Form 51-102F1
For the Year Ended March 31, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

(*Prepared as of July 28, 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 year ending March 31, 2011, and its financial position as at March 31, 2011. 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 15 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 an established operational history of supplying rough diamonds to the world market. The Company has strategic industry relationships within the Republic of South Africa, Canada, the United States, China and Brazil. It is listed on the Canadian TSX Venture Exchange and trades under the symbol "V.DMI" and also trades on the OTC QX international tier in the United States under the symbol "DMIFF". Its principal business is the identification, acquisition, exploration, evaluation, operation, and development of unique diamond based resource properties with a specific focus on the mining segment of the diamond industry. The Company's strategy is to be a supplier of high-quality rough diamonds to reputable diamond purchasing entities serving the global diamond market.

CORE BUSINESS AND STRATEGY

The Company has an established operating history in South Africa, key strategic relationships within the diamond industry, extensive knowledge relating to various diamond mining opportunities, and a significant new near-term diamond production capable project in development. The Company pursues diamond related properties in South Africa and other diamond producing countries. The Company's strategy is to identify, evaluate, acquire, and develop various diamond related properties, with specific focus on opportunities which demonstrate the potential to provide sustained near-term rough diamond production and attractive long term cash flow.

This strategy has proven successful as demonstrated by the closing of the acquisition on February 28, 2011, of the Krone-Endora at Venetia project from De Beers Consolidated Mines Limited. The Krone-Endora at Venetia project consists of the prospecting rights over the farms Krone 104MS and Endora 66MS, which represent a combined surface area of approximately 5,888 hectares directly adjacent to De Beer's flagship Venetia Diamond Mine in South Africa. The deposits which occur on the properties of Krone and Endora have been identified as both, an upper "alluvial" deposit, as well as a rare lower "eluvial" deposit, both of which are proposed to have originated from the higher grounds of the adjacent Venetia kimberlites. De Beers previously completed exploration efforts on an initial area of interest comprised of approximately 310 hectares of the properties, the results of which were reported in an initial Independent National Instrument 43-101 Technical Report which was filed by the Company on July 30, 2009. Based on the initial work completed to date, the current N143-101 Report provided an inferred resource estimate of 54,258,600 tonnes of diamond bearing gravels, and 1.3 million carats of diamonds for this initial 310 hectare area of interest alone. The Technical Report also noted that based on the previous work programmes and evaluation completed to date on the Krone-Endora at Venetia project by De Beers and the Company, an estimated 1,000M, or 1 vertical km, of material is believed to have shifted and eroded off of the kimberlites of Venetia onto the lower surrounding areas including those of Krone and Endora.

In addition to the advancement of the Krone-Endora at Venetia project, the Company continues to review and pursue additional mining opportunities in South Africa, and other known diamond mining regions. The Company believes its strategy will allow it to take advantage of the current trend of increasing rough diamond prices which industry experts believe will continue for the coming years. These forecasted rough diamond price increases are a function of a material projected shortfall in future diamond production, an increase in customer demand in developing markets such as India, and China, and a restoration of demand in historically strong markets such as the United States. 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 lower in the future. This situation, coupled with the fact that no large new mines demonstrating an ability to meet projected future increasing 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 an ability to provide rough diamond production in the coming years. The Company believes it is well positioned to exploit this opportunity.

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 associated development costs. The Krone-Endora at Venetia project recently acquired by the Company 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. 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, 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 additional efforts would be considered as warranted.

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. 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 since the washing or rolling effect of transporting the diamonds, 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. 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 recently 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. Venetia is one of the world's most significant and well established diamond mines with previously published yearly production volume highs of approximately 9.0 million carats per year, with some independent references estimating a high percentage 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 diamond mine 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.

KEY PERFORMANCE DRIVERS AND RECENT EVENTS

The Company's focus and strategy is to provide rough diamonds to reputable suppliers of diamonds to the global market. Thus the primary key performance drivers for the Company are: the identification and acquisition of suitable near-term diamond producing properties, low cost and high yield production of diamonds, current rough diamond market prices, forecasted rough diamond prices due to the predicted inability of the world's current diamond producing mines to meet world-wide demand, and strategic relationships with reputable suppliers of diamonds to global markets-particularly the emerging markets for diamonds.

Trade publications and industry experts widely reported a continuing trend of steadily increasing rough diamond prices into the early part of 2008. During that period, demand continued to grow and experts predicted that demand would soon exceed available supply due to the fact existing sources were reaching the later stages of their project life. Additionally, no new large kimberlite discoveries had been made which demonstrated the ability to supply the projected increases in demand. This predicted shortfall in supply was expected to last for the foreseeable future, with the result being a continued increase in rough diamond prices. The onset of the global financial crisis in 2008 and 2009 had a profound effect on the world economy including the diamond market. At that time, analysts, industry experts, and trade publications reported a softening of diamond prices and short-term demand. Despite the expected decline in the United States market, industry experts anticipated increasing demand in the future from the vast emerging markets of China, India, and the Middle East, and this expectation has since proven correct. As of mid-2009 rough diamond prices began to recover, 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 continued, and as of the early part of 2011, various sources were reporting rough diamonds prices in excess of the 2008 pre-crisis highs, with an expectation that continued increases will occur due to the various pre-financial crisis factors previously outlined, all of which remain relevant as of today.

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 is very well positioned to take advantage of current all-time high rough diamond prices as well as future rough price increases caused by the potential inability of current sources to supply sufficient rough diamond production to meet the projected growing world-wide demand.

As of March 31, 2011 the Company's principal assets were the following: (i)) a 70% majority interest in DMI Minerals South Africa (Pty) Ltd. ("DMI Minerals"), which the Company used to acquire the Krone-Endora at Venetia project from De Beers Consolidated Mines Limited, (ii) a 100% interest in DMI Diamonds South Arica (Pty) Ltd. ("DMI Diamonds"), 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 private South African company 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") which the Company incorporated for potential 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 De Beer's Krone-Endora at Venetia acquisition represents the first acquisition of this type into the entity. 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 pending finalization of a definitive sale of assets agreement. On December 22, 2008 the Company completed and executed the definitive sale of assets agreement. On March 31, 2010, the parties to the transaction 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. There were no other material changes to the agreement. This amendment allowed the Company to access considerable additional areas of high interest between those areas previously identified in the initial NI43-101 report released and the proposed source of the deposits origin, that being the kimberlite pipes of De Beers Venetia mine. The acquisition of the Krone-Endora at Venetia project was subject to the signing of a definitive asset purchase agreement, payment of a deposit of 1,500,000 Rand or approximately CAD$208,500.00, 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,

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

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

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,

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,

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, and

7) the payment of the remaining purchase price balance outstanding of 12,500,000 Rand (approximately CAD$1,800,000).

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 the final remaining suspensive conditions complete, the finalization of the transaction between the parties took place on December 14, 2010. On February 28, 2011 the parties to the transaction received confirmation the registration of the cession documents for Krone and Endora had been completed with the Department of Mineral and Petroleum Titles Registration Office of the South African Department of Mineral Resources. With this final condition of closing satisfied and the final approval from the TSX Venture Exchange granted, the funds for the transaction were released from escrow, and the acquisition of the Krone-Endora Project at Venetia closed

On March 23, 2011, the Company, in conjunction with its subsidiary, DMI Minerals South Africa (Pty) Ltd., entered into a long-term strategic alliance and closed a long-term non-dilutive financing with subsidiaries of New York based Tiffany & Co. Under the terms of the strategic agreement, Tiffany & Co., through their diamond sourcing and polishing subsidiary, Laurelton Diamonds South Africa (Proprietary) Limited, secured a first right of refusal to purchase up to 100% of the production of rough diamonds from Krone-Endora at fair market value prices to be negotiated and adjusted from time to time to reflect current market conditions. DMI Minerals retained the right to freely market any rough diamond production and specials (rough diamonds 10.8 carats or larger in size) which are not selected for purchase by Laurelton. To expedite the production of supply of rough diamonds from Krone-Endora, Tiffany & Co. provided the Company with an aggregate amount of $5,500,000 financing through its subsidiary, Tiffany & Co. Canada. With this strategic financing closed, the Company can advance, develop and deploy the infrastructure to begin the mining and production of rough diamonds from Krone-Endora.

On April 7, 2011, DMI Minerals commenced work programmes at Krone-Endora including a drilling programme to be followed by a bulk sampling programme, as recommended by the initial Independent National Instrument 43-101 Technical Report filed on July 28, 2009. These initial programmes are designed as a continuation of the work previously completed by De Beers, and will be used to better define the diamond bearing resources in areas of the project previously explored, to identify additional diamond bearing resources in areas of the Project which have not het been accounted for in the current National Instrument 43-101 Report, to establish a current market diamond price estimate for the Project, and to support the planned filing of a new updated independent National Instrument 43-101 Technical Report by the Company. Additionally, these programmes will be used to support the Company's planned move trial mining exercises, and to assist the Company in making final production decisions for the project. The Company has placed significant focus and emphasis on the successful closing and financing of the Krone-Endora at Venetia project over the past few years, and currently views this project as the most significant business opportunity in the near-term due to its long-term sustained diamond production potential.

Building upon the success of the Krone-Endora acquisition, the related Tiffany & Co. strategic alliance and financing, and to further leverage management's experience, the Company is continuing the process of identifying and evaluating new diamond mining opportunities with a view towards potential additional acquisitions, development, and production in the future.

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 and operations. 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.

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. Through the use of controlled procedures and operations, the efficient recovery of quality diamonds through the reprocessing 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 that 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. The Company 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 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 the remaining assets of 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 MD & A all payments of funds due had been received and recorded as deferred income. The parties to the transaction have submitted all legal documentation to effect the closing of the transaction which is expected to be forthcoming this fiscal year. Upon completion of the sale of So Ver the amount currently recorded on the Company's balance sheet for asset retirement obligation of $326,152 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 potentially 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 fourth quarter ending March 31, 2011, 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 well-established South African BEE group 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 respected and established BEE group representing the interests of some estimated 500,000 rural women shareholders, but it is also a well-connected corporate entity in 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 and 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 previous operational history. The Company believes well-organized BEE groups 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. 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 fiscal year ending March 31, 2011 include the results of mining and exploration operations in South Africa. As of March 31, 2011, the Company held assets of $8,264,049 which included cash of $5,592,680, with an amount of $398,991 being recorded as accounts receivable associated with the sale of certain assets of the Company's So Ver property and value added tax receivables not yet received, an amount of $38,619 being recorded as held on deposit with the Department of Mineral Resources in South Africa in conjunction with rehabilitation costs, an amount for the net book value of property, plant and equipment assets of $46,948 and an amount of $2,186,811 for mineral properties associated with the Krone-Endora at Venetia project. Liabilities totaled $6,364,619 which includes an amount of $388,619 in accounts payable, an amount of $446,058 which has been recorded in association with the asset retirement obligations of So Ver ($326,152) and the Krone-Endora at Venetia project ($119,906), an amount of $3,218 has been recorded and is the current portion of the Company's long-term debt associated with the corporate office leasehold improvements, a deferred income amount of $223,478 has been recorded which is associated with the sale of So Ver due to certain covenants not yet being met, and a taxes payable amount of $303. The Company has recorded the long-term debt amount of $4,352,877 which is related to the Tiffany & Co. financing, and an amount of $950,066 has been recorded as 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 $326,152 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:

	Year Ended March 31,					
		2011		2010		2009
Total Revenue	$	Nil	$	Nil	$	Nil
Net Income (Loss)	$	(2,681,063)	$	(1,118,363)	$	(1,068,685)
Basic And Diluted Loss Per Common Share	$	(0.11)	$	(0.09)	$	(0.11)
Total Assets	$	8,264,049	$	2,419,721	$	467,044
Total Long Term Liabilities	$	5,302,943	$	98,750	$	6,754
Cash Dividend	$	Nil	$	Nil	$	Nil

RESULTS OF OPERATIONS FOR THE FISCAL YEAR ENDING MARCH 31, 2011

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 investments it makes into projects and operations within South Africa.

The Company had a net loss of $2,681,063 for the year ending March 31, 2011 as compared to net loss of $1,118,363 for the year ending March 31, 2010. During the year ending March 31, 2011 the Company generated no gross income from the sale of diamonds, which was also the case during the year ending March 31, 2010. In both Fiscal 2011 and Fiscal 2010 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 there was no 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 year ending March 31, 2011, as compared to a gross loss of $20,418 for the year ending March 31, 2010 during which period finalization of So Ver operations were being concluded.

Revenue

The Company had no revenues for the year ending March 31, 2011 as was the case for the year ending March 31, 2010. 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. With the closing of the acquisition of the Krone-Endora at Venetia project now complete the Company anticipates it has the potential to generate revenues for the Company in the fiscal year ending March 31, 2012.

Cost of Sales

During the year ending March 31, 2011 the Company focused its efforts on closing the Krone-Endora at Venetia acquisition and the Tiffany & Co. financing. Given production has yet to be realized from the Krone-Endora project, the cost of sales for the year ending March 31, 2011 was $0, as compared to $20,418 which was recorded for the year ending March 31, 2010 due to the Company's efforts winding up operations associated with So Ver.

Expenses

Total expenses for the year ending March 31, 2011 increased to $2,807,243, as compared to $1,376,733 during the year ending March 31, 2010. These increased expenses were a result of costs incurred for the continued advancement of the various elements associated with the finalization and advancement of the Krone-Endora at Venetia 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 year ending March 31, 2011 and March 31, 2010, accretion and amortization increased to $149,577 from $87,778, while consulting fees increased to $395,031 from $181,596. Insurance costs increased slightly to $17,916 for the year as compared to $16,284 for the previous year, while interest and bank charges increased to $103,827 from $29,273. Office expenses increased slightly to $84,327 from $63,990 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. Professional fees for the period decreased to $180,478 from $230,174 as a result of reduced requirements associated with the Krone-Endora acquisition and its finalization. The previous recording of expenses in management fees, which are now recorded as part of the salaries and wages category resulted in an increase in this area to $723,367 from $589,544. Non-cash stock based compensation increased to $928,000 for the year ending March 31, 2011 from $0 for the year ending March 31, 2010. Expenses for promotion and investor relations increased slightly to $88,126 for the year ending March 31, 2011 from $70,793 for the year ending March 31, 2010, and transfer and regulatory fees increased slightly to $46,703 from $40,855 for the respective periods. Travel expenses increased to $89,891 compared to $66,266 for the previous year ending March 31, 2010. The Company remains committed to managing its resources carefully and conserving cash where possible; however, total expenses are expected to increase given the Krone-Endora at Venetia acquisition is now complete and the recommended work programmes and advancement of the project is now underway.

Net Earnings

As a result of the conclusion and discontinuation of the tailings re-treatment at So Ver, the ongoing efforts associated with the successful finalization of the acquisition and subsequent advancement of the Krone-Endora at Venetia project, and the additional efforts being made to evaluate and advance other opportunities, the Company realized a net loss of $2,681,063 for the year ending March 31, 2011, as compared to a net loss of $1,118,363 for the year ending March 31, 2010.

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	$	$
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)
31-Mar-11	0.0	(0.0)	(0.00)	(0.00)	(1,188.4)	(0.05)	(0.03)

FOURTH QUARTER ENDING MARCH 31, 2011 RESULTS

In the fourth quarter ending March 31, 2011 the Company generated no revenue, incurred $0 in direct costs, recorded $1,142,285 in expenses, and had current income taxes payable of $298, which resulted in a net loss of $1,188,435 for the quarter. Of the expense items, accretion and amortization increased due to the Tiffany & Co. financing; consulting fees for legal, accounting, and technical groups increased due to the work related to the finalization of the Krone-Endora at Venetia acquisition and financings; and professional fees also increased due to the requirements associated with the finalization of the Krone-Endora at Venetia acquisition. Insurance costs remained consistent, while interest and bank charges increased. Increases were incurred to salaries and wages due to added requirements at Krone-Endora at Venetia, while office expense remained consistent. Promotion and investor relations expenses remained consistent in the fourth quarter ending March 31, 2011, and travel also remained consistent with those of the previous period. Transfer and regulatory fees increased for the period due to the financings completed. Expenses for the quarter were primarily incurred as a result of the continued efforts being undertaken by the Company for finalization of the Krone-Endora at Venetia acquisition, preparations related to the post-closing advancement of the recommended work programmes, other business development objectives, and the Company's ongoing general administrative costs.

LIQUIDITY AND CAPITAL RESOURCES

For the year ending March 31, 2011, the Company recorded a net loss of $2,681,063, compared to a net loss of $1,118,363 for the year ending March 31, 2010. The Company had negative cash flows from operating activities of $1,439,066 in the year ending March 31, 2011, compared to $1,268,680 for the year ending March 31, 2010. As of March 31, 2011, the Company had an accumulated deficit of $13,994,597.

Cash Position. At March 31, 2011, the Company had cash and cash equivalents of $5,592,680 compared to $1,894,319 at March 31, 2010. The Company believes it has adequate cash for the continued development, bulk sampling, and planned transition to the mining and production of diamonds at its Krone-Endora at Venetia project.

A portion of the cash on hand and available for use by the Company at March 31, 2011 was held in its foreign bank accounts in South Africa and is being used for the continued advancement of the Krone-Endora at Venetia project 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 were designed to support the Company's strategy of leveraging its well-established operational history to identify and acquire near-term production-based diamond producing assets with long-life potential to achieve sustained rough diamond production, while minimizing shareholder dilution.

In fiscal 2010, the Company closed on a series of financings. Specifically, 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. In October 2009, the Company secured $400,000.00 in term loans with an interest rate of 10% per annum from various investors and one insider. The loans were repaid on June 2, 2010. The Company completed its planned first tranche of a 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 expiring 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.

In the first fiscal quarter of 2011, the Company closed the second tranche of its 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, with each unit consisting of one common share and one-half of one common share purchase warrant at an exercise price of $0.50 expiring 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. These financings provided the Company with the capital necessary to fund the acquisition of the Krone-Endora at Venetia project, advance work for the preparation of the recommended and planned initial work programmes for the project, and for general corporate purposes.

On March 23, 2011, the Company entered into a long-term strategic alliance with Tiffany & Co. To expedite the production and supply of rough diamonds from Krone-Endora, Tiffany & Co., through its Canadian subsidiary, provided the Company with $5,500,000 in financing. The financing included a $3,500,000 Term Loan and a $2,000,000 Convertible Debenture. The Term Loan has a 5 year term and a fixed rate of interest of 7% per annum. The loan is non-amortizing for a 24 month period and no interest or principal is due until following this 24 month period, at which time interest and principal is payable monthly in accordance with a 36 month amortization schedule. The Company has the right to repay the Term Loan and any accrued and unpaid interest due at any time without notice or penalty. The Convertible Debenture has a term of 5 years and a fixed rate of interest of 7% per annum. Like the Term Loan, interest accrues but is not payable for the 24 month period from the date of issuance, following which interest becomes due and is payable monthly. The Company has the right to repay the outstanding principal and any accrued and unpaid interest, without penalty, on not less than 30 days notice and subject to conversion rights contained in the Convertible Debenture. Tiffany & Co. Canada may convert the principal and any accrued and unpaid interest, in whole or in part, into Company common shares at a price of $0.75 per share. At any time after 24 months from date of issuance, the Company has the right to convert the principal, and any accrued and unpaid interest, in whole or in part, into Company common shares at a price of $0.75 per share. Under both conversion scenarios and assuming full conversion of principal and all accrued interest 24 months from the date of the issue of the Convertible Debenture, a maximum of 3,053,614 common shares would potentially be issued at that time. The sourcing, negotiation and successful completion of this strategic alliance and financing were completed by the Company's management and directors.

In addition to these recent financings, various parties, management, and directors exercised a cumulative total of 1,586,005 warrants at a price of $0.27 prior to their expiration on March 31, 2010; 265,000 options priced at $0.36 each have also been exercised by Management; 65,000 options with an exercise price of $0.50 each have been exercised by Management and Directors; and 91,667 options priced at $0.30 each have been exercised by Management.

Subsequent to all financings and related items above, and as of March 31, 2011, the Company had 25,643,283 common shares issued and outstanding and has authorized capital of an unlimited number of shares.

Working Capital. As of March 31, 2011 the Company had working capital of $4,929,995, as compared to working capital of $745,442 at March 31, 2010. As noted in previous filings, the current working capital calculation includes an Asset Retirement Obligation of $326,152 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.

Future Capital Requirements. The Company has incurred losses since its inception. However, given the Company's closing of the Krone-Endora at Venetia acquisition and its recent financings, the Company anticipates it will have the ability to finance the ongoing development and transition to mining and production at the Krone-Endora project. Its ability to continue as a going concern beyond production will depend on the results of its operations and its ability to ultimately become profitable and/or its ability to raise additional capital.

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.

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 March 31, 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 this 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 April 1, 2010. 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. The company intends to utilize this election.

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 stock-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 with the official discussion paper release in the second 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, labour 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 the maintenance of 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 mineral rights, pending acquisitions, and future exploration on certain properties requires licenses and permits from various departments of 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, labour 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 satisfaction 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 projects, 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 July 28, 2011:

Authorized	
Issued and outstanding shares	25,833,020
Fully diluted (6,339,442 warrants and 4,685,833 options)	36,858,295
Weighted average outstanding shares	25,259,206

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 Financial Officer have evaluated the Company's disclosure controls and procedures for the period ended March 31, 2011 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 trading under the symbol "DMI", and on the OTC QX International in the USA trading under the symbol "DMIFF". Public company information is available on SEDAR at www.sedar.com or at the Company's website www.diamcormining.com.