True North Gems is a geologic exploration company focusing on the exploration and development of North American gemstone deposits. In 2004, True North optioned two claim blocks from two Kimmirut prospectors, and began work on what we have named the Beluga sapphire project near Kimmirut, Baffin Island. In the summer of 2004, True North extracted a 5 tonne mini-bulk sample from which we analyzed the sapphire grades and qualities. The results were extremely positive, indicating that further work on the property was necessary, and so we have expanded our exploration plans for the summer of 2005.

Due to the proximity of the sapphire occurrence to the town of Kimmirut, there will not be a need to construct a camp near the work site. Thus, the only structure that will be built is an outhouse. This is a temporary structure that can easily be removed after True North has finished our work in the area.

True North would like to extract a 500 tonne bulk sample from the area in order to gain further understanding of the sapphire potential of the area. To do this, we will require the use of heavy equipment (i.e. excavators) and vehicles. There currently exists an ATV trail running from Kimmirut to our sapphire occurrence (representing a total distance of 2.7 kilometres), which we would like to upgrade to a road. To do this, we will install culverts at the two stream crossings the ATV trail currently crosses. The rest of the trail follows over bedrock and is already in a suitable condition for heavy equipment transport. This upgrade will allow us easier access to do the work we have planned, as well as providing more efficient means for first aid access in the event of a medical emergency.

The other major activity True North has planned is diamond drilling. This will help us get a better understanding of how the occurrence extends into the earth. Understanding how a potential deposit occurs at depth is an important part of the process towards determining the potential of the area for long term work. This process will take approximately 1 month, and in total we will drill 45 holes totaling 2700 metres in depth.

True North is ultimately hoping that Beluga will become a sapphire mine. The process of determining whether or not the volume, quality, or grade of sapphires is economic will take time, likely a couple of years. The potential mine life will be determined as a part of that process, and will factor into the decision of whether or not it will be economic. To date True North is extremely encouraged by the results we have received to date, and certainly hope that we will be doing further work in the area in years to come.

True North Gems Phybor 6DPA56NPS NFP-DO  $\Lambda$ alder 6DPA56FF 4L  $\Lambda$ ector for Facility of the properties of the properties

 $\mbox{PF}^{\circ}$ ሀው 2004, True North  $\mbox{N}^{\circ}$ የረውናጋና 5 tonne  $\mbox{FP}$ የታ የচዶትኒና የচዶትኒር የነውሪና የአይላር የተመረከት የ

True North  $\wedge \text{'d}^{\text{'}} \subset \wedge \text{'C} \cup \text{'d'} \subset \text{'} \subset \text{$