

This is the form of a material change report required under Section 85(1) of the Securities Act.

FORM 27

BRITISH COLUMBIA SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE ACT

NOTE: This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this form are complied with.

NOTE: Every report required to be filed under Section 85(1) of the Act shall be sent to the Commission in an envelope addressed to the Commission and marked "Continuous Disclosure".

NOTE: WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS "CONFIDENTIAL - SECTION 85", AND EVERYTHING THAT IS REQUIRED TO BE FILED SHALL BE PLACED IN AN ENVELOPE ADDRESSED TO THE SECRETARY OF THE COMMISSION MARKED "CONFIDENTIAL".

Item 1. Reporting Issuer

State the full name and address of the principal office in Canada of the reporting issuer:

Diagem International Resource Corp.
Suite 700-900 West Hastings Street
Vancouver, B.C.
V6C 1E5

Item 2. Date of Material Change

October 10, 2000

Item 3. Press Release

The Press Release dated October 10, 2000 was forwarded to the Canadian Venture Exchange and disseminated via Canada News-Wire Ltd.

A copy of the Press Release is attached as Schedule "A".

Item 4. Summary of Material Change

The Company announced that it had discovered two new kimberlite bodies on its Rio Tinto joint venture properties in its area of interest in Mato Grosso State, Brazil.

Item 5. Full Description of Material Change

Supplement the summary required under item 4 with the disclosure which should be sufficiently complete to enable a reader to appreciate the significance of the material change without reference to other material. Management is in the best position to determine what facts are significant and must disclose those facts in a meaningful manner. See also item 7.

The description of the significant facts relating to the material change will therefore include some or all of the following: dates, parties, terms and conditions, description of any assets, liabilities or capital affected, purpose, financial or dollar values, reasons for the change, and a general comment on the probable impact on the reporting issuer or its subsidiaries. Specific financial forecasts would not normally be required to comply with this form.

The above list merely described examples of some of the facts which may be significant. The list is not intended to be inclusive or exhaustive of the information required in any particular situation.

For a full description of the material change, see Schedule "A".

Item 6. Reliance on Section 85(2) of the Act

If the report is being filed on a confidential basis in reliance of Section 85(2) of the Act, state the reasons for such reliance.

INSTRUCTION:

Refer to Section 85(3) of the Act concerning continuing obligations in respect of reports filed pursuant to this subsection.

Not Applicable.

Item 7. Omitted Information

In certain circumstances where a material change has occurred and a material change report has been or is about to be filed but s. 85(3) of the Act will no longer be relied upon, a reporting issuer may nevertheless believe one or more significant facts otherwise required to be disclosed in the material change report should remain confidential and not be disclosed or not be disclosed in full detail in the material change report.

State whether any information has been omitted on this basis and provide the reasons for any such omission in sufficient detail to permit the Commission to exercise its discretion pursuant to s. 169(3) of the Act.

The reasons for the omission may be contained in a separate letter filed as provided in section 153 of the Securities Rules.

Not Applicable.

Item 8. Senior Officers

The following Senior Officer of the Company is available to answer questions regarding this report:

David Cohen
President
Tel: 688-4367

Item 9. Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

Dated at Vancouver, B.C., this 23rd day of October, 2000.

**DIAGEM INTERNATIONAL RESOURCE
CORP.**

Per:

“Paul C. MacNeill”

Paul C. MacNeill

Director



Diagem International Resource Corp.
NEWS RELEASE

SCHEDULE "A"

October 10, 2000

CDNX: DGM 2000 – 14

Vancouver, British Columbia, Canada

New Kimberlite Discoveries

Diagem announces that it has discovered two new kimberlite bodies, on its Rio Tinto joint venture properties, in its area of interest in Mato Grosso State, Brazil. Preliminary small samples have been analysed by CF Minerals Laboratories Ltd. in Kelowna, Canada, to confirm that the material collected is indeed kimberlite. This now brings the total to five kimberlites currently under investigation. The detailed data from all five sets of samples is currently being interpreted and information on the evaluation will be available shortly. Diagem's exploration team has already commenced work to delineate and evaluate these kimberlites.

The two new discoveries once again serve to confirm management's belief in the tremendous potential of the region. Furthermore, the discoveries highlight the success of the Company's exploration team, under the leadership of Mr. Paulo Andreazza (Manager of Exploration), in applying its new prospecting models in this region.

Mr. Andreazza advises that he has taken extreme care to ensure that all auger samples are not contaminated in any way by other geological occurrence other than the kimberlite. Auger samples have been taken from a depth of no less than two metres below the saprolite/surface contact. Average depth for testing is between five and ten metres below the surface. Further information on these kimberlites will be available once delineation and initial sample testing have been completed.

Diagem has also had some very interesting results from its work on a number of other target anomalies. To date six additional stream gravel anomalies have been identified and 14 ground magnetic anomalies. All targets are being followed up.

As some of the kimberlites are located on a working farm, approximately 2,000 hectares in size, the process of complying with the Brazilian Mining Code has been accelerated. This process involves the establishment, through an independent evaluator, of an economic rent to allow the surface rights to be disturbed and/or accessed. During this process Diagem has been restricted in the work it has been permitted to conduct in the immediate area. The evaluation of economic loss to the farmer has already been completed and suggests a range of C\$11,100 to C\$34,300 for an initial two-year period. Brazilian courts will now review the evaluation and submittals from the parties to make a final ruling, establishing the rent to be paid. Following the ruling, expected within the next 60 days and the deposit of the awarded amount in trust, Diagem will be permitted to



Diagem International Resource Corp.

NEWS RELEASE

expand its activities in the area. Management fully support and have confidence with this process.

Corporate matters

David Cohen, President, has completed his sale of common shares in the company as announced in the October 2 2000 news release. Funds raised from this sale will be used to fund the private placement also announced in the October 2, 2000 news release.

About Diagem

Diagem is a developing diamond company with exciting diamond exploration, mining and marketing projects. Its main area of interest is located in Mato Grosso State, Brazil, a politically and economically stable country believed to have huge untapped mineral resources. Diagem has established an extensive property portfolio of approximately 140,000 hectares of property which, hosts, or is prospective for, both kimberlite deposits and/or alluvial diamond deposits. Diagem boasts an impressive team of diamond industry, exploration, mining and corporate professionals.

The Diamond Industry has entered a very dynamic period in its history with many new changes and opportunities. It is generally accepted that the fundamentals are now in place for the industry to enjoy an extended period of growth and prosperity. Diagem is strategically positioned to take advantage of this with its active kimberlite evaluation and diamond exploration projects as well as having a source of alluvial diamonds, which can be readily mined.

This release and prior releases are available on the Company's Internet web site located at www.diagem.com.

For and on behalf of DIAGEM International Resource Corp.

"David Cohen" President

CONTACT:

Investor relations external:

King Capital Corp.

Tel: (604) 605-8852 or toll-free 1-800-979-9327

Investor relations In-house:

David Cohen, President, or **Tony Wood**, COO, CFO.

Tel: (604) 688-4367, **Fax:** (604) 687-3912,

Email: investors@diagem.com **Website :** www.diagem.com