

Mouse Lake Project

Abandonment and Restoration Plan

Hornby Bay Exploration Limited

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1. Preamble

This Abandonment and Restoration Plan is effective from March 21, 2006 to September 30, 2008 and applies to the Mouse Lake Project, operated by Hornby Bay Exploration in the Kitikmeot District of Nunavut covering portions of NTS sheets 86J, K, N and O. The camp serving the Project is located at latitude 67°05.973' N and longitude 115° 44.198' W on the southern shore of Mouse Lake which is approximately 80 kilometers south of Kugluktuk.

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.

2.Introduction

This Plan has been prepared for the Mouse Lake camp and the proposed drilling campaigns on the Company's exploration properties in the area. The drilling will focus on diamond exploration on the Asiak property and uranium exploration on the Coppermine property. Considerable field work including prospecting, geochemical sampling and geophysics as well as initial drilling have been conducted on both properties.

Section 1 details the scenario of a possible shut down of the project before the end of the 2008 field season and final restoration of the camp site. Section 2 deals with the more likely scenario of a continuation of the project with periodic Seasonal shutdowns during the winter months.

In the case of the Seasonal shut downs, the Company will insure that it has acquired all of the relevant permits to continue its' exploration activities for the following season.

3.Schedule

The abandonment and restoration of the camp site will take approximately 7 days, once the decision is made to discontinue the project, and will have to be completed by the end of September while Mouse Lake is serviceable by float planes. The plan will be implemented under the supervision of the Camp Manager and will require assistance by the field crew.

4.Infrastructure

The camp is designed to accommodate a maximum of 35 people but normally operates with a contingent of about 18 people. The principal infrastructure includes the following:

- 1 wood frame kitchen – 14' x 35', hot and cold running water, gas grill & oven, 2 refrigerators, 2 freezers

- 1 wood frame dry, 14' x 32', hot and cold running water, 3 showers, washing machine & dryer, 500 gallon plastic water tank & 2 Bradford water heaters

- 4 Weatherhaven tents, 14' x 16' with wooden floors

6 insulated Canwest tents, 14' x 16' with wooden floors

1 core logging structure using 2 co-joined Canwest 14' x 16' insulated tents with wooden floors

1 plywood generator shack 5' x 8', housing a 12kva Lombardini diesel powered generator

1 plywood shack, 8' x 10 housing a spare Isuzu 6kva generator, and also used for storage

1 plywood shack, 8' x 8' for storage of helicopter spare parts and diamond drill additive

3 wood frame outhouses

An additional 3 Norseman prospector tents are stored at the camp for temporary accommodation. All tents are individually heated by Hurricane oil fired stoves. The helicopter pad and main fuel cache are located approximately 100 meters to the east of the camp. A removable dock (hailed up in winter months) is located on the shore of the lake in front of the camp. A 12' square-nosed boat is kept on the beach during the field season to provide safety for the supply planes.

Section 1: Final Abandonment and Restoration Plan

1.1 Buildings and Contents

All rented and reusable equipment including tents, metal tent frames, stoves, mattresses, appliances, water tank, boat, etc will be dismantled and flown out to Yellowknife for return to their owners or storage at the Braden Burry warehouse in the case of Company owned equipment.

Wood structures including the kitchen, dry, tent floors, bunk beds, tables and outhouses will be dismantled and burned. Nails, screws and other non combustible parts will be recovered, packaged and flown out to the municipal discharge at Kugluktuk.

1.2 Water System

Pumps, tanks and hoses will be drained, dismantled, packaged and flown out to Yellowknife for storage.

1.3 Electrical System

The two generators will be cleaned and drained prior to being shipped to Yellowknife. All waste fuel and oil will be collected and removed from the site. The generator shack will be dismantled and burned. The soil will be inspected for possible contamination.

Wiring and electrical fixtures will be dismantled and flown to Kugluktuk for the use of the local inhabitants or disposal at the Municipal discharge.

1.4 Fuel and Chemical Storage Facilities

The fuel storage area is located approximately 100 meters east of the camp in the central part of the isthmus of till moraine that separates the main Mouse Lake water body from the southern branch of the lake. Both JetB for the helicopter and P-50 for the diamond drill/ camp heating are stored in 205 liter drums with empties removed promptly to Yellowknife on a weekly basis.

Upon abandonment of the Project, all full drums as well as remaining empty drums will be flown back to the supplier in Yellowknife. All full and empty propane cylinders will also be flown back to the supplier in Yellowknife. Any waste fuel that has accumulated during the Project will be flown to Yellowknife in properly labeled containers for disposal by an authorized agent.

Chemicals stored on site consist of drill additives, oil, grease and household cleaners. Drill additives are stored in a plywood shack which will be dismantled and burnt. The site will be checked for any possible contamination. Unopened additives, oil and grease containers will be returned to the drill contractor's storage in Yellowknife. Partially used containers will be removed from the site and disposed in an approved discharge. Empty containers will be disposed with the other incombustible garbage in the Municipal discharge in Kugluktuk.

1.5 Waste facility and Incinerator

Upon final closure of the camp, all combustible material will be burnt and the incinerator will be dismantled. The burn barrel will be disposed in an approved Municipal discharge.

1.6 Greywater Sump

The greywater sump servicing the kitchen and dry will be back filled and leveled.

1.7 Blackwater sump.

The existing sewage pits will be back filled and leveled after the outhouse buildings are removed. The system of sewage incineration that will be introduced in 2006 will not generate a blackwater product.

1.8 Helicopter Pad

The helicopter utilizes a plywood platform that will be incinerated upon closure. The immediate area of the pad will be inspected for possible contamination.

1.9 Camp Site

Once the equipment has been removed and all garbage has been incinerated or removed to an approved Municipal discharge, the site will be inspected for visible damage. Any areas showing too much evidence of wear will be covered with a layer of peat moss to promote re-growth of the natural vegetation.

1.10. Core Storage

The core will be cross piled and stored at the camp site. The handling of permanent storage of radioactive core will be discussed with the appropriate department of the Nunavut government prior to closure of the Project. It is anticipated that all radioactive core above minimal levels will be removed from the property for testing and permanent storage at an approved site.

1.11 Drill Site Restoration

The drill will be dismantled and removed from the property along with all ancillary drilling equipment under the terms of the drill contract.

Drill sites are restored systematically as they are completed. A final inspection of all drill sites will be undertaken at the time of closure of the Project. Any greywater and sludge sumps that remain visible will be backfilled and covered with a layer of peat moss to promote natural growth.

1.12 Documentation and Inspection

Photos will be taken of all restored sites as a record of their condition upon closure of the Project. Any areas of soil contamination by hydrocarbons that is noted during the final inspection will be treated under the terms outlined in the spill contingency plan.

A final site inspection will be offered to representatives of the local community and Land Use Inspectorate to verify compliance.

Section 2: Seasonal Shutdown and Restoration Plan

2.1 Buildings and Contents

The camp will be winterized with only the removal of delicate equipment and personal effects. The kitchen will be inspected for the removal of all food stocks to decrease the potential for attracting animals. The kitchen, dry and insulated tents will be closed and battened down. All garbage will be incinerated or removed to an approved Municipal discharge.

2.2 Water System

Pumps, tanks and hoses will be drained and stored in the dry

2.3 Electrical System

The two generators will be cleaned and drained and their respective shacks will be winterized after all fuel products have been removed.

2.4 Fuel and Chemical Storage Facilities

Any remaining full drums of fuel will be inspected for leaks and consolidated in a confined area. All empty drums and waste hydrocarbons will be removed from the

site and returned to the supplier in Yellowknife. All drill additives will be removed from the site by the drill contractor except for the full plastic bags of calcium chloride that will be piled and covered with durable canvas.

2.5 Waste facility and Incinerator

Once the combustible garbage has been burnt, the incinerator will be dismantled and stored in the dry. The ground in the area of the incinerator will be inspected for contamination.

2.6 Greywater Sump

The wooden cover will be secured over the greywater sump.

2.7 Blackwater sump.

Not applicable. The new system of sewage incineration that will be introduced in 2006 will not generate a blackwater product.

2.8 Helicopter Pad

The helicopter utilizes a plywood platform that will be inspected for possible contamination. Any contamination will be treated in accordance with the spill contingency plan.

2.9 Camp Site

Any areas showing too much evidence of wear will be covered with a layer of peat moss to promote re-growth of the natural vegetation.

A thorough inspection for areas of possible hydrocarbon contamination will be conducted before the Seasonal closure. Contaminated areas will be promptly cleaned in accordance with the procedures outlined in the spill contingency plan

2.10 Core Storage

The core will be cross piled and stored at the camp site. The handling of permanent storage of radioactive core will be discussed with the appropriate department of the Nunavut government prior to closure of the Project. It is anticipated that all radioactive core above minimal levels will be removed from the property for testing and permanent storage at an approved site.

2.11 Drill site Restoration

The drill will be dismantled and removed from the property along with all ancillary drilling equipment under the terms of the drill contract.

Drill sites are restored systematically as they are completed. A final inspection of all drill sites will be undertaken at the time of closure of the Project. Any greywater and sludge sumps that remain visible will be backfilled and covered with a layer of peat moss to promote natural growth.

2.12 Documentation and Inspection

Photos will be taken of all restored sites as a record of their condition upon closure for the Season. Any areas of soil contamination by hydrocarbons that is noted during the final inspection will be treated under the terms outlined in the spill contingency plan.

A complete inventory of all buildings and materials left on site will be recorded.



Mouse Lake Camp in September 2005