

# HORNBY BAY EXPLORATION LIMITED

SUITE 700, 357 BAY STREET, TORONTO, ONTARIO M5H 2T7

April 3, 2006

**Shares Outstanding March 31, 2006:** 94,514,432

**Close March 31, 2006:** \$0.55

## **Cameco Negotiating to Form a Strategic Alliance With and to Acquire 19.5% of Hornby Bay Exploration**

Hornby Bay Exploration announced today that it has entered into a Memorandum of Understanding with Cameco Corporation to form a strategic alliance and for Cameco to subscribe for a non-brokered private placement of shares representing a 19.5% ownership of Hornby Bay at a price of \$0.40 per share. The parties intend that the closing of the transaction will occur on or before May 5, 2006.

The proposed strategic alliance includes the following terms:

- (a) for as long as Cameco maintains ownership of at least 16% of the issued and outstanding shares of Hornby Bay, Cameco will have the right to participate in any future equity issuances by Hornby Bay, to match any equity or debt funding required by Hornby Bay for development of a mine, to operate any mine developed, to provide milling capacity and to market any uranium produced by Hornby Bay;
- (b) for as long as Cameco maintains ownership of at least 10% of the issued and outstanding shares of Hornby Bay, Cameco will have the right to nominate one person for election to the board of directors of Hornby Bay and Hornby Bay will consult with Cameco concerning exploration, development and mining technical work programs; and
- (c) each party will have first right of refusal to purchase from the other any uranium exploration projects the other may wish to sell in a specified area of western Nunavut or eastern North West Territories.

Completion of the transaction is conditional upon the negotiation and execution of definitive agreements, approval by the boards of directors of each company, and receipt of all necessary regulatory approvals.

Hornby Bay, with its head office in Toronto, Ontario is an uranium exploration and development company with its principal mineral properties in western Nunavut.

For further information contact:  
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