

Mountain Province Diamonds Inc.
Terms of Reference
Compensation Committee of the Board of Directors

A. Role and Objective

The Compensation Committee (the "Committee") is a committee of the Board of Directors (the "Board") of Mountain Province Diamonds Inc. ("MPV" or the "Company") and is constituted to assist the Board in:

- (i) overseeing the Company's executive compensation philosophy, structure and program design and ensuring that the program establishes appropriate incentives for management;
- (ii) reviewing the elements of executive compensation and assessing achievement of overall corporate objectives and individual executive performance;
- (iii) reviewing and recommending to the Board compensation for the members of the Board.

B. Composition

1. The Committee shall be appointed by the Board annually and shall be comprised of a minimum of three directors. If an appointment of the members of the Committee is not made as prescribed, the members shall continue as such until their successors are appointed.
2. At least a majority of the members of the Committee (including the Chair) shall be directors whom the Board has determined are independent, taking into account applicable laws, rules and regulations of securities regulatory authorities and/or stock exchanges.
3. The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership. The Chair shall be an independent director.
4. The Committee shall have access to such officers and employees of MPV or any other subsidiaries and to such information respecting MPV and the subsidiaries as it considers necessary or advisable in order to perform its duties and responsibilities.

C. Meetings

1. The Committee shall meet at least twice annually at such times and at such locations as the Chair of the Committee shall determine. At its discretion, the Committee can decide to defer matters to the full board if time is of the essence, or the matter is of critical importance to the Company as a whole. Any member of the Committee may request a meeting of the Committee.
2. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or by other telecommunication device that permits all persons participating in the meeting to hear each other.
3. The Chair shall, in consultation with management, establish the agenda for the meetings and instruct management to ensure that properly prepared agenda materials are circulated to the Committee with sufficient time for study prior to the meeting.
4. Every question at a Committee meeting shall be decided by a majority of the votes cast.
5. The CEO of MPV shall be available to advise the Committee, shall receive notice of all meetings of the Committee and may attend meetings at the invitation of the Chair of the Committee.
6. The Chair of the Committee shall hold in camera sessions of the Committee, without management present, at each meeting, as determined necessary.

7. A Committee member, or any other person selected by the Committee, shall be appointed at each meeting to act as secretary for the purpose of recording the minutes of each meeting.
8. The Committee shall provide the Board with a summary of all meetings together with a copy of the minutes from such meetings. All information reviewed and discussed by the Committee at any meeting shall be retained and made available for examination by the Board upon request to the Chair.

D. Responsibilities

To carry out its oversight responsibilities, the Committee shall undertake the following:

Compensation Structure and Governance

1. Review and recommend for approval to the Board, MPV's executive compensation philosophy, structure and program design (the "executive compensation structure") to ensure the interests of management are aligned with the long-term interests of the Company's shareholders and other stakeholders.
2. Review the Company's incentive compensation policies and practices to determine whether they involve risks that are reasonably likely to have a material adverse effect on the Company. Review and discuss at least annually the relationship between risk management policies and practices and compensation and evaluate compensation policies and practices that could mitigate any such risk.
3. Review and recommend any amendments to the executive compensation structure and oversee the administration of the Company's short- and long-term incentive compensation and equity-based plans in order to interpret the plans, prescribe rules, and make all determinations necessary or desirable for the administration of the plans.,
4. Review and recommend to the Board the employment agreements, and as necessary any changes thereto, of the executive officers of MPV.
5. Review performance of compensation consultant and recommend appointment and/or termination of compensation consultant
6. Review and recommend any amendments (if appropriate) to the Executive Compensation Recoupment (Clawback) Policy and Anti-Hedging Policy and any other policies under the Committee's area of oversight

Compensation Components, Achievement and Review

1. Annually review and recommend to the Board for approval the corporate objectives and individual CEO and executive objectives for the ensuing fiscal year.
2. Regularly review and assess the progress toward achievement of the annual corporate objectives and report to the Board thereon.
3. Together with the Chairman of the Board, evaluate annually the performance of the CEO and the executive officers against their individual objectives and recommend to the Board their short- and long-term incentive awards, taking into consideration both achievement of their respective individual objectives and achievement of corporate objectives.
4. Review and recommend to the Board any changes to annual base salary and other compensation components and targets for the CEO and executive officers, with consideration to recommendations from the Committee's independent compensation consultant.
5. Review and recommend to the Board the adequacy and form of the compensation of directors of MPV and be satisfied the compensation realistically reflects the responsibilities and risk involved in being such a director.

6. **Review** the disclosure concerning the Committee's composition, areas of oversight and responsibilities, and governance practices and the executive compensation disclosure to be contained in MPV's management information circular, be satisfied that the overall compensation philosophy and policy is adequately disclosed and describes in sufficient detail the rationale for salary levels, incentive payments, share grants, share options, pensions and all other components of executive compensation as prescribed by applicable securities laws and recommend to the Board for approval.
7. Determine grants of stock options and other share-based awards under MPV's long-term incentive and recommend to the Board for approval with consideration to share dilution and common shares available for long-term incentive grants.

E. Other

1. Review these terms of reference at least annually and recommend any proposed changes to the Board for approval.
2. Review the sufficiency of resources available to meet MPVD's commitments relating to the Committee's areas of oversight.
3. Review any other matter related to the Committee's purpose that the Committee or Board deems advisable or timely in light of business, legal, regulatory or other conditions.

F. Responsibilities of the Committee Chair

1. The Committee Chair is responsible for the management and effective performance of the Committee and for providing leadership to the Committee in fulfilling its mandate and any other matters delegated to it by the Board. To that end, the Committee Chair's responsibilities shall include:
 - (i) Working, as needed, with the Chair of the Board, the Chief Executive Officer and the Secretary to establish the frequency of Committee meetings and the agendas for meetings;
 - (ii) Providing leadership to the Committee and presiding over Committee meetings;
 - (iii) Facilitating the flow of information to and from the Committee and fostering an environment in which Committee members may ask questions and express their viewpoints;
 - (iv) Reporting to the Board with respect to the significant activities of the Committee and any recommendations of the Committee;
 - (v) Leading the Committee in annually reviewing and assessing the adequacy of its terms of reference and workplan and evaluating its effectiveness in fulfilling its responsibilities; and
 - (vi) Taking such other steps as are reasonably required to ensure that the Committee carries out its responsibilities.

- G. Powers:** The Committee shall have the authority to obtain advice and assistance from outside professional, legal or other advisors. The Committee may, at its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

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