



True North Gems Provides Corporate Update

Vancouver – November 2nd, 2016 – True North Gems Inc. (TGX: TSX-V) (“True North”, “TNG”, or the “Company”) provides an update on current corporate activities.

Summary of 2016 Finance Efforts

Since late 2015 the Company has been engaged in an active and comprehensive search for mine financing. Management approached many of the traditional and non-traditional sources of finance seeking sufficient funding as an instrument to:

- provide capital for the completion and commissioning of the processing plant,
- commence our worldwide marketing & sales strategy,
- provide approximately two years of working capital for the mine.

True North had two parallel strategies – financing at a True North Gems Greenland A/S (“TNGG”) project level, and financing at the corporate TNG level.

At the TNGG project level staff and consultants completed an exhaustive 4-month due diligence process with a large Scandinavian fund. Various commercial term-sheets were discussed with True North and the LNS Group as the existing project owners and operators. True North and LNS were unable to agree with the Scandinavian fund regarding terms without incurring significant financial loss and accepting a major reduction of value for their respective shareholders.

Contiguous with the TNGG discussions, True North management continued to seek funding at the TNG corporate level presenting the project to numerous funds familiar with unusual commodities and non-standard projects. Interest in the project was generated from ten groups, resulting in the signing of three non-disclosure agreements and commencement of the due diligence process. As a result of this process, True North was unable to update shareholders on the formal progress of diligence proceedings until a signed definitive agreement was reached. Unfortunately no agreements were signed and the final interested party ceased their due diligence efforts in late August 2016. The Company was thus left without the ability to fund our Greenlandic obligations.

Bankruptcy of TNGG

TNGG is required to have sufficient working capital for employee wages and normal office expenses in order to be considered a “going concern” under Greenlandic labor laws. Lack of working capital breaches the Greenlandic interpretation of ‘going-concern’ and thus TNGG would be ruled technically insolvent. Failure of the financing effort resulted in insufficient



working capital; thus placing the Board of TNGG in the inevitable position of putting TNGG into voluntary bankruptcy to protect TNGG's parent companies (True North Gems, LNS Denmark, and Greenland Venture A/S) and their shareholders. At the time TNGG's bankruptcy was announced, True North was TNGG's largest creditor.

New Ownership of Aappaluttoq Mining Licence

Bankruptcy proceedings moved swiftly in Greenland with two Trustees appointed to administer the estate of TNGG. The Trustees fully documented all assets and invited bids from interested parties. True North prepared and submitted a bid; however, LNS Greenland was the highest bidder and were granted the Aappaluttoq Mine Licence from the Greenland government. The Trustees continue to administer the TNGG estate and the redistribution of the remaining value will be on a pro-rata basis determined by debt ownership at the time of the TNGG bankruptcy. True North has been advised by the Trustees and external legal counsel that the bankruptcy process has been completed within the normal bounds of Greenlandic and Danish bankruptcy law. We understand from the Trustees that the process could take approximately eight months to complete; however, True North continues to push for an earlier settlement and re-payment from the TNGG estate.

Results of Annual General Meeting

The annual general meeting of the Company was held on the 23 September 2016 at the Company's offices. The AGM was well attended by shareholders in person and by proxy and the Board of Directors were re-elected to their positions with approximately 97% approval from voting shareholders. The current Company rolling stock option plan was approved, and PriceWaterhouseCoopers LLP was elected as the Company's financial auditors.

Change in Major Shareholder

Halman-Aldubi Provident and Pension Funds have recently informed the Company of the complete divestment of their shareholdings in True North. We thank Halman-Aldubi for their longstanding support of the Company.

Management Changes

At this time the Company would also like to announce the departure of Mr. Christopher Richards as CFO. Ms. Jacqueline Tucker will assume the role as the Company's Chief Financial Officer with immediate effect. The Company wishes to thank Mr. Richards for his dedicated service.

Management, staff, and directors at personal cost have worked tirelessly over the last year in an effort to secure financing for the Company throughout a harsh mine financing climate. The failure of this endeavor does not reflect the effort that was put in to attempt to realize shareholder value.



The Company did everything possible to prevent the bankruptcy of TNGG and the subsequent loss of the Aappaluttoq project.

We continue our discussions in Greenland and will keep shareholders up to date on any material developments including our gemstone projects in Nunavut and the Yukon.

About True North Gems

True North Gems is committed to the realization of shareholder value. The Company's shares trade on the TSX Venture Exchange under the symbol TGX.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. We seek safe harbor.

For further information, contact:

Nicholas Houghton
President & CEO

Telephone: 604-687-8055

Visit our website: www.truenorthgems.com

Email: info@truenorthgems.com

www.truenorthgems.com

This document contains “forward-looking information” and “forward-looking statements” (together, “forward-looking statements”) within the meaning of applicable securities legislation, which are made as of the date of this document or the document(s) referred to herein. Statements that express predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “expects”, “anticipates”, “plans”, “projects”, “estimates”, “intends”, “strategy”, “goals”, “objectives” or variations thereof or stating that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements include, without limitation, statements with respect to: the amount of mineral reserves and mineral resources; the amount of future production over any period; net present value and internal rates of return of the proposed mining operation; capital costs; operating costs; strip ratios and mining rates; and mine life. The forward-looking statements are made based upon certain assumptions which, if untrue, could cause the actual results, performances or achievements of the Company to be materially different from future results, performances or achievements expressed or implied by the forward-looking statements. These assumptions include, without limitation: the price of gemstone products produced; anticipated costs; the presence of and continuity of



gemstones at modeled grades and values; the capacities of various machinery and equipment; the availability of personnel, machinery and equipment at estimated prices; exchange rates; appropriate discount rates; tax rates applicable to the proposed mining operation; financing structure and costs; anticipated mining losses and dilution; gemstone recovery rates; reasonable contingency requirements; and receipt of regulatory approvals on acceptable terms. By their very nature, forward-looking statements involve inherent risks and uncertainties that could cause actual results, performances or achievements to differ materially from those in the forward-looking statements. These include, without limitation: price volatility, discrepancies between actual and estimated production, mineral reserves and resources and metallurgical recoveries, mining operational and development risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation), currency fluctuations, the speculative nature of gemstone exploration, the global economic climate, dilution, share price volatility, competition, loss of key employees; additional funding requirements and defective title to mineral claims or property. This list is not exhaustive. See also, for example, the risks disclosed in the Company's other disclosure documents filed at www.sedar.com, including, without limitation, those disclosed in the Company's management's discussion & analysis. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, except as otherwise required by applicable securities legislation.