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KATIMAYINGI

**NUNAVUT WATER BOARD
NUNAVUT IMALIRIYIN**

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**WATER LICENCE
APPLICATION FORM**

**Nunavut Water
Board**

APR 14 2004

Public Registry

Application for: (check one)

✓ New ___ Amendment ___ Renewal ___ Assignment

LICENCE NO:

(for NWB use only)

NWB2WAL

**1. NAME AND MAILING ADDRESS OF
APPLICANT/LICENSEE**

Bay Resources Ltd.
Level 8, 580 St. Kilda Road,
Melbourne, Victoria, 3004, Australia

Phone: +61 (3) 8532-2800

Fax: +61 (3) 8532-2805

e-mail: bay@axisc.com.au

**2. ADDRESS OF CORPORATE
OFFICE IN CANADA (if applicable)**

No Canadian office but contact is
Craig Alford, Vice President, Exploration

69 REGENT ST
THUNDER BAY ON P7A 5G7

Phone: 807-345-2904

Fax: 807-345-2904

e-mail: calford@sports.ca

3. LOCATION OF UNDERTAKING (describe and attach a topographical map, indicating the main components of the Undertaking)

Bay Resources' Committee Bay Claims are located 245 to 365 kilometres northeast of the town of Baker Lake (Qamani'tuaq), Nunavut, or 210 to 320 kilometres west to southwest of the town of Repulse Bay (Naujat). The community of Kagaaruk (formerly Pelly Bay) is 190 to 305 kilometres northeast of the claim groups. Sila Lodge, located on Wager Bay is approximately 150 kilometres southeast of the Laughland Lake property area. The centre of the claim area is approximately 66° 37'N, 92° 00'W.

Bay Resources land holdings in the Committee Bay Belt include 29 claims in 9 claim blocks on NTS (National Topographic System) **sheets 56 K, 56 J, and 56 O**. These claims total approximately 71,693.5 acres and all were recorded on October 16, 2002.

Of Bay Resources' 29 mineral claims, only the 2 "Goose" claims (9001 and 9002) are partially located on surface-only Inuit Owned Lands (IOL) within the Kitikmeot Land Claims Parcel. Surface rights for these IOL lands are controlled by the Kitikmeot Inuit Association (KIA) and exploration and landuse permits are required to operate here. Bay Resources will obtain all necessary permitting before commencing exploration work. Subsurface rights for all of the Bay Resources' claims belong to the Federal Government.

Figure 1, below, outlines the claim locations, Figure 2A notes the drill locations and Figure 2B notes potential sources of water for drilling. Figure 3 notes the camp location on Walker Lake.

Figure 1. Location of Bay Resources' Committee Bay Claims (shaded)

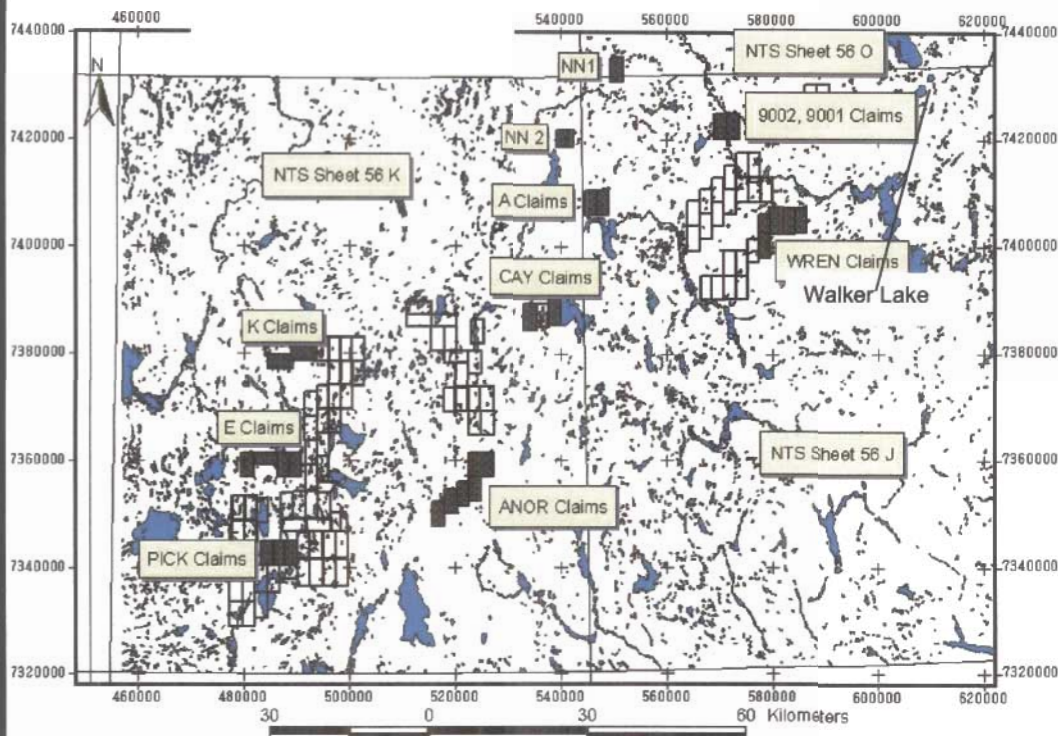


Figure 2A. Approximately 20 Holes to be Drilled in Area A

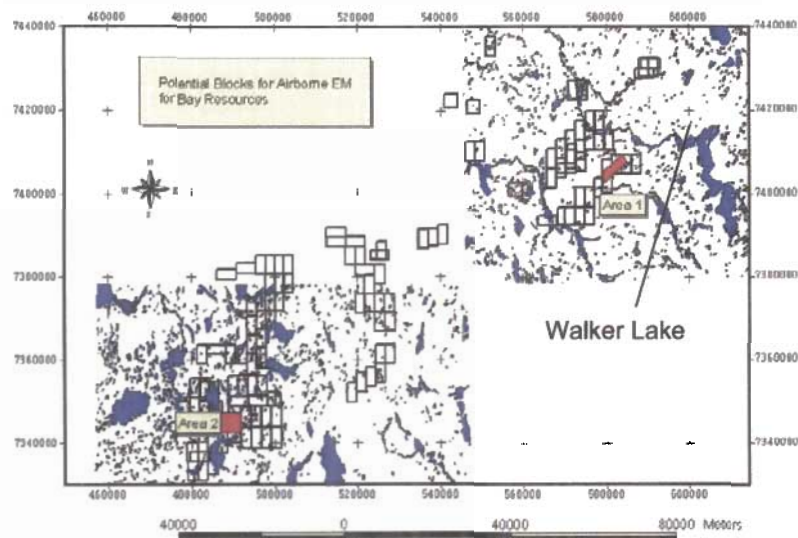


Figure 2B. Potential Water Sources (circled) for Drilling in Area A

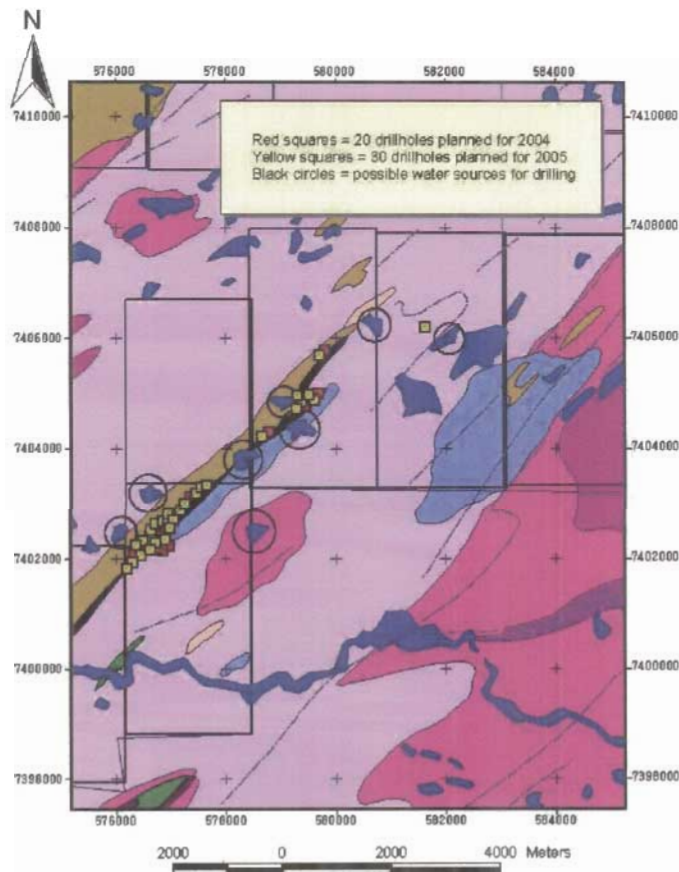
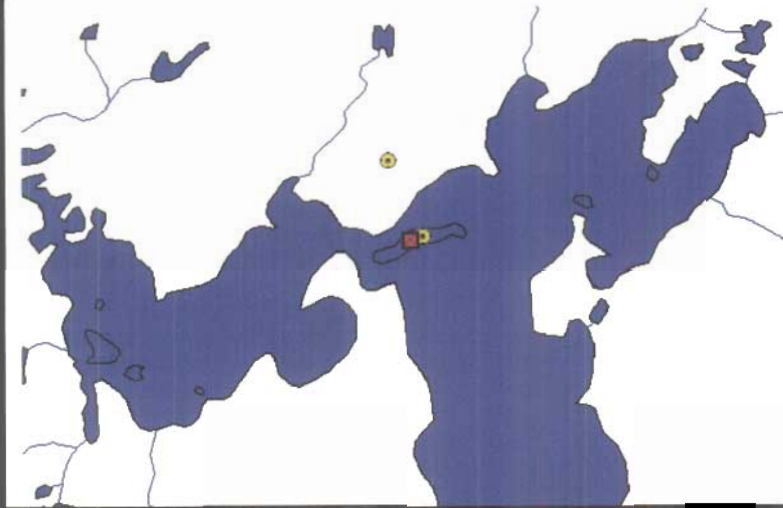


Figure 3. Proposed Camp Site and Landing Strip on Walker Lake Island



Camp to be located at:
90deg 46min W, 66deg 47.59min N
UTM coordinates 600165 W, 7411012 N

4. **DESCRIPTION OF UNDERTAKING** (attach plans and drawings)

Bay Resources Ltd currently holds 29 claims totaling 71,693.5 acres in the Committee Bay Belt in central Nunavut. These claims were recorded on October 16, 2002. Bay is planning to conduct exploration for about 12 weeks from early June through the end of August (weather and snow conditions permitting) during 2004 and 2005. There will be about 12 to 15 people for June and July, and 16 to 20 people in August. Sampling, prospecting and mapping +/- ground geophysics (magnetometer and EM) would be done in June and July to prepare drill targets for August. 2000 metres of drilling is planned (for each year) in Area A noted in Figure 1, above.

5. **TYPE OF UNDERTAKING** (A supplementary questionnaire must be submitted with the application for undertakings listed in "bold")

- | | |
|---|--|
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Remote/Tourism Camps |
| <input type="checkbox"/> Mine Development | <input type="checkbox"/> Municipal |
| <input type="checkbox"/> Advanced Exploration | <input type="checkbox"/> Power |
| <input checked="" type="checkbox"/> Exploratory Drilling | <input type="checkbox"/> Other (describe): _____ |

6. **WATER USE**

- | | |
|---|--|
| <input checked="" type="checkbox"/> To obtain water | <input type="checkbox"/> To divert a watercourse |
| <input type="checkbox"/> To modify the bed or bank of a watercourse | <input type="checkbox"/> Flood control |
| <input type="checkbox"/> To alter the flow of, or store, water | <input type="checkbox"/> Other (describe): _____ |
| <input type="checkbox"/> To cross a watercourse | |

7. **QUANTITY OF WATER INVOLVED** (litres per second, litres per day or cubic metres per year, including both quantity to be used and quality to be returned to source)

drilling: up to 45.8 m³ per day (45,800 L per day and up to 1,400 m³ for the year)

camp: approximately 1 to 1.5 m³ per day to sustain 15 to 20 people (1,000 to 1,500 L per day and up to 140 m³ for the year)

8. **WASTE** (for each type of waste describe: composition, quantity, methods of treatment and disposal, etc.)

- | | |
|---|---|
| <input checked="" type="checkbox"/> Sewage | <input checked="" type="checkbox"/> Waste oil |
| <input checked="" type="checkbox"/> Solid Waste | <input checked="" type="checkbox"/> Greywater |
| <input type="checkbox"/> Hazardous | <input type="checkbox"/> Sludges |

9. PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING (give name, mailing address and location; attach if necessary)

Land Use Permit

DIAND ☐ Yes ☒ No If no, date expected Type A permit expected by May

Regional Inuit Association ☐ Yes ☐ No If no, date expected _____

Commissioner ☐ Yes ☐ No If no, date expected _____

10. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION MEASURES (direct, indirect, cumulative impacts, etc.)

NIRB Screening ☐ Yes ☒ No If no, date expected screen in conjunction with this application

11. INUIT WATER RIGHTS

Will the project or activity substantially affect the quality, quantity, or flow of water flowing through Inuit Owned Lands and the rights of Inuit under Article 20 of the Nunavut Land Claims Agreement?

No

If yes, has the applicant entered into an agreement with the Designated Inuit organization to pay compensation for any loss or damage that may be caused by the alteration. If no compensation agreement has been made, how will compensation be determined?

12. CONTRACTORS AND SUB-CONTRACTORS (name, address and functions)

Management and exploration crew through Bay Resources
Helicopter contractor is Great Stave Helicopters out of Yellowknife (Box 1496)
Drill contractor is Connors Drilling Ltd. out of Kamloops, BC (2007 West Trans Canada Hwy)
Ground geophysics by Aurora Geosciences Ltd. of Yellowknife (3502 Racine Rd)

13. STUDIES UNDERTAKEN TO DATE (list and attach copies of studies, reports, research, etc.)

A total of 29 mineral claims have been staked and are included in Table 1, below.

Table 1. Bay Resources Committee Bay Claims Summary

Claim name	Claim #	NTS Sheet	Recording Date	Anniversary Date
Pick 1	F54799	56K/03	16-Oct-02	16-Oct-04
Pick 2	F54798	56K/03	16-Oct-02	16-Oct-04
Pick 3	F54760	56K/03	16-Oct-02	16-Oct-04
EE 1	F54757	56K/06	16-Oct-02	16-Oct-04
EE 2	F54756	56K/06	16-Oct-02	16-Oct-04
EE 3	F54758	56K/06	16-Oct-02	16-Oct-04
K 1	F60304	56K/11	16-Oct-02	16-Oct-04
K 2	F60305	56K/11	16-Oct-02	16-Oct-04
ANOR 1	F60306	56K/07	16-Oct-02	16-Oct-04
ANOR 2	F60296	56K/07	16-Oct-02	16-Oct-04
ANOR 3	F60297	56K/07	16-Oct-02	16-Oct-04
ANOR 4	F60298	56K/08	16-Oct-02	16-Oct-04
ANOR 5	F60299	56K/08	16-Oct-02	16-Oct-04
ANOR 6	F60300	56K/08	16-Oct-02	16-Oct-04
CAY 1	F60252	56K/09	16-Oct-02	16-Oct-04
CAY 3	F60254	56K/09	16-Oct-02	16-Oct-04
AA 1	F60249	56J/13	16-Oct-02	16-Oct-04
AA 2	F60250	56J/13	16-Oct-02	16-Oct-04
NN 1	F60307	56K/16	16-Oct-02	16-Oct-04
NN 2	F60251	56O/04	16-Oct-02	16-Oct-04
9001	F60247	56J/14	16-Oct-02	16-Oct-04
9002	F60248	56J/14	16-Oct-02	16-Oct-04
WREN 1	F60231	56J/11	16-Oct-02	16-Oct-04
WREN 2	F60232	56J/14	16-Oct-02	16-Oct-04
WREN 3	F60233	56J/14	16-Oct-02	16-Oct-04
WREN 4	F60234	56J/14	16-Oct-02	16-Oct-04
WREN 5	F60235	56J/14	16-Oct-02	16-Oct-04

14. THE FOLLOWING DOCUMENTS MUST BE INCLUDED WITH THE APPLICATION FOR THE REGULATORY PROCESS TO BEGIN

Supplementary Questionnaire (where applicable: see section 5) ☒ Yes ☐ No If no, date expected _____

Inuktitut/English Summary of Project ☒ Yes ☐ No If no, date expected _____

Application fee \$30.00 (c/o of Receiver General for Canada) ☒ Yes ☐ No If no, date expected _____

15. PROPOSED TIME SCHEDULE

☒ Annual (or) ☐ Multi Year

Start Date: June 1, 2004 Completion Date: May 31, 2006

CRAIG ALFORD

Name (Print)

VP Exploration

Title (Print)

Craig Alford

Signature

April 6 / 2004

Date

For Nunavut Water Board use only

APPLICATION FEE

Amount: \$ 60 Receipt No.: _____

WATER USE DEPOSIT

Amount: \$ _____ Receipt No.: _____

Bay Resources Ltd. – 2004-2005 Exploration Activities Summary

Mineral resources hold the promise of creating wealth and prosperity for the people of Nunavut in a mutually beneficial accord with exploration companies. Bay Resources Ltd. currently holds 29 claims totaling 71,693.5 acres in the Committee Bay Belt in the East Kitikmeot region of central Nunavut. These claims were recorded on October 16, 2002.

Bay is planning to conduct a \$2 million exploration program for 12 weeks from June to August of 2004 with further work in 2005. This will be Bay Resources first exploration program on these claims. There will be about 12 to 15 people working on the project for June and July (geologists, camp manager, cook, helicopter pilot) and 16 to 20 people in August (with the drillers). The camp will be located on an island on Walker Lake.

The program is focussed on gold exploration, although the area also has potential for diamond, nickel, copper and other mineral deposits. Sampling, prospecting, mapping and ground geophysics (magnetometer and EM) would be done in June and July. Approximately 2000 metres of drilling is planned for August. Disturbance to the landscape, vegetation, fish and wildlife will be minimized during this work.

The project area include parts of NTS (National Topographic System) map sheets 56K, 56J, and 56O. Bay Resources' claims are located 245 to 365 kilometres northeast of the town of Baker Lake (Qamani'tuaq), or 210 to 320 kilometres west to southwest of the town of Repulse Bay (Naujat). The community of Kagaaruk (formerly Pelly Bay) is 190 to 305 kilometres northeast of the claim groups. Sila Lodge, located on Wager Bay is approximately 150 kilometres southeast of the Laughland Lake property area.

Of Bay Resources' 29 mineral claims, only the 2 "Goose" claims (9001 and 9002) are partially located on surface-only Inuit Owned Lands (IOL) within the Kitikmeot Land Claims Parcel. Surface rights for these IOL lands are controlled by the Kitikmeot Inuit Association (KIA). The rest of the claims are on federal lands. No ground geophysics or drilling will occur on this land as part of this project.

Bay Resources is committed to operating in a consultative and cooperative manner with all stake holders, including local communities, all regulatory government agencies and Inuit Associations.

4075251 Canada Inc. is a Canadian subsidiary of Bay Resources Ltd.
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bay@axisc.com.au