



TGX:TSX-V

TRUE NORTH GEMS

February 24, 2010

Don Carr, Technical Advisor
Nunavut Water Board
PO Box 119
Gjoa Haven, NU X0B 1J0

Dear Don Carr:

Thank you for your letter of January 29, 2010, with reference to True North's 2008 Annual Report under License No. 2BE-KIM0609.

True North is currently in the process of compiling water license renewal documents which will address both the expired license and the final abandonment and restoration of the site. The 2009 annual report will be submitted prior to the end of March, 2010.

Please find attached details regarding the trenching activity absent from the 2008 report.

Sincerely,

Bonnie Weston
Technical Services

True North Gems Water License No. 2BE-KIM0609
2008 – Annual Report
Additional Information

Part B, Item 2

Trenching activity was performed at one locality on True North's property in 2008, Aligjuaq, located at 454,700E and 6,966,480N (NAD83 UTM Zone 19, see sketches below)

Four crosscutting trenches were produced to test the continuation of sapphire bearing bedrock under the soil layer covering the showing, and to aid delineation work of the showing. The central trench is approximately 30 feet long, ranging between 6 inches to 1 foot in depth, and is 1 foot wide (surficial only). Three slit trenches were opened perpendicular to the central trench, one at each end and one in the centre. These are approximately 15 feet long, between 6 inches and 1 foot deep and 1 foot wide.

All trenches were hand dug using picks, spades and brushes. No mechanized equipment was used.

Nearby water bodies include Upper Lake Fundo which is approximately 100m away from the nearest trench.

Several mitigation activities were implemented to minimise damage to the landscape and to preserve water bodies. Namely:

- All trenches are very shallow, once bedrock was encountered the trench was not dug any deeper (trench was only used to examine the bedrock under the extensive soil layer).
- Any soil removed during trenching was stored locally to facilitate easy trench in-fill and recovery operations.
- trench walls over steep terrain were shored and wooden boarded to ensure stability, these facilities were checked by True North's staff every field season since 2008 and found to be in good condition each time.
- water run-off from higher ground towards the lake is minimal over this area, as the soil layers soak up and distribute rainfall and runoff over a very wide area. The trenching is very minor and will not change the overall runoff of the local area.
- No Acid Rock Drainage or metal leaching tests were completed. However, this is justified because of the local geology on the property. The marble rock that underlies the property cannot produce ARD or acid runoff due to the alkaline nature of the rocks themselves. True North has monitored water courses across the property since 2005 as part of a wider environmental impact study, including a sample location between the current trenching locality and the nearest water course. No ARD or acid conditions have ever been observed.

True North is planning to map the current trenches and will then fully reclaim the site using the original and locally stored soil material. This activity will take place next time True North has geologists on-site in Kimmirut.



