Crown-Indigenous Relations and Northern Affairs Canada
Relations Couronne-Autochtones et Affaires du Nord Canada

Water Resources Division
Resource Management Directorate
Nunavut Regional Office
918 Nunavut Drive
Iqaluit, NU, X0A 3H0

Your file - Votre référence
2AM-MRY2540
Our file - Notre référence
GCDocs#143142867

January 26, 2026

Robert Hunter
Licensing Administrator
Nunavut Water Board
P.O. Box 119
Gjoa Haven, NU, X0B 1J0
E-mail: licensing@nwb-oen.ca

Re: Crown-Indigenous Relations and Northern Affairs Canada's Response to Baffinland's comments and reply to CIRNAC's submission on the 2026 workplan and Annual Security Review of the Type A Water Licence No. 2AM-MRY2540

Dear Mr. Hunter,

Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) felt it necessary to provide this feedback to the Nunavut Water Board prior to the teleconference scheduled for February 3, 2026 to outline outstanding concerns identified and not adequately addressed in Baffinland's response. In addition to our review of the submission provided by Baffinland on January 13 2026, CIRNAC is providing a more fulsome response for the Board's consideration.

CIRNAC examined the process pursuant to its mandated responsibilities under the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* and the *Department of Crown-Indigenous Relations and Northern Affairs Act*.

If there are any questions or concerns, please contact me at lauren.perrin@rcaanc-cirnac.gc.ca or Andrew Keim at andrew.keim@rcaanc-cirnac.gc.ca.

Sincerely,

Lauren Perrin
Water Management Specialist

Canada

Technical Review Memorandum

Date: January 26, 2026

To: Robert Hunter- Licensing Administrator, Nunavut Water Board

From: Lauren Perrin– Water Management Specialist, CIRNAC

Subject: **Crown-Indigenous Relations and Northern Affairs Canada's Response to Baffinland's comments and reply to CIRNAC's submission on the 2026 workplan and Annual Security Review of the Type A Water Licence No. 2AM-MRY2540**

Region: ☐ Kitikmeot ☐ Kivalliq ☒ Qikiqtani

1.0 BACKGROUND

On October 31, 2025, the Licensee, Baffinland Iron Mines (BIM), submitted to the Nunavut Water Board (NWB) its 2026 Proposed Work Plan, as required under Schedule J of the Water Licence. Included in this submission was a new Environmental Liability Estimate for review by Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) and the Qikiqtani Inuit Association (QIA).

The estimate was generated using a new tool developed by BIM and their consultants Stantec and Ensero, referred to as the *Disturbed Area Analysis* (DAA). This methodology is currently a draft and has not been approved for use in the ASR process by the NWB, QIA, or CIRNAC. BIM describes the purpose of the DAA as:

> "The purpose of Baffinland Iron Mines Corporation (Baffinland) conducting the Disturbed Area Analysis (DAA) is to quantify area that will need to be graded and recontoured upon Closure of the Mary River Project (the Project)."

Upon receiving the DAA, CIRNAC undertook a review to determine whether it could be reconciled with RECLAIM—the tool used by CINAC and the Nunavut Water Board (NWB) for calculating environmental liabilities and establishing project security. CIRNAC found that the DAA could not be directly translated into RECLAIM terms, making it difficult to compare assumptions, scope, or costed items. Attempts to reverse-engineer the DAA were hindered by the absence of key information such as unit rates and labor costs.

In an effort to achieve clarity and alignment, CIRNAC met with BIM and Ensero on four occasions to exchange information and explore how both tools could be used to establish a mutually supportable estimate. These discussions demonstrated that the DAA does not fully or reliably capture on-site environmental liabilities. This became increasingly evident as CIRNAC sought detailed information that the tool was unable to provide.

Following CIRNAC's internal review of the Project proposal and the 2026 Work Plan, CIRNAC identified approximately $25 million in additional unfunded liabilities, including two main issues totaling roughly $10 million that were included in our initial submission. CIRNAC shared these findings with BIM on December 15, 2025.

During subsequent discussions, both parties agreed that CIRNAC would include only the original two issues in its submission to the Board, with the understanding that all remaining outstanding liabilities would be reviewed collaboratively during a 2026 ICRP review. Based on this understanding CIRNAC submitted its

estimate for the Mary River Project on December 31, 2025, pursuant to its responsibilities under Part C and Schedule C of Water Licence 2AM-MRY2540.

On January 13, 2026, BIM submitted comments indicating that, in their view, neither of the two outstanding issues identified by CIRNAC were valid, and further stated that the next ICRP review would occur in 2027—not in 2026 as had been discussed, mutually understood and as indicated in the 2026 Workplan Rev 0.

This shift in the proponent's position has created a situation in which the previously agreed-upon path for addressing outstanding liabilities is no longer available and poses additional environmental liability that there is currently no path to account for. As a result, CIRNAC has decided to provide the Board with a complete and transparent accounting of the environmental liabilities found to be remaining on site that are not accounted for or in the DAA submissions. This is, consistent with CIRNAC's responsibilities under the Water Licence. CIRNAC continues to be prepared to work with the proponent to find a path forward however this serves as notice that our December 31, 2025 submission will substantially change for the Feb 4, 2025 technical meeting.

Accordingly, CIRNAC is submitting its full assessment in advance of the February 2, 2026 technical meeting to ensure clarity and avoid further misunderstanding between the parties.

Based on the lack of sufficient response and the unresolved discrepancies identified during review, CIRNAC has updated its security estimate to **$157,522,324**. The specific reasons for this increase and the areas of divergence are outlined below.

2.0 INTRODUCTION

Baffinland Iron Mines Corporation (BIM) issued a letter dated January 13, 2026, to Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) in response to the Trace Associates Inc.'s (Trace) *2024 to 2025 Annual Security Review Report* (ASR Report, Rev.0), dated December 29, 2025, which CIRNAC submitted to the Nunavut Water Board as part of the Annual Security Review for the Mary River Mine.

In its response letter, BIM addressed and clarified the two items for which costs had already been developed; however, it did not comment on or respond to the list of items outlined in the Additional Uncertainty section of the ASR Report. In this response, CIRNAC provides clarification to BIM's comments and develops the associated costs for all items for which BIM did not provide clarification. Trace prepared these costs using information contained in BIMC's CAPEX, 2026 Work Plan, and Interim Closure and Reclamation Plan (ICRP).

BIM's current security estimate is $137,334,503. This value includes the original amount from the 2026 Work Plan as well as additional adjustments made in response to reviewer comments. BIM did not clarify where these adjustments were applied, other than stating that the edits presented in the ASR Report, Rev.0 were excluded. A summary of BIMC's security estimate is provided Table 1.

Table 1: BIMC Security Estimate Summary

Security	Inuit Owned Lands	Crown Lands Total	Total
2026 Work Plan Estimate	$133,779,416	$1,737,087	$135,516,503
Adjustment Based on Reviewer Comments	$1,818,000	$0	$1,818,000
Total	**$135,597,416**	**$1,737,087**	**$137,334,503**

In the ASR Report, Rev.0, costs were developed to reflect a two-year Interim Closure maintenance Plan (ICM)duration in the event of a dissolution or unexpected closure. It also included the previously omitted labor hours required to move fuel from the Mine Site to Milne Port for backhaul. The table below presents the amounts provided in the ASR Report, Rev.0.

Table 2: ASR Report Rev.0 Security Estimate Summary

Security	Inuit Owned Lands	Crown Lands Total	Total
ASR Report Security Estimate	$143,607,115	$1,721,147	$145,328,262

Following BIM's response, the additional Environmental Liabilities for the items that required clarification and for which BIM provided no response were costed out using BIM's figures. After including the additional costs, applying indirect percentages and applying contingency, the total suggested security is **$157,522,324**. This represents an increase of **$22,005,822** over BIM's 2026 Work Plan, or **$20,187,821** over the adjusted amount provided by BIMC. The updated security by landowner is provided in Table 3.

Table 3: ASR Report Security Estimate Summary

Security	Inuit Owned Lands	Crown Lands Total	Total
ASR Report Updated Security Estimate	$155,718,866	$1,803,459	$157,522,324

A summary of the found inconsistencies in the DAA, feedback provided by BIM and the cost implications is presented in Table 4. These amounts exclude indirect percentages and contingency. A detailed breakdown of the cost development methodology is provided in the following sections.

Table 4: Summary of Security Estimate Edits and Cost Implications

Modification	Cost Increase	Rationale
Interim Care and Maintenance	$11,931,984	The ICRP has stated through various revisions that closure planning and the corresponding ICM duration for the ASR is two years. This change was not approved it is in-fact the current standard. RECLAIM V8 recognizes this to be under valued and proposes a site specific 3 to 5 year duration. Camp and flight costs for ICM were not included in the 2026 Work Plan. ICM labor rates also did not align with the Basis of Estimate in the 2026 Work Plan.
Fuel Mobilization Labour	$617,242	Labor hours were excluded for moving fuel from the Mine Site to Milne Port prior to backhaul.
Waste Rock Facility Cover Area	$1,571,829	The area used in the CAPEX for calculating the cover volume did not align with the Disturbed Area Analysis.
Blended Labour Rates	$1,051,952	Two blended labour rates were calculated incorrectly.
Productivity Factors	$24,499	Productivity factors were set to 1.00 for grading of material for certain line items.
Removed Reclaimed Areas	$55,436	Areas removed from the 2026 Work have not yet been inspected. Verification of any approved progressive reclamation activities must be undertaken prior to any reduction or removal from the Environmental liability Calculation to occur. CIRNAC is also concerned none of these activities was

		previously approved and verification criteria set, before the work was undertaken.
Pond Backfilling	$1,110,452	Several line items removed backfilling of ponds, which deviates from the ICRP.
Liner Removal	$746,159	Liners were assumed to be left in place instead of being removed as required by the ICRP.
Missing Flight and Camp Costs	$330,441	Additional flight and camp costs were calculated based on the other modifications.
Scaled Indirects and Contingency	$4,565,828	Increased based on percentages as per the basis of estimate.
Summary of Costs	**$22,005,822**	Includes modifications, scaled indirects and contingency

Interim Care and Maintenance Modifications

ICM Duration

Trace noted that the ICRP identifies a two-year period for closure planning and the associated Interim Care and Maintenance (ICM) phase for use in the Annual Security Review (ASR). This two-year duration was intended to reflect an unplanned closure scenario in which a third party would require additional time to develop the necessary planning documents. In its response, BIMC stated that this wording was carried over from an earlier draft and that the two-year period was a drafting error. The same wording appears in multiple earlier ICRP versions, including Revision 5 (October 19, 2018), and has persisted for nearly eight years across five revisions and fourteen approvals. Given this history, CIRNAC does not consider it a drafting error.

BIMC also noted that a one-year ICM period is referenced in Section 8.1, Table 8.1, and Table 9.1. CIRNAC has reviewed these sections and continues to disagree with a one-year ICM duration noting that in the most recent update to RECLAIM enhances the standard (site specific) to 3 to five years. It is not reasonable to assume CIRNAC would accept a reduction of the standard to 1 year.

Section 8.1 describes a one-year planning period for a planned closure scenario in which a Final Closure and Reclamation Plan (FCRP) already exists and has been approved. Under an unplanned closure scenario, which is the basis for the security estimate, no FCRP would be in place. Additional time would be required to gather information, revise the ICRP, and develop the associated reclamation strategies. Table 8.1 also assumes approval of the FCRP in Year 0, which is not feasible given the current status of the ICRP. Table 9.1 identifies up to one year of care and maintenance during which an Environmental Site Assessment (ESA) would be completed.

BIMC further acknowledges in Appendix D that substantial research and reclamation planning must be completed before final closure can occur. Table D.7 identifies timelines for the following investigations:

- Environmental Site Assessments (six years)
- Landfarming research (seven years)
- Open Pit runoff water quality studies (three years)[1]

[1] Required to assess runoff from the workings area, even if the pit was not developed.

- WRF seepage evaluations (three years)
- Thermal modelling (three years)
- Natural revegetation studies (no defined end date)

A realistic ICM timeline that accommodates these investigations would be three to four years. Nevertheless, CIRNAC is willing to work with BIMC and continue using the previously approved and mutually agreed-upon two-year ICM duration for the purposes of the ASR.

ICM Camp and Flight Costs

Camp and flight costs were excluded from BIMC's ICM estimate. Trace added these amounts using the calculation methods provided by BIMC. Flights were calculated by dividing the total annual working hours by the two-week turnaround duration (168 hours, based on 84-hour work weeks). This value represents the number of rotations per worker per year. The number of rotations was multiplied by the cost of a round-trip flight, which BIMC estimated at $1,295. The resulting annual flight cost is **$538,720**.

Calculation: $\frac{69{,}888 \text{ hours}}{168 \text{ hours}} \times \$1{,}295 = \$538{,}720$

Camp costs were calculated by multiplying the number of working days by the camp day unit rate of $155. Sixteen workers were assumed to be on site year-round, resulting in 5,840 working days (16 workers × 365 days). The resulting annual camp cost is **$905,200**.

Calculation: $5{,}840$ working days $\times \$155/\text{day} = \$905{,}200$

ICM Labour Rates

Trace noted significant differences between the labour rates used for ICM and those included in the Basis of Estimate. For example, the ICM rate for an Operator is $50/hour, compared to $86/hour in the Basis of Estimate, while an Electrician is listed at $85/hour for ICM versus $109/hour in the Basis of Estimate. The ICM rates are shown in Figure 1, and the rates used in the Basis of Estimate are shown in Figure 2.

Trace understands that the Basis of Estimate rates are derived from contractor quotes. Accordingly, the labour costs associated with ICM were updated to align with those quoted rates.

			LINE ITEM UNIT COST
CONTRACT	DISCIPLINE DESCRIPTION	ITEM DESCRIPTION	UNIT COSTS
IND.01 Interim Care and Maintenance	V1 - Interim Care and Maintenance	Electrician	**85.00**
IND.01 Interim Care and Maintenance	V1 - Interim Care and Maintenance	Operator	**50.00**

Figure 1: Hourly Rates for Operators and Electrician for ICM From the CAPEX

ELCJP	Electrical JP	1	$ 109.00	$ 109.00
MCHLAB	Mechanical Labourer	2	$ 70.00	$ 140.00
HEVOP	Heavy Equipment Operator	2	$ 86.00	$ 172.00

Figure 2: Hourly Rates for Operators and Electricians from the Basis of Estimate

Operators were estimated to work 26,208 hours per year, and electricians were estimated to work 8,736 hours per year. Updating the ICM labour rates to align with the Basis of Estimate results in increased annual costs of **$943,488** for operators and **$209,664** for electricians.

Calculations:

- Operators: $26{,}208 \text{ hrs} \times (\$86/hr - \$50/hr) = \$943{,}488$
- Electricians: $8{,}736 \text{ hrs} \times (\$109/hr - \$85/hr) = \$209{,}664$

Other Modifications

Missing Hours for Fuel Mobilization

BIMC responded that the costs for backhauling fuel from Milne Port south were calculated correctly, and Trace agrees with this assessment. However, the missing costs relate to the labour required to move fuel from the Mine Site to Milne Port before backhaul occurs. Three line items (Items 367, 372, and 498) associated with mobilizing 7,600,000 L of fuel did not include a labour-hours-per-unit factor, resulting in no labour cost being applied (see Figure 3).

							LABOUR (LAB)					LINE ITEM UNIT COST
ITEM #	ITEM DESCRIPTION	GIS DATA (LM)	GIS DATA (SM)	DISTURBANCE STATUS	QTY	UNITS	UNIT LAB HRS	LAB PF	TOT LAB HRS	LAB RATE	TOTAL LAB COST	UNIT COSTS
367	Aerodome Building Tank 1 - Freight From Mine Site To Milne Port For Demobilized Fuel	64.7	199.0	Disturbed	50,000.0	Lx		1.27	-	$ 83.00	$ -	0.11
372	Aerodome Building Tank 2 - Freight From Mine Site To Milne Port For Demobilized Fuel	64.7	199.0	Disturbed	50,000.0	Lx		1.27	-	$ 83.00	$ -	0.11
478	4613-Tk-001 - Freight From Mine Site To Milne Port For Demobilized Fuel	33.8	90.8	Disturbed	250,000.0	Lx	0.00035	1.27	111.3	$ 83.00	$ 9,238	0.15
483	4613-Tk-002 - Freight From Mine Site To Milne Port For Demobilized Fuel	33.8	90.8	Disturbed	250,000.0	Lx	0.00035	1.27	111.3	$ 83.00	$ 9,238	0.15
488	4613-Tk-003 - Freight From Mine Site To Milne Port For Demobilized Fuel	35.1	97.6	Disturbed	250,000.0	Lx	0.00035	1.27	111.3	$ 83.00	$ 9,238	0.15
493	4613-Tk-004 - Freight From Mine Site To Milne Port For Demobilized Fuel	34.4	93.9	Disturbed	250,000.0	Lx	0.00035	1.27	111.3	$ 83.00	$ 9,238	0.15
498	4613-Tk-005 - Freight From Mine Site To Milne Port For Demobilized Fuel	103.0	842.3	Disturbed	7,500,000.0	Lx		1.27	-	$ 83.00	$ -	0.11

Figure 3: Screenshot of Missing Fuel Mobilization Hours

For the security estimate, Trace applied a labour factor of 0.00035 hours per litre, taken from comparable fuel-handling line items within the CAPEX. Applying this factor resulted in 3,382 additional labour hours, leading to an increase of **$617,242**.

Calculation: $3{,}382 \text{ hrs} \times \$83/\text{hr} \times 2.20 \text{ (direct + indirect factor)} = \$617{,}242$

Waste Rock Facility Cover Area Discrepancy

Figure 4 shows that BIMC's security estimate uses 232,939.8 m³ of Not Acid Generating (NAG) cover material to cap the remaining 15% of exposed Potentially Acid Generating (PAG) waste rock in the Waste Rock Facility (WRF) in the event of an unplanned closure at the end of an operating year. This cover volume corresponds to a surface area of 388,233 m².

However, Figure 5 presents the area from the Disturbed Area Analysis, which identifies a significantly larger WRF area of 575,344 m². No explanation was provided for this discrepancy. In addition, the "Estimate Methodology" column within the CAPEX identifies the approach as "Measured GIS," yet the two areas do not align.

ITEM #	ITEM DESCRIPTION	GIS DATA (SM)	DISTURBANCE STATUS	QTY	UNITS	COMMENTS
838	Waste Rock Facility - Load, Haul, Dump, Spread, and Compact 4.0m NAG Cover from Viper Pad (1 Km One-way)	388,233.0	Disturbed	232,939.8	CMx	15% Cover

Figure 4: Waste Rock Facility Cover Volume From CAPEX

Disturbance Area ID	WBS Area ID	Location	Diturbance Type	Area (m^2)	Land Type
MS-211	MS-RD-010-001	Mine Site	Road	14,026	IOL
MS-212	MS-RD-011-001	Mine Site	Road	10,819	IOL
MS-213	MS-RD-001-002	Mine Site	Road	136,140	IOL
MS-214	MS-RD-012-001	Mine Site	Road	10,203	IOL
MS-215	MS-RD-013-001	Mine Site	Road	3,288	IOL
MS-216	MS-RD-016-001	Mine Site	Road	34,478	IOL
MS-217	MS-RD-016-002	Mine Site	Road	16,146	IOL
MS-218	MS-SP-001-001	Mine Site	Stockpile	85,282	IOL
MS-219	MS-WR-001-001	Mine Site	Waste Rock	575,344	IOL

Figure 5: Waste Rock Facility Area from Disturbed Area Analysis

Using the area from the Disturbed Area Analysis, Trace calculated an updated NAG cover volume of 345,206.4 m³, which is 112,266.6 m³ greater than the volume used in BIMC's security estimate. This results in an overall cost increase of **$1,571,829**.

Calculation: $112{,}266.6\ \text{m}^3 \times \$10.27/\text{m}^3 \times 1.36$ (direct + indirect factor) $= \$1{,}571{,}829$

Updated Labour Rates for Demolition

The blended labour rates in the 2026 Work Plan were understated because foreman costs were excluded from the blended rate calculations, even though foreman quantities were included when determining the average. The incorrect calculations are shown in Figure 6.

DISCIPLINE CODE	LOOKUP CODE	JOB CLASSIFICATION	QTY	LAB RATE	CREW RATE
		Iron Worker Forman	1		$ -
	HEVOP	Heavy Equipment Operator	3	$ 86.00	$ 258.00
	MCHWL	Mechanical Welder JP	1	$ 108.00	$ 108.00
	IWJP	Iron Worker JP	2	$ 101.00	$ 202.00
	CIVLAB	Civil Labourer	1	$ 70.00	$ 70.00
					$ -
K - Bridge Removal		**Total Crew Rate**	**8**	**$ 80.00**	**$ 638.00**

DISCIPLINE CODE	LOOKUP CODE	JOB CLASSIFICATION	QTY	LAB RATE	CREW RATE
		Iron Worker Forman	1		$ -
	HEVOP	Heavy Equipment Operator	4	$ 86.00	$ 344.00
	BSJPPL	Building Service JP Plumber	1	$ 100.00	$ 100.00
	ELCJP	Electrical JP	1	$ 109.00	$ 109.00
	IWJP	Iron Worker JP	1	$ 101.00	$ 101.00
	CIVLAB	Civil Labourer	2	$ 70.00	$ 140.00
					$ -
M - Building Demolition		**Total Crew Rate**	**10**	**$ 80.00**	**$ 794.00**

Figure 6: Incorrect Blended Unit Rate Calculations in Basis of Estimate

Because no Iron Worker Foreman rate was provided, Trace applied a Mechanical Foreman rate of $121/hr. Using this rate, the updated blended unit rate for K – Bridge Removal is $94.88/hr, and for M – Building Demolition is $91.50/hr. All unit rates were updated according to the applicable discipline code.

For Building Demolition, this required updating 231 line items, representing 38,512.3 labour hours, resulting in an increase of **$974,361**.

Calculation: $38{,}512.3$ hrs $\times (\$91.50/hr - \$80/hr) \times 2.20$ (direct + indirect factor) $= \$974{,}361$

For Bridge Removal, 8 line items were updated, representing 2,371 labour hours, resulting in an increase of **$70,648**.

Calculation: $2{,}371$ hrs $\times (\$94.88/hr - \$80/hr) \times 2.20$ (direct + indirect factor) $= \$77{,}591$

The combined increase from updating these blended rates is **$1,051,952**.

Updated Productivity Factor

Thirty grading/recontouring line items had a productivity factor of 1.00, which is unrealistic and inconsistent with the productivity guidance in Section 6.5.5 of BIMC's 2026 Basis of Estimate. Trace updated these factors using BIMC's own labour productivity parameters. This correction added 281.6 labour hours, resulting in a cost increase of **$24,499**.

Missing Reclaimed Areas

Four areas (Items 975, 1083, 1121, and 1122) were listed as reclaimed and removed from the estimate. These areas have not yet been inspected, and therefore should remain within the mine reclamation estimate rather than being excluded from the existing security. For each area, the quantity was adjusted to the values provided in the "GIS DATA (SM)" column. All other required calculation inputs were already present in the CAPEX. Reinstating these areas resulted in a cost increase of **$55,436**.

Backfilling of Ponds Removed and Liners Left In Place

The ICRP states that all ponds will be backfilled with clean material and that all liners will be removed. However, in the 2026 Work Plan, BIMC removed backfilling for the majority of ponds and proposed leaving select liners in place to be punctured rather than removed. Examples of these changes from the CAPEX are shown in Figure 7 and Figure 8.

Trace included the costs for the 14 ponds where backfilling had been removed, using the quantities and unit rates already provided in the CAPEX. In each case, the quantity was set to the value in the "GIS DATA (SM)" column, consistent with other pond backfilling line items where quantities were present. The updated line items include:

- Item Numbers: 891, 881, 879, 331, 322, 325, 328, 334, 337, 319, 343, 877, 874, and 871.

Similarly, for the line items where BIMC indicated that liners would be left in place, Trace recalculated the effort assuming full liner removal, again using values from the CAPEX and updating the quantities to those listed in the "GIS DATA (SM)" column. The relevant line items for liner removal were 202, 205, and 219.

A separate line item already existed for puncturing these liners, with a total cost of $4,440.60. This value was subtracted from the updated removal cost to avoid double counting.

The total increase resulting from reinstating pond backfilling and updating liner removal requirements is $**1,856,611**.

SCOPE FILTER	LAND TYPE	TYPE OF WASTE	ITEM #	ITEM DESCRIPTION	DISTURBANCE STATUS	QTY	UNITS
Place Cover Material	IOL	DO NOT FILL PONDS	319	Surface Water Management Pond - Haul, Dump, And Place Clean Backfill Material - Assume Not Required	Disturbed	0.0	CMx
Place Cover Material	IOL	DO NOT FILL PONDS	322	Surface Water Management Pond - Haul, Dump, And Place Clean Backfill Material - Not Required	Disturbed	0.0	CMx
Place Cover Material	IOL	DO NOT FILL PONDS	325	Surface Water Management Pond - Haul, Dump, And Place Clean Backfill Material - Not Required	Disturbed	0.0	CMx
Place Cover Material	Crown	DO NOT FILL PONDS	328	Surface Water Management Pond - Haul, Dump, And Place Clean Backfill Material - Not Required	Disturbed	0.0	CMx
Place Cover Material	IOL	DO NOT FILL PONDS	331	Surface Water Management Pond - Haul, Dump, And Place Clean Backfill Material Not Required	Disturbed	0.0	CMx

Figure 7: Example of Where Backfilling Ponds Were Removed and Quantity Set to Zero

ITEM #	ITEM DESCRIPTION	DISTURBANCE STATUS
202	Landfarm - **Close Temporary Landfarm** - Assume Liner Can Stay In Place - Puncture Holes To Improve Drainage	Disturbed
205	Landfarm - Existing Landfill - Assume Liner Can Stay In Place - Puncture Holes To Improve Drainage	Disturbed
219	Snow Stockpile - Assume Liner Can Stay In Place - Puncture Holes To Improve Drainage	Disturbed

Figure 8: Liners Intended for Puncture Instead of Removal

Updated Camp and Flight Costs

Based on the additional hours identified from correcting the items above, a total of 16,021.4 hours were added to the CAPEX. The hours are summarized in Table 5.

Table 5: Summary of Additional Hours to CAPEX

Security Estimate Edit	**Hours**
Updated Productivity Factors	281.6
Added Fuel Mobilization Hours	3,382
Updated WRF Area	4,454
Liner Removal	4,503.8
Pond Filling	3,120
Removed Reclaimed Areas	180
Total	**16,021.4**

These additional hours generate increased flight and camp costs, calculated using the same methodology applied earlier in the estimate. Calculations for how the additional costs were developed are:

Calculation, Flights:

$$\frac{16{,}021.4 \text{ hours}}{168 \text{ hours per rotation}} \times \$1{,}295 = \$123{,}498$$

Calculation, Camp:

$$\frac{16{,}021.4 \text{ hours}}{12 \text{ hours per camp day}} \times \$155 = \$206{,}943$$

The combined increase from additional flight and camp costs is **$330,441**.

Closure

The additional cost items identified through this review reflect required activities and quantities that align with BIMC's own planning documents, methodologies, and commitments set out in the ICRP, 2026 Work Plan, and CAPEX. Where discrepancies arose, such as the ICM duration, omitted labour, reduced quantities, or deviations from approved reclamation approaches, Trace revised the estimates using BIMC's established rates, factors, and GIS-measured areas to ensure that the security accurately reflects the work necessary under an unplanned-closure scenario.

The resulting recommended security of **$157,522,324** provides a complete and defensible estimate of the costs required to achieve environmental protection and meet regulatory obligations should closure occur without advance planning. This amount incorporates all direct costs, as well as indirects and contingency consistent with the Basis of Estimate. CIRNAC submits this revised security to ensure that sufficient funds are available to complete full reclamation and site stabilization in accordance with the approved ICRP and the expectations of the Nunavut Water Board.