

# Security Issues

Issues for calculation of amount of security:

- Time frame - to end of licence (5 year operating life) OR to end of mine life
- Security “installments” over time
- Depth of cover required (2.5 or 4 metres)
- Baker Lake Marshalling Area (Commissioners Land)
- Split between land and water related security

# Security Issues - Timeframe

## Time frame to set security

- AEM: proposes to end of licence (2 years construction + 5 year operating life) to allow time to gather data on how much cover is required and to demonstrate progressive reclamation; security to be reassessed at renewal stage
- INAC: accepts AEM proposal to end of licence term
- KIA: accepts INAC's proposal for water related security but recommends to end of mine life for land related security

# Security Issues – Installments

AEM: proposes to increase security over time to match with development and related

# Security Issues – Cover Depth

Depth of cover required significantly affects estimate of amount

- AEM: 2.5 m cover is adequate based on site specific active layer, willing to secure to amount of 4 m to end of licence term to allow time to gather site specific data and field test for reassessment on renewal; progressive reclamation in that period will be to 2.5 m
- INAC: 4 m cover is required based on history at Ekati and other mines with some adjustment for the site; requires plan for field tests during licence
- KIA: estimate based on 4 m cover

# Security Issues – Marshalling Area

Baker Lake Marshalling Area (Commissioner's Land)

- No security taken when Type B License issued for marshalling area
- AEM on record that should be considered at time of Type A Licence (July 2007 estimate \$270,000)
- INAC working with GN CGS, has provided estimate to GN CGS, not to NWB because amount related to water related reclamation of the project is minimal
- KIA no concerns as on Commissioner's Land
- GN DOE read in statement from GN CGS that considering security in upcoming lease

# Security Issues – Split Between Land and Water

No new legal arguments since Doris North regarding Board authority to require land and water related security

- KIA:
  - Board has authority to require land and water related security,
  - Willing to continue to negotiate with INAC to determine if agreement on how to hold security can be reached and presented to the NWB
  - To avoid double bonding recommends Board order water related only security be held by INAC, KIA to negotiate land related security in lease (not currently in place but estimate \$14.8 m)
- INAC:
  - Board has authority to require water related security only
  - Willing to continue to negotiate with KIA to determine if agreement on how to hold security can be reached “outside of NWB regime” and presented to the NWB

# Security Issues – Split Between Land and Water

- AEM
  - Board has authority to require land and water related security,
  - Requires agreement between INAC and KIA to avoid double bonding
  - Wants opportunity to come back to the Board on security if KIA and INAC are able to reach agreement on how to hold security
- Limited evidence provided on how land and water related reclamation costs were split

# Review of Amounts (million \$)

	Total	Land	Water	
End of mine life:				
AEM	\$18.1	-	-	(cannot realistically be split)
<b>INAC</b>	<b>\$43.9</b>	<b>\$14.8</b>	<b>\$29.1</b>	(Brodie Consulting)
KIA (presentation)	\$43.9	\$14.8	\$29.1	(“professional analysis” of land/water split)

End of licence term (2 years construction + 5 years operation):

<b>INAC</b>	<b>\$26.1</b>	<b>\$10.3</b>	<b>\$15.8</b>
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AEM agrees to INAC to end of licence; with “installments” as proposed by AEM:

- 2008 \$12 million
- 2009 \$15 (additional \$3)
- 2011 \$18 (additional \$3)
- 2012 \$20 (additional \$2)
- 2013 \$26 (additional \$6)