

**Date: June 13, 2025**

**Re: Ferguson Lake Project – Reclamation and Closure Security Estimate for Type B  
Amendment for Bulk Sample and Exploration Trails**

Canadian North Resources Inc. (“CNRI”) Ferguson Lake Project has reclamation and closure securities held by the KIA for exploration camp and associated activities secured under existing KIA leases (KCL305H27- Commercial Lease, KVCA08Q17- Quarry Permit, N2013X0023-Right of Way).

CNRI submits that:

- the current camp and exploration operations is located on Inuit Owned Land,
- no waters will be impacted by our exploration advancement,
- no additional water will be taken under the Type B Amendment, and
- CNRI remains committed to maintaining full compliance with our KIA leases, and
- the existing financial securities are adequate and should continue to be held with KIA.

As a result of the Type B Amendment activities, including bulk sample collection and exploration trail activities, we propose a phased approach to increasing the commercial lease financial securities to be held by KIA outlined in the Abandonment and Reclamation Plan (April 2025). This approach will ensure that closure securities are aligned with the scale and nature of site activities at Ferguson Lake Exploration Camp as they evolve.

The proposed cost estimates for the new activities under the Type B Amendment have been prepared using the CIRNAC RECLAIM V8.0<sup>1</sup> estimator to ensure consistency with KIA, territorial and federal standards. Total costs are presented in **Table 1**. We propose the following security tranches to increase the commercial lease security amount over the next few years of the Ferguson Lake Project advancement:

**1. Initial Tranche – Commercial Lease Adjustment (\$55,377.88):**

This increase reflects the enhanced level of activity including the trail to the mini-bulk sample in 2025-2027 and provides additional assurance in line with updated RECLAIM V8.0.

**2. Second Tranche – Trail Construction (\$108,517.50):**

A subsequent tranche will be submitted to reflect activities related to the construction of exploration trails to facilitate exploration access and operational efficiency.

**3. Final Tranches – Bulk Sample and Supporting Activities:**

Additional securities will be provided in alignment with activities associated with the collection of a bulk sample, greater than 2000 tonnes. An additional **Tranche 3 of \$55,421.88** will be added to the commercial lease security. If greater than 5000 or less than 10,000 tonnes, an additional **Tranche 4 of \$55,421.88** will be added to the commercial lease security.

---

<sup>1</sup> RECLAIM V8.0 Public Review- GNWT-ECC published by CIRNAC  
<https://new.onlinereviewssystem.ca/review/CEAC05AE-EAD8-EF11-88F8-002248B1E083>

<b>Table 1: Additional Securities to be Executed for Type B Amendment:</b>				<b>Explanation:</b>	<b>Execution:</b>	<b>Assumptions:</b>
Tranche 1	Trail and Bulk Sample Construction	\$	55,377.88	Contingency	30 days prior to start	
Tranche 2	Trail Reclamation	\$	108,517.50	See Table 3	Upon completion of 10km of trails	Reclaim v 8.0 (Estimator)
Tranche 3	Bulk Sample: larger than 2000, up to 5000 tonnes	\$	55,421.88	See Table 3	>2000 tonnes taken	Reclaim v 8.0 (Estimator)
Tranche 4	Bulk Sample: larger than 5000, up to 10,000 tonnes	\$	55,421.88	See Table 3	>5000 tonnes taken	Reclaim v 8.0 (Estimator)
<b>Total Additional Securities Proposed to KIA</b>				<b>\$</b>	<b>274,739.13</b>	

We wish to thank the Kivalliq Inuit Association (“KIA”) for your continued collaboration and oversight in supporting the advancement of the Ferguson Lake Project.

CNRI have spoken with the KIA and we believe that this incremental and transparent approach balances environmental protection while providing securities for responsible project advancement. We will continue to work with KIA staff and their technical advisors on the execution of securities according to the obligations of the commercial lease.

Additional details, including the reclamation plan assumptions and RECLAIM V8.0 estimate are provided in **Tables 2 to 4**.

Sincerely,

Ryan VanEngen MSc.  
 Technical Advisor: Environment and Sustainability  
 Canadian North Resources Inc.  
 M:519-710-8516

<b>Table 2: Project Planning</b>		
All equipment is available onsite and in working condition, use existing camp		
<b>Reclamation and Closure Plan:</b>		
<b>Personnel needed:</b>		
Env Coordinator/ Technologist		
Mechanic		
Equipment Operator		
<b>Project Days/ hr Assumptions:</b>		
	ManDays	hrs (10/day)
<b>Trail Reclamation</b>		
Scarifying trails and airstrip	3	30
Remove Bridge	1	10
Hydroseed	2	20
Mob and Demob	2	20
Subtotal	8	80
<b>Bulk Sample Reclamation</b>		
Quarry sloping (=5000 m3)	2	20
5000 m3 from quarry as neutralizing materials	1	10
Mob and Demob	2	20
Subtotal	5	50

<b>Table 3: Estimated Cost for Securities</b>						
<b>Tranche 2: Exploration Trails</b>						
	m	m	m2	ha		ha
	Wide	length				
Trail (Area) to Bulk Sample	5	2700	13500	1.35		
Trail (Area) to SW deposit	2	9100	18200	1.82		
				<b>Total</b>		<b>3.17</b>
	<u>Reclaim Code</u>		<u>Days</u>	<u>Rate</u>		
Scarifying trails and airstrip	SCFY	ha		3.17	\$7,000.00	\$ 22,190.00
Hydroseed	VHF	ha		3.17	\$4,800.00	\$ 15,216.00
Mobilize Workers	MWA	per person		3	\$3,000.00	\$ 9,000.00
Mobilize Workers	MHL	(heli to and from Rankin)		4	\$1,500.00	\$ 6,000.00
Accommodations	ACCM	manday	8	3	\$267.00	\$6,408.00
				<b>Subtotal</b>		<b>\$ 58,814.00</b>
<b>Person Power:</b>						
	<u>Reclaim Code</u>		<u>Rate</u>	<u>hrs</u>		
Env Coordinator/ Technologist	super	\$/hr	150	80		\$ 12,000.00
Mechanic	mech	\$/hr	110	80		\$ 8,800.00
Equipment Operator	oper	\$/hr	90	80		\$ 7,200.00
				<b>Subtotal</b>		<b>\$ 28,000.00</b>
				<b>Contingency (25%)</b>		<b>\$ 21,703.50</b>
				<b>Total</b>		<b>\$ 108,517.50</b>
<b>Tranche 3 and 4: Bulk Sample up to 10,000 tonnes m</b>						
		tonnes	m3	m2	ha	
Bulk Sample (Area)		10000	5000	4000	0.4	
	<u>Reclaim Code</u>		<u>Days</u>	<u>m3</u>	<u>Rate</u>	
Drill and Blast Material for Closure/ Sloping	DAB	m3		5000	\$6.21	\$31,050.00
Dozing rock piles and overburden	DR	m3		5000	\$3.84	\$19,200.00
Hydroseed	VHF	ha		0.4	\$4,800.00	\$1,920.00
Mobilize Workers	MWA	per person		3	\$3,000.00	\$9,000.00
Mobilize Workers	MHL	(heli to and from Rankin)		4	\$1,500.00	\$6,000.00
Accommodations	ACCM	manday	5	3	\$267.00	\$4,005.00
						<b>\$71,175.00</b>
<b>Person Power:</b>						
	<u>Reclaim Code</u>		<u>Rate</u>	<u>hrs</u>		
Env Coordinator/ Technologist	super	\$/hr	150	50		7500
Mechanic	mech	\$/hr	110	50		5500
Equipment Operator	oper	\$/hr	90	50		4500
				<b>Subtotal</b>		<b>\$ 17,500.00</b>
				<b>Contingency (25%)</b>		<b>\$22,168.75</b>
				<b>Total up to 10,000 tonnes</b>		<b>\$110,843.75</b>

**Table 4: RECLAIM v 8.0 estimator worksheet**
**Unit Cost Table (for refining unit costs see "Estimator" worksheet)**

				Low	High
<b>Accommodation</b>					
		ACCM	manday	\$163.00	\$267.00
<b>Labour &amp; Equipment Rates</b>					
	Site manager	sman	\$/hr	\$170.00	✓
	Environmental Coordinator/ Technologist	super	\$/hr	\$150.00	✓
	Equipment Operator	oper	\$/hr	\$90.00	
	Heavy Duty Mechanic	mech	\$/hr	\$110.00	
<b>Drilling &amp; Blasting, Crushing and Screening, Clearing and Gr</b>					
	Drilling and Blasting	DAB	m3	\$6.21	✓
	Crushing and Screening	CAS	m3	\$25.82	✓
	Clearing and Grubbing	SBC	m2	\$1.76	\$5.84
<b>Dozing</b>					
	doze rock piles	DR	m3	\$1.68	\$3.84
	doze overburden/soil piles	DS	m3	\$1.52	\$6.08
<b>Scarify - road/mine site</b>					
		SCFY	ha	\$7,000.00	✓
<b>Vegetation</b>					
	Hydroseed, Flat	VHF	ha	\$3,200.00	✓
	Hydroseed, Sloped	VHS	ha	\$4,800.00	✓
	Veg. blanket/erosion mat	VB	ha	\$24,960.00	✓
	Tree planting (light soil)	VT1	ha	\$8,140.00	✓
	Tree planting (medium soil)	VT2	ha	\$9,955.00	✓
	Tree planting (heavy soil)	VT3	ha	\$16,500.00	✓
	Wetland species	VW	ha		✓
<b>Mobilize Workers (round trip)</b>					
	flight (charter 20 person)	MWC	km	\$12.00	
	flight (charter 50 person)	MWC1	km	\$20.00	
	flight (commercial south to north)	MWA	per person	\$1,000.00	\$3,000.00
	Helicopter - Small (e.g. Bell 206)	MHL	per hour	\$1,500.00	
	Helicopter - Medium (e.g. Sikorsky S-76)	MHM	per hour	\$3,000.00	
	Helicopter - Heavy (e.g. CH-47 Chinook)	MHH	per hour	\$7,000.00	