Form 51-102F1
For the Third Quarter Ended December 31, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

(*Prepared as of February 24, 2011)*

The following is management's discussion and analysis ("MD&A") of the results of operations for Diamcor Mining Inc. ("Diamcor" or the "Company") for the third quarter ending December 31, 2010, and its financial position as at December 31, 2010. This MD&A is based on the Company's consolidated financial statements prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP") and should be read in conjunction with the consolidated financial statements and notes thereto. Unless otherwise specified, all financial information is presented in Canadian dollars.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain information included in this MD&A may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding projected capital expenditure requirements, estimated productions, plans, timelines and targets for construction, joint venture relationships, the closing of anticipated acquisitions, mining, development, production and exploration activities, future mining and processing, the number and timing of expected rough diamond sales, projected sales growth, expected gross margin and expense trends, expected diamond prices and expectations concerning the diamond industry.

Forward-looking information is based on certain factors and assumptions regarding, among other things, mining, production, construction and exploration activities, world economic conditions, the level of world-wide diamond production, and the receipt of necessary regulatory permits. With respect to statements concerning sales growth, Diamcor has assumed that current world economic conditions will not materially change or deteriorate. While Diamcor considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what we currently expect. These factors include, among other things, the uncertain nature of mining activities, risks associated with joint venture operations, risks associated with the remote locations of certain mine sites, risks associated with regulatory requirements, fluctuations in diamond prices and changes in world economic conditions and the risk of fluctuations in the foreign currency exchange rate. Please see page 17 of this MD&A for a discussion of these and other risks and uncertainties involved in Diamcor's operations.

You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While Diamcor may elect to, it is under no obligation and does not undertake to update this information at any particular time, except as required by law.

OVERVIEW

Diamcor Mining Inc. is a junior mining and exploration company incorporated in the Province of British Columbia under the Business Corporations Act (BC) with established historical operations supplying rough diamonds to the world market, and key strategic relationships within the Republic of South Africa, Canada, the United States, and China. It is listed on the TSX Venture Exchange under the symbol "V.DMI". Its principal business is the identification, acquisition, operation, exploration and development of specifically targeted diamond based resource properties with a focus on the mining segment of the diamond industry. The Company's strategy is to continue to be a supplier of rough diamonds to reputable diamond purchasing entities throughout the global diamond market.

CORE BUSINESS AND STRATEGY

The Company continues to pursue the development of diamond related properties in South Africa and other diamond producing countries, and has an established operating history with significant knowledge of the diamond mining industry. The Company's current strategy is the identification, evaluation, acquisition and development of such projects, and is specifically focused on diamond production opportunities which demonstrate the potential to produce sustained near-term rough diamond production and cash flow over a long-term project life. This strategy is most recently being implemented and demonstrated through the Company's planned acquisition of the Krone-Endora at Venetia project from De Beers as originally announced on December 22, 2008. Subsequent to the various ongoing progress releases since that time, on December 14, 2010, the Company announced that the parties to the transaction had satisfied all of the suspensive conditions required to finalize the acquisition, and as a final condition of closing, submitted the formally executed cession documents for registration with the South African Mineral and Petroleum Titles Registration Office pursuant to the provisions of the Mining Titles Act. Upon confirmation of their registration which is expected to be forthcoming without delay, all closing documents will be completed, the balance of the purchase consideration funds will be released from escrow, and the transaction will close. The Company also continues to review and advance its efforts to pursue additional mining opportunities in South Africa, and other known diamond mining regions which fit within the Companies identified strategy. The Company believes this strategy will allow it to take advantage of the current trend and increases in rough diamond prices within the diamond industry which many industry experts believe will continue in the coming years. These predicted increases are partially expected due to a potential increasing shortfall in supply due to the existing world-wide diamond mines potential future inability to be able to meet the projected long-term demands from the post financial crisis recovery of the US market and the increasing demands from the emerging markets of China and India. It is widely accepted and documented that many of the existing diamond mines in the world may be reaching the later stages of their expected life of mine, and with that production levels could be expected to be reduced in the future. This scenario along with the fact that no large new mines demonstrating an ability to meet these projected future increased demands have been identified in many years, and the fact that long lead times of 5-7 years are typically associated with bringing any new diamond mine into production, all combine to present a compelling opportunity for companies with the potential ability to provide rough diamond production in the coming years. As part of the implementation of the Company's near-term production strategy, management classifies all potential projects it considers for evaluation and acquisition into three distinct diamond project categories, all of which have typical expectations with regard to lead times to production, and their associated development costs. The Krone-Endora at Venetia project being acquired from De Beers is classified as a rare Eluvial project which is described in further detail below.

The three basic diamond project categories as defined by the Company when reviewing potential projects are - Primary Kimberlite Projects, Alluvial / Eluvial Projects, and Tailings Re-Treatment Projects. These project categories as defined by the Company are briefly explained as follows:

Primary Kimberlite Projects - The Company defines Primary Kimberlite Projects as any diamond project which involves the exploration for, or open-pit / underground mining of, any new or existing kimberlite source, these areas being the primary source from which rough diamonds originate. Although this type of exploration, and any such resulting economic project, could provide a significant benefit to the Company in the long-term, primary kimberlite diamond exploration is accepted to be an inherently high-risk proposition which requires the commitment of significant high-risk capital to support exploration and the ongoing economic evaluation needed should any kimberlite be found. Even after these initial efforts, should any kimberlite found prove economical and viable, associated long lead times of five to seven years (or more) to production are also typical, as is capitalization into the hundreds of millions of dollars. The Company's initial involvement in such projects may occur should the Company acquire other projects (as described below) and then discover new kimberlite bodies of interest on those properties during its ongoing geological evaluation of a project. While not a primary focus of the Company, should this occur, the Company does have the ability to perform initial exploration efforts to define the potential significance of such a find, after which it is anticipated any warranted additional efforts may be completed in conjunction with a suitable larger joint venture partner in order to offset the associated costs and minimize the associated risk of such projects.

Alluvial / Eluvial Projects - The Company defines Alluvial / Eluvial Projects as the exploration for, and mining of, near surface diamond bearing gravels. While the terms Alluvial and Eluvial sound similar, the two deposit types are distinctly different. Alluvial gravel deposits occur as a result of the pre-historic erosion of the top surface areas of primary kimberlite sources by ancient rivers which previously ran over them. The alluvial gravels, and any diamonds contained in these gravels which are eroded from the kimberlite tops, are typically transported downstream before finally settling in areas where these ancient rivers slowed, turned, and/or formed deposit areas. In these situations, the deposited / settled alluvial gravels and associated diamonds are typically found under varying layers of surface structure along graduating terraces in the various key settling areas over which these paleo-rivers once ran. Once downstream settlement areas and diamond bearing gravels are located, an alluvial project involves the recovery and processing of the associated gravels to separate and recover any diamonds which were transported from the upstream kimberlites. Diamond bearing alluvial gravels typically produce gem quality stones as a direct result of the manner and distance by which they have been transported by the paleo-rivers from their originating sources. The washing or rolling effect of transporting the diamonds by these paleo-rivers, sometimes great distances, tends to destroy the smaller lower quality stones during the process while polishing, rounding, and depositing the larger better quality stones into the various settlement areas. Unlike the capital intensive methods of recovering diamonds from a deep hard rock primary kimberlite source, the alluvial gravel recovery process is done via a simple strip mining and earth moving process using heavy equipment with no requirement for any underground work or associated infrastructure. Exploration of potential alluvial properties to locate diamond bearing gravels also involves less capital intensive methods. Initial exploration on potential alluvial properties begins in well-known areas with satellite, air and land-based geological and geophysical work in conjunction with shallow drilling and bulk sampling. This work can then be used to produce a three dimensional model to calculate inferred resource estimates for quantities of gravels and diamonds as well as their depth from the surface and the geological make-up of the overburden to be removed. Alluvial projects have the ability to be brought into production in a relatively short period of time and thus the Company's strategy includes the identification, exploration, and potential acquisition of larger new and existing alluvial projects which demonstrate economical grades and diamond quality in selected areas where successful alluvial operations currently exist.

Eluvial projects, while somewhat similar in nature to Alluvial Projects with regard to production requirements, are significantly more rare and unique due to the fact that their deposits occur immediately adjacent to a known primary source, and are created in a different manner. In the typical alluvial deposits described above, constant flowing pre-historic paleo-rivers slowly eroded away the gravel deposits and diamonds from the source and then transported them downstream to various collection or settlement points, sometimes hundreds of miles away from the source. In contrast to this constant erosion process, eluvial deposits are primarily the result of a gravitational movement, or shift, of material in conjunction with short-duration erosion or weathering which forms the resulting accumulation or deposit directly adjacent to, or near, the primary source. Due to the fact that these deposits have not moved any significant distance, eluvial deposits also tend to closely mirror the characteristics of the primary source. This characteristic can provide for a more definitive understanding of the deposit in general, especially in circumstances where the primary source of origin is well understood. Eluvial deposits would be expected to retain the same potential for larger diamonds to exist as an alluvial deposit but typically include the added benefit that the smaller diamonds are also retained as opposed to being destroyed due to the short-duration of the event causing the deposit, and the short distance the deposit has travelled. These characteristics typically result in much higher grades and better production consistency in eluvial projects when compared with alluvial projects. As noted above, the Krone-Endora at Venetia project being acquired by the Company has been identified as a rare eluvial deposit, and is located directly adjacent to its proposed source, that being De Beer's flagship Venetia Mine. Based on the previous work programmes and evaluation completed to date on the Krone-Endora at Venetia project by De Beers and the Company, the current independent NI43-101 Technical Report on the project estimates approximately 1,000M, or 1 vertical km, of material has shifted and eroded off of the kimberlites of Venetia onto the lower surrounding areas including those of Krone and Endora. Venetia is one of the world's most significant and well established diamond mines in the world with previously published production volumes of approximately 9.0 million carats per year, with some independent references estimating that as much as 85% of all diamonds recovered potentially may be classified as gem quality. Venetia is noted to be the largest producing diamond mine in South Africa, and the third largest in the world.

Tailings Re-Treatment Projects - The Company has extensive experience and a proven track record in the mining and recovery of diamonds through the re-processing, or re-treatment, of kimberlite tailings. Countries such as South Africa, and a select few other countries, have a long and extensive history of large kimberlite diamond mines dating back over 100 years. The age of these mines presents a significant opportunity for newer and more modern processing and recovery methods to be implemented to reprocess vast stockpiles of previously processed tailings materials. Several of these historical mines worked and recovered many millions of tons of diamondiferous kimberlite material from open pit and deep underground mining operations for many years, and are recognized as some of the most famous diamond producing mines in the world. The ability to use newer and more efficient processing plants and methods to re-process stockpiled kimberlite tailings from these mines to recover the remaining diamonds missed years ago due to inefficient processing can present a significant opportunity in certain cases. These large above-ground tailings stockpiles can be easily quantified, graded, and valued to produce reliable modeling of processing costs and expected revenues. Given its experience in this area, the Company sees this method of diamond mining as an opportunity to potentially establish further stable sources of long-term rough diamond production and revenue, and thus it remains a focus of the Company's ongoing strategy. The Company plans to continue to advance its ongoing efforts to identify, evaluate, and potentially acquire suitable sources of quality diamond tailings which could further enhance its ongoing growth strategy.

KEY PERFORMANCE DRIVERS AND RECENT EVENTS

The Company's stated focus and strategy is to provide rough diamonds to the world market, and thus the primary key performance drivers for the Company are; overall rough diamond prices, and; the predicted future trend in rough diamond pricing due to the predicted inability of the worlds current diamond producing mines to meet world-wide demand. Trade publications and industry experts in recent years had widely reported a continuing trend of steadily increasing rough diamond prices right into the early part of 2008. During that period, diamond demand continued to grow and experts predicted that demand would soon exceed available supply due to the fact that existing sources were reaching the later stages of their project lives, and in conjunction with this, no new large economical kimberlite discoveries had been made in recent years which had demonstrated an ability to fill these projected growing demands. This predicted shortfall was expected to last for the foreseeable future and expected to continue to increase moving forward, with the result being a continued increase in rough diamond prices. The onset of the global financial crisis of late 2008 and 2009 had a profound effect on all sectors, and the diamond market was not spared. At that time, analysts, industry experts, and trade publications all reported a vast softening of diamond prices and short-term demand throughout the industry at that time, and noted that various diamond producers including the world's number one supplier, De Beers, had elected to decrease production levels in response to the resulting reduced diamond demand and pricing. The likelihood of an expected near-term reduction in demand from the United States, the world's largest diamond consumer, was also experienced. Despite the expected decline from the US Market at that time, industry experts anticipated there could be increasing demands in the future from the vast emerging markets of China, India, and the Middle East in the future, and this anticipation has since proven to be largely the case. As of mid-2009 rough diamond prices began to show signs of recovery, and by early 2010 that recovery began to approach, and by some reports exceed, the previous all-time highs experienced in 2008 prior to the global financial crisis. This trend of steadily increasing rough diamond prices has largely continued to date, and as of the early part of 2011 various sources were again reporting rough diamonds prices in excess of the 2008 pre-crisis highs. The Company believes that by following its stated focus and strategy to acquire near-term production projects such as Krone-Endora at Venetia, the Company believes it is very well positioned to take advantage of these current all-time high rough diamond prices as well as any potential future rough price increases caused by the projected inability of current sources to supply sufficient rough diamond production to meet the projected growing world-wide demand.

As of December 31, 2010 the Company's principal assets were the following: (i)) a 70% majority interest in DMI Minerals South Africa (Pty) Ltd. ("DMI Minerals"), a subsidiary which the Company is using to acquire the Krone-Endora at Venetia project from De Beers Consolidated Mines Limited as previously announced by the Company and discussed in further detail below, (ii) a 100% interest in DMI Diamonds South Arica (Pty) Ltd. ("DMI Diamonds"), a subsidiary which serves as the Company's main corporate entity to support its South African projects, operations, initial exploration efforts, and the initial evaluation of all future projects, (iii) a 85% interest in So Ver Mine (Pty) Ltd. ("So Ver"), a subsidiary which owns the land and mining rights to an area on which it previously operated a diamond tailings processing operation near the town of Kimberley, South Africa, (iv) a 100% interest in Jagersfontein Diamond Mining Company (Pty) Ltd. ("JDMC"), a subsidiary which the Company intends to use for future growth-oriented acquisitions. Below are brief descriptions of each of these assets, and their current status.

DMI Minerals South Africa (Pty) Limited – The Company owns a 70% majority interest in DMI Minerals South Africa (Pty) Ltd. ("DMI Minerals") with the remaining 30% interest held by the Company's well-established South African Black Economic Empowerment partner Nozala Investments (Pty) Ltd. ("Nozala"). The subsidiary was formed to be used for the acquisition of projects with near-term production capabilities and suitable long-term production life, and the planned De Beer's Krone-Endora at Venetia acquisition represents the first acquisition of this type into the entity. Using the DMI Minerals entity, the Company entered into a competitive and confidential request for proposals process with various other bidders to acquire the Krone-Endora at Venetia project from De Beers Consolidated Mines Limited. On May 26, 2008, the Company announced that DMI Minerals had received confirmation from De Beers that its proposal to acquire the Krone-Endora at Venetia project had been approved as the successful proposal pending finalization of a definitive sale of assets agreement, and on December 22, 2008 the Company announced that the parties had completed and executed the definitive sale of assets agreement as required. The Krone-Endora at Venetia project consists of prospecting rights over the farms Krone 104MS and Endora 66MS, both located adjacent to De Beers flagship Venetia Mine in the Limpopo Province of South Africa, which is widely known, based on De Beers' published production reports, to be South Africa's largest producer of diamonds. The acquisition of the Krone-Endora at Venetia project was subject to the signing of a definitive asset purchase agreement (which was executed between DMI Minerals and De Beers on December 22, 2008), an associated deposit of 1,500,000 Rand or approximately CAD$208,500.00 (which was supplied at the time of signing), the regulatory approval of the reviewable transaction by the TSX Venture Exchange (all associated documents, including an Independent National Instrument 43-101 compliant Technical Report were submitted to the TSX Venture Exchange, and final approval of the transaction was announced on October 13, 2010), and the satisfaction of various associated suspensive conditions which included;

1) the signing of a sole, royalty-free license for the use of all historical geological information from De Beers (completed)

2) the signing of a rights of access agreement to the properties for the life of the project between DMI Minerals and De Beers (completed)

3) the preparation, submission, and acceptance of the renewals of the associated prospecting rights (completed)

4) the submission of applications to secure ministerial consent in terms of Section 11 of the Minerals and Petroleum Resource Development Act, No. 28 of 2002 for the transfer of the associated prospecting rights and environmental and rehabilitation liabilities from De Beers to DMI Minerals (completed)

5) the conclusion of a due diligence effort by De Beers on DMI Minerals to ensure the direct and indirect shareholdings meet Black Economic Empowerment requirements as outlined by the South African Department of Mineral Resources (completed)

6) the granting of a suitable water allocation, and conveyance solution of that water allocation, to the prospecting area on terms acceptable to both parties (the parties subsequently completed a comprehensive Memorandum of Understanding or "MOU" in this regard as announced on December 14, 2010 - completed)

7) the payment of the remaining purchase price balance outstanding of 12,500,000 Rand (approximately CAD$1,800,000) (to be released on confirmation of the registration of the cession of the associated prospecting rights to the purchaser with the Mineral and Petroleum Titles Registration Office – which is expected to be forthcoming)

The completion of the Memorandum of Understanding noted in item 6) above satisfied the Parties that the final remaining initial suspensive condition of the agreement could be waived, and thus allowed the parties to complete the cession of the Sale of Prospecting Rights for the Project from De Beers to DMI Minerals South Africa (Pty) Ltd on December 13, 2010. With this final remaining suspensive condition complete, the finalization of the transaction between the parties was announced on December 14, 2010. As part of the conditions of the agreement's final closing and delivery clauses, the remaining balance of the purchase price is to be held in escrow pending final confirmation of the registration of the cession of the associated prospecting rights to DMI Minerals with the Mineral and Petroleum Titles Registration Office. Upon satisfaction of this final remaining condition of closing, which is expected to be forthcoming, the transaction will close. Upon closing, DMI Minerals plans to immediately commence with the recommended work programmes which include an extended drilling and evaluation programme in conjunction with bulk sampling / trial mining exercises on both areas of the project on which De Beers had previously completed initial evaluation of the deposit (as reported in the current National Instrument 43-101 report filed by the Company on the Project), and the additional surrounding areas of interest which have not yet been accounted for. These work programmes will be used by the Company to; better identify the full potential of the resource, support the filing of an updated and current independent NI43-101 technical report which will include any additional resources and through the recovery of diamonds allow for the current estimated dollar per carat diamond price to be updated (the current NI43-101 references estimated diamond pricing for the project from 2005), and delineate the future work necessary to enable the Company to arrive at final production decisions and goals for the long-term. The acquisition represents the Company's first for its DMI Minerals subsidiary in conjunction with its 100% women-owned BEE partner Nozala.

In addition to the above items associated with the original definitive sale of assets purchase agreement for the Krone-Endora at Venetia acquisition as announced on December 22, 2008, the Company announced on March 31, 2010 that the parties to the transaction had executed an amended and updated version of the original sale of assets agreement. Under the terms of the originally announced sale of assets agreement the entire area associated with the Endora 66MS property prospecting right was to be transferred, along with an agreed upon portion of the entire area of Krone 104MS property prospecting right subject to an amendment to exclude certain areas inside the current De Beers Venetia Mine fence line. After giving due consideration to the proposed area of the Krone 104MS property in question for exclusion, De Beers agreed to subsequently transfer the entire area of Krone 104MS without any amendment or sub-division as part of the transaction. There were no other material changes to the agreement. This amendment now allows the Company to access considerable additional areas of high interest between those areas previously identified in the current initial NI43-101 report released and the proposed source of the deposits origin, that being the kimberlite pipes of De Beers Venetia mine.

The Company has placed significant focus and emphasis on the tasks associated with both the ongoing financing and successful finalization of the acquisition of the Krone-Endora at Venetia project, and views this as the most significant business opportunity for the Company in the near-term due to its long-term sustained diamond production potential. Furthermore, through its established relationships, the Company believes additional new mining opportunities and business relationships will be developed in the future and discussions in this regard are ongoing with various parties. To this end, a business portfolio of mining projects and strategic relationships are being considered with a view to creating additional long-term value and growth for shareholders.

DMI Diamonds South Africa (Pty) Limited – The Company's 100% owned South African Subsidiary, DMI Diamonds South Africa (Pty) Limited ("DMI Diamonds") is used as the Company's main corporate entity to support its South African projects, operations, and initial exploration efforts. As part of the Company's ongoing efforts to identify and acquire production based projects, DMI Diamonds continuously evaluates various potential projects within South Africa. In certain cases, DMI Diamonds elects to advance its project evaluation to the preliminary agreement and drilling stage as part of its final consideration to acquire a project. This was the case when on September 14, 2007 DMI Diamonds entered into an agreement in principle to potentially acquire an initial 24% interest in the privately held South African company Nerikets Properties (Pty) Ltd. ("Nerikets"). Pursuant to the terms of the agreement, the Company could also secure an exclusive option to acquire the remaining 76% interest in Nerikets if desired based on its final evaluation of the project. Nerikets held the Prospecting Rights Permit for diamond exploration over a 3,606.44 hectare area known as Hardcastle located on the north bank of the Middle Orange River (the "Hardcastle Project"), and was located near other known alluvial mining operations. The Company completed initial due diligence, and received the required approvals allowing the Company to proceed with the agreement. Upon completing its initial geological and geophysical work, the company proceeded with an exploration drilling programme aimed at establishing a better understanding of the project and identifying potential alluvial gravels located on the property. Approximately half of the drilling targets on Hardcastle property were completed before encountering considerable near surface sand covering the northern portion of the property. It was determined that remaining targets would require a more specialized drilling rig with larger floating tires designed for use under these circumstances. Management was unable to secure a specialized drilling rig at a reasonable cost and, due to this, and inconclusive drilling results on the initial areas, elected to postpone drilling and suspend further exploration on the property to pursue other projects being evaluated which it believed to be less speculative. The Company was subsequently successfully chosen to acquire the De Beers Krone-Endora at Venetia project, and thus shifted its primary focus and efforts towards securing the Krone-Endora at Venetia acquisition.

So Ver Mine (Pty) Limited - The Company currently retains an 85% majority ownership position in its South African subsidiary, So Ver Mine (Pty) Ltd. ("So Ver"). So Ver owned certain land and mining rights to areas on which the company successfully processed tailings reserves for several years on a 24 hour a day, 7-day a week basis, until their economic completion. The Company gained significant operational and industry knowledge in the processing of diamond tailings and plans to use this knowledge to acquire new tailings deposits and/or tailings operations which demonstrate an ability to provide additional long-term production and cash-flow. The So Ver production and processing facility was a modern 5 story pan plant designed to re-process tailings reserve material stored on site from surrounding underground kimberlite mines. The facilities were extensively upgraded and operationally enhanced after there initial acquisition by the Company. Through the use of controlled procedures and operations, the efficient recovery of quality diamonds through the re-processing of tailings materials was a viable and profitable project for the Company.

In January of 2007 the Company announced the final quarterly production results for So Ver and confirmed it had effectively completed the processing of the majority of the higher grade tailings at the project, and therefore, processing would be suspended pending further evaluation of the entity's strategic fit within the Company's overall strategy and focus. It was ultimately determined that with insufficient higher grade tailings reserves remaining on-site, nor available from the other surrounding kimberlite mines which would meet the Company’s desired production targets, the assets would be divested of. Efforts at So Ver were then changed to dismantling and salvaging all usable portions of the larger plant, and ensuring that all rehabilitation obligations associated with the facility were in order. The shifting of operational staff and resources to assist with the Company’s strategy to identify, evaluate, and acquire suitable new long-term production based projects was also undertaken.

On August 7, 2008 the Company announced it had begun considering and evaluating various proposals for the planned disposition of the non-core So Ver assets as part of its strategy to enable the Company to focus on new and larger production-based mining opportunities such as Krone-Endora at Venetia acquisition. On March 19, 2009 the Company announced that it had signed an agreement to divest of the Company’s wholly-owned So Ver Mine (Pty) Ltd subsidiary for the purchase price of R2 950 000.00 (Approximately $400,000.00 CAD). However, as of the proposed closing date of March 31, 2009 the purchasing entity was unable to meet the terms and conditions of the agreement and an amended closing date of April 15, 2009 was announced. With this date also not met, the Company elected to exercise its right to terminate the agreement. After consideration of various other proposals, the Company subsequently announced that it had entered into an agreement with an individual whereby the Company would dispose of a certain portion of its landholdings, namely the So Ver farm no. 90, measuring 513.9192 hectares, for the purchase price of R2 000 000.00 (approximately $279,000.00 CAD). The proposed new sale of land agreement was exclusive of the mining licenses and rights which the Company holds on the lands comprising part of the So Ver farm and the agreement provided that the Company may continue to conduct mining operations on the areas of the So Ver farm permitted by such mining licenses and rights if so desired at a future date. On July 6, 2009, the Company announced that it had successfully closed the proposed transaction to sell this portion of the So Ver assets. In order to meet its ongoing short-term requirements of BEE ownership in So Ver, in fiscal 2010 the Company agreed to sell a 15% stake in So Ver for R600,000 (approximately $88,000). In addition to this, the Company entered into a sale of shares agreement to sell its remaining 85% interest in So Ver for R926,250 (approximately $140,000). In addition to the purchase consideration the purchaser agreed to repay to the Company certain taxes paid by So Ver, and was required to assume any remaining past and future asset retirement obligations associated with So Ver. As of the date of this filing all payments of funds due had been received and recorded as deferred income. The parties to the transaction have submitted all legal documentation to affect the closing of the transaction which is expected to be forthcoming without delay. Upon completion of the sale of So Ver the amount currently recorded on the Company’s balance sheet for asset retirement obligation of $323,777 will be eliminated.

Jagersfontein Diamond Mining Company (Pty) Limited – The Company currently holds a 100% ownership position in the South African subsidiary Jagersfontein Diamond Mining Company (Pty) Ltd. (“JDMC”), which was formed for the purposes of acquiring additional diamond mining projects aimed at further increasing shareholder value through the implementation of the Company’s stated focus and strategy. The Company expects that should it be successful in moving towards formal proposals for such projects it will do so again in conjunction with Nozala as its BEE partner for this entity. Upon finalization of any acquisition into this subsidiary, acceptable shareholders agreements would be executed to reflect the appropriate ownership changes required to ensure the Company continues to meet, or exceed, the requirements of Black Economic Empowerment within South Africa and the broad-based beneficiation of many historically disadvantaged people through all of South Africa.

MANAGEMENT AND CAPABILITIES

There were no new appointments to the Company’s management during the third quarter ending December 31, 2010, and no changes to the Board of Directors. Mr. Dean H. Taylor remains a Director and the Company’s President and Chief Executive Officer. Mr. Darren Vucurevich remains a Director and was appointed as the Company’s Chief Financial Officer on October 8, 2010. Mr. Dean Del Frari remains the Company’s Managing Director of Operations and continues to build on his leadership role in the management and development of the Company’s projects, operations team, and acquisition efforts aimed at fulfilling the Company’s future objectives. The Company’s Board of Directors consist of the Company’s CEO, Mr. Dean Taylor (Chairman), the Company’s CFO, Mr. Darren Vucurevich, world renowned kimberlite expert and professor Dr. Stephen E. Haggerty, and New York-based executive Mr. Sheldon Nelson.

The Company has developed extensive relationships with several industry leaders, and employs the services of, many of the same professional consulting firms which support the ongoing projects of various large mining companies. These relationships assist the Company in its ability to successfully and cost effectively evaluate, plan, and execute potential projects in a timely and professional manner. The Company has ongoing access to its established operational team of well-trained employees in South Africa, and the ability to deploy them to operate any projects the Company is able to secure. In addition to this, the Company will continue to enhance its operational management team by drawing on the abundance of skilled and experienced diamond industry professionals available as opportunities materialize.

SOUTH AFRICAN MINING CHARTER – BLACK ECONOMIC EMPOWERMENT (BEE)

In October 2002, with the support of all mining houses and labor unions concerned, the Broad-Based Socio-Economic Empowerment ("BEE") Charter was introduced by South African Cabinet. This Charter called for certain ownership and management goals in the mining industry for the benefit of historically disadvantaged South Africans within five years. These objectives have been set with the goal of providing equitable access to the nation's vast mineral resources for all South Africans. Many of these historically disadvantaged people are well qualified, skilled workers already in the field and provide a wealth of opportunity for junior companies such as Diamcor. The advent of a new democratic constitution in South Africa has resulted in significant changes and restructuring of what was once referred to as the "big six" mining houses which traditionally controlled mining production and mineral rights within the region. New legislation has seen the phasing out of this past oligarchy and a shift of focus towards the government accommodating small mining companies and creating various opportunities for junior operations to prosper and grow when affiliated with successful Black Empowerment Partners.

On March 5, 2008, the Company announced a formal joint venture partnership with one the oldest and most well-established South African BEE groups, Nozala Investments (Pty) Ltd. This partnership is anticipated to be initially reflected in two Diamcor South African subsidiaries, DMI Minerals South Africa (Pty) Ltd., and Jagersfontein Diamond Mining Company (Pty) Ltd., both of which were formed to potentially secure near-term production-based diamond mining projects within South Africa which fit within the Company's stated focus and strategy. Under the terms of the joint venture, which exceed the stated requirements of the BEE charter in South Africa, Diamcor retained a 70% direct ownership in the DMI Minerals subsidiary; with Nozala acquiring a 30% direct shareholder ownership interest. Operationally, expenses charged to the development of any projects held by the entity, and the revenues generated, will be similarly proportional. A similar arrangement is also expected to be implemented in the Company's Jagersfontein Diamond Mining Company (Pty) Ltd. subsidiary in the future should suitable projects for this entity materialize. The Company considers these joint ventures to be a significant achievement because not only is Nozala a well respected and established BEE group, they also represent the interests of some estimated 500,000 rural women shareholders, and are also a well-connected and established corporate entity within the South African business community. Both of these attributes may greatly enhance the Company's ability to achieve its stated growth objectives of securing long-term, high profile projects within South Africa in a corporately responsible way while enhancing the growth of junior mining, women in mining, and in doing so achieve the broad-based beneficiation of many previously disadvantaged South Africans.

The Company has gained considerable insight into the workings of the new BEE Charter, as well as the government expectations and requirements, through its ongoing history. The Company believes well-organized BEE groups can provide real value to the Company through their investment, professional affiliations, corporate knowledge, the management of BEE objectives and the assurance that a meaningful broad-based benefit is achieved by their involvement. In this regard, the Company has chosen to align itself only with groups which demonstrate a proven track record and ability to achieve these Government driven objectives, which in turn will enhance the Company's ability to achieve its growth objectives by participating in the higher profile acquisitions.

SELECTED ANNUAL FINANCIAL INFORMATION

The financial results for the third fiscal quarter ending December 31, 2010 include the results of mining and exploration operations in South Africa. As of December 31, 2010, the Company held assets of $2,933,162 including cash of $598,374, with an amount of $79,091 being recorded as a receivable associated with the sale of certain assets of the Company's So Ver property, an amount of $40,610 being recorded as held on deposit with the Department of Mineral Resources in South Africa in conjunction with rehabilitation costs, an amount of $2,162,557 being recorded as held as a deposit associated with the pending De Beers Krone-Endora acquisition and pre-paid expenses, and an amount for the net book value of property, plant and equipment assets of $52,530 is recorded. Liabilities totaled $1,245,170 which includes an amount of $171,307 in accounts payable, an amount of $323,777 which has been recorded in association with the asset retirement obligations of So Ver, an amount of $3,155 has been recorded and is the current portion of the Company's long-term debt associated with the corporate office leasehold improvements, and a deferred income amount of $234,994 has been recorded which is associated with the sale of So Ver due to certain covenants not yet being met. The Company has long-term debt of $1,389, and an amount of $510,548 due to the Company's Black Economic Empowerment partner in conjunction with proportionate loan amounts with no set terms of repayment which have been received to date and are being used by DMI Minerals South Africa (Pty) Ltd. No amounts were due to related parties. The amount of $323,777 which is recorded for asset retirement obligation associated with rehabilitation and abandonment of mines and facilities at So Ver will be eliminated upon completion of the sale of So Ver. The Company operates in one market segment for the mining, production, and sale of rough diamonds to the world market.

The following table provides a brief summary of the Company's financial operations:

	Nine Months Ended December 31,		
	2010	**2009**	**2008**
Total Revenue	$ Nil	$ Nil	$ Nil
Net Income (Loss)	$ (1,492,628)	$ (357,796)	$ (588,987)
Basic And Diluted Loss Per Common Share	$ (0.06)	$ (0.03)	$ (0.07)
Total Assets	$ 2,933,162	$ 543,259	$ 580,921
Total Long Term Liabilities	$ 511,937	$ 103,988	$ 9,498
Cash Dividend	$ Nil	$ Nil	$ Nil

RESULTS OF OPERATIONS FOR THIRD QUARTER ENDED DECEMBER 31, 2010

The Company's financial instruments consist of cash and cash equivalents, receivables and accounts payables and accrued liabilities. Unless otherwise noted, management is of the opinion that the Company is not exposed to any significant interest, currency or credit risks arising from these instruments. The Company's financial statements are consolidated and shown in Canadian dollars as required and conversions from foreign exchange are noted. A majority of the Company's operational facilities are located in South Africa and the Company follows standard South African policy with regard to both the investment and removal of funds with respect to investment it makes into projects and operations within South Africa.

The Company had a net loss of $(213,473) for the third quarter ending December 31, 2010 as compared to net loss of $(237,835) for the third quarter ending December 31, 2009. During the third quarter ending December 31, 2010 the Company generated no gross income from the sale of diamonds, which was also the case during the third quarter ending December 31, 2009. In both Fiscal 2010 and Fiscal 2009 the Company had no diamond producing assets as compared to previous fiscal years when the Company was producing diamonds from its tailings operation at So Ver. Given the lack of production of diamonds during the period, cost of sales of $0 were incurred which resulted in the Company realizing a gross loss of $0 for the third quarter ending December 31, 2010.

Revenue

The Company had no revenues for the third quarter ending December 31, 2010 as was also the case for the third quarter ending December 31, 2009. This is due to the closing of the So Ver Tailings Re-Treatment Facility and the Company's stated focus on the identification and acquisition of near-term production capable projects which demonstrate the ability for new sustained, long-term rough diamond production. The Company anticipates that with the closing of the acquisition of the Krone-Endora at Venetia project, that it has the potential to generate revenues for the Company in the next fiscal year ending March 31, 2012.

Cost of Sales

During the quarter the Company largely continued its efforts to conserve capital, maintain an attractive share structure, and focused its efforts on the finalization of the Krone-Endora at Venetia acquisition from De Beers. Given this, the cost of sales for the third quarter ending December 31, 2010 was $0, as compared to $2,310 for the third quarter ending December 31, 2009 at which time the Company was still winding up operations associated with So Ver.

Expenses

Total expenses for the third quarter ending December 31, 2010 increased slightly to $284,388 as compared to $236,326 during the third quarter ending December 31, 2009. These expenses were a result of costs incurred for the continued advancement of the various elements associated with the finalization of the Krone-Endora acquisition from De Beers, the expenses associated with the Company's ongoing awareness and potential future financing and business development efforts, the evaluation and advancement of additional acquisition opportunities, and general administrative expenses. Of the total expense variations for the quarters ending December 31, 2010 and December 31, 2009, accretion and amortization decreased to $7,752 from $21,350, while consulting fees increased to $73,450 from $30,340. Professional fees for the period decreased to $2,049 from $20,819 as a result of reduced requirements associated with the Krone-Endora acquisition as it neared finalization. Insurance costs decreased slightly to $5,341 as compared to $6,395 for the same period in 2009, while interest and bank charges increased to $29,208 from $7,720. The previous recording of expenses in management fees, which are now recorded as salaries and wages, resulted in an increase in this category to $115,168 from $98,375. Non-cash stock based compensation was $0 during the period for both years. Office expenses increased slightly to $19,418 from $16,056 due to increased activities and requirements associated with ongoing acquisition efforts and future project planning, along with the expansion of future potential business development objectives. Expenses for promotion and investor relations remained similar at $13,134 and $13,394 respectively for the periods, while transfer and regulatory fees decreased to $4,366 from $7,514. Travel expenses also remained similar at $14,502 and $14,363 for the respective periods. The Company remains committed to managing its resources carefully and conserving cash where possible and anticipate total expenses should remain at current levels until such time as it is able to proceed with the advancement of the De Beers Krone-Endora at Venetia project. At that time the Company anticipates expenses will increase as it plans to proceed with the planned recommendations and post-acquisition work programmes associated with the project however, it is also anticipates that such increased expenses may potentially be offset by additional revenues from rough diamond sales as a result of such recommended programmes. In addition to the ongoing management of costs associated with the Krone-Endora at Venetia acquisition, the Company also continues to carefully manage, and minimize where possible, all expenses associated with the review and advancement of other potential new acquisitions.

Net Earnings

As a result of the conclusion and discontinuation of the tailings re-treatment at So Ver, the ongoing efforts associated with the De Beers Krone-Endora at Venetia acquisition, and the additional efforts being made to evaluate and advance other opportunities, the Company realized a net loss of $(213,473) during the quarter ending December 31, 2010, as compared to a net loss of $(237,835) for the quarter ending December 31, 2009.

Summary of Quarterly Results

Period Ending	Gross Revenues	Gross Profit	Income (Loss) Per Share	Income (Loss) Per Diluted Share	Net Income (Loss)	Net Income (Loss) Per Share	Net Income (Loss) Per Diluted Share
	$000's	$000's	$	$	$000's	$	$
31-Mar-08	0.0	(16.8)	(0.00)	(0.00)	(311.3)	(0.04)	(0.02)
30-Jun-08	0.0	(6.1)	(0.00)	(0.00)	(113.9)	(0.01)	(0.01)
30-Sept-08	0.0	(20.3)	(0.00)	(0.00)	(203.5)	(0.02)	(0.01)
31-Dec-08	0.0	(33.8)	(0.00)	(0.00)	(271.5)	(0.03)	(0.01)
31-Mar-09	0.0	(6.2)	(0.00)	(0.00)	(480.0)	(0.05)	(0.02)
30-Jun-09	0.0	(3.0)	(0.00)	(0.00)	(66.4)	(0.01)	(0.01)
30-Sept-09	0.0	(13.5)	(0.00)	(0.00)	(53.6)	(0.01)	(0.01)
31-Dec-09	0.0	(2.3)	(0.00)	(0.00)	(237.8)	(0.02)	(0.01)
31-Mar-10	0.0	(1.6)	(0.00)	(0.00)	(760.6)	(0.05)	(0.03)
30-June-10	0.0	(0.0)	(0.00)	(0.00)	(1,097.6)	(0.05)	(0.03)
30-Sept-10	0.0	(0.0)	(0.00)	(0.00)	(181.6)	(0.01)	(0.01)
31-Dec-10	0.0	(0.0)	(0.00)	(0.00)	(213.5)	(0.01)	(0.01)

THIRD QUARTER ENDING DECEMBER 31, 2010 RESULTS

In the third quarter ending December 31, 2010 the Company generated no revenue, incurred $0 in direct costs, recorded $284,388 in expenses, recorded other income and expenses gain of $70,915, and had no current income taxes payable, which resulted in a net loss of $(213,473) for the quarter. Of the expense items, accretion and amortization decreased; consulting fees for legal, accounting, and technical groups increased; and professional fees were decreased due to reduced requirements associated with the Krone-Endora acquisition. Insurance costs remained consistent, while interest and bank charges increased. Slight increases where noted to salaries and wages and office expense, while promotion and investor relations, and travel remained consistent with those of the previous year. Transfer and regulatory fees were also slightly reduced for the period. Expenses for the quarter were primarily incurred as a result of the continued efforts being undertaken by the Company with regards to the Krone-Endora at Venetia acquisition, other business development objectives, and the Company's ongoing general administrative costs.

LIQUIDITY AND CAPITAL RESOURCES

For the third quarter ending December 31, 2010, the Company recorded a net loss of $(213,473), compared to a net loss of $(237,835) for the same period ending December 31, 2009. The Company had negative cash flows from operating activities of $(2,119,087) in the third quarter ending December 31, 2010, compared to $(272,995) during the third quarter ending December 31, 2009. The difference in these amounts is primarily due to an amount recorded in the pre-paid section of the cash flows of $1,934,710 for the acquisition of the Krone-Endora at Venetia acquisition. As of December 31, 2010, the Company had an accumulated deficit of $(12,806,162).

Cash Position. At December 31, 2010, the Company had cash and cash equivalents of $598,374 compared to $1,894,319 at December 31, 2009. Prior to the fiscal year ending March 31, 2010 the Company concluded the first tranche of a planned equity financing aimed at supporting the finalization of the Krone-Endora at Venetia acquisition, and then during the first quarter ending June 30, 2010 concluded the second tranche of that equity financing. Given the successful closing of these financings, the Company believes it has adequate cash for both the finalization of the Krone-Endora at Venetia acquisition and for the operating purposes of the Company through the end of the fourth quarter. However, unless the Company can derive revenue from the sale of its remaining assets located at So Ver, or derive revenue from other pending projects such as Krone-Endora at Venetia, it may have to (i) investigate and close an additional private placement, convertible debenture, or other debt facility, and/or (ii) rely on current warrant holders to exercise outstanding warrants, and/or (iii) scale back plans and operations. The Company is in a capital-intensive business and no assurances can be made that it will be able to generate revenues or raise additional funds on favorable terms, or at all, as and when required.

A portion of the cash on hand and available for use by the Company at December 31, 2010 was held in its foreign bank accounts in South Africa and is being used for the continued advancement of the acquisition of Krone-Endora at Venetia, post-closing operational planning for Krone-Endora at Venetia, to support the advancement of the Company's other ongoing acquisition opportunities, and for general corporate purposes. The Company also follows certain procedures to aid in the recovery and re-investment of funds from its projects and shareholder loans.

Financing Activities. Recent financings by the Company have been designed to support the Company's strategy of leveraging its well-established operational history to identify and acquire additional near-term production-based diamond producing assets with long-life potential to achieve sustained rough diamond production, growth, and to increase shareholder value.

On January 9th, 2009, the Company completed a non-brokered private placement financing of $636,375, resulting in the issuance of a 2,121,050 units at a price of $0.30 per unit, with each unit issued consisting of one common share and one common share purchase warrant at an exercise price of $0.50 until January 7, 2011. The Company subsequently completed a series of other financings also aimed at specifically supporting the finalization of the acquisition of the Krone-Endora at Venetia project from De Beers Consolidated Mines (Pty) Limited. In October 2009, the Company announced it would be proceeding with a planned private placement in the coming months and, in order to continue to advance the project planning and objectives underway, the Company secured $400,000.00 in term loans from various investors and one insider. The term loans carried an annual interest rate of 10% and the Company issued a total of 400,000 common shares to lenders pursuant to policy 5.1 of the TSX Venture Exchange Corporate Finance Manual. The principal and interest of the term loans were due and payable on the six month anniversary of the December 1, 2009 closing date and, as announced were repaid in full on that date of June 2, 2010. The Company completed its planned first tranche of the non-brokered private placement financing of $2,152,121 resulting in the issuance of 7,173,739 units at a price of $0.30 per unit on February 9, 2010, with each unit consisting of one common share and one-half of one common share purchase warrant at an exercise price of $0.50 until February 8, 2012. In conjunction with the closing of the first tranche of this financing, the Company paid finder's fees of an aggregate $174,649 in cash and issued an aggregate of 474,281 broker warrants, with each broker warrant entitling the holder thereof to purchase a Common Share at a price of $0.50 per share until February 8, 2011. During the first quarter ending June 30, 2010, the Company announced the closing of the second tranche of this planned non-brokered private placement financing of $1,651,547 resulting in the issuance of an additional 5,505,155 units at a price of $0.30 per unit on May 4, 2010, with each unit consisting of one common share and one-half of one common share purchase warrant at an exercise price of $0.50 until May 3, 2012. In conjunction with the closing of the second tranche of this financing, the Company paid finder's fees of an aggregate $127,575 in cash and issued an aggregate of 369,962 broker warrants to purchase up to 369,962 shares of the Company at a purchase price of $0.50 per share until May 3, 2011. The successful closing of this financing was aimed at providing the Company with the ability to fund its remaining closing costs associated with the previously announced pending acquisition of the Krone-Endora at Venetia project from De Beers Consolidated Mines, the initial funding of the Company's planned initial work programmes for the project, the ongoing planning and preparation of post-closing operational items, the continued advancement of future potential acquisition opportunities, and for general corporate purposes.

In addition to these historical and recent financings, various parties exercised a cumulative total of 1,586,005 warrants at a price of $0.27 prior to their expiration on March 31, 2010; 125,000 options priced at $0.36 each were also exercised by a company controlled by the current CEO of the Company; 65,000 options with an exercise price of $0.50 each were exercised by the Management and Company directors; and 140,000 options priced at $0.36 each were exercised by management and employees.

Subsequent to all financings and related items above, and as of December 31, 2010, the Company had 25,618,283 common shares issued and outstanding and has authorized capital of an unlimited number of shares.

Working Capital. As of December 31, 2010 the Company had working capital deficiency of $(55,786), as compared to working capital deficiency of $(634,995) at December 31, 2009. As noted in previous filings, the current working capital calculation includes an Asset Retirement Obligation of $323,777 for So Ver which is required to be classified as a current liability but expected to be eliminated upon completion of the sale of the So Ver Mine (Pty) Limited entity. Deposits which are held for the Krone-Endora at Venetia acquisition are also classified as long-term assets which are also included in this working capital calculation.

Future Capital Requirements. The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. The Company is actively targeting sources of additional revenues and financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company’s operations, acquisitions, and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is dependent upon its ability to generate such financing, and/or generate sufficient revenues from future projects it may acquire.

Management continues to assess its financing requirements as necessary and is currently concentrating financing efforts on proposals to potentially fund any additional requirements which may be required as a result of the acquisition of the Krone-Endora at Venetia project from De Beers, and the funds needed to commence full-scale or any additional mining operations desired at that project. Additional financing requirements besides these remain in large part to be determined by the Company’s success in finding, developing, and acquiring new alluvial/eluvial and tailings re-treatment projects. The Company is currently in discussions with several sources regarding its potential future financing requirements and has established good working relationships with current shareholders, large equity / investment groups, and industry leaders, who demonstrate the potential to meet such financing requirements should the Company require them.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

CONTRACTUAL OBLIGATIONS

The Company has a commitment to lease office space at a rate of $2,827 per month. The lease expires in May, 2012. The minimum lease payments under this lease are $33,930 per year.

PROPOSED TRANSACTIONS

On May 26, 2008, the Company, through its South African subsidiary, DMI Minerals South Africa (Proprietary) Limited, received confirmation from De Beers Consolidated Mines Limited that its bid to acquire the Krone-Endora at Venetia project had been approved as the successful proposal. The Krone-Endora at Venetia project consists of prospecting rights over the farms Krone 104MS and Endora 66MS, which are both located directly adjacent to the De Beer's flagship Venetia Mine in the Limpopo Province of South Africa. The De Beers Krone-Endora at Venetia project being acquired by the Company has been identified as a rare eluvial deposit, and is located directly adjacent to its proposed source which is South Africa's largest diamond mine, De Beer's flagship Venetia mine. Based on the previous work programmes and evaluation completed to date on the Krone-Endora at Venetia project by De Beers and the Company, the current independent NI43-101 Technical Report on the project estimates approximately 1,000M, or 1 vertical km, of material has shifted and eroded off of the kimberlites of Venetia onto the lower surrounding areas including those of Krone and Endora. The Venetia mine is widely known, based on De Beers' published production reports, to be South Africa's largest producer of diamonds.

The acquisition was subject to the completion of definitive acquisition documents which were signed between DMI Minerals and De Beers as announced on December 22, 2008. At that time, a deposit of 1,500,000 Rand (approximately CAD$208,500.00) was paid by the Company, and the regulatory approval of the reviewable transaction by the TSX Venture Exchange was undertaken which resulted in the conditional approval of the transaction pending the filing of an independent National Instrument 43-101 compliant Technical Report and satisfaction of the remaining closing conditions. The remaining closing conditions included; the signing of a sole, royalty-free license for the use of all geological information (which has been completed); the signing of a rights of access agreement to the properties by the parties (which has been completed); the preparation, submission, and acceptance of the renewals of the associated prospecting rights by De Beers (which has been completed); the submission of applications to secure ministerial consent in terms of Section 11 of the Minerals and Petroleum Resource Development Act, No. 28 of 2002 for the transfer of the associated prospecting rights and environmental and rehabilitation liabilities from De Beers to DMI Minerals (which has been completed); the conclusion of a due diligence effort by De Beers on DMI Minerals to ensure the direct and indirect shareholdings meet Black Economic Empowerment requirements as outline by the South African Department of Mineral Resources (which has been completed); the granting of a suitable water allocation and conveyance solution of that water allocation to the prospecting area on terms acceptable to both parties (for which the parties to the transaction negotiated and executed an associated Memorandum of Understanding as announced on December 14, 2010 - completed); and a final payment of 12,500,000 Rand (approximately CAD$1,800,000) due at closing (which will be held in escrow pending the confirmation of the registration of the cession of the associated prospecting rights to the purchaser with the Mineral and Petroleum Titles Registration Office - forthcoming). On October 13, 2010 the Company announced it had received TSX Venture Exchange final acceptance for the finalization of the acquisition, and on December 14, 2010, the Company announced the parties to the transaction had finalized all conditions to enable the acquisition to be completed. As a final condition of closing and the release of funds from escrow, the formally executed cession documents were submitted for registration with the Department of Mineral Resources as required, and upon confirmation of their registration, the transaction will close. The Company expects this confirmation to be forthcoming without significant delay.

Upon closing of the acquisition, DMI Minerals plans to immediately commence with the recommended continued drilling and evaluation programme in conjunction with trial mining / bulk sampling exercises, as recommended by the current NI 43-101 technical report filed by the Company, which are based on the continuation of the previous work initially completed on the deposit by De Beers. These evaluations will be used by the Company to identify the full potential of the project, to issue a new and updated current NI43-101 compliant technical report in the coming months, and to delineate the future work necessary to enable the Company to arrive at longer-term production decisions and goals. The acquisition represents the Company's first for its DMI Minerals subsidiary in conjunction with Nozala.

In addition to the above items associated with the original definitive sale of assets purchase agreement for the Krone-Endora at Venetia acquisition as announced on December 22, 2008, the Company subsequently announced on March 31, 2010 that the parties to the transaction had executed an amended and updated version of the original sale of assets agreement. Under the terms of the original sale of assets agreement, the entire area associated with the Endora 66MS property prospecting right was to be transferred along with an agreed upon portion of the entire area of Krone 104MS property prospecting right subject to an amendment to exclude certain areas inside the current De Beers Venetia Mine fence line. After giving due consideration to the proposed area of the Krone 104MS property in question for exclusion, De Beers agreed to subsequently transfer the entire area of Krone 104MS without any amendment or sub-division as part of the transaction. In light of the amendments that were consequently required to be made to the original Sale of Assets Agreement and Rights of Access Agreement to reflect this change, the parties to the transaction accordingly agreed to execute the amended and updated agreements. There were no other material changes to the agreements. Despite the associated delays incurred by this amendment, the addition of this area to the agreement is potentially significant to the Company as the area in question lies directly between the areas of interest outlined in the initial work completed previously on the project as identified in the current initial NI43-101 report filed by the Company, and the identified source of the deposits, that being the kimberlite pipes of the De Beers Venetia Mine. Given the nature of eluvial deposits, the Company believes there is a potential for areas closer to the originating source to contain and potentially produce higher grade deposits. This area, which was previously envisioned to be excluded by amendment, will now been added to the Company's future efforts and incorporated when possible into the planned work programmes previously anticipated.

CHANGES IN ACCOUNTING POLICIES

Management is often required to make judgments, assumptions and estimates in the application of Canadian GAAP that have a significant impact on the financial results of the Company. Certain policies are more significant than others and are, therefore, considered critical accounting policies. Accounting policies are considered critical if they rely on a substantial amount of judgment (use of estimates) in their application or if they result from a choice between accounting alternatives and that choice has a material impact on the Company's reported results or financial position. There have been no changes to the Company's critical accounting policies or estimates from those disclosed in the Company's MD&A for the period ending September 30, 2010.

International Financial Reporting Standards ("IFRS")- In February 2008, the CICA confirmed that International Financial Reporting Standards ("IFRS") will be mandatory in Canada for all publicly accountable entities for fiscal periods beginning on or after January 1, 2011. The Company's first financial statements presented in accordance with IFRS will therefore be the three-month period ended June 30, 2011. Though IFRS uses a conceptual framework which is similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements.

As a result of this convergence, the Company has implemented a three stage plan to convert its financial statements to IFRS. The initial scoping phase is intended to identify key issues, important dates, development milestones and potential training issues. A detailed evaluation phase will follow, which will include a detailed comparison of Canadian GAAP to IFRS – including policy alternatives, business process implications, information systems, internal controls over financial reporting, disclosure controls and procedures and compensation arrangements. The final phase will be implementation and ongoing review of IFRS updates. The Company is currently in the process of completing the first phase of the plan and has identified key issues that may impact the Company within areas of potential significance. These are as follows:

IFRS 1 – First-Time Adoption of IFRS - This standard requires that an entity apply all standards effective at the end of its first reporting period retrospectively, and provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions in certain areas. The Company is currently analyzing the various exemptions available and will elect those determined to be most appropriate. The IFRS 1 exemptions that are the most significant to the Company are noted against each specific area that we have identified to date.

Property Plant and Equipment ("PPE") **-** IFRS requires a componentization approach, separately identifying and measuring significant individual components of assets which have different useful lives. The Company will need to analyze assets on its fixed asset ledger to ensure compliance with IFRS, however it is not expected to have a material impact on the transition to IFRS. Under IFRS 1 exemptions, adoption of IAS 16 "Property, Plant and Equipment" would require the Company to restate all property, plant and equipment balances from the date of acquisition until the transition date to IFRS of January 1, 2011. The applicable IFRS 1 election allows the Company to report property, plant and equipment in its opening balance sheet on the transition date at a deemed cost instead of actual cost. This deemed cost will most likely be determined by a fair value measure at the date of transition. The exemption can be applied on an asset-by-asset basis. The Company is currently evaluating this exemption.

Stock-Based Compensation **-** IFRS is largely consistent with Canadian GAAP and requires estimates of the fair value of stock options to be made at the date of the grant and recognition of the related expense in income as the options vest. For stock options that vest in installments, IFRS 2 requires the Company to determine the fair value of each installment as a separate share option grant. Currently the Company records forfeitures as they occur, however under IFRS, the Company is required to make an estimate of the forfeiture rates for the use in determination of the total share based compensation expense. The Company is assessing the impact of this difference on its financial statements. The use of the Black- Scholes model is an acceptable method to estimate the fair value of the options at the date of grant, and is consistent with the Company's current practice.

Financial Statement Disclosure **-** Under IFRS there are generally more extensive presentation and disclosure requirements when compared to Canadian GAAP.

Extractive Activities **-** The IASB currently has an Extractive Activities project underway to develop accounting standards for extractive activities. A working draft of the discussion paper was released, followed by an official discussion paper which was released in the first quarter of 2010. Any changes to IFRS as a result of the project will not be effective until after the Company implements IFRS in 2011. Therefore the Company's accounting policies specific to mining and related activities may be impacted once final IFRS are released on this topic, subsequent to IFRS adoption. The Company will monitor any developments in this project. Once work on the first phase of the IFRS plan is complete, the Company will move into the second phase which involves a detailed impact assessment and gap analysis, drafting IFRS policies, planning and tracking a conversion approach and application of the IFRS 1 "First Time Adoption of International Financial Reporting Standards".

RISK FACTORS RELATING TO THE COMPANY'S BUSINESS

The Company faces a number of risks and uncertainties that could cause actual results or events to differ materially from those contained in any forward-looking statement. Additional risks and uncertainties not presently known to the Company or that are currently deemed to be immaterial may also impair the Company's business operations. Factors that could cause or contribute to such differences include, but are not limited to, the following:

Capital Requirements

There is no assurance that the Company will continue to be able to access the capital markets for the required funding necessary to maintain exploration properties, nor to complete its proposed acquisitions, and any future exploration programs. The Company may require additional capital to finance expansion or growth at levels greater than its current business plan. Insufficient capital may require the Company to delay or scale back its proposed acquisitions and/or development activities.

Revenues and Growth

There are no assurances that suitable additional projects will be secured or that diamonds will be recovered at levels sufficient to sustain the Company's operations. Should the Company ultimately discover diamond deposits through its exploration efforts or acquisitions, the economics and feasibility of any potential project can be affected by many factors which may be beyond the capacity of the Company to anticipate or control. Tailings processing revenues and production in general are also reliant on both the quality and amount of tailings both available and being processed and the Company cannot predict with any certainty the recovery levels from a given area being worked, thus affecting revenues. This is also true of any prospective project the Company may acquire related to various other methods of diamond production.

Nature of Mining

The operation of any diamond mining project is subject to risks inherent in the mining industry, including variations in grade and other geological differences, unexpected problems associated with weather and required water, power, surface conditions, processing problems, mechanical equipment performance, accidents, labor disputes, risks relating to the physical security of the diamonds, force majeure risks and natural disasters. Such risks could result in personal injury or fatality; damage to or destruction of mining properties, processing facilities or equipment; environmental damage; delays or reductions in mining production; monetary losses; and possible legal liability.

Nature of Joint Arrangement (Nozala)

On March 5, 2008, the Company announced a formal joint venture partnership with well-established South African BEE group Nozala Investments (Pty) Ltd. This partnership is expected to be reflected in two Diamcor wholly-owned South African subsidiaries, DMI Minerals South Africa (Pty) Ltd. and Jagersfontein Diamond Mining Company (Pty) Ltd., both of which were initially formed to secure diamond mining projects in South Africa. Under the terms of the first joint venture with regards to DMI Minerals, Diamcor retains a 70% direct ownership in the subsidiary with Nozala holding a 30% direct shareholder ownership interest. This arrangement is also expected to be similar in nature for the Jagersfontein Diamond Mining Company subsidiary in the future if a suitable acquisition can be secured. Operationally, expenses charged to the development of projects held by the entities, and the revenues generated, will be similarly proportional. These joint arrangements are subject to the risks normally associated with the conduct of joint ventures and similar joint arrangements. These risks include the inability to exert influence over strategic decisions, the joint venture partner's ability to provide its proportionate share of funding, the development and operation of the projects, and mineral claims.

Diamond Prices and Demand for Diamonds

The profitability of Diamcor is dependent upon production, which is dependent in significant part upon the worldwide demand for, and price of, diamonds. Diamond prices fluctuate and are affected by numerous factors beyond the control of the Company, including worldwide economic trends, particularly in the US, Japan, China and India, worldwide levels of diamond discovery and production and the level of demand for, and discretionary spending on, luxury goods such as diamonds and jewelry. Low or negative growth in the worldwide economy or the occurrence of terrorist activities creating disruptions in economic growth could result in decreased demand for luxury goods such as diamonds, thereby negatively affecting the price of diamonds. Similarly, a substantial increase in the worldwide level of diamond production could also negatively affect the price of diamonds. In each case, such developments could materially adversely affect the company's results of operations.

Currency Risk

Currency fluctuations may affect the Company's financial performance. Diamonds are sold throughout the world based principally on the US dollar price. The Company reports its financial results in Canadian dollars and a majority of its costs and expenses are incurred in either Canadian dollars or the South African Rand. The Company's South African subsidiaries operate using principally the US dollar and the South African Rand and, as such, may be negatively affected by fluctuations in foreign exchange rates when translating from the currency of measurement of the Company's subsidiary to the Company's reporting currency. The appreciation of the Canadian dollar against the US dollar, and the depreciation of such other currencies against the US or Canadian dollar, therefore, may increase expenses and the amount of the Company's liabilities relative to revenue.

Licenses and Permits / (Rights)

There are inherent risks involved in operating in foreign countries, including stringent environmental and permitting / rights issues. The exercise of the So Ver mineral rights, pending acquisitions, and future exploration on certain properties requires licenses and permits from the South African government. There can be no guarantee that the Company will be able to renew these licenses or obtain or maintain all other necessary licenses and permits that may be required to maintain operations or to further explore and develop certain properties. Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mining properties.

Regulatory and Environmental Risks

The operation of mines and exploration activities are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labor standards, occupational health, waste disposal, mine safety, manufacturing safety, power and water, and other matters. New laws and regulations, amendments to existing laws and regulations, or more stringent implementation or changes in enforcement policies under existing laws and regulations could have a material adverse impact on the Company by increasing costs and/or causing a reduction in levels of production from the mine. Mining and manufacturing are subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mining and manufacturing operations. To the extent that the Company is subject to uninsured environmental liabilities, the payment of such liabilities could have a material adverse effect on the Company.

Reliance on Skilled Employees

Production and exploration for any Company projects are dependent upon the efforts of certain key and skilled employees. The loss of these employees or the inability of the Company to attract and retain additional skilled employees may adversely affect the level of diamond production and the Company's ability to operate efficiently. Currently, there is significant competition for skilled workers in these operations. The loss of the services of any of the Company's key executive officers or key employees could harm its business. None of the Company's key executive officers or key employees currently has a contract that guarantees their continued employment with the Company. There can be no assurance that any of these persons will remain employed by the Company or that these persons will not participate in businesses that compete with it in the future.

Regional Power Supply

Potential power supply issues in South Africa have been highlighted by the media in the past years with regards to the inability of state-owned power supplier *Eskom* to deliver consistent electricity requirements to many of the larger mines in South Africa. While these issues are not presently expected to affect any of the current operational requirements of the Company, there can be no assurances that any new projects that the Company may acquire or operate will be able to secure the required electrical capacities needed to sustain uninterrupted supply and production.

Competition

Within the minerals industry sector, including the diamond tailings re-treatment sector, diamond exploration sector, and various other related methods of diamond mining and production, Diamcor competes with other companies possessing greater financial and technical resources than it may have access to. Even with its current facility, and the promise of any other exploration or diamond producing project, or property, there can be no assurances that the Company will continue to be able to complete or execute its desired programs on its proposed schedules, nor within the cost estimates assumed. If the Company is unable to successfully compete in the diamond market, then its results of operations will be adversely affected.

Securities May Be Volatile and Subject to Wide Fluctuations

The market price of the Company's securities may be volatile and subject to wide fluctuations. If the Company's revenues do not grow, or grow more slowly than it requires, or if operating or capital expenditures exceed its expectations and cannot be adjusted accordingly, or if some other event adversely affects the Company, the market price of the Company's securities could decline. If securities analysts alter their financial estimates of the Company's financial condition it could affect the price of the Company's securities. Some other factors that could affect the market price of the Company's securities include announcements of new explorations, technological innovations and competitive developments. In addition, if the market for stocks in the Company's industry or the stock market in general experiences a loss in investor confidence or otherwise fails, the market price of the Company's securities could fall for reasons unrelated to its business, results of operations and financial condition. The market price of the Company's stock also might decline in reaction to conditions, trends or events that affect other companies in the market even if these conditions, trends or events do not directly affect the Company. In the past, companies that have experienced volatility in the market price of their stock have been the subject of securities class action litigation. If the Company were to become the subject of securities class action litigation, it could result in substantial costs and a diversion of management's attention and resources.

OUTSTANDING SHARE INFORMATION

As at February 24, 2011:

Authorized	
Issued and outstanding shares	25,643,283
Fully diluted (6,709,404 warrants and 3,642,500 options)	35,995,187
Weighted average outstanding shares	25,062,470

NATIONAL INSTRUMENT 52-109 ON CERTIFICATION OF ANNUAL AND INTERIM FILINGS

The Company files a 52-109F2 certification of interim filings duly executed by the Company's current CEO and CFO as required by securities laws.

DISCLOSURE CONTROLS AND PROCEDURES

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. The Company's Chief Executive Officer and Chief Operating Officer evaluated the Company's disclosure controls and procedures for the period ended December 31, 2010 and have found those disclosure controls and procedures to be adequate for the above purposes.

There have been no significant changes in the Company's disclosure controls or in other factors that could significantly affect disclosure controls subsequent to the date the Company carried out its evaluation.

OTHER

The Company operates offices in both Canada and South Africa and is listed on the Canadian TSX Venture Exchange under the symbol “DMI”. Public company information is available on SEDAR at www.sedar.com or at the Company’s website www.diamcormining.com.