

BALANCE SHEETS

AS AT

	March 31, 2007 \$	December 31, 2006 \$ (Audited)
ASSETS		
CURRENT		
Cash and cash equivalents (Note 4)	489,976	423,863
Short-term investment (Note 5)	57,514	153,646
Sundry receivables	<u>3,109</u>	<u>2,436</u>
	550,599	579,945
DEFERRED MINERAL EXPLORATION COSTS (Note 6)	305,504	211,448
FUTURE TAX ASSET (Note 7(b))	<u>-</u>	<u>25,500</u>
	<u>856,103</u>	<u>816,893</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 9)	58,304	14,936
FUTURE TAX LIABILITY (Note 7(b))	<u>4,000</u>	<u>-</u>
	<u>62,304</u>	<u>14,936</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 8(b))	747,549	710,932
WARRANTS (Note 8(c))	98,350	155,750
(DEFICIT)	<u>(52,100)</u>	<u>(64,725)</u>
	<u>793,799</u>	<u>801,957</u>
	<u>856,103</u>	<u>816,893</u>
CONTINUANCE (Note 1)		
COMMITMENT (Note 10)		

APPROVED ON BEHALF OF THE BOARD:

Signed "Raymond Davies", Director

Signed "Richard Hogarth", Director

See accompanying notes to the interim unaudited financial statements

**STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31**

	2007 \$	2006 \$
EXPENSES		
Administration	28,442	725
Professional fees	5,000	-
Bank charges	<u>237</u>	<u>-</u>
(Loss) before the under-noted	(33,679)	(725)
Interest income	<u>5,304</u>	<u>3</u>
(Loss) before income taxes	(28,375)	(722)
Income tax recovery (Note 7(a))	<u>41,000</u>	<u>-</u>
NET INCOME (LOSS) FOR THE PERIOD	12,625	(722)
(Deficit), beginning of period	<u>(64,725)</u>	<u>(75,000)</u>
(Deficit), end of period	<u>(52,100)</u>	<u>(75,722)</u>
NET INCOME (LOSS) PER SHARE		
– basic and diluted	<u>0.001</u>	<u>(0.000)</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – basic and diluted	<u>15,080,841</u>	<u>4,752,830</u>

STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31

	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	12,625	(722)
Changes not involving cash		
Income tax (recovery)	(41,000)	-
Changes in non-cash working capital balances:		
Decrease in sundry receivables	4,982	2,380
(Decrease) in accounts payable and accrued liabilities	(669)	-
Cash flows from operating activities	<u>(24,062)</u>	<u>1,658</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired in reverse take-over (Note 2)	87,899	-
Short-term investment	96,132	-
Deferred mineral exploration costs	(93,856)	-
Cash flows from investing activities	<u>90,175</u>	<u>-</u>
Increase in cash and cash equivalents	66,113	1,658
Cash and cash equivalents, beginning of period	<u>423,863</u>	<u>35,217</u>
Cash and cash equivalents, end of period	<u>489,976</u>	<u>36,875</u>
SUPPLEMENTAL INFORMATION:		
Interest paid	237	-
Income taxes paid	-	-
Accrued exploration expenditures	200	-
Accrued share issue costs	28,266	-

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2007

1. BASIS OF PRESENTATION AND CONTINUANCE

Canadian Diamind Limited and Talmora Resources Inc. amalgamated on January 23, 2007 to continue as Talmora Diamond Inc. (the Company). In accordance with CICA EIC-10, the substance of the transaction is a capital transaction and is accounted for as a reverse takeover ("RTO"), since CDL was identified as the acquirer. As Talmora Resources Inc. did not meet the definition of a business for accounting purposes, this RTO did not constitute a business combination but a capital transaction in substance. The comparative figures presented in the interim financial statements are those of Canadian Diamind Limited.

The accompanying interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods of application as the audited financial statements of Canadian Diamind Limited for the year ended December 31, 2006, except as disclosed in Note 3. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the periods ended March 31, 2007 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2007. For further information, see Canadian Diamind Limited's financial statements including the notes thereto for the year ended December 31, 2006.

As at March 31, 2007, the Company had cash and cash equivalents of \$489,976 and a working capital of \$492,295. Management of the Company believes that it has sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing year as they fall due. Longer term, the Company's ability to continue operations and fund its exploration property expenditures is dependent on management's ability to secure additional financing (see Note 11(a)). Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Because of this uncertainty there is some doubt about the ability of the Company to continue as a going concern. These financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. AMALGAMATION

Effective January 23, 2007, pursuant to a letter of intent dated June 30, 2005 and a definitive amalgamation agreement dated July 31, 2006, Canadian Diamind Limited amalgamated with Talmora Resources Inc., a junior capital pool company formed under the rules of the Alberta Stock Exchange, and continued under the name Talmora Diamond Inc. ("The Company"). Talmora Resources Inc. was delisted from the TSX Venture Exchange on July 3, 2001 for failure to complete listing requirements. Pursuant to the amalgamation agreement, shares of the Company were issued on the basis of one post-amalgamation share for each pre-amalgamation share of Talmora Resources Inc. and one post-amalgamation share for every five pre-amalgamation shares of Canadian Diamind Limited. Holders of common share purchase warrants in the capital of Canadian Diamind Limited received 3,250,000 common share purchase warrants in the capital of the Company. Each whole warrant of the Company entitles the holder to acquire one share of the Company for \$0.16 until June 30, 2008.

Immediately after amalgamation, former shareholders of Canadian Diamind Limited held 68.6% of the common shares of the amalgamated company and Canadian Diamind Limited was deemed the acquirer for accounting purposes. The substance of the transaction is a capital transaction and will be accounted for as a reverse takeover

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2007

2. AMALGAMATION (Continued)

This transaction is a “related party transaction” for the purposes of Ontario Securities Commission Rule 61-501 as the President who is also a director of Talmora Resources Inc. and a director of Canadian Diamind Limited, owns 14.4% and 10.9% of the issued and outstanding shares of Talmora Resources Inc. and Canadian Diamind Limited, respectively. The transaction is exempt from the related party valuation and minority security holder approval requirements of the OSC Rule on the basis that no securities of Talmora Resources Inc. were listed or quoted on any specified markets.

Based on the audited December 31, 2006 balance sheet of Talmora Resources Inc., the net assets at estimated fair market value that were combined with Canadian Diamind Limited were as follows:

Cash	\$ 87,899
Amounts receivable	5,655
Deferred transaction costs	57,168
Current liabilities	(15,571)
Future tax asset	<u>62,700</u>
Net assets acquired	<u>\$ 197,851</u>

Related transaction costs of \$85,434 were recorded as a share issue cost in fiscal 2007.

3. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2007, the Company adopted three new accounting standards (a, b & c) issued by the Canadian Institute of Chartered Accountants (“CICA”) in 2005. The new standards and accounting policy changes are as follows:

(a) Financial Instruments – Recognition and Measurement (Section 3855)

This standard prescribes when a financial asset, financial liability, or non-financial derivative is to be recognized on the balance sheet and whether fair value or cost-based methods are used to measure the recorded amounts. It also specifies how financial instrument gains and losses are to be presented. All derivatives are recorded on the balance sheet at fair value. Mark-to-market adjustments on these instruments are included in net income, unless the instruments are designated as part of a cash flow hedge relationship.

All other financial instruments will be recorded at cost or amortized cost, subject to impairment reviews. The criteria for assessing other than temporary impairment remain unchanged. Transaction costs incurred to acquire financial instruments are included in the underlying balance. Regular-way purchases and sales of financial assets are accounted for on the trade date.

(b) Comprehensive Income (Section 1530)

This standard requires the presentation of a statement of comprehensive income and its components. Comprehensive income includes both net earnings and other comprehensive income. Other comprehensive income includes holding gains and losses on available for sale investments, gains and losses on certain derivative instruments and foreign currency gains and losses relating to self-sustaining foreign operations, all of which are not included in the calculation of net earnings until the period that the related asset or liability affects income.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2007

3. CHANGE IN ACCOUNTING POLICIES (Continued)

(c) Hedges (Section 3865)

This standard is applicable when a company chooses to designate a hedging relationship for accounting purposes. It builds on the previous AcG-13 "Hedging Relationships" and Section 1650 "Foreign Currency Translation", by specifying how hedge accounting is applied and what disclosures are necessary when it is applied. The Company currently does not have any instruments that are covered in this standard.

(d) Stock-based compensation

The Company records compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributes surplus, will be credited to capital stock.

The Company has evaluated the impact of these new standards on its consolidated financial statements and determined that no adjustments are currently required.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts, and highly liquid temporary investments with a maturity of less than ninety days.

Cash and cash equivalents are composed of:

	March 31, <u>2007</u>	December 31, <u>2006</u>
	\$	\$
Cash	79,359	16,796
Guaranteed investment certificate, bearing interest at 3.89%	<u>410,617</u>	<u>407,067</u>
	<u>489,976</u>	<u>423,863</u>

5. SHORT-TERM INVESTMENT

Short-term investment consists of a guaranteed investment certificate, bearing interest at 3.90%, with a maturity date of July 23, 2007.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2007

6. DEFERRED MINERAL EXPLORATION COSTS

HORTON RIVER, NWT	\$
<u>Acquisition costs:</u>	
Balance, December 31, 2006 and March 31, 2007	<u>22,000</u>
<u>Exploration expenditures:</u>	
Balance, December 31, 2006	189,448
Permits and legal	905
Consulting	750
Geophysical survey	<u>92,401</u>
Balance, March 31, 2007	<u>283,504</u>
Total balance, March 31, 2007	<u>305,504</u>

In 2003, the Company acquired the Horton River property, consisting of three prospecting permits covering 213,433 acres in the Horton River area in the Inuvialuit settlement region of the Northwest Territories. The property is 120 kilometers south of Paulatuk, a village located on the arctic coast, about 400 kilometers east of Inuvik. The permits are valid until January 31, 2008, provided a performance deposit is made or work is done amounting to \$9,920 before January 31, 2007 (completed).

In 2006, the Company acquired a further nine prospecting permits covering 432,285 acres in the Horton River property. Six of these permits, covering 217,302 acres are valid until January 31, 2010 while three permits, covering 214,983 acres, are valid until January 31, 2012.

7. INCOME TAXES

The Company uses the asset and liability method of accounting for income taxes.

a) Provision for Income Taxes

Major items causing the Company's income tax rate to differ from the federal statutory rate of approximately 36% (2006 – 36%) are as follows.

	Three-month Periods Ended March 31, <u>2007</u> \$	March 31, <u>2006</u> \$
(Loss) before taxes:	<u>(28,375)</u>	<u>(722)</u>
Expected income tax (benefit)	(10,200)	(260)
Adjustments to benefit resulting from:		
Share issue costs	(30,800)	-
Change in valuation allowance	<u>-</u>	<u>260</u>
Income tax expense (recovery)	<u>(41,000)</u>	<u>-</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2007

7. INCOME TAXES (Continued)

b) Future Tax Balances

The tax effects of temporary differences that give rise to future income tax assets and liabilities at March 31, 2007 are as follows:

	March 31, <u>2007</u>	December 31, <u>2006</u>
	\$	\$
Future income tax assets (liabilities):		
Mineral exploration properties	(106,300)	14,800
Non-capital loss carry-forwards	65,300	2,500
Share issue costs	<u>37,000</u>	<u>8,200</u>
	<u>(4,000)</u>	<u>25,500</u>

c) Tax Loss Carry-Forwards

As at March 31, 2007 the Company had available for deduction against future taxable income, non-capital losses of approximately \$180,000, which expire as follows:

2007	25,000
2008	19,000
2009	42,000
2010	20,000
2013	6,000
2014	30,000
2025	<u>38,000</u>
	<u>\$ 180,000</u>

8. CAPITAL STOCK

The capital stock is as follows:

a) Authorized

Unlimited number of common shares

b) Issued

	<u>Common Shares</u>	<u>Amount</u>
	#	\$
Balance, December 31, 2006	11,252,830	710,932
Common shares issued in reverse-take-over (Note 2)	5,142,105	197,851
Share issue costs	-	(85,434)
Renunciation of flow-through expenditures (i)	<u>-</u>	<u>(75,800)</u>
Balance, March 31, 2007	<u>16,394,935</u>	<u>747,549</u>

- (i) During the three month period ended March 31, 2007, the Company renounced flow-through expenditures in the amount of \$370,000 with respect to a flow-through financing that occurred during the year ended December 31, 2006, creating a future income tax liability of \$133,200, which was allocated as a cost of issuing the flow-through shares.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2007

8. CAPITAL STOCK (Continued)

c) Warrants

A summary of changes in warrants is as follows:

	<u>Warrants</u>	<u>Weighted Average Exercise Price</u>	<u>Value</u>
	#	\$	\$
Balance, December 31, 2006	3,250,000	0.16	155,750
Renunciation of flow-through expenditures (Note 8(b)(i))	-	-	(57,400)
	<u>3,250,000</u>	<u>0.16</u>	<u>98,350</u>

Prior to January 23, 2007, the date of amalgamation, Canadian Diamind Limited had 16,250,000 warrants outstanding. Each warrant entitled the holder to acquire one common share of Canadian Diamind Limited for \$0.032 until June 30, 2008. On amalgamation, the 16,250,000 warrants were converted into 3,250,000 warrants, with each warrant entitling the holder to acquire one common share of the Company at \$0.16 until June 30, 2008.

As at March 31, 2007, the following warrants were issued and outstanding:

<u>Number of warrants</u>	<u>Exercise Price</u>	<u>Expiry date</u>
#	\$	
<u>3,250,000</u>	<u>0.16</u>	<u>June 30, 2008</u>

d) Options

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

No stock options were issued or outstanding during the period ended March 31, 2007. (See Note 11(b))

9. RELATED PARTY TRANSACTIONS

During the three-month period ended March 31, 2007, administration expenses of \$6,087 (2006 - \$725) were charged for services provided by two officers of the Company.

During the three-month period ended March 31, 2007, deferred mineral exploration costs of \$750 (2006 - \$Nil) and administrative expenses of \$10,861 (2006 - \$Nil) were charged for consulting services provided by a director of the Company. Included in accounts payable and accrued liabilities at March 31, 2007 was \$Nil (December 31, 2006 - \$1,436) due to this director.

The above transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

See also Notes 2 and 11.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
MARCH 31, 2007

10. COMMITMENT

As at March 31, 2007, the Company is committed to incur prior to December 31, 2007, on a best efforts basis, approximately \$204,000 in qualifying Canadian exploration expenditures pursuant to the private placement in 2006 for which flow-through proceeds had been received and renounced to the subscribers with an effective date of December 31, 2006.

11. SUBSEQUENT EVENTS

- a) On April 25, 2007, the Company completed a private placement of 1,300,000 units at \$0.10 per unit for total proceeds of \$130,000, of which 1,130,000 units were on a flow-through basis. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to acquire one common share of the Company at \$0.16 per share until April 18, 2009. All securities issued pursuant to the financing are subject to a four-month hold period, which expires August 19, 2007. Two directors of the Company, and an officer and her immediate family, acquired a total of 410,000 units pursuant to the financing for gross proceeds of \$41,000.
- b) On April 25, 2007, the Company also granted stock options to directors, officers and consultants to acquire 1,600,000 common shares of the Company at an exercise price of \$0.10 per share, which expire on April 25, 2012.