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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI

File No: NWB2KIM/GA

July 27, 2005

By fax and regular mail

Bonnie Pemberton
Project Coordinator
True North Gems Inc.
500-602 West Hastings Street
Vancouver, BC V6B 1P2

Subject: True North Gems Inc.; Submission of an Application for Water License for the Beluga Sapphire Project near Kimmirut, Baffin Island, Nunavut

Dear Ms. Pemberton:

The Nunavut Water Board (“NWB”) would like to acknowledge receipt of the application for the above noted project on July 12, 2005. The application is currently being reviewed for technical completeness and additional information that may be required. Some deficiencies have already been brought to your attention with respect to technical requirements, specifically a Spill Contingency Plan, an Abandonment and Restoration Plan and a technically complete questionnaire for exploration and remote camps.

The application submitted addresses the project components which include 1) upgrading of an All Terrain Vehicle (ATV) route from the Hamlet of Kimmirut to the project location (approximately 2.7 km) by the installation of culverts at two stream crossings; 2) approximately 2,700 metres of diamond drilling from 45 holes on the claim blocks; and 3) the removal of a bulk sample from the project area through mechanized trenching activities. In reviewing the information provided, the NWB has determined at this time, with respect to the obtaining of a “bulk sample”, if no water use is to be required or waste is to be deposited through this activity, that this component of the application does not require the issuance of a Water License and will not be included within the scope of this application.

As for the application currently before the NWB, once the information that has been requested within the recent email of July 21, 2005 is received by the NWB, the application process can continue with the public review prior to the consideration of a Type “B” Water License.

Should you have any further questions, please feel free to contact me at (780) 443-4406, at your earliest convenience.

Yours truly,

Original signed by:

Dave Hohnstein, C.E.T.
Technical Advisor Mining