

**TALMORA RESOURCES INC.**  
**6 Willowood Court, Toronto, Ontario M2J 2M3**

**Management's Discussion & Analysis**  
**For the 6 months to June 30, 2005**

Date: August 5, 2005

Please read the following discussion and analysis with the audited financial statements of the Company for the year ending December 31, 2004, and the unaudited statements for the first two quarters of 2005.

**Overall Performance**

Talmora Resources Inc. is a Junior Capital Pool as defined under the Alberta Securities Commission Policy 4.1.1. The Company was de-listed from the TSX Venture Exchange on July 3, 2001 for not completing Exchange Listing Requirements. Talmora must complete a Qualifying Transaction in order to be re-listed on the TSX Venture Exchange.

The Company was originally set up to acquire gold exploration projects. Raymond Davies took over as President of Talmora on May 17, 2002 and focused on acquiring diamond exploration projects. A number of potential Qualifying Transactions have been investigated.

Talmora entered into a letter of intent dated June 30, 2005 to amalgamate with Canadian Diamind Limited ("CDL") to continue as Talmora Diamond Inc. ("Amalco"), subject to shareholder and regulatory approval.

**Amalgamation of Talmora with CDL**

Negotiations with Canadian Diamind Limited [CDL], a private Ontario junior exploration company established to explore for diamonds, were initiated in early 2004 but were put on hold while some required exploration work was done by CDL on its property

Talmora shareholders will be issued one (1) Amalco share for each Talmora share currently held and CDL shareholders will be issued one (1) Amalco share for five (5) CDL shares currently held. After amalgamation, current Talmora shareholders will hold 5,142,105 Amalco shares (52.0%) and current CDL shareholders will hold 4,752,830 Amalco shares (48.0%) for a total of 9,894,935 issued and outstanding shares. The shares of Amalco are being issued at a deemed value of \$0.05 per share. Accordingly, with 9,894,935 shares issued and outstanding, Amalco would have a deemed value of approximately \$495,000.

This transaction is a "related party transaction" for the purposes of Ontario Securities Commission Rule 61-501 as Raymond Davies, President and director of Talmora, owns 17.3% of the issued and outstanding shares of CDL. Mr. Davies owns 14.4% of the issued and outstanding shares of Talmora and is a director of CDL.

The transaction is subject to definitive documentation, as well as other conditions including completion of satisfactory due diligence, completion of a private placement financing for an amount and on terms to be considered, the approval of disinterested shareholders and regulatory approval. Although there is no assurance this transaction will be completed as proposed or at all, it is anticipated that if it does go forward, completion should occur by December 31, 2005. The transaction cannot close until the required shareholder approval is obtained.

### **Canadian Diamind Limited**

CDL holds three prospecting permits (2827, 2828 and 2829) covering 213,433 acres in the Horton River area in the Inuvialuit Settlement Region of the Northwest Territories. It has a total of eleven shareholders none of whom own more than 20% of the issued and outstanding shares of CDL. The balance sheet as of March 31, 2005 (unaudited) shows that CDL has \$273,642 in share capital, of which approximately \$203,698 has been spent on exploration, and has approximately \$59,874 in cash. CDL has no revenues and no liabilities. Talmora has agreed to advance \$25,000 to CDL as a non-refundable deposit to fund ongoing property administration costs.

*The following description of the Horton River mineral properties (the "Property") is summarized in part from a report dated May 5, 2005 prepared by MacDonald J. Millard, M.Sc., P.Eng., P.Geo., in accordance with National Instrument 43-101, entitled, "Report on the Horton River Prospecting Permits of Canadian Diamind Limited, Northwest Territories". No geological work has been completed on the Property since that time and, accordingly, the information contained in the Report is current.*

The Property is 120 kilometers south of Paulatuk, a village located on the arctic coast, and about 400 kilometers east of Inuvik. It is located on Crown Land and is completely surrounded by permits and claims held by Sanatana Diamonds and Diadem Resources Ltd./Darnley Bay Resources Limited.

The permits are valid until January 31, 2008 provided a performance deposit is made or further work is done amounting to \$9,920 before January 31, 2007. Performance deposits are refunded if approved work is subsequently performed. Claims may be staked within the permit area before January 31, 2008.

The permits were acquired as a diamond prospect on the basis of anomalous stream sediment samples and because the permits lie on the extension of a favourable zone of diabase dykes along which Darnley Bay has discovered 10 kimberlite pipes (6 known to be diamondiferous).

CDL believes that the three permits lie on a trend that is the northern projection of the Slave Diamond Corridor displaced to the west on a pre-Paleozoic fault running along the north shore of Great Bear Lake and through Coronation Gulf. The Slave Diamond Corridor includes the Diavik and Ekati diamond mines and the Snap Lake, Kennedy Lake and Jericho deposits being permitted for production.

Diamondex Resources Ltd. acquired 6 million acres (known as the West Lena project) in 2003 about 175 kilometers west of the CDL permits and have reported significant results in press releases. In 2004 a record number of permits were awarded for diamond exploration in the Horton River – West Lena area as a result of the success of Darnley Bay and Diamondex.

CDL spent approximately \$150,000 on an orientation sampling survey of its permits in the fall of 2004. The work included the collection of 127 till and stream samples of ten liters each and examination of the –1.00mm to +0.30mm concentrate fractions. This confirmed the presence of anomalous numbers of kimberlite indicator minerals and produced a guide for further sampling.

Follow-up work planned for 2005/2006 is aimed at producing drill targets and includes examination of the –0.3mm to +0.25mm fractions of the orientation samples in order to define indicator mineral trains, more detailed stream and till sampling and an airborne magnetic survey. This program is estimated to cost \$1 million. Mr. MacDonald J. Millard, M.Sc., P.Eng., P.Geo. is the “qualified person” for the purposes of the above technical information pursuant to National Instrument 43-101.

### **Selected Interim (Second Quarter) Information**

As at June 30, 2005, Talmora had \$414,210 in share capital of which, \$83,274 was the initial share issuance cost, \$141,655 has been spent on maintaining the corporation and investigating potential Qualifying Transactions, and \$189,281 is the cash balance.

	6 Months ended June 30 (unaudited)	
	2005	2004
Interest Revenues	1,602	1,556
General and administrative expenses	9,253	8,288
Project identification [deferred costs]	2,887	1,671
Deferred costs written off	-	-
Financing activity –	-	-
Total assets	193,310	214,586
Cash and cash equivalents	189,281	211,930

### **Summary of Quarterly Results**

	1Q	2Q	3Q	4Q
2005				
Net Loss	\$2,556	\$5,095		
Net loss per share- basic and diluted	\$0.0005	\$0.0010		
2004				
Net Loss	\$2,432	\$4,298	\$2,292	\$11,347*
Net loss per share- basic and diluted	\$0.0005	\$0.0008	\$0.0004	\$0.0022
2003				
Net Loss	\$1,733	\$3,300	\$3,658	\$33,445**
Net loss per share- basic and diluted	\$0.0003	\$0.0006	\$0.0007	\$0.0065

\* This includes \$4,459 project identification costs written off.

\*\* This includes \$27,442 capitalized project identification costs written off.

Interest revenues, which initially funded much of the general and administrative expenditures, have steadily declined in line with general interest rates. General and administrative expenditures have been steady.

Expenditures in 2002 and 2003 of \$27,442 were related to a South African project and included cost of negotiations, visits to the property and drafting of agreements. These costs initially capitalized have been written off.

Expenditures in 2004 of \$4,459 were related to identifying and negotiating other potential qualifying transactions. These costs initially deferred were written off in the fourth quarter of 2004.

Talmora has been successful in conserving cash. As at June 30, 2005 cash on hand was \$189,281 and should be sufficient to cover the cost of the amalgamation of Talmora with CDL and the possible listing of the amalgamated company. Funding by way of a public offering or private placement will be required to fund the ongoing CDL project.