

DIAMCOR MINING INC.
FORM 51-901F – QUARTERLY AND YEAR END REPORT
MARCH 31, 2004

SCHEDULE A: FINANCIAL INFORMATION

See attached financial statements.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. See March 31, 2004 audited financial statements.

Promotion and Investor Relations during the year ended March 31, 2004:

Investor relations services	\$ -
Printing/news releases/AGM exp.	<u>3,892</u>
	<u>\$ 3,892</u>

2. Aggregate of expenditures made to non-arms length parties during the year ended March 31, 2004:

Management fees	\$ 75,000
South African consulting fees	120,000
Office, rent and miscellaneous	15,059
Wages	76,000
Automobile allowance	4,779
Legal fees	<u>6,606</u>
	<u>\$ 297,444</u>

3. a) Securities issued during the period:

Date	Type	Number	Price	Total	Consideration
May 29, 2003	Private placement	1,250,000	\$0.10	\$125,000	Cash
December 1, 2003	Exercise of Warrants	365,000	\$0.12	\$43,800	Cash
February 24, 2004	Shares For Debt	2,046,958	\$0.10	\$204,696	Debt
		3,661,958		\$373,496	

No finder's fees or other commissions were paid.

- b) Options granted during the year

Date	Grantee	Number	Exercise Price	Expiry Date
March 15, 2004	Greg Yanke	300,000	\$0.11	March 15, 2009
March 15, 2004	Jeff Wolf	247,937	\$0.11	March 15, 2009

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SCHEDULE B: SUPPLEMENTARY INFORMATION (cont'd...)

4. a) Share Capital Authorized – 96,700,751 common shares without par value (see Notes to “C”, below).
 Issued – 25,072,809 common shares

- b) Options outstanding:

Date	Number	Name	Exercise Price	Expiry Date
May 21, 2002 ⁽¹⁾	791,864	W. Wolf	\$ 0.15	May 21, 2004
May 21, 2002 ⁽¹⁾	200,000	B. Conduit	0.15	May 21, 2004
May 21, 2002 ⁽¹⁾	110,000	D. Del Frari	0.15	May 21, 2004
June 12, 2002	134,000	B. Conduit	0.14	June 12, 2007
June 12, 2002	66,467	D. Del Frari	0.14	June 12, 2007
June 12, 2002	50,000	C. Maddaford	0.14	June 12, 2007
July 18, 2002	255,308	W. Wolf	0.14	July 18, 2007
July 18, 2002	291,006	D. Del Frari	0.14	July 18, 2007
July 18, 2002	60,698	S. Holland	0.14	July 18, 2007
March 15, 2004	300,000	G. Yanke	0.11	March 15, 2009
March 15, 2004	<u>247,937</u>	J. Wolf	0.11	March 15, 2009
	2,507,280			

⁽¹⁾ Subsequent to March 31, 2004 the expiry date was amended from May 21, 2004 to May 21, 2007

Warrants outstanding:

Number of Shares	Exercise Price	Expiry Date
1,000,000	0.12	July 11, 2004
3,636,363	0.14	July 11, 2004
666,666	0.20	October 1, 2004
833,333	0.16	February 12, 2005
1,000,000	0.13	March 6, 2005
1,250,000	0.10	May 29, 2005
50,000	0.10	February 24, 2006

- c) Escrow shares outstanding:

“Old” principal’s escrow shares: 16,667

During fiscal 2003, 3,499,249 escrow shares were cancelled; 2,200,000 escrow shares related to an interest to acquire Diamco Mining (PTY) Ltd.; 1,000,000 related to interests in Sonnberg Diamante (PTY) Ltd., and 299,249 in “new principals” escrow shares.

5. Directors and Officers:

Wayne Wolf – President and Director
 Barry Conduit – Director
 Greg Yanke – Director
 Corrie Maddaford - Secretary

SCHEDULE C: MANAGEMENT DISCUSSION

NATURE OF BUSINESS AND LIQUIDITY

Diamcor Mining Inc.'s principal business is the acquisition, exploration and development of resource properties. The Company's principal asset is a 53.33% interest in So Ver Mine (Pty.) Ltd. ("So Ver"), a private South Africa company that owns a diamond tailings processing operation near the town of Kimberly. Ownership of the remaining 46.67% interest in So Ver is in dispute and is the subject of a South African legal action between Diamcor and the minority shareholder, Mr. Nicolaas Van der Merwe.

Due to a court order relating to the property (see "So Ver Mine" below), the Company will not have access to all of the funds from the So Ver Mine operations until Diamcor's lawsuit against the minority shareholder and former operator of the mine is settled. Accordingly, the Company currently has a limited source of cash flow.

At March 31, 2004, Diamcor held assets of \$1,170,150 including cash of \$78,580 and mineral property assets recorded at \$575,828. Liabilities totalled \$1,484,926 including \$457,806 in accounts payable and accrued liabilities, loans payable of \$627,077 and \$387,043 due to related parties.

RESULTS OF OPERATIONS

Diamcor incurred a net loss of \$977,620 for the fiscal year ended March 31, 2004 as compared to a loss of \$693,731 for fiscal 2003. The increase in net loss in fiscal 2004 is primarily a result of an increase in amortization costs (from \$540 in 2003 to \$351,224 in 2004), foreign exchange loss (from \$10,922 in 2003 to \$61,369 in 2004) and the recorded value of stock-based compensation provided to management (from NIL in 2003 to \$48,736 in 2004).

During the year, the Company generated \$1,121,548 through the sale of diamonds from the So Ver Mine. The cost of sales was recorded at \$803,851, resulting in the Company realizing gross profit of \$317,697.

SO VER MINE

The So Ver Mine is located 65 kilometres northwest of Kimberly, South Africa and is immediately adjacent to the Rex diamond mine. Diamcor has a 53.33% interest in the holding company that controls the So Ver Mine and has Canadian representatives on site that oversee the operation of the tailings treatment mine.

On April 1, 2003, the So Ver mine commenced operation under the management of a three person committee which included one representative of Diamcor, one representative of the minority shareholder and an independent chairman. Following the appointment of the management committee, recovery from tailings processing at the So Ver mine increased by approximately 100%. Most recently, the Company reported recovery of 2,458.86 carats of diamonds for the month of May 2004, being the highest single month of recovery from the So Ver tailings operations ever recorded.

LEGAL PROCEEDINGS

In March 2003, Diamcor commenced legal proceedings in South Africa against Mr. Nicolaas Van der Merwe and obtained an order from the South African High Court requiring him to provide Diamcor with access to all information concerning So Ver's mine operations. The Court also issued a search warrant authorizing the confiscation of all diamond and mine operation data from Mr. Van der Merwe's office and residence. The order was executed and resulted in the seizure of significant quantities of diamonds and business records.

After a review of the seized documentation, the High Court ruled that the So Ver Mine be operated by an independent board that included a representative of Diamcor. Diamcor has since filed multiple legal claims against Mr. Van der Merwe and related parties for misappropriation of approximately \$1.64 million dollars worth of So Ver assets. Trial of the matter is set for September 2004.

SCHEDULE C: MANAGEMENT DISCUSSION (cont'd...)

As part of his response to Diamcor's claims, Mr. Van der Merwe commenced a legal action in British Columbia against the Company for defamation, abuse of process and breach of contract. Diamcor's position is that Mr. Van der Merwe's claims have no basis. In addition, the Company contends that British Columbia is not a proper jurisdiction for the case, as the matters relate to the South African dispute. Diamcor has filed an application with the British Columbia Supreme Court to have the claims dismissed due to lack of jurisdiction. The hearing is scheduled for September 30, 2004.

MANAGEMENT

Diamcor's Board of Directors consists of Wayne Wolf, Barry Conduit and Greg Yanke. Mr. Wolf acts as President and Chief Executive Officer.

During the fiscal year ended March 31, 2003, the Company paid or accrued management fees of \$75,000, an automobile allowance of \$4,799 and \$15,059 in rent and office expenses to Mr. Wolf; legal fees of \$6,606 to a law firm owned by Greg Yanke; wages of \$17,640 to Corrie Maddaford, the Company's secretary; consulting fees of \$76,000 to Mr. Wolf's son and wages of \$120,000 to Dean Del Frari, a director of the Company's subsidiary and the manager of the So Ver Mine.

INVESTOR RELATIONS

No investor relations activities were undertaken by or on behalf of the Company during the fiscal year.

SECURITY ISSUANCES

During the fiscal year, the Company issued 3,661,958 common shares in its capital for proceeds recorded at \$373,495. This amount included 1,250,000 shares issued pursuant to private placements for a total of \$125,000; \$43,800 raised through the exercise of 365,000 share purchase warrants; and 2,046,958 shares issued upon the settlement of \$204,695 in debt.

Subsequent to the fiscal year, the Company completed an additional private placement of 1,775,000 units at \$0.10 each. Each unit was comprised of one common share and one non-transferable share purchase warrant entitling the holder to acquire an additional common share of the Company for \$0.11 until June 1, 2006.

OUTLOOK

Diamcor intends to focus its efforts in South Africa in two specific areas: the profitable recovery of diamonds from its existing operations at the So Ver Mine and the identification, acquisition and exploration of additional diamond properties and permits in order to promote the future growth of Diamcor.

To this end, Ongoza Mining & Exploration (Pty) Limited ("Ongoza"), a wholly owned subsidiary of Diamcor, has concluded a prospecting agreement with the owners of a potential diamond property located in the Free State province of South Africa. The agreement provides Diamcor with the exclusive right to prospect and search for diamond on the property for a period of 12 months. During the term of the agreement, Diamcor may acquire the surface and mineral rights to the property for 3,000,000 South African rand (approximately CDN\$610,000). Of this, 1,250,000 rand would be due upon the transfer of the deed, with the balance payable within 12 months of the transfer.

Diamcor subsequently sold a 26% interest in Ongoza for nominal consideration to Pholo Mining (Pty) Limited. Under South Africa's recently adopted black empowerment laws, Diamcor is required to have a joint venture partner controlled by black nationals in order to acquire, explore and develop additional diamond concessions in the country. Diamcor's agreement with Pholo Mining ensures that the Company complies with these laws. Diamcor has also optioned an additional 14% interest in Ongoza's shares to Pholo Mining.

Management has applied for prospecting permits and is negotiating the acquisition of additional diamond properties in South Africa that have the potential to add to the Company's solid revenue base.