

# True North Gems Secures \$11 million Finance Package for the Aappaluttoq Ruby Project in SW Greenland

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VANCOUVER, BRITISH COLUMBIA--(Marketwired - Sep 11, 2014) - [True North Gems Inc.](#) (TSX VENTURE:TXG) ("True North" or the "Company") is pleased to announce that it has signed an 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").

*"This agreement and reinforcing of the joint partnership will provide True North the additional resources to transition quickly into the construction phase of the Aappaluttoq Ruby Project,"* said Nicholas Houghton, President and CEO. *"The combined financing package will allow the Company to restructure its share of Capital Expenses, reducing our immediate requirements and in particular, minimizing dilution to current shareholders. With this funding arrangement, the Company will be able to deliver on its vision of becoming one of the World's leading coloured gemstone production and exploration companies."*

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.

*"Obviously we have followed the project closely, and when the prospect arose to increase our percentage ownership of the Aappaluttoq mine and also invest in the parent Company, it was opportunity we realized made sound business sense for LNS,"* stated Frode Nilsen, head of the LNS Group.

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 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 approval.

## **About True North Gems Inc.**

[True North Gems Inc.](#) is a public junior exploration company dedicated to the exploration and development of

coloured gemstone deposits. True North is committed to the realization of shareholder value through development of the first ethically sourced commercial ruby mining operation, in partnership with the people of Greenland. The Company's shares trade on the TSX Venture Exchange under the symbol TGX.

### ***About True North Gems (Greenland) A/S***

True North Gems (Greenland) A/S is the Company's operating subsidiary in Greenland. The definitive agreements outlined in this release will result in [True North Gems Inc.](#) retaining approximately 73% of Greenlandic Operations. LNSG will own approximately 27% once their earn-in is completed.

### ***About LNS Group and LNSG***

LNSG is predominantly owned by international arctic contractor Leonhard Nilsen & Sonner A/S of Norway. The Leonhard Nilsen Group of 15 companies is a major mining and construction company with over 70 years of experience in logistics and mining in arctic environments. They have worked on a variety of projects over the last 50 years and have focused on operations in Svalbard, Spitsbergen, Iceland, Greenland, Russia, Antarctica and throughout Scandinavia. LNSG is a major supplier of services to the oil, gas and mineral industry in Greenland.

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.

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](http://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.

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