



**SteveJan Consultants**  
192 Werra Rd.  
Victoria, BC V9B 1N4  
Mobile: 250-850-9002

**March 10, 2025**

Ms. Wynter Kuliktana  
Director - Department of Lands, Environment and Resources  
Kitikmeot Inuit Association  
P.O. Box 360  
Kugluktuk, NU X0B 0E0

**Subject: Site Assessment and Updated Interim Closure Cost Estimate for Ulu Gold Project**

## **EXECUTIVE SUMMARY**

SteveJan Consultants (SJC) has prepared an updated mine closure cost estimate for the Ulu Project site located in Nunavut, approximately 530 kilometers north of Yellowknife, NT and approximately 135 kilometers north of the Lupin Mine. The report is commissioned by the Kitikmeot Inuit Association as the administrators of the land. The update is based on a review of the most recent closure plan cost estimate prepared by others, a review of relevant recent supporting documentation and supplemented by a site inspection by the author on August 22-23, 2024.

The site was developed between 1994 and 1997 with the construction of an underground ramp and surface infrastructure in the hopes of using the orebody as a source of feedstock for the nearby Lupin Mine. From 2004 to 2006 additional drilling was undertaken. A final, limited drilling program for surface was undertaken in the summer of 2012. The site remained in a care and maintenance state until Bonito Capital Corp (BCC) undertook a number of reclamation tasks based on requirements placed on them by the KIA.

The mine project is currently owned by Blue Star Gold Corp. (BSGC), having acquired it from BCC in 2019.

The over-arching guideline for the closure plan consists of returning the site to an environmentally stable condition useable immediately for on-going exploration and ready for possible mining again in the future. It has been given the name of an Interim Closure and Reclamation Plan (ICRP). Thus elements such as the current mine portal and access to underground mine workings will not be permanently blocked, site re-contouring and potential ML/ARD concerns with the waste rock used extensively to build pads for site facilities will not

be addressed at this time, but that major site infrastructure not required for a resumption of future mine development is to be removed and the land is to be physically and chemically stabilized in the interim.

The costing includes removal of most structures, impounding wastes and debris and environmental monitoring as specified in the Nunavut Water Board Water Licence and KIA Land Use License.

Based on this report the updated interim closure cost estimate as of November 2024 is \$1.74M. This has been adjusted slightly after a January 20, 2025 meeting between BSGC, the KIA and their respective consultants. The number is lower than the latest SJCI cost estimate of \$2.489M from June 2023 (SJCI being the previous corporation that the author operated under) and the \$2.554M estimate undertaken for BSGC by SRK in April of 2020 which was included as Appendix C in BSGC's March 2021 Interim Closure and Reclamation Plan.

Current financial security held by CIRNAC and the KIA for the project amounts to \$2.629M. The current ICRP closure cost estimate confirms the significant amount of progressive reclamation work the Company has undertaken and that there is a potential reduction in security of ~\$900,000.

The split between land and water related costs for this interim reclamation program was found to be approximately 4/5 land and 1/5 water, as the KIA is to hold security for the land-related portion of the liability and CIRNAC holds security for the water-related items.

# 1 Contents

<b>1. INTRODUCTION.....</b>	<b>5</b>
<b>1.1 Background.....</b>	<b>5</b>
<b>1.2 Scope of Work.....</b>	<b>5</b>
<b>2 REVIEW CONTEXT .....</b>	<b>6</b>
<b>2.1 Closure Criteria .....</b>	<b>6</b>
2.1.1 Regulatory Regime .....	6
2.1.2 Corporate Requirements.....	7
<b>2.2 Closure Plan and Closure Cost Estimate Development.....</b>	<b>7</b>
2.2.1 Previous Mine Closure Plans and Closure Cost Estimates .....	7
<b>3 CURRENT SITE CONDITIONS.....</b>	<b>8</b>
3.1.1 Main Site and Underground Mine.....	8
3.1.2 Camp 3 Area.....	9
3.1.3 Site Roads and Airstrip .....	9
<b>3.2 Main Buildings and Equipment.....</b>	<b>9</b>
3.2.1 Buildings and Structures .....	9
3.2.2 Equipment.....	10
<b>4 RECLAMATION ACTIVITIES .....</b>	<b>11</b>
<b>4.1 Previously Undertaken Reclamation Activities.....</b>	<b>11</b>
<b>4.2 Reclamation Activities Completed This Past Year (2024) .....</b>	<b>12</b>
<b>4.3 Planned Future Reclamation Activities .....</b>	<b>12</b>
4.3.1 Short-Term (2025) .....	12
4.3.2 Medium-Term (2026-2027).....	13
4.3.3 Remainder of Current Water Licence Duration (2028-2030).....	13
4.3.4 Final Closure.....	14
<b>5 PROGRESSIVE RECLAMATION CLOSURE COST ESTIMATE OBJECTIVES, ASSUMPTIONS AND DESIGN CRITERIA .....</b>	<b>14</b>
<b>5.1 Objectives.....</b>	<b>14</b>
<b>5.2 Assumptions .....</b>	<b>14</b>
<b>5.3 Design Criteria .....</b>	<b>15</b>
<b>5.4 Direct Costs.....</b>	<b>15</b>
5.4.1 Demolition of Buildings and Structures (T. 1.1) .....	15
5.4.2 Non-Hazardous Materials Waste Landfill (T. 1.2).....	17
5.4.3 Soil Treatment Facility (T. 1.3) .....	17
5.4.4 Surface Ore/Waste Rock Management (T. 1.4 & 1.5) .....	17
5.4.5 Mine Workings (T. 1.6).....	18
5.4.6 Hazardous Materials Management (T. 1.7) .....	18
5.4.7 Borrow and Quarry Area (T. 1.8).....	19

5.4.8	Construction Material Transport to Site (T. 1.9).....	19
<b>5.5</b>	<b>Indirect Costs</b> .....	<b>19</b>
5.5.1	Mobilization and Demobilization (T. 2.1) .....	19
5.5.2	Water Quality Monitoring and Reporting (T. 2.2) .....	20
5.5.3	Waste Rock ML/ARD Investigations (T. 2.3) .....	22
5.5.4	Other Required Inspections and Assessments (T. 2.4) .....	22
5.5.5	Bonding & Insurance (T. 2.5) .....	22
5.5.6	Health & Safety (T. 2.6).....	22
5.5.7	Project Management (T. 2.7) .....	22
5.5.8	Engineering (T. 2.8) .....	23
<b>5.6</b>	<b>Contingencies</b> .....	<b>23</b>
<b>5.7</b>	<b>Land Versus Water Reclamation Costs</b> .....	<b>24</b>
<b>6</b>	<b>CONCLUSIONS AND RECOMMENDATIONS</b> .....	<b>25</b>
<b>6.1</b>	<b>Conclusions</b> .....	<b>25</b>
<b>6.2</b>	<b>Recommendations</b> .....	<b>26</b>
	<b>REFERENCES</b> .....	<b>28</b>

## APPENDICES

### Appendix A: Progressive Reclamation Cost Estimate Tables

## **1. INTRODUCTION**

### **1.1 Background**

Steve Januszewski of SteveJan Consultants (SJC) has prepared this assessment of current site reclamation activities and a mine closure cost estimate based on a review of relevant reports on closure plan aspects for the site after acceptance of an SJCI Proposal dated June 10, 2022 to Ms. Wynter Kuliktana, now Director of Lands, Environment and Resources with the Kitikmeot Inuit Association (KIA).

The entire project area is located on Inuit Owned Lands in the Kitikmeot Region of Nunavut. The KIA is the Regional Inuit Association for the Kitikmeot Region of Nunavut.

This revised cost estimate considers decommissioning and reclamation liabilities at the Ulu Gold Project site as of November 1, 2024.

Mr. Januszewski, previously with SJCI and now SJC has been involved with Ulu Gold Project on behalf of the KIA since 2015. Mr. Januszewski of SJCI dropped his P. Eng. accreditation by the BC Professional Engineers association (EGBC) but has continued as an independent consultant with SteveJan Consultants (SJC) due to his knowledge of the site and historical activities undertaken there. This consultant's work has involved the review of closure plans and cost estimates by the previous owners, preparation of independent closure cost estimates, site assessments and reviews of various documents prepared by the previous owner (Mandalay) and the current site owner, BlueStar Gold Corp (BSGC) and their professional consultants.

### **1.2 Scope of Work**

The scope of work includes a review of the reclamation progress and an updated independent first order cost estimate (AACE Class 3) for the interim closure of the site. The cost estimate was also to break-out costs as being either direct or indirect costs and whether they are water or land-related, as requested by the KIA.

To assist in the preparation of this report the author undertook a site visit of the Ulu Gold Project on August 21-22, 2024 accompanied by Mr. Darren Lindsay – Vice President Exploration of BSGC and their consultant, Darryl Godley of SRK Consultants.

This report considers discussions held with BSGC, their consultants SRK, and the KIA including a face-to-face meeting in Vancouver on January 20, 2025 where updated ICRP closure cost estimates by SRK (for BSGC) and SJC (for the KIA) were compared and a consensus was reached on adjustments to both to arrive at an agreed-to final number. This will permit a refund of a portion of the securities put up by BSGC and enable them to undertake some purchases of heavy equipment for the site.

This report is based on information available to the author at the time of its preparation. It has been produced by SteveJan Consultants for the KIA. SJC accepts no liability for its use by any other party.

## **2 REVIEW CONTEXT**

### **2.1 Closure Criteria**

#### **2.1.1 Regulatory Regime**

There are three lead licences which authorize the Ulu project. These include:

- Type 'B' Water Licence 2BM-ULU2030, with a 10-year term issued by the Nunavut Water Board (NWB) to BSGC on May 14, 2020 and includes a water quality and quantity monitoring program (until May 2030) as well as progressive reclamation of existing infrastructure and lands; and
- Land Use License KTL311-C013 issued by KIA, was originally issued on July 15, 2015. A temporary renewal was issued in June 2019 permitting access in order to comply with the Water Licence.
- Advanced Exploration Lease Between Kitikmeot Inuit Association and Blue Star Gold Corp, Lease # KTAEL22C014, June 6, 2024 with a 10 year term. The Agreement covers certain additional areas for use by BSGC and also specifies a number of conditions concerning the use of the land and includes a section on closure and reclamation obligations.

BSGC holds a renewable 21-year Crown Mining Lease No. L-3563 which was renewed on July 17, 2019. It includes the Ulu property as well as the adjacent Hood River property.

The current closure plan the Company is working towards what is being called a "Progressive Reclamation Plan" (a.k.a Interim Closure Plan), both of which signify a reclamation of the site that addresses the larger site debris and physical and environmental issues but leaves the site amenable to possible future mine exploration activities and mine redevelopment. A final permanent closure plan and corresponding closure cost estimate with appropriate financial security for that plan will be addressed in future licensing of the site.

##### ***2.1.1.1 Nunavut Water Board***

The NWB issues licences for projects such as the Ulu Gold Project. It has issued the Water Licences for BSGC and the site's previous owners.

The current Water Licence directs the Licensee to undertake progressive reclamation and to undertake assessments to further understand site conditions towards reopening the site to operations or closure of the site and to take a staged approach utilizing Licence amendments to allow the parties to review closure task details and the security proposed for each stage.

### 2.1.1.2 Kitikmeot Inuit Association

A number of conditions are included in KIA Land Use License KTL311-C013 that apply to aspects dealing with reclamation of the Ulu site. Two examples include:

*14. The Licensee shall dispose of all combustible, non-hazardous waste products by incineration or removal from the lands. All hazardous or non-combustible waste must be removed from the lands before the term of this License expires.*

*25. All disturbed areas must be restored in a manner acceptable to Kitikmeot Inuit Association.*

The Mining Policy document of the Nunavut Tunngavik Inc. (NTI 1997) also includes a number of objectives and goals concerning mining in Nunavut. The Policy includes a Guiding Principle and 5 Objectives, the first of the Objectives being:

*Minimize the Negative Impacts: Ensure that exploration and mining will be planned and carried out in a way which will have the least possible negative impact on the environment, wildlife, habitat, and on the lives and culture of Inuit*

It then includes statements supporting Objective 1: Minimize the Negative Impacts, with a number of bullets including:

- *NTI requires that mines be planned, operated, closed and decommissioned, and disturbed lands be reclaimed, all in an environmentally sound manner. [and]*
- *NTI insists that any disturbed land be returned to a safe, stable and productive condition.*

### 2.1.2 Corporate Requirements

Background closure and sustainability documents by BSGC were reviewed as part of the writing of this report. This included the Company's Environmental, Social and Governance Policies, Reports and Practices and most specifically their *Responsible Mineral Exploration & Development in Nunavut, Canada* document dated 2024 and available at <https://bluestargold.ca/images/pdf/ESG/BAU%20ESG-2024.pdf>.

## 2.2 Closure Plan and Closure Cost Estimate Development

### 2.2.1 Previous Mine Closure Plans and Closure Cost Estimates

#### *Closure Plan Assessment by SJC*

Previous SJCI reviews of the preferred closure plan approach for the Ulu site have identified a concern due to the isolated nature of the site and whether the appropriate equipment to implement a comprehensive closure plan is on the site already and if not what can be done with the existing equipment or does significant capital need to be spent to construct a winter road to get the right equipment (and supplies and materials) to close the site. This is due to the significant amount of large equipment that was brought to site by winter road during the

original establishment of the site. The decision and approval by the KIA to go with what is currently on site is also partially due to the recent reclamation of the Lupin Mine site that may have been able to take some of the equipment or to help share the costs of constructing a winter road to tie into the annually constructed Tibbit Contwoyto winter road used by the NWT diamond mines. But with reclamation of the Lupin Mine significantly completed that option is no longer a consideration.

### 3 CURRENT SITE CONDITIONS

The advanced exploration site currently contains the following three areas:

- 1) the main site area with access to the underground, surface support buildings, a new non-hazardous waste landfill and various infrastructure;
- 2) Camp 3 area with areas that once contained one building and a large bulk fuel tank farm which have been removed and outlying borrow eskers (still in use); and
- 3) an airstrip and 14 km of connecting roads linking all of the areas.

Below is a listing of site equipment and disturbances, based on a review of documents, communications with various people and the author's site visit in late-August 2024.

#### 3.1.1 Main Site and Underground Mine

The total volume of material brought to surface from the underground mine consisted of 2,227 m<sup>3</sup> of ore and 126,900 m<sup>3</sup> of waste rock (BSGC 2021a). The material currently on surface is placed at a number of locations including:

- Camp Pad - waste rock-14,920 m<sup>3</sup>, surface area of 92,342 m<sup>2</sup>;
- Ore Pad - waste rock-19,157 m<sup>3</sup>, surface area of 15,964 m<sup>2</sup>;
- Mine Sump – ore, estimated volume of 1,222 m<sup>3</sup>;
- Portal Pad - waste rock-5,000 m<sup>3</sup>, surface area of 6,311 m<sup>2</sup>;
- Airstrip and apron areas (~2.3 ha); and
- Portal Plug - waste rock - 500 m<sup>3</sup> located just inside portal

The mine decline was driven and is reported as being ~1762 m long (BCC ICRP 2013) and includes a number of cross-cuts that intersect ore. Waste rock was hauled out of the mine and used to build two pads outside the portal (one for waste rock and one for ore). A quantity of ore was pulled out of the mine (~1,222 m<sup>3</sup>) and was placed on the ore pad. It is understood that the ore has been removed from the ore pad and is now stored in the mine sump. The ore pad now has several covered piles of ML/ARD potential waste rock from the recent clean up of 2 areas of concern along site roads and waste rock along the edges of the ore pad.

The underground mine is currently closed with a temporary barrier to human access consisting of 2 stacked sea-cans across the opening. It is understood that a rockfill plug was previously used to seal the mine portal after underground work was last completed.

The vent raise is currently closed using a wooden and rockfill cap which appears to have remained intact without any signs of settlement based on a visual inspection from surface. This

plug and cap have been previously signed off by a contracted geotechnical engineer for Mandalay but is considered to be inadequate as a permanent cap. An engineered concrete cap is typically required in most jurisdictions.

### 3.1.2 Camp 3 Area

The area had previously contained a large fuel tank farm, and a shop building.

During the August 2024 site visit, all structures in the area have been removed as had been noted following the author's 2022 site visit. The tank farm tanks have all been cleaned, cut up and disposed of in the new landfill as have the remnants of the shop building, and the parked heavy mobile equipment was moved back to the main camp area, and some of it has also been buried in the landfill. A number of pieces remain for current use and/or for possible future use and if not then for disposal in the landfill or back-hauling to Yellowknife.

Beyond the Camp 3 area are a number of eskers and a quarry that were used for borrow materials for building the roads and pads throughout the site. The areas continue to be a source for clean sand fill materials for use for purposes such as the fill around and covering of the new landfill. This material may also be utilized as cover material for the overall site as a protection against potential long-term metal leaching and/or acid rock drainage (ML/ARD) seepage from the waste rock making up the pad area. Two empty sea-cans that were used as explosives and caps magazines along the road to the eskers have been removed and disposed of in the new landfill.

### 3.1.3 Site Roads and Airstrip

A series of roads totally some 14 km and containing some 6 culverted stream crossings connect the scattered facilities from the esker area to Camp 3, to the airstrip and then to the main camp area including the portal, vent raise and ore pad areas.

A 1,200 m long airstrip is located along the route between the Main Camp Area and Camp 3. Due to deterioration of the airstrip over the past few years it requires an annual check and will require maintenance work with heavy equipment before larger aircraft would be permitted to use the strip again. However, smaller aircraft as have been used to transport personnel and equipment and consumables such as drums of fuel are permitted.

There is a storage area adjacent to the apron area of the airstrip where a number of items are laid down as part of staging materials being received or readied for removal by aircraft. Additionally the area also contains materials being stored for the ongoing site exploration and reclamation programs including fuels, and drilling and miscellaneous supplies.

## 3.2 Main Buildings and Equipment

### 3.2.1 Buildings and Structures

The main buildings and structures include:

- A re-vamped Main Camp consisting of a wooden connector corridor which tie together a number of Weatherhaven sprung structures being used as offices, the kitchen area, dry facilities and a number of newer ones used as accommodations. Several of these were brought in by BlueStar when a camp at their Hood River site was moved back to Ulu in 2020;
- The historic Weatherhaven shop structure (~30m L x 16m W x 8m H) has been removed along with its partial wood flooring;
- A small number of out buildings for the electrical generators and panels, an incinerator, sewage water handling systems, etc.;
- A stand-alone exploration (core-logging) wooden building and adjacent core cutting shack; and
- Caches of exploration core trays at both the main site and the Camp 3 area, all stored outdoors, without cover.

The containment area of the original (smaller) camp fuel tank farm has been re-tasked for the storage of potentially contaminated hydrocarbon (PHC) soils that were collected and placed in this area in 2019.

### 3.2.2 Equipment

#### 3.2.2.1 *Mobile Equipment*

As mentioned previously, the first two rounds of permanently impounding mobile equipment into the new landfill has already been undertaken. Most of the underground mobile equipment has been placed into the landfill. Approximately 8-10 pieces of mobile equipment remain on surface; some of which will be required for ongoing reclamation and some may be utilized if mine redevelopment proceeds. An assessment has been undertaken of all the equipment to determine required repair work to make the individual pieces usable again and to estimate their likely service life. A comprehensive listing and the condition of all the remaining equipment was provided to the author as part of this assessment.

Mobile equipment currently remaining on surface includes:

- 1 5 ton flat-bed truck-Ford;
- 1 20 passenger bus – Ford (also used as a medical evacuation vehicle);
- 1 excavator - Cat 311;
- 1 grader- Cat 14G;
- 1 tracked dozer – Cat D8N;
- 1 packer – Cat CS-563;
- 1 Foremost Commander swamp floater truck;
- 1 front end loader - Cat 966D;
- 1 surface haul truck - Cat 769C;
- 1 tri-axle flat bed – Peterbilt 357;
- 1 small skidsteer (Case Model SR200) forklift; and
- 2 Kubota side-by-side utility vehicles

### 3.2.2.2 Fixed Equipment

Fixed equipment at the main site includes:

- Fresh water supply system consisting of a screened pump and piping from West Lake to the camp, a large outdoor storage tank, inside day tank, hot water heater, distribution piping, etc.;
- Grey-water system consisting of distribution piping, settlement/holding tank and a discharge pipeline to East Lake that was upgraded in 2021;
- Welding machines, heaters and air compressors;
- A communications tower; and
- An electrical system consisting of several diesel-powered generators inside sea-cans or small buildings recently relocated to further away from the main camp, an outdoor main electrical transformer and buried distribution wiring to the various end users. No overhead electrical wiring with poles was seen. The system has been re-energized and is being utilized for the camp, equipment maintenance and core logging facilities.

On-going fuel requirements for all of the equipment are being provided by drummed fuel during 2024 located at several bermed and lined caches across the site.

## 4 RECLAMATION ACTIVITIES

### 4.1 Previously Undertaken Reclamation Activities

A number of reclamation measures were undertaken by the previous site owners prior to BSGC acquiring the site. Since that time BSGC has been undertaking an agreed-to list of reclamation measures.

In 2021 BSGC completed construction of a new non-hazardous materials landfill and impounded the following materials within it;

- Tank farm tankage from Camp 3 and the smaller mine camp tank farm that were cleaned, cut up and then disposed of;
- Mobile and fixed equipment no longer required or beyond repair that were previously stored in several laydown areas around the site; and
- Accumulated debris from previous operations at the site

Additional material has been added to the facility during the 2023-2024 summer seasons.

An interim cover has been placed over the impounded debris in the landfill facility pending the re-opening of a portion of it in 2026 for storing what may be the final addition of materials for impoundment. A permanent cover will be required once no additional material requires placement in the facility.

BSGC has commissioned SRK for a number of projects related to site reclamation including undertaking ML/ARD and Hydrocarbon contamination surveys of the site and the initial reports on these were provided in the 2021 ICRP (BSGC 2021a). Updates to these reports were issued in 2022 followed by an update to the ML/ARD potential assessment (SRK 2024a). The

Company also commissioned SRK to undertake a review of possible alternative site reclamation strategies to deal with the longer-term ML/ARD concerns of the waste rock utilized across the site to form the pads for the mine area (SRK 2022a). An update to this is pending along with a ML/ARD Management Plan which will outline how the site will be prepared for the long term.

In 2021, two small areas with ML/ARD waste rock were removed and replaced with clean fill from the esker area. These included a depression and a culvert (No. 6) on the road and a section of roadway near Camp 3. ML/ARD soils from the cleanup of these areas were placed atop the ore pad and under tarping pending a long-term storage plan.

The previous temporary Hood River Camp was dismantled, moved to Ulu and the area was cleaned. The author flew over the area during his 2022 site visit and all that remained were a number of exploration core trays. The area was not revisited in 2024 by the author.

## **4.2 Reclamation Activities Completed This Past Year (2024)**

BSGC has continued proactively remediating environmental liabilities as they are identified. A selection of these undertaken in 2024 included:

- In late June to early July the temporary cover on the landfill was peeled back and a number of additional pieces were impounded within it. It was then re-covered with a temporary cover and re-contoured to encourage slow shedding of surface water;
- PHC contaminated soil stockpiles were sampled to check on current contamination levels. On-going shuffling/re-mixing of stockpiled materials has been undertaken to encourage aeration and further breakdown the PHC contamination. Materials that now meet the criteria for use as fill in the landfill were set aside;
- Previous waste/debris laydown area soils were sampled to check for potential PHC contamination to determine remediation requirements and/or useability within the landfill;
- A historic (~1966) electrical transformer recently discovered was decontaminated and prepared for impoundment in the site landfill in 2025;
- The large Shop Building was dismantled and removed and the large flooring panels that covered a portion of the underlying waste rock/esker pad within the building were set aside; and
- Site-wide ML/ARD investigations continued to 1) study the delay to onset of ARD conditions and 2) to evaluate thermal covers. These involved 1) seepage studies and rinse pH testing of the industrial pads and 2) two instrumented test plots, one of waste rock covered with esker material and one without any cover

## **4.3 Planned Future Reclamation Activities**

### **4.3.1 Short-Term (2025)**

This year will likely include the following elements being undertaken:

- Separate out previously contaminated PHC soils in the temporary impoundment that now meet criteria for their use in on-going site reclamation. Consider including any

materials from the now accessible base and underlying soils of the historic Shop Building where previous sampling programs have identified a number of areas of concern;

- Construct and begin to operate a down-sized Soil Treatment Facility by loading it with soils requiring passive PHC contaminated soils remediation;
- Continue water quality sampling and reporting as required by NWB Water Licence and the voluntary sites as identified by BSGC with the on-going site characterization and ML/ARD seepage sampling program (2022 & ongoing);
- Continue to refine a Metal Leaching / ARD Management Plan for the site and the ultimate Abandonment & Restoration Plan (A&R Plan) for the site with SRK's guidance;
- Continue shipping out hazardous materials as they are found or generated during mine exploration activities;
- Remove any pockets of potential ML/ARD materials as they are found and place them on the Ore Pad in the existing stockpiles there;
- Peel back the temporary cover on non-hazardous waste landfill, impound final pieces of equipment within it and re-apply the cover. The items to impound include a historic generator and several pieces of mobile equipment including one piece of heavy equipment (an U/G haul truck) that was missed from previous cleanings; and
- Continue cleaning of old exploration drill sites and capping drill collars, where applicable

#### 4.3.2 Medium-Term (2026-2027)

The next phase of the interim / progressive reclamation phase will include the following elements:

- Operate the Soil Treatment Facility including turning over the contained soils as required, anticipated to last up to 4 years;
- Place the two-layered final cover over the non-hazardous waste landfill;
- Evaluate results of the site ML/ARD sampling program and thermal cover study;
- Continue site monitoring (including metal uptake assessments) and reporting; and
- Issue the ML/ARD Management Plan and re-issue an updated ICRP and associated closure cost estimate.

#### 4.3.3 Remainder of Current Water Licence Duration (2028-2030)

The final period covered under the Current Water Licence and part of the progressive reclamation program will include the following:

- Continue site monitoring and reporting;
- Continue to operate the STF, as required;
- Implement a ML/ARD Management Plan as part of a final A&R Plan; and
- Introduce new closure elements or mine development plans through Water Licence amendment applications, as required.

#### 4.3.4 Final Closure

Although not included in this report, final closure will likely consist of the following tasks after those in the previous stages have all been completed:

- Permanent closure of the two openings to the underground mine;
- Complete implementation of the ML/ARD Management Plan;
- Final recontouring of all disturbed lands, flattening any perimeter slopes of raised pad areas and decommissioning all of the site roads as part of an overall A&R Plan; and
- Post-closure monitoring and maintenance to ensure closure objectives are met.

## 5 PROGRESSIVE RECLAMATION CLOSURE COST ESTIMATE OBJECTIVES, ASSUMPTIONS AND DESIGN CRITERIA

### 5.1 Objectives

Interim closure for the Ulu site will have the site left in a state that will enable possible redevelopment. Safety and environmental hazards will be addressed.

The work plan is to comply with the latest Interim Closure and Reclamation Plan (BSGC March 2021) with an update currently pending.

No rehabilitation of underground mine workings is to be undertaken. No access to the underground will be made during the progressive reclamation program. The two points of ingress into the underground mine are closed with durable but temporary structures.

### 5.2 Assumptions

- Costing is in 2024 Canadian Dollars. No NPV calculation have been undertaken on any of the costs;
- A number of estimates of work effort and costing have been provided by Mr. Darren Lindsay (VP-Exploration for BSGC) which have been reviewed by the author and accepted. These have been identified in the costing tables;
- Similarly a number of estimates have been provided by BSGC's lead geotechnical consultant Mr. Darryl Godley – P. Eng of SRK Consultants. These have been accepted by the author. These have identified in the costing tables;
- A number of task unit rates and equipment and labour rates used in the costing tables are ones that SJC has used and/or seen used for other similar northern projects;
- In addition a portion of the work effort, volume and quantity estimates and unit cost rates provided by SRK in their latest interim closure cost estimate (App. C of BSGC 2021a) are utilized herein as the author is in general agreement with the majority of the items detailed in that report. The layout of the costing tables provided in Appendix A of this report is also similar to that used by SRK in theirs to enable easier comparisons of the two consultants' reports;
- The bulk of the remaining active site reclamation work will extend through 2025 and 2027. Interim closure and post-closure monitoring will extend another 3 years for a total of 6 additional years (to 2030) as stipulated in the NWB Water Licence;
- The area to be reclaimed is limited to the Ulu site alone. The adjacent Hood River and Roma sites are not included;

- Existing heavy mobile equipment are being utilized in undertaking the interim closure measures; i.e.; no additional heavy equipment was to be brought in to undertake the reclamation work to date, although several older but critical pieces are proposed to be replaced with new pieces in 2025-2026;
- Un-painted wood from the various site structures will be burned. Clean putrescible waste and Pacto toilet products will be incinerated with the ash being flown back to Yellowknife for disposal;
- Additional non-hazardous materials will be impounded in the site landfill;
- Hazardous materials will be removed to licensed off-site facilities for treatment;
- The historic inventory of loaded exploration drill core trays will remain; and
- No active treatment of site seepage and runoff waters is considered to be required at this time.

### 5.3 Design Criteria

Several of the components of the progressive reclamation program will have engineered design criteria. These include the non-hazardous material landfill and the Soil Treatment Farm. Other elements that will have engineering designs will include the various covers that will be applied over various areas of the site including ore in the mine sump, ML/ARD identified waste rock piles (several are currently atop the ore pad and covered with tarping) and possibly several others.

The closure costing cost centers have been separated depending on whether they are considered to be Direct Costs or Indirect Costs. The Direct Costs are the costs incurred to undertake the actual work tasks that will reclaim the project site. The Indirect Costs are those expenditures that need to be made to enable the tasks listed in the Direct Costs section to be undertaken; they are considered to be support costs.

This next section of the report has been divided into the Direct and Indirect Costs and beneath each are included the discussions of work proposed and the basis on how the specific numbers (both the quantity and volume numbers) used in the individual costing tables were determined. These are then included in the accompanying costing spreadsheet in Appendix A.

The last sub-section includes a discussion on the terrestrial/land costs versus the water reclamation costs as this is important to the KIA to enable the separation of the costing liabilities into those two categories as they are held by different parties.

### 5.4 Direct Costs

The cost estimate numbers are found in the Tables provided in Appendix A of this report.

#### 5.4.1 Demolition of Buildings and Structures (T. 1.1)

Buildings and structures at the Ulu project include the Camp area buildings which are mostly Weatherhaven-type sprung tent structures as well as several historic residual buildings and structures. These were outlined in Section 3.4.1. The total volume of buildings and structures to be dealt with is based on a volume calculation undertaken by SRK in 2020 using drone

photography updated only by removing the volume of the previous Shop building, which has been demolished. This has been further updated slightly realizing changes to the structures since that time.

Refer to Table 1.1 (T. 1.1) in the costing tables for the details of the work included and associated cost estimates.

The various buildings and structures will be emptied of contents, disconnected from services, and prepared for disposal in the landfill or removal from site if required. The RECLAIM 7 costing program was used, at a reduced rate (50%) due to most structures being made of wood, sprung tent structures or ATCO-style trailers without any foundations. It is also assumed the structures do not contain asbestos or mold. If an initial assessment of the camp and various trailers and sea-cans indicates there may be a problem, appropriate additional cost provisions will need to be added. However, this has not been observed to date.

#### Electrical System

The site electrical system has been partially re-activated for the current reclamation program. Upon the decision to shutdown all site electrics is made the existing system will be de-energized, dismantled and removed.

#### Storage Facilities-Sea-Cans and Trailers

A number of sea-cans and trailers have been used for a variety of purposes primarily for storage of supplies but also as offices, mini-warehouses, housing of gensets and electrical equipment, etc. Most were impounded in the site landfill. The remaining ones will be cleaned of contents, disconnected from any services and with the assumption there are no asbestos or mold issues or other hazardous wastes in the units, as with the buildings, mentioned above.

#### Water and Wastewater Treatment

The previous fresh-water supply and wastewater treatment systems have been decommissioned and the pipelines for fresh water from West Lake and discharges of treated black water & grey water to East Lake have been removed. Water is currently sourced by truck from West Lake and bottled potable water is brought to site. Pacto toilets are used for human waste, followed by incineration and removal of the incinerator ash to offsite.

#### Exploration Building

The stand-alone exploration buildings will likely remain in the interim. The buildings are constructed of wood and it is suspected most of them can be disposed of by burning them at an appropriate time. Their contents were not checked during the last site visit. When they are to be removed they will be emptied of contents, disconnected from services, and torn down with debris going into a burn pile or into the landfill, as with other site structures.

#### Foundations / Concrete Pads

The entire camp complex is constructed of detachable mobile units and thus, there are no building foundations at the site. The only poured concrete foundation /pad observed during the author's site visit was the vehicle wash pad located outside in the main camp area. It is estimated to have an area of 85 m<sup>2</sup>.

### Debris

The vast majority of debris from previous operations found in a number of the laydown areas has already been impounded by BSGC in the new non-hazardous waste landfill or back-hauled away from site.

The remaining non-burnable debris material from the camp and laydown areas, the various buildings as well as the boneyards/laydown areas will be consolidated and then disposed of in the landfill or removed from site.

#### 5.4.2 Non-Hazardous Materials Waste Landfill (T. 1.2)

The landfill facility will be re-opened one last time in 2026 to enable impoundment of remaining equipment and debris that are no longer required.

Work tasks envisioned to complete the operation of the landfill and prepare it for long-term closure include peeling back the interim cover, placement of additional waste materials, and then placing, spreading, compacting and grading of a two-layered final cover. Additional work will be required to ensure grades prevent ponding of water on the surface of the facility, as well as prevention of excessive slopes and thus possible erosion to be supplemented with up-slope diversions to direct surface water away from flowing onto the facility but rather around it.

A number of the volume estimates used herein were derived from the work undertaken by SRK (BSGC 2021a, App. C by SRK 2020) due to their involvement in designing and constructing the facility as well as overseeing its impoundment of materials and the placement of an interim cover over it after it was filled with available materials on several occasions to date.

#### 5.4.3 Soil Treatment Facility (T. 1.3)

The construction of a Soil Treatment Facility is yet to be completed although a smaller facility is now envisioned than was originally designed due to the nature decontamination of some of the PHC contaminated soils. The latest size estimate for the facility is now 30-40% of the original design to impound 4000m<sup>3</sup> of contaminated soils. Its initially proposed location has been changed and a revised location for the facility at a new location has not been seen by the author. As a result, this report utilizes the revised volume and work estimates previously provided by SRK (BSGC 2021a, App. C by SRK) and adjusted downward.

Final closure of the facility will consist of removing the impounded (now-clean) materials, and using them for reclamation, disposing of the base liner via backhaul from site or into the landfill, and then pushing down & re-grading the perimeter berm materials.

#### 5.4.4 Surface Ore/Waste Rock Management (T. 1.4 & 1.5)

Most of the areas comprising the various pads and roads were built up with waste rock and were later top-dressed with finer material from the esker borrow source.

Terrain stabilization will be required through re-grading to reduce the risk of erosion of any sloped surfaces.

Due to the harsh natural tundra terrain in the area of the Ulu site, re-vegetation efforts will be limited to scarification of the ground surfaces so as to promote natural invasion of native species. However, a metal uptake assessment will be undertaken to assess the success of the natural invasion and potential vulnerability to metal uptake by the plants from any ML/ARD soils in which they are growing.

#### Mine Sump

The mine sump located just outside of the portal has historically been used to collect minewater prior to discharge. It had been used to store a small quantity of ore material (~50 m<sup>3</sup>) within it during operation. It has been filled more recently with ore materials from adjacent areas and is believed to currently contain some 400 m<sup>3</sup> of ore material which is not PAG material (BSGC 2023a). As a result, proposed work will be limited to some minor grading of its surface followed by placement of a liner and soil cover. Costing for this has been included.

#### Exploration Drill Core Storage Racks

There are currently over 1500 loaded core trays at the main camp area and another few dozen or so at the previous Hood camp site. These will be retained for future use. No costing has been provided for their ongoing maintenance. It is in BSGC's best interest to keep these orderly.

#### 5.4.5 Mine Workings (T. 1.6)

#### Portal

The portal at the opening of the underground mine is 5.2 m x 4.9 m in size. It is currently blocked with two full-sized stacked shipping containers. No work is planned to gain access to the underground mine as part of the interim progressive reclamation program.

#### Vent Raise

A tarp-covered rockfill cover of unknown construction is in place. No information on the construction details for the cap has been found. However, no obvious settlement of the surface rockfill cover has been observed over the past few years. A permanent engineered structure will eventually be required as part of the future final closure of the site.

#### 5.4.6 Hazardous Materials Management (T. 1.7)

Significant work has been undertaken to clean the site of residual hazardous materials including vehicle batteries, fuel storage (tanks, cubes, etc.) and more recently under BSGC's presence to inventory PHC contaminated soils and develop remediation plans. This work will continue as additional materials are found, and either remediated on site and/or removed from site for permanent disposal.

Also included are the PHC-contaminated soils exposed with the removal of the Shop Building earlier in 2024. A number of samples were taken in September, 2024 by contractor KEL as

well as in 2019 (by SRK & SJCI) to determine the extent of the contaminated soils but this task must be included as the material has yet to be removed and tested to confirm the full aerial extent and depth of soils to be removed and placed into the appropriate stockpile. The author has not seen the final report from KEL's work on this.

#### 5.4.7 Borrow and Quarry Area (T. 1.8)

A significant area of clean esker material located beyond the Camp 3 area has been utilized for clean fill for construction of the mine pad and more recently for construction of the landfill. It will continue to be utilized during reclamation. Upon completion of reclamation activities, the area will be recontoured.

#### 5.4.8 Construction Material Transport to Site (T. 1.9)

An on-going selection of smaller equipment will be required during the reclamation work on site. Provision for getting these to site has been included under the Mob & Demob heading, below.

The only items flagged for inclusion here are the liners for the new STF and revamped Mine Portal sump.

Proposed new heavy equipment for the site has not been included here.

### 5.5 Indirect Costs

The costs included in this section are those supporting the active work undertaken under the Direct Costs heading.

#### 5.5.1 Mobilization and Demobilization (T. 2.1)

Current site occupation consists of a 90-day period (~June1-Aug30) annually. It is being commissioned and decommissioned every spring and late summer for seasonal use.

The two active summer work periods of the reclamation program would likely require approximately 90-120 days with a 6 man-crew in 2025 and 2026 including final work on the landfill and construction and loading of the new STF. A smaller 3 man-crew will be required in 2029 to dismantle the STF and spread the now-clean soils. Existing mobile equipment already on site will be utilized. Minor amounts of work required during the interim period of 2026-2028 for tasks such as tilling the material in the STF will be undertaken by the exploration or care and maintenance work force already on the site seasonally. In 2028-2030, environmental monitoring and inspections of disturbances will continue as per the Water and Land Use Licences but no maintenance work is anticipated. Remedial work required under the pending ML/ARD Management Plan has not been included in this Costing (except with a \$200K provision as a place marker) but will be addressed in detail in the next ICRP and updated costing to be undertaken within 2 years.

Site manpower requirements have been discussed with D. Lindsay of BSGC. This report has agreed with putting the split of site seasonal workforce costing at 85:15 exploration:reclamation for the entire period 2025 to 2030 after more investigation of the available historic detailed costs. Previously the split has been 80:20.

#### Mobilize Misc. Equipment

There will be minimal additional equipment and supplies required to be brought in unless several new heavy equipment pieces are purchased to replace old equipment. The large pieces would be done by heavy-lift aircraft. Additional equipment required would likely include:

- Consumables for the camp;
- Various equipment types for the ongoing cleanup of the site which would include compressors, welders, cutting equipment, etc;
- Empty barrels and/or megabags for the disposal of materials required to be flown off-site; and
- A barrel crusher for crushing empty, cleaned barrels for impoundment in the landfill.

#### Camp – Mobilization and Operation

The legacy Ulu camp has already been re-commissioned for use and was in operation in the summer of 2024 when the author was on site. Therefore, no major work is anticipated. The current camp configuration is adequate for the active reclamation phase of the closure plan. No provision has therefore been included for constructing a new camp.

The costing includes the annual opening in the spring and closure in the autumn of the current camp for 2025-2030. Concurrent with reclamation work is the use of the camp for ongoing exploration work.

#### Worker Accommodations

Accommodations would be in the existing camp facilities. A set \$/man-day fee is included in the Costing Unit Rates table. It includes the fuel required for the generators required to provide electrical power to the camp. It is based on the current total cost to run the camp with an assumed maximum of 40 persons staying in the camp for a 3-month period (June-August) to determine a \$/man-day costing.

#### Mobilize Fuel

All of the fuel required to run the gensets and for all the equipment will need to be flown to the site. BSGC has fuel storage facilities in place including a large fuel bladder at the airstrip apron and several containments for drummed fuel.

The fuel requirement and costing for it will be based on the various equipment required to undertake the reclamation program. The individual tasks of the progressive reclamation plan such as the camp and equipment requirements have associated fuel costs included within them. Thus, no line item has been included here for mobilizing fuel to site.

### 5.5.2 Water Quality Monitoring and Reporting (T. 2.2)

Water quality monitoring will be required to continue during the progressive reclamation program.

The Water Licence specifies a 10-year term (2020-2030) with a progressive reclamation program to have been undertaken during that time unless a reactivation of site activities is to take place which will require an amendment to the current Water Licence. This report is thus working with an 6-year timeframe (beginning of 2025Q1 to the end of 2030Q2 inclusive).

The new Water Licence sampling requirements listed in Schedule J were reviewed to determine an estimate of the number of Water Quality samples that will require analyses and need to be costed. A number of sites have been dropped that were related to the discharge of treated sewage or the pumping of minewater to surface which is no longer the case.

The following is a summary of the sample sites that will require sampling (& estimated number per year) and off-site WQ analyses and subsequent reporting:

- ULU-7 Runoff from waste rock storage (3);
- ULU-8 Runoff from ore storage area (3);
- ULU-9 Outflow from East Lake (3);
- ULU-11 Outflow from Ulu Lake (3);
- ULU-14 Seepage from Fuel Storage Area (~1); and
- ULU-15, Landfill runoff or seepage (~1);

This report has the bulk of the program being undertaken by a BSGC person since the staff have been previously trained by SRK.

The routine environmental sampling program will include a visual inspection of site structures and disturbances. No provision has been provided for on-going maintenance at the site as there will be very limited areas vulnerable to significant erosion while the progressive reclamation work is being undertaken.

The current Water License also includes water quality sampling during the operation of a Soil Treatment Facility.

ULU-13 STF – prior to discharge, ~1/yr

MW-1 STF Monitoring Well, 2/yr during operation, beginning & end of season

MW-2 “

MW-3 “

Based on the above, the number of samples requiring sampling and off-site analyses in 13/yr without the STF in operation and 20/yr during STF operation. This amounts to an estimated number of 13 in 2025 and 20 during 2026-2029 on the assumption the STF is built in 2025 and operates for 4 years.

The detailed breakdown is included in Table 3.1.

The above program excludes new sampling sites that have been initiated as part of BlueStar's ongoing ML/ARD assessment of the site and for determination of remediation requirements of

PHC contaminated soils for possible treatment in the proposed STF. Geochemical investigation of the site by SRK (BSGC 2021a App. A and SRK 2024a) have indicated the need for additional water quality sampling "...of seeps and ephemeral stream around existing infrastructure during freshet (May/June), in August and September (when practicable) when the waste rock has thawed and opportunistically following rainfall..." The author has not received any information on how many sampling sites or the total numbers of samples to be gathered this program has added.

#### 5.5.3 Waste Rock ML/ARD Investigations (T. 2.3)

SRK has been undertaking a program of investigating the extent of ML/ARD across the minesite and developing remediation plans. Their work is expected to result in the issuance of a ML/ARD Management Plan which will include remedial measures to address those issues and which will become a part of the site's final Abandonment & Reclamation Plan.

An earlier revision of this report had previously utilized the SRK cost estimate of \$150,000 for the continuation of this program. Based on discussions during a Jan. 20, 2025 between the parties it was agreed this number would be dropped to \$100K to enable the SRK and SJC closure cost estimates to more closely align and to afford a potential refund of a portion of the financial security held by CIRNAC.

#### 5.5.4 Other Required Inspections and Assessments (T. 2.4)

The required inspections include annual geotechnical inspections as well as a Metal Uptake Study as are outlined in Table 3.2.

#### 5.5.5 Bonding & Insurance (T. 2.5)

Bonding and insurance for the reclamation program will be required. These are typically included at a cost of 1% of Direct Costs.

It has been assumed that there is no provincial/territorial tax applicable in Nunavut. It has been further estimated that there will be limited supplies requiring payment of GST so this item has not been included in this mine closure cost estimate report.

#### 5.5.6 Health & Safety (T. 2.6)

This heading is intended to include miscellaneous costs associated with administering health and safety precautions during the works programs. A 1% of Direct Costs figure is considered reasonable due to the remoteness of the site and the need to have precautions in place, just in case.

#### 5.5.7 Project Management (T. 2.7)

As a number of the tasks required to oversee site environmental monitoring and reclamation projects with site supervision as well as corporate oversight.

This does not consider the possibility of the site activities requiring administration by the NU government or KIA and their consultants

As a result, a provision of 5% of Direct Costs has been included to cover this component. It does not include profits for the civil contractor that will likely undertake most of the reclamation program as all the work is anticipated to be undertaken by BSGC site staff.

This number is within the range of provisions typically included in mine closure cost estimates.

#### 5.5.8 Engineering (T. 2.8)

This component is typically given a value of 5% of the Direct Costs. For this report, Engineering includes:

- Construction monitoring of the final portion and cap on the non-hazardous landfill and yet-to-be-built STF. The redesign of a smaller STF is not included here as it is included in the costing for the STF in T. 1.3;
- Surveyor support during closure construction to make field decisions and to document as-built conditions and materials of the two major new facilities, the landfill and STF. This information will be required later to prepare the final mine closure as-built report and drawings; and
- Preparation of as-constructed reports and drawings by an Engineer and stamped by a P. Eng.

Engineering is not considered to be a significant component to the proposed closure plan at this site. However, the short list of known tasks requiring engineering support the use of a 5% of Direct Costs provision.

### 5.6 Contingencies

A 20% of Direct Costs figure is included in Table 3.1 due to the preliminary and conceptual nature of the Interim Closure and Reclamation Plan, and large uncertainties concerning costs to undertake the project given its remote location, the significant remaining work required and the uncertainty concerning potential widespread ML/ARD issues across the site. As a comparison, SRK also used the 20% number in their 2024 and revised 2025 Closure Cost Estimate reports (SRK 2025).

Two Mitigative Contingencies included in Table 3.2 have also been considered for inclusion:

- 1) Previously funds had been included for major overhauls to several pieces of heavy equipment at the site. Following discussions with BSGC it was decided that the company would prefer to purchase new equipment and as a result the previous \$240K mitigative contingency has been dropped. This will permit BSGC to apply for a refund of a portion of the security they have in place with CIRNAC and use a portion of those funds to purchase several new pieces of equipment. KIA agreed with this proposal on the condition the equipment be owned by the KIA using a Guaranteed Security Agreement (GSA) between BSGC and the KIA. Once the necessary site reclamation

work is completed by BSGC the GSA will permit the transfer of ownership of those pieces of equipment back to BSGC; and

- 2) A provision has also been added for the possible need to construct an engineered impoundment for the PAG materials that are currently been amassed on top of the previous Ore Pad. Studies have indicated this material is becoming acidic and water quality concerns are arising (SRK 2024a). This is exacerbated by the uncertainty of when a Final A&R Plan will be submitted, approved and a facility built as the material is degrading as it sits. An estimate of 12,000m<sup>3</sup> of material requiring impoundment within an engineered facility with a 2m thick esker cover has been received (SRK 2024b). A provision of \$200,000 has therefore been included more as a place marker than a definitive cost estimate to flag the issue and to demonstrate the need to develop a remediation plan and to put it in place soon, well before the current Water License expiry in mid-2030. It is proposed a revised ICRP supported by additional monitoring data and the pending ML/ARD Management Plan within the next 2 years will include construction of this facility.

## **5.7 Land Versus Water Reclamation Costs**

The Ulu Water Licence requires the closure cost estimate to be broken out into the 1) global reclamation amount and the 2) cost of land reclamation. The KIA is also interested in the split as they would like to administer the land/terrestrial portion of the financial security. Thus, the two final numbers should be reported. This report estimates the split as being approximately 4/5 land and 1/5 water.

## 6 CONCLUSIONS AND RECOMMENDATIONS

### 6.1 Conclusions

Significant work has been undertaken over the past several years towards understanding the site's environmental issues and developing and implementing remedial works concurrent with active exploration work.

Based on the tasks identified in this report a cost estimate of \$1.74 M has been determined for the interim closure of the site. This number has been adjusted from a \$2.03M total in an earlier November 2024 cost estimation by SJC to align closer to agreed-to changes to both consultants' cost estimates after a January 20, 2025 meeting between the parties.

The selected plan has had a 20% contingency included based on the preliminary nature of the 'interim' closure plan and the large number of uncertainties as to what tasks are required and what they will cost especially elements including 1) completion of PHC contaminated soils remediation, 2) completion of the non-hazardous landfill and 3) providing interim solutions to ML/ARD concerns with the underground waste rock the overall site pad was built with.

The \$1.74 M cost estimate is split approximately 4/5 land and 1/5 for water. This is based on only crediting the water quality monitoring program and ML/ARD investigations as being water-related and all the other costs considered to be land-related.

Table 1 below compares the current SJC estimate to the recent mine closure cost estimates prepared by 1) SRK in January 2025 for BSGC after the January 20, 2025 meeting and 2) the one prepared by SJC for the KIA in November 2024, before the meeting.

Current total security bonding for the project is ~\$2.629M held by the KIA and the Government of Canada (KIA 2024). Based on this updated lower closure cost estimate due to the progressive reclamation undertaken a reduction in financial security in the order of \$900,000 looks reasonable. If the refund is granted by CIRNAC this money can be partially used to replace several of the pieces of heavy equipment at the site with new equipment (as discussed earlier in this report. However, this would only be a temporary adjustment as it is anticipated that the next update to the closure plan and associated closure cost estimate will need to include verification of successful reclamation with the landfill completed and implementation of a site STF but will also significantly need to include a detailed remediation plan with cost estimates for dealing with the overall ML/ARD issues across the site.

Table 1 Comparison of Mine Closure Cost Estimates.

Cost Center	January 2025 BSGC - SRK Estimate	November 2024 KIA - SJC Estimate	March 2025 KIA - SJC Estimate
Mine Workings	0	\$0	\$0
Surface Ore Management	0	\$0	\$0
Building Demolition	\$3,941	\$6,280	\$6,300
Non-Hazardous Waste Landfill	\$95,649	\$92,230	\$92,200
Soil Treatment Facility	\$301,433	\$305,770	\$305,770
Hazardous Materials Management	\$19,612	\$14,460	\$14,500
Borrow & Quarry	\$5,657	\$6,000	\$6,000
Construction Materials Transport to Site	\$23,194	\$35,270	\$35,270
<b>Direct Costs Subtotal</b>	<b>\$449,486</b>	<b>\$460,020</b>	<b>\$460,000</b>
Mobilization & Demobilization	\$493,081	\$425,240	\$425,200
Water Quality Monitoring and Reporting	\$160,640	\$217,600	\$217,600
Waste Rock ML/ARD Investigations	\$150,000	\$186,400	\$136,400
Additional Investigations & Assessments	Not Included	\$153,950	\$153,950
Contractor Management & QA/QC	\$100,800	Not Included	Not Included
Health & Safety (% of Direct Costs)	1% \$4,495	1% \$4,600	1% \$4,600
Project Management (% of Direct Costs)	5% \$22,474	5% \$23,000	5% \$23,000
Bonding and Insurance (% of Direct Costs)	1% \$4,495	1% \$4,600	1% \$4,600
Engineering (% of Direct Costs)	5% \$22,474	5% \$23,000	5% \$23,000
<b>Indirect Costs Subtotal</b>	<b>\$1,239,367</b>	<b>\$1,038,390</b>	<b>\$988,350</b>
Contingencies (% of Direct Costs)	(20%) \$80,908	(20%) \$92,000	(20%) \$92,000
Large Equipment Repairs Provision for Engineered PAG Storage Area	\$0 \$200,000	\$240,000 \$200,000	\$0 \$200,000
<b>Total Costs</b>	<b>\$1,688,854</b>	<b>\$2,030,400</b>	<b>\$1,740,400</b>

## 6.2 Recommendations

It is recommended that:

- KIA and BSGC need to meet with CIRNAC to discuss how the financial security should be shifted further to the KIA holding it as the vast majority of the remaining liability is land rather than water-related.
- All efforts be made to construct and begin operation of a Soil Treatment Facility for the on-site remediation of the remaining PHC contaminated soils on the site in 2025. Although some natural remediation has taken place with the movement of the piles and natural degradation over the past couple of years it is likely a quantity of it requires remediation in a STF, likely in the range of 30-40% of the original volume. Once constructed and filled it will require ongoing attention and time before the material can be utilized for any reclamation purposes or considered to be of satisfactory quality to be left exposed.
- Efforts should be made to have the Company follow up to the assessments undertaken over the last few years by their consultant SRK on how to deal with the ML/ARD concerns of a significant portion of the waste rock forming the pads on which the current surface infrastructure has been built. A provision for this undertaking has been included in this report but KIA and BSGC need to agree on whether a financial provision for this work should be included in a revised financial security requirement in the short term and if so how big it should be. This report only includes a \$200K provision for this as a place marker only but realizing the actual cost will likely be at least several times that amount. This is based on the author's recommendation that the ICRP and associated cost estimate need to be updated within two years and that it will include costing for implementation of the ML/ARD Management Plan which is still pending.
- If BSGC want to proceed from advanced exploration and into mine development as part of a "go-decision" to proceed towards mine production a detailed comprehensive closure plan (A&R Plan) for an expanded mine development would need to be prepared and approved as one component of the regulatory approvals process. This would include a revised financial security requirement and which Agencies should be holding the security and how it should be split, preferably all with the KIA.
- A Guaranteed Security Agreement should be prepared under which the new pieces of heavy equipment for the site would be owned by the KIA (as a part of the financial security holdings for the site) until such time as the agreed-to reclamation work has been completed when it would then revert to BSGC.
- A Reclamation Security Release Agreement can be prepared to include a mechanism by which security monies can be returned to the Company as work is successfully completed.

<original signed by>

Steve Januszewski

SteveJan Consultants

cc: Mr. John Roesch – Senior Project Officer - KIA

**REFERENCES**

- BSGC 2025, Meeting between the parties held at the BSGC office in Vancouver, BC.  
Participants included Grant Ewing & Darren Lindsay of BSGC, John Roesch of KIA, and their respective consultants Darryl Godley of SRK (by phone) and Steve Januszewski of SJC. Meeting held in Vancouver on January 20, 2025.
- BSGC 2024, E-mailed breakdown of site environmental & reclamation costing items from Mr. Darren Lindsay – BSGC to Mr. Steve Januszewski - SJC, October 25 & 31, 2024.
- BSGC 2023a, Telephone conversation between Mr. Januszewski (SJCI) and Mr. Darren Lindsay (BSGC) and their consultant Mr. Darryl Godley (SRK), March 23, 2023
- BSGC 2023b, Written correspondence from Mr. Darren Lindsay- BSGC to Mr. Januszewski (SJCI), April 25, 2023
- BSGC 2021a, *Interim Closure and Reclamation Plan Ulu Gold Project (including Hood River, Roma and other Licenced Projects*, and its 3 Appendices, dated March 2021.
- BSGC 2021b, *Landfill Management Plan Ulu Gold Project*, by BlueStar Gold Corp, dated March 2021.
- KIA 2024, *Report to the Kitikmeot Inuit Association Annual General Meeting...*, by Wynter Kuliktana - Director of Lands, Environment and Resources, dated September 2024.
- NTI 1997, *Mining Policy-Nunavut Tunngavik Incorporated*, approved by NTI Board of Directors in December 1997.
- NWB 2020, *Water Licence No: 2BM-ULU2030 Ulu Project*, by Nunavut Water Board, dated May 14, 2020.
- SRK 2025, *ICRP Costing Update Summary for Discussion.xls*, by SRK Consulting, dated February 21, 2025.
- SRK 2024a, *2023 Monitoring of Metal Leaching and Acid Rock Drainage Potential at the Ulu Camp, Ulu Gold Project, Nunavut*, by SRK Consulting, dated March 2024.
- SRK 2024b, *Estimate of total PAG material to be potentially impounded atop Ore Pad*, personal communication, Darryl Godley-SRK to Steve Januszewski-SJC, November 12, 2024.
- SRK 2023a, *Ulu Water Quality Monitoring Annual Costs*, e-mail communication from Darryl Godley-SRK to Steve Januszewski-SJCI, July 20, 2023.
- SRK 2022a, *Ulu Gold Project ML/ARD Management Preliminary Alternative Assessment Presented 2022/05/05*, by SRK Consulting, dated May 2022

APPENDIX A  
PROGRESSIVE RECLAMATION COST ESTIMATE TABLES