Mountain Province Diamonds Inc.
Form 20-F/A
July 24, 2009

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**AMENDMENT NO. 1**

**TO**

# FORM 20-F/A

(Mark One)

o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

x ANNUAL REPORT PURSUANT TO SECTION 13 OR (15d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **March 31, 2009**

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number **001-32468**

# MOUNTAIN PROVINCE DIAMONDS INC.

(Exact name of Registrant as specified in its charter)

**Not Applicable**

(Translation of Registrant s name into English)

**Ontario**
(Jurisdiction of incorporation or organization)

**401 Bay Street, Suite 2700, PO Box 152, Toronto, Ontario Canada M5H 2Y4**
(Address of principal executive offices)

**Patrick Evans 416-361-3562**
**401 Bay Street, Suite 2700, PO Box 152, Toronto, Ontario Canada M5H 2Y4**
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

| Title of each class | Name of each exchange on which registered |
|---|---|
| **Common Shares no par value** | **NYSE Amex** |

Securities registered or to be registered pursuant to Section 12(g) of the Act.

**Not Applicable**
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

**None**
(Title of Class)

Indicate the number of outstanding shares of the issuer s classes of capital or common stock as of the close of the period covered by the annual report. 59,932,381

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

o Yes x No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

o Yes x No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to file such reports)

o Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer x Non-accelerated filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

| U.S. GAAP o | International Financial Reporting Standards as issued by the International Accounting Standards Board o | Other x |
|---|---|---|

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

x Item 17 o Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

o Yes x No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

o Yes o No

**Not Applicable**

**EXPLANATORY NOTE**

This Amendment No. 1 to the annual report on Form 20-F of Mountain Province Diamonds Inc., which was originally filed on June 26, 2009 (the "2009 Form 20-F"), is being filed solely for the purpose of correcting a clerical error pursuant to which the signature of our auditor was not included on our auditor report entitled **"Report of Independent Registered Public Accounting Firm"** relating to Company's internal control over financial reporting. The Company has amended the disclosure contained herein to reflect certain events that have occurred since such original filing that are considered material to include as subsequent event disclosures in Notes 6 and 10 of the financial statements, and referenced in Item 5 under the heading "Subsequent Events", of this Amendment No. 1 to the annual report on Form 20-F of Mountain Province Diamonds Inc. There are no other changes contained, and no other information provided has been updated, in this Amendment No. 1 as compared to the originally filed 2009 Form 20-F.

**TABLE OF CONTENTS**

**GLOSSARY**

***Affiliate*** has the meaning given to affiliated bodies corporate under *the Ontario Business Corporations Act ;*

***AK Property*** means the claims known as the "AK claims" held by the Gahcho Kué Project;

***AK-CJ Properties*** means, collectively, the AK Property and CJ Property;

***AMEC*** means AMEC Americas Limited.

***AMEX*** means the American Stock Exchange prior to the take-over of the American Stock Exchange LLC by the New York Stock Exchange;

***CJ Property*** means the claims known as the "CJ claims", which have now lapsed, previously held by MPV;

***Arrangement*** means the arrangement between the Company and Glenmore which was effected as of June 30, 2000;

***Arrangement Agreement*** means the Arrangement Agreement dated as of May 10, 2000, and made between MPV and Glenmore, including the Schedules to that Agreement;

***Business Corporations Act [Ontario]*** means the R.S.O. 1990, CHAPTER B.16, as amended from time to time;

***CDNX*** means the Canadian Venture Exchange Inc, formerly the Vancouver Stock Exchange, and now known as the TSX Venture Exchange;

***Camphor or Camphor Ventures*** means Camphor Ventures Inc.;

***Canadian National Instrument 43-101*** means the *National Instrument 43-101 (Standards of Disclosure for Mineral Projects)* adopted by the Canadian Securities Administrators;

***Code*** means the United States *Internal Revenue Code of 1986*, as amended;

***Company, MPV*** or ***Registrant*** means Mountain Province Diamonds Inc.;

***De Beers*** means De Beers Consolidated Mines Ltd.;

***De Beers Canada*** or ***Monopros*** means De Beers Canada Inc., formerly known as De Beers Canada Exploration Inc. and before that as Monopros Limited, a wholly-owned subsidiary of De Beers;

***Desktop Study*** means the preliminary technical assessment of the Gahcho Kué resource conducted by De Beers Consolidated Mines Ltd. in 2000 (and updated in 2003, 2005, 2006, and 2008). AMEC provided an Independent Qualified Persons review of the Desktop Study.

***Exchange Act*** means the U.S. *Securities Exchange Act* of 1934, as amended;

***Gahcho Kué Joint Venture Agreement*** means the joint venture agreement entered into by Mountain Province Diamonds Inc., Camphor Ventures Inc., and De Beers Canada Exploration Inc. on October 24, 2002, but which took effect from January 1, 2002.

***Gahcho Kué Project*****,** located on Kennady Lake, and comprises four mineral leases that are 100% owned by De Beers Canada Inc. ( De Beers Canada ), which holds them on behalf of the Gahcho Kué Joint Venture. The participating

interest of each of the joint venture parties is governed by the 2002 Gahcho Kué Joint Venture Agreement, which is registered against the mineral leases.

***Glenmore*** means Glenmore Highlands Inc., a company incorporated under the *Business Corporations Act (Alberta)* and which, pursuant to the Arrangement, has amalgamated with the Company's wholly-owned subsidiary, Mountain Glen Mining Inc., to form an amalgamated company, also known as Mountain Glen Mining Inc.;

***Glenmore Shares*** means the common shares of Glenmore, as the same existed before the Arrangement took effect and "Glenmore Share" means any of them;

***Glenmore Shareholder*** means a holder of Glenmore Shares;

***Joint Information Circular*** means the joint information circular of the Company and Glenmore dated May 10, 2000 for the Extraordinary General Meeting and Special Meeting of the Company and Glenmore respectively to approve the Arrangement;

***Joint Venture*** means the joint venture formed pursuant to the Gahcho Kué Joint Venture Agreement;

***Letter Agreement*** means the letter agreement dated March 6, 1997 among Mountain Province Mining Inc., Camphor Ventures Inc., Glenmore Highlands Inc., 444965 B.C. Ltd. and Monopros as amended or supplemented by: an agreement dated April 10, 1997 among Mountain Province Mining Inc., Camphor Ventures Inc., Glenmore Highlands Inc., 444965 B.C. Ltd. and Monopros; an assurance given to De Beers by the other parties., dated July, 1997; an agreement given to De Beers by the other parties dated November 1, 1997 and two agreements each dated December 17, 1999 among the parties.

***Monopros*** or ***De Beers Canada*** means De Beers Canada Inc., formerly known as Monopros Limited, a wholly-owned subsidiary of De Beers and also formally known as De Beers Canada Exploration Inc.;

***Mountain Glen*** means Mountain Glen Mining Inc., a wholly-owned subsidiary (now dissolved) of the Company;

***MPV, Mountain Province, Company*** or ***Registrant*** means Mountain Province Diamonds Inc.;

***MPV Shares*** means the common shares of MPV, and "MPV Share" means any of them;

***Nasdaq*** means the National Association of Securities Dealers Automatic Quotation System, now the Nasdaq Stock Exchange;

***NYSE Amex*** means the New York Stock Exchange Amex, after the take-over of the American Stock Exchange LLC by the New York Stock Exchange;

***Old MPV*** means MPV prior to its amalgamation with 444965 B.C. Ltd.;

***OTCBB*** means the OTC bulletin board;

***PFIC*** means Passive Foreign Investment Company under the Code;

***Qualified Person*** as defined by Canadian National Instrument 43-101 (Standards of Disclosure for Mineral Projects), means an individual who

(a) is an engineer or geoscientist with a least five years experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these;

(b) has experience relevant to the subject matter of the mineral project and the technical report; and

(c) is a member in good standing of a professional association (as that term is defined in Canadian National Instrument 43-101).

Except where specifically indicated otherwise, scientific and technical information included in this report on Form 20F 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. Independent Qualified Persons responsible for the Technical Report dated as of April 20, 2009 (the "Technical Report") entitled "Gahcho Kué Kimberlite Project NI 43-101 Technical Report, Northwest Territories, Canada" prepared for the Company by AMEC Americas Limited and discussed in Item 4 D Property, Plants and Equipment from the headings Property Settings to AMEC Recommendations are: Ken Brisebois, P.Eng., Dr. Ted Eggleston, P.Geo., and Alexandra Kozak, P.Eng.

***Registrant, Company*** or ***MPV*** means Mountain Province Diamonds Inc.;

***Sight*** means an invitation to purchase a certain amount of rough diamonds ten times a year from the De Beers' Diamond Trading Company in London;

***Sightholder*** means a diamantaire who purchases rough diamonds directly from the De Beers' Diamond Trading Company;

***TSX*** means the Toronto Stock Exchange; and

***VSE*** means the Vancouver Stock Exchange, subsequently renamed the Canadian Venture Exchange, and now known as the TSX Venture Exchange.

**GLOSSARY OF TECHNICAL TERMS**

| | |
|---|---|
| ***Adit*** | A horizontal or nearly horizontal passage driven from the surface for the working of a mine. |
| ***Archean*** | The earliest eon of geological history or the corresponding system of rocks. |
| ***Area of Interest*** | A geographic area surrounding a specific mineral property in which more than one party has an interest and within which new acquisitions must be offered to the other party or which become subject automatically to the terms and conditions of the existing agreement between the parties. Typically, the area of interest is expressed in terms of a radius of a finite number of kilometers from each point on the outside boundary of the original mineral property. |
| ***Bulk Sample*** | Evaluation program of a diamondiferous kimberlite pipe in which a large amount of kimberlite (at least 100 tonnes) is recovered from a pipe. |
| ***Carat*** | A unit of weight for diamonds, pearls, and other gems. The metric carat, equal to 0.2 gram or 200 milligram, is standard in the principal diamond- producing countries of the world. |
| ***Caustic Fusion*** | An analytical process for diamonds by which rocks are dissolved at temperatures between 450-600° C. Diamonds remain undissolved by this process and are recovered from the residue that remains. |
| ***Craton*** | A stable relatively immobile area of the earth's crust that forms the nuclear mass of a continent or the central basin in an ocean. |
| ***Diabase*** | A fine-grained rock of the composition of gabbro but with an ophitic texture. |
| ***Dyke*** | A body of igneous rock, tabular in form, formed through the injection of magma. |
| ***Feasibility Study*** | As defined by Canadian National Instrument 43-101, means a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production. |
| ***Gneiss*** | A banded rock formed during high grade regional metamorphism. It includes a number of different rock types having different origins. It commonly has alternating bands of schistose and granulose material. |
| ***Indicator mineral*** | Minerals such as garnet, ilmenite, chromite and chrome diopside, which are used in exploration to indicate the presence of kimberlites. |
| ***Jurassic*** | The period of the Mesozoic era between the Triassic and the Cretaceous or the corresponding system of rocks marked by the presence of dinosaurs and the first appearance of birds. |

***Kimberlite*** A dark-colored intrusive biotite-peridotite igneous rock that can contain diamonds. It contains the diamonds known to occur in the rock matrix where they originally formed (more than 100 km deep in the earth).

***Macrodiamond*** A diamond, two dimensions of which exceed 0.5 millimeters.

***Microdiamond*** Generally refers to diamonds smaller than approximately 0.5mm, which are recovered from acid dissolution of kimberlite rock.

***Mineral Reserve*** Means the economically mineable part of a Measured Mineral Resource or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

THE TERMS "MINERAL RESERVE," "PROVEN MINERAL RESERVE" AND "PROBABLE MINERAL RESERVE" USED IN THIS REPORT ARE CANADIAN MINING TERMS AS DEFINED IN ACCORDANCE WITH NATIONAL INSTRUMENT 43-101 - STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS WHICH INCORPORATES THE DEFINITIONS AND GUIDELINES SET OUT IN THE CANADIAN INSTITUTE OF MINING, METALLURGY AND PETROLEUM (THE "CIM") DEFINITION STANDARDS FOR MINERAL RESOURCES AND MINERAL RESERVES (THE CIM DEFINITION STANDARDS ) AS ADOPTED BY THE CIM COUNCIL ON DECEMBER 11, 2005. IN THE UNITED STATES, A MINERAL RESERVE IS DEFINED AS A PART OF A MINERAL DEPOSIT WHICH COULD BE ECONOMICALLY AND LEGALLY EXTRACTED OR PRODUCED AT THE TIME THE MINERAL RESERVE DETERMINATION IS MADE.

Under United States standards:

"Reserve" means that part of a mineral deposit which can be economically and legally extracted or produced at the time of the reserve determination.

"Economically," as used in the definition of reserve, implies that profitable extraction or production has been established or analytically demonstrated to be viable and justifiable under reasonable investment and market assumptions.

"Legally," as used in the definition of reserve, does not imply that all permits needed for mining and processing have been obtained or that other legal issues have been completely resolved. However, for a reserve to exist,

there should be a reasonable certainty based on applicable laws and regulations that issuance of permits or resolution of legal issues can be accomplished in a timely manner.

Mineral Reserves are categorized as follows on the basis of the degree of confidence in the estimate of the quantity and grade of the deposit.

"Proven Mineral Reserve" means, in accordance with CIM Definition Standards, the economically viable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate at the time of reporting, that economic extraction is justified.

The definition for "proven mineral reserves" under CIM Definition Standards differs from the standards in the United States, where proven or measured reserves are defined as reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (b) the sites for inspection, sampling and measurement are spaced so closely and the geographic character is so well defined that size, shape, depth and mineral content of reserves are well established.

"Probable Mineral Reserve" means, in accordance with CIM Definition Standards, the economically mineable part of an Indicated, and in some circumstances a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

The definition for "probable mineral reserves" under CIM Definition Standards differs from the standards in the United States, where probable reserves are defined as reserves for which quantity and grade and/or quality are computed from information similar to that of proven reserves (under United States standards), but the sites for inspection, sampling, and measurement are further apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

***Mineral Resource*** Under CIM Definition Standards, a Mineral Resource is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extractions. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

THE TERMS "MINERAL RESOURCE", "MEASURED MINERAL RESOURCE", "INDICATED MINERAL RESOURCE", "INFERRED MINERAL RESOURCE" USED IN THIS REPORT ARE CANADIAN MINING TERMS AS DEFINED IN ACCORDANCE WITH NATIONAL INSTRUMENT 43-101 - STANDARDS OF DISCLOSURE FOR MINERAL PROJECTS UNDER THE GUIDELINES SET OUT IN THE CIM DEFINITION STANDARDS. THE COMPANY ADVISES U.S. INVESTORS THAT WHILE SUCH TERMS ARE RECOGNIZED AND PERMITTED UNDER CANADIAN REGULATIONS, THE U.S. SECURITIES AND EXCHANGE COMMISSION DOES NOT RECOGNIZE THEM. THESE ARE NOT DEFINED TERMS UNDER THE UNITED STATES STANDARDS

AND MAY NOT GENERALLY BE USED IN DOCUMENTS FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION BY U.S. COMPANIES. AS SUCH, INFORMATION CONTAINED IN THIS REPORT CONCERNING DESCRIPTIONS OF MINERALIZATION AND RESOURCES MAY NOT BE COMPARABLE TO INFORMATION MADE PUBLIC BY U.S. COMPANIES SUBJECT TO THE REPORTING AND DISCLOSURE REQUIREMENTS OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

"Inferred Mineral Resource" means, under CIM Definition Standards, that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. U.S. INVESTORS ARE CAUTIONED NOT TO ASSUME THAT ANY PART OR ALL OF AN INFERRED RESOURCE EXISTS, OR IS ECONOMICALLY OR LEGALLY MINEABLE.

"Indicated Mineral Resource" means, under CIM Definition Standards, that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed. U.S. INVESTORS ARE CAUTIONED NOT TO ASSUME THAT ANY PART OR ALL OF THE MINERAL DEPOSITS IN THIS CATEGORY WILL EVER BE CONVERTED INTO RESERVES.

"Measured Mineral Resource" means, under CIM Definition standards that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes that are spaced closely enough to confirm both geological and grade continuity. U.S. INVESTORS ARE CAUTIONED NOT TO ASSUME THAT ANY PART OR ALL OF THE MINERAL DEPOSITS IN THIS CATEGORY WILL EVER BE CONVERTED INTO RESERVES.

***Operator*** The party in a joint venture which carries out the operations of the joint venture subject at all times to the direction and control of the management committee.

| | |
|---|---|
| ***Ordovician*** | The period between the Cambrian and the Silurian or the corresponding system of rocks. |
| ***Overburden*** | A general term for any material covering or obscuring rocks from view. |
| ***Paleozoic*** | An era of geological history that extends from the beginning of the Cambrian to the close of the Permian and is marked by the culmination of nearly all classes of invertebrates except the insects and in the later epochs by the appearance of terrestrial plants, amphibians, and reptiles. |
| ***Pipe*** | A kimberlite deposit that is usually, but not necessarily, carrot-shaped. |
| ***Preliminary Feasibility Study*** | Under the CIM Definition Standards, means a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating, economic factors and the evaluation of other relevant factors which are sufficient for a Qualified Person acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve. |
| ***Proterozoic*** | The eon of geologic time or the corresponding system of rocks that includes the interval between the Archean and Phanerozoic eons, perhaps exceeds in length all of subsequent geological time, and is marked by rocks that contain fossils indicating the first appearance of eukaryotic organisms (as algae). |
| ***Reverse Circulation Drill*** | A rotary percussion drill in which the drilling mud and cuttings return to the surface through the drill pipe. |
| ***Sill*** | Tabular intrusion which is sandwiched between layers in the host rock. |
| ***Stringers*** | The narrow veins or veinlets, often parallel to each other, and often found in a shear zone. |
| ***Tertiary*** | The Tertiary period or system of rocks. |
| ***Till Sample*** | A sample of soil taken as part of a regional exploration program and examined for indicator minerals. |
| ***Xenolith*** | A foreign inclusion in an igneous rock. |

## NOTE REGARDING FORWARD LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 concerning the Company's exploration, operations, planned acquisitions and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, 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 commodity price fluctuations;
- the uncertainty of profitability based upon the Company's history of losses;
- risks related to failure to obtain adequate financing on a timely basis and on acceptable terms;
- risks related to environmental regulation and liability;
- political and regulatory risks associated with mining and exploration; and
- other risks and uncertainties related to the Company's prospects, properties and business strategy.

Some of the important risks and uncertainties that could affect forward looking statements are described further in this Annual Report under the headings "Risk Factors", "History and Development of Company," "Business Overview," "Property, plants and equipment," and "Operating and Financial Review and Prospects". Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Forward looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Investors are cautioned against attributing undue certainty to forward-looking statements.

## NOTE REGARDING FINANCIAL STATEMENTS AND EXHIBITS

The financial statements and exhibits referred to herein are filed with this report on Form 20-F in the United States. This report is also filed in Canada as an Annual Information Form and the Canadian filing does not include the financial statements and exhibits listed herein. Canadian investors should refer to the annual consolidated financial statements of the Company as at March 31, 2009, which are incorporated by reference herewith, as filed with the applicable Canadian Securities regulators on SEDAR (the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval) under "Audited Annual Financial Statements - English".

## METRIC EQUIVALENTS

For ease of reference, the following factors for converting metric measurements into imperial equivalents are provided:

| To Convert From Metric | To Imperial | Multiply by |
|---|---|---|
| Hectares | Acres | 2.471 |
| Metres | Feet (ft.) | 3.281 |
| Kilometres (km.) | Miles | 0.621 |
| Tonnes | Tons (2000 pounds) | 1.102 |
| Grams/tonne | Ounces (troy/ton) | 0.029 |

**PART I**

**Item 1. Identity of Directors, Senior Management and Advisors**

Not Applicable

**Item 2. Offer Statistics and Expected Timetable**

Not Applicable

**Item 3. Key Information**

**A.** ***Selected financial data.***

The selected financial data set forth below should be read in conjunction with Item 5 - Operating and Financial Review and Prospects , and in conjunction with the consolidated financial statements and related notes of the Company included under Item 17, Financial Statements." The Company's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ( GAAP ). Material measurement differences between accounting principles generally accepted in Canada and the United States, applicable to the Company, are described in Note 11 to the consolidated financial statements. The Company's financial statements are set forth in Canadian dollars.

The following chart summarizes certain selected financial information for the Company as at and for its fiscal years ended March 31, 2009, 2008, 2007, 2006, and 2005. Except as otherwise indicated, dollar amounts presented are equivalent under Canadian and United States generally accepted accounting principles.

| | 12 Months Ended March 31, | | | | |
|---|---|---|---|---|---|
| | **2009** | **2008** | **2007** | **2006** | **2005** |
| **All in CDN$1,000's except Earnings (loss) per Share and Number of Common Shares** | | | | | |
| Operating Revenue | nil | nil | nil | nil | nil |
| Interest Revenue | 37 | 62 | 24 | 12 | 13 |
| Working Capital | 206 | 1,567 | 180 | 808 | 1,041 |
| Net Earnings (loss) - | | | | | |
| Under Canadian GAAP: | (1,538) | 166 | (1,961) | (2,200) | 1,531 |
| Under U.S. GAAP: | (1,715) | 152 | (2,050) | (1,948) | 1,836 |
| Basic and diluted earnings (loss) per share - | | | | | |
| Under Canadian GAAP: | (0.03) | - | (0.04) | (0.04) | 0.03 |
| Under U.S. GAAP: | (0.03) | - | (0.04) | (0.04) | 0.04 |
| Total Assets - | | | | | |
| Under Canadian GAAP: | 65,560 | 66,764 | 41,616 | 34,874 | 36,038 |
| Under U.S. GAAP | 34,351 | 35,733 | 10,925 | 4,971 | 3,683 |
| Total Current Liabilities | 192 | 213 | 419 | 181 | 95 |
| Share Capital | | | | | |
| Under Canadian GAAP: | 85,871 | 85,582 | 66,579 | 58,253 | 57,608 |
| Under U.S. GAAP: | 85,871 | 85,515 | 66,559 | 58,233 | 57,587 |
| Net Assets - | | | | | |
| Under Canadian GAAP: | 59,681 | 60,642 | 41,197 | 34,693 | 35,943 |
| Under U.S. GAAP | 28,473 | 29,611 | 10,506 | 4,790 | 3,588 |

| | | | | | |
|---|---|---|---|---|---|
| Number of Common Shares issued | 59,932,381 | 59,870,881 | 55,670,715 | 53,075,847 | 52,610,847 |

No dividends have been declared in any of the years presented above.

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**Currency and Exchange Rates**

All dollar amounts set forth in this report are in Canadian dollars, except where otherwise indicated. The following tables set forth, (i) for the five most recent financial years, the average rate (the "Average Rate") of exchange for the Canadian dollar, expressed in U.S. dollars, calculated by using the average of the U.S. noon exchange rates per the Bank of Canada for each trading day of the fiscal year; and (ii) the high and low exchange rates for each of the previous twelve calendar months for the Canadian dollars, expressed per the Bank of Canada.

The Average Rate is set out for each of the periods indicated in the table below.

| 2009 | 2008 | 2007 | 2006 | 2005 |
|---|---|---|---|---|
| US$0.8878 | US$0.9688 | US$0.8784 | US$0.8379 | US$0.7820 |

The high and low exchange rates for each month during the previous twelve months are as follows:

| Month | High (US$) | Low (US$) |
|---|---|---|
| June 2008 | $1.0052 | $0.9690 |
| July 2008 | $1.0025 | $0.9733 |
| August 2008 | $0.9768 | $0.9332 |
| September 2008 | $0.9711 | $0.9241 |
| October 2008 | $0.9447 | $0.7695 |
| November 2008 | $0.8713 | $0.7721 |
| December 2008 | $0.8423 | $0.7688 |
| January 2009 | $0.8503 | $0.7834 |
| February 2009 | $0.8224 | $0.7855 |
| March 2009 | $0.8202 | $0.7653 |
| April 2009 | $0.8421 | $0.7870 |
| May 2009 | $0.9176 | $0.8365 |

On June 25, 2009, the noon buying rate in Canadian dollars as per the Bank of Canada (the "Exchange Rate") was $1 Canadian = US$0.8636

**B.** ***Capitalization and indebtedness.***

Not Applicable

**C.** ***Reasons for the offer and use of proceeds.***

Not Applicable

**D.** ***Risk factors.***

The Company, and thus the securities of the Company, should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in this Annual Report prior to making an investment in the Company. In addition to the other information presented in this Annual Report, the following risk factors should be given special consideration when evaluating an investment in any of the

Company's securities. Any or all of these risks could have a material adverse effect on the Company s business, financial condition, results of operations, cash flows and on the market price of its common stock.

*(a) The Company's limited operating history makes it difficult to evaluate the Company's current business and forecast future results.*

The Company has only a limited operating history on which to base an evaluation of the Company's current business and prospects, each of which should be considered in light of the risks, expenses and problems frequently encountered in the early stages of growth of all companies, and in mining companies in particular. The Company has not commenced mining operations and is still in the exploratory and permitting stage. The Company may not be able to obtain all of the permits which are necessary for it to commence oprations. The Company s mining operations may not be successful. As a result of this limited operating history, period-to-period comparisons of the Company s operating results may not be meaningful and the results for any particular period should not be relied upon as an indication of future performance.

*(b) The diamond mining business is speculative and the Company may not be successful in implementing its plans to establish a successful and profitable diamond mining business*

Resource exploration and possible development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. Diamonds acquired or discovered by the Company may be required to be sold to The Diamond Trading Co., a wholly-owned subsidiary of De Beers, as per the Gahcho Kué Joint Venture Agreement (see Item 4D - Property, plant and equipment - Principal Properties - The AK Property ), at a price which is reflective of the market at that time.

*(c) The Company has no significant source of operating cash flow and failure to generate revenues in the future could cause the Company to go out business.*

The Company currently has no significant source of operating cash flow. The Company has limited financial resources. The Company's ability to achieve and maintain profitability and positive cash flow is dependent upon the Company's ability to generate revenues. The Company s current operations do not generate any cash flow. The Company s annual operating costs are approximately $1.3 million.

*(d) Exploration and Development*

The Company's properties are primarily in the advanced exploration and permitting stage. Company mining operations may never become profitable. Drilling of the 5034, Hearne and Tuzo kimberlite pipes has been extensive and has now been completed. There are no estimates of reserves. Estimates of mineral deposits, development plans and production costs, when made, can be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of diamonds ultimately discovered may differ from that indicated by bulk sampling results. Mine plans and processing concepts that have been developed are preliminary in nature.

*(e) The preliminary process testing may not be accurate in predicting the actual presence and recoverability of diamonds on Company properties.*

Process testing is limited to small scale testing based on a number of laboratory test programs, trade-off studies and design evaluations conducted in 2002 and 2004. Ore dressing study technical investigations were performed on kimberlite from the 5034 and Hearne pipes. A database of operating information developed during the 1999/2000 bulk

sample processing of 2,000 tonnes of kimberlite was used to supplement the ore dressing study data. Limited processing data is available for the Tuzo and Telsa kimberlites. Process plant studies were conducted during the course of 2005. There can be no assurance that diamonds recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale.

Difficulties may be experienced in obtaining the expected diamond recoveries when scaling up to a production scale process plant.

*(f) The Company currently does not have adequate funds to explore properties other than the Gahcho Kué Project.*

Except for the Gahcho Kué Project where project costs are paid by De Beers, the Company does not have the ability to pay for exploration or development costs on its other properties. If if such funds were available, there is no assurance that expending such funds would result in discovery of any diamondiferous kimberlite.

*(g) The Company has a history of losses and is likely to continue to incur losses for the foreseeable future.*

The Company has a history of losses and is likely to continue to incur losses for the foreseeable future. During the years ended March 31, 2009, 2008, and 2007, the Company incurred net losses or earnings during each of the following periods:

- $1.538 million net loss for the year ended March 31, 2009.
- $0.166 million net earnings for the year ended March 31, 2008.
- $1.961 million net loss for the year ended March 31, 2007.

As of March 31, 2009, the Company had an accumulated deficit of $27.5 million. There can be no assurance that the Company will ever be profitable.

None of the Company's properties have advanced to the commercial production stage, and the Company has no history of earnings or cash flow from operations and, as an exploration company, has only a history of losses.

*(h) The Company may never recover the amounts it has capitalized for mineral property costs*

The recoverability of the amounts capitalized for mineral properties in the Company's consolidated financial statements, prepared in accordance with Canadian generally accepted accounting principles, is dependent upon the ability of the Company to complete exploration and development, the discovery of economically recoverable reserves, and, if warranted, upon future profitable production or proceeds from disposition of some or all of the Company's mineral properties.

*(i) The Company s failure to generate revenues in the future could cause the Company to go out of business.*

As of March 31, 2009, the Company had cash and short-term investment of approximately $0.297 million and working capital of approximately $0.2 million. During the past three fiscal years ended March 31, 2009, the Company has used approximately $3.4 million in cash flows in operating activities including approximately $1.142 million during the fiscal year ended March 31, 2009, $1.230 million during the fiscal year ended March 31, 2008, and $0.978 million during the fiscal year ended March 31, 2007.

The Company's administrative and other expenses are expected to be approximately $1.3 million for the next year. The Company will be required to raise additional capital through equity and/or debt financings in the very near future on terms that may be dilutive to its shareholders' interests in the Company and to the value of their common shares. The Company may consider debt financing, joint ventures, production sharing arrangements, disposing of properties or other arrangements to meet its capital requirements in the future. Such arrangements may have a material adverse affect on the Company's business or results of operations. As well, there is no guarantee that the Company will be able to raise additional capital, or to raise additional capital on terms and conditions which it finds acceptable. If the Company is not able to raise sufficient capital, it may not be able to grow the Company, or it may be forced to cease

doing business.

*(j) The Company s properties have no proven reserves*

The properties in which the Company has an interest are all in the advanced exploratory and permitting stage and at this point, there are only indicated and inferred resources in four kimberlite bodies in Kennady Lake. See Item 4D - Property, plants and equipment - Principal Properties . The Company has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable. Failure to discover economically recoverable reserves will require the Company to write-off costs capitalized in its financial statements.

*(k) If the Company does not hold good title to properties, its ability to explore and eventually mine them could be prevented or restricted.*

The Company s business depends upon having clear title to its properties and its ability to explore and mine its properties without undue restriction. If any of its properties are subject to prior unregistered agreements that restrict the use of the properties, or if it does not hold title to the properties as it believes it does, its ability to explore and mine on those properties could be limited or prevented completely. This would have a material adverse effect on the business and its results of operation.

*(l) Diamond prices can fluctuate significantly, and as a result, the Company s results of operation may fluctuate significantly.*

The market for rough diamonds is subject to strong influence from the world's largest diamond producing company, De Beers, of South Africa, and from The Diamond Trading Co., (formerly known as the Central Selling Organization), a marketing agency controlled by De Beers. The price of diamonds has historically fluctuated. The price of diamonds dropped sharply after September 11, 2001 and had recovered, but future prices cannot be predicted. Between 2003 and 2006 diamond prices increased on average by approximately 15%. In 2007, rough diamond prices increased by an average of 25%, and in the first five months of 2008, by a further 11%. From about mid-2008 to mid-April 2009, rough diamond prices fell sharply with concerns of the global economic environment of the time. Starting in mid-April 2009, rough diamond prices have started to rebound, tempered by concerns of consumer buying confidence and behaviour. Because of such fluctuations, the Company s results of operation may fluctuate significantly.

*(m) The Company may incur significant costs to comply with Environmental and Government Regulation*

The current and anticipated future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, territorial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. The Company's exploration activities and its potential mining and processing operations in Canada are subject to various Canadian Federal and Territorial laws governing land use, the protection of the environment, prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies and may require that the Company obtain permits from various governmental agencies. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations, or that new legislation or modifications to existing legislation, would not have an adverse effect on any exploration or mining project which the Company might undertake.

Further detail on governmental regulation may be found in Item 4 - Business Review - Government Regulation, below.

Failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations. The amount of funds required to comply with all environmental regulations and to pay for compensation in the event of a breach of such laws may exceed the Company's ability to pay such amount.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation of existing or new laws, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

*(n) Climate and transportation costs may increase and have a negative effect on the Company s results of operation.*

The Gahcho Kué Project is subject to climate and transportation risks because of its remote northern location. Such factors can add to the cost of exploration, development and operation, thereby increasing costs and negatively affecting profitability.

*(o) The Company is dependent upon its joint venture partner for the success of the Gahcho Kué Project.r*

The Company, and the success of the Gahcho Kué Project, are dependent on the efforts, expertise and capital resources of our joint venture partner, De Beers Canada, and its parent De Beers. De Beers Canada is the project operator and is responsible for exploring, permitting, developing and operating the Gahcho Kué Project. In additional, De Beers Canada is providing critical financing for the project. The Company is dependent on De Beers Canada for accurate information about the Gahcho Kué Project, and the proper and timely progress of exploration, permitting and development.

*(p) Operating Hazards and Risks*

Diamond exploration involves many risks. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to property and possible environmental damage.

*(q) There are numerous factors beyond the control of the Company affect the marketability of any diamonds discovered.*

Factors beyond the control of the Company may affect the marketability of any diamonds produced. Significant price movements over short periods of time may be affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations (specifically, the U.S. dollar relative to the Canadian dollar and other currencies), interest rates and global or regional consumption patterns. The effect of these factors on the prices of diamonds and therefore the economic viability of any of the Company's projects cannot accurately be predicted.

*(r) The Company's expectations reflected in forward looking statements may prove to be incorrect.*

This Form 20-F includes "forward looking statements". A shareholder or prospective shareholder should bear this in mind when assessing the Company's business. All statements, other than statements of historical facts, included in this annual report, including, without limitation, the statements under and located elsewhere herein regarding industry prospects and the Company's financial position are forward-looking statements. Although the Company believes that

the expectations reflected in such forward looking statements are reasonable, such expectations may prove to be incorrect.

*(s) The Mineral Resources Industry is intensely competitive and the Company competes with many company that have greater financial means and technical facilities.*

The resource industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities. Competition could adversely affect the Company's ability to acquire suitable producing properties or prospects for exploration in the future. The Company may be required under the Gahcho Kué Joint Venture Agreement (see Item 4B - Information on the Company - Business Overview ) to sell its rough diamonds at a price that is reflective of the market price, to The Diamond Trading Co., a wholly-owned subsidiary of De Beers, which controls approximately 50% of the diamond market. There may therefore be no competition for diamonds produced from the Company's properties. The Company only competes in the acquisition of new properties.

*(t) Financing Risks.*

The Company's current operations do not generate any cash flow. As the Company seeks additional equity financing, the issuance of additional shares will dilute the interests of the Company's current shareholders. The amount of the dilution would depend on the number of new shares issued and the price at which they are issued. The Company has successfully raised funds in recent years through share, option and warrant issuances. As of March 31, 2009, the Company had cash and short-term investment of approximately $0.297 million and working capital of approximately $0.2 million. Subsequent to March 31, 2009, certain directors and officers exercised 165,365 outstanding options for total proceeds of $208,360 in order to provide additional liquidity to the Company for near term requirements. The Company is currently investigating various sources of additional liquidity 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 facilities, and debt, as well as further possible exercises of outstanding options by directors and officers. The Company s annual cash operating costs are approximately $1.3 million.

*(u) If outstanding options to buy Company stock are exercised, existing shareholders interests in the Company will be diluted.*

As at June 25, 2009, there were 1,134,635 options outstanding with exercise prices ranging from $1.26 to $4.50 (expiring at various dates). There were no warrants outstanding. The stock options, if fully exercised, would increase the number of shares outstanding by 1,134,635. Such options, if fully exercised, would constitute about 2% (out of 61,232,381 shares (60,097,746 issued and outstanding, plus total outstanding options) respectively) of the Company's resulting share capital as at June 25, 2009. It is unlikely that options would be exercised unless the market price of the Company's common shares exceeds the exercise price at the date of exercise. The exercise of such options and the subsequent resale of such Common shares in the public market could adversely affect the prevailing market price and the Company's ability to raise equity capital in the future at a time and price which it deems appropriate. The Company may also enter into commitments in the future which would require the issuance of additional common shares and the Company may grant new share purchase warrants and stock options. Any share issuances from the Company's treasury will result in immediate dilution to existing shareholders.

*(v) Members of our Board of Directors may have outside interests which conflict with the Company or its shareholders.*

Patrick Evans and Jennifer Dawson have Consulting Agreements with the Company (see Item 6C - Board Practices ). In addition, certain officers and directors of the Company are associated with other natural resource companies that acquire interests in mineral properties.. Such associations may give rise to conflicts of interest from time to time.

*(w) If the Company is not able to attract and maintain qualified key management personnel, it may not be able to successfully implement its planned business activities and growth.*

The nature of the Company's business, its ability to continue its exploration and development activities and to thereby develop a competitive edge in its marketplace depends, in large part, on its ability to attract and

maintain qualified key management personnel. Competition for such personnel is intense, and there can be no assurance that the Company will be able to attract and retain such personnel. The Company's development to date has depended, and in the future will continue to depend, on the efforts of Patrick Evans. See Item 7B -Related party transactions and Item 6C - Board Practices . Loss of the key person could have a material adverse effect on the Company. The Company does not maintain key-man life insurance on Patrick Evans.

*(x) The Company s stock price is subject to significant fluctuations.*

Prices for the Company's shares on the TSX and on the NYSE Amex, have been extremely volatile. The price for the Company's common shares on the TSX ranged from $0.75 (low) and $5.05 (high) during the fiscal year ended March 31, 2009, and from $3.79 (low) to $5.93 (high) during the fiscal year ended March 31, 2008. The price on the NYSE Amex ranged from $0.58 US (low) and $4.95 US (high) during the fiscal year ended March 31, 2009, and from $3.54 US (low) to $5.49 US (high) during the fiscal year ended March 31, 2008. Any investment in the Company's securities is therefore subject to considerable fluctuations in value.

*(y) The Company has not paid dividends in the past and does not anticipate paying them in the foreseeable future.*

Since our inception, we have not paid any cash dividends on our common stock and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. If we do not pay any dividends on our common stock, our shareholder will be able to profit from an investment only if the price of the stock appreciates before the shareholder sells it.

*(z) Currency rate fluctuations may have a material effect on our financial position, results of operations, and timing of the development of the Company s properties.*

Feasibility and other studies conducted to evaluate the Company's properties are denominated in U.S. dollars, and the Company conducts a significant portion of its operations and incurs a significant portion of its administrative and operating costs in Canadian dollars. The exchange rate for converting U.S. dollars into Canadian dollars has fluctuated in recent years. Accordingly, the Company is subject to fluctuations in the rates of currency exchange between the U.S. dollar and the Canadian dollar, and these fluctuations in the rates of currency exchange may materially affect the Company's financial position, results of operations and timing of the development of its properties. In particular, the recent strong increase in the value of the Canadian dollar compared to the U.S. dollar should be expected to have a material impact on projected future capital and operating costs, which could impact on the economic viability of the Gahcho Kué Project.

*(aa) De Beers Support*

The exploration of the Gahcho Kué Project has been primarily funded by De Beers, and De Beers Canada has made an equity investment in the Company. However, there is no assurance that the level of support provided by De Beers will continue in the future.

*(bb) It will be difficult for any shareholder of our Company to commence legal activation against our esecutives. Enforcing judgments won against them or the Company will be difficult.*

As the Company is a Canadian company, it may be difficult for U.S. shareholders of the Company to effect service of process on the Company or to realize on judgments obtained against the Company in the United States. Some of its directors and officers are residents of Canada and a significant part of its assets are, or will be, located outside of the United States. As a result, it may be difficult for shareholders resident in the United States to effect service of process within the United States upon the Company, directors, officers or experts who are not residents of the United States, or to realize in the United States judgments of courts of the United States predicated upon civil liability of any of the

Company, directors or officers under the United States federal securities laws. If a judgment is obtained in the U.S. courts based on civil liability provisions of the U.S. federal securities laws against the Company or its directors or officers it will be difficult to enforce the judgment in the Canadian courts against the Company and any of the Company's non-U.S. resident executive officers or directors. Accordingly, United States shareholders may be forced to bring actions against

the Company and its respective directors and officers under Canadian law and in Canadian courts in order to enforce any claims that they may have against the Company or its directors and officers. Subject to necessary registration, as an extra provincial company, under applicable provincial corporate statutes in the case of a corporate shareholder, Canadian courts do not restrict the ability of non-resident persons to sue in their courts. Nevertheless it may be difficult for United States shareholders to bring an original action in the Canadian courts to enforce liabilities based on the U.S. federal securities laws against the Company and any of the Company's Canadian executive officers or directors.

*(cc) Our common stock may be delisted from NYSE Amex, and if this occurs, shareholders may have difficulty converting their investment into cash efficiently.*

NYSE Amex has established certain standards for the continued listing of a security on this exchange. If our common stock were to be excluded from NYSE Amex, the prices of our common stock and the ability of shareholders to sell such stock would be adversely affected. As well, the Company would be required to comply with the initial listing requirements to be relisted on NYSE Amex.

## Item 4. Information on the Company

### A. *History and development of the company.*

**The Corporate Organization**

Mountain Province Diamonds Inc., formerly Mountain Province Mining Inc., was formed on November 1, 1997 by the amalgamation (the "MPV Amalgamation") of Mountain Province Mining Inc. ("Old MPV") and 444965 B.C. Ltd. ("444965") pursuant to an amalgamation agreement (the "MPV Amalgamation Agreement") dated as of August 21, 1997.

Under the terms of the MPV Amalgamation Agreement, as at November 1, 1997, each Old MPV share was exchanged for one MPV Share and each 444965 share was exchanged for approximately 0.80 of one MPV Share. The conversion ratios reflected the respective interests of Old MPV and 444965 in the AK-CJ Properties prior to the date of the MPV Amalgamation.

Old MPV was incorporated under the laws of British Columbia on December 2, 1986 under the British Columbia *Company Act* and was engaged in the exploration of precious and base mineral resource properties until the date of the MPV Amalgamation. Prior to the date of the MPV Amalgamation, Old MPV held an undivided 50% interest in the AK-CJ Properties and an interest in each of the other properties which are currently held by MPV, as described below.

444965, a wholly-owned subsidiary of Glenmore Highlands Inc., (Glenmore being a former controlling shareholder of the Company as defined under the *Securities Act*, British Columbia) prior to the MPV Amalgamation, was incorporated under the laws of British Columbia on August 20, 1993. Prior to the MPV Amalgamation, 444965's only material asset consisted of a 40% undivided interest in the AK-CJ Properties.

As of March 31, 2000, the Company had one wholly-owned subsidiary, Mountain Province Mining Corp. (USA), which has since been voluntarily dissolved.

On April 4, 2000, the Company incorporated a wholly-owned subsidiary, Mountain Glen Mining Inc. in Alberta. Pursuant to an arrangement agreement (the "Arrangement Agreement") with Glenmore dated May 10, 2000, Glenmore was amalgamated with Mountain Glen effective as of June 30, 2000 to form a wholly-owned subsidiary (also known as "Mountain Glen Mining Inc.") of the Company. All Glenmore Shares were exchanged for common shares in the Company on the basis of 0.5734401 MPV Shares to one Glenmore Share, and Glenmore Shares were concurrently cancelled. All of the assets of Glenmore became assets of Mountain Glen, including 16,015,696 MPV

Shares previously held by Glenmore.

Glenmore had two wholly-owned subsidiaries, Baltic Minerals BV, incorporated in the Netherlands, and Baltic Minerals Finland OY, incorporated in Finland. Pursuant to the Arrangement Agreement, these companies became wholly-owned subsidiaries of the Company.

The Company changed its name from Mountain Province Mining Inc. to Mountain Province Diamonds Inc. effective October 16, 2000. It commenced trading under its new name on the TSX on October 25, 2000.

Pursuant to an Assignment and Assumption Agreement dated March 25, 2004 between the Company and Mountain Glen, Mountain Glen distributed its property and assets *in specie* to the Company with the object of winding up the affairs of Mountain Glen. The property transferred included Mountain Glen's shares in Baltic Minerals BV and the 16,015,696 MPV Shares. On March 30, 2004, the 16,015,696 MPV Shares were cancelled and returned to treasury.

Mountain Glen was voluntarily dissolved on August 4, 2004.

Pursuant to the repeal of the British Columbia *Company Act* and its replacement by the British Columbia *Business Corporations Act* (the "New Act"), the Company transitioned to the New Act and adopted new Articles of Incorporation. On September 20, 2005, the Company s shareholders approved a special resolution for the continuance of the Company into Ontario, and the Company amended its articles and continued incorporation under the Ontario Business Corporation Act, transferring from the Company Act (British Columbia).

The Company is domiciled in Canada.

The names of the Company's subsidiaries, their dates of incorporation and the jurisdictions in which they were incorporated as at the date of filing of this Annual Report, are as follows:

| **Name of Subsidiary** | **Date of Incorporation** | **Juridiction of Incorporation** |
|---|---|---|
| Baltic Minerals BV | January 26, 1996 | The Netherlands |
| Baltic Minerals Finland OY | May 18, 1994 | Finland |
| Camphor Ventures Inc. | May 9, 1986 (as Sierra Madre Resources Inc.) | British Columbia, Canada |

The subsidiaries of the Company, represented diagrammatically, are as follows:

The Company's registered, records, administrative, and executive office is at 401 Bay Street, Suite 2700, PO Box 152, Toronto, Ontario, Canada M5H 2Y4, the telephone number is (416) 361-3562, and the fax number is (416) 603-8565.

The Company's initial public offering on the Vancouver Stock Exchange ("VSE") was pursuant to a prospectus dated July 28, 1988 and was only offered to investors in British Columbia. The Company listed its shares on the Toronto Stock Exchange ("TSX") (Trading Symbol "MPV") on January 22, 1999 and on the Nasdaq Smallcap Market (Trading Symbol "MPVIF") on May 1, 1996. Its shares were delisted from the

Vancouver Stock Exchange (now known as the TSX Venture Exchange and prior to that, as the Canadian Venture Exchange ("CDNX")) on January 31, 2000 and from the Nasdaq Smallcap Market on September 29, 2000. Presently, the Company's shares trade on the TSX under the symbol "MPV" and also on the NYSE Amex (formerly Amex) under the symbol MDM . Prior to April 4, 2005, the Company's shares traded on the OTCBB under the symbol "MPVI". The Company is also registered extra-provincially in the Northwest Territories, and is a reporting issuer in British Columbia, Ontario and Alberta. The Company files reports in the United States pursuant to Section 13 of the Securities Exchange Act.

The Company s transfer agent is Computershare located at 100 University Avenue, 8th Floor, Toronto, Ontario, Canada, M5J 2Y1.

**Principal Capital Expenditures and Divestitures**

There are no principal capital expenditures and divestitures currently in progress.

**Takeover offers**

There were no public takeover offers by third parties in respect of the Company's shares or by the Company in respect of other companies' shares during the last and current financial year, except as discussed under Acquisitions and Dispositions relating to Camphor Ventures.

**Acquisitions and Dispositions**

On October 10, 2002, the Company granted an option for the acquisition by Vision Gate Ventures Limited (now known as Northern Lion Gold Corp.) of a 70% interest in its Haveri Gold Property, which was not considered to be a property that was material to the Company. On October 4, 2004, the Company agreed to exchange the Company's 30% interest in the Haveri Gold Property for 4,000,000 common shares of Northern Lion Gold Corp. The shares were subject to a two-year hold period and there were volume restrictions on re-sale thereafter. The 4,000,000 common shares of Northern Lion Gold Corp. were sold in July 2007.

On July 5, 2006, the Company announced that it had entered into an agreement with certain Camphor Ventures Inc. ( Camphor or Camphor Ventures ) shareholders to acquire approximately 33.5 percent of the issued and outstanding shares of Camphor through a private agreement exempt share exchange on the basis of 0.3975 Mountain Province shares for each Camphor share. The acquisition was completed on July 24, 2006.

On January 19, 2007, the Company announced that Camphor had accepted an offer letter from the Company in terms of which the Company offered, subject to certain conditions, to acquire all of the outstanding securities of Camphor Ventures on the basis of 0.41 Mountain Province common shares, options or warrants (as the case may be) per Camphor common share, option, or warrant. Offering documents and the Camphor Directors Circular were mailed to Camphor shareholders on February 23, 2007, and the offer remained open until March 30, 2007, following which Mountain Province took up the Camphor shares tendered into the offer increasing the Company s interest in Camphor to over 90 percent. The offer was subsequently extended until April 16, 2007, following which the Company s interest in Camphor increased to 96% percent on a fully diluted basis. On April 19, 2007, the Company issued a Notice of Compulsory Acquisition to acquire the balance of the outstanding shares of Camphor. The Notice expired June 19, 2007 and the Company took up the balance of the Camphor shares. Camphor Ventures has been de-listed and is now a wholly owned subsidiary of Mountain Province.

**B.** ***Business overview.***

*1.1 Introduction*

The Company is a natural resource property exploration and development company. The Company has interests in several natural resource properties, the most significant and principal property being a 49%

interest (including the 4.9% interest in the property held by Camphor) in the AK Property located in the Northwest Territories of Canada. See "Item 4D - Property, plants and equipment".

The Company, as yet, does not have any commercially viable resource properties. Bulk sampling and drilling on the AK Property is complete, and the AK Property is now in the advanced exploration and permitting stage. There are no revenues from the Company s natural resource properties.

*1.2 Historical Corporate Development*

**AK-CJ Properties, and the Gahcho Kué Project**

In August 1992, the Company acquired a 100% interest in the AK-CJ Properties that encompassed approximately 520,000 acres. Pursuant to an agreement dated November 18, 1993 (as amended), the Company optioned 40% of its interest in the AK-CJ Properties to 444965, a subsidiary of Glenmore.

Pursuant to an agreement dated August 16, 1994 (as amended), the Company also optioned 10% of its interest in the AK-CJ Claims to Camphor. Following the merger of the Company with 444965, the Company held a 90% interest in the AK-CJ Claims, and Camphor, the remaining 10%. Exploration work in the form of soil sampling, aerial geophysical surveys and geochemical and geophysical analysis were undertaken on these properties during the period from 1992 to 1995.

During fiscal 1995, the Company focused the majority of its attention on the AK Property. In February 1995, a diamondiferous kimberlite was discovered (the "5034" kimberlite pipe) and a program of delineation drilling was undertaken. Activity during this period on the Company's other properties was minimal because of the focus on the AK Property.

During 1996, the Company completed a 104-tonne mini-bulk sample from the 5034 kimberlite pipe. The results indicated an average grade of 2.48 carats per tonne. During 1997, the Company concluded a joint venture agreement (the "Letter Agreement") with Monopros, a wholly-owned subsidiary of De Beers now known as De Beers Canada Inc., Camphor Ventures Inc., and other parties, and further amended it (as the Gahcho Kué Joint Venture Agreement) in 2002, to develop the AK-CJ Properties. The Letter Agreement granted De Beers the sole and exclusive right and option to acquire a 51% ownership interest in the AK Property in consideration of incurring certain expenditures.

During the 1997 exploration season, De Beers Canada discovered three new kimberlite pipes on the AK Property: Tesla, Tuzo and Hearne. All are diamondiferous.

During the spring of 1998, De Beers Canada conducted mini-bulk sampling on the three new pipes as well as the 5034 kimberlite pipe, the original pipe discovery on the AK Property. The results were positive enough for De Beers to commit to a major bulk sample in 1999.

During 1999, De Beers Canada completed a major bulk sample of the four major pipes. For the 5034 kimberlite pipe, a total of 1044 carats were recovered from 609 tonnes of kimberlite. For the Hearne pipe, a total of 856 carats were recovered from 469 tonnes of kimberlite. For the Tuzo pipe, a total of 533 carats were recovered from 523 tonnes of kimberlite. For the Tesla pipe, 64 carats were recovered from 184 tonnes of kimberlite. The Tesla pipe was too low grade to be considered as part of a mine plan.

On March 8, 2000, the Company agreed to extend the feasibility study decision date, and De Beers Canada agreed to carry all exploration, development and other project costs.

On August 4, 2000, De Beers Canada presented the Desktop Study to the Company. Upon presentation, De Beers Canada was deemed to earn a 51% interest in the AK-CJ Properties. Consequently, the Company was left with a

44.1% interest and Camphor with a 4.9% interest in the AK-CJ Properties. The main conclusion of the Desktop Study was that only a 15 percent increase in diamond revenues was needed for De Beers Canada to proceed to the feasibility stage.

On May 4, 2001, De Beers Canada completed the bulk sample program of the Hearne and 5034 pipes. A total of approximately 307 tonnes and 550 tonnes of kimberlite were recovered from the Hearne and 5034 pipes respectively. The modeled values of the diamonds recovered from the Hearne and 5034 pipes were reported on December 18, 2001 and the results were encouraging enough for De Beers to commit to another bulk sample during the winter of 2002. The main purpose was to recover more high quality, top color diamonds, like the 9.9-carat diamond recovered in the 2001 program.

The CJ Property claims substantially lapsed in November 2001 and the remaining CJ Property claims lapsed on August 17, 2002.

During 2002, the Company concluded a new joint venture agreement (the Gahcho Kué Joint Venture Agreement ) among Mountain Province Diamonds Inc., Camphor Ventures Inc., and De Beers Canada Exploration Inc. (now De Beers Canada Inc.). This agreement provides that De Beers Canada could earn up to a 55% interest in the project by funding and completing a positive definitive feasibility study. The agreement also provides that De Beers Canada could earn up to a 60% interest in the project by funding development and construction of a commercial-scale mine.

The winter 2002 bulk sample program of the 5034 and Hearne pipes was completed on April 20, 2002. The modeled grades and values per carat for both pipes were used to update the Desktop Study. De Beers Canada's 2003 updated Desktop Study showed that, due to the decrease in diamond prices since September 11, 2001 and a lower U.S. dollar against the Canadian dollar, the projected return on the project would be slightly less than that obtained previously. As a result of the indicated internal rate of return, well below the agreed hurdle rate of 15%, De Beers decided to postpone a pre-feasibility decision until the next year when the Desktop Study would be updated again.

At the end of July 2003, De Beers notified the Company that they had started work on a detailed internal cost estimate study on the Gahcho Kué Project that incorporated the Kennady Lake diamond deposits. They based their decision on their belief that the improving geo-political and economic conditions supported confidence in longer-term diamond price projections. In November 2003, the Joint Venture s management committee approved a budget of approximately $25 million for the study which started in January 2004, and was completed mid-2005.

The projected profitability levels were sufficiently encouraging to the Joint Venture to support the Joint Venture s decision to proceed to the next phase of permitting and advanced exploration to improve the resource confidence and input data for mine design to support further study. On July 11, 2005, De Beers reported an increase in the modeled value of the diamonds for the Gahcho Kué Project with the modeled values increasing by approximately 6, 7 and 8 percent for the Tuzo, Hearne and 5034 pipes respectively.

During 2006, 2007 and the winter of 2008, advanced exploration and permitting work continued on the AK Property. For further particulars, reference should be made to Item 4D - Property, plants and equipment - Principal Properties - Resource Properties .

**Other Properties**

As of June 30, 2000, the Company completed the Arrangement, an amalgamation of its wholly-owned subsidiary, Mountain Glen, with Glenmore, acquired the principal properties of Glenmore, namely, the Haveri and Sirkka gold properties, which are located in Finland, and indirect interests in the Telegraph and Springtime Property located the United States. The Sirkka, Telegraph and Springtime claims all lapsed in 2002/2003. The Company's interests in the Ketza River Property and Molanosa Projects have also lapsed. The Company has a 50% interest (acquired pursuant to an option/joint venture agreement with Opus Minerals Inc., now known as First Strike Diamonds Inc. on July 13, 1998) in claims held by Opus Minerals Inc. in the northern end of the Baffin Island. The property values for these claims have been written off and the Baffin Island property is no longer of interest to the Company. The Company also acquired a group of seven claims in northeastern Manitoba on March 20, 2001. Five of the seven claims lapsed in 2003, and the remaining two, in 2004. The Company does not regard the properties, other than the AK Property, as

material, and they are only briefly discussed in this annual report. The Haveri property was joint-ventured

with Northern Lion Gold Corp. (formerly known as Vision Gate Ventures Limited) and in October 2004, the Company's remaining 30% interest in the Haveri property was exchanged with Northern Lion Gold Corp. for 4,000,000 of the latter's common shares. For further particulars, reference should be made to Item 4D - Property, plants and equipment - Other Properties .

**Acquisition of Camphor Ventures Inc.**

On July 5, 2006 the Company announced that it had entered into an agreement with certain Camphor shareholders to acquire approximately 33.5 percent of the issued and outstanding shares of Camphor through a private agreement exempt share exchange on the basis of 0.3975 Mountain Province shares for each Camphor share. The acquisition was completed on July 24, 2006.

On January 19, 2007, the Company announced that Camphor had accepted an offer letter from the Company in terms of which Mountain Province offered, subject to certain conditions, to acquire all of the outstanding securities of Camphor on the basis of 0.41 Mountain Province common shares, options or warrants (as the case may be) per Camphor common share, option, or warrant. Offering documents and the Camphor Directors Circular were mailed to Camphor shareholders on February 23, 2007, and the offer remained open until March 30, 2007, following which Mountain Province took up the Camphor shares tendered into the offer increasing the Company s interest in Camphor to over 90 percent. The offer was subsequently extended until April 16, 2007, following which the Company s interest in Camphor increased to 96% percent on a fully diluted basis. On April 19, 2007, the Company issued a Notice of Compulsory Acquisition to acquire the balance of the outstanding shares of Camphor. The Notice expired June 19, 2007, and the Company took up the rest of the shares. Camphor Ventures has been de-listed and is now a wholly owned subsidiary of Mountain Province.

**Foreign Assets**

Until the Arrangement with Glenmore, all of the Company's assets are and have been located in Canada (see Item 4D - Property, plants and equipment - Principal Properties). Since the Arrangement, the Company has not generated any revenue from operations. Pursuant to the Arrangement, the assets of Glenmore, including properties in Finland, were acquired by Mountain Glen, and are now held by the Company, having been distributed to the Company on the winding up of Mountain Glen. The Haveri Gold Property in Finland was transferred to Northern Lion Gold Corp. in 2004. See Item 4A - History and development of the Company - Acquisitions and Dispositions .

**Competition**

The Company competes with other mining exploration and development companies in respect of the acquisition of new natural resource properties. Many of the mining companies with which the Company competes have operations and financial strength many times that of the Company. Competition could adversely affect the Company's ability to acquire suitable properties or prospects for exploration in the future.

The Company may be bound to sell its diamonds from the Gahcho Kué Project to The Diamond Trading Co., pursuant to the terms of the Gahcho Kué Joint Venture Agreement (see Item 4B - Business Overview - Description of Business - Historic Corporate Development ). The Diamond Trading Company in turn sells its rough diamonds to their customers.

On October 17, 2007, the Company entered into an agreement with the Government of the Northwest Territories pursuant to which it agreed to make available 10% of its share of the diamonds from the Gahcho Kué Project to the Northwest Territories diamond cutting and polishing facilities.

**Government Regulation**

The current and anticipated future operations of the Company, including development activities and commencement of production on its properties, require permits from various federal, territorial and local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste

disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mine-related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. The Company's exploration activities and its potential mining and processing operations in Canada are subject to various laws governing land use, the protection of the environment, prospecting, development, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, mine safety and other matters.

In most jurisdictions, mining is regulated by conservation laws and regulations. In the Northwest Territories, the mining industry operates primarily under Canadian federal law because the ownership of water, fisheries, and surface and sub-surface rights to land are vested in the federal government. Accordingly, federal legislation governs prospecting, development, production, environmental protection, exports, and collective bargaining. Matters of a purely local or territorial nature, such as mine safety standards, the establishment of a minimum wage, education and local health services are matters for the Territorial government. With respect to environmental matters, the Company's properties are subject to federal regulation under, *inter alia,* the *Canadian Environmental Protection Act*, the *Fisheries Act*, the *Northwest Territories Waters Act,* the *Arctic Waters Pollution Prevention Act*, the *Navigable Waters Protection Act*, the *Mackenzie Valley Resource Management Act* and the *Mackenzie Valley Land Use Regulations.* Territorial environmental legislation may also apply for some purposes. The Mackenzie Valley Land and Water Board established under the federal *Mackenzie Valley Resource Management Act* has the responsibility to receive and to process applications for water licenses under the *Northwest Territories Waters Act* in most areas of the Northwest Territories. These licenses outline the volume of water the mine may use, how tailings will be treated, the quality and types of waste that my be deposited into the receiving environment and how the quality and types of waste may be monitored and contain requirements regarding the restoration of the tailings disposal and other affected areas. The Mackenzie Valley Land and Water Board also issues land use permits applicable to most areas of the Northwest Territories under the *Mackenzie Valley Land Use Regulations*. Such permits govern the manner in which various development activities on federal Crown and other lands may be undertaken. Applicable territorial legislation and regulations include the *Apprentice and Trade Certification Regulations*, *Archaeological Resources Act*, *Boilers and Pressure Vessels Regulations, Business Licence Fire Regulations, Civil Emergency Measures Act, Environmental Protection Act, Environmental Rights Act, Explosives Use Act, Explosives Regulations, Fire Prevention Act, Fire Prevention Regulations, Labour Standards Act, Mine Health and Safety Act, Mine Health and Safety Regulations, Public Health Act, Research Act, Wildlife Act,* and *Workers Compensation Act.*

The *Fisheries Act, Northwest Territories Waters Act, Territorial Lands Act and Regulations, , Territorial Quarrying Regulations, Mackenzie Valley Land Use Regulations*, *Real Property Act, Transportation of Dangerous Goods Act,* and the *Canada Mining Regulations* are federal legislation or regulations. Failure to comply with territorial and/or federal legislation or regulations may result in cease work orders and/or fines.

The Company's operations and exploration activities are also subject to substantial regulation under these laws by governmental agencies. The Company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations, or that new legislation or modifications to existing legislation, would not have an adverse effect on any exploration or mining project which the Company might undertake.

Portions of the Northwest Territories will also be subject to the jurisdiction of the Tli Cho Government, a First Nations government which will have certain powers of regulation in respect of "Tli Cho Lands" under the "Tli Cho Agreement", a land claim agreement entered into between the Tli Cho First Nation and the federal and territorial governments.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial

actions. Parties engaged in mining operations may be required to compensate those

suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

**C.** ***Organizational structure.***

See Item 4 A - History and development of the Company - The Corporate Organization .

***D.*** ***Property, plants and equipment.***

**Principal Properties**

**In this section on "Principal Properties", the reader should note that where disclosures pertaining to mineral resources are made, these are not mineral reserves and do not have demonstrated economic viability. The Company has only one principal property, the AK Property also known as the Gahcho Kué Project, which is located in the Canada s Northwest Territories. The Gahcho Kué Project is in the permitting and advanced exploration stage, and there are no reserve estimates for this property at this time.**

**A "mineral resource" as defined under the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards for Mineral Resource and Mineral Reserves (the "CIM Definition Standards"), which are different from the SEC guidelines (the "SEC Guidelines") set forth in Guide 7 under Item 802 of Regulation S-K, means a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. See "Glossary of Technical Terms" in this Report.**

**In this Annual Report, because the Company is a Canadian company with mining properties in Canada, the definitions and disclosures are made in accordance with the CIM Definition Standards as required by Canadian law for disclosure of material facts. The CIM Definition Standards differ from those adopted by the Securities and Exchange Commission (the SEC ) in its Industry Guideline No.7. See Glossary of Technical Terms in this Report.**

**It should be noted that the SEC Guidelines define "reserve" to mean "that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination". No such reserves, as defined in the SEC Guidelines or as defined in the CIM Definition Standards, have been determined to exist at the present time.**

Description of Property

*Administrative Offices*

The Company's administrative office is located at 401 Bay Street, Suite 2700, PO Box 152, Toronto, Ontario, Canada M5H 2Y4. The Company considers these premises suitable for current needs.

*Mineral Properties*

Of the Company s properties, Gahcho Kué Project is under the most intense work because of the discovery of the Kennady Lake Kimberlite Field, and is considered to be the Company's only principal property.

**Extracts from Technical Report**

Unless otherwise stated, the technical information in this section from the sub-headings Property Settings to AMEC Recommendations is based upon Independent Qualified Person's Technical Report dated as of April 20, 2009 (the "Technical Report") entitled "Gahcho Kué Kimberlite Project NI 43-101 Technical Report, Northwest Territories, Canada" prepared for the Company by AMEC Americas Limited by Ken Brisebois, P.Eng., Dr. Ted Eggleston, P.Geo., and Alexandra Kozak, P.Eng. The Technical Report is included as Exhibit 14.1 of this Form 20-F report. It was filed with the relevant Securities Commissions in Canada on the System for Electronic Document Analysis and Retrieval ( SEDAR ) on June 12, 2009. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein. Reference should be made to the full text of the Technical Report.

**Property Setting**

The Gahcho Kué Project is located at the informally-named Kennady Lake, approximately 300 km east-northeast of Yellowknife in the District of Mackenzie, Northwest Territories (NWT), Canada. The property lies on the edge of the continuous permafrost zone in an area known as the barren lands . This terrain is characterized by low heath and tundra, with occasional knolls, bedrock outcrops, and localized surface depressions interspersed with lakes. Topographic elevations within the property range between 400 masl to 450 masl. The climate in the Gahcho Kué area is classified as sub-arctic, as the site is located immediately north of the tree line. Winters are long and cold, and summers are short and generally cool. The dominant flora is scrub birch-Labrador tea tundra and scrub birch cloudberry. Fauna includes red fox, arctic fox, sic sic (small spotted squirrel), grizzly bear, wolf and caribou (during annual migration), ptarmigan, abundant migratory bird life in summer, and clouds of mosquitoes and black flies during the height of the summer months (mid-June to mid-August).

Access to the Project is via float-equipped airplanes landing on the lake during the ice-free summer season and conventional or ski-equipped airplanes landing on an ice airstrip during the winter. In the shoulder seasons access is either direct using a helicopter or via a 1,000 foot long airstrip marked out on a relatively flat esker, approximately 26 km north of the Gahcho Kué camp. A helicopter transports people and goods between the esker and camp during these periods. Flight time from Yellowknife is about 1 hour and 20 minutes by Twin Otter. During the 1999, 2001, 2002, and 2006 winters, a permitted 120 km winter ice road was constructed connecting the Property with the main Tibbit-Contwoyto winter ice road, which supported shipments of fuel, heavy equipment, and construction materials.

**Tenure and Agreements**

The Project falls within four mining leases of 21-year tenure held. The mining leases are 100% owned by De Beers Canada Inc. (De Beers Canada), which holds them on behalf of the Gahcho Kué Joint Venture. The participating interest of each of the joint venture parties is governed by the 2002 Gahcho Kué Joint Venture Agreement, which is registered against the mineral leases.

Interest in the Gahcho Kué Project is governed by the updated and expanded Gahcho Kué Joint Venture Agreement effective January 1, 2002 when De Beers Canada agreed to fund all ongoing exploration, development and other project costs, after earning a 51% interest in the property by completion of a Desktop Study on August 4, 2000. MPV subsequently acquired all the shares of minority partner, Camphor Ventures, in 2007, and now holds 49% of the Project.

Leases are maintained by annual payments to the Department of Indian and Northern Affairs at C$1 per acre, increasing to C$2 per acre upon renewal to a second 21-year term. The total area under the lease is 4,189.72 ha (10,353 acres).

Mining tenure held by De Beers on behalf of the Joint Venture is valid and sufficient to support Mineral Resources. De Beers has taken appropriate steps to insure extension of the leases, which will remain valid

until July 15, 2023 because of expenditures on the property to date. Surface rights have not yet been acquired, and can be obtained by application to the Crown.

At this time, all of the permits required for exploration are in force. During those periods when exploration was active, the work was conducted under the appropriate permits.

Permits required for exploitation were identified, and the process for obtaining those permits was defined.

**Previous Work**

There is no recorded exploration prior to 1992 for diamonds, base, or precious metals in the area covered by the Property. Exploration conducted on behalf of MPV by Canamera Geological Ltd. during 1995 resulted in the discovery of the 5034 kimberlite.

De Beers became the operator of the property via a joint-venture agreement in 1997. Additional kimberlites, including Tesla, Hearne, and Tuzo were discovered the same year.

Inferred and Indicated Mineral Resources were disclosed for the first time in 2003 using CIM definitions with a supporting technical report filed on SEDAR on July 17, 2003. Information contained in the July 2003 technical report is superseded by the April 20, 2009 Technical Report, and should not be relied upon. Since 2003, there have been material changes to scientific and technical information, including additional diamond and geotechnical drilling, conceptual open pit and underground design work, supplementary metallurgical testing, and optimization studies as set forth in the April 20, 2009 Technical Report.

**Geology and Mineralization**

The Gahcho Kué kimberlite cluster occurs in the southeast Slave Craton.

Several kimberlite bodies were discovered and delineated by drilling. The 5034, Hearne North, Hearne South, and Tuzo pipes have the most attractive grades and tonnages delineated to date. Of the larger kimberlites on the property, the 5034 kimberlite is interpreted as forming an irregular hypabyssal root zone, Hearne and Tesla as transitional diatreme to root zones and Tuzo as the deeper part of a diatreme zone (Tesla is not included in the Gahcho Kué Mineral Resource because of its small size (0.4 ha) and relatively low-grade).

The 5034, Hearne, and Tuzo kimberlites have contrasting pipe shapes. The West Lobe, Centre Lobe, and eastern portion of the North-East Lobe of the 5034 kimberlite sub-crop below lake-bottom sediments; the northern portion of the 5034 North-East Lobe (referred to as the North Lobe) is a blind lobe overlain by approximately 80 m of in-situ country rock. The 5034 pipe is dominantly infilled with hypabyssal kimberlite (HK). Hearne South is a roughly circular pipe and smaller than Hearne North, which is a narrow elongated pipe. Hearne South is infilled predominantly with tuffisitic kimberlite breccia (TK); Hearne North is infilled with approximately equal amounts of HK and TK. Tuzo is characterized by smooth, steep-sided pipe walls and is predominantly infilled with TK with HK at depth.

In most cases, the top of the kimberlites occur between 380 and 390 masl. Except for the 5034 North Lobe, which intrudes 70 to 80 m below a peninsula, the kimberlites subcrop at the bottom of Kennady Lake, covered by 10 to 15 m of water and between 5 to 15 m of glacial lake sediments. The kimberlites are surrounded laterally by granite and granite-gneiss country rock.

AMEC determined that the geological understanding of the deposit setting, lithologies, and kimberlite type distributions was adequate to support Mineral Resource estimation. Understanding of diamond distributions within each kimberlite type were sufficient to support Mineral Resource estimation.

As well, AMEC assessed that the style of mineralization was sufficiently understood to support Mineral Resource estimation.

**Drilling and Sampling**

The property was the subject of several drilling campaigns since the initial work by Canamera Geological Ltd. in January 1995. In 1995, small diameter core drilling (47.6 mm NQ core) by Canamera Geological Ltd. discovered the 5034 kimberlite during drilling of geophysical anomalies at the head of a kimberlitic indicator mineral dispersion train.

Since then, small-diameter NQ core drilling was used extensively to test geophysical and kimberlite indicator mineral dispersion-train targets peripheral to the 5034 cluster (Tuzo and Hearne were discovered in 1997), as well as to delineate the shape of the kimberlite bodies and to provide data (including micro-diamonds) for geological and Mineral Resource modelling.

Large diameter core ( LDC ) drilling was used to collect small mini-bulk samples from 5034. In 1996, Canamera Geological Ltd. obtained PQ-sized core samples (85 mm diameter), and in 2007, the Gahcho Kué Project obtained 149 mm diameter LDC samples. The LDC samples provide additional information (macro-diamonds) regarding the diamond content of the pipes.

Large diameter reverse circulation ( RC ) drilling (LDD) was used to collect kimberlite mini-bulk samples by GKJV. LDD programs have included smaller scale 140 mm (5.5 -inch) diameter drillholes in 1998 and 1999, 311 mm (12.25-inch) drill holes in 1999, to the largest employed, the 610 mm (24-inch) diameter drill holes in the 2001, 2002, and 2008 mini-bulk sampling programs. The LDD mini-bulk sample programs were obtained macro-diamonds for grade and revenue estimation.

**5034**

Canamera Geological Ltd s. 1995 and 1996 drilling of the 5034 kimberlite comprised 69 NQ core holes to obtain geological and pipe volume data and 43 PQ core holes to obtain macro-diamonds for a preliminary estimate of diamond grade. An additional 11 NQ core holes and 17 RC holes of various sizes were drilled by the Project between 1998 and 2002. Mini-bulk sampling conducted between 1998 and 2002 to determine diamond grade and revenue has included 140 mm (5.5-inch) diameter drill holes in 1998, 311 mm (12.25-inch) diameter drill holes in 1999, and 610 mm (24-inch) diameter holes that were drilled in 2001 and 2002. The 1998 and 1999 drilling focused on the 5034 West, Centre and East lobes; in 2001 the East Lobe and the west neck of the Centre Lobe were drilled; in 2002 work focused on the narrow corridor drilled previously in 1999 through the West and Centre lobes. There was one delineation NQ core hole drilled by GKJV at 5034 in 2003.

In 2004, 13 core holes drilled into the 5034 kimberlite as part of pit geotechnical, hydrogeology, and ore dressing studies (ODS). In 2005, a single core hole for hydrogeology studies drilled through the East Lobe of 5034, and two core holes were drilled at the North Lobe of 5034 to provide additional geological data. A substantial core program followed this in 2006 that comprised 11 HQ core holes for pit geotechnical, pipe volume delineation, and geological investigations. The last campaign of core drilling was conducted in 2007 with five HQ core holes being drilled to provide geological data from the 5034 East Lobe and 5 LDC holes (149 mm, 5.875 -inch) drilled into the 5034 North Lobe to obtain a small parcel of macro-diamonds for comparative purposes.

**Hearne**

A total of 25 core holes were drilled in and around the Hearne kimberlite by GKJV during 1997-2003:

- 17 in Hearne North
- 6 in Hearne South (1 that intersected both pipes)
- 2 of which did not intersect kimberlite.

In 1998, 19 LDD holes (140 mm diameter) were drilled into the Hearne kimberlite to test the diamond grade:

19

- 16 were located at Hearne North
- 1 in Hearne South
- 2 holes intersected only granite.

In 1999, 8 LDD (311 mm diameter) holes were drilled into Hearne North and 2 into Hearne South to obtain macro-diamonds for initial revenue estimation. In 2001, 3 LDD (610 mm diameter) holes were drilled into the northern half of Hearne North, and 5 more LDD (610 mm diameter) holes tested Hearne North in 2002, to increase the parcel of macro-diamonds available for revenue estimation.

In 2004, 14 NQ core holes were drilled into the Hearne kimberlite as part of pit geotechnical and ODS programs. In 2005 a single core hole was drilled for hydrogeological studies, and in 2006 a single core hole was drilled to support pit geotechnical studies.

**Tuzo**

Between 1997 and 1999, 8 NQ core holes were drilled into Tuzo. All of these were angle holes collared outside the kimberlite body and drilled into, and sometimes through, the kimberlite. In 2002, 7 vertical HQ core holes were drilled into the pipe. LDD mini-bulk sample drilling took place in 1998 and 1999. Drilling to a maximum depth of 166 m, 17 LDD holes (140 mm diameter) were completed in 1998, and an additional 11 LDD holes (311 mm diameter) were completed in 1999 to a maximum depth of 300 m.

In 2004, 2 HQ core holes were drilled at Tuzo as part of a pit geotechnical study. This was followed by an 11-hole HQ core program in 2006 to provide pipe delineation and geological data. In 2007, a grid of 27 HQ core holes was completed to provide additional geological and pipe volume delineation data. The final resource drilling at Tuzo was an LDD mini-bulk sample program conducted in 2008 with 9 holes (610 mm) completed to provide additional macro-diamonds for diamond revenue estimation.

**AMEC s Assessment**

Exploration programs completed to date were assessed by AMEC to be appropriate to the style of mineralization and adequate to support Mineral Resource estimation. Drill hole types and orientations were appropriate for the type of mineralization. Small-diameter core holes defined the limits of the kimberlite bodies. Large-diameter core and reverse circulation drilling provided mini-bulk samples of kimberlite material for macro-diamond extraction. Micro-diamonds extracted from the small-diameter cores drilled to define the limits of the deposit. Three diamond breakage studies indicated that breakage was about 10 15% that is typical for this type of drilling program. The diamond parcels obtained in 2007 2008 were not evaluated for diamond breakage.

AMEC also assessed that the sampling and sample lengths were appropriate for the type of mineralization. Core sample lengths were somewhat variable during the early years of the Project. Later in the Project, core sample lengths were standardized at 12 m. These standardized samples provided most of the data used for the Mineral Resource estimates reported in the Gahcho Kué Kimberlite Project NI 43-101 Technical Report dated April 20, 2009.

Core and cuttings logging met and typically significantly exceeded industry practices. Core was quick-logged on site, and the kimberlite intersections were transported to De Beers core logging facility in Sudbury, Ontario where experienced geologists log kimberlite type, mineral and inclusion types and concentrations, and structures. AMEC assessed that geotechnical work to date was appropriate for the stage of the project and type of mining planned. Geotechnical logging of exploration core is a routine procedure performed by geologists trained in the logging methods required. A number of core holes were drilled specifically to obtain geotechnical data. Collar and downhole surveys were performed using industry-standard methods and instruments.

AMEC determined that the analytical and diamond recovery procedures were adequate to support Mineral Resource estimation. Macro-diamond and micro-diamond extractions were performed using procedures standard to the industry. Micro-diamonds were recovered from core using either caustic fusion or acid dissolution procedures. Both are standard to the industry, although caustic fusion is the most common procedure. Macro-diamonds are extracted using small-scale diamond recovery plants. Geochemical samples were analyzed using standard procedures and instrumentation. Density determinations were performed using standard procedures, and the number of density data is adequate to support Mineral Resource estimation. Most of the density data were obtained using a water immersion procedure standard to the industry. Some of the data were obtained using geophysical methods, and some were obtained by water displacement methods. Quality control during drilling, sampling, and sample analysis is adequate and reflects industry best practices. Quality control of diamond extractions consists of spikes using marked diamonds and tailings audits of a portion of the samples.

Sample and diamond security throughout the exploration process was determined by AMEC to be excellent and consisted of rigorous chain-of-custody procedures, multiple locks requiring at least two persons to open critical areas or containers, cameras in all plants and processing areas, and dedicated security personnel at all plants and processing areas. Shipping of diamonds and diamond concentrates conforms to requirements of Kimberley Process chain-of-custody procedures.

**Data Verification**

Independent data verifications were undertaken on a number of occasions between 1999 and 2008:

- 1999, 2004, 2007 independent consultants made site visits to review quality assurance/quality control ( QA/QC )
- 1999 external consultant audit of the 1999 evaluation program
- 2000 geology (petrological) peer review
- 2004 geotechnical and hydrogeology consultants QA/QC site visit, internal and external Mineral Resource evaluation data base audits, geology (petrological) peer review, Gemcom® three- dimensional ( 3D ) model peer review
- 2007 internal and external petrological peer reviews; external verification of macro-diamond resource evaluation data set
- 2008 external review of 2003 Technical Report resource estimation and density (rock density) models.

Resource evaluation data base verification included:

- audits of drill collar locations and lengths
- down-hole survey data
- geological logs
- bulk density data
- macro-diamond data.

**Metallurgical Testwork**

AMEC determined that metallurgical testwork was appropriate for the stage of the project and was adequate to support Mineral Resource estimation. Mini-bulk samples were processed using scaled-down equipment that allows collection of some of the processing parameters. Other parameters were obtained from core specifically drilled for that purpose.

**Mineral Resource Statement**

Large diameter reverse-flood drilling ( LDD ) provided samples of kimberlite for grade and diamond value modelling. Macro-diamonds from the LDD were used to estimate local grades on 5034 West and Centre Lobes and Hearne Pipe. Grade estimations for these pipes were completed using variography and kriging

21

methods. Diamonds from this drilling were also used to confirm diamond size and value data for all lobes and pipes.

Micro-diamonds from drill core were used to create local estimates of grade for the 5034 North-East Lobe and Tuzo Pipe. Micro-diamonds are stones (less than 0.5 mm) recovered from the dissolution of drill core using a caustic fusion process. These results were kriged into local blocks (25 m x 25 m x 12 m) and then converted to carats per hundred tonnes above a commercial bottom cut-off using a model of grade with size developed from micro and macro diamonds.

Density modelling was completed using dry densities. Density was estimated per Lobe for 5034 West and Centre, locally into mining blocks for the 5034 North-East Lobe and Tuzo, and by rock type for Hearne Pipe. Industry-standard techniques were used to ensure appropriate calculation and reporting of the diamond resources at a +1 mm lower cut-off. The Mineral Resources were adjusted for the expected main treatment plant response by reducing recoveries in the lower size classes.

AMEC had access to two sources of diamond valuations. One valuation was from the Diamond Trading Company ( DTC ). WWW Diamond Consultants International ( WWW ) performed the second for MPV. In the Gahcho Kué Kimberlite Project NI 43-101 Technical Report, AMEC relied on both valuations and the Qualified Persons believed that it was appropriate to rely on both sources. WWW are recognized international leaders in this field and are the valuers to the Federal Government of Canada for the Canadian diamond mines in the Northwest Territories. The DTC is the internal qualified group that performs valuations for DeBeers operations, the recognized originator of the methods in use by all valuators, and the rough diamond distribution arm of the De Beers Family of Companies. In addition, they are the world's largest supplier of rough diamonds, handling nearly half of the world's supply by value.

To assess reasonable prospects for economic extraction to support declaration of a Mineral Resource, diamond valuations from the De Beers Group (project operator) and WWW were analysed, and average mid-2008 pricing with a 20% increase was applied to the resource blocks. It is common practice in the industry to assume a higher long-term commodity price when determining a cut-off grade for Mineral Resources than the long-term commodity price used for mineral reserves or financial analysis.

Most of the Mineral Resources were shown to be amenable to open-pit mining. The relatively small amount of remaining material lying outside of the resource pit shell was, at least conceptually, shown to have reasonable prospects of economic extraction using underground mining methods. Further study is required to determine economic viability of the material amenable to underground mining methods. Average diamond pricing was only used to assess reasonable prospects of economic extraction to support declaration of Mineral Resources.

Table 1-1 summarizes the Mineral Resource estimate. The Qualified Person for the estimate is Ken Brisebois, P.Eng., an AMEC employee. In this case, AMEC has elected to report the resources at a zero cut-off grade, deeming that the kimberlite contacts can be considered to be the potentially mineable boundaries. Mountain Province Diamonds Inc. and AMEC caution that Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

**Cautionary Note to U.S. Investors concerning estimates of Indicated and Inferred Resources.** This section uses the terms "indicated" and "inferred resources." We advise U.S. investors that while those terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. "Inferred 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, estimates of Inferred Mineral

Resources may not form the basis of feasibility or pre-feasibility studies, except in. rare cases.

**U.S. investors are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into reserves.**

**U.S. investors are cautioned not to assume that part or all of an inferred resource exists, or is economically or legally minable.**

**Table 1-1: Gahcho Kué 2009 Mineral Resource Summary at 1.0 mm Bottom Cut-Off (Effective Date April 20, 2009)**

| Resource | Classification | Volume ($Mm^3$) | Tonnes (Mt) | Carats (Mct) | Grade (cpht) |
|---|---|---|---|---|---|
| 5034 | Indicated | 5.1 | 12.7 | 23.9 | 188 |
| | Inferred | 0.3 | 0.8 | 1.2 | 150 |
| Hearne | Indicated | 2.3 | 5.3 | 11.9 | 223 |
| | Inferred | 0.7 | 1.6 | 2.9 | 180 |
| Tuzo | Indicated | 5.1 | 12.2 | 14.8 | 121 |
| | Inferred | 1.5 | 3.5 | 6.2 | 175 |
| ***Summary*** | ***Indicated*** | ***12.4*** | ***30.2*** | ***50.5*** | ***167*** |
| | ***Inferred*** | ***2.5*** | ***6.0*** | ***10.3*** | ***173*** |

Notes:
1) Mineral Resources are reported at a bottom cut-off of 1.0 mm; cpht = carats per hundred tonnes.
2) Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability
3) Volume, tonnes, and carats are rounded to the nearest 100,000
4) Tuzo volumes and tonnes exclude 0.6 Mt of a granite raft
5) Diamond price assumptions used to assess reasonable prospects of economic extraction reflect mid-2008 pricebooks with a 20% increase factor. The prices assumed, on a per pipe basis (in US$), equate to $113/ct for 5034, $76/ct for Hearne and $70/ct for Tuzo.

**AMEC s Recommendations**

In the Gahcho Kué Kimberlite Project NI 43-101 Technical Report, AMEC concluded that the scientific and technical data on the Gahcho Kué Project is of sufficient quality and level of detail to support a feasibility study, if a decision is made by the Project partners to proceed to a feasibility study. AMEC recommended that the Project partners monitor market conditions to determine when such a decision would be appropriate.

**GAHCHO KUÉ PROJECT LOCATION MAP (2007)**

**Gahcho Kué Project and Mountain Province Diamonds Claims**

Mountain Province (outside of the Joint Venture with De Beers) has the following five claims with their respective claim numbers AK 81, AK 84, AK 85, AK 86 and AK 93. These five claims represent about 12,555 acres. These claims are not part of the Gahcho Kué Joint Venture Agreement with De Beers Canada and are not considered part of the Gahcho Kué Project.

**MAP LOCATION OF PIPES**

**Information Prepared by the Company**

The following information is prepared by the Company. The Company has issued press releases commenting upon recent results and activities for the Gahcho Kué Project. Such disclosure has been reviewed by Carl G. Verley, P.Geo. who serves as the Qualified Person in relation to such disclosure.

*2008 Independent Diamond Valuation*

The market for rough diamonds is subject to strong influence from the world's largest diamond producing company, De Beers, of South Africa, and from The Diamond Trading Company, a marketing agency controlled by De Beers. The price of diamonds dropped sharply after September 11, 2001 and had recovered, but future prices cannot be predicted. Between 2003 and 2006 diamond prices increased on average by approximately 15%. In 2007, rough diamond prices increased by an average of 25%, and in the first five months of 2008, by a further 11%. From about mid-2008 to mid-April 2009, rough diamond prices fell sharply with concerns of the global economic environment of the time. Starting in mid-April 2009, rough diamond prices have started to rebound, tempered by concerns of consumer buying confidence and behaviour. Regardless, continuing trends suggest an over demand for rough diamonds in the mid- to long-term.

On November 17, 2008, the Company announced the results of an independent valuation of the diamonds recovered from the Gahcho Kué Project during the exploration phase. The valuation was conducted by WWW International Diamond Consultants Ltd. at the London offices of the Diamond Trading Company on September 22 and 23, 2008. Subsequent to the valuation, WWW has revised its Price Book and all diamond values presented below are based on the WWW Price Book as at October 13, 2008.

The independent diamond valution resulted in a 63% increase in the actual price of the Gahcho Kué diamonds to US$135 per carat, on a statistically more robust sample and with rising rough diamond prices compared to the Company s last independent valuation of a smaller and less representative diamond parcel in 2006.

Table 1-2 below reflects the actual price per carat for the parcel of 8,195.17 carats of diamonds recovered from the Gahcho Kué Project.

**Table 1-2: Actual Price (US$/carat)**

| Kimberlite | Carats | US$/carat | US Dollars |
|---|---|---|---|
| 5034 | 3,133.02 | 122 | 381,080 |
| Tuzo | 2,155.70 | 252 | 542,431 |
| Hearne | 2,906.45 | 62 | 179,032 |
| **Total** | **8,195.17** | **135** | **1,102,543** |

Table 1-3 below presents models of the average price per carat (US$/carat) for each kimberlite lithology. 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 1-3: Models of Average Price (US$/carat)**

| Kimberlite | Model Price ($/carat) | Minimum Price ($/carat) | High Price ($/carat) |
|---|---|---|---|
| 5034 NE Lobe | 120 | 108 | **145** |
| 5034 Centre | 112 | 102 | **133** |
| 5034 West | 124 | 112 | **149** |
| Tuzo Other | 88 | 80 | **107** |
| Tuzo TK TK1 | 102 | 91 | **126** |

| | | | |
|---|---|---|---|
| Tuzo TK | 70 | 64 | **83** |
| Hearne | 73 | 67 | **86** |

(+1.50mm bottom cut-off)

In their report to Mountain Province, WWW stated: The Tuzo sample and the 5034 East sample both contained one high value large stone. For Tuzo there was a 25.14 carat stone valued at $17,000 per carat and 5034 East had a 9.90 carat stone valued at $15,000 per carat. It is encouraging that such high value stones

were recovered in samples of this size. If they are found in the same frequency throughout the resource then the modelled APs [Average Prices s] will certainly be towards the high values [highlighted in the right column of Table 1-3 above].

The WWW Price Book as at October 13, 2008 reflects a significant write down to reflect the current market conditions. Since then, the diamond market, in the context of the overall financial markets, has deteriorated further. However, WWW believes that the already discounted Price Book of October 13, 2008 provides a reasonable and conservative view of the likely value of Gahcho Kue s production at the time that it may come into production in several years time. The long-term supply/demand fundamentals, in WWW s opinion, highlights that a shortage of rough diamond supply will still prevail, but be deferred given the sudden drop in demand reflecting the current global economic situation, which has depressed all commodity prices in the short term. In fact, the current market difficulties will inevitably take out considerable rough diamond supply capacity in the short term, but may well work in favour of a new mine coming on stream at Gahcho Kué in several years time.

**Definitive Feasibility Study**

On December 16, 2008, the Company announced that the Joint Venture was considering a proposal received from an independent engineering firm to produce a NI 43-101 definitive feasibility study for the Gahcho Kué Project. This definitive feasibility study proposal is still under consideration by the Joint Venture.

**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 eventual 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 ("EA"). On June 12, 2006, the MVEIRB ordered that an Environment Impact Review ( EIR ) of the applications should be conducted.

In July 2006, De Beers Canada filed an application for a judicial review of the referral. De Beers Canada brought the application for judicial review of the MVEIRB decision to the Supreme Court of the NWT. On April 2, 2007, the Supreme Court of the Northwest Territories dismissed De Beers Canada s application and upheld the decision by the MVEIRB.

Following the decision of the Supreme Court of the NWT, the MVIERB has now commenced the EIR. The MVEIRB published draft Terms of Reference and a draft Work Plan for the Gahcho Kué Project in June 2007, and called for comments from interested parties by July 11, 2007. The EIR is designed to identify all of the key environmental issues that will be impacted by the eventual development of the Gahcho Kué diamond mine and to facilitate participation by key stakeholders in addressing these issues. The draft Work Plan anticipated that the EIR of the Gahcho Kué Project will be completed by mid-2009, although the MVEIRB emphasized that the dates reported are target dates only, and the schedule is subject to change. On June 14, 2007, the Company announced its attendance at the first of two work plan meetings in Yellowknife on June 11, 2007, conducted by the MVEIRB, where an overview of the draft Terms of Reference for the Environmental Impact Study and draft Work Plan for the EIR were discussed. The impact of the EIR on the project s eventual development schedule is not yet known.

On December 17, 2007, the Company announced that the MVEIRB published the final terms of reference for the Gahcho Kué Environment Impact Statement ( EIS ) on October 5, 2007. On May 9, 2008, the project operator, De Beers, advised the MVEIRB that the Joint Venture deferred the filing of the EIS.

In view of the proposed definitive feasibility study, the results of which are expected to impact on the final project description, the Project Operator, De Beers Canada, advised the MVEIRB that submission of the Gahcho Kué Environmental Impact Statement will be deferred pending the completion of an updated project description. No fixed

date has been set for completion of the project description.

**Project Costs to Date**

The following table outlines the costs to date, with funding coming primarily from De Beers Canada.

| Period of Time | Amount [1] |
|---|---|
| January 1, 1997 to December 31, 2005 | $80,097,784 |
| Expenses January 1, 2006 to December 31, 2006 | 33,409,897 |
| Expenses January 1, 2007 to December 31, 2007 | 38,372,876 |
| Expenses January 1, 2008 to December 31, 2008 | 32,479,413 |
| Approved Budget January 1, 2009 to December 31, 2009 | 1,954,782 |

1) information provided by project operator, De Beers Canada Inc., and other disclosures

**Other Properties**

No work has been done on the Baffin Island Joint Venture since 2001 and the property was written off in fiscal 2004.

Pursuant to the amalgamation of Mountain Glen and Glenmore, the Company's wholly-owned subsidiary, Mountain Glen, acquired mineral properties in Finland. These mineral properties were transferred to the Company when Mountain Glen wound up its affairs.

The Company had one non-material property in Finland, the Haveri Gold Property. An option was granted on October 10, 2002 to Northern Lion Gold Corp. (formerly Vision Gate Ventures Limited) for the acquisition of a 70% interest in the Haveri Property. On October 4, 2004, the Company agreed to exchange its remaining 30% interest in the Haveri Property for 4,000,000 shares of Northern Lion Gold Corp.

**Item 4A.**

**Unresolved Staff Comments**

None.

**Item 5.**

**Operating and Financial Review and Prospects**

**A.**

***Operating results.***

The following discussion of the financial condition and operating results of the Company should be read in conjunction with the consolidated financial statements and related notes to the financial statements which have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Discussion and analysis set forth below covers the results obtained under GAAP in Canada. A significant difference between Canadian and U.S. GAAP exists with respect to accounting for mineral property exploration costs which have been capitalized under Canadian GAAP but are required to be expensed under U.S. GAAP when incurred until such time as commercially mineable deposits are determined to exist within a particular property. Material measurement differences between accounting principles generally accepted in Canada and the United States, applicable to the Company, are described in Note 10 to the consolidated financial statements.

**Fiscal Year ended March 31, 2009 compared to Fiscal Year ended March 31, 2008**

The Company s net loss for the year ended March 31, 2009 was $1,537,590, or $0.03 per share, compared with a net income of $165,531 for the year ended March 31, 2008. Before the Company s tax recovery of $222,796 (2008 - $222,166), the net loss was $1,760,386 (2008 - $56,635) for March 31, 2009.

The net loss for the year ended March 31, 2009 includes stock-based compensation expense of $574,200 compared to no stock-based compensation expense for the year ended March 31, 2008. The options were granted in November 2008, and each vested immediately, and was granted for a five-year term. The net income for the year ended March 31, 2008 includes the Company s gain on sale of its 4,000,000 common

shares of Northern Lion of $1,075,420. Without the gain on sale for the year ended March 31, 2008, the Company had a net loss for the year (before tax recovery) of $1,132,055, or $0.02 per share.

Operating expenses, excluding stock-based compensation, totaled $1,222,968 for the year ended March 31, 2009 compared to $1,194,210 for the prior year. The largest component of these operating expenses was consulting fees, which were $639,987 for the year ended March 31, 2009 compared to $474,704 for the prior year. Consulting fees primarily relate to technical consulting and the fees paid to management, as well as other corporate consulting.

**Fiscal Year ended March 31, 2008 compared to Fiscal Year ended March 31, 2007**

The Company s net income for the year ended March 31, 2008 was $165,531, compared with a net loss of $1,961,263 or $0.04 per share, for the year ended March 31, 2007. Before the Company s tax recovery of $222,166, the net loss was $56,635. The net loss for the year ended March 31, 2008 includes the Company s gain on sale of its 4,000,000 common shares of Northern Lion of $1,075,420. Without the gain on sale, the Company had a net loss for the year (before tax recovery) of $1,132,055, or $0.02 per share.

Operating expenses were $1,194,210 for the year ended March 31, 2008 compared to $1,361,937 for the prior year.

Professional fees at $202,245 for the year ended March 31, 2008 include audit and tax preparation accruals, and legal expenses, compared to $198,628 in the prior year.

In the year ended March 31, 2008, the Company incurred Promotion and investor relations expenses in the amount of $86,380 compared to $124,467 for March 31, 2007 yearend. The March 31, 2007 amount includes approximately $53,000 as retainer for the Company s investor relations firm in 2006. The investor relations retainer was terminated in November 2006.

During the year ended March 31, 2007, the Company recognized $186,321 of stock-based compensation expense related to options granted in November 2005 and January 2006, each vesting 50% immediately, and 50% at the one-year anniversary of their granting. All options are exercisable and there is no stock-based compensation for the current year.

Other expenses have generally increased over the prior year primarily due to increased management and oversight activities undertaken with respect to the Company's investment in the Gahcho Kué Project, particularly during the third quarter.

**B.**

***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 $206,261 at March 31, 2009 ($1,566,949 as at March 31, 2008), and cash and short-term investment of $297,346 ($1,582,127 at March 31, 2008). The short-term investment is a guaranteed investment certificate held with a major Canadian financial institution, and the Company considers there to be no risk associated with the bank s creditworthiness.

The Company had no long-term debt at either March 31, 2009 or March 31, 2008. The Company does not currently incur any direct costs in connection with the Gahcho Kué Project as these costs are currently being funded by De Beers Canada without recourse to the Company.

Since the end of the Company s quarter ended June 30, 2008, global economic conditions and financial markets have experienced significant weakness and volatility. Until this period of weakness and unpredictability subsides, there is increased risk that the Company will be unable to obtain additional

financing. In the meanwhile, the Company will continue to exercise prudent management of available and future capital.

The Company has incurred losses in the year ended March 31, 2009 amounting to $1,537,590, incurred negative cash flows from operations of $1,141,890, and will require additional sources of financing to complete its future business plans. . At March 31, 2009, the Company had approximately $300,000 of cash on hand and short-term investment. Subsequent to March 31, 2009, certain directors and officers exercised 165,365 outstanding options for total proceeds of $208,360 in order to provide additional liquidity to the Company for near term requirements. The Company is currently investigating various sources of additional liquidity 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 facilities, and debt, as well as further possible exercises of outstanding options by directors and officers. However, there is no certainty that the Company will be able to obtain financing from any of those sources. As a result, there is substantial doubt as to the Company s ability to continue as a going concern.

There can be no assurance of continued access to financing, including new equity capital, in the future, and an inability to secure such financing may require the Company to substantially curtail and defer its planned operations, and impact on the Company s ability to continue as a going concern. The Company s consolidated annual financial statements are prepared on a going concern basis. Readers are advised to review the Company s going concern references in Note 1 to the March 31, 2009 year-end audited consolidated financial statements.

During the year, the Company received $34,502 by issuing 61,500 shares upon the exercise of stock options. During the year ended March 31, 2008, the Company received $141,048 by issuing 147,350 shares upon the exercise of various stock options.

The Company expects to continue incurring annual losses until it receives revenue from production on the Gahcho Kué Project, if placed into production. There is no assurance that the property will be developed or placed into production.

**C.**

***Research and development, patents and licenses, etc.***

The Company does not engage in any research and development activities and has no patents or licenses.

**D.**

***Trend information.***

There are no major trends which are anticipated to have a material effect on the Company's financial condition and results of operations in the near future. The reduction of expenses has been achieved in most areas. Management will continue its efforts to reduce other expenses.

**E.**

***Off-balance sheet arrangements.***

The Company has no off balance sheet arrangements.

**F.**

***Tabular disclosure of contractual obligations.***

The Company has no contractual obligations relating to debt or lease obligations as at March 31, 2009.

**Critical Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and assumptions are used in determining the application of the going concern concept, the continual deferral of costs incurred for mineral properties and exploration, assumptions used to determine the fair value of stock-based compensation, and impairment of the Company s interest in the Gahcho Kué Project. The Company evaluates its estimates on an ongoing basis and bases them on various

assumptions that are believed to be reasonable under the circumstances. The Company's estimates form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the policies for going concern and its interest in the Gahcho Kué Project are critical accounting policies that affect the significant judgments and estimates used in the preparation of the Company's financial statements.

The Company considers that its mineral properties have the characteristics of property, plant and equipment, and, accordingly defers acquisition and exploration costs under Canadian generally accepted accounting principles. The recoverability of mineral property acquisition and deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves and on the future profitable production, or proceeds from disposition, of the Company's properties. The Company is in the process of exploring its mineral properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. Development of any property may take years to complete and the amount of resulting income, if any, is difficult to determine with any certainty. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the diamonds recovered.

Changes in circumstances in the future, many of which are outside of management's control, will impact on the Company's estimates of future recoverability of net amounts to be realized from their assets. Such factors include, but are not limited to, the availability of financing, the identification of economically recoverable reserves, co-venturer decisions and developments, market prices of minerals, the Company's plans and intentions with respect to its assets, and other industry and competitor developments.

While the Company believes that economically recoverable reserves will be identified, there is no assurance that this will occur. Failure to discover economically recoverable reserves will require the Company to write-off costs capitalized to date and will result in further reported losses.

The Company reviews its interest in the Gahcho Kué Project 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 the Company s interest in the Gahcho Kué Project 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. The Company s assessment is that as at March 31, 2009, there has been no impairment in the carrying value of its mineral properties.

The consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company believes that it has the ability to obtain the necessary financing to meet commitments and liabilities as they become payable and that economically recoverable reserves will be discovered. The costs of further development and permitting of the AK Property claims are being borne by De Beers Canada.

The Company uses the Black-Scholes option pricing model to determine the fair value of stock-based compensation recognized. Estimates and assumptions are required under the model, including those related to the Company's stock

volatility, expected life of options granted, and the risk free interest rate. The Company believes that its estimates used in arriving at stock-based compensation are reasonable under the circumstances.

Subsequent Events

Revised and Restated Joint Venture Agreement

Under the agreement with De Beers Canada in effect at March 31, 2009, the Company was not responsible for funding the Project, and De Beers Canada had no recourse to the Company for repayment of funds until, and unless, the Project is built, in production, and generating net cash flows.

On July 3, 2009, the Company entered into a revised and restated joint venture agreement (the "2009 Agreement") with De Beers Canada (jointly, the "Participants") with respect to the Gahcho Kué Project that replaces the previous agreement (the "2002 Agreement") entered into by the Participants. Under the 2009 Agreement:

1.

The Participants continuing interests in the Gahcho Kué Project will be Mountain Province 49% and De Beers Canada 51%, with Mountain Province s interest no longer subject to the dilution provisions in the 2002 Agreement except for normal dilution provisions which are applicable to both Participants;

2.

Each Participant will market their own proportionate share of diamond production in accordance with their participating interest;

3.

Each Participant will contribute their proportionate share to the future project development costs;

4.

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;

5.

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;

6.

Mountain Province will repay De Beers Canada $59 million (representing 49% of an agreed sum of $120 million) 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 (Mountain Province s contribution to the 2009 Joint Venture expenses to date of execution of the 2009 Agreement);
- Up to $5.1 million in respect of De Beers Canada s share of the costs of a feasibility study to be commissioned as soon as possible;
- $10 million upon the earlier of the completion of a feasibility study with a 15% IRR and/or a decision to build;
- $10 million following the issuance of the construction and operating permits;

- $10 million following the commencement of commercial production; and

- The balance within 18 months following commencement of commercial production;

Mountain Province has agreed that the marketing rights provided to the Company in the 2009 Agreement will be diluted if the Company defaults on certain of the repayments described above.

Execution of the 2009 Agreement brings to an end the strategic review announced by Mountain Province on June 4, 2008. During the strategic review, Mountain Province explored a number of value-enhancing alternatives and concluded that the interests of Mountain Province shareholders would be best served by entering into the 2009 Agreement.

Non-brokered Private Placement

On July 14, 2009, the Company announced the arrangement of a non-brokered private placement of up to 3 million Units at a price of $1.50 (US$1.30) per Unit. If fully subscribed, the private placement will raise proceeds of $4.5 million.

Each Unit is comprised of one common share and one-half of a common share purchase warrant. Each whole warrant will entitle the holder to acquire one additional common share at an exercise price of $2.00 (US$1.73) within 18 months from closing.

Net proceeds from the offering will be used to support the development of the Gahcho Kué diamond project, and for general corporate purposes.

The securities offered in this private placement have not been and will not be registered under the Securities Act of 1933, as amended and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

**Effect of Inflation**

In the Company's view, at no time during any of the last three fiscal years have inflation or changing prices had a material impact on the Company's sales, earnings or losses from operations, or net earnings.

**U.S. Generally Accepted Accounting Principles**

U.S. GAAP differs in some respects from Canadian GAAP, as applied to the Company. Reference should be made to Item 3A - Selected Financial Data, and Note 10 to the Consolidated Financial Statements of the Company for a description and quantification of material measurement differences between Canadian GAAP and U.S. GAAP.

**Item 6.**

**Directors, Senior Management and Employees**

**A.**

***Directors and senior management.***

The following table lists, as of June 25, 2009, the names of the directors and senior management of the Company. The directors and senior management have served in their respective capacities since their election and/or appointment and will serve until the next Annual General Meeting of Shareholders or until a successor is duly elected, unless the office is vacated in accordance with the Company's Articles or unless there is a prior resignation or termination.

| Name | Position with Company | Date of First Appointment | Age |
|---|---|---|---|
| Jonathan Comerford | Chairman and Director[2][3] | Chairman of the Company since May 11, 2006 and Director since September 21, 2001 | 37 |
| Patrick Evans | President, Chief Executive Officer and Director | President and director of the Company since November 15, 2005. | 54 |
| Jennifer Dawson | Chief Financial Officer | Chief Financial Officer since May 11, 2006 | 48 |
| D. Harry W. Dobson | Director[1] | Director since November 1, 1997 | 61 |
| Elizabeth J. Kirkwood | Director[1] | Director since September 21, 2001 | 59 |
| Peeyush Varshney | Director[2] | Director since April 13, 2007 | 42 |
| Carl Verley | Director[1][3] | Director of Old MPV since December 2, 1986 and Director of the Company since November 1, 1997 | 59 |
| David E. Whittle | Director[2][3] | Director since November 1, 1997 | 45 |

(1) Member of the Company's Corporate Governance Committee.
(2) Member of the Company's Audit Committee.

(3) Member of the Company's Compensation Committee.

The following is a description of the Company's directors and senior management. The information provided is not within the knowledge of the management of the Company and has been provided by the respective directors and senior officers.

***Jonathan Christopher James Comerford, B.A. (Econ.), M.B.S. (Finance)***

Mr. Jonathan Comerford has been a director of the Company since September, 2001 and Chairman since April 2006. Mr. Comerford is resident in Dublin, Ireland. He obtained his Masters in Business from the Michael Smurfit Business School in 1993 and his Bachelor of Economics from University College, Dublin in

1992. Mr. Comerford has been Investment Manager at IIU Limited since August 1995. He represents the Company's largest shareholder, Bottin (International) Investments Ltd., on the Company's board.

***Patrick C. Evans, B.A., B.Sc.***

Mr. Patrick C. Evans has been President, CEO and a director of the Company since November 2005. He is a resident of Arizona, USA. Mr. Evans is a graduate of the University of Cape Town where he received his Bachelor of Arts degree in 1977 and Bachelor of Science degree in 1978. He was a career diplomat from 1979 to 1998. In 1999, he was appointed a Vice President of Placer Dome Inc. (a major gold mining company) and a non-executive director of SouthernEra Resources Ltd. (a diamond and platinum exploration, development and mining company). In 2001, he was appointed President and CEO of SouthernEra Resources Ltd. and Messina Limited (a platinum mining company). In 2004, he was appointed President, CEO and a director of Southern Platinum Corp (a platinum mining company), which was acquired by Lonmin ***Plc*** in June 2005. In September 2005, he was appointed President, CEO and a director of Weda Bay Minerals Inc. (a nickel exploration and development company), which was acquired by Eramet S.A. in May 2006. Mr. Evans was appointed the CEO and a director of Norsemont Mining Inc. (a copper exploration and development company) in June 2007, and has been a non-executive director of First Uranium Corp. (a uranium and gold mining company) since December 2006 and a non-executive director of Anvil Mining Limited (a copper mining company) since March 2009.

***Jennifer M. Dawson, B.B.A.***

Ms. Dawson has been the Company s Chief Financial Officer and Corporate Secretary since May 2006. She is a resident of Ontario, Canada. Ms. Dawson is a graduate of St. Francis Xavier University where she received her Bachelor of Business Administration in 1984. Her work experience includes public accounting experience with Touche Ross & Co. (now Deloitte) from 1984 to 1989, and financial management experience with CCH Canadian Limited (1989 to 2000) and Genesis Media Inc.(from 2000 to 2004) She provided financial support to SouthernEra Resources Ltd. in its corporate reorganization in 2004, and ongoing financial support to both SouthernEra Diamonds Inc. and to Southern Platinum Corp. after the reorganization in 2004 and 2005. Since 2004, she has been a self-employed financial consultant, and in addition to her CFO and Corporate Secretary roles with the Company, she provided financial and administrative services to Arizona Star Resource Corp. as a consultant from 2005 to 2008 (now owned 100% by Barrick Gold Corporation) and currently serves as Controller to Blacksands Petroleum, Inc. and it s subsidiary, Access Energy Inc. (2005 to current).

***D. Harry W. Dobson***

Mr. Harry Dobson has been a director of the Company since November 1997 and is a resident of Monaco. Mr. Dobson was the founder and chairman of American Pacific Mining Company Inc. and a director of Breakwater Resources Ltd. until 1991. Subsequent to 1991, Mr. Dobson served as Deputy Chairman of the Board and a director of Lytton Minerals Limited. He is a former officer and director of 444965 B.C. Ltd., and served as a director and Chairman of Glenmore Highlands Inc. Since October 2001, he has been a director and officer of Kirkland Lake Gold Inc.

***Elizabeth J. Kirkwood***

Ms. Elizabeth J. Kirkwood has been an entrepreneur and independent business woman since February 1989 with a focus on the creation, financing and management of junior resource companies. She has been a director of the Company since September, 2001 and was past Chairman of the Board of the Company from January 2003 until April 2006. She was also Chief Financial Officer of the Company from September 2003 until May 2006, and Corporate Secretary from November 2003 until May 2006. She is resident in Ontario, Canada, and a member of the Prospectors and Developers Association of Canada. Ms. Kirkwood was the President and CEO of First Nickel Inc. (November

2003 to June 2006). She is also a director of Everbright Capital Corporation (since June 2005). She has been a past director of Canadian Shield Resources Inc. (June 2005-June 2007), Intrepid Minerals Corporation (April 1999 July 2006), Investor Links.com (March 1993-May 2001), Canada's Choice Spring Water (July 1996-August 1999), Stroud Resources Ltd. (August, 2000

- March 2002), and a past director and officer of O.S.E Corp. (formerly Oil Springs Energy Corp. (July, 1993- June 2005), Hucamp Mines Limited (May 2001-May 2002), and First Strike Diamonds Inc. (October 1995 March 2004).

***Peeyush Varshney, LL.B.***

A resident of British Columbia, Canada, Mr. Varshney has been actively involved in the capital markets since 1996 and has been a principal of Varshney Capital Corp., a private merchant banking, venture capital and corporate advisory firm since 1996. Since September 2005, he has also been the Chief Executive Officer and a director of Canada Zinc Metals Corp., a resource exploration company listed on the TSX Venture Exchange. Mr. Varshney obtained a Bachelor of Commerce degree (Finance) in 1989 and a Bachelor of Laws in 1993, both from the University of British Columbia. He then articled at Farris, Vaughan, Wills & Murphy, a law firm in Vancouver, British Columbia, from 1993 to 1994 and has been a member of the Law Society of British Columbia since September 1994.

***Carl G. Verley, B.Sc., P. Geo.***

Carl Verley was a director of Old MPV since its inception in December 1986 and has been a director of the Company since November 1997. He is a resident of British Columbia, Canada, and a graduate of the University of British Columbia where he received his Bachelor of Science Degree in May of 1974. He worked for Cordilleran Engineering Ltd. from 1975 to 1982. He has been a self-employed geologist since 1982. From August of 1990 to January 2002, he served on the Board of Directors of Gee-Ten Ventures Inc., and since July 2003, he has been a director of Alphamin Resources Corp. (formerly La Plata Gold Corporation) and a director of African Metals Corporation since October 2007. He has been the President of Amerlin Exploration Services Ltd., a private company providing exploration services to the mineral industry, since its inception in 1983. He is a registered Professional Geoscientist with both the Association of Professional Geoscientists of Ontario and the British Columbia Association of Professional Engineers and Geoscientists.

***David E. Whittle, B.Comm., C.A.***

Mr. Whittle is a Chartered Accountant and is a resident of British Columbia, Canada. He has been a director of the Company since November 1997, and from November 1997 to April 1998 served as Secretary of the Company. From 1992 through 2004, Mr. Whittle served as operator or partner of a financial consulting and chartered accounting practice. From 1993 to June 2000, Mr. Whittle was President and a director of Glenmore Highlands Inc., a public company in the mineral exploration business. From 2004 to August 2007, Mr. Whittle was Chief Financial Officer of Hillsborough Resources Limited, a public company in the mining business. From 2004 to August 2007, Mr. Whittle was a director of Image Innovations Holdings Inc., a public company in the business of sports memorabilia and artwork. From October 2007 to the present, Mr. Whittle s principal occupation has been and is Chief Financial Officer of Alexco Resource Corp., a public company in the business of both undertaking mineral exploration and development and providing consulting services to third parties in respect of environmental remediation and permitting.

**B.** ***Compensation.***

The Company has two executive officers (collectively, the "Executive Officers"): Patrick Evans, the President and CEO, and Jennifer Dawson, the Chief Financial Officer and Corporate Secretary. For particulars on these executive officers, reference should be made to Item 6A - Directors and Senior Management .

The compensation paid to the executive officers and details of management contracts and incentive options granted to the two executive officers of the Company for the Company's most recently completed financial years is as follows:

- Patrick Evans, President and Chief Executive Officer, earned other annual compensation of $155,000 in the most recent fiscal year including $150,000 pursuant to a Consulting Agreement for

his services as President and CEO, as well as a director s fee of $5,000 for the year ended March 31, 2009. He has 380,000 stock options as follows:

| Grant date | Number | Vesting | Exercise Price | Term |
|---|---|---|---|---|
| November 1, 2005 | 100,000 | 50,000 on acceptance of the Consulting Agreement<br><br>50,000 on the first anniversary of the acceptance of the Consulting Agreement | $2.63 | 5 years |
| January 30, 2006 | 100,000 | 50,000 vested immediately<br><br>50,000 vested January 31, 2007 | $4.50 | 5 years |
| November 24, 2008 | 180,000 | Immediately | $1.26 | 5 years |

- Jennifer Dawson, Chief Financial Officer and Corporate Secretary, was paid $99,350 pursuant to a Consulting Agreement for her services as CFO and Corporate Secretary for the year ended March 31, 2009. She was granted 90,000 options on November 24, 2008, each with a term of 5 years, an exercise price of $1.26, and all of which vested immediately.

Compensation for the directors has been approved effective April 1, 2005 at the following levels: the Chairman of the Board receives $10,000 per annum, the Chairman of the Audit Committee receives $7,500 per annum, and all other Directors receive $5,000 per annum. All are paid semi-monthly, in advance.

During each of the years ended March 31, 2009, 2008 and 2007, director fees were earned by the following directors: Jonathan Comerford ($10,000 as Chair of the Board, annually), David Whittle ($7,500 as Chair of the Audit Committee, annually), Carl Verley ($5,000 annually), Elizabeth Kirkwood ($5,000 annually), Patrick Evans ($5,000 annually) and Harry Dobson ($5,000 annually), and for the years ended March 31, 2009 and 2008 only, Peeyush Varshney ($5,000 annually). In the year ended March 31, 2008, three directors were compensated for their work in the Company s Gahcho Kué Project strategic alternatives review (David Whittle $25,000, Jonathan Comerford $20,000 and Peeyush Varshney $20,000).

The Company has no Long-Term Incentive Plan ("LTIP) in place and therefore there were no awards made under any long-term incentive plan to the Executive Officers during the Company's most recently completed financial year. A "Long-Term Incentive Plan" is a plan providing compensation intended to motivate performance over a period of greater than one financial year, other than a plan for options, SARs (stock appreciation rights) or compensation through shares or units that are subject to restrictions on resale.

The following table sets out incentive stock options exercised by the Executive Officers during the most recently completed financial year, as well as the financial year end value of stock options held by the Executive Officers. During this period, no outstanding SARs were held by the Executive Officers.

| Name | Securities, Acquired on Exercise | Aggregate Value Realized ($)[1] | Unexercised Options at Financial | Value of Unexercised In-the- |
|---|---|---|---|---|

| | (#) | | Year-End Exercisable / Unexercisable (#) | Money Options at Financial Year-End Exercisable / Unexercisable ($)[2] |
|---|---|---|---|---|
| Patrick Evans [3] | Nil | Nil | 380,000/0 | 0/0 |
| Jennifer Dawson | Nil | Nil | 90,000/0 | 0/0 |

(1) Based on the difference between the option exercise price and the closing market price of the Company's shares on the date of exercise.

(2) In-the-Money Options are those where the market value of the underlying securities as at the most recent financial year end exceeds the option exercise price. The closing market price of the Company's shares as at March 31, 2009, (ie. financial year end) was $0.85.

(3) Subsequent to the year-end of March 31, 2009, Mr. Evans exercised 79,365 options.

There were no options or freestanding SARs held by the Executive Officers that were re-priced downward during the most recently completed financial year of the Company.

The Company does not have a defined benefit/actuarial plan, under which benefits are determined primarily by final compensation and years of service of the Company's officers and key employees.

In addition to the foregoing, some of the executive officers of the Company are also entitled to medical and dental benefits, reimbursement of all reasonable business expenses and, from time to time, the grant of stock options.

No plan exists, and no amount has been set aside or accrued by the Company or any of its subsidiaries, to provide pension, retirement or similar benefits for directors and officers of the Company, or any of its subsidiaries.

**C.** ***Board practices.***

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders of the Company or until their successors in office are duly elected or appointed. The Company does not have an executive committee. All directors are elected for a one-year term. All officers serve at the pleasure of the Board. The next Annual General Meeting of the shareholders of the Company has been scheduled for September 10, 2009.

The Board has adopted a Charter under which it and the Board's committees operate. The Company's board of directors has three committees- the Audit Committee, the Nominating/Corporate Governance Committee and the Compensation Committee.

*Audit Committee*

The members of the Audit Committee do not have any fixed term for holding their positions and are appointed and replaced from time to time by resolution of the Board of Directors. It is composed of at least three directors, and the Board has determined that David Whittle, C.A. of the Audit Committee meets the requirement of an "audit committee financial expert" as defined in Item 16A of Form 20-F. Each member of the Audit Committee has the financial ability to read and understand a balance sheet, an income statement and a cash flow statement. All three members of the Audit Committee are independent.

The current members of the Audit Committee are Jonathan Comerford, Peeyush Varshney and David Whittle. Elizabeth Kirkwood was appointed to the Audit Committee in September 2007, but shortly thereafter, it was determined that she was not considered an independent director and Jonathan Comerford assumed her position on the Audit Committee. There had been no business transacted by the Audit Committee between the time Ms. Kirkwood had been appointed, and her replacement was appointed. Except for the chairman, David Whittle, the Audit Committee members receive no separate remuneration for acting as such and their appointments are not for any fixed term.

The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities. Its primary duties and responsibilities are to:

a. identify and monitor the management of the principal risks that could impact the financial reporting of the Company;

b. monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;

c. make recommendations regarding the selection of the Company's external auditors (by shareholders) and monitor their independence and performance;

d. provide an avenue of communication among the external auditors, management and the Board;

e. handle complaints regarding the Company's accounting practices; and

f. administer and monitor compliance with the Company's Ethics and Conflict of Interest Policy.

*Corporate Governance Committee*

The members of the Corporate Governance Committee are Elizabeth Kirkwood (Chair), Carl Verley and Harry Dobson, a majority of whom are unrelated.

The Corporate Governance Committee is responsible for assessing directors on an ongoing basis and for developing the Company's approach to governance issues and for the Company's response to the Sarbanes-Oxley Act of 2002, as implemented by the U.S. Securities and Exchange Commission, and the Toronto Stock Exchange's governance guidelines.

*Compensation Committee*

The Compensation Committee is composed of Carl Verley (Chair), David Whittle, and Jonathan Comerford, a majority of whom are unrelated. The Committee, in consultation with the Chairman and CEO of the Company, makes recommendations to the Board on the Company's framework of executive remuneration and its cost and on specific remuneration packages for each of the executives. The remuneration of non-executives, including members of the Compensation Committee, is determined by the Board.

**D.** ***Employees.***

As at the end of the fiscal years March 31, 2009, March 31, 2008, and March 31, 2007, the Company had no full-time employees. Patrick Evans and Jennifer Dawson have consulting agreements with the Company. The Toronto administrative and executive office uses outsourced administrative assistance on an as-needed, part-time basis.

De Beers Canada employs personnel who conduct the exploration, permitting and other activities on the AK Property.

**E.** ***Share ownership.***

The following table sets forth, as of June 25, 2009, the number of the Company's common shares beneficially owned by (a) the directors and members of senior management of the Company, individually, and as a group, and (b) the percentage ownership of the outstanding common shares represented by such shares. The security holders listed below are deemed to be the beneficial owners of common shares underlying options and warrants which are exercisable within 60 days from the above date.

| Name of Beneficial Owner [11] | Amount and Nature | Percentage[9][10] of Class |
|---|---|---|
| D. Harry Dobson[1] | 1,282,510 | 2.1% |
| Patrick C. Evans[2] | 483,400 | *% |
| Carl G. Verley [3] | 305,250 | *% |
| Jonathan Comerford[4] | 330,000 | *% |
| Peeyush Varshney [5] | 170,122 | *% |
| Elizabeth Kirkwood[6] | 145,000 | *% |
| David E. Whittle[7] | 115,600 | *% |
| Jennifer Dawson[8] | 90,000 | *% |
| Officer and Directors as a Group [9] | 2,921,882 | 4.9% |
| *** less than 1%** | | |

(1) Includes 1,208.510 shares and 74,000 options which are exercisable at a price of $1.26 per share, and which expire on November 23, 2013.

(2) Includes 182,765 shares and 300,635 options (exercisable presently). 100,000 options are exercisable at a price of $2.63 per share and expire on November 1, 2010. 100,000 options are exercisable at a price of $4.50 per share and expire on January 30, 2011. 100,635 options are exercisable at a price of $1.26 per share and expire on November 23, 2013.

(3) Includes 255,250 shares and 50,000 options. The options are exercisable at a price of $1.26 per share, and expire on November 23, 2013.

(4) Includes nil shares and 330,000 options (exercisable presently). 150,000 of the options are exercisable at a price of $1.96 per share and expire on October 1, 2009. 180,000 of the options are exercisable at a price of $1.26 per share and expire on November 23, 2009.

(5) Includes 80,122 shares and 90,000 options. The options are exercisable at a price of $1.26 per share, and expire on November 23, 2013.

(6) Includes 5,000 shares and 140,000 options. 50,000 of the options are exercisable at $1.96 and expire October 1, 2009. 90,000 of the options are exercisable at a price of $1.26 per share and expire on November 23, 2013.

(7) Includes 55,600 shares and 60,000 options. The options are exercisable at a price of $1.26 per share and expire on November 23, 2013.

(8) Includes nil shares and 90,000 options, exercisable at $1.26 per share, and which expire November 23, 2013.

(9) Includes 1,134,635 options (exercisable).

(9) The calculation does not include stock options that are not exercisable presently or within 60 days.

(10) Total issued and outstanding capital as at the close of June 25, 2009 was 60,097,746 shares.

(11) The Company has no actual knowledge of the holdings of each individual. The above information was provided by the respective individuals to the Company.

The Company has a Stock Option Plan pursuant to which stock options may be granted to its directors, officers and employees. Stock options are awarded by resolution of the board of directors.

**Item 7.**

**Major Shareholders and Related Party Transactions**

**A.** ***Major shareholders.***

A major shareholder is a shareholder beneficially owning more than 5% of the issued shares of the Company**.**

As at June 25, 2009, the Company's issued and outstanding capital was 60,097,746 shares.

The Company is a publicly-owned corporation the majority of the common shares of which are owned by persons resident outside the United States. To the best of the Company's knowledge, the Company is not directly owned or controlled by another corporation or any foreign government. As at June 25, 2009, the Company believes that approximately 14,501,200 of the issued and outstanding common shares were held by 74 shareholders with addresses in the United States. A number of these shares are held in "street" name and may, therefore, be held by several beneficial owners.

The following table shows, to the best knowledge of the Company, the number (as at June 25, 2009) and percentage of shares, warrants and options held by the Company's major shareholders on a partially diluted basis.

| **Name of Shareholder(1)** | **No. of Shares Held** | **Percentage of issued and outstanding share capital of 60,097,746 shares (as at June 25, 2009)** |
|---|---|---|
| Bottin (International) Investments Ltd. (controlled by Dermot Desmond) | 13,253,430 | 22.05% |
| Desmond P. Sharkey Dublin, Ireland | 5,206,001 | 8.66% |
| De Beers Canada Exploration Ltd. (formerly Monopros Limited) | 3,103,543 | 5.16% |

(1)

The Company has no actual knowledge of the above shareholdings. The above information was provided to the Company by the named shareholders.

Major shareholders of the Company do not have any special voting rights.

**B.** ***Related party transactions.***

The Company is not directly or indirectly controlled by any enterprise and does not control, directly or indirectly, any other enterprises other than its subsidiaries listed under Item 4A. Bottin (International) Investments Ltd. , which is controlled by Dermot Desmond, has significant influence over the Company as its largest single shareholder: see Item 7A - Major shareholders , above.

Key management personnel of the Company are Patrick Evans, who is President and CEO, and Jennifer Dawson, who is Chief Financial Officer and Corporate Secretary. Patrick Evans is also a director of the Company. See Item 6B Compensation .

Both Mr. Evans and Ms. Dawson have Consulting Agreements with the Company.

There are no debts owing directly or indirectly to the Company or its subsidiaries by any director or officer of the Company or vice versa.

There is no indebtedness between the directors and the Company.

**C.** ***Interests of experts and counsel.***

Not Applicable

**Item 8.**

**Financial Information**

**A.** ***Consolidated Statements and Other Financial Information***

Listed in Item 19 hereto are audited consolidated financial statements as at March 31, 2009 and 2008 and for the fiscal years ended March 31, 2009, 2008 and 2007, accompanied by the report of our independent registered accounting firm.

There are no legal proceedings currently pending.

The Company has not paid dividends in the past and does not expect to pay dividends in the near future.

**B.** ***Significant Changes.***

There have been no significant changes to the Company since the end of last fiscal year, other than the exercise of options as disclosed in the financial statements included in this Form 20-F.

**Item 9.**

**The Offer and Listing.**

**A.** ***Offer and listing details.***

The common shares of the Company were listed and posted for trading on The Toronto Stock Exchange (the "TSX") on January 22, 1999. The Company's shares were delisted from the Vancouver Stock Exchange ("VSE", now known as the TSX Venture Exchange and before that, the Canadian Venture Exchange ("CDNX")) on January 31, 2000, and from the Nasdaq Smallcap Market on September 29, 2000. The Company's shares traded on the OTC-Bulletin Board ("OTCBB") under the symbol "MPVI" until June 1, 2005. Commencing on April 4, 2005, the Company's shares were listed for trading on the AMEX under the symbol "MDM".

The following tables set forth the reported high and low prices on the TSX, and for Amex, Nasdaq and/or OTCBB (combined for the period ended March 2006), for (a) the five most recent fiscal years; (b) each quarterly period for the past two fiscal years, and (c) for the most recent twelve months.

| **High and Low Prices for the Five Most Recent Fiscal Years** | | | | |
|---|---|---|---|---|
| **Fiscal Year Ended** | **TSX** | | **NYSE AMEX / OTCBB[(1)]** | |
| | **High (CDN$)** | **Low (CDN$)** | **High (US$)** | **Low (US$)** |
| March 31, 2009 | $5.05 | $0.75 | $4.95 | $0.58 |
| March 31, 2008 | $5.93 | $3.79 | $5.49 | $3.54 |
| March 31, 2007 | $5.05 | $3.05 | $4.40 | $2.70 |
| March 31, 2006 | $4.90 | $2.26 | $4.26 | $1.90 |
| March 31, 2005 | $2.68 | $1.61 | $2.00 | $1.19 |

The Company's shares were listed on the Nasdaq Smallcap Market on May 1, 1996 and delisted from the Nasdaq Smallcap Market on September 29, 2000, at which time they commenced trading on the OTCBB and continued through April 1, 2005. On April 4, 2005, the Company's shares began trading on the AMEX. AMEX was taken over by NYSE Euronext which then rebranded to NYSE Amex.

| High and Low Prices for Each Quarterly Period for the Past Two Fiscal Years | | | | |
|---|---|---|---|---|
| | TSX | | NYSE Amex / OTCBB | |
| **Period Ended:** | **High (CDN$)** | **Low (CDN$)** | **High (US$)** | **Low (US$)** |
| March 31, 2009 | $1.20 | $0.75 | $1.03 | $0.58 |
| December 31, 2008 | $3.20 | $0.96 | $3.05 | $0.78 |
| September 30, 2008 | $4.74 | $2.70 | $4.70 | $2.58 |
| June 30, 2008 | $5.05 | $4.20 | $4.95 | $4.12 |
| March 31, 2008 | $5.10 | $4.12 | $5.12 | $4.07 |
| December 31, 2007 | $5.10 | $4.00 | $5.23 | $4.07 |
| September 30, 2007 | $5.51 | $3.79 | $5.26 | $4.15 |
| June 30, 2007 | $5.93 | $4.17 | $5.49 | $4.34 |

| High and Low Prices for the Most Recent Twelve Months | | | | |
|---|---|---|---|---|
| | TSX (CDN$) | | NYSE AMEX[(1)] | |
| **Month Ended** | **High** | **Low** | **High** | **Low** |
| May 2009 | $1.65 | $1.30 | $1.46 | $1.09 |
| April 2009 | $1.31 | $0.86 | $1.08 | $0.69 |
| March 2009 | $0.90 | $0.75 | $0.74 | $0.58 |
| February 2009 | $1.08 | $0.79 | $0.90 | $0.63 |
| January 2009 | $1.20 | $0.92 | $1.03 | $0.76 |
| December 2008 | $1.23 | $0.96 | $1.10 | $0.78 |
| November 2008 | $1.81 | $1.17 | $1.51 | $0.89 |
| October 2008 | $3.20 | $1.31 | $3.05 | $1.06 |
| September 2008 | $4.33 | $2.70 | $4.04 | $2.58 |
| August 2008 | $4.40 | $4.22 | $4.29 | $3.97 |
| July 2008 | $4.74 | $4.21 | $4.70 | $4.21 |
| June 2008 | $4.75 | $4.20 | $4.63 | $4.12 |

[(1)] On April 4, 2005, the Company's Common Shares began trading on the American Stock Exchange. AMEX was taken over by NYSE, and rebranded as NYSE Amex. On March 31, 2009, the closing price of the Common Shares on the TSX was $0.85 and on June 25, 2009 was $1.78. The shares commenced trading on NYSE AMEX on April 4, 2005 and the closing price of the Common Shares on March 31, 2009 was US$0.70 per share. The closing price on June 25, 2009 on the NYSE Amex was US$1.55 per share.

***B. Plan of distribution.***

Not Applicable.

***C. Markets.***

The Company's shares are listed on the Toronto Stock Exchange under the symbol "MPV" and were also quoted on the over-the-counter (OTC) Bulletin Board pursuant to Rule 6530(a) of the NASD's OTC Bulletin Board Rules under the symbol "MPVI.OB" until April 1, 2005. Commencing April 4, 2005, the Company's shares commenced trading on the AMEX (now NYSE Amex) under the symbol "MDM". The Common Shares are not registered to trade in the United States in the form of American Depository Receipts or similar certificates.

***D. Selling shareholders.***

Not Applicable.

***E. Dilution.***

Not Applicable.

***F. Expenses of the issue.***

Not Applicable.

**Item 10.**

**Additional Information.**

**A. *Share capital.***

This Form 20-F is being filed as an annual report and, as such, there is no requirement to provide information under this sub-item.

**B. *Memorandum and articles of association.***

**Incorporation**

The Company was amalgamated in British Columbia under incorporation number 553442 on November 1, 1997 under the name of Mountain Province Mining Inc. The Company changed its name to Mountain Province Diamonds Inc. on October 16, 2000.

The Company is also registered as an extra-territorial corporation in the Northwest Territories (Registration no. E 6486, on February 25, 1998, amended October 16, 2000 for the name change).

The Company does not have any stated "objects" or "purposes" as such are not required by the corporate laws of the Province of British Columbia. Rather, the Company is, by such corporate laws, entitled to carry on any activities whatsoever, which are not specifically precluded by other statutory provisions of the Province of British Columbia.

The Company was amalgamated under the British Columbia *Company Act* (the "Company Act"), which has now been replaced by the British Columbia *Business Corporations Act* (the "BCA"). The BCA came into effect on March 29, 2004. The Company has completed its transition from the Company Act to the BCA and adopted new Articles which reflect the provisions of the BCA. The Company's Memorandum of Articles has been replaced by a Notice of Articles. Pursuant to the Shareholders special resolution on September 20, 2005 approving the continuance of the Company into Ontario, the Company continued under the laws of the Province of Ontario pursuant to Articles of Continuance dated May 8, 2006.

**Powers, functions and qualifications of Directors**

The powers and functions of directors are set forth in the Ontario Securities Act and in the Bylaws of the Company.

With respect to the voting powers of directors, the Ontario Securities Act provides that a director (or senior officer) has a disclosable interest in a contract or transaction if the contract or transaction is material to the Company and the director has a material interest in the contract.

The Bylaws provide that a director or senior officer who has, directly or indirectly, a material interest in an existing or proposed material contract or transaction of the Company or who holds any office or possesses any property whereby, directly or indirectly, a duty or interest might be created to conflict with his duty or interest as a director or senior officer, has to disclose the nature and extent of this interest or conflict with his duty and interest as a director or senior officer, in accordance with the provisions of the Ontario Securities Act.. A director is also prohibited from voting in respect of any such proposed material contract or transaction and if he does so, his vote shall not be counted, but he shall be counted in the quorum at the meeting at which such vote is taken. Notwithstanding this, if all of the directors

have a material interest in a proposed material contract or transaction, any or all of those directors may vote on a resolution to approve the contract or transaction. However, in this case the directors must have the contract or transaction approved by special resolution of the shareholders to avoid accountability for any profits.

The Bylaws further provide that, subject to the provisions of the Ontario Securities Act, no disclosure is required of a director or senior officer, and a director need not refrain from voting in respect of the following types of contracts and transactions:

a) A contract or transaction where both the Company and the other party to the contract or transaction are wholly owned subsidiaries of the same corporation;

b) A contract or transaction where the Company is a wholly owned subsidiary of the other party to the contract or transaction;

c) A contract or transaction where the other party to the contract or transaction is a wholly owned subsidiary of the Company;

d) A contract or transaction where the director or senior officer is the sole shareholder of the Company or of a corporation of which the Company is a wholly owned subsidiary;

e) An arrangement by way of security granted by the Company for money loaned to, or obligations undertaken by, the director or senior officer, or a person in whom the director or senior officer has a material interest, for the benefit of the Company or an affiliate of the Company;

f) A loan to the Company, which a director or senior officer or a specified corporation or a specified firm in which he has a material interest has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan;

g) Any contract or transaction made or to be made with, or for the benefit of a corporation that is affiliated with the Company and the director or senior officer is also a director or senior officer of that corporation or an affiliate of that corporation;

h) Any contract by a director to subscribe for or underwrite shares or debentures to be issued by the Company or a subsidiary of the Company;

i) Determining the remuneration of the director or senior officer in that person's capacity as director, officer, employee or agent of the Company or an affiliate of the Company;

j) Purchasing and maintaining insurance to cover a director or senior officer against liability incurred by them as a director or senior officer; or

k) The indemnification of any director or senior officer by the Company.

The Ontario Securities Act provides that a contract or transaction with a company is not invalid merely because a director or senior officer of the company has an interest, direct or indirect, in the contract or transaction, a director or senior officer of the company has not disclosed an interest he or she had in the contract or transaction, or because the directors or shareholders of the company have not approved the contract or transaction in which a director or senior officer of the company has an interest.

The Ontario Securities Act also provides that a director or senior officer with a "disclosable interest" in a contract or transaction with the Company is liable to account for any profit made from the contract or transaction unless disclosure of the director's interest in such contract or transaction had been made and the director abstained from voting on the approval of the transaction.

Subject to the provisions of the Ontario Securities Act, the directors may vote on compensation for themselves or any members of their body. A contract relating primarily to a fiduciary's remuneration as a director, officer, employee or

agent of the Company or its affiliates is a permitted conflict of interest under the Company's Corporate Governance Policy.

There are no limitations on the exercise by the board of directors of the Company's borrowing powers.

There are no provisions for the retirement or non-retirement of directors under an age limit.

There is no requirement for any director to hold any shares in the Company.

**Rights and Restrictions Attached to Shares**

As all of the Company's authorized and issued shares are of one class, there are no special rights or restrictions of any nature or kind attached to any of the shares. All authorized and issued shares rank equally in respect of the declaration and receipt of dividends, and the rights to share in any profits or surplus on liquidation, dissolution or winding up of the Company. Each share has attached to it one vote.

**Alteration of Share Rights**

To alter the rights of holders of issued shares of the Company, such alteration must be approved by a majority vote of not less than two-thirds of the votes cast by shareholders voting in person or by proxy at a meeting of the shareholders of the Company.

**Annual General Meetings**

Annual general meetings are called and scheduled upon decision by the board of directors. The directors may also convene a general meeting of shareholders at any time. There are no provisions in the Company's Bylaws for the requisitioning of special meetings by shareholders. However, the Ontario Securities Act provides that the holders of not less than 5% of the issued shares of the Company may requisition the directors to call a general meeting of the shareholders for the purposes stated in the requisition. All meetings of the shareholders may be attended by registered shareholders or persons who hold powers of attorney or proxies given to them by registered shareholders.

**Foreign Ownership Limitations**

There are no limitations prohibiting shares being held by non-residents, foreigners or any other group.

**Change of Control**

There are no provisions in the Company's Bylaws that would have the effect of delaying, deferring or preventing a change in the control of the Company, or that would operate with respect to any proposed merger, acquisition or corporate re-structuring of the Company.

At the September 13, 2006 Annual and Special Meeting of the shareholders, a Shareholder Rights Plan dated August 4, 2006 was approved, ratified, confirmed and adopted by the shareholders of the Company in accordance with and subject to its terms and conditions. The objectives of the Rights Plan are to ensure, to the extent possible, that all shareholders of the Company are treated equally and fairly in connection with any Take-Over Bid for the Company.

The Rights Plan is designed to discourage discriminatory or unfair Take-Over Bids for the Company and gives the Board time, if appropriate, to pursue alternatives to maximize shareholder value in the event of an unsolicited (or "hostile") Take-Over Bid for the Company. The Rights Plan will encourage a person proposing to make, or who has made, a Take-Over Bid for the Company (an "Offeror") to proceed by way of a Permitted Bid or to approach the Board with a view to negotiation, by creating the potential for substantial dilution of the Offeror's position. The Permitted Bid provisions of the Rights Plan are designed to ensure that, in any Take-Over Bid, all shareholders are treated equally, receive the maximum value for their investment and are given adequate time to properly assess the Take-Over Bid on a fully informed basis.

The Rights Plan may, however, increase the price to be paid by a potential Offeror to obtain control of the Company and may discourage certain transactions, including a Take-Over Bid for less than all the common shares of the Company. Accordingly, the Rights Plan may deter some Take-Over Bids.

In addition, the Rights Plan Agreement provides that the continued existence of the Rights Plan must be ratified by a majority of the shareholders of the Company at a meeting of shareholders of the Company to be held not earlier than January 31, 2010 and not later than the date on which the 2010 annual meeting of shareholders of the Company terminate.

**Share Ownership Reporting Obligations**

There are no provisions in the Company's Bylaws requiring share ownership to be disclosed. The securities laws of the Province of Ontario and other provinces in Canada having jurisdiction over the Company require disclosure of shareholdings by:

(a) insiders who are directors or senior officers of the Company; and

(b) a person who has direct or indirect beneficial ownership of, control or direction over, or a combination of direct or indirect beneficial ownership of and of control or direction over securities of the Company carrying more than 10% of the voting rights attached to all the Company's outstanding voting securities.

The threshold of share ownership percentage requiring disclosure of ownership is higher in the home jurisdiction of Ontario than in the United States where United States law prescribes a 5% threshold for ownership disclosure.

**C.** ***Material contracts.***

The Company did not enter into any material contracts in the last two fiscal years and up to the date of this Form 20-F.

**D. Exchange controls.**

**Exchange Controls and Investment Canada Act**

Canada has no system of exchange controls. There are no exchange restrictions on borrowing from foreign countries nor on the remittance of dividends, interest, royalties and similar payments, management fees, loan repayments, settlement of trade debts, or the repatriation of capital. Any such remittances to United States residents, however, may be subject to a withholding tax pursuant to the Canadian Income Tax Act as modified by the reciprocal tax treaty between Canada and the United States. See "Item 10E, Taxation".

The Investment Canada Act (the "Act"), enacted on June 20, 1985, requires prior notification to the Government of Canada on the "acquisition of control" of Canadian businesses by non-Canadians, as defined in the Act. Certain acquisitions of control, discussed below, are also to be reviewed by the Government of Canada. The term "acquisition of control" is defined as any one or more non-Canadian persons acquiring all or substantially all of the assets used in the Canadian business, or the acquisition of the voting shares of a Canadian corporation carrying on the Canadian business or the acquisition of the voting interests of an entity controlling or carrying on the Canadian business. The acquisition of the majority of the outstanding shares is deemed to be an "acquisition of control" of a corporation. The acquisition of less than a majority, but one-third or more, of the outstanding voting shares of a corporation is presumed to be an "acquisition of control" of a corporation unless it can be established that the purchaser will not control the corporation.

Investments requiring notification and review are all direct acquisitions of Canadian businesses with assets of CDN$5,000,000 or more (subject to the comments below on WTO investors), and all indirect acquisitions of Canadian businesses (subject to the comments below on WTO investors) with assets of more than CDN$50,000,000 or with assets of between CDN$5,000,000 and CDN$50,000,000 which represent more than 50% of the value of the total international transaction. In addition, specific acquisitions or new businesses in designated types of business activities related to Canada's cultural heritage or national identity could be reviewed if the Government of Canada

considers that it is in the public interest to do so.

The Act was amended with the implementation of the Agreement establishing the World Trade Organization ("WTO") to provide for special review thresholds for "WTO investors", as defined in the Act. "WTO investor" generally means (i) an individual, other than a Canadian, who is a national of a WTO member (such as, for example, the United States), or who has the right of permanent residence in relation to that WTO member, (ii) governments of WTO members, and (iii) entities that are not Canadian controlled, but which are WTO investor controlled, as determined by rules specified in the Act. The special review thresholds for WTO investors do not apply, and the general rules described above do apply, to the acquisition of control of certain types of businesses specified in the Act, including a business that is a "cultural business". If the WTO investor rules apply, an investment in the shares of the Company by or from a WTO investor will be reviewable only if it is an investment to acquire control of the Company and the value of the assets of the Company is equal to or greater than a specified amount (the "WTO Review Threshold"). The WTO Review Threshold is adjusted annually by a formula relating to increases in the nominal gross domestic product of Canada. The 2006 WTO Review Threshold is CDN$265,000,000.

If any non-Canadian, whether or not a WTO investor, acquires control of the Company by the acquisition of shares, but the transaction is not reviewable as described above, the non-Canadian is required to notify the Canadian government and to provide certain basic information relating to the investment. A non-Canadian, whether or not a WTO investor, is also required to provide a notice to the government on the establishment of a new Canadian business. If the business of the Company is then a prescribed type of business activity related to Canada's cultural heritage or national identity, and if the Canadian government considers it to be in the public interest to do so, then the Canadian government may give notice in writing within 21 days requiring the investment to be reviewed.

For non-Canadians (other than WTO investors), an indirect acquisition of control, by the acquisition of voting interests of an entity that directly or indirectly controls the Company, is reviewable if the value of the assets of the Company is then CDN$50,000,000 or more. If the WTO investor rules apply, then this requirement does not apply to a WTO investor, or to a person acquiring the entity from a WTO investor.

Special rules specified in the Act apply if the value of the assets of the Company is more than 50% of the value of the entity so acquired. By these special rules, if the non-Canadian (whether or not a WTO investor) is acquiring control of an entity that directly or indirectly controls the company, and the value of the assets of the Company and all other entities carrying on business in Canada, calculated in the manner provided in the Act and the regulations under the Act, is more than 50% of the value, calculated in the manner provided in the Act and the regulations under the Act, of the assets of all entities, the control of which is acquired, directly or indirectly, in the transition of which the acquisition of control of the Company forms a part, then the thresholds for a direct acquisition of control as discussed above will apply, that is, a WTO Review Threshold of CDN$265,000,000 (in 2006) for a WTO investor or a threshold of CDN$5,000,000 for a non-Canadian other than a WTO investor. If the value exceeds that level, then the transaction must be reviewed in the same manner as a direct acquisition of control by the purchase of shares of the Company.

If an investment is reviewable, an application for review in the form prescribed by the regulations is normally required to be filed with the Director appointed under the Act (the "Director") prior to the investment taking place and the investment may not be consummated until the review has been completed. There are, however, certain exceptions. Applications concerning indirect acquisitions may be filed up to 30 days after the investment is consummated and applications concerning reviewable investments in culture-sensitive sectors are required upon receipt of a notice for review. In addition, the Minister (a person designated as such under the Act) may permit an investment to be consummated prior to completion of the review, if he is satisfied that delay would cause undue hardship to the acquiror or jeopardize the operations of the Canadian business that is being acquired. The Director will submit the application to the Minister, together with any other information or written undertakings given by the acquiror and any representation submitted to the Director by a province that is likely to be significantly affected by the investment.

The Minister will then determine whether the investment is likely to be of net benefit to Canada, taking into account the information provided and having regard to certain factors of assessment where they are relevant. Some of the factors to be considered are (i) the effect of the investment on the level and nature of economic

48

activity in Canada, including the effect on employment, on resource processing, and on the utilization of parts, components and services produced in Canada; (ii) the effect of the investment on exports from Canada; (iii) the degree and significance of participation by Canadians in the Canadian business and in any industry in Canada of which it forms a part; (iv) the effect of the investment on productivity, industrial efficiency, technological development, product innovation and product variety in Canada; (v) the effect of the investment on competition within any industry or industries in Canada; (vi) the compatibility of the investment with national industrial, economic and cultural policies taking into consideration industrial, economic and cultural objectives enunciated by the government or legislature of any province likely to be significantly affected by the investment; and (vii) the contribution of the investment to Canada's ability to compete in world markets.

The Act sets certain time limits for the Director and the Minister. Within 45 days after a completed application has been received, the Minister must notify the acquiror that (a) he is satisfied that the investment is likely to be of net benefit to Canada, or (b) he is unable to complete his review, in which case he shall have 30 additional days to complete his review (unless the acquiror agrees to a longer period), or (c) he is not satisfied that the investment is likely to be of net benefit to Canada.

Where the Minister has advised the acquiror that he is not satisfied that the investment is likely to be of net benefit to Canada, the acquiror has the right to make representations and submit undertakings within 30 days of the date of the notice (or any further period that is agreed upon between the acquiror and the Minister). On the expiration of the 30 day period (or the agreed extension), the Minister must forthwith notify the acquiror (i) that he is now satisfied that the investment is likely to be of net benefit to Canada or (ii) that he is not satisfied that the investment is likely to be of net benefit to Canada. In the latter case, the acquiror may not proceed with the investment or, if the investment has already been consummated, must divest itself of control of the Canadian business.

**E.** ***Taxation.***

A brief description of certain provisions of the tax treaty between Canada and the United States, *Canada-United States Income Tax Convention (1980)*, as amended, (the "Convention"), is included below, together with a brief outline of certain taxes, including withholding provisions, to which United States security holders are subject under the *Income Tax Act* (Canada) (the "Canadian Tax Act"). The consequences, if any, of provincial, territorial, state, local or foreign taxes (other than Canadian federal income taxes) are not considered.

**The following information is general and security holders should seek the advice of their own tax advisors, tax counsel or accountants with respect to the applicability or effect on their own individual circumstances of the matters referred to herein**.

*Certain Canadian Federal Income Tax Consequences*

The discussion under this heading summarizes the principal Canadian federal income tax consequences of acquiring, holding and disposing of shares of common stock of the Company for a shareholder of the Company who, at all relevant times and for purposes of the Canadian Tax Act, is solely a resident of the United States for purposes of the Convention, holds shares of common stock of the Company as capital property, deals at arm's length and is not affiliated with the Company, and, does not use or hold, is not deemed to use or hold shares of the common stock of the Company in, or in the course of, carrying on business in Canada. (a "U.S. Holder"). This summary is based on the current provisions of the Canadian Tax Act and the regulations to it and on the Company's understanding of the administrative practices of Canada Revenue Agency, in effect as of the date hereof, and takes into account all specific proposals to amend the Canadian Tax Act and regulations to it publicly announced by the Minister of Finance of Canada prior to the date hereof. No assurances can be given that such proposed amendments will be enacted in the form proposed, or at all. This summary is not exhaustive of all potential Canadian federal income tax consequences to a U.S. Holder and does not take into account or anticipate any other changes in law or administrative practices, whether by judicial, governmental or legislative action or decision.. This discussion is general only and is not a

substitute for independent advice from a shareholder's own Canadian and U.S. tax advisors.

The provisions of the Canadian Tax Act are subject to income tax treaties to which Canada is a party, including the Convention.

*Dividends on Common Shares and Other Income*

Under the Canadian Tax Act, a non-resident of Canada is generally subject to Canadian non-resident tax at the rate of 25 percent on amounts that are paid or credited or deemed under the Canadian Tax Act to be paid or credited as, on account or in lieu of payment of, or in satisfaction of dividends to a U.S. Holder by a corporation resident in Canada. The Convention limits the rate to 15 percent if the shareholder is a resident of the United States and the dividends are beneficially owned by and paid to such shareholder, and to 5 percent if the shareholder is also a corporation that beneficially owns at least 10 percent of the voting stock of the Canadian payor corporation.

The Convention generally exempts from Canadian non-resident tax dividends paid to certain religious, scientific, literary, educational or charitable organizations and certain pension organizations that are resident in the United States and are exempt from income tax under the laws of the United States.

The non-resident tax payable on dividends is to be withheld at source by the Company or people acting on its behalf.

*Dispositions of Common Shares*

Under the Canadian Tax Act, a U.S. Holder will generally not be subject to tax in respect of capital gains realised on the disposition or deemed disposition of shares of the common stock of the Company unless, at the time of disposition, the shares constitute "taxable Canadian property."

Shares of common stock of the Company will not constitute taxable Canadian property of a U.S. Holder at a particular time unless at any time in the 60 months immediately preceding the disposition of such shares 25% or more of the issued shares of any class or series in the capital stock of the Company belonged to one or more persons in a group comprising the U.S. Holder and persons with whom the U.S. Holder did not deal at arm's length.

The Convention relieves U.S. Holders from liability for Canadian tax on capital gains derived on a disposition of shares that are "taxable Canadian property" unless

(c) the value of the shares is derived principally from "real property" situated in Canada, including the right to explore for or exploit natural resources and rights to amounts computed by reference to production, or

(d) the shareholder was an individual resident in Canada for 120 months during any period of 20 consecutive years preceding the disposition of the shares, and at any time during the 10 years immediately preceding the disposition of the shares the individual was a resident of Canada, and the shares were owned by the individual when he or she ceased to be resident in Canada.

If a U.S. Holder realizes a capital gain or capital loss from a disposition of a share of common stock of the Company which constitutes taxable Canadian property for purposes of the Canadian Tax Act and is not otherwise exempt under the Convention, then the capital gain or capital loss is the amount, if any, by which the U.S. Holder's proceeds of disposition exceed (or are exceeded by, respectively) the aggregate of the U.S. Holder's adjusted cost base of the share and reasonable expenses of disposition. The capital gain or loss must be computed in Canadian currency using a weighted average adjusted cost base for identical properties. Fifty percent of a capital gain ( taxable capital gain ) is included in income for Canadian tax purposes. The amount by which one half of a U.S. Holder's capital loss from the disposition of taxable Canadian property exceeds the taxable capital gain in a year may generally be deducted for Canadian tax purposes from taxable capital gains realized by the shareholder from the disposition of taxable Canadian property in the three years previous or any subsequent year, in the manner permitted under the Canadian Tax Act. A U.S. Holder whose shares do not constitute taxable Canadian property for purposes of the Canadian Tax Act should

not be

subject to Canadian income tax on any gain realized on the disposition of a share of the capital stock of the Company.

United States Federal Income Tax Consequences

The following is a summary of certain U.S. federal income tax consequences to a U.S. Holder (as defined below) arising from and relating to the acquisition, ownership, and disposition of shares of common stock of the Company ("Common Shares").

This summary is for general information purposes only and does not purport to be a complete analysis or listing of all potential U.S. federal income tax consequences that may apply to a U.S. Holder as a result of the acquisition, ownership, and disposition of Common Shares. In addition, this summary does not take into account the individual facts and circumstances of any particular U.S. Holder that may affect the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares. This summary is not intended to be, and should not be construed as, legal or U.S. federal income tax advice with respect to any U.S. Holder. Each U.S. Holder should consult its own tax advisor, legal counsel, or accountant regarding the U.S. federal, U.S. state and local, and foreign tax consequences of the acquisition, ownership, and disposition of Common Shares.

**Circular 230 Disclosure**

**Any tax statement made herein regarding any U.S. federal tax is not intended or written to be used, and cannot be used, by any taxpayer for purposes of avoiding any penalties. Any such statement herein is written in connection with the marketing or promotion of the transaction to which the statement relates. Each taxpayer should seek advice based on the taxpayer s particular circumstances from an independent tax advisor.**

**Scope of this Disclosure**

Authorities

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, published Internal Revenue Service ("IRS") rulings, published administrative positions of the IRS, the Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital, signed September 26, 1980, as amended (the "Canada-U.S. Tax Convention"), and U.S. court decisions that are applicable as of the date of this Annual Report. Any of the authorities on which this summary is based could be changed in a material and adverse manner at any time, and any such change could be applied on a retroactive basis. This summary does not discuss the potential effects, whether adverse or beneficial, of any proposed legislation or proposed changes to the Canada-U.S. Tax Convention.

U.S. Holders

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Common Shares that, for U.S. federal income tax purposes, is (a) an individual who is a citizen or, or resident in, the U.S., (each as defined under U.S. tax laws),(b) a corporation, or other entity classified as a corporation for U.S. federal income tax purposes, that is created or organized in or under the laws of the U.S. or any state in the U.S., including the District of Columbia, (c) an estate if the income of such estate is subject to U.S. federal income tax regardless of the source of such income, or (d) a trust if (i) such trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes or (ii) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust.

Non-U.S. Holders

A "non-U.S. Holder" is a beneficial owner of Common Shares other than a U.S. Holder. This summary does not address the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares to non-U.S. Holders.

U.S. Holders Subject to Special U.S. Federal Income Tax Rules Not Addressed

This summary does not address the U.S. federal income tax consequences of the acquisition, ownership, and disposition of Common Shares to U.S. Holders that are subject to special provisions under the Code, including but not limited to the following U.S. Holders: (a) U.S. Holders that are tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts; (b) U.S. Holders that are financial institutions, insurance companies, real estate investment trusts, or regulated investment companies or that are broker-dealers or dealers in securities; (c) U.S. Holders that have a "functional currency" other than the U.S. dollar; (d) U.S. Holders that are subject to the alternative minimum tax provisions of the Code; (e) U.S. tax expatriates; (f) U.S. Holders that own Common Shares as part of a straddle, hedging transaction, conversion transaction, constructive sale, or other arrangement involving more than one position; (g) U.S. Holders that acquired Common Shares in connection with the exercise of employee stock options or otherwise as compensation for services; (h) partners of partnerships that hold Common Shares or owners of other entities classified as partnerships or "pass-through" entities for U.S. federal income tax purposes that hold Common Shares, (i) U.S. Holders that hold Common Shares other than as a capital asset within the meaning of Section 1221 of the Code. U.S. Holders that are subject to special provisions under the Code, including U.S. Holders described immediately above, should consult their own tax advisors regarding the tax consequences of the acquisition, ownership, and disposition of Common Shares.

Tax Consequences Other than U.S. Federal Income Tax Consequences Not Addressed

This summary does not address the U.S. state, local or foreign, tax consequences to U.S. Holders of the acquisition, ownership, and disposition of Common Shares, nor U.S. federal tax consequences other than income tax. Each U.S. Holder should consult its own tax advisors regarding these and other tax consequences of the acquisition, ownership, and disposition of Common Shares.

**U.S. Federal Income Tax Consequences of the Acquisition, Ownership, and Disposition of Common Shares**

Distributions on Common Shares

*General Taxation of Distributions*

Generally, and subject to the discussion below, concerning passive foreign investment companies ( PFICs ), a U.S. Holder that receives a distribution, including a constructive distribution, with respect to the Common Shares will be required to include the amount of such distribution in gross income as a dividend (without reduction for any Canadian income tax withheld from such distribution) to the extent of the current or accumulated "earnings and profits" of the Company (as determined under U.S. tax principles). To the extent that a distribution exceeds the current and accumulated "earnings and profits" of the Company, such distribution will be treated (a) first, as a tax-free return of capital to the extent of a U.S. Holder's tax basis in the Common Shares and, (b) thereafter, as gain from the sale or exchange of such Common Shares. (See more detailed discussion at "Disposition of Common Shares" below).

*Reduced Tax Rates for Certain Dividends*

For taxable years beginning after December 31, 2002 and before January 1, 2011, a dividend paid by the Company generally may be taxed at the preferential tax rates applicable to long-term capital gains (generally, a 15% federal tax rate) if (a) the Company is a "qualified foreign corporation" (as defined below), (b) the U.S. Holder receiving such dividend is an individual, estate, or trust, and (c) such dividend is paid on Common Shares that have been held by such U.S. Holder for at least 61 days during the 121-day period beginning 60 days before the "ex-dividend date" (i.e., the first date that a purchaser of such Common Shares will not be entitled to receive such dividend).

The Company generally will be a "qualified foreign corporation" under Section 1(h)(11) of the Code (a "QFC") if (a) the Company is incorporated in a possession of the U.S., (b) the Company is eligible for the

52

benefits of the Canada-U.S. Tax Convention, or (c) the Common Shares are readily tradable on an established securities market in the U.S. However, even if the Company satisfies one or more of such requirements, the Company will not be treated as a QFC if the Company is a PFIC for the taxable year during which the Company pays a dividend or for the preceding taxable year.

As discussed below, the Company believes that it is a PFIC (see more detailed discussion at "Additional Rules that May Apply to U.S. Holders-Passive Foreign Investment Company" below). Accordingly, the Company does not believe that it will be a QFC. If the Company is not a QFC, a dividend paid by the Company to a U.S. Holder, including a U.S. Holder that is an individual, estate, or trust, generally will be taxed at ordinary income tax rates (and not at the preferential tax rates applicable to long-term capital gains). As discussed below, additional U.S. tax consequences may arise on such a dividend under the PFIC rules. The dividend rules are complex and each U.S. Holder should consult its own tax advisors regarding the dividend rules.

*Distributions Paid in Foreign Currency*

The amount of a distribution paid to a U.S. Holder in foreign currency generally will be equal to the U.S. dollar value of such distribution based on the exchange rate applicable on the date of receipt. A U.S. Holder that does not convert foreign currency received as a distribution into U.S. dollars on the date of receipt generally will have a tax basis in such foreign currency equal to the U.S. dollar value of such foreign currency on the date of receipt. Such a U.S. Holder generally will recognize ordinary income or loss on the subsequent sale or other taxable disposition of such foreign currency (including an exchange for U.S. dollars).

*Dividends Received Deduction*

Dividends paid on the Common Shares generally will not be eligible for the "dividends received deduction." The availability of the dividends received deduction is subject to complex limitations that are beyond the scope of this discussion, and a U.S. Holder that is a corporation should consult its own tax advisors regarding the dividends received deduction.

Disposition of Common Shares

Subject to the discussion of the PFIC rules, below, a U.S. Holder will recognize gain or loss on the sale or other taxable disposition of Common Shares in an amount equal to the difference, if any, between (a) the amount of cash plus the fair market value of any property received and (b) such U.S. Holder's tax basis in the Common Shares sold or otherwise disposed of. Any such gain or loss generally will be capital gain or loss, which will be long-term capital gain or loss if the Common Shares are held for more than one year.

Although preferential tax rates generally apply to long-term capital gains of a U.S. Holder that is an individual, estate, or trust, such preferential tax rates are not available if the Company is a PFIC, unless a qualified electing fund ( QEF ) election is made, as described below. There are currently no preferential tax rates for long-term capital gains of a U.S. Holder that is a corporation. Deductions for capital losses and net capital losses are subject to complex limitations.

Foreign Tax Credit

A U.S. Holder who pays (whether directly or through withholding) Canadian income tax with respect to the Common Shares generally will be entitled, at the election of such U.S. Holder, to receive either a deduction or a credit for such Canadian income tax paid. Generally, a credit is more advantageous because it will reduce a U.S. Holder's U.S. federal income tax liability on a dollar-for-dollar basis, whereas a deduction will reduce a U.S. Holder's income subject to U.S. federal income tax. This election is made on a year-by-year basis and applies to all foreign taxes paid (whether directly or through withholding) by a U.S. Holder during a year.

Complex limitations apply to the foreign tax credit, including the general limitation that the credit cannot exceed the proportionate share of a U.S. Holder's U.S. federal income tax liability that such U.S. Holder's "foreign source" taxable income bears to such U.S. Holder's worldwide taxable income. In applying this limitation, a U.S. Holder's various items of income and deduction must be classified, under complex rules, as

either "foreign source" or "U.S. source." In addition, this limitation is calculated separately with respect to specific categories of income known as "baskets", and there are limitations under the basket rules also. Unused foreign tax credits generally can be carried back one year and forward ten years. The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisors regarding the foreign tax credit rules.

Information Reporting; Backup Withholding Tax

Payments of dividends made on, and proceeds arising from certain sales or other taxable dispositions of, Common Shares generally will be subject to information reporting and backup withholding tax, at the rate of 28%, if a U.S. Holder (a) fails to furnish such U.S. Holder's correct U.S. taxpayer identification number (generally on Form W-9), (b) furnishes an incorrect U.S. taxpayer identification number, (c) is notified by the IRS that such U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (d) fails to certify, under penalty of perjury, that such U.S. Holder has furnished its correct U.S. taxpayer identification number and that the IRS has not notified such U.S. Holder that it is subject to backup withholding tax. However, U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if such U.S. Holder furnishes required information to the IRS. Each U.S. Holder should consult its own tax advisors regarding the information reporting and backup withholding tax rules.

**Additional Rules that May Apply to U.S. Holders**

If the Company is a "controlled foreign corporation" or a "passive foreign investment company" (each as defined below), the U.S. federal income tax consequences to U.S. Holders described above of the acquisition, ownership, and disposition of Common Shares are modified by special rules.

Controlled Foreign Corporation

The Company generally will be a "controlled foreign corporation" under Section 957 of the Code (a "CFC") if more than 50% of the total voting power or the total value of the outstanding shares of the Company is owned, directly or indirectly, by citizens or residents of the U.S., domestic partnerships, domestic corporations, domestic estates, or domestic trusts (each as defined in Section 7701(a)(30) of the Code), each of which own, directly or indirectly, 10% or more of the total voting power of the outstanding shares of the Company (a "10% Shareholder").

If the Company is a CFC, a 10% Shareholder generally will be subject to current U.S. federal income tax with respect to (a) such 10% Shareholder's pro rata share of the "subpart F income" (as defined in Section 952 of the Code) of the Company and (b) such 10% Shareholder's pro rata share of the earnings of the Company invested in "United States property" (as defined in Section 956 of the Code). In addition, under Section 1248 of the Code, any gain recognized on the sale or other taxable disposition of Common Shares by a U.S. Holder that was a 10% Shareholder at any time during the five-year period ending with such sale or other taxable disposition generally will be treated as a dividend to the extent of the "earnings and profits" of the Company that are attributable to such Common Shares.

The Company does not believe that it has previously been, or currently is, a CFC. However, there can be no assurance that the Company will not be a CFC for the current or any future taxable year.

Passive Foreign Investment Company

The Company generally will be a "passive foreign investment company" under Section 1297 of the Code (a "PFIC") if, for a taxable year, (a) 75% or more of the gross income of the Company for such taxable year is passive income or (b) 50% or more of the assets held by the Company either produce passive income or are held for the production of passive income. "Passive income" includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions.

54

For purposes of the PFIC income and asset test described above, if the Company owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another foreign corporation, the Company will be treated as if it (a) held a proportionate share of the assets of such other foreign corporation and (b) received directly a proportionate share of the income of such other foreign corporation. If the Company is a PFIC, in addition to the rules discussed below, U.S. Holders generally may be required to file certain information returns with the IRS. The PFIC rules are extremely complex, and U.S. Holders should consult their own U.S. tax advisors concerning the application of the PFIC rules.

The Company believes that it was a PFIC for the taxable year ended March 31, 2009 and that it will be a PFIC for the taxable year ending March 31, 2010. There can be no assurance, however, that the IRS will agree with a determination made by the Company concerning its PFIC status.

*Default PFIC Rules Under Section 1291 of the Code*

If the Company is a PFIC, the U.S. federal income tax consequences to a U.S. Holder of the acquisition, ownership, and disposition of Common Shares will depend on whether such U.S. Holder makes an election to treat the Company as a "qualified electing fund" or "QEF" under Section 1295 of the Code (a "QEF Election") or makes a mark-to-market election under Section 1296 of the Code (a "Mark-to-Market Election"). A U.S. Holder that does not make either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a "Non-Electing U.S. Holder."

A Non-Electing U.S. Holder will be subject to the rules of Section 1291 of the Code with respect to (a) any gain on the disposition of Common Shares and any excess distribution paid on the Common Shares.

Under Section 1291 of the Code, any gain recognized on the sale or other disposition of Common Shares, and any excess distribution paid on the Common Shares, must be rateably allocated to each day in a Non-Electing U.S. Holder's holding period for the Common Shares. The amount of any such gain or excess distribution allocated to prior years of such Non-Electing U.S. Holder's holding period for the Common Shares will be subject to U.S. federal income tax at the highest tax applicable to ordinary income in each such prior year. A Non-Electing U.S. Holder will be required to pay interest on the resulting tax liability for each such prior year, calculated as if such tax liability had been due in each such prior year. The amount of any such gain or excess distribution allocated to the current year of such Non-Electing U.S. Holder's holding period for the Common Shares will be treated as ordinary income in the current year (but will not qualify for the preferential dividend rate previously discussed), and no interest charge will be incurred with respect to the resulting tax liability for the current year.

If the Company is a PFIC for any taxable year during which a Non-Electing U.S. Holder holds Common Shares, the Company will continue to be treated as a PFIC with respect to such Non-Electing U.S. Holder, regardless of whether the Company ceases to be a PFIC in one or more subsequent years. A Non-Electing U.S. Holder may terminate this deemed PFIC status by electing to recognize gain (which will be taxed under the rules of Section 1291 of the Code discussed above) as if such Common Shares were sold on the last day of the last taxable year for which the Company was a PFIC.

*QEF Election*

A U.S. Holder that makes a QEF Election generally will not be subject to the rules of Section 1291 of the Code discussed above. However, a U.S. Holder that makes a QEF Election will be subject to U.S. federal income tax annually on such U.S. Holder's pro rata share of (a) net capital gain of the Company, which will be taxed as capital gain to such U.S. Holder, and (b) the ordinary earnings of the Company, which will be taxed as ordinary income to such U.S. Holder, regardless of whether such amounts are actually distributed to such U.S. Holder by the Company. However, a U.S. Holder that makes a QEF Election may, subject to certain limitations, elect to defer payment of current U.S. federal income tax on such amounts, subject to an interest charge. In addition, a U.S. Holder that makes a

QEF Election generally will recognize capital gain or loss on the sale or other taxable disposition of Common Shares, as long as the U.S. Holder always had a QEF election in effect.

Each U.S. Holder should consult its own U.S. tax advisors regarding the advisability of, and procedure for making, a QEF Election. U.S. Holders should be aware that there can be no assurance that the Company will satisfy record keeping requirements so that a U.S. Holder may made certain information returns to the IRS, or that the Company will supply U.S. Holders with information that such U.S. Holders are required to report under the QEF rules, in the event that the Company is a PFIC and a U.S. Holder wishes to make a QEF Election.

*Mark-to-Market Election*

A U.S. Holder may make a Mark-to-Market Election only if the Common Shares are marketable stock, which generally would be the case here for a U.S. Holder. A U.S. Holder that makes a Mark-to-Market Election generally will not be subject to the rules of Section 1291 of the Code discussed above. However, if a U.S. Holder makes a Mark-to-Market Election after the beginning of such U.S. Holder's holding period for the Common Shares and such U.S. Holder has not made a timely QEF Election, the rules of Section 1291 of the Code discussed above will apply to dispositions of, and certain distributions on, the Common Shares.

A U.S. Holder that makes a Mark-to-Market Election will include as ordinary income, for each taxable year in which the Company is a PFIC, an amount equal to the excess, if any, of (a) the fair market value of the Common Shares as of the close of such taxable year over (b) such U.S. Holder's tax basis in such Common Shares. A U.S. Holder that makes a Mark-to-Market Election will be allowed a deduction in an amount equal to the lesser of (a) the excess, if any, of (i) such U.S. Holder's adjusted tax basis in the Common Shares over (ii) the fair market value of such Common Shares as of the close of such taxable year or (b) the excess, if any, of (i) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (ii) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years.

A U.S. Holder that makes a Mark-to-Market Election generally also will adjust such U.S. Holder's tax basis in the Common Shares to reflect the amount included in gross income or allowed as a deduction because of such Mark-to-Market Election. In addition, upon a sale or other taxable disposition of Common Shares, a U.S. Holder that makes a Mark-to-Market Election will recognize ordinary income or loss (not to exceed the excess, if any, of (a) the amount included in ordinary income because of such Mark-to-Market Election for prior taxable years over (b) the amount allowed as a deduction because of such Mark-to-Market Election for prior taxable years).

Each U.S. Holder should consult its own tax advisors regarding the advisability of, and procedure for making, a Mark-to-Market Election.

*Other PFIC Rules*

Under Section 1291(f) of the Code, the IRS has issued proposed Treasury Regulations that, subject to certain exceptions, would cause a U.S. Holder that had not made a timely QEF Election to recognize gain (but not loss) upon certain transfers of Common Shares that would otherwise be tax-deferred (e.g., gifts and exchanges pursuant to corporate reorganizations).

An individual U.S. Holder's estate may not receive a step-up in basis in the Common Shares at the U.S. Holder's death, if the Company is or was a PFIC during the U.S. Holder's period of ownership of the Common Shares.

Certain additional adverse rules will apply with respect to a U.S. Holder if the Company is a PFIC, regardless of whether such U.S. Holder makes a QEF Election. For example under Section 1298(b)(6) of the Code, a U.S. Holder that uses Common Shares as security for a loan will, except as may be provided in Treasury Regulations, be treated as having made a taxable disposition of such Common Shares.

The PFIC rules are complex, and each U.S. Holder should consult its own financial advisor, legal counsel, or accountant regarding the PFIC rules and how the PFIC rules may affect the U.S. federal income tax consequences of

the acquisition, ownership, and disposition of Common Shares.

**F.** ***Dividend and paying agents***

Not Applicable

**G.** ***Statement by experts.***

Not Applicable

**H.** ***Documents on display.***

Any statement in this Annual Report about any of the Company's contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to this Annual Report, the contract or document is deemed to modify the description contained in this Annual Report. Readers must review the exhibits themselves for a complete description of the contract or document.

Readers may review a copy of the Company's filings with the U.S. Securities and Exchange Commission ("the "SEC"), including exhibits and schedules filed with it, at the SEC's public reference facilities at 100 F Street, N.E., Washington, D.C. 20549. Readers may call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. The SEC maintains a Web site (http://www.sec.gov) that contains reports, submissions and other information regarding registrants that file electronically with the SEC. The Company has only recently become subject to the requirement to file electronically through the EDGAR system most of its securities documents, including registration statements under the Securities Act of 1933, as amended and registration statements, reports and other documents under the Securities Exchange Act of 1934, as amended (the Exchange Act ).

Readers may read and copy any reports, statements or other information that the Company files with the SEC at the address indicated above and may also access them electronically at the Web site set forth above. These SEC filings are also available to the public from commercial document retrieval services.

The Company is required to file reports and other information with the SEC under the Exchange Act. Reports and other information filed by the Company with the SEC may be inspected and copied at the SEC's public reference facilities described above. As a foreign private issuer, the Company is exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements and the Company's officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in section 16 of the Exchange Act. Under the Exchange Act, as a foreign private issuer, the Company is not required to publish financial statements as frequently or as promptly as United States companies.

Any of the documents referred to above can also be viewed at the offices of the Company's attorneys, Hodgson Russ LLP, 150 King Street West, Suite 2309, Toronto, Ontario M5H 1J9. All of the documents referred to above are in English.

**I.** ***Subsidiary Information.***

Not applicable.

**Item 11.**

**Quantitative and Qualitative Disclosures About Market Risk.**

The Company owns shares of other listed companies. Certain of these shares are listed under current assets on the Company's balance sheet as at March 31, 2009 as "Marketable Securities" at an amount of $5,958, which is their quoted market value. Market risk represents the risk of loss that may impact the financial position, results of

operations, or cash flows of the Company due to adverse changes in financial market prices, including interest rate risk, foreign currency exchange rate risk, commodity price risk, and other relevant market or price risks.

As the Company is in the permitting and advanced exploration stage, it presently has no activities related to derivative financial instruments or derivative commodity instruments.

The financial results are quantified in Canadian dollars. In the past, the Company has raised equity funding through the sale of securities denominated in Canadian dollars, and the Company may in the future raise additional equity funding or financing denominated in Canadian dollars. The Company currently does not believe it currently has any materially significant market risks relating to operations resulting from foreign exchange rates. However, if the Company enters into financing or other business arrangements denominated in currency other than the Canadian or United States dollar, variations in the exchange rate may give rise to foreign exchange gains or losses that may be significant.

The Company currently has no long-term debt obligations. The Company does not use financial instruments for trading purposes and is not a party to any leverage derivatives. In the event the Company experiences substantial growth in the future, the Company's business and results of operations may be materially affected by changes in interest rates and certain other credit risk associated with the Company's operations.

**Item 12.** **Description of Securities Other than Equity Securities**

Not Applicable.

**PART II**

**Item 13.** **Defaults, Dividend Arrearages and Delinquencies.**

There are none.

**Item 14.** **Material Modifications to the Rights of Security Holders and Use of Proceeds.**

Not Applicable.

**Item 15.** **Controls and Procedures.**

(a) **Disclosure Controls and Procedures**.

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13(a)-15(e) and 15(d)-15(e) under the "Exchange Act" as of the end of the period covered by this annual report (the "Evaluation Date"). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective in (i) alerting them with reasonable assurance that the information required to be disclosed by the Company in reports that it files or submits to the Securities and Exchange Commission under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms, and (ii) alerting them on a timely basis to material information relating to the Company required to be included in our reports filed or submitted under the Exchange Act.

(b) **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 Canadian GAAP, and reconciled to US GAAP, as applicable.

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 March 31, 2009.

(c) **Attestation Report of the Company s Registered Accounting Firm.**

The Registrant s independent registered public accounting firm, KPMG LLP, has issued an attestation report expressing an opinion on the Company s internal control over financial reporting as of March 31, 2009. For KPMG LLP s report, see Item 19 of this Annual Report on Form 20-F.

(d) **Changes in Internal Controls over Financial Reporting.**

There have not been any changes in the Company's internal controls over financial reporting or in other factors that have been identified in connection with the evaluation described above that occurred during the period covered by this Annual Report that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

**Item 16.**

**[Reserved]**

**Item 16A.**

**Audit Committee Financial Expert.**

The Company's Board of Directors has determined that there is at least one audit committee financial expert, as defined under Item 16A of Form 20-F, serving on its audit committee, namely, David Whittle, whose qualifications are set out in Item 6, above. Mr. Whittle is independent, as such term is defined by the listing standards of the NYSE Amex. All other members of the Audit Committee are also independent as defined by the listing standards of the NYSE Amex.

**Item 16B.**

**Code of Ethics.**

The Board of Directors, on February 2, 2003, adopted a Code of Ethics (the "Code") entitled "Ethics and Conflict of Interest Policy" which applies to each of the directors and officers of the Company and its affiliates. A copy of the 2003 Code has been previously filed. On May 29, 2006 the Board of Directors adopted an updated and expanded set of Corporate Governance Policies, which replaced the 2003 Code.

The Corporate Governance Policy governs the actions of and is applicable to all of the directors and officers of the Company and its subsidiaries, and their affiliates. The 2006 Corporate Governance Policies address the following:

- compliance with all the laws and regulations identified therein and with the requirements of the U.S. Securities and Exchange Commissions as mandated by the Sarbanes-Oxley Act of 2002, and the requirements of the Toronto Stock Exchange;
- corporate opportunities and potential conflicts of interest;
- the quality of public disclosures;
- the protection and appropriate use of the Company's assets and resources;

- the protection of confidential information;
- insider trading;
- fair behaviour; and
- reporting violations of the Policy or Board Directives

The Company has also adopted an Insider Trading Policy which applies to all employees of the Company.

There were no waivers to the 2006 Corporate Governance Policies during fiscal 2009. A copy of the 2006 Corporate Governance Policies is filed as Exhibit 11.1 to this Annual Report.

The Company will provide a copy of the 2006 Corporate Governance Policies to any person, without charge. To obtain a copy without charge, send a request, in writing, to the Company at Mountain Province Diamonds Inc., Attention: Corporate Secretary, 401 Bay Street, Suite 2700, PO Box 152, Toronto, Ontario, Canada M5H **2Y4.**

**Item 16C. Principal Accountant Fees and Services.**

**A.** ***Audit Fees***

"Audit Fees" are the aggregate fees billed by KPMG LLP for the audit of the Company's consolidated annual financial statements, assistance with interim financial statements, attestation services that are provided in connection with statutory and regulatory filings or engagements, services associated with registration statements, prospectuses, periodic reports and other documents filed with securities regulatory bodies and stock exchanges and other documents issued in connection with securities offerings and admissions to trading, and assistance in responding to comment letters from securities regulatory bodies, and consultations with the Company's management as to accounting or disclosure treatment of transactions or events and/or the actual or potential impact of final or proposed rules, standards or interpretations by the securities regulatory authorities, accounting standard setting bodies, or other regulatory or standard setting bodies.

Aggregate audit fees billed in fiscal 2009 by KPMG were $75,000, and the Company was billed $57,978 in the fiscal year 2008. All such fees were approved by the Audit Committee.

**B.** ***Audit-Related Fees***

"Audit-Related Fees" are fees that are or would be charged by KPMG for presentations or training on accounting or regulatory pronouncements, due diligence services related to accounting and tax matters in connection with potential acquisitions/dispositions, advice and documentation assistance with respect to internal controls over financial reporting and disclosure controls and procedures of the Company, and if applicable, audits of financial statements of a company's employee benefit plan. "Audit Related Fees" charged by KPMG during the fiscal period ended March 31, 2009 were $nil and $nil for March 31, 2008. All such services were approved by the Audit Committee.

**C.** ***Tax Fees***

"Tax Fees" are fees for professional services rendered by KPMG for tax compliance, tax advice on actual or contemplated transactions.

Aggregate tax fees billed in fiscal 2009 by KPMG were $18,695 (2008 - $nil) pertaining to tax compliance. These services were approved by the Audit Committee.

**D.** ***All Other Fees***

There were no other fees charged by KPMG during the fiscal years ended March 31, 2009 and 2008.

The Audit Committee pre-approves all audit services to be provided to the Company by its independent auditors. The Audit Committee's policy regarding the pre-approval of non-audit services to be provided to the Company by its independent auditors is that all such services shall be pre-approved by the Audit Committee. Non-audit services that are prohibited to be provided to the Company by its independent auditors may not be pre-approved. In addition, prior

to the granting of any pre-approval, the Audit Committee must be satisfied that the performance of the services in question will not compromise the independence of the independent auditors. All non-audit services, performed by the Company's auditor, for the fiscal year ended March 31, 2009, have been pre-approved by the Audit Committee of the Company. No non-audit services were approved pursuant to the *de minimis* exemption to the pre-approval requirement.

**Item 16D. Exemptions from the Listing Standards for Audit Committees.**

Not Applicable.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

There were no purchases made by or on behalf of the Company or any affiliated purchaser of shares or other units of the Company's equity securities.

**Item 16F. Change in Registrant s Certifying Accountant.**

Not Applicable.

**Item 16G. Corporate Governance.**

**NYSE Amex Corporate Governance Matters**

The Corporation s common shares are listed on NYSE Amex. Section 110 of the NYSE Amex Company Guide permits the NYSE Amex to consider the laws, customs and practices of the foreign issuer s country of domicile in relaxing certain NYSE Amex listing criteria. A description of the significant ways in which the Corporation s governance practices differ from those followed by domestic companies pursuant to NYSE Amex standards is as follows:

- *Shareholder Meeting Quorum Requirement*: The NYSE Amex minimum quorum requirement for a shareholder meeting is one-third of the outstanding common shares. In addition, a Corporation listed on NYSE Amex is required to state its quorum requirement in its bylaws. The Corporation s quorum requirement (set forth in its Articles) is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the meeting.
- *Proxy Delivery Requirement*: NYSE Amex requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to SEC proxy rules. The Corporation is a foreign private issuer as defined in Rule 3b-4 under the Exchange Act and Rule 405 under the Securities Act and the equity securities of the Corporation are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. The Corporation solicits proxies in accordance with applicable rules and regulations in Canada.
- *Shareholder Approval Requirement:* The Corporation will follow the Canadian securities regulatory authorities and Toronto Stock Exchange rules for shareholder approval of new issuances of its common shares. Following securities and exchange rules, shareholder approval is required for certain issuances of shares that: (i) materially affect control of the Corporation; or (ii) provide consideration to insiders in aggregate of 10% or greater of the market capitalization of the listed issuer and have not been negotiated at arm s length. Shareholder approval is also required, pursuant to Toronto Stock Exchange rules, in the case of most private placements: (x) for an aggregate number of listed securities issuable greater than 25% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of closing of the transaction if the price per security is less than the market price; or (y) that during any six month period are to insiders for listed securities or options, rights or other entitlements to listed securities greater than 10% of the number of securities of the listed issuer which are outstanding, on a non-diluted basis, prior to the date of the closing of the first private placement to an insider during the six month period.

**PART III**

**Item 17. Financial Statements.**

The Company's consolidated financial statements are stated in Canadian dollars (CDN$) and are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). Material measurement differences between GAAP in Canada and GAAP in the United States applicable to the Company, are described in Note 11 to the Consolidated Financial Statements.

The financial statements and notes thereto as required under Item 17 are attached hereto and filed as part of this Annual Report, are individually listed under Item 19, and are found immediately following the text of this Annual Report. The audit report of KPMG LLP, independent registered public accounting firm, is included herein immediately preceding the financial statements.

For audited financial statements for Fiscal 2009, Fiscal 2008 and Fiscal 2007, please see Item 19 below.

**Item 18. Financial Statements.**

Not Applicable.

**Item 19. Exhibits**

***Financial Statements***

The Consolidated Financial Statements of the Company and exhibits listed below are filed with this annual report on Form 20-F in the United States. This report is also filed in Canada as an Annual Information Form and the Canadian filing does not include the Consolidated Financial Statements and exhibits listed below. Canadian investors should refer to the audited Financial Statements of the Company for the years ended March 31, 2009 and 2008 filed with Canadian Securities Regulators on SEDAR under "Audited Annual Financial Statements - English" and incorporated herein by reference.

The following financial statements are attached to and form a part of this report filed with the SEC (see Appendix):

*Consolidated Financial Statements of the Company:*

- Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting.
- Report of Independent Registered Public Accounting Firm, and Comments by Auditors for US Readers on Canada-US Reporting Differences.
- Consolidated Balance Sheets as of March 31, 2009 and 2008.
- Consolidated Statements of Operations and Deficit for the years ended March 31, 2009, 2008 and 2007.
- Consolidated Statements of Comprehensive Income and Accumulated Other Comprehensive Income for the years ended March 31, 2009, 2008 and 2007.
- Consolidated Statements of Cash Flows for the years ended March 31, 2009, 2008 and 2007.
- Notes to the Consolidated Financial Statements.

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**Mountain Province Diamonds Inc.**
(Company)

By: Patrick C. Evans
(Signature)*

Date: July 24, 2009

**Patrick C. Evans**
**President, CEO and Director**

*Print the name and title of the signing officer under this signature.

**EXHIBIT INDEX**

| The following exhibits are attached to and form part of this Annual Report:<br><br>*Exhibit* | | *Remarks.* |
|---|---|---|
| 1.1 | By-Laws of the Company | (3) |
| 1.2 | Arrangement Agreement between the Company and Glenmore Highlands Inc. dated May 10, 2000. | (5) |
| 1.3 | Joint Information Circular of the Company and Glenmore Highlands Inc. | (4) |
| 4.1 | Transfer agreement between MPV, Monopros and Camphor dated November 24, 1999 pursuant to which MPV and Camphor transferred the GOR to Monopros. | (3) |
| 4.2 | Letter Agreement between MPV, Monopros, Glenmore and Camphor dated December 17, 1999 relating to acquisition of property, within the "Area of Interest" as defined in the agreement and acquisition of property through third party agreements. | (3) |
| 4.3 | Letter Agreement dated December 17, 1999 between MPV, Monopros, Camphor and Glenmore amending the Monopros Joint Venture Agreement. | (3) |
| 4.4 | Form of Subscription Agreement for the private placement described in item 1 of "Material Contracts". | (3) |
| 4.5 | Agreement dated as of January 1, 2002 between the Company, Camphor Ventures Inc. and De Beers Canada Exploration Inc. | (1) |
| 4.6 | Second Amendment Agreement dated January 1, 2002 between the Company and Paul Shatzko. | (3) |
| 4.7 | Second Amendment Agreement dated January 1, 2002 between the Company and Jan Vandersande. | (3) |
| 4.8 | Third Amendment Agreement dated December 13, 2002 between the Company and Jan Vandersande | (3) |
| 4.9 | Letter agreement dated December 13, 2002 between the Company and Elizabeth Kirkwood | (3) |
| 4.10 | Consulting Agreement dated January 1, 2004 between the Company and Jan W. Vandersande | (3) |
| 4.11 | Consulting Agreement dated November 1, 2005 between the Company and Patrick Evans | (3) |
| 4.12 | Revised Consulting Agreement dated January 31, 2006 between the Company and Patrick Evans | (3) |
| 4.13 | Consulting Agreement dated May 11, 2006 between the Company and Jennifer Dawson | (3) |
| 8.1 | List of Subsidiaries | (2) |
| 11.1 | Corporate Governance Policies dated May 29, 2006. | (3) |
| 12.1 | Section 302 Certification of the Company's Chief Executive Officer | - |
| 12.2 | Section 302 Certification of the Company's Chief Financial Officer | - |
| 13.1 | Section 906 Certification of the Company's Chief Executive Officer | - |
| 13.2 | Section 906 Certification of the Company's Chief Financial Officer | - |

| | | |
|---|---|---|
| 14.1 | Independent Qualified Persons Technical Report dated April 20, 2009 entitled Gahcho Kué Kimberlite Project NI 43-101 Technical Report prepared by Ken Brisebois, P.Eng., Dr. Ted Eggleston, P.Geo., and Alexandra Kozak, P.Eng., all of AMEC Americas Limited. | (6) |
| 14.2 | Consents for inclusion of the Technical Report in Exhibit 14.1 and reference in Form 20-F | (6) |
| 15 | Revised Charter of the Board of Directors and Committees thereof of Mountain Province Diamonds Inc. | (3) |

(1)

The Registrant has received approval for confidential treatment with respect to certain portions of this Agreement, which have been omitted, pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

(2)

See list of subsidiaries on page 11 of this Annual Report.

(3)

Previously filed and incorporated by reference. 11.1 was included in the Company s Form 20-F filing of June 30, 2006.

(4)

Previously furnished under cover of Form 6K dated June 2, 2000 and incorporated by reference.

(5)

Attached as Appendix A to the Joint Information Circular of the Company and Glenmore Highlands Inc. which information circular was previously furnished under cover of Form 6K dated June 2, 2000, and incorporated by reference.

(6)

Previously filed and incorporated by reference. Included in the Company s Form 20-F filing of June 26, 2009.

**Appendix**

**Item 17. Financial Statements**

**Consolidated Financial Statements**
**(Expressed in Canadian dollars)**

**Mountain Province Diamonds Inc.**

**Years ended March 31, 2009, 2008 and 2007**

**KPMG LLP**
**Chartered Accountants**
Suite 3300 Commerce Court West
PO Box 31 Stn Commerce Court
Toronto ON M5L 1B2
Canada

Telephone (416) 777-8500
Fax (416) 777-8818
Internet www.kpmg.ca

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Mountain Province Diamonds Inc.

We have audited Mountain Province Diamonds Inc. s ("the Company") internal control over financial reporting as of March 31, 2009, based on the criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management s Report on Internal Control over Financial Reporting within Form 20-F. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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 the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of March 31, 2009, based on the criteria established in Internal Control Integrated Framework issued by the Committee

of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of March 31, 2009 and 2008, and the related consolidated statements of operations and deficit, comprehensive income, accumulated other comprehensive income and cash flows for each of the years in the three-year period ended March 31, 2009, and our report dated June 25, 2009, except as to Notes 6 and 10 which are as of July 14, 2009, expressed an unqualified opinion on those consolidated financial statements.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
June 25, 2009

## REPORT OF MANAGEMENT

The accompanying consolidated financial statements are the responsibility of management. These statements have been prepared in accordance with generally accepted accounting principles in Canada, and reflect management s best estimates and judgments based on currently available information.

Management has developed and maintains systems of internal accounting controls in order to ensure, on a reasonable and cost effective basis, the reliability of its financial information and the safeguarding of assets.

The Board of Directors is responsible for ensuring that management fulfils its responsibilities through the Audit Committee of three independent directors which meets with management and the auditors during the year, to review reporting and control issues and to satisfy itself that each party has properly discharged its responsibilities. The Committee reviews the financial statements before they are presented to the Board of Directors for approval and considers the independence of the auditors.

The consolidated financial statements have been audited by KPMG LLP, an independent firm of chartered accountants appointed by the shareholders at the Company s last annual meeting. Their report outlines the scope of their examination and opinion on the consolidated financial statements.

*Patrick Evans*
**Patrick C. Evans**
President and Chief Executive Officer

*Jennifer Dawson*
**Jennifer M. Dawson**
Chief Financial Officer and Corporate Secretary

July 24, 2009

**KPMG LLP**
**Chartered Accountants**
Suite 3300 Commerce Court West
PO Box 31 Stn Commerce Court
Toronto ON M5L 1B2
Canada

Telephone (416) 777-8500
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Internet www.kpmg.ca

# REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Mountain Province Diamonds Inc.

We have audited the accompanying consolidated balance sheets of Mountain Province Diamonds Inc. ("the Company") as of March 31, 2009 and 2008 and the related consolidated statements of operations and deficit, comprehensive income, accumulated other comprehensive income and cash flows for each of the years in the three-year period ended March 31, 2009. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2009 and 2008 and the results of its operations and its cash flows for each of the years in the three-year period ended March 31, 2009 in conformity with Canadian generally accepted accounting principles.

Canadian generally accepted accounting principles vary in certain significant respects from US generally accepted accounting principles. Information relating to the nature and effect of such differences is presented in Note 11 to the consolidated financial statements.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of March 31, 2009, based on the criteria established in Internal Control  Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated June 25, 2009 expressed an unqualified opinion on the effectiveness of the Company s internal control over financial reporting.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

June 25, 2009, except as to Notes 6 and 10 which are as of July 14, 2009

## COMMENTS BY AUDITORS FOR US READERS ON CANADA US REPORTING DIFFERENCES

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the company's ability to continue as a going concern, such as those described in Note 1 to the consolidated financial statements. Our report to the Board of Directors dated June 25, 2009, except as to Notes 6 and 10 which are as of July 14, 2009, is expressed in accordance with Canadian reporting standards, which do not permit a reference to such events and conditions in the auditors' report when these are adequately disclosed in the financial statements.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

June 25, 2009

# MOUNTAIN PROVINCE DIAMONDS INC.

Consolidated Balance Sheets
(Expressed in Canadian dollars)
March 31, 2009 and 2008

| | | 2009 | | 2008 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets | | | | |
| Cash | **$** | **65,410** | $ | 144,750 |
| Short-term investment (Note 4) | | **231,936** | | 1,437,377 |
| Marketable securities (Note 3) | | **5,958** | | 37,569 |
| Amounts receivable | | **37,419** | | 103,399 |
| Advances and prepaid expenses | | **57,249** | | 56,932 |
| | | **397,972** | | 1,780,027 |
| Interest in Gahcho Kué Project (Note 6) | | **65,161,533** | | 64,984,140 |
| Total assets | **$** | **65,559,505** | $ | 66,764,167 |
| **Liabilities and Shareholders' Equity** | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | **$** | **191,711** | | 213,078 |
| Long-term liabilities | | | | |
| Future income tax liabilities (Note 8) | | **5,686,567** | | 5,909,363 |
| Shareholders' equity: | | | | |
| Share capital (Note 7) | | **85,870,841** | | 85,581,729 |
| Contributed surplus (Note 7) | | **1,264,800** | | 945,210 |
| Deficit | | **(27,455,740)** | | (25,918,150) |
| Accumulated other comprehensive (loss) income | | **1,326** | | 32,937 |
| Total shareholders' equity | | **59,681,227** | | 60,641,726 |
| Total liabilities and shareholders' equity | **$** | **65,559,505** | $ | 66,764,167 |

*See accompanying notes to consolidated financial statements*
*Nature of operations (Note 1)*
*Going concern (Note 1)*
*Subsequent events (Notes 6 and 10)*

**On behalf of the Board of Directors**:

| | |
|---|---|
| *Jonathan Comerford* | *Patrick Evans* |
| Jonathan Comerford, Director | Patrick Evans, Director |

# MOUNTAIN PROVINCE DIAMONDS INC.

Consolidated Statements of Operations and Deficit
(Expressed in Canadian dollars)
Years ended March 31, 2009, 2008, and 2007

| | 2009 | 2008 | 2007 |
|---|---|---|---|
| **Expenses:** | | | |
| Amortization | $ - | $ (14,239) | $ (1,675) |
| Consulting fees | **(639,987)** | (474,704) | (476,754) |
| Interest and bank charges | **(2,355)** | (4,605) | (1,200) |
| Office and administration | **(71,887)** | (115,079) | (80,998) |
| Professional fees | **(185,011)** | (202,245) | (198,628) |
| Promotion and investor relations | **(82,816)** | (86,380) | (124,467) |
| Salary and benefits | **(46,371)** | (129,291) | (56,101) |
| Stock-based compensation (Note 7) | **(574,200)** | - | (186,321) |
| Transfer agent and regulatory fees | **(115,856)** | (106,343) | (190,121) |
| Travel | **(78,685)** | (61,324) | (45,672) |
| Net loss for the period before the undernoted | **(1,797,168)** | (1,194,210) | (1,361,937) |
| Other earnings (expenses): | | | |
| Interest income | **36,782** | 62,155 | 23,940 |
| Write-down of long-term investment | **-** | - | (480,000) |
| Gain on sale of long-term investment | **-** | 1,075,420 | - |
| Share of loss of Camphor Ventures | **-** | - | (143,266) |
| | **36,782** | 1,137,575 | (599,326) |
| Net loss for the year before tax recovery | **(1,760,386)** | (56,635) | (1,961,263) |
| Future income tax recovery (Note 8) | **222,796** | 222,166 | - |
| Net (loss) income for the year | **(1,537,590)** | 165,531 | (1,961,263) |
| Deficit, beginning of year | **(25,918,150)** | (26,083,681) | (24,122,418) |
| Deficit, end of year | **$ (27,455,740)** | $ (25,918,150) | $ (26,083,681) |
| Basic and diluted (loss) earnings per share | **$ (0.03)** | $ 0.00 | $ (0.04) |
| Weighted average number of shares outstanding | **59,929,348** | 59,674,830 | 55,092,966 |

**See accompanying notes to consolidated financial statements**

**MOUNTAIN PROVINCE DIAMONDS INC.**

Consolidated Statement of Comprehensive Income
(Expressed in Canadian dollars)

| | **2009** | 2008 | 2007 |
|---|---|---|---|
| Net (loss) income for the year | **$ (1,537,590)** | $ 165,531 | $ (1,961,263) |
| Other comprehensive (loss) income | | | |
| Unrealized loss on marketable securities | **(31,611)** | (14,239) | - |
| Increase in value of long-term investment | **-** | 795,420 | - |
| Recycling of gain on sale of long-term investment | **-** | (1,075,420) | - |
| Recycling on opening unrealized gain on long-term investment | **-** | 280,000 | - |
| Comprehensive (Loss) Income | **$ (1,569,201)** | $ 151,292 | $ (1,961,263) |

Consolidated Statement of Accumulated Other Comprehensive Income
(Expressed in Canadian Dollars)

| | **2009** | 2008 | 2007 |
|---|---|---|---|
| Balance, beginning of year | **$ 32,937** | $ - | $ - |
| Adjustment at beginning of period due to change in accounting for available-for-sale assets | | | |
| - marketable securities | - | 47,176 | - |
| - long-term investment | | | |

maturity of the notes in order to avoid or minimize withholding obligations, and we could withhold accordingly (subject to your potential right to claim a refund from the Internal Revenue Service) if such certifications were not received or were not satisfactory. If

withholding was required, we would not be required to pay any additional amounts with respect to amounts so withheld. These regulations generally will apply to 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) issued (or significantly modified and treated as retired and reissued) on or after January 1, 2021, but will also apply to certain 871(m) financial instruments (or a combination of financial instruments treated as having been entered into in connection with each other) that have a delta (as defined in the applicable Treasury regulations) of one and are issued (or significantly modified and treated as retired and reissued) on or after January 1, 2017. In addition, these regulations will not apply to financial instruments that reference a "qualified index" (as

defined in the regulations). We have determined that, as of the issue date of your notes, your notes will not be subject to withholding under these rules. In certain limited circumstances, however, you should be aware that it is possible for United States alien holders to be

Table of Contents

liable for tax under these rules with respect to a combination of transactions treated as having been entered into in connection with each other even when no withholding is required. You should consult your tax advisor concerning these regulations, subsequent official guidance and regarding any other possible alternative characterizations of your notes for U.S. federal income tax purposes.

Foreign Account Tax Compliance Act (FATCA) Withholding

Pursuant to Treasury regulations, Foreign Account Tax Compliance Act (FATCA) withholding (as described in "United States Taxation—Taxation of Debt Securities—Foreign Account Tax Compliance Act (FATCA) Withholding" in the accompanying prospectus) will generally apply to obligations that are issued on or after July 1, 2014;

therefore, the notes will generally be subject to FATCA withholding. However, according to published guidance, the withholding tax described above will not apply to payments of gross proceeds from the sale, exchange, redemption or other disposition of the notes made before January 1, 2019.

Table of Contents

EMPLOYEE RETIREMENT INCOME SECURITY ACT

This section is only relevant to you if you are an insurance company or the fiduciary of a pension plan or an employee benefit plan (including a governmental plan, an IRA or a Keogh Plan) proposing to invest in the notes. The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the U.S. Internal Revenue Code of 1986, as amended (the "Code"), prohibit certain transactions ("prohibited transactions") involving the assets of an employee benefit plan that is subject to the fiduciary responsibility provisions of ERISA or Section 4975 of the Code (including individual retirement accounts, Keogh plans and other plans described in Section 4975(e)(1) of the Code) (a "Plan") and certain persons who are "parties in interest" (within the meaning of ERISA)

or “disqualified persons” (within the meaning of the Code) with respect to the Plan; governmental plans may be subject to similar prohibitions unless an exemption applies to the transaction. The assets of a Plan may include assets held in the general account of an insurance company that are deemed “plan assets” under ERISA or assets of certain investment vehicles in which the Plan invests. Each of The Goldman Sachs Group, Inc. and certain of its affiliates may be considered a “party in interest” or a “disqualified person” with respect to many Plans, and, accordingly, prohibited transactions may arise if the notes are acquired by or on behalf of a Plan unless those notes are acquired and held pursuant to an available exemption. In general, available exemptions are: transactions effected on behalf of that Plan by a “qualified professional asset manager”

| | |
|---|---|
| | (prohibited transaction exemption 84-14) or an “in-house asset manager” (prohibited transaction exemption 96-23), transactions involving insurance company general accounts (prohibited transaction exemption 95-60), transactions involving insurance company pooled separate accounts (prohibited transaction exemption 90 1), transactions involving bank collective investment funds (prohibited transaction exemption 91-38) and transactions with service providers under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code where the Plan receives no less and pays no more than “adequate consideration” (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code). The person making the decision on behalf of a Plan or a governmental plan |

shall be deemed, on behalf of itself and the plan, by purchasing and holding the notes, or exercising any rights related thereto, to represent that (a) the plan will receive no less and pay no more than “adequate consideration” (within the meaning of Section 408(b)(17) of ERISA and Section 4975(f)(10) of the Code) in connection with the purchase and holding of the notes, (b) none of the purchase, holding or disposition of the notes or the exercise of any rights related to the notes will result in a nonexempt prohibited transaction under ERISA or the Code (or, with respect to a governmental plan, under any similar applicable law or regulation), and (c) neither The Goldman Sachs Group, Inc. nor any of its affiliates is a “fiduciary” (within the meaning of Section 3(21) of ERISA) or, with respect to a governmental plan, under any similar applicable law or

regulation) with respect to the purchaser or holder in connection with such person's acquisition, disposition or holding of the notes, or as a result of any exercise by The Goldman Sachs Group, Inc. or any of its affiliates of any rights in connection with the notes, and neither The Goldman Sachs Group, Inc. nor any of its affiliates has provided investment advice in connection with such person's acquisition, disposition or holding of the notes.

If you are an insurance company or the fiduciary of a pension plan or an employee benefit plan (including a government plan, an IRA or a Keogh plan) and propose to invest in the notes, you should consult your legal counsel.

Table of Contents

SUPPLEMENTAL PLAN OF DISTRIBUTION

GS Finance Corp. has agreed to sell to GS&Co., and GS&Co. has agreed to purchase from GS Finance Corp., the aggregate face amount of the offered notes specified on the front cover of this prospectus supplement. GS&Co. proposes initially to offer the notes to the public at the original issue price set forth on the cover page of this prospectus supplement, and to certain securities dealers at such price less a concession not in excess of 4.53% of the face amount. In the future, GS&Co. or other affiliates of GS Finance Corp. may repurchase and resell the offered notes in market-making transactions, with resales being made at prices related to prevailing market prices at the time of resale or at negotiated prices. GS Finance Corp. estimates that its share of the total offering expenses, excluding

underwriting discounts and commissions, will be approximately $20,000. For more information about the plan of distribution and possible market-making activities, see “Plan of Distribution” in the accompanying prospectus.

We will deliver the notes against payment therefor in New York, New York on September 28, 2018. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on any date prior to two business days before delivery will be required to specify alternative settlement arrangements to prevent a failed settlement.

We have been advised by GS&Co. that it intends to make a market in the notes. However, neither GS&Co. nor any of our other

affiliates that makes a market is obligated to do so and any of them may stop doing so at any time without notice. No assurance can be given as to the liquidity or trading market for the notes.

Any notes which are the subject of the offering contemplated by this prospectus supplement, the accompanying prospectus and the accompanying prospectus supplement may not be offered, sold or otherwise made available to any retail investor in the European Economic Area. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "Prospectus Directive"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be

offered so as to enable an investor to decide to purchase or subscribe for the notes.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), GS&Co. has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of notes which are the subject of the offering contemplated by this prospectus supplement, the accompanying prospectus and the accompanying prospectus supplement to the public in that Relevant Member State except that, with effect from and including the Relevant Implementation Date, an offer of such notes may be

made to the public in that Relevant Member State:

a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant dealer or dealers nominated by the issuer for any such offer; or

c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes referred to above shall require us or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any notes in any Relevant Member

State means the communication in any form and by any means of sufficient information on the terms of

Table of Contents

the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to GS Finance Corp. or The Goldman Sachs Group, Inc. All applicable provisions of the

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|---|---|
| | FSMA must be complied with in respect to anything done by any person in relation to the notes in, from or otherwise involving the United Kingdom.<br>The notes may not be offered or sold in Hong Kong by means of any document other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether |

| | |
|---|---|
| | in Hong Kong or elsewhere) which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made thereunder. |
| | This prospectus supplement, along with the accompanying prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement, along with the accompanying prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for |

| | |
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| | subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA. Where the notes are subscribed or |

purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for six months after that corporation has acquired the notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as

specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32"). Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that trust has acquired the notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that

such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32. The notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended), or the FIEA. The notes may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the

benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Table of Contents

The notes are not offered, sold or advertised, directly or indirectly, in, into or from Switzerland on the basis of a public offering and will not be listed on the SIX Swiss Exchange or any other offering or regulated trading facility in Switzerland. Accordingly, neither this prospectus supplement nor any accompanying prospectus supplement, prospectus or other marketing material constitute a prospectus as defined in article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus as defined in article 32 of the Listing Rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland. Any resales of the notes by the underwriters thereof may only be undertaken on a private basis to selected individual investors in compliance with Swiss law. This prospectus supplement and accompanying

prospectus and prospectus supplement may not be copied, reproduced, distributed or passed on to others or otherwise made available in Switzerland without our prior written consent. By accepting this prospectus supplement and accompanying prospectus and prospectus supplement or by subscribing to the notes, investors are deemed to have acknowledged and agreed to abide by these restrictions. Investors are advised to consult with their financial, legal or tax advisers before investing in the notes.

Conflicts of Interest

GS&Co. is an affiliate of GS Finance Corp. and The Goldman Sachs Group, Inc. and, as such, will have a "conflict of interest" in this offering of notes within the meaning of Financial Industry Regulatory Authority, Inc. (FINRA) Rule 5121. Consequently, this offering of notes will be conducted in compliance with

the provisions of FINRA Rule 5121. GS&Co. will not be permitted to sell notes in this offering to an account over which it exercises discretionary authority without the prior specific written approval of the account holder.

Table of Contents

VALIDITY OF THE NOTES AND GUARANTEE

In the opinion of Sidley Austin llp, as counsel to GS Finance Corp. and The Goldman Sachs Group, Inc., when the notes offered by this prospectus supplement have been executed and issued by GS Finance Corp., the related guarantee offered by this prospectus supplement has been executed and issued by The Goldman Sachs Group, Inc., and such notes have been authenticated by the trustee pursuant to the indenture, and such notes and the guarantee have been delivered against payment as contemplated herein, (a) such notes will be valid and binding obligations of GS Finance Corp., enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and

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| | equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith), provided that such counsel expresses no opinion as to the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law on the conclusions expressed above and (b) such related guarantee will be a valid and binding obligation of The Goldman Sachs Group, Inc., enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, concepts of reasonableness and equitable principles of general applicability (including, without limitation, concepts of good faith, fair dealing and the lack of bad faith), provided that such counsel expresses no opinion as to the effect of fraudulent conveyance, fraudulent transfer or similar provision of applicable law |

on the conclusions expressed above. This opinion is given as of the date hereof and is limited to the laws of the State of New York and the General Corporation Law of the State of Delaware as in effect on the date hereof. In addition, this opinion is subject to customary assumptions about the trustee's authorization, execution and delivery of the indenture and the genuineness of signatures and certain factual matters, all as stated in the letter of such counsel dated July 10, 2017, which has been filed as Exhibit 5.6 to the registration statement on Form S-3 filed with the Securities and Exchange Commission by GS Finance Corp. and The Goldman Sachs Group, Inc. on July 10, 2017.

Table of Contents

We have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement, the accompanying prospectus supplement or the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement, the accompanying prospectus supplement and the accompanying prospectus is an offer to sell only the notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement, the accompanying prospectus supplement and the accompanying prospectus is

current only as of the respective dates of such documents.

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TABLE OF CONTENTS

Prospectus Supplement



Prospectus Supplement dated July 10, 2017

| | | |
|---|---|---|
| | Litigation Reform Act of 1995 | |
| | $1,584,000 | |
| | GS Finance Corp. | |
| | Autocallable Motif Capital National Defense 7 ER Index -Linked Notes due 2025<br><br>guaranteed by The Goldman Sachs Group, Inc. | |
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