



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

**MOUNTAIN PROVINCE
DIAMONDS INC.**

For the three months ended March 31, 2024
(Unaudited)

CONTENTS	<u>Page</u>
Responsibility for Condensed Consolidated Interim Financial Statements	3
Condensed Consolidated Interim Balance Sheets	4
Condensed Consolidated Interim Statements of Comprehensive Income	5
Condensed Consolidated Interim Statements of Equity	6
Condensed Consolidated Interim Statements of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Statements	8 - 24

RESPONSIBILITY FOR CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the Company's audited consolidated financial statements as at December 31, 2023. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34 – Interim Financial Reporting using accounting policies consistent with 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 unaudited condensed consolidated interim financial statements fairly present in all material respects the financial condition, financial performance, and cash flows of the Company, as at and for the periods presented in the unaudited condensed consolidated interim financial statements.

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

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

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

"Mark Wall"

Mark Wall

President and Chief Executive Officer

Toronto, Canada

May 8, 2024

"Steven Thomas"

Steven Thomas

VP Finance and Chief Financial Officer

MOUNTAIN PROVINCE DIAMONDS INC.

Condensed Consolidated Interim Balance Sheets

Expressed in thousands of Canadian dollars
(Unaudited)

	Notes	March 31, 2024	December 31, 2023
ASSETS			
Current assets			
Cash		\$ 53,350	\$ 29,674
Amounts receivable		3,446	1,109
Prepaid expenses and other		689	1,418
Derivative assets	14	11,975	14,001
Inventories	5	220,473	187,202
		289,933	233,404
Restricted cash	17	32,835	32,381
Reclamation deposit		312	250
Other assets		675	-
Property, plant and equipment	6	584,162	590,819
Total assets		\$ 907,917	\$ 856,854
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 92,651	\$ 56,768
Income taxes payable		752	602
Decommissioning and restoration liability	7	2,611	2,807
Lease obligations		171	174
Warrant liability	9, 10	1,890	2,431
		98,075	62,782
Dunebridge junior credit facility	9	77,807	73,374
Secured notes payable	8	239,345	232,760
Lease obligations		526	572
Decommissioning and restoration liability	7	77,829	82,462
Deferred income tax liabilities		46,225	43,900
Shareholders' equity:			
Share capital	12	634,065	634,065
Share-based payments reserve	12	10,108	9,866
Deficit		(277,397)	(284,261)
Accumulated other comprehensive income		1,334	1,334
Total shareholders' equity		368,110	361,004
Total liabilities and shareholders' equity		\$ 907,917	\$ 856,854
Going concern	1		
Subsequent events	12 (iii), 14 (i)		

On behalf of the Board:

"Ken Robertson"

Director

"Jonathan Comerford"

Director

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

Condensed Consolidated Interim Statements of Comprehensive Income

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

	Notes	Three months ended March 31, 2024	Three months ended March 31, 2023
Sales		\$ 89,438	\$ 128,657
Cost of sales:			
Production costs		32,728	49,116
Cost of acquired diamonds		4,212	7,080
Depreciation and depletion		22,062	25,261
Earnings from mine operations		30,436	47,200
Exploration and evaluation expenses		134	2,102
Selling, general and administrative expenses	13	3,542	4,007
Operating income		26,760	41,091
Interest Income		846	639
Finance expenses	11	(10,337)	(10,161)
Other income	10	596	146
Derivative losses	14	(2,340)	(1,065)
Foreign exchange (losses) gains		(6,186)	144
Income before taxes		9,339	30,794
Current income taxes		(150)	(750)
Deferred income taxes		(2,325)	(1,820)
Net income for the period		\$ 6,864	\$ 28,224
Total comprehensive income for the period		\$ 6,864	\$ 28,224
Basic earnings per share	12(iv)	\$ 0.03	\$ 0.13
Diluted earnings per share	12(iv)	\$ 0.03	\$ 0.13
Basic weighted average number of shares outstanding		211,559,588	211,489,141
Diluted weighted average number of shares outstanding		214,154,343	214,431,303

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

MOUNTAIN PROVINCE DIAMONDS INC.

Condensed Consolidated Interim Statements of Equity

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

	Notes	Number of shares	Share capital	Share-based payments reserve	Deficit	Accumulated other comprehensive income	Total
Balance, January 1, 2023		211,489,141	\$ 637,862	\$ 8,552	\$ (240,590)	\$ 1,334	\$ 407,158
Net income for the period		-	-	-	28,224	-	28,224
Share-based payments	12(iii)	-	-	340	-	-	340
Balance, March 31, 2023		211,489,141	\$ 637,862	\$ 8,892	\$ (212,366)	\$ 1,334	\$ 435,722
Balance, January 1, 2024		211,559,588	\$ 634,065	\$ 9,866	\$ (284,261)	\$ 1,334	\$ 361,004
Net income for the period		-	-	-	6,864	-	6,864
Share-based payments	12(iii)	-	-	242	-	-	242
Balance, March 31, 2024		211,559,588	\$ 634,065	\$ 10,108	\$ (277,397)	\$ 1,334	\$ 368,110

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

Condensed Consolidated Interim Statements of Cash Flows

Expressed in thousands of Canadian dollars
(Unaudited)

Notes	Three months ended March 31, 2024	Three months ended March 31, 2023
Cash provided by (used in):		
Operating activities:		
Net income for the period	\$ 6,864	\$ 28,224
<i>Adjustments:</i>		
Net finance expenses	9,476	9,510
Depreciation and depletion	22,104	25,318
Share-based payment expense	242	340
Fair value gain of warrants	(541)	(146)
Gain on leases	(55)	-
Derivative losses	2,340	1,065
Foreign exchange losses (gains)	6,186	(144)
Deferred income taxes	2,325	1,820
	48,941	65,987
<i>Changes in non-cash operating working capital:</i>		
Amounts receivable	(2,337)	(1,871)
Prepaid expenses and other	729	(101)
Income taxes payable	150	750
Inventories	(37,920)	(27,230)
Accounts payable and accrued liabilities	30,390	45,395
	39,953	82,930
Investing activities:		
Restricted cash	(454)	(373)
Interest income	846	639
Reclamation cost	(132)	-
Purchase of property, plant and equipment	(16,883)	(23,300)
	(16,623)	(23,034)
Financing activities:		
Payment of lease liabilities	(142)	(77)
Cash held in trust for settlement of secured notes repayment	-	(16,653)
Financing costs paid	-	(324)
	(142)	(17,054)
Effect of foreign exchange rate changes on cash	488	451
Increase in cash	23,676	43,293
Cash, beginning of period	29,674	17,247
Cash, end of period	\$ 53,350	\$ 60,540

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

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2024

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

The address of the Company's registered office and its principal place of business is 151 Yonge Street, Suite 1100, Toronto, ON, Canada, M5C 2W7. The Company's shares are listed on the Toronto Stock Exchange ("TSX") under the symbol 'MPVD'.

These condensed consolidated interim financial statements have been prepared using the going concern basis of preparation which assumes that the Company will realize its assets and settle its liabilities in the normal course of business.

The Company realized cash flows from operating activities of \$39,953 in the three months ended March 31, 2024 (Mar 31, 2023 – \$82,930) and has \$53,350 cash on hand at March 31, 2024 (December 31, 2023 - \$29,674). The Company's revenues, operating results and cash inflows are highly dependent on achieving certain thresholds of diamond production, sales and prices. The Company has prepared its liquidity assessment based on the actual results through April 2024 and using forecasted diamond production, sales and prices for the 12-month period ending March 31, 2025. If these forecasts are not substantially achieved, the Company will have to implement alternative plans to ensure that it will have sufficient liquidity for the 12-month period from continuing operations. Failure to meet the obligations for cash calls to fund the Company's share of expenditures at the GK Mine may lead to De Beers Canada Inc. enforcing its remedies under the joint venture agreement with De Beers (the 'JV Agreement'), which could result in, amongst other things the dilution of the Company's interest in the GK Mine, and at certain dilution levels trigger cross-default clauses within the 9.00% Senior Secured Loan Notes ('Notes') and the Junior Secured Credit Facility with Dunebridge Worldwide Ltd. ('Dunebridge JCF'). The volatility in production, sales and pricing of the Company's diamonds indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not include the adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. These adjustments may be material.

Authorization of Financial Statements

These condensed consolidated interim financial statements (the "Interim Financial Statements") were approved by the Board of Directors on May 8, 2024.

2. BASIS OF PRESENTATION

These Interim Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") and follow the same accounting policies and methods of application as the annual consolidated financial statements of the Company for the year ended December 31, 2023 ("Annual Consolidated Financial Statements"), except as noted below under Note 3 adoption of new accounting standards.

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2024

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

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

3. MATERIAL ACCOUNTING POLICIES

(i) New accounting policies adopted in the current period

The Company adopted the following accounting standards and amendments to accounting standards, effective January 1, 2024:

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. For the purposes of non-current classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that:

- settlement of a liability includes transferring a company's own equity instruments to the counterparty, and
- when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity.

The amendments have been adopted by the Company, however the amendments did not result in any changes to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Interim Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these condensed interim consolidated financial statements, are described in Note 4 of the Company's Annual Consolidated Financial Statements.

5. INVENTORIES

	March 31, 2024	December 31, 2023
Ore stockpile	\$ 104,517	\$ 77,173
Rough diamonds	24,846	50,432
Supplies inventory	91,110	59,597
Total	\$ 220,473	\$ 187,202

Depreciation and depletion included in inventories at March 31, 2024 is \$31,985 (December 31, 2023 - \$35,685).

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2024

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

6. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment as at March 31, 2024 and December 31, 2023 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, 2023	\$ 1,013,742	\$ 10,312	\$ 1,863	\$ 169,392	\$ 1,195,309
Decommissioning and restoration adjustment	1,175	-	-	(93)	1,082
Additions/transfers*	92,071	(2,258)	-	-	89,813
Disposals/write-down	(3,057)	-	(917)	-	(3,974)
At December 31, 2023	1,103,931	8,054	946	169,299	1,282,230
Decommissioning and restoration adjustment	(4,116)	-	-	-	(4,116)
Additions/transfers*	16,284	1,078	-	-	17,362
Disposals/write-down	(1,636)	-	-	-	(1,636)
At March 31, 2024	\$ 1,114,463	\$ 9,132	\$ 946	\$ 169,299	\$ 1,293,840
Accumulated depreciation and impairment					
At January 1, 2023	\$ (509,226)	\$ -	\$ (21)	\$ -	\$ (509,247)
Depreciation and depletion**	(80,083)	-	(24)	-	(80,107)
Impairment loss	(104,593)	-	-	-	(104,593)
Disposals	2,536	-	-	-	2,536
At December 31, 2023	(691,366)	-	(45)	-	(691,411)
Depreciation and depletion**	(19,266)	-	(6)	-	(19,272)
Disposals	1,005	-	-	-	1,005
At March 31, 2024	\$ (709,627)	\$ -	\$ (51)	\$ -	\$ (709,678)
Carrying amounts					
At December 31, 2023	\$ 412,565	\$ 8,054	\$ 901	\$ 169,299	\$ 590,819
At March 31, 2024	\$ 404,836	\$ 9,132	\$ 895	\$ 169,299	\$ 584,162

*Included in additions of property, plant and equipment for GK mine is \$15,459 (December 31, 2023 - \$80,335) related to deferred stripping of which \$867 relates to the depreciation of earthmoving equipment (December 31, 2023 - \$5,989).

**Included in depreciation and depletion is \$33 of depreciation on the right-of-use assets (December 31, 2023 - \$196).

7. DECOMMISSIONING AND RESTORATION LIABILITY

The decommissioning and restoration liability is comprised of the liabilities for the GK Mine and the KNP.

The GK Mine decommissioning and restoration liability was calculated using the following assumptions as at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Expected undiscounted cash flows	\$ 92,815	\$ 92,948
Nominal risk-free discount rate	3.45%	3.10%
Inflation rate	2.00%	2.00%
Periods	2031	2031

MOUNTAIN PROVINCE DIAMONDS INC.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three Months Ended March 31, 2024**

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

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

During the three months ended March 31, 2024, the GK Mine decommissioning and restoration liability decreased by \$5,360 (December 31, 2023 – increased by \$1,655), resulting primarily from the change in the nominal risk-free discount rate.

The continuity of the decommissioning and restoration liability at March 31, 2024 and December 31, 2023 is as follows:

	GK Mine	KNP	Total
Balance, at January 1, 2023	\$ 78,311	\$ 2,879	\$ 81,190
Change in estimate of discounted cash flows	1,655	(93)	1,562
Accretion recorded during the year	2,600	104	2,704
Reclamation expenditures	(187)	-	(187)
Balance, at December 31, 2023	\$ 82,379	\$ 2,890	\$ 85,269
Less: current portion of decommissioning and restoration liability	2,807	-	2,807
Non-current decommissioning and restoration liability, at December 31, 2023	\$ 79,572	\$ 2,890	\$ 82,462
Change in estimate of discounted cash flows	(5,360)	-	(5,360)
Accretion recorded during the period	638	25	663
Reclamation expenditures	(132)	-	(132)
Balance, at March 31, 2024	\$ 77,525	\$ 2,915	\$ 80,440
Less: current portion of decommissioning and restoration liability	2,611	-	2,611
Non-current decommissioning and restoration liability, at March 31, 2024	\$ 74,914	\$ 2,915	\$ 77,829

8. SECURED NOTES PAYABLE (THE “NOTES”)

As of March 31, 2024, the principal amount outstanding for the Notes is US\$177 million or \$239.7 million Canadian dollar equivalent under the Notes (December 31, 2023 - US\$177 million or \$234.4 million).

The indenture governing the 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, which if breached, would constitute an event of default. For the year ended December 31, 2023, given the inclusion of a going concern note in those financial statements, the Company obtained a waiver from the Note holders to waive the unqualified financial statements covenant.

	March 31, 2024	December 31, 2023
Total outstanding secured notes payable	\$ 239,658	\$ 234,401
Gain on loan	-	(71)
Less: unamortized deferred transaction costs and issuance discount	(313)	(1,570)
Total secured notes payable	\$ 239,345	\$ 232,760

MOUNTAIN PROVINCE DIAMONDS INC.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three Months Ended March 31, 2024****Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted (Unaudited)****9. DUNEBRIDGE JUNIOR CREDIT FACILITY (“DUNEBRIDGE JCF”)**

As at March 31, 2024, the principal amount outstanding of the Dunebridge JCF is US\$50 million or \$67.7 million Canadian dollar equivalent under the Dunebridge JCF (December 31, 2023 - US\$50 million or \$66.2 million Canadian dollar equivalent).

	March 31, 2024	December 31, 2023
Total outstanding Dunebridge JCF	\$ 67,700	\$ 66,215
Less: unamortized deferred transaction costs, gain and loss on loan	(3,449)	(3,413)
Add: accrued Interest	13,556	10,572
Total Dunebridge Junior Credit Facility	\$ 77,807	\$ 73,374

10. WARRANT LIABILITY

As part of the Dunebridge JCF (Note 9), 41 million share warrants were issued to Dunebridge at an exercise price of US\$0.61 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:

	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 March 31, 2024, the fair value of the warrants were revalued to \$1,890 (December 31, 2023 - \$2,431). The following assumptions were used in determining the fair value:

	March 31, 2024	December 31, 2023
Exercise price	US\$0.61 (\$0.81)	US\$0.61 (\$0.79)
Expected volatility	70.00%	74.00%
Expected warrant life	3.7 years	4.00
Expected dividend yield	0%	0%
Risk-free interest rate	3.51%	3.24%
Weighted average fair value per warrant granted	\$0.06	\$0.08

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2024

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

In valuing the warrants on March 31, 2024, the Company applied a liquidity discount of 21% from the Black-Scholes value (December 31, 2023 – 22%).

In the three months ended March 31, 2024, the change in fair value of \$541 (March 31, 2023 - \$146) was recorded to other income in the condensed consolidated interim statements of comprehensive income.

11. FINANCE EXPENSE

	Three months ended March 31, 2024	Three months ended March 31, 2023
Accretion expense on decommissioning and restoration liability	\$ (663)	\$ (672)
Interest expense	(8,233)	(8,402)
Amortization of deferred financing costs	(1,396)	(809)
Other finance costs	(45)	(278)
	\$ (10,337)	\$ (10,161)

12. SHAREHOLDERS' EQUITY

i. Authorized share capital

Unlimited common shares, without par value.

ii. Share capital

The number of common shares issued and outstanding as at March 31, 2024 is 211,559,588 (December 31, 2023 - 211,559,588).

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 March 31, 2024, the aggregate maximum number of shares pursuant to options and RSUs granted under the Plan will not exceed 21,155,958 shares. All stock options are settled by the issuance of common shares.

MOUNTAIN PROVINCE DIAMONDS INC.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three Months Ended March 31, 2024****Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted (Unaudited)**

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

	Three months ended March 31, 2024		Three months ended March 31, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the period	7,980,984	\$ 0.70	6,436,042	\$ 0.73
Granted during the period	-	-	2,249,234	0.61
Expired during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Balance at end of the period	7,980,984	\$ 0.70	8,685,276	\$ 0.54
Options exercisable at the end of the period	5,106,020	\$ 0.74	2,552,016	\$ 0.82

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 March 31, 2023 period only, as no options were granted in the three months ended March 31, 2024. Expected volatility is calculated by reference to the weekly closing share price for a period that reflects the expected life of the options.

A total of 2,249,234 stock options were granted in the three months ended March 31, 2023, with an exercise price of \$0.61. The stock options will vest 1/3 on February 23, 2024, 1/3 on February 23, 2025 and 1/3 on February 23, 2026.

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

	Three months ended March 31, 2023
Weighted average exercise price per share	\$0.61
Expected volatility	67.44%
Expected option life	5 years
Expected forfeiture	none
Expected dividend yield	0%
Risk-free interest rate	4%
Weighted average fair value per option granted	\$0.36

The following tables reflect the number of stock options outstanding, the grant date fair value, and the exercise price of stock options outstanding at March 31, 2024.

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2024

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

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	214	675,000	675,000	0.65
November 15, 2026	675	2,000,000	1,333,334	0.62
January 17, 2027	827	2,105,698	1,403,799	0.71
February 21, 2027	259	661,376	440,917	0.71
February 23, 2028	715	1,928,910	642,970	0.61
	\$ 2,934	7,980,984	5,106,020	\$ 0.70

The weighted average remaining contractual life of the options outstanding as of March 31, 2024 is 2.80 years (March 31, 2023 - 3.84 years).

Subsequent to the quarter ended March 31, 2024, 1,414,752 stock options were granted, with an exercise price of \$0.24. The stock options will vest 1/3 on April 1, 2025, 1/3 on April 1, 2026 and 1/3 on April 1, 2027.

The restricted and deferred share units issuable under the Plan are full value phantom shares that mirror the value of the Company's publicly traded common shares. RSU and DSU grants are made on a discretionary basis to directors and employees of the Company subject to the Board of Directors' approval. Under the Plan, RSUs and DSUs vest according to the terms set out in the award agreement which are determined on the initial grant date on an individual basis at the discretion of the Board of Directors. Vesting of the RSUs and DSUs is subject to special rules for death, disability and change in control. The awards can be settled through issuance of common shares or paid in cash, at the discretion of the Board of Directors. These awards are accounted for as equity settled RSUs and DSUs. The fair value of each RSU issued is determined at the closing share price on the grant date. No DSU awards have been granted to date, therefore as at March 31, 2024 there are no DSUs outstanding.

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

	March 31, 2024		March 31, 2023	
	Number of units	Weighted average value grant date fair value	Number of units	value grant date fair value
RSU				
Balance at beginning of period	2,618,058	\$ 0.65	1,755,892	\$ 0.69
Awards and payouts during the period (net):				
RSUs awarded	-	-	1,221,480	0.61
RSUs forfeited	(23,303)	0.66	(35,210)	0.71
Balance at end of the period*	2,594,755	\$ 0.65	2,942,162	\$ 0.66

*As at March 31, 2024, 1,532,442 RSUs (March 31, 2023 – 757,093 RSUs) have vested and have not yet been settled.

Subsequent to the quarter ended March 31, 2024, 1,668,212 RSUs were granted with a fair value of \$0.24 per unit.

MOUNTAIN PROVINCE DIAMONDS INC.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three Months Ended March 31, 2024****Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted (Unaudited)**

The share-based payments recognized as an expense in selling, general and administrative expenses for the three months ended March 31, 2024 and 2023 are as follows:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Expense recognized in the period for share-based payments	\$ 242	\$ 340

iv. Earnings per share

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

	Three months ended March 31, 2024	Three months ended March 31, 2023
Numerator		
Net income for the period	\$ 6,864	\$ 28,224
Effect of dilutive securities	98	124
	\$ 6,962	\$ 28,348
Denominator		
For basic - weighted average number of shares outstanding	211,559,588	211,489,141
Effect of dilutive securities	2,594,755	2,942,162
	214,154,343	214,431,303
Earnings Per Share		
Basic	\$ 0.03	\$ 0.13
Diluted	\$ 0.03	\$ 0.13

For the three months ended March 31, 2024, 7,980,984 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 (March 31, 2023 - 8,685,276 stock options and 41 million warrants).

MOUNTAIN PROVINCE DIAMONDS INC.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three Months Ended March 31, 2024**

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

13. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended March 31, 2024	Three months ended March 31, 2023
Selling and marketing	\$ 1,714	\$ 1,761
General and administrative:		
Consulting fees and payroll	696	656
Share-based payment expense	242	340
Depreciation	42	57
Office and administration	248	282
Professional fees	362	561
Promotion and investor relations	1	45
Director fees	139	108
Transfer agent and regulatory fees	88	152
Travel	10	45
	\$ 3,542	\$ 4,007

14. DERIVATIVES ASSETS

- i) During the period ended March 31, 2024, and the year ended December 31, 2023, the Company entered into foreign currency forward contracts and swing collars to mitigate the foreign currency risk associated with the U.S. dollar sales proceeds and the risk that the Company would not have sufficient Canadian dollar funds to contribute to the operations of the GK Mine. These derivatives have been accounted as non-hedge derivatives and are recorded at fair value. Changes in the fair value of the foreign currency put option contracts are recognized in the consolidated statements of comprehensive income as gains or losses on derivatives.

The table below provides a summary of currency contracts outstanding as at March 31, 2024:

Execution Date of Contracts	Settlement Dates of Contracts	Notional Amount (CAD)	Weighted Average Price (USD)	Notional Amount (USD)
September 5, 2023	April 1, 2024 to June 30, 2024	\$ 20,318	\$ 1.3545	\$ 15,000
November 2, 2023	April 1, 2024 to May 31, 2024	\$ 13,645	\$ 1.3645	\$ 10,000
March 5, 2024	July 2, 2024 to December 31, 2024	\$ 40,500	\$ 1.3500	\$ 30,000
Total		\$ 74,463	\$ 1.3539	\$ 55,000

Subsequent to the quarter ended March 31, 2024, 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)
April 11, 2024	January 2, 2025 to March 31, 2025	\$ 20,310	\$ 1.3540	\$ 15,000
April 23, 2024	October 1, 2024 to March 31, 2025	\$ 40,553	\$ 1.3518	\$ 30,000
Total		\$ 60,863	\$ 1.3525	\$ 45,000

- ii) On December 14, 2022, the Company completed an offering of US\$195 million of Notes due to be repaid in December 2025. The Notes grant the Company the option to prepay the Notes at any time prior to the maturity of the instruments. In addition, upon the occurrence of certain events, the Company is either mandatorily required to, or can be requested to, at the option of the holder, prepay the Notes in part or in full. These events

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2024

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

include a change of control of the Company, an event of default or in accordance with the excess cash flow sweep mechanism.

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

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

The following table presents the various derivative assets and liabilities as at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Currency derivative contracts	\$ 136	\$ 1,429
Embedded derivatives	11,839	12,572
Asset (Liability)	\$ 11,975	\$ 14,001

The following table presents amounts recognized in the condensed consolidated interim statements of comprehensive (loss) income for the three months ended March 31, 2024 and 2023:

	Three months ended March 31, 2024	Three months ended March 31, 2023
(Loss) gain on currency derivative contracts	\$ (1,326)	\$ 132
Loss on prepayment option embedded derivative	(1,014)	(1,197)
Total	\$ (2,340)	\$ (1,065)

15. FINANCIAL INSTRUMENTS

Fair value measurement

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

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

MOUNTAIN PROVINCE DIAMONDS INC.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three Months Ended March 31, 2024****Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted (Unaudited)**

There have been no changes in the classification of financial instruments in the fair value hierarchy since December 31, 2023.

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.

March 31, 2024	Carrying amount				Fair value			
	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	\$ -	\$ 11,975	\$ -	\$ 11,975	\$ -	\$ 136	\$ 11,839	\$ 11,975
	\$ -	\$ 11,975	\$ -	\$ 11,975				
Financial assets not measured at fair value								
Cash	\$ 53,350	\$ -	\$ -	\$ 53,350	53,350	-	-	53,350
Restricted cash	32,835	-	-	32,835	32,835	-	-	32,835
	\$ 86,185	\$ -	\$ -	\$ 86,185				
Financial liabilities measured at fair value								
Warrant liability	-	1,890	-	1,890	-	-	1,890	1,890
	\$ -	\$ 1,890	\$ -	\$ 1,890				
Financial liabilities not measured at fair value								
Dunebridge junior credit facility	-	-	77,807	77,807	-	67,700	-	67,700
Secured notes payable	-	-	239,345	239,345	-	-	257,565	257,565
	\$ -	\$ -	\$ 317,152	\$ 317,152				

I. Valuation techniques*Cash, Cash held in trust and Restricted Cash*

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

Warrant Liability

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

Dunebridge JCF

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

Notes

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

Derivative assets

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

MOUNTAIN PROVINCE DIAMONDS INC.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three Months Ended March 31, 2024****Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted (Unaudited)**

As at March 31, 2024, the derivative asset is an embedded derivative that relates to the Company's prepayment and redemption features attached to the Notes and foreign currency put options; see Note 8 and Note 14. The fair value of the embedded derivative has been determined by using a *with* and *without* approach. The estimated fair value of the embedded derivative was then calculated as the weighted average of the fair values estimated under two scenarios, based on the probability of each scenario occurring.

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

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

	March 31, 2024	December 31, 2023
Key observable inputs		
Risk free interest rate	4.72%	4.25%
Key unobservable inputs		
Likelihood of redemption event occurring	75%	75%
Interest rate volatility	31.0%	39.5%
Credit spread of Notes	1.16%	1.69%

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% and 20% change in the interest rate volatility used will have the following impact on the fair value of the embedded derivative at March 31, 2024:

	Original	20%	10%	(10%)	(20%)
Interest rate volatility at March 31, 2024	\$ 11,839	\$ 12,737	\$ 12,186	\$ 11,696	\$ 11,681

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

Balance, at January 1, 2023	\$ 3,154
Change in fair value	9,418
Balance, at December 31, 2023	\$ 12,572
Change in fair value	(733)
Balance, at March 31, 2024	\$ 11,839

MOUNTAIN PROVINCE DIAMONDS INC.

Notes to the Condensed Consolidated Interim Financial Statements

For the Three Months Ended March 31, 2024

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

16. COMMITMENTS

	Less than 1 Year	1 to 3 Years	4 to 5 Years	After 5 Years	Total
Gahcho Kué Diamond Mine commitments	\$ 2,784	\$ -	\$ -	\$ -	\$ 2,784
Gahcho Kué Diamond Mine decommissioning fund	25,000	-	-	-	25,000
Junior Credit facility - Principal	-	-	67,700	-	67,700
Junior Credit facility - Interest	-	-	55,282	-	55,282
Notes payable - Principal	-	250,898	-	-	250,898
Notes payable - Interest	21,569	21,393	-	-	42,962
	\$ 49,353	\$ 272,291	\$ 122,982	\$ -	\$ 444,626

17. RELATED PARTIES

The Company's related parties include Mr. Dermot Desmond, Dunebridge Worldwide Ltd. ("Dunebridge") and Vertigol Unlimited Company ("Vertigol") (Dunebridge and Vertigol being corporations ultimately beneficially owned by Dermot Desmond), the Operator of the GK Mine, key management, and the Company's directors. Mr. Dermot Desmond, indirectly through Vertigol, is the ultimate beneficial owner of greater than 10% of the Company's shares. International Investment and Underwriting UC ("IIU") is also a related party since it is ultimately beneficially owned by Dermot Desmond.

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

Transactions with key management personnel and directors are in respect of remuneration. The transactions with the Operator of the GK Mine relate to the funding of the Company's interest in the GK Mine for the current year's expenditures, capital additions, management fee, and production sales related to the 49% share of fancies and special diamonds. The transactions with IIU are for the director fees of the chairman of the Company.

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 for a total funded of \$30 million. The Company has not funded its \$10 million share in the period ended March 31, 2024, reflecting on-going discussions with De Beers in respect of decommissioning funding requirements. 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 three months ended March 31, 2024, the Company funded \$Nil (December 31, 2023 - \$Nil) into the decommissioning fund, which is presented as restricted cash on the balance sheet of \$32,835 (December 31, 2023 - \$32,381) representing the total funded amount and interest earned.

As at March 31, 2024, the Company's share of the letters of credit issued was \$44.7 million (December 31, 2023 - \$44.7 million).

MOUNTAIN PROVINCE DIAMONDS INC.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three Months Ended March 31, 2024****Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted (Unaudited)**

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 the Company's interest in the GK Mine, and at certain dilution levels trigger cross-default clauses within the 9.00% Senior Secured Loan Notes ('Notes') and the Junior Secured Credit Facility with Dunebridge Worldwide Ltd. ('Dunebridge JCF').

The balances as at March 31, 2024 and December 31, 2023 were as follows:

	March 31, 2024	December 31, 2023
Payable to De Beers Canada Inc. as the operator of the GK Mine*	\$ 8,582	\$ 8,896
Payable to De Beers Canada Inc. for interest on letters of credit	123	89
Loan payable to Dunebridge Worldwide Ltd. (including accrued interest)	81,256	76,787
Payable to key management personnel	30	82

*included in accounts payable and accrued liabilities

The transactions for the three months ended March 31, 2024 and 2023 were as follows:

	Three months ended March 31, 2024	Three months ended March 31, 2023
The total of the transactions:		
International Investment and Underwriting	\$ 30	\$ 30
Remuneration to key management personnel	542	578
Diamonds sold to De Beers Canada Inc.	5,446	3,250
Diamonds purchased from De Beers Canada Inc.	2,403	8,572
Finance costs incurred from De Beers Canada Inc.	33	33
Finance costs incurred from Dunebridge Worldwide Ltd.	2,748	2,365
Management fee charged by the Operator of the GK Mine	946	858

The remuneration expense of directors and other members of key management personnel for the three months ended March 31, 2024 and 2023 were as follows:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Consulting fees, payroll, director fees, bonus and other short-term benefits	\$ 414	\$ 395
Share-based payments	158	213
	\$ 572	\$ 608

Key management personnel are those people who have 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.

MOUNTAIN PROVINCE DIAMONDS INC.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three Months Ended March 31, 2024****Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted
(Unaudited)****18. SEGMENTED REPORTING**

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

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

As at and for the three months ended March 31, 2024

	GK Mine	KNP	Total
Sales	\$ 89,438	\$ -	\$ 89,438
Cost of sales:			
Production costs	32,728	-	32,728
Cost of acquired diamonds	4,212	-	4,212
Depreciation and depletion	22,062	-	22,062
Earnings from mine operations	30,436	-	30,436
Exploration and evaluation expenses	(19)	153	134
Selling, general and administrative expenses	3,532	10	3,542
Operating income (loss)	26,923	(163)	26,760
Interest Income	846	-	846
Finance expenses	(10,337)	-	(10,337)
Other income	596	-	596
Derivative losses	(2,340)	-	(2,340)
Foreign exchange losses	(6,186)	-	(6,186)
Net income (loss) before taxes	\$ 9,502	\$ (163)	\$ 9,339
Total assets	\$ 737,369	\$ 170,548	\$ 907,917
Total liabilities	\$ 536,850	\$ 2,957	\$ 539,807

MOUNTAIN PROVINCE DIAMONDS INC.**Notes to the Condensed Consolidated Interim Financial Statements****For the Three Months Ended March 31, 2024****Amounts in thousands of Canadian Dollars, except share and per share amounts, unless otherwise noted
(Unaudited)****As at and for the three months ended ended March 31, 2023**

	GK Mine		KNP	Total		
Sales	\$	128,657	\$	-	\$	128,657
Cost of sales:						
Production costs		49,116		-		49,116
Cost of acquired diamonds		7,080		-		7,080
Depreciation and depletion		25,261		-		25,261
Earnings from mine operations		47,200		-		47,200
Exploration and evaluation expenses		455		1,647		2,102
Selling, general and administrative expenses		3,998		9		4,007
Operating income (loss)		42,747		(1,656)		41,091
Interest Income		639		-		639
Finance expenses		(10,161)		-		(10,161)
Other income		146		-		146
Derivative losses		(1,065)		-		(1,065)
Foreign exchange gains		144		-		144
Net income (loss) before taxes	\$	32,450	\$	(1,656)	\$	30,794
Total assets	\$	814,019	\$	171,730	\$	985,749
Total liabilities	\$	546,055	\$	3,972	\$	550,027