



TGX:TSX-V

TRUE NORTH GEMS

March 22, 2012

Manager of Licensing
Nunavut Water Board
P.O. Box 19
Gjoa Haven, NU X0B 1J0
867-360-6338

To whom it may concern:

Please find enclosed the NWB 2011 Annual Water Report (2BE-KIM1011) for the True North activities during 2011.

No additional claims were added to the property in 2011. Our Spill Contingency Plan and Abandonment and Restoration Plan have been updated and are attached for your reference.

If you have any questions please feel free to contact myself at 604-687-8055 x 106 or by e-mail, afagan@truenorthgems.com.

Sincerely,

Andrew Fagan
Project Manager

NWB Annual Report

Year being reported: 2011

License No: 2BE-KIM1011 Issued Date: September 21, 2010
Expiry Date: December 31, 2011

Project Name: Beluga Sapphire Project

Licensee: True North Gems Inc.

Mailing Address: 3114-1055 Dunsmuir St, Vancouver, BC, V7X1G4

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

n/a

General Background Information on the Project (*optional):

The project is an exploration stage project near the hamlet of Kimmirut. It has been explored for sapphire mineralization since 2001.

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 greywater management; drill waste management; solid and hazardous waste management.

Water Source(s):	Water from Domestic Sources only (hamlet of Kimmirut)	
Water Quantity:	5	Quantity Allowable Domestic (cu.m)
	0	Actual Quantity Used Domestic (cu.m)
	0	Quantity Allowable Drilling (cu.m)
	0	Total Quantity Used Drilling (cu.m)

Waste Management and/or Disposal

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

Additional Details:

Crew based in Kimmirut village; water supply and waste water removal was completed by the Hamlet. No additional water was used. Only drinking water and water for washing clothes was requested from the Hamlet.

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)

No Spills or unauthorized discharges occurred during the 2011 field season.

Revisions to the Spill Contingency Plan

SCP addendum attached for Board consideration

Additional Details:

No changes to the Spill response plan were required beyond those previously approved, however copy of the 2011 document is included for review.

Revisions to the Abandonment and Restoration Plan

AR plan submitted and approved - no revision required or proposed

Additional Details:

No changes to the A & R plan were required beyond those previously approved. Previous document is included for reference.

Progressive Reclamation Work Undertaken

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

True North did not have any geologists on the ground this year. Thus no reclamation work was undertaken during 2011. As the sites are still under geological review, reclamation work will commence next time TNG staff are on-site.

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;

Not Applicable (N/A)

Additional Details:

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:

Municipal Dump (pickup once per week from the rented Kimmirut house by the Hamlet). This dump is located at : 62 50' 27.9"N 69 52' 27.4"W

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

TNG contracted a legal survey of their claims during 2011; this comprised 2 team members from Sub Arctic Surveys of Yellowknife, NWT living in the village of Kimmirut for 14 days ending July 26th 2011. The crew lived in a contracted local house which was serviced by the Hamlet of Kimmirut. No further water was used or disposed of during the fieldseason.

Date Submitted:

March 22, 2012

Submitted/Prepared by:

Andrew fagan

Contact Information:

Tel: 6044882564

Fax: 6048991240

email: afagan@truenorthgems.com

GPS Coordinates for water sources utilized

[illegible]

GPS Locations of areas of waste disposal

[illegible]



TGX:TSX-V

TRUE NORTH GEMS

Spill Contingency Plan

Beluga Property

Kimmirut, Nunavut

Revised January 2010

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Preamble

This Spill Contingency Plan (Plan) is effective from January 1, 2010 through December 31, 2010 or until there have been significant changes to the activities outlined in the existing permits to warrant changes to the Plan. Minor changes will be submitted as an addendum to the Plan and submitted to the distribution list as required. This plan applies to all projects and operations of True North Gems Inc. (True North) licensed by the Nunavut Water Board and the C&GS Government of Nunavut. (Water Application File No: 2BE-KIM0609 (formerly NWB2KIM); LUP No. 801-LUP-B07-002 and NIRB Screening No. 05EN060)

The following formal distribution has been made of this Plan.

True North Gems' Head Office in Vancouver, BC
Beluga Sapphire Project Office (Field Season Only) in Kimmirut
Nunavut Water Board
Environment Canada
Department of Fisheries and Oceans
Nunavut Impact Review Board (NIRB)
Community and Government Services Government of Nunavut
Hamlet of Kimmirut

Additional copies and updates of this Plan may be obtained by writing to:

True North Gems Inc.
500-602 West Hastings Street
Vancouver, BC V6B 1P2
Phone: 604-687-8055
Toll Free: 1-800-399-8055
Fax: 604-899-1240
bonnie@truenorthgems.com

Document Revision History:

Original	July 2005
First Revision	March 2006
Second Revision	April 2006
Third Revision	March 2007
Fourth Revision	March 2008
Fifth Revision	January 2010

1.0 Introduction

This document provides True North with predetermined lines of response and detailed actions to be taken in the event of unforeseen circumstances during ongoing exploration and contingency measures to minimize potential health and safety hazards, environmental damage and clean up costs. It helps promote environmental awareness and safety. This Plan is a living document and will be amended as required to accommodate change. Notification will be made to the appropriate authorities once changes have been made.

The Plan outlines the site specific information, responsibilities of the Spill Response Team, reporting procedures, action plans for the different contaminants and MSDS information for all hazardous materials on-site. This Plan is designed for petroleum products, chemical products, grey water and sewage spills on land, water, ice, snow and muskeg. The petroleum products and hazardous materials that potentially will be used during the course of exploration and will be considered in this Plan include:

- Diesel fuel
- Hydraulic oil
- Lubricating oil
- Gasoline
- Jet "B" Fuel
- Propane
- Antifreeze
- Drilling products (Linseed Soap, Grease, Polymers etc.)

This document complies with existing regulations to ensure protection of the environment. It is the policy of True North to initiate this Plan when it is clearly associated or likely to be associated with spilled contaminants.

The Plan will be posted at all fuel and hazardous material sites in plain view for reference during spill response. Copies will also be distributed to personnel designated with spill response duties. All exploration staff, contractors and visitors to the site will be given summary instructions for spill response as part of the field orientation procedures.

2.0 Site Information

2.1 General Site Description

True North optioned the Baffin Island Sapphire occurrence in 2003 and is actively exploring the area. The project is located 2.7 kilometres from the hamlet of Kimmirut on Baffin Island Nunavut (Map 1, Appendix 1). The work area is within the NAIP 1 (F62386), NAIP 2 (F62387), NAIP 3 (F62388), NAIP 4 (F77802), NAIP 5 (F79310), NAIP 6 (F79311), NAIP 7 (F79312), NAIP 8 (F63591), NAIP 9 (F77803) and NAIP 10 (F63592), claim boundary defined as 62°47'N – 62°52' N latitude and 69°48' W – 69°57' W longitude.

The project is accessible by land and air. Seasonal work occurs between the months of June through October. Ongoing exploration includes prospecting, mapping, heavy mineral concentrate sampling, assay bulk sampling and drilling. Due to the proximity of the project to Kimmirut all personnel are accommodated in the hamlet.

2.2 Site Specific Facility Description

2.2.1 Petroleum Storage and Transport

The temporary storage and secondary containment facility is located at approximately 6,966,790 N, 454,430 E and is a minimum of 30m from the ordinary high water mark of any water body. It is constructed such that it will be able to hold a volume that is 10% greater than the largest container, in this case 50gal/225 L. A maximum of 4,000L (19 drums) will be stored in individual metal 45 gal drums at any given time. The facility will be monitored on a regular basis to ensure that drums are properly sealed, lying on their sides with the bungs at the 10 o'clock or 2 o'clock positions, drums showing signs of weakness and fatigue have been removed and properly disposed, and any problems are remediated immediately. All containers will be clearly marked with the type of petroleum product contained, as required under WHMIS, as well as True North's name. A copy of the Spill Contingency Plan (Revised March 2008), a spill kit and a container that has a capacity of 45 gal or larger will be available to aid in spill response. Table 1 below outlines the approximate fuel quantities. See Map 2 Appendix 2 for the location of the storage facility.

Petroleum products such as diesel and gasoline will be purchased from the Kimik Co-Operative in the Kimmirut and will be transported to site via ATV and trailer or Kawasaki Mule (four wheel, multi-passenger off-road utility vehicle) and trailer. Drums will be properly secured during transportation and will be transferred to the secondary containment facility in such a manner as to prevent spillage or cause damage to the drum or the berm. The spent barrels will be reused or returned in a timely fashion back to the Kimik Co-Op in Kimmirut for a deposit refund or proper disposal.

It is anticipated that five 5 gal/20L jerry cans of gasoline will be available for refuelling the diamond chainsaws. These jerry cans will be transported daily to the site, from the storage facility, via ATV trailer as required.

Fuel will be transferred using hand pumps (wobble pumps) or electric pumps. Camlock mechanisms and drip trays will be used where possible. Any spills will be reported to the

Project Manager or designate as described in the Spill Contingency Plan (Revised March 2008). A spill kit will be located at the refueling site, drill and bulk sampling locations. Personnel will be properly trained in fuel handling procedures including carefully monitoring fuel content in the receiving vessel when refuelling.

Type of Fuel	Total # of Fuel Drums (varies depending on size of drill program)	Quantity of Fuel Needed (gallons/liters)	Container Type	Capacity of Container (gallons/litre)
Diesel	90	4050/18450	Metal Drum	45/205
Gasoline	10	500/2250	Plastic Jerry Can	5/20
Propane	2	200lbs	Metal Cylinder	100lbs

Table 1: Fuel Types and Quantities

2.2.2 Chemical Storage and Transportation

Chemicals and hazardous products will be properly stored in individual containers according to MSDS requirements. Where possible all excess drill mud, polymers and oils will be stored in the secondary containment set up for the fuel or in the warehouse in Kimmirut.

Chemical transfer will occur with due care and proper procedures as described in the MSDS sheets. Drip trays will also be used. Any spills will be reported to the Project Manager or designate as described in the Contingency Spill Plan (Revised March 2008). See Spill Contingency Plan (Revised March 2008) for more information. A spill kit will be located at the refuelling site and the drill.

2.2.3 Greywater and Sewage

Current operations are based out of Kimmirut. All sewage and greywater will be disposed using the existing system in Kimmirut. All waste collected on site will be properly disposed of in Kimmirut.

2.2.4 Garbage Storage and Disposal

Any garbage created from day to day activities will be removed on a daily basis and disposed of in the Kimmirut municipal landfill. Other garbage such as scrap metal will be properly disposed of at the landfill. Items will be recycled when possible and where facilities exist.

3.0 Response Organization

3.1 Spill Response Team

A spill of any kind will be reported to the Project Manager, Site Manager or designate. All spills, within reason, will be reported to the **24 Hour Spill Report Line (867-9208130)**. Spills that are easily cleaned up without the use of a spill kit or activation of the Spill Response Team do not have to be reported to the 24 Hour Spill Report Line, however they should be recorded as an inventory of all spills will be kept for review by any inspector or agency representative (See Appendix 4 for the Record of Spills Log).

The spill response team will consist of the Project Manager, Site Manager or designate and approximately 2 to 4 individuals that are available on-site to assist in spill response.

The responsibilities of the Project Manager, Site Manager or designate are to report, contain, clean, and dispose of contaminated materials by carrying out the following duties:

1. Assume complete authority over the spill scene and coordinate all personnel involved. In the absence of the Project Manager, a designate, under the direction of the Project Manager, will be given authority.
2. Evaluate the spill situation and develop an overall plan of action.
3. Activate the Plan.
4. Report the spill to the 24 Hour Spill Report Line, Indian and Northern Affairs (INAC) Water Resources Officer and company officials immediately. Contact consultants and contractors as needed. Section 3.2 below lists the contact information for all emergency contacts.
5. Obtain additional manpower, equipment, and material if not available on site for spill response.
6. Submit a report detailing the event of the spill to the INAC Water Resources Officer within 30 days of the event. The reporting requirements will include the completion of *NWT Spill Report Form* (Appendix 3).

3.2 Emergency Contacts

The following names are responsible for activating the Plan, listed in order of authority:

1. Project Manager: will advise
Baffin Island Site Office/Warehouse: (867) 939-2345
Baffin Island House Phone: seasonal use; will advise
Beluga Project Sat Phone: (403) 987-8574 seasonal use; will advise
2. Site Manager/Designate Seasonal; will advise
3. True North Gems Inc. Head Office – Suite 500-602 West Hastings St, Vancouver BC V6B 1P2: Technical Services – Bonnie Weston (604)-687-8055 bonnie@truenorthgems.com
4. AJF Geoconsulting – Andrew Fagan - ajf.geoconsulting@gmail.com

4.0 Reporting Procedure

True North will have available, on site, a satellite telephone for emergency purposes. The location of the phone will be told to on-site staff. Landline phones will also be available in Kimmirut at the True North office/storage facilities and crew accommodations. The following is the sequence of events that will be carried out to ensure an expedient response to a spill:

1. Following a spill the Project Manager, Site Manager or designate must be notified **Immediately** by phone or in person
2. Fill out the *NTW Spill Report Form* (Appendix 3) as completely as possible before calling the **24 Hour Spill Report Line (867) 920-8130**.
3. Report the spill to the 24 Hour Spill Report Line, **INAC Water Resources Officer ((867) 975-4298)** and company officials immediately. Consultants and contractors will be contacted to supply resources, expertise and advice to manage the situation. The contact numbers are listed Section 4.1 below.

4.1 Emergency Contacts

Regulatory Agencies

1. **24 Hour Spill Report Line Phone (867) 920-8130** Fax (867) 873-6924
2. INAC Water Resources Inspector (867) 975-4298 Fax (867) 975-4585
3. Department of Environment General Inquiries Phone (867) 975-5900
4. Environment Canada Environmental Enforcement Officer (867) 975-4644 Jimmie Noble (Iqaluit)
5. Environment Canada (867) 920-5131
6. Fisheries and Oceans (Iqaluit) (867) 979-8007 Tanya Gordanier, Derrick Moggy, Habitat Impact Assessment Biologist/Habitat Management Biologist)
7. Department of Environment, Government of Nunavut (Iqaluit) (867) 975-7700
8. Helicopter - Canadian Helicopter (Iqaluit) (709) 686-2095, Universal Helicopter (709) 896-3541
9. RCMP Kimmirut Detachment (867) 939-0123
10. Fire Emergency (867) 939-4422
11. Nursing Station/Health Center (867) 939-2217
12. Hamlet of Kimmirut (867) 393-2247
13. Nunavut Water Board (867) 360-3663 Fax (867) 975-5981
14. Nunavut Impact Review Board (867) 983-2593
15. WCB (867) 669- 4409
16. Regional Land Administrator, Baffin, (867) 897-3619
17. Planning & Lands Administrator, Hamlet of Kimmirut (867) 939-2251(direct)/2247
18. Manager Pollution Control & Air Quality, Environmental Protection, Government of Nunavut (867) 975-4550 Fax (867) 975-5981
19. INAC Land Administration Minister, Nunavut Regional Office (867) 975-4280 Fax (867) 975-4286
20. Kimmirut Municipal Landfill (867) 939-2256 Interim Foreman Bobby Barrieau

True North Management

1. Project Manager (To be Determined):
Baffin Island Site Office/Warehouse: (867) 939-2345
Baffin Island House Phone: seasonal use; will advise
Beluga Project Sat Phone: (403) 987-8574
2. True North Gems: Ms Bonnie Weston, Technical Services: (604) 687-8055
3. AJF Geoconsulting – Andrew Fagan - ajf.geoconsulting@gmail.com

5.0 Action Plans

For all contaminant spills, the first person(s) to the spill site should take the following actions:

- Stop work, be alert and ensure your safety as well as the safety of others first;
- Assess the hazards to people in the vicinity of the spill site;
- Assess the nature, status, measures to be taken and any other applicable information about the spill site;
- When safe to do so, stop the flow of the spilled contaminant and try to minimize the potential for environmental impacts;
- Report the spill to the Project Manager, Site Manager or designate immediately so the reporting procedures can begin;
- Resume safe actions to contain, recover, clean up and dispose of the spilled contaminant;
- Record all information and take photos (if possible); and
- If required, continue to monitor the site after remediation to ensure that there have been no further environmental impacts.

There are specific tasks to take depending upon the contaminant type. The specific actions, based on contaminant type, are listed below. If it is safe to do so, stop the source of the flow and eliminate any open flame ignition sources. **NEVER smoke** when handling hazardous materials, especially when dealing with some chemicals, gasoline, aviation fuel and propane as vapours can form, ignite and explode.

Specific hazards are listed in the MSDS sheets in Appendix 6. MSDS sheets include:

Fuel: Aviation Fuel, Diesel, Gasoline, Propane

Oil and Grease: Hydraulic Oil, Lubricating Oil, Two-Stroke engine oil

Drill Polymers: 555X Polymer, 550X Polymer, Big Bear Diamond Drill Rod Grease, DR-133 Polymer, Linseed Soap, Lub Tub, Special "E" W-OB Polymer

Household cleaners: Bleach, Dish soap, Laundry detergent

Other: Antifreeze, Dexpan

Contaminated enviro pads and other absorbents can be disposed of in the Kimmirut municipal landfill (see Permission to use Landfill Fax, Appendix 5). The landfill is open 24 hours a day and has a location for burning or disposal of fuel contaminated products. The Interim Foreman, Bobby Barrieau, can be contacted at (867)-939-2256.

5.1 Fuel Spills (Diesel, Lubricating and Hydraulic Oil, Gasoline, Jet B Aviation Fuel)

On Land (gravel, rock, soil and vegetation)

- Build a containment berm using absorbents, soil material, snow or containment device that will contain the spill and prevent its spread
- Use absorbents to soak up any contaminant; place the spent absorbents in a labelled leak proof container such as an empty drum until incineration or disposal
- Contaminated soil, gravel and vegetation, where appropriate, should be disposed of at an approved facility

On Muskeg

- Do not deploy personnel and equipment on marsh or vegetation
- Remove pooled oil with absorbent pads
- Flush with low pressure water to divert oil to collection point
- Burn in localized areas if feasible and safe. Do not burn if root system can be damaged due to low water table
- Minimize damage caused by equipment and excavation

On Water

- Contain spill by deploying booms to encircle spilled contaminant
- Absorbent pads and skimmers can be used to capture spills

On Rivers and Streams

- Build a berm or trench if possible to prevent entry into the water
- Intercept moving slicks in quiet areas using booms in order to clean
- Do not use booms and pads in fast currents
- Collect any vegetation along banks and remediate

On Ice and Snow

- Build a contaminant berm using snow and booms or absorbent pads
- Use absorbents to soak up any contaminant; place the spent adsorbents in a labelled leak proof container such as an empty drum until incineration or disposal
- Scrape and shovel ice and snow into a labelled leak proof container such as an empty drum until disposal

All contaminated material will be stored in sealed, labelled and leak proof containers in a designated area away from incompatible material until contaminants can be properly disposed.

5.2 Propane Leaks

Vapours from a leaky propane bottle cannot be contained. If it is safe to do so turn off the propane supply and remove any sources of ignition from the immediate area. Stay away from the ends of the tank in case of explosion. Avoid touching the release point on the tanks as frost forms rapidly. Water spray can be used to reduce vapours only if there is NO risk of ignition. Properly dispose of damaged tank and do not re-use.

On Land (gravel, rock, soil and vegetation)

- Do not contain the propane release

On Water

- Do not contain the propane release

On Ice and Snow

- Do not contain the propane release

5.3 Antifreeze Spills**On Land (gravel, rock, soil and vegetation)**

- Build a containment berm using absorbents, soil material, snow or containment device

that will contain the spill and prevent its spread

- Use absorbents to soak up any contaminant; place the spent adsorbents in a labelled leak proof container such as an empty drum until incineration or disposal
- Contaminated soil, gravel and vegetation, where appropriate, should be disposed of at an approved facility

On Water

- Contain spill by deploying booms to encircle spilled contaminant
- Pump contaminated water into a labelled leak proof container such as an empty drum until disposal

On Ice and Snow

- Build a contaminant berm using snow and booms or absorbent pads
- Use particulate adsorbents to soak up any contaminant; place the spent absorbents in a leak proof container such as an empty drum until incineration or disposal
- Scrape and shovel ice and snow into a labelled leak proof container such as an empty drum until disposal

All contaminated material will be stored in closed and labelled leak proof containers in a designated area away from incompatible material until contaminants can be properly disposed.

5.4 Chemical Spills

The following actions should be carried out in response to chemical spills

- Check with the product specific MSDS sheet for hazards and proper handling procedures.
- Chemical fumes or airborne particles may cause some adverse reactions to personnel. Make sure that these personnel are removed from the situation and seek medical attention as necessary.
- Safety equipment such as safety glasses, gloves and masks or breathers should be worn if necessary.
- Build a containment berm using absorbents, soil material, snow or containment device that will contain the spill and prevent its spread.
- Use absorbent matting to soak up any contaminant; place the spent absorbents in a labelled leak proof container such as an empty drum until incineration or disposal.
- Place plastic sheeting over solid chemicals, such as dust or powder, to prevent their disbursement by wind, or disturbance by wildlife.
- If possible, neutralize acids or caustics.
- Contaminated soil, gravel and vegetation, where appropriate, should be disposed of at an approved facility.

6.0 Response Equipment

6.1 General Equipment

Equipment used in the exploration operations will be available on-site for emergency response for containment, control and remediation of the spill. Helicopters can be made available, if required. Heavy machinery may be available from Kimmirut. On-site at all times will be a spill kit and enviromat. As required, activities such as drilling or fuelling sites will have spill kits available and will be upgraded as activities increase.

6.2 Resource Inventory

The locations of fuel spill kits are contained within the area shown on Map 2 Appendix 2. The drill will be making frequent moves as the drilling program progresses. There will always be a spill kit at the drill. A spill kit will also be located at the temporary storage and containment facility.

The spill kit at the drill contains (2- 20LPails):

- Garbage bags
- Absorbent mats
- Gloves
- Safety glasses
- Boom socks

Spill kit at the temporary storage and containment facility contains

- Garbage bags
- Absorbent mats
- Gloves
- Safety glasses
- Boom socks
- 1 spill container that is equal to or larger than the largest container
- Plastic tarps or sheeting

Extra equipment available includes:

- Fire Extinguishers (valid/recharged)
- Shovels
- Environmental absorbent matting
- Plastic tarps or sheeting
- Garbage Bags

7.0 Personnel and Training

Prevention measures are key to minimizing the potential for spills. As part of training employees are taught how to handle, transfer and store the various materials to prevent a spill from occurring. The following actions will be completed by designated personnel as part of the regular day to day routines:

1. monitoring fuel content in the receiving vessel during transfer;
2. safely operating machinery and tools to help prevent hazardous material spills;
3. cleaning up drips and minor spills immediately;
4. fixing or replacing defective equipment or tools;
5. regular inspection of drums, tanks and hoses for leaks or potential for leaks;
6. ensure all spill response and PPE equipment is visible and in good working conditions; and
7. ensure that "No Smoking Signs" are posted, visible and are obeyed as set out in the regulations.

All employees and contractors on site also will be trained for initial spill response in the event of a spill. The Plan will be posted at all fuel and hazardous material sites in plain view for reference during spill response. Copies will also be distributed to personnel entrusted with spill response duties. All exploration staff, contractors and visitors to the site will be given summary instructions for spill response as part of the field orientation procedures. All employees and contractors will be trained in the safe operation of all machinery and tools to help prevent hazardous material spills. True North will send staff, as required, to attend classes related to topics discussed above. Records will be kept of individuals that have certificates, such as WHMIS, and a copy of certificates will be appended to the Plan.

8.0 References

1. Diamondex Resources Ltd Spill Contingency Plan Exploration Properties Nunavut June 2005.
2. Environmental Protection Act: Consolidation of Spill Contingency Planning and Reporting Regulations (R.R.N.W.T 1990, c)., NWT
3. Guidelines for Spill Contingency Planning Draft November 2004, Nunavut Water Board Gjoa Haven, Nunavut.
4. Guidelines for Spill Contingency Planning July 1987, Northwest Territories Water Board
5. Recommendations and Guidelines for Land Use and Mineral Activities, Indian and Northern Affairs Canada (INAC)

9.0 Appendices

Appendix 1: Project Location Map

Appendix 2: Fuel Storage and Spill Kit Location Map

Appendix 3: NWT Spill Report Form

Appendix 4: True North Record of Spills Form

Appendix 5: Permission to Use Landfill Fax

Appendix 6: MSDS Sheets for:

Fuel:

- Aviation Fuel
- Diesel
- Gasoline
- Propane

Oil and Grease:

- Hydraulic Oil
- Lubricating Oil
- Two-Stroke engine oil

Drill Polymers:

- 555X Polymer
- 550X Polymer
- Big Bear Diamond Drill Rod Grease
- DR-133 Polymer
- Linseed Soap
- Lub Tub
- Special "E"
- W-OB Polymer

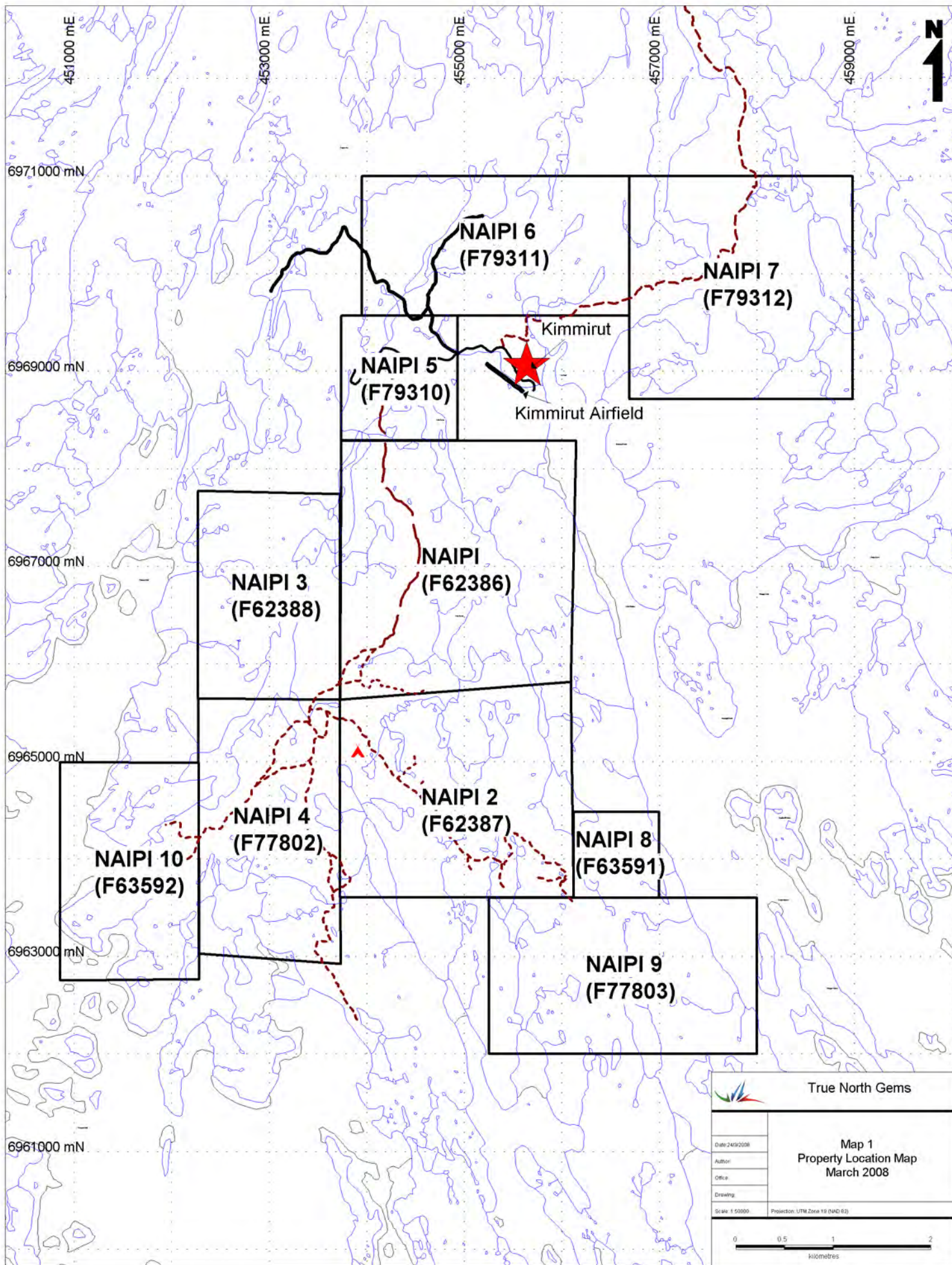
Household cleaners:

- Bleach
- Dish soap
- Dryer Sheets
- Laundry detergent

Other:

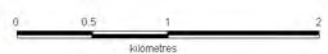
- Antifreeze
- Dexpan

Appendix 1
Project Location Map

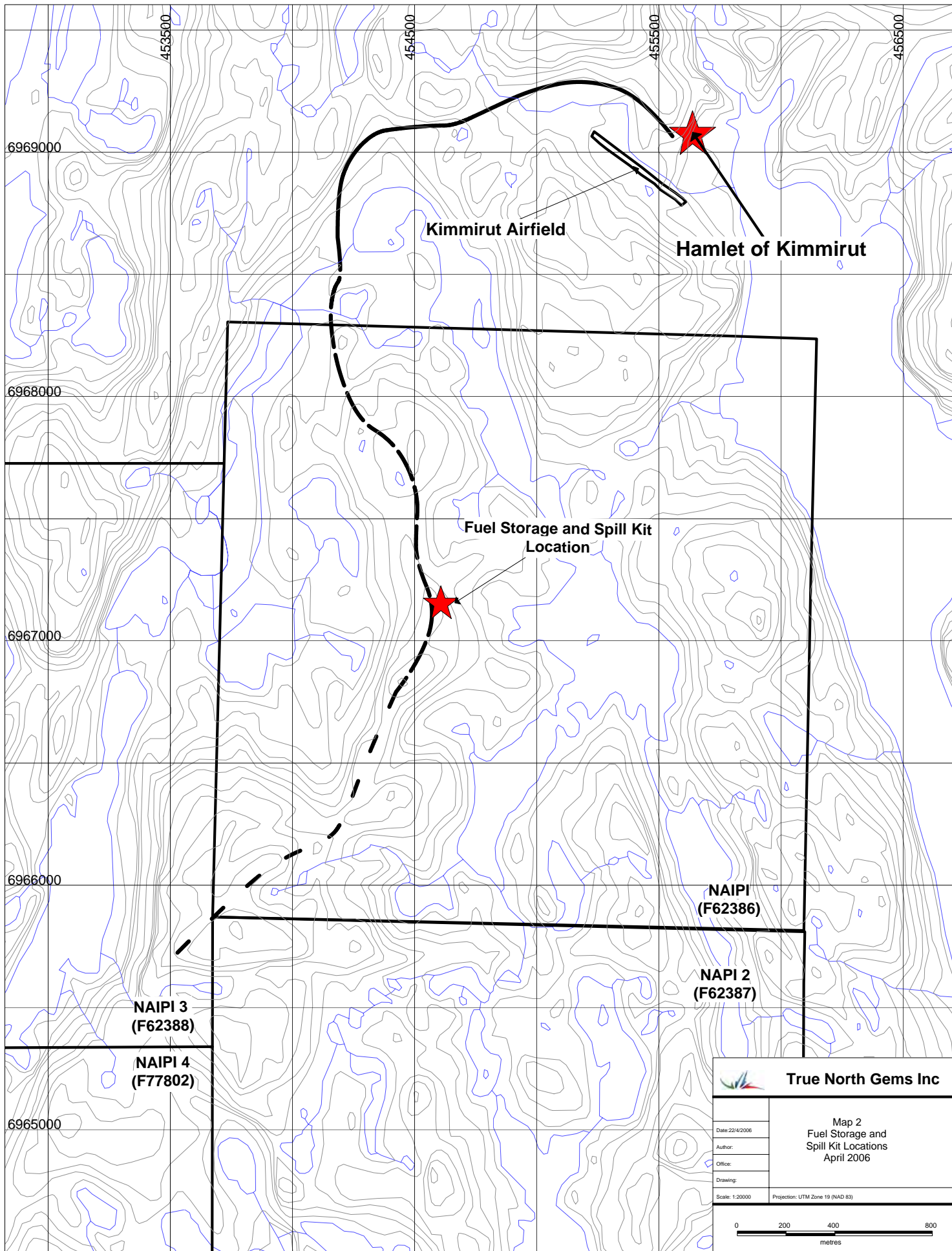


True North Gems

Map 1 Property Location Map March 2008	
Date: 24/03/2008	
Author:	
Office:	
Drawing:	
Scale: 1:50000	Projection: UTM Zone 19 (NAD 83)



Appendix 2
Fuel Storage and Spill Kit Location Map



Appendix 3
NWT Spill Report Form



NWT SPILL REPORT

(Oil, Gas, Hazardous Chemicals or other Materials)

24 – Hour Report Line
Phone: (867) 920-8130
Fax: (867) 873-6924

A Report Date and Time		B Date and Time of spill (if known)		C <input type="checkbox"/> Original Report <input type="checkbox"/> Update no. _____		Spill Number	
D Location and map coordinates (if known) and direction (if moving)							
E Partly responsible for spill							
F Product(s) spilled and estimated quantities (provide metric volumes/weights if possible)							
G Cause of spill							
H Is spill terminated? <input type="checkbox"/> yes <input type="checkbox"/> no		I If spill is continuing, give estimated rate		J Is further spillage possible? <input type="checkbox"/> yes <input type="checkbox"/> no		K Extent of contaminated area (in square meters if possible)	
L Factors effecting spill or recovery (weather conditions, terrain, snow cover, etc.)				M Containment (natural depression, dikes, etc.)			
N Action, if any, taken or proposed to contain, recover, clean up or dispose of product(s) and contaminated materials							
O Do you require assistance? <input type="checkbox"/> no <input type="checkbox"/> yes, describe:				P Possible hazards to person, property, or environment; eg: fire, drink water, fish or wildlife			
Q Comments or recommendations						FOR SPILL LINE USE ONLY	
						Lead agency	
						Spill significance	
						Lead Agency contact and time	
						Is this file now closed? <input type="checkbox"/> yes <input type="checkbox"/> no	
Reported by		Position. Employer, Location				Telephone	
Reported to		Position. Employer, Location				Telephone	

Appendix 4
Record of Spills



Record of Spills **

** (For TNG reporting ONLY)

1. Date of Spill: _____
2. Time of Spill: _____
3. Location of spill (UTM): _____
4. Description of spill (i.e. direction spill is moving; on land, on water, or both; is the spill contained; etc)

5. Spill Type (diesel, gasoline, Jet B, propane, oil, etc): _____
6. Quantity of contaminant Spilled (L, Gal or Kg): _____
7. Cause of the Spill:

8. Equipment used to contain and remediate the spill:

9. Any injuries associated with the spill (Yes or No; describe):

10. Witness: (Name and Contact Information)

11. Actions taken to contain, recover, clean up and dispose of contaminant:

12. Photos Taken (Yes or No; location of photos): _____
13. Measures that can be taken to prevent a re-occurrence of a spill:

14. Signature of Project Manager/Site Manager _____ Date Signed _____

Appendix 5:
Permission to use Landfill Fax



Municipality of Kimmirut

Box 120, Kimmirut, NU X0A 0N0

Ph. (867) 939-2247 Fx. (867) 939-2045

Facsimile Transmittal

To: Twita Skinner From: Chief O. Marshall
Fax: 604-899-1240 Pages: _____
Phone: _____ Date: May 27, 2004
Re: _____ CC: _____

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

Comments:

This fax will hereby give you Company permission to use our Land Fill site for disposal of your waste material.

There may be a minor charge. A copy of our By-law is attached.

CONFIDENTIAL

This list is presented to help you in controlling your numbered sequence. If you happen to experience any problems in receiving this cover page or any of the following pages. Please notify us immediately to help serve you better.

Hamlet of Kimmirut

By-law No. 89-2006

Being a By-law of the Hamlet of Kimmirut in the Nunavut Territory to provide for the levy and collection of charges for Garbage Services provided by the Municipal Corporation pursuant to the provision of the Hamlets Act, R.S.N.W.T., 1988, c. H-1, section 169, as amended by S. Nu. 2003, c. 3.

Whereas, Section 169 of the Hamlets Act provides that a Council may, by By-law, provide for the establishment, levy and collection of charges for services provided by the Municipal Corporation, and:

Whereas, the Council deems it necessary to set rates for the collection and disposal of Garbage and to establish controls over the dump site for these services to operate without a deficit or excessive surplus,

Now Therefore, the Council of the Hamlet of Kimmirut, in a meeting duly assembled, enacts as follows:

1. Short Title:

This By-law may be cited as the "Garbage Rates By-law".

2. Municipal Services Rates

Garbage collection service rates shall be Flat Rates payable monthly as follows:

Northern Store	\$ 275.00
Kimik Co-operative including the Hotel	275.00
Dept. of Health and Social Services (Health Centre)	82.50
Qikiqtani School Operation	220.00
Daycare	38.50
Arctic College	38.50
Kimmirut Development Corporation	137.50
Nunavut Power Corp.	38.50
Dept. of Environment/Economic Dev. & Transportation	
Wildlife Office	38.50
Visitor's Centre	38.50
Kimmirut Housing Association	
for each dwelling, office and work shop.	38.50
Department of Public Works	38.50
Homes Owners other than those under control of the Kimmirut Housing Association	15.50
Inuit Non-Profit Housing Corp. per unit	38.50

All newly established businesses not in private homes shall have an equitable rate established by the Senior Administrative Officer.

All homes that are vacant for 30 days or more with no one living in the home will be exempt from the monthly garbage collection fee providing the Hamlet's Finance Officer is notified in writing prior to the home becoming vacant and as to what period of time the home will be vacant.

3. Garbage Dumping Rates

For debris of any sort trucked to the dump site by private individuals or contractors:

½ ton truck load or portion thereof	\$ 25.00
Dump truck load or portion thereof	75.00
Debris from the Renovation of one house or dwelling unit	250.00
Debris from the Construction of one house or dwelling unit	250.00

Lumber, plywood, crates or wooden products in general plus vehicle tires, ski-doo's and ATV's must be separated and stored apart from other debris that can be burned. Site location for these items to be obtained from the Hamlet Foreman.

Hazardous waste must be separated from regular household garbage, debris or any other type of material taken to the dump. All hazardous waste must be stored in the hazardous waste section of the dump.

Hazardous waste consists of but is not limited to: batteries, anti-freeze, waste oil, chemicals, solvents, paint etc. when in doubt as to whether an item is considered hazardous please contact the Hamlet Foreman.

Scrap metal must be deposited with the scrap metal not the burnable garbage.

4. Late Payment Penalty Charge

- (a) Late Payment Penalty Charge shall be two percent (2%) per month on the outstanding account.
- (b) In default of payment charges for the Municipal Services the Hamlet may recover the amount due and payable by action in any court of competent jurisdiction against the person or organization liable to pay the charges.

5. Review

This By-law shall be reviewed each fiscal year.

6. By-law No. 83-2005 is hereby repealed.

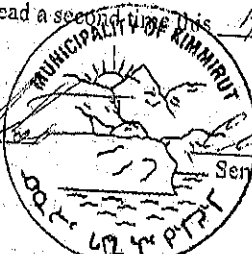
7. Effective Date

This By-law shall come into force and effect on the first day of June 2006 following its third reading.

Read a first time this 4 day of April 2006

Read a second time this 14 day of April 2006

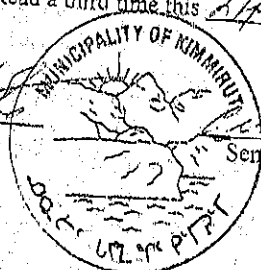
Joe Corbett
Mayor



David O. Marshall
Senior Administrative Officer

Read a third time this 24 day of April 2006

Joe Corbett
Mayor



David O. Marshall
Senior Administrative Officer

Appendix 6 MSDS Sheets

Fuel:

**Aviation Fuel
Diesel,
Gasoline
Propane**

Oil and Grease:

**Hydraulic Oil
Lubricating Oil
Two-Stroke engine oil**

Drill Polymers:

**555X Polymer
550X Polymer
Big Bear Diamond Drill Rod Grease
DR-133 Polymer
Linseed Soap
Lub Tub
Special "E"
W-OB Polymer**

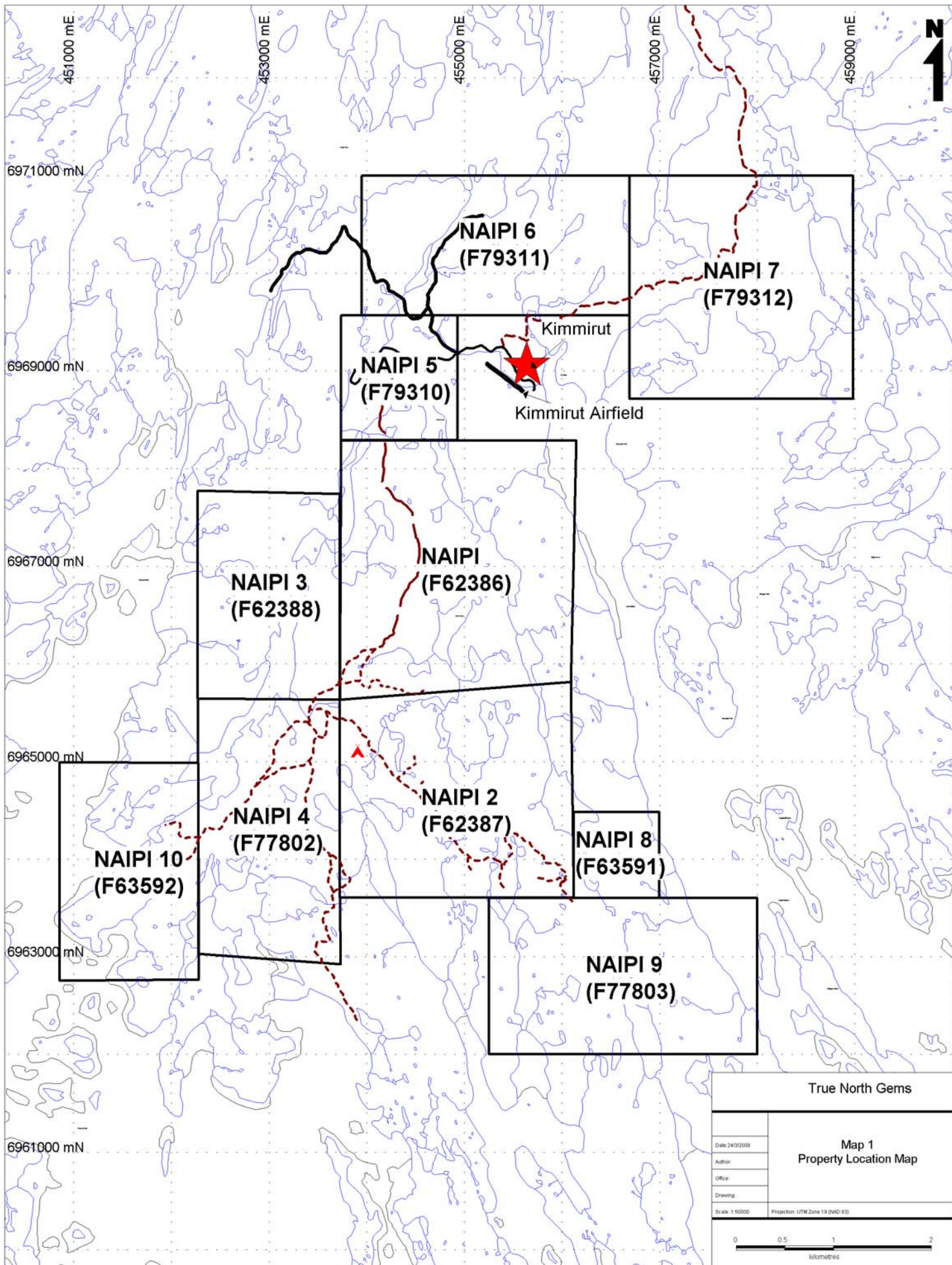
Household cleaners:

**Bleach
Dish soap
Laundry detergent**

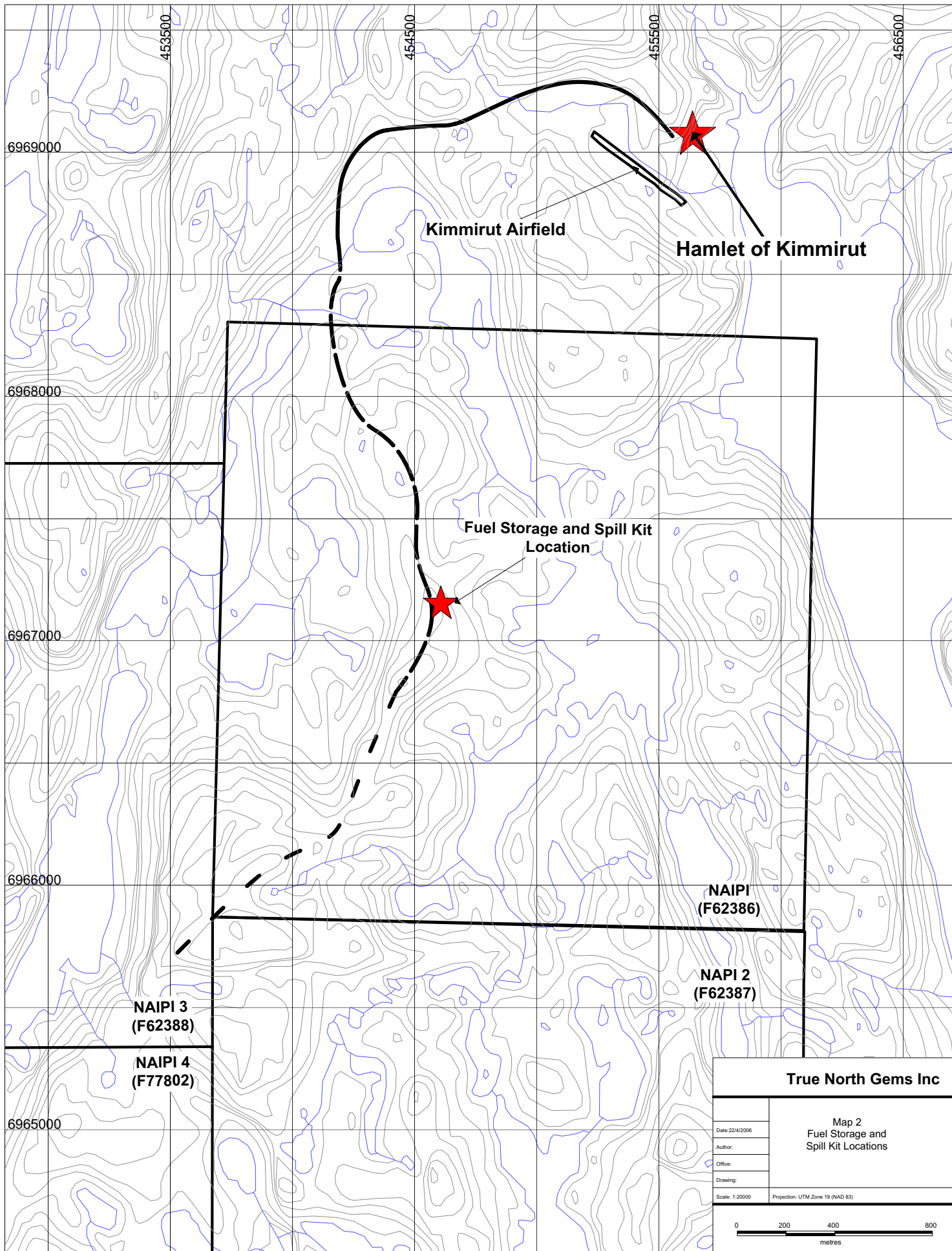
Other:

**Antifreeze
Dexpan**

Appendix 1
Project Location Map



Appendix 2
Fuel Storage and Spill Kit Location Map



True North Gems Inc

Map 2
Fuel Storage and
Spill Kit Locations

Date: 22/4/2006

Author:

Office:

Drawing:

Scale: 1:20000

Projection: UTM Zone 19 (NAD 83)

0 200 400 800
metres

Appendix 3
NWT Spill Report Form



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14. Signature of Project Manager/Site Manager

- Date Signed

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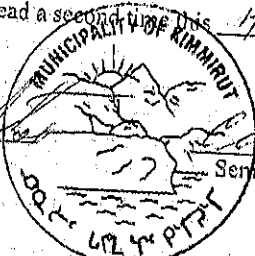
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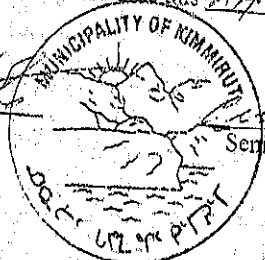
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Two-Stroke engine oil**

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**555X Polymer
550X Polymer
Big Bear Diamond Drill Rod Grease
DR-133 Polymer
Linseed Soap
Lub Tub
Special "E"
W-OB Polymer**

Household cleaners:

**Bleach
Dish soap
Laundry detergent**

Other:

**Antifreeze
Dexpan**



TGX:TSX-V

TRUE NORTH GEMS

Abandonment and Restoration Plan

Beluga Property
Kimmirut, Nunavut

Revised January 2010

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Preamble

This Abandonment and Restoration Plan (Plan) is effective from January 1, 2010 through December 31, 2010 or until there have been significant changes to the activities outlined in the existing permits to warrant changes to the Plan. Minor changes will be submitted as an addendum to the Plan and submitted to the distribution list as required. This plan applies to all projects and operations of True North Gems Inc. (True North) licensed by the Nunavut Water Board and the C&GS Government of Nunavut (Water Application File No: 2BE-KIM0609 (formerly NWB2KIM); LUP No. 801-LUP-B07-002 and NIRB Screening No. 05EN060).

The following formal distribution has been made of this Plan.

True North Gems Head Office in Vancouver, BC
Beluga Sapphire Project Office (Field Season Only) in Kimmirut
Nunavut Water Board
Environment Canada Department of Fisheries and Oceans
Nunavut Impact Review Board (NIRB)
Community and Government Services Government of Nunavut
Hamlet of Kimmirut

Additional copies and updates of this Plan may be obtained by writing to:

True North Gems Inc
500-602 West Hastings St
Vancouver, BC V6B 1P2
Phone: 604-687-8055
TF: 1-800-399-8055
Fax: 604-899-1240
bonnie@truenorthgems.com

Document Revision History:

Document Version	Date Revised
Original	July 2005
First Revision	April 2006
Second Revision	March 2008
Third Revision	January 2010

1.0 Introduction

This document provides True North with guidelines to follow during seasonal shutdown and final abandonment and restoration that will return the sites as near as possible to the original conditions. This Plan is a living document and will be amended as required to accommodate change. Notification will be made to the appropriate authorities once changes have been made to the Plan.

This document complies with existing regulations. The Plan will be posted on the project site in the field office for reference.

The abandonment plan will be implemented during seasonal shutdown as detailed in Section 6 or if the project does not or no longer contains the volume, quality, or grade of sapphires necessary for economic feasibility as detailed in Section 7. Effective restoration is applied as an ongoing process of care and maintenance throughout the working season.

2.0 Authorized Persons

The following names are responsible for activating the Plan, listed in order of authority:

1. Site Manager (To be Determined):

Baffin Island Site Office/Warehouse: (867) 939-2345

Baffin Island House Phone: seasonal use; will advise

Beluga Project Sat Phone: (403) 987-8574 seasonal use; will advise

2. True North Gems Inc. – Bonnie Weston – Technical Services: (604)-687-8055
bonnie@truenorthgems.com

3. AJF Geoconsulting – Andrew Fagan - ajf.geoconsulting@gmail.com

3.0 Site Information

3.1 General Site Description

True North optioned the Baffin Island Sapphire occurrence in 2003 and actively is exploring the area. The project is located 2.7 kilometres from the hamlet of Kimmirut on Baffin Island, Nunavut (Map 1, Appendix 1). The work area is within the NAIP 1 (F62386), NAIP 2 (F62387), NAIP 3 (F62388), NAIP 4 (F77802), NAIP 5 (F79310), NAIP 6 (F79311), NAIP 7 (F79312), NAIP 8 (F63591), NAIP 9 (F77803), and NAIP 10 (F63592), claim boundary defined as 62° 47'N – 62° 52' N latitude and 69° 48' W – 69° 57' W longitude.

The project is accessible by land and air. Seasonal work occurs between the months of June through October. Ongoing exploration includes prospecting, mapping, heavy mineral concentrate sampling, assay bulk sampling and drilling. Due to the proximity of the project to Kimmirut, all personnel are accommodated in the hamlet.

To date, there is no temporary or permanent infrastructure on the property. All equipment used during the summer program will be kept safely stored in a warehouse in Kimmirut during the off season. No buildings, equipment, or waste will be left on the project area past the expiration date of the Land Use or NWB permits, unless new permits have been obtained.

The municipal landfill in Kimmirut can be used for disposal of combustible solid waste, non-combustible solid waste, bulky items/ scrap metal, and waste oil. The landfill is open 24 hours a day and has a location for burning for disposal of fuel contaminated products. The Interim Foreman, Bobby Barrieau, can be contacted at (867)-939-2256.

Spills (fuel, chemical or hazardous material), whether small or large, will be addressed at the time of occurrence and according to the protocols outlined in the Spill contingency Plan (Revised January 2010).

4.0 Schedule

Seasonal abandonment and restoration will take approximately 2 days to complete, based on the current project activities and infrastructure. It will commence at the end of the summer field season during the month of September. The objective at the time of seasonal shutdown is to have minimized the cumulative and residual impact of the current year's activities.

Final abandonment and restoration will commence as soon as practicable after it has been determined that the project will not warrant further exploration or following commercial production. Dependent upon infrastructure and environmental parameters (physical, biological, and socio economic), the duration of the activity will vary and at this point in the project exploration no date has been set. The work will be completed by the field crew under the supervision of the Project Manager or designate. Consultants will be contracted for assistance, as necessary.

5.0 Infrastructure

To date, there is no temporary or permanent infrastructure on site.

6.0 Seasonal Abandonment and Restoration Plan

6.1 Buildings and Content – To date, there are no buildings on site. Office/storage facilities and crew accommodations in Kimmirut will be returned in good condition. All garbage will be properly disposed or recycled where possible and facilities exist. Field gear will be stored in Kimmirut for upcoming field seasons.

6.2 Water system pumps, tanks and hose used to supply the work site will be drained, dismantled, and stored during the off-season.

6.3 Electrical System – To date, project activities do not require the use of an electrical system. The generator will be stored offsite during the off-season in the storage facilities in Kimmirut.

6.4 Fuel and Chemical Storage Facilities – A fuel storage and secondary containment facility will be constructed for the 2005 field season (See Map 2 Appendix 2). This facility, constructed of plastic tarps and 2X4's, will be dismantled and reused, if possible, for future field seasons or properly disposed in the landfill. Unused fuel (full and partial drums) will be returned to the source. The spent barrels will be reused or returned in a timely fashion back to the Kimik Co-Op in Kimmirut for a deposit refund or proper disposal.

Chemicals stored on site consist of drill products such as polymers, oil and grease. These products are stored either on the drill or at the office/storage facility in Kimmirut. Any remaining products will be packaged and shipped with the drill. Household cleaners such as laundry detergents, bleach and dish soaps will be returned to the source or to an interested buyer.

6.5 Waste Facilities and Incinerator – To date there are no waste facilities or incinerator. Any wastes such as combustible solid waste, non-combustible solid waste, bulky items/ scrap metal, waste oil/ hazardous waste and empty barrels/ fuel drums will be properly disposed in the municipal landfill in Kimmirut. Items will be recycled if possible provided the proper facilities exist.

6.6 Greywater Sump – To date, there is no greywater sump on site. All personnel accommodations are in Kimmirut, where there is an existing system in place.

6.7 Blackwater Sump – To date, there is no blackwater sump on site. All personnel accommodations are in Kimmirut, where there is an existing system in place.

6.8 Helicopter Pad – To date, there is no helicopter pad on site.

6.9 Camp Site – Due to the proximity of the project to Kimmirut, all personnel are accommodated in the hamlet.

6.10 Assay Bulk Sample Sites – Pending further sampling from existing assay bulk sample sites, sites will not be remediated at the end of the field season. The sites will be visibly marked to prevent accidents.

6.11 Work-site Clean-Up – Any tools and equipment on-site will be removed to Kimmirut for shipment.

6.12 Documentation and Inspection – Photos of the worksite will be taken prior to commencement of work, where possible, and at the end of the field season. Monitoring including water sampling, Acid Rock Drainage (ARD), Metal Leaching (ML), and wildlife studies will be conducted during the upcoming field seasons. Necessary information will be recorded and reported in end of season reports required by regulating bodies.

7.0 Final Abandonment and Restoration Plan

7.1 Buildings and Content – To date there are no buildings on site. Office/storage facilities and crew accommodations in Kimmirut will be returned in good condition. All garbage will be properly disposed or recycled where possible and facilities exist. All field gear will be shipped to head office in Vancouver.

7.2 Water system pumps, tanks and hose used to supply the work site will be drained, dismantled, packaged for shipping offsite.

7.3 Electrical System – To date, project activities do not require the use of an electrical system. Any power need to run equipment will be provided by a small gas powered generator. The generator will be shipped offsite for use on other projects or sold to an interested buyer.

7.4 Fuel and Chemical Storage Facilities – During drill operations temporary fuel storage and secondary containment facility was located near to the 2005/2006 drilling site. This facility was removed entirely after the drilling season and all fuel was returned to the main cache. This cache is located in sealed ‘sea-can’ style containers within the municipality of Kimmirut. Final site abandonment will see all unused fuel (full and partial drums) returned to the source or sold to any interested buyers in the Municipality of Kimmirut. The spent barrels will be reused or returned in a timely fashion back to the Kimik Co-Op in Kimmirut for a deposit refund or proper disposal.

Chemicals stored on site consist of drill products such as polymers, oil and grease. These products are either stored on the drill-site or at the office/storage facility in Kimmirut. Any remaining products will be packaged and shipped with the drill. Household cleaners such as laundry detergents, bleach and dish soaps will be returned to the source or to an interested buyer within the Municipality of Kimmirut.

7.5 Waste Facilities and Incinerator – To date, TNG have no waste facilities or incinerator. Any wastes such as combustible solid waste, non-combustible solid waste, bulky items/ scrap metal, waste oil/ hazardous waste and empty barrels/ fuel drums will be properly disposed in the municipal landfill in Kimmirut, as per an agreement between the Municipality and True North Gems. Items will be recycled, if possible, provided the proper facilities exist.

7.6 Greywater Sump – To date, there is no greywater sump on site. All personnel accommodations are in Kimmirut, where there is an existing system in place.

7.7 Blackwater Sump – To date, there is no blackwater sump on site. All personnel accommodations are in Kimmirut, where there is an existing system in place.

7.8 Helicopter Pad – To date, there is no helicopter pad on site – all aviation occurs via the formal Kimmirut airport.

7.9 Camp Site – Due to the proximity of the project to Kimmirut, all personnel are accommodated in the hamlet and no camp exists.

7.10 Drill Sites – Diamond drilling has been conducted on the property in the past. During final abandonment and restoration, the drill and all its ancillary equipment will be dismantled and

packaged for shipping to the drill contractor. Sumps, if used, will be properly backfilled and leveled. The drill and sump locations will be returned as near as possible to original conditions.

Diamond drill core will be stored according to the terms and conditions of the land use permit. Some core will be shipped back to head office for analysis or display or sent to a core library. The remaining core will be neatly stacked and stored in a designated area.

7.11 Assay Bulk Sample Sites – Assay bulk sampling will be conducted using a combination of the following mechanical, manual and blasting means: diamond chain saw, feathers, wedges, sledge hammers, micro-blaster (system using propellant technology to break rock), dexpa (expanding agent used to break rocks), pionjars (portable gas powered drill used to break rocks), and hammer drills. This equipment will be used on other projects or sold to interested buyers within the village.

The assay bulk sample sites will be re-contoured where possible to return the sites to as near as possible to original conditions.

7.12 Work-site Clean-Up – Any tools and equipment on-site will be removed to Kimmirut for shipment.

7.13 Documentation and Inspection – Photos of the worksite, including drill sites and assay bulk sample sites, will be taken prior to commencement of work where possible. Monitoring including water sampling, Acid Rock Drainage (ARD), Metal Leaching (ML), and wildlife studies will be conducted during all field seasons. Photos will be taken whenever possible. The host rock - marble - does not have a high potential for ARD and has a high buffering capability.

Any remaining environmental impacts to the physical, biological and socio economic environments will be reviewed. Long term monitoring will be engaged as necessary to ensure that there are no environmental issues (physical, biological, or socio-economic). These will be in compliance with regulatory bodies.

Upon completion of the final abandonment and restoration photos will be taken and a final site inspection with community representatives, land use inspectors, water resource inspectors and other regulatory bodies. Upon completion of the Plan a final report will be prepared and distributed to the appropriate regulatory authorities to relinquish the land.

8.0 References

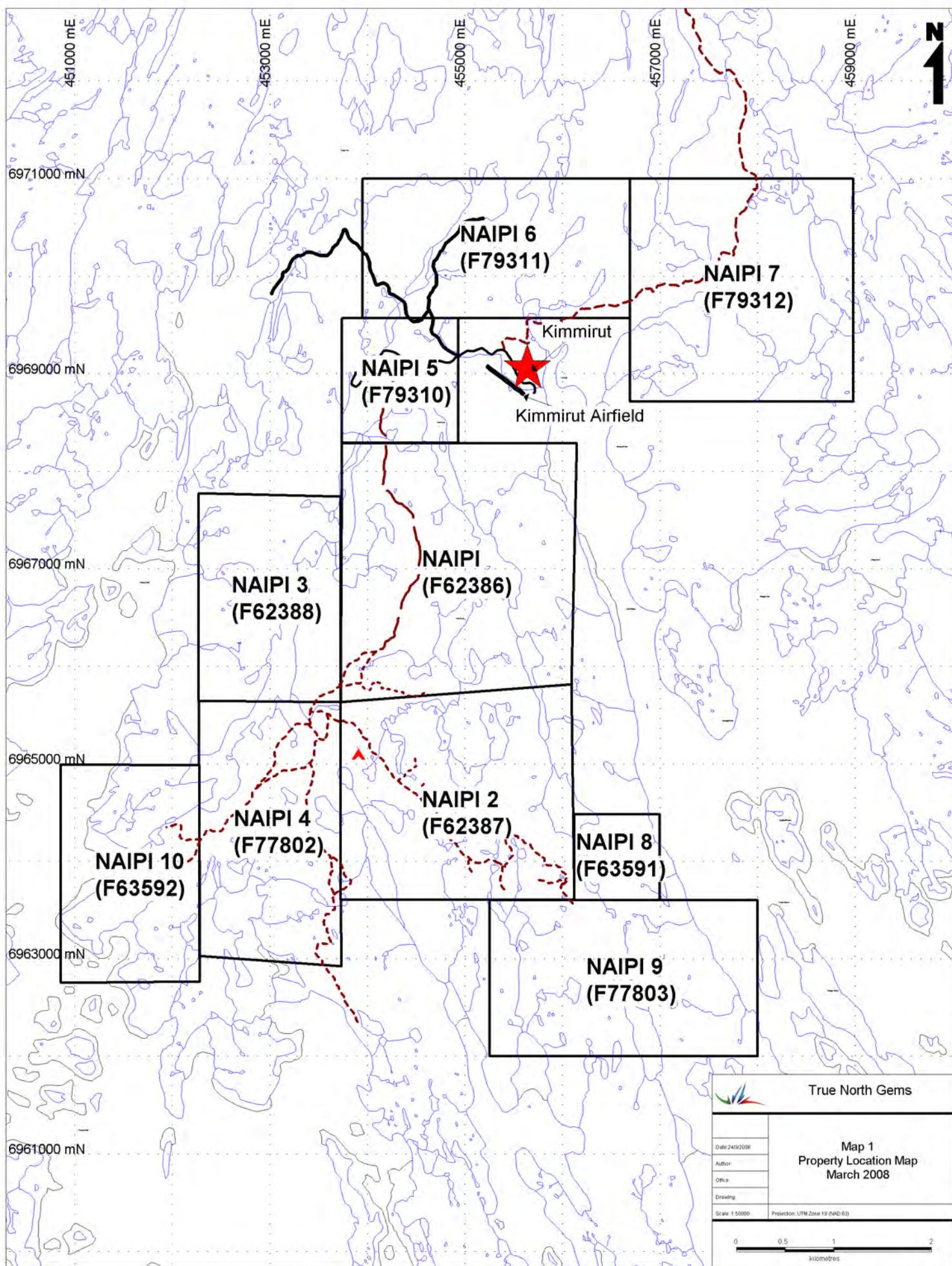
1. Minimum Requirements for A&R Plans, NWB ftp site
2. Maze Lake Project Abandonment and Restoration Plan Placer Dome (CLA) Limited, February 24, 2004

9.0 Appendices

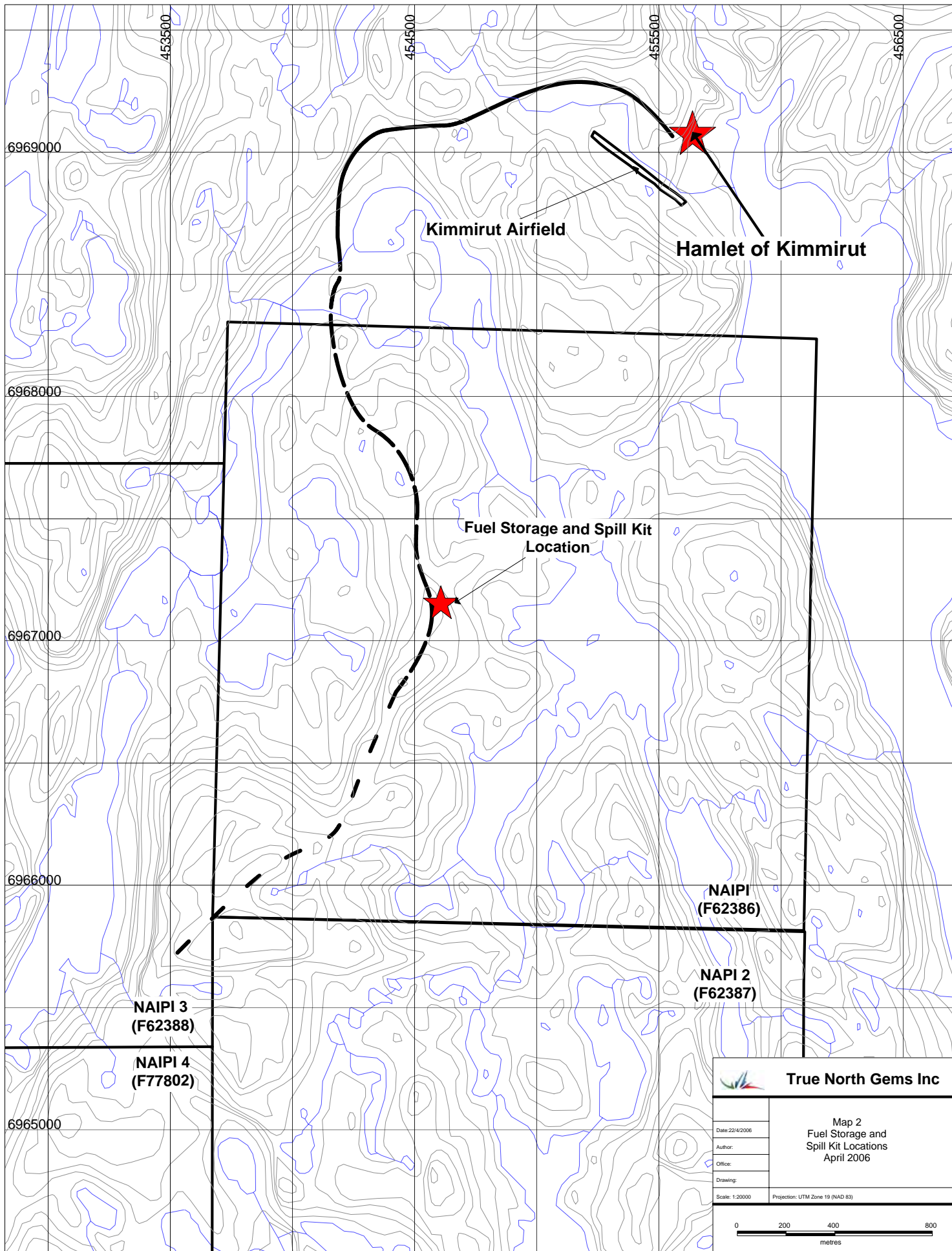
Appendix 1: Project Location Map


Appendix 2: Fuel Storage and Secondary Facility Location Map

Appendix 1
Project Location Map



Appendix 2
Fuel Storage and Secondary Containment Facility Location Map



		True North Gems Inc	
Date: 22/4/2006		Map 2 Fuel Storage and Spill Kit Locations April 2006	
Author:			
Office:			
Drawing:			
Scale: 1:20000		Projection: UTM Zone 19 (NAD 83)	
