# Talmora Diamond Inc. - Olivut Exercises Option on Seahorse Project

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TORONTO, July 06, 2020 - Talmora Diamond Inc. (CSE: TAI) (“Talmora” or the Company”) is pleased to announce that Olivut Resources Ltd. (“Olivut”) has exercised its option to earn 50% of the Seahorse Project, located in the Northwest Territories, Canada in accordance with the terms of the Option Agreement signed with Talmora on July 6, 2018. Talmora and Olivut will be joint (50/50) owners of the Seahorse assets and Talmora will retain a 1% net smelter return royalty on certain Seahorse land. Talmora continues to hold 100% interest in ground adjoining the Seahorse Project on which there are anomalous kimberlite indicator minerals and untested magnetic anomalies.

As previously announced, 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, 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”).

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 homogeneous clays have lead isotope ratios (Pb206/204 vs Pb207/204) that average that of rocks derived from the mantle. The range of values is a little more than the mantle rock values indicating that there may have 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 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. Although the chromites and ilmenites are not unequivocally kimberlitic, they have compositions that match those of some inclusions in type 2a diamonds. A few definite KIMs (G-9 pyropes and picroilmenites) were recovered from beach sand concentrates taken from a lake in the vicinity of the drill holes.

A surprising result of the heavy mineral analysis is the number of microfossils 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. Given the results to date, there are a number of possible scenarios that could explain the genesis of these clays and further work is required to obtain more information before arriving at a conclusion.

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.

This region has been subjected to no known previous detailed exploration work. Due to its remoteness, the project area must be supplied by small aircraft and helicopter. Although Talmora has been active in the area, prior to Olivut’s involvement it had not been able to conduct meaningful exploration due to a lack of financing during the prolonged negative capital market environment for junior exploration companies.

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.

The Coronavirus pandemic and its effects particularly on planning and work in the Northwest Territories will likely prevent any field work being conducted in 2020. Measures have been put in place to mitigate risks to the health and safety of northern people and communities.

The scientific and technical portions of this news release were reviewed and approved by Alan W. Davies, P.Eng., who is the Vice-President of Exploration for Talmora Diamond Inc., a "qualified person" as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects.

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