12,476
Additions/transfers*		45,115		3,679		122		-	48,916
Disposals		-		-		(90)		-	(90)
At December 31, 2021		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
At December 31, 2022	**$**	**1,013,742**	**$**	**10,312**	**$**	**1,863**	**$**	**169,392**	**$ 1,195,309**
Accumulated depreciation and impairment									
At January 1, 2021	$	(628,302)	$	-	$	(36)	$	-	$ (628,338)
Depreciation and depletion**		(38,862)		-		(6)		-	(38,868)
Disposals		-		-		42		-	42
Impairment reversal***		240,593		-		-		-	240,593
At December 31, 2021		(426,571)		-		-		-	(426,571)
Depreciation and depletion**		(82,655)		-		(21)		-	(82,676)
At December 31, 2022	**$**	**(509,226)**	**$**	**-**	**$**	**(21)**	**$**	**-**	**$ (509,247)**
Carrying amounts									
At December 31, 2021	$	533,217	$	10,185	$	1,686	$	169,392	$ 714,480
At December 31, 2022	**$**	**504,516**	**$**	**10,312**	**$**	**1,842**	**$**	**169,392**	**$ 686,061**

*Included in additions of property, plant and equipment for GK is $55,822 (2021 - $34,319) related to deferred stripping of which $5,987 relates to the depreciation of earthmoving equipment (2021 - $1,431).
**Included in depreciation and depletion is $194 of depreciation on the right-of-use assets (2021 - $134).
***As at December 31, 2021, an impairment reversal of property, plant and equipment was recorded at GK mine.

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

i) Fiscal 2021 – Impairment reversal of GK mine CGU

During the year ended December 31, 2021, the Company recorded a reversal of previous impairment charges of $240,593, related entirely to property, plant and equipment at the GK mine. This impairment reversal represents the partial reversal of prior impairments allocated to property plant and equipment, as adjusted for depreciation. The impairment reversal was primarily a result of increases in the Company's long-term diamond price estimate, which is itself based on average price achieved to date by the Company, excluding the year 2020, which was significantly impacted due to COVID-19. Tax expense related to the impairment reversal amounted to $20,720. After giving effect to the impairment reversal, the carrying value of the GK mine is $557 million as at December 31, 2021.

The significant estimates and assumptions used for the CGUs tested in the Company's impairment assessment for the year ended December 31, 2021 were as follows:

- estimated long-term diamond prices of US$71;
- forward U.S. foreign exchange rates between 1.27-1.30;
- proven and probable mineral reserves and converted resources of 22.6 million; and
- real discount rate of 7.9%.

The real discount rate was estimated based on the capital asset pricing model, for which the costs of equity are based on, among other things, estimated interest rates, market returns on equity, share volatility, leverage and risks specific to the mining sector and the GK Mine CGU. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs.

7. DECOMMISSIONING AND RESTORATION LIABILITY

The decommissioning and restoration liability is comprised of the liabilities for the GK Mine and the Kennady North Project, which are broken down separately below.

The GK Mine decommissioning and restoration liability was calculated using the following assumptions as at December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Expected undiscounted cash flows	**$ 90,317**	$ 84,128
Nominal risk-free discount rate	**3.30%**	1.42%
Inflation rate	**2.00%**	2.00%
Periods	**2030**	2030

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

The Kennady North Project decommissioning and restoration liability was calculated using the following assumptions as at December 31, 2022 and 2021:

		December 31, 2022		December 31, 2021
Expected undiscounted cash flows	$	2,732	$	2,467
Nominal risk-free discount rate		3.62%		0.25%
Inflation rate		5.00%		2.00%
Periods		2026		2024

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

During the year ended December 31, 2022, the GK Mine decommissioning and restoration liability decreased by $13,965 (2021 – $19,471), resulting primarily from the change in nominal risk-free discount rate.

The continuity of the decommissioning and restoration liability at December 31, 2022 and 2021 is as follows:

		GK Mine		KNP		Total
Balance, at January 1, 2021	$	70,491	$	2,441	$	72,932
Change in estimate of discounted cash flows		19,223		248		19,471
Accretion recorded during the year		704		6		710
Balance, at December 31, 2021	$	90,418	$	2,695	$	93,113
Less: current portion of decommissioning and restoration liability		721		-		721
Non-current decommissioning and restoration liability, at December 31, 2021	$	89,697	$	2,695	$	92,392
Change in estimate of discounted cash flows		(13,965)		177		(13,788)
Accretion recorded during the year		1,858		7		1,865
Balance, at December 31, 2022	$	78,311	$	2,879	$	81,190
Less: current portion of decommissioning and restoration liability		1,057		-		1,057
Non-current decommissioning and restoration liability, at December 31, 2022	$	77,254	$	2,879	$	80,133

8. SECURED NOTES PAYABLE

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”), secured by a second-ranking lien on all present and future assets, property, and undertakings of the Company. The Old Notes were to pay interest in semi-annual instalments on June 15 and December 15 of each year, at a rate of 8.00% per annum, and matured on December 15, 2022. As at December 31, 2021, the Company classified the secured notes liability as current liabilities since the notes were due to mature on December 15, 2022. The indenture governing the secured notes contains certain restrictive covenants that limited the Company’s ability to, among other things, incur additional indebtedness, make certain dividend payments and other restricted payments, and create certain liens, in each case subject to certain exceptions. The restrictive covenant on the Company’s ability to pay potential future dividends related to a fixed charge coverage ratio of no less than 2:1. The fixed charge coverage ratio is calculated as EBITDA over interest expense. Subject to certain limitations and exceptions, the amount of the restricted payments, which include dividends and share buybacks, was limited to a maximum dollar threshold, which is calculated at an opening basket of US$10 million plus 50% of the historical consolidated net income, subject to certain adjustments, reported from the quarter of issuance and up to the most recently available financial statements at the time of such restricted payment, plus an amount not to exceed the greater of US$15 million and 2% of total assets as defined in the indenture. On December 14, 2022, the Company settled the remaining balance outstanding of US$258 million with US$69.8 million cash from treasury and US$63 million of funds received from the new 9.000% Senior Secured Second Lien Notes due 2025, ("Notes"), as well as an exchange of US$125.2 million from the maturing Old Notes to the Notes.

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

On December 14, 2022, the Company completed an offering of US$195 million of 9.000% Senior Secured Second Lien Notes due 2025, ("Notes"), secured by a second-ranking lien on all present and future assets, property, and undertakings of the Company. A portion of the offering is held by corporations ultimately beneficially owned by Dermot Desmond. The Notes pay interest in semi-annual instalments on June 15 and December 15 of each year, at a rate of 9.00% per annum, and mature on December 15, 2025. The Notes include a true-up mechanism whereby when the Company repays the Note in full at the maturity date or in accordance with any of the voluntary and mandatory redemption clauses (as described in Note 15), a true-up payment equal to the difference between (a) the aggregate amount of all cash payments which would be made on the Notes up to the stated maturity thereof or the date of redemption or repayment in full, as applicable, in order to have a total yield of 12% on such date and (b) the actual total yield on the net Notes proceeds, after taking into account all payments actually made in respect thereof from the issue date to and including the stated maturity of the Notes or the date of redemption or repayment in full. The indenture governing the secured notes contains certain restrictive covenants that limit the Company's ability to, among other things, incur additional indebtedness, make dividend payments and other restricted payments, and create certain liens, in each case subject to certain exceptions. The indenture includes a covenant that the annual audited 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.

The Company may redeem at any time in whole or in part the Notes at a redemption price equal to 100% of the principal amount.

As of December 31, 2022, the Company has an obligation of US$195 million or $264.3 million Canadian dollar equivalent under the secured notes payable (2021 - US$299.9 million or $379.0 million).

		December 31, 2022		December 31, 2021
Total outstanding secured notes payable	**$**	**264,303**	$	379,034
Less: unamortized deferred transaction costs and issuance discount		**(7,414)**		(3,517)
Total secured notes payable	**$**	**256,889**	$	375,517
Less: current portion of secured notes payable		**-**		(375,517)
Long term portion of secured notes payable	**$**	**256,889**	**$**	-

9. DUNEBRIDGE REVOLVING CREDIT FACILITY AND DUNBRIDGE TERM FACILITY

On September 30, 2020, the Company entered into a revolving credit facility with Dunebridge Worldwide Ltd. ("Dunebridge") (the "Dunebridge RCF") (Note 17) of up to US$25 million, with first ranking lien terms. The Dunebridge RCF carried an interest rate of 5% per annum and was initially repayable on September 30, 2021. Interest is payable monthly. The agreement also required an upfront 1% financing fee, which was paid on September 30,

2020. The Dunebridge RCF was not subject to any financial covenants. A default would occur if the Company was unable to make the monthly interest payments, or the principal repayment.

The Dunebridge RCF included various restrictive covenants which required that no additional indebtedness be entered into, and no new agreements related to the sale of diamonds, beyond what then exists, without prior written approval from Dunebridge.

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

On September 24, 2021, the Dunebridge RCF repayment date was extended to March 31, 2022, with the same restrictive covenants described above. An upfront 2% extension fee of US$0.5 million was paid. The Dunebridge RCF had an interest rate of 5% per annum.

The upfront fee was categorized as deferred financing fee against the loan and amortized over the term of the loan. As at December 31, 2021, $319 unamortized deferred financing fee was remaining and classified as other assets on the consolidated balance sheet and was fully amortized on March 31, 2022.

During Q1 2022, the Company drew and repaid US$5M from the Dunebridge RCF for funding operations. The Dunebridge RCF was terminated during Q1 2022.

10. DUNEBRIDGE JUNIOR CREDIT FACILITY

On March 28, 2022, the Company completed a US$50 million junior secured term loan credit facility ("Dunebridge JCF") bearing a cash payment interest rate of 8% per annum or an effective interest rate of 15.8%, paid semi-annually until December 2022. Following this date, the interest rate will be 2% above the margin on the senior secured notes payable then outstanding. The maturity date of this credit facility is December 15, 2027. The Dunebridge JCF is secured by substantially all of the properties and assets of the Company and its subsidiaries on a junior basis to the Company's existing senior secured notes payable. The Company is entitled to prepay the Dunebridge JCF at any time prior to the maturity date without penalty.

In order for the Company to request an advance under the Dunebridge JCF, the Company must deliver a utilization request to the administrative agent and confirm that the Company has met the conditions precedent to all borrowings, confirm representation and warranties and confirm that the proceeds requested are to be used as agreed upon in the agreement to (a) repay indebtedness under the senior credit agreement which is the Dunebridge RCF, by way of direction and set-off on the closing date, (b) repay the senior secured notes, and (c) for general corporate purposes, including working capital needs.

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

The Company issued to Dunebridge 41 million common share purchase warrants (Note 11), exercisable in whole or in part at any time up to December 15, 2027, at an exercise price of US$0.60975 per common share.

The Company incurred legal and advisory fees in relation to the Dunebridge JCF of $1,082 which was capitalized as other assets. In addition, the fair value of the warrants granted on the closing of the Dunebridge JCF valued at $0.33 per warrant and totaling $13,489 was also capitalized resulting in total other assets of $14,571. During the year ended December 31, 2022, $13,898 of total costs capitalized to other assets were reclassified to deferred financing costs and $50 million drawn on the Dunebridge JCF is presented net of them on the statement of financial position. The remaining portion of the other assets have been amortized prior to the full draw of the facility.

On December 14, 2022, the interest rate was amended to 14% and interest shall accrue and will not be payable until the Notes are fully repaid. The original terms were revised to also include a true-up payment amount such that the lenders will receive an effective interest rate (after giving effect to the true-up amount, and taking into consideration the applicable interest rate), upon and after December 14, 2022, on all outstanding advances of 14% per annum. If the true-up amount becomes due and payable as a result of an event of default, it shall be deemed to be accrued interest of the facility, and interest shall accrue on such outstanding true-up amount from and after the date on which it becomes due and payable. The true-up amount shall also be payable in the event the facility is satisfied, released or discharged by foreclosure (whether by power of judicial proceeding or otherwise), deed in lieu of foreclosure or by any other similar means.

The amendment above resulted in a gain of $5,305 which was recorded as a capital contribution due to the related party nature of the transaction.

The loss on loan of $10,031 is a result of the change in terms while keeping the effective interest rate at 15.8%.

As of December 31, 2022, the Company has an obligation of US$50 million or $67.8 million Canadian dollar equivalent under the Dunebridge JCF (2021 - $Nil).

		December 31, 2022		December 31, 2021
Total outstanding Dunebridge Junior Credit Facility	**$**	**67,770**	$	-
Loss on loan		**10,031**		-
Capital contribution		**(5,305)**		-
		72,496		-
Less: unamortized deferred transaction costs		**(12,418)**		-
Total Dunebridge Junior Credit Facility	**$**	**60,078**	$	-

11. WARRANT LIABILITY

As part of the Dunebridge JCF (Note 10), 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.

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

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

	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 December 31, 2022, the warrants were revalued using the following assumptions, resulting in a total value of $7,247:

	December 31, 2022
Exercise price	US$0.61 ($0.81)
Expected volatility	66.00%
Expected warrant life	5 years
Expected dividend yield	0%
Risk-free interest rate	3.37%
Weighted average fair value per warrant granted	$0.24

In valuing the warrants on December 31, 2022, the Company applied a liquidity discount of 28% from the Black-Scholes value.

The change in fair value of $6,242 (2021 – $Nil) was recorded to other income.

12. NET FINANCE EXPENSE

	Year ended December 31, 2022	Year ended December 31, 2021
Interest income	$ 1,372	$ 202
Accretion expense on decommissioning and restoration liability	(1,865)	(710)
Interest expense	(31,694)	(32,476)
Loss on loan	(10,031)	-
Amortization of deferred financing costs	(6,094)	(5,910)
Other finance costs*	1,872	(1,479)
	$ (46,440)	$ (40,373)

*Included in other finance costs for the year ended December 31, 2022 is $38 (2021 - $59) related to interest on lease liabilities.

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

13. SHAREHOLDERS' EQUITY

i. Authorized share capital

Unlimited common shares, without par value.

ii. Share capital

The number of common shares issued and outstanding as of December 31, 2022 is 211,489,141 (2021 - 210,697,474).

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 December 31, 2022, the aggregate maximum number of shares pursuant to options granted under the Plan will not exceed 21,148,914 shares. All stock options are settled by the issuance of common shares.

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

	Year ended December 31, 2022			Year ended December 31, 2021		
	Number of options		**Weighted average exercise price**	Number of options		Weighted average exercise price
Balance at beginning of the year	**4,680,001**	**$**	**1.36**	2,455,002	$	2.89
Granted during the year	**3,101,042**		**0.71**	3,085,000		0.63
Expired during the year	**(1,345,001)**		**2.86**	(200,000)		6.66
Forfeited during the year	-		-	(660,001)		2.08
Balance at end of the year	**6,436,042**	**$**	**0.73**	4,680,001	$	1.36
Options exercisable at the end of the year	**1,518,335**	**$**	**0.90**	1,531,667	$	2.72

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 December 31, 2022, and 2021 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 3,101,042 stock options were issued during the year ended December 31, 2022, with an exercise price of $0.714. The 2,439,668 stock options will vest 1/3 on January 17, 2023, 1/3 on January 17, 2024 and 1/3 on January 17, 2025, the 661,376 stock options will vest 1/3 on February 21, 2023, 1/3 February 21, 2024 and 1/3 February 21, 2025. A total of 3,085,000 stock options were issued during the year ended December 31, 2021 of which 1,085,000 stock options were issued on February 3, 2021 vesting 1/3 on February 3, 2022, 1/3 on February 3, 2023 and 1/3 on February 3, 2024 and 2,000,000 stock options were issued on November 15, 2021 vesting 1/3 on November 15, 2022, 1/3 on November 15, 2023 and 1/3 on November 15, 2024.

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

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

	December 31, 2022	December 31, 2021
Weighted average exercise price per share	$0.71	$0.65
Expected volatility	64.43% - 64.68%	59.38%
Expected option life	5 years	5 years
Expected forfeiture	none	none
Expected dividend yield	0%	0%
Risk-free interest rate	1.68% - 1.79%	0.46%
Weighted average fair value per option granted	$0.39	$0.32

The following tables reflect the number of stock options outstanding, the grant date fair value, and the exercise price of stock options outstanding at December 31, 2022.

At December 31, 2022

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	958	2,439,666	-	0.71
February 21, 2027	260	661,376	-	0.71
	$ 2,367	6,436,042	1,518,335	$ 1.04

The weighted average remaining contractual life of the options outstanding as of December 31, 2022 is 3.70 years (2021 - 3.60 years).

Subsequent to the year ended December 31, 2022, 2,249,234 stock options were granted, 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.

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 of December 31, 2022 there are no DSUs outstanding.

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

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

RSU	December 31, 2022 Number of units		December 31, 2022 Weighted average value grant date fair value	December 31, 2021 Number of units		December 31, 2021 Weighted average value grant date fair value
Balance at beginning of year	**1,426,667**	**$**	**0.87**	863,333	$	1.13
Awards and payouts during the period (net):						
RSUs awarded	**1,196,914**		**0.71**	1,000,000		0.64
RSUs settled and common shares issued	**(791,667)**		**1.06**	(206,667)		1.06
RSUs forfeited	**(76,022)**		**0.69**	(229,999)		0.65
Balance at end of the year*	**1,755,892**	**$**	**0.69**	1,426,667	$	0.87

*As at December 31, 2022, 211,669 RSUs (2021 – 420,002 RSUs) have vested and have not yet been settled.

Subsequent to the year ended December 31, 2022, 1,221,480 RSUs were granted with a fair value of $0.61 per unit. The share-based payments recognized as an expense in selling, general and administrative expenses for the years ended December 31, 2022 and 2021 are as follows:

		Year ended December 31,2022		Year ended December 31, 2021
Expense recognized in the year for share-based payments	**$**	**1,923**	$	868

iv. Earnings per share

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

		Year ended December 31, 2022		Year ended December 31, 2021
Numerator				
Net income for the year	**$**	**49,195**	$	276,167
Effect of dilutive securities		**731**		534
	$	**49,926**	$	276,701
Denominator				
For basic - weighted average number of shares outstanding		**210,879,374**		210,526,871
Effect of dilutive securities		**1,861,853**		1,426,667
For diluted - adjusted weighted average number of shares outstanding		**212,741,227**		211,953,538
Earnings Per Share				
Basic	**$**	**0.23**	$	1.31
Diluted	**$**	**0.23**	$	1.31

For the year ended December 31, 2022, 4,836,042 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 (2021- 4,680,001 stock options).

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

14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended December 31, 2022	Year ended December 31, 2021
Selling and marketing	**$ 5,943**	$ 5,259
General and administrative:		
Consulting fees and payroll	**4,046**	3,535
Share-based payment expense	**1,923**	868
Depreciation	**224**	211
Office and administration	**1,175**	998
Professional fees	**1,996**	1,994
Promotion and investor relations	**230**	77
Director fees	**820**	512
Transfer agent and regulatory fees	**492**	360
Travel	**322**	44
	$ 17,171	$ 13,858

15. DERIVATIVES ASSETS AND LIABILITIES

i) During the year ended December 31, 2022 and 2021, the Company entered into foreign currency put options 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 consolidated statements of comprehensive income as gains or loss on derivatives.

In the year ended December 31, 2021, the Company had US$22 million foreign currency put option contracts outstanding at a strike price of 1.28 with settlement dates from February 2022 to December 2022.

The table below provides a summary of currency contracts outstanding as at December 31, 2022:

Execution Date of Contracts	Settlement Dates of Contracts	Notional Amount (CAD)	Weighted Average Price (USD)	Notional Amount (USD)
November 9, 2022	February 1, 2023 to April 28, 2023	$ 40,050	$ 1.3350	$ 30,000
December 2, 2022*	February 1, 2023 to April 28, 2023	$ 23,580	$ 1.3100	$ 18,000
Total		**$ 63,630**	**$ 1.3256**	**$ 48,000**

*On settlement date, if the spot rate exceeds 1.38, the Company will settle at 1.333 and if the spot rate is between 1.31 to 1.38, there is no obligatory settlement.

Subsequent to the year ended December 31, 2022, the Company entered into the following currency contracts:

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

Execution Date of Contracts	Settlement Dates of Contracts	Notional Amount (CAD)	Weighted Average Price (USD)	Notional Amount (USD)
January 10, 2023	May 1, 2023 to September 29, 2023	$ 26,640	$ 1.3320	$ 20,000
January 30, 2023*	May 1, 2023 to December 31, 2023	$ 26,200	$ 1.3100	$ 20,000
March 10, 2023	July 5, 2023 to September 28, 2023	$ 12,330	$ 1.3700	$ 9,000
Total		**$ 65,170**	**$ 1.3300**	**$ 49,000**

*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) The Old Notes granted the Company the option to prepay the Old Notes prior to the maturity of the instruments and specified a premium during each applicable time period. These prepayment options have been accounted for as embedded derivatives and are outlined below. The Company may have redeemed the Old Notes in whole or in part at any time during the twelve-month period beginning on December 15, 2021 at a redemption price equal to 100% of the principal amount of the Old Notes redeemed, plus accrued and unpaid interest to the date of redemption.

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 (as described in Note 8).

At the date of prepayment or redemption, the Company pays a total price equal to 100% of the principal amount of the Notes redeemed, plus accrued and unpaid interest to the date of redemption and the true-up amount (if any) (see Note 8).

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 December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Currency derivative contracts	**$ (940)**	$ 731
Embedded derivatives	**3,154**	44
(Liability) Asset	**$ 2,214**	$ 775

The following table presents amounts recognized in the consolidated statement of comprehensive income for the years ended December 31, 2022 and 2021:

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

	Year ended December 31, 2022	Year ended Devember 31, 2021
(Loss) gain on currency derivative contracts	$ (2,446)	$ 61
Loss on prepayment option embedded derivative	(67)	(128)
Total	**$ (2,513)**	$ (67)

16. FINANCIAL INSTRUMENTS

Fair value measurement

The Company categorizes each of its fair value measurements in accordance with a fair value hierarchy. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The fair values of the accounts receivable and accounts payable and accrued liabilities approximate their carrying values due to the relatively short-term maturity of these financial instruments.

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.

	Carrying amount				Fair value			
December 31, 2022	**Assets at amortized cost**	**Fair value through profit and loss**	**Liabilities at amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value								
Derivative assets	$ -	$ 2,214	$ -	$ 2,214	$ -	$ -	$ 2,214	$ 2,214
	$ -	$ 2,214	$ -	$ 2,214				
Financial assets not measured at fair value								
Cash	$ 17,247	$ -	$ -	$ 17,247	17,247	-	-	17,247
Restricted cash	30,723	-	-	30,723	30,723	-	-	30,723
Amounts receivable	912	-	-	912	912	-	-	912
	$ 48,882	$ -	$ -	$ 48,882				
Financial liabilities measured at fair value								
Warrant liability	-	7,247	-	7,247	-	-	7,247	7,247
	$ -	$ 7,247	$ -	$ 7,247				
Financial liabilities not measured at fair value								
Accounts payable and accrued liabilities	$ -	$ -	$ 43,623	$ 43,623	43,623	-	-	43,623
Dunebridge junior credit facility	-	-	60,078	60,078	-	67,770	-	67,770
Secured notes payable	-	-	256,889	256,889	-	-	259,528	259,528
	$ -	$ -	$ 360,590	$ 360,590				

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

	Carrying amount				Fair value			
December 31, 2021	**Assets at amortized cost**	**Fair value through profit and loss**	**Liabilities at amortized cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value								
Derivative assets	$ -	$ 775	$ -	$ 775	$ -	$ 775	$ -	$ 775
	$ -	$ 775	$ -	$ 775				
Financial assets not measured at fair value								
Cash	$ 25,000	$ -	$ -	$ 25,000	25,000	-	-	25,000
Restricted cash	25,144	-	-	25,144	25,144	-	-	25,144
Amounts receivable	877	-	-	877	877	-	-	877
	$ 51,021	$ -	$ -	$ 51,021				
Financial liabilities not measured at fair value								
Accounts payable and accrued liabilities	$ -	$ -	$ 36,893	$ 36,893	36,893	-	-	36,893
Secured notes payable	-	-	375,517	375,517	357,607	-	-	357,607
	$ -	$ -	$ 412,410	$ 412,410				

Fair values of assets and liabilities classified as Level 2 are valued using discounted cash flow ("DCF") models. These models require a variety of observable inputs including market prices, forward price curves, yield curves and credit spreads. 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. These inputs are obtained from or verified with the market where possible. The financial assets relate to the embedded derivative assets, which are prepayment options on the secured notes payable (Note 8) and foreign currency put option contracts (Note 15) and these are classified as level 3. 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 11).

The fair value of the secured notes payable is determined using market quoted prices.

Measurement of fair value of derivative assets

At December 31, 2022, the derivative asset is an embedded derivative that relates to the Company's prepayment and redemption features attached to the Notes. See Note 8 and Note 15. The fair value of the embedded derivative has been determined by using a with and without approach. The estimated fair value of the embedded derivative as of the valuation date was then calculated as the weighted average of the fair values estimated under the 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:

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

	December 31, 2022	December 14, 2022
Key observable inputs		
Risk free interest rate	**3.94%**	3.94%
Key unobservable inputs		
Likelihood of redemption event occurring	**75%**	75%
Interest rate volatility	**78.2%**	78.2%
Credit spread of Notes	**3.39%**	3.39%

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 December 31, 2022:

	Original	**20%**	**10%**	**(10%)**	**(20%)**
Interest rate volatility at December 31, 2022	**$ 3,154**	**$ 4,118**	**$ 3,634**	**$ 2,602**	**$ 2,045**

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**

Financial instruments risks

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

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's exposure to credit risk is for its amounts receivable of which all of the outstanding amounts of $912 and $877 as at December 31, 2022 and 2021, respectively, were collected.

On December 31, 2022 and 2021, the Company does not have any allowance for doubtful accounts, and does not consider that any such allowance is necessary.

All of the Company's cash and restricted cash is held with a major Canadian financial institution and thus the exposure to credit risk is considered insignificant. Management actively monitors the Company's exposure to credit risk under its financial instruments, including with respect to amounts receivable. The Company considers the risk of loss for its amounts receivable to be remote and significantly mitigated due to the financial strength of the parties from whom most of the amounts receivable are due - the Canadian government for harmonized sales tax ("HST") refunds receivable in the amount of approximately $822 (2021 - $722).

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

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

Liquidity risk

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

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

As of December 31, 2022, the Company has a current obligation for US$195 million or $264.3 million Canadian dollar equivalent (2021 – US$299.9 million or $379 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 secured notes payable as they come due may lead to the sale of the 49% participating interest in the GK Mine.

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	$ 971	$ -	$ -	$ -	**$ 971**
Gahcho Kué Diamond Mine decommissioning fund	10,000	15,000	-	-	**25,000**
Revolving Junior Credit facility - Principal	-	-	67,770	-	**67,770**
Revolving Junior Credit facility - Interest	-	-	48,223	-	**48,223**
Notes payable - Principal	-	264,303	-	-	**264,303**
Notes payable - Interest	24,184	48,301	-	-	**72,485**
	$ 35,155	**$ 327,604**	**$ 115,993**	**$ -**	**$ 478,752**

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, 2022 and 2021, since the secured notes payable and Dunebridge JCF do not have variable interest rates. At December 31, 2022, the total secured notes payable was US$195 million (2021 – US$299.9 million) and the Dunebridge JCF was US$50 million (2021 - $Nil).

(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

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Mine are in Canadian dollars and are funded through operating cash flows. The Company's operating cash flows include the sale, in U.S. dollars, of its 49% share of the GK Mine diamonds produced.

As at December 31, 2022 and 2021, the Company had cash, derivative assets, accounts payable and accrued liabilities, the Dunebridge JCF and the secured notes payable that are in U.S. dollars. The Canadian dollar equivalent is as follows:

		December 31, 2022		December 31, 2021
Cash	$	11,417	$	11,968
Derivative assets		2,214		731
Accounts payable and accrued liabilities		(2,950)		(1,949)
Dunebridge JCF		(67,770)		-
Secured notes payable		(264,303)		(379,034)
Total	**$**	**(321,392)**	$	(368,284)

A 10% appreciation or depreciation of the Canadian dollar relative to the U.S. dollar at December 31, 2022 and 2021 would have resulted in an increase or decrease to net income for the year of approximately $32.1 million and $36.8 million, respectively.

17. RELATED PARTIES

The Company's related parties include Dermot Desmond, Dunebridge and Vertigol Unlimited Company ("Vertigol") (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 ("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 the nature of remuneration. The transactions with the Operator of the GK Mine relate to the funding of the Company's interest in the GK Mine for the current year's expenditures, capital additions, management fee, and production sales related to the 49% share of fancies and special diamonds. The transactions with IIU are for the director fees of the Chairman of the Company.

On March 28, 2022, the Company executed a credit facility with Dunebridge, for US$50 million (Note 10).

On September 30, 2020, the Company entered into the Dunebridge RCF for US$25 million to reassign the previous, revolving credit facility with Scotiabank and Nedbank Ltd. ("BNS and Nedbank RCF") with first ranking lien terms. On September 24, 2021, the Dunebridge RCF was extended to March 31, 2022 (Note 9).

In 2020, the Company entered into an agreement to sell up to US$50 million of diamonds to Dunebridge (the "Dunebridge Sales Agreement"). The agreement permits the Company to sell its run of mine diamonds (below 10.8 carats) at the estimated prevailing market price at the time of each sale. The transaction also allows the Company to participate, after fees and expenses, in a portion of any increase in the value of diamonds realized by Dunebridge upon its future sale of diamonds to a third party. Dunebridge is entitled to receive 10% annualized returns in respect to these future sales of Dunebridge diamonds, calculated with reference to each specific Dunebridge sales parcel. These fees are fixed at 10% of the amount of the future sales for the first year. In the second and third year following the date of Dunebridge diamond purchase from the Company, an additional 10% of the amount of the future sale is compounded and pro-rated based on the amount of time in each of the second and third years have passed. After three years, the agreement is effectively terminated, and any upside realized by Dunebridge will not be shared with the Company. The expenses relate to any future sale costs. Once all fees and expenses have been deducted any surplus will be shared equally between Dunebridge and the Company. The purchase price has been determined using the Company's price book, adjusted for the estimated current underlying market conditions. As at December 31, 2020, approximately US$49.4 million of run of mine diamonds have been sold under the agreement. On September 29, 2020, the shareholders approved to have this agreement amended to increase the total sales value from US$50 million of diamonds, to US$100 million. Effective November 6, 2020, the new agreement with the incremental increase to US$100 million was executed. Included in the diamond sales of $308,723 for the year ended December 31, 2021, was $10,399 of upside proceeds which was realized and received related to this Dunebridge agreement.

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

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 year ended December 31, 2022, the Company funded $5 million (2021 - $10 million) into the decommissioning fund, which is presented as restricted cash on the balance sheet.

As of December 31, 2022, the Company's share of the letters of credit issued was $44.7 million (2021 - $44.1 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 of December 31, 2022 and 2021 were as follows:

	December 31, 2022	December 31, 2021
Payable De Beers Canada Inc. as the operator of the GK Mine*	**$ 3,427**	$ 2,732
Payable to De Beers Canada Inc. for interest on letters of credit	**136**	99
Loan payable to Dunebridge Worldwide Ltd.	**68,923**	-
Payable to key management personnel	**592**	67

*included in accounts payable and accrued liabilities

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

The transactions for the years ended December 31, 2022 and 2021 were as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
The total of the transactions:		
International Investment and Underwriting	$ 120	$ 120
Remuneration to key management personnel	3,764	3,329
Upside revenue on diamonds sold to Dunebridge Worldwide Ltd.	-	10,399
Diamonds sold to De Beers Canada Inc.	15,376	10,338
Diamonds purchased from De Beers Canada Inc.	26,346	14,990
Finance costs incurred from De Beers Canada Inc.	136	135
Finance costs incurred from Dunebridge Worldwide Ltd.	1,724	5,882
Management fee charged by the Operator of the GK Mine	3,332	4,763

The remuneration expense of directors and other members of key management personnel for the years ended December 31, 2022 and 2021 were as follows:

	Year ended December 31,2022	Year ended December 31, 2021
Consulting fees, payroll, director fees, bonus and other short-term benefits	$ 2,842	$ 2,982
Share-based payments	1,042	467
	$ 3,884	$ 3,449

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. INCOME TAXES

Rate Reconciliation

The provision for income tax differs from the amount that would have resulted by applying the combined Canadian statutory income tax rates of approximately 26.5% (2021 - 26.5%):

	December 31, 2022	December 31, 2021
Income before income taxes	$ 70,395	$ 296,887
	26.5%	*26.5%*
Tax expense calculated using statutory rates	18,655	78,676
Expenses not deductible (earnings not taxable)	3,802	926
Change in tax benefits not recognized	(22,457)	(79,602)
Deferred mining taxes	21,200	20,720
Deferred income tax expense	$ 21,200	$ 20,720

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

Components of deferred tax assets and liabilities

	December 31, 2022	December 31, 2021
Deferred tax liabilities		
Inventory	$ (164)	$ (183)
Property, plant & equipment	(128,431)	(82,773)
Derivative assets and debt	(570)	(874)
Total deferred tax liabilities	(129,165)	(83,830)
Deferred tax asset - tax losses	83,248	63,110
Deferred tax asset - other	3,997	-
Net deferred taxes	$ (41,920)	$ (20,720)

Unrecognized deferred tax assets

Deductible temporary differences for which deferred tax assets have not been recognized are attributable to the following:

	December 31, 2022	December 31, 2021
Decommissioning and restoration liability	$ 88,263	$ 94,839
Income tax benefit of deferred mining taxes	26,980	20,720
Capital losses	11,060	942
Non-capital losses, expiring 2034 to 2042	49,062	132,659
Share issuance cost	-	50
	$ 175,365	$ 249,210

The Company also has unrecognized deductible temporary differences of $78.3 million (2021 - $90.4 million) related to the Northwest Territories Mining Royalty.

19. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of debt, share capital, share-based payments reserve, and net of deficit. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition, exploration and development of mineral properties and ongoing operations (Note 1). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The declaration and payment of dividends on the Company's common shares and the amount thereof are at the discretion of the Board of Directors, which takes into account the Company's financial results, capital requirements, available cash flow, future prospects of the Company's business and other factors considered relevant from time to time, as well as the secured notes payable and Dunebridge JCF terms (Notes 8 and 10).

Management reviews its capital management approach on an ongoing basis.

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

The Company's capital is summarized as follows:

		December 31, 2022		December 31, 2021
Secured notes payable	$	256,889	$	375,517
Dunebridge junior credit facility		60,078		-
Share capital		637,862		631,717
Share-based payments reserve		8,552		7,469
Deficit		(240,590)		(289,785)
	$	722,791	$	724,918

20. 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.

As a result of the asset acquisition of Kennady, which included all mineral rights of the KNP, the Company now owns multiple 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.

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

As at and for the year ended December 31, 2022

	GK Mine	KNP	Total
Sales	$ 388,853	$ -	**$ 388,853**
Cost of sales:			
Production costs	131,596	-	**131,596**
Cost of acquired diamonds	29,797	-	**29,797**
Depreciation and depletion	56,935	-	**56,935**
Earnings from mine operations	170,525	-	**170,525**
Exploration and evaluation expenses	1,667	10,660	**12,327**
Selling, general and administrative expenses	17,137	34	**17,171**
Operating income (loss)	151,721	(10,694)	**141,027**
Net finance expenses	(46,440)	-	**(46,440)**
Other income	6,242	241	**6,483**
Derivative losses	(2,513)	-	**(2,513)**
Foreign exchange losses	(28,162)	-	**(28,162)**
Net income (loss) before taxes	$ 80,848	$ (10,453)	**$ 70,395**
Total assets	$ 726,961	$ 171,580	**$ 898,541**
Total liabilities	$ 488,189	$ 3,194	**$ 491,383**

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

As at and for the year ended December 31, 2021

	GK Mine	KNP	Total
Sales	$ 308,723	$ -	**$ 308,723**
Cost of sales:			
Production costs	140,099	-	**140,099**
Cost of acquired diamonds	15,723	-	**15,723**
Depreciation and depletion	39,173	-	**39,173**
Earnings from mine operations	113,728	-	**113,728**
Impairment reversal on property, plant and equipment	(240,593)	-	**(240,593)**
Exploration and evaluation expenses	604	4,943	**5,547**
Selling, general and administrative expenses	13,816	42	**13,858**
Operating income (loss)	339,901	(4,985)	**334,916**
Net finance expenses	(40,367)	(6)	**(40,373)**
Other income	-	143	**143**
Derivative losses	(67)	-	**(67)**
Foreign exchange gains	2,268	-	**2,268**
Net income (loss) before taxes	$ 301,735	$ (4,848)	**$ 296,887**
Total assets	$ 705,465	$ 172,032	**$ 877,497**
Total liabilities	$ 523,397	$ 3,365	**$ 526,762**

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