



**Suite 400,
365 Bay Street,
Toronto, Ontario, M5H 2V1**

Manager of Licensing
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU
X0B 1J0

March 6th, 2016

Re: Licence 2BE-MOU1419 – Annual Report for 2015

Dear Manager of Licensing,

On behalf of Hornby Bay Mineral Exploration Ltd., I would like to inform the Nunavut Water Board that due to the unprecedented recession and financial market instability that the mineral exploration industry has been facing, the Company was not able to raise the necessary capital for conducting any exploration activity on the Mouse Lake Project in 2015. Given the extended period of recession and the reduced chances for raising capital in the foreseeable future, the Company has decided to dismantle the Mouse Lake Camp.

Please find enclosed the Annual Report Form for 2015 regarding the Mouse Lake Project, as well as the Camp Demobilization Report prepared by the contractor who is conducting the camp dismantling operations.

Sincerely,

Bogdan Nitescu, PhD, PGeo
Consulting Geoscientist
Hornby Bay Mineral Exploration Ltd.
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NWB Annual Report

Year being reported: Select ▼ 2015

License No: 2BE-MOU1419 **Issued Date:** April 24, 2014
Expiry Date: April 23, 2019

Project Name: Mouse Lake Project

Licensee: Hornby Bay Mineral Exploration Ltd.

Mailing Address:
 Hornby Bay Mineral Exploration Ltd.
 c/o Irwin Lowy LLP
 365 Bay Street, Suite 400
 Toronto, ON M5H 2V1

Name of Company filing Annual Report (if different from Name of Licensee please clarify relationship between the two entities, if applicable):

Hornby Bay Mineral Exploration Ltd.

General Background Information on the Project (*optional):

Uranium exploration on mineral claims and mining leases located approximately 100 km south of Kugluktuk

Licence Requirements: the licensee must provide the following information in accordance with

Part B ▼ Item 2 ▼

A summary report of water use and waste disposal activities, including, but not limited to: methods of obtaining water; sewage and greywater management; drill waste management; solid and hazardous waste management.

Water Source(s):	Mouse Lake (for camp use)		
Water Quantity:	165 for 33 days	Quantity Allowable Domestic (cu.m)	
	66	Actual Quantity Used Domestic (cu.m)	
	60 cu.m/day	Quantity Allowable Drilling (cu.m)	
	0	Total Quantity Used Drilling (cu.m)	

Waste Management and/or Disposal

- ☒ Solid Waste Disposal
- ☒ Sewage
- ☐ Drill Waste
- ☒ Greywater
- ☐ Hazardous
- ☐ Other:

Additional Details:

Solid waste - incinerated
 Sewage - deposited in toilets
 Greywater - disposed in sump at camp , more than 30 m from Mouse Lake

A list of unauthorized discharges and a summary of follow-up actions taken.

Spill No.: (as reported to the Spill Hot-line)
 Date of Spill:
 Date of Notification to an Inspector:
 Additional Details: (impacts to water, mitigation measures, short/long term monitoring, etc)

There were no unauthorized discharges.

Revisions to the Spill Contingency Plan

SCP submitted and approved - no revision required or proposed



Additional Details:

Addendum to SCP was submitted in May 2014, as a requirement of Part H, Item 2 of the licence. It was found to be complete and to meet the requirements of Licence (cf. NWB letter dated June 6, 2014)

Revisions to the Abandonment and Restoration Plan

AR plan submitted and approved - no revision required or proposed



Additional Details:

Addendum to AR plan was submitted in May 2014, as a requirement of Part I, Item 2 of the licence. It was found to be complete and to meet the requirements of Licence (cf. NWB letter dated June 6, 2014)

Progressive Reclamation Work Undertaken

Additional Details (i.e., work completed and future works proposed)

No drilling conducted in 2015. Only camp dismantling activity was conducted in 2015. Removal of remaining camp structures planned for 2016.

Results of the Monitoring Program including:

The GPS Co-ordinates (in degrees, minutes and seconds of latitude and longitude) of each location where sources of water are utilized;

Details described below



Additional Details:

Mouse Lake Camp: Lat. 67 deg 6 min 00.75 sec; Long. 115 deg 44 min 20.44 sec

The GPS Co-ordinates (in degrees, minutes and seconds of latitude and longitude) of each location where wastes associated with the licence are deposited;

Details described below



Additional Details:

Sump at Mouse Lake Camp: Lat. 67 deg 5 min 59.10 sec; Long. 115 deg 44 min 27.99 sec

Results of any additional sampling and/or analysis that was requested by an Inspector

No additional sampling requested by an Inspector or the Board ▼

Additional Details: (date of request, analysis of results, data attached, etc)

Any other details on water use or waste disposal requested by the Board by November 1 of the year being reported.

No additional sampling requested by an Inspector or the Board ▼

Additional Details: (Attached or provided below)

Any responses or follow-up actions on inspection/compliance reports

Inspection Report received by the Licensee (Date): ▼

Additional Details: (Dates of Report, Follow-up by the Licensee)

AAND Inspector conducted inspection of the camp and project sites on July 13, 2014.
Follow-up by the Company to address the issues raised by the Inspector was conducted in 2015.

Any additional comments or information for the Board to consider

Date Submitted:
Submitted/Prepared by:
Contact Information:

March 6, 2016
Bogdan Nitorescu
Tel: 416-361-2516
Fax:
email: bnitorescu@hornbybay.com

October 12^h, 2015

James M. Brady
Hornby Bay Exploration
105 Airdrie Road
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Mouse Lake Camp Demobilization Report:

Introduction:

This document summarizes and outlines the demobilization activities conducted September 19th – September 26th, 2015 including the successful removal of the fuel from Mouse Lake Camp. Subsequent to the previous demobilization shift in July 2015, all fuel has been removed from Mouse Lake Camp. Prior to 2015, twenty seven (27) structures were standing at Mouse Lake camp; there are currently seven (7) structures remaining. Four (4) being temporary and reusable. All mandated tasks were completed in a safe and efficient manner following environmentally conscientious and safe operating procedures. Comprehensive photographic documentation was taken with GPS co-ordinates outlining organized materials for winter removal. The camp has been prepared for the next stage of demobilization involving heavy equipment to remove the organized non-combustible, recyclable and saleable material.

2015 Summary:

In addition to the fuel removal from camp, twenty (20) structures were incinerated in 2015. Demobilization tasks completed. The remaining seven structures include four (4) Weatherhaven collapsible tents, the dry shack, generator barn and drillers shed. All contents within the remaining structures have been organized for winter removal. Contents consist of either non-combustible waste or re-usable/salable items. Safe work procedures and environmental best practices were employed during the documented 2015 demobilization effort.

A team mobilized to Yellowknife September 19th and onwards to Mouse Lake Camp September 20th. One flight was used for the team and de-construction equipment with the return flight having the maximum cargo capacity. Six days were spent in camp completing a survey, and consolidation in preparation for heavy equipment extraction.

Status; Areas in Camp:

Prospectors Tents:

- All wood incinerated. Tents stored (garbage). Electrical dismantled and stored.

Weather-havens:

- Non-combustible garbage organized within (prospector tent roofing/ insulation)
- Salvageable/salable/recyclable gear

Generator barn:

- Boarded up

Fuel cash/containment:

- Barrelled fuel has been removed.
- Containment berms/tarps have been folded for winter removal.

Drilling chemicals/salt:

- Stored in impervious tarp system and stacked on pallets.

Lakeshore:

- All hydrocarbons removed from lake shore. Boat motor and boat has been returned to local fishing charter company.

Incinerator:

- Removed

Burn sites:

- Raked and swept with magnetic broom. Generous application of peat moss applied.

Fuel systems:

- Flushed and Dismantled.

Electric system:

- Functional for Generator barn and dry. All other wire systems removed and stored.

Further recommendations:

It is recommended that a winter program is conducted. With the use of heavy equipment to facilitate overland removal of Mouse Lake Camp. The detailed program proposal to follow this report. A subsequent summer (2016) rehabilitation effort is recommended successive to the recommended winter camp program for completion activities.

Conclusions:

Mouse Lake Camp is ready for a winter demobilization program. The majority of removal can be completed in a winter overland program. A fully functional skeleton camp remains to meet a small crew. The dry/kitchen (ISZ) has electricity and heat provided by the remaining generator. A minimal cache of diesel remain for future use. Although the next program seems daunting LCJ remains ready for the next step in this operation that as to date been very successful. We have maintained high productivity on a minimal budget with no impact on the environment or jeopardizing the safety of the contractors that have contributed.

Special thanks to:

Peter Palmer :YK Open Charters

Blake Gallant : Gallant Renovation

Ed Keys: Key Consulting

Chuk Coulter: Plummer's Arctic Lodges.

Sincerely

Lester Janot



Table 1: Summary of structures in Mouse Lake Camp.


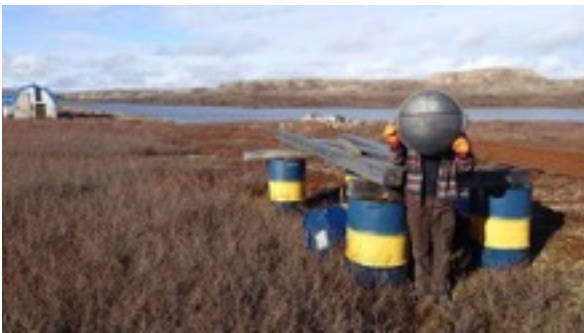


Building	Status	Patched walls	Boarded up	Comments
Tent 1	Gone			
Tent 2	Gone			
Tent 3	Gone			
Tent 4	Gone			
Tent 5	Gone			
Tent 6	Gone			Incinerated, wood base remains
Tent 7	Gone			Incinerated, wood base remains
Tent 8	Storage	n	y	Empty fuel tanks (2), Water tank, diesel stoves, stove pipe
Tent 9	Storage	n	y	Drafting table, foamies, chairs, prospector tents, tarps
Tent 10	Storage	2013	y	Contains Kitchen tables/chairs
Tent 11	Storage	n	y	Empty fuel drums
Tent 12	Gone			Incinerated, wood base remains
Tent 13	Gone			Incinerated, wood base remains
Tent 14	Gone			Incinerated, wood base remains
Tent 15	Gone			Incinerated, wood base remains
Tent 16	Gone			Incinerated, wood base remains
Tent 17	Gone	2013	y	Electrical panel tarped.
Tent 18	Gone	2013	y	Core racks remain intact
Tent 19	Standing	2013	y	Barn organized
Dry/ Kitchen	Standing	2013	y	OK
Boat House	Standing	n	y	Storage of empty propane cylinders
Drill shack	Standing	2013	y	patched
Fuel cashes	Gone	n	y	Empty barrels tarped
Outhouses	Gone			Incinerated, peat moss covered sites





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Table 2: Winter removal list: Waypoints associated with Pictures





ID	Latitude	Longitude	Elevation	Description	Photos
41	67.09 854	-115.7 35	319.76	<p>PIC: from SE. Flag SE corner</p> <p>Empty barrels. Water removed. Two empty propane tanks. One spill kit. Numerous timbers as weight.</p>	
42	67.09 869	-115.7 36	342.59	<p>PIC: from SE. Flag SE corner + NW corner</p> <p>Rolled up berms and top tarp. On pallets</p> <p>Also: Shed with empty barrels inside.</p>	





43	67.09 865	-115.7 36	343.31	<p>PIC: from SE. Flag SE corner + NW corner</p> <p>Dimensional lumber. No nails. Good wood.</p> <p>Empty barrels tarped and banded with timber on top.</p>	
44	67.09 908	-115.7 36	342.35	<p>PIC: from SE. Flag SE corner</p> <p>Organized and contained drilling salts.</p> <p>Pile of empty core boxes.</p> <p>Stacked unused pallets</p>	





45	67.09 922	-115.7 37	340.19	<p>PIC: from SE. Flag SE corner</p> <p>Timber pile. Good unused no nail dimensional lumber</p>	
46	67.09 932	-115.7 36	339.23	<p>PIC: from SE. Flag SE corner</p> <p>Empty barrels with beams on top</p>	
47	67.09 937	-115.7 36	338.51	<p>PIC: from SE. Flag SE corner</p> <p>Stacked drilling pipe</p>	
48	67.09 949	-115.7 36	338.51	<p>PIC: from SE. Flag SE corner</p> <p>Stacked drilling pipe</p>	

49	67.09 963	-115.7 37	336.1	<p>PIC: from SE. Flag SE corner</p> <p>Empty core boxes</p>	
50	67.09 933	-115.7 38	333.7	<p>PIC: from SE. Flag SE corner</p> <p>Corner to drilling equipment area. Drillers shed, drilling rigs, empty steel transport crates</p>	
51	67.09 928	-115.7 38	333.46	<p>PIC: from SE. No Flag</p> <p>Helli pad. Good timber</p>	
52	67.09 943	-115.7 38	333.7	<p>PIC: from SE. Flag SE corner</p> <p>Core</p>	

53	67.09 951	-115.7 38	332.26	<p>PIC: from SE. Flag SE corner</p> <p>Corner of core</p>	
54	67.09 949	-115.7 38	332.02	<p>PIC: from SE. Flag SE corner</p> <p>Tent base</p>	
55	67.09 947	-115.7 39	332.98	<p>PIC: from SE. Flag SE corner</p> <p>Tent base</p>	
56	67.09 947	-115.7 39	350.04	<p>PIC: from SE. Flag SE corner</p> <p>Tent base</p>	

57	67.09 952	-115.7 39	345	<p>PIC: from SE. Flag SE corner</p> <p>Tent base</p>	
58	67.09 956	-115.7 39	342.11	<p>PIC: from SE. Flag SE corner</p> <p>Tent base</p>	
59	67.09 962	-115.7 39	341.39	<p>PIC: from SE. Flag SE corner</p> <p>Tent base</p>	
60	67.09 985	-115.7 39	340.91	<p>PIC: from SE. Flag SE corner</p> <p>Empty barrels outlining pit.</p>	

61	67.10 01	-115.7 4	343.31	<p>PIC: from SE. No Flag</p> <p>Non combustible debris at burn site</p>	
62	67.10 014	-115.7 4	342.83	<p>PIC: from SE. Flag SE corner</p> <p>Tent base</p>	
63	67.10 015	-115.7 4	341.87	<p>PIC: from SE. Flag SE corner</p> <p>Tent base</p>	
64	67.10 004	-115.7 39	341.87	<p>PIC: from SE. Flag SE corner</p> <p>Tent base</p>	

65	67.09 984	-115.7 39	342.35	<p>PIC: from SE. Flag SE corner</p> <p>Tent base</p>	
66	67.09 969	-115.7 39	342.35	<p>PIC: from SE. No flag</p> <p>Core</p>	
67	67.09 968	-115.7 38	342.59	<p>PIC: from SE. No flag</p> <p>Satellite holders, non combustible debris from burn site</p>	
68	67.09 97	-115.7 38	341.39	<p>PIC: from SE. No flag</p> <p>Tent base</p>	

69	67.09 974	-115.7 38	340.91	<p>PIC: from SE. No flag</p> <p>Tent base</p>	
70	67.09 971	-115.7 38	340.67	<p>PIC: from NW. Flag NW</p> <p>Core</p>	
71	67.09 978	-115.7 38	339.71	<p>PIC: from NW. Flag NW</p> <p>Organized unused dimensional lumber.</p>	
72	67.09 986	-115.7 38	341.87	<p>PIC: from SE.</p> <p>Tent</p>	

73	67.09 981	-115.7 38	341.63	PIC: from SE. Tent	
74	67.09 985	-115.7 39	341.39	PIC: from SE. Tent	
75	67.09 979	-115.7 39	341.15	PIC: from SE. Tent	
76	67.09 991	-115.7 39	341.39	PIC: from SE. Tent	



Figure 1: Mouse Lake Camp, May 13th, 2013



Figure 2: Mouse Lake Camp, Sept 25th, 2015

Appendix 1:

June, 2015 Summary:

Seventeen structures were safely incinerated at Mouse Lake Camp in June, 2015, with all contents either incinerated or organized for removal. Safe work procedures and environmental best practices were employed during the 2015 demobilization effort. A four man crew mobilized to Yellowknife July 2nd and onwards to Mouse Lake Camp July 3rd. Two flights were used for the crew and de-construction equipment. Return flights had the maximum cargo capacity reached. Fourteen days were spent in camp completing the mandated tasks. The Calcium Chloride bags have all been contained in heavy duty tarps (previously used to wrap core pallets). The secondary fuel containment covers were secured in their proper positions, with uncontaminated water having been pumped out. All hydrocarbons have been removed from the boat-house adjacent to the lake, and stored alongside other hydrocarbons in sheltered containment. The Lake shore was cleaned up of scattered coreboxes and debris, which were incinerated with remaining incombustible waste contained in pallets of covered barrels. All food waste (along with general waste) in camp was incinerated, with remaining non-flammable waste secured in covered barrels raised on pallets with secondary containment underneath. The crew was demobilized from Mouse Lake in one flight (Beaver) July 17th. This flight brought additional peat moss to promote vegetative growth on the two burn sites used during the 2015 Camp demobilization.