PROJECT BRIEF

AAPPALUTTOQ RUBY AND PINK SAPPHIRE PROJECT

The following brief describes the Aappaluttoq Ruby and Pink Sapphire project proposed by True North Gems Inc. (TNG) in the area located 30 km southeast of Qeqertarsuatsiaat in west Greenland.

TNG is proposing to build a small mine with a minimum of infrastructure starting in 2012 and expand the infrastructure and production as the market for Greenland ruby and pink sapphire is developed.

INTRODUCTION

Rubies and pink sapphires were first identified in Greenland in 1966. TNG, a Canadian company, has been actively exploring the area since 2004. To date TNG has invested DKK 87.5 million (about 16.5 million Canadian dollars) in ruby exploration and now TNG plans to develop a mine at Aappaluttoq to extract the ruby and pink sapphires for sale around the world.

This brief explains how the rubies will be mined and exported from Greenland, the numbers and types of employees that will be required, and the types of business opportunities that may be available from Aappaluttoq. TNG is committed to open and fair business practices and payment of full and fair taxes to Greenlandic authorities.

Information on rubies and ruby mining, including an explanation of the colours and sizes of ruby and pink sapphire that have been located at Aappaluttoq so far and the process of creating polished gemstones from the rough material found at Aappaluttoq is in a separate document called "***Ruby and Pink Sapphire - Introduction***". This document is available at www.truenorthgems.com under the Aappaluttoq Permitting tab. Details of the geological work done are also available at www.truenorthgems.com.

BENEFITS AND IMPACTS OF THE PROPOSED MINING PROJECT

The ruby mining project in Aappaluttoq will contribute to the Greenlandic economy through employment and through the payment of corporate tax by TNG's Greenlandic company, Kitaa Ruby A/S. A central computerized tracking system will contain all relevant information about the rubies mined and sold and all the information will be accessible for audits by the Greenlandic authorities.

The project will benefit the local and national Greenlandic population by creating jobs and business opportunities. During the construction phase approximately 40-60 people will be employed and during the mining phase approximately 45-55 people will be required seasonally at the Aappaluttoq site and in 14 people full time in Nuuk. There will be a need for all skill levels and priority for employment will be given to Greenlanders. TNG will provide training and capacity building for the mining, processing and promotion of this new Greenlandic product.

There will be a need for local service providers and suppliers such as barge, boat and helicopter charters, construction contractors, equipment suppliers, fuel merchants, mechanical and electrical parts dealers, expeditors, food wholesalers, among others. Support business for the mine is expected to be split between Qeqertarsuatsiaat and Nuuk. TNG will engage Greenlandic service and suppliers to the maximum extent possible during construction and operation of the mine.

The encouragement of local lapidary shops and artisanal jewelry design by providing supplies and workshops to improve people's techniques will be a prime objective of TNG. Through increased awareness of Greenland and Greenland gemstones because of international marketing, TNG believes that local jewelry producers will see increased demand for their products. Depending on the participation of the Greenland government, a possible additional benefit of the project will be the growth of Greenlandic expertise in gemstones to create structures, procedures and processes that will allow other miners, including small-scale gemstone mining operations in Greenland, to develop their business.

MATERIAL EXTRACTED TO DATE

About 240 tonnes of ruby bearing rock samples have been extracted from the exploration area. Rough ruby has been extracted from some of this material and some of the rough material has been polished.

100 tonnes of this rock is currently in Canada being used for testwork to determine the best way to remove ruby and pink sapphire without breaking the crystals.

All ruby and pink sapphire obtained to date is being stored by TNG in a secure location. This material can not be sold until an exploitation (mining) permit is granted. Since none of this material has been sold, the actual price that TNG can expect to receive, particularly for the large numbers of pink sapphires at Aappaluttoq, is presently unknown.

Glossary:

Rough ruby and pink sapphire are crystals in their natural state that look like red pebbles

Matrix refers to the rock in which the rough ruby and pink sapphire crystals are found

Concentrate is the result of processing to separate rough ruby and pink sapphire from the matrix. Concentrate may be "dirty" (including approximately 35% matrix still firmly attached to the crystals) or "clean", having very little matrix attached

THE PROPOSED MINE

The mine will consist of:

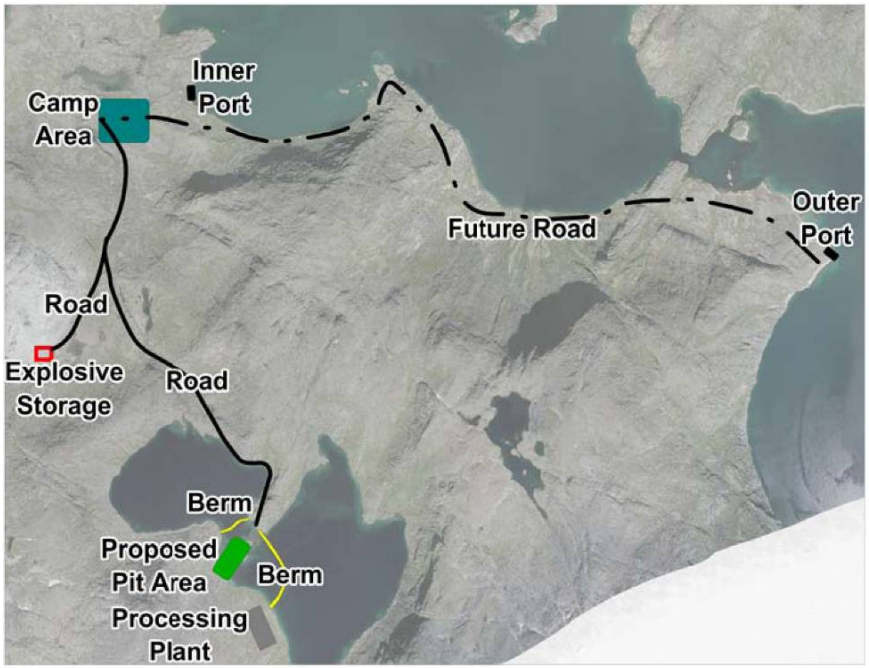
- A small open pit from which the ruby bearing rock will be extracted
- A processing plant at which the ruby and pink sapphire will be separated from the matrix
- Infrastructure, such as a camp, maintenance shop, explosive storage, roads, barge landings, power plants

Two barge landings will be built: an outer port that will accommodate larger ships, and an inner port close to the camp that will only be accessible by smaller craft. Supplies and equipment will be delivered from Nuuk either to Qeqertarsuatsiaat or to the outer port before being transferred to a smaller boat for delivery to the inner port. Road building will be kept to a minimum and will initially only run from the inner port to the camp and connecting the camp to the processing plant and the pit. At a later stage of development, a road may be built to connect the inner and outer ports.

Personnel will generally travel from Nuuk and Qeqertarsuatsiaat by boat. Some personnel and supplies will be transported to and from Nuuk by helicopter.

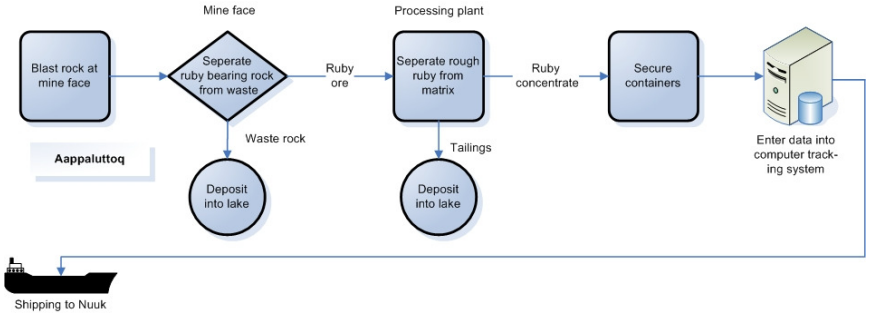
TNG intends to begin construction in 2012 with extraction of the ruby ore beginning in late 2012 or 2013. The initial pit will grow to be approximately 200 meters long by 100 meters wide and 70 meters deep. Mining will be done mostly with low-intensity blasting techniques that are common in the diamond mining industry. Most of this rock will not contain ruby or pink sapphire but will be waste rock which has to be moved to access the rock containing the ruby and pink sapphire. The level of the lake will be lowered at least 10 metres to allow access to the orebody.

To minimize the environmental impact, waste rock will be placed in a lake adjacent to the mine. This lake has been determined by TNG's Greenlandic environmental consultants Rambøll to have no fish or other aquatic life. When mining is finished the lake will be allowed to re-fill to its natural level, the Aappaluttoq pit will be allowed to fill with water as an extension of the lake, buildings and process facilities will be removed and little evidence of mining will remain.



HOW RUBY AND PINK SAPPHIRE WILL BE PROCESSED

Mining and processing of ruby and pink sapphires in Aappaluttoq



A processing plant (similar to the one previously used in Qeqertarsuatsiaat) will be set up near the mine site to crush, wash, screen and concentrate the ruby and pink sapphire material. This will be accomplished without the use of chemicals. Water flowing from the mining and processing area will be monitored closely and treated if necessary. Priority will be given to environmental protection in the design of facilities such as containment systems around fuel storage areas.

The concentrate produced by the processing plant at Aappaluttoq will still consist of approximately 35% matrix and will be transported to TNG's secure facility in Nuuk in locked containers.

HOW RUBY AND PINK SAPPHIRE WILL BE CLEAND, SORTED, TRACKED AND SOLD

At TNG's secure facility in Nuuk, the dirty rough concentrate will undergo a preliminary sort. The concentrate will then be sent to an independent facility (likely in Nuuk) for cleaning to remove the remaining matrix, and the clean rough concentrate will then be delivered back to TNG's facility.

The clean rough concentrate will be sorted into categories by size, color (pink to red) and by clarity (gem to non gem) according to standard criteria so that the sorting can be done consistently over time. The sorting will be done by TNG personnel both by hand and using automated equipment and subject to verification by a representative of the Greenlandic authorities.

The sorted and categorized rough concentrate will then be divided into appropriately sized parcels, given an identification number and entered into a computer tracking system. TNG will provide representatives from the Greenlandic authorities with access to the tracking system for audit purposes.

TNG will sell both rough and polished ruby and pink sapphire, with the majority of sales expected to be small (under 6mm) rough. Sales information will be entered into the tracking system and will be used to determine the corporate tax to be paid by TNG. TNG will sell rough rubies to companies with existing polishing facilities and sales networks. TNG will also sell polished rubies to specific customers and the information on the polishing process (retention) and sales will be entered the tracking system.

The sales information will be open to audits by the Greenlandic authorities to ensure that the prices are reasonable. The tracking system will also form the basis for the issuing of export licenses for Greenlandic rubies.

EMPLOYMENT

During the construction phase, TNG expects to utilize a local lead contractor such as MTHojgaard to manage local contractors. TNG anticipates that approximately 40-60 people will be employed for road construction, facility construction, assembly of the processing plant and preparation of the mine itself. TNG will ensure that local participation is maximized to ensure that mining and construction skills and infrastructure are created locally in partnership with the community.

During operations, TNG estimates a seasonal workforce of 2 shifts of approximately 45-55 people at Aappaluttoq and 14 in Nuuk. After a period of training, TNG expects that all positions can be occupied by Greenlanders with few exceptions. For Aappaluttoq operations, TNG initially believes a rotation of one week at the site and one week off (7 shifts of 12 hours each) will be optimal, but will make efforts to be flexible.

Because TNG will have a very small operation, personnel will work on various different aspects of the operation so that, for example, road maintenance can be undertaken during periods when persons and equipment are available from process or mining operations.

Most of these jobs will be seasonal, and the length of the operating season will depend on factors such as weather and ruby production.

TNG will build a culture of safety and efficiency and will strive to be an employer its workers will be proud of.

SECURITY AND SAFETY

Theft of rubies is not only of concern in terms of an economic loss for TNG but it is also an issue in terms of a loss of potential tax that will not be collected by Greenland, reducing the benefit of the mine for all Greenlanders. Hence, security measures will be put in place and security protocols developed at the mine, process plant, during transport and at the sorting house in Nuuk such as fencing, security cameras and periodic security checks.

Staff will be required pass security clearance before employment. For the safety of all personnel, only persons without criminal records will be employed. The camp will be alcohol and drug free, and this policy will be strictly enforced.

ENVIRONMENTAL WORK DONE TO DATE

Starting and operating a mine requires a number of investigations and studies such as mine plan, Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) in order to apply for an exploitation (mining) license. The EIA and SIA studies are conducted to ensure that negative effects of the project will be minimized and benefits maximized.

TNG has already completed a substantial amount of environmental work on the site. An environmental baseline study has been completed that will enable TNG and the Greenlandic authorities to monitor and mitigate potential environmental effects of the mine. The baseline work has not identified any unusual conditions in the mine area and has established that there are no fish or animals in the lake that is adjacent to the proposed pit area where waste rock will be deposited.

The EIA will be performed by Rambøll A/S and is expected to be finalized by summer 2011.

In addition, the Greenland National Museum has completed a study of the archeology of the area. Their report states that a number of archeological sites were located but none that were unexpected or unique. None of the sites documented in the report conflict with the development plan.

THE SIA PROCESS

TNG is required to prepare a Social Impact Assessment (SIA). The objective of the SIA is to identify, analyze and monitor the social impacts and benefits associated to the proposed mining project. The Aappaluttoq Ruby project is small and the potential social negative effects are expected to be limited, and considerable positive effects are expected.

To conduct the SIA, TNG has brought in the expertise of the company Grontmij | Carl Bro, to work along with Greenlandic authorities, experts, institutions, local people and groups of interest such as fishermen, hunters, artisans, and others. By participating in the SIA activities, local people are able to raise subjects that are of particular interest, in connection with the following activities of the SIA process:

- identify the main issues and concerns that need to be addressed in the SIA
- conduct individual and group interviews to establish a social baseline study
- propose what can be done to optimize the opportunities created by the mining project development and minimize any potential negative impacts that come with it (Impact and Benefit Plan)
- organize public hearing to discuss the data collected for the final SIA report
- provide input to the development of the impact and benefit agreement

The SIA study is expected to be finalized by summer 2011

FOR MORE INFORMATION

TRUE NORTH GEMS INC. Contact Jeffrey Giesbrecht (+1) 604 687 8055 jeff@truenorthgems.com www.truenorthgems.com

Grontmij | Carl Bro Contact: Tanja Nielsen (+45) 27 23 51 77. tanja.nielsen@grontmij-carlbro.dk