Form 51-102F1
For the Year Ended March 31, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

(*Prepared as of July 27, 2007)*

The following is management's discussion and analysis ("MD&A") of the results of operations for Diamcor Mining Inc. ("Diamcor" or the "Company") for the fiscal year ended March 31, 2007, and its financial position as at March 31, 2007. This MD&A is based on the Company's consolidated financial statements prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP") and should be read in conjunction with the consolidated financial statements and notes thereto. Unless otherwise specified, all financial information is presented in Canadian dollars.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain information included in this MD&A may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding projected capital expenditure requirements, estimated productions, plans, timelines and targets for construction, mining, development, production and exploration activities, future mining and processing, the number and timing of expected rough diamond sales, projected sales growth, expected gross margin and expense trends, expected diamond prices and expectations concerning the diamond industry.

Forward-looking information is based on certain factors and assumptions regarding, among other things, mining, production, construction and exploration activities, world economic conditions, the level of worldwide diamond production, and the receipt of necessary regulatory permits. With respect to statements concerning sales growth, Diamcor has assumed that current world economic conditions will not materially change or deteriorate. While Diamcor considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what we currently expect. These factors include, among other things, the uncertain nature of mining activities, risks associated with joint venture operations, risks associated with the remote locations of certain mine sites, risks associated with regulatory requirements, fluctuations in diamond prices and changes in world economic conditions and the risk of fluctuations in the foreign currency exchange rate. Please see page 9 of this report for a discussion of these and other risks and uncertainties involved in Diamcor's operations.

You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While Diamcor may elect to, it is under no obligation and does not undertake to update this information at any particular time, except as required by law.

NATURE OF BUSINESS

Diamcor Mining Inc., including its subsidiaries, is a successful junior mining and exploration company with active operations and established key strategic relationships within the Republic of South Africa. It is incorporated under the Canadian Business Corporations Act and is listed on the Canadian TSX Venture Exchange under the symbol DMI. Its principal business is the acquisition, operation, exploration and development of diamond based resource properties and is focused on the mining segment of the diamond industry. The Company supplies rough diamonds to the global market.

As of March 31, 2007 the Company's principal asset was its 100% interest in So Ver Mine (Pty) Ltd. ("So Ver"), a private South African company that owns the land and mining rights to an area on which it operated a diamond tailings processing operation near the town of Kimberley, South Africa. In addition to So Ver, the Company holds a 74% majority interest in Ongoza Mining (Pty) Ltd. ("Ongoza"), an exploration company performing initial exploration work on select areas of interest within So Ver's current landholdings. The Company has a third inactive subsidiary, BlueDust 25 (Pty) Ltd., which it plans to use for future growth related acquisitions should suitable projects be located.

In addition to its current operations, the Company is actively looking to expand its operations through the possible acquisition of other suitable mining properties or through the use of its established operational expertise to assist other parties through mutually beneficial joint venture.

MANAGEMENT

Diamcor's Board of Directors consists of Mr. Wayne Wolf (Chairman and Chief Executive Officer), Mr. Barry Conduit, Mr. Darren Vucurevich, Mr. Dean Taylor and Dr. Stephen E. Haggerty. Mr. Taylor is currently the President and Chief Operating Officer.

CORPORATE STRATEGY AND RECENT EVENTS

Diamcor's principal business continues to be the acquisition, operation, exploration and development of diamond based resource properties focused on the mining segment of the diamond industry. The Company continues to work towards both acquiring additional tailings and/or diamond related properties, as well as developing relationships that will allow the Company to gain access to additional properties through the use of its established operational team and significant industry knowledge. Throughout 2006 and so far into 2007, management and a select group of consultants have visited South Africa to review and discuss various opportunities.

With the settlement of several legal actions in 2005 that had stymied recent corporate operations and growth opportunities, the Company has positioned itself for considerable growth during its fiscal year ended March 31, 2007 by completing a share reverse, closing a private placement and proposing another, retaining new executives and Board members and advancing important strategic relationships, all as described below:

To streamline its share structure, the Company completed a one-for-ten consolidation of its common shares on November 27, 2006, which was approved by shareholders at the annual and special meeting on September 15, 2006. The Company also started trading these shares under the new symbol of DMI on the TSX Venture Exchange, on a consolidated basis, on November 27, 2006.

On February 27, 2007, the Company completed a non-brokered private placement resulting in the issuance of a total of 2,777,778 units at a price of $0.18 per unit, for total gross proceeds of $500,000. Each unit consisted of one common share of the Company stock and one common share purchase warrant. Each warrant entitled the holder thereof to purchase one additional common share at a price of $0.27 for a period of two years from the closing date. In conjunction with the closing of this private placement, the Company also received required approvals to complete share-for-debt agreements with creditors to settle a total of $226,499 in outstanding liabilities through the issuance of 1,258,329 common shares in the Company also at a deemed value of $0.18, along with 902,920 two-year share purchase warrants entitling the holders thereof to acquire one additional common share of Company stock at an exercise price of $0.27.

During fiscal 2007, Dean Taylor was appointed President and Chief Operating Officer of the Company and also joined the Board of Directors. The addition of Mr. Taylor was aimed at enhancing Diamcor's ongoing efforts to acquire and develop new projects and opportunities in the Republic of South Africa and to effectively manage growth and increase shareholder value. Mr. Taylor is the President and CEO of Okanagan Valley Business Consulting Ltd. a private consulting firm that provides executive level consulting services to clients in both the private and public sector. In addition, Dr. Stephen E. Haggerty, a distinguished geophysics research professor and recognized as one of the world's leading diamond experts, joined the Company's Board of Directors.

To advance strategic relationships, on May 31, 2007 the Company signed a memorandum of understanding for a joint venture agreement with Trans Hex Group Limited and its joint venture partners (collectively "Trans Hex") to perform exploration on various new and yet unexplored portions of Diamcor's So Ver land holdings in South Africa. Trans Hex had been evaluating geophysical anomalies outside the So Ver mining area and is in possession of exploration information that suggested there may be potential to discover additional kimberlitic bodies on yet unexplored parts of the Diamcor property. Under the terms of the joint venture understanding, Diamcor will allow Trans Hex access to sample various geophysical targets identified in specific areas of its So Ver landholdings and in exchange retain a 7.5% interest in any project that may follow from the exploration targets identified. Trans Hex has agreed to fund these projects through feasibility, after which all post-feasibility funding would be in proportion to each party's interest in any subsequent project that may result.

To financially position the Company for future growth, on July 16, 2007, the Company announced that it intended to complete a second non-brokered private placement financing of up to $750,000. The private placement will consist of the sale of up to 1,500,000 units at a price of $0.50 per unit. Each unit will consist of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional common share at an exercise price of $0.75 for a period of two years following the closing date. The private placement is expected to close on or before August 15, 2007. This transaction is subject to regulatory, and/or approval of the TSX Venture Exchange along with completion of all definitive documentation and filings as required.

MARKET COMMENTARY

Rough diamond prices continued to recover after softening in late 2006 and early 2007. The upward trend is due primarily to an anticipated decline in world production, with all sectors of the diamond industry expecting further pressure on supply in the coming years. Higher prices are evident in all ranges of rough diamonds but remain strongest on the larger, better-quality white goods.

The positive movement in polished diamond prices in late calendar 2006, combined with the ongoing shortage of rough diamonds, has brought renewed momentum to the diamond market. Prices for better-quality, medium-sized polished diamonds are now moving upwards. Prices for the larger, better-quality polished diamonds continue to rise, a trend that is expected to carry on in future quarters. A slight softening of demand for the lower-quality ranges of polished diamonds in the US market has been offset in part by continuing strong demand from the Indian and Chinese retail sectors.

The Company expects to continue to broker all diamonds recovered through its established connections with diamond brokers who hold monthly closed bidding tenders that are well attended by various buyers 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 is market driven, yet also remained consistent with little change or fluctuation.

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 Charter was passed by South African Cabinet. This Charter called for an initial move towards a 15% ownership goal by historically disadvantaged South Africans within five years, 40% of the same group employed in both junior and senior management positions within the same time frame, a further move toward a 26% ownership within 10 years, and finally a 10% participation by women 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, a goal previously impossible due to the control imposed by the main large mining houses as well as obvious historical oppression of black groups within the country. Many of these historically disadvantaged people are well qualified, skilled workers already in the field and provide a wealth of opportunity for junior companies like Diamcor to grow. 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 (Anglo American / De Beers, Gencor / Billiton, Goldfields, JCI, Anglovaal and Rand Mines) which once traditionally controlled mining production and mineral rights within the region. New legislation has seen the phasing out of this past monopoly, and a shift of focus towards the Government accommodating small mining companies and creating various opportunities for junior operations to prosper and grow when affiliated with successful Black Empowerment Partners. In June of 2004, Diamcor announced it had signed its first, non-exclusive, BEE agreement with a South African Black Economic Empowerment Partner. Effective June 22, 2004 an agreement was put in place between Ongoza (Diamcor's wholly owned subsidiary) and Pholo Mining (Pty) Ltd., a Black Economic Empowerment group, with Pholo securing a 26% shareholding of Ongoza. This agreement was viewed by the Company as a vehicle to pursue the new Doornkloof exploration opportunity identified on a portion of its So Ver landholdings, and ultimately lead to the granting of the announced prospecting permit to Ongoza by the South African Department of Minerals and Energy (DME). This agreement also allowed for the company to immediately gain insight into the workings of the new charter as well as government expectations and requirements associated with it. The company believes that the knowledge it has gained from several years of successful operations within South Africa during the inception of the BEE charter will ultimately enhance its ability to secure future mining opportunities within the Country through positive affiliations with successful BEE groups who may have access to both government funding and other significant projects but lack the technical expertise required to implement and operate facilities.

MINING AND OPERATIONS

SO VER MINE (Pty) Ltd.

The So Ver Mine is located 65 kilometers northwest of Kimberley, South Africa. The facility is adjacent to the Rex Diamond Mine and near various other active and successful mining operations. Diamcor initially held a 53.33% interest in the holding company that controlled So Ver prior to the announced settlement of past legal issues which allowed Diamcor to secure its current 100% ownership position. Previous to that settlement, on April 1, 2003 Diamcor management and senior personnel had been directed by the South African Courts to oversee the operations of the tailings re-treatment mine, and since that time continued to manage the affairs of the facility. On April 11, 2005, it was announced that all parties involved had executed a definitive settlement agreement which thus ended 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.

So Ver Mine (Pty) Ltd. operated the So Ver Tailings Re-Treatment Facility, a modern, and well maintained five story pan plant recovery system that was designed to process tailings reserve material from surrounding underground mines. Through the use of controlled procedures and efficient operations, the recovery of quality diamonds from these tailings materials proved to be a viable venture. This extensive tailings facility was operated for several years by the Company on a 24/7 basis to work through tailings reserves located on the property. While no definitive tailings reserve tonnage calculations were implied, the Company announced it expected the ongoing and systematic working of a vast majority of higher quality tailings reserves at So Ver would be completed in late 2006. The Company has extensive knowledge in the area of tailings processing and continues to remain optimistic in its ability to secure future acquisitions of additional large scale tailings processing opportunities.

Results of operations at the So Ver Facility for the first quarter period from April 1, 2006 thru June 30, 2006 were as follows: For the month of April 2006 a production run time of 84.86% allowed the plant to process 20,833 tons of raw tailings, which produced the recovery of 2,478.86 carats. May 2006 showed a similar production run time of 81.25%, with an increase in the raw tailings material being processed to

24,282 tons, which produced 1,870.66 carats. June 2006 production run time was 93.47% with 22,220 tons of raw material processed which resulted in the recovery of 1,507.42 carats. The combined first quarter result produced an average production run time of 86.53% with the total raw tailings material processed during the quarter at 67,335 tons, or an average of 22,445 tons per month processed. Total carats of diamonds recovered for the period was 5,856.94 carats, for an average of 1,952.31 carats per month for the period. These first quarter 2006 results were announced by management as exceeding expectations for the period given that the facility had just returned to full production after the completion of its use during the previous quarter to process bulk samples from the Company's Doornkloof exploration efforts.

For the second quarter period, from July 1, 2006 thru September 30, 2006, the production results from continued operations were as follows: For the month of July 2006 a production run time of 90.52% allowed the plant to process 26,994 tons of raw tailings, which resulted in the recovery of 1,525.22 carats of diamonds. August 2006 showed a similar production run time of 91.40%, with an increase in the raw tailings material being processed to 32,454 tons, but with a reduction in the quality of the tailings processed, only 1,229.22 carats of diamonds. September 2006 production run time fell to 84.02%, and 26,250 tons of raw tailings materials were processed. The quality of tailings processed in September continued to decline as announced and only 670.72 carats of diamonds were recovered. The above results combined for the entire quarter produced an average production run time for the period of 88.65% with the total raw tailings material processed during the quarter at 85,698 tons, for an average of 28,566 tons of raw tailings processed per month. The total diamonds recovered in the second quarter was down to 3,425.16 carats. The lower recovery levels were the result of the expected declines in the grades for the remaining tailings reserves being processed at the property.

These lower production results continued into the beginning of the third quarter and it was determined that the remaining quality of tailings could not support the costs associated with processing material through the main processing facility. The Company elected to shut down the main facility on November 8, 2006. At that time, operational management at the facility began the process of systematically dismantling many of the key components of the larger plant for future use while ensuring that many of the final rehabilitation obligations associated with the facility were also underway. In addition to these efforts, So Ver operational management was also tasked with evaluating the cost effectiveness of perhaps using smaller portable processing equipment to work the remaining tailings reserves.

For the fourth quarter, and to this date, there has been no additional processing of tailings materials at the So Ver Facility, nor have any definitive plans been made with regards to doing so using the suggested smaller processing equipment. Currently, So Ver's senior operations management is actively involved in the various ongoing corporate due diligence efforts associated with the identification and evaluation of additional projects.

ONGOZA MINING (Pty) Ltd.

Ongoza Mining & Exploration (Pty) Ltd. ("Ongoza") is a South African subsidiary which Diamcor formed to evaluate two key exploration opportunities that had been identified in an initial report commissioned by Diamcor from MPH Consulting Ltd. ("MPH") on So Ver in 2002. The Ongoza subsidiary is 74% owned by Diamcor, with the remaining 26% held by Pholo Mining (Pty) Ltd., which is a registered Black Economic Empowerment "BEE" group. The primary focus of Ongoza was to perform initial exploration work on the "Doornkloof" exploration project as announced in the various press releases related to it.

MPH identified that along with the tailings re-treatment facility, the property may offer thus far undervalued exploration potential in the form of a parallel dyke system, also referred to as the Doornkloof West Dyke System. That same report identified that credible evidence of two blows, and/or kimberlite pipes, lying approximately 500 meters west of the exploited Ardo Dyke System were present, and that exploration work should be completed to better determine their significance. In 2005 it was announced that the South African Department of Minerals had granted a required prospecting permit to Ongoza for certain areas of the So Ver property that would allow Ongoza to begin initial exploration work on these two key areas. On December 22, 2005 it was further announced that MPH had again been consulted to act as the independent consulting firm appointed to oversee initial exploration activities, and to act as the qualified persons overseeing various key portions of the initial exploration work. The announced exploration program began early in 2006 with initial efforts focused on the recovery and bulk sampling from the two identified blow areas in question. These efforts were aimed at better understanding if in fact the areas contained diamonds and to perhaps gain additional insight and recommendations with regards to further exploration and confirmation of the opportunities

The initial bulk sampling efforts were completed early in 2006, and the result of those efforts formed the basis of an independent exploration report which the Company received and reviewed. Along with the results of the initial bulk sampling efforts, the report outlined possible recommendations regarding the direction the program may take going forward in an effort to better identify an opportunity. In the Company's opinion, the report provided results which were limited and inconclusive and thus it elected not to expend the additional resources and capital required to produce a full 43-101 compliant report at that time. Instead the Company elected to receive a less exhaustive independent exploration report from which it could review and plan the project's future. An extensive press release was issued in September of 2006 outlining the relevant information and findings of that independent report, the basis for the exploration work completed, the examination and mapping of the area along with its historical workings, the actual exploration work completed, the identification of the sizes of the inferred blows, other dyke identification, the bulk sampling process, and the conclusions of Diamcor Management with regards to these efforts. Management continues to evaluate the project and the possible implementation of additional work that could further define the opportunity. Final decisions are expected to be made in the near future with regards to additional permit renewal and extensions for the Doornkloof project, as well as any additional programs aimed at these two areas.

PHOLO – ONGOZA'S BLACK ECONOMIC EMPOWERMENT PARTNER

The Company's relationship with its Black Economic Empowerment ("BEE") group, Pholo Mining (Pty) Ltd. ("Pholo") continues with the Ongoza Mining and Exploration (Pty) Ltd. 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. These relationships are aimed at extending the participation of Historically Disadvantaged South Africans 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 primary focus was the initial work program of Doornkloof exploration project which has now been completed. The required prospecting permits and approvals for the exploration work on the identified areas of interest on Diamcor's So Ver landholdings were granted to Ongoza late in 2005, and that work program as described above was extensively completed by the final quarter of 2006. Diamcor will continue to manage any additional work programs of the project to completion, but it is expected as noted, that the investment of current available funds and operational expertise into completing more intensive exploration programs given the uncertain results of the initial work and MPH technical report is unlikely. The Company continues to consider all recommended future programs aimed at further identifying the opportunity, as well as any potential to expand on the relationship with Pholo on other projects.

SELECTED ANNUAL FINANCIAL INFORMATION

The financial results for the period ended March 31, 2007 include the results of mining and exploration operations in South Africa. As of March 31, 2007, Diamcor held assets of $645,062 including cash of $396,461, and property, plant and equipment assets of $172,140. Liabilities totaled $455,621 which included $120,379 in accounts payable and taxes payable of $22,575. The Company has no long term debt and no amounts were due related parties. The Company's asset retirement obligation increased to $289,782. The Company operates in one market segment for the mining, production and sale of rough diamonds.

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

	Years Ended March 31,	
	2007	2006
Total revenues	$750,401	$1,893,104
Net income (loss)	($967,587)	$425,250
Basic gain (loss) /share	($0.28)	$0.14
Total assets	$645,062	$804,278
Total long term liabilities	Nil	Nil
Cash dividends	Nil	Nil

RESULTS OF OPERATIONS FISCAL 2007

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.

Diamcor had a net loss of $967,587 for the fiscal year ended March 31, 2007 as compared to net income of $425,250 for the fiscal year ending March 31, 2006. During the year, the Company generated a gross income of $750,401 through the sale of diamonds compared to gross income of $1,893,104 during fiscal 2006. The cost of sales was $710,757 which resulted in the Company realizing a gross profit of $39,644 for the year ending March 31, 2007.

Revenue

The Company's revenues decreased to $750,401 for the period ended March 31, 2007 from $1,893,104 for the period ended March 31, 2006. This is mainly due to the shut down of the So Ver Tailings Re-Treatment Facility on November 8, 2006. The Company anticipates entering into additional contracts for additional tailings re-treatment projects or diamond production through the acquisition of other diamond producing properties, but no assurances can be made for fiscal 2008.

Cost of Sales

The cost of sales correspondingly decreased to $710,757 for the period ended March 31, 2007 from $1,357,337 for the period ended March 31, 2006.

Expenses

Total expenses increased to $1,206,597 during fiscal 2007 from 893,125 during fiscal 2006 mainly due to a significant increase in consulting fees and a non-cash charge of $283,900 for stock based compensation ($0 for fiscal 2006). The Company remains focused on maintaining lower corporate overhead in an effort to conserve cash and feels it has been effective in its efforts to achieve this goal, but expects corporate expenses will need to be increased if it intends to continue with its objectives on possible exploration work and in its efforts to acquire, or participate in new projects in the future. Additional technical and corporate staff will be needed for the ongoing evaluation of potential opportunities that the Company may wish to acquire, or become involved in. It is also expected additional staff may be required to assist with the functions of investor relations and Company awareness.

Net Earnings

Mainly as a result of lower revenues, the Company experienced a net loss of $967,587 during the fiscal year ended March 31, 2007 compared to net earnings of $425,250 for the fiscal year ended March 31, 2006.

LIQUIDITY AND CAPITAL RESOURCES

During the years ended March 31, 2007 and 2006, the Company recorded a net loss of $967,587 and net earnings of $425,250, respectively. The Company had negative cash flows from operating activities of $426,056 and positive cash flows from operating activities of $227,021 during the years ended March 31, 2007 and 2006, respectively. At March 31, 2007, the Company had an accumulated deficit of $7,861,439.

On February 8, 2007, the Company completed a non-brokered private placement financing for gross proceeds of $500,000. The private placement consisted of the sale of up to 2,777,778 units at a price of $0.18 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share at an exercise price of $0.27 for a period of two years following the closing date.

On February 27, 2007, the Company reached a share for debt settlement with various debtors of the Company to convert $226,499 of accounts payable in 1,258,329 shares. As a result of the settlement, the Company also recorded $108,128 of debt settlement gains as a result of forgiveness of payables and a settlement with a related party.

Cash Position. At March 31, 2007, the Company had cash and cash equivalents of $396,461 compared to $144,699 at March 31, 2006. Due to the Company's cash position as of the year ended March 31, 2007, primarily from the February 8, 2007 financing, the Company believes that it has adequate financial resources to fund basic operations through the fiscal year end. However, the Company is in a capital-intensive business and any increased rate of growth may require the Company to raise additional funds.

Financing Activities. During the year ended March 31, 2007, the Company completed a non-brokered private placement financing of $500,000. The private placement consisted of the sale of up to 2,777,778 units at a price of $0.18 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitled the holder thereof to acquire one additional common share at an exercise price of $0.27 for a period of two years following the closing date. Additionally, the Company made advances to related parties of $111,337.

Working Capital. As of March 31, 2007 the Company had working capital of $287,455, as opposed to a working capital deficiency of $119,565 in 2006 the financing discussed earlier provided $500,000 in proceeds towards working capital.

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

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

CONTRACTUAL OBLIGATIONS

There are no significant contractual obligations for the ensuing five-year period.

FINANCIAL CONDITION AND CAPITAL RESOURCES

A portion of the cash on hand and available for use by the Company at year end March 31, 2007 was held in its foreign bank accounts in South Africa and being used for ongoing operations at its So Ver facilities and to support its ongoing efforts of acquisition investigation. Historically, operational results at the So Ver facility had provided for a surplus to be accumulated above what was required for the ongoing operational expenses at the facility; however those operations have now been suspended. These funds were previously used to re-pay a portion of the 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 follows certain procedures to aid in the recovery and re-investment of funds available from all projects; however it is not expected they will generate significant future revenues.

The Closing of the $500,000 private placement in February 2007 as well as the share-for-debt agreements with creditors to settle a total of $226,499 in outstanding liabilities, helped to solidify the Company's finances. Additionally, the Company believes that the proceeds to be raised in the non-brokered private placement financing of up to $750,000 announced on July 16, 2007 should provide the Company with adequate funds to cover operating costs and partially fund any further exploration and acquisition work beyond the fiscal year ending on March 31, 2008. However, the Company makes no representations as to when or if such financing will close and this transaction is subject to regulatory, and/or approval of the TSX Venture Exchange along with completion of all definitive documentation and filings as required.

PROPOSED TRANSACTIONS

On July 16, 2007, the Company announced that it intended to complete a second non-brokered private placement financing of up to $750,000. The private placement will consist of the sale of up to 1,500,000 units at a price of $0.50 per unit. Each unit will consist of one common share and one common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional common share at an exercise price of $0.75 for a period of two years following the closing date. The private placement is expected to close on or before August 15, 2007. This transaction is subject to regulatory, and/or approval of the TSX Venture Exchange along with completion of all definitive documentation and filings as required.

CHANGES IN ACCOUNTING POLICIES

Management is often required to make judgments, assumptions and estimates in the application of Canadian GAAP that have a significant impact on the financial results of the Company. Certain policies are more significant than others and are, therefore, considered critical accounting policies. Accounting policies are considered critical if they rely on a substantial amount of judgment (use of estimates) in their application or if they result from a choice between accounting alternatives and that choice has a material impact on the Company's reported results or financial position. There have been no changes to the Company's critical accounting policies or estimates from those disclosed in the Company's MD&A for its fiscal year ended March 31, 2007.

RISK FACTORS RELATING TO THE COMPANY'S BUSINESS

The Company faces a number of risks and uncertainties that could cause actual results or events to differ materially from those contained in any forward-looking statement. Additional risks and uncertainties not presently known to the Company or that are currently deemed to be immaterial may also impair the

Company's business operations. Factors that could cause or contribute to such differences include, but are not limited to, the following:

Capital Requirements

There is no assurance that the Company will continue to be able to access the capital markets for the required funding necessary to maintain exploration properties, nor to complete its desired exploration programs as desired. 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 development activities.

Revenues and Growth

There are no assurances that suitable additional projects will be secured, nor will recoveries and amounts of diamonds be recovered at the levels previously experienced. Ultimately, the limited remaining tailings reserves at So Ver, 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 and facilities, will expire. As well, should the Company ultimately discover diamond deposits through its exploration efforts, or acquire additional projects; the economics and feasibility of any potential project can be affected by many factors which may be beyond the capacity of the Company to anticipate or control. Tailings processing revenues and production in general are reliant on both the quality and amount of tailings both available and being processed, and the Company cannot predict with any certainty the recovery levels from a given area being worked, thus affecting revenues. This is also true of any prospective project the Company may acquire related to various other methods of diamond production.

Nature of Mining

The operation of the So Ver mining facility, along with any other 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, 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

Diamcor owns an undivided 74% interest in the assets and liabilities of the Ongoza Mining & Exploration (Pty) Ltd. ("Ongoza"), a South African subsidiary which Diamcor formed to take advantage of certain exploration opportunities on So Ver in 2002. The remaining 26% ownership is held by Pholo Mining (Pty) Ltd., which is a registered Black Economic Empowerment "BEE" group. This joint arrangement is subject to the risks normally associated with the conduct of joint ventures and similar joint arrangements. These risks include the inability to exert influence over strategic decisions, the development and operation of the Doornkloof exploration project, and mineral claims.

Diamond Prices and Demand for Diamonds

The profitability of Diamcor is dependent upon production, which is dependent in significant part upon the worldwide demand for and price of diamonds. Diamond prices fluctuate and are affected by numerous factors beyond the control of the Company, including worldwide economic trends, particularly in the US, Japan, China and India, worldwide levels of diamond discovery and production and the level of demand for, and discretionary spending on, luxury goods such as diamonds and jewelry. Low or negative growth in the worldwide economy or the occurrence of terrorist activities creating disruptions in economic growth could result in decreased demand for luxury goods such as diamonds, thereby negatively affecting the price of diamonds. Similarly, a substantial increase in the worldwide level of diamond production could also negatively affect the price of diamonds. In each case, such developments could materially adversely affect the company's results of operations.

Currency Risk

Currency fluctuations may affect the Company's financial performance. Diamonds are sold throughout the world based principally on the US dollar price. The Company reports its financial results in Canadian dollars and a majority of its costs and expenses are incurred in either Canadian dollars or the South African Rand. The Company's South African subsidiaries operate using principally the US dollar and the South African Rand and as such may be negatively affected by fluctuations in foreign exchange rates when translating from the currency of measurement of the Company's subsidiary to the Company's reporting currency. The appreciation of the Canadian dollar against the US dollar, and the depreciation of such other currencies against the US or Canadian dollar, therefore, may increase expenses and the amount of the Company's liabilities relative to revenue.

Licenses and Permits

There are inherent risks involved in operating in foreign countries, including stringent environmental and permitting issues. The operation of the So Ver Mine and 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 this license or obtain or maintain all other necessary licenses and permits that may be required to maintain the 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 the mine 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 and other matters. New laws and regulations, amendments to existing laws and regulations, or more stringent implementation or changes in enforcement policies under existing laws and regulations could have a material adverse impact on the Company by increasing costs and/or causing a reduction in levels of production from the mine. Mining and manufacturing are subject to potential risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mining and manufacturing operations. To the extent that the Company is subject to uninsured environmental liabilities, the payment of such liabilities could have a material adverse effect on the Company.

Reliance on Skilled Employees

Production and exploration at the So Ver Mine and for any other company projects is dependent upon the efforts of certain key and skilled employees. The loss of these employees or the inability of the company to attract and retain additional skilled employees may adversely affect the level of diamond production and the company's ability to operate efficiently. Currently, there is significant competition for skilled workers in these operations. The loss of the services of any of the Company's key executive officers or key employees could harm its business. None of the Company's key executive officers or key employees currently has a contract that guarantees their continued employment with the Company. There can be no assurance that any of these persons will remain employed by the Company or that these persons will not participate in businesses that compete with it in the future.

Competition

Within the minerals industry sector, and both 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 So Ver 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 anticipates, or, if operating or capital expenditures exceed its expectations and cannot be adjusted accordingly, or if some other event adversely affects the Company, the market price of the Company's securities could decline. If securities analysts alter their financial estimates of the Company's financial condition it could affect the price of the Company's securities. Some other factors that could affect the market price of the Company's securities include announcements of new explorations, technological innovations and competitive developments. In addition, if the market for stocks in the Company's industry or the stock market in general experiences a loss in investor confidence or otherwise fails, the market price of the Company's securities could fall for reasons unrelated to its business, results of operations and financial condition. The market price of the Company's stock also might decline in reaction to conditions, trends or events that affect other companies in the market even if these conditions, trends or events do not directly affect the Company. In the past, companies that have experienced volatility in the market price of their stock have been the subject of securities class action litigation. If the Company were to become the subject of securities class action litigation, it could result in substantial costs and a diversion of management's attention and resources.

OUTSTANDING SHARE INFORMATION

As at March 31, 2007:

Authorized	
Issued and outstanding shares	7,013,788
Fully diluted (3,734,198 warrants and 636,465 options)	11,384,451
Weighted average outstanding shares	3,493,698

NATIONAL INSTRUMENT 52-109 ON CERTIFICATION OF ANNUAL FILING

The Company files a 52-109F1 certification of annual filing duly executed by the Company's current CEO and CFO as required by securities laws.

OTHER

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