

True North Gems Announces Positive Update to Aappaluttoq Pre-Feasibility Study

Vancouver – February 25th, 2015 – True North Gems Inc. (TGX: TSX-V) (“True North” or the “Company”) is pleased to announce the results of the updated pre-feasibility study (“PFS”) on the Aappaluttoq Ruby and Pink Sapphire Project in Southwest Greenland. True North contracted Tetra Tech of Vancouver as independent engineers to review the project and complete the update.

Key financial and project highlights of the Aappaluttoq PFS are as follows:

Aappaluttoq Ruby Project	Production results	Units
Tonne processed	190	Tonnes (Thousands)
Waste rock mined	2,969	Tonnes (Thousands)
Stripping ratio	16	N/A
Mine operational years (starting 2015)	9	Years
Total corundum recovered from mine site	52.7	Grams Millions
Rough gemstones recovered from operations	17.5	Grams Millions
Average Ruby and Pink Sapphire Price: US\$ pct. ¹	\$7	US\$ per ct. (rough)
Estimated revenue	\$573	US\$ Million
Economic scenario results	Project Economics⁵	
All in cash cost per equivalent carat recovered ²	\$3	US\$ per ct. (rough)
Total Operating costs	\$94	US\$ Million
Total Project Capital cost (Initial and sustaining) ^{3,4}	\$25	US\$ Million
Total Sustaining Capital cost	\$5	US\$ Million
Total Pre-tax cash flow from operations	\$452	US\$ Million
Total Post tax cash flow	\$282	US\$ Million
Pre-tax NPV at 8% real discount rate	\$275	US\$ Million
Post-tax NPV at 8% real discount rate	\$171	US\$ Million
Post-tax IRR %	122%	
Post tax payback period	1.8	Years

Notes:

1. The average price utilizes gem and near-gem material only; sale of commercial grade corundum has not been included in this PFS. Price forecasts are inclusive of 2.5% annual escalation from the average 2015 price over the life of the mine, this escalation is based on a conservative estimate of the long term supply-demand balance in the coloured gemstone market.
2. All- in-cash costs include the capital, operating, taxes and royalties projected on a per rough carat produced basis.
3. This figure includes the investment that LNSG have made of US\$14 million in True North Gems Greenland (TNGG) through an agreement whereby LNSG earns 27% shareholding of TNGG through investment and construction of project infrastructure at Aappaluttoq. Tetra Tech has estimated that the contribution by LNSG reduces upfront capital by an equivalent of US\$ 17 million, with the remaining US\$8 million in capital contributed by TNG.
4. Estimated capital cost includes 4% contingency, varying between 0% for quoted items currently in construction and 30% for equipment for which bids have not yet been received.
5. US\$ to CAD\$ used through the PFS is US\$ 1 to CAD\$ 1.24.

Key financial and project highlights of the Aappaluttoq PFS for True North Gems are as follows:

Economic scenario results	TNG	Units
All in cash cost per equivalent carat recovered ¹	\$3	US\$ per ct. (rough)
Total Operating costs ²	\$109	US\$ Million
Total Capital cost	\$8	US\$ Million
Total Sustaining Capital cost	\$5	US\$ Million
Total Pre-tax cash flow from operations	\$454	US\$ Million
Post tax cash flow	\$287	US\$ Million
Pre-tax NPV at 8% real discount rate	\$281	US\$ Million
Post-tax NPV at 8% real discount rate	\$179	US\$ Million
<i>TNG Post-tax NPV at 8% real discount rate³</i>	\$125	US\$ Million
Post-tax TNG IRR %	485%	
Post tax payback period	1.1	Years

Notes:

1. All-in-cash costs include the capital, operating, taxes and royalties projected on a per rough carat produced basis.
2. Inclusive of lease payments.
3. NPV solely for TNG interest in the project

"The Company is extremely pleased with the completion of this pre-feasibility study and the strong economic findings. It confirms our long-held confidence in the Aappaluttoq Project and its potential to be developed successfully into long term sustainable profitable operation delivering lasting benefits to the people of Greenland our shareholders and the international gemstone markets." stated Nicholas Houghton, President and CEO of True North Gems.

Resources and Reserves:

The current resource for the Aappaluttoq Deposit was issued on 1st June, 2011. No further in-ground geological development work has occurred since then, thus the resource is still current and actively utilized within the updated pre-feasibility study. The tables below summarize the Mineral Resources and probable open-pit Mineral Reserves for the Aappaluttoq Project. The Mineral Reserves account for the anticipated mining recovery and dilution and a lower cut-off size of 1.7mm, which is utilized throughout the resource and plant design. Mineral Resources are reported inclusive of Mineral Reserves.

Aappaluttoq Mineral Resources

Category	Volume	Tonnage ⁽¹⁾	Average Grade ^(2,3)	Average Grade ^(2,3,4)	Contained Corundum ^(2,3)	Contained Corundum ^(2,3,4)
	<i>m³</i>	<i>Tonnes</i>	<i>Grams/Tonne</i>	<i>Carats/Tonne</i>	<i>Grams million</i>	<i>Carats million</i>
Indicated	59,110	189,150	313.33	1,566.65	59.27	296.33
Inferred	24,110	77,160	283.46	1,417.28	21.87	109.35

Notes:

- (1) Densities are derived from specific gravity measurements of host lithologies and estimated for host zone based on specific gravity of corundum and average grade
- (2) Based on a Total Clean Corundum grades greater than 1.7 mm size fraction from mineralogical lab analysis
- (3) Top cut grade of 7,325 grams per tonne (97.5 percentile), and a lower cut-off grade of 1 gram per tonne
- (4) One gram equals five carats

Aappaluttoq Probable Open Pit Mineral Reserves

Category	Tonnage	Average Grade	Contained corundum above 1.7mm
	<i>Thousand tonnes</i>	<i>Grams/tonne</i>	<i>Grams Million</i>
Total probable mineral reserves for mining ⁽¹⁾	167	339	57
Mill feed after dilution and mining losses ⁽²⁾	190	292	55

Notes:

- (1) All corundum containing indicated resources within the open pit as designed, intended for mill feed
- (2) Resulting mill feed including waste dilution due to mining method of an estimated 19 % and mining loss of 4.5 %

Capital and Operating Cost:

The primary capital development cost for the project including initial and sustaining has been estimated at US\$25 million which includes construction of the project port, roads, helipads, mine camp, security, processing facility and workshop. This represents a significant reduction of approximately US\$15 million over the 2011 Prefeasibility study that has been accomplished by utilizing a Greenlandic partner experienced in arctic construction, as well as designing a corundum recovery plant with a lower capital requirement, and contributing EPCM within the Company's experienced Nuuk operations team. As part of the LNS-Greenland joint venture agreement (see news releases: 13th August 2013 and 11th September 2014) the majority of the capital costs will be assumed by LNS-Greenland in exchange for a final earn of 27% ownership of True North Gems Greenland A/S (TNGG), the subsidiary of True North Gem Inc. The Company is expected to contribute US\$8 million of the total capital expenditure;



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these expenses include the processing plant equipment, Nuuk HF secondary cleaning facility, corporate in-country headquarters and the gem sorting and grading facility. The operating expenditure includes negotiated fixed lease payments to LNS-Greenland for certain site buildings and other estimated costs using quotes provided by LNS-Greenland and verified by TetraTech.

The LNS joint venture will provide all mining and service equipment for the mining project this equipment includes; three haul trucks, three excavators, three front end loaders and various service and small vehicles that will be leased over the current life of mine.

Mining and Corundum Recovery:

The study contemplates the development of an open pit mine to extract the probable Mineral Resources using conventional mining equipment. The mined ore will be transported to an adjacent process facility where it will be concentrated using an iterative crushing, dense media separation and optical sorting circuit to extract a rough corundum concentrate. This initial rough concentrates will be shipped to a secondary processing facility for the removal of any remaining rock matrix prior to ruby and pink sapphire grading. A lower cut-off size in the design has been established at 1.7 mm, which is nominally larger than the minimum size of gemstone rough supplied for commercial polishing.

Ruby and Pink Sapphire Rough Values:

The ruby and pink sapphire values were recently completed using the average offer to purchase submitted by independent international buyers of coloured gemstones after viewing the various categories of rough material. In addition, GemWorld completed their own independent evaluation of polished ruby and pink sapphire pricing across all categories as a window on the polished market. The Company is expected to primarily sell rough but a certain component of polished will also be sold and is incorporated into the financial analysis. No value has been attributed for the recovery of any opaque non-gem material. All valuation information was reviewed by Tetra Tech to ensure it was properly incorporated into the financial analysis.

Other opportunities include:

- Upgrade of inferred resources to indicated: The resource estimate identifies 77,200 tonnes of inferred resource with a grade of 283 grams per tonne of total clean corundum. In accordance with NI 43-101 standards 66,000 tonnes of the inferred resource falls within the designed pit shell but is not included as ore in the study.
- Increasing mine life and/or throughput: The deposit remains open along strike in both directions and to depth, indicating potential for increased throughput and/or a longer life operation. The processing plant is designed for additional capacity.
- Development of nearby targets-for-further-exploration which host gem corundum at surface and lie within 10km of the Aappaluttoq site - including Siggartartulik and Kigutilik both of which are within the Companys licence area.

The Company will issue the final technical report quoted in this release for the Aappaluttoq ruby project within 45 days as required by NI 43-101, this will update the previous technical report filed on 1 June, 2011. TetraTech relied on information provided by several other contributors including:

- Novus Engineering of Vancouver: Process plant engineering and metallurgical testing;
- GemWorld International of Chicago: Ruby and Sapphire market analysis;
- Independent and confidential valuations of rough ruby and pink sapphire;
- LNS Group of Norway: Construction costs, Greenland logistics and Operating estimates;
- Rambøll of Denmark: environmental baseline studies, monitoring and Environmental Impact Assessment;
- Grontmij of Denmark: Socioeconomic impact assessment;
- InuPlan A/S of Nuuk: Mine environmental monitoring program and extended EIA baseline study;

In accordance with NI 43-101, Mark Horan, P.Eng. and Lara Reggin, P.Geo. of TetraTech-EBA are the independent Qualified Persons responsible for the technical information in this news release. Mr. Horan and Ms. Reggin have reviewed this release and approved its contents.



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