Form 51-102F1
For the Quarter Ended September 30, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS
(*Prepared as of November 23, 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 second quarter ending September 30, 2007, and its financial position as at September 30, 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 __ 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.

OVERVIEW

Diamcor Mining Inc. is a junior mining and exploration company incorporated under the Canadian Business Corporations Act with established operations and key strategic relationships within the Republic of South Africa. It 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 with particular focus on the mining segment of the diamond industry. The Company supplies rough diamonds to the global market.

Rough diamond prices continued to recover after softening in late 2006 and early 2007. The upward trend remains to be expected due primarily to a capped supply resulting in an anticipated decline in world production, with all sectors of the diamond industry expecting further pressure on supply in the coming years. Higher prices throughout the sector were again evident in all ranges of rough diamonds with the strongest gains again seen on the larger, better-quality, white goods during the second quarter ending September 30, 2007. Prices for better-quality, medium-sized polished diamonds continued moving upwards and that trend 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.

CORE BUSINESS AND STRATEGY

The Company continues to work towards both acquiring additional diamond related properties, as well as developing relationships that will allow the Company to gain access to additional diamond-bearing properties through the use of its established operational team and significant industry knowledge. The Company's current strategy is based on a desire that future projects should have an ability to provide near-term production and a suitable long-term project life. This strategy should allow the Company to take advantage of increased revenues from the current industry predictions for rising diamond prices due to an increasing shortfall in current world production capabilities against an increasing world demand. Management is focusing its efforts on implementing this strategy by classifying potential diamond producing properties into three distinct categories - primary kimberlite projects, alluvial projects and tailings processing projects. These categories are briefly explained as follows:

Primary Kimberlite Projects. The Company defines primary kimberlite projects as any diamond project which involves the exploration for, or underground mining of, any new or existing kimberlite pipe at the primary source where diamonds originate. Although this type of project may provide an extreme economic benefit, it is an inherently high risk proposition which requires significant capital, carries a long lead time to production, at an expected cost that could require capitalization into the hundreds of millions of dollars and requires technical expertise currently outside the scope of the current Company abilities. This strategy may occur should the Company acquire other alluvial or tailings projects (as described below) upon which the Company may discover new kimberlite pipes or blows, at which time the Company may perform initial exploration efforts to define the potential significance of the find. In this situation, initial efforts could be completed by the Company alone as previously done through its subsidiary, or with a suitable larger joint venture partners to offset associated costs and risks as is currently happening in the below-described Trans Hex arrangement.

Alluvial Projects. The Company defines alluvial projects as the exploration for, and mining of, near surface diamond bearing alluvial gravels. Alluvial gravels are the result of pre-historic erosion of the top surface areas of primary kimberlite sources which have been transported and deposited along reasonably well defined areas. These alluvial deposit areas begin inland starting at the originating kimberlite sources and ending up as far away as the coastal waters of the oceans surrounding South Africa. The alluvial gravels have been historically transported downstream towards the costal areas via large pre-historic paleo-rivers and the settlement of these gravels can now be found under varying layers of surface structure along graduating terraces in several areas over which these paleo-rivers once ran. Diamond bearing alluvial gravels can typically produce gem quality stones as a result of the very way they have been moved in the paleo-rivers. The washing or rolling method the diamonds have been transported and deposited tends to destroy small, lower quality stones during the process, while polishing and rounding the larger better quality stones. The alluvial gravel recovery process is done via a strip mining and earth moving process using heavy equipment and thus there is no requirement for any underground work or infrastructure. Exploration of potential alluvial properties to locate diamond bearing gravels involves less capital intensive methods. Initial exploration on potential alluvial properties begins with satellite, air and land based geological and geophysical work in conjunction with shallow drilling which can then be used to produce a three dimensional model to calculate inferred resource estimates for quantity, depth from surface and the geological make-up of the overburden to be removed. Alluvial projects have the ability for short term production and thus the Company strategy includes the identification, exploration and acquisition of larger, new and existing in-land alluvial projects in selected areas where successful alluvial operations currently exist.

Tailings Re-treatment Projects. The Company has gained extensive experience and a proven track record over the past years in the mining and recovery of diamonds through the re-processing of kimberlite tailings.

South Africa has a long and extensive history of large kimberlite diamond mines dating back well over 100 years. These mines worked and recovered many millions of tons of diamondiferous kimberlite tailings from open pit and deep underground mining which have become some of the most famous diamond sources in the world. There are significant opportunities to use newer and more efficient processing plants and methods to re-process quality kimberlite tailings to recover the remaining diamond reserves missed years ago. Large above ground stockpiles can be easily quantified, graded and valued, which can produce reliable modeling of processing costs and revenues. The Company sees this method of diamond mining as a stable source of long-term revenue for the Company and it remains a key focus of the Company strategy. The Company will continue with its efforts to identify, evaluate and acquire large reserves of quality diamond tailings reserves which can provide a stable base of revenue and operations from which it can fund its ongoing growth strategy.

KEY PERFORMANCE DRIVERS AND RECENT EVENTS

As of September 30, 2007 the Company's principal assets were the following: (i) a 100% interest in So Ver Mine (Pty) Ltd. ("So Ver"), a private South African company that owns the land and mining rights to an area on which it operated a diamond tailings processing operation near the town of Kimberley, South Africa, (ii) a 74% majority interest in Ongoza Mining (Pty) Ltd. ("Ongoza"), an exploration company performing initial exploration work on select areas of interest within So Ver's current landholdings, (iii) the previously announced joint venture agreement with Trans Hex Group Ltd., and (iv) the recently announced agreement in principle to acquire an initial 24% interest in the privately held South African company Nerikets Properties (Pty) Ltd. ("Nerikets") with an exclusive option to acquire the remaining 76% interest in Nerikets. The Company has also incorporated and registered a fourth South African subsidiary named Jagersfontein Diamond Mining Company (Pty) Ltd., which it plans to use for future growth related acquisitions, should any suitable projects become available to the Company.

On May 31, 2007 the Company signed a memorandum of understanding for a joint venture agreement with Trans Hex Group Ltd. and its joint venture partners (collectively "Trans Hex") to perform exploration on various new and yet unexplored portions of the Company's So Ver land holdings in South Africa. Trans Hex had been evaluating geophysical anomalies outside the So Ver mining area and is in possession of exploration information that suggested there may be potential to discover additional kimberlitic bodies on yet unexplored parts of the property. Under the terms of the joint venture understanding, Diamcor agreed to allow Trans Hex access to sample various geophysical targets identified in specific areas of its So Ver landholdings, and in exchange, Diamcor retains a 7.5% interest in any project that may follow from the exploration targets identified. Trans Hex has agreed to fund these projects through feasibility, after which all post-feasibility funding would be in proportion to each party's interest in any subsequent project that may result. These efforts continued throughout the second quarter ending September 30, 2007.

On September 14, 2007 the Company entered into an agreement in principle to acquire an initial 24% interest in the privately held South African company Nerikets Properties (Pty) Ltd. ("Nerikets") through it's 100% owned South African subsidiary Blue Dust 25 (Pty) Ltd. Pursuant to the terms of the Agreement, the Company also has an exclusive option to acquire the remaining 76% interest in Nerikets. Nerikets holds the Prospecting Rights Permit for diamond exploration over a 3,606.44 hectare area known as Hardcastle located on the north bank of the Middle Orange River (the "Hardcastle Project"). On November 5, 2007 the Company announced that it had completed all remaining due diligence and received the required approvals allowing the Company to conclude the agreement as announced.

The Company continues to evaluate various other opportunities in an effort continue to position itself for growth.

Management believes its capital structure is conducive to attracting the financing necessary to capitalizing on these growth opportunities. To this end, the Company completed a one-for-ten consolidation of its common shares on November 27, 2006. This reduced the total number of common shares issued and outstanding from 29,576,680 to 2,977,068, and the fully diluted number from 35,555,812 to 3,555,581. The Company started trading these shares under the new symbol of DMI on the TSX Venture Exchange, on a consolidated basis, on November 27, 2006. Subsequent to the share consolidation, the Company closed two non-brokered private placements and a share-for-debt settlement all completed early in 2007 .

MANAGEMENT AND CAPABILITIES

There were significant changes to the Company's management and Board of Directors during the fiscal quarter. Mr. Dean H. Taylor was appointed President and Chief Executive Officer on September 18, 2007. Mr. Taylor previously acted in a consulting role to the Company. He replaced Mr. Wayne Wolf who tendered his resignation from both the Company and the Board of Directors. Mr. Dean Del Frari, the Director of Operations in South Africa, remains with the Company and has taken a leadership role in assisting with the development of the operations team necessary to fulfill the Company's mining and exploration objectives. The Company also announced that it has appointed New York based executive Mr. Sheldon Nelson to replace Mr. Wolf as a director on the Board and that Mr. Barry Conduit had elected to tender his resignation in advance of the re-scheduled Annual General Meeting held October __, 2007. .Diamcor's Board of Directors currently consist of Mr. Dean Taylor (Chairman), Mr. Darren Vucurevich, Dr. Stephen E. Haggerty and Mr. Nelson.

The Company has developed extensive relationships and employs the services of many of the same professional consulting firms which support the ongoing projects of many of the larger South African mining companies. These relationships assist the Company in its ability to successfully evaluate, plan, and execute potential projects in a timely and professional manner. The Company has ongoing access to an established operational team of well trained employees in South Africa, and the ability to deploy them to operate any projects the Company is able to secure. In addition the Company will continue to enhance its operational management team within South Africa by drawing on the abundance of skilled and experienced executives available within the region as opportunities materialize.

SOUTH AFRICAN MINING CHARTER – BLACK ECONOMIC EMPOWERMENT (BEE)

In October 2002, with the support of all mining houses and labor unions concerned, the Broad-Based Socio-Economic Empowerment Charter was passed by South African Cabinet. This Charter called for certain ownership and management goals in the mining industry by historically disadvantaged South Africans within five years. These objectives have been set with the goal of providing equitable access to the nation's vast mineral resources for all South Africans. Many of these historically disadvantaged people are well qualified, skilled workers already in the field and provide a wealth of opportunity for junior companies such as like Diamcor. The advent of a new democratic constitution in South Africa has resulted in significant changes and restructuring of what was once referred to as the "big six" mining houses which once traditionally controlled mining production and mineral rights within the region. New legislation has seen the phasing out of this past oligarchy and a shift of focus towards the government accommodating small mining companies and creating various opportunities for junior operations to prosper and grow when affiliated with successful Black Empowerment Partners. In June of 2004, Diamcor signed its first Broad Based Black Economic Empowerment ("BEE") agreement 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 new opportunities and 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 and ongoing development of the BEE charter to its current state which is better defined as the Broad Based Black Economic Empowerment (BBBEE) will ultimately enhance its ability to secure future mining opportunities and growth within South Africa through positive affiliations with successful BBBEE groups who may have access to investment funding, and other significant projects, but lack the technical expertise required to implement and operate facilities. Various BBBEE groups have achieved significant growth through the additions of professionals from throughout South African government and various professional affiliations. These groups can provide real value and meaningful benefit in many ways, and the Company is planning to align itself with future groups with a size and ability to help it achieve its growth objectives.

In addition to enhancing the Company's management team, its Board of directors and its Black Economic Empowerment relationships, it has enhanced its financing capabilities. 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.

On July 16, 2007 the Company announced that to further strengthen the financial position of the Company, provide additional reserves for asset acquisition investigation and to fund business development costs associated with other potential opportunities, the Company planned to complete a second non-brokered private placement of up to $750,000.00. On August 31, 2007 the Company announced that it had elected to complete the proposed non-brokered private placement resulting in the issuance of a total of 1,000,000 units at a price of $0.50 per unit, for gross proceeds of $500,000.00. The decision to close the placement based on the less dilutive number of $500,000 was partially based on the negating of a cash deposit associated with possible acquisition that the Company elected not to move forward with. Each unit issued consisted of one common share and one common share purchase warrant. Each warrant entitled the holder thereof to acquire one additional common share at an exercise price of $0.75 for a period of two years following the closing date.

Management will continue to assess its financing requirements as necessary. These requirements will in large part be determined by its success in finding and developing new alluvial and tailings re-treatment projects.

CURRENT RESULTS

The Company has taken this opportunity after winding down its tailings operations at the So Ver Mine to use its resources to identify, negotiate, investigate, close and acquire new partnerships, joint ventures and properties that will take the Company to the next level of a junior mining and exploration company beyond the tailing reprocessing that had been its staple for several years. Under new leadership and management, the Company has (i) entered a joint venture with Trans Hex for exploration on certain areas of the So Ver property that may yield the Company significant revenue with little to no expense or exposure with a potential upside should kimberlite be discovered, (ii) acquired a 26% interest (and up to a 100% interest) in Nerikets which holds the Prospecting Rights Permit for diamond exploration over a 3,606.44 hectare area known as Hardcastle located on the north bank of the Middle Orange River, which the Company believes has significant economic potential, and (iii) is negotiating with certain other groups for additional tailings re-processing projects. The Company is currently establishing a business portfolio of base tailings reprocessing and new alluvial mining projects that will create definitive value for its shareholders.

The Company is well-experienced in tailings reprocessing and its wholly owned subsidiary, So Ver Mine (Pty) Ltd., operated the So Ver Tailings Re-Treatment Facility, a modern, and well maintained five story pan plant recovery system for many years that was designed to re-process tailings reserve material stored on site from surrounding underground kimberlite mines. Through the use of controlled procedures and efficient modern operations, the recovery of quality diamonds through the re-processing of old tailings materials at So Ver was a viable and profitable project. 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. The Company continues to use the So Ver facilities and employees to support the ongoing efforts associated with the continuing due diligence of future opportunities as well as with the extensive operational needs associated with the Company's new Hardcastle alluvial project and any new potential re-tailings project.

SELECTED ANNUAL FINANCIAL INFORMATION

The financial results for the second quarter ended September 30, 2007 include the results of mining and exploration operations in South Africa. As of September 30, 2007, the Company held assets of $658,632 including cash of $415,252, and property, plant and equipment assets of $196,802. Liabilities totaled $426,611 which included $90,848 in accounts payable and taxes payable of $20,674. The Company has no long term debt and no amounts were due related parties. The Company's asset retirement obligation was $294,130. The Company operates in one market segment for the mining, production and sale of rough diamonds.

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

Second Quarter	September 30/07	September 30/06	September 30/05
Total revenues	$nil	$573,517	$1,254,262
Net income (loss)	$(653,120)	$(440,690)	$496,654
Basic and diluted gain (loss) /share	$(0.09)	$(0.10)	$.02
Total assets	$658,632	$577,204	$1,171,666
Total long term liabilities	Nil	Nil	Nil
Cash dividends	Nil	Nil	Nil

RESULTS OF OPERATIONS FOR SECOND QUARTER ENDING SEPTEMBER 30, 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.

The Company had a net loss of $(653,120) for the second quarter ending September 30, 2007 as compared to net loss of $(440,690) for the second quarter ending September 30, 2006. During the second quarter ending September 30, 2007 the Company generated gross income of $ nil through the sale of diamonds compared to gross income of $573,517 during the second quarter ending September 30, 2006. The cost of sales was $45,763, which resulted in the Company realizing a gross profit of $(45,763) for the second quarter ending September 30, 2007.

Revenue

The Company had no revenues for the second quarter ending September 30, 2007, compared to revenues of $573,517 for the second quarter ended September 30, 2006. This is 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 tailings re-treatment projects or diamond production through the acquisition of other diamond producing properties, but no assurances can be made for the remainder of fiscal 2007 or 2008.

Summary of Quarterly Results

Period Ending	**Gross Revenues**	**Gross Profit**	**Income (Loss) Per Share**	**Income (Loss) Per Diluted Share**	**Net Income (Loss)**	**Net Income (Loss) Per Share**	**Net Income (Loss) Per Diluted Share**
	$000's	$000's	$	$	$000's	$	$
31-Dec-05	299.3	7.1	0.00	0.00	2.0	0.00	0.00

31-Mar-06	339.6	(19.7)	0.00	0.00	(154.3)	(0.01)	(0.01)
30-Jun-06	409.3	7.7	0.00	0.00	(180.1)	(0.01)	(0.01)
30-Sep-06	164.2	(58.9)	0.00	0.00	(255.8)	(0.01)	(0.01)
31-Dec-06	176.8	30.5	(0.01)	(0.01)	(149.3)	(0.05)	(0.05)
31-Mar-07	0.0	9.3	0.00	0.00	(377.5)	(0.11)	(0.11)
30-Jun-07	0.0	0.0	(0.02)	(0.02)	(157,527)	(0.02)	(0.01)
30-Sept-07	0.0	(45.8)	(0.00)	(0.00)	(653,120)	(0.09)	(0.09)

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

Cost of Sales

The cost of sales correspondingly decreased to $45,763 for the second quarter ending September 30, 2007 from $555,087 for the second quarter ending September 30, 2006. The direct costs recorded were associated with the finalization of Company's So Ver mine in South Africa.

Expenses

Total expenses increased to $693,249 for the second fiscal quarter ended September 30, 2007, as compared to $463,050 during the second fiscal quarter ending September 30, 2006 due to increased administrative and operating costs. Of the total expenses for these two periods $184,450 was for non-cash stock based compensation in the six month period ended September 30, 2007 as compared to $108,000 for the same period ended September 30, 2006. In addition, expenses increased from $25,579 at September 39, 2006 to $76,117 at September 30, 2007 mainly due to a new office lease for the Company headquarters. Consulting and professional fees increased collectively from $92,537 at September 30, 2006 to $166,653 at September 30, 2007 due to significant corporate reorganization and the number of project contractual relationships entered into during the period. Additionally, salaries increased from $4,124 at September 30, 2006 to $79,596 at September 30, 2007 due to an increased number of employees. The Company remains committed to managing its resources carefully and conserving cash, however, it expects total expenses will increase as it assesses the diamond bearing value of the recently closed Hardcastle acquisition and as it reviews and assesses new project opportunities.

Net Earnings

Mainly as a result of the discontinuation of the tailings re-treatment at So Ver and thus no revenue, the Company realized a net loss of $(653,120) during the second fiscal quarter ended September 30, 2007, as compared to a net loss of $(440,690) for the second quarter ending September 30, 2006.

LIQUIDITY AND CAPITAL RESOURCES

During the second quarter ending September 30, 2007 and 2006, the Company recorded a net loss of $(653,120) and net loss of $(444,620), respectively. The Company had negative cash flows from operating activities of $(425,367) and $(110,050) during the second quarter ending September 30, 2007 and 2006, respectively. At September 30, 2007, the Company had an accumulated deficit of $(8,514,559).

Cash Position. At September 30, 2007, the Company had cash and cash equivalents of $415,252 compared to $396,461 at September 30, 2006. The Company believes it has adequate cash for operating purposes through the end of the fourth fiscal quarter. Unless the Company can derive revenue from its current projects, it will have to (i) entertain and investigate an additional private placement or other debt facility, or (ii) rely on current warrant holders to exercise outstanding warrants that will be expiring. However, the Company is in a capital-intensive business and no assurances can be made that it will be able to generate revenues timely or raise additional funds.

Financing Activities. On August 31, 2007 the Company completed a non-brokered private placement resulting in the issuance of a total of 1,000,000 units at a price of $0.50 per unit, for gross proceeds of $500,000.00. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one additional common share at an exercise price of $0.75 for a period of two years following the closing date. Additionally, after the close of the period, the Company completed a previously announced share-for-debt agreement whereby it settled a total of $40,810 in debt through the issuance of 68,017 shares at a deemed fair value of $0.60 per share.

Working Capital. As of September 30, 2007 the Company had working capital of $311,393, as compared to a working capital deficiency of $(283,579) at September 30, 2006.

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 revenues and financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

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

The closing of the $500,000 gross proceeds private placement on February 27, 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. The second non-brokered private placement financing of $500,000 closed on August 31, 2007 provided the Company with adequate funds to cover operating costs and partially fund further exploration and acquisition work beyond the period ending September 30, 2007. Additionally, after the close of the period, the Company completed a previously announced share-for-debt agreement whereby it settled a total of $40,810 in debt through the issuance of 68,017 shares at a deemed fair value of $0.60 per share.

A portion of the cash on hand and available for use by the Company at September 30, 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 additional acquisition investigation, and the recently announced work at the Company's new Hardcastle Project. 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.

PROPOSED TRANSACTIONS

On September 14, 2007 the Company entered into an agreement in principle to acquire an initial 24% interest in the privately held South African company Nerikets Properties (Pty) Ltd. ("Nerikets") through it's 100% owned South African subsidiary Blue Dust 25 (Pty) Ltd. Pursuant to the terms of the Agreement, the Company also has an exclusive option to acquire the remaining 76% interest in Nerikets. Nerikets holds the Prospecting Rights Permit for diamond exploration over a 3,606.44 hectare area known as Hardcastle located on the north bank of the Middle Orange River (the "Hardcastle Project"). On November 5, 2007 the Company announced that it had completed all remaining due diligence and received the required approvals allowing the Company to conclude the agreement as announced. On November 19, 2007, the Company announced that it had begun the initial exploration program on the recently announced Hardcastle Alluvial Project located on the north bank of the Middle Orange River.

CHANGES IN ACCOUNTING POLICIES

Management is often required to make judgments, assumptions and estimates in the application of Canadian GAAP that have a significant impact on the financial results of the Company. Certain policies are more significant than others and are, therefore, considered critical accounting policies. Accounting policies are considered critical if they rely on a substantial amount of judgment (use of estimates) in their application or if they result from a choice between accounting alternatives and that choice has a material impact on the Company's reported results or financial position. There have been no changes to the Company's critical accounting policies or estimates from those disclosed in the Company's MD&A for the period ending September 30, 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. 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 (Ongoza)

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

Nature of Joint Arrangement (Hardcastle)

On September 14, 2007 the Company announced that it had entered into an agreement in principle to acquire an initial 24% interest in the privately held South African company Nerikets Properties (Pty) Ltd. (“Nerikets”) through it’s 100% owned South African subsidiary Blue Dust 25 (Pty) Ltd.. Pursuant to the terms of the Agreement, the Company also announced it had secured an exclusive option to acquire the remaining 76% interest in Nerikets. Nerikets is a BEE registered and compliant South African company which holds the Prospecting Rights Permit for diamond exploration over a 3,606.44 hectare area known as Hardcastle located on the north bank of the Middle Orange River (the “Hardcastle Project”). This joint arrangement is subject to the risks normally associated with the conduct of joint ventures and similar joint arrangements. These risks include the inability to exert influence over strategic decisions, the development and operation of the Hardcastle alluvial project, and mineral claims.

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

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 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 September 30, 2007:

Authorized

Issued and outstanding shares	8,055,455
Fully diluted (4,692,031 warrants and 767,500 options)	13,514,986
Weighted average outstanding shares	7,449,077

NATIONAL INSTRUMENT 52-109 ON CERTIFICATION OF ANNUAL AND INTERIM FILINGS

The Company files a 52-109F2 certification of interim filings duly executed by the Company's current CEO and 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.