

Company Summary

December 17, 2009

Diamcor Mining Inc. (DMI : TSX-V)

Current Price : \$0.37Coverage Initiated:
\$0.37 (December 17, 2009)

Highlights:

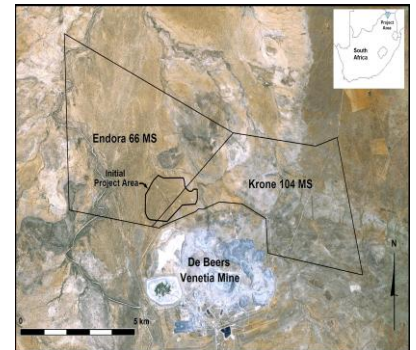
- post acquisition near-term production targeted for Q2, 2010
- NI 43-101 inferred diamond resource of 1.3 million carats with gross revenue potential of over US\$130 million
- key relationships with major players (De Beers) and important Black Economic Empowerment groups (Nozala)
- low market capitalization of less than \$5 million

DISCUSSION:

Diamcor Mining is a junior resource company with experienced management and established operations and production history in South Africa. Unlike the vast majority of the juniors in the diamond sector which are exploration focused, Diamcor's strategy is to acquire projects that can be brought into production quickly with the potential to generate steady, long-term positive cash flow. The company currently operates offices in both Canada and South Africa.

Diamcor, through its subsidiary DMI Minerals South Africa (Pty) Limited and in conjunction with its 30% Black Economic Empowerment partner Nozala Investements (Pty) Ltd., is in the final stages of its acquisition of the Krone-Endora Project from De Beers Consolidated Mines Ltd., which was announced in December 2008. Diamcor has paid an initial deposit of approximately \$225,000 with the remainder of the \$2.0 million acquisition price due upon closing, which is expected to take place in early 2010. The companies continue to collectively work to satisfy the remaining closing conditions, with the main item being the finalization of the transfer of renewed prospecting permits from De Beers to DMI Minerals.

The Krone-Endora Project is located directly adjacent to the De Beers owned Venetia Diamond Mine in the Limpopo province of the Republic of South Africa, approximately 500 km north-northeast of Johannesburg. The Venetia mine is South Africa's largest diamond producer accounting for over 50% of South Africa's diamond output. About 85% of the diamonds produced at Venetia are reported as being gem quality, with the rest sold for industrial uses. Due to current operations at Venetia, the area offers excellent infrastructure.



De Beers completed various exploration programs on the Krone-Endora Project over several years including drilling, initial bulk sampling, and an internal mineral resource estimate report. The De Beers exploration programs, and the subsequent NI 43-101 independent report, indicate that the Krone-Endora deposit is a unique fan-type deposit which is the result of an alluvial / eluvial shift of about 1,000 vertical meters of material from the higher grounds of the Venetia kimberlite cluster being eroded to the lower grounds of Krone-Endora. It is a generally accepted geological principle that the closer a deposit occurs to the source, the more closely the diamonds in the deposit will mirror the size and frequency distribution of that source. The diamond mineralization at Krone-Endora appears generally uniform throughout the deposit as opposed to typical higher risk alluvial deposits whereby large areas can be barren with only intermittent individual trap sites bearing diamonds. The project has three defined deposit areas consisting of two primary areas (K1&K2) and the confluence area where the two primary deposits merge.

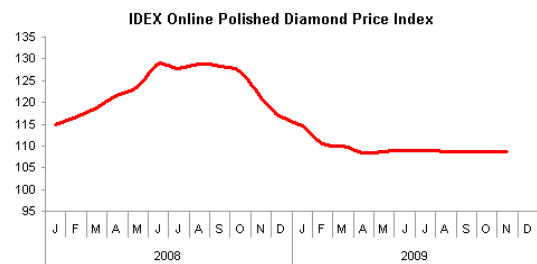
In March 2008, Diamcor announced a partnership agreement with Nozala Investments (Pty) Ltd., a major Black Economic Empowerment group. This agreement is seen as a critical element to success as the partnership better enables Diamcor to acquire non-core assets from majors like De Beers. Nozala is a broad based women's empowerment group, with over 500,000 rural women shareholders, focused on the acquisition of significant interests in listed and unlisted companies.

In July 2009, Diamcor announced the completion of an independent NI 43-101 technical report for its Krone-Endora Alluvial Diamond Project. The report indicated an inferred resource estimate of 54,258,600 tonnes of diamond-bearing gravels with 1,314,000 carats of diamonds.

On October 15, 2009, the company announced its intention to complete a private placement of up to \$5.0 million through the issuance of up to 16,666,667 units at \$0.30 per unit. Each unit would consist of a common share and a half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at \$0.50 for 24 months. Approximately \$2.0 million of the proceeds of the private placement will be allocated to the final payment for the Krone-Endora acquisition, with an additional \$2.0 million being allocated towards production equipment, plant, etc, and the remainder to be used for working capital.

Upon closing of the financing and acquisition, Diamcor plans to immediately proceed with the recommended work programs as outlined in the Independent 43-101 technical report which includes a low cost drill program based on 100 x 100 meter intervals to better define potential high grade areas and a move directly to trial mining on previously identified areas. The company plans to commence this drilling and trial mining program 60-90 days post acquisition closing, with targeted production increasing steadily during the first year to approximately 7,000 carats per month and up to 10,000 carats per month within 2 years.

The Krone-Endora preliminary plant design incorporates a proven, simple, cost effective pan plant system for gravel processing. This system is easily sourced, readily available, and moveable as the project/quarry progresses. There will also be a two-stage final recovery using X-ray flow sort and secondary grease belt technology.



The global financial crisis of 2008 negatively impacted diamond prices, however, 2009 has seen a steady recovery in prices and analysts continue to forecast an imminent shortfall between supply and growing demand as the emerging markets of India, China, and others continue to develop. This presents significant opportunities for companies like Diamcor which are positioned to supply near term production. Using a conservative price of US\$100 per carat, Diamcor's inferred resource has a gross potential revenue value of US\$131.4 million compared to the company's market capitalization which is presently only \$4.4

million. Upon successful completion, Diamcor's current financing would bolster the company's balance sheet as well as provide the necessary capital to complete the Krone-Endora acquisition and commence with the recommended programs aimed at achieving its production targets. Given the expected cash flow potential, the Krone-Endora project alone should allow the company the ability to minimize future dilution and investment risk. Diamcor has done an exceptional job of keeping its share structure tight and is also mindful of corporate expenses with a modest monthly burn rate of approximately \$50,000. 2010 should be an exciting year for the company and its shareholders as production and cash flow begin to ramp up from planned diamond production.

KEY INDIVIDUALS:

Dean Taylor, President & CEO

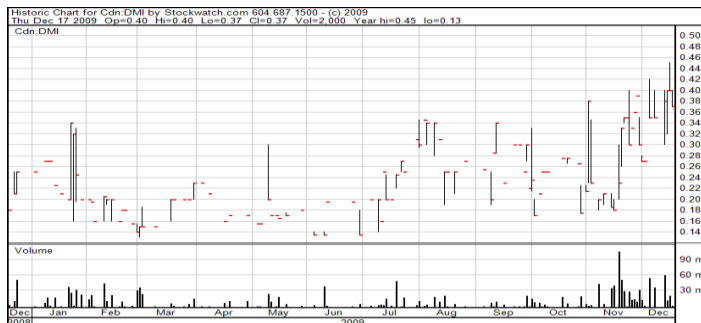
Dean Del Frari, Director of Operations - South Africa

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SHARES OUTSTANDING

(As at November 12, 2009)

Basic	11,838,107*
Options	767,500
Warrants	6,065,836
Fully-diluted	18,671,443

* management and insiders own approximately 17% of the total shares issued and outstanding

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