

Kiyuk Demobilization Plan

Demobilization of the Kiyuk Lake camp would take place in two phases. A winter phase in order to take advantage of the ice airstrip located on Kiyuk Lake and the ability to use a Cat train to take bulky items down to Lynn Lake, Manitoba. The runway allows Montego Resources (Montego) to use larger planes with bigger payloads, which is inexpensive compared to summer float plane operation. The Cat train uses a bulldozer with a series of sleds used to move heavy gear over frozen lakes and rivers during winter.

A substantial portion of the temporary camp at Kiyuk Lake, Nunavut is rented from Discovery Mining Services. As a part of the rental agreement Discovery must remove all prospector tents and burn any wood buildings and foundations. Montego plans to employ a team of 6 people from Discovery Mining Services of a period of 10 working days each in order to completely remove camp and all materials from the area. The drilling contractor, Bodnar Drilling, has two drill rigs at site, which will need to be removed by Cat train during winter. The Cat train will also take the generators, tractors and snowmobiles to Lynn Lake, Manitoba. Existing dome structures and metal sheds will be dismantled into pieces small enough to fit inside Calm Air's cargo planes.

All equipment will be removed from structures and positioned on the runway or Cat train. The last two days of demobilization will involve several flights from Clam Air Aviation. Each flight will be capable of a 15,000lbs payload. Approximately 10 flights and one Cat train trip will be required to remove all major equipment from site.

In summer, 2 contractors will spend seven days at Kiyuk camp cleaning and removing the remaining parts of camp left from the winter phase. Wooden structures such as the kitchen, core shack and generator shacks will be burnt along with the bases of the prospector tents. All 7 prospector tents will be folded up and packed in shipping crates. During the summer a thorough cleanup of the site will be undertaken after the final dismantling of the camp.

Break Down of Winter Man Days:

Day 1 – Equipment removal from all structures.

Day 2 – Tear down of prospector tents.

Day 3 – Tear down of prospector tents continues/ destruction insulated domes and metal shacks



Day 4 – Destruction of Domes and metal buildings

Day 5 – Tear down and dismantling of salvageable equipment.

Day 6 – Packing of all goods (kitchen supplies, geo supplies, tools etc)

Day 7 – Moving all fuel tanks and large items to airstrip, clean up and packing of garbage.

Day 8 – Continue staging camp material at airstrip

Day 9 – First cargo (or equivalent) flights to remove material

Day 10 – Remaining cargo flights/ crew departure.

Break Down of Summer Man Days:

Day 1 – Arrive in camp

Day 2 – Burn all wooden bases and structures remaining in camp

Day 3 – Continue burning and begin clean of trash and debris

Day 4 – Continued Cleanup/transportation of trash and debris via Otter Charter

Day 5 – Final Clean up and reclamation

Day 6 – Pack remaining gear and garbage to landing site

Day 7 – Leave camp

Several examples for sale ads for used equipment have been provided to act as guideline for estimated salvage value on goods owned by Montego. In some cases the items listed are older or slightly different models but act as general guideline for fair market value for each item.

Also included in this report is invoice from a demobilization program in the Yukon from Discovery Mining Services. It can be used as a guideline for expected labor costs (\$500 per person/per day) associated with the demobilization. The demobilization budget estimates labor costs and other personnel related expenditures based on costs from the Yukon program.

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The New Holland tractor, Kubota tractor, gensets, incinerator and snowmachines form a substantial portion of the total expected salvage value from the project. Its salvage price is below similar units on the used market but the additional accessories (snow blower, backhoe attachment, and forestry tires) would likely be added into sale of tractor and would therefore bring the expect salvage value in line with used units.