



Table of Contents

<i>1.1 Description of Business and Report Date</i>	- 37 -
<i>1.2 Company Overview and Projects</i>	- 37 -
(a) Highlights for the Three Months Ended March 31, 2011	- 38 -
(b) Events Subsequent to March 31, 2011.....	- 38 -
(c) Amaruk Project – Nunavut, Canada.....	- 39 -
i) Diamonds Prospects	- 39 -
ii) Halkett Gold Prospects (100% owned)	- 39 -
(d) Tunerq - Amaruk Nickel Project (100% owned)	- 40 -
(e) KL, Nunavut - Gold Project (100% owned)	- 40 -
(f) Fox, Nunavut - Gold Project (100% owned)	- 40 -
(g) Yandle and River, Nunavut - Gold Project (100% owned)	- 41 -
(h) Esker, Nunavut - Gold Project (100% owned)	- 41 -
<i>1.3 Results of Operations</i>	- 41 -
(a) Current Quarter	- 41 -
(b) Three Months Ended March 31, 2011.....	- 41 -
<i>1.4 Summary of Quarterly Results</i>	- 43 -
<i>1.5 Liquidity</i>	- 44 -
<i>1.6 Capital Management</i>	- 45 -
<i>1.7 Off-Balance Sheet Arrangements</i>	- 45 -
<i>1.8 Related Party Transactions</i>	- 45 -
<i>1.9 Proposed Transactions</i>	- 45 -
<i>1.10 Changes in Accounting Policies</i>	- 45 -
<i>1.11 New Standards Yet Adopted</i>	- 46 -
<i>1.12 Financial Instruments</i>	- 46 -
<i>1.13 Certification of Annual Filing</i>	- 47 -
<i>1.14 Other MD&A Requirements</i>	- 47 -



1.1 Description of Business and Report Date

Diamonds North Resources Ltd. (“Diamonds North” or “the Company”) is an exploration stage company in the process of actively exploring its diamond and precious metal properties in Canada. The principal properties are located in northern Canada throughout Nunavut (“NU”) and the Northwest Territories (“NWT”). The Company trades as a Tier One company on the TSX Venture Exchange (“Exchange”) under the symbol “DDN” and is a reporting issuer in British Columbia and Alberta. The following discussion and analysis of the financial position and results of operations for the Company should be read in conjunction with the condensed interim consolidated financial statements and the notes thereto for the three months ended March 31, 2011.

This Management Discussion and Analysis (“MD&A”) may contain forward-looking statements that involve risks and uncertainties. Words such as “anticipate,” “believe,” “estimates,” “expects,” and similar expressions are used throughout this report to identify these statements. Forward-looking statements in this MD&A are only made as of June 22nd, 2011 (the “Report Date”). Please keep in mind that statements which describe the Company’s proposed plans, objectives, and budgets may differ materially from actual results. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital, and general economic, market or business conditions.

Bruce Kienlen (P.Geol) and Graham Gill (P. Geo) are the Company’s qualified persons reviewing the exploration projects described throughout the MD&A. They are responsible for the design and conduct of the exploration programs and the verification and quality assurance of analytical results.

1.2 Company Overview and Projects

In late spring, an innovative electromagnetic (EM) geophysical program that is interpreted to penetrate the conductive overburden ‘clay’ in the region, commenced. This EM targeting has led to the identification of sizable circular targets (greater than 400 metres in diameter) with kimberlite indicator mineral support on the **Amaruk** Property located in the Pelly Bay, Nunavut, Canada.

The potential of this innovative EM method prompted Diamonds North’s recent partnership with Indicator Minerals Inc. on their adjacent Barrow Property (See [1.2\(a\) Highlights for the Three Months Ended March 31, 2011](#)) and provides Diamonds North with the opportunity to expand the application of this EM targeting system over a larger prospective region. Our 2011 Amaruk program will focus on the identification and testing EM targets for kimberlites.

Over the winter, management reviewed several historical properties with high grade gold occurrences and through permitting and claim staking acquired four new gold projects in Southern Nunavut (See [1.2\(b\) Events Subsequent to March 31, 2011](#)). Historical work is from assessment reports in the public domain and field work has not been verified by the Company. However, it appears to have been completed under standard best practices consistent with the time and appears to be of reasonable quality. The 2011 summer program will be to verify selected occurrences through geological prospecting and possible drill testing. The projects are ‘**KL**’, ‘**Fox**’, ‘**Yandle & River**’ and ‘**Esker**’



Management Discussion and Analysis
For the Three Months Ended March 31, 2011

(a) Highlights for the Three Months Ended March 31, 2011

- The condensed consolidated interim financial statements for the three months ended March 31, 2011, are the Company's first statements prepared in accordance with International Financial Reporting Standards ("IFRS").
- On March 4th, Diamonds North and Indicator Minerals Inc. ("Indicator Minerals") entered into an agreement covering the diamond interest on Indicator Mineral's Barrow Property in Nunavut. The Company may earn up to sixty percent (60%) interest in any diamond discovery on the Barrow Property by incurring \$2,000,000 in expenditures on the Property over five years. To earn an initial 51% interest, the Company must incur \$1,000,000 in expenditures by December 31, 2015, of which \$50,000 must be incurred before the end of the current year and a total of \$200,000 must be incurred by December 31, 2013. To earn an additional 9% interest (for 60%), the Company must incur an additional \$1,000,000 in expenditures (for aggregate of \$2,000,000) by December 31, 2016.

(b) Events Subsequent to March 31, 2011

- On April 15th, Diamonds North granted incentive stock options under the Company's stock option plan to directors, officers, employees and consultants to purchase an aggregate of 1,545,000 common shares. The options are exercisable for a period of five years at a price of \$0.155 per share.
- On May 5th, Diamonds North announced the acquisition of the KL Property, where historical assays are as high as 709.7 g/T gold (See [1.2\(e\) KL, Nunavut – Gold Project \(100% owned\)](#)).
- On May 18th, Diamonds North announced the acquisition of exploration permits over gold showings where grab samples as high as 43.9 g/T gold were reported for the Fox Property (See [1.2\(f\) Fox, Nunavut – Gold Project \(100% owned\)](#)).
- On June 2nd, Diamonds North announced the staking of the Yandle and River gold properties in Southern Nunavut. The Yandle claims cover several prospects one of which yielded 11.2 g/T gold over 3 metres in a historical drill hole. Within the River claim block several prospects have also been reported including a grab sample that yielded 84.0 g/T gold (See [1.2\(g\) Yandle and River, Nunavut – Gold Project \(100% owned\)](#)).
- On June 3rd, Diamonds North announced it had acquired a 100% interest in the Esker gold property that covers several kilometres of gold bearing stratigraphy. Historical drill intercepts of gold mineralization are as high as 8.2 g/T gold over 13 metres, including 17.7 g/T gold over 5.7 metres; and, 2.4 g/T gold over 71 metres which includes several high grade zones (See [1.2\(h\) Esker, Nunavut – Gold Project \(100% owned\)](#)).
- On June 17th, Diamonds North completed a non-brokered private placement to raise \$500,000 through the sale of 3,125,000 flow-through shares at a price of \$0.16 per share. A due diligence fee of \$25,000 and other share issue costs of \$5,481 were paid. The securities issued are subject to a four month hold and may not be traded until October 15th, 2011.
- On June 21st, the condensed consolidated interim financial statements of Diamonds North for the three months ended March 31, 2011 were authorized for issue in accordance with a resolution of the directors.
- On June 22nd, Diamonds North announced a non-brokered private placement to raise up to \$750,000 through the sale of flow-through shares at a price of \$0.16 per share. A finders fee of 5% may be payable on a portion of the financing. The financing is subject to Exchange approval.

(c) Amaruk Project – Nunavut, Canada

The Amaruk property along with the Ualliq, Sakari, Siku and Tunerq projects cover approximately 2.5 million acres around the community of Kugaaruk, Nunavut. The projects are subject to a 2% gross overriding royalty (“GOR”) on diamonds and a 2% net smelter royalty (“NSR”) on other minerals except gold, payable to BHP Billiton Diamonds Inc. Portions of the property have been optioned or in joint ventures with other exploration companies. In 2010, no significant exploration work was performed on the Ualliq, Sakari or Siku projects.

i) Diamonds Prospects

-Amaruk Exploration Program for 2011

The 2011 Amaruk program will focus on the identification and testing EM targets for kimberlites. As noted under [1.2 Company Overview and Projects](#), the innovative electromagnetic (EM) geophysical program has commenced. Field work to true-up identified EM targets will be conducted during the summer. Early identified targets are under lakes and would ideally suit a 2012 spring drill program.

ii) Halkett Gold Prospects (100% owned)

-H-1 Gold Prospects, Halkett Inlet

The HI-1 Gold Prospect is located in the north-western part of the Halkett Inlet permit block. A continuous rock chip sample across an oxidized sulfide zone in 2009 yielded 9.4 g/T gold over 3 metres and a nearby grab sample of un-oxidized, quartz feldspar porphyry dyke (“QFP”) contained 24.3 g/T gold.

The combined 2009 and 2010 results have now increased the length of the anomalous gold bearing zone, where exposed, from 45 metres to at least 165 metres. This gold zone is located within a 450 metre long, 100 meter wide oxidized and QFP dyke-swarmed area that remains open along strike to the east and west. The gold zone is also located adjacent to a younger felsic intrusion and is associated with a prominent northwest trending structure.

HI-1 is hosted by deformed Archaean felsic and mafic rocks adjacent to a younger, undeformed, felsic intrusion. The gold bearing unit is intruded by a swarm of QFP dykes that have also returned values of up to 1.81 g/T Au from grab samples. The significance of the gold bearing QFP should not be overlooked as many Archean gold deposits have associated QFP bodies, which are directly related to gold mineralization.

- H-2 Gold Prospects, Halkett Inlet

The HI-2 prospect is located only 5 kilometres from the coast and 25 kilometres from the HI-1 prospect

Samples collected along a 55 kilometre long iron formation reveal at least 6 areas with multiple gold values over 0.5 g/T gold including values up to 3.24 g/T gold. These areas all occur at or near the intersection of regional structures and lineaments and will be a main focus of further work proposed for 2011. Additionally, 4 other areas with anomalous gold values have been identified and require follow-up prospecting.

The gold bearing iron formation occurs in a tightly folded sedimentary rock unit that extends for more than 55 kilometres in strike length. The sedimentary unit has a highly magnetic signature that is 500-1000 metres wide based on airborne geophysical surveying. Gossanous zones contained within the unit vary from 1 to 20 metres in width. Increased widths and occurrences of the gossanous zones are attributed to tight folding, faulting and the existence of multiple sedimentary horizons.



Management Discussion and Analysis
For the Three Months Ended March 31, 2011

- Gold Prospects Exploration Program for 2011

Plans for 2011 include additional prospecting, sampling and mapping along with ground geophysical surveying. Regional prospecting of additional gossanous areas located in the surrounding area is also planned.

(d) Tunerq - Amaruk Nickel Project (100% owned)

The Tunerq prospect is an oxidized sulphide bearing outcrop, approximately 20 to 30 metres wide and slopes gently into an extensive low lying area with no outcrop exposure. In 2008, percussion drill hole 2 intersected 2.49% Ni, 0.56 % Cu and 0.05% Co over 9.1 metres within a 34.8 metre zone containing 1.05% Ni and 0.26% Cu.

In March 2010, Diamonds North signed a Letter of Intent with MMG Minerals and Metals Group ("MMG") whereby MMG may earn 75% of the nickel and other base metals on the Amaruk Property, by spending \$6 million within four years and completing a pre-feasibility study on any nickel or base metal deposit that might be identified on Amaruk within ten years.

-Tunerq Nickel Projects Exploration Program for 2011

The 2011 exploration program will commence with a geophysical survey utilizing the airborne electromagnetic AeroTEM system (EM). Areas with mafic-ultramafic intrusions and/or anomalous nickel and copper in till will be targeted with the AeroTEM survey. Targets identified by prospecting during the 2010 field program, and any new targets identified in 2011 programs will be followed-up and, if warranted, drill tested. A core drill is situated on the property for future drill testing.

(e) KL, Nunavut - Gold Project (100% owned)

The KL Gold Property covers at least six historic gold occurrences in iron formation and quartz veins that were identified as a result of geophysical targeting in the late 1980s. The most impressive showing is the VG showing, where a total of 69 rock samples of quartz vein adjacent to an iron formation horizon yielded 39 samples with more than 100 ppb of which 12 samples returned values between 1.39 to 23 g/T gold. An additional 7 samples returned values between 33.8 to 709.7 g/T (20.7 opt) gold. Historic drill testing has only intersected relatively thin gold bearing zones.

Review of historic data suggests that the KL property is under-explored and targeting was strongly biased by geophysical interpretation. Since a high proportion of gold deposits have little to no magnetic or electromagnetic expression another approach may be required to thoroughly evaluate the property. In 2011, Diamonds North plans to verify selected occurrences and focus on geological prospecting rather than targeting with geophysical data.

(f) Fox, Nunavut - Gold Project (100% owned)

The Fox property is comprised of four permits covering an estimated 45 kilometre strike length of prospective volcanic and sedimentary rocks including iron formation. This geological package is reported to be intersected by the Pyke Fault.

Several known gold prospects have been reported on the permit block. The Fox prospect comprises 2 distinct sub-parallel iron formation occurrences that have yielded grab samples assaying in the 1 to 43.9 g/T gold range over 2.2 kilometres. The Am prospect which is located 12 kilometres north of the Fox prospect comprises a gold bearing iron formation with numerous gold values ranging from 1 to 9.8 g/T gold.



Management Discussion and Analysis
For the Three Months Ended March 31, 2011

(g) Yandle and River, Nunavut - Gold Project (100% owned)

The Yandle and River prospects are both within the Kaminak Greenstone Belt, 15 kilometers apart and located near the Henik Lake air strip. The staked claims are subject to approval by the Nunavut Mining Recorder Office.

In addition to the showing where 11.2 g/T gold over 3 metres was intercepted there are at least 4 other mineralized zones reported at Yandle. Numerous grab samples from these showings returned assays above 1.0 g/T gold with assays as high as 55.41 g/T gold. Gold mineralization on the Yandle property is associated with quartz-pyrite veins hosted within gabbro formations.

At the River Property gold occurs in iron formation and sedimentary rocks. Grab samples from three showings on the property have yielded numerous rock samples greater than 1.0 g/T gold and as high as 84.0 g/T gold. There are no reports of drilling at the River Property.

(h) Esker, Nunavut - Gold Project (100% owned)

Historical drilling on the property identified gold mineralized veins with good grade and width characteristics. The veins are hosted by linear gabbro units, and surrounded by volcanic and sedimentary rocks. Geology, structural observation and drill results suggest potential for continuity and significant tonnage over more than 5 kilometres of folded gabbro units within an area of 1300 x 600 metres.

1.3 Results of Operations

(a) Current Quarter

Diamonds North's cash position decreased \$246,443 to \$2,338,364, for break down see [1.12 Financial Instruments](#).

Receivables decreased \$311,326, as collections were made in the normal course of business with the exception of the \$141,000 bond refunds receivable from the Mining Recorder. Subsequent to December 31, 2010, the Company has collected \$380,000 of the \$616,193 in receivables at December 31, 2010.

Accounts payables and accrued liabilities increased \$188,515, as the Company accrued \$225,000 at March 31, 2011, relating to amounts owing to the President pursuant to a former employment agreement which has been renewed, see [1.8 Related Party Transactions](#). The amount is to be payable in three installments of \$75,000, on each of April 1st of 2011, 2012 and 2013

During 2010 and as part of a cash preservation measure, 10% of the senior employees' salaries were deferred and at December 31, 2010, this debt totalled \$68,595. During the quarter, the Company reinstated the senior employees' salaries and the debt was repaid in cash.

(b) Three Months Ended March 31, 2011

Results of operations for the three months ended March 31, 2011 are discussed in comparison with the three months ended March 31, 2010. General and administrative expenses of \$491,279 (2010 - \$694,233) represents a \$202,954 decrease compared to the comparative fiscal period. Notable changes include:



Management Discussion and Analysis
For the Three Months Ended March 31, 2011

- Investor relations and promotion of \$41,003 is broken down below. The Company removed some of the 2009 cash preservation measures resulting in small increase in conferences and trade shows and promotion and advertising costs.

	2011	2010
Administration	\$ -	\$ 424
Conferences and trade shows	15,846	14,419
Consulting, wages and benefits	21,500	29,071
Media	1,353	1,426
Promotion and advertising	2,304	5,019
	\$ 41,003	\$ 50,359

- Rent and storage of \$23,946 (2010 - \$31,212) decreased as the Company's office space has decreased in size.
- Stock-based compensation expense of \$Nil (2010 - \$384,726) decreased as no stock options vested during the period compared to the prior comparative period. In April 2011, the Company granted 1,545,000 million stock options that will vest next quarter.
- Wages and benefits of \$344,563 (2010 - \$136,769) includes an accrued severance payment of \$225,000 to be paid to the President in three installments of \$75,000, on April 1st of 2011, 2012 and 2013.
- Mineral property exploration of \$287,361 is broken below by:

Project Name:	2011	2010
Amaruk	\$ 21,758	\$ 66,911
Banks Island	(1,200)	-
Barrow	187	-
Blue Ice	193,359	8,843
Boothia	8,246	90,611
Genex	-	3,374
Halkett	39,908	2,815
Hepburn	2,106	19,278
Henik	13,395	(18,615)
Hyde	1,315	-
Kidme	-	(4,742)
Nanunk	-	(51,434)
Tunerq	4,089	288,214
Sakari	314	-
Siku	-	1,573
Ualliq	3,884	7,734
Total	\$ 287,361	\$ 414,562



Management Discussion and Analysis
For the Three Months Ended March 31, 2011

Exploration Type:	2011	2010
Airborne geophysics	\$ 2,250	\$ -
Camp costs	191,215	293,125
Drilling	750	24,595
Genex	-	3,374
Geochemistry	3,288	8,768
Geology	40,923	70,621
Permitting	39,691	99,000
Property	44,571	75
Prospecting	-	699
	322,688	500,257
Recoveries	(35,327)	(85,695)
Total	\$ 287,361	\$ 414,562

- Unrealized gain of \$395,945 on marketable securities due to the fair value increase of marketable securities over the previous period end, December 31, 2010.

Diamonds North's loss and comprehensive loss for the three months end March 31, 2011 was \$380,081 (2010 - \$1,023,233) or \$0.004 per share (2010 - \$0.01).

1.4 Summary of Quarterly Results

The limited summary of quarterly results below is from Diamonds North's financial statements and denoted in the currency of Canada. For all periods up to and including the quarter ended December 31, 2009, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP").

Diamonds North's transition date to IFRS is January 1, 2010. The rules for first-time adoption of IFRS are set out in IFRS 1, "First-time adoption of International Financial Reporting Standards". In preparing the Company's first IFRS financial statements, these transition rules have been applied to the amounts previously reported in accordance with GAAP. Historical results and balances have been restated under IFRS. The MDA should be read in conjunction with the Company's 2010 GAAP annual audited financial statements for the year ended December 31, 2010, and in consideration of the disclosure regarding the transition from Canadian GAAP to IFRS included in Note 16 of the Company's financial statements for the three months ended March 31, 2011.

Under the previous GAAP, costs associated with mineral property exploration including but not limited to acquisition costs, airborne and ground geophysics, drilling, geochemistry, geology, and prospecting were capitalized to mineral properties. Under IFRS, mineral property exploration is expensed through the profit or loss until a technical feasibility or the commercial viability of extracting the mineral resources is demonstrable.

Under previous GAAP, other comprehensive income (loss) was reported as a separate component, whereas under IFRS, the amount is included in profit or loss, due to the reclassification of market securities from available for sale to fair value through profit or loss. The most active item was the unrealized gain or loss on marketable securities which consists of common shares in junior resource companies. The fluctuations reflect the change in fair value of the securities at the period end date from the previous period end date.



Management Discussion and Analysis
For the Three Months Ended March 31, 2011

	Q2 - GAAP	Q3 - GAAP	Q4 - GAAP	Q1 - IFRS	Q2 - IFRS	Q3 - IFRS	Q4 - IFRS	Q1 - IFRS
	Jun. 30	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Mar. 31
	2009	2009	2009	2010	2010	2010	2010	2011
Mineral expenditures, net of recoveries	\$ 125,359	\$ 1,476,675	\$ 93,749	\$ -	\$ -	\$ -	\$ -	\$ -
Mineral property exploration expense (recovery)	\$ -	\$ -	\$ -	\$ 414,561	\$ (792,480)	\$ 1,085,200	\$ 207,260	\$ 287,361
G&A expense	\$ 314,701	\$ 344,347	\$ 475,171	\$ 694,233	\$ 623,081	\$ 395,462	\$ 391,675	\$ 491,279
Share-based comp. exp.	\$ 8,235	\$ 72,025	\$ 72,025	\$ 384,726	\$ 315,724	\$ 113,601	\$ 46,983	\$ -
Unrealized gain (loss) on marketable securities	\$ 199,357	\$ 1,900	\$ 204,304	\$ 56,521	\$ (186,207)	\$ 100,440	\$ 501,342	\$ 395,945
Profit or loss	\$ (286,446)	\$ (336,631)	\$ (5,088,314)	\$ (1,023,233)	\$ (22,002)	\$ (1,374,064)	\$ (106,044)	\$ (380,081)
Profit (loss) per share -basic	\$ (0.01)	\$ -	\$ (0.07)	\$ (0.01)	\$ -	\$ (0.02)	\$ -	\$ -
Weighted avg. common shares outstanding -basic	75,159,308	76,948,623	75,348,534	78,128,645	78,156,512	85,735,902	82,256,035	86,869,808

In Q1-2010, mineral property exploration has been expensed and reflected in the profit or loss.

In Q2-2010, the credit results from expenditures recovered from a project partner and Hepburn 'work in-lieu' bond refunds from the Mining Recorder of Canada.

G&A expense for Q1-2010 and Q2-2010 increased, largely to higher share-based compensation expense. In Q1-2010, the Company moved to graded vesting whereby a greater portion of expense is recorded in the first and second vesting periods compared to distributing the expense equally over all four vesting period.

1.5 Liquidity

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. To minimize liquidity risk, the Company ensures that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, against cash and cash equivalent holdings.

Management believes its \$3,743,335 in working capital is sufficient to meet administrative and tenure costs for 2011. The 2011 exploration program is forecasted at \$1.1 million. Included in working capital is \$1.4 million in marketable securities which is based on the fair value at March 31, 2011. Financial markets have moderately declined and the fair value of marketable securities (no change in security positions) as of the Report Date is approximately \$0.7 million.

The Company currently maintains investments in certain marketable securities. There can be no assurance that the Company can exit these equity positions if required, resulting in proceeds approximating the carrying value of these marketable securities.

Fluctuations in commodity prices may influence financial markets and commodity price risk may indirectly affect the Company. As the Company is in the exploration stage, commodity prices are not reflected in operating results. Unlike other commodities, diamonds are typically sold in private transactions and rough diamond prices are generally not publicly disclosed.



1.6 Capital Management

The Company considers its capital structure to consist of the components of shareholders' equity. Management's objective is to ensure that there is sufficient capital to minimize liquidity risk and to continue as a going concern. As an exploration stage company, the Company is currently unable to self-finance its operations and has relied primarily on equity financings to meet its capital requirements.

The Company's share capital is not subject to any external restriction and the Company did not change its approach to capital management during the period.

1.7 Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet financial arrangements.

1.8 Related Party Transactions

The Company has engaged a business owned by Janice Davies, an officer of the Company, to provide corporate secretarial services. During the period, the Company paid fees to this related party in the aggregate of \$9,600.

The four independent directors were paid an aggregate of \$10,000 in directors' fees with the members of the audit committee paid an additional \$1,875 per quarter for an aggregate of \$15,625.

The Company has engaged a business owned by Bernard H. Kahlert, a director of the Company, to provide project management and geological consulting. During the period, the Company paid fees to this related party in the aggregate of \$3,975.

On May 17, 2011, the Company entered into a new employment agreement with the President, whereby the President receives \$17,640 per month from April 1, 2011 to March 31, 2014. The agreement is subject to certain payouts if terminated without cause or in the event of a change of control.

Included in receivables at March 31, 2011 is \$1,658 owed by Commander Resources Ltd., a company related by virtue of a common director, for shared office costs

The Company holds less than 10.0% of the issued common shares of Uranium North Resources Corp. ("Uranium North"), a company related by virtue of other common directors. Included in accounts receivable is \$93,429 owed by Uranium North, for mineral property, administrative and office costs.

1.9 Proposed Transactions

None.

1.10 Changes in Accounting Policies

None.



1.11 New Standards Yet Adopted

A summary of new standards yet adopted which may affect the financial disclosure and results of operations of the Company for future interim and annual periods.

-IFRS 9, Financial Instruments

In November 2009, the IASB published IFRS 9, “Financial Instruments,” which covers the classification and measurement of financial assets as part of its project to replace IAS 39, “Financial Instruments: Recognition and Measurement.” In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entities would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is effective for the Company on January 1, 2013. Early adoption is permitted and the standard is required to be applied retrospectively. There will be no significant impact the Company upon implementation of the issued standard.

1.12 Financial Instruments

Credit risk is the risk of an unexpected loss if a customer, tenant, related party or a third party to financial instrument fails to meet its contractual obligations.

To minimize this risk, cash and cash equivalents has been placed with major financial institutions. Short-term deposits have original maturities of three months or less or redeemable features from the date of acquisition, amounts vary depending on the cash requirements of the Company and earn interest at the respective short-term deposit rates. The Company has not invested in commercial paper or asset backed security programs.

	March 31, 2011	December 31, 2010	January 1, 2010
Cash at bank and on hand	\$ 829,891	\$ 1,076,343	\$ 1,252,422
Demand deposits	1,500,000	1,500,000	-
Short-term deposits and guaranteed investment certificates	8,473	8,464	2,008,395
Total	\$ 2,338,364	\$ 2,584,807	\$ 3,260,817

Marketable securities consist of common shares in other junior exploration companies received via property or option agreements and from the conversion of the Uranium North loan in 2008. Marketable securities are carried at their fair value based on quoted market prices on the TSX Venture Exchange.

	March 31, 2011	December 31, 2010	January 1, 2010
Cost	\$ 880,731	\$ 880,732	\$ 1,192,231
Unrealized gain (loss)	589,870	193,925	(569,671)
Total	\$ 1,470,601	\$ 1,074,657	\$ 622,560



Management Discussion and Analysis
For the Three Months Ended March 31, 2011

The fair value of the Company's receivables and accounts payable and accrued liabilities approximate their carrying values. Diamonds North's other financial instruments, being cash and cash equivalents and marketable securities, are measured at fair value using Level 1 inputs (unadjusted quoted prices in active markets for identical assets or liabilities).

1.13 Certification of Annual Filing

The Company follows BC Securities Commission 52-511 'Relief for Venture Issuers from Certification Requirements' that helps small size companies like ours, where there is a lack of segregation of duties which is an ongoing internal control weakness. The Company mitigates this risk through direct involvement of senior management in day to day operations.

1.14 Other MD&A Requirements

Additional information relating to the Company is available on SEDAR at www.sedar.com.

As of the Report Date, the Company had 89,994,808 issued common shares outstanding and the following unexercised stock options:

-Stock Options

Expiry Date	Exercise Price	Number of Shares
July 13, 2011	\$1.021	75,000
February 27, 2012	\$0.770	97,000
February 14, 2013	\$0.880	60,000
May 28, 2014	\$0.175	1,925,000
December 23, 2014	\$0.300	5,715,000
April 14, 2016	\$0.155	1,545,000
		9,417,000

-Warrants

Expiry Date	Exercise Price	Number of Shares
July 7, 2011	\$0.25	157,850
July 13, 2011	\$0.25	17,500
		175,350