

True North Gems announces \$15.75 million strategic investment by Lenomi Holdings

Vancouver – March 25, 2013 – True North Gems Inc. (TGX: TSX-V) (“True North” or the “Company”) is pleased to announce that it will be entering into a best efforts agency agreement (the “Agency Agreement”) with Casimir Capital LP (“Casimir”), for a brokered private placement of up to 175,000,000 Class A common shares (“Shares”) of True North at a price of \$0.09 per Share for aggregate gross proceeds of up to \$15,750,000 (the “Transaction”).

The subscriber under the private placement will be Lenomi Holdings Limited (“Lenomi”), a private investment company controlled by Joseph Gutnick. The Transaction will occur in three tranches, as described below. The Third Tranche will include the requirement for shareholder approval. Upon completion of the entire contemplated Transaction, Lenomi will hold approximately 45% of the issued and outstanding Shares of True North.

The Company intends to use the net proceeds of the Transaction to advance the development of the Company’s Aappaluttoq Ruby Project in Greenland. The financing will cover the majority of Company’s anticipated capital expenditure requirements for the Aappaluttoq Ruby Project, and can also be used as general working capital.

Nick Houghton, President and CEO of True North stated “*We are pleased that Lenomi Holdings and Joseph Gutnick share our vision for Greenland ruby and we welcome them as a strategic shareholder. The proposed equity transaction complements the previously announced \$23 million joint venture funding and \$800,000 debt financing transactions and significantly reduces the financial risks associated with development of the Greenland ruby project. In addition, the private placement price represents an attractive premium to True North’s recent closing share price in the context of current market conditions.*”

The Transaction will occur over a four month period and will be completed in three individual tranches:

First Tranche:

Under the terms of a Subscription Agreement between Lenomi and True North, True North has agreed to issue 5,555,555 Shares at \$0.09 per Share for gross aggregate proceeds of approximately \$500,000 (the “First Tranche”). Close of the First Tranche is expected to take place on or before April 3, 2013 and is subject to receipt of applicable regulatory approvals including approval of the TSX Venture Exchange.

Second Tranche:

For the Second Tranche the Company is proposing to issue approximately 47,701,948 Shares to Lenomi as a private placement at a price of \$0.09 per Share, for gross aggregate proceeds of \$4,793,175. Once the Second Tranche is completed, Lenomi will hold approximately 19.9% of True North's issued and outstanding Shares. Completion of the Second Tranche is subject to satisfaction of a number of conditions including, but not limited to, regulatory approval. It is anticipated the Second Tranche will close on or before May 5, 2013.

Third Tranche:

In the third tranche (the "Third Tranche"), True North is proposing to issue approximately 121,742,496 Shares to Lenomi on a private placement basis at a price of \$0.09 per Share for gross proceeds of \$10,956,825. This will enable Lenomi to hold approximately 45% of True North's issued and outstanding Shares. Completion of the Third Tranche is subject to satisfaction of a number of conditions including, but not limited to, regulatory approval and the approval of True North's shareholders. It is anticipated that True North's shareholders will be asked to approve the Third Tranche at True North's annual general meeting of shareholders, to be held before the end of June 2013. Provided shareholder approval is obtained, closing of the Third Tranche is expected to take place on or before July 15, 2013, and in any event no later than August 1, 2013.

The Agency Agreement includes customary provisions for a best efforts agency agreement. The Agency Agreement shall terminate on the earliest of: if applicable, the date on which True North's shareholders do not approve the Third Tranche; the closing of the Third Tranche; and August 1, 2013, unless previously terminated by Casimir. In addition, the Agency Agreement includes non-solicitation, right to match and fiduciary-out provisions during the term of the Agreement. The closing of the Second Tranche and Third Tranche will be subject to Casimir being satisfied with its due diligence, as well as customary provisions in a best efforts agency agreement.

Casimir will receive a cash commission on the sale of the Shares, representing 5% of the aggregate gross proceeds raised, and that number of broker warrants ("Broker Warrants") equal to 3% of the Shares sold in each tranche of the Transaction. Each Broker Warrant shall be exercisable for one Share of the Company at a price of \$0.09 at any time up to 36 months after the date of issuance.

Securities issued under the Transaction will be subject to a four month hold period which will expire four months and one day from the date of issuance.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

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