



BRC DiamondCore Ltd.

ANNUAL INFORMATION FORM

For the financial year ended December 31, 2008

Dated March 31, 2009

TABLE OF CONTENTS

	Page
PRELIMINARY INFORMATION.....	1
Date of Information	1
Financial Statements.....	1
Incorporation by Reference of Technical Reports	1
Currency.....	1
Forward-Looking Statements	1
ITEM 1: CORPORATE STRUCTURE	2
1.1 Name, Address and Incorporation.....	2
1.2 Intercorporate Relationships	2
ITEM 2: GENERAL DEVELOPMENT OF THE BUSINESS	4
ITEM 3: DESCRIPTION OF THE BUSINESS	5
3.1 General	5
3.2 BEE Agreements.....	6
3.3 Risk Factors.....	7
3.4 BRC's Diamond Projects in the DRC.....	14
3.4.1 Tshikapa Project	15
3.4.2 Northern DRC Project	19
3.5 BRC's Diamond Projects in South Africa	21
3.5.1 Silverstreams Project.....	21
3.5.2 De Kalk Project.....	26
3.5.3 Paardeberg East Project	27
3.5.4 Sanddrift, Uitdraai and Muishoek Projects	28
3.6 Other Project Information	30
3.7 Qualified Persons	31
ITEM 4: DIVIDENDS.....	31
ITEM 5: DESCRIPTION OF CAPITAL STRUCTURE.....	31
ITEM 6: MARKET FOR SECURITIES.....	32
ITEM 7: ESCROWED SECURITIES.....	32
ITEM 8: DIRECTORS AND OFFICERS.....	32
8.1 Name, Occupation and Security Holding	32
8.2 Corporate Cease Trade Orders or Bankruptcies.....	35
8.3 Personal Bankruptcies.....	35
8.4 Penalties or Sanctions	35
8.5 Conflicts of Interest	36
ITEM 9: AUDIT COMMITTEE INFORMATION	36
ITEM 10: PROMOTERS.....	37
ITEM 11: LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	38
ITEM 12: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	38
ITEM 13: TRANSFER AGENT AND REGISTRAR	39
ITEM 14: MATERIAL CONTRACTS	39
ITEM 15: INTERESTS OF EXPERTS	39
15.1 Names of Experts	39
15.2 Interests of Experts	39
ITEM 16: ADDITIONAL INFORMATION.....	40
SCHEDULE "A" - AUDIT COMMITTEE TERMS OF REFERENCE	

PRELIMINARY INFORMATION

Date of Information

All information in this annual information form ("**AIF**") is as at December 31, 2008, unless otherwise indicated.

Financial Statements

This AIF should be read in conjunction with the consolidated financial statements and related management's discussion and analysis of BRC DiamondCore Ltd. (the "**Company**" or "**BRC**"). The financial statements and management's discussion and analysis are available under the Company's profile on the SEDAR website at www.sedar.com. The Company prepares its financial statements in Canadian dollars and in accordance with Canadian generally accepted accounting principles.

Incorporation by Reference of Technical Reports

The following are incorporated by reference into, and form part of, this AIF. The following reports are available under the Company's profile on the SEDAR website at www.sedar.com.

1. Section 7 of the technical report of Venmyn Rand (Pty) Limited dated July 31, 2007 and entitled "National Instrument 43-101 Technical Report on the Kwango, Lubao and Tshikapa Projects of BRC Diamond Corporation in the Democratic Republic of Congo" (the "**Venmyn DRC Report**");
2. Sections 5 (other than subsection 5.12), 6, 7, 8, 10, 11, 12 and 14 of the technical report of Venmyn Rand (Pty) Limited dated July 31, 2007 and entitled "National Instrument 43-101 Technical Report Prepared on the Mineral Assets of Diamond Core Resources Limited in the Northern Cape and Free State Provinces, South Africa" (the "**Venmyn South Africa Report**"); and
3. The technical report of Michiel de Wit and Fabrice Matheys dated March 31, 2009 and entitled "National Instrument 43-101 Technical Report on the Tshikapa Project of BRC DiamondCore Ltd. in the Democratic Republic of Congo" (the "**2009 Tshikapa Report**").

Any statement contained in a document incorporated by reference herein is not incorporated by reference to the extent that any such statement is modified or superseded by a statement contained herein. Any such modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

Currency

All dollar amounts in this AIF are expressed in Canadian dollars, except as otherwise indicated. References to "\$" or "Cdn\$" are to Canadian dollars.

Forward-Looking Statements

This AIF and the documents incorporated by reference herein contain 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 mineral resource estimates, diamond prices, future diamond recoveries and sales,

future production, exploration results, potential mineralization, potential mineral resources and the Company's exploration and development plans and objectives with respect to its projects) 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; failure to establish estimated mineral resources; the possibility that future exploration results will not be consistent with the Company's expectations; changes in equity markets; changes in diamond markets; political developments in South Africa or the Democratic Republic of the Congo; foreign currency fluctuations; inflation; 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 discussed in item 3.3 ("Risk Factors") of this AIF.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. 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.

ITEM 1: CORPORATE STRUCTURE

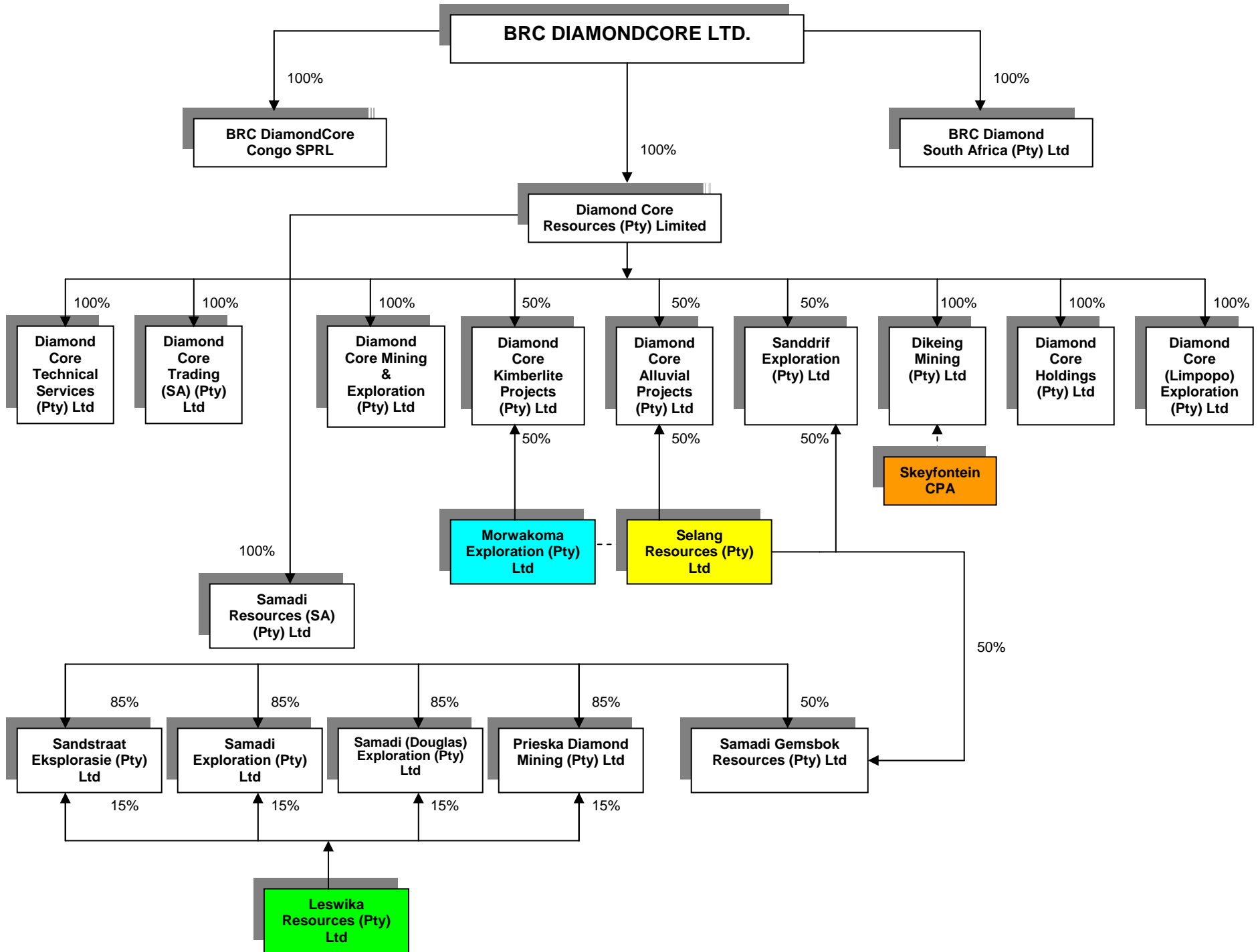
1.1 Name, Address and Incorporation

The head office and registered office of the Company is located at 1 First Canadian Place, Suite 7070, 100 King Street West, Toronto, Ontario, M5X 1E3. The Company also has offices in South Africa and the Democratic Republic of the Congo (the "**DRC**").

The Company was incorporated under the Ontario *Business Corporations Act* on August 7, 1990 by articles of incorporation. The Company's name was changed from 906986 Ontario Inc. to BRC Development Corporation pursuant to articles of amendment effective December 16, 1997. By articles of continuance effective on August 11, 2004, the Company was continued under the *Canada Business Corporations Act* and its name was changed to BRC Diamond Corporation. The name of the Company was changed to BRC DiamondCore Ltd. pursuant to articles of amendment effective February 10, 2008.

1.2 Intercorporate Relationships

The chart on the next page illustrates the relationship between BRC and its subsidiaries and the percentage of voting securities beneficially owned or over which control or direction is exercised by BRC directly or indirectly. See also item 3.2 of this AIF ("BEE Agreements") for information regarding the Company's Black Economic Empowerment partners in South Africa (which are noted in the chart on the next page). BRC DiamondCore Congo SPRL is a DRC company, BRC Diamond South Africa (Pty) Ltd is a South African company and Diamond Core Resources (Pty) Limited is a South African company.



ITEM 2: GENERAL DEVELOPMENT OF THE BUSINESS (during the last three years)

The Company is a diamond exploration company focussed on a number of kimberlite and alluvial projects in both the Democratic Republic of the Congo (the "**DRC**") and South Africa. The Company's head office is located in Toronto, Ontario, Canada and the Company also has offices in the DRC and South Africa.

The Company commenced its diamond exploration program at its Tshikapa project in the DRC in March 2006.

In March 2006, the Company completed a private placement financing involving the issuance of 1,900,000 common shares of the Company at a price of Cdn\$3.50 per share resulting in aggregate gross proceeds of Cdn\$6,650,000. Kingsdale Capital Markets Inc. acted as the Company's agent in connection with this financing.

In March 2007, the Company completed a non-brokered private placement financing involving the issuance of 1,000,000 common shares of the Company at a price of Cdn\$5.00 per share resulting in aggregate gross proceeds of Cdn\$5,000,000.

In April 2007, the Company hired Dr. Michiel de Wit to join the Company as its President and Chief Executive Officer. Dr. de Wit has extensive experience in the diamond industry, having begun his career as an exploration geologist for the Geological Survey in South Africa prior to joining De Beers for whom he worked for 29 years. Dr. de Wit managed various exploration programs for De Beers in Africa which led to a number of kimberlite discoveries. Prior to his most recent appointment as general manager for De Beers in the DRC, Dr. de Wit was responsible for all exploration programs for De Beers in Africa.

During 2007 and 2008, the Company continued its diamond exploration programs in the DRC and continued to adjust its DRC property portfolio by both acquiring additional exploration permits (either directly or through option agreements with the permit holders) and relinquishing exploration permits which are no longer of interest, to ensure that its property portfolio is focused on areas with the greatest potential.

On February 11, 2008, the Company completed the acquisition (the "**Diamond Core Transaction**") of all of the outstanding shares of Diamond Core Resources Limited ("**Diamond Core**") in exchange for the issuance of common shares of the Company. Diamond Core is a South African-based diamond exploration company with a number of kimberlite and alluvial projects located in South Africa. Prior to the Diamond Core Transaction, Diamond Core's shares were publicly traded on the JSE Limited in Johannesburg, South Africa. The Diamond Core Transaction was implemented by way of a court-sanctioned scheme of arrangement under the provisions of the *Companies Act, 1973* (South Africa). In accordance with terms of the Diamond Core Transaction, all Diamond Core shareholders were issued one common share of the Company for every 24.5 Diamond Core ordinary shares held (which resulted in such shareholders holding, immediately following the completion of the Diamond Core Transaction, approximately 47% of the outstanding shares of the Company), and the Company's shares commenced trading on the JSE Limited in Johannesburg, South Africa. As well, the Company's name was changed from BRC Diamond Corporation to BRC DiamondCore Ltd. and the Company's shares also commenced trading on the Toronto Stock Exchange (such shares previously traded on the TSX Venture Exchange). RBC Capital Markets acted as the Company's corporate advisor in connection with the Diamond Core Transaction.

The Company filed on SEDAR (www.sedar.com) a Business Acquisition Report (Form 51-102F4) dated April 25, 2008 in respect of the Diamond Core Transaction.

During 2008 following the Diamond Core Transaction, Diamond Core continued its bulk sampling operations at the Paardeberg East and Silverstreams projects and commenced bulk sampling operations at the De Kalk project. Diamond sales from these projects commenced in 2008, realizing proceeds of approximately Cdn\$8.5 million.

On December 3, 2008, the Company announced that it has implemented a strategic suspension of bulk sampling at its projects in South Africa in view of current depressed diamond prices.

On January 14, 2009, the Company announced that, further to its December 3, 2008 press release, it will maintain its strategic suspension of bulk sampling at its projects in South Africa in response to persistent depressed diamond prices and the deepening economic downturn.

ITEM 3: DESCRIPTION OF THE BUSINESS

3.1 General

The Company is a diamond exploration and development company focussed on a number of kimberlite and alluvial projects in both the DRC and South Africa. The Company's head office is located in Toronto, Ontario, Canada and the Company also has offices in the DRC and South Africa.

The Company, whose management team has extensive experience in the DRC, was one of the first companies to identify emerging diamond opportunities in the DRC and today has a significant land position in some of the most prospective diamond regions of that country. Information regarding the Company's DRC properties is set out in items 3.4 and 3.5 of this AIF.

The Company's South African operations and projects were acquired by the Company in February 2008 when the Company completed the Diamond Core Transaction (see item 2 of this AIF, "General Development of the Business"). With this transaction, the Company acquired a skilled operating and engineering management team competent to design, manage construction and operate diamond recovery operations, as well as key landholdings and infrastructure in proven diamond producing regions of South Africa. As a result of this acquisition, the Company became active in the Northern Cape and Free State Provinces of South Africa where it has a number of diamond exploration projects. During 2008, the Company conducted bulk sampling on three of these projects in the Northern Cape. Diamonds recovered from these bulk sampling operations were sold on tender and the proceeds used to offset exploration and development costs. Information regarding the Company's South African properties is set out in item 3.5 of this AIF.

The strategy behind the Company's acquisition of Diamond Core was to create a company with a portfolio of diamond projects ranging from early exploration through to middle and advanced exploration and finally projects that would be revenue producing. As a producer or near producer, the Company believed that it would be better able to access the equity capital markets. As well, revenue from the bulk sampling and subsequent early stage production would give the Company an independent source of cash flow. It was intended that this strategy would not only enable the Company to develop its South African projects, but would also fund exploration of the Company's highly prospective properties in the DRC.

The Company has been unable to carry out the envisaged strategy as a result of the current economic downturn and turmoil in international financial markets. The collapse of diamond prices had meant that the cost of recovery exceeded the revenue earned from the Company's bulk sampling operations. As a cost saving measure, the Company has stopped operations in South Africa and will retrench its South

African labour force. As a further cash conservation step, the Company's exploration programs in the DRC have been significantly scaled back until further funding becomes available.

In the short term, the Company has obtained cash through the selling of non-core assets in both South Africa and the DRC. The Company is also actively identifying strategic partnerships both in South Africa and the DRC.

Employees

The Company and its subsidiaries had a total of 224 full-time employees as at December 31, 2008. It is expected that the Company and its subsidiaries will have a total of 10 full-time employees after the conclusion of its current retrenchment program in April 2009. The Company also makes use of a number of part-time or shared personnel as a resource optimization and cost saving measure.

Environmental Protection

The Company has recorded a liability in its balance sheet as at December 31, 2008 of \$2,131,648 as a provision for site closure and reclamation costs relating to the Silverstreams, Paardeberg East and De Kalk projects in South Africa. The estimated amount of reclamation costs as at December 31, 2008 is \$615,036 for the Paardeberg East project, \$941,096 for the Silverstreams project and \$15,729 for the De Kalk project. The estimated amount for the dismantling of the processing plant at Paardeberg East is \$249,241 and at Silverstreams is \$310,546.

3.2 BEE Agreements

Since 2006, the Company's subsidiary, Diamond Core, had entered into transactions with Black Economic Empowerment ("**BEE**") partners in order to satisfy the requirements of the transformed mining and minerals industry legislation of South Africa, specifically in compliance with the Broad Based Socio-Economic Empowerment Charter of the *Mineral and Petroleum Resources Development Act*. Under this legislation, mining companies are obliged to, among other requirements, have negotiated a BEE equity ownership agreement through which historically disadvantaged South Africans own 26% of the issued equity in the operational assets by 2014.

Through its subsidiaries, the Company has BEE transactions with Selang Resources (Pty) Limited ("**Selang**") and previously had a BEE transaction with Sefalana Mineral Resources (Pty) Limited ("**Sefalana**").

Selang acquired 50% of the issued share capital of Samadi Gemsbok Resources (Pty) Limited (Uitdraai Portion 9), Diamond Core Alluvial Projects (Pty) Limited (Muishoek project) and Sandrif Exploration (Pty) Limited (Sanddrift project).

Sefalana was to acquire 50% of the issued share capital of each of the subsidiaries of Samadi Resources (SA) (Pty) Limited ("**Samadi Resources**") (Silverstreams, Koa River Valley, De Kalk and Uitdraai RE of Portion 1 projects) other than Samadi Gemsbok Resources (Pty) Limited (the "**Samadi Subsidiaries**"). The agreement was subject to the fulfilment of certain conditions precedent. Sefalana failed to fulfil certain of these five conditions precedent, as a result of which the agreement lapsed. The shares issued to Sefalana were recovered and cancelled pursuant to a deemed offer clause in the agreement. Sefalana is disputing this position.

In 2008, Sefalana was replaced by Leswika Resources (Pty) Limited ("**Leswika**"). Leswika holds 15% of the issued share capital of each of the Samadi Subsidiaries. The agreement further allows Leswika to attain an additional 11% of the shareholding at fair market value.

In March 2009, the Johannesburg High Court refused an application by Samadi Resources for an order declaring the agreement with Sefalana to be void. This judgment does not interfere with the current shareholder structure of the Samadi Subsidiaries (see item 1.2 ("Intercorporate Relationships") of this AIF) or the Company's current mining or exploration rights. The application was brought in June 2008 in order to dispose of any uncertainty regarding the annulment of the agreement with Sefalana. Samadi Resources remains committed to its current BEE shareholder, Leswika. Samadi Resources has been advised by its legal representatives that there are good grounds for an appeal and will shortly file a notice appealing the judgment.

Paardeberg East

The Company, through a subsidiary, currently holds an old order mining right over the Paardeberg East project which expires on April 30, 2009. Although the Company is not currently required to have concluded any agreement with a BEE partner in relation to this project, it will be required to do so at the time that it lodges this old order mining right for conversion with the Department of Minerals and Energy, namely, by April 30, 2009. Such application must include a social and labour plan that is compliant with the broad-based empowerment objectives of the *Mineral and Petroleum Resources Development Act*.

3.3 Risk Factors

The exploration and development of diamond properties are speculative activities that involve a high degree of financial risk. The risk factors which should be taken into account in assessing the Company's activities and an investment in its securities include, but are not necessarily limited to, those set out below. Any one or more of these risks could have a material adverse effect on the value of any investment in the Company and the business, financial position or operating results of the Company and should be taken into account in assessing the Company's activities.

The following summary, which is not exhaustive, represents some of the major risk factors that affect the Company.

Working Capital Deficit

The Company had a working capital deficit of \$13,033,742 as at December 31, 2008. The Company's ability to continue operations is dependent on several factors, including its ability to secure additional funding. Management is exploring all available options to secure additional funding including equity and debt financing, sale of non-core assets and strategic partnerships. Given the current economic downturn and outlook, there is no certainty that management will be successful in securing additional funding.

Diamond Prices

The economic viability of the Company's projects is dependent upon, among other things, the market price of the diamonds extracted. The market for diamonds is sensitive to changes in the global economic climate, particularly the United States economy. Prices of diamonds are affected by numerous factors beyond the control of the Company, including international, economic and political conditions, levels of supply and demand, currency availability, inventory levels, interest rates, rate of inflation and currency exchange rates. When the market price of diamonds drops dramatically (as has happened recently as a

result of the current economic downturn), the value of the Company's properties also drops dramatically and the Company may not be able to recover its investment in those properties.

The decision to put a mine into production, and the commitment of the funds necessary for that purpose, must be made long before the first revenues from production will be received. Diamond price fluctuations as well as production costs between the time that such a decision is made and the commencement of production can significantly change the economics of any mine.

With increasing competition in the diamond industry, the prices for rough diamonds may be subjected to the effects of market forces, both positive and negative, to a higher degree than has been experienced in the past. This may lead to more frequent price fluctuations than has previously been the case.

Exploration Risks

None of the mineral properties held by the Company contains a known body of commercial ore or an economic deposit of diamonds. Development of the mineral properties depends on satisfactory exploration results. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. The long-term profitability of the operations of the Company will be in part directly related to the cost and success of exploration programs, which may be affected by a number of factors beyond its control. Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company will continue to rely upon consultants and others for exploration and development expertise. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the diamonds and to develop the mining and processing facilities and infrastructure at any site chosen for mining.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that diamonds will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing diamond properties are affected by many factors including the cost of operations, the size and quality of the diamonds, proximity to infrastructure, financing costs, fluctuations in markets, costs of processing equipment and such other factors as government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting diamonds and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial diamond production. The remoteness and restrictions on access of certain of the properties in which the Company may have an interest will have an adverse effect on profitability in that infrastructure costs will be higher.

Grade Prediction Risks

In the case of alluvial diamond deposits, the prediction of grade can be challenging due to the inherent geological nature of such deposits. The alluvial diamonds are laid down by rivers flowing over uneven terrain and the diamonds vary in terms of size and quality. Individual diamonds are not evenly or uniformly distributed throughout an alluvial deposit; neither are they randomly distributed. Rather, their distribution has been described as a random distribution of clusters of points. The clusters are both randomly distributed in space, and the point density of the cluster is also random. In order to determine grade under such circumstances it is necessary to process large volumes of material (bulk testing) in order to be sure that grade calculations are representative and accurate.

Country Risks

All of the Company's projects are located in the DRC and South Africa. 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, labour 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 favour 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 either South Africa or the DRC may adversely affect the Company's operations or profitability. 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 South Africa or 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 (presidential and parliamentary elections were successfully held in 2006). 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 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.

The DRC has historically experienced relatively high rates of inflation.

HIV/AIDS, malaria and other diseases represent a serious threat to maintaining a skilled workforce in the mining industry in South Africa and the DRC. HIV/AIDS is a major healthcare challenge faced by the Company's operations in both countries. There can be no assurance that the Company will not lose members of its workforce or workforce manhours or incur increased medical costs, which may have a material adverse effect on the Company's operations.

South Africa has recently experienced significant power shortages. If measures introduced to remedy the situation are not effective, it is possible that over the next few years there may be periods where power supply cannot be guaranteed. These power shortages could disrupt the Company's South African operations and have a material adverse effect on the Company.

Additional Funds for Future Exploration and Development

As a mineral exploration company, the Company does not generate cash flow from its activities and it must rely primarily on issuances of its securities or the borrowing of funds to finance its operations. The exploration and development of the Company's properties will require substantial funds and there is no assurance that such funds will be available to the Company on commercially reasonable terms or in sufficient amounts to allow the Company to continue to pursue its objectives.

The inability of the Company to raise further funds, whether through additional equity issuances or by other means, could result in delays or the indefinite postponement of planned exploration, development or production activities or, in certain circumstances, the loss of some or all of its property interests or cessation of all exploration, development and mining activities. The occurrence of any of these events could have a material adverse effect upon the Company.

Relationship with BEE Partners

The Company has concluded a number of transactions with BEE partners in support of the South African government's policy of the empowerment of previously disadvantaged individuals and communities, through the minerals and mining industry. Additional BEE transactions are contemplated. See item 3.2 of this AIF ("BEE Agreements"). As a result of the transactions concluded to date and contemplated, a BEE entity holds or will hold an equity interest in all of the Company's South African projects. The approval of the BEE entity is required with respect to certain key business decisions in relation to the relevant project. Disputes between the Company and a BEE entity could therefore interfere with the Company's ability to conduct one or more of its projects in South Africa, which could have a material adverse effect on the Company.

See also item 3.2 of this AIF ("BEE Agreements") for information relating to the dispute between Diamond Core and a former BEE partner, Sefalana.

Marketing and Foreign Exchange Risk

As rough diamond prices are normally denominated in United States dollars, a weakness in the United States dollar could reduce any overall sales revenues expressed in currencies with respect to which the United States dollar has weakened against.

Title to Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Currency Fluctuations

The Company's costs in the DRC are incurred in U.S. dollars and, to a lesser extent, Congolese francs while the Company's costs in South Africa are incurred in South African rand. As a result, the Company is exposed to market risks resulting from fluctuations in foreign currency exchange rates. Material fluctuations in the value of any such foreign currencies as compared to the Canadian dollar could result in a material adverse effect on the financial position and results of the Company. No currency hedge policies are in place or are presently contemplated.

Uncertainty in the Estimation of Mineral Resources

The estimating of mineral resources is a subjective process and the accuracy of mineral resource estimates is a function of the quantity and quality of available data, the accuracy of statistical computations and the assumptions used and judgments made in interpreting engineering and geological information. There is significant uncertainty in any mineral resource estimate and the actual deposits encountered and the economic viability of mining a deposit may differ materially from the Company's estimates. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

Estimated mineral resources may have to be recalculated based on changes in diamond prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence resource estimates.

Future Profitability of Operations Cannot be Assured

The Company has not had any mining operations other than bulk sampling and has only incurred operating losses throughout its history. The Company's ability to operate profitably in the future will depend on, among other things, the success of its exploration and development activities, its ability to bring its properties into production, the price of diamonds and its ability to control costs. There can be no assurance that the Company can become profitable or even generate sufficient cash flow to sustain its operations and development and exploration activities at current levels.

Insurance Coverage

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes, adverse property ownership claims, unusual or unexpected geological conditions, ground or slope failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and legal liability.

Available insurance does not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover insurable risks at economically feasible premiums, and insurance coverage may not be available in the future or may not be adequate to cover any resulting loss. Moreover, insurance against risks such as the validity and ownership of mining claims and environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. As a result, the Company might become subject to liability for pollution or other hazards for which it is uninsured or for which it elects not to insure because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

Regulatory Requirements

All phases of the Company's operations are and will be subject to a significant degree of governmental regulation, affecting areas such as exploration, property development, mining, production, taxes, labour standards, occupational health, waste disposal, land use, water use, environmental protection, mine safety, land claims of local people and other matters. Further, and as discussed below, the Company will require

numerous governmental permits and approvals to further explore, develop and commercialize its properties.

While the Company believes that it is presently in compliance in all material respects with such existing laws, existing and proposed governmental regulations could have a material adverse effect on the Company going forward. For example, environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation will not affect the Company's operations in a materially adverse fashion. Other amendments to current laws, regulations or permitting requirements or more stringent implementation or interpretation of any such laws or regulations could have a material adverse impact on the Company and could increase exploration and development costs, increase production costs and required capital expenditures, result in reduced levels of production, require abandonment of existing properties or cause delays in the development of new properties. The occurrence of any of these events could have a material adverse effect on the Company.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions or other sanctions that could result in the cessation or curtailment of the Company's operations or require the undertaking of corrective measures such as the installation of additional equipment or other remedial actions. In addition, the Company may be required to compensate those suffering loss or damage by reason of the breach of applicable law and may have civil or criminal fines or penalties imposed upon it in connection therewith.

Pre-existing Environmental Liabilities

Pre-existing environmental liabilities may exist on the properties in which the Company currently holds an interest or on properties that may be subsequently acquired by the Company which are unknown to the Company and which have been caused by previous or existing owners or operators of the properties. In such event, the Company may be required to remediate these properties and the costs of remediation could be substantial. Further, in such circumstances, the Company may not be able to claim indemnification or contribution from other parties. In the event the Company was required to undertake and fund significant remediation work, such event could have a material adverse effect upon the Company.

Governmental Permits and Approvals

A variety of government approvals and permits are required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration, development or operation of its mineral properties.

The Company's continuing right to earn or maintain its interest in certain properties is dependent upon compliance with applicable laws and the relevant agreements to which it is a party. Additional expenditures on certain properties will be required by the Company to earn or maintain its interest in these properties. In this regard, there can be no assurance that the Company will have sufficient financial resources to enable it to comply with the provisions of applicable laws and the agreements relating to its properties that entitle it to earn or maintain its interest therein, and if it fails to do so, its interest in certain of these properties may be reduced or lost.

Infrastructure for the Projects

Certain of the Company's projects are located in remote areas, which lack basic infrastructure, including sources of power, water, housing, food and transport. In order to develop any of these projects the Company will need to establish the facilities and material necessary to support operations in the remote locations in which they are situated. The remoteness of each such project will affect the potential viability of mining operations, as the Company will also need to establish substantially greater sources of power, water, physical plant and transport infrastructure than are currently present in the applicable area. The lack of availability of such sources may adversely affect mining feasibility and will, in any event, require the Company to arrange significant financing, locate adequate supplies and obtain necessary governmental approvals, none of which can be assured.

Market Perception

Market perception of junior diamond exploration companies such as the Company may shift such that these companies are viewed less favourably. This factor could impact the ability of the Company to raise further funds, which could have a material adverse effect on the Company's business, financial condition and prospects.

Future Sales of Common Shares by Existing Shareholders

Sales of a large number of the Company's common shares in the public markets, or the potential for such sales, could decrease the trading price of such shares and could impair the Company's ability to raise capital through future sales of common shares.

Dependence on Management and Key Personnel

The success of the Company depends on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business and the operations of the Company. The Company is dependent on a relatively small number of key personnel, the loss of any one of whom could have an adverse effect on the Company. The Company currently does not have key person insurance on these individuals. The Company may need to recruit additional qualified personnel to supplement existing management and there is no assurance that the Company will be able to attract such personnel.

Competition

The mining industry is intensely competitive in all of its phases. The Company faces strong competition from other mining enterprises, some of which possess greater financial resources, experience and technical facilities than those of the Company. In further developing its business, the Company will be required to compete with such other enterprises for qualified personnel, for further capital, and in connection with the acquisition and exploration of additional mineral concessions, claims, leases and other mineral interests. Given the level of competition in the mining industry generally, and the fact that the Company must compete against enterprises with greater financial resources and expertise as well as more sophisticated technical facilities, the Company could be prevented from, or delayed in attracting the required additional capital, qualified personnel and/or in acquiring additional mineral interests. Consequently, the Company's operations and financial condition could be materially and adversely affected.

Conflict of Interest

A number of directors of the Company also serve as directors and/or officers of other companies involved in the exploration and development of natural resource properties. As a result, conflicts may arise between the obligations of these individuals to the Company and to such other companies.

Share Price Risk

The market price of a publicly traded stock, particularly a junior resource issuer like the Company, is affected by many variables not directly related to the success of the company, including the market for all junior resource sector shares, the breadth of the public market for the stock, and the attractiveness of alternative investments. The affect of these and other factors on the market price of common shares on the exchange on which the Company trades suggests that the Company's shares will be volatile.

Investment Returns

The Company has never paid a dividend nor made a distribution on any of its securities. Further, the Company may never achieve a level of profitability that would permit payment of dividends or making other forms of distributions to securityholders. In any event, given the stage of the Company's development, it will likely be a long period of time before the Company could be in a position to make dividends or distributions to its investors. The payment of any future dividends by the Company will be at the sole discretion of its board of directors. In this regard, the Company currently intends to retain any earnings to finance the expansion of its business and does not anticipate paying dividends in the foreseeable future.

Enforcement of Civil Liabilities

As the major assets of the Company are located outside of Canada, it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company, or the management of the Company, residing outside of Canada.

3.4 BRC's Diamond Projects in the DRC

The Company's main focus in the DRC has shifted to the Tshikapa Triangle where encouraging results for the discovery of kimberlites have been received from its sampling and aeromagnetic surveys. Exploration at the Company's Northern DRC project has progressed to such an extent that exploration permits of no interest have been dropped and work on other permit areas continued with the support from BRC's partner at the Northern DRC project, Rio Tinto Mining and Exploration Limited. Work on the Lubao project suggests that the exploration permit areas are off-craton, which is supported by the exploration results received to date, and the permits for this project have been relinquished. Diamond size frequency analysis of the diamonds from the Kwango River terraces suggests that the revenues would be well below breakeven such that this project has been terminated.

3.4.1 Tshikapa Project (DRC)

Project Description and Location

The Tshikapa project is located in the south-western part of the Kasai Occidental near the town of Tshikapa. The Tshikapa project properties are located within the popularly known Tshikapa triangle, bordering the Kasai River in the east, the Loange River in the west and the Angolan border in the south. The properties also lie within the broader so called kimberlite emplacement corridor which extends from known kimberlite pipes located in Angola. The Tshikapa diamond field has been extensively mined through alluvial operations by medium and small size companies and small-scale miners, and it is estimated that it has produced more than 100 million carats of diamonds since 1907. Although the popular explanation for the presence of these diamonds is that they have been sourced out of Angola, BRC's focus is on kimberlite exploration within the Tshikapa triangle, as there are many geological factors which indicate that there are primary sources present in this triangle.

The Company has focused its access to the Tshikapa triangle through exploration permits of its own and through various option agreements with local and international companies who hold the exploration permits. Detailed exploration work has eliminated some of these permits as these have been found not to be prospective. As at December 31, 2008, BRC had retained the highly prospective exploration permits listed in Table 1 below.

Table 1: Exploration Permits in Tshikapa Triangle

Company (Permit Holder)	Option Agreement Date	Permit Numbers	No. of Permits	Km ²
Acacia	05/02/2005	1152-1155, 1175, 1176, 1177, 1180, 1187, 1188, 1189	11	1,815
Candore	03/10/2007	3700, 3701. 3702, 3703, 3524	5	816
Caspian Oil & Gas	23/08/2008	976, 977	2	164
Group Abba	01/08/2008	3220	1	178
Investors Equity Ltd	05/11/2008	2521, 1232	2	279
King's Mines	16/10/2007	3543	1	77
Kwango Mines	05/02/2005	1211, 1212, 1221	3	590
		Totals:	25	3,919

A summary of the basic terms of each option agreement with the above-mentioned companies is set out in Table 2 below. Of these, Caspian Oil & Gas and Investors Equity Ltd are international companies, while the others are local Congolese companies.

Table 2: BRC's Partners in Tshikapa Triangle

Company	Basic Terms
Acacia	Option payment of US\$350,000 which gives BRC 55%, Acacia 40% and State 5% of JV Co. BRC can purchase an additional 15% from Acacia for US\$750,000. Thereafter dilution.
Candore	Option payment of US\$10,000 which gives BRC 90%, Candore 5% and State 5% of JV Co. BRC can purchase Candore 5% for US\$50,000.

Company	Basic Terms
Caspian Oil & Gas	After spending US\$200,000, BRC can create JV Co – BRC 65%; Caspian 35%. When BRC completes feasibility study – BRC 71%, Caspian 24%, State 5%. BRC to fund up to and including feasibility. Thereafter dilution or Caspian can choose for a 4.75% net profit interest.
Group Abba	Option payment of US\$150,000 - 6.7% (US\$10000) at signature, remainder when permits are ceded to JV Co. BRC to fund all. Shareholding - BRC 85%, Group Abba 10%, State 5%. Group Abba shareholding non-diluted.
Investors Equity Ltd	Option payment of US\$15,000. BRC to fund up to and including feasibility to acquire 75%. Thereafter dilution. State 5% obtained pro rata from parties.
King's Mines	Option payment of US\$250,000 – 10% (US\$25,000) on signature remainder when permits ceded to JV Co. BRC to fund all up to and including feasibility. Shareholding – BRC 80%, King's Mines 20%. Thereafter dilution. King's Mines to retain 5% if not funding. State 5% proportional taken from the parties.

The DRC mining legislation requires an Environmental Rehabilitation Plan ('Plan d'Atténuation et de Réhabilitation' or "PAR") before the start of each project. This means a baseline study will have to be completed and approved by government. A financial deposit is then required which is lodged at a local bank for any future rehabilitation costs. Annual reports on the work conducted every year are required to update the PAR.

The authorization to start work ('Attestation de Prospection'), another requirement in the DRC mining legislation, has been obtained for all exploration permits. These are only issued once the PAR requirements have been met and all the local stakeholders on the ground have been informed of the prospective exploration program.

BRC's primary focus is to discover diamond bearing kimberlite pipes within the Tshikapa triangle. Many primary targets have now been defined on the basis of geophysics and stream sampling.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the main area is available by daily commercial flights from Kinshasa to Tshikapa. Charter companies are also used for this purpose if and when required. Access by the main Kinshasa to Tshikapa road is also possible but best done in the dry season and may take five or six days. Access to the various target areas from Tshikapa is conducted by road. However, four by four vehicles are essential for this purpose.

The various target areas are situated anywhere between 5 and 100 km from Tshikapa accessible by a network of generally poorly maintained roads.

Based on the climate, the exploration program is able to operate 12 months a year. The drilling phase in particular is easy to keep operating all year round. The wet season, October to March, makes the roads more difficult to navigate and slightly more time needs to be budgeted for when embarking on local trips. There are local charter companies that operate AN2 Aircraft that can land on very short local airstrips and can be used to get supplies close to the various target areas.

Temperatures in the summer are in the mid 30s but the evenings are pleasant. The wet season in the summer provides for regular heavy thunder showers. The winters are dry and cool and provide ideal working conditions.

All materials, including fuel, have to be shipped in from Kinshasa. Locally available fuel is generally not of good standard. There is a shipping service available from Kinshasa to Djoka Punda, approximately 100 km north of Tshikapa.

The area enjoys an elevation of between 600 and 700m amsl. The topography is relative flat with deeply incised rivers. The vegetation is open savannah except in the river valleys where thick indigenous forests exists.

History

The first diamond in the Tshikapa triangle was found in 1907 by Forminière who owned the concession area over large tracks of southern DRC. Alluvial deposits around Tshikapa were prospected and mined by Forminière from 1907 until 1960. After independence, Miba continued for some time mining the alluvial deposits, but independence triggered the influx of many local artisanal miners who increased in large numbers and are active today. Several small-scale mining companies have acquired some areas since the new mining code came into existence in 2002. Since 2003, companies like Gem Diamonds, Namakwa Diamonds, Pangea and SouthernEra have been accessing ground for larger alluvial operations. To date, it is estimated that well over 100 million carats of diamonds of good quality have been mined out of the Tshikapa triangle.

Geological Setting

The area is underlain by Archaean basement (> 2.5Ba) which includes gneisses, granites and, granodiorites. It has a patchy cover of Karoo Supergroup rocks mainly in the form of Dwyka Group sediments, infilling local valleys and depressions, overlain by upper Karoo sediments. The Karoo sedimentary sequence is not present all over but is in turn overlain by Cretaceous sediments. The base of Cretaceous is composed of coarse-grained conglomerates and has been a major target for the diamonds (Kwango Formation or Calondo Formation in Angola). The Cretaceous sediments are overlain by Kalahari Group sands that generally thicken towards the north.

Exploration

The Company has covered its exploration permits in the Tshikapa triangle with 200 litre stream samples collected at a density of approximately one sample per 25 km². In total, some 862 samples have been collected. All samples have been concentrated in the DRC by the Company using a Du Toit/Armstrong mechanical jig design and manufactured by Gondwanaland Diamonds Ltd. The mineral sorting and classification of the concentrates was conducted by MSA Geoservices Ltd and Afrid Kimberlitic Services, both based in South Africa. Both are reputable laboratories staffed with experienced sorting personnel.

In addition, the area has also been covered by 200 metre line spacing airborne gradiometry magnetic surveys flown with sensors some 70 metres above the ground with flight line spacing of 200 metres. In total, 30,086 line kilometres were flown covering 4,684 km².

Blocks measuring 1 x 1.6 km covering anomalous areas have been followed up by High Density Airborne Magnetics flown at 50 metre line spacing some 30 metres above the ground and by ground surveys conducted by BRC. A total of 119 blocks were covered adding up to 3,999 line kilometres. These data has been used to define the various drill targets. The geophysical surveys were flown by Xcaliber and

NRG. Both are geophysical survey contractors, one based in South Africa and the other in Australia, respectively, and have extensive experience to operate in Africa.

All geophysical data is sent to Diamond Geophysics, a geophysical consulting company based in Australia, for verification and interpretation. Diamond Geophysics has extensive experience in geophysical data interpretation for kimberlites. The interpretation includes accurate coordinates of the drill target, a first pass size of the magnetic anomaly and estimated depth to magnetic source.

BRC acquired its own core drill and started a program of systematic drilling of these targets by July 2008. An experienced drill foreman was hired to supervise and train the drill crew.

Various rock types have been intersected including granites, gneisses and some volcanic breccias that the Company will be sending for analyses shortly.

Mineralization

Diamonds occur in both alluvial deposits and kimberlites. Although both types of deposits are present in the DRC, only alluvial deposits have so far been found and mined in the Tshikapa triangle. However, since BRC believes, based on robust geological evidence, that primary sources are present in the Tshikapa area, the Company's strategy is to focus on the discovery of kimberlites. These occur as carrot shaped funnels in the earth's crust and are generally between 50 metres to 1,000 metres in diameter.

Drilling

BRC uses a special man-portable core rig, Hydrocore Gopher, with a three diesel power pack that can be dismantled for easy transport. It is capable of drilling BQ size holes down to 300 metres. It is manufactured by Hydrocore Drills Ltd. in Canada and is well tested in these types of environments. All holes are drilled until the magnetic anomaly has been explained. This is done by measuring the magnetic susceptibility of the core as it comes out of the ground. This is then compared with the variations in the visual log of the core. All cores are photographed and logged and the core is stored at the Tshikapa base camp just outside the Town.

Sampling and Analysis

Stream samples are collected after inspection, by the project geologist, of the various trap sites available over a distance of 500 metres along a sample site. The sample volume is 200 litres of screened material which is separated into the following fractions: minus 0.3, 0.3 – 0.425, 0.425 – 0.7, 0.7 – 1.0 and 1.0 to 2.0 mm. The fractions 0.3, 0.425, 0.7 and 1.0 mm are hand gravitated by an experienced geologist. The minus 0.3 mm fraction is collected and stored for any potential future base mineral exploration. The samples are dried, packed and air freighted back to Kinshasa, where these are concentrated by the Du Toit/Armstrong mechanical jig. Tracers are used in both the hand gravitation and jiggling process to monitor its efficiencies.

Screens used for reconnaissance sampling are kept separate from those that are used in any follow up programs where generally more kimberlitic minerals are present enhancing the chance of contamination grains from one sample to the next. Any screens used in very positive follow-up programs are destroyed after completion of these programs.

Drill samples are collected in the form of core. A differential GPS is used to site the drill hole from the coordinates received from the geophysical consultant. The depth of the hole is monitored using the drill rods and any loss in core is recorded both on the log and in the core tray. A geologist is attached to the

drill rig at all times and his responsibility is to log and measure the retrieved cores. Only tungsten drill bits are used to avoid any contamination in any potential micro-diamond process on any part of the core.

Security of Samples

Each sample gets a unique 6-digit number printed on water-proof sample tickets. All samples are submitted in consignments not exceeding 100 samples. Sample numbers are inserted into a database which is linked to the result tables once these are received from the different laboratories. One project geologist manages the database making sure all sample information is entered correctly and advises the field geologists of any discrepancies should these occur. All fraction not sent to the laboratory are stored in the BRC store in Kinshasa for any future reference should this be required.

Mineral Resource and Mineral Reserve Estimates

No resources have so far been defined to warrant resource and reserve estimates.

Exploration and Development

Subject to funding becoming available, the immediate program for BRC is to complete its drilling program over all outstanding targets. This will take between 9 and 12 months to complete. Any kimberlites found will then be covered by more detailed geophysical drilling programs.

3.4.2 Northern DRC Project

Project Description and Location

The Company's Northern DRC project is located in the Provinces of Equateur and Orientale. The status of this project is early stage and green fields' exploration has been carried out around Zongo and Businga in Equateur Province, and Bafwasende and Bomili in Orientale Province.

The Company and Rio Tinto Mining and Exploration Limited ("**Rio Tinto**") have entered into a joint venture arrangement in respect of the Northern DRC project, whereby Rio Tinto can earn a 60% interest in the project under a staged earn-in arrangement (see the Company's press release dated June 12, 2008, a copy of which can be obtained from SEAR at www.sedar.com). Pursuant to this arrangement, an exploration program with the objective of finding and defining kimberlite ore deposits capable of economic development, is being funded by Rio Tinto.

During 2008, the Company relinquished a total of 32 exploration permits (10,030 km²) in the Zongo and Businga areas where results turned out to be of no interest. The Company has retained the exploration permits listed in table 3 below.

Table 3: Exploration Permits in Northern DRC (as at December 31, 2008)

Company (Permit Holder)	Option Agreement Date	Permit Numbers	No. of Permits	Km ²
BCE	December 2007	1906-1920	16	5,340
BRC	n/a	1760, 1762-1763, 1767, 1774-1775	6	2,113
Caspian Oil & Gas	February 2008	6168, 6190-6197	9	3,065
Coexco	April 2008	6013, 6018-6896, 6898-6906, 6909	44	6,904
		Totals:	75	17,422

A summary of the basic terms of each agreement with BRC partners is presented in Table 4 below.

Table 4: Option Agreements for Northern DRC

Company	Basic Terms
BCE	BRC to pay BCE US\$10,000 option fee. BRC to fund all up to and including mine development to earn 90% (BCE 5%; State 5%). BRC can purchase BCE 5% at US\$10,000 per 1%.
Caspian Oil & Gas	BRC to complete first work program before forming JV Co.: BRC 65%, Caspian 35%. After completion of feasibility study, BRC 75%, C&O 25%. State % pro rate from both companies. Caspian can convert its share into net profit interest.
Coexco	BRC to complete first ¹ work program and spend minimum of US\$500,000, then form JV Co: BRC 65%, Coexco 35%. State % pro rate from both companies. BRC to fund all up to and including pre-feasibility. Thereafter dilution applies.

Geological Setting and History

The knowledge of the geology of Equateur is rudimentary but believed to be palaeo-Proterozoic while the basement in Orientale is most likely Archaean in age. The earliest geological exploration in northern DRC started in 1909 and the first gold and diamonds there were found by prospectors employed by Forminière in the early 1920s. Diamonds occur in alluvial deposits and no primary sources have so far been discovered in the DRC north of the equator, however, no modern exploration techniques have been applied to those areas. Diamonds are found in sediments around Zongo, Businga, Bafwasende and Bondo, but these are scattered and low grade. The diamonds in northern DRC are similar to those found and mined in the Central African Republic and are of good quality. The Company's objective is to find the primary kimberlites, which occur as carrot-shaped funnels in the earth's crust generally between 50 and 1,000 metres in diameter. A start was made with a stream sampling program in Zongo in late 2007 and Businga and Bafwasende in 2008.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The climate is tropical and the vegetation is classified as tropical rain forest. Being north of the equator, the area enjoys a relative 'dry' season between October and February. The area is relatively flat with isolated basement hills.

There are daily flights from Kinshasa to Kisangani by various local airlines. The road from Kisangani to Bafwasende has recently been resurfaced and is in good condition. However, the infrastructure from

there on is poor and access to the field areas is best by motorbike, canoe or foot. All materials can either be flown in on scheduled flights or can be shipped from Kinshasa to Kisangani by boat, which takes approximately two to three weeks.

Exploration and Development

The Company has covered the exploration permit areas with 200 to 500 litre stream samples collected at a density of approximately one sample per 20 to 25 km². GPS positions are recorded for each sample and inserted into the Company's electronic database. Geochemical samples are also collected and these are stored in the Company store in Kinshasa for possible future analysis.

In total, 759 samples have been collected covering 16,254km². All samples have been concentrated in Kinshasa using the Company's Du Toit/Armstrong mechanical jig. The mineral sorting of the concentrates from Zongo was conducted by Afrid Kimberlitic Services in South Africa and those from Businga by the Rio Tinto heavy mineral laboratory in Perth, Australia. The samples from Bafwasande have not yet been analysed. The next step is for the Company to complete the sampling program over all the permit areas. This will depend on the results of the samples collected to date. The next dry season starts in October and this program will only be completed in 2010. Follow-up sampling and geophysics could be completed by 2011, after which a drilling program could be initiated.

3.5 BRC's Diamond Projects in South Africa

The Company has progressed the evaluation of the Silverstreams and Paardeberg East projects during 2008 with trial mining and bulk sampling, respectively. In addition, a program of bulk sampling started at the De Kalk project in mid-2008 and the first diamond recoveries were encouraging, especially with respect to values per carat for the diamonds. However, the sudden drop in diamond prices related to the general economic downturn resulted in disappointing returns and the Silverstream, Paardeberg East and De Kalk projects have been put on care and maintenance in order to preserve cash. It is planned to resume these projects once the diamond market has recovered sufficiently.

3.5.1 Silverstreams Project (South Africa)

Project Description and Location

Silverstreams is an alluvial diamond project located along the northern bank of the Orange River between Douglas and Prieska, some 20 kilometres north-east of Prieska in the district of Hay of the Northern Cape Province, South Africa. The project is situated on the farm Hospitaal 365, which is 3589.4 ha (3.59 km²) in size. The Company has access to Portion 4, 7, 9, 10 and the Remaining Extend of the farm. The main terrace complex straddles both of these portions.

The mining right for both portions are held by Sandstraat Eksplorاسie (Pty) Ltd (Reg. No. 1998/014978/07). These are new order mining rights (19/2005MR) for diamonds, valid until December 6, 2020. The holder of the surface rights is Tedo Beleggings 86 Pty Ltd. (Mr. Charl de Villiers) and Sandstraat Eksplorاسie (Pty) Ltd has the following surface agreements: T1508/2000 (Remainder) and T1507/2000 (Portion 10). The shareholding of Sandstraat Eksplorاسie (Pty) Ltd is 85% by the Company and 15% by Leswika, the BEE partner.

There are no royalties linked to any of these agreements.

The only environmental liability to which the project is subject is the rehabilitation of the opencast pit. See item 3 of this AIF ("Description of Business").

The gravels have been preserved in a sheet-like geometry ranging in thickness between 4 and 15 meters. There are two terraces, an upper and lower, covering an area of approximately 5 km². It currently has an indicated resource of 1.55 million m³ and an inferred resource of 15.28 million m³. There are no waste or tailing deposits as these are used to rehabilitate and infill the mined part of the open pit. There is no toxic waste generated. There is one existing tailing dam (168,530 m³), which is used to re-circulate clean water to the plant.

An application for a license to use water from the Orange River has been submitted almost four years ago to the Department of Water Affairs in South Africa. Permission has been obtained to proceed with using Orange River water in the mean time.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The property is easy accessible by road from Prieska, a distance of some 35 km. There is a good national, tarred road that connects Prieska with Kimberley some 250 km to the northeast, and the property is also equipped with a good dirt airstrip which is often used by small aircraft either from Kimberley or Johannesburg. The short distance to Prieska town is used to transport the labour and visitors by vehicles and busses.

The climate is semi-arid and although the summer months are generally hot with temperatures up to 40 degrees C with occasional rain in the form of thunderstorms, the winter is pleasant and dry. The project is therefore able to operate twelve months a year

The surface rights have been obtained from the owner and are sufficient for the mining activities, the processing plant, office, workshops, etc. The project is connected to the national power grid, but standby generators have been installed to curb any disruptions to the power supply. Water for the processing plant is obtained from the Orange River and is recycled through a tailings dam.

The terrace complex is relative flat and has easy access throughout. Vegetation is typical for semi-arid conditions and consists of shrubs and bushes.

History

The first diamond recorded in South Africa was found in 1867 on the farm De Kalk 37 along the Middle Orange River some 100 km upstream from Silverstreams. This led to a rapid influx of small-scale miners along the Lower Vaal and Middle Orange rivers. Initially the thin and concentrated Rooikoppie gravel, a deflated gravel residue of resistant and loose material, was an easy target for these early miners with their primitive equipment. These gravels were extensively mined from the 1920s to 1940s producing well over 30,000 ct. Two main reasons prevented access to the underlying primary terrace gravels. Firstly, large parts of these gravels are calcretised making access to these lithified units in those early days difficult. Secondly, a large percentage of the pebbles and cobbles in these gravels are derived from the Banded Ironstones Formation (BIF) with much higher densities than diamond, displacing diamonds in any concentrating process. Accordingly, only after the introduction of machines with ripping tools and explosives for the former, and magnetic separators removing the BIF clasts before the material is entered into the concentrating process for the latter problem, were companies able to access these resources successfully. It should also be noted that the generally low grades of the Middle Orange River gravels require mining of large volumes to overcome the economic threshold of these deposits. Hence the introduction of big earth moving equipment enabled companies to mine and treat large tonnages making these deposits economically viable.

Small-scale mining was carried out on Silverstreams which led Sandstraat Eksplorasi to process 64,000t between 2002 and 2003. This yielded 81 diamonds among which were three large stones (65.8, 50.1 and 28.8 ct), re-enforcing the reputation of the Middle Orange as a large stone producer.

Geological Setting

The middle Orange River follows a pre-glacial Dwyka Valley which has been in-filled with Lower Karoo Group rocks. In many areas the younger Orange River sediments have been deposited on top of these sediments, and in other areas where these Karoo sediments have been stripped the Orange River sediments have been deposited directly on pre-Karoo rocks. One of the pre-Karoo rocks sequences in this area and upstream from Silverstreams are Banded Ironstone Formation from the Transvaal Supergroup. Pebbles of these rocks are abundantly present within the recent and palaeo-channels of the Orange River and have always been a major problem for the diamond miners as they displace diamonds in the concentrating process.

The palaeo-Orange River started transporting diamonds already in the Cretaceous and has been a long-lived drainage system eroding Karoo sediments and upper and lower Cretaceous diamondiferous kimberlite pipes. The various levels of terraces represent different periods in geological time and those on Silverstreams are similar in age to the Mesa terraces in the Lower Orange River system dating from the Plio-Pleistocene periods.

The sediments have been deposited in a meandering coarse-grained system, where large braid bars migrated in a downstream direction trapping coarse diamonds in the process. The terrace complex has been subdivided into two terraces: an Upper Terrace at an average basement rock elevation of 953 metres and a Lower Terrace at an average basement rock elevation of 947 metres. Channels are evident and are orientated in a north-westerly/south-easterly direction.

Exploration

After Landsat satellite and airphoto interpretations, a grid was laid out of the prospective area and a total of 500 boreholes (percussion drilling) were drilled to a cumulative depth of 3,909 meters covering some 10 km². All holes were logged by geologists on site and the holes were surveyed by independent surveyor Van der Merwe (Private Mine Surveyor). A geological model was created by using Surfer 8 software and 16.83m m³ in situ gravel was identified.

Bulk samples were taken out from pits and ‘windows’ from the various locations identified by the drilling program. To date, 39 bulk samples from 30 pits have been taken and treated (Table 5).

Table 5: Bulk Sample Results Summarised

Terrace	Gravel Type	Pit Number(s)	In Situ Gravel (m³)	Carats Recovered
Lower Terrace	Av. lower combined	SS01	49,409	36.62
	Av. lower middlings	NN1	8,609	2.32
	Av. lower basal	NN1;SS02,10,20	113,994	56.97
Upper Terrace	Av. upper middlings	PDJ1;SS03-05,07	159,323	215.74
	Av. upper basal	PDJ1;SS03-09,11-19,21-27,29	1,121,470	2,785.10
Total		30 pits (39 samples)	1,452,805	3,096.75

Mineralization

The geometry of the ore body was drilled out and identified as braid bars migrating within part of a palaeo-meander loop with an amplitude and wavelength of 4 km and 12 km respectively. Mineralization or diamond distribution is strongly controlled by factors such as the thalweg of the palaeo-channels, river morphology, gravel fabric and bedrock irregularities. Several northeast trending dolerite dykes occur in the area and one such dyke crosses the channel, providing an ideal trapping environment for diamonds. Also, better grades are generally found on the bedrock 'pushes' as the channel climbs out of bedrock depressions. The typical stratigraphy comprises of an uppermost thin 'Rooikoppie' gravel veneer, calcretised pebbly sands, Middling Gravel and finally Basal Gravel. The basal gravel, generally the lower most 3m resting on bedrock, hosts the best diamond grades.

Drilling

Percussion drilling over area 6x6 km. Initial drill spacing was lines 100 meters apart with 50 meter hole spacing along lines. These were 6 inch holes. It was interpreted as a Pliocene braded river system in a meander loop.

Sampling and Analysis

During the evaluation stage, 25 pits from the Upper Terrace (33 samples) and 5 pits from the Lower Terrace (6 samples) were bulk sampled. The samples varied in size from 6,494 m³ to 122 747 m³ with an average size of 37 251m³ per sample. Most of the samples were taken from the basal material of the Upper Terrace, followed by Middlings samples of the Upper Terrace and the basal material from the Lower Terrace. Samples were treated separately and no contamination occurred. All results from treated samples were individually analyzed.

Security of Samples

A chain of custody is followed throughout the sampling process which is audited by independent competent person Mr. R.D. Ferraris of QTS-Kristal DINAMIKA. The project geologist maps and identifies the area to be sampled and allocates a sample number. This number will be quoted throughout the process on all documentation to follow. The surveyor will survey and measure the surface area of the bulk sample. Vegetation and topsoil is then cleaned off and stockpiled to be used as cover when the rehabilitation has been completed. The exposed gravel area is now surveyed again. All gravel is extracted up to bedrock, and loaded onto trucks and hauled to the plant area. Every load is logged onto a mining shift log sheet.

The gravel processed through the front-end of the processing plant is measured by belt weightometer and stockpiled. A front-end loader feeds the stockpiled gravel from this point into the processing plant and belt weightometers are used to measure and control feed into the plant. These weightometers are calibrated every 24 hrs at the start of each shift and weightometer readings are recorded during each shift on an hourly basis by trained shift production personnel.

Each diamond recovered in the final recovery unit is treated in a hands-off glove box and are weighed, counted and classified, and captured by electronic media on a digital camera. All processing and recovery information is recorded by recovery and security personnel on controlled log sheets. All information is then transferred to the financial manager who in turn reconciles all data received from the surveyor and on site mine personnel. This information is then audited by the independent competent person.

Mineral Resource Estimates

Based on a recent assessment of the resource by independent consultants, Venmyn Rand (Pty) Limited ("Venmyn"), utilizing the Company's bulk sampling results to date, a resource statement for Silverstreams was compiled (see Table 6 below). Continued exploration mainly in the form of drilling and bulk sampling has clearly identified two terraces on Silverstreams with a subtle but important elevations differences and enough to suggest that these two levels represent differences in geological time. From an evaluation point of view these will therefore have to be addressed separately. Clear differences in grade between the upper and older, and the lower and younger levels are apparent, but the Company believes that insufficient material has been tested for the Lower Terrace to attach a high level of confidence on these results.

Table 6: Current Resource Status of Silverstreams

Terrace	Gravel type	Resource Category	In Situ Gravel (m³)	Recovered Grade (ct/100m³)	Carats
Lower Terrace	Middling	Inferred	7,838,720	0.03	2,112
	Basal	Inferred	6,253,739	0.05	3,125
Upper Terrace	Middling	Inferred	1,186,319	0.14	1,606
	Basal	Indicated	1,550,419	0.25	3,850
Total			16,829,197	0.06	10,695

The diamond value is variable but by mid-2008 the average price per carat was just over US\$2,000, which had decreased by the end of 2008 to between US\$1,800 and US\$1,200, still relatively high due to the high average stone size of 1.98 ct/stone. The parameters used in classifying these resources were volume, density, resource shape, physical characteristics, grade, average diamond value, assumed continuity of geology and grade, and sufficiently large diamond parcels. The contact between the Middlings and Basal units was interpreted by the Company's chief geologist Mr. Pierre de Jaeger who has many years of experience on the Orange River. The density was based on the industry average for the middle Orange River. Confidence in the grades is mostly based on the size of the samples, which is particularly important in low grade deposits. Venmyn regards anything over 1m³ as 'reasonable'. The average sample size from the various pits was 37,251m³ hence providing a higher degree of confidence on the grade.

The installation of continuous magnetic separators before the pan plant takes out approximately 80% of the BIF and hence improves the recoveries significantly. A hands-off X-ray recovery unit eliminates human interference in the recovery process. Security both of the plant and premises provided by independent security firm Quemec ensures optimum security of equipment and process.

Exploration and Development

Ongoing exploration, particularly of the Lower Terrace, is planned for the next phase (the commencement of which is dependent on a recovery in diamond prices). This would include more detailed drilling and sampling of the various gravel levels. Detailed mapping of the exposures is recorded by the project geologist and used to map the size, extend and direction of the palaeochannels. It is also used to develop a robust geological model.

3.5.2 De Kalk Project (South Africa)

Project Description and Location

The main alluvial terraces on the De Kalk property occur on the south bank of the Orange River between Douglas and Hopetown in the Northern Cape. The property is 22 km from Douglas and has easy access to Kimberley, serviced by a good tarred and dirt road system. Kimberley is linked to Johannesburg and Cape Town with daily flights. Water is obtained from the Orange River and the national power grid is available if required.

The De Kalk project was acquired by Diamond Core in 2004 on the basis of its alluvial diamond prospectivity.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The climate is semi-arid and although the summer months are generally hot with temperatures up to 40 degrees C with occasional rain in the form of thunderstorms, the winter is pleasant and dry. The project is therefore able to operate 12 months a year. The vegetation is typical Karoo grasses, shrubs and bushes adjusted for these semi-arid conditions. The area is relatively flat but more incised closer to the Orange River.

Samadi (Douglas) Exploration (Pty) Ltd holds a new order Prospecting Right over all portions of the farm De Kalk 37. The shareholding of Samadi (Douglas) Exploration (Pty) Ltd is 85% by the Company and 15% by Leswika, the BEE partner.

History

The first diamond discovered in South Africa in 1867, the 23 carat Eureka diamond, was found on the farm De Kalk.37. Initially, the thin and concentrated Rooikoppie gravel, a deflated gravel residue of resistant and loose material, was an easy target for the early miners with their primitive equipment, and between 1970 and 1998 644 carats were recovered from here. The main reason that prevented access to the underlying primary terrace gravels is that large parts of these gravels are calcretised making access to these lithified units in the early days difficult. It should also be noted that the generally low grades of the Middle Orange River gravels require mining of large volumes to overcome the economic threshold of these deposits. Hence the introduction of big earth moving equipment enabled companies to rip the calcrete, and mine and treat large tonnages making these deposits economically viable.

Geological Setting

The middle Orange River follows pre-glacial Dwyka Valleys, which have locally been cut into Ventersdorp Supergroup lavas and which have subsequently been in-filled with Lower Karoo Group rocks such as diamictites and shales. In many areas the younger Orange River sediments have been deposited on top of these sediments and in other areas where these soft Karoo sediments have been stripped the Orange River sediments have been deposited directly on the competent Ventersdorp basement rocks. These younger Orange River sediments on the property comprise palaeo-channels and terrace gravels. Geological mapping on De Kalk identified an area of approximately 15 km² potentially underlain by diamondiferous gravel. The different gravel bodies occur as relatively small, discontinuous and lens-like layers of terrace deposits. The gravels occur in two separate terrace deposits, a Northern and older Terrace at an elevation of between 1,015 and 1,025m amsl, and a Southern and younger Terrace, the latter occurring at an elevation of between 995 and 1,010m amsl.

Exploration and Mineralization

Recent exploration carried out over De Kalk consisted of two percussion drilling phases totalling 368 holes with a cumulative depth of 2,636m. Based on these initial results, it has been estimated that there are between 5 and 6 million m³ of gravels – between 3.5 and 4.2million m³ of basal gravel and between 1.5 to 1.8 million m³ of suspended gravel.

Bulk sampling started on the property in August 2008 and 54,000 tonnes of gravel was sampled, producing diamonds of good quality, size and value. The first bulk samples have been excavated and treated by a mining contractor.

Exploration and Development

Ongoing exploration, particularly in terms of bulk sampling, is planned for the next phase (the commencement of which is dependent on a recovery in diamond prices). This would include more detailed drilling and sampling of the various gravel levels. Detailed mapping of all exposures is recorded by the project geologist and used to map the size, extant and direction of the palaeochannels. It is also used to develop a robust geological model.

3.5.3 Paardeberg East Project (South Africa)

Project Description and Location

The Paardeberg group of kimberlites is part of a cluster of pipes and dykes that occur on the farms Paardeberg East 153 (five kimberlite occurrences) and Roodepan 146 (one pipe also referred to as Theron's Mine), in the Northern Cape Province approximately 50 km west of Kimberley.

Diamond Core Mining & Exploration (Pty) Ltd, which is 100% held by the Company, owns the mineral rights to Portions 10, 11, 12, 13, 14, 16, 17 and 18 of the farm. The mining license (ML 1/1999) held by Diamond Core Mining & Exploration (Pty) Ltd was confirmed by the Department of Minerals and Energy on February 17, 2005. The mining license is valid until April 30, 2009, whereupon it will need to be converted to a new order mining right. See also the discussion in item 3.2 of this AIF ("BEE Agreements") regarding the BEE requirements with respect to Paardeberg. Diamond Core Mining & Exploration (Pty) Ltd also owns the surface right to portion 18.

Table 7 below summarizes the Company's sales during 2008 of diamonds recovered from the Company's bulk sampling operations at the Paardeberg East project.

Table 7

	Total Weight (carats)	Stones (number)	Average Size (carats)	US\$/Carat	Total Value (US\$)
1st Quarter of 2008	3,362.32	10,426	0.32	\$200.00	\$672,824
2nd Quarter of 2008	3,849.53	12,289	0.31	\$278.53	\$1,072,197
3rd Quarter of 2008	1,943.33	6,387	0.30	\$353.59	\$687,150
4th Quarter of 2008	470.24	2,155	0.20	\$30.85	\$14,733
Total	9,652.42	31,257	0.31	\$254.21	\$2,446,90

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The climate is semi-arid and the area is vegetated by Karoo scrub, comprising grass, scrub and small trees. While the winters are dry and cool, the summers are hot with occasional thundershowers. The area is relatively flat with isolated flat hills or 'koppies' mostly capped by dolerite. Soil is thin and sandy with locally developed calcretes.

There is a good network of national tarred roads and railways connecting Kimberley with all major cities and towns in South Africa. There are also daily flights from Cape Town and Johannesburg to Kimberley. Locally the area is serviced with a network of well maintained tarred and dirt roads. The project area is therefore easily accessible by vehicle from Kimberley. Water is piped from the Vaal River over a distance of some 18 km and power is available from the national grid. There is also a well maintained dirt strip on the farm that is used for charter flights. A processing plant and associated workshops, office and accommodation have been erected on site.

Geological Setting and History

The Kimberley area is underlain by Archaean basement also referred to as the Kaapvaal Craton composed of granites covered by a sequence of inter-bedded lavas and sediments of the Ventersdorp Supergroup. Horizontally bedded Carboniferous to Permian age Karoo sediments, with Jurassic dolerite sills and dykes, overlie the Ventersdorp rocks along a major unconformity. Kimberlites on Paardeberg have intruded the Karoo sediments approximately 120 Ma ago and all belong to the Group 2 micaceous-type.

Diamonds were first found near Hopetown in 1867 which led to the discovery of major alluvial diamond fields on the Vaal River around Barkly West. While the first kimberlite pipes were discovered in 1870 in Kimberley, the kimberlites on Paardeberg have been exploited on and off since the early 1900s. Kimberlite pipes in general occur as carrot-shaped funnels in the earth's crust and can be between 50 metres and 1,000 metres in diameter.

Exploration and Development

There are five kimberlites on the property: they include the main PK1 pipe and two main fissure systems with small pipes and blows. The northern fissure system, also proximal to PK1, has one small blow PK2 and one small pipe PK4. The southern system situated more central to the property, also has one blow PK3 and one small pipe PK5. In addition, a sizable dump is associated with PK1 and has also been sampled.

The Company's objective for this project is to prove the economic viability of the Paardeberg kimberlites and to sanitize the property for any other primary sources.

3.5.4 Sanddrift, Uitdraai and Muishoek Projects (South Africa)

Project Description and Location

The projects Sanddrift (Properties Sanddrift 371, Magoras 372, and Lovedale 590), Uitdraai (property Uitdraai 33) and Muishoek (Property Muishoek 33) surround the Silverstreams project and are at various stages of development. The former two lie east and west of Silverstreams, respectively, both on the north bank of the Orange River, while Muishoek occurs south of Silverstreams and on the south bank of the Orange River. All are in easy access to Kimberley by national road and all occur close to the Prieska town which also has a good airfield.

The Company, together with its BEE partners, holds a new order prospecting right over the Remaining Extend of Portion 1, and over Portion 9 of Uitdraai 33. The prospecting rights for Sanddrift 371, Magoras 372 and Lovedale 590 have been ceded from SouthernEra/Minex to the Company. The Company also holds a prospecting right to explore for diamonds on various portions of Muishoek.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The properties are close to Prieska with a distance of between 30 and 40 km by well maintained roads. The short distance to the town is used to transport the labour and visitors by vehicles and busses. There is a good national, tarred road that connects Prieska with Kimberley some 250 km to the northeast and the Silverstreams project is also equipped with a good dirt airstrip which is often used by small aircraft either from Kimberley or Johannesburg.

The climate is semi-arid and although the summer months are generally hot with temperatures up to 40 degrees C with occasional rain in the form of thunderstorms, the winter is pleasant and dry. The project is therefore able to operate 12 months a year. Vegetation is typical for semi-arid conditions and consists of grasses, shrubs and bushes.

The Uitdraai and Sanddrift extensions of the Silverstreams-type deposits occur at various terrace levels. On Muishoek exploration has been at a low level but further extensions of the lower terraces are likely.

History

The first diamond recorded in South Africa was found in 1867 on the farm De Kalk 37 along the Middle Orange River some 100 km upstream from Uitdraai/Sanddrift/Muishoek. This led to a rapid influx of small-scale miners along the Lower Vaal and Middle Orange rivers. Initially, the thin and concentrated Rooikoppie gravel, a deflated gravel residue of resistant and loose material, was an easy target for these early miners with their primitive equipment and some 30,000 carats were mined from this section of the Orange River. The main reasons which previously prevented access to the underlying primary terrace gravels in this area were that large parts of these gravels are cemented by hard calcrete and secondly these gravels contain a large percentage of dense Banded Ironstones Formation (BIF) which causes problems in the concentrating process. Only after the introduction of machines with ripping tools and explosives, and magnetic separators to remove the BIF, were companies able to access these resources successfully.

Evidence of a small prospecting operation carried out prior to 2001 is visible in the form of shallow trenches and gullies excavated in the hard calcrete on Uitdraai. However, both Sanddrift and Muishoek are largely virgin save for some kimberlite dykes that have been mined in the early 1900s and which De Beers and SouthernEra have prospected more recently.

Geological Setting

The middle Orange River follows pre-glacial Dwyka Valleys which have been in-filled with Lower Karoo Group rocks. In many areas, the younger Orange River sediments have been deposited on top of these sediments and in other areas the Orange River sediments have been deposits directly on pre-Karoo rocks. One of the pre-Karoo rocks sequences in this area and upstream of the project area are Banded Ironstone Formation. Pebbles of these formations have always been a major problem for the diamond miners as they displace diamonds in the concentrating process.

The palaeo-Orange River started transporting diamonds already in the early Cretaceous, eroding Karoo sediments and Cretaceous diamondiferous kimberlite pipes occurring upstream. The various levels of terraces represent different periods in geological time.

Exploration and Mineralization

On Uitdraai, gravels occur in a relatively narrow elongated remnant of an original large terrace deposit. The primary gravels are overlain by a thin layer of Rooikoppie gravel. Drilling of 112 percussion holes in 2003 suggested the presence of sizable Rooikoppie and basal gravel volumes.

There are numerous kimberlite dykes and associated blows on the property. The Sanddrift dyke is between 2 and 3 metres wide while the main blow is 20 metres in diameter. Bulk sampling by De Beers indicated a grade of 13.6 cpht for the blow. Several other dykes have been drilled on the property.

Limited geological work on Muishoek 34 based on satellite imagery and surface mapping indicates that lower level terraces might be present and might be an extension to the Silverstreams terraces. Upon funding becoming available, drilling is planned to confirm and outline any gravel bodies.

Exploration and Development

Upon funding becoming available, bulk sampling is planned for Uitdraai where the gravel deposits have been well defined. Outline drilling with a down the hole percussion rig (Aqua Rock 5000 drill rig with an LG high pressure 21 bar compressor) had been ongoing on Sanddrift and will restart when appropriate and so far approximately 60 million tonnes of gravels has been identified. Upon funding becoming available, some scout drilling is planned for Muishoek to confirm the presence of gravel terraces.

3.6 Other Project Information

Lubao Project (DRC) - During 2008, geological interpretation of both field and laboratory data revealed that further work on the Lubao project is unlikely to produce a diamond bearing kimberlite of economic interest. Although alluvial diamonds have been found along the Lomani River near Lubao, these have most likely been derived from the kimberlites discovered in 2007 by De Beers on the Bugeco properties approximately 40 kilometers upstream. It has also been suggested that the Lubao properties are not underlain by Achaean Craton. It was therefore decided in 2008 to relinquish all the ground associated with the Lubao project in order to focus the Company's resources in more promising areas.

Kwango Project (DRC) - The Company carried out a detailed study of the diamond population over various digging areas along the Kwango River. A total of 2,734 stones (282.41 carats) were screened and a diamond size distribution curve was presented. The stones were grouped and the average stone sizes varied from 0.118 ct in the upstream section to 0.074 ct lower down the Kwango. In addition, the influx of overburden sand, which varied from 5 metres to 10 metres in some terrace sections with gravels often less than 50 cm in thickness below these sands at grades around 10 cpht, indicated that the cost of mining would far exceed the revenue. Accordingly, having presented several resource models none was able to reflect a profit using a variety of parameters. The Company has therefore decided to not exercise its option over the Kwango project ground and to withdraw from the project.

Kananga North Project (DRC) - Four exploration permit areas were explored by the Company using stream sampling and airborne geophysics. Although indicator minerals were found, no obvious targets were identified over the permit areas and the permits have subsequently been dropped. Several diamond workings occur on the ground directly north of these permit areas and an application has been made to access this ground.

Kuiltjespan and Strydpan (South Africa) - No field work was carried out on the Kuiltjespan and Strydpan projects during 2008. However, some desktop work has been conducted on these projects with the aim of designing an exploration program for the immediate future.

Koa Valley Project (South Africa) - Prospecting permits had been taken out over a large part of the lower end of the Koa Valley of the Northern Cape by Diamond Core. This was based on the presence of alluvial diamonds on the farms Bosluispan and Galputs, both of which have been mined, and which upper higher upstream. However, results from historical drilling programs in the area of the permits suggest that sand thickness is between 50 and 100 metres. In addition, the gravel thickness at Bosluispan and Galputs are less than 0.5 metres on average and a viable alluvial deposit lower down in the valley under thick cover is highly unlikely. The Company has therefore decided to relinquish the permits.

Skeyfontein Project (South Africa) - Based on both historical data and the exploration work carried out by the Company on the Skeyfontein project, the Company has decided that the Skeyfontein project does not merit any further work and has withdrawn from the project.

3.7 Qualified Persons

Dr. Michiel de Wit, who is President and a director of the Company and a "qualified person" (as such term is defined in National Instrument 43-101), has reviewed and approved the technical information in this AIF. The "qualified person" (as such term is defined in National Instrument 43-101) for the purpose of the current mineral resource estimates for Silverstreams was Neil McKenna, who is an employee of Venmyn. See item 15.1 of this AIF for the names of the "qualified persons" (as such term is defined in National Instrument 43-101) for the purposes of the various technical reports incorporated by reference into this AIF.

ITEM 4: DIVIDENDS

Subject to the requirements of the CBCA, there are no restrictions in the Company's articles or by-law that would restrict or prevent the Company from paying dividends. However, the Company has not paid any dividend or made any other distribution in respect of its outstanding shares and management does not anticipate that the Company will pay dividends or make any other distribution in respect on its shares in the foreseeable future. The Company's board of directors, from time to time, and on the basis of any earnings and the Company's financial requirements or any other relevant factor, will determine the future dividend policy of the Company with respect to its shares.

ITEM 5: DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of common shares, of which 26,091,310 common shares were issued and outstanding as of the date of this AIF. The following is a summary of the material provisions attaching to the common shares.

The holders of the common shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall have one vote for each common share held at all meetings of the shareholders of the Company. The holders of the common shares are entitled to (a) receive any dividends as and when declared by the board of directors, out of the assets of the Company properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine, and (b) receive the remaining property of the Company in the event of any liquidation, dissolution or winding-up of the Company.

ITEM 6: MARKET FOR SECURITIES

The Company's common shares are listed for trading on the Toronto Stock Exchange (the "TSX") and on the JSE Limited in Johannesburg, South Africa, in each case under the symbol "BCD". The Company's common shares commenced trading on the JSE Limited on February 4, 2008 and commenced trading on the TSX on February 11, 2008. Prior to February 11, 2008, such shares traded on the TSX Venture Exchange under the symbol "BRC".

The following table sets forth the high, low and closing sale prices and volume of trading of the Company's common shares for the months indicated, as reported by the by the TSX (commencing on February 11, 2008) and the TSX Venture Exchange (prior to February 11, 2008).

<u>Month</u>	<u>High</u> (Cdn\$)	<u>Low</u> (Cdn\$)	<u>Close</u> (Cdn\$)	<u>Volume</u> (#)
2008				
December	0.44	0.23	0.25	1,789,314
November	0.80	0.20	0.47	123,761
October	0.78	0.50	0.70	83,833
September	0.95	0.60	0.78	3,567
August	1.15	0.70	1.05	39,130
July	1.70	1.11	1.40	254,912
June	1.80	1.01	1.60	239,031
May	1.75	1.35	1.70	131,219
April	2.65	1.50	1.61	51,827
March	3.41	2.50	2.55	289,505
February	7.00	3.00	3.69	181,534
January	6.75	6.75	6.75	500

The closing price of the common shares of the Company on March 27, 2009 was \$0.07 per share, as reported by the TSX.

ITEM 7: ESCROWED SECURITIES

To the knowledge of the Company, no securities of the Company are held in escrow.

ITEM 8: DIRECTORS AND OFFICERS

8.1 Name, Occupation and Security Holding

The following table sets forth, as of the date hereof, the name and municipality of residence of each director and officer of the Company, as well as such individual's current position(s) with the Company, principal occupation(s) during the past five years and period of service as a director (if applicable). Each director will hold office until the close of the next annual meeting of shareholders of the Company unless his office is earlier vacated in accordance with the by-law of the Company.

<u>Name, Municipality of Residence and Current Position(s) with the Company</u>	<u>Principal Occupation(s) During the Past Five Years</u>	<u>Director Since</u>
Michiel C.J. de Wit Irene, South Africa President and a director	President of the Company since February 2008; President and Chief Executive Officer of the Company from May 2007 to February 2008; General Manager for De Beers in the Democratic Republic of the Congo from July 2005 to April 2007; prior to July 2005, De Beers' Exploration Manager for Africa.	July 5, 2007
Brian P. Scallan Johannesburg, South Africa Vice President, Finance and a director	Vice President, Finance of the Company since August 2008; May 2003 to August 2008: Head of Funding Nikanor PLC (an AIM listed company developing a copper cobalt mine in the DRC) from November 2006 to February 2008; prior to November 2006, self-employed consultant providing project and corporate finance advisory consultancy work in Africa.	August 28, 2008
Geoffrey G. Farr Toronto, Ontario, Canada Corporate Secretary and a director	Partner of Macleod Dixon LLP (a law firm). ⁽¹⁾	February 11, 2008
Gregory D. Hunter ⁽²⁾ Johannesburg, South Africa Director	Self-employed mining consultant from November 2008 to present; Chief Executive Officer of Central African Gold Plc (a gold mining and exploration company) from March 2006 to November 2008; prior to March 2006, C.E.O./C.O.O. of Metallon Gold/Metallon Corp.	February 11, 2008
Arnold T. Kondrat ⁽³⁾ Toronto, Ontario, Canada Director	Executive Vice President of Banro Corporation (a gold exploration company); President of Sterling Portfolio Securities Inc. (a private venture capital firm); Executive Vice President of the Company until February 2008; consultant to the Company from February 2008 to present.	August 7, 1990
Stephen C. Thomson ⁽²⁾⁽³⁾ Johannesburg, South Africa Director	Senior partner of Thomson Wilks (a law firm).	February 11, 2008
Simon F. W. Village ⁽³⁾ Kent, United Kingdom Chairman of the Board of Directors and a director	Consultant to the Company from May 2007 to present; Chairman of the Board of Directors of Banro Corporation (a gold exploration company) from November 2004 to present; prior to November 2004, Managing Director, Gold Investment Services, of the World Gold Council (an international marketing organization for the gold industry formed and funded by the world's leading gold mining companies).	March 18, 2005

<u>Name, Municipality of Residence and Current Position(s) with the Company</u>	<u>Principal Occupation(s) During the Past Five Years</u>	<u>Director Since</u>
William R. Wilson ⁽²⁾ Arvada, Colorado, U.S.A Director	President and Chief Operating Officer of New Horizon Uranium Corporation (a mineral exploration company) from October 2005 to present; prior to October 2005, self-employed mineral industry consultant (provides consulting services in the areas of corporate management, engineering and marketing).	March 17, 2009
Danie van der Merwe Kimberly, South Africa Chief Operating Officer	Chief Operating Officer of the Company since July 2008; Group Engineering Manager of Diamond Core Resources Limited (which was acquired by the Company in February 2008) from May 2006 to July 2008; Mine Manager of Koidu Holdings, Sierra Leone from January 2005 to May 2006, Mine Manager of Tirisano Mine South Africa from November 2003 to January 2005.	Not applicable
Martin D. Jones Toronto, Ontario, Canada Vice President, Corporate Development	Vice President, Corporate Development of the Company since April 2005; Vice President, Corporate Development of Banro Corporation (a gold exploration company) from October 2004 to present; prior to October 2004, Vice President with Advance Planning/MS&L (a public relations firm).	Not applicable
Donat K. Madilo Mississauga, Ontario, Canada Treasurer	Chief Financial Officer of Banro Corporation (a gold exploration company) from September 2007 to present and, prior to September 2007, Treasurer of Banro Corporation; Chief Financial Officer of Loncor Resources Inc. (a gold exploration company since November 2008; prior to November 2008, Loncor Resources Inc. was named Nevada Bob's International Inc. and was an international licensor); Treasurer of the Company.	Not applicable

(1) Macleod Dixon LLP acts as counsel to the Company.

(2) Member of the audit committee of the board of directors of the Company (the "**Audit Committee**").

(3) Member of the compensation committee of the board of directors of the Company.

As of the date hereof, the directors and officers of the Company as a group beneficially own, directly or indirectly, or exercise control or direction over, 1,597,481 common shares of the Company, representing 6.12% of the issued and outstanding common shares of the Company as of the date hereof. As well, the directors and officers of the Company as a group hold, as of the date hereof, 2,705,547 stock options granted pursuant to the Company's Stock Option Plan.

8.2 Corporate Cease Trade Orders or Bankruptcies

No director or officer of BRC, or a shareholder holding a sufficient number of securities of BRC to affect materially the control of BRC, is, or within the 10 years before the date of this AIF has been, a director or officer of any company that, while that person was acting in that capacity,

- (a) was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or officer ceased to be a director or officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
- (c) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, save as described below.

In July 2008, while Mr. Hunter was Chief Executive Officer of Central African Gold Plc ("**CAG**"), CAG requested a temporary suspension of trading of its shares on AIM pending the completion of its financial statements.

In November 2008, while Mr. Hunter was Chief Executive Officer of CAG, CAG requested a temporary suspension of trading of its shares on AIM pending clarification of CAG's financial position.

8.3 Personal Bankruptcies

No director or officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer, shareholder or personal holding company.

8.4 Penalties or Sanctions

No director or officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons has

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

8.5 Conflicts of Interest

To the best of the Company's knowledge, there are no existing or potential material conflicts of interest between the Company or a subsidiary of the Company and a director or officer of the Company or a subsidiary of the Company, other than in relation to the guarantee provided by Banro Corporation as described in item 12 ("Interest of Management and Others in Material Transactions") of this AIF.

ITEM 9: AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter

The text of the Audit Committee's charter is attached to this AIF as Schedule "A".

Composition of the Audit Committee

The members of the Audit Committee are as follows: Gregory D. Hunter, Stephen C. Thomson and William R. Wilson. Each such member is "financially literate" within the meaning of National Instrument 52-110 - *Audit Committees* ("**NI 52-110**"). Each such member is "independent" within the meaning of NI 52-110 other than Mr. Thomson.

Relevant Education and Experience of Audit Committee Members

The following is a description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member:

Gregory D. Hunter

Mr. Hunter was Chief Executive Officer of Central African Gold Plc, which is publicly traded on AIM, from March 2006 to November 2008. He holds a BSc in Mining Engineering (Wits University), and has worked extensively in the resource sector in both financial and technical capacities. He was formerly Chief Executive Officer of southern African resource company, Metallon Gold, and a director of Ridge Mining Plc. Prior to this he was Head of Mining Research at Deutsche Securities, focused primarily on the gold and platinum sectors. He also spent two years at UAL Merchant Bank as a rated resource equity analyst and has operational experience in industry, having spent a number of years with AngloGold Limited.

Stephen C. Thomson

Mr. Thomson is the senior partner of Thomson Wilks. He is a qualified commercial attorney in South Africa in addition to having a diploma in company direction. He has been in practice since 1987 and has extensive experience in corporate law and commercial litigation and his firm represents a number of mining companies and companies involved in the mining industry.

William R. Wilson

Mr. Wilson holds a Masters of Business Administration from the University of Southern California. He has been a director and senior officer of a number of public companies in both Canada and the United States, and has been a member of the audit committee of several of these companies.

Reliance on Certain Exemptions

At no time since the commencement of the year ended December 31, 2008 has the Company relied on an exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), section 3.2 of NI 52-110 (*Initial Public Offerings*), section 3.3(2) of NI 52-110 (*Controlled Companies*), section 3.4 of NI 52-110 (*Events Outside Control of Member*), section 3.5 of NI 52-110 (*Death, Disability or Resignation of Audit Committee Member*) or section 3.6 of NI 52-110 (*Temporary Exemption for Limited and Exceptional Circumstances*), on an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*) or on section 3.8 of NI 52-110 (*Acquisition of Financial Literacy*).

Audit Committee Oversight

At no time since the commencement of the Company's financial year ended December 31, 2008 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the board of directors of the Company.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies or procedures for the engagement of non-audit services.

External Auditors Service Fees

The following summarizes (a) the total fees billed by Deloitte & Touche LLP, the external auditors of the Company, related to the financial year of the Company ended December 31, 2008, and (b) the total fees billed by Deloitte & Touche LLP related to the financial year of the Company ended December 30, 2007:

	<u>2008</u>	<u>2007</u>
Audit Fees	\$279,000	\$49,500
Audit-Related Fees	\$26,000 ⁽¹⁾	\$130,600 ⁽³⁾
Tax Fees	\$8,500 ⁽²⁾	\$7,500 ⁽²⁾
All Other Fees	Nil	Nil

(1) The services comprising these fees related to accounting assistance in 2008, and professional services related to the acquisition by the Company of Diamond Core Resources Limited.

(2) The services comprising these fees related to the preparation of the Company's tax return.

(3) The services comprising these fees related to services provided with respect to the acquisition by the Company of Diamond Core Resources Limited.

ITEM 10: PROMOTERS

No person or company has been, within the three most recently completed financial years or during the current financial year, a "promoter" (as such term is defined under applicable Canadian securities laws) of the Company.

ITEM 11: LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is in a dispute in the South African courts with an engineering contractor over the design and installation of the Paardeberg diamond recovery plant. Pleadings in the matter have closed in relation to the contractor's claim of 1,228,473.75 South African Rand and the Company's counter claim of 2,853,006.46 South African Rand. A trial date has been set for May 19, 2010.

The Company is in a dispute with two former officers and directors with respect to claims made by them in relation to their departure from the Company. One of these individuals applied for a summary judgment in the High Court (in 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 arbitration at the CCMA (the Commission for Conciliation, Mediation and Arbitration) in Johannesburg and an action to the High Court in that same jurisdiction. He elected to withdraw an application for summary judgment. If the CCMA disputes are heard it is estimated that the maximum liability would be in the amount of 12 months' remuneration or 2.5 million South African Rand.

See also item 3.2 of this AIF ("BEE Agreements") regarding the dispute with Sefalana.

Regulatory Actions

During the financial year ended December 31, 2008, (a) no penalties or sanctions were imposed against the Company by a court or regulatory body, and (b) no settlement agreements were entered into by the Company with a court relating to securities legislation or with a securities regulatory authority.

ITEM 12: INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the fourth quarter of 2007, the Company obtained a \$3,000,000 credit line (the "**Loan Facility**") from a Canadian financial institution. During the first quarter of 2008, the Loan Facility was increased from \$3,000,000 to \$6,000,000. There is currently outstanding under the Loan Facility principal in the amount of \$5,850,000 and accrued interest in the amount of \$330,772. The Loan Facility is guaranteed by Banro Corporation ("**Banro**"). The Company is in breach of an agreement between Banro and the Company to have paid all amounts outstanding under the Loan Facility and to terminate the Loan Facility by July 28, 2008. Banro has not exercised its rights in terms of this agreement. Banro is the Company's largest shareholder, holding 3,744,032 common shares which presently represent 14.35% of the issued and outstanding common shares of the Company. Banro's address is Suite 7070, 1 First Canadian Place, 100 King Street West, Toronto, Ontario, M5X 1E3, Canada. Two of the Company's directors (Simon F.W. Village and Arnold T. Kondrat) are also directors and senior officers of Banro. One of the Company's directors (Geoffrey G. Farr) is Secretary of Banro.

During the financial year ended December 31, 2005, Banro advanced a total of approximately \$497,000 to the Company for working capital purposes. Such advances were unsecured, non-interest bearing and repayable on demand. The amount owing by the Company to Banro as at December 31, 2005 of \$502,832 was repaid in full during 2006.

ITEM 13: TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's common shares in Canada is Equity Transfer & Trust Company at its office in Toronto, Ontario. In South Africa, Computershare Investor Services (Pty) Limited, at its office in Johannesburg, South Africa, acts as transfer secretaries for the Company.

ITEM 14: MATERIAL CONTRACTS

There are no contracts that are material to the Company entered into by the Company within the most recently completed fiscal year, or before the most recently completed fiscal year but after January 1, 2002 which are still in effect, other than material contracts entered into in the ordinary course of business that are not required to be filed under National Instrument 51-102 *Continuous Disclosure Obligations*.

ITEM 15: INTERESTS OF EXPERTS

15.1 Names of Experts

- (a) Deloitte & Touche LLP, Chartered Accountants, who provide the auditors' report accompanying the Company's annual consolidated financial statements. Deloitte & Touche LLP has confirmed to the Company that Deloitte & Touche LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Ontario.
- (b) Catherine A. Telfer and Fabrice G. Matheys, who are the "qualified persons" (as such term is defined in National Instrument 43-101) for the purpose of the Venmyn DRC Report.
- (c) Andrew N. Clay, who is the "qualified person" (as such term is defined in National Instrument 43-101) for the purpose of the Venmyn South Africa Report.
- (d) Michiel de Wit and Fabrice Matheys, who are the "qualified persons" (as such term is defined in National Instrument 43-101) for the purpose of the 2009 Tshikapa Report.
- (e) Neil McKenna, who was the "qualified person" (as such term is defined in National Instrument 43-101) for the purpose of the current mineral resource estimates for Silverstreams.

15.2 Interests of Experts

To the knowledge of the Company, none of the above-mentioned individuals beneficially owns, directly or indirectly, or exercises control or direction over, 1% or more of the outstanding common shares of the Company.

Dr. de Wit, who is President and a director of the Company, currently holds 750,000 stock options of the Company granted pursuant to the Company's Stock Option Plan. Mr. Matheys, who is an employee of the Company, currently holds 140,000 stock options of the Company granted pursuant to the Company's Stock Option Plan.

ITEM 16: ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's information circular for its most recent annual meeting of shareholders that involved the election of directors. Additional financial information is contained in the Company's audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2008.

Schedule "A"

BRC DIAMOND CORPORATION

Terms of Reference
Audit Committee of the Board of Directors of
BRC Diamond Corporation

June 29, 2005

MANDATE

A. Role and Objectives

The audit committee (the "**Committee**") is a committee of the board of directors (the "**Board**") of BRC Diamond Corporation (the "**Corporation**") established for the purpose of overseeing the accounting and financial reporting process of the Corporation and external audits of the consolidated financial statements of the Corporation. In connection therewith, the Committee assists the Board in fulfilling its oversight responsibilities in relation to the Corporation's internal accounting standards and practices, financial information, accounting systems and procedures, financial reporting and statements and the nature and scope of the annual external audit. The Committee also recommends for Board approval the Corporation's audited annual consolidated financial statements and other mandatory financial disclosure.

The Corporation's external auditor is accountable to the Board and the Committee as representatives of shareholders of the Corporation. The Committee shall be directly responsible for overseeing the relationship of the external auditor. The Committee shall have such access to the external auditor as it considers necessary or desirable in order to perform its duties and responsibilities. The external auditor shall report directly to the Committee.

The objectives of the Committee are as follows:

1. to be satisfied with the credibility and integrity of financial reports;
2. to support the Board in meeting its oversight responsibilities in respect of the preparation and disclosure of financial reporting, including the consolidated financial statements of the Corporation;
3. to facilitate communication between the Board and the external auditor and to receive all reports of the external auditor directly from the external auditor;
4. to be satisfied with the external auditor's independence and objectivity; and
5. to strengthen the role of independent directors by facilitating in-depth discussions between members of the Committee, management and the Corporation's external auditor.

B. Composition

1. The composition of the Committee shall be in accordance with the requirements of applicable securities laws, applicable corporate laws, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules. Determinations as

to whether a particular director satisfies the requirements for membership on the Committee shall be made by the full Board.

2. Members of the Committee shall be appointed by the Board. Each member shall serve until his successor is appointed, unless he shall resign or be removed by the Board or he shall otherwise cease to be a director of the Corporation.
3. The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership.
4. The Committee shall have access to such officers and employees of the Corporation and to such information respecting the Corporation as it considers to be necessary or advisable in order to perform its duties and responsibilities.

C. Meetings

1. At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the matter will be referred to the Board for decision.
2. A quorum for meetings of the Committee shall be a majority of its members.
3. Meetings of the Committee shall be scheduled at such times during each year as it deems appropriate. Minutes of all meetings of the Committee shall be taken. The Chief Financial Officer (or, in the event the Corporation does not have a Chief Financial Officer, the person who performs similar functions to a Chief Financial Officer) shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Committee Chair.
4. The Committee shall report the results of meetings and reviews undertaken and any associated recommendations to the Board.
5. The Committee shall meet periodically with the Corporation's external auditor (in connection with the preparation of the annual financial statements and otherwise as the Committee may determine).

RESPONSIBILITIES

As discussed above, the Committee is established to assist the Board in fulfilling its oversight responsibilities with respect to the accounting and financial reporting processes of the Corporation and external audits of the Corporation's consolidated financial statements. In that regard, the Committee shall:

1. satisfy itself on behalf of the Board with respect to the Corporation's internal control systems including identifying, monitoring and mitigating business risks as well as compliance with legal, ethical and regulatory requirements. The Committee shall also review with management, the external auditor and, if necessary, legal counsel, any litigation, claim or other contingency (including tax assessments) that could have a material effect on the financial position or operating results of the Corporation (on a

consolidated basis), and the manner in which these matters may be, or have been, disclosed in the financial statements;

2. review with management and the external auditor the annual consolidated financial statements of the Corporation, the reports of the external auditor thereon and related financial reporting, including Management's Discussion and Analysis and any earnings press releases, (collectively, "**Annual Financial Disclosure**") prior to their submission to the Board for approval. This process should include, but not be limited to:
 - (a) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future year's financial statements;
 - (b) reviewing significant accruals, reserves or other estimates;
 - (c) reviewing accounting treatment of unusual or non-recurring transactions;
 - (d) reviewing adequacy of reclamation fund;
 - (e) reviewing disclosure requirements for commitments and contingencies;
 - (f) reviewing financial statements and all items raised by the external auditor, whether or not included in the financial statements; and
 - (g) reviewing unresolved differences between the Corporation and the external auditor.

Following such review, the Committee shall recommend to the Board for approval all Annual Financial Disclosure;

3. review with management all interim consolidated financial statements of the Corporation and related financial reporting, including Management's Discussion and Analysis and any earnings press releases, (collectively "**Quarterly Financial Disclosure**") and, if thought fit, approve all Quarterly Financial Disclosure;
4. be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than Annual Financial Disclosure or Quarterly Financial Disclosure, and shall periodically assess the adequacy of those procedures;
5. review with management and recommend to the Board for approval, any financial statements of the Corporation which have not previously been approved by the Board and which are to be included in a prospectus of the Corporation;
6. with respect to the external auditor:
 - (a) receive all reports of the external auditor directly from the external auditor;
 - (b) discuss with the external auditor:
 - (i) critical accounting policies;

- (ii) alternative treatments of financial information within GAAP discussed with management (including the ramifications thereof and the treatment preferred by the external auditor); and
 - (iii) other material, written communication between management and the external auditor;
- (c) consider and make a recommendation to the Board as to the appointment or re-appointment of the external auditor, being satisfied that such auditor is a participant in good standing pursuant to applicable securities laws;
- (d) review the terms of engagement of the external auditor, including the appropriateness and reasonableness of the auditor's fees, and make a recommendation to the Board as to the compensation of the external auditor;
- (e) when there is to be a replacement of the external auditor, review with management the reasons for such replacement and the information to be included in any required notice to securities regulators and recommend to the Board for approval the replacement of the external auditor along with the content of any such notice;
- (f) oversee the work of the external auditor in performing its audit or review services and oversee the resolution of any disagreements between management and the external auditor;
- (g) review and discuss with the external auditor all significant relationships that the external auditor and its affiliates have with the Corporation and its affiliates in order to determine the external auditor's independence, including, without limitation:
 - (i) requesting, receiving and reviewing, on a periodic basis, written or oral information from the external auditor delineating all relationships that may reasonably be thought to bear on the independence of the external auditor with respect to the Corporation;
 - (ii) discussing with the external auditor any disclosed relationships or services that the external auditor believes may affect the objectivity and independence of the external auditor; and
 - (iii) recommending that the Board take appropriate action in response to the external auditor's information to satisfy itself of the external auditor's independence;
- (h) as may be required by applicable securities laws, either:
 - (i) pre-approve all non-audit services to be provided by the external auditor to the Corporation (and its subsidiaries, if any), or, in the case of *de minimis* non-audit services, approve such non-audit services prior to the completion of the audit; or

- (ii) adopt specific policies and procedures for the engagement of the external auditor for the purposes of the provision of non-audit services; and
 - (i) review and approve the hiring policies of the Corporation regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;
- 7.
 - (a) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and
 - (b) review with the external auditor its assessment of the internal controls of the Corporation, its written reports containing recommendations for improvement, and the Corporation's response and follow-up to any identified weaknesses;
- 8. with respect to risk management, be satisfied that the Corporation has implemented appropriate systems of internal control over financial reporting (and review senior management's assessment thereof) to ensure compliance with any applicable legal and regulatory requirements;
- 9. review annually with management and the external auditor and report to the Board on insurable risks and insurance coverage; and
- 10. engage independent counsel and other advisors as it determines necessary to carry out its duties and set and pay the compensation for any such advisors.