

HORNBAY BAY EXPLORATION LIMITED

**Suite 700 – 357 Bay Street
Toronto, Ontario
M5H 2T7**

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**Application for Land Use Permit
Mouse Lake Exploration Project
Kitikmeot Region, Nunavut**

**Submitted by: George Bell
Prepared by: David Bent**

January 4, 2006

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APPLICATION FOR LAND USE

Page 1 of 6

Office use only:

Application fee -	Land use fee -	General receipt no. -	Date	Class-	Permit No.-
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To be completed by all applicants - *New application*

1. Applicant's name and mailing address

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2. Head office address

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M5H 2T7

Fax no. 416 368 0198
Tel no. 416 368 0114

Field supervisor

David Paul Bent

Tel no. 416 306 4403

Email: dbent@hornbybay.com

3. Other personnel

Patterson Geophysics - La Rouge, SK (4)
Ollerhead & Associates - Yellowknife, NT (4)
Peak Drilling - Yellowknife, NT (3)
Braden Barry Expeditors - Yellowknife (2)

Canadian Helicopters - Edmonton, AB (2)
Taiga Ltd. - Calgary, AB (3)
Hornby Bay Exploration - Toronto, ON (2)
MULCO - Kugluktuk, NU (5)

TOTAL: 27

4. Qualifications

a(i) ✓

a(ii)

a(iii)

b

c

5. a) Summary of operation.

Background

Hornby Bay Exploration Limited was incorporated in 1996 (Ontario Inc# 86859684) and during the following two years acquired a total of 211 mineral claims covering approximately 210,000 hectares in the area south of Coronation Gulf. The claims cover geological formations that are considered favorable for deposits of uranium, diamonds and zinc. The claims form three groups (see accompanying map 1) which are designated:

- *Asiak Block* - a rectangular area approximately 45 km north-south by 20 km east-west centered on the Asiak river
- *East Block* - a roughly square area of 10 km by 12 km located to the northeast of the Coppermine river and approximately 15 km southeast of MacGregor lake.



Indian and North
Affaires Canada

Affaires Indiennes
et du Nord Canada

APPLICATION FOR LAND USE

Page 2 of 6

- **Coppermine Block** - covers the southern portion of the Big Bend area east and south of the Coppermine river

The Asiatic claims had been explored by Uranerz in the early 1980's, whereas the other two claim groups were part of DP Minerals extensive land holdings in the Hornby Bay basin. Both companies curtailed exploration activities in 1983 following a decline in the price of uranium.

During the period 1998-2003, the property was flown by a variety of airborne geophysical surveys in an effort to target areas of potential mineralization. The first systematic ground follow-up work was initiated in 2004 primarily through prospecting, deep penetrating geophysics and geochemical sampling. Several anomalies were drill tested during the 2004 exploration campaign for a total of 1952 meters in 12 holes.

The till sampling and ground geophysical surveys were accelerated in 2005. Thirteen drill holes totaling 5132 meters were completed to test geophysical anomalies. A total of 49 claims were boundary surveyed in compliance with the Mining Regulations.

The Company has a very firm commitment to the preservation of the environment and the use of local employment and infrastructure. Although the project is at the grassroots stage, there is good geological reason to believe that viable deposits will be found through persistence and cooperation to the benefit of all.

Location and Permits

The project area is located approximately 100 kilometers south of Kugluktuk in the Kitikmeot region of Nunavut and covers portions of NTS sheets 86 J, K, N and O. The historical camp site on the south shore of Mouse Lake (Latitude 67° 05.973'N; Longitude 115° 44.198'W) has been reestablished as the base of operations.

Hornby Bay Exploration Limited operates the project under the guidelines established in Land Use Permit #N2004C002 (expiry 21/03/06) issued by the Nunavut Impact Review Board. Additionally, the Company has been granted the right to enter the portions of Inuit Owned Land (surface) Parcels CO-52 and CO-63/NTS 86J & O that overlap the mineral claims through License No. KTL105C008 issued by the Kitikmeot Inuit Association.

2006/07 Proposed Exploration Program

Coppermine & East Blocks

Finalizing the detailed geological mapping that was initiated in 2005 will be a key component of the 2006/07 program. The stratigraphy and structure of the Hornby Bay basin is of prime importance in understanding the evolution and location of potential uranium deposits at the basal unconformity.

Moving loop and fixed loop TEM surveys will be continued as follow up of geophysical targets indicated by the airborne surveys. A systematic drill program will be planned to test the resulting anomalies. A series of eighteen holes is presented on the accompanying Figure 1 as an approximation of the drill program that will be completed during the period. The individual sites will be modified as results of the geological and geophysical become available.

The boundary survey of the two blocks of claims will be completed to conform to the Mining Regulations.

Asiatic Block

The program of geophysical surveys employing magnetic and electromagnetic methods will be continued to define potential kimberlitic, diamond-bearing pipes. The program of detailed till sampling will be completed over areas with anomalous indicator mineral results from the regional survey and geophysical targets.

Several of the airborne geophysical anomalies in areas of known uranium occurrences will be followed up by ground geophysics and prospecting.

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et du Nord Canada

APPLICATION FOR LAND USE

Page 3 of 6

b) Please indicate if a camp is to be set up.

The Project is operated from a tent camp located at Mouse Lake that is serviced by float planes based in Yellowknife. Many of the supplies are trans-shipped via the town of Kugluktuk which is located about 75 kilometers to the north. The town has daily scheduled air service and seasonal ferry service. See attached Map 1 for camp location and Figure 2 for camp layout.

6. Summary of potential environmental and resource impacts.

The Project is at the grassroots exploration stage and the work program will have no long term environmental impact. The Mouse Lake camp is comprised of canvas tents erected on plywood platforms that can be readily dismantled. Individual drill sites are reclaimed immediately following completion of the drilling operation. All garbage from the operations is incinerated or flown from the site to be properly disposed by the expediter. Crews are mobilized by helicopter and there are no wheeled vehicles or other conveyances that may disturb the tundra. The fauna in the area have become accustomed to the helicopter flights which are maintained at an altitude of greater than 300 meters to minimize the impact.

7. Proposed restoration plans.

An Abandonment and Restoration program has been submitted to the Nunavut Water Board. Approximately one week will be required to dismantle the Mouse Lake camp. All tents and other recoverable camp equipment will be packed and flown to Yellowknife or Kugluktuk for storage. Wood and other combustible scrap will be burnt. Non-combustible garbage will be bagged and removed from the site for proper disposal by the expediter - Braden Barry Expeditors of Yellowknife, NT. The camp grounds will be inspected for possible fuel contamination which will be handled under the terms of the Spill Contingency Plan (attached). Peat moss will be thinly spread over any areas of disturbance to accelerate the natural regeneration of the tundra flora.

Drill sites will be re-examined for any signs of disturbance and will be treated with peat moss as required. A photographic record will be kept of all significant sites for reference.

8. Other rights, licenses or permits related to this permit application.

Current Land Use Permit	N2004COO2 (expires March 21, 2006)
Regional Inuit Association permit	KTL1056008 (expires April 2, 2007)
Miner's permit	N31483

Mineral Claims: 1:250,000 NTS 86J, 86K, 86N & 86O

CM 5 (F61975) - CM 9 (F61979), CM 12 (F619824), CM 16 (F61986) - CM 18 (F61988), CM 21 (F61991) - CM 24 (F61994), CM27 (F61997) - CM 31 (F62001), CM33 (F62003) - CM 38(F62008), CM 40 (F62010) - CM 49 (F62019), CM 52 (F62022) - CM 59 (F62029), CM 62 (F62032) - CM 72 (F62042), CM 75 (F62045) - CM 79 (F62049), CM 81 (F62051) - CM 86 (F62056), CM 88 (F62058) - CM 90 (F62060), CM 93 (F62063) - CM 96 (F62066), LB 73 (F43216) - LB 74 (F43217), DM 29 (F59109) - DM 36 (F59116), DM 40 (F59120) - DM 44 (F59124), DM 49 (F59129) - DM 65 (F59145), DM 69 (F42997) - DM 72 (F43000), CD 1 (F65941) -
CD 3 (F65943), 3M 3 (F65815), 3M 4 (F65616), FM 1 (F36731) - FM 42 (F36772), A 1 (F) - A 21 (F65785), HB1 (F65786) - HB27 (F65812)
Pending CD.4 (F65944) - CD 17(F65951))

Roads:

Is this to be a pioneered road? N/A
Has the route been laid out or ground truthed? N/A
Has funding been applied for i.e. RTAP? N/A



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APPLICATION FOR LAND USE

Page 4 of 6

9. Proposed disposal methods

a) Garbage: Combustible kitchen waste will be incinerated. Non-combustible waste will be bagged and removed from camp by Braden Burry (Mulco) for proper disposal from their facilities in Yellowknife and Kugluktuk.	c) Brush & trees: N/A
b) Sewage (Sanitary & Grey Water): An incineration system for sewage will be installed at the camp. It is anticipated that there will be one toilet for women and two toilets installed for men. The existing pit toilets will be lined and back filled. A grey water sump for waste water from the kitchen and showers has been constructed in a natural depression about 20 meters from the kitchen. The depression is located in excess of 60 meters from the nearest body of water. The sump will be backfilled when the project is terminated	d) Overburden (Organic soils, waste material, etc.): N/A

10. Equipment (includes drills, pumps, etc)

Type & Number -	Size	Proposed use -
Hydracore 2000	100 hp engine	Diamond drill
Lombardini	12 kva	Generator
Yamaha EF1000	15 GPM	Camp pump
Yamaha YP20GX	4001 psi	Drill pump

11. Fuels	Number of Containers	Capacity of Containers
Diesels - P-50	250	205 litres
Gasoline Shell 90	3	205 litres
Aviation Fuel - Jet B	600	205 litres
Propane -	20	100 lbs

Other

12. **Containment fuel spill contingency plans (Please attach separate contingency plan if necessary)**
- Spill plan submitted to Nunavut Water Board.
 - Copy attached.
13. **Methods of fuel transfer (To other tanks, vehicles, etc.)**
- Fuel is flown to cache at camp by Twin Otter from Kugluktuk. Fuel for the drill is transported by helicopter to the drill.


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APPLICATION FOR LAND USE

Page 5 of 6

14. Period of operation (includes time to cover all phases of project work applied for, including restoration)

- Two year period commencing on March 22, 2006 and terminating on March 21, 2008. Project is ongoing and field operations are carried out from March to September.

15. Period of permit Start date 2006 / 03 / 22 Completion date 2008 / 03 / 21

16. Location of activities by map co-ordinates (attached maps and sketches)

Minimum Latitude Degrees 67	Minutes 15	Minimum Longitude Degrees 114	Minutes 11
Maximum Latitude Degrees 67	Minutes 27.66	Minimum Longitude Degrees 114	Minutes 40

Map Sheet No.- Parts of NTS 86J, 86K, 86N and 86O

- 17.

Applicant - George Percy Bell
Signature
Date - January 4, 2006

18. Fees -

Class A \$150.00 ☒

Class B \$150.00 ☐

\$150.00

Land use fees:

(Less than or equal to 2 ha.)

\$ 50.00

\$ 50.00

(Each additional ha. Or portion of a ha. In excess of 2 ha.)

x \$ 50.00 =

\$200.00

Total application and land use fees

\$400.00

19. Calculation of area involved (Includes access, staging areas, airstrips, campsites, etc)

Total area (Ha.)	Less than or equal to 2 hectares	TOTAL (For fee calculation)
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20. Application checklist

a) Application signed and dated	e) Screening report
b) Fees attached	f) Timber permit applied for
c) Map included	g) Fees attached
d) Address and telephone number	h) Lease applied for

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APPLICATION FOR LAND USE

Page 6 of 7

Accepted by -	Date
Remarks	

Canada