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TALMORA DIAMOND INC.
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Management's Discussion & Analysis
For the period ending September 30, 2022

Date: November 26, 2022

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, 2021.

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. 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 Company's annual financial statements for the year ended December 31, 2021 have been prepared in accordance with IFRS as published by the International Accounting Standards Board.

Overall Performance
As at September 30, 2022, Talmora is a diamond exploration company with one property (Horton property) consisting four prospecting permits covering 113,758.28 hectares on the Horton River, 120 kilometres south of Paulatuk in the Northwest Territories. It holds a 50% interest with Olivut Resources Ltd. (Olivut") in the adjoining Seahorse property consisting of three prospecting permits covering 86,377.07 hectares. The two properties straddle a major linear structure believed favourable for the occurrence of diamondiferous kimberlites. $3,582,026 Has been spent by Talmora on exploration of the Horton property (including administration) to September 30, 2022 and Olivut has spent $1,418,868 (at December 31, 2021) on the Seahorse project during the Option period.

Horton Project

An airborne magnetic survey of the Horton property has detected numerous 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.

Following the market crash of 2008 management focused on asset preservation and acquisition of new ground adjoining the Company's original claims and has had drill ready targets since 2012. The commodities market had been bad and it was not possible to raise sufficient funds to conduct a drill program. However, Talmora continued to review the public record as assessment work on adjacent properties has been made public.

In the fall of 2017, a study of multi-element ICP analyses of glacial tills NW of the Talmora property revealed a large well-defined train of kimberlite pathfinder elements focussed on a large magnetic anomaly first identified by Sanatana Resources Inc. in 2007 on an airborne magnetic survey flown at 400 m line spacing. The pathfinder train coincides with an anomalous train of chromites, picro-ilmenites and Mn-ilmenites. Some of the Mn-ilmenites have diamond inclusion compositions. The large anomaly initially received little attention presumably because only 4 pyrope garnets were found in 3 samples near the anomaly and none further down-ice but there were numerous pyropes further west where a number of magnetic anomalies were tested by Sanatana unsuccessfully. At the time the destructive effect of Eocene weathering on garnets was not recognised nor was the usefulness of Mn-ilmenites recognised as a KIM and one resistant to tropical weathering. Little weight was given to chromites alone as many had compositions in the overlap field between kimberlites and layered complexes and they seemed ubiquitous. Anomalous KIMs were described as a cloud rather than a train. If the anomalous KIMs in samples spaced 10 kilometers defined a train the source would have to be exceptionally large.

Having recognised the large magnetic anomaly with its pathfinder and KIM train Talmora applied for three prospecting permits over the area. These were granted on February 1, 2018. They give the Company exclusive rights for 5 years provided certain expenditures are made. A performance deposit of $21,672.49 was made at the time of the grant and $43,344.98 was made at the end of year 2 $86,689.96 was required by the end of year 4. Talmora requested a one-year extension of the second work period because of Covid restrictions and was verbally informed that this would be done. All deposits are refunded after an equivalent amount of work has been done. The large size of the anomaly was a game changer for Talmora and the presence of Mn-ilmenites is indicative of large high value superdeep diamonds.

Olivut Option

On July 6, 2018, Talmora signed an agreement with Olivut Resources Ltd. that gave Olivut the option to earn a 50% interest in one of Talmora's three permits and certain adjoining lands (Seahorse Project)

by spending $1.2 million over a two-year period and making a cash payment to Talmora of $200,000. Exercise of the option would result in the formation of a Joint Venture to continue exploration of the jointly owned property. Talmora would continue to explore the remainder of the Horton property which it owns 100%.

Olivut made the cash payment of $200,000 on July 19, 2018 and initiated a field program of helimag geophysical surveying and preparations for a drill program were initiated. The geophysical survey was curtailed by unseasonable bad weather. The geophysical survey was completed in 2019 and a number of targets were tested during a follow-up drill program. Downhole samples were collected and have been analysed. On December 9, 2019 Olivut notified Talmora that it had incurred the minimum work cost requirement of $1,200,000 ($1,295,256 to October 31, 2019). On July 2, 2020 Olivut exercised its option to earn 50% of the Seahorse Project in accordance with the terms of the Option Agreement. Olivut has submitted to Talmora the comprehensive report inclusive of all results of the work undertaken by Olivut during the Option Period including work costs of $1,418,868 as contemplated in the Option Agreement. Talmora and Olivut are joint (50/50) owners of the assets. Talmora retains a 1% NSR on certain land. The Company and Olivut have not yet entered into a new formal joint venture company structure.

Selected Annual Information

As at September 30, 2022 and for the year then ended, the Company had continuing losses, cash and cash equivalents totaling $4,767 and working capital of ($18,192). A major financing will be required for a drill program in 2022 - 2023 and to cover future administration costs.

	Nine Months ended September 30 2022 ($)	Year ended December 31, 2021 ($)
Cash and cash equivalents	4,767	222
Working Capital	(18,192)	7,615
Mineral Exploration–cumulative	2,298,231	2,248,700
Total assets	11,111	7,615
Total liabilities -	(29,303)	-
Interest on investment	3	709
Other Income	-	-
Admin Expenses	38,678	45,417
Professional Fees	12,600	10,200
Total expenses	(123,009)	89,864
Net (Loss)	(123,006)	(89,155)
Net Gain (Loss) Per Share	(0.001)	(0.001)

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 $3,606,217 since August 2004 and on which it has expended cumulative expenditures of $2,298,231 on direct exploration to September 30, 2022.

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. Cluster analysis of the mineral chemistry of KIMs from neither of these areas matches that of the KIMs west of Talmora. However, the KIMs on the Talmora property, allowing for the destruction of some silicate KIMs during Eocene "lateritization", do match those to the west.

Diamondex showed that many of their KIMs were from the base of the Cretaceous sediments and that the primary source was to the east. Most of the Sanatana property also lies within the Cretaceous basin. It is significant that most of the Talmora property occupies an upland plateau outside the Cretaceous basin. The plateau was subjected to tropical weathering during the Eocene thermal maximum and much of the weathered zone has been preserved.

Geology of Talmora Property
Most of the Talmora property is underlain by limestone of Ordovician age with a thin cover of glacial drift. An outcrop of Cretaceous sediment is preserved in a dolomite gully on a tributary of the Horton River in the northern part of the property 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.

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". 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 Packsack Drill 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 cuttings of the till and clay were submitted for chemical and mineralogical analyses.

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. When the Talmora clay analysis 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. 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.

Exploration during Bear Market (2011 to present)

During a difficult market for financing diamond exploration projects Talmora's management has reviewed assessment work files on neighbouring properties as they have been released to the public. Most of the work done across Lena West is now a part of the public record.

The field and laboratory work across Lena West is of high quality having been done by Nik Pokhilenko's Russian Team/Diamondex, De Beers/Pure Gold, Kennecott/Sanatana, De Beers/Darnley

Bay and De Beers/Talmora. Diamondex collected stream samples whereas the others collected similar sized till samples

Talmora's work during this time of limited funds has focused on evaluating the probability of the Horton area being the source of the Lena West KIMs and associated diamonds. The Horton area appears to be favourable for diamonds but there is the question why it is deficient in pyrope garnets relative to other areas.

Structural Studies

Evidence was presented in 2012 at the 10th International Kimberlite Conference (10IKC) to show that the Horton area lies on a "zone of anomalous mantle" that was the northern extension of the Slave dimondiferous kimberlite trend displaced on a major fault(s) parallel to the north arm of Great Bear Lake. It also coincides with a favourable morphostructure that straddles the "zone of anomalous mantle".

Evidence for the Great Bear fault zone was presented at the joint 13th South African Geophysical Association (SAGA) Biennial / 6th International Conference in Airborne Electromagnetics (AEM) Conference in 2015, the 43th Annual Yellowknife Geoscience Forum in 2015 and 35th International Geological Congress in 2016.

Paleo-weathering Studies

Evidence of laterite and tropical weathering in the Horton area was recognized during the first field season. It explained the near absence of pyrope garnets and chrome diopside while there were anomalous numbers of chromites and ilmenites. The evidence was presented at the 39th Annual Yellowknife Geoscience Forum in 2011, 10th International Kimberlite Conference in 2012, 44th Yellowknife Geoscience Forum in 2016 and 8th Oppenheimer De Beers Group Research Conference in 2017.

Eocene (55 Ma) tropical weathering affected all of the Canadian north but generally the weathered zone has been eroded and any remnants have been removed by glaciation. In the Horton area post-Eocene erosion was minimal and because of the area's location on the flank of the unglaciated Melville Hills glaciation had little or no effect and the weathered zone has been preserved.

Studies relating Lena West KIMs to the Horton Area

The similarity of Lena West ilmenites to those of the Horton area and how they differ from those in the Darnley Bay and Dharma areas was first presented at the 39th Annual Yellowknife Geoscience Forum in 2011. Cluster analysis of the chromites showing the same relation was presented at the 35th International Geological Congress in 2016 and cluster analysis of the pyrope garnets was presented at the 8th Oppenheimer De Beers Group Research Conference in 2017.

All the Lena West KIMs match those of the Horton area but differ from those of the Darnley Bay and Dharma areas and because the Diamondex team showed that most if not all of the Lena West KIMs were derived from concentrates at the base of the Cretaceous basin the most likely source of the Lena West KIMs is the Horton area which lies outside the basin.

Kimberlite Pathfinder Element Studies

Dolomite covers most of the Horton area so that tracing kimberlite pathfinder elements in glacial till could be a useful tool for discovering kimberlite pipes. Talmora and Sanatana have multielement analyses on all till samples and the initial study showed anomalous pathfinder elements down-ice of the Horton area supporting a presence of a kimberlite cluster. This was presented at the 42nd Annual Yellowknife Geoscience Forum in 2014.

The pathfinder data was reviewed in late 2017 and reinterpretation of the glacial dispersion revealed a kimberlite pathfinder train focused on a magnetic anomaly that Sanatana had selected as a possible kimberlite on a survey with 400 meter line spacing. The anomaly was never tested presumably because there were only 4 pyrope garnets in three samples near the anomaly but no pyrope garnets in samples further down-ice but there were many pyropes further west where Sanatana drilled a number of targets unsuccessfully. Anomalous KIMs coincide with the pathfinder train and considering the 10 kilometer spacing of samples the source of the train must have exceptional size. After Talmora secured the ground the reinterpreted pathfinder data was presented at the 4th International Diamond School in January 2018.

Mn-ilmenite Study

Mn-ilmenites have not generally been considered a KIM. However, they have been found as inclusions in superdeep diamonds, from Venezuela and Brazil. Kaminsky and Belousova in 2008 recommended that they be considered a KIM.

Talmora recognized that Mn-ilmenites had been picked from Lena West samples as possible black oxide KIMs by Talmora, Sanatana and Darnley Bay sorters. Many had compositions that match those included in diamonds. The significance of these mineral grains in the Lena West region was presented at the International Mineralogical Association (IMA) in 2014 and The Kimberley Diamond Symposium and Trade Show in 2014.

In 2017 Smith, Shirey and Wang described the evidence for the superdeep origin of the world's biggest diamonds thus making Mn-ilmenites found as inclusions in superdeep diamonds a possible indicator of large diamonds.

Conclusions

Talmora has tested the evidence at a variety of conferences and concludes that it is generally sound and has increased the probability of the Horton area being the source of most of the KIMs and diamonds found widespread across Lena West.

The Company's most prospective magnetic anomalies needed to be tested with a larger drill. A major program costing $2,000,000 – $4,000,000 (minimum $1,000,000 - $2,000,000) should confirm whether or not diamondiferous kimberlites are present on the property. Micro-diamond analyses of initial kimberlite samples should 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.
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Seahorse Project

On July 6, 2018, Talmora signed an agreement with Olivut Resources Ltd. that gave Olivut the option to earn a 50% interest in one of Talmora's three permits and certain other lands by spending $1.2 million over a two year period and making a cash payment to Talmora of $200,000. Talmora will continue to explore the remainder of the Horton property which it owns 100%.

Olivut successfully completed a helimag geophysical program during April and May 2019. Detailed, low-level, 50 metre line spacing magnetic information was collected and analyzed over multiple anomalies previously identified from regional geophysics.

During August and September 2019 six holes were drilled to test certain regional geophysical targets that had been confirmed and further delineated by the detailed helimag program. The holes were drilled to a maximum depth of 316' (96.3 metres) using a reverse circulation (air blast), heli-portable drill.

Beneath tills, each of the holes intersected varying depths of extremely fine-grained clays that did not appear to be derived from the dolomite country rock that is exposed proximal to the targets. Down hole drilling conditions were exceptionally challenging, as was the recovery of drill sample material, due primarily to the nature of these intersected clays. Samples were collected from each of the holes and sent for analysis to Saskatchewan Research Council ("SRC**"). A recent study of these analyses has shown contamination of deeper samples by overlaying units, presumably by material from the upper units sticking to the walls of the inner tube and breaking loose later to mix with deeper material.**

Preliminary visual inspection, as well as further microscopic examination of many of the collected samples, could not specifically identify the host rock from which the clay material is derived. Sulphides, including pyrite, galena and sphalerite, as well as other mafic minerals were easily identified in many downhole samples. Subsequently, whole rock and multi-element geochemical results defined a distinct homogeneous clay in the lower part of 4 of the 6 holes. This clay is notably dark grey to black, with an oily feel and is chemically complex but fairly homogeneous and characterised by elevated Rare Earth Element ("REE") content and relatively low silica content. These REE levels are generally higher than, or consistent with, levels of REE detected in clays found to occur over some identified kimberlites in some locations of the world (e.g., Western Australia and Namibia). Above the homogeneous clay are clays with lower REE and higher silica content that grade into the homogeneous clay and overlying glacial tills

The chemistry of the drill samples indicates that contamination during drilling has been extensive with as much as 50% of a sample coming from the units above. All samples are apparently contaminated but the lower parts of each unit are the least contaminated by other units.

The homogeneous clays have lead isotope ratios (Pb206/204 vs Pb207/204) that average that of rocks derived from the mantle. The range of values of three holes is a little more than the mantle rock values which may be the result of contamination or it may indicate that there has been re-deposition of mantle material at the surface into a single secondary geological unit such as re-deposition of a volcanic tuff ring into a crater. The range of values of samples from a hole testing a relatively narrow dyke are close to that of mantle rocks (including kimberlite).

The Seahorse Project area underwent periods of extreme warming and laterization that destroyed silicate indicator minerals as evidenced from regional till sampling results. However, some opaque oxide indicator minerals and diamonds survive this type of weathering.

To determine the potential presence of any kimberlitic indicator minerals ("KIM"), additional samples from five drill holes, four of which included sections of the deeper homogeneous clay, were submitted for heavy mineral analysis to SRC. Chromites, ilmenites (some manganese bearing) and abundant pseudorutile (an alteration product of ilmenite which is common in intensely weathered kimberlite) are present. Six chromite grains from the narrow dyke plot on a relatively narrow crystallization trend-line indicating a local source and certainly not from a marine sediment. Two of the six grains plot in the field of kimberlites and lamproites. Although most of the chromites and ilmenites are not unequivocally kimberlitic, they have compositions that match those of some inclusions in type IIa diamonds.

A surprising result of the heavy mineral analysis is the number of microfossils (mostly foraminifera) and the abundance of various forms of pyrite (some replacing organic material and microfossils) found in the concentrates. Also present are spherules (tiny bead-like features) believed to be associated with a meteorite impact. Microfossils and pyrite indicate marine deposition associated with anoxic (low oxygen) conditions for some of the clay

Recognition of contamination removes any confusion as to why possible KIMs that crystallized in a mantle derived rock and was subsequently deeply weathered are found with marine microfossils, meteorite spherules and silicate minerals that would not have survived the deep weathering. Talmora has concluded that the most likely scenario is that the homogeneous clay is an intrusion (possibly kimberlite) derived from the mantle that has been deeply weathered during the Eocene thermal maximum and subsequently covered in the Seahorse area by Tertiary marine clays containing microfossils and pyrite in conditions at times anoxic. It is significant that ferropseudobrookite (alteration of pseudorutile under reducing or anoxic conditions) is anomalous in the down-ice end of the Seahorse train. Pseudorutile that would be expected in the up-ice end of the train is absent and is rare in the Seahorse beach concentrates. However, evidence from the Horton area indicates that pseudorutile does not travel well in glaciers.

The homogeneous clays have elevated REE content but there were no typical REE bearing minerals identified in the clay concentrates and it is doubtful whether they would have survived the intense weathering. Talmora have therefore recommended to the Joint Venture Committee that the homogeneous clays be tested for the presence of REE in ionic form absorbed on clay minerals. Ionic REE are readily recovered in salt and ammonium sulphate solutions and may be a valuable by-product of diamond mining. Ionic REE are not present in the overlying tills but if they are present in the homogeneous clay care will have to be taken to obtain uncontaminated samples of the homogeneous clay in future drilling and will determine how targets are drilled and with what equipment.

In addition to the drilling program described above, limited regional prospecting was conducted. A large gossan zone was identified on the property comprising the Seahorse Project that appears to have a strike length of approximately eight kilometres. Very limited sampling was conducted due to budget and fuel constraints. Some of these samples returned trace amounts of gold which may be significant given the limited number of samples collected. Further work is required to obtain more information before arriving at a conclusion. The linear gossan zone occurs within the dolomite country rock and likely represents a sulphide bearing fault zone.

Olivut exercised its option on July 2, 2020 and reported that $1,418,868 was spent on work completed during the option period. The Coronavirus pandemic and its effects particularly on planning and work in the Northwest Territories prevented any field work being conducted in 2020 and 2021. The Joint Venture Company contemplated by the Option Agreement has not yet been formed.

The Company considers the Seahorse Project to have the potential to host diamondiferous kimberlite bodies of significant size and perhaps other mineral deposits, based on a combination of: 2019 program results as described above; favourable diamond stability indicator minerals found regionally and locally, including 18 macro diamonds found in regional samples to the west and northwest; specific geophysical targets; regional and local faults that would favour kimberlite emplacement; occurrence of diamondiferous kimberlites to the north and southeast, as well as other geochemical data in the area.

A major financing will be required for a drill program to test the main Seahorse target that could not be tested in 2019 and perhaps the other Seahorse targets at greater depth.

Property Commitments

As at September 30, 2022, the Company held 4 prospecting permits (113,758.28 hectares) in the Horton River area, south of Paulatuk in the Northwest Territories. All are on crown land.

One Permit 8465 (28,360.00 hectares) was allowed to lapse on January 31, 2022.

30 Claims (2,570.88 hectares) with Record Date September 22, 2011, expired on September 22, 2021.

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

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

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

Performance bonds will be refunded when an equivalent amount of work has been performed and reported.

Property Summary

Current Permits

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

Performance bonds will be refunded when an equivalent amount of work has been performed and reported.

Current Permits Permit	NTS	QTR	Hectares	Yrs	Area	Issue Date	Deposit Due Date
Talmora 100%							
NP-8464	097A05	SW	27,716.00	5	Inuvialuit Settlement Region	01-Feb-19	31-Jan-22
NP-8438	097B08	SE	28,593.46	5	Inuvialuit Settlement Region	01-Feb-18	31-Jan-22
NP-8437	097B01	SE	28,928.25	5	Inuvialuit Settlement Region	01-Feb-18	31-Jan-22
		Sub-total	**85,237.71**	Hectares (100% Talmora)			
Talmora 50% of J.V. with Olivut. Held in Trust by Talmora for Joint Venture							
NP-8436	097B01	NE	28,520.57	5	Inuvialuit Settlement Region	01-Feb-18	31-Jan-22
		Total	**113,758.28**	Hectares Talmora			
Olivut 50% of J.V. with Talmora. Held in Trust by Olivut for Joint Venture							
NP-8439	097B01	SW	28,928.25	5	Inuvialuit Settlement Region	01-Feb-18	31-Jan-22
NP-8440	097B01	NW	28,928.25	5	Inuvialuit Settlement Region	01-Feb-18	31-Jan-22
		Total	**57,856.50**	Hectares Olivut			

Deposits of $43,032.15 for the second two year period were applied to three permits NP-8436, NP-8437 and NP-8438 and will keep them in good standing to Jan. 31, 2022. Talmora has applied for a one year extension because of the Coronavirus pandemic. Assessment work was submitted by Olivut on permit NP8436 which should result in a refund of a $21,696.19 and the $29,001.00 that was submitted to protect the permit should assessment work not have been submitted or an extension granted. (An Additional $57,114.03 deposit will keep permits NP8436 and NP8438 good to 2024). The two permits NP8464 and NP8465 were granted a one year extension to the first 2 year period because of the Coronavirus pandemic placing them in good standing to Jan. 31, 2022. An additional deposit of $13,858 was placed on permit NP8464 and permit NP8465 was allowed to lapse. A $27,716.00 additional deposit will keep permit NP8464 good to 2025 and an additional $55,432.00 will keep them good to 2025).

Total Talmora Permits 113,758.28 hectares

The following Claims expired on September 22, 2021:

Property Units	Size Hectares	Record Date	Current Expiry Date
30 Claims	2,570.88	Sept 22, 2011	Sept.22. 2021

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, Packsack drilling, sampling	95,616
Administration Expenses sub-total		89,880
	Total	$185,496
	2014 Field Program, Evaluation & Reporting	
Exploration sub-total	Professional Services, analyses & Licences	21,107
Administration Expenses sub-total		81,475
	Total	$101,582
	2015 Field Program, Evaluation & Reporting	
Exploration sub-total	Professional Services. analyses & Licences	4,791
Administration Expenses sub- total		53,969
	Total	$58,760
	2016 Field Program, Evaluation & Reporting	
Exploration sub-total to December 31, 2016		11,499
Administration Expenses sub- total		60,046
	Total	$71,545
	Sub-total All to end December 31, 2016- $3,085,438	
	2017 Field Program, Evaluation & Reporting	
Exploration sub-total to December 31, 2017		30,170
Administration Expenses sub- total		51,969
	Total	$82,139
	2018 Field Program, Evaluation & Reporting	
Exploration sub-total to December 31, 2018		29,610
Administration Expenses sub- total		91,559
	Total	$121,169

	2019 Field Program, Evaluation & Reporting	
Exploration sub-total to December 31, 2019		24,010
Administration Expenses sub- total		75,788
	Total	$99,798
	2020 Field Program, Evaluation & Reporting	
Exploration sub-total to December 31, 2020		$53,048
Administration Expenses sub- total		$55,745
	Total	$108,793
	2021 Field Program, Evaluation & Reporting	
Exploration sub-total to December 31, 2021		$ 4,748
Administration Expenses sub- total		$55,615
	Total	$60,363
	2022 Field Program, Evaluation & Reporting	
Exploration sub-total to September 30, 2022		$49,531
Administration Expenses sub- total		$51,278
	Total	$100,809
Grand Total as at September 30, 2022		**$3,582,026**

2021 March exploration expenses were $2,516 covering the annual NWT prospectors' licenses $60; and $2,456 for professional exploration work done on the Horton property. Administrative costs of $19,188 are to maintain the Company's interest in the Horton project which has been maintained at a minimum level. In the second quarter of June, 2021, exploration expenses were $769 representing professional exploration work done on the Horton property. Administrative costs of $12,729 are to maintain the Company's interest in the Horton project which has been maintained at a less than minimum level. In the third quarter of September, 2021, exploration expenses were $1,238 representing professional exploration work done on the Horton property. Administrative costs of $13,590 are to maintain the Company's interest in the Horton project which has been maintained at a less than minimum level. In the fourth quarter of December 2021 exploration costs of $225 representing professional exploration work done on the Horton property. Administrative costs of $10,110 are to maintain the Company's interest in the Horton project which has been maintained at a less than minimum level.

2022 March exploration expenses were $43,919 covering one J.V. Permit of $29,001 and one non-JV permit of $13,986, including a JV meeting; annual NWT prospectors licenses $60; and for professional exploration work done on the Horton property. Administrative costs of $23,974 are to maintain the Company's interest in the Horton project which has been maintained at a minimum level.

2022 June exploration expenses were $1,012 covering professional exploration work done on the Horton property. Administrative costs of $34,833 are to maintain the Company's interest in the Horton project which has been maintained at a minimum level.

2022 September exploration expenses were $2,100 covering professional exploration work done on the Horton property and $2,500 submission for preliminary. J.V. analyses. Administrative costs of $14,620 are to maintain the Company's interest in the Horton project which has been maintained at a minimum level.

SUMMARY OF QUARTERLY RESULTS

(a) Year	**2022**	**2022**	**2022**	**2022**
(b) Quarter	December 31	September 30	June 30	March 31
Cash and cash equivalents		4,767	7,407	21,610
Working capital		(18,192)	1,030	(10,275)
Additional income		-	-	3
Admin. Expenses		14,620	12,683	11,374
Exploration and evaluation expenditures		4,600	1,012	43,919
Cash in (out) flow		(2,640)	(14,202)	21,388
Net (Loss)		(19,221)	(35,895)	(67,890)
Net (Loss) per share		(0.001)	(0.001)	(0.001)
Total assets		11,111	11,994	24,823
Total liabilities	-	(29,303)	(10,964)	(35,098)

(a) Year	**2021**	**2021**	**2021**	**2021**
(b) Quarter	December 31	September 30	June 30	March 31
Cash and cash equivalents	222	11,872	28,624	43,495
Working capital	7,615	17,949	32,777	46,275
Additional income	-	-	-	709
Admin. Expenses	10,110	13,590	12,729	19,188
Exploration and evaluation expenditures	224	1,238	769	2,516
Cash in (out) flow	(11,650)	(16,752)	(14,871)	43,495
Net (Loss)	(39,834)	(14,828)	(13,498)	(20,995)
Net (Loss) per share	(0.001)	(0.001)	(0.0002)	(0.0002)
Total assets	7,615	17,949	32,777	46,275
Total liabilities	-	-	-	-

Administrative **exploration** expenditures in the third quarter of **September 30, 2022** were $4,600, of which $2,100 covering professional exploration work done on the Horton property and $2,500 submitted covering the cost of preliminary J.V.analyses. Administrative **exploration** expenditures in

the second quarter of **June 30, 2022** were $1,012 covering professional exploration work done on the Horton property. Exploration expenditures in the first quarter **of March 31, 2022** were $43,919 covering one J.V. Permit of $29,001 and one non-JV permit $13,986, including a JV meeting; annual NWT prospectors licenses $60; and for professional exploration work done on the Horton property. Administrative expenses for the third quarter of **September 30, 2022**, of $14,620, were slightly higher than June 30, 2022, of $12,683, and more than March 31, 2022 of $11,374, were to maintain the Company's interest in the Horton project which has been maintained at a minimum level.

Finally, the balance sheet for the third quarter of September 30, 2022, indicates a balance in working capital of ($18,192, compared to the second quarter of June 30, 2022, indicates a balance in working capital of $1,030 compared to working capital of ($10,275) in the first quarter of March 31, 2022.

Exploration expenditures in the first quarter of March 31, 2021 were $2,516 (covering the annual NWT prospectors' licenses of $60, and $2,456 for professional exploration work done on the Horton property.)

Administrative expenses for the fourth quarter of December 31, 2021 were $10,110 were slightly less than the third quarter of September 30, 2021 of $13,590 which were slightly more than the second quarter of ended June 30, 2021 were $12,729 were less than $19,188, of administrative expenses for the first quarter of ended March 31, 2021.

Finally, the balance sheet indicates a balance in working capital of $7,615 in the fourth quarter of December 31, 2021, compared to $17,949 in the third quarter of September 30, 2021 compared to $32,777 in the second quarter of June 2021 compared to $46,275 in the first quarter of March 31, 2021.

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.

In 2020, 1,278,000 options were exercised as follows:
On July 14, 2020, a Director exercised I,028,000 options at $0.05 netting the Company $51,400.
On December 15, 2020, a director exercised 250,000 options at $0.05 netting the Company $12,500.

(i) On March 9, 2021, a Director exercised 1,000,000 options at $0.05 netting the Company $50,000.

In 2022 1,500,000 options were exercised as follows:
(ii) On January 13, 2022, a Director exercised 1,000,000 options at $0.05 netting the Company $50,000
(iii) On May 24, 2022 a director exercised 500,000 options at $0.05 netting the Company $25,000

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

As at September 30, 2022, Talmora had cash and cash equivalents $4,767, a decrease from June 30, 2022, $7,407, a decrease from March 31, 2022, balance of $21,610, compared to December 31, 2021, $222, a decrease from the September 30, 2021 balance of $11,872, a decrease from the June 30, 2021, of $28,624, a decrease from the March 31, 2021, amount of $43,495. The decrease in cash in the fourth, third , second and first quarters of 2021 was due to payment of continuing expenses.

The decrease in cash in the second quarter of September 30, 2022, was due to payment of continuing expenses. The increase in cash in the first quarter of March 31, 2022, and second quarter of June 2022, reflect the receipt of cash on exercise of options.

The increase in cash in the first quarter of March 31, 2021, and fourth and third quarters of 2020 reflect the receipt of cash on exercise of options and the decrease in cash, in the second quarter of June 30, 2020 was due to payment of continuing expenses. At March 31, 2020, Talmora had cash and cash equivalents in the amount of $19,054.

As at September 30, 2022, Talmora had a working capital of ($18,192) compared to $1,030, at June 30, 2022, compared to March 31, 2022, of ($10,275) compared to December 31, 2021, $7,615, compared to September 30, 2021, $17,949, compared to June 30, 2021, $32,777 compared to $46,275 at March 31, 2021.

At September 30, 2022 third quarter and June 30, 2022 second quarter, there were no interest received. In March 31, 2022, first quarter, there were $3 interest received compared to December 31, 2021 quarter, September 30, 2021 quarter and June 30, 2021 quarter, there were no interest received. March 31, 2021, there was $709 interest received from a GIC.

As at September 30, 2022 exploration expenses were $4,600 of which $2,100 covering professional exploration work done on the Horton property and $2,500 submitted covering the cost of preliminary J.V. analyses. June 30, 2022, exploration expenses were $1,012 covering professional exploration work. March 31, 2022, exploration expenses were $43,919 covering one J.V. Permit of $29,001 and one non-JV permit of $13,986, including a JV meeting; annual NWT prospectors licenses $60; and for professional exploration work done on the Horton property.

As at September 30, 2022 administrative expense of $14,620, were more than $12,683 at June 30, 2022, and more than $11,374 at March 31, 2022, were more than the December 31, 2021, $10,110 were less than September 30, 2021, expense of $13,590 were slightly more than the June 2021, administration expense of $12,729 were less than March 31, 2021, administration expense of $19,188.

SHARE CAPITAL

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, 2020	**71,682,801**	**3,344,557**
*Options exercised (i)	1,000,000	69,929
Balance, June 30, 2021 and December 31, 2021	**72,682,801**	**3,414,486**
Options exercised (ii)	1,000,000	69,667*
Options exercised (iii)	500,000	34,965*
Balance, September 30, 2022	**74,182,801**	**3,519,118**

*(i) On March 9, 2021, a director exercised 1,000,000 options at $0.05 netting the Company $50,000.
*(ii) On January 13, 2022, a director exercised 1,000,000 options at $0.05 netting the Company $50,000.
*(iii) On May 24, 2022, a director exercised 500,000 options at $0.05 netting the Company $25,000.

* Amount for common shares issued on exercise of options includes an amount related to share-based payment reserve

STOCK OPTION 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, 2020	**6,882,000**	**0.05**
Exercised, March 9, 2021	(1,000,000)	0.05
Expired December 16, 2021	(1,250,000)	0.05
Granted December 16, 2021	1,500,000	0.05
Balance, December 31, 2021	**6 ,132,000**	**0.05**
Exercised, January 13, 2022	(1,000,000)	(0.05)
Exercised May 24, 2022	(500,000)	(0.05)
Granted May 29, 2022	1,500,000	(0.05)
Balance, September 30, 2022	**6,132,000**	**0.05**

As at September 30, 2022, the following options were issued and outstanding:

Options Granted #	Options Exercisable #	Exercise Price $	Expiry Date	Remaining Contractual Life (years)	Value $
1,432,000	1,432,000	0.05	November 28, 2022	0.16	6,996
1,500,000	1,500,000	0.05	August 31, 2023	0.92	36,825
1,200,000	1,700,000	0.05	December 29, 2025	3.25	23,915
500,000	500,000	0.05	December 16, 2026	4.21	9,833
1,500,000	1,500,000	0.05	May 29, 2027	4.66	22,200
6,132,000	6,132,000	0.05		2.38	99,769

On May 29, 2022, the Company granted 1,500,000 stock options to a director at $0.05 until My 29, 2027. The stock options were assigned a value of $22,200, or approximately $0.015 per share, using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 239%; share price of $0.015, risk free interest rate of 2.61%; and an expected life of 5 years.

The weighted average exercise price of options outstanding and exercisable at September 30, 2022 is $0.05 (2021- $0.05). The options outstanding and exercisable as at September 30, 2022 have a weighted average remaining contractual life 2.38 years (2021 – 1.88 years).

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 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, 2021 and 2020. 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 did not have any financial instruments carried at fair value as at December 31, 2021 and 2020.

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, 2021 and December 31, 2020.

Liquidity Risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2022, the Company had cash and cash equivalents in the amount of $4,767 (2021 - $11,872) to settle current liabilities of $29,303 (2021 - $Nil.)

Credit Risk
The Company has no significant concentration of credit risk arising from operations. Cash equivalents, when applicable, consist of guaranteed investment certificates, which are 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 has cash equivalent balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. Currently, the Company does not hedge against interest rate risk.

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

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

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

Sensitivity Analysis
The Company does not anticipate any material fluctuations 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:

	Nine months ended September	
	2022	2021
	$	$
Salaries and benefits	$16,757	$18,203
Share-based payments	22,200	

For the period ended September 30, 2022, the total exploration and evaluation expenditures included in salaries and benefits in the above table was $3,956 ((2021 -4,523). The balance of $12,781 (2021 – $15,500) was 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.

As at September 30, 2022, the accounts payable and accrued liabilities of $29,303, (2021 – Nil) was owing to directors and officers of the Company

This amount is unsecured, non-interest bearing with no fixed terms of repayment.

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.
Maria Grimes	Corporate Secretary and Interim CFO, Bookkeeping. Preparation of Financial and MDA reports

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.

STATEMENT OF COMPLIANCE AND BASIS OF PRESENTATION

Accounting standards issued but not yet applied

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2021. Many are not applicable or not have a significant impact on the Company's financial statements.

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2022. Many are not applicable or are not expected to have a significant impact on the Company's financial statements

Commitments and Contingencies

Flow-Through

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 2021 and 2020.

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 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.

COVID-19

The Company's operations could be significantly adversely affected by the effects of a widespread global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak,

and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

The effect of Covid-19 over the last two years affected the planning and carrying out work in the Northwest Territories and on the Seahorse Project in particular. The project area is remote, lacking infrastructure and reliant on a few suppliers, who could not operate as normal. Local communities did not welcome "outsiders" and Talmora had to plan and abide by measures to protect the health and safety of Northerners as requested by authorities. The nonstop protocol directives changes coming from multiple public health and other authorities to contract the spread of Covid-19 made a field program impossible.

SUBSEQUENT EVENT

There were no subsequent events.