HORNBY BAY EXPLORATION LIMITED

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Spill Contingency Plan
For the Mouse Lake Exploration Project
Located South of Kugluktuk, Nunavut

1.0 INTRODUCTION

1.1 Purpose of Plan

The purpose of this Spill Contingency Plan is to provide a plan of action for all spills of hazardous materials that may occur within the Mouse Lake project area or at the camp located at Mouse Lake, Nunavut (Crown Land; Latitude: 67° 05.973' N; Longitude: 114° 44.198' W). This Spill Contingency Plan defines the responsibilities of key personnel and outlines procedures to effectively and efficiently contain and recover spills of hazardous materials.

The exploration program for 2005 will be supported by float plane and helicopter and will include the operation of a diamond drill. Therefore, the principal hazardous materials on site will be JetB and P-50 diesel. Lesser amounts of gasoline, propane, lubricants and drill additives are also considered in the plan.

1.2 Hornby Bay Exploration Limited Environmental Policy

It is the policy of Hornby Bay Exploration Limited to fully comply with all applicable *Acts* and Regulations to ensure the protection of the environment of Nunavut. Hornby Bay Exploration Limited shall cooperate with other groups committed to protecting the environment and shall ensure that our employees, regulatory authorities and the public are informed on the policies and procedures we have developed to help protect the environment of Nunavut.

2.0 SITE DESCRIPTION

2.1 General

This spill contingency plan covers the principal storage and refueling facility at the Mouse Lake camp as well as the fuel handling at the widely separated drill sites within the exploration property. Refueling of the generator, camp heating and propane supply for cooking are also considered under the plan.

2.2 Petroleum Storage and Transport

All fuel supplies for the project are delivered by Twin Otter either directly from Yellowknife or via Kugluktuk.

The principal fuel cache is located immediately east of the Mouse Lake camp in a flat, elevated area in excess of 100 meters from the high water mark. A list of smaller caches (14 – 19 drums) in the area of proposed work has been forwarded to the Environmental Officer in Kugluktuk in accordance with Clause 31(1)(k) of the Land Use Permit.

The JetB, P-50 and unleaded gasoline is contained in new 205 l drums supplied directly by Shell and stamped with the Company's name. Each drum is inspected immediately upon delivery to the cache site to ensure that there has been no damage during transport. The initial fuel haul for the 2005 program includes approximately 900 drums JetB, 400

drums P-50, 3 drums unleaded gasoline and 8 cylinders of propane. There is a separate, floored tent for storage of lubricants and drill additives.

3.0 Potential Spill Incidents and Preventative Measures

3.1 Orientation and Training

All field personnel, upon arriving at the camp will be given a project orientation. This will include:

- notification of the location of all fuels and applicable MSDS sheets;
- notification of the location, and use of fuel spill kits and supplies;
- notification of the location of ancillary equipment - shovels, pails, plastic bags, etc;
- instruction in the use of all equipment and supplies;
- instruction in the reporting of incidents; and
- instruction in the clean-up and proper storage / disposal of contaminated materials.

3.2 Leakage from Stored Drums

Drum Storage -Incident
Fuel may leak from improperly sealed drums or damaged drums.

Consequences
A fuel spill could occur. This would be a maximum of 205 liters.

Preventive Measures:

- the fuel cache is inspected daily by trained personnel;
- all personnel are instructed to routinely monitor fuel drums and report any problems. Fuel from any suspect drum is immediately pumped to a spare, empty drum;
- a fuel spill kit is kept at the fuel cache; and
- a 227 liter capacity spill prevention tray is available for containment of drum contents in emergency cases.

3.3 Refueling of Aircraft

Electric fuel pumps are used to refuel the helicopter. Electric fuel pumps are used to refuel the fixed wing aircraft on rare occasions (normally refuel at airports).

Refueling Procedure
Aircrews complete all refueling of their equipment. They are trained in the proper procedures of this operation, and are made aware of the location of fuel spill kit and extra absorbent pads, spill kits and spill trays.

Aircraft Refueling Equipment - Incident
During refueling a hose could break, spring a leak, fall out of the receptacle, or an overfilling of the tank could occur. These failures could result in fuel being spilled at the refueling site.

Consequences
Limited fuel spills could occur, possibly resulting in puddles of fuel.

Preventive Measures:

- refueling equipment is routinely examined for integrity by aircrew;
- refueling will be completed only by trained personnel who are aware of emergency shut-off procedures;
- aircrew will constantly monitor refueling process;
- helicopters will be refueled at the fuel cache. This cache is located in excess of 100 m from the ordinary high water mark of any lake or stream;
- a spill kit, with additional absorbent pads is stored at the fuel cache;
- refueling of fixed wing aircraft will be constantly monitored by the aircrew; and
- spill management material will be readily available to the aircrew, including a spill kit and spill prevention tray.

3.4 Refueling of Diamond Drill Equipment

Hand (wobble) pumps are used to transfer diesel fuel from 205 liter drums to supply tanks directly connected to the drill motor.

Diamond Drill Equipment Refueling - Incident
During refueling a hose could break, spring a leak, fall out of the receptacle, or an overfilling of the tank could occur. These failures could result in fuel being spilled at the drill site.

Consequences
Limited fuel spills could occur, possibly resulting in puddles of fuel.

Preventive Measures:

- refueling equipment will be routinely examined for integrity;
- refueling will be completed only by trained personnel who are aware of emergency shut-off procedures;
- drill crew will constantly monitor refueling process;
- a spill kit, with additional absorbent pads is stored at the drill site;
- absorbent pads are kept under all open drums, or drums in use at a drill site; and
- a 227 liter spill prevention tray is available in emergency.

3.5 Refueling of Camp Generator, Camp Stoves, Incinerator

Hand (wobble) pumps are used to transfer diesel fuel from 205 litre drums to fuel tanks, or drums connected to diesel fired heating stoves.

Camp Equipment Refueling - Incident
During refueling a hose could break, spring a leak, fall out of the receptacle, or an overfilling of the tank could occur. These failures could result in minor amounts of fuel being spilled.

Consequences
Limited fuel spills could occur, possibly resulting in puddles of fuel.

Preventive Measures:

- refueling equipment will be routinely examined for integrity;
- refueling will be completed only by trained personnel who are aware of emergency shut-off procedures;
- camp attendant will constantly monitor refueling process;
- absorbent pads are kept under all open drums, or drums in use. Taps for supply lines to diesel fired heating stoves are wrapped with a sorbent pad; and
- sorbent pads are kept beneath the generator.

3.5 List of On-Site Spill Containment Equipment

Spill Kits
A minimum of three spill kits will be maintained, one at the main fuel cache, a second at the diamond drill site, and a third mobile unit for use at secondary caches. These drums will contain sphagnum absorbents, absorbent pads, gloves, coveralls and containers for the disposal of contaminated material. A 227 litre spill prevention tray will accompany each of the spill kits for emergency use in the case of a major breach of the integrity of a fuel drum.

Sorbent Pads
Sorbent pads or rolls will be kept in good supply. These will be stored where fuels are being used.

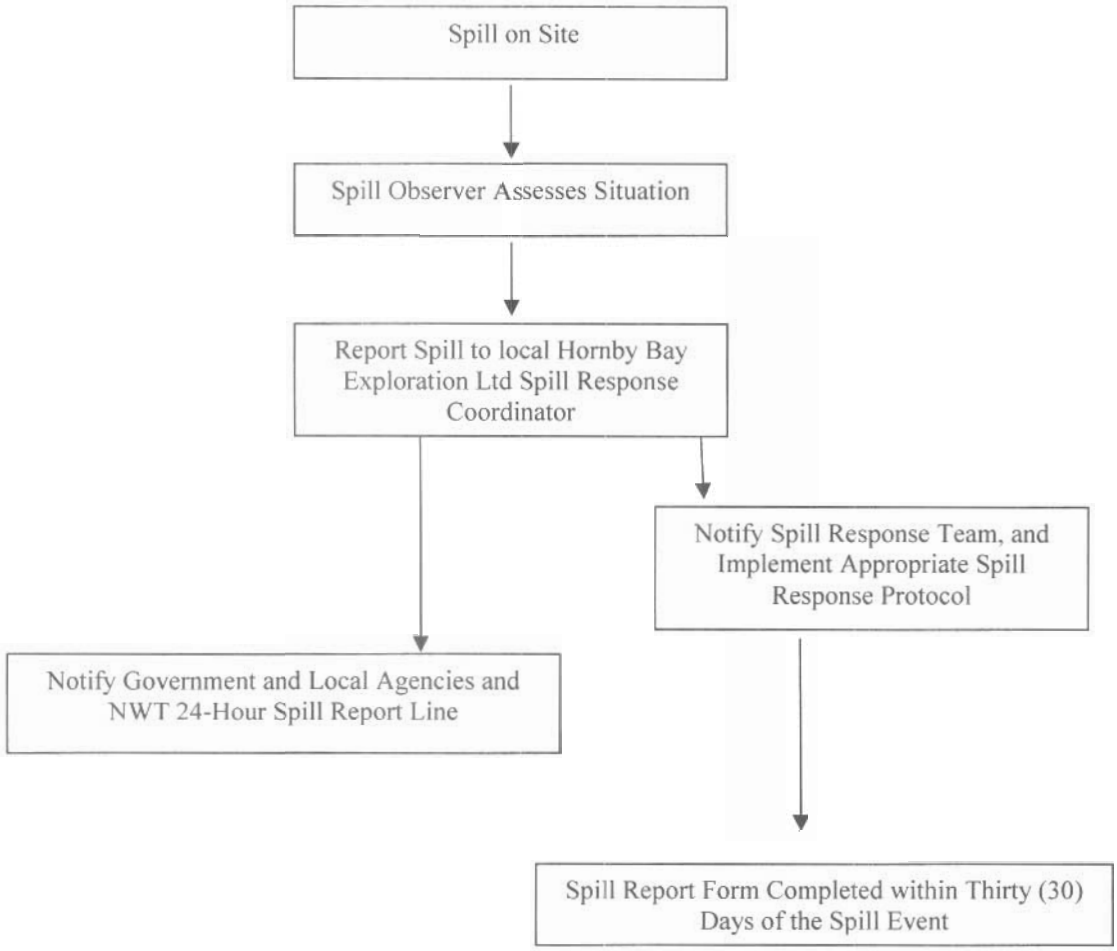
Hand Tools
These will be stored for the removal of contaminated material, or the construction of small containment berms.

Plastic Pails and Bags
A sufficient quantity of 20 litre plastic pails and 20 liter plastic sample bags will be stored for the disposal of contaminated material.

4.0 Spill Response Plan

4.1 Events Chart

The following is a flow chart to illustrate the sequence of events in the event of a hazardous material spill incident during the exploration program:



4.2 Spill Response Team

David Bent, or his designate, will serve as the Spill Response Coordinator for Hornby Bay Exploration Limited in the event of a POL spill. He will appoint and train appropriate personnel to make up the Response Team, which will normally consist of the following personnel:

Spill Response Coordinator: David Bent (or designate)

Site Personnel: Will generally vary from 1-3 people throughout the season

The responsibilities of the Spill Response Coordinator are as follows:

1. Assume complete authority over the spill scene and coordinate all personnel involved;
2. Evaluate spill situation and develop overall plan of action;
3. Activate the Mouse Lake Spill Response Plan;
4. Immediately report the spill to the NWT 24-Hour Spill Report Line **(867) 920-8130**, and the Environmental Protection Officer in Kugluktuk;
5. Obtain additional spill response resources from the town of Kugluktuk if not available on site for spill response;
6. Provide regulatory agencies with information regarding the status of the clean up activities;
7. Act as a spokesperson on behalf of Hornby Bay Exploration Limited with regulatory agencies, the public and the media; and
8. Prepare and submit a report on the spill incident to regulatory agencies within 30 days of the event.

4.3 Critical Contacts

Table 1 – Spill Response Plan Emergency Contacts

CONTACT	TELEPHONE NUMBER
INAC (Iqaluit) - Constantine Bodykevich	(867) 975-4298, Fax (867) 979- 6445
INAC (Iqaluit) - Scott Stewart	(867) 975-4289 Fax (867) 979- 6445
INAC (Kitikmeot)	(867) 982- 4306
HBE (Mouse Lake) – David Bent	001- (881) 621- 421821
HBE (Toronto) – George Bell	(416) 368-0114 Fax (416) 368- 0198
Environment Canada (Iqaluit)- Sid Bruinsma	(867) 975-4644, Fax (867) 975- 4594
Environment Canada (Iqaluit)- Colette Spagnuolo	(867) 975-4639
Environment Canada (Kugluktuk)- J. Morrison	(867) 983- 2222
KIA (Kugluktuk) – Jack Kaniak	(867) 982- 3310 Fax (867) 982- 3311
Nunavut Water Board (Gjoa Haven)	(867) 793- 2140 or (867) 360- 6338

4.4 SPILL REPORTING PROCEDURE

The on-site Coordinator must be notified immediately of any spill either by satellite phone, radio, or in person.

The following is the spill reporting procedure:

1. Report immediately to the 24-Hour Spill Report Line Phone (867) 920-8130, Fax (867) 873-6924;
2. Report immediately to the INAC Inspector in Iqaluit at 867-975-4298;
3. Notify the Environment Protection Officer in Kugluktuk; and
4. Fill out the NWT Spill Report Form within thirty (30) days of the spill event occurring.

5.0 Action Plans

5.1 Initial Action

The instructions to be followed by the first person on the spill scene are as follows:

1. Always be alert and consider your safety first;
2. If possible, estimate the volume of material that has been spilled;
3. Assess the hazard of people in the vicinity of the spill;
4. If possible, and safety permits, attempt to stop the release of product to minimize potential for environmental impacts;
5. Immediately report the spill to the On Scene Coordinator; and
6. Resume any effective action to contain, mitigate, or terminate the flow of the spilled material.

The following are instructions to be followed in the response to various types of spills:

5.2 Remedial Measures: Fuel Spills

If possible, and safety permits, stop the flow of product which is occurring and eliminate all ignition sources. ***Smoking is prohibited during all spill response activities***.

5.2.1 Spill on Soil, Gravel, Rock, or Vegetation

Build a containment berm using soil material or snow and place a plastic tarp at the foot of the berm for easy capture of the spill after all vapors have dissipated.
Remove the spill by using absorbent pads or excavating the soil, gravel or snow.
Remove spill splashed on vegetation using particulate absorbent material.
If soil, gravel, or vegetation are to be removed from the site, Hornby Bay Exploration Limited shall contact regulatory agencies for approval before commencing with the removal.

5.2.2 Spill on Water

Use containment boom to capture spill for recovery after vapors have dissipated.
Use absorbent pads to capture small spills. Use a petroleum skimmer for larger spills.

5.2.3 Spill on Ice and Snow

Build a containment berm around spill using snow.
Remove spill using absorbent pads or particulate sorbent material.
The contaminated ice and snow must be scraped and shoveled into plastic buckets with lids, 20 liter pails, and/or polypropylene bags.

5.2.4 Storage and Transfer

All contaminated water, ice, snow, soil, and clean up supplies will be stored in closed, labeled containers. All containers will be stored in a well ventilated area away from incompatible materials.

5.2.5 Disposal

Ensure contact with Federal and Nunavut regulatory agencies to identify appropriate disposal methods before disposing of contaminated material.

5.3 TRAINING PROGRAM FOR SPILL RESPONSE

All personnel working on the Mouse Lake project will be trained in the safe storage and transfer of fuels and other hazardous materials in order to prevent spills. All personnel on site will also be trained for initial spill response in the event of a spill. Annual refresher exercises will be conducted to review the procedures of this Spill Contingency Plan.