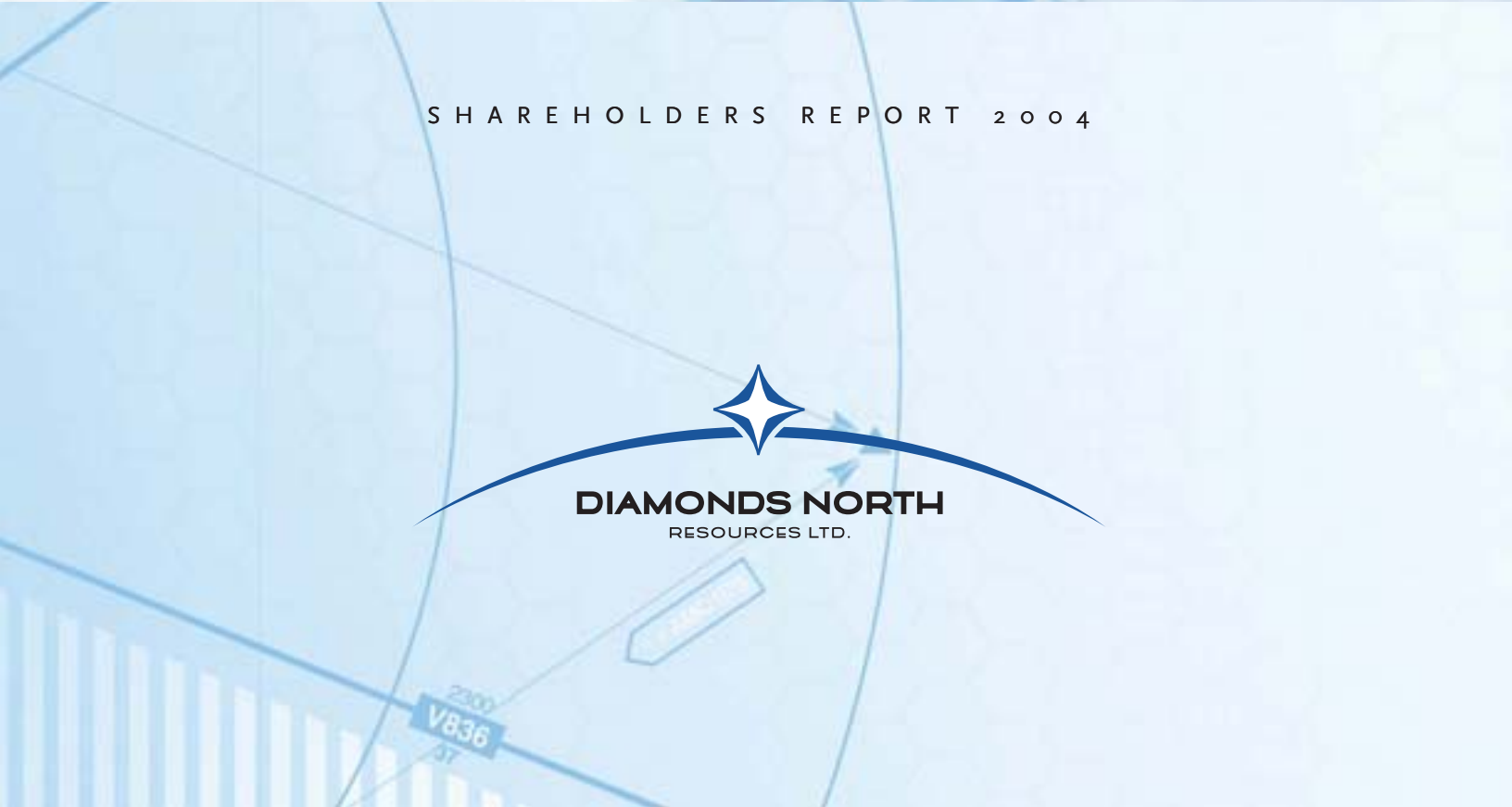




Targeting Canada's Next Diamond Mine



SHAREHOLDERS REPORT 2004



DIAMONDS NORTH
RESOURCES LTD.

PRESIDENT'S MESSAGE

As president of Diamonds North Resources Ltd. and on behalf of the Board of Directors, I present this annual summary report on the accomplishments of our company. In only three years, Diamonds North has established a diversified project portfolio in the Northwest Territories, Nunavut and Manitoba, and has emerged as a force in the rush to find Canada's next diamond mine.

In 2004, Diamonds North built a solid framework of properties to serve as our foundation for discovery. With three to five drill programs planned and an operating budget of \$13 to \$15 million, the stage is set for 2005 to be that year of discovery.

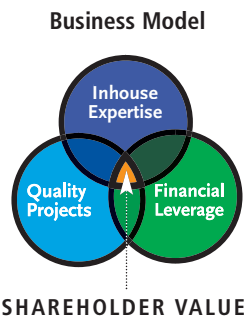


Mark Kolebaba prospecting on Amarakuk

Our business model and accomplishments

To achieve the company's objective of owning 30% to 40% of an operating diamond mine in Canada, Diamonds North adheres to what has proven to be an effective asset and risk management model. This model allows the company to manage both technical and financial risks to shareholders while exploring and developing prospective projects. It is comprised of three components: expertise, quality projects, and partnerships.

Our business model is founded on the talents and strengths of the dedicated exploration team, whose expertise has produced several quality projects. The team's extensive experience and track record of success reduces technical risks, and ensures only the best opportunities are pursued.



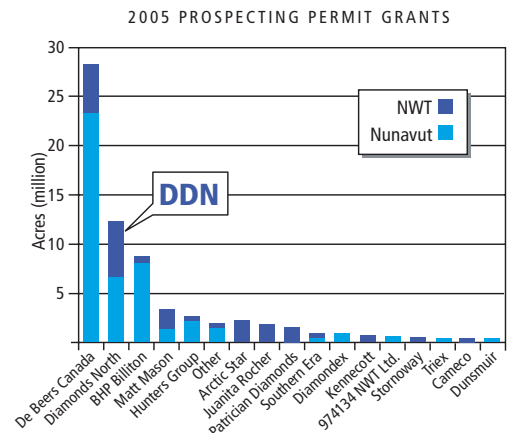
By strategically selecting and aggressively seizing opportunities, Diamonds North has managed to assemble one of the largest diversified and prospective land positions in Canada. Our current project portfolio consists of over 27 million acres, which puts Diamonds North in five known kimberlite districts and provides exposure to more than ten new potential kimberlite districts. This is in line with our strategy to provide multiple opportunities to discover Canada's next diamond mine.

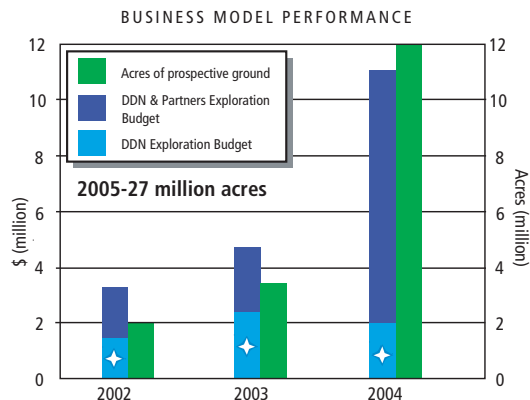
Through the quality of its projects and the expertise of its exploration team, Diamonds North has attracted some of the world's largest mining companies as partners. In fact, Diamonds North is the only Canadian diamond exploration company partnered with three major mining companies: Teck Cominco Ltd., BHP Billiton Diamonds Inc. (owner of Ekati Diamond Mine) and Kennecott Exploration Inc. (whose parent company, Rio Tinto, is owner of the Diavik Diamond Mine). As well, Blue Ice and Amarakuk two of our advanced projects have financing options in place through to production. This is a strong indication of the quality of our projects and Diamonds North's ability to identify emerging opportunities. Our partners share in the cost and financial risk of the projects, which allows us to expand and accelerate exploration. Another benefit of attracting major partners is it provides access to capital while minimizing shareholder dilution. With the world's largest mining companies funding the more advanced projects, Diamonds North has been able to continue to focus on the growth and development of new projects.

The success of our business model is apparent by looking at the growth of our land position and budgets since the founding of the company in 2002. In less than three years, Diamonds North has grown from just over 2 million acres in two project areas and funding 50% of the \$3 million budget, to having over 12 million acres in several project areas and funding approximately 20% of a \$12 million exploration budget in 2004. And with partners funding our primary projects, Diamonds North was able to develop several new projects for 2005.

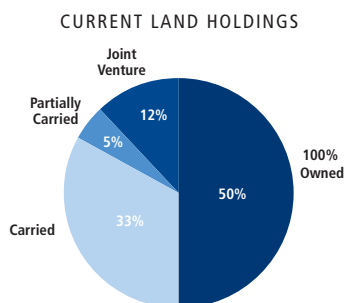
While reflecting on Diamonds North's activities in 2004, a number of accomplishments stand out:

- We have consistently demonstrated our ability to successfully identify and acquire new prospective projects. In 2004, under the Northern Recon Initiative program, over 180 million acres of Crown land was evaluated and based on the results, we were granted approximately 13 million acres of permits. Diamonds North was the second-largest recipient of permits in the Northwest Territories and Nunavut, after De Beers Canada Inc.





- We are now one of the largest land explorers in Canada, with 27 million acres of land under title. We have achieved our target of building a foundation of prospective projects that offers investors multiple opportunities for a major diamond discovery. This accomplishment allows us to shift our focus to property evaluation and drilling.
- We have a proven track record of moving projects forward at a rapid pace. Either individually or through partnerships, Diamonds North has demonstrated the ability to advance large projects from land acquisition to drilling within one year, which is an accomplishment in any commodity. We also have the expertise to evaluate kimberlite potential and diamond data to ensure that the best projects are moved towards bulk sampling. For example, the Amaruk and Arnak projects were advanced from a land position to drill target prioritization in less than one year.



- Mr. Terry Lyons joined the Board of Diamonds North as a director, bringing over 30 years of business experience in natural resources, manufacturing, real estate, merchant banking and corporate restructuring activities. Mr. Lyons has a proven track record of developing successful companies, and I believe his skills in corporate governance and experience in mining and project permitting will benefit our shareholders as we continue to grow rapidly.

- Our corporate communications program was nominated by IR Magazine for “Best Investor Relations for a Venture Listed Company” award.
- While the company has been growing rapidly on the exploration front, we have also maintained our commitment to the northern communities, environmental responsibilities, and the safety and well-being of our employees. In 2004, Diamonds North employees and contractors worked more than 33,000 hours in the field including nearly 2000 helicopter hours with no injuries or incidents. We will continue to strive towards maintaining this record.

Clearly, Diamonds North’s projects represent some of the best diamond exploration opportunities in Canada. Our portfolio is diversified by region, stage of exploration, and ownership. Half of the projects are partnered with other exploration companies, and the other half are held solely by Diamonds North. So the company is well-leveraged while maintaining blue sky!

Opportunities for success in 2005

In 2004, Diamonds North focused on sustainable growth and building a solid foundation for success. For 2005, the focus shifts from land acquisition to property evaluation and drilling.

As a result, drill testing kimberlite targets is a pervasive theme of Diamonds North’s advanced projects. Three to five drill programs are expected, with the objective of discovering new diamondiferous kimberlite in an effort to advance to the bulk sampling stage. Programs are also being designed to define drill targets on our developing projects. This aggressive and systematic approach to diamond exploration provides shareholders with multiple opportunities for success in 2005.

I sincerely thank you, the shareholder, for your support and confidence in our venture to discover Canada’s next diamond mine. I would once more like to acknowledge the efforts and dedication of the Diamonds North team. The accomplishments of 2004 are due to their unlimited enthusiasm for discovery, diligence, and hard work. The professional and achievement-oriented performance of every team member has contributed to the company’s success to date, and will continue to do so. Finally, to our partners who share our goal of discovering diamond deposits in Canada and our vision of how to achieve it, your commitment and contributions are greatly appreciated. The continued development and advancement of our current project portfolio positions 2005 to an exciting and successful year for Diamonds North and its shareholders.



Mark Kolebaba,
President, CEO & Director



⊙ Northern Recon Initiative

The objective of the Northern Recon Initiative (NRI) is to generate new, highly-prospective diamond projects in Canada's under-explored terrain. The NRI refers to the initial phase of Diamonds North's exploration process. Proprietary techniques are utilized to strategically identify new opportunities.

The relative low cost associated with this type of regional exploration and our experience in Canada represents an excellent opportunity for shareholders as it allows Diamonds North to explore various areas simultaneously, potentially leading to multiple new discoveries.

Previous Successes

In 2003, the NRI generated what is now the Amaruk mega-project joint venture with BHP Billiton Diamonds Inc. The creation of this joint venture allowed Diamonds North to redirect vital funds and human resources into developing further opportunities – without compromising its focus on the larger goal of owning 30-40% of an operating diamond mine.

In 2004, the ongoing success of the NRI propelled Diamonds North into the position of the largest diamond prospective explorer (with over 27 million acres) among all junior diamond exploration companies.

⊙ Developing Projects

"Developing projects" are areas that show compelling evidence that Diamonds North has discovered a new kimberlite field, or potential in an existing kimberlite district as identified by our NRI. At the developing project phase, regional areas are reduced to the significant segments of land and individual exploration strategies are developed.

Diamonds North's 2005 objective for the developing projects is to rapidly advance these to the "drill target" stage through extensive sampling and geophysical analyses.

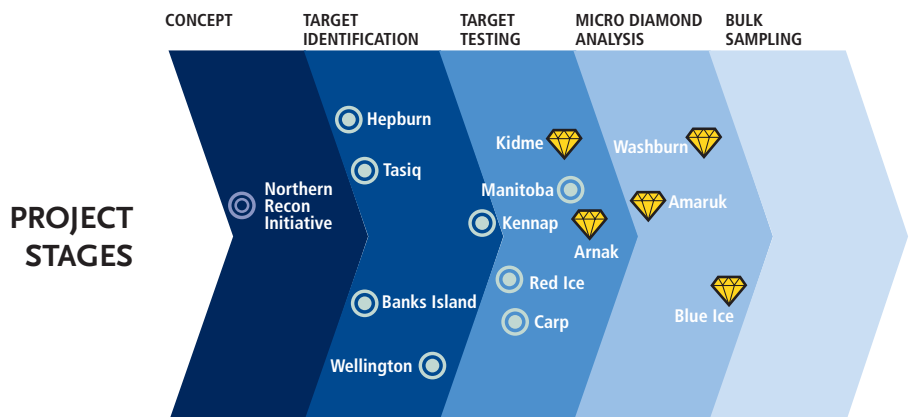
PROJECT PORTFOLIO



Diamonds North's current project portfolio encompasses projects at various stages of exploration located in the Northwest Territories, Nunavut and Manitoba.

The concept stage refers to opportunities that are strategically identified utilizing proprietary techniques. At the regional level geological, geophysical and geochemical procedures are employed to determine the prospectivity of an area. First pass exploration programs such as systematic geochemical sampling, regional airborne surveying and prospecting are utilized in the target identification stage. If good targets are identified they are drill tested. Target testing confirms the presence or absence of kimberlite and determines whether the kimberlite contains diamonds. At the micro diamond stage additional drilling is executed to achieve volume and diamond distribution data which will provide the confidence necessary to continue to the bulk sampling stage. At the bulk sampling stage several tonnes of kimberlite are extracted to determine the grade of the kimberlite body and value of the diamonds, ultimately determining the economic potential of mining the body.

This evolutionary approach to diamond exploration ensures that there is continual progression in the portfolio to the bulk sampling stage. As new opportunities are identified in the concept stage other projects continue to develop.



TECK COMINCO OPTION AGREEMENT (at a glance)

June 2003

Teck Cominco signs Agreement
Jointly funds \$3 million 2003
Exploration Program
Invests \$1 million in
Diamonds North at \$1.10

DDN 100% TECK COMINCO 0%



Teck Cominco initiates Option
Agreement by exercises \$500,000
WT@\$1.10

In addition, Teck Cominco invests
\$11.5 million in exploration by 2007

DDN 70% TECK COMINCO 30%



Teck Cominco invests an additional
\$5 million by 2007

DDN 50% TECK COMINCO 50%



Teck Cominco completes
feasibility study within 5 years

DDN 35% TECK COMINCO 65%



Teck Cominco provides debt financing
for development of mine

DDN 30% TECK COMINCO 70%

(including 30%
marketing rights)

This is an abridged version of the
Option Agreement. Please review the
Diamonds North Ltd. news release 04-06
on March 24, 2004 for more details.

Blue Ice Project

Location: Central Victoria Island
Est. Size: 888,000 Acres
Ownership: 100% Diamonds North
(Under option Teck Cominco Limited)

In 2002, Diamonds North acquired the exploration rights to the Victoria Island diamond project from Major General Resources Ltd. as part of its Initial Public Offering.

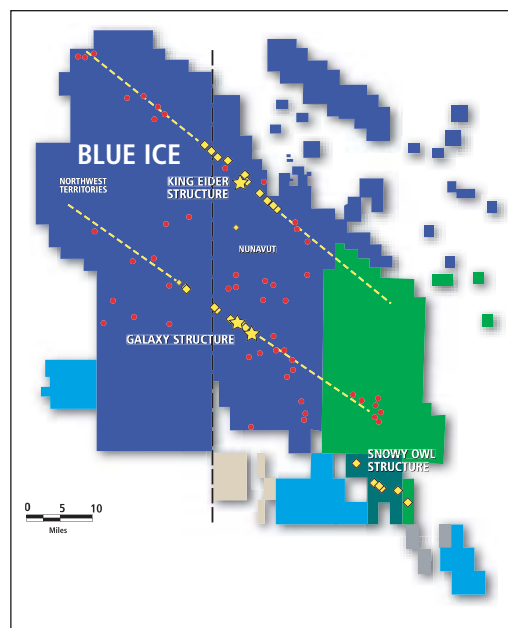
Work performed on the property by Monopros, Diamet, and Major General prior to the formation of Diamonds North led to the discovery of 16 separate kimberlite bodies. This provided compelling evidence that Diamonds North had the potential to discover additional kimberlites. Diamonds North recognized that as a new company, they had a unique opportunity to control known kimberlite bodies and highly-prospective ground. This opportunity combined with a talented team would allow Diamonds North to immediately emerge as a top-tier diamond exploration company.

Committing to this approach, Diamonds North undertook an aggressive exploration campaign on Victoria Island in 2002 and 2003, including the completion of 17,600 kilometres of airborne surveying and the drilling of 5343 metres of core in 55 holes. These programs were highly successful, resulting in an increase from 16 to 35 kimberlites discovered by the end of 2003. More importantly, many of these newly-discovered bodies returned high diamond counts, with a coarse size distribution indicating that Victoria Island kimberlites have the potential to host large stones.

As a result of this success, in June 2003 Teck Cominco Limited. ("Teck Cominco") entered into a Participation Agreement with Diamonds North to further explore a large core block of claims known as the Blue Ice property. Under the current terms of the Agreement, Teck Cominco can earn a 30% interest in the Blue Ice property by incurring \$11.5 million in expenditures over four years. Ultimately, Teck Cominco could earn a total of 70% in the Blue Ice property, by funding all continuing exploration expenditures up to the completion of a feasibility study and by arranging all financing for commercial production of a mine on the Blue Ice property.

The agreement with Teck Cominco is in line with Diamonds North's goal of owning 30-40% of an operating diamond mine while minimizing shareholder dilution and risk. It also allowed Diamonds North to redirect a portion of its resources towards identifying other diamond opportunities throughout Canada, such as the Amaruk project.

In 2004 Teck Cominco spent \$3 million on an exploration program which included an electromagnetic (EM) survey over the Galaxy and King Eider kimberlite structures that successfully identified known kimberlites, as well as new anomalies with similar characteristics. In addition to the EM survey, till sampling and magnetic surveys were



performed, and larger kimberlite samples were taken from the Snow Bunting, King Eider & Turnstone kimberlites. By the end of the 2004 program there were a total of 36 known kimberlites on Victoria Island, 29 of which are diamondiferous.

These highly-encouraging results have given Teck Cominco the confidence to pledge another \$3 million. The 2005 exploration program on the Blue Ice property will involve testing up to 100 targets utilizing a multi-rig drilling program, additional sampling and geophysical surveying.

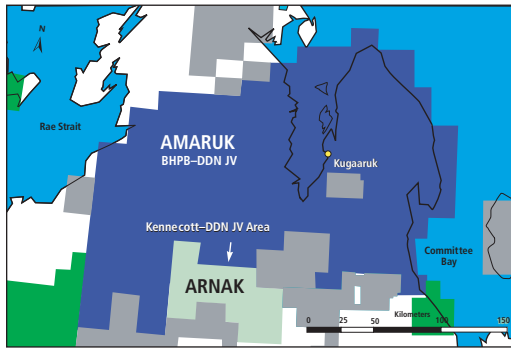
Amaruk Project

Location: Nunavut
Est. Size: 8,635,000 Acres
Ownership: 50% BHP Billiton Diamonds Inc
50% Diamonds North

Diamonds North originally targeted the Amaruk area based on prospective geological features and in 2003 launched a sampling program in the area. Upon recovery of kimberlite indicator minerals from several samples, it became clear that kimberlites were present in the region. In addition, several indicator minerals exhibited primary surface features that indicated kimberlite sources were nearby.

Due to the success of the sampling program and the observation of competitor activity in the area, Diamonds North decided to acquire key ground via staking instead of risking the land position in the permit process. Crews were quietly mobilized in late 2003 and 418,000 acres were staked.

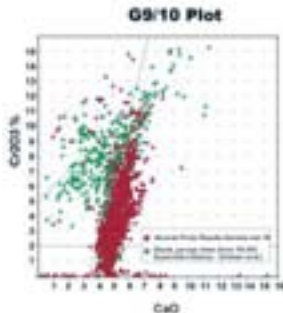
Since permits are not allowed near staked claims, Diamonds North knew a gap would develop between the claims and any permits granted in the area. After the per-



mit applications were filed in early 2004, Diamonds North mobilized five helicopters crewed with stakers into the region to ensure that additional key land would be staked within the disallowed permit gap surrounding the original 418,000 acres.

Once Diamonds North staked the key ground and it became clear that few surrounding permits would be granted and BHP Billiton Diamonds Inc. approached Diamonds North to negotiate a deal on the Amaruk property. BHP Billiton was positioned first in the permitting line-up and would secure a large number of permits; Diamonds North had five helicopters in the area ready to stake any open areas. Diamonds North proposed a deal that would amalgamate the ground that was attained by either staking or permitting in a specified area of interest. This led to an initial 50:50 joint venture in February 2004 between Diamonds North and BHP Billiton on 3.3 millions acres surrounding Diamond North's claims.

In May 2004, the companies merged all their respective lands to form the current eight million acre mega-project joint venture, with BHP Billiton having the option to earn an additional 10% by funding the entire project up to a completed feasibility study within seven years of the agreement. In addition to funding exploration for the Amaruk project, BHP Billiton (at Diamonds North's election) will subscribe for Diamonds North shares of up to \$1,000,000 at a 20% premium to market for the next three years.



This joint venture with BHP Billiton was a major accomplishment for Diamonds North in 2004. The agreement significantly increased Diamonds North's land position in the eastern Arctic, thereby increasing the probability of major discoveries. In addition, the structure of the agreement decreased shareholder dilution as it guarantees

financing of the project all the way to production should an economic deposit be found. The creation of this joint venture also allowed Diamonds North to redirect funds and human resources into developing further opportunities without compromising its focus on the larger goal of owning 30-40 % of an operating diamond mine.

In 2004, BHP Billiton spent in excess of \$4 million to advance the Amaruk project. Over 3000 till samples were collected by a ten-person crew in two months plus approximately 11,000 line kilometres of magnetics and electromagnetic (EM) surveying was performed over the central part of the property. During a brief site visit in the summer Diamonds North discovered kimberlite float on the property that was later analyzed to be diamondiferous making the Amaruk project Canada's newest diamondiferous kimberlite district.

The 2004 objective of advancing the Amaruk project to drill testing in just one year was successfully achieved.

A \$4 to \$5 million exploration program is planned for the Amaruk project in 2005. The program will include a strong focus on ground prospecting over indicator dispersions and geophysical anomalies for kimberlite, extensive sampling, 15,000 to 20,000 line kilometres of airborne surveys with possible drilling in the fall.

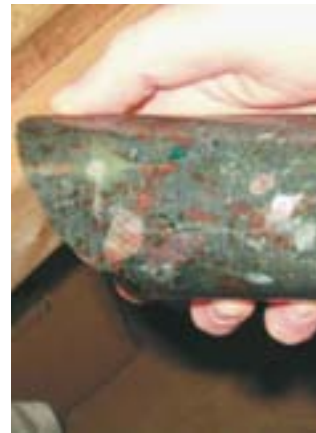
Arnak Project

Location: Nunavut
Est. Size: 974,000 Acres
Ownership: 74% Kennecott Exploration Canada Inc
 26% Diamonds North

In 2004, Kennecott Canada exploration Inc. acquired 616,000 acres of permits and funded the staking of 200,000 acres of claims immediately south of the Amaruk project. In the interest of gaining access to Kennecott's entire land package, Diamonds North staked 140,000 acres of claims north of Kennecott's permits and these claims were used as leverage to negotiate a deal. Shortly after the land was secured, a 26:74 joint venture was formed on over 900,000 acres of land. Under the terms of this agreement, Kennecott will fund the initial \$5.5 million of exploration expenses before Diamonds North contributes.

In 2004, Kennecott completed 20,000 line kilometres of magnetic airborne surveying and collected 223 samples from the property. Analysis of the airborne data identified 89 anomalies, approximately ten of which are high priority, and 33 of moderately high priority. The 2004 objective of advancing the Arnak project to drill testing in just one year was successfully achieved.

The 2005 exploration program for the Arnak project includes ground geophysical surveying of more than 20 anomalies and drill testing definitive targets.



Snow Bunting Kimberlite

Kidme Project

Location: South Slave, Northwest Territories

Est. Size: 178,000 Acres

Ownership: Kidme 1

60% SouthernEra Diamonds Inc

40% Diamonds North

Kidme 2

50% SouthernEra Diamonds Inc

50% Diamonds North

The Kidme property is located 20 kilometres south and along strike of the Gahcho Kue deposit, which De Beers Canada Inc. and its joint venture partners have estimated holds a diamond resource of up to \$3 billion.

In 2002, Diamonds North acquired the rights to a 40% interest in the Kidme property whilst the claims were subject to a long-standing property dispute. In May, 2003 the dispute was settled in favour of joint venture partners Diamonds North and SouthernEra Diamonds Inc. This dispute resulted in the Kidme project being one of the only properties in Canada and possibly the world—that lies next to a potential diamond mine yet remains virtually unexplored.

Once the title to the claims was resolved, the partners immediately commissioned a detailed airborne geophysical survey of the entire property. This led to further evaluation using ground geophysical techniques and prospecting that identified numerous anomalies, to date, three of the anomalies qualify as drill targets. In addition, the partners staked an additional 80,000 acres of claims to protect targets near the southern boundaries of the property.

The Kidme property offers Diamonds North an opportunity to discover new kimberlites in a proven diamondiferous kimberlite field.

The 2005 exploration plans for the Kidme project include additional ground geophysical surveying, and a drill program to test at least three high-priority targets.

Manitoba Highlands Project

Location: Manitoba

Est. Size: 874,000 acres

Ownership: 100% Diamonds North

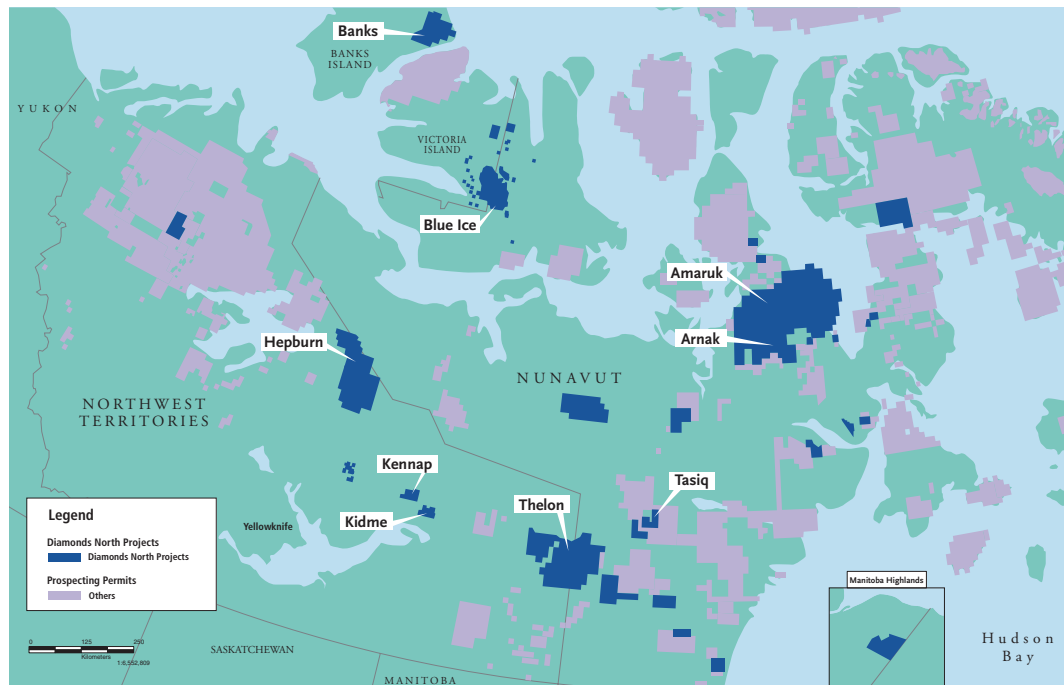
Diamonds North acquired the Manitoba Highlands property in 2004. This area is located in a favourable geological setting similar to that of the Attawaspikat kimberlites in Ontario where DeBeers Canada Inc. recently completed feasibility and environmental assessment studies on the Victor kimberlite pipe.

In 2004, the exploration program found kimberlite indicator minerals in several till samples collected from the property. In addition, a 14,950 line kilometre magnetic airborne survey of the entire area revealed approximately 50 magnetic anomalies, 15 of which are rated “high priority” and require immediate follow-up.

Diamonds North’s 2005 exploration plans for the Manitoba Highlands project include ground geophysical surveying to assist with target selection for an anticipated diamond drilling program this year.



Drill Mobilization



DEVELOPING PROJECTS

Hepburn

Location: Northwest Territories
Est. Size: 3.6 Million Acres
Ownership: 100% Diamonds North

The Hepburn project area was originally recognized for its diamond potential based on certain geological characteristics. After further research, it became apparent that the area was virtually unexplored and one of the few remaining regions in the Slave Craton that had never been staked for any mineral commodity. (The Ekati and Diavik Diamond Mines, Snap Lake, and the Jericho and Gahcho Kue deposits all fall within the Slave Craton, which is still the only Archean terrain in North or South America with primary operating diamond mines.)

Samples from the area yielded numerous kimberlite and diamond indicator minerals that suggest kimberlites with high diamond potential have intruded the region. Diamonds North is confident that these indicator minerals originate from kimberlites within the Hepburn property. The sampling program revealed a distinct up-ice cut-off that demonstrates the grains were not glacially transported from the nearest known kimberlites, which are over 100 kilometres away. In addition, primary surface textures on mineral grains (including fragile kelyphite rims on garnet) were identified, providing further evidence of local kimberlite sources.

As a result, a large land position was acquired at Hepburn to ensure that any potential kimberlite fields in the region would be completely encompassed by Diamonds North's permits and claim blocks.

Diamonds North considers the Hepburn project one of the most significant developments from the 2004 Northern Recon Initiative Program.

The 2005 exploration program for the Hepburn project includes detailed sampling and airborne geophysical surveying over specific clusters of kimberlite indicator minerals with the objective of identifying drill targets.

Kennap

Location: South Slave, Northwest Territories
Est. Size: 162,000 Acres
Ownership: 100% Diamonds North

During a routine review of public assessment data and the mineral claims database, Diamonds North identified several unresolved kimberlite indicator mineral occurrences on open ground near the Snap Lake deposit.

Diamonds North recognized that the ten-year anniversary of De Beers Canada Inc.'s Snap Lake claims may have forced De Beers to either drop the claims or assume the high cost of taking them to lease due to staking regulations. Diamonds North assumed that the claims were dropped for financial reasons and acquired the Kennap property.

Kennap is strategically located eight kilometers east of the De Beers Snap Lake deposit which is estimated to contain a diamond resource of approximately \$3.8 billion, and 35 kilometres west of the Gahcho Kue deposit owned by De Beers and its joint venture partners. (A desktop study has estimated the Gahcho Kue deposit contains a diamond resource of up to \$3 billion.)

Diamonds North plans to conduct a detailed sampling program on the Kennap property to better resolve known indicator mineral occurrences, and to prioritize areas for airborne geophysical surveying. Most of the previous sampling data was collected using older less effective geophysical methods; Diamonds North believes that employing advanced methods will offer an advantage during further exploration.

Tasiq

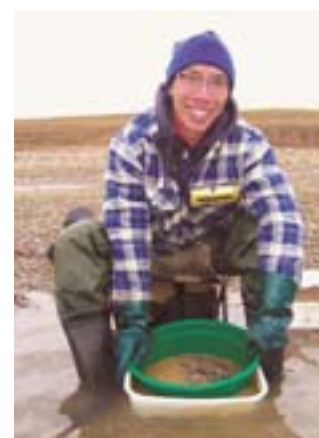
Location: Nunavut
Est. Size: 449,000 Acres
Ownership: 100% Diamonds North

In 2004, De Beers Canada Inc. was granted a 4 million acre permit block south of Baker Lake in Nunavut. Due to the presence of a small preexisting claim for gold, a large gap existed in the center of this permit block.

Diamonds North recognized that the open ground in this block was probably open because of a permit regulation, not for geological reasons. A sampling crew was quickly mobilized to the area and based on positive findings, Diamonds North subsequently secured the Tasiq property.

Till samples from the Tasiq property yielded kimberlite indicator minerals, including pyrope garnet, chrome diopside and an ilmenite with possible kimberlite attached. One sample returned more than 70 kimberlite indicator minerals. The detailed sampling program also produced an apparent up-ice cut-off suggesting kimberlite sources on the property.

Diamonds North's 2005 exploration plans for the Tasiq property include collecting additional samples and possibly conducting a geophysical airborne survey over the central part of the property. The immediate objective is to rapidly



Dale Mah, P. Geologist

advance the project to the drill testing stage and discover the first kimberlite in the region.

Banks Island

Location: Northwest Territories
Est. Size: 1,200,000 Acres
Ownership: 50% Majescor Resources Inc
 50% Diamonds North

In 2003, Diamonds North and Majescor Resources Inc. formed an alliance to jointly explore three regional districts. One of the regions was Banks Island. Several stream sediment samples collected over part the project area yielded kimberlite indicator minerals. Primary textures

on some of the indicator minerals, signifying the potential for nearby sources and G10 garnet chemistry provide high probability for the discovery of a new diamondiferous kimberlite district on Banks Island.

The Banks Island project developed over a two year period. Diamonds North and Majescor acquired 600,000 acres of permits in 2004 and were granted an additional 600,000 acres of permit in 2005 to form what is now a 1.2 million acres property.

The objective of the joint venture is to delineate areas with localized concentrations of kimberlite indicator minerals on the property. The 2005 exploration program will include a systematic sampling program to determine areas to focused airborne geophysical surveying.



Victoria Island Diamonds

DIAMOND MARKET

The diamond market is very promising. With projected shortage of supply and increased consumption, the future for the diamond market will likely surpass expectations. Presently in Canada there are only two mines in production and 4 smaller deposits that could potentially become producers.

By our estimates, the world currently consumes more than all of the diamonds in the entire Ekati Diamond Mine every year. There are no new major mines scheduled to begin production anywhere in the world.

Canada could potentially sustain several more economically viable diamond deposits and remains under-explored. Diamonds North recognizes the opportunity to discover the worlds future diamond production here in Canada.

Some of the important facts on the diamond market and Canadian diamond production are listed below.

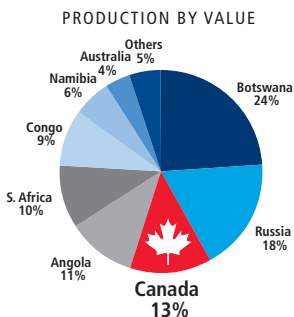
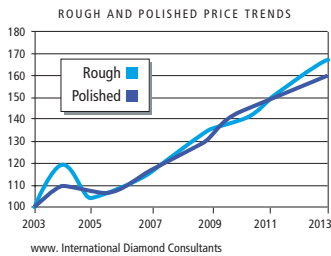
- Global sales of diamonds are expected to grow 50% by 2010; therefore there are supply shortages expected around 2007 *
- Retail sales of diamond jewelry increased by 8.2% in the US in 2004**
- Strong growth areas including the Asia-Pacific region, the Persian Gulf and India contributed to the 6% increase in worldwide diamond jewelry sales in 2004**
- Diamonds have significantly gained consumer interest are now competing favorably with other luxury items**
- Production in South Africa is diminishing as many of the mines are getting older, deeper and more expensive to operate. In addition, increasing value of the local currency is putting pressure on South African

production. Currently five out of seven mines in South Africa are operating at a loss and are in danger of closure **

- Prices are expected to continue to rise at a rate of 3% per year now that supply is failing to keep up with demand*

Canadian Diamond Production

- In 2003 the total diamonds supplied to market were valued at \$10.1 billion (US) of which Canada supplied 13%***
- Canada is now the third largest producer of diamonds (in value), behind Botswana and Russia.***
- Canada currently produces 12.5 to 13.5 million carats of diamonds with a value of \$1.3 to 1.7 billion US annually***
- Canada's current diamond production comes from only two operating mines: the Ekati Diamond Mine and the Diavik Diamond Mine****
- The Ekati Diamond Mine has eight economically viable kimberlite pipes on it's property, the projected mine life is 21 years and is expected to produce a gross value of \$9.5 billion (CDN)****
- The Diavik Diamond Mine has only four economically viable kimberlite pipes on it's property, yet the projected mine life is 20 years and is expected to produce a gross value of \$10 billion (CDN)****
- The two mines employ a workforce of approx. 1,100 people of whom 60 % are northerners and 30% aboriginal****
- The annual purchasing by the two mines is approx \$450 Million (CDN) most of which is spent in northern Canada****
- Canada's growing economy, stable social structure and consistent dollar create an ideal environment for mining companies looking at a long term investment****



*Diamond Registry **Antwerp Facets News Service ***Northern Resources Canada ****Indian and Northern Affairs Canada

www.diamondsnorthresources.com

CORPORATE INFORMATION

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LISTINGS

TSX Venture Exchange: Tier 1
Trading Symbol: DDN

CAPITALIZATION

(as of March 31, 2005)
Shares Authorized: 100,000,000
Shares Issued: 30,512,298

OFFICERS & DIRECTORS & MANAGEMENT

Mark Kolebaba
President, CEO and Director

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Director

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Trading Symbol: DDN
TSX Venture Exchange – Tier 1

Diamonds North is a dynamic exploration team focused on strategically advancing diamond opportunities and is determined to discover Canada's next diamond mine.

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