



NIRB File No.: 06EN009
AANDC File No.: N2011C0007
NWB File No.: 2BE-MOU0914

February 6, 2014

The Honourable Bernard Valcourt
Minister of Aboriginal Affairs and Northern Development
c/o Jeff Mercer, Manager Land Administration
P.O. Box 100
Iqaluit, NU X0A 0H0

Sent via Email: jeff.mercer@aandc.gc.ca; landsmining@aandc.gc.ca

Re: Application Exempt from the Requirement for Screening pursuant to Section 12.4.3 of the NLCA: Hornby Bay Mineral Exploration Ltd.'s "Mouse Lake Exploration" project, Kitikmeot Region

Dear Jeff Mercer:

On January 16, 2014 the Nunavut Impact Review Board (NIRB or Board) received an application from Aboriginal Affairs and Northern Development Canada (AANDC) for an extension to the Land Use Permit (LUP; No. N2011C0007) associated with Hornby Bay Mineral Exploration Ltd.'s (Hornby Bay) "Mouse Lake Exploration" project proposal. The Board notes that, as this project is located in an area without an approved land use plan in place (Kitikmeot Region), a conformity determination from the Nunavut Planning Commission was not required for this file.

Please be advised that the original project proposal (File No.: 06EN009) was received by the NIRB from Indian and Northern Affairs Canada (INAC; now AANDC) on January 25, 2006 and was screened by the Board in accordance with Part 4, Article 12 of the Nunavut Land Claims Agreement (NLCA). On March 27, 2006 the NIRB issued a NLCA 12.4.4(a) screening decision to the Minister of AAND which indicated that the proposed project could proceed subject to the NIRB's recommended project-specific terms and conditions.

The current AANDC application, the most recent NIRB Screening Decision Report (File No.: 06EN009) and related file information are available from the NIRB's online public registry at the following link:

<http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2006/06EN009-Hornby%20Bay%20Exploration%20Ltd%20-%20Unor%20Inc/>.

PREVIOUSLY-SCREENED PROJECT PROPOSAL:

As previously screened by the NIRB (File No.: 06EN009), the “Mouse Lake Exploration” project was located in the Kitikmeot region, approximately 100 kilometres (km) south of Kugluktuk. The Proponent indicated that it intended to undertake uranium exploration activities at the Mouse Lake project site.

Additional authorization and extension requests associated with the “Mouse Lake Exploration” project have also been reviewed by the NIRB following screening of the original project proposal (File No.: 06EN009) and are presented in Table 1.

Table 1: Additional Applications Associated with NIRB File No.: 06EN009

| Authorization | Application | | | NIRB Decision | |
|----------------------|-----------------------|------------|--|-------------------------------|--|
| | Date Received by NIRB | Type | Reason for Application | Correspondence Issued by NIRB | Type |
| AANDC LUP N2006C0001 | March 4, 2008 | Extension | To continue exploration activities | March 5, 2008 | Exempt from Screening, reissued March 27, 2006 SDR |
| AANDC LUP N2006C0001 | February 7, 2009 | Extension | To continue exploration activities | February 13, 2009 | Exempt from Screening, reissued March 27, 2006 SDR |
| AANDC LUP N2006C0001 | February 2, 2011 | Amendment | To permit on-land seismic exploration activities | March 29, 2011 | Additional terms and conditions issued in March 29, 2011 SDR |
| AANDC LUP N2011C0007 | February 21, 2011 | New permit | To continue exploration activities | March 29, 2011 | Exempt from Screening, reissued March 29, 2011 SDR |
| AANDC LUP N2011C0007 | March 19, 2013 | Extension | To continue exploration activities | April 3, 2013 | Exempt from screening, reissued March 29, 2011 SDR |

AANDC= Aboriginal Affairs and Northern Development Canada; LUP= land use permit; NIRB= Nunavut Impact Review Board; SDR= Screening Decision Report.

The activities and components associated with the originally proposed project as received by the NIRB on January 24, 2006 included:

- Geological and geophysical surveying (both ground and airborne surveys);
- Diamond drilling program;
- Establishment of a temporary camp at Mouse Lake, located approximately 75 km south of Kugluktuk; and
- Transportation and storage of fuels including diesel, gasoline, aviation fuel, and propane.

The March 4, 2008 extension application associated with LUP No. N2006C0001 requested an additional year to continue with previously permitted activities.

The February 7, 2009 extension application associated with LUP No. N2006C0001 requested an additional year to continue previously permitted activities associated with its ongoing exploration program.

The February 2, 2011 application to amend LUP No. N2006C0001 included the following additional activities and components:

- On land 2D seismic surveying for purposes of uranium exploration;
 - Use of two vibrator trucks, seismic line, detectors and recording computers
 - Approximate total of 80 line kilometres to be surveyed
- Utilization of ice strip at McGregor Lake for the transportation of equipment and supplies;
- Overland transportation of seismic equipment and personnel supported by Cat Train, helicopter, and skidoo
 - Cat Train to utilize winter trail previously screened by the NIRB (NIRB File No.: 07RN072) and clearing of new paths to seismic exploration area.

The February 21, 2011 application requested a new LUP (No. N2011C0007) to replace the previously issued and expiring LUP (No. N2006C0001) in order to allow the Proponent to continue with previously permitted exploration activities.

The March 19, 2013 application requested a one year extension to the previously issued LUP (No. N2011C0007) to allow the Proponent to continue with previously proposed activities at the Mouse Lake project site.

All materials received and pertaining to the NIRB's screening of the "Mouse Lake Exploration" project proposal including the original AANDC application and NIRB Screening Decision (File No.: 06EN009) can be obtained from the NIRB's online public registry at the following link:

<http://ftp.nirb.ca/01-SCREENINGS/COMPLETED%20SCREENINGS/2006/06EN009-Hornby%20Bay%20Exploration%20Ltd%20-%20Unor%20Inc/>.

CURRENT APPLICATION:

Hornby Bay is proposing to extend its AANDC LUP (No. N2011C0007) for one additional year in order to continue its previously permitted activities at the Mouse Lake project site.

Please note that Section 12.4.3 of the NLCA states that:

"Any application for a component or activity of a project proposal that has been permitted to proceed in accordance with these provisions shall be exempt from the requirement for screening by NIRB unless:

(a) such component or activity was not part of the original project proposal; or

(b) its inclusion would significantly modify the project.”

After completing a review of the information provided in support of the current application, the NIRB is of the understanding that the proposed extension does not change the general scope of the original project activities, and the exceptions noted in NLCA 12.4.3(a) and (b) do not apply. Therefore, this application is exempt from the requirement for screening pursuant to Section 12.4.3 of the NLCA and the activities therein remain subject to the terms and conditions recommended in the March 29, 2011 Screening Decision Report (enclosed).

If you have any questions or require additional clarification, please contact Kelli Gillard, Technical Advisor, at (867) 983-4619 or kgillard@nirb.ca.

Sincerely,

A handwritten signature in black ink that reads "Ryan Barry". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Ryan Barry
Executive Director
Nunavut Impact Review Board

cc: Bogden Nitescu, Hornby Bay Mineral Exploration Ltd.
Tracey McCaie, Aboriginal Affairs and Northern Development Canada
Phyllis Beaulieu, Nunavut Water Board
Geoff Clark, Kitikmeot Inuit Association

Enclosure: NIRB Screening Decision Report, File No.: 06EN009 (March 29, 2011)