



43-101 REPORT OF ACTIVITIES FOR THE FISKENAESSET RUBY PROJECT, WEST GREENLAND

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Exploration Licence: No. 2003/03 – Fiskenaesset

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SUMMARY

The Fiskenæsset ruby project consists of three separate property blocks held under one exploration license, designated as the Fiskenaesset license 2003/3, totalling 110 square kilometres. True North Gems Inc. acquired exclusive rights to explore and apply for development of the property on April 22, 2004 through an option agreement with Brereton Engineering and Developments Ltd., of Toronto, Ontario, Canada, the underlying holder of the exploration license. True North has prepared and submitted an application for the continuance of the exploration license for an additional five year term from 2008-2012, in parallel with license transfer application from Brereton to True North. True North also holds the requisite prospecting license, designated 2006/01, granted in February 2006, for diamonds and coloured gemstones covering West Greenland. Given the significant exploration potential of the ruby and pink sapphire mineralization in the Fiskenaesset area, True North has applied to acquire additional exploration prospects contained within one of the sub-areas of the 713 km² Qaqqatsiaq license application registered by the BMP on June 1, 2007.

True North's exploration license covers more than twenty ruby occurrences discovered near the village of Fiskenæsset. The corundum occurrences range in size from a single isolated occurrence of less than one metre thick and less than 10 metres in length, to arrays of aligned occurrences, in parallel to en echelon structures, collectively up to 20 metres thick, and over 100 metres in length. The occurrences commonly are located at the upper contact of the Fiskenaesset layered anorthosite complex with Archean greenstone terrain, especially proximal to altered chrome-bearing ultramafic rocks spatially and genetically associated with the anorthosite.

Corundum is intimately associated variably with chromite, olivine, gedrite, pargasite, sapphirine, kornepurine, red spinel, kyanite, fuchsite or mariposite (chrome-bearing mica), serpentine and phlogopite. Of the corundum parageneses identified to date, only the hydrothermal and metasomatic styles contain significant concentrations of gem quality corundum. Hydrothermal ruby occurs most notably in outcrop at Aappaluttoq and at several other discrete locations northwards along the Ruby Island Line, where euhedral phenocryst ruby crystals are enclosed within magnesite or dolomite clots and/or brilliant blue kyanite.

In addition to detailed geological mapping and prospecting, True North has collected 3-tonne mini-bulk samples; in 2004, from Siggartartulik, in 2005 from Lower Angnertusoq, Upper Angnertusoq, Kigutilik, Ruby Island and Qaqqatsiaq; in 2006, 30 tonne bulk samples from Aappaluttoq and Kigutilik, and in 2007, another 85 tonnes of mineralized overburden and bedrock from Aappaluttoq.

At Siggartartulik, the ruby and pink sapphire combined gem and near-gem rough grade of 11,878 g/t including 1,204 g/t gem from the measured 2.584 tonne sample clearly warranted further exploration. Both Kigutilik and Upper Angnertusoq returned high rough grades and red/pink corundum ratios but a 100 kilogram discovery sample at Aappaluttoq returning 244 grams of coarse gem grade material and 533 grams of total gem and near-gem highlighted the recent exploration efforts. The 2006 Aappaluttoq bulk sample returned a ruby and pink sapphire rough grade of 4,600 g/t including 1,937 g/t gem. Follow-up results for the 2007 Aappaluttoq samples are pending though, of note, the processing has generated 574 kilograms of concentrates for sorting, rough grade determination, manufacturing tests and independent valuation of the clean rough and loose polished rubies and pink sapphires, from three priority occurrences.

Preliminary cutting and polishing of selected rough from 2006 Aappaluttoq has returned gem quality faceted material to 5.70 carats valued at US\$980 per carat, and independent valuations of individual polished stones to \$US3,220 per carat reported for a 0.69 carat round ruby and \$US460 per carat for a 0.96 carat pink sapphire.

The 2007 diamond core drilling of the Host Zone at the Aappaluttoq occurrence intersected visible ruby and pink sapphire mineralization in 18 of 46 holes and extended the strike length of the Aappaluttoq occurrence from the known 15-20 metres exposed on surface in the main showing to more than 105 metres and to depths of more than 144 metres. The drilling clearly intersected the Host Zone in up to six holes in multiple sections and, below an interval of anorthosite gneiss, was followed by a deeper and thicker interval of ultramafics, similar to the Host Zone, with phlogopite-rich or pargasite-rich mineralization. Ruby mineralization within the interval, designated the Aappaluttoq Deep Zone, contains the largest ruby and pink sapphire crystals, and most abundant in terms of apparent grade, in the drill holes completed to date. Both zones of mineralization are open to depth and along strike; the Aappaluttoq Deep Zone is open toward surface for up to 125 metres.

True North continues to recognize new and growing potential value for the rubies and pink sapphires at Fiskenæsset, in part due to timely evolutionary changes in the global ruby trade and of course, due to the successful results of its exploration and processing efforts. The Fiskenæsset gemstones respond well to processing, heat treatment, and polishing, and are well suited to production of commercial jewellery. Given the number, rough grade and quality of ruby occurrences located in just three full seasons of exploration, the author believes that the evaluation of the coloured gemstone potential of the Fiskenæsset district by True North Gems is fully warranted, and recommends the exploration program and expenditures as outlined herein.

Wardrop Engineering, an internationally recognized engineering firm, is fully engaged as Independent Qualified Person to provide site due diligence, quality assurance, and preparation of a Preliminary Economic Assessment Report (PEAR) of the Aappaluttoq ruby occurrence. Ramboll Denmark is contracted to provide the requisite baseline data necessary to advance directly to supplementary studies comprising an Environmental Impact Assessment (EIA).

The objectives of the 2008 exploration program will, to a major degree, build upon the successful results of 2004-2007 exploration sampling and the preliminary economic assessment report on the highest priority ruby occurrence, Aappaluttoq, known from among those located thus far in the Fiskenæsset ruby district of southwestern Greenland. Key development program components will comprise advanced exploration and grade drilling, pilot processing, engineering and environmental studies, process flowsheet development, and process plant design engineering. The property-scale exploration program will include exploration drilling and detailed mapping of the 1.5 kilometre strike length attributed to the folded limb of the Fiskenæsset layered complex containing the highly prospective Siggartartulik occurrence, additional property exploration on the Fiskenæsset license to follow up on significant results from the 2007 channel sampling, and regional exploration on the adjacent Qaqqatsiaq license, pending its approval.

The proposed exploration budget for the 2008 True North Gems exploration program is approximately C\$9,500,000 (DKK 47.500.000,00) with the field season running from June 1 to September 30.

Respectfully submitted,

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INTRODUCTION AND TERMS OF REFERENCE

True North Gems Inc., a Canadian company, commenced exploration of the Fiskenæsset ruby project with an option agreement, completed with Brereton Engineering and Holdings Ltd., to earn 100% interest on the Fiskenæsset exploration license in 2004.

True North has carried out exploration programs in 2004, 2005, 2006 and 2007 with expenditures increasing on an annual basis. The increased scope and budget of the programs was fully warranted by the successful results, and was approved and recommended by the project manager, including the author during the recently completed 2007 program.

The 2007 field schedule, including the forward site visits, ran from May 7th through to the final shipment of rock samples and drill core on October 24th and the final site management and storage of equipment and empty fuel drums on November 13th.

This report, prepared by the author who held the position of True North project manager (see Statement of Qualifications), documents all 2006 and 2007 field activities completed on the Fiskenæsset ruby project on the southwest coast of Greenland with respect to gemstone exploration carried out on Prospecting License 2006/01 and Fiskenæsset exploration license 2003/03. This report was prepared in accordance with National Instrument 43-101 regulations and companion policies regarding technical reporting in Canada, and is in accordance with annual reporting required by the Greenland Bureau of Mines and Petroleum (BMP). The contained information is deemed complete for the period up to December 1, 2007.

As per standard reporting protocols, this report also contains a compilation of information gleaned from two earlier 43-101 reports (Rohtert, 2005; Rohtert, 2006) which were prepared to cover exploration and mineral processing activities during 2004 and 2005 by True North Gems.

This report also updates laboratory processing, manufacturing activity and initial independent valuation of loose polished goods from the 2004, 2005 and 2006 mini-bulk samples.

To date, the 2007 concentrate samples are awaiting secure transport from Nuuk whereas the 2007 bulk samples are in secure transit by container ship to Canada. Secure delivery to Canada for all samples in transit is scheduled during December 2007.

Qualified terms of reference used herein are consistent and common to the international gemstone trade and accordingly, are applied to international gemstone exploration. Specifically, for the purposes of this report, for all corundum reported from the field and laboratory observations up to and including all physical beneficiation processes, ‘gem’ refers to naturally transparent corundum; ‘near-gem’ refers to naturally translucent corundum; and

‘non-gem’ refers to naturally opaque corundum. Additionally, the gemstones will be referenced under the following units of measure - rough material will be weighed in grams or kilograms, rough grades in grams per tonne or kilograms per tonne, whereas in the standard terminology for polished or otherwise finished goods, one carat refers specifically to 200 milligrams or 0.20 grams in weight where the referenced value for the average density of corundum is 4.00 g/cm³.

RELIANCE ON OTHER EXPERTS

The author has relied on field observations, geological, geochemical, metallurgical and gemmological data and its interpretation, and general literature resources supplied by others listed in the References.

Chief among these are the employees of True North Gems Inc., internal Fiskenaasset project files, the property of True North Gems, laboratory reports and transport records of contract firms which handled all or part of the samples shipped from Greenland, valuation reports, contract environmental services (Ramboll Denmark) and project engineering services (Wardrop Engineering).

These contractors included (1) SGS Minerals Services Europe, based in Truro, United Kingdom, which supervised and conducted gravity plant operations in the field, and managed optic sorting tests; (2) SGS Mineral Services, based in Lakefield, Ontario, who carried out laboratory sample processing; (3) Saskatchewan Research Council, based in Saskatoon, Saskatchewan, who carried out laboratory sample processing; (4) OptoSort GmbH, which performed optic sorting tests on the fine concentrate fraction, in Hamburg, Germany; and, (5) Brinks Security, Peace Bridge Brokers, Blue Water Shipping, Secure Freight, and Summit Customs Brokers all of which handled the secure sample transport to and from various domestic and international locations; and (6) several cutting houses which were contracted for manufacturing tests; the transmittal letters were reviewed by the author and are available upon request.

Additionally, (7) preliminary valuations of the manufactured products were carried out by independent certified gemmologists, including Warren Boyd and John Mattinson, in Canada; the full reports have been reviewed by the author and are available upon request.

Project oversight and requisite documentation for chain of custody purposes was provided by Wardrop Engineering UK during a site visit in August to the field operations in Fiskenaasset, and by the Bureau of Mines and Petroleum in Fiskenaasset and Nuuk. Two additional site

visits by the BMP and one visit by BMP accompanied by the Joint Committee for Mineral Resources for Greenland and Denmark.

Wardrop Engineering, an independent consulting geological and engineering firm, of Vancouver, Canada and London, UK, was contracted to conduct program review, site due diligence for exploration, processing, stone recovery, cutting, and quality control, and to provide oversight for baseline environmental, pre-engineering and resource determination, prior to preparation of a Preliminary Economic Assessment in Q2 2008. The proposal for services was reviewed and approved by the author, and the contract is available upon request.

Ramboll Denmark was contracted to provide the requisite baseline data necessary to advance directly to supplementary studies comprising an Environmental Impact Assessment (EIA). Ramboll Denmark is a global service provider which offers specialized expertise in all aspects of environmental impact assessments (EIA), nature restoration and protection, and environmental management to the benefit of sustainable projects, according to ISO 14001 and EMASII. The proposal for services was reviewed and approved by the author, and the contract is available upon request.

All of the data contained herein is considered true and accurate, and is expected to withstand scrutiny at all levels of the project.

PROPERTY DESCRIPTION AND LOCATION

LOCATION

The 3,600 square-kilometre Fiskenaasset layered complex is located on the southwest coast of Greenland, about 160 kilometres south-southeast of the capitol at Nuuk. The Greenland location map is shown in Figure 1. The general area of interest measures some 60 kilometres by 60 kilometres in plan, and covers portions of three (3) contiguous, regional 1:100,000 map sheets: (1) Bjornesund 62 V. 1 Nord; (2) Graedefjord 63 V. 1 Syd; and, (3) Sinarssuk 63 V. 2 Syd (GEUS 1980, 1982, 1985). True North's 110 square kilometre exploration license, held under option agreement (Appendix 1) comprises three separate sub-areas covering parts within each of the three regional map sheets. The principal sub-area is centred around 63 degrees N longitude and 50 degrees 25 minutes W latitude.

Overall, the largest sub-area of the exploration license is located from less than 2 kilometres to 22 kilometres from Fiskenaasset with the two smaller sub-areas located 40-kilometres and 55 kilometres east of Fiskenaasset. The focus of the exploration, currently at the Aappaluttoq occurrence, lies approximately 20 kilometres south-southeast from the village of Fiskenaasset.

Fiskenæsset serves as the forward base for True North's field operations and provides for local housing, office and plant facilities.

CLAIM DESCRIPTION

A Prospecting Licence is requisite for companies actively exploring for minerals in Greenland and grants the owner non-exclusive rights to explore for mineral resources outside of an exploration licence area. Exploration licenses are required for exclusive access to an area and are acquired by application to the Bureau of Minerals and Petroleum (BMP) and the requisite Greenland and Denmark government departments, including the Joint Committee for Mineral Resources, with final approval by the Minister responsible for Mineral Resources and the Environment in Denmark.

True North holds a Prospector's License, designated No. 2006/01, issued by the BMP in 2006, for all coloured gemstones in West Greenland (Appendix 2). The area covers all of onshore Greenland south of 78°N latitude and west of 44°W longitude as shown in Figure 2.

The Fiskenæsset ruby property currently consists of one Exploration License, designated No. 2003/03, registered with the (BMP) of the Government of Greenland in the name of Brereton Engineering & Developments Ltd. (hereafter Brereton), of Toronto, Ontario, Canada (Figure 3, Appendix 3). The option agreement between Brereton and True North is discussed under the section entitled "Current Agreements, Royalties and Encumbrances".

An application for transfer of the license from Brereton to True North was submitted in November 2007, with all requisite documentation from both parties. The application for transfer documents were prepared and reviewed by the author, and are available upon request.

The license area is bounded by a polygon with the vertices listed in Table 1 and shown in Figure 3.

Table 1. Fiskenaeset License - Location Co-ordinates

Sub-area no. 1	Sub-area no. 2
1: 63° 03' N 50° 21' W	1: 63° 09' N 49° 37' W
2: 63° 03' N 50° 17' W	2: 63° 09' N 49° 34' W
3: 63° 00' N 50° 17' W	3: 63° 07' N 49° 34' W
4: 63° 00' N 50° 21' W	4: 63° 07' N 49° 37' W
5: 62° 57' N 50° 21' W	
6: 62° 57' N 50° 37' W	
7: 63° 00' N 50° 37' W	Sub-area no. 3
8: 63° 00' N 50° 30' W	1: 63° 08' N 49° 51' W
9: 63° 02' N 50° 30' W	2: 63° 08' N 49° 47' W
10: 63° 02' N 50° 21' W	3: 63° 07' N 49° 47' W
	4: 63° 07' N 49° 51' W

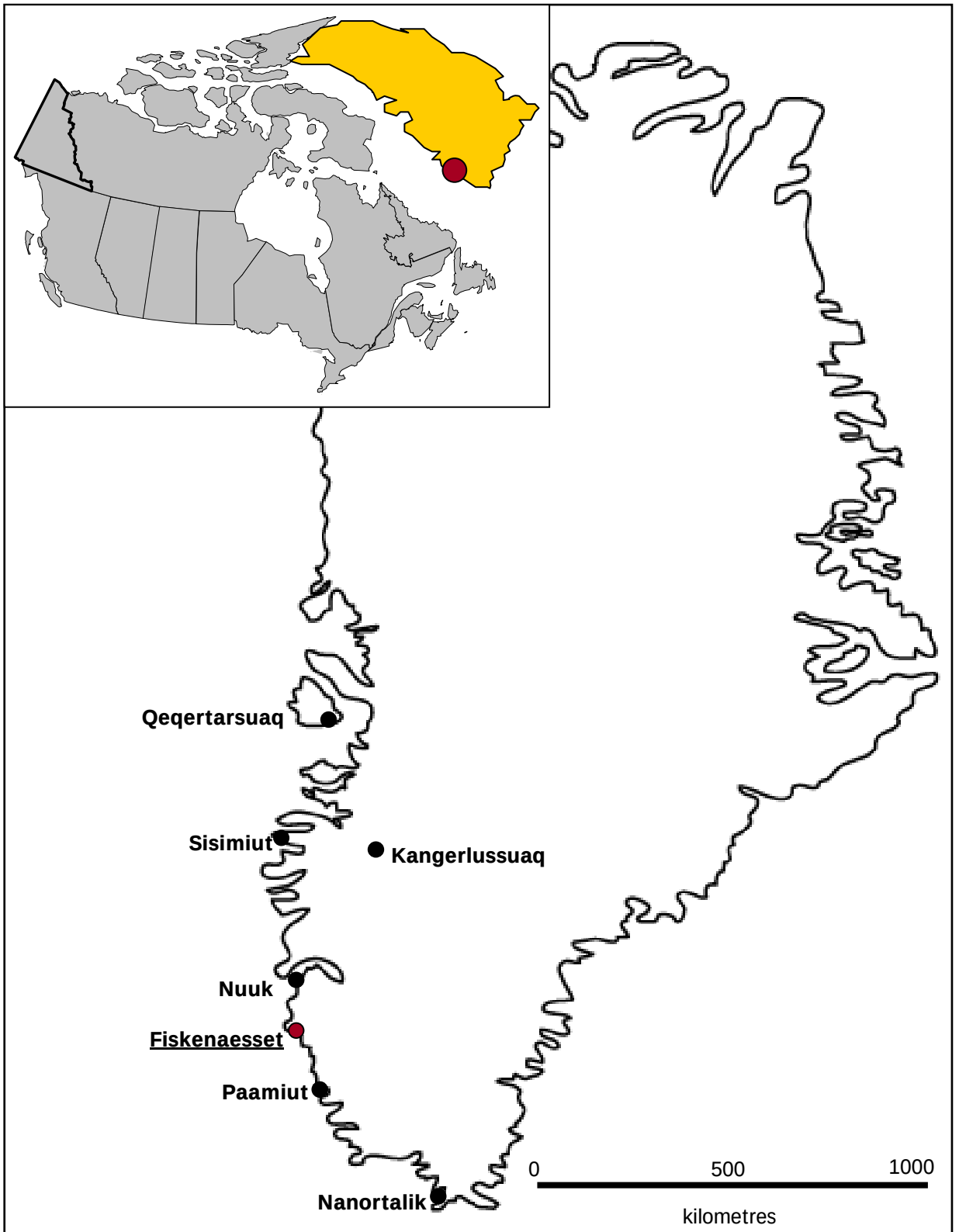


Figure 1. Fiskenaesset (Qeqertarsuatsiaat) Location Map

The original exploration license, which was granted for a five year period, was awarded to Brereton by the BMP in March 2003 and expires on 31 December 2007. Due to the early filing and award dates, 2003 was designated as Year 1 in the term of the license. Sub-areas 1 and 2, comprising 95 square kilometres and 9 square kilometres, respectively, for a total 104 square kilometres, were included in the initial license approval (see Figure 3).

Sub-area 3, comprising an area of 6 square kilometres, was submitted for application by Brereton on behalf of True North, subsequent to the option agreement with Brereton in April 2004 (see Figure 3). Final approval for the inclusion of sub-area 3 within the existing exploration license 2003/03 was received from BMP in August 2004. The expiry date for this enlarged license remained at December 31, 2007.

In order to maintain the license in good standing, license fees and exploration expenditures must be incurred on an annual basis with reporting due by April 1st of the following year. A fixed base fee, which increases during the term of the license, and a variable fee determined by a multiple of the size of the license in square kilometres, also increasing over the life of the license, together comprise the minimum expenditure required for the license. The minimum expenditure required to meet the BMP guidelines for the Fiskenæsset license are summarized in Table 2 (average 2006/2007 exchange rate DKK5,00=CAD\$1.00).

Table 2. Minimum Expenditure Requirements

Year	Fixed Fee DKK	Area Fee DKK	~CAD\$
1-2	100.000,00	110.000,00	42,000.00
3-5	200.000,00	550.000,00	150,000.00
6-10	400.000,00	1.100.000,00	300,000.00

Carry-forward provisions are in effect for over-expenditures for a period of up to three years from the interval during which the expenditures were incurred. This provision remains in effect for licenses subject to continuance from Year 5 to Year 6 and beyond as is the situation with the Fiskenæsset license. To date, True North has documentation, received from BMP, to confirm such over-expenditures during the recent exploration seasons (see Table 5). These documents have been reviewed and confirmed by the author, and are available upon request.

The license holder is entitled to be granted a new license for the same area and mineral resources, in whole or in part, at the end of the license period provided timely receipt of the application to BMP prior to December 31 in Year 5 and provided all terms of the license remain in compliance with the BMP regulations.

Application to the BMP for continuation of the license for years 6 through 10 were prepared and submitted by the author in November 2007. The application documents were prepared and approved by the author, and are available upon request.

Given the significant exploration potential of the ruby and pink sapphire mineralization in the Fiskenaesset area, True North has taken steps to acquire additional exploration prospects not covered by current licenses, specifically the Fiskenaesset, Akunnaat and Allumersat licenses, held by True North through Brereton and the latter two by Crew Gold Corporation, respectively. Both Bjornesund and Qororssuaq are contained within one of the sub-areas of the Qaqqatsiaq license application registered by the BMP on June 1, 2007 (see Figure 4). The license area is bounded by a polygon with the vertices listed in Table 3.

True North's application provides for acquisition of an additional 713 km² exploration license contiguous with and adjacent to its 110 km² Fiskenaesset license. The license application consists of five separate property blocks (designated sub-areas) strategically located to cover known ruby occurrences and prospective geology for ruby mineralization in the Fiskenaesset District. The formal ratification of the license application by the BMP and the requisite Greenland/Denmark government authorities, is expected in December 2007 and the acquisition will bring True North's total land position to 823 km².

Table 3. Qaqqatsiaq License – Proposed Location Co-ordinates

Sub-area no. 1	Sub-area no. 2
1: 63° 06' N 50° 35' W	1: 63° 11' N 50° 19' W
2: 63° 06' N 50° 33' W	2: 63° 11' N 50° 16' W
3: 63° 05' N 50° 33' W	3: 63° 09' N 50° 16' W
4: 63° 05' N 50° 31' W	4: 63° 09' N 50° 05' W
5: 63° 04' N 50° 31' W	5: 63° 08' N 50° 05' W
6: 63° 04' N 50° 26' W	6: 63° 08' N 50° 10' W
7: 63° 05' N 50° 26' W	7: 63° 07' N 50° 10' W
8: 63° 05' N 50° 25' W	8: 63° 07' N 50° 17' W
9: 63° 04' N 50° 25' W	9: 63° 08' N 50° 17' W
10: 63° 04' N 50° 23' W	10: 63° 08' N 50° 20' W
11: 63° 03' N 50° 23' W	11: 63° 05' N 50° 20' W
12: 63° 03' N 50° 24' W	12: 63° 05' N 50° 24' W
13: 63° 02' N 50° 24' W	13: 63° 08' N 50° 24' W
14: 63° 02' N 50° 30' W	14: 63° 08' N 50° 22' W
15: 63° 00' N 50° 30' W	15: 63° 09' N 50° 22' W
16: 63° 00' N 50° 34' W	16: 63° 09' N 50° 20' W
17: 63° 04' N 50° 34' W	17: 63° 10' N 50° 20' W
18: 63° 04' N 50° 35' W	18: 63° 10' N 50° 19' W
1: 63° 11' N 49° 54' W	38: 63° 06' N 50° 02' W
2: 63° 11' N 49° 43' W	39: 63° 01' N 50° 02' W
3: 63° 09' N 49° 43' W	40: 63° 01' N 50° 07' W
4: 63° 09' N 49° 45' W	41: 62° 58' N 50° 07' W
5: 63° 07' N 49° 45' W	42: 62° 58' N 50° 10' W
6: 63° 07' N 49° 44' W	43: 62° 57' N 50° 10' W
7: 63° 06' N 49° 44' W	44: 62° 57' N 50° 15' W

Table 3 continued. Qaqqatsiaq License – Proposed Location Co-ordinates

Sub-area no. 3 continued

8: 63° 06' N 49° 42' W
9: 63° 03' N 49° 42' W
10: 63° 03' N 49° 38' W
11: 63° 00' N 49° 38' W
12: 63° 00' N 49° 31' W
13: 62° 57' N 49° 31' W
14: 62° 57' N 49° 40' W
15: 62° 56' N 49° 40' W
16: 62° 56' N 49° 47' W
17: 62° 54' N 49° 47' W
18: 62° 54' N 49° 55' W
19: 62° 53' N 49° 55' W
20: 62° 53' N 49° 59' W
21: 62° 52' N 49° 59' W
22: 62° 52' N 50° 11' W
23: 62° 55' N 50° 11' W
24: 62° 55' N 49° 52' W
25: 62° 58' N 49° 52' W
26: 62° 58' N 49° 49' W
27: 63° 00' N 49° 49' W
28: 63° 00' N 49° 39' W
29: 63° 01' N 49° 39' W
30: 63° 01' N 49° 44' W
31: 63° 02' N 49° 44' W
32: 63° 02' N 49° 45' W
33: 63° 03' N 49° 45' W
34: 63° 03' N 49° 49' W
35: 63° 04' N 49° 49' W
36: 63° 04' N 49° 56' W
37: 63° 06' N 49° 56' W

Hole no. 201

1: 63° 08' N 49° 51' W
2: 63° 08' N 49° 47' W
3: 63° 07' N 49° 47' W
4: 63° 07' N 49° 51' W

Sub-area no. 5

1: 63° 24' N 49° 28' W
2: 63° 24' N 49° 26' W
3: 63° 21' N 49° 26' W
4: 63° 21' N 49° 23' W
5: 63° 22' N 49° 23' W
6: 63° 22' N 49° 21' W
7: 63° 20' N 49° 21' W
8: 63° 20' N 49° 18' W
9: 63° 19' N 49° 18' W
10: 63° 19' N 49° 23' W

Sub-area no. 3 continued

45: 62° 58' N 50° 15' W
46: 62° 58' N 50° 13' W
47: 62° 59' N 50° 13' W
48: 62° 59' N 50° 10' W
49: 63° 01' N 50° 10' W
50: 63° 01' N 50° 15' W
51: 63° 00' N 50° 15' W
52: 63° 00' N 50° 16' W
53: 62° 59' N 50° 16' W
54: 62° 59' N 50° 18' W
55: 62° 57' N 50° 18' W
56: 62° 57' N 50° 21' W
57: 63° 00' N 50° 21' W
58: 63° 00' N 50° 17' W
59: 63° 03' N 50° 17' W
60: 63° 03' N 50° 18' W
61: 63° 05' N 50° 18' W
62: 63° 05' N 50° 17' W
63: 63° 04' N 50° 17' W
64: 63° 04' N 50° 16' W
65: 63° 03' N 50° 16' W
66: 63° 03' N 50° 14' W
67: 63° 05' N 50° 14' W
68: 63° 05' N 50° 13' W
69: 63° 06' N 50° 13' W
70: 63° 06' N 50° 08' W
71: 63° 07' N 50° 08' W
72: 63° 07' N 50° 03' W
73: 63° 08' N 50° 03' W
74: 63° 08' N 49° 54' W

Sub-area no. 4

1: 63° 10' N 49° 34' W
2: 63° 10' N 49° 30' W
3: 63° 07' N 49° 30' W
4: 63° 07' N 49° 34' W

Sub-area no. 5

11: 63° 20' N 49° 23' W
12: 63° 20' N 49° 28' W
13: 63° 18' N 49° 28' W
14: 63° 18' N 49° 35' W
15: 63° 20' N 49° 35' W
16: 63° 20' N 49° 32' W
17: 63° 21' N 49° 32' W
18: 63° 21' N 49° 29' W
19: 63° 23' N 49° 29' W
20: 63° 23' N 49° 28' W

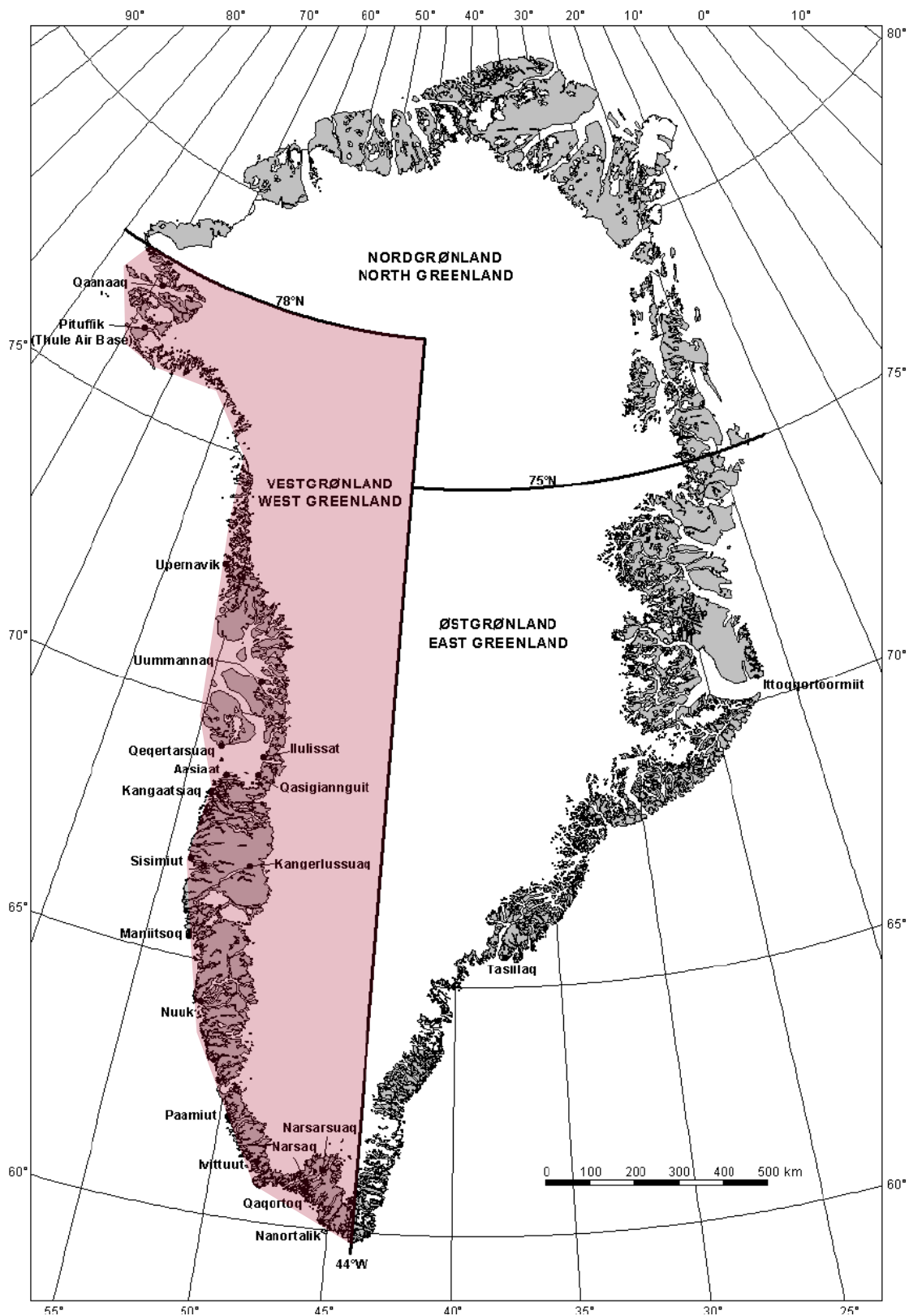


Figure 2. Prospecting License 2006/01 Location Map

Efterforskningstilladelse/Exploration Licence No. 2003/03
Brereton Engineering & Development Ltd. Total 110 km²

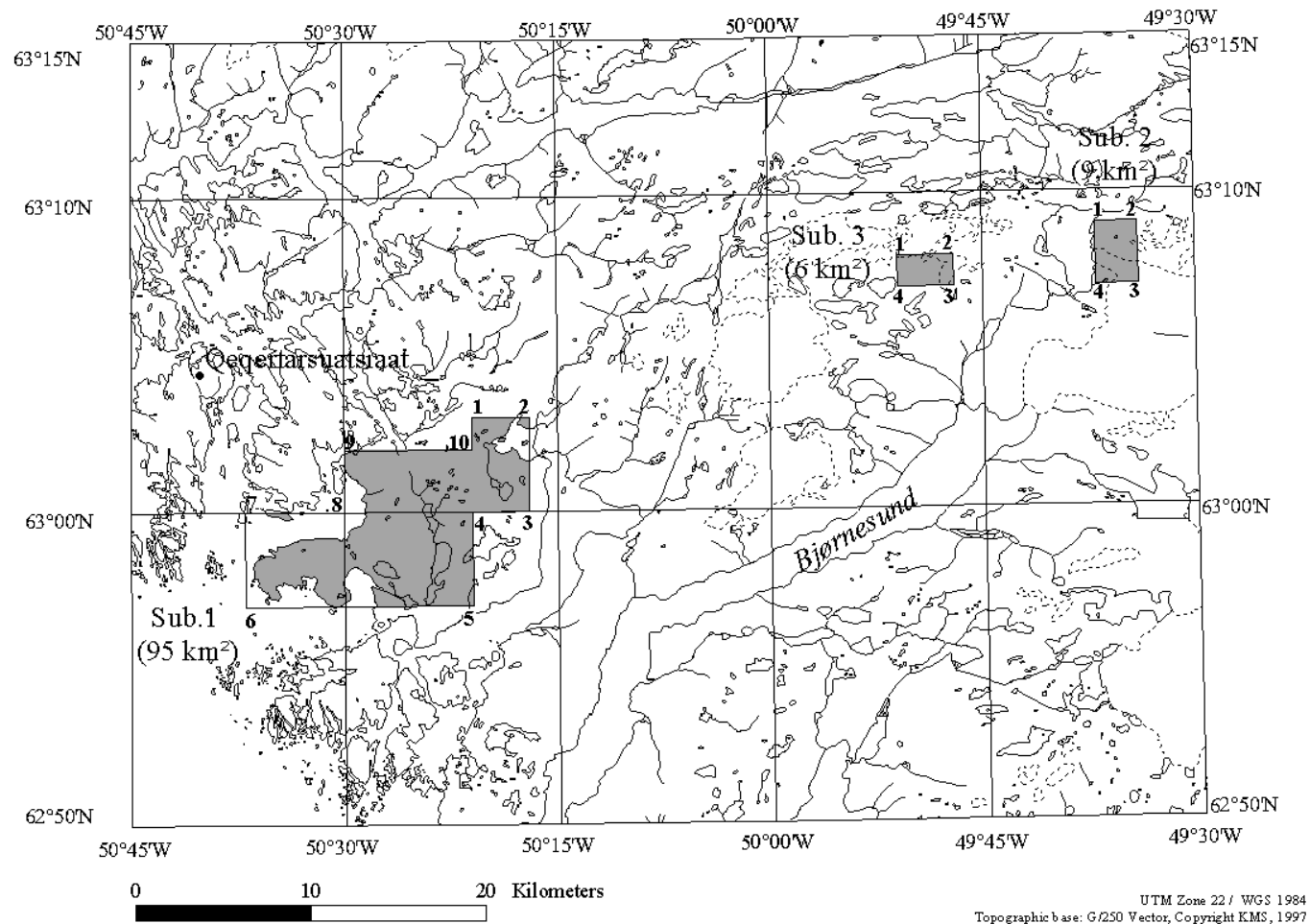


Figure 3. Fiskenaasset License 2003/03 Location Map (courtesy of BMP)

Efterforskningstilladelse/Exploration Licence No. A0483
Ansøgning/Application

Total 713 km²

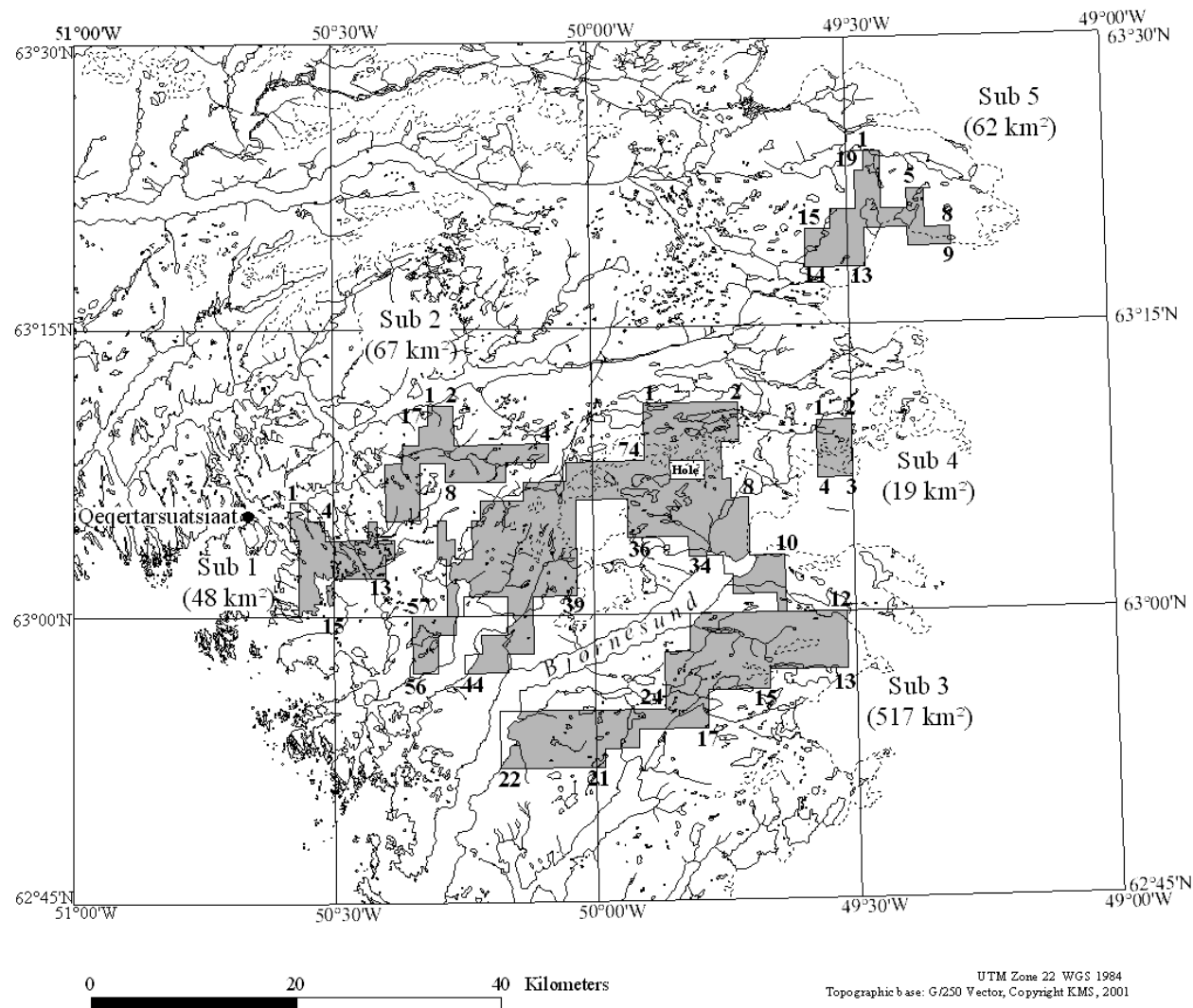


Figure 4. Qaqqatsiaq License Application Location Map (courtesy of BMP)

CURRENT AGREEMENTS, ROYALTIES AND ENCUMBRANCES

The Fiskenæsset license is subject to an Option Agreement dated April 22, 2004 between Brereton Engineering and Developments Ltd. and True North Gems Inc., wherein True North has an option to acquire a 100 percent interest in the exploration license (see Appendix 1). The exploration license was approved initially by BMP in March 2003.

Over a four year period, True North is required to pay Brereton CAD\$150,000 and deliver CAD\$150,000 worth of Company treasury shares as indicated in Table 4; to date, True North has met its obligations under the terms of the agreement and as of December 1, 2007 has paid CAD\$100,000 and delivered CAD\$100,000 worth of Company treasury shares.

Table 4. Option Agreement Payment Schedule

Schedule	Cash	Shares	Status
Exchange Approval	CAD\$25,000	CAD\$25,000	✓
December 31, 2004	CAD\$25,000	CAD\$25,000	✓
December 31, 2005	CAD\$25,000	CAD\$25,000	✓
December 31, 2006	CAD\$25,000	CAD\$25,000	✓
December 31, 2007	CAD\$50,000	CAD\$50,000	pending

The final payment of CAD\$50,000 and delivery of CAD\$50,000 worth of Company treasury shares is due and payable on December 31, 2007.

True North will be required to complete all exploration and assessment work on the Property mandated by BMP, representing the Greenland government (see Table 4), to exceed a minimum of CAD\$150,000 per year. As of December 1, 2007, True North has exceeded its obligations for expenditures on an annual basis and currently maintains a credit balance of DKK33.773.270,00 (approx. CAD\$6,725,000) from 2005 and 2006, as shown in Table 5, which remain in effect through 2008 and 2009, respectively.

Table 5. Exploration Credits on Fiskenaesset License

Year	Credit DKK	Credit CAD\$
2005	11.013.264,00	2,193,000
2006	22.760.005,00	4,532,000

If at the end of four years, True North acquires the exploration license by fulfilling the terms of the option agreement, and then elects to advance the Property to an exploitation license, True North will disburse to Brereton a one-time payment of CAD\$500,000 plus CAD\$500,000 worth of Company treasury shares. If, however, True North acquires the exploration license, but elects not to advance to an exploitation license and, instead, extends the exploration

license, True North will continue to pay Brereton CAD\$50,000 per year plus CAD\$50,000 worth of Company treasury shares for each annual extension.

Based on the level of exploration expenditures, which has exceeded the terms of the option agreement and its forthright annual payments of common shares to Brereton, the author expects that True North will acquire the license by meeting, in full, the terms and obligations of the option agreement as of December 31, 2007 and to that end, has prepared the requisite documentation with respect to the pending acquisition. As of November 2007, True North has prepared and submitted an application for the continuance of the exploration license, in parallel with license transfer documentation in preparation by both Brereton and True North.

PROPERTY DESCRIPTION AND MINERAL TITLES

The exploration license, designated 2003/03, is currently held in the name of Brereton Engineering & Developments, Ltd., of Toronto, Ontario, Canada, pending completion of the terms of Option Agreement between Brereton and True North.

In the interim period, all of the exploration project documentation, such as the annual plan of operations submitted for approval by the BMP, are registered in the name of True North Gems Inc., of Vancouver, British Columbia, Canada. Timely review and distribution of pertinent documents, specifically relative to the annual plan of operations and financial matters, such as BMP oversight and approval of annual exploration expenditures, is afforded to True North by Brereton.

An application for transfer of the license from Brereton to True North was prepared in November 2007, with all requisite documentation from both parties. The application for transfer documents has been approved by Brereton and the author, and is available upon request.

As noted in the previous sections, True North has taken steps to acquire additional exploration prospects not covered by current licenses, specifically the Fiskenæsset, Akunnaat and Allumersat licenses, held by True North through Brereton and the latter two by Crew Gold Corporation, respectively. The Qaqqatsiaq license application was submitted on May 27, 2007, was registered by the BMP on June 1, 2007 (see Figure 4) and final approval is expected in December 2007. True North's application provides for acquisition of an additional 713 km² exploration license contiguous with and adjacent, in part, to its 110 km² Fiskenæsset license.

ACCESSIBILITY, LOCAL RESOURCES & INFRASTRUCTURE

The Fiskenæsset mining district encompasses 3,600 square kilometres along the southwest coast of Greenland (Illustration 1), about 160 kilometres south of the capital, Nuuk. The capital city, with a population of approximately 16,000 people, provides the centre for the majority of the merchandising, financial, industrial, telecommunications, government, shipping, aircraft and other support services in Greenland. Electrical power is provided via lines from hydroelectric facilities located approximately 55 kilometres south-southeast of Nuuk.

Scheduled jet air service from Copenhagen, Denmark is the principal access to Kangerlussuaq or Narsarsuaq with turboprop access to Nuuk and the major outlying communities of Greenland.

The village of Fiskenæsset (now known as Qeqertarsuatsiaat) shown in Illustration 2, lying at the northwest corner of the mining district, is the year-round home to some 240 inhabitants, who are employed mainly in the small scale fishing industry. The government of Greenland maintains a medical clinic and an extended care treatment facility for the elderly at Fiskenaesset. Electrical power is provided, as required by seasonal conditions, by one to four diesel generators and a relatively low level restricted grid.

There is no air strip at Fiskenaesset, but the full-service commercial harbour is ice-free year round. Regularly scheduled boat and helicopter service routinely move people, mail, and supplies along the southwest coast of Greenland, including the maritime ferry at the village of Fiskenaesset, the latter requiring a 7-12 hour trip from Nuuk. Helicopter service is generally limited to medivac, or rarely, unscheduled charter operations. Maritime freight services provide close to year round shipping services for importation of equipment and supplies, though offloading equipment is limited to ship-based cranes. Barge shipments with forward doors for direct beach deliveries are required to provide the optimal system for major equipment shipments.

Currently, there is no infrastructure of any kind on the license (Illustrations 3 and 4). The nearest facilities are 2-15 minutes away by helicopter and 10-50 minutes by sea-going vessel from the license in the village of Fiskenaesset. Travel to Nuuk by charter helicopter typically requires 45-60 minutes depending upon weather conditions, particularly fog, wind and snow squalls common during the summer field season.

The ruby occurrences identified to date in the Fiskenæsset district are best accessed by chartered helicopter, with flight distances from the village to the ruby occurrences ranging from 5 to 55 kilometres.

In 2006, five True North personnel and up to ten local hires from Fiskenaesset and Nuuk worked on the exploration program. The majority of the local personnel were contracted through Greenland Resources who co-ordinated project logistics, expediting, and subcontracting of labour and consultants. Transport of crew, supplies and material to and from the field was by helicopter based from housing and office facilities in Fiskenaesset, primarily an A-Star Model B contracted from Air Greenland, and by fast boat contracted in Nuuk. All personnel and operations were conducted in and from Fiskenaesset on a daily basis, weather permitting. Based on the activity logs, more than twenty days were lost during the field season, running from June 19 to September 4, due to inclement weather with rain, high winds and/or fog.

In 2007, True North managed operations from its small logistics base in the village of Fiskenaesset, which included the sample processing plant, and a geological base camp near Lake Tassiusa, close to the site of the exploration drilling program (see Illustration 5).

In 2007, the helicopter, a B-3 A-Star with space for five persons including pilot, and an optimal lift capacity of approximately 1100 kilograms, was based at the Ruby Island field camp, within walking distance to Aappaluttoq, to facilitate expedited movement of the drill and geological personnel, particularly due to the detrimental impact of the maritime weather conditions on flight scheduling and minimum ceiling limits. A Sikorsky S-61 was required for periodic special transport for site visits, secure shipment of drill core and concentrates with BMP representatives and supply support.

Additionally, the base camp and ruby showings were accessed from numerous tidal fjords along the coastline by rental of small vessels with operators based in Fiskenaesset.

The level of personnel in the overall field crew was approximately 30 individuals, of which 10-12 were technical and 10-20 were support, and more than 70% are local Greenlanders or contracted through Greenlandic companies, including process plant and equipment operators, drilling assistants, geological support for drill core handling, cook, air transport, water transport, environmental consulting, permitting and expediting. A crew rotation was utilized, as possible, to provide more opportunities for training of the Fiskenaesset villagers for process plant operations and diamond drilling. Up to eight persons per day were required for the plant operations. Of note, the people speak Greenlandic as their first language, Danish as

their second and a few people spoke a bit of English. Two locals fluent in all languages were recruited on an ad hoc basis for translation of operational, safety and security issues.

Supplies were purchased in Fiskenaesset, where possible, though the majority of the equipment, food and general construction supplies were expedited from Nuuk.

Fuel, including diesel for the camp generator and jet fuel for the helicopter, was delivered by boat, or helicopter from Fiskenaesset as required, and was contained within a storage area located near Lake Tassiusa and near Tassiusa Gate at a location suitable for sea-going delivery and helicopter loading. The fuel cache was shared with Crew Gold who also conducted exploration programs in the region during the 2007 operating season. In return, Crew Gold's fuel supply in Fiskenaesset was used in full by True North Gems upon completion of Crew Gold's field program. Fuel was shuttled, only as required, by long line sling to the field camp and the drill.

The personnel, including all local hires, were trained fully in the safe handling and operation of plant and other equipment, helicopter operations including general access guidelines, management of heavy sling-loads and moving drills by personnel and contractors in their particular areas of expertise.

The Air Greenland pilots were versed in company policy to ensure safe operations at all locations, particularly within the village of Fiskenaesset and while moving samples and equipment near the drilling and bulk sampling sites. Extensive experience was gained by the Air Greenland pilots in slinging operations for samples, drill equipment and fuel. All activities were carried out without incident during 355 hours recorded in the detailed flight log for True North Gems. Approximately 24 hours were recorded for Crew Gold, during a period of shared services, in July 2007.

In terms of Fiskenaesset-based activities, the plant site is located on property leased by and adjacent to the work shop of a local individual and the Nuuk Kommunea. At the plant site, True North has use of an unfenced industrial section of land approximately 22 meters by 28 meters therefore operational hours were constrained by noise concerns. As electrical access to the Fiskenaesset grid was limited by line capacity, and time and cost constraints for preparation of a new, self contained and buried power line direct from the generators to the plant, a rental generator was required (see description of plant operations under Mineral Processing and Metallurgical Testwork). To minimize noise levels in the community, the plant generator was normally operated only between the hours of 6 AM and 8 PM. A small pond, located about 300 metres from the site, provided reasonable access to a fresh water supply for the plant. Due to the small size of the plant site and the safety concerns associated with the

helicopter delivering bulk samples from the field to the plant site, the adjacent property was rented and used as a delivery point and storage location for bulk samples. Both diesel and gasoline are purchased locally with other supplies on order from Nuuk and beyond. The town garbage dump proved very helpful as a supply depot.

Local equipment available for rental at commercial rates included the small Case 580 backhoe, a small Hitachi EX 8 excavator with a Piccolo rock-breaker attachment and more recently, a Caterpillar 926 front end loader. The Case backhoe worked well for feeding the jaw and cleaning out pond #1 and moving and cleaning up around the plant. The small hoe with the rock-breaker was used for breaking over-sized boulders that were oversized for feeding the primary jaw. The Nuuk Kommunea retains a two small 509 front end loaders, also for rental at commercial rates. The latter worked well for moving super sacs of material and boulders to and from the storage area and to the large platform scale.

The close proximity to the community, along with issues concerning physical space requirements for equipment, operations and sample storage, noise, mobile equipment access, lack of suitable road networks and maritime loading facilities, safety and security, helicopter access, electrical power, potential tailings facilities, and support facilities must be addressed as the project moves forward with exploration and development planning. In short, in consideration of the proposed increase in bulk sampling for 2008 and beyond, including the requirements and limitations noted above, the author believes that True North would be better suited to ramping the scale of the process facilities in an alternate location.

CLIMATE AND PHYSIOGRAPHY

The climate of Fiskenæsset is identical to the climate of Nuuk, both are classified as: Low Arctic Maritime. Average monthly temperatures do not exceed 10 degrees Celsius and summer nights are typically frost-free for 60 days a year. Winters lows are typically -8 to -12 degrees Celsius. At Summer Solstice, there are more than 20 hours of daylight. Precipitation averages around 900 mm per year, mixed rain and snow, with most of the accumulation typically falling between August and November.

The Irminger Current, a northern tongue of the warm Gulf Stream, is responsible for modulating the weather and keeping the sea lanes open. Maximum historic tidal variations in the inner harbour of Fiskenaesset are up to three metres. Conditions along the coast are often cloudy, with fog to the waterline, especially in the summer months. Conditions are typically dryer and relatively warmer proceeding inland up the fjords, but inland under clear conditions extremely strong katabaric winds can flow off the icecap (Piteraq) or descend from mountain massifs (Foehn).

Topographic relief in the Fiskenæsset district measures from sea level to 1,440 metres in elevation. The majority of the area of interest ranges from <100 metres to 350 metres in elevation. Aappaluttoq, the target of the Preliminary Economic Assessment is located 230 metres to 240 metres above mean sea levels (see Illustration 3). The highest peak summit is Qaqqatsiaq; Qaggse Mountain northwest of Lake Tassiusa exceeds 1,010 metres and was utilized for True North's wireless communications equipment during the 2007 operating season (see Illustrations 3 and 4, Figure 5).

The richest plant growth is found in the sub-arctic belt, which includes only the southernmost part of Greenland and the inner fjords. The majority of southern and southwestern Greenland has diverse mountain vegetation reminiscent of northern Europe though the driest inland areas exhibit vegetation similar to mountainous regions of North America.

The vegetation in the specific area worked by True North is scarce. Locally, one can observe dense bush patches no taller than 10cm and a predominance of local grasses, lichens and mosses. An abundance of colourful and exotic flowers and berries occur during the short summer season.

Local wildlife was limited to few sightings of reindeer, brown foxes and gulls, with small cod and Atlantic salmon/char reported from tidal Lake Tassiusa. The local population are avid hunters and fishermen; reindeer hunting on the license area was reported near the base camp at Lake Tassiusa.

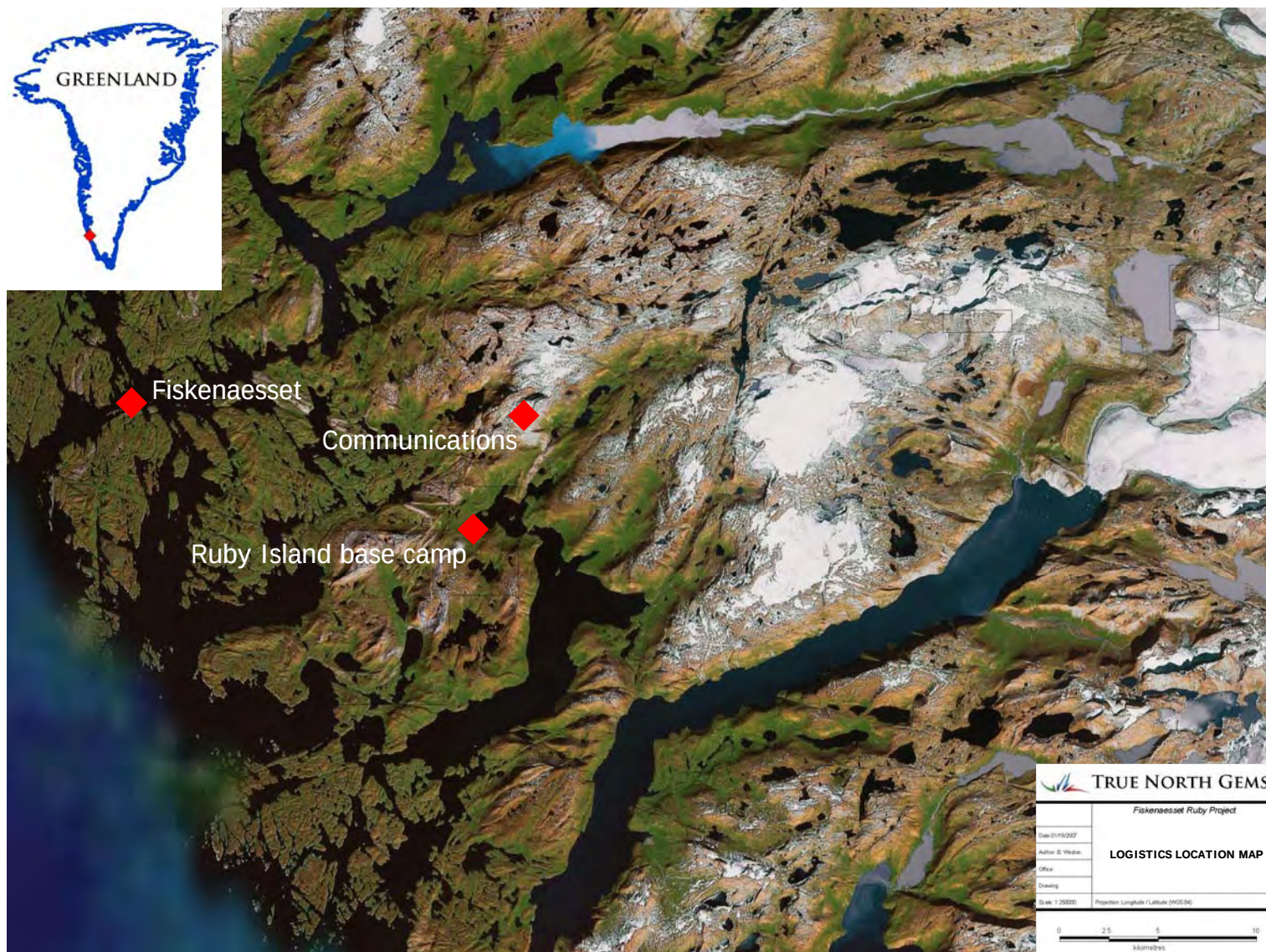


Figure 5. Landsat Photograph of Fiskenaesset, camp location and communications tower

EXPLORATION HISTORY

EXPLORATION 1966 - 2003

Beginning in the mid-1960's and extending through the 1970's, the world-famous Fiskenæsset cumulate anorthosite complex was investigated extensively for its chrome and platinum potential by geoscientists from academia and industry, among them: Ghisler and Windley (1967); Kalsbeek (1971); Windley and others (1973); Windley (1973); Walton (1973); Windley and Smith (1974); Kalsbeek and others (1974); Windley (1976); Ghisler (1976a, 1976b); Steele and others (1977); Bishop and others (1980); Ackermans and others (1984); Meyers, 1985 and Appel (1992a-c) and Appel (1994).

In summary, the studies referenced above described and identified a non-economic chromium deposit consisting of layered, chromite-cumulate horizons within anorthosite distributed over approximately 1,200 square kilometres. At Qeqertarsuatsiaq, preliminary reserve estimates included the drill definition of 2.5 million tonnes with an average grade of 32.7 percent Cr₂O₃ and a Cr/Fe ratio of 0.85/1. Significant platinum, titanium, and vanadium values also were reported. Metallurgical testwork reported low quality Cr concentrates, which were generally unsuitable for market, and further development of the region was abandoned.

In 1966, ruby was discovered in outcrop on Ruby Island by Martin Ghisler with the Geological Survey of Greenland and Denmark (GEUS). Ghisler's exploration team discovered ruby in association with sapphirine, kornorupine, pargasite and phlogopite, confirming six locations in the district.

Intermittently, beginning in 1969 and extending through 1995, a succession of private Danish-Canadian companies, including Platinomino A/S and Fiskanex Ltd., both headed by Robert Geisler from Toronto, Canada, and Valhalla Mining Limited, a British Virgin Islands registered company, attempted to explore and commercialize the ruby occurrences at Fiskenæsset. Geisler's companies (hereafter Geisler), succeeded in confirming gemstones at five of the six ruby occurrences reported by the GEUS, the Geological Survey of Greenland and Denmark (Geisler, 1976a, 1976b, 1979, 1980, 1981, 1982, 1983). A comprehensive summary of the early exploration and sample processing is provided by Anderson (1995).

Based on Anderson (1995) and a review of the Geisler reports (Geisler, 1976a, 1976b, 1979, 1980, 1981, 1982, 1983), it is reported that these companies extracted as much as 50 tonnes of ruby-bearing material from several separate ruby occurrences: Siggartartulik; Upper Angnertusoq; Kangarssuk, Puilassut Qavat, Qaqqatsiaq (then called "Walton"); Frog, Beer Mountain and Kigutalik (then called "Tanqueray or Tanguay").

Much of the tonnage removed in 1980, estimated at 33 tonnes, remains stored in Canada. Samples were collected from Siggartartulik (18.6 tonnes), Upper Angnertusoq (2.7 tonnes), Walton (2.8 tonnes) and Tanguay (8.5 tonnes).

Most importantly from a gemstone perspective, in 1979, Geisler succeeded in collecting a 1.36 tonne mini-bulk sample at the Siggartartulik ruby occurrence that was processed down to 72.3 kilograms of gravity concentrate. The concentrate rendered 340 grams of ruby rough, including 21 grams of facet-grade polishing stock, which equals out to a reported 15.44 grams per tonne gem.

A limited number of Greenland rubies were cut from the hand-select high grade by Tony Wobito, in Toronto, Ontario, Canada. The largest faceted gem produced by Wobito weighed 1.51 carats, although the remainder of the stones were less than 50 points in weight. Early cabochons were cut to 3 carats.

Additional documentation of the processing conducted on these samples is discussed in the references noted above, though useful quantitative data is limited by a paucity of firm material balances. Additionally, significant amounts of the mineralized material were released for marketing and process metallurgical testwork with incomplete or minimal reporting available in the public realm.

Limited process testing was carried out during the late 1980's and early 1990's at Lakefield Research (now SGS Minerals Services), in part conducted by the author, while employed by Lakefield Research as a process mineralogist and project manager, primarily for the production of fine powder alumina oxide concentrates. To the author's knowledge, the results have not been released to the public realm.

Geisler's property holdings at Fiskenæsset lapsed in 1984, on expiry of the five year license granted in 1979, and the area sat idle until the economic potential of the ruby mineralization was evaluated by a small exploration program conducted in 1994 (Anderson, 1995).

Geological mapping of three occurrences, Siggartartulik, Tanguay and Upper Angnertusoq, was completed with site visits completed to six of the known occurrences, including Lower Angnertusoq, Ruby Island and Puilassut Qavat, and the three fore-mentioned occurrences, and a follow-up proposal for the process testwork on the mini-bulk samples was prepared.

The work identified Siggartartulik as the first priority target on the basis of continuity of mineralization, coloration and size of the contained rubies, along with Kigutalik, which displayed the best coloration and size of ruby mineralization though continuity of the occurrence along strike was limited. Upper Angnertusoq exhibited approximately 200 metres

along strike with variable amounts of ruby mineralization whereas Lower Angnertusoq was of limited interest with its small extent and poor quality corundum. Further work at Ruby Island, known the Rubin Ø showing, and Puilassut Qavat, was not warranted due, in the former, to lack of continuity and surface area, and, in the latter, paucity and small size of the corundum generally associated with structurally controlled platings on anorthosite. The exploration highlighted the potential for additional showings and also for alluvial accumulations of rubies in lakes down slope from known occurrences, specifically Siggartartulik, though the potential for exposed and accessible occurrences are limited by the steep geomorphologies of the fjord-dominated shoreline.

A total of 450 kilograms of ruby material, including 300 kilograms from Siggartartulik, 150 kilograms from two sites at Tanguay (Kangarssuk) and 150 kilograms from two sites at Upper Angnertusoq, was extracted by the program operator, MPH Consulting Limited, based in Toronto, Ontario, Canada. To the author's knowledge, no records of further work on the property or the samples extracted from the three occurrences were filed with the BMP.

EXPLORATION 2003 - 2006

A new exploration license for a similar area was awarded to Brereton Engineering and Developments Ltd., in March 2003, who had worked as subcontractors in the exploration and evaluation of the ruby property, through MPH Consulting, with both companies directed by the same management team.

After a review of available information from the public filings and from the previous operators including Geisler and MPH, by True North during 2003 and 2004, and as noted in previous sections, in April 2004, True North entered into an option agreement with Brereton to operate the exploration and acquire the property subject to the requisite payments and expenditures.

True North (Rohtert 2003, 2004, 2005, 2006, 2007; Rohtert and Pemberton, 2004) recognized new and growing potential value for the rubies and pink sapphires at Fiskenæsset in part due to timely evolutionary changes in the global ruby trade and of course, due to the successful results of exploration and processing, as discussed below.

In 2004, the exploration program was focused on due diligence sampling of Siggartartulik and initial investigations of the known showings reported by the previous operators including the first six which were located on the license and an additional four other occurrences as tabulated below (Tables 6 and 7).

Table 6. 10 Historic Ruby and Pink Sapphire Occurrences in the Fiskenæsset District

Corundum Occurrence	WGS Latitude Longitude	WGS84 UTM Zone 22W
Ruby Island	63° 02'10.6" N 50° 17'13.6" W	536110 mE 6989807 mN
Siggartartulik	62° 59'05.3" N 50° 25'37.0" W	529042 mE 6984026 mN
Upper Angnertusoq	63° 00'42.7" N 50° 25'52.6" W	528795 mE 6987039 mN
Lower Angnertusoq	63° 00'25.0" N 50° 28'43.2" W	526400 mE 6986470 mN
Kangarssuk (Tanguay)	62° 58'45.3" N 50° 31'38.2" W	523961 mE 6983366 mN
Puilassut Qavat	62° 59'46.9" N 50° 18'45.7" W	534818 mE 6985370 mN
Walton	63° 07'33.3" N 49° 49'25.0" W	559328 mE 7000163 mN
Beer Mountain	63° 08'18.8" N 49° 35'23.5" W	571084 mE 7001807 mN
Qaggse North	63° 07'41.1" N 50° 17'22.7" W	535823 mE 7000058 mN
Bjornesund	63° 05'05.2" N 49° 46'55.2" W	561513 mE 6995618 mN

The principal purpose of the 2004 work program was to collect a mini-bulk sample, to confirm the quality and grade of the Siggartartulik material, and to provide feed material for beneficiation testwork and potential gemstone manufacturing experiments (heating, cutting, polishing, etc.). For simplicity of presentation of several years of progressive geological studies, the geological mapping data is compiled under "Exploration 2007".

During August 2004, True North's field crew collected a 3-tonne mini-bulk sample from the Siggartartulik ruby occurrence (Table 7). It consisted of bedrock and float components comprising 2.6 tonnes and 0.45 tonnes, respectively. Diamond chain saws were used to carefully excavate 2,584 kilograms of ruby mineralization from measured targets at four cutting sites separated along 120 metres of mineralized strike length. In addition to the measured mini-bulk sample, True North also collected 450 kilograms of loose mineralized float from the surface in the immediate vicinity of the four cutting sites. This comprised the 0.450 tonne float 2004 mini-bulk sample. The process metallurgy is described under the section "Mineral Processing and Metallurgical Testwork". To summarize the pertinent results, the ruby and pink sapphire combined gem and near-gem components reported a rough grade of 11,878 g/t including 1,204 g/t gem. A total of 3,109 grams of gem and 27,582 grams of near-gem ruby and pink sapphire were recovered from the measured 2.584 tonne sample. The quality and the grade of ruby and pink sapphire mineralization at Siggartartulik warranted further exploration.

Table 7. Mini-Bulk Sample Locations 2004-2005

Target	Year
Siggartartulik	2004
Lower Angnertusoq	2005
Upper Angnertusoq	2005
Ruby Island	2005
Qaqqatsiaq	2005
Kigutilik	2005

In 2005, based on the successful results of the Siggartartulik sample program, True North expanded the reconnaissance of the Fiskenæsset district for diamond and coloured gemstone deposits. Kigutilik and Aappaluttoq were re-discovered and officially reported to the Government of Greenland via the Bureau of Mines and Petroleum (BMP) by True North Gems Inc. in 2005. Kigutilik had been worked briefly by Geisler's company Platinomino in the 1980's (Geisler, 1981, 1982, 1983; Anderson, 1994). Aappaluttoq had been noted briefly in the field sheets and geological maps by Pulvertaft (1970) and other Danish government geologists working with the GEUS in the early 1970's, but apparently was never published in any official reports. Both of these important occurrences were confirmed in literature searches at GEUS in 2006 and 2007.

Additionally in 2005, True North collected a suite of mini-bulk samples to test the value and the grade of five ruby and pink sapphire occurrences in the Fiskenæsset district (Table 7). The sampling program focused on several ruby and pink sapphire occurrences with the objective of determining the variability between showings. A total of 15 metric tonnes, with three tonnes or one cubic metre (1m³) per site as per the standard sampling limitations approved by the BMP, were collected and all samples were shipped to Canada for initial processing followed by optical sorting at SGS Cornwall.

In summary, the feed weighing 14.750 tonnes was reduced to 889 kilograms of DMS concentrate along with 29.3 kilograms of mixed hand selected mineralization and 9.6 kilograms of liberated ruby and pink sapphire. The combination of DMS, magnetics and optical sorting was highly successful in terms of weight rejection; the latter, in combination with tumbling, indicated excellent potential for the clean separation of dark red, red and pink components of the ruby and sapphire mineralization. Weight recovery, after all stages of primary processing, ranged up to a maximum of 0.50% of the overall feed (Kigutilik) with highly variable proportions of ruby and pink sapphire by sample and size fraction.

The best results were obtained from the Kigutilik and Upper Angnertusoq localities, with the former selected for large scale bulk sampling in 2006. The process testwork program and

tabulated results are described under the section “Mineral Processing and Metallurgical Testwork”.

The highlight of the 2005 season was the August 16th discovery, of the Aappaluttoq (“Big Red”) ruby occurrence about 3.5 kilometres south of Ruby Island, where rubies had been reported by Ghisler in 1966 and during geological mapping of the Ruby Island Line by Pulvertaft in 1970 (Illustration 6). Due to the constraints of scheduling and having achieved the 15 tonne sampling quota permitted for 2005, only a 1000 kilogram sample of regolithic material and the mantle talus was collected in 2005 to confirm the discovery. During 2005, a 100 kilogram sub-sample was processed by screening in the field. The remainder of the sample (900 kg) was stored under secure conditions in Fiskenæsset until June 2006; processing was undertaken with the 2006 Aappaluttoq material in the original on-site plant in July 2006. In summary, hand washing, screening and sorting of the 100 kilogram discovery parcel returned 244 grams of coarse gem grade material and 533 grams of total gem and near-gem. Additionally, a single 40 gram ruby recovered from the Aappaluttoq overburden in August 2005. The tabulated results are described under the section “Mineral Processing and Metallurgical Testwork”.

In addition to the soil and talus material collected from the surface immediately superjacent to the discovery outcrop, True North collected 1.7 tonnes of ruby-bearing rock material for geological assessment. The 1,700 kg sample was processed as part of the 30 tonne sample collected from Aappaluttoq in 2006 and the results are provided in the section on “Mineral Processing and Metallurgical Testwork”.

Through 2005, prospecting and geological mapping efforts have confirmed eighteen ruby occurrences discovered or re-located in the district with thirteen occurrences lying within the Fiskenæsset license. True North has focused primarily on the six occurrences, with five tested by 3 tonne mini-bulk samples collected in 2005, plus three additional occurrences scheduled for testing in 2006.

These nine priority targets include Siggartartulik, tested in 2004; Lower Angnertusoq; Upper Angnertusoq; Kigutilik; Ruby Island, and Qaqqatsiaq, all tested in 2005; and Aappaluttoq, Qaqqat Aquleriit, and Kangarssuk, to be tested in 2006. Of these, only Aappaluttoq and Kigutilik were bulk sampled in 2006 (see Table 8).

Table 8. Mini-Bulk Sample Locations 2006

Target	Year
Kigutilik	2006
Aappaluttoq	2006

The principal goals and objectives of the 2006 exploration program were to continue reconnaissance exploration on a district scale, focus detailed mapping and bulk sampling on the two best ruby occurrences namely Aappaluttoq and Kigutilik, and process the bulk samples using a pilot facility in the village of Fiskenæsset. Detailed geologic mapping was conducted with field coverage at 1:500 scale and compilation at 1:2,000. The map area at Aappaluttoq was extended to include 2,600 metres to the NNE toward Ruby Island, whereas the map area at Kigutilik extends 600 metres to the WNW. The width of mapping coverage averaged <100 metres at Aappaluttoq and 250 metres at Kigutilik.

For simplicity of presentation for several years of progressive geological studies, the geological mapping data is compiled under “Exploration 2007”.

In 2006, reconnaissance exploration by True North increased the original tally of six (6) historical occurrences up to a total of 30 ruby and pink sapphire showings (Table 9 and Figure 6). Additionally, five styles of corundum mineralization were suggested, including regional and contact metamorphic, metasomatic, hydrothermal and pegmatite (plumasite).

During 2006, True North identified two corundum parageneses in the Fiskenæsset region including emery tactite formed by contact metamorphism (Kaadaaq) and plumasite formed by desilication of pegmatite along an ultramafic contact. Potential economic importance is applied primarily to the hydrothermal and metasomatic occurrences (Rohtert, 2006, 2007).

Table 9. Ruby and Pink Sapphire Occurrences in the Fiskenæsset District

Corundum Occurrence	WGS Latitude Longitude	WGS84 UTM Zone 22W
Fiskenaesset License		
Aappaluttoq	63° 00'39.2" N 50° 19'10.9" W	534446 mE 6986985 mN
Sarfaq	63° 00'46.8" N 50° 18'59.6" W	534602 mE 6987221 mN
Rejaneq	63° 00'57.3" N 50° 18'48.9" W	534750 mE 6987548 mN
Ridgetop	63° 01'15.8" N 50° 18'32.8" W	534970 mE 6988122 mN
Mikisoq	63° 01'36.0" N 50° 18'10.7" W	535273 mE 6988752 mN
Tasiusarsuaq Waterline	63° 01'47.6" N 50° 17'43.4" W	535654 mE 6989116 mN
Tassiusa Gate	63° 01'37.9" N 50° 16'41.9" W	536521 mE 6988824 mN
Ruby Island (Tasiusarsuaq)	63° 02'10.6" N 50° 17'13.6" W	536110 mE 6989807 mN
Siggartartulik	62° 59'05.3" N 50° 25'37.0" W	529042 mE 6984026 mN
Kigutilik	62° 59'18.7" N 50° 28'33.1" W	526559 mE 6984419 mN
Upper Angnertusoq	63° 00'42.7" N 50° 25'52.6" W	528795 mE 6987039 mN
Lower Angnertusoq	63° 00'25.0" N 50° 28'43.2" W	526400 mE 6986470 mN
Upper Angnertusoq East Extension	63° 01'00.6" N 50° 24'42.3" W	529779 mE 6987602 mN
Northwest Angnertusoq	63° 01'47.5" N 50° 26'22.5" W	528350 mE 6989050 mN
Kaadaaq	63° 01'55.7" N 50° 26'50.7" W	527958 mE 6989290 mN
Laks Elv	62° 57'32.2" N 50° 27'38.9" W	527350 mE 6981131 mN
Pupiq	62° 59'10.0" N 50° 27'10.3" W	527727 mE 6984160 mN
Kangarssuk (Tanguay)	62° 58'45.3" N 50° 31'38.2" W	523961 mE 6983366 mN
Qaqqatsiaq	63° 07'33.3" N 49° 49'25.0" W	559328 mE 7000163 mN
Qaqqat Aquleriit	63° 08'18.8" N 49° 35'23.5" W	571084 mE 7001807 mN
Fiskenaesset Region		
Puilassut Qavat	62° 59'46.9" N 50° 18'45.7" W	534818 mE 6985370 mN
Nugussup Qavat	62° 57'52.4" N 50° 19'41.0" W	534077 mE 6981818 mN
Lichtenfels	63° 03'24.2" N 50° 43'16.0" W	514099 mE 6991940 mN
Sungasa Nuat	63° 05'17.1" N 50° 30'17.8" W	525000 mE 6995500 mN
Tuk	63° 08'23.0" N 50° 03'39.9" W	547329 mE 7001504 mN
Pikiniq	63° 07'41.1" N 50° 17'22.7" W	535823 mE 7000058 mN
Ivnaarssuunguaq	63° 07'57.4" N 50° 07'42.4" W	543945 mE 7000663 mN
Qororssuaq	62° 57'01.0" N 49° 47'09.3" W	561598 mE 6980629 mN
Bjornesund	63° 05'05.2" N 49° 46'55.2" W	561513 mE 6995618 mN

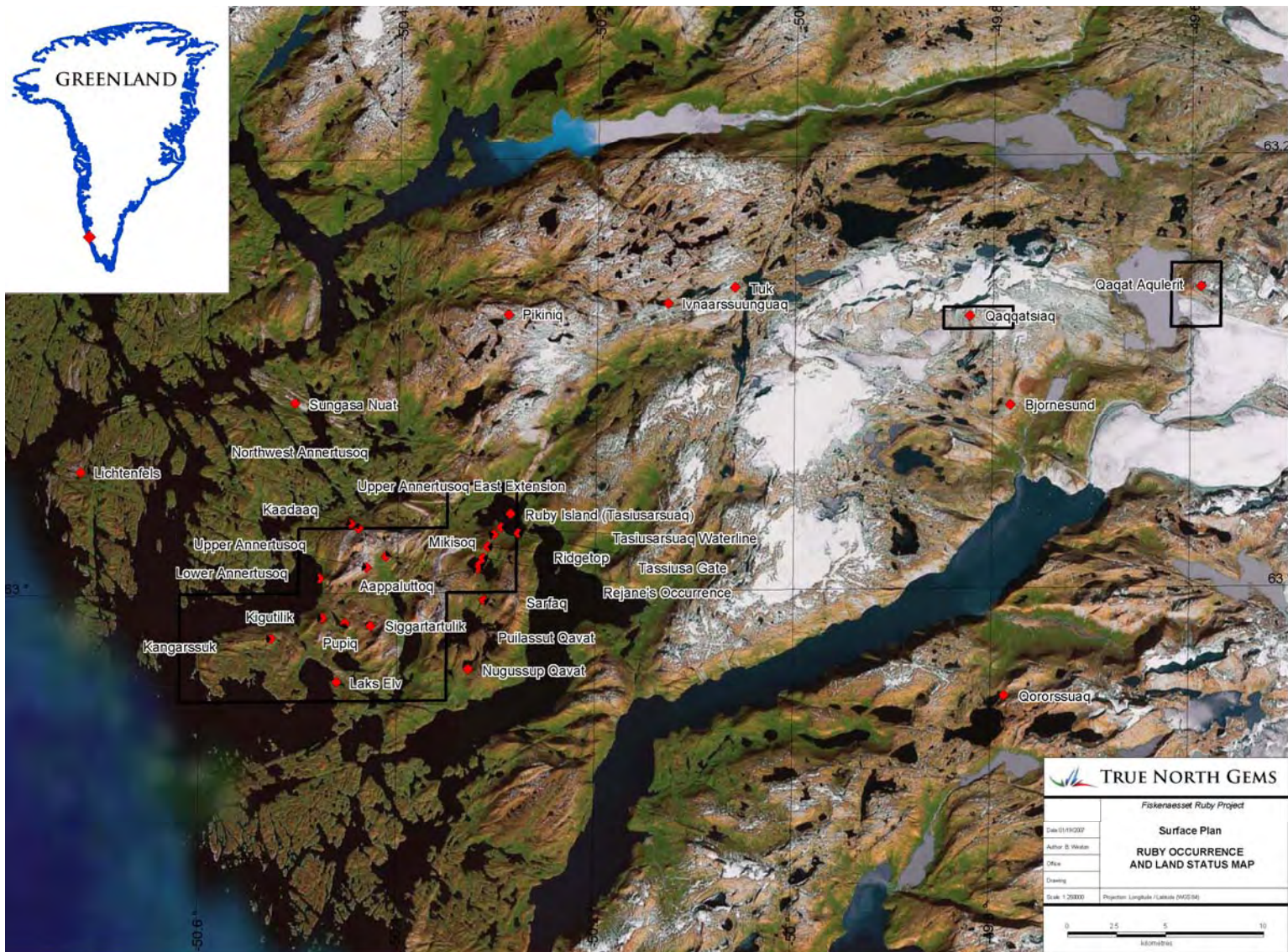


Figure 6. Landsat Photograph of Fiskenaasset Area showing known ruby occurrences

At Aappaluttoq, mapping extends from Tasiussua to Lake Katrina, covering six (6) significant ruby occurrences in a strike length of 2,600 metres, including: Aappaluttoq, Sarfaq, Rejane, Summit, Mikisoq and beyond. Along the Ruby Island Line, intermittent ruby mineralization continues along trend and ruby is present locally on four parallel geologic contacts across a width of 100 metres, exposed over an elevation range of 340 metres.

In 2006, as previously noted, True North expanded the sample size by one order of magnitude in order to investigate grade distribution at scale, and focused on the two best ruby and pink sapphire occurrences, Kigutilik, which had emerged as the highest grade occurrence based upon testing in 2004 and 2005 and Aappaluttoq exhibiting excellent gemstone potential based on the 100 kilogram surface sample, and colouration and tenor of exposed mineralization. Both samples were contained within apparently contiguous mineralization, for 15-30 metres of strike length at Aappaluttoq, and for up to 40 metres of strike length at Kigutilik. Prior to excavation of the samples, detailed geologic mapping at each site defined the surface dimensions of exposed ruby mineralization and the associated alteration assemblage.

The samples, totalling an estimated 59.7 tonnes, were delivered by helicopter; one bag comprising an excess of 720 kilograms from Kigutilik was donated to the local lapidary facility in Fiskenæsset. As indicated, 2005 material stockpiled in Fiskenæsset was blended in for a total 2005-2006 Aappaluttoq sample weight of 30.00 tonnes. The 30-tonne sample from Aappaluttoq 2005-2006 was processed to completion; an additional estimated 1.8 tonnes of coarse tailings (measured at 5.3 tonnes during 2007 processing) remained to be processed in 2007 with final reconciliation of the concentrate proportions and gemstone recovery. Examination of the tailings by the author in May 2007 indicated the presence of abundant recoverable corundum. The unprocessed 30-tonne sample from Kigutilik 2006 remained securely stockpiled in the village of Fiskenæsset for processing in 2007. The detailed results, to date, for the 2006 Aappaluttoq and 2006 Kigutilik processing are provided, in chronological order, in the section on “Mineral Processing and Metallurgical Testwork”.

In summary, to date, the Aappaluttoq primary concentrate products, weighing a combined 717.21 kilograms from a 30 tonne feed, were partially sorted in Fiskenæsset, reducing the total concentrate to 592.21 kilograms for shipment to Canada. Secondary and tertiary processing resulted in gem and near-gem components weighing, in aggregate, 134.99 kilograms of concentrate for HF leaching and final sorting. The results indicated rough grades of 1,937 g/t gem and 4,500 g/t combined gem and near-gem, and clearly provided the impetus for the recommended 2007 bulk sampling and drilling program proposed and recommended by the project Qualified Person.

GEOLOGICAL SETTING

In summary, the Fiskenaesset anorthosite complex is a layered cumulate igneous intrusion with a total folded strike length of 200 kilometres and an estimated maximum thickness of 400 metres along its line of structural ascent on the northern margin of the district, thinning southward to a feather edge south of Bjornesund (Figure 7). An excellent summary of the district geology, and geology of the ruby occurrences in the Fiskenaesset area of West Greenland, is afforded by Myers (1975, 1978, 1981) and Appel (1995), respectively, among several other literature references undertaken once the geology and economic potential were recognized in the early 1970's. The Fiskenaesset complex exhibits similarities to other large layered complexes in terms of geology, metamorphic character and corundum mineralization such as the Sittampundi complex, India (Appel, 1992), Dwars River area of the Bushveld, South Africa (Appel, 1992), and others too numerous to mention herein, and some geological characteristics which occur in the ultramafic-hosted ruby deposits of the Ejeda-Fotadrevva area of Madagascar (Mercier et al., 1999) and north Westland, New Zealand (Grapes and Palmer, 1996).

The intrusive suite comprises gabbros, ultramafic rocks, leucogabbro and calcic anorthosite, listed in decreasing order of abundance. The cumulate layered intrusive complex is generally zoned upwards from mafic to calcic units. Six individual map units are recognized at regional scale as follows in Table 10.

Table 10. Principal Geological Units of the Fiskenaesset Layered Complex

Map Unit	Lithology
7	Upper Gabbro
6	Anorthosite
5	Upper Leucogabbro
4	Middle Gabbro
3	Lower Leucogabbro
2	Ultramafic
1	Lower Gabbro

Ruby, as well as chromite, is largely confined to the upper Anorthosite member and, to a lesser extent, the underlying Upper Gabbro member (Myers, 1985) primarily where the Upper Gabbro is missing, and as such, the Anorthosite and contained ultramafic, and the supracrustal or greenstone-hosted amphibolite are in juxtaposition.

The hangingwall contact is variably amphibolite, marble, meta-evaporite and pelitic schist, was intruded by the Fiskenaesset layered complex, or later granodiorite-tonalite, which

dominates the map area (Figure 7). However, amphibolite is the predominant supracrustal component of the Fiskenaesset license identified in the area of the known mineralization.

The cumulate layered Fiskenaesset anorthosite complex is 2.86 Ga, Mid-Archean in age, and is tectonically interleaved and folded with Early Archean supracrustals and 2.60 Ga Mid-Archean gneissic basement.

The entire terrane has been subjected to at least one episode of Late Archean, amphibolite to granulite facies metamorphism with retrograde amphibolite to upper greenschist facies metamorphism and involves at least 3 stages of regional folding (Figure 7) as follows in Table 11 (Henriksen et al., 2000). The principal elongation direction ENE on the Fiskenaesset license reflects the F_2 structure with warping and minor offsets due to the F_3 folding. An overview of the major geo-structural features and air photo lineaments of Aappaluttoq area of the Fiskenaesset license is provided in Figure 8.

Table 11. Principal Structural Events of the Fiskenaesset Layered Complex

Stage	Structural Type
F_3	N-S folds with steep axial planes
F_2	tight E-W folds with south dipping axial planes
F_1	large E-W recumbent isoclinal folds

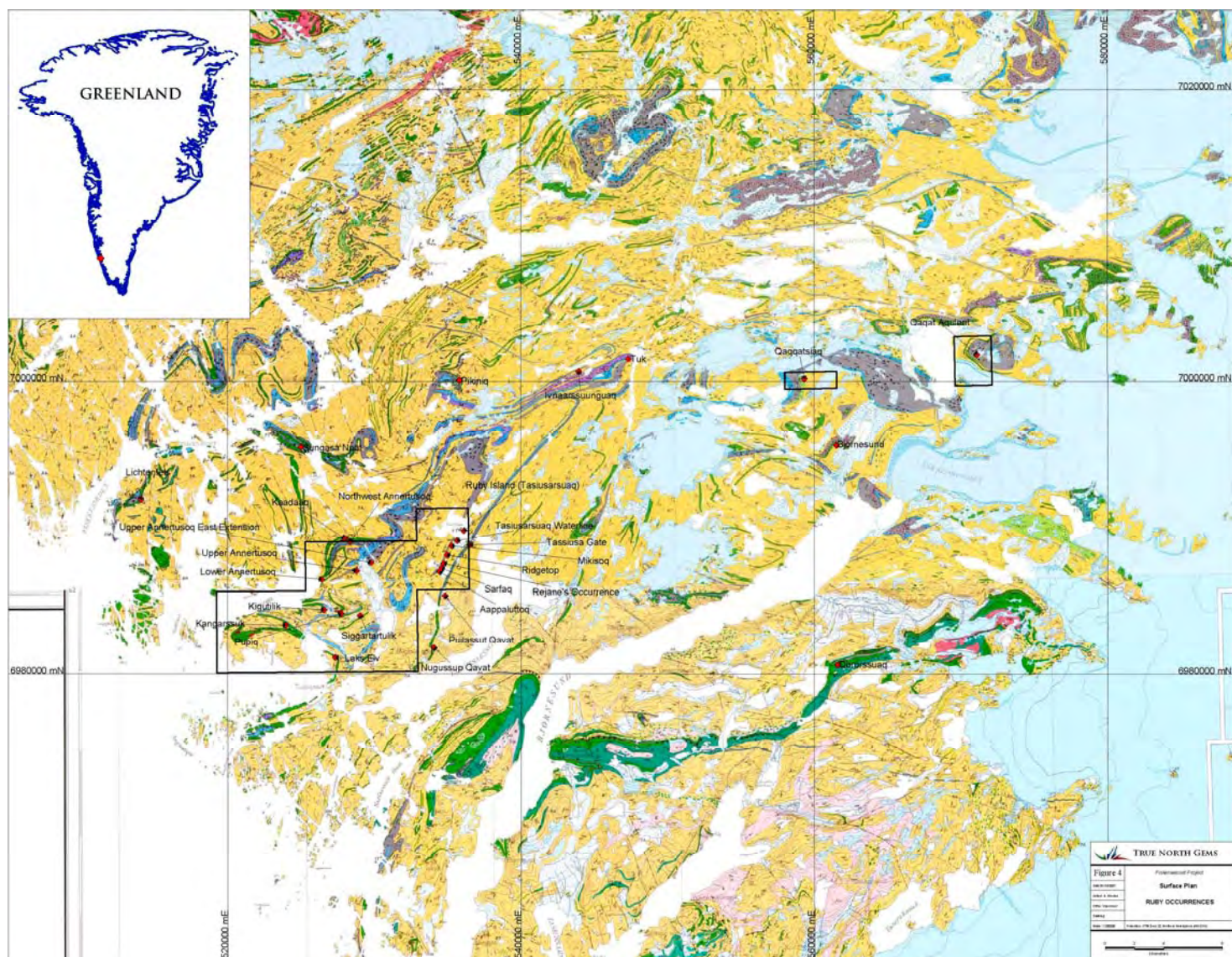


Figure 7. Ruby Occurrences and Regional Geological Map of Fiskenaasset Complex

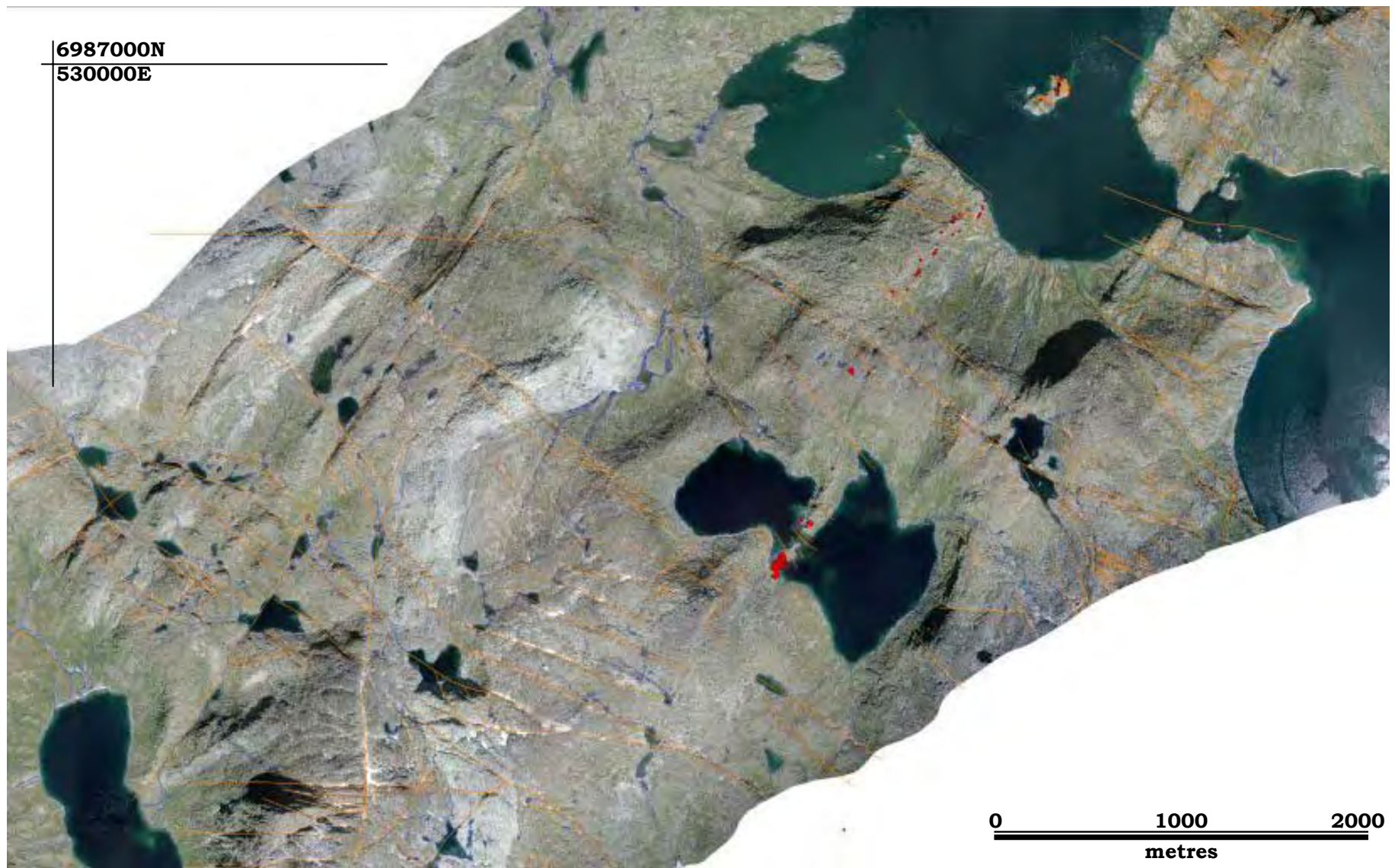


Figure 8. NW-trending F_3 and intersecting NNE-trending F_2 oblique structural elements with folded (white) anorthosite F_2 limbs with F_3 overprint, in the area of the Ruby Island Line. Aappaluttoq at center indicated by ruby occurrences (red).

DEPOSIT TYPES

Under the relevant deposit classification, the main ruby occurrences of Fiskenæsset are referred to as contact metasomatic replacements in micaceous anorthosite (Kievlenko and Soregaroli, 2003), though the local geology shows some considerable variance in this regard. Type localities for gem corundum deposits in this geologic class include Makr-Ruz in the Polar Urals Mountains and the Umba River Valley in Tanzania. Other occurrences in this class include: Kittila in Finland; Fiskenæsset in Greenland; Tatra in Czech Republic; and Hodono in Japan (Hughes, 1990, 1997).

At these locations, economic gemstone mineralization is closely tied to the strength, abundance, and distribution of the hydrous phases in the metasomite, which apparently are related to the proximity of altered ultramafic rock where the growth of gem-quality corundum is favoured by late stage hydrothermal activity in the waning facies of amphibolite-grade metamorphism. Walton (2004) suggested that growth of gem corundum is favoured by the chemical interaction of marble and ultramafic rocks, especially in zones of structural deformation, often with the formation of syntectonic sodic pegmatites invading along a mobile anorthosite intrusive contact. Corundum deposits related to ultramafic rocks in high-grade metamorphic terrane have been described by various authors such as Lewis (1896) and Simandl and Paradis (1999).

Gem quality corundum closely associated with kyanite and the chrome-mica, fuchsite, as noted by True North at Aappaluttoq and several other occurrences on the Fiskenaesset license, has been reported from Brazil by Schultz-Guttler (2005); from India by Quinn (2004); from Zimbabwe by Milisenda (2003) and from Wyoming by Hausel (2004).

MINERALIZATION

The unusually-rich gemstone mineral endowment of the Fiskenaesset district has reported by Herd et al. (1969) who described the petrogenesis of the sapphirine-bearing rocks; Geisler (1976) who first reported potentially economic concentrations of ruby; Goodger (1976), Ackerman et al. (1984) and Grew et al. (1987) who described boron-rich kornorupine from the Fiskenaesset type locality; and Petersen and Secher (1993) in their classic review publication "Minerals of Greenland". Sapphirine, an extremely rare mineral species, was first discovered at the current type locality near Fiskenaesset in 1809 by K.L. Giesecke (Boggild, 1953). The association of sapphirine with ruby in the district was established by the

Geological Survey of Greenland and Denmark (GGU, now known as GEUS) in several references noted by Petersen and Secher (1993) among others.

Corundum is intimately associated variably with chromite, olivine, gedrite, pargasite, sapphirine, kornierupine, red spinel, kyanite, fuchsite or mariposite (chrome-bearing mica), serpentine and phlogopite.

To date, corundum paragenesis, in up to five regional and contact metamorphic environments, as metasomatic, hydrothermal, and pegmatite (plumasite) occurrences has been suggested by Rohtert (2006, 2007) and Ritchie (2006). Of the ruby occurrences discovered in the Fiskenæsset district through 2006, seventeen appear to be primarily metasomatic in origin; two occurrences are regional metamorphic; two are contact metamorphic; one is a pegmatite (plumasite); and seven are hydrothermal, signifying favourable conditions for corundum crystal growth.

The best type example of a metasomatic ruby occurrence remains Siggartartulik, with Kigutilik also in this class. Regional metamorphic ruby outcrops at Qaqqat Aquleriit where extremely-large and abundant, opaque corundum formed in syntectonic boudinage within the layered cumulate. Along primary cleavages, the magmatic anorthite matrix penetrates and dilates the corundum nodules. Contact metamorphic ruby outcrops at Kaadaaq, where dense aggregates of anhedral, microcrystalline emery formed a reaction zone between anorthosite and barren pegmatite; very fine-grained to granular arrays of pink corundum were identified at Siggartartulik in 2007. Rohtert (2006, 2007) reported that the regional and the contact metamorphic rubies are conspicuously uniform in colour, unlike the variably coloured gemstones from both the hydrothermal and metasomatic occurrence types. At Tuk, an exceptionally coarse-grained plumasite-pegmatite dike invades the contact between anorthosite and ultramafic rocks.

Hydrothermal ruby occurs most notably in outcrop at Aappaluttoq and at several other discrete locations northwards along the Ruby Island Line, where euhedral phenocryst ruby crystals are enclosed within coarse-grained magnesite or dolomite clots and/or by a coarse-grained shell of brilliant blue, commonly transparent, kyanite. The hydrothermal rubies, in general, are more transparent than corundum from other parageneses. Hydrothermal corundum alone displays complex penetration twinning and delicate crystallographic growth, features absent in the far more common metasomatic type corundum occurrences.

At this juncture, given the available exploration results, the hydrothermal gem quality ruby is the most economically significant of the known paragenetic types due to its capacity for producing abundant, large transparent gems. The metasomatic paragenesis, such as

Siggartartulik and Kigutalik, displays considerable similarities in overall mineralogical character, though the gem quality clarity of the rubies, based only on the preliminary results to date, may be limited primarily to smaller goods with excellent colouration in hue and saturation, though coarse-grained ruby and pink sapphire mineralization was identified at both locations in 2007.

The corundum showings in the Fiskenæsset district typically include occurrences of co-existing red ruby and pink sapphire. Gemstones range from microscopic in size, to crystals over 100 grams in weight. The largest rubies are opaque porphyroblasts from regional metamorphic occurrences. The larger euhedral gem stones recovered thus far from the hydrothermal occurrences typically range from around one to ten grams in weight; individuals subhedral to euhedral transparent ruby crystals to thirty-five grams have been identified from Aappaluttoq.

The corundum occurrences range in size from a single isolated occurrence of less than one metre thick and less than 10 metres in length, to arrays of aligned occurrences, in parallel to en echelon structures, collectively up to 20 metres thick, and over 100 metres in length. The ruby occurrences are planar to lenticular in surface exposure with oblate to locally prolate features locally associated with F_1 and F_2 folding, warping along F_3 axes and commonly are situated conformable to moderately-dipping to steeply-dipping regional geological contacts. Ruby and pink sapphire mineralization at Fiskenæsset is located along and near the contact of the layered anorthosite complex, especially proximal to altered chrome-bearing ultramafic rocks spatially and genetically associated with the anorthosite.

Mineralogical zonation associated with corundum mineralization is systematic and consistent, and particularly evident with the metasomatic or hydrothermal ruby occurrences, of the Fiskenæsset district.

Mineral facies in individual occurrences are invariably zoned, typically proceeding from the anorthosite to the amphibolite or ultramafic contact or vice versa, which accounts in part for the designation of the original four type assemblages reported by Appel (1995). These relate to the pargasite, gedrite, phlogopite and hornblende types, of which the initial three are associated with the most prospective occurrences to date. Each of these minerals occurs in differing ratios co-mingling with a polyminerally suite of accessory to major modal minerals, such as sapphirine, cordierite, feldspar, and/or spinel.

This zoning is best documented on the Qaqqatsiaq occurrence shown in Figure 9 though detailed mapping of several occurrences, including Kigutalik and Aappaluttoq, points to a similar sequence of mineral assemblages (Figures 10 and 11).

To date, each of the sampled occurrences (see description of sampling in “Exploration” and “Sampling Method and Approach”, and results in “Mineral Processing and Metallurgical Testwork”) has a differing ratio of ruby to pink sapphire which is independent of rough grade (Table 12). The two corundums, ruby and pink sapphire, may display separate gemstone population characteristics in size and quality distribution.

Table 12. Ratio of Red to Pink Corundum for Rough Gem and Near-Gem Grade

	Sample	Red/Pink	Grade (g/t)
2004	Siggartartulik	1.78	11,878
2005	Kigutilik	1.64	8,699
2005	Ruby Island	2.12	2,855
2005	Upper Angnertusoq	1.41	4,224
2005	Lower Angnertusoq	0.00	141
2005	Qaqqatsiaq	0.65	861
2006	Aappaluttoq	0.36	4,498

Indications from the previous field seasons suggests that corundum may exhibit different morphological features, for example, in the pargasite versus phlogopite zone, with anhedral to equant versus tabular to prismatic porphyroblasts, respectively. The ratio of red to pink corundum colouration exhibits significant variability within and between zones, and may be influenced by gradients of chrome content, to a large degree, in addition to the spatially associated major mineral zoning.

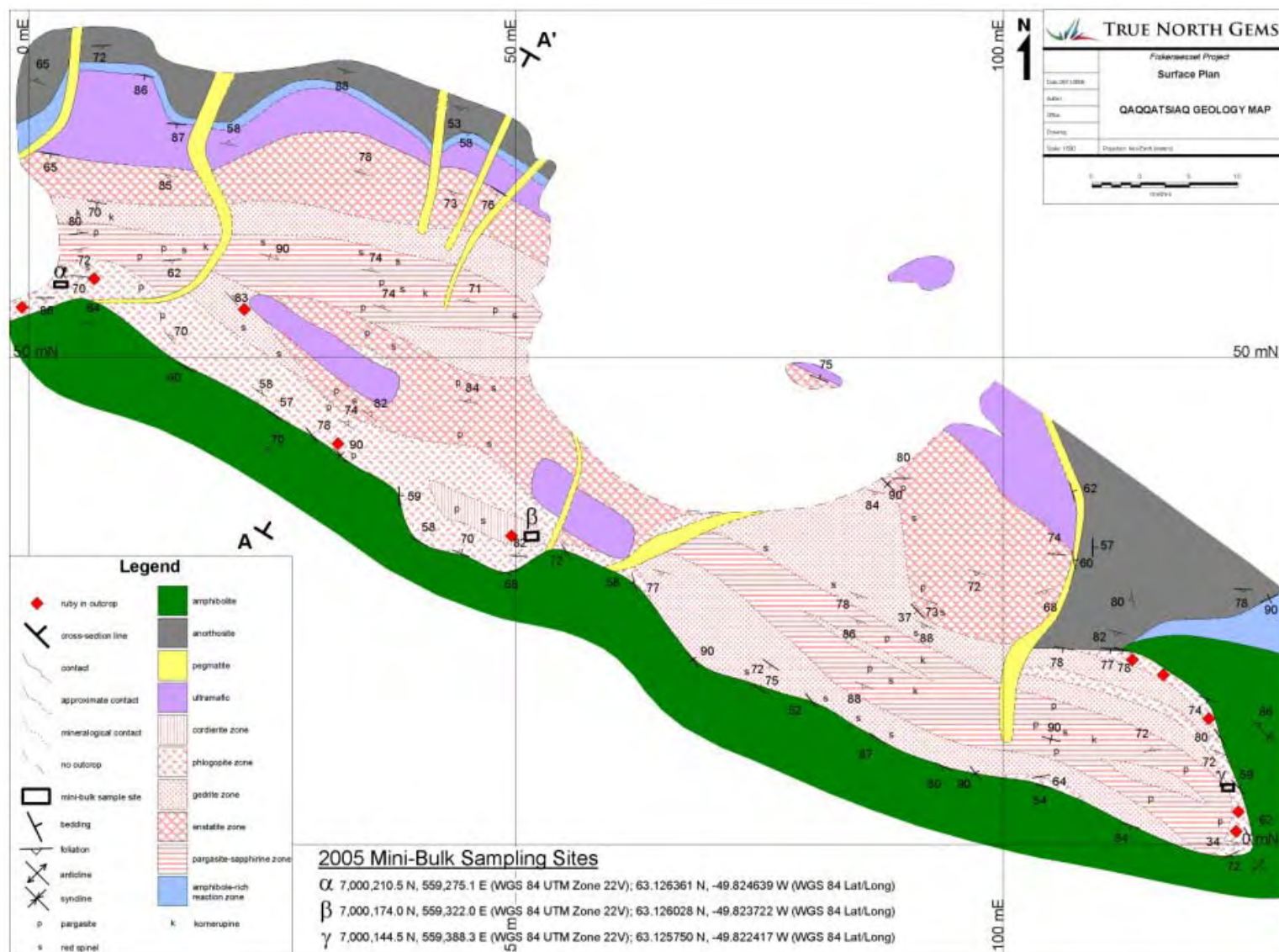


Figure 9. Qaqqatsiaq geological map with major mineral zoning and corundum occurrences

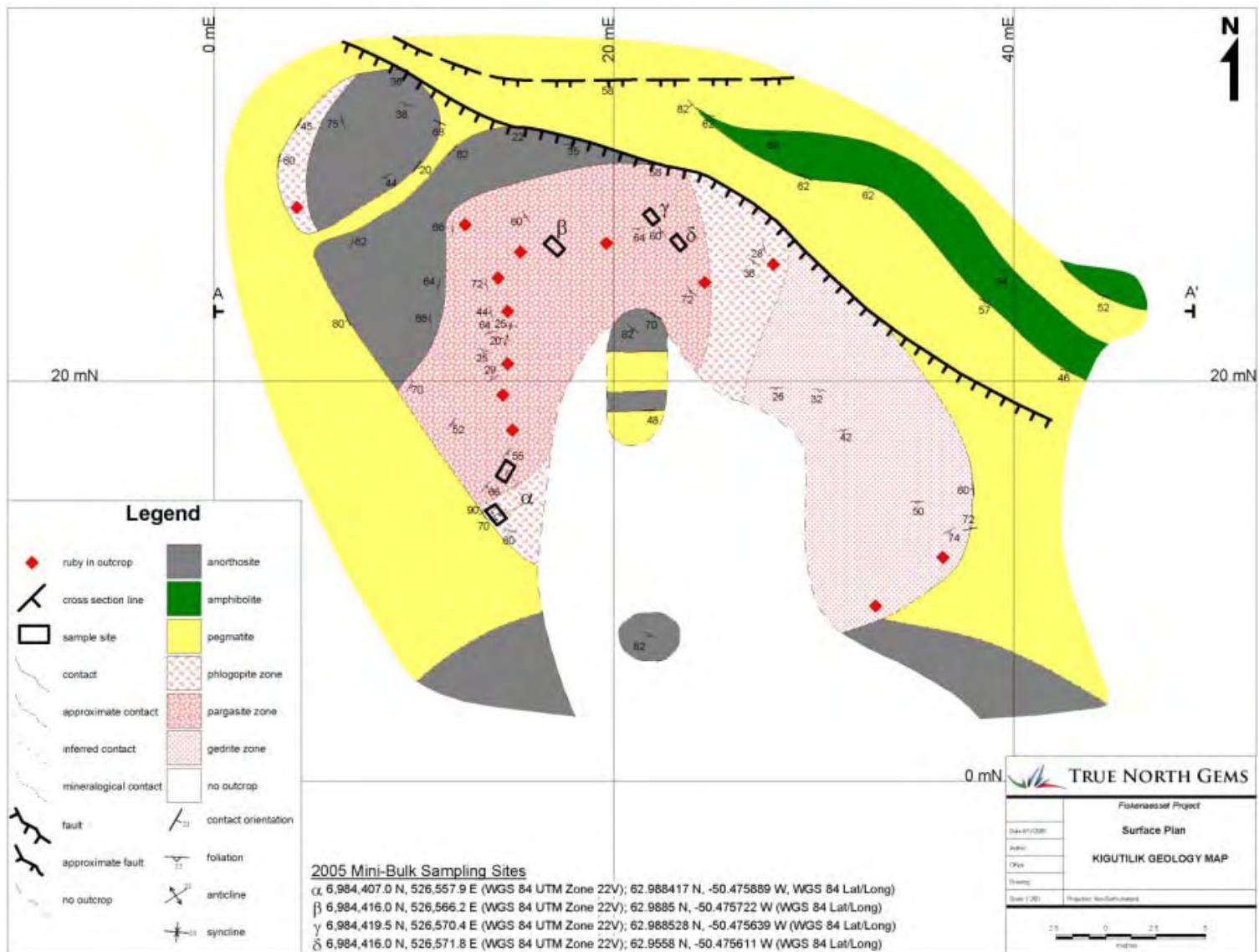


Figure 10. Kigutilik geological map with major mineral zoning and corundum occurrences

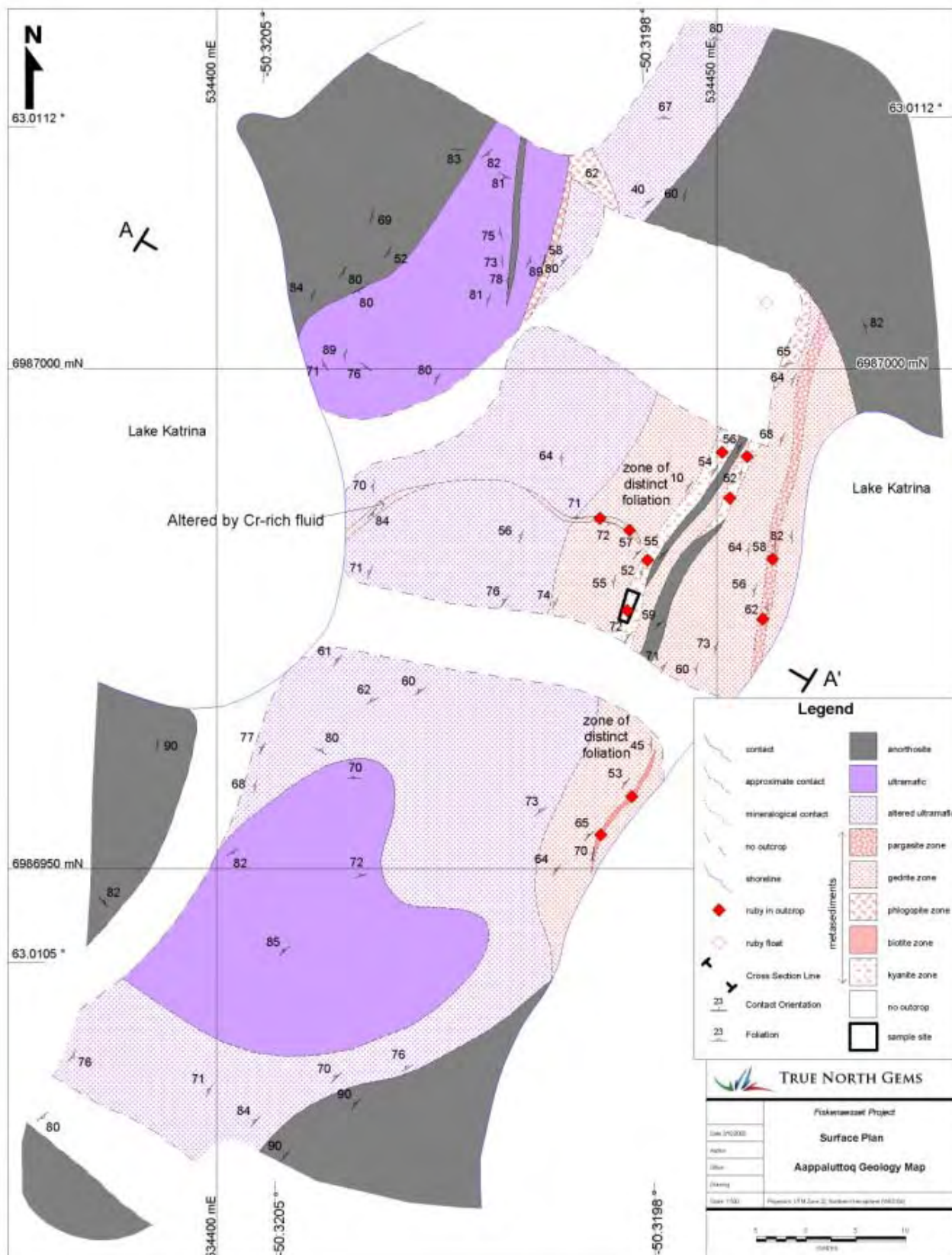


Figure 11. Aappaluttoq 2006 geological map with major mineral zoning and corundum occurrences

CURRENT EXPLORATION

EXPLORATION 2007

OBJECTIVES

The principal objective of the 2007 field program was to deliver a preliminary economic assessment report on the best ruby occurrence, Aappaluttoq, known from among the ruby occurrences located thus far in the Fiskenaesset ruby district of southwestern Greenland. The author, acting as the Qualified Person (QP) for the Fiskenaesset ruby project, believes the program was fully warranted based on the results to date and fully endorsed the program outlined. To meet this objective, True North's operational goals during the 2007 program were recommended as follows:

- Complete the re-design, assemble and operate upgraded processing plant for the preparation of sized gravity concentrates
- Complete optical sort processing of the gravity concentrates at a contract facility in Canada
- Complete final sorting of optical sort concentrates in Vancouver
- Complete Phase 1 detailed fence drilling program over the Aappaluttoq occurrence to outline the subsurface geology, gemstone continuity and distribution
- Complete Phase 1 exploration drilling program over other promising occurrences to outline the subsurface geology, gemstone continuity and distribution, specifically targets along the Ruby island Line such as Mikisoq, Sarfaq and Rejaneq
- Complete additional bulk sampling along each of the drilling fences to confirm surface mineralization
- Complete additional bulk sampling at the Aappaluttoq occurrence to confirm grade and distribution data from the 2005 and 2006 sampling programs
- Complete prospecting, geological mapping and channel sampling of known and any new occurrences
- Complete processing of channel samples in the Fiskenaesset processing plant and prioritize additional targets for follow-up bulk sampling and/or drilling
- Complete downstream processing of representative portions of the 2007 gravity concentrates to permit valuation and grade determination
- Complete downstream processing of all samples collected prior to 2007 in Q1 2008
- Continue third party valuations of loose polished wholesale (LPW) gemstones and, as approved by BMP, evaluation of market conditions through sales of gemstones on a LPW basis or within signature jewelry pieces
- Engage third party, independent qualified person contracted through internationally recognized engineering firm to provide site due diligence, program oversight and quality assurance, and to prepare a scoping study in Q2 2008

All of the principal objectives of the field program were achieved; downstream analysis of the geological and environmental samples are in progress; project oversight and preparation of a scoping document by an independent engineering firm, Wardrop Engineering, are ongoing.

To summarize the above task list, the re-design and capacity of the test plant was planned to permit enhanced processing in terms of time, process optimization and sample handling protocols. Access to optical sorting facilities in Canada during 2007 were limited due to delays at the manufacturing source and is expected to be performed during 2008. Drilling was recommended to comprise 5,000 metres with holes ranging from 30 metres to 125 metres, mainly on the Aappaluttoq occurrence. The remainder of the drilling would be conducted on promising occurrences based on the results of 2007 channel sampling and geological mapping. Bulk sampling was recommended to test Aappaluttoq and several other occurrences. Proposals to the BMP planned for the excavation of up to 100 tonnes of rock and surface material during the 2008 season. True North was to maintain efforts to advance the exploration and development of the ruby deposits at Fiskenæsset by continuing with: (1) gemological testing; (2) manufacturing from all gemstone classes; (3) independent valuation of the loose polished goods; (4) fabrication of signature jewellery units for showcasing polished goods and eventually to independently quantify retail valuation; and, (5) analysis of the global ruby markets.

An independent consulting geological and engineering firm was to be selected to conduct an exploration program review, site due diligence for exploration, processing, stone recovery, cutting, and quality control, and to provide oversight for baseline environmental, pre-engineering and resource determination, prior to preparation of a scoping study scheduled for delivery in Q2 2008.

Additionally, outreach programs with the local artisans would be under development via discussions with respect to individuals representing lapidary, design and goldsmithing skills, and the local groups represented by Nuuk Kommunea.

The exploration budget for the 2007 True North Gems program was initially estimated at C\$3,000,000 (DKK 15.000.000,00) with the field season running from June 1 to September 30. Based on the additional requirements for equipment, including air support for the sample handling and drilling, it was anticipated that a budget of C\$4,000,000 (DKK 20.000.000,00) would be required to meet the objectives set out in the proposed programs.

PROJECT LOGISTICS

All pertinent logistical data and information are provided under “Accessibility, Local Resources and Infrastructure”, “Mineral Processing and Metallurgical Testwork” and several of the upcoming sections in “Current Exploration”. As noted in the section “Reliance on Other Experts”, True North contracted Wardrop Engineering, Ramboll Denmark, Air Greenland, Kluane Drilling and Greenland Resources as the principal players during the 2007 season. Kluane Drilling provided a heli-portable NTW drill rig for the 5,000 metre program (Illustration 7) and Greenland Resources provided and constructed the base camp facilities (Illustration 5), and managed local equipment and human resources. Several other Greenlandic contractors were required for supplies, construction, electrical services, equipment rental, boat, ship and barge rental.

DIAMOND DRILLING

To the author’s knowledge, no historical drilling has been conducted at any of the Fiskenæsset ruby sites and none was completed as part of the 2004, 2005, or 2006 field exploration programs described herein. The exploration program completed in 2007 comprised the first documented diamond drilling in the Fiskenaesset district.

Diamond drilling was recommended to comprise 5,000 metres with holes ranging from 30 metres to 125 metres. Phase 1 detailed fence drilling program was planned over the Aappaluttoq occurrence to outline the subsurface geology, gemstone continuity and distribution. The initial drilling was focused on the continuity of the shallow expression of the “Host Zone” mineralization from both a geological and an engineering perspective with deeper holes planned for Phase 2 drilling in 2008.

On Aappaluttoq, a total of 4,501.7 metres were drilled in forty-six drill holes with the depth of individual holes ranging from 25.9 metres to 230.8 metres, as shown below in Table 13. The holes were drilled in a northeasterly series of fences with a nominal 12.5 metre spacing targeting three to six pierce points per section through the projected Host Zone. The collar map is shown in Figure 12. Preliminary logging was completed at the Ruby Island base camp and detailed logging of selected intervals of the core will be completed in January 2008 upon receipt of the samples to a True North core processing facility in Delta, British Columbia. Drill sections orthogonal to the strike of the Aappaluttoq occurrence have been prepared and structural interpretation is underway.

A summary table of the forty-six drill holes completed on the Aappaluttoq ruby and pink sapphire occurrence during the 2007 field program is tabulated below (see Table 13).

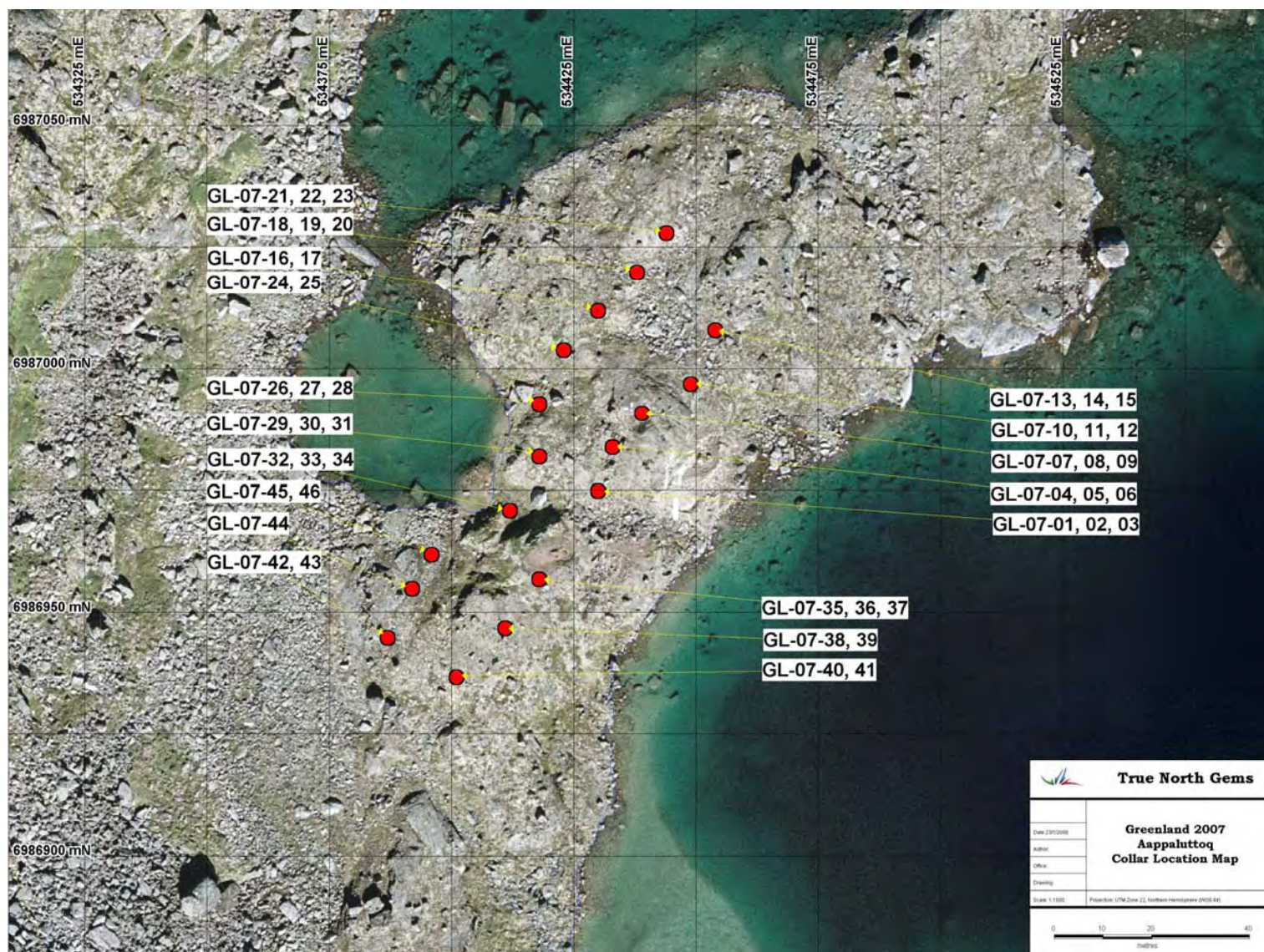


Figure 12. Aappaluttoq Drill Collar Map

Table 13. Diamond drilling of the Aappaluttoq occurrence

Hole ID	UTM E	UTM N	AZ	DIP	Depth (m)	Cum. Depth (m)	Date Started	Date Completed
GL-07-01	534430	6986975	135	-45	50.3	50.3	13-Jul-07	13-Jul-07
GL-07-02	534430	6986975	135	-60	75.6	125.9	14-Jul-07	15-Jul-07
GL-07-03	534430	6986975	135	-75	106.4	232.3	15-Jul-07	18-Jul-07
GL-07-04	534433	6986984	135	-45	53.5	285.8	19-Jul-07	19-Jul-07
GL-07-05	534433	6986984	135	-60	74.7	360.5	19-Jul-07	20-Jul-07
GL-07-06	534433	6986984	135	-72	140.2	500.7	20-Jul-07	22-Jul-07
GL-07-07	534439	6986991	135	-45	68.6	569.3	22-Jul-07	23-Jul-07
GL-07-08	534439	6986991	135	-60	88.4	657.7	23-Jul-07	24-Jul-07
GL-07-09	534439	6986991	135	-75	108.2	765.9	24-Jul-07	24-Jul-07
GL-07-10	534449	6986997	135	-45	58.5	824.4	25-Jul-07	25-Jul-07
GL-07-11	534449	6986997	135	-60	77.7	902.1	26-Jul-07	26-Jul-07
GL-07-12	534449	6986997	135	-75	101.4	1,003.5	26-Jul-07	27-Jul-07
GL-07-13	534454	6987008	135	-45	50.3	1,053.8	27-Jul-07	28-Jul-07
GL-07-14	534454	6987008	135	-60	56.2	1,110.0	28-Jul-07	29-Jul-07
GL-07-15	534454	6987008	135	-75	80.8	1,190.8	29-Jul-07	30-Jul-07
GL-07-16	534430	6987012	127	-60	108.2	1,299.0	30-Jul-07	31-Jul-07
GL-07-17	534430	6987012	127	-75	79.3	1,378.2	31-Jul-07	1-Aug-07
GL-07-18	534438	6987020	127	-60	187.5	1,565.7	1-Aug-07	4-Aug-07
GL-07-19	534438	6987020	127	-45	50.3	1,616.0	5-Aug-07	5-Aug-07
GL-07-20	534438	6987020	127	-75	230.8	1,846.8	5-Aug-07	8-Aug-07
GL-07-21	534444	6987028	127	-45	106.7	1,953.4	8-Aug-07	9-Aug-07
GL-07-22	534444	6987028	127	-60	108.3	2,061.7	9-Aug-07	10-Aug-07
GL-07-23	534444	6987028	127	-75	132.6	2,194.3	10-Aug-07	11-Aug-07
GL-07-24	534423	6987004	125	-60	71.6	2,266.0	11-Aug-07	12-Aug-07
GL-07-25	534423	6987004	125	-75	57.9	2,323.9	12-Aug-07	13-Aug-07
GL-07-26	534418	6986993	125	-60	214.9	2,538.8	13-Aug-07	17-Aug-07
GL-07-27	534418	6986993	125	-75	149.4	2,688.2	17-Aug-07	19-Aug-07
GL-07-28	534418	6986993	125	-45	50.3	2,738.5	19-Aug-07	19-Aug-07
GL-07-29	534418	6986982	135	-60	109.8	2,848.2	19-Aug-07	20-Aug-07
GL-07-30	534418	6986982	135	-75	128.1	2,976.3	20-Aug-07	21-Aug-07
GL-07-31	534418	6986982	135	-45	40.0	3,016.3	21-Aug-07	21-Aug-07
GL-07-32	534412	6986971	143	-60	121.9	3,138.2	22-Aug-07	23-Aug-07
GL-07-33	534412	6986971	143	-75	125.0	3,263.2	23-Aug-07	24-Aug-07
GL-07-34	534412	6986971	143	-45	25.9	3,289.1	24-Aug-07	25-Aug-07
GL-07-35	534418	6986957	143	-60	155.5	3,444.6	25-Aug-07	26-Aug-07
GL-07-36	534418	6986957	143	-45	105.5	3,550.1	26-Aug-07	27-Aug-07
GL-07-37	534418	6986957	143	75	113.4	3,663.5	27-Aug-07	28-Aug-07
GL-07-38	534411	6986947	143	-60	97.5	3,761.0	28-Aug-07	29-Aug-07
GL-07-39	534411	6986947	143	-45	85.3	3,846.4	29-Aug-07	29-Aug-07
GL-07-40	534401	6986937	119	-45	50.3	3,896.6	30-Aug-07	30-Aug-07
GL-07-41	534401	6986937	119	-60	71.6	3,968.3	30-Aug-07	30-Aug-07
GL-07-42	534387	6986945	126	-60	97.5	4,065.8	31-Aug-07	31-Aug-07

Table 13 continued. Diamond drilling of the Aappaluttoq occurrence

Hole ID	UTM E	UTM N	AZ	DIP	Depth (m)	Cum. Depth (m)	Date Started	Date Completed
GL-07-43	534387	6986945	126	-75	47.3	4,113.1	1-Sep-07	1-Sep-07
GL-07-44	534392	6986955	126	-60	100.6	4,213.7	1-Sep-07	2-Sep-07
GL-07-45	534396	6986962	96	-60	125.0	4,338.6	3-Sep-07	3-Sep-07
GL-07-46	534396	6986962	96	-75	163.1	4,501.7	3-Sep-07	4-Sep-07

Based on the geological mapping shown in Figure 11 and additional detailed geological and trench mapping conducted in 2007, all of the holes were collared within or at the western contact of the altered ultramafic and drilled southeast toward the hangingwall anorthosite gneiss.

In summary, ruby and pink sapphire occur within a tightly folded series of distinct zones of phlogopite and pargasite-enriched alteration, referred to as the Host Zone, which is coincident with the geological contact between the ultramafic and anorthosite. The Host Zone was intersected in up to six holes in a single drill section exhibiting a relatively shallow dip estimated at 50°-60° WNW; the intersections were bounded on the structural hangingwall by altered ultramafic generally composed of fine-grained to very coarse-grained sapphirine and gedrite orthoamphibole in variable proportions (Illustration 8). Intervals with minor to elevated degree of phlogopitization and minor fuchsite/mariposite were common, progressing into a blackwall zone dominated by phlogopite. Mica ranged from fine-grained to very coarse-grained and exhibited a random orientation, which tended to hinder easy extraction, and subsequent rock breaking and DMS processing. Ruby and pink sapphire typically occurred with the increased phlogopite component (Illustration 9). Coarse granoblastic, quartz-feldspar pegmatite was intersected proximal to the ruby and pink sapphire mineralization though no similar geological unit was exposed near the surface outcrops (Illustration 10). Further geological mapping of the Aappaluttoq area by the author identified several pods of pegmatite to the north of the main showing near the contact between the ultramafic, amphibolite and anorthosite gneiss. The latter displays mineral compositions and proportions ranging from leucogabbro to gabbro and locally anorthosite. Complex folding and mineralogical banding are ubiquitous and account for highly variable structural measurements along the core axis (Illustration 11).

The drilling has intersected visible ruby and pink sapphire mineralization in 18 of the 46 holes and has extended the strike length of the Aappaluttoq occurrence from the known 15-20 metres exposed on surface in the main showing to more than 105 metres. Of particular note, is the identification of ruby and pink sapphire, directly below surface exposures of anorthosite gneiss to the north and south. Though the structural features of the gneiss commonly display

steep fabrics defined by mineral banding, the presence of altered ultramafic and corundum mineralization suggests the presence of warping of the F_2 limbs along WNW F_3 planar features, and/or en echelon or boudinage features associated with one or both stages of folding. The down dip projection of the mineralization appears to steepen from the known occurrence toward the south from 60°WNW to sub-vertical, and may rotate on strike from NNE to ENE moving from north to south as suggested by the outcrop mapping. Local inflections are commonly represented by complex fold features; preliminary interpretation of the small structures points to a weakly N-plunging F_2 antiform. The effects of structural lineaments exhibiting E-W and WNW orientations crossing the Aappaluttoq peninsula remain to be investigated for potential offsets of the mineralization.

The drilling clearly intersected an interval of anorthosite gneiss followed by a deeper interval of ultramafics similar to the Host Zone and adjacent feldspar and/or pargasite-rich mineralization. Figures 13, 14 and 15 illustrate three drill sections through the Host Zone, intermediate anorthosite and Aappaluttoq Deep mineralization, associated once again with the ultramafic units. The shallow Host Zone can be tracked through several holes dipping to the WNW and remains open to the west, north and south. The Aappaluttoq Deep occurrence was identified in several of the deeper drill holes on the footwall contact of the anorthosite, again within heavily altered ultramafic comprised mainly of phlogopite-pargasite-sapphirine-gedrite. The ruby mineralization within the Aappaluttoq Deep intervals contain the largest ruby and pink sapphire crystals, and most abundant in terms of apparent grade, in the drill holes completed to date.

The mineralization commonly occurred as fine-grained to medium-grained ruby and pink sapphire with phlogopite (Illustration 12). Photographs of the Aappaluttoq Deep intersections display coarse ruby and/or pink sapphire with phlogopite/fuchsite/mariposite (Illustration 13) and locally up to 5% by volume of fine-grained corundum in phlogopite-pargasite (Illustration 14). Clots of ruby and pink sapphire also occurred with sapphirine-gedrite units affected by incipient phlogopite to the hangingwall side of the blackwall alteration zone (Illustration 15).

The distinct alteration zone that contains significant concentrations of ruby and pink sapphire ("Host Zone") was identified in forty-three of the forty-six holes on the Aappaluttoq occurrence. Ruby and pink sapphire, identified in preliminary core logging, occurred within the Host Zone at intervals that varied from less than 1 to 12 metres in thickness and at down hole depths from 2.1 metres to 166.3 metres. Individual crystals, visible to core logging, ranged in size from less than 1 mm to 10 mm in size and comprised from less than 0.5 percent to 5 percent

of ruby and sapphire by rock volume within these intervals. Colouration ranged from dark ruby red to dark pink, pink, light pink to locally white, and zoning of crystals and aggregates was identified.

As noted below in Table 14, multiple intervals with ruby and pink sapphire were documented in eleven drill holes (DDH GL-07-07, GL-07-11, GL-07-12, GL-07-13, GL-07-17, GL-07-18, GL-07-32, GL-07-35, GL-07-36, GL-07-38 and GL-07-39) of the eighteen drill holes that contain the visible corundum mineralization.

Table 14. Diamond drill intersections with ruby and/or pink sapphire in the Aappaluttoq occurrence

Hole ID	AZ	DIP	Depth (m)	Visible Ruby/Sapphire Intersections (m)
GL-07-07	135	-45	68.6	9.3-9.7, 10.4-10.7, 17.5-18.2, 33.7-34.3
GL-07-10	135	-45	58.5	6.0-6.3
GL-07-11	135	-60	77.7	6.5-7.2, 20.6-20.7
GL-07-12	135	-75	101.4	9.6-11.3, 18.1-20.4
GL-07-13	135	-45	50.3	2.7-5.3, 12.4-12.6
GL-07-14	135	-60	56.2	3.2-3.8
GL-07-15	135	-75	80.8	2.1-4.4
GL-07-17	127	-75	79.3	30.2-33.9, 42.5-45.2
GL-07-18	127	-60	187.5	30.3-32.1, 118.0-119.0, 153.9-157.4, 163.1-166.3
GL-07-19	127	-45	50.3	20.7-23.1
GL-07-20	127	-75	230.8	30.8-32.9
GL-07-21	127	-45	106.7	100.4-100.6
GL-07-32	143	-60	121.9	102.2-102.3, 104.3-104.4
GL-07-33	143	-75	125.0	88.5-89.2
GL-07-35	143	-60	155.5	109.2-109.9, 136.7-136.8, 136.9-137.0, 141.5-141.
GL-07-36	143	-45	105.5	34.7-34.8, 68.75-68.95, 69.5-69.9
GL-07-38	143	-60	97.5	49.8-50.7, 95.2-96
GL-07-39	143	-45	85.3	32.75-33.2, 72.9-74.1

To date, drilling tested an area of the Host Zone over a 105 metre strike length and to a vertical depth of 144 metres below surface. The Host Zone remains open to the north and south along strike and is open down-dip to the west. In the case of the Aappaluttoq Deep Zone, the interval remains open both above and below the current intersections ranging from 75-125 metres below the surface projection in the lake east of the surface showing at Aappaluttoq. The lateral continuity and depth of ruby and pink sapphire mineralization within a structurally complex geological terrane is very encouraging, particularly with one of the thicker intervals, containing the highest content of ruby and pink sapphire, observed in the Aappaluttoq Deep drill intersections. Further drilling is required and will be recommended for the 2008 program to examine the potential for additional mineralization in all directions from the known occurrence.

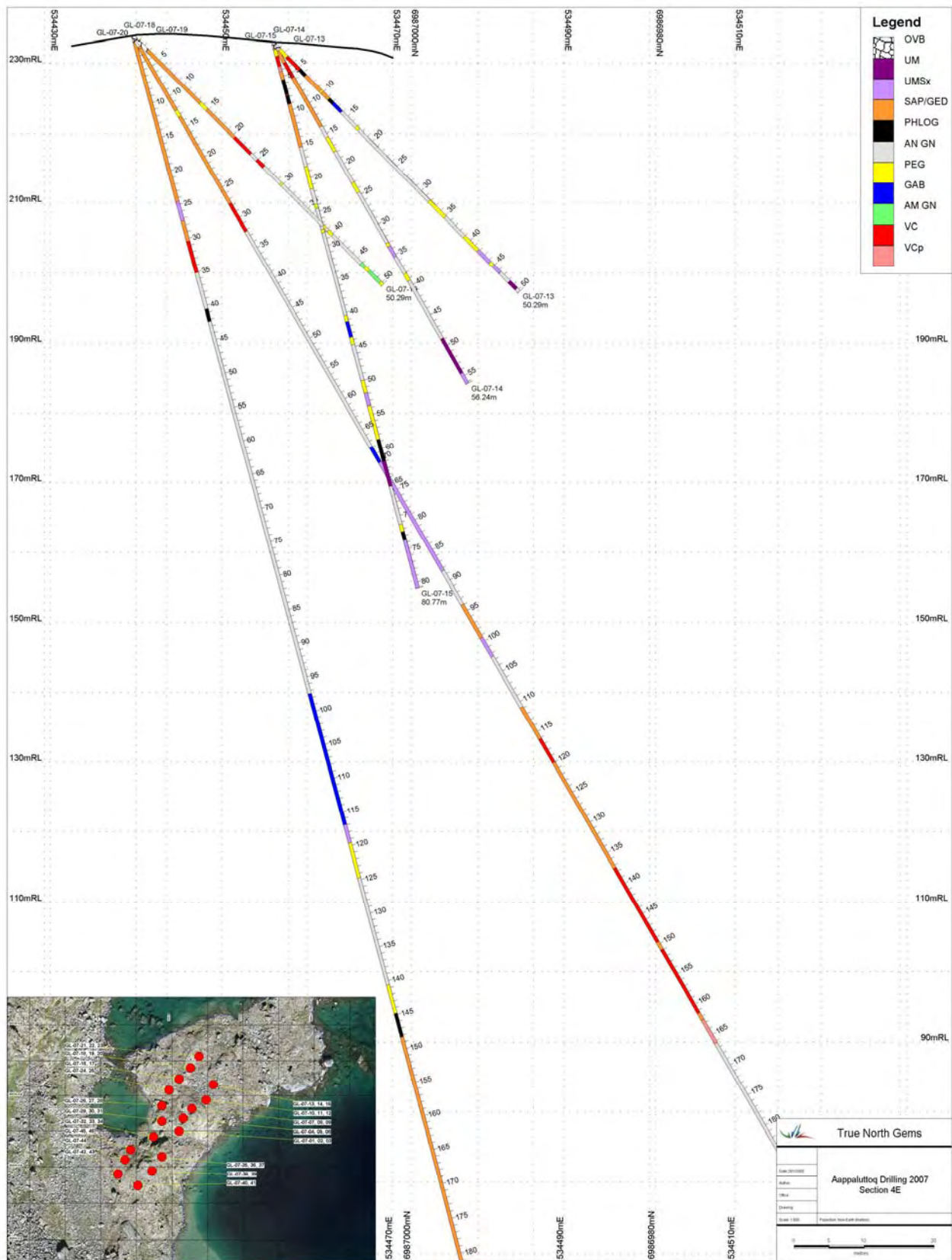


Figure 13. Aappaluttoq 2007 drill section 4E through DDH GL-07-13, GL-07-14, GL-07-15, GL-07-18, GL-07-19 and GL-07-20.

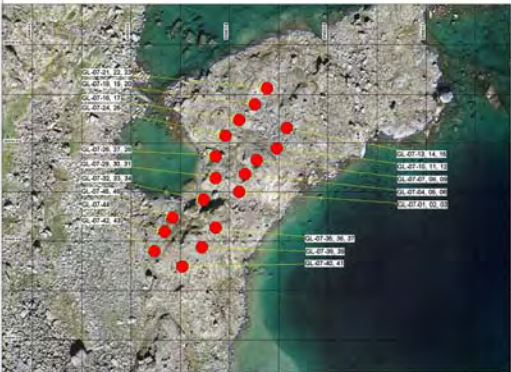


Figure 14. Aappaluttoq 2007 drill section 1E through GL-07-05, GL-07-06, GL-07-26, GL-07-27 and GL-07-28.

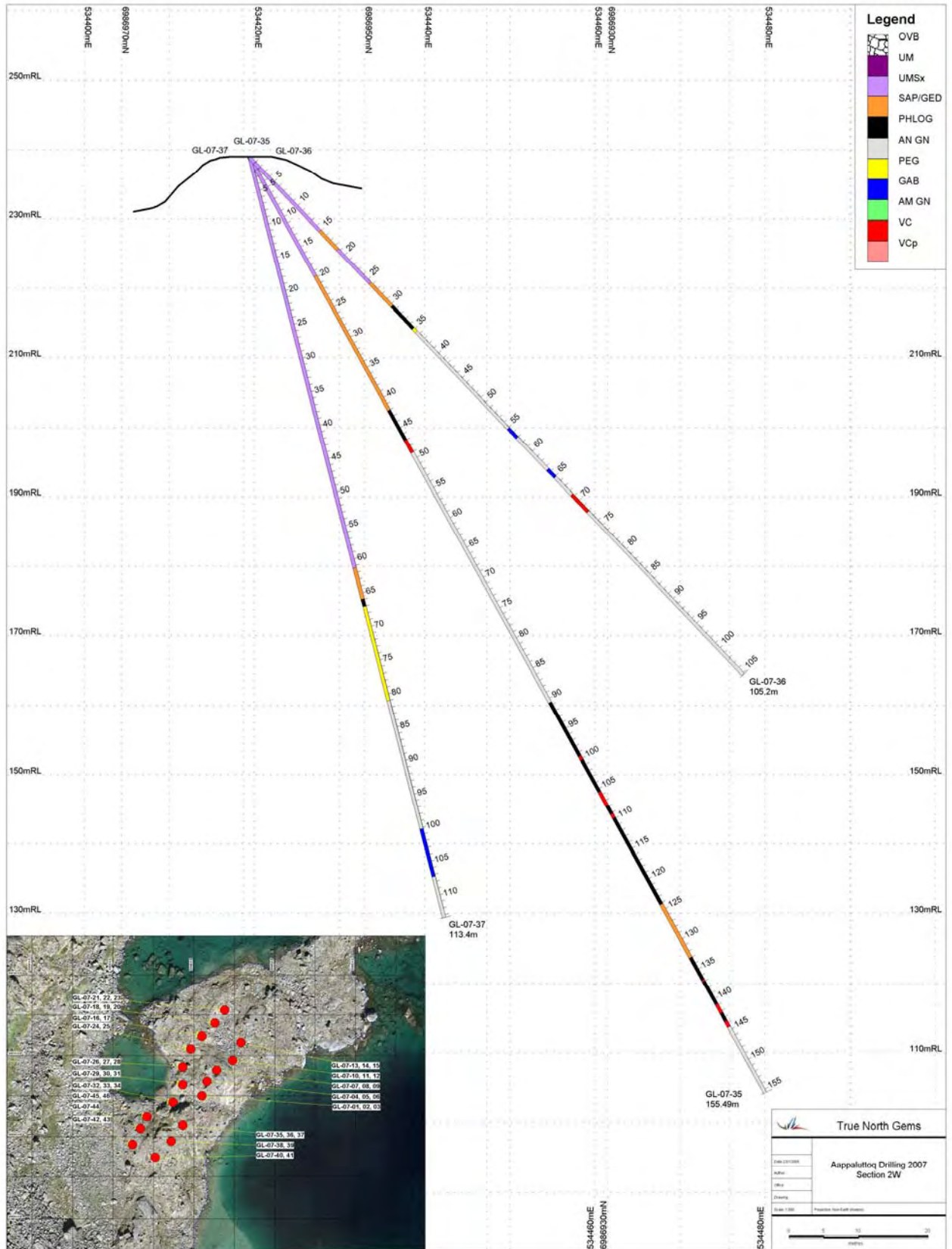


Figure 15. Aappaluttoq 2007 drill section 2W through DDH GL-07-35, GL-07-36 and GL-07-37.

In addition, True North completed four exploration diamond drill holes on the Sarfaq and Ridgetop ruby prospects (see Table 15), which are two of the Ruby Island Line occurrences, on trend from Aappaluttoq, and in doing so, successfully confirmed extensions to the favourable Aappaluttoq Host Zone geology and additional ruby mineralization on surface.

Table 15. Diamond Drilling on the Ruby Island Line – Ridgetop and Sarfaq

Hole ID	UTM E	UTM N	AZ	DIP	Depth (m)	Cum. Depth (m)	Date Started	Date Completed
GL-07-47	534869	6988143	120	-45	147.9	4,649.6	5-Sep-07	6-Sep-07
GL-07-48	534615	6987216	308	-60	160.6	4,810.2	8-Sep-07	9-Sep-07
GL-07-49	534615	6987216	308	-45	135.7	4,945.9	9-Sep-07	10-Sep-07
GL-07-50	534615	6987216	308	-75	73.2	5,019.0	10-Sep-07	10-Sep-07

The Sarfaq occurrence contains ruby and pink sapphire in surface outcrops and is located 255 metres along strike to the northeast of Aappaluttoq. Three drill holes in this prospect have confirmed the prospective geology and the distinctive sapphirine-gedrite-phlogopite-pargasite alteration, similar to the Host Zone of the Aappaluttoq occurrence. No ruby mineralization was noted in the drilling, however recent geological mapping between the Aappaluttoq and Sarfaq occurrences was successful in identifying surface float, containing ruby-pargasite mineralization in boulders weighing up to 800 kg, located up to 100 metres north of Aappaluttoq. All three of the Sarfaq holes were collared within the hangingwall anorthosite gneiss and drilled northwest toward the altered ultramafic unit to test for similarities in geology to Aappaluttoq.

The Ridgetop prospect consists of ruby-sapphire-pargasite occurrences in outcrop located 1,200 metres to the north-northeast of the Aappaluttoq occurrence. Drilling of one hole on this target tested two of these parallel alteration zones and was successful at intersecting these zones at depth without associated ruby-sapphire mineralization.

At Sarfaq, mineralogy similar to the Host Zone was identified at intersections that varied from less than 0.8 metres to 1.8 metres in thickness and at down hole depths from 8.1 metres to 13.8 metres in three drill holes (GL-07-48 to GL-07-50) as shown in Table 16. A second phlogopite-rich intersection was identified in 97-07-49 at 123.4-125.2 metres.

At Ridgetop, a pargasite-bearing unit was identified in drilling (GL-07-47) and occurred from 11.7-19.0 metres and a second intersection, similar to the Host Zone, was intersected from 132.7-138.1 metres as shown in Table 16.

Table 16. Drill Results – Ridgetop and Sarfaq occurrences

Hole ID	AZ	DIP	Depth (m)	Target Intersections (m)
GL-07-47	120	-45	147.9	11.7-19.0, 132.7-138.1
GL-07-48	308	-60	160.6	12.8-13.8
GL-07-49	308	-45	135.7	8.1-8.9, 123.4-125.2
GL-07-50	308	-75	73.2	10.3

The Sarfaq and Aappaluttoq ruby occurrences are separated by more than 200 metres along geological strike in an untested area largely covered by a lake. With the known Aappaluttoq mineralization remaining open to the north and to depth, the identification of ruby-bearing boulders on surface, and a favourable structural and mineralogical trend defined by drilling and mapping, a high priority target area has now been identified to pursue in future drilling programs between the Aappaluttoq and Sarfaq occurrences.

The initial drilling results, to date, are very encouraging and the results are considered to be very significant to the future of the Fiskenaesset Ruby Project. Additional drilling will be required to provide data for a resource determination, specifically larger diameter core expected to be HTW, offering more weight per metre for sample processing to recover and quantify the content (rough grade in grams per tonne) of ruby and pink sapphire.

Drill core, comprising in aggregate approximately 800 metres (8,900 kilograms), from the Aappaluttoq, Sarfaq and Ridgetop occurrences were packaged on pallets in the Ruby Island base camp, transferred by helicopter to Fiskenaesset and delivered to Nuuk for shipment by maritime container ship to Canada. The core will be delivered to SGS in Delta, British Columbia, in December 2007, where True North will be preparing a secure core logging and sampling facility. Mineralized core intervals of the Host Zone from the Aappaluttoq occurrence will be sampled and packaged during January 2008, under the auspices of Wardrop Engineering. Processing of selected drill core intervals for recovery of ruby and pink sapphire, gemstone classification and rough grade determination will be initiated at independent laboratory facilities in Q1 2008. Process flowsheet design is underway and results will be provided as available.

As per the proposed program, surface sampling at drill cross sections for a 1-3 tonne mini-bulk sample were not completed due to a lack of accessible bedrock exposure. However, the principal 2007 Aappaluttoq 25 tonne bulk samples B1 and B2 were located directly up-dip from the two drill sections including DDH GL-04 through DDH GL-07-09.

BULK SAMPLING

In 2007, further bulk sampling at the Aappaluttoq occurrence was carried out to confirm grade and distribution data from the 2005 and 2006 sampling programs; it should be noted herein that, to date, the final rough and polished grades, and its requisite size, coloration and valuation data are not yet complete for the 2005 and 2006 samples. Rough grades and partial results for the beneficiation tests are provided under separate sections in this report.

In 2007, the majority of the samples, including 53 tonnes of rock and 26 tonnes of soil, were collected from the Aappaluttoq occurrence (Illustration 16). Together with material previously sampled in 2005, 2006 and 2007, True North has extracted a total of 116 tonnes of mineralized surface material and rock from the Aappaluttoq ruby occurrence as listed in Table 17.

Table 17. Samples collected from Aappaluttoq Occurrence 2005-2007

Sample Name	Net Weight (kg)
2005 Aappaluttoq Regolith	1,000.0
2005/2006 Aappaluttoq Bulk	30,000.0
2006 Aappaluttoq Overburden	5,110.8
2007 Aappaluttoq Overburden	25,860.9
2007 Aappaluttoq Bulk B1	25,378.6
2007 Aappaluttoq Bulk B1A	77.2
2007 Aappaluttoq Bulk B2*	27,856.0
2007 Aappaluttoq Float B3*	741.2
Total	116,024.70

* partial processing by rock breaking and test crushing

The in-place bedrock sample, was collected using diamond chain saws, to ensure grade and width control, and to confirm grade and stone distribution data garnered from the 2006 exploration (Illustration 17). The in-place bedrock sample (2007 B1) represents the main ruby and pink sapphire-bearing interval at the Aappaluttoq occurrence, measuring 1-2 metres in width. The trench exposed by bedrock sampling is located from 1-2 metres down dip and up to 4 metres along strike in the area of the 2006 bulk sample. Sample B1A was a high grade hand selected portion of B1 set aside for separate processing by the bulk sampling supervisor.

The weathered sample of soil and broken rock (2007 Overburden) was collected from an area measuring 5 metres by 20 metres directly above several ruby-bearing intervals within the folded and altered ultramafic rocks at Aappaluttoq. Ruby and pink sapphire occur within tightly folded zones of phlogopite and pargasite-enriched alteration (Illustration 18) coincident with the heavily zoned alteration occurring between the ultramafic and anorthosite.

The third bulk sample (2007 B2), collected from the Aappaluttoq occurrence, had a total weight of 27.8 tonnes and was collected from the bedrock exposure of the ruby and pink sapphire-bearing interval was collected from bedrock using focused, low intensity blasting with spaced charges of dynamite sticks to ensure grade and width control (Illustration 19). This occurrence is the most significant ruby prospect discovered to date on the property and, in this location, measures between one and two metres in width and contains ruby-magnesite-kyanite in sapphirine-phlogopite exposed on the base of the blast area (Illustration 20). The trench exposed by the 2006 and 2007 bulk sampling measures up to 3 metres in both depth and width, and up to 7 metres along strike; additional stripping has exposed the mineralized contact to 24 metres and along adjacent mineralized layers to 34 metres. The outcropping is terminated by zones of coarse rubble both to the north and south which will require further excavation during the 2008 season.

Sample 2007 B3 was a large boulder containing numerous bands of red to purplish rubies associated with pargasite. The sample was discovered by the author during detailed mapping of the Aappaluttoq area, approximately 100 metres north of the known Aappaluttoq mineralization toward the Sarfaq occurrence.

Interim results of the bulk sample processing are provided under “Mineral Processing and Metallurgical Testwork”.

PROSPECTING AND CHANNEL SAMPLING

The regional “property-scale” geology program conducted had the goal of re-visiting the prospective areas of the Fiskenaesset license based on co-ordinates reported on the 2005 and 2006 files, and to collect additional data, specifically mineral associations, dimensions and degree of mineralization potential, all related to the known corundum occurrences, and to conduct prospecting and sampling of any further discoveries. In short, the channel sampling provides a mechanism for generating qualitative data on the corundum rough grades and gem class proportions, and with selected manufacturing from promising samples, will be used for target prioritization for bulk sampling and/or drilling in future programs. It should be noted herein that there were no geological personnel returning from the previous years’ programs.

Additional geological mapping, prospecting and rock sampling was carried out throughout the License. True North completed sixty channel samples, including those collected by diamond saw, Microblaster and float as required, and weighing from 5 kilograms to 350 kilograms from selected ruby and pink sapphire occurrences identified during the 2006 and 2007 mapping and prospecting programs. One large sample weighing approximately 735 kilograms was

collected from the Siggartartulik area and comprised loose material from previous work, mainly from the pargasite rich zones.

These samples, comprising an aggregate of 3.6 tonnes, were collected from several occurrences which include Mikisoq, Sarfaq, and Ridgetop, located on the 2.6 kilometre Ruby Island Line which adjoins and occurs along strike from Aappaluttoq. Other prospects sampled include, Siggartartulik, Pupiq, Upper Angnertusoq East, and the Kangarssuk Main and East Occurrences. All of these ruby and pink sapphire occurrences exhibit similar mineralogical and lithological parameters to those associated with the Aappaluttoq prospect, and included corundum occurrences from previous exploration (Rohtert, 2006, 2007). The specifics on the sampling protocols are reported under “Sampling Method and Approach”.

Summary information on the specific locations is given below starting with the Ruby Island Line sampling listed in Table 18, Siggartartulik in Table 19 and Kangarssuk, Pupiq and other occurrences in Table 20.

Table 18. 2007 Channel Samples – Ruby Island Line

Sample #	Area	Easting	Northing	Length (m)	Wt. (kg)	Extraction
GL-07-C001	Sarfaq	534565	6987229	1.30	100	chain saw
GL-07-C002A	Sarfaq	534562	6987241	0.80	40	chain saw
GL-07-C002B	Sarfaq	534562	6987241	0.50	20	chain saw
GL-07-C002C	Sarfaq	534562	6987241	0.70	40	chain saw
GL-07-C003	Rejane 1	534694	6987416	n/a	50	micro blaster
GL-07-C004	Rejane 1	534703	6987423	n/a	60	micro blaster
GL-07-C005	Rejane 2	534746	6987546	n/a	100	micro blaster
GL-07-C006	Rejane 2	534745	6987549	n/a	50	micro blaster
GL-07-C007A	Ridgetop	534876	6988143	0.70	50	chain saw
GL-07-C007B	Ridgetop	534876	6988143	1.10	100	chain saw
GL-07-C007C	Ridgetop	534876	6988143	0.80	50	chain saw
GL-07-C008	Ridgetop	534879	6988134	n/a	75	micro blaster
GL-07-C008f	Ridgetop	534879	6988134	n/a	25	float
float	Mikisoq South	535365	6988843	n/a	10	float
GL-07-C009	Mikisoq	535376	6988882	n/a	40	micro blaster
GL-07-C009f	Mikisoq	535376	6988882	n/a	20	float
GL-07-C010	Mikisoq North	535462	6988963	n/a	40	micro blaster
GL-07-C010f	Mikisoq North	535462	6988963	n/a	20	float

The Sarfaq samples were comprised of mica rich sapphirine-gedrite material with mostly fine grained to lesser coarse-grained pink to red corundum, and mica-rich bands within pegmatite or coarsely crystallized anorthosite. No samples were collected from the gedrite-sapphirine zone on the eastern flank of the occurrence. The Rejaneq (formerly Rejane’s occurrence)

samples comprised bright green amphibole within sapphirine-gedrite containing medium to deep pink corundum up to 1cm in diameter. At Ridgetop, sampling of micaceous anorthosite with sparse pale to medium pink corundum to 1cm was completed. At Mikisoq South, float samples, collected 3-4 metres down slope, contained drusy encrustation-like hot pink corundum, though some crystals to ½ to 1cm were observed. The microblasted sample contained moderate to abundant corundum to 1cm.

Table 19. 2007 Channel Samples – Siggartartulik

Sample #	Area	Easting	Northing	Length (m)	Wt. (kg)	Extraction
GL-07-C011A	Siggartartulik	529046	6984052	0.65	25	chain saw
GL-07-C011B	Siggartartulik	529046	6984052	0.70	25	chain saw
GL-07-C011f	Siggartartulik	529046	6984052	n/a	70	float
GL-07-C012A	Siggartartulik	529039	6984046	0.95	35	chain saw
GL-07-C012B	Siggartartulik	529038. 3	6984045. 5	0.40	15	chain saw
GL-07-C012f	Siggartartulik	529031	6984042	n/a	5	float
GL-07-C013	Siggartartulik	529067	6984055	0.90	20	chain saw
GL-07-C014A	Siggartartulik	529083	6984062	0.90	50	chain saw
GL-07-C014B	Siggartartulik	529083	6984062	0.90	75	chain saw
GL-07-C015	Siggartartulik	529087	6984061	0.35	65	chain saw
GL-07-B3	Siggartartulik			n/a	735	float
GL-07-C016A	Siggartartulik	529121	6984064	1.00	25	chain saw
GL-07-C016B	Siggartartulik	529121	6984064	1.00	10	chain saw
GL-07-C016f	Siggartartulik	529121	6984064	n/a	30	float
GL-07-C016g	Siggartartulik	529121	6984064	n/a	15	gravel
GL-07-C017	Siggartartulik	529130	6984082	0.30	60	chain saw
GL-07-C017f	Siggartartulik	529130	6984082	n/a	25	float
GL-07-C018	Siggartartulik	529039	6984028	0.55	30	chain saw
GL-07-C018f	Siggartartulik	529041	6984024	n/a	20	float
GL-07-C019f	Siggartartulik	529166	6984103	n/a	20	float
GL-07-C020	Siggartartulik West	528821	6983942	0.40	30	chain saw
GL-07-C020f	Siggartartulik West	528821	6983942	n/a	60	float
GL-07-C021f	Siggartartulik East	529427	6984312	n/a	10	float
GL-07-C022f	Siggartartulik East	529418	6984355	n/a	15	float
GL-07-C023	Siggartartulik East	529422	6984280	0.80	30	chain saw

At Siggartartulik, the whole zone extends over 800 metres from west to east and has numerous showings containing pink to red corundum in various densities. Eight chain saw samples, and several float and gravel samples, were taken mainly in areas of historic exploration sampling. The samples comprised micaceous anorthosite, locally enriched in pink corundum, micaceous sapphirine-gedrite band with minor pargasite with abundant corundum mostly <8mm and pale to medium pink in colouration, and similar pargasite-rich and

corundum-rich zones for a float sample and B3 mini-bulk sample. Locally, corundum is pale to medium pink often appearing zoned to white on the rinds and varies widely in abundance to greater than 5%. Locally the corundum is very densely populated. The gravel sample was enriched in pink corundum to 1cm. At Siggartartulik West, an “offshoot” from the main trend a subparallel zone was encountered with a 2 to 4 metre wide pegmatite and bands of variably micaceous sapphirine-gedrite within amphibolite. Numerous large slabs showed red crystals to 2 to 4cm in length by 1 to 2cm, notably some of the largest rough ruby material observed to date on the project. At Siggartartulik East, at a fold nose, numerous showings of corundum within micaceous anorthosite with bright green pargasite contained corundum crystals up to 4 or 5cm in length, though most were pink in colouration.

Table 20. 2007 Channel Samples – Kangarssuk, Pupiq, Upper Angnertusoq

Sample #	Area	Easting	Northing	Length (m)	Wt. (kg)	Extraction
GL-07-C024f	Kangarssuk - Main	523852	6983433	n/a	25	float
GL-07-C025	Kangarssuk - Main	523959	6983366	1.00	25	outcrop
GL-07-C025f	Kangarssuk - Main	523963	6983366	n/a	50	float
GL-07-C026f	Kangarssuk - Main	524028	6983334	n/a	420	float
GL-07-C027f-A	Kangarssuk - East	524555	6983073	n/a	15	float
GL-07-C027f-B	Kangarssuk - East	524555	6983073	n/a	15	float
GL-07-C028f	Kangarssuk - East	524554	6983082	n/a	25	float
GL-07-C029f	Kangarssuk - East	524544	6983079	n/a	20	float
GL-07-C030	Kangarssuk - East	524539	6983077	0.45	20	outcrop
GL-07-C031	Kangarssuk - East Ext.	524810	6982806	0.20	5	outcrop
GL-07-C031f	Kangarssuk - East Ext.	524810	6982806	n/a	25	float
GL-07-C032	Pupiq	527705	6984127	0.25	150	outcrop
GL-07-F032	Pupiq	527705	6984127	n/a	50	float
GL-07-C033	Pupiq	527712	6984152	0.30	100	outcrop
GL-07-C034	Upper Angnertusoq East	529868	6987636	0.30	25	outcrop
GL-07-F034	Upper Angnertusoq East	529871	6987638	n/a	20	float
GL-07-F035	Upper Angnertusoq East	529839	6987639	n/a	60	float

At Kangarssuk, outcrop and float sampling was performed on 20-50cm band of pale pink corundum proximal to an amphibolite-pegmatite contact and a 1 metre band of sapphirine-gedrite enriched in corundum. At Kangarssuk East and the East Extension, an abundance of mineralized float and outcrop contained similar sapphirine-gedrite-corundum with a 20cm zone of bright green amphibole with red spinel and red corundum in the 1-3mm size range.

At Pupiq, mineralization is >10 metres in width though individual corundum bearing zones tend to be narrow, generally up to a metre in width. Samples were collected from micaceous sapphirine-gedrite containing pink corundum to ~1cm and adjacent to a large (3-4m wide)

pegmatite, and friable micaceous sapphirine-gedrite with abundant bright green pargasite. Corundum is up to ~2cm and is mostly pale to medium pink in colour. At Upper Angnertusoq East, samples represented a micaceous zone with gedrite and minor sapphirine and pink corundum, and a second 50cm wide zone of corundum-bearing sapphirine-gedrite. One new discovery in leucogabbro south of the Angnertusoq area (about 1.2km SE of Upper Angnertusoq East) contained corundum as medium pink to red coloured elongate crystals to 1cm with plagioclase rinds. Corundum was sparse but continuous over 75m of strike length with ultramafic spatially associated with pegmatite.

The Fiskenæsset gravity plant did not treat channel samples from exploration sites due to the processing schedule. However, the samples were submitted for primary and secondary jaw crushing to nominal 50mm and were re-packed and weighed for shipment to Canada for third party processing at a commercial facility. True North shipped an aggregate weight of 3.4 tonnes in eight sealed one-tonne bags comprising sixty “channel” samples from selected ruby and pink sapphire occurrences exhibiting mineralogy similar to the Aappaluttoq prospect. The samples are scheduled for delivery to SGS in December 2007. Process flowsheet development, specific to the “channel” samples, is underway at SGS Minerals Services, Lakefield, Ontario. Sample processing and primary ruby sorting is scheduled during the first quarter of 2008 and results will be provided in an updated 43-101 report.

PROSPECTING

Pertinent highlights of the prospecting exercises from the 2007 season are described below.

Kangarssuk and Kangarssuk East defines a group of occurrences with the typical sapphirine-gedrite-pargasite assemblage with a wide range of corundum morphologies and sizes in float and outcrop over several hundred metres of strike length. Float locally indicates areas where corundum is larger in size with improved colour and transparency. An area identified in 2007 and designated ‘better than Aappaluttoq’ contained corundum in green amphibole and gedrite/sapphirine where the latter mineral is striking with its strong blue colour. The corundum ranges from non-gem to gem, varying from light to dark pink, occasionally red, anhedral to euhedral and to >1cm. Weathering of the mineralized rocks has produced a regolith rich in corundum. A second area identified by geologists as ‘Aappaluttoq II’ contained abundant corundum-bearing float below outcrops with indigo blue sapphirine in massive agglomerates with gedrite and intense red, transparent to vitreous spinel. Pargasite and corundum were spatially associated and the latter varies from pink to red in colour with high transparency indicating gem quality material. In terms of size, it is observed that the large crystals are approximately 5cm measured in hexagonal cross sections of exposed crystals.

At Kangarssuk West, light pink sapphire occurred in sapphirine-gedrite near the anorthosite and amphibolite contact. Pegmatite and/or pegmatitic anorthosite occur along the contacts adjacent to corundum-bearing sapphirine-gedrite lenses. At Kangarssuk Far West, mapping identified a large pegmatite with amphibolite and anorthosite, with the latter containing light to dark pink anhedral corundum associated with fuchsite.

At Laks Elv, anorthosite contained pargasite, sapphirine, gedrite, kyanite and fine-grained corundum anhedral ranging from light pink to red, mm size and anhedral crystals.

Pupiq exhibits an abundance of boulders of sapphirine/gedrite and corundum-bearing pargasite up to 5 metres in diameter. Complex zoning includes gneiss, pegmatite, gedrite-sapphirine-phlogopite, and green amphibole/pargasite to 10cm with light pink to red corundum, subhedral to euhedral and mm to cm in size (Illustration 40). Another unit of coarse gedrite-sapphirine-phlogopite contains pink corundum with blue colour zoning followed by pargasite and pegmatite, and additional zones of corundum-bearing gedrite-sapphirine-phlogopite. Chromite-bearing ultramafics and amphibolites are common. Gem to near-gem corundum, locally in barrel shaped crystals, protrudes from the recessively weathering phlogopitized zones.

Altiplano located between Pupiq and Siggartartulik contained typical occurrences with microcrystalline pink corundum and kyanite similar to the Mikisoq occurrences and euhedral to anhedral prisms to 1cm. The corundum is mainly pink and show a strikingly strong bluish and/or purplish overgrowth texture.

Siggartartulik East contained layers of phlogopite, sapphirine/gedrite, pargasite and anorthosite as described in other zones. Corundum crystals are <3 cm in length, light pink and mostly opaque. Siggartartulik West contained outcroppings of corundum crystals which are remarkably euhedral to 2cm across the hexagonal prisms and of a deep red colour associated with incipient alteration of anorthosite and pargasite-sapphirine-gedrite (illustration 39). Similar deep red corundum was observed in Qaqqatsiaq in weakly to moderately phlogopite-bearing anorthosite (Illustration 41). Further west, pink corundum is associated with narrow phlogopitised sapphirine and plagioclase banded with amphibole.

At Northwest Angnertusoq, coarse sapphirine-gedrite occurred adjacent to anorthosite and amphibolite contact. Gedrite crystals are up to 5cm formed with sapphirine. Corundum is present as pink microcrystalline morphology. At Upper Angnertusoq East, the corundum-bearing phlogopite is part of a banded, intensely phlogopitised sapphirine/gedrite zone. Fine corundum ranged from light to dark pink colour while the associated cordierite occurs as intensely fractured translucent gray crystals of up to 3cm in size. Coarse mica is associated

with greyish-blue sapphirine and light brown gedrite up to several centimetres in length. Pargasite and garnet were identified. Angnertusoq South is a new gabbro hosted corundum and pargasite occurrence measuring 75 metres in length and 1-2 metres in width. The corundum crystals are pink to red in colour, euhedral to anhedral and centimetre sizes elongated on fabric.

Tassiusa Gate North and South exhibited fine-grained pink microcrystalline corundum resembling Mikisoq, associated to fuchsite within the anorthosite near the amphibolite contact. To the north of Puilassut Qavat and Nugussup Qavat, abundant occurrences of fuchsite and kyanite were identified. At Nugussup Qavat, discontinuous occurrences of pink sapphire of centimetre size, anhedral and mostly opaque were associated with fuchsite. Minor outcrops of phlogopitised sapphirine/gedrite were observed near a newly discovered corundum-bearing zone in a phlogopite-rich zone, with light to dark pink colour, opaque to translucent, subhedral to euhedral crystals.

The recent property-scale geological exploration clearly raises the potential for prospective targets within the main area of the Fiskenaesset license and supports the collection of the large quantity of channel and float samples from many of these occurrences in 2007. Additional work, pending the gemmological analysis, is recommended particularly in terms of more detailed mapping and systematic channel sampling during the 2008 program. The proximity of the occurrences also supports the prospect of multiple quarrying of bulk samples and a central processing facility, should the test results warrant.

GEOLOGY

The geological discussion is a compilation effort from 2005 through 2007 and, as such, to minimize repetition, will be provided wholly in the following section. Regional and local detailed mapping of occurrences other than Aappaluttoq and Kigutilik have been discussed at length by Rohtert (2005, 2006, 2007) and Ritchie (2006). As the focus of the project activities was more restricted during 2006 and 2007, the reader should refer to the authors given above for a more complete review of the geological mapping.

At Aappaluttoq, the ruby showing is located on a small peninsula at the southern end of the Ruby Island Line. This locality is the one of the most promising ruby occurrences in the Fiskenaesset District because of the size, quality and abundance of ruby and pink sapphire. The ruby mineralization occurs adjacent to a large gedrite-sapphirine-spinel-fuchsite/mariposite body with an unaltered ultramafic (spinel peridotite) primarily along in its western portion. The corundum is exposed in three or more distinct bands, trending north-northeast, generally along the eastern margin proximal to the anorthosite. Corundum can be

followed continuously in outcrop for 25m, and for more than 100 metres along the general NNE strike though several zones of mineralization some of which are not contiguous with the principal showing were identified in 2007. The maximum width of the mineralized package is approximately twelve metres, in one to two metre intervals with the overall package apparently narrowing to the north along the shallow plunge of the F_2 axial plane and/or F_3 folds, and dipping steeply to the WNW.

The western-most of these corundum-mineralized layers contains 2 to 3cm wide bands of dark pink to red corundum (Illustration 36) locally rimmed with white corundum, anorthite and magnesite or dolomite, and rimmed or intergrown with unusually vibrant kyanite (Illustration 37) within the phlogopite and phlogopite-sapphirine zones. Corundum is especially well crystallized with many crystals showing good transparency and exquisite, terminated prismatic crystal habit, including overgrowths and penetration twins. The largest ruby specimen collected thus far from the Aappaluttoq occurrence, weighed in at 80 grams and was selected for carving (see “Manufacturing”).

The pink sapphire collected in the colluvial gravel and soil overlying the outcrop are typically subhedral and locally fractured, commonly along the basal cleavage, but exhibit vibrant pink colours with a range from poor to moderate clarity. The second corundum-bearing band appears to contain a larger proportion of pink sapphires, with lesser ruby, with white corundum and/or anorthite rinds and occurs in phlogopitized anorthosite. The third band, nearest the lake to the east, consists of 10cm wide pargasite, phlogopite, and pink corundum, up to 5mm, in anorthosite horizon locally containing dark red garnets similar to those observed near the western band within 102 metres of the gedrite-sapphirine contact. Mineralization trends into the lake and is covered by overburden to the north. Drilling suggests that the contact warps to the northwest, possibly along a F_3 shear plane, and was intersected below the outcropping anorthosite gneiss.

F_3 or later faults may offset the mineralization at Aappaluttoq; offsets on these structures are generally minor based on the regional structural features though on an occurrence scale, displacements up to tens of metres are significant to the interpretation of the continuity of mineralization. Illustration 38 shows similar structural features at Siggartartulik.

At Kigutilik, ruby mineralization outcrops for a strike length of 650 metres over seven separate corundum showings, averaging up to 50 metres in strike length and 1 to 2 metres in width, between anorthosite and amphibolite, and within heavily altered ultramafic rocks surrounded by pegmatite. The current area of interest measures 40 metres by 20 metres and comprises three main corundum-bearing zones - pargasite-type, phlogopite-type, and gedrite-type. The

pargasite zone contained the most abundant corundum, which varies from dark pink to red, opaque to transparent, with crystal sizes that range up to ~1.5cm. In the pargasite zone, corundum typically occurred as equant porphyroblasts. The corundum in the phlogopite zone is typically tabular in form with the c-axis aligned perpendicular to foliation, ranged from dark red to light pink, with crystals up to 2cm. Clarity is typically translucent to transparent with better quality in the smaller sizes. Zoning from large pink translucent corundum in the north, to smaller red transparent corundum in the south, was noted within the phlogopite zone. The gedrite zone possesses minor pink corundum crystals, occasionally with sapphirine rims. Corundum also occurs as porphyroblasts in anorthositic gneiss with exceptionally-coarse crystal sizes up to 40 grams.

At Mikisoq, the corundum occurrence is tabular, steeply dipping, measures 0.8 to 2.4 metres in width, and can be traced through several occurrences for 280 metres on strike. Corundum occurs in the same hydrothermal ruby-carbonate-kyanite association as that developed at Aappaluttoq. The growth features of the rubies include very coarse euhedral crystals, penetration twinning, overgrowths, zoning and fracture filling. Drusy fine-grained pink corundum is well exposed in many areas of the occurrences. Until 2007, no sampling of the Mikisoq occurrence was completed; the results of the channel samples are pending.

The most intense mineralization and the best quality corundum typically occur in the most deformed regions lying within the axial portions of the folds. Ruby mineralization usually forms as a collection of tightly folded, parallel individual layers, where individual strands can range in average thickness from 0.01 metre to >4.0 metres, typically 1 metre, and with average strike length from under 3 metres to over 20 metres. Mapping revealed planar elements at a regional scale, though discontinuous and intricately folded, when observed in detail.

ENVIRONMENTAL BASELINE STUDY

True North continued, in conjunction with a Greenlandic consulting company, Greenland Resources with Ramboll Denmark as subcontractor and operator of an extensive environmental program, covering biological and water analysis, water quality and water balance measurements, to name a few, to establish and monitor environmental baseline data requisite to the advancement of the project, and more specifically to initiate the tasks required to meet the guidelines for application of a selected area or areas of the Exploration License to the status of Exploitation License. Ramboll Denmark is a global service provider which offers specialized expertise in all aspects of environmental impact assessments (EIA), nature restoration and protection, and environmental management to the benefit of sustainable

projects, according to ISO 14001 and EMASII. The proposal was reviewed and approved by the author and is available upon request.

Ramboll Denmark completed the field components of an Environmental Baseline Study with two persons based in the Ruby Island camp during a ten day window in September 2007.

The baseline study was an integral part of the 2007 exploration program which included bulk sampling and detailed drilling of the Aappaluttoq occurrence. This study will provide the requisite baseline data necessary to advance directly to supplementary studies comprising an Environmental Impact Assessment (EIA). The EIA is a mandatory requirement for acquisition of an Exploitation License.

The environmental program involved a multi-faceted approach which included regional background water sampling, and coastal marine and terrestrial biological surveys. Detailed basin hydrometry, water quality profiling, water chemistry and biological sampling were undertaken in the lake adjacent to the Aappaluttoq occurrence, the main area of detailed exploration. The principal sampling areas for the environmental baseline study, to date, are shown in Figure 16.

Samples and measurements were collected as listed as listed in Table 21 shown below.

Table 21. Sampling Components of Baseline Environmental Program

- Water samples from Lake Katrina and the license area, 20 samples
- Phytoplankton from Lake Katrina, 6 samples
- Zooplankton from Lake Katrina, 6 samples
- Chlorophyll-a from Lake Katrina 6 samples
- Depth profiles of temperature, conductivity, pH and oxygen in Lake Katrina
- Secchi depth measurements in Lake Katrina
- Experimental fishing in Lake Katrina
- Deployed recording pressure transducers in Lake Katrina
- Water discharge from Lake Katrina, 2 occasions
- Bladder wreck, 24 samples from 8 marine sites
- Blue mussel, 20 samples from 7 marine sites
- Short honed sculpin, 4 liver samples from 3 marine sites
- The lichen *Cetraria nivalis*, 8 samples from 8 terrestrial sites

The analysis of the biological and chemical samples is underway in Copenhagen in conjunction with GIS analysis of the project topography, drainage basin studies and flora and fauna speciation, frequency and spatial distribution investigations.

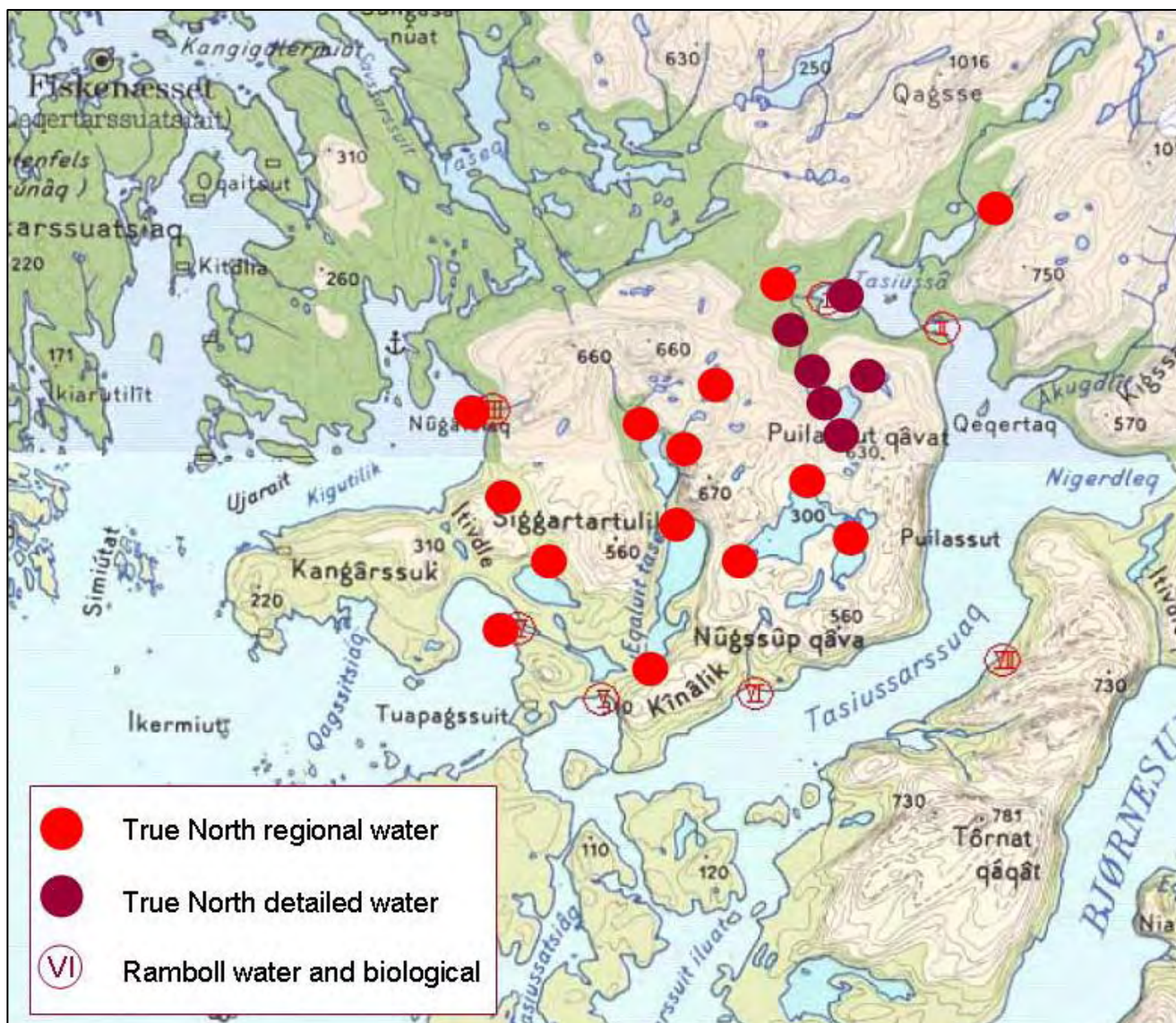


Figure 16. 2007 Environmental Sampling Location Map

Discussion notes are in preparation for a preliminary water balance based on precipitation data and the two discharge measurements with a more comprehensive discharge model being planned for the 2008 program which will be produced based on data from two recording pressure transducers located in the lake.

The water and biological samples were shipped in September for analysis in Denmark. A total of 20 water samples were received and submitted for analysis for suspended matter and metals (As, Pb, Cd, Cr, Cu, Ni, Zn, Hg) and discussion noted are in preparation at the time of writing.

All of the biological samples were frozen, dried or otherwise preserved for analysis; the author approved preparation of cost estimates for the analysis and the proposal is pending.

The full report of the field studies with details on methods, sample positions, maps and photos also is pending.

Ten acid rock drainage samples, from selected process products, and weighing in aggregate, 14.25 kilograms, were collected by True North in part to provide baseline site information on typical mineralized material and for the potential disposal of tailings currently stored in Fiskenaesset. The samples will be delivered to Vancouver with the drill core and will be submitted to a commercial laboratory for heavy metal analysis and acid generation potential.

UNIVERSITY RESEARCH PROGRAMS

True North has co-ordinated and supported graduate and post-graduate research on its projects in both Canada and Greenland since its inception in 2002. During 2005 and 2006, True North sponsored research carried out at the University of Cambridge in the United Kingdom focusing on the three distinct styles of ruby mineralization on the Fiskenaesset license.

The graduate level research at Cambridge was completed by Meghan Ritchie of Sechelt, British Columbia, Canada, for which she has been awarded the Master of Science degree in Geology. The MSc thesis, entitled: "Development of Multiple Parageneses of Corundum Mineralization in the Fiskenaesset Anorthosite Complex, Southwestern Greenland", summarized six months of research conducted under the direction of Dr. T.J.B. Holland (Ph.D.) at the Department of Earth Sciences of the University of Cambridge. The report has been reviewed by the author and is available upon request.

The general results of the work are incorporated into the geological commentary in the earlier sections. Of note, chief among the results were the recognition of several modes of formation

for the corundum occurring within the Fiskenaesset layered complex, and their pertinent paragenetic assemblages, primarily for the Kigutilik and Aappaluttoq occurrences. The report has significant implications for the specific conditions responsible for the development of gem quality ruby and pink sapphire and also for the exploration targeting mechanisms for evaluating prospective terrain in the Fiskenaesset layered complex. In light of the positive data generated by the MSc study, further work was recommended by True North to complement the ongoing exploration efforts.

As such, during this work in 2005, a PhD program was proposed and, upon acceptance by the incoming thesis supervisor, Dr. Emil Makovicky, and the Department of Geology, was initiated at the University of Copenhagen by the same author in the fall session of 2006. Financial, geological and technical support was provided by True North.

The critical tasks of the PhD program were (1) to fully characterise the P/T conditions of formation for the multiple parageneses of corundum observed in the Fiskenaesset district; (2) to determine the geologic controls on economic ruby mineralization and diagnose their genetic relationships to the regional evolution of the Fiskenaesset layered complex; and (3) to compare and contrast the geology, origin and economic potential of the Fiskenaesset ruby district with the other famous ruby districts of the world.

The following items were requisite for the PhD level research of the Fiskenaesset ruby district.

- Detailed geologic mapping of seven corundum occurrences in the Fiskenaesset district
- Phase petrology - to be carried out using optical and electron microscopy of polished thin sections and mounted sections.
- Mineralogy - to perform electron microprobe analysis, X-ray diffractometry and ICP-MS analysis of ruby, sapphire and corundum.
- Isotopic dating (U-Pb and Ar-Ar) - to determine the ages of the ruby mineralization relative to the age of the anorthosite complex.
- Light stable isotopic analyses - to characterise the nature and origin of the geo-fluids involved in the ruby mineralization.
- Whole-rock analyses - to track the migration of chromophore elements through metamorphism, metasomatism and hydrothermal activity.
- Fluid inclusion studies - to test the P/T conditions calculated for crystal growth on the basis of micro-geochemical analyses.

Preliminary geological, petrographic and microanalytical work, principally electron microprobe analysis (EMPA), was completed during the period from September 2006 to March 2007. In the spring of 2007, the PhD work was initially deferred and by May 2007, support for the project, under its current author, was terminated. The samples were placed into storage at

the University of Copenhagen and discussions to confirm a new candidate are underway to re-initiate research.

Additionally, mineralogical research at the University of British Columbia was contracted to Dr. Lee Groat of the Department of Earth and Ocean Sciences. The research was focused on mineralogical analysis and inclusion studies of selected corundums collected during 2004 and 2005 from the Siggartartulik, Aappaluttoq and Kigutilik occurrences, specifically examples of material comprising untreated, hydrofluoric acid (HF) treated and heat treated ruby and pink sapphire. The Aappaluttoq corundums were selected from the 100 kilogram regolith sample recovered near the end of the field season while the other samples were collected from their respective 3 tonne mini-bulk samples. The studies investigated corundum mineral chemistry, by scanning electron microscope and electron microprobe analysis, to detect chromophore elements particularly Fe, Cr, V and Ti, and also to identify the inclusion suite, and to compare the relationships between inclusion chemistry and colouration of the rubies and pink sapphires with and without acid or heat treatment.

In summary, the study identified anorthite, chlorite, chromite-hercynite, spinel, potassic feldspar, kaolinite, dolomite, calcite, phlogopite, zircon, rutile, galena and possibly barite inclusions in Siggartartulik; albite, nickel-bearing chromite-hercynite, spinel, cassiterite and possibly garnet or amphibole from Aappaluttoq; and nickel-bearing chromite-hercynite, spinel, potassic feldspar and anorthite from Kigutilik. Spinel typically are Mg-poor. Chrome content, as expected, is directly related to degree of colouration; additionally, rubies generally contain spinels whereas pink sapphires display fewer or finer grained spinels, though the clarity and hence quality, not the colouration of the corundum, is controlled by the type and size of the contained inclusions. Acid treatment exhibited no effects on the corundum or contained spinels, though silicate inclusions, as expected, were affected in an adverse manner. Heat treatment of the Siggartartulik ruby sample indicated a paucity of spinel inclusions and highly variable Cr distribution. Further work in this area of study will be initiated during the 2008 program, in particular to catalogue the nature of the effects and their potential for use in target prioritization and predictive gemmology.

SAMPLING METHOD AND APPROACH

The 2004, 2005, 2006 and 2007 samples from Fiskenæsset were collected by standard techniques and recovery procedures common to the modern diamond and coloured gemstone industry.

With respect to the extraction of bulk samples, ruby-bearing material was collected in contiguous blocks from measured geologic targets sampled normal to texture, foliation, stratigraphy and structure. Samples were designed and oriented to provide valid tests of much-larger packages of similar styles and grades of ruby mineralization in the immediate vicinity of the sample site. The scale of the sampling has progressed, on a results driven basis, from sampling of 1-3 tonnes in 2004 and 2005, to larger 30 tonne samples in 2006 and 2007.

In 2006, the two thirty tonne mini-bulk samples were excavated in much the same manner as the 2004 and 2005 mini-bulk samples; i.e., using diamond chain saws, micro-blasters, and hand-mining quarry techniques. True North collected a contiguous sample, each comprising 10 cubic metres measured, about 30 tonnes estimated from the helicopter sling weight. Both samples consisted of continuous surface excavations measuring 2 metres in depth, by 1 metre width, by 5 metres along strike length. Extraction typically averaged about 1.5 tonnes per work day, ranging from 0.5 to 4.0 tonnes per shift. Due to the thirty-three day timeline required for the Aappaluttoq sample collection, project records indicate that blasting was undertaken on several days during the Kigutilik sampling to minimize the sample collection period to only eleven days. In addition, the four-to six man field crews also used an air-mobile portable track-hoe fitted with a pneumatic hammer to reduce the size of individual rock fragments before loading the shipping bags. The helicopter lift scale was the primary control on extraction weight, and is accurate to only ± 50 kilograms. The differences between sampled weight and plant weights are due in part to the accuracy of the helicopter sling and the absence of a large scale for feed measurements at the process plant.

In the proposal for the 2007 exploration program submitted to the BMP, the author recommended the additional bulk sampling to test Aappaluttoq and several other occurrences; a total of 100 tonnes was recommended, requested, and approved by BMP, including at least 50 tonnes from the Aappaluttoq main site, 10 tonnes from the drill section points and 10 1-3 tonne samples collected from new exploration sites.

The larger sampling weight for the Aappaluttoq site was recommended and requested by the author to provide sufficient facetable gem quality material to confirm flowsheet design including optical sorting, gemological valuation and economic analysis of the Aappaluttoq site.

The site is known to contain very abundant ruby and pink sapphire though the vast majority of the material, recovered to date, is dominated by small goods and cabochon grade material. In order to provide an adequate size and quality distribution for the facetable portion, particularly for the coarser sizes and higher quality gem, larger samples must be processed to recover sufficient polished goods to adequately define a frequency and value curve for the independent economic evaluation of the project. These data will be a key line item to move forward with the development of the project and are expected to be required by the regulatory agencies to fulfil documentation for a 43-101 compliant resource.

As noted, the 2004 Siggartartulik mini-bulk sample, five 2005 three-tonne mini-bulk samples, 2006 30 tonne bulk samples from Aappaluttoq and Kigutilik, and the 1st 2007 Aappaluttoq 25 tonne bulk sample were excavated in the same manner by diamond chain saw, chisels, pry bars and a large variety of hammers operated by key personnel from True North and a number of Fiskenaesset-based residents (Illustration 17). The 2nd 2007 27 tonne bulk sample was collected from bedrock using focused, low intensity blasting with spaced charges of dynamite sticks to ensure grade and width control (Illustration 19). This blasted sample was collected to provide an analysis of the gemmological criteria and gemstone conditions that would occur under typical mining conditions. In addition, data collected from this sample will be used to compare grade and stone distribution data garnered from the earlier 2006 sample and the 2007 portion of the Aappaluttoq bulk sample collected with chain saws and chisels. All samples were packaged under the auspices of the bulk sampling supervisor in 1 tonne super sacs for shipment (Illustrations 21 and 22). In 2007, the helicopter was used for delivery of samples to the processing plant in Fiskenaesset (Illustrations 23 and 24) though a 1,500 kilogram digital platform scale was purchased to weigh all super sacs before and during processing (Illustrations 25 and 26). Photographs were collected for each bag and the scale readout.

Additional details are covered in the section “Exploration 2003-2006” and Exploration 2007 Bulk Sampling”.

Diamond drilling of the Aappaluttoq, Sarfaq and Ridgetop occurrences was carried out to confirm the subsurface extent and tenor of mineralization reported by the geological surveys and previous bulk sampling exercises. The principal focus of the drilling program was on the prospective Aappaluttoq occurrence. Sampling of the drill core, expected to be carried out in January and February 2008, will be targeting interval displaying visible corundum mineralization and those intervals exhibiting alteration assemblages consistent with ruby and pink sapphire exposed in the surface trenches at Aappaluttoq.

SECURITY

Sample security is assured at all times by written chain of custody extending from the Qualified Person in the field representing True North Gems Inc., through to the laboratory's designated signing officer at SGS Lakefield, SGS Cornwall and Saskatchewan Research Council. Additionally, these protocols are followed with the sample transmittal couriered via Brinks Security Ltd. International passing Peace Bridge Brokers International inbound to Canada, Blue Water Shipping in Nuuk and Secure Freight in Canada, Royal Arctic Lines and Eimskip Canada for maritime shipments to Halifax and via transport truck and train to SGS Lakefield, and Manitoulin Transport for truck shipments from SGS Lakefield to Vancouver, with all of the above terminating with logged-in reception by designated, and where available, qualified and/or independent monitoring and confirmation of delivery at True North Gems' Vancouver office. All samples are registered upon arrival at contract facilities and at the True North office in Vancouver. All products leaving the Vancouver office are listed in transmittal letters and tracked from source to third party facility and on return to source. Every effort is maintained to provide full material balances for each product.

Export permits are required for all materials leaving Greenland, and all requisite permitting was submitted by the author, and approvals were completed from BMP prior to sample shipping from Nuuk. Additionally, quarterly reports are required by the BMP for all samples leaving Greenland accompanied by all tracking documentation, processing summaries and inventories of products at each stage of the processing stream from beneficiation to manufacturing and prototype jewellery production.

In 2004 and 2005, all samples were sealed on site in 1-tonne poly bags and transported by helicopter to Fiskenaesset, and by ship to Nuuk, where they were loaded into locked sea-cans for the scheduled sealift to Canada. The samples shipped to Canada were delivered to SGS Minerals Services in Lakefield, Ontario, for gravity concentration by standard DMS methods routine in the modern diamond industry.

In 2006, concentrates from the on-site plant were shipped to Germany for optical sorting and to Vancouver for hand sorting, both via Brinks Security.

In 2007, in terms of the project-wide emphasis on elevated sample security, all samples are numbered, tagged and packaged at the Ruby Island base camp and at the Fiskenaesset office with final oversight by BMP prior to delivery to Nuuk.

In 2007, all concentrates from the new on-site plant were bagged, weighed and photographed prior to inspection and shipment with BMP oversight to the secure carrier in Nuuk and were forwarded by an international bonded maritime carrier, and by secure air shipment to

Canada. Delivery of the rough concentrates to True North's Vancouver laboratory for primary sorting is expected on January 4, 2008. All rough concentrate parcels will be thoroughly inspected and weighed, and chain of custody documentation will be completed by True North's Qualified Person and Wardrop Engineering.

In 2007, intervals for detailed logging and sampling for contained rubies and pink sapphires were selected, all boxes sealed with lids and screws, and stacked on pallets for helicopter delivery to Fiskenaasset. No core intervals were removed at site prior to shipping. All pallets were sealed with heavy gauge wire prior to shipping.

The unprocessed bulk sample (27.8 tonnes), drill core, and rock and channel samples from the 2007 exploration program were sealed and delivered by ferry to Nuuk, locked into four shipping containers, and forwarded by bonded commercial container ships to Canada. Additionally, True North shipped an aggregate weight of 3.4 tonnes in eight sealed one-tonne bags comprising thirty-two mini bulk and sixty-one channel samples from selected ruby and pink sapphire occurrences. Sealed containers of bulk samples and drill core, from the Aappaluttoq, Sarfaq and Ridgetop occurrences, will be delivered to SGS Minerals Services facilities in Lakefield, Ontario and Delta, British Columbia in December 2007 and January 2008, respectively. All samples will be inspected on receipt and chain of custody documentation will be completed by True North, SGS and Wardrop Engineering.

In Fiskenaasset, the security measures employed by True North include but are not limited to project management by a NI 43-101 qualified person (QP), specifically the author in 2007, and direct supervision upon a small, well-trained, well-known and reliable crew by senior plant manager, certified gemmologists and project QP. As the process facilities are located in the village of Fiskenaasset, and the local custom of all open areas being for the use of any residents of Greenland, daily vigilance was required to minimize access for both safety and security issues. One of the senior True North personnel was present during all operating hours. Video security cameras (three) were fixed to the adjacent buildings in conspicuous locations. Signs, in the Greenlandic language, indicating safety concerns were posted on the adjacent buildings, and continued communication with the local population with reference to safety issues and project security is conducted throughout the operating season. Additionally, True North herein notes the strong support extended by the local population for employment and training initiatives developed by the Company in co-operation with the Nuuk Kommunea and the business community. Periodic tours of the facilities, accompanied by the senior personnel, were provided to representatives of the Nuuk Kommunea, BMP and the Joint Committee. All plant equipment and supplies were fitted in lockable sea containers. These containers were kept locked when not in use and at night.

All collected rubies were kept under lock and key, and were deposited to the secure sorting facility on a daily or more frequent basis, as required, by the plant manager and/or project manager. Storage of completed field concentrates utilized a safe with a key and number code entry, all within a double locked office with inside and outside security monitoring with multiple television feeds (four low light cameras) to the project manager's office.

Similar diligence was enacted at the remote sampling site with senior geological personnel oversight on all daily activities and restriction of access to the area in non-working hours. Access to the site required either helicopter or boat; the latter was required when air access is limited by weather conditions. Access to the Ruby Island base camp was restricted to helicopter service from Fiskenaesset, unless maritime access was approved due to weather conditions and environmental survey operations. Search protocols are included with all contracts for employment.

In Vancouver, the security procedures include but are not limited to registered take-in from international customs brokerage services delivered by bonded carriers, office delivery by licensed armed escort as required, vault storage behind bullet-proof security doors under continuous closed-circuit camera monitoring and multiple entry access codes, and detailed spreadsheet tracking of rough and polished products, all under the supervision of certified gemmologists and the project's designated qualified person (QP).

The in-place procedures pass independent audit by consultation review from security experts active in the gemstone industry (Rohtert, 2007) and oversight by Wardrop Engineering and BMP during site visits to the Fiskenaesset process and sorting office facilities, field sampling area at Aappaluttoq, and Ruby island base camp. Sample transfer of concentrates and drill core to and from the Vancouver office will be subject to oversight by Wardrop Engineering in conjunction with the author, True North's internal QP.

DATA VERIFICATION

Mr. J. Gregory Davison, M.Sc. P.Geo., the author of this report, is True North's Qualified Person (QP), as defined by the British Columbia Securities Commission under National Instrument 43-101. The formal Statement of Qualifications for the QP is provided in a later section of this report.

Mr. Davison, acting as project manager since February 15, 2007, planned and supervised all stages of the 2007 exploration program, as well as the mini-bulk sample and bulk-sample extraction and processing, including third party and in-house processing in Canada, for the

2006 samples remaining in Fiskenaesset for processing in 2007, and all samples collected during the 2007 season, and as such can verify that all data reported here is true and accurate. The author has reviewed all aspects of the 2006 and prior work for this report, including the 43-101 reports prepared by the previous project manager and at the time, qualified person for True North, and is fully satisfied that the data discussed herein is true and accurate, is presented with complete disclosure and is expected to withstand any measure of scrutiny.

All contained gemmological data has been reported by certified gemmologists, including both in-house and independent parties. The author has reviewed the handling protocols for sample tracking and secure transport, material balance data, and reporting protocols for independent valuations, and is satisfied that the information presented herein is true and accurate.

MINERAL PROCESSING AND METALLURGICAL TESTING

This section provides a summary description of all process testwork carried out by True North during the past few seasons of the project. The information contained herein includes processing carried out by SGS Minerals Services Lakefield, SGS Mineral Services Cornwall, Optosort now known as Kammann Optosort, and Scan and Sort, now known as Commodas, Saskatchewan Research Council, and at True North's facilities in Fiskenaesset, and at the in-house sorting facilities of True North in Vancouver.

All of the testwork reports have been reviewed by the author, and the author is satisfied that the reports are complete and accurately represent the scope and results from the Fiskenaesset samples. Additionally, the author has no reason to believe that all of the testing activities will not withstand the utmost scrutiny.

The protocols and results of testwork is provided in chronological order, and includes any and all physical beneficiation studies on samples collected from the Fiskenaesset license. Summary results of pertinent manufacturing tests and product valuations are included under "Other Relevant Data and Information".

In 2004, multiple sample splits of the Siggartartulik measured sample (2.584 tonnes) were processed in parallel to test the recovery efficiency of different extraction methodologies at the laboratories of SGS Lakefield, exploring a variety of standard mineral processing techniques for commercial gemstone extraction (SGS, 2005a-b). The float sample (0.45 tonnes) was utilized in a series of optic-sorting and attrition milling tests at Scan and Sort GmbH in

Hamburg, Germany (SGS, 2005b). Final hand sorting of the gemstone concentrate was completed by True North's gemmologists in Vancouver, British Columbia.

Mechanized processing involved iterative crush and hand select, wash and screen of a secondary crush to -9.5+2 mm, DMS dense media separation at nominal S.G.=3.1, dry high intensity magnetic separation at 13,000 Gauss, attrition milling, heavy liquid separation using methyl iodide at S.G.=3.25, and finally, hand and mechanized optic sorting (Rohtert, 2006).

In all, SGS delivered 150 kilograms of rough concentrate from six separate process streams and three experimental test parcels. True North focused its attention on the coarse-grained, high-grade hand-select, DMS-sink, non-magnetic, attritioned, cleaned ruby concentrate sorted into gem, near-gem and non-gem classes.

The final tally of the useable clean rough concentrate, by weight and grade in grams per tonne, recovered from the measured 2004 measured mini-bulk sample at Siggartartulik is summarized in Table 22.

Table 22. 2004 Summary Results – Measured Mini-Bulk Sample from Siggartartulik

2.584 tonnes	Gem	Near-Gem	Total
Total Weight (grams)	3,109	27,582	30,691
Grade (grams/tonne)	1,204	10,674	11,878

Optical sorting tests of the Siggartartulik material indicated excellent potential for rapid and high recovery separation of ruby and pink sapphire from gangue minerals, including both liberated and partially liberated corundum, generally ranging in size from 1.7-6.3mm (SGS, 2005b).

In 2005, for the five mini-bulk samples collected at Upper Angnertusoq, Lower Angnertusoq, Kigutalik, Ruby island and Qaqqatsiaq, the volume was maintained constant at 1 cubic metre comprising approximately three tonnes. The process flowsheet was similar to that described for the Siggartartulik sample. The samples were reduced to a combined 884.85 kilograms of DMS concentrate at SGS Lakefield (Table 23) representing a 94.1% mass reduction. All of the samples exhibited in excess of 90% weight rejection after DMS and magnetic separation followed by tertiary screening at 1.7mm to remove the fines fraction as shown in Figure 19 (SGS, 2006a, 2006b).

Table 23. 2005 Mini-Bulk Samples and DMS Concentrates

Prospect	Mini-Bulk Sample (kg)*	DMS Concentrate (kg)
Kigutilik	2950	218.60
Upper Angnertusoq	2975	283.75
Lower Angnertusoq	2850	152.15
Ruby Island	3000	135.05
Qaqqatsiaq	2975	95.30

Subsequently, optic sorting of the medium-grained and coarse-grained fractions of the DMS sink was completed by SGS Cornwall, whereas the fine-grained fraction was sorted optically at Scan & Sort. Mechanized optical sorting results compared favorably with hand sort data prepared by True North gemmologists in Vancouver. The results are summarized in Table 24 and graphically represented in Figure 20. The data clearly indicates significant variability between localities in both rough grade and colour proportion, i.e., ratio of ruby to pink sapphire, and points to the potential in terms of rough grade and proportion of ruby to pink sapphire for the Kigutilik and Upper Angnertusoq occurrences.

Based upon detailed analysis of the successful 2005 results, only measured samples were collected in 2006, and only a single process flowsheet was utilized in the field facilities in Fiskenaesset and at the SGS facilities in Lakefield and Cornwall (SGS, 2006a-d).

In addition to the concentrates derived from laboratory processing of the 2005 mini-bulk samples, True North also recovered 244 grams of coarse gem-grade material and 533 grams of total gem ruby and pink sapphire from hand washing and screening of the 100 kilogram discovery sample collected from the Aappaluttoq ruby occurrence as shown in Table 25.

The stone count is particularly significant as both the large percentage of gem-quality stones and also the high percentage of gem crystals greater than 8 mm in size. The average weight of the 113 stones that make up the combined +8 mm gem fraction is 2.25 grams with a range from 0.72 grams to 9.63 grams (Rohtert, 2006, 2007). The excellent results from this initial Aappaluttoq surface sample were sufficient to justify bulk sampling of the occurrence in 2006.

Material	Quality	Kigutalik Weight	Kigutilik g/T	Upper Annertusoq Weight	Upper Annertusoq g/T	Ruby Island Weight	Ruby Island g/T	Qaqqatsiaq Weight	Qaqqatsiaq g/T	Lower Annertusoq Weight	Lower Annertusoq g/T	Total Weight	Grams/Tonne
Dark Ruby	Gem*	3,115	1,056	2,957	994	351	117	303	102	-	-	6,726	456
Ruby	Near*	10,546	3,575	2,805	943	5,474	1,825	696	234	-	-	19,521	1,323
Red		2,270	770	1,466	493	2	1	22	7	-	-	3,760	255
Pink		9,696	3,287	6,805	2,287	2,736	912	1,541	518	402	141	21,180	1,436
Pink/Red	Non	-	-	-	-	-	-	118	40	15	5	133	9
Colour		-	-	-	-	896	299	131	44	6	2	1,033	70
Coloured Waste		22,597	7,660	52,116	17,518	49,414	16,471	6,060	2,037	966	339	131,153	8,892
Waste	Waste	138,838	47,064	197,871	66,511	67,716	22,572	84,240	28,316	138,547	48,613	627,211	42,523
Sweepings		521	177	583	196	735	245	14	5	84	29	1,937	131
Rough Concentrate Calibrations		-	-	-	-	-	-	-	-	-	-	64	4
Experimental Prototypes		-	-	-	-	-	-	-	-	-	-	29	2

All weights in grams

* Contains 1-5% native gem

Table 24. Optical Sorting Results from 2005 mini-bulk samples

Table 25. Stone Count from 100-kg Aappaluttoq Discovery Sample 2005

Stone Size	Ruby (grams)		Pink Sapphire (grams)	
	Gem	Near-Gem	Gem	Near-Gem
+8.0 mm	155.41	269.27	98.42	78.43
+4.0 mm	134.68	136.86	119.98	52.70
+2.0 mm	12.78	11.68	12.37	1.52
Total	302.87	417.81	230.77	132.65

The 2005-2006 Aappaluttoq bulk sample was processed by a four to six man crew using a conventional gravity wash plant. The wash plant was in part designed, built and operated by SGS Minerals Services Europe, and the flow sheet is presented as Figure 9 (SGS, 2006d) The wash plant consisted of two staged crushers, and two stacked, coarse and fine screen vibratory units, followed by a single hydraulic-powered jig; all unit processes are fed by hand contributing to the low throughput of less than 0.5 tonnes per hour.

Primary rock breaking was accomplished in the field using the pneumatic hammer attached to the air-mobile track hoe, and in the yard using a hand-held pneumatic hammer and chisels. Five industrial tumblers and a modified cement mixer provided for further attrition of the concentrates prior to mineral selection. The rectangular screens split the feed into three nominal grain sizes: +1.7 mm, +3.4 mm, and +6.3 mm, with a very coarse oversize at +10 mm sent back to re-crush using the small jaw crusher. Approximately 8.4 tonnes (30 percent) of the sample weight was rendered to undersize during primary crushing.

The hydraulic jig processed less than 0.5 tonnes of coarse and medium fraction per 10-hour shift; whereas the fine fraction jigged around 1.0 tonne per shift; in all approximately 12 tonnes of material were processed through the jig during the 2006 season. Some 445 kilograms of scientific and diplomatic specimens were selected and removed from the run-of-mine in advance of crushing operations; if possible, the majority of these samples which are still available will be in large part processed during 2007 and compiled with the 2006 sample results. In fact, all but 2.2 kilograms of representative mineralized samples were re-processed during the 2007 season. The low daily throughput required hand sorting of a total of 5.701 tonnes of very coarse oversize (-10+6.3mm) after re-crush down to 230 kilograms of material containing ruby and pink sapphire. The individual gravity concentrates, typically delivered in batches of 10 to 20 kilograms, ranged from around 5 percent to up to 50 percent total corundum, depending on the grain size, the head grade, and the feed rate of the sample.

Fine-grained, corundum-rich samples processed carefully attained up to 50% content, whereas coarse-grained, leaner samples processed quickly typically reported only better than 5% corundum content.

In all, 655.2 kilograms of hand sort and gravity sink product was collected from the 21.593 tonnes processed through the wash plant. The remainder of the 30 tonne samples reported to the -1.7mm fines fraction.

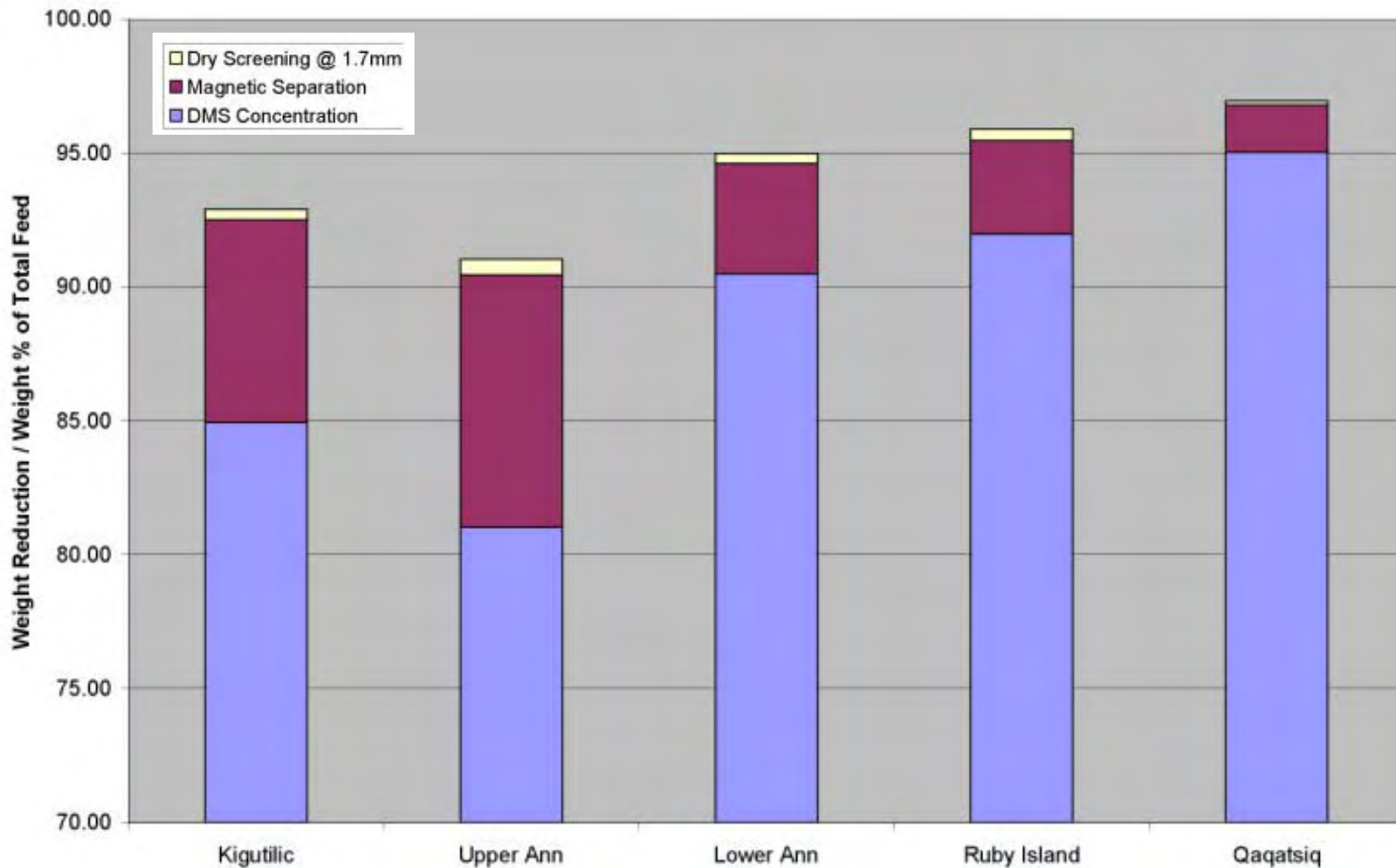


Figure 19. Weight rejection by process stage for 2005 mini-bulk samples

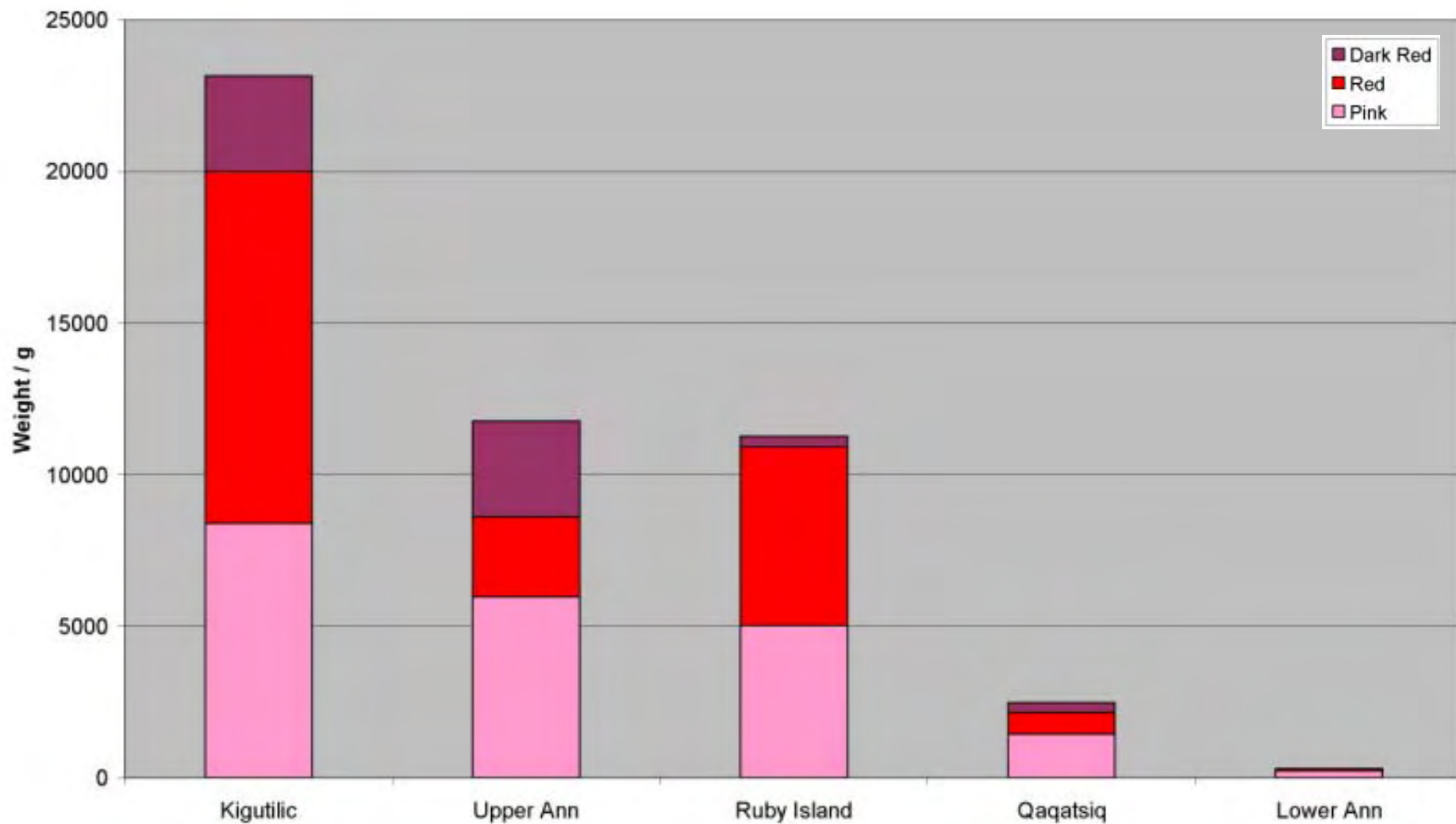


Figure 20. Total recovery and distribution by optical sorting for 2005 mini-bulk samples

In Fiskenaesset, a total of 186.5 kilograms of primary concentrate was sorted, which included the 31.3 kilograms of material hand-mined from Aappaluttoq, the 5.3 kilograms of material removed after crushing, and 149.9 kilograms of concentrate from the wash plant.

The primary hand sorting yielded 61.49 kilograms of ruby rough with 8.548 kilograms of “eye-clean” gem, 11.484 kilograms of gem and 16.031 kilograms of near-gem. Interim cleanup with grain separation and removal of matrix using vibratory tumblers commonly demonstrated potential quality class upgrades.

Additional hand sorting in Vancouver and optical sorting in Germany reduced the 530.72 kilograms of concentrate to 134.99 kilograms of gem (58.1 kg), and near-gem (76.9 kg) ready for HF treatment, tumbling and subsequent cutting. Optical sorting by OptoSort GmbH was conducted successfully on its portion approximately 80.5 kilograms of -3.4+1.7mm fine concentrate (Table 26); drying and screening at 1.7mm reduced the initial concentrate weight to 67.15 kilograms. Successful separation by both gem class (clarity or transparency) and colour were identified, and further optimization of the sorting instrumentation was expected to enhance the product quality. Optic sorting products were subsequently rationalized with hand-sorting products based upon similarity in size, colour, and clarity.

A very small suite of exceptional goods were selected for direct cutting prior to further processing of the concentrate products; the results of the cutting and independent valuation are provided in “Other Relevant Data and Information”.

Table 26. Optical sort distribution from 67.15 kg of -3.4+1.7mm concentrate

Sample	Gem and Colour Class	Wt (g)
2006 Aappaluttoq	near-gem	734
	pink near-gem	5,090
	red near-gem	658
	pale pink gem	5,251
	pink gem	2,208
	dark pink gem	522
	red/dark pink gem	226
	red gem	204
	Total	14,983

Hydrofluoric acid treatment at SRC and tumbling exercises in Vancouver resulted in a reduction to 85.66 kilograms of clean rough ready for shipment to cutting. Of this total, two representative 1/8th splits were taken for direct cutting of the entire segment, without additional preparatory treatment. The second 1/8th split was shipped for independent rough valuation. The remaining 6/8th sample has been submitted for cutting and partial results have been received; final results for these fractions of the 2006 Aappaluttoq bulk sample will be provided in an updated 43-101 report.

As noted, a portion of the loose polished goods, totalling 324.1 carats in 9,601 pieces, was utilized for preparation of prototype jewellery as described in the section “Other Relevant Data and Information”.

As noted, the partial results indicated high grade, excellent separation response, successful manufacturing tests and a suitability for commercially acceptable jewellery production. An escalated program of bulk sampling and drilling on the Aappaluttoq occurrence was warranted, recommended and approved for the 2007 program.

In 2007, the re-design and increased capacity of the existing test plant permitted enhanced processing in terms of time, process optimization and sample handling protocols; the plant was completely redesigned with electrical (generator power source), new primary and secondary crusher, jigs, rebuilt screens and tertiary crushers. All of the equipment other than the large primary crusher were housed in sea containers and fully wired for electrical hook-ups for equipment and lighting. Portable security cameras were located at three points of oversight at the plant area.

The new processing plant is comprised of a large capacity jaw for two stage primary crushing of nominal -30 cm (-12 inch) feed (Illustration 27), hand cobbing of the oversize material for large rubies and pink sapphires (Illustrations 28 and 33), jaw and roll for secondary and tertiary crushing (Illustration 29), two double-deck washing and sizing screens (Illustration 30), and two Denver duplex mineral jigs (Illustration 31), which concentrate the ruby and pink sapphire by gravity separation (Illustration 32). Primary drying, screening and sorting of selected concentrates was carried out in secure facilities in Fiskenaasset (Illustration 34).

Commissioning of the new plant was carried out successfully using 5 tonnes of process tailings from the 2006 Aappaluttoq bulk sample. Since commissioning, True North completed processing of its outstanding 2006 Kigutalik 30 tonne bulk sample, the 800 kg Siggartartulik channel/mini-bulk sample, the 2007 Aappaluttoq 30 tonne sample, 2006 Aappaluttoq 5 tonne soil sample and the 2007 Aappaluttoq 30 tonne soil sample.

The detailed sample weights, for the 102 tonnes processed in 2007, are provided in Table 27.

Table 27. Samples processed in Fiskenaesset plant during 2007

Name	Net Weight (kg)
2006 Aappaluttoq Specimen	217.2
2006 Aappaluttoq Process Tailings	5,341.41
2006 Kigutilik Bulk	29,622.3
2006 Aappaluttoq Overburden	5,110.8
2007 Aappaluttoq Overburden	25,860.9
2007 Siggartartulik Float	850.2
2007 Channel Samples	2,689.1
2007 Aappaluttoq Bulk B1	25,378.6
2007 Aappaluttoq Bulk B1A	77.2
2007 Aappaluttoq Bulk B2*	6,750
2007 Aappaluttoq Float B3*	741.2
Total Processed in 2007	102,638.91

* partial processing by rock breaking and test crushing

A complete description of the processing facilities and its construction, operational activities over the thirty-seven days of processing, and results are available in Gilroy (2007), an internal True North seasonal report. The 574.1 kilograms of concentrates prepared for shipment to Canada are summarized below in Table 28. Concentrate handling protocols are fully described in other relevant sections of the report.

Table 28. Concentrate production in Fiskenaesset process plant during 2007

Sample Location and Type	Feed (tonnes)	Conc. Wt (kg)
Aappaluttoq 2006 Bulk*	30.0 t	22.72 kg
Kigutilik 2006 Bulk	29.7 t	345.24 kg
Aappaluttoq 2006 Overburden	5.1 t	4.16 kg
Aappaluttoq 2007 Overburden	25.8 t	3.30 kg
Aappaluttoq 2007 Bulk B1,1A	25.5 t	133.50 kg
Siggartartulik 2007 Float	0.85 t	65.18 kg

*2007 plant commissioning on 5.3 tonnes of 2006 process tailings

All of the concentrates were sealed and delivered by helicopter, under BMP oversight, to Nuuk and were forwarded by Blue Water Shipping, an international bonded carrier, to be shipped by secure air shipment to Canada (Illustration 35). Delivery to True North's Vancouver laboratory for primary sorting is expected in January 2008. A summary of all process products and unprocessed samples which were prepared for shipment is provided in Table 29. All samples remaining on site in Fiskenaesset are shown in Table 30.

Table 29. Samples for shipment from Fiskenaesset to Canada

<u>Name</u>	<u># super-sacs</u>
2007 Aappaluttoq Float B3	1
2007 Channel Samples	7
2007 Aappaluttoq Bulk B2	40
2005-2007 Geological Samples	1

Table 30. Process products and samples stored in Fiskenaesset, as of October 2007

<u>Name</u>	<u># super-sacs</u>
2007 Aappaluttoq Bulk B1 Jig Tailings	17
2007 Siggartartulik Float Jig Tailings	1
2007 Aappaluttoq Overburden -6.3+1.7mm	16
2006 Aappaluttoq Overburden -6.3+1.7mm	4
2006 Kaadaaq (Hammer)	2
2007 Aappaluttoq Bulk B1 Oversize 'Flats'	1

The overall performance of the bulk sample collection and the design upgrades to the Fiskenaesset processing plant realized excellent processing results despite the late start of plant operations due to the international shipping timelines and complete re-construction of the equipment including all design and electrical requirements. The processing has generated significant volumes of high quality concentrates for sorting, rough grade determination, manufacturing tests and independent valuation of the clean rough and loose polished rubies and pink sapphires, from three priority occurrences.

By comparison, the first 2007 Aappaluttoq bedrock sample returned lower volume, though higher grade, process concentrate than the 2006 sampling. In both cases, rough grades continue to be measured in kilograms per tonne ruby and pink sapphire. Further results from the processing and sorting operations will be provided in an updated 43-101 report.

MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

To date, no independent mineral resource or mineral reserve has been identified or defined on Fiskenaesset exploration license 2003/03.

As of the report date, geological mapping and diamond drilling information for the Aappaluttoq occurrence is being compiled for the independent qualified person to generate a three dimensional geological model with view to preliminary determination of resource potential. The results of the initial modelling exercise, with the current geological database, including the 2006 and 2007 bulk sampling programs, are expected in the second quarter of 2008.

As noted previously, Wardrop Engineering, an internationally recognized engineering firm, is engaged as Independent Qualified Person to provide site due diligence, quality assurance, and preparation of a Preliminary Economic Assessment Report (PEAR) of the Aappaluttoq ruby occurrence. Wardrop's scope of services for the initial phase of the engineering program was reviewed and approved by the author. The documentation for the study is available upon request.

OTHER RELEVANT DATA AND INFORMATION

The following relevant data and information have been considered for inclusion in this report.

As gemmology, manufacturing and mineral valuation data have no formal section under the 43-101 guidelines, a summary of the first two subjects along with three reports dealing with the independent valuation of loose polished goods, representing manufactured products from the Fiskenæsset license, are presented herein. The section "Valuation" describes only those subsets of polished rubies and pink sapphires which, to date, have been forwarded for independent valuations.

GEMMOLOGY

Due in large part to the quality of the rough concentrates, loose polished goods and gemstone potential recognized at Aappaluttoq, the following commentary on colouration and gem quality classification is focused on the Aappaluttoq corundum recovered during the 2005 and 2006 sampling programs. Similar activities and protocols are performed on all gemstone products from channel, mini-bulk and/or bulk samples from each locality, and differences in optical and morphological characteristics, specific to metasomatic and hydrothermal parageneses, will be defined, quantified and documented, to a greater degree, during the 2008 season.

Native gemstones from Aappaluttoq cross six pages in colour space, from Orange Red to Purple, with most of the population lying on the three pages from Magenta to Slightly Purplish Red. High saturations at light tones are seen in the native state for ruby and pink sapphire in contiguous, but strictly to the definition, non-overlapping colour fields (GemDialog, 1982).

The "Gem" class is noteworthy for four features including transparency and semi-transparency within the native state, requiring no heat treatment; directional diaphaneity prominent in red and weak in pink; larger grain sizes and better qualities report to pink than to red; and, predominance of red in the specials, though coarse-grained pink prismatic subhedra also have been observed. Red gem is most clear on the A-pinacoid, and least on the C axis. Pink gem is most clear on the C axis, and least on the A-prism (Rohtert, 2006, 2007).

The “Near-Gem” is excellent to high to moderate quality material, commonly consisting of mixed liberated corundum and partially liberated corundum with minor attached gangue minerals, sorted from the top-down. When worked by tumbling, re-crushing and/or HF leaching, portions of the near-gem upgrade to gem. The remainder will yield rough stock for cabochons, beads, and carvings.

The “Non-Gem”, or coloured waste, in certain occurrences, commonly contains minor to trace amounts of gem-quality blue kyanite, and gem quality yellow green kornupine and bright green pargasite, along with attached silicate gangue minerals.

The “Morphologies”, which were collected as a separate component only during 2006, include a high percentage of red gem, especially in the dentes or “Teeth”, which are clean, broken or doubly-terminated spar-tip prisms.

HISTORIC VALUATION

From a historical perspective, the first known valuation of rubies from the Siggartartulik occurrence was reported by Geisler (1981) on a small number of rubies cut from 108.48 grams the hand selected high grade material (Anderson, 1995). The largest faceted gem weighed 1.52 carats, with the remainder less than 0.50 carats. The polished goods, grading from commercial quality to rare fine quality gemstones, valued wholesale to collectors, at an average price of approximately CAD\$30 per carat for cabochons and CAD\$45 per carat for facet goods in 1980 dollars. Of significance, the rubies were native gemstones, untreated and with no enhancement. No discrete valuation report was available for public review; the data is not considered 43-101 compliant and is provided, only for completeness of disclosure, as per the assessment report prepared, for the BMP in Greenland, by Geisler (1981).

MANUFACTURING

The polishing of the test samples, of ruby and pink sapphire clean rough, selected from the Siggartartulik and Aappaluttoq mini-bulk and bulk sample concentrates, was completed at independently operated facilities in Sri Lanka, Thailand, China and Canada. The test parcels, to date, have been subjected to HF cleaning, heat treatment and/or cutting and polishing, to allow for the experimentation, documentation and optimization of the downstream production for gem quality, colouration, clarity, cuttability, yield and value.

To date, manufacturing tests have been conducted on selected ruby and pink sapphire rough material originating from the 2004 Siggartartulik, 2005 Kigutalik, 2005 Upper Angnertusoq, 2005 Aappaluttoq and 2006 Aappaluttoq samples. In addition, the largest ruby specimen collected thus far from the Aappaluttoq occurrence, weighed in at 80 grams and was selected

for carving; a 302 carat carving was completed by Tom McPhee, a renowned artist located on Vancouver Island.

A review of the detailed tabulations describing individual shipments, facilities and general protocols, and loose polished goods has been reviewed by the author and is available upon request. To date, manufacturing, in terms of cutting tests or for determination of polished yields and grades, has not yet been completed on any of the 2004-2007 bulk samples described herein and, as such, summary discussion of loose polished goods will be provided in an updated 43-101 report upon their completion. Discussion only for independently valued packages of loose polished goods is provided in the following section.

Transmittal documents accompany each shipment and waste material, loose polished goods and transmittal documents are returned to True North in Vancouver. The author has reviewed the transmittal documents, and True North sample tracking and inventory documentation, and the information is available for review upon request.

Additionally, the author has no reason to believe that all of the sorting, manufacturing and valuation activities will not withstand the utmost scrutiny.

Examples of the loose polished goods produced from the Aappaluttoq occurrence, specifically the 2006 bulk sample, including both facet goods (Illustration 42) and faceted and calibrated melee, generally consisting of small goods of less than 10 points or the equivalent 0.10 carats (Illustration 43), are provided herein.

As an integral part of the 2006 product valuation and corporate marketing program, True North has manufactured through facilities in China, a suite of eight necklace and earring sets containing a total of 9,601 rubies and pink sapphires set in white, yellow and/or pink gold (see Illustrations 44 and 45). All of the contained rubies and pink sapphires were sourced from a single screen size fraction of a 6/8th representative split of the 2006 Aappaluttoq bulk sample (see sections on sample split preparation in “Exploration 2007 - Bulk Sampling” and “Mineral Processing and Metallurgical Testwork”).

The finished products have been well received by the jewellery and gemstone industry, and the investment community, and clearly exhibit the potential for the production of jewellery for commercial purposes, though these pieces, to date, have not been submitted for independent valuation or appraisal.

INDEPENDENT VALUATION

In the period up to December 1, 2007, three independent reports have been completed on rubies and pink sapphires recovered from the Siggartartulik and Aappaluttoq occurrences.

The valuations were performed on loose polished goods, including both faceted stones and cabochons.

The valuation experts worked separately and independently, and may differ in their pricing methods going to context and conditions of sale, and sources of baseline pricing information.

Wholesale valuation methods commonly employed include: (1) Rigorous gemological grading followed by strict comparison to the price-point matrices published quarterly by the wholesale gemstone industry; (2) Cursory grading followed by comparison to national import prices published annually (e.g., United States) to assign a value consistent with the global trade; and, (3) Casual grading followed by comparison to the current spot market.

The reports were completed by two qualified independent professional gemmologists, Warren Boyd of Oakville, Ontario, Canada and John Mattinson of Vancouver, British Columbia (Boyd, 2005; Mattinson, 2007a, 2007b). Boyd (2005) and Mattinson (2007a, 2007b) rely primarily on current stone traffic through all market channels by monitoring sales of comparable rubies and pink sapphires at the wholesale level.

The independence, qualifications, methodologies and reports prepared by both gemmologists have been reviewed and approved for distribution by the True North's in-house graduate gemmologists and by the author. The full reports are appended (Appendices 4, 5 and 6). Tabulations of the principal datasets are included in this section.

Boyd (2005) evaluated a suite of 30 polished rubies and pink sapphires originating from the 2004 Siggartartulik 3-tonne mini-bulk sample. This material was a hand picked parcel and is not considered to be statistically representative of the gem class material recovered from the Siggartartulik mini-bulk sample. The rubies displayed a deep red colouration with a slight purplish overtone and clarity was poor. All rubies were designated as commercial quality with a value of US\$30 per carat.

Two pink sapphires exhibiting optical properties comparing favorably with similar goods sourced from Sri Lanka, Madagascar and East Africa and, as such, values of US\$400 and US\$600 per carat.

Boyd also reported that the natural and untreated condition of the sapphires point to the potential for value-added premiums.

The results are summarized in Table 31.

Table 31. Summary of Boyd Valuation (2005)

Sample	Classification	#	Carats	Price Range US\$/ct	Total Price US\$
2004 Siggartartulik	pink sapphire	1	0.71	600	\$ 426
2004 Siggartartulik	pink sapphire	1	0.17	400	\$ 68
2004 Siggartartulik	ruby	28	0.14-1.91	30	\$ 671

Mattinson (2007a) completed the independent valuation of a second selected sample of twenty-seven (26) untreated, polished rubies and pink sapphires from the Aappaluttoq ruby occurrence, and one (1) pink sapphire from the 2004 Siggartartulik occurrence. The loose polished goods were selected from the 2004 Siggartartulik (0.71 carats), 2005 Aappaluttoq (5.29 carats) and 2006 Aappaluttoq samples (27.59 carats) as indicated in Table 32. This material was a preliminary hand picked parcel and is not considered to be statistically representative of the gem class material recovered from the above noted bulk samples. The rubies and pink sapphires were graded from commercial to fine and valued at wholesale prices.

Table 32. Summary of Mattinson Valuation (2007a)

Sample	Classification	#	Carats	Price Range US\$/ct	Total Price US\$
2005 Aappaluttoq	ruby	6	0.24-0.77	410-750	\$ 1,733
	pink sapphire	4	0.27-1.35	60-460	\$ 357
2006 Aappaluttoq	ruby	9	0.23-5.70	520-3,220	\$ 17,639
	pink sapphire	7	0.7-2.51	100-460	\$ 3,313
2004 Siggartartulik	pink sapphire	1	0.71	120	\$ 85

The wholesale valuation was highlighted by a 0.69 carat fine ruby valued at US\$3,220 per carat and a 0.96 carat fine pink sapphire valued at US\$460 per carat, both sourced from the 2006 Aappaluttoq bulk sample (see Illustration 42). The largest ruby, 5.70 carats, was priced at US\$980 per carat for a total of US\$5,586, the highest dollar value for an individual stone on the project to date. Of note, the 0.71 carat pink sapphire from Siggartartulik was valued at US\$120 per carat whereas Boyd (2005) reported a value of US\$600 per carat. This difference in value underscores the requirement for multiple valuations of the loose polished goods due in part to the subjective nature of the evaluation and in part due to the subtle variances in the assignment of value per stone. The results from the first parcel of the 2006 Aappaluttoq bulk

sample, indicate an average value of US\$1,008.52 per carat for faceted rubies and US\$328.02 for faceted pink sapphires. The parcel returned an average value for all stones of US\$795.41 per carat and a total value of US\$20,952.

Mattinson (2007b) completed the independent valuation of a second selected sample of four hundred and two (402) untreated, polished rubies and pink sapphires from the Aappaluttoq ruby occurrence, specifically the 2006 bulk sample as indicated in Table 32.

In this case, a total of 400 pieces of rough weighing 221.7 grams were submitted for polishing in Sri Lanka, and a total of 402 polished rubies and pink sapphires, weighing 310.31 carats including both faceted and cabochon cut stones, were returned. This material was a preliminary hand picked parcel and is not considered to be statistically representative of the gem class material recovered from the 2006 Aappaluttoq bulk sample. The rubies and pink sapphires were graded from commercial to fine and valued at wholesale prices.

Table 33. Summary of Mattinson Valuation (2007b)

Sample	Classification	#	Carats	Price Range US\$/ct	Total Price US\$	
Faceted Goods						
2006 Aappaluttoq	ruby	122	0.11-1.54	25-500	\$	7,427
2006 Aappaluttoq	pink sapphire	70	0.06-1.60	20-300	\$	3,535
Cabochons						
2006 Aappaluttoq	ruby	190	NA	30-50	\$	5,371
2006 Aappaluttoq	pink sapphire	20	NA	30-65	\$	667

The results from the second parcel of the 2006 Aappaluttoq bulk sample, indicate an average value of US\$75.77 per carat for faceted stones and \$36.46 for cabochons. The parcel returned an average value for all stones of US\$54.78 per carat and a total value of US\$17,000. Overall, to date, the results from 208 faceted stones and 210 cabochons from the 2006 Aappaluttoq 30 tonne bulk sample have returned a loose polished wholesale value of US\$37,952 from a total of 337.90 carats of polished rubies and pink sapphires.

The loose polished wholesale valuations are considered highly relevant to the potential for the ruby and pink sapphire mineralization on the Fiskenaasset license, provide the underlying basis for the escalating exploration expenditures reported from 2004 through 2007 and, as warranted by the author, provide the stimulus for the recommendations and budgets for continued work programs in 2008.

ADJACENT PROPERTIES

There are no adjacent properties, designated in Greenland as exploration licenses, or to the author's knowledge, subject specifically to ruby exploration in West Greenland. As such, no significant discussion of adjacent licenses or properties is deemed appropriate for this report.

Two exploration licenses in the Fiskenaesset area, designated Akunnaat and Allumersat, held by Crew Gold Corporation, are undergoing active exploration for platinum group elements (PGE) and gold (Au)(personal communication, Blomsterberg, 2007); the exploration model for the former follows the Fiskenaesset layered complex centred on areas with stratigraphically and structurally thick exposures and known chromitite horizons. No information on the current exploration is available in the public domain.

Reconnaissance exploration was carried out by True North Gems in these areas under its prospecting license, prior to the application for exploration licenses during 2006 by a third party, Crew Gold Corporation. As noted, the Fiskenaesset layered complex contains ultramafic lithologies, commonly associated with the presence of ruby corundum, proximal to areas prospective for platinum group elements (PGE), chrome, nickel, copper and other minor metals. Minor exploration successes have been reported for these metals during the 1960's and 1970's (refer to section on Exploration History). Gold typically is associated spatially with the relict greenstone belts though no significant or anomalous gold occurrences were noted during a preliminary review of the available literature.

Several historical occurrences of corundum were documented (e.g. Rivalenti, 1974; Herd et al., 1969, 1972, 1973; Walton, 1973) and others discovered by True North, primarily during its 2005 exploration program, within the Fiskenaesset layered complex in the area now covered by the Akunnaat license. These occurrences have been designated as Tuk, Pikiniq, Ivnaarssuunguaq, Sungasa Nuat and Lichtenfels. In light of the active third party exploration of the adjacent Akunnaat license, it is deemed inappropriate, at this juncture, to report in detail on the exploration results from the True North reconnaissance program conducted on that area of its non-exclusive prospecting license. However, summary information on the five occurrences of interest is provided below (Rohtert, 2006, 2007).

Tuk, also known as Rivalenti's pegmatoid occurrence, contains corundum occurs in a set of desilicified pegmatites intruded into an ultramafic body in contact with an anorthosite horizon. The corundum in these zones is largely non-gem, with rare near-gem to gem material.

Pikiniq, located in a region also known as “Rivalenti’s fold nose”, exhibited corundum at four localities on the contact of amphibolite with anorthosite in a large fold. The corundum mineralization is restricted to phlogopitised anorthosite at several occurrences with pargasite, cordierite, red spinel and sapphirine in altered anorthosite (p. comm. Windley and Herd, 2005). Corundum varies from pink in the phlogopitised anorthosite to dark pink with pargasite and cordierite.

Ivnaarssuunguaq, similar to other promising occurrences on the Fiskenaasset license, occurred in an ultramafic body occurs adjacent to an anorthosite horizon, resulting in an alteration assemblage including phlogopite, anorthite, kornerupine, pargasite, sapphirine and corundum. The corundum mineralization is dominated by pargasite zone type with dark pink crystals and near- to gem quality though the southern zone is dominated by phlogopitised anorthosite with sapphirine and pale pink corundum.

The Lichtenfels occurrence lies is located close to the historical missionary site at the original location of the town that became Fiskenaasset. It consists of two small, 2 metre x 4 metre zones of sapphirine and gedrite, with rare pink corundum. The mineralized zones occur on the margins of a large, >5 metre by >100 metre chromite body contained within the anorthosite. The corundum is less than 1.5cm on its maximum dimension, pale pink and opaque to translucent.

At Sungasa Nuat, corundum was observed at one locality which was reported to be the most significant sapphirine showing in the Fiskenaasset district. The mineralized zone comprised a 2 metre by 5 metre gedrite and phlogopite alteration within anorthosite 50 metres from the amphibolite contact. The corundum is dark pink and up to 1cm in maximum dimension. Clarity ranges from opaque to translucent.

Two further occurrences of corundum were reported within the Fiskenaasset layered complex and within the Bjornesund greenstone belt, both located to the east and southeast of the Fiskenaasset license, respectively, during reconnaissance exploration conducted in 2005. The occurrences were identified as Bjornesund and Qororssuaq. The former was prospected by Geisler (1980) and co-ordinates were cited by Anderson (1994) though no specific information, other than the spatial coordinates and footprint of 8 metres by 500 metres, on the type of occurrence was reported. Reference to the Bjornesund mapping project was provided in Appel (1992a) though the report has not been fully reviewed by the author at this time. Based on its dimensions, this occurrence would represent one of the larger surface expressions for the known individual occurrences and warrants further investigation.

At Qororssuaq, preliminary investigations identified two large E-W-striking amphibolite horizons with an intervening, heavily foliated anorthosite, and several small ultramafic bodies contained within the anorthosite. The northernmost of the two amphibolites may include an interleaved metasedimentary horizon, according to the regional geological mapping (GEUS, 1985). This unit was not confirmed by the prospecting group. Both contacts of the anorthosite with amphibolite show mineralization. Four corundum localities were reported by geologic mapping in the 1970's (Appel, 1995), though only one was confirmed in the current program. The latter occurred on the northern amphibolite-anorthosite contact and was adjacent to an ultramafic body. The corundum is fine-grained, granular, rusty-coloured, and was enveloped within a coarse, amphibole-rich host. The zone of mineralization outcrops for 6 metres along strike with an average width of 1 metre. The Qororssuaq valley, located to the north-northeast of the occurrence, exhibited extensive braided stream networks covering a large region comprised of thick fluvial to glaciofluvial deposits (see Appel, 1995) which warrants examination for alluvial heavy mineral accumulations, including ruby corundum.

As noted in previous sections, given the significant exploration potential of the ruby and pink sapphire mineralization in the Fiskenaesset area, True North has taken steps to acquire additional exploration prospects not covered by current licenses, specifically the Fiskenaesset and Akunnaat licenses, held by True North through Brereton and Crew Gold Corporation, respectively. Both Bjornesund and Qororssuaq are contained within one of the sub-areas of the Qaqqatsiaq license application registered by the BMP on June 1, 2007. True North's application provides for acquisition of an additional 713 km² exploration license contiguous with and adjacent to its 110 km² Fiskenaesset license. The license application consists of five separate property blocks (designated sub-areas) strategically located to cover known ruby occurrences and prospective geology for ruby mineralization in the Fiskenaesset District. The formal ratification of the license application by the BMP and the requisite Greenland/Denmark government authorities, is expected in December 2007 and the acquisition will bring True North's total land position to 823 km².

Further a field in Greenland, GEUS field geologists (van Gool, 2006) officially confirmed, via an internal report, the discovery of ruby and pink sapphire in metamorphic rocks encountered in 2004 and again in 2006 at a new locality in the Nuuk district approximately 150 kilometres north of Fiskenaesset. Previously, Herd et al. (1969) had reported corundum from elsewhere in the same district and, along with Petersen and Secher (1993), also reported corundum from the Sukertoppen or Maniitsoq district, about 160 kilometres NNW of the capitol of Nuuk. As such, there are now three (3) districts in Greenland reporting ruby and pink sapphire: (1) Fiskenaesset; (2) Nuuk; and, (3) Maniitsoq. All three occurrences lie upon the Archean craton

of southwest Greenland (see Figure 21). Of note, ruby-pargasite boulders were reported in the Isukasia area between Nuuk and Maniitsoq near the Inland Ice (Appel, 1995).

A compilation of ruby occurrences in the Fiskenaasset area was published by GEUS (Appel, 1995) and an update by Appel, Herd and Windley is in press, with completed publication expected by the end of 2007.

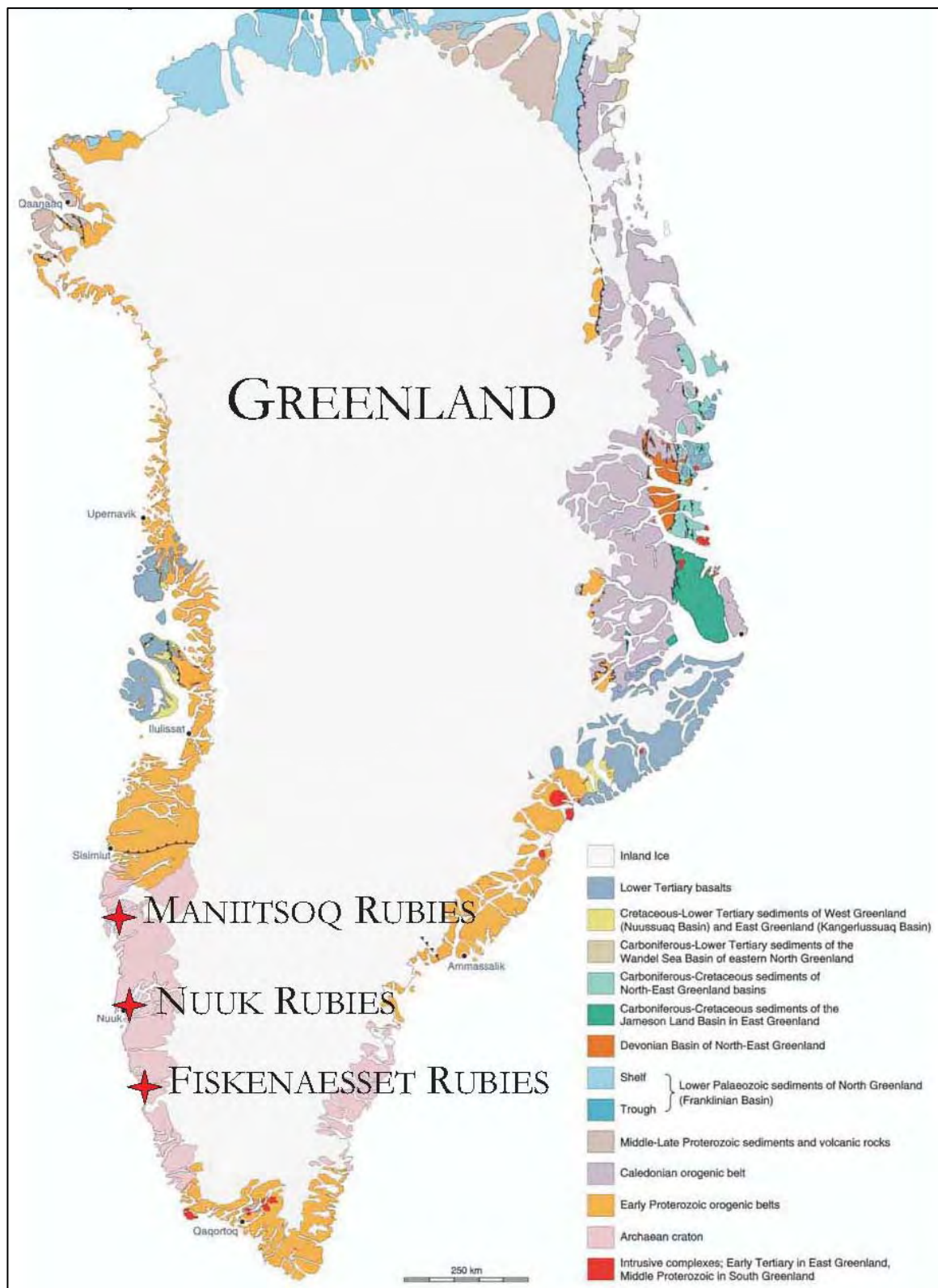


Figure 21. Ruby Occurrence in West Greenland

INTERPRETATION AND CONCLUSIONS

First and foremost, given the significant exploration potential of the ruby and pink sapphire mineralization in the Fiskenaesset area, True North has applied to acquire additional exploration prospects contained within one of the sub-areas of the 713 km² Qaqqatsiaq license application registered by the BMP on June 1, 2007. Additionally, True North has prepared and submitted an application for the continuance of the exploration license for an additional five year term from 2008-2012, in parallel with license transfer application from Brereton to True North.

True North's exploration license now covers more than twenty ruby and pink sapphire occurrences discovered near the village of Fiskenaesset. Of the corundum parageneses identified to date, only the hydrothermal and metasomatic styles contain significant concentrations of gem quality corundum. Hydrothermal ruby occurs most notably in outcrop at Aappaluttoq and at several other discrete locations northwards along the Ruby Island Line.

The 2007 diamond core drilling of the Aappaluttoq occurrence has successfully intersected westerly-dipping ruby and pink sapphire mineralization, identified during core logging in 18 of 46 holes, and has extended the strike length of the Aappaluttoq occurrence from the known 15-20 metres exposed on surface in the main showing to more than 105 metres and to depths of more than 144 metres. The drilling clearly intersected the Host Zone in up to six holes in multiple sections and, below an interval of anorthosite gneiss, was followed by a deeper and thicker interval of ultramafics, similar to the Host Zone, with phlogopite-rich or pargasite-rich mineralization. Ruby mineralization within the interval, designated the Aappaluttoq Deep Zone contains the largest ruby and pink sapphire crystals, and most abundant in terms of apparent grade, in the drill holes completed to date. Both zones of mineralization are open to depth and along strike; the Aappaluttoq Deep Zone is open toward surface for up to 125 metres.

The identification of the previously unrecognized Aappaluttoq Deep mineralization will contribute to a significant potential increase in target dimensions based on the strength and thickness of the mineralized intervals. With the known Aappaluttoq mineralization remaining open to the north and to depth, the identification of ruby-bearing boulders on surface, and a favourable structural and mineralogical trend defined by drilling and mapping, a high priority target area has now been identified to pursue in future drilling programs between the Aappaluttoq and Sarfaq occurrences.

True North continues to recognized new and growing potential value for the rubies and pink sapphires at Fiskenaesset, in large part due to the successful results of its exploration and

processing efforts. Rough grades are highly significant and are reported from numerous occurrences. At Siggartartulik, the ruby and pink sapphire combined gem and near-gem rough mini-bulk sample grade of 11,878 g/t including 1,204 g/t gem clearly warranted further exploration. Both Kigutilik and Upper Angnertusoq returned high rough grades (see Table 34) and red/pink corundum ratios but a 100 kilogram discovery sample at Aappaluttoq returned 244 grams of coarse gem grade material and 533 grams of total gem and near-gem was the highlight of the 2005 exploration efforts. The 2006 Aappaluttoq bulk sample then returned a ruby and pink sapphire rough grade of 4,600 g/t including 1,937 g/t gem. In 2007, on-site processing has generated 574 kilograms of heavy mineral concentrates for downstream processing from Aappaluttoq, Kigutilik and Siggartartulik.

The results from bulk sampling, shown in Tables 34, clearly point to the potential of the project, particularly with the high grade and gem quality of the Aappaluttoq and Siggartartulik occurrences. The former contains a coarser size distribution though recent exploration at the latter has identified new localities with large rubies to accompany the predominant smaller goods. In general, the 2007 geological program has discovered several promising occurrences which confirms the continued prospectivity of the main area of the Fiskenaasset license.

Table 34. Summary Grade Comparison- Gem and combined Gem & Near Gem, Red/Pink

	Sample	Gem + Near-Gem (kg/t)	Gem (kg/t)	Red/Pink
2004	Siggartartulik	11.878	1.204	1.78
2005	Kigutilik	8.688	1.056	1.64
2005	Lower Angnertusoq	0.141	0.000	2.12
2005	Upper Angnertusoq	4.717	0.994	1.41
2005	Ruby Island	2.855	0.117	0.00
2005	Qaqqatsiaq	0.861	0.102	0.65
2006	Aappaluttoq	4.498	1.937	0.36

Despite the small volumes of carats produced to date, the project exhibits significant potential for the presence of large and valuable gems; individual gem to near-gem, euhedral ruby and pink sapphire crystals to more than 20 grams have been recovered from the colluvium directly overlying the Aappaluttoq occurrence. Preliminary cutting and polishing of selected rough from 2006 Aappaluttoq has returned gem quality faceted material up to 5.70 carats valued at US\$980 per carat, and independent valuations of individual polished stones to \$US3,220 per carat reported for a 0.69 carat round ruby and \$US460 per carat for a 0.96 carat pink sapphire. The predominance of smaller goods is common to similar paragenetic models from other global occurrences.

Given the number, rough grade and quality of ruby occurrences located in just three full seasons of exploration, the author believes strongly in the coloured gemstone potential of the Fiskenæsset district. Of particular note, the Fiskenaeset rubies and pink sapphires respond well to beneficiation, optical sorting, concentrate processing, heat treatment, and polishing, and are well suited to production of commercial jewellery.

Initial testing of the optical sorter technology for the recovery of rubies and pink sapphires returned excellent separation results despite less than optimum operating conditions and further testwork will be conducted on the 2007 bulk sample concentrates. This technology will be key element in the development of the process design and, based on the initial results, will contribute to optimization of liberation yields, particularly for the coarse size fractions.

The 2008 exploration program will build upon a successful results of 2004-2007 exploration sampling on the highest priority ruby occurrence, Aappaluttoq, known from among those located thus far in the Fiskenæsset ruby district of southwestern Greenland.

In short, it was recommended herein to proceed on the Aappaluttoq occurrence with additional bulk sampling and detailed large diameter (HTW) diamond drilling with a view to resource definition which will meet the geospatial criteria necessary for a scoping study, specifically a Preliminary Economic Assessment Report (PEAR) and, if positive, moving forward directly with development plans via a subsequent pre-feasibility analysis.

RECOMMENDATIONS AND BUDGET

The objectives of the 2008 exploration program will, to a major degree, build upon a successful results of 2004-2007 exploration sampling and the preliminary economic assessment report on the highest priority ruby occurrence, Aappaluttoq, known from among those located thus far in the Fiskenaesset ruby district of southwestern Greenland. Key development program components will comprise advanced exploration and grade drilling, engineering and environmental studies, process flowsheet development, and process plant design engineering. The property-scale exploration program will include exploration drilling and detailed mapping of the 1.5 kilometre strike length attributed to the folded limb of the Fiskenaesset layered complex containing the highly prospective Siggartartulik occurrence, additional property exploration on the Fiskenaesset license to follow up on significant results from the 2007 channel sampling, and regional exploration on the adjacent Qaqqatsiaq license, pending its approval.

In 2008, the recommended exploration program for the Fiskenaesset license will be highlighted by several milestones, as follows, with the focus on the continued development of the Aappaluttoq occurrence.

- Complete DMS, magnetic and optical sort processing of the 2007 mini-bulk and bulk concentrates at contract facilities in Canada and additional confirmatory design tests at manufacturing operations in Germany
- Complete processing of 2007 channel samples and prioritize additional targets for follow-up bulk sampling and/or drilling
- Complete final sorting of hand sort and optical sort concentrates in Vancouver
- Complete downstream processing of representative portions of the 2007 gravity concentrates to permit valuation and grade determination
- Complete the first year Environmental Baseline Study
- Complete the Phase 1 Aappaluttoq engineering study
- Confirm engagement of the Phase 2 Aappaluttoq engineering study to include resource determination, site pre-engineering and mine plan design, process plant design, initial permitting, environmental and socio-economic planning and development
- Complete not less than 3,000 metres of HTW or PQ, primarily for grade sampling, over the Aappaluttoq and Aappaluttoq Deep occurrences to outline the subsurface geology, gemstone continuity and distribution, including down-dip drilling of the known mineralization to permit a maximum amount of core for additional grade evaluation
- Complete stripping of Aappaluttoq occurrence over a 150 metre strike length
- Complete mini-bulk sampling of the Aappaluttoq occurrence along the exposed strike length sufficient for grade determination; a series of samples over 10m intervals is recommended to evaluate grade, rough value, polished yield and value, and size distribution curve variability

- Complete processing of up to 500 tonnes of mini-bulk and bulk samples in a modular gravity plant
- Completion of the second year Environmental Baseline Study leading to an Environmental Impact Assessment meeting NERI guidelines
- Complete 5,000 metres of exploration drilling on the Siggartartulik occurrence and several adjacent satellite occurrences
- Complete geological studies, channel and mini-bulk sampling, and processing on the Siggartartulik and other priority exploration targets
- Complete Phase 3 exploration drilling program over the Aappaluttoq occurrence to extend the subsurface geology to the south and to explore the region north to the Sarfaq occurrence, gemstone continuity and distribution
- Complete the re-design, assemble and operate upgraded field processing plant for the preparation of sized gravity concentrates
- Initiate Phase 3 exploration drilling program over the Aappaluttoq occurrence to extend the subsurface geology to the south and to explore the region north to the Sarfaq occurrence, gemstone continuity and distribution
- Complete downstream processing of all samples collected prior to 2007
- Continue third party valuations of final clean rough concentrates and loose polished wholesale (LPW) gemstones and, as approved, evaluation of market conditions through sales of gemstones on a LPW basis or within signature jewelry pieces
- Initiate university-based research into the ruby paragenesis, inclusion analysis and predictive gemmology primarily for optimized target generation and analysis, and downstream product planning and yield management

The Greenland field program is expected to begin on June 1st and is projected to continue to September 30th. The principal area of exploration lies forty-five minutes by helicopter, and four hours by boat, south of Nuuk. The technical crew will be based in the Ruby Island base camp, which lies only two minutes from Aappaluttoq and five minutes from Siggartartulik, and only 18 kilometres from Fiskenaesset. A second camp will be based at Siggartartulik for the drilling and mapping program. The temporary field camps are proposed for up to 30 persons as needed on a short-term seasonal basis, primarily geologists, drillers, miners, helpers, surveyors, cooks, and pilots, and will be serviced by helicopter and as required by boat, to support the geological mapping, prospecting, drilling and sampling operations.

The bulk samples will be transported by helicopter to barges for transport to the processing facility.

Bulk sampling is recommended to test Aappaluttoq and several other occurrences; a total of not more than 250 tonnes is recommended mainly from the Aappaluttoq main site with several 3 tonne samples collected from new exploration sites.

The complement of exploration and support personnel will emphasize local hires, including a wide range of geological and environmental consultants, and companies offering maritime and air transport, construction, blasting and logistics services, as per the standard operating parameters for True North's projects. Outreach programs with the local artisans will continue and discussions with respect to individuals representing lapidary, design and goldsmithing skills will be initiated in the near future.

The summary budget distribution for the Fiskenaasset project is given below. Detailed monthly cost, task and personnel GANNT charts are in the planning stages.

Project Management	C\$ 500,000
Project Logistics and Equipment	750,000
Camp Operations	1,250,000
Bulk Sampling	500,000
Processing and Sorting	750,000
Diamond Drilling	2,000,000
Transportation – air, maritime	2,000,000
Engineering and Environmental Studies	750,000
Property Exploration	250,000
Regional Exploration	250,000
Contingency	<u>500,000</u>
Total	C\$ 9,500,000

The author, as Qualified Person (QP) and project manager of the Fiskenaasset ruby exploration project prepared the 2008 exploration program and budget, and believes that the advanced exploration leading from the 2007/2008 scoping study to a pre-feasibility study in 2009 is fully warranted based on the results to date and fully endorses the program outlined.

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STATEMENT OF QUALIFICATIONS

I, James Gregory Davison, residing at 921-7th Street, Montrose, British Columbia, Canada, V0G 1P0, do hereby certify that:

1. I am a Professional Geologist licensed with the Association of Professional Geoscientists of Ontario, Member #0709 in good standing through 2008 and licensed with the Association of Professional Engineers and Geologists of British Columbia, Member #29630 in good standing through 2008. I meet the requirements of a “Qualified Person” as outlined in National Instrument 43-101.
2. I graduated from Dalhousie University in Halifax, Nova Scotia, Canada in 1979 with an Honours B.Sc. in Geology and from Brock University in St. Catharines, Ontario, Canada in 1984 with a M.Sc. in Geological Sciences.
3. I have practised my profession continuously since 1979. I am currently a self-employed contract exploration geologist, mineralogist, process mineralogist and managing director of Davison and Associates.
4. I am a Senior Associate Mineralogist with Watts, Griffis and McOuat Limited, a firm of consulting geologists and engineers, which has been authorized to practice professional engineering by the Professional Engineers Ontario since 1962.
5. I am a Core Member of the Prospectors and Developers Association of Canada (PDAC), a member of the Canadian Institute of Mining and Metallurgy (CIMM), Society of Economic Geologists (SEG), and a member of the Society for Mining, Metallurgy and Exploration (SME) and was a Fellow of the Geological Association of Canada for 20 years.
6. I have acted in the role of Project Manager with True North Gems Inc. 2004, 2005 and 2006 Canadian exploration projects, and as Project Manager for the Fiskenaesset Ruby Project engaged as of February 15, 2007, and was appointed as an officer and Vice-President Exploration of True North Gems effective June 1, 2005 to present.
7. I am the author of this report entitled ***43-101 Report on Activities for the Fiskenaesset Ruby Project, Greenland***, and it is based on data supplied to me by True North Gems and information collected from previously published and unpublished sources.
8. I have been actively involved in gemstone exploration, mine development and mining operations since 1988 in Canada, United States of America, Guatemala, Brazil, Colombia, South Africa, Lesotho, Namibia, Venezuela, Greenland and Russia.

9. I have earned the majority of my income over the preceding three years from True North Gems.
10. I have not worked on True North Gems' properties prior to May 2004. I was not involved with the initial collection or field preparation of the samples prior to the 2007 exploration season.
11. I have visited the Fiskenaesset property in Greenland during May to October 2007 and provided exploration management and project oversight, including the 2007 project design, since February 15, 2007. I have been involved in the review of internal 43-101 compliant reports since 2005. I was involved with the process mineralogical and extractive metallurgical analysis of ruby samples from the Fiskenaesset area, now included in the current exploration license, during the 1980's with a previous project operator and gained familiarity with the geology and recovery of ruby mineralization.
12. I have read the NI 43-101 and Form 43-101F1 and have prepared the technical report in conformity with generally accepted Canadian mining industry practice.
13. I am not aware of any material fact or material change with respect to the subject matter of the technical report which has not been reflected in the technical report, the omission to disclose which makes the technical report misleading.
14. This report may be utilized for the development of the property provided that no portion is used out of context in such a manner as to convey a meaning that differs from that set out in the whole.
15. Consent is hereby given to True North Gems to use or reproduce this report or any part of it for the purposes of development of the property, or related to the raising of funds.



Trail, British Columbia
February 18, 2008

James Gregory Davison, M.Sc., P. Geo.
Vice-President Exploration
True North Gems Inc.

CONSENT OF AUTHOR

I, James Gregory Davison, residing at 921-7th Street, Montrose, British Columbia, Canada, V0G 1P0, do hereby consent to the filing of the written disclosure of the technical report entitled "43-101 Report of Activities on the Fiskenaesset Ruby Project, Greenland " and dated February 18, 2008, and any extracts from the technical report, and to the filing of the technical report with the appropriate securities and regulatory bodies.

I also certify that I have read the written disclosure being filed and I do not have any reason to believe that there are any misrepresentations in the information derived from the technical report.

Dated this 18th day of February, 2008.



Signature of Qualified Person

James Gregory Davison

Name of Qualified Person



Illustration 1. General terrain of West Greenland heading south from Nuuk to Fiskenaesset.



Illustration 2. Overview of the harbour and village of Fiskenaesset, pop. 240, housing True North's base of operations and process plant.



Illustration 3. Overview of terrain over Ruby Island Line occurrences from Aappaluttoq (bottom right corner), looking east-northeast to Lake Tassiusa, Ruby Island and Qaggse mountain (top left); base camp (centre left), situated along drainage from lake located at 230 metre elevation.



Illustration 4. Overview from Ridgetop occurrence looking northeast to Ruby Island, the original ruby occurrence, and Qaggse Mountain - viewing along F_2 NE strike, light grey anorthosite of the Fiskenaesset layered complex with F_3 NW fold overprint; Tassiusa gate to far right.



Illustration 5. True North's 2007 Ruby Island 20 person base camp at Lake Tassiusa.



Illustration 6. Early season view looking west to the Aappaluttoq occurrence at centre, surrounded by lake, 230 metre elevation level with drainage to north.



Illustration 7. 2007 NTW core drilling operations on Aappaluttoq. Heli-portable rig contracted from Kluane Drilling of Whitehorse, Yukon Territory, Canada.



Illustration 8. 2007 Drill core illustrating sapphireine-gedrite replacement of ultramafic along structural hangingwall of Aappaluttoq occurrence.



Illustration 9. 2007 Aappaluttoq drill core indicating transition from sapphirine-brown gedrite zone to sapphirine-phlogopite±ruby zone to phlogopite±ruby zone in GL-07-11 at 17.0 metres.



Illustration 10. 2007 drill core illustrating coarse binary pegmatite commonly associated with mineralized contact between ultramafic and anorthosite in GL-07-07. Despite clean texture, deformation associated with F_3 and possibly F_2 observed in outcrop.



Illustration 11. 2007 drill core illustrating structural footwall anorthosite to leucogabbro gneiss in GL-07-07.



Illustration 12. 2007 Aappaluttoq drill core indicating fine-grained ruby and pink sapphire in phlogopite-rich zone from GL-07-07 at 10.6 metres.



Illustration 13. 2007 Aappaluttoq Deep zone showing ruby and pink sapphire with phlogopite and minor fuchsite/mariposite in drill core from GL-07-35 at 109.5 metres.



Illustration 14. 2007 Aappaluttoq drill core with ruby and pink sapphire in phlogopite-pargasite zone from GL-07-12 at 11.0 metres.



Illustration 15. Close up view (see Illustration 9) of 2007 Aappaluttoq drill core showing pink sapphire and ruby in sapphirine-phlogopite from GL-07-11 at 17.0 metres.

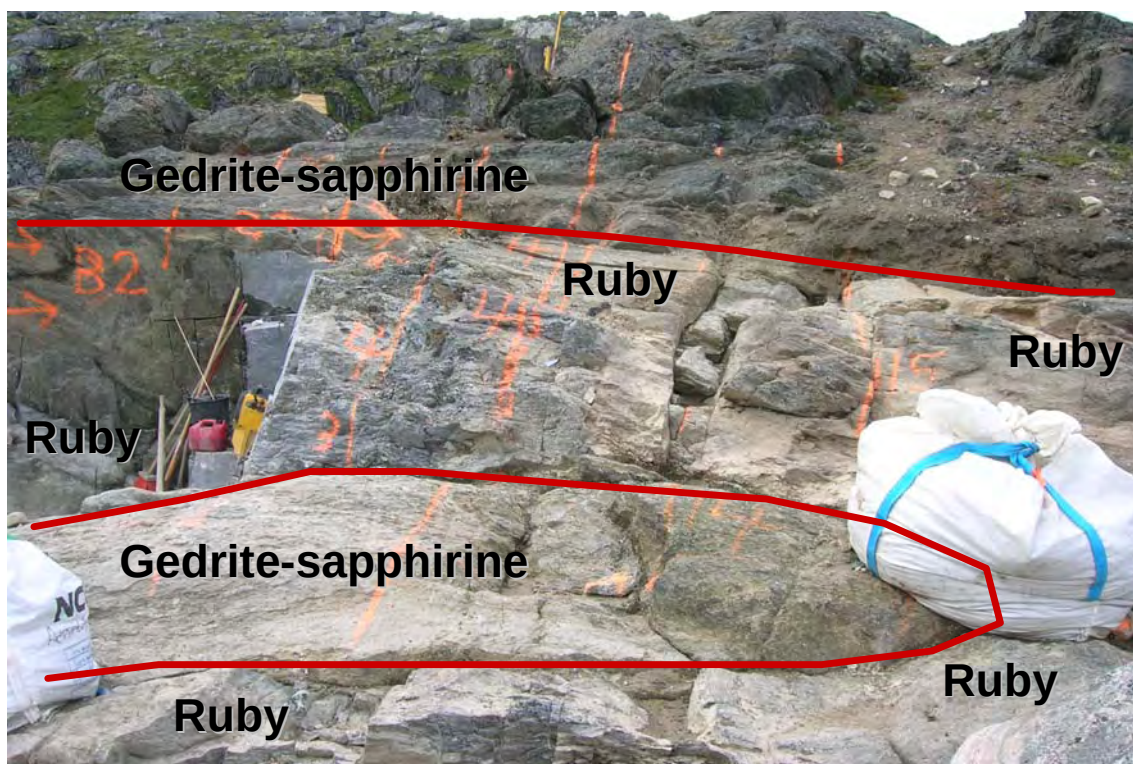


Illustration 16. Overview of 2007 sampling area at Aappaluttoq showing structural hangingwall ultramafic, mainly sapphirine-gedrite, with adjacent folded bands containing phlogopite, sapphirine, gedrite, anorthite, kyanite, and magnesite accompanied by corundum.



Illustration 17. Chain saw extraction of bulk samples at Aappaluttoq during both 2006 and 2007 (image from July 2007) – total approximately 55 tonnes removed by this method.

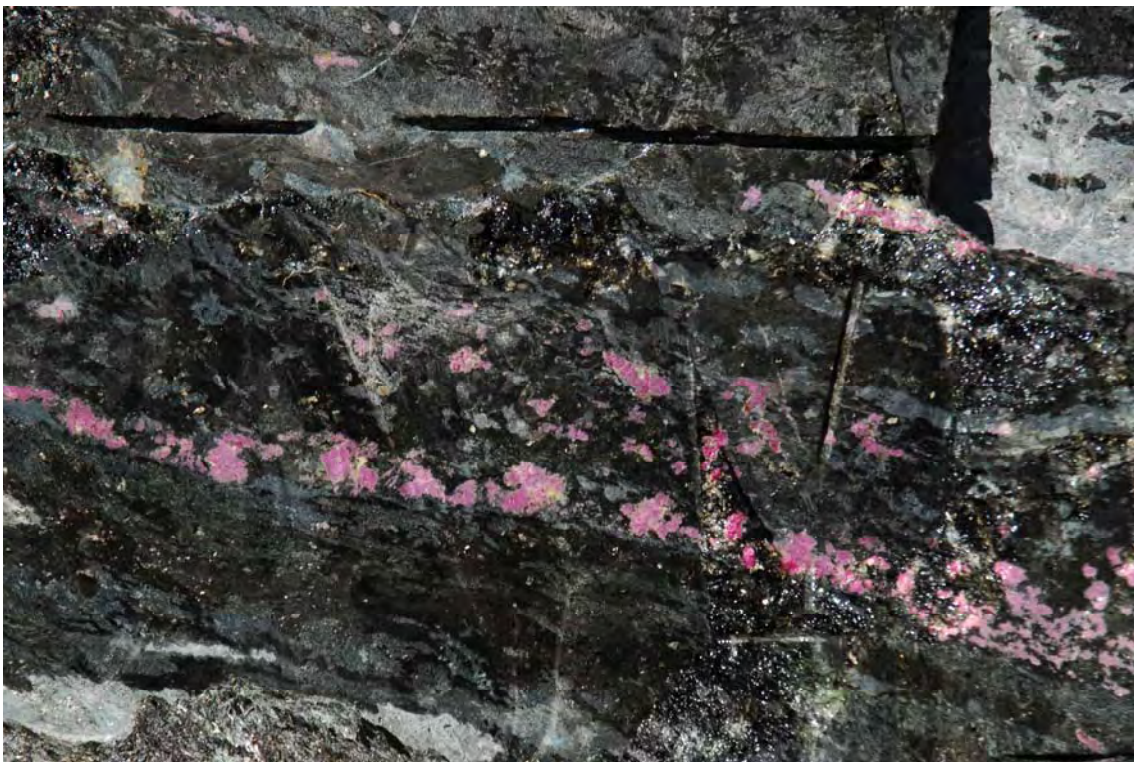


Illustration 18. Exposure of coarse bands and patches of ruby and pink sapphire in phlogopite-sapphirine zone on sawn faces at Aappaluttoq.



Illustration 19. Low yield blasting of 2nd 2007 bulk sample at Aappaluttoq – large blocks necessitate mechanical rock breaker in process plant to achieve maximum crusher feed size of 300mm to 400mm.



Illustration 20. Ruby-magnesite-kyanite in sapphirine-phlogopite exposed at base of blast bulk sample in Host Zone of Aappaluttoq occurrence.



Illustration 21. 2007 Aappaluttoq bulk sample B1 packed in one tonne super sac for transport to Fiskenaesset plant.



Illustration 22. As above, illustrating close up view of ruby and pink sapphire mineralization in feldspar-amphibole-phlogopite zone, commonly referred to as phlogopitized anorthosite.



Illustration 23. Transportation of 2007 bulk samples in 800-900 kilogram lots by 1 tonne super sacs by A-Star B3 helicopter from Aappaluttoq.



Illustration 24. Transportation of 2007 bulk samples in Fiskenaesset by loader into clean hopper for loading by backhoe into primary and secondary crusher.



Illustration 25. Bagged samples weighed on 1.5 tonne platform digital scale after delivery by helicopter and after secondary crushing at Fiskenaasset plant.



Illustration 26. Data recording for all samples weighed on 1.5 tonne platform digital scale.



Illustration 27. Primary and secondary jaw crushing at Fiskenaasset plant – all samples contained in super sacs between 1st and 2nd crush, and after 2nd crush to wet screening.



Illustration 28. Coarse-grained ruby mineralization recovered by hand cobbing during primary jaw crushing at Fiskenaasset plant.



Illustration 29. Secure containment of tertiary roll crushed samples, after primary screening, and prior to final screening and jigging; progressive staged roll crushing from maximum opening of 14mm to minimum of 5mm.



Illustration 30. Two double-deck wet washing screens with individual decks at 10mm, 6.3mm, 3.4mm and 1.7mm; -1.7mm is directed to tailings pond.



Illustration 31. Denver duplex jig with secure cleaning of concentrates by vacuum for packaging and direct hand delivery, by plant manager or project manager, to secure drying, screening and sorting facility in Fiskenaasset.



Illustration 32. Example of liberated grains (-6.3+3.4mm) of ruby and pink sapphire collected from duplex jigs.



Illustration 33. Example of hand sorting of +25mm and +10mm oversize ruby and pink sapphire from 2007 Aappaluttoq soil.



Illustration 34. Primary sorting of dried and screened ruby and pink sapphire rough concentrates, from re-processing of Aappaluttoq 2006 jig tailings, in secure office facilities in Fiskenaasset.



Illustration 35. Secure packaging of all sorted and unsorted rough concentrates from 2007 sample processing; packaged with oversight by author (QP) and two representatives of BMP and shipped by Sikorsky S-61 helicopter to Blue Water Shipping - international secure transport, in Nuuk.



Illustration 36. Ruby mineralization in gedrite-sapphirine-amphibole-phlogopite of the Aappaluttoq occurrence located outside the bulk sampling area, 3-5 metres to the north and east.



Illustration 37. Well formed, transparent to translucent crystals of ruby in gedrite-sapphirine-magnesite-kyanite of the Aappaluttoq occurrence.



Illustration 38. Overview of Siggartartulik occurrence, looking west, showing contact between grey anorthosite and dark amphibolite; note warping of F_2 limbs by NW-trending axis of F_3 folding, and local step offsets along F_3 axial plane.

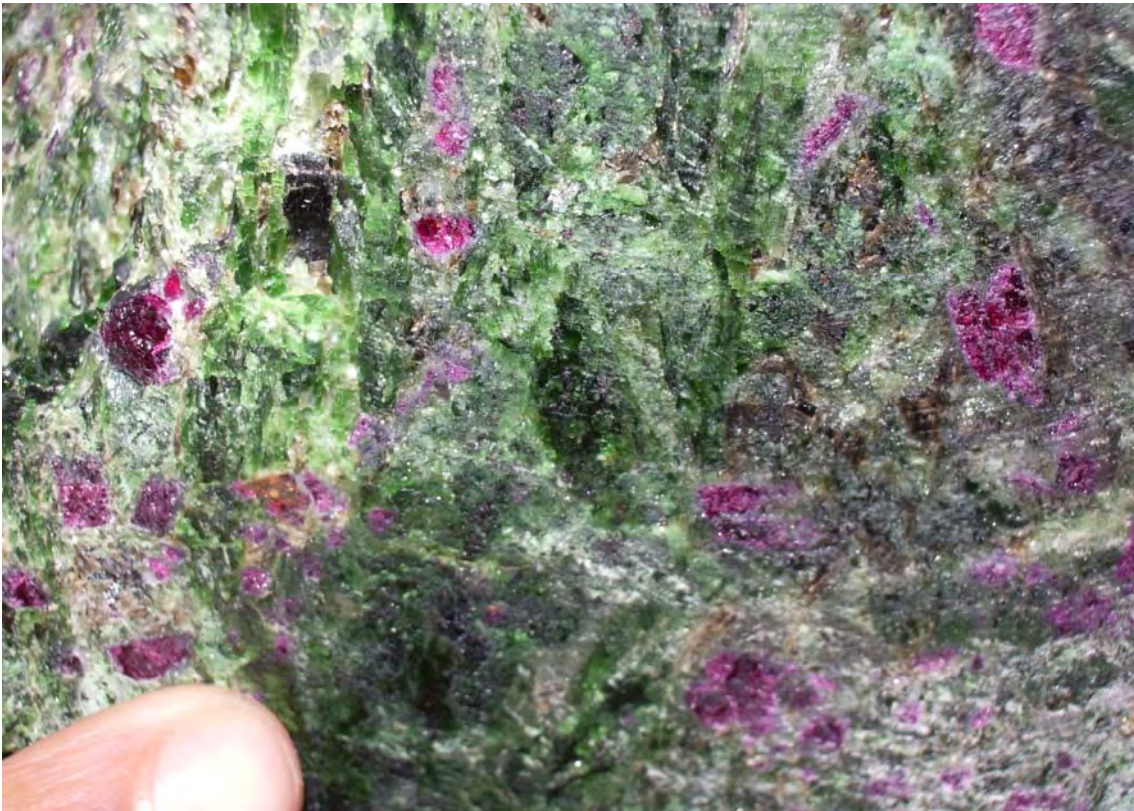


Illustration 39. Close up view of bright green pargasite with red to pink ruby mineralization at Siggartartulik, exhibiting the distinct Christmas tree coloration.



Illustration 40. Close up view of transparent, locally euhedral barrel-shaped crystals of ruby and pink sapphire at the Pupiq occurrence, associated with phlogopite-rich areas in sapphirine-gedrite-amphibole.

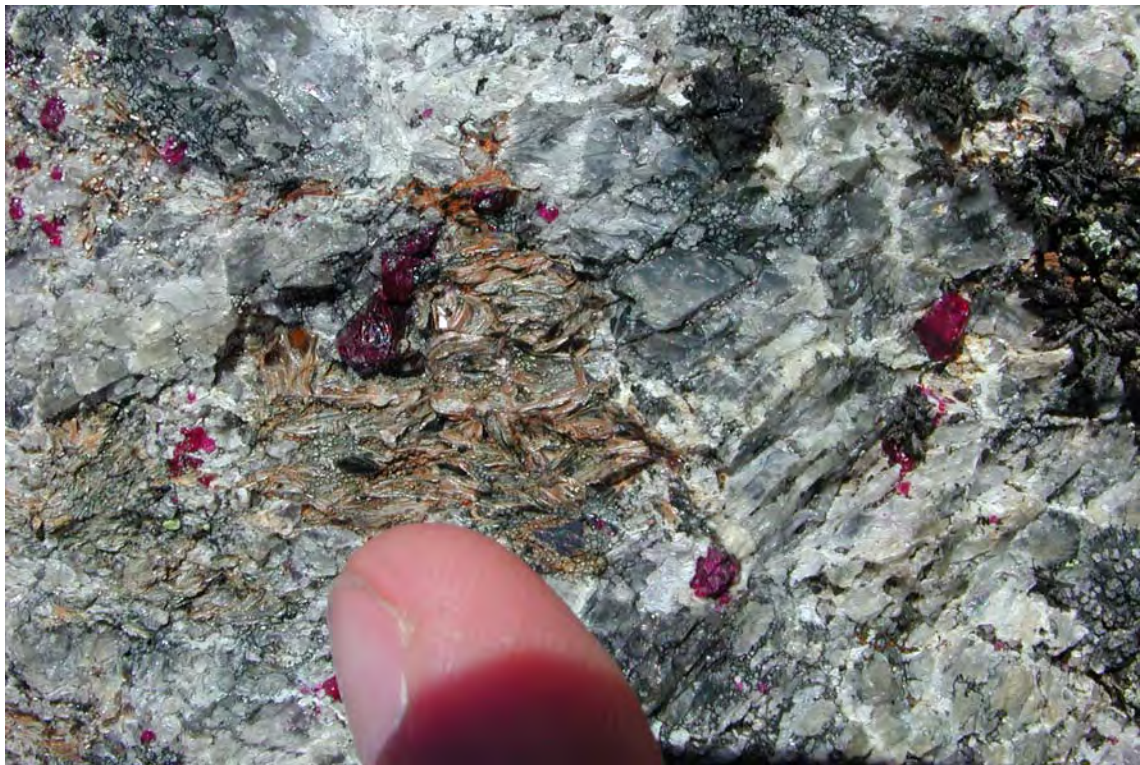


Illustration 41. Close up view of bright red ruby mineralization at Qaqqatsiaq with phlogopite in anorthosite, adjacent to extensive banded pargasite zone.

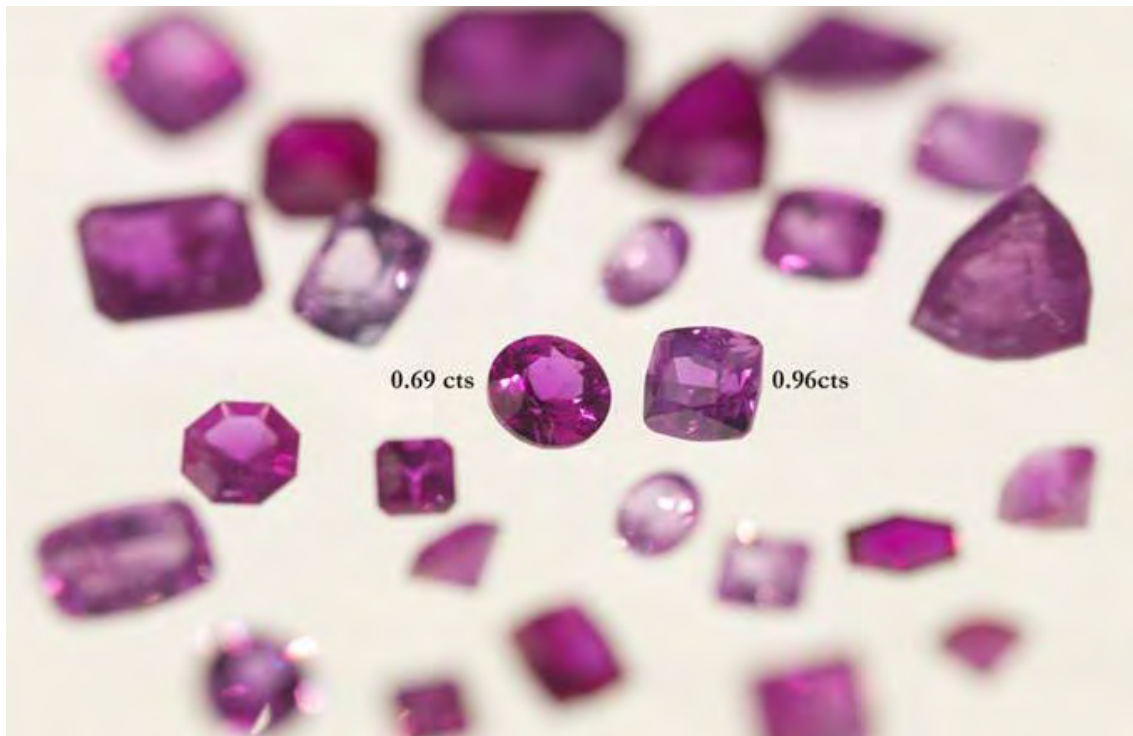


Illustration 42. Suite of loose polished facet goods from the 2005 and 2006 Aappaluttoq bulk sample including 0.69 carat ruby valued at US\$3,220/ct and 0.96 carat pink sapphire valued at US\$460/ct.

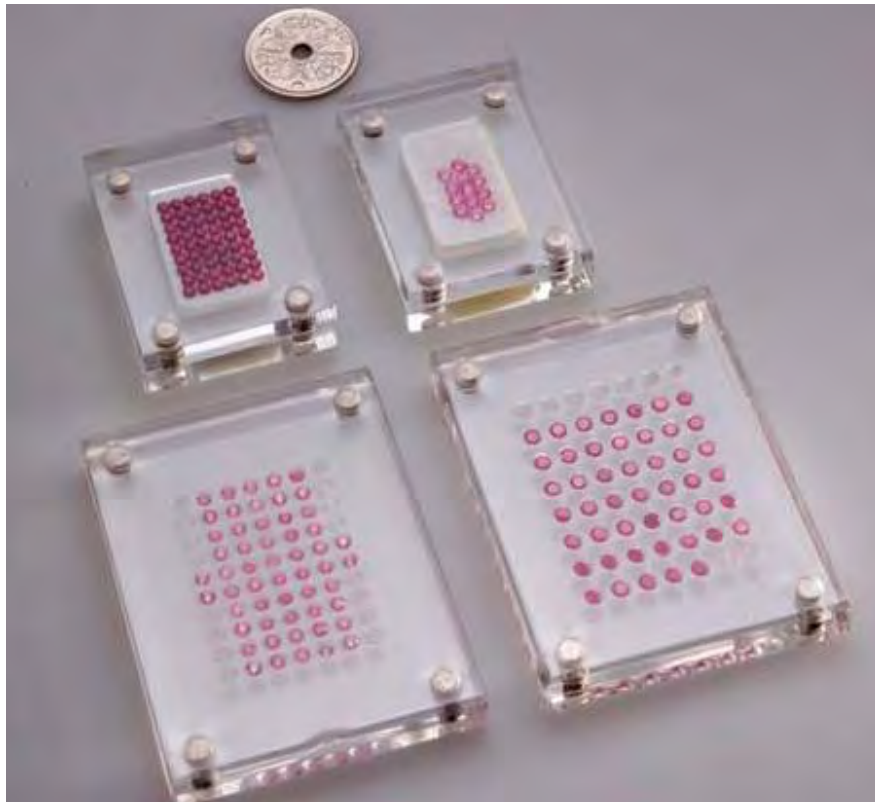


Illustration 43. Suite of loose polished faceted ruby and pink sapphire; calibrated melee from 2006 Aappaluttoq bulk sample – stones set in Lexan to display quality of size calibration, and sorting by colour and gem quality.



Illustration 44. Prototype jewellery prepared from loose polished rubies and pink sapphires from the 2006 Aappaluttoq bulk sample. The piece “Holly” contains 41.38 carats of ruby and pink sapphire set in white gold.



Illustration 45. Prototype jewellery prepared from loose polished rubies and pink sapphires from the 2006 Aappaluttoq bulk sample. The piece “Eva” contains 34.81 carats of ruby and pink sapphire set in white, pink and yellow gold.

APPENDIX 1

OPTION AGREEMENT

THIS OPTION AGREEMENT IS MADE AS OF April 22, 2004

BETWEEN:

BRERETON ENGINEERING & DEVELOPMENTS LTD.

Suite 615, 133 Richmond St. W.
Toronto, Ontario
M5H 2L3

Fax: (416) 365-1830

("Brereton")

AND:

TRUE NORTH GEMS INC.

Suite 500, 602 West Hastings Street
Vancouver, British Columbia
V6B 1P2

Fax: (604) 899-1240

("True North")

WHEREAS:

A. Brereton is the registered owner of an undivided 100% interest in an Exploration Licence for areas at Fiskenaasset in West Greenland comprising 104km², as more particularly described in Exploration Licence No. 2003/03 granted by the Government of Greenland in March, 2003 to Brereton (the "Licence");

B. Brereton has agreed to grant an option to True North to earn a 100% interest in the Licence on the terms and conditions herein;

NOW THEREFORE in consideration of the premises and mutual covenants and agreements herein, the parties hereto hereby covenant and agree as follows:

1. REPRESENTATIONS AND WARRANTIES

1.1 Brereton represents and warrants that as of the date of the execution of this agreement it is the legal owner of the Licence, which has been properly obtained in accordance with the Greenland *Mineral Resources Act*; that the Licence is free and clear of any charges, liens, encumbrances, royalties, conflicts or disputes of any kind; and that no other parties

have a right in or to the Licence; and that the grant of the option to acquire the Licence under this agreement does not or will not violate any provisions of the Licence or any applicable laws of Greenland.

- 1.2 True North represents and warrants that as of the date of the execution of this agreement it is a validly existing corporation organized under applicable laws, it has the right to carry on its activity, it is free to enter into this agreement and it has achieved all necessary corporate acts in order to execute this agreement.

2. AGREEMENT

- 2.1 Subject to acceptance of this agreement by the TSX Venture Exchange ("Exchange Approval") and subject to the bonus provision of section 3 herein, Brereton grants True North the exclusive and irrevocable right to earn a 100% interest in the Licence, in consideration of and upon the following terms:

- (a) cash payments of \$150,000 as follows:

- (i) \$25,000 cash payment, upon Exchange Approval;
- (ii) \$25,000 on December 31, 2004;
- (iii) \$25,000 on December 31, 2005;
- (iv) \$25,000 on December 31, 2006; and
- (v) \$50,000 on December 31, 2007.

- (b) issuance of \$150,000 worth of treasury shares of True North as follows:

- (i) issuance of \$25,000 worth of treasury shares of True North, upon Exchange Approval;
- (ii) issuance of \$25,000 worth of treasury shares on December 31, 2004;
- (iii) issuance of \$25,000 worth of treasury shares on December 31, 2005;
- (iv) issuance of \$25,000 worth of treasury shares on December 31, 2006; and
- (v) issuance of \$50,000 worth of treasury shares on December 31, 2007.

- (c) completion of work expenditures in each year of this agreement of not less than the minimum exploration obligations required by the Government of Greenland to maintain the Licence area in good standing, and for the 2004 summer season, not less than \$150,000 or such higher amount as may be required to expend the minimum exploration obligations required for both 2003 and 2004; True North acknowledges that the work obligations for 2003 in the amount of \$57,000 remain outstanding and have been carried forward into 2004.

- 2.2 For greater certainty, the number of shares to be issued pursuant to sections 2.1(b), 3.1 and 3.2 shall be based on the 10 day closing average price of the shares immediately prior to the issuance date.

- 2.3 True North shall complete the work required under section 2.1(c), as may be necessary, in the time required, to keep the Licence in good standing in accordance with the Licence and the Greenland *Mineral Resources Act*. In addition, True North shall advise Brereton by December 1 of each year of the option period, in writing, whether it will make the expenditures required to maintain the option through to the following year. Upon making an election to incur the expenditures required to be incurred by December 31 of the following year, the amount of such expenditures shall become a fixed obligation of True North. Failure to give Brereton notice of an election to incur the required expenditures to maintain the option by November 1, or delivery of a notice that fails to provide for sufficient expenditures to fulfil the requirements of section 2.1, shall be considered an event of default under the agreement and result in immediate termination of this agreement as per the provisions of section 9.1. For greater certainty, True North shall have 30 days to remedy a default under this section 2.2 upon receipt of a written notice per section 9.1 from Brereton.
- 2.4 The issue of shares in section 2.1 herein shall be subject to such conditions as the applicable regulatory authorities may impose. If regulatory approval and Exchange Approval is not obtained by True North within 30 days of the date of this agreement, this agreement will be terminated and no longer binding on either party and Brereton will be free to option the Licence to any party free of any interest of True North.
- 2.5 Eligible work expenditures pursuant to section 2.1(c) will include exploration expenses, staking costs, filing fees, or such other expenses as may be acceptable to the Government of Greenland and management fees, which management fees shall not exceed 10% of total expenditures.
- 3. PRODUCTION LICENCE BONUS**
- 3.1 In the event that True North obtains a production licence from the Greenland Government for the Licence area, or any part thereof, on or before December 31, 2007, or within any licence renewal period, True North shall pay a bonus (the "Production Bonus") of \$500,000 and \$500,000 worth of treasury shares of True North to Brereton. Upon payment of the Production Bonus, the obligations of True North to Brereton under this agreement shall cease and no further fees or costs shall be payable to Brereton.
- 3.2 In the event that True North does not obtain a production licence by December 31, 2007, but renews the Licence for up to a further five years, then it shall pay to Brereton \$50,000 and issue 50,000 worth of treasury shares in each renewal year.
- 3.3 True North shall be under no obligation to put the Licence into commercial production or to obtain a production licence.

4. INTEREST AND TRANSFER OF PROPERTY

- 4.1 Upon completion by True North of the cash payments, issuance and delivery of shares and completion of the work expenditures set forth in section 2.1 herein, True North will own a 100% interest in the Licence and Brereton will deliver to True North transfer of title to or assignment of the Licence in recordable form, with all necessary governmental or regulatory approvals of the Government of Greenland, the registration cost and any related expenses to be the sole responsibility of the True North.
- 4.2 Brereton warrants that it will not encumber the property in any way between the date of this agreement and date of transfer of the title to or assignment of the Licence.

5. AREA OF INTEREST

- 5.1 Any exploration licence acquired by either Brereton or True North within 1,500 metres of the outside boundaries of the Licence shall become part of the Licence and be subject to this agreement.

6. RIGHTS AND OBLIGATIONS

During the term of the agreement:

- 6.1 True North shall have the exclusive and irrevocable right to access, explore and develop the Licence at its sole and absolute discretion.
- 6.2 True North will do all things and make all necessary payments to keep the Licence in good standing.
- 6.3 All work carried out by the True North on the Licence area shall be done in accordance with industry standards and in accordance with the laws and regulations applicable thereto.
- 6.4 True North shall hold harmless and indemnify Brereton from any claims and recourses (including all legal costs) resulting from the work carried out by True North on the Licence.
- 6.5 Brereton reserve the right of access to the Licence area to inspect the work carried out by True North, but such inspection shall be at Brereton's own risk and shall not interfere with True North's work.
- 6.6 True North shall keep Brereton informed of the progress of work on the Licence by providing written and digital copies of all technical reports and a summary of all expenses incurred on the property on an annual basis within 90 days of True North's financial year-end. Brereton will hold any data or information provided by True North in strict

confidence and shall not release it to any other party without prior written consent from True North, which consent will not be unreasonably withheld, or unless such information has already been disclosed publicly by True North.

- 6.7 In the event that True North abandons part or all of the Licence, it will transfer such abandoned titles and all applicable work credits back to Brereton in good standing for not less than six months before the expiry date of such titles.
- 6.8 If this agreement is terminated prior to fulfillment of the payments and commitments set forth herein, Brereton will keep all cash payments and treasury shares issued by True North, but True North's obligations under this agreement shall cease and neither Brereton nor True North shall have any recourse against each other except for obligations incurred prior to the termination of the option, which have not been executed.
- 6.9 If this agreement is terminated prior to fulfillment of the payments and commitments set forth herein, True North shall:
 - 6.9.1 forfeit its right to earn an interest in the Licence, ensure the Licence are clear of all liens and encumbrances arising by True North, transfer all of its interest in the Licence back to Brereton and ensure the Licence are in good standing for not less than six months;
 - 6.9.2 deliver to Brereton copies of all reports, maps, drill logs, core assay results and all other technical data related to the Licence compiled by True North;
 - 6.9.3 remove from the Licence within 90 days all mining facilities and equipment brought onto the Licence by True North and leave the Licence in compliance with all governmental laws and regulations that may apply, including those related to the environment; any such facilities or equipment remaining on the Licence after the 90 day period shall become the property of Brereton; and
 - 6.9.4 pay to the Brereton any payments that have accrued up to the date of termination.
- 6.10 In the event of bankruptcy or liquidation of True North or that of a subsequent owner, the Licence shall be transferred back to Brereton free and clear of any liabilities.
- 6.11 True North shall have the right to sell, assign or otherwise dispose of its interest in this agreement, provided that the purchaser is aware of and agrees to be bound by this agreement, and subject to approval by Brereton, such approval not to be unreasonably withheld.

7. Ownership of Recovered Minerals

- 7.1 For the purposes of this agreement, "gemstones" shall mean all rough precious and semi-precious stones and minerals including but not limited to rubies that are recovered from

- 10.3 This agreement constitutes the entire agreement between Brereton and True North pertaining to the Licence and supersedes all prior and contemporaneous agreements, whether oral or written, between the parties in connection with the Licence. No supplement, modification or waiver of this agreement shall be binding unless executed in writing by the parties to be bound thereby.
- 10.4 The parties hereto agree to do or cause to be done all acts or things necessary to implement and carry into effect this agreement to its full extent
- 10.5 Time shall be of the essence in the performance of this agreement.
- 10.6 This agreement shall enure to the benefit of and be binding on the parties hereto and their respective successors and assigns.
- 10.7 This agreement may be executed in two or more counterparts, each of which will be deemed to be an original and all of which will constitute one Agreement. Facsimile signatures are acceptable and binding.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the day, month and year first above written.

BRERETON ENGINEERING AND DEVELOPMENTS LTD.

By: [Signature]

c/seal

TRUE NORTH GEMS INC.

By:

c/seal

- 10.2 This agreement shall be governed by the laws of the Yukon Territory.
- 10.3 This agreement constitutes the entire agreement between Brereton and True North pertaining to the Licence and supersedes all prior and contemporaneous agreements, whether oral or written, between the parties in connection with the Licence. No supplement, modification or waiver of this agreement shall be binding unless executed in writing by the parties to be bound thereby.
- 10.4 The parties hereto agree to do or cause to be done all acts or things necessary to implement and carry into effect this agreement to its full extent
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- 10.7 This agreement may be executed in two or more counterparts, each of which will be deemed to be an original and all of which will constitute one Agreement. Facsimile signatures are acceptable and binding.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the day, month and year first above written.

BRERETON ENGINEERING AND DEVELOPMENTS LTD.

By: _____

TRUE NORTH GEMS INC.

By: _____

APPENDIX 2

**TILLADELSE TIL FORUNDERSØGELSE FOR
TRUE NORTH GEMS INC.
FOR VESTGRØNLAND**

Landsstyret meddeler herved i henhold til § 6 i lov nr. 335 af 6. juni 1991 om mineralske råstoffer i Grønland (råstofloven) med senere ændringer, jf. lovbekendtgørelse nr. 368 af 18. juni 1998, nedennævnte rettighedshaver en tilladelse til forundersøgelse. Tilladelsen meddeles på de i kapitlerne 1, 2, 7, 10 og 11 i råstofloven indeholdte bestemmelser og på de deri angivne vilkår samt på de vilkår, som er angivet nedenfor og i vedlagte "Standardvilkår for forundersøgelsestilladelser vedrørende mineralske råstoffer (excl. kulbrinter) i Grønland" af 16. november 1998 (standardvilkårene). Tilladelsen meddeles til følgende rettighedshaver:

True North Gems Inc.
602 west Hastings St.
Suite 500
Vancouver BC V6B 1P2
Canada

§ 1. De af tilladelsen omfattede mineralske råstoffer

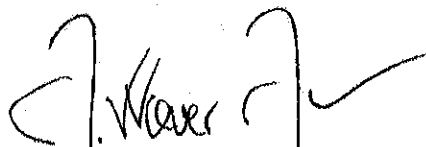
101. Tilladelsen omfatter de mineralske råstoffer, som er angivet i punkt 101 i standardvilkårene.

§ 2. Det af tilladelsen omfattede område

201. Tilladelsen omfatter landområder i Vestgrønland afgrænset som områder syd for 78°N og vest for 44°W, jf. dog punkt 203 i standardvilkårene. Et kort over tilladelsesområdet vedlægges.

§ 3. Den for tilladelsen gældende periode

301. Tilladelsen gælder fra Landsstyrets underskrift til 31. december 2010.



Landsstyret

27 FEB. 2006

APPENDIX 3

GRØNLANDS HJEMMESTYRE
RÅSTOFDIREKTORATET

Tilladelse nr. 2003/03

J.nr.: 69.21.2003+03/02

Marts 2003

Side 1 af 2

**TILLADELSE MED ENERET TIL EFTERFORSKNING FOR
BRERETON ENGINEERING & DEVELOPMENTS LTD
FOR OMRÅDER VED FISKENÆSSET I VESTGRØNLAND**

Landsstyret meddeler herved i henhold til §§ 7 og 15 i lov nr. 335 af 6. juni 1991 om mineralske råstoffer i Grønland (råstofloven) med senere ændringer, jf. lovbekendtgørelse nr. 368 af 18. juni 1998, nedennævnte rettighedshaver en tilladelse med eneret til efterforskning for et område ved Fiskenæsset i Vestgrønland. Tilladelsen meddeles på de i kapitlerne 1, 3, 5, 7, 10 og 11 i råstofloven indeholdte bestemmelser og på de deri angivne vilkår samt på de vilkår, som er angivet nedenfor og i vedlagte "Standardvilkår for efterforskningstilladelser vedrørende mineralske råstoffer (ekskl. kulbrinter) i Grønland" af 16. november 1998 (standardvilkårene). Tilladelsen meddeles til følgende rettighedshaver:

Brereton Engineering & Developments Ltd
Suite 615, 133 Richmond St. W
Toronto, ON M5H 2L3
Canada

§ 1. De af tilladelsen omfattede mineralske råstoffer

101. Tilladelsen omfatter de mineralske råstoffer, som er angivet i punkt 101 i standardvilkårene.

§ 2. Det af tilladelsen omfattede område

201. Tilladelsen omfatter landområdet afgrænset af følgende hjørnekoordinater forbundet af længde- og breddegrader, jf. vedlagte kort over området:

Delområde 1:

1:	63°03'N	50°21'W	2:	63°03'N	50°17'W
3:	63°00'N	50°17'W	4:	63°00'N	50°21'W
5:	62°57'N	50°21'W	6:	62°57'N	50°37'W
7:	63°00'N	50°37'W	8:	63°00'N	50°30'W
9:	63°02'N	50°30'W	6:	63°02'N	50°21'W

Delområde 2:

1:	63°09'N	49°37'W	2:	63°09'N	49°34'W
3:	63°07'N	49°34'W	4:	63°07'N	49°37'W

Alle længde- og breddegrader følger World Geodetic System Datum 1984 (WGS-84).

202. Størrelsen af det af tilladelsen omfattede område er 104 km², jf. punkt 203 i standardvilkårene.

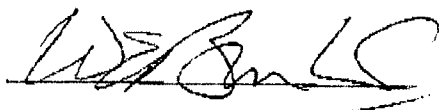
§ 3. Den for tilladelsen gældende periode

301. Tilladelsen gælder fra landstyrets underskrift til 31. december 2007. Perioden fra underskrift til udgangen af år 2003 regnes som år 1, og kalenderårene 2004, 2005, 2006 og 2007 regnes som henholdsvis år 2, 3, 4 og 5.

§ 4. Andre vilkår

401. Da denne tilladelse meddeles som følge af en ansøgning om en ny tilladelse med efterfølgende ansøgning om udvidelse af det ansøgte område, indebærer tilladelsens meddelelse, at rettighedshaveren skal betale gebyr, der er angivet i standardvilkårenes punkter 401 og 402.

01 MAJ 2003



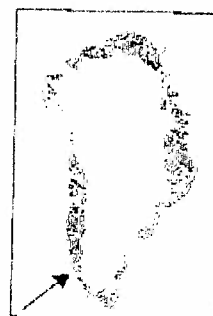
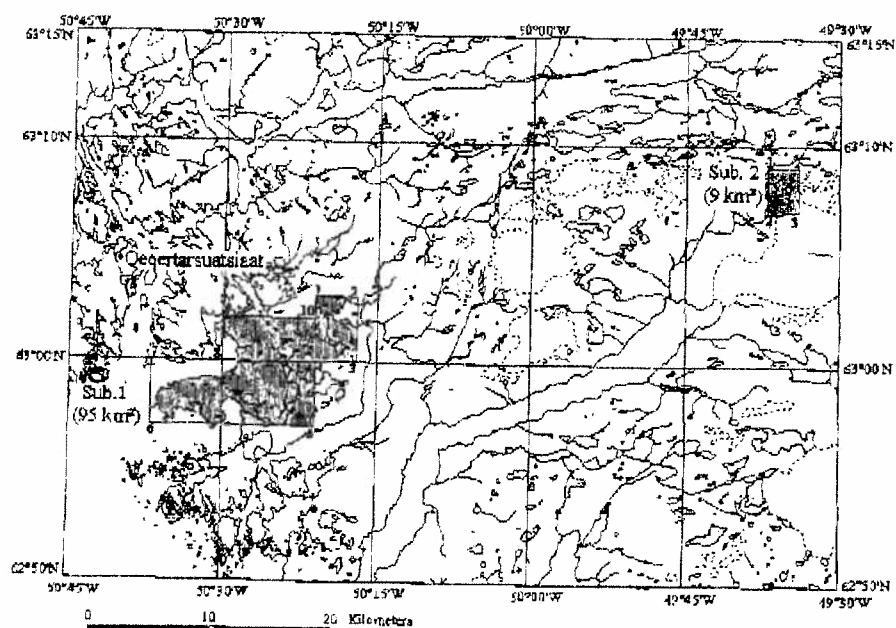
Brereton Engineering & Developments Ltd



Landsstyret

Efterforskningsstilladelse/Exploration Licence 2003/03
 Brereton Engineering & Development Ltd.

Total 104 km²



UTM Zone 32 UTM 3200
 Topographic base: DGM 1984, 1:50,000, 1:25,000, 1:10,000

APPENDIX 4

Gemstone Valuation & Marketing Report

April 2005

Tsa Da Glisza (Regal Ridge) Emerald Property
Finlayson Lake – Yukon Territory – Canada

Beluga Sapphire Property
Kimmirut - Baffin Island – Nunavut – Canada

Siggartartulik Ruby Property
Fiskenaesset – Greenland - Denmark



Prepared for:

True North Gems Inc.
Vancouver – British Columbia – Canada

Completed by:

Warren F. Boyd – Geologist and Gemmologist
R. T. Boyd Limited
Oakville - Ontario – Canada

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Background Information

In August 1998 emeralds were discovered at a location referred to as *Tsa Da Glisza* property (formerly known as the *Regal Ridge Property*) in the Finlayson Lake area in the southeastern portion of Yukon Territory (61°17' North, 130°35' West). In June 2001 *True North Gems Inc.* (*True North*) announced that it had entered into an option agreement with Expatriate Resources Ltd., the company that was originally responsible for the discovery and acquisition of the claim blocks covering the emerald discovery. During the summer of 2002 *True North Gems* initiated a comprehensive exploration program in order to delineate and test the extent of the *Tsa Da Glisza* discovery. In December 2002 the results of the bulk sample collected during the summer 2002 field season was announced.

In October 2004 *True North* announced the additional recovery of 21.2 kilograms of rough emerald which was combined with 1.75 kilograms of emerald rough from material that had been stockpiled in 2003 from *Tsa Da Glisza*. This combined rough emerald was sent to cutters by *True North*. The cut and polished emeralds as well as the faceted, cabochon, tumbled, and matrix emerald beads that were processed by the various lapidaries was returned from the cutting operations to *True North* by January 2005. All of these finished emerald products were available for valuation, manufacturing and marketing by January 2005. These finished emerald products will be referred to as *Finished Emerald Products* for the purposes of this valuation report. Additionally a selection of *Finished Emerald Jewellery* was test marketed by *Boyd* in March 2005 on behalf of *True North*.

In November 2003 *True North* announced that they had optioned the *Beluga* sapphire property in Nunavut. In April 2004 *True North* announced the acquisition of the *Siggartartulik* ruby property as well. Preliminary field work and sample collection was completed on the *Beluga* and *Siggartartulik* properties during the summer of 2004.

From the initial samples of rough sapphire and ruby collected from the *Beluga* and *Siggartartulik* properties some was also sent to cutters and polishers by *True North*. The first samples of the cut and polished sapphires and rubies were made available for valuation by January 2005. These will be referred to as the *Polished Sapphires and Rubies*.

Photographs in this valuation report have been provided courtesy of *True North* or are photographs taken personally by *R.T. Boyd Limited*.

Scope and Purpose of the Assignment

The *Finished Emerald Products* and the *Polished Sapphires and Rubies* from the various sampling programs in the Yukon, Nunavut and Greenland were all prepared and manufactured under the direct supervision of the staff at *True North* and then provided to *R.T. Boyd Limited* (*Boyd*) for assessment and valuation. *Boyd* was not involved in the cutting, polishing, processing or manufacturing of these products. *Boyd* traveled to Vancouver for the purposes of completing this valuation on the *Finished Emerald Products* in the offices of *True North*. Subsequent to the Vancouver site visit *Boyd* also spent additional time in due diligence investigation of the market prices on these specialized *Finished Emerald Products* at the *Tucson Gem and Mineral Show* held annually in Tucson, Arizona. Additional due diligence

was completed by surveying the available market supply and pricing both via the Internet e-commerce sites and direct communication with established gemstone suppliers in Asia and the USA. Boyd also met with the *True North* directors in Arizona to discuss test marketing of the *True North* products. A selection of finished gold and emerald jewellery, faceted emerald beads, cabochon emerald beads, and tumbled emerald beads were prepared and manufactured by *True North* and offered for test marketing purposes by Boyd. This finished and marketable jewellery and bead items will be referred to as *Finished Emerald Jewellery* for the purposes of this report. On March 6th Boyd received a selection of *Finished Emerald Jewellery* from *True North* for test marketing purposes at the *Prospectors and Developers Association Convention (PDAC 2005)* in early March 2005. The *Reserve Prices* were provided by *True North* and prices established by Boyd for this marketing exercise. The results of the independent valuation and test marketing exercise by Boyd will be summarized in this report.

Boyd is an experienced Geologist and Gemmologist and has considerable experience in the valuation and marketing of gemstones. Qualified person certifications by the author, pursuant to Regulation NI 43-101, may be found in *Appendix II*.

Gemmology of Emeralds

Mineralogically emerald is the blue-green variety of beryl, a beryllium aluminum silicate ($\text{Be}_3\text{Al}_2\text{Si}_6\text{O}_{18}$). It forms hexagonal prismatic crystals generally less than 2cm in length, although larger crystals do occur in many mining operations. Emerald owes its colour to trace amounts of chromium and vanadium which are incorporated in the crystal structure during its formation. These elements also impart an underlying red fluorescence which intensifies the blue-green colour. Colombian emeralds are famous for this feature setting them apart from many other sources of emeralds in the world. Boyd has noted blue-green Colombian-like colour in the *Tsa Da Glisza* emeralds which makes these emeralds very market desirable. The presence of iron in the crystallographic structure of the emeralds may quench this red fluorescence and thereby diminish the intensity of the green colour and possibly impart a yellow tinge (or hue) to the colour generating a *grass green* colour. This yellow hue and "grass green" colour is less desirable. No yellow hued emerald was noted in this valuation exercise.

All emeralds contain inclusions which are referred to as *Jardin* in the gemstone industry. This is a common feature of all emeralds and very clean emeralds are exceedingly rare. Often the emeralds contain healed or partially healed fractures that occur during crystallization. If these fractures reach the surface of the polished gemstone they can be masked with an oiling procedure which is considered an acceptable trade practice. These inclusions in emeralds are characteristic enough that they can be studied to determine the mine origin of the emerald or to distinguish natural emeralds from synthetic emeralds.

All polished gemstones are sold by weight, not by size or volume. The unit of weight is a carat which is equivalent to 0.20 grams. All rough gemstones are sold and marketed by weight as well using grams as the unit of measurement.

Gemmology of Sapphires and Rubies:

Mineralogically all sapphires and rubies are varieties of the mineral species *Corundum* which is an Aluminum Oxide (Al_2O_3). Often corundum has trace elements of elemental iron, titanium, chromium and other metals. When the corundum has iron or titanium incorporated in the crystallographic lattice then the corundum is often blue and this is called *Sapphire*. Conversely when chromium is incorporated in the crystallographic lattice then the corundum is often pink or red in colour and this is called *Ruby* or *Pink Sapphire* depending on the depth of the colour saturation. Hence *Sapphire* and *Ruby* are gemstone varieties of the mineral *Corundum*. When there is no colour adjective to the word *Sapphire* then it is assumed that the colour is blue whereas with a colour adjective then the *Sapphire* is what ever colour qualifier is used. For instance *Yellow Sapphire* is yellow, *Pink Sapphire* is pink, and *Colourless Sapphire* has no colour. The *Beluga* sapphire property produces sapphires, yellow sapphires, and colourless sapphires. The *Siggartartulik* ruby property produces both ruby and pink sapphire.

Sapphires often occur in barrel shaped hexagonal crystals and this is the typical habit of the crystals at the *Beluga* property. Rubies also may occur in barrel shaped hexagonal crystals but many of the rubies and pink sapphires from the *Siggartartulik* ruby property occur in a massive form having been subjected to crystallographic pressure from their associated minerals.

Disclosure of Enhancement - Emeralds, Sapphires, and Rubies:

It is acceptable and reputable trade practice to disclose all treatments in gemstones that have been used to stabilize the gemstone material or enhance the colour, clarity or marketability of the gemstone. For instance almost all sapphires on the gemstone market today are heat treated in some way or another. Similarly almost all emeralds on the market today are oiled or treated in some way to make the emeralds more market acceptable.

Many coloured gemstones are enhanced by various treatment techniques to change or improve on their colour, clarity, stability, and/or marketability of the coloured gemstone. Each treatment technique may affect the marketability and hence the market price of the product being sold. Conversely the absence of any treatment in a fine naturally coloured gemstone will generate premium market prices for those products.

The assorted emerald beads and some of the faceted and cabochon emeralds from the *Tsa Da Glisza* emerald deposit have been enhanced to improve on their stability, clarity and marketability. A full discussion of the treatment techniques used in these emeralds will not be covered in this valuation report but this treatment has been reflected in the market valuation. Conversely the *Beluga* sapphires, yellow sapphires, and colourless sapphires and currently the *Siggartartulik* rubies and pink sapphires have not been enhanced or treated in any manner and this has also been reflected in the market valuation in this report.

Branding & Premium Pricing of Coloured Gemstones:

Much discussion has transpired over the last decade on the topic of *Branding* or *Brand Names* in the jewellery consumer market. In products on the market, other than gemstones, the premium prices that have been achieved for brand name items have been extremely well documented. Products such as *Gucci*, *Cartier*, *YSL*, *Rolex* are but a few that come to mind in the Jewellery industry alone.

It has also been well established on the market that *Certified Canadian* diamonds have attracted a strong consumer demand no matter what the branded name. This increased consumer demand originally translated into premium pricing on the *Certified Canadian* diamonds, until intense competition diminished this premium after a few years in Canada. Since there are currently no other commercial sources, nor is there competition from other suppliers, of *Canadian Emerald*, *Canadian Sapphire*, or *Greenland Ruby* on the market other than those currently being developed by *True North* then there are excellent opportunities to exploit this unique brand in order to secure premium pricing on the products. An appropriate certification process must be in place to give the consumer confidence that they are buying a *Canadian* or *Greenland* emerald, sapphire or ruby.

Boyd has not taken into account the premium pricing that can be secured on a *Canadian* or *Greenland* branded coloured gemstones. The valuations stated in this report are based on prices obtained for comparable products on the international gem market at a wholesale level. It is expected that *True North* could exploit the branded product and secure premium pricing for a minimum of 20% to a maximum of 200% over current market prices for their products. Test marketing by *Boyd* at the *PDAC 2005* supports the fact that premium prices can be obtained for the *True North* emeralds due to their unique source in Canada.

Finished Jewellery and the Perception of Value:

Experienced jewellery manufacturers and retail jewelers commonly use a term called *Perceived Value*. This is a term that applies to a product that could attract a premium pricing after all the manufacturing costs have been taken into account. For instance an emerald ring that costs \$500 to manufacture based on materials cost may have a *Perceived Value* of \$800 since it looks exceptionally marketable and consequently commands a higher market price. Conversely a product that costs \$500 to manufacture based on materials cost may have a *Perceived Value* of only \$400 since it has a poor design, is poorly manufactured, or is otherwise less marketable than a product of higher *Perceived Value*. The fact that the *True North* emeralds, sapphires and rubies are from unique localities in Canada and Greenland immediately increases the *Perceived Value* of all jewellery products produced. This unique locality in combination with innovative and unique design will further increase the *Perceived Value* of the *True North* products.

gemmological skill then these natural and untreated sapphires must be accompanied with *Certificates of Origin and Non-Treatment* to that effect in order to provide consumer confidence in the product.

Boyd's valuation pricing in Table VI, VIII, and IX does not reflect the branding and non-treatment price premiums that are attainable on these sapphire products. Additional premiums may also be obtained in the *Perceived Values* with innovative designing and marketing.

- **Siggartartulik Rubies & Pink Sapphires (Table VII):**

The ruby property in Fiskenaasset district of Greenland, named the *Siggartartulik Ruby Property*, produced a selection of polished rubies and pink sapphires from sampling that occurred in the summer field season of 2004. The rubies seem to be in high concentration on this remote property (Figure 10). The 30 polished *Rubies and Pink Sapphires* valued by Boyd are summarized in Table VII.

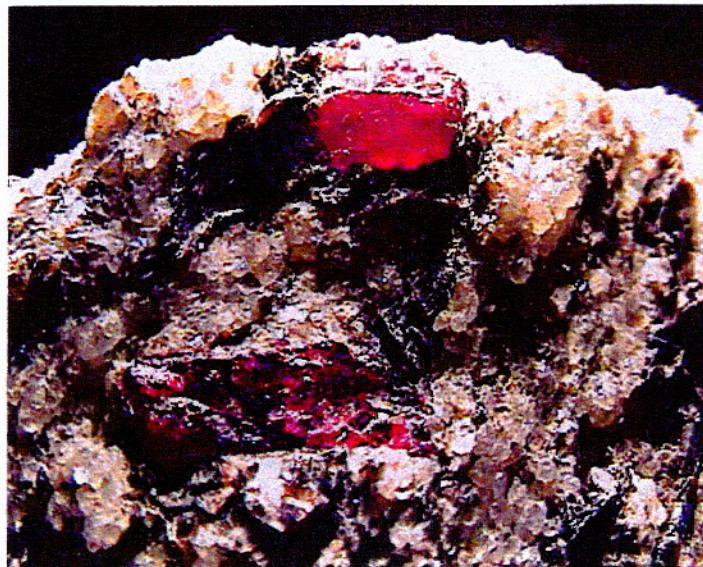


Figure 10 – Rough Ruby in Matrix – Siggartartulik - Greenland

Boyd was able to value a total of 28 *Polished Rubies* ranging in size from 0.17 carat to 1.44 carats in size. The colour of the rubies was a deep red with a slight purplish overtone. The clarity of these rubies was poor. In general the quality of the polished rubies is quite commercial in quality with the prices being very consistent at US\$30 per carat (Table X). There is intense competition on the international gemstone market due to an oversupply for this quality of material but the value can be maximized with branding and creative marketing.

Never-the-less the *Siggartartulik* property does produce a few very fine stones such as the *Pink Sapphires* (or *Pink Rubies*) as also summarized in Table VII. Boyd was able to value only two *Pink Sapphires* weighing 0.17 carat at US\$ 400 per carat and 0.71 carats at US\$ 600 per carat. Hence the weighted average value per carat of the *Pink Sapphires* was US\$ 494 per carat (Table X). These *Pink Sapphires* compare favorably to similar *Pink Sapphires* produced from East Africa, Madagascar and Sri Lanka. As with other sapphires almost all *Pink*

Sapphires on the markets today have been heat treated or enhanced in some manner. The fact that the *Siggartartulik Pink Sapphires* are untreated and not enhanced will allow substantial premiums to be obtained for these gemstones over and above the valuations provided in this report.

When the weights and values of the *Ruby* and the *Pink Sapphire* are combined there are 30 stones weighting 23.26 carats with a total value of US\$ 1165.30. This increases the average value per carat of the *Polished Rubies and Pink Sapphires* produced from *Siggartartulik* to US\$ 50.10 per carat.

Siggartartulik Ruby and Pink Sapphires:

The average value per carat on the *Polished Ruby* and *Pink Sapphires* from *Siggartartulik* property in Greenland works out to precisely US\$30 per carat on the *Rubies* and to an average of US\$ 561.36 per carat on the *Pink Sapphires*. The combined *Ruby* and *Pink Sapphire* average values work out to US\$ 50.10 per carat on the polished gemstones.

To the knowledge of *Boyd*, this is the only European source for coloured gemstones with the exception of garnets from Czechoslovakia. Consequently a great premium will be paid by Europeans for a domestic source for gemstones. This product must be innovatively designed and marketed but will generate a high demand for properly classified and marketed products. *Boyd* recommends that the manufacture of alternative products such as beads, ornamental stones as well as faceted and cabochon rubies should be investigated by *True North* in order to maximize the returns on this unique locality.

Table VII – Greenland Ruby & Pink Sapphire Valuation
Ruby & Pink Sapphire Facetted - Valuation Summary - Wholesale US\$

Polished Pink Sapphire/Ruby - Siggartartulik - Greenland							
Location	Sieve Size	# of Stones	Size Range (mm)	Wt (ct)	Grade	Value (US\$/ct)	Price (US\$)
Alpine Gems		1		0.71	Gem	\$600.00	\$426.00
October 2004		1		0.17	Gem	\$400.00	\$68.00
Summary		2		0.88			
Average Value per Carat - Pink Sapphire/Ruby:						\$561.36	
Polished Ruby - Siggartartulik - Greenland							
Location	Sieve Size	# of Stones	Size Range (mm)	Wt (ct)	Grade	Value (US\$/ct)	Price (US\$)
Kaufman Enterprises	round	1	6.6	1.27	Commercial	\$30.00	\$38.10
November 2004		1	6.3	1.03	Commercial	\$30.00	\$30.90
		1	6	0.87	Good	\$30.00	\$26.10
		1	5.2	0.72	Fine	\$30.00	\$21.60
		1	4.6	0.50	Commercial	\$30.00	\$15.00
		1	3.1	0.14	Good	\$30.00	\$4.20
	trilliant	1	5.4 x 5.1	0.53	Commercial	\$30.00	\$15.90
	rectangular	1	5.1 x 2.9	0.31	Commercial	\$30.00	\$9.30
	pear	1	8.8 x 5.5	1.31	Commercial	\$30.00	\$39.30
		1	8.7 x 5.1	1.16	Commercial	\$30.00	\$34.80
		1	3.8 x 5.1	0.39	Commercial	\$30.00	\$11.70
		1	4.2 x 3.0	0.17	Commercial	\$30.00	\$5.10
	oval	1	6.4 x 4.3	0.69	Good	\$30.00	\$20.70
		1	5.2 x 4.5	0.55	Good	\$30.00	\$16.50
		1	4.9 x 4.3	0.52	Good	\$30.00	\$15.60
		1	4.7 x 3.8	0.40	Good	\$30.00	\$12.00
		1	5.1 x 3.1	0.34	Good	\$30.00	\$10.20
		1	8.0 x 6.6	1.91	Commercial	\$30.00	\$57.30
		1	8.0 x 6.3	1.39	Commercial	\$30.00	\$41.70
		1	7.5 x 5.9	1.51	Commercial	\$30.00	\$45.30
		1	5.8 x 5.2	0.78	Commercial	\$30.00	\$23.40
		1	5.9 x 4.1	0.51	Commercial	\$30.00	\$15.30
		1	5.9 x 4.4	0.60	Commercial	\$30.00	\$18.00
		1	4.4 x 3.8	0.41	Commercial	\$30.00	\$12.30
		1	3.8 x 3.6	0.22	Commercial	\$30.00	\$6.60
		1	6.5 x 5.9	1.30	Commercial	\$30.00	\$39.00
		1	7.6 x 6.2	1.41	Commercial	\$30.00	\$42.30
		1	7.7 x 6.3	1.44	Commercial	\$30.00	\$43.20
Summary		28		22.38			
Average Value per Carat (Ruby Only):						\$30.00	
Total Value - Siggartartulik - Pink Sapphire/Ruby:				23.26	\$1,165.40		
Average Value per Carat:						\$50.10	

Appendix II – Statement of Qualifications

Statement of Qualifications – Warren Boyd

I, Warren F. Boyd, of Suite 546-109 Thomas Street, Oakville, Ontario hereby certify:

- I am the President and sole shareholder of R.T. Boyd Limited a gemstone importer and distributor which offers specialized consulting and advisory services to exploration companies, mining companies, private individuals and corporations in the coloured gemstone mining and exploration industry. I have personally been involved in the assessment and valuation of African, Russian, Colombian & Brazilian Emerald deposits. I have also assessed and valued Sapphire, Ruby, Alexandrite, and Opal Deposits. I have personally visited opal, emerald, alexandrite, sapphire, and ruby mining operations in Colombia, Canada, Brazil, Thailand, Russia, Sri Lanka and the USA. R.T. Boyd Limited has been and is currently marketing coloured gemstones, diamonds and jewellery in Canada, the USA, Europe and elsewhere since incorporation in 1956.
- I am a Director of WWW International Diamond Consultants Limited of 46, Kenilworth Avenue, London, England which offers specialized consulting and advisory services to governments and rough diamond producers.
- I am on the a team rough diamond valuation specialists with WWW International Diamond Consultants Limited who cumulatively have over 120 years of experience in all aspects of the rough diamond business including valuation, statistical analysis, cutting and polishing, marketing, security and other aspects. Diamonds International Canada (DICAN) Ltd, a joint venture corporation with WWW International Diamond Consultants, is currently under contract with the Government of Canada as the *Canadian Government Diamond Valuers*.
- I am a graduate of the University of Toronto (1975) and hold a B.Sc. (Hons) Degree in Geology
- I am a Fellow of the Geological Association of Canada (1982) – F.G.A.C.
- I am a member of the Canadian Institute of Mining and Metallurgy
- I am a Fellow of the Gemmological Association and Gem Testing Laboratory of Great Britain (1979) – F.G. A.
- I am a Fellow of the Canadian Gemmological Association (1984) – F.C.Gm.A.
- I am the Past President of the Canadian Gemmological Association.(1981 – 1985)

- I have been employed in my professions since graduation in 1975 and I have been actively involved in the rough gemstone valuation business since 1985
- The information in this report entitled "*Gemstone Valuation & Marketing Report*" dated April 2005 was obtained by a detailed analysis and valuation of the emerald, sapphire and rubies that were provided to *R.T. Boyd Limited* by *True North Gems Inc.* of Vancouver. The samples were recovered from the *Tsa Da Glisza* emerald occurrence in the Finlayson Lake District of the Yukon, the *Beluga* sapphire occurrence on Baffin Island in Nunavut, and from the *Siggartartulik* ruby occurrence in Greenland.
- Neither *R. T. Boyd Limited* nor I have or expect to receive direct or indirect interest in, or securities of, *True North Gems Inc.*

I consent to and authorize the use of my name and the name of *R. T. Boyd Limited* in press releases and other information prepared by *True North Gems Inc* subject to a material review of the press releases prior to distribution to the public.

W. Boyd

Warren F. Boyd B.Sc., F.G.A., F.G.A.C., F.C.Gm.A.

Dated at Oakville this 30th day of April ____ 2005

Contact Information:

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Suite 546, 109 Thomas Street
Oakville, Ontario, L6J 7R4

Tel: 905-469-0072
Fax: 905-469-0073

APPENDIX 5

John Mattinson BSc GG (GIA)

Gemmologist

P.O. Box 6, Station A, Vancouver BC, V6C 2L8
jmattin@direct.ca 604-307-4340

January 15, 2007

APPRAISAL FOR WHOLESALE MARKET EVALUATION

For True North Gems Inc

Loose, unset and untreated ruby and pink sapphire from Fiskenaesset Ruby Project, Greenland.

Please note all dollar figures are US Dollars.

1. 0.73ct, emerald cut ruby with modified brilliant cut pavilion (4.86 x 4.12 x 3.68mm).

Current Wholesale Market Price	\$460.00 per carat
	\$336.00 stone price

2. 1.35ct, rectangular cushion cut pink sapphire (7.20 x 5.23 x 3.89mm).

Current Wholesale Market Price	\$90.00 per carat
	\$122.00 stone price

3. 2.37ct, modified square cut pink sapphire (7.61 x 7.61 x 5.14mm).

Current Wholesale Market Price	\$350.00 per carat
	\$830.00 stone price

4. 2.53ct, trilliant cut ruby (8.76mm point-to-flat x 5.24mm).

Current Wholesale Market Price	\$1,440.00 per carat
	\$3,643.00 stone price

5. 0.77ct, square cut ruby with truncated crown (4.78 x 4.77 x 3.70mm).

Current Wholesale Market Price	\$750.00 per carat
	\$577.00 stone price

6. 0.31ct, round brilliant cut ruby (3.81 x 3.79 x 2.77mm).

Current Wholesale Market Price	\$920.00 per carat
	\$285.00 stone price

John Mattinson BSc GG (GIA)

Gemmologist

P.O. Box 6, Station A, Vancouver BC, V6C 2L8
jmattin@direct.ca 604-307-4340

January 15, 2007

APPRAISAL FOR WHOLESALE MARKET EVALUATION

For True North Gems Inc

Loose, unset and untreated ruby and pink sapphire from Fiskenaesset Ruby Project, Greenland.

Please note all dollar figures are US Dollars.

7. 4.03ct, flat kite-shaped, tablet-cut ruby (12.01 x 11.72 x 3.46mm).

Current Wholesale Market Price	\$690.00 per carat
	\$2,781.00 stone price

8. 1.26ct, square octagon cut ruby (6.47 x 6.47 x 3.94mm).

Current Wholesale Market Price	\$640.00 per carat
	\$806.00 stone price

9. 0.42ct, modified square cut ruby (4.58 x 4.55 x 2.52mm).

Current Wholesale Market Price	\$920.00 per carat
	\$386.00 stone price

10. 5.70ct, octagon emerald cut ruby (11.66 x 8.72 x 5.58mm).

Current Wholesale Market Price	\$980.00 per carat
	\$5,586.00 stone price

11. 0.71ct, rectangular cushion cut pink sapphire (5.07 x 4.48 x 3.68mm).

Current Wholesale Market Price	\$120.00 per carat
	\$85.00 stone price

12. 0.42ct, square octagon cut ruby (4.81 x 4.81 x 2.49mm).

Current Wholesale Market Price	\$460.00 per carat
	\$193.00 stone price

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Gemmologist

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January 15, 2007

APPRAISAL FOR WHOLESALE MARKET EVALUATION

For True North Gems Inc

Loose, unset and untreated ruby and pink sapphire from Fiskenaesset Ruby Project, Greenland.

Please note all dollar figures are US Dollars.

13. 0.43ct, round brilliant cut ruby (4.63 x 4.59 x 2.76mm).

Current Wholesale Market Price	\$410.00 per carat
	\$176.00 stone price

14. 0.27ct, octagon emerald cut pink sapphire (3.80 x 3.19 x 2.33mm).

Current Wholesale Market Price	\$60.00 per carat
	\$16.00 stone price

15. 0.35ct, round brilliant cut pink sapphire (3.96 x 3.90 x 2.82mm).

Current Wholesale Market Price	\$75.00 per carat
	\$26.00 stone price

16. 0.24ct, elongated hexagonal cut ruby (4.58 x 2.88 x 2.10mm).

Current Wholesale Market Price	\$690.00 per carat
	\$166.00 stone price

17. 2.34ct, octagon emerald cut ruby (8.10 x 6.70 x 3.90mm).

Current Wholesale Market Price	\$810.00 per carat
	\$1,895.00 stone price

18. 1.08ct, rectangular cushion cut pink sapphire (7.15 x 4.63 x 3.44mm).

Current Wholesale Market Price	\$290.00 per carat
	\$313.00 stone price

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19. 0.96ct, rectangular cushion cut pink sapphire (5.45 x 4.85 x 4.16mm).

Current Wholesale Market Price	\$460.00 per carat
	\$441.00 stone price

20. 0.70ct, round brilliant cut pink sapphire (5.08 x 5.04 x 3.50mm).

Current Wholesale Market Price	\$350.00 per carat
	\$245.00 stone price

21. 1.05ct, rectangular cushion cut pink sapphire (6.01 x 4.79 x 3.94mm).

Current Wholesale Market Price	\$440.00 per carat
	\$462.00 stone price

22. 0.42ct, round brilliant cut pink sapphire (4.49 x 4.46 x 2.77mm).

Current Wholesale Market Price	\$460.00 per carat
	\$193.00 stone price

23. 1.43ct, rectangular cushion cut pink sapphire (6.45 x 5.55 x 4.39mm).

Current Wholesale Market Price	\$100.00 per carat
	\$143.00 stone price

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January 15, 2007

APPRAISAL FOR WHOLESALE MARKET EVALUATION

For True North Gems Inc

Loose, unset and untreated ruby and pink sapphire from Fiskenaesset Ruby Project, Greenland.

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24. 0.29ct, emerald cut ruby (3.25 x 3.28 x 2.74mm).

Current Wholesale Market Price	\$690.00 per carat
	\$200.00 stone price

25. 2.51ct, trilliant cut pink sapphire (8.41 point-to-flat x 5.08mm).

Current Wholesale Market Price	\$350.00 per carat
	\$879.00 stone price

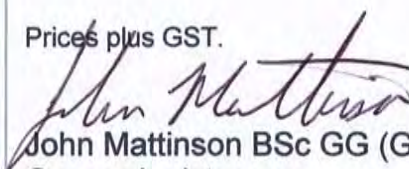
26. 0.69ct, round brilliant cut ruby (5.28 x 5.25 x 3.17mm).

Current Wholesale Market Price	\$3,220.00 per carat
	\$2,222.00 stone price

27. 0.23ct, emerald cut ruby (3.27 x 2.90 x 2.16mm).

Current Wholesale Market Price	\$520.00 per carat
	\$120.00 stone price

Prices plus GST.


John Mattinson BSc GG (GIA)
Gemmologist



This appraisal constitutes an opinion only, based upon my knowledge, experience and present market values.
I assume no liability with respect to any action that may be taken on the basis of this appraisal.

APPENDIX 6

Ruby and Pink Sapphire Evaluation Report

Polished Ruby and Pink Sapphire from the

Fiskenaasset Ruby Project

Greenland



True North Gems

For: True North Gems Inc.

Vancouver, BC

April 2007

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Summary

A total of 402 rubies and pink sapphires were submitted for this evaluation(both facettet and cabochon). A representative sample of these stones were examined and no evidence of heat treatment or any other treatments were detected. As virtually all ruby and pink sapphires on the market are heat treated, experimentation with Fiskenaasset rubies and pink sapphires will more that likely turn some of the marginal colors into more marketable gems.

Overall the facettet rubies examined for this valuation had a gross average of \$77.21US per carat, while the pink sapphires \$72.91US (for an overall gross average of \$75.77 US per carat for the faceted gems). The cabochons showed \$36.46US on average per carat.

Being that these rubies and pink sapphires are natural, a premium price can be achieved in the market place. Further premium pricing can be achieved if branded with sufficient promotion and marketing. Since there are few natural rubies on the market for comparison valuation, no premium was attached for this on the enclosed valuations.

John Mattinson GG BSc
Gemmologist Geologist
April 2007

Gemmology of Corundum

Corundum is the mineral that has two well-known varieties, ruby and sapphire. When the corundum is chemically pure, a colorless stone is produced, known as colorless sapphire. When a tiny amount of an impurity enters the lattice structure, a color is produced. In corundum, when this impurity is chromium, a red color is the result, commonly known as ruby or pink sapphire, depending on the saturation of the color. Other colors in corundum, other than red, are called sapphire. The commonly used 'sapphire' refers to the blue color. This is a result of titanium and or iron as the impurity. All other colors are identified by a descriptive color in front of sapphire: for example, yellow sapphire, green sapphire, pink sapphire etc.

Sapphires are typically zoned in color, showing a hexagonal zoning pattern that follows the internal crystal structure. This zoning can vary from faint to extreme (blue and white banding). Many sapphires have inclusions that are used to determine if the corundum is natural and if it has been treated or not with heat. Both these features were observed in the corundum examined for this valuation.

Enhancements and Treatments of Corundum

Many gemstones on the market today are treated in one way or another. This has become an acceptable practice in the trade, with these treatments now being disclosed more frequently to the end consumer. These treatments are done to change color, clarity, stability and in some cases the marketability. In some gems this treatment is acceptable and others, not; this is reflected in the market price. On the other hand, lack of treatment in fine naturally colored gems will generate a premium market price.

Corundum has been heat treated for many decades to improve both color and clarity; virtually all corundums on the market today are heat-treated, a widely acceptable practice amongst gem dealers around the world. Recent treatments include surface diffusion treatment and bulk lattice diffusion treatments. Rubies are sometimes glass filled on pavilion facets to hide pits and cavities. These are 'not accepted' by the trade as such, and is reflected in the market price. That being said, there are many corundum sold throughout the world on a daily basis that have these treatments.

A random sampling of the stones used for this evaluation and no evidence of heat treatment was apparent. It is the opinion of the writer that sapphires from the True North Fiskenaest, Greenland project will more than likely respond to heat treatment as all other rubies and pink sapphires from around the world have. It would take some of the marginal stones and improve their color and/or clarity and hence marketability.

Pricing and Valuation

The most important value consideration in any colored gem, is the color. This will affect the price from 75% - 90% of the value. The pricing of ruby and pink sapphires is based on weight size and color. The color is based on depth of color, purity of that color. Secondly, the secondary color is taken into account, and how much of that color there is. In ruby the secondary color is either purple or orange. Thirdly, rubies may have an over all brownish overtone. Lack of this overtone will increase the value.

As mentioned earlier, color zoning in corundum is common and will affect the valuation if it is extreme and visible.

Finally, the lack of inclusions will increase value. Corundum's will occur as opaque gems that are used for carving material and beads, all the way to transparent material, which is the most prized and sought after gem material.

Generally, small stones are known as melee, do not attract a premium for natural, untreated material. Larger gems will attract a premium, but this has not been taken into account in this report as the vast majority of material on the market today is heated and not enough material can be seen to be used for a comparison valuation.

Wholesale Market Prices are used in this valuation are a reflection of what stone dealers would offer comparable product for sale on the market. These prices are based on selling a few at a time. Volume buyers would demand a large discount depending on the quantity. Larger stone valuation is based on the one piece itself.

Gemstone Cutting Factors

The cut of a gemstone, known in the trade as the 'make,' is a sum of the shape, proportions and symmetry and polish of the gem.

In colored gems the cut takes a bit of a back seat to the other important value considerations of color saturation, carat weight. However, the cut will affect the overall look, brilliance, scintillation and eventually the marketability.

Branding and Premium Pricing

Branding of this material will lead to premium pricing as evidenced by the various Canadian Diamond brand names in the marketplace. Many people are familiar with the Polar Bear diamonds, and in fact only ask for 'Polar Bears' when they walk into jewellery stores. Such brand awareness can be achieved through aggressive brand awareness marketing.

No 'brand' premium pricing is taken into account in the report. Only current market valuations of comparable sapphires are reflected here.

Polished Ruby and Pink Sapphires from Fiskenaesset, Greenland

A representative sample of these stones submitted for valuation was examined and no evidence of heat treatment, diffusion or any other treatments were detected. The wholesale market valuation of the faceted ruby and pink sapphires varied from \$30US to a high of \$500US (per carat prices). This works out to a gross average of \$75.77US per carat. The ruby and pink sapphire cabochons averaged to \$36.46 USD per carat. Many of the stones are small melee sizes and are commercial quality.

Table 1

RUBY

US Dollars

Reference Number	Shape	size	number	Carat Weight	Quality	price per carat	lot price
1910	Round	+2.5mm	3	0.34	Good	150	51.00
1911		+3.0mm	1	0.13	Good	150	19.50
1912		+3.5mm	1	0.21	Good	250	52.50
1913		+4.0mm	1	0.33	Commercial	40	13.20
1914			3	1.00	Good	150	150.00
1915		+4.5mm	1	0.34	Commercial	250	85.00
1915		+4.5mm	3	1.52	Commercial	60	91.20
1916		+4.5mm	1	0.37	Good	200	74.00
1917		+5.0mm	9	5.64	Commercial	100	564.00
1918		+5.5mm	6	5.63	Commercial	35	197.05
1919		+6.0mm	6	6.07	Commercial	40	242.80
Teaching			2	1.98		30	59.40
1920		+6.5mm	2	3.01	Commercial	35	105.35
1921	Oval	3.0 x 4.5mm	1	0.29	Good	160	46.40
1922		3.0 x 5.0mm	1	0.35	Commercial	100	35.00
1923		3.5 x 5.0mm	1	0.40	Commercial	160	64.00
1924		4.0 x 5.5mm	1	0.33	Commercial	30	9.90
1925			1	0.50	Good	120	60.00
1926		4.0 x 6.0mm	2	1.14	Commercial	40	45.60
			1	0.51		60	30.60
1927			1	0.56	Good	150	84.00
1928		4.0 x 7.0mm	1	0.67	Commercial	60	40.20
1929			1	0.95	Good	300	285.00
1930		4.5 x 6.0mm	1	0.74	Commercial	150	111.00
1931		4.5 x 6.5mm	3	2.05	Commercial	40	82.00
1932		4.5 x 7.0mm	1	0.65	Commercial	150	97.50
1933		4.5 x 7.5mm	1	0.87	Commercial	80	69.60
1934		5.0 x 6.0mm	1	0.78	Commercial	250	195.00
1935		5.0 x 6.5mm	2	1.86	Commercial	30	55.80
1936		5.0 x 7.0mm	8	8.11	Commercial	30	243.30
1937		5.0 x 7.5mm	1	1.16	Commercial	40	46.40
			2	1.93		50	96.50
1938		5.0 x 8.0mm	1	1.24	Commercial	30	37.20
1939		5.5 x 6.5mm	1	1.14	Commercial	30	34.20
1940		5.5 x 7.0mm	1	1.20	Commercial	30	36.00
1941		5.5 x 7.5mm	4	5.15	Commercial	30	154.50
			2	2.31		80	184.80
1942		5.5 x 8.0mm	1	1.46	Commercial	30	43.80
1943		5.5 x 8.5mm	2	2.85	Commercial	30	85.50
1944		6.0 x 8.0mm	2	2.93	Commercial	30	87.90
1945		6.0 x 9.0mm	1	1.54	Commercial	350	539.00
1946		6.5 x 8.0mm	1	1.35	Commercial	80	108.00
1947	Emerald	4.0 x 5.5mm	1	0.61	Commercial	200	122.00
1948		4.0 x 6.5mm	1	0.71	Good	200	142.00
1949		4.5 x 6.0mm	1	0.69	Commercial	70	48.30
1950	Pear	3.0 x 4.5mm	1	0.18	Commercial	80	14.40

Reference Number	Shape	size	number	Carat Weight	Quality	price per carat	lot price
1951		3.0 x 5.0mm	1	0.24	Commercial	80	19.20
1952		4.5 x 6.0mm	1	0.57	Commercial	250	142.50
1954	Trillant	+3.5mm	1	0.23	Commercial	100	23.00
1955		+5.0mm	1	0.46	Commercial	90	41.40
1956		+5.5mm	1	0.71	Commercial	90	63.90
1957		+6.0mm	1	0.86	Commercial	120	103.20
			1	0.73		80	58.40
1958		+6.5mm	1	0.94	Commercial	40	37.60
			2	2.36		25	59.00
1959	Fancy	5.5 x 8.0mm	1	0.97	Commercial	70	67.90
1975	Round	+3.0mm	1	0.16	Good	250	40.00
1979		+4.0mm	1	0.33	Good	150	49.50
1981		+4.5mm	1	0.44	Good	150	66.00
1982		+5.0mm	2	1.06	Commercial	150	159.00
1983		+5.5mm	2	2.27		80	181.60
1984		+6.5mm	1	1.35	Commercial	80	108.00
1990	Oval	4.0 x 5.5mm	2	0.90	Commercial	100	90.00
1994		4.5 x 5.5mm	2	1.14	Commercial	100	114.00
1995		4.5 x 6.0mm	1	0.66	Commercial	80	52.80
1996			1	0.57	Good	120	68.40
2000		5.0 x 6.5mm	1	0.78	Commercial	60	46.80
2009	Pear	4.5 x 6.5mm	1	0.68	Commercial	150	102.00
2010		4.5 x 7.5mm	1	0.76	Commercial	100	76.00
2013		5.0 x 8.0mm	1	0.93	Commercial	80	74.40
2020	Trillant	+5.5mm	1	0.54		80	43.20
2022		+6.5mm	1	0.92	Commercial	80	73.60
	round	5.75	1	0.85		500	425.00
TOTALS			122	96.19			7426.80

Table 2

RUBY CABOCHONS

Reference Number	Shape	size	number	Carat Weight	Quality	price per carat	lot price
2036	Cabochon		113	101.86		30	3055.80
2037			4	3.33		40	133.20
2038			5	4.00		30	120.00
2039			68	41.24		50	2062.00
							0.00
TOTALS			190	150.43			5371.00

Table 3

PINK SAPPHIRE

Reference Number	Shape	size	number	Carat Weight	Quality	price per carat	lot price
1973	Round	+2.5mm	1	0.06	Commercial	250	15.00
1974			1	0.09	Commercial	300	27.00
1976		+3.5mm	1	0.21	Commercial	150	31.50
1977			1	0.28	Good	100	28.00
1978		+4.0mm	1	0.30	Commercial	80	24.00
1980		+4.5mm	2	0.99	Commercial	100	99.00
			1	0.44		30	13.20
1982			4	2.65		40	106.00
		+5.0mm	2	1.04		100	104.00
			1	0.59		200	118.00
1983		+5.5mm	2	1.78	Commercial	100	178.00
1985	Oval	2.5 x 4.0mm	1	0.15	Good	50	7.50
1986		3.5 x 4.0mm	1	0.33	Good	20	6.60
1987		3.5 x 4.5mm	1	0.31	Good	20	6.20
1988		3.5 x 5.0mm	2	0.82	Good	60	49.20
1989		4.0 x 5.0mm	1	0.47	Good	80	37.60
1991		4.0 x 5.5mm	1	0.65	Good	50	32.50
1992		4.0 x 6.0mm	2	1.23	Commercial	50	61.50
1993		4.0 x 6.5mm	1	0.75	Good	50	37.50
1994		4.5 x 5.5mm	1	0.88		50	44.00
1996		4.5 x 6.0mm	2	1.39		50	69.50
1997		4.5 x 6.5mm	4	3.02	Commercial	40	120.80
1998		4.5 x 7.0mm	1	0.80	Good	50	40.00
1999		5.0 x 6.0mm	1	0.77	Good	120	92.40
2001		5.0 x 7.0mm	4	3.15	Commercial	40	126.00
2002		5.0 x 7.5mm	3	3.29	Commercial	50	164.50
2003		5.5 x 7.0mm	1	0.96	Commercial	100	96.00
2004		5.5 x 7.5mm	3	4.10	Commercial	40	164.00
2005		6.0 x 7.5mm	1	1.02	Commercial	90	91.80
2006		6.0 x 8.5mm	1	1.60	Commercial	40	64.00
2007	Pear	3.5 x 4.5mm	1	0.23	Good	200	46.00
2008		4.5 x 6.0mm	1	0.49	Good	80	39.20
2011		4.5 x 7.5mm	1	0.65	Good	120	78.00
2012		4.5 x 8.0mm	1	0.70	Good	120	84.00
2014		5.0 x 9.0mm	1	1.06	Commercial	120	127.20
2015		5.5 x 8.0mm	1	0.83	Commercial	40	33.20
2016		5.5 x 9.0mm	1	1.05	Commercial	80	84.00
2017	Trillant	+3.5mm	1	0.20	Commercial	80	16.00
2018		+4.5mm	1	0.57	Commercial	100	57.00
2019		+5.0mm	2	1.03	Commercial	80	82.40
2020		+5.5mm	1	0.83	Commercial	80	66.40
2021		+6.0mm	1	0.97	Commercial	45	43.65

Reference Number	Shape	size	number	Carat Weight	Quality	price per carat	lot price
2023	Marquise	3.5 x 7.5mm	1	0.50	Commercial	120	60.00
2024		4.0 x 9.5mm	1	0.92	Commercial	160	147.20
2025		4.5 x 9.0mm	1	0.70	Commercial	180	126.00
2026		4.5 x 10.0mm	1	0.96	Commercial	120	115.20
2027	Emerald	2.5 x 5.0mm	1	0.38	Good	100	38.00
2028		4.0 x 5.5mm	1	0.64	Commercial	80	51.20
1915		+4.5mm	1	0.44		200	88.00
1953	Pear	5.5 x 8.0mm	1	1.21	Commercial	80	96.80
	TOTALS		70	48.48			3534.75

Table 4

PINK SAPPHIRE CABOCHONS

Reference Number	Shape	size	number	Carat Weight	Quality	price per carat	lot price
2033	Cabochon		12	9.07		50	453.50
2034			2	0.85		65	55.25
2035			6	5.29		30	158.70
	TOTALS		20	15.21			667.45

Table 5

SUMMARY TABLE

	pieces	carats	total value	Avg per carat
Ruby	122	96.19	7426.8	77.21
Pink Sapphie	70	48.48	3534.75	72.91
Facetted Average	192	144.67	\$10,961.55	\$75.77
Ruby cabochons	190	150.43	5371	35.70
Pinks sapphire cabs	20	15.21	667.45	43.88
Cabochon Average	210	165.64	\$6,038.45	\$36.46
TOTALS	402	310.31	\$17,000.00	\$54.78

US Dollars

E & OE

John Mattinson BSc GG (GIA)
Geologist Gemmologist

I hold a BSc in Geology

I hold a GG (Graduate Gemologist) from the Gemological Institute of America

I have taught gemmology at the Vancouver Community College since 1986

I am the current President of the Canadian Gemmological Society

I am the past Vice –President of the GIA Alumni Association, Vancouver Chapter

I have been involved in the gemstone and jewellery business since 1984, working for a jewellery store, owning my own store, working at a diamond wholesale company and for a gemmological laboratory.