FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company

True North Gems Inc. ("True North" or the "Company")
Suite 3114 – 1055 Dunsmuir Street
Four Bentall Centre, PO Box 49081
Vancouver, BC V7X 1G4

2. Date of Material Change

September 11, 2014

3. News Release

The news release announcing the material change was disseminated on September 11, 2014, through Marketwired. The news release was also filed on SEDAR with the securities regulatory authorities in British Columbia, Alberta, Ontario, Northwest Territories and Yukon.

4. Summary of Material Change

True North Gems Inc. announced that it has signed a binding letter agreement (the "Letter Agreement") with Leonhard Nilsen & Sonner A/S ("LNS Group") and LNS Greenland A/S ("LNSG") under which the combined LNS entities will provide over CDN$11,000,000 in financing to the Company and the Company's operating subsidiary in Greenland, True North Gems (Greenland) A/S ("TNGG").

Under the Letter Agreement, the LNS Group and LNSG have agreed to provide financing to True North and TNGG as follows:

- LNS Group will invest CDN$3,000,000 in True North through the purchase of 28,571,428 Class A common shares of the Company ("Shares") at a price of CDN$0.105 per share;

- LNSG will purchase an additional 7.0% of TNGG for US$3,000,000 increasing their ultimate joint venture interest in TNGG to 27%; and

- LNSG will contribute an additional amount of up to US$5,000,000 of the construction costs relating to True North's Capital Expenses at the Aappaluttoq Project through a capital loan over the term of the initial mine life.

5.1 Full Description of Material Change

True North Gems Inc. announced that it has signed a binding letter agreement (the "Letter Agreement") with Leonhard Nilsen & Sonner A/S ("LNS Group") and LNS Greenland A/S ("LNSG") under which the combined LNS entities will provide over CDN$11,000,000 in financing to the Company and the Company's operating subsidiary in Greenland, True North Gems (Greenland) A/S ("TNGG").

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- LNSG will contribute an additional amount of up to US$5,000,000 of the construction costs relating to True North's Capital Expenses at the Aappaluttoq Ruby Project through a capital loan over the term of the initial mine life.

On November 20, 2012 the Company summarized the initial $23 million earn-in agreement with LNSG (formally Greenland Mining Services), outlining LNSG's commitment to complete planning, civil engineering and investing of infrastructure capital to earn a 20% joint venture interest in the Aappaluttoq Ruby Project. This new Letter Agreement amends and favourably compliments that relationship and, upon completion of the earn-in by LNSG, will result in LNSG holding a 27% ownership interest in TNGG and in a significant shareholding by the LNS Group in True North.

The Company intends to use the net proceeds of the financing transaction toward the Company's share for the development of the project whilst working with LNSG to initiate construction. The Company will also commence processing the remaining material extracted from the initial bulk sampling and upon completion; the liberated rubies and pink sapphires will provide an arms-length pricing for the project and become an immediate source of revenue.

The transaction is subject to TSX Venture Exchange approval.

Equity Financing into True North

Under the equity financing into True North, LNSG will execute and deliver a subscription agreement to purchase 28,571,428 Shares at a price of Cdn$0.105 per Share, for gross proceeds of Cdn$3,000,000. The Shares will be subject to a four month hold period. The subscription agreement will provide that if, at any time and from time to time, LNSG wishes to sell some or all of the Shares to a non-affiliate, True North, or a person or company (or persons or companies) nominated by True North, shall have a first right of refusal to purchase the Shares from LNSG.

Additional Investment in TNGG

Under the Letter Agreement LNSG has also agreed to purchase an additional 7.0% of TNGG through the purchase of additional class A shares of TNGG for an aggregate purchase price of US$3,000,000. The purchase of these TNGG class A shares, in combination with the 20% interest in TNGG that LNSG can earn pursuant to the option agreement (the "Option Agreement") between True North, TNGG and LNSG (previously described by True North in its August 13, 2013 press release), gives LNSG the right to acquire up to 27% of TNGG. To reflect LNSG's purchase of an additional 7.0% of TNGG, the parties will enter into an amending agreement (the "Amending Agreement") to amend the Option Agreement and related agreements (namely, the pledge agreement, the TNGG shareholders' agreement, the management agreement and the lease and purchase agreement) between TNG, TNGG and LNSG.

Upon execution of the Letter Agreement, LNSG paid US$1,000,000 to TNGG as partial payment for the additional shares of TNGG. Upon execution of the Amending Agreement, LNSG shall pay the remaining US$2,000,000 for the additional shares of TNGG.

Additional Contribution to Construction Costs

LNSG has also agreed to contribute an additional amount of up to US$5,000,000 of the construction costs relating to the Company's capital expenses at the Aappaluttoq Ruby Project through a capital loan over the term of the initial mine life. LNSG shall not be entitled to reimbursement of this additional contribution from the Company or TNGG under the amended Option Agreement; provided however that LNSG shall be entitled to lease the use of the facilities constructed using the additional contribution back to TNGG under the amended lease and purchase agreement at a value of US$5,000,000 over the term of the amended lease and purchase agreement.

5.2 Disclosure for Restructuring Transactions

N/A

6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

7. Omitted Information

No information has been intentionally omitted from this material change report.

8. Executive Officer

Nicholas Houghton, CEO, 604-488-8055

9. Date of Report

September 15, 2014