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NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN KATIMAYINGI

**WATER LICENCE
APPLICATION FORM**

| INTERNAL | |
|----------|----|
| PC | JP |
| MA | |
| FO | |
| LA | |
| DS | |
| ST | |
| TA1 | |
| TA2 | |
| RC | |
| ED | |
| CH | |
| BRD | |
| EXT. | |

Application for: (check one)

☒ **New** ☐ **Amendment** ☐ **Renewal** ☐ **Assignment**

LICENCE NO:

(for NWB use only)

NWB2 mou

**1. NAME AND MAILING ADDRESS OF
APPLICANT/LICENSEE**

Hornby Bay Exploration Limited
Suite 700, 357 Bay Street
Toronto, Ontario
M5H 2T7

Phone: 416-368-0114

Fax: 416-368-0198

e-mail: info@hornbybay.com

**2. ADDRESS OF CORPORATE
OFFICE IN CANADA (if applicable)**

Phone: _____

Fax: _____

e-mail: _____

3. LOCATION OF UNDERTAKING (describe and attach a topographical map, indicating the main components of the Undertaking)

The Company holds the mineral rights to three blocks of claims in the Mouse Lake area, Kitikmeot region of Nunavut. The properties are located approximately 100 kilometers south of Kugluktuk and 525 kilometers north of Yellowknife.

The three claim blocks are located between Latitude 66° 37' N to 67° 04' N and Longitude 114° 10' W to 115° 20' W on NTS Sheets 86 J, K, N and O.

The Mouse Lake Camp is located at:

Latitude: 67° 05.973' N Longitude: 115° 44.198' W NTS Map No. 86O/4 Scale 1:250,000

4. DESCRIPTION OF UNDERTAKING (attach plans and drawings)

Please see attached project description.

5. TYPE OF UNDERTAKING (A supplementary questionnaire must be submitted with the application for undertakings listed in "bold")

☐ Industrial

☐ Remote/Tourism Camps

☐ Mine Development

☐ Municipal

☐ Advanced Exploration

☐ Power

☒ Exploratory Drilling

☒ Other (describe) Ground geophysics, prospecting, till sampling

6. WATER USE

- | | |
|---|--|
| <input checked="" type="checkbox"/> To obtain water | <input type="checkbox"/> To divert a watercourse |
| <input type="checkbox"/> To modify the bed or bank of a watercourse | <input type="checkbox"/> Flood control |
| <input type="checkbox"/> To alter the flow of, or store, water | <input type="checkbox"/> Other (describe): |
| <input type="checkbox"/> To cross a watercourse | |

7. QUANTITY OF WATER INVOLVED (litres per second, litres per day or cubic metres per year, including both quantity to be used and quality to be returned to source)

For Mouse Lake, camp consumption is estimated at 3000 litres per day (drinking, cooking, washing). Greywater sump to be backfilled at end of use.

For drilling, consumption is estimated at 15,000 litres per day. Drill water will be recirculated so actual consumption will depend on the friability of the rock.

8. WASTE (for each type of waste describe: composition, quantity, methods of treatment and disposal, etc.)

- | | |
|---|---|
| <input checked="" type="checkbox"/> Sewage | <input checked="" type="checkbox"/> Waste oil |
| <input checked="" type="checkbox"/> Solid Waste | <input checked="" type="checkbox"/> Greywater |
| <input type="checkbox"/> Hazardous | <input checked="" type="checkbox"/> Sludges |
| <input checked="" type="checkbox"/> Bulky Items/Scrap Metal | <input type="checkbox"/> Other (describe) _____ |

Solid waste will be incinerated. Waste oil and all non-combustible items will be removed from the site for proper disposal. Greywater, sewage and sump sludges will be backfilled. Empty fuel drums will be back-hauled to Yellowknife.

9. PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING (give name, mailing address and location; attach if necessary)

Land Use Permit

- | | | |
|----------------------------|---|--|
| DIAND | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | If no, date expected N2004C002 (expires March 21, 2006) |
| Regional Inuit Association | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | If no, date expected KTL105COO8 (expires April 2, 2007) |
| Commissioner | <input type="checkbox"/> Yes <input type="checkbox"/> No | If no, date expected _____ |

10. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION MEASURES (direct, indirect, cumulative impacts, etc.)

- NIRB Screening ☒ Yes ☐ No If no, date expected _____

The project was reviewed by NIRB as part of the DIAND permitting process.

11. INUIT WATER RIGHTS

Will the project or activity substantially affect the quality, quantity, or flow of water flowing through Inuit Owned Lands and the rights of Inuit under Article 20 of the Nunavut Land Claims Agreement?

The Company has a Land Use License 1 covering the portions of Parcels CO-52 and CO-63 (surface ownership) that coincide with areas within the mineral claims which form this Project. There will be no substantive effect on water flowing through the IOL's.

11. (Continued)

If yes, has the applicant entered into an agreement with the Designated Inuit organization to pay compensation for any loss or damage that may be caused by the alteration. If no compensation agreement has been made, how will compensation be determined?

At his stage the Land Use License 1 covers activities that will have no compensational effect on the Inuit Owned Lands.

12. CONTRACTORS AND SUB-CONTRACTORS (name, address and functions)

Logistics - Braden Burry Expediting - Yellowknife, NWT
Logistics - MULCO - Kugluktuk, Nunavut
Helicopter Support - Canadian Helicopters - Edmonton, Alberta
Airborne Geophysics - FUGRO Airborne Surveys - Ottawa, Ontario
Ground Geophysics - Patterson Geophysics - La Ronge, Saskatchewan
Diamond Drilling - Peak Drilling - Yellowknife, NWT
Assaying - Saskatchewan Research Council - Saskatoon, Saskatchewan
Assaying - Loring Laboratories - Calgary, Alberta

13. STUDIES UNDERTAKEN TO DATE (list and attach copies of studies, reports, research, etc.)

Portions of the area were explored for uranium by BP Minerals/ Anaconda and Uranerz in the period 1979 - 1983. Subsequent to 1996, the area has been subject to a variety of airborne geophysical surveys on behalf of Hornby Bay Exploration. Initial ground follow-up campaigns were conducted in 1998-99 and 2003-04.

14. THE FOLLOWING DOCUMENTS MUST BE INCLUDED WITH THE APPLICATION FOR THE REGULATORY PROCESS TO BEGIN

Supplementary Questionnaire (where applicable: see section 5) ☒ Yes ☐ No

Inuktitut/English Summary of Project ☒ Yes ☐ No

If no, date expected _____

Application fee \$30.00 (c/o of Receiver General for Canada) ☒ Yes ☐ No

15. PROPOSED TIME SCHEDULE

☐ Annual (or) ☒ Multi Year

Start Date: July, 2005 Completion Date: July, 2007 (probably continuing)

GEORGE P. BELL

Name (Print)

PRESIDENT & CEO

Title (Print)

Date JUNE 16, 2005

GP Bell
Signature

For Nunavut Water Board use only

APPLICATION FEE

Amount: \$ _____

Receipt No.:

WATER USE DEPOSIT

Amount: \$ _____

Receipt No.: