## Kugong Island Project Summary

The Kugong Island Project is an exploration initiative focused on the iron-ore potential of the Belcher Islands. The present document describes the proposed mineral exploration program that has been designed to assess the iron-bearing sedimentary formations present on Kugong Island. The exploration methods described herein are "grass roots" or preliminary data collecting phases, the results of which will provide the necessary geological information that will be used to direct future exploration programs and aid in evaluating the economic potential of the iron-bearing formations of Kugong Island.

Parts of the iron-bearing formations on Kugong Island contain magnetite which is measurable using a magnetometer. The first phase of the program will be to fly an airborne magnetometer survey over the island to investigate the extent of magnetite-bearing sedimentary beds. The survey would best be staged out of the community of Sanikiluaq, provided accommodations, fuel, etc. are available, and should be completed within 7 days. The area of interest to be covered by the survey covers approximately 4,200 hectares of land.

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Phase II of the program will investigate magnetic anomalies by ground prospecting and surface sampling. Access to Kugong Island would be by helicopter and community members would be hired to aid in prospecting and sampling. Phase II of the program would best be staged out of the community of Sanikiluaq, provided accommodations, fuel, etc. are available, and is expected to be completed within 15-20 days.

Phase III will investigate encouraging results from Phase II and test the extent of iron-bearing beds at depth below the ground surface by diamond drilling. Phase III will also be staged out of the community of Sanikiluaq, provided accommodations, fuel, etc.. are available. Transportation of men and drill equipment to Kugong area would be by helicopter or barge. Phase III would take place over a 2 year period during the summer/fall months during 2012 and 2013. Local community members would be hired to aid in various aspects of the drilling phase. Phase III is expected to take 30-90 days to complete each year, depending on weather.