

**MOUNTAIN PROVINCE DIAMONDS INC.**

Interim Financial Statements

For the three months ended June 30, 2005

**Note to readers of the interim financial statements**

The management of Mountain Province Diamonds Inc. is responsible for the preparation of the accompanying interim financial statements. These interim statements have been prepared in accordance with accounting principles generally accepted in Canada and are considered by management to present fairly the financial position, operating results and cash flows of the Company.

These interim financial statements have not been reviewed by an auditor. These interim financial statements are unaudited and include all adjustments, consisting of normal and recurring items that management considers necessary for a fair presentation of the consolidated financial position, results of operations and cash flows.

Signed

Jan Vandersande  
Chief Executive Officer

Signed

Elizabeth J. Kirkwood  
Chief Financial Officer

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**MOUNTAIN PROVINCE DIAMONDS INC.**

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**Consolidated Balance Sheets**

	As at June 30, 2005 (unaudited)	As at March 31, 2005 (audited)
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 846,071	\$ 1,001,104
Accounts receivable	30,658	26,324
Marketable securities	71,392	71,392
Advances and prepaid expenses	43,379	36,879
	<hr/> 991,500	<hr/> 1,135,699
<b>Long term investments</b>	<b>2,480,000</b>	<b>2,480,000</b>
<b>Mineral properties</b>	<b>1,572,508</b>	<b>1,552,553</b>
<b>Deferred exploration costs</b>	<b>30,865,670</b>	<b>30,865,670</b>
<b>Equipment</b>	<b>3,910</b>	<b>4,235</b>
	<hr/> \$ 35,913,588	<hr/> \$ 36,038,157
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 50,717	\$ 94,976
<b>Shareholders' equity</b>		
Share capital (note 3)	57,645,286	57,607,786
Contributed surplus	257,925	257,925
Deficit	(22,040,340)	(21,922,530)
	<hr/> 35,862,871	<hr/> 35,943,181
	<hr/> \$ 35,913,588	<hr/> \$ 36,038,157

Approved on behalf of the Board:

"Elizabeth J. Kirkwood"  
Director

"Jan W. Vandersande"  
Director

**MOUNTAIN PROVINCE DIAMONDS INC.**  
**Consolidated Statements of Operations and Deficit**

Unaudited	Three months ended June 30	
	2005	2004
<b>Expenses</b>		
Amortization	\$ 325	\$ 712
Consulting fees	30,348	32,290
Directors fees and honorarium	-	600
Interest and bank charges	116	309
Office and miscellaneous	46,182	55,921
Professional fees	1,284	40,666
Promotion and investor relations	15,049	311
Rent	5,309	4,870
Salaries and benefits	4,189	3,928
Transfer agent and shareholder information	4,396	6,347
Travel	11,639	9,621
<b>Net loss for the period before the undernoted items</b>	<b>(118,837)</b>	<b>(155,575)</b>
Income tax expense	-	-
Interest income	1,027	522
Loss on foreign exchange	-	(120)
<b>Net loss for the period</b>	<b>(117,810)</b>	<b>(155,173)</b>
<b>Deficit, beginning of period</b>	<b>(21,922,530)</b>	<b>(23,378,874)</b>
<b>Deficit, end of period</b>	<b>\$ (22,040,340)</b>	<b>\$ (23,534,047)</b>
<b>Basic and fully diluted loss per share (note 5)</b>	<b>\$ (0.002)</b>	<b>\$ (0.003)</b>
<b>Weighted average number of common shares outstanding</b>	<b>52,623,834</b>	<b>51,247,785</b>

- The accompanying unaudited notes are an integral part of these unaudited interim financial statements -

**MOUNTAIN PROVINCE DIAMONDS INC.****Consolidated Statements of Cash Flows**

Unaudited

Three months ended

June 30

2005

2004

**Cash provided by (used in) the following activities****Operating activities**

Net loss for period	\$ (117,810)	\$ (155,173)
Add items not requiring an outlay of cash		
Amortization	325	712
	<u>(117,485)</u>	<u>(154,461)</u>
Changes in non-cash current assets and liabilities		
Accounts receivable	(4,334)	(5,874)
Advances and prepaid expenses	(6,500)	745
Accounts payable	(44,259)	(84,535)
Taxes payable	-	(5,796)
	<u>(172,578)</u>	<u>(249,921)</u>

**Investing activities**

Mineral properties	(19,955)	-
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**Financing activities**

Shares issued for cash	<u>37,500</u>	<u>93,002</u>
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Decrease in cash and cash equivalents during the period (155,033) (156,919)

Cash and cash equivalents, beginning of period 1,001,104 914,494

Cash and cash equivalents, end of period \$ 846,071 \$ 757,575

- The accompanying unaudited notes are an integral part of these unaudited interim financial statements -

**MOUNTAIN PROVINCE DIAMONDS INC.**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 2005**  
**(Unaudited)**

**1. Nature of Operations and Basis of Presentation**

On November 1, 1997, Mountain Province Mining Inc. and 444965 B.C. Ltd. amalgamated and continued as Mountain Province Mining Inc. under the Company Act (British Columbia). During the year ended March 31, 2001, the Company changed its name to Mountain Province Diamonds Inc.

These unaudited consolidated interim financial statements have been prepared by management and have not been audited or reviewed by an independent public accountant. These unaudited interim consolidated financial statements do not include all disclosures required by Canadian generally accepted accounting principles for annual financial statements, and accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements. These unaudited interim financial statements have, in management's opinion, been properly prepared using judgment within reasonable limits of materiality. The significant accounting policies and methods of application follow that of the most recently reported annual financial statements. All dollar amounts referred to herein are Canadian Dollars unless indicated otherwise.

**2. Marketable Securities**

The Company has not traded any of its securities during this fiscal year, nor the year before.

**3. Property, Plant and Equipment**

<b>June 30, 2005</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Furniture	\$ 11,088	\$ (9,182)	\$ 1,908
Equipment	4,065	(4,065)	0
Computers	<u>14,584</u>	<u>(12,582)</u>	<u>2,002</u>
	<u>\$ 29,737</u>	<u>\$ (25,828)</u>	<u>\$ 3,910</u>

<b>March 31, 2005</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Furniture	\$ 11,088	\$ (9,079)	\$ 2,009
Equipment	4,065	(4,048)	17
Computers	<u>14,584</u>	<u>(12,375)</u>	<u>2,209</u>
	<u>\$ 29,737</u>	<u>\$ (23,366)</u>	<u>\$ 6,371</u>

**4. Share Capital**

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and Fully Paid

	<b>Number of Shares</b>	<b>Stated Capital</b>
Balance at March 31, 2004	52,610,847	\$ 57,607,786
Issued for cash pursuant to Exercise of stock options	30,000	37,500
Balance at June 30, 2005	<u>52,640,847</u>	<u>\$ 57,645,286</u>

(c) Common Share Purchase Options

The Company, through its Board of Directors and shareholders, adopted a November 26, 1998 Stock Option Plan (the "Plan") which was amended on February 1, 1999. As at March 31, 2005, the Company has 1,325,000 common share purchase options outstanding granted inside the Plan.

	<b>Number of Shares</b>	<b>Weighted Average Exercise Price</b>
Options outstanding at March 31, 2005	1,325,000	\$ 1.48
Exercised <sup>1</sup>	(30,000)	1.25
Options outstanding at June 30, 2005	<u>1,295,000</u>	\$ 1.48

The following common share purchase options are outstanding at June 30, 2005

<b>Date of Grant</b>	<b>Number of Outstanding</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
May 11, 2001	970,000	\$1.25- \$1.50	May 11, 2006
December 21, 2001	50,000	0.67	December 21, 2006
October 21, 2002	50,000	1.36	October 21, 2007
March 21, 2003	25,000	2.06	March 21, 2008
October 1, 2004	200,000	1.96	October 1, 2009

**3. Related Party Transactions**

- (a) Included in consulting fees during the three months ended June 30, 2005 was \$29,537 (2004-\$30,860) paid to a director of the company and \$Nil (2004 - \$4,050) paid to the Chairman of the Board.
- (b) Included in professional fees during the three months ended June 30, 2005 was \$9,000 (2004-\$9,000) paid to a company owned by a director of the company to provide corporate secretarial and accounting services.
- (c) At June 30, 2005 and 2004, \$3,000 was owed to a director of the company. This amount is repayable on demand, unsecured and non-interest bearing.

**6. Basic and Fully Diluted Loss Per Share**

The loss per share figure has been calculated based on the weighted average number of shares outstanding during the periods.

## 7. Reconciliation to United States Generally Accepted Accounting Principals (“US GAAP”)

The effect of the differences between generally accepted accounting principles in Canada (“Canadian GAAP”) and US GAAP (including practices prescribed by the US Securities and Exchange Commission are included in the tables below:

(i)	Total assets, under Canadian GAAP, at June 30, 2005	\$	35,913,588
	Adjustment for mineral property acquisition and deferred exploration costs		(32,438,233)
	Adjustment for change in fair value of available for sale marketable securities		66,742
	<hr/>		
	Total assets, under US GAAP, at June 30, 2005		3,542,097
(ii)	Accumulated other comprehensive income for US GAAP purposes:		
	Adjustment for change in fair value of available for sale marketable securities	\$	66,742
(iii)	Contributed surplus:		
	Contributed surplus, under Canadian GAAP, at June 30, 2005	\$	257,925
	Adjustment for stock-based compensation		0
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	Contributed surplus, under US GAAP, at June 30, 2005	\$	257,925
(iv)	Deficit:		
	Deficit, under Canadian GAAP, at June 30, 2005	\$	(22,040,340)
	Adjustment for mineral property acquisition costs and deferred exploration		(32,438,233)
	Adjustment for stock-based compensation		0
	<hr/>		
	Deficit, under US GAAP, at June 30, 2005		(54,478,573)