TALMORA DIAMOND INC

CONDENSED INTERIM FINANCIAL STATEMENTS
NINE MONTHS ENDED
SEPTEMBER 30, 2013
(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.

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(Unaudited) June 30, 2013

TALMORA DIAMOND INC.
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(UNAUDITED) SEPTEMBER 30, 2013

	Notes	As at Sept. 30, 2013 $	As at December 31, 2012 $
ASSETS			
Current			
Cash	6	18,825	31,380
Sundry receivables	12	21,488	54,343
Refundable performance bond	6	57,948	88,394
Total current assets		98,261	174,117
Equipment		28,257	33,243
Total assets		126,518	207,360
LIABILITIES			
Current			
Accounts payable and accrued liabilities	12	24,355	44,256
Finance lease	7, 12		22,755
Total liabilities			67,011
SHAREHOLDERS' EQUITY			
Share capital	8	2,923,243	2,714,016
Warrant reserve	8	34,484	153,823
Share-based payment reserve	9	49,169	39,219
Deficit		(2,904,733)	(2,766,709)
Total shareholders' equity		102,163	140,349
Total liabilities and shareholders' equity		126,518	207,360

Going concern (Note 1)
Commitments and contingencies (Notes 7 and 14)

Approved on behalf of the Board of Directors:

/s/ Raymond Davies
Director

/s/ Richard Hogarth
Director

TALMORA DIAMOND INC.
CONDENSED INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
(Expressed in Canadian Dollars)
(UNAUDITED) SEPTEMBER, 2013

	Three Months Ending September 30,		Nine Months Ending September 30,	
	2012 $	2013 $	2012 $	2013 $
EXPENSES				
Administration (Note 13)	31,729	27,554	81,291	70,695
Exploration expenditures	198,299	12,060	325,075	50,685
Share-based payments(Note 9)	8,794	5,363	36,319	9,951
Professional fees	3,455	1,231	25,228	6,442
Bank charges	73	65	187	251
(Loss) before the under-noted	(242,350)	(46,273)	(468,100)	(138,024)
Interest income	0	0	59	0
(Loss) before income taxes	(242,350)	(46,273	(468,041)	(138,024)
NET INCOME (LOSS) FOR THE PERIOD	(242,350)	(46,273)	(468,041)	(138,024)
(Deficit), beginning of period	(2,572,853)	(2,858,460)	(2,347,162)	(2,766,709)
(Deficit), end of period	(2,815,203)	(2,904,733)	(2,815,203)	(2,904,733)
NET (LOSS) PER SHARE – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted	54,031,679	57,641,468	54,031,679	57,641,468

The notes are an integral part of these financial statements.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(UNAUDITED) SEPTEMBER 30, 2013

	Notes	Share Capital	Share-based payment Reserve	Warrant Reserve	Deficit	Total
		$	$	$	$	$
Balance at January 1, 2012		2,307,471	133,144	67,126	(2,347,162)	160,579
Private placement	8	69,998	-		-	69,998
Share-based payments	9	-	15,818	-	-	15,818
Net loss and comprehensive loss for the period		-	-	-	((84,027)	(84,027)
Balance at March 31, 2012		2,377,469	148,962	67,126	(2,431,189)	162,368
Private placements	8	230,985	-	118,110	-	349,095
Share-based payments	9	-	26,006	-	-	26,006
Tax effect of expired warrants		-	-	-	(2,200)	(2,200)
Expired warrants				(16,300)	16,300	
Warrants exercised		65,113	-	(15,113)	-	50,000
Options exercised		40,449	(14,149)			26,300
Options expired		-	(121,600)		121,600	
Net loss and comprehensive loss for the period					(471,220)	(471,220)
Balance at December 31, 2012		2,714,016	39,219	153,823	(2,766,709)	140,349
Private Placement	8	88,881		1,007		89,888
Expired Warrants	9	120,346		(120,346)		-
Share-based payments		-	9,950	-	-	9,950
Net loss and comprehensive loss for the period					(138,024)	(138,024)
Balance at September 30, 2013		2,923,243	49,169	34,484	(2,904,733)	102,163

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TALMORA DIAMOND INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN CASH FLOWS
(Expressed in Canadian Dollars)
(UNAUDITED) SEPTEMBER 30, 2013

	September 30	
	2012	2013
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) for the period	(468,041)	(138,024)
Changes not involving cash		4,986
Depreciation		
Share-based payments	36,319	9,950
Changes in non-cash working capital balances:		
(Increase) decrease in sundry receivables	9,834	32,855
(Decrease) increase in accounts payable and accrued liabilities	53,286	(42,656)
Cash Flows from operating activities	(368,602)	(132,889)
CASH FLOWS FROM FINANCING ACTIVITIES		
Refundable performance bond		30,446
Private Placements	426,000	89,888
Cash flows from financing activities	426,000	120,334
CASH FLOW FROM INVESTING ACTIVITIES		
Short term investment		
Cash flow from investing activities		
(Decrease) increase in cash and cash equivalents	57,398	(12,555)
Cash and cash equivalents, beginning of period	36,172	31,380
Cash and cash equivalents, end of period	93,570	18,825

The notes are an integral part of these financial statements.

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 November 29, 2013

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 September 30, 2013, the Company had cash and cash equivalents totaling $18,825 and working capital of $73,906. 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 significant 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

Statement of Compliance

These condensed interim financial statements of the Company were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). 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 IAS and interpretations issued by IFRC.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2012, except as disclosed in Note 3. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2013 could result in restatement of these condensed interim financial statements.

3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Effective January 1, 2013, the Company adopted the following new standards, interpretations and amendments to the existing standards as issued by the IASB.

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 adopted IFRS 11 effective January 1, 2013. There was no material impact on the Company's financial statements upon adoption of this standard.

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 adopted IFRS 13 effective January 1, 2013. There was no material impact on the Company's financial statements upon adoption of this standard.

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. There was no material impact on the Company's financial statements upon adoption of the amendments to this standard.

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or "IFRIC that are mandatory for accounting periods beginning on or after January 1, 2014. Updates that are not applicable or are not consequential to the Company have been excluded from the list below.

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.

IAS 32 Financial Instruments: Presentation (“IAS 32”) was amended by the IASB in December 2011 to clarify certain aspects of the requirements on offsetting. The amendments focus on the criterion that an entity currently has a legally enforceable right to set off the recognized amounts and the criterion that an entity intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014 with earlier adoption permitted. The Company intends to adopt IAS 32 in its financial statements for the annual period beginning January 1, 2014.

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.

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

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.

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 during the period of renunciation. The reduction to the premium liability in the period of renunciation is recognized through net loss.

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 net loss in the reporting period.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 stock options and share-based payment reserve note (Note 9).

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.

For those options and warrants that expire after vesting, the recorded value is transferred to deficit.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. As at June 30, 2013 and December 31, 2012, the Company did not have any cash equivalents.

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.

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 in the statement of loss as a finance cost.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 statement of loss 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 statement of loss.

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, 2012 and December 31, 2011.

Contingent assets are not recognized in the financial statements but they are disclosed by way of a 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, uncertain, difficult to quantify or the events giving rise to such contingent liabilities occur subsequent to the reporting date. In these cases they are disclosed in the notes to the financial statements.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment

On initial recognition, equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses. Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in profit or loss over the estimated useful life of the exploration equipment on a 20% declining balance basis.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Leases

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the statement of financial position as a finance lease payable.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through net 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 and finance lease 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. EXPLORATION AND EVALUATION EXPENDITURES

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

	Nine months ended Sept. 30, 2013	Sept. 30, 2012
	$	$
Staking costs		-
Exploration and evaluation expenditures	50,685	325,075
Total	50,685	325,075

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

	2013 **$**
Exploration and evaluation expenditures	
Office Services, supplies	596
Conference , Forums	139
Freight	4.576
Sample sorting and analyses	17,413
Field Reporting & Assessment	21,580
Professional exploration fees	6,263
Legal & Prospectors Licences	118
Balance, September 30, 2013	50,685
	-
Cumulative expenditures, beginning of year, January 1, 2013	1,974,102
Cumulative expenditures, September 30, 2013	2,024,787

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

As at December 31, 2012 the Company held prospecting permits and claims in the Horton River area, south of Paulatuk, about 400 kilometres east of Inuvik, in the Northwest Territories. All eleven permits lapsed during the years ended December 31, 2012 and 2011. Most of the claims (211) are in the Inuvialuit Settlement Area and 4 of the claims 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 these 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 require their approval.

Permits require a deposit paid in advance, refundable when equivalent exploration work has been performed. 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 one 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 in 2009 was approved and resulted in a refund of $30,446.56 in April 2013. Application has been made to apply credits, for work done in 2011, to certain permits and claims and if approved, should result in the refund of cash deposits (performance bond) amounting to $57,946.60 on permits that have lapsed and keep the newer claims in good standing for various lengths of time but to at least September 2013.

7. EQUIPMENT ACQUIRED THROUGH FINANCE LEASE

During the year ended December 31, 2012, the Company entered into a lease for exploration equipment for a term ending September 30, 2013, with a corporation controlled by a shareholder, who is also an officer of the Company.

	Cost $	Depreciation $	Net Book Value $
Balance, December 31, 2010 and 2011	-	-	-
Additions in 2012	35,913	7,656	28,257
Balance, September 30, 2013	35,913	7,656	28,257

The Company was required to make minimum stand-by lease payments of $2,693 per month plus taxes. When the equipment is in use, the operating rental amount is $5,926 per month plus taxes.

As at September 30, 2013, the finance lease payable balance has been paid off as per the lease agreement. .

(Expressed in Canadian Dollars)

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, December 31, 2010	36,982,679	1,945,766
Common shares issued for cash (i)	4,000,000	200,000
Flow-through common shares issued for cash (i)	4,000,000	200,000
Warrant valuation (i)	-	(52,449)
Options exercised	449,000	24,912
Share issue costs (i)	-	(10,758)
Balance, December 31, 2011	45,431,679	2,307,471
Common shares issued for cash (ii)	1,200,000	60,000
Flow-through common shares issued for cash (ii)	1,800,000	90,000
Warrant valuation (ii)	-	(34,768)
Share issue costs (ii)	-	(4,277)
Common shares issued for cash (iii)	1,700,000	85,000
Flow-through common shares issued for cash (iii)	3,900,000	195,000
Warrant valuation (iii)	-	(86,278)
Share issue costs (iii)		(3,694)
Options exercised	526,000	40,449
Warrants exercised	1,000,000	65,113
Balance, December 31, 2012	55,557,679	2,714,016
Warrants exercised (iii)	1,180,000	59,000
Expired Warrants (iii)		120,346
Common shares issued for cash (iv)	526,509	15,796
Flow-through common shares issued for cash (iv)	377,280	15,092
Warrant valuation (iv)		(1,007)
Balance, September 30, 2013	57,641,468	2,923,243

(i) 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 8, 2013. If during the term of the warrants, the common shares of the Company 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.

8. SHARE CAPITAL AND WARRANT RESERVE (Continued)

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.

(ii) 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 the Company 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 these unexercised warrants will expire at that time.

The grant date fair value of the warrants of $34,768 or $0.02 per whole warrant 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 1.23%; 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.

(iii) On July 24, 2012, the Company closed a private placement financing for 5,600,000 units, comprised of 1,700,000 non-flow-through units and 3,900,000 flow-through units that were sold at $0.05 per unit, for gross proceeds of $280,000. Each unit consisted of one common share and one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share for $0.05 until July 24, 2013. If during the term of the warrants, the common shares of the Company trade at or above $0.10 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 these unexercised warrants will expire at that time.

The grant date fair value of the warrants of $86,278 or $0.015 per whole warrant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 145%; risk free interest rate of 0.96%; and expected life of one year. A cash commission of $2,500 was paid on the brokered part of the financing.

Directors and officers of the Company acquired a total of 2,740,000 units pursuant to this financing, for gross proceeds of $137,000.

8. SHARE CAPITAL AND WARRANT RESERVE (Continued)

(iv) On September 16, 2013, the Company closed a private placement financing for 903,789 units, comprised of 526,509 non-flow-through units that were sold at $0.03 per unit, and 377,280 flow-through units that were sold at $0.04 per unit, for gross proceeds of $30,886. Each unit consisted of one common share and one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share for $0.05 until September 16, 2014. If during the term of the warrants, the common shares of the Company trade at or above $0.10 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 these unexercised warrants will expire at that time.

The grant date fair value of the warrants of $1,006.76 or $0.011 per whole warrant was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 184.07%; risk free interest rate of 1.24.0%; and expected life of one year

Directors and officers of the Company acquired a total of 320,000 units pursuant to this financing, for gross proceeds of $12,100.

On November 5, 2012 and on December 13,2012, a director of the Company exercised in total 1,000,000 warrants to net the Company $50,000. (Series-9)

On July 16, 2013, a director of the Company exercised 1,000,000 warrants to net the Company $50,000. (Series-9)

On July 19, ,2013,an officer of the Company exercised 180,000 warrants at $0.05 per share to net the Company $9,000. (Series-9)

On July 24, 2013, 3,420,000 Warrants (Series-9) expired. Series-9 warrants were comprised of 5,600,000 warrants of which 2,180,000 were exercised.

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(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND WARRANT RESERVE (Continued)

Warrant reserve

A summary of changes in warrants is as follows

	Warrants #	Weighted Average Exercise Price $	Value $
Balance, December 31, 2010	7,603,872	0.16	92,292
Expired	(5,953,872)	0.16	(75,992)
Issued, net of costs of $1,623 (i)	4,000,000	0.10	50,826
Balance, December 31, 2011	5,650,000	0.13	67,126
Expired	(1,650,000)	0.16	(16,300)
Issued, net of costs of $1,291 (ii)	1,500,000	0.10	33,477
Issued, net of costs of $1,645 (iii)	5,600,000	0.05	84,633
Exercised	(1,000,000)	0.05	(15,113)
Balance, December 31, 2012	10,000,000	0.08	153,823
Expired	(4,000,000)	0.10	(50,826)
Expired	(3,420,000)	0.05	(69,520)
Exercised	(1,180,000)	0.05	(17,833)
Issued (iv)	903,789	0.05	1,007
Balance, September 30, 2013	2,403,789	0.08	34,484

As at September 30, 2013, the following warrants were issued and outstanding:

Number of Warrants #	Exercise Price $	Value $	Expiry Date
1,500,000	0.10	33,477	April 16, 2014
903,789	0.05	1,007	September 16, 2014
2,403,789	0.08	34,484	

The warrants outstanding and exercisable as at September 30, 2013 have a weighted average remaining contractual life of .701 years (December 31, 2012 - 0.65 years).

(Expressed in Canadian Dollars)

9. STOCK OPTIONS AND SHARE-BASED PAYMENT RESERVE

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, December 31, 2010	3,050,000	0.08
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	0.07
Expired, April 25, 2012	(1,600,000)	0.10
Granted, June 29, 2012	1,890,000	0.05
Granted, July 20, 2012	100,000	0.05
Granted, November 1, 2012	20,000	0.05
Forfeited	(60,000)	0.05
Exercised	(526,000)	0.05
Granted July 2, 2013	1,343,000	0.05
Balance, September 30, 2013	5,368,000	0.05

(Expressed in Canadian Dollars)

9. STOCK OPTIONS AND SHARE-BASED PAYMENT RESERVE (Continued)

As at September 30, 2013, 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	1.28
951,000	951,000	0.05	June 9, 2015	1.55
100,000	100,000	0.05	May 1, 2016	2.45
914,000	914,000	0.05	December 16, 2016	3.08
1,890,000	1,890,000	0.05	June 29, 2017	3.61
100,000	83,335	0.05	July 20, 2017	3.67
20,000	13,332	0.05	November 1, 2017	3.95
1,343,000	1,343,000	0.05	July 2, 2018	4.62
5,368,000	5,344,667			

The weighted average exercise price of options outstanding and exercisable at September 30, 2013 is $0.05 (December 31, 2012 - $0.05). The options outstanding and exercisable as at September 30, 2013 have a weighted average remaining contractual life of 3.37 years and 3.36 ((December 31, 2012 - .3.83 and 3.39 years) respectively.
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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, 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.

On July 20, 2012, 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 July 20, 2017 and vest as to 16.67% every three months beginning October 20, 2012 and ending January 20, 2014.

On November 1, 2012, the Company granted stock options to acquire 20,000 common shares of the Company at an exercise price of $0.05 per share, which expire on November 1, 2017 and vest as to 16.67% every three months beginning February 1, 2013 and ending May 1, 2014.

On November 5, 2012, 526,000 stock options were exercised at $0.05 for cash proceeds of $26,300.

On July 02, 2013, the Company granted stock options to acquire 1,343,000 common shares of the Company at an exercise price of $0.05 per share, which expire on July 02, 2018. There are no vesting schedules on these options. .

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, 2012 and 2011. The Company is not subject to any externally imposed capital requirements.

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 does not have any financial statements that are carried at fair value.

The carrying values of the Company's financial assets and financial liabilities approximate fair values given their short-term nature.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The Company is exposed to a variety of financial risks: credit risk, liquidity risk, property 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, 2012 and 2011.

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 September 30, 2013, the Company had a cash balance of $18,825 (2012 – $95,370) to settle current liabilities of $24,355 (2012 – $73,286).

Credit Risk
The Company's credit risk is primarily attributable to sundry receivables. The Company has no significant concentration of credit risk arising from operations. Cash equivalents, when applicable, consist of guaranteed investment certificates, which will be 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 may have 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.

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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.

12. RELATED PARTY DISCLOSURES

Related parties include officers and members of the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

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. Remuneration of directors and key management of the Company was as follows:

	Cumulative Years ended Sept. 30, 2013 $	 2012 $
Salaries and benefits	66,696	181,323
Share-based payments		

As at September 30, 2013 quarter, $11,325 (2012 – $47,532) of the salaries and benefits noted in the above table, were included in exploration and evaluation expenditures, with the balance of $10,788 (2012 – 17,858) charged to administration expense.

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 accounts payable and accrued liabilities as at September 30, 2013, is $24,355 (2012- $16,456) owing to a Director and two Officers of the Company. These amounts are unsecured, non-interest bearing and due on demand.

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

See Note 8 (iv) and (iv) for details on related party private placement subscriptions.

See Note 7 for details of the finance lease with a related party.

13. CONTINGENCIES AND COMMITMENTS

Flow-Through

The Company agreed to renounce flow-through expenditures in the amount of $285,000 to investors with an effective date of December 31, 2012 pursuant to private placement financings that occurred during the year ended December 31, 2012. As at December 31, 2012, the Company had fulfilled its flow-through expenditure requirement. The Company has agreed to indemnify the subscribers of its flow-through shares for any tax-related consequences that become payable by them, if the Company failed to meet its expenditure commitment.

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.

SUBSEQUENT EVENTS

Additional note regarding September 16, 2013 preliminary closing

On September 16, 2013, The Company completed a **preliminary** closing of the non-brokered private placement financing for 903,789 units, comprised of 526,509 non-flow-through units that were sold at $0.03 per unit, and 377,280 flow-through units that were sold at $0.04 per unit, for gross proceeds of $30,886. Each unit consisted of one common share and one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share for $0.05 until September 16, 2014. If during the term of the warrants, the common shares of the Company trade at or above $0.10 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 these unexercised warrants will expire at that time. Directors and officers of the Company acquired a total of 320,000 units pursuant to this financing, for gross proceeds of $12,100.

The Company closed the preliminary non-brokered private placement financing before its planned completion in order to distribute the results of kimberlite indicator mineral (KIM) analyses received from De Beers Analytical Services, Johannesburg, South Africa.

Pricing of the units below $0.05 was permitted because of current market conditions. It is an opportunity for those who have confidence in the Talmora story and understand the cyclical nature of the resource business.

After dissemination of the news in the press releases, the Company asked approval from CNSX to reopen the private placement financing on the same share price structure before the preliminary closing, to which CNSX approved. The same approval was sought from OSC – who were not concerned as long as regulatory forms were filed.