

Description of Planned Activities –Pistol Bay Project

Northquest Ltd currently holds five permits and 10 mineral claims within the area of this licence application. The permit numbers are: P8099, 8100, 8101, 8102 and 8103. The claim numbers are: K13745, K13746, K13751, K13752, K13753, K13754, K13755, K13756, K13757 and K13758.

Summary of Operations

Operations will include: an airborne survey, fuel and equipment move, camp setup, prospecting, and diamond drilling operations.

Airborne Survey

Between March 15 and April 1, Terraquest Ltd will carry out an airborne magnetic survey over two areas outlined on the attached map. The survey will cover federal land, IOL and municipal land.

Fuel and Equipment Move

In late April, fuel and camp equipment will be transported overland from Arviat to the Whale Cove airport for temporary storage. Permission to store the material has been received from the Hamlet. The move will be carried out by M@T Enterprises of Rankin Inlet, using rubber tracked vehicles and steel sleds. All drum fuel will be stored within portable fuel berms located on site.

Camp Set-Up

In early June, the camp will be set up by personnel from Eskimo Point Lumber . The camp will be located at 62 degrees 21' 05.2" N, 92 degrees 45' 19.7" W.

Prospecting/Mapping Survey

Immediately after the camp is set up, personnel will arrive to start the helicopter-supported prospecting and mapping survey. The crew will consist of 5 geologists, 4 geological assistants hired from Whale Cove, 1 helicopter pilot, 1 helicopter engineer, 1 cook and 1 cook's assistant hired from Whale Cove.

The prospecting and mapping will take place on crown land, IOL and Whale Cove municipal land.

The program is expected to last from mid-June to mid-September.

Diamond Drilling Program

In mid to late July, a 4 man diamond drill crew will arrive to initiate a 2500 m drilling program. The work will terminate in mid to late September.

Diamond drilling will be carried out on crown land and on municipal land. Locations of the proposed drilling are shown on an attached map.

The drill will be a JKS 300 helicopter-portable drill.

Water will be pumped from small ponds and a spill kit will be used to prevent any possible fuel contamination of the ponds. Drilling water will be heated by propane-powered coil stoves. Calcium chloride brine will only be used when bit changes are required. All additives to drilling water will be organic and bio-degradable. MDS sheets describing the additives are attached to this application.

Whenever possible, a sump will be dug to trap most of the drill cuttings.

Camp

The camp will consist of: six 14 by 16 ft frame tents, one 14 by 16 ft office tent, one 14 by 16 ft core logging tent, one 14 by 16 ft core cutting tent, one 14 by 16 ft wash tent, and one 14 by 32 ft kitchen tent.

Summary of Potential Environmental and Resource Impacts

The work area lies within a caribou protection area. If calving occurs in the work area prior to July 15th, all non-essential flying will be terminated.

Transport of the drill by helicopter will minimize surface abrasion of the soil cover.

Salt in drilling fluid will produce minor localized salt contamination.

Use of 2 Honda 4-wheelers will be restricted to areas of existing trails and roads and areas of sand or outcrop.

The hiring of 5 people from Whale Cove for the full length of the program will provide a positive economic benefit to the local economy. Use of local contractors whenever possible will also provide a positive benefit.

Restoration Plans

In September, the camp will be partially dismantled and be prepared for winter storage on-site. All empty fuel drums will be moved off-site.

The camp will only be completely dismantled and removed when the exploration program terminates at some point in the future.

Proposed Disposal Methods

- a) Garbage will be transported to the Whale Cove dump every second day
- b) Sewage and grey water will be disposed of in pits and sumps dug in the sand.

Equipment

- 1-JKS 300 diesel powered hydraulic diamond drill
- 1-diesel powered water pump for diamond drill
- 1-diesel powered high pressure water pump for diamond drill
- 1-electric jet pump for camp water supply
- 1-gasoline powered 6.5Kw generator for camp electrical power
- 1-gasoline powered 15 Kw generator for core saw
- 2-TRX500 Honda ATV's
- 1-gasoline powered channel saw

Fuels

- 45 drums diesel fuel @ 205 litres/drum = 9225 litres
- 10 drums gasoline @ 205 litres/drum = 2050 litres
- 150 drums Jet B helicopter fuel @ 205 litres/drum = 30,750 litres
- 100 100lb cylinders of propane

Fuel Containment and Spill Contingency Plans

All drum fuel will be stored in portable Insta-Berm fuel berms. A spill kit will be available at the drill and at the water supply pump site.

Methods of Fuel Transfer

Diesel fuel and gasoline will be transferred with hand operated wobble pumps. An electric pump will be used to transfer helicopter fuel.