MOUNTAIN PROVINCE DIAMONDS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

Mountain Province
DIAMONDS

FOR THE YEARS ENDED DECEMBER 31, 2012, 2011 AND 2010

The following management's discussion and analysis ("MD&A") of the operating results and financial position of Mountain Province Diamonds Inc. (the "Company" or "Mountain Province" or "MPV") is prepared as at March 28, 2013, and should be read in conjunction with the audited consolidated financial statements and the notes thereto as at December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010.

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

All amounts are expressed in Canadian dollars unless otherwise stated.

For additional information, reference is made to the Company's press releases and Annual Information Form on Form 20-F filed on SEDAR at www.sedar.com, on EDGAR at http://sec.gov/edgar.shtml, and on the Company's website at www.mountainprovince.com.

Technical information included in this MD&A regarding the Company's mineral projects has been reviewed by Carl Verley, a Director of the Company and a Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Properties ("NI 43-101").

OVERALL PERFORMANCE

Mountain Province Diamonds Inc. is a Canadian resource company in the process of permitting and developing a diamond deposit (the "Gahcho Kué Project" or the "Project") located in the Northwest Territories of Canada. The Company's primary asset is its 49% interest in the Gahcho Kué Project.

On July 3, 2009, the Company entered into an amended and restated joint venture agreement with De Beers Canada Inc. ("De Beers Canada") (jointly, the "Participants") under which:

(a) The Participants' continuing interests in the Gahcho Kué Project will be Mountain Province 49% and De Beers Canada 51%, except for normal dilution provisions which are applicable to both Participants;
(b) Each Participant will market their own proportionate share of diamond production in accordance with their participating interest;
(c) Each Participant will contribute their proportionate share to the future project development costs;
(d) Material strategic and operating decisions will be made by consensus of the Participants as long as each Participant has a participating interest of 40% or more;
(e) The Participants have agreed that the sunk historic costs to the period ending on December 31, 2008 will be reduced and limited to $120 million;

(f) The Company will repay De Beers Canada $59 million (representing 49% of an agreed sum of $120 million) plus accrued interest in settlement of the Company's share of the agreed historic sunk costs on the following schedule:

- $200,000 on execution of the 2009 Agreement (the Company's contribution to the 2009 Joint Venture expenses to date of execution of the 2009 Agreement – paid and expensed);
- Up to $5.1 million in respect of De Beers Canada's share of the costs of the feasibility study (paid - $4,417,421 to December 31, 2012, included in "Mineral Properties"; no further payments are expected);
- $10 million upon the completion of a feasibility study with at least a 15% IRR and approval of the necessary development work for a mine (as defined in the 2009 Agreement) (paid March 15, 2011);
- $10 million following the issuance of the construction and operating permits;
- $10 million following the commencement of commercial production; and
- The balance of approximately $24.4 million plus accumulated interest within 18 months following commencement of commercial production.

Since these payments are contingent on certain events occurring, and/or work being completed, they will be recorded as the payments become due or are made. As these contingent payments are made, they are being capitalized to Mineral Properties as "acquired exploration and evaluation".

Mountain Province has agreed that the Company's marketing rights under the 2009 Agreement may be diluted if the Company defaults on the repayments described above, if and when such payments become due.

The 2009 Agreement's provision for consensus decision-making for material strategic and operating decisions provides the Company with joint control for the Gahcho Kué Project with De Beers Canada, and the Company accounts for the Project as a joint venture.

The underlying value and recoverability of the amounts shown for the Company's investment in the Gahcho Kué joint venture is dependent upon the ability of the Gahcho Kué Project to complete the successful design, permitting, funding, construction of the Gahcho Kué Project and future profitable production. Failure to achieve the above will require the Company to write-off costs capitalized to date.

GAHCHO KUE PROJECT

The Gahcho Kué Project is located in the Northwest Territories, about 300 kilometres northeast of Yellowknife. The Project covers approximately 10,353 acres, and encompasses four mining leases (numbers 4341, 4199, 4200, and 4201) held in trust by the Operator, De Beers Canada. The Project hosts four primary kimberlite bodies – Hearne, Tuzo, Tesla, and 5034. The four main kimberlite bodies are within two kilometres of each other.

Independent Feasibility Study

On October 21, 2010, in a press release titled *"Mountain Province Diamonds Announces Positive Gahcho Kué Independent Feasibility Study"*, Mountain Province announced the results of the independent feasibility study on the Gahcho Kué diamond project dated October 15, 2010. JDS Energy and Mining Inc. led and prepared the feasibility study, which was presented to the Gahcho Kué Joint Venture. The Company filed a detailed summary of the Feasibility Study, dated December 1, 2010, as the NI 43-101 Technical Report on SEDAR on December 3, 2010.

The following are the financial and project highlights from the Feasibility Study:

• Project IRR* including sunk costs	20.7%**
• Project IRR excluding sunk costs	33.9%
• Initial project capital	$549.5M
• Working capital	$49.4M
• Sustaining capital including mine closure	$36.1M

- Operating costs $48.68 per tonne
- Project mine life 11 years
- Average annual production 3 million tonnes
- Total diamond production 49 million carats
- Average annual diamond production 4.45 million carats
- Revenue US$102.48 per carat***

*Internal Rate of Return ("IRR")

**After taxes/royalties and unleveraged

***The base case model uses an average realized diamond price of US$102.48 per carat derived from the mean average between the modeled values of De Beers and WWW International Diamond Consultants (based on their respective April 2010 price books) inclusive of a real 1% escalation over LOM less an assumed 4% marketing fee.

The feasibility study delivers an economically viable, technically credible and environmentally sound development plan for the Gahcho Kué project. Also, the IRR exceeds the minimum 15% required under the Joint Venture agreement to support a decision to develop.

On June 14, 2011, the Joint Venture partners announced that they had approved the Gahcho Kué feasibility study with agreed revisions and clarifications; approved the execution of the necessary development work for the Gahcho Kué Project; and mandated the Gahcho Kué Project Operator, De Beers Canada, to prepare a plan and budget for the development of the Gahcho Kué mine. The plan and budget, once approved by the Joint Venture partners, will serve as the basis for a final investment decision, which is expected to be made once the partners have clarity on the progress of the environmental review currently underway.

Gahcho Kué Mineral Reserve Report

On October 21, 2010, Mountain Province announced a Mineral Reserve estimate for the Gahcho Kué Project. The Mineral Reserve is the Indicated Resource contained in the proposed open pit mine that can be mined and processed profitably and is scheduled for treatment in the feasibility study life of mine plan. The Gahcho Kué Mineral Reserve estimate is summarized in Table 2 below.

Table 2
Gahcho Kué Mineral Reserve Estimate

Pipe	Classification	Tonnes(Mt)	Grade (carats per tonne)	Carats(Mct)
5034	Probable	13.2	1.77	23.3
Hearne	Probable	5.4	2.10	11.5
Tuzo	Probable	12.6	1.13	14.2
Total	**Probable**	**31.3**	**1.57***	**49.0**

* Fully diluted mining grade

Independent Diamond Valuation

In March 2012, Mountain Province retained WWW International Diamond Consultants Ltd. ("WWW") to provide an updated valuation of the diamonds recovered from the Gahcho Kué Project. The valuation took place at the London offices of the Diamond Trading Company. All diamond values presented below are based on the WWW Price Book as at March 7, 2012.

Table 3 below reflects the actual price per carat for the parcel of 8,317.29 carats of diamonds recovered from the Gahcho Kué Project.

Table 3

Actual Price US$/carat				
Pipe	**Zone**	**Total Carats**	**$/Carat**	**Total Dollars**
5034	Centre/East Lobe	1,957.54	211	413,885
	West Lobe	1,132.14	109	123,216
Hearne		2,905.76	96	277,652
Tuzo		2,321.85	316	734,111
Total		**8,317.29**	**$186**	**$1,548,864**

Note: Total Dollars are the result of rounding.

In their report to Mountain Province, WWW stated: "The most valuable stone is in the Tuzo sample. This 25.13 carat stone is the largest stone in all of the bulk samples. The stone is an octahedron of H/I colour which WWW valued at $20,000 per carat giving a total value of $502,600".

WWW added: "The stone with the highest value per carat sample is a 9.90 carat stone in the 5034 C/E sample. This is a makeable stone of high colour (D/E) which WWW valued at $24,000 per carat giving a total value of $237,600".

Besides the high-value 25.13 and 9.9 carat diamonds referred to above, several other large high-value diamonds of gem quality have been recovered from Gahcho Kué, including 7.0 carat, 6.6 carat and 5.9 carat diamonds from the 5034 kimberlite and 8.7 carat, 6.4 carat and 4.9 carat diamonds from the Hearne kimberlite. The presence of coarser diamonds is an important driver of overall diamond value at Gahcho Kué.

The results of the 2012 independent diamond valuation indicated that there was almost no change (+0.9%) from the previous valuation conducted in April 2011. However, De Beers Canada has reported that between January 1 and December 31, 2012, average global rough diamond prices decreased by 12 percent as a consequence of macroeconomic uncertainty.

Table 4 below presents models of the March 2012 average price per carat (US$/carat) for each kimberlite. The modeled price per carat is determined using statistical methods to estimate the average value of diamonds that will be recovered from potential future production from Gahcho Kué.

Table 4

Pipe	High Model	Base Model	Low Model
5034 Centre	167	**134**	117
5034 West	169	**131**	118
5034 North/East	195	**145**	124
Hearne	138	**109**	100
Tuzo	136	**104**	99
Average	**$160**	**$122**	**$110**

Note: 1 mm nominal square mesh
Diamond values are in US Dollars

For mine feasibility studies, WWW recommends using the base case models for defining the resources and reserves. The "high" and "low" models are included for sensitivity analysis.

The WWW averaged modeled price per carat for the Gahcho Kué kimberlites is US$122, which represents a 41 percent increase over the WWW April 2010 average modeled price. The WWW models use size distribution models (carats per size class) developed by De Beers Canada.

The 2010 independent definitive feasibility study, under which the revenue assumption was based on the mean average of the April 2010 WWW and De Beers Canada modeled diamond prices, reported a 33.9 percent IRR excluding sunk costs. Further, sensitivity analysis shows that a 10 percent increase in modeled diamond prices results in an approximate 3 percent increase in the project IRR.

Permitting

In November 2005, De Beers Canada, as Operator of the Gahcho Kué Project, applied to the Mackenzie Valley Land and Water Board for a Land Use Permit and Water License to undertake the development of the Gahcho Kué diamond mine. On December 22, 2005, Environment Canada referred the applications to the Mackenzie Valley Environmental Impact Review Board ("MVEIRB"), which commenced an Environmental Assessment. In June 2006, the MVEIRB ordered that an Environment Impact Review ("EIR") of the applications should be conducted.

The EIR is designed to identify all of the key environmental and social issues that will be impacted by the construction and operation of the Gahcho Kué diamond mine and to facilitate participation by key stakeholders in addressing these issues.

The Environmental Impact Statement ("EIS") for the Gahcho Kué Project was submitted to the Gahcho Kué Environmental Impact Review Panel (the "Panel" or "Gahcho Kué Panel") of the MVEIRB in December 2010. The EIS details the construction and operation of the proposed mine to ensure it is sustainable and was assembled to meet the rigorous Terms of Reference established by the Panel for the Gahcho Kué Project.

On January 8, 2013, the Company announced that the MVEIRB closed the public record for the Gahcho Kué EIR on January 3, 2013. The MVEIRB is expected to complete their report by July 2013.

On March 12, 2013, the Company announced that the Gahcho Kué Project awaits the report and recommendation from the Gahcho Kué Panel of MVEIRB, and that on its completion, the report of the Gahcho Kué Panel will be submitted to the Minister of Aboriginal Affairs and Northern Development who has the authority to approve the development of the first diamond mine at Gahcho Kué. While both the Panel report and the Ministerial approval are awaited, the Mackenzie Valley Land and Water Board has opened the public registry to facilitate expeditious processing of the Gahcho Kué permits. The project development schedule remains subject to final regulatory approval.

Tuzo Deep Project

On October 7, 2011, the Company announced that the first of two drill rigs had commenced drilling the Tuzo kimberlite at the Gahcho Kué Project as part of the Tuzo Deep Project. A second drill rig arrived in late October, 2011. The news release indicated that the drilling program is intended to test the depth extension between 350 and 750 metres, and that the program would include five holes drilled from two land-based platforms to the north and south of the massive Tuzo kimberlite.

The Tuzo Deep drill program aimed to define a resource between 350 and 750 metres and was completed in April 2012. On April 12, 2012, the Company announced the results of the drill program as in Table 5 below:

Table 5

Drill hole	Azimuth (degrees)	Inclination at collar (degrees)	Kimberlite intercepts (meters)			End of hole (meters)
			From	To	Intercept	
MPV-11-324C	350	-60	391.00	603.00	212.00	708.00
MPV-11-325C	340	-65	436.20	573.58	137.38	660.00
MPV-11-326C	165	-65	460.60	528.00	*	528.00
MPV-12-327C	173	-57	463.00	675.48	212.48	718.00
MPV-12-328C	059	-55	603.58	819.20	215.62	842.00
MPV-12-329C	274	-60	412.20	624.87	212.67	669.00

* Hole MPV-11-326C was abandoned at 528m due to lost rods at bottom of hole.
Hole MPV-12-327C is a continuation of MPV-11-326C starting at 400m at a wedge.

The program consisted of five holes totalling 3,725 meters. One hole, MPV-11-326C was abandoned at 528m due to lost drill rods, however was continued in MPV-11-327C, which started at 400m at a wedge. All five holes successfully confirmed the substantial presence of kimberlite beyond the current Resource depth.

The shape of the Tuzo kimberlite is unusual as it widens to depth, from 125 meters diameter near surface to 225 meters diameter at a depth of 300 meters. In addition, the diamond grade increases to depth. The average grade from surface to a depth of 300 meters is 1.21 carats per tonne, while the average grade from a depth of 300 meters to 350 meters increases to 1.75 carats per tonne.

On November 8, 2012, the Company announced the microdiamond recovery results from the Tuzo Deep drill program completed in April 2012.

Recovery of microdiamonds from the kimberlite intersects was undertaken by caustic fusion methods performed at the Geoanalystical Laboratories Diamond Services of the Saskatchewan Research Council ("SRC"), which is accredited to the ISO/IEC 17025 standard by the Standards Council of Canada as a testing laboratory for diamond analysis using caustic fusion. The microdiamonds recovered by the SRC were then forwarded to the De Beers Kimberley Microdiamond Laboratory ("KMDL") for re-weighing of minus 0.3mm diamonds.

The combined SRC and KMDL caustic fusion diamond results for samples taken from Tuzo Deep are summarized below in Table 6.

Table 6

	Numbers of Diamonds According to Sieve Size Fraction (mm)											
Total Weight (Kg)	+0.075 - 0.106	+0.106 - 0.150	+0.150 - 0.212	+0.212 - 0.300	+0.300 - 0.425	+0.425 -0.600	+0.600 -0.850	+0.850 -1.180	+1.180 - 1.700	+1.700 - 2.360	+2.360 - 3.350	Total Diamonds
657.13	**1,199**	**999**	**547**	**446**	**281**	**156**	**87**	**42**	**16**	**2**	**1**	**3,776**

Total carat weight of sample: 2.3330075
Total macro carats +0.5mm: 1.989658
Total macro carats +0.850mm: 1.485248

On March 12, 2013, the Company announced that the Tuzo Deep geological report was completed in January, 2013, and the Tuzo Deep grade report was completed in mid-February, 2013. These reports are prepared by De Beers in its capacity as the Operator of the Gahcho Kué project to establish the geological continuity of the Tuzo kimberlite from the Probable Reserve portion (from surface to 300 meters) to a depth of 564 meters, and also to provide a tonnage and grade estimate for Tuzo Deep.

The reports provide evidence that the kimberlite units present below 300 meters are the same as those present in the Probably Reserve portion and also that similar grades were estimated at depth.

The De Beers Canada technical report does not classify the Tuzo Deep potential resource in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) guidelines. Mountain Province is therefore retaining an independent qualified person to complete a quality assurance and quality control review of the De Beers Canada geological and technical reports with a view to presenting to shareholders an updated independent National Instrument 43-101 resource estimate for the Tuzo kimberlite. It is expected that this report will be issued during Q2 2013.

Gahcho Kué Capital Program

On May 28, 2012, the Company announced that the Gahcho Kué Joint Venture partners had approved the initial capital to advance the Gahcho Kué diamond mine in preparation for development.

The C$31.3M budget (C$21.3M for 2012 and C$10M for Q1, 2013) will focus on advancing:

1. Preparation work for the construction and operating permit applications;
2. Front-end engineering and design (FEED);
3. Preparations and procurement for the 2013 winter road;
4. Detailed engineering;
5. Purchase of critical long-lead equipment; and
6. Feasibility study update.

On August 7, 2012, the Company indicated financing arrangements of the Company's 49 percent share of the Gahcho Kué capital budget, estimated at approximately C$300M, are progressing, with multiple options for project financing, off-take financing, and a variety of other instruments being considered.

Other Developments at Gahcho Kué

On March 12, 2013, the Company also announced the following developments for the Gahcho Kué Project:

2013 winter ice road

The 2013 winter ice road reached the Gahcho Kué Project site at Kennady Lake on March 2, 2013, with the first loads arriving on March 4, 2013. Over two subsequent weeks, approximately 110 truckloads of materials, equipment and fuel are expected to be delivered to Gahcho Kué. The final deliveries are expected before the end of March 2013.

Geophysics

A geophysics team was mobilized to Gahcho Kué in January 2013 and completed a ground gravity survey over 15 high-priority drill targets. There were 3,230 stations surveyed on 13 grids over the 15 targets. The results from the survey will support final exploration drill-hole placement.

Geotechnical drilling

Geotechnical drilling related to planned surface infrastructure at Gahcho Kué commenced in February, 2013 and is expected to be completed before the end of April. A total of 33 sonic holes and 31 core holes will be drilled.

Exploration drilling

Core drilling of the first phase 15 priority geophysical targets is expected to commence before the end of March. A second core drill rig is being mobilized to site and the first phase drilling is expected to be completed by the end of April. Based on the success of the first phase drill program, up to a further 14 priority geophysical targets may be drill tested.

Other Exploration

Completion of Plan of Arrangement with Kennady Diamonds Inc.

In January 2012, the Company announced that the Board of Directors had approved a proposal to spin-out the Company's 100%-controlled Kennady North Project into a newly incorporated company, Kennady Diamonds Inc. ("Kennady Diamonds") through a plan of arrangement and subject to regulatory, court and shareholder approvals.

On March 12, 2012, Kennady Diamonds and Mountain Province entered into an arrangement agreement (the "Arrangement") pursuant to which Mountain Province would transfer its interest in the Kennady North Project, including permits, mining claims, rights and title, in the Northwest Territories in Canada, and $3,000,000 of cash, to Kennady Diamonds in exchange for one common share of Kennady Diamonds for every five common shares of Mountain Province outstanding. The Arrangement called for the share capital of Mountain Province to be reorganized into a new class of shares which would be distributed, with the Kennady Diamonds' common shares, to the existing Mountain Province common shareholders.

The Arrangement was approved by the Board of Directors of Mountain Province and was subject to approval by two-thirds of the votes cast by holders of Mountain Province common shares, at a special meeting of Mountain Province shareholders held on April 25, 2012. The Mountain Province shareholders voted 99.57% in favour of the Arrangement. As well, on April 30, 2012, Mountain Province received final court approval for the Arrangement. Regulatory approval was obtained by the Toronto Stock Exchange and the TSX Venture Exchange.

The various transactions under the Arrangement were completed on July 6, 2012, the effective date of the Arrangement. The Company transferred the Kennady North Project and working capital of $3 million to Kennady Diamonds in exchange for 16,143,111 shares of Kennady Diamonds which in turn were distributed to the Mountain Province shareholders on the basis of one Kennady Diamonds' share for every five shares of Mountain Province held by the shareholders.

The Company recorded the fair value of the transaction as a dividend-in-kind. The fair value was calculated by applying the simple average of the closing share price for Kennady Diamonds on the TSX Venture Exchange for the first five days of its trading to the number of shares outstanding. The fair value in excess of the book value of the transferred assets was recorded as a gain on asset transfer of Kennady North in the Company's Statement of Comprehensive Loss for the year ended December 31, 2012.

Other Matters

Management and Board Appointments

On January 29, 2013, it was announced that Bruce Ramsden had been hired starting February 1, 2013 as the Company's Vice President Finance and CFO-designate (effective May 1, 2013), with experience in the Canadian resource sector and particularly, with arranging debt finance facilities, important to the continued success of the development of the Gahcho Kué Project.

As well, on March 13, 2013, the Company announced that Bruce Dresner, with a distinguished career as an investment professional and experience on a number of boards of directors and advisory boards, has joined the Company's Board of Directors.

2012 Rights Offering

On October 10, 2012, the Company announced that it had filed a rights offering circular with the Toronto Stock Exchange (the "TSX") and the securities regulators of each of the provinces of Canada (with the exception of Quebec) in respect of a rights offerings to raise gross proceeds of approximately $47.1 million (the "Offering") to be used to fund the Company's 49% share of the initial capital costs for the Gahcho Kué Project and for general corporate purposes. This amount is sufficient to cover the Company's share of the initial capital costs through to the completion of permitting of the Gahcho Kué Project expected in 2013 (see also discussion under Liquidity and Capital Resources).

Under the Offering, each registered holder of common shares of the Company as of a record date (the "Record Date") received one right (a "Right") for each share held. Six (6) Rights plus the sum of $3.50 (the "Subscription Price") was required to subscribe for one share ("Share"). The Rights expired on November 28, 2012 (the "Expiry Date"), after which unexercised Rights were void and without value. The Rights were listed on the TSX. Shareholders who fully exercised their Rights could have subscribed pro-rata for any additional Shares not otherwise subscribed for before the expiry date (the "Additional Subscription Privilege").

The Offering was subject to regulatory approvals, including that of the TSX. The TSX conditionally approved the listing and posting for trading of the Rights and the common shares of the Company underlying the Rights, subject to satisfaction of certain listing requirements. The Offering was made in all provinces of Canada (except in Quebec), and in such other jurisdictions where the Company was eligible to make such an offering. The Company also filed a registration statement on Form F-7 covering the Offering with the U.S. Securities and Exchange Commission. On October 18, 2012, the Company announced that it had received acceptance from the securities regulatory authorities in each of the provinces of Canada, excluding Quebec, for its Offering. The Record Date was established as close of business on October 30, 2012.

The Company entered into a stand-by agreement with Bottin (International) Investments Ltd. (controlled by Dermot Desmond) ("Bottin") under which Bottin had undertaken to fully subscribe for those Rights Shares not otherwise subscribed for on the Expiry Date.

On November 30, 2012, the Company announced the completion of its Offering. A total of 54,869,243 rights were exercised for 9,144,870 common shares with additional 1,705,199 common shares subscribed for under the Additional Subscription Privilege. A total of 10,850,069 common shares were subscribed for, which represented an 80.65% take-up under the rights offering.

The balance of the rights shares were taken up by Bottin under the stand-by agreement.

RESULTS OF OPERATIONS

The financial results for the years ended December 31, 2012, 2011 and 2010 are reported under IFRS as issued by the IASB, as well as for the quarterly interim periods.

Selected Annual Information

	December 31, 2012	December 31, 2011	December 31, 2010
Other income	$ 10,869,407	$ 792,835	$ 122,590
Operating expenses	(14,179,216)	(12,268,455)	(9,764,476)
Other expenses	(27,801)	(63,315)	(4,892,841)
Net loss for the period	(3,337,610)	(11,538,935)	(14,534,727)
Basic and diluted loss per share	(0.04)	(0.15)	(0.21)
Cash flow used in operations	(13,786,541)	(13,672,048)	(8,291,339)
Cash and cash equivalents, end of period	274,696	21,546	23,778,053
Total assets	95,590,052	65,839,943	70,156,296
Long-term liabilities	6,284,770	6,178,004	5,704,096
Dividends declared	Nil	Nil	Nil

Year ended December 31, 2012 compared to December 31, 2011

The Company's net loss for the year ended December 31, 2012 was $3,337,610 or $0.04 per share, compared to $11,538,935 or $0.15 per share for the year ended December 31, 2011. Before the dividend-in-kind recorded as a result of the asset transfer to Kennady Diamonds Inc., the loss for December 31, 2012 was $14,059,255, or $0.17 per share.

Operating expenses were $14,179,216 for the year ended December 31, 2012, and $12,268,455 for the year ended December 31, 2011. Consulting fees, including stock-based compensation of $463,500 for options granted in the first quarter of 2012 ($487,085 granted in the first quarter of 2011), as well as other consulting, were down from approximately $1,631,200 for the year ended December 31, 2011 to approximately $1,435,000 for the year ended December 31, 2012 due to somewhat reduced consulting activity. Exploration and evaluation expenses are up from approximately $9,032,600 for the year ended December 31, 2011 to approximately $10,651,600 for the year ended December 31, 2012 as a result of increased exploration and evaluation expenditures for Gahcho Kué (with a related increase in the Gahcho Kué management fee) and for the Kennady North Project prior to transfer of the Kennady North Project to Kennady Diamonds in early July 2012. Professional fees are up from approximately $361,000 for the year ended December 31, 2011, to approximately $664,900 for the year ended December 31, 2012 primarily attributable to increased legal and audit fees associated with the Company's spin-out of the Kennady North Project. Promotion and investor relations costs are up from approximately $110,000 for the year ended December 31, 2011 to approximately $246,000 for the year ended December 31, 2012 and are attributed to increased costs associated with the spin-out. Office and administration is down for the year ended December 31, 2012 from the same period in 2011 because of foreign exchange losses realized in 2011. Increases in other expense categories such as travel, transfer agent and regulatory fees, and salary and benefits reflect increased activities for the Company.

Interest income was approximately $147,800 for the year ended December 31, 2012 compared to approximately $303,400 for the year ended December 31, 2011 as a result of reduced balances for investment from the financings done in 2010. Cash and short-term investment balances increased late in 2012 with the proceeds from the Company's Rights Offering which closed November 28, 2012.

Included in other income for December 31, 2012 is the Company's gain on the asset transfer to Kennady Diamonds of $10,721,645 as a result of the spin-out as previously mentioned.

Year ended December 31, 2011 compared to December 31, 2010

The Company's net loss for the year ended December 31, 2011 was $11,538,935 or $0.15 per share, compared to $14,534,727 or $0.21 per share for the year ended December 31, 2010.

Consulting fees for the year ended December 31, 2011 at $1,631,188 (December 31, 2010 - $721,987) includes a value for stock based compensation of $487,085 in 2011 (December 31, 2010 - $nil). As well, it includes consulting costs for a variety of corporate projects such as the Company's conversion to IFRS.

In the year ended December 31, 2011, the Company's share of expenses relating to the Gahcho Kué Project included in exploration and evaluation expenses totalled $8,225,873 (December 31, 2010 – $7,826,126). Also included in exploration and evaluation expenses is $806,712 incurred by the Company for its Kennady North Project (December 31, 2010 - $47,993) which consists of the costs for the airborne gravity survey conducted in October 2011 over the Kennady North Project as well as consulting costs relating to Kennady North.

The increase in the Gahcho Kué Project management fee from $162,613 for the year ended December 31, 2010 to $236,464 reflects increased activity at the Gahcho Kué Project done by the Operator.

Increases in other expense categories such as travel, transfer agent and regulatory fees, salary and benefits, promotion and investor relations, and professional fees reflect increased activities for the Company.

The interest income for the year ended December 31, 2011 at $303,354 reflects increased cash and short term investments over the year compared to the year ended December 31, 2010 (December 31, 2010 - $122,590) after financings done in 2010.

Office and administration for the year ended December 31, 2011 of $458,467 (December 31, 2010 - $200,274) includes foreign exchange loss of approximately $250,000.

Other expenses in the year ended December 31, 2010 included a loss on revaluation of warrants exerciseable in a foreign currency in the amount of $4,767,578. In the year ended December 31, 2011, there was a gain on revaluation of warrants exerciseable in a foreign currency in the amount of $489,481.

Summary of Quarterly Results

December 31, 2012 Fiscal Year

Unaudited	**Fourth Quarter December 31, 2012**	**Third Quarter September 30, 2012**	**Second Quarter June 30, 2012**	**First Quarter March 31, 2012**
Interest income	**$ 44,313**	**$ 8,047**	**$ 43,994**	**$ 51,408**
Expenses	**(3,127,198)**	**(2,521,631)**	**(4,078,554)**	**(4,451,833)**
Gain on asset transfer to Kennady Diamonds Inc.	**-**	**10,721,645**	**-**	**-**
Net (loss) income for period	**(3,089,892)**	**8,201,130**	**(4,041,492)**	**(4,407,356)**
Net (loss) income per share (basic and diluted)	**(0.04)**	**0.10**	**(0.05)**	**(0.05)**
Cash flow (used in) / provided by operations	**(2,762,916)**	**(6,409,485)**	**(4,619,243)**	**5,103**
Cash and cash equivalents, end of period	**47,693,693**	**5,595,571**	**2,119,667**	**497,925**
Total Assets	**95,590,052**	**53,038,743**	**62,543,069**	**66,840,529**
Dividends	**Nil**	**Nil**	**Nil**	**Nil**

December 31, 2011 Fiscal Year

Unaudited	Fourth Quarter December 31, 2011	Third Quarter September 30, 2011	Second Quarter June 30, 2011	First Quarter March 31, 2011
Interest income	$ 59,239	$ 67,466	$ 76,091	$ 100,558
Expenses	(5,390,942)	(2,248,809)	(2,446,824)	(2,181,880)
Net loss for period	(5,347,662)	(2,197,302)	(2,386,518)	(1,607,453)
Net loss per share (basic and diluted)	(0.07)	(0.03)	(0.03)	(0.02)
Cash flow (used in) / provided by operations	(3,997,123)	(2,353,183)	6,285,978	(13,607,720)
Cash and cash equivalents, end of period	21,546	504,895	720,171	1,805,403
Total Assets	65,839,943	69,937,125	71,935,129	70,130,142
Dividends	Nil	Nil	Nil	Nil

The expenses fluctuate from quarter to quarter based on activity in the Company including exploration and evaluation activity particularly, as well as consulting, project, and marketing activities.

Three Months Ended December 31, 2012 compared to December 31, 2011

The Company's net loss during the three months ended December 31, 2012 was $3,089,892, or $0.04 per share, compared with a net loss of $5,347,662, or $0.07 per share, for the three months ended December 31, 2011.

Expenses were $3,127,198 for the three months ended December 31, 2012 compared to $5,390,942 for the comparative three months ended December 31, 2011. The decrease is primarily attributable to decreased costs of approximately $2,000,000 for the Gahcho Kué Project in the three months ended December 31, 2012 compared to the same period of the prior year. Other expense categories such as consulting fees, office and administration, professional fees, promotion and investor relations, transfer agent and regulatory fees, and travel totaled approximately $510,000 for the three months ended December 31, 2012, compared to approximately $814,000 for the three months ended December 31, 2011. Interest income of approximately $7,000 for the three months ended December 31, 2012 is down compared to the comparative period for the prior year of approximately $16,000 because of decreased investments as a result of operation funding.

Gahcho Kué Project

The 2009 Agreement's provision for consensus decision-making for material strategic and operating decisions provides the Company with joint control for the Gahcho Kué Project with De Beers Canada, and the Company accounts for the Project as a joint venture. Accordingly, the Company determined its proportionate share (49%) of the assets, liabilities, revenues and expenses of the Project, and recorded them in the consolidated financial statements from July 4, 2009.

Summarized below is certain summarized financial information relating to the Company's proportional interest (49%) in the Gahcho Kué Joint Venture as at December 31, 2012 and 2011:

		Year ended December 31, 2012		Year ended December 31, 2011		Year ended December 31, 2010
Results of Operations						
Revenue	**$**	**-**	$	-	$	-
Expenses		**(10,681,306)**		(8,540,441)		(8,122,822)
Proportionate share of net loss	**$**	**(10,681,306)**	$	(8,540,441)	$	(8,122,822)
Cash Flows						
Operating activities	**$**	**(9,869,353)**	$	(7,889,959)	$	(6,975,189)
Financing activities		**9,994,998**		7,905,220		6,982,662
Investing activities		**(91,035)**		(15,261)		(7,473)
Proportionate share of change in cash and cash equivalents	**$**	**34,610**	$	-	$	-

		As at December 31, 2012		As at December 31, 2011
Financial Position				
Current assets	**$**	**1,516,313**	$	113,533
Non-current assets		**6,113,370**		5,958,567
Current liabilities		**(1,633,055)**		(1,756,902)
Non-current liabilities		**(6,284,770)**		(6,178,004)
Proportionate share of net liabilities	**$**	**(288,142)**	$	(1,862,806)

Included in Exploration and evaluation expenses on the consolidated Statements of Comprehensive Loss for the year ended December 31, 2012 is approximately $1,258,500 of payroll related expenses (December 31, 2011 – approximately $696,500; December 31, 2010 – approximately $302,100).

The Company's proportional interest (49%) of commitments made by the operator of the Gahcho Kué Project is $5,160,820. Of this, approximately $4,147,000 relates to commitments associated with equipment for the Gahcho Kué Project for 2013.

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 $46,653,539 at December 31, 2012 ($15,064,475 as at December 31, 2011), including cash and cash equivalents and short-term investments of $47,693,693 ($17,840,729 at December 31, 2011). The short-term investments reflected in the December 31, 2012 and 2011 figures were guaranteed investment certificates held with a major Canadian financial institution with no counter party credit risk associated with the bank.

The Company had no long-term debt at December 31, 2012 or at December 31, 2011. The Company's required contributions payable to De Beers Canada, described in Note 7 to the Company's audited consolidated financial statements for December 31, 2012, are contingent on certain events occurring such as receipt of permits, and production. (See "Overall Performance" section above).

As at December 31, 2012, the Company has not achieved profitable operations and continues to be dependent upon its ability to obtain external financing to meet the Company's liabilities as they become payable. The Company's ability to continue operations beyond the next twelve months is dependent on the successful permitting, the ability of the Company to obtain necessary financing to fund its operations, the successful construction of the Gahcho Kué Project, and the future production or proceeds from developed properties.

The Company's primary mineral asset is in the exploration and evaluation stage and, as a result, the Company has no source of revenues. In the years ended December 31, 2012, 2011 and 2010, the Company incurred losses, had negative cash flows from operating activities, and will be required to obtain additional sources of financing to complete its business plans going into the future. Although the Company had working capital of $46,653,539 at December 31, 2012, including $47,693,693 of cash and cash equivalents and short-term investments, the Company has insufficient capital to finance its operations and the Company's costs of the Gahcho Kué Project over the next 12 months. The Company is currently investigating various sources of additional funding to increase the cash balances required for ongoing operations over the foreseeable future. These additional sources include, but are not limited to, share offerings, private placements, credit and debt facilities, as well as the exercise of outstanding options. However, there is no certainty that the Company will be able to obtain financing from any of those sources. These conditions indicate the existence of a material uncertainty that results in substantial doubt as to the Company's ability to continue as a going concern.

The Company's consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, and do not reflect adjustments to assets and liabilities that would be necessary if the going concern assumption were not appropriate. These adjustments could be material.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements (see "Commitments").

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

i) Significant Judgments in Applying Accounting Policies

The areas which require management to make significant judgments in applying the Company's accounting policies in determining carrying values include, but are not limited to:

a) Mineral reserves

The information relating to the geological data on the size, depth and shape of the ore body requires complex geological judgments to interpret the data. Changes in the proven mineral reserves or measured and indicated and inferred mineral estimates may impact the carrying value of the properties.

b) Impairment analysis – mineral properties

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. IFRS 6 - *Exploration for and evaluation of mineral resources* and IAS 36 – I*mpairment of assets* requires the Company to make certain judgments in respect of such events and changes in circumstances, and in assessing their impact on the valuations of the affected assets. The Company's assessment is that as at December 31, 2012, there are no indicators of impairment in the carrying value of its mineral properties.

ii) 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) 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 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.

b) Impairment analysis - mineral properties

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. If indicators of impairment are identified, management will perform an impairment test in accordance with IAS 36 – *Impairment of assets* ("IAS 36"). IAS 36 requires the Company to make certain judgments, assumptions, and estimates in determining the estimate of the net recoverable amount. Impairments are recognized when the carrying values exceed management's estimate of the net recoverable amounts associated with the affected assets. The values shown on the consolidated balance sheet for Mineral Properties represent the Company's assumption that the amounts are recoverable. As a result of the numerous variables associated with the Company's judgments and assumptions, the precision and accuracy of estimates of recoverable amount is subject to significant uncertainties, and may change significantly as additional information becomes known.

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.

d) Stock options

The stock option pricing model requires the input of highly subjective assumptions including the expected life and volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

e) Deferred taxes

Deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and on unused losses carried forward, and are measured using the substantively enacted tax rates that are expected to be in effect when the differences are expected to reverse or losses are expected to be utilized. Deferred tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, including forecasts, it is probable that they will be realized.

STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN ADOPTED EARLY BY THE COMPANY

At the date of authorization of the Company's consolidated audited financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Company.

The Company anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements and are therefore not discussed below.

IFRS 9 *Financial Instruments*

The IASB aims to replace IAS 39 *Financial Instruments: Recognition and Measurement* in its entirety. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liability in IFRS 9 – fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is evaluating the impact of IFRS 9 on its consolidated financial statements.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 *Consolidated and Separate Financial Statements*. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. The Company is evaluating the impact of IFRS 10 on its consolidated financial statements.

IFRS 11 *Joint Arrangements*

IFRS 11 requires a venture to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation, the venturer will recognize its share of each of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interest in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers*. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. The Company has determined that its interest in its joint arrangement, the Gahcho Kué Joint Venture, is a joint operation, and therefore the adoption of this standard will not have any material impact on its consolidated financial statements as the Company will continue to proportionately consolidate its interest in the Gahcho Kué Project

IFRS 12 *Disclosure of Interest in Other Entities*

IFRS 12, *Disclosure of Interest in Other Entities* was issued by the IASB in May 2011. The new standard includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is evaluating the impact of IFRS 12 on its consolidated financial statements.

IFRS 13 *Fair Value Measurement*

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS statements. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. The Company is evaluating the impact of IFRS 13 on its consolidated financial statements.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

On October 20, 2011, the IASB issued a new interpretation, IFRIC 20, to address accounting issues regarding waste removal costs incurred in surface mining activities during the production phase of a mine, referred to as production stripping costs. The new interpretation addresses the classification and measurement of production stripping costs as either inventory or as a tangible or intangible non-current 'stripping activity asset'. The standard also provides guidance for the depreciation or amortization and impairment of such assets. IFRIC 20 is effective for reporting years beginning on or after January 1, 2013, although earlier application is permitted. The Company is evaluating the impact of IFRIC 20 on its consolidated financial statements.

RELATED PARTY TRANSACTIONS

The Company's related parties include the Gahcho Kué Joint Venture, Bottin, key management and their close family members, and the Company's directors. Kennady Diamonds Inc. ("Kennady Diamonds") is also a related party since the Company and Kennady Diamonds have common members of key management.

None of the transactions with related parties incorporate special terms and conditions, and no guarantees were given or received. Related party transactions are recorded at their exchange amount, being the amount agreed to by the parties. Outstanding balances are settled in cash.

The Company had the following transactions and balances with its related parties including key management personnel and the Company's directors, Bottin, the Gahcho Kué Joint Venture, and Kennady Diamonds. The transactions with key management personnel are in the nature of remuneration. The transactions with the Gahcho Kué Joint Venture relate to the funding of the Company's interest in the Gahcho Kué Joint Venture for the current year's expenditures and capital additions. The transactions with Kennady Diamonds are for a monthly management fee charged by the Company and reimbursement of expenses paid on behalf of Kennady Diamonds.

	December 31, 2012	December 31, 2011	December 31, 2010
The total of the transactions:			
Bottin - Stand-by Fee under Stand-by Agreement (Note 9(ii))	**706,261**	-	-
Kennady Diamonds	**120,940**	-	-
Gahcho Kue Joint Venture expenditures	**10,729,343**	-	-
Remuneration	**1,477,715**	1,450,068	716,978
The amount of outstanding balances:			
Payable to the Gahcho Kue Joint Venture	**685,290**	-	-
Payable to key management personnel	**30,180**	313,000	186,619

The remuneration of directors and other members of key management personnel for the years ended December 31, 2012, 2011 and 2010 were as follows:

		December 31, 2012		December 31, 2011		December 31, 2010
Salary, bonus and other short-term employee benefits	$	**1,014,215**	$	962,983	$	716,978
Share-based payments		**463,500**		487,085		-
	$	**1,477,715**	$	1,450,068	$	716,978

In accordance with IAS 24 *Related Parties*, 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 Company has consulting agreements with the President and CEO, Patrick Evans, and the Chief Financial Officer and Corporate Secretary, Jennifer Dawson, for their services in these capacities. Effective February 1, 2013, the Company also has a consulting agreement with the Vice President Finance and CFO-designate, Bruce Ramsden, for his services in this capacity.

COMMITMENTS

The total future minimum lease payments for office space by the Company under non-cancellable operating leases are as follows:

		2013		2014		2015		2016		2017		Total
Future minimum lease payments	$	142,256	$	142,256	$	142,256	$	142,256	$	11,855	$	580,879

(See also discussion of Gahcho Kué Project for commitments relating to the Gahcho Kué Project)

FINANCIAL INSTRUMENTS

The Company's financial instruments are described in Note 5 to the Company's accompanying audited consolidated financial statements.

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 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 exploring, permitting and developing mineral properties is subject to a variety of risks and uncertainties, including, without limitation:

- 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 feasibility 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 and prices of diamonds;
- risks related to commodity price fluctuations;
- the uncertainty of profitability based upon the Company's history of losses;

- risks related to failure of the Company and/or its joint venture partner to obtain adequate financing on a timely basis and on acceptable terms, particularly given recent volatility in the global financial markets;
- development and production risks including and particularly risks for weather conducive to the building and use of the Tibbitt to Contwoyto Winter Road;
- risks related to environmental regulation, permitting and liability;
- political and regulatory risks associated with mining and exploration;
- geological and technical conditions at the Company’s Gahcho Kué Project being adequate to permit development;
- the ability to develop and operate the Company’s Gahcho Kué Project on an economic basis and in accordance with applicable timelines;
- 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 (TSX) under the symbol MPV and on the New York Stock Exchange MKT under the symbol MDM.

At March 28, 2013, there were 94,168,151 shares issued and 1,044,000 stock options outstanding. There were no warrants outstanding.

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

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Company’s Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management of the Company has evaluated the effectiveness of the Company’s disclosure controls and procedures as at December 31, 2012 as required by Canadian securities laws. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of December 31, 2012, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company’s annual filings and interim filings (as such terms are defined under National Instrument 52-109) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws and that material information is accumulated and communicated to management of the Company as appropriate to allow for accurate disclosure to be made on a timely basis.

Internal Control Over Financial Reporting (“ICFR”)

The Company’s management, under the supervision of the Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining the Company’s ICFR. Management has conducted an evaluation of internal control over financial reporting based on the framework established in “Internal Control – Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission as at December 31, 2012. There have not been any changes in the Company’s ICFR or in other factors during 2012 or that have been identified in connection with the evaluation that occurred during the year ended December 31, 2012, that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Management has designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS as issued by the International Accounting Standards Board.

Because of its inherent limitations, the Company's internal control over financial reporting may not prevent or detect all possible misstatements or frauds. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

To evaluate the effectiveness of the Company's internal control over financial reporting, Management has used the Internal Control – Integrated Framework, which is a suitable, recognized control framework established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Management has assessed the effectiveness of the Company's internal control over financial reporting and concluded that such internal control over financial reporting is effective as of December 31, 2012.

OUTLOOK

The Company is continuing the permitting and development of the Gahcho Kué Project. As well, the Company is engaging with De Beers Canada with respect to a follow-up program to achieve the original objective of the Tuzo Deep Drill Program of defining a kimberlite resource to 750 meters, and working with the Operator to finalize the mineral resource estimate from the Tuzo Deep Drilling Program for release in Q2 2013.

The Company closed its Rights Offering financing (see "Liquidity and Capital Resources") on November 28, 2012. Additionally, the Company is investigating multiple financing proposals including project financing, off-take financing and a variety of other financing instruments. These are being considered together with alternatives available to finance the ongoing operations of the Company.

ADDITIONAL INFORMATION

Additional disclosures relating to the Company is available on the Internet at the SEDAR website at www.sedar.com, and on the Company's website at www.mountainprovince.com.

Cautionary Statement on Forward-Looking Statements

This MD&A contains "forward-looking statements" concerning the Company's anticipated results and developments in the Company's operations in future periods, planned exploration and development of its properties, plans related to its business and other matters that may occur in the future, made as of the date of this MD&A.

Forward-looking statements may include, but are not limited to, statements with respect to future remediation and reclamation activities, future mineral exploration, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and mineral resource estimates, the timing of activities and the amount of estimated revenues and expenses, the success of exploration activities, permitting time lines, requirements for additional capital, and sources and uses of funds.

Forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of exploration activities; actual results of remediation and reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of diamonds; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to *operate as anticipated; accidents, labour disputes and other risks of the mining industry; and delays in obtaining governmental approvals or financing or in the completion of development activities.*

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise, other than as required under applicable securities laws.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Cautionary Note to U.S. 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.

Canadian standards, including NI 43-101, differ significantly from the requirements of Industry Guide 7 promulgated by the United States Securities and Exchange Commission ("SEC") under the United States Securities Act of 1933, as amended, and resource and reserve information contained herein may not be comparable to similar information disclosed by U.S. companies. In particular, and without limiting the generality of the foregoing, the term "resource" does not equate to the term "reserves". Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. The SEC's disclosure standards under Industry Guide 7 do not define the terms and normally do not permit the inclusion of information concerning "measured mineral resources", "indicated mineral resources" or "inferred mineral resources" or other descriptions of the amount of mineralization in mineral deposits that do not constitute "reserves" by U.S. standards in documents filed with the SEC. U.S. Investors should also understand that "inferred mineral resources" have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an "inferred mineral resource" will ever be upgraded to a higher category. Under Canadian rules, estimated "inferred mineral resources" may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an "inferred mineral resource" exists or is economically or legally mineable.

Disclosure of "contained ounces" (or "contained carats") in a resource is permitted disclosure under Canadian regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures. The requirements of NI 43-101 for identification of "reserves" are also not the same as those of the SEC's Industry Guide 7, and reserves reported by the Company in compliance with NI 43-101 may not qualify as "reserves" under Industry Guide 7 standards. Accordingly, information concerning mineral deposits set forth herein may not be comparable with information made public by companies that report in accordance with U. S. standards.

On behalf of the Board of Directors,

"Patrick Evans"

Patrick Evans
President & CEO

March 28, 2013