

Interim Financial Statements of

TRUE NORTH GEMS INC.

As at and for the six month period ended June 30, 2008 (Unaudited – prepared by management)

Responsibility for financial statements

The accompanying financial statements for True North Gems Inc. (the “Company”) have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. These financial statements are unaudited and have not been reviewed by the auditors. The most significant of these accounting principles have been set out in the December 31, 2007 audited financial statements. There have been no changes in accounting policies from the latest completed financial year-end. These statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent upon future events. Therefore, estimates and approximations have been made using careful judgement. Recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these financial statements have been fairly presented.

TRUE NORTH GEMS INC.
Interim Balance Sheet

	June 30, 2008	December 31, 2007
	(unaudited)	
ASSETS		
Current		
Cash and cash equivalents (note 3)	\$ 337,318	\$ 4,444,081
Investments (note 4)	160,866	156,087
Advances and accounts receivable	58,272	111,449
Yukon Mining Exploration Tax Credit receivable	15,454	15,454
Deposits and prepaid expenses	160,335	91,378
	732,245	4,818,449
Capital assets (note 5)	113,808	119,959
Mineral properties (note 6)	18,247,193	15,033,476
Deferred capital raising costs	2,560	-
	\$ 19,095,806	\$ 19,971,884
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 349,221	\$ 634,009
Provision for reclamation costs	500,055	500,055
	849,276	1,134,064
SHAREHOLDERS' EQUITY		
Capital stock (note 7)	29,682,437	29,627,760
Warrants (note 7(c))	544,825	891,595
Contributed surplus (note 8)	2,184,064	1,568,227
Deficit	(14,141,993)	(13,239,900)
Accumulated other comprehensive loss (note 9)	(22,803)	(9,862)
	18,246,530	18,837,820
	\$ 19,095,806	\$ 19,971,884

Nature of operations (note 1)
Subsequent event (note 15)

Approved on behalf of the Board:

(signed) Andrew Lee Smith Director

(signed) William Anderson Director

TRUE NORTH GEMS INC.
Interim Statements of Operations and Deficit
(Unaudited)

	Three month period ended		Cumulative six month period	
	2008	June 30, 2007	2008	ended June 30, 2007
Expenses				
Amortization	\$ 10,436	\$ 9,889	\$ 20,188	\$ 19,224
Audit and related services	1,741	2,586	1,741	2,586
Consulting and corporate development fees	121,047	65,720	179,491	108,995
Conventions and trade shows	14,138	9,269	101,502	56,218
Corporate financial services fees	-	-	-	71,995
Corporate secretarial and accounting fees	34,500	63,680	47,675	67,431
Directors fees	8,500	92,500	18,000	92,500
General and administrative	37,998	27,840	75,555	65,810
Investor/shareholder relations	43,905	78,187	133,897	132,192
Legal fees	6,803	2,103	12,915	9,746
Rent and occupancy costs	13,120	9,477	26,609	18,915
Salaries and employee benefits	20,732	24,184	49,486	50,500
Stock-based compensation	194,647	-	194,647	-
Transfer agent and filing fees	12,128	10,787	20,678	19,407
Travel	53,786	9,476	70,777	27,457
	573,481	405,698	953,161	742,976
Loss before under noted items	(573,481)	(405,698)	(953,161)	(742,976)
Foreign exchange loss	(24,405)	(4,499)	(22,513)	(23,868)
Gain on sale of available-for-sale-investments	-	18,810	-	36,600
Interest income	33,127	38,666	73,581	52,985
Loss before future income tax recovery	(564,759)	(352,721)	(902,093)	(677,259)
Future income tax recovery	-	278,664	-	-
Net loss for period	(564,759)	(74,057)	(902,093)	(677,259)
Deficit, beginning of period	(13,577,234)	(10,235,702)	(13,239,900)	(9,632,500)
Deficit, end of period	\$ (14,141,993)	\$ (10,309,759)	\$ (14,141,993)	\$ (10,309,759)
Loss per share – basic and fully diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares used in the calculation of loss per share – basic and fully diluted	66,266,992	57,677,006	66,260,983	53,153,711

See notes to interim financial statements.

TRUE NORTH GEMS INC.
Interim Statements of Comprehensive Loss
(Unaudited)

	Three month period ended		Cumulative six month period	
	2008	June 30, 2007	2008	ended June 30, 2007
Net loss for period before other comprehensive income (loss)	\$ (564,759)	\$ (74,057)	\$ (902,093)	\$ (677,259)
Unrealized gains (losses) on available-for-sale investments (note 8)	13,475	1,530	(12,941)	(7,805)
Realized losses (gains) on available-for- sale investments (note 8)	-	1,485	-	(4,890)
Comprehensive loss	\$ (551,284)	\$ (71,042)	\$ (915,034)	\$ (689,954)

TRUE NORTH GEMS INC.
Interim Statements of Cash Flows
(Unaudited)

	Three month period ended		Cumulative six month period	
	June 30,		ended June 30,	
	2008	2007	2008	2007
Cash flows from operating activities				
Net loss for period	\$ (564,759)	\$ (74,057)	\$ (902,093)	\$ (677,259)
Items not involving cash				
Amortization	10,436	9,889	20,188	19,223
Future income tax recovery	-	(278,664)	-	-
Gain on sale of available-for-sale investments	-	(18,810)	-	(36,600)
Stock-based compensation	194,647	-	194,647	-
	(359,676)	(361,642)	(687,258)	(694,636)
Changes in operating assets and liabilities				
Investments	-	38,748	(17,720)	(7531)
Accounts receivable	40,511	(23,325)	53,177	14,122
Deposits and prepaid expenses	(76,045)	6,580	(68,957)	(8,353)
Accounts payable and accrued liabilities	(6,005)	(132,557)	(103,860)	(20,129)
	(401,215)	(472,196)	(824,618)	(716,527)
Cash flows from investing activities				
Purchase of capital assets	(10,634)	(11,085)	(14,037)	(11,085)
Acquisition of mineral properties	(4,277)	(3,000)	(4,277)	(31,061)
Expenditures on mineral properties	(2,043,973)	(1,737,717)	(3,080,342)	(2,066,344)
Change in operating assets and liabilities relating to investing activities	(582,960)	434,784	(176,863)	215,186
	(2,641,844)	(1,317,018)	(3,275,519)	(1,893,304)
Cash flows from financing activities				
Shares and warrants issued for cash	-	2,057,349	-	5,823,349
Capital raising costs	(2,560)	(147,326)	(2,560)	(527,098)
Change in operating assets and liabilities relating to financing activities	2,710	(31,835)	(4,065)	(11,191)
	150	1,878,188	(6,625)	5,285,060
Increase (decrease) in cash and cash equivalents	(3,042,909)	88,974	(4,106,762)	2,675,229
Cash and cash equivalents, beginning of period	3,380,227	3,881,099	4,444,080	1,294,844
Cash and cash equivalents, end of period	\$ 337,318	\$ 3,970,073	\$ 337,318	\$ 3,970,073
Supplemental disclosure of cash flow information				
Interest received	\$ 33,127	\$ 17,461	\$ 73,581	\$ 38,376
Interest paid	\$ -	\$ -	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities				
Shares issued for acquisition of mineral properties	\$ -	\$ -	\$ 54,677	\$ 32,500
Shares and warrants issued to agent for commission	\$ -	\$ -	\$ -	\$ 63,488

See notes to interim financial statements.

TRUE NORTH GEMS INC.
Notes to Interim Financial Statements
June 30, 2008 (unaudited)

1. Nature of operations

True North Gems Inc. (the “Company”), incorporated in the Yukon Territory under the Business Corporations Act on May 25, 2001, is a mining exploration company.

These financial statements are prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company is in the exploration stage and currently derives no revenue from operations. The Company has financed its operations to date principally through equity financing. Substantial external financing will be required by the Company in order to fund its future operations, exploration of mineral properties and to pursue other potential investments in the resources sector. During the six month period ended June 30, 2008, the Company had incurred a net loss and utilized funds in operations totaling \$902,093 and \$824,618 respectively. The accumulated deficit at June 30, 2008 is \$14,141,993.

The ability of the Company to meet its commitments and ongoing operating expenses will depend upon the following:

- The ability to raise further funds through the issue of equity financing ;
- The sale of assets in the ordinary course of business; and,
- The ability to generate sufficient funds from the commercialization of the Company’s areas of interest.

Although the Company has been successful in obtaining the necessary financing to continue operations in the past, there can be no assurance that it will be able to continue to do so in the future. Management is of the opinion that the basis upon which the financial statements have been prepared is appropriate in the circumstances.

2. Accounting policies

a) Basis of presentation

The financial statements have been prepared using accounting principles generally accepted in Canada (“Canadian GAAP”) for interim reporting.

The accounting policies followed by the Company are set out in note 2 to the audited financial statements for the year ended December 31, 2007 and have been consistently followed in the preparation of these financial statements except that the Company has adopted the following CICA standards effective for the Company’s first quarter commencing January 1, 2008.

b) Capital disclosures and financial instruments – disclosures and presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, “Capital Disclosures, Handbook Section 3862, “Financial Instruments – Disclosures” and Handbook Section 3863, “Financial Instruments – Presentation”. Section 1535 specifies the disclosure of (i) an entity’s objective, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital reporting requirements; and, (iv) if it has not complied, the consequences of such non-compliance. The new sections 3862 and 3863 replace Handbook Section 3861, “Financial Instruments – Disclosure and Presentation”, revising and enhancing its disclosure requirements and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how a company manages those risks.

c) Comparative figures

i. Restatement

The interim financial statements for the six month period ended June 30, 2007 have been restated to reflect the adoption of Section 1530 - Comprehensive Income during the year ended December 31, 2007. As a result, net loss before other comprehensive income for the six month period ended June 30, 2007 decreased by \$15,965 (three month period ended June 30, 2007 - \$5,375), other comprehensive loss for the six month period ended June 30, 2007 increased by \$12,695 (three month period ended June 30, 2007 - \$(3,015)) and accumulated other comprehensive loss increased by \$12,695 and investments decreased by \$12,695.

TRUE NORTH GEMS INC.
Notes to Interim Financial Statements
June 30, 2008 (unaudited)

2. Accounting policies - continued

ii. Reclassification

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

3. Cash and cash equivalents

a) Cash and cash equivalents

Cash and cash equivalents are comprised of:

	June 30, 2008	December 31, 2007
Cash	\$ 337,318	\$ 248,581
Term deposits with original maturity of less than three months	-	4,195,500
Cash and cash equivalents	\$ 337,318	\$ 4,444,081

b) Cash – restricted

The Company entered into flow-through financing arrangements with investors during the financial year ended December 31, 2007 whereby it is committed to incur \$393,250 in qualified exploration expenditures on or before December 31, 2008. At June 30, 2008, expenditures of \$244,042 remain to be incurred.

4. Investments

	Cost	Accumulated unrealized holding gains (losses)	June 30, 2008 Carrying value
2.5% Term deposit maturing March 28, 2009, fair value- \$26,615	\$ 26,615	\$ -	\$ 26,615
Marketable securities, fair value - \$134,251	157,054	(22,803)	134,251
	\$ 183,669	\$ (22,803)	\$ 160,866

	Cost	Accumulated unrealized holding gains (losses)	December 31, 2007 Carrying value
2.5% Term deposit maturing March 29, 2008, fair value- \$26,615	\$ 26,615	\$ -	\$ 26,615
Marketable securities, fair value - \$129,472	139,334	(9,862)	129,472
	\$ 165,949	\$ (9,862)	\$ 156,087

Investments classified as available-for-sale are reported at fair market value (or marked to market) based on quoted prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. All of the above investments have been designated as available-for-sale.

TRUE NORTH GEMS INC.
Notes to Interim Financial Statements
June 30, 2008 (unaudited)

5. Capital assets

	June 30, 2008		December 31, 2007	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Computer equipment	\$ 54,519	\$ 22,367	\$ 43,731	\$ 17,776
Computer software	30,541	17,089	27,329	15,040
Laboratory and gem processing equipment	6,061	2,610	6,024	2,228
Leasehold improvements	82,118	61,952	82,118	53,740
Office furniture and equipment	92,069	47,482	92,069	42,528
	265,308	\$ 151,500	251,271	\$ 131,312
Less accumulated amortization	(151,500)		(131,312)	
Net book value	\$ 113,808		\$ 119,959	

6. Mineral properties

The following table summarizes the Company's investment in mineral properties as at June 30, 2008:

	June 30, 2008			December 31, 2007
	Acquisition	Expenditure	Carrying value	Carrying value
Mineral properties				
Greenland Property	\$ 311,706	\$ 11,285,595	\$ 11,597,301	\$ 8,816,611
Baffin Island Property	211,689	2,824,168	3,035,857	2,860,251
Tsa da Glisza Property	534,565	1,971,566	2,506,131	2,495,385
Bandito Property	56,600	315,376	364,476	361,687
Total mineral properties – deferred expenditures (Table below)	1,114,560	16,396,705	17,503,765	14,533,934
Pre-operating – production costs	-	743,428	743,428	499,542
	\$ 1,114,560	\$ 17,140,133	\$ 18,247,193	\$ 15,033,476

TRUE NORTH GEMS INC.
Notes to Interim Financial Statements
June 30, 2008 (unaudited)

6. Mineral properties - continued

The following table details the expenditures on mineral properties by area of interest:

Areas of interest	Greenland Property	Baffin Island Property	Tsa da Glisza Property	Bandito Property	Total
Balance- December 31, 2007	\$ 8,816,611	\$ 2,860,251	\$ 2,495,385	\$ 361,687	\$ 14,533,934
Total acquisition for period	58,955	-	-	-	58,955
Exploration expenditures					
Advances	787,112	12,000	2,028	-	801,140
Camp construction and operation	275,263	40,698	3,554	-	319,515
Diamond drilling	25,132	759	-	-	25,891
Environmental assessment	41,153	-	-	-	41,153
Equipment	698,415	18,576	-	-	716,991
Gemstone processing	233,041	10,080	-	-	243,121
Other	178,745	36,902	289	1,341	217,277
Stock-based compensation	58,309	8,056	-	-	66,365
Technical services	354,224	32,483	4,875	500	392,082
Travel	70,341	16,052	-	948	87,341
Total exploration for period	2,721,735	175,606	10,746	2,789	2,910,876
Balance – June 30, 2008	\$ 11,597,301	\$ 3,035,857	\$ 2,506,131	\$ 364,476	\$ 17,503,765

7. Capital stock

a) Authorized – Unlimited number of common shares without par value

b) Common shares issued

	Number of Shares	Amount
Balance – December 31, 2007	66,145,486	\$ 29,627,760
Mineral properties (i)	121,506	54,677
Balance – June 30, 2008	66,266,992	\$ 29,682,437

i. On January 10, 2008, the Company issued 121,506 common shares to satisfy its obligation under the terms of a property option agreement

c) Warrants

Share purchase warrant transactions for the six month period ended June 30, 2008 and the year ended December 31, 2007 and the number of share purchase warrants outstanding are summarized as follows:

	June 30, 2008		December 31, 2007	
	Number of warrants	Amount	Number of warrants	Amount
Opening balance	12,087,749	\$ 891,595	15,908,664	\$ 553,505
Warrants issued	-	-	7,961,655	527,084
Warrants exercised	-	-	(3,209,142)	(15,121)
Warrants expired	(3,912,834)	(346,770)	(8,573,428)	(173,873)
Closing balance	8,174,915	\$ 544,825	12,087,749	\$ 891,595

TRUE NORTH GEMS INC.
Notes to Interim Financial Statements
June 30, 2008 (unaudited)

7. Capital stock - continued

At June 30, 2008, the following share purchase warrants are outstanding:

Number of warrants outstanding	Exercise price	Expiry date
221,270	\$0.85	18-Dec-2008
3,796,100	\$1.00	14-Mar-2009
1,705,545	\$1.00	3-Apr-2009
2,452,000	\$0.70/\$1.00	29-Nov-2008/2009
8,174,915		

d) Stock options

On June 27, 2008, the shareholders approved the Stock Option Plan (the "Plan"), for which up to 10% of the issued share capital can be reserved for issuance to executive officers and directors, employees and consultants. The exercise price of the options is set at the Company's closing share price on the day before the grant date less the applicable discount permitted under the TSX Venture Exchange policies. The options have a maximum term of five years and vest at date of grant. At June 30, 2008, 1,351,699 options are available for future grant under the Plan.

Stock option transactions for the six month period ended June 30, 2008 and the year ended December 31, 2007 and the number of stock options outstanding and exercisable are summarized for the respective financial year ends as follows:

	June 30, 2008		December 31, 2007	
	Number of options	Weighted Average Exercise Price	Number of options	Weighted Average Exercise Price
Opening balance	4,025,000	\$0.54	3,935,000	\$0.51
Options granted	1,670,000	\$0.38	1,160,000	\$0.56
Options exercised	-	-	(200,000)	\$0.35
Options expired	(420,000)	\$0.83	(520,000)	\$0.50
Options forfeited	-	-	(350,000)	\$0.49
Closing balance	5,275,000	\$0.46	4,025,000	\$0.54

At June 30, 2008, stock options outstanding are as follows:

Number of Stock Options Outstanding	Exercise Price \$	Expiry Date
650,000	\$0.64	25-Jun-2009
1,070,000	\$0.40	30-Aug-2010
725,000	\$0.415	26-Jul-2011
1,160,000	\$0.56	16-Oct-2012
1,670,000	\$0.38	03-Apr-2013
5,275,000		

TRUE NORTH GEMS INC.
Notes to Interim Financial Statements
June 30, 2008 (unaudited)

8. Contributed surplus

	June 30, 2008	December 31, 2007
Opening balance	\$ 1,568,227	\$ 1,167,768
Options exercised for cash	-	(25,397)
Reallocation of fair value of warrants on expiration	346,770	173,873
Stock-based compensation	269,067	251,983
Closing balance	\$ 2,184,064	\$ 1,568,227

9. Accumulated other comprehensive loss

	June 30, 2008	December 31, 2007
Opening balance	\$ (9,862)	-
Transition adjustment to opening balance	-	6,375
Unrealized gains (losses) on available-for-sale investments	(12,941)	39,354
Realized gains on available-for-sale investments	-	(55,591)
Closing balance	\$ (22,803)	\$ (9,862)

10. Income tax

The Company's provision for income taxes differs from the amounts computed by applying the combined Canadian federal and provincial income tax rates as a result of the following:

	June 30, 2008	June 30, 2007
Statutory rates	27%	31%
Income tax recovery computed at statutory rates	\$ 243,565	\$ 214,899
Permanent differences		
Other	(5,124)	502
Stock-based compensation	(52,555)	-
	(57,679)	502
Book to tax differences	(373,542)	(163,414)
Change in valuation allowance	187,656	(51,987)
Recovery of current income taxes	-	-
Recovery of (provision for) future income taxes	-	-
Recovery of income taxes	\$ -	\$ -

TRUE NORTH GEMS INC.
Notes to Interim Financial Statements
June 30, 2008 (unaudited)

10. Income tax – continued

The tax effects of temporary timing differences that give rise to significant components of the future tax assets and future tax liabilities are as follows:

	June 30, 2008	December 31, 2007
Future tax assets		
Non-capital loss carry forwards	\$ 2,208,138	\$ 1,915,966
Other	253,419	237,609
Total gross future income tax assets	2,461,557	2,153,575
Less valuation allowance	(1,099,244)	(1,284,184)
Net future income tax assets	1,362,313	869,391
Less future tax liabilities		
Resource properties	(1,362,313)	(869,391)
Net future income tax	\$ -	\$ -

11. Related party transactions

- a) At June 30, 2008, shareholders, officers, directors and management owed the Company \$3,986, which is included in advances and accounts receivable.
- b) At June 30, 2008, the Company owed \$27,660 to shareholders, officers, directors and management, which is included within accounts payable and accrued liabilities. The balance represents unpaid amounts relating to fees and expenses.
- c) During the six month period ended June 30, 2008, directors and officers charged \$302,504 in fees for services rendered. These transactions were entered into on a normal commercial basis.
- d) During the six month period ended June 30, 2008, Astring Fendrick Fairman & Parkkari, a firm in which Greg Fekete, an officer of the Company, is a partner charged fees of \$300 for legal services. These transactions were entered into on a normal commercial basis.

12. Management of capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity, as well the cash and cash equivalents, investments and investment tax credit receivable balances.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest bearing investments with maturities 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company will be required to access financial resources through equity placements in the junior resource market in the current year to carry out its planned programs or curtail its exploration activities to the extent of available financial resources.

13. Management of financial risks

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest risk and price risk.

a) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and Greenland and a portion of its expenses are incurred in US dollars and Danish kroner. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar and Danish krone could have an effect on the Company's results of operations. The Company has not hedged its exposure to currency fluctuations.

At June 30, 2008, the Company is exposed to currency risk through the following assets and liabilities denominated in US dollars and Danish kroner:

	June 30, 2008		December 31, 2007	
	USD	DKK	USD	DKK
Cash and cash equivalent	(8,847)	539,151	5,605	69,250
Accounts payable and accrued liabilities	(74,421)	(251,525)	(16,732)	(323,438)

Based on the above net exposure as at June 30, 2008 and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar and the Danish krone would result in an increase/decrease of \$2,304 in the Company's net loss.

13. Management of financial risks - continued

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash equivalents and term deposits included in short-term investments are held through large Canadian financial institutions. Cash equivalents and term deposits are composed of financial instruments issued by Canadian banks with high investment-grade ratings. The cash equivalents are convertible into cash on demand and the term deposit matures annually. The Company's marketable securities included in short-term investments consist of shares in publicly traded junior mining companies listed on the TSX Venture Exchange and are speculative in nature and market prices are volatile.

The Company's advances and accounts receivable consist of amounts due from the Federal Government of Canada for GST and corporate income tax refund and miscellaneous amounts due from third parties. Yukon Mining Exploration Tax credit is due from the Yukon Territory administered by the Federal Government of Canada.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in note 12 to the unaudited interim financial statements.

Accounts payable and accrued liabilities are due within the current operating period.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The risk that the Company will realize a loss as result of a decline in the fair value of short-term investments included in cash and cash equivalents and short-term investments is limited because these investments, although classified as available-for-sale, are generally held to maturity.

14. Segmented information

The Company's principal business segment is the acquisition, exploration and development of mineral properties. All of the Company's mineral properties are in the exploration and development stage and therefore exploration costs are deferred. The Company's current activities are focused in Canada and Greenland (note 6).

15. Subsequent event

On August 8, 2008, the Company completed a brokered private placement of 3,343,000 units at \$0.30 per unit. The gross proceeds of the unit placement totaled \$1,002,900. Each unit comprised of one common share and one-half warrant, each whole such warrant entitling the holder to purchase one common share at a price of \$0.40 for a two year period. If the trading price of the common shares of the Company closes above \$0.75 per share at anytime following expiry of the hold period for 10 or more consecutive days, the Company will have the right to accelerate the expiry date of all unexercised warrants. The selling agent was paid a cash commission of \$8,473, and was issued 205,765 agent's units (with the same terms as described above) and 234,010 agent's warrants. Each agent's warrant is exercisable into one common share for a two year period at a price of \$0.30 per share.