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## MEMO

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<b>From</b>	Merle Keefe, Manager, Environment
<b>To</b>	Andrew Keim, Andrew.Keim@rcaanc-cirnac.gc.ca; Bill Pain, Bill_Pain@gov.nt.ca
<b>Copy</b>	Andrew Moore, amoore@b2gold.com
<b>Date</b>	15 August 2025
<b>Subject</b>	RECLAIM Model Version 8 Update – Comments for October Technical Workshop

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Dear Mr. Keim and Mr. Pain,

### Introduction

This memo follows B2Gold Back River Corp's (B2Gold Nunavut) previous comments and your responses regarding RECLAIM Version 8, notably your response dated June 16, 2025 to comments received from all parties that included a revised draft RECLAIM Version 8 spreadsheet.

We understand that these comments will be considered in setting the agenda for CIRNAC's technical workshop planned for October 6-10, 2025. As such, these comments provide B2Gold Nunavut's primary topics of interest for the workshop and may not represent B2Gold Nunavut's final comments on RECLAIM Version 8 as additional government-industry engagement is expected following the October workshop.

B2Gold Nunavut has continued its evaluations of the draft Version 8 update and finds that the revised June 16 update continues to propose substantive cost increases while lacking appropriate rationale for the increases that are of concern for B2Gold Nunavut and, we understand, other Northern mine operators. B2Gold Nunavut acknowledges that we need a strong reclamation securities regime in Canada's North and that you have addressed several industry comments in the June update; however, a number of meaningful concerns with methodology and implementation remain.

B2Gold Nunavut's suggestions for discussion topics at the technical workshop are provided below.

### Unit Costs

B2Gold Nunavut notes that inflation for Nunavut (CPI-NU) from 2014 to 2025 is 22.0%; however, there are numerous unit costs that are increased by a much greater factor. B2Gold Nunavut understands that site-specific unit costs can be derived and put forward for Nunavut Water Board approval and this has been done in the past for the Goose Gold Mine. However, the default unit costs listed in the RECLAIM model are important as de facto standards that are applied until otherwise approved and it is, therefore, important that the default unit costs presented in the RECLAIM model are rationale, technically defensible, and not overly-conservative to the point of hampering approved resource development.

B2Gold Nunavut suggests that the following example unit costs be discussed in detail at the technical workshop:

1. Soil/Tailings Excavation (SBTL): Unit cost SBTL is proposed for a 1,733% increase from \$1.65/m<sup>3</sup> (Version 7 inflated) to \$30.24/m<sup>3</sup> (Version 8 proposed). B2Gold Nunavut acknowledges that supplementary information on CIRNAC's First Principles derivation for SBTL was provided in February 2025. However, this unit cost can be central to a mine security estimate and, given the extreme magnitude of the proposed cost increase, direct collaboration with industry is recommended.
2. Winter Road Construction (WRCL): Unit cost WRCL is proposed for a 925% increase from \$2,440/km (Version 7 inflated) to \$25,000/km (Version 8 proposed). B2Gold Nunavut notes that the source reference for CIRNAC's updated unit cost for WRC is "Estimated". This unit cost can be important to a mine security estimate and, given the extreme magnitude of the proposed cost increase, direct collaboration with industry is recommended.
3. Rock Excavation (RB1L): Unit cost RB1L is proposed for a 67% increase from \$13.91/m<sup>3</sup> (Version 7 inflated) to \$23.21/m<sup>3</sup> (Version 8 proposed), noting that cost DAB (drill/blast) is added for Version 8 to enable direct comparison. B2Gold Nunavut acknowledges that supplementary information on CIRNAC's First Principles derivation for RB1L was provided in February 2025. However, this unit cost can be central to a mine security estimate and, therefore, direct collaboration with industry is recommended.
4. Water Pumping (POCL): Unit cost POCL is proposed to change from \$0.15/m<sup>3</sup> (Version 7 inflated) to \$0.95/kwh (Version 8 proposed), noting that a direct comparison is not possible due to the change in measurement units from m<sup>3</sup> to kwh. B2Gold Nunavut notes that the source reference for CIRNAC's updated unit cost for WRC is "Estimated". This unit cost can be important to a mine security estimate and, given the inability to understand the magnitude of cost increase or the rationale for change in measurement units, direct collaboration with industry is recommended.

#### Interim Care and Maintenance (ICM)

The June update to draft RECLAIM Version 8 increases the default duration of the ICM period from 3 yrs to 5 yrs. A comment is provided in the accompanying documentation (Item 4 of Table A of CIRNAC's June 16 letter) that this increase was made in response to a reviewer recommendation and because a timeframe of 5 yrs has been experienced by CIRNAC in the past. This change is a meaningful cost increase to most mine security estimates and has not been supported by specific rationale. B2Gold Nunavut suggests that CIRNAC provide its supporting rationale for discussion at the technical workshop. B2Gold Nunavut is concerned that the reference to past government experience may be negatively biased by experience at long-abandoned mine sites, rather than more modern-era mine sites permitted under modern land claims and modern assessment process where the transition to government management may be shorter.

Draft Version 8 includes new cost items for Human Health and Ecological Risk Assessment (HHERA) and Final Closure Plan (FCRP) within the ICM total. The default costing for HHERA and FCRP is a combined 7% of capital budget (i.e., analogous to indirect costs). In its May 30 comments, B2Gold Nunavut recommended that costs that are not dependent on capital budget should be estimated directly and not costed as an indirect percentage, to which CIRNAC agreed with reference to the removal of Mob/Demob

costs from capital. However, B2Gold Nunavut's comment was also in reference to the approach of costing HHERA/FCRP as a percentage of capital. B2Gold Nunavut does not agree that this is an appropriate approach for HHERA/FCRP and is concerned that this approach will grossly overestimate costs for these items in many cases. B2Gold Nunavut suggests that costing of HHERA/FCRP be discussed at the technical workshop.

### Inflation

Draft Version 8 introduces new costs that apply inflation in 2 ways:

1. Inflation of capital costs for the duration of the ICM period, noting that the total estimate also increases by the corresponding increase in indirect percentages; and
2. Inflation of post-closure costs for the duration of the post-closure period, noting that the total estimate also increases by the corresponding increase in indirect percentages.

In both cases, a default inflation rate of 3% is applied in RECLAIM.

B2Gold Nunavut is concerned that the default inflation rate is unnecessarily high and suggests that this should be discussed at the technical workshop. Additionally, B2Gold Nunavut suggests that the concept of different inflation rates for the 2 separate applications within RECLAIM be discussed at the technical workshop. B2Gold Nunavut notes for discussion that:

- The CPI-NU from 2014 to 2025 represents an average annual inflation rate of 1.8% p.a.;
- British Columbia security guidelines provide a standard inflation rate of 2% for shorter-term smaller projects managed at a regional level; and
- British Columbia security guidelines provide a net discount factor (i.e., interest less inflation) of 4% for long term costs for major mining projects.

### Indirect Costs

B2Gold Nunavut notes that the Indirect Costs proposed in RECLAIM Version 8 (HHERA/FCRP included) total 50% of the capital budget. At a high level, B2Gold Nunavut is concerned that this is an overly high percentage for most modern-era mines that have well documented environmental monitoring records and well-developed closure plans that have undergone community engagement, public review and Water Board approval.

Additionally, B2Gold Nunavut notes that several of the standard indirect costs are described in the RECLAIM manual as being approached on a sliding scale depending on circumstances present at the mine under consideration. However, the RECLAIM spreadsheet continues to be pre-populated with the maximum percentage in every case, which creates a negative bias against a mine operator proposing to apply a percentage lower than the maximum. For example, contingency is described in the draft Version 8 User Manual (S.4.3.7) as being approached according to engineering definitions typically ranging from 5% to 25% based on level of costing detail and confidence; however, the RECLAIM spreadsheet is pre-populated with the maximum percentage of 25%. B2Gold Nunavut suggests that the concept of pre-populating the RECLAIM spreadsheet in a manner that provides the typical range in indirect percentages be discussed at the technical workshop. This approach could also facilitate applying different contingency percentages to different mine facilities where warranted.

In addition to the items described above, B2Gold Nunavut suggests the following indirect costs be specifically discussed at the technical workshop:

1. Engineering Design: B2Gold Nunavut notes the statement in Item 9 of Table A to CIRNAC's June 16 letter that "Default percentage was reduced to 5%. Additional discussion needed on criteria for applying a scale based percentage within RECLAIM V8". B2Gold Nunavut notes that the draft Version 8 User Manual (S.4.3.2) recognizes that a typical range in engineering design cost is 2% to 5% of capital budget.
2. Project Management: The Project Management cost is proposed to increase from 5% to 8%. B2Gold Nunavut acknowledges that the increase was reduced from 10% to 8% in CIRNAC's June update. However, this remains a meaningful cost increase for which the rationale is unclear.
3. Health and Safety Plans: B2Gold Nunavut notes the statement in Item 7 of Table A to CIRNAC's June 16 letter that "Reference to Health and Safety Plans was removed from indirects as these costs will be covered under contingency amounts. Or removed based on inclusion of these plans and costs as account for in the ICR plan or FCP for each site". However, although the title of this indirect was changed from "Health And Safety Plans/Monitoring & QC" to "Monitoring & QC" (i.e., now excludes "Health and Safety Plans"), the cost percentage for this indirect remained unchanged at 1%. B2Gold Nunavut notes that the draft Version 8 User Manual (S.4.3.4) directly refers to Health and Safety Plans. CIRNAC's intent in this regard is not clear.
4. Bonding: The Bonding cost is proposed to increase from 1% to 3%. This is a meaningful cost increase for which the rationale is unclear.
5. Contingency: See discussion preceding this list.
6. Owner's Representative: The proposed percentage for this new cost item is 5%. B2Gold Nunavut acknowledges that the cost was reduced from 8% to 5% in CIRNAC's June update. However, this remains a meaningful new cost for which the rationale is unclear. B2Gold Nunavut notes the statement in Item 6 of Table A to CIRNAC's June 16 letter that "Discussion on applying a scale based percentage in RECLAIM V8 or if this will be a separate cost set during review is to be determined". B2Gold Nunavut notes that the draft Version 8 User Manual (S.4.3.8) recognizes that a typical range in owner's representative cost is from 5% to 3% of capital budget.

### Post-Closure

The modelled structure for post-closure costs in Version 8 continues to presume a simple approach wherein closure of all facilities occurs at the same time and the subsequent post-closure activities are uniform throughout its duration. This does not readily accommodate the closure plans for some mines where different mine facilities undergo closure at different times and where post-closure activities vary and reduce in intensity throughout its duration. The Version 8 update process provides an opportunity to amend the modelled structure in this regard and B2Gold Nunavut suggests that this be discussed at the technical workshop.

### Implementation

B2Gold Nunavut continues to find that there is uncertainty regarding how a RECLAIM model update is intended to be implemented, which exerts negative financial pressures on mine operators. This is particularly true in the face of the large cost increases that would be generated from the proposed Version 8 update. CIRNAC has generally referred these concerns forward to future engagement on Policy. B2Gold Nunavut suggests that the implications of deferring a Policy discussion and a Policy engagement plan be discussed at the technical workshop.

### Closing

B2Gold Nunavut recognizes CIRNAC for its responsiveness to industry feedback to date. B2Gold Nunavut plans to attend the technical workshop in October and to work towards a collaborative approach for security determinations.

Sincerely,

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