

P.O. Box 119 GJOA HAVEN, NU X0B 1J0 TEL: (867) 360-6338 FAX: (867) 360-6369

File: 2BE-KIM0609/B2

January 29, 2010

Bonnie Weston Technical Services True North Gems Inc. 500-602 West Hastings St. Vancouver, BC V6B 1P2

E-mail: bonnie@truenorthgems.com

Subject: Submission of a 2008 Annual Report under Licence No. 2BE-KIM0609

Dear Ms. Weston;

The Nunavut Water Board ("NWB") has completed a technical review of the 2008 Annual Report submitted under Part B, Item 2 of Licence 2BE-KIM0609. The report was distributed for information on April 17, 2009. Comments have been received from Indian and Northern Affairs Canada on July 13, 2009. Following review of the Annual Report and comments, the Report was found to be incomplete. Under Part B, Item 2, the Licence requires a summary of any trenching activity that shall include, but not be limited to:

- The location of any trenching activity, map provided;
- The dimensions of the trench;
- The method of conducting the trenching operations;
- The distance from nearby water bodies and natural drainage areas;
- The mitigation measures implemented to limit impacts to freshwater;
- Any Acid Rock Drainage and metal leaching test work completed with respect to the trenching activity and an interpretation of results; and
- Planned or completed restoration activities.

Please note that both the Licence and Abandonment and Restoration Plan have expired prior to this letter. The NWB looks forward to reviewing the 2009 annual report with, in addition to the above, details for the final abandonment and restoration of the site, or the receipt of a renewal application such that the project is under a current licence.

Should you have any questions, please feel free to contact the undersigned at (867) 360-6338 or by email to <a href="mailto:dcarr@nunavutwaterboard.org">dcarr@nunavutwaterboard.org</a> at your earliest convenience.

Yours truly,

Original Signed By:

Don Carr Technical Advisor

Cc: Qikiqtani Dist List