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File No: 2BE-KIM

April 24, 2006

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, Nunavut
X0B 1J0

Subject: 2BE-KIM (formerly NWB2KIM) Update to Project Activities

Dear Phyllis:

True North Gems would like to provide the Nunavut Water Board with an update to project activities effective April 24, 2006. These include the request for the extension on the expiry of the water licence, a revised Spill Contingency Plan, a revised Abandonment and Restoration Plan and the use of the diamond chainsaw. A copy of the Spill Contingency Plan (Revised April 2006) and the Abandonment and Restoration Plan (Revised April 2006) will be appended to this letter. A summary of revisions to the Spill Contingency Plan (Revised April 2006) and Abandonment and Restoration Plan (Revised April 2006) are detailed below. Information with regards to the timeline extension and the diamond chainsaw are also detailed below.

Please contact us at your convenience for any further discussion.

Sincerely,

Twila Skinner
Senior Geologist
True North Gems Inc.

A handwritten signature in black ink, reading "Greg Davison". The signature is written in a cursive, flowing style.

Greg Davison
VP Exploration
True North Gems Inc.

cc: David Hohnstein Technical Advisor Mining, Nunavut Water Board

Original sent by Canada Post
Copy by email

True North Gems Inc.
Kimmirut Beluga Sapphire Project
Type B Water License
File No: 2BE-KIM (formerly NWB2KIM)

Updates to the Spill Contingency Plan (Revised April 2006)

The skeleton of the Plan remains the same, however there have been more details added for completeness. Changes noted in the email on April 21, 2006 from David Hohnstein have also been added. Below is a list of revisions that has been made to the Spill Contingency Plan (Revised April 2006):

1. Addition of a Preamble, including a document revision history;
2. Addition of a Table of Contents;
3. Section 1.0 addition of paragraphs 2-4;
4. Section 2.1 addition of NAIPI 3 (pending) and NAIPI 4 (pending) as well as location information;
5. Section 2.2.1: Addition of information with regards to the temporary storage and secondary containment facility;
6. Addition of section 2.2.2 to 2.2.4;
7. Section 3.1: "A spill of any kind...within reason...will be reported..." replaces: "Spills equal to or greater to....will be reported....";
8. Emergency Contacts taken out of section 4.0 and added to Section 3.2;
9. Section 4.0 changed to Reporting Procedures; addition of emergency contacts;
10. Addition of the site specific MSDS sheets;
11. Addition of Section 5.2 to 5.4;
12. Addition of Section 6.1;
13. Additions to Section 7.0;
14. Addition of a Reference section, Section 8 and Appendices section, Section 9;
15. Appendix 1: Property Location Map has been updated to include the NAIPI 3 (pending) and NAIPI 4 (pending) claims;
16. Appendix 2: Fuel Storage and Spill Kit Location Map has been updated to include the NAIPI 3 (pending) and NAIPI 4 (pending) claims;
17. Appendix 4: Record of Spills sheet added for True North files to record all spills not reported to the 24 Hour Spill Report Line; and
18. Appendix 5: MSDS Sheets: All MSDS sheets for fuel, chemicals and hazardous materials referenced in Section 5.0.

Updates to the Abandonment and Restoration (Revised April 2006)

The skeleton of the Plan remains the same, however there have been more details added for completeness. We have made significant changes to all sections of this document and recommend it be reviewed in its entirety. Changes

noted in the email on April 21, 2006 from David Hohnstein have also been added.

Extension of Proposed Time Schedule

True North would like to extend the Proposed Time Schedule-Completion Date from December 31, 2006 until December 31, 2009. The request for extension is required for True North to complete advanced exploration. The project activities will remain similar throughout this time period. Drill footage or assay bulk sample tonnage will increase, however these increases will not exceed the limits of the water and land use permits unless new or revised permits are obtained.

Diamond Chain Saw

True North would like to add the use of the diamond chainsaw as part of the project activities. The diamond chainsaw will be used in combination with other pieces of equipment in order to extract the assay bulk sample. As a result the saw will not be running on a continual basis, but will average approximately 2 hours per day. The water usage of the saw is minimal and when combined with the water use from diamond drilling will be significantly less than the limit for the water licence. There will be minimal impact.

This chain saw operates similar to a regular chainsaw except that the chain has industrial diamonds and water is used to cool the chain to prevent overheating. The saw uses approximately 2 gal/min (8 L/min) of water. Water will be obtained from the same source as the diamond drill. A small "holding tank" will be used to hold water. A garden hose will be used to supply the saw with water.

A minor amount of cuttings will be produced as part of sawing the rock. In order to prevent waste water and drill cuttings from eroding the earth and transferring deleterious substances from the selected sampling locations into a fresh water body, waste water and cuttings will be captured. A silt curtain or sediment boom will be used around the site to prevent sediment from reaching any water body. Once the initial cuts are made the water will flow into the existing pit and will be allowed to percolate naturally through the surrounding rock. Any remaining sediment in the bottom of the pit will be cleaned up and properly disposed in the municipal landfill in Kimmirut. Clean drill water (water free of drill products, sediment or any other deleterious substance) will be expelled into a natural depression above the 30m high water mark for natural percolation through the rocks.