Maguse River Iron Project

IronOne Inc.

2011 Annual Report

January 31, 2012

Prepared for Nunavut Water Board

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SUMMARY

In 2011, IronOne Inc. completed a ~C$4.3 million exploration program on its Maguse River Iron Project, located approximately 60 kilometres north of the coastal town of Arviat in southern Nunavut. The project area is comprised of some 1,844 square kilometres of Prospecting Permits (8088-8098 inclusive) covering a nearly 200 kilometre strike length of folded, magnetite-rich, metasedimentary rocks of the Archean-aged Rankin-Ennadai Greenstone Belt. The company is exploring for Algoma-type iron ore deposits and believes the project has potential for the discovery of an entirely new iron ore district in Canada's north.

As part of its 2011 exploration program, the company completed an 8,044 line kilometre high resolution airborne magnetometer survey to identify and outline prospective targets for exploration. This was followed by gravity surveys along four transects and the completion of 20 core holes totaling approximately 6,000 metres of diamond drilling, all in the eastern property area on prioritized magnetic targets along an 18 kilometre strike length of prospective stratigraphy. As well, reconnaissance mapping and surface sampling were completed on a number of other priority targets identified with the airborne survey throughout the central and western portions of the property.

All work was supported by helicopter from a camp established on a lake along the Wallace River system, in permit 8098 in the eastern portion of the property.

Total average daily consumption of water for all activities (camp and drills) was ~ 73 m^3. Total annual water consumption for 2011 was 4631.1m^3, well below the allowed annual quantity of 43,800m^3. Waste was disposed of in an Easy-Burn dual chamber carcass incinerator.

As of January 31st, 3012 the Prospecting Permits were cancelled, however IronOne's camp on the Wallace River system remains to service nearby mineral claims staked in September 2011, currently being transferred into the IronOne's name.

1. SUMMARY OF WATER USE AND WASTE DISPOSAL

Local water sources were tapped for three different operations pertaining to activities undertaken by IronOne Inc. Water was used from a large lake (part of the Wallace River system) at the base of the esker upon which the camp was erected. Three 1476L tanks were filled to supply water for the kitchen, showers, sinks, and core cutting saws. As required, a mesh guard was installed at the intake so as not to harm any aquatic life. The average daily consumption of water at camp was ~ 5 cubic metres of water.

The two diamond drills, each contained a 850L water tank to supply water down the drill hole. Water was sourced from nearby lakes, and constantly monitored for visible drops in water surface level. Each drill water pump was equipped with a mesh guard at the intake so as not to harm and aquatic life. The average daily consumption per drill was ~ 34 cubic metres of water. Total average daily consumption of water for all activities (camp and drills) was ~ 73 cubic metres.

Waste was disposed of in an Easy-Burn dual chamber carcass incinerator. This incinerator was more than sufficient to dispose of the paper and food waste that was generated from camp and from the drills. All plastics, metal and waste otherwise deemed as non-combustible was stored on-site in metal containers, then shipped to Arviat to be disposed of in the landfill. The incinerator was used twice a day, morning and afternoon, for approximately 2 hours per burn session. The position of the incinerator was chosen with respect to wind patterns to keep a minimum amount of exhaust smoke away from camp for employee safety.

2. UNAUTHORIZED DISCHARGES AND FOLLOW-UP ACTIONS

No unauthorized discharges occurred during the course of the project.

3. RECLAMATION

No reclamation work occurred as the camp has been shut down for the winter and will be used again for additional field seasons.

4. ARTESIAN FLOW

No artesian flows occurred during the course of the project in 2011.

5. DAILY AND ANNUAL WATER USE QUANTITIES

The Annual amount of water used in 2011 was **4631.1 m^3**.

Please see *Appendix A* of this report– "Water log", for daily water use quantities.

6. WATER SOURCE

Please see *Appendix B* of this report – "Water source locations".

7. WASTE LOCATIONS

Kitchen/shower sump locations:

Latitude: 61° 45' 13.711" N Longitude: 93° 59' 7.975" W

Core cutting shack sump location:

Latitude: 61° 45' 11.269" N Longitude: 93° 59' 6.056" W

8. ADDITIONAL DETAILS ON WATER USE OR WASTE

No other details on water use or waste disposal were requested by the Board.

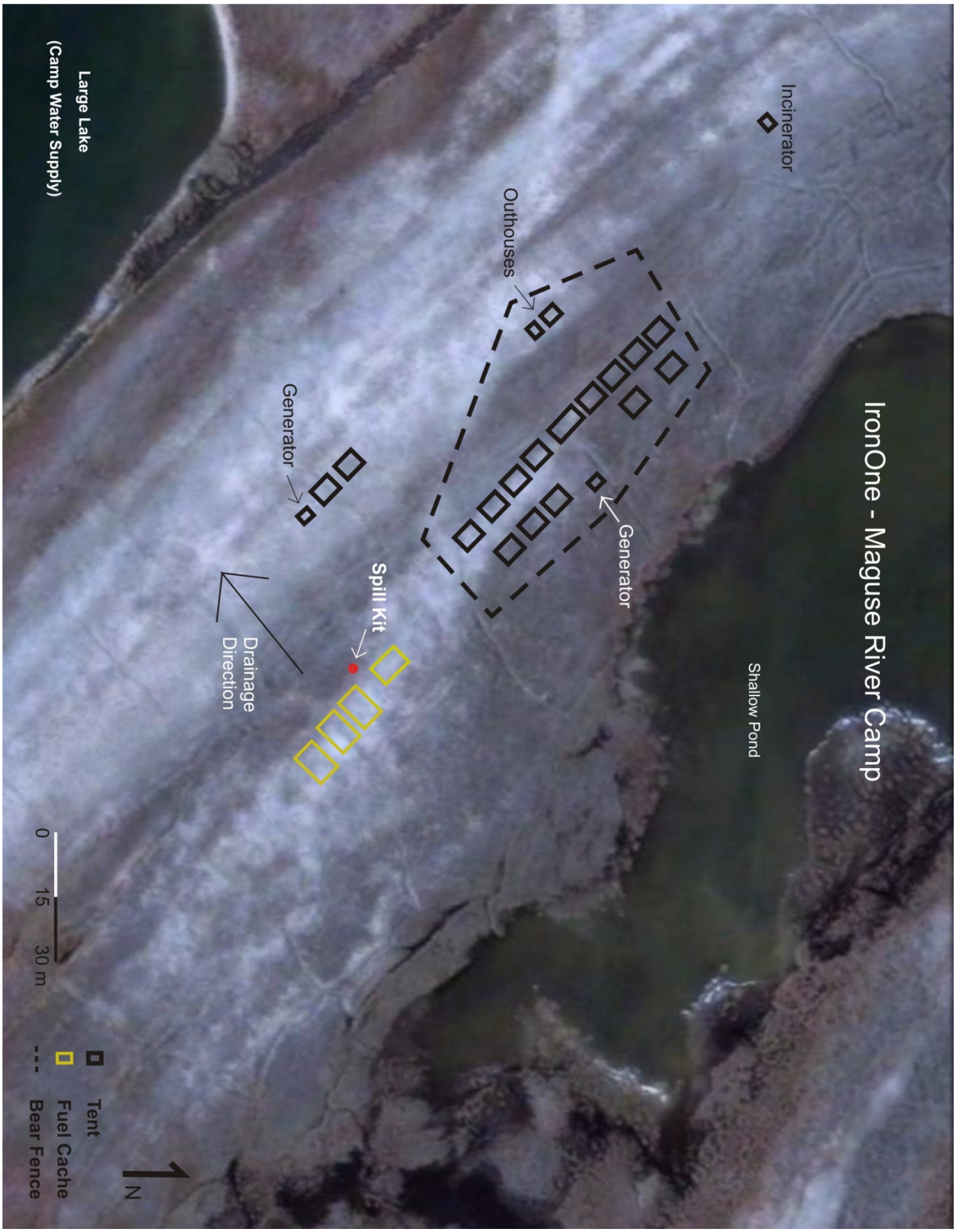

Figure 1: Map illustrating camp facilities, fuel cache, spill kit location, and water bodies.

Appendix A – Water Log

					2011 Annual Water usage (m^3):
					4631.1
DATE	**CAMP (m^3)**	**DRILL 1 (m^3)**	**DRILL 2 (m^3)**	**Daily Project Total (m^3)**	**COMMENTS**
22-Jul-11	3	0	0	3	Camp occupied/Fill Tanks
23-Jul-11	2.5	0	0	2.5	
24-Jul-11	2.8	0	0	2.8	
25-Jul-11	0.9	0	0	0.9	
26-Jul-11	1.5	0	0	1.5	
27-Jul-11	1.5	0	0	1.5	
28-Jul-11	1.7	40	0	41.7	Drill 1 starts
29-Jul-11	1.7	40	0	41.7	
30-Jul-11	1.7	40	40	81.7	Drill 2 starts
31-Jul-11	1.8	40	42	83.8	
01-Aug-11	3.5	42	42	87.5	
02-Aug-11	5	41	42	88	
03-Aug-11	5	39	42	86	
04-Aug-11	5	40	42	87	
05-Aug-11	5	40	41	86	
06-Aug-11	5	40	40	85	
07-Aug-11	5	40	37	82	
08-Aug-11	5	40	38	83	
09-Aug-11	5	40	36	81	
10-Aug-11	5	37	37	79	
11-Aug-11	5	40	37	82	
12-Aug-11	5	41	37	83	
13-Aug-11	4.5	39	37	80.5	
14-Aug-11	5	39	41	85	
15-Aug-11	5	39	41	85	
16-Aug-11	5	39	40	84	
17-Aug-11	5	40	41	86	
18-Aug-11	5	41	42	88	
19-Aug-11	5	40	34	79	
20-Aug-11	5	41	40	86	
21-Aug-11	5	40	40	85	
22-Aug-11	5	40	40	85	
23-Aug-11	5	40	41	86	
24-Aug-11	5	40	41	86	
25-Aug-11	5	40	42	87	

26-Aug-11	5	40	40	85	
27-Aug-11	5	40	39	84	
28-Aug-11	5	40	40	85	
29-Aug-11	5	40	40	85	
30-Aug-11	5	40	41	86	
31-Aug-11	5	40	41	86	
01-Sep-11	5	38	41	84	
02-Sep-11	5	38	41	84	
03-Sep-11	5	39	42	86	
04-Sep-11	5	39	39	83	
05-Sep-11	5	39	39	83	
06-Sep-11	5	39	39	83	
07-Sep-11	5	35	38	78	
08-Sep-11	5	41	36	82	
09-Sep-11	5	37	41	83	
10-Sep-11	5	37	40	82	
11-Sep-11	5	37	40	82	
12-Sep-11	5	38	39	82	
13-Sep-11	5	37	39	81	
14-Sep-11	5	41	39	85	
15-Sep-11	5	40	38	83	
16-Sep-11	5	40	41	86	
17-Sep-11	5	40	40	85	
18-Sep-11	5	38	42	85	
19-Sep-11	5	25	37	67	Drill one demobed
20-Sep-11	5	0	37	42	
21-Sep-11	4	0	40	44	
22-Sep-11	3.5	0	40	43.5	
23-Sep-11	4	0	31	35	Drill two demobed
24-Sep-11	4	0	0	4	
25-Sep-11	4	0	0	4	
26-Sep-11	3	0	0	3	
27-Sep-11	3	0	0	3	
28-Sep-11	1.5	0	0	1.5	
29-Sep-11	1	0	0	1	
30-Sep-11	1	0	0	1	
01-Oct-11	1	0	0	1	All personnel out of camp
Totals (m^3)	**302.1**	**2116**	**2213**	**4631.1**	

Appendix B - Water source locations

Water for:	Easting	Northing	Latitude			Longitude		
	ZONE 15, NAD83	ZONE 15, NAD83	Deg	Min	Sec	Deg	Min	Sec
Camp	447858	6846999	61	45	9	93	59	15
Drill Hole MR11-01	451269	6844086	61	43	36	93	55	20
Drill Hole MR11-02	455407	6848288	61	45	54	93	50	42
Drill Hole MR11-03	455407	6848288	61	45	54	93	50	42
Drill Hole MR11-04	451269	6844086	61	43	36	93	55	20
Drill Hole MR11-05	456135	6847428	61	45	26	93	49	51
Drill Hole MR11-06	451637	6843483	61	43	17	93	54	54
Drill Hole MR11-06a	451637	6843483	61	43	17	93	54	54
Drill Hole MR11-07	455407	6848288	61	45	54	93	50	42
Drill Hole MR11-08	456773	6846354	61	44	52	93	49	7
Drill Hole MR11-09	451637	6843483	61	43	17	93	54	54
Drill Hole MR11-10	441080	6838218	61	40	22	96	6	47
Drill Hole MR11-11	456677	6847976	61	45	44	93	49	15
Drill Hole MR11-12	443675	6839362	61	40	60	94	3	52
Drill Hole MR11-13	456286	6846454	61	44	55	93	49	40
Drill Hole MR11-14	454217	6847560	61	45	30	93	52	2
Drill Hole MR11-15	445986	6838515	61	40	34	94	1	14
Drill Hole MR11-16	453638	6847264	61	45	20	73	52	41
Drill Hole MR11-17	446384	6838680	61	40	39	94	0	47
Drill Hole MR11-18	447366	6838159	61	40	23	93	59	39

Drill Hole MR11-19	451018	6843317	61	43	11	93	55	36
Drill Hole MR11-20	448670	6839531	61	41	8	93	58	12