MOUNTAIN PROVINCE DIAMONDS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2006

The following management discussion and analysis ("MD&A") of the operating results and financial position of Mountain Province Diamonds Inc. ("the Company" or "Mountain Province", formerly Mountain Province Mining Inc.) is prepared as at June 27, 2006, and should be read in conjunction with the audited consolidated financial statements and the notes thereto of the Company for the year ended March 31, 2006. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and all amounts are expressed in Canadian dollars, unless otherwise stated.

For additional information, reference is made to the Company's Annual Information Form on Form 20-F filed on SEDAR at www.sedar.com

OVERALL PERFORMANCE

Mountain Province Diamonds Inc. is a Canada-based resource company which is participating in a joint venture (the "Gahcho Kue Joint Venture") exploring a diamond deposit located in the Northwest Territories ("NWT") of Canada. The Company's primary asset is its 44.1% interest in the Gahcho Kue Joint Venture over the AK leases located in the NWT. The Company and its partner, Camphor Ventures, Inc., entered into a letter of agreement with De Beers Canada Exploration Inc. ("De Beers Canada") in 1997, subsequently continued under and pursuant to a joint venture agreement concluded in 2002. Under the agreement, De Beers Canada has the right to earn up to a 60% interest in the Gahcho Kue Joint Venture by taking the property to commercial production.

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, Mountain Province Mining Inc. changed its name to Mountain Province Diamonds Inc. In the year ended March 31, 2006, the Company amended its articles and continued incorporation under the Ontario Business Corporation Act, transferring from the Company Act (British Columbia).

The Gahcho Kue Joint Venture is conducting advanced exploration at its mineral properties, but has not yet determined whether these properties contain mineral reserves that are economically recoverable. The underlying value and recoverability of the amounts shown for mineral properties and deferred exploration costs is dependent upon the ability of the Gahcho Kue Joint Venture to complete exploration and development to discover economically recoverable reserves and upon the successful permitting, construction and future profitable production. Failure to discover economically recoverable reserves will require the Corporation to write-off costs capitalized to date.

Project Technical Study

The Gahcho Kue Joint Venture approved a budget of approximately C$25 million in 2003 for an in-depth technical study of the Hearne, 5034 and Tuzo kimberlite bodies located at Kennady Lake. This study was of sufficient detail to allow the Gahcho Kue project to advance to mine permitting.

The final results of the study were presented to the Company in June, 2005. Based on the results, the Gahcho Kue Joint Venture approved funding totaling C$38.5 million to advance the project to the permitting and advanced exploration stages. Applications for construction and operating permits were submitted in November 2005.

Exploration

In January 2006, the Corporation announced details of the advanced exploration program at the Gahcho Kué Diamond project. The focus of the program, which is being managed by the project operator De Beers Canada, is to upgrade the diamond resource of the north lobe of the 5034 kimberlite pipe to the indicated category; improve the Joint Venture's understanding of the grade and diamond value of the Tuzo kimberlite pipe; collect sufficient data to support a definitive feasibility study; and establish the overall potential upside of the project. None of the planned large diameter drill holes were completed due to the failure on the part of the casing drill operator to successful case the planned holes. Twenty-five of 31 planned core drill holes were completed.

As currently proposed, the Gahcho Kué project is expected be an open pit mine. Capital costs to construct the mine are estimated by De Beers Canada to be C$ 825 million. Employment of up to 600 people is proposed during the peak of its three-year construction period, and close to 400 people during the operations phase of the mine. Based on the current resource, the project is expected to have a life of 20 years from start of construction to closure, and will produce an average of 3 million carats annually over 15 years of operations.

De Beers Canada, operator of the Gahcho Kue Joint Venture, has provided the following summary of the Gahcho Kue project:

Pipe	**Resource Category**	**Tonnes**	**Carats**	**Grade (cpht) (1)**	**Average Value (US$/ct) (2)**
5034	Indicated Inferred	8,715,000 4,921,000	13,943,000 8,366,000	160 170	$82.00 $90.00
Hearne	Indicated Inferred	5,678,000 1,546,000	9,676,000 2,373,000	170 153	$70.00 $70.00
Tuzo	Inferred	10,550,000	12,152,000	115	$57.00
Summary	**Indicated** **Inferred**	**14,392,000** **17,017,000**	**23,619,000** **22,890,000**	**164** **135**	**$77.00** **$70.00**

1. Resource cut-off is 1.5mm
2. June 2005 Diamond Trading Centre Price Book in US$

In 2005, the Joint Venture retained four leases for the development of the Gahcho Kue project; the Company has retained five leases for future exploration; and 21 leases were transferred to GGL Diamond Corp. in exchange for a 1.5 percent royalty.

The Kelvin and Faraday kimberlite bodies (located approximately 9km and 12km respectively, from the Gahcho Kue project), were discovered in 1999-2000. The Kelvin and Faraday bodies are small blows along a dyke system. No further evaluation of the Kelvin and Faraday kimberlites has taken place since 2004. The Company is currently reviewing options to recommence exploration of the Kelvin and Faraday kimberlites.

RESULTS OF OPERATIONS

Selected Annual Information

	2006	2005	2004
Interest revenue	$ 12,173	$ 13,112	$ 12,127
Expenses	(1,132,061)	(848,502)	(1,231,491)
Write-down of long-term investments	(1,080,000	(1,860,000)	-
Gain on sale of mineral properties	-	4,226,634	-
Write-down of mineral properties and deferred exploration	-	-	(589,669)
Net (loss) earnings for the year	(2,199,888)	1,531,244	(1,813,005)
Basic and diluted (loss) earnings per share	(0.04)	0.03	(0.04)
Cash flow (used in) from operations	(727,123)	(858,014)	(1,019,586)
Cash and cash equivalents, end of period	845,452	1,001,104	914,494
Total assets	34,874,288	36,038,157	33,513,553
Total long-term financial liabilities	Nil	Nil	Nil
Dividends declared	Nil	Nil	Nil

Year ended March 31, 2006

The Company had a loss of $2,199,888 (or $0.04 per share) for the fiscal year ended March 31, 2006, compared to income of $1,531,244 (or $0.03 per share) for the same period ended March 31, 2005.

Other than operating expenses, the majority of this loss was due to the Company's write down of $1,080,000 in its long term investment related to Northern Lion Gold Corp. Operating expenses were $1,132,061 for the year ended March 31, 2006 compared to $848,502 for the same period ended March 31, 2005. Increased consulting fees for the year (2006 - $309,217; 2005 - $141,586) were somewhat offset by lower professional fees (2006 - $166,150; 2005 - $235,680) in the year. Included in consulting fees were the amounts paid to Jan Vandersande in his capacity as the former President and CEO until October 31, 2005 in the amount of $102,127 (2005 - $131,905), and to Patrick Evans as President and CEO from November 7, 2005 to the yearend in the amount of $56,074 (2005 - $nil) as well as recruitment costs and the outside engineering and other consulting associated with the Gahcho Kue Joint Venture. The incremental Professional fees for 2005 included costs associated with listing the Company on Amex with trading beginning April 4, 2005. Also contributing to the net loss for March 31, 2006 is stock-based compensation expense of $314,879 (2005 - $189,400) as a result of options issued during the year to an officer of the Company, as well as increased directors' fees and honourarium of $37,500 for March 31, 2006 compared to $2,700 for the year ended March 31, 2005. Promotion and investor relations expense has increased from March 31, 2005's level of $30,503 to $108,184 for the year ended March 31, 2006 as a result of increased promotion and investor relations activity. Regulatory and filing fees during the year ended March 31, 2006 are less than those of March 31, 2005 (2006 - $99,794; 2005 - $114,459) with the completion of the Amex listing application in the March 31, 2005 fiscal year. Office and miscellaneous expenses (2006 - $43,647; 2005 - $89,941) are down due to cost cutting measures taken in the year ending March 31, 2005, and low ongoing administration costs for the Company.

Summary of Quarterly Results

2006 Fiscal Year

	Fourth Quarter March 31, 2006	**Third Quarter** December 31, 2005	**Second Quarter** September 30, 2005	**First Quarter** June 30, 2005
Interest Income (expense)	$ 5,893	$ 5,614	$ (361)	$ 1,027
Expenses	(439,934)	(316,601)	(256,689)	(118,837)
Write-down of long-term investments	-	-	(1,080,000)	-
Net income (loss)	(438,590)	(311,707)	(1,331,781)	(117,810)
Net income (loss) per share (basic)	(0.008)	(0.006)	(0.025)	(0.002)
Cash flow from (used in) operations	(277,929)	(36,035)	(240,581)	(172,578)
Cash and cash equivalents, end of period	845,452	804,631	738,886	846,071
Assets	34,874,288	34,835,554	34,775,760	35,913,588
Long term liabilities	Nil	Nil	Nil	Nil
Dividends	Nil	Nil	Nil	Nil

2005 Fiscal Year

	Fourth Quarter March 31, 2005	**Third Quarter** December 31, 2004	**Second Quarter** September 30, 2004	**First Quarter** June 30, 2004
Interest Income	$ 1,056	$ 11,251	$ 283	$ 522
Expenses	(373,360)	(114,665)	(204,902)	(155,575)
Gain on sale of mineral properties	4,226,634	-	-	-
Write-down of long-term investments	(1,860,000)	-	-	-
Net income (loss)	1,952,020	(99,984)	(165,619)	(155,173)
Net income (loss) per share	0.037	(0.000)	(0.000)	(0.003)
Cash flow from (used in) operations	(192,007)	(234,237)	(181,849)	(249,921)
Cash and cash equivalents, end of period	1,001,104	1,170,268	732,587	757,575
Assets	36,038,157	33,844,665	33,374,711	33,361,051
Long term liabilities	Nil	Nil	Nil	Nil
Dividends	Nil	Nil	Nil	Nil

Fourth Quarter 2006

The Company's net loss during the three months ended March 31, 2006 increased to $438,590 or a loss of $0.008 per share compared with a net income of $1,952,020 or 0.037 per share for the fourth quarter ended March 31, 2005. The fourth quarter ended March 31, 2006 includes incremental consulting costs for outside consulting services over the prior year as well as listing fees for the Toronto Stock Exchange and American Stock Exchange being paid in the quarter. The quarter ended March 31, 2005 recorded the gain on sale of mineral properties of $4,226,634, as well as a write-down on the cost of the Northern Lion shares recorded as long-term investments.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company's capital resources have been limited. The Company has had to rely upon the sale of equity securities to fund property acquisitions, exploration, capital investments and administrative expenses, among other things.

The Company reported working capital of $808,267 at March 31, 2006 ($1,040,723 as at March 31, 2005), and cash and cash equivalents of $845,452 ($1,001,104 at March 31, 2005). The Company had no long-term debt at either March 31, 2006 or March 31, 2005. The Company does not incur any direct costs in connection with the Gahcho Kue Project as De Beers Canada is responsible for all exploration, development, permitting and construction costs to commercial production.

During the year, the Company received $634,850 by issuing 465,000 shares upon the exercise of various stock options (2005 - $981,730 issuing 1,408,736 shares upon the exercise of options).

Subsequent to the year-end, the Company received proceeds of $776,250 through the exercise of options by directors. With cash on hand of approximately $1,330,000 as at June 27, 2006, the Company believes it has sufficient capital for planned spending through fiscal 2007.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

The following transactions with related parties occurred in the year, and relate to consulting, professional, management, property evaluation, directors' fees and administrative services provided by directors and companies in which directors have an interest:

a) $18,000 (2005 - $36,000) was accrued or paid to a company owned by a director of the Company for corporate secretarial and accounting services.

b) $6,000 (2005 - $4,050) was accrued or paid to a director for consulting fees

c) $37,500 (2005 - $nil) was accrued as directors' fees for the fiscal year ended March 31, 2006.

d) A $3,000 (2005 - $3,000) payable balance continues to remain owing to a director as reimbursement for expenses relating to Mountain Glen

e) $102,127 (2005 - $131,905) was paid to the former President, CEO and director pursuant to a former consulting agreement.

f) $56,074 (2005 - $nil) was paid to the current President, CEO and director pursuant to his consulting agreement.

CRITICAL ACCOUNTING ESTIMATES

The Company reviews its mineral properties for impairment based on results to date and when events and changes in circumstances indicate that the carrying value of the assets may not be recoverable. Canadian GAAP requires the Company to make certain judgments, assumptions, and estimates in identifying such events and changes in circumstances, and in assessing their impact on the valuations of the affected assets. Impairments are recognized when the book values exceed management's estimate of the net recoverable amounts associated with the affected assets. The values shown on the balance sheet for mineral properties represent the Company's assumption that the amounts are recoverable. Owing to the numerous variables associated with the Company's judgments and assumptions, the precision and accuracy of estimates of related impairment charges are subject to significant uncertainties, and may change significantly as additional information becomes known. There are currently no known events that are believed to impact the Company's current assessment.

The Company expenses all stock based payments using the fair value method. Under the fair value method and option pricing model used to determine fair value, estimates are made as to the volatility of the Company's shares and the expected life of the options. Such estimates affect the fair value determined by the option pricing model.

CHANGES IN ACCOUNTING POLICIES

The Company made no changes to its accounting policies or practices during the year.

OTHER MANAGEMENT DISCUSSION AND ANALYSIS REQUIREMENTS

Risks

Mountain Province's business of exploring, permitting and developing mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource 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.

There can be no assurance that any 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 through third party financing or cost sharing arrangements. 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.

Contractual Obligations

The Company has consulting agreements with both the President, CEO and director, Patrick Evans, and the Chief Financial Officer and Corporate Secretary, Jennifer Dawson, for their services in these capacities. There are no other significant contractual obligations.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, marketable securities, accounts receivable and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these instruments.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company's common shares are traded on the Toronto Stock Exchange (TSX) under the symbol MPV and on the American Stock Exchange under the symbol MDM. On March 31, 2006, there were 53,075,847 shares issued and 1,060,000 stock options outstanding expiring from May 11, 2006 to January 30, 2011. There are an unlimited number of common shares without par value authorized to be issued by the Company.

In the year, the Company received $634,850 from the exercise of 465,000 stock options.

Subsequent to the yearend, there were 555,000 options exercised, increasing the shares issued to 53,630,847, and reducing the outstanding options to 505,000 as at the date of this report. The Company received $776,250 for the exercise of the stock options subsequent to yearend.

DISCLOSURE CONTROLS AND PROCEDURES

Management has ensured that there are disclosure controls and procedures which provide reasonable assurance that material information relating to the Company is disclosed on a timely basis. Management believes these disclosure controls and procedures have been effective during the year ended March 31, 2006.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the Internet at the SEDAR website located at www.sedar.com and at www.mountainprovince.com.

FORWARD-LOOKING STATEMENTS

Some statements contained in this MD&A are forward-looking and reflect our expectations regarding the future performance, business prospects and opportunities of the Company. Such forward-looking statements reflect our current beliefs and are based on information currently available to us. Forward looking statements involve significant risks and uncertainties and a number of factors, most of which are beyond the control of the Company, could cause actual results to differ materially from results discussed in the forward-looking statements. Although the forward looking statements contained in this report are based on what we believe to be reasonable assumptions, we cannot assure readers that actual results will be consistent with these forward looking statements. The Company disclaims any obligation to update forward-looking statements.