TALMORA DIAMOND INC.

2015 ANNUAL REPORT

AND

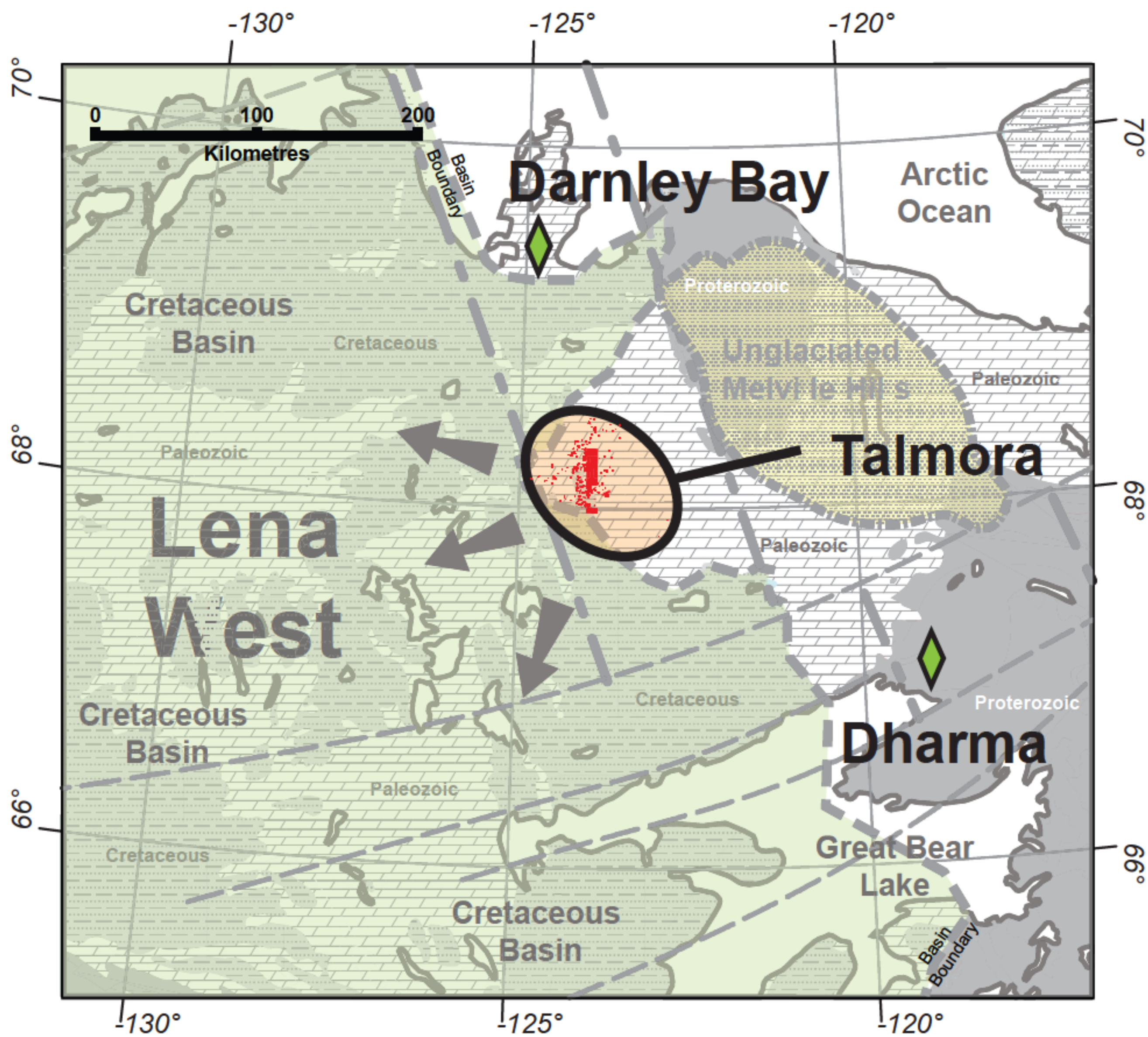
NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

May 18, 2016

Talmora Diamond Inc.



CSE : TAI **Shares outstanding: 67,398,801**

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Email: rayal.davies@sympatico.ca

Website: www.talmoradiamond.com

Message to Shareholders

"It is only by combing the information furnished by all the earth sciences that we can hope to determine 'truth', that is to say, to find the picture that sets out all the known facts in the best arrangement and that therefore has the highest degree of probability." - Alfred L. Wegener in 'The Origins of Continents and Oceans'

Inverse probability also known as Bayes' theorem expresses as an equation how the probable truth of a theorem should rationally change to account for evidence. P(A) and P(B) are the probabilities of A and B without regard to each other. P(A\B), a conditional probability, is the probability of observing event A given that B is true. P(B\A) is the probability of observing event B given that A is true.

$$P(A|B) = \frac{P(B|A)\, P(A)}{P(B)},$$

Kimberlites were found near Darnley Bay intruding Paleozoic limestones and associated with a swarm of diabase dykes outside the Cretaceous basin that covers most of the Lena West region of the Northwest Territories. The Dharma kimberlite was subsequently found outside the basin cutting Proterozoic limestones. (See figure opposite)

Darnley Bay Resources theorised that the dykes are favourable for kimberlite intrusion, Darnley Bay and Talmora Diamond Inc. theorised that they follow a "zone of anomalous mantle" that is the northern extension of the Slave "corridor of hope" and should be equally favourable for discovery of a major diamond field, Diamondex Resources Ltd., Sanatana Diamond Inc. and De Beers Canada Inc. theorised that the whole Lena West region is a craton favourable for diamondiferous kimberlites, Diamondex theorised that diamonds in Yukon placers are from a major diamond field in the Lena West region and Talmora theorised that Eocene tropical weathering is preserved on the unglaciated Melville Hills and is partially preserved on their flanks.

Evidence indicates that the Lena West region is a craton [1], the probability of a major diamond field is greatest outside and east of the Cretaceous basin and is probably pre-Cretaceous [2] but is neither at Dharma or Darnley Bay [3, 4], and that it lies along the dyke swarm south of Darnley Bay [5] in an area of paleo-tropical weathering [6] where Talmora has focused exploration.

[1] Schaeffer A J and Lebedev S (2014) Earth and Planetary Science Letters 402: 26-41
[2] Agashev A M et al. (2008) 9th International Kimberlite Conference Extended Abstract 9IKC-A-00170
[3] Davies R and Davies A W (2016) International Geological Congress Abstract 1244
[4] Davies R and Davies A W (2013) Proceedings 10th International Kimberlite Conference, 2: 143-156
[5] Davies R and Davies A W (2013) Northwest Territories: Assessment Report
[6] Davies R and Davies A W (2012) 10th International Kimberlite Conference Extended Abstract 10IKC-071

Raymond Davies **18 May 2016**

CORPORATE PROFILE

Talmora Diamond Inc. ("Talmora") is a junior exploration company (formed by the amalgamation of Talmora Resources Inc. and Canadian Diamond Limited). Talmora holds 211 claims (68,784 acres) in the Horton River area south of Paulatuk in the Northwest Territories. The claims were acquired in 2007, 2009 and 2011 to cover magnetic anomalies that have characteristics of kimberlite pipes.

An orientation survey was carried out in 2004. Follow-up work in 2007 included an airborne magnetic survey, staking of magnetic anomalies and further sampling to outline drill targets. The 2007 work shows a close relation between kimberlite indicator minerals and magnetic anomalies with characteristics of kimberlite pipes.

Claims were again staked in 2009, on prospective ground that came open that year. The new claims were traversed with an airborne magnetometer and additional samples were collected. Additional claims were staked in 2011 on a permit due to lapse in January 2012 and samples were collected and spectrometer readings recorded in order to ground truth ASTER satellite images of the property.

Assessment work carried out in 2012 included sampling of surface tills and using a small Packsack drill to sample and test thickness of overburden above several magnetic anomalies with characteristics of kimberlite pipes. The drill penetrated through the glacial till to end in clay in three holes . Cuttings of the clay have chemical characteristics of weathered kimberlite and one hole carried anomalous numbers of kimberlite indicator minerals from a local source.

Talmora is currently focussed on securing financing to test the Horton River kimberlite targets with a larger drill.

TALMORA DIAMOND INC.

NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting (the "**Meeting**") of the shareholders ("**Shareholders**") of Talmora Diamond Inc. (the "**Corporation**") will be held at **390 Bay Street, Suite 806, Toronto, Ontario M5H 2Y2** on Wednesday, June 22, 2016 at 11:00 a.m. (Toronto time) for the following purposes:

1. To receive and consider the audited financial statements of the Corporation for the year ended December 31, 2015 together with a report of the auditors thereon;

2. To elect the directors of the Corporation of the ensuing year;

3. To appoint McGovern, Hurley, Cunningham, LLP, Chartered Accountants as the auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration;

4. To transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying management information circular.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is May 18, 2016 (the "**Record Date**"). Shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournments or postponements thereof in person are requested to complete, date, sign and return the accompanying form of proxy for use at the Meeting or any adjournments or postponements thereof. To be effective, the enclosed form of proxy must be mailed or faxed so as to reach or be deposited with the Corporation at 6 Willowood Court, Toronto, Ontario, M2J 2M3, Fax: 416.499.5187 or Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Fax: 888.453.0330 not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

DATED at Toronto, Ontario this 18th day of May, 2016.

BY ORDER OF THE BOARD

(Signed): "*Raymond Davies*"

RAYMOND DAVIES – PRESIDENT AND CHIEF EXECUTIVE OFFICER

TALMORA DIAMOND INC.

6 Willowood Court
Toronto, Ontario M2J 2M3

MANAGEMENT INFORMATION CIRCULAR

This management information circular (the "**Circular**") is furnished in connection with the annual meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") of Talmora Diamond Inc. ("**Talmora**" or the "**Corporation**") to be held on Wednesday, June 22, 2016 at 11:00 a.m. (Toronto time) at **390 Bay Street, Suite 806, Toronto, Ontario, Ontario, M5H 2Y2**, and at any continuation thereof after an adjournment.

In this Circular, unless otherwise indicated, all dollar amounts "$" are expressed in Canadian dollars.

The information contained herein is given as of May 18, 2016 except as otherwise stated.

SECTION I - VOTING INFORMATION

Solicitation of Proxies

The enclosed proxy is being solicited by or on behalf of the management of the Corporation. The mailing to Shareholders of this Circular will be on or about May 26, 2016. The cost of soliciting proxies will be borne by the Corporation. While most proxies will be solicited by mail only, regular employees of the Corporation may also solicit proxies by telephone or in person. Such employees will receive no additional compensation for these services other than their regular salaries, but will be reimbursed for their reasonable expenses.

The Corporation will provide proxy materials to brokers, custodians, nominees and fiduciaries and will request that such materials be promptly forwarded to the beneficial owners of Common Shares registered in the names of such brokers, custodians, nominees and fiduciaries. The Corporation will reimburse brokers, custodians, nominees and fiduciaries for their reasonable charges and expenses incurred in forwarding proxy materials to beneficial owners of Common Shares.

Voting Common Shares

The board of directors (the "**Board**") of Talmora has fixed May 18, 2016 as the record date for the purpose of determining Shareholders entitled to receive notice of the Meeting (the "**Meeting Record Date**").

The Corporation will prepare, no later than ten (10) days following the Meeting Record Date, a list of Shareholders entitled to vote as of the Meeting Record Date, showing the number of Common Shares held by each such Shareholder. Each person named on the list of Shareholders is entitled to one (1) vote for each Common Share held, except to the extent that: (i) the Shareholder has transferred any Common Shares after the Meeting Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes ownership of those Common Shares and requests not later than ten (10) days before the date of the Meeting that the transferee's name be included on such list before the Meeting, in which case the transferee is entitled to vote those Common Shares at the Meeting.

Registered Shareholders

Registered Shareholders are Shareholders whose Common Shares are held in their own name and they will have received a proxy form in their own name.

Non-Registered/Beneficial Shareholders

Beneficial Shareholders are Shareholders who do not hold their Common Shares in their own name, but rather in the name of a nominee - this could be a bank, trust company, securities broker or other financial institution (and is known as holding in "street form").

If you are a non-registered Shareholder, there are two (2) ways you can vote your Common Shares held by your nominee. Your nominee is required to seek voting instructions from you in advance of the Meeting in accordance with securities laws, and so you will receive, or will have already received from your nominee, a request for voting instructions or a proxy form for the number of Common Shares you hold. Every nominee has its own mailing procedures and provides its own signing and return instructions. Therefore, please follow them in order to make sure that your Common Shares are voted.

Alternatively, if you wish to vote in person at the Meeting, please insert your own name in the space provided on the "Request for Voting Instructions" or proxy form to appoint yourself as proxyholder and follow the signing and return instructions of your nominee. Non-registered Shareholders who appoint themselves as proxyholders should, at the Meeting, present themselves to a representative of Computershare Investor Services Inc.

Appointment of Proxy Holders

The persons named in the enclosed form of proxy are directors and/or officers of Talmora. A Shareholder has the right to appoint some other person (who need not be a Shareholder) to attend and to act for and on behalf of such Shareholder at the Meeting. To exercise this right, the Shareholder must either insert the name of the desired person in the blank space provided in the proxy and strike out the other names or submit another proper form of proxy and, in either case, deliver the completed proxy by post or other form of delivery to Talmora Diamond Inc. at 6 Willowood Court, Toronto, Ontario, M2J 2M3, Fax: 416.499.5187 or to the transfer agent for the Common Shares, Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, Fax: 888.453.0330, in either case to be received not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.

All Common Shares represented by a properly executed and deposited proxy will be voted or withheld from voting on the matters identified in the Notice of Meeting in accordance with the instructions of the Shareholder as specified thereon.

If you have appointed a person who was designated by Talmora to vote on your behalf as provided in the enclosed form of proxy and you do not provide any instructions concerning any matter identified in the Notice of Meeting, the Common Shares represented by such proxy will be voted:

(1) FOR the election of the persons nominated for election as directors of Talmora;

(2) FOR the re-appointment of McGovern, Hurley, Cunningham, LLP, Chartered Accountants, as auditors of Talmora and to authorize the Board to fix the remuneration of the auditors.

The enclosed form of proxy, when properly signed, confers discretionary authority on the person or persons named to vote on any amendment to matters identified in the Notice of Meeting and on any other matter properly coming before the Meeting. Management of the Corporation is not aware of any such matter; however, if such matter properly comes before the Meeting, the proxies will be voted at the discretion of the person or persons named therein. The persons named in the form of proxy are either officers or directors of Talmora.

Revocability of Proxies

A proxy given pursuant to this solicitation may be revoked at any time prior to its use. A Shareholder who has given a proxy may revoke the proxy by:

(i) completing and signing a proxy bearing a later date and depositing it at the offices of the Corporation or Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1;

(ii) depositing an instrument in writing executed by the Shareholder or by the Shareholder's attorney duly authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney either with the Corporation or Computershare Investor Services Inc., Proxy Dept., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment(s) or postponement(s) thereof; or

(iii) in any other manner permitted by law.

Voting Shares and Principal Shareholders

The authorized capital of the Corporation consists of an unlimited number of Common Shares without par value. As at the date hereof, there were 67,398,801 Common Shares issued and outstanding. Each Common Share carries the right to one (1) vote on any matter properly coming before the Meeting. A quorum for the meeting of Shareholders must have two (2) persons present in person or by proxy.

The following table shows, as of the date of this Circular, each person who is known to the Corporation, or its directors and officers, to beneficially own, directly or indirectly, or to exercise control or direction over securities carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Corporation entitled to be voted at the meeting.

Name of Shareholder(1)	Number of Common Shares(2)(3)	Percentage of Common Shares(2)(3)
Raymond Davies	21,397,866	31.75%

Notes:

(1) Mr. Davies is President, CEO and a director of the Corporation.

(2) The information as to Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been obtained by the Corporation from publicly disclosed information and/or furnished by the Shareholder listed above.

(3) Based on a total of 67,398,801 issued and outstanding Common Shares as at the date hereof.

SECTION II - BUSINESS OF THE MEETING

1. Financial Statements and Auditor's Report

The Shareholders will receive and consider the audited financial statements of the Corporation for the fiscal year ended December 31, 2015, together with the auditor's report thereon.

2. Election of Directors

The articles of Talmora provide that the Board shall consist of a minimum of three (3) and a maximum of 10 directors. The Board has set the number of directors to be elected at the Meeting at four (4).

The nominees for election as directors of Talmora are listed below. The persons proposed for election are, in the opinion of the Board and management of the Corporation, well qualified to act as directors for the forthcoming year.

Such nominees, if elected, will serve until the next annual meeting of Shareholders or until his/her successor is duly elected or appointed. Management of the Corporation has been informed that each nominee is willing to serve as a director, if elected. Management of the Corporation recommends a vote for all nominees for election as directors of the Corporation.

Unless the Shareholder has specifically instructed in the enclosed form of proxy that the Common Shares represented by such proxy are to be withheld, the persons named in the accompanying proxy will vote FOR the election of the directors named below.

The following table sets out the names of the four (4) nominees, their principal occupation or employment and the year from which each has continually served as a director of Talmora. The table also sets out, as at the date hereof, the number of Common Shares owned by each of them or over which control or direction is exercised by each of them.

NOMINEES FOR ELECTION AS DIRECTORS

Name, Province or State and Country of Residence	Date First Became a Director	Present Principal Occupation	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised(1)
Richard M. Hogarth(2)(3)(4)(5) *Ontario, Canada*	January, 2007	Retired stock broker	400,000
Raymond Davies *Ontario, Canada*	January, 2007	President and Chief Executive Officer of Talmora	21,397,866
Joan Fiset(2)(3)(4)(5) *Ontario, Canada*	January, 2007	Tax Consultant	50,000
Toby Strauss(2)(3)(4)(5) *Surrey, England*	July 20, 2012	Director Merlyn Consulting Ltd.	1,916,000

Notes:

(1) The information with respect to the Common Shares beneficially owned, controlled or directed is not within the direct knowledge of the Corporation and has been furnished by the respective individuals.

(2) Member of the Audit Committee. Ms. Fiset is the Chair.

(3) Member of the Nominating and Corporate Governance Committee. Ms. Fiset is the Chair.

(4) Member of the Compensation Committee. Ms. Fiset is the Chair.

(5) Member of the Occupational Health & Safety Committee. Ms. Fiset is the Chair.

As a group, the proposed directors beneficially own, control or direct, directly or indirectly, 23,763,866 Common Shares, representing approximately 35.26% of the issued and outstanding Common Shares as of the date hereof.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No individual set forth in the above table is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

(a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while such individual was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after such individual ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such proposed director was acting in the capacity as director, chief executive officer or chief financial officer.

No individual set forth in the above table (or any personal holding company of any such individual) is, as of the date of this Circular, or has been within ten (10) years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while such individual was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No individual as set forth in the above table (or any personal holding company of any such individual) has, within the ten (10) years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such individual.

No individual set forth in the above table (or any personal holding company of any such individual) has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

3. Re-Appointment of Auditor

Unless the Shareholder has specifically instructed in the enclosed form of proxy that the Common Shares represented by such proxy are to be withheld, the persons named in the accompanying proxy will vote FOR the appointment of McGovern, Hurley, Cunningham, LLP, Chartered Accountants as auditors of the Corporation to hold office until the next annual meeting of Shareholders or until a successor is appointed and to authorize the Board to fix the remuneration of the auditors.

OTHER BUSINESS

The form of proxy accompanying this Circular confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of the Meeting or other matters which may properly come before the Meeting. Management of the Corporation knows of no matter to come before the Meeting or of any amendment or variation to matters identified in the Notice of the Meeting, other than the matters referred to in the Notice of the Meeting. However, if matters not now known to management should properly come before the Meeting, Common Shares represented by proxies solicited by management will be voted on each such matter in accordance with the best judgment of the person voting such Common Shares.

SECTION III - EXECUTIVE COMPENSATION AND OTHER INFORMATION

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to the Corporation's Chief Executive Officer, Chief Financial Officer, and, if applicable, its three most highly compensated individuals acting as, or in a like capacity as, executive officers of the Corporation whose total compensation for the most recently completed financial year was individually equal to more than $150,000 (the "**NEOs**" or "**Named Executive Officers**"), during the Corporation's most recently complete financial year, being the financial year ended December 31, 2015 (the "**Last Financial Year**"). The only NEOs of the Corporation during the Last Financial Year were Raymond Davies, the President and Chief Executive Officer of the Corporation and Robert T. Owen, the Chief Financial Officer of the Corporation.

Report on Executive Compensation

The Compensation Committee of the Board considers compensation matters as and when required. The Compensation Committee reviews and submits recommendations to the Board with respect to the Corporation's executive compensation policies and the compensation paid to the Corporation's executive officers. The Compensation Committee also reviews the design and competitiveness of the Corporation's compensation and benefit programs generally and has the authority to recommend to the Board for its approval amendments to, and grants pursuant to, such programs.

Composition of the Compensation Committee

The Compensation Committee is composed of Joan E. Fiset (Chair), Richard M. Hogarth and Toby Strauss, all of whom are independent within the meaning of Canadian Securities Administrator's National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**").

Compensation Philosophy

The Corporation's executive compensation policy is designed to provide for the enhancement of shareholder value, the successful implementation of the Corporation's business plans and a link between executive compensation and the financial performance of the Corporation.

The objectives of the Corporation's executive compensation policy are to:

(a) attract, retain and motivate executives critical to the success of the Corporation;

(b) provide fair, competitive and cost effective compensation programs to its executives;

(c) link the interests of management with those of the Shareholders; and

(d) provide rewards for outstanding corporate and individual performance.

The Compensation Committee reviews on an annual basis the cash compensation, performance and overall compensation package for each executive officer. It then submits recommendations to the Board with respect to the basic salary, bonus and participation in long-term incentive plans for each executive officer.

Basic Salary

In determining the basic salary of an executive officer, the Compensation Committee places equal weight on the following factors:

(a) the particular responsibilities related to the position;

(b) salaries paid by comparable businesses;

(c) the experience level of the executive officer; and

(d) his or her overall performance.

Bonus Payments

Executive officers are eligible for annual cash bonuses, after taking into account and giving equal weight to, financial performance, attainment of certain corporate objectives and individual performance.

In taking into account the financial performance aspect, it is recognized that executive officers cannot control certain factors, such as interest rates and the international market for precious metals. When applying the financial performance criteria, the Compensation Committee considers factors over which the executive officers can exercise control, such as meeting budget targets established by the Board of Directors at the beginning of each year, controlling costs, taking successful advantage of business opportunities and enhancing the competitive and business prospects of the Corporation. There are no pre-established payout ranges.

No bonuses were awarded to the officers of the Corporation during the Last Financial Year.

Long-Term Incentives

The grant of options pursuant to the Corporation's incentive stock option plan is an integral component of the compensation arrangements of the senior officers of the Corporation. The Board believes that the grant of options to senior officers and Common Share ownership by such officers serves to motivate such officers to strive towards achievement of the Corporation's long-term strategic objectives, which will benefit all Shareholders. Options are awarded to employees of the Corporation by the Board, based on the recommendations of the Compensation Committee. Decisions with respect to options granted are based upon the individual's level of responsibility and their contribution towards the Corporation's goals and objectives, and additionally may be awarded in recognition of the achievement of a particular goal or extraordinary service. The Board considers the overall number of options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of options and the size of such grants.

During the Last Financial Year, the Board did not grant any options.

Summary Compensation Table

The following table provides information for the Last Financial Year and the years ended December 31, 2014 and December 31, 2013 regarding compensation earned by each of the following NEOs:

Name and principal position	Year Ended December 31	Salary ($)	Share-based awards ($)	Option-based awards ($)(1) (2) (3)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total compensation ($)
					Annual incentive plans	Long-term incentive plans			
Raymond Davies President & Chief Executive Officer	2015	14,081	Nil	Nil	Nil	Nil	Nil	Nil	14,081
	2014	18,413	Nil	Nil	Nil	Nil	Nil	Nil	18,413
	2013	31,763	Nil	11,847	Nil	Nil	Nil	Nil	43,610
Robert T. Owen Chief Financial Officer	2015	2,250	Nil	Nil	Nil	Nil	Nil	Nil	2,250
	2014	2,664	Nil	Nil	Nil	Nil	Nil	Nil	2,664
	2013	4,764	Nil	1,969	Nil	Nil	Nil	Nil	6,733

Notes:

(1) During the last financial year ended , December 31, 2015, no options were granted to the officers of the Corporation.

(2) During the financial year ended December 31, 2014, no options were granted to the officers of the Corporation.

(3) The weighted average grant date fair value of the options issued during the year ended December 31, 2013 is $0.02. 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 141%; risk free interest rate of 1.77%; and expected life of five years.

Incentive Plan Awards

The following tables provide information regarding the incentive plan awards for each NEO outstanding as of December 31, 2015.

Outstanding Share Awards and Option Awards

	Option-based Awards				Share-based Awards	
Name	**Number of Common Shares underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share awards that have not vested ($)**
Raymond Davies	680,000	0.05	July 2, 2018	Nil	N/A	N/A
Raymond Davies	643,000	0.05	June 29, 2017	Nil	N/A	N/A
Raymond Davies	838,000	0.05	December 16, 2016	Nil	N/A	N/A
Robert T. Owen	113,000	0.05	July 2, 1018	Nil	N/A	N/A
Robert T. Owen	202,000	0.05	June 29, 2017	Nil	N/A	N/A
Robert T. Owen	105,000	0.05	December 16, 2016	Nil	Nil	N/A

Incentive Plan Awards – Value Vested or Earned During the Year

Name	Option-based awards – Value vested during the year[(1)] ($)	Share-based awards – Value vested ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Raymond Davies	N/A	N/A	N/A
Robert T. Owen	N/A	N/A	N/A

Notes:

(1) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of shares at exercise and the exercise price of the options on the vesting date).

Pension Plan Benefits

As at the date of this Circular, the Corporation does not have any pension plans.

Termination and Change of Control Benefits

As at the date of this Circular, the Corporation does not have any contracts, agreements, plans or arrangements that provides for payments to an NEO at, following or connection with any termination, resignation, retirement, change in control of the Corporation or a change in a NEO's responsibilities.

Directors' and Officers' Liability Insurance

The Corporation does not maintain liability insurance for the benefit of the Corporation, its related companies and their directors and officers, as a group at the present time. Such insurance may be obtained in the future.

Director Compensation

The Board determines the level of compensation for directors based on recommendations from the Compensation Committee. The Board reviews directors' compensation as needed, taking into account time commitment, risks and responsibilities to ensure that the amount of compensation adequately reflects the responsibilities and risks of being a director and makes adjustments as deemed necessary.

As of the date hereof, the Board has not adopted a cash compensation program for its directors with respect to general director's duties, meeting attendance, or for additional service on Board committees. Directors are, however, reimbursed for reasonable out-of-pocket expenses incurred in attending Board, committee or shareholder meetings.

Directors may receive option grants as determined by the Board pursuant to the Corporation's incentive stock option plan. The exercise price of such options is determined by the Board, but shall in no event be less than the market price of the Common Shares at the time of the grant of the options.

Director Compensation Table

The following table provides information regarding compensation paid to the Corporation's directors, other than the NEOs, during the financial year ended December 31, 2015:

Name(1)	Fees Earned ($)	Share-based awards ($)	Option-based awards(2) ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
Richard Hogarth	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Joan Fiset	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Toby Strauss	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

(1) There was no compensation paid to the Corporation's directors during the year ended December 31, 2015. Mr. Davies was a Director and Named Executive Officer during the year ended December 31, 2015. Any compensation received by him in his capacity as a director of the Corporation is reflected in the Summary Compensation Table for the Named Executive Officers.

Incentive Plan Awards

The following table provides information regarding the incentive plan awards for each director outstanding as of May 18, 2016:

Outstanding Share Awards and Options Awards

	Option-based Awards				Share-based Awards	
Name[1]	**Number of Securities underlying unexercised options (#)**	**Option exercise price ($)**	**Option expiration date**	**Value of unexercised in-the-money options ($)**	**Number of shares or units of shares that have not vested (#)**	**Market or payout value of share-based awards that have not vested ($)**
Richard Hogarth	93,000 171,000 78,000	0.05 0.05 0.05	July 2, 2018 June 29, 2017 December 16, 2016	Nil Nil Nil	N/A	N/A
Joan Fiset	90,000 161,000 73,000	0.05 0.05 0.05	July 2, 2018 June 29, 2017 December 16, 2016	Nil Nil Nil	N/A	N/A
Leslie Little[2]	12,0000	0.05	December 16, 2016	Nil	N/A	N/A
Toby Strauss	106,000 100,000	0.05 0.05	July 2, 2018 July 20, 2017	Nil Nil	N/A	N/A

Notes:

(1) Mr. Davies was a director and Named Executive Officer during the year ended December 31, 2015. Any compensation received by him in his capacity as a director of the Corporation is reflected in the Summary Compensation Table for the Named Executive Officers.

The following table provides information regarding the value vested or earned on incentive plan awards for each director during the year ended December 31, 2015:

Incentive Plan Awards – Value Vested or Earned During the Year

Name[1]	Option awards – Value vested during the year[2] ($)	Share awards – Value vested during the year ($)	Non-equity incentive plan compensation – Value earned during the year ($)
Richard Hogarth	N/A	N/A	Nil
Joan Fiset	N/A	N/A	Nil
Toby Strauss	N/A	N/A	Nil

Notes:

(1) Mr. Davies was a director and Named Executive Officer during the year ended December 31, 2015 Any compensation received by him in his capacity as a director of the Corporation is reflected in the Summary Compensation Table for the Named Executive Officers.

(2) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of the Common Shares at exercise and the exercise price of the options on the vesting date).

SECTION IV – SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Stock Option Plan

The Board adopted the 2013 Stock Option Plan in accordance with the requirements of the Canadian National Stock Exchange. The purpose of the 2013 Stock Option Plan is to attract and retain superior employees, to provide a strong incentive for employees and consultants to put forth maximum effort for the continued success and growth of the Corporation and, in combination with these goals, to encourage equity ownership in the Corporation by its employees and consultants. See "*Section II – Business of the Meeting – Stock Option Plan Approval*".

The 2013 Stock Option Plan is administered by the Board, with the Compensation Committee having been designated by the Board to administer it. The Compensation Committee has full and complete authority to interpret the Stock Option Plan, to prescribe such rules and regulations as it deems necessary for the proper administration of the Stock Option Plan and to make such determinations and to take such actions in connection therewith as it deems necessary or advisable.

Equity Compensation Plan Information

The following table provides details of the equity securities of the Corporation authorized for issuance as at May 18, 2016 pursuant to the Corporation's equity compensation plan currently in place:

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted-average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))[(1)]**
Equity compensation plans approved by securityholders	4,267,000 options	$0.05	2,472,880 options
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	4,267000		2,472,880

Notes:
(1) Based on a total of 6,739,880 stock options issuable pursuant to the Stock Option Plan.
(2) Representing approximately 36.69% of the issued and outstanding Common Shares as at the date hereof.

SECTION V – STATEMENT OF CORPORATE GOVERNANCE

Talmora believes that good corporate governance is an essential element in a well-managed company. The following is a description of the Corporation's corporate governance practices.

Board of Directors

The duties and responsibilities of the Board are:

- to supervise the management of the business and affairs of the Corporation; and
- to act with a view towards the best interests of the Corporation.

In discharging its mandate, the Board is responsible for the oversight and review of the development of, among other things, the following matters:

- the strategic planning process of the Corporation;
- identifying the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training and monitoring senior management;
- a communications policy for the Corporation to facilitate communications with investors and other interested parties; and
- the integrity of the Corporation's internal control and management information systems.

The Board also has the mandate to assess the effectiveness of the Board as a whole, its committees and the contribution of individual directors.

NI 58-101 defines an "independent director" as a director who has no direct or indirect "material relationship" with the issuer. A "material relationship" is as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a member's independent judgment. The Board maintains the exercise of independent supervision over management by ensuring that the majority of its directors are independent.

The Board is currently comprised of four (4) directors being Raymond Davies, Richard Hogarth, Joan Fiset and Toby Strauss. Messrs. Hogarth and Strauss, and Ms. Fiset, are independent within the meaning of NI 58-101. Mr. Davies is not independent as he is an officer of the Corporation and thereby has a "material relationship" with the Corporation.

The Board believes that it functions independently of management and reviews its procedures on an ongoing basis to ensure that it is functioning independently of management. The Board meets without management present, as circumstances require. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 – *Corporate Governance Guidelines*, the Board convenes meetings, as deemed necessary, of the independent directors, at which non-independent directors and members of management are not in attendance. In the Last Financial Year, the Board met four (4) times.

Other Public Company Directorships

The following members of the Board of Directors currently hold directorships in other reporting issuers as set forth below:

Name of Director	Name of Reporting Issuer	Market
Raymond Davies	Ditem Exploration Inc	TSXV

Orientation and Continuing Education

The Board, together with the Nominating and Corporate Governance Committee (the "**Nominating Committee**") is responsible for providing a comprehensive orientation and education program for new directors which fully sets out:

- the role of the Board and its committees;
- the nature and operation of the business of the Corporation; and
- the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

In addition, the Board, together with the Nominating Committee, is also responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the business of the Corporation remains current.

Ethical Business Conduct

The Board encourages and promotes a culture of ethical business conduct amongst the directors, officers and employees of the Corporation.

In addition to those matters which, by law, must be approved by the Board, the approval of the Board is required for:

- the Corporation's annual business plan and budget;
- material transactions not in the ordinary course of business; and
- transactions which are outside of the Corporation's existing business.

To ensure the directors exercise independent judgment in considering transactions and agreements in which a director or officer has a material interest, all such matters are considered and approved by the independent directors. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

Nomination of Directors

The Nominating Committee holds the responsibility for the appointment and assessment of directors.

The Nominating Committee seeks to achieve a balance of knowledge, experience and capability among the members of the Board. When considering candidates for director, the Nominating Committee takes into account a number of factors, including the following (although candidates need not possess all of the following characteristics and not all factors are weighted equally):

- Personal qualities and characteristics, accomplishments and reputation in the business community;
- Current knowledge and contacts in the countries and/or communities in which the Corporation does business and in the Corporation's industry sectors or other industries relevant to the Corporation's business; and
- Ability and willingness to commit adequate time to Board and committee matters, and be responsive to the needs of the Corporation.

The Board will periodically assess the appropriate number of directors on the Board and whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, or the size of the Board is expanded, the Nominating Committee will consider various potential candidates for director. Candidates may come to the attention of the Nominating Committee through current directors or management, stockholders or other persons. These candidates will be evaluated at regular or special meeting of the Nominating Committee, and may be considered at any point during the year.

Compensation

The Compensation Committee assists the Board in its oversight role with respect to (i) the Corporation's human resource strategy, policies and programs, and (ii) all matters relating to the proper utilization of human resources within the Corporation, with special focus on management succession, development and compensation.

The Compensation Committee:

- reviews and makes recommendations to the Board at least annually regarding the Corporation's remuneration and compensation policies, including short and long-term incentive compensation plans and equity-based plans, bonus plans, pension plans (if any), executive stock option plans including the Plan and grants and benefit plans;

- has sole authority to retain and terminate any compensation consultant to assist in the evaluation of director compensation, including sole authority to approve fees and other terms of the retention;

- reviews and approves at least annually all compensation arrangements with the senior executives of the Corporation;

- reviews and approves at least annually all compensation arrangements with the directors of the Corporation; and

- reviews the executive compensation sections disclosed in annual management proxy circular distributed to the shareholders in respect of the Corporation's annual meetings of shareholders.

Other Board Committees

In addition to the Audit Committee, the Compensation Committee and the Nominating Committee, the Board has an Occupational Health & Safety Committee.

The Occupational Health & Safety Committee is responsible for reviewing environmental and occupational health and safety policies and programs, overseeing the Corporation's occupational health and safety performance, and monitoring current, as well as future, regulatory issues.

Assessments

The Board does not consider formal assessments useful given the stage of the Corporation's business and operations. However, the chairman of the Board meets annually with each director individually, which facilitates a discussion of his contribution and that of other directors. When needed, time is set aside at a meeting of the Board for a discussion regarding the effectiveness of the Board and its committees. If appropriate, the Board then considers procedural or substantive changes to increase the effectiveness of the Board and its committees. On an informal basis, the chairman of the Board is also responsible for reporting to the Board on areas where improvements can be made. Any agreed upon improvements required to be made are implemented and overseen by the Nominating Committee. A more formal assessment process will be instituted as, if, and when the Board considers it to be necessary.

SECTION VI – AUDIT COMMMITTEE INFORMATION

The Audit Committee's Charter

The Board adopted a Charter for the Audit Committee, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The full text of the Audit Committee Charter is attached as Schedule "A" to this Circular.

Composition of the Audit Committee

The members of the Audit Committee are Joan Fiset (Chair), Richard Hogarth and Toby Strauss. All members of the Audit Committee are independent and financially literate, as those terms are defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

Name of Member	Independent(1)	Financially Literate(2)
Joan Fiset (Chair)	Yes	Yes
Richard Hogarth	Yes	Yes
Toby Strauss	Yes	Yes

Notes:

(1) To be considered independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with the Corporation. A "material relationship" is a relationship which could, in the view of the board of directors of the Corporation, be reasonably expected to interfere with the exercise of a member's independent judgment.

(2) To be considered financially literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Relevant Education and Experience

Ms. Fiset has a background in accounting, tax and treasury with extensive mining industry experience, including oral and written fluency in French and a strong knowledge of Spanish. She received a Bachelor of Science (Honours) in mining engineering from Queen's University, a Masters of Business Administration from the University of Western Ontario, and a C.A. designation and a Bachelor of Laws degree from the University of Toronto.

Mr. Hogarth is a retired investment advisor who worked for Scotia McLeod (and its predecessors) from 1975 to 1999 and has served as a director on the boards of numerous mining resources companies. He is a life member of the Canadian Institute of Mining, Metallurgy and Petroleum and is a member of the Prospectors and Developers Association of Canada.

Toby Strauss is the founding director of Merlyn Consulting Ltd. He holds a BA (Hons) from Trinity College, Dublin, and both an MSc (Economic Geology) and PhD from Rhodes University, South Africa. His professional qualifications are Chartered Geologist (CGeol) and European Geologist (EurGeol); His professional associations are with Fellow of the Geological Society of London and the Society of Economic Geologists. He has been a Director and COO of Belvedere Resources Ltd a mineral exploration company since April 2006 until December 2014. Since January 2015, he has been a Director of Merlyn Consulting Ltd.

Audit Committee Oversight

At no time during the Last Financial Year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the external auditors of the Corporation not been adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in its Charter.

External Auditor Services Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor during the last two completed financial years:

Financial Year Ending	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
December 31, 2015	$7,500	Nil	$1,500	Nil
December 31, 2014	$18,000	Nil	$2,000	Nil

Notes:
(1) The aggregate fees billed for professional services rendered by the auditor for the audit of the Corporation's annual financial statements.
(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the "Audit Fees" column.
(3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.
(4) No other fees were billed by the auditor of the Corporation other than those listed in the other columns.

External Auditor Services Fees (By Category)

Since the Corporation is a "Venture Issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America, or a market outside of Canada and the United States of America), it is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

During the year ended December 31, 2015, no director, executive officer or associate of any director or executive officer of the Corporation was indebted to the Corporation, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation, including under any securities purchase or other program.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Since the commencement of the Corporation's most recently completed financial year, no informed person of the Corporation, or any associate or affiliate of any informed person or nominee, has or had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or will materially affect the Corporation or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed herein, no director or executive officer of the Corporation who has held such position at any time since the beginning of the Corporation's last financial year, each proposed nominee for election as a director of the Corporation, and associates or affiliates of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found under the Corporation's profile on SEDAR at www.sedar.com. Inquiries including requests for copies of the Corporation's financial statements and management's discussion and analysis for the year ended December 31, 2015 may be directed to the Corporation by telephone at 416.491.6771

Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for the year ended December 31, 2015 which is also available on SEDAR.

BOARD OF DIRECTORS APPROVAL

The contents of this Circular and the sending thereof to the Shareholders of the Corporation have been approved by the Board.

DATED this 18th day of May, 2016.

"*Raymond Davies*"
RAYMOND DAVIES
President and Chief Executive Officer

SCHEDULE "A"

TALMORA DIAMOND INC.
AUDIT COMMITTEE CHARTER

AUDIT COMMITTEE

The Audit Committee (hereinafter referred to as the "**Committee**") shall i) assist the Board of Directors in its oversight role with respect to the quality and integrity of the financial information; ii) assess the effectiveness of the Company's risk management and compliance practices; iii) assess the independent auditor's performance, qualifications and independence; iv) assess the performance of the Company's internal audit function; v) ensure the Company's compliance with legal and regulatory requirements, and vi) prepare such reports of the Committee required to be included in Management Information Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

STRUCTURE AND OPERATIONS

The Committee shall be composed of not less than three Directors. All members of the Committee shall not be an Officer or employee of the Company. All members shall satisfy the applicable independence and experience requirements of the laws governing the Company, the applicable stock exchanges on which the Company's securities are listed and applicable securities regulatory authorities.

Each member of the Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment.

Members of the Committee shall be appointed or reappointed at the annual meeting of the Company and in the normal course of business will serve a minimum of three years. Each member shall continue to be a member of the Committee until a successor is appointed, unless the member resigns, is removed or ceases to be a Director. The Board of Directors may fill a vacancy that occurs in the Committee at any time.

The Board of Directors or, in the event of its failure to do so, the members of the Committee, shall appoint or reappoint, at the annual meeting of the Company a Chairman among their number. The Chairman shall not be a former Officer of the Company. Such Chairman shall serve as a liaison between members and senior management. The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members therefore provided that:

a) a quorum for meetings shall be at least three members;

b) the Committee shall meet at least quarterly;

c) notice of the time and place of every meeting shall be given in writing or by telephone, facsimile, email or other electronic communication to each member of the Committee at least 24 hours in advance of such meeting;

d) a resolution in writing signed by all directors entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

The Committee shall report to the Board of Directors on its activities after each of its meetings. The Committee shall review and assess the adequacy of this charter annually and, where necessary, will recommend changes to the Board of Directors for its approval. The Committee shall undertake and review with the Board of Directors an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this charter and set forth the goals and objectives of the Committee for the upcoming year. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board of Directors may take the form of an oral report by the chairperson of the Committee or any other designated member of the Committee.

SPECIFIC DUTIES:

Oversight of the Independent Auditor

- Sole authority to appoint or replace the independent auditor (subject to shareholder ratification) and responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between Management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

- Sole authority to pre-approve all audit services as well as non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.

- Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Company, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.

- Obtain and review a report from the independent auditor at least annually regarding: the independent auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm; any steps taken to deal with any such issues; and all relationships between the independent auditor and the Company.

- Review and discuss with Management and the independent auditor prior to the annual audit the scope, planning and staffing of the annual audit.

- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.

- Review as necessary policies for the Company's hiring of employees or former employees of the independent auditor.

Financial Reporting

- Review and discuss with Management and the independent auditor the annual audited financial statements prior to the publication of earnings.

- Review and discuss with Management the Company's annual and quarterly disclosures made in Management's Discussion and Analysis. The Committee shall approve any reports for inclusion in the Company's Annual Report, as required by applicable legislation.

- Review and discuss with Management and the independent auditor management's report on its assessment of internal controls over financial reporting and the independent auditor's attestation report on management's assessment.

- Review and discuss with Management the Company's quarterly financial statements prior to the publication of earnings.

- Review and discuss with Management and the independent auditor at least annually significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

- Review and discuss with Management and the independent auditor at least annually reports from the independent auditors on: critical accounting policies and practices to be used; significant financial reporting issues, estimates and judgments made in connection with the preparation of the financial statements; alternative treatments of financial information within generally accepted accounting principles that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and other material written communications between the independent auditor and Management, such as any management letter or schedule of unadjusted differences.

- Discuss with the independent auditor at least annually any "Management" or "internal control" letters issued or proposed to be issued by the independent auditor to the Company.

- Review and discuss with Management and the independent auditor at least annually any significant changes to the Company's accounting principles and practices suggested by the independent auditor, internal audit personnel or Management.

- Discuss with Management the Company's earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as financial information and earnings guidance (if any) provided to analysts and rating agencies.

- Review and discuss with Management and the independent auditor at least annually the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

- Review and discuss with the Chief Executive Officer and the Chief Financial Officer the procedures undertaken in connection with the Chief Executive Officer and Chief Financial Officer certifications for the annual filings with applicable securities regulatory authorities.

- Review disclosures made by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the annual filing with applicable securities regulatory authorities about any significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in the internal controls, and any fraud involving Management or other employees who have a significant role in the Company's internal controls.

- Discuss with the Company's General Counsel at least annually any legal matters that may have a material impact on the financial statements, operations, assets or compliance policies and any material reports or inquiries received by the Company or any of its subsidiaries from regulators or governmental agencies.

Oversight of Risk Management

- Review and approve periodically Management's risk philosophy and risk management policies.

- Review with Management at least annually reports demonstrating compliance with risk management policies.

- Review with Management the quality and competence of Management appointed to administer risk management policies.

- Review reports from the independent auditor at least annually relating to the adequacy of the Company's risk management practices together with Management's responses.

- Discuss with Management at least annually the Company's major financial risk exposures and the steps Management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

Oversight of Regulatory Compliance

- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

- Discuss with Management and the independent auditor at least annually any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting.

- Meet with the Company's regulators, according to applicable law.

- Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified herein and as may from time to time be delegated to the Audit Committee by the Board of Directors.

FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS:

The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Committee. The Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefore shall also be funded by the Company.

SCHEDULE "B"

TALMORA DIAMOND INC.

2013 Stock Option Plan

1. PURPOSE

The purpose of this stock option plan (the "Plan") is to authorize the grant to service providers for Talmora Diamond Inc. (the "Corporation") of options to purchase common shares ("shares") of Talmora's capital and thus benefit Talmora by enabling it to attract, retain and motivate service providers by providing them with the opportunity, through share options, to acquire an increased proprietary interest in Talmora.

2. ADMINISTRATION

The Plan shall be administered by the board of directors of Talmora or a committee established by the board of directors for that purpose (the "Committee"). Subject to approval of the granting of options by the board of directors or Committee, as applicable, Talmora shall grant options under the Plan.

3. SHARES SUBJECT TO PLAN

Subject to adjustment under the provisions of paragraph 12 hereof, the aggregate number of shares of Talmora which may be issued and sold under the 2013 Plan will not exceed 10% of the issued and outstanding Common Shares in the aggregate. The total number of shares which may be reserved for issuance to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue. Talmora shall not, upon the exercise of any option, be required to issue or deliver any shares prior to (a) the admission of such shares to listing on any stock exchange on which Talmora's shares may then be listed, and (b) the completion of such registration or other qualification of such shares under any law, rules or regulation as Talmora shall determine to be necessary or advisable. If any shares cannot be issued to any optionee for whatever reason, the obligation of Talmora to issue such shares shall terminate and any option exercise price paid to Talmora shall be returned to the optionee.

4. LIMITS WITH RESPECT TO INSIDERS

(a) The maximum number of shares which may be reserved for issuance to insiders under the Plan, any other employer stock option plans or options for services, shall be 10% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

(b) The maximum number of shares which may be issued to insiders under the Plan, together with any other previously established or proposed share compensation arrangements, within any one year period shall be 10% of the outstanding issue. The maximum number of shares which may be issued to any one insider and his or her associates under the Plan, together with any other previously established or proposed share compensation arrangements, within a one year period shall be 5% of the shares outstanding at the time of the grant (on a non-diluted basis).

5. ELIGIBILITY

Options shall be granted only to Eligible Persons, any registered savings plan established by an Eligible Person or any corporation wholly-owned by an Eligible Person. The term "Eligible Person" means:

(a) an officer, director or insider of Talmora or any of its subsidiaries;

(b) either:

(i) an individual who is considered an employee under the Income Tax Act

(ii) an individual who works full-time for Talmora providing services normally provided by an employee and who is subject to the same control and direction by Talmora over the details and methods of work as an employee of Talmora, but for whom income tax deductions are not made at source, or

(iii) an individual who works for Talmora on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by Talmora over the details and methods of work as an employee of Talmora, but for whom income tax deductions are not made at source,

any such individual, an "Employee";

(c) an individual employed by a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual (a "Company") or an individual (together with a Company, a "Person") providing management services to Talmora, which are required for the ongoing successful operation of the business enterprise of Talmora, but excluding a Person engaged in Investor Relations Activities (as hereafter defined) (a "Management Company Employee");

(d) an individual (or a company wholly-owned by individuals) who:

(i) provides ongoing consulting services to Talmora or an Affiliate of Talmora under a written contract;

(ii) possesses technical, business or management expertise of value to Talmora or an Affiliate of Talmora;

(iii) spends a significant amount of time and attention on the business and affairs of Talmora or an Affiliate of Talmora;

(iv) has a relationship with Talmora or an Affiliate of Talmora that enables the individual to be knowledgeable about the business and affairs of Talmora; and

(v) does not engage in Investor Relations Activities (as hereafter defined)

any such individual, a "Consultant'; or

(e) any Employee engaged to provide services that promote the purchase or sale of the issued securities (an "Investor Relations Employee").

For purposes of the foregoing, a Company is an 'Affiliate" of another Company if: (a) one of them is the subsidiary of the other; or (b) each of them is controlled by the same Person.

The term "Investor Relations Activities" means any activities or oral or written communications, by or on behalf of Talmora or shareholder of Talmora, that promote or reasonably could be expected to promote the purchase or sale of securities of Talmora, but does not include:

(a) the dissemination of information provided, or records prepared, in the ordinary course of business of Talmora

    (i) to promote the sale of products or services of Talmora, or

    (ii) to raise public awareness of Talmora, that cannot reasonably be considered to promote the purchase or sale of securities of Talmora;

(b) activities or communications necessary to comply with the requirements of

    (i) applicable securities laws, policies or regulations,

    (ii) the rules, and regulations of the TSX Venture Exchange ("TSXV") or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over Talmora;

(c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if

    (i) the communication is only through the newspaper, magazine or publication, and

    (ii) the publisher or writer received no commission or other consideration other than for acting in the capacity of publisher or writer; or

(d) activities or communications that may be otherwise specified by TSXV or any other exchange having jurisdiction over Talmora.

For stock options to Employees, Consultants or Management Company Employees, Talmora must represent that the optionee is a bonafide Employee, Consultant or Management Company Employee as the case maybe. The terms "insider", "controlled" and "subsidiary" shall have the meanings ascribed thereto in the Securities Act (Ontario) from time to time. Subject to the foregoing, the board of directors or Committee, as applicable, shall have full and final authority to determine the persons who are to be granted options under the Plan and the number of shares subject to each option.

6. LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS EMPLOYEES

(a) The maximum number of shares which may be reserved for issuance to Consultants under the Plan, any other employer stock options plans or options for services, within any one year period, shall be 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

(c) The maximum number of shares which may be reserved for issuance to Investor Relations Employees under the Plan, any other employer stock options plans or options for services, within any one year period shall be 2% of the shares issued and outstanding at the time of the grant (on a non-diluted basis).

7. PRICE

The purchase price (the "Price") for the shares of Talmora under each option shall he determined by the board of directors or Committee, as applicable, on the basis of the market price, where "market price" shall mean the prior trading day closing price of the shares of Talmora on any stock exchange on which the shares are listed or last trading price on the prior trading day on any dealing network where the shares trade, and where there is no such closing price or trade on the prior trading day, "market price" shall mean the average of the most recent bid and ask of the shares of Talmora on any stock exchange on which the shares are listed or dealing network on which the shares of Talmora trade. In the event the shares are listed on TSXV, the price may be the market price less any discounts from the market price allowed by TSXV, subject to a minimum price of $0.05.

8. PERIOD OF OPTION AND RIGHTS TO EXERCISE

Subject to the provisions of this paragraph 8 and paragraphs 9, 10 and 17 below, options will be exercisable in whole or in part, and from time to time, during the currency thereof and Options shall not be granted for a term exceeding five years. The shares to be purchased upon each exercise of any option (the "optioned shares") shall be paid for in full at the time of such exercise. Except as provided in paragraphs 9, 10 and 17 below, no option which is held by a service provider may be exercised unless the optionee is then a service provider for Talmora.

9. CESSATION OF PROVISION OF SERVICES

Subject to paragraph 10 below, if any optionee who is a service provider shall cease to be a service provider for Talmora for any reason (whether or not for cause) the optionee may, but only within the period of ninety days, or thirty days if the service provider is an Investor Relations Employee, next succeeding such cessation and in no event after the expiry date of the optionee's option, exercise the optionee's option unless such period is extended as provided in paragraph 10 below.

10. DEATH OF OPTIONEE

In the event of the death of an optionee during the currency of the optionee's option, the option theretofore granted to the optionee shall be exercisable within, but only within, the period of one year next succeeding the optionee's death. Before expiry of an option under this paragraph 10, the board of directors or Committee, as applicable, shall notify the optionee's representative in writing of such expiry.

11. NON-ASSIGNABILITY AND NON-TRANSFERABILITY OF OPTION

An option granted under the Plan shall be non-assignable and non-transferrable by an optionee otherwise than by will or by the laws of descent and distribution, and such option shall be exercisable, during an optionee's lifetime, only by the optionee.

12. ADJUSTMENTS IN SHARES SUBJECT TO PLAN

The aggregate number and kind of shares available under the Plan shall be appropriately adjusted in the event of a reorganization, recapitalization, stock spilt, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or shares of Talmora. The options granted under the Plan may contain such provisions as the board of directors, or Committee, as applicable, may determine with respect to adjustments to be made in the number and kind of shares covered by such options and in the option price in the event of any such change. If there is a reduction in the exercise price of the options of an insider of Talmora, Talmora will be required to obtain approval from disinterested shareholders.

13. AMENDMENT AND TERMINATION OF THE PLAN

The board of directors or Committee, as applicable, may at any time amend or terminate the Plan, but where amended, such amendment is subject to regulatory approval.

14. EFFECTIVE DATE OF THE PLAN

The Plan becomes effective on the date of its approval by the shareholders of Talmora.

15. EVIDENCE OF OPTIONS

Each option granted under the Plan shall be embodied in a written option agreement between Talmora and the optionee which shall give effect to the provisions of the Plan.

16. EXERCISE OF OPTION

Subject to the provisions of the Plan and the particular option, an option may be exercised from time to time by delivering to Talmora at its registered office a written notice of exercise specifying the number of shares with respect to which the option is being exercised and accompanied by payment in cash or certified cheque for the full amount of the purchase price of the shares then being purchased.

Upon receipt of a certificate of an authorized officer directing the issue of shares purchased under the Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the optioned shares in the name of such optionee or the optionees legal personal representative or as may be directed in writing by the optionee’s legal personal representative.

17. VESTING RESTRICTIONS

Options issued under the Plan may vest at the discretion of the board of directors or Committee, as applicable, provided that the number of shares which may be acquired pursuant to the 2013 Plan shall not exceed a specified number or percentage during the term of the option.

18. NOTICE OF SALE OF ALL OR SUBSTANTIALLY ALL SHARES OR ASSETS

If at any time when an option granted under this Plan remains unexercised with respect to any optioned shares:

(a) Talmora seeks approval from its shareholders for a transaction which, if completed, would constitute an Acceleration Event; or

(b) a third party makes a bona fide formal offer or proposal to Talmora or its shareholders which, if accepted, would constitute an Acceleration Event;

Talmora shall notify the optionee in writing of such transaction, offer or proposal as soon as practicable and, provided that the board of directors or Committee, as applicable, has determined that no adjustment shall be made pursuant to section 12 hereof, (i) the board of directors or Committee, as applicable, may permit the optionee to exercise the option granted under this Plan, as to all or any of the optioned shares in respect of which such option has not previously been exercised (regardless of any vesting restrictions), during the period specified in the notice (but in no event later than the expiry date of the option), so that the optionee may participate in such transaction, offer or proposal; and (ii) the board of directors or Committee, as applicable, may require the acceleration of the time for the exercise of the said option and of the time for the fulfilment of any conditions or restrictions on such exercise.

For these purposes, an Acceleration Event means:

(a) the acquisition by any "offeror" (as defined in Part XX of the Securities Act (Ontario)) of beneficial ownership of more than 50% of the outstanding voting securities of Talmora, by means of a takeover bid or otherwise;

(b) any consolidation or merger of Talmora in which Talmora is not the continuing or surviving corporation or pursuant to which shares of Talmora would be converted into cash, securities or other property, other than a merger of Talmora in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;

(c) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of Talmora; or

(d) the approval by the shareholders of Talmora of any plan of liquidation or dissolution of Talmora.

19. RIGHTS PRIOR TO EXERCISE

An optionee shall have no rights whatsoever as a shareholder in respect of any of the optioned shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of optioned shares in respect of which the optionee shall have exercised the option to purchase hereunder and which the optionee shall have actually taken up and paid for.

20. GOVERNING LAW

This Plan shall be construed in accordance with and be governed by the laws of the Province of Ontario and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

21. EXPIRY OF OPTION

On the expiry date of any option granted under the Plan, and subject to any extension of such expiry date permitted in accordance with the Plan, such option hereby granted shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the optioned shares in respect of which the option has not been exercised.

CORPORATE INFORMATION

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Joan Fiset *
Richard Hogarth* – Chairman
Toby Strauss*
* Audit Committee

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Alan W. Davies – Vice-President Exploration
Raymond Davies – President & Chief Executive Officer
Maria Grimes – Corporate Secretary
Robert Owen – Chief Financial Officer

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TALMORA DIAMOND INC.

FINANCIAL STATEMENTS

December 31, 2015 and 2014
(Expressed in Canadian dollars)

TALMORA DIAMOND INC.
Table of Contents
December 31, 2015

McGovern, Hurley, Cunningham, LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Talmora Diamond Inc.

We have audited the accompanying financial statements of Talmora Diamond Inc., which comprise the statements of financial position as at December 31, 2015 and 2014, and the statements of loss and comprehensive loss, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Talmora Diamond Inc. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company had continuing losses during the year ended December 31, 2015 and a limited working capital balance as at December 31, 2015. These conditions along with other matters set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

McGOVERN, HURLEY, CUNNINGHAM, LLP

McGovern, Hurley, Cunningham, LLP

Chartered Accountants
Licensed Public Accountants

TORONTO, Canada
April 23, 2016

TALMORA DIAMOND INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT DECEMBER 31, 2015 AND 2014

	Notes	2015 $	2014 $
ASSETS			
Current			
Cash		10,338	11,457
Sundry receivables		10,883	14,925
Total current assets		21,221	26,382
Equipment	7	13,298	19,946
Total assets		34,519	46,328
LIABILITIES			
Current			
Accounts payable and accrued liabilities	12	-	47,937
Total liabilities		-	47,937
SHAREHOLDERS' EQUITY (DEFICIT)			
Share capital	8	3,012,365	2,885,678
Warrant reserve	8	12,469	34,156
Share-based payment reserve	9	62,969	68,456
Deficit		(3,053,284)	(2,989,899)
Total shareholders' equity (deficit)		34,519	(1,609)
Total liabilities and shareholders' equity (deficit)		34,519	46,328

Going concern (Note 1)
Commitments and contingencies (Note 13)
Subsequent events (Note 15)

Approved on behalf of the Board of Directors:

/s/ Raymond Davies
Director

/s/ Richard Hogarth
Director

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Notes	2015 $	2014 $
Expenses			
Administration	12	53,969	81,475
Exploration and evaluation expenditures	6, 12	4,791	21,107
Professional fees		3,464	23,315
Depreciation		6,648	6,648
Loss before income taxes		68,872	132,545
Income tax recovery	14	-	(6,472)
Net loss and comprehensive loss for the year		68,872	126,073
Net loss per share – basic and diluted		0.001	0.002
Weighted average number of shares outstanding – basic and diluted		62,363,459	60,332,967

STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Notes	Share Capital	Share-based payment reserve	Warrant reserve	Deficit	Total
		$	$	$	$	$
Balance at December 31, 2013		2,808,157	68,456	41,727	(2,898,071)	20,269
Private Placement	8	62,739	-	34156	-	96,895
Tax effect of expired warrants		-	-	-	(5,200)	(5,200)
Expired warrants	8	-	-	(39,445)	39,445	-
Warrants exercised	8	14,782	-	(2,282)	-	12,500
Net loss and comprehensive loss for the year		-	-	-	(126,073)	(126,073)
Balance at December 31, 2014		2,885,678	68,456	34,156	(2,989,899)	(1,609)
Expired stock options		-	(5,487)	-	5,487	-
Warrants exercised	8	126,687	-	(21,687)	-	105,000
Net loss and comprehensive loss for the year		-	-	-	(68,872)	(68,872)
Balance at December 31, 2015		3,012,365	62,969	12,469	(3,053,284)	34,519

TALMORA DIAMOND INC.
STATEMENTS OF CASH FLOW
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Notes	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) for the year		(68,872)	(126,073)
Changes not involving cash:			
Income tax (recovery)	14	-	(6,472)
Depreciation		6,648	6,648
Changes in non-cash working capital balances:			
Decrease in sundry receivables		4,042	12,053
(Decrease) in accounts payable and accrued liabilities		(47,937)	(35,982)
Cash flows from operating activities		(106,119)	(149,826)
CASH FLOWS FROM FINANCING ACTIVITIES			
Private placement		-	100,493
Issue costs		-	(2,325)
Warrants exercised		105,000	12,500
Cash flows from financing activities		105,000	110,668
(Decrease) in cash		(1,119)	(39,158)
Cash, beginning of year		11,457	50,615
Cash, end of year		10,338	11,457

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 Securities 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 April 23, 2016.

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, government licensing requirements or regulations, social licensing requirements 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 December 31, 2015 the Company had continuing losses, cash totaling $10,338 and working capital of $21,221. 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 material 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

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

The policies applied in these financial statements are based on IFRS issued and outstanding as of December 31, 2015.

The financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

During the year ended December 31, 2015, the Company adopted the amendment to the existing standard, IAS 24 – Related Party Disclosures. This amended standard did not have any material impact on the Company's financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. 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 by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS 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 JUDGEMENTS 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 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. These assumptions are based largely on historical trends and management's expectations of the future. 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

- The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

5. SIGNIFICANT ACCOUNTING POLICIES

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 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 December 31, 2015 and December 31, 2014, 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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions (Continued)
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, 2015 and December 31, 2014.

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.

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.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment (Continued)
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 has been classified as loans and receivables.

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 as other financial liabilities.

5. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)
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:

	2015	2014
Exploration and evaluation expenditures	$	$
Field supplies	-	424
Travel accommodations/meals	1,192	1,296
Travel Phone charges	-	1,604
Travel airline, car rentals, mileage, taxies	1,276	2,051
Sample sorting and analyses adjustment *	(8,109)	-
Professional exploration fees	10,063	15,450
Conferences and forums	309	222
Licences and permits	60	60
Expenditures for the year	4,791	21,107
Cumulative expenditures, beginning of year	2,090,825	2,069,718
Cumulative expenditures, end of year	2,095,616	2,090,825

*Adjustment was due to a 2013 accrued liability billing estimate that was reversed in June 2015.

As at December 31, 2015 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. Most of the claims are in the Inuvialuit Settlement Area and some 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.

(Expressed in Canadian Dollars)

7. EQUIPMENT

	Cost	Depreciation	Net Book Value
	$	$	$
Balance, December 31, 2013	35,913	9,318	26,595
Additions in 2014	-	6,648	(6,648)
Balance, December 31, 2014	35,913	15,967	19,946
Additions in 2015	-	6,648	(6,648)
Balance December 31, 2015	35,913	22,615	13,298

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, 2013	57,641,468	2,808,157
Warrants exercised (ii)	250,000	14,782
Share issue costs (i)	-	(2,325)
Common shares issued for cash (i)	3,180,053	95,403
Flow-through common shares issued for cash (i)	127,280	5,091
Flow-through premium (i)	-	(1,274)
Warrant valuation (i)	-	(34,156)
Balance, December 31, 2014	61,198,801	2,885,678
Warrants exercised (iii)	2,100,000	126,687
Balance, December 31, 2015	63,298,801	3,012,365

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND WARRANT RESERVE (Continued)

(i) On March 21, 2014 the Company closed a non-brokered private placement of 3,307,333 units comprised of 3,180,053 non-flow-through units at $0.03 per unit and 127,280 flow-through units at $0.04 per unit, for gross proceeds of $100,493. Each unit consisted of one common share and one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire a common share at a price of $0.05 until March 21, 2015.

The grant date fair value of the warrants of $34,156 or approximately $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 201%; risk free interest rate of 0.48%; and a life of one year.

Directors and officers of the Company acquired a total of 2,750,000 units pursuant to this financing, for gross proceeds of $83,000.

(ii) On August 8, 2014, a director of the Company exercised 250,000 warrants at $0.05 per share to net the Company $12,500.

(iii) During the year ended December 31, 2015, certain directors and officers of the Company exercised 2,100,000 warrants at $0.05 per share to net the Company $105,000. The warrants that were issued pursuant to the private placement on March 21, 2014 with an exercise price of $0.05 per common share were extended for 12 months to March 21, 2016. All other terms of the warrants remained the same.

A summary of changes in warrants is as follows:

	Warrants #	Weighted Average Exercise Price $	Value $
Balance, December 31, 2013	2,403,789	0.08	41,727
Issued	3,307,333	0.05	34,156
Expired	(1,500,000)	0.10	(33,477)
Exercised	(250,000)	0.05	(2,282)
Expired	(653,789)	0.05	(5,968)
Balance, December 31, 2014	3,307,333	0.05	34,156
Exercised	(2,100,000)	0.05	(21,687)
Balance December 31, 2015	1,207,333	0.05	12,469

As at December 31, 2015, the following warrants were issued and outstanding*:*

Number of Warrants #	Exercise Price $	Value $	Expiry Date
1,207,333	0.05	12,469	March 21, 2016

The warrants that were issued pursuant to the private placement on March 21, 2014 with an exercise price of $0.05 per common share were extended for 12 months to March 21, 2016. All other terms of the warrants remained the same.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND WARRANT RESERVE (Continued)

The warrants outstanding and exercisable as at December 31, 2015 have a weighted average remaining contractual life of 0.22 years (December 31, 2014 – 0.22 years).

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, 2013 and December 31, 2014	5,368,000	0.05
Expired March 1, 2015	(50,000)	0.05
Expired June 9, 2015	(951,000)	0.05
Balance December 31, 2015	4,367,000	0.05

As at December 31, 2015, the following options were issued and outstanding:

Options Granted #	Options Exercisable #	Exercise Price $	Expiry Date	Remaining Contractual Life (years)	Value $
100,000	100,000	0.05	May 1, 2016	0.33	3,719
914,000	914,000	0.05	December 16, 2016	0.96	27,833
1,890,000	1,890,000	0.05	June 29, 2017	1.50	7,587
100,000	100,000	0.05	July 20, 2017	1.55	397
20,000	20,000	0.05	November 1, 2017	1.84	36
1,343,000	1,343,000	0.05	July 2, 2018	2.50	23,397
4,367,000	4,367,000				62,969

The weighted average exercise price of options outstanding and exercisable at December 31, 2015 is $0.05 (December 31, 2014 - $0.05.) The options outstanding and exercisable as at December 31, 2015 have a weighted average remaining contractual life of 1.67 years and 1.67 years (2014 - 2.25 years and 2.25 years) respectively.

No options were issued during the year ended December 31, 2015 and 2014.

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, 2015 and 2014. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

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 at December 31, 2015 and 2014.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

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

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, 2015 and 2014.

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 December 31, 2015, the Company had a cash balance of $10,338 (2014 – $11,457) to settle current liabilities of NIL (2014 – $47,937).

Credit Risk
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. Management believes that the credit risk 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.

Market Risk (Continued)
(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.

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity Analysis
The Company does not anticipate any material fluctuations in its financial assets and liabilities 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:

	Years ended December 31	
	2015	2014
	$	$
Salaries and benefits	35,831	56,287
Share-based payments	-	-

As at December 31, 2015, the total exploration and evaluation expenditures included in the above table was $10,062 (2014 - $15,450) with the balance of $25,769 (2014 – $40,837) 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 is NIL as at December 31, 2015 (2014 – $19,946). These amounts are unsecured, non-interest bearing and due on demand.

See Note 8 for details on related party private placement subscriptions and related warrant exercises.

13. COMMITMENTS AND CONTINGENCIES

Flow-Through
The Company agreed to renounce flow-through expenditures in the amount of $5,091 to investors with an effective date of December 31, 2014 pursuant to private placement financings that occurred during the year ended December 31, 2014. As at December 31, 2014, 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. The Company had no flow-through expenditure requirements in 2015.

(Expressed in Canadian Dollars)

13. COMMITMENTS AND CONTINGENCIES (Continued)

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. INCOME TAXES

a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the Canadian statutory rate of approximately 26.5% (2014 – 26.5%) are as follows:

		2015		2014
Loss before income taxes	$	(68,872)	$	(132,545)
Expected tax recovery at statutory rate	$	(18,000)	$	(35,000)
Flow-through renunciation		-		1,000
Other		5,000		14,528
Change in benefit of tax assets not recognized		13,000		13,000
Deferred income tax recovery	$	-	$	(6,472)

b) Deferred Income Taxes

		2015		2014
<u>Recognized deferred tax assets and liabilities:</u>				
Non-capital loss carry-forwards	$	4,000	$	5,000
Other temporary differences		(4,000)		(5,000)
Deferred income tax liability	$	-	$	-
<u>Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:</u>				
Non-capital loss carry-forwards	$	34,000	$	40,000
Share issue costs		40,000		10,000
Mineral property costs		2,027,000		1,956,000
Other temporary differences		61,000		61,000
Total	$	2,126,000	$	2,067,000

Deferred income tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

(Expressed in Canadian Dollars)

14. INCOME TAXES (Continued)

c) Tax Loss Carry-Forwards

As at December 31, 2015, the Company had available for deduction against future taxable income, non-capital losses of approximately $39,000 which expire as follows:

2026	$ 9,000
2028	6,000
2029	11,000
2030	11,000
2032	1,000
2035	1,000
	$ 39,000

15. SUBSEQUENT EVENTS

1,207,333 warrants expired unexercised on March 21, 2016 (Note 8).

TALMORA DIAMOND INC
6 Willowood Court
Toronto, Ontario M2J 2M3
Management's Discussion & Analysis
For the year ending December 31, 2015

Date: April 23, 2016

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited financial statements of Talmora Diamond Inc. (the "Company" or "Talmora") for the year ended December 31, 2015.

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"). The Company's public filings can be found under the Company's profile on the SEDAR website (www.sedar.com).

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 Company at the time the statements were made.

The technical information contained in this release was compiled by Alan W. Davies, P.Eng., P.G., who is the Vice-President of Exploration for Talmora. Alan W. Davies is a qualified person as defined by National Instrument 43-101.

IFRS

The Canadian Accounting Standards Board requires publicly accountable enterprises such as the Company to adopt IFRS for fiscal years beginning on or after January 1, 2011. Accordingly, the Company's annual financial statements for the year ended December 31, 2015 have been prepared in accordance with IFRS as published by the International Accounting Standards Board.

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. $3,013,893 has been spent on exploration (including administration) of the property to December 31, 2015.

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.

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. $430,000 raised in 2012 was used to carry out assessment work required on certain claims. Since 2012 the commodities market has been bad and Talmora has not been able to raise sufficient funds to test the numerous targets on its property.

2012 Exploration Program

Part of the 2012 financings was used to sample and test thickness of overburden near magnetic anomalies with a small Packsack drill. The magnetic anomalies in dolomite bedrock have been deeply scoured by ice and are covered by bouldery till, which in turn is overlain by various thicknesses of lake sediment. In addition to sampling with the Packsack drill, surface till samples (77 sites) were collected down-ice of a number of magnetic anomalies and have been examined for kimberlite indicator minerals (KIMs).

The Packsack drill was able to penetrate through the till overburden in three of five holes and ended 0.5 – 1.0m in a rusty dark brown clay. Drill cuttings of the till and clay were submitted for chemical and mineralogical analyses. While the clay cuttings have lost fines and are contaminated by till and perhaps marine sand they show many characteristics of weathered kimberlite including anomalous numbers of locally derived KIMs in one hole.

It remains for the many magnetic anomalies to be tested by a larger drill when the economic situation permits the raising of sufficient funds. A major program costing $2,000,000 - $4,000,000 should confirm whether diamondiferous 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 December 31, 2015, the Company had cash totaling $10,338 and working capital of $21,221. A major financing is required for a drill program in 2015-2016 and to cover future administration costs.

	Year ended December 31, 2015 ($)	Year ended December 31, 2014 ($)	Year ended December 31, 2013($)
Cash	10,338	11,457	50,615
Working Capital	21,221	(21,555)	(6,326)
Mineral Exploration– cum	2,095,616	2,090,825	2,069,718
Total assets	34,519	46,328	104,188
Total liabilities	0	47,937	83,919
Interest Revenues	0	0	0
Admin. Expenses	53,969	81,475	89,880
Professional Fees	3,464	23,315	16,265
Net (Loss)	(68,872)	(126,073)	(220,575)
Net (Loss) Per Share	(0.001)	(0.002)	(0.004)

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 generally utilizes helicopters and/or fixed wing aircraft 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.

Since 2012 there has been no field work and work related to the property has been more evenly spread throughout the year.

Results of Operations

Horton River Project, NWT

Talmora has one significant project for which it has raised $3,185,017 since August 2004 and on which it has expended cumulative expenditures of $2,095,616 on exploration to December 31, 2015.

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. 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. Part of the 2012 financings was used to sample and test thickness of overburden near magnetic anomalies with a small Packsack drill. Attempts to reach the magnetic targets resulted in three of five holes penetrating the glacial till and ending in dark brown clay. Drill cuttings of the till and clay were submitted for chemical and mineralogical analyses. In addition to sampling with the Packsack drill surface till samples (77 sites) were collected down-ice of a number of magnetic anomalies and were examined for kimberlite indicator minerals (KIMs).

A small piece of clay was recovered in one packsack drill hole and allowing for some quartz contamination has characteristics of tropically weathered kimberlite. KIMs recovered from the cuttings include chromite, Mn-ilmenite and picro-ilmenite.

Regional Diamond Exploration

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

The mineral chemistry of KIMs in the two large areas sampled by Sanatana and Diamondex west of the Talmora property is remarkably similar. There is very little variation within subareas of the Sanatana property except on their Greenhorn claims southeast of Talmora where they discovered the significant diamondiferous Dharma kimberlites (13 diamonds >0.85mm weighing 0.9 carats recovered from 1457.37 kg of core by caustic fusion) [(1)]. It is unusual for the mineral chemistry of KIMs from so large an area constituting most of the Lena West diamond district to vary so little and it suggests a common and more restricted source area for the KIMs.

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

Diamondex showed that many of their KIMs were from the base of the Cretaceous sediments and that the primary source was to the east [(2)]. Most of the Sanatana property also lies within the Cretaceous basin. It is significant that most of the Talmora property is outside the Cretaceous basin.

Geology of Talmora Property

Most of the Talmora 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 by the Geological Survey of Canada 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 120km to the NNW. The latter "dykes" have a spatial relation to the Darnley Bay kimberlites.

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.

$430,000 from two financings in 2012 again fell short of the $650,000 required for a small drill program. Following closing of the second financing on July 24, 2012 an alternate summer field program was mobilized to use the funds to obtain assessment work credits on certain claims. Mobilization and servicing of the field crew was by float plane and transport within the property was by ATV.

2012 Exploration Program

A Packsack drill was used to collect till samples and to test the thickness of overburden near five magnetic anomalies with characteristics of kimberlite pipes. The magnetic anomalies in dolomite bedrock have been deeply scoured by ice and are covered by boulder till, which in turn is overlain by various thicknesses of lake sediment. An attempt was made to penetrate the till overburden and reach the kimberlite targets. The Packsack drill is rated for a maximum of 100' and was pushed to its limit. In three cases the hard boulder till was penetrated (28.50', 39.00' & 23.25') and the drill entered a soft clay that could not be cored except for a small piece of clay mixed with dolomite fragments at the till/clay interface in one hole. The clay produced dark brown cuttings in the three holes that reached 30.50', 43.00' & 25.25' respectively. In two cases the hole was abandoned in boulder till at 16.8' and 72'. In addition to sampling with the Packsack drill, surface till samples (77 sites) were collected down-ice of a number of magnetic anomalies and have been examined for kimberlite indicator minerals (KIMs).

Cuttings were collected but there was loss of suspended fines in the return water from the till (mostly dolomite component) and considerably greater loss of fines in the return water from the clay (most of the clay minerals). Drill cutting of the till and clay were submitted for chemical and mineralogical analyses.

Chemical analyses of the till cuttings show a 80-90% loss of Ca & Mg (dolomite) and lesser amounts of Al, Fe, Mn, Ti, K, Na and P (probably chlorite, limonite, mica) compared to the average till in the area. As a result of the loss of fines there was a 45% increase in Si (quartz sand).

Analyses of the clay cuttings show the same relation as the till cuttings to the average till of the area. However, the clay cuttings compared to the till cuttings show slightly higher values for all major elements except Si. The Si is still high in the clay cuttings indicating probable contamination from the overlying till. The clay section had to be re-drilled after each run because of hole collapse.

Of great significance are the elevated values of minor elements in the clay cuttings. There is twice as much Cr and Mo; three times as much Fe, Mn, Ni, Zn, Pb and Sb; ten times as much Cu and Co; fifteen times as much W; and high Ag, As and Sn. All these elements except W are typically high in weathered kimberlite. The high W in the clay cuttings is probably contamination from the drill bits.

A very small piece of clay trapped in the core barrel between fragments of quartz filled and coated vugs in dolomite may be representative of the clay horizon. The composition of the clay is similar to the weathered lateritic alkaline ultramafic rocks at Errabiddy in Australia. However, high SiO_2 (67.4%) in the clay is probably contamination by 1) quartz from vuggy dolomite that trapped it in the core barrel, 2) quartz from the overlying till or 3) quartz from marine sediments that would have filled depressions above weathered kimberlite. . When the Talmora clay is calculated on a quartz-free basis it closely matches analyses of Sierra Leone weathered kimberlites calculated on the same basis. The most striking characteristic of the clay compared to the average <80 mesh till in the area is high Al, low Ca and Mg together with relatively high LOI (loss on ignition), relatively high Ti, Nb, Cr, Li, V, As, Ce, Cs, Ga, Ge, La, Lu, Pr, Rb, Sb, Ta,Th, U and very high Pb. Low Fe and related Mn and Ni are unexpected because there is evidence of laterite weathering in the area. However, the Fe, Mn and Ni values of the clay are similar to those of African kimberlitic calcretes. The dolomite fragments that trapped the clay may have provided a local calcrete environment.

The clay cuttings include very little of the clay. Much of the fine clay has been lost and there has been considerable dilution of the cuttings by coarse sand. Nevertheless, concentrates from the three holes that penetrated till and ended in clay were submitted for kimberlite indicator mineral (KIM) analysis and all contained KIMs. Hole THD-3 contained 2 Mn-ilmenites (or altered ilmenites) including 1 with diamond inclusion composition, hole THD-4 contained 12 Mn-ilmenites (or altered ilmenites) including 6 with diamond inclusion composition, 14 spinels and 1 picro-ilmenite (10.23% MgO; 3.24% Cr_2O_3) and THD-5 contained 3 Mn-ilmenites (or altered ilmenites) and 1 picro-ilmenite (9.73% MgO; 0.39% Cr_2O_3). The chromites lie on a relatively narrow compositional trend line indicating a single population and one grain plots in the Argyle chromite field. THD-4 contained notable galena and THD-5 contained a significant amount of sulphides.

Conclusion

While the clay cuttings have lost fines and are contaminated by till and marine sand they show many characteristics of weathered kimberlite including anomalous numbers of locally derived KIMs in THD-4.

Recommendation

The Company's most prospective magnetic anomalies must be tested with a larger drill. A major program costing $2,000,000 - $4,000,000 should confirm whether or not diamondiferous 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.

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.

References

(1) *www.SEDAR.ca postings: Sanatana Diamonds Inc. Dec 20, 2007 and Jul 16, 2008*

(2) *Agashev, A.M. , Kuligin, S.S., Orihashi, Y., Pokhilenko, N.P., Vavilov, M.A. & Clarke, D. (2008): The ages of zircons from the Jurassic sediments of Bluefish River slope, NWT Canada and the age of kimberlite activity Lena West. 9th International Kimberlite Conference, Extended Abstract No. 9IKC-A00170, 3 p.*

Property Commitments

As at December 31, 2015, 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 the end of 2011–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 68ºN latitude and 1 year south of 68ºN 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.

A report on the work carried out in 2012 was approved and extended the life of 9 claims to October 11, 2016.

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

Current expiry dates on the claims are shown below:

Property Units		Size Acres	Record Date	Current Expiry Date
24	Claims	3,822.10	Sept.22, 2011	Sept. 22, 2021
6	Claims	7,644.20	Sept.22, 2011	Sept. 22, 2018
6	Claims	2,530.85	Sept.22, 2011	Sept. 22, 2016
10	Claims	774.75	Aug. 13, 2009	Aug. 13, 2019
115	Claims	12,086.10	Aug. 13, 2009	Aug.13, 2016
12	Claims	6,352.95	Oct. 11, 2007	Oct. 11, 2016
38	Claims	35,573.20	Oct. 11, 2007	Oct. 11, 2017
211		68,784.15		

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**

	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 truthing	219,388
Exploration sub-total		260,066
Administration Expenses sub-total		169,533
	Total	$429,599
	2012 Field Program, Evaluation & Reporting	
Exploration sub-total	Reporting, Packsack drilling, sampling	374,041
Administration Expenses sub-total		100,568
	Total	$474,609
	2013 Field Program, Evaluation & Reporting	
Exploration sub-total	Reporting, sample sorting/analyses, assessment	95,616
Administration Expenses sub-total		89,880
	Total	$185,496
	2014 Field Program, Evaluation & Reporting	
Exploration sub-total	Professional Services& licences	21,107
Administration Expenses sub- total		81,475
	Total	$102,582
	Sub-total to end December 31, 2014 ALL	***$2,955,133***
	2015 Field Program, Evaluation & Reporting	
Exploration sub-total	Professional Services. analyses & Licences *	4,791
Administration Expenses sub- total		53,969
	Total	58,760
Grand Total as at December 31, 2015 Program		**$3,013,893**

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 Diamond Limited.

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. Administration costs in 2011 reflect the high cost of switching from GAAP to IFRS accounting.

Exploration costs in the first quarter of 2012 are for evaluation and reporting of the 2011 program. Exploration costs in the second, third and fourth quarters of 2012 and for first, second and third quarters of 2013 are part of the cost of the Packsack drill and surface sampling program for assessment work purposes.

2014 expenses during the year were for evaluation and reporting.

2015 exploration expenses were $4,791. An accrued liability of $9,780 was deducted from the total exploration expenses of $14,571, The adjustment was due to a 2013 accrued liability billing estimate that was reversed in June, 2015. Administrative costs were at less than normal level.

There are a lot more kimberlite targets than expected and Talmora proposes a more extensive drill program than the small Phase 2b budget above. Until a major drill program is initiated the property will be maintained with less expensive exploration such as sampling and ground geophysics.

SUMMARY OF QUARTERLY RESULTS

(a) Year	**2015**	**2015**	**2015**	**2015**
(b) Quarter	December 31	September 30	June 30	March 31
Cash and cash equivalents	10,338	2,809	22,103	13,001
Working capital	21,221	11,791	28,842	(1,370)
Interest revenue	0.00	0.00	0.00	0.00
Admin. Expenses	5,315	12,856	19,483	16,315
Exploration and evaluation expenditures	10,252	1,378	(9,695)	2,856
Cash in (out) flow	7,529	(19,204)	9,012	1,544
Net (Loss)	(17,229)	(18,713)	(11,450)	(21,480)
Net (Loss) per share	0.00	0.00	0.00	0.00
Total assets	34,519	26,751	45,464	34,854
Total liabilities	0.00	0.00	0.00	17,940

(a) Year	**2014**	**2014**	**2014**	**2014**
(b) Quarter	December 31	September 30	June 30	March 31
Cash and cash equivalents	11,457	18,715	39,456	73,177
Working capital	(21,555)	22,650	40,285	64,714
Interest revenue	0	0	0	0
Admin. Expenses	12,546	24,069	20,282	24,578
Exploration and evaluation expenditures	11,661	5,550	3,648	248
Cash in (out) flow	(7,258)	(20,741)	(33,721)	22,562
Net (Loss)	(43,068)	(31,796)	(20,092)	(31,117)
Net (Loss) per share	(0.002)	(0.001)	(0.001)	(0.004)
Total assets	46,328	52,399	71,695	103,346
Total liabilities	47,937	8,140	8,140	13,700

There were small exploration expenditures in the 2015 fourth quarter in the amount of $10,252. An estimated 2013 accrued liability for analyses was reversed in June 2015 causing a negative exploration charge of $9,780 as compared to the minor exploration charges in 2014 and other 2015 quarters.

Administration expenses of $5,315 for the quarter ended December 31, 2015, compared to $12,856 for September 30, 2015 and $19,483 for June 30, 2015, and $16,315 for March 31, 2015 were much lower than the same quarters in 2014. This is the result of management professional fees being waived.

Finally, the balance sheet indicates a balance in working capital of $21,221 for the quarter ended December 31, 2015, $11,791 for the quarter ended September 30, 2015, $28,842 for the quarter ended June 30, 2015, as compared to negative balance in the working capital of $1,370 as at March 31, 2015, a negative balance of $21,555 for the quarter ended December 31, 2014; a positive balance of $22,650 as of September 30, 2014; $40,285 at June 30, 2014; and $64,714 at March 31, 2014.

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.

A financing was initiated in August 2013, however, the Company closed the non-brokered private placement financing on September 16, 2013, 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. Subscriptions received prior to receipt of sample results amounted to 903,789 Units, comprised of 526,509 Hard Dollar 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. Reopening of the Financing was postponed to early 2014.

On March 21, 2014, the Company closed a non-brokered private placement financing for 3,307,333 units, comprised of 3,180,053 Hard Dollar Units that were sold at $0.03 per Unit and 127,280 Flow-through Units that were sold at $0.04 per Unit, for gross proceeds of $100,493. Parts of the proceeds were used to cover exploration report writing and part administrative charges.

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

Talmora had cash in the amount of $10,338 for the quarter ended December 31, 2015, compared to $2,809 at September 30, 2015, $22,103 at June 30, 2015 and $13,001 at March 31, 2015; compared to $11,457 as of December 31, 2014 compared to $18,715 as at September 30, 2014, $39,456 as at June 30, 2014, $73,177 at March 31, 2014.

The increase in cash in the fourth quarter of 2015 reflects the receipt of cash on exercise of warrants. The decrease in cash in the third quarter of 2015 reflects less than normal administration and some exploration expenditures, as compared to an increase in cash in the second quarter of 2015 reflects the receipt of cash on exercise of warrants and the reversal of some exploration costs during the second quarter.

The decrease in cash in the second quarter of 2014 reflects normal administration and some exploration costs paid following the receipt of funds from the March 21, 2014 private placement of $100,493 and the increase in cash in the fourth quarter of 2013 reflects the receipt of cash deposits from the Mining Recorder and the smaller increase in the third quarter of 2013 reflects the influx of funds from the September 16, 2013 private placement of $30,886.

As at December 31, 2015, Talmora had a working capital of $21,221, compared to $11,791 at September 30, 3015, compared to $28,842 at June 30, 2015, compared to a negative working capital position of $1,370 as at March 31, 2015, compared to $21,555 as of December 31, 2014, compared to a positive balance of $22,650 as at September 30, 2014, June 30, 2014 - $40,285; March 31, 2014 - $64,714.

There was no interest revenue in 2015 (no interest for 2014 and 2013). Cash was needed to pay invoices soon after the recent financings closed.

Administrative expenses for the fourth quarter are less than normal as expenditures were reduced due to tight cash. A small financing will be required for ongoing expenses.

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, 2013	57,641,468	2,808,157
Warrants exercised (ii)	250,000	14,782
Share issue costs (i)	-	(2,325)
Common shares issued for cash (i)	3,180,053	95,403
Flow-through common shares issued for cash (i)	127,280	5,091
Flow-through premium (i)	-	(1,274)
Warrant valuation (i)	-	(34,156)
Balance, December 31. 2014	61,198,801	2,885,678
Warrants exercised (iii)	2,100,000	126,687
Balance, December 31, 2015	63,298,801	3,012,365

As at December 31, 2015, details of the common shares subject to issuance were:
there are 63,298,801 common shares issued and outstanding.
5,574,333 Common shares subject to issuance are comprised of:
(a) 1,207,333 warrants, and (b) 4,367,000 management incentive options

(i) On March 21, 2014 the Company closed a non-brokered private placement of 3,307,333 units comprised of 3,180,053 non-flow-through units at $0.03 per unit and 127,280 flow-through units at $0.04 per unit, for gross proceeds of $100,493. Each unit consisted of one common share and one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire a common share at a price of $0.05 until March 21, 2015.

The grant date fair value of the warrants of $34,156 or approximately $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 201%; risk free interest rate of 0.48%; and a life of one year.

Directors and officers of the Company acquired a total of 2,750,000 units pursuant to this financing, for gross proceeds of $83,000.

(ii) On August 8, 2014, a director of the Company exercised 250,000 warrants at $0.05 per share to net the Company $12,500.

(iii) During the year ended December 31, 2015, certain directors and officers of the Company exercised 2,100,000 warrants at $0.05 per share to net the Company $105,000. The warrants that were issued pursuant to the private placement on March 21, 2014 with an exercise price of $0.05 per common share were extended for 12 months to March 21, 2016. All other terms of the warrants remained the same.

Warrants A summary of changes in warrants is as follows:

	Warrants \#	Weighted Average Exercise Price $	Value $
Balance, December 31, 2013	2,403,789	0.08	41,727
Issued	3,307,333	0.05	34,156
Expired	(1,500,000)	0.10	(33,477)
Exercised	(250,000)	0.05	(2,282)
Expired	(653,789)	0.05	(5,968)
Balance, December 31, 2014	3,307,333	0.05	34,156
Exercised	(2,100,000)	0.05	(21,687)
Balance December 31, 2015	1,207,333	0.05	12,469

As at December 31, 2015, the following warrants were issued and outstanding:

Number of Warrants \#	Exercise Price $	Value $	Expiry Date
1,207,333	0.05	12,469	March 21, 2016

The warrants that were issued pursuant to the private placement on March 21, 2014 with an exercise price of $0.05 per common share were extended for 12 months to March 21, 2016. All other terms of the warrants remained the same.

The warrants outstanding and exercisable as at December 31, 2015 have a weighted average remaining contractual life of 0.22 years (December 31, 2014 – 0.22 years).

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, 2013 and December 31, 2014	5,368,000	0.05
Expired March 1, 2015	(50,000)	0.05
Expired June 9, 2015	(951,000)	0.05
Balance December 31, 2015	4,367,000	0.05

As at December 31, 2015, the following options were issued and outstanding:

Options Granted #	Options Exercisable #	Exercise Price $	Expiry Date	Remaining Contractual Life (years	Value $
100,000	100,000	0.05	May 1, 2016	0.33	3,719
914,000	914,000	0.05	December 16, 2016	0.96	27,833
1,890,000	1,890,000	0.05	June 29, 2017	1.50	7,587
100,000	100,000	0.05	July 20, 2017	1.55	397
20,000	20,000	0.05	November 1, 2017	1.84	36
1,343,000	1,343,000	0.05	July 2, 2018	2.50	23,397
4,367,000	4,367,000				62,969

The weighted average exercise price of options outstanding and exercisable at December 31, 2015 is $0.05 (December 31, 2014 - $0.05.) The options outstanding and exercisable as at December 31, 2015 have a weighted average remaining contractual life of 1.67 years and 1.67 years (2014 - 2.25 years and 2.25 years) respectively.

No options were issued during the year ended December 31, 2015 and 2014.

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.

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, 2015 and 2014. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

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.

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, 2015 and 2014.

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 December 31, 2015, the Company had a cash balance of $10,338 (2014 – $11,457) to settle current liabilities of NIL (2014 – $47,937).

Credit Risk
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. Management believes that the credit risk 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.

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 in its financial assets and liabilities as a result of changes in interest or foreign currency rates.

RELATED PARTY DISCLOSURES

Related parties include the Board of Directors, officers and members of 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. 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 December 31	
	2015	2014
	$	$
Salaries and benefits	35,831	56,287
Share-based payments	-	-

As at December 31, 2015 quarter, the total exploration and evaluation expenditures included in the above table was $10,062 (2014 - $15,450) with the balance of 25,769 (2014 – $40,837) 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 is NIL as at December 31, 2015 (2014 – $19,946). These amounts are unsecured, non-interest bearing and due on demand.

Transactions Business Purpose:

Raymond Davies:	President. Planning and direction. Head office administrative and exploration work.
Alan W. Davies:	V-P Exploration, Planning and direction. Head office administrative and exploration work.
Robert Owen:	CFO, preparation of Financial and MDA reports.
Maria Grimes:	Corp. Secretary and bookkeeping.

All are self-employed. Time charges for Administrative and exploration work as well as expenses incurred on behalf of the Company are invoiced to Talmora Diamond Inc.

Related party private placement subscriptions

On February 19, 2015, a director [Raymond Davies] of the Company exercised 800,000 warrants at $0.05 per share to net the Company $40,000. The warrants that were issued pursuant to the private placement on March 21, 2014 with an exercise price of $0.05 per common share were extended for 12 months to March 21, 2016. All other terms of the warrants remained the same.

On June 12, 2015, a director [Raymond Davies] of the Company exercised 800,000 warrants at $0.05 per share to net the Company $40,000.

On November 17, 2015, a director [Raymond Davies] of the Company exercised 200,000 warrants at $0.05 per share to net the Company $10,000.

On December 28, 2015, an officer [Alan Davies] of the Company exercised 100,000 warrants at $0.05 per share to net the Company $5,000.

On December 29, 2015, a director [Raymond Davies] of the Company exercised 200,000 warrants at $0.05 per share to net the Company $10,000.

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, 2013	35,913	9,318	26,595
Additions in 2014	-	6,648	(6,648)
Balance, December 31, 2014	35,913	15,967	19,946
Additions in 2015		6,648	(6,648)
Balance December 31, 2015	35,913	22,615	13,298

As at December 31, 2015 and at December 31, 2014, the finance lease payable balance has been paid off as per the lease agreement.

BASIS OF PRESENTATION

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

The policies applied in these financial statements are based on IFRS issued and outstanding as of December 31, 2015.

The financial statements have been prepared on the historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

New Accounting Standards and Interpretations Not Yet Adopted

During the year ended December 31, 2015, the Company adopted the amendment to the existing standard, IAS 24 – Related Party Disclosures. This amended standard did not have any material impact on the Company's financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. 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 by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016.

Significant Accounting Judgements 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 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. These assumptions are based largely on historical trends and management's expectations of the future. 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.

- The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Significant Accounting Policies

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 during the period of renunciation. The reduction to the premium liability in the period of renunciation is recognized through 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 net loss 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 stock options and share-based payment reserve.

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.

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 December 31, 2015, and December 31, 2014 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 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 statement of loss and comprehensive 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 and comprehensive 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, 2015 and December 31, 2014.

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, 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.

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, has been classified as loans and receivables.

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 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.

Commitments and Contingencies

Flow-Through
The Company agreed to renounce flow-through expenditures in the amount of $5,091 to investors with an effective date of December 31, 2014 pursuant to private placement financings that occurred during the year ended December 31, 2014. As at December 31, 2014, 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. The company had no flow-through expenditure requirements in 2015

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 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 Events

1,207,333 warrants expired unexercised on March 21, 2016.

Form 52-109FV1
Certification of annual 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 AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of Talmora Diamond Inc**.** (the "issuer") for the financial year ended December 31, 2015.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual 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, for the period covered by the annual filings.

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

Date**: April 27, 2016**
/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 52-109FV1
Certification of annual filings - venture issuer basic certificate

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

1. ***Review:*** I have reviewed the AIF, if any, annual financial statements and annual MD&A, including, for greater certainty, all documents and information that are incorporated by reference in the AIF (together, the "annual filings") of Talmora Diamond Inc**.** (the "issuer") for the financial year ended December 31, 2015.

2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the annual 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, for the period covered by the annual filings.

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

Date**: April 27, 2016**

/s/ "Robert T. Owen"
Robert T 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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Talmora Diamond Inc.

www.talmoradiamond.com TAI (CSE)

CLUSTER ANALYSIS OF KIMS ACROSS LENA WEST

Davies, R. and Davies, A.W.

There is evidence [1] that many, if not most, of the KIMs across Lena West are derived from secondary concentrations at the base of the Cretaceous basin with a primary source to the east probably outside the basin. Secondary KIMs in the Cretaceous basin and primary KIMs outside the basin at Horton, Darnley Bay and Dharma were redistributed by glaciation

Lena West includes the Darnley Bay cluster of 13 kimberlites outside the basin in the northeast and the Dharma cluster of two kimberlites outside the basin in the southeast. Both clusters are diamondiferous but the Dharma kimberlites have a significant diamond content (13 diamonds >0.85mm weighing 0.9 carats recovered from 1457.37 kg of core by caustic fusion[2]).

KIMs found over most of Lena West differ from those at Darnley Bay but are similar to those at Dharma. The Dharma kimberlites are small and have a limited range of KIM compositions so cannot be the source of all the Lena West KIMs. Anomalous KIMs outside the basin in the Horton area have compositions that cover the full range of those found across Lena West.

Cluster analysis [3 & 4] shown in figures 1-6 confirms the similarity of Lena West KIMs to those at Horton and their difference to those at Darmley Bay and Dharma.

References:

[1] Agashev,A.M., Kuligin,S.S., Orihashi,Y., Pokhilenko,N.P., Vavilov,M.A. & Clarke,D. (2008) 9th International Kimberlite Conference Extended Abstract No. 9IKC-A-00170, 3 p.
[2] www.SEDAR.ca postings: Sanatana Diamonds Inc. Dec 20, 2007 and Jul 16, 2008.
[3] Fraley C and Raftery A E (2002) Journal American Statistical Association, 97(458): 611-631
[4] Fraley C et al. (2015) http://www.stat.washington.edu/mclust/

Multivariate Statistical Cluster Analysis of Kimberlite Indicator Minerals Spatially Distributed Across the Lena West Region, NWT

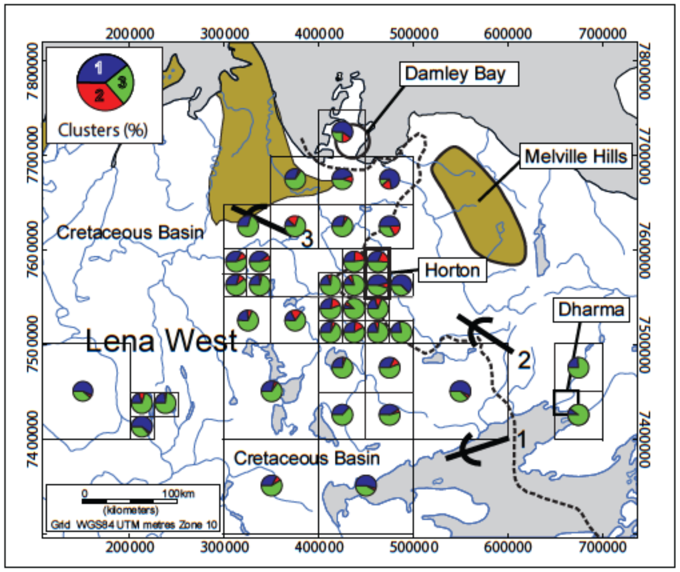

Figure 1: Three major Ilmenite clusters.

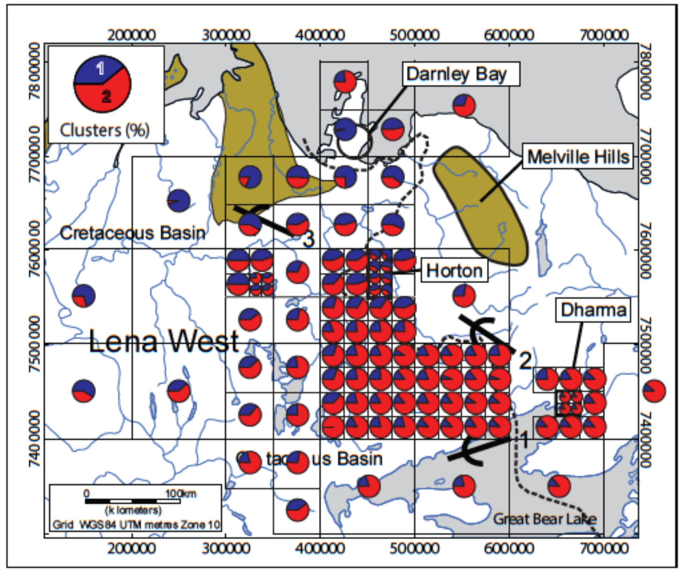

Figure 2: Two major chromite clusters.

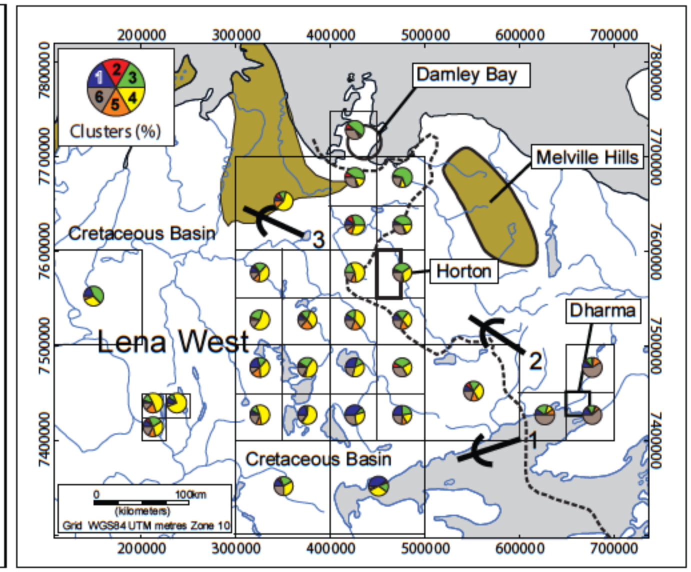

Figure 3: Six major Pyrope garnet clusters.

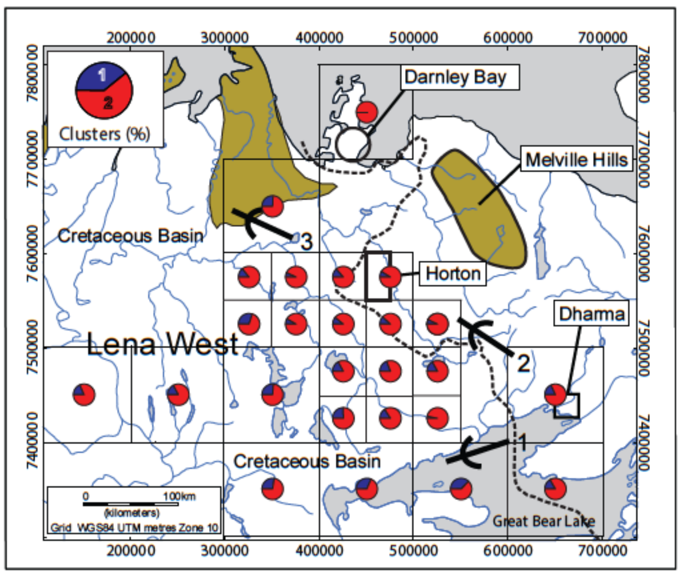

Figure 4: Two major Mn Ilmenite clusters.

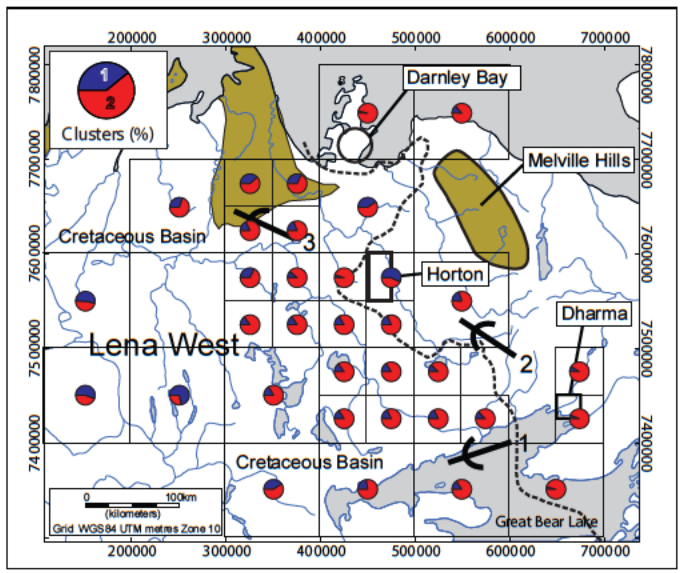

Figure 5: Two major CPX clusters.

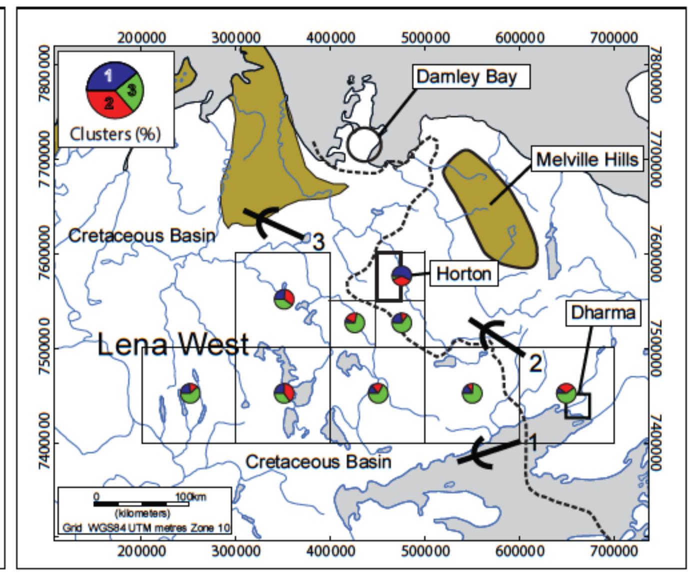

Figure 6: Three major Eclogitic garnet clusters.

Cluster Analysis was done on a combined Sanatana, Darnley Bay and Talmora EMP database derived from GNWT Assessment files.

Wisconsinan Period Ice flow Directions

1 - Southwest Dharma Fan
2 - Northwest Dharma Fan
3 - Northwest Horton Fan

Unglaciated areas during Wisconsinan Period

Eastern edge of Cretaceous Basin