

FORM 7

MONTHLY PROGRESS REPORT

Name of CNSX Issuer: Talmora Diamond Inc. (the "Issuer").

Trading Symbol: TAI

Number of Outstanding Listed Securities: 60,948,801

Date: 02 June 2014

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CNSX Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the CNSX.ca website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the CNSX Policies. The discussion in this report must be factual, balanced and non-promotional.

General Instructions

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

The Kim results were reviewed and considerable time was spent evaluating the significance of a number of Mn-ilmenites reported on the Talmora property. The paper presented at the Yellowknife Geoscience Forum in November 2013 was further developed for presentation at the Kimberley Diamond Symposium in September 2014.

Various methods of financing a drill program are being investigated. However, the capital market is still weak.

2. Provide a general overview and discussion of the activities of management.

Management prepared the Notice of Annual Meeting of Shareholders and the Management Information Circular for the upcoming Shareholders Meeting set for June 25th.

Management held its Audit Committee and Board of Directors meetings on May 28, 2014.

Management prepared the Company's First Quarter Financial Statements and the MD&A which were filed at month-end to Sedar and Form-5 Quarterly report was filed to CSE. The Company's web site was updated.

To further promote Talmora Diamond, one ¼ page advertisement was placed in the "The Northern Miner" May 2014 issue "Diamonds in Canada" magazine (page 13). The Northern Miner included a small write up about Talmora, (page 19), nestled among other Canadian diamond juniors.

The Kim results were reviewed and considerable time was spent evaluating the significance of a number of Mn-ilmenites reported on the Talmora property. The paper presented at the Yellowknife Geoscience Forum in November 2013 was further developed for presentation at IMA2014 and the Kimberley Diamond Symposium in September 2014.

Various methods of financing a drill program are being investigated

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

The Talmora diamond property in the Northwest Territories contains many magnetic anomalies with characteristics of kimberlite pipes. The magnetic

anomalies show a strong correlation with kimberlite indicator minerals (KIMs).

The Flow-Through proceeds of the July 2012 financing were applied to a program, starting August 10, 2012 and completed September 13, 2012, of surface till sampling and using a small packsack drill to sample overburden and determine its thickness near kimberlite targets. An attempt was made to test the targets.

The drill has limited strength but was able to penetrate through the overburden in three of the five holes and ended 0.5 – 1.0m in a rusty brown “lateritized” clay. No core was recovered except for a small piece of clay mixed with dolomite fragments at the till/clay interface in one hole. The clay was assayed and cuttings were examined for KIMs.

The clay cuttings represent a very small sample of the clay. Much of the fines have been lost and there has been considerable dilution of the cuttings from the coarse sand fraction of the overlying till. Concentrates from 3 of the holes have been examined. Hole THD-3 contained 2 Mn-ilmenites (or altered ilmenites) including 1 with diamond inclusion composition. Hole THD-4 contained 12 Mn-ilmenites (or altered ilmenites) including 6 with diamond inclusion composition, 14 spinels and 1 picro-ilmenite (10.23% MgO; 3.24% Cr₂O₃). The chromites lie on a relatively narrow compositional trend line indicating a single population and one grain plots in the Argyle chromite field. The clay cuttings of THD-4 contained notable galena. THD-5 contained 3 Mn-ilmenites (or altered ilmenites) and 1 picroilmenite (9.73% MgO; 0.39% Cr₂O₃) and a significant amount of sulphides in the clay cuttings.

The chemical composition of the Talmora clay is similar to the weathered kimberlites of Sierra Leone from depths of the water table to 24' beneath the water table. The climatic setting of the Talmora property was similar to that of Sierra Leone at about 55 Ma. Diagenetic destruction of garnet and chrome diopside in Sierra Leone is more extreme and weathering is deeper than it probably was on the Talmora property.

The surface till samples collected in 2012 contain spinels and a significant number of ilmenites and garnets. One of nine pyrope garnets has a G-10 composition and an eclogitic garnet lies within the diamond inclusion field on a TiO₂ vs Na₂O diagram. The lateritic weathering in the area destroyed silicate KIMs such as garnet and chrome diopside and appears to destroy G-10 garnet preferentially. The G-10 garnet is one of 27 pyropes or 3.7% recovered on the Talmora property which compares favourably with the 3.2% of G-10 garnets found in the KIM train down-ice of the highly diamondiferous Dharma kimberlite 180 km to the southeast at the northeast corner of Great Bear Lake.

It remains for the many magnetic anomalies to be tested by a larger drill so that sufficient core can be recovered for microdiamond analysis when the economic situation permits the raising of sufficient funds.

Published information on neighbouring properties has been reviewed. Assessment work reports of Darnley Bay and Sanatana and the web sites of Sanatana and Diamondex have been especially useful in evaluating the mineral chemistry and the regional distribution of KIMs and how it relates to Talmora.

The mineral chemistry of KIMs in the two large areas sampled by Sanatana and Diamondex west of the Talmora property is remarkably similar. There is very little variation within subareas of the Sanatana property except on their Greenhorn claims southeast of Talmora where they discovered the very diamondiferous Dharma kimberlite. It is unusual for the mineral chemistry of KIMs from so large an area constituting most of the Lena West diamond district to vary so little and it suggests a common and more restricted source area for the KIMs.

The only known primary source of KIMs in the Lena West district are the Darnley Bay kimberlites in the NE corner and the Dharma kimberlites in the SE corner of the district. The mineral chemistry of KIMs from neither of these areas matches that of the KIMs west of Talmora. However, the KIMs on the Talmora property, allowing for the destruction of some silicate KIMs during Eocene "lateritization", do match those to the west.

Diamondex showed that many of their KIMs were from the base of the Cretaceous sediments and that the primary source was to the east. Most of the Sanatana property also lies within the Cretaceous basin. It is significant that most of the Talmora property is outside the Cretaceous basin.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

Magnetic anomalies that have anomalous KIMs down-ice must be tested by drilling and additional magnetic anomalies must be sampled. A more extensive program is required than any carried out by the company to date and completion of a financing sufficient for a major drill program is essential.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

No other new business relationships were entered into during the month.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

No contracts expired or were terminated during the month.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Property Summary

A report on the work carried out in 2012 has been approved and has extended the life of 9 claims that were previously shown as expiring October 11, 2013.

All performance bonds on permits where work had been performed have been refunded and there are none outstanding.

Property Units	Size <u>Acres</u>	Record <u>Date</u>	Current <u>Expiry Date</u>
24 Claims	3,822.10	Sept.22, 2011	Sept. 22, 2021
6 Claims	7,644.20	Sept.22, 2011	Sept. 22, 2018
6 Claims	2,530.85	Sept.22, 2011	Sept. 22, 2016
10 Claims	774.75	Aug. 13, 2009	Aug. 13, 2019
115 Claims	12,086.10	Aug. 13, 2009	Aug.13, 2016
12 Claims	6,352.950	Oct. 11, 2007	Oct. 11, 2016
<u>38 Claims</u>	<u>35,573.20</u>	<u>Oct. 11, 2007</u>	<u>Oct. 11, 2017</u>
211	68,784.15		

8. Describe the acquisition of new customers or loss of customer

N/A

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

N/A

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

There were no employee hirings or lay-offs.

11. Report on any labour disputes and resolutions of those disputes if applicable.

N/A

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

N/A

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

N/A

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds⁽¹⁾

(1) State aggregate proceeds and intended allocation of proceeds.

15. Provide details of any loans to or by Related Persons.

N/A

16. Provide details of any changes in directors, officers or committee members.

There were no changes in directors, officers or committee members.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The Issuer's properties are currently in the exploration stage only. The Issuer relies on capital markets to carry out its exploration and evaluation activities. Failure to raise necessary funds at critical stages would have an impact.

The Company has focussed on preserving assets and preparing a drill program in anticipation of receiving sufficient funds from a new financing. However, the global economic situation has made it very difficult for junior miners and the Company's July 2012 financing was insufficient for a major drill program. The financing enabled the completion of a program of sampling during August and September 2012 that will keep key claims in good standing.

Diamond prices that had recovered most of the losses they suffered following the 2008 crash have been moving sideways. However, there are predictions that long term demand, especially from India and China, will exceed production unless a major new diamond field is discovered.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated 02 June 2014.

Raymond Davies
 Name of Director or Senior
 Officer

"Raymond Davies"
 Signature
President
 Official Capacity

Issuer Details		For Month End	Date of Report
Name of Issuer Talmora Diamond Inc.		2014 May 31	YY/MM/D 2014 June 2
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