



Water Resources Division
Resource Management Directorate
Nunavut Regional Office
P.O. Box 100
Iqaluit, NU, X0A 0H0

Your file - Votre référence
2BM-ULU2030
Our file - Notre référence
GCDocs#142284048

December 15, 2025

Richard Dwyer
Manager of Licensing
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 Review of the
Licence Amendment Application for the ULU Project, Type B Water Licence No.
2BM-ULU2023**

Dear Richard,

Thank you for the November 14, 2025 invitation to review the referenced licence amendment application, submitted by Apex Geoscience on behalf of Blue Star Gold, for Type B Water Licence No. 2BM-ULU2030.

Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) examined the application 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*. Please find CIRNAC comments and recommendations in the attached Technical Memorandum.

The applicant shall provide confirmation from the Nunavut Water Board that all outstanding water license fees have been paid in full prior to approval of this application.

If there are any questions or concerns, please contact me at (867) 975-4550 or Andrew.Keim@rcaanc-cirnac.gc.ca.

Sincerely,

Andrew Keim

Andrew Keim
Manager
Water Resources, Nunavut Regional Office
Crown-Indigenous Relations and Northern Affairs Canada
Andrew.Keim@rcaanc-cirnac.gc.ca



Technical Review Memorandum

Date: December 15, 2025

To: Richard Dwyer, Manager of Licencing, Nunavut Water Board

From: Andrew Keim, Manager of Waters, CIRNAC

Subject: Crown-Indigenous Relations and Northern Affairs Canada's Review of the Licence Amendment Application for the ULU Project, Type B Water Licence No. 2BM-ULU2023

Region: Kitikmeot Kivalliq Qikiqtani

A. BACKGROUND

The Ulu Gold Project, led by Blue Star Gold Corp. continued exploration and progressive reclamation activities in 2025, with no active mining operations. The site is currently in care and maintenance. The work program included diamond drilling (12 holes totaling 2,567.35 m), geophysical surveys, mapping, sampling, and progressive reclamation efforts across the Ulu, Hood River, and Roma properties.

Water use was conducted under Water Licence 2BM-ULU2030, with 294.68 m³ drawn from West Lake for domestic and use in exploration at the core shack, and 4,267.42 m³ used for drilling.

Water monitoring was performed at multiple stations. While most locations exhibited circum-neutral pH, the 2024 ARD Monitoring Report confirmed the presence of seasonal acid rock drainage (ARD) at the northwest edge of the ore pad, particularly during July and August. This finding led to further progressive reclamation activities related to ARD drainage as described in the updated Interim Closure and Reclamation Plan (ICRP). This area showed low pH (as low as 4.6) and elevated zinc concentrations (up to 0.41 mg/L), approaching the Nunavut Water Board (NWB) effluent quality limit of 0.5 mg/L. These findings indicate active acid generation during thaw periods.

The licensee remained compliant with conditions set within the scope of the Water Licence 2BM-ULU2030, with monitoring, reporting, and reclamation activities aligned with the approved ICRP. A revised ICRP was submitted with this application for Amendment.

CIRNAC provides the following comments and recommendations pertaining to the application package. A summary of the subjects of recommendations can be found in Table 1. Documents reviewed as part of this submission can be found in Table 2 of Section B. Detailed technical review comments can be found in Section C.



Table 1: Summary of Recommendations

Recommendation Number	Subject
R1	CIRNAC can not at this time support a request for a reduction in Security.

B. DOCUMENTS REVIEWED AND REFERENCED

The following table (Table 2) provides a list of the documents reviewed under the submission and reference during the review.

Table 2: Documents Reviewed and Referenced

Document Title	Author, File No., Rev., Date
• Revised ICRP- 2025	Bluestar Corp. November 2025
• 040426 - Ulu Project NIRB File 04EN014 SDR	Nunavut Impact Review Board (NIRB), 2004
• 050413 - Ulu Project NIRB File 05EN007 SDR	Nunavut Impact Review Board (NIRB), 2005
• 070413 - Certificate of Incorporation - Northern Shield Metals	Province of British Columbia,2019
• 080124 - Certificate of Name Change - WPC Resources Inc	Province of British Columbia,2019
• 251114 2BM-ULU2030 190118 - Certificate of Name Change - Blue Star Gold Corp	Province of British Columbia,2019
• 200115 - Ulu Gold Project NPC File 149269 Conformity Determination	Nunavut Planning Commission (NPC),2020
• 200220 - Ulu Gold Project NPC File 149305 Conformity Determination	Nunavut Planning Commission (NPC),2020
• 200406 - Ulu Gold Project NIRB File 20EN001 SDR	Nunavut Impact Review Board's (NIRB), 2020
• 251111 Amendment Non-Technical Summary - English	Bluestar Corp. November 2025
• 251111 Amendment Non-Technical Summary - Inuinnaqtun	Bluestar Corp. November 2025
• 251111 Amendment Non-Technical Summary - Inuktitut	Bluestar Corp. November 2025



Document Title	Author, File No., Rev., Date
• 251112 Compliance Assessment Report	Apex Geoscience, November 2025
• 251112 Compliance Assessment	Bluestar Corp. November 2025
• 991208 - Ulu Project NIRB File 99WR055 SRD	Nunavut Impact Review Board's (NIRB), 1999
• Amendment Application	Bluestar Corp. November 2025
• Blue Star Gold Financial Statements	Bluestar Corp. November 2025
• 2024 Annual report	CIRNAC REVIEW, September 2,2025

C. RESULTS OF REVIEW

1. Amendment Application / Estimates provided.

Comment on estimates

Both the SJC and SRK estimates were prepared in 2024 dollars, CIRNAC has used RECLAIM V7 and V8.0 including 2025 dollars where relevant. Both estimates included a \$200,000 allowance for management of potentially acid generating rock as a contingency amount but in RECLAIM V8.0 this amount was moved to a direct cost to ensure the indirects are captured appropriately. The SRK estimate included an indirect amount of \$100,800 for engineering fees related to oversight of the soil treatment facility and landfill construction which was not included in the SJC estimate. This amount was added as a direct cost to the RECLAIM V8.0 comparison.

CIRNAC's review took the existing Ulu Project security estimates prepared by SJC and SRK and updated them as above. These were then compared to the CIRNAC estimate and calculated in both the RECLAIM V8.0 and in the RECLAIM V7.0 Models to allow for comparison purposes. It is noted that the unit rates used in the RECLAIM V7.0 Model are have not been updated from 2014 dollars and this results in the estimate of Environmental Liability being underestimated by approximately 30-36%.

Results of CIRNAC's evaluation

During the review of the environmental liability estimates several items/gaps which could impact the overall liability were identified and additional clarification should be provided before any request to reduce the security amount is entertained. The list below presents the items and gaps for consideration:



- The largest gap in cost is the known ML/ARD issues which have not been fully quantified, are known to be generating acid and impacting water quality, and long-term management will be required. These costs are not included in the current estimates. Both reports state that \$200,000 is set aside for the short-term management of problematic areas, but long-term ML/ARD management costs are not included and could be significantly higher.
- The costs provided reflect the proponents operating cost and not the third-party costs required for the security estimate in case of abandonment. Several costs are developed by splitting the overall cost with concurrent exploration work which also would not be occurring in the case the site were to be reclaimed. The costs assume that onsite equipment would be used but also note that several older and critical pieces of equipment would need to be replaced. No costs for mobilization and demobilization of new equipment was included and represent a large unaccounted for liability.
- The current final land use stated in the reclamation plan, is to leave the site in an environmentally stable condition, usable immediately for on-going exploration and ready for possibly future mining. This means the current core buildings, associated roadways and airstrip are not included within the estimate. It is stated in SJC, 2025 that “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.” **This acknowledges that additional closure funding will be required, and therefore the current financial security is insufficient for final closure.**
- No period for Interim Care and Maintenance was included in either estimate. If the company was to become insolvent and abandon the Ulu Project, maintenance and monitoring activities would be required while transfer of the site occurred.
- In SJC, 2025 it is noted that the airstrip has deteriorated and that annual inspections and maintenance work with heavy equipment would be required before larger aircraft would be permitted to use the airstrip again. The security estimate uses a Dash 7 plane and a C-46 plane for mobilization. It is uncertain if the airstrip is in good enough condition for this type of plane. No estimate were provided for maintenance of the airstrip nor for the required improvements necessary for mobilization in or out of any equipment.
- There does not appear to be any clear mobilization cost for workers included in the estimate. The mobilization costs shown appear to be for freight only and amount to a single round trip flight for a Dash 7 plane over the six year period. This amount seems to underestimate the amount of mobilization that would be required for both freight and staff. It is noted that all fuel will need to be flown up however equipment rates include associated fuel costs so **no line item has been included for mobilization of fuel.** Additional clarification should be added to show that rates include mobilization of fuel and not just purchase costs.
- The current portal is being blocked by two stacked shipping containers, and the vent shaft is being blocked by a tarp-covered rockfill of unknown construction. No plans for closure of these features are included but it is noted that a permanent engineered



structure will be required. This would involve both engineering design, shipment of concrete or a plant to site and construction costs, none of these are currently accounted for.

For clarity the value of the estimates provided, and those calculated by CIRNAC, are as described in the included table below;

Table 1: Summary of Security Amount for the Ulu Project

Cost Item	SJC March 2025	SRK October 2025	RECLAIM V8.0	RECLAIM V7.0
Direct Costs	\$460,016	\$472,973	\$1,379,830	\$658,830
Indirect Costs	\$1,280,390	\$1,246,413	\$1,190,395	\$1,190,862
Total	\$1,740,406	\$1,719,387	\$2,570,225	\$1,849.693 **

*Values rounded to the nearest dollar

** \$ 1,849,693 is 30%-36% less than required and if this estimate was updated to 2025 dollars would in an total of **\$2,515,582.48**

Recommendation:

(R-01) CIRNAC recommends that the security amount should not be reduced until additional clarification is received and final closure plans developed. The RECLAIM V7.0 and V8.0 resulted in a higher security amount shows that the site is very likely currently under secured.

Both documents provided by the proponent state that the ML/ARD issues are not fully understood or captured in the security estimates so the proponent acknowledges that the current amount is under secured for the actual environmental liability associated with the site.

The costs developed by both Blue Star and the Kitikmeot Inuit Association appear to represent proponent operating costs, not security amounts, so if the site were to become abandoned the closure costs may be significantly higher.