Crown-Indigenous Relations and Northern Affairs Canada
Relations Couronne-Autochtones et Affaires du Nord Canada

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August 21, 2026

Alvarez & Marsal Canada Inc.
925 W. Georgia Street
Suite 902, Cathedral Place
Vancouver, BC V6C 3L2

RE: Water Licence MV2023L2-0006 and Land Use Permit MV2026D0002- Cantung Mine Site, NT - Inspection

Dear Mr. Martin,

An Inspection of the Cantung Mine site was completed by Resource Management Officer Erika Nissen on July 23, 2026. The inspection was focused on the progress of care and maintenance work and follow-up on flood plain tailings emergency work that was authorized in Fall 2025. Water samples were taken during the inspection and their analysis by Bureau Veritas is attached separately. The details on the areas that require your attention are contained within the report.

If you have any questions or concerns, please contact me at erika.nissen@rcaanc-cirnac.gc.ca.

Thanks,

Erika Nissen, M.Sc.
Resource Management Officer (Inspector)
Resource and Land Management
Crown Indigenous Relations and Northern Affairs Canada

cc. MVLWB – via email
CIRNAC Resources and Lands – via email
CIRNAC CARD – via email
Cantung Environmental – via email

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WATER LICENCE ENVIRONMENTAL INSPECTION REPORT

Licensee:	North American Tungsten Corporation Ltd Inspection Date – July 23, 2026

Water Licence No.	MV2023L2-0006	**Last Previous Inspection:**	June 2, 2026
Quantity of water not to be exceeded:	299 Cubic Meters Per Day	**Licence Expiry Date:**	January 31, 2027
Contractor:	Parsons	**Subcontractor:**	

Location(s) Inspected:	Cantung Mine Site, NT

Current Stage of Operation:	Care and Maintenance

Program Modifications Approved:	

Compliance with Items: “A” - Acceptable “U” - Unacceptable “N/A” - Not Applicable

Part	Licence Items	Compliance with Items	Item # and Comments
A	Scope	A	
B	General Conditions	A	
C	Conditions Applying to Security	N/A	
D	Conditions Applying to Water Use	A	
E	Conditions Applying to Construction	A	
F	Conditions Applying to Modifications	A	
G	Conditions Applying to Waste and Water Management	A*	• Presence of fuel leaks on site- awaiting KBL
H	Conditions Applying to Aquatic Effects Monitoring Program	A	
I	Conditions Applying to Contingency Planning	A	
J	Conditions Applying to Closure and Reclamation	A	

ENVIRONMENTAL INSPECTION REPORT (Continued)

Date: July 23, 2026	WL: MV2023L2-0006, LUP: MV2026D0002

Explanatory Remarks:
An inspection of North American Tungsten Corporation Ltd.'s (NATCL's) Cantung Mine site was conducted by Resource Management Officer Erika Nissen on July 23, 2026. The inspection was completed to follow up on items identified during the June 2026 inspection and to assess conditions associated with the Flat River, floodplain tailings area, previous armouring works, and other areas of the site.

Water quality sampling was conducted at five Surveillance Network Program (SNP) stations. Water levels in the Flat River had increased substantially since the June 2026 inspection, with higher water levels now covering areas of the bank that had been exposed earlier in the season (Photo #1). New and updated SNP signage was present around the site (Photo #2).

Analytical results from samples collected on July 23, 2026, and analyzed by Bureau Veritas Laboratories were reviewed against the applicable Water Licence effluent quality criteria and the Canadian Council of Ministers of the Environment (CCME) Guidelines for the Protection of Aquatic Life. Water quality samples collected at the five SNP stations were also compared with results from the June 2026 sampling event. Overall, water quality results remained generally consistent between sampling events. SNP 4-5 showed lower concentrations of total dissolved solids, sulphate, iron, and uranium, while total suspended solids, aluminum, and arsenic increased. SNP 4-20 and SNP 5-2 continued to exhibit higher concentrations of dissolved solids, sulphate, and several mine-related constituents compared with the other sampled stations. All water quality results were within licence criteria, but iron exceeded the CCME long-term concentration guideline at station 4-5, above the threshold of 300 µg/L. Changes in concentrations should be considered alongside increased dilution from higher water levels and flow. Analytical results are attached.

No new erosion concerns were observed at the old landfill, even with increased snowmelt and rainfall over the last month. A small berm had been constructed along the upper edge of the landfill to reduce the potential for water to flow over the edge and erode the side slopes toward the road (Photo #3).

Orange-coloured oxidized tailings were observed along the riverbank near Bridge 2 (Photo #4). Ditching had been completed to redirect an ephemeral spring that had previously been contributing to erosion in the area (Photo #5). Trees and other brush had been felled to facilitate the ditching and provide access (Photo #6). Remaining leaning timber and brush associated with this work is to be removed and stockpiled or disposed before the end of the season.

The Inspector visited an area upstream of Bridge 2, referred to by site personnel as "Area 7". Work had been conducted in this area on July 21, 2026 to prevent deleterious tailings-impacted water from entering the Flat River. A vac-truck was used to pump water that had pooled in two depressions into totes and an excavator was used to add silt and rock to the low-lying area to reduce the potential for water to flow into the Flat River as part of the emergency works (Photo #7). This work was conducted prior to a forecasted heavy rainfall event as site personnel were concerned that a rise in water levels of the Flat River could result in the release of the tailings-impacted water. A small eddy was observed along the shoreline where the rock-filling work had occurred (Photo #8). The tailings-impacted water removed from the area was discharged to Tailings Containment Area 4 as per the Waste Management Plan (Version 8.4). The Inspector recommends that "Area 7" is monitored regularly for accumulation of additional tailings-impacted water.

Riverbank erosion was observed upstream of the work completed in "Area 7" within the floodplain tailings area above Bridge 2 (Photo #9). The area should continue to be monitored to determine whether erosion is progressing and whether stabilization measures are required.

The Area 3 armouring work completed in October 2025 was inspected (Photo #10). A vegetated island located within the armoured area showed signs of oxidizing tailings. Small pools of water were present between the island and the rock armouring (Photo #11), and staining was observed in this area (Photo #12). Oxidizing tailings were also visible along the river edge (Photo #13). The Inspector recommends that this area continue to be monitored for changes in water quality and quantity, particularly as water levels fluctuate and previously exposed tailings become inundated. Additional bank erosion was observed along the Flat River within the floodplain tailings area upstream of Area 3 (Photo #14).

The Area 1 and Area 2 armouring works completed in October 2025 were observed to be above the high-water mark. No visible staining was observed in this area (Photo #15). The Inspector visited Area 4, where stagnant tailings-impacted water had been observed during the September and October 2025 and June 2026 inspections. Recent increases in water levels at the site have resulted in this area being under water at the time of this inspection (Photo #16).

Work associated with improvements to Bridge 1, providing access toward the ski hill borrow area, had been completed (Photo #17). Two areas identified as potential borrow sources in a submitted quarry permit application were also observed during the inspection (Photo #18 and Photo #19). These areas are outside the main gate on route to the Nahanni Range Road connection.

The sump located on TCA 4 was inspected. This location is identified as the receiving location for camp wastewater and tailings-impacted water (Photo #20). No issues were noted here. During the inspection, Soil-Tac was being applied to the tops of TCAs 3, 4, and 5 to manage wind-blown tailings.

Several action items from the June 2026 Inspection remained outstanding at the time of the inspection. A yellow barrel filled with potentially contaminated water remained on site (Photo #21). The barrel was drained after the inspection, with the accumulated water and material pumped out and managed appropriately. The barrel was also moved to a location where water cannot accumulate within it. Insulation associated with leaking fuel tank lines identified during the June 2026 inspection remained on site and should be collected and appropriately disposed of (Photo #22). Insulation surrounding the fuel line from the tanks, where weeping diesel fuel was noted during the previous inspection, was also observed during the inspection (Photo #23). Site provided an update right after the inspection, with insulating material removed and absorbent pads wrapped around the piping to prevent additional environmental releases. Site informed the Inspector that KBL will be on site this fall and work will occur at the tank lines.

Absorbent pads were present in standing water within the secondary containment of the gasoline tank (Photo #24). The pads are to be removed and appropriately disposed of, and the standing water pumped out and managed in accordance with the Waste Management Plan. Weathered absorbent pads were also present in the catch basin associated with on-site fuel storage (Photo #25). These pads are to be removed and appropriately disposed of, and new absorbent pads put in place if required.

Water levels in the Flat River were observed to have increased substantially since the June 2026 inspection. As a result, a number of the areas that were visible in June had become inundated. It is anticipated that changing water levels will continue to have an effect on the areas of active erosion, exposed tailings, and stagnating water within the floodplain. NATCL must continue to monitor the Flat River floodplain tailings as water levels fluctuate.

Several items identified during the June 2026 inspection remained outstanding at the time of this inspection; however, acknowledge these items were addressed by site staff shortly after the Inspector was on site as described above. NATCL is reminded that the current phase of care and maintenance for the site does not reduce the requirement for NATCL to respond to environmental concerns as they may arise. The Inspector looks forward to NATCL's continued efforts to monitor and maintain the site.

The Inspector wishes to thank Graham Fuglsang of Parsons for accompanying the inspector and providing site information throughout the visit.

Inspector's Signature 

	**Photo #1: Water levels in the Flat River have come up since the June inspection. Photo taken at SNP 4-5.**
	**Photo #2: New signage was present around site.**
	**Photo #3: Overview of the old landfill.**
	**Photo #4: Orange oxidized tailings on the riverbank near Bridge 2.**

	**Photo #5: Ditching to redirect an ephemeral spring that was contributing to erosion along the road.**
	**Photo #6: Felled trees for ditching work that will need to be removed.**
	**Photo #7: Material used to fill low-laying pooling areas for emergency work along the Flat River upstream of Bridge 2.**
	**Photo #8: Small eddy on the shoreline where emergency rock filling work took place.**

	**Photo #9: Riverbank erosion upstream of Area 7 work in the floodplain tailings area.**
	**Photo #10: Overview of Area 3 armouring work completed during the 2025 season. The vegetated island showed signs of oxidizing tailings.**
	**Photo #11: Small pools of water between the island and rock armouring in Area 3.**
	**Photo #12: Staining in between armouring work at Area 3 and an island in the Flat River.**

	**Photo #13: Oxidized tailings on the river edge.**
	**Photo #14: Bank erosion on the Flat River in the floodplain tailings area upstream of Area 3.**
	**Photo #15: Area 1 and 2 armouring were still above the waterline during the inspection. No visible staining was observed in this area during the inspection.**
	**Photo #16: Area 4 with water levels in this area covering and flowing over an area of stagnant tailings-impacted water that was present during the June 2026 visit.**

	**Photo #17: Bridge 1 improvements completed for access to the ski hill borrow.**
	**Photo #18: A potential borrow source outlined in a submitted quarry permit application.**
	**Photo #19: Another area identified as a potential borrow source outlined in a submitted quarry permit application.**
	**Photo #20: Sump on TCA 4, where camp wastewater and tailing-impacted water are to be released.**

	**Photo #21: Yellow barrel pointed out and directed to be drained in the June 2026 inspection report. Water and material were removed and the drum was moved to a location where water cannot accumulate in it again post-inspection.**
	**Photo #22: Insulation associated with fuel tank distribution lines, which was identified in the June 2026 inspection and will need to be picked up and appropriately disposed of.**
	**Photo #23: Insulation around the fuel line on a historic fuel tank, where weeping diesel was noted last inspection. Soaked insulation material was disposed of and absorbent pads were placed as interim secondary containment. KBL will come in this fall to continue work.**
	**Photo #24: Absorbent pads in standing water in the secondary containment of the gasoline tank.**

	**Photo #25: Weathered absorbent pads in the catch basin for on-site fuel.**