FORM 5

QUARTERLY LISTING STATEMENT

Name of CNSX: __________TALMORA DIAMOND INC.____________ (the "Issuer").

Trading Symbol: _____________TAI_____________________________

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities* Act, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement 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 quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CNSX.ca website.

General Instructions

(a) Prepare this Quarterly Listing Statement 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 following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.

(b) The term "Issuer" includes the CNQ 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.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

Financial Statements. Second Quarter Unaudited June 30, 2012 financial statements are attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

Supplementary Information: Covering item numbers 1 to 3 - Details are as reported in Schedule A - Financial Statements and in Schedule C - MD&A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

(a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

(b) A description of the transaction(s), including those for which no amount has been recorded.

(c) The recorded amount of the transactions classified by financial statement category.

(d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

(e) Contractual obligations with Related Persons, separate from other contractual obligations.

(f) Contingencies involving Related Persons, separate from other contingencies.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

(a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

(b) number and recorded value for shares issued and outstanding,

(c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

(d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

List of names of directors and officers and their positions held are as follows:

Raymond Davies	**Director**	**President, & Chief Executive Officer**
Richard M. Hogarth	**Director**	**Chairman**
Joan E. Fiset	**Director**	
Toby Strauss	**Director**	
Robert Owen		**Chief Financial Officer**
Maria Grimes		**Corporate Secretary**

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Attached is Management Discussion and Analysis report for June 30, 2012 .

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 Quarterly Listing Statement.

2. As of the date hereof there 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 5 Quarterly Listing Statement is true.

Dated 28 August 2012

Raymond Davies
Name of Director or Senior Officer

"Raymond Davies"
Signature

President
Official Capacity

<table>
<tr><td>Issuer Details
Name of Issuer

Talmora Diamond Inc.</td><td>For Quarter Ended

June 30, 2012</td><td>Date of Report YY/MM/D

2012 August 28</td></tr>
<tr><td colspan="3">Issuer Address
6 Willowood Court
Toronto, Ontario</td></tr>
<tr><td>City/Province/Postal Code

M2J 2M3</td><td>Issuer Fax No.
(416) 499-5187</td><td>Issuer Telephone No.
(416) 491-6771</td></tr>
<tr><td>Contact Name
Raymond Davies</td><td>Contact Position
President</td><td>Contact Telephone No.
416 491-6771</td></tr>
<tr><td>Contact Email Address
rayal.davies@sympatico.ca</td><td colspan="2">Web Site Address
www.talmoradiamond.com</td></tr>
</table>

SCHEDULE A
TALMORA DIAMOND INC

CONDENSED INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED
JUNE 3O, 2012
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

TALMORA DIAMOND INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

TALMORA DIAMOND INC.
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Six months ended June 30, 2012

TALMORA DIAMOND INC.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

(Expressed in Canadian Dollars)
(UNAUDITED) JUNE 30, 2012

	Notes	As at June 30,2012 $	As at December 31, 2011 $
ASSETS			
CURRENT			
Cash and cash equivalents	6	14,123	36,172
Sundry receivables	12	28,395	56,013
Refundable Performance Bond	7	88,394	88,394
Total Assets		130,912	180,579
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities		20,000	20,000
SHAREHOLDERS EQUITY			
Share capital	8	2,430,573	2,307,471
Warrant reserve	8	92,523	67,126
Share-based payment reserve	9	160,669	133,144
Accumulated deficit		(2,572,853)	(2,347,162)
		162,368	160,579
		110,912	160,579
Total liabilities and shareholders' equity		130,912	180,579

Going Concern (Note 1)
Commitments and contingences (Notes 7 and 14)

/s/ Raymond Davies
Director

s/ Richard Hogarth
Director

TALMORA DIAMOND INC.

CONDENSED INTERIM STATEMENTS OF OPERATIONS AND DEFICIT

Expressed in Canadian Dollars)

UNAUDITED FOR THE SIX MONTHS ENDED JUNE 30, 2012

	Three Months Ending June 30,		Six Months Ending June 30,	
	2012	2011	2012	2011
	$	$	$	$
EXPENSES				
Administration (Note 13)	33,517	47,544	60,117	115,267
Exploration expenditures	87,450	13,200	126,776	46.751
Share-based payments(Note 9)	11,706	1,012	27,525	2,158
Professional fees	8,923	4,296	11,218	8,719
Bank charges	68	129	114	147
(Loss) before the under-noted	(141,664)	(66,181)	(225,750)	(173,042)
Interest income	0	0	59	0
(Loss) before income taxes	(141,664)	(66,181)	(225,691)	(173,042)
NET INCOME (LOSS) FOR THE PERIOD	(141,664)	(66,181)	(225,691)	(173,042)
(Deficit), beginning of period	(2,431,189)	(2,047,687)	(2,347,162)	(1,940,826)
(Deficit), end of period	(2,572,853)	(2,113,868)	(2,572,853)	(2,113,868)
NET (LOSS) PER SHARE – basic and diluted	(0.003)	(0.00)	0.00	(0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted	48,431,679	36,982,679	48,431,679	36,982,679

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
UNAUDITED FOR THE SIX MONTHS ENDED JUNE 30, 2012

	Note	Share Capital	Share-payment reserve	Warrant reserve	Deficit	Total
		$	$	$	$	$
Balance at January 1, 2011		1,945,766	127,124	92,292	(1,940,826)	224,356
Private placement		119,509				119,509
Share-based payments			2,158			2,158
Net loss and comprehensive loss for the period					(173,042)	(173,042)
Balance at June 30, 2011		2,065,275	129,282	92,292	(2,113,868)	172,981
Private placement	8	217,284		50,826		268,110
Share-based payments	9		7,336			6,324
Tax effect of expired warrants					(10,700)	(10,700)
Expired Warrants				(75,992)	75,992	
Options		24,912	(2,462)			22,450
Net loss and comprehensive loss for the period					(298,586)	(298,586)
Balance at December 31, 2011		2,307,471	133,144	67,126	(2,347,162)	160,579
Private placement		123,102		25,397		148,499
Share-based payments			27,525			27,525
Net loss and comprehensive loss for the period					(225,691)	(225,691)
Balance at June 30, 2012		2,430,573	160,669	92,523	(2,572,853)	110,912

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CONDENSED INTERIM STATEMENTS OF CHANGES IN CASH FLOWS
(Expressed in Canadian Dollars)
UNAUDITED FOR THE SIX MONTHS ENDED JUNE 30, 2012

	June 30 2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the period	225,691	(173,042)
Changes not involving cash		
Income Tax (recovery)	-	-
Share-based payments	27,525	2,158
Changes in non-cash working capital balances:		
(Increase) decrease in sundry receivables	27,618	(11,176)
(Decrease) increase in accounts payable and accrued liabilities		39,102
Cash Flows from operating activities	(170,548)	(142,958)
CASH FLOWS FROM FINANCING ACTIVITIES		
Private Placements	148,499	119,509
Cash flows from financing activities	148,499	119,509
(Decrease) increase in cash and cash equivalents	(22,049)	(23,449)
Cash and cash equivalents, beginning of period	36,172	145,311
Cash and cash equivalents, end of period	14,123	121,862

1. CORPORATE INFORMATION AND GOING CONCERN

Talmora Diamond Inc. (the “Company” or “Talmora”) was incorporated on April 18, 1996 under the Canada Business Corporations Act. The Company is publicly traded with its shares listed on the Canadian National Stock Exchange. The Company’s registered and head office is located at 6 Willowood Court, Toronto, Ontario, Canada M2J 2M3.

These financial statements were reviewed, approved and authorized for issue by the Board of Directors on August 27, 2012.

The Company is in the business of exploring and evaluating mineral exploration properties. There has been no determination whether the Company’s interests in mineral properties contain mineral reserves, which are economically recoverable.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements. The Company’s assets may also be subject to increases in taxes and royalties, renegotiation of contracts and political uncertainty.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

As at June 30, 2012, the Company had had cash and cash equivalents totaling $14,123 and working capital of $110,912. Management of the Company believes that it has sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing year as they fall due. However, over the longer term, the Company's ability to continue operations and fund its exploration property expenditures is dependent on management's ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Because of this uncertainty there is some doubt about the ability of the Company to continue as a going concern. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PRESENTATION

The condensed interim financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

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2. BASIS OF PRESENTATION (Continued)

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of August 28, 2012, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these interim condensed financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2011. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2012 could result in restatement of these condensed interim financial statements. The accounting policies have been applied consistently to all periods presented in these unaudited condensed interim financial statements.

3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after December 31, 2011, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded from the list below.

IFRS 7 Financial instruments - Disclosures ("IFRS 7") was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for the Company's financial statements for the period beginning July 1, 2012.

IFRS 9 Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2015.

IFRS 11 Joint Arrangements ("IFRS 11") replaces the guidance in IAS 31 Interests in Joint Ventures. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previously jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11, joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

3. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (Continued)

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 Investments in Associates and IAS 36 Impairments of Assets. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning January 1, 2013.

IFRS 13 Fair Value Measurement ("IFRS 13") converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company intends to adopt IFRS 13 in its financial statements for the annual period beginning January 1, 2013.

IAS 1 Presentation of Financial Statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company intends to adopt IAS 1 in its financial statements for the annual period beginning January 1, 2013.

The Company has not yet determined the impact of the above standards on its financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The recoverability of sundry receivables and refundable performance bonds included in the statements of financial position. In the determination of carrying values and impairment charges, management looks at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- The inputs used in accounting for share-based payment transactions. Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgment used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates.

- Management assumption of no material restoration, rehabilitation and environmental obligations, based on the facts and circumstances that existed during the period. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

5. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Functional and presentation currency
The Company's presentation and functional currency is the Canadian dollar ("$"). The Company does not have any foreign operations. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at period end exchange rates are recognized in the statement of loss and comprehensive loss.

Flow through shares
The Company finances a portion of its Horton River project exploration and evaluation activities through the issuance of flow-through shares. Under the terms of the flow-through common share issues, the tax attributes of the related expenditures are renounced to investors and deferred income tax expense and income tax liabilities are increased by the estimated income tax benefits renounced by the Company to the investors. On the date of issuance of the flow-through shares, the premium relating to the proceeds received in excess of the fair value of the Company's common shares is allocated to liabilities. The premium liability is reduced pro-rata based on the percentage of flow-through expenditures renounced in comparison to renunciations required under the terms of the flow-through share agreement. The reduction to the premium liability in the period of renunciation is recognized through operations.

Where the Company has unused tax benefits on loss carry forwards and tax pools in excess of book value available for deduction, the Company offsets the increase in deferred tax liabilities resulting in an offsetting recovery of deferred income taxes being recognized through operations in the reporting period.

Segment reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The Company currently operates in one business segment, being the exploration and evaluation of resource properties. All of the Company's assets are located in Canada.

Share-based payment
Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. The issued and outstanding stock options and warrants were not included in the calculation of diluted loss per share for the periods presented, as their effect would be anti-dilutive.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position are comprised of cash at banks, on hand, short-term deposits with an original maturity of three months or less, and guaranteed investment certificates which are readily convertible into a known amount of cash. The Company's cash and cash equivalents are invested with major financial institutions in business accounts and guaranteed investment certificates that are available on demand by the Company for its programs. The Company does not invest in any asset-backed deposits/investments.

Share capital

Common shares are classified as equity. Costs directly attributable to the issue of new shares and warrants are shown in equity as a deduction, net of tax benefits received, if any, from proceeds.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. A change in estimate of a recognized provision or liability would result in a charge or credit to operations in the period in which the change occurs, with the exception of decommissioning and restoration costs described below.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time referred to as “unwinding of discount” is recognized within finance costs.

Decommissioning and restoration provisions

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground / environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of operations as a finance cost.

Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of operations.

The Company does not currently have any such significant legal or constructive obligations and therefore no decommissioning liabilities have been recorded as at December 31, 2011, December 31, 2010 and January 1, 2010.

Contingencies

Contingent assets are not recognized in the financial statements but they are disclosed by way of note if they are deemed probable.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company. Contingent liabilities are recognized in the financial statements unless the possibility of an outflow of economic resources is considered remote, in which case they are disclosed in the notes to the financial statements.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

Financial assets

Financial assets are classified at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition. The Company's cash, sundry receivables and refundable performance bonds have been classified as loans and receivables. The Company has classified its cash equivalents as fair value through profit or loss.

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through net loss and comprehensive loss. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment.

Financial liabilities

Financial liabilities are classified at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. The Company has classified its accounts payable and accrued liabilities as other financial liabilities.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted.

Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

(Expressed in Canadian Dollars)

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand, balances with banks, and guaranteed investment certificates ("GIC"s) that are cashable at any time.

	As at June 30, 2012 $	As at December 31, 2011 $	As at June 30, 2011 $
Cash and cash equivalents are composed of:			
Cash	14,123	36,172	110,480
GIC bearing interest at 1.25%	-	-	10,382
	14,123	36,172	121,862

7. EXPLORATION AND EVALUATION EXPENDITURES

The exploration and evaluation expenditures incurred by the Company are as follows:

	Six months ended June 30, 2012 $	June 30, 2011 $
Staking costs	-	-
Exploration and evaluation expenditures	126,776	46,751
Total	126,776	46,751

EXPLORATION AND EVALUATION EXPENDITURES

The cumulative exploration and evaluation expenditures are broken down as follows:

	2011 $
Exploration and Evaluation Expenditures	
Balance, beginning of the year	1,339,995
Field communications	1,175
Conference	124
Equipment rental & purchase	12,289
Freight	2,380
Aircraft charter (helicopter and fixed wing)	82,996
Aircraft fuel	9,252
Travel (aircraft, taxi etc.)	11,930
Travel (accommodation and meals)	5,714
Field accommodation and meals	6,755
Professional fees (exploration)	100,025
Contract labour wages	4,200
Sample sorting and analysis	10,992
Staking	5,100
Office services	764
Legal & WCB	5,830
Licences, permits etc.	540

(Expressed in Canadian Dollars)

Field communications	1,175
Other	10,273
Expenditures for the year	260,066
Less: acquisition costs included in the above	(40,678)
Exploration and evaluation expenditures incurred during the year	219,388
Balance, end of year	1,413,482
Total cumulative balance, January 1, 2012	1,600,061
Travel	15,273
Sample sorting and analyses	15,234
Ground geophysics	29,850
Office services	3,041
Field reporting	36,000
Legal	3,640
Staking	3,600
Conference	1,200
Professional services	18,938
Balance, June 30, 2012	$1,726,837

During the six months ended June 30, 2012, the Company's exploration and evaluation expenditures on the Horton River, NWT, property was $126,776 (June 30, 2011 - $46,751). Total cumulative exploration activity incurred on the Horton River, NWT, property to June 30, 2012, amounted to $1,726,837 (December 31, 2011 - $1,600,061; June 30, 2011 - $1,475,140).

The property is 120 kilometres south of Paulatuk, a village located on the Arctic coast, about 400 kilometres east of Inuvik. As at March 31, 2012 the Company held 211 claims (68,784.15 acres) in the Horton River area, south of Paulatuk in the Northwest Territories. All eleven permits it held at last year-end lapsed or were allowed to lapse on January 31, 2012. Most of the claims (207 covering 63,619.15 acres) are in the Inuvialuit Settlement Area and 4 of the claims ((5,165 acres) are in the adjoining Sahtu Settlement Area. All are on crown land.

The Crown owns both mineral and surface rights to the claim areas, the exploration and exploitation of which is governed by the Canada Mining Regulations. Prospecting permits, claims, mining leases and work permits are dealt with under the Regulations. The Land Settlement Agreements deal with environmental matters, creates environmental agencies and related procedures, and provides the Inuvialuit and Sahtu with equal representation on the agencies. Those who conduct economic activity in the Region need their approval.

Permits require a deposit paid in advance, refundable when equivalent exploration work has been performed, of $0.10/acre for the first work period, $0.20/acre for the second work period and $0.40/acre for the third work period. The first and second work periods are 2 years north of 68°N latitude and 1 year south of 68°N latitude. Areas of interest within the permits may be staked by the permit holder before the expiration of the permits but may not be staked by the permit holder for 1 year after the expiration of the permits.

Claims require assessment work of $4.00/acre for the first two years and $2.00/acre for each year thereafter.

(Expressed in Canadian Dollars)

Work done on the older claims prior to 2009 was approved and credits amounting to $36,669 were applied to certain of the older claims. Application has been made to apply credits, for work done in 2009 and 2011, to certain permits and claims and if approved should result in the refund of cash deposits (performance bond) amounting to $88,394 (December 31, 2011 and 2010 - $88,394; January 1, 2010 – $59,729) on permits and keep the newer claims in good standing for various lengths of time but at least to August 2013.

8. SHARE CAPITAL AND WARRANT RESERVE

Authorized
The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Common shares issued

	Number \#	*Amount* $
Balance, January 1, 2010	33,682,679	1,798,266
Common shares issued for cash (i)	2,100,000	105,000
Flow-through common shares issued for cash (i)	1,200,000	60,000
Warrant valuation (i)	-	(16,300)
Share issue costs (i)	-	(1,200)
Balance, December 31, 2010	36,982,679	1,945,766
Common shares issued for cash (ii)	4,000,000	200,000
Flow-through common shares issued for cash (ii)	4,000,000	200,000
Warrant valuation (ii)	-	(52,449)
Common shares issued on exercise of options	449,000	24,912
Share issue costs (ii)		(10,758)
Balance, December 31, 2011	45,431,679	2,307,471
Proceeds from private placement*	1,399,960	123,102
Balance, June 30, 2012	46,831,639	2,430,573

$69,998 were partial funds received to March 31st from a
Private placement initiated on February 29th and closed on April 16, 2012,
See the details of the financing under Note 14 – Subsequent Event.

(i) On December 28, 2010, the Company closed a private placement financing for 2,100,000 non-flow-through units and 1,200,000 flow-through units at a price of $0.05 per unit for total gross proceeds of $165,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant is exercisable at $0.16 per common share until December 29, 2012. Series VI

The grant date fair value of the warrants of $16,300 or $0.01 per whole warrant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 97%; risk free interest rate of 1.69%; and expected life of two years. In connection with the financing, the Company incurred legal fees of $1,200.

(Expressed in Canadian Dollars)

(ii) On July 8, 2011, the Company closed a private placement financing for 8,000,000 units, comprised of 4,000,000 non-flow-through units and 4,000,000 flow-through units that were sold at $0.05 per unit, for gross proceeds of $400,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share for $0.10 until July 9, 2013. If during the term of the warrants, the common shares of Talmora trade at or above $0.20 for a period of 20 consecutive trading days, the Company may notify the warrant holder to exercise the warrants at a date no later than 30 calendar days after this notification date or forfeit any unexercised warrants at that time. Series VII

The grant date fair value of the warrants of $52,449 or $0.01 per whole warrant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 95%; risk free interest rate of 1.51%; and expected life of two years. A cash commission of $7,250 was paid on the brokered part of the financing.

Directors and officers of the Company acquired a total of 2,549,820 units pursuant to this financing, for gross proceeds of $127,491.

(iii) On April 16, 2012, the Company closed a private placement financing for 3,000,000 units, comprised of 1,200,000 non-flow-through units and 1,800,000 flow-through units that were sold at $0.05 per unit, for gross proceeds of $150,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share for $0.10 until April 16, 2014. If during the term of the warrants, the common shares of Talmora trade at or above $0.20 for a period of 20 consecutive trading days, the Company may notify the warrant holder to exercise the warrants at a date no later than 30 calendar days after this notification date or forfeit any unexercised warrants at that time. Series VIII

The grant date fair value of the warrants of $25,397 or $0.01 per whole warrant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 158.92%; risk free interest rate of 1.190%; and expected life of two years. A cash commission of $1,500 was paid on the brokered part of the financing.

Directors and officers of the Company acquired a total of 1,500,000 units pursuant to this financing, for gross proceeds of $75,000.

Warrant reserve

A summary of changes in warrants is as follows:

	Warrants	Weighted Average Exercise Price	Value
	#	$	$
Balance, January 1, 2010	5,953,872	0.18	75,992
Issued Series VI (i)	1,650,000	0.16	16,300
Balance, December 31, 2010	7,603,872	0.16	92,292
Expired Series IV and V	(5,953,872)	0.16	(75,992)
Issued, net of costs of $1,623 (ii)	4,000,000	0.10	50,826
Balance, December 31, 2011 and March 31, 2012	5,650,000	0.13	67,126
Issued Series VIII (iii)	1,500,000	0.16	25,397
Balance, June 30, 2012	7,150,000		92,523

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND WARRANT RESERVE (Continued)

As at June 30, 2012, the following warrants were issued and outstanding:

Number of warrants	Exercise Price	Value	Expiry Date
#	$	$	
1,650,000	0.16	16,300	28-Dec-12
4,000,000	0.10	50,826	08-July-13
1,500,000	0.10	25,397	17April-14
7,150,000		92,523	

The warrants outstanding and exercisable as at June 30, 2012 have a weighted average remaining contractual life of 1.27 years (December 31, 2011 – 1.36 years). Of the warrants outstanding, 200,000 warrants expiring July 9, 2013 are exercisable into flow-through shares.

9. STOCK OPTIONS

The Company has a stock option plan under which officers, directors, employees, and consultants of the Company are eligible to receive stock options. The aggregate number of shares to be issued upon exercise of all options granted under the plan may not exceed 10% of the outstanding shares of the Company. Options granted under the plan generally have a term of five years and vest at terms to be determined by the directors at the time of grant. The exercise price of each option is fixed by the board of directors but shall not be less than the price permitted by any stock exchange on which the Company's common shares may be listed which is generally the trading price of the Company's stock at or about the grant date of the options.

A summary of changes in stock options is as follows:

	Options	Weighted Average Exercise Price
	#	$
Balance, January 1, 2010	1,600,000	0.10
Granted, March 1, 2010	50,000	0.05
Granted, June 9, 2010	1,400,000	0.05
Balance, December 31, 2010	3,050,000	
Granted, May 1, 2011	100,000	0.05
Exercised	(449,000)	0.05
Granted, December 16, 2011	1,500,000	0.05
Balance, December 31, 2011	4,201,000	
Expired April 25, 2012	(1,600,000)	0.10
Granted, June 29, 2012	1,890,000	0.05
Balance, June 30, 2012	4,491,000	0.05

(Expressed in Canadian Dollars)

9. STOCK OPTIONS (Continued)

As at June 30, 2012, the following options were issued and outstanding:

Options Granted #	Options Exercisable #	Exercise Price $	Expiry date	Remaining Contractual Life (years)
50,000	50,000	0.05	March 1, 2015	2.57
951,000	951,000	0.05	June 9, 2015	2.84
100,000	83,333	0.05	May 1, 2016	3.74
1,500,000	499,994	0.05	December 16, 2016	4.36
1,890,000	315,003	0.05	June 29, 2017	4.90
4,491,1,000	1,899,330	0.05		3.68

The weighted average exercise price of options exercisable at June 30, 2012 is $0.05 (March 31, 2012 - $0.07 (December 31, 2011 - $0.08, January 1, 2011 - $0.09).

On March 1, 2010, the Company granted stock options to acquire 50,000 common shares of the Company at an exercise price of $0.05 per share, which expire on March 1, 2015 and vest as to 16.67% every three months beginning June 2010 and ending September 2011.

On June 9, 2010, the Company granted stock options to acquire 1,400,000 common shares of the Company at an exercise price of $0.05 per share, which expire on June 9, 2015 and vest as to 16.67% every three months beginning September 2010 and ending December 2011.

On May 1, 2011, the Company granted stock options to acquire 100,000 common shares of the Company at an exercise price of $0.05 per share, which expire on May 1, 2016 and vest as to 16.67% every three months beginning August 1, 2011 and ending November 2012.

On December 9, 2011, 449,000 stock options were exercised at $0.05 for cash proceeds of $22,450.

On December 16, 2011, the Company granted stock options to acquire 1,500,000 common shares of the Company at an exercise price of $0.05 per share, which expire on December 16, 2016 and vest as to 16.67% every three months beginning March 16, 2012 and ending June 16, 2013.

On June 29, 2012, 2011, the Company granted stock options to acquire 1,890,000 common shares of the Company at an exercise price of $0.05 per share, which expire on June 29, 2017 and vest as to 16.67% every three months beginning September 29, 2012 and ending December 29, 2013.

The weighted average grant date fair value of the options issued during the year ended June 30, 2012 is $0.05 (2011 - $0.08). The grant date fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0% ; expected volatility of 159% risk free interest rate of 1.25% ; and expected life of five years.

10. CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain appropriate returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary, in order to support the acquisition, exploration and development of its projects. The Board of Directors does not establish criteria for quantitative return on capital for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company considers its capital to be equity, which comprises share capital, warrant reserve and share-based payment reserve. The properties in which the Company currently has an interest are at the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned project related development activities and pay for exploration and administrative costs, the Company will spend its existing working capital and plans to raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There was no change to the Company's approach to capital management during the years ended December 31, 2011 and 2010. The Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of financial instruments and fair value measurement

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date. When appropriate, the Company adjusts the valuation models to incorporate a measure of credit risk.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company does not have any Level 3 financial instruments.

The Company's financial instruments that are carried at fair value consist of cash equivalents and are classified as Level 2 within the fair value hierarchy.

The fair values of the Company's financial assets and financial liabilities represent management's estimates of the current market value at the financial position reporting date and are shown below with their carrying values as of the same date. The financial assets and financial liabilities are presented according to the categorization of the financial instruments:

	As at June 30, 2012 Carrying Value $	Approximate fair value $	As at December 31, 2011 Carrying Value $	Approximate fair value $	As at December 31, 2010 Carrying Value $	Approximate fair value $
Loans and receivables						
Cash	14,123	14,123	36,172	36,172	134,930	134,930
Sundry receivables	28,396	28,396	56,013	56,013	11,861	11,861
Deposit	88,394	88,394				
Other financial liabilities						
Accounts payable and accrued liabilities	20,000	20,000	20,000	20,000	21,210	21,210

The Company is exposed to a variety of financial risks: credit risk, liquidity risk and market risk, including price risk, interest rate and currency risk, as explained below. Risk management is carried out by the Company's management team with guidance from the Audit Committee and the Board of Directors. There were no changes in the Company's policies and procedures for managing risk during the years ended December 31, 2011 and 2010.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2012, the Company had a cash and cash equivalents balance of $14,123 (December 31, 2011 - $36,172; December 31, 2010 - $146,311) to settle current liabilities of $20,000 (December 31, 2011 - $20,000; December 31, 2010 - $21,210).

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Credit Risk
The Company's credit risk is primarily attributable to cash equivalents and sundry receivables. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Financial assets included in sundry receivables consist of an amount due from an officer of the Company and sales tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to these financial instruments included in cash equivalents and sundry receivables is remote.

Market Risk
(a) Interest Rate Risk
The Company has cash equivalent balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Currently, the Company does not hedge against interest rate risk.

(b) Foreign Currency Risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(c) Price Risk
The Company is exposed to price risk with respect to diamond prices. The Company closely monitors diamond prices to determine the appropriate course of action to be taken by the Company. As the Company's mineral properties are in the exploration stage and do not contain any mineral resources or mineral reserves, the Company does not hedge against price risk.

Property risk
The Company’s significant mineral exploration property is the Horton River property. Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon the Horton River property. If no additional mineral exploration properties are acquired by the Company, any material development affecting the Horton River property could have a material effect on the Company’s financial condition and results of operations.

Sensitivity Analysis

The Company does not anticipate any material fluctuations as a result of changes in interest or foreign currency rates.

(Expressed in Canadian Dollars)

12. RELATED PARTY DISCLOSURES

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the transaction amount. Remuneration of directors and key management of the Company was as follows:

	Years ended June 30	
	2012	2011
	$	$
Salaries and benefits	115,932	95,685

The amount of $115,932 in 2012 reflects time incurred by key management personnel. The increase is mainly due to the field program carried out in 2011 and assessment report preparation in 2012.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Included in amounts receivable as at June 30, 2012 is $5,506, (March 31, 2012 - $7,721, December 31, 2011- $9,260), advanced to an officer of the Company. This amount is unsecured, non-interest bearing and due on demand.

See Note 8 (iii) for details on related party private placement unit subscriptions.

13. CONTINGENCIES AND COMMITMENTS

Flow-Through

Subsequent to December 31, 2011, the Company renounced flow-through expenditures in the amount of $200,000 to investors with an effective date of December 31, 2011. Of this amount, $171,600 was incurred to December 31, 2011. The remaining balance of $28,400 is required to be spent by December 31, 2012; the remaining balance of expenditures were incurred to March 31, 2012.

The Company had agreed to indemnify the subscribers of its flow-through shares for any tax-related amounts that become payable by them, if the Company failed to meet its expenditure commitments.

Environmental Contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

14. SUBSEQUENT EVENT

Subsequent to December 31, 2011, the Company completed a private placement of 3,000,000 units comprised of 1,200,000 hard-dollar units and 1,800,000 flow-through units at $0.05 per unit for gross proceeds of $150,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share for $0.10 until April 16, 2014. Directors and officers of the Company acquired a total of 1,500,000 units in the financing. The Company paid a cash commission of $1,500 on the brokered portion of the placement.

On July 25, 2012, the company announced that it had completed a part brokered and part non-brokered private placement of 5,600,000 Units, comprised of 1,700,000 Hard Dollar Units and 3,900,000 Flow-Through Units, that were sold at $0.05 per Unit, for gross proceeds of $280,000 effective July 24, 2012. Each Unit consists of one common share and one common share purchase warrant. Each common share purchase warrant ("Warrant") entitles the holder to acquire one common share for $0.05 until July 24, 2013. Directors and officers of the Company acquired a total of 2,740,000 Units in the financing. The Company paid a cash commission of $2,500 on the brokered portion of the placement.

SCHEDULE C
TALMORA DIAMOND INC
6 Willowood Court, Toronto, Ontario M2J 2M3
Management's Discussion & Analysis
For the quarter ending June 30, 2012

Date: August 28, 2012

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements of the Corporation for the year ended December 31, 2011.

The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee.

The following MD&A may contain forward-looking statements. Forward-looking statements are based on current expectations that involve a number of risks and uncertainties which could cause actual events or results to differ materially from those reflected herein. Forward-looking statements are based on the estimates and opinions of management of the Corporation at the time the statements were made.

IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and Interpretations of the International Financial Reporting Interpretations Committee. The unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS. Information contained herein is presented as of August 28, 2012, unless otherwise indicated.

Overall Performance

Talmora is a diamond exploration company with one property consisting of 68,784.15 acres of claims on the Horton River, 120 kilometres south of Paulatuk in the Northwest Territories. The property straddles a major linear structure believed favourable for the occurrence of diamondiferous kimberlites. $1,726,837 has been spent on exploration of the property to June 30, 2012.

An airborne magnetic survey has detected anomalies with the characteristics of kimberlite pipes. Till samples taken down-ice of the magnetic anomalies contain 37 times as many kimberlite indicator minerals (KIMs) as till samples taken at random. There is a strong correlation between KIMs and magnetic anomalies. Chemistry of KIMs on the Talmora property match that of the widespread KIMs with accompanying diamonds found by others within the Cretaceous basin to the west.

The Talmora property was ready for drilling in 2008 but the global financial crisis made financing difficult. The climate for financing diamond projects seemed to improve in early 2011 and an attempt to raise $1.2 million in a private placement for a drill program was undertaken. The Greek crisis in 2011 caused many investors to back out after more than half the target amount had been assured. The private placement financing closed at $400,000 on July 8, 2011 which was used to do some necessary staking and some exploration for assessment work purposes. A small private placement financing of $150,000 for administration and ongoing exploration was closed on April 16, 2012. An attempt to raise $500,000 for a small drill program in a second private placement financing was unsuccessful. The financing closed at $280,000 on July 24, 2012 and an alternate summer field program was mobilized to use the funds to obtain assessment work credits on certain claims. A Packsack drill will be used to collect till samples and to test the thickness of overburden near magnetic anomalies with characteristics of kimberlite pipes. An attempt will be made to test the kimberlite targets but the drill will probably not be strong enough.

Since 2009 management has focused on asset preservation and acquisition by staking of highly prospective new ground adjoining the Company's original claims and staking anomalies within permits due to lapse.

The Company's most prospective magnetic anomalies must be tested by drilling. A major program costing $2,000,000 - $4,000,000 should confirm whether or not kimberlites are present on the property. Micro-diamond analyses of initial kimberlite samples will determine whether further investigation is warranted in which case an additional budget in the order of $10,000,000 - $15,000,000 would be required. A major financing for a drill program must be pursued.

Talmora is dependent on management obtaining financing to continue operations and to fund its exploration property expenses.

Selected Annual Information

As at June 30, 2012 , the Company had cash, and cash equivalents totaling $14,123 and working capital of $110,912.

A second financing of $280,000 closed following the end of the quarter and will be used essentially for exploration. Funds are sufficient to meet ongoing administrative expenses and meet current liabilities during 2012.

Talmora Diamond Inc.		
	6 Months ended June 30 , 2012 ($)	Year ended December 31, 2011 ($)
Cash, Cash Equiv.	$14,123	$36,172
Working Capital	$110,912	$135,962
Mineral Exploration	$126,776	$260,066
Total assets	$130,912	$180,579
Total liabilities	$20,000	$21,210
Interest Revenues	$59	$703
Admin. Expenses (incl. bank charges)	$60,271	$169,533
Professional Fees	$11,218	$44,950
Net (Loss)	($225,691)	($483,031)
Net (Loss) Per Share	($0.000)	($0.000)

Factors Causing Variations

The Company's business is diamond exploration and is currently exploring the Horton River area in the Northwest Territories. The work is seasonal. Field work utilizes helicopters and is very costly and is carried out over relatively short periods of time. Laboratory analysis for kimberlite indicator minerals (KIMs), analysis of data and preparation of assessment work reports is less costly and is spread over much longer periods of time.

Funding has depended on results and has therefore been of a rollercoaster nature. There is high working capital at the start of an exploration phase, a rapid drop after the field work is complete and a long tailing off as data is analysed and reported.

Results of Operations

Horton River Project, NWT

Talmora has one significant project for which it has raised $2,520,000 since August 2004 and on which it has expended $1,726,837 on exploration to June 30, 2012.

Canadian Diamind Limited held 3 prospecting permits on the Horton River, 120 kilometers south of Paulatuk, in the Inuvialuit Settlement Region of the Northwest Territories. Till and stream sampling in 2004 confirmed the presence of anomalous kimberlite indicator minerals.

Prior to the amalgamation with Talmora Diamond Inc., Canadian Diamind Limited applied for additional exploration permits and these were granted on February 1, 2007. At the 2007 year-end Talmora held 12 contiguous permits covering 645,718 acres. The three original permits expired January 31, 2008. However, claims were staked within the permit areas prior to the expiry date.

An airborne magnetic survey of the Company's three original permits and one of the adjoining permits awarded in 2007 was completed at the end of June 2007. KIMs in samples subsequently taken down-ice of magnetic anomalies with the characteristics of kimberlite pipes were 37 times more abundant than those in samples collected on a random basis in 2004.

Four new permits (144,868 acres) were granted to Talmora on February 1, 2008 but on February 28, 2008 "The Sahtu Secretariat Inc." and a number of other "Applicants" in the Sahtu Settlement Region applied for a judicial review of the decision of the Supervising Mining Recorder to issue 60 prospecting permits within the Sahtu Settlement Region on February 1, 2008 including the 4 permits issued to Talmora Diamond Inc. The Minister Of Indian Affairs And Northern Development and the Supervising Mining Recorder opposed the application and a settlement was reached in March 2010.

Private placements in June and November 2009 enabled the Company to fly 865 line kilometers of airborne magnetics over potential kimberlite targets and to stake 125 claims (12,860.85 acres) between June 28 and July 13 on ground that came open February 1, 2009. Samples collected at the same time have been analysed for KIMs and added to the database. KIMs on the Talmora property match the widespread KIMs with accompanying diamonds found by others within the Cretaceous basin to the west.

The Talmora property was ready for drilling in 2008 but the global financial crisis made financing difficult. The climate for financing diamond projects seemed to improve in early 2011 and an attempt to raise $1.2 million in a private placement for a drill program was undertaken. The Greek crisis in 2011 caused many investors to back out after more than half the target amount had been assured. The private placement financing closed at $400,000 on July 8, 2011 which was used to do some necessary staking and some exploration for assessment work purposes. It is unfortunate that a drill program when Talmora was ready in 2008 would have satisfied most of the assessment work requirements. A small private placement financing of $150,000 for administration and ongoing exploration was closed on April 16, 2012. An attempt to raise $500,000 for a small drill program in a second private placement financing in 2012 was unsuccessful. The financing closed at $280,000 on July 24, 2012 and an alternate summer field program was mobilized to use the funds to obtain assessment work credits on certain claims. A Packsack drill will be used to collect till samples and to test the thickness of overburden near magnetic anomalies with characteristics of kimberlite pipes. An attempt will be made to test the kimberlite targets but the drill will probably not be strong enough.

Since 2009 management has focused on asset preservation and acquisition by staking of highly prospective new ground adjoining the Company's original claims and to stake anomalies on permits due to lapse.

The Company's most prospective magnetic anomalies must be tested by drilling. A major program costing $2,000,000 - $4,000,000 should confirm whether or not kimberlites are present on the property. Micro-diamond analyses of initial kimberlite samples will determine whether further investigation is warranted in which case an additional budget in the order of $10,000,000 -$15,000,000 would be required. A major financing for a drill program must now be pursued.

Talmora is dependent on management obtaining financing to continue operations and to fund its exploration property expenses.

Geology

Most of the property is underlain by limestone of Ordovician age with a thin cover of glacial drift. A slump block of Cretaceous sediment outcrops in the NW part and Cretaceous sediment has been mapped in the SW.

An airborne magnetic survey shows a number of magnetic dyke-like structures that strike NNW across the property. The "dykes" appear to be at a depth of 600-800m and are parallel to and probably the extension of the swarm of "dykes" that cross the Parry Peninsular and cut the "large magnetic anomaly" being explored by Darnley Bay for base metals at Paulatuk 120k to the NNW. The latter "dykes" have a spatial relation to the Darnley Bay kimberlites.

Cu-Au-U Targets

Along one of the "dykes" on the west side of Talmora's property are 4 strongly magnetic circular structures or "blows" which have model widths of about 700-1300m and appear to be at the same depth as the "dyke". The "blows" may be related to the "dykes" in the same way that the "large magnetic anomaly" at Paulatuk may be related to the "dykes" at that location. The "blows" may be the feeder pipes of an intrusive similar to that which is believed to be the cause of the "large magnetic anomaly" at Paulatuk or of an extrusive that has subsequently been eroded.

Darnley Bay Resources has demonstrated that they have relatively shallow (300-500m) gravity anomalies above their deep magnetic anomaly suggesting that the gravity anomalies may be Olympic Dam type (U-Cu-Au) deposits. The magnetic "blows" on the Talmora property may be similarly capped by gravity anomalies indicating Olympic Dam targets and a gravity survey over the "blows" is recommended.

Kimberlite Targets

Anomalies of low magnetic susceptibility are of interest as kimberlite targets. Many of these anomalies coincide with small lakes and are concentrated along the "dykes" especially the "dyke" with the circular "blows". Some of them were ground truthed in the field program carried out in the later half of August 2007. The field program included staking of the kimberlite targets and sampling of the tills for kimberlite indicator minerals (KIMs) down-ice of the magnetic targets.

The KIMs recovered from samples collected in 2007, are very much more numerous (37 times) than the KIMs recovered from samples collected in 2004, which tested the same general area but were not located with respect to magnetic targets. There is a strong correlation between KIMs and magnetic anomalies.

Ground to the west of the Talmora property came open in February 2009. Ponds with similar characteristics to those with coincident magnetic anomalies and all lying within the same prominent morphostructure (mantle focused circular fracture) were obvious on the immediately adjacent open ground. A two week field program was carried out in June/July 2009.

A magnetic profile was flown across each of the characteristic ponds as well as across other less characteristic ponds further west outside the morphostructure. Many of the ponds show coincident magnetic anomalies. Samples were collected down-ice of a few of the ponds and 125 new claims were staked.

After the 2011 financing fell short of what was needed for drilling a limited program of staking within a permit due to lapse on January 31, 2012 was carried out. At the same time samples were collected and spectra of soil, rocks and vegetation recorded as part of the ground truthing of ASTER satellite images that show interesting relations between mineral spectra and ponds coincident with magnetic anomalies. The spectral data has been submitted as assessment work that should result in the return of certain cash deposits on lapsing permits and provide credits that will be applied to claims within those lapsing permits.

Part of the 2012 financings will be used to sample and test thickness of overburden near magnetic anomalies with a small Packsack drill. An attempt will be made to test the magnetic anomalies but the drill will probably not be strong enough.

Sanatana's 2006 assessment work south of 68ºN became public late in 2010. It enables the evaluation of 2,312 samples, mostly within the Cretaceous basin, west and south of the Talmora property which could be related to the Talmora property.

Diamondex showed that many if not all of the KIMs within the Cretaceous basin are derived from the base of the basin and that the KIMs most likely entered the basin from the east. The KIMs within the Diamondex and Sanatana parts of the Cretaceous basin show very little variation as if they are all from a single source.

The Talmora property and the Darnley Bay and Dharma kimberlites, to the N and SE of Talmora respectively, lie outside of the basin. The Darnley Bay KIMs are very different to those within the basin and the Dharma KIMs are sufficiently different that they cannot be the source of all those in the basin. Talmora's oxide KIMs are identical to those in the basin and Talmora's few eclogitic garnets and chrome diopsides are a good match. Talmora's few pyrope garnets are too few to make a meaningful `comparison. Talmora is the only property with drill targets that have not been drilled.

Magnetic anomalies that have anomalous KIMs down-ice will be tested by drilling and additional magnetic anomalies must be sampled. An airborne magnetic survey and reconnaissance sampling of the new claims should proceed at the same time. A more extensive program is required than any carried out by the company to date and a major funding is essential. A program costing $2,000,000 - $4,000,000 should establish the potential of the property for hosting kimberlites and confirm whether or not kimberlites are present.

Budget

Staking 75,000 acres @ $2/acre (contract staker cost)	$150,000	
Data Processing & planning	100,000	
Drill Program		
Permitting cost	75,000	
Drilling 2500m @ $250/m	625,000	
Contract labour	135,000	
Camp construction	150,000	
Camp costs – labour & board	130,000	
Fuel	120,000	
Helicopter & fixed-wing – 3 months	560,000	
Accommodation & transport	120,000	
Ground geophysics	150,000	
Caustic laboratory	240,000	
Reports	20,000	
Contingency	175,000	
Total Drilling & Camp		$2,750,000
Airborne Magnetic Survey - 12,000 line kilometers		425,000
Sampling Program		
Transport – samples & personnel	45,000	
Camp costs	15,000	
Helicopter	120,000	
Sample processing & probing	150,000	
Expediting	5,000	
Contingency	40,000	
Total Sampling Program		375,000
Supervision & support		500,000
Total		**$4,050,000**

Micro-diamond analysis of any kimberlite discovered will determine whether further investigation is warranted in which case a budget in the order of $10,000,000 -$15,000,000 would be required.

Property Commitments

At June 30, 2012, the Company held 211 claims (68,784.15 acres) in the Horton River area, south of Paulatuk in the Northwest Territories. All eleven permits it held at last year end lapsed or were allowed to lapse on January 31, 2012. Most of the claims (207 covering 63,619.15 acres) are in the Inuvialuit Settlement Area and 4 of the claims (5,165 acres) are in the adjoining Sahtu Settlement Area. All are on crown land.

The Crown owns both mineral and surface rights to the claim areas, the exploration and exploitation of which is governed by the Canada Mining Regulations. Prospecting permits, claims, mining leases and work permits are dealt with under the Regulations. The Land Settlement Agreements deal with environmental matters, creates environmental agencies and related procedures, and provides the Inuvialuit and Sahtu with equal representation on the agencies. Those who conduct economic activity in the Region need their approval.

Permits require a deposit paid in advance, refundable when equivalent exploration work has been performed, of $0.10/acre for the first work period, $0.20/acre for the second work period and $0.40/acre for the third work period. The first and second work periods are 2 years north of 68°N latitude and 1 year south of 68°N latitude. Areas of interest within the permits may be staked by the permit holder before the expiration of the permits but may not be staked by the permit holder for 1 year after the expiration of the permits.

Claims require assessment work of $4.00/acre for the first two years and $2.00/acre for each year thereafter.

Work done on the older claims prior to 2009 was approved and credits amounting to $36,669 were applied to certain of the older claims. Application has been made to apply credits, for work done in 2009 and 2011, to certain permits and claims and if approved should result in the refund of cash deposits amounting to $88,394 on permits and keep the newer claims in good standing for various lengths of time but at least to August 2013. Current expiry dates on the claims are shown below:

Claims

	Property Units		Size acres	Record Date	Current Expiry Date
	36	claims	13,997.15	Sept.22, 2011	Sept. 22, 2013
	125	claims	12,860.85	Aug. 13, 2009	*Aug.13, 2011
	9	claims	23,242.50	Oct. 11, 2007	Oct. 11, 2013
	10	claims	1,187.95	Oct. 11, 2007	Oct. 11, 2016
	31	claims	17,495.70	Oct. 11, 2007	Oct. 11, 2017
Total	211		68,784.15		

* Assessment work has been submitted for approval that should extend the expiry date.

Permits

Property units	Size acres	Future performance deposits/work	Grant date	Current expiry date	With future performance deposits/work
Permit 7307 (5 year)	71,661		Jan. 31, 2007	Jan. 31, 2012	
Permit 7311 (3 year)	36,217		Jan. 31, 2007	Jan. 31, 2012	
Permit 7309 (3 year)	36,217		Jan. 31, 2007	Jan. 31, 2012	
Permit 7308 (3 year)*	36,217	$14,486.80	Jan. 31, 2007	Jan. 31, 2012	Jan. 31, 2013
Permit 7310 (3 year)*	36,217	$14,486.80	Jan. 31, 2007	Jan. 31, 2012	Jan. 31, 2013
Permit 7312 (3 year)*	36,217	$14,486.80	Jan. 31, 2007	Jan. 31, 2012	Jan. 31, 2013
Permit 7313 (3 year)*	36,217	$14,486.80	Jan. 31, 2007	Jan. 31, 2012	Jan. 31, 2013
Permit 7618 (3 year)*	36,217	$21,730.20	Jan. 31, 2008	Jan. 31, 2012	Jan. 31, 2014
Permit 7619 (3 year)*	36,217	$21,730.20	Jan. 31, 2008	Jan. 31, 2012	Jan. 31, 2014
Permit 7620 (3 year)*	36,217	$21,730.20	Jan. 31, 2008	Jan. 31, 2012	Jan. 31, 2014
Permit 7621 (3 year)*	36,217	$21,730.20	Jan. 31, 2008	Jan. 31, 2012	Jan. 31, 2014
Total	577,153	$230,861.20			

Note : * At January 31, 2012, permits 7307, 7309 and 7311 lapsed and subsequent to December 31, 2011, permits 7308, 7310, 7312, 7313, 7618, 7619, 7620 and 7621 were allowed to lapse. Claims were staked within permits 7307, 7312 and 7313 during the year ended December 31, 2011.

Contingencies

The Company's exploration activities are subject to various federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Subsequent to December 31, 2011, the Company renounced flow-through expenditures in the mount of $200,000 to investors with an effective date of December 31, 2011. Of this amount, $171,600 was incurred to December 31, 2011. The balance of $28,400 was incurred by June 30, 2012. The Company agreed to indemnify the subscribers of its flow-through shares for any tax-related amounts that become payable by them, if the Company fails to meet its expenditure.

Variance to Original Budget of M.Millard (2005)

		Budget M. Millard (2005)		Actual R. Davies assessment work reports (2008 & 2009)	
Phase 1 [minimum required to determine whether to continue to phase 2]					
Airborne survey	9000 line k @ $35	$315,000		10,196 line k	$352,258.59
Process 2004 fine fractions	120 @ $150	$18,000		117 fine fractions	$12,267.00
Claim staking	36 claims @ $1,000	$36,000		50 claims	$50,461.83
	Contingency @ 10%	$36,000			
Exploration sub-total		**$405,000**			**$414,987.42**
Administration		*$100,000*		2007 expenses	$169,778.00
	Total	**$505,000**			**$584,765.42**
Phase 2a [assumes encouragement from phase 1]					
Till sampling [follow-up, target evaluation]	200 samples @ $1000	$200,000		178 [target evaluation]	$316,403.30
Stream samples [follow-up]	50 @ $1500	$75,000			
Ground magnetic survey	8 targets @ $6,000	$48,000		10 anomalies	$25,130.73
	Contingency @ 20%	$32,000			
Exploration sub-total		**$355,000**			**$341,534.03**
Administration		*$100,000*		2008 expenses to Dec. 31	$148,946.00
	Total	**$455,000**			**$490,480.03**
Phase 2b [assumes continued encouragement]					
Drilling	4 targets @ $80,000	$320,000			
	Contingency @ 20%	$66,000			
Exploration sub-total		**$386,000**			
Administration		*$50,000*			
	Total	**$436,000**			
Exploration Total		**$1,146,000**			**$756,521.45**
Administration Total		*$250,000*			*$318,724.00*
Grand Total		**$1,396,000**			**$1,075,245**

Grand Total		$1,075,245
	2009 Field Program on New Ground	
	Staking 125 claims	59,936
	Airborne magnetic survey – 865 line ks	99,525
	Sampling – 51 samples collected	189,665
Exploration sub-total		349,126
Administration Expenses sub-total		111,444
	Total	$460,570
	2010 Data Evaluation and Reporting	
	Staking	32,581
	Sample sorting and analysis	22,701
	Geophysics	25,277
Exploration sub-total		80,585
Administration Expenses sub-total		118,084
	Total	$198,669
	2011 Field Program, Evaluation & Reporting	
	Staking	40,678
	ASTER image ground trothing	219,388
Exploration sub-total		260,066
Administration Expenses sub-total		169,533
	Total	$429,599
	2012 Field Program, Evaluation & Reporting	
Explration sub-total	Assessment Reporting	126,776
Administration Expenses sub-total		60,271
	Total	187,047
Grand Total as at June 2012 Program		**$2,351,130**

Phase 1 exploration costs were very much on budget with higher airborne survey cost due to higher line kilometers flown and higher staking cost due to greater number of claims staked.

Administration costs in 2007 were higher than budget because of the amalgamation of Talmora Resources Limited and Canadian Diamind Limited. [$44,762 legal, $30,000 accounting, $10,000 other].

Administration costs in 2008 were lower than in 2007 but are higher than budget. These costs reflect the real costs of administering the company.

As a result of the financial crisis of 2008 funds were not available for the drilling proposed as Phase 2b. However, funding in 2009 enabled Talmora to fly an airborne magnetic survey over potential kimberlite targets on new ground that came open February 1, 2009 and to stake 125 additional claims. Administration costs were down and at a normal level.

2010 exploration expenses include evaluation and reporting of sampling and geophysical surveys carried out the previous year. Included in staking is a $28,664 cash deposit required to hold permit 7307 until January 31, 2012. Administration costs in 2010 were again at a normal level.

2011 expenses were essentially to acquire additional claims and to do work not contemplated in the original budget but necessary to maintain the claims in good standing. Exploration costs in the first quarter of 2012 are for evaluation and reporting of the 2011 program.

There are a lot more kimberlite targets than expected and Talmora proposes a more extensive drill program than the small Phase 2b budget above.

Summary of Quarterly Results

(a) Year	**2012**	**2012**	**2012**	**2012**
(b) Quarter	December 31	September 30	June 30	March 31
Cash, Cash Equivalents			$14,123	$89,890
Working Capital			$110,912	$162,368
Interest Revenue			$59	$59
Admin. Expenses			$33,585	$16,419
Exploration and Evaluation Expenditures			$87,450	$39,326
Cash in (out) flow			($22,049)	$53,718
Net (Loss)			($141,664)	($84,027)
Net (Loss) (per share)			($0.00)	($0.00)
Total Assets			$130,912	$194,398
Total Liabilities			$20,000	$32,030

(a) Year	**2011**	**2011**	**2011**	**2011**
(b) Quarter	December 31	September 30	June 30	March 31
Cash, Cash Equivalents	$36,172	$175,077	$121,862	$72,318
Working Capital	$160,579	$145,656	$84,587	$30,247
Interest Revenue	$381	$322	-	-
Admin. Expenses	$21,886	$33,430	$47,544	$67,723
Exploration and Evaluation Expenditures	$37,334	$175,981	$13,200	$33,551
Cash in (out) flow	$38,905	($46,785)	$49,544	($72,993)
Net (Loss)	($ 85,187)	($213,399)	($66,181)	($106,861)
Net (Loss) (per share)	($0.00)	($0.00)	($0.00)	($0.00)
Total Assets	$180,579	$302,487	$233,293	$186,616
Total Liabilities	$20,000	$68,437	$60,312	$67,975

The mineral exploration and evaluation costs in the second quarter of June 30, 2012, were $87,450, ($39,326 for March 31, 2012, $37,334 in December 31, 2011, $175,981 in September 2011 quarter; $46,751 for June 2011; $33,551 for March 2011.) The exploration expenditures in the second quarter of 2012 were for assessment reporting as were those in the first quarter of 2012. The major field costs (helicopter, fuel etc.) of the 2011 program were paid in the September quarter. Administration expenses have steadily dropped to $33,517 in the second quarter of 2012, $16,419 in the first quarter 2012 from an extreme high of $67,723 in the first quarter of 2011 ($21,886 in the final quarter of 2011) as the cost of the change from GAAP to IFRS accounting has eased.

The net loss of $141,664 in the second quarter of 2012 as compared to $84,027 as of March 31, 2012, as compared to December 2011 fourth quarter $85,187 compared to a net loss of $213,399 for the quarter ended September 30, 211 reflects a combination of the decrease in administrative expenses and exploration expenditures in the 2012 first two quarters and in the 2011 fourth quarter as noted above.

Finally, the balance sheet indicates a slight decrease in working capital in the second quarter to $110,912, compared to the increase in working capital in the first quarter $162,368 ($160,579 as at December 31, 2011, compared to $145,656 as at September 31, 2011) due in part to the reclassification as a current asset of the outstanding deposits of $88,394 that are refundable in the coming year.

Financing

Talmora is dependent on management obtaining financing to continue operations and to fund its exploration property expenses. If such financing is unavailable for any reason, Talmora may become unable to carry out its business plan. Talmora intends to fund all future commitments with cash on hand, or through any other financing alternative it may have available to it at the time in question. As Talmora has no business undertaking, there can be no assurance that it will be profitable. In the interim, Talmora has no source of cash flow to fund its expenditures and its continued existence depends on its ability to raise further financing for working capital as the need may arise. The length of time needed to identify a new business, is indeterminate and the amount of resulting income, if any, is impossible to predict. Talmora does not expect to receive any income in the foreseeable future.

Talmora's success is dependent on the knowledge and expertise of its management and employees and their ability to identify and advance attractive business opportunities.

Other than as discussed herein, Talmora is not aware of any trends, demands, commitments, events or uncertainties that may result in the Talmora's liquidity or capital resources either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in Talmora's liquidity and capital resources will be substantially determined by the success or failure of any new proposed business of Talmora and its ability to obtain equity financing.

The continuing global financial uncertainty made a major funding in 2011 difficult. A private placement of $400,000 that closed July 8, 2011 was insufficient for a drill program but enabled Talmora to stake claims on a permit that was to lapse on January 31, 2012 and to do exploration in order to recover cash deposits on lapsing permits and to obtain credits that will keep certain claims in good standing.. A small private placement of $150,000 to cover administration and exploration in 2012 was completed in April and a second private placement of $280,000 was completed in July, 2012. The Company will concentrate on maintaining the property in good standing until funding of a major drill program is achieved.

As at June 30, 2012, there are 48,431,679 common shares issued and outstanding.
11,641,000 Common shares subject to issuance are comprised of:
7,150,000 warrants (a), and 4,491,000 management incentive options (b), (c)

Subsequent to the financing that closed April 16, 2012, another financing closed July 24, 2012 resulting in 54,031,679 common shares issued and outstanding.
17,341,000 Common shares subject to issuance comprised of:
12,750,000 warrants (a), and 4,591,000 management incentive options (b)

As at the date of this MD&A details of the common shares subject to issuance were:

Warrants:

a) During the year ended December 31, 2011, 3,059,286 June 2009(Series IV) warrants and 2,894,586 November 2009 warrants exercisable at $0.16 per share expired unexercised.

   1,650,000 December 2010, (*Series VI*) warrants entitle the holder to acquire one common share per warrant for $0.16 and expire December 29, 2012.

   4,000,000 July 2011, (Series VII) warrants entitle the holder to acquire one common share per warrant for $0.10 and expire July 9, 2013.

   1,500,000 April 16, 2012 (Series VIII) warrants entitle the holder to acquire one common share per warrant for $0.10 and expire April 17, 2014

   5,600,000 July 24, 2012 (Series IX) warrants entitle the holder to acquire one common share per warrant for $0.05 and expire July 25, 2013.

Options:

b) 1,600,000 management incentive options were exercisable at $0.10 and expired April 25, 2012 unexercised.

   50,000 management incentive options are exercisable at $0.05 and expire March 1, 2015.

   951,000 management incentive options are exercisable at $0.05 and expire June 9, 2015.

   100,000 management incentive options are exercisable at $0.05 and expire May 1, 2016.

   1,500,000 management incentive options are exercisable at $0.05 and expire Dec. 16, 2016.

1,890,000 management incentive options are exercisable at $0.05 and expire June 29, 2017.

100,000 management incentive options are exercisable at $0.05 and expire July 20, 2017.

c) During the year ended December 31, 2011, 449,000 management incentive options were exercised at $0.05.

Off-Balance- Sheet Arrangements

The Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition, including, without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

An analysis of the liquidity of Talmora Diamond Inc. is provided below:

Talmora had cash and cash equivalents and short term investments in the amount of $14,123 as at June 30, compared to $89,960 as at March 31, 2012 compared to $36,172 as at December 31, 2011, $175,077 as at September 30, 2011; $121,862 as at June 30, 2011; $72,318 as at March 31, 2011. The rise in September reflects the influx of funds from the July 2011 private placement of $400,000 which was largely reduced by major field expenditures in August.

As at June 30, 2012, Talmora has working capital in the amount of $110,912 as compared to $162,368 as at March 31, 2012, compared to $160,579 at December 31, 2011, compared to the September 30, 2011, amount of $145,656; $84,587 as of June 30, 2011; and $30,247 as of March 31, 2011. The working capital mirrors the cash and cash equivalents for the first three quarters. The high working capital at year-end includes HST refunds $46,681 and expected return of deposits of $88,394 for work done on certain permits. Included in amounts receivable as at June 30, 2012 is $5,418 (December 31, 2011, is $9,260 and January 1, 2011 - $Nil), advanced to an officer of the Company. This amount is unsecured, non-interest bearing and due on demand.

There were no interest revenue in the second quarter of 2012 as compared to $59 for the quarter ending March 31, 2012, December 31, 2011, $322 for Q3, $Nil for Q2 and $Nil in Q1 as cash from the July Private Placement was invested.

Administrative expenses (including bank charges and stock based compensation) for the quarter ending June 30, 2012 were $33,585, compared to March 31, 2012 amount of $16,419. December 31, 2011 were $21,886. This is compared to Q3 charges of $33,430, Q2 charges of $47,544 and Q1 charges of $67,723. The extremely high expenses in the first quarter of 2011 reflect the cost of the change from GAAP to IFRS accounting which steadily decreased to year-end.

The net cash outflow for the quarter ended June 30, 2012 was $22,049 compared to a cash inflow for the quarter ended March 31, 2012 of $53,718; December 31, 2011, was $38,905. This compares to a decrease of $46,785 for the quarter ended September 30; a net inflow of $49,544 for the quarter ended June 30; and a net outflow of $72,993 for the quarter ended March 31. These amounts reflect the net effect of cash flows for normal administrative expenses and exploration costs and from a cash inflow of $69,619 from the redemption of the $100,000 GIC established in the previous quarter and $400,000 proceeds from the July 2011 placement.

The net loss for the second quarter of $141,664 compared to $ 84,027 for the first quarter of 2012, compared to $85,187 for the fourth quarter of 2011 compared to a net loss of $213,399 for the quarter ended September 30, 211 reflects a combination of the decrease in administrative expenses and exploration expenditures in the fourth quarter as noted above.

Finally, the balance sheet indicates a slight decrease of working capital in the second quarter to $110,912 as compared to a balance of $162,368 in the first quarter ($160,579 as at December 31, 2011) compared to $145,656 as at September 31, 2011, due in part to the reclassification as a current asset of the outstanding deposits of $88,394 that are refundable in the coming year.

Mineral exploration and evaluation costs for the quarter ended June 30, 2012 were $92,450 as compared to the March 31, 2012, amount of $39,326 (December 31, 2011, were $37,334.) The drop as compared to expenditures of $175,981 for the third quarter of 2011 reflects the payment of the major costs (helicopter, fuel etc.) of the August field program in the second quarter. Expenditures for the second quarter totalled $13,200 and for the first quarter totalled $33,551.

Funds are sufficient to meet ongoing administrative expenses and meet current liabilities. The small financing in April 2012 and a further financing in July 2012 will enable exploration to continue.

During the year ended December 31, 2011, the Company renounced flow-through expenditures in the amount of $60,000 with respect to flow-through financings that occurred during the year ended December 31, 2010. The $60,000 of expenditures were incurred to December 31, 2011

Subsequent to December 31, 2011, the Company renounced flow-through expenditures in the amount of $200,000 to investors with an effective date of December 31, 2011. Of this amount, $171,600 was incurred to December 31, 2011. The remaining balance of $28,400 of exploration expenditures were incurred to March 31, 2012.

In April 2012 the Company renounced flow-through expenditures in the amount of $90,000. Of this amount $80,434 was incurred to June 30, 2012. The remaining balance of $9,657 of exploration expenditures is to be spent by December 31, 2012.

The Company has agreed to indemnify the subscribers of its flow-through shares for any tax-related amounts that become payable by them, if the Company fails to meet its expenditure commitments.

Options

The Company has a stock option plan under which officers, directors, employees, and consultants are eligible to receive stock options. The aggregate number of shares to be issued upon exercise of all options granted under the plan may not exceed 10% of the outstanding shares of the Company. Options granted under the plan generally have a term of five years and vest at terms to be determined by the directors at the time of grant. The exercise price of each option is fixed by the board of directors but shall not be less than the price permitted by any stock exchange on which the Company's common shares may be listed which is generally the trading price of the Company's stock at or about the grant date of the options.

	Options	Weighted Average Exercise Price
	#	$
Balance, December 31, 2010	3,050,000	
Granted May 1, 2011	100,000	0.05
Exercised December 9, 2011	(449,000)	0.05
Granted December 16, 2011	1,500,000	0.05
Balance, December 31, 2011	4,201,000	
Expired April 25, 2012	(1,600,000)	0.10
Granted June 29, 2012	1,890,000	0.05
Balance, June 30, 2012	4,491,000	0.05

As at June 30, 2012, the following options were issued and outstanding:

Options Granted	Options Exercisable	Exercise Price	Expiry date	Remaining Contractual Life (years)
#	$	$		
50,000	50,000	0.05	March 1, 2015	2.57
951,000	951,000	0.05	June 9, 2015	2.84
100,000	83,333	0.05	May 1, 2016	3.74
1,500,000	499,994	0.05	December 16, 2016	4.36
1,890,000	315,003	0.05	June 29, 2017	4.90
4,491,000	1,899,330	0.05		3.68

The weighted average exercise price of options exercisable at June 30, 2012 is $0.05 (March 31, 2012 - $0.05 (2011 - $0.08). The grant date fair value of the options was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 159% ; risk free interest rate of 1.25%; and expected life of five years.

Share-based payment reserve

	Amount
Balance, December 31, 2011	133,144
Employee share-based compensation	27,525
Balance, June 30, 2012	160,669

RELATED PARTY DISCLOSURES

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the transaction amount. Remuneration of directors and key management of the Company was as follows:

	Years ended June 30, 2012 $	2011 $
Salaries and benefits	115,932	95,685

The amount of $115,932 in 2012 reflects cumulative time incurred by key management personnel.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Included in amounts receivable as at June 30, 2012, is $5,506, (March 31, 2012, $7,721; December 31, 2011 $9,260), advanced to an officer of the Company. This amount is unsecured, non-interest bearing and due on demand.

On July 8, 2011, the Company closed a private placement financing for 8,000,000 units, comprised of 4,000,000 non-flow-through units and 4,000,000 flow-through units that were sold at $0.05 per unit, for gross proceeds of $400,000. Directors and officers of the Company acquired a total of 2,549,820 units pursuant to this financing, for gross proceeds of $127,491.

On April 16, 2012, the Company closed a private placement financing for 3,000,000 units, comprised of 1,200,000 non-flow-through units and 1,800,000 flow-through units that were sold at $0.05 per unit, for gross proceeds of $150,000. Directors and officers of the Company acquired a total of 1,500,000 units units pursuant to this financing, for gross proceeds of $75,000.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of sundry receivables that are included in the statements of financial position;
- the inputs used in accounting for share-based payment transactions;
- Management assumption of no material restoration, rehabilitation and environmental obligations, based on the facts and circumstances that existed during the period; and
- Management's position that there is no income tax considerations required within these financial statements.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2011 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 Financial Instruments ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2015.

IFRS 11 Joint Arrangements ("IFRS 11") replaces the guidance in IAS 31 Interests in Joint Ventures. Under IFRS 11, joint arrangements are classified as either joint operations or joint ventures. IFRS 11 essentially carves out of previously jointly controlled entities, those arrangements which although structured through a separate vehicle, such separation is ineffective and the parties to the arrangement have rights to the assets and obligations for liabilities and are accounted for as joint operations in a fashion consistent with jointly controlled assets/operations under IAS 31. In addition, under IFRS 11, joint ventures are stripped of the free choice of equity accounting or proportionate consolidation; these entities must now use the equity method.

Upon application of IFRS 11, entities which had previously accounted for joint ventures using proportionate consolidation shall collapse the proportionately consolidated net asset value (including any allocation of goodwill) into a single investment balance at the beginning of the earliest period presented. The investment's opening balance is tested for impairment in accordance with IAS 28 Investments in Associates and IAS 36 Impairments of Assets. Any impairment losses are recognized as an adjustment to opening retained earnings at the beginning of the earliest period presented. The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning January 1, 2013.

IFRS 13 Fair Value Measurement ("IFRS 13") converges IFRS and US GAAP on how to measure fair value and the related fair value disclosures. The new standard creates a single source of guidance for fair value measurements, where fair value is required or permitted under IFRS, by not changing how fair value is used but how it is measured. The focus will be on an exit price. IFRS 13 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company intends to adopt IFRS 13 in its financial statements for the annual period beginning January 1, 2013.

IAS 1 Presentation of Financial Statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company intends to adopt IAS 1 in its financial statements for the annual period beginning January 1, 2013.

Categories of financial instruments and fair value measurement

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an arm's length transaction between market participants at the measurement date. When appropriate, the Company adjusts the valuation models to incorporate a measure of credit risk.

The Company classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company does not have any Level 3 financial instruments.

The Company's financial instruments that are carried at fair value consist of cash equivalents and are classified as Level 2 within the fair value hierarchy.

The fair values of the Company's financial assets and financial liabilities represent management's estimates of the current market value at the financial position reporting date and are shown below with their carrying values as of the same date. The financial assets and financial liabilities are presented according to the categorization of the financial instruments:

	As at June 30, 2012 Carrying Value $	Approximate fair value $	As at December 31, 2011 Carrying Value $	Approximate fair value $	As at December 31, 2010 Carrying Value $	Approximate fair value $
Loans and receivables						
Cash	14,123	14,123	36,172	36,172	134,930	134,930
Sundry receivables	28,395	28,395	56,013	56,013	11,861	11,861
Deposit	88,394	88,394				
Other financial liabilities						
Accounts payable and accrued liabilities	20,000	20,000	20,000	20,000	21,210	21,210

The Company is exposed to a variety of financial risks: credit risk, liquidity risk and market risk, including price risk, interest rate and currency risk, as explained below. Risk management is carried out by the Company's management team with guidance from the Audit Committee and the Board of Directors. There were no changes in the Company's policies and procedures for managing risk during the years ended December 31, 2011 and December 31, 2010.

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2012, , the Company had a cash and cash equivalents balance of 14,123 compared to the March 31, 2012, balance of $89,890 (December 31, 2011 - $36,172; December 31, 2010 - $146,311) to settle current liabilities of $20, 000 compared to the March 31, 2012 balance of $32,030 (December 31, 2011 - $20,000; December 31, 2010 - $21,210).

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. See Subsequent Event note for a private placement financing that closed subsequent to June 30, 2012.

Credit Risk
The Company's credit risk is primarily attributable to cash equivalents and sundry receivables. The Company has no significant concentration of credit risk arising from operations. Cash equivalents consist of guaranteed investment certificates, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. Financial assets included in sundry receivables consist of an amount due from an officer of the Company and sales tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to these financial instruments included in cash equivalents and sundry receivables is remote.

Market Risk
(a) Interest Rate Risk
The Company has cash equivalent balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Currently, the Company does not hedge against interest rate risk.

(b) Foreign Currency Risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

(c) Price Risk
The Company is exposed to price risk with respect to diamond prices. The Company closely monitors diamond prices to determine the appropriate course of action to be taken by the Company. As the Company's mineral properties are in the exploration stage and do not contain any mineral resources or mineral reserves, the Company does not hedge against price risk.

Property risk

The Company's significant mineral exploration property is the Horton River property. Unless the Company acquires or develops additional significant properties, the Company will be solely dependent upon the Horton River property. If no additional mineral exploration properties are acquired by the Company, any material development affecting the Horton River property could have a material effect on the Company's financial condition and results of operations.

Sensitivity Analysis

The Company does not anticipate any material fluctuations as a result of changes in interest or foreign currency rates.

SUBSEQUENT EVENT

Subsequent to March 31, 2012, the Company completed the balance of a private placement of 3,000,000 units comprised of 1,200,000 hard-dollar units and 1,800,000 flow-through units at $0.05 per unit for gross proceeds of $150,000. $69,998 was collected in the quarter ended March 31, 2012, and the balance in April. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share for $0.10 until April 16, 2014. Directors and officers of the Company acquired a total of 1,500,000 units in the financing. The Company paid a cash commission of $1,500 on the brokered portion of the placement.

On July 25, 2012, the company announced that it had completed a part brokered and part non-brokered private placement of 5,600,000 Units, comprised of 1,700,000 Hard Dollar Units and 3,900,000 Flow-Through Units, that were sold at $0.05 per Unit, for gross proceeds of $280,000 effective July 24, 2012. Each Unit consists of one common share and one common share purchase warrant. Each common share purchase warrant ("Warrant") entitles the holder to acquire one common share for $0.05 until July 24, 2013. Directors and officers of the Company acquired a total of 2,740,000 Units in the financing. The Company paid a cash commission of $2,500 on the brokered portion of the placement.

Form 52-109FV2
Certification of interim filings
Venture Issuer Basic Certificate

I, Raymond Davies, President and Chief Executive Officer, Talmora Diamond Inc., certify the following:

1. ***Review:*** I have reviewed the interim financial reports and interim MD&A (together, the "interim filings") of Talmora Diamond Inc**.** (the "issuer") for the interim period ended June 30, 2012.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date**: 28 August 2012**

/s/ "Raymond Davies"
Raymond Davies
President and Chief Executive Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Form 52-109FV2
Certification of interim filings
Venture Issuer Basic Certificate

I, Robert Owen , Chief Financial Officer, Talmora Diamond Inc., certify the following:

2. ***Review:*** I have reviewed the interim financial reports and interim MD&A (together, the "interim filings") of Talmora Diamond Inc**.** (the "issuer") for the interim period ended June 30, 2012.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date**: 28 August, 2012**

/s/ "Robert Owen"
Robert Owen
Chief Financial Officer

NOTE TO READER

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

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