

DECOMMISSIONING AND RECLAMATION ESTIMATE

HOOLE NATURAL GAS POWER GENERATION FACILITY

Prepared for
Armada Nowlit Energy Ltd.

ANE Armada
Nowlit

Prepared by
VL Energy Ltd.



VL ENERGY

Executive Summary

Armada Nowlit Energy Ltd. is planning a power plant within an existing leasehold measuring approximately 170.7 m by 157.2 m in Hoole, MD of Opportunity No. 17, Alberta. Armada Nowlit Energy Ltd. prepared this decommissioning and reclamation estimate to support the Project's technical, environmental, and regulatory requirements. The estimate addresses removal of generation equipment, electrical equipment, fuel gas systems, structural works, regulated materials, and associated reclamation activities needed to close and restore the site.

The estimated gross decommissioning cost is CAD \$1,540,600. Estimated salvage recovery of CAD \$174,850 reduces the net decommissioning cost to CAD \$1,365,750. A 10% administration allowance and a 15% overbuild buffer result in a total decommissioning estimate of CAD \$1,707,188.

Reclamation includes environmental assessment, soil management, utility termination, removal of residual foundations where required, and restoration of agricultural land through topsoil replacement, reseeding, and drainage work. The reclamation estimate is CAD \$341,735 for the Project area, assuming the existing access road remains in place.

The proposed approach is intended to reduce long-term environmental and safety risks, recover materials where appropriate, and return the site to a stable, usable condition. The following sections present the assumptions, methodology, cost estimates, and reclamation measures supporting the estimate.

Assumptions

This estimate assumes that the facility has reached the end of its operating life and that generation, electrical, fuel gas, lube oil, coolant, and related systems have been shut down, isolated, and purged where required before removal begins. Labour, equipment-handling, and disposal costs reflect typical Canadian conditions for 2024-2025 and use conservative allowances where costs may vary. Contractors are assumed to be qualified, insured, and compliant with applicable safety and environmental requirements.

The existing road is assumed to remain available for access; accordingly, no new permanent access road is included in this estimate.

The estimate assumes a one-way haul distance of 50 km for transportation and disposal. Diesel is priced at \$1.70 per litre, and truck payloads may be below maximum capacity because of material characteristics and weight restrictions. Rail transport may be used where available and cost-effective. On-site processing of suitable metal and other materials is assumed where it reduces haul volume and transportation cost.

The assumed facility includes natural gas-fired engine-generator units in the 1-3 MW range, with typical fuel gas, exhaust, cooling/radiator, electrical interconnection, control, foundation, fencing, and access infrastructure. Salvage values for steel, generators, copper, switchgear, transformers, and other recoverable equipment reflect typical Canadian scrap and resale markets.

The estimate is a planning-level assessment of expected decommissioning and reclamation cost. It does not account for future technology changes or amendments to hazardous-waste requirements. Changes to the classification or handling of mercury, cadmium, lead, coolant, glycol, lube oil, batteries, or other regulated power-plant materials would be reviewed when decommissioning is undertaken.

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1.0 Overview

VL Energy Ltd. prepared this decommissioning and reclamation estimate for Armada Nowlit Energy Ltd. in support of the proposed power plant at 16-36-080-25 W4M, Hoole, MD of Opportunity No. 17, Alberta.

A 15-year operating life has been used for planning purposes, consistent with common generation-equipment assumptions. The actual service life may extend to 20 years depending on maintenance, operating hours, equipment replacement cycles, structural condition, and operating requirements.

2.0 Scope of Work

The decommissioning scope includes engine-generator units, electrical interconnection equipment, fuel gas systems, exhaust systems, cooling/radiator systems, foundations, and site infrastructure, together with the handling and disposal of regulated materials. Reclamation will include environmental assessment, soil management, utility capping, foundation removal where required, and land restoration to the applicable post-closure condition. Hydrology restoration, revegetation, monitoring, and closeout documentation will be completed where required by approvals or landowner requirements.

3.0 Decommissioning Plan

Decommissioning is the orderly removal of Project infrastructure at the end of operations, following abandonment, or if the Project is terminated without recommencement. The work includes isolation, dismantling, material handling, and site stabilization, followed by reclamation of disturbed land. The estimate is anticipatory and recognizes defensible salvage recovery from suitable assets while retaining conservative removal and disposal allowances.

3.1 General Decommissioning Sequence

3.1.1 Stakeholder Notification

Armada Nowlit Energy Ltd. anticipates that affected parties will be notified before field work begins. Notifications may include landowners, municipal and regulatory authorities, the electric system operator, environmental agencies, and other relevant jurisdictions or agencies.

3.1.2 Facility De-energization and Isolation

The power plant will be disconnected from the electrical interconnection and de-energized before removal. Engine-generator units, switchgear, transformers, controls, auxiliary systems, and fuel gas systems will be isolated, locked out, and verified safe before dismantling proceeds.

3.1.3 Permits and Approvals

Required permits and approvals will be obtained before work starts. A qualified environmental professional will support regulatory compliance, site-specific environmental protection, and required assessments.

3.1.4 Power Generation and Electrical Equipment Removal

Engine-generator units, switchgear, transformers, controls, cabling, fuel gas piping, exhaust equipment, cooling/radiator systems, and auxiliary equipment will be disconnected and dismantled. Materials will be directed to approved recycling, resale, or disposal facilities according to condition and reuse potential.

3.1.5 Sensitive Area Identification

Wetlands, drainage features, heritage resources, and other areas requiring protection will be identified and marked before ground disturbance so that unnecessary effects are avoided.

3.1.6 Erosion and Sediment Control

Temporary erosion and sediment controls will be installed as needed to limit soil loss, runoff, and other environmental effects during dismantling and excavation.

3.1.7 Above-Ground Electrical Infrastructure Removal

Above-ground cables, busways, trays, poles, and related electrical infrastructure will be removed and delivered to approved disposal or recycling facilities, with material recovery pursued where appropriate.

3.1.8 Underground Infrastructure Removal or Abandonment

Underground conduits or direct-buried conductors with less than 1 m of cover will be removed using methods that minimize disturbance. Deeper systems may be cut, sealed, and abandoned in place where this does not affect drainage or land stability and a qualified environmental professional confirms that no environmental risk remains.

3.1.9 Mechanical, Structural, and Site Infrastructure Removal

Remaining mechanical and structural components, including engine-generator equipment, switchgear, transformers, gas piping, exhaust systems, cooling equipment, foundations, and equipment pads, will be dismantled and removed for approved disposal or recycling.

3.1.10 Access, Fencing, and Final Closure

The estimate assumes that no new permanent access road is required because the existing road will be used. Any temporary access disturbance will be graded, stabilized, and reclaimed as required.

Removal of Fencing and Final Closure

Perimeter fencing and gates will be removed for disposal or salvage recovery. Following completion of physical work, outstanding permits and regulatory closeout requirements will be addressed.

3.1.11 Hazardous Materials Handling

Potential regulated materials include lube oil, coolant, filters, oily rags, batteries, control equipment, glycol, transformer dielectric fluids, residual fuel-gas-system contaminants, and any contaminated soil or water identified during assessment. These materials will be segregated, contained, documented, transported, and managed through approved facilities.

Regulated materials will be segregated at source, stored in suitable containment, and removed by qualified contractors. Disposal, recycling, and recovery will follow applicable provincial and federal requirements, including required documentation and chain-of-custody records. The estimate includes the associated specialized labour, transportation, disposal, and salvage assumptions.

3.2 Environmental Effects

Removal of equipment, foundations, and underground utilities may cause localized disturbance, soil destabilization, erosion, sedimentation, compaction, and potential effects on nearby watercourses or sensitive features. Dismantling of mechanical and electrical systems also creates spill risks associated with fuel, lubricants, coolant, glycol, and related substances. Work will follow established construction best-management practices and site-specific mitigation measures.

Erosion and sediment controls will remain in place as required until the site is stabilized and ground cover is re-established. The controls are intended to limit soil movement and sediment runoff to adjacent drainage features, water bodies, and sensitive areas.

Temporary increases in traffic, heavy-equipment use, dust, and noise are expected during dismantling and hauling. Dust suppression and noise-management practices will be used where appropriate to limit off-site disturbance.

Material recovery will be prioritized where practicable to reduce landfill disposal. Steel, copper cabling, aluminum, pipe racks, electrical equipment, concrete, and other suitable materials will be directed to reuse or recycling streams.

3.3 Estimate Methodology

Armada Nowlit Energy Ltd. developed the estimate from the power plant layout, utility connections, generation-equipment inventory, electrical interconnection equipment, and material quantities. Costs are organized by the principal power plant asset groups: generation equipment, electrical infrastructure, mechanical and fuel gas systems, structural and site infrastructure, hazardous materials, waste management, and indirect costs. Each category identifies removal cost, salvage value where applicable, and net cost.

Conservative allowances are included for equipment condition, dismantling effort, and potential changes in scrap-market conditions. Transportation is included across the removal items to reflect regional logistics, specialized heavy-haul requirements, and transportation-cost variability.

A 10% administration allowance and 15% overbuild buffer are applied to the net decommissioning cost. These allowances address management, permitting, regulatory coordination, documentation, and unforeseen field conditions.

No salvage allowance is assigned to small control boards, communication modules, minor electrical accessories, or similar components with limited resale value. Salvage estimates focus on major recoverable assets, including copper cabling, steel frames, generator housings, large switchgear components, and other materials with meaningful recovery potential. Conservative loss factors are included to account for market uncertainty.

3.4 Decommissioning Cost Estimate

This section presents the decommissioning estimate by major work category and item. “LUMPSUM” denotes lump-sum pricing.

3.4.1 Project Management and Mobilization

The project-management allowance covers planning, contractor coordination, asset tracking, safety compliance, and sequencing for a 12-week decommissioning program. A Project Manager is included for 480 hours at \$110 per hour, for a cost of \$52,800.

A full-time HSE Officer is included for the same 12-week period to oversee electrical and fuel-gas isolation, hazardous-material procedures, and contractor safety. At 480 hours and \$85 per hour, the allowance is \$40,800.

Mobilization and demobilization are allowed at \$7,000 for personnel deployment, lifting coordination, specialized tools, containment materials, and safety infrastructure. The resulting project-management and mobilization subtotal is \$100,600.

Project Management & Mobilization			
Items	Qty.	Unit Cost (hr)	Total (\$)
Project Manager (12 weeks)	480	\$110	\$52,800
HSE Officer (12 weeks)	480	\$85	\$40,800
Mobilization/Demobilization	1	Lumpsum	\$7,000
Subtotal			\$100,600

3.4.2 Power Generation Equipment Removal

This category covers disconnection, preparation, lifting, loading, documentation, and transport of natural gas-fired engine-generator packages. The primary package removal allowance is \$84,000, with estimated salvage recovery of \$28,000 for engines, generator housings, and reusable components.

Auxiliary generation equipment, including controls, cabling, skids, and balance-of-plant components, is allowed at \$20,000 for removal. The estimated salvage recovery is \$6,000, reflecting recoverable metal and reuse potential.

Generator skids, supports, and related control cabinets are included at \$54,000. Their estimated salvage value is \$1,800, based on recoverable metal content.

A \$15,000 allowance is included for generation-asset documentation and chain-of-custody procedures, including labeling, tracking, and secure transport. No salvage value is assigned to this activity.

Power Generation Equipment Removal					
		Decommissioning		Salvage	
Component	Qty (Est.)	Unit Cost	Approx Total (\$)	Unit Cost	Approx Total (\$)
Natural Gas Engine Generator Package Removal	LUMPSUM	\$84,000	\$84,000	LUMPSUM	\$28,000
Generator Auxiliary Equipment Removal	LUMPSUM	\$20,000	\$20,000	LUMPSUM	\$6,000
Generator Skids, Supports and Controls	LUMPSUM	\$54,000	\$54,000	LUMPSUM	\$1,800
Generation Asset Documentation and Chain-of-Custody	LUMPSUM	\$15,000	\$15,000	\$0	\$0
Subtotal		\$173,000		\$35,800	
Net Cost Decommissioning			\$137,200		

The gross cost for power generation equipment removal is \$173,000, with salvage recovery of \$35,800. The resulting net cost is \$137,200.

3.4.3 Electrical Infrastructure Removal

Electrical infrastructure removal includes the dismantling, transport, disposal, or resale of switchgear, transformers, battery systems, controls, cabling, and interconnection equipment. The work requires qualified electrical personnel and controlled isolation procedures.

Generator switchgear and panels are allowed at \$90,000 for removal, with estimated salvage recovery of \$12,000 from recoverable copper, steel, and reusable components.

Transformer and electrical distribution equipment removal is allowed at \$75,000, including disconnection, handling, loading, and compliant recycling or disposal. Estimated salvage recovery is \$3,300.

Cable trays, wiring, grounding, and electrical supports are allowed at \$35,000, including isolation, dismantling, and transportation. Estimated scrap recovery is \$8,000.

Utility-interconnection isolation and control-equipment removal are included at \$25,000, with an estimated salvage value of \$10,000 subject to equipment condition.

Grounding, protection, monitoring, and minor electrical equipment removal are allowed at \$25,000. Recoverable steel, copper, and reusable components provide an estimated salvage value of \$7,000.

The gross electrical-infrastructure cost is \$250,000, with estimated salvage recovery of \$40,300 and a net cost of \$209,700.

Electrical Infrastructure Removal					
		Decommissioning		Salvage	
Component	Qty (Est.)	Unit Cost	Approx Total (\$)	Unit Cost	Approx Total (\$)
Generator Switchgear and Panels	LUMPSUM	\$90,000	\$90,000	LUMPSUM	\$12,000
Transformer and Electrical Distribution Equipment	LUMPSUM	\$75,000	\$75,000	LUMPSUM	\$3,300
Cable Trays, Wiring and Grounding	LUMPSUM	\$35,000	\$35,000	LUMPSUM	\$8,000
Utility Interconnection and Control Equipment Removal	LUMPSUM	\$25,000	\$25,000	LUMPSUM	\$10,000
Grounding, Protection and Monitoring Equipment	LUMPSUM	\$25,000	\$25,000	LUMPSUM	\$7,000
Subtotal		\$250,000		\$40,300	
Net Cost Decommissioning			\$209,700		

3.4.4 Mechanical and Fuel Gas Systems Removal

Mechanical and fuel gas systems removal includes the specialized work required to safely isolate and remove fuel gas, exhaust, cooling/radiator, lube oil, coolant, and other auxiliary systems.

Natural gas piping and valves are allowed at \$105,000 for removal. Estimated salvage recovery from steel piping, valves, and fittings is \$18,750.

Exhaust stacks and silencers are allowed at \$54,000 for isolation, rigging, dismantling, and removal. Estimated salvage recovery is \$15,000.

Cooling and radiator system removal is allowed at \$20,000 for dismantling, handling, and disposal or recycling. Estimated recoverable-metal value is \$15,000.

Collection and management of lube oil, coolant, and residual fluids are allowed at \$12,000. No salvage value is assigned.

Mechanical and Fuel Gas Systems Removal					
		Decommissioning		Salvage	
Component	Qty (Est.)	Unit Cost	Approx Total (\$)	Unit Cost	Approx Total (\$)
Natural Gas Piping and Valves	LUMPSUM	\$105,000	\$105,000	LUMPSUM	\$18,750
Exhaust Stacks and Silencers	LUMPSUM	\$54,000	\$54,000	LUMPSUM	\$15,000
Cooling and Radiator Systems	LUMPSUM	\$20,000	\$20,000	LUMPSUM	\$15,000
Lube Oil, Coolant and Residual Fluid Handling	LUMPSUM	\$12,000	\$12,000	--	\$0
Auxiliary Mechanical Systems Removal	LUMPSUM	\$30,000	\$30,000	LUMPSUM	\$10,000
Subtotal		\$221,000		\$58,750	
Net Cost Decommissioning			\$162,250		

Auxiliary mechanical systems, supports, pumps, and related equipment are allowed at \$30,000 for removal and on-site transport coordination. Estimated scrap recovery is \$10,000.

The gross mechanical and fuel gas systems cost is \$221,000, with salvage recovery of \$58,750 and a net cost of \$162,250.

3.4.5 Structural and Site Infrastructure Removal

Structural and site infrastructure removal includes generator foundations, equipment pads, steel supports, enclosures, skids, fencing, gates, pipe supports, containment works, gravel pads, and other associated site infrastructure.

Generator pads and concrete foundations are allowed at \$144,000 for removal. No salvage value is assigned to concrete in this estimate.

Equipment enclosures, skids, steel supports, gravel pads, and related site works are allowed at \$450,000 for dismantling, loading, hauling, and site restoration. Estimated salvage recovery is \$25,000.

Fencing, gates, pipe racks, supports, and minor structures are allowed at \$20,000 for dismantling and removal. Estimated salvage recovery is \$15,000.

The gross structural and site infrastructure cost is \$614,000, with estimated salvage recovery of \$40,000 and a net cost of \$574,000.

Structural and Site Infrastructure Removal					
		Decommissioning		Salvage	
Component	Qty (Est.)	Unit Cost	Approx Total (\$)	Unit Cost	Approx Total (\$)
Generator Pads and Foundation Removal	LUMPSUM	\$144,000	\$144,000	\$0	\$0

Structural and Site Infrastructure Removal					
		Decommissioning		Salvage	
Component	Qty (Est.)	Unit Cost	Approx Total (\$)	Unit Cost	Approx Total (\$)
Equipment Enclosures, Skids, Steel Supports and Site Works	LUMPSUM	\$450,000	\$450,000	LUMPSUM	\$25,000
Fencing, Gates, Pipe Racks and Minor Site Structures	LUMPSUM	\$20,000	\$20,000	LUMPSUM	\$15,000
Subtotal			\$614,000		\$40,000
Net Cost Decommissioning					\$574,000

3.4.6 Hazardous Materials Handling

This category addresses materials and equipment requiring controlled handling and regulated disposal to protect workers and the environment.

Battery and control-system handling is allowed at \$18,000. Specialized removal is required because of residual charge, electrolytes, and applicable handling requirements; no salvage value is assigned.

Collection, transportation, disposal, or recycling of lube oil, coolant, filters, glycol, and oily waste is allowed at \$10,000. No salvage value is assigned.

Residual fuel-gas-system purging support and contaminated-material handling are allowed at \$14,000. No salvage value is assigned because of the required handling controls.

Spill response materials and personal protective equipment are allowed at \$6,000. These consumable items have no salvage value.

Hazardous materials handling totals \$48,000, with no salvage recovery and a net cost of \$48,000.

Hazardous Materials Handling					
		Decommissioning		Salvage	
Component	Qty (Est.)	Unit Cost	Approx Total (\$)	Unit Cost	Approx Total (\$)
Battery and Control-System Handling	LUMPSUM	\$18,000	\$18,000		\$0
Lube Oil, Coolant, Filters, Glycol and Oily Waste	LUMPSUM	\$10,000	\$10,000		\$0
Residual Gas-System Purging and Contaminated-Material Handling	LUMPSUM	\$14,000	\$14,000		\$0
Spill Response & PPE	LUMPSUM	\$6,000	\$6,000		\$0
Subtotal			\$48,000		\$ -
Net Cost Decommissioning					\$48,000

3.4.7 Waste Management and Recycling

Waste management and recycling provide the approved handling pathways for general demolition debris, non-recoverable material, mixed electrical and mechanical waste, and regulated waste streams.

Dumpster and bin rental is allowed at \$24,000 for delivery, placement, and pickup during dismantling. No salvage value applies.

Transportation and disposal fees are allowed at \$25,000 for hauling to approved landfills or recycling facilities, including handling and compliance requirements. No salvage value applies.

Specialized recycling and miscellaneous disposal are allowed at \$50,000 for non-salvageable electrical, mechanical, control, and mixed materials. No salvage value is assumed.

Waste management and recycling total \$99,000, with no salvage recovery and a net cost of \$99,000.

Waste Management & Recycling					
		Decommissioning		Salvage	
Component	Qty (Est.)	Unit Cost	Approx Total (\$)	Unit Cost	Approx Total (\$)
Dumpster & Bin Rental	LUMPSUM	\$24,000	\$24,000		\$0
Transportation & Disposal Fees	LUMPSUM	\$25,000	\$25,000		\$0
Specialized Recycling and Miscellaneous Disposal	LUMPSUM	\$50,000	\$50,000		\$0
Subtotal			\$99,000		\$ -
Net Cost Decommissioning					\$99,000

3.4.8 Indirect Costs

Indirect costs support the safe and compliant delivery of the decommissioning program. Contractor liability insurance is included at \$10,000.

Permits and environmental fees are allowed at \$7,000. Office and administrative expenses, including documentation, reporting, and coordination, are allowed at \$18,000.

Total indirect costs are \$35,000.

Indirect Costs			
Component	Qty	Unit Cost	Total (\$)
Contractor Liability Insurance	LUMPSUM	\$10,000	\$10,000
Permits & Environmental Fees	LUMPSUM	\$7,000	\$7,000

Indirect Costs			
Component	Qty	Unit Cost	Total (\$)
Office/Admin Expenses	LUMPSUM	\$18,000	\$18,000
Subtotal			\$35,000

3.4.9 Decommissioning Estimate Summary

The gross decommissioning estimate, before salvage and allowances, is CAD \$1,540,600. It includes project management, generation equipment, electrical infrastructure, mechanical and fuel gas systems, structural and site infrastructure, hazardous materials, waste management, and indirect costs.

Structural and site infrastructure removal is the largest component at 39.9% of the gross estimate. Electrical infrastructure accounts for 16.2%, mechanical and fuel gas systems for 14.3%, and power generation equipment for 11.2%; the remaining categories comprise the balance.

Estimated salvage recovery is CAD \$174,850, primarily from generation, electrical, and mechanical assets such as generator components, switchgear, steel supports, copper cabling, transformers, and other metallic materials. The resulting net decommissioning cost is CAD \$1,365,750.

A 10% administration allowance of CAD \$136,575 and a 15% overbuild buffer of CAD \$204,863 are applied to the net cost. The total decommissioning estimate is therefore CAD \$1,707,188.

This estimate provides a consolidated, conservative view of Project closure costs and anticipated material recovery.

Summary - Decommissioning Estimate				
Items	Decommissioning Cost	Total Decom. %	Salvage Value	Net Decommissioning Cost
Project Management & Mobilization	\$100,600	6.5%	\$0	\$100,600
Power Generation Equipment Removal	\$173,000	11.2%	\$35,800	\$137,200
Electrical Infrastructure Removal	\$250,000	16.2%	\$40,300	\$209,700
Mechanical and Fuel Gas Systems Removal	\$221,000	14.3%	\$58,750	\$162,250
Structural and Site Infrastructure Removal	\$614,000	39.9%	\$40,000	\$574,000
Hazardous Materials Handling	\$48,000	3.1%	\$0	\$48,000
Waste Management & Recycling	\$99,000	6.4%	\$0	\$99,000
Indirect Costs	\$35,000	2.3%	\$0	\$35,000
Total	\$1,540,600	100%	\$174,850	\$1,365,750
Administration allowance (10%)		\$ 136,575		
Overbuild buffer (15%)		\$ 204,863		
Grand Total		\$ 1,707,188		

3.4.10 Indicative Decommissioning Schedule

The schedule presents the anticipated sequence for power plant decommissioning and reclamation, from planning through final site restoration.

Planning and permits precede shutdown and isolation, during which electrical and mechanical systems are disconnected and made safe for dismantling.

Power generation equipment removal follows isolation and includes preparation, lifting, loading, transport, and asset documentation. Electrical removal follows, including switchgear, transformers, controls, conduits, and wiring.

Mechanical and fuel gas systems are removed next, followed by structural and site infrastructure such as foundations, pads, enclosures, skids, fencing, supports, and remaining structures.

Site reclamation completes the program and may include soil grading, waste removal, landscaping, and compliance inspections.

The overall indicative duration is 12-14 weeks, subject to site conditions, approvals, contractor availability, and material-disposition requirements.

Tasks	Weeks													
	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13	W14
Planning & Permits														
Shutdown & Isolation														
Power Generation Equipment Removal														
Electrical Removal														
Mechanical and Fuel Gas Systems Removal														
Structural and Site Infrastructure Removal														
Site Reclamation														

4.0 Reclamation Plan

4.1 Reclamation Activities

The reclamation activities described below are intended to return the Project area to a condition suitable for agricultural use or tame pasture following decommissioning. They form the basis of the reclamation cost estimate in Section 4.2. The existing access road is assumed to remain in use and is not included in the reclamation scope.

4.1.1 Environmental Site Assessment and Remediation

- Complete Phase 1 and Phase 2 Environmental Site Assessments to identify potential effects associated with engine generators, electrical equipment, fuel gas systems, lube oil and coolant systems, transformers, batteries, and related Project components.
- Collect soil and water samples for laboratory analysis of petroleum hydrocarbons, metals, and other relevant parameters.
- Undertake limited environmental drilling to confirm subsurface conditions where required.
- Excavate and transport contaminated material, if identified, to an approved disposal facility.
- Replace excavated material with clean backfill to restore soil conditions.

4.1.2 Geotechnical Validation

- Complete soil-compaction testing and certification to confirm the suitability of reclaimed land for agricultural use.
- Grade and decompact soils as required to meet the applicable agricultural standard.

4.1.3 Soil Remediation

- Excavate localized operational disturbance and compaction areas as required.
- Transport excavated material to an approved facility where disposal is required.
- Regrade disturbed areas to restore natural contours and manage erosion.
- Replace subsoil and topsoil as required to support agricultural productivity.

4.1.4 Utility Termination and Minor Foundation Removal

- Terminate and safely cap electrical, water, and gas services.
- Remove minor pads, footings, and residual structures where required to eliminate physical hazards.
- Manage removed materials in accordance with applicable environmental requirements.

4.1.5 Farmland Restoration and Landscaping

- Replace topsoil across the reclaimed area to a depth suitable for hayland or pasture use.
- Seed with an approved agricultural mixture including meadow brome, orchard grass, timothy, creeping red fescue, and alfalfa.
- Apply fertilizer and other necessary soil amendments to support vegetation establishment.

- Install optional trees or shrubs only where requested by the landowner for biodiversity or erosion-control purposes.

4.1.6 Drainage and Irrigation Restoration

- Clean ditches and minor drainage channels to maintain appropriate water flow.
- Repair disturbed drainage features as needed to avoid waterlogging or erosion.

4.1.7 Documentation and Compliance

- Prepare environmental clearance reports documenting completed reclamation work.
- Submit reclamation-certification applications to the appropriate authorities where required.
- Maintain records of professional services, laboratory analysis, and site-validation activities.
- Include professional consultation with landowners and regulatory agencies as required.

4.1.8 Machinery and Mobilization

- Mobilize the excavators, bulldozers, rollers, trucks, and other equipment required for the work.
- Demobilize equipment safely on completion and use qualified operators with properly maintained equipment.
- Ensure operators are qualified and equipment is maintained according to industry standards.

4.2 Reclamation Cost Estimate

The reclamation estimate is based on the activities described in Section 4.1. Equipment costs use the 2023 Equipment Rental Rates Guide (Alberta Roadbuilders and Heavy Construction Association, 2023). Professional costs use applicable professional rate assumptions. Equipment efficiencies are drawn from the Caterpillar Performance Handbook (Caterpillar Inc., 2017):

1. Tracked excavator (320 LF, 1 m³ bucket): assumed earthmoving efficiency of 100 m³/hour.
2. Tracked bulldozer (D6): assumed heavy blading/ripping efficiency of 0.868 ha/hour or 150 m³/hour for a 50 m push distance.
3. Agricultural tractor (166-200 hp): assumed efficiency of 5.1 ha/hour with an 11 m implement and 1.7 ha/hour with a 3.6 m implement.
4. Articulated truck (730, 17.5 m³ capacity): assumed efficiency of 140 m³/hour with a 400 m haul distance.
5. Motor grader (140M): assumed heavy-blading efficiency of 1.1 ha/hour with a 3.6 m blade.

Additional cost and methodology assumptions include:

1. Professional fees: average hourly rate of \$100/hour.
2. Laboratory analysis: \$100 per sample, including processing and disposal; analyses may include petroleum hydrocarbons (BTEX/F1-F4), metals, glycol, oil-related parameters, and other relevant parameters.

3. Environmental drill unit: \$300/hour, including crew, service truck, and supplies, for limited subsurface verification.
4. Landfill fees: \$35/m³ (approximately \$25/tonne).
5. Tractor-trailer transport: 28 m³ capacity at \$278/hour, with typical round trips of 50-200 km depending on the disposal facility.
6. Recontouring and soil replacement: primarily completed with a tracked bulldozer, assisted by an excavator for approximately 20% of soil volume.
7. Soil preparation: three disc passes after subsoil and topsoil placement.
8. Decompaction: three paratill passes to address machinery and operational compaction.
9. Seedbed preparation: two harrow passes before seeding.
10. Agricultural seed: 45% meadow brome, 30% orchard grass, 10% timothy, 10% creeping red fescue, and 5% alfalfa, at 20 kg/ha and \$9.35/kg.
11. Fertilization: one application of 225 kg/ha at \$1.37/kg during seeding.
12. Hydro mulch: hydroseeder and product at \$3,500/ha for small erosion-control areas where needed.
13. High-clearance spraying: sprayer and broadleaf herbicide at \$57/ha for weed management.
14. Equipment mobilization/demobilization: flatbed trailer at \$278/hour, typically six hours for a 150 km movement (\$1,668 per event).
15. Miscellaneous costs: line locating, hydrovac, and heavy-equipment mobilization are included as separate line items rather than within individual reclamation activities.

The reclamation estimate is CAD \$341,735 for the power plant site. It includes professional fees, equipment, labour, materials, and landfill disposal. Existing access-road reclamation is excluded because the road is assumed to remain in place.

Reclamation Cost Estimate:

Items	Task	Expense type	Quantity	unit	Unit Cost	Total Cost
Environmental Site Assessment	Phase 1	Professional Fees	10	hr.	\$100	\$1,000
	Phase 2	Professional Fees	20	hr.	\$100	\$2,000
		Laboratory Analysis	8	Samples	\$100	\$800
		Environmental Drilling	16	hr.	\$300	\$4,800
	Subtotal Environmental Assessment					\$8,600
Geotechnical Validation	Soil Compaction Testing & Certification	Engineering + Equipment	1	LS	\$20,000	\$20,000
	Subtotal Geotechnical Validation					\$20,000
Soil Remediation	Professional Fees	Labor	100	hr.	\$100	\$10,000
	Laboratory Analysis	Samples	10	Samples	\$100	\$1,000
	Excavation (Tracked Excavator)	320 LF	25	hr.	\$185	\$4,625
	Transport to Disposal (Truck/Trailer)		20	hr.	\$278	\$5,560
	Landfill Fees	m ³	660	m	\$35	\$23,100
	Grading & Compaction	Bulldozer / Roller	225	hr.	\$274	\$61,650
	Subtotal Soil Remediation					\$105,935
Utility Termination & Minor Foundation Removal	Electrical, Gas, Water Capping	Professional Fees + Equipment	Lump Sum	LS	\$45,000	\$45,000
	Minor Concrete Slab Removal	Excavator / Bulldozer	50	hrs.	\$274	\$13,700
	Subtotal Utilities & Slabs					\$58,700
Farmland Restoration & Landscaping	Topsoil Replacement	Excavator + Truck	1650	m ³	\$40	\$66,000
	Grass/Crop Seeding	Tractor & Harrow	0	m ²	\$0	\$0
	Tree/Shrub Planting (Optional)	Labor + Tractor	0	units	\$0	\$0
	Subtotal Landscaping					\$66,000
Drainage & Irrigation Restoration	Ditch Cleaning & Minor Channel Repair	Excavator / Labor	Lump Sum	LS	\$30,000	\$30,000
	Subtotal Drainage & Irrigation Restoration					\$30,000

Items	Task	Expense type	Quantity	unit	Unit Cost	Total Cost
Environmental Site Assessment	Phase 1	Professional Fees	10	hr.	\$100	\$1,000
	Phase 2	Professional Fees	20	hr.	\$100	\$2,000
		Laboratory Analysis	8	Samples	\$100	\$800
		Environmental Drilling	16	hr.	\$300	\$4,800
	Subtotal Environmental Assessment					\$8,600
Documentation & Compliance	Environmental Clearance, Reports	Professional Fees	100	hr.	\$100	\$10,000
	Application & Certification	Professional Fees	75	hr.	\$100	\$7,500
	Miscellaneous Professional Fees		50	hr.	\$100	\$5,000
	Subtotal Documentation & Compliance					\$22,500
Machinery & Mobilization	Excavators, Bulldozers, Rollers, Trucks	Rental equipment + Operators	LS	LS	\$30,000	\$30,000
	Subtotal Machinery & Mobilization					\$30,000
Existing access road	Existing road to remain in use	No new access road reclamation	0	LS	\$0	\$0
	Subtotal Access Road					\$0
Overall Total						\$341,735

4.3 Reclamation Security Plan

Armada Nowlit Energy Ltd. will establish and maintain appropriate financial assurance to support the decommissioning and reclamation of the Project at the end of its operating life or if the Project is permanently discontinued or abandoned.

The current combined decommissioning and reclamation cost estimate is CAD \$2,048,923, comprising a decommissioning estimate of CAD \$1,707,188 and a reclamation estimate of CAD \$341,735. The estimate accounts for anticipated salvage recovery from eligible Project equipment and materials, together with allowances for administration and unforeseen conditions.

Armada proposes to satisfy the financial assurance requirement through a demand forfeiture bond, an equivalent surety bond, or another acceptable financial assurance instrument issued by a qualified third-party provider. The selected instrument will provide financial assurance for the Project's closure obligations without requiring the full estimated amount to be deposited in cash upfront.

The timing, amount, form, and terms of the financial assurance will be finalized in accordance with the applicable Crown land requirements, AUC approval conditions, and the decommissioning and reclamation cost estimate in effect at that time. The financial assurance is expected to be established prior to commercial operation or by another date specified through the applicable approval process.

The financial assurance instrument will be structured so that secured funds may be accessed if Armada does not complete its required decommissioning or reclamation obligations, subject to the terms of the final instrument and any applicable notice or default provisions. It will remain in effect until the applicable closure obligations have been completed and authorization for release has been provided.

The cost estimate and corresponding financial assurance requirements will be reviewed at least once every five years and following any material change to the Project footprint, equipment configuration, ownership, reclamation requirements, or estimated closure costs. The amount may be adjusted where an updated estimate identifies a material change in the Project's anticipated decommissioning and reclamation liability.

Appendix A - Sketch Plan: Proposed Footprint of Power Plant

