



BRC DiamondCore Ltd.

Interim Consolidated Financial Statements
March 31, 2010
(expressed in Canadian dollars) (unaudited)

NOTICE TO READER

These interim consolidated financial statements of BRC DiamondCore Ltd. (the "Company") as at and for the three month period ended March 31, 2010 have been prepared in accordance with Canadian generally accepted accounting principles and are the responsibility of the Company's management. These interim consolidated financial statements have not been audited or reviewed by the Company's auditors.

BRC DiamondCore Ltd.

Consolidated Balance Sheets

(expressed in Canadian dollars)

	As at March 31, 2010 (unaudited)	As at December 31, 2009 (audited)
Assets		
Current assets		
Cash	\$ 202,204	\$ 664,495
Prepaid expenses and other assets	128,227	163,675
	330,431	827,670
Non-current		
Mineral properties and deferred exploration expenditures (Note 5)	5,877,588	5,808,835
Capital assets (Note 6)	113,361	141,794
	5,990,949	5,950,629
	\$ 6,321,380	\$ 6,778,299
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 908,438	\$ 1,027,172
Due to related parties (Note 4)	154,094	377,884
	1,062,532	1,405,056
Non-current		
Future tax liability	57,030	57,030
	57,030	57,030
Going concern (Note 1)		
Commitments, contingencies and guarantees (Note 8)		
Shareholders' equity		
Capital stock (Note 7)	115,457,876	115,457,876
Contributed surplus (Notes 7 (b) and (d))	7,872,838	7,700,518
Accumulated deficit	(118,128,896)	(117,842,181)
	5,201,818	5,316,213
	\$ 6,321,380	\$ 6,778,299

The accompanying notes are an integral part of these financial statements.

BRC DiamondCore Ltd.

Consolidated Statements of Operations and Deficit

(Unaudited)

(expressed in Canadian dollars)

For the three months ended	March 31, 2010	March 31, 2009
Expenses		
Consulting fees	\$ -	\$ 46,005
Professional fees	80,342	47,853
General and administrative	72,336	38,111
Stock-based compensation (Note 7(b))	132,000	265,557
Foreign exchange loss (gain) unrealized	2,037	(525,744)
	(286,715)	128,219
Interest expense	-	(62,095)
(Loss) income from continuing operations	(286,715)	66,124
Loss from discontinued operations	-	(1,548,669)
Net loss for the period	(286,715)	(1,482,545)
Accumulated deficit, beginning of the period	\$ (117,842,181)	\$(108,890,567)
Net loss for the period	(286,715)	(1,482,545)
Accumulated deficit, end of the period	\$ (118,128,896)	\$(110,373,112)
Basic and diluted loss per share from continuing operations	\$ (0.00)	\$ (0.00)
Basic and diluted loss per share from discontinued operations	-	\$ (0.06)
Weighted average number of common shares outstanding	89,408,640	26,091,310

Going Concern (Note 1)

The accompanying notes are an integral part of these financial statements.

BRC DiamondCore Ltd.

Consolidated Statements of Cash Flows

(Unaudited)

(expressed in Canadian dollars)

For the three months ended	March 31, 2010	March 31, 2009
Operating activities		
Net (loss) income from continuing operations for the period	\$ (286,715)	\$ 66,124
Items not affecting cash		
Stock-based compensation	132,000	265,557
	(154,715)	331,681
Net change in non-cash working capital		
Prepaid expenses and other assets	34,948	406,791
Accounts payable and accrued liabilities	(118,734)	733,614
Cash (used in) provided from continuing operations	(238,501)	1,472,086
Cash used in discontinued operations	-	(2,647,057)
Cash used in operating activities	(238,501)	(1,174,971)
Investing activities		
Cash provided from discontinued operations	-	923,018
Cash provided by investing activities	-	923,018
Financing activities		
Due to related parties	(223,790)	-
Increase in short-term debt	-	55,261
Cash provided from continuing operations	(223,790)	-
Cash provided from discontinued operations	-	158,794
Cash (used in) provided from financing activities	(223,790)	214,055
Effect of foreign exchange on cash balances of discontinued operations	-	72,510
Increase(decrease) in cash	(462,291)	34,612
Cash – beginning of the period	664,495	198,085
Cash – end of the period	\$ 202,204	\$ 232,697
Supplemental Information		
Interest paid	-	109,848
Income taxes paid	-	-
Going Concern (Note 1)		

Depreciation of capital assets of \$28,433 was capitalized to mineral properties in the three month period ended March 31, 2010 (March 31, 2009 - \$41,000).

The accompanying notes are an integral part of these financial statements.

BRC DiamondCore Ltd.
Consolidated Statements of Comprehensive Loss
(Unaudited)
(expressed in Canadian dollars)

For the three months ended	March 31, 2010	March 31, 2009
Net loss	\$ (286,715)	\$ (1,482,545)
Unrealized foreign currency loss on self-sustaining operation	-	(4,555,106)
Comprehensive loss	\$ (286,715)	\$ (6,037,651)

Going Concern (Note 1)

The accompanying notes are an integral part of these financial statements.

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

1. Principal business activities and continuation of the business

The principal business of BRC DiamondCore Ltd. (the "Company") is the acquisition and exploration of mineral properties in the Democratic Republic of the Congo ("DRC"). For the three months ended March 31, 2010, only operations from Canada and the DRC were included in the balance sheet and the statement of operations as continuing operations. For the three months ended March 31, 2009, operations from Canada and the DRC were included in the statement of operations as continuing operations and the Company's former South Africa operations are shown as discontinued operations (see Note 3).

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern, which assumes that the Company will continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred a net loss of \$286,715 in the current period (three months ended March 31, 2009 - \$1,482,545). The Company's accumulated deficit as at March 31, 2010 was \$118,128,896 (December 31, 2009 - 117,842,181). The Company had a working capital deficit of \$732,101 as at March 31, 2010 and had a net decrease in cash of \$462,291 and used net cash in operating activities of \$238,501 during the three months ended March 31, 2009. While the interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, adverse conditions may cast substantial doubt upon the validity of this assumption.

The Company's ability to continue operations in the normal course of business is dependent on several factors, including its ability to secure additional funding. Management is exploring all available options to secure additional funding, including equity financing and strategic partnerships. In addition, the recoverability of amounts shown for mineral properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing to complete the development of the properties where necessary, or, alternatively, upon the Company's ability to recover its incurred costs through a disposition of its interests, all of which are uncertain.

In the event the Company is unable to identify recoverable reserves, receive the necessary permitting, or arrange appropriate financing, the carrying value of the Company's assets could be subject to further material adjustment. Furthermore, certain current market conditions have cast significant doubt upon the validity of the going concern assumption.

These interim consolidated financial statements do not include any additional adjustments to the recoverability and classification of certain recorded asset amounts, classification of certain liabilities and changes to the statement of operations that might be necessary if the Company was unable to continue as a going concern.

2. Significant accounting policies

Basis of consolidation

The Company's consolidated financial statements as at March 31, 2010 and as at December 31, 2009 include its accounts and those of its wholly-owned subsidiary in the DRC, BRC DiamondCore Congo SPRL. All inter-company balances and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In addition to the going concern assumption, assets and liabilities which have required management to make significant estimates and assumptions in determining carrying values include mineral properties, capital assets, future income taxes and stock-based compensation.

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

2. Significant accounting policies (continued)

Comprehensive loss, financial instruments, hedges and equity

All financial instruments are required to be measured at fair value on initial recognition, except for certain related party transactions. Due to the short term nature of the Company's financial assets and liabilities, management believes that the carrying value approximates the fair value. Measurement in subsequent periods depends on whether the financial instrument has been classified as either loans and receivables, held-for-trading, held-to-maturity, available-for-sale, or other liabilities. The classification depends on the purpose for which the financial instruments were acquired, their characteristics and/or management's intent. Management determines the classification of financial assets and financial liabilities at initial recognition and, except in very limited circumstances, the classification is not changed subsequent to initial recognition.

i) Loans and receivables

Loans and receivables are initially recognized at fair value, including direct and incremental transaction costs, and are subsequently measured at amortized cost, using the effective interest method.

ii) Held-for-trading

Financial assets and financial liabilities that are purchased and incurred with the intention of generating income in the near term, are classified as held-for-trading. Financial instruments included in this category are initially recognized at fair value and transaction costs are taken directly to earnings along with gains and losses arising from changes in fair value.

iii) Other liabilities

Financial liabilities, including accounts payable and accrued liabilities, are classified as "other liabilities". Other liabilities are initially recognized at fair value and are subsequently measured at amortized cost using the effective interest method.

iv) Comprehensive loss

Comprehensive loss is composed of the Company's net loss and other comprehensive loss. Other comprehensive loss includes any unrealized gains and losses on available-for-sale securities, foreign currency translation gains and losses on the net investment in self-sustaining foreign operations and changes in the fair market value of derivative instruments designated as cash flow hedges, all net of income taxes. The components of comprehensive loss are disclosed in the consolidated statements of comprehensive loss.

v) Derivatives and hedge accounting

Derivative instruments, including embedded derivatives, are recorded at fair value unless exempted from derivative treatment as normal purchase and sale. All changes in their fair value are recorded in income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income. The Company does not currently apply hedge accounting or have derivative instruments.

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

2. Significant accounting policies (continued)

The Company designated its financial instruments as follows:

<u>Financial instruments</u>	<u>Classification</u>	<u>Measurement</u>
Cash	Held-for-trading	Fair value
Other assets	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Loans and receivables	Amortized cost

Mining assets

Exploration costs

Exploration costs are recorded in the statement of operations and deficit until such time as the Company has legal title to the mineral rights. Thereafter all exploration and evaluation expenditures are capitalized until such time as the mining property is capable of commercial production. It will then be subject to impairment tests when facts and circumstances suggest that the carrying amount of the assets may exceed their recoverable amount. The value of any diamonds recovered from exploration activities is offset against exploration costs.

Land and mineral rights

Undeveloped properties and mineral rights, upon which the Company has not performed sufficient exploration work to determine whether sufficient mineralization exists, are carried at original cost.

Land is not depreciated.

Mineral rights are amortized over the expected life of the mine from the date on which commercial production commences. Where there is little likelihood of a mineral right being exploited, or the value of an exploitable mineral right has diminished below cost, a write down is recorded representing the difference between carrying value and fair value.

Non-producing mineral properties

Costs relating to the acquisition, exploration and development of non-producing resource properties are capitalized until such time as either economically recoverable reserves are established, the properties are sold or abandoned, or the value of the particular property is impaired. The excess of these costs over estimated recoveries is charged to operations. The ultimate recovery of these costs depends on the discovery and development of economic reserves or the sale of the mineral rights. The amounts shown for non-producing resource properties do not necessarily reflect present or future values.

In addition, the Company's exploration opportunities in the DRC may be subject to sovereign risks, including political and economic instability, government regulations relating to mining, military repression, civil disorder, currency fluctuations and inflation, all or any of which may impede the Company's activities in this country or may result in the impairment or loss of part or all of the Company's interest in the properties.

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

2. Significant accounting policies (continued)

Capital assets

Capital assets of the Company are recorded at cost. Depreciation of capital assets is recorded on a straight line basis over the following periods:

Vehicles	-	four years
Furniture and office equipment	-	two to seven years
Computer equipment	-	three years
Processing plant	-	hours worked / volumes processed
Exploration and mining assets	-	two to 4years

The depreciation methods, useful lives and residual values, if not insignificant, are reassessed annually.

Impairment of long-lived assets

The Company reviews and evaluates the carrying value of its exploration properties for impairment when events or circumstances indicate that the carrying amounts of related assets or groups of assets may not be recoverable. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is measured and assets are written down to fair value. Future cash flows are estimated based on estimated future recoverable mine production, expected sales prices and considering current and historical commodity prices, price trends and related factors, production levels, cash costs of production and capital and reclamation costs, and the sustainable exploitation of the indicated ore body.

Stock options

The Company's stock option plan is summarized in Note 7(b). Stock-based compensation is recorded using the fair value method of accounting for stock options granted to directors, officers and employees whereby the weighted average fair value of options granted is recorded as compensation expense in the consolidated financial statements. Compensation expense on stock options granted is recognized and amortized over the vesting period, with the offset being credited to contributed surplus, which will transfer to share capital if the related options are converted into common shares. Compensation expense on stock options granted to non-employees is recorded as an expense in the period at the earlier of the completion of performance and the date the options are vested using the fair value method. Any consideration paid for shares purchased under the plan is credited to share capital.

Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income taxes are recognized based on the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce future income tax assets to amounts expected to

Loss per share

Basic loss per share is computed by dividing net loss by the weighted average number of shares outstanding during the reporting period. Due to reported losses, diluted loss per share data is the same as basic loss per share as the assumed exercise of stock options and warrants is anti-dilutive (see Note 7(c)).

Foreign currency translation

These consolidated financial statements are presented in Canadian dollars. The Company's functional currency is the Canadian dollar.

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

2. Significant accounting policies (continued)

Prior to July 3, 2009 (see Note 3), self-sustaining foreign operations were translated into Canadian dollars using the current-rate method. Under this method, assets and liabilities were translated at the rate of exchange in effect at the balance sheet date while revenue and expense items (including depletion and amortization) were translated at the average rates of exchange prevailing during the period. Exchange gains and losses that resulted from the translation were deferred and disclosed as a component of "accumulated other comprehensive income (loss)". The operations in South Africa were considered self-sustaining and prior to their disposal their functional currency was the South African rand.

Transactions in foreign currencies of integrated foreign operations are translated into Canadian dollars at rates of exchange at the time of such transactions. Monetary assets and liabilities are translated at current rates of exchange with the resulting gains or losses included in income. Non-monetary items are translated at historical exchange rates. Revenue and expense items are translated at the average rates of exchange, except depletion and amortization which are translated at the rates of exchange applicable to the related assets. Gains or losses resulting from these translation adjustments are included in income. The activities in the DRC are considered integrated.

Transactions denominated in a foreign currency are translated into Canadian dollars at the rate of exchange in effect at the time of such transactions. Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange at the balance sheet date. The resulting gains and losses are included in income.

Variable interest entities (VIEs)

VIEs are consolidated by the Company when it is determined that it will, as the primary beneficiary, absorb the majority of the VIEs expected losses or expected residual returns. The Company currently does not have any interests in VIEs.

Future accounting standards

a) Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

In January 2009, the Canadian Institute of Chartered Accountants ("CICA") adopted sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests" which superseded current sections 1581, "Business Combinations" and 1600 "Consolidated Financial Statements". These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it will disclose that fact and apply each of the new sections concurrently. These new sections were created to converge Canadian GAAP with IFRS. The Company is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

b) International Financial Reporting Standards

The CICA Accounting Standards Board ("AcSB") requires all Canadian publicly accountable entities to adopt International Financial Reporting Standards ("IFRS") for years beginning on or after January 1, 2011. The Company's first mandatory filing under IFRS, which will be the first quarter of 2011, will contain IFRS-compliant information on a comparative basis, as well as reconciliations for that quarter and as at the January 1, 2010 transition date. Although IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosure. The Company has developed a plan for IFRS convergence and has started the implementation process. Detailed analysis of the differences between IFRS and the Company's accounting policies and assessments of the various alternatives for first time adoption of IFRS are in progress. Training for key employees has begun and will continue throughout the implementation. Due to anticipated changes in IFRS prior to transition, it is currently not possible to fully determine the impact to the consolidated financial results.

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

3. Discontinued operations - Diamond Core

On July 3, 2009, Diamond Core Resources (Pty) Ltd. ("Diamond Core") (which was the holding company for the Company's South African projects) was the subject of a final liquidation order by the Northern Cape High Court in South Africa. The application for the liquidation was initiated by River Corporate Finance (Pty) Ltd ("River Corporate Finance"), which had been the exclusive adviser to Diamond Core on the transaction involving the acquisition by the Company of Diamond Core in February 2008. The liquidation application was based on a claim in respect of the balance allegedly owing on a success fee of US\$1million. Diamond Core disputed the claim based on performance and counter claimed against River Corporate Finance.

Effective July 3, 2009, as a result of the liquidation order on July 3, 2009, the Company ceased to consolidate Diamond Core's financial statements into those of the Company's.

Effective September 30, 2009, the Company disposed of all of its shares in Diamond Core for nominal consideration plus, if the offer of compromise referred to below is approved by the court, the Company will receive cash proceeds of US\$500,000. The terms of the sale contemplated that the purchaser enter into an offer of compromise with the creditors of Diamond Core. The Company understands that the purchaser is in discussions with the creditors of Diamond Core to reach a settlement.

4. Related party transactions

During the three month period ended March 31, 2010, legal fees and related costs of \$55,342 (March 31, 2009 - \$53,705) incurred in connection with general corporate matters were billed by a law firm of which one partner is a director and officer of the Company. The amount owing as at March 31, 2010 is \$70,539 and is recorded in accounts payable (December 31, 2009 - \$49,113).

As at March 31, 2010 an amount of \$33,334 was owed to two directors and officers of the Company representing management fees (December 31, 2009 - \$278,849). During the three months ended March 31, 2010, management fees of \$50,000 (March 31, 2009 - \$50,000), were incurred.

As at March 31, 2010, an amount of \$3,798 (December 31, 2009 - \$3,922) was owed to Banro Corporation ("Banro"). Banro owns 35,433,987 common shares of the Company, representing a 39.63% interest in the Company.

All amounts due to related parties are unsecured, non-interest bearing and due on demand. These transactions are in the normal course of operations and are measured at the exchange value.

5. Mineral properties

Effective September 30, 2009, the Company disposed of its entire shareholding in Diamond Core, which held the Company's South African diamond projects (see Note 3).

Mineral properties in the DRC comprise eleven exploration permits in the Tshikapa area in the Kasai province of the DRC, and 4 exploration permits north of Bafwasende in the Orientale province of the DRC.

In January 2010, the Company announced that it had entered into an agreement (the "JV Agreement") with Rio Tinto Minerals Development Limited ("Rio Tinto") for the exploration for iron ore in areas within the Province Orientale, in the DRC. These areas total approximately 4,550 square kilometres and are covered by exploration permits (the "Permits") which had been controlled by the Company. Under the JV Agreement, which is in the form of a shareholders' agreement, the Company owns 25% and Rio Tinto 75% of the share capital of a holding company which owns a DRC registered company that holds the Permits.

During the three months ended March 31, 2010, the Company has received proceeds of \$169,835 (as at December 31, 2009 - \$555,379) from Rio Tinto in order to assist with future expenditures towards the iron ore exploration.

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

5. Mineral properties (continued)

Under the JV Agreement, all iron ore exploration up to and including the completion of any pre-feasibility study (as required to obtain an exploitation permit) will be funded by Rio Tinto. The Company will not suffer any dilution during this period, such that the Company's 25% interest in the properties will be maintained during this period. The exploration will be carried out by Rio Tinto (or one of its affiliates) as the operator. After the completion of the pre-feasibility study, funding for the project will be provided by Rio Tinto and the Company based on their proportionate respective interests in the said holding company. As at March 31, 2010, Rio Tinto advanced \$286,798 and \$159,146 was spent on exploration expenditures at this time. The remaining \$127,652 is recorded in the amount due to related parties in the balance sheet.

The Company has incurred deferred exploration expenditures and mineral property costs, (net of write offs of \$16,788,479) in the DRC as at March 31, 2010 as follows:

	Three months ended March 31, 2010	Year ended December 31, 2009	Cumulative from inception to March 31, 2010
	\$	\$	\$
Mineral property costs			
Claims and staking	-	-	2,713
Total mineral property costs	-	-	2,713
Deferred exploration expenditures			
Funds received from Rio Tinto	(169,835)	(555,379)	(725,214)
Administrative and office support	156,417	275,308	4,977,734
Depreciation	28,433	172,121	742,183
Drilling	-	18,755	505,112
Field camp expenses	3,544	102,305	2,928,317
Geochemistry	-	-	329,145
Geology – Contract geologists	-	-	1,600,765
Geophysics	-	-	2,369,677
Option fees	-	-	308,443
Permits and surface taxes	-	19,057	1,867,724
Professional fees	2,473	42,774	659,181
Remote sensing and surveying	-	-	46,729
Stock based compensation	40,320	210,357	2,239,314
Transport cost and helicopter	18,486	14,332	3,256,692
Profit on sale of assets	-	(54,048)	(54,048)
Unrealized foreign exchange difference	(11,085)	-	1,611,600
Write off	-	-	(16,788,479)
Total deferred exploration expenditures	68,753	245,965	5,874,875
Total mineral properties and deferred exploration expenditures	68,753	245,965	5,877,588

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

6. Capital assets

	As at March 31, 2010		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Computer equipment	28,658	21,483	7,175
Exploration and mining assets	316,476	231,967	84,509
Furniture and office equipment	18,106	14,871	3,235
Vehicles	254,436	235,994	18,442
	617,676	504,315	113,361

	As at December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Computer equipment	28,658	19,478	9,180
Exploration and mining assets	316,476	216,384	100,092
Furniture and office equipment	18,106	14,200	3,906
Vehicles	254,436	225,820	28,616
	617,676	475,882	141,794

During the three months ended March 31, 2010, \$28,433 of depreciation was included in mineral properties and deferred exploration expenditures (see Note 5) (three months ended March 31, 2009 - \$41,000).

7. Capital stock

a) Share capital

	Number of Shares	Amount \$
Balance, December 31, 2008	26,091,310	105,815,141
Shares issued for the private placement	20,000,000	1,000,000
Shares issued for the debt settlement transactions	43,317,330	8,663,466
Financing costs	-	(20,731)
Outstanding at December 31, 2009	89,408,640	115,457,876
Outstanding at March 31, 2010	89,408,640	115,457,876

As at March 31, 2010, the authorized share capital of the Company is comprised of an unlimited number of common shares.

In November 2009, the Company completed debt settlement transactions with certain of its creditors pursuant to which such creditors accepted common shares of the Company, issued from treasury by the Company, in satisfaction of indebtedness owed to them by the Company (the "Debt Settlements"). The total number of common shares that were issued by the Company to the creditors under the Debt Settlements was 43,317,330 shares (the "Debt Shares"), and the total amount of Company debt settled by such share issuances was \$8,663,466.

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

7. Capital stock (continued)

a) Share capital (continued)

One of the creditors involved in the Debt Settlements was Banro, which held 3,744,032 (or 14.35%) of the outstanding common shares of the Company prior to the Debt Settlements. 31,689,955 of the Debt Shares were issued to Banro pursuant to its debt settlement agreement, such that Banro currently owns 35,433,987 (or 39.63%) of the outstanding common shares of the Company.

The Company also in November 2009 carried out a non-brokered private placement of 20,000,000 units of the Company (the "Units") at a price of \$0.05 per Unit for proceeds to the Company of \$1,000,000. Each Unit is comprised of one common share of the Company and one warrant of the Company, with each such warrant entitling the holder to purchase one common share of the Company at a price of \$0.066 for a period of four years. Directors of the Company purchased a total of 12,250,000 of the Units issued under this financing.

b) Stock option plan

The Company has a stock option plan under which non-transferable options to purchase common shares of the Company may be granted by the Board of Directors to any director, officer, employee or consultant of the Company or any subsidiary of the Company. This stock option plan contains provisions providing that the term of an option may not be longer than five years and the exercise price of an option shall not be lower than the last closing price of the Company's shares on the Toronto Stock Exchange prior to the date the stock option is granted. Unless the Board at any time makes a specific determination otherwise, a stock option and all rights to purchase Company shares pursuant thereto shall expire and terminate immediately upon the optionee who holds such stock option ceasing to be at least one of a director, officer or employee of or consultant to the Company or a subsidiary of the Company, as the case may be. One-quarter (1/4) of the stock options granted pursuant to the stock option plan vest immediately on their date of grant and another one-quarter of such stock options vest on each of the 6-month, 12-month and 18-month anniversaries of the grant date.

As at March 31, 2010, the Company had outstanding under the stock option plan stock options to acquire 2,700,000 (December 31, 2009 - 2,941,400) common shares of the Company at a weighted-average price of \$2.10 (December 31, 2009 - \$2.15) per share.

The following table summarizes information about stock options outstanding and exercisable at March 31, 2010:

Date of grant	Number of outstanding at 12/31/2009	Options exercised, expired or cancelled	Number outstanding at 3/31/10	Options Exercisable at 3/31/10	Exercise price	Fair value date of grant	Expiry date
03/04/05	16,400	16,400	-	-	\$2.10	\$1.78	03/04/2010
03/18/05	225,000	225,000	-	-	\$2.50	\$1.76	03/18/2010
04/29/05	225,000	-	225,000	225,000	\$2.50	\$2.14	04/29/2010
06/29/06	200,000	-	200,000	200,000	\$3.75	\$2.16	06/29/2011
04/09/07	300,000	-	300,000	300,000	\$5.50	\$3.25	04/09/2012
08/03/07	180,000	-	180,000	180,000	\$8.00	\$2.85	08/03/2012
08/28/08	1,795,000	-	1,795,000	1,795,000	\$1.05	\$0.77	08/28/2013
	2,941,400	241,400	2,700,000	2,700,000			

During the three months ended March 31, 2010, the Company recognized in the statement of operations as stock-based compensation expense \$132,000 (March 31, 2009 - \$265,557) representing the fair value of stock options previously granted to employees, directors and officers under the Company's stock option plan. An amount of \$40,320 was capitalized as deferred exploration expenditures (March 31, 2009 - \$nil). These amounts were credited accordingly to contributed surplus in the balance sheet.

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

7. Capital stock (continued)

b) Stock option plan (continued)

The Black-Scholes option-pricing model was used to estimate the fair values of all stock options granted based on the following factors:

- i) risk-free interest rate: 3.075%
- ii) expected volatility: 95%
- iii) expected life: 5 years
- iv) expected dividends: \$Nil

c) Replacement options

In connection with the acquisition by the Company of all of the outstanding shares of Diamond Core, in February 2008, 15,133,190 stock options that had been issued to employees of Diamond Core pursuant to The Diamond Core Resources Share Trust Deed to acquire 15,133,190 ordinary shares in Diamond Core (the "Old Options") were substituted with new stock options of the Company (the "Replacement Options"), so as to allow holders of Old Options to acquire the number of Company common shares that is calculated by dividing the number of ordinary shares of Diamond Core that would otherwise have been issuable upon the exercise of the Old Options by 24.5, rounded up to the nearest whole number of Company shares, with the exercise price of such Replacement Options being adjusted to the number that is equal to the exercise price of the Old Options (denominated in South African rand) multiplied by 24.5. A total of 617,710 Replacement Options were issued by the Company. At March 31, 2010, 460,968 of these options had been cancelled.

d) Loss per share

The loss per share figures for the three months ended March 31, 2010 and 2009 are calculated using the weighted average number of shares outstanding during the respective accounting periods amounting to 89,408,640 and 26,091,310 common shares, respectively. The calculations of basic and diluted loss per share amounts are identical. All common share options and warrants were excluded from the calculation of diluted loss per share as their effect would have been anti-dilutive.

e) Contributed surplus

	As at March 31, 2010	As at December 31, 2009
	\$	\$
Balance, beginning of the year	7,700,518	6,934,641
Options expensed	172,320	765,877
	7,872,838	7,700,518

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

8. Commitments, contingencies and guarantees

The Company is committed to the payment of the surface fees and taxes. For 2010, these fees and taxes are estimated to be approximately US\$120,000. The surface fees and taxes are required to be paid annually under the DRC Mining Code in order to keep exploration permits in good standing.

In addition, as at March 31, 2010, the Company had a bank guarantee of US\$4,373 (December 31, 2009 - \$4,373) with respect to expenses related to a mitigation and rehabilitation plan required from holders of exploration permits under the DRC Mining Code.

Six of the exploration permits comprising part of the Company's Tshikapa project in the DRC are held through an option agreement with Acacia sprl. Acacia sprl has advised the Company of its wish to modify the option agreement. The Company continues its discussions with Acacia sprl and is optimistic of reaching an agreement that is satisfactory for both parties.

Labour disputes

As at March 31, 2010 the Company was in dispute with two of its previous directors. One of those individuals applied for a summary judgment in the High Court of South Africa; the application was dismissed and the Company was granted leave to defend his claim. The matter will now proceed in the High Court on an opposed basis. The other individual has referred two disputes to the Commission for Conciliation Mediation and Arbitration in Johannesburg, South Africa and an action to the High Court in that same jurisdiction. He elected to withdraw an application for summary judgment.

The Company believes that these claims are without merit and is vigorously defending these actions.

9. Capital management

The Company manages its cash, common shares, warrants and stock options as capital.

The Company's main objectives when managing its capital are:

- to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk while providing an appropriate return to its shareholders;
- to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;
- to safeguard the Company's ability to obtain financing should the need arise; and
- to maintain financial flexibility in order to have access to capital in the event of future acquisitions.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responds to changes in economic conditions and the risk characteristics of the underlying assets.

There were no changes to the Company's approach to capital management during the period ended March 31, 2010.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

10. Financial instruments and risk management

a) Fair value of financial instruments

The Company has classified financial instruments as follows:

	As at March 31, 2010	As at December 31, 2009
	\$	\$
Financial assets		
Held-for-trading, measured at fair value		
Cash	202,204	664,495
Loans and receivables, measured at amortized cost		
Prepaid expenses and other assets	128,227	163,675
Financial liabilities		
Other liabilities, measured at amortized cost		
Accounts payable and accrued liabilities	908,438	1,027,172
Due to related parties	154,094	377,884

b) Fair value of financial instruments

The balance sheet carrying amounts for cash, prepaid expenses and other assets, accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The fair value hierarchy established by CICA Section 3862 "Financial Instruments – Disclosures" establishes three levels to classify the inputs to valuation techniques used to measure fair value.

The fair value hierarchy is as follows:

Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets (few transactions, limited information, non-current prices, high variability over time);
- Inputs other than quoted prices that are observable for the asset/liability (e.g. interest rates, yield curves, volatilities, default rates, etc.); and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

10. Financial instruments and risk management (continued)

The Company's assets are measured as follows:

Cash – The carrying value of cash approximates fair value as maturities are less than three months.

Fair Value Measurements at Reporting Date Using:

March 31, 2010

Assets:	Level 1	Level 2	Level 3
Cash	\$ 202,204	--	-

c) *Risk management policies and hedging activities*

The Company is sensitive to changes in commodity prices, foreign exchange and interest rates. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Although the Company has the ability to address its price-related exposures through the use of options, futures and forward contracts, it does not generally enter into such arrangements. Similarly, derivative financial instruments are not used to reduce these financial risks.

d) *Credit risk*

Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with several financial institutions of reputable credit and may be redeemed upon demand. It is therefore the Company's opinion that such credit risk is subject to normal industry risks and is considered minimal.

e) *Liquidity risk*

Liquidity risk arises from the Company's financial obligations and in the management of its assets, liabilities and optimal capital structure. The Company manages this risk by regularly evaluating its liquid financial resources to fund its current and long term obligations and to meet its capital commitments in a cost effective manner. The main factors that affect liquidity include working capital requirements, future capital expenditure requirements, the Company's credit capacity and expected future debt and equity capital market conditions.

The Company's liquidity requirements are met through a variety of sources, including: cash on hand, existing credit facilities, leases, and debt and equity markets.

In light of current conditions, the Company has initiated a series of measures to bring its spending in line with the projected cash flows from its operations and available project specific facilities in order to preserve its balance sheet and maintain its liquidity position.

As at March 31, 2010, these interim consolidated financial statements have been prepared in accordance with Canadian GAAP applicable to a going concern (see Note 1).

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

10. Financial instruments and risk management (continued)

f) *Currency risk*

The Company is exposed to currency risk as its principal business is conducted in foreign currencies. Monetary assets and liabilities denominated in foreign currencies are translated from US dollars and into Canadian dollars. Unfavourable changes in the applicable exchange rate may result in a decrease or increase in foreign exchange gains or losses. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

For the three month period ended March 31, 2010, everything else being equal, a 5% increase or decrease in the exchange rate between the Canadian dollar and the US dollar would have resulted in a respective \$293,879 decrease and increase in the value of mineral properties and deferred exploration expenditures in the DRC.

g) *Interest rate risk*

Interest rate risk is the potential impact on the Company's earnings due to changes in bank lending rates and short term deposit rates.

The Company's exposure to interest rate risk is as follows:

Cash	Variable interest rate
Other assets	Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing

h) *Market risk*

Market risk is the risk that the value of a financial instrument might be adversely affected by a change in commodity prices, interest rates or currency exchange rates. The Company manages the market risk associated with commodity prices by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

i) *Title risk*

Title to mineral 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 conveyancing history characteristic of many mining properties. Although the Company has investigated title to all of its mineral properties for which it holds mineral licenses, the Company cannot give any assurance that title to such properties will not be challenged or impugned and cannot be certain that it will have valid title to its mineral properties. The Company relies on title opinions by legal counsel who base such opinions on the laws of countries in which the Company operates.

j) *Country risk*

The DRC is a developing country and as such, the Company's exploration projects in the DRC could be adversely affected by uncertain political or economic environments, war, civil or other disturbances, and a changing fiscal regime and by DRC's underdeveloped industrial and economic infrastructure.

The Company's operations in the DRC may be effected by economic pressures on the DRC. Any changes to regulations or shifts in political attitudes are beyond the control of the Company and may adversely affect its business. Operations may be affected in varying degrees by such factors as DRC government regulations with respect to currency conversion, production, price controls, export controls, income taxes or reinvestment credits, expropriation of property, environmental legislation, land use, water use and mine safety.

There can be no assurance that policies towards foreign investment and profit repatriation will continue or that a change in economic conditions will not result in a change in the policies of the DRC government or the imposition of more stringent foreign investment restrictions. Such changes cannot be accurately predicted.

BRC DiamondCore Ltd.

Notes to the consolidated financial statements (unaudited)

March 31, 2010

(amounts in Canadian dollars, unless otherwise specified)

11. Segmented information

The Company's reportable segments have been determined at the level where decisions are made on the allocation of resources and capital, and where internal financial statements are available, which is essentially the different geographic regions. The DRC segment represents the Company's exploration activities in the DRC. The Canadian segment comprises its general corporate activities.

For the DRC, its exploration costs are capitalized. Canadian corporate costs are expensed to the statement of operations and deficit.

The Company carries on business in the following geographic areas:

	As at March 31, 2010	As at December 31, 2009
	\$	\$
Congo – Mineral properties	5,877,588	5,808,835
Congo – Property, plant and equipment	113,361	141,794
Canada – Property, plant and equipment	-	-
	5,990,949	5,950,629

BRC DIAMONDCORE LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2010

The following management's discussion and analysis of financial condition and results of operations (the "**MD&A**") has been prepared by management and provides a review of the activities, results of operations and financial condition of BRC DiamondCore Ltd. (the "**Company**" or "**BRC**") based upon Canadian generally accepted accounting principles. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements as at and for the three month period ended March 31, 2010, as well as the notes thereto, the audited consolidated financial statements as at and for the financial year of the Company ended December 31, 2009 ("**fiscal 2009**") and the notes thereto and the annual MD&A for fiscal 2009. All amounts are expressed in Canadian dollars unless otherwise stated.

This MD&A is dated May 17, 2010. Additional information relating to the Company, including the Company's annual information form, is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

The following MD&A contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements relating to exploration results, potential mineralization and future plans and objectives of the Company) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things, uncertainties relating to the availability and costs of financing needed in the future, the possibility that future exploration results will not be consistent with the Company's expectations, changes in equity markets, changes in diamond markets, foreign currency fluctuations, political developments in the Democratic Republic of the Congo (the "**DRC**"), changes to regulations affecting the Company's activities, delays in obtaining or failure to obtain required project approvals, the uncertainties involved in interpreting geological data and the other risks involved in the mineral exploration business. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.

COMPANY OVERVIEW

The Company is engaged in the acquisition and exploration of diamond properties in known diamond producing areas in the DRC. Up until July 3, 2009, the Company also had diamond projects in the Northern Cape of South Africa.

For the three month period ended March 31, 2010, the Company reported a net loss of \$286,715 (compared to a net loss of \$1,482,545 for the three month period ended March 31, 2009). The net asset value of the Company was \$5,201,818 as at March 31, 2010 (December 31, 2009: \$5,316,213).

The Company's accumulated deficit as at March 31, 2010 was \$118,128,896 (December 31, 2009: \$117,842,181). The Company had a working capital deficit of \$732,101 as at March 31, 2010 and had a net decrease in cash of \$462,291 during the three months ended March 31, 2010.

While the Company's financial statements for the first quarter of 2010 have been prepared on the basis of accounting principles applicable to a going concern, adverse conditions may cast substantial doubt upon the validity of this assumption. In the event the Company is unable to identify recoverable resources, receive the necessary permitting, or arrange appropriate financing, the carrying value of the Company's assets could be subject to further material adjustment. Furthermore, certain current market conditions including ongoing depressed diamond carat prices have cast significant doubt upon the validity of this assumption.

The Company's ability to continue operations in the normal course of business is dependent on several factors, including its ability to secure additional funding. Management has been exploring all available options to secure additional funding, including equity financing and strategic partnerships. In addition, the recoverability of amounts shown for mineral properties and deferred exploration expenditures is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing to complete the development of the properties where necessary, or, alternatively, upon the Company's ability to recover its spent costs through a disposition of its interests, all of which are uncertain.

DRC Projects

The Company's present operations consist of the exploration and evaluation of several mineral properties for diamonds in the DRC. During the first quarter of 2010, the Company's exploration programs in the DRC focussed on the Tshikapa area in the southern DRC and the Bafwasende region in the northern DRC. See also the discussion under "Liquidity and Capital Resources" with respect to the Company's interest in an iron ore project.

Tshikapa Project (11 exploration permits)

The drilling program in Tshikapa was temporarily suspended between March and November of 2009 and was briefly restarted in November and December of 2009.

During the first quarter for 2010, the Company initiated several ground magnetic surveys over the Investors Equity Ltd exploration permits (permit numbers 976 and 977). These blocks were surveyed along lines at 50 metre line spacing and with 50 metre station intervals. The results of three of the four blocks, completed during the first quarter of 2010, were sent to BRC's partner for interpretation. Field work on the ground with magnetic surveys is expected to continue during the second quarter of 2010.

The objective of these surveys is to define drill targets for the future.

Northern DRC Project (4 exploration permits)

Results from stream samples collected on a spacing of one sample to every 20 to 25 km² over the two BRC exploration permits (21 samples) (permit numbers 1774 and 1775) have returned some positive results. The concentrates of these stream samples were analysed at Rio Tinto's heavy mineral laboratory in Perth, Australia. The next phase is for the positive grains to be analysed using an electron microprobe to obtain the mineral chemistry of these grains.

Security of Tenure

In order to focus the exploration program on the most promising areas, certain exploration permits have been relinquished with a high degree of confidence. Three new exploration permit applications were lodged in 2008. During 2009, BRC obtained one new exploration permit in the Wamba valley (permit number 9083). Two exploration permit applications are still at CAMI for consideration. BRC will keep its focus on the following exploration permits which are held by BRC directly or by partners through various option agreements: Acacia (6), BCE (2), BRC (3), Caspian Oil & Gas (2), and IEL (2).

Status of Exploration Permits of BRC and Partners in the DRC – Q1 2010

Company (Project)	Permits at Q1 2010	
	Permits	Km ²
BRC (2 – DRC north, 1 –Tshikapa)	3	1,166
Acacia (Tshikapa)	6	1,055
BCE (DRC north)	2	780
Caspian O &G (Tshikapa)	2	178
IEL (Tshikapa)	2	279
Total	15	3,458

QUALIFIED PERSON AND TECHNICAL REPORT

Dr. Michiel C. J. de Wit, the Company's President and a "qualified person" as such term is defined in National Instrument 43-101, has reviewed and approved the technical information in this MD&A.

Additional information with respect to the Company's Tshikapa project is contained in the technical report prepared by Dr. Michiel C. J. de Wit and Fabrice Matheys, dated March 31, 2009 and titled "National Instrument 43-101 Technical Report on the Tshikapa Project of BRC DiamondCore Ltd. in the Democratic Republic of the Congo". A copy of this report can be obtained from SEDAR at www.sedar.com.

RESULTS OF OPERATIONS

For the three month period ended March 31, 2010, the Company reported a net loss of \$286,715 (or \$0.00 per share), compared to a net loss of \$1,482,545 (or \$0.06 per share) incurred during the three month period ended March 31, 2009. For the three months ended March 31, 2009, there was income from continuing operations of \$66,124 (or \$0.00 per share), and a loss from discontinued operations of \$1,548,669 (or \$0.06 per share), which related to the Company's former South African division, which was disposed of during 2009.

For the three months ended March 31, 2009, this former division has been classified as a discontinued operation.

SUMMARY OF QUARTERLY RESULTS

The following table sets out certain unaudited consolidated financial information of the Company for each of the last eight quarters, beginning with the first quarter of 2010. This financial information has been prepared in accordance with Canadian generally accepted accounting principles. The Company's reporting and measurement currency is the Canadian dollar.

	2010 1st quarter	2009 4th quarter	2009 3rd quarter	2009 2nd quarter
Net loss (\$'000)	\$287	\$528	\$4,879	\$2,062
Net loss per share (basic and diluted)	\$0.00	\$0.01	\$0.19	\$0.08
	2009 1st quarter	2008 4th quarter	2008 3rd quarter	2008 2nd quarter
Net loss (\$'000)	\$1,483	\$90,873	\$7,498	\$1,193
Net loss per share (basic and diluted)	\$0.06	\$3.70	\$0.31	\$0.05

During the first quarter of 2010, the Company's net loss decreased to \$286,715 compared to \$528,193 in the last quarter of 2009, due mainly to lower professional fees and general and administration costs.

During the fourth quarter of 2009, the Company's net loss was \$528,193 compared to a net loss of \$90,873,000 reported during the fourth quarter of 2008. The loss in the fourth quarter of 2009 was mainly related to the loss on the disposition of Diamond Core. The high losses of the fourth quarter of 2008 were due mainly to the impairment of goodwill, mineral properties and capital assets.

In the third quarter of 2009, the loss of \$4,879,248 comprised a loss of \$3,143,096 attributable to discontinued operations and \$1,736,152 attributable to continued operations. The loss per share was \$0.12 for discontinued operations and \$0.07 for continued operations.

During the second quarter of 2009, the Company's net loss was \$2,062,000 compared to a net loss of \$1,483,000 reported during the first quarter of 2009. The increased loss, reported in Canadian dollars, is partially as a result of the 17% appreciation in the South African rand over the second quarter. There were additional costs associated with retrenchment of employees. During the second quarter of 2009, the Company maintained its decision to place its former South African bulk sampling operations on a care and maintenance basis as a result of market conditions. Similarly, the DRC exploration activities remained on a care and maintenance basis as a result of decreased funding for operations in the DRC.

During the first quarter of 2009, the Company's net loss reduced to \$1,482,545 compared to a net loss of \$90,873,000 reported during the fourth quarter of 2008. This change was mainly as a result of the Company's decision to place its operations on a care and maintenance basis as a result of decreased funding for operations in the DRC and the low

diamond prices adversely affecting the bulk sampling operations in South Africa, which was in effect throughout the first quarter of 2009 but for only part of the fourth quarter of 2008.

During the fourth quarter of 2008, the Company's net loss increased to \$90,873,000 compared to a net loss of \$7,498,000 reported during the third quarter of 2008. This increase was due mainly to the impairment of goodwill, mineral properties and capital assets.

During the third quarter of 2008, the Company's net loss increased to \$7,498,000 compared to a net loss of \$1,193,000 reported during the second quarter of 2008. This increase was due mainly to the impairment of \$5,312,000 on certain properties in the DRC that had been relinquished, the accounting for stock based compensation and a reversal from unrealised foreign exchange profits to losses on the conversion of the South African balance sheet from a relatively weaker rand to the Canadian dollar.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2010, the Company had cash of \$202,204 and a working capital deficit of \$732,101, compared to cash of \$664,495 and a working capital deficit of \$577,386 as at December 31, 2009.

The Company has no operating revenues and is wholly reliant upon external financing to fund its activities. There is no assurance that such financing will be available on acceptable terms, if at all.

In 2009, the Company successfully raised funds by selling participation in its projects or areas where it held the exploration rights. This was the case with Rio Tinto who paid the Company US\$380,000 to enable Rio Tinto to obtain a 75% interest in the iron ore project.

In January 2010, the Company announced that it had entered into an agreement (the "**JV Agreement**") with Rio Tinto Minerals Development Limited ("**Rio Tinto**") for the exploration for iron ore in areas within the Province Orientale, in the DRC. These areas total approximately 4,550 square kilometres and are covered by exploration permits (the "**Permits**") in which the diamond and iron ore rights had been controlled by the Company. Under the JV Agreement, which is in the form of a shareholders' agreement, the Company owns 25% of the share capital of the joint venture company which owns the DRC company that holds the Permits, with Rio Tinto owning 75% of the share capital of the joint venture company.

Upon finalization of the transaction, Rio Tinto made further payments to the Company amounting to US\$150,000.

Under the JV Agreement, all iron ore exploration up to and including the completion of any feasibility study will be funded by Rio Tinto. The Company will not suffer any dilution during this period, such that the Company's 25% interest in the properties will be maintained during this period. The exploration will be carried out by Rio Tinto (or one of its affiliates) as operator. After the completion of any feasibility study, funding for the project is to be provided by Rio Tinto and BRC pro rata based on their respective interests in the joint venture company.

Initial geological research and exploration indicates that the Permit areas, which are largely unexplored using modern exploration methods, are highly prospective for the discovery of iron ore deposits. As part of the 2010 exploration program, Rio Tinto plans to undertake a reconnaissance drill program over the Permit areas.

The Company's liquidity requirements are thus met through a variety of sources, including cash on hand and equity markets.

In general, market conditions have limited the availability of funds. Given the Company's financial position and available resources, the Company currently expects a need to access equity markets for financing over the next twelve months. However, as the duration of the general economic uncertainty and its detrimental effect on capital markets is unknown, it is difficult to determine the long-term impact on the Company. In light of current conditions, the Company has continued a series of measures to bring its spending in line with the projected cash flows from its operations in order to preserve its balance sheet and maintain its liquidity position. Management believes that based on its current financial position and liquidity profile, the Company will be able to satisfy its current and long-term obligations. The unaudited consolidated financial statements of the Company as at and for the three months ended March 31, 2010 have been prepared in accordance with Canadian GAAP applicable to a going concern.

Contractual obligations (not on balance sheet) entered into by the Company as at March 31, 2010 and as at December 31, 2009 were nil.

The Company has an option agreement to secure an equity interest in prospective ground held in six exploration permits in the DRC with ACACIA sprl, which has advised the Company of its wish to modify the option agreement. The Company continues its discussions with ACACIA sprl and is optimistic of reaching an agreement that is satisfactory to both parties. The Company expects to pay approximately US\$350,000 as an option exercise fee.

Diamond Core Resources (Pty) Ltd ("**Diamond Core**"), which had been the holding company of the Company's former projects in South Africa, was subject to a liquidation order on July 3, 2009. Effective July 3, 2009, as a result of the said liquidation order, the Company ceased to consolidate Diamond Core's consolidated financial statements into those of the Company's. Effective September 30, 2009, the Company disposed of all of its shares in Diamond Core for nominal consideration plus, if the offer of compromise referred to below is approved by the court, the Company will receive cash proceeds of US\$500,000. The terms of the sale contemplated that the purchaser enters into an offer of compromise with the creditors of Diamond Core. The Company understands that the purchaser has acquired control of the claims of the bulk of the creditors of Diamond Core to reach a settlement. It is uncertain whether such a settlement will be achieved, as this requires the purchaser to have Diamond Core brought out of liquidation, and whether, therefore, the Company will receive the said US\$500,000.

MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

The following table provides a breakdown of the Company's deferred exploration expenditures in the DRC for the three month period ended March 31, 2010:

	Tshikapa (Acacia) Project \$'000	Other Projects \$'000	Total \$'000
(amounts rounded to the nearest thousand)			
Balance 12/31/2009	<u>2,890</u>	<u>2,919</u>	<u>5,809</u>
Administrative and office support ⁽¹⁾	(154)	100	(54)
Depreciation	14	14	28
Field camp expenses	3	1	4
Business promotion	-	2	2
Permits and surface taxes	11	29	40
Professional fees	1	1	2
Stock based compensation	20	20	40
Transport and helicopter	1	18	19
Foreign exchange profit	(6)	(6)	(12)
Subtotal - three month period ended March 31, 2010	<u>(110)</u>	<u>179</u>	<u>69</u>
Balance 03/31/2010	<u><u>2,780</u></u>	<u><u>3,096</u></u>	<u><u>5,878</u></u>

(1) This balance includes \$170,000 of funds received from Rio Tinto in association with the Tshikapa project.

OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares. As at May 17, 2010, the Company had outstanding 89,408,640 common shares, stock options to purchase an aggregate of 2,631,742 common shares of the Company and warrants to purchase an aggregate of 20,000,000 common shares of the Company.

RELATED PARTY TRANSACTIONS

During the three month period ended March 31, 2010, legal fees and related costs of \$55,342 (March 31, 2009 - \$53,705) incurred in connection with general corporate matters were billed by a law firm of which one partner is a director and officer of the Company. The amount owing as at March 31, 2010 is \$70,539 and is recorded in accounts payable (December 31, 2009 - \$49,113).

As at March 31, 2010 an amount of \$33,334 was owed to two directors and officers of the Company representing management fees (December 31, 2009 - \$278,849). During the three months ended March 31, 2010, management fees of \$50,000 (March 31, 2009 - \$50,000), were incurred.

As at March 31, 2010, an amount of \$3,798 (December 31, 2009 - \$3,922) was owed to Banro Corporation ("**Banro**"). Banro owns 35,433,987 common shares of the Company, representing a 39.63% interest in the Company.

All amounts due to related parties are unsecured, non-interest bearing and due on demand. These transactions are in the normal course of operations and are measured at the exchange value.

FUTURE ACCOUNTING STANDARDS

a) Business Combinations/Consolidated Financial Statements/Non-Controlling Interests

In January 2009, the Canadian Institute of Chartered Accountants (the "**CICA**") adopted sections 1582, "Business Combinations", 1601, "Consolidated Financial Statements", and 1602, "Non-Controlling Interests" which superseded current sections 1581, "Business Combinations" and 1600 "Consolidated Financial Statements". These sections will be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier adoption is permitted. If an entity applies these sections before January 1, 2011, it will disclose that fact and apply each of the new sections concurrently. These new sections were created to converge Canadian GAAP with IFRS. The Company is currently evaluating the impact of the adoption of these changes on its consolidated financial statements.

b) International Financial Reporting Standards

In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed that Canadian Generally Accepted Accounting Principles ("Canadian GAAP") for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS") effective in the calendar year 2011. The conversion to IFRS will be required, for the Company, for interim and annual financial statements beginning on January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences on recognition, measurement and disclosures. The AcSB has confirmed January 1, 2011 as the date that IFRS will replace Canadian GAAP for publicly accountable enterprises. As a result, the Company will report under IFRS for interim and annual periods beginning January 1, 2011, with comparative information for 2010 restated under IFRS. Adoption of IFRS in place of Canadian GAAP will require the Company to make certain accounting policy choices and could materially impact the reported financial position and results of operations.

IFRS Transition Plan

During fiscal 2009, the following steps were completed as part of the formal IFRS transition plan:

- A formal project structure including project governance
- An estimate of required resources (combination of internal and external)
- A detailed timeline for fiscal 2009 and 2010
- A proposed training program
- A comprehensive analysis and review of all IFRS 1 elections

In addition, the Company began a comprehensive analysis of Canadian GAAP and IFRS differences as well as an assessment of the impact on operations, data systems and internal controls over financial reporting.

The Company has identified areas noted below as those expected to have the most significant impact on the financial statements. The differences are based on IFRS standards

effective as at the date of this MD&A. The International Accounting Standards Board continues to amend and add to current IFRS standards with several projects underway. The Company's transition plan includes monitoring actual and anticipated changes to IFRS and related rules and regulations and assessing the impacts of these changes on the Company and its financial statements, including expected dates of when such impacts are effective. Key differences identified as of the date of this MD&A are as follows:

Impairment of Property, Plant and Equipment

Under Canadian GAAP, whenever the estimated future cash flows on an undiscounted basis of a property is less than the carrying amount of the property, an impairment loss is measured and recorded based on fair values. Under IFRS, IAS 36 Impairment of Assets ("IAS 36") requires an impairment charge to be recognized if the recoverable amount, determined as the higher of the estimated fair values less costs to sell or value in use, is less than carrying amount. The impairment charge under IFRS is equal to the amount by which the carrying amount exceeds the recoverable amount. The difference in testing and determining an impairment may result in more frequent impairment charges, where carrying values of assets may have been supported under Canadian GAAP on an undiscounted cash flow basis, but cannot be supported on a discounted cash flow basis.

IAS 36 also requires the reversal of any previous impairment losses where circumstances requiring the impairment charge have changed and reversed. Canadian GAAP does not permit the reversal of impairment losses in any circumstance.

Property, Plant and Equipment

Under Canadian GAAP, costs incurred for property, plant and equipment on initial recognition are allocated to significant components when practicable. Costs incurred subsequent to the initial purchase of property, plant and equipment are capitalized when they constitute a betterment, which occurs when the productive capacity or useful life of an existing asset is increased or when the associated operating costs is decreased. Otherwise, these costs are expensed. Under IAS 16 Property, Plant and Equipment, costs incurred for property, plant and equipment on initial recognition are allocated to significant components, capitalized and depreciated separately over the estimated useful lives of each component. Practicability of allocating to significant components is not considered under IFRS. Costs incurred subsequent to the initial purchase of property, plant and equipment are capitalized when it is probable the future economic benefits will flow to the Company over a period and the costs can be measured reliably. Upon capitalization, the carrying amount of components replaced, if any, are derecognized. The Company is still analyzing its property, plant and equipment to determine if an opening IFRS balance sheet adjustment is necessary.

Other Accounting Policies

The Company continues to evaluate the impact of IFRS adoption on other areas, which may result in significant differences from current Canadian GAAP accounting policies.

IFRS Transition Disclosures

As the Company executes its IFRS transition plan and moves from Canadian GAAP to IFRS, the Company's disclosure on accounting differences is expected to increase. The Company will continue to present its results for fiscal 2010 using Canadian GAAP while also presenting supplementary disclosure for fiscal 2010 according to IFRS.

CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of the recoverable value of its mineral properties and related deferred exploration expenditures, foreign currency translation and stock-based compensation. All of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

Mineral Properties and Deferred Exploration Expenditures

The Company's recoverability of the recorded value of its mineral properties and associated deferred exploration expenses is based on market conditions for minerals, any underlying mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal, and political risks, the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production or the proceeds of disposition thereof.

Management uses its best available information to identify the point at which a development project is capitalized, assess resources, future costs and benefits and, where considered necessary, engages qualified third-party professionals to assist in the process. Changing assumptions about future commodity prices, exchange rates, production costs and revised information on any resources may change management's recoverable amounts and depletion and amortization.

Foreign Currency Translation

The functional currency of the Company is Canadian dollars. The Company undertakes transactions in currencies other than the Canadian dollar, including US dollars. As part of its ongoing review of critical accounting policies and estimates, the Company reviews the foreign currency translation method of its foreign operations to determine if there are significant changes to economic facts and circumstances that may indicate whether or not the foreign operations are largely self-sufficient and the economic exposure is more closely tied to their respective domestic currencies. Any change in translation method resulting from this review will be accounted for prospectively. The Company had accounted for its South African operations as self-sustaining and accounts for the DRC operations as an integrated foreign operation.

Stock-Based Compensation

The Company uses the Black-Scholes option pricing model to determine the fair value of stock options granted. This model requires the Company to make reasonable assumptions in order to derive parameters such as the expected volatility of the Company's shares, the expected life of the option and interest rates, all of which are based on historical information. Future behaviors of these parameters are beyond the Company's control, and thus, may be significantly different from the Company's estimates.

The values of all stock options granted were estimated, using the Black-Scholes option-pricing model, based on the following factors:

- (i) risk-free interest rate: 3.075%
- (ii) expected volatility: 95%
- (iii) expected life: 5 years
- (iv) expected dividends: \$Nil

CAPITAL MANAGEMENT

The Company's main objectives when managing its capital are:

- to maintain a flexible capital structure which optimizes the cost of capital at acceptable risk while providing an appropriate return to its shareholders;
- to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business;
- to safeguard the Company's ability to obtain financing should the need arise; and
- to maintain financial flexibility in order to have access to capital in the event of future acquisitions.

The Company manages its capital structure and makes adjustments to it in accordance with the objectives stated above, as well as responds to changes in economic conditions and the risk characteristics of the underlying assets.

There were no changes to the Company's approach to capital management during the three month period ended March 31, 2010.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties that could significantly impact on its operations and future prospects. The following discussion pertains to certain principal risks and uncertainties but is not, by its nature, all inclusive.

The only sources of future funds for further exploration programs which are presently available to the Company are the sale of equity capital, or the offering by the Company of an interest in its properties to be earned by another party carrying out further exploration. There is no assurance that such sources of financing will be available on acceptable terms, if at all. In the event that commercial quantities of minerals are found on the Company's properties, the Company does not have the financial resources at this time to bring a mine into production.

The current financial climate is characterized by volatile and uncertain times. The uncertainty of forward looking statements is therefore greater. Diamond prices have reduced significantly as a result of the economic downturn and any recovery could be accompanied by volatility.

All of the Company's projects are located in the DRC. The assets and operations of the Company are therefore subject to various political, economic and other uncertainties, including, among other things, the risks of war and civil unrest, hostage taking, military repression, labor unrest, illegal mining, expropriation, nationalization, renegotiation or nullification of existing licenses, permits, approvals and contracts, taxation policies, foreign exchange and repatriation restrictions, changing political conditions, international monetary

fluctuations, currency controls and foreign governmental regulations that favor or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitude in the DRC may adversely affect the Company's operations. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights could result in loss, reduction or expropriation of entitlements. In addition, in the event of a dispute arising from operations in the DRC, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada. The Company also may be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company's operations.

The DRC is a developing nation emerging from a period of civil war and conflict. Physical and institutional infrastructure throughout the DRC is in a debilitated condition. The DRC is in transition from a largely state controlled economy to one based on free market principles, and from a non-democratic political system with a centralized ethnic power base, to one based on more democratic principles. There can be no assurance that these changes will be effected or that the achievement of these objectives will not have material adverse consequences for the Company and its operations. The DRC continues to experience violence and significant instability in parts of the country due to certain militia and criminal elements. While the government and United Nations forces are working to support the extension of central government authority throughout the country, there can be no assurance that such efforts will be successful.

All of the Company's properties are in the exploration stage only and none of the properties contain a known body of commercial ore. The Company currently operates at a loss and does not generate any revenue from operations. The exploration and development of mineral deposits involve significant financial risks over a significant period of time which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties which are explored are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that the Company's exploration programs will result in a profitable commercial mining operation.

The Company is exposed to currency risk as its principal business is conducted in foreign currencies. Unfavorable changes in the applicable exchange rate may result in a decrease or increase in foreign exchange gains or losses. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company's exploration and, if such exploration is successful, development of its properties is subject to all of the hazards and risks normally incident to mineral exploration and development, any of which could result in damage to life or property, environmental damage and possible legal liability for any or all damage.

The natural resource industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT*a) Fair value of financial instruments*

The Company has classified financial instruments as follows:

	As at March 31, 2010	As at December 31, 2009
	\$	\$
Financial assets		
Held-for-trading, measured at fair value		
Cash	202,204	664,495
Loans and receivables, measured at amortized cost		
Prepaid expenses and other assets	128,227	163,175
Financial liabilities		
Other liabilities, measured at amortized cost		
Accounts payable and accrued liabilities	908,438	1,027,172
Due to related parties	154,094	377,884

b) Fair value of financial instruments

The balance sheet carrying amounts for cash, prepaid expenses and other assets, and accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The fair value hierarchy established by CICA Section 3862 "Financial Instruments – Disclosures" establishes three levels to classify the inputs to valuation techniques used to measure fair value.

The fair value hierarchy is as follows:

Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets (few transactions, limited information, non-current prices, high variability over time);
- Inputs other than quoted prices that are observable for the asset/liability (e.g. interest rates, yield curves, volatilities, default rates, etc.); and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

The Company's assets are measured as follows:

Cash – The carrying value of cash approximates fair value as maturities are less than three months.

Fair Value Measurements at Reporting Date Using:

March 31, 2010

Assets:	Level 1	Level 2	Level 3
Cash	\$ 202,204	--	-

c) Risk management policies and hedging activities

The Company is sensitive to changes in commodity prices, foreign exchange and interest rates. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Although the Company has the ability to address its price-related exposures through the use of options, futures and forward contracts, it does not generally enter into such arrangements. Similarly, derivative financial instruments are not used to reduce these financial risks.

d) Credit risk

Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash. Cash is maintained with several financial institutions of reputable credit and may be redeemed upon demand. It is therefore the Company's opinion that such credit risk is subject to normal industry risks and is considered minimal.

e) Liquidity risk

Liquidity risk arises from the Company's financial obligations and in the management of its assets, liabilities and optimal capital structure. The Company manages this risk by regularly evaluating its liquid financial resources to fund its current and long term obligations and to meet its capital commitments in a cost effective manner. The main factors that affect liquidity include working capital requirements, future capital expenditure requirements, the Company's credit capacity and expected future debt and equity capital market conditions.

The Company's liquidity requirements are met through a variety of sources, including: cash on hand, existing credit facilities, leases, and debt and equity markets.

Because the duration of the current general economic uncertainty and its detrimental effect on credit and capital markets is unknown, it is difficult to determine the long-term impact on the Company.

In light of current conditions, the Company has initiated a series of measures to bring its spending in line with the projected cash flows from its operations and available project specific facilities in order to preserve its balance sheet and maintain its liquidity position.

The Company's unaudited interim consolidated financial statements as at and for the three month period ended March 31, 2010 have been prepared in accordance with Canadian GAAP applicable to a going concern (see Note 1 to such statements).

f) Currency risk

The Company is exposed to currency risk as its principal business is conducted in foreign currencies. Monetary assets and liabilities denominated in foreign currencies are translated from US dollars and into Canadian dollars. Unfavourable changes in the applicable exchange rate may result in a decrease or increase in foreign exchange gains or losses. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

For the three month period ended March 31, 2010, everything else being equal, a 5% increase or decrease in the exchange rate between the Canadian dollar and the US dollar would have resulted in a respective \$293,879 decrease and increase in the value of mineral properties and deferred exploration expenditures in the DRC.

g) Interest rate risk

Interest rate risk is the potential impact on the Company's earnings due to changes in bank lending rates and short term deposit rates.

The Company's exposure to interest rate risk is as follows:

Cash	Variable interest rate
Other assets	Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing

h) Market risk

Market risk is the risk that the value of a financial instrument might be adversely affected by a change in commodity prices, interest rates or currency exchange rates. The Company manages the market risk associated with commodity prices by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

i) Title risk

Title to mineral 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 conveyancing history characteristic of many mining properties. Although the Company has investigated title to all of its mineral properties for which it holds mineral licenses, the Company cannot give any assurance that title to such properties will not be challenged or impugned and cannot be certain that it will have valid title to its mineral properties. The Company relies on title opinions by legal counsel who base such opinions on the laws of countries in which the Company operates.

j) Country risk

The DRC is a developing country and as such, the Company's exploration projects in the DRC could be adversely affected by uncertain political or economic environments, war, civil or other disturbances, and a changing fiscal regime and by DRC's underdeveloped industrial and economic infrastructure.

The Company's operations in the DRC may be effected by economic pressures on the DRC. Any changes to regulations or shifts in political attitudes are beyond the

control of the Company and may adversely affect its business. Operations may be affected in varying degrees by such factors as DRC government regulations with respect to currency conversion, production, price controls, export controls, income taxes or reinvestment credits, expropriation of property, environmental legislation, land use, water use and mine safety.

There can be no assurance that policies towards foreign investment and profit repatriation will continue or that a change in economic conditions will not result in a change in the policies of the DRC government or the imposition of more stringent foreign investment restrictions. Such changes cannot be accurately predicted.