Management Discussion & Analysis

For the Interim Period Ended
December 31, 2017

DIAMCOR MINING INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE INTERIM PERIOD ENDED DECEMBER 31, 2017

Management's discussion and analysis ("MD&A") focuses on significant factors and the operating results and financial position of Diamcor Mining Inc. ("Diamcor" or the "the Company") and its subsidiaries. In order to better understand the MD&A, it should be read in conjunction with the interim unaudited consolidated financial statements and notes thereto for the three-month interim period ended December 31, 2017, and the MD&A and unaudited consolidated financial statements for the three-month interim period ended December 31, 2016. The effective date of this MD&A is March 1, 2018.

The unaudited consolidated financial statements for the interim period ended December 31, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise specified, all financial information is presented in Canadian dollars.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary notes contained herein.

Additional information about the Company and its business activities is available on SEDAR at www.sedar.com and on the Company's website at www.diamcormining.com.

HIGHLIGHTS

Corporate

- ▽ **Canadian company listed on TSX Venture Exchange under the symbol DMI, and on OTC market OTCQB under the symbol DMIFF.**

- ▽ **Supplier of rough diamonds to the world market for over 10 years with strong industry relationships and an experienced management team.**

- ▽ **Long-Term strategic alliance and financing with world famous New York based Tiffany & Co. Tiffany's owns 3,022,827 common shares of the Company.**

- ▽ **Krone-Endora at Venetia project acquired from De Beers represents a rare late-stage opportunity, with the potential for near-term production and long-term growth.**

- ▽ **Cash flowing from trial mining underway, current exercises aimed at aiding the Company in arriving at initial production decisions in near-term.**

- ▽ **Positioned as one of the few companies with the potential to supply rough diamonds to the world market at a critical time with future rough diamond demand expected to exceed supply as a result of reducing output from existing sources, and the lack of new discoveries.**

HIGHLIGHTS

Krone-Endora at Venetia Project

- ▽ **Project acquired from De Beers in competitive process to achieve mandate of supporting junior mining and women in mining through the divestiture of non-core assets to suitable candidates with proven operational experience.**

- ▽ **Project covers an area of 5,888 hectares directly adjacent to De Beers' flagship Venetia Diamond Mine, and deposits are identified as being the result of the direct shift and subsequent erosion of material from Venetia to the lower surrounding areas including those of Krone and Endora.**

- ▽ **Significant infrastructure complete: ~20km of primary access roads, two deposit specific plants with targeted throughput of ~500 TPH, ~20km of water pipelines, lined water storage dams, ~13km main power line, backup generator power systems, work camps, extensive operational equipment, and various other infrastructure items to support project for the long-term.**

- ▽ **Nature of deposit allows for low-cost surface mining operation with maximum depth of 15M, no blasting or underground. Deposit specific plants, high percentage of gem or near gem quality, large diamond potential, and significant future growth potential from surrounding areas.**

- ▽ **Ongoing trial-mining exercises completed to December 31, 2017 have resulted in the incidental recovery and sale of 111,101.69 carats of rough diamonds generating (US) $19,098,105 or (US) $171.90 per carat on average. Largest individual rough diamond recovered to date - 91.7 carats.**

- ▽ **30-year mining right secured for initial area targeted (657.71 of 5,888 hectares), Water Use License secured, transition to large-scale trial mining underway. Combined efforts aimed at aiding the Company in arriving at production decisions for the project in the near-term.**

INTRODUCTION

Diamcor Mining Inc. ("Diamcor" or the "Company") is a junior mining and exploration company incorporated in the Province of British Columbia under the Business Corporations Act (BC) with an established operational history of supplying rough diamonds to the world market. The Company pursues diamond related properties in South Africa and other diamond producing countries. Diamcor is currently developing and advancing its Krone-Endora at Venetia project in South Africa. The Company's common shares trade on the TSX Venture Exchange under the symbol "V.DMI", and on the OTCQB tier in the United States under the symbol "DMIFF".

Diamcor's principal business is the identification, acquisition, exploration, evaluation, operation, and development of unique diamond based resource properties with a specific focus on the mining segment of the diamond industry. The Company acquired the Krone-Endora at Venetia project from De Beers, has established a long-term strategic alliance, and secured financing from world famous luxury retailer Tiffany & Co. The Company's strategy is to be a producer and supplier of quality rough diamonds to reputable diamond purchasing entities serving the global diamond market.

CORE BUSINESS AND STRATEGY

Diamcor has an established operating history in South Africa, key strategic relationships within the diamond industry in South Africa, Canada, China, Brazil and the United States, extensive knowledge of diamond mining opportunities, and is developing the Krone-Endora at Venetia project. The Company's strategy is to identify, evaluate, acquire, and develop various types of diamond related properties, with a specific focus on opportunities which demonstrate the potential to generate near-term and sustained rough diamond production and positive cash flow while minimizing shareholder dilution.

The Company advanced this strategy by acquiring the Krone-Endora at Venetia project from De Beers Consolidated Mines Limited on February 28, 2011. The Krone-Endora at Venetia project consisted of the prospecting rights over the farms Krone 104MS and Endora 66MS, which represent a combined surface area of approximately 5,888 hectares directly adjacent to De Beer's flagship Venetia Diamond Mine in South Africa. The deposits which occur on the properties of Krone and Endora have been identified as both, an upper "eluvial" deposit, as well as a lower / basal "alluvial" deposit, both of which are proposed to have originated from the higher grounds of the adjacent Venetia kimberlites, with the full extent to which these deposits occur over the entire area of the project yet to be determined. De Beers previously completed exploration efforts on an initial area of interest comprised of approximately 310 hectares of the properties, the results of which were reported in an initial Independent National Instrument 43-101 Technical Report (the "Initial Technical Report") which was filed by the Company on July 30, 2009 in conjunction with the acquisition. Based on the initial work completed to that date, the Initial Technical Report provided an inferred resource estimate of 54,258,600 tonnes of diamond bearing gravels, and 1.3 million carats of diamonds for the 310 hectare area of interest in that report. The Initial Technical Report also noted that based on the previous work programs and evaluation completed to date by De Beers and the Company, an estimated 1,000m, or 1 vertical km, of material has shifted and eroded off of the kimberlites of Venetia onto the lower surrounding areas including those of Krone and Endora, but the full extent to which this material may be present on the Krone and Endora properties currently is unknown. The Company's near-term efforts are focused on the key areas of interest defined by the previous work and estimates outlined in the Initial Technical Report, and specifically those within the defined K1 area of the project, the procurement and installation of infrastructure and equipment required to support the further advancement of the project, subsequent trial mining and bulk sampling to better define the location and extent of the materials on both the Krone and Endora properties, and the completion of work required to support the filing of an updated Independent National Instrument 43-101 Technical Report (the "Updated Technical Report") on April 28, 2015. The combined efforts and work underway are aimed at allowing the Company to secure data to aid it in arriving at initial production decisions for the project.

In addition to the advancement of the Krone-Endora at Venetia project, the Company continues to review and pursue mining opportunities in South Africa and other known diamond mining regions. The Company believes its strategy will ultimately allow it to take advantage of a potential long-term trend of increasing rough diamond prices which many industry experts believe will ultimately continue in the coming years. These forecasted rough diamond price increases are a function of projected material shortfalls in future diamond production, the potential continued

increase in customer demand in developing markets such as China and India, and restoration of demand in historically strong markets such as the United States. Along with these assumptions, it is widely accepted and documented that many of the existing diamond mines in the world may be reaching the later stages of their expected life of mine, and current rough diamond production levels are expected to remain consistent at best, or potentially be further reduced in the future. This situation, coupled with the fact that no large new mines demonstrating an ability to meet projected future increasing demands have been identified in many years, and the fact that long lead times of 7 - 10+ years are typically associated with bringing any large new diamond mine into production, all combine to present a compelling opportunity for companies which have the ability to provide rough diamond production in the coming years. The Company believes it is well positioned to exploit this opportunity.

As part of the implementation of the Company's strategy and focus on projects which demonstrate a near-term potential for production, management classifies all projects into three distinct diamond project categories, all of which have typical expectations with regard to lead times to production and their associated development costs. The Krone-Endora at Venetia project acquired by the Company from De Beers has been identified as a higher-grade alluvial deposit (material deposited by ephemeral streams) which is covered by a rare lower-grade eluvial deposit (direct shift of material through the action of gravity and rain wash) the nature of which is described in further detail below.

The three basic diamond project categories as defined by the Company when reviewing potential projects are - Primary Kimberlite Projects, Alluvial and Eluvial Projects, and Tailings Re-Treatment Projects. These project categories as defined by the Company are briefly explained as follows:

Primary Kimberlite Projects - The Company defines primary kimberlite projects as any diamond project which involves the exploration for, or open-pit / underground mining of, any new or existing kimberlite source, these areas being the primary source from which rough diamonds originate. Given the fact that in recent years it has proven very difficult to identify any new significant economical kimberlite sources of diamonds, the fact that associated long lead times of seven to ten years (or more) to production are typical of these projects, as is capitalization into the hundreds of millions of dollars. The Company's initial involvement in such projects may occur should the Company acquire projects and then discover new kimberlite bodies of interest on those properties during its ongoing geological evaluation of a project. While currently not a primary focus of the Company, the Company does have the ability to perform initial exploration efforts to define the potential significance of such a find, after which it is anticipated any additional efforts would be considered as warranted.

Alluvial and Eluvial Projects - The Company defines both alluvial and eluvial projects as the exploration for, and mining of, near surface diamond bearing gravels. While the terms alluvial and eluvial sound similar, the two deposit types are distinctly different. Alluvial gravel deposits occur as a result of the pre-historic erosion of the top surface areas of primary kimberlite sources by ancient rivers which previously ran over them. The alluvial gravels, and any diamonds contained in these gravels which are eroded from the kimberlite tops, are typically transported downstream before finally settling in areas where these ancient rivers slowed, turned, and/or formed deposit areas. In these situations, the deposited / settled alluvial gravels and associated diamonds are typically found under varying layers of surface structure along graduating terraces in the various key settling areas over which these paleo-rivers once ran. Diamond bearing alluvial gravels typically produce gem quality stones as a direct result of the manner and distance by which they have been transported by the paleo-rivers from their originating sources since the washing or rolling effect of transporting the diamonds, sometimes great distances, tends to destroy the smaller lower quality stones during the process while polishing, rounding, and depositing the larger better quality stones into the various settlement areas. Unlike the capital intensive methods of recovering diamonds from a deep hard rock primary kimberlite source, the alluvial gravel recovery process is done via a simple strip mining and earth moving process using heavy equipment with no requirement for any underground work or associated infrastructure. Exploration of potential alluvial properties to locate diamond bearing gravels also involves less capital intensive methods allowing alluvial projects to be advanced towards production in a relatively short period of time.

Eluvial projects are similar in nature to alluvial projects with regard to production requirements, but significantly more rare and unique due to the fact that their deposits occur immediately adjacent to a known primary source, and are created in a different manner. In the typical alluvial deposits described above, constant flowing pre-historic paleo-rivers slowly eroded away the gravel deposits and diamonds from the source and then transported them downstream to various collection or settlement points, sometimes hundreds of miles away from the source. In

contrast to this constant erosion process, eluvial deposits are primarily the result of a gravitational movement, or shift, of material in conjunction with the subsequent erosion or weathering which forms the resulting accumulation or deposit directly adjacent to, or near, the primary source. Due to the fact that these deposits have not moved any significant distance, eluvial deposits also tend to more closely mirror the characteristics of the primary source, with due consideration to the fact they are not as uniform in nature. These characteristics can provide for a more definitive understanding of the deposit in general, especially in circumstances where the primary source of origin is well understood. Eluvial deposits would also be expected to retain the same potential for larger diamonds to exist as an alluvial deposit but typically include the added benefit that the smaller diamonds are also retained, as opposed to being destroyed, due to the short-duration of the event causing the deposit, and the short distance the deposit has travelled from the originating source. As noted above, the Krone-Endora at Venetia project acquired from De Beers by the Company has been identified as a proposed higher-grade lower/basal alluvial deposit which is covered by a lower-grade upper eluvial deposit. The project is located directly adjacent to the identified source of the deposits, that being De Beer's flagship Venetia Mine. Venetia is one of the world's most significant and well established diamond mines with previously published yearly production volume highs of approximately 9.0 million carats per year (~3.5M – 2015), and independent references noting a high percentage of diamonds recovered as being classified as gem quality. The decision to transition to underground operations at Venetia was recently made by De Beers, and an estimated (US)$2.1B capital expenditure is currently underway. These efforts are expected to extend the mine's life significantly.

Tailings Re-Treatment Projects - Countries such as South Africa, and a select few other countries, have a long and extensive history of large kimberlite diamond mines dating back over 100 years. The age of these mines presents an opportunity for newer and more modern processing and recovery methods to be implemented to reprocess vast stockpiles of previously processed tailings materials. Several of these historical mines recovered many millions of tons of diamondiferous kimberlite material from open pit and deep underground mining operations, and are recognized as some of the most famous diamond producing mines in the world. The ability to use newer and more efficient processing plants and methods to re-process stockpiled kimberlite tailings from these mines to recover diamonds missed due to inefficient processing can present a significant opportunity in certain cases. These large above-ground tailings stockpiles can be quantified, graded, and valued to produce reasonably reliable modeling of processing costs and expected revenues.

KEY PERFORMANCE DRIVERS AND RECENT EVENTS

The primary performance drivers for the Company are the identification and acquisition of projects which demonstrate potential for near-term diamond production with suitable costs and diamond yields, the successful transition of these projects to full scale production, current and future rough diamond market prices, and the establishment of strategic relationships with reputable purchasing entities of rough diamonds serving the global markets.

Trade publications and industry experts widely reported a trend of steadily increasing rough diamond prices into the early part of 2008. During that period, demand continued to grow and experts predicted that demand would soon exceed available supply due to the fact existing sources were reaching the later stages of their project lives. Additionally, no new large kimberlite discoveries had been made for many years which demonstrate the ability to supply these projected increases in demand. The onset of the global financial crisis in 2008 and 2009 had a profound effect on the world economy including the diamond market. At that time, analysts, industry experts, and trade publications reported a softening of diamond prices and short-term demand. Despite the expected decline in the United States market, industry experts anticipated increasing demand in the future from the vast emerging markets of China, India, and the Middle East. As of mid-2009 rough diamond prices began to recover, and by early 2010 that recovery began to approach the previous all-time highs experienced in 2008 prior to the global financial crisis. This trend of steadily increasing rough diamond prices largely continued, and by the mid part of 2011 various sources were reporting rough diamond prices in excess of the 2008 pre-crisis highs. These highs were followed by recent periods of weakening of prices in 2015/16, however by the end of 2017 various industry experts believe rough prices had reached the bottom of their cycle, and a potential return to a trend of increasing rough diamond prices over the long-term was possible due to the various pre-financial crisis factors previously outlined, all of which remain relevant today. Readers are cautioned that any significant and sustained decrease in the market prices for rough diamonds could have a material adverse effect on the Company's performance and results from operations.

As of December 31, 2017, the Company's principal assets were the following: (i) a 70% majority interest in DMI Minerals South Africa (Pty) Ltd., which the Company used to acquire the Krone-Endora at Venetia project from De Beers Consolidated Mines Limited, (ii) a 100% interest in DMI Diamonds South Arica (Pty) Ltd., an entity which serves as the Company's main corporate entity to support its South African projects, operations, initial exploration efforts, and the evaluation of all future projects. Below are brief descriptions of each of these assets.

DMI Minerals South Africa (Pty) Limited – The Company owns a 70% majority interest in DMI Minerals South Africa (Pty) Ltd. ("DMI Minerals") with the remaining 30% interest held by the Company's South African Black Economic Empowerment partner Nozala Investments (Pty) Ltd. ("Nozala"). The subsidiary was formed for the acquisition of projects which demonstrate the potential for both near-term production capabilities and suitable life of mine scenarios. On May 26, 2008, DMI Minerals received confirmation from De Beers that its proposal to acquire the Krone-Endora at Venetia project had been approved as the successful bid pending finalization of a definitive sale of assets agreement. On December 22, 2008, the parties to the transaction completed and executed a definitive sale of assets agreement, and then subsequently on March 31, 2010, executed an amended and updated version of the original sale of assets agreement. Under the terms of the original sale of assets agreement the entire area associated with the Endora 66MS property prospecting right was to be transferred, along with an agreed upon portion of the entire area of Krone 104MS property prospecting right subject to an amendment to exclude certain areas inside the current De Beers Venetia Mine fence line. Despite the delays incurred by this, after due consideration to the proposed area of the Krone 104MS property in question for exclusion, De Beers subsequently agreed to transfer the entire area of Krone 104MS without any amendment or sub-division as part of the transaction. There were no other material changes to the agreement. This amendment allowed the Company to review additional areas of interest between those areas previously identified in the Initial Technical Report and the proposed source of the deposits origin, that being the kimberlite pipes of De Beers Venetia mine. The transaction was ultimately finalized on December 14, 2010, and on February 28, 2011 the acquisition of the Krone-Endora at Venetia project was closed.

Following the closing of the Krone-Endora at Venetia project acquisition, on March 23, 2011, the Company in conjunction with its subsidiary DMI Minerals entered into a long-term strategic alliance and financing agreement with subsidiaries of New York based Tiffany & Co. Under the terms of the strategic agreement, Tiffany & Co. secured a first right of refusal to purchase up to 100% of the future production of rough diamonds from Krone-Endora at Venetia at fair market value prices to be negotiated and adjusted from time to time to reflect current market conditions. As part of the agreement, DMI Minerals retained the right to freely market all specials (rough diamonds 10.8 carats or larger in size), as well as all other diamond production not selected for purchase by Tiffany & Co. under the terms of their first right of refusal. To expedite the advancement of the project, Tiffany and Co. provided the Company with an initial aggregate amount of $5,500,000 in financing through its subsidiary Tiffany & Co. Canada, after which the Company immediately began work to develop and advance the project.

The development of extensive infrastructure began at the project in April of 2011, along with preparations for the start of an extended drilling program, a planned bulk sampling program, and trial mining exercises as recommended by the Initial Technical Report. The completion of extended drilling on 558 targets and the recommended programs undertaken were designed to be a continuation of the work previously completed by De Beers and aimed at:

- assisting the Company in its determination of the location and construction of infrastructure for the project.
- assisting the Company in its determination of how best to proceed with the further evaluation of areas of the project previously explored.
- assisting the Company in identifying additional areas of interest not yet accounted for in the Initial Technical Report for future exploration.
- allow the Company to establish a current diamond price estimate for the project.
- advance the recommended work programs to support the filing of an Updated Independent Technical Report (filed on April 28, 2015).
- support the Company's bulk sampling and trial mining exercises.
- support the application and issuance of a Mining Right from the South African Department of Mineral Resources (granted on September 11, 2014).

- support the issuance of a Water Use License from the South African Department of Water Affairs (granted on April 11, 2016).

Collectively, all efforts are aimed at allowing the Company to collect data and aid it in arriving at initial production decisions for the project.

Extensive infrastructure developments to support the project for the long-term have been completed, along with the deployment of operational equipment, and the construction of two large modular processing plants for the project. Efforts to date have included:

- the clearing of 60km of temporary access roads to support the extended drilling program, and the Company's decision on the establishment of required infrastructure.
- the identification of areas to be potentially targeted for additional bulk sampling and trial mining exercises, and the location for the construction of the project's plant site.
- the removal of +/-4,000 truckloads of material for the establishment of a quarry in the area selected for future trial mining exercises.
- the clearing of ~2 hectares for the construction of the plant site, with the construction of fresh water and settling dams, the completion of civil engineering works, and the construction of a 5m raised wall around the plant site.
- the construction of ~20km primary access roads and bridges to support the long-term needs of the project.
- the installation of ~5km of high strength electrical security fencing, automated security gates, and security checkpoint facilities.
- Extensive concrete work and infrastructure for the main treatment/processing plant, operational offices, and workshops.
- the installation of seven water pipelines totaling ~20km in total length.
- the installation of a ~13km of main power-line and backup diesel generators.

Significant work has also been completed on the installation, testing, and development of the project's deposit specific in-field dry-screening and main treatment plants to support the stated objectives and continued advancement of the project. Due to the nature of the deposit, and specifically its high percentage of sand content (<1.0mm in size), extensive consideration was required in the development of infrastructure, and specifically the dry-screening plant and main treatment plant. The use of a separate in-field dry-screening plant located near the quarry was developed to achieve the goal of dry-screening out fine materials to lower operational costs, and to provide the additional benefit of reducing overall water consumption at the main treatment plant. The Company's initial target was to reduce the total volume of material by approximately 45% through the removal of fine material <1.0mm in size. Company management, in conjunction with various equipment manufacturers and engineering firms, continuously evaluated various methods of dry-screening and then developed the in-field dry-screening plant by performing tests on various pieces of equipment using material from the project. In conjunction with an additional $4,000,000 financing from Tiffany & Co., this design work was completed, with the result being the current large modular in-field dry-screening system which includes: a rotary trommel, Dabmar Bivitec dry-screening and Resonance screening technology, extensive conveyor structures, and various other associated items. After additional testing, the Company determined that while the final design of this deposit specific dry-screening plant demonstrated an ability to achieve the primary operational goals targeted by the Company, the further expansion of these quarrying and dry-screening operations was undertaken to provide for even greater efficiencies, volumes, and the further increase in the removal of fine material (with the revised target of removing ~60% of fine material <1.0mm in size). The testing and commissioning of these expanded quarrying and dry-screening operations indicate these efforts have provided a considerable increase in overall dry-screening capacities and operational efficiencies, which are currently meeting or exceeding Company expectations. Through subsequent testing and processing of material through the project's facilities at high volumes, the Company identified issues in the ability to recover waste water from the project's settling dams due to fines being liberated at the main treatment plant. Extensive testing of both the project's water and material were completed, and the Company is currently focusing additional efforts on the installation of a suitable paste thickening plant to address this issue. During, and subsequent to, the interim period ended December 31, 2017, the Company continued to advance its efforts on final refinements to operational items aimed at further enhancing the efficient screening of material, incorporating the processing of large material through the project's dedicated large diamond recovery circuit, reducing operating

costs, increasing processing capacities at the treatment plant, expanding the project's x-ray sorting and final recovery facilities, and advancing the installation of the noted paste thickening plant to enhance water recoveries and overall water efficiencies at the project. All efforts underway are designed to support the further advancement of the project and the recommendations of the Updated Technical Report.

The Company has placed significant focus and emphasis on the successful closing, financing, and advancement of the Krone-Endora at Venetia project over a period of several years and currently views this project as its most significant business opportunity in the short-term. Building upon the success of the Krone-Endora acquisition, the related Tiffany & Co. strategic alliance and financing, and the further leveraging of management's experience, the Company also continues the process of identifying and evaluating other diamond mining opportunities with a view towards new acquisitions, development, and production opportunities.

DMI Diamonds South Africa (Pty) Limited ("DMI Diamonds") – Is the Company's 100% owned South African subsidiary which is used as the Company's main corporate entity to support its South African projects and operations. As part of the Company's ongoing efforts to identify, acquire, and develop production based projects, DMI Diamonds continuously evaluates and provides production support and equipment to various potential and ongoing projects within South Africa.

MANAGEMENT AND CAPABILITIES

There were no new appointments to the Company's management during the interim period ended December 31, 2017, and no changes to the Board of Directors. Mr. Dean H. Taylor remains a Director and the Company's President and Chief Executive Officer. The Company's Board of Directors consist of the Company's CEO, Mr. Dean Taylor (Chairman), the Company's CFO, Mr. Darren Vucurevich, world renowned kimberlite expert and professor Dr. Stephen E. Haggerty, and corporate executive Mr. Sheldon Nelson.

The Company has developed extensive relationships with several industry leaders, and employs the services of many of the same professional consulting firms which support the ongoing projects of large mining companies worldwide. These relationships assist the Company in its ability to successfully and cost effectively evaluate, plan, and execute potential projects. The Company has ongoing access to an established operational team of well-trained employees in South Africa with the ability to deploy them to operate projects the Company is able to secure. In addition to this, the Company continues to enhance its operational management team by drawing on the abundance of skilled and experienced diamond industry professionals available 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 ("BEE") Charter was introduced by South African Cabinet. This Charter called for certain ownership and management goals in the mining industry for the benefit of 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 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 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.

On March 5, 2008, the Company announced a formal joint venture partnership with well-established South African BEE group Nozala. This partnership is currently reflected in the Diamcor South African subsidiary, DMI Minerals, which was formed to pursue diamond mining projects with near-term production potential within South Africa which

fit within the Company's stated focus and strategy. Under the terms of the joint venture, which exceed the stated requirements of the BEE charter in South Africa, Diamcor retained a 70% direct ownership in the DMI Minerals subsidiary, with Nozala acquiring a 30% direct shareholder ownership interest. Operationally, expenses charged to the development of any projects held by the entity, and the profits generated, will be similarly proportional. The Company considers this joint venture to be a significant achievement because not only is Nozala a respected and established BEE group representing the interests of some estimated 500,000 rural women shareholders, but it is also a well-respected corporate entity in the South African business community. Both of these attributes have the potential to enhance the Company's ability to achieve its stated growth objectives of securing additional projects within South Africa in a corporately responsible way.

The Company has gained considerable insight into the workings of the new BEE Charter, as well as the government expectations and requirements, through its previous operational history. The Company believes that well-organized BEE groups can provide value to the Company through their investment, professional affiliations, corporate knowledge, the management of BEE objectives and the assurance that a meaningful broad-based benefit is achieved by their involvement. The Company has chosen to align itself only with groups which demonstrate a proven track record and ability to achieve these government mandated objectives, which in turn will enhance the Company's ability to achieve its growth objectives by participating in the higher profile acquisitions where Corporate Social Responsibility (CSR) objectives are of paramount importance.

SELECTED QUARTERLY FINANCIAL INFORMATION

The quarterly financial results are presented in IFRS, and all figures include the results of operations in South Africa.

March 31, 2018 Fiscal Year

	Fourth Quarter March 31, 2018	Third Quarter December 31, 2017	Second Quarter September 30, 2017	First Quarter June 30, 2017
Gross Revenue	$ 0	$ 1,051,639	$ 1,650,994	$ 2,476,234
Total Expenses		2,162,954	2,660,800	3,133,043
Net (Loss) for Period		(1,097,412)	(998,780)	(652,102)
Net (Loss) per Share (Basic)		(0.02)	(0.02)	(0.01)
Cash Flow (Used in) Operations		(835,870)	(61,901)	(597,300)
Cash and Cash Equivalents (End of Period)		383,298	656,478	1,549,157
Assets		10,808,096	11,067,970	12,974,608
Dividends		Nil	Nil	Nil

March 31, 2017 Fiscal Year				
	Fourth Quarter March 31, 2017	Third Quarter December 31, 2016	Second Quarter September 30, 2016	First Quarter June 30, 2016
Gross Revenue	$ 386,629	$ 1,601,983	$ 1,543,063	$ 2,396,750
Total Expenses	844,658	2,702,660	2,454,988	2,365,805
Net (Loss) for Period	(816,456)	(1,088,392)	(899,924)	38,700
Net (Loss) per Share (Basic)	(0.01)	(0.01)	(0.01)	(0.00)
Cash Flow (Used in) Operations	70,508	678,270	(284,942)	(378,570)
Cash and Cash Equivalents (End of Period)	264,937	1,365,770	5,420,236	782,592
Assets	11,882,433	8,621,635	12,992,032	8,769,832
Dividends	Nil	Nil	Nil	Nil

March 31, 2016 Fiscal Year				
	Fourth Quarter March 31, 2016	Third Quarter December 31, 2015	Second Quarter September 30, 2015	First Quarter June 30, 2015
Gross Revenue	$ 1,461,552	$ 1,733,291	$ 912,385	$ 574,280
Total Expenses	4,360,058	2,288,780	1,501,840	1,296,559
Net Income / (Loss) for Period	(2,466,804)	(396,519)	(659,814)	(709,845)
Net Income / (Loss) per Share (Basic)	(0.06)	(0.01)	(0.01)	(0.01)
Cash Flow (Used in) Operations	1,297,150	78,060	(1,409,902)	(123,303)
Cash / Cash Equivalents / Restricted Cash (End of Period)	824,858	1,365,770	1,244,869	2,506,288
Assets	8,485,389	8,621,635	9,803,739	11,239,019
Dividends	Nil	Nil	Nil	Nil

During the quarter ended December 31, 2017, the Group (as defined below) continued to further the advancement of the Krone-Endora at Venetia project. Gross revenues declined during the period, primarily due to the announced water recovery issues, while expenses were in line with management's expectations given the continued efforts underway during the period aimed at correcting the noted water recovery issue to support increased processing volumes, and aid the Company in arriving at initial production decisions for the Krone-Endora at Venetia project.

QUARTERLY RESULTS ANALYSIS

As of December 31, 2017, the Company held assets of $10,808,096 which included cash and cash equivalents of $383,298, accounts receivable of $228,238 from the sale of rough diamonds, value added tax, and other receivables not yet received, diamond inventory of $422,948, and prepaid expenses of $38,770. The Company held restricted cash of $794,287 associated with a guarantee for certain rehabilitation obligations and electrical guarantees. The net book value of property, plant and equipment assets was $8,940,555 as of December 31, 2017.

As of December 31, 2017, the Company's total liabilities were $6,791,830. Accounts payable related to facility expansion and upgrades underway at Krone-Endora, trade, tax, accrued salaries and benefits payable were $976,442. The current portion of debt from the Tiffany & Co. convertible debenture and payments due in the next 12 months is $2,615,150. The Company had a deferred tax liability of $333,688, and long-term debt of $1,013,878 related to the Tiffany & Co. financing. The decommissioning liability associated with the Krone-Endora at Venetia project is $310,478, and $1,542,194 was recorded as due to the Company's Black Economic Empowerment partner in conjunction with loan amounts, which have no set terms of repayment and are being used by DMI Minerals South Africa (Pty) Ltd.

The Company operates in one market segment for the mining and sale of rough diamonds to the world market. The Company's financial instruments consist of cash and cash equivalents, restricted cash, 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 follows standard South African policy with regard to both the investment and removal of funds with respect to investment it makes into projects and operations within South Africa.

Revenue

The Company reports revenue of $1,051,639 (US $864,546) , from the sale of 4,353.88 carats of rough diamonds recovered from initial commissioning and trial mining exercises being performed by the facilities at Krone-Endora, realizing an average price per carat of (US) $198.57 during the interim period ended December 31, 2017, as compared to revenue of $1,601,983 (US $1,183,684) , from the sale of 9,435.41 carats of rough diamonds realizing an average price per carat of (US) $125.45 during the same period, in the prior fiscal year. The recovery of all rough diamonds to date, were incidental to the ongoing commissioning and testing and trial mining exercises being performed by the Company. An increase in the average price per carat was anticipated given the material being processed as part of the ongoing exercises on the newly expanded facilities included the processing of crushed material in the +1.0mm to -45.0mm size fractions, as opposed to the previous fiscal year where processing was largely limited to lower-grade material in the 1mm to 15mm size fractions. A portion of the increase in the dollar per carat achieved during the period was the result of a greater number of rough diamonds in the 2.0 to 5.0 carat range being recovered; however, the industry has continued to experience price weaknesses in certain smaller, lower quality categories of rough diamonds during 2017. The Company realized $14,506 from interest and other income and a loss of $603 for foreign exchange, for the interim period ended December 31, 2017, as compared to realizing $19,736 from interest and other income, and a loss of $7,451 for foreign exchange for the same period during the prior fiscal year. The Company anticipates it will realize additional revenues from the incidental recoveries and the sale of rough diamonds subsequent to December 31, 2017.

Cost of Sales or Operating Expenses

During the interim period ended December 31, 2017, the Company realized operating expenses of $1,322,024, a decrease when compared to $1,754,357 realized during the same period in the prior fiscal year. Operating expenses are comprised primarily of labor, management, contracted labor and equipment, utilities, fuel, and other associated expenses incurred at the Company's Krone-Endora at Venetia project. During the interim period ended December 31, 2017 the Company continued to focus its efforts on the advancement of requirements necessary to

support the stated objectives associated with advancing the Krone-Endora at Venetia project and aiding the Company in its determination of final production decisions for the project.

General and Administrative Expenses

Total general and administrative expenses for the interim period ended December 31, 2017 were $840,930, a decrease as compared to $948,303 incurred during the same period in fiscal 2017. With respect to specific general and administration expenses incurred during the interim period ended December 31, 2017 when compared to those in the same period in the prior fiscal year, accretion and depreciation expenses increased to $323,067 from $293,584, consulting fees increased slightly to $49,285 from $45,000, and insurance costs increased to $19,250 from $12,915. Interest and bank charges decreased significantly to $128,584 from $197,284 due to early repayment of certain of the Tiffany's facilities, and thus the reduced interest expense associated with the Tiffany & Co. debt facilities overall. Office expenses decreased to $40,004 from $62,959, and professional fees were also decreased to $41,541 as compared to $51,665 as a result of a decrease in requirements at the Krone-Endora at Venetia project. Investor relations expenses were decreased to $30,549 from $38,639. Salaries and wages decreased to $129,357 from $178,465. Expenses for transfer agent and regulatory fees decreased to $9,081 from $40,759, which was attributable to additional fees associated with capital funding objectives completed during the period in the prior fiscal year. Royalties expense associated with the sale of diamonds during the interim period ended December 31, 2017 decreased to $5,329 from $8,010 in fiscal 2017 due to the decrease in gross revenues associated with the sale of rough diamonds. Travel expenses increased to $64,883 for the interim period ended December 31, 2017, as compared to $19,033 realized during the same period in the prior fiscal year, with that increase being attributable to efforts surrounding capital funding objectives, marketing and awareness objectives, and increased travel to the Project as part of the ongoing efforts on the finalization of the operating facilities.

General and administrative expenses for the interim period ended December 31, 2017 were primarily incurred by the Company in support of the further advancement of the Krone-Endora at Venetia project's recommended work programs, the Company's continued advancement of the plant commissioning and testing exercises, updates, and expansions, the Company's preparations for its planned move to bulk sampling and trial mining exercises, as well as the Company's planned move to 24/7 operations in conjunction with the granting of the required permitting and Mining Right by the South African Department of Mineral Resources. The Company remains committed to managing its resources carefully and conserving cash. General and administration expenses would be expected to increase during fiscal 2018, as the Company continues to expand and advance operations at the Krone-Endora at Venetia project.

Net Earnings

The Company generated income of $1,051,639 net of commissions and fees from the recovery and sale of rough diamonds incidental to the ongoing commissioning and testing exercises performed during the interim period ended December 31, 2017. The Company incurred $1,322,024 in operating expenses and realized a net loss from operating activities of $270,385. The Company incurred $840,930 in general and administrative expenses, had a gain of $14,506 in interest and other income, a loss of $603 for foreign exchange, which resulted in a net loss before tax of $1,097,412 for the interim period ended December 31, 2017, as compared to a net loss of $1,088,392 for the same period in the prior fiscal year. The Company recorded a foreign currency exchange gain of $703,954 for the interim period ended December 31, 2017, as compared to a gain of $183,689 for the same period in the prior fiscal year.

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

	Nine Month Interim Period Ended December 31,					
	2017		2016		2015	
Total Revenue	$	5,178,867	$	5,541,796	$	3,219,956
Net Income (Loss) Before Tax	$	(2,748,292)	$	(1,949,613)	$	(1,766,174)
Basic and Diluted Earnings(Loss) Per Common Share	$	(0.04)	$	(0.02)	$	(0.02)
Total Assets	$	10,808,096	$	11,706,645	$	8,621,635
Total Long Term Liabilities	$	3,200,238	$	4,042,338	$	6,664,731
Cash Dividend	$	Nil	$	Nil	$	Nil

LIQUIDITY AND CAPITAL RESOURCES

For the interim period ended December 31, 2017, the Company recorded a net loss of $1,097,412 as compared to a net loss of $1,088,392 for the interim period ended December 31, 2016. The Company recorded negative cash flow from operating activities of $835,870 for the interim period ended December 31, 2017, as compared to cash flow from operating activities of $679,270 for the interim period ended December 31, 2016. As of December 31, 2017, the Company had an accumulated deficit of $31,892,104.

Cash Position. As of December 31, 2017, the Company had cash and cash equivalents of $383,298 ($1,398,737 December 31, 2016), rough diamond inventory of $422,948 ($39,570 December 31, 2016), accounts receivable of $228,238 ($329,771 December 31, 2016), and prepaid expenses of $38,770 ($22,230 December 31, 2016). The Company believes it has adequate cash, or the potential to access additional capital if required, for the continued development, commissioning, bulk sampling, and advancement of the recommended work programs, and the potential to generate future revenues from the incidental recovery and sale of rough diamonds from the combined efforts underway at the project.

A portion of the cash on hand and available for use by the Company at December 31, 2017 was held in its foreign bank accounts in South Africa and is being used for the continued advancement of the Krone-Endora at Venetia project and for general corporate purposes. The Company also follows certain procedures to aid in the recovery and re-investment of funds from its projects and inter-corporate shareholder loans.

Financing Activities. Recent financings by the Company were designed to support the Company's strategy of leveraging its well-established operational history to identify, acquire, and develop assets which demonstrate the potential for the near-term sustained production of rough diamonds while minimizing shareholder dilution.

On March 23, 2011, shortly after the closing of the acquisition of Krone-Endora at Venetia project from De Beers, the Company entered into a long-term strategic alliance with Tiffany & Co. to expedite the advancement of the project. Tiffany & Co., through its Canadian subsidiary, provided the Company with $5,500,000 in financing, which included a $3,500,000 Term Loan and a $2,000,000 Convertible Debenture. The Term Loan had a 5 year term and a fixed rate of interest of 7% per annum. The loan was non-amortizing for a 24 month period and no interest or principal was due until after this 24 month period, at which time interest and principal would be payable monthly in accordance with a 36 month amortization schedule. The Company retained the right to repay the Term Loan and any accrued and unpaid interest due at any time without notice or penalty. The Convertible Debenture had a term of 5 years and a fixed rate of interest of 7% per annum. Like the Term Loan, interest accrued but was not payable for the 24 month period from the date of issuance, after which time interest would become due and payable monthly. Subsequent to the fiscal year ended March 31, 2013, on April 8th, 2013, the Company announced that it had exercised its right to convert the principal and accrued interest into Company common shares. A total of $2,295,920 inclusive of principal and accrued interest was converted at the stipulated price of $0.75 per common share, resulting in the issuance of 3,061,227 Company common shares to Tiffany & Co. In April 2013, the Company commenced with repayments as per the original terms of the agreement. In December of 2014, the Company and Tiffany & Co. agreed to defer any further payments to January of 2016. At that time, a change to the interest rate

associated with the facility to 9% was also agreed to by the parties. In January of 2016, the Company and Tiffany & Co. agreed to defer any further payments to July of 2016. The sourcing, negotiation, and successful completion of this strategic alliance and financing were completed by the Company's management and directors. In February 2017, the Company and Tiffany agreed to defer payments until June 2017 at which time the remaining balances associated with this loan were paid in full.

On November 16, 2012, the Company announced that it had secured an additional $4.0M in financing from Tiffany & Co. The $4,000,000 in financing was provided by Tiffany's subsidiary, Tiffany & Co. Canada, via a $2,400,000 term loan and a $1,600,000 convertible debt debenture. The Term Loan has a fixed rate of interest of 9% and secured by a promissory note which was non-amortizing until January 2015, after which time principal and interest would become payable monthly in accordance with a 36 month amortization schedule. The Company retained the right to repay the outstanding principal and any accrued and unpaid interest due under the Promissory Note at any time without notice or penalty. The Convertible Debenture had a fixed rate of interest of 9% per annum, and was non-amortizing until January 2015, following which time principal and interest would be payable monthly in accordance with a 36 month amortization schedule. The Company retained the right to repay the outstanding principal and any accrued and unpaid interest, without penalty, on not less than 30-days' notice and subject to the conversion rights contained in the Convertible Debenture. Under the conversion rights of the Convertible Debenture, Tiffany & Co. Canada may convert the principal amount of $1,600,000, along with any accrued and unpaid interest due at that time, in whole or in part, into Class A Common Shares (the "Shares") of the Company at a conversion price of CAD $1.60 per Share. Early in 2014, the Company and Tiffany & Co. agreed to initially defer any payments on the $2,400,000 term loan and the $1,600,000 convertible debenture to January 2015. In December of 2014, the Company and Tiffany & Co. agreed to further defer any payments to January of 2016, with that date subsequently revised to defer any further payments to July of 2016. In February 2017, the Company and Tiffany agreed to defer payments until June 2017 at which time the outstanding payments were made and scheduled payments recommenced. In September 2017, the Company and Tiffany & Co. verbally agreed to a temporary deferral of payments, with a recommencement of scheduled payments targeted by the Company for quarter four of fiscal 2018.

The Company completed a non-brokered private placement financing of 1,587,784 units at a price of $1.25 per unit on June 17, 2013, resulting in gross proceeds of $1,984,730. Each unit consisted of one common share and one-half of one common share purchase warrant at an exercise price of $1.75 expiring June 17, 2016. In conjunction with the closing of the financing the Company paid finder's fees of an aggregate of $28,932 in cash and issued an aggregate of 23,146 broker warrants to purchase up to 23,146 shares of the Company at a purchase price of $1.75 until June 17, 2016. Subsequent to the period ending March 31, 2016, the Company announced on June 2, 2016 that it had determined to extend the expiry date of the 793,892 associated share purchase warrants which were exercisable to purchase up to 793,892 common shares in the authorized share capital of the Company at an exercise price of $1.75 per share, from June 17, 2016 to June 17, 2017, with all other terms of the warrants remaining unchanged. The extension of the expiry date of the warrants was subject to TSX Venture Exchange approval, and on June 27, 2016, the Company announced it had received the required approval. On June 17, 2017, these 793,892 warrants expired unexercised.

The Company completed a brokered private placement financing of 2,147,858 units at a price of $1.40 per unit on March 11, 2014, resulting in gross proceeds of $3,007,001. Each unit consisted of one common share and one-half of one common share purchase warrant with an exercise price of $1.80 expiring March 11, 2017. In conjunction with the closing of the financing the Company paid aggregate cash commissions and legal fees of $185,994 to agents, which represented 6% of the gross proceeds received from subscriptions introduced to the Company by the agents plus legal fees of $26,938. In addition, the Company issued an aggregate of 114,471 non-transferable warrants to agents, representing 6% of the number of units sold to subscribers introduced to the Company by agents. Each warrant issued to the agents entitled the holder to purchase one share of the Company at an exercise price of $1.80, which expired on March 11, 2017. The shares and warrants issued were subject to a hold period ending on July 12, 2014.

In conjunction with the above initial closing of the brokered private placement on March 11, 2014, the Company also announced its intentions to consider additional subscriptions having the same terms as that of the offering if received within the applicable price reservation period. On March 21, 2014, the Company announced that it had received subscriptions for an additional 338,700 units, resulting in additional aggregate gross proceeds to the Company of $474,180, with each unit consisting of one common share and one half of one common share purchase warrant at

an exercise price of $1.80 which expired on March 21, 2017. No additional cash commissions or warrants were issued to agents in conjunction with this second closing.

On February 23, 2017, the Company announced its intention, subject to TSX Venture Exchange approval, to extend the expiry date of 1,073,929 share purchase warrants ("Warrants"), which were exercisable to purchase up to 1,073,929 common shares in the authorized share capital of the Company at an exercise price of $1.80 per share, from March 11, 2017 to March 11, 2018. In addition, the Company announced its intention to extend the expiry date of 169,350 share purchase warrants which were exercisable to purchase up to 169,350 common shares in the authorized share capital of the Company at an exercise price of $1.80 per share, from March 21, 2017 to March 21, 2018. All other terms of the Warrants remained unchanged. The extension of the expiry date of the warrants was subject to TSX Venture Exchange approval, and the Company announced on April 10, 2017 that it had received the required approval.

The Company completed a brokered private placement financing of 3,133,600 units at a price of $1.00 per unit on December 31, 2014, resulting in gross proceeds of $3,133,600. Each unit consisted of one common share and one-half of one common share purchase warrant with an exercise price of $1.25 expiring December 30, 2017. In conjunction with the closing of the financing the Company paid aggregate cash commissions and legal fees of $226,219 to agents, which represented 6% of the gross proceeds received from subscriptions introduced to the Company by the agents. In addition, the Company issued an aggregate of 179,016 non-transferable warrants to agents, representing 6% of the number of units sold to subscribers introduced to the Company by agents. Each warrant issued to the agents entitled the holder to purchase one share of the Company at an exercise price of $1.25 until December 30, 2017. The shares and warrants issued were subject to a hold period ending on May 1, 2015. On December 30, 2017, the 179,016 non-transferable agent's warrants expired unexercised.

On December 13, 2017, the Company announced its intention, subject to TSX Venture Exchange approval, to extend the expiry date of 1,566,800 share purchase warrants ("Warrants"), which were exercisable to purchase up to 1,566,800 common shares in the authorized share capital of the Company at an exercise price of $1.25 per share, from December 30, 2017 to December 30, 2018. All other terms of the Warrants remained unchanged. The extension of the expiry date of the warrants was subject to TSX Venture Exchange approval, and the Company received the required approval on December 21, 2017.

The Company completed a brokered private placement financing of 5,291,545 units at a price of $1.10 per unit on August 31, 2016 resulting in gross proceeds of $5,820,700, with over 90% of the units being acquired by institutional investors. Each unit consisted of one common share and one-half of one common share purchase warrant with an exercise price of $1.60 expiring August 31, 2019. In conjunction with the closing of the financing, the Company paid aggregate cash commissions and legal fees of $326,999.97 to agents, which included 6% of the gross proceeds received from subscriptions introduced to the Company by the agents. In addition, the Company issued an aggregate of 297,273 non-transferable warrants to agents, representing 6% of the number of units sold to subscribers introduced to the Company by agents. In addition, as part of a non-brokered portion of the offering, the Company paid to certain finders an aggregate cash commission of $10,230, representing 6% of the gross proceeds received from subscribers introduced to the Company by such finders, and issued an aggregate of 9,300 non-transferable warrants to such finders, representing 6% of the number of units sold to subscribers introduced to the Company by such finders. All warrants issued to the agents and finders entitled the holder to purchase one share of the Company at an exercise price of $1.60 until August 31, 2019. All shares and warrants issued were subject to a hold period ending on January 1, 2017.

The Company completed a brokered private placement financing of 4,956,909 units at a price of $0.85 per unit on June 9, 2017, resulting in gross proceeds of $4,213,372.65, with the majority of the offering subscribers consisting of existing institutional investors and large shareholders of the Company. Each unit consisted of one common share and one-half of one common share purchase warrant with each whole warrant being exercisable to purchase an additional common share at an exercise price of $1.20, expiring June 9, 2020. In conjunction with the closing of the financing the Company paid aggregate cash commissions and legal fees of $90,885 to agents, which represented 6% of the gross proceeds received from subscriptions introduced to the Company by the agents. In addition, the Company issued an aggregate of 106,923 non-transferable share purchase warrants to agents, representing 6% of the number of units sold to subscribers introduced to the Company by agents. Each warrant issued to the agents

entitled the holder to purchase one share of the Company at an exercise price of $1.20 until June 9, 2020. The shares and warrants issued are subject to a hold period ending on October 10, 2017.

Subsequent to the closing of the above brokered private placement, $1,794,555 from the proceeds of the offering was used to strengthen the Company's balance sheet through repayment of certain outstanding amounts on all Tiffany's debt facilities, and the re-payment of the outstanding balance remaining on the Tiffany's Term Loan 1. As a result, the payments required to service Company debt were been reduced from $949,268 to $520,293 per quarter going forward.

Subsequent to all financings and related items, as of December 31, 2017 the Company had **54,659,623** common shares issued and outstanding and has authorized capital of an unlimited number of shares.

Working Capital. As of December 31, 2017, the Company had negative working capital of $2,557,108 as compared to negative working capital of $2,667,653 at December 31, 2016. Working capital is calculated based on current assets less current liabilities, excluding prepaids.

Future Capital Requirements. The Company has incurred losses since its inception. However, given the Company's closing of the Krone-Endora at Venetia project acquisition, its successful recent financings, the successful advancement of the project, the continued work on the upgrades, expansion, and commissioning of the modular plants at the project, the initial sales of rough diamonds incidentally recovered from the ongoing commissioning and testing exercises, the successful granting of the required Mining Right by the South African Department of Mineral Resources, and the successful granting of a Water Use License by the South African Department of Water Affairs, the Company anticipates it has the potential ability to finance the recommended bulk sampling and large-scale trial-mining operations underway which are designed to aid the Company in arriving at an initial production decision for the Krone-Endora at Venetia project. Its ability to continue as a going concern will depend on the results of its operations, its ability to become profitable through the continued sale of rough diamonds and / or its ability to raise additional capital.

There can be no assurance that the Company will be able to secure sufficient incidental recoveries, or sell rough diamonds, or 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.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

CONTRACTUAL OBLIGATIONS

The Company has a commitment to lease office space at a rate of $3,469 per month. The lease expires in May 2022. The minimum lease payments under this lease are $41,628 per year.

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's and its subsidiaries', namely DMI Minerals South Africa (Pty) Ltd., and DMI Diamonds South Africa (Pty) Ltd. (collectively the "Group"), consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on Management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. In particular, information about significant areas of estimation uncertainty considered by Management in preparing the consolidated financial statements is described below.

Mine development costs

Certain direct costs related to the acquisition, advancement and exploration of the mining properties are capitalized until the technical feasibility and commercial viability of the property is determined. Viability of the project is determined using management's assessment of several factors including operational levels, mineral recovery levels, attainment of required mining permits, and other relevant factors. Until technical feasibility and commercial viability is achieved, the Group will continue to follow their significant accounting policy for mine development costs. The timing of commercial viability also has an impact on the going concern assumption. Currently, the Group anticipates a final decision to move to full scale mining and commercial levels of operations in 2017/18 after performing an evaluation of certain economic factors. The Mine development costs recognized during development are not depreciated until they become available for use.

Mining Property

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. The Group has diligently investigated rights of ownership of all of the mineral concessions in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee to title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

Reserve and Resource estimates

Diamond reserves are estimates of the amount of diamonds that can be economically and legally extracted from the Group's mining properties. The Group does not currently have any diamond reserves. The Group has assigned inferred resources to the project based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and requires complex geological judgments to interpret the data. The estimation of resources is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore body. Changes in the resource estimates may impact upon the carrying value of mine development cost, mine properties, property, plant and equipment, decommissioning liability, recognition of deferred tax assets, and depreciation and amortization charges.

Impairment of non-financial assets

At each reporting period the Group assesses each cash generating unit to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. As at December 31, 2017 and March 31, 2017, there were no indicators of impairment based on the following factors:

a. The mining rights are not expected to expire in the near term;
b. The Group is continuing with further advancement and development of the project and acquiring further property, plant and equipment; and
c. Current information suggests there are significant inferred resources that demonstrate the potential to deliver future economic benefits, although the economic viability of such mineral resources has not yet been assessed.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized on the consolidated statement of financial position. Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realize the net deferred tax assets recorded at the reporting

date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

Provisions

In the determination of provisions, management is required to make a significant number of estimates and assumptions with respect to activities that will occur in the future including the ultimate amounts and timing of settlements, inflation factors, risk-free discount rates, and expected changes in legal, regulatory, environmental and political environments. A change in any one of the assumptions could impact estimated future obligations and in return, profit or loss, and in the case of the decommissioning liability, property, plant and equipment balances.

NEW AND AMENDED ACCOUNTING STANDARDS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRS Interpretation Committee. The Group intends to adopt those standards when they become effective. The Group has yet to assess the full impact of these standards.

- IFRS 15, “Revenue from contracts with customers”, replaces the existing revenue recognition guidance with a new framework to determine the timing and measurement of revenue, providing users of the financial statements more information and relevant disclosures. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group has not yet assessed the impact of the new standard.
- IFRS 9, “Financial Instruments”, addresses requirements for the classification and measurement of financial instruments, impairment methodology and hedge accounting. The IASB set a mandatory effective date for annual periods beginning on or after January 1, 2018. The Group has not yet assessed the impact of the new standard.
- In January 2016, the IASB issued IFRS 16, Leases (“IFRS 16”), which replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a services contract on the basis of whether the customer controls the assets being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that have also adopted IFRS 15. The Group is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

FINANCIAL INSTRUMENTS

Financial instruments are classified as at fair value through profit or loss, loans and receivables, held-to-maturity, available-for-sale, other financial liabilities or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial instruments at initial recognition. All financial instruments are recognized initially at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial instruments depends on their classification as follows:

Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss include financial instruments held for trading and financial instruments designated upon initial recognition at fair value through profit or loss. Financial instruments are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial instruments at fair value through profit or loss are carried in the consolidated statement of financial position at fair

value with changes in fair value recognized in finance income or finance costs in profit or loss. Transaction costs are expensed. Instruments in this category include cash and cash equivalents and restricted cash

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate ("EIR") method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in profit or loss. The losses arising from impairment are recognized in profit or loss in finance costs. The Group has designated accounts receivable as loans and receivables.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the EIR method, with interest expense recognized on an effective yield basis. The Group's other financial liabilities include accounts payable, long-term debt and amount due to Nozala Investments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Fair values

IFRS defines fair value as the price that would be received to dispose of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument

- Level 1 – inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets.
- Level 2 – Fair vales of financial assets and liabilities in level 2 are based on inputs other than level 1. Inputs to the valuation methodology included quoted prices for identical assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – inputs to the valuation methodology are not based on observable market data.
- The Group's financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, amounts due to Nozala Investments and long-term debt. The fair value of cash and cash equivalents and restricted cash, accounts receivable and accounts payable approximate their carrying values due to the short term maturities of these items. The fair value of the Nozala Investments loan approximates its carrying value as the debt rate floats with prime. The fair value of the long-term debt approximates its carrying value as the interest rate is a market rate for similar instrument

The Group's cash and cash equivalents have been assessed on the fair value hierarchy described above; cash and cash equivalents and restricted cash are classified as Level 1.

Financial risks

The Group's activities result in exposure to a variety of financial risks, including risks related to credit, market risk (currency fluctuation and interest rates) and liquidity risk.

a) Credit risk

The Group is exposed to credit risk only with respect to uncertainties as to timing and collectability of accounts receivable, cash and cash equivalents and restricted cash. The Group mitigates credit risk through standard credit and reference checks. There are no material financial assets that the Group considers past due. The Group currently holds the majority of its cash, cash equivalents and restricted cash holdings in large financial institutions in Canada and South Africa and does not expect any significant risk associated with those deposits. The accounts receivable are sales taxes refundable due from the Government of South Africa and Canada as well as trade receivables from diamond tenders; the Group does not foresee any significant risk in the collection of these accounts receivable.

The accounts receivable ageing amounts are as follows:

December 31, 2017		December 31, 2016	
0-30 days	$ 228,238	0-30 days	$ 228,415
31-90 days	-	31-90 days	101,356
120+ days	-	120+ days	-
Total	**$ 228,238**	**Total**	**$ 329,771**

b) Interest rate

The Group is not exposed to any material interest rate risk as the Group's long term debt has a fixed rate of interest, except for the Nozala Investments loan which has a variable rate of interest of South African prime rate plus 3%. A 1% change in the South African prime rate would result in interest expense changing by approximately $14,700.

c) Foreign Currency risk

The Group is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Group does not use derivative instruments to reduce its exposure to foreign currency risk.

The Group's subsidiaries in South Africa 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 Group's subsidiaries to the Group's reporting currency. The Group's monetary assets and liabilities denominated in South African Rand include:

	December 31, 2017	**December 31, 2016**
Cash and cash equivalents and restricted cash	$1,055,451	$1,022,267
Accounts receivable	220,523	323,521
Prepaids	3,840	11,018
Accounts payable	914,928	886,066
Long-term debt	1,542,194	1,302,678

A 5% change in the South African Rand would result in total comprehensive loss changing by approximately $73,000.

d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due. The Group manages this risk through management of its cash flow from operations and its capital structure. Based on senior Management's and the Board of Directors' review of ongoing operations, the Group may revise timing of capital expenditures, bank loans, including project specific loans, or issue equity or a combination thereof.

The Group's current financial liabilities of $3,591,592 are payable within one year. The Group enters into contractual obligations in the normal course of business operations. Management believes the Group's requirements for capital expenditures, working capital and ongoing commitments (including long-term debt) can be financed from existing cash, issuing equity, cash flow provided by operating activities, existing bank loans and by acquiring new project loans.

The table below summarizes the maturity profile of the Group's financial liabilities as at December 31, 2017 based on contractual undiscounted payments:

	Current	***Fiscal 2018***	***Fiscal 2019***	***Fiscal 2020***
Accounts payable	976,442	-	-	-
Long-term debt	2,615,150	2,263,245	2,081,171	520,293
	$3,591,592	$2,263,245	$2,081,171	$520,293

e) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for Diamonds are impacted by not only the relationship between the Canadian, United States Dollar and South African Rand, but also world economic events that dictate the levels of supply and demand. The Company is exposed to the risk of declining prices for diamonds resulting in a corresponding reduction in projected cash flow. Reduced cash flow may result in lower levels of capital being available for field activity, thus compromising the Company's capacity to grow production. The Company did not have any fixed price commodity price contracts in place as at or during the interim period ended December 31, 2017 and the year ended March 31, 2017. The Company's operational results and financial condition are largely dependent on the commodity price received for its diamond production. Diamond prices have fluctuated widely in recent years due to global and regional factors including supply and demand fundamentals, inventory levels, economic and geopolitical factors. A 5% change in the price of diamonds would result in total comprehensive loss changing by approximately $259,000.

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 any future acquisitions, or any future exploration programs. 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 acquisition and/or development activities.

Revenues and Growth

There are no assurances that suitable additional projects will be secured or that rough diamonds will be recovered incidentally, or at levels sufficient to sustain the Company's operations. 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. Material processing revenues and production in general are also reliant on both the quality and amount of diamond bearing material 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 any 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, power, 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 (Nozala)

On March 5, 2008, the Company announced a formal joint venture partnership with well-established South African BEE group Nozala Investments (Pty) Ltd. This partnership is reflected in Diamcor's wholly-owned South African subsidiaries, DMI Minerals South Africa (Pty) Ltd. which was initially formed to secure diamond mining projects in South Africa. Under the terms of the joint venture in DMI Minerals, Diamcor retains a 70% direct ownership in the subsidiary with Nozala holding a 30% direct shareholder ownership interest. Operationally, expenses charged to the development of projects held by the entities, and the revenues generated, will be similarly proportional. These joint arrangements are 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 joint venture partner's ability to provide its proportionate share of funding, the development and operation of the projects, and mineral claims.

Diamond Prices and Demand for Diamonds

The profitability of Diamcor will be dependent upon the recovery and sale of rough diamonds, 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 / (Rights)

There are inherent risks involved in operating in foreign countries, including stringent environmental and permitting / rights issues. The exercise of the So Ver mineral rights (subject to the terms of the pending sale agreement), the Krone-Endora at Venetia project, pending acquisitions, and future 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 these licenses or obtain or maintain all other necessary licenses and permits that may be required to maintain 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 mines 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, power and water, 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 impairing the operations at the project. 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

Exploration and operational activities for any Company projects are 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 operations 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.

Regional Power Supply

Potential power supply issues in South Africa have been highlighted by the media in the past years with regards to the inability of state-owned power supplier *Eskom* to deliver consistent electricity requirements to many of the larger mines in South Africa. While these issues are not presently expected to affect any of the current operational requirements of the Company, there can be no assurances that any new projects that the Company may acquire or operate will be able to secure the required electrical capacities needed to sustain uninterrupted supply and operations.

Competition

Within the minerals industry sector, including 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 requires, 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.

RELATED PARTY TRANSACTIONS

During the interim period ended December 31, 2017, the Company paid or accrued to key management personnel and consultants compensation totaling $370,650, Directors fees of $36,000 and performance bonuses of $77,500. As at December 31, 2017, the Company owed a total of $12,600 (March 31, 2017 - $36,800) to Directors of the Company and its subsidiaries, including a company controlled by a Director.

The transactions were in the normal course of operations and are measured at fair value at initial recognition.

OUTSTANDING SHARE INFORMATION

As at March 1, 2018

Authorized

Issued and outstanding shares	54,659,623
Fully diluted	68,506,441
Weighted average outstanding shares	53,626,310

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

The Company files a 52-109FV2 certification of interim filing duly executed by the Company's current CEO and CFO as required by securities laws.

DISCLOSURE CONTROLS AND PROCEDURES

The Company has disclosure controls and procedures in place to provide reasonable assurance that any information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the applicable time periods and to ensure that required information is gathered and communicated to the Company's management so that decisions can be made about timely disclosure of that information. The Company's Chief Executive Officer and Chief Financial Officer evaluated the Company's disclosure controls and procedures for the interim period ended December 31, 2017 and have concluded that the Company's disclosure controls and procedures to be adequate for the above purposes.

Including the Company's transition to IFRS, there have been no significant changes in the Company's disclosure controls, or in other factors that materially affected or are reasonably likely to affect, the Company's disclosure controls subsequent to the date the Company carried out its evaluation.

SUBSEQUENT EVENTS

None

OTHER

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this MD&A may constitute forward-looking statements within the meaning of securities laws. In some cases, forward-looking statements can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "possible", "continue" or other similar expressions concerning matters that are not historical facts. Forward-looking statements 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, joint venture relationships, the closing of anticipated acquisitions, 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 statements are based on certain factors and assumptions regarding, among other things, mining, production, construction and exploration activities, world economic conditions, the level of world-wide 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 statements are 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 23 of this MD&A for a discussion of these and other risks and uncertainties involved in Diamcor's operations.

You should not place undue importance on forward-looking statements 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.

The Qualified Person (as defined in National Instrument 43-101) for the technical information contained in this document is Mr. James P. Hawkins (B.Sc., P.Geo.), and Mr. Hawkins has reviewed this document and approved of its contents.