Shares Issued and Outstanding: 54,659,623
TSXV:DMI
OTCQX:DMIFF

KELOWNA, BC, Aug. 3, 2017 /CNW/ - Diamcor Mining Inc. (TSXV:DMI / OTCQX:DMIFF), (the "Company") announces the results of its fiscal year ended March 31, 2017, and an operational update for the year at the Company's Krone-Endora at Venetia Project (the "Project").

Revenue
During the fiscal year ended March 31, 2017, the Company generated revenue of $5,928,425 (US $4,466,549) net of commission and fees, from the sale of 32,627.97 carats of rough diamonds for an average price per carat of US $136.89. This compares to revenue of $4,681,508 (US $3,363,264) net of commission and fees, from the sale of 24,068.01 carats of rough diamonds for an average price of US $139.74, during the prior fiscal year. The recovery of all rough diamonds was incidental to the ongoing commissioning and testing exercises being performed by the Company given that the continuing development and expansion of the facilities at the Project were aimed at supporting increased processing volumes over the long-term. The average price per carat was in line with Company expectations given that the material being processed as part of the ongoing development exercises was largely limited to lower-grade material in the 1mm to 15mm size fractions, and the industry continued to experience price weaknesses in certain categories of rough diamonds during fiscal 2017.

Operating Expenses
During the fiscal year ended March 31, 2017, the Company realized operating expenses of $4,789,342, an increase when compared to operating expenses of $3,668,955 recognized during the same period in the prior fiscal year ended March 31, 2016. Operating expenses are comprised primarily of labour, management, contracted labour and equipment, utilities, fuel, and other associated expenses incurred at the Project. The increase, as compared to the prior fiscal year, was attributable to increased operating levels associated with the continued advancement of the Project in fiscal 2017. During the fiscal year ended March 31, 2017 the Company continued to focus its efforts on the advancement of requirements necessary to support the stated objectives associated with advancing the Krone-Endora at Venetia Project, and to aid the Company in its determination of initial production decisions for the Project. Operating expenses associated with contract equipment, fuel, contractors, and plant consumables are expected to increase in fiscal 2018 as the Company increases the overall volumes of material being processed.

General and Administrative Expenses
Total general and administrative expenses for the fiscal year ended March 31, 2017 were $3,578,769, as compared to $5,778,281 incurred during fiscal 2016. The decrease in expenses was primarily attributable to $2,182,398 in non-cash expense realized according to the Black-Scholes pricing model for the issuance of options in fiscal 2016, as compared to no option related expense realized in fiscal 2017, and a reduction in management incentive compensation in fiscal 2017 as compared to fiscal 2016. Net of these non-cash charges, general and administrative expenses remained relatively constant year over year. General and administrative expenses for the fiscal year ended March 31, 2017 were primarily incurred by the Company in support of the further advancement of the Project's recommended work programs, the Company's continued advancement of the plant commissioning and testing exercises, the operational equipment expansions, the Company's preparations for its planned move to large-scale bulk sampling and trial mining exercises, as well as the Company's planned move to 24/7 operations in conjunction with the granting of the required permitting and Mining Right by the South African Department of Mineral Resources. While the Company remains committed to managing its resources carefully and conserving cash, general and administrative expenses would be expected to increase during fiscal 2018, as the Company continues to expand and advance operations at the Project.

Net Earnings
The Company realized net income from operating activities of $1,139,083 in fiscal 2017. The Company incurred $3,578,769 in general and administrative expenses, $51,572 in interest and other income, a loss on disposal of assets of $69,079, a loss of $919 for foreign exchange, and recorded deferred taxes of $307,957, which resulted in a net loss before tax of $2,766,069 for the fiscal year ended March 31, 2017. This compares to a net loss of $4,232,982 realized during the prior fiscal year ended March 31, 2016. The Company recorded a foreign currency exchange gain of $763,984 for the fiscal year ended March 31, 2017, as compared to a loss of $1,393,874 for the fiscal year ended March 31, 2016.

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

	Fiscal Year Ended March 31,		
	2017	2016	2015
Total Revenue	$5,928,425	$4,681,508	$3,073,905
Net Income (Loss) Before Tax	$(2,458,112)	$(4,254,354)	$(2,813,917)
Basic & Diluted Earnings (Loss) Per Common Share	$(0.02)	$(0.07)	$(0.05)
Total Assets	$11,882,433	$8,485,389	$10,884,266
Total Long Term Liabilities	$4,447,582	$6,428,170	$7,288,368
Cash Dividend	$Nil	$Nil	$Nil

Liquidity and Capital Resources

The Company realized negative cash flow from operating activities of $86,269 for the fiscal year ended March 31, 2017, as compared to negative cash flow from operating activities of $157,992 for the fiscal year ended March 31, 2016.

As of March 31, 2017, the Company had cash and cash equivalents of $264,937 ($824,858 March 31, 2016), rough diamond inventory of $1,220,918 ($826,603 March 31, 2016), accounts receivable of $186,307 ($270,522 March 31, 2016), and prepaid expenses of $28,470 ($33,934 March 31, 2016). Subsequent to the fiscal year ended March 31, 2017, on June 12, 2017, the Company closed an oversubscribed, non-brokered private placement for gross proceeds of $4,213,372.65, with the majority of the offering subscribed for by existing institutional investors and large shareholders of the Company. $1,794,555 of the net proceeds of the offering were used to make payments towards the Tiffany's debt facilities including the repayment in full of the outstanding balance on the Tiffany's Term Loan 1 facility. As a result, the payments required to service Company debt were reduced from $949,268 to $520,293 per quarter going forward. Other portions of the proceeds will be used to advance additional bulk sampling efforts, and for general and administrative purposes. The Company believes it has adequate cash, or the potential to access additional capital if required, for the continued development, commissioning, bulk sampling, and advancement of the recommended work programs, and the potential to generate future revenues from the incidental recovery and sale of rough diamonds from the combined efforts underway at the Project.

Working Capital
As of March 31, 2017, the Company had 49,702,714 common shares issued and outstanding, and had working capital of ($3,254,275) as compared to working capital of ($1,078,653), at March 31, 2016. Working capital is calculated based on current assets less current liabilities, excluding prepaids.

The Company's complete financial results and associated Management Discussion and Analysis for its fiscal year ended March 31, 2017, can be accessed at www.sedar.com, or on the Company's website at www.diamcormining.com.

FYE MARCH 31, 2017 OPERATIONAL EXPANSIONS OVERVIEW

During the fiscal year ended March 31, 2017, the Company continued to advance the combined testing, commissioning, and calibration exercises at the Project. During the period, the Company announced that, after a significantly longer waiting period than expected, the Company's application for a Water Use License to support long-term diamond mining operations at the Project was approved and granted by the South African Department of Water and Sanitation. The granting of this Water Use License represented the culmination of a multi-year effort in the ongoing advancement of the Project, and was seen as a significant milestone to further de-risking the Project by ultimately providing the Company with the desired allocation of water expected to be required to support the targeted design capacity of the processing facilities of the Project for the long-term. With the Water Use License successfully secured, the Company moved to finalize the installation of the remaining associated infrastructure. The completion of these infrastructure items was finalized early in the September 30, 2016 quarter, allowing the Company to advance the testing and evaluation of its existing processing facilities at that time, and to compile key data from higher processing rates to ultimately assist the Company in decisions with regards to any further requirements of the facilities at the Project. These efforts led to the Company's decision to commence a brokered private placement of up to $5,000,000, with the use of proceeds aimed at acquiring additional operational equipment as part of a planned final expansion to support the continued advancement of the Project. The placement was ultimately oversubscribed with gross subscription proceeds of CND $5,820,700, and closed on August 31, 2016 as announced on September 1, 2016. With the previously noted water infrastructure completed, the Company provided an update on November 2, 2016 with respect to its intention to proceed with the planned upgrades and significant expansions to the Project's in-field dry screening plant, main treatment plant, and final recovery. These efforts were aimed at supporting increased processing volumes, incorporating the crushing and processing of larger material up to 45.0mm, establishing a dedicated large diamond recovery circuit, and increasing the capacity of the Project's final diamond recovery facilities. These efforts were originally targeted for completion prior to the end of the quarter ending December 31, 2016, however significant delays in delivery and installation resulted in a majority of these efforts not being finalized until late in the Company's fourth quarter ended March 31, 2017. The upgrades, additions, and expansions completed in these areas are aimed at supporting the Company's desired increases in processing volumes for the long-term. A brief overview of the work completed is summarized below.

Water Infrastructure

The sourcing and availability of water for any mining project is critical, and the Company has expended considerable time and capital to establish the current infrastructure. With the water license successfully secured in the fiscal year, efforts began to complete the addition of four boreholes to supplement the Project's existing three boreholes in support of the current needs of the Project. These efforts were completed early in the quarter ended December 31, 2016. While no further requirements in this area are envisioned for the near-term, water remains a critical element in the Project, and the Company is continuing to evaluate additional sources of water which may be able to support potential growth requirements in the future. As of the end of the fiscal year ended March 31, 2017, the Company had completed the design, procurement, installation and commissioning of seven individual boreholes, approximately 20km of associated underground pipelines, the construction and establishment of large lined fresh water dams, settling dams, and the various pumping stations required to support this combined infrastructure.

In-Field Dry-Screening Plant

The Project's in-field dry-screening plant has long been identified as an important element in the Project's success due to the high percentage of fine materials under 1.0mm in size, and the high percentage of small gem quality diamonds in the deposit. Due to these elements, the Company has expended considerable time and capital on the development of the Project's in-field dry-screening plant. The use of this facility is aimed at initially processing material recovered from the Project's quarry, prior to it being transported to the Project's main treatment plant. This facility is designed to crush, categorize, and then remove up to 60% of the total material being processed, via the removal of fine materials under 1.0mm in size. The facility uses no water and pre-concentrates the material recovered from the quarry, thus providing significant operational cost savings through the reduction of the total volume of material required to be processed at the Project's main treatment plant. It provides the added benefit of reducing both the initial cap-ex, and operating costs associated with the main treatment plant due to the reduction in processing capacity required as a result of the removal of the fine materials under 1.0mm by the in-field dry-screening plant. The Company completed significant development on the Project's in-field dry-screening plant over a period of several years through the processing of lower grade material in the 1.0mm to 15.0mm size fractions, due to this material's high content of fines under 1.0mm in size. Higher grade material in the 15.0mm to 45.0mm size fractions was largely screened off and stockpiled, pending the expansion of these facilities and the completion of the crushing circuit as part of the final upgrades undertaken. The addition of this crushing circuit was aimed at enhancing processing/recoveries by liberating any diamonds held in larger calcretized material previously stockpiled, while providing the potential to recover large diamonds above 15.0mm in a dedicated large diamond recovery circuit installed as part of the Project's main treatment plant and final recovery expansions. In addition to the efforts made to finalize the crushing circuit at the in-field dry-screening plant, the Company also installed an additional large high-frequency screen which was aimed at further reducing the content of fines reporting to the Project's main treatment plant. All expansions and upgrades were successfully completed by June 30, 2017. The completion of these initiatives allows the Company to begin processing materials at increasing levels through these facilities, and the focus on achieving sustained increases in run-times and volume levels is aimed at aiding the Company in arriving at initial production decisions for the Project.

Main Treatment Plant

During the fiscal year ended March 31, 2017, and, as a result of the issuance of the required Water Use License, the Company significantly expanded its operational equipment and facilities, and began performing final refinements to the Project's main treatment plant to support planned increases in processing volumes, the processing of material up to 45.0mm in size, and the finalization of a dedicated large diamond recovery circuit. These expansions included increasing the size of the plant's Dense Media Separation (DMS) unit and the associated infrastructure required to support the desired increases in processing volumes. Given the modular nature of the facilities, many of the upgrade components were fabricated off-site to reduce the impact on current operations. Initially, the construction, delivery and installation of these upgrades was targeted for completion prior to the end of the third fiscal quarter ended December 31, 2016, however delays in both the delivery and construction of these items ultimately pushed the finalization of these items past the end of the fiscal year ended March 31, 2017. As of June 30, 2017, these efforts had been completed, and the current focus with the expanded main treatment plant is on achieving sustained increases in run-times and volume levels which can then be used to aid the Company in arriving at initial production decisions for the Project.

Final Recovery Expansion

As part of the planned expansions aimed at supporting the Company's increase in processing levels, the Company elected to significantly expand and automate the Project's final recovery facilities. This included the addition of a new four-story facility and considerable expansion in all areas of the final recovery to support the long-term needs of the Project. Four additional x-ray diamond recovery units were supplied by Flow Electronics, increasing the total number of units being used at the facility from three to seven. Other additions included expansions to high security sorting areas, automation, the establishment of a dedicated large diamond recovery circuit, and a host of other associated items aimed at enhancing the overall capacities of these facilities. The majority of the expansion efforts in this area were completed prior to the end of the fiscal year ended March 31, 2017, with the balance completed by June 30, 2017. Extensive testing, commissioning, and calibration of these facilities has been ongoing since their completion.

Appointment of New Managing Director of Operations

On April 10, 2017, the Company announced that in conjunction with its planned transition from project development to large-scale trial-mining, Mr. Rob De Pretto had been appointed as the new Managing Director of Operations – South Africa of the Company's operating subsidiary. Mr. De Pretto, a citizen and resident of South Africa, has an extensive, impressive, and a well established 33-year career in the diamond industry. He most recently held senior management, operational, and technical positions with Anglo American and De Beers Consolidated Mines. He has gained extensive experience through his direct involvement in the development of a majority of the De Beers' mines, including four years as the production manager of De Beers Venetia Diamond mine. Mr. De Pretto holds a B.Sc (Met Eng) and M.Sc (Met Eng) from the University of Witwatersrand. He later obtained a Management Advancement Programme certificate through University of Witwatersrand School of Business Administration. Mr. De Pretto is a member of the South African Institute of Mining & Metallurgy, a registered Professional Engineer with Engineering Council of South Africa, and has been educated and trained in a wide array of items directly related to diamond mining and the management of diamond mines over his 30+ year career.

Operational Summary

While the planned efforts and advancement of the Project in the fiscal year ended March 31, 2017 were delayed due to items surrounding the finalization of required permitting and the Company's ability to proceed with planned expansion items, significant progress was made throughout the year in various areas. Delays in the delivery and installation of certain portions of the expansion efforts limited the Company's ability to advance the Project as desired, however by the end of the fiscal year ended March 31, 2017, the vast majority of the planned expansions were completed, with the remaining items subsequently finalized prior to the end of the Company's first quarter ended June 30, 2017. Current efforts at the Project are now focused on increasing processing tonnages of material in all size fractions through these new facilities, and to achieve sustained run-times and increased tonnage levels over a period sufficient to allow the Company to arrive at initial production decisions for the Project as soon as practicable.

The combined testing, commissioning, and calibration exercises completed during the fiscal year ended March 31, 2017 were designed to support the continued advancement of objectives consistent with the recommendations of the updated NI 43-101 Technical Report ("Updated Technical Report") filed by the Company on April 28, 2015, and to aid the Company in arriving at initial production decisions for the Project. The recovery of all rough diamonds during the period were incidental to the ongoing commissioning and testing exercises being performed at the Project. These testing exercises and incidental recoveries do not form part of the Updated Technical Report and therefore no general grade, price, or quality determination is intended by the Company at this time due to the nature and purpose of the processing of this material.

Update on 5.36 Carat Gem Quality Green Octahedron Diamond

Subsequent to the end of the fiscal year ended March 31, 2017, on May 30, 2017 the Company announced that it had recovered a 5.36 carat green gem quality octahedron diamond from the initial processing of material in the +1.0mm to -45.0mm size fractions through the newly expanded facilities at the Project. The significance of this rough green diamond was uncertain at that time, however given the rarity and potential high value of green diamonds, an analysis of this diamond was warranted. The Company noted that in certain instances, radiation may cause the outer surface of rough diamonds to present with a green colour, which was thought to be the case with two very small, lower quality diamonds previously recovered from the ongoing testing and commissioning exercises at the Project. The Company believed neither of these smaller, lower quality rough diamonds warranted additional consideration at the time, but due to the larger size, quality, and shape of the 5.36 carat rough diamond, additional analysis was believed to be warranted and undertaken. The initial opinions of those parties who have now viewed and provided initial analysis of this rough diamond have indicated it is probable that the green colour is likely limited to the outer surface of the diamond. However, out of an abundance of caution the Company plans to cut and polish it to be certain and to gain insight and aid the Company in its evaluation of this and any future rough diamonds which may be recovered that demonstrate these same characteristics. Given that the exercises to date have resulted in the recovery of three diamonds presenting with green colouring, the Company believes this as an indication of the potential for additional rough diamonds with these characteristics to be recovered, and the potential for such diamonds to retain this green colouring throughout versus on the outer surface only.

About Diamcor Mining Inc.

Diamcor Mining Inc. is a fully reporting publicly traded junior diamond mining company which is listed on the TSX Venture Exchange under the symbol V.DMI, and on the OTC QX International under the symbol DMIFF. The Company has a well-established operational and production history in South Africa and extensive prior experience supplying rough diamonds to the world market.

About the Tiffany & Co. Alliance

The Company has established a long-term strategic alliance and first right of refusal with Tiffany & Co. Canada, a subsidiary of world famous New York based Tiffany & Co., to purchase up to 100% of the future production of rough diamonds from the Krone-Endora at Venetia Project at then current prices to be determined by the parties on an ongoing basis. In conjunction with this first right of refusal, Tiffany & Co. Canada also provided the Company with financing to advance the Project. Tiffany & Co. is a publicly traded company which is listed on the New York Stock Exchange under the symbol TIF. For additional information on Tiffany & Co., please visit their website at www.tiffany.com.

About Krone-Endora at Venetia

In February 2011, Diamcor acquired the Krone-Endora at Venetia Project from De Beers Consolidated Mines Limited, consisting of the prospecting rights over the farms Krone 104 and Endora 66, which represent a combined surface area of approximately

5,888 hectares directly adjacent to De Beers' flagship Venetia Diamond Mine in South Africa. On September 11, 2014, the Company announced that the South African Department of Mineral Resources had granted a Mining Right for the Krone-Endora at Venetia Project encompassing 657.71 hectares of the Project's total area of 5,888 hectares. The Company has also submitted an application for a mining right over the remaining areas of the Project. The deposits which occur on the properties of Krone and Endora have been identified as a higher-grade "Alluvial" basal deposit which is covered by a lower-grade upper "Eluvial" deposit. The deposits are proposed to be the result of the direct-shift (in respect to the "Eluvial" deposit) and erosion (in respect to the "Alluvial" deposit) of material from the higher grounds of the adjacent Venetia Kimberlite areas. The deposits on Krone-Endora occur in two layers with a maximum total depth of less than 15.0 metres from surface to bedrock, allowing for a very low-cost mining operation to be employed with the potential for near-term diamond production from a known high-quality source. Krone-Endora also benefits from the significant development of infrastructure and services already in place due to its location directly adjacent to the Venetia Mine.

Qualified Person Statement:

Mr. James P. Hawkins (B.Sc., P.Geo.), is Manager of Exploration & Special Projects for Diamcor Mining Inc., and the Qualified Person in accordance with National Instrument 43-101 responsible for overseeing the execution of Diamcor's exploration programmes and a Member of the Association of Professional Engineers and Geoscientists of Alberta ("APEGA"). Mr. Hawkins has reviewed this press release and approved of its contents.

On behalf of the Board of Directors

Mr. Dean H. Taylor
President & CEO
Diamcor Mining Inc.
DTaylor@diamcormining.com
www.diamcormining.com

SOURCE Diamcor Mining Inc.

Contact
Mr. Dean H. Taylor, President & CEO, Diamcor Mining Inc., DTaylor@diamcormining.com, www.diamcormining.com