



TRUE NORTH GEMS INC.

Vancouver Office

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March 26, 2008

Phyllis Beaulieu
Manager of Licensing
Nunavut Water Board
P.O. Box 19
Gjoa Haven, NU
X0B 1J0
Tel: 867-360-6338
Fax: 867-360-6369

Dear Phyllis:

Re: NWB 2007 Annual Water Report (2BE-KIM0609)

Please find enclosed the NWB 2007 Annual Water Report (2BE-KIM0609) and an updated Spill Contingency Plan and Abandonment and Restoration Plan.

In July of 2007 True North added 6 new claims to its existing property. The addition of these claims will not result in an increase in water use or waste disposal as described in the existing permits. Work will be distributed over the 10 claims within the property.

Minor changes have been made to the Spill Contingency Plan and the Abandonment and Restoration Plan. These changes include the addition of the 6 new claims and updates to contact information.

If you have any questions please contact Greg Davison, VP Exploration, at 604-867-8055 ext 104 or 778-991-5500 (blackberry) or email greg@truenorthgems.com.

Sincerely

Twila Skinner
Senior Geologist
True North Gems Inc

Greg Davison
VP Exploration
True North Gems Inc

NWB Annual Report

Year being reported: 2007

License No: 2BE-KIM0609

Issued Date: May 5, 2006

Expiry Date: December 31, 2009

Project Name: Beluga Sapphire Project

Licensee: True North Gems Inc

Mailing Address:

Suite 500-602 West Hastings St
Vancouver BC
V6B 1P2

Name of Company filing Annual Report (if different from Name of Licensee please clarify relationship between the two entities, if applicable):

True North Gems

General Background Information on the Project (*optional):

Licence Requirements: the licensee must provide the following information in accordance with

Part B

Item 2

A summary report of water use and waste disposal activities, including, but not limited to: methods of obtaining water; sewage and grey water management; drill waste management; solid and hazardous waste management.

Water Source(s):	Swim Lake 69° 53' 38"W 62° 50' 28"N	
Water Quantity:	0	Quantity Allowable Domestic (cu.m)
	0	Actual Quantity Used Domestic (cu.m)
	40 m ³ /day	Quantity Allowable (cu.m)
	2.5 m ³ /day	Total Quantity Used (cu.m)

Note: Drilling did not take place this year. Water use was limited to cleaning off rock faces in the work area. Water use per day was calculated on a basis of 250L per day over a 10 day period.

Waste Management and/or Disposal

- ☐ Solid Waste Disposal
- ☐ Sewage
- ☐ Drill Waste
- ☐ Greywater
- ☐ Hazardous
- ☒ Other:

Drill Cuttings from small electric powered drill used
to take samples on outcrop

Additional Details:

Very little drill cuttings were produced. Any drill cuttings (water and rock grindings) were collected and returned to the hole.

A list of unauthorized discharges and a summary of follow-up actions taken.

Spill No.: (as reported to the Spill Hot-line)

Date of Spill:

Date of Notification to an Inspector:

Additional Details: (impacts to water, mitigation measures, short/long term monitoring, etc)

There were no unauthorized discharges.

Revisions to the Spill Contingency Plan

SCP addendum attached for Board consideration ▼

Additional Details:

Minor changes were made to the Spill Contingency Plan including the addition of 6 new claims, NAIP 5 to NAIP 10, to Section 2.0 Site Information and an updated location map. Note that the MSDS Sheets have not been attached as there has been no changes to this portion of the spill contingency plan.

Revisions to the Abandonment and Restoration Plan

AR addendum attached for Board consideration ▼

Additional Details:

The addition of 6 new claims, NAIP 5 to NAIP 10, to Section 3.0 Site Information.

Progressive Reclamation Work Undertaken

Additional Details (i.e., work completed and future works proposed)

As work is still ongoing only seasonal abandonment and restoration has been carried out as described in True North Gems' Abandonment and Restoration Plan March 2007. Only seasonal abandonment and restoration is anticipated for the next year.

Results of the Monitoring Program including:

The GPS Co-ordinates (in degrees, minutes and seconds of latitude and longitude) of each location where sources of water are utilized;

Details described below ▼

Additional Details:

Water used for assay samples was pumped from Swim Lake into a 250L container located between the lake and the sampling site where 5 gallon buckets were used for cleaning off rock outcrops. Swim Lake is located at 69° 53' 38"W

by 62° 50' 28"N. There were a total of 14 water samples (9 from 2006 and 5 new sites to incorporate the new claims) taken for chemical and water quality analysis across the property and surrounding area (See attached map and tables for results).

The GPS Co-ordinates (in degrees, minutes and seconds of latitude and longitude) of each location where wastes associated with the licence are deposited;

Details described below ▼

Additional Details:

All wastes were properly disposed of in the Municipality Landfill in the Hamlet of Kimmirut located at: N62°50'27.9" by W69°52'27.4"

Results of any additional sampling and/or analysis that was requested by an Inspector

No additional sampling requested by an Inspector or the Board ▼

Additional Details: (date of request, analysis of results, data attached, etc)

Any other details on water use or waste disposal requested by the Board by November 1 of the year being reported.

No additional sampling requested by an Inspector or the Board ▼

Additional Details: (Attached or provided below)

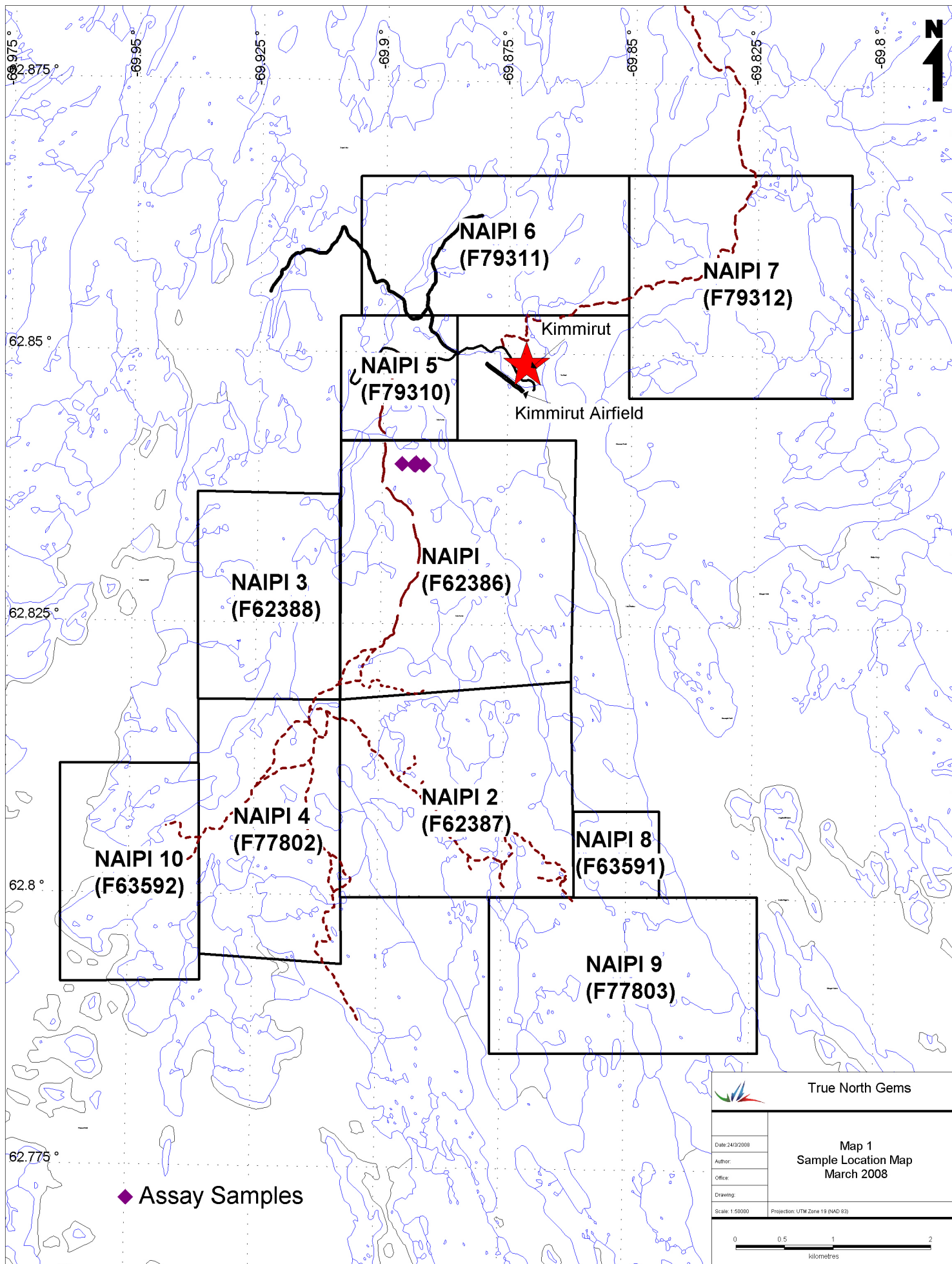
Any responses or follow-up actions on inspection/compliance reports

No inspection and/or compliance report issued by INAC ▼

Additional Details: (Dates of Report, Follow-up by the Licensee)

Any additional comments or information for the Board to consider

Date Submitted:	March 26, 2008
Submitted/Prepared by:	Greg Davison
Contact Information:	Tel: 778-991-5500
	Fax: 604-899-1240
	email: greg@truenorthgems.com





Environmental Division

ANALYTICAL REPORT

TRUE NORTH GEMS INC.

ATTN: GREG DAVISON

Reported On: 09-AUG-07 01:08 PM

SUITE 500-602 WEST HASTINGS ST.

VANCOUVER BC V6B 1P2

Lab Work Order #: L530633

Date Received: 17-JUL-07

Project P.O. #:

Job Reference: ORDER NO. 67142

Legal Site Desc: KIMMIRUT NU

CofC Numbers: A013632

Other Information:

Comments:

Timothy Guy Crowther
General Manager, Vancouver

For any questions about this report please contact your Account Manager:

Selam Worku

THIS REPORT SHALL NOT BE REPRODUCED EXCEPT IN FULL WITHOUT THE WRITTEN AUTHORITY OF THE LABORATORY.
ALL SAMPLES WILL BE DISPOSED OF AFTER 30 DAYS FOLLOWING ANALYSIS. PLEASE CONTACT THE LAB IF YOU
REQUIRE ADDITIONAL SAMPLE STORAGE TIME.

ALS LABORATORY GROUP ANALYTICAL REPORT

		Sample ID	L530633-1	L530633-2	L530633-3	L530633-4	L530633-5
		Description					
		Sampled Date	16-JUL-07	16-JUL-07	16-JUL-07	16-JUL-07	16-JUL-07
		Sampled Time	16:00	16:00	16:00	16:00	16:00
		Client ID	W5 07-1	W5 07-2	W5 07-3	W5 07-4	W5 07-5
Grouping	Analyte						
WATER							
Physical Tests	Hardness (as CaCO3) (mg/L)		68.0	68.1	85.9	102	94.5
Total Metals	Aluminum (Al)-Total (mg/L)		0.0079	0.0051	<0.0050	<0.0050	<0.0050
	Antimony (Sb)-Total (mg/L)		<0.00050	<0.00050	<0.00050	<0.00050	<0.00050
	Arsenic (As)-Total (mg/L)		<0.00050	<0.00050	<0.00050	<0.00050	<0.00050
	Barium (Ba)-Total (mg/L)		<0.020	<0.020	<0.020	<0.020	<0.020
	Beryllium (Be)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	<0.0010
	Boron (B)-Total (mg/L)		<0.10	<0.10	<0.10	<0.10	<0.10
	Cadmium (Cd)-Total (mg/L)		<0.000017	0.000037	0.000026	0.000018	<0.000017
	Calcium (Ca)-Total (mg/L)		20.6	20.5	22.9	32.3	33.3
	Chromium (Cr)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	<0.0010
	Cobalt (Co)-Total (mg/L)		<0.00030	<0.00030	<0.00030	<0.00030	<0.00030
	Copper (Cu)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	<0.0010
	Iron (Fe)-Total (mg/L)		<0.030	<0.030	<0.030	<0.030	<0.030
	Lead (Pb)-Total (mg/L)		<0.00050	<0.00050	<0.00050	<0.00050	<0.00050
	Lithium (Li)-Total (mg/L)		<0.0050	<0.0050	<0.0050	<0.0050	<0.0050
	Magnesium (Mg)-Total (mg/L)		4.03	4.08	6.98	5.12	2.72
	Manganese (Mn)-Total (mg/L)		0.00227	0.00115	0.00137	0.00193	0.00343
	Mercury (Hg)-Total (mg/L)		<0.000020	<0.000020	<0.000020	<0.000020	<0.000020
	Molybdenum (Mo)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	<0.0010
	Nickel (Ni)-Total (mg/L)		0.0020	0.0016	<0.0010	0.0035	<0.0010
	Potassium (K)-Total (mg/L)		<2.0	<2.0	<2.0	<2.0	<2.0
	Selenium (Se)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	<0.0010
	Silver (Ag)-Total (mg/L)		<0.000020	<0.000020	<0.000020	<0.000020	<0.000020
	Sodium (Na)-Total (mg/L)		2.2	2.1	<2.0	2.4	<2.0
	Thallium (Tl)-Total (mg/L)		<0.00020	<0.00020	<0.00020	<0.00020	<0.00020
	Tin (Sn)-Total (mg/L)		<0.00050	<0.00050	<0.00050	<0.00050	<0.00050
	Titanium (Ti)-Total (mg/L)		<0.010	<0.010	<0.010	<0.010	<0.010
	Uranium (U)-Total (mg/L)		<0.00020	0.00020	0.00050	0.00090	0.00059
	Vanadium (V)-Total (mg/L)		<0.030	<0.030	<0.030	<0.030	<0.030
	Zinc (Zn)-Total (mg/L)		<0.0050	<0.0050	<0.0050	<0.0050	<0.0050

ALS LABORATORY GROUP ANALYTICAL REPORT

		Sample ID	L530633-6	L530633-7	L530633-8	L530633-9	L530633-10
		Description					
		Sampled Date	16-JUL-07	16-JUL-07	16-JUL-07	16-JUL-07	16-JUL-07
		Sampled Time	16:00	16:00	17:00	17:00	17:00
		Client ID	W5 07-6	W5 07-7	WS07-9	WS07-10	WS07-11
Grouping	Analyte						
WATER							
Physical Tests	Hardness (as CaCO3) (mg/L)		97.5	77.6	141	136	138
Total Metals	Aluminum (Al)-Total (mg/L)		0.0142	0.0288	<0.0050	<0.0050	0.0278
	Antimony (Sb)-Total (mg/L)		<0.00050	<0.00050	<0.00050	<0.00050	<0.00050
	Arsenic (As)-Total (mg/L)		<0.00050	<0.00050	<0.00050	<0.00050	<0.00050
	Barium (Ba)-Total (mg/L)		<0.020	<0.020	<0.020	<0.020	<0.020
	Beryllium (Be)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	<0.0010
	Boron (B)-Total (mg/L)		<0.10	<0.10	<0.10	<0.10	<0.10
	Cadmium (Cd)-Total (mg/L)		0.000020	0.000024	<0.000017	<0.000017	<0.000017
	Calcium (Ca)-Total (mg/L)		34.2	23.2	40.9	39.9	38.3
	Chromium (Cr)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	<0.0010
	Cobalt (Co)-Total (mg/L)		<0.00030	<0.00030	<0.00030	<0.00030	<0.00030
	Copper (Cu)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	0.0012
	Iron (Fe)-Total (mg/L)		0.035	0.078	<0.030	<0.030	0.144
	Lead (Pb)-Total (mg/L)		<0.00050	<0.00050	<0.00050	<0.00050	<0.00050
	Lithium (Li)-Total (mg/L)		<0.0050	<0.0050	<0.0050	<0.0050	<0.0050
	Magnesium (Mg)-Total (mg/L)		2.94	4.78	9.41	8.88	10.2
	Manganese (Mn)-Total (mg/L)		0.00155	0.00251	0.00058	0.00131	0.0124
	Mercury (Hg)-Total (mg/L)		<0.000020	<0.000020	<0.000020	<0.000020	<0.000020
	Molybdenum (Mo)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	<0.0010
	Nickel (Ni)-Total (mg/L)		0.0015	0.0017	<0.0010	0.0019	0.0014
	Potassium (K)-Total (mg/L)		<2.0	<2.0	<2.0	<2.0	<2.0
	Selenium (Se)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	<0.0010
	Silver (Ag)-Total (mg/L)		<0.000020	<0.000020	<0.000020	<0.000020	<0.000020
	Sodium (Na)-Total (mg/L)		<2.0	2.3	2.1	2.2	<2.0
	Thallium (Tl)-Total (mg/L)		<0.00020	<0.00020	<0.00020	<0.00020	<0.00020
	Tin (Sn)-Total (mg/L)		<0.00050	<0.00050	<0.00050	<0.00050	<0.00050
	Titanium (Ti)-Total (mg/L)		<0.010	<0.010	<0.010	<0.010	<0.010
	Uranium (U)-Total (mg/L)		0.00070	0.00021	0.00054	0.00047	0.00037
	Vanadium (V)-Total (mg/L)		<0.030	<0.030	<0.030	<0.030	<0.030
	Zinc (Zn)-Total (mg/L)		<0.0050	<0.0050	<0.0050	<0.0050	<0.0050

ALS LABORATORY GROUP ANALYTICAL REPORT

		Sample ID	L530633-11	L530633-12	L530633-13	L530633-14	
		Description					
		Sampled Date	16-JUL-07	16-JUL-07	16-JUL-07	16-JUL-07	
		Sampled Time	17:00	17:00	17:00	17:00	
		Client ID	WS07-12	WS07-13	WS07-14	WS07-15	
Grouping	Analyte						
WATER							
Physical Tests	Hardness (as CaCO3) (mg/L)		79.8	73.9	89.9	83.8	
Total Metals	Aluminum (Al)-Total (mg/L)		0.0610	<0.0050	0.0077	0.0087	
	Antimony (Sb)-Total (mg/L)		<0.00050	<0.00050	<0.00050	<0.00050	
	Arsenic (As)-Total (mg/L)		<0.00050	<0.00050	<0.00050	<0.00050	
	Barium (Ba)-Total (mg/L)		<0.020	<0.020	<0.020	<0.020	
	Beryllium (Be)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	
	Boron (B)-Total (mg/L)		<0.10	<0.10	<0.10	<0.10	
	Cadmium (Cd)-Total (mg/L)		<0.000017	<0.000017	<0.000017	<0.000017	
	Calcium (Ca)-Total (mg/L)		24.1	22.9	30.8	24.4	
	Chromium (Cr)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	
	Cobalt (Co)-Total (mg/L)		<0.00030	<0.00030	<0.00030	<0.00030	
	Copper (Cu)-Total (mg/L)		0.0011	<0.0010	0.0012	<0.0010	
	Iron (Fe)-Total (mg/L)		<0.030	<0.030	<0.030	<0.030	
	Lead (Pb)-Total (mg/L)		<0.00050	<0.00050	<0.00050	<0.00050	
	Lithium (Li)-Total (mg/L)		<0.0050	<0.0050	<0.0050	<0.0050	
	Magnesium (Mg)-Total (mg/L)		4.77	4.05	3.12	5.54	
	Manganese (Mn)-Total (mg/L)		0.00497	0.00144	0.00127	0.00128	
	Mercury (Hg)-Total (mg/L)		<0.000020	<0.000020	<0.000020	<0.000020	
	Molybdenum (Mo)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	
	Nickel (Ni)-Total (mg/L)		0.0033	0.0050	0.0030	0.0045	
	Potassium (K)-Total (mg/L)		<2.0	<2.0	<2.0	<2.0	
	Selenium (Se)-Total (mg/L)		<0.0010	<0.0010	<0.0010	<0.0010	
	Silver (Ag)-Total (mg/L)		<0.000020	<0.000020	<0.000020	<0.000020	
	Sodium (Na)-Total (mg/L)		4.1	2.0	2.4	<2.0	
	Thallium (Tl)-Total (mg/L)		<0.00020	<0.00020	<0.00020	<0.00020	
	Tin (Sn)-Total (mg/L)		<0.00050	<0.00050	<0.00050	<0.00050	
	Titanium (Ti)-Total (mg/L)		<0.010	<0.010	<0.010	<0.010	
	Uranium (U)-Total (mg/L)		0.00020	<0.00020	<0.00020	0.00051	
	Vanadium (V)-Total (mg/L)		<0.030	<0.030	<0.030	<0.030	
	Zinc (Zn)-Total (mg/L)		<0.0050	<0.0050	<0.0050	<0.0050	

Reference Information

Methods Listed (if applicable):

ALS Test Code	Matrix	Test Description	Analytical Method Reference(Based On)
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HARDNESS-CALC-VA Water Hardness APHA 2340B

Hardness is calculated from Calcium and Magnesium concentrations, and is expressed as calcium carbonate equivalents.

HG-TOT-CCME-CVAFS- Water Total Mercury in Water by CVAFS (CCME) EPA 245.7

VA

This analysis is carried out using procedures adapted from "Standard Methods for the Examination of Water and Wastewater" published by the American Public Health Association, and with procedures adapted from "Test Methods for Evaluating Solid Waste" SW-846 published by the United States Environmental Protection Agency (EPA). The procedure involves a cold-oxidation of the acidified sample using bromine monochloride prior to reduction of the sample with stannous chloride. Instrumental analysis is by cold vapour atomic fluorescence spectrophotometry (EPA Method 245.7).

MET-TOT-CCME-ICP-VA Water Total Metals in Water by ICPOES (CCME) EPA SW-846 3005A/6010B

This analysis is carried out using procedures adapted from "Standard Methods for the Examination of Water and Wastewater" published by the American Public Health Association, and with procedures adapted from "Test Methods for Evaluating Solid Waste" SW-846 published by the United States Environmental Protection Agency (EPA). The procedures may involve preliminary sample treatment by acid digestion, using either hotblock or microwave oven, or filtration (EPA Method 3005A). Instrumental analysis is by inductively coupled plasma - optical emission spectrophotometry (EPA Method 6010B).

MET-TOT-CCME-MS-VA Water Total Metals in Water by ICPMS (CCME) EPA SW-846 3005A/6020A

This analysis is carried out using procedures adapted from "Standard Methods for the Examination of Water and Wastewater" published by the American Public Health Association, and with procedures adapted from "Test Methods for Evaluating Solid Waste" SW-846 published by the United States Environmental Protection Agency (EPA). The procedures may involve preliminary sample treatment by acid digestion, using either hotblock or microwave oven, or filtration (EPA Method 3005A). Instrumental analysis is by inductively coupled plasma - mass spectrometry (EPA Method 6020A).

**** Laboratory Methods employed follow in-house procedures, which are generally based on nationally or internationally accepted methodologies.**

The last two letters of the above ALS Test Code column indicate the laboratory that performed analytical analysis for that test. Refer to the list below:

Laboratory Definition Code	Laboratory Location	Laboratory Definition Code	Laboratory Location
VA	ALS LABORATORY GROUP - VANCOUVER, BC, CANADA		

GLOSSARY OF REPORT TERMS

Surr - A surrogate is an organic compound that is similar to the target analyte(s) in chemical composition and behavior but not normally detected in environmental samples. Prior to sample processing, samples are fortified with one or more surrogate compounds.

The reported surrogate recovery value provides a measure of method efficiency.

mg/kg (units) - unit of concentration based on mass, parts per million

mg/L (units) - unit of concentration based on volume, parts per million

N/A - Result not available. Refer to qualifier code and definition for explanation

Test results reported relate only to the samples as received by the laboratory.

UNLESS OTHERWISE STATED, ALL SAMPLES WERE RECEIVED IN ACCEPTABLE CONDITION.

Although test results are generated under strict QA/QC protocols, any unsigned test reports, faxes, or emails are considered preliminary.

ALS Laboratory Group has an extensive QA/QC program where all analytical data reported is analyzed using approved referenced procedures followed by checks and reviews by senior managers and quality assurance personnel. However, since the results are obtained from chemical measurements and thus cannot be guaranteed, ALS Laboratory Group assumes no liability for the use or interpretation of the results.

[illegible]