

DIAMCOR MINING INC.

Form 51-102F1 – Management Discussion & Analysis (For the period ending December 31, 2005 Unaudited – Prepared by Management)

The following Management Discussion & Analysis is prepared as of February 28, 2006 (the "Report Date") and should be read in conjunction with the unaudited financial statements for the period ending December 31, 2005.

NATURE OF BUSINESS AND LIQUIDITY

Diamcor Mining Inc.'s ("Company") principal business is the acquisition, operation, exploration and development of diamond based resource properties. The Company's principal asset remains So Ver Mine (Pty) Ltd. ("So Ver"), a private South African company that owns a diamond tailings processing operation near the town of Kimberley, South Africa. Prior to April 11, 2005, the Company held a 53.33% ownership position in So Ver with the remaining 46.67% in dispute and the subject of a South African legal action between Diamcor and the minority shareholder. As reported in the subsequent press release dated April 11, 2005, it was announced that all parties involved had executed a definitive settlement agreement ending all pending and future legal actions between the parties. Under the terms of the settlement Diamcor now holds a 100% interest and ownership of the So Ver Mine, as well as all surface rights and entitlements going forward.

During the quarter ending December 31, 2005 the Company continued its work to access funds from the So Ver Mine which had previously been unavailable. The Company had been working with its South African bankers and the South African Reserve Bank to secure the release of previously withheld shareholders loans that were due and payable to Diamcor from its South African subsidiary So Ver (Pty) Ltd. After further review by the South African Reserve Bank, the Company received authorization to repay outstanding shareholder loan amounts totaling \$2,732,530.00 (ZAR), or an amount equal to approximately \$503,878.00 (CND) from So Ver to Diamcor on December 20, 2005. The Company has transferred a portion of those funds (\$340,661.50 CND) from So Ver to Diamcor, of which a large portion of that was used to pay down accounts payable, as well as fund the initial exploration program start-up at Doornkloof. The initial exploration effort at Doornkloof is aimed at establishing an independent preliminary assessment of the two previously identified inferred blows thought to be on the property and is being completed in conjunction with MPH Consulting Ltd. Due to the start of this project and the release of funds in late December 2005, the Company continued to have a limited source of free cash flow on a corporate level during the reporting period. Arrangements and discussions continued during the quarter which should allow for the Company to access So Ver profits in future quarters if available. The Company continues to actively look for additional projects and opportunities aimed at growth and an increase to shareholder value.

The financial results for the period ended December 31, 2005 include the results of mining and exploration operations in South Africa. At December 31, 2005, Diamcor held assets of \$865,186 including cash of \$247,009, capital assets recorded at \$250,740 and mineral property assets recorded at \$172,748, and diamond inventories of \$115,711. Liabilities totaled \$726,893 including \$543,073 in accounts payable (\$385,387 So Ver / \$157,071 Diamcor / Ongoza \$615), accrued liabilities are \$0 (September 30, 2005 - \$1,035,398). Loans payable amount remained at \$0, and a decrease in the due to related parties section to \$151,133 (\$346,199 - September 30, 2005).

SELECTED ANNUAL FINANCIAL INFORMATION

The following table provides a brief summary of Diamcor Mining Inc. financial operations. For more detailed information, refer to the financial statements.

Third Quarter	Dec 31/05	Dec 31/04	Dec 31/03
Total revenues	\$299,278	\$390,097	\$431,051
Net income (loss)	\$2,025	\$(180,686)	\$(56,259)
Basic and diluted gain(loss) /share	\$0.00	\$(0.01)	\$0.00
Total assets	\$865,186	\$1,328,509	\$1,276,187
Total long term Liabilities	Nil	Nil	Nil
Cash dividends	Nil	Nil	Nil

During 2003, Diamcor Mining Inc. acquired a majority interest in the So Ver Mine in South Africa, a diamond mine tailings processing operation, and consolidated the results of these operations effective March 31, 2003. As a result, 2004 represented the first full year of consolidation of the results of this activity, and this is reflected in the revenue figures.

RESULTS OF OPERATIONS

Diamcor recorded a net gain before income tax of \$34,712 for the third quarter ended December 31, 2005 as compared to a loss of (\$145,167) for the third quarter ended December 31, 2004. During the third quarter sales revenues of \$299,278 were recorded (2004 - \$390,097) through the sale of diamonds from the So Ver mine. The cost of sales was recorded at \$292,145 resulting in the Company realizing gross profits of \$7,134.

The results for the last 11 quarters are summarized below. (all figures in \$000's except per share amounts)

	Gross Revenues \$000's	Gross Profit \$000's	Income Per Share \$	Income per Diluted Share \$	Net Income \$000's	Net Income Per Share \$	Net Income per Diluted Share \$
30-Jun-03	248.0	41.0	0.01	0.00	(188.0)	(0.01)	(0.01)
30-Sep-03	317.0	96.0	0.01	0.00	(282.0)	(0.01)	(0.01)
31-Dec-03	431.0	216.0	0.02	0.01	(56.0)	0.00	0.00
31-Mar-04	126.0	(36.0)	0.00	0.00	(461.0)	(0.02)	(0.01)
30-Jun-04	777.0	412.0	0.03	0.01	56.0	0.00	0.00
30-Sep-04	376.0	154.6	0.01	0.00	(188.5)	(0.00)	(0.00)
31-Dec-04	390.1	149.4	0.01	0.00	(180.7)	(0.00)	(0.00)
31-Mar-05	123.6	(54.8)	0.00	0.00	(236.8)	(0.01)	(0.01)
30-Jun-05	591.5	221.4	0.01	0.01	429.1	0.02	0.02
30-Sep-05	662.7	327.0	0.011	0.011	67.5	0.002	0.002
31-Dec-05	299.3	7.1	0.00	0.00	2.0	0.000	0.000

SO VER MINE

The So Ver Mine is located 65 kilometers northwest of Kimberley, South Africa, and is adjacent to the active Rex Diamond Mine. Diamcor initially held a 53.33% interest in the holding company that controlled So Ver. Prior to the announced settlement of legal issues (see Legal Proceedings) Diamcor management and senior personnel were directed by South African Courts to oversee the operation of the tailings re-treatment mine on April 1, 2003, and after that time continued to manage the affairs of the facility while reporting to an appointed three person committee. Representation on the committee consisted of one representative of Diamcor, one representative of the minority shareholder, and an independent chairman. On April 11, 2005, it was announced that all parties involved had executed a definitive settlement agreement thus ending all pending and future legal actions between the parties. Under the terms of the settlement, along with the removal of any future litigation, Diamcor secured its current 100% interest and ownership of the So Ver Mine, as well as all surface rights and entitlements going forward. This settlement also removed the requirement of the appointed three person committee, and allowed Diamcor the ability to operate the facility, as well as arrange its financial affairs independently without the previous restrictions placed on the Company.

Continued recovery of diamonds from the remaining tailings processed during the third quarter ending December 31, 2005 continued to meet management expectations for the period. The So Ver facility recovered 4,100.19 carats of diamonds during the three month period ended December 31, 2005. Results for the period were attained with the typical recovery percentages from certain tailings piles as last quarter, as well as the continued excellent reliability and plant running time. The lower variations to the three month recovery average was somewhat expected in the third quarter due to the extended South African holiday season, at which time the plant typically remains shut down for a two to three week period in late December. Since Diamcor management was placed in operational control of the facility in 2001, increases to both diamond recovery and reliability have been consistently recorded and these efficiencies are expected to remain stable throughout the remaining life of the mine. The facility will continue to work through the tailings material previously identified in an initial report published by MPH Consulting Ltd. in 2002. Along with continuing to process the remaining tailings at So Ver, the Company is planning to use the facilities, equipment and employees at certain times in the future to assist both in the initial processing of bulk samples from the Doornkloof exploration project and the ongoing work that will be identified as the program moves forward. This should provide for a significant cost and time savings over traditional exploration programs which would not typically have access to such a facility located in such close proximity to its activities.

LEGAL PROCEEDINGS

In March 2003, Diamcor had commenced legal proceedings in South Africa against the So Ver minority shareholder, Mr. Van der Merwe. In doing so the Company obtained an order from the South African High Court requiring him to provide Diamcor with access to all information concerning So Ver mine operations while previously under his control. The Court also issued a search warrant authorizing the confiscation of all diamond 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. This led to multiple legal claims being filed by Diamcor against Mr. Van der Merwe and related parties for misappropriation of an alleged \$1.64 million dollars worth of So Ver assets. These claims were heard in South African courts in September 2004. After review of the seized documents, the High Court ruled that the So Ver Mine was to be governed under the direction of a tripartite board consisting of one representative of Diamcor, one representative of the minority shareholder Mr. Van der Merwe, and an independent member. In an interim hearing held afterwards in the third quarter of 2004, Diamcor was awarded sole control over operations of So Ver.

As part of a response to Diamcor's claims Mr. Van der Merwe commenced legal action in British Columbia against the Company for defamation, abuse of process and breach of contract; however during the third quarter of 2004 that law suit was discontinued. Diamcor and Mr. Van der Merwe continued negotiations throughout the fiscal year to settle all remaining disputes between all related parties which formed the basis of the remaining South African litigation. Ultimately, these efforts were successful and resulted in all parties involved executing a definitive settlement agreement as announced on April 11, 2005. This agreement thus ended all pending and future legal actions between Diamcor Mining Inc., So Ver Mine (Pty) Ltd., Nicolass Van Der Merwe, NorthWest Diamond Company (Pty) Ltd., as well as any of those Company Directors and Officers who may have been named previously in these matters. As part of the terms of the settlement Diamcor secured it's current 100% ownership of the So Ver Mine, as well as all surface rights and entitlements going forward.

MANAGEMENT

Diamcor's Board of Directors at December 31, 2005 consisted of Mr. Wayne Wolf, Mr. Barry Conduit and Mr. Darren Vucurevich. Mr. Wolf acts as President and Chief Executive Officer. As announced in a press release dated July 28, 2005, Ms. Maddaford who had temporarily held a position on the board resigned, and Mr. Darren Vucurevich (CMA) replaced her.

During the nine month period management fees (CDN office) of \$56,250 were paid to Mr. Wolf, and wages of \$24,452 for the Company's Corporate Secretary. No fees have yet been paid to Mr. Vucurevich, however the acceptance of his appointment by regulatory parties has been granted, and the Company expects to incur an appropriate expense and director's package in a future quarter.

INVESTOR RELATIONS

Given the previous legal issues, their uncertainty and the associated costs, management had only allocated minimal resources to investor relations programs prior to the April 11, 2005 legal settlement. There were no investor relations agreements put into place with any parties during past quarters due to continuing efforts to conserve cash until shareholder loans and available profits from So Ver could be fully accessed. During the first quarter ending June 30, 2005, it was announced that with the finalization of legal issues, the Company would now work to increase company awareness with both investors and the financial community through various programs. As part of this effort, a 12-month contract was signed with Stockgroup Media Inc., which includes various programs such as: banner ads, investor lead generation programs, Company showcase features, and various programs designed to increase investor awareness and Company branding. These programs continued throughout the third quarter, and will continue to be used throughout the year. The Company launched its new Company website in August 2005, with increased functionality and access to information. This website can be seen at www.diamcormining.com. While no formal commitment to trade shows, or presentations have been finalized to this date, the Company still expects to participate in upcoming events within the sector as funds become available going forward to do so.

SECURITY ISSUANCES

During the third quarter ending December 31, 2005 there were no securities issued.

OUTLOOK AND SUBSEQUENT DEVELOPMENTS

CORPORATE STRATEGY

Diamcor's corporate strategy in the short term will remain focused on using the existing facilities at So Ver to generate positive cash flow and profits from the processing of the remaining tailings. Along with this past objective the Company also intends to use the So Ver facilities, equipment and personnel to assist with the nearby Doornkloof exploration activities which started early in December 2005. At that time the facility is normally shut down for the holiday season and the independent team associated with MPH Consulting Ltd was able to use the facility for the collection and processing of bulk samples providing for an obvious saving in both time and cost over traditional programs. The aim of the initial exploration project is to establish an independent preliminary report on the opportunity and allow the Company to better evaluate how best to proceed with the project. A complete report on the initial results will be released as soon as it is available, along with the Company's plans regarding the next steps in the program. Management also continues to work with its established Black Economic Empowerment partner in the hopes of acquiring or developing additional properties within its current operational region of South Africa. During January 2006, management and a select group of consultants visited South Africa to review and discuss various opportunities. No definitive plans or agreements have been established, however management will continue to evaluate and discuss all potential opportunities which could improve the Company's corporate position, or lead to added exposure to new opportunities, acquisitions, mergers or joint ventures.

SO VER TAILINGS RE-TREATMENT FACILITY

So Ver's focus for the third quarter centered on ensuring consistent recoveries were attained at So Ver and that production run times remained high. This focus will continue with processing levels for the remaining tailings expected to be in-line with recent historical averages of 26-30,000 tons/month. The Company feels these levels are near the maximum possible for the current plant and processing facilities, and previous estimates for completion of processing on the original tailings material at So Ver is expected to be achieved in 2006. The number of carats of diamonds recovered as well as the individual size of stones and their qualities are not predictable, and depend on both the amount, and quality of tailings processed. Tonnage of raw tailings material processed each month has, and will continue to be shown in the production update releases put out by the Company. The Company expects to continue to broker all diamonds recovered through its established connections and diamond brokers who hold monthly closed bidding tenders that are well attended by various diamond brokers from around the world. All diamonds will continue to be sorted into standard lots and groupings before going to tender, and will continue to achieve various different levels of value based on the size, quality and quantity of the offering. Average overall pricing achieved throughout previous quarters also remained consistent and no change is anticipated. There are expected small changes in the operational plan, and costs associated with So Ver in the short term as the Company begins to use the facilities to assist in the initial exploration effort associated with the Company's initial Doornkloof exploration. Use of the facility for these efforts will provide significant economies of scale by using the So Ver facility to process materials and assist the independent Consultants in their efforts as opposed to methods which would normally be required. The initial work involved in site preparation, bulk sample recovery, and processing for the initial phase has been completed. Upon the finalization of both the independent report and micro-diamond samples to follow, the Company will be in a better position to decide on the role the facility will play in future programs.

DOORKLOOF EXPLORATION

The previously announced initial Doornkloof exploration project also remains a key Management focus. Initial work began late in December with the exploration site preparation, the cleaning, flushing out and set-up of the So Ver facility to process the bulk samples, the equipment allocation for bulk recovery of samples, and the scheduling of employees to support the exploration efforts in general. The initial exploration program was announced on December 22, 2005 which name MPH Consulting Ltd. as the independent consulting firm appointed to oversee the work and act as the qualified persons as required. The majority of the program began on schedule early in 2006 with the proposed initial recovery and bulk sampling taking place. The program continues to proceed on schedule with the Company now waiting on final results and reports from this initial work expected within the near future. A complete report and update will be published once all information from various independent sources can be confirmed. Management stated previously its intention was to invest funds from its profitable So Ver operation to fund this initial surface preparation and bulk sampling programs, and a substantial portion of the efforts completed were made possible with the re-investment of funds secured from the previously mentioned shareholders loans recovered from So Ver. Upon receipt of all reports involved, the next stages of the project will be planned, and from those plans the Company will be able to identify its plans with regards to operational and additional capital requirements moving forward.

GENERAL & ADMINISTRATIVE EXPENSES

The settlement and finalization of previous legal proceedings allowed for significant savings and re-allocation of past funds spent in that area. These funds continue to be allocated into various G&A expenses associated with, and aimed at growth. During the most recent quarter ending December 31, 2005, Management remained focused on maximizing revenues at So Ver while maintaining or lowering corporate overhead in an effort to generate sufficient cash to support the initial Doornkloof exploration efforts. Management feels it has been effective in its efforts to achieve this goal, but expects corporate expenses to be marginally higher in the future due to the continued need for the services provided by third parties involved in the exploration work. Additional technical and corporate staff will also be needed for the ongoing evaluation of potential opportunities the Company may wish to become involved with in the future.

FINANCIAL INSTRUMENTS

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 is required by South African policy to adhere to certain rules and regulations with regards to both the investment and removal of funds with respect to these projects.

FINANCIAL CONDITION

A majority of the cash on hand and available for use by the Company at December 31, 2005 was held in its foreign bank accounts in South Africa and being used for ongoing operations at its So Ver facilities. Recent operational results at the So Ver facility had in fact provided for a surplus to be accumulated above what was expected to be required for the ongoing operational expenses at the facility. These funds were used to re-pay the recently approved outstanding shareholders loans due from So Ver to Diamcor, which in turn were re-invested into the Doornkloof Exploration project and its majority owned subsidiary Ongoza. The company has now established better procedures to aid in the recovery and re-investment of future surpluses if available from So Ver, but expects it will require all short term funds in So Ver to be used for ongoing tailings operations over the next few months. Amounts currently available are expected to be adequate to sustain current operations, fund the proposed initial exploration work project at Doornkloof, and cover corporate expenditures for the balance of the fiscal year ending March 31, 2006. Nevertheless, management will be prepared to accept suitable offers of finance if the terms of such offers would prove to be attractive and aid in the growth of the Company.

PHOLO – DIAMCOR’S BLACK ECONOMIC EMPOWERMENT PARTNER

The Company’s relationship with its Black Economic Empowerment (“BEE”) group, Pholo Mining (Pty) Ltd. (“Pholo”) remains strong with many opportunities being explored. Management is satisfied that the members of Pholo continue to support Diamcor and to forge the required relationships with key individuals and companies to fulfill the South African Department of Minerals and Energy requirements regarding the development of mineral and diamond projects in the country, and to extend the participation of blacks in the development of the South African economy. Diamcor’s subsidiary Ongoza Mining & Exploration (Pty) Ltd. (“Ongoza”) is owned 74% by Diamcor and 26% by Pholo. Ongoza’s most promising and exciting project is under way, and the required prospecting permit for a portion of Portion 3 of Farm 89, as well as a portion of Portion 3 of Farm 90 (The Farm So Ver) has been completed and approved. These properties are part of the 100% owned Diamcor So Ver Mine property, and were identified as promising in a May, 2002 Diamcor commissioned report done by MPH Consulting Limited. The properties are located near various other successful operating mines in the area, and initial documentation in the MPH report indicated that all available evidence suggested a possibility of approximately two kilometers of kimberlite strike extent, with at least two locations where wider exposures are indicated which may be blows. Ongoza announced it has now secured all required prospecting and exploration permitting needed during the second quarter of 2005, and has now proceed with an already established initial exploration program to be funded by Diamcor through the allocations of funds from its profitable So Ver operations. Diamcor will manage the project, and with the recent transfer of funds from its South African subsidiary So Ver, allocated and invested into the initial exploration program already identified.

GENERAL CONTRACTORS and CONSULTANTS

Continued efforts and collaboration between Diamcor Management and Okanagan Valley Business Consulting continued throughout the third quarter as well. Much of the efforts during the quarter were focused on the continued development of corporate structure and operations process that will be needed as the Company moves into a more active growth phase. Management of both Companies still believe the finalization of previous legal issues provided a turning point and they continue to move on with various issues aimed at growth and the realization of Diamcor’s ultimate business plan. Work will continue on various administrative projects and plans with regards to the implementation of programs aimed at greatly improving

Company awareness and general access to enhanced information. The Company has also budgeted to add suitable staff and consulting assistance for both the overall management and completion of the exploration at Doornkloof, as well as an internal technical support manager which will report directly to Diamcor management as the project becomes more active.

RISK FACTORS RELATING TO THE COMPANY'S BUSINESS

As a Company active in the operation of foreign tailings re-treatment facilities, and now diamond exploration and development, Diamcor is exposed to a number of risks.

There is no assurance that the Company will continue to be able to access the capital markets for the required funding necessary to maintain exploration properties, nor to complete its desired exploration programs as desired. While its current tailings re-treatment facility is presently profitable, there are also no assurances that suitable recoveries and amounts of diamonds will continue to be recovered at the levels previously experienced. Revenues and production in general are reliant on both the quality and amount of tailings both available and being processed, and the Company cannot predict with any certainty the recovery levels from a given area being worked.

Within the minerals industry sector, and both the diamond tailings re-treatment sector and diamond exploration sector, Diamcor competes with other companies possessing greater financial and technical resources than itself. Even with its current desirable So Ver facility, and the promise of any other exploration 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. Inherent risks are always present due to weather, stringent environmental and permitting issues, along with other risks involved in operating in foreign countries. Ultimately, remaining tailings reserves, and the Company's ability to secure suitable additional reserves of tailings materials to process, along with the cost effectiveness of doing so with the current location of facilities will expire. As well, should the Company ultimately discover diamond deposits through its exploration efforts, 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. Items such as the ability to effectively market the diamonds, foreign government regulations and requirements, environmental issues, cost of recovery, taxation, and various other issues which may yet be unknown to the Company could provide risk.

SUBSEQUENT EVENTS FROM DECEMBER 31, 2005

It is the opinion of management that no material events have occurred since December 31, 2005.