Management Discussion & Analysis

For the Interim Period Ended
June 30, 2011

DIAMCOR MINING INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED JUNE 30, 2011

Management's discussion and analysis ("MD&A") focuses on significant factors and the operating results and financial position of Diamcor Mining Inc. ("Diamcor" or the "the Company") and its subsidiaries. In order to better understand the MD&A, it should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto for the three months ended June 30, 2011 and the MD&A and audited consolidated financial statements for the year ended March 31, 2011. The effective date of this MD&A is September 28, 2011.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise specified, all financial information is presented in Canadian dollars.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and on the Company's website at www.diamcormining.com.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

This report and the accompanying unaudited condensed consolidated interim financial statements for the three months ended June 30, 2011 are the first reports of the Company under IFRS. Canadian public companies, effective for fiscal years commencing on or after January 1, 2011, are required to transition to IFRS. This change also requires that companies restate their 2010, and 2009, comparative financial statements to be compliant with IFRS.

HIGHLIGHTS

Corporate

- **February 28, 2011** - Closed acquisition of the Krone-Endora at Venetia Project from DeBeers Consolidated Mines Limited.

- **March 29, 2011** - Announced long-term strategic alliance with world famous luxury retailer Tiffany & Co for purchase of up to 100% of the production of rough diamonds from Krone-Endora at Venetia Project at fair market value prices to be negotiated and adjusted from time-to-time to reflect current market conditions.

- **March 29, 2011** - Closed $5.5M in long-term non-dilutive financing with world famous luxury retailer Tiffany & Co aimed at expediting the production and supply of diamonds from the Krone-Endora at Venetia Project.

- **June 20, 2011** – Received approvals to join the OTC market's prestigious OTCQX International tier, and began trading in the US market under the symbol DMIFF. Completed approvals allowing for ongoing Company information and releases to be disseminated via Standard & Poor's Market Access Program to an estimated 100,000 subscribing users of Standard & Poor's MarketScope Advisor.

Krone-Endora at Venetia Project

- ∇ **February 28, 2011** – Closed acquisition of Krone-Endora at Venetia Project from DeBeers Consolidated Mines Limited.
- ∇ **April 8, 2011** – Preparation work commenced for initial work programmes consisting of a low-cost reverse circulation drilling programme, followed by a planned bulk sampling programme and move to trial-mining, as recommended by the initial Independent National Instrument 43-101 Technical Report filed by the Company.
- ∇ **May 17, 2011 –** Extensive site preparations are completed allowing for start of initial phase of recommended drilling programme on +/- 200 targets.
- ∇ **June 29, 2011 –** Successful completion of +/- 230 targets of initial recommended drilling programme and start of second phase of drilling on extended targets.
- ∇ **August 17, 2011 –** Due to encouraging results of the ongoing drilling efforts, independent geologists and the Company elect to expand the recommended drilling programme from +/-390 targets, and as of the date +/- 469 targets have been successfully completed with plans to complete additional +/- 50 targets.
- ∇ **August 17, 2011** -In addition to the drilling efforts underway, Company announces that approximately +/- 20 employees, consultants and contractors, including heavy equipment, are also preparing for the Company's commencement of the recommended bulk sampling program through the establishment and upgrade of access roads, preparations for the installation of an initial water pipeline, preparation of area for delivery of bulk sampling plant, preparation of areas selected for bulk sampling, establishment of operational offices and infrastructure on-site, procurement of equipment necessary for bulk sampling, and the procurement of the bulk sampling plant for delivery to the Project.

INTRODUCTION

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 established strategic industry relationships within the Republic of South Africa, Canada, the United States, China and Brazil. The Company's common shares trade on the TSX Venture Exchange under the symbol "V.DMI", and on the OTCQX international tier in the United States under the symbol "DMIFF".

Diamcor's 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 recently acquired the Krone-Endora at Venetia project from DeBeers, and subsequently established a long-term strategic alliance and successfully completed an attractive financing with New York Based Tiffany & Co. The Company's strategy is to be a supplier of quality rough diamonds to reputable diamond purchasing entities serving the global diamond market.

CORE BUSINESS AND STRATEGY

Diamcor has an long 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, the Krone-Endora at Venetia 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 of the Krone-Endora at Venetia Project from De Beers Consolidated Mines Limited on February 28, 2011. 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 "eluvial" deposit, as well as a rare lower "alluvial" 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 (the "Technical Report") which was filed by the Company on July 30, 2009. Based on the initial work completed to date, the Technical Report provided an initial inferred resource estimate of 54,258,600 tonnes of diamond bearing gravels, and 1.3 million carats of diamonds for the initial 310 hectare area of interest alone. The Technical Report also noted that based on the previous work programmes and evaluation completed to date by De Beers and the Company, an estimated 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.

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 projected material shortfalls in future diamond production, the continued increase in customer demand in developing markets such as China and India, and a restoration of demand in historically strong markets such as the United States. It is also 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 their associated development costs. The Krone-Endora at Venetia project recently acquired by the Company from De Beers has been identified as a rare higher-grade eluvial deposit covered by a lower-grade alluvial deposit, the nature of 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 and 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 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 and Eluvial Projects - The Company defines both alluvial and 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 allowing alluvial projects to be brought into production in a relatively short period of time. Given the short timeframes to production, 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. These characteristics 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 also 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 higher-grade eluvial deposit which is cover by a lower-grade alluvial deposit, and is located directly adjacent to the proposed source of both deposits, that being De Beer's flagship Venetia Mine. Venetia is one of the world's most significant and well established diamond mines in the world with previously published yearly production volume highs of approximately 9.0 million carats per year, and 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 diamond purchasing entities serving the global markets. 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 worlds current diamond producing mines to meet world-wide demand, strategic relationships with reputable purchasing entities of rough diamonds serving the global markets - particularly the emerging markets for new diamond sales.

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 lives. 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 mid part of 2011, various sources were reporting rough diamonds prices in excess of the 2008 pre-crisis highs, with an expectation that continued increases may 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 the Krone-Endora at Venetia Project, 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"), an entity 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 DMI Minerals received confirmation from De Beers that its competitive 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 parties to the transaction completed and executed a definitive sale of assets agreement, and then subsequently on March 31, 2010, 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 finalization of the transaction between the parties took place on December 14, 2010, and on February 28, 2011 the acquisition of the Krone-Endora at Venetia Project was closed.

Shortly after the closing of the Krone-Endora at Venetia Project acquisition, on March 23, 2011, the Company, in conjunction with its subsidiary DMI Minerals South Africa (Pty), 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), secured a first right of refusal to purchase up to 100% of the future production of rough diamonds from Krone-Endora at Venetia at fair market value prices to be negotiated and adjusted from time to time to reflect current market conditions. As part of the agreement, 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 the Krone-Endora at Venetia project, Tiffany and 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 believes it can advance, develop and deploy the infrastructure to begin the mining and production of rough diamonds from Krone-Endora at Venetia.

On April 8, 2011, DMI Minerals commenced work at Krone-Endora at Venetia in preparation for the start of an extended drilling programme, which is to be followed by a planned bulk sampling programme and trial mining exercises as recommended by the initial Independent National Instrument 43-101 Technical Report filed by the Company on July 28, 2009. The Company initially planned to drill approximately 390 targets in two phases as part of the initial drilling programme, however due to encouraging results of the ongoing drilling efforts, elected to expand the drilling programme. Subsequent to the period ending June 30, 2011, on August 17, the Company reported that it had completed the drilling of 469 targets, and would proceed with the drilling of an additional +/- 50 targets over the short-term. The combined recommended programmes being undertaken are designed to be 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 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 to the noted 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 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. 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. 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 and entered into a sale of shares agreement to sell its remaining 85% interest in So Ver. 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 this fiscal year. Upon completion of the sale of So Ver the amount currently recorded on the Company's balance sheet under current asset retirement obligation of $328,598 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.

MANAGEMENT AND CAPABILITIES

There were no new appointments to the Company's management during the first quarter ending June 30, 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, 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 where Corporate Social Responsibility (CSR) objectives are of paramount importance.

SELECTED QUARTERLY FINANCIAL INFORMATION

The financial results for the three months ended June 30, 2011, as well as those included in this section for the quarters ending March 31, 2011, June 30, 2010, and March 31, 2010 have been restated to IFRS to reflect the Company's transition to IFRS effective January 1, 2010. The financial results for the quarters ending December 31, 2010, September 30, 2010, December 31, 2009 and September 30, 2009 are presented in Canadian Generally Accepted Accounting Principles (GAAP) and have not been restated. The figures include the results of mining and exploration operations in South Africa.

March 31, 2012 Fiscal Year				
	Fourth Quarter March 31, 2012 (Restated to IFRS)	Third Quarter December 31, 2011 (Restated to IFRS)	Second Quarter September 30, 2011 (Restated to IFRS)	First Quarter June 30, 2011 (Restated to IFRS)
Gross Revenue	$ -	$ -	$ -	$ -
Expenses				(1,055,571)
Net (loss) for Period				(1,071,869)
Net (Loss) per Share (Basic)				(0.04)
Cash Flow (Used in) Operations				(635,551)
Cash and Cash Equivalents (End of Period)				5,020,806
Assets				7,940,959
Dividends				Nil

March 31, 2011 Fiscal Year				
	Fourth Quarter March 31, 2011 (Restated to IFRS)	Third Quarter December 31, 2010 (Cnd GAAP)	Second Quarter September 30, 2010 (Cnd GAAP)	First Quarter June 30, 2010 (Restated to IFRS)
Gross Revenue	$ -	$ -	$ -	$ -
Expenses	(1,142,283)	(284,388)	(284,280)	(1,096,292)
Net (loss) for Period	(1,118,134)	(213,473)	(181,522)	(1,097,636)
Net (Loss) per Share (Basic)	(0.04)	(0.01)	(0.01)	(0.05)
Cash Flow (Used in) Operations	(703,937)	(735,129)	(250,057)	(320,796)
Cash and Cash Equivalents (End of Period)	5,991,671	677,485	2,374,486	2,620,420
Assets	8,338,595	2,933,162	2,712,701	3,000,630
Dividends	Nil	Nil	Nil	Nil

March 31, 2010 Fiscal Year				
	Fourth Quarter April 1, 2010 (Restated to IFRS)	Third Quarter December 31, 2009 (Cnd GAAP)	Second Quarter September 30, 2009 (Cnd GAAP)	
Gross Revenue	$ -	$ -	$ -	
Expenses	(749,204)	(236,326)	(252,258)	
Net (loss) for Period	(760,637)	(237,835)	(53,546)	
Net (Loss) per Share (Basic)	(0.05)	(0.02)	(0.01)	
Cash Flow (Used in) Operations	(641,583)	(272,995)	(316,000)	
Cash and Cash Equivalents (End of Period)	2,105,766	215,989	83,258	
Assets	2,490,248	543,259	417,489	
Dividends	Nil	Nil	Nil	

QUARTERLY RESULTS ANALYSIS

As of June 30, 2011, the Company held assets of $7,940,959 which included cash of $5,020,806, with an amount of $454,486 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 $38,377 under rehabilitation trust fund was 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 $113,397 was recorded, and an amount of $2,311,893 is recorded for mineral properties associated with the Krone-Endora at Venetia project.

As of June 30, 2011, the Company's liabilities totaled $7,582,316 which includes an amount of $336,080 in accounts payable, an amount of $328,598 which has been recorded as a current liability in association with the asset retirement obligations of So Ver, an amount of $2,998 which has been recorded as the current portion of the Company's long-term debt which is associated with the Company's corporate office leasehold improvements, a deferred income amount of $222,077 which has been recorded which is associated with the sale of So Ver due to certain covenants not yet being met at the balance sheet date, and a current taxes payable amount of $7,552. The above amount of $328,598 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 has recorded the long-term debt amount of $5,599,151 related to the Tiffany & Co. financing, and an amount of 1,698 for deferred income tax. An amount of $120,805 has been recorded for the asset retirement obligation associated with the Krone-Endora at Venetia project, and an amount of $963,357 has been recorded as due to the Company's Black Economic Empowerment partner in conjunction with proportionate loan amounts, which have no set terms of repayment, have been received to date, and are being used by DMI Minerals South Africa (Pty) Ltd.

The Company operates in one market segment for the mining, production, and sale of rough diamonds to the world market. 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 $1,071,869 for the three month period ended June 30, 2011 as compared to net loss of $1,092,848 for the three month period ended June 30, 2010. During the three month period ended June 30, 2011 the Company generated no gross income from the sale of diamonds, which was also the case during the three month period ending June 30, 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 processing operations at So Ver. Although there was no production of diamonds during the three month period ended June 30, 2011, cost of sales of $24,881 were recorded in association with the ongoing advancement and preparations at the Krone-Endora at Venetia project which resulted in the Company realizing a gross loss of $24,881, as compared to a gross loss of $0 for the same three month period ended June 30, 2010.

Revenue

The Company had no revenues for the three month period ended June 30, 2011 as was the case for the same three month period ended June 30, 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 three month period ended June 30, 2011 the Company focused its efforts on the advancement of the recommended drilling programme and various preparations to support the Company's planned move to the recommended bulk sampling programme and trial mining exercises at the Krone-Endora at Venetia project. Although production has yet to be realized from the Krone-Endora at Venetia project, a cost of sales of $24,881 was record during the three month period ended June 30, 2011, as compared to nil for the same three month period ended June 30, 2010 prior to the finalization of the acquisition of the Krone-Endora at Venetia project from De Beers.

Expenses

Total expenses for the three month period ended June 30, 2011 decreased slightly to $1,055,571, as compared to $1,096,292 for the same three month period ended June 30, 2010. Of the total expense variations for the three month periods ended June 30, 2011 and June 30, 2010, accretion and amortization increased to $10,406 from $7,849, while consulting fees decreased to $53,662 from $61,300. Insurance costs increased slightly to $6,232 from $5,352, while interest and bank charges increased to $116,252 from $43,985, primarily due to the interest expense associated with the Tiffany & Co financing. Office expenses increased slightly to $26,064 from $24,938, while professional fees increased to $83,916 from $36,475 as a result of increased requirements associated with the advancement of the recommended drilling programme and preparations for the recommended bulk sampling programme and trial mining exercises at the Krone-Endora at Venetia project. Investor relations expense increased to 70,228 from $55,366, and salaries and wages decreased slightly to $118,571 from $120,237. Non-cash stock based compensation also decreased to $540,000 from $696,000. Expenses recorded for transfer and regulatory fees decreased to $7,227 from $18,522, while travel expenses also decreased slightly to $23,016 as compared to $26,268 for the period ending June 30, 2010.

Expenses for the quarter were primarily incurred by the Company for the advancement of the recommended drilling programme at the Krone-Endora at Venetia project, on various infrastructure preparations aimed at supporting the Company's planned move to bulk sampling and trial mining exercises in the coming months, various business development and awareness objectives, and the Company's ongoing general administrative costs. 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 further 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 generated no revenue in the first quarter ended June 30, 2011. The Company incurred $24,881 in direct costs, recorded $1,080,452 in expenses, recorded $8,583 in other interest and income, and had current income taxes payable of $0, which resulted in a net loss of $1,071,869 for the period, as compared to a net loss of $1,092,848 for the three month period ended June 30, 2010.

LIQUIDITY AND CAPITAL RESOURCES

For the three month period ended June 30, 2011, the Company recorded a net loss of $1,071,869 as compared to a net loss of $1,092,848 for the three month period ended June 30, 2010. The Company had negative cash flows from operating activities of $635,551 in the period ended June 30, 2011, compared to $320,796 for the period ended June 30, 2010. As of June 30, 2011, the Company had an accumulated deficit of $14,746,617.

Cash Position. At June 30, 2011, the Company had cash and cash equivalents of $5,475,292 compared to $2,620,420 at June 30, 2010. The Company believes it has adequate cash for the continued, drilling, development, bulk sampling, and planned transition to 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 June 30, 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.

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, which 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 with an exercise price of $0.36 each were exercised by Management; 65,000 options with an exercise price of $0.50 each were exercised by Management and Directors; 101,667 options with an exercise price of $0.30 were exercised by Management and Employees, and 124,737 broker warrants with an exercise price of $0.50 were exercised prior to their expiration on May 2, 2011.

Subsequent to all financings and related items above, and as of June 30, 2011, the Company had 25,833,020 common shares issued and outstanding and has authorized capital of an unlimited number of shares.

Working Capital. As of June 30, 2011 the Company had working capital of $4,577,983, as compared to working capital of $1,871,932 at June 30, 2010. As noted in previous filings, the current working capital calculation includes an Asset Retirement Obligation of $328,598 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 successful recent financings, the Company anticipates it has the potential ability to finance the ongoing development and transition to mining and initial production at the Krone-Endora project. Its ability to continue as a going concern beyond initial 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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

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.

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the preparation of the unaudited condensed consolidated interim financial statements Management is required to make judgments, assumptions and estimates that affect both the reported amounts of the Company's assets and liabilities at the date of the financial statements, and its reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The unaudited condensed consolidated interim financial statements also include estimates, which, by their nature, are uncertain. The impacts of such estimates affect various items throughout the unaudited condensed and consolidated interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized by the Company in the period in which the estimate is revised and in future periods if the revision affects both the current and future periods. Estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable by the Company under the circumstances.

Significant areas requiring the use of management estimates relate to recoverability of capitalized acquisition costs and exploration and evaluation associated with the Krone-Endora at Venetia project, asset valuations of other items, reserve and resource estimation, estimated useful lives and residual value of property, plant and equipment, provisions and contingent liabilities, decommissioning and rehabilitation/restoration provisions, accrued liabilities, the assumptions used in determining the fair value of stock options and warrants, and the calculations of current and future income tax assets and liabilities and their reversals, as applicable. Actual results could materially differ from these estimates.

The Company reviews its interest in the Krone-Endora at Venetia project for potential impairment based on results to date, or when events and changes in circumstances may indicate that the carrying value of the assets may not be recoverable. IFRS requires the Company to make certain judgments, assumptions, and estimates in identifying such events and changes in circumstances, and in assessing their impact on the valuations of the affected assets. Impairments are recognized when the book values exceed management's estimate of the net recoverable amounts associated with the affected assets. The values shown on the balance sheet for the Company's interest in the Krone-Endora at Venetia project represent the Company's assumption that the amounts are recoverable. Due to the various variables associated with the Company's judgments and assumptions, the precision and accuracy of estimates of related impairment charges are subject to significant uncertainties, and may change significantly as additional information becomes known. The Company's assessment is that as at June 30, 2011, there has been no impairment in the carrying value of its interest in the Krone-Endora at Venetia project.

The Company has recorded asset retirement obligations for the Krone-Endora at Venetia project and So Ver tailing re-treatment facilities. The asset retirement obligation calculation, and the accretion recorded are based on current amounts assessed and currently deposited with the South African Department of Mineral Resources, and assumptions regarding the timing and cost of such rehabilitation. The estimates may be inaccurate and the actual costs for the asset retirement obligations may change significantly.

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

The determination of the categories for financial assets and liabilities has also been identified as an accounting policy which involves judgments or assessments to be made by management.

CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") announced 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. Though IFRS uses a conceptual framework which is similar to the previous standard, Canadian GAAP, there are some significant differences on recognition, measurement, and disclosure requirements. The standard also requires that comparative figures for 2010 be based on IFRS. The three months ended June 30, 2011 is the Company's first reporting period under IFRS.

The CICA stated that the IFRS is to be used for financial statement purposes were those standards which were in effect as at December 31, 2011 and therefore the Company's financial reporting for the first three quarters of 2011 and any public disclosures prior to December 31, 2011 will be based on the Company's expectations of IFRS as at the subsequent date of December 31, 2011. While it is not expected that IFRS will change significantly prior to December 31, 2011, there is no assurance that IFRS will not change.

Upon being aware of the impending change to IFRS, the Company implemented a three stage plan in order to prepare for the conversion of its financial statements to IFRS. The transition included the ongoing training and preparation by the management team, the preparation of various documentation by outside consultants to evaluate IFRS standards applicable for the Company, the implementation of a changeover plan, the review and selection of the IFRS 1 exemptions applicable to the Company, the determination of the impacts of IFRS standards on the opening balance sheets and the resulting adjustments, the implementation of appropriate accounting standards and policies as applicable for the Company, and the preparation of financial statements for the Company for June 30, 2011 to reflect proper note disclosure for policies selected, new disclosure requirements, and IFRS transition.

IFRS Transition

The following outlines the IFRS transitional impacts, and the ongoing impact of IFRS on our financial statements. Readers are directed to Note 18 of our unaudited condensed consolidated financial statements which provides additional details on our key Canadian GAAP to IFRS changes, our decisions with regard to accounting policy decisions, and IFRS 1, *First-Time Adoption of International Accounting Standards*, any information on optional exemptions for significant or potentially significant areas that have had an impact on our financial statements in their transition to IFRS, or those which may have an impact in future periods.

Financial Statement Presentation and Changes

As noted above, the Company had very few financial impacts as part of its transition to IFRS. The only required changes to the Canadian GAAP consolidated statements of financial position for the following periods were reconciled to IFRS as follows:

The following discussions explain the significant differences between Diamcor Mining Inc.'s Canadian GAAP accounting policies and those applied by the Company under IFRS. IFRS policies have been retrospectively and consistently applied, except where specific IFRS 1 optional and mandatory exemptions permitted an alternative treatment upon transition to IFRS for first-time adopters. The descriptive note captions below correspond to the adjustments presented in the preceding reconciliations.

a. April 1, 2010 - As a result of the transition to IFRS the company made the following adjustments: property, plant and equipment (PPE) increased by $70,527, deferred tax increased by $1,648, Deficit decreased by $68,879. The changes are primarily a result of differing foreign currency translation methods under IFRS and the elimination of Canadian GAAP adjusting entries related to the value of property in the So Ver subsidiary.

b. June 30, 2010 - As a result of the transition to IFRS the company made the following adjustments: property, plant and equipment (PPE) increased by $70,847, deferred tax increased by $1,654, Accumulated other comprehensive income decreased by $4,474, non-controlling interest decreased by $4,610, net loss decreased by $4,788 and deficit decreased by $78,277. The changes are primarily a result of differing foreign currency translation methods under IFRS and the elimination of Canadian GAAP adjusting entries related to the value of property in the So Ver subsidiary.

c. March 31, 2011 - As a result of the transition to IFRS the company made the following adjustments: property, plant and equipment (PPE) increased by $74,546, deferred tax increased by $1,709, Net loss decrease by $63,471, loans increased by 1,150,849 and convertible debt decreased by 1,160,373, Accumulated other comprehensive income decreased by $49,989, non-controlling interests decreased by $130,051 and deficit decreased by $262,401. The changes are primarily a result of differing foreign currency translation methods under IFRS and the elimination of Canadian GAAP adjusting entries related to the value of property in the So Ver subsidiary and revaluation of convertible loans under IFRS.

Restatement of the consolidated statement of cash flows for the periods ended June 30, 2010 and March 31, 2011

The restatement from Canadian GAAP to IFRS had no significant effect on the reported cash flows generated by the Company. The reconciling items between Canadian GAAP presentation and IFRS have no effect on the cash flows generated.

Control Activities

There were no changes to the Company's internal controls over financial reporting during the beginning period of January 1, 2011 and June 30, 2011 which has materially affected, or is reasonably likely to affect, the Company's internal controls over financial reporting. The Company's internal controls over financial reporting already includes controls, processes and procedures over changes in accounting, and thus the changeover to IFRS did not have a material effect in this regard.

Business Activities

The Company has assessed the impact of IFRS transition on our business activities and key performance measures, and determined that there was no impact on those from our transition to IFRS.

Information Technology and Systems

The IFRS transition did not have a significant impact on our information systems for the transition periods, and no significant impact is expected post-transition.

Post-Implementation Planning

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company:

As of January 1, 2013, the Company will be required to adopt IFRS 9, "Financial Instruments", which is the result of the first phase of the IASB's project to replace IAS 39, "Financial Instruments: Recognition and Measurement". The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. The adoption of this standard should not have a material impact on the Company.

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 any future acquisitions, or 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, Krone-Endora at Venetia, 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.

RELATED PARTY TRANSACTIONS

During the period ended June 30, 2011, the Company paid or accrued to key management personnel and consultants a total of $100,250, Directors fees of $12,000, and performance bonuses totaling $30,000. As at June 30, 2011, the Company also owed $2,754 to directors of the Company and its subsidiaries.

OUTSTANDING SHARE INFORMATION

As at September 28, 2011:

Authorized	
Issued and outstanding shares	26,068,020
Fully diluted (6,339,442 warrants and 4,450,833 options)	36,858,295
Weighted average outstanding shares	25,823,509

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

The Company files a 52-109FV2 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 June 30, 2011 and have concluded that the Company's disclosure controls and procedures to be adequate for the above purposes.

Including the Company's transition to IFRS, there have been no significant changes in the Company's disclosure controls, or in other factors that materially affected or are reasonably likely to affect, the Company's 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.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this MD&A may constitute forward-looking statements within the meaning of securities laws. In some cases, forward-looking statements can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "possible", "continue" or other similar expressions concerning matters that are not historical facts. Forward-looking statements 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 statements are 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 statements are 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 statements 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.