Management Discussion & Analysis

For the Interim Period Ended
December 31, 2013

DIAMCOR MINING INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE INTERIM PERIOD ENDED DECEMBER 31, 2013

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 financial statements and notes thereto for the interim period ended December 31, 2013, and the MD&A and unaudited consolidated financial statements for the interim period ended December 31, 2012. The effective date of this MD&A is February 21, 2014.

The unaudited condensed consolidated interim period ended December 31, 2013 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 notes 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.

HIGHLIGHTS

Corporate

- **Canadian junior diamond mining company trading in Canada on the TSX Venture Exchange trading under the symbol V.DMI, and in the USA on the OTC market OTCQX International tier under the symbol DMIFF.**

- **Experienced operator & historical supplier of rough diamonds to the world market with operations in South Africa for over 10 years, strong industry knowledge and relationships, and a quality project which provides a compelling near-term opportunity and the potential for future growth.**

- **Long-Term strategic alliance and financing with world famous New York based Tiffany & Co. On April 8, 2013 the Company announced the conversion of principal and accrued interest from the initial convertible debenture provided by Tiffany & Co into 3,061,227 common shares of the Company.**

- **Successfully acquired Krone-Endora at Venetia project from DeBeers – directly adjacent to DeBeers' flagship Venetia Diamond Mine – deposits identified as being the result of the direct shift and the subsequent erosion of materials from the higher grounds of the Venetia kimberlites onto the lower areas surrounding Venetia including those areas of Krone and Endora.**

- **Extensive development and advancement underway, with vast majority of infrastructure now in place including: water pipelines, main power lines, 800TPH in-field dry-screening plant, 200TPH modular processing plant, Volvo heavy equipment, security fencing, and various other items aimed at supporting long-term objectives.**

- **Final commissioning and testing exercises underway which have resulted in the incidental recovery and sale of approximately 15, 000+ carats as of December 31, 2013. Continuing efforts designed to support continued trial mining, additional bulk sampling, and targeted near-term move to 24/7 operations in conjunction with granting of permitting from South African Department of Mineral Resources. Operational results meeting or exceeding expectations.**

- **Positioned as one of the few companies with the potential to supply rough diamonds to the world market at a critical time, with a compelling industry rough diamond supply/demand scenario unfolding, and future price increases widely predicted by industry experts for the coming years.**

- **Attractive capital structure with only 35.2M shares issued and outstanding – 41.5M fully diluted.**

HIGHLIGHTS

Krone-Endora at Venetia Project

- On February 28, 2011, the Company announced the successful closing of the acquisition of the Krone-Endora at Venetia project from DeBeers Consolidated Mines Limited. The Company previously announced that as part of the transparent request for proposal undertaken by DeBeers, the Company's proposal was chosen as the successful bid to acquire and advance the project. The transaction was aimed at achieving the stated goals of supporting the advancement of junior mining and women in mining in South Africa through the divestiture of quality non-core assets to suitable candidates with proven operational experience and BEE involvement at participation levels which exceed the current mandate.

- The Krone-Endora at Venetia project covers an area of 5,888 hectares located directly adjacent to DeBeers' flagship Venetia Diamond Mine. DeBeers completed various drilling programmes, bulk sampling, and an internal mineral resource estimate document, the basis of which was used to file an initial NI43-101 Technical Report as part of the acquisition process. The deposits located on the project have been identified as being the result of the direct shift and subsequent erosion of material from the adjacent higher grounds of the Venetia kimberlites to the lower surrounding areas including those of both Krone and Endora.

- The Company commenced operations to advance the Krone-Endora at Venetia project shortly after the closing of the acquisition, and to date, has successfully completed the procurement, delivery, and construction of the vast majority of the extensive infrastructure required to support the continued advancement of the project as envisioned for the long-term.

- Significant infrastructure completed to date includes: the construction of +/- 10km of primary access roads for the project, the preparations and completion of an initial recommended drilling programme on ~558 targets covering an area of ~400ha, the establishment and installation of +/- 4km of security fencing, the construction of the main plant site, offices, and lined water dams, the design and installation of +/-14km of water pipelines, the procurement and installation of +/-13km of power lines, the procurement and installation of backup standby generator power, the purchase and deployment of various pieces of Volvo operational equipment, and a host of other general infrastructure items.

- These developments are designed to support the recommended work programmes, including the advancement of bulk sampling and trial mining exercises, the Company's planned near-term move to 24/7 operations subsequent to the granting of a mining right from the South African Department of Minerals and Energy, and the issuance of an updated NI43-101 Technical Report for the project, and ultimately a production decision.

- As a result of the ongoing development and testing and commissioning exercises underway at the project, the Company has reported the incidental recovery and sale of over 15,000 carats of rough diamonds from these exercises, with the largest individual rough diamond to date being recorded at 91.7 carats.

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 from previous projects, which is now developing and advancing the Krone-Endora at Venetia project. 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 acquired the Krone-Endora at Venetia project from DeBeers and has established a long-term strategic alliance and secured attractive financing with world famous luxury retailer Tiffany & Co. The Company's strategy is to be a producer and supplier of quality rough diamonds to reputable diamond purchasing entities serving the global diamond market.

CORE BUSINESS AND STRATEGY

Diamcor has a long established operating history in South Africa, key strategic relationships within the diamond industry, extensive knowledge relating to various diamond mining opportunities, and is developing a significant new project, the Krone-Endora at Venetia project. The Company pursues diamond related properties in South Africa and other diamond producing countries. The Company's strategy is to continue 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.

The Company aimed to advance this strategy through 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 lower / basal "alluvial" deposit, both of which are proposed to have originated from the higher grounds of the adjacent Venetia kimberlites, with the full extent to which these deposits occur on the project yet to be determined. 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, but the extent to which this material may be present on the Krone and Endora properties currently is unknown. The Company's near-term efforts will focus on the key areas of interest defined by the previous work and estimates outlined in the Technical Report filed in 2009, specifically those within the defined K1 area of the project, the advancement of the recommended work programmes for the project, and subsequent trial mining and bulk sampling to better define the location and extent of the materials on both the Krone and Endora properties. From this work, the Company aims to secure data to allow it to arrive at final long-term production decisions for the Project.

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 stated focus and strategy will allow it to take advantage of the recent trend of increasing rough diamond prices which industry experts believe will continue in the coming years. These forecasted rough diamond price increases are a function of projected material shortfalls in future diamond production, the potential continued increase in customer demand in developing markets such as China and India, and restoration of demand in historically strong markets such as the United States. It is widely accepted and documented that many of the existing diamond mines in the world may be reaching the later stages of their expected life of mine, and the currently reduced rough diamond production levels when compared to recent years are expected to remain at best consistent, or potentially be further reduced 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 7 - 10+ years are typically associated with bringing any large new diamond mine into production, all combine to present a compelling opportunity for companies which are positioned with an ability to provide rough diamond production in the coming years. The Company believes its stated focus and strategy will best position it to exploit these opportunities.

As part of the implementation of the Company's strategy and focus towards projects which demonstrate a near-term potential for production, management classifies all 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 acquired by the Company from De Beers has been identified as a higher-grade alluvial deposit (material deposited by ephemeral streams) which is covered by a rare lower-grade eluvial deposit (direct shift of material through the action of gravity and rain wash) 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. Given the fact that in recent years it has proven very difficult to identify any new significant economical kimberlite sources of diamonds, the fact that associated long lead times of seven to ten years (or more) to production are typical of these projects, as is capitalization into the hundreds of millions of dollars, this is not a primary focus of the Company. The Company's initial involvement in such projects may occur should the Company acquire 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 advanced towards production in a relatively short period of time. Given these relatively short timeframes, the Company's strategy includes the identification, exploration, and potential acquisition of larger new and existing alluvial projects which demonstrate the potential for economical grades and diamond quality in 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 the subsequent 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 more closely mirror the characteristics of the primary source, with due consideration to the fact they are not as uniform in nature. 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 from the originating source. As noted above, the Krone-Endora at Venetia project acquired from DeBeers by the Company has been identified as a proposed higher-grade lower/basal alluvial deposit which is covered by a lower-grade upper eluvial deposit. The project is located directly adjacent to the identified source of the deposits, that being De Beer's flagship Venetia Mine. Venetia is one of the world's most significant and well established diamond mines with previously published yearly production volume highs of approximately 9.0 million carats per year, and independent references noting a high percentage of diamonds recovered as being classified as gem quality. Venetia is noted to be the largest producing diamond mine in South Africa, the third largest diamond mine in the world, and information on the Venetia diamonds are very well known.

Tailings Re-Treatment Projects - The Company has 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 an 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 quantified, graded, and valued to produce reasonably 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.

KEY PERFORMANCE DRIVERS AND RECENT EVENTS

The Company's focus and strategy is to provide rough diamonds to reputable diamond purchasing entities serving the various global markets. Thus the primary performance drivers for the Company are the identification and acquisition of projects which demonstrate the potential for near-term diamond production, projects with the potential for low cost and high yield production of diamonds, the current and future rough diamond market prices, the forecasted rough diamond prices due to the predicted inability of the world's current diamond producing mines to meet world-wide demands in the future, and the establishment of 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 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 lives. Additionally, no new large kimberlite discoveries have been made for many years which demonstrate the ability to supply the projected increases in demand. This predicted shortfall in supply is generally expected to last for the foreseeable future, with the result largely 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. 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 has largely continued, and as of the mid part of 2011, various sources were reporting rough diamonds prices in excess of the 2008 pre-crisis highs. These highs have been followed by some periods of weakening of prices as an estimated result of overall market instability;

however industry experts widely reported that the trend continued in increases of rough diamond prices as a whole, and this trend is expected to occur due to the various pre-financial crisis factors previously outlined, all of which remain relevant as of today for the future.

The Company believes that by following its stated focus and strategy to acquire projects which demonstrate the potential for advancement towards near-term production, the Company is well positioned with the potential to take advantage of not only the current rough diamond prices, but as well as any future rough price increases caused by any inability of current sources to supply sufficient rough diamond production to meet the projected growing world-wide demand.

As of December 31, 2013 the Company's principal assets were the following: (i) a 70% majority interest in DMI Minerals South Africa (Pty) Ltd., 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., 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) an 85% interest in So Ver Mine (Pty) Ltd., a private South African company which owns the land and mining rights (subject to the completion of the pending sale transaction) to an area on which it previously operated a diamond tailings processing operation near the town of Kimberley, South Africa. 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 which demonstrated the potential for both near-term production capabilities, and suitable life of mine scenarios. 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 as the successful bid 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. The acquisition of the De Beer's Krone-Endora at Venetia project represents the first acquisition into this entity. 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 subsequently agreed to 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 review additional areas of 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.

Following the closing of the Krone-Endora at Venetia project acquisition on March 23, 2011, the Company, in conjunction with its subsidiary DMI Minerals, entered into a long-term strategic alliance and financing agreement with subsidiaries of New York based Tiffany & Co. Under the terms of the strategic agreement, Tiffany & Co., through their diamond sourcing and polishing subsidiary, Laurelton Diamonds South Africa (Proprietary) Limited, secured a first right of refusal to purchase up to 100% of the 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 all specials (rough diamonds 10.8 carats or larger in size), as well as all other diamond production which is not selected for purchase by Laurelton under the terms of their first right of refusal. To expedite the advancement of the project towards eventual production decisions and the potential supply of rough diamonds from the Krone-Endora at Venetia project, Tiffany and Co. provided the Company with an initial aggregate amount of $5,500,000 in financing through its subsidiary Tiffany & Co. Canada. With this strategic financing closed, the Company began working immediately on advancing, developing and deploying the infrastructure to advance the project as quickly as possible.

The development of extensive infrastructure work began on the Krone-Endora at Venetia project in April of 2011, along with preparations for the start of an extended drilling programme, and future 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. As part of the extended drilling programme, the Company initially planned to drill approximately 390 targets in two phases, however, as a result of ongoing efforts and the desire to gain additional information, the Company elected to expand the drilling programme, and subsequently completed the drilling of 558 targets. This initial extended drilling and the combined recommended programmes being undertaken were designed to be a continuation of the work previously completed by De Beers; to assist the Company in its determination of the location and construction of infrastructure required to support the advancement of the project; to assist the Company in its determination of how best to proceed with the further evaluation of areas of the project previously explored; to assist the Company in identifying additional areas of interest which had not yet been accounted for in the current 43-101 Technical Report for future exploration; to aid the Company in its future efforts to establish a current diamond price estimate for the project; to support the advancement of work programmes which collectively would support the planned filing of an updated independent National Instrument 43-101 Technical Report by the Company in the future; to support the Company's future bulk sampling and trial mining exercises; and to support the Company's planned transition to 24/7 operations subject to the required approvals from the South African Department of Mineral Resources. Collectively, all efforts and the result of these efforts are aimed at assisting the Company in ultimately arriving at final production decisions for the project.

By January of 2012 the majority of the initial site developments for the project were nearing completion, as were the initial deliveries of operational equipment and a new modular processing plant for the Project. The Company had also successfully completed the construction of an approximately 10km primary access roads to support the long-term needs of the project. The clearing of 60km of temporary access roads was also completed to support: the extended drilling programme; the Company's decisions on the establishment of remaining infrastructure; the identification of areas to be potentially targeted for additional bulk sampling and trial mining exercises, the location for the construction of the project's plant site; and the installation of approximately 4km of high strength, solar powered, electrical security fencing and gates around the areas chosen for future trial mining and the plant site. With these areas chosen, the Company proceeded with the removal of +/-4,000 truckloads of material for the establishment of a quarry in the area selected for future trial mining exercises and for use in the construction of the project's plant site. The clearing of ~2 hectares for the construction of the plant site was completed along with the construction of fresh water and settling dams, the completion of civil engineering works, and the construction of a 5m raised wall around the plant site. Extensive concrete work for the processing plant was completed, as was the delivery of final recovery units and associated offices and workshops. The Company completed the design and installation of three water pipelines totaling approximately 14km in total length, and the procurement and installation of approximately 13km of main and supporting power-lines to the project by August of 2013. The finalization of the power line was aimed at providing significant operational cost savings when compared to the large diesel generators previously serving the project, and with the installation of this main power line complete, the generators systems now provide the added benefit of standby back-up power for the project.

As of December 31, 2013 the Company had completed the vast majority of the construction and installation of the site infrastructure at the project, and was continuing with commissioning and testing, and final refinements of both the expanded quarrying and dry-screening plant, and the modular processing plant installed at the project. All elements of the infrastructure, dry-screening and main processing plants were consistently tested and evaluated over the course of the previous 12 months, with specific focus placed on increasing efficiencies to the quarrying and dry-screening plant in 2013. The purpose built modular processing plant installed at the project was designed initially to be supported by the use of a mobile Terex H-6203 power-screening unit in the project's quarry area. The H-6203 was noted to be the largest in the Terex fleet of mobile power-screens, and noted by the manufacturer as being capable of dry-screening material at a rate of up to 800 tonnes per hour. The use of this equipment in the quarry was primarily aimed at screening out fine material (with an initial target of removing approximately 45% of the fine material >1.0mm in size), which was aimed at lowering operational costs while providing for the additional benefit of reducing overall water consumption. After extensive testing of this equipment the Company determined that, while it demonstrated an ability to potentially achieve the primary operational goals targeted by the Company, the further expansion of the quarrying and dry-screening operations could provide for much better efficiencies, volumes, and the further increase in the removal of fine material >1.0mm in size.

As part of the ongoing commissioning and testing exercises at the project, Company management, in conjunction with various equipment manufacturers and engineering firms continuously evaluated all processing efficiencies, including those associated with the current quarrying and in-field screening equipment, and in certain cases performed tests on new equipment using material from the project. As a result of these efforts, the Company determined that the deployment of additional dry-scrubbing and screening equipment would not only more efficiently treat material in the

>1.0mm size fraction, but also further enhance the treatment of all material and provide additional operational efficiencies and enhance recoveries over the long-term. Based on the Company's evaluation of all operational equipment, and specifically the quarrying and dry-screening operations, on November 16, 2012 the Company secured an additional $4,000,000 in financing from Tiffany & Co., which was aimed at allowing the Company to further expand and enhance the project's quarrying and in-field screening operations. In conjunction with the closing of the additional financing, the Company proceeded with the immediate procurement of equipment to expand and enhance the current capabilities of the quarrying and in-field screening operations. Significant additional equipment procured and deployed as part of these efforts include: an 800 TPH rotary trommel, Dabmar Bivitec dry-screening technology, Dabmar resonance screening technology, extensive additional conveyor structures, and a host of other associated supporting items. The results of the ongoing testing and commissioning of these expanded quarrying and dry-screening operations have been noted to have been meeting or exceeding the Company's expectations, and have provided for considerable increases in overall dry-screening capacities and operational efficiencies in this area. In addition to the expansion of the quarrying and dry-screening operations, several pieces of Volvo heavy equipment were deployed to the project, and additional planned installation of a dedicated crushing circuit and enhanced de-watering screening were also installed at the main processing plant.

Once recovered and initially processed through the newly expanded dry-screening plant, material is now transported to the project's finalized modular processing plant where it is processed through bulk material reduction pans and a dedicated crushing circuit before entering a Dense Media Separation (DMS) plant. Primary hands-off final recovery is employed using containerized x-ray Flow-Sort machines, which are followed by a secondary recovery grease system. Processed material is then back-hauled to the quarry for immediate rehabilitation to further streamline operational efficiencies and allow the Company to minimize the size of the open quarry at all times. Due to the nature of the Project, the design of the modular plant was aimed not only at supporting the advancement of the recommended work programmes, but also the longer-term objectives of advancing the project to 24/7 operations in the K1 area upon receipt of the required permitting from the South African Department of Mineral Resources. The modular nature of both the dry-screening and main processing plants also allows for additional expansion to be performed as needed in a very cost effective way if desired.

The Company has placed significant focus and emphasis on the successful closing, financing, and advancement 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. Building upon the success of the Krone-Endora acquisition, the related Tiffany & Co. strategic alliance and financing, and the further leveraging of management's experience, the Company also continues the process of identifying and evaluating new diamond mining opportunities with a view towards potential additional acquisitions, development, and production opportunities in the future.

DMI Diamonds South Africa (Pty) Limited ("DMI Diamonds") – Is the Company's 100% owned South African subsidiary which 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, acquire, and develop production based projects, DMI Diamonds continuously evaluates and provides production support and equipment to various potential and ongoing 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 owns (subject to the terms of a pending sale agreement) 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 may use this knowledge to potentially acquire new tailings deposits and/or tailings operations in the future should it identify opportunities which demonstrate an ability to provide the potential for additional long-term production and cash-flow. The Company believes that given the increasing demand for rough diamonds, and the limited potential for existing sources to meet those demands, the use of controlled procedures and operations to efficiently recover rough diamonds through the re-processing of tailings materials may provide the potential for a viable and profitable opportunities.

In January of 2007 the Company announced it had completed the processing of the majority of the higher grade tailings at the So Ver, and therefore, processing was 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 agreement was exclusive of the mining licenses and rights which the Company holds on the lands comprising part of the So Ver farm, and provided the Company with the ability to 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 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 legal documentation to effect the closing of the transaction. Upon completion of the sale of So Ver the amount currently recorded on the Company's balance sheet under current asset retirement obligation of $355,695 will be eliminated.

Jagersfontain Diamond Mining Company (Pty) Ltd. – Jagersfontain Diamond Mining Company (Pty) Ltd. was a wholly owned dormant subsidiary of the Company which was dissolved during the quarter ended December 31, 2013

MANAGEMENT AND CAPABILITIES

There were no new appointments to the Company's management during the interim period ended December 31, 2013, 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 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 an established operational team of well-trained employees in South Africa, and the ability to deploy them to operate 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 currently reflected in the Diamcor South African subsidiary, DMI Minerals South Africa (Pty) Ltd., which was formed to pursue diamond mining projects with near-term production potential 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 profits generated, will be similarly proportional. The Company considers this joint venture 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-respected corporate entity in the South African business community. Both of these attributes have the potential to enhance the Company's ability to achieve its stated growth objectives of securing additional projects within South Africa in a corporately responsible way.

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 that well-organized BEE groups can provide 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 mandated 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 quarterly financial results for the three months ended December 31, 2013, as well as those for the quarters ending September 30, 2013, June 30, 2013, March 31, 2013, December 31, 2012, September 30, 2012, June 30, 2012 and March 31, 2012 are presented in IFRS. Those included in this section for the quarters ending December 31, 2011, September 30, 2011, June 30, 2011, March 31, 2011, December 31, 2010, September 30, 2010, June 30, 2010 have been restated to IFRS to reflect the Company's transition to IFRS effective January 1, 2010. The figures include the results of operations in South Africa.

March 31, 2014 Fiscal Year

	Fourth Quarter March 31, 2014 (IFRS)	Third Quarter December 31, 2013 (IFRS)	Second Quarter September 30, 2013 (IFRS)	First Quarter June 30, 2013 (IFRS)
Gross Revenue	$ -	$ 1,396,591	$ 1,089,272	$ 446,365
Expenses		1,373,292	(3,379,856)	(1,245,155)
Net Income / (loss) for Period		121,917	(2,475,437)	(797,362)
Net Income / (Loss) per Share (Basic)		0.01	(0.07)	(0.02)
Cash Flow (Used in) Operations		309,638	332,978	(895,340)
Cash and Cash Equivalents (End of Period)		747,714	949,103	1,353,803
Assets		6,915,798	7,334,506	8,188,281
Dividends		Nil	Nil	Nil

March 31, 2013 Fiscal Year

	Fourth Quarter March 31, 2013 (IFRS)	Third Quarter December 31, 2012 (IFRS)	Second Quarter September 30, 2012 (IFRS)	First Quarter June 30, 2012 (IFRS)
Gross Revenue	$ 2,510	$ 542,220	$ 10,929	$ 2,299
Expenses	(1,377,323)	(1,443,282)	(1,098,322)	(833,413)

Net (loss) for Period	(1,374,813)	(901,062)	(1,087,393)	(831,114)
Net (Loss) per Share (Basic)	(0.03)	(0.02)	(0.03)	(0.02)
Cash Flow (Used in) Operations	(809,023)	(666,801)	(1,287,998)	(390,429)
Cash and Cash Equivalents (End of Period)	793,622	1,956,201	595,819	1,981,059
Assets	7,258,428	8,298,292	5,163,474	6,602,358
Dividends	Nil	Nil	Nil	Nil

March 31, 2012 Fiscal Year				
	Fourth Quarter March 31, 2012 (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	$ 186,196	$ -	$ -	$ -
Expenses	(1,840,452)	(725,774)	(421,835)	(1,055,571)
Net (loss) for Period	(1,326,894)	(951,797)	(500,078)	(1,071,869)
Net (Loss) per Share (Basic)	(0.03)	(0.04)	(0.02)	(0.04)
Cash Flow (Used in) Operations	(627,259)	(543,776)	(983,170)	(635,551)
Cash and Cash Equivalents (End of Period)	1,747,313	2,137,705	3,805,761	5,020,806
Assets	6,312,358	6,331,937	7,046,831	7,940,959
Dividends	Nil	Nil	Nil	Nil

March 31, 2011 Fiscal Year				
	Fourth Quarter March 31, 2011 (Restated to IFRS)	Third Quarter December 31, 2010 (Restated to IFRS)	Second Quarter September 30, 2010 (Restated to IFRS)	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	(1,294,369)	(180,186)	(113,660)	(1,092,848)
Net (Loss) per Share (Basic)	(0.05)	(0.01)	(0.01)	(0.05)
Cash Flow (Used in) Operations	(1,250,870)	(2,119,087)	(250,056)	(320,796)
Cash and Cash Equivalents (End of Period)	5,992,680	598,374	2,283,035	2,522,906
Assets	8,338,595	3,013,486	2,789,265	3,000,630
Dividends	Nil	Nil	Nil	Nil

QUARTERLY RESULTS ANALYSIS

As of December 31, 2013, the Company held assets of $6,915,798 which included cash and cash equivalents of $747,714, diamond inventory of $354,336, $76,143 in accounts receivable for value added tax receivables not yet received, equipment rental income, trade receivables, and $50,144 associated with the sale the Company's So Ver property and other proceeds from the sale of So Ver. An amount of $27,243 under rehabilitation trust fund is held on deposit with the Department of Mineral Resources in South Africa in conjunction with rehabilitation costs, and the Company has other prepaid expenses of $60,418. The net book value of property, plant and equipment assets was $3,339,667, and exploration and evaluation assets associated with the Krone-Endora at Venetia project were $2,260,133, as of December 31, 2013.

As of December 31, 2013, the Company's total liabilities were $9,353,490, which includes $298,151 in accounts payable, $355,695 recorded as a current liability in association with the asset retirement obligations of So Ver, $1,317,048 which is the current portion of long term debt related to the Tiffany & Co. convertible debenture and repayments of debt due in the next 12 months, deferred income of $157,648 associated with the sale of So Ver due to certain covenants not yet being met at the balance sheet date, and deferred taxes payable of $0. The $355,695 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 long-term debt of $6,173,377 related to the Tiffany & Co. financing. $128,176 has been recognized as a decommissioning liability associated with the Krone-Endora at Venetia project, and $923,395 is due to the Company's Black Economic Empowerment partner in conjunction with loan amounts, which have no set terms of repayment and are being used by DMI Minerals South Africa (Pty) Ltd.

The Company operates in one market segment for the mining 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.

Revenue

The Company recorded $1,396,591 in revenues net of commissions and fees for the three month period ended December 31, 2013 from the sale of 3,955 carats of rough diamonds incidental to the ongoing testing and commissioning exercises, $384 from interest and other income, a loss on disposal of assets of $13, and a gain of $296 for foreign exchange, as compared to $539,980 from the sale of rough diamond net of commissions and fees, $2,301 from interest and other income, and a loss of $61 for foreign exchange for the same period during the prior fiscal year ended December 31, 2012. With the vast majority of the project's infrastructure development complete, the Company is continuing the ongoing commissioning and testing of the project's newly expanded quarrying and in-field screening operations, and the project's modular processing plant through the processing of material from the K1 area of the project. As a result of its continued commissioning efforts and planned move to trial mining exercises, the Company anticipates it will realize additional incidental recoveries and the sale of rough diamonds subsequent to December 31, 2013.

Cost of Sales or Operating Expenses

During the three month period ended December 31, 2013, operating expenses were $573,720, a significant reduction as compared to $843,056 realized in the same period for the prior fiscal year ended December 31, 2012. During the current fiscal quarter the Company continued to focus its efforts at the Krone-Endora at Venetia project on the advancement of various preparations to support the Company's planned move to the recommended bulk sampling programme, trial mining exercises, and its targeted move to 24/7 operations in conjunction with the issuance of the required permitting from the South African Department of Mineral Resources, all in support of the planned filing of an updated NI 43-101 Technical Report and, ultimately, production decisions for the project.

General and Administrative Expenses

Total general and administrative expenses for the three month interim period ended December 31, 2013 increased to $799,572, as compared to $600,226 for the same period during the prior fiscal year ended December 31, 2012. The general and administrative expenses increase year over year is associated with the ongoing progress and expansions of the project's infrastructure and facilities at the Krone-Endora at Venetia project, and is offset by the significant increase in revenues. Accretion and depreciation expenses increased to $179,418 from $94,767, consulting fees increased to $49,842 from $36,815, insurance costs increased to $14,640 from $12,038 due to an increase in assets, and interest and bank charges increased to $181,413 from $173,400 due to the interest expense associated with the Tiffany & Co financings. Office expenses increased to $101,699 from $28,879 as a result of increased facilities associated with the advancement of the project. Professional fees decreased during the fiscal quarter to $1,236 as compared to $38,792 incurred during the same period in the prior fiscal year as a result of reduced requirements due to the completion and finalization of various preparations. Investor relations expense increased to $51,993 from $26,768, while salaries and wages increased to $182,535 from $143,646. Stock based compensation was $0 in both periods, expenses for transfer and regulatory fees decreased to $5,967 from $16,002 due to reduced requirements during the current fiscal quarter, while travel expenses increased slightly to $30,829 for the interim period ended December 31, 2013 as compared to $29,119 for the same period during the prior fiscal year ended December 31, 2012.

Expenses for the interim period ended December 31, 2013 were primarily incurred by the Company for the completion of the various infrastructure preparations underway aimed at supporting the further advancement of the Krone-Endora at Venetia project's recommended work programmes, the Company's continued advancement of the plant commissioning and testing exercises and expansions, the Company's preparations for its planned move to bulk sampling and trial mining exercises, as well as the Company's planned move to 24/7 operations in conjunction with the granting of the required permitting by the South African Department of Mineral Resources. Expenses also supported 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. While expenses are expected to remain at current levels in the coming quarters, the Company believes it also has the potential to generate continued revenue in the future from the incidental recovery and sales of rough diamonds.

Net Earnings

As a result of the ongoing commissioning and testing exercises and the incidental recovery and sale of rough diamonds from the project, the Company generated income of $1,396,591 net of commissions and fees from the sale of rough diamonds for the three month period ended December 31, 2013. The Company incurred $573,720 in operating expenses, and realized net income from operating activities of $822,871. The Company incurred $799,572 in general and administrative expenses, $384 in interest and other income, a loss on disposal of assets of $13, a gain of $296 for foreign exchange, and a reduction of deferred taxes of $97,951, which resulted in net earnings of $121,917 for the interim period ended December 31, 2013, as compared to a net loss of $901,062 for the same period during the prior fiscal year December 31, 2012. The Company recorded a foreign currency translation loss of $78,757 for the interim period ended December 31, 2013, as compared to a gain of $42,905 for the interim period ended December 31, 2012.

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

	Interim Period Ended December 31,					
	2013		**2012**		**2011**	
Total Revenue	$	1,396,591	$	539,980	$	Nil
Net Income (Loss)	$	121,917	$	(901,062)	$	(951,797)
Basic And Diluted Earnings(Loss) Per Common Share	$	0.01	$	(0.02)	$	(0.04)
Total Assets	$	6,915,798	$	8,298,292	$	6,331,937
Total Long Term Liabilities	$	9,353,490	$	12,003,743	$	7,744,262
Cash Dividend	$	Nil	$	Nil	$	Nil

LIQUIDITY AND CAPITAL RESOURCES

For the three month period ended December 31, 2013, the Company recorded earnings of $121,917 as compared to a net loss of $901,062 for the same period during the prior fiscal year ended December 31, 2012. The Company had cash flow from operating activities of $309,638 for the three month period ended December 31, 2013, as compared to negative cash flow from operating activities of $666,802, for the same period during the prior fiscal year ended December 31, 2012. As of December 31, 2013, the Company had an accumulated deficit of $22,952,557.

Cash Position. At December 31, 2013, the Company had; cash and cash equivalents of $747,714, compared to $1,956,201, rough diamond inventory of $354,336 compared to $81,392, accounts receivable of $76,143 compared to $301,897, and prepaid expenses of $60,418 compared to $21,646 for the same period during the prior fiscal year ended December 31, 2012. The Company believes it has adequate cash, or the potential to access the additional capital required, for the continued development, commissioning, bulk sampling, and its targeted move to 24/7 operations in conjunction with the granting of required permitting from the South African Department of Mineral Resources at its Krone-Endora at Venetia project. The Company believes it also has the potential to generate additional future revenues from the incidental recovery and sale of rough diamonds from the ongoing testing and commissioning exercises underway.

A portion of the cash on hand and available for use by the Company at December 31, 2013 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 intercorporate 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 potentially identify, acquire, and develop assets which demonstrate the potential for near-term production of rough diamonds and potential to achieve sustained rough diamond production, while minimizing shareholder dilution.

On March 23, 2011, shortly after the closing of the acquisition of Krone-Endora at Venetia project from De Beers, the Company entered into a long-term strategic alliance with Tiffany & Co. to expedite the advancement of the project. 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 could 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 could potentially be issued at that time. Subsequent to the fiscal year ended March 31, 2013, on April 8th, 2013, the Company announced that it had exercised its right to convert the principal and accrued interest into Company common shares. A total of $2,295,920.25 inclusive of principal and accrued interest was converted at the stipulated price of $0.75 per common share, resulting in the issuance of 3,061,227 Company common shares to Tiffany. The sourcing, negotiation and successful completion of this strategic alliance and financing were completed by the Company's management and directors.

On November 16, 2012, the Company announced that it had secured an additional $4.0M in financing from its long-term strategic alliance partner, world famous premier luxury jewelry and specialty retailer Tiffany & Co. The $4,000,000 in financing was provided by Tiffany's subsidiary, Tiffany & Co. Canada, via a $2,400,000 term loan and a $1,600,000 convertible debt debenture. The Term Loan has a fixed rate of interest of 9% and is secured by a promissory note which is non-amortizing until January 2015, at which time principal and interest is payable monthly in accordance with a 36 month amortization schedule. The Company has the right to repay the outstanding principal and any accrued and unpaid interest due under the Promissory Note at any time without notice or penalty. The Convertible Debenture has a fixed rate of interest of 9% per annum, and is non-amortizing until January 2015, following which time principal and interest is payable monthly in accordance with a 36 month amortization schedule. 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 the conversion rights contained in the Convertible Debenture. Under the conversion rights of the Convertible Debenture, Tiffany & Co. Canada may convert the principal amount of $1,600,000, along with any accrued and unpaid interest due at that time, in whole or in part, into Class A Common Shares (the "Shares") of the Company at a conversion price of CAD $1.60 per Share. Subsequent to the period ended December 31, 2013, as a result of meetings held in January of 2014, on February 4, 2014 the Company and Tiffany & Co. agreed to defer any payments on the $2,400,000 term loan and the $1,600,000 convertible debenture until January 2015.

The Company completed a non-brokered private placement financing of $1,984,730 resulting in the issuance of 1,587,784 units at a price of $1.25 per unit on June 17, 2013, with each unit consisting of one common share and one-half of one common share purchase warrant at an exercise price of $1.75 expiring June 17, 2016. In conjunction with the closing of the financing the Company paid finder's fees of an aggregate of $30,682.40 in cash and issued an aggregate of 23,146 broker warrants to purchase up to 23,146 shares of the Company at a purchase price of $1.75 until June 17, 2016.

Subsequent to all financings and related items, as of December 31, 2013 the Company had **35,207,678** common shares issued and outstanding and has authorized capital of an unlimited number of shares.

Working Capital. As of December 31, 2013 the Company had negative working capital of $437,006 as compared to working capital of $1,831,648, at December 31, 2012.

Future Capital Requirements. The Company has incurred losses since its inception. However, given the Company's closing of the Krone-Endora at Venetia project acquisition, its successful recent financings, the successful advancement of the project, the recent move to commissioning of the new modular plant at the project, and the initial sales of rough diamonds incidentally recovered from the ongoing commissioning and testing exercises, the Company anticipates it has the potential ability to finance the recommended bulk sampling and trial mining exercises, and 24/7 operations at the Krone-Endora at Venetia project in conjunction with the granting of required permitting by the South African Department of Mineral Resources. Its ability to continue as a going concern will depend on the results of its operations, its ability to become profitable through the continued sale of rough diamonds and / or its ability to raise additional capital.

There can be no assurance that the Company will be able to secure sufficient incidental recoveries, or sales of rough diamonds, nor 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 $3,189 per month. The lease expires in May, 2017. The minimum lease payments under this lease are $38,268 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 December 31, 2013, 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")

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC"). The standards impacted that are applicable to the Company are as follows:

IFRS 9, *Financial Instruments* was issued in November 2009 as the first step in its project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for classifying and measuring financial assets that must be applied for annual periods beginning on or after January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS 9 during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Company believes that there will be no impact on the company's financial statements from the adoption of this standard.

IFRS 10, *Consolidated Financial Statements* was issued in May 2011 and will supersede the consolidation requirements in SIC-12 *Consolidation – Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements* effective for annual periods beginning on or after January 1, 2013, with early application permitted. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard also provides additional guidance to assist in the determination of control where this is difficult to assess. The Company believes that there will be no impact on the company's financial statements from the adoption of this standard.

IFRS 12, *Disclosure of Interests in Other Entities* was issued in May 2011 and is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company believes that there will be no impact on the company's financial statements from the adoption of this standard.

IFRS 13, *Fair Value Measurement* was issued in May 2011 and sets out in a single IFRS a framework for measuring fair value. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. In addition, IFRS 13 also requires specific disclosures about fair value measurement. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted. The Company believes that there will be no impact on the company's financial statements from the adoption of this standard.

IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* On October 20, 2011, the IASB issued a new interpretation, IFRIC 20, to address accounting issues regarding waste removal costs incurred in surface mining activities during the production phase of a mine, referred to as production stripping costs. The new interpretation addresses the classification and measurement of production stripping costs as either inventory or as a tangible or intangible non-current 'stripping activity asset'. The standard also provides guidance for the depreciation or amortization and impairment of such assets. IFRIC 20 is effective for reporting years beginning on or after January 1, 2013, although earlier application is permitted. The Company will assess the impact of the standard once technical feasibility and commercial viability has been established.

In May 2011, the IASB published amendments to IAS 28, *Investments in Associates and Joint Ventures,* which are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. Amendments to IAS 28 provide additional guidance applicable to accounting for interests in joint ventures or associates when a portion of an interest is classified as held for sale or when the Company ceases to have joint control or significant influence over an associate or joint venture. When joint control or significant influence over an associate or joint venture ceases, the Company will no longer be required to re- measure the investment at that date. When a portion of an interest in a joint venture or associate is classified as held for sale, the portion not classified as held for sale shall be accounted for using the equity method of accounting until the sale is completed at which time the interest is reassessed for prospective accounting treatment. The Company believes that there will be no impact on the company's financial statements from the adoption of this standard

In January 2008, the IASB amended IAS 27, *Separate Financial Statements*, which has subsequently been amended by IFRS 9 and other standards. IAS 27 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. IAS 27 has the objective of setting standards to be applied in accounting for investments in subsidiaries, joint ventures and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. The Company believes that there will be no impact on the company's financial statements from the adoption of this standard

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 acquisition and/or development activities.

Revenues and Growth

There are no assurances that suitable additional projects will be secured or that rough diamonds will be recovered incidentally, or at levels sufficient to sustain the Company's operations. 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. Material processing revenues and production in general are also reliant on both the quality and amount of diamond bearing material 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 reflected in Diamcor's wholly-owned South African subsidiaries, DMI Minerals South Africa (Pty) Ltd. which was initially formed to secure diamond mining projects in South Africa. Under the terms of the joint venture in DMI Minerals, Diamcor retains a 70% direct ownership in the subsidiary with Nozala holding a 30% direct shareholder ownership interest. 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 will be dependent upon the recovery and sale of rough diamonds, 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 (subject to the terms of the pending sale agreement), the Krone-Endora at Venetia project, 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 impairing the operations at the project. 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

Exploration and operational activities 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 operations 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 operations.

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 interim period ended December 31, 2013, the Company paid or accrued to key management personnel and consultants, salaries totaling $437,000, Directors fees of $48,000, and performance bonuses totaling $208,000. As at December 30, 2013, the Company owed a total of $3,477 to directors of the Company and its subsidiaries, companies controlled by a Director, an individual related to a director and to former directors.

OUTSTANDING SHARE INFORMATION

As at February 21, 2014

Authorized

Issued and outstanding shares	35,222,678
Fully diluted	41,508,049
Weighted average outstanding shares	34,784,861

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 interim period ended December 31, 2013 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 19 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.

The Qualified Person (as defined in National Instrument 43-101) for the technical information contained in this document is Mr. James P. Hawkins (B.Sc., P.Geo.), and Mr. Hawkins has reviewed this document and approved of its contents.