Form 51-102 F1
For the Third Quarter Ending December 31, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
(*Prepared as of February 27, 2009)*

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 quarter ended December 31, 2008, and its financial position as at December 31, 2008. 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 worldwide 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 11 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 and Governed by the Business Corporations Act (BC) with operations and strategic relationships within the Republic of South Africa. It is listed on the TSX Venture Exchange under the symbol DMI. Its principal business is the acquisition, operation, exploration and development of diamond based resource properties with particular focus on the mining segment of the diamond industry and production capable properties. Given the current financial and diamond market conditions, the Company is focusing its short-term efforts on the proposed completion of the acquisition of the Krone-Endora alluvial project from De Beers Consolidated Mines Limited as envisioned, and new acquisition efforts are limited. The Company believes the Krone-Endora acquisition currently represents the best opportunity for growth for the Company. The Company's goal is to be a supplier of rough diamonds to the global diamond market.

CORE BUSINESS AND STRATEGY

The Company strategy is to pursue the acquisition and development of production capable diamond related properties in South Africa. Despite the current market conditions, it will continue to monitor and identify opportunities in the future while ensuring a majority of its resources are focused on the pending Krone-Endora acquisition. The Company has an established operating team with significant industry knowledge of the diamond mining industry. The Company strategy is to pursue opportunities that will provide near-term diamond production and cash flow over a long-term project life as opposed to exploration based efforts. This strategy is thought to allow the Company to pursue additional mining opportunities in South Africa and potentially take advantage of the projected long-term industry forecasts for rising diamond prices due to future shortfalls in world production capabilities against a projected increasing world demand. Recent downturns in rough diamond sales and pricing during the final quarter of 2008 have seen many in the industry adopt a strategy of reducing production in an effort to limit stockpiling of diamonds, however various industry experts continue to project a returning demand later in 2009 and into 2010. The Company currently has no production, however if successful in acquiring the previously announced Krone-Endora property from De Beers Consolidated Mines Limited, it will consider market conditions and rough diamond pricing in conjunction with production plans. Should the Company close the acquisition, there are no timeline requirements to enter production, and such decisions can be made at the Company's discretion. When evaluating any opportunities in the future, Management will continue to focus its efforts on implementing a strategy of classifying potential diamond producing properties into three distinct categories - primary kimberlite projects, alluvial projects and tailings processing projects. These categories are aimed at ensuring its focus is center on short-term production capabilities as opposed to exploration effort, and they are briefly explained as follows:

Primary Kimberlite Projects. The Company defines primary kimberlite projects as any diamond project which involves the exploration for, or underground mining of, any new or existing kimberlite pipe at the primary source where diamonds originate. Although this type of project may provide an extreme economic benefit, it is an inherently high risk proposition which requires significant capital, carries a long lead time to production, at an expected cost that could require capitalization into the hundreds of millions of dollars and requires technical expertise currently outside the scope of the current Company core abilities. Opportunities to exploit this type of project may occur should the Company acquire other alluvial or tailings projects (as described below) upon which the Company may discover new kimberlite pipes or blows, at which time the Company may consider performing initial exploration efforts to define the potential significance of the find. In this situation, initial efforts could be completed independently by the Company, or with a suitable larger joint venture partner in order to offset associated costs and minimize risk as was done in the past through the Company's joint venture agreement with Trans Hex Group Ltd. Due to their primary inability to provide near-term production, along with their known risk and associated high costs, Kimberlite projects will not form part of the short-term focus of the Company.

Alluvial Projects. The Company defines alluvial projects as the exploration for, and mining of, near surface diamond bearing alluvial gravels. Alluvial gravels are the result of pre-historic erosion of the top surface areas of primary kimberlite sources which have been transported and deposited along reasonably well defined areas. These alluvial deposit areas begin inland starting at the originating kimberlite sources with their associated deposits ending up as far away as the coastal waters of the oceans surrounding South Africa. The alluvial gravels have been historically transported downstream towards the coastal areas via large pre-historic palate-rivers and the settlement of these gravels can now be found under varying layers of surface structure along graduating terraces in several areas over which these palate-rivers once ran. Diamond bearing alluvial gravels and projects typically provide the best economic scenarios when they contain higher quantities of larger, high-valued gem quality stones. The washing or rolling effect created by the palaeo-rivers as the diamonds are transported and deposited at greater distances downstream from the primary source tends to destroy small, lower quality stones during the process, while polishing and rounding the larger better quality stones. In comparison, deposits occurring closer to their primary source tend to retain higher quantities of smaller stones, with the size and frequency of diamonds in the overall deposit tending to mirror those of the nearby source. The alluvial gravel recovery process is done via a strip mining and earth moving process using heavy equipment and thus there is no requirement for any underground work or infrastructure. Exploration of potential alluvial properties to locate diamond bearing gravels involves less capital intensive methods. Initial exploration on potential alluvial properties begins with satellite, air and land based geological and geophysical work in conjunction with shallow drilling and bulk sampling which can then be used to produce a three dimensional model to calculate inferred resource estimates for quantities of alluvial gravels present, their depth from the surface, and the geological make-up of the overburden which needs to be removed to access them. The Company focuses on identifying alluvial projects for possible acquisition which demonstrate a proven ability for short term production with sufficient information from historical data and past work to conservatively model expected capital and production costs accurately to minimize risk and maximize shareholder value. Following these core principals the Company strategy includes the identification, evaluation, and acquisition of larger, new and existing in-land alluvial projects in predefined areas where successful alluvial operations currently exist. The Company's recent announcement of its successful bid for the De Beers Krone-Endora Alluvial Project represents this stated goal of identifying and acquiring well documented alluvial projects. The Krone-Endora Alluvial Project is located directly adjacent to South Africa's largest producing diamond mine, the De Beers owned Venetia Mine. The alluvial deposits located on the adjacent properties of Krone and Endora are proposed to represent the alluvial/elluvial flows from the higher grounds of the kimberlite pipes of the Venetia Mine which according to De Beers published 2007 operating and financial review produced approximately 9.081 million carats (roughly 40% of the annual diamond production in South Africa) from 6.267 million tons of material treated. The results in an average estimated grade of approximately 144.9 carats per hundred tons (cpht) treated. The Krone-Endora property has been the subject of extensive exploration work carried out by De Beers. Should the proposed acquisition close the Company plans to continue with bulk sampling programs in an effort to expand on the current mineral resource estimates of De Beers, and develop a mine in due course subject to its feasibility assessment.

Tailings Re-treatment Projects. The Company has gained extensive experience and has established a proven track record over the past years in the mining and recovery of diamonds through the re-processing of kimberlite tailings. South Africa has a long and extensive history of large kimberlite diamond mines dating back over 100 years. These mines worked and recovered many millions of tons of diamondiferous kimberlite tailings from open pit and deep underground mining which have become recognized as some of the most famous diamond sources in the world. Significant opportunities remain to use newer and more efficient processing plants and methods to re-process quality kimberlite tailings to recover the remaining diamonds missed years ago. Large above ground stockpiles of tailings can be easily quantified, graded and valued, which can produce reliable modeling of processing costs and predicable revenues. The Company sees this method of diamond mining as an opportunity to establish a stable source of long-term revenue for the

Company and it remains a key focus of the Company strategy. The Company will continue with its efforts to identify, evaluate and acquire large reserves of quality diamond tailings which could provide additional stable near-term bases of revenues and operations to advance its growth strategy.

KEY PERFORMANCE DRIVERS AND RECENT EVENTS

Early in 2008, the trade publication Mining Weekly anticipated that rough diamond prices would remain robust in 2008 with demand continuing to outstrip supply. The projected supply shortfall was anticipated to last well into the foreseeable future with the result being the continued long-term upward trend in rough diamond prices. Industry reports, such as the recently released De Beers 2008 annual results report which indicated record rough diamond prices increases for the first half of 2008 continued to support this sentiment, with De Beers reporting a 16% increase in for the first half of 2008. However, with the onset of the current global economic crisis, diamond prices for the second half of 2008 moderated, and industry experts such as De Beers expect this trend to continue at least into the first half of 2009. These sentiments were further confirmed by the continued price reductions for diamonds reflected in the industry recognized Rapaport price list for wholesale diamond pricing. In conjunction with the projected lower short-term demand, various larger producers such as De Beers have confirmed their intentions to reduce production in the short-term to avoid stockpiling at all costs, but indicated they would remain ready to ramp up production again once business conditions improved which they projected could be as soon as the second half of 2009. Despite these short-term measures and the current global economic crisis, the long-term growth fundamentals for the diamond sector are thought to remain strong. This theory is supported by the fact that the well known world-wide diamond reserves are at an all time low, which enhances the statement that diamonds are rare – and getting rarer. The widely reported future growth and demand from emerging markets of India and China are expected to continue well into the future, and the declining long-term diamond supply against a projected increased demand could be expected to provide a very positive foundation for future years. In addition to these industry considerations, diamonds remain a reliable hard asset with a generally proven incremental stored value which, like gold, is seen by some as an avenue for the migration of funds away from the complexity and uncertainties of the financial markets. Management believes its business model remains in line with current rough diamond pricing, and that in the long-term the projected shortfall between worldwide production and worldwide demand will remain the relevant factor in determining rough diamond prices. Given the current global financial crisis, the Company will strive to conserve cash and reduce expenditures where possible, as its abilities to access the additional funding necessary for growth during these times may be limited.

As of December 31, 2008 the Company's principal assets were the following: (i) a 100% interest in So Ver Mine (Pty) Ltd. ("So Ver"), a private South African company that 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, (ii) a 74% majority interest in Ongoza Mining (Pty) Ltd. ("Ongoza"), an exploration company which had been performing initial exploration work on select areas of interest within So Ver's current landholdings, (iii) the previously announced joint venture agreement with Trans Hex Group Ltd. in regards to further exploration on So Ver landholdings, and (iv) the previously announced agreement to acquire an initial 24% interest in the privately held South African company Nerikets Properties (Pty) Ltd. ("Nerikets") with an exclusive option to acquire the remaining 76% interest in Nerikets through its 100% owned Diamcor subsidiary, DMI Diamonds South Africa (Pty) Ltd. ("DMI Diamonds"), formerly Blue Dust 25 (Pty) Ltd. The Company has also incorporated and registered two other South African subsidiaries named DMI Minerals South Africa (Pty) Ltd. ("DMI Minerals"), and Jagersfontein Diamond Mining Company (Pty) Ltd. ("JDMC"). The Company in conjunction with its recently announced Black Economic Empowerment partner Nozala Investments (Pty) Ltd. intend to use the DMI Minerals subsidiary to acquire the Krone-Endora project from De Beers Consolidated Mines Limited, as previously announced by the Company, which is discussed in further detail below. The Company intends to use JDMC for future growth-oriented acquisitions should any suitable projects become available to the Company.

The Company's South African subsidiary, So Ver Mine (Pty) Ltd., owns the land and mining rights to an area on which it successfully processed tailings reserves for many years. 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 could provide additional long-term production and cash-flow. The So Ver facility was a modern 5 story pan plant designed to re-process tailings reserve material stored on site from surrounding underground kimberlite mines in the area of So Ver, and the facility was extensively upgraded and operationally enhanced after its acquisition by the Company. Through the use of controlled procedures and efficient operations, the recovery of 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, therefore processing was suspended. The Company indicated in previous filings that should it secure a new production project, it intended to divest of the land, remaining tailings, and potentially other non-core assets at the site. On August 7, 2008 the Company announced it had began the process of considering and evaluating various proposals from interested parties, and that the proposed transaction may take the form of an asset sale or a sale of the Company's subsidiary, So Ver (Pty) Ltd. The Company has received several inquiries on the proposed sale and remains optimistic it will be successful in divesting of the assets in the first quarter of 2009 however, as of the date of this filing no definitive agreement has been signed. The disposition of these non-core assets is part of the Company's strategy to divest itself of current non-producing assets, eliminate monthly costs associated with ongoing care and maintenance of the property, and to re-deploy its resources to new mining opportunities that can provide near-term diamond production with long-term potential. The So Ver non-core assets include landholdings comprising 556.7 hectares with certain portions having water rights suitable for various uses, mining permit rights for the remaining tailings at the property, reconditioned items associated with the five-story processing plant, and housing and workshops. The Company may retain ownership of certain processing equipment that it may be able to cost effectively re-deployed to new projects. In addition to the immediate cost savings from the discontinuance of on-going maintenance of these non-core assets, the potential proceeds from the sale of these assets would be applied to the acquisition and development costs associated with the proposed purchase of the Krone-Endora alluvial deposit from De Beers Consolidated Mining Company, previously announced on May 26, 2008.

On May 31, 2007 the Company signed a memorandum of understanding for a joint venture agreement with Trans Hex Group Ltd. and its joint venture partners (collectively "Trans Hex") to perform exploration on various new and yet unexplored portions of the Company's So Ver land holdings in South Africa. Trans Hex had been evaluating geophysical anomalies outside the So Ver mining area and is in possession of exploration information that suggested there may be potential to discover additional kimberlitic bodies on yet unexplored parts of the property. Under the terms of the joint venture understanding, Diamcor agreed to allow Trans Hex access to sample various geophysical targets identified in specific areas of its So Ver landholdings, and in exchange, Diamcor retains a 7.5% interest in any project that may follow from the exploration targets identified. Trans Hex has agreed to fund these projects through feasibility, after which all post-feasibility funding would be in proportion to each party's interest in any subsequent project that may result. The Trans Hex efforts continued throughout fiscal 2008 and are expected to be concluded early in fiscal 2009. The Company has not received any information from Trans Hex with regards to a desire to perform future efforts on any other targets under this joint venture arrangement, and the Company anticipates providing a final update on the conclusion of the efforts in conjunction with a proposed sale of So Ver.

The Company retains its 74% majority ownership of Ongoza Mining & Exploration (Pty) Ltd. The remaining 26% ownership resides with a Black Economic Empowerment ("BEE") partner, Pholo Mining & Exploration (Pty) Ltd. The Ongoza subsidiary was formed to secure permitting and perform initial bulk sampling work on two kimberlite blows on the So Ver property which had been previously identified in an independent report generated on So Ver. With the granting of the prospecting permit, a bulk exploration program was announced and began in January 2006 which was followed by the release of a management summary on its review of the relevant results of an independent technical exploration report compiled by MPH Consulting Ltd. The Company elected not to proceed with any further kimberlite exploration work on these targets, and thus Ongoza has remained largely inactive since that time. Given that the Company's focus is on near-term production projects, it had applied for, and has now received the final closure certificate for the exploration work completed. With this certificate granted the Company will now begin the process of winding-up the subsidiary, and expects to do so in the first quarter of 2009.

On September 14, 2007 the Company entered into an agreement in principle to acquire an initial 24% interest in the privately held South African company Nerikets Properties (Pty) Ltd. ("Nerikets") through its 100% owned South African subsidiary DMI Diamonds South Africa (Pty) Ltd. Pursuant to the terms of the agreement, the Company also has an exclusive option to acquire the remaining 76% interest in Nerikets. Nerikets holds the Prospecting Rights Permit for diamond exploration over a 3,606.44 hectare area known as Hardcastle located on the north bank of the Middle Orange River (the "Hardcastle Project"). On November 5, 2007 the Company announced that it had completed all remaining due diligence and received the required approvals allowing the Company to conclude the agreement as announced. The Company released further information on November 19, 2007 outlining its plans to proceed immediately with an extensive initial exploration program aimed at establishing a better understanding of the geological nature of the property, and identifying potential alluvial gravels located on the property. During the year, the Company completed all initial geological and geophysical work required for it to proceed to with a planned 200 hole drilling program. The Company deployed various members of both its Canadian and South African operational team along with independent consultants to complete approximately half of the 200 targets on the southern portions of the Hardcastle property. Initial efforts to continue drilling the northern most targets were not able to be completed with the traditional truck mounted drilling rigs used on the southern targets due to the presence of considerable near surface sand covering this area. It was determined that remaining targets would required a more specialized drilling rig with larger floating tires designed for use under these circumstances. Management was unable to secure a specialized drilling rig at a reasonable cost in the required time frame and thus elected to postpone drilling until suitable arrangements could be made. The Company will continue to evaluate the information gathered during the previous drilling program and may continue the drilling program in the future. In the interim, the Company is incurring minimal costs associated with Hardcastle and has shifted the primary focus to the announced Krone-Endora project which the Company believes best allows it to return to production in the shortest period of time.

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 will 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 joint venture, Diamcor will retain a 70% direct ownership in the two subsidiaries and Nozala will acquire a 30% direct shareholder ownership interest. Operationally, expenses charged to the development of projects held by the two entities, and the revenues generated, will be similarly proportional. The Company considers the joint venture a significant achievement because not only is Nozala a respected and established BEE group, but it is also a well-connected corporate entity in the South African business community, both of which will greatly enhance Diamcor's ability to achieve stated growth objectives of securing long term, high profile projects within South Africa.

On May 26, 2008, the Company, through its South African subsidiary, DMI Minerals South Africa (Pty) Ltd. ("DMI Minerals"), received confirmation from De Beers Consolidated Mines Limited that its proposal to acquire the Krone-Endora alluvial deposit had been approved as the successful proposal. The Krone-Endora deposit consists of prospecting rights over the farms Krone 104 and Endora 66, both located adjacent to the De Beers' Venetia Diamond Mine in the Limpopo Province of South Africa, which is widely accepted as South Africa's largest producer of diamonds accounting for approximately 40% of annual production. The De Beers operating and financial review of 2007 reported that Venetia recovered 9.081 million carats of diamonds from 6.267 million tons of material treated. This results in an average grade of 144.9 carats per hundred tons (cpht), and it is reported that approximately 85% of all diamonds recovered at Venetia are classified as "Gem Quality". On December 22, 2008 the Company announced that it had received the required conditional approval of the TSX Venture Exchange, and that a definitive Sale of Assets Agreement (the "Agreement") between DMI Minerals and De Beers Consolidated Mines Limited had been signed for the purchase of the Krone-Endora Alluvial Project. The Agreement provides the Company with ability to acquire the project for R14 000 000.00 Rand (approximately $1,818,600.00 CND). Under the terms of the agreement DMI Minerals was required to provide an initial deposit of R1 500 000.00 at the time of execution of the Agreement, and with the formal agreement concluded, the companies immediately began work to satisfy the conditions associated with closing. Conditions of closing include: the preparation, submission, and acceptance of various applications required to secure Ministerial consent for transfer of the associated prospecting rights from De Beers to DMI Minerals, the assignment to DMI Minerals of the existing environmental and rehabilitation liability, the provision of a rights of access agreement to the properties between the parties, the granting of a suitable water license and conveyance provisions for the supply of water to the project area, the payment of the balance of R12 500 000.00 upon satisfaction of all conditions of closing being met, and as required the final approval of TSX Venture Exchange. As part of the acquisition, DeBeers will provide to DMI Minerals all related historical exploration data and materials relating to the deposit by granting the Company a sole, transferable, royalty free license for all such data for so long as the Company is the holder of either a prospecting or mining right for the areas. Upon successful completion of the acquisition and the transfer of prospecting rights, DMI Minerals plans to continue the evaluation work based on the previous work completed on the deposit by De Beers. These evaluations will be used by the Company to delineate the future work which is expected to enable the Company to arrive at trial mining and production decisions. The acquisition represents the Company's first for its DMI Minerals subsidiary in conjunction with its 100% women-owned BEE partner Nozala.

The Company is placing significant emphasis and focus on tasks associated with financing and closing the acquisition of the Krone-Endora alluvial deposit from DeBeers. In the Company's view this is the most significant business opportunity for the Company with near-term diamond production potential. Furthermore, through its relationship with Nozala, the Company believes additional new tailings and or alluvial mining opportunities will present themselves in the future. To this end, a business portfolio of base tailings reprocessing and new alluvial mining projects is being prepared with a view to creating significant value for shareholders. The Company will continue to modestly and cost effectively evaluate various other opportunities in an effort continue to position itself for growth.

MANAGEMENT AND CAPABILITIES

There were no significant changes to the Company's management and Board of Directors during the quarter ended December 31, 2008. Mr. Dean H. Taylor is the Company's President, Chief Executive Officer and a Director. Mr. Dean Del Frari, the Director of Operations in South Africa, has taken a leadership role in assisting with the development of the operations team necessary to fulfill the Company's mining and exploration objectives. Diamcor's Board of Directors currently consist of Mr. Dean Taylor (Chairman), Mr. Darren Vucurevich, Dr. Stephen E. Haggerty and Mr. Sheldon Nelson.

The Company has developed extensive relationships and employs the services of many of the same professional consulting firms which support the ongoing projects of many of the larger South African mining companies. These relationships assist the Company in its ability to successfully evaluate, plan, and execute potential projects in a timely and professional manner. The Company has ongoing access to an 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 the Company will continue to enhance its operational management team within South Africa by drawing on the abundance of skilled and experienced executives available within the region 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 passed by South African Cabinet. This Charter called for certain ownership and management goals in the mining industry by 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 once 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.

In June of 2004, Diamcor signed its first BEE agreement between Ongoza (Diamcor's wholly owned subsidiary) and Pholo Mining (Pty) Ltd., a BEE group, with Pholo securing a 26% shareholding of Ongoza. In March of 2008, the Company announced a formal joint venture partnership with well-established BEE group Nozala Investments (Pty) Ltd. (as previously announced and discussed above).

These agreements have allowed the Company to gain insight into the workings of the new BEE Charter as well as government expectations and requirements associated with it. Proper BEE groups provide real value through investment, their regional professional affiliations and corporate knowledge, the management of BEE objectives, and the assurance that a meaningful broad based and wide benefit is achieved by their involvement rather than self-enrichment of a very few. The Company plans to align itself only with groups which demonstrate a proven track record and ability to achieve these Government driven objectives, which in turn will allow the Company to achieve its growth objectives, and to participate in higher profile acquisitions which will demand obvious levels of professional BEE involvement is apparent.

SELECTED ANNUAL FINANCIAL INFORMATION

The financial results for the quarter ended December 31, 2008 include the results of mining and exploration operations in South Africa. As of December 31, 2008, the Company held assets of $580,921 including cash of $366,912 and property, plant and equipment assets of $169,280. Total current liabilities were $624,529 which includes taxes payable of $18,732, and $585,288 in subscription funds for the purchase of common stock relating to the previously announced private placement, and $655 being the current portion of the Company's long term debt for its corporate office leasehold improvements. The Company has long term debt of $9,498. No amounts were due to related parties. The Company's asset retirement obligation of $305,191 represents the historical calculation for the estimated future allocation of funds that may be required for rehabilitation work at So Ver. A majority of this rehabilitation work has now been completed, and should the Company conclude a disposition of So Ver as previously announced, this asset retirement obligation would no longer be recorded. The Company operates in one market segment for the mining, production and sale of rough diamonds.

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

	Nine Months ended December 31,					
	2008		2007		2006	
Total Revenue	$	Nil	$	Nil	$	750,323
Net Income (Loss)	$	(588,987)	$	(953,811)	$	(590,032)
Basic And Diluted Loss Per Common Share	$	(0.07)	$	(0.12)	$	(0.20)
Total Assets	$	580,921	$	529,064	$	564,103
Total Long Term Liabilities	$	9,498	$	12,047	$	Nil
Cash Dividend	$	Nil	$	Nil	$	Nil

RESULTS OF OPERATIONS FOR PERIOD ENDED DECEMBER 31, 2008

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 $(271,531) for the quarter ended December 31, 2008 as compared to net loss of $(300,690) for the same period during the quarter ended December 31, 2007. During the quarter ended December 31, 2008 the Company generated no revenue as was the case during the same period in the previous fiscal year. Despite the lack of production of diamonds in the quarter ended December 31, 2008, cost of sales of $33,836 were incurred, which resulted in the Company realizing a gross loss of $(33,836) for the quarter ended December 31, 2008.

Revenue

The Company had no revenues for the quarter ended December 31, 2008, and no revenues for the quarter ended December 31, 2007. This is due to the closing of the So Ver Tailings Re-Treatment Facility on November 8, 2006. The Company anticipates that should it close the acquisition of the Krone-Endora project, it expects the project will generate revenue in fiscal 2010.

Cost of Sales

The cost of sales decreased to $33,836 for the quarter ended December 31, 2008 from $74,923 for the quarter ended December 31, 2007, as a result of reduced costs associated with the discontinuation of the Company's So Ver mine. Direct costs for the quarter ended December 31, 2008 were associated with care and maintenance of the property, security, and support of due diligence and acquisition investigations.

Expenses

Total expenses increased to $293,741 for the quarter ended December 31, 2008, as compared to $214,604 during the quarter ended December 31, 2007. Consulting fees decreased from $12,895 at December 31, 2007 to $5,756 at December 31, 2008 primarily due to a reduced reliance on outside contractors and increased reliance on employees to complete work relating to the potential acquisition of Krone-Endora. Accordingly, salaries and wages increased from $50,001 for the quarter ended December 31, 2007 to $65,247 for the quarter ended December 31, 2008, and management fees decreased from $13,059 for the quarter ended December 31, 2007 to $11,025 for the quarter ended December 31, 2008. Professional fees increased to $50,496 for the quarter ended December 31, 2008 from $32,698 for the quarter ending December 31, 2007. This increase was mainly associated with legal expenses associated with the proposed Krone-Endora acquisition. Promotion and investor relations expenditures were decreased from $13,237 for the quarter ending December 31, 2007 to $2,173 for the quarter ending December 31, 2008. There was no significant travel associated with ongoing acquisition reviews and BEE partnership efforts and thus this expense was reduced from $42,519 for the quarter ended December 31, 2007 to $4,724 for the quarter ended December 31, 2008. The Company remains committed to managing its resources carefully and conserving cash where possible.

In May of 2008, the Company authorized the granting of an aggregate of 568,940 compensation shares ("Compensation Shares") of common stock to certain Company officers, directors and employees which have been recorded using the fair value method. The shares were granted on October 23, 2008 and an expense for the amount of $113,788 was recorded based on the price of $0.20 per share. The Compensation Shares were recommended by the Company's Compensation Committee in March 2008 and were ratified by the Board of Directors in March 2008. The purpose of the Compensation Shares was to recognize the outstanding performance of these included officers, directors and employees during the preceding fiscal year in a manner that preserves the working capital of the Company, with a secondary goal of incentivizing these individuals with equity interests more in line with industry standards. The Compensation Committee believed that the increased equity for these individuals would advance the Company's management retention and business plan objectives. The issuance of the Compensation Shares was subject to disinterested shareholder and TSX Venture Exchange approvals, both of which were received as announced on September 25, 2008.

Net Earnings

As a result of the discontinuation of the tailings re-treatment at So Ver the Company currently has no production, and thus no revenue. The Company realized a net loss of $(271,531) during the quarter ended December 31, 2008, as compared to a net loss of $(300,690) for the quarter ended December 31, 2007.

Summary of Quarterly Results

Period Ending	**Gross Revenues**	**Gross Profit**	**Income (Loss) Per Share**	**Income (Loss) Per Diluted Share**	**Net Income (Loss)**	**Net Income (Loss) Per Share**	**Net Income (Loss) Per Diluted Share**
	$000's	$000's	$	$	$000's	$	$
31-Mar-06	339.6	(19.7)	0.00	0.00	(154.3)	(0.01)	(0.01)
30-Jun-06	409.3	7.7	0.00	0.00	(180.1)	(0.01)	(0.01)
30-Sep-06	164.2	(58.9)	0.00	0.00	(255.8)	(0.01)	(0.01)
31-Dec-06	176.8	30.5	(0.01)	(0.01)	(149.3)	(0.05)	(0.05)
31-Mar-07	0.0	9.3	0.00	0.00	(377.5)	(0.11)	(0.11)
30-Jun-07	0.0	(20.7)	(0.00)	(0.00)	(157.5)	(0.02)	(0.01)
30-Sept-07	0.0	(24.9)	(0.00)	(0.00)	(495.5)	(0.06)	(0.04)
31-Dec-07	0.0	(74.9)	(0.01)	(0.00)	(300.7)	(0.04)	(0.02)
31-Mar-08	0.0	(16.8)	(0.00)	(0.00)	(311.3)	(0.04)	(0.02)
30-Jun-08	0.0	(6.1)	(0.00)	(0.00)	(113.9)	(0.01)	(0.01)
30-Sept-08	0.0	(20.3)	(0.00)	(0.00)	(203.5)	(0.02)	(0.01)
31-Dec-08	0.0	(33.8)	(0.00)	(0.00)	(271.5)	(0.03)	(0.02)

Note: Dec 31, 2006 and forward - Income and Net Income per Share calculations reflect the 10 for 1 consolidation which was effected as announced on November 27, 2006.

RESULTS FOR THE THIRD QUARTER ENDED DECEMBER 31, 2008

In the quarter ended December 31, 2008 the Company generated no revenue and incurred $33,836 in direct costs and $293,741 in expense. Of these recorded expenses, $113,788 was recorded in conjunction with the issuance of the previously discuss compensation share grants. The Company had other income of $56,151 which was generated mainly through the sales of non-core assets and materials associated with So Ver, and a net $(105) loss on foreign exchange resulting in a net loss of $ (271,531) during the quarter.

LIQUIDITY AND CAPITAL RESOURCES

During the quarter ended December 31, 2008 and 2007, the Company recorded a net loss of $(271,531) and net loss of $(300,690), respectively. The Company had an increase in cash flows from financing and operating activities of $(18,273) and $(150,051) during the quarters ended December 31, 2008 and 2007, respectively. At December 31, 2008, the Company had an accumulated deficit of $(9,715,475).

Cash Position.

At December 31, 2008, the Company had cash and cash equivalents of $366,912 compared to $265,201 at December 31, 2007. The Company believes it has adequate cash for operating purposes through the end of the fourth fiscal quarter ending March 31, 2009, however, unless the Company can derive revenue from the sale of assets located at So Ver, or from its other current projects, it will have to (i) investigate and close an additional private placement or other debt facility, and, or (ii) rely on current warrant holders to exercise outstanding warrants that will be expiring, and, or (iii) scale back plans and operations. The Company is in a capital-intensive business and no assurances can be made that it will be able to generate revenues timely or raise additional funds on favorable terms or at all. This fact is further complicated by the current global financial crisis facing all sectors of the mining industry.

A portion of the cash on hand and available for use by the Company at December 31, 2008 was held in its foreign bank accounts in South Africa and is being used for ongoing operations at its So Ver facilities and to support its ongoing development and acquisition efforts. Historically, operational results at the So Ver facility had provided for a surplus to be accumulated above what was required for the ongoing operational expenses at the facility; however those operations have now been discontinued. The Company follows certain procedures to aid in the recovery and re-investment of funds available from these projects; however it is not expected they will generate significant future revenues from production. The Company has announced their intention to divest of non-core assets, specifically So Ver, and it continues to evaluate and explore options in this regard which could provide the Company with additional funds should a successful buyer be identified.

Financing Activities

The Company closed a non-brokered private placement financing of $500,000 resulting in the issuance of a 1,000,000 units at a price of $0.50 per unit, on August 31, 2007. This provided the Company with adequate funds to cover operating costs and partially fund further exploration and acquisition work through the period ending March 31, 2008. Each unit issued consisted of one common share and one common share purchase warrant. Each warrant entitled the holder thereof to acquire one additional common share at an exercise price of $0.75 for a period of two years following the closing date. Additionally, the 2007 shares-for-debt agreements with creditors to settle a total of $226,499 in outstanding liabilities, as well as the 2008 shares-for-debt agreement with creditors whereby it settled a total of $40,810 in debt through the issuance of 68,017 shares added additional solidity to the balance sheet.

On December 20, 2007 the Company received $75,000 for the exercise of 277,778 shares to a warrant holder at an exercise price of $0.27.

On January 2, 2008 the Company received $37,500 for the exercise of 138,889 shares to a warrant holder at an exercise price of $0.27.

On March 14, 2008 the Company received $81,000 for the exercise of 225,000 options by Directors and Employees at an exercise price of $0.36 per share.

Also on March 14, 2008 the Company received $32,500 for the exercise of 65,000 options by Directors and Employees at an exercise price of $0.50 per share.

On June 20, 2008 the Company received $75,000 for the exercise 277,778 shares to a warrant holder at an exercise price of $0.27 per share.

To further conserve cash, the Company recommended and authorized the pending issuance of 568,940 in compensation shares to employees, managers, executives and directors, subject to disinterested shareholder and TSX Venture Exchange approval. Those approvals were subsequently received as noted in a Company press release dated September 25, 2008, and the shares were granted on October 23, 2008.

The Company announced a non-brokered private placement financing of up to $1,000,000 on September 26, 2008. The private placement was to consist of up to 2,500,000 units at a price of $0.40 per unit. Each unit was to consist of one common share and one common share purchase warrant, with each share purchase warrant entitling the holder thereof to acquire one additional common share at an exercise price of $0.60 for a period of two years from the date of closing. Subsequent to the end of the quarter ended September 30, 2008, the Company announced on October 29, 2008 that due to the current market conditions the Company had elected to amend the terms of the up to $1.000,000 September 26, 2008 non-brokered private placement to subsequently consist of up to 3,333,333 units at a price of $0.30 per unit. Each unit would thereafter consist of one common share and one common share purchase warrant, with each share purchase warrant entitling the holder to acquire one additional share at an exercise price of $0.50 for a period of two years from the date of closing. The Company, subsequent to the quarter ending December 31, 2008, closed the associated private placement on January 7, 2009, and upon receiving the required final approval of the TSX Venture Exchange announced it had issued 2,121,250 units at a deemed price of $0.30 for total gross proceeds of $636,375. Each unit consisted of one common share, and one common share purchase warrant. Each warrant will enable the holder to acquire another common share in the Company at an exercise price of $0.50 until the close of business on January 7, 2011. Securities issued pursuant to the placement are subject to a hold period ending May 8, 2009. Proceeds from the financing will be used for general corporate purposes, and in part, to fund certain of the costs associated with the purchase of the Krone-Endora alluvial diamond deposit, should the Company conclude a definitive purchase agreement with De Beers Consolidated Mines Limited.

On February 4, 2009 the Company announced that its Board of Directors had authorized an amendment to the expiry date of warrants associated with the Private Placement and Share for Debt transactions previously announced on February 27, 2007. The original transactions included the granting of 2,777,778 warrants issued in connection with the Private Placement which were to expire on February 8, 2009, and 902,920 warrants issued in connection with the Shares for Debt that were to expire on February 28, 2008. The proposed amendment to the expiry dates was subject to the final approval of the TSX Venture Exchange, which was granted on February 6, 2009. Of the total combined 3,680,698 warrants granted, 2,041,666 remain outstanding in conjunction with the Private Placement, and 902,920 remain outstanding in conjunction with the Shares for Debt. Each warrant entitled the holder to acquire one common share at an exercise price of $0.27 each, and there was no amendment to the exercise price of any associated warrants.

As of February 25, 2008, the Company had 9,716,857 common shares outstanding and has authorized capital of an unlimited number of shares.

Working Capital

As of December 31, 2008 the Company showed a working capital deficiency of $(248,149) due to the $585,288 amount of the private placement currently recorded as a deposit in the liabilities section of its balance sheet, as compared to a working capital of $137,726 at December 31, 2007.

Future Capital Requirements

The Company has incurred losses since its inception and the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing during the current global economic crisis. The Company is actively targeting sources of additional revenues and financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company’s operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

Management continues to assess its financing requirements as necessary and is currently concentrating financing efforts on proposals to fund the acquisition price of the Krone-Endora deposit from De Beers and the funds needed to commence desired mining operations afterwards. Additional financing requirements remain in large part to be determined by its success in finding, developing, and acquiring new alluvial and tailings re-treatment projects and the Company’s abilities to attract suitable funding for those projects. The Company is currently in discussions with several sources regarding its financing requirements.

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 $2,765 per month. The lease expires in May, 2012. The minimum lease payments under this lease are $33,180 per year.

PROPOSED TRANSACTIONS

On May 26, 2008, the Company, through its South African subsidiary, DMI Minerals South Africa (Pty) Ltd. ("DMI Minerals"), received confirmation from De Beers Consolidated Mines Limited that its proposal to acquire the Krone-Endora alluvial deposit had been approved as the successful proposal. The Krone-Endora deposit consists of prospecting rights over the farms Krone 104 and Endora 66, both located adjacent to the De Beers Venetia Diamond Mine in the Limpopo Province of South Africa, which is widely accepted as South Africa's largest producers of diamonds accounting for approximately 40% of annual production. The De Beers operating and financial review of 2007 reported that Venetia recovered 9.081 million carats of diamonds from 6.267 million tons of material treated. This results in an average grade of 144.9 carats per hundred tons (cpht), and it is reported that approximately 85% of all diamonds recovered at Venetia are classified as "Gem Quality". On December 22, 2008 the Company announced that it had received the required conditional approval of the TSX Venture Exchange, and that a definitive Sale of Assets Agreement (the "Agreement") between DMI Minerals and De Beers Consolidated Mines Limited had been signed for the purchase of the Krone-Endora Alluvial Project. The Agreement provides the Company with ability to acquire the project for R14 000 000.00 Rand (approximately $1,818,600.00 CND). Under the terms of the agreement DMI Minerals was required to provide an initial deposit of R1 500 000.00 at the time of execution of the Agreement, and with the formal agreement concluded, the companies immediately began work to satisfy the conditions associated with closing. Conditions of closing include: the preparation, submission, and acceptance of various applications to secure Ministerial consent for transfer of the associated prospecting rights from De Beers to DMI Minerals, the assignment to DMI Minerals of the existing environmental and rehabilitation liability, the provision of a rights of access agreement to the properties between the parties, the granting of a suitable water license and conveyance provisions for the supply of water to the project area, the payment of the balance of R12 500 000.00 upon satisfaction of all conditions of closing being met, and as required the final approval of TSX Venture Exchange. As part of the acquisition, DeBeers will provide to DMI Minerals all related historical exploration data and materials relating to the deposit by granting the Company a sole, transferable, royalty free license for all such data for so long as the Company is the holder of either a prospecting or mining right for the areas. Upon successful completion of the acquisition and the transfer of prospecting rights, DMI Minerals plans to continue the evaluation work based on the previous work completed on the deposit by De Beers. These evaluations will be used by the Company to delineate the future work which is expected to enable the Company to arrive at trial mining and production decisions. The acquisition represents the Company's first for its DMI Minerals subsidiary in conjunction with its 100% women-owned BEE partner Nozala.

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 ended September 30, 2008.

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 acquisition or exploration programs. This access to required capital can be expected to be further complicated by the onset of the current global financial crisis. The Company will 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 acquisition 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 the levels previously experienced, nor that given the current reduced demand for rough diamonds that the price attained at tender will be at levels previously experienced or acceptable. 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. Diamond mining revenues and production in general are reliant on both the quality and amount of diamonds both available, recovered, 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 the various other methods of diamond production.

Nature of Mining

The operation of the So Ver mining facility, along with any other diamond mining project the Company may acquire, 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 (Ongoza)

Diamcor owns an undivided 74% interest in the assets and liabilities of the Ongoza Mining & Exploration (Pty) Ltd. ("Ongoza"), a South African subsidiary which Diamcor formed to take advantage of certain exploration opportunities on So Ver in 2002. The remaining 26% ownership is held by Pholo Mining (Pty) Ltd., which is a registered BEE group. This joint arrangement is 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 development and operation of exploration project, and mineral claims.

Nature of Joint Arrangement (Hardcastle)

On September 14, 2007 the Company announced that it had entered into an agreement in principle to acquire an initial 24% interest in the privately held South African company Nerikets Properties (Pty) Ltd.

("Nerikets") through it's 100% owned South African subsidiary DMI Diamonds South Africa (Pty) Ltd ("DMI Diamonds"), formerly Blue Dust 25 (Pty) Ltd.. Pursuant to the terms of the Agreement, the Company also announced it had secured an exclusive option to acquire the remaining 76% interest in Nerikets. Nerikets is a BEE registered and compliant South African company which holds the Prospecting Rights Permit for diamond exploration over a 3,606.44 hectare area known as Hardcastle located on the north bank of the Middle Orange River (the "Hardcastle Project"). This joint arrangement is 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 development and operation of the Hardcastle alluvial project, and mineral claims.

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 will 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 joint venture, Diamcor will retain a 70% direct ownership in the two subsidiaries and Nozala will acquire a 30% direct shareholder ownership interest. Operationally, expenses charged to the development of projects held by the two entities, and the revenues generated, will be similarly proportional. This joint arrangement is 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 development and operation of alluvial 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

There are inherent risks involved in operating in foreign countries, including stringent environmental and permitting issues. The operation of the So Ver Mine, other project the Company may acquire, and exploration on certain other properties requires licenses and permits from the South African government. There can be no guarantee that the Company will be able to renew such licenses, or obtain or maintain all other necessary licenses and permits that may be required to maintain the operations or to further acquire, explore or 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 the mining 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 is 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

Power supply issues in South Africa have recently been highlighted by the media 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 do not presently 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 of 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, and these risks can be further expected to be affected by the current ongoing global financial crisis presently faced by all issuers. 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 December 31, 2008:

	Expiry Date	Exercise price	Number	Total
Issued and outstanding common shares				9,716,857
Warrants				
	February 8, 2009 (1)	$0.27	2,041,666	
	February 27, 2009 (1)	$0.27	902,920	
	August 30, 2009	$0.75	1,000,000	3,944,586
Share Purchase Options	April 6, 2011	$1.20	90,000	
	March 1, 2012	$0.36	115,000	
	September 17, 2012	$0.50	182,500	
	March 17, 2013	$0.50	380,00	767,500
Fully diluted				14,428,943
Weighted average outstanding shares				**9,203,551**

(1) Warrant expiry dates subsequently amended to August 30, 2009 as announced February 4, 2009 and approved by the TSX Venture Exchange February 6, 2009.

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 acting 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 acting Chief Operating Officer evaluated the Company's disclosure controls and procedures for the period ended December 31, 2008 and have found those disclosure controls and procedures to be adequate for the above purposes.

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

OTHER

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