



TRUE NORTH GEMS

TGX:TSX-V

Ruby Exploration History – Greenland Projects:

In 1966, ruby was discovered in outcrop in the Fiskenæsset area of Greenland by the Geological Survey of Greenland and Denmark (GEUS). Through further exploration they found a total of six ruby occurrences in the district.

Intermittently, between 1969 and 1982, a succession of private Danish-Canadian companies attempted to explore and commercialize the ruby occurrences at Fiskenæsset. These companies succeeded in confirming gemstones at five of the six ruby occurrences reported by GEUS. In 1979, they extracted a 1.36 tonne mini-bulk sample from the Siggartartulik ruby occurrence.

Over the 13 year period, prior to True North Gems visiting Greenland, various companies extracted as much as 50 tonnes of ruby-bearing material from several separate surface showings. In 1980 a total of 33 tonnes was removed for further analysis, from this sample, a limited number of Greenland rubies were cut from the hand-picked high grade material.

The economic potential of the ruby mineralization was addressed again in 1994/1995 and subsequently by True North Gems beginning in 2004. This work resulted in a possible value being recognized for the rubies at Fiskenæsset primarily due to improved exploration methods, processing techniques, and timely evolutionary changes in the global ruby trade.

2004

In 2004, True North began its first field season in Greenland, primarily exploring for ruby and pink sapphire along the documented mineralized trends. The company extracted a 3 tonne mini-bulk sample from Siggartartulik – the best known showing to date – and located a further five ruby occurrences in the district. These included the original Ruby Island location, Upper Annertusoq, Lower Annertusoq, Qaqqatsiaq, and Qaqt Aqulerit. Rough gem grades from the ore-zone Siggartartulik sample were reported as 143.8g/T gem and 3,250.8 g/T near-gem.

2005

In 2005, True North collected high-grade mini-bulk samples from five ruby and pink sapphire occurrences, these included Ruby Island, Lower Annertusoq, Upper Annertusoq, Qaqqatsiaq, and Kigutilik. Approximately 3 tonnes were collected from each of the sites, producing generalized grades of 456 g/T of gem and 3,014 g/T of near-gem. Regional scale mapping and prospecting was also initiated throughout the Fiskenaesset district; this led to the discovery of numerous surface showings of ruby and pink sapphire, bringing the district total to 18.

Towards the end of the 2005 field season, prospecting teams discovered the surface exposures representing the Aappaluttoq (Big Red) showing. From 100 kilograms of talus collected, 533.6 grams of gem material (including 253.8 grams of material larger than 8 mm in size) and 550.5 grams of near-gem material was produced. A large ruby crystal weighing 88 grams (440 carats) was discovered held in gabbroic material at surface. This multi-crystalline specimen was carefully extracted and was subsequently carved into the Kitaa Ruby, a piece weighing 302 carats with intricate carvings displaying scenes of Greenlandic and Norse oceanic legends.

2006

In 2006, two 30 tonne samples were collected from Kigutilik and Aappaluttoq - the best occurrences known to date. A small gemstone processing plant was purchased and built in the village of Fiskenaesset. This allowed the bulk samples to be processed on-site, rather than be shipped to Canada. However, due to time constraints, only the sample from Aappaluttoq was processed on-site during the operating season. The other sample was placed in secure storage for processing the following year. Rough results from the Aappaluttoq ore-zone sample include 1,937 g/T of gem and 2,563 g/T of near-gem.

Regional scale geologic mapping and prospecting identified an additional 11 corundum occurrences, bringing the total to 29 known ruby and pink sapphire showings in the district.

2007

The primary objective of the 2007 field season was to collect data to produce an independent preliminary economic assessment report (PEA) for Aappaluttoq. This was achieved by completing additional bulk sampling, including a 30 tonne overburden sample, a 25 tonne bedrock sample, and an additional 27.8 tonne bedrock sample collected using focused, low intensity blasting. A total of 574 kilograms of ruby and pink sapphire concentrate was recovered from these samples.

Diamond drilling was completed at Aappaluttoq and along strike at the Ridgetop and Sarfaq showings. 46 drill holes with a total depth of 4,501.7 metres were completed at Aappaluttoq. Visible ruby and pink sapphire was recorded in 18 of the holes. An additional three holes were drilled at Sarfaq and one at Ridgetop, located 225 metres and 1,200 metres along strike from Aappaluttoq, respectively; these regional holes located the same geological formations as observed at Aappaluttoq.

Other notable achievements in 2007 include the initiation of an environmental baseline study, a mandatory requirement before a Exploitation (Mining) Licence application could be submitted. The company also completed numerous regional channel samples to assess new gemstone targets and assess their surface grades. The overall land

holding was expanded to include the new Qaqqatsiaq Exploration Licence – this covered various important regional targets and new showing areas.

2008

Early in 2008, independent rough and cut stone valuation reports were completed on a representative 1/8th concentrate split sample derived from the 2006 ore-zone bulk sample at Aappaluttoq. The 1/8th parcel was independently valued at \$4,167 for a 8.1 kg sample of rough ruby and pink sapphire; and a total value of \$123,266 was assigned to a 5,224.10 carat sample of polished (faceted and cabochon) rubies and pink sapphires.

The 2008 core-drilling targeted mineralization below the 2007 drill defined area; specifically this drill campaign was designed to upgrade confidence and drill density in the upper portions of the deposit, and intersect the 'Aappaluttoq Deep' zone - allowing assessment of future gemstone resources below the level of the main Aappaluttoq body.

A ~120 tonne bulk sample was removed from the Aappaluttoq ore-zone by targeted blasting to better define the grade continuity and mineralization and was intended to be utilized during mine processing flow-sheet development. A ~40 tonne soil/regolith sample was also taken directly above the Aappaluttoq mineralization – this was to recover any loose corundum material that had been weathered and locked into the soil layer. The small processing plant in Fiskenæsset continued to recover gemstones from the 2007 Kigutilik bulk sample, and numerous other mini-bulk samples for grade assessment. Environmental baseline work also continued throughout the year; and was particularly focussed around the lake at Aappaluttoq.

At the end of 2008 the World Financial Crisis had an adverse effect on the Company's direct access to cash-flow. A decision was made to keep the large bulk sample in Greenland and ship it to Canada the following year to initiate flow-sheet development and engineering work.

2009

Ongoing instability on the financial markets lead to a significantly downsized field operation in 2009. The program focussed on environmental baseline work, to ensure the Company could continue working towards an Exploitation Permit application in 2010. A series of lake-bottom investigations took place to assess the possibility of underwater high-grade 'placer-style' mineralization around the Aappaluttoq surface exposures. Regional prospecting and surface grab-sampling continued across the Qaqqatsiaq Licence. The large 2008 bulk sample was shipped from site to an industrial processing facility in Canada - ready for flow-sheet development and other engineering work. The 2007-2008 core was also re-logged to include more engineering parameters and to assess the core for other mineral assets. This re-logging process incorporated new geological terminology and standardized the rock-names and descriptions between new True North mapping and historical reports. Samples were also removed for ARD and other environmental test-work required for the Environmental Impact Assessment process.

2010

During the first six months of 2010 there was a series of significant management and technical team changes within the Company. After these came into full effect the ground engineering and processing flow-sheet development advanced significantly. A short field-season was completed in September to complete very detailed 1:500 scale mapping along strike from the Aappaluttoq deposit. The first ground magnetic geophysical exploration grids were

also completed in the area, and significant XRF geochemical data was collected. The company contracted EBA Engineering, MTHojgaard, Gromtj-CarlBro, and Ramboll Engineering to complete the Greenlandic Feasibility Study, Social Impact Assessment, and Environmental Impact Assessment – all key elements making up the Aappaluttoq Exploitation Licence application.

2011

The Company announced its first Resource Estimate on May 17th 2011; this indicated 189,150 tonnes of material hosting 59 million grams (296 million carats) of corundum and inferred a further 21 million grams (109 million carats) of material was present at Aappaluttoq to a depth of 65m. The deposit remains open along strike and to depth. This is the first time any publically traded coloured gem explorer has managed to complete a NI-43-101 compliant resource. An entirely new method for assaying gemstones and their use in a mineral resource estimate was created by the Company and its technical consultants. The Environmental Impact Assessment was completed to suitable draft format for inclusion in an Exploitation Licence application. Initial Social Impact assessment meetings were held in Greenland with key stakeholders. Basic engineering for the mine processing plant, extractive methodology and gemstone cleaning/concentrate upgrading facilities continued throughout the year.

A managing director was appointed for True North Gems Greenland; this was instrumental in negotiations with the Bureau of Minerals and Petroleum regarding the exploitation permitting progress.

Fieldwork in 2011 targeted regional trends and used the knowledge gained at Aappaluttoq to advance some of the other high grade regional showings (Siggartartulik, Kigutilik, Kangarssuk), and to complete extensive property scale mapping over other priority targets. Several important discoveries were made along strike from Aappaluttoq, including the identification of an 8.5km extension to the Ruby Island Trend. This mineralized horizon contains the most prospective gem deposits identified to date on the property. The 2008 Aappaluttoq bulk sample was removed from storage and processed to formally test and refine the engineering flow-sheets for the mine – this process continued through Q1 of 2012.

The draft Aappaluttoq exploitation (mining) licence was formally filed with the Bureau of Minerals and Petroleum on the 13th June, 2011; formally marking the change from exploration to exploitation and mining. Since then, the Company have been working with the Bureau of Minerals and Petroleum to resolve any regulatory questions the draft application created.

2012-2013

Engineering and processing plant design continued throughout the year with significant engineering and process-plant milestones completed. The company began investigating methods to raise the capital required for construction and operation of the Aappaluttoq Ruby Mine. The final changes to the draft exploitation licence were submitted to the BMP based on extensive feedback. The company also spent significant time developing their rough ruby tracking software – this will provide security to various shipments and also allow the company to trace batches of stones from the mine and into the sales environment. Translations of all key documents were completed and filed in both Greenlandic and Danish. The new Greenlandic and Danish websites were launched as part of on-going Corporate Social Responsibility and in lead-up to the Social Impact Assessment public meetings – these websites will be used to announce key dates for the upcoming hearings.