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NUNATTA ENVIRONMENTAL SERVICES INC.

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PROTECTING OUR ARCTIC ENVIRONMENT

December 18, 2017

Financial Security Plan for the Reclamation of the Land Farm Nunavut Water License # 1BR-NUN1217

The 2017 Water License Renewal Application for Nunatta Environmental Services Inc. (Nunatta) requires an estimate of the total financial security for final reclamation for land and water combined, sufficient to cover the highest liability over the life of the undertaking. Nunatta is an Inuit owned company registered with Nunavut Tunngavik Inc., which has a small shareholder base and was incorporated in Nunavut in 1999 to provide environmental services in Nunavut, primarily in Iqaluit.

Nunatta has operated a land farm since 2004 with four cells to deal with soils contaminated with hydrocarbon on an approximately 7 acre site, which includes an office building and shop, and is located in the "North 40" industrial lands in the municipality of Iqaluit. In its most recent year – 2017, up until the end of September (3rd quarter), Nunatta has done 1.63 million dollars in business, and has approximately 1 million more of revenue to invoice. At the same time Nunatta has 3.6 million dollars in assets. The following reclamation plan and cost estimate therefore reflects the modest size of the land farm and was designed in a practical manner to allow the full discharge of the company's obligations under Canadian and Nunavut relevant legislation within the company's financial capacity.

The Nunavut Water Board's Application for a Water Licence Renewal calls for the Financial Security Plan to be prepared in a manner consistent with the principles respecting mine site reclamation and implementation found in the *Mine Site Reclamation Policy for Nunavut, Indian and Northern Affairs Canada, 2002* where applicable (emphasis added). It is respectfully submitted that this application differs from a typical mine site reclamation in several respects. Firstly, rather than extracting materials from the site, during its entire operation the land farm has taken delivery of contaminated soils to the site and treats and reclaims them so that they can be safely recycled to other appropriate uses. Looked at from this point of view, the land farm will not have a predictable end, comparable to a mine which ultimately depletes the ore it is mining. Secondly, the land farm was established on Commissioner's lands in an area of the municipality of Iqaluit specifically designed for industrial use, in contrast to a typical mine reclamation site greenfield location on Crown land determined by the location of a mine deposit.

If the land farm were required to be decommissioned it is expected this would only take place in the event of the bankruptcy or sale of the company to a firm which plans other uses for the land. In the event of closure of the land farm, the Financial Security Plan calls for the remediation of all contaminated soils in the land farm at the time of decommissioning. This is work that Nunatta Environmental Services Inc., is well familiar with it has been our core

business since 2004. Also, Nunatta Environmental Services owns the specialized equipment which speeds up the aeration of the soil. In designing the Financial Security Plan, Nunatta has applied the use of this screening plant by leaving it attached to the landfarm until the soil has all been cleared by regulators.

The Financial Security Plan is therefore based on the land farm containing its current level of less than 6000 cubic meters of soil upon decommissioning. While this volume is much lower than it was when we applied for licence renewal in 2011 it shows Nunatta is able to remediate soil at a much faster rate and in turn we do not see our landfarm increasing in volume in the future. This is also due to a new landfarm constructed in Iqaluit on the other side of town where they are taking in soil that would have come to Nunatta in the past. Once the soil in the land farm is entirely remediated (4-5 Years) it will be removed and offered to the City of Iqaluit as landfill cover. The Financial Security Plan also calls for a one-time cost of cleanup and removal of liners from the four land farm cells for disposal in Iqaluit landfill, and finally the sale of the equipment.

The Financial Security Plan is therefore based on providing human resources for 10 days of annual site work for a period of 5 consecutive years, this includes aeration and fertilizer as well as soil sampling.

Considering that Nunatta Environmental Services Inc. owns all the equipment required for this decommissioning work; the Financial Security Plan includes a commitment that Nunatta will reserve and dedicate the necessary equipment and financial resources. The Financial Security Plan calls for the deployment of this equipment, fuel and related miscellaneous equipment. Fuel costs have been projected to account for inflation. The annual cost of wages and fees for labour and professional services, the servicing and repairs of equipment is set out in the Appendix II to the Financial Security Plan and includes a one-time cost of cleanup and removal of the cell wall liners and the levelling of the berm walls to restore the site to its original Industrial land condition.

The plan also calls for the sale of the heavy equipment once the reclamation is complete. The proceeds, estimated at \$87,000.00 could cover any unforeseen final reclamation costs and then be returned to the trustee in bankruptcy or the new owners of the company according to the particular circumstances which led to the closure of the landfarm.

Respectfully submitted,

Pitseolak Shoo,
President, Nunatta Environmental Services Inc.



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Ph.1-(867) 979-1488 Fax.1-(867) 979-1478 nunatta@northwestel.net