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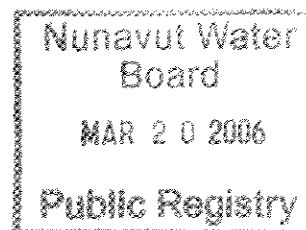
March 17, 2006

BY FAX TO FOLLOW BY MAIL

Indian and Northern Affairs Canada
Nunavut Regional Office
Manager, Mineral Resources (867) 975-4276 ✓
Manager, Water Resources (867) 975-4560 ✓
Manager, Environment (867) 975-4560 ✓
Building 918
P.O. Box 100
Iqaluit, Nunavut
X0A 0H0

Attention: Manager

Nunavut Water Board (867) 360-6369
P.O. Box 119
Gjoa Haven, Nunavut
X0B 1J0

Attention: Chairman

Dear Sir:

Re: 2005 Drilling – True North Sapphire Project – Kimmirut

True North Gems holds, by way of an option agreement, two claims a short distance from Kimmirut, described as Claim No. F62386 (NAIP 1) and Claim No. F62387 (NAIP 2), NTS Map Sheet 25K/13 (the "Property").

On or about August 14-17, 2005, True North Gems, without an approved water licence, drilled several short holes with a diamond drill on the Property. The purpose of this letter is to report to you this breach of the *Nunavut Waters Act*.

The breach occurred through a lack of understanding by True North's senior manager for the Property of the permitting requirements and a misunderstanding of the status of the water licence application that True North had made. When (non-project) senior management became aware that drilling was occurring without a confirmed water licence, drilling was immediately terminated.



EXPLORE DEFINE DREAM



True North advises that no water used in the drilling process migrated into any water body of any kind and no substance was deposited into any water body of any kind. The drilling occurred a significant distance from any water body.

Management and the board of directors of True North Gems takes this breach seriously. Accordingly, it has removed its senior officer responsible for the Property, William Rohtert, Chief of Operations, from any responsibility for the site in the future. He has been replaced with a fully qualified Canadian geologist, Greg Davison.

Mr. Davison is True North's Vice President, Exploration. Mr. Davison is now reviewing all data related to the Property and will coordinate all matters related to the Property for 2006. Mr. Davison will coordinate whatever information your offices will require in relation to the drilling that occurred in 2005.

True North Gems is committed to fully complying with any requests or requirements of your offices and any other appropriate governmental agency in relation to the drilling undertaken by True North Gems in August 2005. Please advise as to any other department or agency that should be notified and I will do so immediately.

I may be reached directly at (867) 333-9823 and Mr. Davison can be reached directly at (250) 368-1600, in addition to the number listed below, to discuss this matter further.

Yours truly,

TRUE NORTH GEMS INC.


Greg Fekete, President

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