

# RECLAIM 8.0 – Update for the NWB

January 2026

# NWT & Nunavut Chamber of Mines

- Chamber members are committed to full reclamation of project sites and providing financial security as directed by the Nunavut Water Board.
- In January 2025, the Government of Canada introduced a draft update of its RECLAIM model (Version 8), which has since been revised to address some less significant industry concerns.
- The update has not been issued for use at this time.
- The Chamber continues to have fundamental concerns that have not been adequately addressed and there is a strong risk that major disagreements will be brought directly to the NWB in the absence of additional engagement with CIRNAC. Industry has no information on how the potentially large increases in security will be implemented.
- The Chamber is actively encouraging CIRNAC to collaborate on the RECLAIM update to resolve disagreements and provide a costing model that all parties can rely on with confidence and that facilitates an efficient regulatory process with predictable timelines.

# Background to RECLAIM 8.0 Update

- CIRNAC has indicated a primary motivation for RECLAIM 8.0 is to “*reduce the environmental liability that falls to governments to the greatest extent possible*” – but the NWNSRTA and NWR are clear that security should not exceed third party reclamation costs
- CIRNAC suggests the changes to RECLAIM 8.0 the Guide are driven by the Mine Site Reclamation Policy for Nunavut, the policy has not changed at all since it was released on July 29, 2002.
- CIRNAC is basing this change on Legacy Mines not modern mining
  - Chamber members suggested Reclaim Light for exploration; Reclaim Legacy for Legacy sites and Reclaim Modern mining
- CIRNAC has incorporated information from the April 2024 Audit Reports 1 to 5 of the Commissioner of the Environment and Sustainable Development to the Parliament of Canada in RECLAIM 8.0 in a misleading way (without citing the source for these references).
  - As an example, the Guide suggests that CIRNAC is currently responsible for \$10 billion in unsecured environmental liabilities – in actual fact, this number takes into account federal liabilities Canada wide and does not apply to just mining
  - Historical mines permitted well before the current modern regime should not be used as a costing basis for modern mines
  - Audit report flags that CIRNAC had an inability to categorize sites by program, a lack of sufficient detail about sites, and inconsistency in the consolidation of contaminated sites – CIRNAC staff have repeatedly suggested government inefficiency in carrying out reclamation work justifies the massive increases proposed
- **CIRNAC should not be basing RECLAIM updates on a CIRNAC staff perception of liability, which is not based on transparent data**

# Risks of RECLAIM 8.0

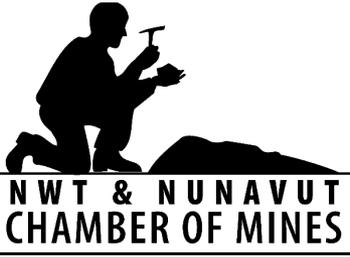
- The current version of RECLAIM 8.0, if adopted, will reduce investment in Nunavut, reduce proponent financial stability increasing risk of defaults, and result in over bonding which is not permitted under the NWNSRTA or the NWB
- If RECLAIM 8.0 proceeds in its current form, it is not a reliable basis for NWB to make its decisions on security and NWB should expect more contested disputes
- If RECLAIM 8.0 proceeds in its current form, it could result in public perception that Nunavut mines are under secured and that the NWB process has not been effective to produce reliable security to date
  - The evidence is that Nunavut **mines are not under secured**
  - Every major mine in Nunavut has been subject to recent security updates with joint positive submissions to the NWB, which were accepted

# Consultation Collapse

- Unless further changes are made, the NWB should not rely on RECLAIM 8.0 as a basis for establishing security under water licences and should not share RECLAIM 8.0 on the registry as a baseline expectation for use in future estimates.
- Improvements to RECLAIM 8.0 are in the NWB's interest.
- Ask the NWB to support the Chamber's request for a Policy review before implementation of RECLAIM 8.
- We request that CIRNAC issue correspondence that confirms:
  - The RECLAIM 8.0 update process is ongoing and the September 2025 version of RECLAIM 8.0 and the Guide will be revised before it is implemented;
  - CIRNAC should extend the RECLAIM 8.0 consultation and collaboration process to incorporate the Unit Rates Update Work Plan (timelines to be adjusted since originally proposed the Edmonton Workshop to account for need for information from CIRNAC, expert availability, necessary collaboration time, and the holiday season) and to provide the opportunity for industry to file an additional markup of its proposed revisions to the Guide and RECLAIM 8.0 (with supporting rationale) To the extent possible, the Chamber will try to consolidate and coordinate Industry submissions to reduce workload and support an efficient review;

# Consultation Collapse, continued

- **These items below have not occurred due to no response by CIRNAC**
  - CIRNAC feedback on the discussions and outcomes of the Edmonton Workshop, including the recorded commitments;
  - A proposed in-person consultation opportunity during Roundup in Vancouver in January 2026 as a next step (Lawson Lundell is willing to offer use of its office again if helpful);
  - Issue by CIRNAC of a final proposed update of RECLAIM 8.0 and Guide based on all of the above for at least a 60-day final written submission comment period.



## RECLAIM 8.0 – Practical Challenges

# Increased Default Percentages for Indirect items

In-Direct	Old %	New %	% Increase
ENGINEERING DESIGN	5%	8%	3%
PROJECT MANAGEMENT	5%	10%	5%
HEALTH AND SAFETY PLANS/MONITORING & QC	1%	1%	-
BONDING/INSURANCE	1%	3%	2%
ENGAGEMENT AND REGULATORY COMPLIANCE	N/A	3%	3%
CONTINGENCY	20%	25%	5%
HHERA	N/A	3%	3%
Final Design	N/A	4%	4%
OWNERS REPRESENTATIVE	N/A	8%	8%

- HHERA has been removed but the other indirect's are still problematic and generally do not follow standard practice or requirements of other jurisdictions – this results in overbonding

# Default Unit Rates: Require Refinement

- Regulator provided default unit rates are helpful and provide consistency across the industry. Provided unit rates should be drawn from a consistent reference source with clear buildup of inclusions & exclusions
- CIRNAC provided example earthworks breakdown includes items, such as mobilization and project management, that are captured elsewhere in RECLAIM resulting in compounding duplication of costs.

# Practical Implementation Issues

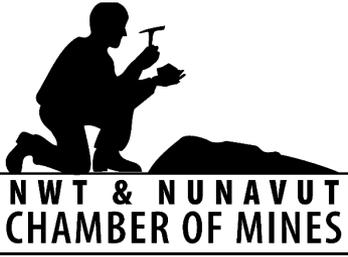
- 01 • Changes to pre-existing unit rate definitions requires line by line check of existing RECLAIM 7.0 workbooks to update to RECLAIM 8.0
- 02 • Changes to pre-existing unit rate units of measure
- 03 • CIRNAC provided example unit rate calculation does not represent realities of mine reclamation operations (24-hour earthwork operation not used)
- 04 • Vaguely defined battery limits for indirect labour
- 05 • Default unit rates drawn from sources with varying inclusions & exclusions
- 06 • Pre-existing unit rate cost codes removed
- 07 • Indirect % based cost added for Finalize Closure and Reclamation Plan
- 08 • Indirect % based cost added for Owners Representative
- 09 • Inflation of future value added without recognizing Present Value of security amounts

# Example: Technical Issues and Proposed Solutions

**Themes Represented:** Major New Costs  
 Overbonding  
 Duplication of Costs  
 Black Box Approach  
 Uncertainty

Cost Item	CIRNAC Proposed Increase	Our Disagreement	What We Have Heard	Our Suggested Solution
Inflation	- New at constant 3%/yr - ICM period and post-closure - Results in major cost increases	- ignores future value (i.e., interest) - inconsistent with general accounting - at odds with other jurisdictions - interest rate is overly high	- not open for discussion - securities are not invested	- Include future value - Accept investment-based securities - Alt: reduced or variable interest rates
Final Closure Plan	New at 4% of direct costs	- not dependent on capital budget - duplication with "Engineering" - current approach works	- could change to sliding scale down to 1%	- Remove, maintain current approach - Address duplication with "Engineering" - Alt: Replace with project-specific estimate
Owner's Representative	New at 5% of direct costs		not open for discussion	- Remove
Simple Rock Cover (RECLAIM code RB1)	\$11.40/m <sup>3</sup> to \$17.00/m <sup>3</sup> (+50%) reduced to \$15.93/m <sup>3</sup> (+40%)	- 'black box' derivation - inflation is \$13.91/m <sup>3</sup> (+22%)	- updated rate reduced - no further discussion	- CIRNAC share derivation (note 1) - Collaborate on update (note 1)
Pumping Operating Cost (RECLAIM Code POC1)	\$0.12/m <sup>3</sup> to \$0.95/kwh (change of units)	- 'black box' derivation - cannot evaluate implications - cannot transfer costs forward	- not open for discussion	- CIRNAC share derivation (note 1) - Collaborate on update (note 1)
Implementation Uncertainty - Immediate Under-Bonding? - Licence Amendments? - Immediate Security Top-Up? - NWB Process?	Not addressed	- disrupts good business planning - operational cash flow uncertainty - investment funding uncertainty	- in the hands of the NWB	- Manual includes implementation plan

Note 1: A technical breakout group at the October 2025 multi-party workshop recommended a path forward to advance transparency and collaboration of unit costs.



## RECLAIM 8.0 – Proposed Additions

# Key Issues with RECLAIM 8.0

## Overall Overbonding

- Per Section 10(1) of the NWR, NWB cannot fix security that exceeds reclamation costs
- CIRNAC update is based on assumption that government would spend excessive funds to carry out work
- Industry should not be asked to carry unique government costs (such as Section 35 consultation obligations) or bond for presumed government inefficiencies
- Industry is willing to form a professional closure advisory group to support CIRNAC should government need to step in on any Nunavut project

## Effort and Cost to achieve closure

- Real effort and cost to achieve closure goals executed by a responsible third party should be guiding principal of RECLAIM based on Section 10 of the NWR and the Polluter Pays principal.

## Company Financial Strength

- Per Section 10(2) of the NWR, in fixing security the NWB can consider ability to pay and past performance/ compliance record
- NWB could consider reasonable discounts based on evidence

# Key Issues with RECLAIM 8.0, continued

## Alternative Financial Instruments

- Already acceptable under NWNSRTA and s. 10(3) of NWR and the 2002 Policy but CIRNAC staff currently do not apply this approach
- Performance/surety bonds do not increase risk of environmental liability to government
- Acceptance of performance/surety bonds by the Minister (similar to NWT, Ontario and Quebec) to support reclamation obligations would reduce costs and liquidity burden for all developers/producers
- Aware that Minister sets form of security, but it would be permitted under the NWNSRTA and NWR for NWB to share recommendations and advice on this to help address concerns about overbonding

## Predictable Outputs

- Preset scales provide predictable outputs based on project maturity and company effort.

## Recognizing Existing Work

- Credit for progressive reclamation is recognized in Act, NWR, and Policy – but not necessarily supported in practice by CIRNAC
- Recognizing effort to achieve closure and reduce security requirements.
- Consideration should be given to allowing release of funds for tasks prior to work being carried out to encourage timely progressive reclamation

# Financial Reliability

Credit Rating

Financial Assurance Instrument

Tranches

- Third party credit rating (Moody's / Fitch)
  - Investment grade rating reflects business strength and stability.
- Surety bonds and other
  - Financial instruments beyond cash and LOC's reduce liquidity burden while reflecting stability
- Phased approach
  - Provides future certainty for liability and fundraising

# Financial Assurance Instrument

## Other financial instruments than cash or LoCs can be accepted under the current regulatory regime

- Nunavut Waters Regulations Section 10(3)
  - (3) Security must be in the form of*
    - (a) a promissory note guaranteed by a bank listed in Schedule I or II to the Bank Act and made payable to the Receiver General;*
    - (b) a certified cheque drawn on a bank listed in Schedule I or II to the Bank Act and made payable to the Receiver General;*
    - (c) a performance bond approved by the Treasury Board for the purposes of paragraph (c) of the definition security deposit in section 2 of the Government Contracts Regulations;*
    - (d) an irrevocable letter of credit from a bank listed in Schedule I or II to the Bank Act;*  
*or*
    - (e) a cash payment.*
- Mine Site Reclamation Policy for Nunavut (2002), Principle 4 – Financial Security
  - Consideration should be given to alternate or innovative forms of security, such as mine reclamation trusts, provided they meet certain criteria that protect the government’s interests and objectives.*

# Performance Bonds

**Reclamation performance bonds provide a proven, flexible mechanism to secure mine closure obligations while protecting the Crown and the public interest**

## **Widely accepted across Canada**

- Accepted in most provinces and territories as a recognized form of reclamation security (as recognized in CIRNAC jurisdictional scan for RECLAIM 8.0)

## **Reliable financial assurance**

- Issued by regulated third-party sureties, providing independent assurance that reclamation obligations can be fulfilled if required.

## **Capital efficiency**

- Bonds require only a fraction of the total bonded amount as collateral, supporting financial stability of mining company while maintaining full security coverage.

## **Adaptable over the mine life**

- Bond values can be adjusted to reflect updated closure cost estimates and evolving site conditions.

# Tranche Security Approach

**Considers phased financial guarantees (i.e. as disturbance is created) as this will reduce costs and liquidity burden for all developers/producers**

## **Existing precedent for use**

- Security tranches have been approved by CIRNAC and are currently in use

## **Reduced security burden**

- Tranches reduce the burden of closure security on projects of all sizes

## **Predictable Outputs**

- Rearranged amounts provide certainty for future financing

## **Recognizing Existing Work**

- Recognizing effort to achieve closure and reduce security requirements
- Consideration should be given to allowing release of funds for tasks prior to work being carried out to encourage timely progressive reclamation

# Looking ahead

- CIRNAC opened the door to policy discussions at the October 2025 technical workshop
- Chamber members are committed to full reclamation of project sites and providing financial security as directed by the Nunavut Water Board

**Thank you!**